

November 21, 2019

Analysis of Regulatory Amendments under the *Housing Services Act, 2011*: RGI Simplification

On April 17, 2019, the Ontario government released the [Community Housing Renewal Strategy](#) (CHRS), which aims to stabilize and grow Ontario's community housing sector by leveraging investments through the National Housing Strategy, creating incentives for community housing providers, and building a more effective access system. In addition, the Ministry of Municipal Affairs and Housing (MMAH) committed to regulatory amendments under the [Housing Services Act, 2011](#) (HSA) in three distinct areas:

1. Simplifying rent-gear-to-income (RGI) rules;
2. Improving waiting lists; and
3. Creating safer communities.

After consulting on proposed amendments in the spring, the Ontario government released the new regulations on [September 23, 2019](#). MMAH also released a series of Social Housing Notifications about the amendments to provide more information and clarity about the changes.

In the meantime, this document provides a high level summary of the regulatory amendments related to RGI simplification, the information learned from the Ministry's accompanying Social Housing Notifications, potential impacts on members, and next steps for ONPHA.

ONPHA made a [submissions](#) to the spring 2019 consultations and, overall, we are pleased that the provincial government incorporated some of our feedback to address concerns related to these regulatory amendments. However, some outstanding areas require more detail and clarity. As such, we will continue engaging with the provincial government and representing our members' priorities to improve the community housing sector.

Simplifying RGI

In an effort to move to a simplified, annual RGI calculation process, the Ministry is implementing a new rent calculation, as outlined in the [Social Housing Notification](#), based on 30 per cent of adjusted family net income (AFNI). AFNI is determined (where possible) by the tenant's most recent income tax return excluding the income of students in full-time studies and less income from a Registered Disability Savings



Plan (RDSP). The regulatory changes will also increase minimum rents, with guidelines for indexing minimum rent to Ontario's annual rent increase guideline.

These changes come into force on July 1, 2020, but Service Managers will have the choice to implement these changes on July 1, 2020 or delay the implementation until July 1, 2021. Either way, the recalculation of existing tenant RGI rents under the new calculation method will be required within 12 months of the implementation date.

WHAT REMAINS THE SAME

Social assistance rent scales and utility adjustments (charges and allowances) will not be changing. Employment exemptions will remain at \$75 for single people and \$150 for larger households. Most eligibility rules and Service Manager local rules will also not be changing.

THE CHANGES

RGI Calculation

For the most part, RGI rent will be determined through an annual calculation based on 30 per cent of AFNI, which is adjusted for utilities, services and heating and is subject to minimum rent. This normally equates to Line 236 of the latest federal Income Tax Return less any Registered Disability Support Plan (RDSP) payments.

Before applying the 30 per cent, monthly AFNI is reduced by an employment-related earnings deduction of either \$75 or \$150 per month (as indicated above).

All household members in full-time studies (regardless of age or circumstances) will now have their income excluded from the RGI calculation. Net income will also exclude child support.

In some instances where tax information is not available or does not accurately reflect current financial circumstances (e.g. irregular income), the Service Manager can determine an alternate annual income amount based on a projection for the next 12 months.



Reviews of RGI Rent

The review of an RGI household's rent must be conducted every 12 months. Depending on when the Service Manager implements RGI simplification, housing providers will have a full-year cycle to review the RGI rents for all RGI households across their portfolios and at the time they are regularly scheduled.

In order to remain eligible for RGI assistance, household members must file their tax returns before their next annual review. Service Managers may determine that a household remains eligible for RGI in extenuating circumstances or if they subsequently file their return.

RGI households will no longer be required to report an increase in income between annual reviews.

In-year reviews will be normally limited to one. Service Managers will have discretion to review and adjust RGI between annual reviews (in-year changes) under specific circumstances, including:

- Permanent change to household composition
- Significant decrease in income of 20% or more
- Change in full-time student status
- A member of the household has started to receive or stopped receiving social assistance
- A member of the household has had their income tax reassessed
- A Service Manager projects that a benefit unit's average monthly non-benefit income over the next 12 months will exceed the non-benefit income threshold

Seniors receiving Old Age Security (OAS), Guaranteed Income Supplement (GIS) or Guaranteed Annual Income System (GAINS) and only fixed income may have their RGI reviewed every two years. RGI is increased in non-review years by 30 per cent of the difference between current OAS/GIS/GAINS and the amount in the previous tax year.

RGI changes (either an increase or decrease) will be implemented on the first day of the month following the RGI rent review.

Minimum Rent

The minimum rent for RGI households will be increasing to \$129 and indexed year over year to Ontario's annual rent increase guideline. The Ministry has developed a multi-year phase-in (\$8 per year) for existing RGI households paying less than the new minimum rent.



RGI to Market Rent

RGI households paying equivalent to market (maximum rent) remain eligible for 24 consecutive months (previously 12 consecutive months).

Inclusion of ONPHA's Feedback

Overall, ONPHA is supportive of the regulatory changes and is pleased that the Ministry incorporated some of the [feedback](#) that we provided, based on what we heard from members. However, there are some outstanding areas of concern that we hope to address through ongoing government engagement.

ONPHA has long advocated for moving towards a simplified system for calculating RGI rents to ease administrative burdens and complexities for both tenants and housing providers. ONPHA looks forward to continue working with the Ministry, Service Managers and our members to develop resources and provide support to the social housing sector during this transition.

ONPHA would have liked to see more clarity and direction around how Service Managers determine net income of a member of the household when tax information is not available or does not reflect an RGI households' current financial circumstances. We look forward to working with Service Managers to provide a higher level of detail on this alternate method to achieve consistency, equity and predictability for tenants and housing providers.

ONPHA is pleased that the Ministry did not move forward with the proposals to require rent reviews within the first six months of the implementation of the new RGI rules, nor the requirement that consistent effective dates be set for all existing RGI households in the same building. Housing providers will now have a full year cycle (July 1, 2020 – June 30, 2021 or July 1, 2021 – June 30, 2022) to review the RGI rents for all RGI households across their portfolios, which will be particularly useful for providers with large portfolios and providers with a small staff.

ONPHA is disappointed that the secondary thresholds for Ontario Disability Support Program (ODSP) recipients receiving Canada Pension Plan Disability (CPP-D) benefits or OAS spouse's allowance were not eliminated. This provision will remain confusing for housing providers and tenants. We also believe that the Province missed another key opportunity to modernize social assistance rent scales at the same time as RGI simplification.



ONPHA's Next Steps

Over the coming months, ONPHA will continue to actively engage with government to provide input and seek clarity on outstanding areas of concern related to the new amendments and their impacts on our members, as well as on forthcoming legislative and regulatory developments related to the CHRS as a whole.

ONPHA is embarking on updating our current RGI course offerings and resources. We will be engaging with Service Managers to confirm implementation timelines and will work with both Service Managers and housing providers to ensure that their training needs are met during the transition.

What can ONPHA Members Do?

Stay tuned to ONPHA's communication channels for more information about provincial developments and our own advocacy initiatives. In the meantime, we strongly encourage all housing providers to engage in discussions with your staff, board, and Service Managers to make decisions regarding the application of the new regulations and how they will impact your communities.

We're here to help

As the community housing sector continues to evolve, ONPHA is here to support members through the changes and ensure you have what you need to succeed in your missions and be financially viable into the future. Visit us online to see what new [resources](#) and learning opportunities are available for members, including our selection of online and in-person [courses](#) starting January 6, 2020, which will include Ready, Set, (re)Build, Finance Fundamentals, and Supportive Housing Core Competencies.

Stay tuned for updates on our forthcoming revised RGI course, which will reflect the new calculation rules. In the meantime, ONPHA will continue to offer our current RGI online course, [The ABCs of RGI](#), during the transition period, as we understand there will be a dual system for a period of time.

If you have any questions, please do not hesitate to reach out to us at member.support@onpha.org or 1-800-297-6660.