

Starting July 1, 2020
New Rules for Rent-Geared-to-Income (RGI) Rent Calculations
Questions and Answers for RGI Households

The Government of Ontario has changed the way Rent-Geared-to-Income (RGI) rent is calculated. These changes will simplify the RGI process for everyone. This document will answer some of the questions you may have about the changes. If you have more questions about the changes, or how they apply to you, please contact your housing provider.

1. What are the changes starting on July 1, 2020 that I need to know about?

- Starting July 1, 2020, RGI rent will be calculated once per year for all households, at your annual review, and will be based on your most recent income tax information filed with the Canada Revenue Agency (CRA).
- All household members that are 18 years of age or older **must** file their income tax every year to remain eligible for RGI assistance.
- The income tax information that will be used to calculate your RGI rent is:
 - ✓ Notice(s) of Assessment (NOA) **or**
 - ✓ Proof of Income Statement (Option 'C' Print from your Canada Revenue Agency 'My CRA Account') which provides a more detailed Notice of Assessment statement
- The income of full-time students is not counted in the calculation of RGI rent.
- Minimum rent, the lowest RGI rent a household can pay, is changing and will increase each year for most RGI households.

2. When will these changes affect me?

If your RGI rent was calculated once per year you will see these new changes at your next annual review. RGI rent will still be calculated only once per year and it will be based on your annual income tax Notice of Assessment.

If your RGI rent was recalculated every few months because your income went up and down (fluctuated) throughout the year, starting July 1, 2020, you will see these new changes at your next rent calculation. Instead of calculating RGI rent many times throughout the year, rent will be calculated once per year, starting at your next rent calculation. After that, your RGI rent will be calculated only once per year at your annual review, using your income from your income tax Notice of Assessment.

3. What if I don't have my Notice of Assessment in time for my annual review?

Filing income tax and submitting a copy of your Notice of Assessment is now required every year. This is an eligibility requirement for RGI assistance, which means if you or a member of your household does not submit your income tax information to your housing provider, you could lose your rent subsidy and your rent could go up to full market rent.

If you or a member of your household has not filed your income tax yet, please let your housing provider know. They may be able to refer you to an Income Tax Clinic where someone can help you for free. Income Tax Clinics connect people in need with trained volunteers who help with filing income tax returns with Canada Revenue Agency (CRA). For more information, visit www.canada.ca/taxes-help.

If you have filed your income tax return, but don't have your Notice of Assessment (NOA) from CRA back yet, the form you sent to CRA called the "Income Tax and Benefit Return" or "T1 General" may be accepted temporarily to complete your RGI rent calculation. A Child Tax Benefit Assessment Letter may also be accepted temporarily, as well as completed T2125 Statements of Business or Professional Activities (if applicable).

Remember, you must submit your Notice of Assessment as soon as you receive it from CRA, even if your RGI rent has already been calculated using other documentation. You must also submit your NOA at your annual review every year from now on.

4. What other information will be used to calculate my RGI rent at my annual review?

In most cases, you will only be required to provide a copy of your Notice of Assessment (NOA) or Proof of Income Statement (Option 'C' Print from your 'my CRA account') and a completed *Annual Review Income Declaration Form and Consent to Disclose Information Form*. However, depending on your household, you may be required to provide additional documentation. See the chart below for more information.

Income Type	Additional Documentation Required
Ontario Works (OW) and Ontario Disability Support Program (ODSP) Recipients	A current document that shows the <u>amount you receive</u> each month and the <u>beneficiaries</u> that are part of your benefits (such as current statement of assistance and drug card, when available)
Full-Time Student	A current document from the school that shows the <u>name of the school</u> you attend, your <u>course load</u> , and the <u>study period</u>
Self-Employment	Completed Canada Revenue Agency (CRA) T2125 Statement(s) of Business or Professional Activities

5. How will my Rent-Geared-to-Income (RGI) rent be calculated?

Starting July 1, 2020, your RGI rent will be calculated once per year, at your annual review. Most RGI households will have their RGI rent calculated based on the total of each household members Adjusted Family Net Income (AFNI), located on line 23600 on your income tax Notice(s) of Assessment.

A formula will be used to calculate your monthly RGI rent. The total of each household members Adjusted Family Net Income (NOA line 23600) is divided by twelve (12), and then multiplied by thirty percent (30%). Other charges and allowances for things such as utilities and employment income continue to be part of your RGI rent calculation and have not changed. Income from full-time students and net income from a Registered Disability Savings Plan (RDSP) will not be used in the rent calculation.

$$\text{Monthly RGI Rent} = \frac{\text{AFNI} - \text{employment deduction}}{12} \times 30\% \text{ +/- utility adjustments}$$

If your only household income is OW or ODSP support benefits, you will not use this formula. You will continue to pay RGI rent based on the RGI rent scale table listed in the Housing Services Act, 2011.

6. Do I still need to report changes to my household within thirty-one (31) days?

The RGI rules require households to report changes in writing within thirty-one (31) days of the change. If you don't, you could lose your rent subsidy and your rent could go up to full market rent. There are rules about the number of people that can live in your RGI unit. Reporting changes is also important because they may affect the way your RGI rent is calculated.

7. How will my Rent-Geared-to-Income (RGI) rent be recalculated if something in my household changes during the year?

Not all changes between your annual review will result in an in-year RGI rent recalculation. Starting July 1, 2020, in-year RGI rent changes will only happen **once per year**. One in-year RGI rent recalculation will occur when you report these **changes***:

- a. Household composition - when someone moves in or out of your unit;
- b. OW or ODSP assistance - when someone starts or stops receiving either of these benefits and when income is earned in addition to these benefits
- c. Full-time student status - when someone starts or stops attending full-time school
- d. Income tax (reassessment or new assessment) - when someone has a change to their income tax Notice of Assessment

You **must** report these changes in writing within thirty-one (31) days of the change.

When your RGI rent is recalculated in-year, it is based on a best estimate of your Adjusted Family Net Income (AFNI) for the upcoming twelve (12) months. Your housing provider will let you know what is needed when you report an in-year change.

* Note: A second in-year review may occur for these changes when extenuating circumstances have been clearly demonstrated by the household and is at the sole discretion of the housing provider.

8. Will my Rent-Geared-to-Income (RGI) rent be recalculated if my employment or pension income changes during the year?

If your household employment or pension income increases or decreases during the year you do not need to report these changes.

When the income from your whole household has dropped by twenty percent (20%) or more for the year, you may ask for one in-year rent review. This in-year rent review can only be requested **once per year** and to qualify for a recalculation your household must prove a decrease of twenty percent (20%) or more in your total household income for the year.

When your RGI rent is recalculated in-year because of an employment or pension income decrease, it is based on a best estimate of your Adjusted Family Net Income (AFNI) for the upcoming twelve (12) months. Your housing provider will let you know what they need when you report an in-year change.

9. What is fluctuating income?

Fluctuating income goes up and down during the year. These income changes can be a normal part of employment and are predictable or they can be unexpected. Fluctuating income is usually hourly paid wages where the number of hours worked varies daily or weekly and is received from one or more employer(s) during the same month. Examples of this are personal support workers, retail workers, and shift workers. Fluctuating income is also seasonal work where employees are regularly laid off and rehired in the same type of employment with the same or a different employer, such as landscapers, crossing guards, and contract teachers over a 12-month period.

As of July 1, 2020, if you have fluctuating income, your new RGI rent will be calculated once per year, starting at your next rent calculation. After that, your RGI rent will be calculated only at your annual review, based on the income you received in the previous year as it appears on your income tax Notice of Assessment.

10. My employment income fluctuates, and I'm used to having my RGI rent recalculated every few months. Is this still possible?

No, your RGI rent will be calculated once per year at your annual review, based on your Notice of Assessment from the previous year.

11. What if my employment income changes a lot? Will my RGI rent still be based on my Notice of Assessment from last year?

If your household employment income goes up or down during the year you do not need to report these changes. Your RGI rent will stay the same.

If you experience a significant decrease in your employment and you can prove that your total household income has decreased by twenty percent (20%) or more for the year, you may ask for **one** in-year rent recalculation during the year.

12. I hear the minimum rent is increasing for RGI households. Will this affect me?

Effective July 1, 2020, minimum rent, the lowest RGI rent that a household can pay, is increasing for most RGI households. The new minimum rent is \$129 per month and it increases each year by the Rent Increase Guideline. There are a few exceptions to this new rule for the following RGI households:

1. RGI households paying RGI rent less than \$129 on June 30, 2020 - minimum rent increases to \$93 starting July 1, 2020 and increases \$8 each year.
2. RGI households in receipt of Ontario Works (OW) or Ontario Disability Support Program (ODSP) - for most households the minimum rent does not change.

If your household is affected, the minimum rent change will occur at your next annual review and your housing provider will notify you of your new RGI rent in writing.

13. I am an RGI household paying market rent because my income went up. Do I still qualify for a rent subsidy if my income goes down?

Starting July 1, 2020, if you are an RGI household that pays “equivalent to market rent” (RGI rent calculated at market rent because of income), you can now pay market rent for up to twenty-four (24) months before you are no longer able to receive an RGI subsidy if your income drops during that time. You must continue to complete all RGI reporting requirements during the twenty-four (24) months. If you do lose your RGI subsidy, it does not mean you need to move out of your unit; you can stay in your unit, but you must pay market rent for the unit.

14. I receive COVID-19 pandemic funding. Starting July 1, 2020 how will this affect my RGI rent? How will it affect me at my annual review? Do I need to report receiving this funding now?

Starting July 1, 2020, your annual review will be based on your income tax information. Any taxable pandemic funding received in 2020 will be reported on line 23600 of your 2020 Notice of Assessment (NOA). You will see any changes to your RGI rent starting in 2021, when your rent is calculated using your 2020 NOA. If your income is higher right now because you receive taxable pandemic funding, you can expect to pay a higher RGI rent starting next year and should plan for this.

If your income is higher right now while you receive taxable pandemic funding, such as the Canada Emergency Response Benefit (CERB), Pandemic Pay, or a top up to your Old Age Security (OAS) and/or Guaranteed Income Supplement (GIS), you do not need to report this in-year income change. As of July 1, 2020, all taxable pandemic funding will be included as income on line 23600 of your 2020 Notice of Assessment, which then will be used to calculate your RGI rent starting in 2021.

If your income is lower right now while you receive taxable pandemic funding, and your income will remain lower for the year, you can request an in-year review. Starting July 1, 2020, you may request one in-year RGI rent adjustment if you can prove that your total household income is reduced by twenty percent (20%) or more for the year.

If you are a full-time student and receive the Canada Emergency Student Benefit (CESB), as of July 1, 2020, you do not need to report this income. All income from full-time students is no longer included in the calculation of RGI rent.

If your income changed from OW or ODSP to CERB, or the income you receive in addition to OW or ODSP has gone up, you must always report this within thirty-one (31) days of the change. If you don't, you could lose your rent subsidy and your rent could go up to full market rent.

15. I don't agree with an RGI rent calculation Notice of Decision issued to me. What can I do?

- Please contact your housing provider directly to discuss the decision. Discussing the decision helps everyone understand the situation better.
- If after speaking with your housing provider, you still do not agree with the decision, you have the right to an Internal Review. An Internal Review is an appeal of the decision.
- You must request an Internal Review in writing before the deadline date in your decision letter. There is an Internal Review form that you must complete. Your housing provider can help you make this request.