



CITY OF HAMILTON
COMMUNITY AND EMERGENCY SERVICES DEPARTMENT
Housing Services Division

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| TO: | Chair and Members Emergency & Community Services Committee |
| COMMITTEE DATE: | February 23, 2015 |
| SUBJECT/REPORT NO: | 2015 Changes to Housing Stability Benefit (CES15008) (City Wide) |
| WARD(S) AFFECTED: | City Wide |
| PREPARED BY: | Brian Kreps 905-546-2424 ext. 4329 Gillian Hendry 905-546-2424 ext. 4818 |
| SUBMITTED BY: | Joe-Anne Priel General Manager Community & Emergency Services Department |
| SIGNATURE: | |

RECOMMENDATION

- (a) That effective April 1, 2015, eligible expenses for the Housing Stability Benefit be limited to last month's rent, rent arrears, utility arrears, appliances, moving expenses, mattresses for adults, beds for children and bed bug preparation/prevention;
- (b) That effective April 1, 2015, budgeted funding of \$240,250 for the Rent Bank Program and \$84,080 for Emergency Energy Programs be combined with the Housing Stability Benefit into a single program totalling \$5,522,480;
- (c) That effective April 1, 2015, people with low-income who do not receive social assistance be eligible to apply for the Housing Stability Benefit for assistance with rent and utility arrears;
- (d) That the General Manager of the Community and Emergency Services Department or designate be authorized to implement spending caps, benefit frequency limits, or other controls necessary to ensure costs are contained within the approved budgeted amount.

EXECUTIVE SUMMARY

This report recommends changes to the Housing Stability Benefit (HSB), the Rent Bank and Emergency Energy Programs effective April 1, 2015 to contain costs within existing budgets, and to streamline and enhance flexibility in the administration of the Benefit.

In Report CS12031(a), City Council approved a recommendation to establish the HSB to replace the Community Start Up and Maintenance Benefit (CSUMB) which the Province removed from social assistance effective December 31, 2012. HSB is an important resource for Ontario Works (OW) and Ontario Disability Support Program (ODSP) recipients in providing financial assistance to households who are at risk of losing their housing or who are homeless and trying to secure new housing. Eligible expenses include last month's rent, rent arrears, utility arrears, moving expenses, bed bug preparation/prevention as well as the purchase of furniture and other household items. People in receipt of OW access the benefit through their OW case manager and people in receipt of ODSP access the benefit through the Housing Help Centre.

Uptake for the HSB has increased significantly since it was established. The 2014 HSB budget was \$5,198,150 (gross) \$3,324,990 (net). By the end of 2014, there is a projected pressure of \$698,000 which is a 23% increase over 2013 HSB expenditures. The 2014 pressure was covered by unallocated CHPI funds only because the Province announced an increase to the CHPI allocation late in the fiscal year. In order to control increasing costs for the HSB, it is recommended that furniture and other household items be eliminated from the list of eligible items.

Without taking steps to reduce expenditures, HSB funding will be fully expended before the end of 2015 resulting in either closing off access to the Benefit mid-year or in a request for approval for an enhancement in funding during 2015.

While furniture and household items are important in establishing a home, they are not considered to be as critical to housing stability as other expenses funded under the HSB. The primary purpose of the HSB is to prevent homelessness and, therefore, expenses such as rent arrears, utility arrears, and last month's rent are essential. These expenses can be validated with eviction notices and disconnection notices that clearly identify the urgency of the situation. Based on 2013 and 2014 expenditures, the elimination of expenses related to furniture and household items will keep expenditures within the present HSB budget. Housing Services Division staff will work with community agencies to explore other ways to assist clients in getting furniture for their homes.

The Rent Bank provides assistance with rent arrears to people with low-income including people who receive social assistance. The Emergency Energy Fund provides assistance with utility arrears to people with low-income who do not receive social assistance. Currently, each program uses different income limits to determine eligibility. Both programs are delivered through a service agreement with the Housing Help Centre. It is recommended that the funding for the Rent Bank and Emergency Energy Fund be merged into a single Housing Stability Benefit Program. People with low-income who do not receive social assistance will be limited to financial assistance with rent and utility arrears under the merged program.

The recommendations in this report will support the financial sustainability of the Housing Stability Benefit for 2015. In September 2015, Housing Services Division staff will return to Emergency and Community Services Committee with a detailed plan outlining a long term approach to the Housing Stability Benefit which will focus on person-centred service, homelessness prevention and will be more directly tied to housing outcomes.

Alternatives for Consideration – See Page 7

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial Implications:

The proposed 2015 budget for the HSB is \$5,298,150 (gross) which is \$100,000 higher than in 2014. The additional \$100,000 is to address projected utilization in the first quarter of 2015, prior to this recommendation taking effect. In 2015, HSB funding is comprised of \$1,973,160 in 100% provincial Community Homelessness Prevention Initiative (CHPI) funding and \$3,324,990 in net levy funding.

In 2014, it is projected that HSB expenditures will reach \$5,896,150 which is \$698,000 over budget. The pressure in 2014 was covered by unallocated CHPI funds only because the Province announced an increase to the CHPI allocation late in the fiscal year. Based on 2014 actual expenditures, the removal of furniture and household expenses will address this pressure in 2015.

The Rent Bank Program's annual budget is \$240,250 and the Emergency Energy Fund's annual budget is \$84,080. Both are funded 100% from provincial CHPI funding. It is recommended that funding for both programs be combined within the HSB. Both program budgets were fully spent by August 2014. Given the high demand, additional funding was provided in the amount of \$186,790 and \$69,500 respectively. This additional funding was provided from unallocated CHPI funding as well.

Staffing Implications:

There are no staffing implications associated with Report CES15008.

Legal Implications:

Legal Services will review and draft any ancillary agreements, as may be required under the CHPI Program. Legal Services staff will also ensure that the security requirements, as required from the project proponents, are fulfilled to protect the interests of the City, in accordance with the Service Agreement.

HISTORICAL BACKGROUND

March 27, 2012, the Province announced the elimination of the Community Start Up and Maintenance Benefit (CSUMB) from the OW and ODSP Programs as part of the 2012 Provincial budget.

July 24, 2012, MMAH announced the consolidation of five existing housing and homelessness programs into the Community Homelessness Prevention Initiative (CHPI).

September 12, 2012, Report CS12031 - Community Homelessness Prevention Initiative (CHPI) provided an introduction to the CHPI program and recommended that the levy portion associated with CSUMB and the programs being consolidated into CHPI be reallocated to the CHPI program. The recommendation was tabled to the October 10, 2013 Council meeting. Additional information was requested regarding the financial implications of the recommendations in Report CS12031 as well as the cap on Discretionary Benefits.

November 1, 2012, a special meeting of the E&CS Committee was held to discuss the impact of the cap on Discretionary Health Benefits and the restatement of the net levy portion of funding from homelessness programs to CHPI. Staff were directed to report to the General Issues Committee (GIC) on November 7, 2012 with a funding strategy for CSUMB and offer options for consideration.

November 7, 2012, City Council approved a motion that the net levy portion of existing housing and homelessness programs, previously cost-shared with the Province, would be restated to the CHPI and was to be used to create a new local benefit called the Housing Stability Benefit (Item 8.12(a) of General Issues Committee Report 12-032) to replace CSUMB.

December 10, 2012, the E&CS Committee approved a plan for the new HSB (Report CS12031(a) – Community Homelessness Prevention Initiative). The HSB was designed to provide financial assistance at the same level and with the same eligibility criteria as CSUMB for the first six months in 2013.

December 27, 2012, the Ministry of Community and Social Services announced that the City of Hamilton will receive \$3,190,278 one- time transitional funding for the 2013/14 fiscal year to help develop and implement the CHPI program.

May 13, 2013, the E&CS Committee approved the HSB program to continue until December 31, 2013 and to be funded from the one-time Provincial Transition Grant and the 2013 CHPI approved budget.

As part of the 2014-15 Ontario Budget, the Province announced that funding that had been provided on a one-time basis to assist with costs associated with transitioning to CHPI be made permanent. A letter dated July 28, 2014 from the Assistant Deputy Minister of Municipal Affairs and Housing confirmed that this commitment would be honoured. Hamilton's allocation will be the same amount it received in transitional funding, \$3,190,278. Without this announcement, Hamilton would have been facing some very difficult choices as the transitional funding was paying for a considerable share of the Housing Stability Benefit expenses and other program costs.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

If approved, the HSB Guidelines will be revised to reflect the change in eligibility criteria and eligible expenses under the program.

RELEVANT CONSULTATION

Consultation was undertaken by Housing Services Division staff with community stakeholders regarding housing related benefits such as the HSB, the Rent Bank and the Emergency Energy Fund. Consultation included focus groups and telephone interviews with people who received HSB. There was general consensus that the benefits are important interventions to prevent homelessness and there was a desire to see it continued. Participants highlighted the importance of last months' rent, rent arrears, and expenses relating to bed bugs and utility arrears as being the most critical to helping people find and maintain housing.

Consultation regarding the elimination of furniture from the list of eligible expenses for the HSB took place with the Hamilton Emergency Shelter Integration and Coordination Committee (HESICC), which represents homelessness services for single homeless men. The Housing and Homelessness Planning Group was also consulted. Both groups had mixed views concerning the removal of furniture as an eligible expense. Some felt this was a logical approach as it does not directly impact housing stability or prevent homelessness. Others felt that creating a sense of "home" by providing furnishings is important to long term housing success. There was also concern that this might promote the transmission of bedbugs as people may resort to picking up furniture off the street.

Internal consultation within Community and Emergency Services raised the importance of maintaining beds for children on the list of acceptable items under the HSB. This was highlighted as a health and safety issue for families with young children.

ANALYSIS AND RATIONAL FOR RECOMMENDATION

Other municipalities across Ontario have experienced an increase in spending for housing stability benefits since 2013. The relatively low utilization in 2013 is being attributed to a lack of awareness among clients of the availability of the new benefit. Based on the trend of increased utilization, it is assumed that if no changes are made, the program will experience a similar or larger pressure in 2015. It is forecasted that Hamilton's ODSP caseload will continue to increase and the OW caseload will remain constant in 2015. The size of the social assistance caseload directly impacts demand for HSB.

Based on an analysis of HSB utilization in 2013, approximately 17% of expenditures were related to the purchase of furniture and other household expenses. It is projected that expenditures for HSB will remain within the 2015 budget by removing furniture as an eligible expense.

The change that will have the greatest impact on applicants for assistance is the elimination of furniture and household items as eligible expenses under HSB. Removal of these items will make it more challenging for people receiving social assistance to outfit new apartments or replace items destroyed due to bedbugs. While it is a difficult decision, furniture is not as critical to housing stability as last month's rent, rent arrears or utility arrears. Funding for rent and utilities are essential because they help people secure new homes or stay in their homes when they have gotten behind on their rent or utility payments. Mattresses and beds for children will continue as eligible expenses. There are a variety of organizations that collect furniture donations on behalf of their clients or make donated furniture available for purchase at a relatively low cost. City staff will work with community agencies to explore options for helping to connect people with furniture and household donations.

The merging of the Rent Bank and the Emergency Energy Fund Programs with the Housing Stability Benefit is an administrative change that will not directly impact the service level for people with low incomes. There will be no change in eligibility criteria for the two programs or access to the service. Applications will continue to be processed by the Housing Help Centre.

The Rent Bank and Emergency Energy Fund currently function under guidelines previously established by the Province. The Rent Bank provides support for rent arrears to people with low-incomes regardless of their income source. The Emergency Energy Fund, however, only provides support for utility arrears to people with low-incomes who are not receiving social assistance. Under CHPI, the City of Hamilton is free to create its own rules. Operating as two separate programs that provide similar benefits is administratively onerous requiring separate contracts, purchase orders and payments.

It is important to note that currently, OW and ODSP recipients who have exhausted their HSB can apply to the Rent Bank for assistance with rent arrears. The HSB guidelines will be changed to allow clients in receipt of social assistance, in restricted cases to access funding, for rent arrears beyond their current 24 month limit. This will ensure that people in receipt of social assistance are not disadvantaged by this change in program structure.

Combining these programs with HSB will help streamline the administrative processes while still allowing people with low-incomes access to financial assistance with rent and utility arrears. While people receiving social assistance are among the most vulnerable in our community, it is important to support people living with low-incomes who are not receiving social assistance. Providing assistance with rent and utility arrears during financial crises is an important way to assist people households in avoiding eviction or the need to apply for social assistance.

These changes in eligibility criteria and the streamlining programs are consistent with the direction taken by other municipalities. Most municipalities who offer a benefit

similar to HSB have experienced high utilization in 2014 and are reducing eligibility to ensure that the program can operate within budget in 2015. They are also starting to explore ways to offer assistance that is more focused on housing outcomes rather than simply providing financial assistance.

ALTERNATIVES FOR CONSIDERATION

Alternative 1

An alternative for consideration is for Emergency and Community Services Committee to support a 2015 budget enhancement of \$700,000 to address the projected pressure instead of eliminating furniture and household items as eligible expenses for HSB.

Keeping furniture and household items as an eligible expense will have the benefit of allowing people more choice and a sense of comfort in their new home which may possibly increase the individual's housing stability. It may also prevent transmission of bed bugs by reducing the incentive for people to pick up furniture that has bed bugs on the street side or from less reputable sources.

This does not, however, solve the dilemma of how to constrain costs in a program that is demand driven. The overspending for 2014 is projected to be \$698,000. The drivers for the increase in demand are hard to determine. It is possible that some of the overspending was driven by high winter fuel bills and that a warmer winter may bring the costs down. It is also possible that the costs will continue to climb as more people become eligible for HSB in 2015. Eligibility was based, in part, on whether social assistance recipients had previously accessed CSUMB. People are eligible for the maximum benefit every two years. As of January 1, 2015, the two year window will have closed and people who may have been ineligible for HSB because they previously accessed CSUMB will now be eligible and will reapply HSB.

Financial Implications:

An increase of \$700,000 in HSB funding would be referred to the 2015 budget process as a Council Referred Enhancement.

Staffing Implications:

There are no staffing implications associated with Report CES15008.

Legal Implications:

There are no legal implications associated with Report CES15008.

Alternative 2

A second alternative for consideration is for furniture and household items to remain as eligible expenses under HSB but off-set the pressure by utilizing the Rent Bank and Emergency Energy Fund budgets. It would then be necessary to restrict HSB only to people who receive OW and ODSP. Low-income households who do not receive social assistance would no longer be able to apply for assistance with rent or utility arrears.

This would still leave a negative variance of \$326,824 which would be referred to the 2015 budget process.

Keeping furniture and household items as an eligible expense would have the benefit of allowing people more choice and a sense of comfort in their new home which may possibly increase the individual's housing stability. It may also prevent transmission of bed bugs by reducing the incentive for people to pick up furniture that has bed bugs on the street side or from less reputable sources.

This would mean that each year approximately 350 people with low-incomes would not have access to any assistance with rent or utility arrears other than through much smaller programs in the community such as the Housing Emergency Loan Program and the Winter Warmth Program. This may result in evictions, homelessness and increased applications to the OW Program for financial assistance.

Financial Implications:

The combined total for the Rent Bank and Emergency Energy Fund budgets is \$324,330 which leaves a variance of \$373,670 required to address the total projected pressure of \$698,000. The \$373,670 pressure would be referred to the 2015 budget process as a Council Referred Enhancement.

Staffing Implications:

There are no staffing implications associated with Report CES15008.

Legal Implications:

Legal Services will review and draft any ancillary agreements, as may be required under the CHPI Program. Legal Services staff will also ensure that the security requirements, as required from the project proponents, are fulfilled to protect the interests of the City, in accordance with the Service Agreement.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

APPENDICES AND SCHEDULES ATTACHED

None