



CITY OF HAMILTON
COMMUNITY AND EMERGENCY SERVICES DEPARTMENT
Housing Services Division

TO:	Chair and Members Emergency & Community Services Committee
COMMITTEE DATE:	February 23, 2015
SUBJECT/REPORT NO:	2015 Increase to Domiciliary Hostel Program Per Diem Rate (CES15007) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Brian Kreps 905-546-2424 ext. 4329 Gillian Hendry 905-546-2424 ext. 4818
SUBMITTED BY:	Joe-Anne Priel General Manager Community & Emergency Services Department
SIGNATURE:	

RECOMMENDATION

That effective April 1, 2015, the per diem rate paid to Residential Care Facility Operators through the Domiciliary Hostel Program be increased from \$48.25 to \$50 to be funded from the Community Homelessness Prevention Initiative funding.

EXECUTIVE SUMMARY

The Domiciliary Hostel Program subsidizes the cost of accommodation, meals, supervision and assistance with activities of daily living for an average of 750 residents who live in 57 Residential Care Facilities (RCF's). Residents contribute to the cost of the service according to their ability to pay and the City subsidizes the balance of the cost with 100% provincial funding through the Community Homelessness Prevention Initiative (CHPI). Domiciliary Hostel residents include people with mental health issues, developmental disabilities, acquired brain injuries, histories of homelessness and seniors.

The City subsidizes the resident's stay at the RCF on a per diem basis. Prior to the introduction of CHPI in January 2013, the per diem rate paid through the Domiciliary Hostel Program was set by the Province. The City now has the flexibility to establish the payment model and level of payment. The per diem rate is now reviewed annually considering changes in operational costs, the availability of provincial funding and a comparison to per diem rates paid by other municipalities. Council authorized an increase in the per diem from \$47.75 to \$48.25 effective January 1, 2014.

It is recommended that the per diem rate be increased by 4% from \$48.25 to \$50 effective April 1, 2015. The projected cost of the increase is \$361,000 which can be

absorbed within the current budget of \$6,702,880. In 2014, there is a forecasted surplus of \$416,000 in program costs for the Domiciliary Hostel Program. The surplus is attributed to an increase in the residents' income from sources such as the Canada Pension Plan and the Ontario Disability Support Program (ODSP) which off-sets the total amount of the subsidy paid by the City. Additionally, there was decrease in the average number of people receiving subsidized care each day from 780 residents in 2013 to 762 in 2014.

There is long term recognition that the current per diem rate does not adequately address the costs of operating the program. A Program Review of the Domiciliary Hostel Program was conducted in 2011 by SHS Consulting. The review was undertaken to respond with current and evidence-based information to concerns raised by RCF operators, residents and community partners regarding the operation and funding of the Domiciliary Hostel Program. The findings of the review were provided to Emergency and Community Services (E&CS) Committee on September 8, 2011 (Report CS10036(a)).

One of the recommendations in the consultant's report was to increase the per diem rate to \$55 with annual adjustments for inflation, and to encourage the Ministry of Community and Social Services to increase the per diem funding levels it established for the program. The City did not have the authority to increase the per diem rate until January 2013 when the CHPI program was implemented and municipalities were provided with the flexibility in the allocation of funding within the CHPI envelope.

The consultant who conducted the Program Review also noted the difficulty in determining the actual cost of providing the service. Since the Program Review was done and the proposal for a \$55 per diem rate was provided, RCF operators have reported even greater financial pressures including an increase to the minimum wage, costs associated with compliance with new Fire Code regulations as well as inflationary increases to the daily costs of operating their businesses.

The Domiciliary Hostel per diem rate in other municipalities ranges from \$47.75 to \$53. An increase to \$50 would put Hamilton's per diem rate in the middle range at approximately the same level as Waterloo, Windsor and York Regions. Other municipalities are beginning to explore other supported housing delivery and payment models. Durham Region now funds the program through a block funding model instead of with per diem payments.

It is forecast that if the per diem rate remains at \$48.25 in 2015, the Domiciliary Hostel budget would again be underspent by an amount similar to 2014. It is unlikely that occupancy rates at the RCF's will change significantly and government income support programs will provide an annual increase resulting in lower subsidies being paid by the City. Program costs are monitored throughout the year. If it is forecast that actual expenditures may exceed the approved budget, a wait list for a Domiciliary Hostel subsidy will be implemented to remain within the approved budget.

Domiciliary Hostels are an important part of Hamilton's housing continuum. RCF's provide a valuable housing option for 750 Hamilton residents who require supports for their daily living. In 2015, Housing Services Division staff will explore the development of additional supported housing models to provide a wider range of housing options to people who require supports.

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial:

The Domiciliary Hostel budget for per diem payments is \$6,702,880. The 2014 budget is forecast to be underspent by \$416,000. The recommended increase in the per diem to \$50 effective April 1, 2015 will cost \$361,000 and would be absorbed in the existing budget. This increase would have no impact on the net levy as the Domiciliary Hostel program is funded through CHPI, which is 100% provincially funded.

Staffing:

There are no staffing implications associated with report CES15007.

Legal:

The changes to Domiciliary Hostel per diem would be incorporated into the contracts for those services that are delivered by outside agencies. Current contracts expire May 31, 2015. Legal Services will review and draft any ancillary agreements, as may be required under the CHPI Program. Legal Services staff will also ensure that the security requirements, as required from the project proponents, are fulfilled to protect the interests of the City, in accordance with the Service Agreement.

HISTORICAL BACKGROUND

September 8, 2011 E&CS Committee received a report entitled Room for Potential – Domiciliary Hostel Program Review (CS10036(a)) that detailed the outcome of a consultant's review of the Domiciliary Hostel Program. The report included a recommendation, "that the City increase the per diem funding to \$55, with annual adjustments for inflation, to better reflect the cost of operating Domiciliary Hostels."

September 8, 2011 E&CS Committee authorized the General Manager of Community Services to enter into and sign a revised agreement with RCF Operators for delivery of the Domiciliary Hostel Subsidy and to terminate or refuse funding for operators who did not enter into the revised RCF Agreements (CS11049). The report also noted that the City's Finance and Administration staff confirmed that the provision of an annual financial statement will not provide the information necessary to determine the quality of service provided at the RCF. The operators expressed satisfaction with the removal of the financial requirements and were willing to develop quality performance measurements.

On September 8, 2011 E&CS Committee received Report CS11070 concerning Domiciliary Hostel Funding Options. The report provided information regarding three possible per diem rate increases. An increase to the per diem utilizing net levy funding was not recommended due to resulting significant financial pressures on the City. Because the per diem rate was a provincial responsibility, Council approved a recommendation that the Mayor send a letter to the province requesting an increase in the per diem rate and that any year-end provincial and municipal surpluses be allocated for enhanced services and exceptional costs for the Domiciliary Hostel Program.

On December 9, 2011, E&CS Committee was provided with a work plan to address the 29 recommendations contained in the Domiciliary Hostel Program Review. Given the range of recommendations, a multi-year work plan was developed.

On July 24, 2012, the Ministry of Municipal Affairs and Housing announced the consolidation of five existing housing and homelessness programs into the Community Homelessness Prevention Initiative (CHPI) beginning January 1, 2013. Five homelessness programs including the Domiciliary Hostel Program would be consolidated into the CHPI Program. It would then be up to each municipality to use their CHPI allocation to design and fund their local housing and homelessness programs to meet the needs of their community.

On December 10, 2012, E&CS Committee was provided with information regarding the Community Homelessness Prevention Program (CS12031(a)). The report included information that current funding arrangements and program expectations for all CHPI funded programs including the Domiciliary Hostel Program would remain the same in 2013 while a review was undertaken of all services funded through CHPI.

On March 25, 2013, the E&CS Committee was informed that Housing Services Division staff would begin Phase Two of the three-phased CHPI review to help determine funding models, guidelines and implications for the homelessness system (Report CS13017)

On November 25, 2013, Report CS13017(a), was approved by E&CS Committee, regarding the outcome of the second phase of the CHPI review. The report recognized the importance of Domiciliary Hostels as part of the housing continuum and included a recommendation to increase the per diem payment from \$47.75 to \$48.25 effective January 1, 2014.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

There are no policy implications for Report CES15007

RELEVANT CONSULTATION

Consultation regarding an increase to the Domiciliary Hostel per diem was undertaken with the Domiciliary Hostel Working Group and Domiciliary Program Review Implementation Committee. Both groups agreed that there was a need to increase the per diem rate and highlighted the Program Review recommendation of an increase to \$55. RCF Operators on the Domiciliary Hostel Working Group expressed their disappointment with the increase that was provided in 2014 as they felt it was inadequate at only 1%. They further indicated that failure to increase the per diem substantially called into question the City's commitment to act on the recommendations from the program review to increase the per diem rate.

Concern has been expressed by community stakeholders about the lack of reporting and monitoring of actual expenditures for Domiciliary Hostel Operators and that there is no ability to determine how much money is being spent on direct client services and how much is being spent on overhead. On September 8, 2011 E&CS Committee authorized the General Manager of Community Services to enter into and sign a revised agreement with Residential Care Facility Operators for delivery of the Domiciliary Hostel Subsidy (CS11049). The report also noted that the City's Finance and Administration staff confirmed that the provision of an annual financial statement will not provide the information necessary to determine the quality of service provided at the RCF. At the time, the RCF operators expressed satisfaction with the removal of the financial requirements and were willing to develop quality performance measurements. However, efforts come to an agreement with the operators for quality performance measures have been unsuccessful.

A consistent theme of feedback from stakeholders throughout the process is the challenge to balance the needs of residents and operators. There has also been feedback that larger steps should be taken to ensure case management and recreational supports are available to tenants and that per diem subsidy payment to RCF Operators should be increased more quickly.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The increase in funding would meet the Domiciliary Hostel operators' concern that the per diem has not kept up with the costs of delivering the service. A review of the Domiciliary Hostel Program conducted by an external consultant in 2012 recommended that a per diem of \$55 would be appropriate with an annual increase for inflationary costs. Since that report was released, operators have experienced a number of even higher costs including an increase to the minimum wage and costs associated with compliance with new fire code regulations.

A scan of other municipalities has been conducted. An increase to \$50 would put Hamilton's per diem rate at the high end of municipalities that deliver the program.

Domiciliary Hostel Per Diem Scan – January 2015	
Region/Municipality/County/City	Per Diem
Durham Region	No Per Diem/Block Funding
Lambton County	\$47.75
Lanark County	\$47.75
City of London	\$47.75
Muskoka	\$47.75
Simcoe County	\$47.75
Peel Region	\$47.90
City of Hamilton	\$48.25
Wellington County	\$49.18
Ottawa	\$49.66
Prescott-Russell	\$50.00
York Region	\$50.00
Waterloo Region	\$50.14
Windsor	\$50.18
Cornwall	\$52.00
Halton Region	\$53.00

The recommended increase can be accommodated within the existing budget. If it appears that the costs may exceed the approved budget, a wait list will be implemented to constrain costs. Creating a wait list would mean that some people may have to wait for a period of time before a subsidized space becomes available. There is movement in and out of Domiciliary Hostels on a regular basis so it is anticipated that the wait would be no more than a month or two. This could result in some people staying longer in emergency shelter, hospital or other accommodation before accessing a bed.

ALTERNATIVES FOR CONSIDERATION

None

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

APPENDICES AND SCHEDULES ATTACHED

None