



STAFF REPORT ACTION REQUIRED

2016 Funding Allocations for Shelter and Related Services and Update on Interim Shelter Funding Model

Date:	June 8, 2016
To:	Community Development and Recreation Committee
From:	General Manager, Shelter, Support and Housing Administration
Wards:	All
Reference Number:	

SUMMARY

The City of Toronto's Shelter, Support and Housing Administration (SSHA) Division provides funding to 49 shelter sites operated by 31 community not-for-profit agencies through purchase of service contracts. In addition, the City has the ability expand the shelter system and provide temporary emergency accommodation to families, couples and individuals through the use of motel beds. The largest community not-for-profit providers of shelter services are the Salvation Army, Homes First Society and Fred Victor Centre. All programs, regardless of size, must meet the operating requirements set out in both the Toronto Shelter Standards and the purchase of service contracts. All programs are also evaluated using a Quality Assurance review process.

This report provides recommendations on the 2016 funding allocations for the purchase of service shelter system and funding levels for other related operating contracts. This report also seeks Council approval to replace the current shelter funding model with an interim funding model until such time that a new shelter funding model is finalized and presented to City Council.

There are no financial impacts associated with this report beyond those included in the 2016 Approved Operating Budget for SSHA.

RECOMMENDATIONS

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

1. City Council approve the recommended bed capacities and maximum operating contract values as set out in Appendix A, which are in accordance with the service levels included in the 2016 Approved Operating Budget for Shelter, Support and Housing Administration; and
2. City Council authorize the General Manager, Shelter, Support and Housing Administration, and/or his designate to:
 - a. enter into purchase of service agreements with community agencies for the provision of shelter services up to the maximum operating contract values as outlined in Appendix A;
 - b. enter into agreements with the Ministry of Health and Long-Term Care and Mental Health Program Services of Metropolitan Toronto (Habitat Services) to issue payments up to \$10.073 million gross and \$1.885 million net for the provision of housing and supports for psychiatric consumer survivors living in Habitat Services contracted boarding or rooming houses as outlined in Appendix B;
 - c. enter into an agreement with, and issue payments to the Toronto Hostels Training Centre for the administration and provision of training for shelter, drop-in and other agency staff up to a maximum amount of \$0.218 million gross and \$0.109 million net, to support systems necessary for E-Learning as outlined in Appendix B; and
 - d. purchase up to \$0.060 million gross and net in training for staff of the directly operated shelters from the Toronto Hostels Training Centre, as outlined in Appendix B, in order to meet the training requirements laid out in the Council-approved Toronto Shelter Standards.
3. City Council approve the proposed interim funding model for shelters and authorize the General Manager, Shelter, Support and Housing Administration, and/or his designate to take the necessary action to give effect to Council's decision.

Financial Impact

Funding for the recommendations of \$67.494 million gross and \$19.808 million net is included in the 2016 Approved Operating Budget for SSHA as noted in the following allocations table:

Table 1: Summary of 2016 Allocations

2016 Budget (in \$ millions)	Provincial	City	Gross
Appendix A Shelter Allocations (rec. 1, 2a)	39.389	17.814	57.203
Appendix B Habitat Services (rec. 2b)	8.188	1.885	10.073
Toronto Hostels Training Centre (rec. 2c,d)	0.109	0.109	0.218
Total	47.686	19.808	67.494

SSHA operates within its funding authorities up to the approved Operating Budget.

As noted in Appendix A, the total maximum contract value for purchase of service shelter providers is \$53.898 million gross. From the chart above, the total approved budget is \$57.203 million gross, a difference of \$3.305 million. The difference is due to the funding that is saved from those shelters that are temporarily closed.

Entering into agreements with shelter providers with a maximum contract value will provide sufficient flexibility to allow for volume fluctuations between providers. In the event that shelter occupancy levels exceed the 2016 approved budget, the Acting General Manager, will report to the Community Development and Recreation Committee and to Budget Committee and seek to mitigate cost pressures within the overall divisional funding envelope.

As noted in Appendix B, other service contracts total \$10.351 million gross with up to \$10.073 million for Habitat Services, and \$0.278 million for Toronto Hostels Training Centre.

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

Equity Impact

The emergency shelter system in Toronto serves equity-seeking groups such as seniors, people with disabilities, individuals with mental health issues, the working poor, Aboriginal peoples, people who identify as LGBTQ2S and other vulnerable groups. Effective operation of the shelter system is important in ensuring that temporary accommodation is available to a variety of equity seeking groups and is an important component of the City's efforts to address poverty.

DECISION HISTORY

The City of Toronto is the Consolidated Municipal Service Manager (CMSM) for housing and homelessness services as designated by the Province in the *Housing Services Act, 2011*. In this capacity, the City provides program funding to community agencies and for shelters.

Reports are prepared annually by the General Manager, SSHA, to make funding allocations for shelter and related services. A copy of the 2015 Funding Allocations Report for Shelter and related Services can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.CD5.8>

At its meeting of November 3 and 4, 2015, City Council adopted a *2015 Hostels Allocation to Relieve Occupancy Pressures*. The report updated Council on the outcome of an REOI process held to identify community not-for-profit agencies that could establish new shelter program or expand existing programs.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.CD7.3>

At its meeting of March 31, April 1 and 2, 2015, City Council adopted an *Infrastructure and Service Improvement Plan for the Emergency Shelter System*. The report identified a mix of strategies to maintain and increase the capacity of the shelter system, ensure the system is flexible and reduce demand for shelter through innovative programs. In addition, the report identified the infrastructure needs over the next few years.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.CD2.2>

At its meeting of March 31, April 1 and 2, 2015, City Council adopted a *Progress Report on Implementation of the 2014-2019 Housing Stability Service Planning Framework*. The report updated Council on the implementation status of the HSSPF and provided an overview of the actions being taken to respond to the nine strategic directions.

Developing a new shelter funding model was identified as a priority for 2014-15.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.CD2.3>

At its meeting of December 16, 17, and 18, 2013, City Council unanimously adopted the *2014-2019 Housing Stability Service Planning Framework* (HSSPF). A number of strategic direction and actions within the HSSPF relate to the provision of shelter and related services such as continuing to maintain a strong emergency shelter system, achieving a 90% shelter occupancy standard, and developing a new funding model for shelters.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.CD25.10>

ISSUE BACKGROUND

Shelter, Support and Housing Administration (SSHA) is responsible for administering social housing programs, providing emergency shelter, managing programs to help homeless people move from the streets or shelters into permanent housing, and assisting those at risk of homelessness to maintain their housing.

SSHA delivers housing and homelessness services in partnership with community agencies by providing program funding and coordinating services based on a Housing First model. This model is aimed at ending homelessness through a range of approaches, partnerships and supports that help people to find and keep housing. Access to emergency shelter and related supports is an important part of the overall Housing First service system.

COMMENTS

As of January 1, 2016, there were 59 permanent shelter facilities in the City of Toronto. The shelter system is a mixed service delivery model with the City directly operating ten shelter sites. There are another 49 shelter sites operated by 31 community not-for-profit agencies funded through purchase of service contracts with the City. The largest community not-for-profit providers of shelter services are the Salvation Army (614 beds), Homes First Society (185 beds) and Fred Victor Centre (176 beds).

All programs must meet operating requirements that are set out in both the Toronto Shelter Standards and the purchase of service contracts. All programs are monitored by SSHA agency review staff on an ongoing basis. Consistent with the approved *2014-2019 Housing Stability Service Plan*, SSHA staff have updated the Toronto Shelter Standards to ensure they reflect the changing needs and demographic profiles of shelter users including overrepresented groups such as Aboriginal peoples, aging clients and LGBTQ2S youth. The revised Toronto Shelter Standards was approved by City Council in September 2015.

Purchase of Service Rates and Bed Capacities

1. 2016 Recommended Funding Allocations and Bed Capacities

This report recommends maximum contract amounts for purchase of service shelters. There are a number of changes to maximum contract values for shelters in 2016, which are outlined in Appendix A.

Transitional funding for Kennedy House, \$0.100 million, has been allocated to assist the 23-bed purchase of service youth shelter transition to a permanent service provider. This shelter replaced the Touchstone Youth Centre, which closed in 2012 and is entering its second year of operations. The time limited additional funding is targeted to assist the shelter to maintain its financial stability, while SSHA staff work with the agency to finalize its fund raising program and find efficiencies through a review of its operations.

As in past years, the two percent increase contained in the 2016 approved Operating Budget for SSHA will be used to supplement shelter funding levels for shelter providers that demonstrate need, or whose funding levels are not in line

with those of similar shelter providers (e.g., size of shelter, scope of services, etc.). These supplementary funding allocation items are outlined in Appendix A.

2. **In-year Adjustments to Funding Capacities and Service Levels**

Changes to the Council-approved funding amounts and/or 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 maximum operating contract value, and/or a need for additional beds to meet occupancy demand. Any changes in operating contracts must be approved by the appropriate signing authorities and SSHA reports out annually to Council on any required in-year adjustments.

In December 2015 - January 2016, Fred Victor Centre, Dundas Street Program (Ward 28) opened a permanent 37 bed transitional housing program for women who are working on employment goals.

In January 2016, Sojourn House (Ward 27) added 13 temporary beds to their emergency capacity, to assist in responding to occupancy pressures.

In February 2016, Scott Mission (Ward 20) added 14 temporary beds to their emergency capacity, to assist in responding to occupancy pressures.

In February 2016, YMCA LGBTQ2S Transition to Housing Program opened a 25 bed transition to housing program for LGBTQ2S homeless youth (Ward 20).

In May 2016, Eva's Place (Ward 34) added 8 temporary beds to their emergency capacity, to assist in responding to occupancy pressures.

3. **Other Service Contracts – Habitat Services, Toronto Hostels Training Centre and Out of the Cold**

a. **Habitat Services**

Habitat Services is a housing and support subsidy program that is funded by the Ministry of Health and Long-Term Care (MOHLTC) 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, rooming houses and apartments for people with psychiatric illnesses. In 2015, 1,086 people were housed through Habitat Services.

b. **Toronto Hostels Training Centre**

In 2015, 5,070 shelter, drop-in and other agency staff, as well as individuals from the community, received training and certificates through the Toronto Hostels Training Centre. The Centre was established in 1997

to provide low cost and sector specific training for shelter staff that was not otherwise available. The Centre offers 120 different training courses and nine 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.

4. **Interim Funding Model**

Historically, provincial funding rules required the City to fund community operated shelters according to a per diem model based on actual occupancy of beds. With the introduction of the provincial Community Homelessness Prevention Initiative (CHPI) funding envelope in 2013, this approach is no longer required. Accordingly, key action 2.3 of the *2014-2019 Housing Stability Service Planning Framework* is to develop a new shelter funding model, in consultation with shelter providers, that is predictable and performance based with a continued focus on moving shelter users into appropriate housing as quickly as possible.

Until this new funding model along with the performance measures and other instruments required to finalize and implement it have been developed, it will be necessary to devise an interim funding model.

SSHA is proposing an interim funding model that starts to shift the funding focus away from compensating shelter providers for occupied shelter beds, which had the unintended effect of creating a potential financial disincentive to moving clients out of shelters. The interim funding model will also respond to shelter providers' request for a model that provides predictability and stability of funding, as well as reducing administrative processes or reporting requirements that have little utility.

Unlike a per diem funding model, the proposed interim funding model will base maximum contract values on the 2015 actuals paid to shelter providers plus two percent, rather than occupancy. As part of the development of the interim funding model, SSHA reviewed all allocations and maximum contract values calculated under this formula and alternative options to ensure shelter providers were not inadvertently disadvantaged by a lower allocation.

SSHA's financial analysis indicates that all shelters can be funded to this degree within the 2016 Approved Operating Budget for SSHA. Moreover, SSHA will be able to make further adjustments to interim funding levels to reflect any recent changes to a shelter providers' bed capacity and service levels.

The interim funding model will advance 100% of the calculated block funding amount described above, as quarterly payments. By providing advance quarterly payments, the interim funding model offers shelter providers predictability and stability thereby allowing them the flexibility to adjust to unanticipated cash flow or budget pressures in a given quarter.

Since the interim funding model is no longer premised on occupancy, there will no longer be a reconciliation of disbursed funds with actual occupancy, which reduces the amount of administrative work and reporting required of shelter providers.

Subject to City Council approval, the interim funding model would take effect as early as October 1, 2016 and would continue until such time that City Council approves a final funding model.

As part of the of the interim funding model implementation, SSHA will:

- a. roll out the advance quarterly block funding payments to all purchase of service shelters providers;
- b. communicate the nature of the interim funding model and shelter-specific funding amount to all purchase of service shelters providers ahead of time and engage shelter providers to identify any unintended consequences or issues they might encounter;
- c. introduce an appeals process to ensure that shelter providers have a mechanism to request to have their base funding amount reviewed and revised where justified or warranted (e.g., instances where 2015 actuals were artificially lower than in past years due to one-time or anomalous events like a service disruption, temporary closure, temporary decreases to shelter bed capacity);
- d. closely monitor occupancy levels to ensure they remain commensurate with funded service levels and to ensure that any drops in occupancy levels are a results of clients being successfully transitioned to suitable and more permanent forms of housing, rather than resulting from the diversion or referral of clients away from a given shelter; and
- e. ensure any lesson and learnings acquired through the implementation of the interim funding model are considered when developing the new funding model.

CONTACT

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SIGNATURE

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ATTACHMENTS

Appendix A: 2016 Shelter Allocations
Appendix B: Other Service Contracts

Appendix A: 2016 Shelter Allocations

Adult Men Sector - Emergency	Ward	Bed Capacity	Maximum Contract Value
Christie-Ossington Men's Hostel	18	68	\$1,414,735
Christie-Ossington Bloor Street	19	30	\$169,490
Cornerstone Place	15	50	\$928,064
Dixon Hall - Schoolhouse	27	40	\$946,864
Good Shepherd	28	66	\$1,139,277
Na-Me-Res	21	71	\$1,458,754
Salvation Army - Gateway	28	116	\$1,832,396
Salvation Army - Maxwell Meighen	28	280	\$4,296,495
Scott Mission	20	64	\$1,217,213
St. Simon's	28	62	\$1,105,562
Total		847	\$14,508,850

Adult Women Sector - Emergency	Ward	Bed Capacity	Maximum Contract Value
Fred Victor Women's Hostel	28	46	\$860,865
HFS - Savard's Women's Shelter	18	30	\$735,414
Nellie's Women Shelter	30	10	\$234,174
Salvation Army - Evangeline Residence	14	99	\$1,932,974
Salvation Army - Florence Booth	19	64	\$1,312,229
Street Haven	27	50	\$1,100,641
SVDP - Elisa House	6	40	\$856,607
SVDP - Mary's Home	27	44	\$811,432
YWCA - First Stop Woodlawn	22	28	\$590,702
Total		411	\$8,435,038

Adult Co-ed - Emergency	Ward	Bed Capacity	Maximum Contract Value
COSTI Reception Centre	20	16	\$196,693
Dixon Hall - Heyworth House	31	83	\$1,467,978
Fred Victor - Bethlehem United	15	70	\$1,413,254
Beth. United kitchen	15	n/a	\$376,619
HFS - Scarborough Shelter	35	67	\$1,235,313
HFS - Strachan House	19	5	\$62,312
Total		241	\$4,752,169

Youth Sector - Emergency	Ward	Bed Capacity	Maximum Contract Value
Covenant House Residence	27	96	\$1,968,358
Eva's Place	34	40	\$738,046
Eva's Satellite	23	33	\$1,099,098
Horizons for Youth	17	45	\$912,573
Kennedy House	29	33	\$818,084
Kennedy House (transitional funding)	29	n/a	\$100,000
Scarborough Youth Shelter	35	53	\$818,562
Turning Point	27	35	\$719,150
YMCA House	20	40	\$847,872
Youth Without Shelter	1	33	\$682,586
YWCA - First Stop Woodlawn	22	28	\$590,702
Total		436	\$9,295,031

Family Sector - Emergency	Ward	Bed Capacity	Maximum Contract Value
Christie Refugee Welcome Centre	20	70	\$1,242,767
Red Door - Family Shelter	30	106	\$2,553,738
Sojourn House	27	72	\$1,621,182

Family Sector - Emergency	Ward	Bed Capacity	Maximum Contract Value
Toronto Community Hostel	20	24	\$503,684
Total		272	\$5,921,371

TOTAL EMERGENCY BEDS		2,207	\$ 42,912,459
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Adult Men Sector - Transitional	Ward	Bed Capacity	Maximum Contract Value
COTA - Bailey House	14	2	\$48,920
Good Shepherd - Barrett House	28	5	\$45,402
Good Shepherd D.A.R.E.	28	25	\$393,421
NaMeRes - Sagatay	21	22	\$395,566
Salvation Army - Maxwell Meighen Transition to Housing	28	55	\$532,788
Total		109	\$1,416,097

Adult Women Sector - Transitional	Ward	Bed Capacity	Maximum Contract Value
FVC Church Site at Granby	27	23	\$1,024,920
SVDP - Amelie House	30	20	\$560,944
SVDP - St. Clare's Residence	24	30	\$422,246
FVC Dundas site	27	37	\$1,200,000
Total		110	\$3,208,110

Adult Co-ed - Transitional	Ward	Bed Capacity	Maximum Contract Value
Fife House - Denison	20	5	\$36,184
Fife House - Sherbourne	27	11	\$79,604
HFS - Strachan House	19	83	1,088,120
Total		99	\$1,203,908

Youth Sector - Transitional	Ward	Bed Capacity	Maximum Contract Value
Covenant House - Rights of Passage	27	28	\$551,390
Eva's Phoenix	19	50	\$1,050,907
Native Child and Family	19	12	\$231,846
Youth w/o Shelter-Stay in School	1	20	\$417,518
YMCA - LGBTQ2S Housing Program	20	25	\$554,490
Total		135	\$2,806,151

Family Sector - Transitional	Ward	Bed Capacity	Maximum Contract Value
Sojourn House Transitional Housing	27	76	\$919,616
Total		76	\$919,616

Part-Time	Ward	Bed Capacity	Maximum Contract Value
University Settlement	20	85	\$540,244
Dixon Hall - Out of the Cold	n/a	90	\$891,877
Total		175	\$1,432,121

TOTAL TRANSITIONAL BEDS		529	\$9,553,882
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TOTAL PART-TIME AND OUT OF THE COLD BEDS		175	\$1,432,121
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TOTAL EMERGENCY AND TRANSITIONAL BEDS		2,736	\$53,898,462
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Appendix B: Other Service Contracts

1. Mental Health Program Services of Metropolitan Toronto – Habitat Services

Habitat Services is a housing and support subsidy program that is funded by the Ministry of Health and Long-term Care (MOHLTC) 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, rooming houses and apartments for people with psychiatric illnesses. The subsidy is based on each individual tenant's income. Up to \$10.073 million gross and \$1.885 million net has been budgeted for Habitat Services in 2016.

2. Toronto Hostels Training Centre

The Toronto Hostels Training Centre (THTC) was created in 1997 following the recommendations made by a Coroner's jury regarding the need for staff training in hostels. The City of Toronto provides \$218,000 in annual funding to provide specialized training and associated services in a cost effective manner for staff and board members of shelters and others working with homeless people. The THTC offers nearly all of the mandatory and suggested training outlined in the Toronto Shelter Standards and are in the process of developing or acquiring new training content to meet requirements introduced in the recently updated Shelter Standards.

On an annual basis City operated shelters purchase training from the Toronto Hostels Training Centre in order to meet the training requirements under the Shelter Standards. The rates are range from \$35-\$57 per day, per person, per course. Given the specialized training, purchasing limits and requirements related to sole source contracts, SSHA is seeking the authority to continue to purchase training from the Centre for an amount up to \$60,000.

In an effort to reduce barriers to accessing training and offer training content in more flexible formats, the THTC is developing and will begin to offer e-learning opportunities (i.e., online courses) in spring 2016. An initial five courses will be developed and the THTC has identified the need to hire a staff person with requisite IT related skills to administer the e-learning modules and platform. SSHA has agreed to provide one-time funding up to \$50,000 towards this staffing cost, which will come from unspent allocations that accrued due to shelter closures in 2015.

Subject to the success of the THTC's e-learning modules, SSHA will consider increasing the annual funding amount for the THTC to cover this staffing cost on an ongoing basis and report this in future allocation reports.