



The Alliance to End Homelessness

www.endhomelessnessottawa.ca

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Alliance to End Homelessness Budget 2009 Submission

City Of Ottawa, Committee of the Whole on Budget 2009

By Marion Wright, ATEH Vice Chair, on December 3, 2008, 11:15 a.m.

KEEP PEOPLE HOUSED, DON'T KEEP THEM HOMELESS

– that's the responsible investment for people and the economy.

The Alliance to End Homelessness believes that building affordable housing is the economically smart thing to do for our community. We think homelessness is bad for the municipal government and we remind Council that homelessness is not free¹. Conservatively, the total cost of homelessness services and hospital, social services, and justice system costs in our community is over \$267,000,000.²

We laud the City for advocating for a National Housing Strategy with the federal and provincial governments to increase housing supply and supports for housing stability, but there are fiscally responsible choices to be made in the city's budget. Today we ask you not to defer spending that will impact on housing and homeless people. These budget lines represent decisions based on real people's needs. Deferral may seem easier but it does not make economic sense for our community at a time when we need to give priority to investing in our housing infrastructure and in people.

TODAY WE ASK FOR FISCALLY RESPONSIBLE DECISIONS – Spend this \$3.25 million or add \$3.3 million or more in costs to keep people homeless.

FIRST

Keep the \$1,750,000. for the Tenant Resource Centre and housing support workers in the 2009 Budget. This is money that will help keep individuals and families housed in an economic downturn and help them avoid becoming homeless.³ This is a fiscally responsible budget item that recognizes people on low incomes will be facing severe challenges in a recession.

LIKELY FALLOUT: We consider that it is probable that 350 households (1%) of the 35,000 Ottawa households living on annual incomes of \$18 thousand or less could become homeless because of bad economic times.

The City's portion of shelter costs for 350 newly homeless single men or women is \$ 1,167,635 per year (\$3,336/person).

Many households have 2-3 family members. The total \$1.75 million will cover shelter costs alone for 525 new homeless people for one year. This Budget needs to be pro-active and pay to keep people housed not to keep them homeless.

- *The combined city and provincial emergency shelter cost is \$5.84 million yearly for 350 homeless single men or women. (As of Dec. 1st the shelter cost is \$16,680.50/person [annualized per diem is \$15,184. and the Personal Needs Allowance is \$1,496.50 per person yearly].) The City covers 20% and the other*

80% is from the province BUT there is only one tax-payer so the municipal level must do its part to be pro-active in a recession.

- The actual costs for the men's and women's shelters necessitate charitable donations to operate; we expect donations to be lower for a couple years. We assume city family shelters have additional city-paid costs.
- When we bring in other community costs of keeping people homeless such as hospitals and the justice system, the conservative cost estimate is \$10.5 million for 350 people (\$30,000. per person per year). For some individuals the cost can go as high as \$40,000. yearly and, of course, not everyone will be homeless for long periods.
- An economic downturn hurts many employed people; very few of the 35,000 households getting by on incomes between \$18-\$32 thousand a year have the savings to ride out bad times. We fully expect to see some of these families at the shelters next year, perhaps more than once.

SECOND

Keep the \$1,000,000 to convert up to 100 existing subsidized social housing units into targeted supportive housing for people with mental illnesses and addictions in the Budget. In slightly less than 3 years this one budget line covers off costs of keeping 100 chronically homeless people in shelters. This cut does not make any sense. The city portion of the shelter cost alone is \$3,336 /person each year they remain homeless. The city budget also includes related health, ambulance, social services and police. In less than 3 years this one budget line covers off costs which will otherwise be ongoing – that's how you end homelessness in a fiscally responsible way.

LIKELY FALLOUT: The cost to keep 100 people chronically homeless in Ottawa is between \$30,000 and \$40,000 per person per year. This is \$3 to \$4 million for homeless costs and for health, ambulance, hospital, social services, police and other justice system costs many of which are in the city's budget.

THIRD

Keep \$500,000. for 3rd year of 10-year Community Funding Sustainability plan in the Budget to assist the 107 health, recreation and social service organizations who receive this money, among them the Day Programs helping the homeless and those at risk of homelessness. This funding helps these groups deal with unusual budget pressures in areas such as rent, utility bills or costs of food so these groups can offer their current level of service. This is not about service enhancement.

LIKELY FALLOUT: Council knows these organizations have indicated they need \$1.138 million in this budget to meet current budget pressures. Council knows too that this \$500,000 cut will mean that there will likely be reductions in services. Deferring sustainability funding doubles the impact when people on low incomes need help more than ever. In the last economic downturn the numbers of people seeking out the Day Programs rose and this number has never returned to the earlier baseline figure. It is simply not fiscally prudent to think fewer people will need this help in a recession.

IN CONCLUSION

LET'S GET PERSONAL ABOUT MUNICIPAL LEADERSHIP ON AFFORDABLE HOUSING!

We remind you that City Council pledged to create 500 new housing units a year for those living on low income. In 2007 only 73 units of affordable housing were created and over 9,000 households were on the social housing waiting list. That can only be described as a failure of policy and it calls into question

Council's commitment to increasing the affordable housing supply and to supporting the new Community Action Plan on Homelessness.

So we ask today, ***which of you will relegate low income families to waiting 123 years for new affordable housing (to them) because that's how long it will take at this rate?***

Even at 300 units a year, it will take 30 years so we are very worried about the City Council splitting the Housing Branch into two in its recent organizational restructuring. Now responsibilities are subsumed under two departments which have many significant responsibilities in addition to housing, not to mention that there is no longer an overall Housing Director. City Council is creating the impression that affordable housing is not important and, even worse, that those community members who are homeless and others living in poverty and at risk of homelessness every day are way down your list of priorities.

Every dollar invested in housing creates two dollars in additional economic activity, and influences/induces as much as seven additional dollars in economic activity. Few investments offer a 2 for 1 return⁴. Clearly, a recession is a time when the city needs to be investing in affordable housing infrastructure. The costs of poverty are now well known⁵; we know homelessness is not free but building affordable housing and supporting homeless people is **a sound and a crucial infrastructure investment. This City needs to get much tougher and demand that the Federal and Provincial governments give priority to building new housing for people on low incomes in infrastructure spending.**

In the short-term, building affordable housing helps developers & builders, keeps people in the building trades working and spending, and best of all supplies housing that people on low incomes can afford which in turn improves their spending power. Longer term, it keeps giving back to the community year after year through property taxes while allowing people who need affordable housing the stable base to participate in civil endeavors from work and education to recreation and social activities!

At this time of economic turmoil, and, as a recession begins, we call on you to be fiscally responsible. We ask you not to defer budget spending that impacts on affordable housing and homeless people and to keep the city's housing commitment of 500 new units each year.

The Alliance to End Homelessness represents over 70 organizations helping people who are homeless or at risk of losing their homes in Ottawa. 8,915 different individuals stayed in an emergency shelter in 2007 in Ottawa.

¹ The Government of British Columbia says that the annual public cost of homelessness is \$30,000 to \$40,000 per person annually. This is the most-often cited official estimate and includes social services, health and policing costs. Services in this – Health care: hospital admissions, hospital emergency department use, physician billings (Medical Services Plan), prescription drugs, mental health services, ambulance services, fire emergency response and health clinics. Social services: BC Benefits (income support), child protection, drug and alcohol treatment. Criminal justice: correctional institutions, community supervision and police services. (ATEH notes costs will have increased over time.), *Homelessness — Causes & Effects: The Costs of Homelessness in British Columbia, February 2001*, http://www.housing.gov.bc.ca/housing/homeless/Vol3_execsum.pdf; and full report: http://www.urbancentre.utoronto.ca/pdfs/researchassociates/4_vol_report/Vol3.pdf.

² For Ottawa in 2007, 8,915 homelessness individuals would thus cost between \$30,000 to 40,000 a year per person for a total of \$267,450,000 to 356,600,000 based on the BC costs noted above. Fourth Report Card on ENDING Homelessness in Ottawa, Jan-Dec 2007, <http://www.endhomelessnessottawa.ca/>.

³ In 2007, 864 households at imminent risk of losing their housing were among the 9,567 households helped to remain housed in Ottawa by 16 agencies provide on-site or community-based services with City, Provincial and Federal funding. Fourth Report Card on ENDING Homelessness in Ottawa, Jan-Dec 2007, <http://www.endhomelessnessottawa.ca/>.

⁴ A 2007 study of nine U.S. cities found that every dollar invested in affordable housing had a multiplier effect of 1.93. A detailed study of three housing projects in Oregon put the multiplier at 2.1, and noted that the housing also leveraged as much as seven additional dollars for every dollar invested. An Ontario study in the early 1990s found that every 1,000 new co-op homes generated 2,210 person-years of employment.

⁵ Poverty costs the residence of Ontario a staggering \$32 billion dollars a year – the equivalent of 5.5% to 6.6% of the Province’s GDP and in Canada Non-profit (2004) combined NP health, education, housing a whopping \$83.4 billion dollars or 7% of the GDP. In Ontario alone poverty cost every house hold from \$2,299 to \$2,895 every year.