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2023 OPERATING BUDGET BRIEFING NOTE

Federal and Provincial Support for Housing and Homelessness in Toronto

Issue/Background:

On January 13, 2023, the Budget Committee requested that the Chief Financial Officer, in consultation with the Executive Director, Housing Secretariat, prepare a briefing note on:

- a. The amount of money the federal government has reimbursed to the City of Toronto for the costs related to sheltering asylum seekers in the City's system in the last 10 years. Additionally, report on the timing of those payments compared to when the City incurred those expenditures.
- b. Any commitments made by the Federal government related to COVID costs for cities in general and Toronto specifically.
- c. Amount and number of units that have been created through the Federal Rapid Housing Initiative.
- d. Outlining the costs of supportive housing units coming on stream in 2023 and the results should the provincial government not provide the needed funding.
- e. Outlining the monthly costs, and level of government responsible, of housing a person in a shelter, jail/prison, hospital and supportive housing unit.

Key Points:

a. Federal government support for asylum seekers in Toronto's shelter system in the last 10 years

- The demand for emergency shelter for asylum seekers, including individuals and families, has been increasing since 2017. Despite a drop in demand in 2020 and 2021 as a result of border closures and reduced global travel due to the COVID-19 pandemic, the number of asylum seekers entering Canada and accessing emergency shelter assistance has increased dramatically throughout 2022 which are projected to exceed pre-2020 levels.
- While immigration remains a federal responsibility, Toronto has always provided shelter services to all newcomers. Prior to 2016, asylum seekers accounted for 10% of shelter capacity (500 beds) and the related costs of providing shelter and housing help (approximately \$12 million) to these newcomers is included in SSHA's base operating budget. The City, however, continues to seek federal reimbursement each year for

spending above this budgetary allocation through the Federal funding program, the [Interim Housing Assistance Program \(IHAP\)](#).

- The Federal funding program, IHAP, provides funding to help alleviate the pressures that provinces/municipalities are facing in providing services to asylum seekers. Eligible expenditures under this program include interim housing and associated costs. The program pays out on actual costs only after they have been incurred. This program supports asylum seekers only and is set to expire at the end of March 2023.
- Between 2018 and 2021, the City received a total of \$133.3 million for asylum seekers costs, with \$127.1 million from the Federal government through IHAP for direct costs for temporary emergency shelter for asylum seekers. The remainder was received from the Province and reallocated funds from the Federal Homelessness Partnering Strategy.
- Prior to 2017, the demand for emergency shelter services from asylum seekers remained consistently low and while this is the responsibility of the Federal government, the City had not sought compensation from the Federal government for shelter services provided to asylum seekers.

in \$ Million							
Particulars	2017	2018	2019	2020	2021	2022 Q3-Projections	Total
Gross Expenditures	15.6	50.9	65.5	38.3	17.4	82.0	269.8
IHAP Federal funding	-	26.0	45.0	37.1	19.0	-	127.1
Provincial Funding Received in 2018		2.9	0.1				3.0
HPS Funding reallocation in 2018		2.6	0.6				3.2
Total Funding	-	31.5	45.7	37.1	19.0	-	133.3
Net costs funded by the City	15.6	19.4	19.8	1.2	1.6	82.0	136.4

*This does not include costs for asylum seekers in the base shelter system up to 500 beds.

- The City is currently in discussions with the Federal government to recover up to \$82 million for projected costs for 2022 per the Q3-2022 Operating Variance Report.
- In addition to 2022 costs, the City is anticipating an additional \$97 million in funding support towards 2023 refugee response costs. In total, this will support up to 2,550 beds per night for asylum seekers throughout the shelter system.
- While the IHAP program has proven to be a welcome support to the City in recouping asylum seeker costs, there is a funding risk as the program is scheduled to end in March 2023 and the Federal government has not indicated how or if it will fund these costs beyond March 2023.
- The City has also been challenged under the IHAP program in obtaining full funding commitments in the year expenses were incurred by the City, resulting in funding commitments being made through a current year budget prior to receipt of prior year reimbursement.
- Earlier financial commitment from the federal government with flow of funding in 2023 would support SSHA's immediate cash flow challenges and allow it to maintain and build capacity for a dedicated system for asylum seekers. SSHA continues to work with

Immigration, Refugees and Citizenship Canada to establish a more consistent flow of funding.

b. Commitments made by the Federal government related to COVID-19 costs for cities in general and Toronto specifically

- Toronto has been a world leader in responding to and addressing impacts from the COVID-19 pandemic, which has disproportionately impacted municipalities with large transit systems, shelter services and public health services.
- As noted in the 2023 Budget Presentation made by the City Manager and the Chief Financial Officer and Treasurer on January 10, 2023, the City requires support from other orders of government towards \$1.4 billion in COVID-19 impacts (\$484 million for 2022 shortfall plus \$933 million for 2023) to address COVID-19 related pressures and support the continuance of service delivery in the critical areas of transit, shelter and public health.
- This includes \$273 million in anticipated funding mostly related to a letter received from the Minister of Municipal Affairs and Housing on November 30, 2022 indicating the province will provide the City of Toronto with funding to support up to one-third of its current operating deficit experienced in 2022.
- The City continues to be engaged with both the federal and provincial governments, requesting that the Ontario Government confirm the details of its support, and urging the Government of Canada to honour its election campaign commitment of "Canadians and communities requiring additional support from the federal government can trust that a re-elected Liberal government will deliver that support" and join the Province in supporting the City of Toronto's 2022 COVID-19 budget shortfall.
- The City is also calling on both the federal and provincial governments to recognize the scale and extent of the impacts of the COVID-19 pandemic in Toronto, and commit to continuing their vital supports in 2023.

c. Amount and number of units that have been created through the Federal Rapid Housing Initiative

- The federal Rapid Housing Initiative ("RHI") provides capital grant funding aimed at creating new deeply affordable rental homes for marginalized people experiencing or at risk of homelessness within an expedited timeframe.
- To-date, the City has received approximately \$440 million in the first two phases of the RHI, announced in 2020 and 2021, which will create over 1,070 new supportive housing units, 336 of which were delivered in 2022 and 736 which will be completed in 2023.
- In November 2022, the federal government announced phase three of RHI and committed to allocating \$1.5 billion Canada-wide over two years, starting in 2022-23.
 - City staff will be submitting an Investment Plan to apply for funding;
 - The City will be submitting an Investment Plan requesting investments to deliver at least 1,000 units; and

- The new homes to be created through the third phase of RHI must be completed within an 18-month timeframe.

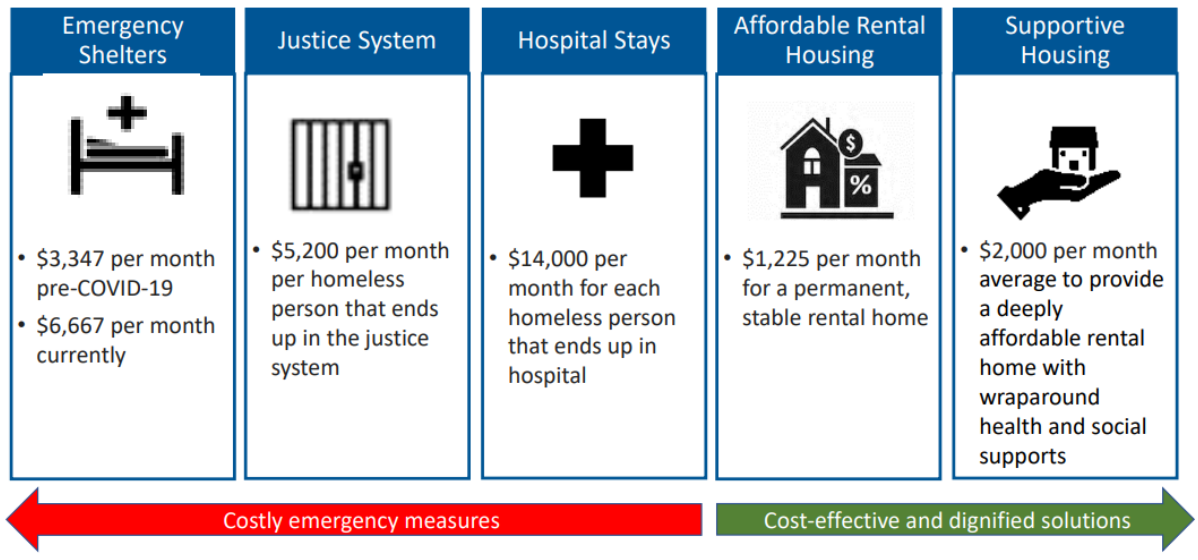
d. Costs of supportive housing units coming on-stream in 2023 and an analysis of what would happen should the Provincial government not provide the needed funding

- Supportive housing (i.e. a deeply affordable rental homes together with individualized wraparound health and social support services) is key to addressing the housing and homelessness crises, and improving health and socio-economic outcomes for vulnerable individuals.
- The City of Toronto's HousingTO 2020-2030 Action Plan ('HousingTO Plan') sets a target of approving 40,000 new affordable rental homes, including 18,000 supportive housing units by 2030 to address current and future housing needs.
- Thanks to support from the federal and provincial governments, the City is on track to deliver 2,300 new supportive housing opportunities, and 1,300 affordable housing opportunities as part of the [City's 24-Month \(2021-2022\) Housing & Homelessness Plan](#). These homes are being delivered through various programs including RHI, the Modular Housing Initiative, the Canada-Ontario Housing Benefit, and the City's Rapid Rehousing Initiative.
- \$48 million in operating funding for supportive housing is urgently needed from the province in 2023. This amount is required to ensure continued supports for residents already in the new supportive housing opportunities created in 2021 and 2022, and to support those that will move-in in 2023, as part of the [City's 24-Month \(2021-2022\) Housing & Homelessness Plan](#).
 - The province provided \$15.4 million and \$27 million in operating funding for supportive housing in 2021 and 2022 respectively, so that support services could be provided in the new homes as they became available throughout this period.
 - In the event that the province does not provide the operating funding required in 2023 and beyond, the new homes will need to be operated as strictly affordable rental units without support services.
 - Without access to support services, including housing supports, food security programs, harm reduction and mental health supports, many vulnerable residents will be at risk of returning to homelessness/the shelter system, plus there would likely be increased use of hospitals and jails.
- In May 2022, City Council also approved a new [24-Month COVID-19 Housing and Homelessness Response Plan \(2023-2024\)](#) to further scale up housing opportunities for people experiencing homelessness, and requested support from the provincial and federal governments to create 2,500 new supportive housing opportunities; and 1,500 new affordable rental housing opportunities through additional allocations under the Canada-Ontario Housing Benefit (COHB). New and enhanced capital and operating funding will be required from the federal and provincial governments to deliver this plan.
- As the City continues to increase the supply of supportive homes, additional and ongoing operating funding will be required from the province to provide support services for residents in these new homes. These supports include a range of wraparound health

and social services to help people improve their health and socio-economic outcomes, and to maintain their housing long term.

e. Cost of Supportive Housing Shelters, Hospitals and Jails and Orders of Government Responsible for Funding Each

- The chart below provide a comparison of the estimated cos of providing permanent affordable and supportive homes versus the cost of emergency system interactions including shelters, hospitals and jails.
- The orders of government responsible for funding these systems are as follows:
 - Emergency shelters – tri-government responsibility
 - Supportive housing, justice system and hospitals – provincial responsibility



Sources: City of Toronto (shelters, affordable and supportive housing) and homelessshub.ca (2013 estimated cost for hospitals and jails adjusted for inflation)

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