

Chapter 1

Section 1.07

Ministry of Municipal Affairs and Housing

Follow-Up on 2021 Value-for-Money Audit: Homelessness

RECOMMENDATION STATUS OVERVIEW

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	1		1			
Recommendation 2	2		1	1		
Recommendation 3	4	1	3			
Recommendation 4	2			2		
Recommendation 5	3			3		
Recommendation 6	3			3		
Recommendation 7	3	3				
Recommendation 8	2	2				
Recommendation 9	2	2				
Recommendation 10	1		1			
Recommendation 11	3	1	1	1		
Recommendation 12	4	2		2		
Total	30	11	7	12	0	0
%	100	37	23	40	0	0

Overall Conclusion

The Ministry of Municipal Affairs and Housing (Ministry), as of November 14, 2023, has fully implemented 37% of the actions we recommended in our *2021 Annual Report*, and made progress in implementing an additional 23% of the recommended actions.

The Ministry has fully implemented or has made progress in implementing recommendations such as re-evaluating and implementing changes to its funding

model, including using the latest census data to recalculate the current funding allocation; fully documenting the rationale for all final funding decisions; following the government directive in selecting grant recipients; developing distinct service categories and guidance to municipalities and Indigenous Program Administrators for reporting on the use of provincial funding; and establishing and requiring municipalities to track common performance indicators aimed at measuring the root causes of homelessness and priority groups experiencing homelessness.

However, the Ministry has made little progress on 40% of the recommended actions, such as requiring that municipalities have a consistent, fair, effective and documented process in place to prioritize people in need of housing and accompanying supports, based on assessed need; tracking whether people residing in shelters and referred for services attended the referral; tracking the length of time it takes for an individual referred for supports to receive those supports; developing provincial shelter standards to be complied with by all municipalities and their third-party service providers; requiring municipalities to conduct periodic surprise inspections of shelters and to provide the inspection results to the Ministry to inform future policy development; and developing and setting targets for common performance indicators to be reported on by all municipalities in their Housing and Homelessness Plans. In this report, “municipalities” refers to the 47 municipal service managers in Ontario that include 37 Consolidated Municipal Service Managers, which may be regional governments, counties or cities; and 10 District Social Services Administration Boards—municipal boards established for 10 districts in Northern Ontario, comprising the various municipalities in each region. The status of actions taken on each of our recommendations is described in this report.

Background

Individuals or families experiencing homelessness can have living situations ranging from being at imminent risk of losing housing, couch surfing with friends or family, temporarily staying in shelters, to living on the streets.

Our audit found that most of the work being done to address homelessness has been city-specific. As a result, there exists only a patchwork of data, making it difficult to systemically understand the state of homelessness in Ontario. Using the latest available data at the time of this follow-up, taken from a 2021 municipal enumeration and 2021 population data from Statistics Canada, we calculated that for every 10,000 people in

Ontario, 16 people were homeless, similar to the time of our audit.

Funding for homelessness initiatives from all three levels of government increased over the five-year period 2016/17 to 2020/21, although the largest contributor remained the Ontario government. In 2020/21, the Province contributed 68% of all funding, followed by 23% from municipalities and 9% from the federal government. At the time of our follow-up, the Ministry was no longer collecting information on municipal contributions to homelessness programs. Not including municipal funding, contributions by the provincial and federal governments in 2022/23 were 85% and 15% respectively.

Since 2010, the provincial government has taken a fractured approach to preventing and reducing homelessness. At the time of our audit, five ministries had put forward at least 14 strategies to address factors related to homelessness, such as poverty, mental health, addictions and violence against women.

The Ministry of Municipal Affairs and Housing (Ministry) spent \$654 million in 2022/23 on programs related to homelessness, including the Community Homelessness Prevention Initiative, the Home for Good program and the Indigenous Supportive Housing Program (\$356 million on average annually from 2016/17 to 2020/21, for a total of \$1.8 billion over the five years).

We conducted our audit at the Housing Division of the Ministry and four municipalities: the City of Toronto, the City of Ottawa, the City of Greater Sudbury and the District of Cochrane. These four municipalities accounted for 46% of Ontario’s homeless population identified during the latest provincial enumeration in 2021 (59% in 2018) and 48% of total Ministry funding for homeless initiatives in 2022/23 (47% in 2020/21).

Our audit concluded that the Ministry does not have an overarching strategy that effectively co-ordinates actions for the reduction of homelessness with other provincial ministries, municipalities and third-party service providers.

Some of our significant findings were:

- The government's lack of supports for people transitioning from correctional facilities, health-care facilities and the child welfare system was a contributing factor to the number of people who became homeless. According to data provided by the Ministry of the Solicitor General, over the last three fiscal years ending 2020/21, an annual average of almost 3,900 individuals were released from custody who had no stable housing. The Ministry of Children, Community and Social Services had limited information on how many teenagers were homeless or at imminent risk of homelessness once they aged out of the child welfare system at age 18; however, the Ministry determined there was a strong link between involvement with child welfare and homelessness.
 - Lack of affordable housing was an obstacle to reducing homelessness. According to Statistics Canada, housing is considered affordable when it does not exceed 30% of an individual's pre-tax income. Social assistance was often the primary source of income for people who were homeless or at imminent risk of homelessness and was offered through Ontario Works and the Ontario Disability Support Program. Yet social assistance generally did not cover the average cost of a one-bedroom apartment in the province, \$1,241 per month in October 2020 according to data from the Canada Mortgage and Housing Corporation. That amount was \$72 more than the maximum Ontario Disability Support Program monthly payment for a single person, and \$508 above the top monthly support payment to an eligible Ontario Works recipient.
 - The Ministry did not evaluate the effectiveness of programs and services provided to people who were homeless or at risk of homelessness. We found that the data collected by the Ministry was insufficient to monitor and assess the quality of services and supports provided by municipalities and Indigenous Program Administrators. This was because all reporting was output based; the service levels were not tracked on a unique household basis, resulting in people being counted multiple times for the same service; reporting of service levels was inconsistent and fluctuated significantly from year to year; and targets or baseline levels of planned service for funds provided did not exist.
 - Some municipalities had not established standards for shelter operations and none were sufficiently performing inspections of shelters to ensure that health and safety standards are being met. Of the four municipalities we met with, only two (Ottawa and Toronto) had put in place shelter standards, and only one (Ottawa) conducted regular inspections of all its emergency shelter sites in accordance with a defined inspection schedule and process. However, over the three-year period 2018 to 2020, inspection reports were not provided to shelter operators until 99 to 471 days after inspections took place.
 - Homeless encampments were prevalent throughout the COVID-19 pandemic. Some people chose to live in encampments rather than emergency shelters. This impacted other members of the community who wanted to use the parks but were unable to due to open drug use and trafficking, increased litter and general social disorder. Safety for the encampment occupants was also at risk. The City of Toronto noted that in 2020 the fire department responded to 253 fires in encampments—a 250% increase over the same period in 2019. Although these encampments contravened municipal law, municipalities told us they chose to clear encampments only as a last resort, and only once everyone there had been offered a safe space indoors.
- We made 12 recommendations, consisting of 30 action items, to address our audit findings. We received commitment from the Ministry that it would take action to address our recommendations.

Status of Actions Taken on Recommendations

We conducted assurance work between April and July 2023. We obtained written representation from the Ministry of Municipal Affairs and Housing that effective November 14, 2023, it has provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

Preventing and Reducing Homelessness

Recommendation 1

To take a more co-ordinated and cohesive action-oriented approach to preventing and reducing homelessness in Ontario, we recommend that the Ministry of Municipal Affairs and Housing take a lead role, in collaboration with other ministries that fund or directly provide services and supports to people who are homeless or are at risk of homelessness, in developing a provincial strategy with specific actions, targets, and timelines to collectively aim to address the issues that contribute to homelessness.

Status: In the process of being implemented by March 2025.

Details

In our 2021 audit, we found that, since 2010, five different ministries had issued at least 14 strategies to address services and supports aimed at vulnerable groups. Some of the strategies could also benefit people experiencing homelessness or at risk of homelessness. However, the Province had not created an overarching provincial strategy specifically aimed at preventing or reducing homelessness.

In our follow-up, we found that the Ministry had begun to take steps to obtain the information necessary for developing an overall provincial strategy by

requiring each municipality to maintain a by-name list of unhoused individuals and their required supports beginning January 2022, and with updated requirements that took effect April 1, 2023. The information collected on the by-name lists, such as the needs of people experiencing homelessness, is expected to help municipalities and the Ministry better understand contributing factors of homelessness in order to improve service delivery and address homelessness in their communities. The Ministry has instructed the municipalities to use the data and information obtained from the lists (Housing and Homelessness Plans) to inform municipal strategies, due for Ministry approval beginning in the fiscal year 2024/25. These plans will further inform discussion with other provincial ministries toward developing a provincial homelessness strategy, which the Ministry expects to complete by March 2025.

Also, under the Multi-Ministry Supportive Housing Initiative (discussed in the first action item of **Recommendation 3**), the Ministry is engaging with the ministries of Health, the Attorney General, the Solicitor General, and Children, Community and Social Services to improve Ontario's supportive housing. This work includes developing an integrated approach to local planning to meet local supportive housing needs.

In November 2022, the Associate Minister of Housing also held a series of supportive housing roundtable engagement sessions with 150 representatives of developmental services and of organizations that focus on justice, Francophone affairs, seniors and long-term care, youth, health, violence against women and human trafficking, as well as municipalities and Indigenous partners, in order to better understand how to improve Ontario's supportive housing system. At the time of our follow-up, the Ministry was analyzing the results of the roundtable engagement sessions to inform the work needed to improve Ontario's supportive housing system, but it did not yet have a draft report available for our review.

Recommendation 2

To better measure homelessness, track progress to inform whether initiatives are reducing homelessness, and to continually identify best practices for implementation, we recommend that the Ministry of Municipal Affairs and Housing:

- update the work done in 2015 by the Expert Advisory Panel on Homelessness and implement all unfulfilled recommendations;

Status: In the process of being implemented by December 2024.

Details

In our 2021 audit, we reported that the Ministry had established an Expert Advisory Panel on Homelessness in 2014 to give advice on how to define and measure homelessness; prioritize and set targets for ending homelessness; and build the evidence base and capacity to implement best practices around the province. We found, however, that 10 of the 23 recommendations made by the Expert Advisory Panel on Homelessness in its 2015 report, *A Place to Call Home*, had not been addressed. We reported that completing these recommendations would give the Ministry a better foundation for understanding homelessness across the province, what actions municipalities were taking and how effective these actions have been.

In our follow-up, we found that the Ministry had implemented eight additional recommendations made by the Expert Advisory Panel. However, two recommendations had yet to be implemented. These recommendations were that municipalities carry out local equity impact assessments to work toward equitable outcomes of housing and homelessness plans and policies; and that the Ministry support local municipalities with tools, resources and funding to support local capacity to carry out equity impact assessments.

The Ministry expects to have the remaining two recommendations implemented by December 2024.

- develop specific actions for service delivery to address identified root causes of homelessness.

Status: Little or no progress.

Details

In our 2021 audit, we found that the 2015 recommendations of the Expert Advisory Panel on Homelessness (discussed in the first action item of **Recommendation 2**) focused on measuring and studying homelessness, but not on taking direct action to provide immediate solutions to address the root causes of homelessness.

In our follow-up, we found that the Ministry was making efforts to collect information needed to identify root causes of homelessness and service delivery needs, but had not yet developed specific actions municipalities should take to address identified causes.

In March 2022, the Ministry released the Homelessness Prevention Program Performance Indicators Technical Guidelines, which list the outcomes and related performance indicators that will be used to measure progress. This guide provides municipalities with information and data definitions for collecting and reporting information through their by-name lists. The information collected on the by-name lists, such as the needs of people experiencing homelessness, is expected to help municipalities and the Ministry better understand contributing factors of homelessness in order to improve service delivery and address homelessness in their communities.

The Ministry's position is that the causes of homelessness, and the solutions needed to address its root causes, can vary by community, so the by-name lists will be used by municipalities in developing their own strategies to address root causes in their communities. These local strategies will begin to be updated in April 2024. The Ministry itself has not, however, developed a strategy for all municipalities to address systemic and common root causes of homelessness.

Transitioning from Provincial Institutions

Recommendation 3

To reduce and prevent homelessness following transitions from provincial institutions and service systems such as corrections, health, and child welfare, we recommend that the Ministry of Municipal Affairs and Housing, in collaboration with the Ministry of the Solicitor General, the Ministry of Health, and the Ministry of Children, Community and Social Services:

- *identify necessary data about people in provincial institutions who will not have stable housing available upon their transition, to use in assessing the extent of the homelessness issue and inform future policy decisions;*
- *where the data is not being collected, work with the relevant ministry to collect the data;*

Status: In the process of being implemented by April 2025.

Details

We found in our 2021 audit that the Ministry of Municipal Affairs and Housing (Ministry) had taken little action to develop or implement an approach to systematically count and measure how many people experiencing homelessness were transitioning out of provincial institutions and systems such as hospitals (including mental health facilities), correctional facilities and the child welfare system. The ministries that oversee these service systems are responsible for discharge planning and collecting data on people who are discharged from provincial institutions without a permanent address. During our audit, we noted that provincial institutions from which people are discharged did not always collect and have readily available information that could aid in setting policies and implementing programs to assist these people with housing when they leave the provincial institutions.

In our follow-up, we found that the Ministry had taken steps in collaboration with the ministries of the Solicitor General, Health, and Children, Community and Social Services to identify needed data and work

with the relevant ministry to develop processes to collect the data through the Multi-Ministry Supportive Housing Initiative. In April 2022, the three ministries held seven community engagement sessions across the province to discuss local planning needs for supportive housing. At the time of our follow-up, the Ministry of Health was leading this work and collaborating with the ministries of Municipal Affairs and Housing, and Children, Community and Social Services to review the feedback and develop and refine options to facilitate local planning for supportive housing. Further, in November 2022, the Associate Minister of Housing held a series of supportive housing roundtable engagement sessions (discussed in **Recommendation 1**) and noted data gaps, such as the need for integrated data between ministries and municipalities, because of the challenges posed by managing separate municipally co-ordinated by-name lists and service wait lists. It also noted the need to make use of existing reporting requirements and streamline them where possible.

The Ministry of the Solicitor General released a framework in September 2022 in which it requires correctional facilities (with the consent of the individual) to use a standardized Community Reintegration Form to identify supports needed for all individuals in the custody and care of the Ministry of the Solicitor General, at each step in their journey, to support their reintegration into their communities. Collection of this data, including information on individuals' identified (self-reported) needs, such as housing, and whether the individuals were referred to community supports, is expected to aid in future policy development.

Further, since the Ministry released the *Ontario Service Manager By-Name List 2022* (BNL) guidelines in April 2022, municipalities have been required to track and report on the number of people experiencing homelessness who transition out of provincial institutions, including correctional institutions, health facilities and child welfare settings, to understand the extent of homelessness among this sub-group. Municipalities have been required to report to the Ministry on these outcomes starting with the 2022/23 fiscal year. Year-end reports were not available at the time of our

follow-up. Following the first year of reporting, the Ministry informed us that it would ensure that all data is being collected appropriately to identify gaps by the 2024/25 fiscal year-end.

- *establish processes to have accommodation in an appropriate setting immediately available for people transitioning from provincial institutions and service systems;*

Status: In the process of being implemented by April 2025.

Details

In our 2021 audit, we found that, although the provincial government had established the Improving Transition Planning and Services to Reduce Homelessness Working Group in 2015 to identify practices needed to reduce and prevent homelessness following transitions from provincial service systems, there were no formal discharge-planning policies in place to require that plans for housing exist for people without stable housing who are leaving correctional facilities, health-care facilities or the child welfare system.

In our follow-up, we found that the Ministry of Municipal Affairs and Housing, in collaboration with the Ministry of the Solicitor General, the Ministry of Health, and the Ministry of Children, Community and Social Services, had begun to establish processes to have appropriate accommodations immediately available for people transitioning from provincial institutions. In November 2022, the Associate Minister of Housing held a series of seven supportive housing roundtable engagement sessions in six regions (Toronto, London, Kingston, Sudbury, Thunder Bay and Richmond Hill), as well as one session for provincial associations, to collect information and feedback to better understand how to improve Ontario's supportive housing system. The types of services and organizations that participated in the roundtables are noted in our discussion of **Recommendation 1**.

At the time of our follow-up, the Ministry of Municipal Affairs and Housing was analyzing the results of the November 2022 roundtable engagement sessions. The Ministry informed us that it would use feedback from these engagement sessions to develop a policy

framework. As noted in the second action item of **Recommendation 3**, the Ministry expects to have collected better data by April 2024, after which time it says it plans to establish processes to have appropriate accommodations available for people transitioning from provincial institutions. It expects this to be in place by April 2025.

- *where effective practices are observed (for example, the initiative undertaken by the University Health Network and the Targeted Engagement and Diversion program) share and apply lessons learned with other municipalities.*

Status: Fully implemented.

Details

We found in our 2021 audit that positive initiatives were being completed to help provide housing and supports to people at risk of homelessness transitioning out of provincial institutions. These included the Social Medicine Initiative, which had been started by Toronto's University Health Network. As described to us, approaches include providing food delivery to patients discharged from the internal medicine ward and linking lower-income patients with a financial coach to help them access financial support. Another positive initiative was the Targeted Engagement and Diversion Program, which is operated by one of the emergency shelters in Ottawa in partnership with a local health association, Ottawa Inner City Health. Through this program, paramedics, police or outreach workers bring people experiencing homelessness who have health-care needs, including substance abuse, to special health-care units within local homeless shelters instead of emergency rooms. However, we found that these positive initiatives and practices were not always being shared amongst municipalities.

In our follow-up, we found that the Ministry had partnered with the Canadian Alliance to End Homelessness to develop a By-Name List Best Practice Guide to help municipalities maintain their by-name lists (discussed in action items one and two of **Recommendation 2**). The Best Practice Guide, which the Ministry shared with municipalities in April 2022, includes examples of how communities are working across

sectors to improve reintegration and referrals after people are discharged from provincial institutions. It describes best practices across six areas: community participation; data collection, use and storage; maintaining a by-name list; using person-level data; using system-level data; and continuous improvement.

The Ministry told us it will continue to look for opportunities to share and apply lessons learned with other municipalities.

Housing and Supports

Recommendation 4

To provide placement for people most in need of housing supports, we recommend the Ministry of Municipal Affairs and Housing:

- *require that municipalities have a consistent, fair, effective and documented process in place to prioritize people in need of housing and accompanying supports, based on assessed need;*

Status: Little or no progress.

Details

We found in our 2021 audit that the Ministry had required all municipalities to establish and begin maintaining a by-name list by the end of 2021. This is a real-time, up-to-date list of the names and needs of people experiencing homelessness who require assistance from the municipality to access housing services and supports. At the time of our audit, three of the four municipalities we met with were using a common assessment tool to evaluate the level of support needed by individuals or households, and the fourth municipality had developed its own tool. However, our review of the lists and processes at the four municipalities whose representatives we met with found that processes used did not lend themselves to determining whether people most in need of housing placements were the first to receive them.

In our follow-up, we found that as part of the *Ontario Service Manager By-Name List 2022 (BNL)*

guidelines released in April 2022, the Ministry has indicated municipalities should have formalized and documented criteria and procedures for deciding who should be prioritized for housing and/or services when these resources become available. The guideline further states that, although criteria and processes for prioritizing offers for services and supports will vary by municipality based on local needs, prioritization and matching processes from the by-name list should be clear, transparent and consistently applied.

However, we noted that the Ministry had not taken any steps to ensure municipalities have put in place formalized and documented criteria and procedures for deciding who should be prioritized for housing and/or services when these become available.

- *confirm that municipalities are following their documented process and people are being housed according to level of assessed need.*

Status: Little or no progress.

Details

During our follow-up, we found that the Ministry has no oversight process to ensure that municipalities have in place, and are following, a consistent, fair, effective and documented process to prioritize people in need of housing and accompanying supports.

Recommendation 5

In order to better inform policy and decision-making with respect to funding and the level and type of services needed, and to provide timely and cost-effective services, we recommend the Ministry of Municipal Affairs and Housing require municipalities, in combination with shelters operated with the use of provincial funding to:

- *track the types of supports required for people staying in shelters in a way that will allow for systemic analysis;*
- *record whether people referred for services attended the referral;*

Status: Little or no progress.

Details

We found in our 2021 audit that, at all municipalities we met with, the only way to determine whether an individual had been referred to and received needed supports was to review the individual's case notes kept by shelter staff. This information was stored electronically or in paper files at the shelter by the case worker assigned to the individual. Municipalities we contacted could not provide us with system-level health and housing information about individuals, such as the nature of their mental health and addiction issues, or medical condition/physical disability, whether these individuals had received the appropriate services and supports to help them manage or overcome their challenges, or if they had been placed in permanent housing with support services to address their needs.

In our follow-up, we found that the Ministry had established the By-Name List Best Practice Guide in April 2022 (see action items one and two of **Recommendation 2**), which require municipalities to collect information about people experiencing homelessness (with their consent), including those residing in emergency shelters, and about their support needs and any services they have received or been referred to. However, the Ministry has not made it a requirement for municipalities to collect information about the types of support available to people residing in an emergency shelter and whether they attended their referrals and received the support they need.

- *track the length of time it takes for an individual referred for support to receive those supports.*

Status: Little or no progress.

Details

We found in our 2021 audit that none of the four municipalities we examined collected or maintained wait-list information for mental health and addiction support services. As a result, we obtained average wait times for residential mental health or addiction treatment programs from Connex Ontario, an organization funded by the Ministry of Health to provide

information on publicly funded addiction and mental health resources available to Ontarians. The average wait time in Ontario for such services was 102 days in 2020/21 (up 52% from 67 days in 2018/19).

In our follow-up, we found that the Ministry had not made it a requirement for service managers to track how long it takes for an individual referred for support to receive the service.

Shelter Inspection and Safety

Recommendation 6

To protect the health and safety of residents and staff in homeless shelters, we recommend that the Ministry of Municipal Affairs and Housing:

- *develop and issue provincial shelter standards required to be complied with by all municipalities and their third-party service providers;*
- *require municipalities to conduct periodic surprise inspections of shelters, including offsite and temporary shelter locations; and*
- *require municipalities to consolidate and provide the number and results of inspections conducted to the Ministry, summarized in a manner that can inform future homelessness funding and shelter policy development.*

Status: Little or no progress.

Details

We found in our 2021 audit that the Ministry had not developed provincial shelter standards or service directives to which municipalities and third-party shelter operators had to adhere. Of the four municipalities we met with (Toronto, Ottawa, Sudbury and Cochrane), only two (Ottawa and Toronto) had in place standards that shelters in their areas must adhere to. However, we found that only Ottawa had conducted regular inspections of all its shelter sites, in accordance with a defined inspection schedule and process it had developed.

In our follow-up, we found that the Ministry had not made progress in developing provincial shelter standards, nor in requiring municipalities to conduct periodic inspections and report to the Ministry the number and results of inspections they conducted. The Ministry stated it intends to consult municipalities on shelter standards and inspections and will develop next steps informed by the consultation.

Funding

Recommendation 7

To fairly allocate funding to municipalities based on need, we recommend the Ministry of Municipal Affairs and Housing:

- *revisit the options identified in past funding reviews and re-evaluate its funding model for the Community Homelessness Prevention Initiative;*
- *implement changes to the funding model;*

Status: Fully implemented.

Details

We found in our 2021 audit that Ministry funding for the Community Homelessness Prevention Initiative (which provided about 84% of the Ministry's homelessness funding for operating purposes) was not allocated based on current need. Rather, a significant proportion was allocated based on 2013 historical program spending and outdated 2011 Statistics Canada data. Although the Ministry conducted reviews in 2014 and 2016 on how funds should be allocated to municipalities, at the time of our audit it still allocated 50% of the funding based on historical levels of program spending.

In our follow-up, we found that in order to develop an approach to basing its funding on more current indicators of need, the Ministry completed a funding model review in September 2021, and in November

2022 consulted with municipalities on the funding model for the new Homelessness Prevention Program, which consolidates the Ministry's three key funding programs addressing homelessness (the Community Homelessness Prevention Initiative, Home for Good and the Strong Communities Rent Supplement Program). The resulting funding model changes were approved and implemented for the 2023/24 fiscal year. Changes included replacing the outdated historical spending with measures of homelessness and supportive housing from Ontario Works and Ontario Disability Support Program caseload data, measures of supportive housing units using a survey administered to municipalities, and updated Statistics Canada data. All indicators have been updated to use the latest available data.

- *use the latest census data from Statistics Canada to recalculate the current funding allocation under the Community Homelessness Prevention Initiative.*

Status: Fully implemented.

Details

We found in our 2021 audit that the information used to calculate the funding allocation under the then Community Homelessness Prevention Initiative was outdated. Specifically, although the latest update from Statistics Canada at that time had been available since 2016, the Ministry was still using data from the 2011 census.

In our follow-up, we found that under the new Homelessness Prevention Program (see the first action item of **Recommendation 2**), the updated funding model used four socioeconomic indicators (deep core housing need, low-income measure, Indigenous population, youth population), which accounted for half of the allocation calculation. All four indicators were updated using 2021 census data. The funding model changes were implemented in 2023/24.

Recommendation 8

To provide funding to grant recipients in an objective and transparent manner based on submitted applications, we recommend that the Ministry of Municipal Affairs and Housing:

- *include fully documented rationales for all final funding decisions; and*
- *follow the Transfer Payment Accountability Directive in selecting grant recipients.*

Status: Fully implemented.

Details

In our 2021 audit, we reported that in 2017, when the Ministry launched the Home for Good program (intended to provide both operating and capital funding to assist priority populations, comprised of the chronically homeless, youth, Indigenous people, and people transitioning out of provincial institutions), municipalities were required to submit a business case to the Ministry. We found that, although a robust process to review proposals was in place, including defined criteria to score and rank the proposals, five municipalities were not selected despite having overall higher scores than others who did receive funding. We also found that decisions by senior Ministry officials for the final funding selections for the Home for Good program were not documented. We were told that senior Ministry officials provided direction to fund those municipalities that they anticipated would be assisting the highest number of people who were chronically homeless. This approach was not in accordance with the Transfer Payment Accountability Directive, which requires that funding decisions be documented.

In our follow-up, we found that the Ministry had allocated two sets of funding through submitted applications for two separate funding amounts. It allocated \$30.3 million to municipalities under the Canada-Ontario Community Housing Initiative and

another \$16 million in budget savings from program underspending, using a call for proposals for all municipalities and Indigenous Program Administrators. The Ministry created a Business Case Template for proposals and evaluated all submissions it received based on pre-set criteria. As the Ministry based its recommendations entirely on the scoring of the criteria during the evaluations, it was able to show that it had documented its rationale for recommending projects by grant recipients for funding allocations.

Recommendation 9

To have consistent and meaningful reporting on the use of provincial funding information, we recommend that the Ministry of Municipal Affairs and Housing:

- *develop distinct service categories;*

Status: Fully implemented.

Details

We found in our 2021 audit that municipalities were required to report to the Ministry on how they spent their homelessness funding allocations among five service categories. Although the Ministry provided some guidance on how funding could be spent under each category, the categories were broad and not well defined, and certain types of expenses could be recorded under different categories. As a result, we found inconsistent categorizing of spending between municipalities and within the same local region, limiting the usefulness of expense information reported to the Ministry.

In our follow-up, we found that the Ministry introduced revised service categories in 2022/23 as part of the implementation of the consolidated Homelessness Prevention Program and updates to the Indigenous Supportive Housing Program. Specifically, for the Homelessness Prevention Program, the Ministry established more detailed service categories under three areas: operating (which includes supportive housing;

community outreach and support services; housing assistance; and emergency shelter solutions); capital (new facilities and retrofits for supportive housing and emergency shelters); and administration. For the Indigenous Supportive Housing Program, the Ministry established the following service categories: housing assistance, support services, administration and capital (new facilities and retrofits).

- *provide specific guidance to municipalities and Indigenous Program Administrators on how to classify program costs according to their defined service categories.*

Status: Fully implemented.

Details

We found in our 2021 audit that the Ministry's guidance to municipalities regarding categorization of costs stated that some activities may be provided under more than one service category. In addition, for each of the service categories, the Ministry's program guidelines stated that the use of the funding is not limited to the examples provided in the guideline. For this reason, it was not clear what services were actually included under each category.

In our follow-up, we found that the Ministry had identified specific spending activities for each service category. Details and guidance are provided in the guideline documents for both the Homelessness Prevention Program and the Indigenous Supportive Housing Program. The guidelines provide a definition of what is to be included in each category and a listing that includes examples of eligible expenses.

Recommendation 10

To gain assurance that provincial homelessness funding is being used appropriately and effectively, we recommend that the Ministry of Municipal Affairs and Housing require municipalities and Indigenous Program Administrators to develop and implement processes to verify that funding provided to third parties for service delivery

is being used in accordance with the province's Transfer Payment Accountability Directive.

Status: In the process of being implemented by April 2025.

Details

We found in our 2021 audit that the four municipalities we examined gave third-party service providers between 44% and 91% of their 2020/21 provincial funding for programs related to homelessness. These third parties deliver programs, supports and services to people experiencing, or who are at risk of, homelessness in their municipalities. We found that all four municipalities collected financial reports, including audited financial statements, from each agency they funded, as well as performance indicator data to comply with Ministry reporting requirements. However, we noted that municipalities rarely used this data for purposes other than Ministry reporting. We also found that, of the four municipalities we met with, only Ottawa had a process for verifying and validating the information received from service agencies, in order to obtain some assurance over the accuracy and quality of what was reported to it.

In our follow-up, we found that the Ministry entered into an agreement in October 2022 with an external advisor (KPMG) to obtain advice and guidance on strengthening financial accountability. This was to include verification of third-party funding through independent verifications such as audited expenditures, site visits and spot checks, and ensuring that processes are in place to verify that funding provided to third parties for service delivery is being used in accordance with the oversight requirements of the Province's Transfer Payment Accountability Directive. In early May 2023, KPMG engaged three municipalities (York, Toronto and Brantford) with a set of standardized questions regarding their management of contracts with third parties and related financial accountability mechanisms. The final report of the advisor was not available at the time of our follow-up audit. The Ministry stated it plans to leverage the

findings of the advisor’s report to consult with municipalities and Indigenous Program Administrators in late 2023, and to develop and implement enhanced accountability measures for homelessness programs by April 2025.

Data Limitations

Recommendation 11

To better understand changes in the growth, distribution and demographics of homelessness both provincially and at the municipal level, and to better direct policy toward the specific groups experiencing homelessness and the underlying reasons causing their homelessness, we recommend that the Ministry of Municipal Affairs and Housing:

- *use data obtained through the enumeration process to begin in 2021, to set a baseline for the periodic assessment of progress toward reducing chronic homelessness;*

Status: In the process of being implemented by April 2025.

Details

We found in our 2021 audit that the first and only completed attempt to capture province-wide data on people experiencing homelessness was made in 2018. The purpose of the 2018 enumeration was to provide the Ministry and municipalities with baseline data on the homeless population, which could be used to measure and report on homelessness over time. However, the Ministry found gaps and limitations in the 2018 enumeration data. On March 19, 2021, the Ministry issued a directive to municipalities to do a point-in-time count, before December 15, 2021, of people in their service area who are homeless.

In our follow-up, we found that the 2021 enumeration had been completed by all 47 municipalities to provide a snapshot and estimate of the number of people experiencing homelessness, along with information about select characteristics and circumstances of these people. (See the Overall Conclusion for the

meaning of “municipality” used in this report.) The Ministry compiled and compared the 2021 enumeration counts to 2018 levels, and although it did not identify gaps or limitations with the enumeration data, it did not establish a baseline level of chronic homelessness. The Ministry informed us that it would establish a baseline by April 2025.

- *establish and require municipalities to track common performance indicators aimed at measuring the root causes of homelessness and priority groups experiencing homelessness, as recommended by the Expert Panel on Homelessness;*

Status: Fully implemented.

Details

We found in our 2021 audit that the Ministry required municipalities to develop Housing and Homelessness Plans and, in those plans, to set goals, objectives and measurable targets to reduce homelessness and improve the outcomes for people experiencing or at risk of homelessness. However, the Ministry had not prescribed or specified any common goals, objectives or targets for all municipalities to work toward. Instead, it allowed municipalities to set their own particular set of performance measures to allow them to develop whatever they considered most appropriate for their communities. The result was that the Ministry had been unable to analyze the data in any meaningful way.

In our follow-up, we found that the Ministry had developed a set of performance indicators to monitor and track progress on the achievement of outcomes, including the goal of measuring reductions in homelessness and chronic homelessness. As a condition of Homelessness Prevention Program funding, municipalities are required to report annually on common performance indicators by provincial priority group. Examples of performance indicators to be measured and reported on by priority group include:

- number/percent of at-risk households (or households experiencing homelessness) assisted to

retain housing by provincial priority group by housing type;

- number/percent of at-risk households (or households experiencing homelessness) assisted who retained housing for 12 months or more;
- number/percent of at-risk households (or households experiencing homelessness) who received community outreach and support services;
- number/percent change in units of supportive housing stock preserved and created;
- emergency shelter usage and capacity;
- number/percent of people experiencing homelessness by provincial priority group, including chronic homelessness; and
- number of people who become homeless (new or return).

Municipalities report on each performance indicator in their annual year-end report to the Ministry.

- *develop and set targets for common performance indicators to be reported on by all municipalities in their Housing and Homelessness Plans.*

Status: Little or no progress.

Details

As noted in the second action item of **Recommendation 11**, in our 2021 audit we found that the Ministry had not prescribed or specified any common goals, objectives or targets for all municipalities to work toward when developing their Housing and Homelessness Plans.

In our follow-up, we found that the Ministry had begun internal planning for the next cycle of Housing and Homelessness Plans, including the use of common performance indicators and targets. A March 2023 briefing summary prepared by the Ministry noted that a challenge to the current Housing and Homelessness Plans was that municipalities are not required to use specific common outcomes, performance measures and targets. It further noted that municipalities have provided feedback that they would benefit from having a standardized approach, including common outcomes and performance measures.

As part of its recommended option to the Minister, the Ministry has included consideration of reporting on common outcomes with targets to reduce homelessness, increase accountability and complement year-end reporting. However, at the time of our follow-up, the Ministry had made no commitment to take action.

Recommendation 12

To sufficiently monitor and assess the quality of homelessness services and support provided by municipalities, we recommend that the Ministry of Municipal Affairs and Housing, in collaboration with municipalities:

- *develop standard, required indicators that measure standard, defined outcomes for those accessing the services funded through provincial homelessness programs, and report on them annually;*
- *require municipalities to report at a consolidated level, standard, defined outcomes of individuals receiving services and supports on a unique basis;*

Status: Fully implemented.

Details

We found in our 2021 audit that municipalities were required to provide the Ministry with an annual report containing service levels achieved during the year for funding provided through the three key programs—the Community Homelessness Prevention Initiative (CHPI); Home for Good; and the Indigenous Supportive Housing Program. However, we found that the data collected by the Ministry for the three programs was insufficient to monitor and assess the quality of services and supports provided by individual municipalities, and that it was inadequate to inform policy and program development. We also found that performance indicators for the largest program (CHPI) measured the number of households who received services from Ministry-funded programs, but not the longer-term outcomes of people who received services.

In our follow-up, we found that as a component of the Homelessness Prevention Program, the Ministry has developed standard indicators that

municipalities must track to assess defined outcomes for those accessing the services funded through provincial homelessness programs, and report on them annually, as discussed in the second action item of **Recommendation 11**.

Further, the Ministry has also required municipalities to report on the defined outcomes of individuals receiving services and supports, and made doing so a condition of Homelessness Prevention Program funding. Municipalities are required to report annually on common performance indicators by provincial priority group; these priority groups have been outlined in the Ministry's March 2022 Homelessness Prevention Program Performance Indicators Technical Reporting Guide. For each performance indicator, municipalities are to report multiple data elements in a year-end report to the Ministry, starting with fiscal year 2022/23. For example, each municipality is to report on the outcome that people at risk of homelessness remained housed. One of the performance indicators to measure this is the number and percentage of at-risk participant households (or households experiencing homelessness) assisted who retained their housing for 12 months or more.

The Ministry plans to review year-end reports and analyze data reported to inform future work to address homelessness.

- *establish a process to effectively validate the accuracy of data used in the standard, defined indicators;*

Status: Little or no progress.

Details

We found in our 2021 audit that the Ministry did not have procedures to validate the quality and reliability of information received from the municipalities. Based on our analysis of data reported by municipalities to the Ministry, we noted that the number of households able to obtain supports and services, and the number of households at risk of homelessness who were assisted to retain their housing, fluctuated significantly year over year by municipality. The Ministry informed us that it only assessed municipalities' data

for reasonableness through communications with municipalities throughout the year, and that it relies on the municipalities to validate third-party data they submit. However, three of the four municipalities and the Indigenous Program Administrator we met with did not have procedures in place to validate third-party reporting. The Ministry itself identified that a more regular and robust review process would allow issues to be identified and resolved earlier in the process.

In our follow-up, we found that the Ministry had not yet begun to develop a process to validate data reported by municipalities. The Ministry stated that, following the review of year-end reports received from municipalities, it will conduct data analysis to establish a process for data validation. The Ministry expects to complete this by March 2024.

- *use the information reported to identify provincial and regional trends in services and regions that require further focus and support.*

Status: Little or no progress.

Details

We found in our 2021 audit that the Ministry had not analyzed the reasons for large differences in data in required annual reporting between and within municipalities from one year to the next. The Ministry told us that it did not compare data collected by municipalities across fiscal years, or use the data for any regular analysis, as municipalities have the discretion and flexibility to change which programs they fund with provincial money and to change their program offerings each year.

In our follow-up, we found that the Ministry had not completed any analysis to identify provincial and regional trends in services and regions that require further focus and support. The Ministry stated that following the review of year-end reports received from municipalities, it will conduct data analysis on provincial trends and areas of future focus. The Ministry expects to complete this by March 2024.