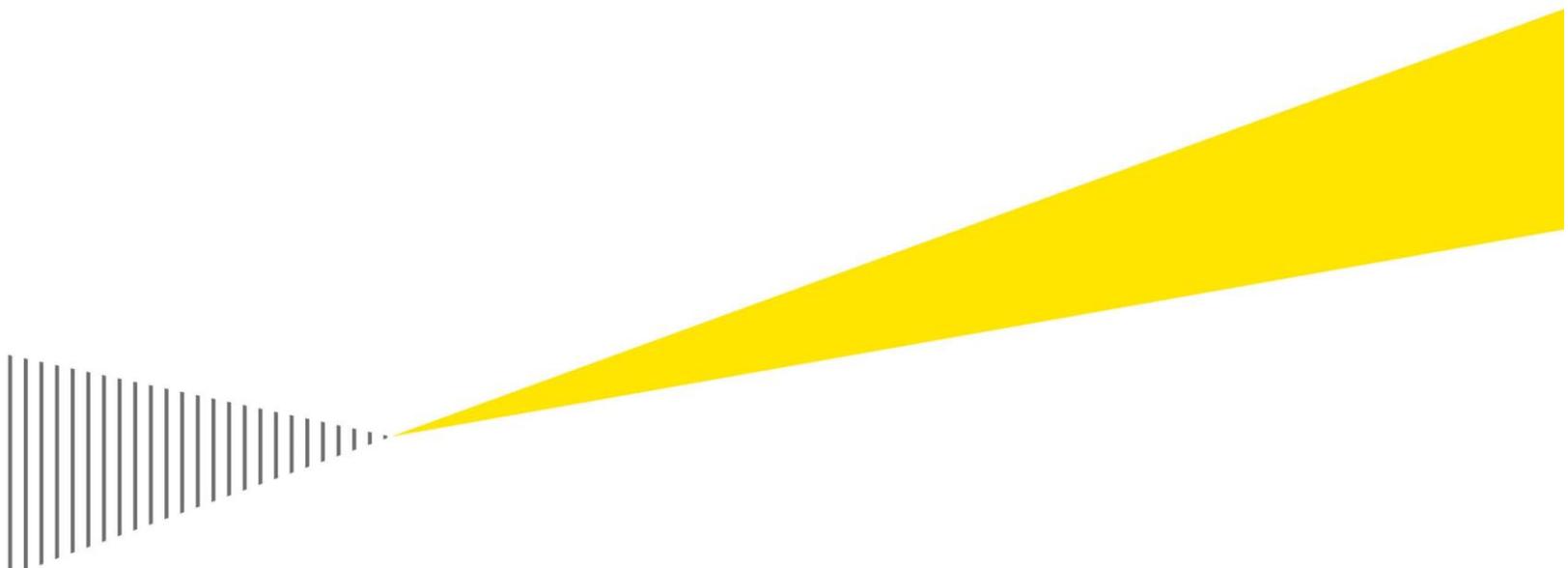


# Atira Property Management Inc.

**Social Impact of Hiring Target  
Employee Group Individuals**

**1 April 2015 - 31 March 2016**

**July 2017**



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## Executive summary

### Overview

Atira Property Management Inc. (“APMI”) is a social purpose property management business (social enterprise) with the goal to offer quality management services to the Lower Mainland real estate community, while reducing reliance of its parent company, Atira Women’s Resource Society (“AWRS”) on government funding. APMI is wholly owned by AWRS, a not-for-profit charitable organization with housing programs for women and children throughout the Lower Mainland. In 2007, in an effort to continue to fulfil its social mission, APMI decided to target potential employees from disadvantaged communities who make up the largest demand on government funding, and set a target to hire at least 80% of new employees from this new target employment group (“TEG”).

APMI hired Ernst & Young LLP (“EY”) to conduct a social impact analysis to measure the impact of its strategic hiring program for the period of 1 April 2015 to 31 March 2016. EY used the Social Return on Investment (“SROI”) methodology to determine the overall value that APMI’s strategic hiring program brings to its stakeholders. This study built on previous assessments conducted by EY in the 2013 reporting period (“FY13”). Updates from previous assessments included validating the theory of change and updating proxy indicators developed in 2013. Improvements to the approach were made to better align with SROI methodology such as measuring duration, drop-off, deadweight and displacement as well as conducting a sensitivity analysis.

### Summary of findings

During the 2015/2016 reporting period (“FY16”) 38 individuals met the TEG criteria, representing 93% of the total new employees. The SROI analysis revealed that the total inputs from APMI to hire TEG employees was \$564,730 during the reporting period, and the total value of outputs was \$2,333,096. This results in a final social return on investment of \$4.13:\$1, meaning that \$4.13 in social benefits were generated for every \$1 invested by APMI. The benefits that make up the total value are exclusively as a result of the APMI activity of hiring employees from the target employment group, and benefit the following stakeholder groups: TEG employees, government, and the downtown east side (“DTES”) community. It is important to note that increased quality of life for TEG employees was consistently identified as the top benefit of the strategic hiring program through interviews with APMI personnel; however, due to limitations in data availability we were unable to assign a proxy value to this benefit. The impact of increased quality of life is thus discussed qualitatively only.

In FY13, in addition to the SROI of the TEG program, the study also considered the value of the existence of APMI as an organization and the societal benefits that the organization brings. The FY13 analysis resulted in a return of \$3.32 for every dollar spent; extending the benefits to include the existence of APMI as an organization, the benefit ratio increased to \$1:\$3.69. Although the general benefits of the existence of APMI are not considered in the SROI calculation in this study, they are identified and discussed qualitatively in the findings section of the report.

### Go-forward considerations

Considering the developments of SROI methodology over the past five years and the growth of APMI, it would be beneficial to update the stakeholder and impact maps prior to the next assessment. In particular, direct engagement with the stakeholders identified on the impact map to update the assessment may identify additional impacts and provide opportunities to quantify some of the more qualitative benefits. Some direct stakeholder engagement was conducted with APMI TEG employees through an employee engagement and benefits survey in June and July of 2017.

# 1. Introduction

## 1.1 About APMI

APMI is a social purpose property management business (social enterprise) with the goal to offer quality management services to the Lower Mainland real estate community, while reducing reliance of its parent company, AWRS on government funding. 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. APMI has a strong presence in the DTES, one of Vancouver's oldest neighbourhoods and one that faces complex challenges related to poverty, addiction, mental wellness and health. APMI currently manages more than 100 strata corporations ranging in size from 12 to 83 units and a total of 15 co-op housing and not-for-profit housing complexes. In addition, APMI manages a portfolio of 18 single room accommodation ("SRA") hotels located in Vancouver's downtown core and the DTES, totaling more than 1,425 units of housing.

As a social enterprise, APMI is wholly owned by AWRS, a not-for-profit charitable organization with housing programs in the Vancouver, White Rock, Surrey, Burnaby, and Richmond communities. AWRS has been serving women from all across the Lower Mainland in both residential and non-residential programs since 1983. 70% of APMI's net income is donated to AWRS and is used to fund transition housing and support services for women 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 therefore directly linked to the success of APMI.

## 1.2 Target employment group (TEG)

In order to achieve its goal of reducing reliance on government funding while offering quality management services to the community, APMI decided to target potential employees from disadvantaged communities who make up the largest demand on government funding. In 2007 APMI officially adopted an employment strategy whereby a minimum of 80% of new employees are recruited from the TEG. As defined by APMI, the TEG is comprised of employees who meet one of the following criteria at the time that they are hired by APMI:

- ▶ Resident or former resident of the DTES Vancouver,
- ▶ Unemployed or underemployed,
- ▶ Received government income assistance prior to APMI employment,
- ▶ Faces additional barriers to employment related to institutional oppression (eg., is person of colour, an indigenous person, and/or a transgendered person)<sup>1</sup>, or
- ▶ Lives in an SRA.

The DTES is one of Vancouver's oldest neighbourhoods with a diverse and predominantly low-income population. It struggles with many complex challenges including homelessness, poverty, affordable and quality housing, unemployment, mental wellness, substance use, and crime<sup>2</sup>. According to the Vancouver Homeless Count, in 2016, 1,847 homeless people were counted in Vancouver. Of these individuals, 78% reported one or more health conditions, including addiction, mental wellness issues and physical disabilities<sup>3</sup>. Many residents of the DTES cannot find work and as such rely on society and government income assistance to enable them to survive. As well, many low or no income individuals in

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<sup>1</sup> The criteria for underrepresented groups has been added for FY16.

<sup>2</sup> City of Vancouver (2013), *Downtown Eastside Local Area Profile*.

<sup>3</sup> City of Vancouver (2016), *Vancouver Homeless Count*.

the DTES reside in supportive housing such as SRA hotels. SRAs are intended to be affordable housing with access to support staff and provide an opportunity for tenants to stabilize their lives, enhance their independent living skills and reconnect with their communities. Low or no income SRA residents are often on government assistance. By hiring employees from the TEG, APMI is seeking to reduce unemployment and reliance on government funding, increase the supply of low income housing and increase the flow through the continuum of housing while freeing up space in supported housing for individuals who are experiencing homelessness or residing in emergency shelters.

"I had never thought I could doing anything with my life, let alone something meaningful. I wake up most days looking forward to my day, because it has purpose and meaning. I am truly grateful to the organization I work for, for allowing me to succeed where I never thought I could!"

- APMI Director, Operations, SRA Portfolio

## 2. Approach

### 2.1 SROI methodology

This report uses SROI methodology to assess the social impacts of APMI's strategic hiring program. SROI is a principles-based framework for measuring and accounting for the value of an investment, beyond its direct financial return. 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; it has been further developed by the SROI Network in the United Kingdom, and is utilized by organizations around the world.

The SROI approach involves the following main steps:

1. Establishing scope and identifying stakeholders,
2. Mapping outcomes,
3. Evidencing outcomes and giving them a value,
4. Establishing impact,
5. Calculating SROI, and
6. Reporting, using and embedding<sup>4</sup>.

As a tool, SROI analysis can be used to facilitate strategic discussions, anticipate and manage unexpected outcomes, analyze stakeholders' expectations and prioritize management activities and resources.

Many significant assumptions go into determining an SROI, and methodologies and tools are evolving. While best efforts are made to represent impacts as accurately as possible, readers should be aware of the limitations of the methodology, including that changes in the assumptions applied, proxy indicators identified and stakeholders engaged could produce materially different results. A sensitivity analysis has been conducted to test certain significant assumptions made in this assessment.

### 2.2 Project scope and limitations

This report builds on the work that EY performed with APMI in FY13. The scope of this study includes TEG employees hired between 1 April 2015 and 31 March 2016.

All data required for this social impact analysis was provided to EY by APMI, or was available through publicly available sources. We have not attempted to verify, audit, review or otherwise examine APMI's payroll information, APMI's financial statements, and any other information provided by APMI for purposes of this study, nor any of the publicly available information used in conducting this study. EY was not engaged to perform such procedures and APMI's financial information is reviewed separately by another organization.

Some of the external data sources relied upon for this study are dated, in particular the BC Ministry of Social Development and Economic Security and BC Housing Management Commission report *Homelessness – Causes & Effects: The Costs of Homelessness in British Columbia*, which was published in 2001. This should be noted as a research limitation for this analysis.

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<sup>4</sup> SROI Network (2012), *A guide to Social Return on Investment*, pg. 4-5.

The methodology for the FY16 study was updated due to advances in the field of SROI. The FY16 study includes additionality considerations and a sensitivity analysis, which were not included in the FY13 study.

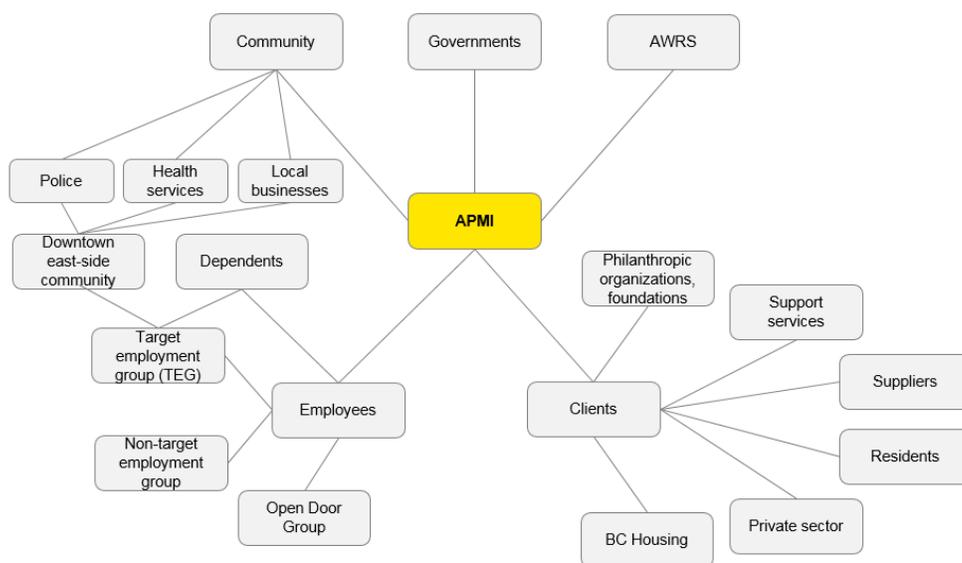
### 3. Theory of Change

EY conducted interviews with APMI management, some of whom are former TEG employees, to validate the stakeholder and impact maps used in the FY13 study. Through the interviews it was confirmed that the stakeholders and impacts identified in FY13 remain valid for FY16. Minimal updates have been made and are described below. The interviews conducted were with the following APMI staff:

- ▶ Janice Abbot, CEO,
- ▶ Kevin Eaton, Director, Operations, SRA Portfolio, and
- ▶ Grant Barton, Program Manager, London Hotel.

#### 3.1 Stakeholder map

The impact of APMI's strategic hiring program is felt by a large number of APMI stakeholders. As shown in the graphic below, such stakeholders include AWRS, the local DTES community, the provincial and federal governments 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 primary stakeholders considered in the SROI exercise are: TEG employees, the government, and the DTES community (including police, health services, and local businesses). Also considered in the general discussion about APMI's stakeholders are clients and its suppliers, employee families and AWRS.

Open Door Group was added to the stakeholder map in FY16 due to its recently established partnership with APMI to provide training to TEG recruits prior to their employment. Open Door Group is a not-for-profit organization that provides employment programs to BC communities. In Vancouver, Open Door Group works with the BC government to provide employment services to the DTES community<sup>5</sup>.

<sup>5</sup> Open Door Group and WorkBC Employment Services Centre, *About us*.

## 3.2 Impact map

The impacts identified for FY16 are largely consistent with the impacts assessed in the FY13 report. Some have been adjusted slightly from FY13 based on updated input from APMI management. The impacts are as follows:

Inputs				
Stakeholder	Activity	Input (Cost)	Proxy Indicator	Value <sup>6</sup>
APMI	Hiring TEG employees	Money invested through payroll for employment	Total investment by APMI into TEG employees (salaries, benefits, and other contributions recorded by payroll)	\$564,729.84
Impacts from strategic hiring program				
Stakeholder	Outcomes	Measurable Outputs	Proxy Indicator	Value
TEG employees	TEG employees are less reliant on social assistance, more financially stable, and experience increased confidence, happiness, and improved social ties	Increase in employability and job skills	Value of Open Door training received prior to APMI employment	\$112,594.00 <sup>7</sup>
		Increased quality of life	Qualitative	Qualitative
Government	Reduced costs and strain on programs such as income assistance, shelter allowances and health; increased tax and benefits payments made by TEG employees	TEG employee contributions towards taxes and benefits plans	Sum of benefits paid by all FY16 TEG hires (tracked through payroll system)	\$90,543.22
		Reduced social assistance costs including support and shelter allowances and health (prescriptions, dental, optical, drug treatment programs)	Average monthly cost to the government to keep a single unemployed person on social assistance for one month multiplied by the number of months new TEG employees are employed by APMI	\$164,232.67
DTES community	Increased dollars spent in the community to promote healthier local businesses; by moving people into better	Increased local spend	50% of new funds available to new TEG employees spent locally (local multiplier effect: total funds available multiplied by 50% until there are no additional funds entering the local economy)	\$690,942.54 <sup>8</sup>

<sup>6</sup> Value is shown as an aggregated value for the full 12 months in the FY16 reporting period.

<sup>7</sup> APMI worked with Open Door Group to estimate a value of the training provided.

<sup>8</sup> Please refer to “increased local spend” section for more details on this calculation.

	working and living environments, crime and violence rates may decrease as could reliance on services such as food banks, health services and social housing	Higher availability of SRAs; reduced shelter costs	Number of FY16 TEG hires able to move out of SRAs post-employment multiplied by the cost savings between SRAs and emergency shelters	\$109,500.00
		Increased community safety and security through the reduction of high crime rates in homeless populations	Average criminal justice costs in homeless vs. housed multiplied by the number of supportive housing places freed up as a result of hiring TEG employees	\$73,420.80
		Reduced health care costs as individuals move out of homelessness and into freed up SRAs	Average annual health care costs for homeless vs. housed multiplied by the number of supportive housing places freed up by hiring from TEG	\$24,400.38
		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 FY16 TEG hires	\$46,056.00
<b>Other impacts from the existence of APMI</b>				
Stakeholder	Outcomes	Measurable Outputs	Proxy Indicator	Value
APMI Clients	Increase in social and community investment	Increased client satisfaction from working with a socially-focused organization	Amount that APMI clients give back to the community	Qualitative
AWRS/DTES community	Increase in charitable spending from APMI directly	Increased funds for AWRS to be spent on housing vulnerable women	70% of APMI's net profits are donated to AWRS as are management fees and shared administrative costs	\$124,644.75
	Increase in charitable spending from the Vendor Sponsorship Program	Increased funds for AWRS to be spent on housing vulnerable women; increased exposure of AWRS in the market due to APMI business ties	Contracts and promised contracts from vendors to make direct donations to AWRS from the compensation that they receive from providing services to APMI	\$104,190.88 <sup>9</sup>
	Increase in availability of social and low-income housing for DTES residents	Increase in the number of SRAs, studios and one bedroom apartments available for rent at a low cost	Qualitative	Qualitative
Employees' families	Greater financial stability for employees' families	Payments of child and spousal support	Payments for support garnishes tracked through the payroll system	\$17,188.70

<sup>9</sup> This figure was provided by APMI and represents the total value of cash and in-kind contributions made by APMI service providers to AWRS.

## 4. Determining social impact

### 4.1 Number of TEG employees

In order to calculate social impacts of the strategic hiring program, the number of TEG employees hired during FY16 needed to be determined. New hires were considered to fit into the TEG if they met any of the following criteria:

	Number	Percentage
FY16 New Hires	41	100%
1) DTES resident	25	61%
2) Un/underemployed	28	68%
3) Income assistance	26	63%
4) Underrepresented group	32	78%
4) SRA resident	17	42%
Total TEG	38	93%

During FY16, APMI achieved a TEG hire rate of 93%

The resulting 93% exceeds APMI's target of 80%, and is in line with the FY13 study which reported a 95% TEG hiring rate. One notable difference between the two studies is the overall number of hires for the reporting period. While FY13 had 109 new hires at APMI, FY16 had 41. This is a direct effect of the P3 Project, a public-private initiative to renovate and restore 13 provincially-owned SRAs in the DTES<sup>10</sup> between 2013 and early 2017. APMI had seven of its buildings renovated during this time period, which caused movement and displacement of both staff and tenants and resulted in lower hiring levels and reduced staffing levels for the duration of the project. Although there were less hires during the FY16 reporting period, new hires in FY16 typically worked more hours than the FY13 hires as there were more full-time opportunities available.

### 4.2 APMI inputs

Stakeholder	Input (Cost)	Proxy Indicator	Value <sup>11</sup>
APMI	Money invested through payroll for employment	Total FY16 investment by APMI into TEG employees (salaries, benefits, and other contributions recorded by payroll)	\$564,729.84

As described above, although there were fewer new hires at APMI, there were more hours worked collectively. This resulted in a slightly higher input value, \$564,729.84 versus \$423,109.66 in FY13. The calculation to produce the proxy value for the inputs was the total value paid by APMI to each employee on the payroll. This includes gross pay, vacation, pension contributions and health benefits among others.

<sup>10</sup> BC Housing (2013), *Partnership to renovate hotels in Downtown Eastside*.

<sup>11</sup> Value is shown as an aggregated value for the full 12 months in the 2015/2016 reporting period.

## 4.3 TEG employee outcomes

Stakeholder	Measurable Outputs	Proxy Indicator	Value
TEG employees	Increase in employability and job skills	Number of promotions gained by FY16 hires and/or employees that have moved on to other employment, value of Open Door training received prior to APMI employment	\$112,594.00
	Increased quality of life	Qualitative	Qualitative

### Increase in employability and job skills

Paid work is a fundamental aspect of life which profoundly impacts peoples' lives, particularly in the areas of confidence and self-esteem.<sup>12</sup> While working with APMI, TEG employees 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 through the number of FY16 TEG hires who have already been promoted to a higher level of pay, a greater level of responsibility or more hours of work. Out of 38 total TEG employees, 20 (53%) have already received a promotion. Others may have since left APMI, some for higher-paying jobs, although APMI does not specifically track employees once they leave the company.

The proxy indicator used to value the increased employability and job skills of TEG employees is the value of the pre-employment training that the new hires receive through Open Door Group. Open Door Group provides employment training at no cost to program participants or APMI. The estimated value of this training program is \$2,963<sup>13</sup> per TEG employee, or \$112,594 total. This training is a two week, 80-hour program that includes:

- ▶ 60 hours of professional development workshops, such as life skills, computer science, and professional etiquette
- ▶ Job shadowing opportunities at APMI for program participants to learn more about employment opportunities
- ▶ First aid training certification, and
- ▶ Basic security training certification

### Increase in quality of life

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 Columbia<sup>14</sup>, well-being has both economic and social aspects. While financial stability is critical for happiness, strong community relationships are also a significant component of individual well-being. By hiring less traditionally employable individuals and providing a steady income as well as a connection to the DTES community, APMI is providing TEG employees with critical resources to meet their needs, including more stable finances, increased ability to save money, improved living situations, and more stable relationships.

"I am hired by Atira now...I took a while to get to this point but it was worth the journey and I am glad to work with this organization and see where this new chapter in my life is going to lead me."

- APMI Employee

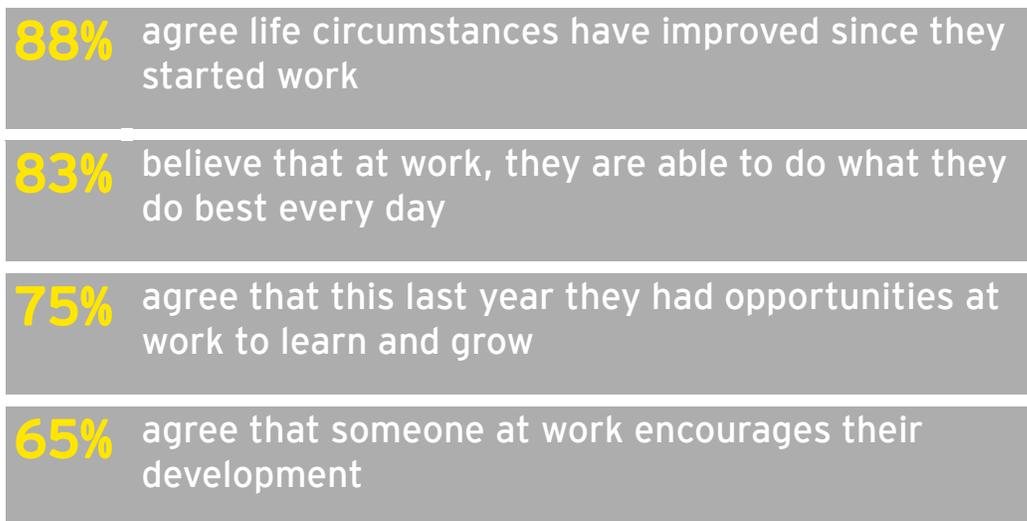
<sup>12</sup> New Economics Foundation (2009), *Benefits that work: The Social Value of the Community Allowance*.

<sup>13</sup> APMI, *Value of Open Door Group training*.

<sup>14</sup> Gleibs et al. (2013), *Unpacking the hedonic paradox: A dynamic analysis of the relationships between financial capital, social capital and life satisfaction*.

These shifts in well-being also impact TEG employee’s children and their extended families. This sentiment was echoed in interviews for both the FY13 and FY16 studies.

An employee survey was sent out to all SRA TEG employees at APMI to better understand the impact that employment has on overall wellness. Some key findings from the survey<sup>15</sup> include:



Determining a proxy value for this benefit was beyond the scope of this study; therefore, it is listed as qualitative and does not contribute to the overall SROI value. However, this social impact was described in every interview as the most significant benefit for TEG employees and should not be discounted. Further study in this area may be warranted in the future.

#### 4.4 Government outcomes

Stakeholder	Measurable Outputs	Proxy Indicator	Value
Government	TEG employee contributions towards taxes and benefits plans	Sum of benefits paid by all FY16 TEG hires (tracked through payroll system)	\$90,543.22 <sup>16</sup>
	Reduced social assistance costs including support and shelter allowances and health (prescriptions, dental, optical, drug treatment programs)	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	\$164,232.67

<sup>15</sup> These findings are based on 48 completed responses to the employee survey, which was conducted anonymously by a third party benefits provider during June and July 2017. The response rate represents one third of all SRA TEG employees employed at APMI, and the percentages displayed in this report represent respondents to answered “agree” or “strongly agree” to the statement listed.

<sup>16</sup> APMI, *Payroll data*.

## TEG Employee contributions towards taxes and benefits

TEG employee contributions towards taxes and benefits equal cost savings for the government, who previously would not have collected taxes from these individuals and would have needed to provide employment insurance, disability insurance, and other social benefits. The value created through TEG employment is measured as the total amount that each FY16 TEG employee has paid in the form of tax payments and contributions towards health, insurance and pension contributions recorded by APMI's payroll function.

## Reduced social assistance costs

Through paid work, TEG employees are less reliant on government social assistance programs which include support, shelter and health allowances. The value of the cost savings for government was calculated by averaging the monthly cost to support a single unemployed person on social assistance and multiplying the total sum by the number of months worked by TEG employees. The average monthly cost savings was multiplied by 210, the total number of months worked by new TEG employees during FY16, and includes:

Type of Support	Amount	Notes/Assumptions
Support allowance <sup>17</sup>	\$235.00	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 <sup>18</sup> individual under 65 years of age.
Shelter allowance <sup>19</sup>	\$375.00	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. 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.
PharmaCare <sup>20</sup>	\$27.91	The total amount of drug claims by APMI employees in FY16 was \$30,808 divided by the average headcount of 92 APMI employees for the reporting period who work more than 30 hours per week and are therefore eligible for benefits, Recipients of income assistance receive 100% coverage of eligible prescription costs <sup>21</sup> .

<sup>17</sup> Government of BC (2017), *Income assistance rate table*.

<sup>18</sup> PWD = Persons with Disabilities; PPMD = Person with Persistent Multiple Barriers.

<sup>19</sup> Government of BC (2017), *Income assistance rate table*.

<sup>20</sup> APMI, *Total spend on prescriptions*.

<sup>21</sup> Information on the average prescription spend of a person on social assistance was unavailable, so the current spend of APMI employees has been selected as a proxy indicator.

Dental benefits <sup>22</sup>	\$41.66	If you are on income or disability assistance, you may be eligible for up to \$1,000 every 2 years for basic dental services.
Optical program - eye exam <sup>23</sup>	\$1.95	Allowed an eye exam every 2 years by either an optometrist, \$44.83, or ophthalmologist, \$48.90.
Christmas supplement <sup>24</sup>	\$2.92	Christmas supplement of \$35.
<b>TOTAL</b>	<b>\$684.44</b>	

Another component of social assistance savings comes from addictions treatment. People on social assistance are eligible for up to \$500 per year for alcohol or drug treatment<sup>25</sup>. For this calculation, the assumption was made that an average of \$250 per year is spent on each person with addiction issues. At APMI, 53% of the TEG hires struggle with addiction. This calculation led to a total annual cost savings on \$4,750 in total.

Additionally, the monthly premium for the medical services plan (MSP) was \$75 during the 2015/2016 reporting period. This premium is 100% covered by the provincial government for those with income under \$22K<sup>26</sup>. APMI paid \$1,170 in MSP costs for TEG hires during the reporting period, creating savings for the government in this area.

The overall social assistance savings totaled \$149,652.97, which includes \$684.44 per month that TEG employees worked (210) in FY16 (\$143,732.97), \$4,750 in total for addiction costs, and \$1,170 for MSP.

## 4.5 Downtown east side (DTES) community outcomes

Stakeholder	Measurable Outputs	Proxy Indicator	Value
DTES community	Increased local spend	50% of new funds available to new TEG employees spent locally (local multiplier effect applied)	\$659,442.54
	Higher availability of SRAs; Reduced shelter costs	Number of FY16 TEG hires able to move out of SRAs post-employment multiplied by the cost savings between SRAs and emergency shelters	\$109,500.00
	Increased community safety and security through the reduction of high crime rates in homeless populations	Average criminal justice costs in homeless vs. housed multiplied by the number of supportive housing places freed up as a result of hiring TEG employees	\$73,420.80

<sup>22</sup> Government of BC (2017), *Dental coverage*.

<sup>23</sup> Government of BC (2017), *Optical coverage*.

<sup>24</sup> Government of BC (2017), *General supplements & programs rate table*.

<sup>25</sup> Ibid.

<sup>26</sup> Government of BC (2017), *Monthly premium rates*.

Reduced health care costs as individuals move out of homelessness and into freed up SRAs	Average annual health care costs for homeless vs. housed multiplied by the number of supportive housing places freed up by hiring from TEG	\$24,400.38
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 FY16 TEG hires	\$46,056.00

### Increased local spend

APMI pays a salary higher than minimum wage, which increases the spending power of its employees significantly beyond previous social assistance or employment insurance benefits. This benefits local businesses and community members in the DTES area, as an average of 50% of funds<sup>27</sup> are typically spent locally. This social impact was determined by calculating the increased spending power, beyond any existing social assistance payments, of new TEG employees and using the average multiplier assumption that 50% of funds will be spent locally<sup>28</sup>. This resulted in a final value of \$690,942.54. The assumption of 50% of funds spent locally was tested in the sensitivity analysis and found to be reasonable.

Table 1: Local multiplier calculation

Enters	Remains
\$345,471.28	\$172,735.64
\$172,735.64	\$86,367.82
\$86,367.82	\$43,183.91
\$43,183.91	\$21,591.95
\$21,591.95	\$10,795.98
\$10,795.98	\$5,397.99
\$5,397.99	\$2,698.99
\$2,698.99	\$1,349.50
\$1,349.50	\$674.75
\$674.75	\$337.37
\$337.37	\$168.69
\$168.69	\$84.34
\$84.34	\$42.17
\$42.17	\$21.09
\$21.09	\$10.54
\$10.54	\$5.27
\$5.27	\$2.64
\$2.64	\$1.32
\$1.32	\$0.66
\$0.66	\$0.33
\$0.33	\$0.16
\$0.16	\$0.08
\$0.08	\$0.04
\$0.04	\$0.02
\$0.02	\$0.01
\$0.01	\$0.00
<b>\$690,942.54</b>	

### Reduced shelter costs

Social housing is linked to positive social impacts in the areas of 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 environment and is also felt by communities and the wider economy where cost savings related social programs may be realized. During FY16, 35% (6 out of 17) of TEG employees were able to move out of SRAs into another housing type, freeing up spaces for other at-risk, potentially homeless people in the DTES. A study in BC found that supported housing options, such as SRAs, for at-risk individuals with severe addictions and/or mental health problems are likely to improve life stability and overall well-being<sup>29</sup>. Supportive housing also creates significant cost-savings by reducing homelessness. Homelessness has been shown to create high costs for the community providing emergency shelter, healthcare and criminal justice services.

A BC Housing study estimated that the average daily cost of supportive SRAs is \$20-\$25 per day, versus emergency shelters which cost \$60-\$85 per day<sup>30</sup>. Taking the average of these figures, the cost savings per person is \$50 per day per housed individual. Multiplying

<sup>27</sup> 50% represents a halfway point between the NEF's "Plugging the Leaks" best (80% local spend) and worst (20% local spend) case scenarios.

<sup>28</sup> New Economics Foundation (2002), *Plugging the Leaks: Making the most of every pound that enters your local economy*.

<sup>29</sup> University of Victoria (2011), *Housing and Harm Reduction: A Policy Framework for Greater Victoria*.

<sup>30</sup> BC Ministry of Social Development and Economic Security and BC Housing Management Commission (2001), *Homelessness – Causes & Effects: The Costs of Homelessness in British Columbia*.

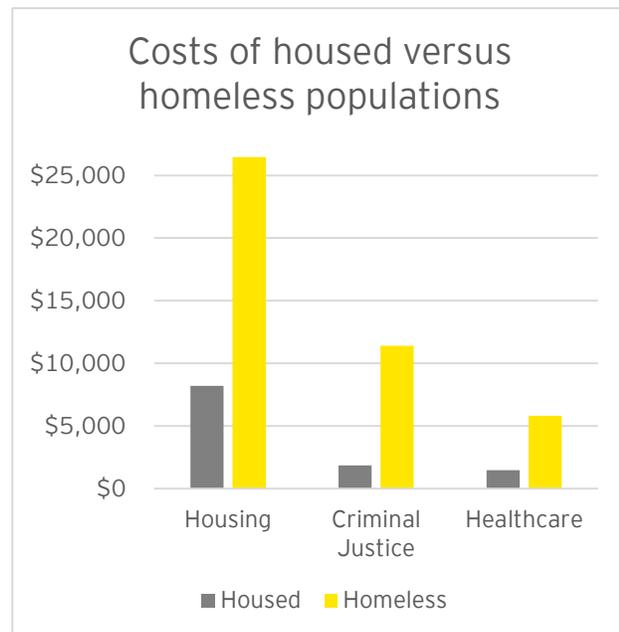
this by the number of TEG employees who were able to move out of SRAs, freeing up space for homeless people to move into them, this equals a cost savings of approximately \$109,500. Due to the range of costs given for shelter estimates, this assumption has been tested in the sensitivity analysis.

### Reduced crime rates

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 line<sup>31</sup>. 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 homeless people interviewed for the study involved in criminal activities were also those with the highest incidents of drug use so access to drug treatment programs in the housed population is also critical. The average criminal justice cost per person for homeless people is \$11,410 versus \$1,850 for housed people<sup>32</sup>. This represents a cost savings of \$9,560 per individual that moves from homeless to a housed environment. Assuming that the six SRA spaces resulted in six people moving from homeless to housed, this would mean a total cost savings of \$57,360. EY noted that the information used to produce this number is dated, so to produce the most reasonable estimate, this study used the cost savings updated by two percent per year to account for inflation and tested the assumption as a part of the sensitivity analysis. The assumption was found to be reasonable. The total estimated cost savings resulting from this social impact is \$73,497.60.



### Reduced healthcare costs

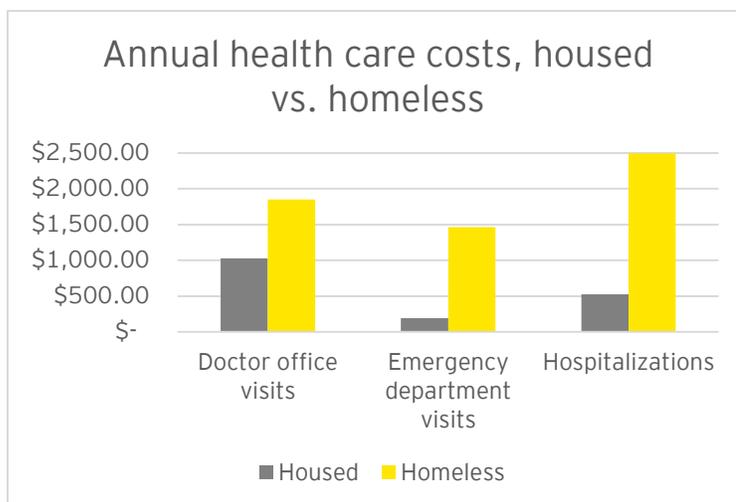
Research reveals a complex set of links between homelessness and health - people who are homeless tend to be poorly nourished, unable to get proper rest, unable to engage in proper health practices when sick (such as following a drug or treatment regime), live in congregate settings and are exposed to communicable disease as well as higher levels of physical and sexual violence. Out of the 1,847 homeless people counted in Vancouver in 2016, 78% reported one or more health conditions, including

<sup>31</sup> Scottish Drugs Forum (2007), *Drugs and Poverty: A literature review*.

<sup>32</sup> Government of British Columbia (2001), *The costs of homelessness in British Columbia*, pg. 30.

addiction and substance abuse, mental health issues and physical disabilities<sup>33</sup>. 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.

In a 2012 study titled *The Real Cost of Homelessness*<sup>34</sup>, health care costs are broken out into three categories: doctor office visits, emergency department visits, and hospitalizations. Research shows that homeless people have higher rates of health care utilization than housed people across all three categories. The most significant discrepancies are regarding hospitalization and emergency department visits. 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. In a Toronto-based study on *Health Care Utilization in Homeless People*<sup>35</sup>, 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 person.



The overall annual health care costs for a homeless person is approximately \$5,809.00 versus \$1,742.27 for a housed person. Assuming that the six SRA spaces resulted in six people moving from homeless to housed, this would mean a total cost savings of \$24,400.38. To account for the variation that this number may not accurately represent, the assumption has been tested in the sensitivity analysis and found to be reasonable.

### Reduced reliance on food banks and meal programs

According to a 2016 Provincial Health Services Authority study "Food Costing in BC 2015", 12.7% of British Columbians experienced food insecurity in 2015. Food insecurity includes worrying about running out of food, not being able to afford healthy good, and missing meals or going hungry<sup>36</sup>. In 2015 the estimated monthly food cost for an individual living in the Vancouver Coastal Health region was \$303.00<sup>37</sup>. In order to calculate a proxy value for this social impact, the study assumed that prior to employment with APMI, TEG individuals struggled to meet basic food needs. If they needed support for at least one meal per day through a meal program or food bank, this would result in a cost of \$1,212 per person per year. By multiplying this amount by the number of TEG employees hired during FY16, this results in \$45,056 in total cost savings. To test this assumption, for reasonability, this impact was included in the sensitivity analysis and found to be reasonable.

<sup>33</sup> City of Vancouver (2016), *Vancouver Homeless Count*.

<sup>34</sup> Gaetz, Stephen (2012), *The real cost of homelessness*.

<sup>35</sup> Hwang and Henderson (2010), *Health Care Utilization in Homeless People: Translating Research into Policy and Practice*.

<sup>36</sup> "Food Costing in BC 2015", Provincial Health Services Authority, <http://www.phsa.ca/population-public-health-site/Documents/2015%20Food%20Costing%20in%20BC%20-%20FINAL.pdf>.

<sup>37</sup> 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.

## 4.6 Additionality considerations

The following considerations have been applied to the social impact measurement of the APMI hiring program to achieve a more accurate representative amount of SROI. Where possible, external research has been applied to validate the estimates used for the additionality considerations. The table below summarizes the analysis for each consideration applied:

Consideration	Description	Analysis	Conclusion
<b>Deadweight 10%</b>	Deadweight is a measure of the amount of outcome that would have happened, even if the activity had not taken place. It is calculated as a percentage.	The criteria of the APMI target employment group encompasses the most at-risk populations in Vancouver. Upon entering the APMI employment program, many TEG individuals lack basic educational requirements and professional skills to retain a steady job. It is highly unlikely that most TEG employees would find work on their own without APMI's support. After job training and experience working with APMI, individuals are often promoted to positions such as building managers or move on to steady employment with other organizations.	Based on this information, it is highly unlikely that the outcomes in this study would have occurred without APMI's intervention. The deadweight assigned to this activity has been estimated to be 10%.
<b>Displacement 15%</b>	Displacement is an assessment of how much one outcome displaced other outcomes.	Some displacement occurs with APMI intervention because for every person hired, another person theoretically could have gotten the job. However, the positions filled with TEG employees are typically geared towards an at-risk population and these positions are typically not offered to the average job-seeker in Vancouver. Additionally, an on-call list is created to ensure that all TEG individuals who wish to find employment with APMI are able to find part-time employment upon completion of training.	The UK government recommends a displacement sensitivity of 20% for supply side employment programs <sup>38</sup> . However, due to the unique positions offered by APMI that specifically target the at-risk populations, this has been adjusted down slightly to 15%.

<sup>38</sup> Department for Work and Pensions (2013), *Social Cost-Benefit Analysis Framework*, pg. 22.

<p><b>Duration</b> 5 years</p>	<p>Duration is the amount of time that the outcome will last. It should be long enough to encompass the benefits activities will generate without overestimating them.</p>	<p>In order to determine the duration of benefits, this study referred back to the participants in FY13. Out of 109 TEG employees hired during FY13, 21 are still currently employed with APMI. This means that approximately 18% of TEG employees have left the organization, and APMI supported work environment, annually. Employees believe that their APMI experience is valuable over the long-term which contributes to the longevity of their employment and subsequent success after leaving the organization.</p>	<p>To determine the appropriate duration to use in light of the conclusion that the program generates benefit over the long-term, external studies a similar field (i.e. employment impact studies) were consulted. Three SROI reports that examine employment-type programs all selected a duration period of five years, and as such this duration was deemed appropriate for this study.<sup>39</sup></p>
<p><b>Attribution</b> 20%</p>	<p>Attribution is an assessment of how much of the outcome was caused by the contribution of other organizations or people. It is calculated as a percentage.</p>	<p>Although all TEG employees receive Open Door Group training prior to commencing employment with APMI, it was noted that the majority (approximately 60%) of employees first approach APMI and are then referred to Open Door Group. Prior to partnering with Open Door Group, APMI also provided training in-house so without the existence of Open Door Group, some benefits would still occur but at a higher investment by APMI. The estimated rate of 20% was selected to represent this.</p>	<p>Through discussion between EY and APMI, it was agreed upon to set the attribution at 80% for APMI, with 20% attributed to the training that Open Door Group provides. Due to limited information available, it is important to note that this is a judgmental estimate.</p>
<p><b>Dropoff</b> 10%, 20%, 40%, 60%</p>	<p>In future years, the amount of outcome is likely to be less or will be more likely to be influenced by other factors.</p>	<p>The drop-off estimate varies from study to study. The closest relevant study, with Avalon Employment<sup>40</sup>, chose to increase the drop off rate for each year (Year 2: 10%, Year 3: 20%, Year 4: 40%, Year 5: 60%), while the Remploy study<sup>41</sup> chose to use the turnover rate as the drop-off rate (13.5%).</p>	<p>This study considered using the turnover rate (18%) for the drop-off but determined that the Avalon approach was more reasonable. This theory is tested in the sensitivity analysis due to differing possible approaches.</p>

<sup>39</sup> The three studies that used a five year duration period were: Opening doors & Employment Solutions (2014), *Social Return on Investment*, Remploy (2013), *Individual Placement and Support*, Avalon Employment (2012), *Social Return on Investment Pilot Project*.

<sup>40</sup> Avalon Employment (2012) *Social Return on Investment Pilot Project*.

<sup>41</sup> Remploy (2013), *Individual Placement and Support*.

## 5. Findings

### 5.1 Social impact of APMI hiring strategy

The information provided by APMI indicated that during FY16, 38 new hires met the TEG criteria, resulting in 93% of the total new hires. This far surpassed APMI's target of 80%. The SROI analysis revealed that the total inputs from APMI to hire TEG employees was \$564,730 during the reporting period and the total value of outputs was \$2,333,096. This resulted in a final value of \$4.13:\$1, meaning that \$4.13 in benefits were generated for every \$1 invested by APMI<sup>42</sup>. The benefits that make up the total value are exclusively as a result of the APMI activity of hiring employees from the target employment group, and benefit the following stakeholders: TEG employees, government, and the DTES community. It is important to note that increased quality of life for TEG employees was consistently identified as the top benefit of the strategic hiring program through interviews with APMI personnel, however, due to limitations in SROI methodology we were unable to assign a proxy value to this benefit. The impact of increased quality of life is thus discussed qualitatively only.

The study also considered the value of the existence of APMI as an organization and the societal benefits that the organization brings. This analysis was not included in the total SROI calculation as it does not rely solely on the activities of the strategic hiring program. The benefits of the existence of APMI generally are qualitatively described below:

**\$4.13 in benefits were generated for every \$1 spent by APMI during FY16.**

#### **APMI clients**

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 giving back to the community through APMI benefits the organization and provides the client with satisfaction. APMI has received feedback from clients that they prefer to work with a socially-minded organization, and it has also raised awareness about the work the AWRS does. Further study is warranted in this area to better understand the social impact that APMI's work has on its clients.

#### **AWRS and the DTES community**

APMI donates 70% of its profits to AWRS, which supports efforts to provide housing for vulnerable women. In FY16, APMI donated \$124,644.75 to AWRS<sup>43</sup>.

APMI also works with vendors who choose to provide the value of goods and services to APMI as a donation to AWRS. During FY16, \$104,190.88 was reported for the value of vendor donations<sup>44</sup>. This is a significant improvement from FY13, when the partnership between APMI and vendors first began and the estimated value was \$30,000 to \$50,000 per year.

Another area to be considered for future analysis is the value that APMI brings to securing social housing properties for AWRS. The value of APMI is used to help leverage loans to purchase properties

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<sup>42</sup> Refer to Appendix A for SROI calculation spreadsheet.

<sup>43</sup> APMI, 2015-2016 profits.

<sup>44</sup> APMI, 2015-2016 vendor donations.

which are then rented out as social housing by AWRS. Two properties have been purchased with the financing leveraged by APMI's business<sup>45</sup>:

- ▶ 120 Jackson/502 Alexander provides 30 units of housing. There are 18 SRAs and 12 self-contained studio units which are rented out at the maximum social assistance shelter allowance of \$375 per month.
- ▶ 41 East Hastings will provide (occupancy anticipated for 1 December 2017) 198 units of rental housing, all of which are studio or one bedroom self-contained units. 52 of the units are rented out at the maximum social assistance shelter allowance of \$375 per month, 68 are rented out at 30% of gross annual income for individuals and families making between \$34-\$48,000 per year, and 78 at a low end market value of \$1,242 for a studio and \$1,516 for a one bedroom apartment.

### **Employees' families**

As employees with steady income, APMI staff are able to make spousal and child support payments that they were previously, when unemployed, unable to make. During FY16, APMI employees made a total of \$17,188.70 in spousal support payments directly through the APMI payroll system<sup>46</sup>.

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<sup>45</sup> APMI, *purchased properties*.

<sup>46</sup> APMI, *2015-2016 garnished wages*.

## 6. Sensitivity analysis

After calculating the ratio, it is important to assess the extent to which results would change if the assumptions from the SROI calculations were to be adjusted. The aim of such an analysis is to test which assumptions have the greatest effect on the SROI model.

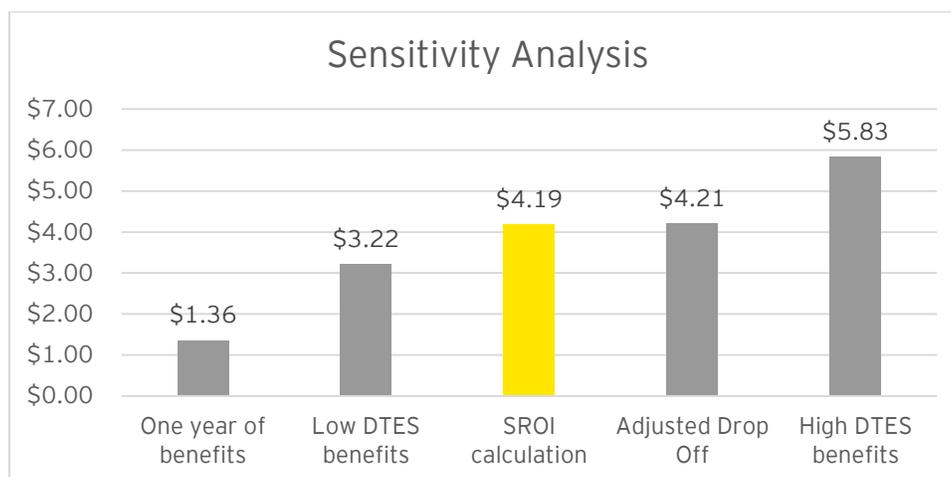
The standard requirement is to check changes to:

- ▶ Estimates of deadweight, attribution and drop off,
- ▶ Financial proxies,
- ▶ The quantity of the outcome, and
- ▶ The value of inputs, where applicable<sup>47</sup>.

The sensitivity analysis tests the validity of the study results by testing the assumptions judged to be the most significant in calculating the \$4.13:\$1 ratio. The following tests were conducted to assess the sensitivity of the results:

- ▶ Decreasing the benefit duration period from 5 years to only 1 year,
- ▶ Changing the proxy assumptions that relied on external research for the DTES benefits to the lowest reasonable assumption and the highest reasonable assumption, and
- ▶ Adjusting the drop off period to 18%, the APMI turnover rate, as some other studies have done.

The sensitivity analysis yielded results that are illustrated in the table below:



### One year of benefits

The test that showed the highest sensitivity was the benefit period, where a duration of only one year showed just a \$1.34 return on investment. This test involved disregarding the duration period of 5 years as well as the drop off calculation and assumed that all benefits to all stakeholders would become \$0 after the first 12 month period. The purpose of the test was to assess whether the benefits are still positive without considering the effects that persist beyond the direct APMI investment period (FY16). In reality, however, it is extremely unlikely that the benefit period would be limited to just 12 months based on anecdotal evidence from APMI employees as well as external research on supported

<sup>47</sup> SROI Network (2012), *A guide to Social Return on Investment*, pg. 64.

employment environments, which is described in section 4.6 Additionality considerations. This test demonstrates, however, that even if the benefit was limited to only one year instead of five, it would still yield a positive ratio of \$1:\$1.34.

### **Low/High DTES benefits**

The proxy values that relied heavily on external research and estimations are the social impacts related to the DTES community stakeholder group. These impacts are: increased local spend, reduced homelessness, increased community safety and security, reduced healthcare costs and reduced reliance on food banks and meal programs. For each of the impacts, external research and estimation provided a range for reasonable low to high proxy values to consider. The SROI calculation selected the average value as the appropriate metric to use. To test this analysis, the SROI was re-run using both the lowest and highest reasonable estimates for each of the impacts to determine the effect. Using the low estimates, \$3.27 in benefits are generated for every \$1 invested by APMI, an approximately 20% overall reduction from the SROI analysis. Using the high estimate, \$5.88 in benefits are generated, an approximately 40% increase from the SROI analysis. The testing shows that these impacts are fairly sensitive; however, the SROI calculation uses an average that is in between the two extremes and is closer to the lowest reasonable estimate. It is reasonable therefore to conclude that the value of these social impacts are not being overstated.

### **Adjusted drop off**

The final sensitivity test assesses the impact of the assumption made for the drop-off percentage used in the SROI calculation. The drop-off calculations were based on external resources and there was little theoretical consensus on the most appropriate values to apply to this SROI. There were two reasonable options to consider based on external research. The first option was to mimic a comparable study which doubled the drop-off annually, from 10% to 60% over the 5 year duration. The second option was to mimic a second study which used the annual turnover rate for the drop off calculation. The first option was selected for this SROI calculation, but the second option was also tested using the APMI TEG employee turnover rate of 18% per year. The results showed virtually no change in the overall benefits, adjusting from \$4.13 to \$4.16 for every \$1 invested by APMI. Consequently, the drop-off percentage assumption was concluded to be reasonable.

Overall, the results from the sensitivity analysis support the SROI calculation of \$4.13 for every \$1 invested by APMI as a reasonable result based on the methodologies used.

## 7. Go-forward considerations

The analysis in this study is based primarily on the theory of change (analysis of organization activities, affected stakeholders and impacts) created for the FY13 report, which has been validated through interviews with APMI management and external research where appropriate. The management interviews confirmed that the impact map was largely still relevant for this reporting period. Considering the developments of SROI methodology over the past five years and the growth of APMI, however it would be beneficial to update the stakeholder and impact maps prior to the next assessment. In particular, additional direct engagement with the stakeholders identified on the impact map to update the assessment may identify additional impacts and provide opportunities to quantify some of the more qualitative benefits.

## Appendix A: SROI calculation details

Financial Proxy, and deductions from net benefit						
Activity	Stakeholder Group	Type of Outcome	Benefit of Outcome per Stakeholder Group per Year	Deadweight %	Displacement of other existing activities %	Attribution to others%
Hiring target employees	TEG Employees	Increase in employability and job skills	\$112,594	10.0 %	15.0 %	20.0 %
		Increased quality of life, health (physical and mental) and well-being	Qualitative	Qualitative	Qualitative	Qualitative
	Government	Greater fiscal contributions from employees	\$90,543	10.0 %	15.0 %	20.0 %
		Reduced social assistance costs	\$149,653	10.0 %	15.0 %	20.0 %
	DTES Community	Increased local spend	\$690,943	10.0 %	15.0 %	20.0 %
		Reduced homelessness due to increased availability of SRAs	\$109,500	10.0 %	15.0 %	20.0 %
		Increased community safety and security	\$73,421	10.0 %	15.0 %	20.0 %
		Reduced healthcare costs	\$24,400	10.0 %	15.0 %	20.0 %
		Reduced reliance on food banks and meal programs	\$46,056	10.0 %	15.0 %	20.0 %

Impact Outcomes & Calculations							
Activity	Stakeholder Group	Type of Outcome	Impact per Year for all Stakeholder Groups				
			Year 1	Year 2	Year 3	Year 4	Year 5
			[total benefit - deadweight - displacement - attribution]	[year 1 - dropoff (10%)]	[year 2 - dropoff (20%)]	[year 3 - dropoff (40%)]	[year 4 - dropoff (60%)]
Hiring target employees	TEG Employees	Increase in employability and job skills	68,908	62,017	49,613	29,768	11,907
		Increased quality of life, health (physical and mental) and well-being	Qualitative	Qualitative	Qualitative	Qualitative	Qualitative
	Government	Greater fiscal contributions from employees	55,412	49,871	39,897	23,938	9,575
		Reduced social assistance costs	91,588	82,429	65,943	39,566	15,826
	DTES Community	Increased local spend	422,857	380,571	304,457	182,674	73,070
		Reduced homelessness due to increased availability of SRAs	67,014	60,313	48,250	28,950	11,580
		Increased community safety and security	44,934	40,440	32,352	19,411	7,765
		Reduced healthcare costs	14,933	13,440	10,752	6,451	2,580
		Reduced reliance on food banks and meal programs	28,186	25,368	20,294	12,176	4,871
				793,831	714,448	571,559	342,935

SROI Inputs & Calculations			
		<b>Discount Rate</b> <sup>48</sup>	3.5 %
		<b>Type of Outcome</b>	<b>Impact</b>
Hiring target employees	TEG Employees	Increase in employability and job skills	205,186
		Increased quality of life, health (physical and mental) and well-being	-
	Government	Greater fiscal contributions from employees	165,002
		Reduced social assistance costs	272,720
	DTES Community	Increased local spend	1,259,140
		Reduced homelessness due to increased availability of SRAs	199,574
		Increased community safety and security	133,798
		Reduced healthcare costs	44,466
		Reduced reliance on food banks and meal programs	83,930
	<b>Total Present Value:</b>		
<b>Less Annual Program Cost:</b>			\$564,730
<b>SROI:</b>			<b>\$ (4.19)</b>

<sup>48</sup> EY selected discount rate based on generally accepted discounted rate for SROI (please refer to SROI Network (2012), *A guide to Social Return on Investment*, pg. 67).

## Appendix B: References

### Internal APMI data

APMI, *2015-2016 garnished wages*

APMI, *2015-2016 profits*

APMI, *2015-2016 vendor donations*

APMI, *client donations*

APMI, *payroll data*

APMI, *purchased properties*

APMI, *total spend on prescriptions*

APMI, *value of Open Door Group training*

### External research

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