



City of
Peterborough

To: Members of the Joint Services Steering Committee

From: Malcolm Hunt, Director of Planning and Development Services

Meeting Date: February 13, 2014

Subject: Report PLHDJSSC14-001
Municipal Rent Supplement Program

Purpose

A report to recommend a program design for a municipal rent supplement program and to authorize the Mayor and Clerk to enter into program delivery and other associated agreements.

Recommendation

That Joint Services Steering Committee endorses the recommendation outlined in Report PLHDJSSC14-001 dated February 13, 2014, of the Director of Planning and Development Services, as follows:

That a rent supplement program as outlined in Appendix A, for low-income renters in the City and County be approved.

Budget and Financial Implications

\$200,000 is in the 2014 Housing Division budget for a Municipal Rent Supplement, which is offset by \$100,000 from Community Homelessness Prevention Initiative (CHPI) funding. The impact on City budget is \$46,300 while \$53,700 is conditional on approval through the County budget process.

Background

City of Peterborough Committee of the Whole will consider Report PLHD14-002, recommending program design for a municipal rent supplement program, on February 18, 2014. That report also seeks authorization for the Mayor and Clerk to enter into program delivery and other associated agreements.

Research and Consultation

Rent Supplements have played a part in increasing affordability for low-income renters in Ontario since 1969. Rent supplements are a smaller component of the housing system than social housing, but they play a significant role in the lives of households who receive them. In 2012, SHS Consultants prepared a review of two provincially-funded rent supplement programs (Rental Opportunity for Ontario Families and Short Term Rent Support Program.) They found that a significant majority of households who received rent supplement reported that it was helpful in avoiding eviction or avoiding having to move. This report also found that a significant majority of households reported that a rent supplement substantially decreased their need to access emergency funding.

Rent supplements are “demand side” solutions: they don’t create more rental units, but rather they enhance the affordability of existing stock. Low-income families can then afford rental units in the existing market. For this reason, rent supplements can be more flexible and responsive to fluctuations in income, population and to the changing marketplace than “supply side” solutions. Canada Mortgage and Housing Corporation’s annual Rental Market Report for 2013 shows a trend towards higher vacancy rates in Peterborough. This can be an ideal condition in which to promote rent supplements, as landlords may be more willing to negotiate an agreement when there is less competition for their units.

Provincially-funded rent supplement funding to date has been time-limited; funding starts to drop off starting in 2018. Without a firm prospect of continued provincial funding, Council approved a staff recommendation (PLHD12-001) to develop “options for the design, delivery and funding model of a new Municipal Rent Supplement.” Tim Welch Consulting (TWC) and Greg Suttor were contracted to research past and current rent supplement programs, with the aim of making program recommendations. As part of their research, they consulted with the two primary delivery agents of rent supplement – Peterborough Housing Corporation (PHC) and Community Counselling and Resource Centre (CCRC.) A steering committee, made up of members of the Affordable Housing Action Committee (AHAC) and City staff reviewed draft reports and provided feedback. The recommendations from this report, titled “Helping Tenants Afford Their Rents: Options for a Rent Subsidy for the Peterborough Region” form the basis for the proposed “Housing Choice” Rent Supplement program.

Policy and Funding Context

In the last five years, provincial funding for housing programs has declined; it is expected to decline further. While Investment in Affordable Housing (IAH) and Community Homelessness Prevention Initiative (CHPI) are new funding streams, they have largely been taken up by funding for low-income renters from other programs that have ended and emergency shelter solutions (see report CSSSJSSC14-002).

The Ministry of Municipal Affairs and Housing's Ontario Housing Policy Statement puts a strong emphasis on preventing homelessness through the provision of ongoing supports rather than one-time assistance for emergencies.

10 Year Housing and Homelessness Plan and 2014-18 Action Plan

The 10 Year Housing and Homelessness Plan, approved by Council in November 2013 (PLHD13-004) includes rent supplements as an important deliverable. Item 6.4 of the accompanying 2014-18 Action Plan directs staff to "Prepare a program proposal that includes terms and conditions, budget, monitoring as well as other specific criteria, e.g. targeting for priority populations."

Need in the Community

The Needs Assessment that was prepared for the 10 Year Housing and Homelessness Plan states that, "at any given time, 5 per cent of households are at severe risk of homelessness." Rents in Peterborough are comparable to similar-sized municipalities, but incomes are lower – between 12% and 23% lower. For example, a single mother working in the hospitality industry will spend 67% of her net income on rent for a two-bedroom apartment in Peterborough, which is more than twice the percentage that is needed to maintain housing stability.

1,887 households in Peterborough City and County live in social housing, and 453 households currently receive rent supplement in private market units through one of three programs. However, 6,000 low income households in pay 30% or more of their income on rent. Of that 6,000, almost half, or 2,865 pay more than half their income on rent. Rent supplements targeted for low-income households can be an important way to prevent evictions, stabilize tenancies and help mitigate the impact of the rising cost of utilities.

Selection of Single-Source Delivery Agent

CCRC, through their Housing Resource Centre program is the provider of housing help and emergency financial assistance in the Peterborough area. More recently, they have delivered Short Term Rent Support Program dollars as well as the majority of Investment in Affordable Housing Rent Supplements on behalf of the City. TWC's report on rent supplements recommends continuing to contract with CCRC to assist with administrative continuity and build on the experience they have gained to date. CCRC

is also the delivery agent for other emergency funds; this positions them well to target a broad spectrum of low-income tenants in immediate need.

Proposed Models

Key program elements recommended by the “Helping Tenants Afford Their Rents” report include flexibility, simplicity of administration and targeting for households in urgent need. Eligibility will be based on household income levels, appropriate unit size and a maximum rent limit. Two program models are proposed: the first would have broad eligibility but still serve households in urgent need; the second would be part of wrap-around services provided to people transitioning out of homelessness. It is proposed that each program be evaluated for impact and efficiency within a specific time frame.

1. Housing Choice Rent Supplement

Target: Low-income households whose housing costs are unaffordable

Rate: \$250 flat monthly supplement

Delivery: Payments made to landlords on behalf of tenants

Time frame for evaluation: within 5 years

Households could receive rent supplement in their current rental unit or use it to obtain new rental housing, where their current unit is unsuitable or inadequate. Housing Choice Rent Supplement may also be assigned to designated units, at the discretion of the City. The delivery agent would have flexibility to assist a household with a last month’s rent deposit, a feature that is not available under some provincially-funded programs. 50 to 60 rent supplements would be added to the programs currently delivered.

2. Housing Choice for Youth Pilot Project

Target: Youth receiving services from Youth Emergency Shelter (YES), transitioning into Abbott House and beyond to permanent housing

Rate: \$250 flat monthly supplement

Delivery: Payments made to YES on behalf of youth

Time frame for evaluation: within 3 years

Item 19.1 of the 2014-18 Action Plan identifies youth establishing first tenancies as a priority for a Single Room Occupancy pilot project. Abbott House, a location owned by YES, which provides supervised setting that gives youth who have stayed at the shelter an opportunity to develop life skills before moving on to live independently. Rent supplements delivered at Abbott House would also help YES offset program costs. Allocation to Housing Choice for Youth would be limited to 6-7 rent supplements.

Summary

Rent supplements can help to stabilize housing, improve affordability and can be instrumental in helping households avoid eviction. Based on TWC's research and consultation with local stakeholders, a flat-rate rent supplement delivered through Housing Resource Centre is recommended. A smaller pilot project to assist people who are transitioning from the Youth Emergency Shelter is also recommended.

These recommendations are consistent with provincial interests as stated in the Ontario Housing Policy Statement, the City of Peterborough's 10 Year Housing and Homelessness Plan and the 2014-18 Action Plan. The Housing Choice Rent Supplement program will address the demonstrated need in Peterborough City and County for greater housing affordability for people with low incomes.

Submitted by,

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Attachments:

Appendix A: Housing Choice Rent Supplement Program Outline