
REPORT TITLE: Enhancing Housing Subsidy and Supports

FROM: Sean Baird, Commissioner of Human Services

RECOMMENDATION

- 1. That the changes to housing subsidy administration and supports, as described in the report of the Commissioner of Human Services, listed on the October 26, 2023 Regional Council agenda titled “Enhancing Housing Subsidy and Supports”, be approved; and**
- 2. That the Director of Housing Services be granted authority to enter into and execute agreements with non-profit community agencies for the purpose of administering the community agency subsidy program, on business terms satisfactory to the Commissioner of Human Services and on legal terms satisfactory to the Regional Solicitor and Commissioner of Legislative Services.**

REPORT HIGHLIGHTS

- The affordable housing system is overburdened, underfunded, and insufficiently resourced.
- Ninety-one thousand (91,000) households are in core housing need and Peel is only meeting 19 per cent of this need.
- The five proposed changes in this report aim to enhance access to housing subsidy and supports, while in addition to increasing the affordable housing supply, meaningful policy and program changes are needed to address service gaps now and prevent households from experiencing homelessness.
- Also establishing new partnerships with community agencies and increasing the capacity of the Non-Profit sector in Peel.
- The proposed changes will be managed through the approved 2023 Housing Support operating budget and additional investments are included in the proposed 2024 Housing Support operating budget.
- By not implementing these changes, households will continue to wait for supports and may end up experiencing homelessness as a result, further stressing the emergency shelter system.

DISCUSSION

1. Background

The affordable housing system is overburdened and underfunded. An average income household now requires about 30 years to save a down payment for an affordable 25-year mortgage. Minimum wage households need to save for 50 years. Mississauga and

Enhancing Housing Subsidy and Supports

Brampton have the 4th highest and 5th highest rental rates nationally, and average rents in these cities now consume entire paycheques for minimum wage households, increasing their risk of homelessness.

Peel's 10-Year Housing and Homelessness Plan is Peel's strategic roadmap to address the affordable housing crisis. The plan includes several actions to transform how housing and homelessness services are delivered, including improvements to subsidy administration as follows:

- Shifting to a needs-based approach so that regionally funded subsidies are provided based on need, rather than application date.
- Implementing process improvements that streamline access to subsidies for both unhoused and housed individuals.
- Increasing investments in portable subsidies, which are attached to clients, rather than units, to help get individuals housed faster.
- Adding a new Housing Support Worker (HSW) role to improve case management
- Working with the Peel Alliance to End Homelessness and other community agencies to implement a coordinated access system which provides a consistent way to assess, prioritize and connect people experiencing homelessness to housing and supports.

The changes implemented to date have resulted in more people getting housed, through receiving subsidy and supports faster. This report outlines additional changes and investments in subsidy administration and supports to further increase reach and impact.

2. Current State

a) Housing Subsidy Administration

Housing subsidies are an important tool that provide rental affordability for clients in community and private market units. In most cases, households are expected to pay up to 30 per cent of their income towards rent, or the maximum shelter allowance for social assistance, and the subsidy covers the balance.

Table 1 provides an overview of the current subsidy administration framework, which includes the different subsidy types, funding sources and current budgets. It is important to note that Peel Region funds more than 80 per cent of all subsidies.

Table 1: Overview of Current Subsidy Types

Subsidy Type	Description	Funding Source(s)	2023 Budget
Community Housing	<ul style="list-style-type: none"> • Attached to units in community housing provider buildings. 	<ul style="list-style-type: none"> • Peel • Provincial • Federal 	<ul style="list-style-type: none"> • External Providers – \$42,362,369 • Peel Housing Corporation – \$34,638,615
Private	<ul style="list-style-type: none"> • Attached to units owned by private landlords in the community. 	<ul style="list-style-type: none"> • Peel • Provincial 	<ul style="list-style-type: none"> • \$35,569,556

Enhancing Housing Subsidy and Supports

Portable	<ul style="list-style-type: none"> Attached to an individual and move with the household. Most of these subsidies are in private market units. 	<ul style="list-style-type: none"> Peel 	<ul style="list-style-type: none"> \$5,710,094
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b) Supports

Clients with complex needs require specialized and tailored supports to become stably housed. In 2021, Peel conducted a Point-in-Time Count to better understand the nature and extent of homelessness in the community. The count revealed that the top five reasons for housing loss at the time were: unable to pay rent/mortgage (33 per cent), conflict with a partner/spouse (27 per cent), mental health issues (17 per cent), substance use issues (17 per cent) and landlord/ tenant conflict (14 per cent). Access to services, such as conflict resolution training or mental health counselling, are key to preventing homelessness and may have helped these individuals avoid eviction. Peel is meeting less than 1 per cent of the need for these types of supports.

As mentioned above, the HSW role and Peel’s coordinated access system provide supports to clients to help them get and keep housing. Clients may be referred to community agencies for additional help, but most of these agencies have lengthy wait lists and limited capacity. As a result, these individuals do not receive immediate help. Community housing providers, service providers, staff and clients are requesting direct access to supports to improve service connections and reduce waiting times. This report proposes a recommendation to meet this request and better support our partners and clients.

3. Proposed Changes

a) Housing Subsidy Administration

Staff recommend the following policy and program changes to further improve housing subsidy administration. The proposed 2024 Housing Support operating budget will include a \$6 million request to increase the number of housing subsidies available. It is anticipated that the proposed changes, coupled with new investments, will provide subsidies to an additional 300 to 400 households in Peel (pending market conditions).

i. Increase affordability levels to 150 per cent of Average Market Rent

Historically, private and portable housing subsidies have been calculated based on the Canadian Mortgage and Housing Corporation’s (CMHC) annual Average Market Rent (AMR) rates. AMR is an estimate of the average value of all rents charged in the market. In Ontario, this includes units with long-term tenants whose rents are regulated, and new tenants whose rents are not regulated. New tenants and those looking to change homes, pay current market rents. As such, AMR has become challenging to use for housing subsidy calculations, as it does not reflect the current market rent for new units/leases. For example, by the end of Q2 2023, rental rates for new units in Peel averaged \$2,584 per month, which was significantly higher than CMHC’s average rent of \$1,536.

Enhancing Housing Subsidy and Supports

To address the limitations, in July 2021, Regional Council approved the recommendation to provide housing subsidies to clients in private market units with a maximum rental rate of 130 per cent of AMR. This means that 30 per cent was added to CMHC's 2020 AMR rates to better reflect the true rental market at the time. Subsidy calculations were based on the increased rates, which provided staff and clients with more housing options. For example, the CMHC AMR rate at that time for a one-bedroom was \$1,376/month, which was challenging to secure. After the 30 per cent increase, staff were able to calculate housing subsidies up to a maximum of \$1,789/month for a one-bedroom unit, which was more realistic and attainable.

Since 2021, rents have continued to increase and the availability of private rental units at, or below, 130 per cent AMR has decreased. Based on an analysis of the current private rental market, staff recommend raising the maximum rental rate to 150 per cent AMR of the 2022 CMHC levels for Peel. It is anticipated that the increase will capture 21 per cent more rental units, or 70 to 80 per cent of the private market rental units currently available in Peel.

Table 2 provides an overview of Peel's 2022 AMR levels and the comparison between the existing 130 per cent AMR maximum and the proposed 150 per cent AMR maximum.

Table II: CMHC AMR Rates, Comparison

Bedrooms	CMHC AMR Peel 2022	130% AMR	150% AMR
Bachelor	\$1,148	\$1,492	\$1,722
1 Bedroom	\$1,484	\$1,929	\$2,226
2 Bedroom	\$1,666	\$2,166	\$2,499
3+ Bedroom	\$1,846	\$2,400	\$2,769

ii. **Include subsidies in Peel owned and Peel funded/community owned affordable housing buildings**

Affordable housing projects owned and/or funded by Peel (not including Peel Housing Corporation) do not include housing subsidies. Rather, the rents are set based on CMHC's AMR rates (e.g., 50 units at 100 per cent of AMR, 30 units at 80 per cent of AMR) to create affordability and meet funding requirements.

While these rates are below current market rent, they are still not affordable for residents in the lowest income brackets. For example, a single person would need to earn a minimum of \$33,000 per year to afford a 1-bedroom unit at 60 per cent of AMR in a Peel owned build. This unit would not be affordable for an individual in receipt of the Ontario Disability Support Program, as their annual income is less than \$16,000.

It is therefore recommended that subsidies be added to all future Peel owned or Peel funded new builds and redevelopments, beginning with the Brightwater

Enhancing Housing Subsidy and Supports

project in Mississauga. The rental mix and budget will be determined per build to maintain a flexible approach and meet the evolving needs of the community.

iii. Implement a non-profit community agency subsidy program

To create more options to administer subsidies faster, staff recommend that Peel implement a community agency subsidy program. This will be a new subsidy type that aims to help get more people housed while preventing homelessness.

The program will provide non-profit community agencies with housing subsidies for their clients. The agencies will be responsible for administering the subsidy and appropriately supporting their clients in finding and maintaining housing. This includes providing case management services and wrap-around supports as needed. The goal is to partner with smaller agencies who do not typically receive housing funding from Peel or other sources, but support clients with housing needs. The new partnerships will enable Housing Services to expand its reach and advance its equity and inclusion goals, while also building the capacity of the non-profit sector in Peel.

An initial \$1 million will be reallocated to the program from the existing subsidy funding historically budgeted for, but underspent, by community housing providers. In addition, a portion of the proposed 2024 Housing Support operating budget for subsidies will be allocated to enhancing this program.

This report is requesting delegated authority to enter into agreements with the selected agencies to deliver this program.

iv. Increasing investment in portable subsidies

Finally, portable subsidies are a client-centered alternative, that give individuals more choice and the freedom to choose where they want to live.

An additional \$1.5 million from the unspent subsidy funding for community housing providers will be reallocated to portable subsidies. As mentioned above, a portion of the proposed 2024 Housing Support operating budget will be used to increase the number of portable subsidies available.

Subsidy allocations and expenditures will be monitored and reallocated as required to optimize funding and respond to evolving community needs as quickly as possible.

b) Supports

Staff recommend the following policy and program change to improve access to supports and services for Housing Services clients. The proposed 2024 Housing Support operating budget will include a \$4 million request to implement this change.

i. Partner with community agencies to provide direct supports to clients in Housing Services

It is recommended that Peel partner with community agencies to provide supports directly to clients with no (or limited) waiting times.

Enhancing Housing Subsidy and Supports

The supports offered will be based on client need and evaluated annually to ensure the type of services offered are aligned with needs. It is anticipated that this direct link to services, along with additional investments in subsidy, will alleviate pressure on the housing system, particularly outreach and emergency shelters, as clients will be able to get and keep permanent housing quicker.

In August and September 2023, Housing Services engaged with drop-in and emergency shelter clients to better understand the type of supports that are needed to secure stable housing. These supports included access to mental health and substance use services, conflict and landlord mediation, employment services and system navigation. Housing Services will start targeting these types of supports through contracted and non-contracted partnerships.

RISK CONSIDERATIONS

As referenced in the Regional Council report on today's agenda entitled "Homelessness Policy and Programs", the emergency shelter system is operating above 270 per cent capacity, the number of known encampment sites has increased by 167 per cent and the number of Peel Outreach interactions with unsheltered individuals has increased by 131 per cent.

The recommended policy and program changes in this report and the proposed 2024 Housing Supports operating budget will help more residents secure permanent housing, while also preventing homelessness.

However, the affordable housing system is currently meeting just 19 per cent of Peel's core housing need. Significantly more resources that are well beyond the limited revenue-generating capacity of regional or local governments are required to operate at a scale to assist the 91,000 households in core housing need in Peel. Ongoing advocacy is required to influence policy and program change, and to secure significantly more funding from federal and provincial governments.

BILL 112 RISKS AND IMPLICATIONS

In the June 8, 2023, Regional Council report entitled "Bill 112 – Managing Through the Transition", principles for approaching the 2024 budget and existing workplans were endorsed. The first principle is "community housing construction and the continuation of enabling housing programs", which includes ongoing investments in housing subsidy and supports. As the implications of Bill 112 are unknown, the timelines and funding for the changes proposed in this report may be impacted. It also may be difficult to secure partnerships to deliver the community agency subsidy program and direct supports due to the uncertainty around programming and funding. Staff will ensure proper plans are in place to help mitigate these risks.


FINANCIAL IMPLICATIONS

The proposed changes outlined in this report will be managed through the approved 2023 Housing Support operating budget, with requests for additional funding presented for Regional Council's consideration in the proposed 2024 Housing Support budget.

Enhancing Housing Subsidy and Supports

CONCLUSION

Over the next ten years, it is estimated that 114,000 households in Peel will be in core housing need. It is not possible to address this level of need with current levels of investment. However, more individuals and families can secure and keep permanent affordable housing by increasing the affordable, community and supportive housing supply, while simultaneously increasing investments in subsidy and supports, as outlined in this report.



Sean Baird, Commissioner of Human Services

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