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Rent Assist for non-EIA recipients: changes in Manitoba Budget 2015

The community response to increases in Employment and Income Assistance (EIA) shelter benefits through the Rent Assist program tabled in this year's budget has been widely positive.ⁱ For years, Make Poverty History Manitoba and a broad coalition of community groups have been pushing for shelter benefits to be raised to 75 percent median market rent (MMR). With Budget 2015, this commitment has been largely met. Less well understood are the improvements to Rent Assist for low income households not on EIA. This benefit is unique across Canada and provides financial assistance to low income renters including seniors, families and the working poor.

With the Budget 2015 changes, Rent Assist will offer a benefit of between \$20 and \$742 per month, depending on income, rent and household size. The benefit is equal to the difference between 25 percent of household income and 75 percent of MMR. In 2014, the MMR for a two bedroom apartment in Winnipeg was \$950, so a family with an income of \$25,000 is currently eligible to receive up to \$212 per month. This family's benefit is expected to increase to \$221 later this year.

Rent Assist is meant to ensure that households do not need to spend more than 25 percent of their income in rent. In effect, it brings renters' incomes above the "core housing need" – or housing poverty - threshold. With typical benefits in the \$200 per month range for many households, Rent Assist has the potential to contribute to poverty reduction in Manitoba.

Rent Assist is a major benefit for the working poor. For most family types, Rent Assist, when combined with employment paying minimum wage and federal child benefits, can bring before-tax income levels above the Market Basket Measure poverty line, though not above other poverty measures such as the Low Income Cut Off (LICO) – as shown in the table below.ⁱⁱ It should be noted that the income levels of households receiving Rent Assist are generally below the Living Wage and Accepted Income Levels (ALL) levels in most parts of the province.

Table 1

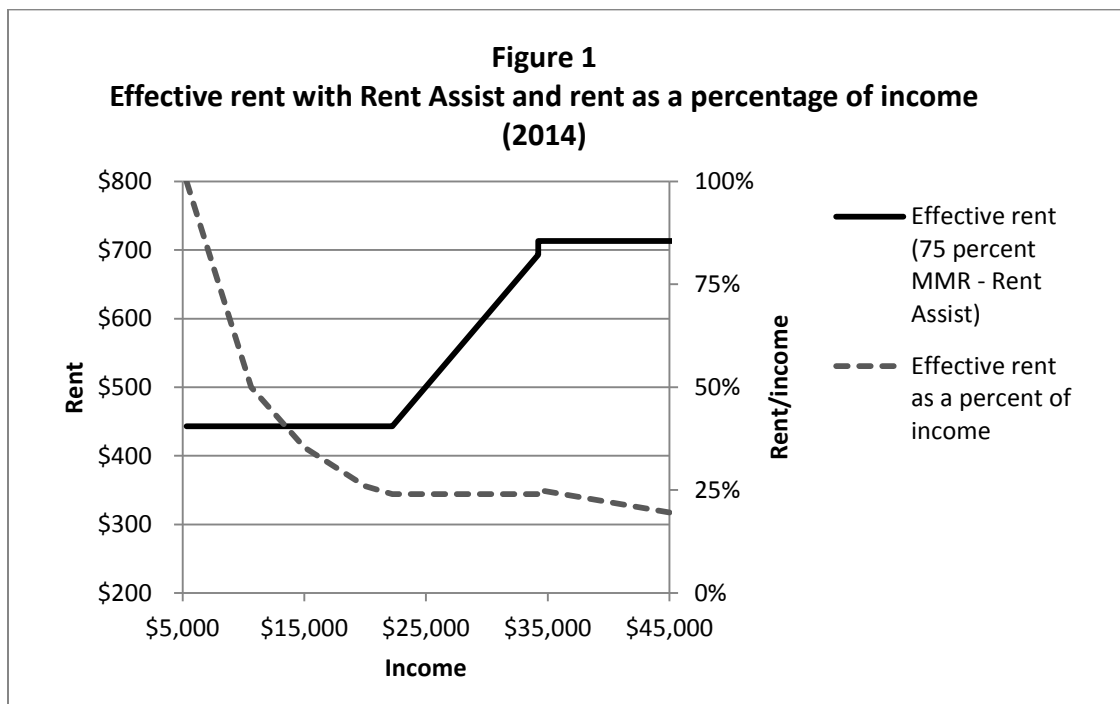
Total income for single income household earning minimum wageⁱⁱⁱ

Family size	Wage income*	Federal Child Benefits	Rent Assist	Total before tax income	Market Basket Measure	LICO- (Before Tax)
1	\$21,400	\$0	\$962	\$22,362	\$17,609	\$24,409
2	\$21,400	\$5,607	\$1,478	\$28,485	\$24,899	\$30,387
3	\$21,400	\$9,755	\$3,206	\$34,361	\$30,499	\$37,358
4	\$21,400	\$15,108	\$4,394	\$40,902	\$35,218	\$45,357
5	\$21,400	\$19,261	\$4,394	\$45,055	\$39,374	\$51,444

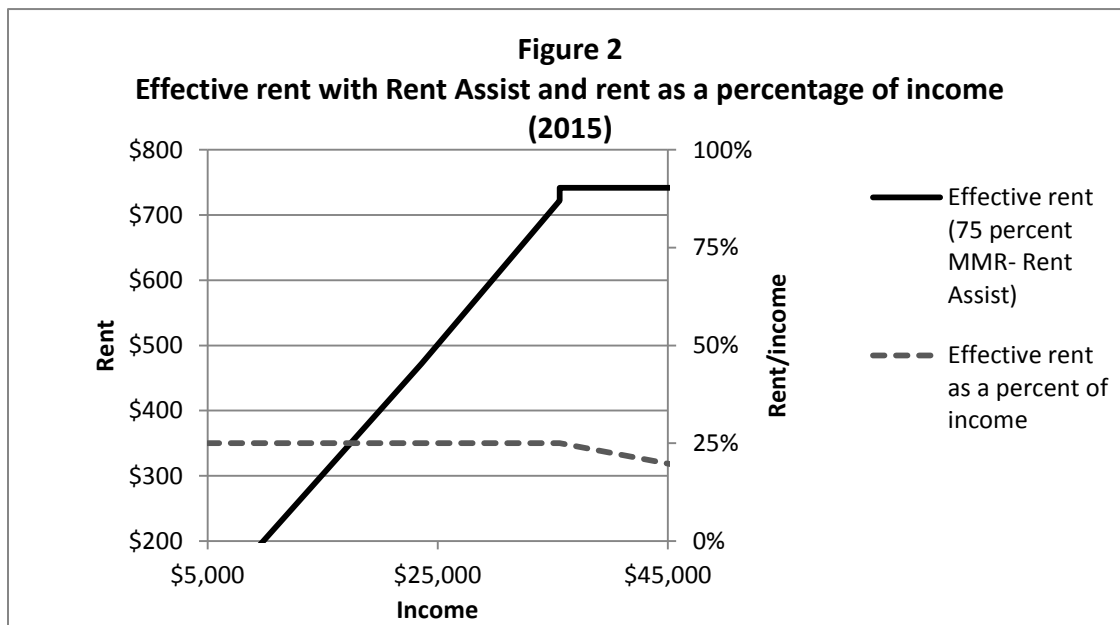
* based on \$10.70/hour, full-time, full-year (2000 hours per year)



One significant change to the Rent Assist program in the Budget 2015 is that it increases benefits for non-EIA households with very low incomes. A draw back of the Rent Assist program as it was initially designed was that benefits capped out at a maximum of \$270 per month, leaving some households with unaffordable rents. In Figure (1) below “effective rent” refers to the out of pocket rent paid by a beneficiary. It is calculated using 75 percent MMR for a two bedroom minus the Rent Assist a household would receive at various income levels. A family renting a two bedroom at 75 percent MMR rent saw their benefits reach the maximum level when their annual income was below \$22,223.^{iv} At this level and above, rent as a percentage of income remained below 25 percent. However, at lower income levels, rent as a percentage of income becomes exponentially more unaffordable. With incomes below \$10,500 households would pay more than 50 percent of their income in rent under the 2014 system. For a household with an income of \$5000, effective rent would equal more than 100 percent of income.



Changes to the program in 2015 remedy this fault. The benefit caps out at 75 percent MMR, so that theoretically, a household with zero income would have their entire rent covered by the program. Figure (2) demonstrates the effect these changes will have on effective rents and rents as a percentage of income for low income renters. In 2010, there were over 7,100 renters in Manitoba with incomes below \$20,000 in unaffordable housing^v, so the population that could benefit from these changes is substantial. As well, the levels in the program have been adjusted to reflect 2015 median market rent levels in Winnipeg. Although the full details of the changes have not been released, it appears that there may also be larger maximum benefits for families which require three or more bedrooms.



Median Market Rent Threshold

One concern with Rent Assist is that the threshold of 75 percent MMR is too low. There is very limited availability at the lower end of the rental market. In Winnipeg, the vacancy rate in the cheapest quartile was only 1.7 percent in 2014, well below the city-wide average.^{vi} Many low income households are forced to rent suites at the median market rent or above. When they do, they pay more than 25 percent of their income for rent. For example, an individual earning \$18,000 per year, paying the average market rent for a one bedroom in Winnipeg of \$754 would receive \$151 through Rent Assist. Even with this subsidy, effective rent would still account for 40 percent of her income. Other programs, including the Province's own Affordable Rent criteria, use 100 percent median market rent, so aligning Rent Assist's threshold with these other programs would also provide greater continuity with other benefits.

Take up of Rent Assist

Approximately 3,000 households receive Rent Assist each month, up from about 2,000 per month in 2013. Nonetheless, this is only a small portion of the population that is eligible. Approximately 20,000 Manitoba renters are in the income ranges covered by the program and are paying unaffordable rent, based on National Household Survey data. This likely is an underestimation given the low response rate in the NHS among low-income, inner city and Aboriginal households. Low take up of the Rent Assist program may be the result of limited advertising and public awareness of Rent Assist. Community organizations can play a role in promoting the use of this benefit, but without greater promotion by government, awareness and take up will be limited. Government should develop a promotion strategy, and set targets for increasing the take up rates for the program.



Rent Assist as Basic Income component

While Rent Assist does not meet the technical definition of a basic income program, as it is targeted to only a segment of the population, in some respects it follows a similar logic. Rent Assist ensures that all citizens should have access to affordable rent. As with programs such as Old Age Security (OAS) for seniors and federal child care benefits for families, payment is not made conditional upon participation in the labour market and does not require ongoing contact with social service agencies or case workers as with EIA benefits. Housing is a fundamental condition of health, well-being and social participation that it is essential that all residents in Manitoba have access. Rent Assist is a step in that direction. It begins to take us down the road towards a province where the basic necessities of life and dignity can be met as fundamental rights for all Manitobans.

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ⁱ Make Poverty History Manitoba. 2014. *A Poverty Reduction Budget for Manitoba*:

<http://makepovertyhistorymb.com/2015/05/04/a-poverty-reduction-budget-for-manitoba/>

ⁱⁱ For explanations of the differences among poverty measures, Social Planning Council of Winnipeg, 2014. *Measuring Poverty: Primer – Statistical Tools*: <http://www.spcw.mb.ca/files/8713/9085/1649/PovertyMeasurementsPrimer-2014.pdf>

ⁱⁱⁱ Based on communications with Manitoba Finance.

^{iv} Calculations made using Rent Assist estimator: <http://www.gov.mb.ca/jec/eia/rentassist/estimator.html>

^v Statistics Canada, 2011 National Household Survey, Statistics Canada Catalogue no. 99-014-X2011028.

^{vi} CMHC Housing Market Information Portal: <https://www03.cmhc-schl.gc.ca/hmiportal/en/#TableMapChart/2680/3/Winnipeg>