



Report To:	Program Planning Committee
From:	Donna Stewart, Director of Integrated Social Services and Amy Ingram, Community Housing Program Supervisor
Date:	February 26, 2020
Re:	Rent Geared-to-Income Simplification – Issue Report

Purpose

To provide the Board of an overview of Community Housing Regulatory Changes for determination of Rent Geared-to-Income and the impacts of said changes on the Program, and the Organization as a whole.

Background

In a [news release](#) by the Ministry of Municipal Affairs and Housing (MMAH) from September 23, 2019, changes to Housing Regulations are being made in an effort to protect our most vulnerable who live in Community Housing as part of the Provincial [Community Housing Renewal Strategy](#).

The introduction of new regulations “[Determination of Gear-to-Income Rent](#)” is to provide support to the simplification of the calculation of rent-geared-to-income (RGI). This will make it easier for Service System Managers, housing providers and tenants to predict and understand. This change comes into force on July 1, 2020, however, Service System Managers may choose an implementation date of either July 1, 2020 or July 1, 2021 at their discretion.

What is changing?

- RGI will be based on 30% of a household’s annual net income as opposed to gross income.
- Net income could vary from the most recent income tax assessment, dependent upon circumstances.
- Income increase other than above specific circumstances are only required to be reported at the next annual review.

- 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 System 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.

Review of Geared-to-Income rent

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.

Adjusted family net income is the total of the net income of each member of the household. 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.

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

There is no impact on social assistance recipients who are currently on the social assistance rent scales and no impact to tenants paying Affordable or Market Rents.

Impact Analysis Results

Staff completed an analysis to determine the impact of the new legislation as follows:

There are 265 occupied units and **188 (71%) will not be affected by this change:**

- **140 units (53%)** are occupied by social assistance recipients and will not be affected by the Regulation change.
- **10 units (4%)** are at market rent.
- **38 units (14%)** are at affordable rent and will not be affected by the Regulation change.

There are **77 units (29%) will be impacted** by the change. We were able to complete an analysis of **55 units (71%)** of those who will be impacted based on the information that was already on their file.

- **65 units (85%) of the sample have a rental decrease.**
- **12 units (15%) of the sample will have rental increase.**
- **estimated yearly revenue decrease for the DSB will be \$2,400.**

Once an implementation date is chosen by the Service System Manager, staff will have 12 months to recalculate rent for all affected tenants. Once staff begin to implement these changes, proper noticed will be provided to tenants. If the Board agrees to implement these changes as of July 1, 2020, changes will be implemented gradually and will be completed by July 1, 2021.

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. A letter to notify these tenants of the requirement file their income tax will be sent prior to implementation. Tenants will be advised of the upcoming Free Community Income Tax Clinics that are currently being scheduled at various locations across the DSB area.

The number of tenants impacted by this Regulatory change has been decreased as a result of Income-Mixing-by-Building. The DSB has embraced the new Long-Term Affordable Housing strategy and began the transition of our community housing portfolio. This transition will better suit the needs of our communities in order to create a more vibrant mixed-income community and ensure the viability of our assets.

Recommendations

On October 24, 2019, the Board approved of the [Social Housing Regulatory Changes – Issue Report](#) and directed staff to action the recommendations in the report.

Based on the analysis completed the tenant impact is positive whereby 85% have a decrease in the rent and 15% will have a rental increase. Although the DSB will see an initial decrease in rental revenue, staff are satisfied that any decrease will be offset by the continued income-mixing of each building.

Based on the analysis staff are recommending that the changes are implemented effective **July 1, 2020**.