



A Housing Benefit for Ontario: One Housing Solution for a Poverty Reduction Strategy

Background

A coalition of industry and community organizations has submitted a proposal to the Government of Ontario to implement a housing benefit. The new benefit will help low-income working age renters with high shelter-to-income burdens in communities across Ontario, particularly in the Ottawa and Greater Toronto Areas where rents are higher. The proposal would add a necessary affordable housing component to Ontario's highly anticipated Poverty Reduction Strategy. It is a carefully targeted, fiscally conservative proposal -- the right step to help low-income renters make ends meet.

Unlike other provinces, the only permanent housing benefit provided in Ontario is paid exclusively to social assistance recipients. The working poor do not get any on-going help to cover the cost of their housing. This acts as a barrier to employment, making the transition from social assistance to the labour market very difficult.

Many low-income workers cannot afford to live and work in the same community. They have to travel long distances across multiple transit systems to get to work. This places unnecessary strain on both our transit system and families. Others simply cannot take available work because they cannot afford to live close enough to their job or cannot afford the cost of transportation.

Ongoing welfare costs can be reduced by repurposing a poorly targeted welfare program and implementing a highly targeted housing benefit that uses available funds more wisely.

Cities are the economic engines of our province - they need an integrated work force to operate at capacity. Barriers to work such as high cost housing for low-income families keep cities from optimum growth. That doesn't have to happen. A housing benefit would bring more working age adults into the workplace allowing our cities to thrive while reducing welfare costs.

A properly designed housing benefit is a win-win-win-win: better targeted benefits that work - lower welfare - more people working - cities operating at full capacity.

Proposal

The housing benefit we envision pays 75% of the costs of rent from a floor amount to the median cost of housing. The benefit starts to fall and gradually reduces to zero as income rises. It responds to variations in costs across the province. Specifics of the design and examples are provided on pages 16-20 of the paper *A Housing Benefit for Ontario*.

It is estimated that almost 66,000 families and 129,000 individuals would receive an average benefit of \$1,236 a year.

By helping to defray the high cost of housing for all low-income working age adults they would retain housing that they might otherwise lose. Many more would be able to live in the same communities in which they work. The benefit would also help provide new work incentives by paying benefits outside of the social assistance system in the same way as the successful Ontario Child Benefit. The main difference is that the proposal contains no unpopular benefit clawbacks.

The coalition recognizes that simply extending the shelter component of social assistance to the working poor would be costly and it would not solve the problem. Our housing benefit was developed with this in mind and employs a formula that is targeted to those who need help in the most cost-effective way possible. The annual cost of the program is estimated to be \$240 million. The coalition also advocates leaving existing tax grants to seniors in place while paying those benefits more frequently.

It is expected that the Ontario Government, working with the Canada Revenue Agency, could implement the new benefit within two years.

Coalition Members

The housing benefit proposal was authored by a unique group of supporters that includes both the private sector and front-line agencies that work with low-income communities on the ground. Based on a highly successful Quebec design but fully adapted for Ontario, the proposal was jointly commissioned by the:

- Federation of Rental Housing Providers of Ontario
- Ontario Non-Profit Housing Association
- Greater Toronto Apartment Association
- Daily Bread Food Bank
- Metcalf Charitable Foundation; and
- Atkinson Charitable Foundation.

The Housing Benefit Proposal was prepared in partnership with:

- Marion Steele, University of Guelph & Cities Centre, University of Toronto
- Steve Pomeroy, Focus Consulting/University of Ottawa
- John Stapleton, Open Policy, Policy Fellow at St. Christopher House & the Metcalf Foundation
- Joshua Hoy, University of Guelph