

**Assessing Risk of Economic-based Homelessness:
Background Report for Waterloo Region's
Housing Stability System**

April 2007

Social Planning, Policy and Program Administration



**Assessing Risk of Economic-based Homelessness:
Background Report for Waterloo Region's Housing Stability System**

By

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Table of contents

1. EXECUTIVE SUMMARY	i
2. INTRODUCTION.....	1
3. CHARACTERIZING AND QUANTIFYING RISK OF ECONOMIC-BASED HOMELESSNESS.....	6
3.1. Characteristics of households at risk	8
3.2. Trends impacting risk of economic-based homelessness.....	17
4. MANAGING RISK OF ECONOMIC-BASED HOMELESSNESS.....	25
4.1. Existing emergency shelter system.....	25
4.2. Current prevention and diversion programs in Waterloo.....	26
4.3. Current rental assistance and shelter allowance programs in Waterloo	28
5. REVIEW OF PROMISING PRACTICES TO ADDRESS ECONOMIC-BASED HOMELESSNESS.....	31
5.1. Approaches to prevent homelessness	31
5.2. Rental assistance and shelter allowances	39
5.3. Enhancing earned income	42
6. SUMMARY OF ANALYSIS AND INSIGHTS.....	43
7. REFERENCES.....	51

1. EXECUTIVE SUMMARY

I was quoted in The New York Times as saying—"we have a lot of alcoholic senators, but they're not homeless." I should never have said that. Of course, the reporter said, well, you didn't expect me not to use that, did you? Anyway, rich people with problems don't end up on the streets, poor people with problems do.

Martha Burt, Urban Institute, 2002

This work is one of seven background reports commissioned as part of a larger project – the development of a *Homelessness to Housing Stability Strategy* designed to increase the housing stability of all Waterloo Region residents. This report examines the issue of economic-based homelessness. As such, it focuses only on households for whom the primary risk factor associated with housing instability is lack of income or high housing cost (a housing affordability problem), rather than issues such as mental health, substance abuse, or family disintegration. That is not to say that individuals with these other disadvantages do not also suffer from extreme poverty. Indeed, while difficult to establish cause and effect, as suggested in the quote above, it can be argued that poverty is the critical variable that places people at greatest risk. Thus strategies and policies to address housing instability must intersect and be integrated with strategies for financial stability.

Who is most at risk?

This research has determined that in 2001 (census) there were between 7,000 and 8,600 households (5% of all households) in Waterloo Region that were seriously at risk of housing instability due to paying more than 50% of income for housing.

- The vast majority of households at risk were renters (71%) and all were low income.
- The highest prevalence of risk was among lone parent families (where more than one-in-four were at risk), followed by non-elderly unattached individuals (where one in five were at risk).
- Income assistance (particularly Ontario Works [OW] recipients) appears to figure prominently among those most at risk. Exiting OW recipients in transition back to

work (working poor) also remain at risk or at increased risk when shelter-to-income ratio remains or becomes high (greater than 50%).

The likelihood that an individual or family identified as potentially “at risk” will fall into a homeless situation will depend on particular circumstances and whether critical trigger events push them from at risk, into homelessness. Better knowledge and data on critical trigger events could help in designing targeted and timely prevention initiatives. Such trigger events may be spontaneous (such as an accident, illness or loss of employment); others may not be trigger events as much as tipping points – when the gradual build up of a problem reaches a breaking point.

Tipping points are more likely a cause of economic-based homelessness and relate to increasing debt or arrears, which can culminate in formal (eviction) or informal (move before formal eviction) loss of housing.

Identifying points of intervention

Economic-based homelessness is not mutually exclusive from other paths and causes. However, the critical issue in this report is to identify the type of economic risk that can lead to housing instability and more particularly to identify the early warning indicators. Essentially, it is a challenge of managing risk. This includes identifying the characteristics of those most at risk of housing instability, identifying indicators and early warning signals and then designing appropriate interventions to divert potentially homeless individuals or families toward remedies that prevent homelessness. There is a cascading series of identifiable actions that provide early warning indicators:

1. Before defaulting on a rent payment, households are more likely to reduce food purchases and to utilize food banks.
2. Still short of funds, they may avoid paying a utility bill and subsequently may seek assistance through the Regional Municipality of Waterloo’s (the Region’s) energy assistance program.
3. Unable to keep up, the household may fall into rent arrears.
4. Finally, cumulating arrears may cause a landlord to formally file notice of eviction.

In some cases, the default under one of these services may be triggered by an unexpected incident, but more often than not these are cumulative, gradually building and compounding conditions. Thus, use of such services provides a potential set of early warning indicators.

Designing appropriate interventions to lower risk

Short-term aids do not solve the underlying problem of poverty, and do not necessarily reduce risk; they may simply manage or defer risk. Across an evaluation of programs in eight cities, US research has found that between four percent and eighteen percent of assisted households of rent bank aid still end up losing their home within six months of receiving assistance. While the Regional rent bank, operated by Lutherwood, has only been in place for a few years, reporting on follow-up calls at six-month intervals over a two-year period found very low incidence of subsequent instability. Only four percent of recipients were reported to be unstably housed at the six and twelve month follow-up; eleven percent fell into this category after two years.

It was also reported that two thirds of applicants for rent bank assistance do not qualify for a rent bank loan (due to provincial eligibility criteria). However, simply as a result of making contact with the rent bank staff they received counseling and referrals (e.g. helping to negotiate a payment plan with landlord, or assistance in budgeting). Providing such services to ineligible clients in a pro-active case management approach helps to reconnect the individual with labour market skills training and assistance. As well, financial literacy (budgeting) helps with the ultimate goal of improving financial stability (through increasing income and/or lowering living costs). This appears to be occurring informally (e.g. all persons that contact the rent bank are counseled and referred to appropriate services) but is limited by staffing levels. Funding and resources provided to the rent bank should be reviewed and enhanced to ensure such proactive assistance can be sustained.

Role of housing assistance

The definition of economic-based homelessness invokes the issue of high shelter costs and thus identifies housing as part of the problem. In a recent report published by the

Canadian Housing and Renewal Association (CHRA), the minimum housing wage required to afford a rental apartment at average rents was determined for all Canadian cities. Kitchener (CMA) ranked as the fifth most expensive metropolitan region in Canada. High housing costs are a key concern in creating a housing stability system. Accordingly, housing initiatives can be part of the solution.

This report has identified an absolute shortfall and ongoing erosion of lower rent units. In 2001 there were only 10,500 units (21% of all rental units) renting below \$500; however, there were 14,000 renter households (28%) with incomes below \$20,000 for whom an affordable maximum rent (at 30% of income) is \$500. Therefore, there is an absolute shortage of lower rent units and this shortage is worsening over time.

However, constructing new housing with rents at average market levels is not a sufficient response. A regional housing strategy needs to include and prioritize action to stem the aforementioned erosion of the existing lower rent stock by examining an acquisition program (shifting ownership to non-profit/community ownership to preserve existing affordability).

Where the issue is solely one of affordability, shelter and housing allowances can be effective, especially when combined with literacy, skills training and employment programs that enable recipients to improve incomes and gradually reduce need for housing subsidy.

Examining and refining social assistance policies

Many households at risk are already recipients of income support under the OW program. However, the current OW benefit levels are inadequate, especially with respect to the allowance specifically provided to cover shelter costs.

The shelter components are seldom adjusted – there is no indexation of the OW or the Ontario Disability Support Program (ODSP) shelter maximums. Over time, the program maxima have become increasingly out of line with actual rent costs, especially as rents rose significantly from 1998 to 2002 (increasing by as much as 30% in some cities and

by 17% in Waterloo Region). In Ontario, this was exacerbated by the reduction in income assistance benefits by 21.5% in 1995. This means that assisted households often have rents in excess of the maximum shelter allowance and, consequently, more recipients are dipping into the limited basic living allowance to meet the shortfall in rent.

The Region has no authority to revise the provincially legislated benefit levels, but can use its administrative data to provide evidence of counter-productive policies and regulations (e.g. where a high proportion of OW beneficiaries are on the coordinated access waiting list or where OW recipients are facing arrears and eviction etc.) to advocate for reform.

If the largest at risk group is already part of the income assistance system it is appropriate to examine how well the income assistance systems (including both OW and ODSP) manages risk of housing instability, and whether refinements to policies and allowances would help to prevent homelessness within OW/ODSP, rather than creating new, separate initiatives and programs.

Expanding case management into “upstream” interventions

For those not on social assistance programs (working poor), and especially for unattached individuals without a network of friends, social isolation combines with poverty to exacerbate risk of homelessness. Those in entry level and part-time employment are likely the most vulnerable (no savings, no cushion in event they get sick or lose a shift; they also likely do not have benefit packages, which can serve as a form of income subsidy), yet do not have the benefit of case management to provide counselling and referrals necessary to reduce risk. It may be useful to explore ways to provide or formally extend case management services to those not assisted under OW/ODSP (i.e. formalize some type of case management/monitoring at the point that individuals come in contact with programs such as the rent bank, energy assistance, food banks, trusteeship).

Toward a comprehensive housing stability system

Responses to economic-based homelessness are inextricably linked to income and employment support. Overall, Waterloo Region has a sound set of individual programs and many of these appear to be working quite well. The primary observation from this analysis is that knitting together and bridging some of the spaces between different, seemingly unconnected, programs (e.g. energy arrears and employment training) could transform a good set of programs into a comprehensive housing stability system.

2. INTRODUCTION

The current report is one of seven background reports commissioned as part of a larger project – the development of a *Homelessness to Housing Stability Strategy* designed to increase the housing stability of all Waterloo Region residents. *All Roads Lead to Home: A Homelessness to Housing Stability Strategy for Waterloo Region* will synthesize all seven background reports and include an action plan for housing stability service providers, the Regional Municipality of Waterloo (the Region) and the Homelessness and Housing Umbrella Group (HHUG) with its member groups.

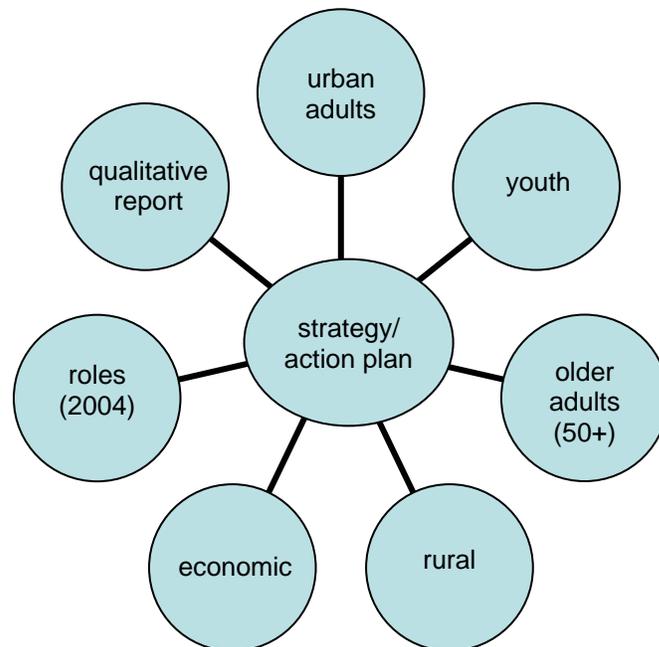


Figure 1. The development of a *Homelessness to Housing Stability Strategy* and an action plan for the future.

What is economic-based homelessness?

There are a number of factors and incidents that contribute to housing instability. The primary characteristic of risk of housing instability is poverty; secondary predictor characteristics include prior episode of homelessness, mental health issues, family violence or breakup, substance use and weak support networks (social isolation) (Lindblom 1991). In addition, inability to pay for housing (usually rent costs, but also

related utility expenses) due to some combination of high cost and low income are typically seen as economic issues contributing to homelessness (Burt 1991, Wright and Rubin 1991).

In many cases, people may confront a combination of factors where different causes compound each other to increase the risk of housing instability. For example, mental health issues together with low income can lead to an inability to manage one's budget and, inadvertently, miss a rent payment, causing eviction. Individuals with substance use issues may expend income on drugs and, consequently, be unable to pay the rent. Youth in family conflicts typically lack any source of income and face barriers to accessing housing. While these cases all involve poverty and economic issues, it is not the sole cause of housing instability.

For the purpose of this report, economic-based homelessness is more narrowly defined to focus only on households for ***whom the primary risk factor associated with housing instability is lack of income or high housing cost (a housing affordability problem), rather than issues such as mental health, substance abuse, or family disintegration.***

While focusing more particularly on economic characteristics, this review nonetheless addresses issues that also spill over to other causes and contributing factors. Indeed, Lindblom (1991) argues that many households live at the margin of risk, but some face more serious risk due to a variety of disadvantages, counterproductive personality characteristics and barriers which act as the tipping point into homelessness. Those at the margin that have a social network of family, friends, some savings or other resources are able to avert homelessness; those without these assets are at the greatest risk to fall into homelessness.

In addition, in quantifying households at risk, data will not usually distinguish those that have concurrent problems so such individuals may well be counted among those defined on purely income and shelter cost basis.

So, while focusing on economic causes of housing instability, this report will examine a number of policy and program options that may also be relevant to situations where multiple causes of homelessness and risk are at play.

Assessing degree of risk and trigger events

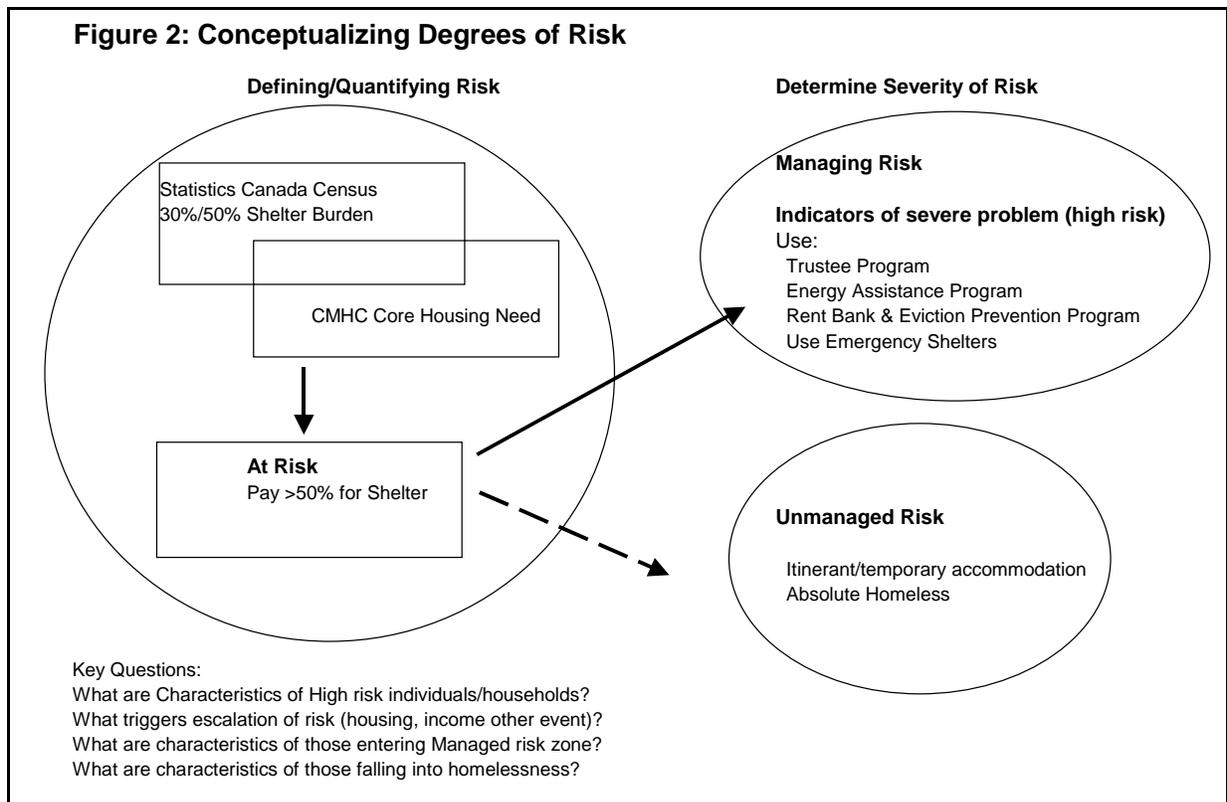
The degree to which an individual or family is at risk of homelessness varies, both by household type and over time. The challenge in designing an effective housing stability system is to refine a process of quantification to better determine the characteristics of those most at risk and the paths that lead them to homelessness.

Conceptually, quantifying risk is a well-established science, at least where data is available. Auto insurance rates, for example, are premised on a sophisticated process of modeling risk based on the characteristics of drivers that submit insurance claims. Similarly, in trying to better understand risk of housing instability, it is necessary to identify the characteristics of the homeless population and then examine the extent to which the larger population has similar characteristics. So, like automobile insurance claims, who is “making a claim” on the housing stability system?

Mortgage lenders and insurers (like the Canada Mortgage and Housing Corporation) draw on credit scores to assess mortgage default risk. This approach (credit scores) may have some utility in quantifying risk of housing instability. Households with history of recurrent utility and rent arrears and credit card arrears will likely have lower credit scores. Combining these credit scores with other variables, such as current rent and income (generating a shelter-to-income ratio) could be a useful flag for risk of economic-based homelessness. This approach could be incorporated into eviction prevention or rent bank activities.

Focusing on the issue of economic-based homelessness, Figure 2 conceptually identifies two known areas of entry into greater degrees of risk – the various prevention and diversion initiatives and the formal emergency shelter system, together labeled as

managed risk; and situations of absolute homelessness where there is no formal entry and thus no count or ability to collect data on characteristics (labeled unmanaged risk).



While it could be argued that emergency shelter users are in fact homeless (in the sense that they do not have a permanent and secure private place to call home) they are included in this conceptual framework (under “managed risk”) because the intent here is to include individuals whose characteristics can be examined and described as part of the process of identifying appropriate interventions. In short, we can only identify the characteristics and circumstances that lead to homelessness by investigating the characteristics and circumstances of those that are experiencing homelessness.

Individuals or families with similar characteristics as consumers of existing services and programs may be similarly at risk. Whether they fall into a homeless situation will likely depend on particular circumstances and whether critical trigger events push them from at risk, into homelessness. Better knowledge and data on critical trigger events could help in designing targeted and timely prevention initiatives.

Such trigger events may be spontaneous, such as an accident, illness or loss of employment; others may not be trigger events as much as tipping points – when the gradual build up of a problem reaches a breaking point. Tipping points are more likely a cause of economic-based homelessness and relate to increasing debt or arrears, which can culminate in formal (eviction) or informal (move before formal eviction) loss of housing.

3. CHARACTERIZING AND QUANTIFYING RISK OF ECONOMIC-BASED HOMELESSNESS

As suggested earlier, economic-based homelessness is not mutually exclusive from other paths and causes. However, the critical issue in this report is to identify the type of economic risk that can lead to housing instability and, more particularly, to identify the early warning indicators.

Essentially, it is a challenge of managing risk. This includes identifying the characteristics of those most at risk of housing instability, identifying indicators and early warning signals, and then designing appropriate interventions to divert potentially homeless individuals or families toward remedies that prevent homelessness.

Determining indicators for risk of economic-based homelessness

As defined above, the critical issue characterizing risk of economic-based homelessness is a combination of low income and high relative shelter costs, which together are labeled affordability.

Typically affordability is defined using a benchmark of 30% of gross pre-tax income (CMHC 1991, 1992; Fuller 2003, Pomeroy 2001, 2004, Luffman 2006). This is measured and reported by Canada Mortgage and Housing Corporation (CMHC) as part of a broader concept of core housing need, which includes affordability together with problems of crowding (suitability) and poor condition (adequacy).

CMHC analysis of core housing need has identified affordability (paying more than 30%) as the largest problem either alone or in combination with suitability and adequacy. Nationally, 92% of households defined by CMHC to be in core housing need suffer from an affordability problem (CMHC 2005). In 2001, in the Kitchener census metropolitan area (CMA) 1 in 10 households (11.6%) were in core housing need with most (10.6% of all) experiencing an affordability problem (CMHC 2005).

Similarly, Statistics Canada report on the benchmark of 30% in various census and other surveys and reports. Thus, it is widely recognized that a shelter cost burden exceeding 30% of income is an indicator of housing need.

There is some similarity in counts of core housing need and poverty counts, based on the Statistics Canada Low Income Cut Off (LICO). For the Kitchener CMA, the incidence of low income (below LICO) in 2001 was 11.3% of persons.

A further corroborating indicator is the measure of food insecurity. In 2000, 12.2% of persons in Waterloo Region experienced some food insecurity in the twelve months prior to the survey (Waterloo, 2005).¹

Together, core housing need, paying 30% of income on rent, living below LICO and experiencing food insecurity impact the same general subset of the population – those experiencing poverty. All of these people would to a degree have some vulnerability and risk of housing instability, however, some refinement is necessary to identify those with a higher degree of risk.

Obviously as shelter burdens increase above the 30% benchmark, severity of need increases. In the US, the term “worst case housing need” has been adopted to identify the most acute problems and used a threshold of 50% of income (Harvard Joint Centre 2003; HUD 2003). It has been suggested that this is a useful indicator to adopt in Canada, especially in the context of identifying households potentially at risk of homelessness (Pomeroy 2001, 2004). At such a high burden, housing expenses crowd out other necessities and leave no discretionary budget to deal with short-term emergencies, such as an accident or illness leading to temporary loss of wages or unexpected expense (high utility bill, car repair, etc.).

¹ These various sources alternately use households or persons as the unit of measure. They are reported here in percentage of all people or households to facilitate comparison. And, on this basis, all sources corroborate with each other in the 11% to 12% range.

Unlike other necessities it is not possible to temporarily “under consume” housing. While a household may eat less, or utilize the food bank it is not possible to stop consuming housing or consume less housing for a few days at end of the month. Rent payment is a single large expense, paid at the beginning of month. Without discretionary income, households are at risk of arrears and potentially eviction causing housing instability.

Thus for the purpose of this analysis the ratio of 50% is adopted as the basis of a severe affordability problem that places individuals and families in a high risk of homelessness.

3.1. Characteristics of households at risk

Based on the aforementioned definition, paying more than 50% of income for shelter, it is possible to identify the household types most at risk of economic-based homelessness.

The primary data source for this is the census with most rent data based on 2001. The census provides information on both on number of households exceeding the 30% norm as well as those paying more than 50% of income for shelter.²

In a related assessment, CMHC uses the census data together with city specific income thresholds that reflect local rental housing costs and different household sizes to develop a more refined assessment of affordability and “core housing need”.³ The CMHC methodology removes households paying more than 30% that have incomes above a threshold level and are deemed to have the resources to solve their housing problem, without subsidy.

Because of the CMHC refinement, the number of households in core housing need is less than the unadjusted number of census households paying greater than 30% (i.e.

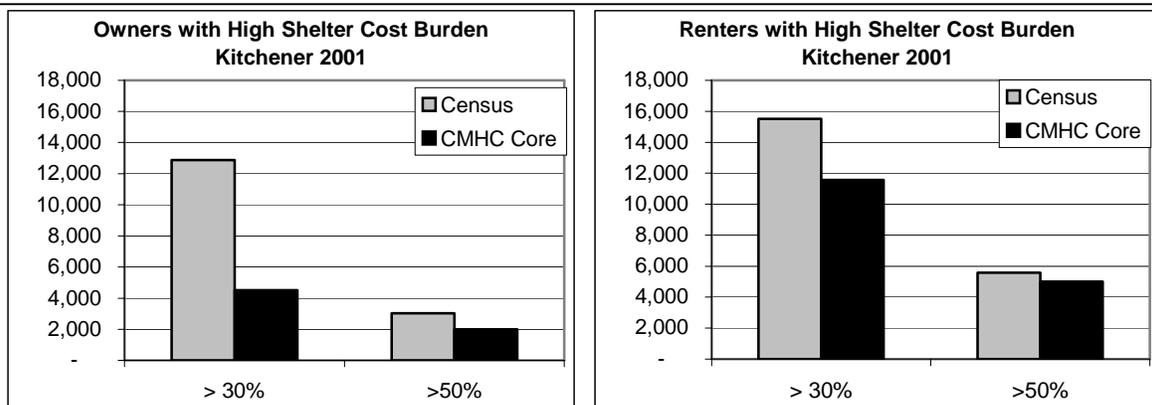
² Household and shelter costs data from 2006 census will not be released until late 2008. While the Labour Force Survey and Survey of Household Spending do provide more frequent information, this is a sample survey and does not provide statistically reliable data for Waterloo Region.

failing the CMHC affordability standard). However using the severe shelter burden criteria (50% of income) when comparing the two data sets (Figure 3) there is only a small variation between the two.

In Waterloo Region (Kitchener CMA data) 7,000 households in core housing need (CMHC measure) pay more than 50% for shelter. The comparable unadjusted census figure is 8,600.

Almost three quarters (71%) of households in core need (CMHC measure) are renters and the prevalence of need is also much higher among renters: 11% of all renters pay more than 50% compared to only 2% among all owners.

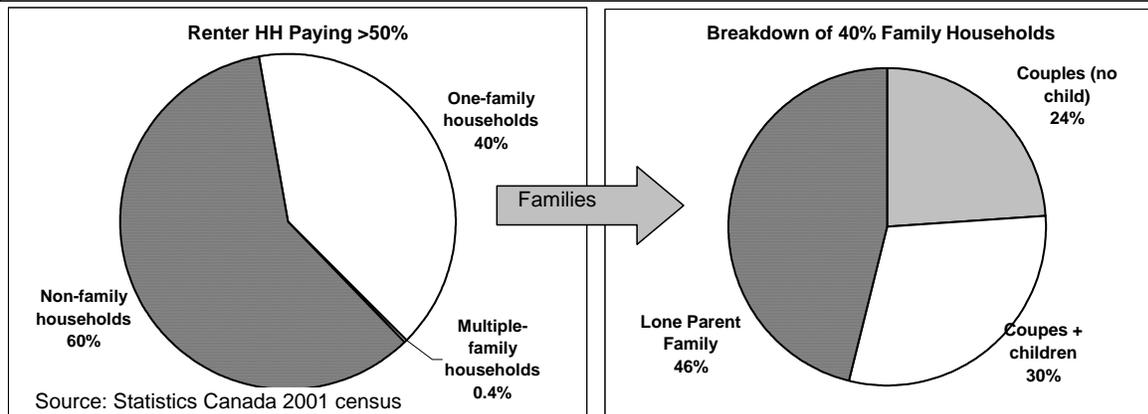
Figure 3: Shelter Burdens by Tenure, Kitchener cma, 2001



In the case of owners paying more than 50%, the data reflect seniors with low fixed income (11% of all paying over 50%), but the majority are families 35-55 years old (54%). Because these households are accumulating an asset, they have access to greater resources and are considered less at risk. In absolute numbers and in relative terms renters with severe shelter cost burdens appear to be most at risk. The absolute number is much higher and the prevalence rate more than five times higher among renters than owners.

³ The core housing need income threshold, determined for each city (CMA) is based on the income required to pay the median rent, based on paying 30% of income. Thresholds are determined for each household size by number of persons in the household.

Figure 4: Renters paying >50%, by Household Type Kitchener cma 2001



Using the 2001 census data to identify which types of households pay more than 50% of their income on rent in Waterloo Region, shows that non-elderly singles and lone parents are the main households at risk. (Figure 4) “Non-family” (mainly singles but also including a small number of households with two or more unattached individuals) account for 60% of all renters spending more than half of their income for shelter.

Among family households, lone parents stand out. More significantly, the prevalence of severe shelter burdens is much greater among lone parents where one in four (28%) experience this problem. Next highest are single person households at 18%.

Dependence on income assistance also a key factor

Probing deeper into the data, it is apparent that a large proportion of households facing severe shelter burdens (pay more than 50%) in the region are in receipt of income assistance.

In part, this is because the structure of benefits dictates that for many households (cases) shelter costs typically make up more than half of the total amount of income assistance. Before considering any other forms of supplementary assistance, allowable earnings or tax credits, most households receiving OW that are eligible for the maximum shelter component will receive a shelter allowance that exceeds half of the total benefit. So many OW recipients will be captured in the statistics of households paying greater than 50% of income for shelter.

In the case of ODSP recipients, slightly larger levels of basic needs assistance result in the shelter share of the total benefit being slightly below 50%. So ODSP cases are less likely to appear in the greater than 50% affordability category.

Figure 5: Shelter Component as Percent of Total Monthly Assistance

Sample household	Ontario Works (OW)				Ontario Disability Support Program (ODSP)			
	Basic Needs	Shelter	Total	% Shelter	Basic Needs	Shelter	Total	% Shelter
Single	201	335	536	63%	532	427	959	45%
Couple	402	527	929	57%	788	672	1,460	46%
Couple + 2 children <13	631	621	1252	50%	1,033	792	1,825	43%
Lone parent + 1 child<13	460	527	987	53%	796	672	1,468	46%

Source: MCSS, Rates in effect March 2005, until Dec 2006

Given the relative level of shelter assistance to total benefit, particularly for OW recipients (Figure 5), it is possible to explore how significant OW beneficiaries are among all households paying more than 50% of income for rent, and thus deemed to be at risk. Because the core need and affordability data are from the 2001 census, OW/ODSP caseloads for a similar period are used here for comparability. In Waterloo Region the number of households receiving OW in 2001 was just over 7,000 cases (households). This is somewhat higher than the number of renter households (5,500) experiencing severe affordability problem. ODSP added a further 5,400 in 2001.⁴

Given the typical shelter proportion of the total benefit paid, it is very likely that many of the households identified as severely burdened (paying more than 50%) are recipients of income assistance (OW).⁵ This has important implications for remedies. If the largest at risk group are already part of the income assistance system it is appropriate to examine how well the income assistance system (including both OW and ODSP)

⁴ More recent data (June 2006) show that the OW caseload has declined to 6,200; although ODSP has increased to 6,600.

⁵ Over time individuals and families move on and off social assistance and some have supplementary earnings, raising total income so not all recipients will have shelter costs in excess of 50%. In addition, for social assistance recipients living in social housing (roughly one-third of all households) a separate rent scale is used with much lower shelter component, and for this group the shelter cost does not exceed 50%. So even though the data identify over 7,000 OW cases in 2001 and this is larger than the 5,500 renters paying more than 50%, the high shelter burden group is not exclusively OW recipients, although they may be in the majority among those paying more than 50%.

manages risk of housing instability, and whether refinements to policies and allowances would help to prevent homelessness within OW/ODSP, rather than creating new, separate initiatives and programs.

One of the critiques of the income assistance system, in Ontario and across Canada, is that the shelter allowances that are prescribed elements of the income assistance total benefit calculation are not related or indexed to actual and rising rent levels. The shelter components are seldom adjusted and over time have become increasingly out of line with actual rent costs, especially as rents rose significantly from 1998 to 2002 (increasing by as much as 30% in some cities and by 17% in Waterloo Region). In Ontario, this was exacerbated by the reduction in income assistance benefits by 21.5% in 1995. This meant that assisted households often had rents in excess of the maximum shelter allowance and, consequently, had to spend part of the basic allowance to cover rent.

Analysis of actual rents paid by OW recipients in June 2005, June 2006 and September 2006 confirms that many households pay rents in excess of the maximum allowance for shelter (Figure 6). Although this fluctuates overtime as the caseload changes, the average rent paid is consistently more than 10% above the maximum allowance for singles.

Figure 6: Comparison of Actual Rent and OW Maximums

Household Type	Shelter Maximum	Average Rent Paid/Month*		
	Per month	Jun-05	Jun-06	Sep-06
Single	342	376	380	380
Couple (no children)	538	610	597	611
Couple + 1 child	583	708	673	731
Couple + 4 children	708			
Lone parent +1 child	538	630	592	609
Lone parent + 3 children	635			

* Renters in private accommodation only Source: Region of Waterloo Social Services

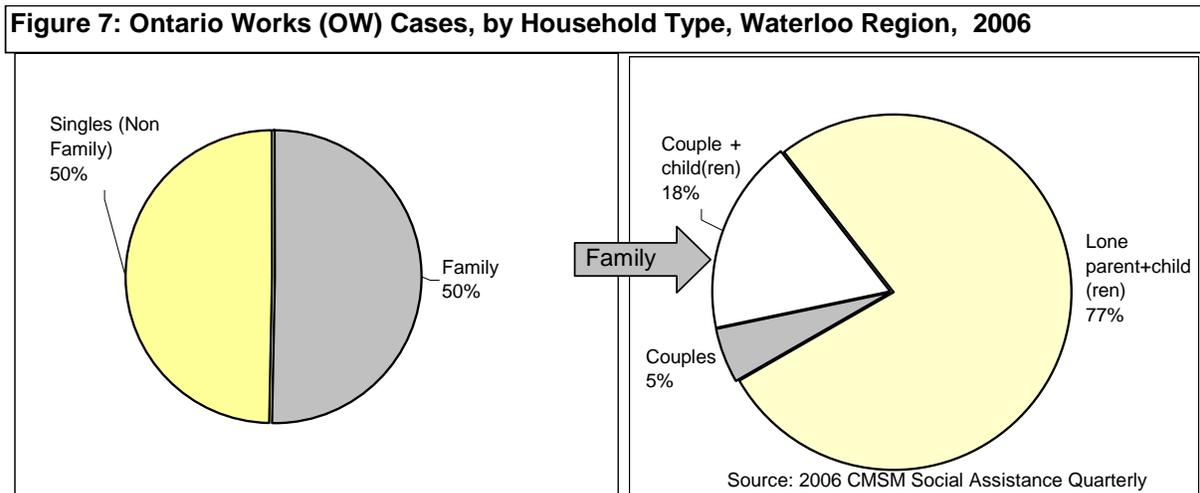
The data does not distinguish families by number of dependents so it is not possible to get a clear picture of the situation for families. However, the average paid is at the upper

end of the maxima, which requires 3+ dependents, so many small families no doubt have rents well in excess of their allowance. Note also that this is average rent paid; many households will, by definition, be above the average

Household types on OW also very similar to those in census paying over 50%

Investigating which specific household types are receiving OW benefits, there is close correspondence to the household types identified earlier (Figure 4) for census households experiencing a severe shelter burden.

As illustrated in Figure 7, single persons are a somewhat smaller proportion at 50% of OW cases versus 60% of the earlier census counts for households paying more than 50% for shelter. Note however, the OW data provide a pure count of singles while the latter census data is for “non-family” which includes two or more unattached individuals sharing a dwelling.⁶



Again, among families, lone parents stand out, representing more than three quarters of family cases for OW. As discussed further below, families with children should be a priority for homeless prevention and diversion. Research in the US has found that there

⁶ There is not a pure match in data sources as the OW data reflects 2006 case load profiles, and the census is 2001. However this illustrates the point that there appears to strong similarity. When 2006 census data are released, this can be updated.

is a higher incidence of homelessness among individuals that report an episode of homelessness as a child (Burt, 1997).⁷

Waiting list data also corroborate household types and incomes

A third data source that provides some insight to the type of households potentially at risk is from the Region's social housing coordinated access waiting list. In 2006 the number of households ranged between 3,500 and 4,000, essentially unchanged from 2003/2004. This does not specifically identify current shelter to income ratios (i.e. subset paying more than 50% for housing) but it does provide income data suggesting a low-income profile.

Although income data is self reported in the application and is not verified, incomes are low. The average annual income of non-elderly singles is under \$11,000; it is \$12,000 for lone parent families and 16,000 for two-parent families. Assuming the standard 30% of income for shelter, these households can afford rents of no more than \$275 (singles) to \$400 (families).

The wait list data also reveals a large number of applicants, roughly half, are OW/ODSP recipients. It is not clear whether these cases are being counselled by case workers to apply for social housing as a way to obtain more affordable housing and stability or whether they have sought this connection independently. Nonetheless this has important implications for social housing budgets and expenditures.⁸

The waiting list data identify a large number of non elderly singles (41%) while seniors (over age 50), many of whom may also be single account for a further 26%; families represent one-third with lone parent families making up roughly half of the family group.

⁷ There is not extensive corroborating research on this issue, but it does suggest a need to consider long term risk factors and perhaps give some priority to managing housing instability among families with children. A more recent report (cited in Knowledgeplex Week in Review Jan 25, 2007) notes that 40% of people living in the state's [California] homeless shelters are former foster children. This issue is addressed in the separate report on youth at risk.

⁸ Rents paid by OW/ODSP residents in social housing are administratively set at quite low levels, far lower than the shelter maximums (e.g. for a single the rent allowance would be \$85 versus \$342; for a family of four, it is \$269 vs. \$635). In such cases the Region collects less rent revenue and the social

While not directly comparable with social assistance data, because the later tends to preclude seniors, once senior households are removed, this is a similar profile to the census and OW data sets. Again non-senior singles and lone parents are prominent, although in the wait list families have a higher representation than in the groups paying more than 50%.

Working poor households also at risk

While there is an apparent similarity in the number of households on OW and the number paying greater than 50% for shelter, the problem is not exclusive to OW beneficiaries.

There is a constant flow of individuals and families into and off of OW. During any year, a household may have income from both employment and from OW benefits. The Region’s OW statistics identify that in June 2006, 16.5% of cases had some earnings. Tax filer data for 2004 also illustrate this point, and unlike the point in time statistic capture flows throughout the year.

Figure 8: Comparing OW annualized benefits with tax filer reported income, Waterloo Region, 2004		
	Total OW Annual Benefit	2004 Tax File - Social Assistance Average Income ⁹
Single person	\$6,432	\$5,528
Couple	\$13,824	\$7,326
Lone parent	\$11,844	\$7,059

Figure 8 presents data from the tax file to identify the average social assistance income received by households identifying this source. The tax file data show that for those receiving *some* income from social assistance, the average social assistance income received is far less than what they would receive if they had been in receipt of OW for

housing budget (100% municipal) covers the difference; meanwhile the social assistance budget expenditure is reduced but this benefits mainly provincial budgets (Region recovers only 20%).

⁹ This is just the social assistance portion of total income, it excludes other sources such as earnings. The available published data does not enable analysis of total income just for persons or households that received social assistance at anytime in the year. A special tabulations request would be required to extract that information.

the full year. This confirms that many households make temporary use of OW benefits and flow back into the labour force.

Low income and access to labour markets also a key issue

To the extent that low and inconsistent income contribute to risk of homelessness, any attempts to create a comprehensive housing stability system must be cognizant of the local employment market and include initiatives to enhance the capacity of “at risk” households to strengthen their earning potential and move down the risk rating chart. It is not enough to provide lower rent housing – it is also important to provide the means to earn a sufficient income to pay the rent (even for lower rent housing).

In a recent report published by the Canadian Housing and Renewal Association (CHRA), the minimum housing wage required to afford a rental apartment at average rents was determined for all Canadian cities. Kitchener (CMA) ranked as the fifth most expensive metropolitan region in Canada.

Figure 9: Minimum Housing Wage, Kitchener CMA 2006

	Bach	1-Bed	2-Bed	3-Bed
Oct 2006 average rent	\$616	\$756	\$861	\$995
Minimum working wage	\$11.85	\$14.54	\$16.56	\$19.13

Minimum housing wage calculated based on working 40hrs per week, 52 weeks per year. Average rents based on CMHC Oct 2006 Survey of Privately Initiated Apartment Structures of Three Units and Over.
Source CHRA, Minimum Housing Wage 2006

As shown in Figure 9, the hourly earnings required across a range of household sizes far exceed current minimum wage levels (\$7.75, increasing to \$8.00 February,

2007).

This means that a single person would have to work more than 55 hrs each week at minimum wage to afford an average apartment; a single parent requiring a 2 bedroom apartment would need to work 80 hours – two full time jobs.¹⁰

¹⁰ The minimum housing wage is a useful concept and indicator that helps to put housing and labour market realities into context. However some caution should be exercised in comparing the minimum housing wage to prevailing minimum wages as only 4% of all workers in Canada actually earn only minimum wage (Statistics Canada 2006).

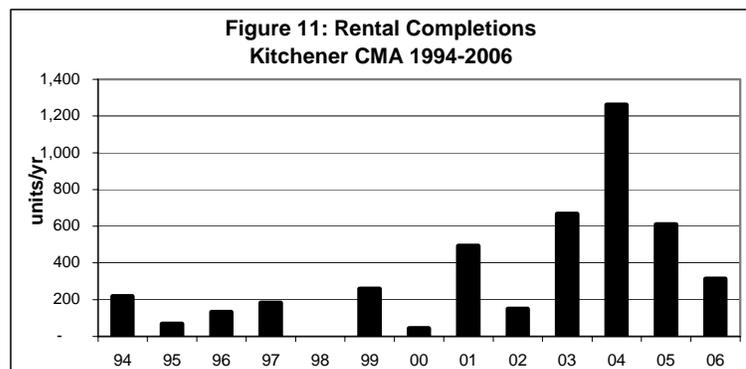
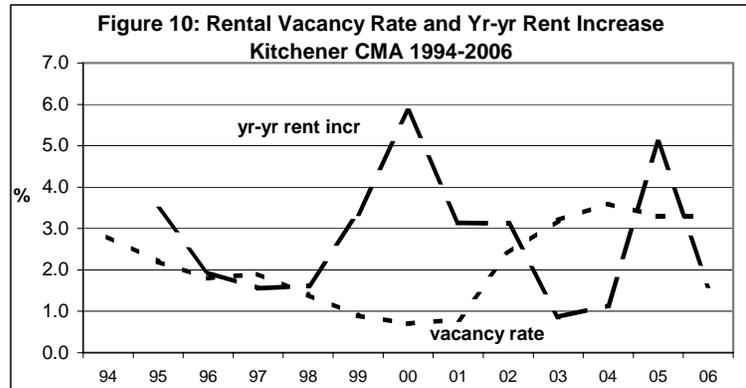
Labour market adjustment and skills training can and should be a key part of a strategy to address risk related to economic-based homelessness, including policies to enable foreign trained immigrants to receive recognition for education and qualifications that can enable them to secure better paying employment as well as specialized employment and community economic development initiatives targeting persons at risk for employment. Labour market attachment is also a serious issue for youth, many of whom leave school early and do not have the prerequisite labour market skills and education necessary to secure and move up the income ladder. Initiatives to stabilize homeless youth and reconnect to education and training can have a long-term impact in reducing risk of housing instability as low-income adults.

3.2. Trends impacting risk of economic-based homelessness

Housing affordability and severe rent cost burdens are a result of two concurrent sets of variables: employment or assistance income on the one hand, and housing related costs (including rent as well as heating and utilities) on the other.

Rents increasing

It is generally known that rent levels have been increasing, both nationally and in Waterloo Region (see Figure 10). In part, this is due to relatively low levels of new rental construction (compared for example to the two decades from the mid 1960s to mid 1980s). Decline in new rental production is related to a variety of factors including demographics (relatively smaller traditional renter age cohorts which leads to weaker



demand), tax treatment of rental housing investment and the introduction of condominium tenure in the late 1960s, which fundamentally shifted land market and prices for multi-residential land (Clayton 1995, Lampert 1998, Lampert and Pomeroy 2002).

The primary consequence of low levels of rental construction is constrained supply, reflected in tightening vacancy rates and upward pressure on rents (Figures 10 & 11).

This is particularly evident in the region through the 1990s. As vacancies fell below 1% rents pushed upward with year-to-year increases of 4% and 5% in 1999 and 2000.

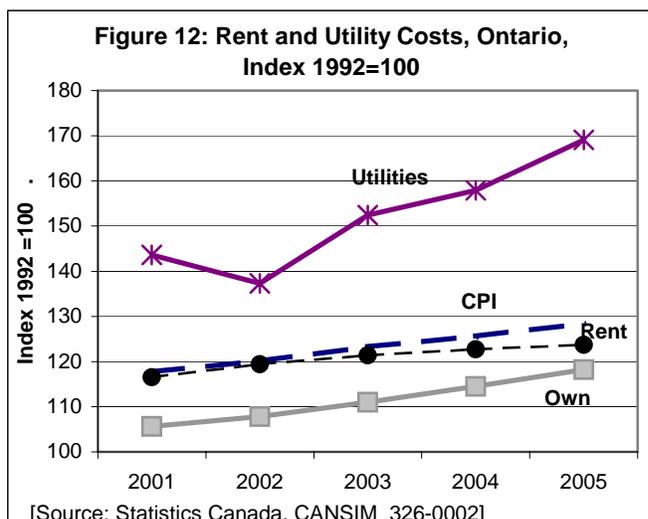
The market responded to these signals, initiating new rental starts which translated into completed units in 2003-2005 (Figure 11). This additional supply of some 2,500 units in the region, representing almost 10% of the existing rental stock in 2002, helped increase rental availability and vacancies.

Rents did spike upward in 2005, but this reflects the addition of these 2,500 new units with above average rents, pulling up the overall average.¹¹

Another factor through the late 1990s is the positive influence of historically low mortgage rates, which have increased access to ownership. This does not directly help low-income renters but it has an indirect impact. First, low rates improve the feasibility of rental development (debt carrying costs are lower for developers). But more significantly, the lower mortgage rates and related increased access to ownership draw renters from rental units as they purchase homes.

¹¹ The CMHC rental survey does not cover new units until they have been on the market for at least 3 months. Most of the large number of units completed in 2004 would have been captured for the first time in the 2005 survey and would have had a significant impact of the average.

Rising heating costs impact low income renters



Another important shelter cost relates to utilities – the cost of fuel for home heating/cooling. As fuel costs rise, issues of fuel poverty are increasing among lower income tenants. As indicated in Figure 12, between 1992 and 2000, the Statistics Canada index of home fuel costs (water, fuel and electricity) increased by 47% (data for Province of Ontario, not specifically

Waterloo). From 2000 to 2005 this index increased a further 18% and shows a rate of increase significantly greater than either the basic rent index or the overall consumer price index (CPI).

The impact of rising energy costs is reflected in the level of assistance provided by the Region’s energy assistance program where average level of assistance has steadily increased from \$313 in 2002/03 to \$466 in 2005/06, almost a 50% increase over four years.

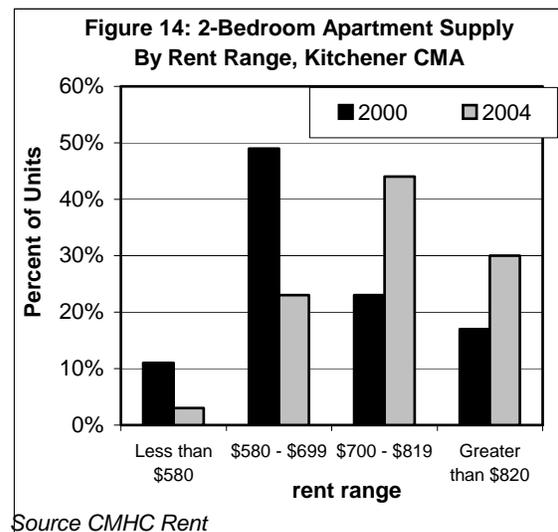
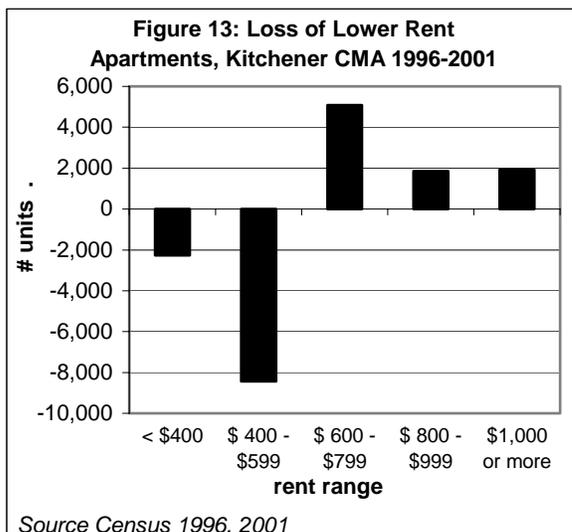
In Ontario, households in the lowest income quintile are twice as likely as the average household (26.8 per cent versus 14 per cent) to heat with electricity – the most expensive heating source (CHRA 2005).

While in some cases rents include heat, there is an increasing practice among landlords to shift this cost to tenants through separate metering of each unit. This is a critical issue as it separates the utility user (tenant) from the owner of the asset. For homeowners, there is an incentive to improve energy efficiency and reduce energy consumption - bills are lower and savings help to pay for energy efficiency upgrades. Such an incentive is not present for landlords. For investment properties, while increased energy efficiency may have an indirect benefit to landlords (energy efficient

units may be more marketable) there is no direct payback to the landlord and s/he has little incentive to invest in capital energy upgrades since s/he does not pay the energy bills (except for some common areas).

Finding and accessing affordable housing

A critical aspect of increasing rent levels is the associated ongoing erosion in the number of lower rent units available. As rent levels rise, the number of units in lower rent ranges declines. In some areas of the region, particularly around university satellites, units have been upgraded and marketed as shared dwellings to students (who as a group can pay more than a family with only one wage), moving the units out of the lower more affordable ranges. The supply (or more correctly, the stock) of low rent units is also affected by conversion to condominium or demolition to accommodate new construction.



There has been a very significant erosion of lower rent units in Waterloo Region. Looking first at census data (Figure 13), which shows *net change* in number of units in each rent range, and includes both purpose built rental properties as well as apartments in homes, rented houses and rented condominium units (total roughly 50,000 units). It is clear that between 1996 and 2001, there was a net reduction of some 10,000 units at rents below \$600. Most of these units were not demolished, they simply moved up the rent range and appear in the net growth of units above \$600.

Figure 14 (right hand chart) uses a smaller set of data, focusing only on the purpose built category (i.e. planned and built as rental property) surveyed annually by CMHC (some 30,000 in 2006). Using 2-bedroom units in this illustration, the ongoing movement of units into higher price ranges continues from 2000 to 2004, with units moving up to levels above \$700 (a similar pattern is evident for other unit sizes although bachelor and one-bedroom rents are slightly lower).

Mismatch in low rent demand and supply

The critical issue is that in 2001 there were only 10,500 units (21% of all rental units) renting below \$500, but some 14,000 renter households (28%) with incomes below \$20,000 for whom an affordable maximum rent (at 30% of income) is \$500. So there is an absolute shortage of lower rent units and this shortage is worsening over time.

While the Region's Affordable Housing Strategy is building new rental units, the program criteria define **maximum affordable rent** as the average market according to CMHC Rental Market Report. In 2005 these were \$677 (one-bedroom) and \$811 (two-bedroom). By comparison, average income of households on the coordinated waiting list implies a maximum affordable rent of \$275 (singles) to \$400 (families).

Of the 1,014 units occupied since 2002 or under development through the Region's Affordable Housing Strategy, 72 are designated as Below Average Market Rent (BAMR) with a maximum of 80% of average market rent but some are 70% or lower. A further, 275 have rent supplements stacked with the construction subsidy, for a total of 347 units (34.2%), targeted to the households on the coordinated waiting list.

So roughly two-thirds of the units created are not targeting the very at risk households with incomes below \$20,000 and are simply adding to the already growing supply of units above \$600.

Separate from the new development, the Region's housing strategy is also providing rent supplements (rents set at 30% of income) to tenants in existing private rental

properties, which specifically addresses low income need. This program is discussed further below (section 3.3).

Income trends appear positive

Unfortunately income data are not as readily available as data for rents. The primary data source for post census income trends is the Statistics Canada tax filer data. This can be extracted at the household (rather than individual filers) and is available at the level of the region and CMA. However, published data provide only median income trends. They do not provide insight into trends at differing levels of the income distribution. In particular, are the households in the lower part of the income distribution sharing the overall gains reflected by the median income? Nor does this source distinguish tenure (renters versus owners). The higher income of owners moves the median upward, but does not necessarily reflect income pattern for renters, our primary interest group.

With these caveats, it appears that income trends across the region have been generally positive.

Looking over the longer term, after falling behind a little in the early 1990s (due to recessionary impact) the median household income has generally tracked the rate of increase in the average two-bedroom rent in Waterloo Region. Single parent households, who are highly represented among OW income assistance recipients, saw a decline of support income in 1995, reflecting the 21.5% reduction in welfare benefits. Incomes for singles have also lagged for the same reason, but with a less dramatic initial impact (as a group). For other household types, this impact was muted by the larger size of non-welfare households.

The issue of disproportionate growth (or stagnation) in income across different parts of the income distribution was confirmed in a recent Statistics Canada analysis of inequality in wealth (Morissette and Zhang, 2006). This research uses the broader concept of wealth, rather than simply examining income, since assets can be converted into cash and used to support income. Morissette and Zhang observe that families with

both low income and little or no financial wealth are more vulnerable than others since they have fewer resources to absorb negative shocks. Hence low-income homeowners are deemed to have greater capacity to access asset wealth than renters.

While the study reflects national statistics, it is likely relevant to Waterloo Region. Analyzing trends in wealth from 1984-2005 they found virtually no improvement in the number of families (5%) with low income and no financial wealth (no assets). Coincidentally, if applied to Waterloo Region, this 5% figure (effectively 7,300 households) is remarkably similar to the number of households in core housing need paying more than 50% for rent (7,000). The Statistics Canada wealth analysis also highlighted lone parents and non-elderly unattached individuals as by far the most financially vulnerable household types; more than 40% of lone parent families were in low income and would have stayed in that state even after liquidating their financial assets. Non-elderly unattached individuals are also vulnerable; 31% were in low income and had little financial wealth in 2005.

In terms of rental affordability, the general pattern over the decade (both in Waterloo and nationally) was one of weak income gains in the first half, followed by strengthening incomes from the mid-90s forward. Rent increases were moderate (but ahead of median income) in the first half of the nineties.

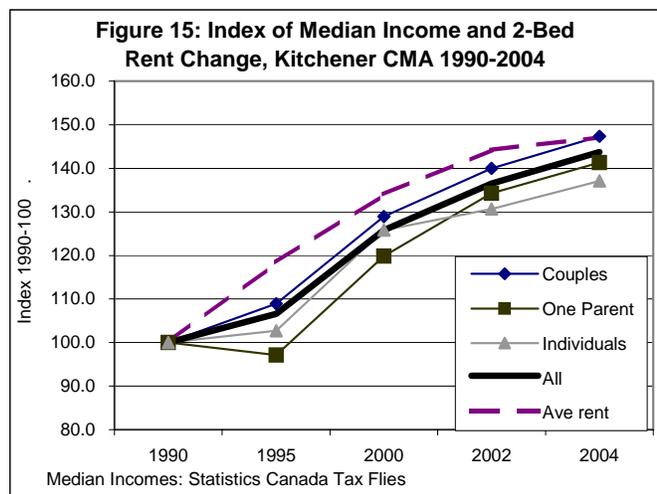


Figure 15 reveals that overall rents have increased 47% over this 15 year period, while income change ranges from 37% (singles) to 47% (couples with children).

Statistics Canada data also show that poverty issues may have abated somewhat. Based on the use of poverty lines (which are adjusted annually) both the absolute

number of persons living below the poverty line and the incidence rate of poverty declined between the 1996 and 2001 census.

In large part this was due to a strong economy and improving incomes over this period (and which have continued since 2001). In 1995 some 55,000 households representing 14.6 percent of all people fell below the low-income cutoff in Waterloo Region; by 2000 the number had declined to 47,000 and the rate of incidence fell to 11.3%.¹²

So while median income data do not reveal the dynamics among lower income households there appears to have been some spillover from general income growth, evidenced in the LICO data.

The region also benefits from a relatively strong employment market. The regional unemployment rate is well below that of the Province as a whole, and is also lower than other CMA's in southwestern Ontario.

Any improvement in employment markets and income levels is a positive factor in managing the risk of housing instability. However the risk of becoming homeless exists at the margin of affordability, not at the median income level. Even though the incidence of poverty appears to have declined a little, and accordingly the number of households at risk (severely shelter cost burdened) may also be moderating, a small core group of individuals and families may not share in these gains. A housing stability system should continue to address risk of homelessness, both in cases where the primary cause is economic (shelter cost or income related) and when other causes are in play.

¹² The incidence of low income is the proportion or percentage of economic families or unattached individuals in a given classification below the low-income cut-offs. These incidence rates are calculated from unrounded estimates of economic families and unattached individuals 15 years of age and over. Note that the Census determines income in the year prior (so data are for 1995 and 2000).

4. MANAGING RISK OF ECONOMIC-BASED HOMELESSNESS

This section briefly overviews the existing programs and services that respond to homelessness, risk of homelessness and affordability issues. With some refinements and augmentations together they form the foundation for a more comprehensive housing stability system.

4.1. Existing emergency shelter system

As noted in the introductory section, one element of “managed risk” is the emergency shelter system. Emergency shelters reflect a situation when an individual or family has moved from being at risk into homelessness and into a crisis situation. Nonetheless, distinct from other situations, like absolute homelessness and sleeping/living on the streets, the emergency shelter system is a point of intervention and in fact can act as a preventative measure against absolute homelessness, so it is useful to consider emergency shelters as part of a housing stability system.

More particularly, developing profiles and data on individuals and families entering emergency shelters, either for solely economic or other causes, can help shed light on causes and paths as well as the characteristics of persons falling through earlier system cracks, and thereby suggest points and approaches for earlier intervention.

There are three formal emergency shelters for adults¹³ experiencing homelessness, with additional emergency beds created through the temporary winter Out of the Cold program in Kitchener-Waterloo. The total year round daily capacity is 214 regular beds plus four family units; during winter this is expanded to a capacity of 285 beds plus the four family units. These beds serve primarily single males and females with a small capacity for families. In addition to emergency beds for people experiencing homelessness, there are specialized emergency beds (year round capacity of 50 beds) for women and children fleeing domestic violence offered through Women’s Crisis Services (beds are available in Kitchener and Cambridge).

¹³ Emergency shelter survey included those that serve individuals aged 16+. Youth-specific emergency shelters were not included (e.g., Argus Residence for Young People).

Discussion with emergency shelter operators indicates that all emergency shelter users suffer from extreme poverty. However, this is often in combination with other disadvantages that create the tipping point into homelessness.

Attempting to isolate the proportion of emergency shelter users that do not have concurrent mental health, substance use issues, or are not victims of domestic violence is difficult, due to data limitations. However certain proxy data help to provide some insight. Data obtained from formal emergency shelter service providers concerning what factors contributed to residents' experiences of housing instability showed that financial management was a common factor for both older males and youth (where it ranked second in the list of factors).

For both single men and women, emergency shelter data on length of stay and rates of emergency shelter recidivism provide some insight that suggest that for as many as half of emergency shelter users economic issues have been a key factor. Two thirds of men and three-quarters of women were reported to have only one intake into emergency shelter in a one-year period. In addition, 45% of men stayed in an emergency shelter less than 6 days in the reporting year. The fact that duration of stay is relatively short and more importantly, the number of one-time users is the majority, suggests that the problem in these cases was more likely a temporary one and thus more likely an economic cause.¹⁴

4.2. Current prevention and diversion programs in Waterloo

A number of programs have already been implemented in the region that help to mitigate the risk of housing instability.¹⁵ This includes the following three programs, more specifically designed to address risk of homelessness.

¹⁴ This assumes that longer duration of stay and more frequent use are associated with more severe and multiple conditions, not solely economic challenges.

¹⁵ Although emergency food programs have been identified as key prevention components, they are not included in this table because they are not part of the housing stability system. Further information about emergency food programs can be found in a report entitled *Waterloo Region shares: A review of emergency food distribution in Waterloo Region (2005/2006)*.

Organization and/or Program/Service	Eligibility	Services	Unique Individuals Served and/or Units of Service Provided
Cambridge Shelter Corporation: Trustee Program ¹⁶	Individuals & families experiencing homelessness, clients living in poverty	The client's cheque is banked in a trust account, and trustee administrator pays the client's bills; the remainder of the income is given to the client monthly either as a lump sum or spread out over four weeks	Approximately 30 people currently in the program
Waterloo Region Energy Assistance Program	Low-income individuals & families who are unable to pay their utility/fuel arrears	Funding is provided directly to utilities and/or fuel companies on behalf of clients to cover their arrears (thus enabling them to get reconnected to, or avoid disconnection from, energy services) year-round	2004/2005 226 households
Lutherwood Housing Action Centre: Rent Bank & Eviction Prevention Program	Individuals, couples & families with children at risk of losing housing or having difficulty securing a home due to sudden, short-term financial crisis	Interest-free loans; flexibility of the rent bank repayment policy allows clients to gradually put their finances back on track; Also offers a variety of supports, such as negotiation & mediation with landlords, advocacy & some budget counseling	2005: 1004 new phone inquiries; 142 loans approved (95 for arrears and 47 for last month rent deposits; 379 people served)

These three existing programs assisted just over 600 households in the past year. This is equivalent to roughly one-tenth of the number of renters experiencing severe shelter burden (paying 50% or more). This may include some duplication, as clients are not currently tracked across the three programs. Also, there is some overflow of clients across years. The Energy Assistance Program identified 23% of clients as having accessed the program in two consecutive years (such repeat use might itself be a useful risk indicator).

In terms of using these elements of the system as a way to identify characteristics, some basic data is collected:

¹⁶ This program is similar to the direct pay option under OW where, in cases of persistent inability to manage personal finances, the Region can pay the shelter portion of OW directly to the landlord.

-
- Families (lone or 2 parent) represented two-thirds of clients in the energy assistance and rent bank program (may be related to larger size dwelling and large heat bill).
 - The trustee program tended to be more targeted to older single males, 25% of whom were estimated to have mental health issues and a further 10% substance use issues. These conditions will exacerbate risk beyond the issue of economic risk.

The rent bank program is provincially funded and this imposes specific constraints on how the rent bank operates. In particular, it defines eligibility such that recipients of financial assistance must rent a unit covered by the Tenant Protection Act (now Residential Tenancies Act) and precludes tenants that have already received a notice of eviction as well as tenants more than two months in arrears. In other cases initial applicants do not provide all necessary information to complete an application and receive financial support. However, even if the household is ineligible, the rent bank staff provides counseling assistance to help. Thus the rent bank plays an important role in reducing risk of homelessness, beyond simply providing loans. In addition, the local rent bank program has included a component that provides loans for payment for rent deposits, so in cases where there are irreconcilable differences with a landlord, it is possible to provide assistance to facilitate moving to a new apartment.

4.3. Current rental assistance and shelter allowance programs in Waterloo

To the extent that availability and access to safe and affordable housing is at a price (rent) lower income households can reasonably afford, the existing assisted housing system is a core part of any housing stability system. A number of programs have already been implemented in the region that help to mitigate risk of housing instability.

In total almost 10,000 social housing units are assisted across the region (representing 6% of the total housing stock, a level similar to the national average). This includes social housing that is owned and operated by the Region as well as a number of non-profit and co-operative properties operated by community groups or lower tier municipal housing corporations. In addition to publicly and community owned properties, rent supplement contracts with private landlords provide assistance to households renting in

the private sector (and related rents supplements reduce out-of-pocket cost to a maximum 30% of income). Figure 16 summarizes the portfolios.

Figure 16: Summary of Social Housing in Region of Waterloo (2007)		
Region's own portfolio	2,559	1,207 family units, 1,352 senior units; excludes 32 units developed under the AHS
Total for other Community Housing units (administered by Region as Service Manager)	4,961	860 co-ops and 4,101 municipal and private non-profits
Federal co-ops (not administered by Region as Service Manager)	733	Separately administered by Coop Management Agency
Rent supplements (RS) administered on private units	511	Note that an additional 275 are included in the AHS units, for a total of 786 RS
Affordable Housing Strategy (AHS) units built/allocated	1,014	Includes 275 with RS; 74 are Below Average Market Rent units
Total	9,778	
Source: Region of Waterloo		

Much of this housing was built between the late 1960s and early 1990s under various federal-provincial programs. Effective in 2001 responsibility for administration and funding of social housing (except the federally funded cooperatives) was transferred from the Province to the Region as a Service Manager.

Since 2001, under the Region's Affordable Housing Strategy (AHS) assisted by a new federal-provincial funding framework the Region expanded the total portfolio by just over 1,000 units with one-third of these targeted to low income households (rents set at a maximum 80% market average, or by stacking rent supplements on some of the units so that tenants pay no more than 30% of income for rent).

Eligibility and service levels across the portfolios are governed by the Social Housing Reform Act (SHRA 2000). The Act specifies the process for settings rents (generally based on 30% of adjusted income) and sets out procedures to maintain a coordinated waiting list, including specific priority categories. These priority categories include special priority status for persons experiencing abuse, priority status for terminally ill urgent priority status for homeless, separated families and safety accessible units.¹⁷

¹⁷ At any one time there are typically 80-125 individuals./families meeting one of these priorities

The impact of these priorities is however constrained by the availability of units, which come available as existing tenants move out, or as new units constructed under the AHS. The Region continues to work toward expanding the stock and rent supplement assistance to low-income households. Recently under a new provincial housing allowance program the Region has issued a call for proposals to landlords to expand the number of rent supplement units, from the 786 currently available to 892 units.

It is notable that within the Region's directly managed portfolio (2,559 social housing units) roughly one third of households are on OW/ODSP. In addition an estimated 300 additional rent supplement recipients, most in privately owned units are also OW/ODSP beneficiaries – so there is a significant overlap between housing and income assistance programs.

5. REVIEW OF PROMISING PRACTICES TO ADDRESS ECONOMIC-BASED HOMELESSNESS

Housing instability in general and economic-based homelessness in particular is closely related to extreme poverty exacerbated by high shelter cost burdens. Thus any initiatives or comprehensive attempts to address economic-based homelessness must, at a minimum, include programs to address insufficient income, either through income assistance programs or through improved participation in labour markets. Housing assistance is also effective in lowering the impact of housing induced poverty and helping to ensure a sufficient supply of lower rent dwellings accessible to at risk households.

Options related to improving income and improving low rent supply are discussed later. Here the approaches used in homelessness prevention are first reviewed.

5.1. Approaches to prevent homelessness

Prevention and diversion are widely recognized in the homeless literature as desirable and effective approaches (Culhane 1994, 1997, Eberle 2001). Lindblom (1991) provides a useful catalogue of approaches, most of which have been adopted across a wide variety of jurisdictions in North America, including a number of initiatives already identified in Waterloo Region. Focusing more particularly on issues of economic-based homelessness the main categories are:

- Eviction prevention and legal aid
- Mediation (landlord and tenant)
- Cash assistance (including rent bank, utility arrears assistance)
- Case management and referrals (targeted to “at risk” individuals or families)
- Direct payments (like the trustee program)

In outlining this array of approaches, Lindblom cites a variety of (then) existing programs (many of which have since expanded and been replicated). He also highlights statistics and data to link causes and paths into housing instability with appropriate interventions.

Eviction prevention and legal aid

Lindblom cites statistics indicating that well over half of individuals experiencing homelessness and more than 20% of families experiencing homelessness are homeless as a result of eviction, most often related to failure to pay rent. He also notes that the majority of evictions are uncontested – many households immediately leave and the few that do continue through the process have legal representation, a finding confirmed in more recent research in Canada (ACR 2005). This ARC research reported that lack of contesting is mainly due to poor understanding and lack of awareness of tenant rights.

This recent Canadian research also reports that a large majority (87% in Ottawa) of evictions are due to non-payment of rent, confirming that economic issues are paramount (ACR 2005).¹⁸

The eviction process creates an entry point that could, if appropriately managed, offer opportunity to avoid eviction or at least defer eviction and implement diversion to alternate housing. Improving notice periods and securing legal aid alone will not prevent eviction but can defer the process and thereby enable alternatives such as re-housing. Effective eviction prevention programs, such as one in New York, go beyond basic legal support services and provide links and referrals either to housing help agencies to facilitate rehousing, to public assistance programs to help secure income assistance or to mediation services (discussed below) (Lapointe 1998).

The Region of Halton has implemented an eviction prevention policy for their Region's own housing corporation which is premised on a service coordination case management strategy. This pulls together all Regional services accessed by the household in arrears and seeks a remedy other than eviction as well as a longer term more sustainable solution. Currently, this practice is used only for tenants in the Region of Halton's own portfolio. A similar process is also in place for social housing tenants in

¹⁸ Similar data is not readily available for Waterloo Region.

Niagara and Ottawa. To date a similar service co-ordination case management approach has not been expanded to private landlord evictions in either city.

One initiative that sought to improve tenant understanding and awareness was implemented in 1999 in Toronto by a tenant rights organization the Centre For Equality in Residential Accommodation (CERA). CERA's Early Intervention Project involved using addresses of tenants named in notice of eviction to mail out information packages, together with follow-up telephone contact. Although seen as a particularly effective form of intervention, the project was discontinued in 2002 due to privacy concerns on the part of the Ontario Rental Housing Tribunal, which prevented continued release of tenant contact information (ACR, 2005).

Mediation (landlord and tenant)

This is a subset of eviction prevention programs. In some US programs, engaging legal aid or counseling services can help individuals that have received eviction notice or are in serious arrears to negotiate a settlement. In some cases this has included either partial forgiveness of arrears or negotiating a temporary reduction in rent. Potentially, if there is sufficient flexibility in rent supplement programs (as already exists with any rent supplements originally committed prior to 1994 under the transferred social housing portfolios) it may be possible as part of this mediation process to contract with the landlord for a rent supplement guaranteeing future rental payment, and enabling the tenant to remain, with less cost to landlord and the tribunal system.¹⁹

¹⁹ In the most recent suite of affordable housing programs (funded under the federal-Provincial Housing Agreement). The province has established a housing allowance/rent supplement program. However it requires recipients to move into a vacant unit, so would not be available to address in-situ affordability problems and thus is not useful in a mediated settlement with existing landlord as suggested here.

Cash assistance

Since the principle cause of economic-based homelessness is lack of income and accumulation of debt, typically in the form of utility and rent arrears, assistance in managing debt can also help to address risk of homelessness. In particular, utility areas and rent arrears can be useful early indicators. Lapointe (2004) found that the major reason that landlords are applying for and obtaining eviction orders is to deal with arrears. Initiatives structured to intervene to address arrears may help to avoid subsequent worsening of arrears and potential eviction.

Rent banks have emerged as a mechanism to help deal with this problem, but again it is dependent on tenants being aware this resource exists (and there is a challenge of managing demand relative to budgets). Essentially this involves small loans to pay arrears, with the loan then repaid over time. Lapointe (2004) found that some landlords would negotiate such extended gradual payback directly with tenants. It is unclear whether landlords will prefer to receive the payment directly and leave it to the rent bank to collect from the tenant rather than negotiate a settlement without using the rent bank.

In 2004 the Province of Ontario announced a new initiative to provide funding for rent banks and since that time, the Provincial Rent Bank Program, which is operated at the municipal level as well as through grassroots organizations and community agencies, has helped 4,177 people.²⁰ Approximately \$4.2 million was disbursed across the Province since 2004 to help eligible clients avoid eviction (MMAH website, 2006). Ontario Works discretionary funding can also be used to provide this assistance in cases of emergencies (and can be extended on an emergency basis to individuals not enrolled as recipients).

Lindblom (1991) highlighted a number of rent bank programs in the US and noted an early evaluation of eight programs. This evaluation found that 4%-18% of assisted households subsequently still faced eviction within six months of utilizing the rent bank.

²⁰ In Waterloo Region, the rent bank (operated by Lutherwood) approved 142 loans in 2005 and a further 238 in 2006.

Data for the Lutherwood rent bank indicate instability after 6-12 months among 4% of recipients, so at the low range of the experience reported by Lindblom in the US.

If the problem is one of gradually accumulating debt and arrears, a one-time loan does nothing to solve the problem, it merely buys time. If, on the other hand, the initiative is more carefully targeted to households whose problem is caused by a unexpected event such as loss of work or temporary loss of income due to illness (most low wage jobs are part-time and without sick day benefits) then this emergency intervention can be successful and avert homelessness, while the assisted household has the opportunity to regain capacity to remain current in payments. Clearly any assistance providing a loan does nothing to address the underlying cause (predominantly extreme poverty).

To be effective, rent bank programs must offer a range of additional services beyond simply providing a loan. Concurrent counseling on credit and budget management and referrals to labour market training are critical (and this appears to be happening informally in the local rent bank).

With such ancillary services, rent banks such as the Connecticut Eviction Prevention Program have reduced expenditures that would otherwise have been incurred in the emergency hostel system (estimated savings of \$13 million over a 5-year period cited in Toronto 1999).

Along the same lines, the City of Toronto has implemented a Transitional Money Management Program directed to people that are transitioning from homelessness into stable housing. Services include budgeting assistance setting up a bank account and automatic rent payments, landlord mediation resource management, case management and life skills training. Separately the Toronto Enterprise Fund has established a similar transformational supportive program. The program provides help in building social connections, access to supports and services connections to employment and skills development all provided in a comprehensive and holistic approach designed to increase stability (both financial and housing).

In Waterloo, the rent bank is consolidated with an eviction-counseling program and is co-located with a housing help program, and a case management program for families experiencing housing instability. The program is administered on behalf of the Region within a community non-profit agency that also provides a wide range of employment training and supports so, at least informally; this more comprehensive approach may already be in place.²¹ There may be opportunities to strengthen this linkage.

Energy assistance programs

Energy assistance is simply a variant of cash assistance, linked to a recent issue of rising energy costs. Although recent rises in energy costs have raised the profile of this issue, fuel poverty and especially the impact of volatile energy costs have long been recognized as critical issues for low-income households. Both in the UK and US, national programs provide program funding targeted to this issue. In the US, the Low Income Home Energy Assistance Program (LIHEAP) was enacted over 20 years ago specifically to fund emergency assistance, bill (arrears assistance and weatherization).

Also as part of its 2004 initiative, the Province of Ontario augmented the provincial rent bank program with a \$2M emergency energy fund for households facing utility cut-off in Ontario. The Energy Emergency Fund is for energy arrears, security deposits and reconnection costs. Assistance will be paid directly to energy providers. In Waterloo Region, a local partnership with utility companies already provided assistance with energy arrears, so the new provincial program has simply created an additional source of funding to expand the impact of this program. The partnership approach in Waterloo is relatively unique and broadens the base of funding as well as effectively engaging utility companies in pro-active actions to work toward win-win solutions. Ontario Works discretionary funding can also be used to provide this assistance in cases of emergencies.

²¹ For example in 2006, the rent bank was contacted by almost 1,000 persons who were in a state of crisis, many having received a Notice to Terminate a Tenancy Early for Nonpayment of Rent (form N4). In each case the rent bank staff reviewed the situation and while just one third of contacts were deemed eligible to make an application, additional referrals and assistance was provided to the other two thirds.

Case management and referrals

Marginalized, at risk households, especially those that are disconnected from social support networks, often lack awareness or understanding on how to find assistance, both housing help/referrals, eviction assistance and access to potential income sources and employment training or jobs. Those that are eligible for, and have participated in, the formal income assistance system (OW/ODSP) will have the benefit of a caseworker that may help them navigate through the system. However those not enrolled (and increasingly ESL immigrants) do not have the assistance of such a caseworker.

For those experiencing a crisis that are not already on Ontario Works they may remain vulnerable and have difficulty gaining self-sufficiency and avoiding another emergency. In some cases support and referral may avoid both homelessness and enrollment in income assistance programs. In others, it may be appropriate to provide counseling and referral to existing support programs and connecting the individual to existing available benefits (public assistance programs). Such at risk households can be potentially identified through the existing rent bank, food bank and energy assistance programs.²²

Another period when risk may be heightened is for individuals or families transitioning off of OW. In many cases, as they move back into labour market they may have weak job security – often part-time or irregular and often without benefits (e.g. no paid sick days). While there is some extension of OW supports such as extended employment health benefits (drug, dental, vision) for a period of three months (to a maximum of twelve months) and those that have been part of specific assistance program (e.g., resume writing, etc.) receive some follow up (phone call at three, six, twelve months after they get off OW), this is fairly infrequent. More frequent contact in the form of low level case management may be more effective in helping through this transitional period. For example households experiencing income fluctuations (due to such things

²² In addition to ineligible cases, there is an issue with potentially eligible beneficiaries that face serious barriers qualifying for ODSP benefits and consequently remain at risk. They face a wider range of challenges in addition to poverty and economic-homelessness, but a recent report has noted that 100% of clients whose applications for ODSP were successfully completed were able to secure housing (Street Health, 2006: Failing the Homeless: Barriers in the ODSP Program for homeless People with Disabilities).

are reduced work hours, sick days, Employment Insurance waiting periods, etc.) may fall into utility arrears but would no longer be eligible for emergency supplements that would have kicked in had they still been on OW (although could access the energy arrears program). A follow up call three months later may be two months after arrears have begun to accumulate, and they may already be in deeper risk. A more extensive transitional support approach could perhaps be a formal extension of OW or could be a community based transitional support approach (similar to the Toronto Enterprise Fund transformative support program noted earlier).

As an example, the city of Boise, Idaho, is partnering with local church congregations and the business community to provide long-term supported housing to homeless families with children. The Charitable Assistance to Community's Homeless (CATCH) program will also serve young adults aging out of foster care. Under the program, each participating faith-based organization will sponsor (provide contribution for rent) one family in rental housing for six months or a year. Families will also receive ongoing case management addressing the factors that contributed to their housing instability. However one of the most important elements of this initiative is the social network and contact the assisted household has with a sponsoring family, effectively informal case management. Businesses will provide funding and in-kind support to help with living expenses.²³

Direct payments (like the trustee program)

The final approach suggested by Lindblom is the use of direct payments in trust. This would more likely be applied in the case of individuals with mental health challenges who are less able to manage their own finances (as is sometimes the case with OW direct payment arrangements). However, it may also be appropriate for individuals that do not have mental health or substance issues, but have difficulty budgeting and avoiding arrears. The recently initiated Trustee program operated by Cambridge Shelter Corporation is a good example of this approach, although it has limitations. The current trustee program is operated mainly by volunteers and has no funding (staff are allocated

²³ (US States News, November 17, 2006. <http://www.knowledgeplex.org/news/220323.html>).

but absorb the trust work in their regular activities). Most clients are older adults and most have difficulty managing the limited allowance received from OW/ODSP. It may be appropriate to provide some resources (staffing) to expand this approach, perhaps on a pilot basis to working poor households.²⁴

Social support, home visit programs

One of the contributing factors in housing instability is social isolation and lack of a support network. This can be an issue for new immigrants, people who recently moved to the region but have no family or friends in the area as well as those who have exhausted or alienated their social support network. Simply having someone to speak to and to provide support can reduce risk (as in the Boise example above). One such program is the Home Visiting Programs operated in San Francisco by St Vincent de Paul (Bay Area Foundation 2006). This home visiting program uses volunteers to combine material or financial assistance with person-to-person outreach. The volunteers meet neighbors in need and provide them with assistance including food, funds for car repairs, paying utility bills, or help with overdue rent. In 2005, SVdP reached more than 9,000 households and provided rental assistance to more than 700 of them. In addition to free labour from volunteers, the program is funded through charitable contributions. In a sense this is analogous to the case management approach noted above, however it is a less formal type of case management.

5.2. Rental assistance and shelter allowances

Safe and affordable housing can involve new construction, but this is not the only, or necessarily the best approach to address severe affordability problems. Some form of rental assistance or shelter allowance is seen as the single most effective way to address the issue of economic-based homelessness (Nelson 2002). The review of the Region's own Affordable Housing Strategy (Pomeroy 2004) also noted that significant capital investments were being allocated simply to get developers to create units with average market rents while existing market units already provide average market rents.

²⁴ The majority of clients using the program are OW/ODSP recipients, so it is possible that challenges of budgeting are simply an issue of insufficient income after paying housing costs, which typically exceed the shelter maximum. The fact that few clients are working poor suggests this is something that should be addressed within and funded by the OW/ODSP program, rather than setting up a separate program simply to fix inadequacies in OW/ODSP

Subsidizing these existing average rents down to more affordable low rents more specifically targets low-income housing need and is an effective way to address the specific issue of severe shelter burden without expending a capital subsidy of \$40,000-\$50,000 per unit. That is not to say that no new development should be undertaken, but it needs to be carefully designed and targeted (for example for purpose built supportive housing).

Rental assistance may take a variety of forms, but the main approaches are:

- Rent supplements, which involve a contract with a landlord to provide a rent subsidy to eligible tenants; and
- Shelter allowances, which are a form of income supplement but are conditionally linked to housing costs (i.e. the amount of the subsidy is based on a formula that takes into consideration both actual rent and income).²⁵

These rental assistance options are discussed in considerable detail in the background working paper (Pomeroy 1998) for the Mayors Action Task Force on Homelessness (Toronto 1999), so are not discussed here in any detail. A region-wide shelter allowance would be beyond the fiscal capacity of the Region, and such income redistribution programs should be funded through senior government transfers, not through a local property tax base. It is possible to advocate to the Province, but this is not a program that the Region can initiate. Thus detailed design and analysis is outside of the scope of this report.

With respect to rent supplements, one issue with the current provincial housing allowance program (currently funded under the Ontario-Canada Affordable Housing Framework) is that it is restricted to situations where a household relocates.²⁶ This may be a useful program if linked to eviction prevention where eviction is proceeding and

²⁵ The term “shelter allowance” is typically used in the literature, although is interchangeable with “housing allowance”. A recent program in Ontario is formally called a housing allowance, but in fact operates more like a rent supplement, since it pre-selects units and enters into contracts with landlords, rather than allowing beneficiaries to freely choose a unit. .

²⁶ While titled as a “Housing Allowance” it is in fact a rent supplement, not an ex ante shelter allowance.

new housing is required.²⁷ However in many cases, and especially where an applicant already has appropriate housing but is simply paying too much (and may be in arrears), the current Federal-Provincial program is not available to resolve the underlying affordability problem. Meanwhile the separate provincially funded rent bank program offers a band-aid but fails to address recurrent and persistent underlying problems of poverty.

To the extent that a large proportion of households at risk of housing instability are identified as OW recipients, it makes more sense for the Province to address weaknesses within the OW assistance system rather than create new housing allowance initiatives to complement and supplement a poorly functioning program. The BC approach of a separate shelter allowance for working poor households is a better way to target such funds, and also provides a vehicle to assist recipients transitioning off OW to access a continuing shelter support.

While outside the jurisdiction of the Region, as a cost-sharing partner in this provincial income assistance program, the Region, together with other Regions or Service Managers, should have some opportunity to influence and recommend changes to the Province. While fundamental reform is unlikely it may be possible to propose some pilot or demonstration initiatives within specific test-Regions that adjust current policies, such as extending case management to non-OW recipients as part of a prevention strategy or maintaining case management as recipients transition back to work. Another option discussed in the Toronto report (Pomeroy 1998) is to design a transitional shelter allowance that would bridge some period after leaving OW but help to stabilize shelter costs.

²⁷ Allocation of such new housing allowances to house people experiencing homelessness must also be cautiously delivered. If the recipient has long-term mental health issues and is unlikely to be employable, the 5-year time limit of these housing allowances is problematic. It is better to direct the allowance to someone that is employable, not otherwise disadvantaged and who has the potential to improve labour market skills and graduate off of assistance within the 5- year window.

5.3. *Enhancing earned income*

The other critical element in creating sustainable remedies for individuals at risk of economic-based homelessness is to assist individuals and families to be successful in the labour market, or more specifically provide the training in skills necessary to improve earning potential. It is beyond the scope of this report to detail the range of employment and labour market adjustment programs that already exist (these are extensive and well documented in the Region's Ontario Works Service Plan).

However, it is critical to examine connections between housing stability service agencies and the providers of such employment training and assistance. In particular, where there are already points of intervention such as reviewing household applications for the rent bank or energy assistance programs, or in assisting households receiving an eviction notice, it would be useful to strengthen the informal counseling and referrals that connect these households to employment training and thereby enable them to solve the underlying cause – low income.

6. SUMMARY OF ANALYSIS AND INSIGHTS

Who is most at risk?

Within the narrow definition of economic-based homelessness, the analysis has used the criteria of severely burdened shelter cost, more specifically those paying greater than 50% of income for rent as a subset to define extreme poverty.

Those falling within this definition tend to be predominantly single persons. Those that are also socially isolated without some form of social support network are likely at greatest risk.

The next largest group, and likely the group with the greatest risk of economic-based homelessness (i.e. not also experiencing concurrent challenges related to mental health or substance use issues) are lone parent families. Lone parents have the highest prevalence of severe shelter burdens (28%) pay more than half of their income for shelter, while among singles, the next highest, the prevalence rate is 18%.

Poverty is closely associated with low educational attainment.²⁸ Despite one of the lowest unemployment rates in the Province, low-income residents in the region still face barriers in accessing the labour market, due to insufficient skills and education. This is a particularly important factor for homeless youth (being addressed in more detail in a separate report), many of whom have not completed school. Preventive strategies that focus on re-attaching youth the education system and helping them to acquire critical employment skills and behavior can be critical in efforts to reduce persistent housing instability.

²⁸ See for example discussion in community trends chapter (2) of urban adults report

To the extent that economic-based homelessness is defined first in terms of extreme poverty and secondly in the context of housing affordability (combined low income and relative high housing costs), initiatives to reduce risk of economic-based homelessness must focus on two areas: increasing or supplementing income and lowering housing costs.

The increasing mismatch between incomes and cost of living, especially rent and utility costs, are one of the key issues impacting the growth of housing instability across North America.

It is suggested that greater insight into risk of economic-based homelessness can be gained by tracking and collecting data on individuals and families that access certain services.

Because housing is a single large expense, paid in advance, households will tend to reduce consumption of smaller more discretionary budget items before reducing expenditure on housing. In fact, housing is a unique and indivisible good; it is not possible to partially consume housing. Moreover, there is likely a hierarchy, or continuum of access points, along which degree of risk increases:

1. Before defaulting on a rent payment, households are more likely to reduce food purchases and to utilize food banks.
2. Still short of funds, they may avoid paying a utility bill and subsequently may seek assistance through the Region's energy assistance program.
3. Unable to keep up, the household may fall into rent arrears.
4. Finally, cumulating arrears may cause a landlord to formally file notice of eviction.

In some cases, the default under one of these services may be triggered by an unexpected incident, but more often than not these are cumulative, gradually building and compounding conditions.

Designing appropriate interventions to lower risk

If effective tracking can be put in place to transform these individual impacts into early warning signals the spiral of decline can be slowed or averted.

In particular, where multiple conditions appear, the system should be alerted that risk is increasing (for example, returning for a 2nd or 3rd use of utility arrears; or applying for both rent bank and utility assistance in the same year/period).

Appropriate interventions can be designed – either to remedy arrears and avoid initiation of eviction, or to intervene in an eviction process either to mediate a solution that allows the household to remain, or to relocate to new housing, without a period in emergency shelter of absolute homelessness.

As suggested in the cascading series of early indicator behaviours above, targeting information materials, counseling and referral services at the critical junctures and places like food banks, energy assistance, and rent bank would be an effective way to lower risk of arrears, eviction and housing instability.

Many of the early warning events occur in what might be described as homeless prevention programs, such as:

- Eviction prevention and rent banks
- Tenant referrals and counselling (Housing Help)
- Mediation and legal aid
- Energy arrears assistance
- Anti discrimination assistance

Most of these initiatives should be categorized in the same vein as emergency shelters – they provide temporary or emergency relief and do not address the underlying root cause and associate risk. For example, a person that falls into arrears first in utilities and subsequently in payment of rent is at risk of losing their home. An intervention that helps to address the arrears and avoid power shut off or formal eviction solves an immediate problem, but does not help to avoid a reoccurrence. Indeed evidence from

US evaluations identified a number of recipients (4%-18%) that still lost their housing in the six months following receipt of arrears assistance, and Waterloo falls at the low end of this recidivism rate.

Connection to financial counseling and budgeting assistance can also help to minimize risk. Case management services need to be moved upstream and provided to households at risk, prior to enrolling in programs like rent bank loans or income assistance (OW).

To the extent that the rent bank provides a loan, it may increase expenditures on that household and contributes to greater strain on the household budget. It is quite conceivable that a household with limited income and no savings will again gradually fall back into arrears and face the same issue again. Trustee type programs and OW Direct Pay, which remove responsibility for budget management to an agency, can help to minimize risk of reoccurrence, but again do not address the critical issues

of low income and excessive housing cost.

So measures such as rent banks and arrears assistance may be a useful part of risk management – that is they provide short-term relief and can help to avoid immediate homelessness – but they do not reduce risk in a sustainable way. These initiatives can, however, be designed as a bridge to more sustainable risk reduction as part of a more comprehensive stability system. This requires collaboration and linkage with both housing assistance agencies and labour market programs and agencies that can help to improve employability and skills level in order to increase income and capacity to pay – the single sustainable form of permanent homeless prevention. Currently these referrals and connections may be undertaken informally, by dedicated and sympathetic staff, trying to help individuals and families in need. These efforts could however be reinforced and supported through more formal mechanisms and policies.

- For example, in taking applications for energy arrears (one of the early indicators), already includes a means test, do staff routinely ask about employment status and counsel or refer applications to training and employment programs as a way to improve income and reduce risk of arrears? Is there any assessment of whether they have lost income for some reason, and is this likely to persist?

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- Are flags raised and additional proactive steps taken when someone returns for a second time for energy arrears assistance (indicator of persisting income difficulties and reaccumulating debt)?
 - Is there cross-referencing between the energy arrears program and the rent bank (in other cities, like Ottawa the two programs are administered by the same agency, facilitating such cross-referencing)?
 - Do partnering utilities have any procedures to include information about the energy arrears assistance to include in any reminder notice to customers who are consistently 30 or 60 days in arrears?

Privacy and confidentiality legislation place some constraints on what a utility company or municipal program can do, but at the very least, utilities could include inserts with their “late payment” notice to raise awareness of the program. Once enrolled in such a program and consequently in conversation with program staff, the opportunity exists to offer, or link to, some counseling and financial management training.

Role of housing assistance

The alternatives of investing in the acquisition of existing, relatively affordable rental properties as well as rent supplements or income assistance should be carefully examined.

It is often argued that lack of affordable housing is a key cause of rising rates of housing instability. This review confirms that there is both a shortage and, perhaps more critically, ongoing erosion of lower rent housing stock. However it is not feasible to build new low rent housing – costs are high and require very significant subsidy – and

in Waterloo two-thirds of the units produced under the affordable housing strategy remain at rents too high to help those most at risk.

As an alternative to new development, some investigation of the option to acquire already existing privately owned properties that are often offered for sale as investment properties may be a more cost effective way to increase the volume of lower rent units

(stem the erosion) by enabling non-profit operators to acquire and operate these properties.²⁹

Where the issue is one of affordability, shelter/housing allowances or rent supplements, if carefully designed, can be more effective, especially when combined with literacy, skills training and employment programs that enable recipients to improve incomes and gradually reduce need for housing subsidy.

Examining and refining OW/ODSP policies

To the extent that a large proportion of households identified as being at risk of economic-based homelessness are recipients of income assistance (OW and ODSP) it is appropriate to examine how policies and regulations within these programs impact or help to address risk of housing instability.

If the largest at risk group are already part of the income assistance system it is appropriate to examine how well the income assistance system (including both OW and ODSP) manages risk of housing instability, and whether refinements to policies and allowances would help to prevent homelessness within OW/ODSP, rather than creating new separate initiatives and programs.

It is beyond the ability of the Region to directly change policies in a provincially legislated program, but by collecting data on barriers and outcomes, it is possible to empirically demonstrate where certain policies are not working or are counter-productive (e.g. limits on the number of food hampers a recipient can receive) and might contribute to risk of housing instability. Such analysis can be used as constructive input to the Province to reform some of these policies.

Expanding case management

While many at risk households may receive OW/ODSP, over time, there are many low-income working poor individuals and families that do not, and as a consequence are not part of a formal case management support system. For those most vulnerable, the lack of this type of support may be a tipping point between being housed and being

²⁹ This approach allows properties that already have rents close to the average market level to be acquired with minimal subsidy, rather than expending significant subsidy just to get average market rents. Limited subsidies can then be better targeted in the form of stacked rent supplements to lower these existing rents to very low rents for low-income tenants. This does not address issues of new supply but that is a separate concern and new supply should be pursued as a separate issue from affordability.

homeless. They may have no one to turn to (especially socially isolated singles) in the event of an unexpected trigger event (illness of self or a child causing loss of wage, accident, or unexpected large bill) and may not be aware of existing formal support programs.

It could be argued that a person or family that is not receiving case management support is more vulnerable than those that have this support.

Unbundling income support from case management to extend case management support in absence of income assistance would be more consistent with the notion of a housing stability system.

Currently, assistance systems tend to be more black and white – a person received income assistance together with case management, or they receive neither, there is no hybrid. The intent is to provide non-monetary (or even partial monetary) assistance as a way to connect the individual with emergency help (like energy or rent arrears assistance) and provide referral and support for employment training so that the individual may be able to reduce their vulnerability (and avoid both use of full income assistance and the trauma of an episode of homelessness).

Data, monitoring, evaluation and research

In particular, what are characteristics of individuals accessing the emergency parts of the system (food banks, energy assistance, rent bank and emergency shelters)? Are certain characteristics associated with repeat or multiple uses of different parts of the system? Six months after they were assisted are the recipients in a stable situation, or are they sliding back into difficulty? What types of employment and labour market skills initiatives seem to work best with different at risk groups? These and related questions will remain as unanswered questions unless existing information systems can be configured to provide

A critical element in moving forward with a more connected and comprehensive system is the need to create and implement information systems that capture data (much of which is already being collected for administrative purposes anyway) and use this data as a way to provide insight into the critical events and combinations of events that cause the fall from “at risk” into homelessness.

the insights necessary to reach some answer.

A related opportunity is to access the rich resource of university research centres that exists in the region. Academics and students are deeply interested in answering practical questions and armed with some data, can be effective allies in undertaking critical analysis and developing evidence based policy improvement.

Toward a comprehensive housing stability system

Responses to economic-based homelessness are inextricably linked to income and employment support.

This report has focused primarily on the narrowly defined issue of economic-based homelessness. While the term housing stability system is being used to frame the policy, housing responses and housing programs alone cannot solve the challenge of homelessness (although lack of appropriate housing responses can exacerbate poverty related issues). Fundamentally this is an issue of poverty and consequent challenges in maintaining shelter payments (rents and utility costs).

Overall, Waterloo Region has a sound set of individual programs and many of these appear to be working quite well. The primary observation from this analysis is that knitting together and bridging some of the spaces between different, seemingly unconnected, programs (e.g. energy arrears and employment training) could transform a good set of programs into a comprehensive housing stability system.

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