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**Subject:** Emergency Shelter and Phase 1 Bridge Housing Budget Adjustment

**Report to:** Public Health and Social Services Committee

**Report date:** Tuesday, July 11, 2023

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## Recommendations

1. That the gross budget adjustment to the previously adopted 2023 Regional Municipality of Niagara (Niagara Region) budget in the amount of \$6,153,900 gross and \$0 net, to be fully funded through the Ministry of Municipal Affairs and Housing (MMAH) Homelessness Prevention plan (HPP) funding, **BE APPROVED**;
2. That the Regional Council **AUTHORIZES** the transfer of \$6,903,900 to Niagara Regional Housing for capital projects for Emergency Shelter and the Phase 1 Bridge Housing Project;
3. That this report **BE FORWARDED** to Niagara Region Corporate Services Committee for information at the July 12, 2023, meeting; and
4. That this report **BE FORWARDED** to Niagara Regional Housing Board of Directors for information at its next scheduled meeting.

## Key Facts

- The purpose of this report is to obtain approval for the budget adjustment to allow \$6.9 million in capital funding to be provided to Niagara Regional Housing. \$2.6 million will be for the purchase and renovation of a facility to operate a year-round emergency shelter in St. Catharines (NRH Report IC 23-216-2.1), with the remaining \$4.3 million going to the Bridge Housing project in St. Catharines (NRH Report IC 23-215-2.1).
- On March 24, 2023, the Ministry of Municipal Affairs and Housing (MMAH) provided notification of the adjusted final funding allocations for the Homelessness Prevention Plan (HPP) for the period of 2023/24 financial year. Instead of the initial allotment of \$11,167,500, Niagara will receive the adjusted total amount of \$20,771,400 for the one-year term April 1, 2023, through March 31, 2024.

- Operating and capital expenses are eligible under the new funding available.
- This budget adjustment request will formalize the \$6,153,900 capital funding allocation included in updated HPP investment plan that was approved by Council on May 20, 2023, through Report CAO 6-2023. The additional \$750,000 is a transfer from Region's Homelessness operating budget also made available through incremental HPP operating funding.
- The suggested arrangement for the emergency shelter and the bridge housing facilities would include Niagara Regional Housing (NRH) ownership, capital upkeep of the buildings and project management for construction; while Niagara Region Community Services would provide service funding, establishing agreements with service providers to operate the facility and lease of the building. Program operating dollars include consideration for all service maintenance and contribution to capital reserve for major maintenance.
- Operating costs will be funded through incremental funding available as identified in Report CAO 6-2023 Homelessness Prevention Program Investment Plan 2023- 24, resulting in no levy impact through 2023/24.
- A legal operating agreement will be prepared between NRH and Niagara Region outlining responsibilities.

## **Financial Considerations**

HPP is the name of the provincially funded homelessness program, through which Niagara Region, as the Service Manager, receives direct funding to support efforts in addressing local homelessness needs and specific associated priorities. On March 24, 2023, the MMAH provided notification of the adjusted final funding allocations for HPP. Niagara is expected to receive the adjusted total amount of \$20,771,400, an increase of \$9,603,900 over the previous planning allocation of \$11,167,500 for the one-year term April 1, 2023, through March 31, 2024. This funding will provide more flexibility to meet local needs to prevent and reduce chronic homelessness. In addition, the adjusted funding has allowed for the opportunity to allocate monies for capital enhancements to the homelessness system. Of the funding increase, \$3,450,000 will be used for operating related costs and the remaining \$6,153,900 will be invested into capital. The additional \$750,000 (of the requested \$6.9M transfer), required for the emergency shelter and phase 1 of the Bridge Housing project, will be facilitated with an additional \$750,000 from the Region's Homelessness operating budget that is available due to the operating portion of HPP.

These additional facilities, which now will be developed in phases, were not identified in the previously approved 2023 capital budget or forecast. They are estimated with a total cost of \$20 million. The additional \$13.1 million of phase 1 of the Bridge Housing project will be proposed as part of the 2024 capital budget.

Phase 1 of the Bridge Housing project will include the RFP issuance and award for design, initial site preparation, and other project elements depending on timing and funding prior to the additional funding being approved in the 2024 capital budget.

A requirement under the Niagara Region budget planning by-law and capital financing policy is that operating costs associated with new capital are budgeted in the year the project is approved to ensure all required funding is established. Also, it is best practice for developments to be self-sustaining.

Annual operating costs for the St. Catharines Bridge Housing Facility are currently estimated at approximately \$1 million, consistent with the costs for the current Niagara Falls Bridge Housing and Permanent Supportive Housing Facilities which opened in 2021. Niagara Region Community Services would provide funding agreements with a service provider(s) to operate the programming within the facility. This estimate also includes costs specific to salaries and benefits, food, laundry, cleaning, property tax, insurance, utilities, ground maintenance (snow/grass) and minor repairs. Property related costs would be administered through NRH and covered within the Homelessness services budget. The operating costs will be fully funded through the incremental operating portion of the HPP investment plan.

Annual operating costs for the emergency shelter will be established through a negotiated request for proposal process and were included in the HPP investment plan submitted as Report CAO 6-2023.

## **Analysis**

Niagara Region currently does not have adequate shelter capacity or supportive housing resources to meet the needs of the local homeless population. The recent shelter capacity report presented as Report COM 21-2023, speaks to the need to convert the previously operated seasonal shelter spaces into permanent 24/7 shelter operations. In absence of an available facility, this capital budget adjustment would support the acquisition and renovation of a property to further address the critical shelter capacity needs in St. Catharines.

In addition, best practice indicates that a well-functioning system would have six (6) beds of supportive housing for every bed of shelter. Currently, Niagara remains significantly below that ratio, at approximately 1:1. With the additional HPP funding available, an allocation to capital, as approved in the HPP investment Report CAO 6-2023, allows for the commencement of an additional bridge housing facility, to continue to ensure Niagara is investing in best practice, long-term solutions.

Niagara's By-Name List, as of April 30, 2023, has 1,192 individuals actively experiencing homelessness, of which 545 are chronically homeless. These planned additional supportive housing spaces will be leveraged to support chronically homeless clients, in alignment with Niagara's [Built for Zero Canada](https://bfzcanada.ca/) goals.

Chronically homeless clients currently utilize 52% of Niagara's annual shelter bed nights, and therefore, housing with supports (Bridge), has the potential to free significant capacity in our shelter system, while also providing the appropriate level of supports to ensure clients with higher needs retain their housing.

The additional HPP funding, received this year, has provided the opportunity to make investments into supportive housing over the next few years, beginning in 2023.

Staff are working in partnership with Niagara Regional Housing, the Community Services department, Procurement and Realty teams to determine options available in the market that can be acted on rapidly, to also allow for the creation of the additional 24/7 shelter in St. Catharines.

### **Alternatives Reviewed**

No alternatives considered as Council has previously approved the investment plan for HPP through Report CAO 6-2023, including directed amounts for operating and capital spending of the provincially provided HPP funding.

### **Relationship to Council Strategic Priorities**

This recommendation is aligned to Council's strategic priority of ensuring a "Healthy and Vibrant Community." By approving this report, Niagara Region is able to leverage this additional provincial funding and support clients of the homeless systems.

## **Other Pertinent Reports**

COM 22-2023 Budget Adjustment – Homelessness Services

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