

Implementation of Income and Asset Limits to Determine Eligibility for Rent-Geared-to-Income Assistance

Date: June 20, 2022

To: Planning and Housing Committee

From: Executive Director, Housing Secretariat

Wards: All

SUMMARY

The Auditor General's Report, Opening Doors to Stable Housing (AU3.14), and subsequent approval from City Council directed that City staff establish Income and Asset limits for the purpose of assessing eligibility for rent geared-to-income (RGI) assistance.

Subsequent to Council's direction, in March of 2022, the Province introduced Ontario Regulation 242/22 under the Housing Services Act, 2020 (HSA). This regulation introduced new criteria that now requires Service Managers to implement local Income and Asset limits for RGI assistance no later than July 1, 2023.

In response to Council's direction, the new Provincial requirements, and through the authority of the Executive Director, Housing Secretariat to implement new requirements under the HSA, this report outlines for Council's information the City's new Local Rules for household Income and Asset limits to determine eligibility for households applying for and/or receiving on-going RGI assistance.

The household Income Limit for RGI applicants will be based on the Household Income Limits (HILs) established annually by the Province (currently \$48,000 to \$78,000 depending on number of bedrooms in the unit). There is no Income Limit required for existing RGI recipients as the assistance ceases when a household's income increases above 30% for the market rent for their home.

The housing Asset Limits for RGI applicants and recipients of RGI assistance will be \$50,000 for individuals (household with one member) and \$75,000 for households (household with more than one member). Certain assets such as funds in a Registered Education Savings Plan or Registered Retirement Savings Plan, personal effects and furnishings, a motor vehicle, tools of a trade, and business assets are excluded from the Asset Limit calculation.

Implementation of the Income and Asset limits is planned for July 1, 2023 and will help make service delivery more equitable by directing scarce housing resources to those most in need. The limits allow RGI applicants and residents receiving assistance the ability to save for their education, health care, retirement or other needs while balancing the need to ensure that RGI assistance is provided to those most in need. Staff reviewed limits in place in other jurisdictions in Ontario and in large cities across Canada. The limits being implemented in Toronto are in line with the limits in place in other jurisdictions.

Staff will review the Income and Asset limits on an annual basis, will monitor the impacts on applicant and tenant households, and will revise the limits and exclusions as needed to ensure they remain fair and equitable.

RECOMMENDATIONS

The Executive Director, Housing Secretariat recommends that:

1. The Planning and Housing Committee receive this report for information.

FINANCIAL IMPACT

There are no financial impacts expected based on the recommendations in this report.

EQUITY IMPACT

The HousingTO 2020-2030 Action Plan envisions a city in which all residents have equal opportunity to develop to their full potential. The HousingTO 2020-2030 Action Plan is centred in a human rights-based approach to housing, which recognizes that housing is essential to the inherent dignity and well-being of a person and to building healthy, inclusive and sustainable communities.

Access to good quality, safe, affordable housing is an important determinant of health and improves the social and economic status of an individual. Advancing the recommendation in the Auditor General's report to establish Income and Asset limits for the purpose of assessing eligibility rent geared-to-income (RGI) will ensure that households in the greatest financial need are eligible to apply for and receive RGI assistance. Implementing Income and Asset limits will support lower-income and marginalized individuals and families, as well as those from equity-seeking groups to access safe, healthy and adequate homes, while supporting the City's Poverty Reduction Strategy.

DECISION HISTORY

The Province released O. Reg. 242/22 on March 30, 2022, which requires Service Managers to implement a local rule on Income and Asset limits by July 1, 2023. <https://www.ontario.ca/laws/regulation/r22242#>

At its meeting of July 16, 17, and 18, 2019, City Council requested the General Manager, Shelter, Support and Housing Administration to establish Local Rules for asset limits for rent geared-to-income recipients; and total household income limits, and prioritize access to rent geared-to-income assistance based on household income (item AU3.14). <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.AU3.14>

COMMENTS

Current RGI Eligibility Requirements

Rent geared-to-income (RGI) is a provincially legislated and City funded housing subsidy offered by the City of Toronto to make rent affordable for qualifying households. Generally, a household's rent for a subsidized unit is set at 30% of their monthly income. RGI housing provides a deep level of affordability for low-income households and is important that the City ensure that RGI is provided to those households most in need.

The number of households seeking RGI housing in Toronto far exceeds the number of units available. As a result, it can take many years for a household to access an RGI subsidy. As of March 31, 2022 there were 79,572 households on the Centralized Waiting List (CWL) for RGI housing in Toronto. Throughout 2021, there were a total of 2,821 applicants housed from the CWL.

The current eligibility criteria for households to either apply for or receive RGI assistance are:

- At least one member of the household must be 16 years of age or older and can live independently, with or without support services;
- Every member of the household must be a Canadian citizen, a permanent resident of Canada or have applied for permanent residency;
- No member of the household can owe arrears to a social housing provider unless they have signed and are complying with a repayment agreement, or the household has made reasonable efforts to enter into a repayment agreement; and
- No member of the household can have had an RGI-related conviction in the last two years.

The current eligibility requirements for applicants do not include Income or Asset limits. As such, there may be applicants on the CWL who will not qualify for RGI after Income and Asset limits are implemented. Similarly, there may be households currently receiving RGI assistance who will no longer be eligible for this assistance if the value of their household assets exceed the Asset Limit.

However, when an RGI applicant receives a housing offer, their income is reviewed to determine if they are eligible for RGI and to calculate their rent. The income of RGI recipients is reviewed annually to assess their continued eligibility for RGI and to calculate their rent.

Requirement to Establish Income and Asset Limits

The Auditor General’s Report, [Opening Doors to Stable Housing](#) (AU3.14), and subsequent approval from City Council directed that City staff establish Income and Asset limits for RGI assistance, to help ensure that limited resources are used to help those with the greatest need.

City staff deferred establishing Income and Assets limits due to the expected introduction, by the Province, of regulatory changes regarding Income and Asset limits. As anticipated, in March 2022, the Province introduced new regulations under the HSA that include a requirement for Service Managers, including the City of Toronto, to establish and implement Income and Asset limits for the purpose of determining eligibility for RGI assistance by July 1, 2023 (see Attachments 1, 2, and 3).

This report responds to the new regulations and to Council direction by outlining Income Limits to determine eligibility of applicants for RGI assistance and Asset Limits to determine eligibility of both applicants for and recipients of RGI assistance.

RGI Income Limits for Toronto

The City is required to implement Income Limits for RGI eligibility by July 1, 2023. The Housing Secretariat plans to implement Income Limits on July 1, 2023. The City must apply Income limits to the determination of initial eligibility for RGI (i.e. new RGI applicants and applicants on the CWL).

The Income Limit specified in the local rule can be set at a higher amount but must, at a minimum, be equal to the Household Income Limits (HIL) specified in s. 40 of O. Reg. 370/11. The Income Limit for the City of Toronto will be set at an amount equivalent to the Household Income Limits (HILs) as established periodically by the Province.

HILs are updated annually by the Province of Ontario. The HILs are calculated using data from Canada Mortgage and Housing's annual market rent survey. They are specific to the size, type and geographical location of the housing. HILs are used to determine Income Limits for eligibility for a wide variety of housing assistance programs (including Toronto Rent Bank and housing allowance programs).

The proposed Income Limits (current HILs) for the City of Toronto are:

Bachelor	1 bedroom	2 bedroom	3 bedroom	4 bedroom
\$48,000	\$56,500	\$63,500	\$72,000	\$78,000

RGI rent paid if household income is equivalent to the HILs:

Bachelor	1 bedroom	2 bedroom	3 bedroom	4 bedroom
\$1,200	\$1,413	\$1,588	\$1,800	\$1,950

To inform the development of Income Limits for Toronto, an analysis of Income Limit policies was conducted on regions in the Greater Toronto Area (GTA) and other major Canadian municipalities. HILs are used to determine eligibility for subsidized housing in several major municipalities in Ontario, as well as across Canada. The City's planned use of HILs as its Income Limit for RGI eligibility is in line with established practice across many municipalities in Ontario and across Canada (see Attachment 4).

For households who are in receipt of an RGI subsidy the Income Limit will not apply. These households have their income reviewed annually and their rent is adjusted in accordance with RGI program rules.

Income Limit Implementation

The City of Toronto's Income Limit will be applied to applicants only. Once implemented, only applicant households with a total household income at or below the HILs will be deemed eligible for RGI assistance. An implementation plan will be developed, including processes for income verification, communication of decisions and appeals.

The Housing Secretariat will review the Income Limit annually, will monitor the impacts of the Income Limit on applicants, and will revise the Income Limit as needed to ensure it remains fair and equitable.

Implications

Applicants for RGI are currently required to report their household income annually. The implementation of an Income Limit will not change this requirement.

The implementation plan will provide more information on how applicants will be informed of the introduction of the Income Limit, how applicants will be advised of the decision that they are not eligible for RGI because their household limit exceeds the Asset Limit; and how they may appeal this decision.

It is expected that the implementation of an Income Limit will result in a relatively few households being deemed ineligible for RGI and removed from the CWL.

RGI Asset Limits for Toronto:

The City is required to implement a local rule establishing an Asset Limit for RGI eligibility by July 1, 2023. The Housing Secretariat plans to implement an Asset Limit on July 1, 2023.

The Asset Limit for households that are either RGI applicants or recipients as of the implementation date will be \$50,000 for individuals and \$75,000 for households with more than one member. Establishing Asset Limits at these amounts allows households to accumulate financial assets and improve their situation while continuing to be eligible for RGI assistance. Households with financial assets in excess of the Asset Limits have greater means, removing their eligibility for RGI assistance helps ensure that households in greatest need receive RGI assistance.

To inform the development of Asset Limits for Toronto, an analysis of Asset Limit policies was conducted on municipalities in Ontario and other major Canadian municipalities (see Attachment 4). The City's planned Asset Limits for RGI eligibility are in line with established practice across many municipalities in Ontario and across Canada.

The Asset Limits will provide opportunity for RGI households to save for education, health care, retirement or other needs while balancing the need to target RGI assistance to ensure that RGI assistance is provided to those most in need.

Asset Limit Implementation

All assets owned by a household are included in the Asset Limit calculation less any permitted exclusions. The Provincial regulations include a list of required exclusions (see Attachment 3). The City's Local Rule has added Registered Retirement Income Funds as an excluded asset.

The exclusions allow households to retain personal and business assets and tools and to save for education and retirement.

The exclusions include:

- funds in a Registered Retirement Savings Plan
- funds in a Registered Retirement Income Fund
- funds in a Registered Education Savings Plan
- clothing, personal effects and furnishings
- a motor vehicle
- tools of a trade
- business assets
- prepaid funerals
- cash surrender value of life insurance

Asset Limits will be applied to new applicants to the CWL, households currently on the CWL and households currently receiving RGI assistance.

Households are exempted from the Asset Limit requirements if all members of a household are part of a social assistance benefit unit (receiving Ontario Works or Ontario Disability Support).

An implementation plan will be developed, including processes for verification of household self-declarations, communication of decisions made and appeals.

The Housing Secretariat will review the Asset Limit annually, will monitor the impacts on applicant and tenant households, and will revise the limits and exclusions as needed to ensure that the limits remain fair and equitable.

The Housing Secretariat conducts regular monitoring to ensure housing provider compliance with all RGI program requirements. This monitoring will include ensuring that Asset Limit self-declarations are received from eligible households. The new requirements will be communicated to housing providers along with training and resources.

Implications

The implementation plan will provide more information on the specific processes for confirming and maintaining eligibility, but it is anticipated they will include:

- Applicants will be required to disclose asset information upon application to the CWL and annually thereafter. If the value of their household assets exceeds the Asset Limit they will no longer be eligible for RGI assistance.
- Households currently receiving RGI assistance will be required to complete a self-declaration annually confirming that their qualifying assets are less than the applicable Asset Limit. If their household assets exceed the Asset Limit, the household will no longer be eligible for RGI assistance. A household that loses their eligibility for RGI assistance can remain in their home but must pay market rent. For a two year period after they receive notice that they have lost their eligibility they may apply to have their eligibility for RGI assistance restored if their circumstances change and they again meet the eligibility criteria.

Based on the experience of other Service Managers it is projected that the new Asset Limit will result in relatively few households being deemed ineligible for RGI assistance.

Next Steps:

The policy changes noted in this report will be implemented on July 1, 2023 and will establish an Income Limit and an Asset Limit for the City of Toronto under the *Housing Services Act* to determine eligibility for RGI assistance. These Local Rules will meet the requirements of O. Reg. 242/22, which require Service Managers to implement Income and Asset limits by July 1, 2023. This change also responds to the Auditor General's report, *Opening Doors to Stable Housing*, as well as direction from City Council, and is a critical step to making service delivery more equitable and prioritizing housing for those most in need.

The implementation of Local Rules to establish an Income Limit and Asset Limit will impact social housing providers, RGI recipients and households on the CWL. The implementation plan will include details and timelines of the rollout and communications of changes to housing providers, RGI recipients, and households on the CWL.

City staff will review the Income and Asset limits annually, monitor the impact on application and tenants households, and will revise the limits and exclusions as needed to ensure they remain fair and equitable.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1: Required Local Rule: Maximum Household Income, s. 32.4 (1) to (10) of O. Reg. 242/22

Attachment 2: Required Local Rule: Maximum Household Assets, s.32.5 (1) to (4) and (6) to (14) of O. Reg. 242/22

Attachment 3: Required Asset Exclusions, Housing Services Act, s.32.5 (5) of O. Reg. 242/22

Attachment 4: Income and Asset Limits Used in Other Jurisdictions

Attachment 1: Required Local Rule – Maximum Household Income, s. 32.4 of O. Reg. 242/22

Required local rule — maximum household income

32.4 (1) A service manager shall make a local eligibility rule requiring, for a household to be eligible for rent-geared-to-income assistance, that the income of the household not exceed a specified maximum income.

(2) For the purposes of the local eligibility rule, the following rules apply:

1. The income of the household is the net income of the members of the household, excluding the income of members who are in full-time attendance at a recognized educational institution.

2. The net income of a member of a household is determined as follows:

i. Take the net income amount for the member indicated on the latest notice of assessment issued under the Income Tax Act (Canada) for the member's most recent taxation year that ended before the determination of eligibility is being made or, if no notice of assessment has been issued for that taxation year, the amount that would appear on the net income line had the notice of assessment been issued.

ii. Subtract from the amount referred to in subparagraph i the total amount of all payments from a registered disability savings plan received by the member in that taxation year.

iii. Add to the amount determined in subparagraph ii the total amount of all payments from a registered disability savings plan repaid by the member in that taxation year.

iv. Subtract from the amount determined in subparagraph iii any other payments that are excluded under the local eligibility rule.

(3) The local eligibility rule may provide for different maximum incomes for units of different types and sizes and for units in different parts of the service manager's service area.

(4) The maximum income for a unit specified in the local eligibility rule must be at least the household income limit prescribed under Ontario Regulation 370/11 (High Need Households and Household Income Limits – Subsection 40 (4) of the Act) made under the Act for such a unit.

(5) The local eligibility rule shall provide that it only be applied by the service manager in determining whether a household that is applying or waiting for rent-geared-to-income assistance is eligible for the purposes of section 45 of the Act, and not in determining continued eligibility for rent-geared-to-income assistance for the purposes of section 52 of the Act.

(6) Despite subsection (1), the local eligibility rule shall provide that the service manager may determine that the household is eligible for rent-geared-to-income assistance, if the service manager is satisfied that there are extenuating circumstances.

(7) A service manager shall make reasonable efforts to notify households about the local eligibility rule.

(8) The local eligibility rule begins to apply on,

(a) a date chosen by the service manager that is no later than July 1, 2023; or

(b) if no date is chosen, July 1, 2023,

and until that date any local eligibility rule that was made by the service manager under section 34, as it read immediately before it was revoked, and that is in effect on the day this section comes into force, continues to apply.

(9) A service manager shall periodically review the local eligibility rule required by subsection (1).

(10) In this section,

“full-time attendance”, in relation to a student attending a recognized educational institution, means, in the case of a student having a permanent disability, taking at least 40 per cent of a full course load, and in the case of any other student, taking at least 60 per cent of a full course load, as determined from the course calendar of the educational institution; (“fréquenter à plein temps”)

“recognized educational institution” means,

(a) a school, as defined in the Education Act,

(b) a university,

(c) a college of applied arts and technology established under the Ontario Colleges of Applied Arts and Technology Act, 2002,

(d) a private career college, as defined in the Private Career Colleges Act, 2005, or

(e) a private school, as defined in the Education Act, for which a notice of intention to operate has been submitted to the Ministry of Education in accordance with that Act. (“établissement d’enseignement reconnu”)

Attachment 2: Required Local Rule – Maximum Household Assets, s. 32.5 of O. Reg. 242/22

Required local rule — maximum household assets

32.5 (1) A service manager shall make a local eligibility rule requiring, for a household to be eligible for rent-geared-to-income assistance, that the value of the assets of the household not exceed a specified maximum value.

(2) The local eligibility rule must provide that the value of the assets of the household is the total value of the assets of the members of the household other than assets that are excluded under the local eligibility rule.

(3) The local eligibility rule may provide for different maximum values for units and households of different types and sizes and for units in different parts of the service manager's service area.

(4) The maximum value specified in the local eligibility rule must be at least \$50,000.

(6) Under paragraph 1 of subsection (5), the local eligibility rule is only required to exclude an interest of a member in a single vehicle, not in any other vehicle that member has an interest in.

(7) Under paragraph 3 of subsection (5), the local eligibility rule is only required to exclude,

(a) the value of assets of a member of the household, up to a maximum of \$20,000 for that member; and

(b) the value of assets necessary to the operation of a business, up to a maximum of \$20,000 for that business.

(8) Under paragraph 5 of subsection (5), the local eligibility rule is only required to exclude the cash surrender value of life insurance policies up to a maximum value of \$100,000 for the household.

(9) Under paragraph 11 of subsection (5), the local eligibility rule is only required to exclude the value of beneficial interests of a member of the household up to a maximum value of \$100,000 for that member.

(10) The local eligibility rule shall provide that it not be applied by a service manager in determining whether a household that is applying or waiting for rent-geared-to-income assistance is eligible for such assistance under section 45 of the Act or whether a household in receipt of rent-geared-to-income assistance continues to be eligible for such assistance under section 52 of the Act, if each member of the household is receiving basic financial assistance under the Ontario Works Act, 1997 or is receiving income support under the Ontario Disability Support Program Act, 1997.

(11) Despite subsection (1), the local eligibility rule shall provide that the service manager may determine that the household is eligible for rent-geared-to-income assistance, if the service manager is satisfied that there are extenuating circumstances.

(12) A service manager shall make reasonable efforts to notify households about the local eligibility rule referred to in subsection (1).

(13) The local eligibility rule begins to apply on,

(a) a date chosen by the service manager that is no later than July 1, 2023; or

(b) if no date is chosen, July 1, 2023,

and until that date any local eligibility rule that was made by the service manager under section 35, as it read immediately before it was revoked, and that is in effect on the day this section comes into force, continues to apply.

(14) A service manager shall periodically review the local eligibility rule required by subsection (1).

Attachment 3: Required Asset Exclusions, Housing Services Act, s.32.5 (5) of O. Reg. 242/22

(5) Without limiting what else the local eligibility rule may exclude, the local eligibility rule must exclude the following from the value of the assets of the household:

1. The value of the interest of a member of the household in a motor vehicle that is not used primarily for the operation of a business by a member of the household, subject to subsection (6).
2. The value of tools of a trade that are essential to the work of a member of the household as an employee.
3. The value of assets of a member of the household that are necessary to the operation of a business that the member operates or has an interest in, subject to subsection (7).
4. The value of a prepaid funeral.
5. The cash surrender value of a life insurance policy, subject to subsection (8).
6. The proceeds of a loan taken against a life insurance policy that will be used for disability-related items or services.
7. If a member of the household has received a payment under the *Ministry of Community and Social Services Act* for the successful participation in a program of activities that assists the person with the successful completion of a high school diploma, the development of employment-related skills and the further development of the person's parenting skills, the value of any portion of that payment that, within a time that is reasonable in the opinion of the service manager, will be used for the member's post-secondary education.
8. The value of funds held in a registered education savings plan, as defined in section 146.1 of the *Income Tax Act (Canada)*, for a child of a member of the household.
9. The value of the clothing, jewellery and other personal effects of a member of the household.
10. The value of the furnishings in the accommodation used by the household, including decorative or artistic items, but not including anything used primarily for the operation of a business.
11. The value of the beneficial interest in a trust of a member of the household who has a disability if the capital of the trust was derived from an inheritance or from the proceeds of a life insurance policy, subject to subsection (9).
12. The value of funds held in a registered disability savings plan, as defined in section 146.4 of the *Income Tax Act (Canada)*, if the beneficiary of the plan is a member of the household.
13. The value of funds held in an account of a member of the household in conjunction with an initiative under which the service manager or an entity approved by the service manager commits to contribute funds towards the member's savings goals.

14. The value of funds held by a member of the household in a registered retirement savings plan, as defined in section 146 of the *Income Tax Act* (Canada), or in a registered retirement income fund, as defined in section 146.3 of that Act.

Attachment 4: Income and Asset Limits Used in Other Jurisdictions

Income limits:

Municipalities that use the HILs as an income limit:

Ottawa
Edmonton
Calgary
Vancouver

Municipalities that do not have an income limit:

Hamilton
Quebec City

Municipalities that have an income limit that exceeds the HILs:

Region of Durham
Region of Peel
Region of York

Asset limits:

Municipality	Individual	Household
York Region	\$75,000	\$75,000
Peel Region	\$75,000	\$75,000
Durham Region	\$75,000	\$75,000
Hamilton	No Limit	No Limit
Ottawa	No Limit	No Limit
Montreal	\$50,000	\$50,000
Calgary	\$25,000	\$25,000
Vancouver	No Limit	No Limit
Edmonton	No Limit	No Limit
Winnipeg	No Limit	No Limit