



Report To: DSB Program Planning Committee

From: Donna Moroso, Director of Integrated Social Services
 Rhonda McCauley, Social Housing Program Supervisor

Date: April 22, 2015

Re: **Social Housing Market Rents – Issue Report**

Report:

Purpose

To realign the market (maximum) rent values of the Social Housing Units to amounts that are more in line with the Household Income Limits as set by the Housing Services Act (HSA).

Background

The Housing Services Act (HSA) sets Household Income Limits (HILs) for persons applying for Rent-Geared-to-Income (RGI). The income limits are defined based on a bedroom size, and increase accordingly for a larger household. There is a requirement of the Service Manager to maintain a minimum target of units for lower incomes. This is referred to as Service Level Standards. The Manitoulin-Sudbury DSB Service Level Standard is 186 units out of 323 units that are classed as high needs households.

The Northern Service Managers' all have relatively high Household Income Limits as compared to our Southern Colleagues. As a comparison, Chatham-Kent, Cornwall and London have a High Need Household Income Limit for a one-bedroom of \$17,400, while ourselves, Algoma and Cochrane's High Need HIL is \$37,500.

Service Manager	Area	1 Bedroom
Chatham Kent	Whole area	\$17,400
City of Cornwall	Whole Area	\$17,400
City of London	City – except Middlesex	\$17,400
Cochrane DSSAB	Moosonee	\$37,500
Algoma DSAB	Whole area	\$37,500
Manitoulin-Sudbury DSB	Whole area	\$37,500

It is also typical in the more Northern and Rural Service Manager regions, that the average market value is lower. As a result, persons applying for Rent-Geared-to-Income subsidy are easily attaining the market value of rents for the area long before they reach the maximum of the Income Limit.

It is also stated in the Housing Services Act that a person receiving Rent-Geared-to-Income that has paid the Market Value for a period of 12-months will continue to pay that value making them RGI ineligible. This stagnates the process, and leaves a gap in the ability to service many in our communities.

By increasing the market rents to a level that is more in line with the Household Income Limits, it would increase our ability to provide RGI subsidy where appropriate, while ensuring that the rents for those who do not require subsidized rents are more in line with the community at large. This would encourage those who do not require assistance to seek out available units in the community.

Social Housing Providers are exempt from having to apply to the Landlord and Tenant Board for increases above the annual increase as per Section 7 of the Residential Tenancies Act.

Objectives

The Current Market rents charged by building are indicated below and are increased each year by the Provincial approved factor.

Current DSB				
Building	# of bedrooms	# Units	2014 Market Rent	2015 Market Rent
76 Wellington, Manitowaning	1- Bed	16	\$562	\$571
29 Nixon, Mindemoya	1- Bed	24	\$562	\$571
66 Robinson, Little Current	1- Bed	20	\$562	\$571
3 Water Street, Gore Bay	1- Bed	22	\$562	\$571
66 Meredith, Gore Bay	1- Bed	4	\$562	\$571
	Bachelor	6	\$494	\$502
Arthur Court Espanola	2- Bed	4	\$683	\$694
	3- Bed	8	\$728	\$740
	4- Bed	2	\$834	\$847
Marguerite Street Espanola	3- Bed	4	\$728	\$740
	4- Bed	2	\$834	\$847
70 Barber, Espanola	1- Bed	29	\$598	\$608
60 Barber, Espanola	1- Bed	10	\$598	\$608
Various Family, Espanola		3	\$959	\$974
410 Bell, Massey	1- Bed	21	\$562	\$571
17 Stanhope, Warren	1- Bed	19	\$537	\$546
25 John, St. Charles	1- Bed	23	\$537	\$546
40 St. Christopher, Noëlville	1- Bed	21	\$537	\$546

80 Pine, Chapleau	3- Bed	9	\$792	\$805
	4- Bed	4	\$834	\$847
78 Pine Chapleau	1- Bed	13	\$563	\$572
C.A. MacMillan Place	1- Bed	24	\$562	\$571
Non Profits				
Gore Bay Municipal Non Profit	1- Bed	20	\$630	\$646
	2- Bed	5	\$700	\$719
Little Current Place Non Profit	1- Bed	12	\$544	\$553
	2- Bed	4	\$600	\$610
Espanola Municipal Non Profit	1- Bed	30	\$606	\$615

These are the maximum values (for non-RGI tenants), and not necessarily the values of revenue collected on a monthly basis. It is important to note that Rent-Geared-to-Income will still be provided and calculated as per the Housing Services Act. A person on Social Assistance with no other income pays rent based on the rent scales in the Housing Services Act, not based on a rent geared to income calculation.

Using the High Need Household Income Limits, an analysis of the maximum incomes was performed to determine a rent that would have residents meet the income levels. The calculated RGI column is the rent calculated by using the basic RGI formula (Gross monthly income x 30%)

Unit Size	Maximum Annual income per Household Income Limits	Max Monthly (Income divided by 12 months)	Calculated RGI (Gross Income multiplied by 30%)	Suggested Market Rent
Bachelor	\$32,100	\$ 2,675	\$ 803.00	\$805
1-Bedroom	\$37,500	\$ 3,125	\$ 938.00	\$940
2-Bedroom	\$40,800	\$ 3,400	\$ 1,020	\$1,025
3-Bedroom	\$44,100	\$ 3,675	\$ 1,103	\$1,105
4 + Bedroom	\$54,000	\$ 4,500	\$ 1,350	\$1,355

With these suggested values, current RGI residents will not be affected.

What this would mean for Manitoulin-Sudbury DSB:

Current DSB				
Building	# of bedrooms	Current Market Rent	New Market Rent	Future Affordable Rents
76 Wellington, Manitowaning	1- Bed	\$571	\$940	\$752
29 Nixon, Mindemoya	1- Bed	\$571	\$940	\$752
66 Robinson, Little Current	1- Bed	\$571	\$940	\$752
3 Water Street, Gore Bay	1- Bed	\$571	\$940	\$752

66 Meredith, Gore Bay	1- Bed	\$571	\$940	\$752
	Bachelor	\$502	\$805	\$644
Arthur Court Espanola	2- Bed	\$694	\$1,025	\$820
	3- Bed	\$740	\$1,105	\$884
	4- Bed	\$847	\$1,355	\$1,084
Marguerite Street Espanola	3- Bed	\$740	\$1,105	\$884
	4- Bed	\$847	\$1,355	\$1,084
70 Barber, Espanola	1- Bed	\$608	\$940	\$752
60 Barber, Espanola	1- Bed	\$608	\$940	\$752
Various Family, Espanola		\$974	\$1,105	\$884
410 Bell, Massey	1- Bed	\$571	\$940	\$752
17 Stanhope, Warren	1- Bed	\$546	\$940	\$752
25 John, St. Charles	1- Bed	\$546	\$940	\$752
40 St. Christopher, Noëlville	1- Bed	\$546	\$940	\$752
80 Pine, Chapleau	3- Bed	\$805	\$1,105	\$884
	4- Bed	\$847	\$1,355	1,084
78 Pine Chapleau	1- Bed	\$572	\$940	\$752
C.A. MacMillan Place	1- Bed	\$571	\$940	\$752
Non Profits				
Gore Bay Municipal Non Profit	1- Bed	\$646	\$940	\$752
	2- Bed	\$719	\$1,025	\$820
Little Current Place Non Profit	1- Bed	\$553	\$940	\$752
	2- Bed	\$610	\$1,025	\$820
Espanola Municipal Non Profit	1- Bed	\$615	\$940	\$752

There are currently 35 tenants within the DSB operated portfolio of 288 units that pay market rent. These 35 tenants may be affected by the change.

When it comes to the 3 Non-profit buildings there at total of 73 units of which 44 are currently RGI and 29 are at full market rent.

It is suggested that residents who currently pay full market value are given the opportunity to provide income information to determine their eligibility to receive in-situ RGI. Any tenant not wishing to participate in this option will be given notice to the new market rent value. Tenants will be given 3 months' notice if their rent is being increased from the previous market rent to the new market rent amount.

The Affordable rents will be looked at once end of operating agreements have expired and the province has provided clear direction to CSM/DSSAB's on their future obligations.

Conclusion

By increasing the value of the Market Rent for each property, it will bring the rents to levels that are more in line with the Household Income Limits that are used for eligibility determination. It will also allow for greater flexibility after mortgage/debentures expire to

review other subsidy options that will keep the buildings viable such as Affordable Rents as opposed to RGI rents.

The change will not affect eligible RGI tenants currently receiving rent subsidy and residents who currently find themselves at Market Value will have the option of applying for RGI in their current units.

At this point staff are recommending that we proceed with the implementation of the new market rents for all DSB owned and operated properties. Staff will require time to implement these changes, but the market rents should be implemented in all units by January 1, 2016.

Staff will be meeting with the Non Profit operators over the next month to review this change with them and determine what concerns or challenges this may pose. Once staff have meet with the Non-Profit providers, we will come back to the Board with a plan for the Non Profits that meets everyone's needs.

DEFERRED