

December 15, 2009

The Honourable Jim Watson, M.P.P.  
Minister of Municipal Affairs and Housing  
777 Bay Street, 17<sup>th</sup> Floor  
Toronto, ON M5G 2E5

Dear Minister Watson,

**Re: A Housing Benefit for Ontario**

We are writing to you today in support of the creation of a new housing benefit as a cornerstone of Ontario's Long-Term Affordable Housing Strategy.

A safe, affordable place to live is a key foundation on which Ontarians build their lives, get jobs, raise children, and contribute to society. Yet housing, unlike other necessities, is a non-discretionary expenditure. People can skip meals, go to a food bank, or walk instead of taking the bus to cut costs, but rent must be paid each month. When this does not happen, it begins a cycle that can include impaired credit risk, eviction, and at its worst, homelessness. The lack of secure, affordable housing causes financial and psychological stress for poor people and keeps them far from available for work. Unpaid rent and its consequences also affect governments' costs.

Yet in many communities, especially large urban centres, there is a growing gap between the incomes of Ontarians and their rents. Hundreds of thousands of poor people in Ontario – whether they work or receive social assistance – spend more than half their income on shelter. The current volatility of Ontario's economy is creating new housing affordability challenges for some, as well-paying jobs are lost or work hours are scaled back, and exacerbating an already untenable situation for others. New vision and innovative solutions are required to address long-term affordable housing issues in Ontario.

One promising approach to tackle the twin issues of poverty and housing affordability is the creation of a new housing benefit that supports people of modest means – both those on social assistance as well as the working poor. A housing benefit is paid in the form of a monthly refundable tax credit to eligible recipients. This benefit will reduce barriers for people to get off and stay off welfare. That will create a more transitional mechanism for people trying to move from welfare to work.

For low-income workers, a housing benefit will help stabilize them in the workforce, and minimize the risk of losing their housing, or requiring Ontario Works if their work situation becomes more precarious. Additionally, it will enable low-income people to access work they might otherwise be unable to take on because of high shelter costs where the jobs are available, or the high costs of transportation to get to work.

A carefully designed benefit can provide positive outcomes including improvements in housing affordability and supply, new work incentives for those receiving social assistance, low rental price inflation, reduced program costs, and lift pressure off of affordable housing waiting lists. It will tend

to make it easier for low-income people to access housing because their perceived rent risk to building income is reduced. It offers an essential tool to support Ontario's Affordable Housing Strategy.

Experts in jurisdictions in Canada and internationally agree on the value of a housing benefit. Presented in the attached report is one model of how a housing benefit can be designed for Ontario. This design responds to Ontario's twin goals of building a long-term affordable housing strategy that is responsive to local communities housing needs, while ensuring the government achieves real "value for money" spent within a fiscally constrained environment. It employs a formula that is targeted to those who need help in the most cost effective way possible. It is expected that the Ontario Government working with Canada Revenue Agency could implement the new benefit within two years.

This report and recommendations for a housing benefit have been created by a coalition of housing industry and community organizations, including the Federation of Rental Housing Providers of Ontario, the Ontario Non-Profit Housing Association, Daily Bread Food Bank, Greater Toronto Apartment Association and two private foundations.

In December 2008, your Government made the courageous move to tackle poverty head-on through the announcement of a Poverty Reduction Strategy. As part of that process, we raised the potential of a housing benefit to address housing poverty and assist the government to meet its commitment of 25% reduction in child poverty within five years. Through careful upfront planning and a phased-in approach, this new benefit can become a widely celebrated and successful cornerstone of the Long-Term Affordable Housing Strategy and poverty reduction in Ontario.

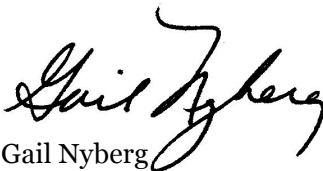
Sincerely,



Vince Brescia  
President & CEO  
Federation of Rental-Housing Providers of  
Ontario



Sharad Kerur  
Executive Director  
Ontario Nonprofit Housing Federation



Gail Nyberg  
Executive Director  
Daily Bread Food Bank



Brad Butt  
President  
Greater Toronto Apartment Association



J. Alexander Houston  
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George Cedric Metcalf Charitable Foundation