



Office of the Commissioner
Community and Health Services Department

MEMORANDUM

To: Members of Committee of the Whole

From: Katherine Chislett
Commissioner of Community and Health Services

Date: May 20, 2020

Re: Deferring Implementation of *Housing Services Act, 2011* Regulatory Amendments due to COVID-19

This memo updates Regional Council on implementation of regulatory amendments under the *Housing Services Act, 2011*. As reported to Committee of the Whole on [March 12, 2020](#), the regulatory amendments include updates to the calculation of rent-geared-to-income (RGI) and a reduction in the number of refusals available to subsidized housing wait list applicants. York Region has been working towards an implementation date of July 1, 2020.

The ongoing COVID-19 situation presents internal and external risks and resourcing factors, as well as a need to minimize impacts on tenants, co-operative members and wait list applicants who may be experiencing economic hardship. Due to these critical challenges, changes to refusals will be implemented January 1, 2021, and changes to RGI on July 1, 2021, as permitted by provincial regulation.

Amendments to subsidized housing wait list refusals will be implemented on January 1, 2021

Currently, applicants on the subsidized housing wait list may refuse two offers of housing in their buildings of choice. After refusing a third offer their application is removed from the wait list. The new regulatory amendments require an applicant to accept their first offer of housing, or be removed from the wait list. Applicants can choose to reapply and will receive a new application date based on the date they reapply. Service Managers may establish local exceptions to allow applicants to remain on the wait list after refusing an offer of housing.

Under provincial regulations, Service Managers may choose to implement the new refusal rules between January 1, 2020 and January 1, 2021. The Region planned to implement the new

refusal rules beginning July 1, 2020, however, will now delay implementation until January 1, 2021 for the following reasons:

- The province has directed Service Managers to make reasonable attempts to notify the public and wait list applicants of the refusal changes prior to implementation. The Region planned to notify applicants and the public of the changes beginning April 2020. The Region's ability to implement the necessary communications is currently challenged as existing resources are focused on managing the Region's COVID-19 response.
- Once refusal changes are announced, applicants may want to update their building selections before the new rule takes effect. Ensuring accurate and up-to-date building selections is critical, as refusals may only be counted for buildings applicants have selected. Under typical circumstances, Access York assists applicants in updating their building selections. Currently, Access York's priority is helping to address COVID-19 communications. Announcing changes to refusals and directing applicants to call the Region will cause higher call volumes at a time when Access York is operating at capacity.

Amendments to the calculation of rent-geared-to-income will be deferred to July 1, 2021

As stated in the [March 12, 2020](#) report to Council, most tenants and members may not see an impact from the new RGI rules if their income remains stable; however, a number of factors impact the original plan to implement RGI changes on July 1, 2020, including potential financial impacts on tenants and members, housing providers and the Region. These factors have led staff to conclude delaying implementation until July 1, 2021 is appropriate:

- The new RGI rules may cause rent increases for a small number of tenants and members. A review of nearly 200 tenant and member files found that fewer than 15% would see rents increase due to the new rules. Increasing rents at this time due to changes in calculation rules may cause greater financial difficulty for tenants and members.
- In terms of impact on the Region, some tenants and members may have their rents reduced due to loss of income, which would increase the Region's subsidy costs. The new RGI rules require rents to be recalculated once per year unless there is a change in household composition or household income decreases beyond 20%. As a result, if the new RGI rules were implemented in July 2020, when many households have experienced a COVID-19 related income loss, the lower rent payable remains in effect for 12 months even if the household income recovers through federal or provincial financial supports, or returns to work within the 12 month period. The potential increased costs for the Region are difficult to project at this time as many tenants and members who have lost employment income are receiving short-term federal and provincial benefits. As these benefits come to an end the longer term impacts on tenants and members, and the Region's budget will become more apparent.

- The new rules base RGI calculations on the previous year's Canada Revenue Agency notices of assessment. Housing providers, including Housing York Inc., may not be able to collect notices of assessment needed to complete annual rent renewals beginning July 1, 2020 because the Canada Revenue Agency extended the tax filing deadline to June 1, 2020. This does not give housing providers time to make rent adjustments for tenants beginning July 1, 2020.
- In addition, housing providers may not be able to participate in the comprehensive training required to implement the new rules. Housing providers have limited capacity at this time, as resources are stretched dealing with recalculating rents for tenants and members experiencing income losses and other operational issues arising from COVID-19.

York Region is required to implement new minimum rent rules for tenants and members receiving rent-geared-to-income on July 1, 2020

The *Housing Services Act, 2011* requires all Service Managers to implement new minimum rent rules beginning July 1, 2020, for tenants and members receiving RGI, regardless of the Service Manager's chosen RGI implementation date. This change will increase the minimum rent paid by tenants and members reporting low or no income from \$85 to \$129 per month. The amount will increase on July 1 each year by the province's annual rent increase guideline.

Tenants and members paying the minimum rent of \$85 before July 1, 2020, will see a gradual increase of \$8 each year at the time of their annual RGI rent review, until reaching the new minimum rent amount of \$129 plus rent increase guideline. The phased-in increase of minimum rent is intended to minimize impact on tenants and members paying the current rate. Tenants and members who experience difficulty absorbing the new minimum rent will be connected to resources to help them pursue additional sources of income.

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Commissioner of Community and Health Services

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