



Report To:	Manitoulin-Sudbury District Services Board
From:	Donna Stewart, Director of Integrated Social Services and Rhonda McCauley, Social Housing Program Supervisor
Date:	October 24, 2019
Re:	<b>Social Housing Regulatory Changes - Issue Report</b>

## **Purpose**

To provide the Board of an overview of Social Housing regulatory changes and the impacts of said changes on the program, the tenants and the Organization as a whole.

## **Background**

On September 23, 2019 a [news release](#) by the Ministry of Municipal Affairs and Housing (MMAH) announced changes to Housing Regulations in an effort to protect our most vulnerable who live in Community Housing as part of the Provincial [Community Housing Renewal Strategy](#).

Amendments to [Housing Services Act regulations](#) and the introduction of a New [Determination of Geared-to-Income Rent](#) **effective July 1, 2020** are being implemented to address Community Safety, refusal of offers, transfers and the long overdue simplification of Rent-Geared-to-Income (RGI) calculation.

These amendments will enhance the ability of Community Housing Providers to better manage and seal the loophole that exists for persons to reapply for housing after they have been evicted for a serious crime.

The MMAH has provided reference notifications that outline these changes and the dates of implementation.

## **Community Safety**

This addresses situations where a former tenant or household reapplies for housing who was evicted by Order of the Landlord and Tenant Board for an illegal act on the property.

Under former regulation, there were limited reasons by which a housing provider could refuse to offer a unit to a household. This has now been amended to reflect additional reasons to refuse housing in unsafe situations.

This [change](#) is effective September 23, 2019 and will require local policy amendments.

The new ground of refusal applies only where there was a previous eviction order based on an illegal act involving one or more of the following:

- Production, trafficking, or possession for the purpose of trafficking an illegal drug;
- Illegal production, distribution or sale of cannabis;
- Physical violence or attempted physical violence against another person;
- Physical harm, attempted physical harm, or a risk of physical harm to another person;
- Human trafficking; or
- Use of threats to, intimidation of, and harassment of another person.

The amendments also state that there must be reasonable grounds to believe that there would be a risk to the safety of one or more other people at the housing project including residents and/or staff.

## **Refusal of Offers**

This addresses the potential backlog of applicants on housing waiting lists by removing the minimum allowance of 3 refusals for housing before RGI Eligibility is removed. In the former regulation, households were permitted a minimum of 3 refusals before their RGI Eligibility was compromised. This amendment also addresses applicants' preference for housing units/projects and occupancy standards.

A new regulatory amendment has been added and states that a household would no longer be eligible for rent-geared-to-income assistance if a household refuses a suitable offer for a unit that meets occupancy standards, in an area of their choosing.

This [change](#) is effective January 1, 2020 but are to be implemented by Service Managers by January 2021 and will require local policy & program amendments.

The current regulation sets out rules that apply to a Service Manager's system for selecting households for rent-geared-to-income assistance. The regulation is amended to include a new segment which states that a Service Manager's system must include rules that allow a household to indicate their preferences for housing projects in the Service Manager's service area. The rules must:

- Provide that until a household indicates their preferences, their preferences would be for any housing project in the Service Manager's area or in any part of the service area determined by the Service Manager.
- Permit a household to change or remove its preference for a housing project.

Our current practice will not be affected by this change.

Changes in occupancy standards have been made to reflect that in order for a Service Manager to deem a household ineligible for RGI, they have to refuse an offer of transfer to another unit that is permissible under the Service Managers' local rule on the subject.

Note that this applies to households that after 12-months of being notified of being deemed over-housed, which remains.

Our current local policy will need to be reflective of this change.

### **Tenant Transfers**

The [change](#) indicated in current regulations remove the criteria for households in receipt of RGI subsidy, who wish to transfer to another unit in the Service Area by another Provider, to have to be on the centralized waiting list before being offered.

An example of this would be an RGI resident in 70 Barber, who turns 65 and wishes to transfer to another RGI unit at the Espanola Municipal Non-Profit.

The change would not require that they reapply.

These changes are effective January 1, 2020 and will require some local policy amendments.

### **Rent-Geared-to-Income (RGI) Simplification**

This is the largest and most impactful [change](#) announced on September 23 and has resulted in a new regulation Determination of Geared-to-Income Rent. This change comes into force on July 1, 2020, but Service Managers may opt to delay until July 1, 2021.

### **What is NOT changing?**

No changes will be made to certain aspects of the RGI calculation and related processes. Examples where changes will not be made include:

- Most definitions in the regulations including the definitions for a “family unit” and “benefit unit”.
- Utility scale and rent scale tables.
- Most eligibility rules and rules for local rules.

### **What IS changing?**

- RGI will be based on 30% of a household's Annual Net income as opposed to Annual Gross
- Net income could vary from the most recent income tax assessment, dependent upon circumstances
- RGI review must be completed every 12-months
- Interim reviews will only be completed under specific circumstances

- Income increase other than above specific circumstances are only required to be reported at next annual review
- All Household members in full-time studies have exempt income
- Simplification of the criteria to apply the \$75/\$150 employment income deduction
- Increase to minimum rent (not scale rent) with annualized increases equal to annual rent increase guideline (2019 – 1.8%; 2020 – 2.2%)
- Household members having included income in the rent calculation will be required to complete an annual income tax return
- Currently after a tenant pays market rent for 12 consecutive months, they are no longer considered RGI tenants but market renters. This has now been changed to a 24 consecutive month period.
- Any consequential changes are being aligned, where appropriate with the Portable Housing Benefit.

### Review of Geared-to-Income rent

Rent for a family unit would be calculated by taking 30 per cent of annual adjusted family net income (AFNI) divided by 12 months. That rent is adjusted for utilities, services and heating and is subject to minimum rent.

Adjusted family net income is the total of the net income of each member of the household – typically found on line 236 of the Notice of Assessment or Income Tax Return, less any applicable employment income deduction.

$$\text{Monthly rent for a family unit} = \left[ \frac{\text{AFNI} \times 30\%}{12} \right] \text{ +/- utility adjustments}$$

Social Assistance Recipients would remain on the current rent scales.

Minimum Rent will increase from the current value of \$85 to a new value of \$129/month. An example of the application of Minimum Rent:

- A household in receipt of an exempt income such as OSAP
- A household in receipt of income with deductions that would bring them below minimum rent (i.e. paying support)

Examples of the current RGI calculation vs the new:

1. Senior with only OAS + CPP with no deduction for income tax = no change
2. Social Assistance Recipient with no other income = no change
3. Family with Income:

<b>CURRENT CALCULATION</b>			
	Monthly	Yearly	
<b>Gross</b> Income	\$ 2,000	\$ 24,000	
Rent @ 30%	\$ 600	(before any utility)	
<b>NEW CALCULATION</b>			
	Monthly	Yearly	
Gross Income	\$ 2,000	\$ 24,000	
Adjusted Family <b>Net</b> Income (AFNI)	\$ 1,917	\$ 23,000	
Rent @ 30%	\$ 575	(before any utility)	

This segment will require the Manitoulin-Sudbury DSB to undergo a full review of our tenant portfolio and housing policies in relation to rent calculations.

### **Conclusion**

The impact for applicants waiting for housing are minimal as the DSB ranks the waiting list. The ability to reduce the numbers of applicants waiting for RGI is appealing to our goal of mixed-income housing.

The ability to refuse to house a person in one of our units that has formerly been evicted through the Landlord and Tenant Board (LTB) for an illegal act is a step in the right direction to protect the safety of our most vulnerable, but has limitations.

### **Recommendation**

DSB Staff are reviewing the portfolio to determine the impact of the new subsidy calculation for Geared-to-Income rent and will advise the Board accordingly. There will be policy amendments as a result of these changes coming to the Board in the months to come.

At this point staff are recommending that implementation of the new Rent Calculation occur on July 1, 2020 when the new regulation comes into effect so as to minimize the potential for errors or missed reviews.