

# Should the National Housing Strategy include a housing benefit?

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## Overview

The development of a national housing strategy has marked the reengagement of the federal government on the issue of housing. As communities across the country struggle to meet an increasingly complex set of housing needs, a national housing strategy presents an important opportunity to institute a set of policy responses that address the scope and scale of the issue. The government has indicated that the strategy will be made up of a number of policy interventions, addressing both supply- and demand-side issues, with the goal of ensuring that everyone in Canada has access to safe, affordable housing.

Canadian housing policy has traditionally focused on creating a supply of affordable housing, rather than on people's ability to afford a home. The upcoming national housing strategy is an opportunity for us to consider a wide range of options. This policy brief explores the potential role of a national housing benefit. A broad range of stakeholders and policy experts in Canada have expressed support for including housing benefits in the toolkit of policy interventions to address housing need in Canada. This brief draws on recent research and analysis, as well as discussions with experts, to assess the viability and value of implementing a national housing benefit, and how a benefit could fit into the federal housing policy toolkit.

## **Context: An opportunity to change course on housing**

The federal government's commitment to a national housing strategy provides an opportunity to make meaningful progress on housing poverty. While approximately 1.5 million Canadian households are in housing need, only a small fraction benefit from existing policies. Emerging pressures, including tight housing markets and the expiry of federal operating agreements, create real risks that could grow substantially, even with the increased level of federal support announced in Budget 2016. If a new national strategy only offers a continuation of the kind of modest programs that we have today – a “tinkering around the edges” of our existing policies – the most we can hope for is to avoid a major increase in housing need, rather than making a meaningful dent in the need we have today.

A new national housing benefit could be an important part of transforming our housing system to better address the needs of our most vulnerable, in a way that is flexible, efficient, and viable. It would work by providing financial support directly to people to help them pay the rent. This flips the traditional approach of subsidizing the cost of a particular unit of housing. Instead, the individual or family would get a benefit cheque based on their income and housing costs, to bridge the gap between what they can afford and what they need. Households could use the benefit to help them rent a home of their choice, including privately-owned buildings.

Such a benefit can be progressively implemented as a complementary policy lever alongside supply-side interventions (i.e., building and preserving non-profit housing).

By addressing housing poverty and income security, a national housing benefit could also serve to anchor the government's commitment to a national poverty reduction strategy, building on recent policy changes such as the introduction of the Canada Child Benefit and improvements to the Guaranteed Income Supplement. The majority of low-income renters are in private market rental housing without subsidies, a situation that will remain true even if the national housing strategy includes substantial measures to create new affordable housing supply. The same people who disproportionately face housing need (newcomers, lone parents, Indigenous persons, persons with disabilities) also disproportionately

experience other dimensions of poverty.<sup>1</sup> Addressing housing poverty can free up a household's resources for spending in other areas (e.g., food, transportation). Portable housing benefits could also help to reduce the concentration of poverty by allowing people to choose where to live and promoting mixed-income communities, which, along with better housing outcomes, is associated with better long-term outcomes in education, work, health, and intergenerational poverty.<sup>2</sup>

## Why a housing benefit?

A national housing benefit would have four key advantages. It would:

- provide greater *choice* for households,
- *reach people not served* by current approaches,
- be more *fair and responsive* to those in housing need, and
- offer more *flexible and efficient* responses than rent supplements or capital investments alone.

### Providing greater choice for households

A number of policy advantages come from tying housing support to a person or household rather than to an address. The most obvious is increased choice for people. For most people in housing need, the primary challenge is an affordability gap, one that is often temporary. When households are faced with a drop in income, people might be forced to move out of their current home, either to move into a subsidized unit or, more likely, to seek a lower cost unit in the private market while they remain on long waitlists for subsidized housing. In Ontario, for example, nearly as many households are on waitlists for social housing (approximately 170,000) as are living in existing subsidized housing

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1 Canada Mortgage and Housing Corporation. June 2014. "Core Housing Need Status for the Population, by Selected Characteristics and Gender, Canada, 2011" [https://www.cmhc-schl.gc.ca/en/hoficlincl/homains/stda/data/data\\_025.cfm](https://www.cmhc-schl.gc.ca/en/hoficlincl/homains/stda/data/data_025.cfm)

2 Chetty, Raj, Nathaniel Hendren, and Lawrence Katz. 2016. "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Project." *American Economic Review* 106 (4). <http://scholar.harvard.edu/hendren/publications/effects-exposure-better-neighborhoods-children-new-evidence-moving-opportunity>

(approximately 230,000).<sup>3</sup>

A housing benefit that is not dependent on brick-and-mortar investments has the potential to allow people to remain, if they wish, in their current homes and neighbourhoods while they experience affordability crunches, whether temporary or chronic. Giving people the means and choice to secure housing that meets their needs could also allow people to move closer to work, family, or community amenities. Residents of communities that have developed heavily in the past three decades may find almost no subsidized units at all within a reasonable commute. Without a portable benefit they might then be forced to seek subsidized housing far from work or family.

### **Reaching people not served by current approaches**

A housing benefit could provide a more efficient response to housing affordability challenges and reach a broader number of people with low incomes in a fairer manner – but should be considered in combination with other initiatives geared towards the capital needs of non-profit housing and supply-side incentives.

In the current system, low-income people in housing need are faced with three options:

- **Rent-geared-to-income (RGI) housing** that provides a home with size and cost that is proportional to household need, but with little choice of location. Approximately 360,000 of these units nation-wide (off-reserve) are covered by federal operating agreements, plus a much smaller number of units that are no longer covered by agreements or that were built by provinces without federal support.<sup>4</sup> Despite growing need, the number of these units has decreased in the last 25 years, and these units generally have long waitlists.
- **Housing with modestly subsidized rents** made possible through a range of programs, including “market” and “low

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3 Ontario Non-Profit Housing Association, 2016. “2016 Waiting Lists Survey Report.” <http://qc.onpha.on.ca/flipbooks/WaitingListReport/>; also, Pacini, Christine, Johanna Hashim, and Ken Foulds. October 2016. “National Housing Collaborative Social Housing Research Paper.” <http://nhc-cpl.ca/wp-content/uploads/2016/08/Social-Housing-Research-Paper-FINAL-Oct-13-2016.pdf>

4 Pacini et. al, 2016.

end of market” non-profit units in social housing, and units funded (typically with up-front capital grants) by federal-provincial programs such as the Investment in Affordable Housing (IAH) program. While they don’t offer the same guarantee of affordability as RGI, these modest-rent units may be within reach of a household’s income or may still leave an affordability gap. Roughly 200,000 of these units are covered by operating agreements nation-wide (off-reserve), depending on what you include.<sup>5</sup>

- **Private market rental.** Most people experiencing housing need in Canada rent in the private market with no housing-specific support. This includes roughly 80 per cent of the households that rely on social assistance in Ontario, where the “shelter” portion of the benefit falls well short of affordability for most households, and the total benefit is well below the poverty line. To the extent that private market rent in major markets is relatively affordable, the lower price tag often comes with a poor state of repair, undesirable location and/or precarious tenure.

Given the time and cost associated with creating new affordable housing supply on a scale that would meet current needs, a housing benefit offers the most viable opportunity to reach people who are not served by the status quo, at least in the near term. For every household that receives support today, three more are in need. While interventions to support new affordable supply and sustain existing non-market housing are necessary, the pace of new supply would need to increase by several orders of magnitude to reach all of those in housing need. This makes housing benefits a necessary (but not sufficient) element of a national housing strategy that will have a meaningful impact on housing need.

### **Being more fair and responsive to those in housing need**

If designed as a universal program, housing benefits can avoid waitlist approaches and provide a more fair and responsive solution, providing support when and where need occurs. As circumstances change and households no longer need support, housing benefits can be phased out,

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<sup>5</sup> Ibid.

maintaining household stability, avoiding dislocation and upending people's lives.

In our current system, two similar households can be treated very differently based simply on timing and location.<sup>6</sup> The existing policy framework effectively creates an unfair housing lottery, where a minority of people in housing need benefit from a relatively generous program (rent geared to their income) while the remainder in similar circumstances get no support. Support is rationed but it is not allocated to where need is greatest, nor is it responsive to need when it arises (as long waitlists demonstrate).

### **Offering more flexible and efficient responses**

Adding housing benefits to the policy toolkit can also allow the housing system to operate more flexibly and efficiently. Because benefits allow for a policy response that improves affordability without the need for governments or non-profits to develop or acquire housing stock or negotiate rent supplement agreements with building owners, housing benefits can be a more efficient and responsive tool to meet demand. This allows for a much more timely response than waitlist approaches. The effects of housing benefits are likely to vary depending on local housing market conditions. In areas with very low vacancy rates, housing benefits can be an expensive or ineffective tool unless they are coupled with measures to increase the availability of affordable housing options. However in areas where the problem is not a shortage of housing but simply a lack of affordability, housing benefits can respond to that need and to changes in that need over time without massive capital outlays or the risk of excess capacity.

For these reasons, housing benefits have been common in Europe for decades, yet they have never been adopted at a large scale in Canada. That has begun to change in recent years, as a number of provincial governments have launched modest benefit programs and pilots (including Manitoba, Ontario, British Columbia, Quebec and Saskatchewan).<sup>7</sup> These experiences

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6 Pasolli, Kelly, Thomas McManus, Molly Doan, Max Palamar, and Karen Myers. October 2016. "National Housing Collaborative Affordability Options Research Paper." [http://nhc-cpl.ca/wp-content/uploads/2016/08/Affordability-paper\\_Final.pdf](http://nhc-cpl.ca/wp-content/uploads/2016/08/Affordability-paper_Final.pdf)

7 Ibid.

have been limited to some degree by the fiscal pressures created by federal program decisions, in particular the requirement for matching funds in the IAH program.

Housing benefits bring a number of potential advantages compared to the status quo, but these advantages cannot come from investing in a housing benefit alone. Housing benefits work best when paired with measures to increase the supply of secure, high-quality affordable housing and better integration with other social services. At the same time, the existing housing policy toolkit is unlikely to deliver meaningful improvements from the status quo unless housing benefits are added to the mix.

## **How a benefit could fit into a National Housing Strategy**

Introducing a housing benefit to the housing policy toolkit has short-term and long-term implications. In the short term, a housing benefit provides a way to deliver immediate relief to households left out of existing programs and facing housing need. In the longer term, a housing benefit can be part of a transformation of the public policy approaches to improving housing affordability in Canada.

A housing benefit can de-link efforts to increase the supply of affordable housing from efforts to boost the ability of households to afford the housing they need. In the RGI housing that is the most prominent feature of our current system, both of these goals are achieved through a single policy tool, which has both advantages and limitations. In more recent “affordable” housing initiatives funded through IAH, the affordable supply is generally delivered without any means to ensure the housing is actually affordable to the people who need it, leading to a persistent affordability gap for lower-income households.

In contrast, a housing benefit offers an opportunity to provide direct tailored support to low-income Canadians to meet their housing needs, while supply initiatives focus on creating low-cost housing options. To be effective, housing benefits need to be paired with efforts to preserve and expand affordable housing supply, just as supply-focused efforts will not fully address need without a housing benefit.



## **Housing benefits are not a substitute for non-profit housing**

Housing benefits are more effective and less costly when paired with measures to reduce the cost of new housing supply and to maintain affordability in existing housing stock. Policy interventions to preserve and create new non-profit housing remain essential to address a persistent market failure – the minimal development of new private market rental housing. What new development that does exist is clustered at the more expensive end of the spectrum, and often with less secure tenure (such as with condominiums that end up in the secondary rental market). If the conditions are not there for tenants to have choice in the market (and if rent regulation does not apply), then the housing benefit can actually contribute to rent increases that result in more of the housing benefit ending up in the hands of landlords.<sup>8</sup> Market housing is also unlikely to deliver housing forms that meet the needs of seniors or others with special needs. Non-profit housing also helps to encourage mixed-income communities, especially when paired with housing benefits.

At the same time, supply-side “affordable” housing interventions will not address housing need unless paired with housing benefits. Government interventions can reduce the cost of this new supply, but they do not necessarily produce housing that is affordable for low-income households.<sup>9</sup> Consider the example of a one-bedroom “affordable” apartment funded under the IAH program that meets the guideline of rent no more than 80 per cent of the market average. In Toronto, that would be \$880 per month. At that rent level, a single person earning the median income for Toronto would be paying well over 30 per cent of their income on housing (the level considered affordable). For the more than 200,000 single people in Toronto with income below the Low Income Measure poverty line (about \$20,800), this “affordable” rent would be at least 50 per cent of their income, and in many cases, more than 80 per cent – putting them in an untenable situation. As of 2011, the median rent paid by households in Toronto with income in the \$20,000 to \$30,000 range was \$977, about half of their total

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8 Gibbons, Stephen and Alan Manning. December 2003. “The Incidence of UK Housing Benefits: Evidence from the 1990s reforms.” Centre for Economic Performance. <https://core.ac.uk/download/pdf/6358074.pdf>

9 See Ballantyne, Derek. November 2016. “National Housing Collaborative Rental Supply Options Research Paper.” <http://nhc-cpl.ca/wp-content/uploads/2016/12/NHC-Supply-Options-Paper-Final.pdf>

household income.<sup>10</sup>

This is not strictly a Toronto or big city phenomenon. The “affordable” rent for a one-bedroom unit in Regina (about \$735) or Halifax (\$670) would not be affordable to someone earning half the median income in those cities. That being said, the context for a housing benefit would look very different depending on the local housing market conditions. The rental vacancy rate in Saint John is about ten times the rate in Vancouver.<sup>11</sup> In very tight markets, the need to pair a housing benefit with measures to increase affordable supply are more acute.

While it is possible to use supply incentives to encourage more affordable market housing (e.g., low-cost loans, equity investment), it is very difficult to create a model that can sustain itself with rents much below the market average.<sup>12</sup> To make this housing affordable for people, a policy framework would need to either include operating subsidies (RGI or similar for non-profit housing) or support people directly through a housing benefit.

### **Housing benefits could replace extended operating funding for social housing**

In the next decade alone, the operating agreements that provide federal funding to support 163,000 RGI housing units will expire.<sup>13</sup> Without this operating subsidy, most of these projects cannot manage their operating costs with only the very low rental income that their tenants can afford to pay. Failing to address this pressure could result in the loss of valuable publicly funded assets and the displacement of hundreds of thousands of low-income Canadians. Any national housing strategy that aims to improve housing outcomes for Canadians cannot allow this to happen.

The original premise that these projects would be sustainable once their mortgages were paid off has proven false, as a result of higher-than-expected operating costs and lower-than-expected rental income. Many of these projects would be financially viable over the long term

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10 Suttor, Greg. 2017. “Housing and Housing Benefits are Necessary Social Infrastructure.” Wellesley Institute. <http://www.wellesleyinstitute.com/housing/housing-and-housing-benefits-are-social-infrastructure/>

11 As of 2015, based on CMHC Rental Market Survey, published March 2016.

12 Ibid.

13 Pacini et. al., 2016

if they were able to charge the higher rents needed to meet their costs (though some would depend on some support to deal with capital repair backlogs, especially in the near term before any housing benefit was fully implemented). The break-even economic rents that these projects need to remain viable would be more affordable than market options, but would put many low-income tenants of subsidized housing into housing need and at risk of economic eviction.

A housing benefit provided directly to renters could potentially allow them to afford economic rents in non-profit housing. This would allow housing providers to focus on financially sustainable non-profit business models without sacrificing their social mission.

The cost of such a housing benefit could be offset, in part, by the portion of the operating funding that would otherwise be necessary to preserve RGI rents in the existing social housing stock — funding that would no longer be needed by providers if they could charge higher rent. This system transformation would provide a significant offset to the cost of a housing benefit (though the savings would not be expected to cover a fully-implemented, substantial housing benefit). A study by SHS Consulting for the National Housing Collaborative (NHC) estimated the cost of operating funding to maintain RGI for expiring operating agreements at approximately \$460 million annually by 2026, increasing to about \$1 billion annually at the maturity of all existing operating agreements in 2037.<sup>14</sup>

While reasonably straightforward in principle, such a transformation would take significant time, planning and change management to execute. Non-profit housing providers range from managing a handful of units to complex portfolios, and have differences in their missions, business models and access to financing. This is not a shift that could or should happen overnight.

## **How a housing benefit could work**

A national housing benefit could be designed in various ways. The approach hinges on decisions around payment design, eligibility conditions,

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<sup>14</sup> Pacini et. al, 2016.

and program administration.

For a national housing benefit to meet the goals of being responsive, fair and efficient, it needs to be universally available to all those who meet the eligibility criteria, rather than limited to specified number of allowances. Where housing benefits are designed as rationed allowances, such as Section 8 vouchers in the United States, we often see long waitlists and people left behind – similar to what we currently face in Canada. Eligibility criteria can include targeting the benefit to those with very low incomes.

While a housing benefit alone would not address the full scale nor all the dimensions of housing need in Canada, it is likely the most cost-effective tool available to provide this level of impact for this number of Canadians. When fully phased-in, the approach put forward by the NHC is estimated to cost approximately \$1.2 billion annually, and to assist 800,000 households in core housing need.<sup>15</sup>

The NHC approach is an example of how a national housing benefit could be designed as a universal tax-administered benefit. In this approach (which is broadly similar to the proposal designed by a working group of experts in Ontario in 2008),<sup>16</sup> the benefit would be calculated based on a combination of household size, household income, and rental costs. Specifically, the benefit would provide a payment to bridge the difference between the *actual rent* paid by a household, and the rent considered affordable for their circumstances. In the NHC approach, that affordable rent is calculated based on 30 per cent of household income for families, or 40 per cent for single people, and the payment would be designed to bridge 75 per cent of that affordability gap – significantly reducing, but not in itself eliminating, housing need. This design is intended to mitigate the risk of housing benefits leading to rent inflation, as well as to manage the cost of the program. Some other housing benefit programs base their payment amounts on the relevant *average market rent* relevant for the local area and household size.<sup>17</sup>

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15 National Housing Collaborative. October 2016. “A New Housing Affordability Agenda for Canada.” <http://nhc-cpl.ca/wp-content/uploads/2016/07/NHC-Submission-Oct-2016.pdf>

16 Pomeroy, Steve, Marion Steele, Joshua Hoy, and John Stapleton. 2008. “A Housing Benefit for Ontario: One Housing Solution for a Poverty Reduction Strategy.” [http://openpolicyontario.com/wp/wp-content/uploads/2012/09/housing\\_benefit\\_ontario\\_20081002.pdf](http://openpolicyontario.com/wp/wp-content/uploads/2012/09/housing_benefit_ontario_20081002.pdf)

17 Pasolli et. al; 2016; Michael Mendelson. 2016 “Designing a Housing Allowance Program.” Caledon Institute of Social Policy. <http://www.caledoninst.org/Publications/PDF/1091ENG.pdf>

## Scalable design

A number of policy design approaches would allow for a national housing benefit to be introduced at a modest level and scaled up over time. The most natural approach to beginning with a smaller scale would be to begin with a smaller “gap coverage” replacement rate. In other words, rather than a benefit that closes 75 per cent of the affordability gap, the benefit could begin by replacing a smaller percentage of the gap – offering improved affordability for a broad range of people. Alternatively, a program could start smaller by focusing only on moving people out of “deep core housing need” (i.e., those spending more than 50 per cent of household income on shelter), or by beginning with a targeted population (e.g., those with disabilities, or those with very low incomes).<sup>18</sup> If focusing on a target population, the policy objectives would be better served by focusing on socio-economic categories rather than administrative categories (i.e., whether someone is in housing need, rather than whether or not they currently receive social assistance or Employment Insurance).

A housing benefit does not need to start as a pilot program to be scalable. The broad reach of the current Canada Child Benefit began with a more modest policy change – the introduction of the National Child Benefit in 1998. The child benefit system evolved with both incremental and substantial changes over time, with changes to both the level and design of the support until it reached its current state.

The housing crisis we face today requires a faster evolution than we saw with child benefits. We cannot leave Canadians in housing need waiting. However, introducing a modest housing benefit as part of the national housing strategy would offer the opportunity to build towards a more substantial benefit, coinciding with broader transformations of housing policy and programs in partnership with provinces and territories.

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<sup>18</sup> National Housing Collaborative, 2016.

## Considerations

### Intergovernmental considerations

Given the shared responsibility for housing, a national housing benefit would need to be designed in consultation and coordination with provinces and territories. Federal-Provincial-Territorial (FPT) considerations are particularly relevant for managing interactions with social housing programs and with provincial social assistance programs.

While it would be relatively straightforward for the federal government to design a federal tax-administered housing benefit without the participation of provinces and territories, FPT cooperation is necessary to initiate a longer-term transformation that is well integrated with the broader income security and housing support systems.

The recent history of child benefits in Canada is an example of how intergovernmental agreement could support a broader transformation in housing and income security frameworks that would allow for a stronger national housing benefit. Over time, shelter benefits could effectively be “moved out” of social assistance in a manner similar to the process that took place with child benefits. If done in partnership with provinces and territories, the design could ensure that a housing benefit improves the situation of social assistance recipients by helping to reduce the “welfare wall” and treating people in housing need equitably regardless of their source of income. It would also ensure that federal investments augment rather than substitute for current provincial supports.

The FPT dimension of a national housing benefit can be approached in different ways. For a federal tax-administered benefit, provinces and territories can be offered flexibility to alter design according to provincial needs, similar to arrangements for the Working Income Tax Benefit (WITB). Consideration could also be given to potential asymmetric arrangements for Quebec, given the province’s distinct tax system and the fact that it has an existing (though quite modest) housing benefit program.

A benefit delivered outside of the tax system provides more opportunity for flexibility at the provincial level; however, this would come at the cost of administrative simplicity and consistent treatment across Canada. In

all of these circumstances, some federal-provincial cooperation is needed to ensure that federal investments do not unintentionally substitute for existing provincial spending (whether in the housing system or the income security system).

Focusing on the income security component of housing would be consistent with the federal government's expertise and jurisdiction in a way that complements provincial social housing systems and federal policies, such as IAH, that address affordable housing supply by working with provinces.

### **Design considerations**

- **Interaction with social assistance:** If a benefit is designed to reach people in deep housing need, an important consideration is how it would affect people receiving social assistance. In some provinces, social assistance payments are divided between a “shelter amount” and a basic needs amount. At a minimum, the federal government should seek assurances from provinces that housing benefit payments would not be clawed back from provincial social assistance (similar to what was done for the Canada Child Benefit). In the longer term, a housing benefit could help facilitate a broader transformation of social assistance and RGI housing that provides more consistent and simplified support.
- **Marginal effective tax rates and the “welfare wall:”** Housing benefits and targeted income-tested benefits (including RGI) face a common program challenge – the higher the share of the “affordability” gap covered, the higher the effective tax rate that people can face on each dollar earned. This tradeoff would need to be considered in the design of the program. Design changes that reduce these effective tax rates by withdrawing benefits more gradually as income goes up tend to make the overall cost to government higher.
- **Average vs. actual rent:** The decision whether to tie the benefit payment amount to the actual rent paid by a household or the appropriate local average has implications for both the delivery and effects of the benefit. Basing it on actual rent provides more targeted support and better responsiveness to local conditions but are more complex to

administer and risk contributing to rent inflation (because of a reduced incentive for the household to seek lower rents). Most approaches to designing a housing benefit using actual rent set a cap on the maximum benefit, often covering rents up to the market average. Basing it on average market rents reduces the risk of rent inflation and is simpler to administer but tends to be more costly because those with below-average rental costs would get a benefit that is more than they strictly need to bridge the affordability gap.

- **Renters vs. owners:** While people facing core housing need are disproportionately renters, some areas of Canada have a higher concentration of owners facing housing need. Extending to owners as well would be more expensive and could see benefits flowing to people who may have limited cash-flow but own valuable assets. It would be a more efficient program to target the benefit at renters only.
- **Administration:** Administering a housing benefit through the tax system offers the greatest simplicity but is less responsive than other administrative structures. The design would need a mechanism to allow housing benefits to flow more quickly in the case of a sudden change of circumstance (and to overcome the lag related to prior-year tax information). Emergency rent banks, which are often found at the local level and at a limited scale today, might provide some examples of how to provide a more immediate response that is integrated with other human services. Advance payment approaches, similar to the one available for WITB, or a supplemental housing stabilization benefit are options that could complement a tax-administered benefit. Using the tax system to administer the benefit might also make it more challenging to design the benefit around household income, rather than family income (because of the need to account for multi-generational households, for example). If a housing benefit were targeted on a basis other than income and local housing markets this could increase the administrative burden on governments and households. For example, if the benefit is targeted to people with disabilities and is designed to require proof of disability, this could make the administration more complex and costly.



- **Ensuring no one is worse off:** Depending on the design of a housing benefit, it might offer less affordability to households than RGI. This is part of the trade-off of designing a universally accessible program that would provide benefits to a much larger share of low-income households facing housing need. That said, a program that does not offer the same depth of subsidy as existing RGI does not necessarily mean that individual households would see net rent hikes, as the transition would likely be gradual, and most households move in and out of housing need. For those households that currently receive RGI housing support and face a transition, the cost of temporary bridge measures to ensure that they are not made worse off would be modest. It would also be possible to guarantee the same level of affordability as existing RGI (a fixed 30 per cent of household income) through a housing benefit; however, if this deeper level of support was combined with broad eligibility it would significantly increase the cost of the program.
- **Integration with human services:** For most Canadians in housing need, the primary challenge is lack of money. However, for others, social services will play an important role in ensuring they can maintain a stable housing situation. If access to a housing benefit were to come from filing taxes, then it would be important to establish links with local service providers to make sure that these other supports remain in place, as well as to help make sure that people access the benefits available to them by filing taxes.
- **First Nations housing needs:** The housing needs in First Nations communities (especially remote communities) represent a very different policy context. The critical shortage of housing in some communities and a different form of arrangements around land tenure mean that the same assumptions do not apply, and distinct consideration needs to be given, particularly in context of the Indigenous housing strategy, to how a benefit could help meet the needs of people in First Nations communities. At the same time, the disproportionate rate of housing need faced by Indigenous people living in urban areas should also be a priority for housing benefit design.

- **Housing discrimination:** In some affordable housing programs in other jurisdictions where assistance is provided directly to renters, evidence suggests that landlord discrimination against renters with subsidies continues to prevent people from accessing the housing they need.<sup>19</sup> Reducing this risk should be an important consideration in design, as well as in related policy frameworks responsible for protecting tenants from discrimination.

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<sup>19</sup> Pasolli et. al, 2016.

## About this policy brief

This policy brief was initially prepared by Maytree in January 2017 as a discussion paper to inform conversations with policymakers and stakeholders. It draws heavily on the work of the National Housing Collaborative (in particular, the affordability options paper on housing affordability prepared by Social Research and Demonstration Corporation (SRDC)), Michael Mendelson at the Caledon Institute of Social Policy, and Marion Steele. We also drew on the insights of policy experts consulted individually and at a policy workshop in December 2016. Any errors or omissions are Maytree's alone.

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