

Ministry of
Municipal Affairs
and Housing

Ministère des
Affaires municipales
et du Logement

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August 20, 2021

Service Manager Housing Directors

Dear Colleagues:

Re: SH Notification 21-05: Rent-Geared-to-Income Calculations – Treatment of Temporary Benefits

I am writing you today to provide details regarding the treatment of temporary COVID-19 emergency and recovery benefits for rent-geared-to-income (RGI) calculations beginning July 1, 2021.

Starting July 1, 2021, all Service Managers must determine RGI assistance in accordance with the Ministry's simplified rules prescribed in Ontario Regulation 316/19 under the *Housing Services Act, 2011*.

As the COVID-19 situation evolves, the impact on the economy continues, and emergency and recovery benefits expire, the Ministry expects that Service Managers will continue to take advantage of regulatory flexibilities available to support vulnerable households during this unprecedented time.

Please read the attached SH Notification 21-05 carefully, and ensure this information is communicated to your housing provider partners as soon as possible.

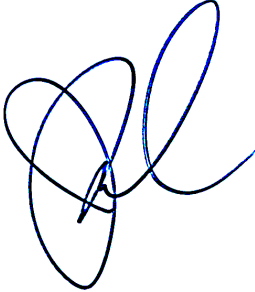
As noted in the attached notification, it is expected that where short-term COVID-19 emergency benefits received in the 2020 tax year are not reflective of a household's current financial position, Service Managers would project income for the 12-month period following the annual review. This is consistent with the intent of the regulation, and provides vulnerable households with stability as the province begins to reopen and recover from the COVID-19 pandemic.

To ensure this information is distributed, reviewed and understood by all 47 Service Managers, we are asking each of you to kindly sign and return the attestation below by **September 17, 2021**.

You must submit your signed attestation via e-mail to your respective Team Lead, Regional Housing Services.

Thank you, and I look forward to continuing our work together on improving housing outcomes for vulnerable populations across Ontario.

Sincerely,

A handwritten signature in blue ink, consisting of several overlapping loops and a trailing flourish.

Joshua Paul
Assistant Deputy Minister
Housing Division

SERVICE MANAGER ATTESTATION

This attestation confirms that the respective Service Manager has received and reviewed the information contained in SH Notification #21-05:

Service Manager: _____

Name: _____

Signature: _____

Title: _____

Date:

SH *notification*

social housing

Rent-Geared-to-Income Calculations – Treatment of Temporary Benefits

Legislation/Regulation

August 20, 2021

Operational

Release: 21-05

The purpose of this notification is to provide information to Service Managers and housing providers regarding the treatment of temporary COVID-19 emergency and recovery benefits for rent-geared-to-income (RGI) calculations beginning July 1, 2021.

As outlined in Social Housing Notification #20-05 (released May 4, 2020 – prior to the simplified regulations under Ontario Regulation 316/19 coming into force), the following COVID-19 emergency payments were to be considered as income and included for the purposes of RGI calculations if received by a household member whose income was included in the calculation: Canada Emergency Response Benefit (CERB), Canada Emergency Student Benefit, and the temporary doubling of the Guaranteed Annual Income System (GAINS) payments.

Subsequent COVID-19 recovery benefits (e.g., Canada Recovery Benefit) are to be treated in a similar fashion.

Rent-Geared-to-Income Calculations During COVID-19

Through Social Housing Notification #20-05, Service Managers were encouraged to develop internal processes to manage situations related to change of income as a result of emergency financial assistance and use their discretion to provide stability to vulnerable households.

Several flexibilities within the *Housing Services Act, 2011* and associated regulations were highlighted that could be leveraged to support vulnerable tenants, including:

- Timing of annual rent reviews;
- Timing of in-year rent recalculations;
- Extensions to the period of time that a household has to notify of income changes; and
- Service Manager authority to defer or forgive all or part of the rent payable by a household.

Rent-Geared-to-Income Calculations Beginning July 1, 2021

All Service Managers who delayed implementation of the simplified RGI regulations to July 1, 2021 must begin to determine RGI assistance under Ontario Regulation 316/19 as of that date.

Beginning July 1, 2021, annual RGI reviews conducted under Ontario Regulation 316/19 would normally utilize the net income amount found under a household member's 2020

income tax return. This net income amount would include any taxable COVID-19 emergency and/or recovery benefits received by the household in the 2020 tax year.

As the COVID-19 situation evolves, the impact on the economy continues, and emergency and recovery benefits expire, the Ministry expects that Service Managers will continue to take advantage of regulatory flexibilities available to support vulnerable households in this unprecedented time.

For example, Section 6(4) of Ontario Regulation 316/19 allows a Service Manager to project income and deductions for the 12-month period following an annual RGI review if, in the opinion of the Service Manager, the net income amount on the most recent income tax return is not reflective of a household member's current financial position. This may occur in a situation where a household member received taxable COVID-19 emergency and/or recovery benefits in the past that exceeded their pre-pandemic income, but whose ongoing income in 2021 has since decreased. The Ministry expects Service Managers will utilize this flexibility to exclude income from temporary COVID-19 benefits provided in the 2020 tax year, such as the six-month doubling of GAINS payments or CERB, from RGI calculations beginning July 1, 2021.

Under Section 11 of Ontario Regulation 316/19, households may also request that their Service Manager or housing provider conduct an in-year RGI recalculation if their household income has decreased by 20 per cent or more since their last review. RGI households are limited to one in-year recalculation for loss of income between annual reviews.

Note that in the situation where an RGI household continues to receive a COVID-19-related emergency benefit beyond July 1, 2021, the Service Manager and/or housing provider should remind the household of their ability to request an in-year recalculation once the benefit is exhausted, should their household income drop by 20 per cent or more since their last review.

2021 Residential Rent Freeze

As a reminder, on September 30, 2020, the Ontario government passed Bill 204, *Helping Tenants and Small Businesses Act, 2020*, which freezes rents at 2020 levels for the 2021 calendar year. The Ministry subsequently made regulatory amendments to Ontario Regulation 316/19 to ensure consistency with the 2021 residential rent freeze.

Ontario's 2021 rent freeze applies to the majority of tenancies that are covered by the *Residential Tenancies Act, 2006*, including households living in community housing that receive RGI assistance or pay low end of market rent. The amendments to Ontario Regulation 316/19 also apply the rent freeze to RGI units in non-profit housing co-operatives governed by the *Housing Services Act, 2011*.

As a result, in the 2021 calendar year, no tenant living in RGI housing will experience a rent increase when their household income increases. Any calculated rent increase resulting from an annual or in-year review that would otherwise take effect in 2021 will be effective January 1, 2022. As mentioned above, it is expected that, where short-term emergency benefits received in the 2020 tax year are not reflective of a household's current financial position, Service Managers would project income for the 12-month period following the annual review in order to protect vulnerable households in 2022.

For more information, please consult Social Housing Notification #20-10.

Further Information

Ontario Regulation 316/19 is available through the following hyperlink:
<https://www.ontario.ca/laws/regulation/190316>

Should you have further questions, please contact your respective Team Lead, Regional Housing Services.