4
RENT SUPPLEMENT PROGRAM 2003 YEAR END ACTIVITY REPORT

The Community Services and Housing Committee recommends adoption of the recommendation contained in the following report, January 15, 2004 from the Commissioner of Community Services and Housing:

1. RECOMMENDATION

It is recommended that:

1. The Regional Chair write to the Minister of Municipal Affairs to express the Region's concern that in order to continue to provide the Rent Supplement Program at existing service levels, sustainable funding is required that is fully indexed to the anticipated rate of rent increases.

2. PURPOSE

This report will inform Committee and Council of Rent Supplement Program activity and pending program changes for the period July 1, 2003 to December 31, 2003 as directed by Council on December 19, 2002 in Clause 6 of Report No. 7 of the Community Services and Housing Committee.

3. BACKGROUND

The Rent Supplement Programs outlined in this report typically involve agreements for both rental apartments within for-profit buildings and non-profit buildings. The rental units, under agreement, are made available to eligible households from the social housing waiting list. The households pay a rent-geared-to-income (RGI) amount, while the Region pays the difference between what the household pays and the market rent for the apartment.

The agreements with for-profit and non-profit landlords set out the framework of the funding relationship and the obligations of the Region and the landlord.

Prior to the social housing transfer, the Province had established three types of Rent Supplement programs.

3.1 Regionally Funded Rent Supplement

The initial program was established over twenty years ago using agreements with for-profit buildings only. This program was transferred on January 1, 2001 to the Region with an allocation of 98 units under this program along with the associated budget. The 2003 approved budget was $718,710. Of the 98 units, 64 units are currently being used and 34 units are available for allocation.

In 1997, the Province required the termination of many agreements within this initial program as a cost saving strategy. Funding would continue for the sitting tenants; however as tenants vacated, the unit would be returned to the landlord for private market rental. Five agreements have been terminated representing a total of 55 units. Of those 55 units, 21 continue to have sitting tenants subsidized and 34 units have returned to private rental. The Region however, retains the opportunity to reallocate these units to another landlord.

The rent supplement payments to the landlords in this Program are fully funded by the Region, as is mandated through the *Social Housing Reform Act, 2000.*

3.2 Provincially Funded Rent Supplement

In 1999 the Province established two new programs and initially committed to fund the programs for five years. Recently, the Province announced a commitment to extend their funding for these two new programs until 2023. The 2003 approved budget was $1.7 million.

3.2.1 Supportive Program

One of the programs established in 1999 serves household requiring support services, e.g. victims of violence. The Province provided an allocation to the Ministry of Health and Long-Term Care and the Ministry of Community, Family and Children's Services.

The Region has a limited role in this program to work with landlords and the agencies, establish agreements between the landlord and the Region, refer eligible agency clients for vacancies, and flow the subsidy to the landlord.

The Province funds 100% these rent supplement payments.

3.2.2 Standard Program

The second program provides a 355-unit allocation to be used to enter into rent supplement agreements with private landlords and or non-profit housing providers.

The Province also funds 100% of these programs.

4. ANALYSIS AND OPTIONS

4.1 Program Activity Summary

Since the June 30, 2003 Program Activity Report, an additional 39 new units were committed under the Rent Supplement Program. One unit was lost under a terminated agreement for a net increase of 38 units. An additional 17 of the committed units were rented to RGI applicants.

Typically, when rent supplement agreements are entered into with private landlords their rental units are already occupied by private tenants. As the units become vacant the landlord advises Regional staff and RGI applicants are referred to the landlord, from the Centralized Waiting List (CWL).

Table 1 shows that as of December 30, 2003 a total of 329 units are committed by landlords through agreements and of these units 217 are now occupied by RGI assistance households. Therefore, 112 units remain occupied by private rental tenants. Regional staff forecast 68 additional units (61%) will be occupied by RGI households in the first quarter of 2004. Another 16 units will be occupied by June 30, 2004 and a further 17 units by December 31, 2004.

Table 1
2003 Program Activity

Date	Total Units	Committed	Occupied	Unallocated
June 1, 2003	490	291	200	199
December 31, 2003	499	329	217	170
Change	*** 9**	**38**	**17**	**(29)**

*The increase represents the nine new supportive housing units.

4.1.1 Future Development

There remain 170 units to be allocated over the next three years to projects being planned for development by the Region in the City of Vaughan, the Town of Georgina and the Town of Newmarket. As well, some of these units will be used for projects that may receive funding under the Community Rental Housing Program (Federal program).

4.2 Program Administration Transfer

The 100% Provincially funded Rent Supplement Program is the only housing program where the detailed administrative responsibilities have not been formally transferred to Service Managers. The Ministry has stated their intention to transfer these responsibilities and to provide program guidelines to assist Service Managers with delivery by providing greater flexibility but to date this has not occurred.

In the fall of 2003, the Ministry distributed for comment a draft of the Memorandum of Understanding (MOU) and Program Guidelines for this program.

Regional staff subsequently provided comments to the Ministry. Of significant concern was the Ministry's intention to “fix” the Province's rent supplement funding at the level of September 30, 2004.

The Province has not provided an indexing factor to adjust for the expected inflationary impacts that will occur over the nineteen-year period. While there are a number of variables affecting rent supplement payments; it is generally expected that they will increase overtime. This is an issue of significant concern that may impair the Region's ability to continue to provide this Program at the current service levels. With no inflationary increases, the Provincial subsidy will cover fewer units as the cost of each increases.

A more in depth analysis of the potential impact will be provided in a future report.

The Ministry anticipates publishing the final version of the MOU and Program Guidelines in early 2004.

5. FINANCIAL IMPLICATIONS

The 100% Regionally funded Rent Supplement Program (98 units) has base funding of $718,710 in 2003. No new costs to the Region are expected.

There are no significant future financial implications associated with committing units under the 100% Provincially funded Rent Supplement Program (355 units) because the Province has extended their commitment for funding until 2023. However, as noted in this report some concern exists for potential inflationary impacts if the Province fixes funding for future years based on the September 30, 2004 funding level. The 2003 approved funding from the Province was $1.7 million.

The Region receives $13/unit/month administration fee from the Province for the 100% Provincially funded Rent Supplement Program. The 2003 revenue for the Region from this fee payment was $21,476.

6. LOCAL MUNICIPAL IMPACT

There is no direct impact on local municipalities. However, residents of the municipalities benefit from the additional affordable housing created by rent supplement programs.

7. CONCLUSION

The Region will continue to pursue opportunities to commit the remaining units under the various Rent Supplement Programs. The additional units will assist in serving households unable to afford the market rental rates and assist the Region in meeting its legislated service level standard.

The Senior Management Group has reviewed this report.