

Housing Services Program Directive

Program Directive No. 23

Subject: Reporting of Rebates on Financial Statements for Funding received from Capital Improvement and/or Energy Upgrade Programs

The Program Directives in this notice are to be implemented by the housing providers administered by the Region of Halton under the following programs.

<input checked="" type="checkbox"/>	Provincially Prescribed Non-Profit and Co-operative Housing Programs, including Public Housing
<input type="checkbox"/>	Federal Non-Profit Housing Programs
<input type="checkbox"/>	Rent Supplement
<input type="checkbox"/>	Halton Access to Community Housing (HATCH)

Effective Date:

November 9, 2018

Authority:

Housing Services Act, 2011 s. 155, 158
O. Reg. 367/11 s. 138

Background

Background

In 2010, Halton Region issued Directive No. 10-01 which outlined the process for social housing providers to follow relating to the reporting of rebates for funding received from special provincial capital programs. This was directly related to funding from the Provincial Capital Reserve Fund and the Social Housing Retrofit and Repair Fund (SHRRP).

Housing providers were directed to:

- Identify this funding on their year-end financial statements as well as on their Annual Information Returns (AIRs).

- Housing providers were to include the GST/HST costs for capital repairs completed under the funding programs to claim the associated tax credits and were to allocate the receivable to their Replacement Reserve Fund.

These contributions were authorized to help mitigate the expected shortfalls in the reserve funds for housing providers.

In recent years, additional provincial capital funding programs have been announced and housing providers have received funding from programs such as the Social Housing Apartment Improvement Program (SHAIP), Social Housing Apartment Retrofit Program (SHARP) and Social Housing Improvement Program (SHIP).

This has raised the need for a similar process to be issued for these programs and any other capital funding or energy upgrade program that may be implemented going forward funded by senior levels of government. This directive remains in place until updated, replaced or officially terminated.

Directions:

Housing providers that have received additional funding for capital repairs from a senior government funded capital or energy program, are required to identify this funding as well as the related expenditures in the year end financial statements as well as the Annual Information Return (AIR) on page 6 -Capital Reserve Fund - Line 655 for the revenue received. The expenses are to be listed on Line 671-683 for the expenditures associated with the specific capital funding program. Alternatively, a separate schedule on the financial statements could be prepared to identify the funds received and the expenditures associated with this additional funding.

Halton Region has provided funding to pay for all taxes applicable to expenditures made under the capital or energy programs referenced. At year end, housing providers will include the HST costs for the capital repairs or energy upgrades completed under these funding programs to claim the HST tax credit. The housing providers are directed to allocate any HST receivable applicable to the capital funding program to their Replacement Reserve Fund.

Housing providers in receipt of senior government capital funding/energy upgrade funding should ensure that the financial statements contain a note regarding the contingent liability based on requirements of the signed funding agreement.

Example of contingent liability clause:

The corporation has signed an agreement with The Regional Municipality of Halton to receive (name of program) funding dated (agreement date). This funding has been recorded in the statement of replacement reserve. The Corporation agrees to continue to operate as an affordable housing project for (required time frame) years from the date on which the

Corporation first receive funding under this agreement. Failure to comply with the rules set out in the agreement may result in the entire funding amount becoming due and payable to the Regional Municipality of Halton, unless remedied within a reasonable period of time.

Halton Region is authorizing this over contribution to the capital reserve fund to help to mitigate any potential shortfalls in the capital reserve funds for housing providers in Halton Region.

A copy of this Directive must be provided to the housing provider's auditor for appropriate action. Adjusting entries may be required for the prior year financial statements.



Alex Sarchuk
Commissioner, Social and Community Services Department

Replaces: 10-01
Date Released: November 9, 2018
Revised: n/a