

Homelessness Funding Stream

Date	September 15, 2020
To	Mayor's Housing Commission
From	City Planning & Community Development
Service Area	Parks, Recreation & Cultural Services
Item No.	MHC20-8

RECOMMENDATION

That Mayor's Housing Commission receive and file this report.

ISSUE

In April of 2020, City Council directed Administration to develop a funding stream to support the Plan to End Homelessness (Plan). In response, Administration has identified an approach that involves an allocation of \$740K annually in operating funding for permanent supportive housing¹. This amount would make an immediate impact in achieving the objectives of the Plan by creating approximately 20 new permanent supportive housing spaces while maintaining the provincial and federal governments' funding responsibilities under the Plan.

Rather than requesting new funding for this stream, Administration is proposing a reallocation of \$740K from the Housing Incentive Program (HIP), in recognition of the current economic climate.

The purpose of this report is to gather feedback from the Mayor's Housing Commission on the proposed homelessness funding stream. Administration will then engage with local affordable housing developers and Community Based Organizations (CBO) that respond to homelessness for feedback on the proposed approach before proceeding with a

¹ Permanent supportive housing is housing for people with high needs related to physical or mental health, developmental disabilities and substance use and for those who will require long term support services in order to remain housed. It is a critical component of a Housing First model.

recommendation to Mayor's Housing Commission and City Council in Q1 of 2021. The new funding stream would then be in place in 2022.

IMPACTS

Financial Impact

Evaluation of the Housing First² model in Regina has demonstrated cost savings through a reduction in calls for service and interactions with law enforcement, as well as lower rates of hospitalization.

The Plan estimates that this results in 58 per cent cost avoidance from these services. Based on this, the City of Regina's (City) proposed investment would result in a reduction in public system interaction equivalent to \$388,800 in annual costs.

Public System Interaction in Regina's Housing First program (n=49)	
Police Calls Reduction	81%
Arrests Reduction	89%
Days in Hospital Reduction	40%
ER Visits Reduction	75%
EMS Reduction	66%
Detox Visits Reduction	93%

Policy/Strategic Impact

Direction for the City's role in addressing affordable housing and homelessness is provided in *Design Regina: The Official Community Bylaw No. 2013-48* (OCP) and the Comprehensive Housing Strategy (CHS). It is important to note that neither the OCP or CHS contemplated funding for housing and homelessness outside of the existing Community Investment Grant Program or HIP capital grants and tax exemptions.

Applicable policies of the OCP include policy 13.14 to "work with others to ensure that all residents have secure access to basic needs, such as food, housing and other services" and policy 13.15 to "participate in the development of a comprehensive plan to address homelessness in partnership with other levels of government".

Applicable goals of the CHS include:

- Goal 27 to "continue to support housing and homelessness initiatives through the Community Investment Grants Program and identify ways to allocate funding for maximum community impact".
- Goal 28 to "continue to play a lead role in the federal government's Homelessness Partnering Strategy by preparing the Community Plan to Address Homelessness" and;
- Goal 35 "play a lead facilitation role in establishing and coordinating a housing and homelessness coalition of community stakeholders as a way of coordinating

² 'Housing First' is a recovery-oriented approach to ending homelessness that centers on quickly moving people experiencing homelessness into independent and permanent housing and then providing additional supports and services as needed.

collaboration, engaging stakeholders and obtaining advice”.

Goal 1(n) of the CHS recommended that “the maximum yearly drawdown of the SDR for affordable housing capital contributions be increased to \$2.5M in 2013 and gradually increase to \$3M over the next five years”.

- Administration’s response - While Administration is proposing that \$740K be diverted away from affordable housing capital contributions under the HIP towards the Plan, it is important to note that the City’s overall annual commitment to housing/homelessness from the Social Development Reserve (SDR) would remain unchanged at \$2.5M.

Administration is beginning work on an update to the CHS beginning in 2021. The housing situation in Regina has changed considerably since the CHS was approved by City Council in 2013 and work is required to review and update the goals and objectives of the CHS to reflect current housing conditions. The update will include an evaluation of the City’s current financial contributions towards supporting affordable housing.

OTHER OPTIONS

In developing the proposed homelessness funding stream, Administration considered the following options:

1. That the funding split between the new homelessness stream and the HIP be changed (e.g. provide more than \$740K annually towards the homelessness stream and less than \$1.76M towards the HIP or vice versa).

Administration concludes that the recommended annual funding amounts for the HIP and homelessness stream represent a good balance between these two areas. Providing up to \$1.76M towards the HIP is sufficient to continue to effectively encourage the development of new affordable housing units. Providing \$740K towards permanent supportive housing would make an immediate impact in achieving the objectives of the Plan. At approximately one-third of the total funding for permanent supportive housing called for in the Plan, the City’s investment would not eliminate or substantially reduce provincial and federal funding responsibilities under the Plan.

2. That the City provides \$740K towards homelessness beginning in 2021 rather than 2022.

This option is not recommended because a contract with a successful proponent will not be completed until late 2021, with funding flowing in Q4 of 2021 at the earliest. Additionally, this option would mean an immediate reduction to the amount of capital grants available to affordable housing providers in 2021 without advance notice.

3. That the City maintain a \$2.5M annual allocation for the HIP and provide an additional \$740K annually towards permanent supportive housing for a total of

\$3.24M annually.

Due to budgetary pressures from COVID-19, Option 3 is not recommended at this time.

4. Status Quo.

This approach is not recommended. If the City was to forgo pursuing a new homelessness funding stream at this time, City Council would delay the opportunity to play a leadership role in creating a long term recovery-oriented approach that supports the social or economic integration of those facing homelessness in the City.

The current lack of permanent supportive housing in Regina remains a large gap for housing those that experience chronic homelessness. The effects of COVID-19 have increased the urgency of the need to provide stable and safe housing options for individuals experiencing homelessness, with reports of improved personal outcomes emerging across the country where municipalities have quickly implemented supportive housing models.

Further to these points, existing Housing First programming in the City has demonstrated significant public system cost-savings that would not be realized at this time.

COMMUNICATIONS

Administration will provide a copy of this report and notification of the Mayor's Housing Commission meeting to local affordable housing providers and CBOs that support the homeless.

DISCUSSION

New Homelessness Funding

Beginning in 2022, Administration proposes that the City commits \$740K annually toward establishing approximately 20 new permanent supportive housing spaces under a new homelessness funding stream that is funded from the SDR. This will be sourced by reducing the HIP's maximum annual capital grant commitment from \$2.5M to \$1.76M and reallocating those funds.

Through this contribution, the City will be able to alleviate the backlog that exists for individuals currently trying to access Housing First interventions. Investment in this priority area will have a measurable impact on housing individuals with complex needs and support already existing community-based programming in Regina. The \$740K provided by the City would include:

- \$654K for operating 20 permanent supportive housing spaces at \$30k per space.
- \$66K for administrative or incidental costs; and
- \$20K to support plan implementation.

Permanent supportive housing was identified as an immediate priority in the Plan. By funding permanent supportive housing, the City will have a measurable impact on housing individuals with complex needs and complement existing Housing First programming in Regina.

Role of the City and other levels of Government

The Plan outlines a collaborative approach to ending homelessness and identifies roles and commitments from each level of government, CBOs and service providers. The Plan identifies the following financial commitments from the three levels of government to be successful³:

City of Regina	Government of Saskatchewan	Government of Canada
<ul style="list-style-type: none">- Provide \$20K a year to support Plan implementation	<ul style="list-style-type: none">- Provide \$20K a year to support Plan implementation- Provide \$40M over five years for new housing supports, assertive community treatment spaces, intensive case management spaces and permanent supportive housing and affordable housing units	<ul style="list-style-type: none">- Provide \$20K a year to support Plan implementation- Expansion of Reaching Home funding- Support development of permanent supportive housing spaces through the National Housing Strategy

While the City is not called upon for additional funding beyond \$20K per year, the proposed new funding stream is intended to make a measurable impact on homelessness in Regina, build momentum for the Plan and complement potential investments from other levels of government. An additional \$1,307,000 annually from other levels of government would fund the remaining permanent supportive housing spaces called by the Plan.

As of the writing of this report, the provincial and federal Governments have not made any new financial commitment towards the Plan.

Implications of Reduced HIP Funding

A decision to reduce capital grant funding for the HIP from a maximum of \$2.5M to \$1.76M annually would impact the capital incentive programs currently available through the HIP. There would be no impact on the HIP's property tax exemption programs, including the

³ Some of this funding may exist in the system already but may need to be redirected towards priority areas identified in the Plan.

market rental and rental repair tax exemption programs.

With a current annual allotment of \$2.5M and capital grant amounts ranging from \$10K to \$25K per door⁴, the City can commit funding for the creation of between 100 to 250 new units a year. A reduction to \$1.76M would reduce the number of new units to between 70-175 new units a year.

Annual Commitment	Maximum Affordable Units Funded
\$2,500,000	100 – 250
\$2,000,000	80 – 200
\$1,500,000	60 – 150
\$1,000,000	40 – 100
\$500,000	20 – 50

The HIP's affordable housing capital grant program has seen significant uptake since 2013 with the City committing approximately \$16M for the development of 1,141 new affordable units. It is important to note that since its creation in 2009, the HIP has been continuously reviewed and amended to meet Regina's current needs across the housing spectrum. For example, a considerably higher vacancy rate and softened real estate market compared to 2013 drove the City to make amendments to focus incentives on the construction of new affordable rental units for low-income residents and away from an increase in the overall supply of new market rental and entry level home ownership units.

As conditions have continued to adjust the urgency of addressing chronic homelessness has risen. Regina's homeless population has grown in recent years, even with significant investment in new rental units under the HIP.

Administration anticipates that a maximum annual capital commitment of \$1.76M will continue to support the development of new affordable rental units geared towards low-income residents, while allowing for a more focused investment in homelessness. The reallocation of \$740K towards homelessness recognizes that, under current housing conditions, ending housing insecurity in Regina requires both operating and capital funding supports. Administration will engage with local affordable housing providers to gather their input on the impact of this reduction before finalizing its recommendation in Q1 of 2021.

Based on feedback from local affordable housing providers, Administration will also review the HIP and identify potential amendments for City Council's consideration to ensure that incentives continue to support the development of affordable housing for those in greatest need. This may include:

- Updates to the HIP application scorecard.
- Extending tax exemptions to affordable housing projects that cannot access capital grants due to insufficient funding. Currently if affordable housing developments do not receive a capital grant, they are also not eligible for a tax exemption.

⁴ Capital grant amounts vary depending on tenure type, number of bedrooms, location within the City and whether it is developed by a non-profit or private sector developer.

DECISION HISTORY

CM17-12: YMCA of Regina Funding The Plan to End Homelessness in Regina

On September 25, 2017, City Council adopted CM17-12 to commit \$60K in funding that would be directed to the Community Entity, the YMCA, to assist in creation of the Plan.

CR18-67: City of Regina's Role in Homelessness

On June 25, 2018, City Council considered report CR18-67, which provided an overview of the City's response to homelessness, including measures to increase supply and decrease the cost of housing through the HIP, the Community Investment Grants Program which provides support to organizations and programs that address homelessness and participation on the Regina Homelessness Community Advisory Board (RHCAB). City Council passed a motion "That the City of Regina continue providing in-kind and financial support towards confronting homelessness as discussed in this report".

MHC19-6: Plan to End Homelessness in Regina

On September 17, 2019, a report providing background on the Plan and its key content went to Mayor's Housing Commission. At this meeting, the YMCA also provided their overview of the Plan. Administration committed to returning to Mayor's Housing Commission with a more thorough analysis of the Plan.

CR20-23: Plan to End Homelessness: City of Regina Alignment

On April 29, 2020, City Council considered a report that identified new actions to advance the Plan. City Council approved motions to:

- Endorse the Plan to End Homelessness and affirm the City of Regina's role in homelessness as described in the Plan.
- Direct Administration to contribute \$20,000 to the Systems Planning Organization, as selected by the Regina Homelessness Community Advisory Board in 2020 and include future requests within the annual budget process.
- Call upon the provincial and federal governments to endorse and fully finance the Plan to End Homelessness.
- Direct Administration to develop a Housing and Homelessness stream with funding options to be considered through the 2021 budget process.

Respectfully submitted,



Director, Parks, Recreation & Cultural Services

Respectfully submitted,



Executive Director, City Planning & Community Development

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