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RENT SUPPLEMENT PROGRAM ACTIVITY REPORT FOR THE YEAR 2008

The Community Services and Housing Committee recommends the adoption of the recommendation contained in the following report dated April 2, 2009, from the Commissioner of Community and Health Services.

1. RECOMMENDATION

It is recommended that:
1. This report be received for information.

2. PURPOSE

This report provides a summary of the rent supplement program activity for 2008.

3. BACKGROUND

The rent supplement program provides low-income families and individuals with rent-geared-to-income (RGI) support for rental accommodation in non-profit, co-operative, and privately owned buildings. Most of the rent supplement agreements are with landlords in the private sector.

A rent supplement subsidy is the difference between the negotiated market rent for the rent supplement unit and what the RGI tenant pays directly to the landlord. Eligible applicants are selected from York Region's Social Housing Waiting List and Housing Services staff determine the amount of subsidy they receive.

There are currently two types of rent supplement programs with the proposed expansion of a third in 2009:

1) Commercial Rent Supplement
This program was established over twenty years ago and was transferred from the Province in 2001. Commercial Rent Supplement Units are included in the service level standards that the Region is required to fund in accordance with the *Social Housing Reform Act, 2000*.

2) **Strong Communities Rent Supplement**
This program was established in 1999 as part of the Province's homelessness response strategy. The Province funds the program through block funding of $2.85 million annually and these funds are guaranteed until 2023. The funding, however, is not indexed and as rental costs rise faster than tenants' income, the subsidy costs will increase over time, forcing the Region to either decrease the number of units funded or request additional municipal funds.

3) **Regional Rent Supplement Initiative (for implementation in 2009)**
This program will be launched in 2009. It is fully funded by the Region and is intended to increase the viability of the Affordable Housing Program by providing rent supplements to approximately 150 households on the Region's rent-geared-to-income waiting list.

The Commercial Rent Supplement Program subsidizes 98 units

The Commercial Rent Supplement Program was transferred from the Province to the Region on January 1, 2001. At the time of transfer, the Region assumed the responsibility for the 98 units designated under this program. The Commercial Rent Supplement units are included in the service level standard the Region must maintain under the *Social Housing Reform Act, 2000.*

Of the 98 units required under the Commercial Rent Supplement Program, 81 are occupied. In October of 2008, the Region entered into a 30 unit rent supplement agreement with Housing York Inc. at Tom Taylor Place in the Town of Newmarket. The remaining 17 units are reserved for the new affordable housing building to be constructed as part of the Vaughan Civic Centre redevelopment in the City of Vaughan.

The Strong Communities Rent Supplement Program subsidizes approximately 380 units with 100% provincial funding

The funding received from the Province guarantees the Region $2,854,199 annually until 2023.

As of December 31, 2008, 378 households were receiving assistance from the Strong Communities Rent Supplement Program. In accordance with provincial rules, 20% of the units are allocated to households who receive supports and services from provincially funded agencies.

The Region has committed all of the Strong Communities Rent Supplement Program funding to landlords through agreements. Under these agreements, landlords offer units to RGI applicants when a suitable vacancy exists. Four new units came under agreement in 2008. Of the four new units committed, two are occupied.

4. ANALYSIS AND OPTIONS

Provincial funding will not increase to match increased program costs

The provincial Strong Communities Rent Supplement Program funding is not indexed. As rental costs typically rise faster than tenants' income, per unit subsidy costs increase over time. Service Managers across the province are forced to either reduce the number of units within the program or request additional monies through municipal funding. Service Managers will continue to ask the Province to index program funding or allow Service Managers to retain unused funding to offset future subsidy cost increases.

The Province has permitted the Region to use savings accumulated in the implementation phase of the program to offset future cost increases

During the implementation phase of the program, not all monies received from the Province were spent due to the requirement for a vacancy to occur before a unit could be filled. The rules of the Strong Communities Rent Supplement Program require any unused funds be returned to the province. In 2005, unspent funds totalled $509,254. Based on a business case submitted to the Province in 2006, the Province allowed the Region to retain $285,420. The Province required that the monies be used exclusively for future program costs. Also, at the time, the Province allowed the Region to enter into a three-year reconciliation for 2006–2008. The reconciliation will be conducted in 2009. This reconciliation process will enable the Region to have better control of the funds. The Province has not yet notified the Region whether they will require unspent funds to be returned to the Province. If the Province requires repayment, the Region could be required to return up to $976,608 in unused program funds for 2006, 2007, and 2008. It has taken several years to fully implement the program due to late building starts, market rent increase guidelines being lower than estimated and slower than anticipated vacancy unit turnover.

Using an estimated annual market rent increase factor of 2%, it is anticipated that a portion of the 2005 unspent funds will be needed to offset some program costs in the 2009–2011 three year cycle.

The Homelessness Prevention Program is delivered in partnership with the Salvation Army

In June 2004, Regional Council approved the allocation of 12 Strong Communities Rent Supplement Units for a pilot program to provide one year of RGI assistance to households at risk of homelessness through the adoption of Clause No. 10 of Report No. 6 of the Community Services and Housing Committee. The Program has been delivered in partnership with the Salvation Army. In order to qualify, there must be a reasonable expectation that the applicant household will achieve self sufficiency within one year.

In 2008, a total of seven households participated in the Homelessness Prevention Program. Of the seven households, four who signed their agreements in 2007 vacated successfully. The remaining three who signed their agreements in 2008 are scheduled to conclude their participation by spring of 2009. The Homelessness Prevention Program will continue in 2009 based on availability of funding.

New Rent Supplement Initiative

In April 2008, Council approved an annual budget of $1.0 million to fund a new Rent Supplement Initiative in support of the Affordable Housing Program through the adoption of Clause No. 1 of Report No. 3 of the Community Services and Housing Committee. It is estimated that the new Rent Supplement Initiative will enable the Region to assist up to 150 low-income households. Program launch is anticipated for spring 2009.

5. FINANCIAL IMPLICATIONS

2008 Commercial Rent Supplement Program spending

The 98 units required under the Commercial Rent Supplement Program are part of the service level standard and as such, are a provincially mandated cost. The cost is included in the Region's Operating Budget. The total 2008 cost for the program was $489,280.

2008 Strong Communities Rent Supplement Program spending

The Strong Communities Rent Supplement Program costs are funded by the Province up to $2,854,199 annually. Program costs are rigorously monitored as provincial funding is not indexed and rents tend to increase faster than a tenant's income. As of December 31, 2008, the program had a unit occupancy of 378 units with a cost of $2,674,511. It is anticipated that by 2012, funding pressures will require either a reduction of units or the addition of Regional funds. If the Province approves the retention of unspent funds to be used in future years, the funding pressure could be delayed.

6. LOCAL MUNICIPAL IMPACT

The Region's rent supplement programs offer much needed affordable housing to low-income households. As of December 31, 2008, there were 5,833 applicants on the Social Housing Waiting List. The flexibility of the rent supplement programs enables the Region to target units to those most underserved on the Social Housing Waiting List in high demand locations. The rent supplement programs are also an important part of the affordable housing developments constructed by the Region.

7. CONCLUSION

Rent supplement programs are a valuable means of increasing the Region's supply of affordable housing. From the Strong Communities Rent Supplement Program alone, the Region is able to secure more than $2.8 million in provincial funding on an annual basis. This funding provides assistance to many low-income and supportive households in the Region.

For more information on this report, please contact Sylvia Patterson, General Manager, Housing and Long Term Care at Ext. 2091.

The Senior Management Group has reviewed this report.