



NEWS RELEASE

Changes coming to the Public Housing Rent Scale

IQALUIT, Nunavut (January 24, 2013) – The Government of Nunavut announced changes today to Nunavut's Public Housing Rent Scale that will positively impact the lives of Nunavummiut and support the Government of Nunavut's Poverty Reduction initiatives.

"At last year's Nunavut Poverty Summit, our Government committed, by the end of our mandate, to revise the Public Housing Rent Scale to reduce disincentives to employment and to support the goals of poverty reduction," said the Honourable Peter Taptuna, Minister for Economic Development and Transportation and Minister Responsible for the Nunavut Housing Corporation. "I am pleased to announce today that changes are coming to the Public Housing Rent Scale that will address these issues and overall increase the self-reliance and well-being of Nunavummiut."

The changes to the Public Housing Rent Scale are the result of community consultations including the Poverty Reduction Roundtables, done in collaboration with the GN and Nunavut Tunngavik Inc. Here are just a few of the positive changes coming next fall when the program is implemented (see details and additional changes in backgrounder):

- Rent will be assessed on the income of the two primary leaseholders only;
- New method for calculating rent is based on a step scale that is similar to federal income tax;
- The minimum rent threshold will be indexed to Nunavut's minimum wage;
- Elders will only pay rent on the portion of their income over their community's Core Need Income Threshold. Currently, Elders over CNIT are assessed rent on their full income;
- Maximum rents are to be reviewed to encourage tenants over-CNIT to transition out of Public Housing.

"These changes make the calculation of rents fairer for tenants and the administration of the Public Housing program more manageable for our Local Housing Organizations," said Minister Taptuna. "In the short term these changes mean less revenue for the Government of Nunavut. However, allowing tenants to accumulate wealth and advance in their field of employment will create economic spinoffs to the community and a reduced social burden."

Components of the Rent Scale that stay the same:

- Access to Public Housing and eligibility for the Public Housing subsidy will still be based on the verification of Total Household Income based on Canada Revenue Agency information to ensure applicants meet their community's Core Need Income Thresholds (CNIT).
- Minimum rent will stay at \$60.00 a month.
- Rent deductions for overcrowding, Cost of Living Allowances (COLA) and Unit Condition Ratings will still apply.
- If a Public Housing tenant secures employment or receives a pay raise, their rent will not increase until September 1 of the following year;
- To support seasonal workers and vulnerable tenants after a loss of employment, the Rent Scale still allows for immediate decreases to the assessed rent;
- The income of students and individuals attending pre-trade and trade courses, and other academic upgrading will continue to be exempt from rental assessments.

"We will ensure a smooth transition to the new rent scale, with minimal impact to all concerned, by targeting our regular annual rent assessment cycle," said Alain Barriault, President and CEO of the Nunavut Housing Corporation. "To allow adequate time to inform tenants, update the rent scale software, and ensure adequate training for Local Housing Organizations and NHC District staff, these changes will come into effect in the fall of 2013."

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NUNAVUT'S PUBLIC HOUSING RENT SCALE - 2013

BACKGROUND

THE PUBLIC HOUSING PROGRAM

The Nunavut Housing Corporation's Public Housing Program is an income tested rental housing program which provides subsidized housing to tenants based on their income and ability to pay rent. As an income tested program, eligibility for Public Housing is based on the verification of income to meet the community Core Need Income Threshold (CNIT).

The Public Housing Program is based on the Public Housing Rent Scale, a rent-geared-to-income (RGI) sliding rent scale designed to ensure that public housing rents remain fair and affordable.

WHAT IS CHANGING?

Highlights of the Changes to the Public Housing Rent Scale:

The new Public Housing Rent Scale will assess only the incomes of the two primary tenants in each unit based on the following income brackets:

- A minimum rent of \$60.00 a month for income under \$22,000 (approx.);
- 20% of annual income between \$22,000 and \$40,000;
- 25% of annual income between \$40,000 and \$80,000;
- 30% of annual income between \$80,000 and \$97,200; and
- Over \$97,200 to up to maximum rents.

WHAT DOES THIS MEAN FOR ME?

Every case is different. In most cases tenants will see their rents reduced, either because of the increased minimum rent threshold or because fewer tenant's income will be used to calculate rent. Some higher income tenants may see their rent increase.

ANY OTHER CHANGES?

The following eight modifications to the Public Housing Rent Scale were also approved:

Minimum Rent Threshold Indexed to Minimum Wage

The minimum rent threshold will be based on the equivalent Gross Income of one 40 hr/wk full-time employment at minimum wage. The current annualized minimum wage is approximately \$22,000/year, an increase in the threshold from the previous threshold of \$15,600 a year.

Limit on Rent Increases Due to Income Increases

Rent increases due to income increases will be limited to 25% of the new rent assessed per year until the rent assessed total is reached.

Elders over CNIT

Elders will be charged rent only on the portion of their income over their community's Core Need Income Threshold (CNIT). Currently, Elders over CNIT are assessed rent on the full income.

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Use of Indexed CNIT for Eligibility for Public Housing

The most recent community Core Need Income Thresholds as determined by CMHC will be used to establish eligibility limits for entry to the Public Housing program.

Increase in the age requirement for Verification of Income

The age of income verification will change from age 15 to age 19 to ensure only tenants legally able to sign a lease agreement will have their income verified.

Use of Canada Revenue Agency (CRA) Notice of Assessment

CRA 'Notice of Assessment' supplied by tenants will be used to simplify the income verification process. Current policy only allows data sent by CRA directly to NHC Headquarters to be used. The new rent scale will keep the current Student Deductions.

Youth Deductions

Youth deductions will no longer apply as this category was for non-primary leaseholders only. Currently youth between ages 19 and 25 have their income limited to \$5,800/year for rent assessment purposes.

Maximum Rents

Maximum rents are to be reviewed to support the objective of encouraging tenants over CNIT to transition out of Public Housing.

WHAT STAYS THE SAME?

Key aspects of the Public Housing Program and Rent Scale will continue to apply:

- Minimum rent will stay at \$60.00 a month;
- Rent deductions for overcrowding, Cost of Living Allowances (COLA) and Unit Condition Ratings will still apply;
- If Public Housing tenants secure employment or receive a pay raise, their rent will not increase until September 1 of the following year;
- To support seasonal workers and vulnerable tenants after a loss of employment, the Rent Scale still allows for immediate decreases to the assessed rent;
- The income of full-time students and individuals attending pre-trade and trade courses, and other academic upgrading will continue to be exempt from rental assessments.

WHAT ARE THE MAJOR IMPLICATIONS OF ALL THESE CHANGES?

- The two major changes to the rent scale regarding the primary leaseholder option and the new income bracket structure will result in a decrease in the overall value of rental assessments. Even with reductions in Income Support payments, this will most likely result initially in a net cost increase to the GN of approximately \$2.4 million in lost revenue in the first year.

However, allowing tenants to accumulate wealth and advance in their field of employment will create economic spinoffs to the community and a reduced social burden. This is an incentive to work – an enabler.

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The longer term result should be one where there is greater workforce participation, reduced reliance on GN social programs, resulting in lowered costs to the GN, and greater economic prosperity and social well-being.

- Rent Geared to Income (RGI) Public Housing comprises approximately 5% of Canada's housing stock. In Nunavut it is 51% and houses 60% of the population of whom 58% pay \$60 or less based on their household income.

With the new changes to the Rent Scale, the percentage of tenants at minimum rent (\$60) will increase to 76%. The majority of tenants paying more than minimum rent will see a decrease in their monthly rent.

Currently in NHC's 5,000+ public housing units, there are only 69 households with rent assessments greater than \$1,500 / month and only 39 households with combined household income greater than \$120,000 per year.

- If eliminating rent assessments on non-primary leaseholders allows them to obtain and maintain work, there is a gain to the GN in reduced or eliminated Income Support costs.

As an Income Support client, a young adult currently receives from \$344 to \$409/month in food allowance as well as a monthly \$50 clothing allowance.

It would only take as few as 500 people, or approximately 2.5% of Public Housing tenants coming off Income Support to recover the decrease in rental assessments. NHC has approximately 20,000 Public Housing tenants.

WHEN WILL THE CHANGES COME INTO EFFECT?

To ensure a smooth transition to the new rent scale, these changes will come into effect in the fall of 2013 to fit with the established annual rent assessment cycle.

This will allow for an appropriate amount of time to:

1. inform tenants,
2. update the rent scale software, and
3. ensure adequate training for Local Housing Organizations and NHC District staff.