BRIDGING THE GAP:
Regina Landlords and Renters on Social Assistance

Research Synopsis
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Supplementary Material: Please view the “Bridging the Gap” documentary at vimeo.com/30740948 or at www.carmichaeloutreach.org
For over 20 years, Carmichael Outreach, a non-profit community based organization, has served those who are marginalized in Regina. In recent years Carmichael Outreach clients have experienced barriers in obtaining and keeping stable, affordable housing. As a result, many have found themselves in precarious housing situations: overcrowded houses, couch-surfing at friends' and family's homes, staying in shelters, detoxification centres or even out on the streets. Most Carmichael Outreach clients live in rental properties: private rental accommodation or in social housing.

It is a difficult time to find housing in Regina, especially for those with inadequate income. With Regina's vacancy rate consistently below one per cent across all rental units, our experience tells us that lower-cost units are in very high demand. Social assistance recipients and other low-income renters face particular hardships in finding a place to rent. There are numerous barriers faced by renters receiving social assistance: not having sufficient income to pay increasing rent prices; not being able to supply a cash security deposit; not having any positive landlord references; and having one’s name listed on a “bad tenant list”. Recently, we have observed that many property owners and managers have stopped renting to people who receive social assistance.

The intent of our research project was, first, to find out if there were any common reasons why so many Regina property owners and managers were no longer renting to social assistance recipients. Second, we wanted to identify policy changes that might influence property owners and managers to rent to a greater number of people receiving social assistance or begin to rent to them again in cases where they had stopped. In short, we wanted to see if there were some practical solutions that would improve the chances of renters on social assistance finding a safe, affordable place to live in Regina.

The first stage of the research project was to conduct interviews with property owners, property managers and organizations that represent landlords in Saskatchewan. I spoke with two property owners. One was Jason Hall whose company Hall Rental Properties owns around 150 ‘doors’ in Regina. Jason is also the President of the Regina Landlords Association. The other was David Hansen, who also owns around 150 ‘doors’. I spoke with Maynard Sonntag, the General Manager of Silver Sage Housing Corporation, which offers social and affordable housing to First Nations peoples. I spoke with Chanda Lockhart, the President of the Saskatchewan Rental Housing Industry Association. Last, I interviewed Shawn (who did not want his last name used) who owns Shawn’s Property Management, the largest rental property management business in Regina. Shawn manages around 550 ‘doors’ in Regina.

The interview questions were formulated from our organization's previous experience in helping people try to find rental housing. I asked each of the interviewees seven questions:

1. What criteria do you use to determine who you rent to? (For example, previous landlord references, credit checks, tenant registry, proof of employment, etc.)

2. Does your company rent to people receiving social assistance? If no, why not? How long has this policy been in place?

3. What has been your previous experience with renting to individuals who receive social assistance?
4. Do you accept the letter of guarantee\(^1\) in lieu of a security deposit? If no, why not?

5. What would make you more willing to rent to low-income individuals?

6. Are there any policy changes you'd like to see from Social Services? (For example: letter of guarantee vs. cash security deposit, an increased shelter allowance or direct deposit of rent cheques)

7. Can you tell me about the Tenant Registry\(^2\)? Is there a way to get your name removed from it?

After compiling the answers it was clear that there are two main reasons property owners and managers were more reluctant to rent to people receiving social assistance than they were to other prospective tenants.

I - Social Assistance Tenants are Perceived as Higher Risk Tenants

While most expressed that the majority did not pose a problem, a minority of renters on social assistance are giving the rest a bad reputation. The same people appear to be causing problems over and over again. As a result, renters on social assistance are generalized as abusing the system, damaging rental properties without care or consequence and not paying their rent.

Another issue is accountability both of the tenants and Ministry of Social Services caseworkers. There is the sense that tenants are not held responsible for damages they cause because the letter of guarantee simply gets paid out and they move on to the next rental.\(^3\) There is frustration that there is no legal recourse for getting back damages exceeding the amount of the letter of guarantee. According to those interviewed the guarantee amount rarely covers the repairs required after some renters on social assistance have moved out and have left extensive damages. One interviewee estimated that repairs to damaged property cost their business more than a million dollars per year. When looking at their return on investment, many property managers felt that they would rather just not rent to people on social assistance. Government is not able or will not provide the amount of money that would be needed to repair damages.

All those interviewed do still rent to those on social assistance, though for some it is rare. Two of the landlords said they will likely stop renting to people on social assistance very soon, mostly due to the existing policy of the letter of guarantee. One property manager said that more and more of his landlord clients are asking him not to rent to people on social assistance anymore.

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The letter of guarantee refers to a letter issued, in lieu of a cash security deposit, to a property owner or manager when a unit is rented by a person whose rent is being paid by shelter allowance through the Ministry of Social Services in Saskatchewan. It guarantees an amount up to equal the amount received for shelter allowance.

\(^2\) The tenant registry, blacklist or bad tenant list has become something of an urban myth in Regina. Many renters had expressed frustration that their name had somehow gotten onto a blacklist and that no landlord would rent to them anymore. Other service providers that help people find housing had expressed similar frustrations with a system that appeared to target low-income renters. We wanted to find out if such a list in fact existed, whether there was one master list or several lists, and how people's names were added or deleted from the list.

\(^3\) A guaranteed security deposit paid to the landlord is considered an overpayment as specified in The Saskatchewan Assistance Act Section 13.1 (5). When a claim is successfully made against the security deposit guarantee, the amount claimed must be paid back by the tenant.
The property owners and managers are, in many ways, taking measures that already protect them from having their properties damaged further. One approach is the use of landlord references when reviewing applications for a rental unit. All of the property owners and managers that I spoke with require one or more landlord references from prospective tenants. These need to be stellar references or they will not be rent to that individual or family. All property owners and managers interviewed use them as their main screening criteria.

Another tool is keeping a registry of those who owe money or have done damage to a rental property. All of those interviewed had some sort of tenant list they checked before renting to prospective tenants. One used their own list; another used the Saskatchewan Rental Housing Industry Association’s Tenant Registry; and others use the Regina Landlords Association’s Bad Tenant List. In all of these cases the tenant’s first and last name was identified. An individual’s or family’s name can be removed from these lists by paying money owed for damages to the landlord who placed their name on the list.

**II - Dissatisfaction with the Ministry of Social Services-Issued Letter Guaranteeing Security Deposit**

The biggest deterrent for property owners and managers renting to people on social assistance is the so-called *letter of guarantee*. According to the Saskatchewan Assistance Plan Policy Manual, the Security Deposit Policy reads: “Rather than providing funds at the commencement of a tenancy the security deposit is guaranteed. Security deposits may be guaranteed, in most cases, when clients move.” This means that no cash or cheque is provided to the property owner or manager when a tenant on social assistance moves into their property, rather, a letter from the Ministry is provided stating that the deposit is guaranteed.

Another complaint was that the amount the letter guarantees. It does not cover the full amount of the security deposit. Instead, “The guaranteed amount is the approved shelter allowance.” Any amount beyond what is given for shelter allowance is then the responsibility of the tenant.

A more recent problem is that property owners and managers claim they have been getting letters from the Ministry of Social Services stating that the security deposit guarantee will become null and void in 90 days, even though the tenant remains there. Those who had received such letters said they did not understand why this was happening and that they had tried to find out from the Ministry of Social Services but, in their opinion, had not received an adequate explanation.

Several interviewees expressed frustration with trying to claim the security deposit in the event of damages. Specifically, they said that the period to make a claim against the security deposit guarantee was too short. According those interviewed, property owners and managers only have seven days to make a claim.

In general, there was great dissatisfaction with the *letter of guarantee*. It is perceived by the property owners and managers as “worthless”, “stupid”, and “frustrating”.

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5 Ibid.
III – Other Issues

**No Option for Direct Deposit of Rent Cheque:** Three of the interviewees would like to have the option of having their rent paid by direct deposit rather than leaving the responsibility to the tenant.

**Insufficient Shelter Allowance:** All interviewees felt people on social assistance should get more money for housing.

**Leases:** Two interviewees disliked the fact that people on social assistance are either not allowed to sign a one-year lease or do not have to honour it if they do sign it.

IV - Possible Solutions

**More Investment in Government-Subsidized Social Housing**
Since there is a perception that there are risks associated with renting to those receiving social assistance there is a sense in the private rental market that the government should be responsible for providing social housing for those who are the most difficult to house. There is not a good enough return on investment for providing housing to low-income people and so the private market is reluctant to take on the responsibility. It is not viewed as being worth the money for private landlords to supply social assistance recipients with housing, especially given that there are plenty of working people competing for the same rental units.

**Changes to Security Deposit Policy**
Some ideas offered by the property owners and managers are to either make changes to the *letter of guarantee* or to get rid of it all together.

Possible changes property owners and managers would like to see:
- to issue only one *letter of guarantee* to a person and if that person damages a property he or she must face greater consequences;
- to offer cash or a cheque for the security deposit instead of the *letter of guarantee*;
- to increase the amount of the *letter of guarantee* to a full month’s rent in all cases;
- to have the Ministry of Social Services pay the full amount required to repair any damages caused by tenants on social assistance; and
- once the *letter of guarantee* is issued it must remain valid until the tenant moves out of the property.

**Changes to Shelter Allowance**
Though this was not as major of an issue as the first two, there was agreement that the money available for housing, whether through shelter allowances or rental subsidies, should be increased. Renters on social assistance are often unable to find anything in their price range. Some will then rent a property that is out of their price range hoping that they will be able to make up the difference somehow. Often this means that tenants will be late on paying their rent or are unable to pay the full amount. Finding a rental property would be easier if shelter allowances kept better pace with the average cost of rent in
Regina. At present shelter allowance for an unemployable single person is $459 a month\textsuperscript{6} while the average rental price for a one bedroom apartment in Regina is $770.\textsuperscript{7}

V- Conclusion
While some of those interviewed were planning on continuing to rent to people on social assistance it was clear that it would only be to those who have two or more good landlord references and who are not on any bad tenant list. It would also give renters on social assistance an advantage to have a cash security deposit as well if they are going to have a chance of securing rental accommodation in such a tight market.

Many renters receiving social assistance could prove to be ideal tenants but are not given the chance to rent a place because of the barriers they are faced with. Some barriers are more difficult to address, such as the stigma that people on social assistance trash houses. The few that do damage rental houses are causing all renters on social assistance to be viewed as risky and less desirable tenants. It is a stigma that will be difficult to overcome.

There are, however, some barriers that can be addressed through simple policy changes. It is our hope in conducting this research that these options will be seriously considered. If something does not change, many otherwise good tenants will continue to have significant challenges finding a home simply because they receive social assistance. A comment made by one of the interviewees stuck: “There’s a lot of tenants out there on assistance and they have to have somewhere to live. They deserve a clean home. They shouldn’t be living in squalor just because they’re on assistance. If they prove to be bad tenants and they’re on assistance that’s another story. It’s a very separate issue.”

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\textsuperscript{6} Government of Saskatchewan, Ministry of Social Services. (October, 2011). Saskatchewan Assistance Rates. Some SAP recipients are eligible to receive the Saskatchewan Rental Housing Supplement as well.

\textsuperscript{7} Canadian Mortgage and Housing Corporation. (2011) Rental Market Report, Saskatchewan Highlights.