

# Directive

## Directive: 2022-2023 Indexed and Transitional Minimum Rents

<b>Issue Date:</b>	May 12, 2022	<b>Directive No.:</b>	DIR2022-04
<b>Revision Date:</b>		<b>Revision No.:</b>	

**Applicable Policy:**

**Type:** Legislation/Regulation

*The policies and procedures in this Directive are to be implemented by Housing Providers/Cooperatives funded by the Municipality under the following programs.*

### Provincial Non-Profit Housing Providers

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Gananoque Family Housing                      | <input checked="" type="checkbox"/> Gananoque Housing Inc.                           |
| <input checked="" type="checkbox"/> Legion Village 96 Seniors Residence           | <input checked="" type="checkbox"/> Twp. of Bastard & South Burgess Housing Corp.    |
| <input checked="" type="checkbox"/> Brockville Municipal Non-Profit Housing Corp. | <input checked="" type="checkbox"/> South Crosby Non-Profit Housing Corp. – Pineview |

### Federal Non-Profit Housing Providers

- |   |   |
|---|---|
| <input type="checkbox"/> Athens & District Non-Profit Housing | <input type="checkbox"/> Marguerita Residence Corp.                           |
| <input type="checkbox"/> Gananoque Housing Inc.               | <input type="checkbox"/> South Crosby Non-Profit Housing Corp. – Rideau Lakes |

### Federal/Provincial Cooperative Housing

- Shepherds Green Cooperative Homes Inc.

### Housing Providers with Rent Geared-to-Income Service Agreements

- Athens & District Non-Profit Housing (RGI Service Agreement)
- Gananoque Housing Inc. (RGI Service Agreement)
- Marguerita Residence Corp. (RGI Service Agreement)
- South Crosby Non-Profit Housing Corp. - Rideau Lakes Apartments (RGI Service Agreement)
- Rent Supplement Program, including Housing Providers with expired Federal Operating Agreements

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**Other Housing Providers**

- Leeds Grenville Housing Department**

**BACKGROUND**

The *Housing Services Act, 2011* sets out the minimum unit rent that a rent-geared-to-income household will be charged. The minimum unit rent is indexed each year according to the Ontario residential rent increase guideline. For households that were paying less than the new minimum rents on July 1, 2020, which was the implementation date of the Revised Guide to Calculating Rent-Geared-to-Income in Leeds Grenville, a “transitional” minimum rent will be calculated annually, until it is equivalent to or greater than the indexed amount.

**PURPOSE**

The purpose of this Directive is to communicate the indexed and transitional minimum rents for the period of **July 1, 2022 to June 30, 2023**, and how to determine which minimum rent should be used to calculate rent-geared-to-income for a household.

**ACTION TO BE TAKEN**

1. Rent-geared-to-income is calculated according to the following simplified steps:
  - a) Verify the household composition. Identify family units, benefit units, and full-time students.
  - b) Determine the net income of individual family members using tax-based net income or approximated net income, as applicable.
  - c) Determine the Adjusted Family Net Income (AFNI). Determine the monthly amount, and apply the employment deduction if applicable.
  - d) Apply the appropriate income ratio (30%) or rent scale.
  - e) Determine the utility adjustment. Apply charge or allowance.
  - f) Compare the total RGI rent payable to the minimum or maximum rent.
    - i) If rent calculated is lower than then applicable minimum rent, increase to this amount. This Directive focuses on this step in the process.
    - ii) “Maximum rent” is the market rent of the unit. If rent calculated is greater than the maximum rent, only charge the maximum rent amount.
  - g) Add additional charges (e.g. parking, air conditioning).

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**ACTION TO BE TAKEN**

- h) Calculate partial month's rent, if applicable.
- 2. After calculating the rent-geared-to-income for the household (steps 1a – 1e), compare the RGI payable to the minimum and maximum/market unit rent (i.e. step 1f) to ensure it is not below the minimum rent or above the maximum rent for the unit. See step 3 to determine which minimum rent is applicable.

3. Determine which minimum rent applies to the household:

- a) Use the "**indexed minimum rent**" calculation (see table one) for all new tenants and current tenants whose RGI payable was **equal to or higher than \$129 on July 1, 2020** (i.e. the date the new RGI Guide took effect in Leeds Grenville).
- b) Use the "**transitional minimum rent**" calculation (see table 2) if all of the following criteria are met:
  - i) The household was in receipt of rent-geared-to-income (RGI) assistance on July 1, 2020;
  - ii) Immediately prior to July 1, 2020, the household's rent payable was paying **less than \$129**; and
  - iii) The household's RGI calculated from July 1<sup>st</sup>, 2022 to June 30<sup>th</sup>, 2023 is less than the indexed minimum rent of \$133.
- c) Regardless of the criteria listed in a) or b), use the applicable Ontario Works or Ontario Disability Support Program rent scale to determine minimum rents for single benefit-unit households (i.e. one-person households) whose income does not exceed the monthly non-benefit income limit.

**Indexed Minimum Rent**

- 1. The indexed minimum rent amount for the period of July 1, 2022 to June 30<sup>th</sup>, 2023 is **\$133**.
- 2. To calculate indexed rent: the provincial residential rent increase guideline for 2022 is 1.2%, which is converted to a decimal by dividing the percentage increase by 100, and then adding 1 (1.2% as a decimal plus 1 = 1.012). The minimum rent is then multiplied by 1.012 as follows: \$131 x 1.012 = \$132.572, which is rounded to the nearest dollar \$133.

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### ACTION TO BE TAKEN

**Table One: Indexed Minimum Rent**

July 1, 2021 – June 30, 2022 Minimum Rent	2022 Percentage Increase (%)	2022 Increase Amount (\$)	<b>July 1, 2022- June 30, 2023 Minimum Rent</b>
\$131	1.2%	\$2.00	<b>\$133</b>

**Indexed Minimum Rent Example:** a tenant is moving into a RGI unit on September 1, 2022. The base rent for the household is calculated at \$184 per month before adjustments for utilities. The utility allowance is \$118.

The calculated RGI is:

Base Rent (\$184) – utility allowance (\$118) = \$66. This amount is less than the minimum rent of \$133, so the monthly RGI is adjusted to **\$133**.

### Transitional Minimum Rent

1. Calculate the minimum transitional rent for the unit by adding \$8 to the minimum rent amount for the prior period (July 1 to June 30). The transitional minimum rent from July 1, 2022 to June 30, 2023 is calculated as:  $\$8 + \$101 = \mathbf{\$109}$ .

**Table Two: Transitional Minimum Rent**

July 2021 - June 2022 Minimum Rent	2022 Increase Amount (\$)	<b>July 2022- June 2023 Minimum Rent</b>
101	\$8	<b>\$109</b>

**Transitional Minimum Rent Example:** an annual review is completed on August 1, 2022. The household was paying the transitional minimum rent in 2020 (i.e. \$93). The base rent for the household is calculated at \$115 per month before utilities. The utility allowance is \$111.

The calculated RGI is:

Base rent (\$115) – utility allowance (\$111) = \$4. This is less than the minimum transitional rent payable (\$109), therefore the tenant will be charged the minimum transitional rent amount of \$109.

2. The “transitional” minimum rent amount is increased by \$8 on July 1st of each year until it is

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**ACTION TO BE TAKEN**

equivalent to the indexed rent amount. See paragraph 2 in the section “Minimum (Indexed and Transitional) and Maximum Rents in General” for further details.

3. If the rent payable calculated is higher than the transitional amount, but lower than the indexed minimum rent, the actual rent calculated will be charged. Rent will continue to be compared to the transitional amount until the household’s rent calculated is equal to or greater than the indexed minimum rent.
4. The “transitional” minimum rent is no longer used for an RGI household if the RGI payable for the household is calculated at more than \$133 (or the applicable annual indexed minimum rent amount) at any time on or after July 1, 2020. Going forward the rent calculation will be compared to the “indexed minimum rents”, even if the rent payable later decreases.

**Minimum (Indexed and Transitional) and Maximum Rents in General**

1. Minimum rent charges apply to the household and not to individual family members.
2. Increases in minimum rents occur effective July 1<sup>st</sup> of each year, but are not automatically applied at that time. Tenants at minimum rent will have their RGI adjusted to the new minimum rent amount at the first RGI review conducted on or after July 1<sup>st</sup> – which is normally the next annual review.
3. Utility allowances and charges cannot raise the RGI rent/housing charge above the maximum rent (i.e. market rent) or lower it below the minimum rent.
4. Any additional charges (e.g. parking or air conditioning) are added to the indexed or transitional minimum rent.

Example: if the transitional minimum rent is \$109.00 and the tenant pays \$25 per month for parking, the tenant would be charged \$109 + \$25 = \$134.

5. For further details, refer to Directive 2020-06 and the Revised Guide to Calculating Rent-Geared-to-Income (RGI) Effective July 1, 2020.

**REFERENCE**

Directive 2020-06 and the Revised Guide to Calculating Rent-Geared-to-Income (RGI) Effective July 1, 2020

**LEGISLATION**

Ontario Regulation 316/19 s. 2,6, 12 (2), tables 1-3.

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If you have any questions, please contact the following:

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May 13, 2022

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**Date**