

AN ONTARIO HOUSING BENEFIT

AFFORDABLE HOUSING IN ONTARIO

Securing access to affordable and stable housing without forgoing other necessities has become increasingly challenging for low-income Ontarians. The following statistics, released by the Ontario Non-Profit Housing Association (ONPHA) in their report, *Where's Home: The Need for Affordable Rental Housing in Ontario*, demonstrate this pointⁱ.

- Waiting lists for assisted housing are long and have swelled to over 152,000 Ontario households since last year.
- Affordable housing production remains a small fraction of what is required to meet housing need (estimated at requiring 10,000 new units per year over the next decade).
- Between 1990 and 2008, average rents in Ontario for one- and two-bedroom apartments in private rental units increased by twice the increase in median tenant incomes and well above the overall rate of inflation (CPI).
- In 2006, 261,000 or a fifth of all households living in rental housing in Ontario were paying 50% of their income on rent.

AFFORDABLE HOUSING IN GUELPH & WELLINGTON

According to the ONPHA 2011 waiting list survey, 1,261 households were on the waiting list for financially assisted

housing in Guelph and Wellingtonⁱⁱ. Of the total, 24% were seniors, 37% were non-senior singles, and 39% were familiesⁱⁱⁱ. The following are the average wait times for housing for different groups^{iv}:

- Seniors: 3 – 8 years
- Singles: 3 – 8 years
- Families: 2 – 4 years



WHAT IS A HOUSING BENEFIT?

The Housing Benefit Working Group, led by the Daily Bread Food Bank, is a coalition of private sector and front-line agencies advocating for an Ontario Housing Benefit. This benefit would involve a monthly payment designed to help low income tenants cover their housing expenses. The payment would be given directly to tenants receiving social assistance, as well as low-income working families and individuals^v. For social assistance recipients, the housing benefit would cover 75% of the difference between their shelter allowance and the actual rent cost. For working families and individuals, the housing benefit would cover 75% of the gap between their actual rent and 30% of their

income. The following examples demonstrate this in further detail.

Example 1 – Social Assistance Recipients

A lone parent with two children who is paying \$800 in rent and who is receiving Ontario Works (OW) would have a shelter allowance of \$634/month.

- The difference, or the gap, between the actual rent and the OW shelter allowance ($\$800 - \634) would be \$166.
- The Ontario Housing Benefit would be 75% of this gap ($\$166 * 75\%$). In this case, the family would receive \$124.50 as their benefit¹.

Example 2 – Low-Income Working Families & Individuals

A lone parent who has two children and who has a monthly income of \$2,211 pays a monthly rent of \$900. 30% of this family's income would be \$633.30.

- The difference, or the gap, between the actual rent and 30% of their income ($\$900 - \633.30) would be \$266.70.
- The Ontario Housing Benefit would be 75% of this gap ($\$266 * 75\%$). In this case, the family would receive \$200 as their benefit.

WHAT WOULD A HOUSING BENEFIT COST?

It is estimated that an Ontario Housing Benefit would cost \$227 to \$308 million per year. This would cover an average of about \$119/month for low-income families, and about \$96/month for single low-income individuals^{vi}.

Compared to what is currently available, the estimated cost of the Ontario Housing Benefit is far less. Consider a local example. A single mother of two on OW receives \$627/month for rent, heat and hydro, \$344/month for basic needs, and \$184 from the Ontario Child Benefit. The average two bedroom unit is \$863/month. The difference, or the gap, between the actual rent and the shelter allowance

¹ The Ontario Housing Benefit does have a maximum rent allowance which is the median rent for a family or individual. If a family or individual is paying a rent higher than the maximum, then the gap would be the difference between the maximum and the shelter allowance or 30% of their income.

is \$236. Currently, this family might receive support from a rent supplement program to pay the difference^{vii}.

Without the rent supplement, the family could not afford the rent and could be evicted. If the family goes to a shelter, which has a maximum stay of one month, the County of Wellington pays the shelter \$4,257 for the family of three to live there for the month. The family would no longer be in receipt of OW as the shelter is being paid for them so the family would lose benefit coverage. Therefore, by not providing the rent subsidy to this family, the overall system is spending approximately \$2,852 for short-term shelter for a single mother and her two children.

HOW IS THE ONTARIO HOUSING BENEFIT DIFFERENT FROM RENT SUPPLEMENT PROGRAMS?

Rent supplements are usually delivered directly to landlords, which gives landlords greater control over the rent market. Inevitably, this provokes an increase in the cost of housing in the long term, making it more difficult for low income individuals to find affordable housing based on the resources available to them. Additionally, rent supplements are a fixed rate and therefore cannot respond to fluctuations in the rent market.

The proposed Ontario Housing Benefit would be paid directly to recipients. This strategy would force landlords to maintain competitive rental prices in order to become the most attractive option for low-income individuals. Additionally, placing the benefit directly in the hands of low-income tenants would encourage low-income tenants to make their own consumption choices in relation to their housing options, resulting in greater self-reliance and self-respect^{viii}.

HOW COULD A HOUSING BENEFIT HELP REDUCE POVERTY IN ONTARIO?

- **Reduces demand for social assistance.** Just as the child benefit has helped reduce the need for lone parents to go on social assistance, it is believed that the housing benefit would contribute to decrease the

number of childless individuals and couples on assistance^{ix}.

- **Increases housing options for low-income tenants.**

Low-income tenants would be able to afford regular market housing and could avoid waiting lists for financially assisted housing^x.

- **Compensates for inadequacies of the social assistance system.** Shelter allowances under the current social assistance system are simply not enough to cover housing expenses in the current market. An increase in the shelter allowance could lead to landlords increasing rents to match the allowance. Furthermore, offering the housing benefit even after individuals move off assistance allows for a smoother transition into paid work for those who still need some help making ends meet^{xi}.

ⁱ Ontario Non-Profit Housing Association. (September 2011). "Where's home? The need for affordable rental housing in Ontario." Retrieved from http://www.onpha.on.ca/Content/ONPHA/About/ResearchReports/WheresHome/WheresHome_2011.pdf

ⁱⁱ Ontario Non-Profit Housing Association. (May 2011). "Waiting lists survey 2011." Retrieved from: http://www.onpha.on.ca/AM/Template.cfm?Section=Waiting_Lists_2011&Template=/CM/ContentDisplay.cfm&ContentID=10475

ⁱⁱⁱ Ontario Non-Profit Housing Association, 2011. "Waiting lists survey 2011."

^{iv} Ontario Non-Profit Housing Association, 2011. "Waiting lists survey 2011."

^v Cabal Garces, Maria. (February 2012). "Research report: Ontario housing benefit." ICES/The Research Shop. Retrieved from www.gwpoverty.ca

^{vi} Cabal Garces, Maria, 2012.

^{vii} Wellington-Guelph Housing Committee, Public Consultation, 2011.

^{viii} Cabal Garces, Maria, 2012.

^{ix} Cabal Garces, Maria, 2012.

^x Cabal Garces, Maria, 2012.

^{xi} Cabal Garces, Maria, 2012.

^{xii} Wellington-Guelph Housing Committee, meeting minutes, January 2012.

POLICY RECOMMENDATIONS

The Wellington-Guelph Housing Committee endorses the principle that all Ontarians deserve access to affordable and stable housing without forgoing other necessities. This can be achieved, in part, by introducing an Ontario Housing Benefit accessible to all low-income households, in tandem with new and ongoing programs and efforts, including the construction of new affordable housing units^{xii}.

ACKNOWLEDGEMENTS

The Guelph & Wellington Task Force for Poverty Elimination would like to acknowledge Maria Cabal Garces, Intern, ICES/The Research Shop for her contributions to this research profile.

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Research Methods: Literature review