

New housing model for subsidized rentals may cause fiscal woes to main client group

By
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Subsidy could decrease by 30 percent

ESPANOLA—Officials at the Manitoulin Sudbury District Services Board (DSB) are waiting on clarity as to how the new federal housing benefit program will impact those who depend on housing subsidies, and the potential for unintended consequences has the DSB concerned.

DSB CEO Fern Dominelli highlighted the potential conundrum to members of the board at its May 24 meeting in Espanola following a report by Director of Integrated Social Services Donna Stewart.

“The federal government has announced a Canada Housing Benefit that would provide 300,000 households with financial assistance,” said Ms. Stewart. “The federal government will allocate \$4 billion for the Canada Housing Benefit, which will help families by providing an average rent subsidy of \$2,500 annually beginning in April 2020 and concluding in 2028.”

The concerns arise from a lack of details and a potential to derail the DSB’s own, more practical program designed to meet local needs.

“There are no specific details on how the Canada Housing Benefit would be calculated,” noted Ms. Stewart, “but at an average rent subsidy of \$2,500 annually that will provide \$208 per month and the current DSB program already pays to a maximum of \$3,600 annually, or \$300 a month.”

Ontario will be launching the Portable Housing Benefit (PHB) program to help people find safe and affordable housing beyond the traditional rent-geared-to-income (RGI) social housing assistance. Ms. Stewart explained that a "portable" housing benefit is "a monthly benefit (housing allowance) provided to a low-income household to assist with housing costs," she said. "Unlike other forms of housing assistance the (portable) benefit is tied to the household and not a physical housing unit allowing the benefit to move with the household. The portable housing benefit would give people more flexibility to choose where they live, while encouraging economic and social inclusion (integrating households into the broader neighbourhoods rather than ghettoized in a low rental complex)."

With its focus on flexibility, the PHB may well be the best approach to providing assistance to households for many families, while the traditional RGI model may be more appropriate to others. The combination of the two systems provides managers with a range of tools.

But there is a bit of a catch.

"The PHB only accounts for the actual rent paid and does not include any additional amounts paid by the tenant for heat, hydro or other utility costs," said Ms. Stewart. "This is of particular concern in Northern Ontario where natural gas is not available in many communities and Hydro One rates are exorbitant. Creating a provincial PHB that does not consider the total actual cost of the accommodations paid for by the tenant, including heat, hydro and any other utilities, is a real concern for Northerners."

The biggest difference between the proposed new provincial program and the one currently offered by the DSB is that the DSB model does take those other factors into account.

The current DSB program uses a mix of municipal and provincial dollars to provide its program to those in need of assistance. A breakdown of costs was included in Ms. Stewart's presentation: municipal share of \$149,083; Community

Homelessness Prevention Initiative share of \$295,268; and the Investment in Affordable Housing Fund portion of \$121,678 for a total of \$566,029.

When it comes to impact, however, the devil is in the details. “We are currently providing direct shelter subsidy to approximately 180 families with these funds,” said Ms. Stewart. “If the province informs us that we can no longer operate the DSB direct shelter subsidy and that we must abide the (provincial) PHB formula, it would have the following effects on our current 180 families: 32 families (18 percent) would lose their housing benefit, 94 families (52 percent) would qualify, but at a much reduced rate because any amounts paid by the tenant for heat, hydro or other utilities are not included in the PHB; 15 families (8 percent) would see no change as their rent includes all utilities; and 39 families (22 percent) would be at an advantage, however the amount of money allocated to them would not include the full shelter costs.”

The bottom line is that, if the current formula remains in place and the DSB is forced to drop its program in favour of the new provincial plan, 126 families (70 percent) would be worse off.

“If we get into funding capping (at the \$208 level) we may have clients who are worse off,” noted Mr. Dominelli. In addition, if the current program does not provide enough of a shelter to bridge the divide it may prove to be essentially a waste of money.

“If you are shut out at \$500, it could just leave you half way across the ditch,” he said. “We could just be floating pennies on the ocean.” In the DSB program, the rent subsidy is only given out if it will actually meet the needs of the recipient—if it falls too far short to do any good it doesn’t come about.

Recognizing that a one-size-fits-all province-wide program does not work well for Northern Ontario, particularly for small rural and remote communities, the DSB passed a motion to bring its concerns to the upper tier government in hopes of retaining the flexibility to meet local needs.

"The Manitoulin-Sudbury DSB accepts the Program Planning Committees recommendation and approves the 'Housing Benefit – Issue Report' and directs staff to action the recommendations contained within the report; and further that the Manitoulin-Sudbury DSB encourage the federal and provincial governments to ensure flexibility within their proposed Federal and Provincial Housing Benefits as one size fits all does not work well for Northern Ontario, particularly for small rural and remote communities whose existing resources are stretched to the maximum; and further that both levels of government ensure the that any additional costs of heat and utilities paid by tenants, in addition to rent, is included in the calculation of the Housing Benefit; and further this resolution and 'Issue Report' be forwarded to the Hon. Jean-Yves Duclos, Federal Minister of Families, Children and Social Development and Hon. Peter Milczyn, Provincial Minister of Housing; and further that the Manitoulin-Sudbury DSB share this motion and supporting materials with DSB member municipalities, AMO, FONOM, NOMA, OMSSA, HSC and ONPHA.