

**2009 Per Diem Rates for the Purchase of Service Shelter System
and Related Matters**

Date:	October 30, 2008
To:	Community Development and Recreation Committee
From:	General Manager, Shelter, Support and Housing Administration
Wards:	All
Reference Number:	

SUMMARY

This report provides recommendations on the 2009 Bed Capacities and Per Diem rates for the purchase of service shelter system and funding levels for other various operating contracts. Updates are also provided on the Hostel Services Funding Model Review consultation process, the Quality Assurance Initiative and Housing First in Hostels.

RECOMMENDATIONS

The General Manager, Shelter, Support and Housing Administration, recommends that:

1. Council approve the recommended per diem rates, bed capacities and Personal Needs Allowance rates for the shelter system as set out in Appendix A subject to the approval of the 2009 Operating Budget;
2. the General Manager, Shelter, Support and Housing Administration, and/or his designate be authorized to:
 - a. enter into purchase of service agreements with community agencies and motel operators for the provision of shelter services and the issuance of Personal Needs Allowance, up to the maximum contract values as outlined in Appendix A, subject to approval of the 2009 Operating Budget;
 - b. contract with and issue payments of up to \$8.676 million(gross)/\$1.737 million (net) to Mental Health Program Services of Metropolitan Toronto

(Habitat Services) for the provision of housing and supports for psychiatric consumer survivors living in Habitat contracted boarding or rooming houses subject to approval of the 2009 Operating Budget;

- c. contract with and issue payments to the Toronto Hostels Training Centre for the administration and provision of training for shelter staff up to a maximum amount of \$198,000 subject to approval of the 2009 Operating Budget; and
- d. purchase up to \$42,000 in training for staff of the directly operated shelters from the Toronto Hostel Training Centre in order to meet the training requirements laid out in the Council approved Toronto Shelter Standards, subject to approval of the 2009 Operating Budget;

Financial Impact

The summary of the Financial Impact from approving the service agreements outlined in this report are noted in the following table:

Funding for the per diem and Personal Needs Allowance (PNA) payments for purchase of service shelters, motels, and payments to Habitat Services and the Toronto Hostels Training Centre are included in the proposed 2009 Operating Budget for Shelter, Support and Housing Administration.

Contract (\$000s)	2008 Approved Budget		2009 Recommended Budget		Increase	
	Gross	Net	Gross	Net	Gross	Net
Purchase of Service Shelter Provider Contracts	47.284	16.596	47.956	16.842	0.672	0.246
Personal Needs Allowances	1.896	0.379	1.911	0.382	0.015	0.003
Habitat Mental Health Program Services of Metropolitan Toronto (Habitat Services)	8.506	1.703	8.676	1.737	0.170	0.034
Toronto Hostels Training Centre	0.198	0.099	0.198	0.099	0.000	0.000
City of Toronto Shelter Training Needs	0.042	0.042	0.042	0.042	0.000	0.000
Motel Contracts	0.781	0.000	1.172	0.000	0.391	0.000
TOTAL	58.707	18.819	59.955	19.102	1.248	0.283

As per the table above, the proposed 2009 Operating Budget includes \$59.955 million (gross), \$19.102 million (net), for these various contracts. Adopting the recommendations in this report would increase the gross and net budget above the 2008 Approved Base Budget, by \$1.248 million and \$0.283 million, respectively. The increased pressure from the contract changes is partially offset by the increase in the provincial subsidy.

As in 2008, the Provincial government has increased its capped per diem rate by 2 per cent. The new Provincial per diem rate for 2009 would be \$41.57 (80 per cent capped rate is \$33.25) up from \$40.75 (80 per cent capped rate at \$32.60). The 2 per cent increase in subsidy from the Province combined with the subsidy lost from bed night decreases, as described below, results in the Provincial contribution for the purchase of service shelters going from \$30.7 million in 2008 to \$31.1 million in 2009.

There is an expected decrease in bed nights from 941,329 in 2008 to 935,741 in 2009. This decrease of 5,588 bed nights (1%) is due to bed closures, increased efforts to assist people to access housing and the expected successes of the Hostels to Homes pilot project. The Division is recommending that the savings from the reduced service volumes be reinvested to offset a 2 per cent cost of living adjustment in the overall budget for purchase-of-service shelters providers. The overall per diem rate increase for the purchase of service system creates a net \$0.246 million pressure for 2009.

The 2009 Operating Budget Submission also includes up to \$8.676 million (gross)/\$1.737 million (net), for Habitat Services. This is a 2% increase of \$0.170 million (gross), \$0.034 million (net) over 2008. The Province has confirmed a 2% increase to their portion of the funding.

Funding for the motel program of \$1.172 million gross, with no net incremental impact, is also recommended.

Shelter, Support and Housing Administration operates within its funding authorities up to the approved Operating Budget. In the event that occupancy levels exceed the 2009 approved budget, Shelter, Support and Housing administration would report out to Community Development and Recreation Committee and to Budget Committee and seek to mitigate cost pressures within the overall divisional envelope. Additionally, in the event that occupancy levels go below the 2009 approved budget, Shelter, Support and Housing Administration will re-distribute any unallocated savings directly to shelter providers in the form of per diem adjustments up to the maximum 2009 approved Operating Budget.

The Acting Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

Shelter, Support, and Housing Administration reports annually on the recommended per diem rates and bed capacities. A copy of the 2008 report can be found at:

<http://www.toronto.ca/legdocs/mmis/2007/cd/bgrd/backgroundfile-8991.pdf>

ISSUE BACKGROUND

Hostel Services of the Shelter, Support and Housing Administration Division is the Consolidated Municipal Service Manager responsible for shelter development, program delivery and system oversight. The Ontario Works Act outlines the authority for municipalities to operate shelters or to purchase service from community agencies to provide shelter services and personal needs allowance. The Provincial revenue funding formula is an occupancy driven model which pays shelters on a per diem basis for beds occupied by homeless individuals, families and children.

Council has made numerous recommendations to urge the Province to change the funding model and increase the per diem rate. The current rate does not adequately fund the costs of providing emergency shelters in the City of Toronto nor does it fund the services required to assist homeless individuals to find and keep housing. In the 2009 proposed operating budget, the average per diem rate is \$51.25, of which the Province pays \$33.25. The Provincial/ Municipal cost share should be 80/20, however based on the 2009 proposed average per diem rate, the cost share is now approximately 48/52, with the City being the majority funder of services and the gap continues to grow. In addition, previous calculations by City staff show that the per diem rate does not even cover the basic room and board costs, as identified in the Ontario Works Act. This has been the case for many years. In 2009 the projected shortfall in Provincial revenue is \$31.3 million.

COMMENTS

As of November 2008, there are 57 shelter facilities in the City of Toronto. The shelter system is a mixed service delivery model with the City directly operating 9 shelters, the Assessment and Referral Centre, and Central Family Intake; and 48 shelter sites operated by 30 community not-for-profit agencies funded through purchase of service contracts with the City. All programs must meet the operating requirements as set out in the Toronto Shelter Standards and the purchase of service operating agreements. In addition the City purchases motel beds for emergency sheltering of families.

Appendix B - Shelter Profile Information provides information on each agency and their contracted services.

Occupancy Information:

Shelters provide emergency shelter, food, board, lodging and specialized counselling and support services for thousands of people annually. In 2008 there are on average approximately 3800 beds available nightly in the regular shelter system for single adults, youth, and families with children.

The 2008 average occupancy rate from January – October 19th, 2008 for single adult and youth shelters is 93 per cent and there are on average 978 persons, including children, in the family shelters on a nightly basis. Appendix C provides a chart showing the average occupancy trends in 2007 and 2008, year to date.

In 2008, 35 shelter beds closed. 17 were at the Christie Ossington Neighbourhood Women's Shelter program, located in Ward 19. After review by the City, funding for this program was ended as the physical location was determined to be inadequate and no replacement site was available.

In addition, Tumivut Youth Shelter a 40 bed emergency shelter program for aboriginal youth, closed for re-development. The site, located in Ward 21, will re-open in the spring of 2009 and will provide transitional shelter for 22 aboriginal men and male youth. This represents a net reduction of 18 beds at this location but will ultimately result in an improved facility and services that better meet the needs of the clients.

The financial savings from the closure of these beds has been reinvested in the proposed funding for 2009.

Appendix D charts the total number of different people who stayed in the shelter system from 2000-2007 on an annual basis. Over this eight year period the peak use was in 2001 when 31,175 different people used the shelter system. The total number of different people using the shelter system in 2007 was 24,868. This represents the lowest use during this period of time and represents a 20% decrease from 2001.

1. Purchase of Service Rates and Bed Capacities

a. 2009 Recommended Per Diem Rates, Bed Capacities and Personal Needs Allowances

The 2009 recommended per diem rates, bed capacities, personal needs allowances, and detailed information for each shelter are included in Appendix A. The implementation of these rates is subject to the approval of the 2009 Shelter, Support and Housing Administration Operating Budget. As in 2007 and in 2008, the City applies increases/sector adjustments in per diem rates using the pre-established Council reported criteria as outlined in Appendix E. It should be noted that the majority of the 2009 recommended per diem rates are reflective of inflationary increases only.

Appendix F provides comparative operating budget information between 2008 and 2009 on a system and sector basis.

In 2009 the Provincial per diem capped rate will increase by 2 per cent to \$41.57 (80 per cent is \$33.25).

b. Information on In-Year Adjustments to Per Diem Rates

Changes to the Council approved per diem rates and bed capacities are considered in-year adjustments. These adjustments can occur for a number of reasons including a change in service provision, an urgent financial situation that requires an increase to the per diem rate, and/or a need for additional beds to meet occupancy demand. Hostel Services has an established business practice that appropriately records and accounts for any in-year per-diem adjustments. Any change in the operating agreement must be approved by the appropriate signing authorities and Hostel Services reports out annually to Council on any required in-year adjustments. In 2008, adjustments were made to three contracts including rate and/or bed capacity adjustments. (Appendix G – 2008 In-year Adjustments Report).

c. Other Service Contracts - Motels, Toronto Hostels Training Centre and Habitat Services

This report seeks authorization to enter into funding contracts with Habitat Services, the Toronto Hostels Training Centre and the City's Motel Program, subject to the approval of the 2009 Operating Budget. Appendix H– Other Annual Services Contracts provides detailed information on these programs.

Habitat Services is a housing and support subsidy program that is cost-shared by the Ministry of Health and Long-term Care and the City of Toronto. On an annual basis the program provides a housing subsidy for up to 931 units of private and not-for-profit boarding homes and rooming houses for people with psychiatric illnesses.

So far in 2008, 2,621 shelter, drop in and other agency staff received training and certificates through the Toronto Hostels Training Centre. The Centre offers over 120 different training courses and six certificate programs that support agencies in meeting the Toronto Shelter Standards and allow staff to develop skills related to the provision of services to homeless individuals.

On an average night in 2008, 319 people are being provided shelter using the motel program.

2. **Funding Model Review Update**

a. **Background**

As reported out last year Hostel Services initiated a process to review the per diem funding model. This was in response to long standing issues with the existing 80/20 Provincial/ Municipal cost shared funding model which have been noted earlier in this report.

While the review process was being finalized and the final report distributed, the City was able to implement some immediate funding improvements that did not require Provincial approval. As reported to Council last year, Hostel Services initiated a pilot project that advances per diem funding to shelter providers. The project was piloted for six months with a small number of providers and evaluated at the end of the pilot period. Based on positive feedback received from participants, and the fact the program operated effectively within the City's financial requirements, the pilot phase ended and the opportunity to participate on a regular basis was extended to all shelter providers who are in good standing with the City of Toronto. There are now 22 shelter sites participating in the Advance Per Diem Payment process.

The Division will also be billing the Province for the Violence against Women (VAW) beds that the City provides. As previously reported to Council, each year many women and children are turned away from provincially funded VAW shelters because those shelters were full. These women and their children are referred to City funded shelters. At the end of this year, the Division will reconcile the number of bed nights provided and submit a claim to the Province for reimbursement.

b. **Consultation Process**

Hostel Services initiated a consultation process with all shelter providers in order to solicit their opinions on the recommended options for the funding model, as directed last year by Council:

"the General Manager, Shelter, Support and Housing Administration, to undertake a consultation process with relevant stakeholders, shelter providers and other service providers which will be used to evaluate options related to the future funding direction for shelter services which includes integration of a strategy to support people who are homeless to access and maintain permanent housing in the funding structure, and report back to the Community Development and Recreation Committee in 2008."

The consultant's final report was distributed to the Board Presidents and Executive Directors of all purchase of service shelters and to the Managers of all directly operated shelters in the spring of 2008. Agencies were advised that after a period for review, Hostel Services would be inviting each agency to meet to discuss the funding model review and to seek their opinions on which model they felt would be most effective for their agency and their clients.

Agencies requested a minimum of 6 weeks time to review the document; consultations over the summer months were avoided. Therefore meetings with agencies started in early September. By the end of October, Hostel Services has met with the Board of Directors and senior management staff of 13 agencies representing 26 shelter sites. As well, Hostel Services has met with the Executive from the Ontario Associations of Hostels Toronto Chapter and has received correspondence from the Youth Shelter Interagency Network. The final consultation meetings will take place in November.

As directed by Council, these consultations have included a discussion of shelter services in relation to the City's commitment to ending homelessness through a housing first approach.

Preliminary feedback from the meetings indicates that there will not be one model that is preferred by all agencies. The variation in shelter sizes and the complexity of the shelter services provided does not lend itself to one simple solution. That being said, there are certain considerations that almost all agencies agree would be helpful:

- Eliminate the per diem system and replace it with a form of annualized funding that is paid out quarterly or semi annually and reconciled at year end.
- Create contracts that set out services to be delivered with some form of performance standards that will allow the City to address service quality in the context of annualized payments.
- Establish multi year contracts/operating agreements that will reduce the paperwork required for agencies who are meeting performance and quality assurance standards but that still recognize the City's requirement to set per diem rates annually.
- For multi-service agencies - develop an integrated funding stream which collapses all of their homelessness funding into one envelope.

The Province is an important funding partner in the provision of shelter services throughout Ontario. A copy of the consultant's final report has been forwarded to the Ministry of Community and Social Services. A copy of the report has also been sent to the Ministry of Health and Long Term Care.

At the conclusion of this consultation process, staff will report back to committee and Council in the first half of 2009 with recommendations on any changes to the funding model.

3. **Quality Assurance Phase 2 Update**

Hostel Services Quality Assurance Review Process is now in its second phase.

The first phase of the Quality Assurance process measured each shelter's level of compliance with the Toronto Shelter Standards. It determined whether shelters actually had policies in place and followed certain practices. An on-site review was done by City staff of all shelters. A completed scorecard, which included the shelter's overall score, was provided to each shelter. The average overall score across the shelter system, after the Quality Assurance, Phase 1 reviews was 81%. Shelters were then provided an opportunity to remediate any standards that they did not fully meet during the Phase 1 reviews. The remediation phase saw an improved level of compliance with the standards and an increase of approximately 10% in scores, bringing the average overall score up to 91%.

The second phase of Quality Assurance involves a detailed review of each shelter's policies and practices in the following four key areas: access (admission and discharge), service restrictions and complaint management. Every agency has submitted their written policies and procedures and Hostel Services staff are currently reviewing them.

This review process will also include identifying and documenting best practices so that they can be shared among shelter providers and possibly used in the revised Toronto Shelter Standards

The second phase also includes client input into the Quality Assurance process. Shelter, Support and Housing Administration hired consultants to develop and implement a client services review. The process included one on one administered surveys with over 500 shelter clients and holding four client forums/town hall meetings that were attended by approximately 135 individuals. This ground breaking review is based on the following principles: shelter services must be responsive to client needs and responsive to the goal of ending homelessness, and the experience and views of the people who use the services are essential in assessing the quality of services and in informing new policy direction.

As part of the Quality Assurance Review process, staff will report further on the findings of the policy and procedure reviews and the results of the client survey.

The results from Phase 1 and Phase 2 will inform the third phase of Quality Assurance, which focuses on reviewing and improving and updating the Toronto Shelter Standards. It is expected that this third phase will start in 2010.

4. **Housing First in Hostels**

Emergency shelters have always helped clients find and move into permanent housing as part of their core operations. More recently, the Division has combined new funding and existing funding streams, including housing allowances and other housing help funding, to provide targeted housing assistance and support services that will help homeless individuals transition from shelter to affordable housing.

The information below provides an update on three of those initiatives.

a. **Hostels to Homes Update**

Launched in June 2007, the provincially-funded Hostels to Homes (H2H) pilot project helps homeless shelter clients find and keep housing and tests the alternative use of per diem funding to provide counseling and community follow up.

The pilot, managed and administered by Hostels Services in partnership with Toronto Social Services, utilized dedicated housing support workers to provide intensive follow-up support services to help people move towards stable housing.

H2H is delivered by 12 referring shelter providers (eight community-operated agencies, four city-operated). The project targeted single adults and youth who use the shelter system regularly. In the latter phase of the pilot, families were also included. Clients must be eligible for Ontario Works at intake to the pilot and must agree to have a housing support worker provide intensive follow up supports for up to 18 months.

In the first phase of the pilot, the City of Toronto, one of six participating municipalities, received 310 allocations that could be used for single adult, youth and families who experienced periodic and/or ongoing homelessness. By fall 2008, Hostels to Homes screened, enrolled and housed 310 eligible applicants. As of July 2008, 88% of participants who moved into the community remained housed.

Recently, the Province announced an extension Hostels to Homes project for another 18 months, until January 2010. Toronto will be receiving an

additional 30 allocations in the second phase. Phase two, including follow up, will end by April 30, 2010.

The pilot demonstrates the benefits of funding flexibility by allowing a hostel per diem equivalency to be used to help shelter users move successfully into permanent housing.

The Province has started an evaluation of the project which is longitudinal and will look at the success of clients over time. It is not anticipated that the Province will announce whether the program will continue until the evaluation has been completed.

b. Housing Allowance Program

The Canada-Ontario-Toronto Housing Allowance Program (HAP) is a supplement paid to the landlord on behalf of the household in need of rental assistance. The program ends on March 31, 2013. To date, this program has assisted 234 participants living in shelters in securing affordable housing.

c. Housing Help Services within Shelters

Funded by the Ministry of Community and Social Services Consolidated Homelessness Prevention Program (CHPP), Housing Help Services in the shelter system deliver two specific services:

- Assist homeless people or people at risk of homelessness to find housing; and
- Assist formerly homeless people or people at risk of homelessness to keep their housing.

In 2007, providers delivering housing help services in shelters under this program provided support to 10,475 households or approximately 12,360 people. Not everyone that housing workers connect with is ready to be housed. Of these households engaged by housing workers in shelters, 4,300 were housed during the year, with 53% per cent in private market housing.

The Housing First Strategy as represented by these three programs demonstrates how the shelter system contributes to the aim of moving from managing homelessness to ending homelessness.

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ATTACHMENTS

- Appendix A: 2009 Recommended Per Diem Rates, Bed Capacities and Personal Needs Allowances
- Appendix B: 2009 City of Toronto Shelter Profile Information
- Appendix C: 2007 vs. 2008 Occupancy Information
- Appendix D: Total Number of Unique Individuals Using the Shelter System - 2000-2007
- Appendix E: Summary of Annual Criteria for Per Diem Rate Recommendations
- Appendix F: 2008 vs. 2009 Purchase of Service Per Diem Budget
- Appendix G: 2008 In-Year Adjustments Report
- Appendix H: Other Annual Service Contracts