

Summary of Proposal

Amendments to Simplify the Rent-Geared-to-Income Calculation in Social Housing

The Housing Services Act, 2011 establishes the legislative framework for social housing in Ontario. Rent-geared-to-income assistance is administered locally by 47 Service Managers (municipalities and district social services administration boards) designated under the Housing Services Act, 2011 to manage social housing programs across the province.

Rent-geared-to-income refers to rental units where the tenant pays rent based on their income – typically 30 per cent of gross income less exclusions and deductions.

Ontario's Housing Services Act, 2011 regulations establish broad provincial eligibility rules for rent-geared-to-income assistance (Ontario Regulation 367/11), in addition to prescribing the method for calculating monthly rent (Ontario Regulation 298/01).

The Ministry has heard from a wide-range of stakeholders that the current rent-geared-to-income calculation is outdated and complex, making it difficult for tenants to understand and for staff to administer. These rules require tenants to report each time their income changes, creating disincentives for households to work and become economically self-sufficient. There is also evidence that these complex rules are applied differently across the province, leading to unequal treatment of tenants.

Ontario's Auditor General also recommended the province simplify the rent-geared-to-income calculation in its 2017 Value for Money report.

In response to these concerns, the Ministry is seeking feedback on a proposed suite of changes to the rules that govern the calculation of rent-geared-to-income assistance to make it more fair and easier for tenants to understand and simpler for staff to administer.

These proposed amendments are part of a larger Community Housing Renewal initiative.

Proposed Amendments:

Ontario Regulation 298/01

Rent Calculation:

- Moving to a simplified calculation of rent based on 30 per cent of Adjusted Family Net Income as determined (where possible) using the tenants' most recent income tax return information.
- Rent for a family unit would now be calculated by taking 30 per cent of Adjusted Family Net Income, dividing by 12 months, and adjusting for utility charges or allowances (if applicable).
- Adjusted Family Net Income would be calculated in a manner generally consistent with the portable housing benefit framework in Schedule 4.1 of Ontario Regulation 367/11 and would include the net income of each tenant in the family unit, other than those who are in full-time studies.
- All tenants in full-time studies at a recognized educational institution would now have their income exempt from the rent calculation, removing the existing conditions attached to this exemption.
- Net income would be verified by a tenant's most recent notice of assessment or proof of income statement issued by the Canada Revenue Agency, or if not available, by other methods determined by the Service Manager.
- On an in-year review, a tenant's net income would be the amount that best approximates the tenant's projected net income for the 12-month period beginning on the month following the month in which the application is considered.
- For tenants who work, exempt \$1,800 per year of family unit employment income from Adjusted Family Net Income, matching or exceeding the current employment deduction offered to tenants.
- Remove imputed income from the rent calculation for non-interest bearing assets (e.g., real estate, art, certain bank accounts).

Reviews:

- Complete annual reviews of rent calculation by reviewing the most recent income tax return information.

-In-year changes in income would not generally affect rent and tenants would not need to report an increase in income between annual reviews.

-To protect tenants, one in-year rent re-calculation may be requested if household income decreases by 20 per cent or more.

-Rent could also be re-calculated once between annual reviews if other select circumstances arise, including:

-there has been a permanent change in household composition,

-a member of the household begins to receive or stops receiving social assistance,

-a member of the household begins or is no longer in full-time attendance at a recognized educational institution, or

-the taxes of a member of the household have been reassessed.

-The Service Manager could conduct additional in-year reviews only if the above conditions are met and it is of the view that there are extenuating circumstances.

-For select tenants (e.g., seniors), allow Service Managers to complete rent calculations less frequently than once per year and allow for automatic rent increases based on a percentage change in fixed income received. This would apply to tenants who have had their rent calculated under the new rules, are unemployed, have no dependents, and only receive fixed income sources such as Old Age Security.

Minimum Rent:

-Increasing minimum rent by the annual rent increase guideline under the Residential Tenancies Act, 2006, from 2001 to present, and index to future increases. Minimum rent would increase at the same rate that is allowed for rent increases in private market rent-controlled units.

Ontario Works & Ontario Disability Support Program Benefit Units:

-For benefit units whose monthly non-benefit income is under the prescribed limits, rent would continue to be determined under the existing “rent scales” in Ontario Regulation 298/01.

Timing and Delivery:

-As of July 1, 2021, all rent-geared-to-income calculations would be calculated using the new, simplified approach.

-Between July 1 and December 31, 2021, Service Managers would be required to recalculate rent for all existing rent-geared-to-income tenants using the proposed new

rules with a requirement to provide a consistent effective date for all tenants in the same building.

-The new minimum rent would be in effect July 1, 2021 and would be automatically indexed thereafter.

-For tenants paying minimum rent prior to July 1, 2021, phase-in minimum rent increase over a multi-year period beginning July 1, 2020.

Ontario Regulation 367/11

Eligibility:

-Require households receiving rent-geared-to-income assistance to file their income taxes annually by the appropriate deadline or lose their eligibility for assistance, subject to Service Manager discretion in extenuating circumstances.

-Require households to notify their Service Manager where certain changes have occurred – other than changes to household income – or lose their eligibility for assistance (e.g., permanent change to household composition, receives or stops receiving social assistance), subject to Service Manager discretion in extenuating circumstances.

-Allow households to pay market rent for a period of 24 consecutive months before losing their eligibility for assistance.