



**STAFF REPORT
ACTION REQUIRED**

Changes to Provincial Funding Approaches for Homeless Prevention and Social Assistance Programs: Implementation Strategies and Issues

Date:	September 24, 2012
To:	Executive Committee
From:	Deputy City Manager
Wards:	All
Reference Number:	

SUMMARY

The Province has recently announced changes to several homeless prevention and social assistance programs administered by the City. This report provides an overview of these changes in approach and outlines an implementation strategy that will help to meet the City's long-term strategic goals, while maintaining services to vulnerable residents wherever possible.

In July, the Province introduced the new Community Homelessness Prevention Initiative (CHPI), which will replace existing funding across the province for Emergency Hostels, the Consolidated Homelessness Prevention Program (CHPP), the Rent Bank, Emergency Energy Fund, and Domiciliary Hostels, starting in 2013.

The new program provides greater flexibility for municipalities to respond to local needs. However, the City will receive less provincial funding for homeless prevention services as a result of the elimination of the Community Start-Up and Maintenance Benefit (CSUMB) in the 2012 provincial budget. The CHPI also changes the funding model for emergency shelters from an open-ended, demand-based model to a capped funding envelope, which presents new financial risks to the City. This report outlines an implementation strategy for the new program for 2013 as a transition year, as well as plans to develop a long-term investment strategy for 2014 and beyond.

Also as part of the 2012 provincial budget, the Ontario government introduced a new cap, effective July 1, 2012, in provincial funding under Ontario Works (OW) for medical benefits. This report describes the impact of these changes, as well as the elimination of the Hardship Fund. Building on and accelerating the work that TESS has previously

undertaken to identify efficiencies and cost savings in the delivery of medical benefits, the report outlines the steps that TESS is taking to ensure that those who have the most pressing medical needs continue to receive the equipment and items they require, while overall costs to the City are reduced.

RECOMMENDATIONS

The Deputy City Manager recommends that City Council:

1. Approve, subject to final confirmation from the Province, receipt of \$96 million for the Community Homelessness Prevention Initiative (CHPI), with specific funding allocations for the homeless prevention services described in this report to be provided through the 2013 Operating Budget process;
2. Authorize the General Manager, Shelter, Support and Housing Administration, to:
 - a. submit to the Ministry of Municipal Affairs and Housing for approval, negotiate and administer any required plans or reports with respect to the allocation of funds in relation to the Community Homelessness Prevention Initiative, subject to Council approval of the 2013 Operating Budget;
 - b. negotiate, execute and administer any and all agreements with the Ministry of Municipal Affairs and Housing related to the administration of the Community Homelessness Prevention Initiative; and
 - c. subject to the requirements of any agreements with the Ministry of Municipal Affairs and Housing, transfer up to 25 percent of any approved allocation within the Investment Plan from one service category to another service category, to ensure full and effective use of available provincial funds and to do so in conjunction with the General Manager, Toronto Employment and Social Services;
3. Authorize the General Manager, Shelter, Support and Housing Administration, to negotiate, enter into, amend and administer agreements and Local Rules with respect to the City's current program related to rental deposit and rental arrears loans (previously referred to as the Provincial Rent Bank Program), in accordance with any existing Council authority (October 26, 2009);
4. Authorize the General Manager of Employment & Social Services to deliver the Housing Stabilization Fund as outlined in Attachment 1 and the Emergency Energy Fund in accordance with previous provincial guidelines, starting in January 2013;
5. Direct the General Manager, Shelter, Support and Housing Administration and the General Manager, Toronto Employment and Social Services to:

- a. Develop a consultative engagement strategy to solicit input from clients and community stakeholders on priorities and best approaches to services that capitalize on the flexibility offered by the CHPI program; and
 - b. report back to Council in 2013 on the long-term strategic plan and implications for program implementation starting in 2014;
6. Direct the General Manager of Employment & Social Services to realize cost efficiencies in the provision of medical benefits through bulk purchasing, tendering and establishing a schedule for Orthotics in accordance with the principles and approaches outlined in this report; and
7. Request the Province to:
 - a. recognize 2013 as a transition year and provide 2013 funding for the Housing Stabilization Fund, as described in this report, equivalent to the provincial funding provided in 2012 for the Community Start-up and Maintenance Benefit;
 - b. provide additional funding as required to respond to emergencies, economic and geopolitical circumstances that may increase emergency shelter occupancy; and
 - c. provide medical benefits to social assistance recipients through the Provincial Health Care System under the mandate of the Ministry of Health and Long Term Care.

Financial Impact

There is no financial impact in 2012. The recommendations in this report are intended to highlight Provincial funding reductions, as discussed in this report in preparation for the 2013 Operating Budget process. The appropriate spending authority will be included in the 2013 interim estimates to enable the Programs to deliver the services identified in this report until such time as Council approves the 2013 Operating Budget.

Changes to provincial funding will impact the City's 2013 Operating Budget, as well as significantly reduce program funding available to support low income residents. These changes include the introduction of the new Community Homelessness Prevention Initiative (CHPI), which consolidates four existing City housing programs, the elimination of CSUMB, and the capping of OW medical benefits.

Under the Province's newly introduced CHPI, the City's provisional allocation is \$96.0 million annualized for 2013 (\$23.1 million for January to March 2013, and \$97.2 million for April 2013 to March 2014). The Ministry of Municipal Affairs and Housing (MMAH) has developed this allocation model based on two components: Base Funding and Needs-Based Funding:

- Toronto's provisional allocation under the Base Funding component is \$70.3 million. This equals 42.3% of total provincial funding, and is based on the City's current funding for the four homeless programs.

- Toronto's provisional allocation under the Needs-Based Funding formula is \$25.7 million. This equals 33.58% of total provincial funding, and is based on the City's proportion of households in Deep Core Housing Need.

There is no new financial commitment or cost sharing requirement for the City as a result of these changes. However, with the changes in Provincial funding there will be a reduction in services to City residents.

Under the previous funding model, the City budgeted \$75.8 million in provincial funding for the four housing programs including Hostel administration for 2013. As a result of the new CHPI base funding allocation, the City will see a reduction of \$5.5 million in 2013.

Previously, in 2012, through the OW and ODSP programs, a total of \$38.5M was made available by the Province to City residents through the Community Start-Up and Maintenance Benefit (CSUMB) (\$30.0 million funded through OW plus \$8.5 million funded through the ODSP program). Under the CHPI needs based funding formula, which re-allocated previous OW program funding, the City will receive \$25.7 million. As a result of this change there will be a reduction of \$12.8 million for the provision of homelessness services to low-income city residents.

The 2013 proposed provincial funding allocation for CHPI is subject to final confirmation from the Province. Allocation of this funding to specific operating programs will be included in the 2013 Operating Budget submission. The details on the use of funds for program administration will be announced by the Province later in the fall as part of the Program Guidelines. Staff will report back to Budget Committee on any required changes resulting from the final funding allocations and Program Guidelines.

In addition to the above, the Province has also announced a funding cap for medically based benefits under OW, which is projected for 2013 to be \$17.1 million, representing a decrease of \$2.7 million over 2012.

Taken together these changes in provincial funding will see a total reduction of \$21 million available in services and benefits for low income residents.

This report also discusses Council's direction regarding the City's former Hardship Fund, which acted as a medical benefits supplementary fund for low-income residents who were not eligible under the OW program. As per Council direction, the Hardship Fund was eliminated, effective July 1, 2012, with these medical benefits continuing to be provided to low-income residents for the remainder of the year with additional funding being absorbed within TESS' 2012 net budget. The annualized cost of these medical benefits is \$1.0 million gross and net. Council has made no provision to provide these benefits beyond December 2012.

Table 1 provides an overview of these changes:

Table 1: Impact of Funding Changes to City Benefits and Services for Low-Income Residents

		Previous Funding (millions)	Funding After Changes (millions)	Difference (millions)
Homeless Prevention Services	Consolidated Homeless Prevention Program	\$17.6		\$17.6
	Emergency Hostel Services & Administration (OW)	\$56.2		\$56.2
	Rent Bank	\$1.6		\$1.6
	Emergency Energy Fund	\$0.4		\$0.4
	CHPI Base Funding Allocation		\$70.3	(\$70.3)
	Sub-Total Loss of Provincial Funding	\$75.8	\$70.3	(\$5.5)
Social Assistance Funding Changes	CSUMB (OW)	\$30.0		\$30.0
	CSUMB (ODSP)	\$8.5		\$8.5
	CHPI Needs Based Allocation		\$25.7	(\$25.7)
	Sub-Total Loss of Provincial Funding	\$38.5	\$25.7	(\$12.8)
Total Impact of Provincial CHPI Funding		\$114.3	\$96	(\$18.3)
Change in OW Medical Benefits		\$19.8	\$17.1	(\$2.7)
Total Impact of Provincial Funding Changes				(\$21.0)
Elimination of Hardship Fund				(\$1.0)
Total of these Changes				(\$22.0)

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

Equity Impact

Reductions in provincial funding for services to low-income Torontonians, many of whom are from equity seeking groups, will potentially significantly reduce services to these groups. This report proposes a framework for City responses to mitigate those impacts and maintain services for vulnerable residents where possible.

DECISION HISTORY

The *Housing Opportunities Toronto Affordable Housing Action Plan 2010-2020* was adopted by Council at its meeting of August 5 and 6, 2009. The HOT plan requested that

the provincial government implement a new funding model for shelters which supports a Housing First approach.

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-08-05-cc38-dd.htm>

At its meeting of November 30, 2009, Council adopted the report "2010 Per Diem Rates for the Purchase of Service Shelter System and Results of the Review of the Per Diem Funding Model." This report outlined the results of a review of the emergency shelter funding model which recommended that the Province eliminate the per diem model of funding and replace it with a flexible, uncapped annualized funding program that supports a Housing First approach.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.CD28.4>

At its meeting of July 12, 2011, Council adopted the report "Overview of Ontario's New Long-Term Affordable Housing Strategy and Housing Services Act: Implications for the City of Toronto." This report outlined the Province's stated commitment to proceed with Phase 1 of program consolidation with five homelessness programs. At that time, Council requested the Province to make a commitment that any initiatives under its new Long-Term Affordable Housing Strategy and *Housing Services Act* will not increase financial pressures or transfer any additional financial risk to municipalities:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.CD5.5>

At its meeting on January 17, 2012, City Council requested the General Manager of Toronto Employment and Social Services to advise the Province that the City will fund the Hardship Fund until July 1, 2012 and to request provincial funding to support future Hardship Fund applications. In the event that additional provincial funding is not secured, Council directed that any additional funding needed for the balance of the year be funded from the Toronto Employment and Social Services net budget.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX14.1>

ISSUE BACKGROUND

Through a series of recent announcements, the Province has made a number of changes to how funding is provided for key homeless prevention and social assistance programs administered by the City. These changes are summarized below.

Community Homelessness Prevention Initiative

The Province announced the Community Homelessness Prevention Initiative (CHPI) in July 2012. Starting January 1, 2013, the program replaces existing funding across the province for Emergency Hostels, the Consolidated Homelessness Prevention Program (CHPP), the Rent Bank, Emergency Energy Fund, and Domiciliary Hostels (see Attachment 2 for details of current programs). The CHPI responds to long-standing municipal requests for increased system integration and greater flexibility in how provincial funding can be used to respond to local needs. However, there is no new funding as a result of the new consolidated program, and the CHPI also introduces financial risks to the City described further in this report.

Community Start-Up and Maintenance Benefit (CSUMB)

Through the 2012 budget, the Province eliminated the CSUMB program, effective January 1, 2013. The Province announced that 50% of the funding previously allocated to CSUMB in Ontario would be included in the new provincial CHPI. This is a province-wide reduction in funding of more than \$60 million for Ontario's most vulnerable households.

CSUMB helps individuals and families who receive social assistance to move into housing (e.g. pay the last months' rent deposit and moving costs), reduces evictions (e.g. by helping with rent arrears), as well as addressing other types of emergencies that may affect housing stability (such as replacing furnishings). An estimated 49,000 households on OW and the Ontario disability Support Program (ODSP) in Toronto are assisted through this program each year.

Medical Benefits

As part of the 2012 budget, the Province announced a cap on provincial funding of medical benefits provided through OW. These benefits cover a range of services, including dental benefits, funerals, vision care, hospital beds, wheelchairs, orthotics, etc. Prior to this announcement, this was an open-ended, demand-based program with no cap. In 2011, more than 57,000 households received support for medical benefits, including 1,500 through the Hardship Fund, many of them seniors and people with significant health issues.

COMMENTS

This report contains the following information:

- A) Implications of these changes from a financial and client service perspective;
- B) An overview of the new CHPI program, the implementation strategy for the 2013 transition year and development of a longer-term strategy for 2014 and beyond;
and
- C) An overview of the changes to medical benefits for OW recipients, work that has been done to date to respond to the new budget cap, and the recommended short-term actions and long-term approaches to maintain service levels while reducing costs. The report also sets out actions taken to address City Council's direction on the Hardship Fund.

A) Implications of recent provincial changes

Together, the recent provincial announcements represent a shift in the approach to provincial funding, which have financial and client service implications for the City, as outlined below. These changes present opportunities for increased service integration and

flexibility to meet local needs. However, these opportunities are overshadowed by the associated reductions in provincial funding in an already strained service system.

The new provincial funding approach is inconsistent with the promise of the new fiscal partnership between the Province and Ontario municipalities articulated by the 2008 Provincial Municipal Fiscal and Service Delivery Review (PMFSDR) report, *Facing the Future Together*. This included a commitment to creating better outcomes for at-risk and vulnerable Ontarians, and the fundamental principle that social assistance programs should not be funded through the property tax base. Recent provincial announcements that seek to reduce the costs of housing and social assistance programs in the provincial budget, while transferring financial risk to municipalities, run counter to the basic premises underpinning the commitments of PMFSDR.

Financial Implications

By moving from an open-ended, demand-based funding model to capped funding envelopes, the new provincial funding arrangements present financial risks to the City. In the case of CHPI, municipalities will now receive a set amount of funding, determined through a provincial formula, for the provision of a range of homeless prevention services, including emergency hostels.

For 2013, emergency hostel funding must be managed within a fixed funding envelope. If there are sudden increases in demand due to serious economic downturns, increased numbers of refugees or emergencies like the fire at 200 Wellesley St, the Province will no longer provide additional funding for increased shelter beds to accommodate the demand.

The CSUMB for Ontario Works and Ontario Disability Support Program recipients was also an open-ended program, with funding based on service demand. With its elimination, the City will receive less funding overall for homelessness prevention services. This will reduce the City's capacity to assist residents who are facing housing related crises, as program criteria will prioritize services for the most vulnerable clients within the limited funds available. The Province will no longer provide CSUMB to clients on provincially administered ODSP benefits, a reduction in funding of \$8.5 million in Toronto. Without this important program, many of these vulnerable residents with disabilities may face housing challenges and even become homeless, resulting in increased pressure on City services.

Funding for medical benefits delivered through OW will now also be capped at a fixed per case amount. The total funds received by the City will be based on its overall OW caseload. Previously, the program was demand based and actual costs incurred by municipalities for all eligible requests were cost-shared by the Province.

As per Council direction, the Hardship Fund was eliminated, effective July 1, 2012. Supplementary medical benefits continued to be provided to low-income residents for the remainder of 2012 with additional funding absorbed within TESS' 2012 net budget.

The annualized cost of medical supplementary benefits is \$1.0 million gross and net. Council has made no provision to provide these benefits beyond December 2012.

Implications for Clients

Given the significant affordability challenges facing low-income Torontonians, increased investments in new affordable housing and sustainable funding for housing allowances are needed, consistent with the goals outlined in *Housing Opportunities Toronto*, the City's affordable housing strategy. The new CHPI program consolidates funding from existing provincial program budgets, but provides no new funding to help reduce and prevent homelessness.

With reduced overall provincial funding and caps on previously demand-based programs, Toronto's most vulnerable residents could face decreased access to critical services. While the implementation strategies proposed in this report aim to minimize impacts, by necessity, criteria for redesigned programs will be targeted to the most vulnerable residents.

The above noted changes in provincial funding levels, and the implications for low income City residents, are occurring within an already difficult economic climate. Continued high levels of unemployment (approximately 9.5%) and a slower economic recovery have meant that more City residents have had to rely on OW for longer periods of time.

Social assistance rates no longer reflect even the most basic costs of living. OW rates have lost more than half of their value compared to rate levels in 1994 and are more than 40% below Statistics Canada's Low Income Cut Off (LICO)¹. Both housing and food costs have risen steadily over the past decade, making it even more difficult for lower income residents to meet other critical needs, such as medical costs not covered under the Ontario Health Insurance Plan (OHIP) or by other Ministry of Health programs.

Against this backdrop, these new pressures will add to the already difficult circumstances facing low-income Torontonians.

B) Overview of the new Community Homelessness Prevention Initiative

The new Community Homelessness Prevention Initiative (CHPI) was announced by the Province on July 24, 2012. The program replaces existing funding for Emergency Hostels, the Consolidated Homelessness Prevention Program (CHPP), Rent Bank, and Emergency Energy Fund in Toronto (see Attachment 2 for more details on the programs being consolidated). Domiciliary Hostels are also included in the program consolidation, but the City does not administer any funding under this program. While the programs

¹ Statistics Canada's Low Income Cut Off is the income threshold below which a family will likely devote a larger share of its income on the necessities of food, shelter and clothing than the average family.

being consolidated, with the exception of the Rent Bank, were previously administered by the Ministry of Community and Social Services (MCSS), the new CHPI program will be administered by the Ministry of Municipal Affairs and Housing (MMAH).

The Province's vision for the new program is a better coordinated and integrated housing and homelessness service delivery system that is people-centred, outcome-focused and reflects a Housing First approach to prevent, reduce and address homelessness.

The CHPI program provides each of the 47 Service Managers in Ontario with a funding envelope, and flexibility to use available funding for programs within four identified provincial service categories:

1. Emergency Shelter Solutions (e.g. emergency shelter and/or safe bed);
2. Housing and Related Supports (e.g. permanent housing, rental allowance);
3. Services and Supports (e.g. street and housing outreach, food banks, housing search); and,
4. Homelessness Prevention (e.g. rent support/eviction prevention).

Under the CHPI, it is anticipated that the City will be required to provide MMAH with an annual investment plan outlining how the funding envelope will be spent. New reporting criteria for performance measures and outcome indicators will also be developed. Further details on program guidelines and reporting requirements are anticipated in the fall.

Provincial Funding Allocation Formula

The City's provisional allocation under CHPI is \$23,107,938 for January to March 2013, and \$97,194,507 for April 2013 to March 2014. The annualized amount for 2013 therefore is estimated at \$96,003,818. MMAH is anticipated to advise the City of its finalized allocation later this fall.

The total province-wide funding for CHPI is approximately \$246 million for 2013-14. The provincial funding amount is made up of:

- the current level of funding associated with the existing homelessness programs,
- the three year average for emergency hostel funding,
- the scheduled upload of the Emergency Hostel Services portion of Ontario Works – consistent with the commitment under the Provincial-Municipal Fiscal and Service Delivery Review, and
- 50 per cent of provincial expenditures from the former CSUMB for OW and ODSP.

Under CHPI, MMAH has developed an allocation model with two components: Base Funding and Needs-Based Funding, as shown in the table below.

- Toronto's provincial allocation under the Base Funding component is \$70.3 million. This equals 42.3% of total provincial funding, and is based on the City's

- current funding for the four homeless programs being consolidated, plus a three year average of shelter funding.
- Toronto has a provisional allocation of \$25.7 million under the Needs-Based Funding formula. This formula uses each Service Manager's proportion of households in Deep Core Housing Need as the basis for allocating the program funds from CSUMB as well as the scheduled upload of Hostels and CSUMB funding. Deep Core Housing Need is a Statistics Canada measure that identifies households that spend over 50 per cent of their gross income on housing and/or have issues related to housing suitability and adequacy. The City's proportion of households in Deep Core Housing Needs is 33.58%.

Table 2: Toronto's Annualized 2013 Allocation of CHPI funding

	Provincial Total Funding Available	Toronto's Proportionate Share	Toronto's Allocation
Base Funding	\$166,032,233	42.32%	\$70,257,106
Needs-Based Funding	\$76,672,758	33.58%	\$25,746,712
Total	\$242,704,991	39.56%	\$96,003,818

The Base funding amount will remain consistent each year. As funding is added to the provincial funding envelope based on the scheduled upload of Hostels and CSUMB funding, the Needs-Based amount will increase proportionately each year until 2018.

No new financial commitment is required from the City as a result of these funds. Although there are no longer a cost sharing requirements under the new program for Emergency Hostels or the Housing Stabilization Fund, maintaining City funds at previous levels is required to maintain the current levels of service.

2013 Transitional Year Plan

Given the timing required to prepare appropriate implementation strategies, 2013 will be a transitional year during which the long-term strategic plan will be developed, as outlined below. During the transition year, existing programs will be continued with minimal changes wherever possible in order to ensure service system stability and limit service impacts for vulnerable clients, as follows:

- For 2013, Emergency Hostels will continue to fund purchase of service shelters according to existing levels. A report on funding rates for 2013 will be presented to Council consistent with previous years.
- The Consolidated Homelessness Prevention Program will continue to administer grants to community agencies in 2013 consistent with the City of Toronto Grants Policy, with a report to Council in spring of 2013 on funding allocations consistent with previous years.

- The Rent Bank will continue to operate according to the existing program guidelines and local rules as established by Council on October 26, 2009 in the report "New Provincial Rent Bank Agreement for 2009 and Subsequent Years."
- Toronto Employment and Social Services will continue to operate the Emergency Energy Fund program for 2013, according to existing provincial criteria.

Transitional Plan for the Housing Stabilization Fund for 2013

As noted, the Province announced has eliminated the Community Start-Up and Maintenance Benefit (CSUMB) as of January 1, 2013. CSUMB has served a very important purpose in assisting homeless individuals on social assistance to move into housing. It also serves to prevent evictions and maintaining housing stability. CSUMB represents an entitlement under OW and ODSP, which clients are entitled to receive every 24 months. This mandatory benefit provided:

- Eviction prevention through assistance with arrears
- Assistance for homeless individuals moving into housing
- Housing start-up costs, including first and last month's rent
- Assistance with emergency relocation
- Household furnishings

In 2012, TESS is projecting that CSUMB will be provided to approximately 38,000 households in receipt of OW. Approximately 11,500 City households will be issued CSUMB through ODSP.

With the elimination of CSUMB, TESS will implement the new Housing Stabilization Fund (HSF) to meet the emergency housing needs of Torontonians on social assistance. 2013 will be a transition year for the HSF. ODSP clients formerly received CSUMB through that program and will now receive assistance through the HSF.

Using CHPI funding and consistent with the objectives of that program, the HSF will provide resources to prevent evictions and assist OW and ODSP clients to retain their housing. Given reduced funding and the expansion of the client base to include ODSP clients, the HSF will target funds to high-need households. Eligibility will be determined based on clear criteria that identify high-need clients and provide benefits based on need not entitlement. Attachment 1 summarizes the key elements of the HSF, including eligibility criteria and maximum allocations to clients. The HSF will be delivered by TESS from its local offices across the city.

For low income residents not in receipt of social assistance, the Emergency Energy Fund and the Rent Bank, administered by TESS and SSHA respectively, will continue to provide emergency funds during 2013. In addition, existing Furniture Banks will continue to assist low income city residents with household start-up needs.

As part of its broader CHPI engagement process with community stakeholders, staff will solicit input on eligibility and how to best provide housing stabilization supports beyond 2013. Based on this input, experience delivering the program in 2013 and HSF outcomes, the long term strategy for CHPI presented to Council will include any changes recommended for the HSF for 2014.

Managing Hostel Funding Within a Fixed Funding Envelope

As part of the budget process each year, staff estimate bednight volumes for the coming year based on recent trends. SSHA's 2013 budget submission will include estimates of bednight volumes and associated costs for purchase of service shelters. In the event that shelter occupancy levels change and result in increased demand for services above the projected amounts, the General Manager, Shelter, Support and Housing Administration, will report to Budget Committee through the Community Development and Recreation Committee.

As part of the long-term strategy for CHPI, staff will identify implementation steps required to shift to a funding model that is not occupancy driven, as was recommended by the Funding Model Review in 2009, and will report back to Council on options for implementation.

Changes to Shelter Clients' Eligibility for Ontario Works Benefits

Another related area where program implementation changes are required for 2013 is issuance of Personal Needs Allowance (PNA). Currently, shelter clients are eligible to receive a PNA of \$4.40 per day. Regulations for provision of PNA were set out in accordance with the *Ontario Works Act*. Now that emergency hostel funding is no longer part of Ontario Works, the Province has issued a directive stating that, effective January 1, 2013, households staying in emergency shelter funded through CHPI will no longer be eligible for PNA under Ontario Works, and will instead be eligible for Basic Needs. The Basic Needs Allowance is a mandatory benefit under OW that provides funds for items as food, clothing and personal needs. The allowance is based on family size.

A number of significant administrative, operational, financial and client service issues will need to be addressed to ensure effective implementation of these changes. SSHA and TESS will develop an implementation plan to address these issues in an effort to minimize service impacts to clients, including working with individual shelter providers to address specific transition issues.

Long-Term Strategy for 2014 and beyond

As noted, the CHPI constitutes a fundamental shift in the way housing and homelessness services will be funded by the Province. The City has an opportunity to capitalize on the flexibility of the CHPI program to adjust services to better respond to local priorities and further advance Housing First objectives.

The new *Housing Services Act* requires municipalities to have a Housing and Homelessness Plan by 2014 that is consistent with provincial priorities. The development of the investment plan for CHPI funding will be coordinated with work to meet the *Housing Services Act* planning requirements.

During the 2013 transition year, staff will develop a long-term investment strategy for 2014 and beyond. The strategic plan will identify the long-term vision for the homeless service system and the short-term implementation steps and change management approaches required to achieve that transformation.

Development of the long-term strategy will be guided by the following principles:

1. A Housing First approach focused on solutions that help people to find and maintain permanent housing
2. A client-centred approach focused on achieving positive outcomes for clients
3. Accessible, integrated and administratively streamlined service delivery that focuses on ease of access for clients
4. Gradual system change over time that limits negative service impacts and focuses on helping the most vulnerable
5. Proposals consistent with Council policy, including Housing Opportunities Toronto
6. Engagement of community stakeholders and clients in developing priorities and solutions.

Key to the development of the long-term strategy for CHPI will be broad ranging engagement of communities and stakeholders, including service users, service providers, landlords, business associations, and other interested institutions and governments as appropriate. The engagement strategy will provide stakeholders with opportunities to provide input on the longer term CHPI plan, as well as provide feedback on proposed program and service delivery options.

Issues that will be addressed through the engagement process and the development of the long term strategy include the following:

- Priorities for allocating funding under the new program
- Design of a new funding model for emergency shelters, which supports a Housing First approach
- Establishing a framework for allocating grants to community agencies under CHPI, including funding and service priorities
- Design of criteria and delivery mechanisms to adjust and modify the HSF, based on outcomes of the program
- Improved customer service and efficiency through more effective delivery models
- Focussing services to achieve Housing First objectives
- Establishing key performance outcomes

The engagement plan will include a variety of different media for feedback and input, including focus groups, town hall meetings, surveys and online forums.

In addition to stakeholder engagement, staff will evaluate program outcomes, review existing processes and best practices for customer service and more efficient service delivery. The new CHPI program presents opportunities for the City to further the goals of integrated service delivery for clients, who may access a range of homeless prevention and social assistance services using a variety of different access points, such as Ontario Works offices, emergency hostels, street outreach, and community agencies. Through 2013, in the development of the long term strategy, staff will be working to identify opportunities to further these objectives.

Staff will report back to Council with recommendations for the long-term strategy for CHPI funding and homeless service system transformation in 2013.

C) Overview of Changes to Medical Benefits under Ontario Works

Under the authority of the Ontario Works (OW) Act, TESS delivers medical benefits to eligible residents in receipt of financial assistance from OW and ODSP. The same medical benefits were also provided to low income residents under the specific eligibility criteria of the City's Hardship Fund. (Attachment 3 lists the medical benefits that are delivered by the City). In 2011, 57,700 residents received these medical benefits, including 1,500 through the Hardship Fund.

Over time, changes in social assistance policies, health care and demographics have created growing demands and increasing costs for medical benefits. These changes are described in detail in Attachment 4.

The 2012 Provincial Budget introduced a new cap on provincial funding for Ontario Works medical benefits. Prior to the budget, there was no cap on these benefits issued through OW. Effective July 1, 2012 a new formula was introduced to cap the amount of funding allocated for this range of benefits issued by municipalities. The new formula establishes a \$10 cap per case. Total funding available to municipalities equals \$10 per case multiplied by the sum of combined OW, ODSP and Assistance for Children with Severe Disabilities (ACSD) average monthly caseload.

In 2011, the final full year before this cap was introduced, the City's cost for OW medical benefits was \$22.06 million gross/\$4.14 million net. In 2013, under the new Provincial cap, the Province will cost-share up to \$17.1 M in medical benefits for eligible residents under OW. This is \$2.7 million less than would have been received from the Province prior to the cap.

Based on recommendations arising out of the City's core service review, City Council directed TESS to continue to fund the Hardship Fund until July 1, 2012. As of July 1, the Hardship Fund was eliminated. Council further directed the General Manager of TESS to

enter into discussions with the Province to assume responsibility for providing medical supplementary benefits. In the event that additional provincial funding could not be secured, Council directed that TESS continue to provide these benefits and absorb the costs within its 2012 approved operating budget. Continuation of these benefits in 2013 will require a specific allocation in TESS' 2013 operating budget.

Overall, reduced provincial funding will impact medical benefits provided to OW clients, as will decisions with respect to continuing the provision of medical supplementary benefits to non-social assistance recipients.

To support the Division's efforts to refocus the delivery of medical benefits, in July 2012, TESS established a City Staff Work Group, consisting of subject matter experts from Toronto Public Health, Long Term Care Homes & Services and TESS senior staff. Based on their knowledge and experience of the medical and health care systems, this Group, guided by a clear set of principles, has provided advice and guidance to TESS' work in this area.

TESS has also undertaken a detailed review of the usage, delivery and administration of medical benefits. This work has provided baseline information, as well as broader knowledge of best practices in this area, to inform TESS' short and longer-term actions, including:

- Streamlining processes and practices;
- Leveraging the City's purchasing processes;
- Establishing new service delivery practices for orthotics;
- Exploring new delivery models; and
- Seeking appropriate provincial funding and policy changes.

Based on this review, and the input of the City Staff Work Group, TESS is proposing specific short term actions and longer term approaches to manage the provision of medical benefits within the new budget allocations with the goal of ensuring that vulnerable residents can continue to access the medical items they require. Low income residents who met their medical supplementary needs through the former Hardship Fund will face service and benefit reductions. Attachment 5 provides further details on the actions proposed in these areas.

Short-Term Actions

Informed by the review noted above, the initial focus is on pursuing opportunities for additional efficiencies and cost savings. The aim is to ensure that those who have the most pressing medical needs continue to receive the equipment and items they require, while overall costs to the City are reduced. These actions include the following:

- Streamlining processes and practices by purchasing items in bulk and "bundling" medical equipment, aids and supports that are currently purchased separately;

- Leveraging the City's purchasing processes through Requests for Proposals/Requests For Quotations, establishing vendors/Preferred Vendor Networks for certain medical benefits and leveraging existing corporate contracts; and
- Establishing new service delivery practices for orthotics that draw on current insurance models and expert medical advice to define specific medical conditions that require custom orthotics and establish an appropriate cost schedule.

Longer Term Approaches

Primary responsibility for the delivery of health care and medical services resides with the Provincial Ministry of Health and Long Term Care. The health care sector has both the necessary infrastructure and community-based delivery networks, for instance Local Health Integration Networks and Community Care Access Centres, required to ensure that medical benefits are provided to the population as whole, including low income Ontario residents. Currently, however, the City has responsibility for funding and delivering medical benefits appropriately delivered through the provincial health care system.

Over the longer term, therefore, the above noted review identified areas where TESS can not only explore new delivery models, but also seek appropriate provincial funding and policy changes that will support the provision of medical benefits to low income City residents.

- Exploring new delivery models notably in the area of dental care where many organizations now utilize approaches such as community-based clinic models, and funeral care where the contracted management is increasingly common.
- Seeking appropriate provincial funding and policy changes notably ensuring that low income residents are provided with the medical items they need, updating of the Assistive Devices Program and the development of dental and vision programs that support all low income residents of Ontario.

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ATTACHMENTS

- Attachment 1: Housing Stabilization Fund (HSF) Elements for 2013
- Attachment 2: Details on Current Programs included in the consolidated CHPI
- Attachment 3: Medical Benefits
- Attachment 4: Growing Demands and Increasing Costs for Medical Benefits
- Attachment 5: TESS' Short- Term Actions and Longer-Term Approaches

ATTACHMENT 1

Housing Stabilization Fund (HSF) Elements for 2013

Eligibility Criteria	<ul style="list-style-type: none"> • OW and ODSP clients • Total Income & Assets taken into account when assessing HSF eligibility • Clients have not received CSUMB in the previous 24 months effective January 1st, 2013
Target Groups	<ul style="list-style-type: none"> • Clients in imminent danger of eviction • Clients with energy cost arrears • Clients fleeing domestic violence or imminent health hazards • Homeless clients relocating to permanent housing from Emergency Shelters or Streets to Homes • Clients discharged from institutions after longer stays (e.g Long Term Care and hospitals)
Frequency of Issuance	<ul style="list-style-type: none"> • Up to the maximum issuance once in 2013
Fund Allocation Amounts per family type	<p>Based on family size and available income and assets, maximum allocation are up to:</p> <ul style="list-style-type: none"> • \$800.00 for single clients/couples • \$1,000.00 for families with adult dependents • \$1,500.00 for families with children <p>Within the above allocations, maximum amounts available for household furnishings are up to:</p> <ul style="list-style-type: none"> • \$200.00 for single clients/couples • \$200.00 for families with adult dependents • \$400.00 for families with children
Households Served	It is anticipated that up to 49,000 households will be provided for 2013 under this new plan (OW and ODSP).
Eligibility and Issuance Decision Review Process	Based on existing practices TESS will establish a process that will provide clients with the opportunity to request a secondary review of eligibility and issuance decisions under HSF.
Administration	The HSF will be delivered via TESS from the local offices.

ATTACHMENT 2

Details of Current Programs Included in the Consolidated CHPI

Emergency Hostel Services

Purpose: Provide temporary board and lodging and personal needs to homeless persons on an emergency basis.

Delivery Model:

- Mixed delivery model, with 9 directly operated shelters and 48 shelter sites operated by 30 community agencies
- Funding is provided on a per diem basis
- Provincial funding is demand based and the shelter system can expand and contract based on need
- Per diem rates to community agencies are approved by Council annually

Client Eligibility: All low-income households who are homeless

Households Served: 3757 Shelter beds per night on average in 2011 (1.37 million bed nights total)

Total Annual Funding: Over \$50 mil in provincial funding (\$106.6 million gross)

Consolidated Homelessness Prevention Program (CHPP)

Purpose: Provides grants to community agencies to assist those experiencing or at-risk of homelessness to find and maintain stable housing.

Delivery Model:

- Grant funding is provided to community agencies for services to assist households who are homeless or at risk of homelessness
- Programs provided include street outreach, housing help (both inside and outside shelters), supports to daily living in alternative housing, and drop-in services.
- Council approval for funding allocations is received each year.

Client Eligibility: Varies by program provided.

Households Served: Approximately 94,000 clients served by 240 programs operated by 111 different community agencies

Total Annual Funding: \$17.55 million

Provincial Rent Bank Program

Purpose: Provides interest-free, repayable loans to low income households at risk of eviction due to arrears.

Delivery Model:

- Contracted to Neighbourhood Information Post (NIP) as the central coordinating agency. There are nine local access centres throughout the city where applicants can apply.
- The rent bank also provides landlord mediation, money management skills development and advice, follow-up support and community referrals.

Client Eligibility: Low-income households, not in receipt of social assistance.

Households Served: 804 loans were granted in 2011

Total Annual Funding: \$1.59 million

Emergency Energy Fund

Purpose: Helps prevent homelessness and reduce the risk of households being evicted by providing emergency assistance to deal with payment of energy utility arrears, security deposits and reconnection fees.

Delivery Model: Administered by Toronto Employment and Social Services

Client Eligibility: Low-income households, not in receipt of social assistance

Households Served: 550 households served

Total Annual Funding: \$430,000

Domiciliary Hostel Program

Purpose: Provides permanent housing with some supports for vulnerable adults who require limited supervision and assistance with daily activities.

Delivery Model:

- The City does not operate any domiciliary hostels.
- The program is similar to the City's Habitat Services program, but is funded by MCSS rather than MOHLTC. Habitat Services was not included in this phase of program consolidation.

Client Eligibility: N/A

Households Served: N/A

Total Annual Funding: N/A

Community Start-up and Maintenance Benefit

Purpose: Assists people to move to a new home if they are homeless, are facing eviction, or are at risk in their current housing and provides furniture replacement for health and safety reasons.

Delivery Model:

- Administered by Toronto Employment and Social Services for OW and by MCSS for ODSP
- OW CSUMB funding is currently cost shared 82.7/17.3 provincially/municipally, and subject to provincial upload.
- Mandatory benefit under OW which is demand based, with no fixed funding cap. Clients are eligible for a maximum allocation in a 24 month period.

Client Eligibility: Households in receipt of OW or ODSP

Households Served: 37,443 Ontario Works recipients received CSUMB plus 11,500 ODSP clients in 2011

Total Annual Funding: Approximately \$30 million provincial OW funding (\$35 million gross) and \$8.55 million ODSP. Total provincial funding in Toronto \$37.55 million.

ATTACHMENT 3

Medical Benefits

TESS, as the delivery agent for the City of Toronto, provides the following medical benefits:

- Dental Care for Adults;
- Funerals and Burials;
- Vision Care for Adults;
- Hospital Beds and Lifts (electric and manual);
- Bath and Toilet Aids;
- Assisted Daily Living Aids (Cushions; Bars and Railings and Custom seating)
- Wheelchairs (electric and manual);
- Wheelchair Repairs;
- Mobility Aids;
- Orthotics;
- Prosthetics;
- Incontinence Supplies;
- Ostomy Supplies;
- Hearing Aids and Supplies;
- Braces and Splints;
- Medical Travel and Transportation, and;
- Respiratory Supplies.

ATTACHMENT 4

Growing Demands and Increasing Costs for Medical Benefits

Over time, changes in the following areas have created growing demands and increasing costs for medical benefits:

(1): General Welfare Assistance Act

Under General Welfare Assistance (GWA), low income earners, through the Special Needs provision of the legislation as well as recipients of GWA and other government programs (Canada Pension Plan, Old Age Security/Guaranteed Income Supplement), could access specific special needs benefits (for which costs were shared with the province) including:

- a) Extraordinary drug costs for low income earners;
- b) a range of medically based items (hearing aids, prosthetics, wheel chairs and repairs, respiratory equipment and ambulatory aids);
- c) dental and denture needs;
- d) eyeglasses; and
- e) funeral costs.

(2): Ontario Works Act and the Hardship Fund

When GWA was replaced by OW and ODSP in 1998, the provision of Special Needs items as described in GWA was eliminated and a more limited definition of these benefits was introduced. In addition, benefits previously available to non-social assistance recipients, including a drug card for prescription drugs and drug products, prescription glasses and emergency dental treatment, were removed.

In making these changes, the Province anticipated that the needs of low income families would primarily be met outside of social assistance through existing programs such as the Assistive Devices Program and the Trillium Drug Program.

Following the introduction of OW and recognizing the significant challenges facing low income residents not eligible for social assistance, City Council established the Hardship Fund in 1998. The Fund ensured that, subject to eligibility criteria, low income residents who were ineligible for OW and ODSP could receive supplementary medical benefits.

While the creation of the Hardship Fund helped to address the health related needs of low income residents, demands continued to increase.

(3): Reduction of Coverage through medical, health and other changes

A number of changes to medical and health care policies and practices have also impacted on the provision of medical benefits. Reducing the length of hospital stays, adopting new discharge protocols and encouraging recovery at home have created an

increased demand for medical items to assist with daily living, such as hospital beds, casts, crutches, temporary wheelchairs and bath and toilet aids.

These demands are being exacerbated by the changing age structure in Toronto. The 2011 Census found that between 2006 and 2011, Toronto continued to gain older adults, with the two fastest growing age groups aged 60-64 and 85+ years. In 2011, 93% of the low income residents receiving medical benefits under the Hardship Fund were over 61 years of age and on a fixed income of CPP/OAS/GAINS. These demographic trends will lead to increased demand for medical benefits in the future.

High levels of unemployment (approximately 9.5%) and a slower economic recovery have meant that more City residents have had to rely on OW for longer periods of time. These individuals have fewer opportunities to make provisions for their own medical needs. The Federal government has also introduced a change in the age requirement for OAS, therefore reducing the income potential for OW recipients for two additional years.

Finally, it is well established that social assistance rates no longer reflect even the most basic costs of living. Indeed, OW rates have lost more than half of their value compared to rate levels in 1994 and are more than 40% below Statistics Canada's Low Income Cut Off (LICO)². Moreover, the 2012 Nutritious Food Basket Survey found that in Toronto a family of four in receipt of OW would require 40% of their income to purchase a nutritious diet, compared to 12% for those on median income in Ontario as a whole³.

² Statistics Canada's Low Income Cut Off is the income threshold below which a family will likely devote a larger share of its income on the necessities of food, shelter and clothing than the average family.

³ <http://www.toronto.ca/legdocs/mmis/2012/hl/bgrd/backgroundfile-49918.pdf>

ATTACHMENT 5

TESS' Short- Term Actions and Longer-Term Approaches

Short-Term Actions

(a): Streamlining processes and practices

- Purchasing items such as incontinence supplies in bulk, and;
- “Grouping” or “bundling” medical equipment, aids and supports that are currently purchased separately such as Bath aids, Toilet Aids and Lifts.

(b): Leveraging the City's purchasing processes

- Identifying medical items that can be included in future Requests for Proposals (RFP) or Requests For Quotations (RFQ)
- Establishing vendors or Preferred Vendor Networks for certain medical benefits such as hospital beds and mobility aids for those discharged to their home; and
- Leveraging corporate contracts where other divisions already purchase similar items.

(c): Establishing new service delivery practices for Orthotics

Custom orthotics are one of the medical benefits provided through OW. The review highlighted a number of issues in this area that stem from the lack of regulation in the industry and limited controls and audits. For instance, it is not uncommon for a prescriber of an orthotic or orthopaedic to also be the provider which is a practice that is not permitted in the provision of other medical benefits.

To more effectively and objectively determine need, drawing on current insurance models and expert advice, TESS is taking the following actions to modify the provision of custom orthotics:

- Establishing a consultation process that will engage expert medical advice, including Toronto Public Health, to define and delineate the specific medical conditions that require custom orthotic devices; and
- Establishing a schedule that details the medical condition, the required orthotic device and the assessment of costs.

Longer Term Approaches

Exploring new delivery models

The review process collected information on the approaches to the provision of medical benefits used by other service providers including other municipalities, insurance companies, Community Care Access Centres (CCAC) and the Assistive Devices program

(ADP). This will inform TESS' refinement of its current business processes and future service delivery models.

- *Dental Care:* TESS will examine the benefits that could result from changes to the current delivery model for dental care. Many organizations across Canada now utilise other approaches such as community-based clinic models. These options will be fully explored to determine whether they provide opportunities to deliver the same or enhanced services for the same expenditures or possibly reduced costs.
- *Funeral Care:* Funeral and burials are also an area impacted by this funding cap and historically the city has been responsible under the OW Act, the Public Hospitals Act and the Anatomy Act for the burial of indigent persons. TESS will explore the feasibility of alternative models, including the contracted management of funeral services.
- *Contract Management:* As noted earlier, it has become evident that many of the medical benefits and items provided by TESS can be put out to tendering processes to determine if potential cost savings can result from bulk purchases to meet residents' needs. In a number of these areas contracts may be a simple process to realize immediate cost reductions and/or efficiencies, while in other areas the process may take longer to realize.