



Conseil des Services du District de
Manitoulin-Sudbury
District Services Board

**2009 Impact of
Social Assistance (OW & ODSP)
RGI Rent Scales
on Social Housing Net Costs**

What's the issue?

- Since 1998, municipalities across the province have been subsidizing OW/ODSP with social housing dollars



- Municipalities have been annually paying as much as \$175 million more than they should have for the shelter costs of some 55,000 OW/ODSP clients province-wide.
- Costs will continue to increase every year as social housing operating costs rise while (RGI) rent scales stay the same.

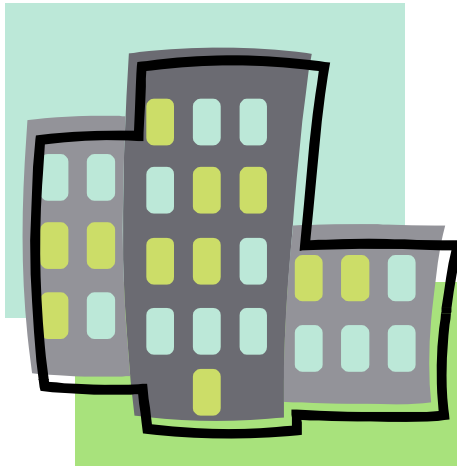
What does this mean?

- Municipalities pay **20%** of OW/ODSP costs (province pays 80%)
- Municipalities pay **100%** of social housing costs
- AND GIVEN THAT OW/ODSP clients pay artificially low social housing rents based on provincial rules ...
- **Municipalities find themselves subsidizing what should arguably be 20% municipal social assistance dollars (if any) with 100% municipal social housing dollars, leaving the province off the hook for what should be their 80%.**



Private and Social Housing rent comparison example

for ODSP single client
with a max. Disability allowance
of \$1,020/mo.



In Private Housing:

Typical Market rent: \$600

ODSP maximum shelter amount:
\$454 (Province \$363,
Municipality \$91)

Tenant pays difference - \$146

Total municipal costs: \$91

In Social Housing:

Market or break-even rent: \$600

ODSP “rent scale” amount: \$146
(Province \$117, Municipality \$29)

Municipality pays social housing
subsidy - \$454

Total municipal costs: \$483

Sample Case 1

- **Monthly Rent \$600**
- **Single person on ODSP (Max. of \$1,020/mo.)**

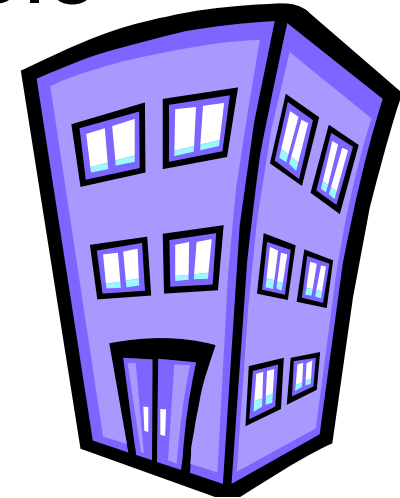
	<u>Private Housing</u>	<u>Social Housing</u>
Province (80%)	\$363	\$117
Municipality (20%)	<u>\$91</u>	<u>\$29</u>
Maximum Shelter Allowance	\$454	\$146
Tenant	\$146	-----
Extra (100%) Municipal Cost	-----	\$454
<hr/>		
Total Rent	\$600	\$600
Total Municipal Contribution	\$91	\$483

Note: Municipality pays an extra \$392/month (\$483 - \$91) if ODSP client lives in social housing, or \$4,704/year; 2009 rates

Private and Social Housing rent comparison example



for an OW family of three with
a max. allowance of \$1053/mo.



In Private Housing:

Typical Market rent: \$900

OW maximum shelter amount:
\$607 (Province \$486,
Municipality \$121)

Tenant pays difference - \$293

Total municipal costs: \$121

In Social Housing:

Market or break-even rent: \$900

OW “rent scale” amount: \$222
(Province \$178, Municipality \$44)

Municipality pays social housing
subsidy - \$678

Total municipal costs: \$722

Sample Case 2

- Family of 3 on OW (Max. of \$1053/mo.)
- Monthly Rent \$900

	<u>Private Housing</u>	<u>Social Housing</u>
Province (80%)	\$486	\$178
Municipality (20%)	<u>\$121</u>	<u>\$44</u>
Maximum Shelter Allowance	\$607	\$222
Tenant	\$293	-----
Extra Municipal Cost	-----	\$678
Total Rent	\$900	\$900
Total Municipal Contribution	\$121	\$722

Note: Municipality pays an extra \$601/month (\$722 - \$121) if OW client lives in social housing or \$7,212/year; 2009 rates.

Social Policy Issues

- Beyond financial concerns, funding OW/ODSP clients differently based on their housing is bad social policy:



- Penalizes municipal service managers (DSSABs) who fund social housing, since rents are artificially low
- Acts as disincentive for new affordable housing development, since “rent scales” are so low
- Creates perceived barriers for clients who would face large rent increases if they get a job
- Further marginalizes OW/ODSP clients by treating them differently from other RGI tenants

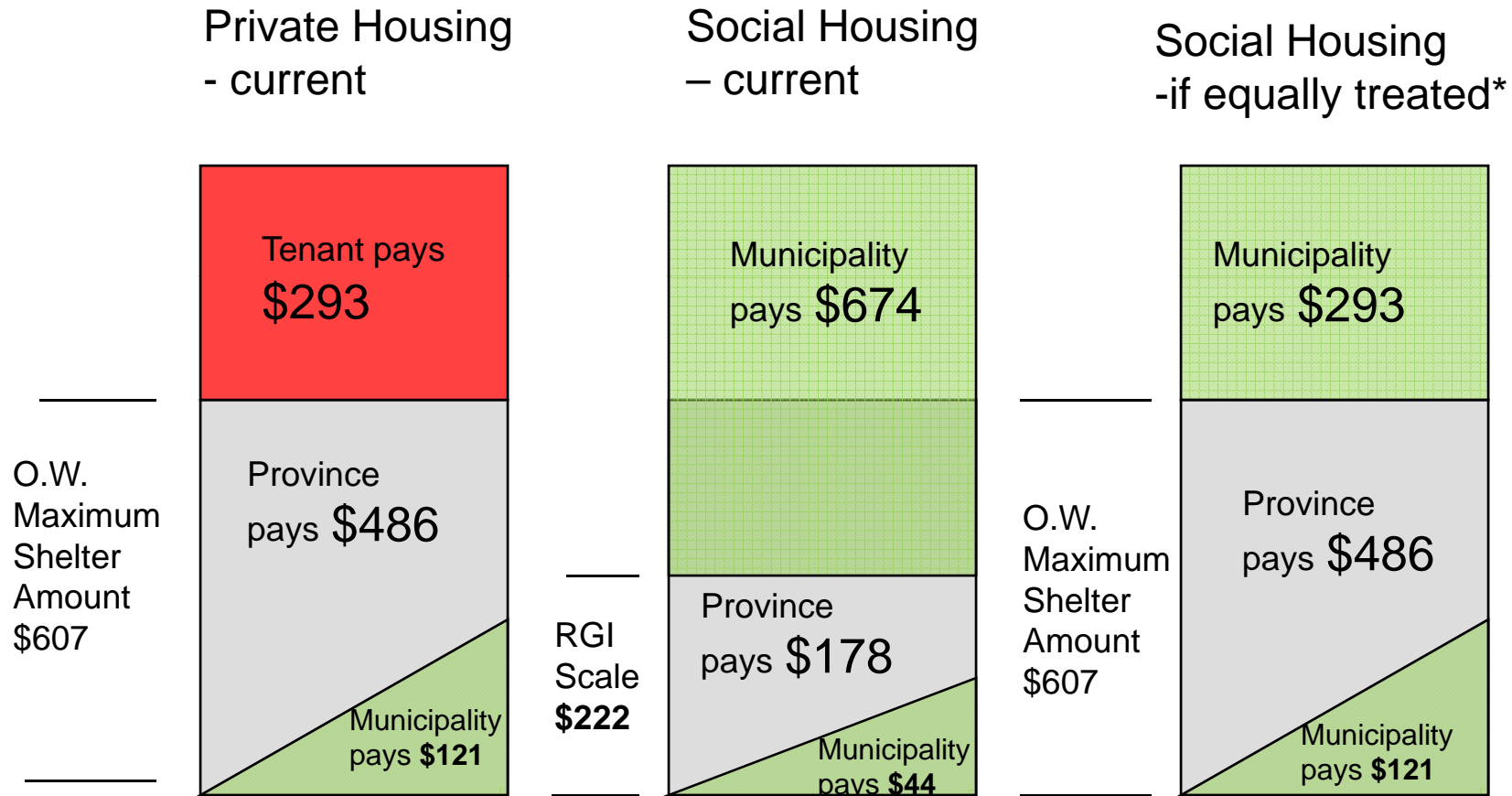
In Manitoulin-Sudbury

- **In the Manitoulin-Sudbury DSSAB jurisdiction, the projected annual cost that is directly attributable to OW and ODSP housing residents for our directly operated housing stock alone comes to \$324,753.**
- **Since neither the federal nor the provincial governments subsidise any part of the \$324,753, this lost operating revenue is 100% subsidised by the DSSAB's member municipalities.**
- **The residents who are in receipt of ODSP account for 73% or \$250,248 of that 100% municipally funded difference.**

What's a fairer way to fund?

(e.g.- Rent of \$900/month)

(OW family of three - Max. allowance of \$1053/mo.)



***Whether OW/ODSP client is in private or social housing; provincial-municipal cost-sharing of max. shelter amount should be the same.**

What should the province do?

- Province should review the maximum OW/ODSP shelter component as the amounts have not kept pace with marketplace rents.
- Province should amend its RGI rent scales to match the maximum shelter rate for all OW/ODSP recipients. (RGI rent scales have not changed in over ten years)

