CITY WIDE IMPLICATIONS

CITY OF HAMILTON

COMMUNITY SERVICES DEPARTMENT
Employment, Housing and Long Term Care Division

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<th>Report to:</th>
<th>Chair and Members</th>
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<td>Social Services Committee</td>
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<td>Submitted by:</td>
<td>Joe-Anne Priel</td>
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<td>General Manager</td>
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<td>Community Services Department</td>
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<td>Date:</td>
<td>March 6, 2006</td>
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<td>Prepared by:</td>
<td>Cathy Buffett x4811</td>
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<td>Betty Lou Purdon x4329</td>
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SUBJECT: Emergency Shelter Funding Pressures (SSC06003) (City Wide)

RECOMMENDATION:

(a) That the General Manager of Community Services be directed and authorized to give six months' notice to Emergency Shelter programs and services which will no longer receive Ontario Works per diem funding, effective October 1, 2006.

(b) That staff continue to work with the Association of Municipalities of Ontario (AMO) and the Ontario Municipal Social Services Association (OMSSA) to lobby the Ministry of Community and Social Services (MCSS) to increase provincial funding to the emergency shelter programs and services.

(c) That Council request MCSS adequately and appropriately fund all costs associated with shelter, food and personal support services for homeless persons in emergency shelters.

Joe-Anne Priel
General Manager
Community Services Department

EXECUTIVE SUMMARY:

The City administers cost-shared funding to provide emergency shelter services for homeless individuals.

There were a number of gaps in the emergency shelter programs that were identified by the community in the 1990s. Working with the Good Shepherd Centre-Hamilton (GSC), the City and Province responded by funding new emergency shelter options for homeless women and youth. These included Brennan House, Mary's Place, Notre
Dame House and Sommerville House. The establishment and funding of these facilities was supported by both the City and the Ministry of Community and Social Services (MCSS).

A Provincial Audit of the Public Health and Community Services Department was conducted in 2001 and the emergency shelter program was identified as being in non-compliance with the definition of emergency hostel services, under the *Ontario Works Act, 1997*. Staff met with MCSS at that time, and there was agreement to continue funding the programs until mutually acceptable solutions could be found. The same non-compliance issues were flagged in a 2003 internal audit initiated by the General Manager of Public Health and Community Services.

During the past two years, City staff, the local MCSS office and GSC have met regularly to explore various resolutions to these issues. At the present time, cost-shared emergency per diem funding ($39.15 per occupied bed per night) is intended for basic emergency shelter services only (food and lodging). All parties agree that the personal support services offered to homeless women and youth at each of the above facilities are critical to appropriately service the individual target populations. However, it is clearly acknowledged that the funding of personal support services through the emergency shelter per diem funding is no longer appropriate for cost-sharing under current provincial legislation.

In order to come into compliance with emergency shelter funding within the *Ontario Works Act 1997*, the City must either cut funding for personal support services in emergency shelters offered by the GSC in the four facilities listed above or fund the services at 100% municipal cost. There is significant impact to the community by withdrawing the services provided in 2006.

In the absence of appropriate cost-shared funding, staff recommends that the City come into compliance with provincial requirements for the funding of emergency shelters, associated personal support services for homeless youth and women in 2006. This means that these personal support services will no longer be eligible for cost shared funding, and that six months’ notice should be given to the Good Shepherd Centres so that the organization is able to manage the impact on their budgets and operations. Staff will continue to work with our government partners to find alternate funding.

**BACKGROUND:**

Ending homelessness requires a co-ordinated effort directed at prevention and provision of emergency shelter services and other housing options, along with personal support services aimed at stabilizing the lives of those vulnerable to homelessness.

Emergency shelter services in Ontario are provided by municipal service managers (City staff) with cost-shared funding (80/20). Emergency shelters invoice municipalities for actual use of “beds”, and receive “per diem” funding. This “per diem” funding is currently intended to cover basic emergency shelter services, which include accommodation, meals/snacks, intake and basic supervision. The approved cost-shared rate for emergency shelter per diem funding used at the time of this report is $39.15 per night per actual bed occupied.
In the 1990’s, the definition of “emergency hostel/shelter services” under the *General Welfare Assistance Act* was broader and funded basic emergency shelter services provided by emergency hostels or shelters. In addition, the emergency shelter per diem funding also supported “emergency shelter/hostel services”, which included the personal support services designed to assist those persons living in shelters to connect with the mainstream system of community resources, develop personal and social resources, and included support to finding and maintaining longer-term housing.

During the 1990’s, the city partnered with the Province and Good Shepherd Centre-Hamilton (GSC) to respond to emerging gaps identified by the community in the emergency shelter system, in order to assist targeted homeless individuals, specifically women and youth. New programs received council approval for funding as follows:

- Brennan House was a direct response to the Street Youth Task Force, 1990. The former Region entered into a subsidy agreement with the Good Shepherd Centres for emergency hostel services at Brennan House, effective October 1, 1991 (Health and Social Services Committee Report 14-91, Item d). (Attached as Appendix A to Report SSC06003.)

- Mary’s Place resulted from the work of the Emergency Housing for Women with Mental Illness Working Group, which was established following the inquest into the death of a psychiatrically disabled woman who froze to death in Hamilton. The former Region entered into a subsidy agreement with the Good Shepherd Centres for emergency hostel services at Mary’s Place, effective June 1, 1995 (Health and Social Services Committee Report SOC 95-147, Item 4.7). (Attached as Appendix B to Report SSC06003.)

- Notre Dame House was the result of the recommendations of the Youth Sub Committee of the Food and Shelter Advisory Committee. The former Region entered into a subsidy agreement with the Good Shepherd Centres for emergency hostel services at Notre Dame House, effective January 30, 1998 (Health and Social Services Report SOC 97173, Item 3.12). (Attached as Appendix C to Report SSC06003.)

- Sommerville House was a response to a need identified by the community during the Provincial Task Force on Supports and Services to the Homeless in March 1998. The former Region entered into a subsidy agreement with the Good Shepherd Centres for emergency hostel services at Sommerville House, effective December 1, 1998 (Health and Social Services Report SOC98178, Item 4.3). (Attached as Appendix D to Report SSC06003.)

With the joint approval of the Ministry of Community and Social Services, all of the above listed shelters, and the associated personal support services for homeless women and youth, were appropriately funded through the emergency shelter per diem funding. Funding of emergency shelters and personal support services was permitted under the “old” *General Welfare Act*. However, the funding of “personal support programs” using emergency shelter funding was no longer considered appropriate under the *Ontario Works Act, 1997* when it was enacted.
The *Ontario Works Act 1997* produced a much more restrictive use of the funding. Under this new act, “emergency hostel services” meant only the provision of “board, lodging and personal needs” to homeless persons on a short term, infrequent basis. It currently does not include funding the provision of personal support services using emergency shelter per diem funding. This change in the intent of the emergency shelter funding mechanism did not become apparent until late 2001.

The City became aware of this in the fall of 2001, when the Ministry of Community, Family and Children’s Services communicated that province wide issues existed concerning the operation of emergency shelters. Subsequent to the provincial audit, the General Manager, for the Public Health and Community Services Department (PHCS), requested an internal audit in order to assist the Department with identifying areas of risk that required system management solutions. This internal audit occurred in 2002, and the results were presented to the Audit Subcommittee in February 2004.

At the same time that the Internal Audit was occurring, PHCS dedicated a project management team to conduct a Business Process Review (BPR) to:

- Review the Internal Auditor’s report;
- Review the Provincial Auditor’s report;
- Verify and document current program and financial practices;
- Conduct a provincial best practises review; and,
- Develop recommendations for current management of the emergency shelter system.

The majority of the issues highlighted in the audits and the BPR related to documentation, invoicing, collection and analysis of performance measures, tracking systems. Since February 2004, most of the emergency shelter management issues identified in the audits and the BPR have been resolved. Since late 2003, staff have been working, with the local MCSS office and GSC, to resolve the funding challenges for the much needed personal support services provided at all four facilities (Brennan, Sommerville, Notre Dame and Mary’s Place). See Appendices A through D to Report SSC06003 to review the program descriptions of these facilities and the additional personal support services that can no longer be funded using emergency shelter per diem funding. All parties agree that the personal support services offered through each of these programs are critically important to adequately support homeless women and youth, to assist them along the continuum from absolute homelessness to longer term housing.

With the assistance of the Ministry of Children and Youth Services and the Ministry of Community and Social Services, a solution for funding personal support services for Brennan House has been found. Additional funding has been accessed through the two ministries and with funding from Hamilton Wentworth Children’s Aid Society to sustain the personal support services. The cost shared emergency shelter per diem funding will continue to fund the basic shelter services for Brennan House.

However, full funding solutions have not been found for the personal support services provided at Mary’s Place, Notre Dame House and Sommerville.
ANALYSIS/RATIONALE:

The challenge of appropriately and adequately funding personal support services for homeless persons has been recognized across the province. In late 2005, the OMSSA Task Force on Emergency Hostel Funding released its final report on the inadequacy of the funding formula for emergency shelters and related support services. Similar to the January 2006 City of Toronto Briefing Note, the OMSSA Task Force report reinforces the need for funding of emergency shelters to provide an adequate per diem rate that covers the costs of administration, capital reinvestment, board, lodging and the provision of personal support services to assist homeless persons to move along the continuum of housing. The Task Force Report proposes a new definition of emergency shelter services and the establishment of a per diem rate, based on facility size and target population. This report will be presented to MCSS for policy consideration in 2006. This initiative may result in a permanent solution to the funding of personal support services in all emergency shelters.

A number of solutions have been investigated jointly by City staff, MCSS staff, and GSC to appropriately fund the personal support services at Mary’s Place and Notre Dame House at Sommerville.

The financial impact of withdrawing the non-allowable annualized cost-shared per diem funding for the personal support services is as follows for 2006:

- Mary’s Place - $214,350
- Notre Dame House - $171,477
- Sommerville House - $257,216

The gross annual funding for these services amounts to $643,043 and is not considered cost-shareable.

Mary’s Place was approved for new development using federal funding from Supporting Community Partnerships Initiative for the capital project. It is scheduled to be built during 2006. The department’s maintenance budget is based on the increasing the actual bed capacity to 20 beds. Mary’s Place currently has only 10 actual beds. It is acknowledged that there will be a deficit for personal support services for this facility.

The primary issue with Sommerville is that it provides important personal support services for homeless women with long history of abuse, addictions and mental health issues. The Good Shepherd Centre is currently pursuing alternate funding of this program through the Ministry of Health and Long Term Care. Staff from MCSS and the City are active in their support of this appropriate solution, but it is not imminent.

Notre Dame House poses the most complex funding issues. Notre Dame provides many personal supports to those youth housed at the shelter, and for those living on the streets (Attached as Appendix C to Report SSC06003). At its inception, the shelter was partially funded by Human Resources and Skills Development (HRSD), the Province and the City’s Emergency Shelter program. In 2001, the federal government withdrew approximately $200,000, as this funding did not meet the criteria for HRSD employment programs. The Province provided one-time funding in 2001 and 2002 to offset this pressure. Since that time, the City and the Province provided some other assistance in
the form of homelessness funding and other cost shared funding. However, this can no longer be sustained. In 2006, there will be a pressure of $134,000. This funding pressure is in addition to the 2006 emergency shelter per diem pressure for Notre Dame for personal support services in the amount of $171,477.

Staff conducted a comparative review of youth shelters in Brantford, Toronto, Ottawa and Peel. The program offered at Notre Dame House is most closely mirrored by the Emergency Shelter at Covenant House in Toronto. Staff has confirmed that the actual operating daily costs for programs and services at Notre Dame are very comparable to the Toronto-based Covenant House. The daily per diem rate for emergency shelter and personal support services at Covenant House is $210, at Notre Dame it is approximately $200.

Within Hamilton, most of our shelters are unable to provide the level of personal support services provided 24 hours a day at Notre Dame, Brennan House, Sommerville and Mary’s Place. Shelters are largely forced to close or provide minimal services during day time hours, which also leads to an increase in visible homelessness. Shelters must minimize the number of staff working each day in order to manage within the Provincial per diem.

The City of Toronto flows additional funds to emergency shelter providers, which result in an average rate of $63.95 per day in order to sustain personal support services required to maintain safe and appropriate service. 77% of Toronto’s shelters have per-diem rates above the provincially capped per diem. Toronto directly operates five shelters and the 2006 operating per diems are estimated to be in excess of $81.00 per day. This is a significant municipal burden for a city that reports having 4,100 shelter beds. In a January 2006 briefing report to the City's Budget Advisory Committee the General Manager for Toronto’s Shelter, Support and Housing Administration stated that, “the impact of the provincial funding cap on shelter per diems is placing an increasingly unsustainable financial burden on the City. For 2006, the City is faced with an estimated $29.1 M pressure.”

The sum of the issues described in this report brings the total annualized funding pressure for 2006 to $777,042. Without the additional funding for personal support services, these four shelters would return to the previous custodial model, a system that focused on board/lodging of clients versus support and assistance that is currently in place. A custodial model places additional pressures on other public services such as hospitals, police and emergency services (City of Toronto Briefing note, January 2006 Attached as Appendix E to Report SSC06003).

**ALTERNATIVES FOR CONSIDERATION:**

Few options can be constructed in order to ensure that the personal support services continue to be funded at the four facilities without net levy impact. Staff has committed to provide GSC with six months’ notice when funding will be discontinued for the personal support services at Sommerville, Mary’s Place and Notre Dame House. MCSS would prefer to be “in compliance” of the intent of the emergency shelter per diem funding effective January 1, 2006, however the regional office is prepared to continue the
cost-shared funding until September 30 2006. It is important to note that the option discussed in this report does not provide any funding solutions for these three facilities beyond September 30, 2006.

Discontinuation of funding could result in a loss of many critical personal support services for vulnerable women and youth. The loss of services would include the meal program, school programs, shower and laundry facilities for 80 street youth each month, and aftercare/counselling for more than 170 women each month who are either homeless or at risk for homelessness. This will significantly increase the visibility of homelessness on the streets of Hamilton.

The recommended course of action provides funding for the shelters using the existing cost shared emergency shelter per diem funding until September 30, 2006. Effective October 1, 2006 the shelters would be funded only for basic emergency shelter services for actual bed occupancy for the remainder of 2006. The recommended action includes partial (pro rated for 9 months) funding of the additional $134,000 historical (due to the withdrawal of HRSD support for employment programs in 2001) annual funding pressure at Notre Dame House.

The Good Shepherd Centres will either find alternate funding or terminate the personal support services/programs effective October 1, 2006. The City will continue to be in non-compliance with the Ontario Works Act, 1997 until September 30, 2006. The net levy costs associated with the recommended action is the city’s share of the cost-shared emergency shelter per diem funding for the personal support services from January 1 until September 30, 2006 in the amount of $196,692.
FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

The financial implications of the recommendation to continue funding for the personal support services at Mary’s Place, Notre Dame House and Sommerville until September 30 2006 are summarized as follows:

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<thead>
<tr>
<th>Shelter</th>
<th>2006 Net Levy Impact of Program Reduction Effective October 1 2006</th>
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<tr>
<td>Mary’s Place</td>
<td>$32,064</td>
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<td>Notre Dame House</td>
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<tr>
<td>Sommerville House</td>
<td>$38,477</td>
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<tr>
<td>TOTAL</td>
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- Note: Includes historical funding pressure at Notre Dame House of $134,000 (pro rated for 9 months) in addition to personal support services for 273 days in 2006.

To continue cost shared funding the services, as we have been, until October 1, 2006 the additional net levy impact would be $196,692. This variance will be absorbed within the emergency shelter budget. It is important to note that the program’s emergency shelter per diem budget in 2004 and 2005 did cover the costs of the personal support services detailed in this report. The departmental emergency shelter per diem budget had a positive variance in both 2004 and 2005 due to lower than expected bed occupancy (demand for service) across the entire emergency shelter system. The maintenance budget for emergency shelters has been conservatively reduced for 2006 in order to appropriately reflect the forecasted occupancy rates, based on the experience of the previous two years.

POLICIES AFFECTING PROPOSAL:

The core policy issue that affects this report is the cost shared funding of emergency shelters and support services in the City of Hamilton under the Ontario Works Act 1997.

RELEVANT CONSULTATION:

Staff has worked closely with the Ministry of Community and Social Services and the Ministry of Children and Youth Services, the Ministry of Health and Long Term Care and the Good Shepherd Centre – Hamilton to explore resolutions to this issue.

Staff also conducted a comparative review of funding for youth shelters in other municipalities including Brantford, Peel, Toronto and Ottawa to determine the funding levels of emergency shelters providing the same types of services as Notre Dame House. Staff participated in the 2004-05 OMSSA Task Force on Emergency Shelter funding to explore future province wide emergency shelter programs and services funding options with other municipalities as well.
Staff has also consulted with Corporate Services, Budget and Finance in the development of the options presented in this report.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, and economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Evaluate the implications of your recommendations by indicating and completing the sections below. Consider both short-term and long-term implications.

**Community Well-Being is enhanced.** ☐ Yes ☑ No
Withdrawal of personal support services for homeless women and youth will seriously affect their ability to move along the continuum of housing to stable lives.

**Environmental Well-Being is enhanced.** ☐ Yes ☑ No

**Economic Well-Being is enhanced.** ☐ Yes ☑ No
The community loses services and programs to support vulnerable citizens and maximize quality of life including employability.

Does the option you are recommending create value across all three bottom lines? ☐ Yes ☑ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☐ Yes ☑ No
BRENNAN HOUSE: 614 KING STREET EAST

Brennan House is a 14-bed, co-ed residence, established in June 1991, to offer homeless young people, between the ages of 16 and 20 an alternative to life on the streets. The ultimate goal of the Brennan House program is to prepare its residents for independent living in the community.

Residents are expected to assume responsibility for setting and following house rules, for establishing their own personal goals and for completing their education, undergoing job training or holding a job.

School counsellors and other social service and health professionals can make referrals to Brennan House. Self-referrals are also considered.

Services offered at Brennan House include; 24-hour-a-day staff and volunteer support, staff counsellors help each resident work out his/her personal goals, referrals to community resources as needed, counselling, life and social skills training and ongoing support for former residents after they begin living on their own.

**Personal Support Services Not Eligible for Cost-Shared Funding**
In addition to the above services for residents of the shelter, in 2004 Brennan House provided outreach to former residents in the form of 845 meals, 1110 hours of counselling and support and they responded to 724 visits of non – residential youth at the shelter.
MARY’S PLACE – 50 EAST AVENUE

In 2006, Mary’s Place is a 10-bed emergency shelter for women 18 years of age or older experiencing homelessness. There is SCIPI funding approved to build a new 20 bed facility in 2006. Many of the women residing at Mary’s Place are marginalized by the larger community due to struggles with mental health and/or substance abuse resulting in chronic homelessness. Women receive crisis intervention and case management support including: medical and legal referrals, accompaniment to meetings and appointments, advocacy, assistance in finding and establishing permanent housing, educational and support regarding woman abuse and safety planning.

Personal Support Services Not Eligible for Cost-Shared Funding
For women experiencing problems related to chronic homelessness (i.e. substance abuse, mental illness) Mary’s Place provides a place of refuge to support women in enhancing their safety and building stability in their lives. Access to 24 hour support over the phone or by visiting Mary’s Place allows women living with ongoing risk (such as suicidal ideation or sex trade work) to explore options to be safer in times of crisis. Former residents may visit for support, safety or a meal. Some former residents require ongoing case management services until they can be connected to the less accessible, longer term counselling and case management services.

The women’s drop-in program promotes a sense of community, and challenges the day-to-day isolation and marginalization women face who are coping with experiences related to chronic homelessness. Women residing at Mary’s Place, former residents and other women living in the community can attend a social/recreational and educational group at the shelter. It allows the group to build social relationships, to develop life skills, to learn about and explore the activities available in the community.

In 2004, Mary’s Place averaged an occupancy rate of 98% within the shelter. They had on average 27 women accessing outreach services per month at the shelter. The drop-in program serviced an average of 173 women per month. There were a total of 3,230 contacts with the shelter for non-residential services.
NOTRE DAME HOUSE – 14 CANNON STREET WEST

Notre Dame House provides emergency shelter and a one-stop, multi-agency resource centre for homeless teens. Case workers are available 24 hours a day to help troubled teens get off the streets and get their lives back on track.

Services offered through Notre Dame House include; a 20-bed emergency shelter, a multi-agency resource centre, and a meal program. Additional resources available at the centre include; help getting back into school; finding a job; applying for Social Assistance, housing assistance, counselling for personal/legal issues, a trusteeship program, and assistance with medical/mental health issues

It is a multi-service centre with the following participating agencies: Alternatives for Youth, Adolescent Community Care Program, Catholic Children’s Aid Society, Children’s Aid Society, Hamilton Wentworth Detention Centre, C.O.A.S.T., Housing Help Centre, Public Health and Community Services, Regional Psychiatry Program, and Youth Liaison Program with Hamilton-Wentworth Police Department.

Personal Support Services Not Eligible for Cost-Shared Funding
The additional personal support services provided at Notre Dame ensure the following:

- Youth living in the community who access the shelter for meals and other supports would otherwise be unable to maintain their housing.
- Access to supports at the shelter frequently serves to avert an impending crisis; i.e. eviction, violence, probation violations, arrests and even emergency service calls. This enhances the stability of youth in the community and reduces the demand on more costly interventions.
- In many cases the youth accessing the shelter have been living on the street for some time as a result of family breakdown, substance abuse, mental health issues and / or difficulties with the law. Virtually all have experienced abuse and/or violence.
- Youth involved in the Trusteeship program, access the support and guidance of staff as it relates to life skills, problem solving and referrals.

In addition to the emergency shelter, in 2004, Notre Dame House provided drop in services on average 935 times a month. On average 1550 meals a month were provided to non-residents of the shelter. There are on average 30 – 52 youth accessing the school program each month and between 102 – 142 youth involved in the Trusteeship program.
SOMMERVILLE HOUSE – 2 HEATH STREET

Sommerville House offers a 10-bed, long-term supportive living environment for women, 18 years of age and older, who have experienced difficulty in sustaining safe, accessible housing. Many of these residents have had initial emergency shelter supports at Mary’s Place.

This program provides an opportunity for women with mental health issues to live as part of a community. It offers a comprehensive range of client-centered case management services, life skills instruction, social and recreational activities and an intensive aftercare program. The ultimate goal of the program is to prepare women, over a period of time, to re-enter the community with the skills and support necessary to achieve a lifestyle of greater autonomy, dignity and independence.

Services offered through Sommerville House include; comfortable, semi-private accommodations, case management, life skills instruction, supportive counselling, advocacy, referrals to other community agencies, assistance in establishing permanent housing, recreational opportunities and an aftercare program.

Residents of Sommerville House range in age from 18 to 60 years old. They are primarily in receipt of Ontario Disability Support Program. Many have a mental health diagnosis ranging from schizophrenia, depression, bi-polar, anxiety disorders, personality disorders, suicide attempts / ideation. Prior to residing in Sommerville, many of the women had been discharged from shelter or hospital, had previously lived in a residential care facility or their family, with intervals of unstable housing. Many of the residents have suffered abuse by their parents and/or partners. There is also high incidence of substance use, addictions to drugs or alcohol. Typically from Sommerville House residents move on to supportive living environments and independent units in rent geared to income housing.

Personal Support Services Not Eligible for Cost-Shared Funding

In 2004, Sommerville House provided transitional housing supports as outlined to 20 residents; they serviced an additional 35 women accessing aftercare services. One may think that these number are low in comparison to some of the other outreach services, however one must appreciate the complexity of the issues these women deal with. They represent an extremely vulnerable segment of our community and are at high risk of violence and homelessness.
January 9, 2006

BRIEFING NOTE – Request for information related to 2006 Operating Budget for Shelter, Support and Housing Administration

Purpose:

At its meeting of November 14, 2005 staff were requested to provide additional information to the Budget Advisory Committee regarding certain issues raised during its discussion of the 2006 operating budget for Shelter, Support and Housing Administration. This briefing note responds to that request.

Key Messages:

- The impact of the provincial funding cap on shelter per diems is placing an increasingly unsustainable financial burden on the City. For 2006, the City is faced with an estimated $29.1 M pressure.

- Reducing shelter per diems would result in the closure of much needed shelters and shelter beds and/or the return to a custodial model of shelter service, placing additional pressures on other public services such as hospitals, police and emergency services.

- 77 per cent of the 2006 Division gross budget represents mandated payments under the Social Housing Reform Act to social housing providers.

Background:

The Shelter, Support & Housing Administration 2006 requested base budget is $662.8M gross and $279.5M net. The 2005 budget for administration costs was $7.1M or 1.5% of the gross budget. The major administration costs relate to fulfilling the Service Manager roles for Social Housing and Hostel Services as mandated by the Provincial government. In 2006 these costs have increased by
$1.2M as a result of operating impacts of the Shelter Management Information System, inflation and wage settlements.

**Hostel Services**

As of the end of 2005, the City of Toronto operates or funds slightly over 4,100 shelter beds which serve men, women, youth and families.

When municipalities provide Hostel Services, the Ontario Works Act requires that they provide board, lodging and personal needs. Currently the per diem provided by the Province for these services is capped at $39.15 of which they actually pay 80 per cent or $31.32.

The average per diem in the City of Toronto has exceeded the Provincial per diem cap since the mid 90’s. Over the years, staff have brought forward reports to Council updating them on this situation and the reasons for it. The projected average operating per diem in the 2006 operating budget is $63.85.

**Services Provided**

Based on the most recent analysis of per-diem costs, this per diem breaks down as follows:

a) Residential Services: 58.8% or $37.54 per person per day.

This includes staffing for management of requests for service and information, admissions/discharges, crisis management, conflict resolution; rental/mortgage for building; utilities; daily management of building including cleaning, linens, building maintenance, hygiene supplies, health care supplies; administrative work including invoicing to City, issuance of personal needs allowances, bookkeeping, auditing, insurance.

b) Food Services: 24.2 % or $15.45 per person per day.

This includes purchasing of food, staffing for menu planning, preparation and serving of food, repair and maintenance of food service equipment.

The Division considers these first two categories to be “mandatory services” as would the OW legislation. It is worth noting that the 2006 estimated cost of Residential Services and Food Services, activities that would be required under the OW Act, is $52.99. This is $13.84 or 35% above the current Provincial per-diem ceiling of $39.15.

c) Programming and Support: 17.0 % of costs or $10.85 per person per day.
This includes provision of general counselling, information and referral and case management services that assist residents in stabilizing and securing permanent accommodation. These are not services that are prescribed within the Ontario Works Act; however, the Division does not consider them to be discretionary.

Types of activities that are supported under this funding include:

- Application for Ontario Works, Ontario Disability Support, Canada Pension, Employment Insurance, Old Age Security and Veterans Pension

- Referrals to community resources providing education, employment, social, health and mental health supports

- On site health supports

- Enrolment and integration of children into school

- Pre and post natal supports for high risk mothers and babies

- Recreational and after school programs for children staying in shelters

- Assistance with housing referrals, housing searches

- Post occupancy support for people who have moved into housing in order to stabilize them in the community

- Life skills coaching including budgeting, cooking, banking, shopping and parenting.

Comparison of Hostel Services in the GTA

Hostel services are provided to a greater or lesser degree in all the regions of the GTA. However it is difficult to compare services across jurisdictions. The Auditor General in his review of Hostel services noted that:

“In reviewing other jurisdictions in Ontario, many jurisdictions were found to apply the provincial standards per diem rate of $39.00 in purchasing hostel services from community services. However, it should be noted that costs are relative to the level of services provided. We have been unable to obtain adequate information to provide a meaningful comparison of the level of service provided at the various purchased service shelters in other jurisdictions.”
Recently the Ontario Municipal Benchmarking Initiative (OMBI) found that per-diem rates in the GTA region ranged from $44.63 to $97.52 - all of which exceed the provincial per diem ceiling.

While for many years, the City of Toronto was the only municipality to exceed the Provincial per diem, these numbers show that the situation has changed. Municipalities have been faced with increasing demand, increasing client complexity and increasing costs. There are a wide variety of cost drivers that impact on the cost of service delivery in the shelter system including inflation, food costs, utility costs, collective agreements, public health considerations related to infection control and food service, legislative requirements including Employment Standards and Occupational Health and Safety.

The City of Toronto has taken the position that the Provincial per diem is completely inadequate in addressing the needs of shelter clients. The Division is currently examining funding models for the provision of shelter services for homeless people which includes a review of funding rates and levels from other jurisdictions.

**Funding Shortfall**

The provincial cost share for 2006 is projected to be equivalent to 49 per cent of gross costs, as opposed to the 80 per cent identified under the Act, resulting in a $29.1M funding shortfall. In 2005 the budgeted provincial cost share or contribution was at 54 per cent of gross costs equivalent to a $23.4M funding shortfall. Year end projections for 2005 suggest the actual will be 51 per cent with a funding shortfall of $24.7M. For 2004 the budgeted provincial cost share was equivalent to 56 per cent for a $21.2M funding shortfall; the actual experience was 53.9 per cent equivalent to a $22.2M shortfall. This shortfall has also been documented in the briefing note before BAC titled $94.9 Million Impact of provincial cost-sharing shortfall and increasing provincial program cost on the City’s 2006 budget.

**Impact of Reducing Rates**

The issue of reducing per diem rates to bring the cost-sharing back into an 80:20 balance based on the provincial capped contribution has been discussed and debated as part of the operating budget process for the past 5 years. As identified above, the current provincial funding does not adequately cover even the basic mandatory level of service. The bottom line is that reducing per diems will result either in reduced volume of service (i.e. fewer beds) or reduced quality where even basic standards could not be met.

The 2006 recommended per-diem rates paid by the City to purchase of service agencies range from $16.32 to $75.00. This funding is supplemented by grants, donations and sources such as the United Way. Agencies estimate that the
The absolute minimum per diem cost of operating a shelter is approximately $81.00 and that this would not address the needs of the more complex clients. The 2006 projected per-diems for shelters directly operated by the City are all above $81.

As noted, the maximum provincial per-diem is capped at $39.15 of which the province funds 80 per cent or $31.32. Forty two (42) out of the 54 shelter sites (77 per cent of sites) funded through purchase of service have per-diem rates above the provincially capped per diem of $39.15. All 5 of the directly operated shelters have per diem rates above the provincially capped per diem.

The projected system average per-diem for 2006 is $63.85. If per-diems were reduced to the provincially capped amount of $39.15, this would represent an average reduction of $24.70 per day per person in the system. To fund only to the cap would mean a funding reduction to the system equivalent to $29.1M.

For many years the shelter system was criticized for being overcrowded, understaffed and providing inadequate levels of service. The commitment of the City was to implement shelter standards to reduce crowding and improve service, to operate or fund full service facilities that were open 24 hours per day, and to provide adequate levels for staffing to deal with the needs of the clients including mental health issues, physical health issues and addictions.

If the City capped per-diem levels to match the Provincial level the following are the possible consequences:

Program Closures - Any shelter currently receiving City per-diem funding significantly above the provincial cap would not be able to replace those funds through the voluntary or other sectors and would be forced to close. If even half of the 42 shelters receiving per diems above the provincial level were to close that would represent a loss of 21 shelters.

Loss of Service - Shelters remaining open under a reduced per diem would lose counselling programs, children’s programming, and housing access and follow up programming. Shelters would be forced to close during day time hours leading to a likely increase in visible homelessness. Shelters would be forced to reduce the number of staff in order to manage within the Provincial per diem. Shelters would return to the previous custodial model, a system that focused on control and containment of clients versus support and assistance that is currently in place. A custodial model places additional pressures on other public services such as hospitals, police and emergency services.

Liability and Risk – The City of Toronto and other operators would have to seriously consider whether they would be able to meet their due diligence requirements under Bill C-45, Occupational Health and Safety Act if they had to
reduce staffing, supervision and services to accommodate funding at the Provincial ceiling.

110 Edward Street

The 110 Edward Street site has become an important part of the shelter service system, particularly in relation to responding to homeless people on the street. Edward Street supports an 80 bed shelter for adult men and women and an Assessment and Referral Centre for homeless men and women.

The program design and mandate is centred around accessibility and creating an environment where people who are the most vulnerable have a place to stay that is safe, flexible and supportive in its approach in order to reach people who face the greatest barriers to shelter and housing.

Community partners, health care providers, housing and homeless advocates have all been part of designing and supporting this program. The mandate is clear: staff are trained and supported to work with the most challenging behaviours and to be as creative as possible in developing support plans to assist each client to stabilize and move-on into appropriate long-term housing.

The unique services available at 110 Edward Shelter and the Assessment and Referral Centre include food and lodging, counselling, referrals, health and mental health supports, addiction and harm reduction services, an overnight street respite program, specialized housing support and coordinated access into the shelter system.

The program has become a hub of services for people who have very serious substance use and mental health issues and struggle with behaviours which cannot be accommodated in many of the regular shelters. At 110 Edward they are sheltered and supported to access services and supports to stabilize, move into the regular shelter system and into housing.

The Assessment and Referral Centre is the only program of its kind in Toronto. This is a place where people who are to disruptive for other shelter residents because of their substance use or mental illness can come in anytime of the night and rest, receive food and support without the expectation that they immediately search for housing, or deal with their substance use issues which will often drive them away from programs.

The specialized programs at 110 Edward are also an important component in supporting the Streets to Homes strategy initiative. Outreach teams are able to make immediate referrals to the program for additional care and support anytime, day or night.
Closure of the facility would result in the loss of 80 beds in the co-ed adult shelter sector where occupancy is currently 98% and a resultant increase in the number of people on the street and in Nathan Phillips Square.

**Social Housing Mortgage Interest Rates**

Social housing providers’ operating subsidies have benefited from decreases in mortgage rates. Currently, renewal rates for provider mortgages are similar or lower than the rates of the providers’ prior mortgages. The impact on renewal savings in 2006 is the result of 110 mortgages rolling over in the last 18 months (June 2004 –December 2005) which has resulted in an overall reduction to the base funding for these mortgages. The projected interest rate for the 2005 budget request was 6.5%. As of December 2005 the actual average rate achieved in 2005 was 4.5%. This has resulted in a forecasted savings of $10.6M to the base funding going into 2006. The renewal rate projected for 2006 is 5% which is slightly higher than the current rates, so the ability to further save as a result of mortgage rollovers will be limited in 2006. All financial assumptions on interest rates were developed in conjunction with Corporate Finance, Treasury Services.

**Storage for Emergency Planning Response**

The City has been developing increasingly sophisticated emergency response plans over the last number of years. Events including 9/11 and more recently Hurricane Katrina have highlighted the importance of governments at all levels being prepared to provide emergency response. Shelter, Support and Housing Administration is responsible for the Mass Care part of the City’s Emergency Plan. This entails sheltering, feeding, supporting and identifying individuals who are displaced whether it is due to a natural disaster, such as an ice storm or hurricane, or due to a human event such as a Nuclear Accident. Examples of previous responses include preparing a reception facility during 9/11 in the event that planes were diverted to Toronto; opening a warming centre for residents of a high rise apartment building that had lost power and heat, and setting up a reception centre for homeless individuals removed from Tent City; and more recently preparing for possible reception of individuals and families from Kashechewan.

In order to be prepared to provide Mass Care to large numbers of people, the City requires an inventory of items including cots, blankets, pillows, diapers, water, non-perishable food stuffs and toiletries. Staff have a small amount of supplies on hand, but do not have sufficient storage areas to store the larger amounts of items that are required in order to be truly prepared in the event of larger emergencies. Storage required must be secure, dry, and have a delivery bay/parking area and any empty building may not be suitable.
Following the request by BAC, Emergency Planning staff within Shelter, Support and Housing Administration have spoken to EMS staff. EMS does not have storage space for these types of items. If the $80,000 in funds for storage were removed from the budget, staff may not be able to proceed to have the equipment available to respond in the event of an emergency.

Use of Reserves

For the 2006 operating cycle the Division has made every effort to contain costs by gapping positions and otherwise managing workloads within the existing complement. The option to draw from reserves to mitigate cost pressures is recommended for 2006.

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