



Notice No: 21-05

APPLICABLE TO:**DATE: March 22, 2021**

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<input checked="" type="checkbox"/>	Rent Supplement

<input checked="" type="checkbox"/>	Mandatory
<input type="checkbox"/>	For Information

SUBJECT: Rent-Geared-to-Income (RGI) - Simplification of the Calculation of RGI Assistance**PURPOSE**

The purpose of this Notice is to communicate to Housing Providers, Niagara Regional Housing changes to the rules to calculate and determine rent-geared-to-income for households in receipt of Rent-Geared-to-Income (RGI) assistance.

BACKGROUND

As Service Manager under the *Housing Services Act, 2011* (HSA) Niagara Regional Housing has the responsibility to determine the amount of rent payable by a household receiving Rent-Geared-to-Income assistance for a unit in a housing project in the service manager area.

Niagara Regional Housing also has the ability to establish certain Local Rules in order to administer and implement on-going receipt of RGI assistance in an equitable and consistent manner for RGI housing programs.

The Province of Ontario is implementing a suite of changes to the RGI calculation with the intention to make calculating rent simpler for Service Managers and housing providers and easier for households to predict and understand. To support RGI simplification the province made amendments to *Ontario Regulation 367/11*, the implementation of *Ontario Regulation 317/19* and filed *Ontario Regulation 316/19*, which revoked and replaced *Ontario Regulation 298/01*.

DIRECTION:

Effective July 1, 2021, Niagara Regional Housing, as Service Manager is implementing the new legislated rent-geared-to-income rules. The calculation of Rent-Geared-to-Income will reflect the simplified process outlined in *Ontario Regulation 316/19* under the *Housing Services Act, 2011*.

Adjusted Family Net Income (AFNI):

The simplified RGI rent is calculated based on thirty percent (30%) of the total **Adjusted Family Net Income** for family units and for benefit units who are not in receipt of Ontario Works (OW) or Ontario Disability Support Program (ODSP) social assistance benefits.

AFNI is the adjusted annual net income of all members of a family unit or benefit unit – excluding the income of full-time students. A person's AFNI can be determined using either:

- Tax-based net income
- Approximated net income

If the person has or had a Registered Disability Saving Plan (RDSP), any net income from the RDSP is excluded from their net income.

AFNI is further adjusted to exclude current social assistance income in order to determine the non-benefit income of OW and ODSP benefit units.

Social assistance rent scales and utility adjustments are unchanged.

Tax-Based Net Income

Tax-based net income is the net income amount from a person's income tax return as assessed by the Canada Revenue Agency (CRA). This amount is set out on Line 23600 of the income tax return.

Line 23600 shall be verified using either of the following documents issued by CRA:

- Proof of Income Statement
- Notice of Assessment (NOA)

Although RGI household members may provide their NOA or Proof of Income Statement as verification of tax-based net income, the Proof of Income Statement should be encouraged.

The Proof of Income Statement is a simple version of the tax assessment that summarizes all income and deductions for the tax year. It can provide more detailed information than the NOA and may be required in circumstances where someone declares employment related income, social assistance or an RDSP. It may also be more beneficial than the NOA if the family member has multiple sources of income or has had income changes during the tax year.

Household members should be encouraged to register for a [My CRA Account](#) in order to readily have access to their most recent Proof of Income Statement or NOA.

The tax year used to determine a person's net income is different depending on when the RGI review is conducted:

- For reviews conducted between July and December, RGI is based on the NOA or Proof of Income Statement from the previous tax year.
- For reviews conducted between January and June, RGI is based on the NOA or Proof of Income Statement from the tax year *before* the previous year.

For example:

- for RGI reviews conducted as of July 2021 the net income from the 2020 tax year is used.
- for RGI reviews conducted as of January 2022 the net income from the 2020 tax year is used.
- for RGI reviews conducted as of July 2022 the net income from the 2021 tax year is used, etc.

Approximated Net Income

Approximated Net Income is the amount that best estimates a person's Adjusted Net Income for the next 12-month period, calculated and adjusted in a manner similar to tax-based income to best reflect what would normally be included on Line 23600 of the income tax return.

Approximated Net Income may be used instead of tax-based income at the following times:

- Move-in – if the incoming household member has not filed their income tax return or the tax-based net income amount does not accurately reflect the current average income amount (difference of 20% or greater);
- Annual RGI reviews – if the tax-based net income amount does not accurately reflect the current average income amount (difference of 20% or greater);
- In-Year reviews – approximated net income is used for all in-year reviews, unchanged income may continue to be tax-based.

Income Included in Approximated Net Income

In determining approximated net income of a household member, only on-going income that is anticipated to be received regularly over the 12-month period following the RGI review is considered. The following types of income, that are also included in Line 23600 of the income tax return, are used to determine approximated net income:

Employment

- Employment income, including wages, salaries, commissions, bonuses, tips, gratuities, vacation pay, and remuneration as a dependent contractor (do not include strike pay)
- Self-employment income (business, professional commission, farming, fishing and income from partnerships)
- Employment Insurance benefits under the Employment Insurance Act, including benefits for training if not a full-time student
- Workplace Safety and Insurance Board (WSIB) benefits for loss of earnings
- Wage-loss replacement plan benefits or payments for sick leave, short-term disability or maternity leave under a private or workplace insurance plan

Pensions

- Old Age Security (OAS), Guaranteed Income Supplement (GIS), Guaranteed Annual Income Supplement (GAINS)
- Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) – excluding CPP or QPP child benefits
- Registered Retirement Income Fund (RRIF) and Registered Retirement Savings Plan (RRSP) income from T4RSP slips
- Private pensions, foreign pensions and superannuation

Investment

- Interest, dividends and other investment income – excluding income from Tax-free Savings Account (TFSA) investments
- Annuities
- Capital Gains
- Net rental income

Other

- Veterans' benefits for income support or replacement (do not include amounts for disability or death of a war veteran due to war service)
- Spousal support payments received (*excluding child support payments*)

Do not include income from full-time students, net Registered Disability Saving Plan (RDSP) payments, one-time lump sum payments, income tax credits or benefits, children's benefits, child support payments, or social assistance payments from OW or ODSP when determining a household member's approximated net income.

Adjustments to Approximated Net Income

The income calculated above is then reduced by a limited number of deductions to calculate the Adjusted Net Income.

The one-time or ongoing expenses or deductions are:

- Registered pension plan deductions and adjustments eligible for tax deductions
- RRSP contributions eligible for tax deductions
- Annual union, professional, or like dues
- Childcare expenses eligible for tax deductions
- Disability support eligible for tax deductions
- Employment expenses eligible for tax deductions
- Spousal support payments paid under an enforceable court order or agreement (but not child support payments)
- Universal childcare benefit repayment.

Income tax, Canada Pension Plan (CPP) and Employment Insurance (EI) payroll deductions are not eligible deductions for the purpose of determining the Adjusted Net Income.

When these amounts are not known, or cannot be determined, the total income should be used to determine the Adjusted Net Income.

Verifying Approximated Net Income

Approximated net income is verified at their source. The source documentation must provide sufficient information to be able to adequately determine income and deductions to allow for an annualized approximation of the net income that is anticipated to be received over the 12-month period following the RGI review.

Income verification must come from the employer or organization that issued the income, the start date of receiving the income, the income type, the financial amount received, the period covered, and the name of the employer or agency issuing the payment. It can be in the form of a letter or a regular statement, such as a paystub to verify gross income.

Deduction verification must come from the employer or organization that issued the deduction or expense.

Adjusted Family Net Income (AFNI) Calculation

The AFNI is the total of the tax-based net income or approximated net income for all members of a family unit or benefit unit – excluding the income of full-time students. AFNI (*or non-benefit income in the case of benefit units*) is then divided by 12 to determine the monthly AFNI amount that is used in the RGI rent calculation.

Registered Disability Savings Plan (RDSP) Income

If a household member has or had a Registered Disability Saving Plan, any net income from the RDSP is excluded from their net income. Net RDSP income is any RDSP payment minus any required RDSP repayment the same tax year.

- RDSP payments are set out on Line 12500 of the income tax return
- RDSP repayments are set out on Line 23200 of the income tax return

Adjusted Family Net Income and Non-Benefit Income

If a household member is in receipt of OW or ODSP benefits, their monthly AFNI amount is reduced by the current net social assistance amount to determine the amount of non-benefit income.

Verification of a household in receipt of OW and ODSP benefits is required. The verification must confirm the receipt of social assistance and number of beneficiaries that are part of the benefit unit. This is verified by the current Statement of Assistance and drug card from OW or ODSP. The net social assistance amount is the amount paid to the benefit unit after deductions (e.g. income deductions, overpayment deductions).

If AFNI is determined based on *tax-based net income*, non-benefit income is determined by deducting the current monthly net social assistance income from the monthly AFNI. (i.e. Line 23600 of the income tax return divided by 12 months).

If AFNI is determined based on approximated net income, all OW and ODSP payments are excluded from line 23600, leaving only non-benefit income. The remaining non-benefit income is then compared to the OW/ODSP threshold for the corresponding # of

beneficiaries to determine whether to use OW/ODSP scale or 30% of non-benefit income to calculate rent.

Calculation of Rent-Geared-to-Income Payable

Starting July 1, 2021, RGI rent shall be calculated once per year, at the annual review. The RGI rent is calculated based on thirty percent (30%) of the total **Adjusted Family Net Income** (AFNI) for family units and for benefit units who are not in receipt of OW or ODSP social assistance benefits or where a social assistance recipient has non-benefit income that exceeds the allowable threshold for the size of their benefit unit.

Income from full-time students and net income from an RDSP are **not** used in the rent calculation. AFNI is adjusted to exclude current social assistance income in order to determine non-benefit income.

The following formula shall be used to calculate monthly RGI rent:

1. The total of all the household members' Adjusted Family Net Income is divided by twelve (12);
2. The income is reduced by any employment earnings deductions (if applicable);
3. The income is then multiplied by thirty percent (30%); and
4. Other charges and allowances for utilities are added or subtracted.

Monthly RGI Rent = (AFNI divided by 12 – employment deduction (if applicable) x 30% +/- utility adjustment

If an RGI household has employment related income, the following employment deductions apply:

- \$75 for single person
- \$150 for a couple with no dependents (2 adults)
- \$150 for families with dependents

Employment deductions apply per family unit and benefit unit that do not pay RGI per the social assistance scales. If there is more than one family unit or benefit unit in the household they may qualify for more than the \$150 in employment deductions.

For example:

Mary is a single parent with two children. She works full-time. Chris lives with his sister Mary and receives EI benefits. The total earnings deductions for the household is \$225.

- Mary is entitled to an employment deduction of \$150 because she has dependents
- Chris is entitled to an employment deduction of \$75 because he is a single person and not part of Mary's family unit.

Ontario Works (OW) and Ontario Disability Support Program (ODSP) Households:

For social assistance benefit units that only receive OW or ODSP assistance, as long as any other income the benefit unit receives is at or below the Gross Non-Benefit Threshold, the social assistance rent scales are to be used to determine the monthly RGI rent payable.

Annual Review of Rent-Geared-to-Income Payable

There shall be a review of Rent-Geared-to-Income payable by a household once in every twelve (12) month period after a household begins to receive RGI assistance.

In-Year Review of Rent-Geared-to-Income Payable

In-year reviews for households in receipt of RGI assistance may only be completed under specific circumstances as set out in *Ontario Regulation 316/19 section 11(2)*.

RGI households must report the following circumstances **within 30 days** of their occurrence:

- a) A permanent change in the composition of the household;
- b) A member of the household begins to or stops receiving financial assistance under the OW or ODSP programs;
- c) A permanent increase in non-benefit monthly income for any member in a OW or ODSP benefit unit;
- d) A change in a member of the household's full-time student status
- e) A member of the household's income tax has been reassessed or additionally assessed;
- f) The household has requested a re-calculation of their rent-geared-to-income payable, because the Adjusted Family Net Income (AFNI) of the household has decreased by at least twenty percent (20%) for the year since the last annual review.

Each circumstance can be reviewed **once** in between annual reviews. The Service Manager may at its sole discretion conduct additional reviews for circumstances a) through e) indicated above, if it is of the opinion that there are extenuating circumstances. **Circumstance f) cannot be reviewed a second time in between annual reviews, even if there are extenuating circumstances.**

Effective Dates of RGI Rent Changes

If the RGI rent payable is changed as a result of the annual review;

- the RGI increase, or decrease shall take effect on the first day of the month following the date that the review was completed.

If the RGI rent payable is changed as a result of an in-year review for, decrease in income of at least twenty percent (20%) or an increase in non-benefit income above the Threshold:

- the RGI decrease or increase shall take effect on the first day of the month following the in-year review.

If the RGI rent payable is changed as a result of an in-year review for, permanent change in household composition, change in full-time student status, change in receipt of OW or ODSP or tax re-assessment:

- the RGI increase or decrease shall take effect on the first day of the month following the change.

Legislative Authority

Housing Service Act, 2011, s. 42,50,52,53,56 & 57

HSA Ontario Regulation 367/11 s. 28,29,30,31,60,61 & 64

Ontario Regulation 316/19

Housing Provider's Role

Housing Providers are required to implement this Notice effective July 1, 2021.

Service Manager's Role

NRH will monitor compliance with this Notice through the Operational Reviews.

If you have any questions or concerns regarding this notice, please contact your Housing Administrator at (905) 682-9201.

Donna Woiceshyn, Chief Executive Officer