

SOCIAL HOUSING ACCOMMODATION REGULATION (SHAR)

Questions and Answers for Indexing for Housing Operator Staff

1. Why is the Government of Alberta indexing income benefits?

- The government committed to re-indexing financial benefits annually in January to help ensure benefits keep pace with inflation.

2. What does indexing mean?

- Indexing benefits rates means they are adjusted annually to align with the rate of inflation.
- Rate changes are calculated using the Alberta Consumer Price Index (CPI).
- The Alberta CPI is calculated by comparing the cost of a fixed set of goods like food, shelter, clothing, transportation, and other household needs across time.

3. How will indexing impact recipients?

- On January 1, 2024, Assured Income for the Severely Handicapped (AISH), Income Support (IS), Alberta Senior Benefits, and Alberta Child and Family benefits will all see an increase of 4.25 per cent to their monthly financial assistance benefits.

4. How are benefits calculated?

- The increase in benefit rates in a given year is the percentage change in the average monthly Alberta CPI from the most recent 12-month period from October 1 to September 30 over the previous 12 month period.
- Adjusted amounts are determined by taking the previous year's benefit amounts and multiplying them by the change in the Alberta CPI.

5. When will the financial assistance benefits increase?

- On January 1, 2024, the monthly disposable income amount will be indexed for inflation as well as benefit rates for AISH, IS and seniors with low incomes.

6. How will this affect rent calculation and when will it be implemented?

- Rent will continue to be calculated for social housing at 30 per cent of household income or the Social Allowance Rental Rate Schedule.
- While this change will be effective January 1, 2024, Housing Management Bodies (HMBs) will increase rent when the household is scheduled for their annual rent review which could be at any time during the year.
- The exception is the lodge minimum disposable income, which could reduce the lodge rate for lower income seniors and is effective January 1, 2024.

7. Will rents increase to reflect the changes in benefits? If so, does this mean that the increase in benefits will go to landlords and HMBs?

- Income Support (IS) recipients who are tenants in social housing units will see their Core Shelter-Social Housing rate portion of their IS benefits increase. Regulation under the *Alberta Housing Act* requires operators of social housing to charge the Core Shelter-Social Housing rate, which establishes rents at the same value. No other IS benefits are included in the rent calculation.
- Social housing tenants receiving AISH are not expected to see their rental rates increase based on the indexing changes. For more information, please see question 11 below.

- Low-income seniors who are lodge residents may see their lodge rates decrease following the indexation of their minimum disposable income amount. For more information, please see question 12.
- HMBs will continue to invest their rental revenues and operating funding into the delivery of social housing programs as they face rising costs due to inflation.
- IS increases to the Private Housing portion of the Core Benefit will help Albertans pay for rent in an increasingly competitive rental market, with rising rents and decreasing vacancy rates.
- The Government of Alberta is working to increase affordability for Albertans and is working to develop supports for renters and prospective homebuyers to ensure they can find homes that fit their budgets.

8. How will these changes be communicated?

- Management bodies will be asked to notify current tenants of the changes, including rent increases to match the higher Income Support Core Shelter Social Housing rate for tenants in social housing and the indexed disposable income amount for lodge residents. A draft letter will have been provided for your use.

9. Is rent-geared-to-income changing?

- No, rent-geared-to-income (RGI) will continue to be set at 30 per cent of a household's total income in regulated social housing.

10. How will indexing Income Support affect current tenants in affordable social housing?

- Current tenants are not expected to be impacted due to indexing of the Core Shelter- Social Housing rates provided by Income Support financial assistance benefits. Rent increases will match the indexed Core Shelter-Social Housing rate, meaning tenants in affordable social housing will only see rent increases that are proportional with the increase to the shelter portion of their Income Support benefit. They will also benefit from indexing of the other components of Income Support, such as the Core Essential rate under Core Benefits, the health benefits and any other supplementary benefits they may qualify for under IS.
- The household's current rent matches the benefit amount and will continue to do so. Social housing core shelter payments are intended to cover rent payments for Income Support households living in regulated social housing.

11. How will indexing AISH affect current tenants in affordable social housing?

- Income Support social housing payments and social allowance rent rates do not apply to AISH tenants living in social housing.
- With the exception of tenants receiving IS, rent is determined using Line 15000 of the tenant's Notice of Assessment (NOA). Rent calculations for AISH households will be based on their previous year's income.
- At least \$735 and any personal benefits received under the AISH program are exempt for the purposes of calculating rent in the Community Housing Program.
- The department asks that HMBs not charge any AISH tenants for retrospective rent increases or increase rent based off the indexing increase.

12. What are the new rates for residents of the Seniors' Lodge program?

- As a result of indexing the minimum disposable income amount, HMBs are required to ensure that each tenant 65 years of age or older is left with \$357 per month after paying the lodge rental rate. The disposable income amount is up from \$342. This effectively means that the lodge rate charged will decrease by \$15 per month for low-income residents, so they are left with a higher disposable income amount post indexation.
- The department expects that HMBs adjust the lodge rates for those affected as of January 1, 2024, and provide a credit for any overpayments tenants will have made, as calculated based on the lower disposable income amount of \$342 from the previous year.