
DATE: July 21, 2004

SUBJECT: **RENT SUPPLEMENT - NEW AND EXISTING**

FROM: Keith Ward, Commissioner of Housing and Property
and General Manager, Peel Living

RECOMMENDATION

That the Commissioner of Housing and Property and General Manager, Peel Living be authorized to execute the Memorandum of Understanding with the Ministry of Municipal Affairs and Housing, enabling the Region of Peel to administer the Strong Communities Rent Supplement Program, and extending the funding on the Region's allocation of 496 units to 2023.

REPORT HIGHLIGHTS

- As prescribed under the *Social Housing Reform Act* (Bill 128), the Region of Peel is responsible for administering devolved rent supplement programs.
- In 2003, the Province announced an extension to the Rent Supplement Homelessness initiative. This provided an additional 110 units for Peel and twenty-year funding for all 496 rent supplement units committed by the Region under the new program. It has been recently renamed Strong Communities Rent Supplement Program and the Province has finalized program guidelines and the Memorandum of Understanding.
- The Region of Peel continues to advocate for additional rent supplement units for use in new social housing construction to make units truly affordable for low-income households.

DISCUSSION

1. Background

This report provides an update on the rent supplement programs being administered by the Region of Peel and the recent changes made by the Province to the "Homelessness/New Tomorrow/Strong Communities" Rent Supplement program. It also requests Council approval to execute the Memorandum of Understanding with the Ministry of Municipal Affairs and Housing (MMAH) regarding the new program.

Rent supplements are one approach to helping people with housing affordability issues. Rent supplements involve a contract between private landlords or non-profit/co-operative social housing providers and the government. Tenants pay their portion of the rent, which is rent-geared-to-income (RGI), directly to the landlord and the Region of Peel bridges the gap between the market rent for the unit and the subsidized rent.

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Household rents are determined based on a percentage of total gross household income (30 per cent), or if the tenant receives government assistance (e.g., Ontario Disability Support Program (ODSP), Ontario Works (OW)), they pay a predetermined rent amount based on a provincial scale. Rent supplement tenants are selected from the Regional centralized waiting list [Peel Access to Housing (PATH)].

As a Service Manager, the Region of Peel is the primary body responsible for administering these contracts. This responsibility was devolved to the Region from the Province as part of the *Social Housing Reform Act (SHRA)*. Involvement in the program is voluntary for both private landlords and social housing providers.

The management and administration of the commercial rent supplement units in Peel rests with the Housing and Property department and is focused on ensuring: that landlords receive subsidy payment for their units; that agreements are in order; and streamlining administration. Staff also work with tenants, ensuring that they are satisfied with their accommodation and that they are meeting their obligations.

In accordance with the *SHRA*, rent supplements must be used for people who are on the centralized wait list. In keeping with the Act, when there is an applicant who is a victim of family violence, this person may be housed in a rent supplement unit (or any available social housing unit) on a priority basis.

Under recently revised criteria, rent supplements can also provide an "in-situ" subsidy to a tenant living in a private landlord building, provided all conditions and eligibility criteria associated with the *SHRA* and the rent supplement program are respected. This saves such a tenant the expense and inconvenience of moving and changing schools, as well as keeping their local support system in place. Ensuring continuity of social supports is especially critical to those families who rely on various local agencies for important employment and life skills training opportunities.

2. Existing Rent Supplement Programs

There is a variety of programs administered under the rent supplement umbrella (also known as conventional/commercial rent supplement). These programs are distinguished by their specific program criteria, financing, cost-sharing arrangements and the client group serviced. The Region has taken over the provincial share of payments, but federal cash continues to flow to Peel for use in the program.

The term of these rent supplement agreements varies from one to five years. Federal government cost-shared agreements (50:50 or 60:40) have an automatic renewal clause based upon the same terms and conditions for a maximum lifespan of 35 years. Some of these agreements are due to expire in 2011.

The Region of Peel administers two rent supplement programs that were previously administered by MMAH which provided rent supplements to federally-funded social housing projects: i.e., the Community Sponsored Housing Program (CSHP), and the Ontario Community Housing Assistance Program (OCHAP).

RENT SUPPLEMENT - NEW AND EXISTING**3. New Program - Strong Communities Rent Supplement**

The Region also delivers and administers the Rent Supplement Homelessness initiative, which was part of the Provincial Homeless Strategy announced in November 1999. Peel was allocated 386 rent supplement units at that time. As of 2003, this program was changed to the New Tomorrow Rent Supplement Program. This resulted in an allocation of 110 more rent supplement units to Peel (for a total of 496) and introduced a twenty-year funding guarantee and more flexibility to administer the program. Its name was recently changed again to the Strong Communities Rent Supplement Program.

The redesigned Strong Communities Rent Supplement Program offers long-term funding to Service Managers and allows greater flexibility in providing rent supplements to households in need of assistance. MMAH has provided guidelines from input received through a series of focus group meetings hosted by the Ministry and attended by a number of Service Managers (Peel was included and participated), and also from both partner ministries (i.e., the Ministry of Community and Social Services (MCSS) and the Ministry of Health and Long-Term Care (MOH)) on the program design.

A new Memorandum of Understanding and the revised guidelines set the terms for the funding and administration of the program until the year 2023. Service Managers will continue to enter into rent supplement agreements with landlords but will now receive fixed quarterly payments from MMAH based on the Service Manager's projection of subsidy use. Service Managers will no longer be required to submit cumbersome monthly invoices.

The Ministry has also committed to ongoing improvements to the program guidelines and administration in co-operation with Service Managers. With greater program flexibility, Service Managers can use units in a variety of ways, including the new Canada-Ontario Affordable Housing Program, other new construction, private rental buildings, existing non-profit and co-op buildings, and in-situ arrangements.

The Region has used its allocation for an additional 294 RGI units in Peel Living buildings, 187 units for RGI placements with private landlords, and 15 units for an OW/ODSP Rent Supplement pilot program which was the subject of a separate report to Council on June 17, 2004. Council members will recall this particular partnership, the first one of its kind in Ontario and a model for the province, intends to help individuals to permanently exit social assistance.

Under the Rent Supplement Homelessness initiative, there was also a supportive housing allocation component which included a release of 2,000 units provincially aimed at individuals with special needs. This supportive housing component involves two other ministries who share in this allocation, i.e., MCSS and MOH. From this total, Peel received 214 units through the Central West Region Social Services region. The Region handles the financial processing for the MCSS and MOH allocations.

The entire allocation of rent supplement units in Peel is summarized attached as Appendix I.

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4. Rent Supplement as Part of New Projects

A critical component of Peel's building initiative is the rent supplement program and its ability to provide tenants with a subsidy for the rent. The full benefit of new projects that have either come on stream or are in the proposal stage cannot be realized if rent supplements are not part of the plan. As Council is aware, the Region's subsidy contribution to new projects is funded through the Social Housing Reserve Fund. There is no room within this reserve to further support ongoing tenant subsidy costs.

Millbrook Place helped define the Region of Peel as a leader in the provision of new affordable housing. This 163-unit development, which is the largest social housing property in Ontario since the non-profit program was cancelled in 1995, became truly "affordable" for low-income households with the utilization of ninety rent supplement units from the Strong Communities Rent Supplement Program.

5. Overview Evaluation of Rent Supplement Program

Through fostering community stability and some individuals' independence from social assistance, rent supplement has been successful in many respects. It contributes to socially-integrated communities because people avoid social stigmatization based on income.

Apart from the application of rent supplement funding to new developments such as Millbrook Place, it also allows Peel as a Service Manager to create additional RGI units in existing rental stock, thereby taking people off the centralized waiting list. Higher vacancy rates also mean that Peel will be able to effectively negotiate agreements with private landlords who now have a greater incentive to participate.

Although the benefits of negotiating agreements with landlords in such a market environment are obvious, so too are the challenges when market forces are more severe. Some landlords, for example, may choose not to renew their agreements, thereby restricting the supply of affordable housing when the demand for this housing is very likely to be high. Moreover, the amount of subsidy required to renew agreements will increase when faced with a tight market and higher rents.

On this basis, Peel, along with other Service Managers, will continue to advocate for new allocations of rent supplements to meet the growing need for truly affordable housing.

CONCLUSION

The rent supplement program is an essential component of social housing. The Region of Peel, as a Service Manager, delivers and administers this program, ensuring that allocations are utilized to their fullest potential. We work to ensure that landlords are content with their agreements and tenants are satisfied with their arrangements and living conditions.

July 15, 2004

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The announcement of the New Tomorrow Rent Supplement Program was welcomed in that it offered the continuation of the program as well as much sought-for stability with the twenty-year funding guarantee. The additional 110 units from this program were also much appreciated but it is hoped that more units will be made available to meet the demand for affordable housing.



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Approved for Submission:



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c. Legislative Services

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APPENDIX I

Rent Supplement Portfolio in Peel

Existing Programs:	UNITS
Commercial Rent Supplement	1107
Commercial Rent Supplement – allocated to Millbrook Place	90
Stacked Rent Supplement (CSHP/OCHAP)	302
Total	1499
Strong Communities Rent Supplement Program:	
Peel Living	294
Private Landlords	187
OW/ODSP Rent Supplement Pilot Program	15
Total	496
Supportive Housing Rent Supplement:	
Total Housed to Date: 109	Allocation: 214
Total Rent Supplement Units	2207
Rent Supplement Units by Municipality	
Brampton	36% 754
Caledon	2% 35
Mississauga	62% 1313
Total	2102*

* This represents a reduction of 105 units from the 214 unit supportive housing allocation to support agencies as these units are uncommitted and unfunded at the time of this report; MCSS and MOH are reviewing this allocation in view of their twenty-year funding commitment.