3
A REVIEW OF EMERGENCY SHELTER SUSTAINABILITY IN YORK REGION

The Community Services and Housing Committee recommends the adoption of the recommendations contained in the following report, November 28, 2008, from the Commissioner of Community and Health Services:

1. RECOMMENDATIONS

It is recommended that:

1. Council approve the concept of increasing the amount of funding required to address the funding pressures outlined in this report for York Region emergency shelters subject to approval of the 2009 Business Plan and Budget.

2. The Regional Chair write to the Minister of Community and Social Services requesting the Province take immediate action to increase per diem funding for emergency shelter operations to address mounting financial pressures as highlighted in this report.

2. PURPOSE

The purpose of this report is to summarize the key findings of a consultant-led Emergency Shelter Sustainability Review, including the results of a peer municipal comparison.

3. BACKGROUND

York Region provides funding to four emergency shelters which provide critical basic services to homeless individuals and families throughout the Region

York Region currently funds four emergency shelters (with 75 beds) through purchase of service agreements with Blue Door Shelters and the Salvation Army of Canada. Three of the four shelters are owned by the Region. Each shelter serves a specific client group: youth (males and females), families, or single men.

Emergency shelters are funded through a per diem cost-shared 80:20 with the Province. The Province sets the maximum daily rate, currently $41.60. The per diem is paid to the operator for each adult or child who occupies a bed.

The Ministry of Community and Social Services provides 100% funding for two shelters for women and children escaping abusive situations, however there are no services for homeless single women in York Region

There are also two shelters for women (and their children) escaping abusive situations: Sandgate and Yellow Brick House. Operating and funding information for these shelters has not been included in this report because they are funded separately by the Ministry of Community and Social Services. There is no emergency shelter for homeless single women in York Region.

Provincial per diem remains inadequate to cover operating costs and threatens the sustainability of the shelter system in York Region

As an occupancy-based funding model, the provincial per diem fails to respond to fixed costs (i.e., staffing, utilities, property taxes) and the needs of smaller scale shelter operations (e.g. a 10-bed youth shelter). As a result, many shelter operators across the province experience a significant gap between per diem revenues and the actual costs of running a shelter. This is the case with emergency shelters in York Region.

Council approved $500,000 in bridge funding to sustain York Region's emergency shelters in 2005

In fall 2005, Council approved $500,000 in municipal bridge funding to support the interim funding needs of York Region's emergency shelters, pending the outcome of the Ontario Municipal Social Services Association (OMSSA) emergency shelter funding review. This funding was approved at the September 22, 2005 Council meeting through the adoption of Clause No. 1 of Report No. 6 of the Community Services and Housing Committee.

In 2005, the OMSSA Task Force recommended an immediate increase in the per diem and identified the need for base funding for 75%-80% of shelter expenses

In December 2005, OMSSA reported the findings of its Task Force, confirming the inadequacy of the per diem to address shelter costs. It was recommended that the Province provide an immediate increase to the per diem (up to $46 per day above the current per diem) and work with municipalities over the long-term to develop an approach whereby 75%-80% of shelter expenses would be base funded.

Since the work of the Task Force, the Province has responded with three minor per diem increases amounting to only $2.45 per day ($39.15 to $41.60) and there have been no changes to the funding model. As a result, the per diem remains a significant source of pressure for many shelters and now presents a threat to the immediate and long-term viability of the emergency shelter system in York.

York Region emergency shelter occupancy was 21,730 bed nights in 2007

Table 1 provides a summary of shelter usage in 2007. Without an adequate solution, York Region's shelters are at risk of closing, potentially resulting in a significant increase to visible (street) homelessness throughout the Region.

Table 1
2007 Shelter Usage

Shelter	No. of Beds	Clients Served	No. of Individuals	No. of Bed Nights
Sutton Youth	16	Youth – male and female	383	4,150
Newmarket Youth	10	youth – male	431	3,560
Porter Place	29	single men	902	10,069
Leeder Place	20	families	288	3,693
Motels		family overflow	51	258
Total – All Shelters	**75**		**2,055**	**21,730**

Stabilizing emergency shelter operations is identified as a priority for the Community and Health Services Department's Multi-Year Plan and the *York Region Community Plan to Address Homelessness*

The Community and Health Services Department is developing a Multi-Year Plan to respond to the human service needs of a growing population and the changing social fabric of our communities. A key first step in this process is to stabilize critical services such as emergency shelters. Protecting existing shelter beds also supports priorities of the recently launched *York Region Community Plan to Address Homelessness*.

Consultant engaged to assess York shelter sustainability and to complete peer municipal survey

In June 2008, Consulting Matrix was retained to:

- Complete a financial assessment of York Region's emergency shelters.
- Interview six municipalities to determine how they fund emergency shelters and how this compares to York Region.

4. ANALYSIS AND OPTIONS

THE CONSULTANT'S REVIEW IDENTIFIES PRESSURES CONTRIBUTING TO AN OPERATING SHORTFALL FOR YORK REGION SHELTERS

Staffing represents the largest shelter cost

The consultant's review suggests that, like most human services organizations, the single largest cost in any shelter is staffing – salaries, wages, and benefits. In 2007, staffing represented 71% of shelter costs in the Region.

Fluctuating supplemental shelter revenue contributes to instability

York Region shelters receive funding from a number of sources to supplement the provincial per diem, including bridge funding from the Region, the Community Development and Investment Fund (CDIF), United Way, Social Housing, donations (cash and in-kind), fundraising and other provincial sources (e.g., mental health youth programming).

Many of these additional revenue sources are unstable and, even in combination with the per diem, are found to be inadequate to meet basic shelter expenses. Recently, for example, Blue Door's bingo revenue and general fundraising declined by approximately $116,100 annually.

Per diem funding is based on shelter occupancy and is not responsive to fixed costs, inflation and shelter scale and as a result a per diem shortfall is anticipated in 2009 for York Region emergency shelters

Because the per diem is based on shelter occupancy, it does not respond to fixed costs. When per diem revenue decreases due to a decline in occupancy, operating costs remain fixed, creating a gap between revenue and costs.

The per diem is not responsive to inflationary pressures and other routine cost increases (i.e., negotiated wage adjustments). These costs have placed considerable strain on all shelter budgets in York Region.

The per diem also does not address the issue of shelter size. Several of York Region's shelters run on a small scale (under 20 beds). These shelters, in particular, have the greatest difficulty generating the revenue needed to meet costs, even at full capacity.

These per diem funding limitations are expected to result in an estimated $326,200 shortfall in 2009.

Per diem funding does not adequately support shelter bed expansion

Blue Door's Leeder Place Family Shelter is scheduled for expansion (from 20 to 60 beds) in the first quarter of 2009. Staff recruitment and training will need to occur prior to implementation. Based on experience with new shelters, occupancy levels are also expected to be lower initially, increasing gradually with enhanced community awareness. During this period, the operator continues to be responsible for the fixed costs of running the shelter without a steady stream of per diem income. This, in combination with the cost of implementation, will result in a projected 2009 operating shortfall of $175,600.

Overall pressures combine to increase the current funding shortfall for York Region emergency shelters in 2009

Table 2 outlines the anticipated additional funding pressures for York Region emergency shelters in 2009.

Table 2
2009 Shelter System Additional Funding Pressures

Sources of Pressure	Cost
Blue Door Fund Raising Capacity Reduction	$116,100
Per Diem Shortfall (all shelters)	326,200
Leeder Place Graduated Occupancy	175,600
Total Projected Shortfall	**$617,900**

These pressures are in addition to the $500,000 shortfall previously identified to Council in October 2005.

MUNICIPAL SURVEY DEMONSTRATES FOUR DISTINCT APPROACHES TO FUNDING SHELTERS

As part of their work, the consultant interviewed six peer municipalities, including Peel, Halton, Niagara, Waterloo, Ottawa and Toronto to examine the different approaches to emergency shelter funding. The review revealed the use of four funding approaches which are described below.

Municipalities with strong community fundraising support and larger shelter scale appear to be managing with the basic per diem

Some of the municipalities surveyed have the ability to sustain shelter operations using only the maximum provincial per diem (currently $41.60 per day). This approach appears to work only where operators have a long standing history of community investment and run shelters with sufficient scale to benefit from the occupancy-based per diem. Many of York Region's shelters operate on a small scale (i.e., less than 20 beds) and do not have the range of third party supports available to operators in other communities.

Another approach involves enhancing the provincial per diem to maintain critical shelter services

Using this approach, municipalities enhance the provincial per diem to assist shelters in meeting basic operating costs. In this case, the higher per diem is negotiated on a case-by-case basis and varies from one shelter to the next depending on the level of need. A higher per diem does not necessarily ensure solvency for the operator, since the funding is still based on occupancy. Should occupancy fall, shelter revenues can reduce dramatically, creating an unmanageable shortfall for the operator.

A combination of per diem and bridge funding may be used to sustain shelter services

In this situation, per diem funding is administered to the provincial maximum and additional bridge funding is provided to shelter operators. This is the approach currently used in York Region. In addition to the per diem, York Region negotiates supplementary funding (for the provision of basic shelter services only) on an annual basis to address the projected operating shortfalls of its emergency shelters. In the past several years, this top-up has been negotiated within a fixed envelope of regional funding (Council approved bridge funding). While helpful in addressing funding shortfalls (associated with small scale and inflation), continued use of the per diem means that a portion of the operator's funding remains at risk should occupancy fall below projected levels.

Program funding negotiated annually to address projected shortfalls

Under this approach, funding for shelter operations is provided through block or base funding and is negotiated annually between the operator and the municipality. Funding is not dependent upon occupancy, though operators provide occupancy data to enable the municipality to recover the provincial share of emergency shelter funding. This approach is responsive to pressures associated with small scale, occupancy and inflation, though the municipality assumes all of the financial risk associated with fluctuating occupancy.

5. FINANCIAL IMPLICATIONS

In 2005, Council approved bridge funding in the amount of $500,000 to sustain York Region emergency shelters. As a result of a variety of factors which include inadequate and limited per diem funding, fluctuating supplemental revenues and increasing fixed costs, it is anticipated that an additional $617,900 will be required in 2009. These increased financial pressures will be addressed through the 2009 Business Plan and Budget process. It is anticipated that inflation and wage adjustment pressures will continue to impact the budget annually.

6. LOCAL MUNICIPAL IMPACT

The provision of adequately funded, sustainable emergency shelter services assists homeless residents in all areas of York Region, and helps to ensure caring and safe communities for all.

7. CONCLUSION

Both *Vision 2026* and York Region's *Sustainability Strategy* emphasize the strategic importance of making decisions today that ensure healthy, sustainable communities in the future. Common to both documents, and the recently updated *York Region Community Plan to Address Homelessness*, is the importance of access to a continuum of housing supports.

Emergency shelters are a critical part of York Region's homelessness service system and are at risk due to the continued inadequacy of the provincial per diem, and pressures associated with inflation, fixed costs and shelter scale. This experience is common to municipalities across Ontario, many of which have been responding with local funding approaches to address the increasing gap between operating revenues and the actual cost of shelter services.

For more information on this report, please contact David Rennie, General Manager, Social Services at Ext. 2013.

The Senior Management Group has reviewed this report.