



DIRECTIVE

- ☐ **Legislation/Regulation**
☒ **Operational**

DATE: 2012-01-17
NUMBER: H-12-01

The policies and procedures in this Directive are to be implemented by housing providers funded by the Municipality under the following programs:

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| <input checked="" type="checkbox"/> Public Housing Program | <input checked="" type="checkbox"/> Aboriginal Program |
| <input checked="" type="checkbox"/> Non-Profit Program | <input type="checkbox"/> Public Housing
Rent Supplement Program |
| <input checked="" type="checkbox"/> Co-Op Program | <input type="checkbox"/> Ontario Community
Housing Assistance Program (OCHAP) |
| <input checked="" type="checkbox"/> Federal Program | <input type="checkbox"/> Community Sponsored Housing
Program (CSHP) |
| <input type="checkbox"/> Social Housing Registry | |

* Please note: If your program is not checked, this Directive doesn't apply to your project.

SUBJECT:

Reporting revenue from renewable energy systems on your financial statements (F/S) and Annual Information Return (AIR)

DEFINITIONS:

The following definitions apply to all programs including Public, Non-Profit, Co-Op, Federal and Urban Native Housing Programs:

Non-Rental Revenue: This includes all revenue, excluding rents and investment income, directly attributable to, and earned from the assets of the shelter component. (examples: Coin Laundry Revenue, Resident Parking Fees, Air Conditioning Surcharges, Administration Office Rental, etc. are part of the Shelter Component but considered to be Non-Rental Revenue).

Non-Shelter Revenue: This includes revenue for the corporation's non-shelter component. Non-shelter space in a project will usually be identified in the construction documents and in a non-shelter agreement. (examples of the non-shelter component of the portfolio may consist of commercial rental space, a care component funded by provincial ministries or agencies, or other space or expenditures of the portfolio not related to the provision of shelter).

BACKGROUND:

As required under the Housing Services Act, 2011, and related regulation O. Reg. 367/11, s. 103, all housing providers must submit an annual report package to their respective service manager. The annual report package is comprised of the following:

1. Financial information about the housing provider, including audited financial statements for the fiscal year;
2. Information needed to enable the service manager to calculate the amount of subsidy payable to the housing provider for the fiscal year under section 78 of the Act; and
3. Statistical information regarding households residing in the housing providers' Part VII housing projects under the Act. .

As noted under the Housing Services Act, 2011, and related regulation O. Reg. 369/11, s. 5, up to fifty percent (50%) of the provider's surplus for the fiscal year, in excess of \$300 per unit, may be repayable to the Service Manager.

Locally, the Service Manager has determined that the amount will not be less than fifty (50) per cent.

The installation of renewable energy systems to social housing projects enhances long term program sustainability through involvement in renewable energy initiatives and can result in an increase in operating surpluses by either increasing non-rental revenues or reducing operating costs.

Renewable energy systems funded from social housing projects (i.e. capital replacement reserves, investments, etc.) or by the Service Manager (i.e. SHRRP funding, loans or grants), are considered to be non-rental revenue. These systems are funded from the shelter component of the projects, or for the benefit of the shelter component, and therefore are not considered to be 'non-shelter' revenue.

ACTION TO BE TAKEN:

All housing providers will report revenue received from renewable energy systems funded from their social housing projects (i.e. capital replacement reserves, investments, etc.) or from the Service Manager (i.e. SHRRP funding, loans or grants), as non-rental revenue.

Housing providers which borrowed from their social housing capital reserve fund to purchase a renewable energy system will first need to pay back their reserve fund before recognizing any non-rental revenue. Until the reserve fund is paid back in full, any revenue earned in a fiscal year from the renewable energy system will be recorded as revenue on Page A6 of the AIR on Line 16, "Other". Once the borrowed funds have been paid back in full, housing providers will begin to record all revenue earned from their renewable energy systems as noted in the next two paragraphs.

Public Housing, Non-Profit and Co-Ops will report all renewable energy systems revenue on Page A4 of their Annual Information Returns as non-rental revenue.

100% RGI Providers will also show 50% of their renewable energy systems revenue minus related expenses (i.e. maintenance repair costs) on Line 817 of their AIR, Page A10. No adjustment is required on Page A9 of the AIR by mixed portfolio housing providers. This enables both 100% RGI and mixed portfolio housing providers to keep 50% of their renewable energy systems revenue.

REFERENCES:

O. Reg. 367/11, Housing Services Act, 2011

O. Reg. 369/11, Housing Services Act, 2011

Implementation Guidelines for Non-Profit & Co-operative Housing Providers Release 3: Guide to the Annual Information Return

If you have any questions, please contact Melanie Bale, Financial Analyst, Housing Department.

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