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**Number: H-20-06**

**Date: July 1, 2020**

**Subject: Determining Rent-Geared-to-Income Payable**

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This Directive is to be implemented by Housing Providers listed under the following programs in Schedule 1 of Ontario Regulation 367/11:

- 1 (a) – Local Housing Corporation
- 2 (a) and 2 (b) – Rent Supplement Programs
- 6 (a) – Non-Profit Program
- 6 (b) – Non-Profit Co-Op Program

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**Background:**

Section 50 of the Housing Services Act, 2011 has been amended. The province implemented a suite of changes to the determining Rent-Geared-to-Income (RGI) payments to make calculating rent simpler for Service Managers and housing providers and easier for tenants to predict and understand. To do this, O. Reg. 298/01 is revoked and replaced with O. Reg. 316/19, in-force July 1, 2020.

Service Managers were given the option to choose an implementation date of either July 1, 2020 or July 1, 2021, at their discretion. This Service Manager opted for implementation on July 1, 2020, whereby all new rent calculations will follow O. Reg 316/19 and all existing tenants' rent will be recalculated within 12 months of that date.

**Action to be Taken:**

**The following definitions should be used while determining RGI calculations.**

**Adjusted Family Net Income (AFNI)** is the net income for the member (Line 236) on the Notice of Assessment (NOA) for the most recent taxation year minus the total amounts received by the member from Registered Disability Savings Plan (RDSP) (Line 125) plus any amounts repaid to the RDSP by the member in the taxation year (Line 232).

Reviews effective between January 1 and June 30 (i.e. move-ins or anniversary dates) require the NOA for the taxation year immediately preceding the most recent taxation year. For example, move-ins/anniversary dates between January 1 and June 30, 2020, the 2018 NOA is required.

Reviews effective between July 1 and December 31, requires the NOA for the taxation year immediately preceding the current year. For example, move-ins/anniversary dates between July 1 and December 31, 2020 require the 2019 NOA.

**Benefit Unit** means a benefit unit under the Ontario Works Act, 1997 or the Ontario Disability Support Program Act, 1997.

**Family Unit** means:

- (a) an individual, the individual's spouse and all of the children of both or either of them who are living with them,
- (b) an individual and the individual's spouse living with him or her, if neither has any children,
- (c) an individual and the individual's children living with him or her, if the individual has no spouse, or
- (d) an individual, if the individual has no spouse and no children.

**Household** means an individual who lives alone or two or more individuals who live together. A household may have a combination of benefit units and/or family units. RGI for each benefit unit/family unit is calculated separately and the combined total RGI is rent payable for the household. Utility charges/allowances are applied only once for the household and RGI is compared to the minimum/maximum rent after including utility charges/allowances..

**Full-time attendance**, in relation to a student attending a recognized educational institution, means, in the case of a student having a permanent disability, taking at least 40 per cent of a full course load, and in the case of any other student, taking at least 60 per cent of a full course load, as determined from the course calendar of the educational institution

**Recognized educational institution** means:

- (a) a school, as defined in the *Education Act*,
- (b) a university,
- (c) a college of applied arts and technology established under the *Ontario Colleges of Applied Arts and Technology Act, 2002*,
- (d) a private career college, as defined in the *Private Career Colleges Act, 2005*, or
- (e) a private school, as defined in the *Education Act*, for which a notice of intention to operate has been submitted to the Ministry of Education in accordance with that Act.

**Income from employment** includes the following:

- Wages or salary
- A commission or bonus
- Tips and gratuities
- Vacation pay
- Remuneration as a dependent contractor
- Income from work in a business that the member directly or indirectly operates and controls
- Unemployment benefits under the Employment Insurance Act (Canada)
- Payments for a loss of earnings under the insurance plan under the Workplace Safety and Insurance Act, 1997
- Payments for sick leave or a short-term disability under a private or workplace insurance plan

**The following steps summarize the procedure typically involved in calculating RGI payable.**

### **STEP 1 – Verify Household Composition and Sources of Income**

- The household composition shall be verified and all household members are required to report their income from all sources and to provide verification for each income source

Normally, household income will be verified by the most recent NOA for all members of the household whose income is to be included in the calculation of the geared-to-income rent payable by the household. However, if a recent NOA is not available for any member based on approved extenuating circumstances, or if the NOA does not reflect current circumstances of the household due to loss of income source, AFNI will be calculated on the best approximation of the member's net income for the 12-month period beginning on the first day of the month following the month in which the review is being conducted. Net income may be determined using pay statements (employment), Notice of Entitlement (pension income), Statement of Assistance (social assistance recipients) or Proof of income Statement for Canada Revenue Agency.

### **STEP 2 – Identify Excluded Income**

- Exclude income of all members in full-time attendance at a recognized educational institution

### **STEP 3 – Identify if there are any Benefit Units in the Household**

If any household members are in receipt of Ontario Works (OW) or Ontario Disability Support Program (ODSP) benefits, identify each benefit unit according to the Statement of Assistance which includes the beneficiaries in the benefit unit.

One or more benefit units could be identified as follows:

- A recipient of OW with no spouse and one or more dependents (Table 1 of O. Reg 316/19).
- A recipient of OW with no spouse and no dependents, a recipient of OW with a spouse and no dependents, or a recipient of OW with a spouse and one or more dependents (Table 2 of O. Reg 316/19).
- A recipient of ODSP with no spouse or with a spouse and with or without dependents (Table 3 of O. Reg 316/19).

### **STEP 4 – Is there Non-Benefit Income Received by the Benefit Unit?**

The Notice of Assessment for households in receipt of social assistance will reflect net income for the member on Line 236 of the NOA followed by Deductions from Net Income. The deductions from Net Income represent social assistance income. The difference between the net income on line 236 and the deductions from net income immediately following line 236 represents non-benefit income. Note: The Guaranteed Income Support received by low-income seniors will also show as a deduction from net income, but all income for seniors is used to calculate RGI payable, therefore the amount on Line 236.

If no, use the rent attributable in Column 2 from the applicable table for the benefit unit size and in accordance with household composition found in O. Reg 316/19.

If yes, go to step 5.

**STEP 5 – Does the non-benefit income received by the benefit unit exceed the non-benefit income limit in Column 3 of the applicable social assistance table for the benefit unit size?**

If **no**, use the rent attributable in Column 2 from the applicable table for the benefit unit size and in accordance with household composition found in O. Reg 316/19.

If **yes**, go to step 7.

**STEP 6 – For ODSP Benefit Units, is there income received from Canada Pension Plan – Disability (CPP-D) or Old Age Security – Spousal Allowance (OAS-SA)?**

If **yes**, does the amount received from CPP-D or OAS-SA **exceed** the basic needs amount for the benefit unit? See Table under paragraph 1 of section 30 (1) of Ontario Regulation 222/98 (General) made under the *Ontario Disability Support Program Act, 1997*.

If **no**, use table 3 to determine RGI amount

If **yes**, go to step 7

**STEP 7 – Determine the monthly Adjusted Family Net Income (AFNI)**

Calculate the AFNI for all members 16 or older who are not part of a benefit unit using rent scales due to non-benefit income above the threshold. AFNI = Net Income (Line 236) on NOA minus RDSP payments (Line 125) received plus RDSP repayments (Line 232. Convert AFNI to a monthly amount (divide by 12).

**STEP 8 – Add monthly AFNI of each member over 16 for each family unit or benefit unit not using rent scales**

**STEP 9 – Apply Employment Deduction to each family unit or benefit unit not using rent scales**

- If the family unit/benefit unit has no children and only one person who has employment-related income, deduct \$75 from the monthly income.
- If the family unit/benefit unit has at least one child, and at least one person who has employment-related income, deduct \$150 from the monthly income.
- If the family unit/benefit unit has at least two people with employment-related income, deduct \$150 from the monthly income.

**STEP 10 – Apply the appropriate income ratio**

- Multiply the AFNI by 0.30

**STEP 11 – Calculate the total base RGI payable for the household**

Sum of RGI payable calculated in steps 4 through 9 for all family units/benefit units.

**STEP 12 – Apply utility charges or allowances.**

Adjustments to RGI payable are required for utility charges and allowances. Geared-to-income-rent is intended to include “fully-serviced accommodation” which includes, heat, water, hot water, refrigerator and stove. If any of these services are not provided, a utility allowance shall be subtracted to the rent. If additional services are paid by the housing provider (i.e. electricity other than that used for heat or hot water, washing machine or clothes drier), a utility charge shall be added to the rent. Determine the utility charges in accordance with O. Reg 316/19 Tables 4 and 5. Determine utility allowances O. Reg. 316/19 Tables 6 to 8 using Schedule 1 – 2. Central Ontario.

**STEP 13 – Compare total RGI rent to minimum or maximum rent**

Total RGI payable is then compared to the minimum and maximum rent amounts as per Directive H-20-07 Application of Minimum and Maximum Geared-to-Income Rent. If total RGI is less than minimum rent, then RGI payable will be minimum rent amount. If total monthly RGI payment is greater than the current Market (maximum) rent, then rent will be set at Market rent.

**STEP 14 – Additional Charges**

Any additional charges that the housing provider is allowed to make (i.e. parking, cable, air conditioner) are added to determine the final monthly amount payable.

**STEP 15 – Partial Month Rent**

If rent is a partial month, it must be pro-rated accordingly. Monthly rent divided by the number of days in the month multiplied by the number of days in the partial month.

**Reference:**

- Housing Service Act, 2011, section 50 – Determination of Geared-to-Income Rent
- O. Reg. 316/19 - Determination of Geared-to-Income Rent
- O. Reg. 222/98 (General), section 30 – General Budgetary Requirements, under the Ontario Disability Support Program Act, 1997
- Directive 20-07 – Application of Minimum and Maximum Geared-to-Income Rent

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