

# Fact Sheet

Compiled by the Low-Income Energy Network (LIEN)

Revised: June 2008

## Low-income consumers and electricity service

- 14.7% of Ontario's population (1,749,965 persons) is living at or below the "poverty line".<sup>i</sup> The majority of these persons live in tenant households.
- In 2006, Ontario households in the lowest income quintile spent 7.7% of their pre-tax income on utilities (water & sewage, electricity, natural gas and other fuel). In comparison, average household spending was 3.2% of pre-tax income.<sup>ii</sup> For the lowest income quintile households paying electricity bills, the median annual bill payment was \$1,000.<sup>iii</sup>
- The lowest household income quintile in Ontario is more than twice as likely as the average income household to heat with electricity (27.0% compared to 12.9% for the average income household).<sup>iv</sup>
- The lowest household income quintile in Ontario has a far greater proportion of households that use electricity as principal heating fuel for hot water (39.3% compared to 15.1% for the highest quintile and 26.4% for the average income household).<sup>v</sup>
- Back in 1998, approximately 23% of tenant households paid for utilities (hydro, heating, water) directly and separately from their rent.<sup>vi</sup> Ten years later, there are likely more tenant households paying for electricity directly because of rising energy costs and the installation of smart sub-metering systems in multi-residential rental buildings.
- For the majority of tenants whose rent includes utilities, landlords can apply, under the *Residential Tenancies Act*, to pass on utilities cost increases when they are one and a half times greater than the Annual Rent Increase Guideline (i.e. Ontario CPI)<sup>vii</sup>. There is no limit on an Above-Guideline Rent Increase for utilities cost increases.
- 45% of Ontario tenant households (580,265 households) pay 30% or more of their household income on shelter costs.<sup>viii</sup>
- 20% of Ontario tenant households (261,225 households) pay 50% or more of their household income on shelter costs.<sup>ix</sup>

- The risk for homelessness increases where rental costs consume more than 50% of pre-tax household income for a tenant household.<sup>x</sup>
- 96% of Ontario Works' beneficiaries are tenants, but only 16% of these OW beneficiaries who rent live in subsidized housing - the vast majority live in the private rental market.<sup>xi</sup>
- 77% of Ontario Disability Support Program beneficiaries are tenants, but only 21% of these ODSP beneficiaries who rent live in subsidized housing.<sup>xii</sup>
- A single mother with two children on social assistance in Ontario receives a maximum shelter allowance of \$595<sup>xiii</sup>. The average rent for a two-bedroom apartment in the Toronto CMA is \$1,075; in the Ottawa CMA, it's \$957.<sup>xiv</sup> Over half of Ontario's tenant households live in the Toronto and Ottawa CMAs.
- There were 123,182 low-income households across Ontario on the active waiting lists for social housing at the beginning of 2007.<sup>xv</sup> Among the 34 Service Managers which track applicant incomes, on average 76% of the low-income households on their waiting lists had gross incomes below \$20,000.<sup>xvi</sup>
- According to CMHC's 2001 Census-based Housing Data, while Ontario renter households accounted for 31% of all Ontario households, they comprised 66.4% of Ontario households in core housing need - a significantly disproportionate share.<sup>xvii</sup>

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<sup>i</sup> Statistics Canada. 2008. Income Status Before Tax (4), Economic Family Structure and Presence of Children for the Economic Families; Sex, Household Living Arrangements and Age Groups for the Persons 15 Years and Over not in the Economic Families; and Sex and Age Groups for the Persons in Private Households (88) of Canada, Provinces, Territories, Census Metropolitan Areas and Census Agglomerations, 2000 and 2005 - 20% Sample Data (table). Topic-based tabulation. 2006 Census of Population. Statistics Canada catalogue no. 97-563-XCB2006017. Ottawa. Released May 01, 2008. <http://www12.statcan.ca/english/census06/data/topics/Print.cfm?PID=94192&GID=837983&D1=1&D2=0&D3=0&D4=0&D5=0&D6=0> (accessed June 09, 2008).

Low Income Cutoffs (LICOs) published by Statistics Canada, using pre-tax, post-transfer household income are currently the best approach for defining low income. Post-tax LICOs adjust for federal and provincial income taxes, but do not reflect regressive taxes such as EI and CPP premiums, GST, provincial sales taxes and property taxes.

The pre-tax, post-transfer LICOs vary according to family size and size of community. Persons and families living at or below these income levels are widely considered to be living in straitened circumstances. Both the Canadian Council on Social Development (CCSD) and the National Council of Welfare (NCW) have adopted the Statistics Canada pre-tax, post-transfer LICOs as poverty lines.

<sup>ii</sup> Survey of Household Spending 2006; Detailed average household expenditure by household income quintile, Ontario 2006. Statistics Canada, Income Statistics Division, custom tabulation compiled for the Advocacy Centre for Tenants Ontario and the Income Security Advocacy Centre (February 26, 2008).

<sup>iii</sup> Ibid.

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<sup>iv</sup> Survey of Household Spending 2006; Dwelling Characteristics and Household Equipment by Household Income Quintile, Ontario, 2006. Statistics Canada, Income Statistics Division, custom tabulation compiled for the Advocacy Centre for Tenants Ontario and the Income Security Advocacy Centre (February 26, 2008).

<sup>v</sup> Ibid.

<sup>vi</sup> According to MMAH staff, based on Rent Registry data transferred to the Ontario Rental Housing Tribunal in 1998.

<sup>vii</sup> Sub-section 126 (1), paragraph 1, *Residential Tenancies Act, 2006* and Section 28 of O. Reg. 516/06 – General, made under *the Residential Tenancies Act, 2006*

<sup>viii</sup> Statistics Canada. 2008. Household Type (11), Housing Affordability (4) and Housing Tenure and Presence of Mortgage (8) for the Private Households with Household Income Greater than Zero, in Non-farm, Non-reserve Private Dwellings of Canada, Provinces, Territories, Census Metropolitan Areas and Census Agglomerations, 2006 Census - 20% Sample Data (table). Topic-based tabulation. 2006 Census of Population.

Statistics Canada catalogue no. 97-554-XCB2006038. Ottawa. Released May 01, 2008.

<http://www12.statcan.ca/english/census06/data/topics/Print.cfm?PID=93622&GID=837983&D1=7&D2=0&D3=0&D4=0&D5=0&D6=0> (accessed June 03, 2008).

<sup>ix</sup> <sup>ix</sup> Statistics Canada. 2008. Gross Rent as a Percentage of 2005 Household Income (10), Household Type (11) and Age Groups of Primary Household Maintainer (8) for the Private Households with Household Income Greater than Zero, in Tenant-occupied Private Non-farm, Non-reserve Dwellings of Canada, Provinces, Territories, Census Metropolitan Areas and Census Agglomerations, 2006 Census - 20% Sample Data (table). Topic-based tabulation. 2006 Census of Population.

Statistics Canada catalogue no. 97-554-XCB2006051. Ottawa. Released May 01, 2008.

<http://www12.statcan.ca/english/census06/data/topics/Print.cfm?PID=93655&GID=837983&D1=0&D2=0&D3=0&D4=0&D5=0&D6=0> (accessed June 03, 2008).

<sup>x</sup> Dunphy, Noreen and Lapointe, Linda. *Where's Home: A picture of housing needs in Ontario*. A Project to raise housing awareness in Ontario, sponsored by the Ontario Non-Profit Housing Association and the Co-operative Housing Federation of Canada. March 1999. Page 9

<sup>xi</sup> Statistics and Analysis Unit, Social Assistance and Employment Opportunities Division, Ministry of Community and Social Services - March 2008 quarterly report of OW/ODSP cases and beneficiaries by accommodation types

<sup>xii</sup> Ibid.

<sup>xiii</sup> Ontario Ministry of Community and Social Services

<sup>xiv</sup> Canada Mortgage and Housing Corporation (CMHC) Spring 2008 Rental Market Survey Report, Ontario Highlights.

<sup>xv</sup> Ontario Non-Profit Housing Association's 2007 Report on Waiting List Statistics for Ontario. August, 2007. Page 8.

<sup>xvi</sup> Ibid, Page 7.

<sup>xvii</sup> Canada Mortgage and Housing Corporation (CMHC) considers households to be in core housing need if they do not live in and can not access acceptable housing. The term "acceptable housing" refers to housing that is affordable (i.e. costs less than 30% of before-tax household income), in adequate condition, and of suitable size. According to CMHC, housing affordability is the predominant cause of core housing need.