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# **Portable Housing Benefit Framework**

## **OMSSA Housing Forum**

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# Ontario's Updated Long-Term Affordable Housing Strategy (LTAHS)

- In March 2016, the government released its updated Long-Term Affordable Housing Strategy.

## VISION

Every person has an affordable, suitable, and adequate home to provide the foundation to secure employment, raise a family, and build strong communities.

## THEMES



## Context for Action – Why a Portable Housing Benefit?

- The intent of the Portable Housing Benefit Framework (PHB) is to create the foundation for an equitable, portable system of financial assistance that encourages social and economic inclusion. The benefits of the Framework are:
  - A **client-centred** approach that allows the assistance to move with the person, giving people freedom to choose where they live.
  - An **additional tool** for Service Managers to provide greater access to a variety of housing options instead of being limited to traditional social housing stock, which may result in housing people faster.
  - An **incentive** to earn income by moving away from potential monthly changes in rent to an annual income test to calculate benefits using income tax information.
  - More households with **mixed incomes** living in communities due to greater Service Manager ability to diversify their housing portfolio.
- The introduction of a PHB as an alternative to Rent Geared to Income is expected to have a positive impact over time on the social and economic inclusion of current/potential social housing recipients by:
  - enabling households to retain in-year increases in income, and
  - by encouraging households to be able to move to communities within their Service Manager area that best suit their household needs (e.g. education, child care, employment opportunities, community engagement).

# Background: Portable Housing Benefit Framework

## What it is:

- ✓ A new optional tool for Service Managers to assist households on the waiting list with rental housing costs, alongside the RGI system.
- ✓ A consistent provincial approach to providing equitable portable housing benefit amounts.
- ✓ A Service Manager tool to more efficiently manage housing portfolio and create more vibrant mixed-income communities.
- ✓ An additional way for Service Managers to meet Service Level Standards.
- ✓ Portable across a Service Manager's service area.

## What it is not:

- ✗ It is not a replacement for existing RGI assistance or the need for Service Managers to support physical units.
- ✗ It is not a provincially-mandated tool for Service Managers.
- ✗ It is neither a new provincial funding program nor an entitlement program.
- ✗ It is not portable across the province, unless allowed by funding Service Manager.
- ✗ It is not a way to circumvent the selection system rules.

## Context for Action – Social Housing Modernization

- As a first step, PHB framework is a new approach to financial assistance, in addition to RGI housing, that will assist with modernizing the social housing system and increase flexibility for households in need.
- Recent amendments to the *Housing Services Act, 2011* (Bill 7) allow Service Managers, at their discretion, to include a household to meet their service level standards, if an alternate form of financial assistance related to housing that is specified by the regulations or has been approved by the Minister is provided to the household.
- With the amendments to O. Reg 367/11, Service Managers would be able to fund and deliver a PHB, in accordance with the Framework, to meet their Service Level Standards.
- The PHB Framework would support social housing modernization by allowing Service Managers the opportunity to more efficiently manage their housing portfolios and/or continue providing assistance to households following the end of a housing provider's operating agreement obligations.
- For example:
  - Some Service Managers plan to use a PHB as a tool to assist them in meeting their Service Level Standard while bringing a greater mix of RGI and market-level rents within some public housing buildings.
  - Housing providers whose operating agreements end/federal subsidies expire could work with their Service Manager to have former RGI households supported through a PHB.

# Portable Housing Benefit Framework

## FRAMEWORK FOR A PORTABLE HOUSING BENEFIT

### PEOPLE-CENTRED OBJECTIVE:

People with housing need can equitably access financial assistance that is responsive to their changing needs, is portable so that it moves with them, and encourages economic and social inclusion.

### HOUSING SYSTEM OBJECTIVE:

Service Managers have the flexibility to provide housing assistance, using a variety of means, suited to local needs in a consistent, efficient and fair manner.

## CORE PRINCIPLES

### People-Centred

*Benefit optimizes housing choice for recipients and promotes autonomy*

### Consistent

*Consistent approach to determining assistance*

### Simple and Efficient

*Assistance provided is easy to understand and administer*

### Flexible

*Assistance is responsive to household needs and housing market*

## KEY COMPONENTS OF PORTABLE HOUSING BENEFIT FRAMEWORK

### Eligibility

- If included to meet a Service Manager's service level standards (SLS), only households on the waiting list or receiving RGI assistance in the service area under the *Housing Services Act, 2011*, may be selected to receive an offer of a benefit
- Households must be selected in manner consistent with provincial priority rules and local priority rules under the *Housing Services Act, 2011*

### Program Design

- Benefit calculation based on difference between 30% household income and 80% of CMHC AMR for the local Service Manager area for unit size, using occupancy standards
- Adjustment for social assistance recipients

### Income Verification

- Annual income verification using Adjusted Family Net Income (AFNI)
- Households may request an in-year adjustment for significant (min. 20%) income decreases, relocation outside Service Manager area or changes in household composition

### Delivery

- Assistance paid directly to household, unless requested to be paid directly to landlord
- Assistance is portable throughout Service Manager service area
- Benefit may be delivered using income bands, or calculated individually for each household

# Portable Housing Benefit Framework - Design

- Recipients of a PHB would be selected from the centralized waiting list using selection system rules of the *Housing Services Act, 2011*, including provincial priority rules, if credit is needed toward Service Level Standards. Otherwise, local priority rules would apply.
- Households would need to be supported by Service Managers to make informed choices on whether to accept a PHB. Households choosing a PHB would be removed from the social housing wait list. Service Managers would be able to allow households to remain on the wait list, at their discretion, to reflect unique circumstances.
- The benefit is calculated using a consistent formula using Average Market Rent (AMR) and Adjusted Family Net Income (AFNI):

$$\text{Monthly Portable Benefit Amount} = (\text{AMR} \times 80\%) - \frac{\text{AFNI} \times 30\%}{12}$$

- The formula is responsive to changes in:
  - Household income, through the use of AFNI,
  - Household composition, through selecting the AMR for the type of housing associated with the family composition, and
  - Local housing markets, through the use of local AMR.
- Using AFNI to define income is consistent with other modern forms of assistance, such as the Ontario Child Benefit.
- In some housing markets, actual access to housing at 80% of AMR may be limited, so Service Managers may choose above 80% AMR. 80% is established as a minimum.
- The PHB would be calculated annually using income tax return information, however, households with significant decreases in income or changes to their household may request an in-year adjustment.

# Example Benefit Amounts for Eligible Recipients

## Scenario A:

- A couple living in Huntsville with three small children
- If the couple's annual income, based on AFNI, is \$20,475 a year, the benefit would be calculated by taking 80 per cent of the AMR for a 3 bedroom unit in Muskoka (\$875) and deducting 30 per cent of the household's monthly income (\$512), resulting in a monthly benefit of \$363.



## Scenario B:

- A couple living in Hamilton
- If the couple's annual income, based on AFNI, is \$17,625 a year, the benefit would be calculated by taking 80 per cent of the AMR for a 1 bedroom unit in Hamilton (\$599) and deducting 30 per cent of the household's monthly income (\$441), resulting in a monthly benefit of \$158.



## Scenario C:

- A single parent in Ottawa with one small child
- If the household's annual income, based on AFNI, is \$18,900 a year, the benefit would be calculated by taking 80 per cent of the AMR for a 2 bedroom unit in Ottawa (\$941) and deducting 30 per cent of the household's monthly income (\$473), resulting in a monthly benefit of \$468.



## Interaction with Social Assistance

- Social Assistance (SA) recipients on the social housing wait list or receiving RGI assistance would be eligible to receive an offer of a portable housing benefit. (Currently approximately 30% of social housing households are in receipt of SA.)
- The same PHB calculation formula would apply to ensure SA recipients are not treated differently due to their income source, which may include employment earnings as well as other income-based benefits in addition to SA.
- SA recipients would be able to leverage both a PHB and SA shelter assistance with consideration given to actual housing costs per current SA framework.
- The following approach is proposed to calculate the PHB for SA recipients.
  - The normal PHB calculation would be used to determine a maximum benefit amount.
  - SA shelter allowance would be provided in the normal fashion, with a PHB provided to fill the gap between the SA shelter allowance (which is capped at maximum shelter costs) and actual shelter costs, up to the PHB maximum benefit.
  - If shelter costs increase (e.g. client moves), the PHB amount paid would increase but would still be subject to the maximum benefit amount.
  - If the person/family leaves SA, the total PHB maximum benefit amount would be paid.

# Example Benefit Amounts for Social Assistance

## Scenario A:

- A single person living in Hamilton on Ontario Works (OW) with actual shelter costs of \$749.
- If the person's annual income, based on AFNI, is \$8,472 a year (i.e. the person's only income source is OW; assumes maximum basic needs and shelter), the maximum PHB would be calculated by taking 80 per cent of the AMR for a 1 bedroom unit in Hamilton (\$599) and deducting 30 per cent of the household's monthly income (\$212), resulting in a maximum monthly benefit of \$387. The SA shelter allowance paid is \$376
- The gap between actual shelter cost and SA shelter allowance is \$373, so the PHB paid is \$373.
- If this person moves to higher cost accommodation the PHB will be increased up to the maximum PHB.
- If this person stops receiving SA, the PHB paid would be increased to the maximum benefit amount of \$387.



## Scenario B:

- A single person living in Toronto on SA with earned income of \$1,000 per month and actual shelter costs of \$850.
- If the person's annual income, based on AFNI, is \$15,672 a year (i.e., earned income of \$1,000 per month plus SA benefits of \$306 per month), the benefit would be calculated by taking 80 per cent of the AMR for a 1 bedroom unit in Toronto (\$888) and deducting 30 per cent of the household's monthly income (\$392), resulting in a maximum monthly PHB of \$496.
- The gap between actual shelter cost and SA shelter allowance is \$544, which is greater than the maximum PHB.
- Given the high shelter costs, this person is paid the PHB maximum benefit amount of \$496 on top of their SA income.



# Questions

