



**City of Kingston
Report to Council
Report Number 19-240**

To: Mayor and Members of Council
From: Lanie Hurdle, Interim Chief Administrative Officer
Resource Staff: Ruth Noordegraaf, Director, Housing & Social Services
Date of Meeting: November 5, 2019
Subject: Portable Housing Benefit Pilot Program – Status Update

Executive Summary:

Under the Province’s Long Term Affordable Housing Strategy, a Portable Housing Benefit (PHB) was introduced in 2017 as an alternative to existing social housing programs. The PHB offers more flexibility to households seeking rent-g geared-to-income (RGI) assistance whereby households which reach the top of the chronological wait list (CWL) for RGI assistance can find their own accommodation and receive a housing subsidy.

On February 20, 2018, Council endorsed [Report Number 18-034](#) ‘Portable Housing Benefit Pilot and Rent Supplement Surplus’ which outlined that prior to fully implementing the PHB locally, the project would be launched as a pilot with Kingston & Frontenac Housing Corporation (KFHC). In the same report, staff recommended that the PHB program be used to bring the Service Manager back to the legislated service level standards of 2003 RGI units in the Service Manager area.

As the pilot program winds down, staff have analyzed the cost savings and benefits of the pilot and determined that households are receptive to having the freedom and independence of a PHB; therefore staff are seeking Council approval to endorse the PHB program as a permanent housing option for new and existing households on the City’s CWL.

Recommendation:

That Council endorse Portable Housing Benefits as a permanent housing option for new and existing households on the City’s social housing centralized waiting list; and

That \$250,000 continue to be included annually in the municipal budget to off-set future Portable Housing Benefits PHB costs; and

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That Portable Housing Benefits be used as a tool to align with the principles and objectives as presented in [Report Number HHC-18-006](#) 'Social Housing End of Operating Agreements'.

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Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

**Lanie Hurdle, Interim Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Peter Huigenbos, Acting Commissioner, Community Services	Not required
Brad Joyce, Acting Commissioner, Corporate Services	Not required
Jim Keech, President & CEO, Utilities Kingston	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	
Sheila Kidd, Commissioner, Transportation & Public Works	Not required

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Options/Discussion:**Background**

Under the Housing Services Act 2011 (HSA) the City of Kingston, as Service Manager, is responsible for maintaining a target of 2,003 rent-geared-to-income (RGI) units in the Kingston and Frontenac service area. Under the oversight of the Service Manager, sixteen social housing providers currently manage and directly operate 1,524 RGI units. The remainder of RGI units are secured through rent supplement agreements with private and non-profit housing providers.

As legislated, all applicants for RGI housing are selected in chronological order from the chronological wait list (CWL). Traditionally, households on the CWL are offered a unit based on bedroom size as per local occupancy standards. Applicants for RGI housing are provided with a list of addresses of the social housing properties and rent supplement properties managed by the sixteen housing providers and can select which wait list they wish to place their name on.

As an alternative to this more traditional service delivery model, the Province introduced Portable Housing Benefits (PHBs) as an element of Ontario's Updated Long-Term Affordable Housing Strategy in 2017.

Over the past several years, the number of units available in the rent supplement program and subsequently the service level target has been reduced due to rent supplement agreements expiring and/or landlords terminating the rent supplement agreements with the City and staff opting to not replace those units in anticipation of PHBs.

Due to the decrease in rent supplements, there has been a surplus in the Regular Rent Supplement Program (RRSP) budget over the past few years. Staff recommended as part of [Report Number 18-034](#) that the 2017 RRSP surplus be transferred to the Social Housing Reserve Fund to allow for the establishment of the PHB program in 2018 to bring the Service Manager back to service level target. The surplus was expected to be used as a buffer should future funding be required due to the cost estimate of rent subsidies required under the PHB, which could fluctuate depending on unit size and applicant income.

A cost projection estimated that with the RRSP cost savings of \$250,000, the City could fund 40 to 50 PHBs which would replace the expired and/or terminated rent supplement RGI units and also increase the Service Manager service level target; thereby serving more clients but also providing an option should RGI units be lost in the system for various reasons including End of Operating Agreements ([Report Number HHC-16-005](#)), rent supplement agreements terminating or expiring, and/or the Rideau Heights regeneration strategy.

Portable Housing Benefit - Framework

The Province's framework for the PHB program is to create a modernized system of social housing that allows for more choice, flexibility, consistency and certainty. The current RGI model has resulted in extensive wait times and complex rent calculations based on methodology prescribed under the HSA. Under the PHB program, Service Managers are provided with the

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flexibility to replace and/or augment the supply of RGI units in the social housing portfolio by providing a PHB to applicants on the CWL.

The PHB allows Service Managers to offer a variety of housing options to clients not limited by location, current social housing stock and without the time restraints that 'new-builds' present. This is not to discredit the importance of building new affordable housing, it is simply being stated in the context that PHBs allow for another option for clients within existing private and non-profit stock. In many cases, clients would not have to move from their current address when the benefit is offered, provided the unit they reside in meets the PHB guidelines, further allowing for consistency, anonymity and freedom to live closer to work, school and community.

Under the PHB model, rent calculations are still prescribed under the HSA, albeit the formula is simplified compared to the traditional RGI model and will result in a lower subsidy cost to the Service Manager for social assistance recipients. These cost savings could be passed along by offering rent subsidies to more residents of Kingston and Frontenac County, resulting in greater affordable housing options for the community, or be used as a tool to ensure the social housing budget can be kept within the expectations of the overall city budget in future years.

There is some Service Manager flexibility in the PHB subsidy calculation; however, the minimum benefit is the difference between 30% of household income and 80% Canada Mortgage and Housing Corporation (CMHC) Average Monthly Rent (AMR). This calculation is adjusted for those on social assistance, allowing the rent charged to be the maximum shelter allowances payable under social assistance benefits. For social assistance recipients this results in a lower subsidy cost for the Service Manager with no financial impact to the client. Currently under the HSA rent calculations, rent for individuals on social assistance is based on a rent scale charging rent which is less than the social assistance maximum shelter allowance. For example, the rent for a single person on Ontario Works (OW) residing in a social housing unit is \$85, but under the PHB model, the client's rent would be \$390, the maximum shelter allowance under OW. In both cases, the Service Manager subsidy is the difference between the rent charged (\$85 or \$390) and the market rent for the unit, resulting in a \$305 savings per month to the Service Manager in this example.

Portable Housing Benefit Pilot Program – Findings

KFHC is currently administrating the PHB pilot on behalf of the Service Manager. On November 13, 2018, the City of Kingston and KFHC entered into an administration agreement for the delivery of PHBs and on February 1, 2019 KFHC began making offers to existing households on the CWL.

Since that time, 43 PHBs have been issued, with 41 in the City and 2 in the County, with an additional 10 expected to be accepted by year end. With the average PHB costing approximately \$384 per month compared to \$612 per month for a regular rent supplement, it yields significant per unit savings to the City.

As part of the reporting requirements under the administration agreement, KFHC has been recording the rental address of where PHB recipients are choosing to reside and the information

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shows that PHBs are being secured throughout all areas of the City within both the private and non-profit sectors. This information demonstrates the potential flexibility of the program and the opportunity to support mixed-income communities.

One of the desired outcomes of PHBs was that households would apply the PHB to their existing rental unit, allowing for consistency, comfort and not having to uproot their current living situation. What the pilot data shows is that 41 of the 43 PHBs issued to-date have been issued 'in-situ' allowing those households to remain in place. These results, although a small sample size, demonstrate that PHBs can work in a tight housing market such as Kingston.

The main challenge leading into the pilot program was the concern that funding PHBs at 80% AMR as opposed to 100% may not provide applicants with a deep enough subsidy; however the results show that 80% is currently working successfully.

Some applicants on the CWL have not been accepting the PHB knowing that due to their circumstances (special priority status, years of waiting on the CWL) they are near the top of the CWL and would prefer to wait for a standard offer of an RGI unit from one of the City's social housing providers.

Throughout the duration of the pilot program, the City has continued to experience a decrease in rent supplement units due to expiring and/or terminating agreements; however the PHB has been used as a successful tool in efficiently gaining back those units in order to remain within range of the mandated service level standards. If no more rent supplement units are lost between now and the end of the pilot program, the City will be 9 units short of their target levels, but with the endorsement of the PHB program as a permanent housing option, service level standards will soon be met, and/or exceeded.

Portable Housing Benefit and Housing Provider Long Term Viability

The establishment of PHBs within the social housing portfolio also supports the long term viability of each of the City's social housing providers. The City committed to exploring a series of options and strategies available within the confines of the HSA as described in [Report Number HHC-18-006](#), 'Social Housing End of Operating Agreements - Service Manager Implementation Principles and Objectives'.

As part of the pilot program, KFHC has converted 17 RGI units to market rent units. When a RGI unit in the KFHC social housing portfolio becomes vacant, the next client on the CWL is offered a PHB instead of a social housing unit. If the client accepts the PHB, KFHC then converts the vacant unit to a market rent unit by offering the vacancy in the private sector to a household able to pay full market value. This allows KFHC to increase their rental revenue while reducing the Service Manager subsidy to KFHC. Currently the conversion of 17 RGI units has resulted in \$147,656 annual cost savings related to KFHC's operating subsidy.

The units were converted in KFHC's central as well as north end locations of the City. This is in line with the Rideau Heights Regeneration Strategy and assists in creating a mixed-income community. The establishment of market units within KFHC's RGI portfolio will result in greater

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rental revenue and long term financial stability. KFHC is expected to convert an additional 3 RGI units to market by the end of the year.

Based on the initial findings of the PHB pilot a better RGI to market unit mix within a social housing provider's portfolio can strengthen the providers' long term viability.

With PHBs being endorsed as a permanent housing option locally, a more in depth analysis can be conducted as part of the negotiation with the each respective social housing provider during end of operating agreements. This will especially be important for 100% RGI social housing providers solely dependent on an operating subsidy. By creating a stronger RGI to market unit mix, the provider will become less dependent on the Service Manager over time.

Existing Policy/By-Law:

This program will assist in meeting the goals of the Rideau Heights Regeneration Strategy, and Council's priority of increasing housing affordability in Kingston.

Notice Provisions:

Not applicable

Accessibility Considerations:

Not applicable

Financial Considerations:

The annual cost savings from KFHC's reduced operating subsidy has been used to fund PHBs during the pilot. Annual operating budgets will include monies for the PHB program with appropriate funding.

Contacts:

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Other City of Kingston Staff Consulted:

Mitchell Grange, Housing Programs Administrator, Housing & Social Services

Melanie Bale, Financial Analyst, Housing & Social Services

Lana Foulds, Director, Financial Services

Exhibits Attached:

Not applicable