



## Administrative Report

**To:** Warden MacDonald and Members of Essex County Council

**From:** Natasha Sheeler, Director, Health and Community Services

**Date:** Wednesday, March 18, 2026

**Subject:** Residential Services Homes – Service Level Discussion

**Report #:** 2026-0318-HCS-R01-NS

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### Purpose

The purpose of this Report is to provide County Council with information regarding the Residential Services Homes Program (the "**Program**") and options available to the County to maintain the current service level of the Program, which includes an option to modify the traditional monetary support provided by the County to include property ownership to preserve the existing capacity.

### Background

The Program is a congregate living supportive housing model that supports vulnerable individuals that are unable to live independently due to health and financial reasons. The County has historically provided a financial subsidy to a total of 226 individuals at a time, and currently contracts, via service agreements, with nine (9) rest and retirement homes to deliver the Program (the "**County Homes**"). While the 9 rest and retirement homes provide support to the County through service agreements, they act as independent operators.

The Program is funded with a combination of provincial Homelessness Prevention Program ("**HPP**") funding and municipal funding from the County. In addition, the Regional Consolidated Service Manager, the City of Windsor (the "**City**" or the "**Service Manager**") receives the provincial and federal funding to address homelessness in both the City and the County and allocates a portion of the "HPP" provincial funding to support the Program and other County centred programs to address homelessness and to support those experiencing homelessness.

In their role as the Service Manager, the City has discretion on how they allocate the regional homelessness funding they receive from upper levels of government to address various pressures regionally. The overall Program for the entire Region supports a total of 565 individuals, with 339 of those individuals being in homes funded through the City and 226 individuals being in the County Homes funded through the County.

The amount of HPP funding allocated to the County includes a specific funding amount to the Program based on a calculated cost to support the 226 subsidized beds provided through the County Homes. Although the number of funded beds has not changed in the last several years, the funding allocated to the Program has increased incrementally to continue fulfilling the same level of service.

In managing the Program, Community Services has ensured that the Program meets the service levels set by County Council. Council's direction to date has been that the Program shall be delivered within the funding envelope available from provincial HPP funds and municipal funds approved by County Council. While meeting the service level needs, the County has experienced challenges related to home closures with four homes in the past five years resulting in approximately 80 individuals being displaced and ultimately relocated to alternate County Homes. Currently, the existing County Homes have minimal capacity to accommodate additional relocations.

The service level for the Program has historically worked well, with the County Homes able to provide the services through the available per diem funding. However, following the COVID-19 pandemic when additional funds that were available from upper levels of government during the pandemic were scaled back and with the rapid and dramatic inflationary pressures that followed, many of the County Homes report they are now struggling to maintain the level of service required by the County.

Should the financial pressures being faced by the County Homes result in any one of them deciding to take on more profitable private pay clientele, the others cannot take on more beds to maintain the 226 subsidized beds that are in the County.

The cost of building or acquiring new properties to support the Program and maintain the current service level of 226 beds has been raised repeatedly as an impediment to (1) existing providers who want to continue to support the Program from expanding the number of beds they can provide and (2) from new service providers who are considering entering this area of the not-for-profit sector.

In December of 2025 County Council approved an increase in the per diem rate to be paid to County Homes from \$60 to \$65 per resident per day, commencing on April 1, 2026. Despite the pending increase in the per diem rate, many County Homes have communicated that the increase is not sufficient or financially sustainable, claiming the increases have not kept pace with inflation.

To ensure the long-term viability of the Program, County Administration, led by Community Services, began exploring methods by which the County can support the Program, as further discussed in this Report below.

## **Discussion**

Assuming the goal is to maintain the current level of service, there are two (2) basic ways that the County could support the Program: increasing the revenue received by providers or decreasing the cost for providers. A third way would be a combination of the two (2).

### **Revenue Increasing Option**

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Service providers receive income from limited sources: rent from private pay clientele (if applicable), the County's HPP per diem subsidy, donations and other grant programs. The per diem subsidy represents a revenue tool the County has some influence over. Under a revenue increasing option, the County would continue to monitor the sufficiency of the per diem rate in relation to provider costs and cost of living. If instability is observed that jeopardizes the number of beds County Council has established as the level of service, Administration would recommend an appropriate increase to the per diem rate. Any per diem increase would need to be discussed with the City as the Service Manager. Historically, the County and City have always had the same per diem rate. As such, it is preferred that any increase would be in tandem with the City. Further, any increase in the per diem would have a direct impact on the County's budget and the commitment required from the County's ratepayers, as described in more detail in the Financial section of this Report, below.

### **Cost Decreasing Options**

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As noted earlier in this Report, a barrier to providers is the cost of property ownership and/or rent. Administration explored a variety of options to address this cost-of-service issue. The chart below illustrates advantages and disadvantages of each option.

Options Analysis	Pros	Cons
<p><b>Option 1:            Acquiring a property and identify a provider to operationalize 20 to 30 beds</b></p>	<ul style="list-style-type: none"> <li>• Low risk to the County as a provider would be operating as part of the Program on a per diem funding model within existing funding.</li> <li>• Aside from capital and maintenance costs, no additional operational costs would be required.</li> <li>• Current level of service remains the same and subsidies would be re-allocated from other County Homes that are seeking to reduce their subsidized bed counts in favour of private pay clientele.</li> <li>• Protect the current capacity of the overall Program by adding a provider and provide flexibility and contingency planning if one of the other County Homes can no longer operate and relocation of residents is required.</li> <li>• The Service Provider would have the flexibility to use some of the beds as private pay beds to help with income revenue.</li> <li>• The Service Provider would not need to pay elevated mortgage</li> </ul>	<ul style="list-style-type: none"> <li>• Requires an initial capital outlay to purchase property/facility.</li> <li>• Dependent on finding a proponent with interest in participating in the Program and able to respond to an RFP.</li> <li>• Limited pool of service providers who would be qualified to operate as part of the Program.</li> <li>• The County would be responsible to cover any type of unexpected building maintenance cost.</li> </ul>

Options Analysis	Pros	Cons
	<p>payments as the County would lease the building at a reasonable cost.</p> <ul style="list-style-type: none"> <li>Minimal risk as property values in the County have traditionally been stable or increasing.</li> </ul>	
<p><b>Option 2: Do nothing</b></p>	<ul style="list-style-type: none"> <li>No increased financial risk to the County.</li> </ul>	<ul style="list-style-type: none"> <li>Dependent on continued Service Provider support to operate the program.</li> </ul> <p>If service providers discontinued support:</p> <ul style="list-style-type: none"> <li>Potential for increased costs in the amount of social service costs charged to the County by the City</li> <li>Potential for increased pressures on police and EMS services, as well as other social service and medical care providers.</li> <li>The cost of purchasing a property in addition to operating the Program has been identified as a barrier from current operators of County Homes and other potential entrants to the Program.</li> </ul>

To maintain the existing funding model and level of service, Administration would recommend properties that could support between 20 and 30 beds. The rationale for that range is that a property that is too small may not be able to alleviate the pressures from the closure of another County Home, and a property that is too large would likely be inefficient, as, at this time at least, no more than 20 to 30 beds could be reallocated to a new County Home.

Any beds at a new property would be reallocated from the existing program beds and result in a net zero increase in level of service. Should Council determine that the County should consider property ownership to support the Program, Administration would then explore potential property acquisition opportunities and present the findings back to Council for consideration.

In addition to the options to support the Program listed in this Report above, Administration welcomes any direction that Council may have with respect to supporting the Program.

## **Financial Implications**

The County has historically contributed \$448,000 annually to support the operations of the Program. As part of the 2026 Budget approval process, County Council approved an additional \$310,000 to reflect the per diem rate increase for the period April 1, 2026 through to December 31, 2026. This brings the total County contribution for that period to \$758,000.

Should Council determine that an increase in per diem funding is desirable, the annual operating impact would be added to a future budget for consideration and approval. For reference, for every \$1 increase in per diem funding, for 226 beds, the annual increase in cost would be approximately \$82,500. As noted previously, per diem funding decisions have been made in tandem with the City and any future increases would warrant collaboration.

With respect to potential property acquisitions, Administration recommends that any purchases be funded through the County's Social Housing Reserve Fund. It is proposed that rent be collected from the service provider selected to operate the program, with those rental revenues directed to a dedicated reserve to support ongoing maintenance, lifecycle requirements, and asset management needs.

Should the Social Housing Reserve Fund be utilized for property acquisition, a long-term replenishment strategy would need to be incorporated into

future financial planning to maintain reserve sustainability and preserve financial flexibility for other housing-related priorities and obligations.

**Consultations**

The following County Staff were consulted during the planning and drafting of this report:

- Jeanie Diamond-Francis, Manager, Community Services
- David Sundin, Director, Legislative and Legal Services/County Solicitor
- Melissa Ryan, Director, Financial Services /Treasurer
- Sandra Zwiers, Chief Administrative Officer

**Strategic Plan Alignment**

<b>Working as Team Essex County</b>	<b>Growing as Leaders in Public Service Excellence</b>	<b>Building a Regional Powerhouse</b>
<input type="checkbox"/> Scaling Sustainable Services through Innovation  <input type="checkbox"/> Focusing “Team Essex County” for Results  <input type="checkbox"/> Advocating for Essex County’s Fair Share	<input type="checkbox"/> Being an Employer with Impact  <input checked="" type="checkbox"/> A Government Working for the People  <input type="checkbox"/> Promoting Transparency and Awareness	<input checked="" type="checkbox"/> Providing Reliable Infrastructure for Partners  <input checked="" type="checkbox"/> Supporting Dynamic and Thriving Communities Across the County  <input type="checkbox"/> Harmonizing Action for Growth  <input type="checkbox"/> Advancing Truth and Reconciliation

**Recommendation**

That Essex County Council receive Report Number 2026-0318-HCS-R01-NS Residential Services Homes – Service Level Discussion as information.

## Approvals

Respectfully Submitted,

*Natahsa Sheeler*

Natasha Sheeler, Director, Health and Community Services/Administrator, Sun Parlor Home

Concurred With,

*Jeanie Diamond-Francis*

Jeanie Diamond-Francis, Manager, Community Services

Concurred With,

*Sandra Zwiers*

Sandra Zwiers, MAcc, CPA, CA, Chief Administrative Officer

<b>Appendix</b>	<b>Title</b>
N/A	N/A