



**City of Kingston
Report to Council
Report Number 17-025**

To: Mayor and Members of Council
From: Lanie Hurdle, Commissioner, Community Services
Resource Staff: Sheldon Laidman, Director, Housing & Social Services
Date of Meeting: December 20, 2016
Subject: Investment in Affordable Housing Extension and Made in Kingston Rent Supplement Program Funding

Executive Summary:

The Rent Supplement and Rent Assistance Programs operated locally provide a subsidy paid directly to a landlord on behalf of a household in need of rental assistance. The subsidy makes up some or all of the difference between the rent charged to the household based on a rent-g geared-to-income calculation and the market rent for the unit. Under these programs, the City of Kingston enters into agreements with each landlord providing the units to be supplemented.

In 2008, prior to the introduction of any federal/provincial funding for housing, City Council approved a Made in Kingston (MIK) rent supplement program whereby 16 units operated by Home Base Housing at 37 Joseph Street would receive a municipal rent subsidy. In 2009, Council approved the MIK rent supplement funding for units operated by Addiction and Mental Health Services – Kingston, Frontenac, Lennox & Addington (AMHS-KFLA), formerly Frontenac Community Mental Health Services, for their 47 units at 31 Lyons Street. The total annual amount of municipal funding for the MIK rent supplement units is \$158,236.

Since 2012, the Province has provided Investment in Affordable Housing (IAH) funding to Service Managers which could be utilized for rent supplements. The City of Kingston has a balance of \$1,155,138 in its 2016/2017 allocation of Provincial rent supplement funding under the IAH program and this funding must be committed by entering into agreements with rent supplement landlords by March 31, 2017. This allocation equates to \$159,329 in annual funding and, depending on rents, is expected to fund approximately 35 rent supplements. Through Council Report Numbers [15-166](#) and [16-212](#), this funding was allocated primarily to the Housing First/Rapid Rehousing (HF/RRH) program.

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To allow greater flexibility and ensure that the Provincial funding is committed by the prescribed timeframe, City staff are recommending that the funding for the municipal MIK rent supplement program be switched with the provincially funded IAH rent supplement program, until the provincial funding expires on March 31, 2024. At that time the municipal funding will revert back to the Home Base Housing and AMHS-KFLA units at Joseph Street and Lyons Street. The funding source change will be seamless to the service agencies and clients. The purpose of the recommended switch in funding is to ensure that provincial funding is maximized and is dedicated to clients with the greatest needs and/or barriers to securing and maintaining housing.

Should any of the annual municipal MIK rent supplement funding remain unspent by December 31, 2017 to 2023; staff recommend that the unallocated balance be transferred to the Homelessness Implementation Plan Reserve. These funds would then be earmarked for rent supplement funding for HF/RRH clients in accordance with the Service Manager issued Service Standard for the Rent Assistance Program.

Recommendation:

That the federal/provincial Investment in Affordable Housing rent supplement funding in the amount of \$1,155,138 or \$159,329 annually, be allocated to Kingston Home Base Housing for 16 units at 37 Joseph Street and to Addiction and Mental Health Services – Kingston, Frontenac, Lennox & Addington for 47 units at 31 Lyons Street by way of rent supplement agreements, which will expire on March 31, 2024, in a form satisfactory to the Director of Legal Services; and

That the annual funding for the municipal Made in Kingston rent supplement program in the amount of \$158,236 be allocated to the Housing First/Rapid Re-Housing program through rent supplement agreements with landlords wishing to participate in that program, which will expire on March 31, 2024, in a form satisfactory to the Director of Legal Services; and

That on April 1, 2024, the annual Made in Kingston funding be reallocated to Kingston Home Base Housing for their 16 units at 37 Joseph Street and to Addiction and Mental Health Services–KFLA for their 47 units at 31 Lyons Street, through rent supplement agreements with these agencies in a form satisfactory to the Director of Legal Services; and

That any annual municipal Made in Kingston rent supplement funding which remains unspent at year end for 2017 to 2023 be transferred to the Homelessness Implementation Plan Reserve to be allocated to rent supplements or rent assistance for Housing First/Rapid Rehousing clients being assisted with rent subsidies until March 31, 2024, as per the Service Manager policy.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

Lanie Hurdle, Commissioner, Community Services

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Denis Leger, Commissioner, Corporate & Emergency Services



Jim Keech, President and CEO, Utilities Kingston

Not required

Desiree Kennedy, Chief Financial Officer & City Treasurer



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Options/Discussion:**Investment in Affordable Housing (IAH) Extension Program**

The IAH program was introduced in 2012 to provide provincial and federal funding for the delivery of affordable housing programs at the local level. In 2014, the Provincial and Federal governments announced the extension of the IAH program to provide an additional six years of funding to be disbursed through to 2020.

Under the IAH program, Service Managers are required to identify local housing needs and allocate the funding amongst whichever of the five different affordable housing program streams that meet local needs best. Locally, the funding streams selected were Rental Housing, Ontario Renovates and the Rent Supplement program.

Through Council Report Numbers [15-166](#) and [16-212](#), six year allocations for the IAH funding were approved. Rent supplement funding was allocated as follows: \$153,444 for 2014/2015; \$1,541,065 for 2015/2016; and \$1,540,020,880 for 2016/2017. Under the IAH extension guidelines, rent supplement funding can be paid out over a number of years with the final year being 2024. The IAH guidelines prescribe that the funding allocated for 2016/2017 must be committed by March 31, 2017.

Rent Supplements

The rent supplement component provides a subsidy paid directly to the landlord on behalf of a household in need of rental assistance. The subsidy is generally the difference between the rent that a household can afford to pay based on a rent-g geared-to-income calculation and the market rent for the unit. Eligible households must be on, or be eligible to be on, the social housing waiting list and have a household income consistent with the criteria established under the *Housing Services Act, 2011*. Under the rent supplement program, the City of Kingston enters into agreements with landlords providing the units to be subsidized.

Through Council Report Numbers [15-166](#) and [16-212](#), staff reported that as a first priority the IAH funding under the rent supplement component would be used to acquire affordable housing for households eligible for support services under the HF/RRH program as part of the implementation of the 10-Year Municipal Housing & Homelessness Plan. As a second priority, the funding would be used to assist households on the Centralized Wait List (CWL) or to be added to other housing projects as deemed appropriate. Rent supplement funding for 2015/2016 assisted 23 HF/RRH clients and 5 clients from the CWL.

City staff have developed the Rent Assistance Program as a more creative and flexible approach to providing financial rental assistance to clients by providing a lower amount of rent assistance to some clients, depending on their circumstances, while still reducing the financial barriers of securing and maintaining housing for clients in the HF/RRH program.

The Rent Assistance Program seeks to maximize the limited financial resources available for rent subsidies by prioritizing HF/RRH clients needing housing with rent assistance, based on length of homelessness, shelter utilization/frequency and whether the client is chronically homeless. Full details regarding the Rent Assistance Program are outlined in Information Report

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Number [HHC-16-008](#) presented to the Housing and Homelessness Advisory Committee on June 9, 2016.

Made in Kingston Rent Supplements

Prior to the introduction of the federal/provincial IAH and subsequent provincial rent supplement funding programs, City Council approved a municipal rent supplement program. The municipal MIK rent supplement program gave flexibility to the municipality to provide rent subsidies equal to the difference between the maximum shelter allowance provided to social assistance recipients and the market rent charged by the landlord. Through Council Report Number 01-008, a maximum of \$79,603 per year in municipal rent supplement funding was allocated to Kingston Home Base Housing to fund 24 rent supplements at 37 Joseph Street. Subsequently, through Report Numbers 09-277 and ARCP-08-043, Council approved MIK rent supplement funding in the amount of \$74,180 per year adjusted annually for rental rate increases to fund 47 rent supplements at 31 Lyons Street.

The total annual MIK rent supplement funding approved by Council is \$158,236. The total annual IAH extension rent supplement funding is \$159,329. City staff are recommending that the IAH extension rent supplement funding be allocated to the units at 37 Joseph Street and 31 Lyons Street to allow it to be committed by March 31, 2017 and end on March 31, 2024. This would then allow the annual municipal MIK rent supplement funding to be made available to subsidize rents for HF/RRH clients in the Housing & Homelessness Services System until March 31, 2024. After March 2024, the MIK would be reassigned to AMHS-KFLA and Home Base Housing by way of a legal agreement.

To date, 194 households (totalling 230 individuals) have been housed and 56 of those households have received a rent supplement or rent assistance. To meet the goal of ending chronic homelessness, it is important that the clients with the highest acuity are provided rent supplements/assistance. Shifting the funding and extending the period to commit this funding will enable the HF/RRH program staff to engage with more households who have greater barriers to securing housing and who meet local criteria (i.e. long histories of homelessness and shelter use) than if the funding must be committed by March 31, 2017. There is currently \$1,155,138 in IAH rent supplement funding which translates to \$159,329 per year for the next 7.25 years. To date, nine clients have been assigned rent assistance under this program. With the available rent supplement funding, it is anticipated that an additional 35 clients will be assisted with the rent subsidies that end on March 31, 2024.

Should the annual MIK rent supplement funding remain unspent at year end each year from 2017 to 2023, City staff recommend that the unallocated balance be transferred to the Homelessness Implementation Plan Reserve. This funding would be earmarked for rent supplements for HF/RRH clients moving out of rent supplement units but still requiring a subsidy or for new rental agreements, as determined necessary by the Service Manager.

Existing Policy/By-Law:

Not applicable

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Notice Provisions:

Not applicable

Accessibility Considerations:

Not applicable

Financial Considerations:

The \$159,329 annual provincial IAH funding may not fully off-set the future costs of the MIK rent supplements due to annual rental rate increases. Any amounts exceeding the annual provincial IAH funding would result in a municipal cost of approximately \$2,500 - \$3,000 annually based on 1.5 - 2.0% rental rate increases which would be funded from MIK or Homelessness Implementation Plan Reserve monies as part of annual budget submissions. The allocation of the MIK funding to rent supplement landlords will be managed within the Housing & Social Services budget to provide for any annual rental rate increases.

The Service Manager typically has the flexibility to make funding adjustments to its various housing and homeless programs that maximize provincial and federal funding. In contrast, since the MIK program is tied to previous Council decisions, Council approval is required to make changes to MIK funding decisions.

Contacts:

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Other City of Kingston Staff Consulted:

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Melanie Bale, Financial Analyst, Housing & Social Services

Valerie Watson, Housing Programs Administrator, Housing & Social Services

Desiree Kennedy, Chief Financial Officer & City Treasurer

Stephen Dickey, Director, Financial Services

Alan McLeod, Senior Legal Counsel, Legal Services

Exhibits Attached:

Not applicable