

Atira Property Management Inc.

Social Return on Investment of Hiring
Target Employee Group Individuals

1 April 2012 – 31 March 2013 Report

31 July 2013



EY

Building a better
working world

Confidential and Proprietary - Limitations of use

Ernst & Young LLP (EY) has prepared the attached report (the Report) for limited purposes and the sole benefit and use of Atira Property Management Inc. (APMI) and APMI's existing user entities (collectively, each a Recipient). Your access to the Report is subject to your agreement to the terms and conditions set forth below. Please read them carefully.

By accessing and reading the Report, you signify that you agree to be bound by these terms and conditions. Such acceptance and agreement shall be deemed to be as effective as a written signature by you and this agreement shall be deemed to satisfy any writings requirements of any applicable law. Distribution or disclosure of any portion of the Report or any information or advice contained therein to persons other than APMI is prohibited, except as provided below.

1. EY was engaged by APMI to assist in determining the Social Return on Investment (SROI) of APMI hiring Target Employee Group individuals (the Services). APMI has requested that the Recipients be provided with a copy of the Report prepared by EY in connection with the Services.
2. The Services were undertaken, and the Report was prepared, solely for the benefit and use of APMI and its existing user entities, and was not intended for any other purpose, including the use by prospective user entities of APMI. EY has made no representation or warranty to the Recipient as to the sufficiency of the Services or otherwise with respect to the Report. Had EY been engaged to perform additional services or procedures (e.g. a review of data accuracy), other matters might have come to EY's attention that would have been addressed in the Report.
3. The Services did not (a) constitute an audit, review or examination of payroll information or financial information in accordance with generally accepted auditing standards of the Canadian Institute of Chartered Accountants, the standards of the Public Company Accounting Oversight Board, or other applicable professional standards or (b) include procedures to detect fraud or illegal acts to test compliance with the laws or regulations of any jurisdiction. EY was not engaged to perform such procedures and APMI's financial information is audited separately by another organization.
4. The Recipient (a) does not acquire any rights against EY, any other member firm of the global EY network, or any of their respective affiliates, partners, agents, representatives or employees (collectively, the EY Parties), and EY assumes no duty or liability to the Recipient, in connection with the Services or its access to the Report; (b) may not rely solely on the Report; and (c) will not contend that any securities laws could invalidate or avoid any provision of this agreement.
5. Except where compelled by legal process (of which the Recipient shall promptly inform EY so that EY may seek appropriate protection), the Recipient will not disclose, orally or in writing, any Report or any portion thereof, or make any reference to EY in connection therewith, in any public document or to any third party.
6. The Recipient (for itself and its successors and assigns) hereby releases each of the EY Parties, from any and all claims or causes of action that the Recipient has, or hereafter may or shall have, against them in connection with the Report, the Recipient's access to the Report, or EY's performance of the Services. The Recipient shall indemnify, defend and hold harmless the EY Parties from and against all claims, liabilities, losses and expenses suffered or incurred by any of them arising out of or in connection with (a) any breach of this agreement by the Recipient or its representatives; and/or (b) any use or reliance on the Report by any party that obtains access to the Report, directly or indirectly, from or through the Recipient or at its request.

(c) 2013 Ernst & Young LLP. All rights reserved.

"Ernst & Young" as used in this proposal means the Canadian firm of Ernst & Young LLP or, as the context requires, other member firms of the global Ernst & Young network, each of which is a separate and independent legal entity.

Contents

1.	Executive summary	4
2.	Introduction	4
	2.1 Company background	4
	2.2 Social Return on Investment	4
	2.3 Target Employee Group	5
3.	Approach	6
4.	Establishing scope and identifying stakeholders	6
	4.1 Scope	6
	4.2 Stakeholder mapping	7
5.	Impact mapping	9
6.	Calculating SROI for the 2012/13 TEG	12
	6.1 Calculating TEG	12
	6.2 Calculating costs of hiring TEG employees	13
	6.3 Calculating quantitative benefits of hiring TEG employees	13
	6.3.1 Employee contributions	13
	6.3.2 Social assistance savings	13
	6.3.3 Increased local spending power	15
	6.3.4 Increased availability of shelter for the wider population	16
	6.3.5 Reduced criminal justice costs	16
	6.3.6 Reduced health costs	17
	6.3.7 Reduced reliance on food banks and meal programs	18
	6.4 Identifying qualitative benefits of hiring TEG employees	18
	6.4.1 Increase in employability and job skills	18
	6.4.2 Increase in quality of life	19
	6.5 Identifying benefits of APMI	19
	6.5.1 Increase in client goodwill	19
	6.5.2 Increase in charitable funding to AWRS	20
	6.5.3 Vendor sponsorship program	20
	6.5.4 Increases in support garnishees	20

1 Executive summary

Atira Property Management Inc. (APMI) requested the assistance of Ernst & Young (EY) in performing a Social Return on Investment (SROI) analysis. The purpose of the SROI analysis is to determine the costs and benefits to all key stakeholders of hiring Target Employee Group (TEG) individuals. Variables considered in the analysis included employment costs as well as tax, health, housing and local spending benefits. The result is that in the 2012/2013 year, for every dollar spent to employ TEG individuals, there was a \$3.32 SROI. If we extend the SROI calculation to include the benefits generated by APMI as an organization (rather than focusing on TEG alone), the cost: benefit ratio increased to \$1: 3.69.

2 Introduction

2.1 Company background

APMI is a property management social enterprise with a goal to offer quality services to the community while reducing reliance on government funding. As a socially responsible company, APMI offers valuable property management services and an opportunity for clients to give back to the community.

APMI provides personalized, client-focused socially responsible property management solutions for strata corporations, building owners, housing cooperatives, not-for-profit societies, and developers in Greater Vancouver with a strong presence in the Downtown Eastside (DTES). APMI currently manages more than 100 strata corporations ranging in size from 12-255 units and 11 co-op housing and not-for-profit housing complexes. In addition, APMI manages a portfolio of 16 single room accommodation (SRA) hotels located in Vancouver's Downtown core and the DTES for a total of more than 1,000 units of housing.

As a social enterprise, APMI is wholly owned by Atira Women's Resource Society (AWRS), a not-for-profit charitable organization with housing programs in the Vancouver, White Rock, Surrey, Burnaby, and Richmond communities and has been serving women from all across Lower Mainland Vancouver and beyond in non-residential programs since 1983. 70%¹ of APMI's net income is donated to AWRS and used to fund transition housing and support services for women and children who are recovering from the effects of violence and abuse within their families and those who are struggling with substance use and mental and spiritual wellness. The remaining income generated by APMI is used to fund the increased growth of the company. The long-term sustainability of AWRS is linked to the success of APMI.

2.2 Social Return on Investment

SROI is a principles-based framework for measuring and accounting for the value of an investment, beyond just its dollar figure. It is a relatively new methodology, initially developed in the late 1990's by Roberts Enterprise Development Foundation (REDF), a non-profit social venture focused on supporting employment for low-income and previously homeless persons. SROI analysis is based on measuring the extent of change for all stakeholders affected by an organisation's actions. To support the measurement of this value creation, REDF developed a SROI framework as well as several SROI methodology documents and tools². Building on the development of the REDF's framework, the new economics

¹ Canada Revenue Agency regulates registered charities whereby donations are permitted up to a limit of 75 per cent of net income.

² <http://www.redf.org/from-the-community/topic/sroi>

foundation (nef) revised the approach and subsequently published its integrated SROI framework in 2003. In its current state (latest publication in 2009³) the approach involves six main steps:

- ▶ Establishing scope and identifying key stakeholders,
- ▶ Mapping outcomes,
- ▶ Evidencing and valuing outcomes,
- ▶ Establishing impact,
- ▶ Calculating the SROI, and
- ▶ Reporting.

As a tool, SROI analysis can be used to facilitate strategic discussions, anticipate and manage unexpected outcomes, analyse stakeholders' expectations and prioritise activities. The results from an SROI analysis can be shown in a report, such as this one, which typically contains case studies, qualitative, quantitative and financial information.

Many significant assumptions go into determining SROI and as previously indicated, methodologies and tools are evolving. Changes in the assumptions applied or scope of testing, and stakeholders identified, could impact results.

2.3 Target Employee Group

In order to achieve its goal of reducing reliance on government funding, while offering quality services to the community, APMI decided to target potential employees from the group of individuals who are some of the most disadvantaged in our community and who put the largest demand on government funding. The rationale was that the most gains could be made through hiring people who "cost" the most money to the government. In 2007 APMI officially adopted an employment strategy whereby a minimum percentage (currently at 80%) of employees is recruited from the TEG. As defined by APMI, the TEG is comprised of individuals who meet one of the following criteria at the time that they are hired by APMI:

- ▶ Resident of the DTES Vancouver
- ▶ Unemployed or underemployed⁴
- ▶ Received government income assistance prior to APMI employment, or
- ▶ Living in a Single Room Accommodation (SRA)

The DTES is a Vancouver neighbourhood often referred to as "Canada's poorest postal code". The area is known for high levels of unemployment and homelessness, as well as poverty, drug use, crime, violence and sex trade. According to the City of Vancouver's (CoV) DTES Local Area Profile 2012⁵ and 6th Homeless Count in City of Vancouver – March 2012⁶ reports, of the 18,000 people living in the DTES, more than 1,600 were homeless in 2012. Of this group, 40% suffer from a mental illness and 82% reported one or more health conditions. The difficult circumstances and stigma surrounding Vancouver's DTES residents are considered a limiting factor to the quality of life and opportunity that is offered to them. Many residents of the DTES cannot find work and as such, rely on society and government income assistance to enable them to survive. Many of these low/no-income individuals in the DTES reside in supportive housing such as SRA hotels. SRAs are intended to be affordable housing with access to

³ Cabinet Office and new economics foundation, 2009, "A guide to Social Return on Investment, http://dnwssx4l7gl7s.cloudfront.net/nefoundation/default/page/-/files/A_guide_to_Social_Return_on_Investment.pdf

⁴ APMI defines underemployed as "an employment situation that is insufficient in some important way for the worker. Examples include holding a part-time job despite desiring full-time work, and over qualification, where the employee has education, experience, or skills beyond the requirements of the job."

⁵ City of Vancouver, 2012, "Downtown Eastside (DTES) Local Area Profile 2012", <http://vancouver.ca/files/cov/profile-dtes-local-area-2012.pdf>

⁶ City of Vancouver and Eberle Planning and Research, 2012, "6th Homeless Count in City of Vancouver – March 2012 Significant changes since 2005 Final report", http://vancouver.ca/files/cov/HSG_-_Homeless_Count_2012_-_Final_Report.pdf

support staff and provide an opportunity for tenants to stabilize their lives, enhance their independent living skills and reconnect with their communities. Low/No- income SRA residents are often on government shelter allowances. By hiring employees from the TEG, APMI is seeking to reduce unemployment and reliance on government funding while freeing up space in supported housing for other individuals.

3 Approach

APMI is committed to ensuring that its investment in the TEG is achieving its goal and as such, was looking for a way to determine the expected economic returns on investments it is making in local communities. APMI sought the assistance of Ernst & Young (EY) to help demonstrate the SROI of its strategy. The SROI analysis essentially entails a cost-benefit comparison of resources invested to benefits generated and measures and accounts for the social and economic costs and benefits of APMI's services to show whether overall benefits outweigh the costs.

There were three simplified steps used in the determination of APMI's SROI:

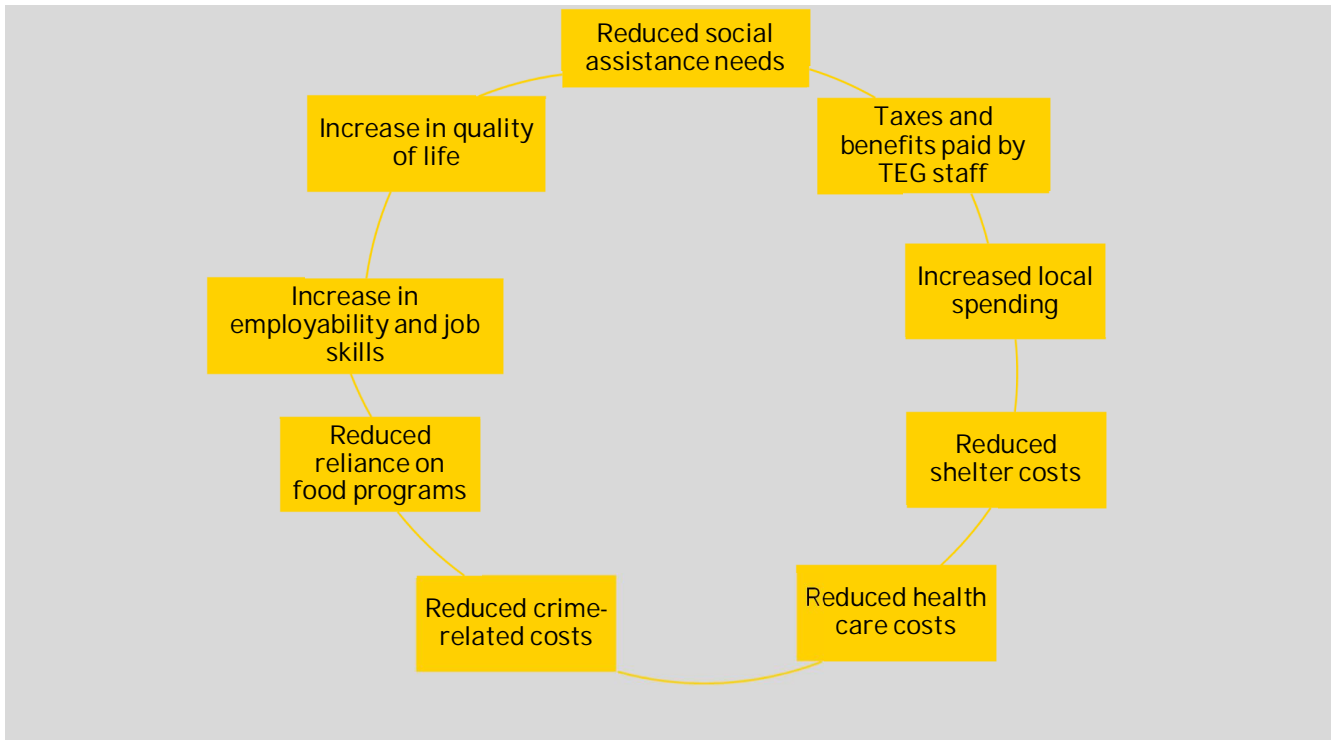
- ▶ Establishing scope and identifying key stakeholders
We worked with APMI to identify key stakeholders who are both directly and indirectly impacted by the activities of APMI. The focus was on the impact of hiring TEG individuals within the context of the wider impact on the organization.
- ▶ Mapping outcomes including indicators and values
We mapped the outcomes that resulted from APMI hiring TEG employees including the costs and benefits associated with the outputs as well as the indicator we used to measure these outcomes and the subsequent value of the impact.
- ▶ Calculating (quantitative) and describing (qualitative) the SROI.
Details on the approach we used to calculate the components of the SROI are outlined in Section 6.

4 Establishing scope and identifying stakeholders

4.1 Scope

The purpose of this SROI analysis is to determine if the costs of hiring TEG employees is outweighed by the benefits to the identified stakeholders of having this group employed. The scope of this SROI analysis is as follows:

- ▶ Cover all TEG employees hired over one calendar year (31 March 2012 - 1 April 2013),
- ▶ Perform an evaluative SROI analysis, which is conducted retrospectively and based on actual outcomes that have already taken place, and
- ▶ Focus on the benefits identified below:



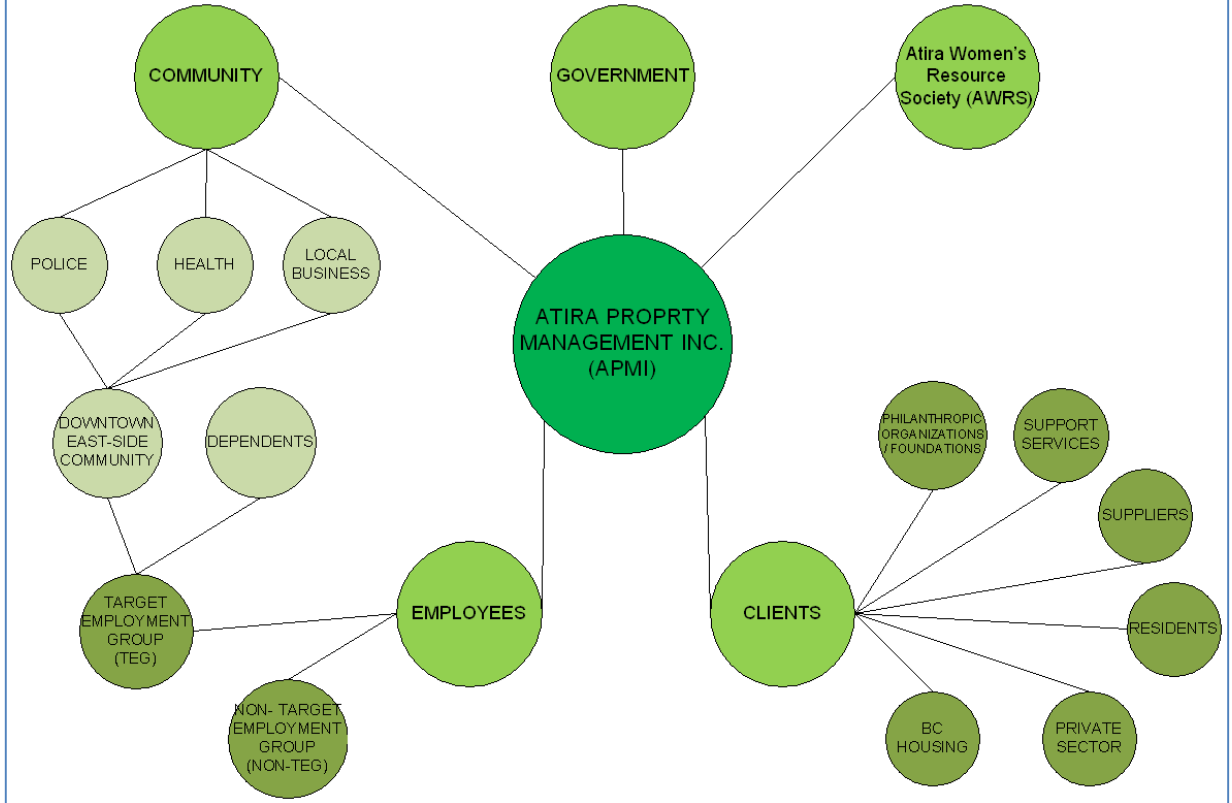
As part of this assessment, EY assisted APMI in the quantitative SROI calculation and qualitative SROI description of hiring employees from the TEG. We also looked at some of the overall SROI impacts that result from the existence of APMI and not just as a function of hiring TEG employees.

All APMI data required for this SROI analysis was provided to EY by AMPI, or were available through publically available external sources. We have not attempted to verify, audit, review or otherwise examine APMI's payroll information or financial statements. EY was not engaged to perform such procedures and APMI's financial information is audited separately by another organization.

4.2 Stakeholder mapping

Once the scope of the SROI project was identified – “what are the costs and benefits of hiring TEG employees?” – the next step is to map key APMI stakeholders who would be direct and indirectly impacted by APMI's hiring policy. As shown in the graphic below, such stakeholders included AWRS, the local DTES community, government and employees. The wider societal impact of APMI is also visible through understanding how employment of TEG individuals can impact the local health systems, businesses and security in the areas in which these individuals are employed. The SROI, whilst largely limited to the TEG for this report, could be expanded to assess a broad range of impacts from a societal perspective such as the impact on the economy of the DTES given a higher rate of employment and availability of shelter in the DTES.

Atira Property Management Inc.
Stakeholder Map



5 Impact mapping

Timing	Activity	Stakeholder	Input (Cost)	Output (Benefits)	Outcomes	Indicator	Annual Value
April 1 2012 - 31 March 2013	Hiring TEG	APMI	Money was invested through payroll for employment and time was invested through training opportunities provided by APMI		96% of APMI's 2012/2013 hires were from the TEG and their salaries and benefits were paid directly by APMI	Sum of costs for all 2012/2013 hired TEG employees (tracked historically through payroll) to APMI	-\$423,109.66
		TEG employees		The TEG will have employment and will no longer be reliant on social assistance; they may also move out of a poverty situation as a result of employment	Increase in employability and job skills	Number of promotions gained by 2012/3 hires and/or employees that have moved on to other employment	Qualitative - 36% of new hires have already been promoted
					Increased quality of life: health (physical and mental) and well-being	Reduced hospital and doctor visits (measured below); Increased levels of confidence and happiness	Qualitative
		Government		Reduced costs and strain on programs such as income assistance, shelter allowances and health; Tax and benefits payments made by APMI employees	TEG employee contributions towards taxes and benefits plans such as health and dental	Sum of benefits paid by all 2012/2013 hired TEG employees (tracked historically through payroll system)	\$54,568.73
					Reduced social assistance costs including support and shelter allowances and health (medical, dental, optical, drug treatment programs, etc)	Average monthly cost to the government to keep a single unemployed person on social assistance for one month multiplied by the number of months of associated APMI employment by new TEG employees	\$307,346.65

Timing	Activity	Stakeholder	Input (Cost)	Output (Benefits)	Outcomes	Indicator	Annual Value
		DTES community		Increased dollars spent in the community will promote healthier local businesses; By moving people into better working and living environments, crime and violence rates may decrease as will reliance on services such as food banks, health services and social housing	Increased local spend	50% of funds available to new employees (gross pay salary - deductions) spent locally (and local multiplier effect applied)	\$ 619,624.75
					Higher availability of SRAs in community; Reduced homelessness	Number of 2012/2013 TEG hires who were able to move out of SRAs post-employment (12 individuals or 20% of new hires) multiplied by the cost saving between SRAs and emergency shelters	\$153,300.00
					Increased community safety and security through the reduction of high crime rates in homeless populations	Average criminal justice costs in homeless vs. housed individuals multiplied by the number of supportive housing places freed up as a result of hiring TEG employees	\$114,720.00
					Reduced health care costs as individuals move out of homelessness and into freed up SRAs	Average annual health care costs for homeless vs. housed individuals multiplied by the number of supportive housing places freed up as a result of hiring TEG employees	\$30,708.00
					Reduced reliance on food banks and meal programs	Cost to feed an individual one meal a day for a year multiplied by the number of 2012/2013 TEG employees	\$126,000.00
HIRING TEG EMPLOYEES TOTAL COST:							\$423, 109.66:
BENEFIT							\$1,406,268.14
RATIO							1: 3.32

Timing	Activity	Stakeholder	Input (Cost)	Output (Benefits)	Outcomes	Indicator	Annual Value
April 1 2012 - 31 March 2013	Existence of APMI	Clients		Increase in social and community investment	Giving back to the community	Increased employee and client satisfaction	Qualitative
		AWRS/DTES community		Increase in charitable spending from APMI directly	Increased funds for AWRS to be spent on housing vulnerable women and children	70% of APMI's net profits are donated to AWRS as are management fees and shared administrative costs	\$90,469.25
				Increase in charitable spending from the Vendor Sponsorship Program	Increased funds for AWRS to be spent on housing vulnerable women and children; Increased exposure of AWRS in the market as a result of links with other businesses and their marketing campaigns	Contracts and promised contracts from vendors to make direct donations to AWRS out of the commissions that they get from working with APMI	\$30-50,000
		Employees families			Payments of child and spousal support	Payments for supports garnishees tracked through the payroll system	\$12,546.04
HIRING TEG EMPLOYEES + EXISTENCE OF APMI TOTAL COST:							\$423,109.66:
							BENEFIT
							RATIO
							\$1,559,283.42
							1: 3.69

6 Calculating SROI for the 2012/13 TEG

6.1 Calculating TEG

In order to calculate the SROI of TEG employees hired within the 2012/2013 financial year, we had to first determine how many of the 2012/2013 hires were hired from within the TEG. We did this by taking the data from APMI payroll's system and filtering it according to the TEG criteria. Individuals were labelled as being part of the TEG if they met any one of the four defined criteria. Of the 109 new hires in 2012/2013, 105 met one or more of the TEG criteria as follows:

	Number	Percentage
2012/2013 New Hires	109	100%
1) DTES resident	86	79%
2) Un/underemployed	≥94 ⁷	≥86%
3) Income assistance	82 ⁸	75%
4) SRA resident	61	53%
Total TEG	105	96%

In the April 1, 2012 - March 31, 2013 reporting period, APMI achieved a TEG rate of 96%

As it is not specifically a data point that is collected by APMI, we were not able to definitively determine the second criteria, un/underemployment, based on payroll data. Our approach was to first filter employees by all of the other criteria, 1, 3 and 4. Once these filters were applied, 101 employees had already been designated as TEG. For the remaining 8 employees that did not fall within criteria 1, 3 or 4, we worked with APMI to determine if any of these individuals fell within the final criteria (un/underemployed). Four additional employees met the criteria: one was listed as being on an employment program and was also on income assistance, one was receiving funding from his band and also unemployed, one was only sporadically employed by a temping agency (Embers Staffing) and therefore considered underemployed, and one listed their source of income as "none". The remaining four 2012/2013 new hires were all employed (or self-employed) when hired, not underemployed, not on income assistance and not living in the DTES or an SRA. They were therefore not part of the TEG.

The resulting 96% TEG rate exceeds the target of 80%. The other, softer target that APMI also tries to meet is hiring people who reflect the wider DTES community. For example, 44% of new hires in 2012/2013 were aboriginal making the percentage of the total number of employees identified as aboriginal 43%, including three aboriginal employees in management positions. According to the CoV's DTES Local Area Profile 2012³ and 6th Homeless Count in City of Vancouver⁴ reports, 10% of DTES residents and 32% of the homeless population are aboriginal.

⁷ The total number of un/underemployed hires is a lowest case estimate. The APMI database does not contain information specific to underemployment so this figure only accounts for unemployed hires.

⁸ Individuals were considered to be on income assistance only if they were recorded on the payroll system as having "social assistance, income assistance or employment insurance" as their source of income.

6.2 Calculating costs of hiring TEG employees

Our next step was to calculate the cost to APMI of each of the 105 employees within the TEG for the 2012/2013 period. According to payroll data provided by APMI, we determined that the cost per employee is comprised of the following elements:

Payroll APMI cost per employee = Gross pay + Vacation accrual + Training spend + Employer contributions towards (CPP/QPP + EI + Pension + AD&D + Manulife Life Insurance + Manulife Benefits + MSP + WCB + EFAP)

We then summed the costs for all employees to result in a total of \$423,109.66.⁹

6.3 Calculating quantitative benefits of hiring TEG employees

The quantifiable social returns or benefits of hiring TEG employees can be broken down into the following seven categories:

6.3.1 Employee contributions

Using APMI's payroll data, we were able to calculate the total amount that each 2012/2013 TEG hire has paid in the form of tax payments and contributions towards benefits programs as follows:

Payroll social benefits per employee = Federal and provincial tax + employee contributions towards (CPP/QPP + EI + Pension + Pension voluntary + RBC illness & LTD + RBC CI Life insurance + union dues)

We then summed the payments by all employees to result in a total of \$54,568.73¹⁰.

6.3.2 Social assistance savings

By hiring TEG employees, APMI has reduced reliance on the government's social assistance programs including support, shelter and health (medical, dental, optical, drug treatment programs, etc) allowances. We calculated these savings by estimating the average monthly cost to the government to keep a single unemployed person on social assistance for one month and multiplied that cost by the number of months of associated APMI employment for each employee. The 23 TEG hires that were not on social assistance when hired were not included in this calculation as the government was not previously contributing to their upkeep and therefore would not be saving costs by having these individuals employed. An average monthly cost of \$708.17 per employee was calculated as follows:

⁹ Gross pay includes special, sick or bereavement leave accruals; CPP/QPP= Canada Pension Plan/Quebec Pension Plan; AD&D = Accidental death & disability; MSP = Medical Services Plan; WCB = Workers Compensation Board; EFAP = Employee & Family Assistance Program BC

¹⁰ RBC = Royal Bank of Canada; LTD = Long Term Disability

Type of Support	Amount	Reference	Notes/Assumptions
Support allowance	\$235.00	http://www.hsd.gov.bc.ca/mhr/ia.htm , http://www.trustlawyers.ca/docs/yourWelfareRights.pdf	The support allowance is for food, clothing, transportation, laundry and everything else except shelter. The amount of support allowance given depends on factors such as ability to work and number of people per family unit. A support allowance of \$235 assumes a single, employable non-PWD or PPMD ¹¹ individual under 65 years of age.
Shelter allowance	\$375.00	http://www.hsd.gov.bc.ca/mhr/ia.htm , http://www.trustlawyers.ca/docs/yourWelfareRights.pdf	The shelter allowance is for housing expenses such as rent, co-op housing charges, mortgage payments, property taxes, utilities, and a telephone line. The shelter rate is equal to the amount paid for housing and utilities, up to a maximum per category (e.g. number of family members). Individuals with no shelter costs usually will not get a shelter allowance therefore this amount assumes the employee is not homeless when hired as well as being single.
MSP	\$ 66.50	http://www.health.gov.bc.ca/msp/infoben/premium.html#monthly	Monthly premium rate for an individual. 100% covered by MSP for those with income under \$22K.
PharmaCare	\$ 18.36	Based on data from APMI's insurance provider (TRG) ; http://www.health.gov.bc.ca/pharmacare/plans/index.html#planc	The total amount of drug claims by APMI employees in 2012/3 was \$21,366 divided by the 97 current APMI employees who work more than 30 hours per week and are therefore eligible for benefits, "Recipients of B.C. Income Assistance (Plan C): This plan provides 100% coverage of eligible prescription costs for B.C. residents receiving medical benefits and income assistance through the Ministry of Social Development."
Dental benefits	\$ 3.33	http://www.eia.gov.bc.ca/factsheets/2005/dental.htm , http://www.eia.gov.bc.ca/publicat/pdf/dentistschedule.pdf	Non-PWD and PPMD eligible for emergency dental services to relieve pain (e.g. cavities) - assume \$40/year based on having a cavity every 5 years and a filling costing \$200
Optical program - eye exam	\$ 1.95	http://www.eia.gov.bc.ca/factsheets/2005/optical.htm	Allowed an eye exam every 2 years by either an optometrist \$44.83 or ophthalmologist \$48.90
Drug/alcohol treatment supplement	\$ 5.11	http://www.eia.gov.bc.ca/publicat/VOL1/Part3/3-3.htm#77	More than half (55) of the TEG have an addiction issue. People on income assistance are eligible for up to \$500/year for alcohol or drug treatment. Assume that only half of the addicted people in the TEG apply for the treatment (27) and they receive on average a supplement of \$250 = \$5.11/year/person
Christmas supplement	\$ 2.92	http://www.trustlawyers.ca/docs/yourWelfareRights.pdf%20(page%2067)	Christmas supplement of \$35
TOTAL	\$708.17		

¹¹ PWD = Persons with Disabilities; PPMD = Person with Persistent Multiple Barriers

As a comparable, according to the Research Branch of the Ministry of Social Development (MSD)¹², their 2012/13 budget for Program Management was \$115.5 million. This budget supports approximately 134,400 individuals¹³ so the annual cost to support an individual on social assistance according to the MSD = $115,500,000/134,400 = \$856$ per client. We adopted the use of the calculated \$708.17 figure to ensure that our benefits calculations were conservative.

6.3.3 Increased local spending power

As employees with a salary, TEG employees will now have money to spend that they did not have prior to APMI employment. We took each new TEG hire's gross pay minus total employee payroll deductions to result in the total amount generated via TEG employees working and available for spending: \$309,812.38. If we assume that employees spend 50%¹⁴ of available funds locally and apply the local multiplier effect¹⁵ (which accounts for the re-spending of money locally at the same rate), we now have a total of \$619,624.75 generated for the local economy.

Enters	Remains
\$309,812.38	\$154,906.19
\$154,906.19	\$77,453.10
\$77,453.10	\$38,726.55
\$38,726.55	\$19,363.27
\$19,363.27	\$9,681.64
\$9,681.64	\$4,840.82
\$4,840.82	\$2,420.41
\$2,420.41	\$1,210.20
\$1,210.20	\$605.10
\$605.10	\$302.55
\$302.55	\$151.28
\$151.28	\$75.64
\$75.64	\$37.82
\$37.82	\$18.91
\$18.91	\$9.45
\$9.45	\$4.73
\$4.73	\$2.36
\$2.36	\$1.18
\$1.18	\$0.59
\$0.59	\$0.30
\$0.30	\$0.15
\$0.15	\$0.07
\$0.07	\$0.04
\$0.04	\$0.02
\$0.02	\$0.01
\$0.01	\$0.00
\$619,624.75	

¹² Conversations with Rob Bruce, Executive Director, Research Branch MSD

¹³ The 134,400 figure is based on the MSD's average number of cases per month and as most individuals on social assistance are repeat cases, if this figure were multiplied by 12 to give an annual number, it would not accurately reflect the supported population.

¹⁴ 50% represents a halfway point between the nef's "Plugging the Leaks" best (80% local spend) and worst (20% local spend) case scenarios.

¹⁵ New Economics Foundation, 2012, "Plugging the Leaks: Making the most of every pound that enters your local economy", http://dnwssx4l7gl7s.cloudfront.net/nefoundation/default/page/-/files/Plugging_the_Leaks.pdf

6.3.4 Increased availability of shelter for the wider population

Social housing is linked to benefits in education, health, income security and employment. These benefits are felt by individuals and their families whose development is supported and promoted by a stable home as well as being felt by communities and the wider economy where cost savings in related social programmes may be realised¹⁶. During the 2012/2013 year at APMI, 20% (12 out of 61) of the TEG individuals who were living in SRA's when they were hired have now moved out of an SRA thereby freeing it up for another individual in the community. In addition, 11 of the TEG individuals have moved out of the DTES. TEG individuals who are now self-supported will benefit, as literature such as the Moving to Opportunity (MTO) study¹⁷ in the US has shown. As part of a residential relocation "experiment", MTO residents who moved into new neighbourhoods with different socio-demographics were less likely to experience mental health problems relative to non-movers. Health outcomes such as depression and anxiety were also significantly reduced among movers relative to those who stayed.

In terms of the space freed up by the 12 APMI TEG employees moving out of SRA's, a study in British Columbia found that supportive housing for at risk persons with severe addictions and/or mental illnesses was likely to improve the living conditions and overall well-being of residents¹⁸. Supportive housing for all individuals, whether at risk or not, represents substantial social savings in the form of reduced homelessness, health care and criminal justice costs. For example, according to BC Housing, the average daily cost of supportive SRAs is \$20-25 vs. \$60-\$85 for an emergency shelter with higher levels of support¹⁹. This represents a saving of at least \$35 per day per individual. If we translate that figure to an annual saving and multiply it by the 12 individuals who will now be in SRAs, it represents an annual cost saving of \$153,300 for housing alone. Criminal justice and health cost savings related to housing these individuals are addressed below.

6.3.5 Reduced criminal justice costs

Research exists on the relationship between economic circumstances and crime. Studies have found that offenders are more likely to come from areas with high levels of deprivation and the majority of prisoners entering prisons are either at, or below, the poverty line²⁰. According to the Costs of Homelessness in British Columbia report, criminal justice costs are one of the highest costs of homelessness based on:

- ▶ Stays in provincial correctional institutions,
- ▶ Days under community supervision, and
- ▶ Vancouver police incidents (arrests and charges).

Overall, homeless individuals show greater involvement with criminal justice services with an average of 39 contacts per person per year compared to 19 contacts for housed, formerly homeless individuals. It is worth noting that the persons with the highest number of contacts were also those with the highest incidents of drug use so access to drug treatment programs in the housed population is also critical. These contact figures translate into dollars as follows: the average annual criminal justice cost per person for homeless (\$11,410) vs. housed (\$1,850) individuals. This represents a public cost saving of \$9,560 per individual moved from homeless to housed. If we assume that the 12 SRA spaces that were

¹⁶ Carter and Poleyvchok, 2004, "Housing Is Good Social Policy", Canadian Policy Research Networks Inc., http://www.cprn.org/documents/33525_en.pdf

¹⁷ U.S. Department of Housing and Urban Development, 2012, "Moving to Opportunity (MTO)", <http://www.nber.org/mtopublic/>

¹⁸ University of Victoria, 2011, "Housing and Harm Reduction: A Policy Framework for Greater Victoria", http://carbc.ca/Portals/0/PropertyAgent/558/Files/13/Housing&HR_Vic.pdf

¹⁹ BC Ministry of Social Development and Economic Security and BC Housing Management Commission, 2001, "Homelessness – Causes & Effects: The Costs of Homelessness in British Columbia", <http://www.housing.gov.bc.ca/pub/Vol3.pdf>

²⁰ Scottish Drugs Forum, 2007, "Drugs and Poverty: A literature review", <http://www.dldocs.stir.ac.uk/documents/drugpovertylitrev.pdf>

freed up in 2012/2013 by TEG employees were given to individuals without stable shelter, these 12 spaces represent a total annual criminal justice cost saving to the public of \$114,720.

6.3.6 Reduced health costs

Research reveals a complex set of links between homelessness and health – people who are homeless are poorly nourished, unable to get proper rest, unable to engage in proper health practices when sick (such as following a drug or treatment regime), live in congregate settings and are exposed to communicable disease as well as higher levels of physical and sexual violence. In addition, approximately 30% of those who are homeless suffer from mental illness, which may undermine their ability to obtain and/or maintain housing, income and other necessary supports. While some people become homeless because of mental illness, we also know that the experience of homelessness can exacerbate existing problems and lead to new mental health problems, including addictions²¹. By freeing up SRA spaces and moving people off the streets, APMI is creating significant long-term health cost savings and reducing the strain on the health care system.

Health care costs can be generally broken into three categories: office visits, emergency room visits and hospitalization costs. Research shows that homeless people have higher rates of health care utilization than housed people across all three categories. This discrepancy is least pronounced in the office visits category where according to a Toronto study on “Health Care Utilization in Homeless People²²”, office-based care rates were only 1.7 to 1.9 higher among homeless than housed individuals. These figures, however, may also be reflective of the fact that access to office-based care is often much lower in areas of high homelessness. For instance, in 2008-2009, while the number of general practitioners per 100,000 people was almost the same between the DTES and City of Vancouver (125.6 and 136.6 respectively, the number of specialists for that population base was drastically different (15.0 and 231.9 respectively)²³. As a result, homeless people often obtain care from emergency departments and are hospitalized up to five times more often than the general public, typically for much longer stays. For example, in the Toronto report, 77.3% of the homeless population had been to a hospital emergency department within the year, with an annual rate of 2.1 visits per person²¹. The cost of emergency room visits by non-homeless persons was only 13% of the cost for homeless participants. Homeless people visit emergency departments because of trauma, illness and injury, but also because they may have difficulty otherwise accessing mainstream health care. In addition, they may also visit emergency departments due to food, shelter, and safety needs, rather than simply to seek health care. This may also partially explain why hospitalization visits are typically more frequent and more extended in the homeless vs. housed population.

In terms of costs, research has shown that the overall annual health care cost of a homeless person is between \$2559 and \$3993 more than the cost to support a housed person. If we multiply the lesser of these figures by the 12 SRA spaces that have been freed up in 2012/2013 by APMI TEG employees, it represents an approximate annual health care cost savings of \$30,708. This serves as a conservative estimate; the actual savings could be much higher.

²¹ Gaetz, Stephen (2012): The Real Cost of Homelessness: Can We Save Money by Doing the Right Thing?

http://www.homelesshub.ca/ResourceFiles/costofhomelessness_paper21092012.pdf

²² Hwang and Henderson, 2010, “Health Care Utilization in Homeless People: Translating Research into Policy and Practice”,

http://meps.ahrq.gov/mepsweb/data_files/publications/workingpapers/wp_10002.pdf

²³ City of Vancouver, “Downtown Eastside (DTES) Local Area Profile 2012”, <http://vancouver.ca/files/cov/profile-dtes-local-area-2012.pdf>

6.3.7 Reduced reliance on food banks and meal programs

According to the “Cost of Eating in British Columbia, 2011” report²⁴, 12% of British Columbians are unable to meet basic food needs, the highest rate in Canada, and 7.7% are considered food insecure. The use of food banks in the province increased by 7% in 2012²⁵. The estimated cost of food for an individual within the Vancouver Coastal Health region was \$283.24²⁶ per month in 2011 and the top two barriers to accessing food are income level and purchasing power. For our calculations we assumed that prior to their employment with APMI TEG individuals were unable to cover their own food costs. If they were having at least one meal a day, or approximately a third (\$100) of their food costs, provided by a meal program or food bank and we multiply that figure by the 105 TEG hires in 2012/2013, the resulting annual cost saving in food support programs is \$126,000.

“I’ve learned a lot working with Atira; I just love it because they hire people from the community and people with life experience”

“It’s changed my life...being able to afford presents, Christmas and even to buy a car”

Gail Omeasoo, Support Worker, AWRS
(former APMI employee, promoted to AWRS)

6.4 Identifying qualitative benefits of hiring TEG employees

In addition to the quantifiable SROI of hiring TEG employees described in Section 6.3, we identified two additional qualitative societal benefits of hiring TEG employees at APMI:

6.4.1 Increase in employability and job skills

Paid work is extremely important and has an impact on many aspects of people’s lives, especially their confidence and self-esteem²⁷. While working with APMI, TEG individuals gain valuable job skills that enable them to be more employable in wider society as well as increasing their earning potential. This can be partially evidenced via the fact that of the 105 individuals in the TEG group hired in 2012/2013, 38 have been already been promoted to a higher pay, higher responsibility²⁸ and/or greater number of hours position. Two of these people have since left APMI to go on to better paying jobs. APMI does not specifically track employees once they have left the company so this figure may actually under represent the increase in employability of the TEG group. In addition to on-the-job-training, APMI also provides employees with informal mentorships as well as access to their Partners (e.g. Access Employment, S.U.C.C.E.S.S.).

²⁴ Dieticians of Canada, 2011, “Cost of Eating in British Columbia”, http://www.dietitians.ca/Downloadable-Content/Public/CostofEatingBC2011_FINAL.aspx

²⁵ Food Banks Canada, 2012, “Hungercount 2012”, <http://www.foodbankscanada.ca/getmedia/3b946e67-fbe2-490e-90dc-4a313dfb97e5/HungerCount2012.pdf.aspx>

²⁶ Calculated based on the average monthly cost of the food basket for a family of four in the Vancouver Coastal Health region (\$944.14) divided by four and multiplied by the suggested household size adjustment factor (1.20) for an individual as it costs more per person to feed smaller families.

²⁷ New Economics Foundation, 2009, “Benefits that work: The Social Value of the Community Allowance”, <http://www.neweconomics.org/publications/entry/benefits-that-work>

²⁸ Positions at APMI in order from highest to lowest pay/responsibility are: Supervisor/Program Manager; Support Worker; Maintenance; Building Services Worker (BSW); Front Desk Clerk; Relief. Relief staff are employees who work on call-out basis both in terms of number and frequency of hours worked.

"The greatest thing I've learned working for APMI is a lot about myself; how I deal with people, problems and situations"

Bill Smith, Front Desk Worker,
APMI

"Every once in a while, I end up helping somebody, at least see where they can go"

Paul Goeujon, Maintenance Manager,
APMI

6.4.2 Increase in quality of life

As outlined in Section 6.3.4, there is a complex set of links between shelter, employment and health – both mental and physical. According to research from John Helliwell's team at the University of British Columbia²⁹, well-being has both economic and social aspects. While money can become the basis of happiness, the role of community relations in happiness is also critical. In other words, a stable income and community are both vital to an individual's well-being. Through hiring previously un/underemployed individuals living in the complicated community of the DTES, APMI is giving employees both a stable source of money as well as a connection to others in their community in the form of their colleagues. As individuals gain an increased sense of well-being, they are more capable of seizing opportunities presented to them and increasingly move into a better quality of life. These shifts in well-being also impact TEG employee's children and their extended families. In fact, several APMI employees have been reunited with their families after being estranged for extended periods of time.

6.5 Identifying benefits of APMI

Above and beyond the benefits of hiring the TEG employees at APMI, there are also several SROI outcomes of APMI as an organization that extend further than just the hiring of TEG employees:

6.5.1 Increase in client goodwill

According to the APMI website, "As a socially responsible firm, we offer quality property management services and an opportunity for clients to give back to the community." This idea of clients being able to give back to the community through hiring APMI is key to the success of APMI and the increase in their client base. Through hiring APMI not only will clients be giving back to their communities, they may also give staff higher job satisfaction and increased attachment to their job through funding in a shared belief. In addition, clients may be able to attract their own clients through showing their investment in a social and community enterprise.

²⁹ Gleibs et al., 2013, "Unpacking the hedonic paradox : A dynamic analysis of the relationships between financial capital, social capital and life satisfaction", <http://faculty.arts.ubc.ca/jhelliwell/papers/2013%20BJSP%20Hedonic%20paradox.pdf>

6.5.2 Increase in charitable funding to AWRS

According to APMI's financial data, APMI donates 70% of net profits as well as management fees (\$12,000 in 2012/2013) to AWRS. In addition, APMI pays for several staff members and overhead administrative costs that are also used by AWRS. These increased funds for AWRS are spent on housing vulnerable women and children. If APMI were not in existence, AWRS would miss out on \$90,469.25 on funding each year, enough to shelter more than one thousand women and children in need for a night.

"It's not just about getting a pay cheque. It's about trying to go the extra mile in somebody's life to help them out"

Bill Smith, Front Desk Worker,
APMI

6.5.3 Vendor sponsorship program

APMI has recently created a program to support a group of vendors who they will work with to develop direct donation funding to AWRS. BFL Insurance has already agreed to work with APMI in the program and donate a portion of their commissions on insurance they write for APMI managed properties directly to AWRS as a donation. These donations are currently estimated at \$30,000 a year from BFL alone. This could rise over the years to a much higher number dependant on the number of vendors who sign up for the program. For example, APMI estimates that the program could result in 5% of the total insurance expense from all properties being donated to AWRS. Although still only in the early days of the program, APMI also has a waste removal company, an appraisal company, a mechanical maintenance company and a restoration company verbally committed to joining the program, with firm donation values yet to be determined. APMI estimates that these combined donations will be \$50,000 per year ongoing. The vendors have also agreed to allow APMI to solicit seasonal donations of goods, etc from their staff. The value of this access is hard to estimate, but it will increase the name recognition and public understanding about APMI and AWRS. APMI also hopes to be able to involve their client strata corporations with AWRS by making annual appeals to the residents of our buildings if the strata councils are in agreement.

6.5.4 Increases in support garnishees

As employees with steady income, APMI staff is able to make spousal and child support payments that they were previously, when unemployed, unable to make. Between January 1, 2010 and May 31, 2013, APMI employees made a total of \$40,774.62 in support payments to former spouses and in support of children. This figure translates to annual support payments of \$12,546 being made by APMI employees.

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization and may refer to one or more of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients.

For more information about our organization, please visit ey.com.

© 2013 Ernst & Young LLP. All Rights Reserved.
A member firm of Ernst & Young Global Limited.

1110491
ED None

This publication contains information in summary form, current as of the date of publication, and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for professional advice. Before taking any particular course of action, contact Ernst & Young or another professional advisor to discuss these matters in the context of your particular circumstances. We accept no responsibility for any loss or damage occasioned by your reliance on information contained in this publication.

ey.com