7
RENT SUPPLEMENT PROGRAMS ACTIVITY REPORT FOR THE YEAR 2007

The Community Services and Housing Committee recommends the adoption of the recommendation contained in the following report, May 1, 2008, 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 2007.

3. BACKGROUND

The Rent Supplement Program provides rent subsidy to low income families and individuals for rental units primarily in the private sector housing market. Eligible applicants/households are drawn from York Region's Waiting List and Housing Services staff determine their rent-geared-to-income amount. The household pays their rent-geared-to-income amount to the landlord, and the Region pays the landlord the difference between the rent-geared-to-income amount and the market rent for the unit in accordance with a signed agreement.

There are currently two kinds of Rent Supplement Programs:

1. Commercial Rent Supplement
2. Strong Communities Rent Supplement
3. Regional Rent Supplement Initiative – proposed for expansion in 2009

The Commercial Rent Supplement Program subsidizes 98 units with100% municipal funding

The Commercial Rent Supplement Program was established by the Province over 30 years ago and was transferred to the Region on January 1, 2001. At transfer, the Region assumed responsibility of the 98 units designated under this program. Commercial Rent Supplement units are included in the service level the Region must maintain under the *Social Housing Reform Act, 2000*.

Of the 98 units required under the Commercial Rent Supplement Program, 51 are occupied. The remaining 47 units are reserved for Tom Taylor Place located in the Town of Newmarket and 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 384 units with 100% provincial funding

Strong Communities Rent Supplements are 100% provincially funded. The Province has guaranteed the Region funding of $2,854,199 per annum from 2005 to 2023. At December 2007, 370 households were receiving rent supplements under this program and, in accordance with provincial rules, approximately 20% of the units are allocated to households receiving supports from provincially funded social service agencies.

The Region has committed all of the Strong Communities Rent Supplement funding to landlords through agreements. Under the agreements, landlords offer units to rent-geared-to-income applicants when there is a suitable vacancy. With the Region’s low vacancy rate of 1.6% in 2005 and 2006, participating landlords have experienced low unit turnover, delaying the full implementation of funding commitments.

As of December 31, 2007, 14 units committed to landlords had not yet been occupied. Of these, eight were reserved for the Homelessness Prevention Rent Supplement Pilot. The remaining six are expected to be occupied in the first quarter of 2008.

4. ANALYSIS AND OPTIONS

Provincial funding will not increase to match increased program costs

The provincial Strong Communities funding is not indexed. As rental costs typically increase faster than tenant’s income, per unit subsidy costs increase over time. Service Managers across the province continue to ask the Province to commit to indexed funding. In the absence of additional funds, subsidy cost increases may be addressed through a reduction to the number of units within the program or through a regional funding contribution to the program.

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

The provincial block funding allocation was established in the first year of the program. However, given the requirement for a vacancy to occur before a unit can be filled with a Strong Communities Rent Supplement tenant, it has taken several years to fully implement the program.

The Strong Communities program rules require the Region to return any unspent program funds to the Province. However, the Province allowed the Region to retain $285,420 of the 2005 program savings, with a requirement that the funds be used exclusively for future program costs. The Province has indicated that program spending for 2006, 2007 and 2008 will be reviewed in 2009. At that time the Province may require repayment of any unused program funding. The Region and other Service Managers continue to urge the Province to allow Service Managers to retain all program savings to off-set future subsidy cost increases and maintain current service levels. In the event that the Province requires repayment, the Region could be required to return up to $784,000 for 2006 and 2007.

In May 2004, Regional Council approved the allocation of 12 Strong Communities Rent Supplement units to provide one year of rent-geared-to-income assistance to households at risk of homelessness

The program is delivered in partnership with the Salvation Army. In order to qualify, there must be a reasonable expectation that the applicant will achieve self-sufficiency within a year.

To date, four households have successfully participated in the program. Given the limited take-up of this program the remaining units will be reallocated. Future eligible requests for a Homelessness Prevention Rent Supplement will be considered based on the availability of funding within the block allocation for that year.

A new rent supplement initiative has been approved by Council for implementation in 2009

The program is anticipated to provide up to 150 additional rent subsidies by York Region households and will support the Affordable Housing Program by increasing affordability in new non-profit housing facilities. A report will be brought forward this fall to propose a program framework and delivery strategy.

5. FINANCIAL IMPLICATIONS

2007 Commercial Rent Supplement spending

The 98 units required 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 included in the Region’s Operating Budget. The total 2007 cost for this program was $432,590.

2007 Strong Communities Rent Supplement spending

The Strong Communities Rent Supplement Program costs are fully funded up to $2,854,199 annually. As provincial funding is not indexed and typically rents increase faster than tenant incomes, programs costs are closely monitored. As of December 31, 2007, the program had a unit occupancy of 370 units with a cost of $2,534,315. Although the full annual provincial allocation has not been fully utilized to date, it is anticipated that funding pressures requiring either a unit reduction or additional regional funds may begin in 2011. The funding pressure could be delayed if the Province were to approve the retention of unspent funds to be used in future years.

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 the programs allows the Region to target units to the most underserved of the almost 6,000 applicants on the Centralized Waiting List in high demand locations. The programs are also an integral component of the affordable housing developments constructed by the Region.

7. CONCLUSION

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 of provincial funding annually to assist low income and supportive housing households in the Region.

For more information on this report, please contact Sylvia Patterson, Director, Housing Services at Ext. 2091.

The Senior Management Group has reviewed this report.