



Housing Services Notice

Date: June 1, 2020

HSN#: 2020-09

This applicable legislation/policy is to be implemented effective this date by the housing provider(s) under the following programs:

Please note, if your program is **not checked**, this change does not apply to your project.

- Federal Non-Profit Housing Program
- Federal Section 26/27 Housing Program
- Federal Urban Native Non-Profit Housing Program
- Private Non-Profit Housing Program
- Municipal Non-Profit Housing Program (Pre-1986)
- Local Housing Corporation
- Local Housing Corporation—Rent Supplement Programs
- Affordable Housing Programs (AHP, IAH, SIF, OPHI)
- Housing Access (Centralized Waiting List Services)

Subject: Implementation of the new RGI minimum rent

Reference:

- *MMAH Social Housing Notification 20-05*
- *Ontario Regulation 316/19 under the Housing Services Act, 2011*

Background:

The purpose of this notification is to provide information to housing providers regarding the implementation of the new minimum rent for Rent-Geared-to-Income (RGI) tenants in projects subject to Part V of the Housing Services Act, 2011.

As announced in HSN #2020-03, the province is implementing a suite of changes to the rent-geared-to-income calculation to make calculating rent simpler for Service Managers and housing providers and easier for tenants to predict and understand. To that end, Ontario Regulation 298/01 will be revoked and replaced with Ontario Regulation 316/19 as of July 1, 2020.

As communicated, Service Managers may choose to delay implementation of the new rules for

a period of one year until July 1, 2021, at their discretion. As you were notified in HSN #2020-03, the DNSSAB has chosen to delay implementation until July 1, 2021.

Despite this delay in implementation, the new minimum rent provisions of the new regulation must be implemented as of July 1, 2020. The following will explain the new minimum rent provisions and their implementation.

Action:

For all RGI calculations (including new tenants, annual reviews, and in-year reviews) for rent payable from July 1, 2020 to June 30, 2021, the new minimum rent is to be applied at that time as follows:

New Minimum Rent:

The minimum rent for RGI tenants (who were not already paying minimum rent) will increase from the current \$85/month to \$129/month for the first year (period of July 1, 2020 to June 30, 2021). It will be indexed every year thereafter by the provincial rent increase guideline.

For example, assuming a rent guideline increase of 2.2% (current year rate), the minimum rent would increase as follows:

July 2020 to June 2021: \$129
July 2021 to June 2022: \$131
July 2022 to June 2023: \$133
... and so on.

Note that this is only an example. The guideline rate changes almost every year. You will continue to be notified by Housing Services Notice of the guideline rate for each year and the effect on minimum rent.

Phase-In Period:

For tenants who were already paying less than \$129 before July 1, 2020, their increase to minimum rent will be phased-in at \$8/year. So, for those tenants, the minimum rent phase-in will look like this:

July 2020 to June 2021: \$93
July 2021 to June 2022: \$101
July 2022 to June 2023: \$109
... and so on until the phase-in catches up with the indexed minimum rent (probably, in the July 2027 to June 2028 year).

If their rent is calculated to be below the phase-in amount, their rent shall be set at the phase-in amount. If their rent is calculated to be between the phase-in amount and the minimum rent amount, their rent shall be set at the calculated amount.

If ever a tenant's RGI rent increases above the minimum rent in a given year, and subsequently their rent decreases due to a loss of income, they will be assessed the new minimum rent from that point forward, not the phase-in amount.

The DNSSAB understands that if tenants have fluctuating income, there may be several different scenarios as those tenants move through the phase-in period. We will work with housing providers to determine the appropriate minimum rent on a case-by-case basis.

Please also note that new minimum rent provisions as described in this notice do not effect RGI rent calculations for OW and ODSP recipients. Housing providers are expected to continue

to use the OW and ODSP rent scales in the regulations for determining RGI rent for those tenants.

If you have any questions or concerns regarding this or any other Housing Services Notice, please contact the Housing Programs Administrator assigned to your portfolio:

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