

RENTAL ASSISTANCE PROGRAM

A Conversation about Income Verification

The Rental Assistance program (FCHI-2) makes housing more affordable for lower-income households. How does it work? Co-ops and other housing providers collect income information from the members of households that are likely eligible. The income information and other details determine if a household qualifies and how much assistance each one is entitled to get. Here's what you need to know.

Each assisted household declares its total monthly income, before deductions, to the co-op office, **including any non-taxable income**. With a few exceptions, all household members eighteen (18) years or older need to submit solid proof of their income. Your co-op will also need to verify each year that you continue to be eligible for rental assistance, based on your annual income. We recommend using the Notice of Assessment (NOA) to validate the gross annual income—more on the NOA to follow.


You don't have to declare income

- from anyone in your household who depends on another household member for financial support
- from an adult child under the age of twenty-six (26) who is a full-time student at a recognized learning institution and provides proof of full-time enrollment.

How do I apply for rental assistance?

Members need to contact their co-op office to request rental assistance. To be approved, you will need to fill out a "[Request for Rental Assistance - Annual Household Declaration](#)" form and provide current income documents. When you sign the application, you are declaring that the information provided is true and complete. You are also agreeing to report any change in your household composition or income right away.

Each year, you sign a new Household Declaration at your annual income review, and the co-op requests new proof-of-income documentation. Your new declaration



will include changes to income or other relevant changes throughout the year.

What happens if our income goes up or down during the year or someone moves in or out?

Report the change as soon as you can. You'll get a new "Request for Rental Assistance – Annual Declaration" form to fill in, reporting the gross monthly income from all household members eighteen (18) years and older. You will need to include new income documents with your declaration form.

What if I don't report a change?

Your co-op is responsible for verifying ongoing eligibility for rental assistance by reviewing your gross annual income. To validate the annual income, we recommend using the same document that originally verified your annual income. A co-op may request additional documents to confirm your income, including your Notice of Assessment. This will show whether you declared your household's full income. If you don't provide this, or if it shows you gave incomplete or wrong information during the year, your rental assistance will be adjusted, dating back to the start of the fiscal year, and your household will have to make up the difference.

What is included as income?

CMHC's [Reference Guide](#) has a full list of types of income that aren't included. (There are quite a few.) Your co-op should check "Section 3.4: Excluded Income" before calculating your household's assisted housing charge.

Income

Your household's total gross monthly income could include any of the following:

Employment Earnings

A regular pay cheque is not the only form of employment income. When listing your household's gross monthly income, be sure not to leave out income from these sources:

- gross earnings from salary
- wages
- overtime payments
- tips
- commissions
- bonuses of any kind



Self-Employment Income


- Gross income from a small business, or any self-employment, less the deductions from business income allowed by the *Income Tax Act*, excluding depreciation costs
- Depreciation costs are added back into the net business or self-employment income
- If you are self-employed in a home-based business, calculate your income by taking your gross earnings minus any business expenses that the Canada Revenue Agency accepts as deductions. Then **add back** any utility costs, parking at the co-op or portion of your housing charge that you would claim as business expenses for tax purposes.
- Note that childcare is not a business expense.
- You can't have an income below zero. If your business operated at a loss, your income from this source is zero. You can't reduce other income due to a business loss.

Pensions

- Payments from one or more of
 - a registered pension plan
 - pensions paid to widows or other relatives of a deceased person
 - Canada Pension Plan payments, Old Age Security, Guaranteed Income Supplement
 - spousal allowances and old-age income supplements paid by a province
 - pensions received under a Registered Retirement Savings Plan (RRSP), as a life annuity, a fixed-term annuity, a Registered Retirement Income Fund (RRIF) or an income-averaging annuity contract
 - foreign pensions sent from outside Canada

Disability Benefits

- Government disability benefits
- Other disability benefits (taxable or not), such as regular or occasional payments from short- or long-term disability insurance, including any back-dated amounts

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- Workers' safety-insurance payments for work-related illness, accident or disability (lump-sum payments are not included)

Other Government Payments

- Employment Insurance (EI) benefits
- Any special social-assistance program (as a past example, pandemic-related payments from the Canada Emergency Response Benefit)

Other Cash Income

- Alimony, separation or maintenance (child support) allowances

You need to include alimony and maintenance allowances in your gross annual income, whether taxable or not. Household members who **pay** alimony or a maintenance allowance can deduct the amount paid from their gross income if they can prove they are making required payments to their child or former spouse.

- Periodic support from people outside the household
- Withdrawals from an RRSP or another registered investment plan (either lump sum or monthly)

Investment Income

- Interest and dividends received from bank deposits and investments, such as bonds, debentures, securities, stocks, insurance policies, mortgages or investment securities not held in a registered plan
- Net rental income from real estate or agricultural property

How is income verified?

Income verification is evidence of how much your household earns. Here is what you need to give as proof for the main types of income above. Where several options are given, you need only provide one type of document. If your household has multiple adults with an income, all adults will need to provide proof of income.



Type of Income Verification

Employment Income Pay slips for the last two months that show the name of the employee, the name and contact information of the employer, the payroll period covered and the gross income earned. An employment-confirmation letter with the same information signed by a company officer is acceptable. This letter is all you need for a job held for less than two months. Your employment letter must include bonuses and or payments in lieu of benefits.

Income from Self-Employment or a Small Business

The Notice of Assessment is used to verify commissions or tips.

Audited financial statements for the most recent business year, or a copy of the most recent Notice of Assessment and full tax return with Statement of Business Activities, for the business or self-employed person and the company or individual's current income statement.

The Proof of Income statement (option "C") from the Canada Revenue Agency is also acceptable.

If self-employment is recent and these documents are not available, an affidavit of income and expenses forecast for the year will be enough.

However, self-employment and small-business income are always verified with the tax return and Notice of Assessment at the end of each year to confirm the estimated or declared income amounts.

Employment Insurance An Employment Insurance slip, identifying the recipient, gross income, payment dates and frequency. Copies of cheques or detailed deposit notices may be enough.

Disability Benefits All benefit slips must identify the recipient, gross income, payment date and frequency.

Social Assistance A copy of the letter of eligibility with all benefits listed and the monthly amount, or the monthly social-assistance stub that identifies the recipient or beneficiaries.

Pension /

Annuity Income

A statement identifying the recipient, gross income, payment date and frequency. Detailed deposit notices may be enough if they include gross and net amounts.

Alimony or Other Family-Support Income	A copy of the legal agreement or court order, copies of cheques, lawyer’s letter or letter from a recognized authority. The document must identify the recipient, amounts paid, payment date and frequency.
Interest and Earnings	Copies of bank and investment statements or T5s and T3s identifying the recipient, amounts received, payment dates and frequency.
Other Income	Proof of any other forms of income (example, periodic support from non-household members, income from informal care of children, withdrawals from an RRSP or other registered investment fund, lump-sum payments or payments received from time to time).
No Income	Most recent Notice of Assessment

Recommendation

We recommend having a policy in place outlining what the co-op requires and will accept as Income Verification documents.

Special Notes

A Notice of Assessment or a bank statement cannot be used as the only proof of income.