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**Oral Questions 50-19(2), 136-19(2),
162-19(2), and 167-19(2) Proof of Income
for Public Housing Clients and Rent Scale Policy Review**

This letter is in follow-up to the Oral Questions you raised on February 11, 2020, and March 3, 5 and 10, 2020 regarding Proof of Income for Public Housing Clients and Rent Scale Policy Review.

I can confirm upon reviewing the current rental scales that the Northwest Territories has one of the lowest rent scales in the country.

Please see the attached Northwest Territories Housing Corporation's Verification of Income Policy. I have also made it available on the NWT HC website.

Thank you for your questions and interest in this matter.

Paulie Chinna
Minister Responsible for the
Northwest Territories
Housing Corporation

Attachments

- c. Clerk of the Legislative Assembly
President, Northwest Territories Housing Corporation
Legislative Coordinator, Executive and Indigenous Affairs



OBJECTIVE 2

ENABLING LEGISLATION 2

POLICY CHANGES 2

DELIVERY AGENT..... 3

APPLICABLE COMMUNITIES 3

INCOME VERIFICATION 3

TYPES OF INCOME 5

WAGE AND SALARY EMPLOYMENT 7

SELF-EMPLOYMENT..... 8

ASSET INCOME 11

BOARDERS/ROOMERS 11

EMPLOYMENT INSURANCE (EI) 12

FOSTER CHILDREN 12

IMPACT BENEFIT INCOME 12

INCOME SECURITY/SUPPORT/SOCIAL ASSISTANCE 13

LAND CLAIM SETTLEMENT 13

LUMP SUM VERSUS STREAMED PAYMENT INCOME 13

MATERNITY AND PARENTAL LEAVE 14

NORTHERN ALLOWANCE 14

PENSION INCOME..... 14

SEASONAL EMPLOYMENT INCOME 15

STUDENT INCOME..... 15

TRADITIONAL EMPLOYMENT INCOME..... 16

TREATY ENTITLEMENTS..... 16

GLOSSARY 17

NOTES 22

APPENDICES – CARE MAJOR PROGRAM 23



OBJECTIVE

The Northwest Territories Housing Corporation (NWTHC) delivers programs to persons with limited financial resources who are either in need of a home or who require assistance to maintain or repair their home. The goal of Income Verification is to help applicants demonstrate that they qualify for assistance and ensure that all applicants have their income verified accurately and consistently across the NWT.

ENABLING LEGISLATION

Northwest Territories Financial Administration Act

The NWTHC must operate within the parameters established under the *Financial Administration Act*: Part IX Public Agencies.

Northwest Territories Housing Corporation (NWTHC) Act (R.S.N.W.T. 1988, c. N-1)

Section 10 (d) The NWTHC may “make grants or loans to individuals, municipalities and other corporate bodies for acquiring, constructing or improving housing;”

Section 10 (j) The NWTHC may “prescribe forms of mortgages, agreements and other documents and execute and deliver deeds, grants, conveyances, transfers, releases, discharges or other documents as may be necessary in the conduct of its business.”

POLICY CHANGES

Any requests for changes to this policy must be submitted on a *Request for Policy Review Form* to the Programs & District Operations Division in Head Office. The NWTHC Executive Committee must approve any changes before taking effect.



DELIVERY AGENT

The NWTHC is responsible for the delivery of all of the programs.

APPLICABLE COMMUNITIES

Income Verification applies to all NWTHC programs and all communities in the NWT as well as applicants who reside outside community boundaries.

INCOME VERIFICATION

Income verification is required for acceptance into NWTHC Housing Choices programs and for determining the level of assistance.

Annual or periodic verification of income is also required for clients who have received assistance under past and current NWTHC programs.

The District Office must refer to the specific program agreement or program policy to determine the frequency by which income verification is required.

All income verification documentation must be copied and retained on file for auditing purposes.

If a person has been in an indeterminate position (full-time or part-time) for a period of one year or more, the current year's income must be used and verified accordingly. Where current year income is **not** representative of the true nature of an applicant's earnings, please consult with the Programs & District Operations Staff in Head Office.

In all other cases (such as casual, seasonal, term or self-employed), an average of three (3) years income is required (current year income and the two preceding years), which is verified through the Canada Revenue Agency (CRA).



Where it is suspected that an applicant has not declared all income or purposely terminated their employment in order to be below the Core Need Income Threshold, then a three (3) year average of income should be verified through the Canada Revenue Agency.

In cases where the income is verified through the CRA and the report shows the applicant has not filed their income tax return(s)**, it will not be possible to verify income. Therefore, clients should be counselled to file their income tax return(s) so their income can be verified.

*** A working copy of the income tax return cannot, in any case, be used as verification of income, only the income tax return with the Notice of Assessment is acceptable.*

While some references may be made to the Canada Revenue Agency's treatment of certain types of income, the various deductions, exemptions, and expenses permitted by CRA in determining taxable income do not apply when determining total income for eligibility under NWT HC programs.

In situations where clients are married or living common-law, the NWT HC considers assistance to be given jointly to the client and his/her partner. As such, verification of income policies and procedures apply to both spouses/common-law partners.

Processing SAFE Applications:

As the SAFE program is designed to address repairs that of an urgent and emergency nature, it is necessary for District Offices to process applications promptly.

It is recognized that verifying incomes through CRA can cause delays. District Office may take alternative measures to determine the current household income if a CRA VOI is not readily available. These measures include:

- Examination of other readily available documentation, such as from previous applications or programs;



- The applicant has provided sufficient current income information;
- The applicant's household occupants are documented and if their income levels (work history) are relatively known.

If the District Office is reasonably certain of the household income and can document it, District Directors are encouraged to approve the application and move forward with repairs.

Should District Offices require further clarification on determining household income, they are encouraged to consult with PDO prior to approving the application.

TYPES OF INCOME

The following income types require verification and are *included* as income:

- Gross wages, salaries and commissions, including overtime, (i.e. before taxes and other deductions) from all jobs held by applicants, including students – 19 years of age and older
- Alimony received by a household member
- Apprenticeship and job training wages as well as employer education assistance
- Bilingual Bonus
- Boarder Rental Income
- Capital gains** and losses
- Child Support Payments
- Child (Day) Care Assistance
- Child Maintenance Enforcement Payments
- Foster Care payments received for children being cared for on behalf of the GNWT Department of Health & Social Services or a Provincial Children's Aid Society.
- Fuel Subsidy Program as offered by a Government as a program
- Honoraria income and per diems from committee employment
- Impact Benefit Agreement (IBA) payments
- Investment income such as interest and dividends
- Maternity and Parental Leave Benefits (*See section for details*)
- Northern Allowance



- Property Rental Income
- Refundable tax credits such as
 - GST Tax Credit,
 - Canada Child Tax Benefit (CCTB),
 - National Child Benefit Supplement (NCBS),
 - Child Disability Benefit (CDB),
 - Northwest Territories Child Benefit (NWTCB)
- Refunds of pension contributions
- Registered Disability Plan – withdrawal
- Registered Retirement Savings Plan – withdrawal
- Royalties
- Settlement, Housing, Household, Home Fuel (Heating), Location, Isolation Post, Northern allowances
- Scholarships and Bursaries
- Self-employment income (which includes hunters, trappers, carvers, artists, outfitters, guides, including sport hunt etc.)
- Severance pay or retiring allowance
- Streamed Payment Income i.e. Retired Investment Fund
- Strike and sick pay from trade unions
- Student Financial Assistance (SFA)
- Treaty/land claims
- Treaty Entitlements – (i.e. small annual payments)
- Vacation Travel Allowance (VTA)
- Transfer payments from all levels of government.
For example:
 - Old Age Security Pension (OAS)
 - Canada Pension Plan (CPP)
 - Canada Pension Plan (CPP) Survivor Benefits
 - Canada Pension Plan (CPP) Disability Benefits
 - Disability Pension
 - Divisional Education Councils' Boarding and Lodging Allowance – see *Glossary*
 - Employment Insurance Benefits
 - Family and Youth allowances, including the Universal Child Care Benefit (UCCB)
 - Guaranteed Income Supplement (GIS)
 - Income Assistance, Income Support, Income Security, Social Assistance
 - Income Maintenance or guaranteed annual wage plan, Wage-loss replacement plans or income-maintenance insurance plans
 - NWT Senior Citizen Supplementary Benefit
 - Quebec Pension Plan



- Research Grants
- Retirement Pensions, Superannuation and Annuities
- Veteran's Allowance
- Workers Compensation (applicant/co-applicant only)

The following income types are *excluded* as income and verification is **NOT required:**

- Disability Benefits (if received in a lump sum)
- Inheritances during the year in lump sum or lump sum settlement of insurance policies. **

** The District Director may decide to include this income for analysis if the financial gain is substantial enough that the client no longer qualifies for social housing assistance due to an abundance of assets or wealth.

WAGE AND SALARY EMPLOYMENT

Mortgagor(s) or household members with a wage income are required to have their employer(s) complete a verification form. Wage and salary employment income verification from all employers is required for the current year.

Income verification documentation for wage employment must show a breakdown of earnings identifying allowances, overtime**, bonuses, vacation travel assistance, honoraria. A separate verification form is required for miscellaneous or for second (multiple) employment sources of income. All sources of income must be verified.

**Please note that the verifications provided by a person's employer(s) must include overtime if it is representative of the true nature of an applicant or client's earnings each year. If overtime is very rarely earned then the amount does not need to be reported by the employer(s).



SELF-EMPLOYMENT

It is the prerogative of the NWT HC to assess a sole proprietor's income in a fair manner, equal to salaried applicants.

The goal of determining a sole proprietor's income is to find a dollar amount that would accurately portray a sole proprietor's income as though it were a salaried income.

Verification of income for individuals deemed to be self-employed involves analysis of gross business income, total business expenses, gross profit, capital cost allowance, and specific elements of business expenses as "non-eligible expenses".

For example, "non-eligible expenses" relate to housing, heating, food, telephone, utilities, property taxes, rent, motor vehicle expenses, lease payments, legal and accounting fees, and travel expenses. Naturally, salaried applicants do not receive a tax break for these expenses therefore the tax break received by a sole proprietor should not be recognized by the NWT HC.

Note: If a self-employed individual receives a salary from another employment, this is considered income as well.

The District Director must consult with the District Controller/Finance Manager or the Director, Finance & Administration when determining net income for self-employed applicants.

Self-employed applicants are required to provide income verification for a three (3)-year period although a two (2)-year period is acceptable as a last resort in extenuating circumstances. The income is averaged for the period of time. (Anything less than two years is not acceptable.)

Income Tax Returns and financial statements are analyzed in the income verification process.

The T1 General - Individual Income Tax Return form is required for analysis in the income verification process.



Depending on the Sole-Proprietorship, one of the following is also required:

- T2125 Statement of Business or Professional Activities;
- T2121 Statement of Fishing Activities;
- T2042 Statement of Farming Activities;

The District Controller must ensure that three (3) years of financial and tax documentation have been collected and that the information is complete. Both the T1 General and T2125 Business and Professional Activities Forms is be obtained to verify this information.

The District Controller must analyze Gross Business Income with respect to its consistency from year to year to ensure a stable financial environment.

The District Controller must analyze the amount of the Capital Cost Allowance for the past three (3) years. Look to find evidence of investment in the business.

If there is evidence the client is not investing in their business, it is up to the discretion of the Controller to determine whether an applicant can afford the costs associated with owning a home. If there is evidence that the client is investing too much in their business, the Controller can decide that the sole-proprietor is unable to take on additional investment in a homeownership program and therefore deny NWT HC assistance.

Numerical designation for information on T2125 (Statement of Business & Professional Activities) tax form is as follows:

Gross Business or Professional Income = Line 8299

- Total Business Expenses = Line 9368

Gross Profit = Line 8519

Capital Cost Allowance = Line 9936

Ineligible Expenses:

- Meals and Entertainment = Line 8523
- Insurance = Line 8690



- Interest = Line 8710
- Legal, accounting and other professional fees = Line 8860
- Rent = Line 8910
- Property Taxes = Line 9180
- Travel = Line 9200
- Telephone and utilities = Line 9220
- Motor vehicle expenses = Line 9281
- Other Expenses = Line 9270.

The process explained using example in Appendix A.

Numerical designation for information on T2121 (Fishing Activities) tax forms are as follows:

- Gross Income = Line 8299
- Total expenses = Line 9368

Capital Cost Allowance = Line 9936

- Insurance = Line 8690
- Interest = Line 8710
- Food, meals and entertainment = Line 8523
- Motor vehicle expenses = Line 9281
- Legal, accounting and other professional fees = Line 8860
- Other Expenses = Line 9270

Numerical designation for information on T2042 (Farming Activities) tax forms are as follows:

- Gross Income = Line 9659
- Total expenses = Line 9898

Capital Cost Allowance = Line 9936

- Interest = Line 9805
- Motor vehicle expenses = Line 9819
- Legal, Accounting and other professional fees = Line 9809
- Property Taxes = Line 9810
- Rent = Line 9811
- Note: any one of these expenses may also be listed in "Other Expenses", line 9790



ASSET INCOME

Any income derived from assets or the sale of an asset shall be included for income verification.

The District Controller must analyze the nature of the investment.

A client's T1 General will show lines 120 and 121. If there are any amounts shown on these lines, there is evidence of personal assets.

Real property is considered an asset and a financial statement is required to determine the net worth. If the real property is or was residential, the applicant will not be eligible for NWTCH assistance.

A foreign bank account is considered an asset and the balance is required for analysis.

In general, a client is ineligible for NWTCH assistance if they have assets that are marked by abundance, or if they have a high level of equity.

It is recommended that these cases be forwarded to the Finance & Administration Section in Head Office for review.

BOARDERS/ROOMERS

Boarders unrelated to the applicant or co-applicant, are not considered to be permanent household members. The rents received for room and/or board are included in the total household income. Spouses are not considered as boarders/roomers or dependants.

In order to be considered bona fide boarders, the household must be able to prove that rent is being paid, either through copies of cheques, receipts or income tax returns. Otherwise the boarders should be treated as household members.



EMPLOYMENT INSURANCE (EI)

Income verification on Employment Insurance is obtained through the *Canada Revenue Agency* or *Service Canada*.

Employment insurance is a temporary source of income; therefore, a 3-year evaluation of the applicant's employment history should be conducted to determine financial stability for program eligibility and to remain in their current program. An analysis of future or potential earnings is required.

For the purposes of determining a monthly payment amount for a client in an existing program the client's EI Benefits are to be verified and used as income.

If applicants/clients are recipients of EI due to maternity or parental leave benefits please see Maternity & Parental Leave section on the next page.

FOSTER CHILDREN

Money (Foster Care) paid by the GNWT Department of Health & Social Services or paid by other provinces or Children's Aid Societies for the care of children is included as income.

IMPACT BENEFIT INCOME

In general, impact benefit income is derived from a negotiated "access and benefits agreements" between the affected land claimant group and a business or corporation from the mining or oil sector. These agreements address the costs for a particular business or corporation to access land overseen by the land claimant group. Some groups may decide to pay dividends while others may negotiate employment targets, etc.

These payments will be included in income.



INCOME SECURITY/SUPPORT/SOCIAL ASSISTANCE

Applicants receiving payments through an income security or income support program from either a Federal, Territorial and/or Municipal Government are to provide supporting documentation. In the NWT, this document is called a *Financial Case Report* and is provided by a Client Services Officer from the GNWT's Department of Education, Culture & Employment (ECE).

LAND CLAIM SETTLEMENT

The following payments made to persons enrolled as beneficiaries or participants under a comprehensive land claim settlements shall be included as income:

1. Payments in the nature of a distribution of income or capital from land claim settlement institutions; and
2. Payments made to seniors or students from institutions established under the land claim settlement in pursuit of land claim settlement objectives.

Where self-government forms part of the land claim settlement the paying out of dividends based on what their land claim earned is included in the calculation of income. Any money paid out based on their "government funded" services is **included** as income.

LUMP SUM VERSUS STREAMED PAYMENT INCOME

Payment received in one disbursement, also known as lump sum, such as inheritances, disability awards, insurance settlements etc., are NOT included in calculating total household income, unless noted otherwise under the section **Types of Income.**

Payments received on a periodic or regular basis, e.g. weekly, monthly, annually, such as interest on investment etc., are included in calculating total household income, unless noted otherwise.



MATERNITY AND PARENTAL LEAVE

For eligibility purposes and determining the level of assistance for a program the applicant's ordinary/regular/pre-maternity or parental leave wages are to be verified and used as income. For the purposes of payment for an existing program a client's maternity or parental leave wages (employer share & EI Benefits) are to be verified and used as income.

NORTHERN ALLOWANCE

All applicants/clients whose verified gross earnings includes one of the following: northern, settlement, household, housing, location and isolation post allowance will be included as income.

PENSION INCOME

All pension income is included for income verification. Pension income can be governmental or private and includes:

- Old Age Security;
- Guaranteed Income Supplement;
- Canada Pension Plan;
- Quebec Pension Plan;
- Widow Pension;
- Orphan Pension;
- Survivor Pension;
- Disability Pension
- RRSP Pension
- Private Pension (i.e. GNWT)

Pension income is verified through the Canada Revenue Agency (CRA) or by a photocopy of the applicants' CRA's *Notice of Income Tax Assessment*.

If an applicant or client has retired from an employer during the last three (3) years and the retirement pension is their sole source of income; using the CRA 3-year average method will mistakenly overstate their income. Only the most current CRA assessment is required or a



verification from the administrator of the specific pension plan.

Old Age Security (OAS) and Canada Pension Plan (CPP) recipients receive T4/NR4 tax slips, which they can also access on-line through their *Service Canada Account*. Not only can they view and print their tax slips, they can also view their most recent OAS and CPP payment rates and their CPP contributions.

To access *My Service Canada Account*, a Personal Access Code is required. Applicants can apply for a Personal Access Code on-line:

<http://www.servicecanada.gc.ca/en/online/mysca.shtml>

Please note that if an applicant receives even \$1.00 in Federal Guarantee Supplement money they automatically receive the NWT Senior Citizen Supplementary Benefit of \$160.00. Please add the \$160.00 to the Gross Income; additional verification is not needed for the \$160.00.

SEASONAL EMPLOYMENT INCOME

Income verification is required for a three (3) year period. The seasonal income is averaged for the period of time.

STUDENT INCOME

A person, who is simultaneously (at the same time) registered as a full-time student and is earning full-time wages or working part-time in excess of 30 hours, will have their earning **included** & assessed as income. The earnings of a full-time student who works part-time, 30 hours or less; or works full-time only during an official break in the school year are **excluded** as income.

All earnings of part-time students 19 years of age and older is **included** as income, unless otherwise stated in the Program Policy.

All student allowances such as books and tuition will be included as income.



TRADITIONAL EMPLOYMENT INCOME

Individuals involved in employment that is considered Traditional employment are recognized as taking part in a form of self-employment.

Recognized forms of Traditional employment include: Hunting and Trapping, Sports Hunt, Fishing, Production & Sale of Indigenous art, and any other traditional endeavour in which income is derived.

Income verification is obtained from the individual or company where the applicant sells his/her goods, for example Northern Stores, Co-op or Wildlife Office. Income verification is required for a three (3) year period. The income is averaged for the period of time.

If this documentation is unavailable the applicant will be considered a Self-Employed individual with a non-incorporated business and their income will be verified using the method described under the section *Self-Employment*.

TREATY ENTITLEMENTS

In most cases dividends and treaty payments are small annual payments. Historically Aboriginal Land Claims or Treaty payments were aimed at helping people live traditionally (buy traps, hunting supplies etc.). These payments are included for the purposes of determining income.



GLOSSARY

Alimony: Payments required by any court order for support, based on the Federal Divorce Act or relevant provincial/territorial legislation, and; payments required by a legal domestic contract such as a separation agreement, a paternity agreement, marriage contract or cohabitation agreement.

Boarders/Roomers: Boarders and roomers are unrelated individuals living in a unit and paying rent to the household for shelter or room & board services. They are not considered permanent members of the household.

Capital Cost Allowance: Is a tax term for depreciation. For tax purposes, Revenue Canada allows self-employed persons to deduct a portion of the cost of depreciable property such as equipment and buildings used in the business itself. This is allowed primarily because these types of properties wear out or become obsolete over time.

Child: A person related by blood, marriage, common-law or adoption to other members of the household (applicant or co-applicant) and less than 19 years of age.

Child Tax Benefit: Was originally introduced in January 1993 as a replacement to payments made under Family Allowance, the Dependant Child Tax Credit and the Refundable Child Tax Credit.

Dependant: A child (as defined above) who lives at least 50% of the time with the applicant and co-applicant.

Depreciation: This refers to an item which diminishes in value over time.

Divisional Education Councils' Boarding/Lodging Allowance: This is money paid on behalf of high school students who are attending high school in another community because their home community does not offer a high school program. Typically this rates range from \$25 - \$40 per day per student, excluding holidays and is dependent on the student attending classes.



Fraud: Intentional misrepresentation or concealment of income information in order to deceive or mislead the Corporation. Fraud is a deception or falsity deliberately practiced in order to secure unfair or unlawful gain. It should be considered as any act, expression, omission, reckless disregard toward truth, or concealment of information calculated to deceive the Corporation to the client's advantage. All cases of fraud will be reported to the Royal Canadian Mounted Police.

Foster Children: Children who are either permanently or temporarily in the care or custody of the government department or agency that is responsible for the protection of children. These children are placed in homes designated by the government department or agency. Foster children are not considered to be permanent household members of the designated Foster Parent(s).

Full-Time Student:

Attending an Educational Institution

This definition applies to students who attend classes at an educational institution. The institution must confirm the status of the student as "full-time". The student is required to spend a minimum of 15 hours per week on coursework.

Obtaining Education via Distance Learning

This definition applies to students who do not attend an educational institution, but follows a course of study which is delivered in a variety of ways which may include, internet or on-line courses, correspondence courses, and teleconference courses. This type of student may be classified as a full-time student if the institution providing the distance learning courses confirms that the student is required to spend a minimum of 15 hours per week on coursework.

The institution must provide estimates of the hours a course will likely require from a student. Persons holding a full-time job position are not considered a full-time student.



Honorarium: Payment that is made to a person for services for which fees are not legally or traditionally required, without obligation on the part of the payer. (A person elected to a Board of Directors may receive an honorarium).

Household: A person or a group of persons who occupy or who have need of a dwelling in the NWT and do not own another property elsewhere (worldwide).

Income in Kind: The value of goods or services that are received from another person in lieu of cash for other goods or services provided. Examples of such income include food, smoke meat, and butchered wildlife.

Mortgage: A contract between a borrower and a lender used as a method by which individuals buy or repair residential property without paying the full value upfront. The borrower (also called the mortgagor) uses a mortgage to pledge real property to a lender (also called the mortgagee) as security against the debt or loan for the rest of the value of the property.

Mortgagee: An entity that lends money to a borrower for the purpose of purchasing a piece of real property. By accepting a mortgage on the real property the lender creates security in the full repayment of the loan in the future.

Mortgagor: An individual or couple who borrow money to purchase a piece of real property. The Mortgagor provides the lender with a guarantee for the full repayment of the loan.

National Child Benefit (NCB): Is a joint initiative of the federal, provincial, and territorial governments. For more information, visit NCB Web site:

www.nationalchildbenefit.ca

Pension: Is an arrangement to provide people with an income when they are no longer earning a regular income from employment.

Real Property: Refers to the land. **Real estate** is a legal term that encompasses land along with anything



permanently affixed to the land, such as buildings. Real estate is often considered synonymous with real property.

Registered Retirement Savings Plan (RRSP): A legal trust registered with the Canada Revenue Agency and used to save for retirement.

Self-Employment: An applicant is considered self-employed if one or more of the following apply:

- An individual who earns income directly from their business, trade or profession, rather than at a specified wage or salary;
- An individual registered or recognised as the owner, majority shareholder, or partner of a business or company;
- An individual registered or recognised as having controlling interest in a company or business;
- An individual who receives payment from consumers as a result of providing goods or services through trade or profession.

Senior Citizen: For NWT HC programs, a person 60 years old or older.

Single-Parent Family: One parent and at least one child dependant on that parent.

Streamed Payment Income: Payments received on a periodic or regular basis, e.g. weekly, monthly, annually, such as interest on investments or insurance policies.

Total Household Income: Total income of the household member(s) before tax deductions.

Travel/Living Out Allowances: Travel or living out allowances of any household member are actual amounts reimbursed by the employer for work-related expenses.

Universal Child Care Benefit (UCCB): Started in July 2006 as a new monthly benefit paid to eligible families to help provide child care for children less than six years of age. The UCCB provides families a \$100 monthly payment (up to \$1200 annually) for each child less than six years of age. It will be paid separately from the Canada Child Tax Benefit (CCTB). The UCCB is taxable.



VOI

(Verification of Income)

Glossary

Wage & Salary Employment: Any permanent full-time or part-time, indeterminate or a term position of one year or longer.



VOI

(Verification of Income)

Appendices

APPENDICES – CARE MAJOR PROGRAM

Appendix A: **Worksheet**
Business and Professional Activities for the
Self-employed
Fishing Activities
Farming Activities

LHO TENANT RELATIONS MANUAL – 302 – Assessing Rent – Rent Scale

1. Introduction

The NWTHC updated its rent scale for its *Public Housing Program* in 2012.

The NWTHC's rent scale for its *Public Housing Program* calculates the monthly rental rate based on the tenant's annual earnings. The Rent Scale is designed to ensure a consistent and fair rent assessment process by ensuring that tenants pay a monthly rent that is calculated in proportion to their annual earnings.

There are minimum and maximum rents. No household will pay less than \$70 per month for rent; or more than \$1,625 per month for rent. For people at the minimum rent, rent will be about 4% of their gross income which is much lower than the 30% affordability standard. The maximum rent will be about 19.5% of gross income.

The Rent Scale introduced greater stability and consistency in rent calculation by incorporating prior year's income as the primary method of verifying income. Greater certainty in monthly rent payments supports tenants in their own financial planning.

The use of CRA tax information fosters self-reliance of our tenants and promotes administrative efficiency of the program. The use of CRA tax information provides an accurate means of determining and verifying tenants' income.

The rent scale reflects consistency between communities by using three zones to reflect cost of living differences.

2. Policy

The following chart is the NWTHC *Public Housing Program* Rent Scale by Gross Annual Household Income and monthly rents by Zones.

ANNUAL SCALE CHART

Annual Income	Monthly Rent		
	Zone A	Zone B	Zone C
< \$20,004	\$80	\$75	\$70
\$20,004 - \$29,988	\$160	\$150	\$140
\$30,000 - \$44,988	\$365	\$345	\$325
\$45,000 - \$59,988	\$610	\$580	\$555
\$60,000 - \$80,088	\$890	\$845	\$790
\$80,100 - \$99,996	\$1,295	\$1,230	\$1,155
\$100,008 or More	\$1,625	\$1,545	\$1,445

The NWT HC classifies the communities into three zones adapted from the Statistic Canada's Living Cost Differentials. This ensures that the same rent is charged in communities within each zone.

Zone A Communities: Yellowknife, Hay River, Fort Smith, Inuvik, Norman Wells, and Fort Simpson.

Zone B Communities: Detah/Ndilo, Hay River Reserve, Enterprise, Behchoko, Fort Liard, Fort Providence, Kakisa, Jean Marie River, Nahanni Butte, Fort Resolution, Gameti, Whati, Sambaa K'e (Trout Lake), Wekweeti, and Wrigley.

Zone C Communities: Fort McPherson, Tsiigehtchic, Tulita, Lutselk'e, Aklavik, Tuktoyaktuk, Deline, Fort Good Hope, Paulatuk, Sachs Harbour, Ulukhaktok, and Colville Lake.

Calculating Monthly Rent

Monthly rent for the upcoming year will be based on the total gross income verified by information from Canada Revenue Agency (CRA), Line 150 from the Notice of Assessment, from the previous year's annual tax return, of all household members aged 19 years or older.

Tenants who are unable to immediately provide CRA information will have their monthly rent calculated based on other acceptable forms of annual income information as verified by the NWT HC.

Tenants that do not provide income verification are not eligible for a rent subsidy and shall be charged maximum rent; although, this shall be adjusted once income verification is provided.

Local Housing Organizations (LHOs) may not charge tenants maximum rent simply because a tenant has fallen into arrears. Legally, only over-holding tenants can be charged maximum rent when a Rental Officer (or Court) Order has been issued.

Territorial Housing System (THS)

All LHOs shall use the Territorial Housing System (THS) to enter all applicants and tenant information.

Canada Revenue Agency (CRA)

Effective July 01, 2016, the NWT HC began using income from the CRA electronic data exchange. Income will be Line 150 from the previous year's Notice of Assessment and THS will automatically complete the annual rent assessments and re-assessments.

The assessment period will be from July 01 to June 30 of the following year.

Existing tenants, who reach the age of 19 during the rent assessment period, will have their income captured on the following July 01st and the monthly rent going forward will reflect their income. Income earned by an individual who is not yet 19 years of age is not assessed and will not be considered in the calculation of rents.

The LHOs will no longer be authorized to submit/fax the CRA form directly to Canada Revenue Agency; once the applicant/tenant has signed the consent form, the CRA consent form box in THS must be checked. Once this is done, CRA will automatically submit the income information to THS.

Seniors

To lower the impact of the rent scales, there will be a monthly income exemption of up to \$1,000 for each senior in the household as part of the calculation of income. This shall lower the rent for seniors compared with other households earning similar incomes.

Security of Information

As required by CRA, access to income information is restricted to a small number of NWT HC Headquarters staff members who have undergone a criminal records check. Income information may not be shared with anyone not authorized by CRA. Income information is properly stored and meets standards required by the *Access to Information and Protection of Privacy Act*.

3. Application

These policies and procedures, apply to all Housing Authorities, Housing Associations and Housing Divisions of community governments (Local Housing Organizations (LHOs)), which act as agents for the NWT HC in the management of rental housing units belonging to the *Public Housing Program*. The policies and procedures also apply to applicants/tenants for the *Public Housing Program*.

4. Definitions

Lessee: A person to whom a lease is granted to rent a public housing unit from the LHO. This person is also called the tenant or leaseholder.

Maximum Unit Rent: The maximum unit rent that is allowed to be charged under the 2012 rent scale. No tenant will pay more than the maximum unit rent for their unit.

Overholding tenant: A tenant who will not vacate the premises after the tenancy has expired or been terminated by a valid notice to vacate and/or a Rental Officer Order.

Income Verification forms: For existing tenants and with PDO approval, tenants who have not filed their taxes must provide other forms of verification of income. The only acceptable forms that are to be used in these cases are the Verification of Income (wages), Income Assistance, Income Support, Student Financial Assistance, Employment Insurance or computer printout of benefits or pension statements. These blank forms are located on THS.

Partial Income reporting: Incomplete reporting of income by one or more household members. For example, if only one (1) of the three (3) lessees provides their CRA income or other income information and the other two (2) do not provide any income verification, the Rental Officer has stated that the rent must be calculated using the income information on hand for the household. The LHO would then have to submit the file to the Rental Officer to apply for an Order to pay rent on time, report all income on time, termination of tenancy and eviction.

Public Housing Rental Units: Dwellings owned, or leased, by the NWT HC which are administered and maintained by the LHO for the *Public Housing Program*. These dwellings are made available to those residents in the community who are unable to afford or find adequate and suitable housing.

Tenant: A person who pays rent in return for the right to occupy a public housing rental unit under a rental agreement.

Total Gross Household Income: Is the income indicated on line 150 of the CRA Notice of Assessment. This income also includes the total income before any deductions from all sources for all household members.

5. Procedures

Applications/Applicants

In order to be eligible for Public Housing, the household must be below the Rental CNIT.

The Tenant Relations Officer (TRO) must have all household members aged 19 and older sign the CRA consent form. Once the form is signed and the "CRA Consent" box in THS is checked, CRA will electronically provide Line 150 income information. Once all the income information is received and the household income is deemed to be below the Rental CNIT, THS will allow approval of the application. In order to determine if applicants are below Rental CNIT and to verify line 150 information, applicants must file their taxes annually.

If applicants refuse to sign the CRA consent form, which allows for the electronic transfer of data, the LHO will not be able to proceed with the application as CRA data is the only acceptable form of income verification.

For existing approved (prior to July 01, 2016) applications, if applicants have not signed the CRA consent form, the LHO will not be able to allocate a unit until the electronic CRA information has been received.

Where previous year's CRA income is not representative of the applicant(s) current income, the LHO will submit a written request to the District office to review the application. The LHO must provide the District Office with proof that the income has changed. Acceptable documentation will include a copy of the ROE, EI approval letter, Income Assistance verification, Income Support verification or Verification of Income form.

Once the District Office has determined that a tenant's household income has changed, a request will be submitted to Programs and District Operations (PDO) to add the new income information.

The applicant must also be counselled to notify the LHO if there is a further change in income such as obtaining other employment which would affect their application.

Annual Rent Assessments

Effective October 01, 2015, as a means to test the upcoming change, LHOs began using CRA information from the previous tax year to assess rent on an annual basis.

As of July 01, 2016, the NWTHC formalized the process to calculate public housing rents using Line 150, gross income for the previous year. This information is now provided by CRA electronically to THS in order to calculate rent to June 30th of the following year.

Rent assessments are fixed for the year. Tenants who experience fluctuations in monthly income continue to pay their rent assessment as determined by the annual income verification, unless the income change is significant enough to move their assessment to a lower bracket. Refer to the section on monthly assessments for further detail

During the month of June, CRA will electronically download the income stated on Line 150, from the previous year's Notice of Assessment, to THS. Based on this information, THS will automatically complete the rent assessments for the period of July 01 to June 30 of the following year.

Existing Tenants Who Refuse To Sign The CRA Consent Form

THS cannot assess rent for tenants who have not signed the CRA consent form.

Tenants who are unable to immediately complete the consent form will be permitted time to provide it. Alternatively, they may provide a copy of their Notice of Assessment to the NWT HC District Office, which can be used to calculate rent. If they are unable to provide a copy of their Notice of Assessment, then they must provide another acceptable form of income verification such as the Verification of Income form. Once CRA information becomes available for these tenants, the NWT HC will use the information to verify the accuracy of the reported income. LHOs will continue to provide counselling to sign the consent form.

Existing Tenants Who Sign The CRA Consent Form But Have Not Filed Their Tax Returns

As of July 1, 2016, tenants will be charged Maximum rent if no household member has filed their tax returns, as there is no income upon which to base a subsidy.

In situations where CRA reports that a tenant has not filed their income taxes, the tenant must provide alternative, acceptable income information to the District Office for verification. Once the District Office is satisfied that the income information provided is accurate, they can submit the request to PDO to complete the rent assessment.

Once CRA information becomes available for these tenants, PDO will use the information to verify the accuracy of the monthly reported income.

The District Office and LHO staff will continue to counsel these tenants on the importance of filing their tax returns on time. The NWT HC/LHO must ensure that the tenant is aware that there are many benefits to filing their taxes, including Child Tax Benefits, GST rebates and Guaranteed Income Supplement (GIS).

Partial Income Reporting

In multi-lessee households, there may be situations where one of the lessee's is unable to immediately provide CRA data.

THS will not automatically calculate rent for households who provide partial income verification. The District Office will assist the LHO in obtaining the missing CRA data. Once

all the CRA income has been received, THS will calculate the rent. Rent will be manually calculated on the partial income provided to the NWTCH.

If any tenant refuses to provide income information, the LHO will have to submit an application to the Rental Officer to have all lessees provide their income. At the same time, the LHO would also apply for an Order to pay rent on time, report all income on time, termination of tenancy and eviction in case the lessees do not comply with the Rental Officer order.

Income Assistance Tenants

CRA information provided on Line 150 for tenants receiving Income Assistance may be incorrect as it may include Market Rental payments which would inflate the tenant's annual income. In order to determine the actual amount of assistance received for the previous year, it will be necessary to obtain a copy of the tenant's Financial Care Report (FCR) along with a written confirmation from the Department.

Self-Employed Tenants

For self-employed tenants, CRA will not be able to electronically provide Line 150 information to THS and therefore no rent will be assessed.

The tenants will have to provide the LHO with either the T2125 (Statement of Business or Professional Activities), the T2121 (Statement of Fishing Activities) along with the T1 General Tax information for the past 3 years. The LHO will submit this information to the District Office, Manager Programs or Programs Advisor to calculate the yearly income. This information will then be sent to PDO to complete the rent assessment in THS.

Seasonal Workers

Seasonal workers, whose incomes fluctuate, will be counselled by the NWTCH/LHO to accept the yearly rent assessments. The income reductions which are part of the normal yearly earning pattern of a seasonal worker will likely not lower the total rent payments as depicted in the chart below. Line 150 from the last three years of the CRA Notice of Assessment will be reviewed by PDO to determine average annual incomes. If the current rent is reflective of the average annual income, no rent reductions will be made. LHOs will provide counselling on budgeting to tenants who earn seasonal income, including encouraging them to participate in the NWTCH's Solutions To Educate People (STEP) program. The example below depicts a typical scenario of a seasonal worker. In this scenario, the tenant would actually pay less rent over the course of the year while on an annual assessment.

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Firefighter	1840	1840	1840	1840	5500	5500	5500	5500	5500	1840	1840	1840	40380
Monthly	140	140	140	140	790	790	790	790	790	140	140	140	4930
Annual	325	325	325	325	325	325	325	325	325	325	325	325	3900

Tenants Working On Reserves

Tenants working on reserves will have to provide pay stubs and/or other acceptable income verification such as their T4 slips, as they may not pay taxes and therefore may not file income tax returns with CRA. The LHO will obtain the CRA information for the tenants who have filed their taxes to submit to PDO. Rent will be assessed by PDO annually based on income information reported on Line 5363 or Line 5875.

Tenants 19 Years Of Age

A tenant turning 19 years of age must provide their SIN to the LHO and sign the CRA form.

Here are a couple of scenarios:

- A tenant who turns 19 during the tax year (January to December), will have their income assessed and **included** in the rent calculation for the following July 1st rent assessment.
- A tenant who turns 19 on March 20, 2016 would result in their income **not being included** in the household rent calculation until July 01, 2017.
- A tenant who turns 19 on December 25, 2016 would result in their income **not being included** in the household rent calculation until July 1, 2017.

Move in/Move out

All residents, age 19 and over, of the household that move in during the year will have their incomes assessed and the household rent will be adjusted to their move-in date. When these residents move out, the rent will be re-assessed on the revised household income.

Rent Assessments Prior To June 30, 2016

For any rent assessments prior to July 01, 2016, the LHOs will still have the ability to complete these re-assessments using income information the tenant has provided.

Decrease In Income

If tenants experience a decrease in income, the LHO will submit a written request to the District Office Programs Manager/Advisor to review the file to determine whether or not a rent re-assessment is required.

The LHO must provide the District Office with proof that the tenant's income has decreased. Acceptable documentation will include a copy of the ROE, EI approval letter, Income Assistance verification or verification of income form. In addition, the LHO will provide the District Office with proof of the income of all other household members aged 19 years and older.

Once the District Office has determined that a tenant's household income has decreased, and rent re-assessment is required, a request will be submitted to Programs and District Operations (PDO) for evaluation and processing.

Monthly Assessments

The use of monthly assessments will be reviewed by PDO and will be approved by PDO on a case by case basis. Monthly assessments may apply to tenants with no income or work history therefore no previous or current CRA information would be available or to tenants whose incomes change drastically from month to month. PDO will conduct an annual audit using CRA information for all tenants on monthly assessments, in order to verify the accuracy of the monthly reporting. Income/rent discrepancies will be reviewed and analyzed for future policy revisions.

Solutions To Educate People (STEP)

Tenants who are experiencing difficulties in meeting their obligation to pay rent should be referred to the District Office. The District Office should ensure that tenants are provided with the opportunity to attend a STEP course, Financial Skills 1: Budgeting or Financial Skills 11: Banking & Credit. The courses will provide the tenants with the opportunity to improve their financial literacy skills.