1
STRATEGY TO ADDRESS FUNDING SHORTFALLS FOR EMERGENCY SHELTERS IN YORK REGION

The Community Services and Housing Committee recommends:

1. **That the presentation from Joanne Fowler, Manager, Planning and Policy Support regarding "Strategy to Address Funding Shortfalls for Emergency Shelters in York Region" be received;**

2. **That Recommendation No. 1 contained in the following report, August 24, 2005 from the Commissioner of Community Services and Housing be amended by adding the following after "$163,000 annually":**

   "subject to a further report during the 2006 budget deliberations"

3. **That this report be circulated to the Human Services Planning coalition;**

4. **That Recommendation Nos. 2 and 3 contained in the following report, August 24, 2005 from the Commissioner of Community Services and Housing be adopted.**

1. RECOMMENDATIONS

It is recommended that:

1. York Region enter into bridge funding agreements with Transitional and Supportive Housing Services of York Region (TSHSYR), effective January 1, 2006, for up to $163,000 annually and the Governing Council of the Salvation Army of Canada, effective November 1, 2005, for up to $333,000 annually.

2. The Commissioner of Community Services and Housing be authorized to sign these agreements on the Region's behalf, subject to the prior review of the Regional Solicitor.

3. Pre-budget approval be given to include $496,000 (annualized) in the 2006 gross budget with respect to the above agreements.

2. PURPOSE

This report identifies issues that have resulted in mounting service and funding pressures for York Region's emergency shelters and seeks Council's approval to mitigate the situation through:

- Approving an increase to Emergency Shelter expenditures associated with Leeder Place and Sutton Multi-Service Youth Centre in the amount of $56,000 in 2005 to be managed within the 2005 Budget.
- Supporting the inclusion of expenditures in the amount of $496,000 in the Department's 2006 Budget submission for Council's consideration.
- Giving prior approval to proceed immediately to allow the new shelter beds at the Sutton Multi-Service Youth Centre to open for this coming winter.

3. BACKGROUND

3.1 Overview

Emergency Shelters provide short-term accommodation, counselling, information and referral supports for individuals and families in need. The Region, as part of its mandate as Consolidated Municipal Service Manager (CMSM) for homelessness, supports and funds these shelters.

York Region currently funds three Emergency Shelters through purchase of service agreements with Transitional and Supportive Housing Services of York Region (TSHSYR). Funding is based on a per diem ($39.15) and costs are shared 80/20 with the Province. In 2005, the gross Emergency Shelter Budget is $1,746,876.

Previous reports have outlined the increased number of people seeking emergency shelter. These emergency shelters do not have the capacity to meet the changing needs of the Region. Regional Council is aware of the situation and is addressing the growing need for emergency shelter beds. To do this in 2005, York Region staff have been working toward agreements with TSHSYR – Leeder Place to fund an increased capacity of 35 beds for families, and with the Salvation Army to operate 16 new youth beds at the Sutton Multi-Service Youth Centre.

3.2 Issue

While the increase in capacity will meet pressing service needs, the current provincially-set maximum per diem of $39.15 is not sufficient to address fixed support service costs that will be incurred with the Leeder Place expansion and the Sutton Youth Centre's new beds. Specifically, this increase in capacity will result in operating shortfalls of $333,000 for the new Sutton Youth Shelter and $163,000 for the Leeder Place expansion. The anticipated Sutton Youth Shelter operating shortfall has been identified for Regional Council in Report Nos. 7 and 10 of the Commissioner of Community Services and Housing in 2004 and Report No. 5 of the Commissioner of Community Services and Housing in 2005.

3.3 Actions to date

The lack of adequate and appropriate emergency shelter funding is a province-wide issue which like York Region, has come to a head for a number of municipalities. This underfunding, combined with cost pressures from rising utility rates, increasingly more complex needs of shelter residents, and difficulty accessing alternative funding sources to cover operating expenses threatens the stability of emergency shelter systems.

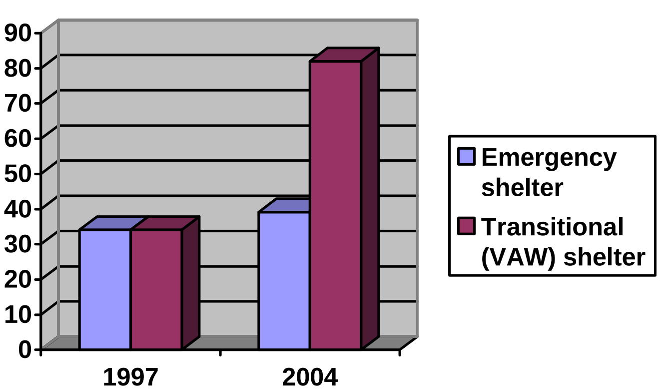
Municipalities for which the per diem gap has become a serious issue have responded with a variety of funding strategies. A longer-term solution is being worked on by an Ontario Municipal Social Services Association (OMSSA) Task Force. This Task Force is currently conducting a comprehensive provincial review of per diem funding including a survey of CMSMs to identify types of services provided by emergency shelters across Ontario. This, however, will not address the immediate issues that the Region currently faces. This is why an interim strategy is being proposed.

4. ANALYSIS AND OPTIONS

Community Services and Housing Department staff have recently completed a detailed review of York Region's shelter operations to assess the level of shelter underfunding. The results clearly show that:

1. The provincial maximum per diem subsidy is not sufficient. It does not provide enough funding to cover basic operating costs and has failed to keep pace with funding levels of similar shelter operations such as transitional shelters for women fleeing violence (Violence Against Women - VAW). The Province currently provides base operating funding to transitional shelters for women which is equivalent to a per diem rate of approximately $82 while emergency shelters receive a maximum per diem of $39.15 to provide a similar level of service. (See Figure 1.)

Figure 1
Comparative Funding Increases for Emergency Shelters and Transitional (VAW) Shelters from 1997—2004



2. Shelter providers try to make up the difference through alternative sources of funding such as United Way, etc. In many cases this results in unstable funding and shortfalls.

New or expanded shelter providers face even greater operational shortfalls unless financing is in place to help establish their operations while seeking alternative funding sources.

4.1 The Per Diem Gap and Implications for York Region Emergency Shelters

In York Region, per diem revenues only covered 32% to 68% of actual annual shelter operating expenditures in 2004. These shortfalls have been covered largely by third party funding, particularly through the United Way of York Region, fundraising and donations, other Regional funds (Social Housing Reform Act funding for Porter Place), and, in the case of the Youth Shelter, provincial funding for youth-specific programming. In all cases, operators have used these third party funds to offset the costs of providing basic services that the per diem is intended to cover. This make-up funding is unstable and still often leaves a shortfall.

The per diem gap is having a significant impact. The Newmarket Youth Shelter, for example, has faced an operating deficit over the last two years, and potential shelter operators have not been able to meet community needs for new beds. The per diem gap will also immediately result in annual operating shortfalls of $333,000 for the Sutton Youth Shelter and $163,000 for the Leeder Place expansion.

In the case of the Sutton Youth Shelter, the funding shortfall may jeopardize the opening of the shelter as Community Services and Housing staff and the Salvation Army work toward a purchase of service agreement in the absence of third party funding sources. In the case of the Leeder Place Expansion, the shelter has historically faced fluctuating occupancy rates and needs time to adjust its operating policies to support the expansion.

York Region’s immediate priority as CMSM is to address the operating shortfalls faced by the new Sutton Youth Shelter and the Leeder Place expansion. As noted above, these shelters face the pressures shared by the entire shelter system as well as some additional transitional pressures which are expected to lessen over time.

4.2 How Other Municipalities Have Responded

As previously mentioned, the per diem gap issue is not just a York Region problem – it is a province-wide problem.

Staff have reviewed the strategies adopted by other municipalities in the development of the proposed interim and long-term responses presented below. In the majority of cases (Toronto, Peel and Halton for instance) the CMSM is supplementing the cost-shared per diem of $39.15 with 100% municipal funding. Others are using a menu of short-term funding envelopes such as Provincial Homelessness Funding and community fundraising (i.e. Durham).

In the absence of a longer-term provincial solution and given the pressing shelter needs of their residents, municipalities have provided funding as both a short and in some cases, longer-term solution.

4.3 Recommended Response for York Region

Based on this analysis, the recognition that a longer-term provincial solution is required but the immediate need is to have a prompt, effective short-term solution, staff recommend bridge funding to an annual maximum of $333,000 for the Sutton Youth Shelter and $163,000 for the Leeder Place expansion. This bridge funding should allow time for the Leeder Place expansion's new facilities and operating policies to result in optimum occupancy rates and the Sutton Youth Shelter to establish third party funding sources. In the meanwhile, York Region will continue to work with OMSSA to pursue a longer-term provincial solution. Within these maximum funding levels, bridge funding allocations to agencies would be adjusted annually based on projected shortfall. Annual bridge funding will require a business case and a review to take place with the agencies. If actual deficits are lower than projected, payments to the agency will be reduced in-year.

4.3.1 How The Recommendation will be Implemented

If this bridge funding is approved, the Region would enter into contracts respecting this funding with the Governing Council of the Salvation Army (for the Sutton Youth Shelter) and TSHSYR (for the Leeder Place expansion) before the end of 2005. Staff recommend that this new arrangement be approved to take effect November 1, 2005 (the targeted date for the shelter opening) for the Sutton Youth Shelter and January 1, 2006 for the Leeder Place expansion. Entering into these contracts this fall is required for the new beds in the Sutton Multi-Service Youth Centre to open for the coming winter. This will require approval outside of the normal Regional 2006 Budget process. The calculation of bridge financing is illustrated below in Table 1.

Table 1
Calculation of Maximum Bridge Funding

	Leeder Place	Sutton Multi-Youth Centre	Total
Operating Budget	$674,000	$527,000	$1,201,000
Less per diem revenue*	$429,000	$194,000	$ 623,000
Less 3rd party revenue	$ 82,000		$ 82,000
Bridge Funding (shortfall)	$163,000	$333,000	$ 496,000

* Calculated based on per diem rate $39.15 at 2004 occupancy levels.

As demonstrated above, the Sutton Multi-Service Youth Centre does not currently have a source of third party funding. As part of this funding strategy, staff will work with the

Governing Council of the Salvation Army of Canada to establish a fundraising target and recommend a minimum target of $50,000.

5. FINANCIAL IMPLICATIONS

The approved 2005 Budget for these services is $1,746,876 gross, $349,375 net regional cost. If the bridge funding is approved it means additional regional costs. Thee costs are outlined in Table 2.

Table 2
Financial Implications

	2005	**2006**
Provincial Subsidy	$1,397,501	$1,397,501
Regional Cost	$ 349,375	$ 845,375
Total Gross	**$1,746,876**	**$2,242,876**

An increase to the Emergency Shelter expenditures will result in a tax levy increase.

5.1 Implementation

It is recommended that the per diem agreement that notes the current maximum per diem level remain in place and that the bridge funding agreements and the conditions of receiving the funding (eg. annual business case submission, financial reporting, requirement to seek third party funding, etc.) be put in place as a separate process.

Bridge funding will be capped at $163,000 for Leeder Place and $333,000 for Sutton Youth Centre and reduced in-year if deficits are lower than projected as third party funding services and operating policies are established or fully implemented.

The costs for 2005 ($56,000) can be funded within the existing Community Services and Housing Emergency Shelter Budget.

6. LOCAL MUNICIPAL IMPACT

Increased, stable services to assist homeless residents with immediate shelter and support in obtaining longer term housing will benefit all areas of York Region and address an acute need.

7. CONCLUSION

Emergency Shelters provide critical supports to York Region's residents in crisis. They provide the stability needed for individuals and families to keep jobs, go to school and have the supports they need to re-establish stable, long-term housing in the community.

York Region's growth is raising the need for these services. The Region has made good progress in developing strategies to expand bed capacity to meet community needs, but provincial per diem funding is inadequate. While longer term solutions are worked on, the strategy recommended in this report will provide the bridge funding needed to open, expand and stabilize shelters.

The Senior Management Group has reviewed this report.