Addressing Energy Poverty: Reforming Utility Allowances and Charges within Ontario's Rent-Geared-to-Income Subsidy System

A submission by CHF Canada, Ontario Region
and
the Ontario Non-Profit Housing Association

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The CO-OPERATIVE HOUSING FEDERATION of Canada

ONPHA
Ontario Non-Profit Housing Association

Contacts

Dale Reagan
Managing Director
CHF Canada, Ontario Region
416-366-1711 extension 223
dreagan@chfcanada.coop

Sharad Kerur
Executive Director
Ontario Non-Profit Housing Association
416-927-9144-1711 extension 102
sharad.kerur@onpha.org

Introduction

At the 2008 CHF Canada AGM, the Ontario members passed the following resolution proposed by Beechwood Co-operative Homes Inc.:

"THAT CHF Canada mobilize its Ontario members in a campaign to convince politicians of the urgent need to immediately increase (and then index) utility allowances used in the calculation of RGI housing charges."

Members of the Ontario Non-Profit Housing Association have also expressed concerns that the current system of utility charges and allowances no longer addresses the needs of RGI and have suggested the system be reviewed.

Since 2005, the Social Housing Services Corporation has invested time and energy into investigating and seeking solutions to the impact of rising utility costs on the social housing sector. Through its subsidiary, GLOBE, SHSC connects social housing providers, service managers, property managers, and social housing tenants with the tools and services to help them make smart choices about energy and water use.

In view of the concerns housing providers raised and the work SHSC and GLOBE have been doing on promoting energy efficiency within the sector, the Co-operative Housing Federation of Canada's, Ontario Region and the Ontario Non-Profit Housing Association are submitting this report to the Minister of Municipal Affairs and Housing to help inform work on the amendments to the *Social Housing Reform Act* and other initiatives that are planned as part of the Province's Long-Term Affordable Housing Strategy.

Recommendations[1]

THAT a review of utility allowances and charges under the SHRA be included in the mandate of the SHRA technical working group considering rent-geared-to-income and access issues;

AND THAT this review take place in the context of a wider analysis of overall housing affordability for low-income households.

[1] This paper assumes that a system of utility allowances and charges will remain in place though we understand that major changes to RGI administration are being contemplated that could change the approach.

Background

The CHF Canada AGM resolution has identified an aspect of a wider problem known as "energy poverty"– an issue that has been the subject of scrutiny in several jurisdictions around the world. The sponsors of this paper note that this issue is complicated by a number of interrelated factors:

- Most RGI residents are in fact paying more than 30% of their income for housing once the cost of utilities or utility charges is factored in. The problem is especially pressing for residents whose utility costs far outweigh the allowances. At the same time, residents who are paying utility charges at current scales can scarcely afford increases in the scales.
- The social housing sector has identified a need to reduce overall energy consumption, but for projects where the units are individually metered and the resident is responsible for paying for utilities, the disconnect between who pays for improved efficiency and who benefits must be overcome before housing providers are motivated to pay for significant improvements in efficiency.
- Such initiatives as bulk purchasing of energy, local and/or alternative generation of energy, better metering and improved insulation and building methods all hold out the promise of greater energy efficiency. However, although SHSC created GLOBE to undertake these efforts and GLOBE has made an important contribution, the progress that has been possible has been limited by the piecemeal nature of government program funding.
- Rising energy costs are having a negative impact on the budgets of service managers and they have limited capacity to deal with a reform of the RGI system if this will lead to a further increase in their costs.
- Social housing has a role to play in helping the Province meet its overall goal of managing increases in energy demand while phasing out coal-fired generating stations.

All of these issues are likely to require further research before the measures to be included in the Affordable Housing Strategy related to energy poverty can be finalized.

Context: the SHRA

In Ontario, the *Social Housing Reform Act* (SHRA) governs the calculation of the rent-geared-to- income subsidies that low-income households receive under either the former federal/provincial or provincial housing programs, or a rent supplement program. Service managers are responsible for paying these subsidies. Ontario Regulation 298/01 of the Act (Section 51) contains instructions on the calculation of utility charges and allowances to adjust the RGI subsidy.

While the language of Section 51 is convoluted[2], its application is fairly straightforward. Briefly, if a household is responsible for paying utilities in addition to the income-tested

[2] See Appendix 1 for the wording.

housing charge/rent, then that housing charge/rent is reduced by an allowance. This allowance is broken into a number of categories: heat for the unit, water, hot water tank rental and the power needed for a hot-water heater. In addition, there is an allowance if the household provides its own fridge or stove. The heat allowance is varied according to the type of heating (oil, gas or electricity), the size of the unit and the geographic zone within the province in which the unit is located. The allowances for water and for powering a hot-water heater are varied only according to unit size.

For example, if a household in a two-bedroom unit in Thunder Bay (Northern region) paid for all its own utilities and the unit was heated by oil and had an electrical hot water heater, the RGI housing charge/rent would be calculated by taking 30% of the household income and reducing it by the following amounts:

Hot water heater	$34
Water	$15
Provision of refrigerator	$2
Provision of stove	$2
Heat	$72
Total	$125

A housing charge/rent for a household in a two-bedroom unit in Hamilton (Southern region) with a gas-fired water heater and a gas-heated unit would have the following reductions:

Hot water heater	$21
Water	$15
Provision of refrigerator	$2
Provision of stove	$2
Heat	$24
Total	$64

The discrepancy between the two cases seems logical, since oil is more expensive than gas and the northern part of the province is colder in winter than the south. Therefore, the household in Hamilton will have lower costs and would need a smaller allowance.

The Government of Ontario passed the SHRA in 2000 and Regulation 298/01 came into effect shortly thereafter. ***The figures in the tables above and in Appendix 1 have not changed since that time.*** The concern motivating the resolution at CHF Canada's Ontario Region AGM is that utility costs have increased substantially in the meantime. In fact, according to Canada Mortgage and Housing Corporation, the Residential "Water, Fuel and Electricity" sub-component of the Consumer Price Index rose by 43.5% between 2000 and 2008.[3]

[3] CMHC Market Analysis Centre, "CHS-Housing Costs, Price Indices – 2008," published June 2009. This is a national average, so the experience of individual households will have varied according to a number of factors, including location, efficiency of heating equipment, condition of unit, etc.

To be sure, energy prices dropped in 2009[4] when industrial demand fell because of the economic downturn. However, as industrial activity picks up, energy costs are expected to resume their rise as demand increases again. In addition, the Government of Ontario foresees that hydro costs will rise, partly because of policy changes designed to encourage conservation and move production away from coal-fired plants.[5] In fact, rate increases and the new green energy surcharge were implemented May 1, 2010.

The mismatch between the cost of utilities and the sum of allowances has meant an increase in the percentage of income that RGI households are paying. Assuming the allowances in 2000 actually equalled the utility costs (a debatable assumption) and using the sample scales above, a household would be worse off in 2008 compared with in 2000:

Household	Thunder Bay 2-bedroom		Hamilton 2-bedroom	
Year	2000	2008	2000	2008
Monthly Income	$2,000	$2,000	$2,000	$2,000
Monthly Utility cost	$125	$179	$64	$92
Utility allowance	$125	$125	$64	$64
Monthly Housing Expense	$600	$654	$600	$628
Housing Exp. as Pct of Income	30%	32.7%	30%	31.4%

As noted above, it is in fact doubtful whether the allowances equalled the costs even at the outset, so it is almost certain that many households are paying significantly more than 30% of their income if they are responsible for utility costs on top of their housing charges.

Not all RGI households pay their own utilities on top of their housing charges/rents. In fact, according to an MMAH survey of service managers, over two-thirds of RGI residents live in "fully serviced" units. These residents are charged an extra amount on top of 30% of gross income because utilities are included in the housing charge/rent. The extra amounts are linked to the provision of electricity (apart from heat and the heating of hot water), for cooking, lighting and household electronics and power for laundry equipment in the unit (if any). There are also charges if the use of the laundry facilities in the project is free and if the housing provider has supplied a washing machine or dryer in the unit. For example, a two-bedroom, fully serviced RGI unit would potentially have the following charges:

[4] http://www.statcan.gc.ca/subjects-sujets/cpi-ipc/t091016a1-eng.htm. The figures shown here reflect all energy sources, including gasoline, not just energy for housing.
[5] http://www.mei.gov.on.ca/en/energy/gea/

Electricity, other than provided • for heating the unit, • for heating the water supplied to the unit, • as power for cooking facilities in the unit, or • as power to operate a clothes dryer in the unit	$34
Power for cooking facilities in the unit	9
Laundry facilities, other than coin-operated laundry facilities, in the housing project	9
Power to operate a clothes dryer in the unit	9
A washing machine, other than a coin-operated washing machine, in the unit	2
A clothes dryer, other than a coin-operated clothes dryer, in the unit	2

Just as with allowances, these charges have not increased since the introduction of the SHRA. Note that heating is not a reason for an additional charge to a unit. Electricity and cooking power are by far the most common reasons for charges.

(Other provinces have RGI systems with similarities to Ontario's. Appendix 2 has a brief review of the policies in BC, Alberta, Saskatchewan and Quebec. Although the wording of the various provincial policies differs, the general approach appears to be that if heat is not included in the housing charge, then there is an allowance. Electricity generally is the responsibility of the occupant, either for paying directly or through an extra charge on top of the income-tested portion of the occupancy charge.)

Consequences for low-income residents

The Ontario government's policies in this area predate the SHRA (since they go back to the days of provincially run public housing) so it is difficult at this late date to discern how they became so complicated over time. The policy intent of the utility rules appears to have been that residents who paid their own utilities were reimbursed for heating and hot water costs. They had to pay their own hydro, since it was not reimbursed. Residents of fully serviced units had to pay a hydro amount plus a nominal contribution towards cooking, lighting, washing and drying power as well as a charge for washers and dryers supplied in the unit by the housing provider. (In former times, it should be remembered, Ontario Hydro was responsible for the generation, distribution and sale of almost all the electricity in the province. Hydro prices were set by government fiat, so perhaps the Ministry believed the inclusion or exclusion of hydro costs in the system gave an equitable net result for all RGI residents, in that everyone would be paying more or less the same on top of the income-tested portion of their housing cost.)

The rise in costs since 2000 has had an unequal effect on RGI residents. By and large, residents living in "fully serviced" units have been protected from the rises in energy costs since the scales have not changed. Residents responsible for their own utilities, on the other hand, have borne the full brunt of all cost increases. (Note: they will face a further jump in 2010 when gas, heating oil and hydro become subject to the provincial portion of the Harmonized Sales Tax. Currently these items are only GST-taxable but are exempt from the provincial Retail Sales Tax.)

MMAH estimated in 2003 that RGI residents on minimum wage who were paying the “all-in” (or “fully serviced”) charge/rent were paying about 35% of their income for housing. RGI residents making more than the minimum wage who have “all-in” housing charges/rents will therefore be paying between 30 and 32% of their income for housing. While the lack of change to the scales has meant their situation probably has not worsened, there is no reason to believe it has improved.

As noted above, RGI residents responsible for all their utilities will have seen their financial situation deteriorate because utility costs have risen on average by 43.5% while the allowances have not changed. At its most extreme, the rise in utility costs in the north has led to vacancy losses because units have become unaffordable even for subsidized households, where monthly utility costs have been known to be higher than the geared-to-income portion of the housing charge/rent.

*Stakeholder review of the is*sue

Between 2000 and 2007, the Ministry of Municipal Affairs and Housing convened a number of multi-stakeholder initiatives to consider the impact of rising utility costs. These discussions at various times included representatives from the service managers, Social Housing Services Corporation, ONPHA, the Advocacy Centre for Tenants Ontario (ACTO) and CHF Canada’s Ontario Region. Not every stakeholder participated equally in all discussions, but each was invited to submit position papers on the various issues.

The working groups responsible for examining charges and allowances quickly agreed the system should be overhauled and simplified. The consensus was that the scales should be based on an average consumption figure per unit type and location multiplied by the current utility rate. The theory behind this approach is that it would be possible to estimate the average consumption of heat and hydro by unit type and location. It would therefore be possible to update charges and allowances annually by applying the current utility cost to the per-unit consumption figure. (This system would also be simpler, since it would do away with sub-categories like “cooking power” and focus on consumption per housing unit.)

The stakeholders who voiced an opinion also quickly agreed that the allowances should be amended as quickly as possible so that households paying their own utilities would obtain relief.[6]

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[6] It is perhaps outside the scope of this paper, but it appears there is a flaw in the proposed methodology for amending the allowances. The proposal is that the cost index be tied to the May-over-May price of whatever utility is being examined. However, a more accurate way of indexing costs would be to take the average of the 12 monthly prices from June to May. This is because if any particular May saw an unusually high or low price (always a possibility when energy markets are volatile), then an index based just on that one month would be less accurate than one based on the average of 12 monthly prices. Since prices are available on a monthly basis, it would be no more difficult to use the average of 12 prices rather than the

On the other hand, consensus broke down on the issue of how to change the system for applying charges for residents in "fully serviced" units. The stakeholders had made two efforts to address this issue, first in 2002/03 and then in 2006/07. Service managers held the position that, since they were going to be responsible for paying increased rent subsidies to cover increases in allowances, they also wanted RGI residents in "fully serviced" units to pay the real cost of hydro instead of the nominal charges listed in the current scales. The Ministry's projections in 2007 indicated that the annual aggregate subsidy cost to service managers would increase by $5.8 million, assuming both charges and allowances were increased. If the allowances alone were to be increased without a corresponding rise in charges, the subsidy cost increase would be even greater.

ACTO, as an advocacy group for tenants, objected to the service manager proposal to increase charges in fully serviced units, pointing out that many RGI residents, according to MMAH's own figures, were already paying 35% of their income once the existing charges were included, and so could not afford any higher charges. Again, using the figure that energy costs are actually 43.5% higher than those reflected in the scales, increasing the charges by 43.5% would mean that a household currently paying 35% of its income would see that figure increase to over 37%.

There was an attempt to compromise on this issue through a proposal to implement 100% of the allowances but only 50% of the charge amounts. This did not achieve consensus from the group. The Ministry, unable to broker a consensus on the issue of charges and apparently unwilling to impose a new policy unilaterally, decided not to change the current system for either allowances or charges. This meant that the system originally set out in 2000 with the promulgation of O. Reg. 298/01 is still in force.

Seeking new outcomes

Around the world, the importance of energy conservation is increasingly being recognized as a component in the fight against global warming. Conceptually, increasing the price of energy is seen as the most effective way to promote reduced consumption. However, as much of the work by SHSC on this issue has shown (and as discussed in other jurisdictions) residents in social housing do not have much control over how much energy they consume. Factors such as age and design of the building, level of insulation, efficiency of the power plant, type of appliances and light fixtures all have a great effect on consumption. Unless social housing providers make substantial retrofits to their buildings, consumption will not go down. In turn, this means prices will tend to remain relatively high.

Furthermore, the Province needs to be mindful that if RGI households begin to pay more than 10% of their income on utilities, they would technically be considered in "energy"

May-over-May price. Note: this flaw in the methodology also affects the subsidy calculation for providers. Again, that is outside the scope of this paper.

or “fuel poverty” as is commonly defined in other jurisdictions[7]. This would not be in anyone’s best interests, particularly in light of the Province’s poverty reduction agenda.

The issue of the differential between who pays for retrofits and who benefits continues to complicate the issue. An RGI household that is responsible for paying for utilities will want to see the energy efficiency of the building improve. However, there is a reduced incentive for the provider to carry out these improvements if the benefit flows to the individual household. Without the retrofits, there will continue to be financial pressure on the individual household as energy costs increase. This increases the pressure for changes to the utility allowances.

The previous attempts to improve the system for charges and allowances foundered in part because the negotiations became a “zero-sum game.” In other words, a “win” for residents – improvements to the allowances – would become a “loss” for service managers unless the charges were also increased. Since RGI residents in fully serviced units often are paying substantially more than 30% of their income already, they will oppose an increase to these charges. Since the issue of charges and allowances was the only one on the table at the time, MMAH was unwilling to arbitrate and declare “winners and losers.”

A potential complicating factor is the impending implementation of the new HST regime. Effective July 1, 2010, gas and hydro will become subject to 13% sales tax instead of the current 5% GST rate. This means residents who are responsible for their own utilities will face a sudden jump in their costs. Residents in “fully serviced” units will be protected from this jump, since the scales for utility charges are not scheduled to change. The government has said it plans to make permanent changes to the income tax structure at the same time as it implements the HST, the effect of which will be to make income taxes more progressive (i.e. less onerous on lower-income households). It could therefore be argued that the government should take this opportunity to ensure residents are protected from the increased energy price by a more specific allocation of funding than a general re-working of tax rates. In any case, the impending changes to the HST appear to apply time pressure to resolve the issue.

[7] Definitional issues of “energy poverty” vs. “fuel poverty” abound in literature. Energy poverty has often been used internationally to describe a lack of energy infrastructure whereas fuel poverty has referred to the inability to afford utility costs. In some European countries, a household is considered to be in fuel poverty if it pays more than 10% of income on utilities. In Canada, energy poverty is often used interchangeably with the term fuel poverty and is more predominantly used to refer to a household’s inability to afford utility costs. In this paper, a household is considered to be in “energy poverty” if it pays more than 10% of income on utilities.

Possible options

Compensation to Service Managers to offset utility allowance increases

One option would be to have the Province put more money into the system as part of its anti-poverty strategy by allocating funds to service managers to compensate for the increase in rent subsidy arising from increases in allowances. As noted above, “energy poverty” is an issue that has been identified in many countries with social housing systems similar to ours. Accordingly, action by senior governments to address this problem would appear to be an option. A possible avenue to explore is an explicit redirection of some of the tax adjustments sparked by the implementation of the HST into a permanent mechanism to offset energy poverty.

Reallocation within global municipal funding envelope

Another option would be to reallocate funds within the existing global municipal funding envelope for housing and homelessness programs to address the need to increase allowances while protecting residents who cannot afford to pay increased charges. This would require a negotiation between stakeholders where there is more than one issue on the table, to allow for some tradeoffs. A possibility would be a co-ordinated use of capital reserve funds and additional borrowing to improve providers’ energy efficiency.

This reallocation could complement or build upon the energy-saving measures funded through SHRRP. A re-visiting of how municipalities are planning their subsidy expenditures could, in turn, lead to a discussion of how senior governments could enhance and extend SHRRP.

Change of housing provider funding formula

Another approach would be to find mechanisms within the subsidy formula that would help housing providers control their cost increases and increase their savings. These savings could then be used to avoid increases to the utility charges.

The various stakeholders within the social housing system all have potential roles to play to reduce the financial pressure created by rising energy prices:

- Housing providers and the sector organizations also have a role in combatting energy poverty by promoting other initiatives that will reduce energy consumption and stimulate demand for “green” energy generation.

- The development of alternative energy sources, up to and including “off-the-grid” solutions, holds out the prospect that in future some social housing developments would actually have per-unit utility costs that were less than the allowances and charges. The implications of this possibility should be one of the topics of discussion by the technical working group.

Reviewing the SHRA

As the Ministry and other stakeholders embark on a review of the SHRA, it is important to remember that the overall goal of any social housing program is to provide housing that low-income people can afford. The net effect of the various regulations to the SHRA is that this goal is not being met as many households are paying well in excess of 30% of their income for housing, some as much as 35% or perhaps more. No housing provider, sector organization or government should be promoting policies that would create "energy poverty."

In this context, it may be useful to remember that financial institutions use a yardstick that a household applying for a mortgage should be paying no more than 32% of its gross income on its housing. There may be the possibility to discuss among the stakeholders a revision to the housing system whereby an RGI household's "all-in" cost would not be more than 32% of income.

In the long run, reducing consumption may be the best bet for reducing financial pressure on the system. Housing providers by and large have begun to take steps to retrofit their buildings to make them more energy efficient. Improving the efficiency of building both where utilities are included in housing charges/rents and where residents are responsible would remove some financial pressure from the system over the longer term. However, to achieve these efficiencies will require strategic capital investment in the short term. Deciding how to make this investment in a way that is cost-effective for service managers, housing providers and residents will be a major challenge for all concerned.

As recommended earlier in this paper, however, the immediate next step should be to include review of utility allowances and charges in the mandate of the technical working group that will consider RGI issues, with instruction to examine the issue in the wider context of energy poverty and possible measures to improve energy efficiency and reduce consumption.

Appendix 1: Excerpts from Ont. Reg. 298/01 Dealing with Utility Charges and Allowances.

Geared-to-income rent payable

47. (1) For the purpose of section 69 of the Act, the geared-to-income rent payable for a month by a household that is eligible for rent-geared-to-income assistance and that occupies a rent-geared-to-income unit is the amount obtained by,

(a) if the household has at least one benefit unit to which section 48 applies, determining under section 48 the rent attributable for the month to each of such benefit units;

(b) if the household has at least one family unit that is not, and no part of which is, a benefit unit to which section 48 applies, determining under section 49 the rent attributable for the month to each of such family units;

(c) if the household has at least one family unit a part of which is a benefit unit to which section 48 applies and the other part of which is not, determining under section 49 the rent attributable for the month to the part of each of such family units that is not a benefit unit to which section 48 applies;

(d) calculating the sum of all the amounts determined under clauses (a), (b) and (c);

(e) adding, to the amount calculated under clause (d), the amount of the increases, if any, required by section 51 in respect of services or utilities; and

(f) subtracting, from the amount calculated under clause (d), the amount of the reductions, if any, required by section 51 in respect of services, utilities or heating. O. Reg. 298/01, s. 47 (1).

(2) Despite subsection (1),

(a) the minimum geared-to-income rent payable for a month by a household that is eligible for rent-geared-to-income assistance is $85; and

(b) the maximum geared-to-income rent payable for a month by a household that is eligible for rent-geared-to-income assistance is the rent that would be payable for the unit occupied by the household if the unit were occupied by a household not eligible for rent-geared-to-income assistance. O. Reg. 298/01, s. 47 (2).

(3) The geared-to-income rent payable for a fraction of a month is the amount obtained by multiplying the geared-to-income rent payable for the month by the fraction of the month for which the rent is payable. O. Reg. 298/01, s. 47 (3).

Services, utilities and heating

51. (1) If a household receives from its housing provider, or from a person who has entered into an agreement with the housing provider, a service or utility set out in Column 2 of Table 6, the amount calculated under clause 47 (1) (d) for the household shall be increased by the amount set out opposite the service or utility in the column of Table 6 that sets out the type of unit occupied by the household. O. Reg. 298/01, s. 51 (1).

(2) If a household pays directly for a service or utility set out in Column 2 of Table 7, the amount calculated under clause 47 (1) (d) for the household shall be reduced by the amount set out opposite the service or utility in the column of Table 7 that sets out the type of unit occupied by the household. O. Reg. 298/01, s. 51 (2).

(3) If a household pays directly for the principal heating of the unit it occupies and the unit is heated by oil, the amount calculated under clause 47 (1) (d) for a household occupying a unit of a type set out in Column 2 of Table 8 shall be reduced by the amount set out opposite the unit in the column of Table 8 that sets out the region of Ontario in which the unit is located. O. Reg. 298/01, s. 51 (3).

(4) If a household pays directly for the principal heating of the unit it occupies and the unit is heated by gas, the amount calculated under clause 47 (1) (d) for a household occupying a unit of a type set out in Column 2 of Table 9 shall be reduced by the amount set out opposite the unit in the column of Table 9 that sets out the region of Ontario in which the unit is located. O. Reg. 298/01, s. 51 (4).

(5) If a household pays directly for the principal heating of the unit it occupies and the unit is heated by electricity, the amount calculated under clause 47 (1) (d) for a household occupying a unit of a type set out in Column 2 of Table 10 shall be reduced by the amount set out opposite the unit in the column of Table 10 that sets out the region of Ontario in which the unit is located. O. Reg. 298/01, s. 51 (5).

(6) For the purposes of subsections (3), (4) and (5), a unit shall be considered to be located in a region of Ontario set out in Column 1 of Table 11 if the unit is located in a municipality or district set out opposite the region in Column 2 of Table 11.

O. Reg. 298/01, s. 51 (6).

TABLE 6
STANDARD EXTRA CHARGES

		Type of Unit			
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Service or Utility	Hostel bed or bachelor or one-bedroom unit	Two-bedroom unit	Three-bedroom unit	Four or more-bedroom unit
1.	Electricity, other than,	$24	$34	$39	$41
	(a) electricity provided for heating the unit,				
	(b) electricity provided for heating the water supplied to the unit,				
	(c) electricity provided as power for cooking facilities in the unit, or				
	(d) electricity provided as power to operate a clothes dryer in the unit.				
2.	Power for cooking facilities in the unit.	6	9	11	12
3.	Laundry facilities, other than coin-operated laundry facilities, in the housing project.	6	9	11	13
4.	Power to operate a clothes dryer in the unit.	6	9	11	13
5.	A washing machine, other than a coin-operated washing machine, in the unit.	2	2	2	2
6.	A clothes dryer, other than a coin-operated clothes dryer, in the unit.	2	2	2	2

O. Reg. 298/01, Table 6.

TABLE 7
ALLOWANCES FOR WATER AND APPLIANCES

		Type of Unit			
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Service or Utility	Bachelor or one-bedroom unit	Two-bedroom unit	Three-bedroom unit	Four or more-bedroom unit
1.	Oil used to operate a hot water heater, where the household does not pay a rental fee for the heater	$28	$34	$39	$47
2.	Oil used to operate a hot water heater, where the household pays a rental fee for the heater	34	41	46	56
3.	Gas used to operate a hot water heater, where the household does not pay a rental fee for the heater	15	21	26	32
4.	Gas used to operate a hot water heater, where the household pays a rental fee for the heater	29	40	47	54
5.	Electricity used to operate a hot water heater, where the household does not pay a rental fee for the heater	23	28	32	39
6.	Electricity used to operate a hot water heater, where the household pays a rental fee for the heater	28	34	38	46
7.	Water, other than hot water	8	15	18	20
8.	Refrigerator	2	2	2	2
9.	Stove	2	2	2	2

O. Reg. 298/01, Table 7.

TABLE 8
HEAT ALLOWANCE — OIL

		Region of Ontario			
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Type of Unit	Southern	Central	Northeastern	Northern
1.	Apartment — Bachelor or one bedroom	$49	$55	$56	$67
2.	Apartment — Two bedrooms	51	57	58	72
3.	Apartment — Three or more bedrooms	64	69	73	90
4.	Row house	68	73	79	102
5.	Semi-detached house	92	97	107	135
6.	Single detached house	136	147	149	182

O. Reg. 298/01, Table 8.

TABLE 9
HEAT ALLOWANCE — GAS

		Region of Ontario			
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Type of Unit	Southern	Central	Northeastern	Northern
1.	Apartment — Bachelor or one bedroom	$21	$31	$32	$40
2.	Apartment — Two bedrooms	24	32	33	43
3.	Apartment — Three or more bedrooms	25	35	39	49
4.	Row house	28	37	42	56
5.	Semi-detached house	39	49	56	76
6.	Single detached house	56	74	79	100

O. Reg. 298/01, Table 9.

TABLE 10
HEAT ALLOWANCE — ELECTRICITY

		Region of Ontario			
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Item	Type of Unit	Southern	Central	Northeastern	Northern
1.	Apartment — Bachelor or one bedroom	$40	$45	$46	$55
2.	Apartment — Two bedrooms	42	47	48	59
3.	Apartment — Three or more bedrooms	53	57	60	74
4.	Row house	56	60	65	84
5.	Semi-detached house	76	80	88	111
6.	Single detached house	112	121	123	150

O. Reg. 298/01, Table 10.

TABLE 11
MUNICIPALITIES AND DISTRICTS COMPRISING REGIONS

Column 1		Column 2
Region of Ontario		Municipalities and Districts
Southern	1.	City of Hamilton.
	2.	City of Toronto.
	3.	County of Brant.
	4.	County of Elgin.
	5.	County of Essex.
	6.	County of Haldimand.
	7.	County of Kent.
	8.	County of Lambton.
	9.	County of Norfolk.
	10.	Regional Municipality of Halton.
	11.	Regional Municipality of Niagara.
	12.	Regional Municipality of Peel.
Central	1.	County of Bruce.

	2.	County of Frontenac.
	3.	County of Grey.
	4.	County of Hastings.
	5.	County of Huron.
	6.	United Counties of Leeds and Grenville.
	7.	County of Lennox and Addington.
	8.	County of Middlesex.
	9.	County of Northumberland.
	10.	County of Oxford.
	11.	County of Perth.
	12.	County of Prince Edward.
	13.	The following portions of Simcoe County:
		(i) City of Barrie,
		(ii) Town of Bradford West Gwillimbury,
		(iii) Town of Essa,
		(iv) Town of Innisfil,
		(v) Town of New Tecumseth,
		(vi) Township of Adjala-Tosorontio.
	14.	United Counties of Stormont, Dundas and Glengarry.
	15.	County of Wellington.
	16.	Regional Municipality of Durham.
	17.	Regional Municipality of Waterloo.
	18.	Regional Municipality of York.
Northeastern	1.	City of Kawartha Lakes.
	2.	City of Ottawa.
	3.	County of Dufferin.
	4.	County of Haliburton.
	5.	County of Lanark.
	6.	County of Peterborough.
	7.	United Counties of Prescott and Russell.
	8.	County of Renfrew.
	9.	The following portions of Simcoe County:
		(i) City of Orillia,
		(ii) Town of Collingwood,
		(iii) Town of Midland,
		(iv) Town of Penetanguishene,
		(v) Town of Wasaga Beach,
		(vi) Township of Clearview,
		(vii) Township of Oro-Medonte,
		(viii) Township of Ramara,
		(ix) Township of Severn,
		(x) Township of Springwater,
		(xi) Township of Tay,
		(xii) Township of Tiny.
	10.	District of Algoma.
	11.	District of Manitoulin.
	12.	District of Muskoka.
	13.	District of Parry Sound.
	14.	Town of Espanola (in the District of Sudbury).

Northern	1.	District of Cochrane.
	2.	District of Kenora.
	3.	District of Nipissing.
	4.	District of Rainy River.
	5.	District of Sudbury (except Town of Espanola).
	6.	Thunder Bay.
	7.	Timiskaming.

Appendix 2: Review of charges and allowances within the RGI systems of selected other Provinces

The RGI systems in several other provinces are similar to Ontario's:

- In Quebec, the basic RGI rent is 25% of household income with a surcharge for electricity. If any of water, garbage collection, heat or hot water is the responsibility of the resident, there is an appropriate allowance to reduce the housing charge. Note: electricity (apart from heating or for hot water) paid for by the occupant is not subject to a deduction from housing charge.

- In BC, the basic RGI rent is 30% of household income. There are allowances if the resident pays for heat. There may be surcharges if utilities are included in the rent, but there is no specific schedule of these charges.

- In Alberta, the basis is 30% of income. Heat, water, sewer and garbage collection are included in the rent, but electricity is not.

- Saskatchewan's basic RGI housing charge is 30% of income, with residents being responsible for hydro power.

Although the wording of the various provincial policies differs, the general approach appears to be that if heat is not included in the housing charge, then there is an allowance. Electricity generally is the responsibility of the occupant, either for paying directly or through an extra charge on top of the income-tested portion of the occupancy charge.