



## Process Update – Overhoused Households

Item 13B

February 15, 2024

Board of Directors

**Report:** TCHC:2024-14

**To:** Board of Directors (the “Board”)

**From:** Tenant Services Committee (“TSC”)

**Date:** February 5, 2024

### **PURPOSE:**

The purpose of this report is to provide the Board of Directors (the “Board”) with an overview of process changes related to the administration of eligibility for Rent-Geared-to-Income (“RGI”) Subsidy for Households who become Overhoused within TCHC. This report also outlines the approach Management is proposing to take with respect to ensuring that all currently Overhoused households are right-sized in accordance with the rules set out in the *Housing Services Act* and the City of Toronto’s (the “City”) RGI Administration Manual.

### **RECOMMENDATIONS:**

It is recommended that the Board receive this report for information.

### **TSC:**

This report was received by the TSC on February 5, 2024.

## REASONS FOR RECOMMENDATIONS:

### **Background:**

RGI households are considered Overhoused when residing in units with more bedrooms than they are eligible for, as per the unit size eligibility guidelines set out in the City's Local Occupancy Standards.

TCHC is required, by the City, to have a transfer procedure for Overhoused tenants, ensuring compliance with the requirements and eligibility rules outlined in the City's Rent-Geared to Income Administration Manual ('RGI Manual') and the *Housing Services Act*. The procedure outlines TCHC's support for households identified as Overhoused, facilitating their move to appropriately sized units based on eligibility through the 'right-sizing' process.

For households to maintain their RGI subsidy, it is mandatory to report any changes in household composition and relocate to a right-sized unit. The 'right-sizing' practice also addresses the ongoing housing crisis and ensures households occupy units aligned with their eligibility criteria, and frees up scarce larger units, catering to families in urgent need.

Tenant choice is a key element of TCHC's Overhoused Procedure. Tenants have a critical role to play at every stage of the process. Importantly, households cannot face eviction for being Overhoused, as eviction is not a solution within the *Housing Services Act* for this situation.

During the COVID-19 pandemic, TCHC temporarily suspended its Overhoused procedure. During this period, TCHC utilized the time to update the procedure, aligning it with recent regulatory changes to the *Housing Services Act* and with the rollout of the City's new choice-based offer process and the Rentcafe waiting list system. The new process, including its application to currently overhoused households, is outlined in the City's RGI Administration Manual and TCHC's associated Standard Operating Procedure, and will be implemented beginning in Q2 2024 in collaboration with the City of Toronto and as outlined in this report.

Table 1 – Summary of procedural changes

Previous Procedure	Current Procedure
Tenants are required to select a number of developments from which they will receive offers	Tenant must select five geographic City wards from which they will receive offers
The process whereby tenants are matched with units is administered primarily by TCHC	The process whereby tenants are matched with units is administered by the City of Toronto's Access to Housing team through the Rentcafe application. The application incorporates a high degree of choice into the process for tenants.
Tenants can receive and decline two offers, and if they decline their third offer, they are rendered ineligible for RGI subsidy	Tenants who decline the first offer are rendered ineligible for RGI subsidy

### Overhoused Procedure

The process initiates with the household being notified of their Overhoused status through an Overhoused Notice of Decision (“NOD”) letter. Following this notification, the household’s Tenant Services Coordinator engages to assist and navigate the tenant through the process. Should a tenant disagree with their Overhoused designation, they have a 30-day window from receiving the NOD letter to request a review of the decision. These reviews are conducted by TCHC staff, separate from the local hub teams.

Once designated as Overhoused, tenants receive communication from the City’s Access to Housing team, instructing them on how to activate their Rentcafe account. Tenants are required to select five wards within the Rentcafe system, enabling them to browse individual unit listings and bid on their preferred options.

If a tenant remains identified as Overhoused for over 12 months from the NOD issuance date, the process changes.

At this stage, the tenant/family becomes subject to the ‘one offer rule’ mandated by the *Housing Services Act*. Under this rule, if a tenant/family declines an offer or opts out of the Overhoused process entirely, they receive an NOD for Loss of Subsidy. Consequently, the household is removed from the City’s Centralized Waiting List, notified of the loss of their RGI, and

required to pay market rent for their current unit. Loss of Eligibility for RGI Subsidy decisions can be appealed to the City of Toronto's RGI Eligibility Review Body.

Tenants retain the right to request a decision review at two specific stages:

- At the Notice of Decision phase, tenants can request TCHC to review the Overhoused decision; and
- At the Loss of Subsidy phase, tenants have the option to request the City review the Loss of Subsidy decision.

Tenants have the option to request an exception to continue residing in their current unit through two existing processes, both of which are set out in the City's RGI Administration Manual:

- ***Request for Additional Bedroom process:*** If a household is too small by only one bedroom, they may apply to add someone to the household, so they are eligible for an additional bedroom. Upon approval, this adjustment deems the household 'right-sized', resolving the Overhoused status. Requests for additional bedroom are assessed centrally within TCHC (Program Services) and must comply with the rules set out in the City's RGI Administration Manual.
- ***Addition to the Household process:*** Any additions to the household must comply with the *Housing Services Act* and undergo assessment based on TCHC's existing *Addition to the Household* process.

### **Backlog of Households**

The current backlog of Overhoused households in TCHC's portfolio is approximately 2,100 families. Several factors have contributed to this situation:

- Previous rule structures;
- COVID-related pause on all unit transfers;
- Implementation of the City's choice-based system; and
- Implementation of the Provincial legislation change to the *Housing Services Act's* 'one offer rule'.

Prior to the implementation of the choice-based system, Overhoused households were able to choose specific buildings for transfer. Sometimes, they opted for buildings with minimal turnover, leading to no offers being made to them for extended periods, with some households remaining in Overhoused status for several years. Households also had the ability to

decline three offers before affecting their RGI status. This resulted in households remaining in Overhoused status for many years (with the oldest Overhoused cases dating to the early 2000s).

The new process enables tenants to receive offers from a wider array of developments by mandating the selection of five wards for potential unit bids. The implementation of the City's choice-based system via Rentcafe introduces a crucial element of tenant choice into the process. Additionally, the provincially mandated 'one offer rule' aims to expedite the process of right-sizing households compared to the previous system, freeing up larger units for eligible families in need.

### **Communication Support**

TCHC's Overhoused procedure is supported by a comprehensive communications plan. This plan involves informing City Councillors, the Mayor's office, and elected officials about the Overhoused process, along with providing them with designated contacts for constituent inquiries. Additionally, FAQs and essential messages have been developed for TCHC staff to address questions from impacted tenants and families.

Regarding media engagement, TCHC is adopting a reactive position, responding solely to Overhoused inquiries as they arise. Considering the personalized nature of each tenant/family circumstance, proactive social media content on Overhoused situations will not be initiated. However, the social media team will stay informed about the process to appropriately guide tenants/families to their designated Tenant Services Coordinator if inquiries are received. The digital services team will update the website with information related to TCHC's Overhoused Procedure. For more information on communications support, refer to Attachment 2.

### **IMPLICATIONS AND RISKS:**

Proceeding with the outlined plan to get all historically Overhoused households into compliance with the City and Provincial rules is a requirement for all housing providers in Toronto. This is direction from the Shareholder, delegated to the Service Manager, and is a necessary action to free up badly needed larger units for families who have been waiting for an appropriately sized subsidized housing unit for many years. This action plan reflects TCHC's imperative to responsibly manage this valuable public asset (allocation of subsidized units) in the face of a city-wide housing crisis.

**SIGNATURE:**

*“Nadia Gouveia”*

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Nadia Gouveia  
Chief Operating Officer (Acting)

**ATTACHMENTS:**

1. City of Toronto RGI Manual: Unit Size Eligibility Guidelines
2. Summary Deck – Joint Presentation: TCHC and Housing Secretariat

**STAFF CONTACT:**

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Item 13B – Process Update – Overhoused Households  
Public Board of Directors Meeting – February 15, 2024  
Report #: TCHC:2024-14  
**Attachment 1**

From [City of Toronto RGI Administration Manual, Sept 2023: Unit Size Eligibility Guidelines](#)

### **How many bedrooms does a household qualify for?**

For determining the number of bedrooms, a household qualifies for, a child is less than 18 years of age. Once a person is 18, they are considered an adult. Toronto's Local Occupancy Standards for RGI households specify the following:

- Household members who are spouses must share a bedroom; two persons who live together are considered “spouses” if the social and familial aspects of the relationship amount to cohabitation, and one of the following cases applies:
  - o One individual provides financial support to the other.
  - o The individuals have a mutual agreement or arrangement regarding their financial affairs.
- For adult household members other than spouses, there must be one or two adults per bedroom.
- For children these conditions apply:
  - o If acceptable to the household, children of different genders may share a bedroom.
  - o If the unit contains three bedrooms or less, there may be one or two children per bedroom.
  - o If the unit contains more than three bedrooms, the following apply:
    - There may be one, two or three children per bedroom.
    - The shared bedroom must provide the minimum space required under the City's Municipal Code Property Standards.
- A single parent may share a bedroom with a child if the applicant wants to share.
- Bachelor units are normally given to single persons, but two spouses or a parent and child are eligible for a bachelor unit if the applicant requests it.



# Overhoused Process

## TCHC Board of Directors - Overview and Approach

February 15, 2024



# Project Objectives

- Implement the revised Overhoused (OH) Process with TCHC tenants, including:
  - Bringing currently OH households into compliance with the rules;
  - adherence to revised provincial legislation; and,
  - integration with the City's RentCafe platform.
- The project will focus on:
  - Clear and proactive communication with tenants, staff, and stakeholders
  - Consistent application of the rules laid out in the Housing Services Act and the City of Toronto's RGI Manual

# Definitions

## Overhoused

An RGI household living in a unit with more bedrooms than they are eligible for under the Local Occupancy Standards

For example, a couple whose two children have grown up and moved out and they remain living in a three-bedroom unit

## Rules

Set out in Housing Services Act and City of Toronto RGI Administration Manual

Mandatory process for 'rightsizing' a household

Fair, equitable and allows options for households to remain in communities where possible

Includes process where household is deemed ineligible for RGI if they are over-housed after the mandatory process

# City Objective

**City objective** – optimal use of a limited resource to benefit the highest number of eligible individuals

Housholds on the TCHC Overhoused list: ~2100

17,000 households on the CWL waiting for 3+ bedroom units

Average length of time Households have been overhoused: 3170 days

"In a city with thousands of individuals and families waiting years for subsidized housing, it is vital to ensure that the people who live in RGI units are eligible to receive assistance; otherwise, people who are in need of housing assistance and on the waiting list will wait even longer when RGI units are occupied by others who are not eligible" Auditor General City of Toronto, 2019 report - *Safeguarding Rent-Geared-to-Income Assistance: Ensuring Only Eligible People Benefit*

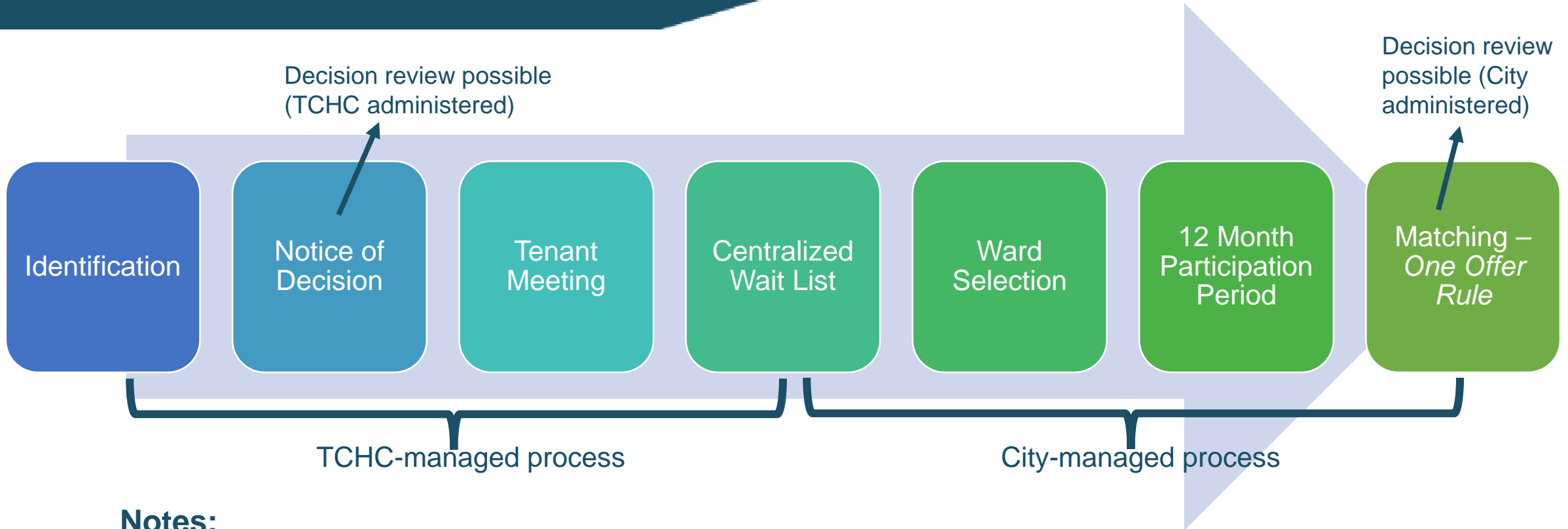
# Backlog of Households

- The current backlog of OH households in TCHC's portfolio is approximately 2100
- This is a result of a number of factors including:
  - The way the previous rules were structured
  - Covid-related pause on all unit transfers
  - Implementation of the City's choice-based system
  - Implementation of the Provincial legislation change to the HSA – 'one offer rule'
- Proceeding to get all backlogged OH households into compliance is a requirement:
  - From the Service Manager
  - To free up larger units for families on the waiting list who are eligible for them
  - For responsible management of a valuable public asset in the face of a housing crisis

# Previous Process

- Prior to the implementation of the choice-based system, OH households were able to choose specific buildings to transfer to
- Households sometimes chose buildings with very low turnover, resulting in no offers ever being pushed to them (sometimes over many years).
- Households also had the ability to decline three offers before affecting their RGI status
- This resulted in households remaining in OH status for many years (oldest OH cases are from early 2000s)

# New Process



## Notes:

- There is NO eviction specifically related to Overhoused
- Eviction does become a possibility if a household loses their subsidy, is charged market rent, and then goes into arrears
- At any point in the process a tenant can choose to pay market rent and remain in their unit

# Reviews and Exceptions

- Tenants can request a decision review at two points in the process:
  - At the Notice of Decision point (review done by TCHC)
  - At the Loss of Subsidy point (review done by City – Housing Secretariat)
- Tenants may request an exception through the *Request for Additional Bedroom* process
  - Process governed by City’s RGI Administration Manual and implemented by TCHC
- Tenants may request an *Addition to the Household*
  - Process governed by City’s RGI Administration Manual and implemented by TCHC

# Next Steps

- The process to clean-up this backlog has been planned in collaboration with the City and began rolling out in June 2023 with a very small pilot group (<150 households).
- The remaining households are proposed to be added to RentCafe over the next several months, beginning with the households that have been overhoused for the longest.
- All households will remain on RentCafe for 12 months before they enter the 'one-offer' stage where they could lose their subsidy.
- Extensive tenant, staff and stakeholder communications has been planned



# Risks

Risk	Mitigation
Inconsistent messaging to tenants/ Staff not well equipped to respond to tenant issues	<ul style="list-style-type: none"> <li>- Communications plan drafted for roll-out</li> <li>- Training sessions scheduled with staff including complex scenario role-playing and Q&amp;A sessions with A2H team</li> <li>- Ongoing check-ins planned with Supervisory teams to ensure messaging is clear and consistent</li> </ul>
Accurate Information for Stakeholders	<ul style="list-style-type: none"> <li>- Proactive communications and education planned with councillors' offices and mayor</li> <li>- Working collaboratively with the City on Communications planning</li> <li>- City and TCHC have agreement that consistency is essential and the rules will be applied consistently</li> <li>- Deviations from the rules in exceptional cases will only be possible with Service Manager consent</li> </ul>
Increased resource pressure related to appeals and exceptions process	<ul style="list-style-type: none"> <li>- Phased approach to roll-out will allow for monitoring of resource pressures at TCHC and City</li> <li>- Each phase can be extended if resource pressure exceeds what is manageable for the teams involved</li> </ul>
Potential for increased accumulation of arrears in late 2024 and into 2025	<ul style="list-style-type: none"> <li>- Working with Service Manager to identify possible solutions post-conclusion of roll-out to manage a potential increase in Loss of Subsidy cases resulting in arrears accumulation</li> </ul>



Thank you.  
Do you have any questions?