

**Subject: 2023-26 Allocation of Provincial Homelessness Prevention Program  
Funding**

**File Number: ACS2023-CSS-GEN-0005**

**Report to**

**Council 26 April 2023**

**Submitted on April 25, 2023 by Clara Freire, Interim General Manager, Community  
and Social Services**

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**Ward: Citywide**

**Objet : Allocation du financement du Programme provincial de prévention  
de l'itinérance 2023-2026**

**Dossier : ACS2023-CSS-GEN-005**

**Rapport au**

**Conseil le 26 avril 2023**

**Soumis le 25 avril 2023 par Clara Freire, Directrice Général, Services sociaux et  
communautaires**

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**Quartier : À l'échelle de la ville**

#### **REPORT RECOMMENDATION**

**That City Council receive this report for information on the City of Ottawa's 2023-2026 provincial Homelessness Prevention Program funding allocation.**

#### **RECOMMANDATION DU RAPPORT**

**Que le Conseil prenne connaissance du présent rapport concernant l'allocation du financement du Programme provincial de prévention de l'itinérance 2023-2026 de la Ville d'Ottawa.**

## **BACKGROUND**

The purpose of this report is to inform Council of Ottawa's confirmed 2023-2026 provincial Homelessness Prevention Program (HPP) funding allocation in advance of preparing to bring future related reports to Committee and Council. The report was brought forward on request from the Mayor's office considering recent funding allocations shared by the province with their 2023 budget and provides background on the funding program and context for the allocation amount. Further, it provides a high-level analysis of the impacts the funding increase will have on delivering services and supports within the housing and homelessness sector over the coming three years. A detailed HPP investment plan and the Transition Plan to exit recreational facilities will be presented to Community Services Committee on May 23<sup>rd</sup>, 2023, and to City Council on May 24, 2023, for approval. A Housing Services Capital Strategy for this term of Council will also be tabled at the Planning and Housing Committee on June 21<sup>st</sup>, 2023 and an update to the Housing Long-Range Financial Plan will be completed by the fall in preparation for the City's 2024 Budget process.

The provincial government is the largest contributor to the City's homelessness funding portfolio, providing more than two-thirds of the funds invested. Historically, this funding portfolio was made up of three provincial programs: Community Homelessness Prevention Initiative (CHPI), Home for Good (HFG), and the Strong Communities Rent Supplement Program (SCRSP). In 2022, the Ministry of Municipal Affairs and Housing (MMAH) announced their commitment to increasing affordable housing options and reducing homelessness through an investment of almost \$1.1 billion, as well as the consolidation of these three programs into one flexible new program called the Homelessness Prevention Program (HPP), beginning April 1, 2022. In the first year for this new program, The City of Ottawa's 2022-2023 initial HPP allocation was \$47,619,500 and included a \$1.5 million increase from the previous base budget.

In March 2023, MMAH announced that they were increasing their investment in the HPP program by an additional \$202 million annually for services under the HPP and Indigenous Supportive Housing Programs (ISHP) beginning in 2023-24. Of this \$202 million, \$190.5 million is allocated annually to HPP, and the remaining \$11.5 million is allocated to ISHP. With this increase, MMAH will be investing a total of over \$695 million per year over three years. The Province indicated that the intention of this investment was to help vulnerable Ontarians in various communities.

According to the Province's announcement, the increased allocation amount provided to each municipality (i.e. "Service Managers") is based on a new funding allocation model.

Reportedly, this funding model responds to the recommendations from the Office of the Auditor General of Ontario (OAGO) [Value for Money Audit of Homelessness](#) (2021). However, it is unclear as to how the distribution of these funds amongst Service Managers reflects the findings of this audit. Moreover, MMAH indicated that these decisions reflect feedback from consultations with Service Managers and sector partners. Housing Services staff are not aware of any consultation process that would have occurred across the province.

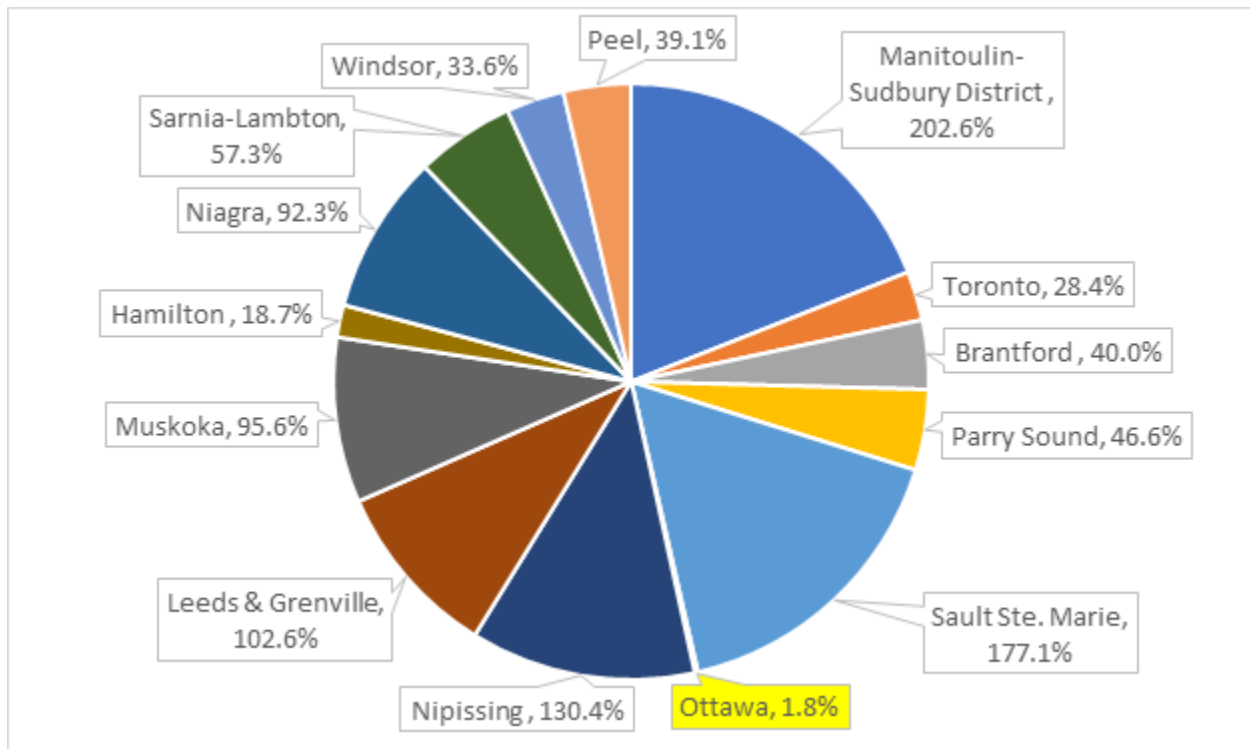
In March 2023 the Mayor signed into action a housing pledge that identifies key actions that will allow for the construction of 151,000 new homes in Ottawa by 2031. The pledge is driven by four pillars to provide housing options across the housing continuum including stimulating the supply of housing, forming strategic partnerships, streamlining our governance and approval processes and monitoring and reporting on our commitments. These actions represent Ottawa's commitment to facilitate the way forward for the housing market to build and occupy the diversity and quality of homes that residents need.

## **DISCUSSION**

Of the additional \$190.5 million annual HPP investment, the City of Ottawa was only allocated an increase of \$845,100 annually, representing 0.4% of the total allocation provincially. This marginal increase above the base funding amount established in 2022-23 represents a 1.8% increase, bringing the City's total annual allocation for 2023-2026 to \$48,464,600.

The confirmed allocation amount is lower than the increase to the allocation amounts received by other Service Managers, on a per capita and percentage of core funding basis. For example, other larger municipalities such as Toronto and Peel will receive \$48 million and \$12 million respectively. Other municipalities also benefited from significant increases, and in some cases by double or more. Staff have collected a sample of other municipalities' publicly disclosed allocation amounts which are outlined in *Table 1*.

### **Table 1 – 2023-2024 Percentage Annual Increase to Core HPP Funding by Service Manager**



Upon receiving the 2023-24 allocation letter (Appendix A), staff immediately began to inquire about the rationale for the confirmed allocation amount. To date, staff have been unable to obtain satisfactory clarification from the Province on how the funding formula was utilized to calculate each municipality's allocation, including Ottawa's amount. The Mayor's Office has also met with Premier Doug Ford and representatives from MMAH to advocate for an increased allocation.

### Systemic Pressures

Ottawa is the second largest city by population in Ontario. It is geographically larger than Calgary, Edmonton, Toronto, Montréal and Vancouver combined. Like many large cities, Ottawa's housing and homelessness system faces enormous challenges and pressures. The prevalence and complexity of homelessness in the area is increasing, consistent with national trends. Factors including mental and physical health conditions, addiction, and the ongoing opioid crisis have led to a notable growth in the number of individuals with high needs who are experiencing homelessness. The ability for community services to meet these needs are often exceeded, despite best efforts of staff and community service providers.

It is recognized that Ottawa's shelter system receives a high volume of inflow from smaller nearby municipalities and secondary migration through Québec. This inflow is exacerbated by the crisis of affordability, economic factors such as inflationary

pressures, and lack of affordable housing. These pressures led to City Council's decision to declare a housing and homelessness crisis and emergency in January 2020. Unfortunately, the need for services and supports continues to increase.

The number of newcomers requiring a shelter placement has further impacted Ottawa's shelter capacity. Between 2011-2021 the City of Toronto saw an 18% increase in asylum claims before admission. In the same period, the Ottawa region experienced a 63% increase. Over a quarter of all City of Ottawa shelter users in 2022 were newcomers. Additionally, Immigration, Refugees and Citizenship Canada (IRCC) has also brought more than 700 newcomers to Ottawa since June 2022.

The City of Ottawa is currently supporting the Ottawa Aboriginal Coalition to develop an Indigenous Housing and Homelessness Plan, recognizing that Indigenous Peoples are overrepresented in homelessness and housing instability, which can be traced back to historical trauma, oppression, racism and discrimination. Homelessness amongst Indigenous Peoples should be considered as a consequence resulting from Canada's history of colonization and exploitation of Indigenous land and populations. There is an estimated 40,000 Indigenous (First Nation, Inuit, and Métis) people who reside in the Ottawa area, and the City's 2021 Point-In-Time Count found that 32% of people experiencing homelessness identified as Indigenous, which is estimated at 5% of the overall population.

By any measure, Ottawa's local shelters are operating over-capacity, necessitating the continued operation of Physical Distancing Centres to support demand. On any given night last year, 2,067 individuals in Ottawa were experiencing homelessness, and those numbers continue to rise. The family shelter system is currently 366% over-capacity, which has required the use of overflow hotels, motels and post-secondary residences for placements. Currently, the City has nearly 300 families in overflow shelter spaces trying to access limited affordable housing. The volume of demand for emergency shelter is regularly outpacing available space, such as rooms for large families, requiring staff to maintain a waitlist for families to be placed in the shelter system.

The system in Ottawa is under tremendous strain. The lack of adequate HPP funding from the Province will continue to put pressure on our shelter system, and the responsibility to fill that gap will fall to the municipal tax base.

### **Impact on 10-Year Housing and Homelessness Plan**

The *Housing Services Act, 2011* requires that all 47 Service Managers, including the City of Ottawa, develop and implement a 10-Year Housing and Homelessness Plan.

City Council and the Province approved Ottawa's first plan in 2013. The plan was subsequently refreshed in 2020 and again approved by Council and the Province. Ottawa's plan is aligned with the Province's priority of ending chronic homelessness by moving people from shelters/street into permanent supportive housing.

The administration of provincial funding in Ottawa is guided by this plan, in ways that are consistent with the outlined priorities. HPP-funded services include street and community outreach and support services, emergency shelter solutions, housing assistance, and supportive housing including Residential Services Homes.

The City's supportive housing objectives are outlined in the 10-Year Housing and Homelessness Plan, 2020-2030, which targets the creation of between 570-850 new affordable/supportive housing options each year. The limited increase in HPP funding over the next three years will inhibit the City's ability to meet the Province's and Council's approved objectives; – specifically, limiting operating funding for supportive housing, and the viability of current projects under development, and may also impede future developments for years to come. This immediate impact will see 150 households without shelter every night and this will continue to climb with the reduction in funding.

Under our Plan, a minimum of 10% of these new units must be supportive housing units for high acuity individuals. Additionally, 10% of new units must be accessible, and 30% of new units must be provided to the Indigenous community. Our Plan also targets a 25% reduction in overall homelessness, new people becoming homeless, those returning and for Indigenous Peoples respectively. Achieving these goals relies on appropriate funding, and the City's response is contingent on the financial support of the provincial and federal governments.

Similarly, the City is at-risk of not meeting its homelessness reduction objectives. The 10-Year Plan sets specific goals to eliminate unsheltered, chronic and veteran homelessness. The limited funding investment from HPP over the next three years and the absence of other funding sources may necessitate a scale-back in programs and operations, such as the development of new permanent supportive housing to move people from shelters to housing with supports and delay the exit out of Physical Distancing Centres. Without a further increase in funding allocation from the provincial government, the goals laid out in the previous iteration of the 10-Year Plan will be compromised and staff will be required to reassess the feasibility of achieving the targets.

## **Budgetary Pressures**

Without adequate funding, the City will not be able to build the targeted number of new affordable/supportive housing options each year, operate new supportive housing and alternative sites to transition out of recreational facilities for shelter use or support innovative homelessness prevention initiatives. The current budget allocation leaves Housing Services with a budgetary pressure of \$37 million. This pressure includes a \$17 million gap for operating at current service levels in 2024, as well as a capital shortfall of \$20 million to support our proposed strategies to transition out of recreational facilities and invest in longer term options to meet the current and future housing needs of people experiencing homelessness.

The impact of the limited HPP increase is further heightened by the ending of COVID-related funding programs such as federal COVID funding and the provincial Social Services Relief Funding (SSRF). These two funding envelopes added an additional \$123.8 million from April 2020 to December 2022. These programs were previously leveraged to fund the PDCs that were opened during the COVID-19 pandemic, as well as several other community supports for vulnerable populations. The ending of SSRF and federal COVID funding created a gap in funding available for these types of services and supports. Several community programs funded through SSRF have already been discontinued.

## **Conclusion**

The information in this report is being shared with City Council in advance of approving a detailed financial plan for the 2023-2026 HPP, which will be brought to Community Services Committee on May 23, 2023, and to prepare Council to consider future related reports, such as the Transition Plan for Physical Distancing Centres, a Housing Services Capital Strategy for this term of Council and an update to the Long-Range Financial Plan in preparation for the City's 2024 Budget process.

It is therefore recommended that City Council receive the information contained within this report for information, and for context for future updates and analysis of the impacts the 2023-24 HPP allocation will have on the City's homelessness response for years to come.

## **FINANCIAL IMPLICATIONS**

There are no financial impediments to the implementation of the report recommendations.

## **LEGAL IMPLICATIONS**

There are no legal impediments to the implementation of the report recommendations.

## **COMMENTS BY THE WARD COUNCILLOR(S)**

There are no Ward Councillor comments associated with this report.

## **ADVISORY COMMITTEE(S) COMMENTS**

There are no Advisory Committee comments on this report.

## **CONSULTATION**

There is no consultation associated with this report.

## **ACCESSIBILITY IMPACTS**

All funding categories of the Homelessness Prevention Program provide a direct benefit to households with disabilities, especially housing assistance and supportive housing (of which 10% must be accessible). Limited operating funding for supportive housing will impact the number of accessible units built and operated for community members with disabilities.

The lack of new funding will impact the number of purpose-built facilities that can be developed. These facilities would have been designed under current accessibility guidelines and without their construction, will reduce the availability of units built that adhere to these guidelines.

## **INDIGENOUS GENDER AND EQUITY IMPLICATIONS**

### **Indigenous Policy Considerations**

Indigenous Peoples are a priority group that is specifically supported through services and organizations funded through HPP and the other streams, including supportive housing, short- and long-term housing assistance provided through housing allowances.

In the absence of increased funding from the Province, the City's ability to facilitate the housing of Indigenous community members into permanent supportive housing will be reduced. As noted in the report, the confirmed funding will impact the City's ability to fund capital supportive housing projects and their associated operating costs, which



have specific requirements for accepting and supporting Indigenous community members.

### **Gender and Equity Implications**

Many of the service areas targeted by HPP respond to issues that disproportionately impact women. The funding allocated towards these areas therefore benefits women and supports gender equity.

However, the lack of increased funding will hamper efforts to address marginalization and inequality for women and their children in the homelessness service system.

### **RISK MANAGEMENT IMPLICATIONS**

The current HPP allocation will create a risk to the City's ability to achieve goals outlined in the 10-Year Housing and Homelessness Plan 2020-2030. In the absence of additional funding the goals and targets outlined in the plan will require review and adjustment accordingly. In addition, our ability to secure sufficient funding to provide the necessary sheltering options for all residents experiencing homelessness as part of our transition plan to exit recreational facilities while maintaining the needed services, may be severely compromised.

Without sufficient funds to operate adequate shelter space, there is also a risk of increased encampments across the City. Encampments pose significant risks to those living within them and unique challenges to the community. The funding pressures discussed in this report place a risk regarding the City's ability to respond to these challenges.

Finally, the lack of provincial funding may require the scaling back of efforts to support all individuals experiencing homelessness. The lack of funding will create a pressure for supporting the population to access housing and the ability to continue growing Ottawa's supportive housing sector. The City's overall ability to respond to homelessness in the community will remain stagnant as service demands and operating costs increase.

### **RURAL IMPLICATIONS**

There are no rural impacts associated with this report.

### **TERM OF COUNCIL PRIORITIES**

The recommendations of this report impact the 2019-2022 Strategic Priority: Thriving

Communities. The information contained in this report will impact the City's ability to support vulnerable members of the community and support the development of affordable and supportive housing options and homelessness solutions.

### **SUPPORTING DOCUMENTATION**

Document 1 – Allocation Letter from Province

### **DISPOSITION**

Housing Services staff will action any Council direction.