

Cost estimate of the one-time top-up to the Canada Housing Benefit program



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Part 2 of Bill C-31 will enact the *Rental Housing Benefit Act*. The *Act* proposes the creation of a one-time \$500 benefit for low-income Canadian renters.

If adopted, individuals who paid at least 30 per cent of their income on rent in 2022 with incomes below \$20,000, or \$35,000 for families, will be eligible to apply for a one-time, tax-free \$500 Rental Housing Benefit. Only one eligible cohabiting spouse or common-law partner may receive the benefit. Rent paid to relatives is not eligible. This measure will increase federal spending by \$940 million in 2022-23, with an estimated 1.7 million recipients.

5-Year Cost

\$ millions	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Total cost	-	940	-	-	-	-

Detailed 5-Year Cost

	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Benefit	-	850	-	-	-	-
Administration	-	90	-	-	-	-
Total cost	-	940	-	-	-	-

Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).

Estimation and Projection Method

Recipients in provinces were estimated using data from the 2018 Canadian Income Survey (CIS) public use microdata file (PUMF), and recipients in the territories were estimated using data from the 2016 Census PUMF Hierarchical File. These estimates were used to determine the number of eligible individuals based on monthly rent and income. Individuals were subject to a family income cut-off depending on their economic family type in the CIS and census family type in the Census. Counts of eligible individuals were reduced by an assumed take-up rate of 90% to estimate recipients. To estimate the number of provincial (territorial) recipients and cost in 2022-23, the share of the 2018 (2016) population that were estimated to be recipients

was multiplied by the projected 2022 population. An estimated 200,000 students assumed not captured by the CIS or Census were added on to the total number of recipients.¹

The cost of this measure was calculated by multiplying the number of estimated recipients by the \$500 Rental Housing Benefit amount.

Administrative costs were estimated using the 2016-2019 average Employment Insurance operating expenses to Employment Insurance Part 1 Benefits ratio, 10.3%, and applying it to the total estimated Rental Housing Benefit.

Sources of Uncertainty

The 2018 Canadian Income Survey (CIS) and 2016 Census PUMF do not reflect the population of Canadian tax filers, and as such could over-estimate the number of recipients. Changes to the distribution of income and rent since 2018 and since 2016 were not estimated which could over- or under-estimate the number of recipients. Total income rather than adjusted income was used, under-estimating the number of low-income renters. The estimated number of recipient students living in on-campus institutions is likely to overestimate the actual total number of these recipients. No behavioural response is expected.

PBO noted that some provincial/territorial programs offer social housing assistance that keep rents below 30 per cent of income to some 118,000 Canadians, which would make them ineligible for this benefit.² They are not included in this cost estimate, but if made eligible would cost the government roughly \$59 million.

As well, PBO noted that some recipients of existing provincial programs may not receive housing benefits from two different sources at the same time.³ This exclusion criteria may affect the eligibility of some Canadians for this one-time top-up. These Canadians are included in this cost estimate.

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¹ These are students living in on-campus institutions. Students living in private residences are captured in both the CIS and the Census.

² According to information on various provincial and territorial social housing websites, PBO estimates roughly up to 118,000 Canadians have their rents capped below 30 per cent of their income. This includes, roughly, 5,600 in Newfoundland and Labrador, 1,600 in Prince Edward Island, 17,600 in Nova Scotia, 86,700 in Quebec, 5,700 in Nunavut and 750 in the Yukon.

³ PBO found this criteria present in the Canada-Ontario Housing Benefit (Source: <https://www.toronto.ca/community-people/employment-social-support/housing-support/rent-geared-to-income-subsidy/canada-ontario-housing-benefit/>) and British Columbia's Rental Assistance Program (Source: <https://www.bchousing.org/housing-assistance/rental-assistance-programs/RAP>). This criteria may exist in other programs across the country.

Data Sources

Variable

Eligible individuals

Economic family type

Census family type

Monthly rent

Income

Population counts

Number of students not captured by CIS or Census

Take-up rate

Existing programs' statistics

(Not used in the calculation)

Source

Canadian Income Survey 2018 PUMF
2016 Census Public Use Microdata File (PUMF),
Hierarchical File

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