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## **2021 OPERATING BUDGET BRIEFING NOTE**

### **Current Plans for Urgent New Supportive Housing and Funding Required from Other Orders of Government**

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#### **Issue/Background:**

On January 22, 2021, the Budget Committee requested the Shelter, Support & Administration Division to provide details on:

- What are the barriers to providing new affordable and supportive homes, and what steps are staff taking to resolve these challenges, including support or actions that could be taken by other levels of government?

This Briefing Note has been prepared in consultation with the Housing Secretariat which oversees the planning and delivery of new affordable and supportive housing supply in collaboration with City divisions and agencies.

#### **Key Points:**

- In December 2019, City Council approved the HousingTO 2020-2030 Action Plan aimed at helping over 340,000 households by 2030 through a number of actions/measures that include helping people maintain existing homes plus the approval of 40,000 new affordable rental homes (including 18,000 supportive housing units).
- It is critical that the federal and provincial governments partner on the City's HousingTO 10-Year plan. The revised cost to deliver the Plan is estimated at \$25.65 billion and requires participation of all orders of government including:
  - City investments of \$10.7 billion (\$5.35 billion outstanding including land value, Open Door incentives/waived fees and charges, and capital \$0.428 million)
  - Federal request of \$7.9 billion (\$6.0 billion outstanding)
  - Provincial request of \$7.0 billion (\$6.9 billion outstanding)
- Increasing the supply of supportive housing (i.e. affordable housing with wraparound supports) is critical to ending chronic homelessness.
- During the ongoing COVID-19 pandemic, Indigenous, Black people and people of colour, who are over-represented in the city's homelessness population, have been at greater risk of contracting the virus and becoming sick.

- As all governments plan for recovery, helping vulnerable and marginalized people exit homelessness must be a key priority to address long-standing systemic and structural issues.
- In addition to improving health and socio-economic outcomes, providing supportive housing for people experiencing homelessness makes economic sense as it reduces long-term costs to the public sector (including in justice, policing and healthcare costs). The business case is further improved by the pandemic which has resulted in shelter costs that have doubled.
- To meet the increasingly complex needs of individuals that are currently experiencing homelessness, and help them transition into permanent housing, the integration of harm reduction and overdose prevention services as well as primary health supports will be necessary.
- Enhanced and flexible funding for health partners and the community agencies that support them will be vital to enhancing and sustaining this integrated service model.

### **Urgent Provincial Support Needed to Deliver New Supportive Housing in 2021**

- As a direct response to the ongoing COVID-19 pandemic, in October 2020, City Council approved the 'COVID-19 Housing and Homelessness Recovery Response Plan' aimed at creating 3,000 permanent affordable and supportive housing opportunities before the end of 2022 to help people experiencing homelessness move from shelters into permanent housing.
- Of the 3,000 housing opportunities proposed, 2,000 are intended to be supportive housing. The estimated cost to operate 2,000 supportive homes is \$48 million annually, comprised of rent subsidies and funding for wraparound support services.
- With Federal and City resources secured and ready to be deployed, the City is proposing that 1,248 new supportive housing opportunities come online in 2021. However, while the 'bricks and mortar' will be put in place, operating funding for 1,098 of these homes is a key missing component. The proposed 2021 Operating Budget includes expenditures for this requirement with the expectation that that a pro rata amount of \$15 million (\$26.35 million annually) will be forthcoming.
- This COVID-19 Housing and Homelessness Recovery Response Plan ultimately proposes to accelerate delivery of a portion of the City's HousingTO 2020-2030 Action Plan.

**Table 1. Summary of Operating Funding Needed in 2021 and Beyond**

<b>Program/Initiative</b>	<b>No. of New Housing Opportunities to be Delivered in 2021</b>	<b>*Anticipated Occupancy</b>	<b>Operating Funding Secured (housing benefits + support services)</b>
8-10 week plan – TCHC units (150)	150	January - March	Yes
10 – 12 week plan – Acquisitions, renovations/conversions, TCHC units (300) and RHI units (127 units)	510	January – March <i>(supportive housing services are only available subject to operating funding from the Province, otherwise these will be rented as affordable rentals)</i>	Yes for 2021 <i>(However, \$12.24 million annual supports needed going forward)**</i>
Modular Housing Phase Two (already approved by Council)	150	September <i>(supportive housing services are only available subject to operating funding from the Province, otherwise these will be rented as affordable rentals)</i>	Yes for 2021 <i>(However, \$3.6 million annual supports needed going forward)**</i>
RHI (additional units) (already approved by Council)	438	December <i>(subject to available operating funding)</i>	No <i>(\$10.51 million needed annually beginning in 2022)</i>
<b>Total</b>	<b>1,248 units in total (operating supports for 1,098 unfunded)</b>		<b>\$26.35 million annually needed***</b>

*\*Operating funding required at the beginning of Anticipated Occupancy*

*\*\* The 2021 Staff Recommended Budget for SSHA includes funding of \$15.4M to provide funding for the 510 units scheduled to open in Q1-2021 (Jan-Mar) and 150 units slated to open in Q3-2021 (Sep). This amount is prorated for 2021.*

*\*\*\* This is the annualized amount to operate the full 1,098 units in 2022.*

## **Questions & Answers:**

### **How will investments in supportive housing benefit the Provincial and Federal governments?**

In addition to improving the health, social and economic outcomes for people experiencing homelessness, investments in supportive housing also results in significant cost savings and avoided costs for the public sector including:

- The cost to operate a shelter bed is currently \$6,600 per month under the current COVID-19 scenario (\$3,300/month pre-COVID) versus \$2,000/month for a permanent supportive housing unit.
- Implementation of the City's COVID-19 Housing and Homelessness Recovery Response Plan to create 3,000 permanent affordable and supportive housing opportunities would save between \$60 and \$180 million per year (based on pre and current COVID-19 scenarios).
- Every dollar spent on housing and supports for those who are chronically homeless saves \$2.17 in costs related to health care, the justice system, shelters and other supports. (Homeless Hub)
- A 2011 five-city study of 990 people who were homeless and living with mental illness placed per-capita costs of services consumed at \$53,133. Supportive housing builds better lives and saves money. (Mental Health Commission of Canada—At Home/Chez Soi)
- Each dollar invested in dedicated-site supportive housing in British Columbia generated nearly \$5 in social and economic value, according to a 2018 study. (BC Housing)
- Every dollar government invested in residential building construction in Ontario boosted Canada's GDP by \$1.52, according to 2014 study. (Mowat Centre)
- For every \$1 million invested in residential construction, a total of ten jobs are created (Statistics Canada employment multipliers).

### **How much funding has the City of Toronto received from the Federal and Provincial governments for COVID-19? Have you used any of this funding for supportive housing?**

#### ***Supportive Housing Service Funding***

- The City has yet to receive any supportive housing service funding for COVID-19 to date.

#### ***Capital Funding***

- On October 27, 2020, the Federal Government allocated \$203 million in capital funding to the City of Toronto to create new affordable rental housing
- Through this allocation, the City will create 540 new affordable rental homes through 7 projects comprising of acquisitions and modular housing. These homes support delivery of part of the COVID-19 Housing and Homelessness Recovery Response Plan (and are included in

the 1,248 new supportive housing opportunities proposed to be delivered in 2021, subject to securing operating funding).

- While the capital funding is in place to deliver these homes, operating funding for wraparound supports and housing subsidies remains a key missing piece of the puzzle needed to create deeply affordable supportive housing. Supportive housing is primarily a provincial responsibility, largely through the Ministry of Health.

### ***Operating Funding***

- To date, the City has received a total funding commitment of \$257.79 million to help address these incurred costs for the response to the COVID-19 pandemic, including: Specifically, SSHA has received \$181.53 million from the Provincial Social Services Relief Fund (SSRF) and \$55.45 million from the Federal Reaching Home (RH) program. SDFA received \$7.84 million from SSRF. The City of Toronto has not received any further commitment for funds beyond March 31, 2021.
- In addition to direct funding, the City has also received \$12.40 million for the response to the COVID-19 pandemic from the Ministry of Municipal Affairs and Housing (MMAH) and \$0.54 million from the Ministry of Health (MOH) in Toronto Pandemic Pay (TPP) funding to provide a \$4/hour top-up and up to a \$1,000 lump sum to eligible frontline workers for the period of April 24 to August 13, 2020.
- In 2020 SSHA utilized \$166.53 million from both SSRF and RH to pay for its COVID-19 shelter operating expenses and for some community based grants (issued by SDFA). None of the funds were utilized for supportive housing. Furthermore, in 2021 (January – March) the SSHA anticipates utilizing \$39.11 million (from the Reaching Home and SSRF grants from 2021). The City also received a commitment of \$31.4 million under SSRF 3 from the provincial government
- It is important to note that the City has not received any further commitment for funds beyond March 31, 2021 from either order of government for the response to the COVID-19 pandemic. SSHA will still require an additional \$205.8 million for its COVID-19 shelter operating expenses beginning April 1, 2021.

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