

THE CITY OF GREATER SUDBURY POLICIES AND PROCEDURES

TITLE: Greater Sudbury Housing Corporation Reserve Policy

APPROVED BY: Manager of Housing Services **DATE:** June 20, 2018

1.0 **CONTEXT AND NEED FOR A POLICY**

To ensure that effective policies and procedures governing the City of Greater Sudbury Local Housing Corporation's Reserves are developed and maintained.

2.0 **DEFINITIONS**

Service Manager: The City of Greater Sudbury designated under the *Housing Services Act, 2011* is responsible for carrying out measures to meet objectives and targets relating to affordable housing needs in the City of Greater Sudbury.

Shareholder: The City of Greater Sudbury is the sole shareholder of the Greater Sudbury Housing Corporation.

Capital Expenditure: An expenditure that meets the definition of a capital expense outlined in Generally Accepted Accounting Principles and as disclosed in the notes to the Audited Financial Statements. Inclusive of accessibility requirements that qualify as a capital expenditure.

3.0 **POLICY**

The City of Greater Sudbury is the sole shareholder of the City of Greater Sudbury Local Housing Corporation, Greater Sudbury Housing Corporation, as such is governed by the Shareholder Declaration and Operating Framework. The City of Greater Sudbury is also the Service Manager for all social housing providers within City limits; therefore the Greater Sudbury Housing Corporation must also comply with the *Housing Services Act, 2011* under direction of the Service Manager.

The objective of the policy is to ensure City of Greater Sudbury funds are being leveraged to provide quality municipal services and leadership in the social, environmental and economic development within the City of Greater Sudbury. Establishing maximum reserve levels will ensure that tax dollars are available to the City of Greater Sudbury to achieve these objectives.

The Greater Sudbury Housing Corporation Reserve Policy will encompass the Operating Reserve, Capital Reserve and Rent Supplement Reserve.

Greater Sudbury Housing Corporation will be permitted to retain an Operating Reserve balance not to exceed \$300,000.

Greater Sudbury Housing Corporation will be permitted to retain a Capital Reserve balance not to exceed \$500,000.

Greater Sudbury Housing Corporation will be permitted to retain a Rent Supplement Reserve balance not to exceed \$200,000.

If a surplus in Operations, Capital or Rent Supplement would result in the Reserve exceeding the limits, the surplus will be returned to the City of Greater Sudbury.

The Greater Sudbury Housing Corporation is required to seek Service Manager approval of the reserve investment policy and any revisions thereafter.

4.0 PROCEDURES

Operating Reserve:

Any annual net under expenditure in the Greater Sudbury Housing Corporation's operating budget shall be credited to the Operating Reserve to allow it to rise to \$300,000 upon Service Manager approval, if such contribution will not put the City of Greater Sudbury Housing Services Section into a deficit position or increase an existing deficit.

Any annual net over expenditure in the Greater Sudbury Housing Corporation's operating budget may be funded from the Operating Reserve pending Service Manager approval.

The Operating Reserve shall be used for Greater Sudbury Housing Corporation's operating expenditures as authorized by the Service Manager.

Capital Reserve:

Any annual net under expenditure in the Greater Sudbury Housing Corporation's capital budget shall be credited to the Capital Reserve to allow it to rise to \$500,000 upon Service Manager approval, if such contribution will not put the City of Greater Sudbury Housing Services Section into a deficit position or increase an existing deficit.

Any annual net over expenditure in the Greater Sudbury Housing Corporation's capital budget may be funded from the Capital Reserve pending Service Manager approval.

The Capital Reserve shall be used for Greater Sudbury Housing Corporation's capital expenditures as authorized by the Service Manager.

Rent Supplement Reserve:

Any annual net under expenditure in the Greater Sudbury Housing Corporation's rent supplement budget shall be credited to the Rent Supplement Reserve, to allow it to rise to \$200,000 upon Service Manager approval, if such contribution will not put the City of Greater Sudbury Housing Services Section into a deficit position or increase an existing deficit.

Any annual net over expenditure in the Greater Sudbury Housing Corporation's rent supplement budget may be funded from the Rent Supplement Reserve pending Service Manager approval.

The Rent Supplement Reserve shall be used for Greater Sudbury Housing Corporation's rent supplement expenditures as authorized by the Service Manager.