

## How and Who Could this Help?

The Housing Benefit Working Group calculated that 66,000 families with children and 130,000 individuals and couples would receive an average of \$103 per month from the Housing Benefit. They calculated that a lone parent with 2 children receiving Ontario Works would receive a Benefit of \$79 per month. Housing costs would go from consuming 41 per cent of income to 39 per cent. A single individual receiving Ontario Disability Support may receive an additional \$160 per month to pay towards their shelter, reducing the amount of income spent on housing from 49 per cent to 43 per cent.

A Housing Benefit that is delivered through the tax system outside of social assistance helps people when they leave social assistance for work, as they will continue to receive this benefit as long as their income remains below the income threshold and the amount they pay for modest housing remains above the rent threshold. It allows people to have more flexibility in choosing housing that may be closer to their work and school, and to be able to access housing that may be more suitable and adequate. It would relieve some of the pressure on the social housing system as it can provide rapid access to housing.

## What Might it Cost and How Could We Pay for It?

Roughly estimated, the model proposed by the Housing Benefit Working Group would cost the Province of Ontario \$240 million per year. This Group suggests that the Benefit could be funded by reallocating funds from other programs, without cutting back on these programs: for example, rather than increase social assistance shelter rates as has been done in the past, allocate these increases to the Housing Benefit. Another option is to convert the Ontario Property Tax Credit to a monthly benefit. By using these existing vehicles, there will be no added pressure on the municipal property tax.

## What Do We Recommend?

Our recommendations flow from recommendations endorsed in London's Community Housing Strategy, specifically, to:

- Advocate for changes that will remove disincentives to work and increase stability in the transition from receiving assistance to being employed (3.2); and
  - Provide additional rent subsidies and supplements, giving consideration to all rent subsidies and supplements being attached to the individual, not the property (3.12).
1. We recommend a Housing Benefit outside of social assistance intended to stabilize the affordable housing needs of people with low incomes who are struggling with housing costs and to help them move to employment and community engagement. The Benefit would be inclusive of housing benefits that are incorporated in other programs such as the shelter allowance portion of social assistance, and may extend to include those in chronic housing crisis that fall outside of existing programs but fall within the defined eligibility criteria.
  2. We recommend that the social assistance policies exempt income received from the Housing Benefit so that individuals and families receiving social assistance may have additional income to pay for their housing. Exempting as income the Housing Benefit eliminates the negative impact that this Benefit could have for people receiving social assistance.
  3. We recommend that the Housing Benefit Working Group's proposal be considered as a working model but that the maximum rent amounts proposed be based on family composition as well as family size and that local shelter costs be considered in order to reflect the current cost of renting from the private market.
  4. We recommend a coordinated approach to the opportunities available under the Canada Ontario Affordable Housing Program and the Long Term Affordable Housing Strategy to enable a Housing Benefit Program in London. The Housing Benefit Program may be incorporated into the *London Community Housing Strategy (2010)*.
  5. We recommend that funding the Housing Benefit not result in further delays in addressing the needs of public and social housing providers and the many families and individuals who live in Rent Geared to Income housing in regard to the shelter portion of social assistance benefits.
  6. We recommend that the Child and Youth Network's policy brief, *A Housing Benefit for Families with Low Income*, be sent to the Commission for the Review of Social Assistance in Ontario for consideration in their review of social assistance and to the Ministry of Municipal Affairs and Housing for consideration in the implementation and roll out of Ontario's Long Term Affordable Housing Strategy.

## A Housing Benefit for Families with Low Income

### A Policy Position Brief by London's Child and Youth Network



### What is a Housing Benefit?

Finding and keeping safe and affordable housing can be hard for families with low income. They may have to choose between paying the rent and putting food on the table. The threat of losing stable housing may be very real. Living with these stresses every day makes it hard to focus on work and school.

A Housing Benefit program similar to the Ontario Child Benefit program can help to make housing more stable and affordable relatively quickly and efficiently. It can help people leave social assistance for work and it can help people who are working for low wages make ends meet.

A Housing Benefit is income assistance that is provided directly to an individual or family to help make housing more affordable by raising the amount of income a family has available to pay for rent. Ontario's Long-Term Affordable Housing Strategy (2011) commits to exploring a new Housing Benefit. The *London Community Housing Strategy (2010)* commits to seeking additional rent subsidies and supplements, giving consideration to these being portable, or attached to the individual, rather than attached to the property.

### Why do we need a Housing Benefit in London?

Almost 17,000 - close to one third - of all renter households in London live in unacceptable housing that is not affordable, suitable or adequate (Statistics Canada and Canada Mortgage and Housing Corporation). Almost 25,000 renters are paying 30 per cent or more of their income on rent. Of those, 45 per cent (11,000) are paying at least half of their income on shelter.

### What about our existing affordable housing programs?

A Housing Benefit is not intended to replace existing programs. It is intended to broaden and diversify the affordable housing portfolio. While the existing programs help, barriers to affordable housing remain.

#### Subsidized Housing

Subsidized housing which includes both affordable and social housing is an important component of the overall solution. In 2011, there were over 4,000 households waiting for social housing in London. These households will have to wait anywhere from 18 months to 5 years to obtain rent-geared-to-income housing. The rent amounts for affordable housing units are still beyond the reach of many people. Social housing costs the City of London \$12 million per year in ongoing subsidy.

#### Rent Supplement

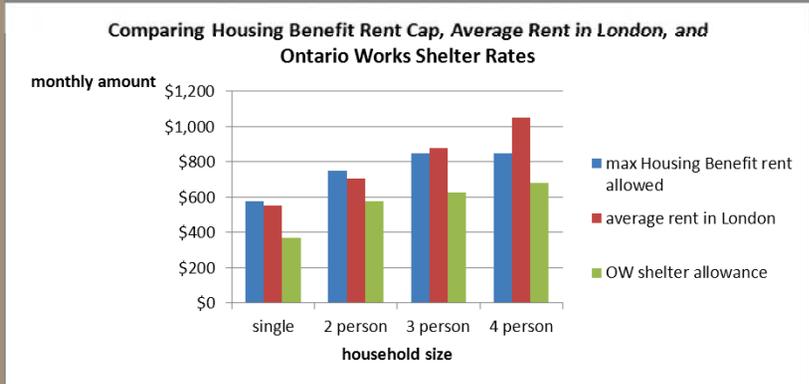
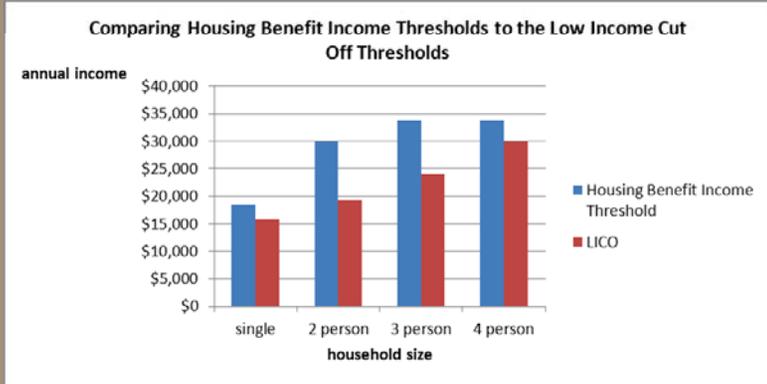
Though a Rent Supplement Program may help improve access to housing that is of acceptable quality there are some drawbacks. In some communities the availability of Rent Supplements may be limited with low take up rates by landlords, especially if vacancy rates are low. In London, the amount of funding available is not sufficient. London's Rent Supplement program costs \$3 million per year for 475 units. This is one quarter of London's \$12 million social housing budget.

#### Social Assistance Shelter Allowance

While social assistance provides a shelter allowance, the cap on the amount of income assistance that may be provided is below the average market rent in many communities. In London, shelter allowances are about 70 per cent of average rent. The current shelter allowance design is inefficient as it inflates the rental market. And with no housing-related income program to help Ontario's low income workers, it can be hard to leave social assistance. The Commission for the Review of Social Assistance in Ontario is including consideration of a housing benefit.

# Who Could Be Eligible?

Individuals and families under a specific income threshold and with high shelter costs are eligible. The income threshold depends on family size and reflects the maximum rent (rent cap) that would be allowed. The maximum rent is based on the median rent amount in a community and would reflect current rental expenses. To manage costs, it would apply only to renters, and includes all family types except seniors and students attending post secondary education full time. Students are excluded as they may be eligible for student grants and loans. To help make housing affordable for seniors, the existing senior's property tax credit could become a monthly benefit.



\*average rent amount for a 4 person household is based on a 3 bedroom apartment. The maximum Housing Benefit rent amount allowed for a 4 person household is based on the median rent of a 2 bedroom unit.

## Definitions

**Subsidized housing:** Includes both social and affordable housing. It is housing that receives either ongoing or capital funding from the government or community organization. Tenants who live in subsidized housing pay rent that is less than market value.

**Rent supplement:** Subsidies paid directly to landlords by government to help lower rent amounts that are charged to tenants.

**Income threshold:** Income level at which median rent for a household is more than 30 per cent of income.

**Median rent:** Middle amount; half of households pay more than the median and half of households pay less than the median.

**London's Community Housing Strategy (LCHS), 2010,** was created through consultation with community stakeholders. The LCHS was endorsed by Municipal Council in June 2010 and has been reaffirmed by the current Council. It sets out an aggressive 5 year plan of integrated service costs and outcomes across a continuum of homelessness to housing.

## Proposed Housing Benefit

A model for Ontario has been proposed by the Housing Benefit Working Group. This was developed after extensive research of housing benefit programs in other jurisdictions, including British Columbia, Saskatchewan, Manitoba and Quebec in Canada, and Australia, Sweden, the United Kingdom and the United States. The Housing Benefit Working Group is a coalition of industry and community organizations, including: the Federation of Rental Housing Providers of Ontario, Ontario Non-Profit Housing Association, Greater Toronto Apartments Association, Daily Bread Food Bank, Metcalf Charitable Foundation, and Atkinson Charitable Foundation. We support the fundamental principles of the model proposed by the Housing Benefit Working Group.

## An Example

### Applying the Housing Benefit Working Group Model

A two parent family with two children aged 8 and 14 are paying \$950 per month in rent. While one parent has a full time minimum wage job, the other parent has been unable to find work. Their after tax income, including all tax benefits and credits is \$31,676. Their shelter cost is 36 per cent of their income.

With the housing benefit proposed by the Housing Benefit Working Group, they would be expected to pay 30 per cent of their income to rent: they would be responsible to pay \$791.91. The proposed benefit caps the maximum amount of rent that would be considered for a four person family at \$847, the median rent for a 2 bedroom unit. With this cap, the gap between what the family can afford (30 per cent of income) and rent is \$55.09 (\$847-\$791.91). The Housing Benefit would cover 75 per cent of this gap and the family would receive \$41.32 per month to help pay the rent. As a result of this income support, their housing now costs 35.4 per cent of their income.

### A Proposal from London

If the rental cap were raised to \$1,000, which is in line with the average rent for a 3 bedroom unit in London, the full amount of the actual rent (\$950) would be included in the calculation, raising the housing benefit amount to \$118.57. Their shelter would cost 34.4 per cent of their income. Raising the rental cap to the median rent for a 3 bedroom unit for a family of four acknowledges that, while a 2 bedroom unit may be appropriate for family with young children or a family with two children of the same gender, it may not be appropriate for a family with two older children that are different genders.

Benefit amount for a 4 person family as proposed by Housing Working Group:  
**\$41.32 per month**

Benefit amount for a 4 person family as proposed by London:  
**\$118.57 per month**

