

Rent Payments Protocol

Approved September 1, 2010

Purpose:

To outline the policy on rent payments and related processes.

Principles:

The key project principles with respect to housing include:

- client choice - within the framework established for the project (i.e. must be affordable generally at about 30% of income; rent allowance of generally up to \$600 per month)
- tenant as lease-holder – the tenant assumes all of the rights and obligations of any tenant in the market, with the support of the service workers to help them be successful tenants
- sustainability – the housing model is a model that could reasonably be replicated in the future
- stewardship – the project is funded through taxpayer dollars, and therefore, every effort must be made to ensure dollars are used wisely and for the furtherance of the project objectives. Multiple agencies will be involved in decision making and funding approvals, therefore, roles and authorities must be clearly established.
- alignment with other policies and protocols: this policy and protocol must fit within the framework of other Toronto Site policies and protocols which may relate to this policy and protocol.

Related Protocols & Documents:

- Interim Housing (KC)
- Damages Protocol (KC)
- Access to Housing (May 27/10 version JC)
- Moves (to be finalized; SJ)
- MHCC site on Housing Connections Web-site (www.housingconnections.ca/Default.asp) - Furniture Checklist, Tenant Consent for Furniture Deliveries form
- The Intensive Case Manager and The Intensive Case Management Team in the Housing First Context”, Streets to Homes, prepared for MHCC National Training September 2009
- Pathways Housing First Program Manual, Canadian Edition, 2009; prepared for MHCC National Training September 2009

Roles:

Service Providers:

The housing model for Toronto is based on the Service Provider (SP) having the lead responsibility for helping their client to find and keep housing.

City & Housing Connections:

The City and Housing Connections provide administrative support for rent payments, with HC being the primary contact by SPs. Functions include:

- Administer rent allowances (\$600/month), and pay allowances directly to landlords
- Administer last month's rent deposit
- Collaborate with local government departments responsible for income assistance programs as necessary (at a policy level; support agencies responsible for direct participant needs)
- Implement a housing provider agreement

Background:

The MHCC housing allowance is \$600 per month during the first year, with provisions for inflationary increases in the rent after the first year (generally equivalent to the guideline set annually under the *Residential Tenancies Act*). The Housing Allowance is administered by Housing Connections, and paid directly to the landlord.

Support workers are responsible for ensuring that Housing Connections receives timely and accurate information about:

- start date of tenancies and other information required to establish the Housing Allowance payments
- continued occupation of the unit
- planned moved/lease terminations
- potential evictions

The City has requested and received confirmation from the Ministry of Community and Social Services that neither the rent allowance nor furniture allowance will impact on ODSP or OW income support levels.

Income Supports

Participants must have sufficient funds to pay the portion of the rent that is not covered by the Housing Allowance. Generally, the portion they pay should not exceed 30% of total gross income, although variations are possible where the support worker is satisfied that the participant will be able to manage successfully within their remaining budget.

The SP is responsible for securing income assistance and ensuring permission is provided for pay direct where available¹. It is important to note that it is the recipient who decides whether or not to permit direct payment of rent, and it is entirely voluntary. In addition, they may change their preference at any time. This is not a decision within the control of the SP, although they will strongly encourage direct payment of rent and

¹ The Intensive Case Manager and The Intensive Case Management Team in the Housing First Context”, Streets to Homes, prepared for MHCC National Training September 2009 p.11: “the direct payment of rent from the participant’s income supports (welfare) to the landlord is a business practice that is strongly recommended and can be a lynchpin of the relationship with the landlord. . .the landlord must be absolutely clear that direct payment of rent is not a guarantee of rent, the ICM organization is not the entity issuing the direct payment of rent (it is a different government body), payment of rent and the rent supplement is directly linked to the participant remaining in the unit, [and] the ICM organization is not responsible for arrears.”

ensure participants are aware of potential negative impacts of not taking advantage of this service.

For participants on OW, support workers will assist the participant to access ODSP in order to improve their income. Both OW and ODSP have developed centralized processes to assist At Home participants.

It is understood that income support programs are sometimes not aligned with housing needs (such as ODSP paying shelter allowances at the end of the month rather than when due). In addition, there are income support programs without a pay direct option (such as CPP). SPs and HC will identify issues and solutions on an ongoing basis, and these will be published on the HC-MHCC site to document approaches and issues. Policy issues arising will be considered by the Site Operating Team to look for opportunities for advocacy to address systemic issues.

Where the tenant takes occupancy of a unit for which they receive a rent supplement (for example, if they move into housing where the rent is supplemented by another source such as social housing or supported housing), the MHCC allowance will stop as it is no longer required. Services will continue for the duration of the At Home project. If the supplemented housing unit also comes with services (e.g. supported housing, alternate housing), the SP will coordinate with the housing provider on how to best provide services to the individual.

Ensuring Rent is Paid

SPs will check in with their clients' landlords by the 5th of each month to check that the remaining rent not covered by the Housing Allowance has been received, unless there is direct deposit in which case checking would be on an as needed basis. Any issues with payments of the allowance, changes, etc. shall be resolved by the support worker directly with HC and if not resolvable, escalated to the Team Lead or other senior staff of the support worker and the City.

Rent Deposits

It is traditional that tenants are required to pay an amount equivalent to two-months rent at the time the lease is entered into. MHCC funds are available to pay:

- first month's rent = \$600 (the regular housing allowance)
- last month's rent = full amount of rent to a maximum of \$1,050

It is the responsibility of the SP assist the tenant in raising the remaining funds required to pay the first month's rent, which may include working with income support programs and/or other programs available in the City (such as the first & last month's rent deposit loan program).

The Last Month's Rent is typically available to the tenant to pay the rent for the last month of their tenancy. For that month, tenants would also be eligible for their shelter allowance. The portion of the LMR that tenants can pay from other income is expected to be recovered by MHCC. To implement this recover, the tenant shall assign their share of the last month's rent (the shelter component of OW/ODSP) to Housing

Connections. HC will provide assistance to the SP to complete any paperwork required by the participant's income assistance program to assign the rent.

Under the Residential Tenancies Act, interest is payable by the landlord on the last month's rent deposit. The amount payable is equivalent to the annual rent control guideline percentage – therefore, the deposit becomes automatically updated by the usual rent increase percentage, meaning that no additional "top-ups" should be required. There may be situations for some clients where a "top-up" is needed – for example, if there is an Above Guideline Rent increase awarded for the unit by the Landlord and Tenant Board. If additional top-up is needed, the SP should discuss with HC and HC will make arrangements to pay the top-up amount required to the landlord. If rents have not increased by the full Rent Control Guideline percentage, there will be a balance owing, and this should be payable to HC.

Rent Increases

Under the Residential Tenancies Act, a landlord may increase the rent by the Rent Control Guideline percentage (its announced each August by the province and equals the consumer price index). There must be at least 12 months between rent increases (called the "12 month rule").

The housing allowance will be increased to cover the full cost of any rent increases. If the shelter component of income supports also increases, then the tenant will be required to pay a portion of the rent increase as well, provided that they are not paying more than 30% of their income as rent as a result. To support HC in ensuring the correct rent allowance amounts are paid, SP will provide a copy of any Notice of Rent Increase received by the tenant to HC. Landlords have also been requested to provide this information to HC.

The rent level is established when a tenant moves into their unit, and the 12 month rule starts from the first day of the lease. An exception may occur where a tenant selects an inventory unit. For inventory units, the rent is determined on an earlier date through the negotiation between HC and the landlord, and the terms of this agreement are transferred to the tenant as part of their lease. This earlier date is the start date for the 12 month rule. For example, if the date negotiated between HC and the landlord is January 1, 2010 and the tenant's lease starts July 1, 2010, the next rent increase date would be January 1, 2011. Service providers are requested to advise tenants of inventory units that they may have a rent increase within 12 months, and HC will provide information to SPs about the start dates for inventory units.

Partial Months Rent

Most rental terms require monthly rent payments on the 1st of the month. Where a tenant moves into a unit part way through a month, the rent may be pro-rated. This impacts the tenant's share of rent and also the rent allowance. HC will manage the pro-rated rent allowance amount; SPs will need to work with income support programs to ensure the correct pro-rated shelter allowance is paid.

Payment of partial months also applies to inventory units. HC will have paid the full rent for the month on an inventory unit. If a tenant moves in during the month, HC will recover the tenants pro-rated share of the rent for that month. HC will provide information to the SP about how this is to be implemented if the situation arises, including the assignment form.

Deposits

As much as possible, efforts are made to acquire units where utilities are including in the rent. This streamlines rent payments significantly, and reduces financial risk and administrative burden for the participant in having to pay separately for utilities.

It is not always possible to achieve rents that include utilities. Recently in Toronto there has been a very strong push in the rental industry to remove electricity as a service included in the rent, particularly given the very large increases expected shortly in electricity rates.

Where the tenant is moving into a unit that excludes utilities, deposits may be requested. HC will work with the SP on requesting the utility provider to waive the deposit – waivers may be permitted where a client can demonstrate a prior good payment history or on compassionate grounds. If the deposit cannot be waived, HC will arrange and pay the deposit on behalf of the tenant; and will also arrange to have the deposit repaid to HC at the end of one-year.

Deposits are not supposed to be used to pay arrears, although this may happen. Where there are arrears, the SP will work with their client to make payments, and if needed, with the utility provider on a repayment schedule.

There may be situations where a tenant occupies a unit with utilities included in the rent, and the landlord later requests the tenant to agree to removing the utilities. If this arises:

- SPs are requested to ensure that tenants are aware they should not agree to any such request – such agreements cannot be revoked once made, and at this time the legislative environment governing such requests is very uncertain
- SPs are requested to advise the City if their client receives such a request² to discuss options.

Insurance

All participants must have tenant insurance upon first occupancy. Insurance shall be purchased through the SOHO bulk program for social housing/low income tenants for the duration of their tenancy and participation in the project. Payments shall be made from six to 12 months in advance directly to SOHO by HC.

² For more information about “sub-metering”, see <http://www.toronto.ca/legdocs/mmis/2009/cd/bgrd/backgroundfile-18101.pdf> and http://www.lowincomeenergy.ca/wp-content/uploads/2008/12/soyourlandlordwantstosub-metertenantinfobrochure_updatedjune2008.pdf

Insurance premiums are considered as part of the overall housing allowance provided to participants and as such, are not income.

The support worker shall ensure that participant is aware of the insurance program - what it covers and what it does not cover. Information is available on the HC MHCC site.

In all cases where there are damages to the unit or an intervention is required with the landlord, the support worker shall contact HC. This includes advising HC of any insurance claim that may be made.

The deductible is the responsibility of the participant:

- HC will request SOHO to waive deductible; if not
- the service worker shall work with income support services to help access funding for the deductible; if that is not forthcoming
- City MHCC funds may be accessed under the damages budget (see Protocol for more information) in whole or in part.

Training about the insurance policy shall be provided to support workers by HC.

Next Steps:

- Provide this protocol, once approved, to SP's with request that the Protocol be reviewed with their staff.
- Ongoing updates to this Protocol will be done as required by City of Toronto staff, for approval by SOT or its delegate.