

# **Submission to the Bill 140, Strong Communities through Affordable Housing Act, 2011**

**Hon. Rick Bartolucci, Minister of Municipal Affairs and Housing**

## **Standing Committee on Justice Policy**

We are happy to provide our views to Standing Committee today.

We will restrict our comments to one element of Bill 140 but before we do that, we would like to congratulate the government for its bravery and foresight in simplifying the rent geared to income rules. In the future, housing service managers will be mandated to review rents only once per year according to tenants' income tax returns - allowing residents to earn income without experiencing immediate increases to their rents. In fact, tenants beginning work will have one full year to build up a nest egg and meet employment expenses as they join the workforce or get back on their feet.

But as important as this change is, we are worried that we do not see provisions in Bill 140 (sections 41 through 58) which would pin down the formulas for new rent geared to income schedules. In essence, it is our understanding that the formulas for rent geared to income housing, the percentages of income that would be paid in rent, the special exceptions that exist now, and the special rental scales that apply to low income residents receiving Ontario Works and Ontario Disability Support Plan Benefits, could possibly remain as they currently exist under the outdated SHRA.

Without legislative change, the rules currently in place could be allowed to persist. Grave injustices would result if that occurred.

The current Rent geared to income rules in the SHRA for social assistance recipients currently appear in Tables 3, 4 and 5 of the RGI regulations:

The Tables are before you – I won't read them.

**TABLE 3**

**ONTARIO WORKS RENT SCALE FOR A BENEFIT UNIT CONSISTING OF A RECIPIENT WITH NO SPOUSE BUT WITH ONE OR MORE OTHER DEPENDANTS**

Column 1	Column 2	Column 3
Benefit unit size (number of individuals)	Rent attributable to benefit unit (monthly)	Non-benefit income limit (monthly)
2	\$191	\$791
3	226	907
4	269	1,051
5	311	1,191
6	353	1,331
7	396	1,474
8	438	1,614
9	480	1,754
10	523	1,897
11	565	2,037
12 or more	607	2,117

O. Reg. 298/01, Table 3; O. Reg. 452/01, s. 6.

**TABLE 4**

**ONTARIO WORKS RENT SCALE FOR A BENEFIT UNIT CONSISTING OF (A) A RECIPIENT WITH NO SPOUSE AND NO OTHER DEPENDANTS, (B) A RECIPIENT WITH A SPOUSE BUT NO OTHER DEPENDANTS, OR (C) A RECIPIENT WITH A SPOUSE AND ONE OR MORE OTHER DEPENDANTS**

Column 1	Column 2	Column 3
Benefit unit size (number of individuals)	Rent attributable to benefit unit (monthly)	Non-benefit income limit (monthly)
1	\$85	\$360
2	175	737
3	212	861
4	254	1,001
5	296	1,141
6	339	1,284
7	381	1,424
8	423	1,564
9	466	1,707
10	508	1,847
11	550	1,987
12 or more	593	2,131

O. Reg. 298/01, Table 4.

TABLE 5  
 ONTARIO DISABILITY SUPPORT PROGRAM RENT SCALE

Column 1	Column 2	Column 3
Benefit unit size (number of individuals)	Rent attributable to benefit unit (monthly)	Non-benefit income limit (monthly)
1	\$109	\$440
2	199	817
3	236	941
4	278	1,081
5	321	1,224
6	363	1,364
7	405	1,504
8	448	1,647
9	490	1,787
10	532	1,927
11	575	2,071
12 or more	617	2,211

Members will note that rent geared to income rent scales not only contain the rents that social assistance recipients pay. They also contain a special column that sets the point in dollars per month at which recipient rents jump from the 'scale amount' to the higher RGI scale.

It is this latter column - called the 'non-benefit income limit' - that we wish to address today.

The apparent original purpose of these limits was to acknowledge that there would always be a point in time when social assistance recipients leave social assistance and would no longer qualify to pay the low rents in Tables 3, 4, and 5. The limits in Column 3 pinpoint the level of income realized by a social assistance recipient where the conversion to RGI occurs.

But these limits are antiquated, they make no common sense, and they have nothing to do with modern reality. They basically say that a person receiving social assistance should move to full RGI when they have managed to work about 10 hours a week at minimum wage.

I have written about the effect of this policy on one person who receives ODSP. Her name is Linda Chamberlain. The Report is called *Zero Dollar Linda* published by the Metcalf Foundation. Copies have been provided to members.

When Linda began to work, her ODSP dropped from \$687 a month to \$183 and her rent soared by 471% from \$109 to \$623 when her earnings passed the \$440 a month threshold. Linda had to quit her job last May (2010) because she was worse off. We call this combination of effects the "Linda Chamberlain rule".

Basically, the government has a solution that it may consider if it chooses to fix the present dilemma: to raise the non-benefit income limit (Column 3). We propose that it go to 75% of maximum ODSP (or OW as the case may be) as recommended by the government's Social Assistance Review Advisory Council (SARAC).

For example, this would allow single ODSP recipients to earn (or realize from other sources) \$790 a month before they are switched over to the much higher rent associated with RGI.

We realize that this solution is not without cost.

The immediate government objection may be that raising the limits would cost **municipalities** money. Although true, this would not be the case if the province raised the artificially low rents they administer to social assistance recipients to more realistic levels. (Recipients themselves would see no effect at all in their net income.)

The next objection may be that raising the rents in the rental scales would cost the **province** money as new income paid in social assistance rental amounts would be recouped 100% by municipalities.

This dilemma has created a longstanding funding standoff.

To end it, one level of government or both would have to pay more and the Ontario government appears to wish that neither government pay anything more. But the consequence is massive rent increases that penalize the work effort of social assistance recipients in RGI housing especially those who are trying to gain independence.

In other words, the real result of the funding standoff is to let low income residents receiving social assistance pay the cost of an intergovernmental funding spat between Ontario Municipalities and the Ontario government. In that way, we can only all lose.

Because of an intergovernmental revenue squabble, we penalize the behaviour which all of us are trying to encourage in recipients who, without this impediment, could become self-reliant.

We are here today because we worry that without new rules being written into the statute itself, RGI could go in the many different directions that it did within SHRA.

There is an opportunity here at this moment to make an important change and it should be taken.

John Stapleton

For the Housing Network of Ontario

March 18, 2011.

