



ONTARIO NON-PROFIT  
HOUSING ASSOCIATION

Hon. Dr. Helena Jaczek  
Ministry of Community and Social Services  
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80 Grosvenor Street, Toronto, Ontario M74 1E9  
Sent via email to: [basicincome@ontario.ca](mailto:basicincome@ontario.ca)

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## RE: ONPHA's Submission to the Consultation on Ontario's Basic Income Pilot

Dear Minister Jaczek,

The Ontario Non-Profit Housing Association (ONPHA) is a member-funded and member-directed association that represents non-profit landlords and local housing corporations (LHCs) throughout the province. Our more than 740 member organizations manage over 163,000 units in 220 communities, and they house some of Ontario's most vulnerable, marginalized residents – those living in or near poverty, fleeing violence, transitioning out of homelessness, or living with developmental disabilities, mental illness, addiction, or HIV/AIDS.

Throughout Ontario, most social housing is governed by either provincial legislation, the *Housing Services Act* (the *HSA*), or by federal, provincial or municipal operating agreements. Enforcement of the *HSA* lies with the housing system Service Manager<sup>1</sup>, which also has the responsibility for paying operating and rent-gated-to-income (RGI) subsidy to housing providers. Most provincially administered operating agreements have similar provisions.

Almost 80% of the households living in our members' housing programs receive a subsidy based on their income to make the housing affordable. The subsidy is paid by the Service Manager to the housing provider via a combination of funding from the federal government and the municipal tax base. There is not

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<sup>1</sup> A Service Manager (or Consolidated Municipal Service Manager (CMSM)) is a level of government in Ontario responsible for carrying out the funding and administrative responsibilities of the provincial *Housing Services Act*. A CMSM could be a regional government, a county or a separated city, depending on the local circumstances. There are currently 47 CMSMs throughout Ontario, and they are also responsible for administering other social service programs such as Ontario Works and child-care.



significant provincial funding flowed to Service Managers to subsidize RGI households. A large majority of these households have, have had, or will have interaction with the province’s current social assistance programs – Ontario Works (OW) or the Ontario Disability Support Program (ODSP).

ONPHA agrees with many of the points raised about OW and ODSP in the Honourable Hugh Segal’s Discussion Paper *Finding a Better Way: A Basic Income Pilot Project for Ontario*. Like Segal, we believe the current system “imposes limits on economic progress, often keeping welfare recipients from entering the economic mainstream.” We also agree that it imposes a degrading administrative burden on social assistance caseworkers. Moreover, we would add that this burden extends to the administration of the social housing system where social assistance benefits routinely interact with the complex calculation of RGI subsidies.

Every day, our members witness the struggles of low-income tenants who are forced to make impossible decisions between using insufficient social assistance benefits to cover rent, utility bills, or other basic needs like clothing or food. We can only assume that the situation is worse for the more than 171,360 households waiting for RGI housing across the province<sup>2</sup>. These individuals would benefit immensely from the introduction of a Basic Income program. ONPHA wholeheartedly supports the exploration of its use through the proposed Pilot project, and we welcome this opportunity to participate in the consultation process.

Our submission consists of two sections. First, we have responded to a number of the questions posed in the Consultation Guide. Second, we have identified some of the unintended consequences that the Basic Income Pilot may present for the non-profit housing sector. We believe that ONPHA and our membership base can serve as a valuable resource as the Province works to address and mitigate these concerns.

## Our Response to the Consultation Guide Questions

### *Section 1: Eligibility for the Pilot*

Based on the Discussion Paper, the Consultation Guide presents the basic design for a randomized control trial (RCT) in an urban area, and three saturation studies in distinct, smaller communities. It is suggested

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<sup>2</sup> See our 2016 Waiting List Survey Report here: <http://qc.onpha.on.ca/flipbooks/WaitingListReport/>



that the RCT include a control group that would continue to be eligible for current social assistance programs (OW and ODSP), and three experimental groups in which participants would be eligible to receive a Basic Income of either 75% or 100% of the Low Income Measure (LIM), and earned incomes would be taxed at different rates.

The Consultation Guide suggests that participants for the RCT be obtained through random sampling of the area's total population based on administrative lists of Social Insurance Numbers. We believe that this method of sampling could present issues for the study. If participants are randomly selected from an area's entire population, each of the groups would be expected to include a number of higher-earning individuals who are unlikely to fall below the threshold of qualifying for benefits. This would influence the number of individuals in each group that could be monitored for useful data related to the study and, as a result, may lessen the ability to accurately identify trends associated with each program alteration.

We understand the value of completely randomized sampling, but wonder if stratified sampling would be a better approach for the current Pilot. Through stratified sampling, participants could be randomly selected from residents that fall below a certain income bracket – in other words, those who are more likely to interact with social assistance systems. Examining the circumstances of this subpopulation is really the purpose of the current Pilot, and we recommend that the RCT be designed in a way in which all resources are dedicated to monitoring impacts on this target group.

We do not have a firm opinion about whether it would be preferable to use individual or family income to determine benefit levels or eligibility. However, if the Pilot elects to use family income, we recommend that it be designed in a way that simplifies the current approach to complex family compositions. To highlight the complexities of the current system, one of our members shared an example of a family that consisted of three generations. Some members of this family were eligible for OW benefits while others were eligible for ODSP, and multiple caseworkers were involved. Making matters more complicated, there were custody arrangements that resulted in one child occasionally residing with the family, and other times residing elsewhere, adding another layer to the benefits the family was eligible for.

This situation resulted in substantial difficulty for the tenants, the social assistance caseworkers, the individual calculating the RGI subsidy, and the housing workers who were attempting to assist the family in accessing the benefits they were entitled to while remaining housed. We are hopeful that the introduction of a Basic Income program could make a similar situation easier to navigate.



## *Section 2: Site Selection*

We believe that it is important for the Pilot to include both RCT and saturation sites because each of these designs can provide different and valuable information about individual- and community-level impacts. In terms of timing, beginning with the RCT could be beneficial because major issues could be identified and addressed before commencing the saturation site studies. However, we do not think that the government should wait for the completion and evaluation of the RCT prior to beginning the saturation studies.

We recommend that sites be selected through a Request for Proposals (RFP) process in which municipalities make submissions stating their interest and suitability to participate. Prospective municipalities should present regional and demographic information through this process, but they should also be required to provide information about their ability to successfully administer the Pilot. Participation in either the RCT or saturation sites would require significant resources, dedication, and buy-in from the staff who administer social assistance benefits, not to mention those who work within closely related systems.

For example, and as is discussed in further detail below, the introduction of a Basic Income has the potential to significantly impact administration of the current RGI system. This is an issue that will certainly impact Service Manager funded and administered housing programs, but it will also impact countless non-profit housing providers currently tasked with administering RGI subsidies to their tenants as required under the *HSA*. RGI administration is a Service Manager responsibility in Ontario under the *HSA*. Service Managers have flexibility to retain that function or have third parties, such as non-profit and LHCs, to undertake that work themselves. RGI is therefore, managed by a complex web of Service Managers, housing providers and other organizations. Therefore, it is very important that whichever municipalities are selected as Pilot sites demonstrate that they have the capacity to guide not only their program staff, but also staff from other organizations that will be impacted.

It's also worth noting that RGI administration, itself, is currently undergoing transformation. Service Managers and housing providers have been discussing the inefficiencies and complexities associated with it. Coming out of the Ministry of Housing's Long Term Affordable Housing Update, expert working group discussions have recently been held on the topic of transformation of RGI and the need for portable housing benefits. This is also in the context of recent discussions on the creation of a National Housing Strategy. Many advocates pointed to the need for a portable housing benefit funded by the federal



government. If funding is identified in the 2017 federal budget, the Basic Income Pilot must be responsive to this national discussion.

### *Section 3: Design of Benefits*

The Consultation Guide poses the question of whether the Basic Income amount should be enough to get people out of poverty, or whether it should be a combination of benefits and earnings that accomplish this goal. We do not think there is one simple answer to this question, and we fundamentally believe that benefits must be designed to recognize individual circumstances.

We believe those able to work should be encouraged to do so through a carefully designed combination of financial incentives and enhanced supports. Before determining optimal benefit amounts, it will be important to evaluate whether there are significant differences in labour force participation rates between the RCT groups that receive 75% and 100% of the LIM – particularly if these groups are given equal access to strengthened employment and education resources.

While employment should be encouraged when possible, we know that many individuals are prevented from working as a result of mental health or addictions issues, illness, and cognitive or physical disabilities. In these cases, we strongly believe that the benefits should be sufficient to lift people out of poverty. The Discussion Paper recommends that the Basic Income benefit include an additional \$500 per month for adults with disabilities. This could be an appropriate approach, so long as this supplement would take household income above the LIM. If a Basic Income program is ultimately introduced throughout the Province, we believe that the additional supplement for adults with a disability should be indexed to inflation. If left as a flat rate, there is potential for the value of the supplement to decrease in real terms as has been the case with current OW and ODSP rates.

Beyond the Basic Income benefit, we believe that several other financial and non-financial supports and services should accompany such a program. Support to assist individuals in accessing and maintaining quality housing is among the most important, as housing is a stabilizing factor and a fundamental determinant of health. Other important supports could include: health and mental health resources; drug and dental benefits; education and employment services; employment start-up benefits; childcare support; and parenting and life-skills supports.



The provision of these services and supports would lead to improved individual outcomes, and would likely result in decreased costs in several associated systems. Among individuals who are able to work, it is likely that these supports would also contribute to increased labour force participation. When designing benefits and supports aimed at encouraging labour force participation and improving other outcomes, we recommend that Ontario look to the San Diego Housing Commission’s “*Moving Forward*” Program as a model<sup>3</sup>.

As a final note, it is also important to consider how the Basic Income benefit will relate to utility costs over time. Over the past years, Ontario’s skyrocketing utility costs have resulted in continuous financial strain for people who pay for their own utilities, and have trapped more and more low-income residents in energy poverty. If the rapidly increasing costs of utilities has not been factored into the LIM calculation, we recommend that the Basic Income benefit acknowledge and correct for this.

#### ***Section 4: Delivery of the Pilot***

We agree with the recommendation to deliver the Basic Income through a Negative Income Tax (NIT) model, and we do not think that the Pilot should consider an alternate method to the Canada Revenue Agency (CRA) delivery system proposed in the Discussion Paper. The CRA already has expertise and resources in this area, and we believe that trying to recreate these at the provincial level would result in unnecessary administrative burdens.

We do not have specific recommendations about how the Basic Income should respond to changes in income circumstances, but agree with the necessity of developing strategies to address this given that many low-income individuals face issues of precarious employment.

#### ***Section 5: Evaluating the Outcomes of the Pilot***

The Consultation Guide requests that those participating in this consultation process rank ten key outcome measures. ONPHA believes that an appropriate ranking of these ten outcome measures is as follows:

1. Health

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<sup>3</sup> See information on the San Diego Housing Commission’s “*Moving Forward*” Program here: <http://www.sdhc.org/Rental-Assistance/Moving-Forward-Mtw/>



2. Housing stability and quality
3. Food security
4. Education
5. Interactions between Basic Income and other benefits
6. Administrative efficiency compared to social assistance
7. Work behaviour
8. Community-level changes
9. Perception of citizenship and social inclusion
10. Life choices

In terms of data reporting and evaluation, we think it is very important for results to be made public on an ongoing basis to ensure accountability and transparency. We believe that Pilot participants should have a right to receive results pertaining to themselves prior to these reports being released publically.

### **Unintended Consequences for the Non-Profit Housing Sector**

While we are in support of the proposed Pilot, we are concerned with the seeming lack of consideration that has been given to how Basic Income benefits will interact with the current RGI administration system.

When addressing subsidized housing, the Discussion Paper suggests that “the increased financial support received under a Basic Income compared to OW or ODSP should not result in an increase in the expected contribution towards rent of a family participating in the pilot.” It goes on to say that the “difference between receiving a Basic Income and OW or ODSP payments should therefore be added to the income limits determining the subsidy a family receives for rent, such that its rent subsidies are not reduced as a function of receiving a Basic Income.”

As raised in the Consultation Guide, we agree that it would be far too complex to fold all of the benefits that low-income individuals are eligible for into the Basic Income Pilot. However, we do not think that it is preferable, or even possible, to conduct this project without simultaneously examining how a Basic Income benefit would be factored into RGI calculations. Failure to do so will impact both the administration of the Pilot, and the outcomes that the Pilot will produce.

At this point it is important to stress that, like overall social assistance rates, there are major issues with the current scales used to determine how much an individual on social assistance pays for rent if they are living



in an RGI unit. These scales have not been restructured for decades, have not kept pace with inflation and do not come anywhere close to reflecting current market rents. We believe that it would be problematic to have these out-of-date rent scales entrenched within a new Basic Income framework.

We believe a Basic Income Pilot that does not alter the rental subsidies received by participants will result in skewed and misleading outcomes. For example, under the current system, a single individual who is receiving OW pays a scaled rent and utility charge of \$115 when living in an RGI housing unit. If this same individual was selected to participate in the Pilot study, and if their rental charge and subsidy was not altered, the proportion of their total income spent on rent could decrease substantially depending on which group they were assigned to. In many cases the proportion could fall well below the accepted standard of 30% of household income.

Ultimately, we do not believe that it is the intention of the Province to introduce a Basic Income program while maintaining the current housing subsidy system. Therefore, we have concerns about the validity of comparing individuals receiving the current social assistance benefits with those receiving experimental benefits that may not reflect the actual conditions of a province-wide Basic Income program. It is not unreasonable to assume that an individual spending far less than 30% of their total income on rent would display significantly improved outcomes over someone who remains on current social assistance benefits. However, if these are not the actual conditions that would exist, the benefits of a Basic Income program may be overstated for those currently receiving RGI subsidies. This is not a small implication given that a minimum of 186,717 RGI units are required throughout Ontario via the *HSA*, although we know that many more are currently in existence.

Since ONPHA's members house and administer subsidies to many of the low-income individuals across Ontario who will be participants in the Pilot, they will need further clarification around whatever decisions are made about how to approach Basic Income benefits when completing RGI calculations. Clarification must include how income limits are to be determined, and what is to be considered excluded income, among other things.

Additionally, non-profit housing providers and LHCs operating in Pilot sites must be able to access support from the Service Managers who are overseeing RGI calculations for participants who live in their programs. This ties back into our previous recommendation of selecting Pilot sites that have the capacity and resources to support impacted systems.





## Conclusion

Given our members' knowledge about the interaction between current social assistance and housing subsidy systems, we believe that ONPHA and its members should play an important role in the development, implementation and evaluation of the Basic Income Pilot project. We strongly recommend that a representative from ONPHA be included on the Basic Income Pilot Advisory Council. Having input from those familiar with the current RGI system will be vital as any form of a Basic Income program will necessarily have significant impacts for low-income tenants, as well as the organizations that deliver housing programs and subsidies to serve these individuals. For example, our members frequently deal with issues surrounding fluctuating income and complex family compositions when calculating RGI subsidies. Seeking involvement from those who regularly confront these issues will help the Province avoid pitfalls and explore innovative solutions when designing the Basic Income benefits.

Thank you for the opportunity to participate in this consultation process. We would be happy to discuss any of our recommendations in further detail.

Sincerely,



Meg McCallum  
President

Cc. Hon. Chris Ballard, Minister of Housing, and Minister Responsible for the Poverty Reduction Strategy