

# The Regional Municipality of York

Committee of the Whole  
Community and Health Services  
March 12, 2020

Report of the Commissioner of Community and Health Services

## Implementing the Canada-Ontario Housing Benefit Program

### 1. Recommendations

1. The Regional Clerk circulate this report to Members of Parliament and Members of Provincial Parliament representing York Region.
2. The Regional Chair submit a letter requesting the federal and provincial governments provide sustained and enhanced funding to support the construction of new affordable rental units in York Region.
3. The Regional Chair submit a letter requesting the federal and provincial governments allow Service Managers to align the Canada-Ontario Housing Benefit maximum market rent to amounts that reflect the rental market realities of their local communities.

### 2. Summary

On December 20, 2019, the Minister of Municipal Affairs and Housing notified the Regional Municipality of York of a \$4.3 million funding allocation under the new Canada-Ontario Housing Benefit program. The Canada-Ontario Housing Benefit program is a federal and provincial program that delivers portable housing benefits in the form of financial support directly to households to help them afford rental housing.

Key points:

- The Region received a funding allocation of \$1,866,669 for the period of April 1, 2020 to March 31, 2021, and \$2,445,891 for the period of April 1, 2021 to March 31, 2022. Although program funding is committed until March 31, 2029, the allocation amount beyond March 31, 2022 is unknown
- It is anticipated the program could support approximately 340 households by 2022
- The Canada-Ontario Housing Benefit program will begin April 1, 2020 and will end March 31, 2029
- The Region's low vacancy rate, limited supply of rental units and the federal/provincial program requirements will limit the effectiveness of the Canada-Ontario Housing benefit program in York Region

- Increased federal and provincial investment in capital program to increase the supply for affordable housing options is needed to effectively implement housing benefit programs

### **3. Background**

#### **The federal government committed to an ongoing role in the housing system through the National Housing Strategy announced in November 2017**

The [National Housing Strategy](#) identified new federal priorities and funding to address housing, including stabilizing funding for the existing community housing system, repair and renewal of existing housing units, and providing monthly rent benefits to renter households. Several initiatives require provincial or territorial cost-matching.

In April 2018, Ontario entered into a bilateral agreement with the Canada Mortgage and Housing Corporation (CMHC) outlining new programs and funding opportunities for housing and a commitment to develop a national housing benefit program in collaboration with provinces and territories for implementation in 2020. Ontario is the first province to enter into an agreement with the federal government to deliver the Canada-Ontario Housing Benefit Program.

#### **The Canada-Ontario Housing Benefit program will begin April 1, 2020 and end March 31, 2029**

In December 2019, the Canada-Ontario Housing Benefit program was announced. The program is cost-shared between the federal and provincial/territorial governments with an anticipated total investment of \$4 billion across Canada from 2020 to 2029.

From April 1, 2020 to March 31, 2029, the program will provide financial assistance to eligible renter households. The benefit is intended to help households in need keep their housing costs around 30% of their income. Each month, participating households will receive a direct payment from the Ontario Ministry of Finance to help pay their rent.

The Province of Ontario has stated the program is intended to support households that are on, or eligible to be on, social housing wait lists and households that meet the definition of housing need who are living in community housing units and not currently receiving subsidy.

The magnitude of the problem is significant in York Region. At the end of 2019, there were 17,457 households on the Region's wait list, an increase of 8% from 2018, with another 805 households having applications waiting for assessment.

#### **York Region's allocation to assist residents with their housing needs will be approximately \$4.3 million from 2020 to 2022**

On December 20, 2019, the Ontario Minister of Municipal Affairs and Housing notified York Region of its funding allocation of:

- \$1,866,669 from April 1 2020 to March 31, 2021
- \$2,445,891 from April 1, 2021 to March 31, 2022

Annual program funding from 2022 to 2029 will be allocated in phases, and determined using the Region's share of total households and households in core housing need as defined by CMHC. A household is deemed to be in core housing need if its housing is considered unsuitable, inadequate or unaffordable, and whose income levels are such that they could not afford alternative suitable and adequate housing in their community. In 2016, in York Region 13.4% of households (47,800 households) were in core housing need, 1% lower than the provincial rate. Additional information on core housing need is provided in section 4.3.1 of [Housing Matters: A Review of the Housing Market in York Region](#).

Different than previous programs announced by the federal and provincial governments, the Canada-Ontario Housing Benefit does not provide Service Managers with flexibility to determine how to invest allocated funding.

## 4. Analysis

### **The housing benefit program is different from typical rent subsidy or rent-geared-to-income programs**

Similar to the rent-geared-to-income (RGI) approach used in community housing, as for Housing York Inc., and for rent subsidy agreements with private sector landlords, the Canada-Ontario Housing Benefit is intended to help bridge the gap between the rent a household can afford to pay and the market rent of their unit. The primary differences between this housing benefit and a traditional RGI approach are:

- The amount of funding to bridge the gap is calculated differently, and varies based on the household's source of income
- The benefit is portable, meaning the household chooses where they will rent their home, rather than selecting from community housing units or landlords that have a rent subsidy agreement with the Region
- Delivery of the program is by the Province of Ontario instead of the Region, although the Region has a small administrative role, for which it will be reimbursed by the province
- The benefit is not required to be allocated through the subsidized housing wait list, although households applying for the benefit must meet the Region's wait list eligibility criteria

These program elements are explained in more detail below. For ease of reference, Attachment 1 provides a summary of program elements, as compared to traditional rent subsidy programs.

## **The Canada-Ontario Housing Benefit will be provincially-delivered to ensure portability and consistency across the province**

The Canada-Ontario Housing Benefit will be delivered by the Ministry of Finance. The Ministry will determine eligibility, calculate how much financial support the household is entitled to receive based on their income, provide payments directly to households and manage an annual renewal process. Service Ontario will operate the program call center for enquiries and for households to report changes.

The Region's role is to refer households that meet the minimum eligibility requirements and assist with application submissions to the Ministry. The program permits Service Managers to claim up to 5% for administrative costs, and reimbursements for any rent assistance that might be provided to households to help them afford first and last months' rent.

### **Benefit amounts will vary depending on a household's size and net income**

The number of households served will depend on household size and composition against available budget, as the benefit calculation method varies depending on the household's income source. A rough estimate, assuming a benefit payment in the range of \$545 per month, is the program could support approximately 260 households in year one and up to 340 households by 2022.

Eligible households may receive assistance with first and last months' rent, if needed, through two existing programs offered by the Community and Health Services Department: the [Housing Stability Program](#), for people receiving Ontario Works or Ontario Disability Support Program (ODSP) benefits, and the [Homelessness Prevention Program](#) for people who are not receiving financial assistance from ODSP or Ontario Works.

For households receiving employment income and seniors receiving pensions, the benefit calculation is based on the difference between 30% of the client's monthly net income and 80% of average rent as reported by CMHC for the size of unit for which a household is eligible. Net income is based on income tax return information verified by the Ministry of Finance through the Canada Revenue Agency. For example:

- One-bedroom apartment CMHC Rent (2019):  $\$1,270 \text{ per month} \times 80\% = \$1,016$
- Senior individual with Canada Pension Plan/Old Age Security income:  $\$22,000 \text{ (approximate) per year} / \$1,833 \text{ per month} \times 30\% = \$550$
- Canada-Ontario Housing Benefit amount:  $\$1,016 - \$550 = \$466$

Social assistance recipients will have a separate benefit calculation that takes into account their Ontario Works or ODSP shelter allowance and actual rent paid. For example, a single person receiving ODSP and paying \$1,091 in rent would receive approximately \$594 per month. The benefit amount is equal to the difference between the actual monthly rent for their units (\$1,091) and their maximum monthly shelter allowance (\$497).

## **A number of implementation challenges might limit effectiveness of the Housing Benefit program in York Region**

The program presents several potential implementation challenges, the most significant of which are:

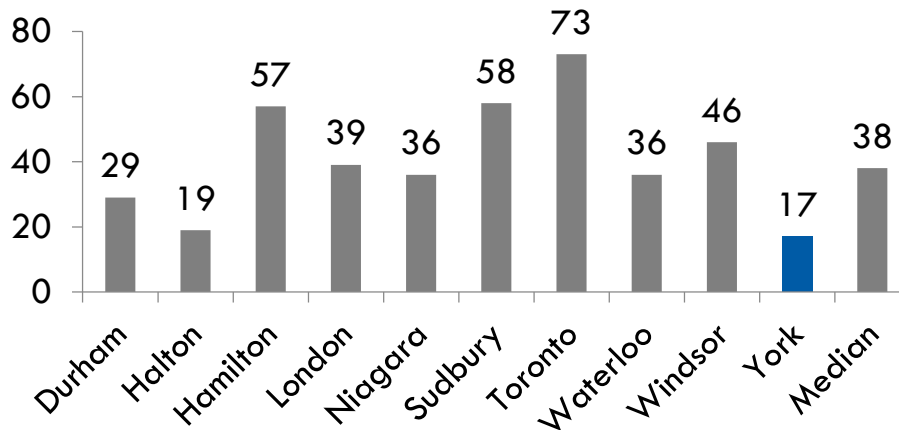
- Low rental vacancy rate and limited rental supply in York Region will limit opportunities for households to use the program
- Rents as reported by CMHC are well below actual market rents in York Region, potentially putting participating households at risk of eviction
- The program is time limited; therefore, households that accept a rent benefit will come off the subsidized housing wait list but may reapply to the wait list after accepting the benefit and wait for a permanent RGI subsidy

### **Success for this program depends on private market rental supply; however, York Region has a relatively small supply and very low availability**

Portable rent assistance programs such as this housing benefit work best in a healthy rental market – a market with a good range of rental unit types and rent levels, locations and availability. Lack of rental housing supply is a significant issue for York Region. York Region has a relatively small supply of rental housing units, and very low availability. According to 2016 census data, the most recently available, York Region had the lowest proportion of rental housing in the Greater Toronto Area with 14% of households renting. This is compounded by a low vacancy rate of 1.2% in 2019, which falls below the 3% vacancy rate generally considered to be a sign of a balanced rental market.

Supply of affordable rental housing is also a concern. The Region has the lowest supply of social housing units relative to its population of all municipalities participating in Municipal Benchmarking Network Canada reporting, as shown in Figure 1. For example, the Region of Durham has 29 units per 1,000 residents and York Region has 17 units per 1,000 residents.

**Figure 1**  
**Number of Social Housing\* Units per 1,000 Households, 2018**



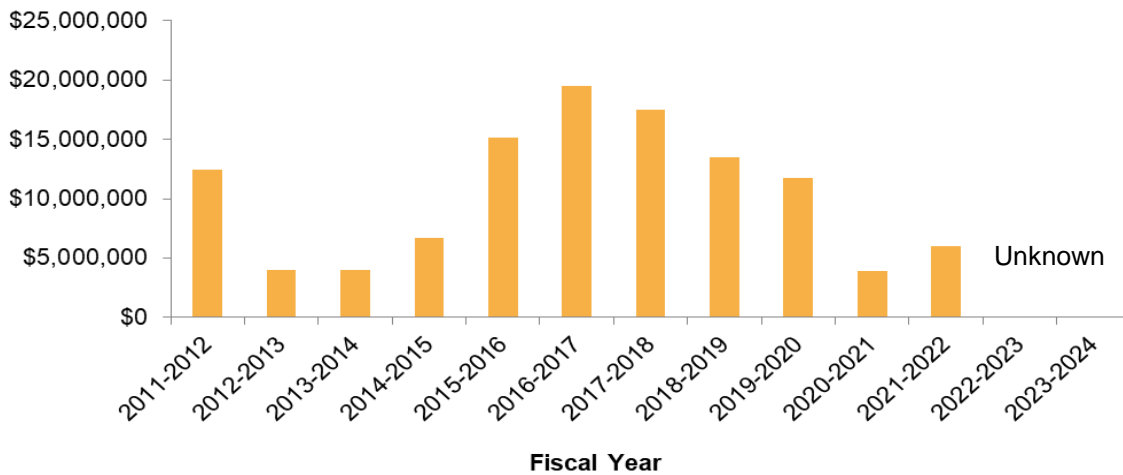
\* Source: 2018 Municipal Benchmarking Network Canada (MBNCanada)

**The Region’s ability to increase the supply of affordable rental housing is limited, as federal and provincial funding for new construction is decreasing**

Since 2004, York Region has successfully leveraged federal and provincial funding opportunities to build more than 1,200 new rental units and are currently constructing another 390 units set to open by 2023.

Although federal and provincial funding is critical to increasing the supply of affordable rental housing, senior levels of governments have not been the primary funders. To construct over 1,200 new affordable units over the last 15 years, the Region has invested 64 per cent of the required capital funding. The federal and provincial governments have announced new programs to support the creation of units but at a significantly lower investment level than previous years, as shown in Figure 2.

**Figure 2**  
**Annual Federal and Provincial Capital Investments in York Region**



As the current levels of federal and provincial funding for new construction is decreasing and expected to taper off by 2027 to 2028, it will be increasingly more difficult for the Region to effectively implement housing benefit programs in an area with limited rental supply.

**With enhanced capital funding from senior levels of government, the Region can add a minimum of 500 new units of affordable housing in the next 10 years**

To continue building at the current rate, the Region cannot maintain the 64% share of capital costs. An increased investment is needed by senior levels of government. In February, Regional staff met with seven Members of Parliament representing ridings in York Region to discuss critical housing, transportation and broadband needs. The Region presented five opportunities to construct a minimum of 500 new affordable housing units within the next 10 years on regionally-owned lands. With a federal/provincial investment of \$147 million or 70% of the capital costs, the Region can leverage reserve fund contributions and land to provide new affordable homes to residents. These new units could be owned and operated by Housing York Inc. ensuring affordable rents for low-to-moderate income households. Without enhanced federal and provincial investments, the Region’s development opportunities could be severely limited to one or two new buildings in the next 10 years.

To successfully implement the Canada-Ontario Housing Benefit, rental supply is needed. The Region is well-positioned to increase the supply of rental housing with the support of the federal and provincial governments. With new supply, households receiving the Canada-Ontario Housing Benefit have options to use their portable rent benefit in newly constructed, non-subsidized rental units.

## Rent caps mandated by the program guidelines are well below actual market rents, which may pose implementation challenges and put participating households at risk of eviction

The program guidelines cap the benefit calculation at 80% of CMHC rent; however, actual market rents in the Region are significantly higher as shown in Table 1. Table 1 compares the 2019 CMHC rent levels to rents currently available in the private market.

**Table 1**  
**2019 CHMC Rents compared to Private Market in York Region**

	CHMC Rent <sup>1</sup>	80% CHMC Rent	Private Market Rents in York Region <sup>2</sup>
Bachelor	\$ 928	\$ 742	\$ 1,032
One-bedroom	\$ 1,270	\$ 1,016	\$ 1,562
Two-bedroom	\$ 1,437	\$ 1,150	\$ 1,927
Three-bedroom	\$ 1,596	\$ 1,277	\$ 2,123

<sup>1</sup> Source: CHMC [2019 Rental Market Report](#) for Greater Toronto Area.

<sup>2</sup> Source: February 2020 market rental scan for York Region. Data for average rents gathered from multiple websites which advertise private rentals including secondary suites, private rental buildings and condominiums. Average rents are based on 60 units from across eight local municipalities. No data was available for King City at time of market scan.

Due to the artificially low rent cap, households participating in the program may be required to pay a significantly higher portion of their income towards rent. To illustrate the impact:

- A single senior receiving pension income of \$22,000 per year would pay \$550 per month in rent based on 30% of their income
  - Based on the program rules, they would be eligible to rent a unit with a market rent of \$1,016 per month (80% of CMHC rent).
  - The senior would receive a rent benefit of \$466 per month, the difference between 80% of CMHC rent (\$1,016) and their rent payable based on their income (\$550 per month).

This scenario assumes the market rents in York Region are equal to the CMHC rents and results in the senior paying no more than 30% of their income on rent. That is not the case in York Region. Market rent for one-bedroom apartment is closer to \$1,562 per month, not \$1,016 as reported by CMHC.

- Due to the rent cap, the senior would still receive a rent benefit of \$466 per month



- The senior would have to pay the difference between the actual market rent (\$1,562) and the rent benefit (\$466), which is \$1,096 per month (60% of their income), resulting in a continuing affordability gap

Unlike with other federal and provincial programs, such as the portable housing benefit framework under the *Housing Services Act, 2011* and the Investment in Affordable Housing – Housing Allowance program, the Region is not permitted to use a different percentage of average market rent to calculate the benefit amount. To make the program workable for York Region, Service Managers should have flexibility to set the rent cap relative to the actual rental market costs. Providing this flexibility would ensure households are not put into precarious situations paying significantly more than 30% of their income on rent. In addition, funding allocations should also take into account communities, such as those in York Region, where rents are very high.

### **Households receiving a benefit may reapply to the subsidized housing waiting list and wait for a permanent rent subsidy**

The federal and provincial governments have committed to funding the program until March 2029. Eligible applicants on the Region’s wait list will be required to choose between this benefit and waiting for an available community housing unit with a permanent rent subsidy that in some cases may provide a larger rent subsidy. Staff will support applicants in making informed choices, so they understand the longer-term risks associated with accepting the benefit, including providing a comparison of their anticipated benefit amount under this program to the benefit the household would receive through traditional RGI assistance.

Households might choose to accept the housing benefit and immediately reapply to the subsidized housing wait list. While those households would go to the bottom of the wait list, with the date of their new application, the overarching impact in view of the magnitude of the issue for York Region is there will likely be no reduction to the wait list as a result of the housing benefit even though people will have benefitted.

### **Staff is developing processes for the program’s implementation and will be working with the province to execute the transfer payment agreement**

In preparation for the April 2020 launch, staff is developing processes and procedures for selecting eligible households and assisting interested households through the application process.

Implementation requires the Region to enter into a transfer payment agreement with the provincial government for provision of funding to the Region related to the recovery of administrative expenses, and contributions to first and last months’ rents. The Commissioner of Community and Health Services has delegated authority to enter into transfer payment agreements, and staff will work with the province to execute the agreement when it is received.

## **5. Financial**

To offset the cost of delivering this program, Service Managers are permitted to claim up to 5% for administrative costs, and reimbursements for any rent assistance that might be provided to households to help them afford first and last months' rent.

The limited supply of rental housing in York Region will impact the success of the Canada-Ontario Housing Benefit as households have fewer affordable rental options. To support implementation of the program, the Region can increase the supply of affordable rental housing with enhanced capital investments from the federal and provincial governments. With an investment of \$147 million of capital funding over the next 10 years, the Region can leverage reserve funding and existing land to construct over 500 new rental units for low-to-moderate income residents.

Without sustained and enhanced federal and provincial investment in new supply, the Region's development opportunities could be severely limited to one or two new buildings over the next 10 years. It is important to note even with the opportunities identified in this report, the magnitude of the problem for York Region is so significant and continually increasing, that additional supports from the higher levels of government are required to address the shortage of private rental market housing, and affordable rental housing.

## **6. Local Impact**

Housing supply and affordability are critical priorities in all nine of the Region's towns and cities. With increased rental supply across all municipalities, the Region will be better positioned to provide portable housing benefits to eligible York Region residents.

## **7. Conclusion**

The Canada-Ontario Housing Benefit provides the Region with an additional tool to support residents who need help affording their housing costs; however, the Region's low vacancy rate, limited supply of rental units and the federal/provincial program requirements will limit the effectiveness of the Canada-Ontario Housing benefit program in York Region. With additional capital funding and local flexibility to address rental market pressures, the Region can successfully support the implementation of this important new initiative.

---

For more information on this report, please contact Kathy Milsom, General Manager, at 1-877-464-9675 ext. 72091. Accessible formats or communication supports are available upon request.

Recommended by: **Katherine Chislett**  
Commissioner of Community and Health Services

Approved for Submission: **Bruce Macgregor**  
Chief Administrative Officer

February 27, 2020  
Attachment (1)  
#10608391