

Blueprint for a Canada Housing Benefit System: Architecture and design features

Questions and answers

What are you proposing in brief?

Canada should turn today's complex patchwork of rent supports into a permanent Canada Housing Benefit System: an entitlement-based, portable housing benefit for low-income renters, built through federal-provincial-territorial cooperation, and guided by a common national standard.

What is the problem you're trying to solve?

This is not a proposal to fix housing in Canada. We are trying to solve the immediate affordability crisis facing low-income renters, especially people who are already unhoused and renters who are at risk of losing housing. Too many people are in core housing need or homelessness, not because there is nowhere for them to live, but because they do not have enough income to pay rent.

Why not build more housing instead of creating housing benefits?

We need both new supply and new benefits. On the supply side, Canada is especially in need of more social and supportive housing. But, realistically, building enough new supply to address homelessness and restore affordability for low-income renters will take years – possibly decades. Income support works today. Manitoba's Rent Assist benefit shows how housing benefits can reduce evictions and move people into housing while supply catches up.

Won't housing benefits just push rents higher?

At the household level, the benefit design makes sure landlords don't know if their tenants are receiving a benefit, and a landlord can't affect the benefit amount by raising the rent. At the market level, strong rent regulations will prevent rent inflation and protect the value of housing benefits over time.

Won't the benefit discourage people from working?

The benefit is designed so support decreases gradually as income rises. Even when people earn more, they still receive some support. The key design principle is to avoid steep clawbacks that punish having higher earnings. Also, by replacing existing benefits rather than layering on top of them, we avoid stacking multiple clawbacks at once.

Who can qualify, and how much can they get?

The design of the benefit targets low-income households. Each household is expected to contribute 30 per cent of their income towards rent because this is the commonly used threshold for housing affordability in Canada. The housing benefit will then fill any remaining gap between that contribution and 80 per cent of the median market rent for an appropriately sized unit in that province's largest city. This will make sure each household can afford a modest place to live.

Why not base it on actual rent instead of a benchmark?

Using a benchmark prevents rent inflation, avoids over-subsidizing higher-cost units, rewards households who are able to find a cheaper place to live, and is administratively simple.

How is this different from the current Canada Housing Benefit (CHB)?

While it has had some success housing people on an urgent basis, the CHB is not an entitlement-based income support. It is more like a block transfer to the provinces. It is time-limited, too small to help everyone who needs it, and used completely differently from place to place. Our proposal builds off what's working with the CHB and other housing benefits to redesign our current patchwork system into a permanent, adequately funded, consistent national housing benefit framework with provincial flexibility to meet local needs.

How is this different from a housing voucher program?

A voucher is portable like our benefit, but it places more restrictions on the household. Landlords also know when someone has a housing voucher, which can lead to stigma, discrimination, and rent manipulation. Our proposal is more like the Canada Child Benefit or Guaranteed Income Supplement, but for rent.

Why do you use Manitoba's Rent Assist program as a model?

Rent Assist is the most adequate, accessible, and meaningful housing benefit currently offered in Canada. It's not perfect, but it's a great starting point for the rest of Canada.

Can we afford this?

Yes, an adequate housing benefit system is affordable within our current fiscal context. Estimates from similar benefit designs suggest a cost of roughly \$3B - \$4B annually – not an unusually large cost in the context of housing development. These estimates also do not account for the net impact from our proposal to consolidate existing provincial and territorial housing benefits into a single, coherent system.

Furthermore, given the societal cost of homelessness and housing instability, governments are already paying for the myriad effects of the housing and homelessness crisis – money that is better spent keeping people housed.

Why should provinces want to participate?

It's a concrete, practical response to an urgent problem facing every province. Plus, they won't be doing it alone: The federal government will be an equal partner, helping to pay for the new housing benefit system. Provinces will also get credit for existing investments in housing benefits that are rolled into the new system, and they can negotiate some aspects of the design of their housing benefit to meet their unique needs.

The idea is to combine federal leadership with provincial delivery, drawing on the best of Canada's federal structure:

- The federal government sets a national standard, provides significant funding, and creates the framework for consistency and accountability.
- Provinces and territories adapt the design to local conditions, administer the benefit, and integrate it with their existing systems.

How will benefits be delivered?

Most households would receive their benefit through the tax system, the same way child benefits are delivered. This is the most efficient way to deliver income-tested benefits at scale.

What about non-tax-filers or people with complex needs?

For those who are not ready to use the tax system, a second access stream will use the existing provincial social assistance infrastructure so that caseworkers can help people get their housing benefit and pay their rent.

However, housing benefits alone won't be enough, which is why we also call for provinces and territories to expand supportive housing and explore additional supports.

What will happen to other programs like rent-geared-to-income (RGI) housing and social assistance in this new system?

At least to start, our proposal is that only people renting in the private market would receive a housing benefit. Social housing would be unaffected.

Some social assistance benefits and other small housing benefits may be replaced by the new, more generous housing benefit system. This will look different in each province as the new housing benefit becomes a clearer, more consistent component of income support systems from coast to coast.

Maytree will explore these and other jurisdiction-specific design questions in our next set of publications.

How long will it take to implement this?

The Canada Housing Benefit System will not happen overnight, but it could be done in a way that makes an immediate positive impact. Because this builds on programs and systems that already exist, governments could begin expanding and aligning their current housing benefits right away.

Creating a fully coordinated Canada Housing Benefit System with a common national standard and integrated provincial and territorial benefits would take several years to plan and implement. The work would include:

- Negotiating agreements between levels of government.
- Aligning or combining existing programs and rules at the provincial or territorial level.
- Adapting delivery systems.
- Phasing in coverage and benefit levels.

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