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**Subject:** South Niagara Shelter Expansion

**Report to:** Regional Council

**Report date:** Thursday, August 29, 2024

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## Recommendations

1. That the Regional Council **AUTHORIZES** the transfer of \$2,840,400 Capital Variance Project - Levy funding to Niagara Regional Housing (NRH) for the South Niagara Emergency Shelter Project;
2. That Regional Council **APPROVES** commencing the creation of a South Niagara Shelter to be operational by end of year 2024, and that the incremental levy operating budget requirement of \$1,000,000 **BE CONSIDERED** for inclusion in the 2025 budget;
3. That Regional Council **AUTHORIZES** the increase of up to \$1,000,000 per annum to the current Hope Centre contract awarded through Report COM 5-2024, for the term commencing January 1, 2025 to March 31, 2027, with additional start up funding in 2024 to a maximum of \$250,000 to support South Niagara Shelter expansion of services; and
4. That the agreement with The Hope Centre for housing focused shelter operations **BE AMENDED**, in a form satisfactory to the Director of Legal and Court Services, to include the negotiated service levels and expenditures associated with the changes to the South Niagara shelter program.

## Key Facts

- The purpose of this report is to provide Council with information, in order to approve the creation of South Niagara shelter site to expand the over all adult shelter spaces available in Niagara while increasing services available for the South.
- The purpose of this report is also to obtain approval for the budget adjustment to allow \$2.8 million in capital funding to be provided to NRH. The funding will be for the purchase of modular trailers to be used as an emergency shelter, to support an estimated 50 clients in South Niagara, situated in Welland (NRH Report SPEC 2-2024 – 4.1). The correspondence from the NRH Board and the NRH Board report are included as Appendix 1 and 2.

- Per the Budget Control By-Law section 6.5(c) iii), Council approval is required for budget adjustments greater than \$250,000 that utilize funding from the Capital Variance Project – Levy
- Community Services is seeking approval to increase the existing contract with the Hope Centre (the current shelter provider in Welland), with the amendment being effective January 1, 2025 to March 31, 2027, by up to \$1,000,000 per annum with an estimated 2025 levy budget pressure of \$1,000,000. In addition, allowing for up to \$250,000 in start up costs in 2024, which will be accommodated in-year based on anticipated surplus within the Community Services department.
- NRH Board approved entering the lease arrangement, purchasing modular units, developing the shelter site and maintaining the temporary site (conditional on council approval) at their meeting of August 8, 2024.
- The City of Welland, at the Council meeting of August 13, 2024 has approved leasing a municipal property to NRH, to support the creation of a temporary South Niagara Shelter.
- NRH and Community Services, in partnership with the City of Welland and the Hope Centre, are working to have this site operational prior to the end of 2024.

### **Financial Considerations**

The capital budget request of \$2,840,000 is comprised of an estimated \$1,000,000 for modular unit acquisition, shipping and an additional \$1,840,000 for servicing, site preparation and furniture/fixtures purchases. The \$250,000 in start-up costs for expanding services at the South Niagara Shelter are not currently included in the Homelessness Services 2024 operating budget. Preliminary Q2 2024 forecast indicates that Community Services is projected to have a levy surplus, which would allow them to cover these costs while minimizing any levy impact within the department. However, at the time of writing this report, the Niagara Region is consolidating its overall levy forecast results for Q2 and anticipates a consolidated levy deficit.

In addition, under the Niagara Region budget planning by-law and capital financing policy, operating costs for new capital projects must be budgeted in the year the project is approved to ensure all required funding is established. Given the exceptional circumstance and the urgent timeline to have the emergency shelter operational as

soon as possible, capital funding is being requested in 2024, prior to the operating budget funding, that is not yet established.

The anticipated additional annualized operating costs for the new temporary full day 50 room emergency shelter are estimate at \$1,000,000, inclusive of staffing costs, food, supplies, estimated property taxes and utilities as well as contribution to capital reserve as per capital management policy for owned capital assets. This estimate also takes into consideration downsizing the footprint of operations at the hotel-based shelter site currently operating in Welland (there will be ongoing services at that site for families). A \$1 million increase to the operating budget would require a levy increase of approximately 0.21% and would be referred for inclusion as part of the 2025 operating budget.

The overall funding necessary, and impact to the 2025 levy operating budget to support the additional site, will be included in the 2025 budget submission to Council, however in order to achieve urgent timelines a commitment is required now to proceed with the construction and operating contracts.

Staff will continue to monitor for upper tier government funding opportunities, and will apply for any in-year funding. In particular, staff are anticipating the release of the Federal Encampment Funding, which may be a funding support for costs associated with this project.

## **Analysis**

### **Background**

In alignment with the recommendations of the shelter capacity review, Niagara Region is moving forward with continued efforts to expand the local shelter system. Staff continue to review shelter occupancy and operations for adequacy while taking into consideration that expanding shelter capacity in a community without concurrently increasing housing opportunities results in a bottleneck in the shelter system, as there is no opportunity for outflow. The shelter capacity review continues to identify the importance of making investments in housing, and in particular supportive housing, to have an effectively functioning homeless and shelter system.

As of June 2024, the adult shelter system is operating 96% occupancy, after the infusion of over 100 new beds for the summer season, as the seasonal shelters were converted into all year sites. Niagara's number of encampments has increased from 53

in June 2023 to 79 in June of 2024, however there is a slight decline in the number of encampment residents suggesting that the added shelter capacity did have a beneficial impact to an otherwise growing problem in Niagara and across the country.

### **Temporary South Niagara Shelter Siting**

Staff at NRH, Niagara Region and the City of Welland reviewed a number of properties in determining a temporary shelter site. Considerations as noted in Report COM 19-2024 guided the conversation, in addition to the interest by all parties for an expedited solution. The site selection of 851 Ontario Road was determined to be the preferred location based on siting considerations, available options and ability to move the project forward with urgency.

NRH Board met on August 8, 2024, to approve entering into a lease with the City of Welland as well as to obtain approvals to purchase the modular units, develop the site and maintain the site once operational, contingent on council approval.

As part of this process, work has been undertaken by Regional and City staff to source a site suitable for an emergency shelter in Welland. The City of Welland, on August 13, 2024 agreed to lease its property at 851 Ontario Road to NRH, for the purpose of creating an emergency shelter.

In an effort to address the increasing homelessness and encampment pressures, and provide enhanced winter solutions, a modular solution has been selected. This type of shelter development has been implemented recently in St. Catharines and is currently being considered in many communities across Ontario.

Should Council approve the recommendations in this report, staff from the Region, NRH, the Hope Centre and the City of Welland will develop a community information strategy in alignment with past practice for such sessions, to provide information and address questions from the immediate community regarding the operations of the shelter site.

## **Shelter Operations**

Currently, as a result of the recent RFP process for shelter operations across Niagara, the Hope Centre, as one of the successful proponents is currently operating the hotel-based shelter in the City of Welland. The current contract awarded through the RFP process and approved by Council in Report COM 5- 2024, is for the term April 1, 2024 to March 31, 2027, with two options for renewal at 2 years each. Contract renewals would be brought back to Council for approval based on the approval thresholds in the Purchasing by-law. This current site is inclusive of 18 hotel rooms, which can support double occupancy, single or families all year, and last winter an additional 8 rooms were added to increase shelter space during the winter months. Hope Centre is also recognized as the Homelessness Prevention agency for the City of Welland, operating food security programs, has an established community hub, and has operated transitional housing in Welland over the many years it has been in the community. Based on their successful operations to date, and experience and knowledge of individuals experiencing homelessness in South Niagara, having the Hope Centre operate the additional beds ensured seamless services for clients. As such, Regional staff are recommending that Hope Centre be the provider for services at the proposed new shelter site, as an extension of the current Housing Focused Shelter contract.

The Hope Centre, at their Board meeting of August 15, 2024, has agreed to act as the service provider at this new site (contingent on the provision of operating funding), and to continue to provide services for families at a reduced number of rooms at the current hotel site, based on negotiations with the hotel owner.

Staff will work with the Hope Centre to review staffing models and key performance indicators for the new site, as well as adjustments to the same at the hotel-based site. Currently it is estimated that the new South Niagara shelter supports will result in a budget increase of approximately \$1,000,000, inclusive of all provider costs, property taxes, maintenance, and capital reserve contributions.

Staff will enter into negotiations with the Hope Centre to amend the current contract to reflect the new temporary shelter site and reduce the operations at the hotel site. Amendments would be effective for January 1, 2025 through to the end of the contract March 31, 2027, at which time should the renewal options could be exercised, with the necessary request for approval to come back to Council. Based on anticipated costs associated with the increase in operations in south Niagara, and subject to negotiations, staff are requesting approval for up to \$1,000,000 per annum, with up to an additional

\$250,000 for 2024 for start up costs and operations as all efforts are made to open the shelter as early as possible.

The approval to enter into negotiations and contract amendments with the Hope Centre at this time, allows time for the agency to undertake the recruitment and training necessary to ready to operate the site when established. New staffing will be supported by the Region as well, through mentorship and shadowing at the Regionally operated shelter site in St. Catharines, a similar physical site and anticipated staffing structure.

### **Alternatives Reviewed**

Consideration was given to delaying this project to align with the 2025 current and capital budget processes; however, this would create additional pressures on shelter demand, encampment activity and solutions for additional services during winter months. In addition, staff did consider delaying this project until such time as Provincial and or Federal funding became available for which this project would align. Niagara has already fully spent its allocations from upper tier governments for homelessness programs, and is currently over-contributing to this portfolio. Staff believe that this approach (portables and building on existing contracts) is a cost-effective way to deliver more service capacity rapidly during this time of homelessness crisis without over burdening local rate payers, recognizing that investments need to remain focused on supportive housing solutions in concert with shelter based solutions. It is important to note that Niagara is now considered to be one of the lower rate contributors to the homelessness file, relative to our comparators specific to the operations of this site, staff did consider initiating an RFP process for services, however this would likely delay the operational start of the project, and in the unlikely scenario where the Hope Centre was not the successful proponent, this additional agency in the homelessness services provision for Welland would need time to staff up, establish relationships with individuals and develop a referral process for the ancillary services provided by the Hope Centre.

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

The temporary emergency shelter programs are homelessness system services that supports the Council Priority of an Equitable Region, providing for opportunities for a safe and inclusive Niagara, responding to our current community needs.

### **Other Pertinent Reports**

None

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### **Appendices**

Appendix 1              Correspondence

Appendix 2              Report