

Fact Sheet | Portable Housing Benefits

The Ontario government has adopted a framework under which municipalities will be allowed to provide portable benefits as part of their housing service level requirements.

What are portable housing benefits?

- ❖ A portable housing benefit provides direct financial assistance to households that qualify for assistance with their housing expenses.
- ❖ They are to be used by the household directly to pay for their housing expenses.
- ❖ Unlike social housing, portable housing benefits are tied to a household, not a housing unit.
- ❖ Portable housing benefits can help bridge the housing affordability gap by helping households keep their housing costs at or below 30% of their income. This will be less effective in markets with high rents and low vacancy rates, where housing choice is therefore limited.
- ❖ A number of portable housing benefit programs have been implemented in Canada and internationally: [Quebec](#) , [Manitoba](#) , [Australia](#) , [France](#) , [Germany](#), [UK](#) , [US](#) .

There are a broad range of design options for a portable housing benefit program, with different implications for low-income renters. So, how are portable housing benefits determined?

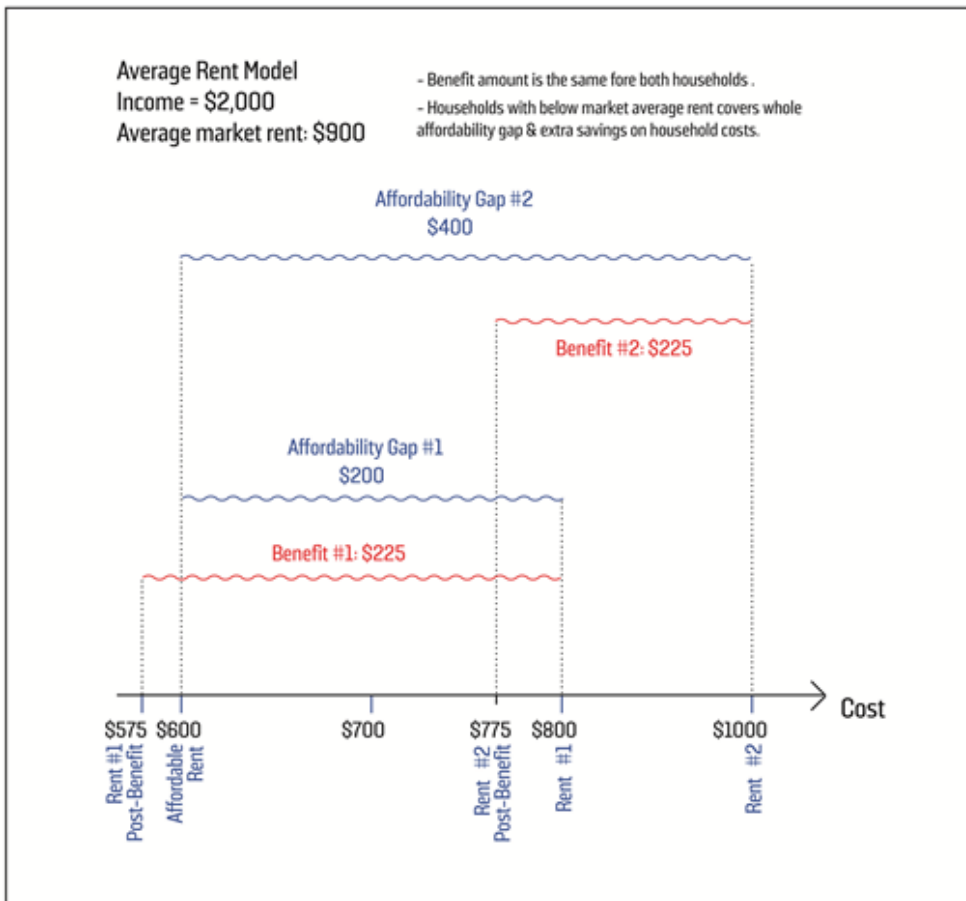
- ❖ **Full gap coverage programs:** this model provides enough assistance to fill the entire affordability gap, providing households with enough funds to pay their actual rent without having to spend more than 30% of their income on rent.

Partial gap coverage programs: this model would only provide enough assistance to fill a certain percentage of the actual rent to make housing

costs for a household affordable.

The Ontario Portable Housing Benefit:

- Model based on the average market rent rather than the actual rent paid by a household.
- Covers the gap between an affordable rent (defined as 30% of household income) and 80% of the average rent in the household's local housing market.



What are the **advantages** of portable housing benefits for Ontario?

- ❖ Portable housing benefits can allow households to have increased choice of where to live.
- ❖ Provide direct financial assistance to promote autonomy of how to spend the funds on housing costs. Portable housing benefits can help a household pay their rent without having to dip into their budget for other basic needs such as groceries or medicine.
- ❖ Useful for individuals or households that need emergency assistance to pay for their housing. For example people leaving domestic violence or people experiencing short-term income loss can take advantage of a benefit that is not tied to the unit, rather is given directly to the individual.

What are the **drawbacks** of portable housing benefits for Ontario?

- ❖ Although an advantage of a portable housing benefit is to increase choice for households, this “increased choice” can be false for low-income households when they live in cities with low vacancy rates and a rental housing stock that is not well-maintained or in a state of good repair.
- ❖ The problem of inadequate rental housing options won’t go away. Low-income tenants without much choice of where to live will simply will have more money in their pockets for other basic needs.
- ❖ The proposed regulation allows municipalities to introduce portable housing benefits as a replacement for social housing units they are required to provide. This means that portable housing benefits can be used to replace and eliminate social housing units. Used in this way, portable housing benefits will reduce the supply of social housing and add no new supply of affordable housing.
- ❖ Tenants living in social housing and paying rent-geared-to-income (RGI) will pay more than they do currently if they are unable to find adequate

rental units priced at 80% of average market rate.

- If a tenant earns \$1,000 and currently pays \$300 for a RGI unit (30% of income), the proposed PHB will cover the difference between this rent and 80% of average market rent. In Toronto, this equals to \$1,061 rent for a 2-bedroom apartment. The tenant would therefore have to find an apartment for that rent or less in order to not pay more than they did with a RGI unit.
- ❖ It's important to note that tenants living in social housing may be paying more than 30% of their household income on rent if they pay their utility bills directly. The allowance for utilities (water, gas and/or electricity) remains inadequate as it has not been updated for almost 15 years.
- ❖ Tenants choosing to move from social housing to portable housing benefits (due to the stigma of living in social housing, lack of repairs in some buildings, or preference for a different neighborhood, among other reasons) would be at a higher risk of homelessness since the risk of losing their housing is higher in the private rental market than with RGI units.
 - For example, the fact that tenants can lose their benefits for failing to file a tax return each year contributes to this risk.
- ❖ The risk of losing portable housing benefits is also higher since they could be reduced with a change in government policy. “Bricks and mortar” social housing creates a permanent structure that provides greater stability for tenants.
- ❖ As examples from other jurisdictions have shown, it can be more beneficial for tenants if resources are spent on improving the state of social housing and providing appropriate supports, rather than moving tenants into the private rental market.
- ❖ Removing tenants from the RGI housing waiting list when they accept a portable housing benefit will further decrease housing stability.

- ❖ A housing allowance policy should not take place without policies targeting housing supply. Housing allowances do not address the problem of inadequate supply. Housing benefits need to be implemented as part of a comprehensive housing strategy, which must include the creation of new affordable rental housing.