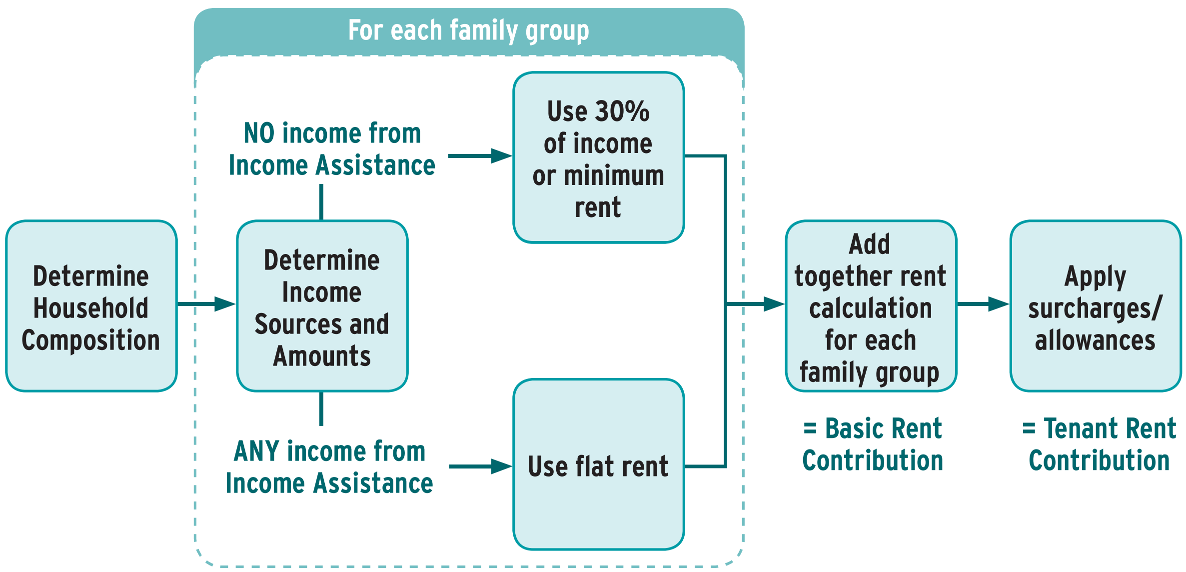
CHAPTER 2

Tenant Rent Contribution

Introduction

Housing providers need to follow three steps to determine the Tenant Rent Contribution:

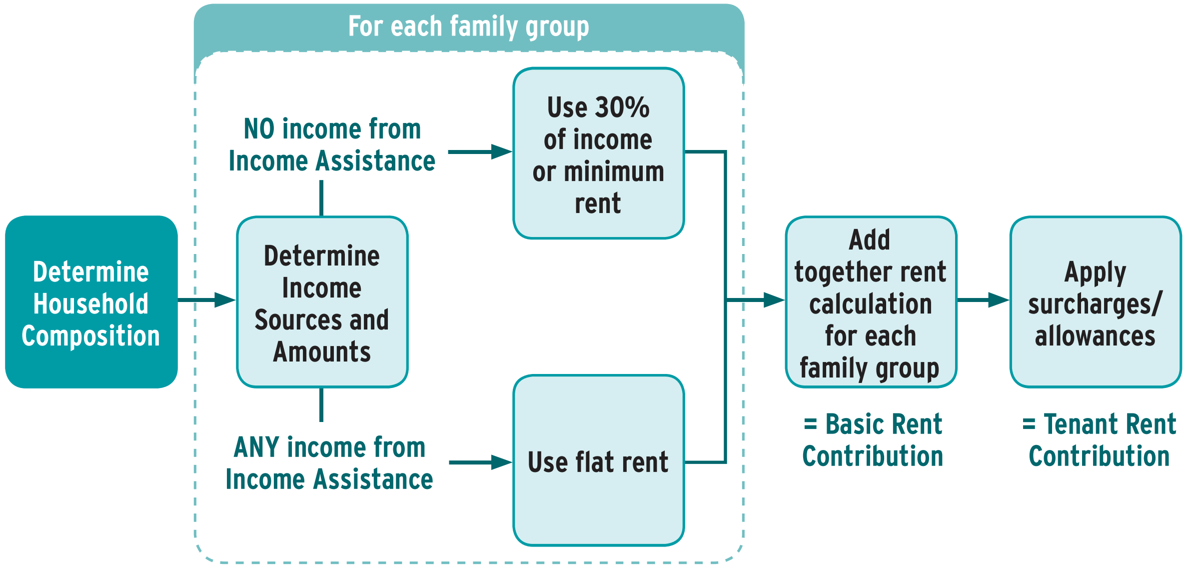
1) Determine household composition
2) Determine income sources and amounts
3) Calculate the Tenant Rent Contribution



Determining Household Composition

The primary resident is the person who signed the tenancy agreement and is listed as the tenant on the Rent Form. Anyone living in the unit who is not a spouse or dependent of the primary resident is considered a separate family group and requires a separate rent calculation.

If you encounter a situation that is not covered by this section, please contact the Rent Calculation Help Desk for assistance.



Family Groups and Dependents

Review household composition to determine if there is more than one family group in the unit using the following criteria:

1) Family Group Member - A married or common-law spouse (of any gender)

2) Dependent – A dependent for the purposes of rent calculation is:

- A child, stepchild, adopted child, or legal ward under age 19, or
- A child over the age of 19 who has provided proof of attending school full time, and
- Is unmarried or not in a common-law relationship

Examples of Family Groups

Household Members	Family Groups	Family groups in the unit
A single resident		1 family group of one
A mother with a child		1 family group of two
A mother with a child and the mother's 32-year-old brother	 + 	1 family group of two *and* 1 family group of one
A couple (married or common-law)		1 family group of two
A couple (married or common-law), the wife's 18-year-old niece and the niece's two-year-old daughter*	 + 	1 family group of two *and* 1 family group of two

** Although the niece is under 19, she is considered a separate family group because she has a dependent of her own.*

Complete a rent calculation for each family group and add them together to determine the Basic Rent Contribution for the unit.

Examples of Rent Calculation for Households with Multiple Family Groups

Household Members	Family Groups		Basic Rent Contribution
Example 1 Mother with three children, ages 15, 16, and 17, and their grandmother *Grandmother is not a dependent, and requires a separate rent calculation*	 **A** 1 family group of four	+  **B** 1 family group of one	= Calculation **A** + Calculation **B**
Example 2 Mother with two children, ages 10 and 14, and 18-year-old niece with one-year-old child *Because the niece has a dependent of her own, she and her child are considered a separate family group and require a separate rent calculation*	 **A** 1 family group of three	+  **B** 1 family group of two	= Calculation **A** + Calculation **B**

Example 3 Couple with two children, a daughter age 4, and a son age 19			
Scenario #1 The 19-year-old is a full-time student and is considered a dependent, so any income would be included with the parents' for the rent calculation	 **A** 1 family group of four		= Calculation **A**
Scenario #2 The 19-year-old is not a student, and is considered a non-dependent, and a separate rent calculation is required	 **A** 1 family group of three	+  **B** 1 family group of one	= Calculation **A** + Calculation **B**

Age of Resident

When determining the age of a resident or household member, use their age on the effective date of the rent calculation.

Proof of Student Status

For a child **age 19 to 24** to be considered a dependent, they must provide proof of full-time attendance at an educational institution. To qualify as full-time, a student must be:

- Registered for a minimum of nine units of study, equaling a minimum of nine hours per week
- The program of study must have a minimum duration of six months in a twelve-month period

If you need help determining whether a household member qualifies as a full-time, dependent student, contact the Rent Calculation Help Desk.

NOTE: Effective April 1, 2018 - Update to the treatment of students when calculating TRC.

- Only children age 19 to 24 who are full time students are considered a dependent for rent calculation purposes and no longer need to declare income and assets. Prior to April 1, 2018 there was no age limit for an child to be considered a dependent due to student status.
- Adult children age 25 or older who are full-time students are now considered their own family group. They must declare all income and assets and a separate rent calculation will be completed.

If the primary resident or their spouse is a student, proof of student status is not required as being a student will not affect how the rent is calculated.

Required Documentation:

A class schedule indicating the educational institution, student's name, course name, and duration of courses, or a completed Student Verification Form. If a student is unable to provide proof of enrollment during the summer months, a verbal declaration is acceptable, but the rent calculation will be subject to a short-term review.

If proof of enrolment is not provided by mid-September, the TRC must be recalculated for the household, with the student as a separate family group. In this case, the student will be charged 30 per cent of income, subject to the Minimum Rent, beginning October 1st.

Examples of Student Status

Household Members	Family Groups	Proof of Student Status
A couple with a 20-year-old son who is *not* a full-time student	+ **A** 1 family group of two **B** 1 family group of one	n/a
A couple with a 20-year-old son who *is* a full-time student	**A** 1 family group of three	Required
A single mother who is a full-time student, with two children ages 7 and 10	**A** 1 family group of three	Not required

Co-Parenting Arrangements

A child who resides with his/her parent(s) a minimum of 40 per cent of the time qualifies as a permanent member of the household, and the TRC is calculated as if the child is in the unit full-time. A child who lives in the unit less than 40 per cent of the time is not included in the rent calculation.

Change in Household Composition

Residents are required to advise the housing provider immediately, if someone who does not meet the definition of a spouse or dependent joins or leaves the household. Always re-calculate the TRC when anyone 19 years of age or older joins or leaves the household.

Generally, no adjustment is required if a dependent joins or leaves the household, unless the change results in a decrease in household income. However, it is good practice to require residents to notify you of any change in household composition for your records.

Examples of Change in Household Composition

Scenario 1

Household Members	Family Groups		Basic Rent Contribution
A couple with a 21-year-old child who is *not* a full-time student	**A** 1 family group of two	+ **B** 1 family group of one	= Calculation **A** + Calculation **B**
Child moves out	**A** 1 family group of two		= Calculation **A**

In this scenario, the rent calculation has changed and the household income may have changed as well, if the child had income. Because a person 19 years or older moved out of the unit, the resident is required to report a change in family composition.

Scenario 2

Household Members	Family Groups	Basic Rent Contribution
A couple	**A** 1 family group of two	= Calculation **A**
The couple's 21-year-old child who *is* a student moves in	**A** 1 family group of three	= Calculation **A**

In this scenario, the household income may have changed if the student has employment income. Because a person 19 years or older moved into the unit, the resident is required to report a change in family composition.

Caregivers for Disabled Residents

Some disabled residents require a live-in caregiver to provide care throughout the night. Caregivers are not required to contribute toward the rent if the resident has:

- A series of different overnight caregivers, none of whom live in the unit full-time
- One caregiver whose primary residence is the RGI unit and whose sole source of income comes from working as a caregiver for the resident

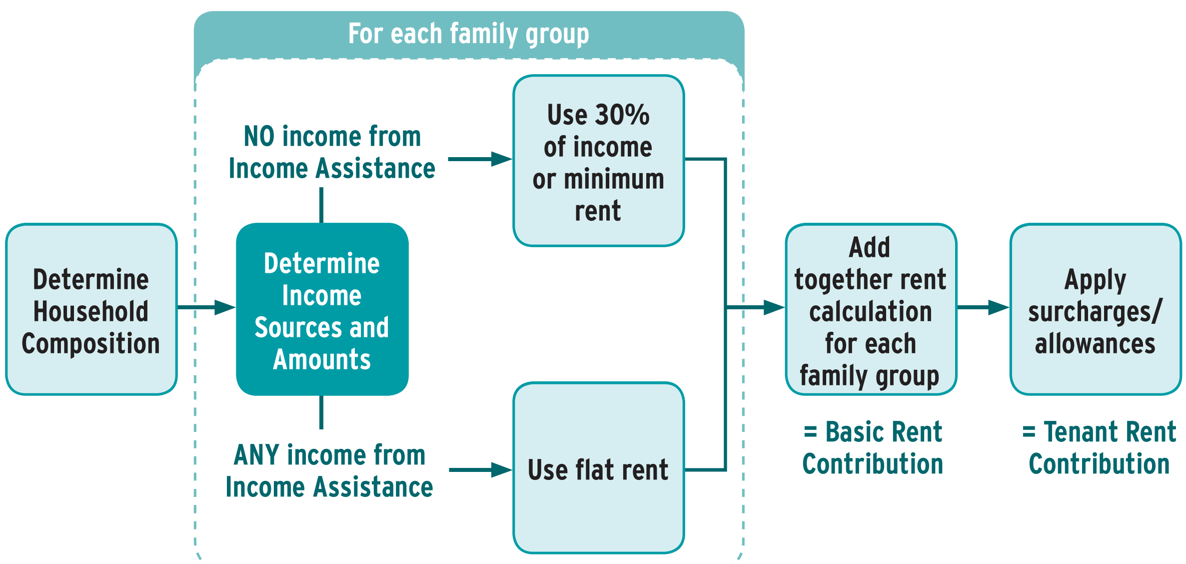
However, a live-in caregiver who is employed elsewhere during the day is required to contribute to the rent. In this case, calculate their portion of the TRC based on any income from other employment; income earned while acting as the caregiver to the resident is exempt, as are any of the caregiver's assets.

Written verification of the need for a live-in caregiver is required from a qualified professional: a doctor, nurse, home care worker, social worker, or occupational therapist. If the resident has submitted verification from another type of professional, please obtain approval from BC Housing.

Determining Income Sources and Amounts

Determine gross monthly income from all sources for each household member 19 years of age and older. See Appendix E – Income Sources for a list of what to include and exclude when calculating gross monthly income.

The TRC is always based on **gross monthly income**, never net income. Net income is the amount of pay after deductions like taxes, Canadian Pension Plan and Employment Insurance premiums, taxable benefits, and garnished wages.



When determining income, it is good practice to check the previous Rent Form to compare all declared income sources. If any income sources declared previously are not on the current Rent Form, confirm with the resident the income from that source has ended.

For example, if the resident previously declared CPP, but it is not listed on the current Rent Form, the resident likely forgot to include the CPP. Or if the resident declared employment income last year and has not listed any income this year, ask if they have applied for Employment Insurance.

Important Considerations

1) Documentation

Proof of income should be no more than three months old. If a resident has seasonal, fluctuating, or self-employment income, use the most recent **Income Tax Return** (ITR) and **Notice of Assessment** (NOA). If the proof of income appears incomplete or invalid, take steps to verify the information.

Pay Stubs

For employment income, pay stubs are generally the best proof of income as they provide the gross income, number of hours worked, and taxable benefits.

Bank Statements

Bank statements are typically used to determine assets. Bank Statements are not generally acceptable as the only proof of income, as they usually show the net income deposit and not the gross amount.

However, reviewing bank statements is an important tool in verifying that there are no undisclosed assets or sources of income, such as support[1], foreign pension, foreign income, employment, self employment, gratuities, investment, rental, etc.

Note: Identifying issues early reduces the risk of potential underpayment of resident rent contributions and overpayment of subsidy, which would result in a debt needing to be repaid by the resident.

Required Documentation:
All household members 19 years of age and older, including students, must provide proof of assets each time a Rent Form is completed. For new residents, obtain at least three consecutive months of current bank statements for each account.

For subsequent annual reviews or midyear adjustments, statements from all accounts covering a minimum of one month are acceptable. If there are significant discrepancies or changes from the last asset declaration or if there are unexplained deposits, additional statements may need to be requested.

Downloaded online bank statements must clearly indicate the account number, name on the account, and all transactions. The URL should also be on the page to indicate the statement is from the original source. Exports of bank statements to software are not acceptable.

In some circumstances it is acceptable for the resident to black out the names of merchants on the bank statements for privacy reasons. However, residents cannot black out any information for the following transactions:

- Deposits
- Cash withdrawals
- Transfers

Blacked out bank transactions cannot be accepted in the following circumstances:

- Resident has declared they have no income or minimum income. For more information on no income or minimal income (see No Income or Minimal Income).

1 Support includes, but not limited to child, alimony, family, friends, church, etc.

- If there are unexplained transactions or inconsistencies discovered during the review of bank statements.
- Resident is self employed.
- Resident is subject to a Verification Audit.

Tips for reviewing:
To ensure the household has declared and submitted proof of all assets and declared all income sources, when reviewing bank statements check for the following:

- Is the name on the bank account the same as the resident(s)?
- Is the address on the statement the same as the subsidized unit?
- Are there any unexplained transactions[2]?
- Are declared income sources accounted for in the bank statements provided?
- Are applicable government credits (Child tax credit, Universal Child Care Benefit, GST refunds, etc), showing in the statement provided? While these incomes are exempt from rent calculation, the absence of them may indicate undisclosed accounts.
- Does the cash flow into the account reflect the income declared?
- Are monthly living expenses being paid from the account(s)? Such as:
    - Rent;
    - Groceries;
    - Utilities (if applicable); and/or
    - Cash withdrawals.

  If not, question how these expenses are being paid, as they may have another account or be using credit or cash.

If there are unexplained transactions or other inconsistencies, ask for an explanation and request additional information, such as additional bank statements, Income Tax Returns, and Notice of Assessments, to reconcile inconsistencies or verify the explanations provided.

If the resident claims they do not have a bank account ask:

- How are they cashing GST/HST rebate cheque, Child Tax Benefit, etc.?
- Are they using a cheque cashing service[3] (e.g., Money Mart, Pay Day Loans)?
- How are they paying rent?

Income Tax Return (ITR) and Notice of Assessment (NOA)

The ITR and NOA are not acceptable proof of income for regular employment. However, some housing providers have adopted a policy of asking residents to provide the most recent tax return before the TRC is calculated. This approach allows the housing provider to cross-reference information on the tax return to income declarations from previous years.

Under certain circumstances—such as someone with seasonal, fluctuating, or self-employment income—it is acceptable to use the most recent ITR and NOA as proof of income, as the TRC will be based on the previous year's income.

2 Transactions include, but not limited to unexplained deposits, transfers, mortgage payment, etc.
3 Cheque cashing services can provide a record of their transaction history.

The **ITR** must always be accompanied by the **NOA**: the ITR provides the details and the NOA proves the Canada Revenue Agency accepted the ITR as submitted.

Letters

If accepting a letter as proof of income, the letter must contain the:

- Contact information for the person who signed the letter and, whenever possible, company letterhead should be used
- Signature of the person writing the letter
- Date the letter was signed
- Gross income, number of hours worked, taxable benefits, and frequency of pay

2) Gratuities

Residents working in the service industry (restaurant servers, taxi drivers, hair stylists, etc.) usually receive tips, which are included in gross monthly income. You can estimate the monthly income from tips by asking:

- How much do you make in tips on an average shift?
- How many shifts do you work per week?

Multiply the average tips per shift by the number of shifts per week and then multiply by 52. Divide this number by 12 to get an average monthly amount.

3) Frequency of Pay

You need to determine the frequency of pay for any source of income before you can calculate gross monthly income, as frequency affects the income calculation.

Example

Gross pay per period = $300				
Frequency of pay:	Weekly	Bi-weekly	Semi-monthly	Monthly
Calculation:	$300 x 52 pay periods ÷ 12 months	$300 x 26 pay periods ÷ 12 months	$300 x 24 pay periods ÷ 12 months	n/a
Gross monthly income:	= $1,300	= $650	= $600	= $300

If the paystub does not specify frequency of pay, the most accurate way to determine frequency is to use the Canadian Pension Plan Payroll Deduction Tables. These tables indicate the CPP contribution amount based on income and frequency of pay.

Compare the CPP deduction amount from the paystub to each of the tables. The table with an amount matching the deduction will show the frequency of pay. For assistance, please contact the Rent Calculation Help Desk.

To order a copy of the CPP Payroll Deduction Tables, visit the Canada Revenue Agency website.

4) Student Income

Effective April 1, 2018 adult children age 19 to 24 who are full time students are considered dependents and all income is exempt while they remain full-time students until the first calculation following their 25th birthday. When a child turns 25, even if they are still attending school, they are no longer considered a dependent and are required to declare all income with the exception of:

- Student loans (as they are repayable)
- Equalization payments, scholarships and grants

Training allowances are *not* exempt because they are not repayable.

For household member age 25 and older, calculate gross monthly income the same as you would for any other household member using directions in this guide.

As many students work temporary jobs or increased hours during school breaks, review the Seasonal or Flucuating Employment Income section to determine if using an average from last year's income tax return or year to date income might be appropriate.

Income Assistance

When *any* member of a family group receives Income Assistance, or top up from Income Assistance on other income sources, no income calculation is necessary. The rent contribution for the family group will be a Flat Rent based on family size.

There is an important exception to this rule for seasonally employed residents who also receive Income Assistance. See the Seasonal or Fluctuating Employment section for more information.

Required Documentation:

- A copy of the cheque stub indicating the Income Assistance rate, or
- Written verification from the Income Assistance office

Regular Employment Income

You can calculate gross monthly income for household members employed full or part-time using either year to date (YTD) income or a series of consecutive paystubs.

Important note: When calculating gross monthly income from regular employment, it is never acceptable to use the **Notice of Assessment** or **T4**s divided by twelve (12) months unless you are using a Seasonal or Fluctuating Employment Income Calculation.

Required Documentation:

- At least three most recent paystubs (more may be required if the resident indicates the three most recent are not typical), or
- Under certain circumstances, a letter from the employer declaring gross monthly income may be acceptable, if paystubs do not accurately reflect current income. The letter must clearly indicate the gross monthly income, include the employer's business address and contact information (letterhead is preferred), and be signed and dated. In this case, a calculation is not required to determine gross monthly income.

If a resident works overtime every week or receives a substantial annual bonus, include these amounts in the calculation and on the Rent Form.

1) Year to Date (YTD) Income

This is the most accurate method to calculate employment earnings, because it gives an average over time that takes into account any periods where income was high or low. Some employers include YTD income on each paystub.

Ensure you verify the employment start date before using this method. Generally, a verbal declaration is acceptable; however, written confirmation from the employer may be warranted if the start date is in the current calendar year. Record the employment start date on the Rent Form:

1) Record the YTD gross earnings from the paystub.
2) Deduct any overtime and vacation pay, unless received on a regular, ongoing basis (check the three most recent pay stubs to determine if this is the case).
3) Deduct any taxable benefits such as a uniform allowance, meal allowance or bus fare. If taxable benefits are paid each pay period, deduct the benefits after calculating the gross income per pay period. See Canada Revenue Agency Employers' Guide – Taxable Benefits and Allowances for details.
4) If the resident started employment in the current year, confirm the start date and record it on the Rent Form.
5) Calculate the number of pay periods from the beginning of the year or employment start date to the date on the paystub.
6) Divide the YTD income by the number of pay periods. This gives the average gross income per pay period.
7) Use the correct formula to determine gross monthly pay using Table 1 below.

Table 1 - Formulas to Determine Gross Monthly Pay

Paid weekly	Gross weekly pay x 52 pay periods ÷ 12
Paid bi-weekly	Gross bi-weekly pay x 26 pay periods ÷ 12
Paid semi-monthly	Gross semi-monthly pay x 2 pay periods
Paid monthly	Gross monthly pay

Example of Year to Date Income

A resident works full-time and submits a series of three consecutive pay stubs. The most recent paystub is dated May 26th and shows the YTD income. The paystub also shows a $10.00 uniform allowance each pay period, as a taxable benefit. The employee is paid bi-weekly, and began work on February 5th of the current calendar year.	
YTD earnings from pay stub	= $7,458.26
Divide YTD earnings by number of pay periods (Feb 5 to May 26, bi-weekly pay)	÷ 8
Equals average gross income per pay period	= $ 932.28
Deduct uniform allowance of $10.00 per pay period	– 10.00
Adjusted average gross income per pay period	= $922.28
Apply correct formula to calculate average gross monthly income:	
Multiply by frequency of pay	x 26
Equals annual income	= $23,979.28
Divide by 12 months	÷ 12
Average gross monthly income	**= $1,998.27**

2) Series of Consecutive Paystubs

This method takes the average income from at least three of the most recent consecutive paystubs to determine gross monthly income:

1) Record the gross pay from each paystub.
2) Deduct any overtime and vacation pay unless received on a regular, ongoing basis.
3) Deduct any taxable benefits such as a uniform allowance, meal allowance or bus fare from each paystub. See Canada Revenue Agency Employers' Guide – Taxable Benefits and Allowances for details.
4) Add the amount from each paystub together, after deductions for overtime, vacation and taxable benefits.
5) Divide the total by the number of paystubs to get the average gross income per pay period.
6) Use the correct formula to determine gross monthly pay (see Table 1- Formulas to Determine Gross Monthly Pay).

Example of Consecutive Pay Stubs

A resident who works part-time has provided five consecutive pay stubs, has not received any overtime, vacation pay or taxable benefits, and is paid semi-monthly.	
Total gross pay from all pay stubs	= $4,115.00
Divide by total number of pay stubs	÷ 5
Equals average gross income per pay period	= $823.00
Apply correct formula to calculate average gross monthly income:	
Multiply by frequency of pay	x 2
Average gross monthly income	**= $1,646.00**

Self-Employment Income

The procedures below explain how to calculate gross monthly income for self-employed household members according to the type of business.

Important note: If the net income from self-employment is a negative amount (even after adding back wages, rent or capital cost allowance), record the self-employment income as $0.00. Losses from self-employment cannot be used to reduce income from other sources.

1) Sole Proprietorship or Partnership

This type of self-employment may be referred to as "doing business as" a sole proprietorship or partnership. You can determine which type of ownership by looking at the **Statement of Business or Professional Activities** (T2125 of the **Personal Tax Return**) or financial statements. If the business is a sole proprietorship, the resident will have 100 per cent of the company earnings. If it is a partnership, the resident will have a percentage of the earnings (e.g., being a 50 per cent partner equals 50 per cent of the earnings).

Use the Business Income Calculation Worksheet to calculate the gross monthly income from these types of self-employment.

Required Documentation:

- **T2125 Statement of Business or Professional Activities** from the **Personal Tax Return**, and Notice of Assessment, or
- Financial statements if the business is in the first year of operation and a tax return has not yet been filed, as determined on a case by case basis

To calculate gross monthly income for a self-employed resident, use the net business income (line 9946 of the T2125 form) and add back the following expenses:

- Capital Cost Allowance (line 9936, prorated to the percentage of ownership)
- Management fees/salaries/wages paid to any household members (lines 8871 and 9060)
- Rent, if the business is being operated in the RGI unit (line 8910)
- Business-use-of-home expenses (line 9945)

Review each of the claimed expenses for reasonableness. Receipts or business bank account statements may be required to verify expenses. For example:

- Determine why expenses are rounded to the nearest dollar, if this occurs.
- If no or limited vehicle expenses are coming from personal account(s), determine the average weekly percentage of personal use of the business vehicle. Add this back to the income.
- If no or limited grocery purchases are coming from the personal account, ask whether personal grocery purchases are being expensed under meals and entertainment and/or advertising for the business. Add back to the income any amount of declared grocery expenses you cannot link to the personal bank account(s).

2) Limited or Incorporated Company

If the business name is followed by Limited (Ltd.) or Incorporated (Inc.), the business is a separate legal entity required to submit a corporate tax return each year. The resident may receive income from the company in the form of dividends, management fees, salary and bonus, which will be reported on their personal **Income Tax Return**. As such, the company income is not the income of the resident who owns the company: the resident is paid as an employee of the company.

In addition to receiving employment income from the company, the resident will be a shareholder. As a result, the company value is considered an asset and income must be calculated from this asset (see Income from Assets).

Report personal income declared by the resident and income from the asset on the Rent Form.

Required documentation:

- **Corporate Notice of Assessment**, and
- **T1178 General Index of Financial Information** short form, and
- T2 Schedule 1, and
- T2 Corporate Tax Return, and
- T2 Schedule 50 Shareholder Information (if the resident owns less than 100 per cent of the company), or

- Financial statements if the business is in the first year of operation and a tax return has not yet been filed, as determined on a case by case basis

Calculate income from this type of self-employment using the same steps as Regular Employment Income. If the resident is unable to provide copies of cheque stubs, you can calculate average gross monthly income using the **Income Tax Return** and **Notice of Assessment** from the previous year. Use the Business Income Calculation Worksheet to calculate the value of the tenant's assets in the company.

If the resident and/or spouse are the only shareholders in the company, consider the retained earnings and/or shareholder loan as an asset when calculating the TRC. If there are other shareholders, identify the percentage of shares the resident and/or spouse hold, and include a proportionate amount of the retained earnings. Also check the corporate tax return to determine whether any portion of the shareholder loan belongs to another shareholder.

Employment Insurance Income

Calculate gross monthly income from Employment Insurance (EI) based on:

1) EI as the sole source of income
2) EI plus employment income
3) A new application for EI

Any rent calculation involving EI income is subject to a short-term review, usually six months or when EI ceases, whichever is less.

Required Documentation:

- EI payment stub showing gross weekly rate, or
- Letter from Service Canada stating the gross weekly rate, or
- Print out from a Service Canada online account stating the gross weekly rate (this must show the URL, date and time printed)

Housing providers must determine how long a resident has been receiving EI. If someone declared EI on the previous year's Rent Form, this may indicate seasonal or fluctuating employment. See Seasonal or Fluctuating Employment Income for more details.

1) EI as the Sole Source of Income

EI is considered the sole source of income if a resident has not received any other income during the calendar year.

1) Determine the gross weekly EI rate.
2) Multiply the gross weekly rate by 52 (weeks), and divide by 12 (months) to calculate the gross monthly income.

Example of Employment Insurance

Gross weekly rate	= $345
Multiply by 52 weeks	x 52
Equals total gross annual EI income	= $17,940
Divide by 12 months	÷ 12
Average gross monthly income	**= $1,495**

2) EI plus Employment Income

People receiving EI can earn up to 25 per cent of their weekly rate without affecting their benefits. In this case, the payment stub will list "deductions for employment." Perform the following calculation only if the deduction is 25 per cent or greater and is shown on the EI payment stub. Otherwise, perform separate calculations for EI and regular employment income.

1) Determine the gross weekly rate of EI from the payment stub or letter/print out from Service Canada.
2) Multiply the gross weekly rate by 125 per cent (regardless of per cent earned) to determine the maximum allowable weekly income from EI and employment.
3) Multiply this amount by 52 (weeks) to get the gross annual income.
4) Divide by 12 (months) to arrive at the gross monthly income.

Example of EI plus Employment Income

Gross weekly rate	= $345
Multiply by 125 per cent	x 125%
Maximum allowable weekly income	= $431.25
Multiply by 52 weeks	x 52
Gross annual income	=$22,425
Divide by 12 months	÷ 12
Gross monthly income	**= $1,868.75**

3) New Application for EI

A resident may have applied for Employment Insurance, but documentation showing the benefit rate is not yet available. In this case, you can calculate an estimated weekly EI rate based on the **Record of Employment** or a series of consecutive pay stubs from the resident's last employer.

When you use this method to estimate income for new EI applicants, you need to re-calculate gross monthly income once a resident receives the first EI cheque. If the EI payment is higher than estimated, adjust the TRC for the first of the month following the date the payment was received. If the EI payment is lower than estimated, adjust the TRC retroactively to the effective date of the first calculation.

Estimating EI gross monthly income from a **Record of Employment**:

1) Determine the frequency of pay.
2) Determine how long the resident was employed at this job.
3) Find the total insurable earnings.
4) Calculate the average gross pay per period using the following formulas:

Paid weekly	Total insurable earnings ÷ 27 (or number of weeks worked if fewer than 27)
Paid bi-weekly	Total insurable earnings ÷ 14 (or number of bi-weekly periods the resident worked if fewer than 14)
Paid semi-monthly	Total insurable earnings ÷ 13 (or number of semi-monthly periods the resident worked if fewer than 13)
Paid monthly	Total insurable earnings ÷ 7 (or number of months the resident worked if fewer than 7)

5) Use the correct formula to determine gross monthly pay as outlined in Table 1 – Formulas to Determine Gross Monthly Pay.
6) Multiply the gross monthly income by 55 per cent to get the estimated gross monthly income from EI.

Estimating gross monthly income from **paystubs**:

1) Follow the steps outlined under Regular Employment Income to determine gross monthly income.
2) Multiply the gross monthly income by 55 per cent to get the estimated gross monthly income from EI.

EI Waiting Period

Individuals who apply for EI typically encounter a waiting period of up to two weeks during which no income is received. No adjustment to the TRC is made because of this wait.

Seasonal or Fluctuating Employment Income

A person who has seasonal or fluctuating employment may work in an industry that offers employment for only a portion of the year. Examples include:

- Employment in seasonal industries such as tourism, fishing, or forestry
- Employees of a board of education (i.e., caretakers, teacher's aides)
- On-call workers
- Commissioned salespeople whose income varies from one month to the next
- Employment in the construction industry where employees often have multiple employers during the year, periods with no income, or periods involving EI

As a result, the employee's annual income may be a combination of regular employment income and Employment Insurance or Income Assistance.

You can eliminate the need for multiple adjustments to the TRC during the year by using either the previous year's **ITR** and **NOA** or year-to-date income for residents with seasonal/fluctuating employment:

- If the resident worked in the same seasonal/fluctuating employment situation the previous year, calculate average gross monthly income using the previous year's ITR and NOA
- If the resident started seasonal or fluctuating employment during the current calendar year, calculate average gross monthly income using year-to-date income

Required Documentation:

- ITR and NOA from Canada Revenue Agency for the most recent tax year, and proof of the number of months employed during the tax year (**Record of Employment** or letter from employer), or
- A series of at least three consecutive pay stubs and proof of any income from EI/IA

1) Previous Year's ITR and NOA

Use this method when monthly income regularly changes, but results in approximately the same annual income:

1) Verify the number of months the resident was employed.
2) If applicable, verify the number of months the resident received Employment Insurance or Income Assistance.
3) Calculate the annual gross income from all sources, including employment income, Employment Insurance and Income Assistance.
4) Divide the amount by 12 months to get the average gross monthly income.

2) Year-to-Date Income

Use this method if a resident recently began working in seasonal or fluctuating employment, or if the previous year's ITR does not accurately reflect the current year's earnings:

1) Calculate the average gross monthly income from employment using the year-to-date method outlined in the Regular Employment Income section.
2) If the resident also received Employment Insurance, calculate the gross monthly income from EI using the EI plus Employment Income method, and add this amount to the gross monthly income from employment.

Example of Income Calculation for a Resident with Fluctuating Employment

The resident is employed in a new on-call position and the previous year's ITR does not accurately reflect current income. Consequently, the resident submitted three consecutive pay stubs. The most recent pay stub is dated May 26th and shows the YTD gross income. The resident is paid bi-weekly and commenced employment on February 5th of the current calendar year.	
YTD gross earnings from pay stub	= $6,500.00
Divide by number of pay periods (Feb 5 to May 26, bi-weekly pay)	÷ 8
Average gross income per pay period	= $812.50
Apply correct formula to calculate average gross monthly income:	
Multiply by frequency of pay	x 26
Annual pay	= $21,125.00
Divide by 12 months	÷ 12
Average gross monthly income	**= $ 1,760.42**

Seasonally Employed Residents Receiving Income Assistance

Seasonally employed residents who also receive Income Assistance are not automatically charged the Flat Rent for Income Assistance recipients. First, calculate 30 per cent of gross monthly income for the family group for the period the resident received Income Assistance:

- If Income Assistance was received for more than six months, compare 30 per cent of income to the Flat Rent and charge the higher of the two
- If Income Assistance was received for less than six months, compare 30 per cent of income to the Minimum Rent and charge the higher of the two

Example of Income Calculation for a Seasonally Employed Resident

A seasonally employed resident worked for four months and collected Income Assistance for eight months. The resident's family group is six people, and no other family member earned income.	
Employment income	= $9,560.00
Income Assistance	+ $7,586.00
Total income	= $17,146.00
Divide by 12 months	÷ 12
Average gross monthly income	**= $1,428.83**

In this scenario, 30 per cent of income is compared to the Flat Rent for the family size because Income Assistance was received for more than six months of the year, and the family group is charged the higher of the two amounts. See Calculating Tenant Rent Contribution.

Child Support Income

Effective April 1, 2018 - Child support income is exempted from inclusion in the calculation of TRC. Therefore, **the information below should only be used to calculations with an effective date prior to April 1, 2018.**

Child support is money a non-custodial parent pays to the parent with custody to help support their child. A child support order or agreement specifies how much one or both parents need to pay in child support. It may be a separate order or agreement, or may form part of a larger divorce order or separation agreement.

Prior to April 2018, child support is included as income.

Required Documentation:

- Confirmation of child/spousal support from the Family Maintenance Enforcement Program, or
- Court order, agreement or other legal documentation, or
- Three consecutive bank statements showing deposits, or
- If the resident is declaring child support on the tax return, the **Income Tax Return** and **Notice of Assessment** from the most recent tax year

It may not be possible for the resident to provide proof if child support is not court ordered and the parent paying child support is unwilling to provide documentation. In this case, a review of bank statements and a written declaration from the resident is acceptable.

The Family Maintenance Enforcement Program (FMEP) is available to anyone who needs assistance collecting child support.

Residents on Income Assistance while receiving child support are required to take part in FMEP and may remain on the program even if they no longer require Income Assistance. FMEP deposits are clearly marked on bank statements.

FMEP statements can be used as proof of child support income, and also to show there has been a reduction in the amount of child support or the payments/amounts are inconsistent.

If child support payments are sporadic or vary in amount from month to month, you can calculate a monthly average by adding the support payment amounts received over the past three to twelve months (use the maximum available) and dividing by the total number of months.

Example of Child Support Calculation

Child support payments are sporadic and vary in amount. A court order is not in place, and the applicant has provided three consecutive bank statements and a verbal declaration as proof of income.	
Child support payments:	
Month 1	$ 275
Month 2	$ 0
Month 3	$ 190
Total for all months:	= $ 465
Divide by number of months:	÷3
Average monthly income:	**= $155**

Make a note on the Rent Form if child support has ended, and obtain acceptable proof to keep on file.

Proof that child support has ended:

- An FMEP statement showing child support has ended, or
- Six months of bank statements showing no child support deposits and a self-declared letter stating child support benefits ended (which must be noted on the Rent Form), or
- Evidence that the child is no longer a dependent, or
- Evidence that the non-custodial parent is deceased

Pension Income

There are many types of pension income, including:

- Old Age Security (OAS), Guaranteed Income Supplement (GIS), Allowance, and Allowance for the Survivor (formerly Spousal Allowance)
- Canada Pension Plan, including retirement, disability, orphans, widows, etc.
- War Veterans Allowance (WVA) and Disability Allowance from War Veteran's Affairs Canada
- Senior's Supplement
- Private pension plans including Registered Retirement Income Funds (RRIF)
- Foreign pensions

List *all sources* of pension income *separately* on the Rent Form.

1) Pensions from Canadian Sources

Public pension plans such as OAS, GIS and CPP will not usually have taxes deducted, but many private pension plans will. It is important to use the gross monthly pension income whenever possible.

Required Documentation:

- Current letter of entitlement from each pension provider. For public pensions, the applicant has to request a Pension Rate Letter from the federal government, showing all pension income including OAS, GIS and CPP, and submit this letter, or
- Copy of the pension cheque or cheque stub showing the gross amount, or
- Copy of bank statements or bank book showing pension deposits. This is the least desirable form of proof, as it will show net amounts, and should only be accepted when other forms of proof do not exist due to the nature of the pension; for example, a private pension that does not provide cheque stubs or statements.

Follow the steps in the Regular Employment Income section to calculate the gross monthly income from pensions.

When a resident turns 65 and starts receiving pension income, a review of the TRC is not necessary unless income decreases.

2) Foreign Pensions

Required Documentation:

- Previous year's **Income Tax Return** and **Notice of Assessment**, or
- Rate letter from pension provider, or
- Pension cheque or cheque stub, or
- Bank statement showing deposits

If included in the previous year's **Income Tax Return**, the pension will already have been converted to Canadian dollars. Use the amount declared on line 115 of the **Income Tax Return** and divide by 12 to get the gross monthly income.

Convert pensions received in foreign currency to Canadian dollars using the Bank of Canada's exchange rates in order to calculate gross monthly income.

If the pension is paid out in one annual lump sum, use the Bank of Canada's 10-year currency converter and select the date that corresponds to the date of the deposit or cheque.

For pensions received throughout the year, use the average annual exchange rate (for the previous year) or most recent monthly exchange rate (for the current year). A list of monthly and annual average exchange rates is available from the Bank of Canada.

Because fluctuating exchange rates can impact the value of a foreign pension, you need to recalculate the current monthly income from the pension in Canadian dollars at each regularly scheduled review. A change in monthly income from a foreign pension due to a fluctuation in exchange rates does not warrant an additional adjustment to the TRC between scheduled reviews, unless it causes hardship. However, an adjustment can be made if the base rate of the pension changes.

Family and Other Support

All regular financial support from family, friends, community groups etc. must be included in the gross monthly income calculation, including any money given to students by family members.

Rental Income

If a resident owns residential or commercial property that generates rental income, include the higher of the following amounts in the income calculation:

- An Imputed Income based on the value of the property, or
- The actual rental income generated (Real Monthly Income)

See Income from Assets below for more information.

Other Income Sources

If a resident has a source of income not covered in any of these procedures, use the procedure that seems most suitable. If you are unsure how to proceed, please contact the Rent Calculation Help Desk for assistance.

No Income or Minimal Income

There are very few situations where a family group lives with no income or minimal income (less than what they would receive if on Income Assistance).

Residents who claim they have no income or minimal income:

- Are expected to maximize income from all available sources, including but not limited to Income Assistance and Employment Insurance; and
- Will be charged the Flat Rent based on family size as if they are in receipt of income assistance, unless they can provide proof that they have applied for and are not eligible for other sources of income such as Income Assistance or Employment Insurance.

Required Documentation:

- Proof the resident is not eligible for Income Assistance or Employment Insurance, as applicable.
- Income Tax Returns and Notice of Assessments for all members of the household 19 years of age and older, including students.
- Bank statements for all members of the household 19 and older, including students (see Important Considerations for tips on reviewing bank statements).

Ask residents the following questions:

- Does anyone in their household have seasonal or fluctuating employment? If they answer yes, see the Seasonal or Fluctuating Employment Income section for information on calculating the TRC from this type of employment.
- Have they applied for Employment Insurance or Income Assistance?
- How do they pay your day-to-day expenses?
- How do they pay rent?
- How do they buy groceries?
- How do they pay for their vehicle? (if applicable)
- When did they last have income? What was the source of income?

If the resident claims they do not have a bank account ask:

- How are they cashing GST/HST rebate cheque, Child Tax Benefit, etc.?
- Are they using a cheque cashing service[4] (e.g., Money Mart, Pay Day Loans)?

If the family group still appears to have no income, charge the Minimum Rent based on the number of people in their family group, and set the TRC as short-term, to be reviewed within six months or less.

Income from Assets

Assets are possessions with the potential to earn income, either now or in the future. When a family group has assets worth more than $10,000, include in gross income the greater of the:

- Imputed Income earned on those assets, or
- Real Monthly Income generated by the assets

See Appendix F – Asset Types, for a list of included and excluded assets.

4 Cheque cashing services can provide a record of their transaction history.

Personal Belongings

Personal belongings such as furniture, jewelry, clothing or cars are not included as assets.

Required Documentation:

The proof required depends on the type of asset(s), but will often include:

- Bank statements
- Appraisal valuations (foreign property, etc.)
- **Income Tax Return** and **Notice of Assessment**
- Investment statements
- BC Property Assessment
- Mortgage statements

Imputed Income from Assets

Use the imputed rate of return to calculate an Imputed Income from all household assets, less $10,000. BC Housing reviews the Imputed Rate of Return annually, and adjusts it periodically. See Appendix C for current and past rates.

To calculate the Imputed Income from assets:

1) Add up the value of all assets and record this amount on the Rent Form:
   a) If the total is $10,000 or less, there is no need to calculate income from assets.
   b) If the total is greater than $10,000, deduct $10,000 (the asset exemption) to get the net value of the assets.
2) Multiply the net value of the assets by the imputed rate of return and divide by 12 to arrive at the monthly income from assets.

Example of Imputed Rate of Return

The resident has $10,000 in a Tax-Free Savings Account and $7,500 in Guaranteed Investment Certificates (GICs).		
Total assets from all sources:	$17,500.00	
Less asset exemption	$10,000.00	
Net Assets	= $7,500.00	
Multiply by imputed rate of return	x 1%	(as of Oct 2012)
Annual income from assets	= $75.00	
Divide by 12 months	÷ 12	
Monthly income from assets	**= $6.25**	

Real Monthly Income from Assets

If an asset produces a Real Monthly Income, such as a rental income from a property or a dividend from a stock or bond, use the higher of the Real Monthly Income or the Imputed Income on the asset, not both. Proof of the asset value and income generated by the asset are required (e.g., an **Income Tax Return**, investment statement, BC Property Assessment, or mortgage statements).

1) Determine the net amount of Real Monthly Income generated by the asset (for example, gross monthly rental income less the mortgage payment on the property).
2) Determine the net value of the asset (for example, assessed value less outstanding mortgage balance) and multiply it by the imputed rate of return. Divide this amount by 12 to arrive at the Imputed Income from the asset.
3) Use the higher of the Real Monthly Income or the Imputed Income:
    a) If using the Real Monthly Income, include this amount in the income section of the Rent Form, and exclude the value of this asset from any other asset calculations.
    b) If using the Imputed Income, add the value of this asset to any other assets and then calculate the Imputed Income on the total value of all assets.

Example of Real Monthly Income

The resident owns a $300,000 home, with an outstanding mortgage balance of $210,000 and a monthly mortgage payment of $860. The property is currently rented for $1,000 per month.		
Real Monthly Income		
Monthly rental income	$1,000	
Less mortgage payment	- $860	
Monthly income	**= $140**	
Versus		
Imputed Income		
Value of property	$300,000	
Less outstanding mortgage balance	- $210,000	
Less asset exemption	- $10,000	
Net value of asset	= $80,000	
Multiply by imputed rate of return	x 1%	(as of Oct 2012)
Annual income from asset	= $800	
Divide by 12 months	÷ 12	
Monthly income from asset	**= $66.67**	
The Real Monthly Income is greater than the Imputed Income. Therefore, the gross monthly income from this asset ($140) is included as income on the Rent Form, and the value of this asset ($300,000) is excluded when calculating the Imputed Income from any other assets.		

If you have questions, please contact the Rent Calculation Help Desk for assistance.

Asset Disposal

Advise residents their TRC can be adjusted to a lower amount only once each year, based on a maximum decrease of $10,000 in assets. Any amount of asset disposal over $10,000 will not be included in the revised TRC, unless residents prove they have suffered a devaluation of a stock portfolio, or they have used the proceeds for personal benefit, such as purchasing a car or taking a holiday. Assets given as a gift to another family member do not count as an allowable decrease.

For example, if a resident declared $200,000 of assets in one year and $50,000 the next year, a maximum decrease of $10,000 would be applied and the estimated value of the asset for the subsequent year would be $190,000, unless proof is provided showing a stock portfolio devaluation or the decrease was for personal benefit.

Calculating Tenant Rent Contribution

The rent calculation for each family group is based on the source of income:

- Charge family groups receiving any Income Assistance a Flat Rent based on family size
- Charge family groups with no Income Assistance the greater of 30 per cent of gross family group income, or Minimum Rent based on family size

Add the rent contribution for each family group together to obtain the Basic Rent Contribution for the household. Then adjust the Basic Rent Contribution for any heat allowance and/or other surcharges to obtain the TRC. When no heat allowance or surcharge applies, the TRC will equal the Basic Rent Contribution.

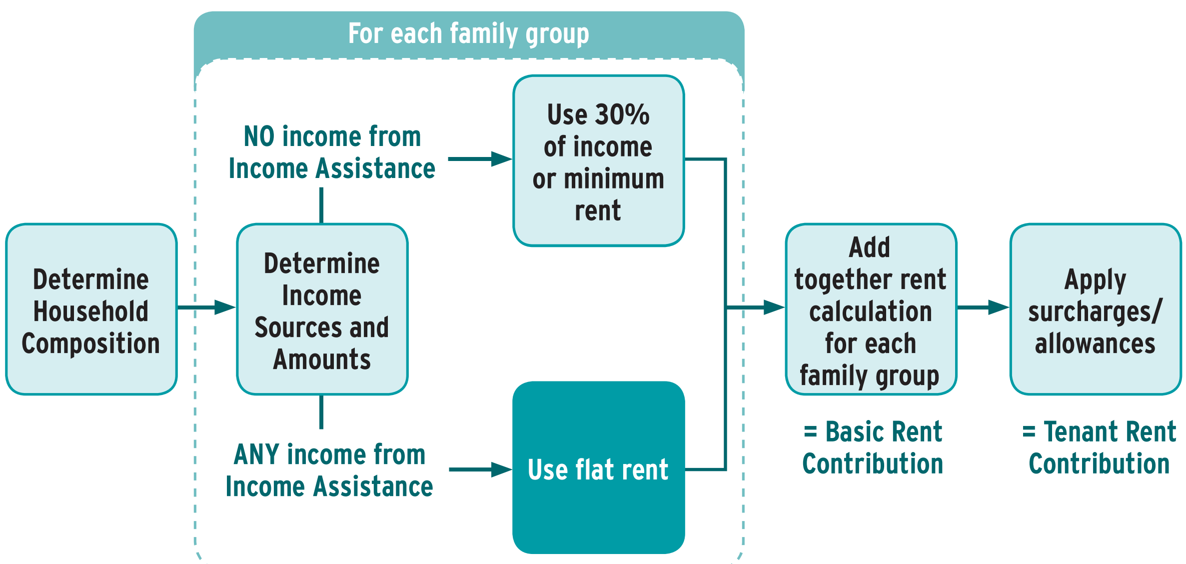
1) Perform the rent calculation for each family group

With Any Income Assistance

BC residents are entitled to a guaranteed minimum income through provincial government Income Assistance (BC Employment and Assistance program). Some households may earn some income and receive Income Assistance.

If a family group has received any Income Assistance, the rent calculation is equal to the Flat Rent based on family size (See Appendix B).

Note any other sources of income for these residents for the record, but you do not need to verify them.



Important note: The April 1, 2018 changes to the definition of full-time students impact the rent calculation when the parent(s) are in receipt of Income Assistance. If a family group has child(ren) age 19 to 24 who are full-time students, charge the Flat Rent for the family group based on the actual income assistance rate received as they will not receive any funding from Income Assistance for children over age 18.

Once the child turns age 25, they are considered their own family group and separate calculation needs to be completed.

Example of Households Receiving Income Assistance

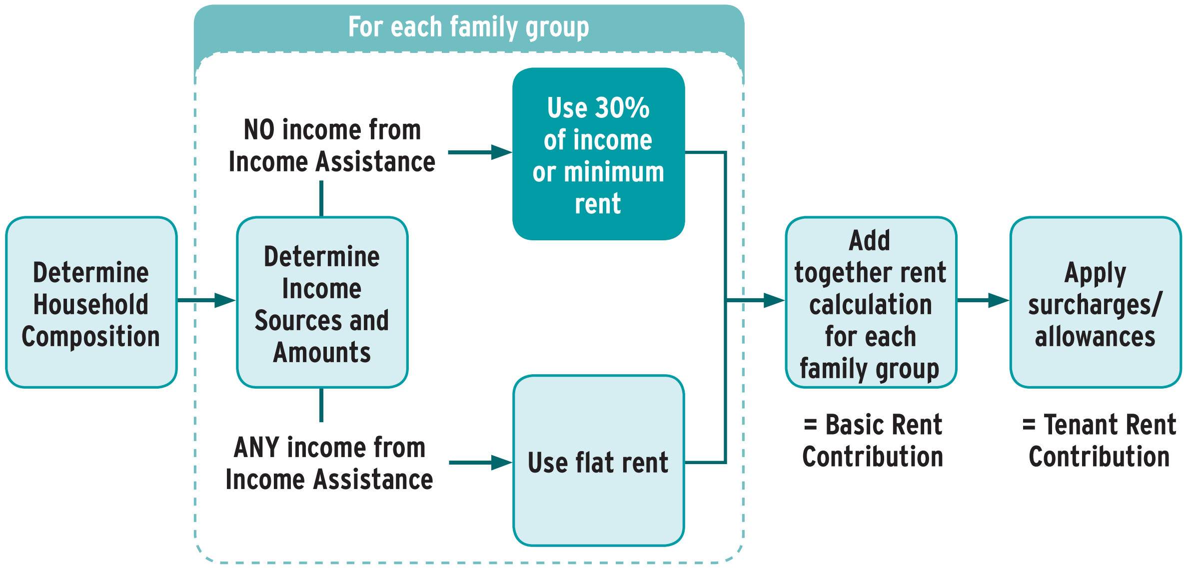
Scenario	Household Composition	Family Size	Income Source	Flat Rent[5]	Basic Rent Contribution
Example 1 Single parent with three children, aged 10, 14 and 17		4	Income Assistance	$775	$775
Example 2 Individual resident, aged 63		1	CPP/Income Assistance	$445	$445
Example 3 Two parents with two children, aged 15 and 20 (the 20-year-old is not a full-time student)	 **A**	3	Income Assistance	$725	$1170
	 **B**	1	Income Assistance	$445	
Example 4 Two parents with four children, aged 3, 5, 8 and 19 (the 19-year-old is a full-time student)		6	Income Assistance/ Employment	$870	$870
Example 5 Single parent with one child, aged 2, and the resident's 73-year-old mother	 **A**	2	Income Assistance	$635	$635 **+ Rent Calculation B**
	 **B**	1	Pension Income	30% of income or Minimum Rent	

With No Income Assistance

When a family group does not receive Income Assistance, the rent calculation is equal to 30 per cent of gross monthly income or the Minimum Rent (See Appendix B) based on family size, whichever is greater.

The Minimum Rent is the least amount a family group will contribute towards rent and is based on family size. If 30 per cent of a family's gross monthly income is less than the Minimum Rent, the Minimum Rent applies.

5 See Appendix B for the Flat Rent table.



Minimum Rent applies only to family groups where none of their income is from Income Assistance. However, an exception is made for Seasonal or Fluctuating Employment Income.

Employment Allowance

Each actively employed resident is eligible for an employment allowance of $200 per month for each month that they attend work, to offset the costs of going to work. You deduct this allowance from the gross monthly income for each employed member of a household, before calculating 30 per cent of income.

If a working resident earns less than $200 per month, the employment allowance matches their monthly income. For example, if someone earns $180 per month, the employment allowance will be $180.

If a resident receives employment income from more than one source, the maximum allowance per person remains $200.

Residents with income from both EI *and* employment are entitled to the Employment Allowance. However, residents receiving only EI and *no* income from employment are not eligible.

For residents with seasonal or fluctuating employment, you calculate the monthly employment allowance by multiplying the monthly entitlement (up to $200) by the number of months the resident was employed during the previous year, and then dividing by 12. In order to qualify for the employment allowance, residents with fluctuating employment must be ready to work (i.e., on call), but not laid off or collecting EI.

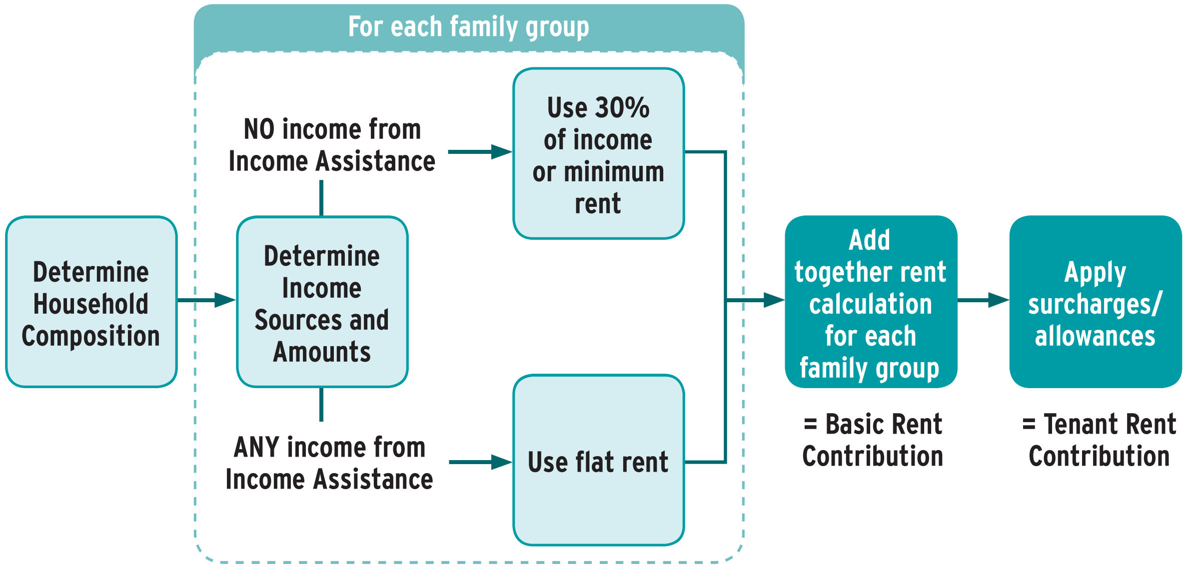
Perform the rent calculation:

1) For each family group member, add the calculated monthly income from all sources and deduct the employment allowance, if applicable.
2) Add the gross monthly income of all family group members.
3) Multiply by 30 per cent.
4) Compare this amount to the corresponding Minimum Rent based on family group size, and use the higher amount.

Example of Households with Income from Employment and Other Sources

Scenario	Household Composition	Family Size	Income Source	Rent Calculation[6]	Basic Rent Contribution
Example 1 Couple and two children, age 15 and 21 (the 21-year-old is not a student)	 A	3	Employment	30% of total income or \$309, whichever is higher	30% of total income or \$309, whichever is higher + \$167
	 B	1	None	\$167	
Example 2 Single parent with three children, ages 2, 4 and 15		4	Employment	30% of total income or \$372, whichever is higher	30% of total income or \$372, whichever is higher
Example 3 Single parent with three children ages 6, 19 and 21 (the 21-year-old is a full-time student and employed part-time; the 19-year-old is unemployed)	 A	3	Employment	30% of total income (including student's) or \$309, whichever is higher	30% of total income or \$309, whichever is higher + \$445
	 B	1	Income Assistance	\$445	

6 See Appendix B for the Minimum Rent Table



2) Calculate the Basic Rent Contribution for the entire household

Add together the rent calculation for each family group in the household.

3) Calculate the Tenant Rent Contribution

Adjust the Basic Rent Contribution for any applicable heat allowance and/or other surcharge.

Heat Allowance

In housing developments that bill each unit separately for heating and the household is responsible for paying their own heat, apply a heat allowance according to unit size, type of heat and location (including households receiving Income Assistance). Current Monthly Heat Allowance Rates are included in Appendix D.

Some programs cap rent at the market rent (see the Program Guide for details). In this case to be eligible for the heat allowance, 30 per cent of household income must be less than or equal to the market rent plus the heat allowance. For example:

A resident lives in a three-bedroom unit in Vancouver, where rent is capped at a market rate of $1,200. The heat allowance for this unit is $66. The market rent plus the heat allowance is equal to $1,266. Therefore:

- If 30 per cent of income is less than or equal to $1,266, the resident is eligible to receive the heat allowance
- If 30 per cent of income is greater than $1,266, the resident is not eligible to receive the heat allowance

Surcharges

Some developments may have additional charges residents have to pay, such as parking, laundry, cable or utilities.

- **BC Housing Directly Managed Developments** - If a resident in a BC Housing directly managed development is responsible for a surcharge, add this amount to the Basic Rent Contribution.
- **Non-profit and Co-op Buildings** - For non-profit and co-operatives, most surcharges are not included on the Rent Form, because they would reduce subsidy to the development. If you are unsure whether to include a surcharge on the form, please contact the Rent Calculation Help Desk.