

**BC's RENTAL ASSISTANCE PROGRAM:
A Policy Review for the Capital Region**

**Summary Report of
Challenges and Opportunities**

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SUMMARY REPORT OF CHALLENGES AND OPPORTUNITIES

1. Introduction

The Rental Assistance Program (RAP) was established by BC Housing in October 2006 as part of *Housing Matters BC*, the Provincial Housing Strategy. The program provides eligible low-income, working families with direct cash assistance to help with their monthly rent payments for their housing in the private market¹.

The Community Social Planning Council of Greater Victoria has developed an annual calculation of the wage needed for a family with two young children to sustain a modest quality of life in this region (2010, the hourly wage needed is \$17.31)². Opportunities to make this community more affordable include increasing incomes and reducing costs of living. As housing represents the most significant cost, questions around accessibility and eligibility to the Rental Assistance Program arise regularly. The Community Social Planning Council's interest in this program is to understand better how to help more eligible families access the program and identify any opportunities to enhance the program to better serve low-income working families in BC's Capital Region.

To understand this potential, a review of challenges and opportunities related to the program was initiated. Planned activities involved speaking with 1) program staff at BC Housing, as well as 2) service providers working with low-income families, and 3) eligible program participants. This report presents a summary of the findings.

2. Context of Review

The Capital Region is experiencing a housing affordability crisis³. In underscoring the urgency of its work, the Capital Region Housing Affordability Strategy cites a shortage of rental units available for people on limited income⁴, and also the limited number of renter households who can afford to buy a home—that latter of which has consistently been lower in Victoria and Vancouver than in any other Canadian metropolitan centre⁵.

¹ Rental Assistance Program Framework, December 2008

² Quality of Life CHALLENGE, 2010 Affordability Index backgrounder, <http://www.qolchallenge.ca/pdf/aff-index-backgrounder-26may10.pdf>

³ Douglas Magazine: People who want to work here need to live here (Jan/Feb 2009)

<http://www.housingaffordability.ca/documents/canadian/douglas-magazine-workforce-housing.pdf> <accessed March 2010>.

⁴ See the CRD Regional Housing Affordability Strategy Fact Sheet #3 for evidence supporting this statement. <http://www.crd.bc.ca/regionalplanning/reports/index.htm> <accessed March 2010>.

⁵ CRD Regional Housing Affordability Strategy (2007).

While the rental market and the owner market are both out of the reach of the lower-earning families who live and work here⁶, renting families face the additional challenge of accessing suitable, affordable housing in a highly competitive rental market⁷.

Moreover, twenty-seven per cent of renter households (12,985 households) in the Capital Region in 2006 were in “core housing need” as defined by CMHC. In other words, they do not live in, and are unable to access, housing which is affordable, in adequate condition, and of suitable size. Twenty-six per cent of renter households (13,085 households) were in core housing need in 2001⁸.

The provincial government’s action on affordable housing challenges in BC are presented in the Housing Matters Strategy, which includes the Rental Assistance Program (RAP)—a portable rent supplement program and a valuable support for low-income families that earn some or all of their income from work. Overall, in BC it is estimated that about 7,700 families have used the program since it was implemented out of a total of 20,000 eligible households^{9,10}. At the time this report was initiated, 636 low-income working families in the Capital Region were known to be participating in the program out of a maximum estimated number of eligible families of 1340 (48%).¹¹

A review of rental rates and income levels shows that families with an earned income level of up to \$20,000 who are accessing the RAP pay 50% or more of their income on rental costs if their rent is \$1,000 or more per month. As income levels decline, the number of families paying more than 50% for housing increases. The high impact of rent costs can be demonstrated by considering the income remaining after rent, including the RAP benefit, and grocery costs have been deducted. Rough calculations show that a 3-person and 4-person family earning up to \$20,000 and paying \$1,000 in rent cannot make ends meet. The number of families whose livelihood is unsustainable increases with reduced income, and with increases in monthly rent levels.

⁶ In July 2009, the annual income needed to purchase a starter home or median cost condominium or townhouse was \$64,540 and \$93,681 respectively. 2009 Victoria Vital Signs.

<http://www.victoriafoundation.bc.ca/web/vitalsigns09> <accessed March 2010>. See also note 3 and 5.

⁷ In 2009, the vacancy rate rose to 1.4%, yet is still low compared to other major markets in BC such as Vancouver (2.1%) and Kelowna (3.0%), and also compared to the provincial average (2.8%). The vacancy rate was below 1% from 2003-2008. Victoria Rental Market Report, CMHC (Fall 2009) <accessed March 2010>

http://www.cmhc-schl.gc.ca/odpub/esub/64471/64471_2009_A01.pdf?sid=043c6f8d28ba40cca1e.439fd4a07a3f9&fr=1273786859256 <accessed March 2010>.

⁸ CRD Demographic Atlas 2009 (2010).

⁹ Housing Matters BC, Putting Housing First: Progress and Achievements on BC’s Provincial Housing Strategy 2006-2008 (March 2009) <accessed March 2010> <http://www.housingmattersbc.ca/docs/housingmatters.pdf>.

¹⁰ BC Ministry of Finance, Balanced Budget 2007: Building a Housing Legacy <http://www.bcbudget.gov.bc.ca/2007/highlights/> <accessed November 2009>.

¹¹ See Appendix 1 for detailed participant information by residential location. See technical report for calculation of maximum estimated number of eligible families.

3. Primary Review Questions

The following are the principal policy and program design questions that stakeholders suggested for the study.

3.1 *Barriers preventing eligible families from accessing rental assistance*

Limited discussions with agency staff and mainly non-eligible families highlighted the barriers listed below. It is important to note that there appears to be a smaller number of eligible families in BC's Capital Region than anticipated (under 1,340 renting family households). Considering this, the greatest barriers identified in the review are:

- Families who would be helped the most (i.e., earning under \$25,000) appear to need more housing income support to maintain housing costs than is currently available, possibly due to the high cost of rent in the Capital region. While the additional dollars provided by the RAP benefit are an important support, it would not be enough to maintain sustainability and quality of life for those paying higher rents, and may affect participation in the program¹²
- Families need faster access to RAP benefits to maintain housing when income/rent amounts suddenly change
- Sliding scale amounts for families earning close to the income threshold are not substantial enough to be an incentive to apply
- The perceived length of application time and process is a disincentive for those who need short-term help.

3.2 *Opportunities to expand the program and increase uptake and participation by families.*

The following ideas for improving access for families were made during initial discussions with housing service providers and other stakeholders:

- To assist more families from above the \$25,000 income level:
 - Raise the minimum benefit amount to an amount that would give more incentive to working families; e.g. \$100/month
 - Remove or greatly simplify the annual reapplication process—which could be seen as a disincentive and a barrier for maintaining program participation

¹² The cost of rental housing (apartments, townhouses and secondary suites) in BC's Capital Region, particularly for 3-bedroom units, are higher than the BC averages and, in secondary suites, higher than Vancouver CMA. This results in many families paying more than 30% of income to rent, and in many cases more than 50% of income to rent, including the RAP supplement. See Appendix 2 for data tables that illustrate these points.

- To assist more families from below the \$25,000 income level, in addition to the above, also:
 - Increase the access time to benefits; create an emergency fund for families who need immediate help
 - Provide face-to-face application support through a branch office before families apply to reduce frustration for all families, and in particular lower-literacy families, with little time for application paperwork
 - Automatically process applications for RAP for applicants in market housing making applications for social housing and give RAP automatically to all eligible families
 - Reduce the eligibility wait time to 3 months.

- If the program budget can be increased, the following support is key for families' access to stable rental housing:
 - Raise the rent threshold to accurately support participants to reach a 30% or at minimum a 50% shelter-to-income ratio. At minimum, raise Capital Region to the same rent threshold amounts as Vancouver CMA.

3.3 *Guaranteed Income Supplement*

The following ideas for improving uptake come from an in-depth evaluation of the federal government's initiatives to increase uptake for the Guaranteed Income Supplement (GIS)¹³.

- Send information letters based on tax return information reported to Canada Revenue. The language and content of letters should be simple to effectively reach vulnerable populations, essentially encouraging them to call the 1-800 number to discuss eligibility

- Send selective, simplified pre-printed application forms to potential candidates, identified through income tax information

- Establish a "Lifetime List" and other initiatives designed to enable automatic renewal of GIS benefits (Guaranteed Income Supplement). While a lifetime list may not be feasible for the RAP program, automatic renewal was cited as a positive measure for maintaining participation because it simplifies the process and reduces the administrative burden for seniors who file their tax returns on time (similar to the method used by the BC Medical Services Plan subsidy)

¹³ Evaluation of the Guaranteed Income Supplement Take-Up Measures and Outreach, Final Report (2010) http://www.hrsdc.gc.ca/eng/publications_resources/evaluation/2010/sp_950_05_10e/sp-950-05-10_eng.pdf <accessed September 2010>.

- Include inserts about the program in government income mailings. To support the GIS this was targeted for OAS and CPP beneficiaries. This has been a primary vehicle for providing information updates to seniors.
- Access individuals earning under \$25,000 by continuing to involve agency partners and keeping agency staff aware of program improvements (including improved application processing by RAP Program staff) and to continue gathering their input on barriers within the program.

Based on activities like these, the 2006 GIS take-up rate was improved to 88%, a percentage considered a success by evaluators. Nevertheless, evaluators still recommend continued outreach with other levels of government and community service providers to identify and reach the hardest of the hard-to-reach eligible participants.

3.4 Expanding the program to single market rental households

- The current program policy is to target market rental subsidies to low-income working families. There are however significant numbers of working singles on low-income who rely on market rental housing, are in core housing need and not eligible for any kind of assistance under government programs¹⁴. Consideration should be given to extending the Rental Assistance Program to this population who are vulnerable to homelessness.

4.0 Examples of eligible and ineligible low-income families needing extra support

- A single father reaching end of his employment insurance benefits needs support now but is not going to apply for RAP because it will take too long to receive and he's expecting his situation is temporary. In other words, he doesn't think he'll receive the benefit before his situation changes
- A father reaching retirement (not quite there) with a daughter (23 years-old, in school) doesn't feel applying is worth the "effort"—yet he needs help, enough so that he made the effort to call us.
- A single mother going through divorce, cut off from social assistance due to legal entanglement with an abusive husband is not eligible for RAP as she's only moved back to BC from Saskatchewan in June. After looking at rental housing costs, she concludes that she can't afford rent in the Capital region with three children even if she is working and receiving the RAP benefit.

¹⁴ In 2006, non-family renter households made up 18.9% of households in Capital Region (26,990 households). Of these, 5.7% or near 1 in 3 households were in core housing need.

- A single parent with three children is making just above \$35,000 and struggling with affordability issues, yet she doesn't qualify for the RAP program. On the other hand, she sees that a single parent with one child who is making just under \$35,000 does qualify for the benefit.
- A new immigrant family with one parent currently working in a low-wage service position, while trying to break into professional work, is struggling to find affordable housing. They won't qualify for the RAP program for one year.

5. Conclusion

The relatively low participation rate in the Rental Assistance Program amongst those eligible to participate is an indication that there are program design and delivery issues, on which our review generates some constructive suggestions for change. We also identify the need to expand eligibility and the value of subsidies to assist more families on low-income, and consider extending the program to single households in housing need. These suggestions are supportive of, and in keeping with, the objectives of both the Capital Regions' concerns for housing affordability and those of the Provincial Government in its Housing Matters strategy. In addition to these findings we believe it would be beneficial to bring stakeholders together from all levels of government in the region, from community agencies, and from the private sector to discuss the implications of this report, how progress can be made in improving the program and its uptake, what further research and tracking of data would be useful, and how we can all contribute to regional efforts to improve the affordability of market rental housing for low-income residents.

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