

CIRCULAR

Date: December 1, 2015

CIRCULAR NUMBER: EIA #2015-46

Alternate Programs:

To: Community Social Service Supervisors/Program Managers

Subject: **RENT ASSIST—Transitions between the “Including Utilities” and “Excluding Utilities” Rates for Clients in Private Rent**

Reference: 2015-42, 2015-44

Replaces:

Type: ☒ Policy ☐ For Internal Reference Only
☒ Procedure
☐ Rate
☐ Information

Effective Date

This circular provides information regarding the transition to the new private rent rate structure. It outlines the processes that have been developed to assist clients in making the rate choice that is best for them.

As noted in the Rent Assist Rate Structure circular (2015-44), effective for December 2015:

- EIA clients who are paying private rent and do not have any utility costs will automatically be transitioned to the new **“including utilities” rate**.
- EIA clients who are paying private rent and have *any* utility cost in their budget will be automatically transitioned to the **“excluding utilities” rate**.

This change is being explained in a letter being mailed centrally in late November to all clients living in private rent, board and room or who are homeowners. In January 2016, EIA clients living in private rent will be mailed a letter. It will inform them of the option to “opt in” to the higher **“including utilities” rate** if they have utility costs that are not included in their rent. Clients will be instructed to contact their case coordinators to make this request. See below for the new rate tables for private rent:

Family Size	Excluding Utilities	Including Utilities
1 person	\$450	\$511
2 persons (couples)	\$525	\$593
2 persons (single parent one child)	\$640	\$758
3 persons	\$640	\$758
4 persons	\$640	\$758
5 persons	\$665	\$846
6 persons	\$665	\$846
Each additional persons (add to 6 person rate)	\$ 23	\$ 25

Clients may ask EIA staff to help them decide which rate they should select. Ultimately, the client must decide which rate they want to receive. The attached “client consent form” provides some general guidelines and tips for helping clients make the most appropriate choice. In general, the **“including utilities”** will often be better for clients in apartments, especially if they do not pay heat separately, and the **“excluding utilities”** rate will often be better for clients who rent homes, especially if they pay heat separately from their rent.

While EIA will not prevent an individual from moving to the **“including utilities”** rate, EIA staff should counsel and discourage this transition for clients with very high utility costs, outstanding utility arrears, a history of budgeting issues, or where the case coordinator has any other concerns with the ability of a client to successfully manage their own utility costs. Financial literacy supports will be made available for clients who need help managing their own utility bills after they switch rate structures. Information about these supports will be provided in the near future.

To emphasize the long-term implications and greater degree of accountability for utility costs, EIA clients who request the **“including utilities”** rate both during and after the transition period will be required to have a discussion with EIA staff before the transition will be approved.

EIA clients will be required to sign the consent form which explains the benefits and risks of the **“including utilities”** rate structure and outlines the permanency of the decision. Staff must review the details of the attached consent form with clients prior to signature to help ensure clients are making an informed decision.

From December 1st 2015 to July 1st 2016 (Transition Period):

All EIA clients in private rent are eligible to receive the **“including utilities”** rate upon request.

Existing EIA clients in private rent and new applicants are allowed to choose between the **"including utilities"** and **"excluding utilities" rates** at any time in this period.

Once the transition period is over, clients will not be able to return to the **"excluding utilities"** rate after they have transitioned to the **"including utilities"** rate. It is therefore very important that EIA staff discuss the implications of moving to the **"including utilities"** rate with clients. As noted above, clients who chose this rate will not have the option to switch back to the basic rate after July 1st, except in exceptional circumstances which will be at the director's discretion.

After July 1st 2016

New EIA applicants and existing EIA clients who choose to move will only be eligible for the **"including utilities" rate**. They would only be eligible for the **"excluding utilities"** rate in the following exceptional situations:

- They are a new EIA applicant and are living in a house in private rent at the time that they apply for EIA. For the purposes of this policy, a "house" is defined as any dwelling within a building that has four or fewer units. Therefore duplexes, triplexes, fourplexes and townhouses for example, are to be considered "houses."
- They are currently receiving the "excluding utilities" rate and choose to retain that rate at the time that they move.
- They are moving involuntarily to a house with utilities separate from the rent due to a fire, flood, or other emergency circumstance beyond the client's control. These situations will be subject to Director's approval.
- Other exceptional circumstances, as approved by the Director.

EIA will no longer be conducting utility reconciliations for those clients whose utility costs exceed the **"including utilities"** rate. Clients who pick the **"including utilities"** rate will be responsible for paying their own bills. EIA will not offer a direct/deferred billing option for clients who are receiving the "including utilities" rate.

EIA clients choosing the **"including utilities"** rate will need to consider how this choice will impact their housing options in the future. Clients will need to consider utility costs as a factor when considering moving.

Utility Arrears

The Department recognizes that some clients may struggle to manage their utility bills independently. If a client who has opted to receive the "including utilities rate" approaches EIA with a disconnection notice, EIA staff should re-direct them to contact the utility company to make a payment plan. In the event that clients are unable to reach a solution with the utility company, EIA staff are to take the following steps to consider whether an overpayment should be applied to cover the cost of the utility arrears:

Analysis of the circumstances

EIA staff should ask the following questions to provide an in-depth analysis to be reviewed by management and EIA Leading Program and Practice Specialist:

- Is there a possibility of a repayment plan being negotiated? Can EIA staff advocate for the client in this negotiation?
- How much is the debt?
- What circumstances led to the debt being incurred?
- Does the current housing situation make sense given the circumstances and are there other more realistic housing options?
- What has or will change to ensure the same situation does not repeat itself in the future?
- Does the client carry an existing overpayment balance and what is the likelihood of it being recovered in full?

Consultation with management/program specialist

It is important in all cases for EIA staff to consult with their manager before applying the overpayment to re-pay utility arrears. Managers must consult with an EIA Leading Program and Practice Specialist before authorizing the overpayment. This will allow the department to maintain consistency and track the number of utility arrear overpayments.

Shelter rate during repayment of utility arrears

When EIA clients have an overpayment on file as a result of utility arrears, clients should be moved to the "utilities excluded" shelter rate and be placed on direct/deferred billing for the duration of the overpayment recovery.

If a client has an existing overpayment on their file, the specific circumstances of their cases must be reviewed if they request to move back to the including utilities rate. This review must include consultation with an EIA supervisor or program manager.

Which Shelter Rate Should I Choose?

You have a choice between two shelter rates: a base rate for your family size plus the actual amount you pay for utilities (called the Utilities Excluded Shelter Rate) or a higher amount that stays the same regardless of what you pay for utilities (called the Utilities Included Shelter Rate.)

<u>Utilities Excluded Shelter Rate</u>	<u>Utilities Included Shelter Rate</u>
<ul style="list-style-type: none">• You may be better off with this option if you are living in a house or if you have higher than average utility costs.• You will receive a lower amount for rent, but you will also receive an amount equal to your actual utility costs.• You may be eligible to have your utility bills paid directly	<ul style="list-style-type: none">• You may be better off with this option if you are living in an apartment or if you have lower than average utility costs.• You will receive a higher amount for rent, but you will not get any additional money even if your actual utility bills go up.• You will be responsible to pay your own utility bills.• You will be responsible for dealing with any arrears if you don't or are unable to pay your full utility bills.

- If you decide to receive the "utilities included" rate, you should check with your utility company to find out what the average cost for your unit is. This will help you plan for your future utility costs.
- Many utility companies will allow you to set up direct billing if you want.
- At the time when you decide to move to the "utilities included" rate, you should provide any utility bills to your EIA case worker so they can do a final reconciliation for you.
- It's important to note that after July 1 2016, the decision to receive the "utilities included" rate is permanent, even if you move.
- Your individual circumstances may vary from the examples given in this document and you should talk to your case coordinator about your situation to help you make a decision.
- Even with helpful information from staff, the decision about which shelter rate to choose is yours.

Consent to transition to **Utilities Included** EIA Shelter Rate

By signing this form, I am giving EIA permission to change my EIA shelter allowance to the "utilities included" rate. By signing this form, I confirm that I understand the following:

- The utilities included shelter rate is a flat-rate amount to be used to cover the cost of my utilities and rent.
- The amount of my utilities included shelter rate is determined by my family size and will be adjusted to reflect any changes to my family size that occur.
- I will be responsible to pay my own utility bills as EIA does not pay utilities directly for those receiving the utilities included shelter rate.
- EIA will not conduct a utility reconciliation or provide any extra money if my utility costs are higher than the utilities included shelter rate given to me.
- I am responsible for managing any arrears or payment plans resulting from arrears with the utility companies.
- Effective July 1 2016, the decision to move to the utilities included rate is a permanent decision that cannot be reversed.
- I have read and understood the information in this document.

Signature _____ Signature _____
(Applicant) (Second Adult)

Signed on _____ (dd/mm/yyyy)