

CHAPTER 6: CALCULATING RENT FOR AN RGI HOUSEHOLD

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Steps for Calculating Rent for a Rent-Geared-to-Income (RGI) Household

You must go through several steps to calculate the rent that an RGI household must pay each month.

1. Review the completed income and assets verification form.
2. Determine who lives in the household and their relationship to each other. This will allow you to identify the *family units* and *benefit units* within the *household*.
Note: You will also need to identify *children of the household* who are 16 years of age or older. Special rules apply to their income.
3. Determine the monthly income for each person in the household who is 16 years of age or older except for *children of the household* who are *students*. Exclude any income sources listed under Reg. 298, s. 50.
4. Determine the *adjusted monthly income* for each family unit, by deducting support payments (if any) and employment-related deductions.
5. Determine the income part of RGI for each family unit separately. Calculate the income part of RGI for children of the household who are not students separately. Add that to the income part of RGI for the rest of the family unit.
6. Determine the income part of RGI for each benefit unit. Apply the Ontario Works (OW) or Ontario Disability Program (ODSP) Rent Scales if there are no other sources of income. If there is another source of income (non-benefit income) and it is greater than the limits given on the rent scales, use the family unit calculation method.
7. Combine the income parts of RGI for benefit units and family units to get the income part of RGI for the household.
8. Determine the utility charges (+) or allowances (–) for the housing unit (utility part of RGI).
9. Combine the amounts in step 8 (income part of RGI) and step 9 (utility part of RGI).

Note: This amount is the **RGI Rent** for the household unless the amount is less than the minimum rent (\$85). In this case, charge the household \$85.

If the amount is more than the maximum rent (market rent). In this case, charge the household market rent.

10. Determine total monthly rent - add any additional charges such as parking, cable, or sector support (co-ops only) to determine the total monthly rent that the household must pay.

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Step 1 Review the income and assets verification form for completeness

All members of the household 16 years of age or older must

- report their income from all sources
- provide documents for each income source ((note exemption for students who are a child of the household), and
- sign consent forms.

These forms will allow you to collect and share the *personal information* that you will need to verify their eligibility for RGI assistance.

Ensure that the household has

- listed all members of the household
- declared all sources of income
- provided the correct documents.

Step 2 Determine who lives in the household

Determine who is in the household, their relationship to each other and their sources of income. Use this information to identify the *family units* and *benefit units* within the household.

Family Units and Benefit Units

A household may be made up of family units, benefit units, or a combination of family and benefit units.

- The HSA uses the term *benefit unit* to refer to a single person or a family whose RGI Rent is based on monthly payments received from OW or ODSP.

The HSA defines a *family unit* as

- a person
- a person and their *spouse*
- a person, their spouse and, if either person has *children*, any children that live with them

A *family unit's* RGI Rent is based on any income sources other than OW or ODSP.

Examples of family and benefit units in the household

- A household is made up of a single woman and her five-year-old son. They receive OW. They are a *benefit unit*.

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- A household is made up of a couple and a child. One of the partners is self-employed. They are a *family unit*.
- A household is made up of a mother with a daughter and a son. The son has a child of his own. The mother is employed. The son and his child receive OW. The household is made up of a *family unit*, the mother and her daughter, and a *benefit unit*, the son and his child.

You have to calculate the income part of RGI Rent separately for each family unit and benefit unit and then add the amounts together. If a child of the household has income of more than \$75 a month and is not a student as defined in the regulations, you have to calculate the income part of RGI Rent separately using a different method.

Step 3 Determine the monthly income of each person in the household.

Identify all income from all sources and then eliminate excluded income.

Identify

- income from employment
- income from assets, income producing and *non-income producing*
- income from pensions or support agreements
- income from OW and ODSP

Although a household is required to report all sources of income, certain types of income are excluded for the purpose of calculating the RGI Rent.

Exclude any income that is listed under Reg. 298, s.50 (.3) (see list in Chapter 5). Income of students who are children of the household is excluded under this Chapter. See Chapter 5 for a definition of *child of the household*.

Student Income

The income of a **full-time student** who is a **child of the household** is excluded from gross monthly income. This applies to a child of the household who is a full-time student at a primary or secondary school, or a full-time student at a post-secondary institution if the student has not been out of secondary school for more than 5 years at the start of the current study period. A “child of the household” is any member of the household who:

- has always lived at home except for short periods while in full-time attendance at a recognized educational institution
- has never had a spouse, and
- is not the parent of a child living in the household.

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If a child of the household provides documents to confirm full-time student status, **do not** ask the child to provide income documents.

The income of a **part-time student** who is a **child of the household** is included in gross monthly income.

The income of a student who is a **foster child** is not included in gross monthly income.

The income of a student who is **not a child of the household** is included in gross monthly income.

Step 4 Determine the Adjusted Monthly Income

Determine the adjusted monthly income by deducting support payments made (if any) and employment related deductions.

Payment of Spousal or Child Support

If an individual **pays** court-ordered *support payments*, **deduct** the amount of the support payment from their gross monthly income.

Employment-Related Income Deduction

Each family unit is allowed a deduction for employment-related income.

Remember,

- a family unit is an individual, an individual with children, a couple or a couple with children
- employment-related income includes EI benefits, short-term WSIB benefits, and government training allowances.

The monthly employment income must be greater than the deduction. If at least one person in a family unit with children has earned income, the deduction is \$150. If there are no children, each person with earned income has a deduction of \$75.

Household members who have income from OW or ODSP income but also have employment income above the non-benefit income limit (these are considered to be family units) also qualify for the deduction.

A child of the household who earns more than \$75 a month does not qualify for the employment deduction. See Step 5 in this chapter.

The table on the following page provides examples of employment related income deductions for a variety of family unit types.

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Examples of Employment Related Income Deductions	
Household Composition	Employment Related Income Deductions
One person with earned income and no children.	\$75
One person with earned income and 1 or more children.	\$150
A couple both with earned income and no children.	\$75 for each person = \$150
A couple both with earned income and 3 children.	\$150 for the family unit
A household has three adults and two children — a couple with two children and an unrelated adult. Each adult has earned income.	\$150 for the couple with children (one family unit) \$75 for the single person (another family unit)
A household made up of three adult brothers. Each brother is employed. There are no children in the household.	\$75 for each person (3 separate family units)
A household with a single working parent and a 28-year-old child who has always lived at home with employment income of \$2,550 a year.	\$150 for the single working parent
A single woman lives with her 2 adult children and a grandson. The single woman works. Her oldest child and her grandson receive OW benefits. Her younger child is a student.	\$150 for the single working woman and her younger child

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Step 5 Calculate the Income part of RGI Rent for a Family Unit

Add the adjusted gross monthly income for each member of a family unit. Use 30 per cent of this amount to determine the income part of RGI Rent for the family unit.

If there is a *child of the household* who has income greater than \$75 a month and the child is not a student, you must use a different method of calculation for the child's income. You multiply the first \$1,000 of gross monthly income by 15 per cent. Multiply the rest by 30 per cent. There is no age limit for a child of the household.

Note: There are special rules for dealing with a student's income. See Step 3 in this chapter.

The following examples show how to calculate the income part of RGI Rent for a family unit.

Example 1

A family consists of a single parent and one child who attends public school. The parent has gross earned income of \$24,000 per year and receives a monthly child support payment of \$200.

Family Unit

1. Monthly Income	
<i>Adult A</i>	
Employment income	
(\$24,000 a year ÷ 12 = \$2,000)	\$2,000
Other income	
Child support received	<u>+\$200</u>
2. Total Monthly Income	\$2,200
3. Employment-Related Income Deduction	<u>-150</u>
4. Total Adjusted Monthly Income	\$2,050
5. Income part of Monthly RGI Rent (30% of line 4)	
(\$2,050 x 30%)	<u>\$615</u>

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Example 2

A family consists of a couple, both over 65 years of age. They each receive basic Old Age Security (OAS) (\$551), Guaranteed Income Supplement (GIS) (\$495) and Guaranteed Annual Income System (GAINS) (\$83).

Family Unit

1. Monthly Income

Adult A

OAS	\$551
GIS	\$495
GAINS	\$83

Adult B

OAS	\$551
GIS	\$495
GAINS	<u>\$83</u>

2. Total Monthly Income	\$2,258
3. Deductions	0
4. Total Adjusted Monthly Income	\$2,258
5. Income part of monthly RGI Rent (30% of line 4) (\$2,258 x 30%)	<u>\$677</u>

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Example 3

The household consists of a two-parent family with two children. One parent is self-employed with a net business income of \$36,000, as indicated by an *income tax return*, including the *Statement of Business Activities* and *Notice of Assessment*. (You have already determined that there were no deductions made for depreciation, rent, or childcare.) The other parent has no earned income, but holds an RRSP with a total value of \$20,000.

Family Unit

1. Monthly Income

Adult A

Employment related income

Self-employment (Net business income)

(\$36,000 a year ÷ 12 = \$3,000) \$3,000

Adult B

Other income

RRSP –this is excluded

2. Total Monthly Income \$3,000

3. (Employment-Related Income Deductions for Adult A)– \$150

4. Total Adjusted Monthly Income **\$2,850**

5. Income part of Monthly RGI Rent (30% of line 4)
($\$2,850 \times 30\%$) **\$855**

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Example 4

A father lives with his 17 year-old son. The father earns \$18,000 annually. The son earns an annual salary of \$14,000. The son is not in school.

Family Unit

1. Monthly Income	
<i>Adult A</i>	
Employment income ($\$18,000 \text{ a year} \div 12 = \$1,500$)	<u>\$1,500</u>
2. Total Monthly Income	\$1,500
3. Employment-Related Income Deduction	<u>– \$150</u>
4. Total Adjusted Monthly Income	\$1,350
5. Income part of Monthly RGI Rent (30% of line 4)	
$\$1,350 \times 30\% = \405	<u>\$405</u>

Child of the Household

1. Monthly Income	
Employment income ($\$14,000 \div 12 = \$1,167$)	\$1,167
2. Multiply first \$1,000 by 15%	\$150
3. Multiply remaining amount by 30%	
$(\$1,167 - \$1,000 = \$167 \times 30\% = \$50)$	<u>\$50</u>
4. Income part of monthly RGI Rent for child, add lines 2 and 3	
$(\$150 + \$50 = \$200)$	<u>\$200</u>
5. Income part of RGI Rent for the household ($\$405 + \200)	
(Add the income part of the child's RGI Rent to the income part of the father's RGI Rent)	<u>\$605</u>

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Step 6 Determine the Income Part of RGI Rent for a Benefit Unit

To calculate the income part of RGI Rent for a benefit unit, you use Tables 3, 4, or 5 in Regulation 298. We have included these tables in the RGI Administration Manual.

There are two scales for benefit units who receive OW and one scale for ODSP recipients.

Before you use these tables, you must know how many people are covered by a single OW or ODSP cheque. The drug card will tell you this. You will also need to know whether or not they have any non-benefit income.

1. Determine which table applies to the family — Table 3, Table 4, or Table 5.
2. Go to Column 1 in the correct table and find the row for the number of people in the benefit unit (covered by one OW or ODSP cheque).
3. Determine if there is any non-benefit income (income from employment, assets, or from pensions or support agreements)

If there is no non-benefit income, use Column 2 of the correct table to determine the income part of the monthly RGI Rent. Skip Step 4.

If there is non-benefit income, refer to the non-benefit income limits in Column 3

If the non-benefit income is

- equal to or less than the limit in Column 3, find the income part of the monthly RGI Rent in Column 2.
- more than the limit in Column 3, calculate the income part of the monthly RGI Rent using the calculation method for a family unit. Use the non-benefit income only. See Step 5 in this chapter for the calculation method.

Do not add benefit income and non-benefit income of a household member together. Either use the scale amount given in Column 2 or, if the non-benefit income is greater than the limit, use the non-benefit income.

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Table 3: Ontario Works Rent Scale for a Benefit Unit

If the shelter component of the social assistance payment is greater than the scale amount, advise the recipient to report the current rent to Toronto Employment and Social Services. This will prevent overpayment deductions in future.

Use Table 3 for Ontario Works recipients who are single parents

Column 1 Size of Benefit Unit (Number of people in the benefit unit)	Column 2 Income part of RGI for Benefit Unit	Column 3 Non-Benefit Income Limit (Monthly)
2	\$191	\$791
3	226	907
4	269	1,051
5	311	1,191
6	353	1,331
7	396	1,474
8	438	1,614
9	480	1,754
10	523	1,897
11	565	2,037
12 or more	607	2,117

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Table 4: Ontario Works Rent Scale for a Benefit Unit

Use Table 4 for all Ontario Works recipients except single parents

Column 1 Size of Benefit Unit (Number of people in the benefit unit)	Column 2 Income part of RGI for Benefit Unit	Column 3 Non-Benefit Income Limit (Monthly)
1	\$85	\$360
2	175	737
3	212	861
4	254	1,001
5	296	1,141
6	339	1,284
7	381	1,424
8	423	1,564
9	466	1,707
10	508	1,847
11	550	1,987
12 or more	593	2,131

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Table 5: Ontario Disability Support Program Rent Scale

Column 1 Size of Benefit Unit (Number of people in the benefit unit)	Column 2 Income part of RGI for Benefit Unit	Column 3 Non-Benefit Income Limit (Monthly)
1	\$109	\$440
2	199	817
3	236	941
4	278	1,081
5	321	1,224
6	363	1,364
7	405	1,504
8	448	1,647
9	490	1,787
10	532	1,927
11	575	2,071
12 or more	617	2,211

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When a Benefit Unit does not receive a Shelter Allowance

Some benefit units may not be receiving **any** shelter allowance from OW or ODSP.

For example, a household consists of a single father living with his teenage daughter (under 18) and her child. This household includes two benefit units. In the first benefit unit, the father receives the basic needs amount and shelter allowance for himself and his daughter. In the second benefit unit, her child receives only the basic needs amount and not the shelter allowance.

Charge the correct amount from the RGI Rent scale for the benefit unit that receives the shelter allowance. Do not charge rent to a benefit unit that does not receive a shelter allowance.

In this example, charge the household the scale amount for two beneficiaries.

The following examples show how to calculate the income part of RGI Rent for a benefit unit (OW).

Example 5

A family consists of a single parent with two children. The family receives Ontario Works benefits. The parent works on a part-time basis and earns \$600 gross per month.

The calculation would look like this:

1. The family is made up of a single person with two children, so use Table 3.
2. There are three individuals covered by Ontario Works. Go to Column 1 of Table 3 and find the row for three individuals.
3. The non-benefit income is less than the limit in Column 3 (\$907) so you would find the Income Part of the RGI Rent in Column 2 (\$226).

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Example 6

A family consists of a single parent and one child. The family receives Ontario Works benefits. The parent has gross monthly earned income of \$850.

The calculation would look like this:

1. The family is made up of a single person and a child.
2. There are two individuals covered by Ontario Works. Go to Column 1 of Table 3 and find the row for two individuals.
3. The non-benefit income is greater than the limit in Column 3 (\$791).
4. Use the family unit calculation method. Do **not** include the Ontario Works benefits. Remember to deduct \$150 for the Employment Related Income Deduction.

Monthly Income	
<i>Adult A</i>	
Employment income	<u>\$850</u>
Total Monthly Income	\$850
Employment Related Income Deduction	<u>– \$150</u>
Total Adjusted Monthly Income	\$700
Income Part of Monthly RGI Rent (30% of line 4)	
(\$700 x 30%)	<u>\$210</u>

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Calculating RGI for People Receiving ODSP and CPP-D or OAS Spouse's Allowance

A family that receives ODSP benefits may also receive income from

- Canada Pension Plan for the Disabled (CPP-D), or
- Old Age Security (OAS) Spouse's Allowance.

To calculate the income part of monthly RGI Rent, refer to the ODSP Basic Needs Allowances (see below) and Table 5 (see page 14).

If the income from CPP-D or Spouse's Allowance is equal to or less than the ODSP Basic Needs Allowance, use Table 5 to determine the income part of the RGI Rent. If the income from CPP-D or Spouse's Allowance is greater than the ODSP Basic Needs Allowance, calculate the income part of the monthly RGI Rent using the calculation method for a family unit. Do not include the ODSP assistance. See Step 5 in this chapter for the calculation method.

Table 6: Ontario Disability Support Program (ODSP) Basic Needs Allowances

Ontario Disability Support Program (ODSP) Basic Needs Allowances					
Effective September 1, 2018					
from Ontario Disability Support Program Act, Reg. 222., s.30(1)					
Number of Dependants other than a Spouse	Number of Dependants 18 Years or Older	Number of Dependants 0-17 Years	Recipient (\$) *	Recipient and Spouse **	Recipient and Spouse ***
0	0	0	672	969	1,341
1	0	1	815	969	1,341
1	1	0	1,041	1,157	1,529
2	0	2	815	969	1,341
2	1	1	1,041	1,157	1,529
2	2	0	1,230	1,367	1,739

* Note 1. A recipient if there is no spouse included in the benefit unit.

**Note 2. A recipient with a spouse included in the benefit unit if Note 3 does not apply.

***Note 3. A recipient with a spouse included in the benefit unit if each of the recipient and the spouse is a person with a disability or a person referred to in subparagraph 1 i of subsection 4 (1) or paragraph 3, 5.1, 5.2, 6, 7 or 8 of subsection 4 (1).

For each additional dependant, add \$211 if the dependant is 18 years of age or older, or \$0 if the dependant is 0-17 years of age.

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Example 7

A couple (one person has a disability) receives ODSP plus a monthly CPP-D benefit of \$650.

The calculation would look like this:

1. The couple receives ODSP and CPP-D so check the ODSP Rates.
2. The CPP-D benefit (\$650) is less than the maximum basic needs allowance (\$969) for a couple with one person disabled as stated in the ODSP Rates.
3. Go to Column 1 of Table 5 and go down the column until you come to the row for two individuals.
4. Use Column 2 of Table 5 to find the income part of the monthly RGI Rent (\$199).

Example 8

A man with a disability and his spouse receive ODSP plus a monthly CPP-D benefit of \$990. The spouse has no earned income.

The calculation would look like this:

1. The couple receives ODSP and CPP-D so check the ODSP Rate.
2. The income from CPP-D (\$990) is greater than the ODSP maximum basic needs allowance (\$969).
3. Use the calculation method that you use for families not receiving OW or ODSP. Do **not** include the ODSP benefits. There is no deduction for employment related income.

1. Monthly Income	
<i>Adult A</i>	
CPP-D benefit	<u>\$990</u>
2. Total Monthly Income	\$990
3. Employment Related Income Deduction	<u>- 0</u>
4. Total Adjusted Monthly Income	\$990
5. Income part of Monthly RGI Rent (30% of line 4) (\$960 x 30%)	<u>\$297</u>

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Step 7 Combine the income parts of RGI for family units and benefit units to get the income part of RGI for the household

Total the income parts of RGI Rent for each family unit or benefit unit in the household. If there is a child in the household who makes more than \$75 a month, include any RGI that they must pay in the total.

Step 8 Determine the Utility Part of RGI Rent

Determine the utility charges (+) or allowances (-) for the housing unit (utility part of RGI Rent).

For calculation purposes, a housing provider/landlord is assumed to supply the following services: heat, hot water, water, refrigerator and stove.

If a housing provider/landlord provides more services than those listed above, you must add RGI Rent includes a utility charge. For instance, if the housing provider/landlord pays for electricity for lights, power and cooking facilities, you must add a utility charge in the RGI Rent.

If a housing provider/landlord provides fewer services than listed above, you must subtract a utility allowance.

Services, Utilities and Heating

Tables 6, 7, 8, 9, and 10 give the amounts that are added or subtracted from the RGI Rent for services, utilities and heating. These tables are also in Regulation 298.

Table 6: Standard Extra Charges

If a housing provider/landlord pays for the services and utilities listed in Table 6, charge the household for the services and utilities that they use.

The most common charges are for electricity and cooking power. If the household does not pay directly for hydro, there is always a charge for electricity (first item in the chart) and power for cooking facilities in the unit (second item in the chart). If a household pays the hydro company directly, there is no charge.

Apply the other charges in the standard extra charges only if the housing provider/landlord also supplies the listed service. Add a charge for power to operate a clothes dryer only if the dryer is in the unit. Add a charge for a washer or dryer only if they are in the unit.

Charges vary with the unit size. Pick the amount in the column which shows the household's unit size. Add the charge to the RGI Rent.

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Table 7: Allowances for Water and Appliances

If a household must pay directly to a utility company for power to operate a hot water heater, or for water other than hot water, you must deduct an allowance, as listed in Table 7. This also applies if the household must supply their own refrigerator and stove. Note that there are different allowances for hot water, depending on the power source (oil, gas or electricity) used to heat water and whether or not the hot water tank is owned or leased.

Allowances vary with the unit size. Pick the amount in the column which corresponds with the household's unit size. Deduct the allowance from the RGI Rent.

Tables 8, 9 and 10: Oil, Gas and Electricity Heat Allowances in Southern Region

If a household must pay directly to a utility company for oil, gas or electricity to heat their unit, you must deduct an allowance, as listed in one of Tables 8, 9 or 10.

Allowances vary with the type of unit. Pick the type of unit from one of Table 8 (Oil), 9 (Gas) or 10 (Electricity). Deduct the allowance from the RGI Rent.

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Table 6: Standard Extra Charges

Add a charge for any of the following, if they are paid by the housing provider

Service or Utility	Hostel bed, bachelor, 1 bedroom unit	2-bedroom unit	3 bedroom unit	4+ bedroom unit
Electricity, but not: a) for heating the unit b) for heating the water supplied to the unit c) power for cooking facilities in the unit, or d) to operate a clothes dryer in the unit	\$24	\$34	\$39	\$41
Power for cooking facilities in the unit	6	9	11	12
Laundry facilities in the housing project that are not coin-operated	6	9	11	13
Power to operate a clothes dryer in the unit	6	9	11	13
A washing machine in the unit that is not coin-operated.	2	2	2	2
Clothes dryer in the unit that is not coin-operated.	2	2	2	2

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Table 7: Allowances for Water and Appliances

Subtract an allowance for any of the following, if they are paid by the household

Service or Utility	Hostel bed, bachelor, 1 bedroom	2-bedroom unit	3 bedroom unit	4+ bedroom unit
Oil used to operate a hot water heater, where the household does not pay a rental fee for the heater	\$28	\$34	\$39	\$47
Oil used to operate a hot water heater if the household pays a rental fee for the heater	34	41	46	56
Gas used to operate a hot water heater if the household does not pay a rental fee for the heater	15	21	26	32
Gas used to operate a hot water heater if the household pays a rental fee for the heater	29	40	47	54
Electricity used to operate a hot water heater if the household does not pay a rental fee for the heater	23	28	32	39
Electricity used to operate a hot water heater if the household pays a rental fee for the heater	28	34	38	46
Water, other than hot water	8	15	18	20
Refrigerator	2	2	2	2
Stove	2	2	2	2

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Tables 8, 9 and 10: Heat Allowances in Southern Region

Subtract an allowance for any of the following, if they are paid by the household

Type of Unit	Table 8 Oil Heat Allowance	Table 9 Gas Heat Allowance	Table 10 Electric Heat Allowance
Apartment, bachelor or 1 bedroom	\$49	\$21	\$40
Apartment, 2 bedroom	51	24	42
Apartment, 3 or more bedrooms	64	25	53
Row house	68	28	56
Semi-detached house	92	39	76
Single detached house	136	56	112

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These examples show how to determine both the income part and the utility part of RGI Rent.

Example 9

A family living in a three-bedroom co-op apartment pays no utility bills. The co-op pays the bill for electrical power for the entire building. This family, a single parent with two children, has a gross monthly income of \$2,300 and no income from assets.

Family Unit

1.	Monthly Income		
	<i>Adult A</i>		
	Employment income	<u>\$2,300</u>	
2.	Total Monthly Income		\$2,300
3.	Employment-Related Income Deduction		<u>– \$150</u>
4.	Total Adjusted Monthly Income		\$2,150
5.	Income part of Monthly RGI Rent (30% of line 4) (\$2,150 x 30%)		<u>\$645</u>
6.	Utility part of Monthly RGI Rent		
	electricity (Table 6)	\$39	
	cooking (Table 6)	<u>\$11</u>	
		\$50	<u>+ \$50</u>
7.	RGI Rent		<u>\$695</u>

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Example 10

A household lives in a two-bedroom apartment in a non-profit. They pay directly for hydro as well as gas heat for the unit and for heating a rented hot water heater. This family receives ODSP for three people and has no employment-related income.

Benefit Unit

1. Income part of Monthly RGI Rent (based on Table 5)	\$236
2. Utility part of Monthly RGI Rent	
Deduction for	
gas heat (Table 9)	\$24
gas for rented hot water heater (Table 7)	<u>\$40</u>
	\$64
Total deductions (Add all deductions)	<u>– \$64</u>
3. RGI Rent	<u>\$172</u>

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Step 9 Determine the household RGI Rent and compare the RGI Rent to the Minimum and Maximum Rent

Combine the amounts in Steps 7 and 8. This amount is the **RGI Rent** for the household unless

- the amount is less than the minimum rent (\$85). In this case, charge the household \$85.
- the amount is more than the maximum rent (market rent). In this case, charge the household market rent.

The minimum RGI Rent is applied to the unit as a whole. It cannot be charged to more than one “family” living in the unit. For example, three students live together. They have no income except for student loans. The RGI Rent for the entire unit is \$85. You do not charge each student \$85.

These examples show calculations of minimum rent.

Example 11

1. Income part of monthly RGI Rent	\$50
2. Utility part of monthly RGI Rent	<u>\$30</u>
3. Monthly RGI Rent including utilities	\$80
4. RGI Rent	<u>\$85</u>

— This amount cannot be less than \$85 —

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Example 12

A woman lives in a one-bedroom apartment. She receives OW. The co-op is heated by electricity. She pays her own electric bill.

Benefit Unit

1. Income part of monthly RGI Rent (based on Table 4)	\$85
2. Utilities Part of monthly RGI Rent	
Deduction for electric heat (Table 10)	<u>– \$40</u>
3. Monthly RGI Rent, including utilities	\$45
4. RGI Rent	<u>\$85</u>

— This amount cannot be less than \$85 —

Step 10 Determine Total Monthly Rent

Add non-RGI charges (if any) for extra services such as parking, cable TV, or sector support (for co-ops only). Add these charges to the RGI Rent. The total is the monthly rent that the household must pay each month.

For community non-profits and co-ops only - remember to enter the **RGI Rent** in the Subsidy Receivable account, **not** the total monthly rent. The Social Housing Unit will not pay for services such as cable TV or parking. The RGI household must pay for these services.

Charges that are not Related to Rent – Co-ops Only

Co-ops can charge their members for the enforcement of by-laws and policies such as lock-out charges for providing a key after hours, and late payment fines. These charges cannot be added to rent as they are not monthly charges. Charges must be reasonable.

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This RGI Rent example includes non-RGI charges.

Example 13

A family of three, two adults and a child has employment income of \$1,800 gross per month. They live in a two-bedroom co-op apartment. They pay for their own electricity. The unit is heated by electric baseboard heaters.

Family Unit

1.	Monthly Income		
	Adult A: Employment income	<u>\$1,800</u>	
2.	Total Monthly Income	\$1,800	
3.	Employment-Related Income Deduction	<u>– \$150</u>	
4.	Total Adjusted Monthly Income	\$1,650	
5.	Income Part of Monthly RGI Rent (30% of line 4) ($\$1,650 \times 30\%$)	<u>\$495</u>	
6.	Utility Part of Monthly RGI Rent deduct for electric heat (Table 10)	<u>– \$42</u>	
7.	RGI Rent		\$453
8.	Plus non-RGI charges for		
	parking	\$65	
	sector support	<u>+ 8</u>	
		\$73	<u>+ \$73</u>
9.	Total Monthly Rent to household (Add lines 7 and 8)	<u>\$526</u>	

Note for non-profits and co-ops: Line 7 is the amount charged to the Subsidy Receivable account. Line 9 is the amount charged monthly to the household.

Calculating Rent for a Partial Month

If a family moves in during a month, you must charge them a partial or pro-rated amount.

1. Calculate the Total Monthly Rent
2. To calculate the daily rent, divide this amount by the number of days in the month.
3. Calculate how many days the family will be living in the unit.
4. Multiply the daily amount by the number of days the family will be living in the unit.

Example 14

A family moves into a unit on October 22. The total monthly rent for this family is \$701. Divide \$701 by 31 (the number of days in the month) and multiply by 10 (the number of days the family will be living in the unit). Their partial monthly rent for October would be \$226.

$$701 \div 31 = \$22.61 \times 10 = \$226$$

Note: The table in Appendix 6 gives the factors to use when calculating partial month's rent.

Documenting RGI Rent Calculations

Be sure to fully document how you calculated the RGI rent for a household. Keep your completed calculation sheet with the verification in the household's file. Ensure that the calculation sheet provides enough detail about the rent calculation so that a household can understand how you calculated their rent.

If a computer program generates your RGI calculations, review the print-out to ensure that it provides enough detail.

If you are not using a computer program, make sure that you are using a standard template for your rent calculations. [Chapter 10](#), Appendix 6 of the RGI Guide is an RGI rent calculation template. You can adapt this template or make your own.

Error in RGI Calculation

[Reg 367, s. 64]

RGI Administrator Error

If an RGI household has paid less rent than they should have because of an administrative error in the RGI Administrator's RGI calculation, **do not** charge the household for the difference. When you discover the error, complete a new income review as soon as possible and issue a new RGI decision.

Household Error

An RGI household may have paid less rent than they should have because the household did not disclose an income source. **Note:** if this was intentional, this is not an error. If the RGI Administrator believes the household deliberately withheld information, the RGI Administrator may decide to remove eligibility for RGI assistance.

There may also be an error if a household with fluctuating income had a mid-year decrease in RGI rent. Their CRA Notice of Assessment for the year of the decrease (you asked them to provide it the next year) shows more income than they previously reported.

For household errors, RGI Administrators have 2 options for collecting amounts owed:

1. You may enter into a repayment plan with the household. This is the recommended option because it is most straightforward. Housing providers should create a repayment plan policy to ensure that households are treated consistently. The policy should consider the amount the household owes and the ability of the household to pay and the length of time it would take to repay.

For example, a household has been paying an RGI rent of \$320 since September (annual review). At the beginning of June, the household tells the RGI Administrator they forgot to disclose an increase in income that took place in November of the previous year. The effective date of the mid-year increase in RGI rent would have been January 1. The household should have been paying \$380 from January to May. The difference between the amount paid for January to June and the correct rent is $\$60 \times 6 \text{ months} = \360 .

On June 15, the RGI Administrator sends a notice to the household telling them that their RGI rent increased to \$380 on January 1 and they owe an additional \$360 for the previous 6 months. The housing provider/RGI Administrator and the household sign a repayment plan under which the household pays \$50 per month on the arrears for 7 months and \$20 extra for 1 month.

2. You may increase RGI rent to recover the difference. If you choose this option, the increase cannot be more than 10 per cent of the corrected RGI Rent [Reg. 367, s. 65]. This option is not recommended because it is more complicated than the repayment

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agreement option and could result in a long repayment schedule. It could be used in situations where there is no expectation of other mid-year changes in income/RGI rent.

Using the same example as above, the household owes an additional \$360. In this option, the RGI Administrator sends a notice on June 15, 2014 to the household telling them that their rent will increase to $$(380 + \$38 = \$418)$ on August 1. This RGI rent will be in effect for the next ten months until the outstanding amount has been paid. In the tenth month, the household will have a refundable credit of \$18. Also in the tenth month, the RGI Administrator must issue an RGI decision notice reducing the RGI rent to \$380, effective the beginning of the next month.