

Lambton County Community Services Housing Services Department Policy and Procedure Manual

SUBJECT: Fluctuating Incomes and RGI Calculations		INDEX NO.: 1.019
EFFECTIVE: Dec. 1, 2004	APPROVED: Feb. 2, 2005	REVISED: 02/01/06

Policy:

Ontario Regulation 298/01, Section 50(13) specifies that if a household has income that fluctuates from month to month, the service manager may use the average monthly adjusted household income over a period of time that is considered "reasonable in the circumstances" to calculate geared-to-income rent. The regulations give Service Managers flexibility in determining a reasonable time frame for averaging the monthly income to calculate rent-geared-to-income. This rule does not apply to any part of the household income that is from Ontario Works (OW) or Ontario Disability Support Program (ODSP).

Definitions:

Fluctuating Income: Employment income that changes from month to month, whether or not the source of income changes. The income may be from seasonal, intermittent, or self-employment

Average Monthly Income: The total employment income of a tenant over a number of months, divided by the number of months.

Procedure:

Tenants who start to earn income that fluctuates are required to report their income monthly for the first three months. Thereafter, tenants are required to report and verify income quarterly for the preceding three months.

Employment income will be verified by a signed letter from the tenant's employer(s) giving rate and term of contract (the letter must be signed and on company letterhead), or by pay stubs or statements (bearing company identification). Income from self-employment will be verified by financial statements.

The tenant is required to verify only the part of household income that fluctuates. Verification of any portion of household income that does not fluctuate will be required annually.

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When a tenant starts to earn fluctuating income, rent is calculated each month based on the past month's income for the first three months of fluctuating income.

Starting in month 4, rent will be recalculated every three months based on the average monthly income from preceding three months. If there is a change in the source of income, or the income increases or decreases drastically, the rent may be recalculated more frequently than every three months.

If a tenant's income changes from fluctuating to non-fluctuating, monthly income for the household will be recalculated. RGI will be based on the non-fluctuating income and will be in effect until the next annual review or an income change.

If the household's income fluctuates for 12 months, but the source of the income doesn't change, from then onward the RGI may be calculated on a yearly basis, and the calculation for the next year will be based on the last 12 month's income.

If the RGI is increased, the rent increase will take effect on the first day of the second month following the change of income. If the decision is to decrease the geared-to-income rent, the rent decrease will take effect on the first day of the month following the change.

The process for implementing rent changes and for notifying tenants of rent changes are outlined in Regulation 298/01 Sections 53 and 54. Sections 55 to 59 specify the rules for reviews of decisions.