



**City of Kingston
Information Report to Council
Report Number 24-173**

To: Mayor and Members of Council
From: Jennifer Campbell, Commissioner, Community Services
Resource Staff: Jayne Hartley, Director, Housing & Social Services
Date of Meeting: September 17, 2024
Subject: Community Housing Cost Analysis

Council Strategic Plan Alignment:

Theme: 1. Support Housing Affordability

Goal: 1.1 Promote increased supply and affordability of housing.

Executive Summary:

On May 7, 2024, Council passed a motion directing Housing & Social Services staff to develop a cost estimate for the total costs associated with the development and ongoing operation of sufficient new social, supportive and transitional housing to accommodate all individuals on the Centralized Waiting List (CWL) for rent-geared-to-income (RGI) and the By-Name List (BNL) for those experiencing homelessness. Ongoing operation is defined as rent supplement funding and support services required to adequately house all individuals on the CWL and BNL. Council requested that the estimate be high-level and illustrate the scale of the total cost rather than a detailed budget estimate directing housing investment across the housing continuum.

This report provides a high-level estimate following Council's direction while also identifying the limitations of the analysis.

Recommendation:

This report is for information only.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

Jennifer Campbell,
Commissioner, Community
Services

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER

Lanie Hurdle, Chief
Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Growth & Development Services	Not required
Neil Carbone, Commissioner, Corporate Services	Not required
David Fell, President & CEO, Utilities Kingston	Not required
Peter Huigenbos, Commissioner, Major Projects & Strategic Initiatives	Not required
Brad Joyce, Commissioner, Infrastructure, Transportation & Emergency Services	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	

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Options/Discussion:**Background**

On May 7, 2024, Council passed the following motion:

Moved by Councillor Ridge

Seconded by Councillor Tozzo

Whereas Canada is facing a national crisis of housing affordability and increased demand for health and recovery support services for individuals experiencing mental health and addiction challenges; and

Whereas despite considerable financial contributions made toward capital and infrastructure projects by all three levels of government, there remains an unfulfilled demand for housing accompanied by social support services, as evidenced in Kingston by the Centralized Waiting List for social housing and the By-Name List of homeless individuals; and

Whereas the total costs associated with providing social and supportive housing are impacted by a broad range of factors including but not limited to the level of social services and supports needed by residents, and the kind, location, and type of housing; and

Whereas it is of interest to Council and the broader community to understand what the estimated total costs would be to address the total social, supportive and transitional housing need as currently identified in Kingston and its housing service area;

Therefore Be It Resolved that City Council direct Housing and Social Services staff to develop an estimated cost range for the total costs associated with the development and the ongoing operation of sufficient new social, supportive and transitional housing to house all individuals on the Centralized Waiting List for social housing and the By-Name List of those experiencing homelessness, understanding that this estimate will be at a high-level and will be more illustrative of the scale of total funding needed and would not be meant to direct specific housing investment across the housing continuum; and

That staff report back to Council in Q3 2024 with the cost estimates and the assumptions applied in their development.

Analysis

Communities across Canada, including the City of Kingston, face substantial challenges in addressing housing and homelessness. This report, prepared in response to a request from Council, provides a high-level estimate of the costs to develop housing for all households on the CWL for RGI housing and the BNL of individuals and households experiencing homelessness, housing insecurity, or requiring supports to remain housed. Additionally, it includes an estimate

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of the annualized operating costs associated with maintaining the affordability of these units through rent supplements and providing essential support services to clients on the BNL.

Centralized Waiting List and By-Name List Housing Capital Cost

The CWL is a system that tracks all individuals and households in Kingston and Frontenac County who have applied for subsidized, RGI housing. As of June 30, 2024, there were 1,510 households on the CWL, with approximately 66% of the demand being for one-bedroom units, typically for single-person households (see Figure 1).

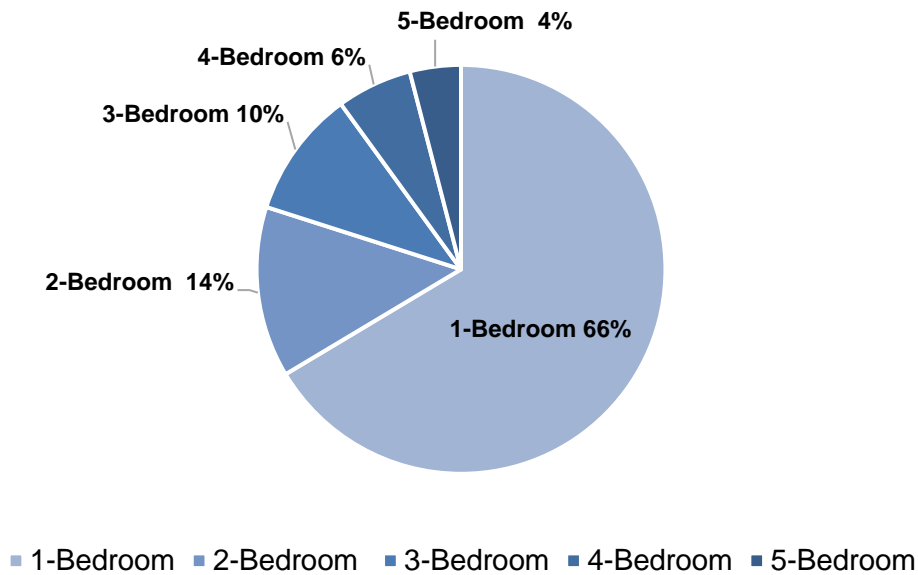


Figure 1: Centralized Waiting List by Dwelling Unit Size

An essential consideration is that the CWL includes households already in RGI housing who have reapplied to move to a different property. After excluding 202 individuals or households currently receiving housing subsidies and awaiting transfer, the total number of households considered in the cost estimate for the CWL is 1,308.

Constructing new housing for these 1,308 households is estimated to require a capital investment ranging from about \$392,400,000 to \$460,400,000. This estimate assumes an average cost ranging from about \$300,000 to \$352,000 per unit. The estimated cost per unit is based on information obtained from recently developed non-profit housing projects and financial analysis completed by development consultants retained by the city for other ongoing projects. Built into the average cost per unit is an assumption that 40% of single-person households would be housed in bachelor units. The above noted estimate of capital investment does not include land acquisition as required and ongoing property management (property taxes, capital repairs, insurance, general maintenance, etc.). The City of Kingston while supporting ongoing development of affordable housing does not property manage units after completion. Development of affordable housing is achieved through partnerships with non-profit housing providers, including Kingston Frontenac Housing Corporation who manage the units after

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completion. Alternatively, funding is provided to private developers with requirements for provision of affordable housing built into the funding agreements.

The BNL includes individuals and households with limited or no access to permanent housing in Kingston and Frontenac County. In Ontario, Service Managers are required to maintain a BNL to provide real-time, up-to-date homelessness data. The purpose of the BNL is to support coordinated access, prioritization and allow for data-driven decision-making when working with individuals/households requiring homelessness services. At the writing of this report, the BNL identified 522 individuals. Within this group are youth in family units/ households. Removing these youth and those duplicated on the CWL results in a final total of 438 individuals.

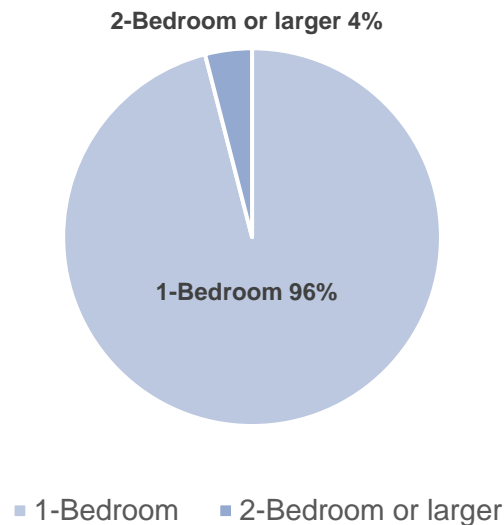


Figure 2: By-Name Homelessness List by Dwelling Unit Size

Constructing new housing for 438 individuals or households on the BNL is estimated to require a capital investment ranging from approximately \$120,450,000 to \$139,000,000. This estimate is based on an average cost of about \$275,000 to \$317,000 per unit. The cost of housing individuals on the BNL is expected to be slightly less per unit compared to the CWL costs. Many are successfully housed in congregate living arrangements, which is less expensive on a per person basis than developing individual apartment units. Like the CWL, built into the average cost per unit is an assumption that 40% of single-person households would be housed in bachelor units.

The combined total capital estimated cost to develop housing for all individuals and households on the CWL and BNL ranges from about \$512,850,000 to \$600,000,000. This figure provides a broad estimate of the scale of investment required. It does not; however, include the cost of land and associated planning studies, which could significantly impact overall expenses where land acquisition is necessary. Land costs could be mitigated by using municipal, provincial and federal properties but it is important to note that the City has no control over other levels of government. City staff would not be recommending intensifying existing affordable and social

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housing properties as Council's strategic priorities include the distribution of affordable housing units across the community.

The calculation assumes full funding of development costs, although financing through long-term mortgage debt could reduce upfront capital expenditures. However, given the low rents, the proportion of the total capital cost that could be financed may be limited.

Typically, affordable housing projects receive funding from multiple levels of government which would help to distribute the cost and lessen the burden on the City. However, the magnitude of developing housing for all households on the CWL and BNL is much greater than could be supported by upper-level government programs. For example, the City's current year Ontario Priorities Housing Initiative (OPHI) funding which is cost-shared by the provincial and federal governments, is about \$672,000 for affordable rental housing construction. While additional upper-level government funding is available through competition-based programs administered by the Canada Mortgage and Housing Corporation, the available programs are highly competitive and should not be assumed to be able to support the capital cost requirements outlined in this analysis.

Centralized Waiting List and By-Name List Housing Rent Supplement

To maintain affordability of these units, an annualized, publicly funded rent supplement would be required. This rent supplement bridges the gap between the tenant portion of the rent and the actual rent.

As per the *Housing Services Act, 2011 (HSA)*, the City is required to fund 1,886 RGI units at an annual cost of \$13,782,845.59. Of this amount, only \$1,978,798.25 is covered by senior levels of government while the remaining \$11,804,047.34 comes at an annual cost to the City.

In addition to the above noted costs to fund the required HSA units, a further \$13,000,000 in operating costs is estimated to be required in the form of a rent supplement or support services for the 1,746 units required to house all households on the CWL and BNL. This estimate assumes an annual average operating cost per unit of \$7,445 as per 2024 actuals.

By-Name List Support Services

Individuals on the BNL face various challenges, including prejudice, addiction, health issues and disabilities. Support service requirements vary depending on an individual's level of acuity which is assessed using a Service Prioritization Decision Assistance Tool (SPDAT). Individuals on the BNL are not assessed for acuity until long-term homelessness chronicity is confirmed or extended support is required. It is believed that most individuals on the BNL would require some level of supports to stay successfully housed. Unfortunately, data does not currently exist within the system to estimate those costs.

Approximately 55% or 287 individuals on the BNL are chronically homeless which is defined by being homeless or underhoused for 6 of the last 12 months or for 18 months over the last 3 years. Based on their assessment scores, 85% of these individuals experience complex health,

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mental health, and addiction challenges, which can be combined with other physical or developmental disabilities.

To determine support service costs for chronically homeless individuals, staff consulted with community housing and social support service agencies to estimate a range of costs for low, medium and high acuity levels. Based on these results, the annual support service cost is estimated to be \$9,500,000 for those experiencing chronic homelessness. These costs include services typical of supportive housing programs, such as in-home or congregate living care, but exclude expenses related to acute medical conditions requiring specialized services outside the scope of typical supportive housing programming. In many cases, these individuals require extensive social and daily living support services, including 24-hour care, to remain safely and adequately housed.

Conclusion

Council tasked Housing & Social Services staff to provide an estimate of the total costs associated with the development and the ongoing operation of sufficient new social, supportive and transitional housing to house all individuals on the Centralized Waiting List for social housing and the By-Name List of those experiencing homelessness. This report provides a high-level analysis of the costs to develop these units and the annualized cost for required rent supplements and support services.

The total capital cost to provide new housing for the CWL and BNL is estimated to be approximately \$512,850,000 to \$600,000,000, not including required land acquisition. This expense would likely be spread over multiple years according to a development schedule. In addition, the development of new community housing often benefits from financial contributions from all three levels of government. It is important to note that even with such investment, it is expected that people that are not currently on the Kingston/Frontenac wait list could choose to relocate to Kingston and the County to benefit from these units and therefore would increase the number of people on the waitlist.

The annual cost for required rent supplements to maintain housing affordability for those currently on the CWL is estimated at \$13,000,000 with an additional \$9,500,000 annually for BNL support services. Thus, the total annual operating cost to support those presently without supports is estimated at \$22,500,000, representing about an 8.3% tax increase. This would be in addition to the \$11,80,047.34 that the City currently invests in RGI supports for the 1886 RGI unites required under the *Housing Services Act*. Taken together, the estimated total cost to provide RGI supports to all households currently eligible within the Kingston Service Area, including those presently receiving supports as well as those on the CWL, would be over \$24,000,000 annually. This annual RGI investment would require either that sufficient units be available in the local rental market, at affordable rates, or that these units be constructed at cost to the City (as outlined in this report).

It is important to note that in the event market conditions improve, the need for deeply affordable rental units will always remain. As reported in [Council Report 23-172](#) (Exhibit A – Housing Needs Assessment by Watson & Associates Economists Ltd), to support the lowest income

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segments of Kingston's population, it is assumed that 36% of new rental units will accommodate households with a household income under \$40,000 paying not more than \$1,000 per month rent. Currently, the annual income for eligible households on the CWL and BNL is approximately \$18,141, well below the \$40,000 threshold noted above. In addition, the Canada Mortgage and Housing (CMHC) Average Market Rent (AMR) for a one bedroom in Kingston sits at \$1,331, understanding that units are often rented at rates above AMR.

These high-level estimates are based on recent housing development projects, current rent supplement levels and input from staff, social housing providers and support service providers/agencies. Further in-depth analysis would consider planning considerations, land cost, phasing of developments, locations, funding and financing opportunities, ongoing property management costs, etc., and require professional expertise for detailed cost estimating and scenario modelling. Nonetheless, the figures presented illustrate the scale of the investment required, as requested by Council, for a high-level estimate of the capital and ongoing operating costs to meet the housing needs of the current CWL and BNL.

It is important to note that a similar type of analysis is currently being completed at a Provincial level. In April 2024, The Association of Municipalities of Ontario (AMO), the Ontario Municipal Social Services Association (OMSSA) and the Northern Ontario Service Deliverers Association (NOSDA) initiated a project which aims to:

- Quantify the current scale and scope of homelessness in Ontario and potential growth without additional interventions.
- Identify cost solutions at a provincial level to end chronic homelessness in Ontario to a functional zero standard by 2030, as defined by Built for Zero.
- Identify the gap between current municipal, provincial and federal investments and the required investments to end chronic homelessness in Ontario by 2030.

The project will provide data and identify solutions to inform evidence-based advocacy and service planning. The City has been participating in this project, and staff are expecting to receive insights and recommendations from the project to inform future policy and action by late December 2024.

Existing Policy/By-Law

None

Notice Provisions

None

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Financial Considerations

The cost estimates outlined in this report are for illustrative purposes only and should not be relied upon for individual project cost estimates or to guide specific housing investment across the housing continuum.

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Exhibits Attached:

None