

The Plan to End Chronic Homelessness

A Roadmap to Functional Zero – Funding Strategy

Background:

The Plan to End Chronic Homelessness (PECH, “the Plan”) was endorsed by Council in April 2024 as a proposed approach to achieve functional zero homelessness in Waterloo Region by 2030. The PECH proposed a highly integrated, inclusive, adaptive, responsive, and sustainable approach, highlighting community voices of equity-deserving groups, and those with lived experience in partnership with the Housing Stability System. The PECH centers system transformation as a critical requirement to achieve the goals of the community, calling on all interest holders to examine their role in maintaining the status quo, and their role in transformation.

Within the report are tangible, measurable milestones that will help to lay the foundation for the system transformation proposed by the Plan. These include the Funding Strategy¹ (2025-2030) and the KPIs to track the progress of the Plan initiatives, and the Engagement Plan² to call on all levels of government, and private sector, non-profit, philanthropic and other sector partners to invest in the Plan to End Chronic Homelessness in Waterloo Region. For true transformation to occur, these important structural milestones need to be in place to support the highly integrated, inclusive, and responsive table of community interest holders (Co-Creators Table) and the forthcoming All of Community Leadership Table to, in partnership with the Region of Waterloo, end chronic homelessness by 2030.

Prioritizing Investment

The Roadmap of Investment summarizes the actions listed in The Plan to End Chronic Homelessness Final Report (CSD-HOU-24-006). In the case that all funding is unable to be secured as outlined herein, prioritization must occur. Prioritization of the work provides Regional staff and the All of Community Leadership Table a common understanding to align work plans, priorities, and collaboration on community-led initiatives with a common goal. All prioritization of work under the PECH is intended to be grounded in equitable access to housing outcomes and to move towards the end of chronic homelessness. Future prioritization of the work of 2025, 2026 and beyond, should be done with consideration to funding available, achieved outcomes with prior year funding, impact on the desired outcomes of the work, community need, equitable inclusion, and what is needed to achieve functional zero. Prioritization of net new funding will be an ongoing, responsive process to community need and success of the work.

Final priorities for net new funding for 2025 are largely dependent on what is approved by Regional Council and what other funding streams are successful. Note that apart from the Homelessness & Housing Policy and Framework Revision (Priority 1), only work that requires a net new investment has been included below.

¹ Formerly “Investment Strategy”

² Formerly “Advocacy Strategy”

Considerations for prioritization include:

- Priorities of community voices, including the Co-Creators Table and Lived Experience Working Group
- Infrastructural and foundational work that needs to be complete for the community and system to support increased and enhanced programs and services (IE workforce stabilization, integration efforts, and equity support)
- Urgent need for individuals currently experiencing homelessness
- A yearly assessment of the prior year's work, to ensure ongoing prioritization is responsive to the needs of community

Prioritizing 2025 Investment (in priority order)

Area of Investment	Priority	Activity	2025 Budget Req.	Desired Outcome
System Stabilization & Integration	1	H&SH Framework and Policy Review	N/A - Annualized from 2024	Updated H&SH Policies and frameworks aligned with PECH system goals
Emergency Response	2	Extreme Weather System Response	\$562,500.00	Expand winter warming response to all extreme weather. Reduced hospitalizations and/or deaths related to lack of support through extreme weather events.
System Stabilization & Integration	3	Indigenous-Specific System Stabilization & Partnership	\$200,000.00	Increased capacity for Indigenous organizations to provide culturally appropriate housing supports
System Stabilization & Integration	4	Workforce Stabilization	\$500,000.00	Increased staff retention, staff trainings, living wage support
Community Operating & Equity Initiatives	5	Equity-Specific System Access & Navigation	\$600,000.00	Building and repairing partnerships with equity-owned groups. Increasing equitable access to culturally responsive housing supports. IE community connectors, community resources.
Eviction Prevention	6	Rent Bank Expansion	\$600,000.00	Increased ability to respond to potential evictions into homelessness.
Rent Supplements	7	Supportive Housing Rent Supplements	\$1,616,095.00	75 net new allocations with supports of varying degrees

Rent Supplements	8	BBF Rent Supplements	\$605,160.00	60 net new BBF rent assistance supplements to racialized households.
Community Operating & Equity Initiatives	*	Capital Reserve	\$2,000,000.00	Ensure access to capital for emergent needs, IE second hybrid shelter site
TOTAL			\$6,683,755	

*Capital reserve required to build second hybrid site

Total Investment Breakdown

The total \$345M estimated investment that is required to end chronic homelessness can be broken down into six operating categories and a capital requirement. The below charts outline the overall funding breakdown needed over 5 years needed, in further detail. On a yearly basis, prioritization of work for the budget process will need to occur in response to the forthcoming adaptive workplan for the Plan. This exercise will consider the needs of the community, logical order of operations, funding secured from non-Regional sources, and the impact of the prior year funding on housing outcomes.

Rent Supplements (\$74M)

Type of Supplement	Depth of Support	Est. Units Needed by 2030	Cost
PATHS List	Variable	700	\$67,875,990
Indigenous Specific	Variable	60	\$3,081,078
Youth	Variable	15	\$1,440,000
Integrated Health/Housing	Variable	40	\$1,000,000

Operating Budgets (\$50.6M)

Program/Service Type	Depth of Support	Est. KPIs/Outcomes	Cost
Equity-Specific Operating Initiatives	Variable	-increased % of expenditure to equity-owed groups experiencing homelessness -increased % positive housing outcomes for equity-owed groups experiencing homelessness	\$11,000,000
Community Organizations through AoC Granting Process	Variable – benchmarks for equity need required		\$39,600,000

System Stabilization & Integration (\$32.5M)

Investment Type	KPI/Outcomes	Est. Cost
Increased, Ongoing System Stabilization Funding	-increased staff retention across HSS -reduced staff turnover across HSS -increased # of trainings for HSS staff -increased # of cultural competency trainings for HSS organizations	\$4.8M
First Connect Expansion		\$1.9M
PATHS Team/Coordinated Access System Support	-increased capacity of PATHS team -improved experience of clients accessing PATHS team	\$2.9M
Health Integration Initiatives	-increased # of individuals accessing housing services through health services -increased # partnerships with health organizations	\$2.7M
Homelessness Prevention Reserve³	-increased reserve for homelessness prevention funds (capital)	\$15.2M

Eviction Prevention \$17.3M

Program/Service Type	KPI/Outcomes	Est. Cost
Expansion of Rent Fund	-increased households supported to stay housed in place	\$8M
Rapid Re-Housing	-reduced evictions leading to homelessness	\$2.7M

³ These funds are separate from an explicit capital budget. They allow for access to funding for urgent capital need, including replacement shelter in the cases of closure (IE 84 Frederick, Cambridge Hybrid Shelter) without additional capital investment.

Expand Concurrent Supportive Housing	-reduced evictions to homelessness from supportive housing	\$3M
Expanding Supports for Fixed Site Supportive Housing	-reduced backsliding to homelessness from supportive housing with increased supports -increased housing outcome retention	\$3.7M

Enhanced Emergency Response and Supports \$4.5M

Program/Service Type	KPI/Outcomes	Est. Cost
Encampment Response & Support	-increased staffing -increased support for current experiences of homelessness	\$4.5M

Community Voices and Partnership

Partner	Outcomes	Est. Cost
All of Community Leadership Table	-strengthened partnership with All of Community Leadership Table -increased trust across HSS -Plan to End Chronic Homelessness Report & consultation support (Overlap)	\$900K
Lived Experience Working Group	-maintained relationship with SDC and LE Prototype Cohort	\$900K

Capital Investment⁴ (\$110M⁵ + Debt Servicing)

The capital investment required is a minimum of \$110M. The estimates are projections based on anticipated ongoing need of emergency response and an increase in transitional and supportive housing, to enable operating budgets to increase viably. Co-creators have participated in a process to gauge a variety of capital projects that will be assessed through the forthcoming All of Community Leadership Table, in partnership with the Region of Waterloo, to map their viability

⁴ As programs evolve through community engagement, capital funding is critical to ensure viability of programming and services.

⁵ This is a minimum estimate and does not include all community proposals for housing. As new proposals arise and are mapped to KPIs, this number is expected to increase.

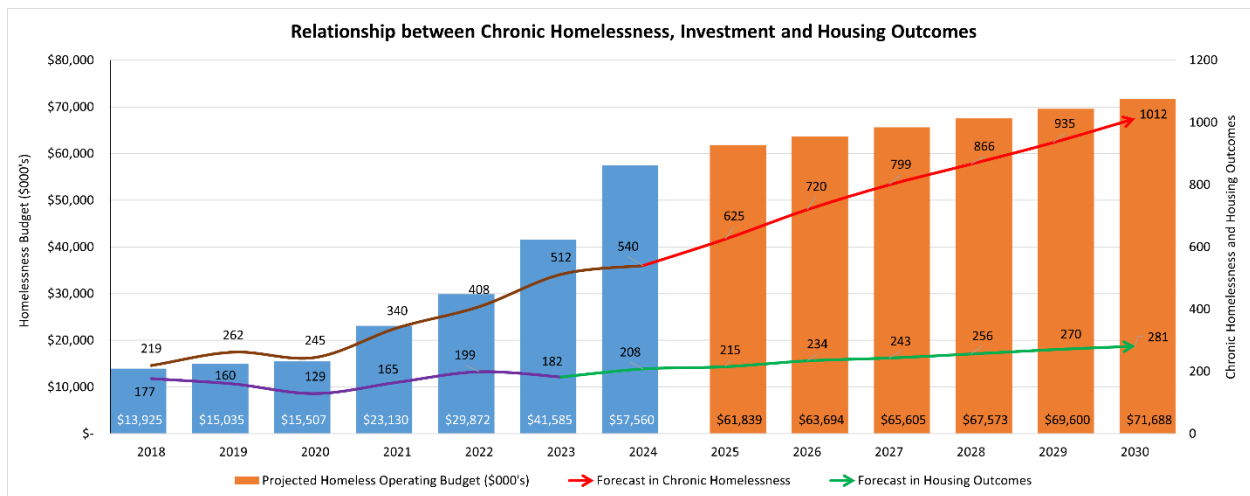
against the required outcomes of the Plan as a whole and to secure funding where not available through tax levy.

Type of Housing & Depth of Support	Depth of Support	Cost
Emergency Shelter	Variable	\$15M
Transitional Housing	Variable/Responsive -Low-Medium Acuity (based on SPDAT and VI-SPDAT)	\$45M
Supportive Housing	Variable	\$50M
Debt Servicing*	N/A	\$57.5M

*Debt servicing estimate assumes 10-year debenture.

Impact of Funding Scenarios

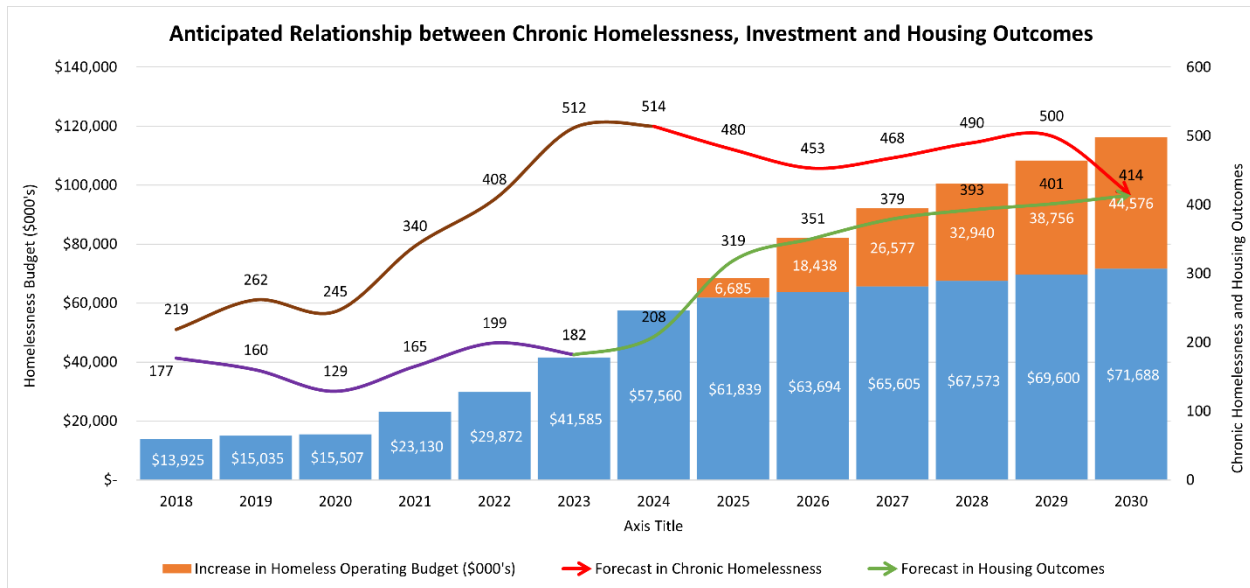
Scenario 1: No additional investment is secured to address chronic homelessness in Waterloo Region.⁶



- If no additional investment is secured to address chronic homelessness in Waterloo Region, projected experiences of chronic homelessness are projected to reach over 1000 by 2030.
- Budget indicated is projected from all sources.
- Housing outcomes will continue to increase slightly, but the gap between inflow and housing outcomes will continue to widen significantly.

⁶ Projection uses data from PATHS and HIFIS databases going back to 2018. By extending the projection to 2018, the projection model is more accurate than stopping at 2020 in the previous model.

Scenario 2: All operations funding is secured⁷



- With all investments secured to address chronic homelessness based on the Funding Strategy laid out herein, housing outcomes will continue to increase on a yearly basis in step with increased investment.
- Budget indicated is projected from all sources.
- Note that a capital investment is required of +\$110M to ensure all operations can occur.
- To ensure that operational viability is not compromised, capital funds need to be secured so that the infrastructure is available for the required operating programs to be successful.

Assumptions:

1. **All investment dollars are based on current costing of existing services and programs under the Homelessness budget**, except for:
 - a. *Operating budgets & equity initiatives driven by community voices and the Community Leadership Table.* We expect these to evolve in the coming years and the process of granting these on a case-by-case basis will require that proposals show a direct relationship to the outcomes required to achieve functional zero.
2. **Equity as a system driver.** While some of the investments listed above include equity explicitly, it is the expectation and a key driver of the PECH to address inequities in the housing stability system. Explicit equity benchmarks will be required of overall PECH expenditures to ensure that historically disenfranchised communities and equity-owned groups are supported to the best of the system's ability. Of the total \$177.5 in operating dollars laid out herein, \$72.4M or 31% of the funding is focused on equity specific work, with an expectation that all funding is allocated with equity as a key driver.

⁷ This projection is based on anticipated relationships between increased investment and outcomes. It is an illustration of the relationship, and not based on the same data projection as Chart 1. Confirmation of this relationship can occur as the work continues.

3. **All investments are based on current data** available through HIFIS, the PATHS list, and housing outcome data collected by the Region of Waterloo. With the 2024 PIT count to take place in the Fall of 2024, adjustments will be made as required. Inflow/outflow data are incorporated to chronic homelessness projections in the charts throughout.
4. **We don't know what we don't know.** Some of the actions under the PECH Recommendations include revising and developing strategies to respond to the needs of specific groups experiencing chronic homelessness. As this work occurs and community need comes further into focus based on increased equity work, this may impact the overall need of funds over time.

Definitions:

Funding Strategy:

The Funding Strategy is a structural milestone within the Plan to address the increased and redistributed investments needed towards programs, supports, and capital projects to meet the needs across the community. It addresses the current state of funding directed towards chronic homelessness, and what is needed between 2025-2030 to achieve functional zero. The Funding Strategy is comprised of two parts: the *funding* required and the *prioritization* of the work.

- The **funding** component identifies what investment is needed to achieve functional zero by 2030, based on key performance indicators and the housing outcomes required to get there using current data projections.
- The **prioritization** component identifies the process by which prioritization of the work will occur on a year-by-year basis, in the case that all required funding is not secured, thereby impacting the projected outcomes to functional zero. In the current system structure, budget increases are subject to the annual Regional Strategic Plan and Budget Process, and so the predictability of funding is challenging to use for outcome projections on year-to-year basis. Additionally, the prioritization of work with a reduced investment from what is required to achieve functional zero by 2030 as outlined herein, requires deep collaboration with the All of Community Leadership Table on an ongoing basis, and must be adaptive and responsive to community need and the increased capacity and inclusion of equity-owed voices within the process.

The PECH report calls for system transformation to effectively achieve functional zero for Waterloo region. It calls for a shift in responsibility, accountability, inclusivity, and policy to achieve this goal. The Funding Strategy will act as a tool to achieve this transformation by identifying the required investment, key performance indicators (KPIs) and outcomes to track progress towards functional zero, and to be a foundation for advocacy (through the Engagement Plan) for upper levels of government and other interest holders. To this end, the Funding Strategy illustrates the **relationship between investment and outcomes**, scoping in *chronic homelessness* as a measurable, achievable end. It includes clearly scoped definitions of the goals of the Plan, current state of investment and KPIs, proposed future state of investment and projected outcomes, and the known and anticipated impacts of investment on the desired outcomes of the Plan.

Engagement Plan:

The Plan to End Chronic Homelessness (PECH) engagement plan is rooted in building the current public understanding of the PECH and creating further awareness and opportunities for conversations with all partners. These community conversations will have a focus on articulating the opportunities demonstrated within the PECH, The Region's investment to-date, and advancing the detailed investment strategy with external partners.

The engagement plan includes creating a suite of supportive materials, a universal set of educational documents, presentations, and a digital toolkit to advance awareness and conversations with both community and government partners. The creation of PECH champions will assist in identifying future engagement opportunities and socializing the detailed Funding Strategy to secure further funding for the actions outlined within the PECH and determined throughout this process.

Chronic Homelessness:

Chronic Homelessness refers to persistent or long-term homelessness where people have been homeless for at least 6 months (180 days) over the course of a year, and/or recurrent episodes of homelessness over three years that total at least 18 months (Reaching Home, 2024). The Funding Strategy dials in on the investments, and the distribution of those investments, to achieve a state of **functional zero chronic homelessness** in Waterloo region by 2030.

Functional Zero:

A community has reached functional zero of any type of homelessness when the number of people experiencing homelessness is zero, or if not zero, then either 3 or 0.1% of the total number of individuals experiencing homelessness on a by-name list, whichever is greater, and sustained for 3 consecutive months (Built for Zero Canada Functional Homelessness Q&A Document, 2021).