

# Simplified RGI

Understanding the changes in determining rent-geared-to-income  
In-force July 1, 2020 – Implementation by July 1, 2021

*Ontario Regulation 316/19 Determination of Geared-to-Income Rent under Section 50 of the Housing Services Act*

*Ontario Regulation 367/11 General*



# Simplified RGI - Contents

- 1. Overview of the New Ontario Regulation 316/19
- 2. Eligibility Requirements for Rent-Geared-to-Income Assistance
- 3. Ceasing to be Eligible for RGI Assistance
- 4. Annual & In-Year Reviews
- 5. Determining Household Income
- 6. Calculating Adjusted Family Net Income (AFNI)
- 7. Determining Minimum Rent
- 8. Notices of RGI Decisions



# 1. Overview of the New Ontario Regulation 316/19



## What is changing?

- Simplified process based on 30% of adjusted family net income, determined where possible by the Household net income amounts in their Notice of Assessment (Line 23600)
- Annual RGI reviews must be conducted every 12 months
- In-year reviews may only be completed under specific circumstances
- Households no longer required to report an increase in employment or pension income before their next annual review
- Income for all full-time students is now exempt from the rent calculation
- Minimum rent will be increased and indexed, subject to phasing in for existing tenants paying less than the indexed minimum rent
- Household members will be required to file taxes annually as a condition of continued eligibility
- RGI households can now pay market rent for 24 months before losing eligibility for subsidy (increased from 12 consecutive months)




# 1. Overview of the New Ontario Regulation 316/19 Determination of Geared-to-income Rent

- ▶ What's not changing?
  - Definitions for a "family unit" and "benefit unit" remain unchanged
  - Utility scale and rent scale tables have not changed
  - Most eligibility rules and legislation pertaining to local rules
  - For households with employment income - \$75 or \$150 employment income allowances are still applied based on family size



# 1. Overview of the New Ontario Regulation 316/19

- ▶ How is geared-to-income rent to be calculated?
- Rent for a **family unit** is calculated by taking 30% of the household's annual adjusted family net income [AFNI] divided by 12 months.
- Determine the annual net income of individual family members using one of the following methods: a) Tax-based net income OR b) Approximated net income "best estimate"
- Before applying the 30%, monthly adjusted family net income is reduced by the employment earnings allowance of either \$75 or \$150.
- That base RGI calculation is then adjusted for utilities, services and heating.
- Rent for a **benefit unit** is calculated using the social assistance rent scale tables. (Appendix I – Social Assistance Rent Scale Tables)
- The RGI calculation is then compared to the minimum or maximum rent and adjusted accordingly.



## 2. Eligibility Requirements for Rent-Geared-to-Income Assistance (O. Reg. 367/11)


### Basic Eligibility Criteria:

- ▶ Age/Independence – min 16 yrs, able to live independently
- ▶ Status in Canada – Canadian citizen, permanent resident or applicant or refugee status
- ▶ Arrears – cannot owe a previous housing provider without a repayment agreement
- ▶ Conviction of an RGI related offence – Local Rule
- ▶ Income/Asset Limit – HSA Schedule 1 of Reg. 370/11 (HILs) or Service Managers must create a Local Rule by July 1, 2022, implement by 2023



## 3. Ceasing to be Eligible for RGI Assistance (O. Reg. 367/11)

- ▶ Household no longer meets a basic eligibility requirement
- ▶ Household member has failed to file the annual income tax return
- ▶ Household has failed to pursue income
- ▶ Household has failed to provide documentation to determine on-going eligibility or documentation to calculate RGI or Release & Consent
- ▶ Household failed to divest themselves of an interest in residential property
- ▶ Household has paid the equivalent to market rent for a period of **24** months
- ▶ An over housed household does not follow the process to move to an appropriately sized unit (Note: changes to Refusal of Offer Rules)
- ▶ A household is absent from the unit for a period greater than allowed in a local rule




## 4. Annual & In-Year Reviews

(O. Reg. 316/19)

- ▶ **Annual Reviews** shall be completed once in every 12 month period.
- ▶ Determination made as to whether the rent shall be reduced, be increased or remain the same.
- ▶ If the determination is made that the geared-to-income rent should be increased or decreased, the change in rent takes effect on the first day of the month following the month in which the review is completed.
- ▶ If the amount of the geared-to-income rent should be increased by an amount less than \$10 the Service Manager may decide to whether or not to implement the increase.
- ▶ Households may still request a review of an annual review determination.






## 4. Annual & In-Year Reviews

(O. Reg. 316/19)

- ▶ **In-Year Reviews** may only be completed under specific circumstances and:
  - Once between the initial calculation of RGI and the first annual review; and
  - Once between annual reviews
  - If the determination is made that the geared-to-income rent should be adjusted, the change in rent takes effect on the first day of the month following the date of the change. *\*\*\*Except in the case of the household requesting the review due to a reduction in income*
  
- ▶ **Circumstances** under which an In-Year Review may be completed:
  - The total amount of net income of the household is not expected to exceed 80% of the total amount of the net income used to determine the RGI at the last review *\*\*\*the change takes effect on the first day of the month following the month in which the review is completed.*







## 4. Annual & In-Year Reviews


(O. Reg. 316/19)

Circumstances under which an In-Year Review may be completed

- ▶ **Continued** from previous slide:
- There has been a permanent change in the household composition since the last annual review or since the initial calculation
- A member of the household has begun full-time attendance in school
- A member of the household has ceased to be a full-time student
- A member of the household has begun to receive or stopped receiving basic financial assistance under *Ontario Works* or *Ontario Disability Support Program*
- The taxes of a member of the household have been reassessed since the last review
- The average of the monthly non-benefit income of a benefit unit in the household for the next 12 months will exceed the applicable non-benefit income limit set out in Column 3 of Tables 1 to 3.
- The Service Manager may conduct one or more in-year reviews if one of the circumstances above exists and there are extenuating circumstances.

## Effective Date of RGI Changes

Annual Reviews		
Increase or Decrease in Rent		Effective first day of the month following the review
In Year Reviews		
<ul style="list-style-type: none"><li>• Decrease in income of at least 20%</li><li>• Increase in non-benefit income above limit</li></ul>		Effective first day of the month following the in-year review
<ul style="list-style-type: none"><li>• Permanent change in household composition</li><li>• Change in full-time student status</li><li>• Change in receipt of OW or ODSP</li><li>• Income Taxes reassessed</li></ul>		Effective first day of the month following the date of the change
Ineligibility for RGI assistance		Effective first day of the month following 90 days from the date of the notice



## 5. Determining Household Income - Definitions (O. Reg. 316/19)

- **“Benefit Unit”** means a benefit unit under the Ontario Works Act or the Ontario Disability Support Program Act
- **“Family Unit”** means
  - (a) an individual, the individual’s spouse and all of the children of both or either them who are living with them
  - (b) an individual and the individual’s spouse living with him or her
  - (c) an individual and the individual’s children living with him or her
  - (d) an individual, if the individual has no spouse and no children
- **“full-time attendance”** in relation to a student attending a recognized education institution means taking at least 60% of a full course load or at least 40% of a full course load in the case of a student having a permanent disability, as determined by the course calendar of the education institution



## 5. Determining Household Income

(O. Reg. 316/19)

Review the household to determine if you have a benefit unit, a family unit or a combination of both

### ► **Benefit Unit**

- In the case of a benefit unit receiving assistance from OW or ODSP choose the appropriate rent scale from the social assistance tables

### ► **ODSP Benefit Unit + CPP/DSA or OAS Survivor's Allowance**

- Compare the CPP/DSA or OAS Survivor benefit amount against the monthly basic needs allowance
- Do not use the rent scale if the amount exceeds the monthly basic needs allowance

### ► **Benefit Unit + Non-benefit Income**

- Apply the rent scale if the non-benefit income is below the thresholds set out in the tables based on the benefit size
- Rent scale will not apply if the non-benefit income exceeds the amount set out in the tables
- In this case you must determine the net monthly income of each member of the benefit unit
- Subtract the amount of any monthly payment received by the members from OW or ODSP




## 5. Determining Household Income

(O. Reg. 316/19)

Review the household to determine if you have a benefit unit, a family unit or a combination of both continued


### ► Family Unit

- In the case of a family unit, the rent attributable is determined as follows:
- Determine the adjusted family net income (AFNI) for the month of the family unit excluding any income for full time students
- Subtract the employment earnings allowance of \$75 or \$150 based on the unit size if applicable
- Multiply the amount by 30% (0.3)



## 6. Calculating Adjusted Family Net Income (AFNI)

- ▶ AFNI is the total of the tax-based net income or approximated net income all of all members of a family unit or benefit unit – excluding the income of full-time students. (Line 23600 of the income tax return.)
- ▶ AFNI (or non-benefit income in the case of benefit units) is then divided by 12 to find the monthly AFNI amount that is used in the calculation of RGI.
- ▶ If the person has or had a Registered Disability Saving Plan (RDSP), any net income from the RDSP is excluded from their net income. Net RDSP income is any RDSP payment minus any required RDSP repayment in the same tax year.
- ▶ RDSP payments are set out on Line 12500 of the income tax return
- ▶ In the case of Ontario Works or ODSP benefits, the monthly AFNI amount is reduced by the current net social assistance amount to determine the amount of non-benefit income. The net social assistance amount is verified by the current Statement of Assistance from Ontario Works or ODSP, and is the amount paid to the benefit unit after deductions (e.g. income deductions, overpayment deductions).



## 6. Calculating Adjusted Family Net Income (AFNI)

- ▶ Line 23600 can be verified using either of the following documents issued by CRA: • Proof of Income Statement • Notice of Assessment (NOA).
- ▶ The tax year used to determine a person's net income is different depending on when the RGI review is conducted:
  - If the review is conducted between July and December, RGI is based on net income from the previous tax year.
  - If the review is conducted between January and June, RGI is based on net income from the tax year before the previous year.






## 6. Calculating Adjusted Family Net Income (AFNI)

### Notice of Assessment vs. Proof of Income Statement


- ▶ Although 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.
- ▶ Housing providers should encourage tenants and co-op members to register for a My CRA Account in order to have ready access to their most recent Proof of Income Statement or NOA.



## 6. Calculating Adjusted Family Net Income (AFNI)

Using approximated net income


- ▶ If the amount of the tax-based net income does not reasonably reflect the average amount of income expected to be received over the following 12 months, **approximated net income** is used to determine AFNI.
- ▶ Approximated net income is the amount that best approximates a person's net income for the next 12-month period, calculated and adjusted in a manner similar to tax-based net income – i.e. to best reflect what would normally be included on Line 23600 of the income tax return.
- ▶ This may occur if the household member:
  - is unable to provide their NOA or Proof of Income Statement for the tax year, as requested or
  - has had an in-year change in income – whether or not this resulted in an RGI change.



## 6. Calculating Adjusted Family Net Income (AFNI)

### Using approximated net income

- ▶ Like tax-based net income, approximated net income is not net of income tax deductions.
- ▶ In most cases the gross amount of income is used in determining approximated net income.
- ▶ The gross income amount may be adjusted if a person has the following ongoing and regular expenses or deductions from their income:
  - registered pension plan deductions eligible for tax deductions
  - RRSP contributions eligible for tax deductions
  - annual union, professional, or like dues
  - child care expenses eligible for tax deductions
  - disability supports eligible for tax deductions
  - employment expenses
  - spousal support payments paid under an enforceable court order or agreement (but not child support payments paid)



## 7. Determining Minimum Rents – effective July 1, 2020 (O. Reg. 316/19)


- ▶ **Minimum Rent:** beginning July 1, 2020, the minimum monthly rent payable for an RGI unit is \$129
- ▶ This amount will be indexed annually on July 1<sup>st</sup> of each year at the same rate as the rent increase guideline under the RTA
- ▶ Effective July 1, 2021 the new indexed minimum rent is \$131 (based on rent increase guideline of 1.5%)
- ▶ **Phased in Minimum Rents:** if an RGI household was paying less than \$129 on July 1, 2020 the minimum rent payable is \$93
- ▶ This phased in minimum rent will be increased annually by \$8 at household review until it is equivalent to the indexed minimum rent amount
- ▶ **Minimum rents for Benefit Units** paying RGI rent scale of less than \$129 will be the rent scale for the benefit unit (single social assistance recipients)



# Minimum Rent

Effective Date	Indexed Minimum Rent
July 1, 2020	\$129
July 1, 2021	\$131
July 1, 2022	\$133

Review Period	Phased in Minimum Rent
July 1, 2020 - June 30, 2021	\$93
July 1, 2021 - June 30, 2022	\$101
July 1, 2022 - June 30, 2023	\$109
July 1, 2023 - June 30, 2024	\$117
July 1, 2024 - June 30, 2025	\$125



## 8. Notices of RGI Decisions (O. Reg 367/11)

- ▶ Notice of Decision: decisions affecting RGI tenants must be made within in writing and within 7 business days after the decision has been made.
- ▶ The notice must be addressed to all persons in the household who are 16 years of age or older **and** have signed the tenancy agreement.
- ▶ The notice must include: tenant's name & address; effective date of the decision; and an explanation including reasons for the decision.
- ▶ The household has the right to ask for a review of the decision after they receive the notice and must be given information about how to make the request and the deadline for doing so.
- ▶ The rules about how a request for review is made and the timeframe to ask for a review are set by the Service Manager.