

SH *notification*

social housing

New Ontario Regulation 316/19 “Determination of Geared-to-Income Rent under Section 50 of the Act” under the Housing Services Act, 2011 (HSA) to simplify the calculation of rent-geared-to-income (RGI) assistance.

Amendments to Ontario Regulation 367/11 “General” under the HSA to support RGI simplification.

Legislation/Regulation

September 23, 2019

Operational

Release: 19-09

The purpose of this notification is to provide an overview of the new Ontario Regulation 316/19 that will replace Ontario Regulation 298/01 and of regulatory amendments to Ontario Regulation 367/11 to support RGI simplification.

The province is implementing a suite of changes to the RGI calculation to make calculating rent simpler for Service Managers and housing providers and easier for tenants to predict and understand. To do this, Ontario Regulation 298/01 is being revoked and replaced with Ontario Regulation 316/19, in-force July 1, 2020.

Ontario Regulation 367/11 is being amended to change some of the eligibility rules for RGI assistance, and make consequential changes to align, where practical, the portable housing benefit framework with the changes to the RGI calculation.

What is changing?

Several changes have been made to the RGI calculation and related processes. Examples include:

- RGI calculation will be a simplified, annual process based on 30 per cent of adjusted family net income determined, where possible, by the household members’ net income amounts in their notices of assessment for the relevant taxation year, subject to certain adjustments.
- A household member’s net income may be calculated differently depending on when rent is being reviewed. In some instances, net income may be based on a projection of net income for the next 12 months in situations where income tax return information is not available or where it does not accurately reflect the current financial position of a household member.
- A review of a household’s RGI rent must be conducted every 12 months.
- In-year reviews may only be completed under specific circumstances (e.g., permanent change in household composition, a decrease in income of 20% or a change in full-

time student status), and households will no longer be required to report an increase in income before their next annual review.

- All household members in full-time studies will now have their income exempt from the rent calculation, removing the existing conditions attached to this exemption.
- For household members who work, the new system will continue to exempt \$75 or \$150 per month of family unit employment income (depending on family size) but simplify the criteria to determine the amount.
- Minimum rent will be increased and indexed with the province's annual rent increase guideline, subject to phase-in for existing tenants paying less than indexed minimum rent.
- Household members whose income is to be included in the rent calculation will be required to file their income tax returns annually as a condition of continued eligibility, subject to Service Manager discretion in extenuating circumstances.
- The length of time that RGI households can pay market rent before losing eligibility for assistance will be extended from 12 to 24 consecutive months.
- Consequential changes are also being made to align (where appropriate) the portable housing benefit rules with the new RGI calculation rules.

What is not changing?

No changes will be made to certain aspects of the RGI calculation and related processes. Examples where changes will not be made include:

- Most definitions in the regulations including the definitions for a “family unit” and “benefit unit”.
- Utility scale and rent scale tables.
- Most eligibility rules and rules for local rules.

How would geared-to-income rent be calculated?

Rent for a family unit would be calculated by taking 30 per cent of annual adjusted family net income (AFNI) divided by 12 months. That rent is adjusted for utilities, services and heating and is subject to minimum rent.

$$\text{Monthly rent for a family unit} = \left[\frac{\text{AFNI} \times 30\%}{12} \right] \text{ +/- utility adjustments}$$

Before applying the 30 per cent, monthly adjusted family net income is reduced by an employment-related earnings deduction of either \$75 or \$150 per month, depending on the size of the family unit.

Rent for a social assistance benefit unit would generally be calculated using the prescribed “rent scales”.

What is adjusted family net income?

Adjusted family net income for the month is the total of the net income of each member of the household excluding those in full-time attendance at a recognized educational institution divided by 12.

Typically, the net income amount of a household member will be reflected on line 236 of the member's notice of assessment less any Registered Disability Savings Plan income and plus any Registered Disability Savings Plan amounts repaid.

When do the changes take effect?

The new simplified regulation will be in-force on July 1, 2020. However, Service Managers may choose an implementation date of either July 1, 2020 or July 1, 2021, at their discretion.

If a Service Manager opts for implementation on July 1, 2020, they must conduct all rent calculations in their local service area using the new regulations as of their selected implementation date.

Service Managers that opt for implementation on July 1, 2021 must continue to determine RGI assistance under the revoked Ontario Regulation 298/01 for the period between July 1, 2020 and June 30, 2021, however, new minimum rent provisions would apply.

As of July 1, 2021, all Service Managers will be required to use the simplified regulations.

Whichever implementation date is chosen (July 1, 2020 or July 1, 2021), Service Managers would be required to recalculate rent for all existing tenants within 12 months of that date.

Further Information

The new Ontario Regulation 316/19 is available through the following hyperlink:

<https://www.ontario.ca/laws/regulation/r19316>

The amended Ontario Regulation 367/11 is available through the following hyperlink:

<https://www.ontario.ca/laws/regulation/r19317>

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