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**REPORT TITLE:     Improving Housing Subsidy Administration**

**FROM:                     Janice Sheehy, Commissioner of Human Services**

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## **RECOMMENDATION**

**That the Region of Peel adopt a needs-based approach to administering housing subsidies as described in the report of the Commissioner of Human Services, titled “Improving Housing Subsidy Administration”;**

**And further, that the centralized wait list be used to only administer housing subsidies required to meet the legislated service level standard under the *Housing Services Act, 2011*.**

## **REPORT HIGHLIGHTS**

- In April 2018, Council approved the renewed 10-Year Peel Housing and Homelessness Plan. One of the five strategies included in the Plan is “Transform Service”.
  - The Transform Service strategy is predicated on the ‘Housing First’ philosophy and a shift to a needs-based approach. This philosophical change was approved by Regional Council in November 2019, through a report titled “Housing and Homelessness Service Transformation: Shifting to a Needs-Based Approach”.
  - Successfully implementing the strategy requires changes to several housing policies and practices including subsidy administration and shelter standards and is reliant on digital automation.
  - This report focuses on subsidy administration and seeks Council approval to:
    - Use the centralized wait list to only administer subsidies required to maintain the legislated standard of 8424 units, under the *Housing Services Act, 2011*. This represents up to \$79.5 million or 73 per cent of funding for housing subsidies.
    - Administer all remaining subsidies through a separate process, based on client need, representing up to 27 per cent of funding.
  - A needs-based approach, though not yet implemented by the Province, is in alignment to the Auditor General’s recommendation from the 2017 audit of social and affordable housing, namely, that the Ministry of Housing work with municipal services managers to develop a new needs-based process to ensure that limited resources are used to help households with the highest needs.
  - Should the recommendations in this report be approved, prior to implementation, staff will finalize the operational details and return to Council with an update and to provide communication materials.
  - Once fully implemented, the needs-based approach to subsidy administration is expected to improve outcomes for high need housing and homeless clients, enhance their service experience and reduce administrative costs.
  - Subsequent to the implementation, staff will return to Council before the end of 2022 to provide an update on the benefits achieved, as well as an evaluation of the outcomes.
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# Improving Housing Subsidy Administration

## DISCUSSION

### 1. Background

In 2018, Regional Council approved the renewed 10-Year Peel Housing and Homelessness Plan. One of the five strategies included in the Plan is Transform Service.

The objectives of the Transform Service strategy include improving housing outcomes for housing and homeless clients, enhancing the client experience and reducing the administrative burden and associated costs. The strategy is predicated on the 'Housing First' philosophy and a shift to a needs-based approach. This philosophical change was approved by Regional Council in November 2019, through a report titled "Housing and Homelessness Service Transformation: Shifting to a Needs-Based Approach".

Successfully implementing the strategy requires changes to long-standing policies and practices including subsidy and wait list administration, shelter standards, and several operational processes, and includes the need for digital automation.

This report focuses on the proposed changes to subsidy administration. Subsequent reports will address shelter standards and other required policy changes. Proposed investments in new technology will be included in future budget requests.

### 2. Current State

Today, rent geared-to-income subsidies are administered through five federal and provincial programs that were transferred to Service Managers through devolution. Subsidies are also administered through a Regional rent supplement program that includes rent-geared-to-income subsidies flowed through community housing providers and private landlords, as well as housing allowances and portable subsidies provided directly to clients.

Currently, all housing subsidies are administered through the centralized wait list, following the regulations under the *Housing Services Act, 2011*. This means that rent-geared-to-income units and subsidies are administered chronologically and not based on need. Exceptions include victims of family violence and human trafficking applicants (provincial priorities) and medical, in-situ and over-housed applicants (local priorities).

The average wait times on the centralized wait list have grown exponentially over the past decade, to the point that obtaining a unit or housing subsidy is no longer an immediate solution to a housing crisis.

Moreover, the current approach to subsidy administration is outdated, complicated and administratively burdensome. It creates barriers to providing timely access to funding and subsidies to clients who need it most.

### 3. Proposed Changes

To address the challenges as outlined and to ensure that a greater proportion of housing subsidy is allocated to those who need it the most, staff recommends shifting to a proposed approach that maximizes the number of subsidies that can be administered through a needs-based approach, while ensuring the Region of Peel remains compliant with provincial legislation.

## Improving Housing Subsidy Administration

This approach is in alignment with the findings from the Auditor General's 2017 audit of social and affordable housing. The report included a recommendation to “better ensure that limited resources are used to help households with highest needs that the Ministry of Housing work with municipal service managers on developing a new needs-based eligibility and prioritization process” when deciding who should receive social housing subsidies. To date, the Province has not moved forward with implementing this recommendation. As such, staff will be requesting advocacy on this issue, in a report to Regional Council to be presented in June.

### a) Subsidy to Meet Legislated Standard

Under the *Housing Services Act, 2011* the Region of Peel must maintain 8424 subsidized units within the community housing system that are administered through the centralized wait list. Staff recommends using the centralized wait list to only administer subsidies required to maintain the legislated standard. This change will mean that up to \$79.5 million or 73 per cent of housing subsidy funding will continue to be administered chronologically through the centralized wait list.

### b) Needs-Based Subsidy

In order to better support clients with urgent and complex needs, staff recommends that all other housing subsidies be administered based on need, unless restricted through funding agreements and guidelines. This represents up to \$30 million or 27 per cent of subsidies and is predominantly Regional funding. It includes most subsidies given to private landlords, and all portable subsidies administered directly to clients.

The table below provides an overview of the new needs-based administration structure. New eligibility guidelines are included in Appendix I.

Level of Need	Description	Length of Time	Expected Client Volume
Short-term	<p>Clients with low acuity who require one-time or short-term support to stabilize housing and achieve independence.</p> <p>Example: an individual who is returning to work and requires a housing allowance for two months to bridge the gap before their first pay cheque.</p>	Up to 6 months	50% of clients may fall within this support level
Mid-term	<p>Clients with mid acuity who require mid-term support to help stabilize housing and achieve independence.</p> <p>Example: a single parent who requires a subsidy and wrap-around supports to address a temporary loss in income due to an illness.</p>	6 to 18 months	30% of clients may fall within this support level

## Improving Housing Subsidy Administration

Level of Need	Description	Length of Time	Expected Client Volume
Long-term	Clients with high acuity who require ongoing support to help stabilize housing.  Example: an individual who was chronically homeless and requires an ongoing housing allowance and wrap-around supports to maintain their housing.	18+ months	20% of clients may fall within this support level

The recommendation to structure the needs-based subsidy into three categories is based on modeling and analysis of client need. A needs assessment will ensure clients are placed in the appropriate segment and service plans will be developed to ensure the right mix of subsidy and supports are provided, to help them achieve housing stability.

The shift to a needs-based approach is already underway to a limited extent to ensure client safety as part of the COVID-19 response. Clients with urgent needs in the emergency shelter system have been prioritized for subsidy and moved into units. The housing stock became available as new supply from private landlords as a result of the pandemic.

Should Council approve staff's recommendations, the details of the needs-based approach will be finalized. Staff will return to Council with an update and to provide communication materials before the program is launched.

Once fully implemented, the needs-based approach to subsidy administration is expected to improve outcomes for Housing Services clients, enhance their service experience and reduce administrative costs. Staff will return to Council before the end of 2022 to report on the actual benefits achieved and to provide an evaluation of the outcomes.

## RISK CONSIDERATIONS

Moving towards a needs-based approach to subsidy administration will improve access to subsidy and supports for those with urgent and complex needs. However, this change will cause low need households to remain on the centralized wait list longer. Ongoing reassessment of households on the centralized wait list will ensure they are supported appropriately should circumstances change. Also, recent federal and provincial changes to subsidy administration, including the Canada Ontario Housing Benefit are intended to help mitigate the challenges of the centralized wait list, including wait times, by providing a supply of additional housing subsidies.

There is also a risk that households may take advantage of the needs-based administration to receive help quicker, but staff will maintain the integrity of the system by:

- Consistently assessing need and determining acuity levels through the client needs assessment tool;

## Improving Housing Subsidy Administration

- Prioritizing households based on need for support to manage the demand and ensure an equitable distribution of funding;
- Developing a service plan in collaboration with clients to help achieve long-term housing stability; and,
- Testing the structure and adjusting as necessary to meet the needs of the community and the intended outcomes of this transformation.

## FINANCIAL IMPLICATIONS

Subject to Council approval, up to \$30 million of the existing Housing Support budget used for subsidies will be administered through a needs-based approach, unless restricted through funding agreements and guidelines. These subsidies are predominantly Regional funding and will no longer be administered chronologically through the centralized wait list.

## CONCLUSION

This report seeks Council authority to use the centralized wait list to only administer housing subsidies required to meet the legislated service level standard under the *Housing Services Act, 2011* and to adopt a needs-based approach to administering the remaining subsidies. It is expected that the needs-based approach will improve outcomes for high need clients, enhance their service experience and reduce administrative costs.

Should the recommended changes be approved, staff will finalize program details and return to Council with an update and to provide communication materials before the program launch. Staff will also report back to Council on the benefits achieved and with an evaluation of the outcomes before the end of 2022.

## APPENDICES

Appendix I - Guidelines for Improving Housing Subsidies

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*For further information regarding this report, please contact Aileen Baird, Director, Housing Services, Ext. 1898, [aileen.baird@peelregion.ca](mailto:aileen.baird@peelregion.ca).*

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***Reviewed and/or approved in workflow by:***

Department Commissioner, Division Director, Financial Support Unit and Legal Services.

Final approval is by the Chief Administrative Officer.



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N. Polsinelli, Interim Chief Administrative Officer