

Policies and Procedures

Subject: Adjusted Family Net Income

Date: February 15, 2024

Replaces: January 28, 2022

Applicable to The policy and procedures contained in this document apply to the following:

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| <input checked="" type="checkbox"/> Co-operatives | <input checked="" type="checkbox"/> Centralized Wait List (CWL) |
| <input checked="" type="checkbox"/> Federal Non-Profit | <input checked="" type="checkbox"/> Rent Supplement*
*incl. former OCHAP/CSHP |
| <input checked="" type="checkbox"/> Municipal & Private Non-Profit | <input checked="" type="checkbox"/> Internally Funded/ROP Administered |

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Legislation *Housing Services Act, 2011(HSA)*, [Ontario Regulation 316/19 s.6](#)

The Province of Ontario released *Ontario Regulation 316/19 Determination of Geared-to-Income Rent under Section 50 of the Act* which replaced the *Ontario Regulation 298/01* with simplified RGI rules.

Purpose This document provides Housing Providers with information pertaining to verifying adjusted family net income (AFNI) for the purpose of

calculating rent-geared-to-income (RGI) for family units.

This document will also instruct Housing Providers on how to calculate rent-geared-to-income (RGI) assistance in the event of the following:

- The Notice of Assessment (NOA) and/or Proof of Income Statement are not available (only applicable to 1st year of change or 1st year move-in)
- The NOA and/or Proof of Income Statement does not accurately reflect the household's current annual income

Background The Province has implemented changes to the RGI calculation to simplify rent calculations for Housing Providers, while making it easier for tenants to predict and understand their calculation.

As of July 1, 2021, the RGI calculation will be based on the adjusted family net income (AFNI).

Adjusted Family Net Income Adjusted family net income (AFNI) is the monthly **net income** of all members of a household or benefit unit and is used to determine the monthly household rent/housing charge.

To determine the monthly AFNI for a family unit, add the net income(s) for each household member 16 years and older, who is not attending school full-time, then divide the amount by 12. The final number is the AFNI.

To complete the RGI calculation, the household members will be required to submit:

- Notice of Assessment (NOA) and/or
- Proof of Income Statement

The income from full-time students is excluded from the RGI calculation; proof of attendance is required.

The taxation year requested will depend on when the move-in or annual review calculation is taking place.

- If the calculation is completed between July 1 and December 31, use the calendar year immediately prior to the year in which the initial/annual review is conducted
 - For example: August 1, 2023, use NOA and/or Proof of

Income Statement for the 2022 taxation year

- If the calculation is completed between January 1 and June 30, use the calendar year which is two years prior to the year in which the initial/annual review is conducted
 - For example: April 1, 2023, use NOA and/or Proof of Income Statement for the 2021 taxation year

Tax Based Net Income

Tax based net income (TBNI) is used to calculate RGI for any household members with fixed or stable sources of income such as pension, long term employment and ODSP.

In accordance with [O. Reg. 316/19 s.7\(3\)](#), the Housing Provider will verify income included on line 23600 using either the CRA Notice of Assessment (NOA) or Proof of Income Statement. Housing providers are encouraged to collect Proof of Income Statements wherever possible, as it summarizes income and deductions and provides more detailed information than the NOA. The Proof of Income Statement may be required when a tenant or member receives income from employment, RDSPs, or social assistance

TBNI is determined by dividing the annual net income on line 23600 by 12 (months), factoring any employment deductions and multiplying by 0.3 (30%). Any registered disability savings plan amounts received are subtracted from this total and any repayments to a registered disability savings plan amounts repaid are added to this total.

For further information please refer to the Annual Review HIP policy.

Points to Consider

If income has changed since the applicable tax year, would the use of TBNI to calculate RGI cause a hardship for the tenant or member? For example, has the tenant/member retired from full-time employment since the last annual review?

Approximate Net Income

The Housing Provider will need to approximate a household member's income for the next 12-months when:

- The NOA and/or Proof of Income Statement are not available; only applicable to 1st year of change or 1st year move-in
- The NOA and/or Proof of Income Statement does not accurately reflect the household's projected income for the next 12-months

Approximated net income (ANI) is not intended to capture short-term fluctuations in income or one-time payments (overtime, bonus etc). To determine the ANI, only ongoing income that is anticipated to be received regularly, until the next annual review, should be used.

If the NOA received does not include or accurately reflect the projected income (ex. foreign pension, private pension, employment or benefit status), then the ANI should be used to calculate the RGI.

All households are required to file their income taxes to remain eligible for RGI subsidy ([O. Reg. 367/11 s.29\(1\)](#)).

Note: In-year reviews will always include an approximate net income calculation and be based on the household's available information.

For further details please see the In-Year Review HIP policy.

**Approximate
Net Income:
Asset
Verification**

Housing Providers may request the following documents from household members to help determine approximate net income:

- Letter of employment on company letterhead, confirming rate of pay and average hours worked per week or month.
- 8 consecutive weeks of pay stubs, if available.
- Ontario Works or Ontario Disability Support Program Social Assistance statement and confirmation of beneficiaries.

For a comprehensive list of income included in the NOA, please refer to Income and Asset Verification Requirements policy.

Once the approximate net income amount is determined, the Housing Provider will subtract all payments from a registered disability savings plan received by the member(s) from the corresponding taxation year.

Questions

If you have any questions pertaining to this document, please contact your Housing Specialist at the Region of Peel.
