

Closing the Gap: A Housing Benefit for Ontario

What is an Ontario Housing Benefit (OHB)?

According to the proposal developed in 2008 by the Housing Benefit Working Group, an OHB would be paid directly to low-income individuals and families in order to help close the gap between their household income and rent.

A Housing Benefit delivered directly to individuals and families in a similar manner to the Ontario Child Benefit program, would help to make housing more secure and affordable for low-income households.

Why Implement a Housing Benefit in Ontario?

An OHB is one part of a broader solution for addressing housing-related poverty. This benefit would involve a monthly payment designed to help low-income tenants cover their rent. While a housing benefit is considered a key component of addressing income inequality, as a policy change it cannot stand-alone. A housing benefit should be introduced alongside a range of additional housing specific solutions needed to tackle homelessness, the shortage in the supply of affordable

housing and the need to maintain existing housing. It is expected that the Ontario Government, working with the Canada Revenue Agency, could implement such a benefit within a two-year period.

When Did this Policy Idea Begin?

In 2008, spearheaded by the Daily Bread Food bank, a working group comprised of representatives from the private sector, universities and front-line agencies prepared a policy report and began advocating for an OHB. As a result of advocacy efforts across the province, reference to the potential for an OHB has been included in two key policy documents:

- Ontario's Long-term Affordable Housing Strategy (2010)
- Brighter Prospects: Transforming Social Assistance in Ontario (2012)

A housing benefit has yet to be introduced in Ontario and continued advocacy is needed. You can help these efforts by talking to your local MPP.

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Guelph CMA

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Quick Facts: Housing Issues in Guelph CMA*

Low Vacancy Rate:

Vacancy rate in Guelph CMA is 1.9%

High Average Rents:

- One-bedroom apartment - \$842
- Two-bedroom apartment - \$957
- Three+ bedroom - \$1,099



Households Experiencing Housing Affordability Problems:

- 25.1% of households in Guelph CMA paid 30% or more of household total income toward shelter costs.
- A lower proportion of owner households paid 30% or more compared to tenant households in Guelph (19.2% for owners versus 40.9% for renters).

Renters More Likely to Occupy Dwellings in Need of Major Repairs

In Guelph, 5.1% of households reported living in dwellings that required major repairs. The proportion of households reporting major repair requirements was lower for owners than renters (3.9% for owner-occupied dwellings and 8.4% for renter-occupied dwellings).

*CMA – Census Metropolitan Area

Sources: *Vacancy rate and average rents* (Canadian Mortgage and Housing Corporation, April 2013), *Housing Affordability and Major Repairs* (Statistics Canada, National Household Survey, Census 2010)

Waiting List for Social Housing

The need for social housing far outweighs the number of units available. Based on centralized waiting list data for the County of Wellington, between 2007 and 2011, an average of 111 households applied monthly. In comparison, an average of 33 households were offered housing each month during this period.

At the end of 2011, approximately 27% of the applicants were seniors, 37% were households with dependents and the remaining 36% were households without dependents. In Guelph-Wellington, the highest unit demand is for one-bedroom units coming from senior households and households without dependents (County of Wellington and City of Guelph: Need and Demand Study for 2006 to 2011).

How would an OHB Work?

A monthly payment would be given directly to tenants receiving social assistance and eligible low-income individuals and families. For social assistance recipients, the OHB would cover 75% of the difference between their shelter allowance and the actual rent cost. As people's income rises, their benefit declines and is gradually phased out. For low-families and individuals, the OHB would cover 75% of the gap between their actual rent and 30% of their income. This is demonstrated in the following examples:



Example 1 – Social Assistance Recipients

The scenario: A single parent with two children who is paying \$947 in rent and who is receiving an Ontario Works (OW) shelter allowance of \$816/month.

How to calculate the OHB: The difference, or the gap, between the actual rent and the OW shelter allowance would be \$131 (\$947-\$816). The Ontario Housing Benefit would be 75% of this gap (\$131 x 75%). Therefore, the family would receive \$98.25 OHB.

Example 2 – Low-Income Families & Individuals Not on Social Assistance

The scenario: A lone parent with two children and who has a monthly income of \$2,211 and is paying a monthly rent of \$900.

How to calculate the OHB: 30% of this family's monthly income would be \$633.30 (\$2,211 x 30%). The difference, or the gap, between the actual rent and 30% of the family's income would be \$236.70 (\$900 - \$633.30). The OHB would be 75% of this gap (\$236.70 x 75%). Therefore, the family would receive \$177.52 as their benefit.



Who is Not Eligible?

The current proposal for an OHB excludes certain groups who are eligible for other types of tax credits or assistance.

- Tenants living in social housing paying rent-geared to income.
- Seniors and homeowners
- Post-secondary students without children.

What would an OHB Accomplish?

- It will increase housing affordability for many households.
- It is a better-designed benefit than the shelter allowance in social assistance.
- It extends assistance to the low-income wage earners, who are currently not eligible for such assistance.
- It removes a major barrier by giving rent support to households trying to leave social assistance.
- The model recognizes that housing costs vary across the province, which current benefits do not.
- It will help prevent the risk of homelessness.
- The benefit is relatively inexpensive to administer.

Agency/Group Endorsements

Local Organizations in Support of an OHB:

- Legal Clinic of Guelph and Wellington County
- The County of Wellington
- United Way Guelph Wellington Dufferin
- Guelph Community Health Centre
- AIDS Committee of Guelph and Wellington County
- Community Resource Centre of North and Centre Wellington
- Welcome In Drop-In Centre
- Chalmers Community Services

Provincial Organizations:

- Housing Network of Ontario
- Ontario Association of Social Workers (OASW)
- Ontario Non-Profit Housing Association (ONPHA)
- Federation of Rental-Housing Providers of Ontario



For more information on the program proposal and who would be eligible for an OHB go to the Daily Bread Food Bank website. <http://www.dailybread.ca/housing-benefit-proposal/> or the Housing Network of Ontario <http://stableandaffordable.com/the-proposed-ontario-housing-benefit-questions-and-answers/>