SUBJECT: Renewal of Provincial Rent Bank Program (CS09063) (City Wide)

RECOMMENDATION:

(a) That the delivery of the new Provincial Rent Bank Program be administered through a community agency, to be selected through the Request for Proposals process, be endorsed.

(b) That the Provincial Rent Bank Program be delivered as a grant to eligible applicants, effective January 1, 2010.

(c) That the Local Rules, attached as Appendix A to Report CS09063, at the request of the Ministry of Municipal Affairs and Housing, be endorsed.

(d) That a Provincial Rent Bank Program Reserve be established and that all Provincial contributions, including the $226,648 (Provincial Fiscal Year 2009-10), be transferred to this Reserve and that these funds be transferred to the operating fund, as needed, to offset the costs of the Rent Bank Program.

Joe-Anne Priel
General Manager,
Community Services Department

EXECUTIVE SUMMARY:

The Provincial Rent Bank Program was initiated in 2004 by the Ministry of Municipal Affairs and Housing (MMAH). Although the Province had not committed to annualized program funding, the City of Hamilton received three separate allocations from the
The local implementation plan for the delivery of the Rent Bank Program in Hamilton involves the following:

- Administering the Rent Bank Program through a community agency;
- Selecting the community agency through an Request for Proposal (RFP) process;
- Extending the current contract with the Housing Help Centre until December 31, 2009, to avoid any disruption in service to the community during the RFP process;
- Allocating up to a maximum of 10% of the rent bank funds for administration;
- Providing assistance to eligible individuals and families in the form of a grant rather than an interest-free loan, effective January 1, 2010;
- Establishing additional local rules as attached in Appendix A to Report CS09063; and,
- Administering the Rent Bank Program through the successful proponent of the RFP in accordance with the new Local Rules, as approved by Council, effective January 1, 2010.

**BACKGROUND:**

In the spring of 2004, the MMAH announced a new Rent Bank Program that provides funds to municipalities for rent bank activities. The Rent Bank Program is intended to
help low-income individuals and families in rental units remain housed during a financial crisis. The City of Hamilton issues Rent Bank assistance in the form of interest-free loans to assist tenants with payments up to a maximum of two months rental arrears. Over the past five years, more than 800 households have been served by the Program with loan amounts averaging approximately $965. The majority of households receiving Provincial Rent Bank assistance are working, low-income individuals and families. Applicants are advised that assistance is provided in the form of a loan with an expectation of repayment; however, in cases of loan default, the services of a collection agency are not engaged. Over the last year, the Housing Help Centre has had a 27% recovery rate on loans.

The City of Hamilton entered into an agreement with the MMAH to deliver the Provincial Rent Bank Program. On September 29, 2004, Council approved a local implementation plan that recommended the administration of the Rent Bank Program through a community agency and that Program assistance be administered in the form of an interest-free loan (PHCS Report 04-003). In May 2005, the Housing Help Centre was announced as the successful proponent through an RFP process, to administer the Rent Bank Program in Hamilton. The original contract period with the Housing Help Centre was for two years. Provincial funding for the Program was intended to be one-time only and was scheduled to conclude on December 31, 2006.

The Province announced additional funding under the Rent Bank Program in April 2006, March 2007 and again in March 2008. The additional funding was added to the existing Program being delivered by the Housing Help Centre. The City of Hamilton has received a total of $780,550 over the past five years and has helped to assist over 800 renter households from being evicted.

The New Provincial Rent Bank Program:

In December 2008, the Province announced annualized funding for the Rent Bank Program over the next five years (2009-2013), as part of the Poverty Reduction Strategy.

The new Rent Bank Program’s regulations are intended to improve consistency and streamline reporting requirements. Funding allocations are based on a formula that includes an equally weighted combination of the municipal population, core housing need and the number of renter households. Based on this funding formula, the City of Hamilton will receive $226,648 for the fiscal year April 1, 2009, to March 31, 2010.

Rent Bank Program funding shall be delivered in accordance with provincial criteria. Although most of the provincial criteria remain unchanged, as of October 1, 2009, the following amendments will be in effect:

- The applicant must be a resident of the recipient’s Service Manager area and meet requirements for status in Canada;
- The applicant must be in immediate danger of losing his or her residence due to unpaid rent;
• The applicant’s household income must be below the Household Income Limits (HIL) as set by the MMAH (City of Hamilton HIL’s are $22,000 for a bachelor unit, $28,000 for a one-bedroom unit, $33,500 for a two-bedroom unit, $42,000 for a three-bedroom unit and $47,500 for a four-bedroom unit); and,
• The applicant’s household must not be receiving Rent-Geared-to-Income assistance.

The Province has allowed each municipality some flexibility to establish local rules that will reflect the unique needs of their communities. Though consultation with community stakeholders and various City of Hamilton staff, the following local rules are recommended and will take effect January 1, 2010:

• Rent Bank assistance will be provided to eligible households in the form of a grant;
• Ontario Works (OW) and Ontario Disability Support Program (ODSP) recipients must first utilize or be denied Community Start-Up and Maintenance Benefits (CSUMB) before accessing Rent Bank Funding for assistance with rental arrears. The CSUMB may be issued to OW and ODSP recipients to help prevent eviction, if the benefit has not been exhausted in the last 24-months;
• Applicant must provide verification of rental arrears (e.g. Notice to Terminate Tenancy, Board of Directors Letter, etc.). This verification must be satisfactory in order to determine the immediate danger of losing the residence due to unpaid rent;
• Applicant must be an authorized occupant and/or legally responsible to pay rent to the Landlord (i.e., owner of the residence);
• Applicant’s housing is assessed to determine the sustainability of current housing and the prospect of maintaining housing if assistance with arrears is provided; and,
• Applicant has indicated they intend to remain in the unit for which rent bank assistance is being provided for at least one year.

Program Administration:

In May 2005, the Housing Help Centre was selected through an RFP process to administer the Rent Bank Program in Hamilton. The original contract period was scheduled to end on December 31, 2006. As a result of additional Rent Bank funding from the Province, the service delivery contract was extended until May 31, 2007, and again until May 31, 2009. Operationally, the Housing Help Centre has successfully managed and delivered the Rent Bank Program. Over the last year, the Housing Help Centre issued approximately $250,000 in rent bank assistance to more than 250 low income families and individuals facing eviction. The Housing Help Centre also provides additional support services to assist people in obtaining and maintaining adequate and affordable housing in Hamilton.
With stabilized funding and new Provincial requirements, City staff are preparing an RFP for the ongoing delivery of the Rent Bank Program in Hamilton. In order to avoid any disruption in service to the community during the development and evaluation of the RFP, the current contract with the Housing Help Centre has been extended until December 31, 2009. The extended contract has been amended to include new Provincial criteria as noted above; however, the Program will continue to be delivered as a loan under current local rules until December 31, 2009, to avoid any additional administrative burden to the Housing Help Centre. Effective January 1, 2010, the selected proponent will begin to deliver the Program with the new local rules as approved by City Council.

**ANALYSIS/RATIONALE:**

City staff contacted a number of municipalities across Ontario who also expected to receive provincial funding for the Rent Bank Program. Hamilton received 11 responses, which are outlined in Appendix B to Report CS09063. Of the 11 respondents, four municipalities are opting to provide Rent Bank assistance in the form of loans. These municipalities tend to have higher repayment rates and enlist collection agencies to recover loan payments. The remaining seven municipalities consulted are choosing to administer the Program as grants.

City staff also conducted community consultations with the Tenant Advisory Committee (TAC), Food Shelter and Housing (FSH) and the Affordable Housing Flagship (AHF). Consultation participants universally preferred that the Rent Bank Program continue to be delivered through a community agency. This approach takes advantage of the expertise and capacity within the community and enables the Rent Bank Program to be delivered in conjunction with other services being provided to the same population. There was also consensus regarding the delivery of the Program as a grant. It was generally felt that loan repayments placed an undue burden on clients. It was also felt that removing the ability to repay a loan as a criterion would make the Program accessible to more people.

Based on the results of the consultation and the City’s previous experience with the Program, it is recommended that the Program continue to be delivered through an external agency. Community Services does not have the capacity to deliver the Program without additional resources beyond the 10% of administration provided by the Province. It is also believed that clients benefit when the Program is delivered by an agency that provides complementary services, such as housing assistance or credit counselling.

It is also recommended that assistance be provided as a grant instead of a loan. Those individuals and families experiencing the greatest financial need do not have the financial means to repay a loan, which has been part of the eligibility criteria to receive Rent Bank assistance. The full effectiveness and intention of the Provincial Rent Bank Program is undermined by repayment requirements. While a household may no longer be under the immediate threat of eviction, the repayment requirement places an added strain on a low-income household with limited financial resources.
Loan repayments have created additional administrative requirements, which exceed the financial resources available for the delivery of the Rent Bank Program (up to a maximum of 10% of the Provincial Rent Bank funds can be allocated toward administrative costs). The City of Hamilton will receive a total allocation of $226,648 effective April 1, 2009, to March 31, 2010. A maximum of $22,664 of the funding allocation may be spent on administrative costs. The actual cost of delivering the Provincial Rent Bank Program as a loan program in 2008 was $99,311. Although the Housing Help Centre was able to leverage funding from other resources; the community agency incurred a shortfall. One of the contributing factors to this shortfall has been directly related to loan recovery administration expenses. Last year, 27% of loans were recovered ($68,007). The cost of delivering the Program in the form of interest-free loans does not justify the administrative costs incurred.

The other Local Rules in Appendix A to Report CS09063, will ensure that Rent Bank funding is provided to individuals and families that are in temporary crisis and are able to remain housed should assistance be provided. The rules also seek to ensure that applicants have exhausted all other sources of assistance first.

In addition to the Rent Bank Program, other City eviction prevention initiatives include:

- CityHousing Hamilton (CHH) and OW staff work with staff from the City’s Home Management Team. Individuals with low-incomes or in receipt of social assistance can access a Home Management Worker who can offer help with life-skills, including budgeting. A Home Management Worker is now onsite at the main CHH office to expedite referrals.

- The Utilities Arrears Program helps individuals and families remain housed. Recipients of OW and ODSP and low-income residents (working poor and seniors) may access the Utilities Arrears Program as an interim measure to help pay hydro arrears, fuel arrears (gas, oil, propane, etc.) water arrears, utilities reconnections and/or utilities security deposits. OW Case Managers issue this benefit for clients in receipt of OW, while staff from the Special Supports Program, in the Community Services Department, administer the Program for those who are in receipt of ODSP. Low-income citizens can access assistance through Share the Warmth; with whom the City has a contract to deliver this Program. To address accommodation costs, maintain housing and avoid undue hardship, 1,943 vulnerable households received $859,519 during 2006 through the Utilities Arrears Program.

- The Housing Help Centre will receive $80,000 under the Homelessness Partnering Strategy (HPS) to expand tenant outreach services, which will include an intensive housing loss retention component for tenants facing imminent eviction as well as tenants identified as having major barriers to maintaining housing.

The City recognizes that it is less costly to prevent evictions thereby avoiding emergency shelter services, other social services and health costs to individuals and
families. As such, the Rent Bank Program continues to be an important part of an overall eviction prevention approach and the additional provincial funding is welcome news.

**ALTERNATIVES FOR CONSIDERATION:**

An alternative approach would be to deliver the Rent Bank Program within the Community Services Department, which currently provides services to clients with low-incomes through the OW Program. Delivering the Rent Bank Program through OW would provide existing clients with convenient access to the service.

This approach, however, does have disadvantages. Additional staffing and office space would be required to deliver this Program. The maximum 10% administration fee would not completely offset this cost. The majority of Provincial Rent Bank recipients are not in receipt of OW or ODSP. The volume of work would substantially increase, thus creating additional workload pressures at a time of increasing OW caseloads.

Alternatively, the Provincial Rent Bank Program could continue to be delivered in the form of interest-free loans. One of the advantages of loans is that the funds will perpetuate, to some extent, through repayment allowing more people to benefit from the Program. Hamilton’s experience with the current Program is that the repayment rate is 27% and the cost of administering the repayment aspect of the Program exceeds the amount of assistance repaid. This alternative is not recommended.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Financial:**

The Rent Bank Program is 100% funded by the Province with no impact on the net levy.

It is recommended that the funds be placed into a Reserve Account to be created for this purpose. The reserve account will ensure that the funds are expended across the City’s fiscal years even though they are received on the Provincial fiscal calendar. If this were not done, the Program delivery agent would only have nine months (April 1\textsuperscript{st} to December 31\textsuperscript{st}) to expend the entire year’s allocation.

**Staff:**

The Homelessness Programs team within the Housing Division will oversee the delivery of the Program by a community agency within the current staff complement and budget. Assistance with the RFP will be provided by the Purchasing Department. Legal Services will assist in the contract development with the selected proponent. The use of an RFP is consistent with other recent processes to determine how to deliver housing-related services.
Legal:

Legal Services has reviewed the contract with the MMAH, as the Rent Bank Agreement has been executed by the City Manager. A new service delivery contract with the Housing Help Centre (until December 31, 2009) has been developed and authorized by Legal Services.

POLICIES AFFECTING PROPOSAL:

The City of Hamilton will be bound by reporting requirements outlined in the contract with the MMAH.

RELEVANT CONSULTATION:

- Community Services Department:
  - Housing Division
  - Employment & Income Support Division

- Finance & Corporate Services Department:
  - Budgets & Finance Division, Finance & Administration Section
  - Financial Services Division, Purchasing Section
  - Legal Services Division

- Tenant Advisory Committee
- Affordable Housing Flagship
- Food, Shelter & Housing Advisory Committee
- Housing Help Centre
- Ministry of Municipal Affairs & Housing

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, and economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
Shelter, care and satisfying employment are accessible to all Hamiltonians. Implementing the Provincial Rent Bank Program will help the City of Hamilton to support low-income individuals and families to remain housed during a financial crisis. This will prevent people from experiencing homelessness and reduce financial pressures on emergency shelters and other services.

Environmental Well-Being is enhanced. ☐ Yes ☑ No
Economic Well-Being is enhanced. Yes No

Poverty is reduced. Assistance with rental arrears will ensure that low-income individuals and families remain housed. Providing rent bank funding as a grant will alleviate the burden of repaying funds if it were a loan and will enable low-income households to access other basic necessities.

Does the option you are recommending create value across all three bottom lines? No Yes

Do the options you are recommending make Hamilton a City of choice for high performance public servants? No Yes
RENT BANK PROGRAM
CITY OF HAMILTON LOCAL RULES

The following Local Rules are recommended for the delivery of the Rent Bank Program in Hamilton:

- Rent Bank assistance will be provided to eligible households in the form of a grant;
- Applicant must be denied Community Start-Up and Maintenance benefits if in receipt of Ontario Works or Ontario Disability Support Program;
- Applicant must provide verification of rental arrears (e.g. Notice to Terminate Tenancy, Board of Directors Letter, etc.). This verification must be satisfactory in order to determine the immediate danger of losing the residence due to unpaid rent;
- Applicant must be an authorized occupant and/or legally responsible to pay rent to the Landlord (i.e. owner of the residence);
- Applicant’s housing is considered on an individual basis to determine whether the individual/family is able to maintain current housing should financial assistance with rental arrears be provided; and,
- Applicant intends to remain in the unit for which rent bank assistance is being provided for at least one year.
PROVINCIAL RENT BANK PROGRAM  
MUNICIPAL SERVICE MANAGERS  
DELIVERY OF PROGRAM AS GRANT OR LOAN

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Notes:

(*) Four municipalities have reported that they will offer the Provincial Rent Bank Program as a loan.

(**) Seven municipalities have reported that they will offer the Provincial Rent Bank Program as a grant.

(***) Two communities have changed the delivery of the Provincial Rent Bank Program from loans to grants.