
For Information

REPORT TITLE: Housing Subsidy Update

FROM: Janice Sheehy, Commissioner of Human Services

OBJECTIVE

To update Regional Council about current housing subsidy service levels.

REPORT HIGHLIGHTS

- Subsidies are an important tool to improve housing outcomes and supplement capital investments that increase supply.
 - Since 2016, Regional Council has made significant capital investments in affordable housing, including the allocation in principle of a \$1 billion Housing Master Plan. During the same time period funding for housing subsidies has remained relatively flat.
 - Through the 2022 budget process, staff is seeking Council’s approval for \$1 million to increase needs-based subsidies, as well as \$0.3 million for two full-time resources to provide subsidy administration and case management supports.
 - Upon turnover of units, the current legislation enables landlords to increase rents beyond the stated guideline increase, as such, over the years, the existing funding allocation has eroded in terms of the number of units it can subsidize.
 - The proposed budget increase will help to prevent the loss of existing subsidized units in the private market and will support approximately 70 more households to access housing they can afford.
 - The next step includes a comprehensive report to Regional Council, with recommended service levels and targets for housing subsidy and supply that will inform future budget asks.
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DISCUSSION

1. Background

As with most large urban centres across Canada and around the world, there is an affordable housing crisis in Peel. Current housing prices, both rental and ownership, are out of reach of 80 per cent of households, when using the accepted standard of spending no more than 30 per cent of income on housing costs. Average ownership prices in Peel, despite the pandemic, are now above \$1 million and vacancy rates in the rental market remain below 3% per cent the threshold considered healthy by the sector.

As previously reported to Council, improving housing outcomes and successfully implementing Peel’s 10-year plan requires additional resources from all levels of government, as well as more participation from the private and non-profit sectors. Current service levels do not fully address the growing need for affordable housing.

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As advocacy for additional operating and capital funding from the federal and provincial governments continues, this report updates Council about the 2022 budget process ask for \$1 million to increase the Region of Peel's investment in housing subsidies, using the recently approved needs-based approach.

2. Housing Subsidy – Current Service Levels Compared to Need

Helping individuals and families get and keep housing they can afford requires more than increased supply. Peel's 10-Year Housing and Homelessness Plan 2018-2028 includes a multi-pronged approach to improving housing outcomes and recognizes that an increasing number of households need timelier access to subsidy and supports, in order to become stably and affordably housed in Peel.

a) Total Expenditures 2016-2020

In 2021, Housing Support has total budgeted expenditures of \$225.8 million. The net operating budget is \$135.7 million, making Housing the largest tax supported Regional program, after Peel Regional Police.

Approximately 49 per cent or \$110.1 million of the Housing Support total expenditures is for subsidy, both operating and rental. In Peel, there are 3 types of rental subsidies: rent-gear-to income subsidies administered to Peel Housing Corporation and other community housing providers through the centralized waiting list; needs-based subsidies administered to private landlords, and needs-based portable subsidies administered to clients.

Current service levels are depicted in the table below.

2021 Housing Support Subsidy Service Levels

Type of Subsidy	RGI PHC and Community Providers *	Private Landlord	Portable	Total
Budget	\$79.5 million	\$25.7 million	\$4.9 million	\$110.1M
Budget Service Level	7,778	2814	693	11,285
How Administered	Chronologically, through centralized waiting list	Needs-based	Needs-based	

*subsidies provided to private landlords through the Commercial Rent Supplement Program are administered chronologically through the centralized waiting list in order to comply with program requirements.

Despite this investment in housing subsidy, available resources fall significantly short of need. Additionally, the affordability gap widens with each passing year in Peel. Between 2016-2020, average housing prices in Peel increased by 42 per cent and average rental rates for new tenants increased by at least 27 per cent. Over the same time period, there is no evidence to suggest that incomes in Peel grew at similar rates.

Between 2017-2021, the overall housing subsidy budget in Peel decreased slightly (2.3 per cent or \$2.6 million). Federal and provincial funding for subsidy dropped 20 per cent and the

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Region of Peel's contribution increased by 4 per cent. It is important to note that some providers experienced decreased funding due to mortgages ending or reductions in operating costs - factors that would not cause a corresponding reduction in service levels. However, it is evident that the total number of subsidized units in the affordable housing system has not kept pace with the need in the community.

b) Feedback from Community Partners

In the fall of 2020, Housing Services hired OrgCode Consulting Inc. to conduct an analysis of Peel's subsidy and supports service levels. As part of this work, a survey was sent to 225 persons from 52 non-profit organizations providing housing and/or homelessness services in the Region. Altogether, 109 responses were received, providing a 48 per cent response rate and a strong cross-section of service providers throughout the Region. Across nearly all categories of services and supports, a majority or near majority of respondents disagreed or strongly disagreed with the adequacy and availability of resources for persons seeking housing assistance. Details can be found in Appendix I.

3. Proposed Direction

The Region of Peel's 10-Year Housing and Homelessness Plan provides the strategic roadmap to improve housing outcomes in Peel. Over this term of Council, a number of actions have been implemented under the Plan, including expanding the street outreach program, improving how shelters operate, and shifting to a needs-based approach to subsidy administration. Other actions increase the supply of affordable housing involve launching a new second units renovation assistance program, creating an incentives program for private and non-profit developers, and building more affordable units on Region of Peel and Peel Housing Corporation sites through the \$1 billion Housing Master Plan. As reported to Council on July 8, these actions are beginning to show signs of success, as the number of households with urgent needs being housed has almost doubled in just two years. In 2020, 23 per cent of clients presenting with immediate complex needs were supported to find permanent housing, compared to 13 per cent in 2018.

With several key plans, policies and operational changes now in place, additional investments in housing subsidies are being sought in order to sustain and increase access to the current private rental units and to further improve housing outcomes.

Through the 2022 budget process, staff is seeking Council's approval for \$1 million to increase needs-based subsidies, as well as \$0.3 million for two full-time resources to deliver subsidy administration and case management supports. This increase in 2022 will help to prevent the loss of units from increased rental prices and will help approximately 70 more households access housing they can afford.

Moreover, staff is preparing a comprehensive report for Council with recommended service levels and targets for housing subsidy and supply. The report will include a proposed methodology for annual adjustments to subsidy service levels, to slow the rate at which the gap between supply and demand expands. It will also mitigate the risk of losing access to rental units in the private market, through subsidy agreements with private landlords. Between 2018-2020, the Region lost access to 535 private market rental units.

Annually private landlords can increase the market rents for occupied units based on the approved annual rent increase guideline published by the provincial government as per the

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Residential Tenancies Act, 2006 (RTA). Upon turnover, private landlords can increase their market rents as high as they deem reasonable for rental on the open market. In addition, landlords can apply to the Landlord Tenant Board for a rental increase, regardless of turnover status, that is above the posted RTA approved rental increase percentage. Staff expect more landlords may pursue this option over the short-term to make up for lost revenue due to the provincially mandated rent increase freeze during the COVID-19 pandemic.

RISK CONSIDERATIONS

As stated in Peel's 10-Year Housing and Homelessness Plan, improving housing outcomes is the shared responsibility of all levels of government and more funding is needed from the federal and provincial governments.

Subsidies are an important tool to improve housing outcomes, and supplement capital investments to increase supply. Since 2016, Council has made significant capital investments in affordable housing, including the funding secured for the Housing Master Plan. During the same time period funding for housing subsidies has remained relatively flat.

As such, the 2022 Housing Support budget ask includes \$1 million for additional needs-based subsidies. In addition, staff is preparing a report that provides Council with recommended service levels and targets for housing subsidy and supply over the longer-term.

Increasing operating funding for needs-based subsidies will help families now, while the Region creates new affordable units over the next decade, through the Housing Master Plan and other programs.

Risks will also continue to be mitigated through ongoing advocacy to federal and provincial governments at both staff and political levels.

FINANCIAL IMPLICATIONS

This report has no financial implications. The 2022 Housing Supports budget ask includes additional operating and capital investments in Housing, including additional investments in needs-based subsidy and the staff required to administer it.

CONCLUSION

Lack of affordable housing is a growing issue in Peel region, as it is for most large urban centres across Canada and around the world.

This report focuses on housing subsidies. It highlights the growing level of need, in advance of 2022 budget, which seeks Council approval for additional investments in affordable housing, including \$1 million for needs-based subsidies.

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APPENDICES

Appendix I - Current Partner Analysis of Existing Housing Subsidy, Supports and Service Level

Authored By: Laura Tribble, Advisor Peel Housing and Homelessness Plan