

# The Regional Municipality of York

Committee of the Whole  
Community and Health Services  
March 12, 2020

Report of the Commissioner of Community and Health Services

## **Implementing Regulatory Amendments under the *Housing Services Act, 2011***

### **1. Recommendations**

1. The Regional Chair submit a letter requesting the province to align the Ontario Works and Ontario Disability Support Program rent scales with the Ontario Works and Ontario Disability Support Program maximum shelter rates.
2. The Regional Clerk circulate this report to Members of Provincial Parliament representing York Region.

### **2. Summary**

The Province of Ontario announced the Community Housing Renewal Strategy in April 2019, proposing updates to rules for administering subsidized housing wait lists and calculating rent-geared-to-income (RGI) subsidies. Council received information on the Community Housing Renewal Strategy and endorsed a response to the proposed regulatory changes in [June 2019](#). This report provides an update on implementation of the regulatory amendments under the *Housing Services Act, 2011*, released by the Province of Ontario on September 23, 2019, as a part of the Community Housing Renewal Strategy.

Key points:

- The number of offers of housing an applicant from the subsidized housing wait list may refuse will be reduced from three to one before their application is cancelled except in unforeseen or exceptional circumstances
- Calculation of the RGI subsidy will be simplified and based on the household income tax return, improving administrative efficiency and providing households with more predictable and transparent rent calculations
- New rules for administering the subsidized housing wait list and calculating RGI will take effect in York Region beginning July 1, 2020
- Staff is working with housing providers to implement the policies and will notify impacted applicants and RGI households before the new rules come into effect

### 3. Background

#### **York Region as Service Manager is responsible for community housing under the *Housing Services Act, 2011***

Community housing, which includes rental units owned and operated by non-profit and cooperative housing providers and Housing York Inc., provides subsidized and affordable housing for low and moderate income households. As the Service Manager for housing, the Region is responsible for:

- Maintaining a wait list for subsidized housing
- Funding rent subsidies, including a legislated minimum of 3,988 RGI units under provincial subsidy rules
- Ensuring community housing providers comply with provincial legislation
- Establishing local rules, policies, programs and services for community housing
- Allocating and administering funding for certain federal and provincial programs
- Developing and implementing a 10-Year Housing and Homelessness Plan

#### **The Province announced regulatory amendments to improve administration of rent-geared-to-income (RGI) and help support the Region in targeting rent subsidies to those in most need**

The regulations released in September 2019 are consistent with previous provincial direction to modernize community housing in Ontario and the Region's advocacy for simplifying the delivery of legislated housing programs.

There are four major changes:

1. The number of offers of housing an applicant from the housing wait list may refuse will be reduced from three to one before their application is cancelled, beginning July 1, 2020
2. Calculation of the RGI subsidy will be simplified, improving administrative efficiency and providing households with more predictable and transparent rent calculations, also beginning July 1, 2020
3. Tenant transfers may be simplified, with the timing for implementing this change to be determined
4. To enhance community safety, housing providers can now refuse to rent a unit to households where a member was previously evicted from community housing due to criminal activity

## **York Region is mandated to maintain a subsidized housing wait list and allocate rent subsidies following a chronological process**

Under the *Housing Services Act, 2011* the Region is required to maintain a chronological wait list. Administration of the wait list is heavily prescribed by the Province. To be eligible for a rent subsidy, applicants must meet a number of criteria including, legal status in Canada, not owing arrears to a community housing provider, not having incomes above \$80,000 or assets above \$75,000.

Applicants meeting the eligibility criteria are added to the wait list based on the date they submit a complete application. Applicants have the opportunity to choose the buildings they would like to live in, with no limit to the number of buildings they can select. Applicants can also update their building selection choices at any time. Regional staff work closely with each applicant through a dedicated move-in readiness process to confirm their building selection choices, provide details on the unit and building amenities, confirm the applicants' rental needs, review their eligibility for a rent subsidy and identify any issues that may preclude them from moving, such as recently signing a one-year lease.

The *Housing Services Act, 2011* requires housing providers to offer rent subsidy vacancies to special priority applicants prior to considering other chronological applicants. "Special priority" includes survivors of domestic violence, victims of human trafficking, immigrants who have been abused by their sponsors and seniors who have experienced elder abuse. Once an applicant gets to the top of the wait list, they are offered a rent subsidy when a vacant unit is available.

## **4. Analysis**

### **Amendments to wait list rules reduce the number of offers an applicant may refuse from three to one, and refusing applicants may be removed from the wait list**

Currently, applicants on the subsidized housing wait list may refuse up to three offers of housing in their buildings of choice before they are removed from the wait list. Under the regulatory amendments, applicants will receive one offer of housing. If the applicant refuses the offer, their application will be removed from the wait list. They can choose to reapply, and will receive a new application date based on the date they reapply.

### **This amendment is consistent with the provincial regulation of access to long-term care beds, where no refusals are permitted**

If an applicant turns down the bed offered, they are removed from the wait list, and must wait six months before they may re-apply to the wait list. Service Managers may establish local exceptions to allow households to remain on the wait list after refusing an offer of housing, with their original application date. Staff is developing a narrow set of local exceptions to allow households one additional offer prior to being removed from the wait list in extenuating circumstances and will consult with housing providers on these exceptions.

## **Council recommended this regulatory change to the province in [March 2018](#), when it approved income and asset limits for subsidized housing**

Reducing refusals from three to one will reduce vacancy loss by supporting housing providers to fill vacant units faster and decrease the administrative burden in managing the wait list. In 2019, of the 17,457 households on the Region's wait list, for the 245 households that were housed, there were 520 instances where a household refused an offer of housing (286 households declined their first offer, 160 households declined their second offer and 74 households declined their third offer). Implementing this change will ensure wait list applicants with more immediate housing needs are housed faster.

## **Amendments to RGI calculations will improve administrative efficiency**

The Region is mandated under the *Housing Services Act, 2011* to fund rent subsidies for a minimum of 3,988 units. The Region currently exceeds the provincial target, funding 4,129 units through 37 housing providers that offer RGI units.

Housing providers calculate rents for RGI households using a prescribed method at least once annually, or whenever a change in household composition or income occurs. RGI households are presently required to report changes in income and submit multiple verification documents, such as pay stubs, income tax returns, letters of employment, bank statements and benefit statements. The current rules for calculating RGI are complex and can pose a significant administrative burden for housing providers.

## **Households receiving RGI will have more predictable and transparent rent calculations**

Under the regulatory amendments, the calculation of rents for households receiving RGI is moving to simplified rent reviews based on a single, uniform source of income: 30% of adjusted family net income from income tax Notices of Assessment, collected annually. This change will reduce administrative complexity and provide greater predictability and transparency, and less work for households in terms of how and when their rents are calculated.

Additional changes include:

- Filing annual income tax returns will be a mandatory eligibility criteria. The Region currently partners with community agencies to offer free tax clinics at community housing locations
- Income for all full-time students, irrespective of the age of the student, will be exempt from rent subsidy calculations
- One in-year RGI adjustment is permitted if a household experiences a decrease in income of 20% or more
- The length of time RGI households can pay market rent before permanently losing their RGI subsidy will be extended from 12 to 24 consecutive months. If the

household has a decrease in income within the 24 month period, their RGI subsidy can be reinstated

- The minimum RGI rent payable will increase from \$85 to \$129 and will be indexed annually

### **RGI households receiving social assistance will continue to pay rents based on scales specific to Ontario Works and Ontario Disability Support Program**

The rent community housing providers are permitted to charge Ontario Works and Ontario Disability Support Program recipients (the rent scale) is significantly lower than the amount the province provides recipients for housing costs (called maximum shelter rates). For example, an Ontario Disability Support Program client living in a private sector rental unit would receive a provincially funded shelter allowance of \$497 and the Region pays the difference between \$497 and the market rent for the unit. However, if that client lives in community housing, the provincially funded shelter allowance is reduced to \$109, resulting in a higher tax levy cost to fund the difference between \$109 and the market rent for the community housing unit. This discrepancy shifts the cost for social assistance from the province (which pays the social assistance benefits) to Service Managers' tax levy.

Additionally, this approach can lead to significant rent increases for households transitioning from social assistance to employment or pension income. For example, when an Ontario Disability Support Program client transitions from the Ontario Disability Support Program to pension income, the method of calculating their rent also changes. Their rent increases from the Ontario Disability Support Program rent scale rate of \$109 to \$423 (30% of their income). This report recommends Council request the Province to align the social assistance rent scales with maximum shelter rates.

### **The impact on RGI households will vary depending on a household's specific composition and income source**

At this time, it is difficult to predict the financial impact RGI calculation changes will have on existing subsidized households and the Regional budget. The Region is not able to run a report with individual tenant information, as RGI calculations are completed at the housing-provider level and sent to the Region with an aggregate subsidy total. To obtain individual tenant information, the Region must go to the housing provider community and physically review individual tenant files to collect data. Complicating the analysis, existing subsidized households are not required to submit income tax information, as their rent is based on current income sources. Without the Notice of Assessment, staff cannot see the difference between what was reported to the Canada Revenue Agency and the household's current income.

As a best practice, some housing providers collected both current income and the Notice of Assessment. These files were reviewed to get a baseline understanding of the financial impact. Staff completed a small manual file review on 177 subsidized households.

Of the 177 subsidized households, analysis shows approximately 85% (152 households) will not be impacted by the change in calculating RGI. The remaining 15% (25 households) could

see an increase of either \$150 or a decrease of \$260 in their monthly rent payable, depending on their income sources and household composition.

### **Based on the sample analysis, it is expected the impact to the Region's 2020 budget can be managed within the existing budget allocation**

An accurate picture of the impact cannot be determined until implementation is complete and data is collected comparing current income to the household's Notice of Assessment. Staff will monitor implementation and address any additional financial requirements in future budgets.

### **Staff is working with housing providers to implement changes to housing offers and calculating RGI**

The province permits Service Managers some flexibility when deciding to implement the changes to allow for consultation with community housing providers and inform impacted tenants, co-operative members and applicants. The new refusal rules must be implemented by January 1, 2021, and the new RGI rules must be implemented beginning either July 1, 2020 or July 1, 2021. The City of Ottawa, and the Region of Durham are Services Managers also moving forward with implementation in 2020.

### **Refusal rules will be implemented in York Region on July 1, 2020**

Council recommended this regulatory change to the province in [March 2018](#), as it will make administration of the wait list more effective and reduce vacancy loss. In recognition of Council's position, staff plan to implement the changes to refusals on July 1, 2020, the earliest opportunity to do so. In April 2020, staff will begin informing subsidized housing applicants who are most likely to receive an offer of an RGI unit within the next 12 months, that when a unit is offered, they must either accept it or their application will be removed from the wait list. As part of this notification, applicants will be reminded of their right to change the selected buildings on their application to ensure offers will only be made to applicants in buildings they have expressed interest in. Staff will continue to confirm building selections with applicants through the existing move-in ready process.

Through the release of these regulatory changes the province suggested Service Managers explore exemptions to the one-refusal rule for extenuating circumstances. The Region will be allowing an exemption to the one-refusal rule, and a second offer of housing, if the applicant can demonstrate they are unable to accept an offer of housing due to unforeseen or exceptional circumstances that reasonably would prevent them from moving, such as hospitalization, receiving treatment for an addiction, or if the applicant is a survivor of domestic violence or human trafficking and a preferred building is no longer safe due to the proximity of an abuser.

### **New RGI rules will also be implemented in York Region on July 1, 2020**

Changes to RGI will apply to rent calculations conducted on or after July 1, 2020. The earlier date was selected as the Region and community housing providers have been long-time advocates of these changes and wish to begin implementing this simpler and more

transparent process. Beginning in April 2020, households receiving RGI will be notified of the changes.

Staff established a working group of housing providers to ensure the Region's approach to implementing the new rules supports their needs. Training and information resources will be provided to all housing providers to assist with implementation. Staff is also working with other Service Managers to understand their processes for meeting the new requirements, to ensure the Region's approach reflects best practices.

### **Regulatory amendments also include simplifying tenant transfers and enhancing community safety**

Households receiving RGI wishing to transfer to another housing provider are currently required to re-apply to the wait list, resulting in a new application date. The regulatory amendments give Service Managers the option of allowing existing RGI households to transfer between housing providers within their service area without re-applying to the housing wait list.

As this regulatory amendment is optional, there is no date set for implementation. At any time the Region can choose to move forward on this amendment. This amendment will require significant process changes, and is less of a priority than the changes to RGI calculations and the new housing offer rule. Staff will assess the need for revised transfer rules after implementation of the new rules for RGI and housing offers beginning July 1, 2020.

### **To enhance community safety, housing providers may refuse to rent a unit to households where a member was previously evicted from community housing due to serious criminal activity**

The final significant change is housing providers may now refuse to offer a unit to a household if a member of the household was previously evicted through a Landlord and Tenant Board order from community housing for a serious criminal offence committed within the housing site in the last five years. Community housing providers were permitted to implement this change beginning September 2019. There is no action needed on behalf of the Region to enable this regulatory amendment, however, implementation has been challenging for housing providers, as there is no centralized monitoring system to track this information. The province has committed to developing guidance materials to support housing providers.

## **5. Financial**

Although it is difficult to accurately determine budget implications of the change to calculating RGI at this time, due to data limitations and variations in household composition and income sources, results of the small sample set data analysis indicate the impact to the Region's 2020 budget will be manageable within the existing budget allocation. Analysis suggests only about 15% of households could see an increase of \$150 or decrease of \$260 in their monthly rent payable, depending on their income sources and household composition; the remaining 85% will likely not see a change.

Through the implementation process, staff will work with housing providers to collect necessary financial information and complete a fulsome evaluation of the subsidy costs and address any additional financial requirements in future budgets.

## **6. Local Impact**

Housing affordability is a growing challenge for residents in all nine local municipalities. The proposed legislative changes will contribute to the sustainability of existing community housing stock throughout the Region and ensure that affordable housing is provided to those in most need.

## **7. Conclusion**

The Provincial regulatory amendments will ease the administrative burden of managing the subsidized housing wait list, increase administrative efficiency and provide households with a more transparent method to access housing programs. These amendments align with previous provincial direction to modernize community housing in Ontario and the Region's advocacy to simplify the delivery of legislated housing programs.

Sharing this report with Members of Provincial Parliament representing York Region will enhance their knowledge of how technical provincial legislation impacts their ridings and York Region residents. Continuing to advocate to the province to align the Ontario Works and Ontario Disability Support Program rent scales with the Ontario Works and Ontario Disability Support Program maximum shelter rates, will bring awareness of the significant financial impact on households transitioning from social assistance to employment or pension income and the Service Managers' tax levy.

York Region staff will continue to consult with community housing providers on effects of the changes and inform impacted residents, co-operative members and applicants of the regulatory amendments.



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For more information on this report, please contact Kathy Milsom, General Manager, Housing Services at 1-877-464-9675 ext. 72091. Accessible formats or communication supports are available upon request.

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