



CCPA

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CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

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RentAid changes in 2013: Province increases aid to low-income families

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Last month the Province of Manitoba quietly amended its RentAid regulations. The changes will increase benefits and widen eligibility for thousands of low-income families, seniors, persons with disabilities and single persons living on Employment Income Assistance (EIA). RentAid benefits received by persons on EIA and by other recipients were increased by \$20 and eligible income levels were raised by about 14%. The changes are part of a \$6.3 million commitment by the Provincial government in its 2013 Budget to increase RentAid benefits.

Manitoba RentAid program

The RentAid program is a shelter benefit program for low-income families, seniors and persons with disabilities. It also includes a program to provide an income top up for adults without children on EIA and persons with a disability.

RentAid provides EIA recipients a flat benefit of either \$50 per month for those receiving room and board, or \$80 for those whose rent covers living accommodation only. The other RentAid programs for seniors, families and persons with disabilities are based on a formula that considers income, rent levels, ability to pay and family size. To qualify,

recipients must be paying more than 25% of their income in rent¹. These benefits have a maximum level of \$230 per month.

Table 1: RentAid recipients and benefits²

	Families	Seniors (+55)	Renter with disability	Person on EIA
Maximum eligible income	\$29,839	\$27,126	\$27,126	N/A
Maximum monthly benefit	\$230	\$230	\$230	\$80
Average benefit (2011/12)	\$150	\$102	\$155	\$49
Monthly recipients (2011/12)	2043 (including all non-EIA recipients)			13,009

RentAid paid over \$8.9 million to households on EIA and close to \$3 million to other low-income families in 2012/13. It offers a bridge for families for whom the private rental market fails to provide adequate, affordable and suitable housing. The 2013 Budget projects adding a further \$6.3 million including a \$20 increase for all recipients, and an expanded fund for individuals transitioning off EIA.

Previous calculation for RentAid

Prior to August 2013, RentAid covered only a portion of the difference

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“in August 2013, the average benefit in the Family category increased from \$148 to \$204. However, for many recipients these amendments will only help them to tread water in terms of rent affordability”

between rent and an affordability ratio of approximately 25% of a family's gross income. So for example, a family with an income of \$1,600 per month theoretically could afford up to \$400 in rent. RentAid provided between 60 - 90% of the difference between actual rent and the 25 per cent of income figure.

However, there was considerable discrepancy between the maximum benefit and the average amount recipients received. The amount received depended on a complex formula in which benefit levels dropped off with increased income.

Advantages of new RentAid regulations

The new regulations redress this discrepancy by raising the ceiling before which households are cut off the program and simplifying the formula. As well, the \$20 per month increase helps offset some of the increases in rent and cost of living. Using the same example as above, the family with an income of \$1,600 and an actual rent of \$600 per month would now receive a benefit of between \$189 and \$220. This would effectively reduce their rent to income ratio to 26% to 24% compared to about 30% under the old rules.

This is an improvement over past years that saw absolute and relative deterioration of affordability for low-income renters. For example, in the first month of higher benefits implemented in August 2013, the average benefit in the Family category increased from \$148 to \$204. However, for many recipients, these amendments will only help them to tread water in terms of rent affordability. Much more needs to be done to make the program effective in making rent affordable for all Manitobans.

Finally, the Province introduced a benefit called the RentAid Transition Bonus to low-income households who are transi-

tioning off of EIA and no longer eligible for RentAid. The amount of this benefit is up to \$110 per month for up to two years. This program replaces the Rewarding Work Rent Allowance, which was only \$50 per month for one year, and expands eligibility to those participating in training in addition to those transitioning into employment.

Suggested further improvements to RentAid

- Increase eligibility to include single working individuals and couples.

Contrary to popular belief, many Manitobans struggling below the poverty line are employed. Despite increases in the minimum wage in recent years, it remains difficult for low-wage workers to afford rent in Manitoba. Based on a 40-hour work week, an individual would need to earn \$14.36 per hour to afford an average one bedroom apartment. This is well above the minimum hourly wage of \$10.25. Irregular hours associated with shift work can reduce affordability still further. Although the RentAid Transition Bonus will help some households coming off of EIA, a rental benefit is needed for all low-income individuals at risk from core housing need.

- Reduce the claw back from other tax credit programs

The interaction of the RentAid program with other tax credit programs severely limits its effectiveness for many households. In particular, the Education Property Tax Credit is clawed back dollar-for-dollar for RentAid income³. A typical low-income renting family receiving a RentAid benefit of \$200 per month will see this effective support clawed back by as much as \$58 as a result of the EPTC deduction. This

claw back not only limits the program's effectiveness at reducing rental unaffordability, it also reduces participation rates in the program, as many households see it not worth the bother of applying for a benefit that will be clawed back.

At a time when the Province is increasing education property tax credits or eliminating property tax altogether for some mid- or even high-income seniors, it should reconsider this claw back for low-income households.

- Integrate the RentAid EIA benefit with other RentAid programs and with the RentAid Transition Bonus

Participation rates in the RentAid program in Manitoba are lower than for an analogous program in some other jurisdictions. In 2006, there were an estimated 46,900 households in core housing need in Manitoba⁴. It is likely that the RentAid program has only ever reached a minority of these potential recipients.

One reason is the lack of integration of programs. For example, Quebec's Housing Allowance (AL) program is integrated with its welfare system. "In Quebec, a single mother landing a low paid job that takes her off welfare continues to receive the AL she received while on welfare; if she then becomes unemployed ... the AL simply continues."⁵ In Manitoba having to apply and reapply as financial status changes creates an unnecessary hurdle for families.

Lack of integration also creates challenges for families seeking to navigate the hurdles of a complex and often bureaucratic system of benefits. RentAid applicants must provide evidence of tax returns, proof of income and other documents. While such proofs are important for securing the eligibility of recipients, a more seamless system would be easier to negotiate, especially for recent immigrants or persons with linguistic barriers. The Manitoba govern-

ment is committed to the long-term goal of improving, and streamlining portable shelter benefits to better support transition to financial independence. Integration of programs would help facilitate this objective.

- Index rates and eligibility levels

The increases in RentAid levels in 2013 come after several years of the levels being held constant and, therefore, unable to keep up with inflation. In a comparative analysis of housing benefits around the world, Peter Kemp writes, "states that do not automatically index housing allowances are implicitly prioritizing cost containment over benefit adequacy."⁶ Furthermore, income thresholds also need to be indexed to inflation so that the number of eligible households does not decrease.

RentAid and EIA shelter benefits

In 2012, Make Poverty History Manitoba with the support of a coalition of several dozen community organizations, including CCPA, led a campaign to raise shelter benefits to EIA recipients to 75% of median market rents. Over the past 20 years, EIA rates have not kept pace with rent increases in most Manitoba communities. Increases in RentAid in 2013 came partly as a response to a widespread civil society movement to pressure to government to increase EIA shelter benefits.

A recent Manitoba Housing consultation report found housing to be the number one priority for Manitobans seeking to reduce poverty. The report highlighted the need to increase shelter benefits for EIA recipients as a top priority.⁷

Currently, including the RentAid supplement, the EIA rent allowance for a single person comes to \$365. In Winnipeg, the median market rent for a bachelor suite is \$554.⁸ If the 75% median market rate principle is applied, an individual would

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Table 2: Gap between EIA and Market Rent ^{9,10}

Unit Size	Median Market Rent 2013 (Manitoba)	75% of Median Market Rent	Current EIA Rental Allowance + RentAid
1 Bedroom	\$718	\$539	\$365-\$387
2 Bedroom	\$912	\$684	\$430-\$471
3 Bedroom	\$1,130	\$848	\$471-\$513

receive at least \$415, not including utilities, leaving a large gap in household budgets. For other family types, EIA and RentAid together also fall well short of what is needed for affordability. (See table 2 above.)

This gap means that households are dipping significantly into their food budgets to pay rent. Lack of basic necessities places a significant barrier for families seeking to enter into the labour market, access training or other services. Increasingly, the so-called “welfare wall” has become a welfare pit, taxing the ability of households on EIA to escape their poverty.

Conclusion

The increases in RentAid in 2013 will provide an important tool for making housing more affordable to low income Manitobans. However, with Manitoba’s escalating rent costs, more needs to be done. RentAid should be increased and better integrated with other programs so that together they adequately and realistically reflect the housing market conditions in Manitoba.

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End notes

¹CMHC defines a family in core housing need if it is unable to obtain housing that is suitable (enough rooms for its family size), adequate (not in need of major repairs) and affordable for less than 30% of its pre-tax income. http://cmhc.beyond2020.com/HiCO-Definitions_EN.html#_Core_Housing_Need_Status. The 25% ratio is in recognition of the fact that for very low incomes, even paying 30% of income to rent may be a burden.

² Manitoba Entrepreneurship, Training and Trade, 2012. Annual Report, http://www.gov.mb.ca/ctt/pdfs/11_12_ett_ar.pdf; The Housing and Renewal Corporation Act, Rent-Aid Regulation Amendment, 2013, <http://web2.gov.mb.ca/laws/regs/2013/106.pdf>.

³Canada Revenue Agency, 2012. “5007-TC T1 General 2012-MB479-Manitoba Credits” (lines 20 through 42).

⁴Manitoba Housing, 2009. “HomeWorks: a housing policy and strategy document for Manitoba”, Winnipeg: MB: Manitoba Family Services and Housing

⁵Steele, M. 2007, “Canadian Housing Allowances” in Housing allowances in comparative perspective, P. Kemp ed. Bristol, UK: Policy Press.

⁶Kemp, P. 2007. “Housing Allowances in Context” in Housing allowance in comparative perspective, P. Kemp, ed., Bristol, UK: Policy Press.

⁷Manitoba Housing and Community Development, 2013, All Aboard: What We Heard, Winnipeg, Government of Manitoba

⁸CMHC. 2013, Spring Rental Market Report: Manitoba Highlights <http://www.cmhc-schl.gc.ca>

⁹Ibid.

¹⁰Adapted from Make Poverty History Manitoba, 2012, “Increase Employment and Income Assistance (EIA) Rental Allowance NOW!” <http://policyfix1.files.wordpress.com/2012/10/background-en1.pdf>.

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