

City of Victoria, Advisory Housing Committee

August 11th, 2005

**Report of the Task Group for
Portable Housing Allowances**

**From Surviving to Thriving:
A Made-in-Victoria Approach to Housing Affordability**

Task Group Members:

A.H.C Members: Melanie Piper, Ian Munro, Herman Rebneris, Brian Siddall
Expert Advisors: Jim Bennett (Victoria Real Estate Board), Al Kemp (CEO, ROMA BC)

Report of the Task Group for Portable Housing Allowances

Task Group Members met several times to discuss the question of whether Portable Housing Allowances, if extended to people in areas with low vacancies, would lead to rent increases.

The Task Group generally agreed on the following:

1. The Victoria marketplace alone cannot address the problem of housing affordability; supports must be put into place to end the rapidly rising rate of family and individual homelessness in the Greater Victoria area. Therefore, in the absence of enough new 'affordable' or subsidized units. Portable Housing Allowances will create opportunities for low income families to escape the cycle of poverty and move toward home ownership.
2. Portable Housing Allowances are necessary in the Capital Region because the majority of low income renters are already housed, but are paying up to 80% of their income for rent, leaving virtually no money for food or the basic necessities of life. Therefore, a P.H.A. combined with services that lead toward family self sufficiency will allow more families to move from 'surviving to thriving'. These people will be better prepared to take advantage of the many opportunities offered within the Greater Victoria region. Most importantly, the introduction of P.H.A.'s promotes income mixing and prevents the 'ghettoization' of low income tenants that is often associated with traditional low income housing.
3. Portable Housing Allowances are only a part of the overall solution needed to address the growing problem of insufficient affordable housing in Victoria: incentives to build affordable rental housing must still be addressed. The Regional Housing Trust Fund and legalization of secondary suites are still important components of the overall affordable housing solution. However, P.H.A.'s will directly and immediately address tenants affordability problems and cost much less than building new housing.
4. The issue of Portable Housing Allowances is complex and requires that Advisory Housing Committee members and City Council Members learn more about the benefits of Portable Housing Allowances. For example, there is a difference between rent subsidies and Portable Housing Allowances. P.H.A.'s are flexible and can be targeted to any needy group and be designed to recognize regional variation in housing costs, vacancy rates etc. Portable housing allowances can be paid directly to the person in need, or to landlords or other third parties.
5. Portable Housing Allowances would be most effective if paired with support services as part of a package to assist individuals and families to escape the cycle of poverty and homelessness. Whereas in some provinces such as Saskatchewan, portable subsidies are limited to individuals living on income assistance, P.H.A.'s in Victoria could be available to individuals or families wishing to break the cycle of poverty and move toward financial self sufficiency. Tenants can take jobs in different places without losing their housing benefits, which is good for tenants, the economy, and all taxpayers.
6. Although P.H.A.'s have generally found approval in areas where there is a high vacancy rate, Victoria would greatly benefit from a 'custom made' approach to portable subsidies, despite the low vacancy rate Whereas in areas of high vacancy, P.H.A.'s are designed to allow low income renters to access more expensive, vacant accommodation, portable subsidies in Victoria would enable families to afford the housing they have without going hungry. Provision of a P.H.A would also enable 'under-housed' families to access a larger home that is more suitable for the family size. By supplementing rents in existing rental units, government can help between 2 and 5 times as many low income tenants as can be helped with the same money used to build a new building. Unfortunately, the construction of new rental property within the Capital Region is simply no longer a viable option.

Recommendations:

- 1) The Advisory Housing Committee recommends that a letter of support for Portable Housing Allowances that are combined with support services to facilitate family self sufficiency be forwarded by Victoria City Council to the Provincial Government.
- 2) That Victoria City Council support a resolution for Portable Housing Allowances that are combined with support services to facilitate family self sufficiency to be presented for discussion to the 2005 U.B.C.M. meeting.

Consultation and Research:

Al Kemp, CEO of ROMA, B.C., explains that Portable Housing Allowances will not contribute to overall rent increases. A letter from him detailing this topic was distributed at the June 2005 Advisory Housing Committee and is enclosed. The following is a brief summary.

- a) Landlords are bound by the Residential Tenancy Act which limited rent increases to 3.8% per annum in 2005. Landlords can increase rents by any amount between tenancies, which they have not. The overall increase has only been 1.4% in Victoria and has declined by over 30% from the previous year.
- b) If Landlords want to increase rents there is plenty of legal latitude for them to do so, but they have not. For this reason, the basic laws of economics do not appear to be at work in regard to rental increases in Victoria.
- c) Landlords do not need to know that their tenants receive subsidies and therefore will not automatically raise rents. In fact, portable subsidies are already being used in Victoria and have had no effect on rents increases whatsoever.

For an in-depth description of P.H.A.'s, please find the link to Al Kemp's *The Case for Portable Housing Allowances* on the city website at:

http://www.city.victoria.bc.ca/cityhall/pdfs/comdev_hsngrn_csfrpr.pdf

The *TD Bank financial group* issued a special report (*Affordable Housing in Canada: In search of a new paradigm, 2003*). It stated that shelter allowances are a necessity in the absence of an overall increase in individual and family incomes. Moreover, the possibility of an increase in rents for which there is a fixed supply must be complemented by measures to boost supply (ie. secondary suites). "There is no disputing the fact that public subsidies are needed to bridge the gap between the private cost of developing new rental supply and the amount low-income individuals can afford".

Ian Munro and Melanie Piper of the Advisory Housing Committee work with low income individuals and families. Both argue that one way to moderate any overall rent increase, should it occur, is to target specific low-income groups. This is currently being done in B.C. through programs such as the SAFER program for elderly renters and the rent supplement program for large families through B.C. Housing. These programs could be expanded to cover a greater number of low-income renters than currently exist. This subcommittee consulted with Phil Ward of Pacifica Housing Advisory Association who administers a program that combines support services with rent subsidies, and Roger Butcher, Regional Manager of B.C. Housing. Both agreed that P.H.A.'s that are targeted to families with multiple barriers to finding affordable housing would reduce chronic instability and homelessness of children and their families. Please see Appendix I for examples of how very modest portable subsidies would improve the standard of living for three typical low income families.

Upon consultation with a variety of community partners, the greatest problem facing 'high risk' families is not that they cannot find housing. Rather, families cannot afford the housing they have; they are limited to one or two bedroom apartments with far too few bedrooms for the family size. As a result, they move from place to place, often moving up to four times within the school year. Many of these families spend many months in cheap and unsafe motel accommodation along the Gorge Road strip, isolated from social supports and services. Targeting these 'under housed' groups would relieve the overall pressure to those experiencing the greatest barriers to achieving economic self-sufficiency.

Affordability Solutions:

The Family Self Sufficiency Program at Burnside Gorge Community Association has successfully provided life skills and support services to low income families living in subsidized housing for three years. *Their research has shown that it is critical that families with multiple barriers to attaining self sufficiency require a combination of financial assistance and support services if they are to obtain long term independence from government subsidies.* With these supports, families are able to set and attain personal and financial goals that enable them to move on with their lives, thus breaking the cycle of poverty and homelessness. Please see Appendix II for a sample program that could address these issues while *utilizing existing community resources.*

The Canadian Federation of Apartment Associations issued a report, Endowments for Housing: Comparative Benefits of Portable Housing Allowances (2005)

available online: <http://www.cfaa-fcapi.org/pdf/Tab6Endowments.pdf>

states that, "Endowments to fund shelter allowances would take only a fraction of the dollars that would otherwise need to be spent to subsidize the building of expensive new social housing". They estimate that for the cost of building a new unit, up to five families could benefit from P.H.A.'s. Page 6 of the document shows a new formula that suggests Portable Housing Allowances need only cover 75% of the gap between rent and income (roughly \$159.00 per month). This report suggests that P.H.A. recipients would be encouraged to economize in other areas of living costs, rather than subsidizing 100% of the difference between income and rent as conventional rent supplements do (currently base on 30% of gross income).

The greatest social and economic benefit of making rents affordable is *that families and individuals are stabilized and thereby improve their ability to secure and retain jobs.* Tenant based housing vouchers can free up funds for education, health improvement and savings. Most importantly, P.H.A.'s would increase the overall quality of life by reducing the stress associated with poverty, thereby increasing social capital.

This Task Group has agreed in principle that despite the low vacancy rate, housing affordability is an urgent issue. The flexibility that P.H.A.'s provide would enable policy makers to develop a plan to assist the greatest number of low income and multi-barriered individuals with the least amount of capital, while minimizing increases in rental rates within Victoria. After extensive research and consultation, we unanimously agree that P.H.A.'s would be most beneficial if combined with support services to facilitate family self sufficiency. Due to the multiple barriers facing these low income families, it is clear that assistance with financial literacy, budgeting, accessing job programs, daycare, legal assistance, services for persons with a disability and advocacy in accessing existing services would ensure the successful implementation of this project.

The Victoria Real Estate Board recently applauded outgoing MLA Jeff Bray for his Private Members Statement on portable rent subsidies. Mr. Bray recently addressed the Legislative Assembly in regard to the overall benefits of portable housing benefits in March of this year. In addition, Federal Minister of Labour and Housing, Joe Fontana has stated that \$1.6 billion will be allocated to housing. Minister Fontana has repeatedly stated his support for all forms of housing assistance.

Appendix I

Sample Family 1																																					
<p><u>Family Biography</u></p> <p>Single mom has fled a violent relationship with her two teenage children, aged 15 (female) and 17 (male). Mom has a disability due to a stroke and suffers from Post Traumatic Stress Disorder as a result of the family violence. She has difficulty in concentrating and has recurrent, intrusive flashbacks from the abuse on a daily basis. She wants to get therapy so that she can learn to minimize the effects of the trauma, but says that until she has stable housing she cannot begin to face these issues or attend regular appointments. Due to her minimal income, this family has shared a one bedroom apartment for the past several years because it is the only place they can afford. They would like to move, but no other landlord would take a three person family into a one-bedroom unit. She has applied for Persons With a Disability status with the Ministry of Human Resources but the process is long and she is still waiting to hear back from them.</p>																																					
<p><u>Family Income</u></p> <p>Mom's source of income is Employment Assistance through the Ministry of Employment and Income Assistance. The only benefits included are MSP coverage and emergency dental (i.e. extractions). Bus passes are not included so they must pay for transportation out of their "support allowance". The family shares one adult bus pass amongst the three of them or they walk everywhere.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Employment Assistance</td> <td style="text-align: right;">\$956</td> </tr> <tr> <td>Canada Child Tax Benefit</td> <td style="text-align: right;">\$374</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$1330</td> </tr> </table>		Employment Assistance	\$956	Canada Child Tax Benefit	\$374	Total	\$1330																														
Employment Assistance	\$956																																				
Canada Child Tax Benefit	\$374																																				
Total	\$1330																																				
<p><u>Benefits of a PHA</u></p> <p>This family would welcome the opportunity to afford a larger suite and still be able to live within their budget. This would allow the opposite gender teenagers and to have mom more privacy, thus reducing the risk of eviction for noise or damages.</p>																																					
<p><u>Family Budget – Without PHA</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Income</td> <td style="text-align: right;">\$1330</td> </tr> <tr> <td>Rent (1 bedroom)</td> <td style="text-align: right;">650</td> </tr> <tr> <td>Utilities</td> <td style="text-align: right;">50</td> </tr> <tr> <td>Phone</td> <td style="text-align: right;">40</td> </tr> <tr> <td>Transportation (1 adult pass)</td> <td style="text-align: right;">60</td> </tr> <tr> <td>Food</td> <td style="text-align: right;">450</td> </tr> <tr> <td>Personal Hygiene (non-food)</td> <td style="text-align: right;">80</td> </tr> <tr> <td>School Fees</td> <td style="text-align: right;">50</td> </tr> <tr> <td>Balance</td> <td style="text-align: right;">-\$50</td> </tr> </table>	Income	\$1330	Rent (1 bedroom)	650	Utilities	50	Phone	40	Transportation (1 adult pass)	60	Food	450	Personal Hygiene (non-food)	80	School Fees	50	Balance	-\$50	<p><u>Family Budget – With PHA</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Income + \$150 PHA</td> <td style="text-align: right;">\$1480</td> </tr> <tr> <td>Rent (two bedroom)</td> <td style="text-align: right;">750</td> </tr> <tr> <td>Utilities</td> <td style="text-align: right;">50</td> </tr> <tr> <td>Phone</td> <td style="text-align: right;">40</td> </tr> <tr> <td>Transportation (1 adult pass)</td> <td style="text-align: right;">60</td> </tr> <tr> <td>Food</td> <td style="text-align: right;">450</td> </tr> <tr> <td>Personal Hygiene (non-food)</td> <td style="text-align: right;">80</td> </tr> <tr> <td>School Fees</td> <td style="text-align: right;">50</td> </tr> <tr> <td>Balance</td> <td style="text-align: right;">-\$0</td> </tr> </table>	Income + \$150 PHA	\$1480	Rent (two bedroom)	750	Utilities	50	Phone	40	Transportation (1 adult pass)	60	Food	450	Personal Hygiene (non-food)	80	School Fees	50	Balance	-\$0
Income	\$1330																																				
Rent (1 bedroom)	650																																				
Utilities	50																																				
Phone	40																																				
Transportation (1 adult pass)	60																																				
Food	450																																				
Personal Hygiene (non-food)	80																																				
School Fees	50																																				
Balance	-\$50																																				
Income + \$150 PHA	\$1480																																				
Rent (two bedroom)	750																																				
Utilities	50																																				
Phone	40																																				
Transportation (1 adult pass)	60																																				
Food	450																																				
Personal Hygiene (non-food)	80																																				
School Fees	50																																				
Balance	-\$0																																				

Sample Family 2

Family Biography

A middle-aged single mom with four teenaged children left a long term abusive relationship and ended up living in a motel for several months. Mom is employed full time, but on her income alone it is difficult to make ends meet and support the needs of four teenagers (two girls, two boys). The family has struggled to find a new home that would be affordable and large enough to accommodate a family of five. Mom finally found a 4 bedroom house and the landlord is okay with the family size; however, the rent is \$1200/month (utilities included). This is a reasonable rate for a 4 bedroom in Victoria, however, the location is in a lower-income area and is far from work and school, so the family still must pay for the bus passes and the combined expenses will be very difficult for Mom to afford on her income.

Family Income

Mom's source of income is full time work as a receptionist. Her ex-husband's income is too low to offer child support.

Net Monthly Income	\$1600
Child Tax Benefit	\$400
Total	\$2000

Benefits of a PHA

This family would benefit from a PHA so that they can afford a home that can accommodate their large family size and ease their budget so that they can afford food and other basic expenses, such as transportation to school and work. This will also lift the financial and personal stress the family has endured from living in a motel and perhaps allow the family opportunity to stabilize.

Family Budget – Without PHA

Income	\$2000
Rent (ht/hw incl.)	1200
Phone	40
Food	500
Transportation (4 youth bus passes & 1 adult)	208
Personal Hygiene (non-food)	100
School Fees	100
Balance	-\$148

Family Budget – With PHA

Income + \$150 PHA	\$2150
Rent	1200
Phone	40
Food	500
Transportation (4 youth bus passes & 1 adult)	208
Personal Hygiene (non-food)	100
School Fees/expenses	100
Balance	\$2

Sample Family 3

Family Biography

A single Dad who shares joint custody of his 6 year old son who has a developmental disability. Both the Dad and his ex-wife are on income assistance and have Shared Parenting Assistance whereby he only receives the shelter allowance, but no support allowance because both parents have their child 50% of the time. They also divide their Child Tax Benefit in half. As a result of this Dad's income is very low. He is able to work part time, but when his son is with him, he must devote all his time and energy to him due to his special needs.

Family Income

Income Assistance (shelter allowance)	\$520
PT Work	\$500
½ Child Tax Benefit	\$ 75
Total	\$1095

Benefits of a PHA

Without a PHA, this Dad is unable to afford any housing in the rental market that would meet his needs and be suitable for his son without spending most of his food budget. The PHA will give him the opportunity live in an apartment large enough for the two of them and still have funds left over for the other basic needs.

Family Budget – Without PHA

Income	\$1095
Rent	630
Utilities	30
Phone	30
Food	350
Transportation (1 adult pass, ½ youth pass)	79
Personal Hygiene (non-food)	50
School Fees	25
Balance	-\$99

Family Budget – With PHA

Income + \$100 PHA	\$1195
Rent	630
Utilities	30
Phone	30
Food	350
Transportation (1 adult pass, ½ youth pass)	79
Personal Hygiene (non-food)	50
School Fees/expenses	25
Balance	\$1

Appendix II

Addressing the Affordability Issue: How a Portable Housing Allowance support program could assist the sample families

Consultation with a variety of community agencies within the City of Victoria (see Appendix III) revealed that many families would obtain greater economic self sufficiency within a program that pairs portable housing allowances with support services and life skills development. Many parents reported that they are unable to move ahead with their financial goals because they cannot afford the cost of their existing accommodations. Their second barrier was accessing the existing community resources and support services that would help them move forward. Many were so overwhelmed with their daily struggle to survive that they had no long term plan of action to move them out of the cycle of poverty.

Research by the Task Group for Portable Housing Allowances showed that a P.H.A. support program would be most effective if it were to target children and their families who are at risk of homelessness to retain their housing stability within a reasonable distance of the children's school and support services.

This objective could be reached by providing parents with a Portable Housing Allowance once they have completed an action plan that outlines their goal for economic self sufficiency. A support worker could further assist the family toward housing stability by enhancing life skills such as budgeting and financial literacy.

The following are examples of essential elements that have been effective in other family support programs across the United States and Canada:

- Accessing community resources such as food banks, dental services and mental health support services
- Creating a budget
- Credit counseling services
- Education on landlord-tenant rights and responsibilities
- Employment Services
- Daycare and respite care
- Legal Services
- Counseling, family violence and mental health services

Based on our research with the Family Self Sufficiency project in Victoria, creating a detailed action plan is an important part of facilitating financial self sufficiency. Once this plan is developed and it is determined that the family would regain or retain stability if a Portable Housing Allowance of approximately \$150 per month was provided, the worker could refer the family for a P.H.A.

For example, Pacifica Housing Advisory Association has a pre-existing support program in Victoria that successfully distributes rent subsidies from B.C. Housing. Support worker Phil Ward has intimate knowledge of the issues facing these individuals and is able to provide advocacy and counseling as necessary. Phil also maintains records and statistics for evaluation purposes and has not noted any rent increases as a result of these rent supplements.

The front line workers and community partners listed in Appendix III unanimously stated that a portable housing allowance support program would be successful if children and their families were better able to retain their housing and procure stable tenure within their community. Most importantly, the children within these families will be able to attend the same school year round and access community resources for adequate nutrition, recreation and support services.

Appendix III

**Discussions with the following Community Partners
Contributed to this Research**

Pacifica Advisory Housing Association:
Downtown Outreach Services

Cool Aid

Cridge Centre for the Family

Victoria Women's Transition House

Hill House

Margaret Laurence House

Burnside Gorge Community Association:
Homeless Family Outreach Program
Family Self Sufficiency Program

B.C. Housing

Canada Mortgage and Housing Corporation

Rees Network

Young Parents Support Network

Family Violence Prevention Project

YM/YWCA:
Mom Reach Program
Kiwanis House Program

ROMA BC

Victoria Real Estate Board

Peninsula Community Services

Action Committee for Persons with a Disability

Front Line Staff of:

Ministry of Employment and Income Assistance

Ministry for Children and Family Development

Vancouver Island Health Authority:
Urgent Short Term Assessment and Treatment Team

Victoria Child and Youth Mental Health

