



CITY OF KINGSTON  
**REPORT TO COUNCIL**

Report No.: 10-263

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**TO:** Mayor and Council

**FROM:** Terry Willing, Acting Commissioner, Community Development Services Group

**RESOURCE STAFF:** Jim de Hoop, Director, Community and Family Services

**DATE OF MEETING:** 2010-08-24

**SUBJECT:** Kingston & Frontenac Housing Corporation Welch Group Consulting Report and the Rent Supplement Program Delivery Model

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**EXECUTIVE SUMMARY:**

The purpose of this report is to provide Council with information and recommendations related to changes in the administration of the Rent Supplement Program.

The Rent Supplement Program provides rent geared-to-income (RGI) housing within buildings owned by private sector landlords and market rent units owned by non-profit/co-operative housing providers. Tenants selected from the Centralized Waiting List pay their RGI portion of the market rent directly to the landlord and KFHC, as administrator of the Rent Supplement Program, pays the balance of the market rent to the landlord.

Delivery of the Rent Supplement Program involves two distinct functions; contract administration and day to day administration. The contract administration includes recruiting landlords, promoting the Program and entering into a Rent Supplement Agreement with the landlord. The day to day administration involves offering the unit to prospective tenants, ongoing rent calculations and managing the tenant files. Currently, KFHC is responsible for both functions on behalf of the City of Kingston as Service Manager.

In 2009, Welch Group Consulting undertook a broad and comprehensive review of the policies, practices, and patterns of decision making of the Kingston & Frontenac Housing Corporation (KFHC), as the housing provider, and the City of Kingston, Community and Family Services Department, as the Service Manager. In their report, Welch Group Consulting identified specific concerns with the administration of the rent supplement program including, the need to conduct an evaluation of the program delivery model, with a view to possibly moving this function from KFHC to the Service Manager.

In June 2010, the Acting General Manager and staff of KFHC met with the Director and staff of Community & Family Services to consider a new service delivery model for the Rent Supplement Program. It was agreed that the Service Manager would become responsible for the contract administration functions while KFHC would continue to be responsible for the day-to-day administration of the program. This would allow KFHC to maintain its current rent supplement funding and the Service Manager to have greater control over the future direction of the program. This proposed change received full support from the Board of Directors of KFHC at their meeting on July 26, 2010.

A Rent Supplement Service Agreement will be drafted by the Service Manager, with assistance from the City's legal department, which will clearly outline the roles and responsibilities of both parties and confirm funding and service delivery levels. It is expected the Service Agreement will be in place by December 31, 2010.

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RECOMMENDATION

THAT Council approve the proposed changes to the delivery of the Rent Supplement Program, specifically authorizing the Service Manager to take over responsibility for the contract administration of the Rent Supplement Program and that Kingston & Frontenac Housing Corporation retain responsibility for the day-to-day administration of the program, with no change in the level of administration funding, subject to the terms and conditions of the Rent Supplement Service Agreement.

THAT Council authorize the Service Manager to negotiate a Rent Supplement Service Agreement with Kingston & Frontenac Housing Corporation, to be effective no later than December 31, 2010.

AND THAT Council authorize the Mayor and Clerk to execute the Rent Supplement Service Agreement in a form satisfactory to the Director of Legal Services.

AUTHORIZING SIGNATURES:

<p>ORIGINAL SIGNED BY COMMISSIONER</p> <p>Terry Willing, Acting Commissioner, Community Services Group</p>
<p>ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER</p> <p>Gerard Hunt, Chief Administrative Officer</p>

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Commissioner Beach, <i>Sustainability &amp; Growth</i>	N/R
Commissioner Leger, <i>Corporate Services</i>	N/R
Jim Keech, President, <i>Utilities Kingston</i>	N/R

(N/R indicates consultation not required)

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**OPTIONS/DISCUSSION:****Background:**

At the time of devolution in 2002, the City of Kingston, as Service Manager, administered 575 social housing units through service agreements with 15 not-for-profit housing providers and co-operatives; 977 public housing units through Kingston & Frontenac Housing Corporation (KFHC); and 451 regular rent supplement units. In addition to these 2003 units, there were 17 units through the Federal Urban/Native program and 48 units under Federal funding programs for a total portfolio of 2,068 units. In 2005, an additional 89 units were added under the Strong Communities Rent Supplement Program.

Prior to devolution, the Rent Supplement Program and the public housing units were administered by the local Housing Authority, Kingston & Frontenac Housing Authority, as an agency of the Ontario Housing Corporation. In 2002, the City of Kingston, as Service Manager, decided that the delivery and administration of the Rent Supplement Program and the public housing units remain with KFHC, as well as, the newly created Social Housing Registry which administers the Centralized Waiting List (CWL). In 2006, the Social Housing Registry and the staff affiliated with this program were moved to 362 Montreal Street to be part of the Community & Family Services Department.

**The Rent Supplement Program:**

The Rent Supplement Program is a form of social housing whereby units in buildings owned by both private sector landlords and non-profit/co-operative housing providers are subsidized. Delivery of the Rent Supplement Program involves two distinct functions; day to day administration and contract administration. Currently, KFHC is responsible for both functions on behalf of the City of Kingston as Service Manager

KFHC staff manage the day to day administration of the program. They select prospective tenants from the CWL, make referrals to the rent supplement landlord, calculate the rent geared-to-income (RGI) payable by the tenant initially and at least annually, notifies the rent supplement landlord of the rent, and manage the tenant files. The tenant pays their RGI rent directly to the rent supplement landlord. KFHC pays the balance of the market rent of the unit to the landlord.

The General Manager of KFHC managed the contract administration. This included recruitment of landlords to maintain the legislated number of RGI units and signing the Rent Supplement Agreement with the landlords.

The 2010 budget for the rent supplement units administered by KFHC includes the following:

- Administration funding of \$148,825 (Currently funds 2 FTE positions as well as an allocation of overhead costs to run the program – See Note 1.)
- Regular Rent Supplement program funding of \$2,832,127 (Current level of regular rent supplement units is 408 and is under budget by 15 units due to contracts expiring where landlords do not wish to renew, and difficulty in obtaining new rent supplement units)
- Strong Communities Rent Supplement funding of \$466,805 (100% provincial funding for approximately 85 rent supplement units. Includes a small amount for administration.)
- The total 2010 Rent Supplement budget is \$3,447,757

Note 1: An example of what makes up the overhead allocation would be a portion of the General Manager's time, the Finance & Administration Manager's time, other personnel, office space, software costs, etc.

**Welch Group Consulting:**

In 2009, Welch Group Consulting (Welch) undertook a broad and comprehensive review of the policies, practices, and patterns of decision making of both Kingston & Frontenac Housing Corporation, as the housing provider, and the City of Kingston, Community and Family Services Department, as the Service Manager.

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The Welch report noted that

*Administration of the rent supplement program is fragmented across a number of areas of responsibility and formal accountability is not clearly defined. Program reporting is primarily limited to monthly financial summaries and not indicative of strategic program management. Despite the fact that this portfolio absorbs roughly 25% of the City's annual social housing subsidy budget, program accountability is not well defined by the Service Manager. This only serves to limit opportunities to deliver the program more effectively.*

In their report, Welch also recommended that a full evaluation of the current program service delivery model be conducted, with a view to possibly moving this function to the City of Kingston, as Service Manager. With 494 rent supplement units under administration (approximately 25% of the legislated rent-geared-to-income housing in our community) KFHC staff members at a number of levels within the organization are required to administer the Rent Supplement Program. It is clear that any change in the administration of the Rent Supplement Program would have a serious impact on both the financial and human resources of KFHC.

**KFHC and Service Manager Consensus:**

On June 26, 2010, the Acting General Manager of KFHC and his staff met with the Director of Community & Family Services and his staff to discuss a new service delivery model for the Rent Supplement Program. It was agreed that the current service model should be changed by making the Service Manager responsible for the contract administration of the Rent Supplement Program while KFHC would continue to be responsible for the day-to-day administration of the program, with more specific oversight on the part of the Service Manager.

The proposed model would not change any of the current administrative responsibilities of KFHC staff, except at the General Manager level, and, therefore, would have no impact on KFHC's funding levels for administering the Rent Supplement Program. This allows KFHC to maintain their current staffing levels.

Currently the number of rent supplement units is below the required levels and with the extremely low vacancy rate within the City of Kingston, it has become evident that the contract administration of the Rent Supplement Program requires more time and effort to promote the program and reach more landlords. The Service Manager will assume this responsibility which will allow greater control on the future direction of the program.

On July 26, 2010 the Board of Directors of the Kingston & Frontenac Housing Corporation passed the following resolution.

*THAT (the) Board formally endorse the proposed changes to the rent supplement service delivery model and that a copy of the Board motion be provided to the Service Manager for inclusion in the Report to Council.*

It was also agreed that a Rent Supplement Service Agreement will be drafted by the Service Manager, in consultation with KFHC and the City's Legal Services staff which will clearly outline the roles and responsibilities of both parties and confirm funding and service delivery levels. It is expected that this Service Agreement will be in place prior to December 31, 2010.

**EXISTING POLICY/BY LAW:**

The Social Housing Reform Act, 2000

**NOTICE PROVISIONS:**

There are no existing notice requirements under the Municipal Act concerning this subject, on record, to date.

**ACCESSIBILITY CONSIDERATIONS:**

Copies of reports may be available in alternative formats.

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**FINANCIAL CONSIDERATIONS:**

There are no financial impacts related to the proposed changes to the Rent Supplement Program Delivery Model.

**CONTACTS:**

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Mary McIntyre, Housing Programs Administrator, Community and Family Services	x4948
Katie Clarke, Financial Analyst , Community and Family Services	x4857

**OTHER CITY OF KINGSTON STAFF CONSULTED:**

Alan Mcleod, Senior Legal Counsel, Legal Services  
Cheryl Hitchen, Manager, Applicant Services and Community Programs, Community & Family Services

**EXHIBITS ATTACHED:**

No exhibits attached