

## **ASCHA Resolution No. 1 - 2021**

### **Asset Testing**

#### **Issue**

Income testing is part of the rent calculation process used by provincial affordable housing programs, including seniors housing, to determine how much rent an individual in housing will pay for their accommodations. Currently, “income” is determined by the income tax return filed under the Income Tax Act (Canada) for the immediately preceding taxation year, as shown on line 15000 of their Notice of Assessment, less any federal and provincial taxes payable on that income. This is not always representative of the individual’s available means to pay rent, especially when the resident/tenant has considerable assets. This rent calculation process is contributing to unsustainable practices, where revenue streams cannot meet the true fixed costs of operations.

#### **Background**

Provincial housing programs rely heavily on the rent paid by residents/tenants, many of whom are low-income. Eligibility for affordable housing and the Senior Citizens Lodge Program is determined using income only, as outlined in the Social Housing Accommodation Regulation AR 244/94 Schedule D. According to the rent calculations used, some asset-wealthy residents/tenants are able to reduce their income, as shown in Line 15000, to zero by applying capital losses and personal withdrawals. This accounting measure allows asset-wealthy tenants/residents to pay the absolute minimum rent for their accommodation, which is \$120/month. It is important to note that the minimum rental rate has not been changed for over twenty years and is protected in legislation.

This has been an ongoing issue for housing providers, and has been brought to the government’s attention in the form of ASCHA member resolutions, letters and advocacy pieces over the course of two decades. Despite these efforts, little has been done to date to create a more equitable approach to low-income eligibility determinations, rental rate regulations, and sustainable cost-recovery approaches for the provincial housing sector.

The Affordable Housing Review Panel released recommendations, which addressed the need for changes to eligibility and rental rate calculations, as detailed in Recommendation 13 of its report. ASCHA submitted a formal response to the Minister of Seniors and Housing on how to update the regulations in place governing rental revenue allowances and calculations on February 8, 2021.

## **Impacts**

With the rising costs of housing operations and maintenance, maximizing available revenues without negatively impacting residents is the approach operators are taking to ensure sustainability. The current rental rate model creates an inequitable method of income testing where higher subsidies are being offered to asset-wealthy residents/tenants – many of whom have substantial means to pay more rent. All the while, the subsidies these resident/tenants receive are built from revenues collected from low-income residents/tenants, who have no assets, and who rely heavily on government assistance with no additional means of paying rental increases. There is growing burden on low income resident/tenants, municipalities and the province to subsidize the asset-wealthy, which could be alleviated if rent calculations and affordable housing eligibility determinations considered assets and other means beyond reported income on a Notice of Assessment.

## **Call to Action**

As proposed in previous letters and former resolutions of the association, the members of ASCHA call upon the Minister of Seniors and Housing to address the inequities present in current income testing approaches, reliant solely on Line 15000, and implement a new model which considers both assets and a resident/tenant's ability to pay. This should be incorporated into the implementation of recommendations outlined in the Affordable Housing Review Panel Report Recommendations, in accordance with the work currently underway by the Ministry of Seniors and Housing.

**Submitted by the Board of Directors of Mountain View Seniors Housing**  
***Approved by ASCHA Members on April 8, 2021 at the ASCHA 2021 Annual General Meeting***