



Hamilton

# INFORMATION REPORT

<b>TO:</b>	Chair and Members Emergency & Community Services Committee
<b>COMMITTEE DATE:</b>	July 6, 2016
<b>SUBJECT/REPORT NO:</b>	Hamilton Housing Allowance Program (CES16028) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
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## Council Direction:

On March 9, 2016, as part of the budget process, City Council approved an annual commitment of \$1.1m for the establishment and delivery of a portable rent subsidy program for households with lower incomes. (GIC Budget Report 16-003).

## Information:

The purpose of this report is to describe the new Hamilton Housing Allowance Program, present information on the different types of rent subsidy programs available in Hamilton, their funding, and how the new City funded Hamilton program is structured.

## Background

The City of Hamilton currently delivers two forms of rent subsidy programs:

- 1) A *rent supplement* whereby households receive a subsidy geared to their income to assist with the cost of their rent.
- 2) A *housing allowance* whereby a flat rate rent subsidy is provided to the household (i.e. not geared to income) and the flat rate varies according to program.

The following is a list of *rent supplement* and *housing allowance* programs currently delivered by the City showing the funding amount and source of funding.

## Municipal funding:

- Ontario Community Housing Assistance Program (OCHAP) provides rent supplements to social housing projects with a 2016 municipal net levy budget of \$2.5M.

- The Commercial Rent Supplement Program provides rent supplements to primarily private sector rental units with a 2016 net levy budget of \$1.4M.

**Provincial funding:**

- Strong Communities is a rent supplement program with an annual budget of \$1.805M. There are three funding streams under this program targeted at households with affordability issues only, those receiving health related supports and those receiving social services supports.

**Federal/ Provincial funding:**

- Investment in Affordable Housing - Housing Allowance Program - 450 5-year housing allowances at \$200/month, which expire March 31, 2018, with a total funding amount of \$5.4 million.
- Investment in Affordable Housing - Extension Housing Allowance Program - 520 5-year housing allowances at \$250/month, 370 of which are designated for existing Housing First programs coordinated through four Housing First agencies (Wesley Centre, Good Shepherd Centres, Aboriginal Health Centre, and Catholic Children's Aid). The last of these will be committed in 2019/20 with a total funding amount of \$7.8 million.

**The Hamilton Housing Allowance Program**

The new Hamilton Housing Allowance Program will be a hybrid of Rent Supplement and Housing Allowance in that it is a flat rate but the rate varies based on household size. The program launch is targeted for July 2016.

The current levels of funding under existing rent subsidy programs are considerably lower than what is needed in the community and will not meet the target established in the City's 10-year Housing & Homeless Action Plan to reduce the social housing waitlist by 50% by 2023. As well, some of these programs are not designed to meet the needs of households who want to remain in their neighbourhoods; close to established schools, family supports, employment, medical providers, etc. As such, there is considerable need for a more appropriate portable housing allowance to ensure more choice and housing affordability. This is the rationale for City Council's approval of \$1.1 million annually as part of the 2016 Operating Budget process for a new portable Hamilton Housing Allowance program.

**Goals/Benefits**

The goals and benefits of the Hamilton Housing Allowance Program include:

- Long term housing affordability for eligible households who would like to remain in their current residence
- Empower households to make their own housing decisions

- An opportunity to reduce the social housing waitlist
- Provide more client focused service, through portability of the subsidy, rather than the subsidy being tied to the unit
- Avoid concentrations of poverty and promotes income mixing in neighbourhoods
- Bridge the affordability gap in private market rental housing

Providing a housing allowance to those in need who are currently on the waitlist for rent-geared-to-income social housing is a significantly lower cost than providing capital for new rental housing development. For example, under the IAH Extension program, capital funding for construction of a new rental unit is \$150,000 compared to the average annual subsidy of \$5,600 per year for a housing allowance for this program

Council's commitment to a Housing Allowance program aligns with the City's 10 Year Housing & Homelessness Action Plan (Report CS11017(c)) and is an important first step, in tandem with federal/provincial programs, to help achieve the target to reduce the social housing waitlist by 50% by 2023 (Strategy 2.4 of the Action Plan).

### **Who is Eligible to Receive Assistance?**

Applicants must meet the following criteria to receive Hamilton Housing Allowance assistance:

- Meet income eligibility thresholds (Housing Income Limits as determined by the Ministry of Municipal Affairs and Housing);
- Have an active application on the Access to Housing social housing waitlist;
- reside in Hamilton;
- Be a Canadian citizen or have legal status in Canada;
- Have an annual income tax return with the Canada Revenue Agency;
- Not already be in receipt of rent-geared-to-income (RGI) or other type of housing assistance; and,
- Must be in, or willing to enter into, a repayment agreement if owing money to a social housing provider.

### **How the Program Will Work**

- Housing Allowances will be offered to households on the social housing waitlist in chronological order starting with the oldest application dates.
- The Hamilton Housing Allowance gives households choice by providing the option to help households stay where they currently reside or to move to another more appropriate rental home in the private market.
- Housing Allowances are provided up to a maximum of eight years.

- Participants of the program will no longer be active on the Access to Housing waitlist but can reactivate their application after eight years. In this way, the program will have the effect of reducing the size of the waitlist but not negatively impacting the long term affordability for a household.
- The unit rent must not exceed 125% of Average Market Rent. (Average Market Rent data provided by Canada Mortgage & Housing Corporation (CMHC) shows the average cost for all purpose built rental units, vacant and occupied. However, available vacant units are often more expensive than the Average Market Rent).
- Participants must undergo an annual review to determine continued eligibility.
- The housing allowance will be paid directly to the landlord.
- Funding is a fixed rate based on household size. The unit must not exceed the maximum occupancy standard for that household size:

Household size	Maximum Unit size	Housing Allowance
1 - 2 adults, 0 dependents	1 bedroom	\$250
1 - 2 adults with 1 dependents	2 bedroom	\$300
1 - 2 adults with 2 dependents	3 bedroom	\$350
1 - 2 adults with 3 - 5 dependents	4 bedroom	\$400
1 - 2 adults with 6+ dependents	5+ bedroom	\$450

**Projected Outcome:**

Based on an average housing allowance of \$350, it is expected that approximately 240 households will receive a housing allowance to secure affordable housing to meet their needs. This will result in a 4.2% reduction in the social housing waitlist.

The program will be reviewed on an annual basis by Housing Services staff to determine if any changes are required and to ensure it is meeting the stated goals.