



BACKGROUND

December 15, 2005

Definitions

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant

Housing affordability tools

Public housing generally refers to rental units in projects owned and operated by governments or government housing agencies. Rental units are provided to low-income tenants who pay a rent geared-to-income, usually amounting to 30% of their incomes. There are about 400,000 public housing units across Canada. In many cities there are long waiting lists to gain access to a public housing unit. (In some Ontario cities the waiting list is as long as seven years.)

Non-profit housing generally refers to apartment buildings owned and operated by non-profit housing corporations. Rental units are provided both to moderate income Canadians who pay market rents, and to low-income tenants who pay a rent geared-to-income, usually amounting to 30% of their incomes. There are about 200,000 non-profit housing units in Canada, serving about 120,000 low income households. In many cities the subsidized non-profit housing units are accessed through the same combined social housing waiting list which also covers public housing units.

Social housing refers to both *public housing and non-profit housing*. Across Canada, most tenants who live in social housing are not on social assistance, and most people on social assistance do not live in social housing.

Shelter allowances are payments made for rent under social assistance programs. In most provinces shelter allowances cover only 60% to 70% of average market rents. Most social assistance recipients must find rental units at the low end of the market, rent units that are too small for their household size, share units with other unrelated people or use other funds to pay their rents.

Rent supplements are based on contracts between social housing authorities and a limited number of landlords. Housing authorities send low-income tenants to one of those landlords. The tenants enter into tenancy agreements with the landlord to rent the specific units. These rules tie rent supplements to specific units, so that the program in effect functions as privately supplied public housing units without the problem of ghettoization. Under a *flexible rent supplement* program, tenants would be able to stay in their current units as long as their existing landlord will accept a rent supplement contract.

Portable housing allowances are not tied to a contract between a social housing agency and a rental property owner. The government provides the financial assistance directly to low-income tenants. Tenants who qualify for allowances can find and rent units in the same way they do now, except that the allowances will help them pay the rent. Tenants can use the money to help stay where they are (since 75% of low-income tenants already live in suitable housing), or to move to another unit of their choice in the private market.

Portable housing allowances, or properly designed and *flexible* rent supplements, are marvellous policy tools because they

- use the existing economical housing stock, rather than newly built (and therefore expensive) housing;
- allow tenants to keep their housing assistance when they move to take a new job (which is very good for the economy);
- allow tenants to choose where to live;
- achieve income mixing without the cost of subsidizing middle income tenants; and
- allow the available funding to be spread more equitably among more low income tenants.

Currently five provinces have housing allowance programs, but they are all limited in their coverage. Canada is almost unique among countries with advanced economies in not having a national housing allowance program.