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SUMMARY OF ONTARIO MUNICIPAL SOCIAL SERVICES ASSOCIATION (OMSSA) EMERGENCY HOSTEL TASK FORCE REPORT

The Community Services and Housing Committee recommends adoption of the recommendations contained in the following report, May 25, 2006, from the Commissioner of Community Services, Housing and Health Services:

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council support, in principle, the main findings and recommendations of the report by the Emergency Hostel Task Force of the Ontario Municipal Social Services Association (OMSSA) entitled *Emergency Shelter Services: More Than Just a Bed* (see Attachment 1).
2. The Regional Chair write to the Minister of Community and Social Services requesting the Province take immediate action to increase provincial per diem funding for emergency shelter operations to address mounting financial pressures as highlighted in the OMSSA Emergency Hostel Task Force report.
3. The Regional Clerk forward this report and related correspondence to the Association of Municipalities of Ontario (AMO), OMSSA, and local MPPs.

2. PURPOSE

This report summarizes the key findings and recommendations of OMSSA's Emergency Hostel Task Force report *Emergency Shelter Services: More Than Just A Bed* and seeks Council approval for communicating to the Province the need for increased provincial per diem funding as a short-term measure to address critical funding short-falls in emergency shelter operations across Ontario, while the Province works with municipalities to develop a new and sustainable funding and service delivery model.

3. BACKGROUND

As defined under the *Ontario Works Act*, emergency hostel (*aka*, shelters) services means the "provision of board, lodging and personal needs to homeless persons on a short-term, infrequent basis". Municipalities, as part of their mandate as Consolidated Municipal Service Managers (CMSMs), support and fund shelter services either through directly operated shelters or through contracts with community-based organizations, voluntary associations or faith groups. Emergency shelters are funded through a provincially

established current maximum per diem (\$39.15) cost shared 80:20 with the Province (the Province has announced a 2% increase to the maximum per diem to be implemented in 2006 - the implementation date is pending). There is no cap on the number of beds funded. CMSMs can provide higher per diems, but must assume full financial responsibility for the costs in excess of the provincial maximum.

3.1 OMSSA Task Force Overview

The OMSSA Emergency Hostel Task Force was established in January 2005 to respond to mounting concerns by CMSMs across Ontario that the current provincial per diem does not adequately reflect the actual cost of providing emergency shelter services in their communities. This under-funding, combined with cost pressures from rising utility rates, the more complex needs of shelter residents and the services they require, and the difficulty accessing alternative funding sources to cover operating expenses, threaten the stability of the emergency shelter system.

The Task Force was comprised of nineteen representatives from large, small, urban, rural, and northern municipalities, as well as a representative from the Ontario Association of Hostels (OAH). One of its key goals was to develop a new service delivery and funding model for stabilizing and sustaining emergency shelter operations in the face of provincial under-funding. To accomplish this, the Task Force undertook a review of shelter services and funding, including a detailed survey of CMSMs, to identify the range of emergency shelter services provided, the costs associated with the provision of such services, and the funding shortfall or “gap” between actual service delivery costs and provincial per diem revenues received by shelter operators to support service delivery.

The Task Force work is now complete. The survey results, along with a review of provincial and municipal research and consultations with OAH and OMSSA members, form the basis of the Task Force final report, which was approved by the OMSSA Board in December 2005.

3.2 Issue for York Region

York Region currently funds four emergency shelters (with 75 beds) through purchase of service agreements with Transitional and Supportive Housing Services of York Region and the Salvation Army of Canada. Each shelter serves a specific client group – youth (men and women), families, and single men.

York Region’s emergency shelters experience many of the same pressures facing those in other jurisdictions and, similar to several other larger CMSMs in Ontario, the Region has had to provide 100% municipal funding to address provincial under-funding. However, as reported to Regional Council in Report No. 6 of the Community Services and Housing Committee on September 22, 2005, the need to stabilize shelter operations is a system-wide issue across Ontario requiring changes to provincial funding policy. Community Services and Housing Department staff participated on the OMSSA Task Force as an opportunity to pursue a provincial solution to funding issues in York Region.

4. ANALYSIS

The OMSSA Task Force report highlights the scope and impact of provincial under-funding for emergency shelters across Ontario communities and proposes a short and long-term funding model that, if implemented, would help ease funding pressures faced by York Region operators.

The Task Force also recommends a new service delivery model – including access to case management services – that would better reflect the type of services increasingly provided by shelter operators but not funded through the per diem.

4.1 OMSSA Task Force Report — Key Findings

While the Task Force report notes a number of positive developments over the last few years to address homelessness in Ontario, the report shows that per diem funding has been both inadequate and unresponsive for addressing emergency shelter operating costs across Ontario. Some of the most critical findings include:

- **Emergency shelters are facing a per diem funding gap:** Per diem revenues only cover a portion of actual shelter costs. This gap, along with the absence of regular adjustments to per diem rates for rising utility costs, rents, and salaries, has resulted in instances where CMSMs have had to provide 100% municipal dollars to cover operating deficits for emergency shelters in their communities. The per diem needs to increase to cover the actual costs of providing the provincially prescribed services of lodging, board, and personal needs.
- **Per diem ignores fixed costs:** Per diem revenues are paid for each occupied bed, despite the fact that most shelter costs are fixed (e.g. staffing, rent/mortgage, utilities, property taxes, repairs and renovations, minor capital, reserve contributions). To address operating short-falls, emergency shelters have had to rely increasingly on alternative funding sources, which have become more unstable and require scarce staff resources to manage.
- **Scale matters:** Occupancy-based funding is particularly difficult for smaller shelters to manage – they do not have the scale of operation to cover fixed costs even at very high levels of occupancy.
- **Changing Residents, Changing Services:** Shelters report increasing diversity in clients and more complex needs – both of which are changing the services needed by clients to help transition from the shelter to stable housing and community supports.

The report concludes that the emergency shelter system is reaching a critical juncture and is in need of renewal and reform. The current per diem model was introduced at a time when the Province expected little more from emergency shelters than accommodation and food. While the actual per diem rate has not kept pace with meeting the costs of even

these services, the per diem funding model as a whole does not reflect the current reality in which shelters operate, the services they provide, or the costs they face.

4.2 OMSSA Task Force Report — Funding Recommendations

The OMSSA Task Force proposes a short-term and long-term funding model to respond to provincial under-funding.

4.2.1 Short-Term Funding Model

Recognizing the immediate pressures on emergency shelter operators and municipalities, the Task Force recommends that the Province immediately increase the maximum provincially funded per diem as a short-term measure to close the per diem funding gap. The maximum rates would vary by shelter size to address issues of scale. As is current practice, CMSMs would have the authority to establish the actual per diem rate paid to shelters.

The report further recommends that the Province cover 100% of the additional costs to CMSMs for implementing the increased provincial maximum per diems.

4.2.2 Long-Term Funding Model

The proposed long-term funding model would base fund 75% to 80% of eligible shelter operating expenditures. This approach acknowledges the fixed administrative, operating, and capital costs for shelters and responds to economies of scale issues faced by smaller shelters. The details for developing the model, including cost sharing arrangements, operator contributions, and definition of eligible expenditures, would be referred to a provincial/municipal working group.

4.2.3 Service Delivery Model

The OMSSA Task Force also proposes a new service delivery model that responds to the changing needs of shelter clients. If implemented, the following services would be routinely available at all emergency shelters:

- **Basic Services**, including accommodation, meals, intake, basic supervision, information and referral, and building and resident safety. Administrative costs associated with shelter operations and service delivery would also be included. These are the services currently provided in all shelters. The per diem is intended to cover most of these costs, but the current maximum is inadequate.
- **Case Management Services**, including case planning, monitoring and follow-up, and service coordination based on individual needs. At a minimum, these services would be made available to shelter residents either directly through shelter operators or through other community agencies. These services are currently provided in varying degrees by shelters. The per diem is not currently funding these services.

4.3 Implications for York Region

In 2005, regional staff undertook a review of shelter funding issues in York Region which identified both the inadequacy of the current maximum per diem to cover the basic operating costs of emergency shelters in York Region and the financial difficulties faced by shelter operators resulting from provincial under-funding. The review also identified that the per diem gap is a province-wide issue. In response to these issues, the Region approved a bridge funding strategy to address per diem short-falls in York Region while Regional staff worked with OMSSA to develop a provincial solution.

The OMSSA Task Force report confirms York Region's own analysis of emergency shelter funding issues and presents an opportunity to support system-wide changes to provincial funding policy that is consistent with York Region's own needs. Given the immediacy of the issue for York Region shelters, Community Services and Housing Department staff recommend that the priority is for the Province to adopt a short-term funding model to address the most critical funding pressures pending the development of a longer-term service delivery and funding model through a provincial-municipal working group. If implemented, this would allow provincially funded per diem rates to more closely reflect the actual costs to York Region shelters of providing basic services and therefore provide greater stability to shelter operators.

The OMSSA report also confirms what York Region shelters report as a growing complexity of client needs, particularly in responding to residents with multiple needs and those on fixed incomes or with limited life skills. Support services, including access to case management, are increasingly needed to help shelter residents' transition back into the community, stabilize housing and employment situations, and reduce recidivism. Information, referral, and informal case planning are already some of the services provided by emergency shelter operators in York Region. Increased provincial funding is needed to recognize these costs.

5. FINANCIAL IMPLICATIONS

There are no immediate financial implications associated with this report. A preliminary assessment of OMSSA's short-term funding model, if implemented, shows that higher provincially funded per diems could reduce overall Regional costs for emergency shelter operations. While the OMSSA report calls for 100% provincial funding for additional costs to implement increased per diems, assuming an 80:20 cost share between the Province and municipalities, any increase in the per diem will increase the Region's per diem costs. However, there will be less need for 100% regional dollars to off-set the per diem gap as operator per diem revenues increase.

6. LOCAL MUNICIPAL IMPACT

There are no direct implications for local municipalities associated with this report, but providing adequately funded and responsive shelter services assists homeless residents in all areas of York Region.

7. CONCLUSION

Emergency shelters are a critical part of York Region's homelessness services system but face mounting funding pressures as a result of an inadequate provincial per diem. The findings and recommendations of the OMSSA Emergency Hostel Task Force report confirm that this is a province-wide issue. While York Region, along with other larger CMSMs, have developed local strategies to mitigate the most serious immediate impacts on emergency shelters in their communities, a provincial solution is needed to stabilize shelter operations. The release of the OMSSA report provides the opportunity for the Region to make the case for greater provincial investment in emergency shelters in the short-term as a first step toward longer-term change in how shelters are funded.

It is therefore recommended that Regional Council support, in principle, the OMSSA Emergency Hostel Task Force Report, and that a letter be written to the Minister of Community and Social Services requesting an immediate increase of funding for emergency shelter operations.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the June 7, 2006 Committee meeting.)