

## **Applying a Basic Income Lens to British Columbia's Demand-Side Housing Programs**

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## **Abstract**

This paper reviews the reform of BC's five major demand-side housing programs to conform more closely to basic income principles of autonomy, accessibility, and dignity. The five programs are: social assistance (SA) shelter allowance; Rental Assistance Program; Shelter Assistance for Elderly Renters; Rent-Geared-to-Income and below-market rental housing; and the Home Owner Grant. The paper first proposes making the SA shelter allowance a flat rate amount (varying only by family size) rather than the current "actual rent up to a maximum"; this would increase autonomy for beneficiaries. The paper then proposes a comprehensive reform: replacing all demand-side programs with a consolidated rent supplement program, provisionally called BC Rent Assist. BCRA would pay a benefit to all low-income renters regardless of their SA status based on their previous year's income and a fraction of median market rents, not their actual rents. BCRA amounts would phase out with income, and thus the scheme would mimic an income-conditioned basic income.

## Introduction

In July 2018 British Columbia established an expert panel to study the potential for using a basic income approach “to reduce poverty and prepare for the emerging economy.” (BC Gov New, 2018) B.C.’s Expert Panel on Basic Income has been asked to “look at how basic income principles might be used to transform and enhance the existing income and social support system.” (Green, Kesselman, and Tedds, 2020, p. 2) Various programs to help B.C. residents cover their housing costs constitute a significant part of the existing income and social support system.

Programs to help residents pay or reduce their shelter costs can be divided into two general categories. Demand-side housing programs are those that pay the tenant, owner, or landlord on behalf of the tenant for part or all of the cost of accommodation. Supply-side housing programs are those that construct, pay mortgages or capital costs for construction, or otherwise offset capital costs to increase the supply of housing, typically with a focus on low-income families.

This paper explores the options for reforming or replacing B.C.’s major demand-side housing programs so that they conform more closely to basic income principles.<sup>1</sup> In this context, the relevant principles include enhancing the agency or autonomy of recipients to make their own choices by eliminating or decreasing conditionality, paperwork, and government discretion, while increasing accessibility, system simplicity, and the adequacy of financial resources. Our analysis points to the importance of assessing policy changes for their congruence with the principles of a basic income not only at the program level but also at a broader systems level.

At the outset we should distinguish between the principles and priorities of the basic income versus the “basic services” approaches, particularly as they relate to housing policy. A basic income, as stated by its proponents, would seek to provide an adequate floor under incomes with maximal autonomy for beneficiaries in their spending choices. Presumably, this would include the choice of how much housing to consume versus other goods and services, and it would be acceptable if some chose to spend less or nothing on housing. The basic income approach provides cash transfers in a manner that does not alter the relative prices of various goods and services that beneficiaries face in the market.

In contrast, the perspective from those favouring in-kind benefits is that certain types of goods or services, including housing, warrant greater priority and support tilting policy toward ensuring essential levels of those items. The “basic services” approach reduces the relative cost for the beneficiary of the favoured goods and services, either by direct public provision without charge to the consumer or at a preferential price, or by the use of subsidy programs or tax incentives.

In fact, the two approaches are not entirely opposed, with many basic income advocates supporting some in-kind provisions, and most “basic services” advocates supporting some cash

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<sup>1</sup> The principles underlying a basic income are catalogued in Tedds, Crisan, and Petit (2020).

benefits.<sup>2</sup> Moreover, there may be little material difference between cash and in-kind benefits with respect to shelter costs: when cash benefits are increased for lower-income families, nearly half of their incremental spending is in any case devoted to increased rent outlays, an outcome that arises regardless of whether the cash transfers are labelled for housing or any particular purpose.<sup>3</sup>

Reform options considered in this paper include modest to more substantial changes in provincial income assistance (IA) shelter allowances. We assess how some of these types of reforms would move the system closer to the principles of a basic income, while others would make it diverge more from those principles, especially when viewed in a systems context. We then assess how the structures of the provincial housing subsidy programs outside of IA compare with basic income principles. Finally, we discuss how a range of existing B.C. housing support programs could be consolidated into a new program that would satisfy those principles more fully. Our discussion of such a program for B.C. builds on experience from Manitoba's Rent Assist program.

### **Programs Reviewed**

British Columbia has five major demand-side housing programs, which are described briefly below and in greater detail over the course of this paper.<sup>4</sup>

- Income assistance shelter allowance—B.C.'s IA programs include an amount for shelter, paying the actual cost incurred by a recipient up to a maximum. The maximum allowance is set according to the number of people in the household and is not adjusted for geographic location. If a recipient is a homeowner, costs such as mortgage and property taxes are counted as shelter costs. An exact estimate of the total cost of shelter allowances in B.C.'s IA programs is not available, but a rough estimate would likely be in the vicinity of \$700 million annually. In 2019 approximately 145,000 households received a shelter allowance through these programs.
- The Rental Assistance Program (RAP)—RAP provides a cash benefit to renters who are not on IA, have some income from employment, and are supporting at least one dependent child in the household. The amount of the RAP benefit is based on income, actual rent up to a maximum, and geographic location. Recipients cannot have financial assets or other liquid assets over \$100,000. RAP was allocated \$64 million in B.C.'s 2019/20 budget. In 2019 approximately 11,000 households received RAP benefits.
- The Shelter Assistance for Elderly Renters (SAFER) program—SAFER is similar to RAP but is available to any renter 60 years of age and over (with or without a dependent child) meeting certain income requirements. Like RAP, benefits under SAFER have

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<sup>2</sup> These concepts and issues are developed at length in Kesselman and Mendelson (2020).

<sup>3</sup> See Najjarzaparast and Pendakur (2020), which finds this result for increased Canada Child Benefits paid to rental-tenure households with children and below-median incomes.

<sup>4</sup> In addition, government supports many institutional and residential services, such as group homes and supported-living residences. These forms of accommodation are not discussed in this paper. Further, a number of emergency programs have been introduced during the pandemic, including programs to assist with the cost of accommodation, and these programs are not discussed here.

maximums that hinge on the locale of residence. Unlike RAP, SAFER imposes no asset limitation. SAFER was allocated \$77 million in B.C.'s 2019/20 budget. In 2019 approximately 25,400 households received assistance from SAFER.

- Rent Geared to Income (RGI) and below-market rental housing—In RGI units tenants pay 30% of household income for rent. Affordable or below-market rents are not geared to income but are available at or slightly below market rents. BC Housing does not keep separate data for these two distinct types of subsidized rental units. The current operating budget for these types of rental housing is \$126 million, but this does not cover the full public cost, as much of the subsidy for renters is implicit through capital grants that reduce construction costs. Capital grants in B.C.'s 2019/20 budget were \$305 million. In 2019, about 42,000 households in B.C. lived in RGI and affordable below-market housing. About half to two-thirds of tenants in RGI and affordable housing are also IA recipients (this is a rough estimate, since data are not available).
- The home owner grant (HOG)—The HOG is paid to homeowners who are Canadian citizens or permanent residents and who pay property tax on a principal residence in B.C. The amount of the grant depends upon the assessed value of the property and its location, and it includes supplements for seniors, veterans, persons with a disability, and others. The total revenue cost of the grant exceeds \$800 million annually.<sup>5</sup> In 2019 approximately 1,320,000 households received a grant. Unlike the other programs reviewed here, the HOG does not target the housing affordability needs of the low-income population but is much more widely dispersed.

### **Income assistance Shelter Allowance**

Income assistance in B.C. consists of two main programs: Temporary Assistance (TA) and Disability Assistance (DA). Temporary Assistance has three categories of recipients: Expected-to-Work, Temporarily Excused (from work), and Persons with Persistent Multiple Barriers (PPMB) to employment. Disability Assistance is provided for persons with a severe mental or physical impairment likely to last for more than two years. TA and DA each have four main categories of recipient living arrangements, with differing rates and rules related to their costs of accommodation:

- support allowance only
- support allowance plus shelter allowance
- room and board assistance
- special care facility with a comforts allowance

In this paper we deal with the support only and support plus shelter allowance categories. We do not discuss possible reforms of assistance for the room and board and special care facilities categories, and recipients in those categories are not included in the statistics we report.

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<sup>5</sup> In the provincial financial accounts, the HOG cost is counted as a reduction in property tax revenues.

Although the rules for TA and DA differ and their support allowance rates also differ (DA support rates are higher), the shelter allowance rates are the same for the two programs (see Table 1). Neither persons in special care facilities nor room and board recipients receive these shelter allowances, as their housing needs are treated in different ways.

The recent distribution of TA and DA cases by type of shelter is shown in Table 2; a “case” is a single household and thus may include multiple beneficiaries. More than three-quarters of cases rent their own apartment or other accommodation. The next largest category is “shared renters” at 13%. Approximately 5% have various other forms of arrangements, such as owning their own home or renting a trailer. Another 5.5% of cases claim no shelter allowance at all, likely because they do not have a regular address, cannot establish that they are renting anywhere possibly because they have an irregular and undeclared sub-rental arrangement, or are homeless or nearly so.

The distribution of shelter costs relative to the maximum shelter allowance for all support only and support plus shelter allowance cases is shown in Table 3. About two-thirds of these cases—67.6%—report actual rent (utilities and costs for a home telephone are included in the calculation of “actual” rent) as more than the maximum shelter allowance provided by IA. Another 18.2% report paying rent equal to the maximum shelter allowance. Approximately 10% report paying some rent but less than the maximum. As noted in Table 2, about 5.5% of the cases report paying no rent at all, many on account of having no home.

Of the cases paying any rent at all, over 95% are paying either more than the maximum, at the maximum, or within \$50 a month of the maximum. This should come as no surprise, since the maximums are low relative to B.C.’s typically high rents. Table 4 compares the maximum shelter allowance to the cut-offs of market rent quartiles for apartments in B.C. corresponding to size-appropriate units for the number of persons. In all cases, the shelter allowance maximum is well below the cut-off of the lowest-quartile rental rate.<sup>6</sup> While rents are higher in Vancouver and Victoria, a review of market rents in all urban areas in B.C. reveals no urban area where the shelter allowance maximum equals or exceeds the cutoff of the lowest-quartile rent.

In addition to the low level of the shelter allowance, another factor explains why most rents paid by IA clients are above or close to the maximum. IA pays 100% of the rental cost up to the program’s maximum. Unless a recipient expects to be leaving IA in the near future, they gain no benefit from finding and taking an apartment that is less than the maximum or from bargaining for a lower rent. Also, landlords who are aware of the maximums (the information is readily available) will feel free to charge rent at least up to the maximum. With about 576,500 private market renter households in B.C. in 2018,<sup>7</sup> recipients of the IA shelter allowance

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<sup>6</sup> This raises the question of where recipients of the shelter allowance are living. In private correspondence, Marion Steele notes three shortfalls in the CMHC data for households with very low incomes: 1) CMHC does not sample buildings with only two units; 2) buildings with three or four units are difficult to sample, with easily shifting rental arrangements; and 3) there are many quasi-rooming houses, especially in big cities where a house may be rented to several tenants, with shared bathrooms and kitchens, yet will be recorded as a single dwelling unit.

<sup>7</sup> Statistics Canada. Table 46-10-0024-01 *Dwelling and neighbourhood satisfaction, by tenure including social and affordable housing and structural type of dwelling*. Statistics Canada counts renters receiving a rent supplement as living in “social and affordable housing,” although households getting a rent supplement are in the private rental

constitute roughly 20%<sup>8</sup> of the private rental market in the province, so the effect of price subsidies for these renters on the lower-end rental market is not immaterial.

Aside from potential effects on the rental market, the 100% marginal subsidy of rent up to the maximum also has implications on policy from the perspective of basic income. The current shelter allowance design reduces recipients' autonomy and scope for decision making. A recipient cannot gain any benefit from deciding, for example, to reduce their rental costs below the maximum by sharing a rental apartment; the savings are just deducted from their shelter allowance. This program design also requires paperwork on the part of the recipient, the government, and sometimes the landlord to report or verify the actual rent a tenant is paying.

The alternative to the "actual rent up to a maximum" policy is to provide all beneficiaries the maximum shelter allowance, without reference to the actual rent that the recipient is paying. This would increase the autonomy of recipients by allowing them to take advantage of any possible savings in rent. It would also reduce everyone's paperwork and eliminate the need to verify actual rental payments. Finally, in addition to better conforming with the principles of basic income, it would eliminate the rental market distortion caused by the 100% marginal subsidy of rent; the marginal subsidy of rent would instead be zero.

B.C. would not be breaking new ground in implementing a flat-rate allowance for shelter. B.C. already pays the maximum shelter allowance to IA recipients who are also receiving Guaranteed Income Supplement/Old Age Security benefits, regardless of their actual rent. This policy likely affects only a handful of B.C. IA recipients, but several other provinces have more widely applied flat-rate shelter allowances.

Manitoba has a separate program called Rent Assist that pays a flat-rate amount based on median market rent rather than actual rent to any low-income renting household regardless of IA status. (We discuss adapting the Rent Assist model for B.C. later in this paper.) The Saskatchewan Income Support program has a flat-rate shelter allowance with two geographic zones. The Saskatchewan Assured Income for Disability (IAID) has a flat-rate Living Income benefit that is inclusive of both shelter costs and other basic needs (with four geographic zones). Alberta's Assured Income for the Severely Handicapped (AISH) also provides an all-inclusive living income. Manitoba and Saskatchewan do not pay shelter allowances to recipients who do not report having a rental agreement or home ownership. Alberta's AISH policy for persons with no rental costs or agreement is not clear on this point.

IA in New Brunswick and Quebec provides one flat-rate benefit with shelter allowance included. Both of these provinces pay the benefit without regard to whether the recipient reports any rental agreement or any other shelter costs. However, both New Brunswick and Quebec also have programs based on the beneficiary's actual rent paid to supplement IA. New Brunswick has an Income Supplement program in cases where actual shelter costs exceed

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market; in B.C. this includes approximately 36,400 households getting RAP and SAFER. These have been added to Statistics Canada's reported 540,100 renters *not* in social or affordable housing, to arrive at an estimate of the total number of renters in the private market.

<sup>8</sup> This calculation excludes the 5.5% of caseload who have no shelter costs at present and approximately 28,000 shelter allowance recipients in subsidized, affordable, and other rentals outside of the private market.

30% of the benefit paid. In Quebec, the Allocation-logement pays a maximum of \$80 per month to renters or owners over age 49 and to low-income families with dependent children, including IA recipients.

Two options for paying shelter allowance maximums rather than actual rent merit consideration for reform in B.C.:

- **Option IA1**—Pay the full shelter allowance component to beneficiaries who pay any amount for rent or housing costs (exclude those with no shelter cost). Paying everyone who reports any rental costs (or ownership or other forms of accommodation costs), the maximum is relatively inexpensive compared to the total costs of TA and DA. This follows because about 95% of those reporting any accommodation costs are already at or above the maximum, or less than \$50 a month below the maximum. A rough estimate of the additional cost of this option is \$12 million to \$13 million annually. This would increase the benefit paid to about 13,600 households, and it would also increase the autonomy of all households receiving shelter allowance.
- Option IA2—Pay all TA and DA recipients the maximum shelter allowance regardless of whether they report any rental or other shelter arrangement.<sup>9</sup> The shelter and support components of TA and DA could simply be combined into one flat rate. This option would include all the costs of Option 1 plus the costs of paying the maximum shelter allowance to the 5.5% of recipients who currently receive no shelter allowance. It would constitute a large increase in their total benefits. Assuming almost all of these recipients would get the single-rate shelter allowance, the added cost of this option relative to IA1 is approximately \$38 million, for a total annual cost of about \$50 million. This option would benefit an additional 8,400 recipients over Option IA1, for a total of 22,000 households.

One complication of these options is that about 30% of cases in B.C.<sup>10</sup> are “rent-direct,” where the government pays rent on behalf of a recipient directly to the landlord. Although it might add some additional administrative complexity and paperwork, as the amount of rent would have to be reported, this method of rent-direct payment could continue with either Option IA1 or IA2, at the discretion of the recipient.

In contrast to the current provisions, either of these two reform options would provide the beneficiary with a counterbalance to landlords simply setting their rents at the shelter allowance maximum levels. Each beneficiary would now have an interest in weighing their rental costs against their other subsistence needs, and if they could find housing at rents below the maximum levels, they would at least have that choice. Given the high rents in major urban areas, this might have little impact on actual rents, but in lower-cost areas of the province it might restrain rents.

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<sup>9</sup> Option SA1 would require shelter allowance to continue as a separate component of social assistance so that rules could differ between the basic needs component and the shelter component, to allow those to continue to receive the basic needs component while not being entitled to a shelter allowance. Option SA2 could be implemented with or without maintaining a separate component labelled as shelter allowance.

<sup>10</sup> Data provided by B.C. Ministry of Social Development and Poverty Reduction.

Concerns might attend the choice of Option IA2 relating to the possibility that those who do not at present claim any shelter allowance would misspend their newly provided benefits. This group likely includes many homeless and informally sheltered persons. Various addictions would be one area of concern. Another point of concern might be that providing the full shelter allowance regardless of actual rent expenditure could induce some beneficiaries to remain or become homeless, and this issue has connections with the situation with addictions and mental illness.

We have no direct evidence to substantiate or reject concerns over the potential misspending of an unrestricted shelter allowance and possible adverse impacts on a highly vulnerable population,<sup>11</sup> except, perhaps, that this has not arisen as an issue in either Quebec or New Brunswick. Regardless, if the goal is to transform the existing income support system toward the principles of a basic income, the dominant consideration is to reduce conditions on beneficiaries—with the benefit paid as a matter of right. Consistent with this core concept is the autonomy of recipients to decide how to spend their benefits, just as would be the case for any income that they had earned, inherited, or otherwise obtained from non-governmental sources.

Option IA2 would promote that autonomy while also simplifying the system. However, Option IA1 has two possible advantages: first, IA1 would permit a separate indexing method for rental costs (other than the generic Consumer Price Index); second, IA1 would facilitate the future removal of the shelter component from IA altogether in favour of a rental program for the whole population, as we discuss further below.

### **Raising and/or Regionalizing the Shelter Allowance**

Either of the options for reforming the shelter allowance in B.C.'s IA programs would provide some recipients with additional benefits beyond what they now receive (particularly Option IA2), even though they do not raise the scheduled maximum levels. That effect would appear to be consistent with the basic income principle of augmenting financial adequacy. As described above, many recipients would also experience greater autonomy in the sense of choice in how they spend their benefits, again consistent with the principles of a basic income. Together those effects would suggest a movement of the IA programs closer to the principles of a basic income.

The figures in Table 3 clearly demonstrate the inadequacy of the current shelter allowance for most recipients, who are spending more than their allowance on rent and thus compromising other needs such as food and personal care. If undertaken jointly with Option IA1 or especially with Option IA2, raising the shelter allowance level would improve both the autonomy and financial adequacy of the program, thereby more closely meeting the goals of a basic income.

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<sup>11</sup> The New Leaf Project, a randomized controlled trial of a \$7,500 lump-sum cash payment to homeless recipients, found on average slightly reduced spending on alcohol, cigarettes, and drugs over the following 12 months. However, these findings were not evaluated statistically relative to the control group, and the sample excluded persons with prior significant mental health and substance abuse issues. See Foundations for Social Change (2020).

Another possible reform would be to differentiate the shelter allowance based on the level of rents in a recipient's living area.<sup>12</sup> The figures in Table 7 show the wide variation in median rents for apartment units across the metropolitan regions of B.C. Most IA recipients who are spending more than their shelter allowance on rent likely reside in higher-rent localities. This reform would match benefit levels more closely to the actual needs of various recipients, thereby better meeting the basic income principle of financial adequacy. Such a reform could be undertaken on a cost-neutral basis, with reductions in shelter allowances in low-cost areas offsetting increases in high-cost areas. If the reform were implemented solely by raising the shelter allowance for recipients in high-cost areas, the budgetary cost could be very substantial.

Other considerations also enter into an assessment of the proposal to differentiate the shelter allowance by the region of a beneficiary's residence to reflect local rental costs. B.C.'s current shelter allowance levels for IA (both TA and DA) are \$375 and \$570 for units of one and two persons, respectively. These figures are far below the respective median rents for bachelor and one-bedroom apartments in virtually every part of the province (Table 6). In the town with the lowest rents, Quesnel, the median figures are \$500 and \$625 for bachelor and one-bedroom units, respectively; in Metro Vancouver the corresponding figures are \$1,195 and \$1,350.<sup>13</sup> If the shelter allowance levels were increased even partially toward median rent levels for the more costly parts of the province, this would have effects on cross-program equity, rental markets, mobility incentives, caseload pressures, and program administration.

If the IA shelter allowance were increased very much for beneficiaries in high-rent areas, it could exceed the net benefits provided by the Rental Assistance Program (described next). Such a change would exacerbate the significance of conditionality of receiving benefits via IA, thereby violating a key principle of basic income. Moreover, RAP requires the presence of at least one dependent child, whereas IA eligibility does not. Along with an increased shelter allowance, this difference in eligibility criteria could increase the attractions of IA particularly for low-income childless singles and couples in high-rent regions of the province, and ultimately increase the caseload.

The proposal to differentiate the IA shelter allowance by region would have further implications for the low-end rental market in B.C. It would place additional upward pressures on market rents in an already challenging environment for persons at low incomes, in particular IA beneficiaries. These pressures could be particularly acute if the differentials were instituted without a companion reform like Option IA1. IA beneficiaries would more effectively compete against other low-income tenants for limited units, particularly childless people not eligible for RAP. If the shelter supplement differentials were instituted along with Option IA2, this could induce more beneficiaries to live rough or remain or become homeless in the higher-cost urban centres, worsening an already acute situation.

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<sup>12</sup> Kneebone and Wilkins (2020) elaborate on this type of reform.

<sup>13</sup> Kneebone and Wilkins (2020, Figure 2) provide quintile breaks on rates in purpose-built rental housing in seven B.C. communities. One might expect the break between the first and second quintiles for rents to be more informative of the housing market for SA beneficiaries than median rents.

Differentiating the shelter allowance also raises an issue of principle as well as one of practical administration and enforcement. In contrast to a shelter allowance provided at a fixed level across the province, a regionally differentiated allowance better meets the actual needs of various beneficiaries regardless of where they live, which addresses the basic income principle of financial adequacy. However, a one-level allowance provides beneficiaries with greater autonomy over their spending choices: those choosing to reside in, or move to, areas with lower rental costs can then free up more of their total benefit to meet other needs. Of course, that observation might overstate many individuals' actual ability to move to take advantage of lower rent costs.

Even though many people might not be able easily to move to obtain a higher shelter support payment, they might find it easier to report as their residence the address of a friend or relative in a high-rent area.<sup>14</sup> Given the very low level of IA benefits—just \$760 per month combined TA support and shelter allowance for a single person—even a \$200 or \$300 increment from inaccurately reporting an address in a higher-rent region would be a large relative gain. To monitor or thwart such behaviour, the program would need to become more intrusive or institute more invasive measures. Examples might be requiring that payments be made directly to the landlord (currently an option) or requiring that each beneficiary personally pick up their monthly assistance cheque from a local office. Any such measures would clearly run counter to basic income principles of simplicity, respect (minimal stigma), and minimizing administrative cost.

### **Rental Assistance Plan and Shelter Assistance for Elderly Renters**

As noted above, B.C. has two rent supplement programs: RAP for those with at least one dependent child and SAFER for those over 60 years of age. Persons receiving IA are not eligible for these programs. RAP and SAFER combined make up about 6% of the B.C. rental market in addition to the approximately 20% of the private rental market receiving IA shelter allowances. The total of about one-quarter of the entire B.C. rental market accounted for by beneficiaries of these programs is notable for the potential impact on rents and competition with ineligible renters at the lower end of the cost spectrum.

Table 5 compares maximum RAP and SAFER benefits to shelter allowance rates for IA recipients, displaying substantial differences. In all cases except senior couples in Zone 3 and families of five or more in Zones 2 and 3, both RAP and SAFER provide greater maximum benefits—sometimes more than 25% higher—than IA. Yet the shelter allowance is meant to provide “last resort” assistance to meet basic needs, including the full cost of rent for those who have little or, often, no other resources. In contrast, RAP and SAFER are presented as rent *supplements* designed to assist those with some income, excluding IA recipients. In addition, RAP and SAFER benefits are differentiated by geographic location while shelter allowance benefits are not.

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<sup>14</sup> This issue would be exacerbated if differential regional shelter support levels were combined with option SA2.

The historical circumstance leading to the difference between IA shelter allowance and RAP and SAFER is that the latter two programs developed independently of IA in the housing ministry, while IA has evolved in the (variously named) social development ministries. An explanation is not a justification. The housing and IA silos reflect an implicit form of conditionality that are contrary to the principles of a basic income: lower shelter allowance for the (mainly) non-working poor versus higher RAP and SAFER for those working for a low income or seniors not expected to be seeking employment.

Aside from the incoherence of rate structures across government programs, RAP and SAFER have other design issues that warrant consideration. To understand these issues requires an explanation of the current structure of RAP and SAFER benefits, which are complex. The first step is calculating a potential beneficiary's "rent gap"—the difference between their actual rent payment and 30% of their total household income, unless household income is over a maximum amount (currently \$40,000 annual income), in which case the household is not entitled to any RAP benefit. If the actual rent is above a specified maximum rent, then the rent gap is calculated at the maximum rather than the actual rent. The second step in calculating the benefit is to apply a percentage of the rent gap up to a maximum benefit. The portion of the rent gap to be paid follows a non-linear formula that is up to 90% at lower incomes but declines with the beneficiary's income.<sup>15</sup>

The RAP and SAFER formulae are very similar, except that some of the rates and amounts differ; for example, the maximum subsidized rents are higher in RAP than in SAFER. Each of the programs also has a minimum monthly benefit, with RAP at \$50 and SAFER at \$25. The maximum income limit and the minimum benefit give rise to a "notch" effect in both programs, where a recipient loses several hundred dollars in benefits by earning just one more dollar of income. For example, going from \$3,333 monthly income to \$3,334 monthly income costs a household of three persons \$600 in annual RAP benefits.

Figure 1 shows the monthly benefit for RAP in 2020 for a household of three persons in Zone 1. The figure shows the benefit for a monthly household income from \$0 to \$3,333 (the full range of income over which this household would be eligible for any RAP benefit) with three different amounts of actual monthly rent: \$800, \$1,000, and \$1,200. The first two rent levels are less than the maximum allowed for this household size in RAP's Zone 1, while \$1,200 is \$92 a month over the maximum for a household of three persons. As can be seen, the higher the rent, the larger the RAP payment. This yields a result that some might see as anomalous, wherein households with higher incomes often get more assistance than households with less income. Although the amounts for SAFER differ, its benefit structure is the same as for RAP.

As discussed above, the shelter allowance in B.C.'s IA programs have a 100% marginal subsidy of rent up to the maximum. This reduces the agency of recipients and may also have implications for the rental market. B.C.'s two rent supplement programs also have high marginal rates of subsidy within certain ranges of income and rent. Figure 2 shows the marginal rate of

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<sup>15</sup> See Appendix A for a detailed description of the RAP benefit formula, supplied by the B.C. Ministry of Municipal Affairs and Housing. SAFER uses a similar methodology. See Appendix B for a table illustrating RAP benefits for a household of three persons in Zone 1.

subsidy of an additional \$200 a month rent by RAP for a household of three in Zone 1 at various income levels—going from \$800 a month rent to \$1,000 a month and going from \$1,000 a month rent to \$1,200. The “marginal rate of subsidy” is the percentage of the additional \$200 a month rent paid by RAP—that is, a 50% marginal subsidy means that \$100 of the \$200 rent increase is financed by incremental benefits from RAP.

As Figure 2 shows, a beneficiary moving between units increasing their rent from \$800 to \$1,000 a month is compensated by RAP for well over half of the added cost through much of the income range. The notch between \$2,600 and \$2,700 in income is caused by the phase-out of the minimum \$50 RAP benefit when only \$800 a month in rent is being paid, because at that lower rent level the gap falls to zero (see Appendix B for the data used in Figure 2). In going from \$1,000 a month to \$1,200 a month rent, RAP compensates a lesser but still substantial portion of the increased rent. As with Figure 1, while the amounts for SAFER are different than for RAP, the pattern is similar to that depicted in Figure 2.

The rates of marginal subsidy of rent for RAP and SAFER are less than the 100% for the shelter allowance in TA and DA. However, they still represent a constraint on the autonomy of recipients by limiting their ability to save money through finding less costly rent and to choose how to spend their money. Moreover, while shelter allowances in TA and DA are so low that few recipients are below the maximums,<sup>16</sup> the RAP and SAFER allowances and formulae are generous enough that these marginal rent subsidies span a larger range of incomes and rents. Judging by the average 2019 benefits for RAP and SAFER of \$405 and \$214 per month, respectively, most recipients are below the allowable maximums and thus are affected by the marginal subsidy of incremental rent costs.

The large marginal subsidy rates shown for RAP and SAFER can be described as departures from the principles of a basic income, which ideally would have zero rates. That is, beneficiaries would not face any distortion in their spending choices between housing and other items such as food or children’s clothes. The basic income approach is in direct contrast to an in-kind benefit program, which aims to induce beneficiaries to consume or spend more on particular “target” items, in this case housing. An in-kind benefit program supplies the target item at subsidized or no cost or incentivizes it via the tax system. Thus, an in-kind benefit program intentionally distorts relative prices and implicitly or explicitly provides a marginal subsidy for purchase or consumption of the target item. This point illustrates a key difference between the principles and objectives of the two types of program.<sup>17</sup>

RAP and SAFER diverge from basic income principles not only in that they are in-kind benefits but, perhaps more importantly, in that their benefits are conditional upon not being a IA recipient. As well, singles and couples without children are not eligible for RAP. Aside from their in-kind structure, making RAP and SAFER available to all based only on income while integrating these programs with the shelter allowance in IA would result in a program structure

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<sup>16</sup> See Kesselman and Mendelson (2020) for discussion of this type of “infra-marginal” subsidy.

<sup>17</sup> For extensive discussion and analysis of these differences, see Kesselman and Mendelson (2020).

for housing assistance that more closely conforms to basic income principles. We introduce a proposal of this kind later in the paper.

## **Social Housing**

As noted above, B.C. has a mix of social housing: affordable below-market rents and rent/geared-to-income (RGI) housing. Rent in RGI housing in B.C. is 30% of household income, except that IA recipients pay rent equal to their shelter allowance. Below-market affordable housing is usually limited to households below Housing Income Limits (HILs). HILs are set according to Canada Mortgage and Housing Corporation's estimate of the level of gross household income needed to pay 30% or less for size-appropriate housing in the private market. The HILs are yet another income-related test for access to a form of subsidized housing (in this case the subsidy is implicit). Almost all HILs are much higher than the income limits in RAP, SAFER, and of course IA. Thus, B.C.'s multiple housing programs pose questions about consistency with their varying income and benefit levels.

From the perspective of basic income principles, these forms of subsidized housing also raise several issues. First, the subsidy is in-kind rather than cash, so the recipient has no agency over how to spend the support represented by the subsidy. Second, the subsidies are tied to the specific rental units, effectively leaving the tenant little choice but to remain in social housing outside of the private rental market or forgo the subsidy. Third, unlike a basic income the subsidies embedded in these forms of housing assistance are not an entitlement; the number of recipients is limited by the number of units available, so there is always a waiting list. These queues can be long, and program administrators may be able to exercise discretion in how they prioritize eligible applicants for the limited units.

RGI housing with a subsidy tied to a specific unit and a lengthy waiting list is a design likely as far away from basic income principles as it is possible to get in an income-tested program. This is not to claim in any way that a supply-side program is unnecessary. If adequate and appropriate housing is going to be available for persons with low income, a robust supply-side development program is required. Supply-side and demand-side programs are complementary housing policies addressing different challenges. Supply-side programs address the inability of unaided private markets to supply adequate affordable housing of acceptable quality to persons with low incomes in urban areas. Demand-side programs address the amount of rent that low-income tenants pay and the mechanism through which they pay it (and to a lesser extent some affordable home ownership programs).

But RGI tied to social housing units is an historical artifact. When social housing was first built, a way to set rents had to be found and rent geared to income for each unit was the best, and maybe the only, option available. Is it, in 2020, possible to design a better model for setting rent in housing built with public subsidies than lining up for a non-portable income-related subsidy? We later set out a proposal for a single integrated benefit for all B.C. renters that would function as such an alternative.

## The Home Owner Grant

The B.C. home owner grant (HOG) is \$570 for those in the Capital Regional District, Metro Vancouver Regional District, and Fraser Valley Regional District. For all other areas the HOG is \$770. Seniors, persons with disabilities, and veterans are entitled to an additional \$275. Homeowners are eligible for the full HOG if the assessed value of their principal residence is \$1,525,000 or less, an amount reduced by \$5 for each \$1,000 of assessed value over that threshold. In addition, low-income seniors, veterans, and persons with disabilities with low income (net income under \$32,000) may get the full grant despite having a property assessed at more than the threshold level. Finally, a multi-residential building may qualify for a HOG for each residential unit in the building if the assessed value of the building divided by the number of units is less than the threshold level.

The HOG is another form of subsidy tied to a category of expenditure—the cost of owning and maintaining a home—and to that extent is contrary to the principles of a basic income. However, most recipients of the HOG receive the full grant, and thus it is like a lump-sum transfer that should not affect their actual spending on housing versus other items.<sup>18</sup> Still, the HOG may affect the choice between home ownership and renting shelter, at least in a very small way. In the following sections, we discuss an option for replacing the HOG with an income-related grant in accordance with basic income principles.

## Housing Assistance Consistent with Basic Income Principles

To be consistent with the principles of a basic income, any new housing assistance program would have to avoid paying a marginal subsidy on housing costs—whether the 100% subsidy under IA or the up to-90% subsidy paid by RAP and SAFER. This implies that a new housing assistance benefit program consistent with the principles of a basic income cannot be designed so that the amount of benefit increases for each additional dollar that the recipient spends on rent. That is, the benefit cannot be calculated according to the actual rent paid by the tenant (or according to mortgage and maintenance costs paid by homeowners). Option IA2 proposed earlier for IA benefits would satisfy that criterion, as would Option IA1 for beneficiaries who could document that they were incurring some rent.

The alternative is to use an “assumed” rent amount that does not depend upon the actual rent that the tenant pays. The assumed rent in the flat-rate shelter allowance options for TA and DA is the existing maximum shelter allowance. Using the maximum shelter allowance for all recipients avoids a marginal subsidy of rent, but as we have seen, the maximum shelter allowances are much less than the rent most beneficiaries pay in B.C. The shelter allowance maximums also do not bear any consistent relationship to rents in B.C. For example, the shelter allowance for a single person is 35% of the median market rent (MMR) for a bachelor

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<sup>18</sup> The threshold for the phase-out of the HOG is adjusted each year so that 92% of homeowners in B.C. receive either the full grant or a portion of it. Since the majority of homes are below the threshold, they receive the full grant, and therefore it is like a lump-sum transfer. This type of transfer is an infra-marginal in-kind benefit, which does not alter the relative prices of goods at the margin for most beneficiaries.

apartment, while the shelter allowance for a couple is 48% of the median market rent for a one-bedroom apartment. It is possible, instead, to develop a less arbitrary choice for an assumed rent, so that it is both more adequate and more consistently related to the real costs of renting an apartment.

One methodology for assumed rent that could be used in a new shelter assistance program would be a percentage of the MMR for an apartment of a size appropriate to the number of persons in the beneficiary unit. For example, Manitoba's Rent Assist program uses 75% of the MMR in Winnipeg. A second, alternative methodology would be to use an assumed rent based on the distribution of rents for units of each of the respective sizes. For example, one could organize rents for varying sizes by quintiles and choose the cut-off rent between the first and second quintiles, or perhaps the second and third quintiles.<sup>19</sup>

A third alternative would be between the above two methodologies: rather than looking at the distribution of rents by quintile, assess at the distribution of *income* by quintile and then use the MMR of households in the second income quintile. This is the method used in the Market Basket Measure (MBM), which B.C. (and Canada) has officially adopted as its poverty line.<sup>20</sup> The MBM is the cost of a basket of food, clothing, shelter, transportation, and other items for individuals and families representing a modest standard of living. Shelter in the MBM is the second income quintile's MMR for the MBM's reference family of four, consisting of two adults and two children aged nine and 13. According to the Canadian National Occupancy Standards, this family would require a three-bedroom apartment. The MBM shelter component for B.C. is calculated for four regions by population size plus Vancouver. Table 6 compares the MBM shelter component for B.C. to 75% of the MMR, RAP, and the IA shelter allowance for the MBM's family of four in a three-bedroom apartment.

The MBM shelter component has many obvious advantages as an assumed rent for a new housing assistance benefit, not the least of which is its being officially part of B.C.'s poverty line. Statistics Canada has now assumed responsibility for maintaining the MBM, so there is a third-party regularly updating the MBM shelter component based on the best data available. Unfortunately, however, the MBM shelter component has one problem, making it difficult to use to establish the assumed rent in a housing assistance program: the MBM does not at present undertake independent analysis for households of different sizes and structures; instead, it uses an across-the-board equivalence scale for all households other than the reference family of four. The equivalence scale it uses is the square root of family size. This means that the MBM for a single adult is one-half of the MBM for the reference family. But as discussed below, a bachelor apartment is not one-half of the cost of a three-bedroom apartment for a family of four; for example, as shown in Table 7, the MMR in Vancouver for a bachelor suite is 70% of that for a three-bedroom apartment.

In the future, Statistics Canada will be reviewing the equivalence scale, and there may be an opportunity to reassess the use of this indicator, or B.C. could undertake its own analysis

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<sup>19</sup> This approach is proposed in Kneebone and Wilkins (2020), taking the break between the first and second quintiles in rent distributions by municipality or metro area.

<sup>20</sup> See B.C. Poverty Reduction Strategy Act SBC 2018 3 (3).

based on census or other data to determine assumed rents according to the MMR paid by the second income quintile of various household compositions. But, given the present status of the MBM calculations, for the purposes of this paper we will use a percentage of MMR, as in the Manitoba Rent Assist program, to illustrate an assumed rent in a new housing assistance benefit.

Unlike Manitoba, the MMR used in a new housing assistance program in B.C. could vary by location. Table 7 shows the MMR for locations in the province. The MMR for the whole province is \$1,061 for a bachelor, \$1,200 for a one-bedroom, \$1,363 for a two-bedroom, and \$1,500 for a three-bedroom. However, the MMR varies from a high for a bachelor of \$1,195 in Vancouver to half of that or less in several locations across the province. Therefore, in B.C. it might make more sense to choose an MMR that varies by region, such as the groupings used by Statistics Canada for the MBM, or perhaps the three zones now used for RAP and SAFER.

We earlier discussed the issue of encouraging or discouraging location choices that would result from varying IA shelter allowance rates by geography, and the extent to which this might be viewed as diverging from the principles of a basic income. We also discussed the potential for abuse under such a system and the measures that might be needed to monitor and control false claims about location of residence—all of which would strain the principles of simplicity and dignity that are key to a basic income. The same issues arise with this proposal or, indeed, any proposal to adjust rates to presumed rent costs by the location of a beneficiary.

Given an assumed rent at some percentage of MMR, the benefit can then be calculated based on the percentage of income expected to be spent on housing costs. In B.C. and in most other provinces this is usually 30%, as in B.C.'s RGI housing. However, depending upon the policy goals and the budgetary constraints, higher or even lower percentages could be used. For example, a program could be designed to pay benefits only to those who spend 50% or more of their income on housing costs to target the benefits to those with the greatest housing needs. In B.C.'s TA program, the benefit rates for a single employable person under age 65 or a couple in which both people are employable and under 65 implicitly assume that the beneficiary needs approximately 50% of their total income for rent if they have no other sources of income besides the program benefits.

A general formula for housing assistance benefits consistent with basic income principles is:

- (1)  $B = X\% \text{ of MMR} - Y\% \text{ of income}$ ; for  $B$  greater than 0, where  $B$  is the housing assistance benefit;  $B$ , MMR, and income all need to be measured consistently at either monthly or annual rates

The difference between the amount of income a beneficiary is expected to spend on housing costs and their actual housing costs is sometimes referred to as the “gap.” A formula that provides a benefit less than or equal to the gap is said to “fill” some or all of the gap between what a beneficiary can afford and their housing costs. In the case of formula (1), the gap filled is the entire difference between assumed housing costs and the amount of income the beneficiary is presumed to be able to afford on those costs. The implication of formula (1) is that

the maximum benefit is X% of MMR and the “break-even point” (the amount of income where the benefit falls to zero) is when Y% of income equals X% of MMR.

Formula (1) is very much like the benefit formula for any income-related basic income program. The only difference is that the “guarantee” amount in the basic income formula is replaced by X% of MMR, which for any given beneficiary is a fixed amount, albeit potentially varying by locale. Similarly, an income-related basic income could also offer a guarantee level depending on overall living costs (or tied to median rents) in the locale where the beneficiary resides.

Many of the formulae for existing rent supplement programs, such as RAP and SAFER, are designed to fill a portion of the gap (W%) rather than the whole gap, so they are of the form

$$(2) B = W\% (X\% \text{ of MMR} - Y\% \text{ of income})$$

As we have shown for the RAP and SAFER programs, the W% can itself be a function of the beneficiary’s income, typically declining with income. For simplicity we will here use formula (1) for our discussion of alternative options for a new program to assist B.C. households in paying their housing costs, but any of the options could easily be adapted to a formula (2) type of benefit structure. Note that this formulation of a housing assistance program, like any housing benefit where the amount of the benefit is not dependent upon the actual housing costs of the recipient, is not an in-kind housing benefit per se. It could instead be characterized as a form of basic income where the amount of the basic income is meant to guarantee sufficient income to assist only with housing costs.

### **The Beneficiary Unit**

A housing assistance benefit calculated according to income, as in formula (1) above, leaves open the question, whose income? If the beneficiary unit is each individual, then the income used to calculate benefits should logically be that of each individual. But if the beneficiary unit is each household, then the income used to calculate benefits should logically be that of the household. The household, rather than each individual, is the beneficiary unit for almost all of our existing income-related social programs,<sup>21</sup> including most income-related social benefits paid through the tax system and the four income-related housing programs reviewed here. All these social programs therefore calculate benefits based on the total adults’ incomes in a shared household.

The criteria these programs use to determine whether a couple should be treated as part of a shared household are that the adults are married, have declared themselves to be in a common-law marriage, or are in a marriage-like relationship. It is straightforward to ascertain whether a couple is married or have made a declaration, but it is not so clear as to what constitutes a marriage-like relationship. How do we distinguish a marriage-like relationship from, say, two roommates? Any program with the household as the beneficiary unit that therefore

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<sup>21</sup> In contrast, the individual is the beneficiary unit for most of the benefits in our contributory social insurance programs, such as the Canada and Quebec Pension Plans and Employment Insurance.

uses the aggregated income in the household to determine benefits needs rules and criteria to define a marriage-like relationship.

All of the programs we review here conform to the tax system's use of 12 months of continuous cohabitation (excepting possible separation for up to 90 days) as one of the criteria for counting two adults as a single household. Beyond this, the details differ among the housing programs reviewed here, and these in turn differ from the tax system's criteria. IA has the most elaborate and comprehensive set of criteria, followed closely by the tax system. Here we need not go into the details of the various sets of criteria: the point is only that deciding who is in a marriage-like relationship for the purposes of determining social benefits can be a challenge that requires some degree of inquiry into personal living arrangements.

For some proponents of a universal basic income, paying benefits to individuals rather than households is one of the fundamental principles of the basic income.<sup>22</sup> The core reason for advocating paying a benefit on behalf of each person (usually each adult) rather than each household is to preserve the autonomy of individuals and to remain neutral with respect to decisions about household formation. Calculating benefits based on individual rather than family or household income avoids having to police who is and who is not a couple, thereby lessening conditionality and bureaucracy. As the financial stakes get higher, and the stakes would be substantially enhanced were an income-related housing benefit to be introduced, monitoring who is really in a marriage-like relationship will become increasingly challenging.

Notwithstanding the difficulty of deciding whose incomes should be aggregated and enforcing the consequent rules, a program based on individual income would be dramatically out of step with current income-related social programs in Canada. It is doubtful that Canadians would readily accept benefits going to the non-employed spouses of millionaires while dual-earner middle-income couples get little or nothing. Since poverty measures are typically based on aggregated household incomes, for any given level of expenditure a social program with an individually based benefit would have much less impact on ameliorating poverty than an equal amount spent by a household-based benefit program.

There are also practical issues with an individual-based benefit that are especially important for housing: renting a one-bedroom apartment is nowhere near twice as expensive as renting a bachelor apartment. Consequently, for a given program cost, setting a benefit level for each individual would either pay less than needed for an individual or more than needed for a couple. Also, a lone-parent supplement would presumably be required for reasons of equity, in which the first child of a lone parent is treated as an adult beneficiary so that the household would be treated as two adults. An individual-based benefit in housing programs may not be practical or viable once the details are considered.

For these reasons, the options we propose below for an income-related housing benefit are based on household income, not individual income, so that where a couple is married or in a marriage-like relationship, the income of the couple is aggregated. As well, the benchmark

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<sup>22</sup> For example, the Basic Income Earth Network (the main European basic income advocacy group) defines a “basic income” as a program that “is paid on an individual basis—and not, for instance, to households.” (<https://basicincome.org/basic-income/>)

housing cost for a couple or larger family will be based on the appropriate-sized unit for a household of the given size, reflecting those scale economies of household size. In short, the beneficiary unit in our proposals is the household.

### **A Consolidated Income-Related Benefit for All B.C. Renters**

We have previously discussed the four main programs assisting renters in B.C.: the IA shelter allowance, RAP, SAFER, and RGI housing. We have also noted the variations in benefits and rules for each of these programs. Aside from questions about why a benefit in one provincial program should be higher or lower than another, these differences create all sorts of barriers for B.C. renters. For example, a family without children will lose their shelter allowance and are not entitled to RAP if they manage to leave IA, which helps to build the infamous “welfare wall.” While parents with dependent children leaving IA are in theory entitled to RAP, the program’s low caseload suggests that this possibility is not widely known in practice. In RGI housing, a tenant getting a job offer elsewhere in the province will likely have to choose between the rent subsidy embedded in their current unit or the prospective job.

A program that could resolve these and other issues arising from B.C.’s siloed and delimited rental assistance programs, while providing fair and meaningful financial assistance to renters with low incomes, would be a single, consolidated income-related benefit available to all B.C. renters. The program would be open to low-income renters regardless of whether they are working with low income, or they are on IA, or where they live. A housing benefit of this design, if it were based on an assumed rent rather than the actual rent a tenant pays would more closely accord with the principles of a basic income. In fact, it would constitute a form of basic income for renters addressing part of their shelter costs but not covering their broader support costs.

Such a housing benefit for all renters is already in place in one Canadian province: Manitoba’s Rent Assist.<sup>23</sup> Rent Assist (RA) pays the difference between 75% of MMR in Winnipeg and 30% of income to any household with low income. The working poor in Manitoba get the same financial help with their rent as do those on IA. As we discuss further below, the Manitoba RA program is not yet fully integrated across all beneficiaries regardless of IA status, but it provides a useful starting point for the discussion of a similar program for B.C. For convenience we will here call this proposal “BC Rent Assist” (BCRA).

Table 8 shows the maximum benefits for BCRA if it were designed like RA to pay 75% of the MMR for the whole province. The table shows comparative figures for such a scheme, the B.C. shelter allowance for IA, and the maximum benefit in Manitoba’s Rent Assist program. For illustrative purposes here, we have started with a bachelor suite for a single person and adjusted by one bedroom for each additional person, not reflecting the precise configuration of the household (e.g., a two-adult household versus a one-adult-and-a-child household are both treated as a two-unit household). B.C. would have to make policy decisions regarding the size of apartment judged appropriate for a given household configuration. If it were to be consistent

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<sup>23</sup> For a description of Rent Assist, see Brandon, Hajer, and Mendelson (2017).

with the MBM as its official poverty measure, B.C. would adopt the Canadian National Occupancy Standard.<sup>24</sup>

While Manitoba's RA is a useful model for BCRA, it has several features that may not be ideal for replication in a B.C. program. In Manitoba, Winnipeg is the only major city and makes up more than 60% of the province's population, with an even higher proportion of renters residing in Winnipeg. Consequently, Manitoba chose to use the MMR for Winnipeg, as this was the simplest alternative and using MMRs for differing locations would have needlessly complicated the program. In contrast, B.C. has a large population, rental apartments in many locations, and substantial variation in rental costs across the province.

One design for BCRA would vary MMR benchmarks by location, perhaps through zones as in RAP and SAFER, or more granularly defined to smaller areas as in Table 7. We have already discussed the policy issues and operational complications that would attend a choice to vary the benefit by location. Fiscal considerations along with the higher rents in B.C. might also require setting the benchmark at a lower percentage of MMR than in Manitoba. Another possible variation for B.C. could be a more complex formula such as that used in RAP (see Appendix A) and SAFER, which provides for a reduced percentage of the gap between income and housing costs being paid as income increases.

With the financial support for housing separated from IA under BCRA, some of our earlier observations about increased benefits would no longer apply. Raising benefit support levels or differentiating them by location would no longer incur all of the distortions and inequities that arise when based on a beneficiary's IA status. However, regional variation in benefits would still leave the incentives for inaccurate reporting of residential location and the concomitant need for more intrusive verification measures. And it could intensify pressures on rents for the limited availability of lower-end units in major urban areas.

## **Administering BCRA**

Manitoba's RA uses income determined through the tax system to calculate benefits (adjusted net family income), but the province has chosen not to administer the program through the tax system. All IA recipients are automatically enrolled in RA, and those not on IA have to submit an annual application for RA. The application is seven pages and requires the following documents:

- proof of income, which can be obtained from the Canada Revenue Agency
- an original signed direct deposit form
- a current lease or rental agreement
- a current Canada Child Benefit notice if the household includes dependent children
- a copy of the itemized funding letter if the person is in a training or education program and has received training allowance/educational funding

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<sup>24</sup> See the Canadian National Occupancy Standards, at [https://cmhc.beyond2020.com/HiCODefinitions\\_EN.html#\\_Suitable\\_dwellings](https://cmhc.beyond2020.com/HiCODefinitions_EN.html#_Suitable_dwellings)

- if the person is not a Canadian citizen, copies of their Confirmation of Permanent Residence document

Despite these application requirements, the take-up rate for Manitoba's program has been estimated at 84% of those eligible.<sup>25</sup> It is not surprising that take-up has fallen short of 100%. An application process reduces take-up rates in all programs, compared to programs with enrolment either automatically or via a simple added schedule as part of regular annual tax filing.

Should B.C. decide to implement a similar program, it would face the same choices as did Manitoba. Assuming all IA recipients would be automatically enrolled, the simplest administration for non-IA recipients would be through the tax system. This would likely require an additional provincial schedule, but all of the administration, including the distribution of benefits, could be handled by the Canada Revenue Agency (CRA) at little or no cost, if the province were willing to stick to the tax system's definition of income and not impose other eligibility criteria. Since the take-up rates would likely be highest were the program administered entirely through the tax system, which would also be less intrusive and require less bureaucracy, this administrative route would be more consistent with basic income principles. Alternatively, B.C. could adopt the Manitoba approach and use information from the tax system while independently administering the program, which would give it greater flexibility in terms of program design, eligibility criteria, and verification procedures.

Whether administered by the CRA on behalf of B.C., or by B.C. itself, if tax data is being used to calculate benefits, household income will be more than a year out of date. This raises the issue of responsiveness. On the one hand, using annualized retrospective income provides recipients with a stable benefit over the course of the year and allows them to plan and budget. On the other hand, what happens if a person's income falls sharply during the year? If the decline in income is caused by a change in household composition, the CRA can undertake a mid-year adjustment (as it does with the Canada Child Benefit) and the BCRA can then be reissued based on the newly adjusted income. But if the decline in income is for other reasons, such as job loss, there is no simple provision for mid-year adjustment available from the tax authority.

Manitoba's solution to the issue of large intra-year declines in individual incomes has been to rely on the IA system as the fallback. Since all IA recipients are automatically eligible, they get the full amount of Rent Assist as soon as they are enrolled in IA. This solution means that a recipient must be in an extremely dire situation, essentially having exhausted all other options, before a mid-year increase in their RA benefit becomes available. B.C. could rely on a similar solution to the non-responsiveness and retrospective nature of the tax system, or it could develop a special alternative income test for those with substantial mid-year declines in

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<sup>25</sup> Cooper, Hajer, and Plaut (2020, Table 7, p. 30). It would be valuable to undertake a second estimate using a different methodology.

income.<sup>26</sup> However, that approach would be dependent on provincial rather than CRA administration of the program.

### **Replacing the IA Shelter Allowance**

We assume that any benefit levels chosen for BCRA would represent an increase above the current shelter allowances in IA. As well, if the level of BCRA were tied to a percent of MMR, the BCRA benefits would be automatically indexed to the future cost of renting, rather than eroding each year, as at present, unless a government decides to introduce an ad hoc increase. Consequently, there would be no losers among IA recipients, now or in the future. BCRA could therefore replace the IA shelter allowance immediately.

Under the proposed scheme, the full benefit amount would be paid irrespective of the recipient's actual rent, similar to the earlier Option IA1. However, paralleling the Manitoba scheme, as part of the application process individuals would need to document that they were paying something in rent to be eligible. An alternative would be to waive that requirement, as under Option IA2, such that the benefit would be paid irrespective of whether the applicant were paying any rent; this approach would simplify the application process and make it more amenable to being treated as a basic income and administered by the CRA rather than a provincial agency. If Option IA2 were adopted for IA recipients while proof of rent paid were imposed on low-income non-recipients of IA under BCRA, this inconsistent treatment would tend to raise the welfare wall for some.

In BCRA, unlike IA, all renters at a given income level, whether on assistance or working, would get the same level of shelter allowances, lowering the welfare wall and providing fairer treatment of the working poor. This has proven to be one of the most popular aspects of RA in Manitoba.<sup>27</sup> However, it would likely be necessary to maintain two streams of BCRA benefits with somewhat different rules for a few years. When Manitoba was setting up RA, the following issues were encountered in attempting to integrate RA into one unified stream for both IA assistance recipients and non-recipients,<sup>28</sup> many of which would also confront B.C.:

- In Manitoba, as in B.C., a small number of homeowners (including owners of manufactured or mobile homes) receive IA. Rather than paying maximum Rent Assist as a flat-rate benefit, Manitoba chose to continue to pay these homeowners' shelter allowance based on their mortgage and maintenance costs up to the maximum Rent Assist benefit. In other words, for homeowners on IA this is an "actual up to maximum" shelter allowance, just as it was before Rent Assist, except with higher maximums. B.C. would need to decide whether homeowners on IA should get the regular BCRA benefit, while at the same time continuing to exclude homeowners who are not on IA from the BCRA program.

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<sup>26</sup> Adding an alternative in-year income test could increase costs as well as adjustment problems for recipients, such as overpayments and debts. For a review of these issues see Millar and Whiteford (2020).

<sup>27</sup> See Cooper, Hajer, and Plaut (2020).

<sup>28</sup> This list is an edited and adapted version of the issues that was developed by the Manitoba team of officials working on the implementation of RA. Michael Mendelson assisted Manitoba in developing Rent Assist.

- IA and RA have different rules for the rate of reduction in benefits as income increases. The reduction in the amount of RA for recipients not on IA begins with the first dollar of net income and continues at a 30% rate until the amount of RA is zero. Manitoba IA exempts the first \$200 of monthly earnings and then reduces IA benefits by 70% of earned income above the exemption. Manitoba would need to reconcile these differences to create a single set of rules for IA and non-IA recipients of RA. B.C. would similarly need to reconcile its earnings retention policies to create a unified set of rules for BCRA.
- The Canada Child Benefit (CCB) is meant to assist families with their needs, including the extra rent families pay for accommodation appropriate for their children. It might be natural to think that the CCB should be included as income for purposes of calculating a family's amount of Rent Assist. However, the CCB is not included as income for the purposes of calculating IA in Manitoba (or in B.C.); it is also not included as part of taxable income and is not even reported on tax returns. In Manitoba, the decision was to exclude CCB from the calculation of income for the purposes of determining the Rent Assist amount, allowing this to be treated the same in both streams, but it remains an expensive choice—one that B.C. would also have to make should it introduce BCRA. This would not have to be explicit, as the design of the BCRA benefit schedule could factor in the receipt of CCB by applicants and reduce the incremental benefits by family size accordingly.
- Rent is paid directly to landlords for approximately 70% of Manitoba IA recipients. RA is not paid directly to landlords for non-IA recipients. Which program should change? B.C. would face the same dilemma since, as noted earlier, about 30% of its IA shelter allowances are paid directly to landlords. The payment of a benefit intended for renters directly to the landlord would seem contrary to basic income principles of simplicity and minimizing stigma. That practice might also undercut the autonomy goal of giving beneficiaries full control over how they spend their benefits. It would also interact with the issues addressed by the reform Option IA1 described earlier. On the other hand, in a recent study of Manitoba Rent Assist that included interviews with recipients, some expressed a preference for rent paid directly to landlords.<sup>29</sup>
- The definitions of “income” and “household” in the tax system and the IA system differ in many ways. These would need to be reconciled, but as significant changes in the federal tax system are unlikely to be made (particularly for the needs of a single province), the reconciliation would have to consist of IA adopting tax definitions that are generally less detailed and less stringent than in current practice, thereby loosening IA rules. B.C. would also have to reconcile these definitions.

The intention in Manitoba was to work on each of these issues over several years, gradually bringing the two sets of rules closer together until they could be fully integrated. All of

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<sup>29</sup> “For many EIA Rent Assist recipients, the option to have rent paid directly to the landlord was a plus, as they knew their rent was taken care of, ensuring continuity of housing.” (Cooper, Hajer, and Plaut, 2020, p. 49)

the above issues are doubtless resolvable in some fashion over time. A similar strategy could be adopted by B.C. to replace the IA shelter allowance upon the introduction of BCRA. But it would take a number of years for B.C. to develop a single, unified program with one set of rules for both IA and non-IA recipients, a goal that has not yet been reached by Manitoba. That goal would be most consistent with the principles of a basic income, and it would contribute to a significant lowering of the welfare wall.

### **Replacing RAP, SAFER, and RGI**

As RAP and SAFER are supplemental programs for renters only, BCRA could fully replace these two programs. These programs also already use the tax system's assessment of total incomes, so that information is readily available from tax notices. However, given the current administration of and benefit payment of these programs directly by the province, the potential would exist for converting them to refundable tax credits administered via the CRA. If the BCRA were restricted to renters, the B.C. tax schedules would require an additional area for claimants to declare their status as renters and perhaps provide some additional information about their rental (for example, the current RAP application requires the name, address, and phone number of the landlord).

Since RAP does not provide benefits to singles or couples without dependent children, any amounts provided by BCRA for these persons would represent an increase beyond what is presently available. However, whether BCRA would provide an increase for current recipients of RAP and SAFER would depend upon the level of benefits and the structure of the benefit formula.

It would also be possible to replace RGI housing provisions by charging rent equal to the maximum BCRA benefit in all RGI housing. If the maximum BCRA benefit were greater than the maximum shelter allowance, there would be no material change for RGI tenants on IA with little or no income. If the reduction rate on income in BCRA were 30% or less, the transition to BCRA from RGI could be relatively seamless. However, if the level of income expected to be contributed to rent in BCRA were greater than 30% a two-stream approach like that in IA would need to be adopted. This would also inhibit the portability of the housing benefit for RGI recipients until the two streams were reconciled and combined.

Responsiveness is a second issue that would arise should RGI be replaced by BCRA. At present, rents may be adjusted monthly in RGI housing in some circumstances. Using BCRA maximums as the rent would mean that rents would be adjusted annually. This is not necessarily problematic. Ontario is moving this year and next to the use of annualized rent levels in its RGI housing based on adjusted family net income as reported through income tax. This move has been greeted positively by RGI tenants and advocates, who see stable and predictable rents as more than compensating for any issues arising due to mid-year fluctuations in income.<sup>30</sup> Housing administrators in Ontario will have the option to adjust rent in mid-year for

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<sup>30</sup> For example, in its submission on the changes in Ontario RGI policy, the Ontario Municipal Social Services Association, representing 47 social service administrators throughout the province, welcomed the changes to RGI rules while raising various questions on the details, such as the deduction of child-care expenses from adjusted net

tenants experiencing large changes in income. Similar provisions would have to be considered in B.C.

### **Replacing the Home Owner Grant**

BCRA would be designed specifically for renters, but what about a housing assistance benefit for all B.C. residents, regardless of whether they rent or own? This could be a program designed just like the BCRA except that homeowners would also be eligible for benefits based on their income—here we will call it BC Housing Assist for convenience. This program would be even more like a basic income than the BCRA because it would be open to all residents and not only to renters. BC Housing Assist would replace the HOG. The added net cost of BC Housing Assist, if any, would depend upon the parameters selected, but under any set of reasonable parameters it is safe to expect that it would amount to a sizable redistribution from homeowners with middle or higher incomes to homeowners and renters with lower incomes.

### **Conclusion**

In this paper we have reviewed five demand-side housing assistance programs in B.C. with a view toward changes that could make the programs better conform to basic income principles. We identified two possible reforms to the existing shelter allowance in B.C.'s income assistance programs. These reforms are relatively small changes that leave existing programs intact but could have positive impacts on recipients' autonomy and incomes. The associated cost of either reform would be modest.

Next, we assessed the pros and cons of proposals to differentiate the IA shelter allowance by region against the standard of basic income principles. This provision would increase the adequacy of benefits relative to differing financial needs in various parts of the province, but it would also exacerbate the differential between beneficiaries and others with low incomes but ineligible for IA. It would also create incentives for inaccurate claims of residence that would necessitate intrusive verification measures that run counter to the simplicity and dignity goals of a basic income.

The benefit structures and incentive effects of B.C.'s rent supplement programs, RAP and SAFER, and RGI social housing programs were analyzed and assessed against basic income principles. The exclusion of IA recipients from the rent supplement programs is a form of conditionality contrary to the inclusionary objectives of a basic income. The rent supplements reduced the autonomy of recipients by providing a price subsidy for rents. RGI housing is a program developed in an earlier time, a price subsidy that is tied to a specific type of housing unit and waiting lists.

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family income on the tax form. Similarly, the Co-operative Housing Federation of Canada welcomed the simplification of RGI in Ontario. See [https://www.omssa.com/docs/OMSSA\\_Submission\\_to\\_MMAH\\_on\\_Proposed\\_Amendments\\_to\\_the\\_Housing\\_Services\\_Act\\_June\\_27\\_2019.pdf](https://www.omssa.com/docs/OMSSA_Submission_to_MMAH_on_Proposed_Amendments_to_the_Housing_Services_Act_June_27_2019.pdf) and <https://chfcanada.coop/news/chf-canada-welcomes-ontarios-community-housing-renewal-strategy/>

We then identified a comprehensive revamp of B.C.'s demand-side housing assistance programs, which would be based on a new income-related housing benefit for B.C. residents and replace all or almost all the existing programs. Manitoba's Rent Assist program provided useful insights into program structure choices and practical experience to help guide the formulation of a similar program in B.C. The end result could be a form of income-related basic income, labelled as a rental or housing support program.

Although we did not undertake cost estimates, the new program would likely require substantially increased expenditures. These outlays would be well targeted and could have a significant impact on poverty in B.C. BC Rent Assist (BCRA) would provide an especially needed enhancement of the safety net for single adults and couples of working age without children. In addition, BCRA would promote movement from IA to paid employment by substantially reducing the welfare wall. BCRA would also likely reduce initial enrolment in IA, as many lower-income households might have enough income to carry them through a difficult period while searching for employment. In Manitoba, these features have contributed to the political sustainability of its Rent Assist program, as demonstrated by continuing all-party support for the program. Most importantly, BCRA would provide an extra measure of security and dignity for low-income households in B.C.

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## Appendix A

### Rental Assistance Program Benefit Calculation

The Rental Assistance Program reimburses a percentage of between 90% and 35% of the difference between 30% of total income and an adjusted rent amount. The following steps provide details on how the assistance is calculated.

#### **Variables**

##### **a) Adjusted Income:**

Household Income—varies by client.

##### **b) Base Income:**

Reset periodically by BC Housing.

September 2018 Base Income = \$1,000 monthly.

##### **c) Maximum Income:**

Maximum Income effective September 2018: \$40,000 annual, \$3333.33 monthly

**Note:** If Adjusted Income (A) > Maximum Income (C), then client is NOT eligible.

##### **d) Adjusted Rent:**

Lesser of Actual Rent paid or the Maximum rent level based on location in the province and household size.

Maximum rent levels (September 2018)			
Family size	Zone 1	Zone 2	Zone 3
3 or less	\$1,108	\$1,086	\$1,067
4 or more	\$1,250	\$1,136	\$1,117

##### **e) Rent Gap:**

Difference between of Adjusted Rent and 30% of Adjusted Income.

Calculation: Rent Gap = D – (A \* 30%)

**Note:** If Rent Gap is  $\leq$  0.00 then client is NOT eligible.

##### **f) Proportion:**

The Rental Assistance Program reimburses a Proportion between 90% and 35% of the Rent Gap (E). The benefit is calculated on a sliding scale that gives the most Benefit to families with the least income.

The formula for determining the Proportion is as follows:

If Adjusted Income (A)  $\leq$  Base Income (B), then the Proportion = 90%

If Adjusted Income (A) > Base Income (B), then the Proportion (F) is calculated as follows:

$90\% - ((\text{adjusted income} - \text{base income}) \times (55\% (\text{maximum income} - \text{base income})))$

**Benefit Calculation:**

Rent Gap (E) \* Proportion (F) = Base Benefit.

If Base Benefit is  $> 0$  and  $< 50$ , then Benefit = \$50.00.

If Base Benefit is  $<$  the Maximum Benefit (see table below), then Benefit = Base Benefit.

If Base Benefit is  $\geq$  the Maximum Benefit (see table below), then Benefit = Maximum Benefit.

Maximum benefit levels (September 2018)			
Family size	Zone 1 <sup>a</sup>	Zone 2 <sup>b</sup>	Zone 3 <sup>c</sup>
3 or less	\$727.20	\$707.40	\$690.30
4 or more	\$855.00	\$752.40	\$735.30

<sup>a</sup> Zone 1 includes the Metro Vancouver Regional District communities: Aldergrove, Anmore, Belcarra, Bowen Island, Burnaby, Coquitlam, Delta, Langley, Lions Bay, North Vancouver, Maple Ridge, New Westminster, Pitt Meadows, Port Coquitlam, Port Moody, Richmond, Surrey, Vancouver, West Vancouver, and White Rock

<sup>b</sup> Zone 2 includes the following communities: Abbotsford, Agassiz, Central Saanich, Chase, Colwood, Dawson Creek, Esquimalt, Fort St. John, Highlands, Kamloops, Kelowna, Lake Country, Langford, Lantzville, Logan Lake, Metchosin, Mission, Nanaimo, New Songhees, North Saanich, Oak Bay, Peachland, Penticton, Prince George, Saanich, Saanichton, Sidney, Sooke, Squamish, Terrace, Union Bay, Victoria, View Royal, West Kelowna

<sup>c</sup> Zone 3 includes all B.C. communities not included in Zone 1 or 2

## Appendix B

### Illustration of Marginal Rent Subsidy Under RAP (2020)

Income	\$800 Rent RAP Benefits	\$1000 Rent RAP Benefits	% of Rent Increase Paid by RAP	\$1200 Rent RAP Benefits	% of Rent Increase Paid by RAP
\$ -	\$ 8,640	\$ 8,726	4%	\$ 8,726	0%
\$ 100	\$ 8,316	\$ 8,726	17%	\$ 8,726	0%
\$ 200	\$ 7,992	\$ 8,726	31%	\$ 8,726	0%
\$ 300	\$ 7,668	\$ 8,726	44%	\$ 8,726	0%
\$ 400	\$ 7,344	\$ 8,726	58%	\$ 8,726	0%
\$ 500	\$ 7,020	\$ 8,726	71%	\$ 8,726	0%
\$ 600	\$ 6,696	\$ 8,726	85%	\$ 8,726	0%
\$ 700	\$ 6,372	\$ 8,532	90%	\$ 8,726	8%
\$ 800	\$ 6,048	\$ 8,208	90%	\$ 8,726	22%
\$ 900	\$ 5,724	\$ 7,884	90%	\$ 8,726	35%
\$ 1,000	\$ 5,400	\$ 7,560	90%	\$ 8,726	49%
\$ 1,100	\$ 4,943	\$ 7,046	88%	\$ 8,182	47%
\$ 1,200	\$ 4,503	\$ 6,550	85%	\$ 7,655	46%
\$ 1,300	\$ 4,080	\$ 6,070	83%	\$ 7,145	45%
\$ 1,400	\$ 3,674	\$ 5,608	81%	\$ 6,652	44%
\$ 1,500	\$ 3,285	\$ 5,162	78%	\$ 6,176	42%
\$ 1,600	\$ 2,913	\$ 4,733	76%	\$ 5,717	41%
\$ 1,700	\$ 2,558	\$ 4,322	73%	\$ 5,274	40%
\$ 1,800	\$ 2,220	\$ 3,927	71%	\$ 4,849	38%
\$ 1,900	\$ 1,898	\$ 3,549	69%	\$ 4,441	37%
\$ 2,000	\$ 1,594	\$ 3,189	66%	\$ 4,049	36%
\$ 2,100	\$ 1,307	\$ 2,845	64%	\$ 3,675	35%
\$ 2,200	\$ 1,037	\$ 2,518	62%	\$ 3,318	33%
\$ 2,300	\$ 784	\$ 2,208	59%	\$ 2,977	32%
\$ 2,400	\$ 600	\$ 1,915	55%	\$ 2,654	31%
\$ 2,500	\$ 600	\$ 1,639	43%	\$ 2,347	30%
\$ 2,600	\$ 600	\$ 1,380	33%	\$ 2,058	28%
\$ 2,700	\$ -	\$ 1,138	47%	\$ 1,785	27%
\$ 2,800	\$ -	\$ 913	38%	\$ 1,530	26%
\$ 2,900	\$ -	\$ 705	29%	\$ 1,291	24%
\$ 3,000	\$ -	\$ 600	25%	\$ 1,070	20%
\$ 3,100	\$ -	\$ 600	25%	\$ 865	11%
\$ 3,200	\$ -	\$ 600	25%	\$ 677	3%
\$ 3,300	\$ -	\$ 600	25%	\$ 600	0%
\$ 3,400	\$ -	\$ -	0%	\$ -	0%

Note. Example assumes a three-person household in Zone 1.  
Computed by the authors (see Appendix A).

**Table 1**

*B.C. IA Shelter Allowance Rates*

<b>Household unit size</b>	<b>Maximum monthly shelter allowance</b>
1	\$375
2	\$570
3	\$660
4	\$700
5	\$750
6	\$785
7	\$820
7+	\$35 additional per person

*Note. BC Employment and Assistance Policy and Procedure Manual.*

**Table 2***B.C. IA Caseload Receiving a Support and/or Shelter Allowance by Shelter Type, October 2019*

<b>Shelter type</b>	<b>Cases</b>	<b>Percent</b>
Rent	118,466	77.3%
Shared rent	19,993	13.0%
Own	3,920	2.6%
Utilities only	1,313	0.9%
Own/rent (e.g., trailer)	1,241	0.8%
No shelter cost	8,373	5.5%
<b>Total</b>	<b>154,871</b>	<b>100.0%</b>

*Note.* Information provided by B.C. Ministry of Social Development and Poverty Reduction.

**Table 3:***Shelter Costs Relative to IA Shelter allowance Excluding Room and Board, October 2019*

	<b>Shelter costs relative to IA shelter benefit maximum</b>	<b>Cases</b>	<b>Percent</b>
Spend more on rent/utilities than the shelter benefit pays	> \$200+	47,892	31.2%
	> \$150–\$199	7,910	5.2%
	> \$100–\$149	14,564	9.5%
	> \$50–\$99	12,353	8.1%
	> \$1–\$49	20,783	13.6%
	<b>At cost</b>	<b>27,832</b>	<b>18.2%</b>
Spend less on rent/utilities than the shelter benefit pays	< \$1–\$49	6607	4.3%
	< \$50–\$99	3831	2.5%
	< \$100–\$149	1019	0.7%
	< \$150–\$199	673	0.4%
	< \$200+	1469	1.0%
	<b>No cost</b>	<b>8,373</b>	<b>5.5%</b>
	<b>Total</b>	<b>153,306</b>	<b>100.0%</b>

*Note.* Information provided by B.C. Ministry of Social Development and Poverty Reduction.

**Table 4**

*Urban Market Rents of Apartments in B.C. at Quartile Cut-Offs, 2019*

<b>Apartment size</b>	<b>Shelter allowance maximum Rent</b>	<b>Lowest quartile</b>	<b>Second quartile</b>	<b>Third quartile</b>
Bachelor	\$375	\$875	\$1,061	\$1,335
One-bedroom	\$570	\$960	\$1,200	\$1,500
Two-bedroom	\$660	\$1,050	\$1,363	\$1,700
Three-bedroom	\$700	\$1,150	\$1,500	\$1,988

*Note.* Canada Mortgage and Housing Corporation (2019), *Urban Rental Market Survey Data: Rent Quartiles*.  
<https://www.cmhc-schl.gc.ca/en/data-and-research/data-tables/urban-rental-market-survey-data-rent-quartiles>

**Table 5***Comparison of Maximum Benefits in IA Shelter Allowance, RAP, and SAFER*

Family size	Income assistance shelter allowance	Rental Assistance Program (RAP) maximum benefit			Shelter Assistance for Elderly Renters (SAFER) maximum benefit		
		Zone 1 <sup>a</sup>	Zone 2	Zone 3	Zone 1	Zone 2	Zone 3
1	\$375				\$558	\$525	\$495
2	\$570	\$727	\$707	\$690	\$615	\$588	\$555
3	\$660	\$727	\$707	\$690			
4	\$700	\$855	\$752	\$735			
5	\$750	\$855	\$752	\$735			
6	\$785	\$855	\$752	\$735			
7	\$820	\$855	\$752	\$735			
7+	\$35 + per person	\$855	\$752	\$735			

a. See Appendix A for a list of the localities in each zone.

Note. B.C. Ministry of Social Development and Poverty Reduction and Ministry of Municipal Affairs and Housing.

**Table 6**

*MBM Shelter Amounts Compared to Maximum RAP Benefit, 75% of MMR, and Maximum IA Shelter Allowance, B.C.*

Region	Approximate amounts for a three-bedroom apartment for a four-person household			
	MBM	75% of MMR	RAP	Income assistance shelter allowance
Rural	\$986	\$900	\$735	\$700
< 30,000	\$1082	\$975	\$735	\$700
30,000 to 99,999	\$1160	\$1050	\$752	\$700
100,000 to 499,999	\$1410	\$1200	\$855	\$700
Vancouver	\$1594	\$1350	\$855	\$700

*Note.* Samir Djidel, Burton Gustajtis, Andrew Heisz, Keith Lam, Isabelle Marchand and Sarah McDermott (2020) *Report on the Second Comprehensive Review of the Market Basket Measure*. Statistics Canada Catalogue no. 75F0002M. Published by authority of the Minister responsible for Statistics Canada. MMR for regions calculated by authors based on approximate MMRs in regions for three-bedroom apartments in Table 7. RAP and IA shelter allowance from Table 5.

**Table 7**

*Median Market Rent by Bedroom Type by Metropolitan Areas, Census Agglomerations and Cities, B.C., October 2019*

	<b>Bachelor</b>	<b>One-bedroom</b>	<b>Two-bedroom</b>	<b>Three-bedroom</b>	<b>Total</b>
British Columbia <sup>1</sup>	\$1,061	\$1,200	\$1,363	\$1,500	\$1,250
Abbotsford-Mission	\$720	\$879	\$1,050	\$1,600	\$975
Campbell River	\$700	\$850	\$950	\$1,300	\$925
Chilliwack	\$692	\$823	\$1,063	** <sup>2</sup>	\$889
Courtenay	\$615	\$790	\$1,027	\$994	\$938
Cranbrook	\$600	\$738	\$870	\$1,095	\$800
Dawson Creek	\$650	\$790	\$1,098	\$1,200	\$905
Duncan	\$635	\$750	\$926	\$1,408	\$825
Fort St. John	\$640	\$723	\$950	\$1,050	\$895
Kamloops	\$738	\$898	\$1,025	\$1,150	\$950
Kelowna	\$985	\$1,038	\$1,352	\$1,600	\$1,150
Nanaimo	\$813	\$874	\$1,085	\$1,301	\$986
Nelson	\$650	\$800	\$975	**	\$863
Parksville	\$603	\$800	\$925	\$1,025	\$896
Penticton	\$775	\$900	\$1,100	\$1,618	\$950
Port Alberni	\$608	\$688	\$850	\$900	\$750
Powell River	\$600	\$750	\$900	\$1,000	\$825
Prince George	\$654	\$775	\$915	\$938	\$863
Prince Rupert	\$665	\$820	\$875	**	\$820
Quesnel	\$500	\$625	\$700	\$800	\$675
Almon Arm	**	\$750	\$925	**	\$825
Sechelt DM	**	**	**	**	**
Squamish	**	\$1,140	\$1,135	**	\$1,175
Summerland DM	**	**	**	**	913
Terrace	\$750	\$750	\$1,000	\$1,150	950
Vancouver	\$1,195	\$1,350	\$1,600	\$1,800	1,400
Vernon	\$701	\$850	\$1,000	\$1,115	918
Victoria	\$927	\$1,073	\$1,400	\$1,773	1,170

Williams Lake	**	\$680	\$790	\$975	750
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1. Vancouver strongly influences the overall B.C. median market rent (note that it is the only locale in which a bachelor unit is over \$1,000 yet the all- B.C. MMR for a bachelor is \$1,061).

2. \*\* Insufficient data or that that locale does not have units of that size.

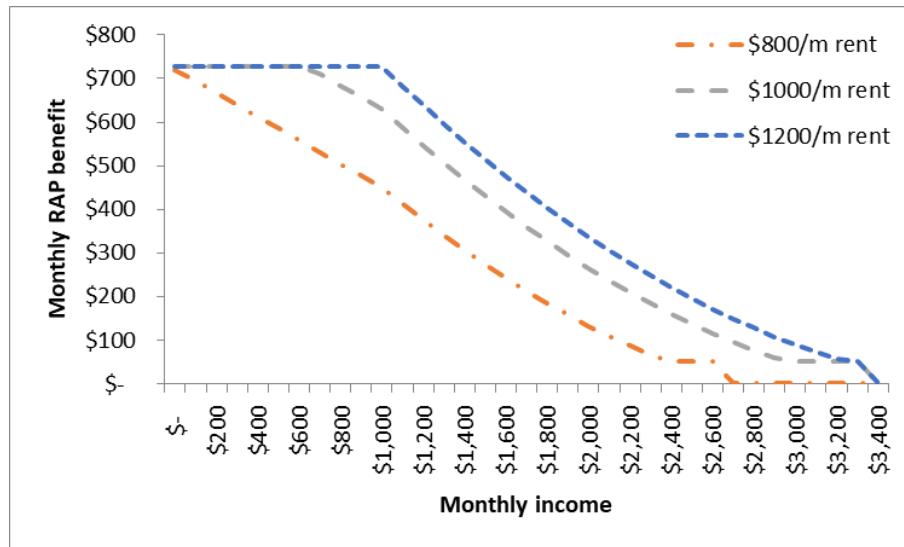
*Note.* Canada Mortgage and Housing Corporation Rental Market Survey, <https://www03.cmhc-schl.gc.ca/hmip-pimh/en#Row%20/%20Apartment>

**Table 8***B.C. Rent Supplement of 75% of All-B.C. MMR Compared to Existing B.C. IA Shelter Allowance*

<b>Household size</b>	<b>Apartment size</b>	<b>B.C. shelter allowance</b>	<b>BCRA maximum</b>	<b>Manitoba Rent Assist</b>
One-person household	Bachelor	\$375	\$796	\$576
Two-person household	One-bedroom	\$570	\$900	\$658 or \$815 (with dependent child)
Three-person household	Two-bedroom	\$660	\$1,022	\$815
Four-person household+	Three-bedroom	\$700	\$1,125	\$815 or \$1,026 (for 5+ persons)

**Figure 1**

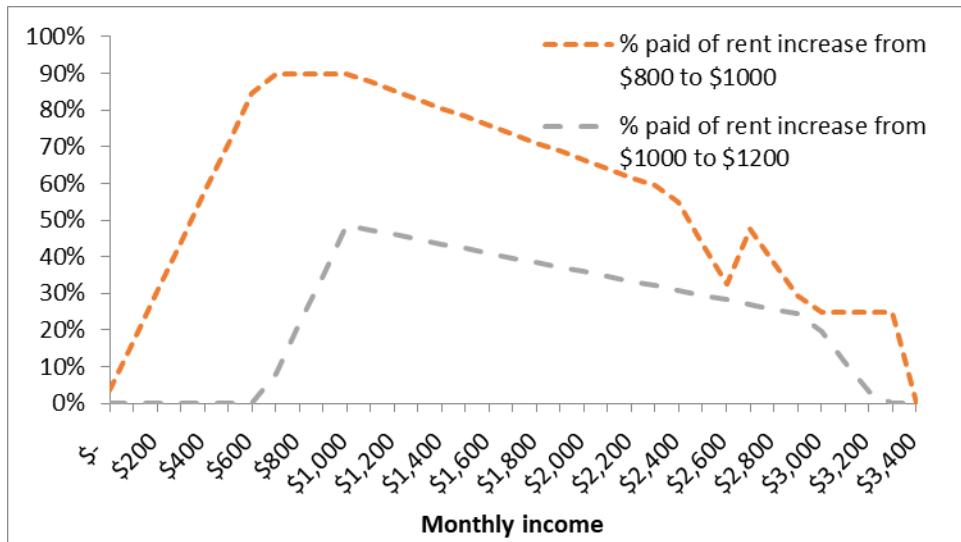
*RAP Benefits at Three Rent Levels*



*Note.* Assumes a household of three in Zone 1. Computed by the authors. See Appendix A for a detailed description of the RAP formula and Appendix B for the data in Figure 1.

**Figure 2**

*RAP Marginal Subsidy of Additional Rent*



*Note.* Assumes a household of three in Zone 1. Computed by the authors. See Appendix A for a detailed description of the RAP formula and Appendix B for the data in Figure 2.