
Housing Allowance program for the City of Ottawa

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Housing Allowance Program for the City of Ottawa

- Proposed Beneficiaries
 - Eligible Units
 - Amount of Subsidy
 - Program Funding
-

Proposed beneficiaries

- Seniors (as a pilot)
 - Low income families with employment income (“working poor”)
 - Disabled
 - Families on Ontario Works
 - Low income singles
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Units Available

- In situ units
 - Vacant units in primary rental market
 - Vacant units in secondary rental market
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Eligible Units

- Maximum rent of 90% of CMHC average rent for adequate units

	2004	2005
Bachelor	90% of 623 = \$ 560	90% of 628 = \$ 565
1 bedroom	90% of 771 = \$ 694	90% of 762 = \$ 686
2 bedroom	90% of 942 = \$ 850	90% of 922 = \$ 830
3+ bedroom	90% of 1,096 = \$ 987	90% of 1,102 = \$ 992

Amount of Subsidy

- Program will subsidize 65% of the gap between 30% of family income and the families housing cost up to the maximum

Amount of Subsidy Single Senior

Single senior with an income from OAS + GIS

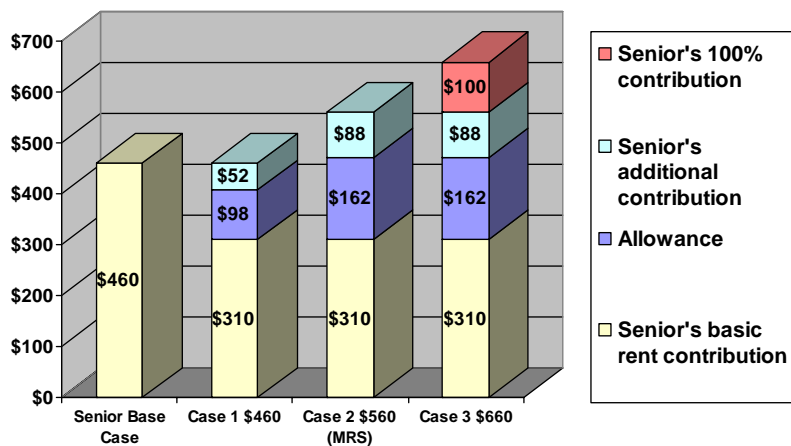
Income

OAS + GIS:	\$1,032.00 / month
30 % rule of thumb	<u>x 30%</u>
Affordable Rent	\$310.00 / month

Maximum Rent Calculation

2004 CMHC average rent for a bachelor	\$623.00 / month
90% program parameter	<u>x 90%</u>
Maximum rent for subsidy	\$560.00 / month

Amount of Subsidy Single Senior



Amount of Subsidy
Single Senior

Case 1 – Rent below the maximum

Rent paid now	\$460	--- 45% of income
Affordability Gap	\$150	(\$460 - \$310)
Proposed Allowance	\$ 98	(\$150 x 65%)
Net Rent after allowance	\$362	--- 35% of income

Amount of Subsidy
Single Senior

Case 2 – Rent at the maximum

Rent paid now	\$560	--- 54% of income
Affordability Gap	\$250	(\$560 - \$310)
Proposed Allowance	\$162	(\$250 x 65%)
Net Rent after allowance	\$398	--- 39% of income

Amount of Subsidy Single Senior

Case 3 – Rent above the maximum

Rent paid now	\$660	--- 64% of income
Affordability Gap	\$350	(\$660 - \$310)
Gap up to Maximum Rent Subsidy	\$250	
Proposed Allowance	\$162	(\$250 x 65%)
Net Rent after allowance	\$498	--- 48% of income

Estimated Program Cost Seniors Only

Average Annual Benefit Per Senior Household

Household type	Monthly benefit per household			Annual benefit per household (average)
	Low end	Maximum	Average	
Seniors	\$98	\$162	\$130	\$1,560

Annual Benefit Costs of The Program

Household type	Average benefit per household		Number of households	Annual benefit cost
	Monthly	Annual		
Seniors	\$130	\$1,560	1000	\$1,560,000

Proposed Program Funding Seniors Only

- As an annual expenditure, the estimated cost to help 1000 seniors is \$1,560,000
 - Assume matching funds from Province and Federal government matching the combined
 - City share: \$390,000
 - Prov. share: \$390,000
 - Fed. share: \$780,000
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Proposed Program Funding Seniors Only

- Capital Contribution to set up Housing Trust for 1,000 seniors
 - Assume 6% interest rate and an inflation adjustment factor of 2% on the benefits
 - 13.1M (shared by between City and senior levels of government) would fund 10 years worth of allowances
 - City share: 3.9M
 - Senior level share: 9.2M
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Proposed Program Funding Seniors Only

- Capital Contribution to set up Housing Trust

Yr.	10 Years of Allowances Contribution for the year		Balance	Payout	Annual balance	Benefits \$1,560,000 Interest	Balance
	City	Senior govts	Beginning of year		average	6.00%	End of year
1	\$3,900,000	\$9,204,000	\$13,104,000	\$1,560,000	\$12,324,000	\$739,440	\$12,283,440
2	\$0	\$0	\$12,283,440	\$1,591,200	\$11,487,840	\$689,270	\$11,381,510
3	\$0	\$0	\$11,381,510	\$1,623,024	\$10,569,998	\$634,200	\$10,392,686
4	\$0	\$0	\$10,392,686	\$1,655,484	\$9,564,944	\$573,897	\$9,311,098
5	\$0	\$0	\$9,311,098	\$1,688,594	\$8,466,801	\$508,008	\$8,130,512
6	\$0	\$0	\$8,130,512	\$1,722,366	\$7,269,329	\$436,160	\$6,844,306
7	\$0	\$0	\$6,844,306	\$1,756,813	\$5,965,899	\$357,954	\$5,445,447
8	\$0	\$0	\$5,445,447	\$1,791,950	\$4,549,472	\$272,968	\$3,926,465
9	\$0	\$0	\$3,926,465	\$1,827,789	\$3,012,571	\$180,754	\$2,279,431
10	\$0	\$0	\$2,279,431	\$1,864,344	\$1,347,259	\$80,836	\$495,922
Total	\$3,900,000	\$9,204,000		\$17,081,565		\$4,473,487	

Proposed Program Funding Seniors Only

- Capital Contribution to set up Housing Trust for 1,000 seniors
 - 37M (shared between City and senior levels of government) would create inflation-adjusted **permanent** housing allowances
 - City share: 11M
 - Senior level share: 26M

Proposed Program Funding Seniors Only

- Capital Contribution to set up Permanent Housing Trust

Permanent Allowances

Annual Benefit: \$1,560,000

	Contribution for the year		Balance	Payout	Fund balance	Interest	Balance
	City	Senior govts	Beginning of year		average	6.00%	End of year
Year:							
1	\$11,000,000	\$25,960,000	\$36,960,000	\$1,560,000	\$36,180,000	\$2,170,800	\$37,570,800
2	\$0	\$0	\$37,570,800	\$1,591,200	\$36,775,200	\$2,206,512	\$38,186,112
3	\$0	\$0	\$38,186,112	\$1,623,024	\$37,374,600	\$2,242,476	\$38,805,564
4	\$0	\$0	\$38,805,564	\$1,655,484	\$37,977,822	\$2,278,669	\$39,428,749
5	\$0	\$0	\$39,428,749	\$1,688,594	\$38,584,452	\$2,315,067	\$40,055,222
6	\$0	\$0	\$40,055,222	\$1,722,366	\$39,194,039	\$2,351,642	\$40,684,498
7	\$0	\$0	\$40,684,498	\$1,756,813	\$39,806,091	\$2,388,365	\$41,316,050
8	\$0	\$0	\$41,316,050	\$1,791,950	\$40,420,075	\$2,425,205	\$41,949,305
9	\$0	\$0	\$41,949,305	\$1,827,789	\$41,035,411	\$2,462,125	\$42,583,641
10	\$0	\$0	\$42,583,641	\$1,864,344	\$41,651,469	\$2,499,088	\$43,218,385
Total	\$11,000,000	\$25,960,000		\$17,081,565		\$23,339,950	

Amount of Subsidy Working Families

A single parent with 2 children (under 6 or same sex) with an income consisting full time minimum wage + provincial and federal child tax benefits

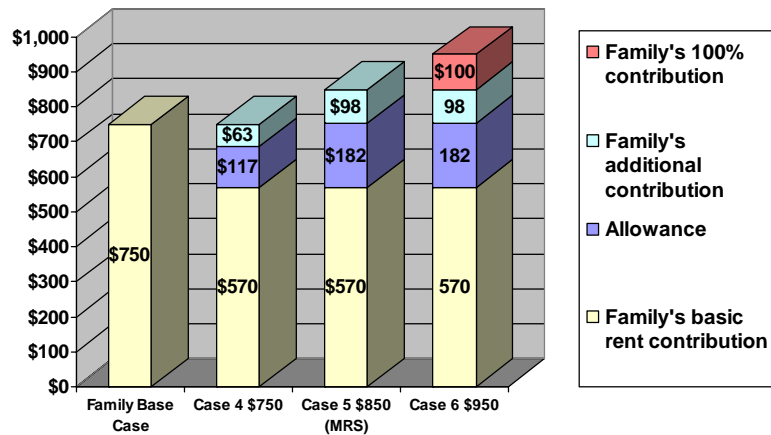
Income

Employment income and supplements \$1,900.00 / month
 30 % rule of thumb x 30%
Affordable Rent \$570.00 / month

Maximum Rent Calculation

2004 CMHC average rent for a 2 bdr \$942.00 / month
 90% program parameter x 90%
Maximum rent for subsidy \$850.00 / month

Amount of Subsidy Working Family



Amount of Subsidy Working Family

Case 1 – Rent below the maximum

Rent paid now	\$750	--- 39% of income
Affordability Gap	\$180	(\$750 - \$570)
Proposed Allowance	\$117	(\$180 x 65%)
Net Rent after allowance	\$633	--- 33% of income

**Amount of Subsidy
Working Family**

Case 2 – Rent at the maximum

Rent paid now	\$850	--- 45% of income
Affordability Gap	\$280	(\$850 - \$570)
Proposed Allowance	\$182	(\$280 x 65%)
Net Rent after allowance	\$668	--- 35% of income

**Amount of Subsidy
Working Family**

Case 3 – Rent above the maximum

Rent paid now	\$950	--- 50% of income
Affordability Gap	\$380	(\$950 - \$570)
Proposed Allowance	\$182	(\$280 x 65%)
Net Rent after allowance	\$768	--- 40% of income

Proposed Program Funding

Working Families

- As an annual expenditure, the estimated cost to help 2,000 families is \$3,600,000
 - Assume matching funds from the Province and Federal government matching the combined
 - City share: \$900,000
 - Prov. Share: \$900,000
 - Fed. Share: \$1,800,000
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Proposed Program Funding

Working Families

- Capital Contribution to set up Housing Trust for 2,000 working families
 - Assume 6% interest rate and inflation adjustment factor of 2% on the benefits
 - 29.9M (shared between City and senior levels of government would fund 10 years worth of allowances
 - City share: 8.9M
 - Senior level share: 21M
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Proposed Program Funding Working Families and Seniors

- Capital Contribution to set up 10 year Housing Trust for 2,000 working families and 1,000 seniors

10 Years of Allowances Annual Benefits: \$1,560,000

Yr.	Contribution for the year		Balance	Payout	Annual Fund balance	Interest	Balance
	City	Senior govts	Beginning of year		average	6.00%	End of year
1	\$12,000,000	\$28,320,000	\$40,320,000	\$5,160,000	\$37,740,000	\$2,264,400	\$37,424,400
2	\$800,000	\$1,888,000	\$40,112,400	\$5,263,200	\$37,480,800	\$2,248,848	\$37,098,048
3	\$0	\$0	\$37,098,048	\$5,368,464	\$34,413,816	\$2,064,829	\$33,794,413
4	\$0	\$0	\$33,794,413	\$5,475,833	\$31,056,496	\$1,863,390	\$30,181,969
5	\$0	\$0	\$30,181,969	\$5,585,350	\$27,389,294	\$1,643,358	\$26,239,977
6	\$0	\$0	\$26,239,977	\$5,697,057	\$23,391,449	\$1,403,487	\$21,946,407
7	\$0	\$0	\$21,946,407	\$5,810,998	\$19,040,908	\$1,142,454	\$17,277,864
8	\$0	\$0	\$17,277,864	\$5,927,218	\$14,314,255	\$858,855	\$12,209,501
9	\$0	\$0	\$12,209,501	\$6,045,762	\$9,186,620	\$551,197	\$6,714,936
10	\$0	\$0	\$6,714,936	\$6,166,678	\$3,631,597	\$217,896	\$766,154
Total	\$12,800,000	\$30,208,000		\$56,500,560		\$14,258,714	

Proposed Program Funding Working Families

- Capital Contribution to set up Permanent Housing Trust for 2,000 Working Families
 - 85M (shared between City and senior levels of government) would create inflation-adjusted **permanent** housing allowances
 - City share: 25M
 - Senior level share: 60M

Proposed Program Funding Seniors and Working Families

- Capital Contribution to set up Permanent Housing Trust for 2,000 Working Families and 1,000 Seniors
 - Either one time funding of
 - City share: 37M
 - Senior level share: 86M

Proposed Program Funding Seniors and Working Families (cont.)

- Or capital contributions over 3 years

Permanent Allowances			Annual Benefits: \$5,160,000				
Yr.	Contribution for the year		Balance	Payout	Fund balance	Interest	Balance
	City	Senior govts	Beginning of year		average	6.00%	End of year
1	\$12,000,000	\$28,320,000	\$40,320,000	\$5,160,000	\$37,740,000	\$2,264,400	\$37,424,400
2	\$12,000,000	\$28,320,000	\$77,744,400	\$5,263,200	\$75,112,800	\$4,506,768	\$76,987,968
3	\$12,000,000	\$28,320,000	\$117,307,968	\$5,368,464	\$114,623,736	\$6,877,424	\$118,816,928
4	\$3,000,000	\$7,080,000	\$128,896,928	\$5,475,833	\$126,159,012	\$7,569,541	\$130,990,636
5	\$0	\$0	\$130,990,636	\$5,585,350	\$128,197,961	\$7,691,878	\$133,097,163
6	\$0	\$0	\$133,097,163	\$5,697,057	\$130,248,635	\$7,814,918	\$135,215,024
7	\$0	\$0	\$135,215,024	\$5,810,998	\$132,309,525	\$7,938,572	\$137,342,598
8	\$0	\$0	\$137,342,598	\$5,927,218	\$134,378,989	\$8,062,739	\$139,478,119
9	\$0	\$0	\$139,478,119	\$6,045,762	\$136,455,238	\$8,187,314	\$141,619,671
10	\$0	\$0	\$141,619,671	\$6,166,678	\$138,536,332	\$8,312,180	\$143,765,173
Total	\$39,000,000	\$92,040,000		\$56,500,560		\$69,225,734	

Proposed Program Funding Seniors and all Families

- Capital Contribution to set up Permanent Housing Trust for 2,000 Working Families, 2,000 Families on Ontario Works and 1,000 Seniors
 - Either one time funding of
 - City share: 81M
 - Senior level share: 189M

Proposed Program Funding Seniors and all Families (cont.)

- Or capital contributions over 8 years

Yr.	Contribution for the year		Balance	Payout	Fund	Interest	Balance
	City	Senior govts	Beginning of year		balance		
					average	6.00%	End of year
1	\$12,000,000	\$28,320,000	\$40,320,000	\$11,160,000	\$34,740,000	\$2,084,400	\$31,244,400
2	\$12,000,000	\$28,320,000	\$71,564,400	\$11,383,200	\$65,872,800	\$3,952,368	\$64,133,568
3	\$12,000,000	\$28,320,000	\$104,453,568	\$11,610,864	\$98,648,136	\$5,918,888	\$98,761,592
4	\$12,000,000	\$28,320,000	\$139,081,592	\$11,843,081	\$133,160,052	\$7,989,603	\$135,228,114
5	\$12,000,000	\$28,320,000	\$175,548,114	\$12,079,943	\$169,508,143	\$10,170,489	\$173,638,660
6	\$12,000,000	\$28,320,000	\$213,958,660	\$12,321,542	\$207,797,889	\$12,467,873	\$214,104,991
7	\$12,000,000	\$28,320,000	\$254,424,991	\$12,567,973	\$248,141,005	\$14,888,460	\$256,745,479
8	\$10,500,000	\$24,780,000	\$292,025,479	\$12,819,332	\$285,615,813	\$17,136,949	\$296,343,096
9	\$0	\$0	\$296,343,096	\$13,075,719	\$289,805,236	\$17,388,314	\$300,655,691
10	\$0	\$0	\$300,655,691	\$13,337,233	\$293,987,075	\$17,639,224	\$304,957,682
Total	\$94,500,000	\$223,020,000		\$122,198,886		\$109,636,569	

Proposed Program Funding Seniors and all Families (cont.)

- Using the same funding, gov't could
 - Fund **5,000** permanent housing allowances (paying 65% of affordability gap)
 - Fund **3,250** permanent housing allowances (paying 100% of affordability gap)
 - Help create **2,812** rental units that rent for 25% below AMR (City of Ottawa Housing Branch 2005: \$96,000 to lower rent for new 2 bedroom terrace townhouse valued at \$145,000 from \$1,408 to \$688)
 - Help create **2,700** rental units that rent for 30% below AMR (Gloucester non-profit project where \$3,598,769 of subsidies will allow 11 units at AMR and 25 at on average 57.5% AMR)
 - Help create **1,800** rental units that rent for between 45% to 70% below AMR and 825 rental units that rent at AMR (Gloucester non-profit project)
 - Help create income mixed sites of **1,800** rental units at 50% AMR and 1,200 rental units that rent at AMR (MHI project at \$90,000 funding per unit where 40% will pay AMR and 60% will pay 50% AMR)