
MEMORANDUM

BRC-C 3-2021

Subject: Homelessness Capital Project – Provincial Social Services Relief Funding

Date: January 14, 2021

To: Budget Review Committee of the Whole

From: Adrienne Jugley, Commissioner, Community Services

The purpose of this memo is to provide Council with information on new provincial funding that has become available and the impacts on the levy for 2021. The following initiative is not included in the 2021 budget as it stands. Should Council deem it appropriate to recommend its inclusion, a motion could be made to add it to the 2021 budget.

On December 15, 2020, the Ministry of Municipal Affairs and Housing announced the final allocations of the Social Services Relief Fund (SSRF) Phase 2, Holdback amounts. Niagara Region's allocation was \$4,068,100. These additional SSRF funds came with the same spending guidelines as the SSRF Phase 2 monies announced earlier in the fall. These guidelines indicate that funds can be used to support operating pressures as a result of the pandemic, and expenditures up to March 31, 2021 are eligible. In addition, the funds can be used for capital builds or acquisitions, to respond to the pandemic or implications of the pandemic, and capital funds must be expended by December 31, 2021, and the new asset must be occupied by December 31, 2021.

The Homeless Services division, in light of the additional funding already received to date, does not require the use of the additional SSRF Phase 2 Holdback money to support operating costs to deliver the current homelessness programs. Therefore it is proposed that this new funding opportunity is best utilized to enhance the system through a capital purchase. The challenge with this capital opportunity, similar to the Bridge Housing capital opportunity presented in the fall, is that, at this time, the Province has not committed to any operating dollars to support the asset and the associated programming. However, in an effort to ensure that the provincial funding remains in Niagara, Community Services is working closely with the Realty team of Corporate Services to determine what assets may be available (within the funding allocated) and

can meet the deadlines noted above. At this time, there is confidence that the Region could acquire an asset(s) in 2021, and complete any minor renovations in time to occupy for December 31st (as is required with this funding program) ensuring that the Region leverages the opportunity to enhance the homeless system. Currently, the parameters that have been provided to Realty is to identify an asset which could accommodate 20 to 25 clients, plus some office space for staffing. Once staff have more details around the capital project, a report will be presented to Council requesting an in-year capital budget adjustment to add the project to the capital budget. This project will be fully funded through the provincial funding available.

As per the budget by-law, in-year operating budget adjustments cannot be completed unless additional external funding is made available to fully fund these operating costs. Thus if an increase to the 2021 operating budget for the incremental operating costs associated with the purchase of the capital acquisition is not made available at the time the 2021 budget is approved, Niagara Region will have to decline this additional capital funding available from the Province.

Homelessness Services has determined two options for program delivery to leverage this capital opportunity. Under the Council budgeting bylaw, operating costs must be identified when proposing the acquisition of a new capital asset, to determine if the division proceeds with the asset acquisition and develops an additional program to support homeless persons.

Option 1: Permanent Supportive Housing

The first and **recommended** option is to create a permanent supportive housing facility with 24 hour supports to work with Niagara's most complex homeless clients, similar to the Bridge Housing project currently under development. Niagara region has very limited permanent supportive housing assets that address the complex needs of chronically homeless clients. This need is identified by the agencies of the homeless serving sector, and also through the community and agency consultation that took place to develop the update to the Council endorsed Housing and Homelessness Action Plan, which includes a specific recommendation around the need for an asset for the individuals with complex issues requiring more support than the current Housing First and Home For Good programs can provide. The estimated operating budget for the supportive housing proposal is approximately \$1 million. The clients accessing the site will be individuals identified as chronically homeless with extended periods of homelessness, the majority of whom will present with significant mental health and addiction needs. The operating budget requirement has been estimated to reflect the

necessary staffing for a 24 hour/7 day per week operating model in alignment with best practice for intensive supportive housing. In addition, the budget estimate includes the purchase of addiction and mental health supports as required. The capital purchase and renovations to the building may not be finalized until December 31, 2021. If the operating budget is established for 2021 and not used, these unused dollars will be transferred to the Capital Reserve at the end of 2021 in accordance with Policy.

Permanent Supportive Housing Operating Budget:

Type of Expense	Estimated Cost	Details
Staffing	\$527,829	N/A
Program Expenses	\$255,943	Includes meals, addiction and mental health supports, laundry, admin
Facility Expenses	\$118,700	Includes utilities, property taxes, damages, janitorial, snow, insurance
Contribution to Reserves	\$90,000	N/A
Shelter Revenues	\$(63,000)	N/A
Sub-total	\$929,472	N/A
Contingency	\$100,000	N/A
Total Estimate	\$1,029,472	N/A

Option 2: Housing First Units replacing Community Based Supportive Housing Units (Housing First and Home for Good)

Currently the Homelessness Services division operates a large Housing First program along with a smaller Home for Good supportive housing program. These programs operate largely in community based (market) units offering supports with a staffing ratio ranging from 1:10 to 1:15, but do not offer every day, or 24/7 supports. This program option would see these programs leverage the capital asset to house clients, rather than placing them in the broader community. The budget ask for this option would be \$300,000. Niagara region, like many communities, is seeing a decline in vacancy rates, particularly in affordable units, which Housing First clients would require. An owned

asset or assets, would ensure that more clients eligible for the Housing First program could be placed in affordable units. This option reduces the ask for an enhanced 2021 budget, as some of the funding could come from the existing Housing First or Home for Good budgets, as supports for these clients already exist. Housing First and Home for Good clients have a range of acuity, and it is reasonable to anticipate that the clients that are unsuccessful in finding or retaining housing in the community could be the clients of this new facility and therefore some increased funding is included to address the need for more enhanced supports. This option, while more affordable will not add more overall spaces for Niagara clients.

Housing First Operating Budget:

Type of Expense	Estimated Cost	Details
Staffing	\$90,000	N/A
Facility Expenses	\$120,000	Includes utilities, property taxes, damages, janitorial, snow, insurance
Contribution to Reserves	\$90,000	N/A
Total Estimate	\$300,000	N/A

The budgets for both options also include a contribution to reserves to ensure that ongoing capital maintenance of the building, necessary to keep the asset in good repair, is addressed. The Region's current practice is to include, in the total operating cost of any new incremental capital asset, a contribution to reserves in accordance with best practice in asset management that ranges from 2-3% based on the useful life of the assets. A contingency has been included in the estimates of Option 1, as the operation of the facility would be subject to a public procurement process, potential start-up operational costs and to reflect potential escalation in costs as the facility would not be operational until 2022.

Funding Source:

Efforts are currently underway to secure new provincial or federal operating funds in relation to Option one, the new supportive housing project. Dialogue with the province confirms a recognition that operating dollars must be secured for this project to be successful and supportive housing is fully recognized by both the provincial and federal

governments as the most critical and successful solution to ending chronic homelessness and has been the focus of new investments in the last four years.

If Council chooses to add operating dollars into the budget for 2021 and sustainable operating dollars are secured for this project in the future, staff would reduce the levy in the subsequent budget year. However, in the event that new provincial operating monies are not secured for the start of this program for January 2022, staff are recommending that Council consider an increase to the Homelessness Services division budget of \$1,029,472, or 0.25% of the Regional levy.

Respectfully submitted and signed by

Adrienne Jugley, MSW, RSW, CHE
Commissioner