



**MANITOULIN-SUDBURY DISTRICT
SOCIAL SERVICES ADMINISTRATION BOARD
CONSEIL D'ADMINISTRATION DES SERVICES
SOCIAUX DU DISTRICT DE MANITOULIN-SUDBURY**

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October 11, 2007

To Mayors, Reeves and Chairs

At their September 27th meeting, Manitoulin-Sudbury DSSAB Board members discussed what is proving to be a significant social housing cost that is being 100% borne by all Ontario municipalities as a direct result of provincially set social assistance rules that your DSSAB believes merit review and change.

The status quo sees Ontario municipalities indirectly subsidising social assistance to the tune of \$175 Million per year. In our jurisdiction, this represents a \$311,448 cost that is presently apportioned to our member municipalities and reflected in the municipal taxes that they collect from their constituents.

When looked at in the context of Premier McGuinty's indication that the province will be uploading the municipal share of the cost of ODSP over the coming four years, it bears noting that, locally, 82% or \$255,162 of the 100% municipally funded \$311,448 social assistance subsidy is directly attributable to ODSP recipients who are tenants of social housing units operated by either the DSSAB (public housing) or its member municipalities (non-profit housing).

When a social assistance recipient is renting in the private market, the maximum shelter rates apply. However, if the same individual resides in a social housing unit, a rent-geared-to-income table is applied instead of the maximum shelter rates. The DSSAB believes the province should address the 100% municipal cost impact of the "RGI" and "shelter rate" rules they have set when it comes to social assistance recipients when they live in "social housing units" yet not when they live in private sector housing units.

Your DSSAB believes these rules merit provincial review and change. It is specifically recommending that:

- i. the province undertake a review of the "maximum OW/ODSP shelter rate" allowable in social housing settings as it has not kept pace with marketplace rents;
- ii. the province amend its RGI rent scales to see them match the maximum shelter rate for all OW/ODSP recipients.

It is your DSSAB's request that your municipality support the DSSAB in its efforts to see this indirect 100% municipal subsidy of social assistance costs addressed by the proper authorities.

Your DSSAB has passed a resolution to that effect and trusts your Council will consider doing likewise and forward a copy of same to the attention of the province, AMO, the Provincial-Municipal Fiscal Review Table and the DSSAB.

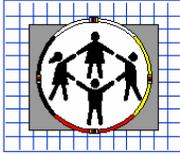
If I can be of further help with this matter, please do not hesitate to call.

Respectfully Yours,

original signed by

Ray Chénier, Chair
Manitoulin-Sudbury DSSAB

N.B. – A copy of the DSSAB's resolution (Resolution No. 07-74) is here-attached, along with a relevant Power Point Presentation presented to Board members at their meeting of September 27, 2007.



**MANITOULIN-SUDBURY DISTRICT
SOCIAL SERVICES ADMINISTRATION BOARD
CONSEIL D'ADMINISTRATION DES SERVICES
SOCIAUX DU DISTRICT DE MANITOULIN-SUDBURY**

RESOLUTION 07-74

DATE: September 27, 2007

MOVED BY: Mike Lehoux

SECONDED BY: Dean Wenborne

WHEREAS the Provincial government has announced that the municipal share of the ODSP costs will be uploaded over a four year period; and
WHEREAS the Manitoulin-Sudbury DSSAB's share of the \$935 Million of those ODSP costs that will be uploaded represents a projected annual municipal savings of \$2,749,745; and
WHEREAS it is the contention of the Manitoulin-Sudbury DSSAB that the municipal share of the ODSP upload will not be complete until such time as the province also uploads that portion of the shelter cost of persons on ODSP that is 100% borne by municipalities if these persons live in social housing units administered by Service Managers rather than live in private sector housing units; and
WHEREAS it is since 1998, that the Manitoulin-Sudbury DSSAB and its 46 CMSM/DSSAB counterparts across the province have been subsidizing OW/ODSP with 100% municipal social housing dollars to make up the difference between the true rent payable and the low RGI rents that the province permits to be charged to OW & ODSP tenants if and only if they reside in social housing units; and
WHEREAS it has been estimated that the Manitoulin-Sudbury DSSAB and its 46 CMSM/DSSAB counterparts across the province have been paying as much as \$175 million more than they should have for the shelter costs of some 55,000 OW/ODSP clients province-wide who live in social housing units but would not have to have paid if these same social assistance recipients lived in private sector housing units; and
WHEREAS the Manitoulin-Sudbury DSSAB has estimated that the annualized financial share of the \$175 million sum that Ontario's municipalities must pay 100% of to offset the lost rental revenue that they cannot charge to OW & ODSP tenants due to artificially low RGI scale limits that they must adhere to but that private sector housing landlords have no obligation to recognize when it comes to these same persons, costs our DSSAB's member municipalities **\$311,448 per annum**; and
WHEREAS the social housing unit residents who are in receipt of ODSP account for 82% or \$255,162 of that \$311,448; and
WHEREAS this lost operating revenue is 100% subsidised by the DSSAB's member municipalities; and
WHEREAS social housing operating expenses continue to increase every year while Rent Geared to Income (RGI) rent scales stay the same; and
WHEREAS the OW/ODSP RGI scales have been historically set artificially low by the Province of Ontario; and
WHEREAS the Province's established RGI scales have not been revised in well over a decade; and
WHEREAS the current methodology allows OW/ODSP housing tenants who live in private sector housing to receive the full maximum shelter allowance allowed for OW/ODSP recipients, while this is not the case for OW/ODSP tenants who reside in social housing units under CMSM and DSSAB Service Management;
BE IT THEREFORE RESOLVED THAT the Manitoulin-Sudbury DSSAB ask the Province to review the maximum OW/ODSP shelter component as the amounts have not kept pace with marketplace rents; and

BE IT FURTHER RESOLVED THAT the Manitoulin-Sudbury DSSAB ask the Province to amend its RGI rent scales to match the maximum shelter rate for all OW/ODSP recipients; and THAT this resolution be forwarded to the Ministers of Community & Social Services, Municipal Affairs and Housing and Finance as well as the Provincial-Municipal Fiscal Services Review Table for their action; and THAT the Manitoulin-Sudbury DSSAB ask all Manitoulin-Sudbury DSSAB member municipalities, AMO, NOMA, FONOM and all CMSM/DSSAB's to signal their support by passing a similar resolution.

CARRIED

_____ original signed by Ray Chénier, Chair _____

MEMBER	YEAS	NAYS	MEMBER	YEAS	NAYS
ADDISON, LOU			KILLAH, BRUCE		
BROWN, GARY			LEHOUX, MIKE		
CHAYER, JEAN-MARC			LEONARD, DAVID		
CHÉNIER, J. RAYMOND			MacNEVIN, AL		
FREEBORN, EARLE			McMILLAN, JACK		
GAMBLE, LESLIE			PITFIELD, MORGAN		
GOLDEN, DENNIS			WENBORNE, DEAN		

Manitoulin-Sudbury
DSSAB
District Social Services Administration Board



**Impact of
Social Assistance (OW & ODSP)
RGI Rent Scales
on Social Housing Net Costs**

What's the issue?

- Since 1998, municipalities across the province have been subsidizing OW/ODSP with social housing dollars

- Municipalities have been annually paying as much as \$175 million more than they should have for the shelter costs of some 55,000 OW/ODSP clients province-wide.
- This cost will continue to increase every year as social housing operating costs rise and (RGI) rent scales stay the same.



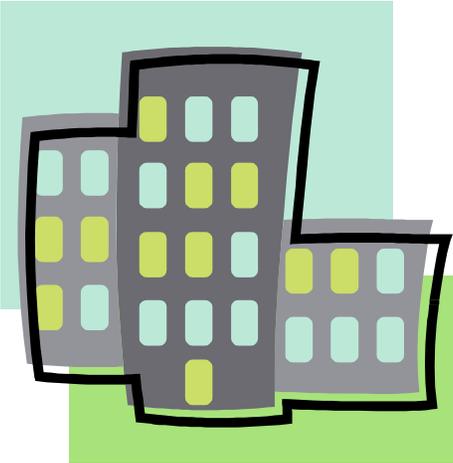
What does this mean?

- Municipalities pay **20%** of OW/ODSP costs (province pays 80%)
- Municipalities pay **100%** of social housing costs
- AND GIVEN THAT OW/ODSP clients pay artificially low social housing (RGI) rents set by the province...
- **Municipalities find themselves subsidizing what should arguably be 20% municipal social assistance dollars (if any) with 100% municipal social housing dollars, leaving the province off the hook for what should at least be their 80% share.**



Private and Social Housing rent comparison example

for ODSP single client
with a max. allowance of \$979/mo.



In Private Housing:

Typical Market rent: \$600

ODSP maximum shelter amount:
\$436 (Province \$349,
Municipality \$87)

Tenant pays difference - \$164

Total municipal costs: \$87

In Social Housing:

Market or break-even rent: \$600

ODSP “rent scale” amount: \$109
(Province \$87, Municipality \$22)

Municipality pays social housing
subsidy - \$491

Total municipal costs: \$513

Sample Case 1

- **Monthly Rent \$600**
- **Single person on ODSP (Max. of \$979/mo.)**

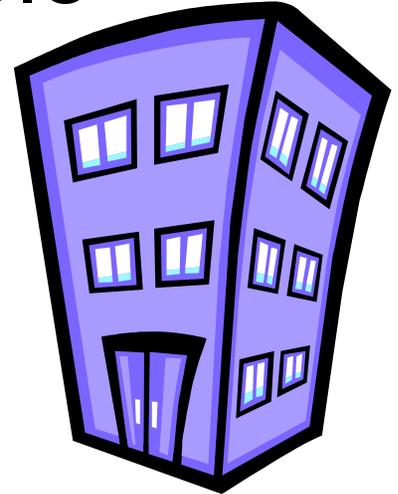
	<u>Private Housing</u>	<u>Social Housing</u>
Province (80%)	\$349	\$87
Municipality (20%)	<u>\$87</u>	<u>\$22</u>
Maximum Shelter Allowance	\$436	\$109
Tenant	\$164	-----
Extra (100%) Municipal Cost	-----	\$491
<hr/>		
Total Rent	\$600	\$600
Total Municipal Contribution	\$87	\$513

Note: Municipality pays an extra \$426/month (\$513 - \$87) if ODSP client lives in social housing, or \$5,112/year; 2007 rates

Private and Social Housing rent comparison example



for an OW family of three with
a max. allowance of \$1122/mo.



In Private Housing:

Typical Market rent: \$900

OW maximum shelter amount:
\$583 (Province \$466,
Municipality \$117)

Tenant pays difference - \$317

Total municipal costs: \$117

In Social Housing:

Market or break-even rent: \$900

OW “rent scale” amount: \$226
(Province \$181, Municipality \$45)

Municipality pays social housing
subsidy - \$674

Total municipal costs: \$719

Sample Case 2

- Family of three on OW (Max. of \$1122/mo.)
- Monthly Rent \$900

	<u>Private Housing</u>	<u>Social Housing</u>
Province (80%)	\$466	\$181
Municipality (20%)	<u>\$117</u>	<u>\$45</u>
Maximum Shelter Allowance	\$583	\$226
Tenant	\$317	-----
Extra Municipal Cost	-----	\$674
Total Rent	\$900	\$900
Total Municipal Contribution	\$117	\$719

Note: Municipality pays an extra \$602/month (\$719 - \$117) if OW client lives in social housing or \$7,224/year; 2007 rates.

Social Policy Issues

- Beyond financial concerns, funding OW/ODSP clients differently based on their housing is bad social policy:



- Penalizes municipal service managers (DSSABs) who fund social housing, since rents are artificially low
- Acts as disincentive for new affordable housing development, since “rent scales” are so low
- Creates perceived barriers for clients who would face large rent increases if they get a job
- Further marginalizes OW/ODSP clients by treating them differently from other RGI tenants

In Manitoulin-Sudbury

- **In the Manitoulin-Sudbury DSSAB jurisdiction, the projected annual cost that is directly attributable to OW and ODSP housing residents for our directly operated housing stock alone comes to \$311,448.**
- **Since neither the federal nor the provincial governments subsidise any part of the \$311,448, this lost operating revenue is 100% subsidised by the DSSAB's member municipalities.**
- **The residents who are in receipt of ODSP account for 82% or \$255,162 of that 100% municipally funded \$311,448 difference.**

What's a fairer way to fund?

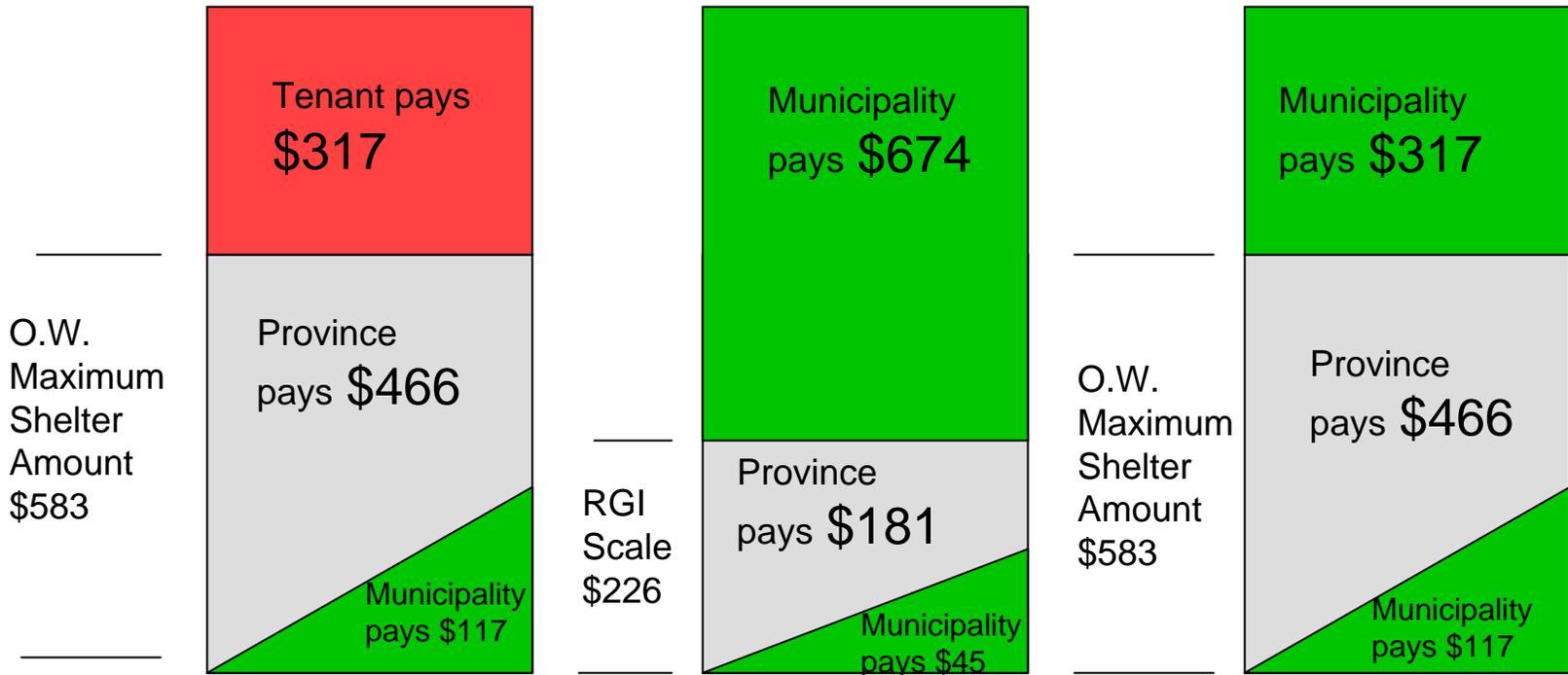
(e.g.- Rent of \$900/month)

(OW family of three - Max. allowance of \$1122/mo.)

Private Housing
- current

Social Housing
- current

Social Housing
-if equally treated*



***Whether OW/ODSP client is in private or social housing; provincial-municipal cost-sharing of max. shelter amount should be the same.**

What should the province do?

- Province should review the maximum OW/ODSP shelter component as the amounts have not kept pace with marketplace rents.
- Province should amend its RGI rent scales to match the maximum shelter rate for all OW/ODSP recipients. (RGI rent scales have not changed in over ten years)

