

5. RENT SUPPLEMENTS AND FEDERAL FUNDING

COMMITTEE RECOMMENDATIONS

That Council:

- 1. Urge the Minister of Municipal Affairs and Housing to modify the Rent Supplement program to apply to:**
 - in-situ tenants currently paying more than 50% of their income on rent and on the waiting list for social housing; and**
 - any available market rent unit in social housing; and**
- 2. Request that the Government of Ontario respect its commitment in the Canada-Ontario Social Housing Agreement (1999) and transfer the federal housing dollars to the municipalities who fund social housing (Consolidated Municipal Service Managers - CMSMs).**

DOCUMENTATION

- 1. A/Director, Social Housing's report dated 30 May 2000 is immediately attached.**

REGION OF OTTAWA-CARLETON
RÉGION D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/RAF. 05-00-0034
 Your File/V/Réf.

DATE 30 May 2000

TO/DEST. Co-ordinator, Community Services Committee

FROM/EXP. Acting Director, Social Housing

SUBJECT/OBJET **RENT SUPPLEMENT PROGRAM AND FEDERAL FUNDING**

DEPARTMENTAL RECOMMENDATIONS:

That the Community Services Committee recommend Council:

- 1. Urge the Minister of Municipal Affairs and Housing to modify the Rent Supplement program to apply to:**
 - *in-situ* tenants currently paying more than 50% of their income on rent and on the waiting list for social housing; and
 - any available market rent unit in social housing.
- 2. Request that the Government of Ontario respect its commitment in the Canada-Ontario Social Housing Agreement (1999) and transfer the federal housing dollars to the municipalities who fund social housing (Consolidated Municipal Service Managers - CMSMs).**

PURPOSE

The purpose of this report is to update Council on the new rent supplement program and to stress the importance of contacting the Minister of Municipal Affairs and Housing about amending the program in view of:

1. the implications of this program for Ottawa-Carleton and other municipalities with extremely low vacancy rates; and
2. the need to distribute all of the federal housing dollars it receives to CMSMs – the level of government responsible for funding and administering social housing.

BACKGROUND

In March 1999, the Government of Ontario announced its plans for a new \$50 million rent supplement program to be initiated upon signing of the Federal-Provincial Agreement on Social Housing. Funds for the new program come from the federal government as part of the negotiated agreement. The decision to use this money for a rent supplement program was made unilaterally by the Province, and ignores the fact that for most large municipalities in Ontario, the most urgent need is for the construction of new units.

In January, the Province announced that a total of 331 new rent supplement units would be made available for Ottawa-Carleton. Shortly thereafter, the Eastern Regional Office of the Ministry of Municipal Affairs and Housing began soliciting proposals from landlords interested in taking up the new units.

Typically, rent supplement agreements cover a period of three to five years and have allowed for renewal of agreements for a further term. Eligibility to participate is limited to private market landlords, except that a non-profit housing provider may apply for rent supplement units for new construction only. As of mid-May, 2000, four applications for a total of 80 units have been received by the Ministry. Of these, one non-profit housing corporation has applied for 30 units in a proposed new development.

Social housing staff have met with provincial staff to review the applications and are satisfied that the applicants meet the requirements of the program, and are consistent with the Region's priorities for social housing. Nevertheless, concerns remain about the overall effectiveness of this program and the long-term financial implications.

DISCUSSION

Three major issues emerge. The first relates to the effectiveness of the rent supplement program in a municipality like ours with a vacancy rate of 0.7%. Take-up of the 331 units has been slow precisely because little incentive exists to participate. In light of this reality, Regional staff had previously suggested the Ministry consider extending the application of the program to *in-situ* tenants on the waiting list for social housing and who pay more than 50% of their income on rent. This could go a long way towards reducing the risk of homelessness for those individuals and families always on the edge of economic eviction. Response to date has been subdued, but the idea has not been rejected.

A number of related issues have been identified and merit further consideration in the design of an *in-situ* rent supplement program. These include:

- the need to ensure equitable access to the rent supplement units, in keeping with the process established for housing tenants from the waiting list for social housing. This includes the need to extend eligibility to existing tenants in social housing market rent units;
- consideration of a streamlined administrative process in order to minimise the number of individual agreements; and
- the need to ensure that the benefit of such a program accrues to the tenant enabling them to have more disposable income once the rent is paid.

Accordingly, we recommend Council send a strong message to the Province urging them to reconsider their criteria on rent supplement eligibility.

Secondly, CMSMs face the possibility of increased financial liability when the term of the new rent supplement agreements expire. As described above, funding for the new 331 rent supplement units in Ottawa-Carleton comes from the federal government through the Province. No commitment has been made to date to ensure that federal dollars will continue to be applied to the rent supplement program, once these initial agreements expire. CMSMs could then face the difficult choice of having to either refuse to extend the agreements and lose affordable rental units, or budget additional money to continue with the program (in Ottawa-Carleton, this would average \$1.5 million per year). At a minimum, CMSMs (in the absence of a provincial commitment) will have to deal with those tenants still residing in rent supplement units once the agreements expire. Current rent supplement agreements include provisions to ensure payments continue until the tenant vacates the (previously-designated) rent supplement unit.

Thirdly, staff are very concerned that all of the federal dollars for housing given to the Government of Ontario are being allocated by the Ministry with no regard for municipal (CMSM) input; and worse, that such funds are being used for purposes other than social housing. Given that the Province has devolved responsibility for housing to the municipal sector, including funding, it is imperative that federal dollars earmarked for housing be passed directly to CMSMs and distributed in an equitable fashion. Under the terms of the Canada-Ontario Social Housing Agreement, a schedule of payments has been prepared and includes more than \$500 million annually for the next several years, declining to zero by the year 2033.

PUBLIC CONSULTATION

Issues raised in this report have been discussed with the Social Housing Working Group and comments incorporated.

FINANCIAL IMPLICATIONS

No funds are required to implement the recommendations of this report. Financial implications associated with the issues raised in this report may not be known for three to five years, unless the Province agrees sooner to pass through the federal funding.

CONCLUSION

Rent supplement programs contribute to solving a piece of the affordable housing problem and should be supported in our community. However, their effectiveness in markets with low vacancy rates is limited. The program would be considerably enhanced if the Province introduced two changes: 1) extending applicability to *in situ* tenants struggling with rent payments exceeding 50% of their income; and 2) allowing social housing units to be eligible. Furthermore, the cost of the new rent supplement

program is supported by federal dollars, which the Province must commit to transfer to municipalities consistent with the payment schedule outlined in the Canada-Ontario Social Housing Agreement.

Approved by
Marni Cappe