



Program Instructions

This Program Instruction applies to the following :

- ✓ HSA Part VII Housing Providers (Provincial Reform)
- ✓ Former Federal Program Housing Providers (s. 15.1/27, s, 56.1/95)
- ✓ Housing York
 - ✓ Public Housing Buildings
 - ✓ HSA Part VII

Treatment of Lump Sum Income for Calculations for Rent-Geared-to-Income (RGI) Households

Effective: Immediately

Purpose: The purpose of this Program Instruction is to guide Housing Providers in calculating rent-geared-to-income (RGI) for households that have received a lump sum payment.

Background

RGI households must declare all income received, including lump sum payments. Section 50 (2.1) of Ontario regulation 298/01 states that if a payment received at some point was intended for a prior or future month, the payment should be included in the income calculation as if it was received in that intended month.

Section 56 (5) of the *Housing Services Act*, 2011 states that an outstanding amount owed can be recovered through a rent increase if a household received more RGI subsidy than they were entitled. Lump sum payments included in the RGI calculation may come from:

- Employment Insurance benefits
- Canada Pension Plan benefits
- Old Age Security / Guaranteed Income Supplement payments
- Child or spousal support payments
- Workplace Safety Insurance Board (WSIB) payments
- Other public or private benefits

Process for Housing Providers

When a household receives a lump sum payment, the Housing Provider must verify the income and determine the period of time the lump sum was intended to be received. The Housing Provider then adjusts the RGI calculation retroactively to include the lump sum income in the month(s) it was intended. The resulting increase in RGI takes effect on the later of the following dates:

- First day of the second month after the effective date of the new income, or
- The move-in date



Example #1:

A household applies for Canada Pension Plan (CPP) benefits on May 21. The household has no other income and pays rent of \$85 per month. On September 15, the household is granted \$500 per month in CPP benefits and receives a gross lump sum payment of \$2,000 for the months of June, July, August and September.

RGI Amount	RGI Calculation	Effective Date
Current RGI \$85 per month	Based on no income	Current
New RGI \$150 per month	Based on \$500 per month CPP benefit \$500 x 30% = \$150 per month	Effective August 1 (First day of the second month after the date the income changed)
RGI overpayment \$130	\$150 (new RGI) <u>-\$ 85 (current RGI)</u> = \$65 per month \$65 per month x 2 months = \$130	Overpayment applied to August and September

The household received \$130 more subsidy than they were entitled. This amount is called an overpayment and is repayable to the Housing Provider.

How to notify a household

When an overpayment is calculated, the Housing Provider must give notice to the household. The household must be made aware of the:

- Amount of the overpayment
- Period the overpayment occurred; and
- The household's right to a review of the decision

Housing Providers are encouraged to work with the affected households to negotiate a repayment schedule to collect the over-payment. If a mutually agreeable payment schedule isn't established, the Housing Provider may increase the household's RGI by up to 10% of the current (new) monthly RGI to cover reimbursement of RGI assistance owing. The household must be notified of the increase and the increase must take effect the first day of the second month following the date the decision was made.

Exemptions and Special Circumstances

Some lump sums payments are excluded from RGI calculations under section 50(3) of Ontario regulation 298/01.

- A lump sum insurance payment
- Severance pay received after dismissal from employment
- A war reparation payment
- A lump sum proceeds from a court judgment or legal settlement or an award from a statutory tribunal, such as compensation for Victims of Crime
- A lump sum received under the 1986-1990 Hepatitis C Settlement Agreement made as of June 15, 1999 among the Attorney General of Canada, Her Majesty the Queen in right of Ontario and others

Other particular income sources and circumstances to note:

Workplace Safety and Insurance Board (WSIB) commutations

A WSIB commutation is a change from the household receiving monthly instalments to receiving the pension money all at once in a lump sum payment. This can replace the whole pension or only part of the pension. It is not a retroactive payment and therefore should be excluded from a retroactive RGI adjustment.

Ontario Disability Support Plan (ODSP) benefits

Retroactive lump sum payments of Ontario Disability Support Plan (ODSP) benefits are not to be used for retroactive RGI adjustments because ODSP shelter allowances are not adjusted retroactively when these benefits are paid in a lump sum. ODSP lump sums are often paid when an Ontario Works recipient is granted ODSP benefits. ODSP then reimburses Ontario Works and pays the remaining amount to the recipient. In these cases, Housing Providers will increase the RGI to ODSP rates beginning with the first day of the month following termination of the Ontario Works benefits.

Retroactive lump sums used to repay other social programs

In some cases, retroactive lump sums are used to repay another social program such as Ontario Works, ODSP, or Employment Insurance. If this happens, RGI should not be retroactively calculated on the repayable amounts. Housing providers will increase the RGI effective the first day of the month following the date of the payment of the lump sum.

Court ordered support garnishees

Lump sum payments can be subject to a garnishee for court ordered child or spousal support. Housing Providers must ensure that the support paid by the household is deducted from the gross lump sum amount included in the retroactive RGI calculation. Providers will calculate the retroactive RGI based on the gross monthly amount minus the support garnishee that month.

Where the monthly amount of the garnishee is unclear, the Provider may average the total amount of the garnishee that is deducted from the lump sum over the period for which the lump sum is intended.

Authority: *Housing Services Act, 2011* – section 56(5)
Ontario Regulation 298/01 – sections 50(2.1) and 50(3)
Ontario Regulation 367/11 – sections 64 and 65

Please contact your Program Coordinator with any questions.

- ORIGINAL SIGNED -

Rick Farrell
General Manager
Housing Services Branch

May 2016

YORK-#6684610-v5

This notice will be available in an accessible format or with communication supports upon request from 1-877-464-9675 or 905-830-4444 ext. 72119