

Attn: Standing Senate Committee on National Finance
regarding Bill C-31: An Act respecting cost of living measures
related to dental care and rental housing

Brief on the Proposed Rental Housing Benefit Clause Related to Residents of Multi-Tenant Dwellings

The proposed rental housing benefit includes eligibility criteria based on age, residence in Canada, family type, income, and rental payments. While it is important to ensure that the benefit is targeted to renters with lower incomes, the proposal invokes a **double test** by asking for applicants to attest that they spend at least 30 per cent of their income on rent. Although this question is aligned with the Canada Mortgage and Housing Corporation's official definition of unaffordable housing, it has practical implications that make the benefit difficult to access.

First, eligibility is based on whether annual adjusted family net income or AFNI – a tax-based definition that includes earnings and income supports like social assistance benefits or Guaranteed Income Supplement — is below \$20,000 for a single person and \$35,000 for families. For those with such low incomes, **any proportion spent on rent would be a financial burden**, especially in the current high rent and inflationary environment. Second, **this type of attestation ignores the reality of what it would take to implement it** — it would require unnecessary work on behalf of the applicant, would be difficult for the government to verify, and assumes that tenants both know their landlord and are in a position to collect and provide this documentation. Lastly, **the combination of the 30 per cent attestation and the proposed paragraph related to multi-tenant dwellings could exacerbate inequities.**

Section 4(2) of the proposed Rental Housing Benefit Act states that eligibility for the rental benefit for renters in multi-tenant dwellings will be calculated using **90 per cent of payments**, rather than the full amount paid, for board or other services. While, in theory, these payments may include other amounts besides rent, in reality, they are not split up by a particular proportion that could be verified or applied universally in determining eligibility (e.g., 90 per cent for rent and 10 per cent for other costs).

More importantly, by making less of their housing payments count, it could also mean that fewer people in multi-tenant dwellings would be eligible. For example, in Toronto, rent for multi-tenant dwellings can range from \$400 to \$700 per month.¹ If a single

¹ Maytree. (2020). "A Human Rights Review of Toronto's Multi-Tenant Homes Policies." Accessed at: https://maytree.com/wp-content/uploads/Human_Rights_Review_Toronto_MTH_Policies.pdf

person rented a unit in a multi-tenant dwelling at the lower end of the spectrum of \$400 per month or \$4,800 per year, only \$4,320 (i.e., 90 per cent of \$4,800) of their rent would count towards determining eligibility for the benefit. As a result, they could only have an annual AFNI of \$14,400 or less to qualify for the payment, as their rental payment would equal or be more than 30 per cent of their income. On the other hand, a single person living in a private dwelling with the same rent amount (i.e., \$400 per month or \$4,800 per year) could qualify for the benefit if their AFNI was \$16,000 or less.

While the qualifying AFNI amounts for renters of multi-tenant and private dwellings do not appear to be significant, Section 4(2) of the proposed Act unduly pronounces disparities between people with similar rent expenditures. Furthermore, such policy would not yield significant fiscal savings for government. According to the 2021 Census, over 16,600 people live in lodging and rooming house collective dwellings across Canada² — a small proportion of the tenant population who could greatly benefit from such a rental top-up.

With these considerations in mind, we recommend that the government:

- 1. Remove the attestation criteria requiring that people attest that they pay at least 30 per cent of their income on rent; and**
- 2. Remove Section 4(2) of the proposed Rental Housing Benefit Act pertaining to residents of multi-tenant dwellings.**

Analysis by Sam DiBellonia and Garima Talwar Kapoor, Maytree.

² Figure from Ricardo Tranjan of the Canadian Centre for Policy Alternatives, using Statistics Canada data table 98-10-0044-01: Type of collective dwelling and collective dwellings occupied by usual residents and population in collective dwellings: Canada, provinces and territories.