



## A PORTABLE HOUSING BENEFIT: MYTHS & FACTS

*Portable housing benefits (PHBs) are housing subsidies that are paid directly to tenants whose current housing is not affordable to them. Limited PHB programs are already successfully used in many jurisdictions in Canada, and extensive programs are used in many other countries. CMHC reports that the vast majority of renters who are in core housing need live in rental units which are large enough and in adequate repair; the renters are in housing need because they lack sufficient income. PHBs give low-income households more ability to pay the rent and also meet their other needs.*

*As detailed below, evidence shows PHBS do not inflate rents; they complement affordable housing; they are cost-effective; and they can work well in the federal/provincial/territorial framework.*

**MYTH:** A portable housing benefit will encourage landlords to raise rents

**FACT:** If the benefit is designed correctly, it will not inflate rents.

- In a 2006 study, CMHC concluded that the Canadian provincial housing allowances “do not result in rent inflation either for recipients or for the housing market as a whole.”<sup>1</sup>
- Paying the benefit directly to tenants makes it less visible to landlords, making it harder to capture rents.
- Subsidizing part of the difference between what a household can afford and what it actually pays (up to a maximum that is not more than the median market rent) will also help prevent rent inflation (“partial gap subsidy”).<sup>2</sup>
- The risk of rent hikes is likely no higher with a portable housing benefit than for existing income programs, including the Child Tax Benefit and the Guaranteed Income Supplement.

**MYTH:** A portable housing benefit will replace the need for more affordable housing

**FACT:** Both are needed. Supply and demand solutions must work hand in hand.

- New rental and social housing is needed, and is an important part of the picture. But new housing takes considerable time to build. A housing benefit offers a broad-based, viable and immediate solution for those in core housing need.
- There are long wait-lists for social housing – in Ontario, for example, there are nearly as many households on waiting lists as are currently in social housing – and the number of social housing units has decreased over the last 25 years,<sup>3</sup> meaning that it’s simply not an option for most people with affordability problems.
- More supply that is affordable, whether market or nonmarket, will help offer options for all in housing need – including those receiving a benefit. They are both necessary.

<sup>1</sup> Abt Associates Inc.- Finkel M. et al (2006), “Housing Allowance Options for Canada” Canada Mortgage and Housing Corporation

<sup>2</sup> Social Research Demonstration Corporation- Pasolli K. et al (2016), “Affordability Options Research Paper”. National Housing Collaborative

<sup>3</sup> Zon, N. (2017) “Discussion Paper on a National Housing Benefit.” Maytree



**MYTH:** A portable housing benefit will cost too much.

**FACT:** A housing benefit is the most cost-effective way to address broad-based housing need and reduce poverty.

- Many low-income renters pay so much for shelter costs that they have little left for food and other necessities.<sup>4</sup> A benefit can be designed and delivered quickly and efficiently, ensuring assistance goes directly to those who need it most.
- A benefit offers autonomy, choice and stability, allowing people to keep their housing even if they suffer temporary or chronic affordability issues.<sup>5</sup>
- The design put forth by the National Housing Collaborative would cost approximately \$1.2B annually to move 800,000 closer to the affordability standard. The amount paid per household would be modest, reduced as income rises, and capped at the median market rent. But the government could also introduce a housing benefit gradually. Phasing it in would still ensure an immediate impact on housing need, with the flexibility to scale over time.<sup>6</sup>

**MYTH:** A portable housing benefit will intrude into provincial jurisdiction.

**FACT:** A national housing benefit would be a housing and income security program that clearly fits federal jurisdiction and expertise.

- Five provinces already offer some sort of targeted portable housing benefit, and a sixth is piloting a program this year.<sup>7</sup>
- Federal/provincial/territorial (FPT) cooperation has proven effective in the case of the recent Child Tax Benefit and will ensure an integrated approach with other income security and housing support systems.
- Properly designed, a federally administered benefit should supplement, not replace, provincial benefits and support other federal and provincial housing initiatives and programs.

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<sup>4</sup> The Daily Bread Food Bank in Toronto estimated that on average, their clients paid 71% of their income on rent and utilities (Daily Bread Food Bank (2016), "Who's Hungry: 2016 Profile of Hunger in Toronto"); see also Kirkpatrick, S. and Tarasuk, V. "Adequacy of food spending is related to housing expenditures among lower-income Canadian households." *Public Health Nutr.* 2007 Dec;10(12):1464-73.

<sup>5</sup> Zon, *supra*

<sup>6</sup> SRDC, *supra*

<sup>7</sup> Quebec, Manitoba, British Columbia, Alberta and Saskatchewan; Ontario is rolling out a pilot project this year.