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# RENT SUPPLEMENT PROGRAM ACTIVITY REPORT

**The Community Services and Housing Committee recommends adoption of the recommendation contained in the following report, February 28, 2006, from the Commissioner of Community Services, Housing and Health Services:**

## 1. RECOMMENDATION

It is recommended that:

1. This report be received for information in accordance with the Commissioner's obligation to report to Committee and Council annually with a summary of rent supplement program activity.

## 2. PURPOSE

The purpose of this report is to provide a summary of Rent Supplement Program activity for 2005.

## 3. BACKGROUND

Rent Supplement Programs involve agreements for rental units primarily located in buildings owned by private sector landlords. The units under agreements are made available to eligible households from the social housing waiting list. The household pays rent-geared-to-income (RGI), and the Region pays the landlord the difference between the RGI amount and the regular market rent for the unit.

Rent Supplement Programs were initiated by the Province and then devolved to the Region. There are two types of Rent Supplement Programs: Commercial and Strong Communities. Up to 495 rent supplements units are delivered under these programs. There are currently 27 landlords participating in rent supplement programs under 47 agreements.

### 3.1 Commercial Rent Supplement Program

The Commercial Rent Supplement Program was established over twenty years ago and was transferred to the Region on January 1, 2001. At transfer, the Region received the existing allocation of 98 units under this program. The rent supplement payments to the landlords in this program are included in the service level standard the Region is required to fund in accordance with *Social Housing Reform Act, 2000* (SHRA).

### 3.2 Strong Communities Rent Supplement Program

As part of the Province's homelessness response strategy, a new Rent Supplement Program was introduced in 1999, with guaranteed funding until 2005. In April 2003, the Province announced that the funding would be extended to 2023. However, the terms of the funding were not specified until March 2004, when the homelessness initiative was reintroduced as the Strong Communities Rent Supplement Program.

In order to participate in the Strong Communities Program, the Region was required to enter into a Memorandum of Understanding (MOU) with the Province. The MOU was approved by Council on June 10, 2004 and executed by the Province in October 2004.

The Strong Communities Program no longer guaranteed 100% funding for a prescribed number of units; instead, municipalities were given approximate block funding allocations. An implementation plan was submitted to the Province to demonstrate the Region's capacity to fully expend the annual block allocation of $2,854,199.

#### 3.2.1 Strong Communities Supportive Housing Program

The Province dedicated 20% of the total rent supplement funding to the Ministries of Health and Long Term Care and Community and Social Services. Those Ministries in turn assigned rent supplement allocations to agencies funded to provide the supports required to assist special needs tenants. The Region provides the administrative framework for these units and manages the program. Under this program, 58 rent supplement units were assigned to a number of agencies serving clients in York Region, including Independent Living Residences for the Deaf/Blind in Ontario, Community Living Newmarket/Aurora District, Yellow Brick House, Georgina Association for Community Living, Ontario March of Dimes, Reena, Canadian Mental Health Association, and York Support Services Network.

#### 3.2.2 Strong Communities Implementation Plan

The Region's plan for implementing the Strong Communities Program was approved by the Province in October, 2004. The plan called for 397 units to be occupied by the first quarter of 2006. Until the plan is fully implemented, provincial funding will be reconciled to reflect actual program expenditures.

## 4. ANALYSIS AND OPTIONS

### 4.1 Program Status

#### 4.1.1 Commercial Rent Supplement Program

Of the 98 units allocated to the Region under the Commercial Rent Supplement Program, 53 units are occupied. A further 30 units are reserved for the Stickwood-Walker Farm project which is scheduled for completion in 2007. The remaining 15 units will be offered to landlords as opportunities arise.

#### 4.1.2 Strong Communities Rent Supplement Program

As a condition of the block funding allocation, the Region's take-up plan had to demonstrate that all units would be occupied by RGI households by 2006. The available units were predominantly allocated to private sector landlords already participating in the Rent Supplement Program. However, 60 units were reserved for future Council approved initiatives such as the Sutton Multi-Service Youth Centre (10 units) and Blue Willow Terrace (38 units). Twelve units were also reserved for a pilot program delivered through the Salvation Army. Under this program, applicants at risk of homelessness due to temporary financial hardship will receive up to one year of RGI assistance in their current rental unit. In order to ensure short-term flexibility to manage program costs, 60 units were also allocated to existing social housing providers. All of the Strong Communities units have been committed to landlords through signed agreements.

Under the terms of the agreements, units are not offered to RGI applicants until the landlord has an appropriate vacancy. With the Region's exceptionally low vacancy rate of 1.6%, participating landlords are experiencing lower unit turn-over. As such, it is not surprising that some of the committed units have not yet been occupied by RGI households.

Due to the revised completion date for the Blue Willow Terrace Project and the low vacancy rate, the Region sought and obtained Ministry approval to extend the implementation plan to December 31, 2006.

Table 1 details the program status as of December 31, 2005.

**Table 1**
Strong Communities Program Status

| Program | Occupied Units | Allocated Units Not Yet Occupied | Total Units |
|---|---|---|---|
| Regular Units | 248 | 91 | 339 |
| Supportive Housing Units | 57 | 1 | 58 |
| **Total** | **305** | **92** | **397** |

## 5. FINANCIAL IMPLICATIONS

The SHRA sets out the number of RGI units that the Region must provide. The 98 units allocated under the Commercial Rent Supplement Program are included in the Region's prescribed service level standard and, as such, are a provincially mandated cost. The costs are planned for in the Region's operating budget. The budgeted cost of this program for 2005 was $634,990.

The Strong Communities Rent Supplement Program costs are fully funded up to the maximum provincial block funding allocation of $2,854,199. As provincial funding is not indexed and typically rents increase faster than tenant incomes, program costs are closely monitored. Beginning in 2007, the Region will either have to reduce the number of units funded under the program, or provide additional funds. Staff will continue to monitor costs and report to Committee annually as part of the budget cycle on program status and options for managing cost increases.

## 6. LOCAL MUNICIPAL IMPACT

The Rent Supplement Programs enable the Region to provide much needed affordable housing to low income households. The flexible nature of this program allows the Region to target units to the most underserved applicants on the waiting list, and to high demand locations.

## 7. CONCLUSION

Staff continue to work with the Province to resolve outstanding issues related to annual reconciliations and to increase flexibility in the financial management of the Strong Communities Program.

The Rent Supplement Programs are an effective means of increasing the supply of affordable housing in the Region. In particular, the Strong Communities Rent Supplement Program enables the Region to secure more than $2.8 million provincial dollars annually to assist low income and special needs households. The Rent Supplement Programs are vital to increasing the Region’s capacity to respond to the needs of the almost 5,500 singles, families and seniors waiting for RGI housing.

The Senior Management Group has reviewed this report.