

Rule # 08-2015

Divestment of Property

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Originally Approved: December 2015

Revision Date: February 1st, 2018

Authority

Under the authority of the *Housing Services Act, 2011 (HSA)* and its Regulations, each Service Manager is required to develop Local Rules. The Service Manager procedures and requirements in the Local Rule are to be implemented by all Housing Providers in Cornwall and Stormont, Dundas and Glengarry (SDG) operating under the *Housing Services Act, 2011*.

Intent

The intent of this Local Rule is to identify the process of determining eligibility for household's who own property and wish to receive RGI assistance.

Eligibility Criteria:

1) *Registry / Waitlist*

New Applicants – in order to determine if an applicant is eligible to be placed on the social housing waitlist, their potential equity in **all** properties must first be assessed to determine if they are below the asset limits.

If the potential equity is lower than the asset limit for that household then the applicant can be added to the waitlist.

Local Rule

If the potential equity is greater than the asset limit, for that household, then the applicant will be deemed ineligible and will not be placed on the waitlist.

To determine potential equity, the following calculation will be applied:

	Current MPAC assessment (verified by MPAC)
<i>minus</i>	<u>Mortgage Balance (verified by bank)</u>
<i>equals</i>	Potential equity before buffer
<i>minus</i>	Buffer - <u>10% reduction of the Potential equity</u>
<i>equals</i>	Potential Equity

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Note: buffer is an amount consider for expenses that will be incurred in the future, if the property is sold.

Example (single applicant)

	\$125,000	- Current MPAC assessment (verified by MPAC)
-	\$ 70,000	- <u>Mortgage Balance (verified by bank)</u>
=	\$ 55,000	- Potential equity before buffer
-	\$ 5,500	- Buffer - <u>10% reduction of the potential equity</u>
=	\$ 49,500	- Potential equity (client is below \$50,000 asset limit)

2) Annual Update - Service Manager (Registry)

At annual update, the calculation should be completed again to ensure the applicant's potential equity remains below the asset limit and they are eligible to remain on the waitlist.

If the potential equity is greater than the asset limit, for that household, at the time of annual update, then the applicant will be deemed ineligible and a Notice of Decision Letter will be sent to the applicant advising that they are being removed from the waitlist.

3) On Offer – Housing Provider

At time of offer by the Housing Provider, the calculation for potential equity should be completed again to ensure the applicant remains below the asset limit and the Housing Provider can proceed with an offer.

If the potential equity is greater than the asset limit, for that household, at the time of offer, then the Housing Provider will notify the Service Manager. The Service Manager will deem the applicant ineligible and the Notice of Decision letter will be sent to the applicant that they are being removed from the waitlist.

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If the applicant is eligible then, within thirty (30) calendar days after the first day of the month for which the household begins to receive rent-geared-to-income assistance, the tenant must show reasonable efforts to dispose of the asset and provide proof of same to the Housing Provider. Within one hundred and eighty (180) calendar days, after the first day of the month for which the household begins to receive rent-geared-to-income assistance, if:

- a) - the household still has the interest in the property they will be deemed ineligible for RGI assistance; or
- b) - they have disposed of the asset the actual realized equity must be reviewed to determine ongoing eligibility.

Where a household is receiving RGI assistance and is not able to meet the requirement to sell residential property, they may qualify for an extension of this requirement. ***For example, the property is currently part of a legal action (verification must be provided).*** The tenant must request an extension in writing to the Housing Provider ten (10) calendar days prior to the dates listed above. This request will be reviewed between the Housing Provider and the Service Manager.

4) Acquisition of Property (eg. inheritance)

Waitlist - Registry

Within thirty (30) calendar days, the applicant should advise the Service Manager of the acquisition of any real property. Once notified, the Service Manager will need to complete the calculation for potential equity to determine if the applicant remains eligible under the asset rule or if they should be removed from the waitlist.

In-Situ

After February 1st, 2018, In-Situ tenants must, within thirty (30) calendar days, advise the Housing Provider of the acquisition of real property. Within an additional thirty (30) calendar days, the tenant must show reasonable efforts to dispose of the asset and provide proof of same to

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the Housing Provider. Once notified, the Housing Provider will need to complete the calculation to determine if the tenant remains eligible under the asset rule and/or if the one-hundred and eighty (180) calendar day disposition rule should take effect.

Joint Ownership – if the aforementioned acquisition is jointly owned (**verification must be provided, including what percentage of property is owned by the tenant**), the Housing Provider or Service Manager will need to complete the calculation to determine the applicant/tenant's share of potential equity to determine if the tenant remains eligible under the asset rule and/or if the one-hundred and eighty (180) calendar days disposition rule should take effect.

In either case above, if the tenant remains eligible for RGI assistance and is realizing monthly income from that property (ie rental income), then that income will be considered for the purposes of calculating RGI.

Disposition Rule

Within one hundred and eighty (180) calendar days, of being housed or acquiring real property, the household must make efforts to dispose of the property. If the household still has the interest in the property they will be deemed ineligible for RGI assistance unless they qualify for an extension or qualify under joint ownership component.

After disposition, the tenant must provide documentation, to the Housing Provider, to verify the actual realized equity. The Housing Provider must review the equity to determine if the actual realized equity falls below the asset limit for that household.

For the purposes of determining actual realized equity, the following expenses will be allowed as deductions from the equity:

- Real estate fees, lawyer's fees, outstanding liens, tax arrears and/or extraordinary expenses

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If the actual realized equity is greater than the asset limit, for that household, then the applicant will be deemed ineligible for RGI assistance (they may still be eligible for maximum/market rent) and a Notice of Decision should be sent.



NOTE: the household should also be made aware of the asset rule, especially as it relates to the inadequate disposal of an asset.

Refusal

In situations 3 & 4, if an In-Situ household refuses to sell residential property within the required time and does not qualify for an extension or does not qualify under joint ownership consideration, the household should be given ninety (90) calendar days notice that the household ceases to be eligible to continue receiving RGI assistance and should be at maximum/market rent.

References

Housing Services Act, 2011, section 52
O. Reg. 367/11, section 32

Local Audit Requirements	Adherence to this policy will be monitored during an Operational Review or at another other time as deemed necessary by the Service Manager.		
Completed by:	Mellissa Morgan	 Signature	Date: February 1st, 2018
Approved by:	Stacey Ferguson	 Signature	Date: February 1st, 2018

