

## Policies and Procedures

**Subject:** Reimbursement of Service Manager/Repayment: Treatment of Overpayment of RGI Subsidy

**Date:** July 1, 2021  
**Replaces:** May 20, 2016

**Applicable to** The policy and procedures contained in this document apply to the following:

- |                                                                    |                                                                                                 |
|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Municipal & Private Non-Profit | <input checked="" type="checkbox"/> Federal Subsidies                                           |
| <input checked="" type="checkbox"/> Co-operatives                  | <input checked="" type="checkbox"/> Rent Supplement*<br><small>*incl. former OCHAP/CSHP</small> |
| <input checked="" type="checkbox"/> Centralized Waiting List (CWL) | <input type="checkbox"/> Internally Funded/ROP Administered                                     |

**Content** This document contains the following information:

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Explanation of Overpayment of Subsidy and Repayment of Subsidy
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Cross Reference
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**Legislation** *Housing Service Act, 2011 (HSA)* [Ontario Regulation 367/11 s.26](#)

**Purpose** This document will provide information pertaining to:

- Repayment to the Service Manager when the Service Manager has overpaid rent-geared-to-income (RGI) subsidies due to incorrect calculations; and
- The process for Housing Providers to follow when an overpayment has been incurred due to an incorrect calculation(s).

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**Definition and Scenarios: Overpayment of RGI Subsidy**

An overpayment of RGI subsidy occurs when the Service Manager has overpaid RGI subsidies due to incorrect calculations. In some cases, this money is owed back to the Service Manager and as such is called a “**repayment by a household**”.

This document outlines three scenarios in which overpayments of a subsidy may apply:

1. A household error or non-compliance which applies to their current unit
2. A household error or non-compliance which applies to a previous tenancy
3. An administrative error

**Note:** During current tenancies and memberships, reimbursements/repayment of RGI subsidy by a household is not the same as rent arrears. The term “rent arrears” is defined as an outstanding payment owed by a household for the rental of a housing unit.

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**Explanation of Overpayment of Subsidy and Repayment of Subsidy**

An overpayment occurs when the household provides incorrect information to the Housing Provider and once calculated, the rent portion paid by the tenant is lower than it should have been. When this discrepancy occurs, the difference between what the tenant paid and what they should have been charged will constitute the repayment amount.

The Service Manager must be repaid by the household when a subsidy is overpaid, **except** in cases when the overpayment is due to a Housing Provider’s administrative error.

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**Housing Providers Responsibilities**

The following section outlines the Housing Provider’s responsibilities in the three scenarios where an overpayment of subsidy could occur.

- 1. When an overpayment of subsidy is due to a household error or non-compliance.**

In this scenario, the Housing Provider has the following responsibilities:

- The Housing Provider does not have the authority to waive the repayment amount from the household when the repayment is due to the household’s error or non-compliance, however the Housing Provider can be flexible in the monthly repayment amount and the repayment methods. The monthly repayment amount may not be more than 10% of the RGI rent payable without household consent.

- If a tenant/member has more than one repayment agreement with the same Housing Provider, the Housing Provider may combine the amounts into one agreement.
  - Ensure the records note that repayments are different from rent arrears.
  - If a tenant/member who owes money due to an overpayment of their subsidy is moving out, the Housing Provider must advise the household in writing that the household will not be eligible for RGI housing in any other housing project in Ontario if they do not pay the money back or do not have a repayment plan in place, and
  - Must report this information to the Centralized Waiting List (CWL) office for the Arrears Database, using the [Arrears Move-Out/Repayment Plan Update Form](#).
- 2. When arrears are owed by a current household from a previous tenancy.**

In this scenario, the Housing Provider has the following responsibilities:

- If a current tenant/member owes money from a previous tenancy and is not abiding by the repayment plan, they become ineligible for their current RGI, unless the current Housing Provider is satisfied that extenuating circumstances exist.
- Below are two examples which demonstrate extenuating circumstances wherein the Service Manager has flexibility in determining whether an RGI household remains eligible for subsidy:
  - A household attempts to set-up a repayment plan but the Housing Provider refuses for various reasons (e.g. the household member and Housing Provider cannot agree on a schedule of repayment dates).
  - The matter regarding arrears/money owed for rent and/or damages has gone to a collections agency or Small Claims Court and there is evidence the household has made every reasonable effort to establish a repayment schedule and/or repay the arrears/money owed. Evidence of a household's reasonable effort to establish a repayment schedule could include an authorized copy of proposed written repayment schedule, and recorded contact with a representative from the office of applicable Housing Providers.

**Note:** In all other cases where there may be applicable extenuating circumstances that allow a household's eligibility to remain intact, Housing Providers must contact their Housing Specialist

**Important:** Special priority households are only responsible for half of the amount owing if it occurred during joint tenancies with the abuser. [O. Reg. 367/11 s.26\(3\)](#).

### 3. When an overpayment of subsidy request is due to an administrative error.

In this scenario, the Housing Provider has the following responsibilities:

- Note that [O. Reg. 367/11 s.64\(1\)](#) states that a household will not be requested to make a repayment that is due to an administrative error.
- Notify the household member(s) of the error and that the rent will be adjusted to the correct amount on a go-forward basis.

**Note:** An administrative error occurs when the Housing Provider incorrectly calculates the households RGI or implements an RGI process incorrectly which if done properly would have resulted in a higher RGI rent/ housing charge for the household.

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#### Service Manager Responsibilities

The following section outlines the Service Manager's responsibilities when an overpayment occurs:

- The Housing Specialist will provide advice to Housing Providers as requested, and will monitor Housing Provider's compliance with this policy
- If the Service Manager discovers an overpayment of subsidy that was not discovered by a Housing Provider, the Service Manager may examine tenant/member files more closely and take other action as deemed appropriate
- The Housing Specialist will determine that a household remains eligible for subsidy if it has entered into an acceptable repayment agreement or if there are extenuating circumstances.
- CWL staff will update the Arrears Database as required.

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#### Cross Reference

The following documents are related to this policy:

- Arrears Owed to a Housing Provider

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#### Questions

If you have any questions pertaining to this document, please contact your Housing Specialist at the Region of Peel.

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