



You can't build Ontario on a crumbling foundation: Recommendations to strengthen the social safety net

**Written submission for the 2023 Ontario
pre-budget consultations**

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Maytree is a charitable organization dedicated to creating solutions to poverty.

At Maytree, we believe the most enduring way to fix the systems that create poverty is to ensure that economic and social rights are protected, respected, and fulfilled for all people living in Canada. Our submission to the 2023 pre-budget consultation focuses on improving Ontario's social safety net.

Guiding principles

To ensure that everyone in Ontario lives a life with dignity, we recommend that the government improve income and housing supports guided by the following principles:

- **Adequacy:** supports should, at the very least, be provided at a level that helps people achieve a minimum standard of living.
- **Equity:** efforts to strengthen the social safety net should both recognize and prioritize people's differing needs and circumstances.
- **Accountability:** the government should meaningfully engage with those most affected by its decisions and take initiative to publicly explain them in a clear and transparent way.

Strengthening the social safety net in the 2023 Ontario budget

Recommendation 1: Improve the adequacy of social assistance benefits.

- Commit to a multi-year plan for across-the-board rate increases, with a goal of making social assistance benefits adequate to reflect people's changing needs and circumstances.
- As the multi-year plan is developed, immediately raise Ontario Works benefits by at least 12 per cent against fall 2018 rates (i.e., equal to a three per cent yearly increase over the past four years), as benefit levels have been frozen since then. For people receiving Ontario Disability Support Program (ODSP) benefits, an equivalent increase would mean increasing ODSP by seven per cent, given that rates were increased by five per cent in 2022.
 - With a 12 per cent increase, a single person in 2023 could receive about \$821 per month from Ontario Works or about \$1,310 per month from ODSP.
- Index Ontario Works annually to inflation, in line with ODSP, to ensure that the value of social assistance is not eroded over time. Although current benefit levels

are inadequate, indexing Ontario Works to inflation would at least limit its diminishing purchasing power.

- Increase the amount that can be earned without clawing back Ontario Works by \$500 a month, from \$200 to \$700. Under current benefit levels, the point at which single adults no longer qualify would increase from roughly \$20,000 in earnings to \$26,000 per year - just below what an Ontarian could make working full-time at the minimum wage.
- Index the Ontario Works and ODSP earnings exemptions to inflation, just like the minimum wage. This would ensure that the earnings exemption increases at the same pace as the minimum wage, enabling people who receive social assistance to maintain their level of earnings, adjusted to inflation.
- Consider options to reduce the rate at which certain benefits, such as Canada Pension Plan and Employment Insurance benefits, claw back social assistance.
 - Currently, these benefits claw back social assistance dollar-for-dollar, meaning that every dollar reduces social assistance by that same amount.
 - Since these benefits are meant to replace earnings, they should be, at the very least, treated in a similar way.
- Provide the maximum shelter allowance to all recipients, regardless of their shelter costs.

Recommendation 2: Strengthen the broader income support system for unattached working-age adults and people with disabilities.

- Advocate for the federal government to transform part of the Canada Workers Benefit (CWB) into the Canada Working-Age Supplement (CWAS) for unattached working-age single adults, as proposed by Maytree and Community Food Centres Canada.¹ The CWAS would:
 - Add a floor benefit of \$3,000, meaning that recipients would not need to have earnings to receive support;
 - Boost earnings by up to \$1,000;

¹ For more details on the CWAS proposal, see: Talwar Kapoor, Garima et al. (2022). “How to reduce the depth of single adult poverty in Canada: Proposal for a Canada Working-Age Supplement.” Maytree and Community Food Centres Canada. Accessed at: <https://maytree.com/wp-content/uploads/canada-working-age-supplement-report.pdf>.

- Raise the maximum yearly benefit to \$4,000, the total of the floor benefit plus the employment boost; and
- Expand the reach of the program, meaning that benefits would be provided until adjusted family net income reaches \$49,611.
- Alternatively, develop an Ontario-specific solution to support single working-age adults. This could include reconfiguring the CWB in Ontario to the design of the CWAS for single recipients or developing a provincial refundable tax credit that does not require labour market attachment.
- Proactively work with the federal government to embed guaranteed minimum protections within the design and implementation of the Canada Disability Benefit.²

Recommendation 3: Support the protection and development of affordable rental housing.

- Provide more funding for:
 - Non-profit housing developers for the use of capital repairs and to support operating expenses;
 - An acquisition fund for the purpose of acquiring multi-family residential properties to be used as purpose-built rental accommodations, similar to the \$500 million B.C. Rental Protection Fund; and
 - The Canada-Ontario Housing Benefit, alongside the federal government, so that more people can receive this support.
- Review certain elements of Ontario’s Housing Supply Action Plan that will harm the protection and creation of affordable housing for people in core housing need, who are already faced with the greatest challenges related to unaffordable, unsuitable, and/or inadequate housing. This includes removing:
 - Sections of the plan related to a province-wide definition of affordable housing, since such a definition would end up superseding local definitions that have already been developed through extensive stakeholder and technical expertise;

² For more details on Maytree’s recommendations regarding the Canada Disability Benefit, see: Tabbara, Mohy and Garima Talwar Kapoor. (2022). “Advancing the Canada Disability Benefit quickly to meaningfully support working-age adults with disabilities.” Maytree. Accessed at: <https://maytree.com/wp-content/uploads/HUMA-submission-canada-disability-benefit-maytree.pdf>.

- Sections of the plan related to attainable housing until a meaningful consultation has taken place on its purpose and definition; and
- The phrase “imposing limits and conditions” from Bill 23’s amendments to the *City of Toronto Act*, 2006 and the *Municipal Act*, 2001 regarding municipal rental replacement policies, so that the Minister’s proposed new regulatory powers are not focused solely on limiting, but also complementing, existing local policies.
- Strengthen Ontario’s rent control policies so that investments in affordable housing are not eroded over time. This includes extending rent increase guidelines to residential housing built or occupied after November 2018 and limiting rent increases between tenancies so that rents reasonably keep pace with market rates without exacerbating inequities between long-term and new tenants.
- Work with the Landlord and Tenant Board to publicly report landlord applications for evictions. This would help the government to understand how people are operating in the current system, the impacts of evictions on the loss of affordable rental housing, and potential ways forward to increase oversight and tenant protections.

Recommendation 4: Complement efforts from other orders of government to improve income and housing security.

- Monitor Ontario’s investments in income and affordable housing supports, setting targets for these supports (e.g., the number of households lifted out of poverty or removed from core housing need), and publicly reporting on progress against these targets over time.
- Compensate municipalities fully for lost revenue from development fee exemptions so that vital public services are not reduced as a result. If not, the province should consider revisiting planned development fee exemptions for new housing, except for those provided to non-profit housing developers. This compensation should come from the Ontario government directly, not from federal funding earmarked for the Housing Accelerator Fund.
- Ensure that federal supports, such as the one-time rental assistance benefit of \$500, the planned Canada Disability Benefit, or proposals such as the CWAS, do not lead to reductions in social assistance benefits.
- Work with other governments, Indigenous Peoples, and people with lived expertise on a common definition of affordable housing that can be used for

policies and programs. This definition should be based on both income and housing costs and aim to target people in, or at risk of, core housing need.

- Support federal and municipal efforts to increase supportive housing by providing more funding for support services, as well as additional funds to help cover operating costs.

Setting the context: You can't build on a crumbling foundation

The 2022 Ontario budget made plans to build a more prosperous province. Budget 2023 will likely highlight how the government is furthering these efforts.

However, this plan to build can only be realized if Ontario's foundation – its social safety net – is repaired.

Our recommendations in this submission aim to improve Ontario's social safety net so that Ontario's plan will be inclusive and successful. This is what we know:

1. The social assistance system is woefully inadequate.

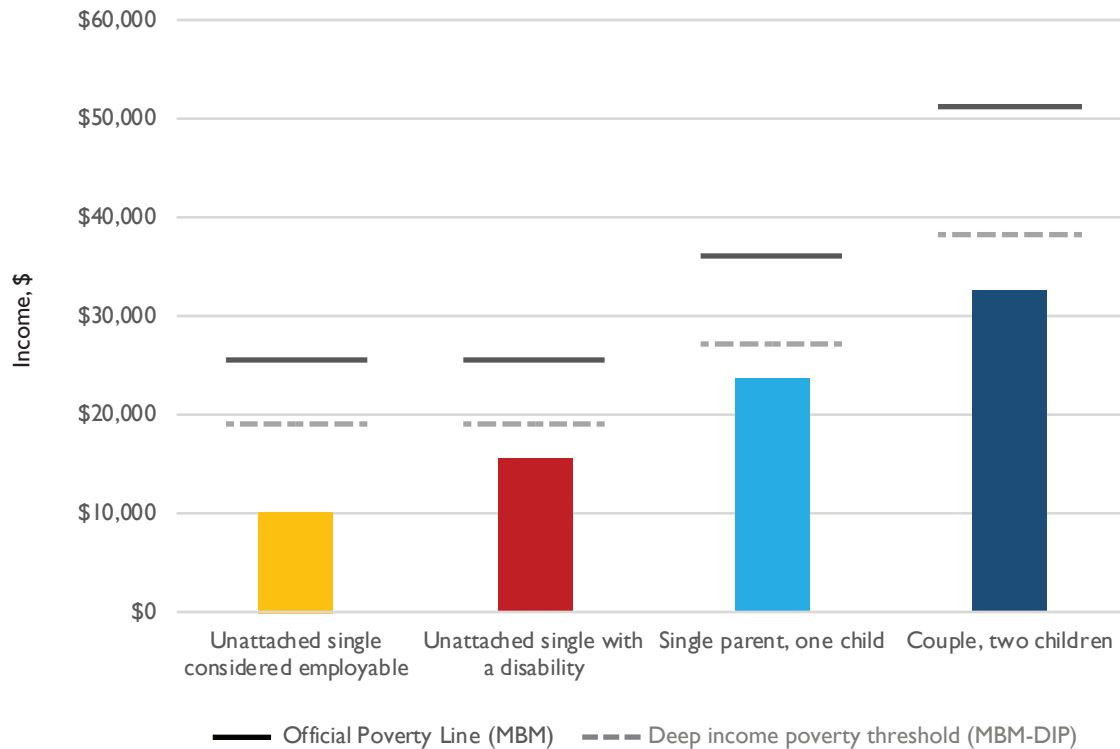
Maytree's analysis of welfare incomes indicates that existing income supports, including social assistance benefits, are not enough for people to live a life with dignity.³ For example, in 2021, the maximum welfare income for:

- Unattached singles considered employable was \$10,105;
- Unattached singles with a disability was \$15,449;
- Single parents with one child was \$23,777; and
- Couples with two children was \$32,657.

Comparing these benefits to Canada's Official Poverty Line, the Market Basket Measure (MBM), and the deep income poverty threshold of 75 per cent of the MBM, further illustrates how deeply inadequate these benefits are to support people who need them.

3 Laidley, Jennefer and Mohy Tabbara. (2022). "Welfare in Canada, 2021." Maytree. Accessed at: https://maytree.com/wp-content/uploads/Welfare_in_Canada_2021.pdf.

Figure: Adequacy of welfare incomes for households in Ontario, 2021



Note: All households are receiving social assistance for the first time in 2021, and are assumed to have received it for the entire 2021 calendar year. They are also assumed to not have employment income.

As the figure above shows, in 2021, the maximum welfare incomes of the example households in Ontario were below both the Official Poverty Line and the deep income poverty threshold, with unattached singles considered employable having the lowest relative incomes.⁴

Those accessing social assistance are also faced with complex rules that make navigating the system difficult and, in some cases, can even exacerbate inequities. For example, social assistance financial support is separated into two components for basic needs and shelter costs. Yet, some people, such as those experiencing homelessness, do not have a permanent place to live and may have lower or no shelter costs as a result. This means they can only access the basic needs benefit, and some or none of the shelter allowance. Given that average rents across Ontario greatly exceed maximum shelter allowances, the reality that people facing homelessness do not receive even the maximum shelter allowance only deepens their housing need.

⁴ Ibid. The MBM threshold in Maytree’s *Welfare in Canada* report is for the largest city in the province or territory. For Ontario, the MBM threshold for Toronto was used.

Despite these challenges, the government is not improving the social assistance system. Except for an increase to ODSP in fall 2022 – 5 per cent compared to the average annual inflation rate of 6.8 per cent in 2022 – social assistance benefits have been frozen since 2018. In addition, unlike ODSP, Ontario Works benefits are not being indexed to inflation going forward.

2. Gaps in income support are leaving unattached working-age single adults and people with disabilities behind.

Evidence shows that:

- Unattached working-age single adults experience higher poverty rates than the rest of the population. An analysis by Maytree and Community Food Centres Canada found that over 35 per cent of single working-age adults who filed taxes experienced low income compared to about 10 per cent of couple families in 2019.⁵
- Of the 1.8 million people with incomes below 75 per cent of the MBM, half were unattached working-age single adults.⁶
- In 2019, 17 per cent of persons with disabilities aged 16 to 64 had incomes below the MBM, compared to 8.4 per cent of persons without disabilities.⁷

Yet unattached working-age adults do not have access to substantial financial support without it being tied to work.

For example, Ontario’s Low-Income Individuals and Families Tax Credit (LIFT) is a non-refundable credit that provides personal income tax relief to people with lower earnings. But this support is only beneficial if you have taxes owing. In addition, the province’s most recent enhancement to the LIFT credit is limited to people with moderate earnings – by the government’s own estimates, most of the projected 700,000 new beneficiaries have annual incomes between \$38,500 and \$50,000.⁸ This enhancement will leave out people with the lowest earnings levels

5 Statistics Canada. (2023). “After-tax low income status of tax filers and dependants based on Census Family Low Income Measure (CFLIM-AT), by family type and family type composition.” *Table 11-10-0018-01*. Accessed at: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110001801>.

6 Talwar Kapoor, Garima et al. (2022). “How to Reduce the Depth of Single Adult Poverty in Canada: Proposal for a Canada Working-Age Supplement.” *Maytree and Community Food Centres Canada*. Accessed at: <https://maytree.com/wp-content/uploads/canada-working-age-supplement-report.pdf>.

7 Statistics Canada. (2022). “Poverty and low-income statistics by disability status.” *Table 11-10-0090-01*. Accessed at: <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1110009001>.

8 Ontario Ministry of Finance. (2022). “Annex: Details of Tax Measures and Other Legislative Initiatives.” <https://budget.ontario.ca/2022/annex.html>.

and ignores the fact that many do not have control over when, and how many hours, they work.

To address some of these gaps, Maytree and Community Food Centres Canada have proposed expanding part of the federal Canada Workers Benefit (CWB) into the Canada Working-Age Supplement (CWAS) so that more support is provided to unattached working-age single adults. The Ontario government's advocacy to implement the CWAS and other federal proposals (e.g., Canada Disability Benefit) would improve the incomes of people living in deep poverty.

3. Affordable and deeply affordable rental housing is lacking.

In 2021, 12.1 per cent of Ontario households lived in core housing need – meaning that the Canada Mortgage and Housing Corporation (CMHC) considered their housing unaffordable, inadequate, and/or unsuitable. Ontario's core housing need rate was higher than the national average of 10.1 per cent.⁹

According to Statistics Canada, renters are much more likely to experience core housing need than homeowners, with nearly 25 per cent of Ontario renters falling into this category compared to 6.4 per cent of Ontario homeowners in 2021.¹⁰ This was particularly the case in Toronto, with renters nearly three times more likely than homeowners to experience core housing need (i.e., 28.7 per cent compared to 9.6 per cent).¹¹

That said, Statistics Canada also reported that, overall, core housing need rates in both Canada and Ontario declined in 2021 compared 2016. This is largely because many lower-income people received temporary pandemic-related financial support during this time that increased the amount of income they had to spend on housing. In addition to higher financial support, many governments implemented rent freezes in 2021, which temporarily dampened rent growth. However, these measures have since been reversed, and core housing need is likely to return to pre-pandemic levels in future years.

Despite this evidence on the impact of more rent support on lowering core housing need, Ontario's housing supply action plan – particularly, the *More Homes Built Faster Act, 2022* – focuses on lowering building costs for developers. This support

9 Statistics Canada. (2022). "Core Housing Need in Canada." <https://www150.statcan.gc.ca/n1/pub/11-627-m/11-627-m2022056-eng.htm>.

10 Statistics Canada. (2022). "Percent of households in core housing need by tenure, 2016 and 2021." *The Daily*. Accessed at: <https://www150.statcan.gc.ca/n1/daily-quotidien/220921/t006b-eng.htm>.

11 Statistics Canada. (2022). "To buy or to rent: The housing market continues to be reshaped by several factors as Canadians search for an affordable place to call home." *The Daily*. Accessed at: <https://www150.statcan.gc.ca/n1/daily-quotidien/220921/dq220921b-eng.htm>.

will come at a high cost to municipalities and, ultimately, to property taxpayers, since cities rely on these fees for water, transit, and other vital public services. Staff from the City of Brampton, for example, estimate that the government's changes will cost the city about \$440 million in lost revenue, leading to a property tax increase of nine per cent to recover these costs.¹²

Further exacerbating these challenges are new, province-wide standards for affordable and attainable housing that are tied to average market rents, rather than incomes, which have been proven ineffective at creating affordable rents.¹³ The Minister of Municipal Affairs and Housing will also be granted a new regulatory power to limit municipal policies that protect affordable rental housing from being replaced.

Taken together, the government's new housing plan is unlikely to have a real impact on those in greatest housing need. Efforts should instead be made to decelerate unsustainable rent increases and explore ways to support non-profit housing providers (e.g., through funding for operations, acquisitions of rental properties).

4. Ontario is undermining efforts from other governments to support people living in poverty by working in a silo.

Over the past few years, Ontario's counterparts in the federal government and across municipalities have taken some important steps towards improving income support and housing affordability.

Unfortunately, these efforts by other orders of government are being undermined by the Ontario government's underspending on critical public services. For example, according to the Financial Accountability Office of Ontario, in the fourth quarter of 2021-22 alone, the government underspent what was planned for Ontario Works and ODSP financial support by \$626 million.¹⁴ This lower spending is largely because the Ontario government clawed-back social assistance benefits from recipients that may have also received federal pandemic-related financial

12 Smee, Michael. (2023). "Property tax hikes loom in wake of provincial housing rule changes, GTA municipalities warn." *CBC News*. Accessed at: <https://www.cbc.ca/news/canada/toronto/development-charge-property-tax-survey-1.6706263>.

13 Blueprint. 2022. "Analysis of Affordable Housing Supply Created by Unilateral National Housing Strategy Programs." Research Report Prepared for the National Housing Council Working Group on Improving the National Housing Strategy. Accessed at: <https://assets.cmhc-schl.gc.ca/sites/place-to-call-home/pdfs/analysis-affordable-housing-supply-created-unilateral-nhs-programs-en.pdf>.

14 Financial Accountability Office of Ontario. (2022). "Expenditure Monitor 2021-2022: Q4." Accessed at: <https://www.fao-on.org/web/default/files/publications/FA2201%20Expenditure%20Monitor%202021-22%20Q4/Expenditure%20Monitor%202021-22%20Q4-EN.pdf>.

support (e.g., through the Canada Recovery Benefit). The resulting effect was significant savings that have not been reinvested into social assistance.

This underspending is not a one-time occurrence, but a longer-term trend in provincial decision-making. For example, the Financial Accountability Office of Ontario found that between 2011 and 2018, even though the number of households in core housing need increased by just over 19 per cent, the number of households receiving provincial housing support decreased by 4 per cent. This situation led to an increase in the waiting list for social housing in Ontario by 27 per cent.¹⁵

Adding to the financial pressure faced by lower-income Ontarians is a weak system of rent control. For example, only buildings occupied or built before November 2018 are subject to annual rent caps in Ontario. In addition, there are no limits to the amount that landlords can charge between tenancies.

A new report by the CMHC on the purpose-built rental market highlights the impacts of weak rent controls. Across Canada, the average rent for two-bedroom units that were taken over by new tenants increased by 18.3 per cent between October 2021 and 2022,, compared to 2.9 per cent for similar units occupied by existing tenants. The situation is even worse in Toronto, with the average rent for a two-bedroom unit taken over by a new tenant increasing by a startling 29.1 per cent between October 2021 and 2022, compared to 2.3 per cent for similar units with existing tenants.¹⁶

With an estimated \$3.5 billion in surplus dollars and the jurisdiction to regulate annual rent and vacancy increases, it doesn't have to be this way.¹⁷ It is time for Ontario to do its part to support, rather than erode, the efforts of other governments to improve income and housing security.

The way forward

The government's plan to build Ontario up will not work unless it is done on a solid foundation – and that foundation is the social safety net.

15 Financial Accountability Office of Ontario. (2021). "Housing and Homelessness Programs in Ontario." Accessed at: <https://www.fao-on.org/web/default/files/publications/FA1906%20Affordable%20Housing/Housing%20and%20Homelessness%20Programs-EN.pdf>.

16 Canada Mortgage and Housing Corporation. (2023). "Rental Market Report: January 2023 Edition." Accessed at: <https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/market-reports/rental-market-report/rental-market-report-2022-en.pdf?rev=fc1865db-acac-4be3-979a-e3074b4eb521>.

17 The estimated \$3.5 billion surplus is taken from the Financial Accountability Office of Ontario's latest expenditure monitor report for 2022-23, accessed at: <https://www.fao-on.org/web/default/files/publications/FA2205%20Expenditure%20Monitor%202022-23%20Q2/Expenditure%20Monitor%202022-23%20Q2-EN.pdf>.

To this end, Maytree calls on the Ontario government to:

1. Improve the adequacy of the social assistance system;
2. Strengthen the broader income support system for unattached working-age adults and people with disabilities;
3. Support the protection and development of affordable housing; and
4. Complement the efforts of other governments to improve income and housing security.

Maytree is pleased to have the opportunity to provide input to the 2023 Ontario budget. We thank you for your consideration and welcome any questions on our submission.