The Cost of Homelessness: Analysis of Alternate Responses in Four Canadian Cities

Prepared for

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Executive Summary

While the homeless population is diverse, both Canadian and US research have documented the phenomenon under which a relatively small number of chronic homeless individuals consume a disproportionate volume of resources, primarily in the institutional and emergency parts of the system. In many cases, these individuals suffer from mental health and substance abuse and require ongoing treatment and supports in order to live in the community. Supportive housing, with levels of supports designed and funded in accordance with the particular needs of target populations can be effective in enabling such individuals to live in a community setting.

At the same time a much larger population of individuals, including youth, recent immigrants adult singles and families, experience periods of difficulty related primarily to economic circumstances. A mismatch between earning capacity, income and the cost of housing result in situations where such households are either "at risk", or experience a period of homelessness due to rental arrears and eviction. These homeless individuals, or in some cases families, also tend to consume resources, largely in the emergency system – shelters and hospitals as well as in the criminal justice system, especially pre-sentencing lockup/detention facilities as well as corrections facilities.

This report updates two separate analyses undertaken in 1998 and 1999 in Toronto and Vancouver respectively to develop current estimates of the relative cost of addressing homelessness across a range of responses. It also expands on the earlier analysis by adding data for two other cities, Montreal and Halifax.

The primary research question examined is the relative cost of addressing homelessness through institutional and emergency response systems, such as psychiatric hospitals and treatment centres and emergency hostels and shelters compared to purposefully designed community based supportive and affordable housing.

The current analysis involves first a brief literature review to determine the extent to which other research has measured and documented relative costs and benefits of institutional/emergency versus supportive housing options. Subsequently, cost estimates were developed for a cross section of responses to homelessness, based on current practices and case studies of existing service providers in Vancouver, Toronto, Montreal and Halifax.

Overview of Literature Review

A recent comprehensive literature review completed in Australia (AHURI, 2003) documents a number of research findings that clearly quantify reductions in costs associated with hospital admissions, use of emergency outpatient services, reduced incarceration and lower use of emergency shelters when secure housing and appropriate support services are made available to homeless individuals. This research evidence covers a spectrum of client types including those with mental illness, substance abuse, youth and veterans.

An additional literature review, which is predominantly Canadian, tends to focus more particularly on mental health research, similarly quantifies positive outcomes and reduced expenditures for supportive housing relative to hospital and institutional costs.

In particular, the City of Toronto shelter audit and the assessment of the Toronto Tent City emergency pilot point to some critical barriers and constraints in the homeless system. The backlog of extended stays in the Toronto shelter system is a reflection of insufficient capacity in the transitional and supportive parts of the system through which shelter users should ideally transition. While the Tent City pilot demonstrates that even long term homeless victims can be successfully housed, and more significantly can retain their housing with some limited ongoing supports, the level of rental assistance that facilitated this outcome is not normally available under existing programs. In the absence of an emergency situation and politicized process to adjust program rules and funding levels, this pilot could not be replicated. Specifically the levels of rental allowances available are insufficient to cover the costs of accessing existing accommodations, which is a prerequisite to securing appropriate housing.

Methodology Used in Costing Analysis

The analysis of cost used two approaches. The first approach examined a cross section of existing institutional, emergency and supportive housing in each city. Costs were extracted from recent financial statements or obtained directly from operators.

One issue in using the costs of **existing** service providers is that they typically operate in premises that are either owned outright by the operator, or were funded and receive ongoing subsidies based on historic building costs that are no longer realistic. Accordingly a second step in the costing process involved the development of cost estimates assuming the premises were built at today's costs.

The **new** developments are assumed to carry ongoing subsidies to fully amortize the capital cost of this new development (based on assumption that any rent payments used to support operating and mortgage financing derive from income assistance and are thus an indirect additional public cost).

In both cases, support service costs are added to the property operating and debt servicing costs to determine total ongoing cost estimates. These current costs are then compared against a range of institutional and emergency operations. Comparisons are on a per day and annualized basis.

Highlights from the Costing Analysis – Existing Facilities

- Overall costs tend to be significantly higher for institutional responses than is the case for community/residentially based options – even when a fairly high level of service is provided in the later. Institutional uses often incur daily costs well in excess of $200/day and depending on facility and city reaches as high as $600/day.

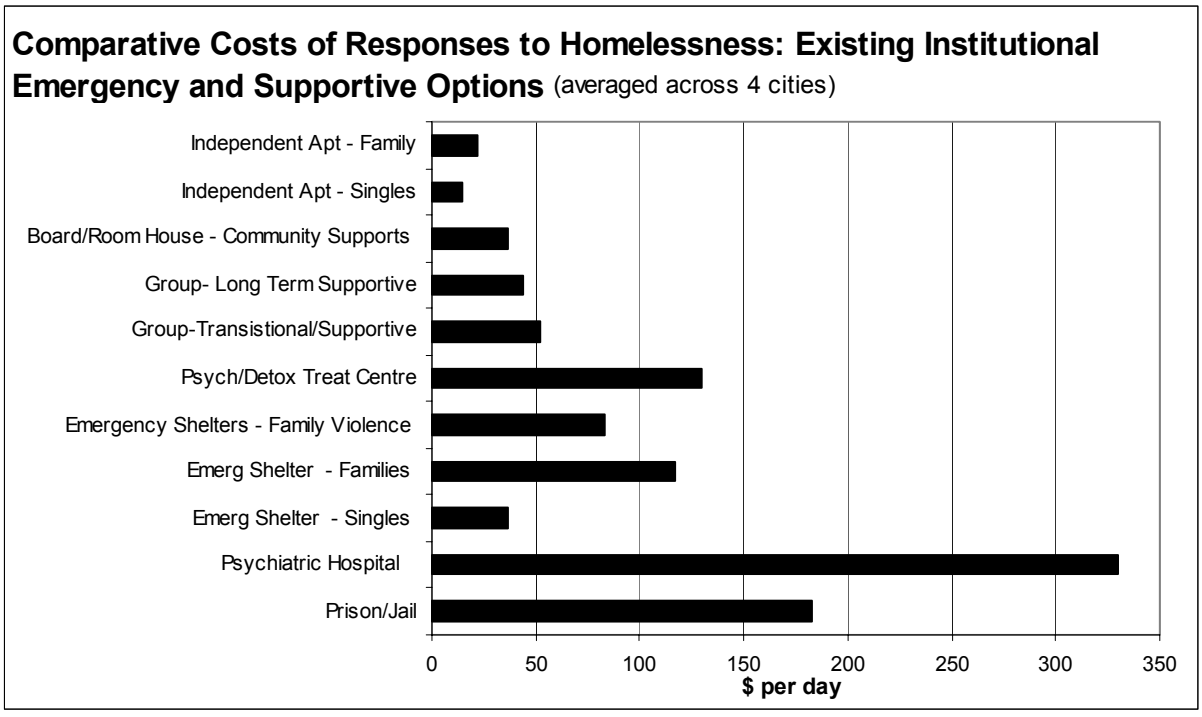
- Emergency services also tend to involve higher costs than the community/residentially based options. On a daily basis costs to operate emergency shelters – providing a bed, three meals and minimal supports, are in the order of $25-$110. The low end reflecting only overnight dormitory style accommodation; the high end including 24/7 service and a

higher degree of support services. Again these vary across cities, facilities and across client groups. They are lower for singles than families, although if determined on a per person basis this later variation would be much narrower (the high end reflects mainly meal allowances for a 4 person household living in a motel).

- The cost estimates for transitional and supportive housing suggest a wide range mainly due to the very diverse range of client types. However, even at the high end (roughly $60 per day) these are lower than institutional and emergency costs.

On an annualized basis costs in *existing responses*, averaged across the four cities are:

- Institutional responses (prison/detention and psychiatric hospitals): $66,000 to $120,000;
- Emergency shelters (cross section of youth, men's women's, family and victims of violence): $13,000 to $42,000;
- Supportive and transitional housing: $13,000 to $18,000; and
- Affordable housing without supports (singles and family): $5,000 to $8,000.



Highlights from the Costing Analysis – New Residential Developments

When estimates are developed for new construction costs and these are combined with current support costs across a range of support levels from no supports to fairly intense, the costs of supportive housing options remain significantly lower than costs of institutional and emergency services for comparable sub-populations of homeless individuals and families (costs for

institutional and emergency options reflect current costs – no attempt was made to develop parallel cost estimates for new development of such facilities).

- With these updated costs, supportive housing with a high level of support, including 24 hours/7 days per week staffing involves just over two-thirds (70%) of the cost of institutional tertiary care.

- Supportive and transitional housing such as that provided by organizations like the John Howard Society and Elizabeth Fry, as well as groups homes for individuals at risk of homelessness involve costs up to one-tenth (6%) those for incarceration of provincial corrections facilities.

- The cost of supportive or permanent housing with minimal supports is roughly 30% to 73% that of the cost of operating emergency shelters. Savings for emergency shelters is most significant where families can be diverted quickly into residential options, rather than occupying shelters or motels.

Relative Cost of Institutional /Emergency Response and Comparable Supportive Options *(average across cities)*

Option A (Inst/Emergency)	Option B (Supportive) *	Cost Comparison (B/A)
A-1 Psychiatric Hospital or Treatment Centre	B-1 Shared Dwelling/High Support	70%
A-2 Detention Centre/Lock-up	B-2 Shared Dwelling/Light Support	6%
A-3 Singles Emergency Shelters	B-3 SRO Unit/Light Support	73%
A-4 Family Emergency Shelters	B-4 Family 3 Bed T/H - Light Support	30%

* (Support levels “Light” and “High” defined in section 3)

These costs reflect total costs to government and assume that in most cases program clients will also receive income assistance benefits – the shelter component of these benefits is included in the supportive housing costs (amortized and included in annual estimate). In cases where tenants are successful in moving into the labour force, either part time or full time, subsidy costs may be reduced and governments will generate revenues from taxes. This analysis does not include any such ancillary revenue impacts. As such costs of supportive housing used in this report may be over stated and represent a conservative “worst-case” cost to government.

In addition to the expenditure impacts reported here, various evaluations documented in the literature review also reported improved non financial outcomes in terms of improved quality of life and increase individual or family satisfaction with community based responses compared to former institutional experience.

What does this mean for future policy and program initiatives?

This analysis has identified cost comparison in existing and new facilities where a large portion of the costs are fixed, not marginal. The real estate operating costs are incurred regardless of whether units or beds are occupied or vacant, and there is no saving when facilities are occupied below capacity. In the case of support costs, these are, to a large degree, driven by case-loads of support workers, but even here a relatively standard number of staff and associated overhead costs are usually retained, so again costs do not decline with lower case loads.

Where the cost advantage of the supportive and affordable housing options become meaningful is in addressing future demand, which will inevitably increase as populations continue to expand. Directing new investment to the lower cost (and arguably more effective) supportive option is likely to be more cost efficient than investing in new prisons, psychiatric hospitals and emergency shelters.

To the extent that the supportive options help to divert or accept clients of existing institutional and emergency options, the existing capacities can be used more effectively and large capital investments minimized (or reallocated to supportive community based options).

Focusing more specifically on emergency shelters that are specifically intended to address homelessness, it is evident from this analysis that investment in long-term supportive options, and potentially in affordable independent living, is a better form of investment than directing limited funds to build more emergency shelters.

A critical issue in achieving these outcomes is that current resources are consumed by existing facilities, and these are operated and funded in different jurisdictions and by different departmental budgets. New funding to implementing these options is required. However in securing new funding, or reallocating from potential efficiencies there is an interdepartmental and intergovernmental constraint.

Health and social service ministries and agencies are key players in designing and funding support services. Meanwhile housing funders and providers, especially non-profit community based organizations have valuable expertise in operating and managing the necessary residential properties to which support services can be attached and integrated. Increased cross-sectoral collaboration and capital planning will be required to implement a complete and well functioning continuum.

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1. Introduction

The National Secretariat on Homelessness (NSH) wishes to assess the relative cost-benefits of investing federal funds to support activities in the areas of transitional housing, supportive housing and homeless prevention. As part of this analysis the NSH has requested Focus Consulting Inc. to update and expand previous cost analysis undertaken in Canada. The two primary previous studies were undertaken for the Toronto Mayor's Homeless Action Task Force (Golden Report) in 1999 and in BC for the then Ministry of Social Development and Economic Security (2001) and provide costs for Toronto and Vancouver respectively. [1]

This previous work and the current update focus mainly on the cost part of the cost-benefit assessment. It does not explicitly measure the outcomes or relative benefits of each approach, although to a degree levels of benefit are reflected in service levels (i.e. level and types of supports provided).

The methodologies used involved a two-step cost analysis.

First current costs for a full range of response across the continuum were determined based on data obtained from a range of providers from institutional, emergency, transitional, supportive and independent living.

Second, because a key part of the cost relate to creating and operating a property, and because real estate costs for new development are significantly higher than those in existing properties, developed at historic cost, estimates of the cost to create new facilities were developed. Various types of support services were then layered across the residential platforms to identify the likely housing and support costs for new initiatives. This methodology is reviewed and updated in section 3 of the current report.

In both previous studies, the costing analysis was undertaken on a case study basis. A cross section of existing properties and operators were identified for each cell in a housing and support matrix and current operating data obtained from operators. More than one sample project was sought for each cell so that a range of service levels and operating experience could be used to generate cost estimates. Consultation with provider-experts helped to ensure that the range was cross-sectional.

The strength of this research was in developing a dual continuum with a matrix of housing and support options – thus it can be used to assess the service needs and cost across the diverse range of the homeless and at risk population, among whom capacity to live independently varies widely and accordingly so does the intensity of support. So no one cell is appropriate for all individuals – each would ideally be matched with an appropriate level of support and residential option.

[1] The work in Toronto was a background study, reflected in the final Report of the Task Force. Pomeroy, Steve and Will Dunning, 1998. *Cost and Benefits of Shelter Responses to Homelessness*. City of Toronto. The BC report represented one volume of a four volume report published in 2001, although cost data were collected in late 1999 and 2000.

The 1999 BC study built on the initial Toronto research, replicating the two-stage cost analysis and adding a new element, an estimate of the intensity and nature of service utilization. This involved in-depth interviews with a panel of twelve homeless and formerly homeless individuals as well as access to administrative data from an array of service providers. This element is **not replicated** in the current work – it is expected that this will be investigated in a separate randomized control trial, being considered by HRSDC.

Another weakness is that estimated costs were for current (or past) year. Although presented on a per day basis for comparison purposes – they do not reflect anticipated inflating costs over time. Nor did they seek to determine a net present value of expenditures that would continue to flow over an ongoing operating period.

Finally, the cost of support services are typically driven by current per diem funding levels (and in some cases, historic negotiated contracts, which have not been indexed or updated) as distinct from what might be an appropriate level of service and related expenditure. The analysis in Toronto did investigate the degree to which providers experienced higher costs and sought additional funding to cover these (usually through ongoing fund-raising activities). While an attempt is made to describe the level of support provided, there is no analysis of the outcomes or benefits of these interventions, either to the individual or in general.

The analysis presents direct costs (i.e. subsidy costs) to government only (i.e. it ignores any cost funded via fundraising).

There is an implication that higher cost responses are less efficient than those that involve lower government cost. This may be true in some cases but will not necessarily always follow. Other issues beyond cost may be more important. For example, when a homeless person commits a crime with resulting incarceration and associated relatively high costs in the criminal justice system. It is not clear that an alternate response would have been appropriate, unless this involved a prevention strategy (e.g. provision of housing and help to find work), which might reduce risk of committing the crime that led to incarceration.

In other cases, especially those related to mental health and substance abuse, critical characteristics among the chronic homeless population, more stable housing situations, together with appropriate levels of community based supports may have broader impacts and lead to reductions in shelter use, hospitalization, and time incarcerated [for example see Culhane, D., S. Metraux, et al. (2002). Rosenheck, R. and C. Seibyl (1998); Ontario Ministry of Health and Long Term Care 2004].

This suggests that supportive housing can be more cost effective than an array of emergency services and is the key focus of this current costing analysis. This was in fact one of the findings of the earlier research undertaken in 1998 and 2000. That is not to say that emergency services are not necessary. Within a systems approach investment in both emergency services, emergency shelters and more proactive transitional and supportive options all have a place. The key policy question is what is the right balance and how can limited public investment be allocated most effectively toward the goal of reducing homelessness.

Following this introduction, this report is organized into three sections:

- Brief literature review of recent research with a focus on empirical work that has measured costs and outcomes (benefits) from differing responses.

- Updating cost of alternate responses both current costs and projected costs for new initiatives providing supportive and permanent housing. Separate costs are presented for four cities, to provide a national cross section: Toronto, Vancouver, Montreal and Halifax.

- Summary and conclusions

2. Brief Literature Review of Recent Research

With homelessness becoming an increasingly important issue in the policy arena, there has been an increased interest in the cost and benefits of program responses to homelessness as well as an interest in the costs of doing nothing. That is, what is the broader cost impact on government as well as societal impacts of an ineffective or lack of responses to homelessness?

The implication is that costs are already being incurred and better assessment of these impacts can help to redeploy current less effective expenditures to achieve more positive outcomes through pro-active programming rather than reactive emergency type responses.

While there is a fairly extensive literature in the field of mental health, specific cost-benefit analyses that link housing and supportive interventions to outcomes in mental health, general health and welfare, labour market attachment, education and quality of life are more limited.

The terms of reference for the current work do not scope an in-depth literature review and analysis. The scope only permits a brief survey to determine if there is any recent and relevant work in this area. Since the current work is developing a set of estimates on costs, the emphasis here has been placed on research work that identifies outcomes and benefits.

First, this review draws on a detailed literature analysis recently undertaken by colleagues in Australia – which covered primarily North American literature.[2] Subsequently some additional more recent studies are reviewed.

2.1. Key Findings of Cost-Effectiveness and Cost-Benefit Research from AHURI

This Australian review is both detailed and systematic in examining recent literature (mainly since the mid 1990's) that involved some degree of quantitative measures of the costs and/benefits of homelessness. The review specifically sought research work that addressed two key questions:

1. What are the costs of homelessness to (a) the individual (b) governments (c) and the broader community, in advanced industrial countries

2. What are the costs and benefits of alternative policy interventions by government to reduce homelessness in the portfolio areas of (a) housing and homelessness services (b) health, including mental health and welfare services (c) justice and (d) education, training and unemployment .

[2] *Counting the Cost of Homelessness: A Systematic Review of Cost Effectiveness and Cost-Benefit Studies of Homelessness* by Mike Berry, Chris Chamberlain, Tony Dalton, Michael Horn and Gabrielle Berman AHURI, 2003.

Key Conclusions on Methodological Issues:

In terms of overall findings, the AHURI review identified a number of methodological issues that may limit the utility of findings. In particular there is a wider diversity of scope and methodology compared to that more typically found in medical research. This no doubt reflects the more limited and more recent research focus on homelessness as a societal phenomenon. The analysis specifically noted the distinct lack of randomized control group studies that are highly prevalent in medical research (and were recommended to HRSDC in the August 2004 Expert Panel Review). This diversity in methods makes it difficult to draw clear conclusions as there is an insufficient volume of corroborating research.

The majority of reviewed studies deal with mental health and primarily homelessness among individuals – there is more limited review and research on the perceived growing problem of homelessness among families and youth. It also found that cost analyses tended to focus more on costs to government that to general societal costs or costs to the individuals assisted.

Some studies were found that examined the issue of whether increasing the access of the homeless to stable housing leads to an increase in the utilization of support and other services – and, hence, to an increase in total fiscal costs (and, presumably the extra benefits accruing).

Quantified Findings

With the aforementioned methodological caveats in mind, the Australian review did highlight some relevant findings in the context of the current analysis:

- Studies reviewed generally supported the reality and significance of discernable deleterious impacts on the health, welfare and educational situations of the homeless.

- Stable housing for homeless people generated cost savings in a range of support services areas. These include both less intensive use of some emergency services as well as use of alternative, less costly services. In some cases the savings paid for most if not all of the housing expenditure; in other cases, the gains exceeded the costs. Any other benefits to society or the individuals would be in addition.

- Housing the homeless also increases the likelihood of employment and, thereby both increased income and reduced dependency on government income support. Individual and society benefit through increased income (productive output) and reduced government expenditure on unemployment or other social benefits.

- Homeless people with complex health needs, especially in the mental health area, impose greater cost burdens on support services, compared to housed clients with similar needs. There is some evidence that stable independent living arrangements are most cost effective in this regard. For example, Salit et al. (1998) found that homeless patients, on average, stay 4 days longer in New York hospitals than low income tenants; Proscio (2002) found that annual hospital inpatient days fell by 57 per cent for people after they moved into supportive housing.

Highlights of Selected Relevant Studies Reviewed in AHURI Report.

Culhane, D., S. Metraux, et al. (2002). "Public Service Reductions Associated with the Placement of Homeless Persons with Severe Mental Illness in Supportive Housing." Housing Policy Debate 13(1): 107-163.

Research Question: Is there a cost reduction in shelter services costs, inpatient psychiatric costs, hospital utilization costs, inpatient hospital costs, outpatient hospital costs, costs to the US Department of Veterans Affairs (VA) for inpatient services and incarceration costs for severely mentally ill homeless people housed via supportive housing?

Findings: Regression results revealed that persons placed in supportive housing experience marked reductions in shelter use, hospitalization, and time incarcerated – with a total cost reduction of 40% in the cost of services utilized, compared to that used in period before placement.

Eberle, M., D. Kraus, D. Hulchanski, S. Pomeroy (2001). Homelessness: Causes & Effects. Volume 3. The Costs of Homelessness in British Columbia. Vancouver, British Columbia, Ministry of Community, Aboriginal and Women's Services.

Research Question: What is the cost of homelessness in terms of the British Columbia health care, social services and criminal justice systems? Would provision of stable housing for the homeless reduce costs to the above system?

Findings: The major cost category for the homeless in the sample was criminal justice while that for the housed individuals in this study was social services, consisting primarily of income benefits. The homeless individuals in the study had annual service costs ranging from $4,000 to $80,000. The costs for the housed ranged from $12,000 to $24,000. Service and shelter costs for the homeless ranged between $30,000 and $40,000, and for those housed $22,000 to $28,000. This study suggests that cost savings in the order of 30% accrue from providing stable housing to the homeless.

Lewis, D. and P. Rowlatt (1996). Estimating the Costs and Benefits of Youth Homelessness. A. Evans (Ed.) We Don't Choose to be Homeless: The Inquiry into Preventing Youth Homelessness. London, CHAR: 155-167.

Research Question: What are the possible costs and benefits to society over a two-year period of a youth who becomes homeless as opposed to one who has been provided with Housing Benefits (a UK shelter allowance program)?

Findings: Society benefits overall by around 2,200 pounds during the period when the person initially received Housing Benefit. If instead, the person became homeless there was a cost of about 5,500 pounds over the period. The net benefit to society of making housing benefit available to a potentially homeless young person was therefore estimated to be around 7,700 pounds over a two year period. These benefits derive from increased taxable income and reduced unemployment benefits.

If the question is viewed solely from the tax payers' perspective the difference is smaller but still significant. Costs to the taxpayer amount to 1,700 pounds over the two years if the person received Housing Benefit and 4,100 otherwise, a saving of around 2,400. In other words, the analysis suggested that providing housing support (in the form of Housing Benefit, a shelter allowance payment) in this situation actually reduces the net costs to the tax payer by over 50% over a two year period.

Rosenheck, R. and C. Seibyl (1998). "Homelessness: Health Service Use and Related Costs." Medical Care 36(8): 1256-1264.

Research Question: What is the health service use and costs for homeless and domiciled veterans hospitalized in psychiatric and substance abuse units at Department of Veteran Affairs (VA) nationwide in the United States?

Findings: Combining patients from general psychiatry and substance abuse programs, the average annual cost of care for homeless veterans, after adjusting for other factors, was $27,206; $3,196 higher than the cost of care for domiciled patients. The explanation for this increased cost for homeless veterans derives from the greater use of inpatient services both pre and post general psychiatry programs, as well as the greater use of inpatient services both pre and post discharge from substance abuse programs.

Salit, A., E. Kuhn, et al. (1998). "Hospitalization Costs Associated with Homelessness in New York City." The New England Journal of Medicine 338(24): 1734- 1740.

Research Question: What are the hospitalization costs associated with homelessness?

Findings: The homeless patients stayed 4.1 days, or 36 % longer per admission on average than other patients, even after adjustments were made for differences in the rates of substance abuse and mental illness and other clinical and demographic characteristics. The costs of the additional days per discharge averaged $4,094 for psychiatric patients, $3, 370 for patients with AIDS and $2,414 for all types of patients.

Proscio, T. (2002) Supportive Housing and Its Impacts on the Public Health Crisis of Homelessness. Corporation for Supportive Housing. http://www.csh.org/supportiveimpact-final.pdf

Research Question: What were the costs of utilization of emergency room, inpatient stays and psychiatric health care for one to two years prior to tenancy in supportive housing of participants in the California Health, Housing and Integrated Services Network, compared to the costs incurred one year after moving in?

Findings: Average annual visits to the Emergency Room declined from 2.24 to 0.99 two years pre and one year post placement, reducing health care costs from an average of $107, 642 to $54,242 per annum. Annual total hospital inpatient days decreased by nearly 57% in a single year from 531 to 239. Annual total days of residential mental health treatment fell to zero from 316 two years prior thus reducing annual cost of days of residential mental health treatment from $39, 195 to zero.

University of Pennsylvania Centre for Mental Health Policy and Services Research, Anderson Consulting LLP, et al. (2002) Connecticut Supportive Housing Demonstration Program Evaluation Report. The Corporation for Supportive Housing. http://www.csh.org/pubs.html

Research Question: Does stable housing reduce the need for expensive health and social services over time?

Findings: The tenants decreased their utilization of acute and expensive health services (predominantly medical inpatient services). There was also an increase in tenants' utilization of necessary on-going health care and support. Additionally, high rates of satisfaction were registered amongst tenants, while a marginal increase in employment was observed.

Weinstein, B. and T. Clower (2000). The Cost of Homelessness in Dallas: An Economic and Fiscal Perspective, Centre for Economic Development and Research, University of North Texas, Texas.

Research Question: What are the economic costs of homelessness in Dallas with respect to property values and service expenditure?

Findings: It was found that over 20 million dollars was spent annually by public and private providers to service Dallas's 4,000 homeless. Additionally, it was found that 4.1 million dollars in tax revenue was lost due to depressed land prices in the southern Sector where there is a higher concentration of visible homelessness and shelters.

Rosenheck, R., P. Gallup, et al. (1993). "Health Care Utilization and Costs After Entry Into and Outreach Program for Homeless Mentally Ill Veterans." Hospital and Community Psychiatry 44(12): 1166-1171.

Research Question: What is the impact of an outreach and residential treatment program for homeless mentally ill veterans on service utilization and cost of health care services provided by Veterans Affairs (VA)?

Findings: After entry into the program, use of domiciliary and outpatient services increased substantially. Total annual costs to the VA increased by 35% from $6,414 to $8,699 per veteran per year. Veterans with concurrent psychiatric and substance abuse problems used fewer health care services than others.

2.2. Review of Other Recent Cost-Benefit Research Studies

The AHURI Literature Review covered a wide breath of published sources up to the end of 2002. This section reviews a number of studies that have been undertaken since that time and includes both formally published research as well as work undertake for HRSDC.

Societal Costs of Homelessness. Prepared for the Edmonton Joint Planning Committee of Housing and the Calgary Homeless Foundation, by IBI Group. May 2004

Research Question: what is the societal cost of homelessness. This analysis was designed to develop estimates for the broadest possible range of service providers as well as to estimate cost avoidance (i.e. services and related costs not consumed by homeless individuals).

Findings: IBI reported that an extensive literature search did not find any Canadian literature that had undertaken a similar societal cost analysis (the aforementioned Dallas study provides a similar US assessment). The method used involved surveying a broad range of service providers in Edmonton and Calgary to identify total expenditures on serving the homeless population. The analysis identified a highly fragmented service provider network. The overall estimate is that the annual cost of serving homelessness is $72 million in Calgary and $51.8 million in Edmonton, exclusive of cost avoidance (estimated at 11.1 million in Calgary only). No discussion is provided on whether these current annual expenditures are having an effect on reducing or alleviating issues related to being homeless. Nor is there any discussion of whether these costs would be avoided in homelessness was eliminated – in most cases the costs are related to supporting individuals that would otherwise be homeless (or at risk).

Ottawa Inner City Health Project Cost Effectiveness Analysis - Cathexsis Consulting Inc. 2002

Research Question: What are costs of the care alternatives for homeless people needing extensive health care; to what degree do Inner City Health Care Project services improve the quality of life of people using these services (the four alternatives services were a hospice, special care unit, managed alcohol program and community beds).

Findings: Significant expenditure reductions were identified across a sample of clients (accurate data was limited to only a small portion of the sample). Meanwhile clients reported significant improvements in quality of life based on improved health, less use of crisis services, better control over substance abuse, and improved treatment compliance.

Aubry, Tim and Susan Farrell (2002). Comprehensive Costing of Support Services for Vulnerable Populations: A Case Study The Canadian Journal of Program Evaluation Vol. 17 No 3 pp 25-38.

Research Question: Is it possible to determine the cost - including health and social services as well as other natural supports such as family – associated with assisting persons with severe and persistent mental illness to live in the community. Key focus was on the efficacy of a comprehensive costing methodology.

Findings: Using a case study methodology to follow a specific individual a purposefully designed intensive home-based support service program was evaluated. The costing was determined based on type and intensity of a full range of services accessed multiplied by the cost of each service. Three periods were examined: a period of living in the community before introduction of the pilot comprehensive program; a period of hospitalization; and a period of the pilot intensive support program. It was found that the costs per day were roughly comparable in the pre and pilot phase ($461 and $459 respectively per day), and both were lower than the

period of hospitalization ($522 per day). However the pre pilot period excluded any costs related to the policing and justice system (for which as many as 8 incidents were reported). While detailed service costs were identified for most elements of services, the researchers noted that they experienced difficulty in accessing this type of cost data.

City of Toronto Hostel Operations Review - Community and Neighbourhood Services. Report of the City Auditor General's Report June 20, 2004.

Research Question: Is the emergency shelter system operating on an efficient basis and could this be improved? The report is an operational and financial audit of the operations of the City of Toronto Shelter Support System.

Findings: The audit identified a number of areas where poor co-ordination results in higher than necessary costs. This includes differences in per diem funding levels provided in City operated programs versus those funded by the province. It also found that the shelters continue to house many individuals at a higher costs for extended periods of time when these individuals would be better served at lower cost if they were more effectively transitioned from shelters into supportive and affordable housing. Costs of shelter services operated by contractors, private and non-profit), reflect a range of per diem rates that are a patchwork and legacy of historic practices with lack of internal logic or consistency (many reflect programs or contractual agreements previously in place, with various adjustments from time to time, but no overall rationalization).

Gallant, Gloria, Joyce Brown and Jacques Tremblay (2004) From Tent City to Housing: An Evaluation of the City of Toronto's Emergency Homelessness Pilot Project.

Research Question: The purpose of the research is to evaluate the effectiveness of the Emergency Homelessness Pilot Project (EHPP) in providing opportunities for homeless people to access private rental housing, together with appropriate support services. This was an emergency response to the eviction of homeless individuals squatting in tents near Toronto Waterfront – it was not a predetermined experimental program design or pre-designed pilot – it is a post hoc review of an emergency response (albeit a relatively comprehensive one).

Findings: The method involved interviews with a sample of program participants (a majority of whom were long term homeless, greater than 5 years), support workers and service providers. For purposes of comparison, financial data was also gathered from the City of Toronto Hostel Services and a supportive housing provider. The EHPP housing costs were lower than those in either city operated emergency shelters or private rooming house accommodations, despite EHPP tenants receiving larger and fully self-contained units. The support costs were roughly half those for comparable levels of support in shelters and in the Habitat site support program (a community based support service agency) provided to clients in privately operated rooming house operators. Other ancillary benefits, for which no cost estimates were determined found that the participants in the EHPP group were more likely to have health cards and have seen a doctor in the past year than those in the comparison group, but at the same time they were less likely to have used emergency wards and less likely to have been hospitalized for medical or psychiatric services.

Ministry of Health and Long Term Care Technical Advisory Panel January 2004. 2002/03 Ontario ACT Teams Data Outcome Monitoring Report [3]

Research Question: Monitoring Report examined a series of questions on the cost and impact of assertive community treatment (ACT) practices. These include: What impact does ACT have on hospital bed use? What impact does ACT have on client housing? What impact does ACT have on client employment? Are ACT clients and their families satisfied with the service?

Findings: The client population, has on average, been chronically ill for almost 20 years. The report quantifies reductions in tertiary and emergency care and improvements in capacity to live in the community. Average Pre-ACT hospital bed day use in each of the 2 years prior to enrollment was 86 days; this compared to 28 days in the first year after enrollment and 15 days after 4 years enrollment. Results show that 67% more clients are living in a home of their own after enrollment in ACT. As a result of enrollment in ACT individuals living in private residence (i.e. with family) or non profit (mainly supportive) housing increased by 45% and 114% respectively. Meanwhile, those that were homeless or living in institutions declined by 64% and 84% respectively. The Advisory committee noted that combination of new homelessness housing opportunities and ACT services has provided a very powerful incentive to engage and retain clients who previously avoided mainstream treatment, rehabilitation and support service resulting in frequent relapse and re-hospitalization.

Riverview Hospital Access Project Update September 2004. BC Mental Health Society

Research Question: Does an intensive community based treatment and monitoring program as part of a patient discharge reduce re-hospitalization and capacity to live in the community. The Access Project is a Mental Health Plan initiative which was designed to facilitate the discharge of up to 125 Riverview Hospital patients (with severe mental illness) by enhancing the capacity of the lower mainland secondary mental health services. The project began in June 2002 and was completed in March 2004.

Findings: The Access program exceeded its goal, discharging 146 patients compared to the target of 125, with no increase in budget. Readmission rates have been significantly reduced. Previously Riverside Hospital reported readmissions at a rate of 25%; after 29 months the rate of readmissions from Access Program patients was 7.5%. The additional resources invested in this project expedited a return to community living and also provided the additional support required to individuals with a serious and persistent mental illness. The total annual investment per discharged patient is $28,000/yr.

Mental Patients Association Super SIL Annual Evaluation Report December 1999 [4]

Research Question: Is the Super Supported Independent Living (SIL) program improving the mental health outcomes and quality of life of referred clients. Super SIL is an enhanced version of the existing supported independent living program operated for mental health clients in BC.

[3] This work is only indirectly related to homelessness and supportive housing. However for such an initiative too be undertaken it is necessary to have community placements in supportive housing.

[4] The MPA subsequently changed its name and is now legally incorporated as Motivation, Power and Achievement Society, still known as MPA.

Funding is provided by the province through the Vancouver Richmond Health Board. The program is targeted to individuals with serious and persistent mental illness. It differs from the regular SIL in providing a higher levels of support (3.5 support workers in a team with shared caseloads, working 7 days per week 7.5 hrs daily as well as Mental Health ACT teams).

Findings. This evaluation tracked outcomes for 15 clients accepted into the program. These cover a cross section of housing situations including emergency shelters, mental health facilities, self contained apartments/SRO and a family home. It was expected that enhanced supports would stabilize vulnerable housing situations and also reduce hospital bed utilization. Pre and Post Super SIL total bed days used in a year declined from 1293 to 340. The number of bed-days in a short stay psychiatric crisis treatment centre also declined from 48 to 31 days. Among the 15 clients, all secured an independent apartment within one year and 13 of the 15 maintained their ability to live independently in the community – two were re-admitted to a tertiary treatment hospital due to exacerbation of psychiatric symptoms.

Making A Difference: Ontario's Community Mental Health Evaluation Initiative, October 2004. Canadian Mental Health Association and Centre for Addictions and Mental Health.

Research Question: This report describes the key findings of the Community Mental Health Evaluation Initiative (CMHEI), a 6 year research and evaluation of community mental health programs in Ontario. The research provides new, Ontario-based data on how community mental health is working.

Findings: Data indicate that community-based services and supports can help reduce symptoms and increase the ability of people with serious mental illness to live in the community, rather than in hospitals and institutions. Many clients are showing improvement in their daily lives, community functioning, symptoms, and abuse of substances. One specific area of evaluation is that related to Intensive Case Management (ICM) and ACT programs. Both ICM and ACT are helping clients to decrease their reliance on institutional care and improve their quality of life. People using ACT and ICM services experience fewer crises. ACT clients are more likely to remain in treatment.

The evaluations also found that community mental health services and supports save money. The study reports that it can cost up to five times less to provide services to a person in the community than it would to keep that person in hospital for the same amount of time. Consumer and family participants in self-help programs were also found to provide thousands of hours of volunteer time each year. When the value of that volume of time is estimated, the findings show that the provincial investment in self-help is multiplied five-fold.

The Lewin Group. Costs of Serving Homeless Individuals in Nine Cities. November 2004, Prepared for the Corporation for Supportive Housing (CSH)

Research question: Does placement in supportive housing improve outcomes and lower the costs of addressing homelessness. This study presents estimates of the costs of serving homeless individuals in nine cities under six alternative settings – including supportive housing, prison, jail, shelter, hospital, and mental hospital.

Research Findings. Across the nine cities examined, costs for supportive housing and shelters were inconsistent, reflecting overlaps and variations in services on site. However, compared with institutional options – jail, prisons and mental health facilities, cost differences were dramatic. In most cities jail and prison costs were are least double that of supportive housing; mental health facilities were at least 10 times higher; and emergency hospital treatment substantially higher still. Overall, the study concludes that supportive housing is a cost-effective alternative to chronic homelessness

2.3. Some Concluding Comments from Literature Review

The AHURI review documents a number of research findings that clearly quantify reductions in costs associated with hospital admissions, use of emergency outpatient services, reduced incarceration and lower use of emergency shelters when secure housing and appropriate support services are made available to homeless individuals. This research evidence covers a spectrum of clients types including those with mental illness, substance abuse, youth and veterans.

The additional literature, which is predominantly Canadian and tends to focus more particularly on mental health research, similarly quantifies positive outcomes and reduced expenditures relative to hospital and institutional costs.

In particular, the City of Toronto shelter audit and the assessment of the Tent City emergency pilot point to some critical barriers and constraints in the homeless system. The backlog of extended stays in the shelter system is a reflection of insufficient capacity in the transitional and supportive parts of the system through which shelter users should ideally transition. While the Tent City pilot demonstrates that even long term homeless victims can be successfully housed, and more significantly can retain their housing with some limited ongoing supports, the level of rental assistance that facilitated this outcome is not normally available under existing programs. In the absence of an emergency situation and politicized process to change rules and funding levels, this pilot could not be replicated. Specifically the levels of rental allowances available are insufficient to cover the costs of accessing existing accommodations.

3. Cost Analysis of the Range of Responses to Homelessness

The two primary pieces of previous work were undertaken for the Toronto Mayor's Homeless Action Task Force (Golden Report) in 1999 and in BC for the then Ministry of Social Development and Economic Security (2001). These provided costs for responses in Vancouver and Toronto. Both of these pieces of research undertook *cost assessments* with a focus on **determining the direct costs to government** for the provision of some combination of shelter and support services. Neither examined the *benefits or outcomes* of this investment in any empirical or quantitative way, although the BC study did include an exploratory assessment of the intensity and thus aggregate cost of service utilization over a one-year period.

Both studies examined and documented the current cost of providing a combination of shelter and services across a continuum of interventions. In addition, the Toronto analysis added estimates of the cost of producing new facilities (at the then prevailing development costs) in which to provide a narrower range of transitional and supportive services.

The current costing update expands to four cities: Vancouver, Toronto, Montreal and Halifax and includes both existing and potential new developments. It begins with the overview across the full continuum of existing responses, and subsequently focuses on the narrower simplified costing matrix of potential new development options.

3.1. Estimates of Existing Responses

The first part of the analysis involves a review of the costs of a full range of responses from institutional through emergency, supportive and independent living. It should be noted that while costs are based on actual experience of *existing providers*, the actual operating experience reflects a diverse variation in costs. In addition, the sample of properties/operators in any one category is quite limited. Thus, these are illustrative "ballpark" or order of magnitude estimates intended to facilitate rough comparisons across the continuum.

Explaining the Continuum

Across the continuum there is a variation in the type and intensity of services provided. Some providers include meals; others do not. Some emergency shelters provide only overnight accommodation and limited services; while others are open 24 hours per day seven days a week, with more extensive staffing and services. In some cases supports and counseling are integrated into a facility; in others they are separately delivered, typically through a community based agency. Medical supports are seldom provided on-site outside of institutional facilities, but in some cases health care professionals are active (for example ACT teams for individuals with serious mental health illness, seeking to live in the community). This range of services highlights the challenge in developing definitive cost estimates.

In developing cost estimates, where possible sub-elements of service (i.e. meals, supports, residential operating costs and medical services) have been separated and presented separately (details in Appendix A). In cases where these could not be readily separated, a notation is made as to whether this type of service is included or excluded from the overall cost value. This helps to provide greater insight into the level of services provided and is also used in the later analysis where support services are extracted and recombined with new estimates of residential operations.

The continuum is presented and described in Exhibit 3.1 with a gradation from preventive, institutional, emergency, transitional and supportive and independent living. While graphically presented, in Exhibit 3.1 as hard boxes, the interface between phases (e.g. emergency, supportive, transitional) is more one of overlap. This is especially the case for supportive and transitional housing (discussed further below).

For completeness, the continuum begins with prevention – activities designed to reduce the flow of individuals into homelessness. This can include medical and supportive interventions to moderate behavior that contributes to a path into homelessness (e.g. anti-social behavior and eviction). It can also include temporary financial aid to cover rental arrears that are likely to lead to eviction as well as assistance in locating housing that better matches capacity to pay.

Similarly diversion activities may seek to place homeless individuals immediately into transitional or supportive housing based on an initial assessment – either by street outreach workers or intake workers in shelters (this of course presumes availability of spaces, which is often the bottleneck).

Neither prevention or diversion cost estimates are presented in the later analysis as such practices are not yet well developed in Canada, and consequently there is a lack of usable cost data.

The continuum then presents two typical institutional forms of response – psychiatric hospitals or facilities and detention or corrections facilities. There are significant service and cost differences between remand facilities, which are pre trial and pre-sentencing facilities, compared with post sentence facilities. Both are applicable to the offenders in the homeless population. As noted earlier, neither is designed as a homeless response per se, but a variety of research work have identified a significant level of homelessness among both former patients of mental institutions and former offenders.[5] Episodes of homelessness are considered a factor in re-offending or in re-institutionalization.

Subsequently a range of emergency responses are examined – these exclude standard emergency services such as policing, fire ambulance and paramedics – although all of these services do incur costs related to servicing homeless individuals. As revealed in the literature review, above, reduced periods of such services have been documented and are a benefit of improved supportive options.

[5] In providing data on the average daily cost of corrections facilities Ontario Ministry of Community Safety and Correctional Services officials commented that literature reviews have reiterated that well designed and executed programming when delivered in a community environment as opposed to institutional environment has a higher level of success in terms of recidivism and may be better comparables than these institutional options, especially when issues of mental health and substance abuse are involved.

The main focus here is on emergency shelters, as a central part of the homeless response system. Three variants are included – emergency responses for individuals (primarily in the form of hostels or shelters, with sub variants of night-time only versus 24hr service); for families (includes both family shelters and temporary placement in motels with meal allowances); and for victims of family violence (typically with higher levels of security and more intense crisis counseling).

Exhibit 3.1: Typology of Responses to Homelessness

	Approach	Support/Management Model	Accom-modation	Meals	Supports for Daily Living	Medical support
Prevention	Prevention	Community worker/tenant aid; Rent Bank; Tenant – Landlord mediation; Referrals. Education -school programs	n/a	n/a	Min	n/a
	Diversion	Community worker; Assessment; Referral to transitional/supportive housing/ youth homes	n/a	n/a	min	n/a
Institutional	Prison/Detention centre	Accommodation/incarceration; some treatment/life skills activities, security	incl.	incl.	incl.	infirmary
	Psychiatric Hospital	24 hour care, professional staff, intensive level of health care, housekeeping	incl.	incl.	incl.	incl.
Emergency	Emergency Shelter or Hostel - Singles and Families	Public or Non-profit operated shelters - various in house and community support workers.	incl.	incl.	min	min
	Emergency Motel Accommodation - Families	Meal allowance; community based support worker	incl.	incl.	excl	excl
	Emergency Shelters - Victims of Family Violence	Meals or communal cooking, crisis counseling and support, housing referrals	incl.	incl.	incl.	excl
Transitional and Supportive	Treatment centres/group homes	Communal living with bedroom; meals, SDL; 24hr staffing	incl.	incl.	incl.	incl.
	Group/Shared Home	Communal living with bedroom; shared cooking, community supports for SDL; Staffing 24/7	incl.	varies	incl.	excl
	Boarding/Rooming House with Community Supports	Private room/ meals provided; community SDL	incl.	incl.	some	excl
Independent	Self contained apartment (incl. SRO/bach/one-bed) single person	Private or non-profit, basic residential services - no support services	incl.	n/a	n/a	n/a
	Fully independent self contained - Family 2-4 bed	Private or non-profit, basic residential services - no support services	incl.	n/a	n/a	n/a

Special Note on Transitional Housing

In terms of building form, scale and supports, there are many similarities between supportive and transitional housing. The key difference is in screening and selection of participants, intensity of services and expected outcomes. In the case of transitional housing the education and life skills training program is more intense (and thus higher cost) with an objective of graduation. Meanwhile in supportive housing, supports are provided to maintain quality of life, but with minimal expectations of moving on to more independent living.

In many transitional cases, clients may progress from high level of supports to lower (and often more episodic) needs, but still benefit from a minimal level of ongoing support (largely monitoring and emergency response).

In this description, it is assumed that the clients are individuals dealing with mental health and substance abuse issues. Another example is that of individuals transitioning from a substance abuse centre through supportive housing to lighter levels of support or potentially fully independent living.

However, transitional housing can also address very different client categories – including youth, refugees and families in crisis. Here the issues are not necessarily mental health and substance abuse, more often they are economic, and there is a greater likelihood that clients will have the potential to complete a transition into independent living.

There is also an issue of semantics – the term transitional housing has been emphasized in funding programs (motivated in part by lack of ongoing sustaining funding, beyond a limited term). So for program convenience this approach has been embraced. For their part, providers have "played the game" adopting the label as a means of accessing funding, when in reality what they seek to provide is supportive housing without term limits on the duration any individual may stay. In most cases there is a turnover in clientele so on a technical level the requirements of transitional funding can be met, while effectively operating as supportive housing (but struggling to find new sources of funding to maintain ongoing support-services).

So the key distinction between supportive and transitional housing is mainly in the programming and outcome expectations as well as the target client group involved, and these variables alone can significantly impact costs. So, to a degree, it is misleading to isolate transitional housing as a single row in this graphic. For these reasons the term transitional and supportive are combined in this continuum.

Methodology Used to Estimate Costs

For each part of the continuum, (excluding prevention and diversion), a range of existing operators were contacted and asked either to provide copies of financial statements from which details of expenditures could be extracted, or alternatively to provide estimates of their current expenditures, separating support expenses and residential operating expenses (including administration, maintenance, utilities taxes and debt costs).

In addition, operators were ask to provide a description of the type and intensity of support services provided, including staffing levels (FTE's), whether services provided on a 24/7, versus

daytime only during weekdays, with or without 24 hr emergency services. In some cases supports are provided in house, in other cases, by community based providers, under some form of contract, and separate funding arrangement. The descriptions of service levels were used to categorize providers within the costing framework.

Where possible costs are based on actual expenses incurred in the past year for which financial statements were available (usually 2003/2004). Discussions with operators and government officials were used to identify where funding levels and actual costs vary (and are compensated from other sources, usually fund raising efforts).

Costs presented here are total subsidy costs to government, including where applicable the subsidies provided through income assistance programs to cover rent payments (up to a maximum allowance):

- In most residential options, (including supportive, transitional and independent living options) it is typical to charge a rent payment. This is generally paid via income assistance-shelter allowances so the subsidy cost in these cases reflect this expenditure to government.

- In institutional cases and emergency shelters, occupants are typically not eligible to claim the shelter component of welfare as their accommodations is provided by the institution or shelter at no cost to them (and most welfare programs provide rent subsidy on the basis of actual rent paid – in these cases zero). Here the overall subsidy cost includes the full cost of operating the facility with no offsetting rental revenue.

- At the same time, recipients of income assistance also receive a living allowance. This represents another expense to government, but is NOT included here, as this is not related to the provision of shelter. In this regard, the estimates may under represent total expenditures by government.

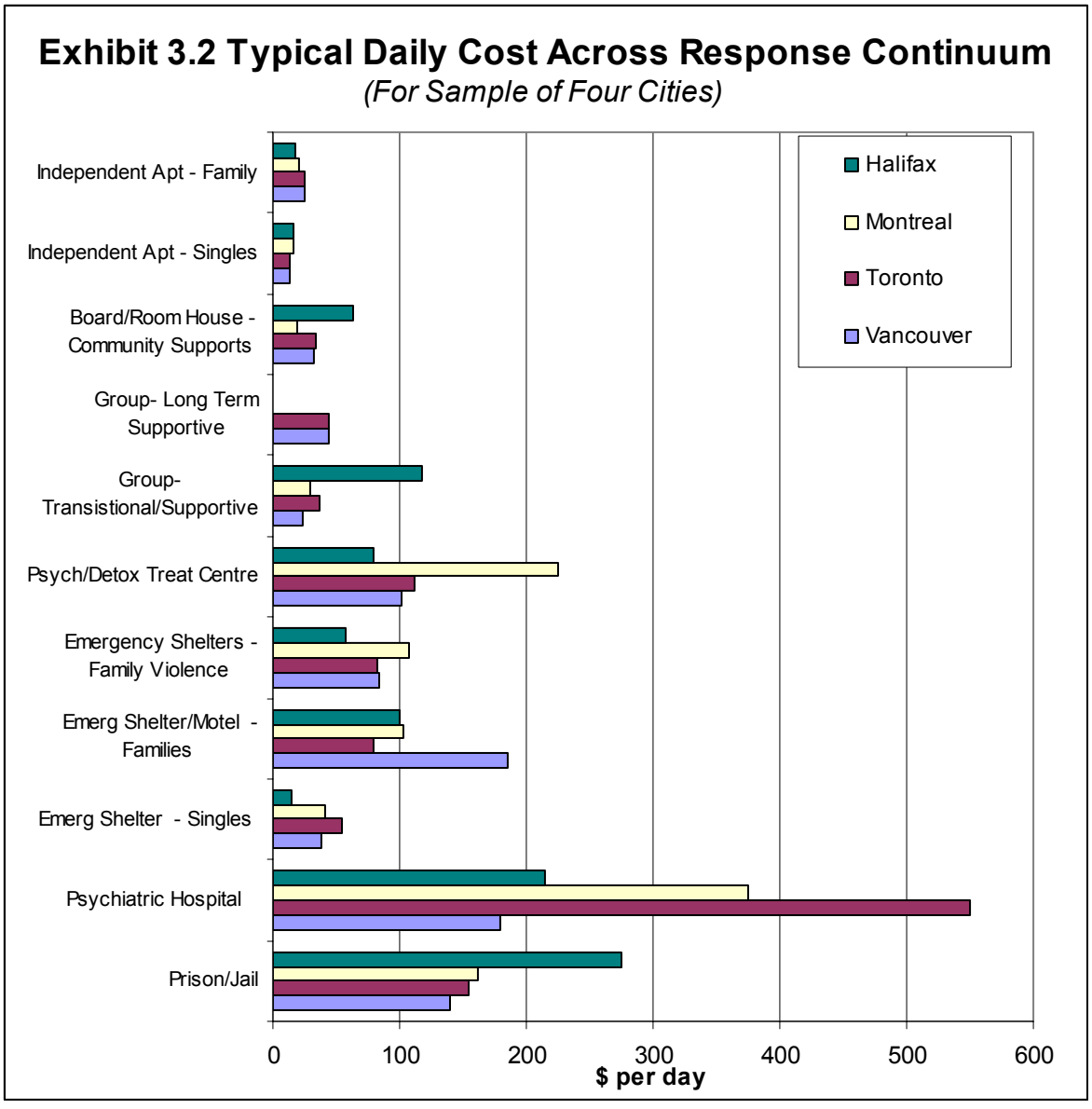
Separating Residential and Support Costs

One of the largest variables in considering the subsidy cost of alternate responses is the real estate cost. Many existing operators have properties built or acquired some time in the past at a historic cost. Many existing responses involve properties that were funded under earlier programs that fully covered capital costs and consequently carry no debt (i.e. they are mortgage free). Therefore, while the residential costs have been separately identified (where possible) these can vary widely depending on current levels of debt and related mortgage payments. Most existing options identified here are older properties, benefiting from low or no mortgage debt. The cost of new development are addressed in the subsequent section.

3.2. Updated Cost Estimates for Existing Facilities

Following this methodology a matrix of cost estimates have been collected for a range of institutions and housing operators in Vancouver, Toronto, Montreal and Halifax.

Detailed tabulations of the range of costs (accommodations, meals, support services) provided both on a daily and annualized basis are included in Appendix A. A summary of per day costs for each category and across the four cities are illustrated in Exhibit 3.2.



While separately identifying costs in each of the four cities examined, the analysis does ***not seek to compare across cities.*** The small sample sizes and wide variations in level of service and approach in different facilities and cities does not support such a comparative analysis. The objective is to illustrate the order of magnitude of costs across the continuum. While there are

significant variations within each category across the cities, the most important finding is that the pattern of the relative cost across categories holds true in each city examined.

Costs in Exhibit 3.2 are presented on a per day basis. The detailed costs in Appendix A are also annualized. It should be noted that the client or resident may change over the year and these reflect annualized costs for a flow of users, although in some cases, especially more permanent responses, the same resident may remain all year.

Highlights from Exhibit 3.2:

- A general pattern is clearly evident across all four cities. The cost gradient is highest for institutional uses, moderately high for emergency services and lowest for supportive and permanent affordable housing (even with supports).

- Overall costs tend to be significantly higher for institutional response than is the case for community/residentially based options – even when a fairly high level of service is provided in the latter. Institutional uses often incur daily costs well in excess of $200/day. (The cost for tertiary treatment psychiatric care in Toronto is at the high end of the scale as it is based on an estimate for new facility and likely over estimates average cost in existing, which in earlier work fell in the $300-$380 range per day).

- Emergency shelter services also tend to involve higher costs than the community/residentially based options. On a daily basis costs are in the order of $25-$110. Costs vary significantly by client type – Men's shelters with only overnight dormitory accommodation influence the low end of the range. Family shelters and particularly those responding to victims of domestic violence involve higher levels of support and consequently higher costs. In a few instances, most notably Toronto, use of motel space and accompanying meal allowances tend to drive the costs for emergency responses to homeless families. Also in Vancouver the illustrated cost reflects an emergency motel program, but this is infrequently used.

- Emergency shelter costs tend to be somewhat lower in the other three cities compared to Toronto, in part reflecting the smaller number of shelter beds in other cities, and the tendency for these to be operated by faith/religious orders with older debt free properties. Those at the lower end of the cost range often involve only overnight stays – occupants must vacate the property during the day. In Toronto a high proportion of beds are in publicly owned shelters.

- Institutional and emergency options absorb operating costs with no occupant contribution but also avoid the indirect subsidy cost of income assistance. Conversely, transitional, supportive and independent living options typically involve tenant rent contributions as a revenue source to help cover costs and in most cases this derives from income assistance payments, so represents another form of subsidy cost.

- As noted previously, quality of life and other outcomes may vary significantly across the options and this analysis does not differentiate these details (levels and intensity of service provided are indicated in the detailed appendix tables). The supportive options

are not direct substitutes for institutional options. However in certain cases supportive community options may reduce risk and or duration of an individual returning to institutional support and incurring higher cost services.

- The cost estimates for transitional and supportive housing suggest a wide range mainly due to the very diverse range of client types. However, even at the high end (roughly $60 per day, excluding Halifax)[6] these are lower than institutional and emergency costs.

- In all cities, support costs reflect an array of social and housing workers and in some cases nursing and occupational therapists. However, in cases involving housing of clients with severe developmental disabilities, ACT teams, providing medical professionals as well as more intensive levels of support are also required – these costs which range from roughly $16,000 to $28,000 across the four cities would be in addition to the support cost presented in the exhibits.

- The estimates for independent living reflect both private accommodation or non-profit housing with no supports. In the private case, the cost to government is typically the shelter component of welfare. Rent supplement subsidies for the working poor may also be an option, but generally this cost will be less than the income assistance maximum shelter rate. Cost for non-profit shown here reflect a range of subsidy expenditure from older and newer developments, with the high end based on new development with higher debt and mortgage payments.

3.3. Detailed Costing of Residential-Support Matrix for New Initiatives

As noted above, a critical variable in the cost of facilities is the cost related to procuring the real estate. In the main, the range of **existing** costs presented in Exhibit 3.2 reflect properties that were built at an historic cost and currently carry little or no debt. If such facilities were created today, these development costs, and related ongoing debt costs must be included.

To determine the true cost for **new** initiatives a simplified cost matrix has been developed. This focuses on a narrower part of the continuum, covering only supportive/transitional and regular apartment options. The simplified matrix considers four types of support (including no supports though intensive), together with three forms of residential accommodation. Here three building forms are used to reflect housing for singles (including a shared four-bedroom townhouse) while the townhouse is also used for family accommodation. So, a total of four residential cost estimates are developed.

[6] Costs for supportive housing in Halifax appear somewhat higher. This is likely a result of data source. Halifax data was obtained from the provincial department of community services and relates to long term community care for adults with mental illness; data in other cities was from a range of providers and reflects a wider range of homeless persons many with less intense health needs.

Residential Forms [7]

1. Shared Communal Dwelling (private bedroom – shared living/dining/bath)

   Replicating the group home, this configuration is assumed to include 4 private bedrooms, 2 bathrooms and shared kitchen and living area. A modest design of 1,150 net sq ft is assumed in a townhouse building form. Many argue that this form of communal living is not the best solution as it challenges individuals who often have behavioral difficulties or addictions, related to periods of homelessness, to co-habitate and get alone with others.

   On the other hand, it avoids issues of social isolation that can result in private self-contained units. This is a response, in part, to limited capital funding. With four individuals sharing an apartment unit even at income assistance shelter rates, per dwelling rental revenues improve the economics and viability of development (e.g. in Ontario, 4 x $325 = $1,100 per unit versus $325 for a single). This combined revenue stream covers operating expenses and helps to cover a higher level of mortgage debt than is the case in singles units.

2. Mini-Suite/ Single Room Occupancy (self-contained)

   The small suite provides a self contained residential unit but seeks to achieve economies through a small size (here 225 sq ft). There are some false economies in this building form as the small units result in lower net-to-gross building efficiencies and with each unit having its own bathroom and efficiency kitchen major cost elements are still present. Also, small unit size dictates good design in order to make smaller spaces habitable. On the operating side, the smaller unit may result in a higher turnover rate and accordingly, higher operating expenses (administration and maintenance).

   This building form can be a useful part of a transitional continuum, especially for those not requiring supportive assistance, offering privacy and independence as individuals secure themselves in the labour market, ideally moving to higher wage employment that can facilitate a move to a large regular apartment unit. Rent is typically set at income assistance shelter singles rate ($325 in BC and Ontario). It also reflects the traditional SRO building form that has by default become a common form for low income and assistance dependent singles.

3. Fully Self-Contained apartment – Small 1 bedroom

   Similar to (2) above, but with a larger regular sized apartment (here assumed to be 450 sq ft net – still relatively small for a one bed unit).

4. Fully Self Contained 3-Bedroom Town-Home for Family

[7] In this analysis, new developments are used as the basis of comparison. This is not the only, and not necessarily the most cost effective approach. Particularly in the case of group homes, acquisition of existing properties may be a viable and cost effective option. Also, use of rent supplement assistance to enable individuals to live in existing rental properties (as was done in the Tent City emergency response) is another option. These alternatives are not costed here.

Assumes 3 bedroom, modest wood-frame construction 950 sq ft. Self contained with 1.5 bath.

Assumptions in Cost Analysis.

For each unit type, current estimates of local construction costs, land and various soft costs are used to develop estimates of total development costs. All examples assume modest quality construction on non-prime sites. These estimates are intended to be illustrative, not definitive.

While recent initiatives have been successful in securing capital grants from a variety of sources, including Supporting Communities Partnership Initiative, these capital grants are usually from public sources. Rents may be collected and used to support mortgage financing, but again these rents are supported by income assistance payments. Thus the analysis assumes that all revenues are directly or indirectly from government and reflect a public cost. To account for this the full capital cost estimate is amortized and included in the ongoing estimate of the subsidy cost to government (even though they may be booked by government as a one time expenditure at the full capital amount). In addition, typical operating expenses for supportive and non-profit providers are used (added to debt costs) to determine total operating and debt expenses. In the event that any residents have earned income the estimated subsidy costs will be overstated by any rental contributions made directly be tenants.

Exhibit 3.3
Total Development Costs and Associated Ongoing Subsidy Expenses (yr 1)
Selected cities and building types *(1)*

	Singles			Family
Toronto	**Shared 4 Bed Townhouse** *(3)*	**SRO**	**Small One-Bed**	**3 - Bed Townhouse**
Total Capital Cost	$176,000	$58,000	$89,000	$146,000
Estimated Ongoing Subsidy Cost *(2)*	$4,500	$7,300	$10,600	$14,900
Vancouver				
Total Capital Cost	$181,000	$60,000	$92,000	$150,000
Estimated Ongoing Subsidy Cost	$4,500	$7,200	$10,600	$14,900
Montreal				
Total Capital Cost	$160,000	$53,000	$82,000	$132,000
Estimated Ongoing Subsidy Cost	$4,100	$6,800	$10,000	$14,100
Halifax				
Total Capital Cost	$138,000	$49,000	$75,000	$113,000
Estimated Ongoing Subsidy Cost	$3,700	$6,500	$9,500	$12,700

1 Reflects modest woodframe construction on non-prime sites. Developments on high density inner city sites will require masonry construction and costs likely to be up to 15-20% higher (SRO type assumes higher masonry construction as most SRO development will be on inner city sites).

2 Includes all operating costs plus derived debt cost. Total capital cost is amortized over mortgage period with 6% mortgage over 25 yr amortization. It is assumed that all residents receive income assistance so effectively, even if rents paid cost of debt repayment by government. Shows Yr 1 subsidy only. Overtime annual subsidy will increase by the difference between rental revenue less inflated operating cost. Except for mortgage term renewals, debt cost will remain unchanged. Projected future costs not illustrated here.

3 In shared 4 bed townhouse for singles, annual subsidy costs are per tenant in shared unit (i.e. total divided by 4)

Exhibit 3.3 summarizes cost estimates for new construction and the associated annual ongoing subsidy costs (assuming full amortization of capital costs). At this point, the estimates exclude any support service costs. Development costs vary across cities based of different land and construction cost estimates. Total estimated subsidy costs are also influenced by variations in

operating expenses (e.g. utility expenses tend to be lower in Vancouver) and property taxes (e.g. Toronto has adopted lower tax rates for new rental). The underlying details of these cost estimates are provided in Appendix B.

Cost of Related Support Services

The other component of the cost matrix is the level of support service that may be matched with these residential options. As developed in the earlier work, a hierarchy of supports are used, with increasing levels of intensity.

A. **Light support.** This reflects the supported independent living model ongoing in BC. No on-site staffing; minimal community supports to monitor and assist in activities of daily living. Support workers provide assistance in completing applications for income assistance, literacy, immigration, job search and referral, etc. 24 hr on-call emergency community support. 1.0 FTE per 30-50 residents. Residents able to live in private or social housing with little difficulty.

B. **Moderate support.** In addition to above, support workers on-site during day with more active supports for daily living including assistance in grocery shopping, meal preparation and housekeeping, crisis and life-skills counseling. Higher levels of staffing (up to 12 hrs/7 days per week with 2-3 FTE per 30-50 residents. Moderately hard to house individuals that live without supports are likely to be at risk of homelessness due to eviction for either anti-social behavior or arrears (inability to manage budget and pay rent)

C. **High support or Intensive.** 24 hours/7 days support staff/building manager. More intense support for health and daily living activities, crisis counseling, life skills. Support for recovering substance abusers with visiting medical personal on call through ACT teams to provide more specialize medical support on a case basis – these would involve additional costs. Serves hardest to house clients, rejected by most private or social landlords.

The estimates of average support costs (per day) based on this description of service level/intensity are presented in Exhibit 3.4.

Current responses and programming across the four cities does not always reflect this hierarchy. Where possible, estimates of the associated support costs are derived by extracting the support cost from existing operations (as reflected in the detailed appendix A tables).

Across the cities, there is not a significant difference in support costs, at least at the low end of the scale (at the higher end significant variations and sample bias result in larger variations). In Toronto, basic supports at Level A are reflected in the assistance provided under the Habitat Rooming House Pilot Project and to a degree the ongoing services provided to formerly homeless individuals housed under the Tent City EHPP. In Vancouver they reflect the Supported Independent Living services provided by organizations like the Coast Foundation with tenants living either in private or non profit operated properties. When extracted from other costs such as food services, the support costs in city emergency shelters also fall within this level of service and cost range. Few examples for this level of supported independent living were

found in Halifax, so an estimate was not developed for that city. Similarly, this approach is not as well developed in Montreal – an estimate here is based on supports at the YMCA, but may underestimate true cost.

Exhibit 3.4
Estimated Support Services Cost - Range of Service Levels
(Estimates extracted from existing facilities in each city - see appendix A)

		Range of Service Level		
		Level A (Light)	**Level B (Moderate)**	**Level C (Intensive)**
Toronto				
	Per day	$7	$21	$65
	Annual	$2,600	$7,700	$23,700
Vancouver				
	Per day	$9	$21	$100
	Annual	$3,300	$7,700	$36,500
Montreal				
	Per day	$3	$9	$54
	Annual	$1,100	$3,300	$19,700
Halifax				
	Per day	n/a	14	64
	Annual	n/a	$5,100	$23,400

Level B reflects the type of supports provided by organizations like Houselink, Ecuhome, Dixon Hall in Toronto and by Triage Windchimes and MPA properties in Vancouver – all of which operate supportive group homes, primarily housing individuals with mental health difficulties, but able to function with supports in the community. There appear to be significant variations in housing support worker wage levels although levels of service are similar across these providers. In all cases, intake costs are significant so high turnover rates have a significant impact. Montreal estimates based on an in-house analysis provided by FOHM (Féderation des OSBL [organismes sans but lucrative] d'habitation de Montréal).

For Level C, a more intense level of service is being provided in the recently opened support home operated by Mainstay in Toronto and the Enhanced Living Portland Hotel Society and Triage Concurrent Disorder Outreach Program in Vancouver. These serve a population with severe developmental disabilities and requires more intense levels of support and a much higher staff to tenant ratio than typically provided in other properties. The Halifax estimate reflects a recent proposal to develop a new initiative labeled Situation Appropriate Supportive Housing, an approach targeted at building moderate to high level of supports with non-profit housing providers. In addition, this client group is more likely to require support from ACT teams, which can add $16,000 to 28,000 to the other support services. As in the level B, Montreal estimates based on an in-house analysis provided by FOHM.

3.4. Consolidating New Residential and Support Costs

Integrating both sets of data into the matrix yields a set of estimates for the cost of new facilities or residential properties at the respective levels of service. These are first year costs only and are presented in Exhibit 3.5.

In each case it is assumed that the tenant is entirely dependent on income assistance/disability payments. Where the tenant is able to move back into the workforce, costs will be lowered based on a tenant contribution toward rent (assume at e.g. at 30% of income). Finally, as above, to facilitate annual comparisons, all capital costs are amortized regardless of whether funded by grant or ongoing subsidy.

Overall, Exhibit 3.5 indicates that total costs increase as accommodation moves from shared configurations into fully individual units; and as levels of support intensify. Since these costs reflect new construction, they tend to be higher than those presented in section 2, which reflected costs of ongoing operations in older facilities with historic development costs.

Exhibit 3.5: Consolidated Residential and Support Cost *
Combined residential operating costs (from Ex 3.3) and support levels (Ex 3.4)

	Annual Cost Range of Service Levels		
Building Type	**Level A (Light Support)**	**Level B (Moderate Support)**	**Level C (Intensive Support)**
		Toronto	
Shared 4 Bed Townhouse	$7,100	$12,200	$28,200
SRO	$9,900	$15,000	$31,000
Small One-Bed	$13,200	$18,300	$34,300
Family 3 Bed Townhouse	$17,500	n/a	n/a
		Vancouver	
Shared 4 Bed Townhouse	$7,600	$12,200	$41,000
SRO	$10,300	$14,900	$43,700
Small One-Bed	$13,700	$18,300	$47,100
Family 3 Bed Townhouse	$18,000	n/a	n/a
		Montreal	
Shared 4 Bed Townhouse	$5,200	$7,400	$23,800
SRO	$7,900	$10,100	$26,500
Small One-Bed	$11,100	$13,300	$29,700
Family 3 Bed Townhouse	$15,200	n/a	n/a
		Halifax	
Shared 4 Bed Townhouse	n/a	$8,800	$27,100
SRO	n/a	$11,600	$29,900
Small One-Bed	n/a	$14,600	$32,900
Family 3 Bed Townhouse	n/a	n/a	n/a

*First year cost only; costs in shared 4 person townhome are per person, not per unit

The residential option of family town-home is included here as this reflects the prevalence of emergency shelter demand for families, especially in Toronto, where almost 2,000 families are accommodated in a combination of city operated emergency shelters or via temporary placements in motels with more than half in motels.

While much of the chronic homeless population involves individuals with mental health and substance abuse problems, and requires ongoing support services, there is a significant flow of more transitional homeless (refugee and immigrants, youth, and some adults). For these, the "no support options" may be a realistic alternative to shelters or absolute homelessness.

Over time costs will shift in part as a result of tenant rent contributions (moreso in the no support category where reattachment to the labour market is more prevalent), but also due to inflation in operating and support costs. The amortized capital cost will remain constant (but may be impacted at renewal of a mortgage term rollover).

To the extent operating and support costs are often program related and not indexed, it is likely that these will lag inflation and service levels may tend to be reduced over time in order to adjust to funding constraints, with sporadic adjustments from time to time.

Under these constrained operating circumstances projecting costs into the future is not likely to generate realistic estimates, although it will show the level of funding increases that are necessary to sustain current assumed levels of support and building operations.

4. Conclusions and Observations on Cost Outcomes

The appropriateness of a particular configuration of services and residential forms, as described and costed in part 3, will depend on the specific circumstances and characteristics of the person or household being assisted. The various combinations of support and residential type used in this costing analysis will not always be realistic or long-term substitutes for each other. However, supportive housing can alleviate demand and pressure across an institutional and emergency system.

For example, housing and appropriate supports for individuals with mental illness has been documented to contribute to reduced readmissions to tertiary hospitals or emergency services, although supportive housing cannot replace such emergency services since the later provide a much broader level of other services. As noted in the City of Toronto shelter audit, the inability to place shelter clients into transitional or supportive housing, results in a backlog of extended stays in the emergency shelter, typically at higher daily costs. In Halifax, referrals to the intensive case management rehabilitation program often come from inpatients that, prior to admission to the psychiatric hospital, had lost their home due to inability to live independently without support. Thus expansion of options for appropriate supportive housing can help to prevent such admissions.

Incarceration is a more difficult linkage, as causality of re-offending goes beyond issues of homelessness. But again, it is asserted that risk of re-offending rises in the absence of stable housing and appropriate supports that help entry to the labour market. In the case of city run lock-ups these are often used for overnight detention of individuals picked up for some combination of anti-social behaviour related to either mental illness of substance abuse. Eberle et al. (2001) documented costs in the criminal justice system as the largest single cost category among a panel of 12 homeless individuals tracked over a one-year period in Vancouver.

So, actual experience has shown that, largely by default, certain institutional categories have become “options” to address homelessness. The literature review as well as the current costing analysis demonstrated that in many cases these default options are more costly to government and result in less effective outcomes for the individual or for society in general, than more purposeful preventive and supportive housing options.

Community based groups, with 24/7 supports, augmented by ACT teams have been used to discharge patients of tertiary care facilities. Efforts of organizations like the John Howard Society and Elizabeth Fry Society seek to provide supports and transitional housing for ex-offenders and parolees. And various initiatives to place individuals and families into permanent affordable housing (with primarily transitional supports only) have also expedited movement out of emergency shelters (or temporary motel accommodations).

Specific Comparison of Potential Alternative Responses

Exhibit 4.1 identifies two sets of potential responses that may be appropriate in many circumstances – again not as direct substitutes for each other but as alternative options when circumstances warrant.

Exhibit 4.1 Potentially Related Options	
Option A (Inst/Emergency)	Option B (Supportive)
A-1 Psychiatric Hospital or Treatment Centre	B-1 Shared Dwelling/High Support
A-2 Detention Centre/Lock-up	B-2 Shared Dwelling/Low Support
A-3 Singles Emergency Shelters	B-3 SRO Unit/Low support
A-4 Family Emergency Shelters	B-4 Family 3 Bed T/H - Light Support

The alternate options suggested in exhibit 4.1 essentially match supportive housing options against institutional and emergency services. These options involve either high or low support levels, so moderate support levels are not used in this comparison (although this level may be more common in forms of supportive housing, depending on client groups). From the costing analysis, it is evident that there is a significant cost difference across these options – even after adjusting costs of supportive options to reflect new development.

The relative costs are presented in Exhibit 4.2. Only data for Toronto and Vancouver is included here as this service to illustrate the point without the burden of excessive detail generated when using all four cities (a similar pattern emerges when data from Montreal or Halifax are used). This draws from both earlier sets of analysis – the option A institutional and emergency costs reflect current actual experience, as reported by existing operators; option B alternatives are based on the estimated cost of building new facilities and layering appropriate levels of support on these residential situations.

Exhibit 4.2 Relative Cost of Emergency/Institutional versus Supportive Options				
Option A		***Option B***		***Percent saving (A/B)***
Toronto	$/day		$/day	
Psych Hospital	550	Shared Dwelling/high support	77	14%
Treatment Centres	112	Shared Dwelling/high support	77	69%
Prison/Detention	155	Shared Dwelling/Low support	19	12%
Emergency Shelter - Singles	54	SRO-1Bed/Low support	27	50%
Emergency Motel - Families	80	3 Bed T/H - Light Support	48	60%
Vancouver				
Psych Hospital	180	Shared Dwelling/high support	112	62%
Treatment centres	102	Shared Dwelling/high support	112	110%
Prison/Detention	140	Shared Dwelling/Low support	21	15%
Emergency Shelter - Singles	38	SRO-1Bed/Low support	28	74%
Emergency Motel - Families	215	3 Bed T/H - Light Support	49	23%

Costs are presented here on a per day basis (and are based on the cost of new development stacked with specified support levels). In most cases the supportive housing option is not a direct substitute but helps to reduce the number of days of use in the institutional or emergency response part of the system.

Exhibit 4.2 clearly shows a significant reduction in the cost to government of the alternate options B, based on supportive housing models, which can be purposefully designed to meet requirements of specific client groups. In most cases, costs under Option B are 50%-60% or less of those of the Option A institutional and emergency costs.

Overall, both the literature review and cost analysis (even after adjusting for estimated costs to create new properties) demonstrate that it is more cost effective to address homelessness and related issues through community based residential models than through institutional and emergency response systems. This finding holds true for the range of responses examined in across the four cities, although the degree of savings varies, in part based on the case studies from which costs were extracted.

What Does This Mean For Future Policy and Program Initiatives

This analysis has identified cost comparison in existing and new facilities where a large portion of costs are fixed, not marginal. The real estate operating costs are incurred regardless of whether units or beds are occupied or vacant, and there is no saving when facilities are occupied below capacity. In the case of support costs, these are, to a large degree, driven by case-loads of support workers, but even here a relatively standard number of staff and associated overhead costs are usually retained, so again costs do not necessarily decline with lower case loads.

Where the cost advantage of the supportive and affordable housing options become meaningful is in addressing future demand, which will inevitably increase as populations continue to expand. Directing new investment to the lower cost (and arguably more effective) supportive option is likely to be more cost efficient than investing in new prisons, psychiatric hospitals and emergency shelters.

To the extent that the supportive options help to divert or accept clients of existing institutional and emergency options, the existing capacities can be used more effectively and large capital investments minimized (or reallocated to supportive community based options).

Focusing more specifically on emergency shelters that are specifically intended to address homelessness, it is evident from this analysis that investment in long-term supportive options, and potentially in affordable independent living, is a better form of investment than directing limited funds to build more emergency shelters.

A critical issue in achieving these outcomes is that current resources are consumed by existing facilities, and these are operated and funded in different jurisdictions and by different departmental budgets. New funding to implementing these options is required. However in securing new funding, or reallocating from potential efficiencies there is an interdepartmental and intergovernmental constraint.

Health and social service ministries and agencies are key players in designing and funding support services. Meanwhile housing funders and providers, especially non-profit community based organizations have valuable expertise in operating and managing the necessary residential properties to which support services can be attached and integrated. Increased cross-sectoral collaboration and capital planning will be required to implement a complete and well functioning continuum.

Appendices

A. Detailed Tables of Cost Categories in Existing Facilities

B. Details of New Construction Cost Estimates

Exhibit A - 1: Vancouver

Range of Cost Estimates Across Typology of Responses to Homelessness - Current Operations

		Approach	Support/Management Model	Accom	Meals	Supports for Daily Living	Medical support *	Total Cost per day	Annualized cost
Institutional	1	Prison/Detention Pre-court Lockup: Correctional Centre:	Accommodation/incarceration; some treatment/lifeskills activities, security	incl	incl	incl	incl	300-480 100-180	36,000 to 175,000
	2	Psychiatric Hospital · Specialized Residential to Tertiary Acute	24 hour care, professional staff, intensive level of health care, housekeeping	incl	incl	incl	incl	160 to 208	116,000+
Emergency	3	Emergency Shelter or Hostel - Singles and Families	Faith group/Non-profit operated shelters - various in house and community support workers.	incl	incl	excl	excl	25-54	9,000 - 20,000
	4	Emergency Motel Accommodation - Families (1P+1C; 2P+2C)	Meal allowance;community based support worker	105	64-128	excl	excl	170 to 225	n/a
	5	Emergency Shelters - Victims of Family Violence	Meals or communal cooking, crisis couselling and support, housing referals	incl	incl	incl	excl	73-95	26,000 to 34,000
Transitional and Supportive	6	Treatment centres/group homes	Communal living with bedroom; meals, SDL; 24hr staffing/7days	incl	incl	incl	some	54 to 150	20,000 to 55,000
	7	Group/Shared Home - Long Term Supportive	Communal living with bedroom; shared cooking, community supports for SDL; Staffing daytime weekdays+ emergency call	10-11	excl	12-14	excl	22 to 25	8,000 to 9,000
	8	Group/Shared Home - Transitional	Communal living with bedroom; Focused program on life skills training to enable degree of supported independence; Staffing daytime weekdays+ emergency call	11-13	excl	15-50	excl	26 to 63	10,000 to 23,000
	9	Rooming House/private apt with Community Supports (Supported Independent Living)	Private room/ meals provided; community Supports for Daily Living on part time basis	10-32	excl	9-12	excl	19 to 44	7,000 to 11,500
Independent	10	Self contained apartment (incl. SRO/bach/one-bed) single person	Private or non-profit, basic residential services - no support services	11-28	excl	excl	excl	11 to 15	4,000 to 10,000
	11	Fully independent self contained - Family 2-4 bed	Private or non-profit, basic residential services - no support services	15-35	excl	excl	excl	15 to 35	5,500 to 12,000

Notes/Sources

1	Ministry of Public Safety and Solicitor General
2	Riverview Hospital (Tertiary Treatment). Analysis of current operating cost (excludes facility capital overhead)
3	Min Human Resources and individual shelter operators. Note Portland Hotel falls in this range but is a hybrid of (#3) hostel and (#9) rooming houses and has accommodation at $28 and supports at $16 (total $44).
4	Min Human Resources andindividual shelter operators
5	Emergency assistance, maximum for initial 72 hours only, after which revert to regular BC Benefits plus crisis supplements.
6	Portland Enhanced Support Apartments; Triage Emergency Shelter, Vancouver Community Health Services
7	Based on operator experience, MPA, Coast Foundation, Triage
8	Triage Transitional Housing
9	Current non profit operators, with separate supports for independent living (SIL)
10	Typical singles apartment, subsidy based on BC Benefits up to current social housing average, new development (BC Housing)
11	Typical family apartment, subsidy based on BC Benefits up to current social housing average (BC Housing)
*	Individual Tenants may also receive medical support by AssertiveCommunity Treatment Teams (ACTT) - but costs vary according to individual need and are therefore not included here. On average, ACT cost per client are in the order of $16,000 annually (City Vancouver Homeless Plan 2004) to $28,000/yr (Riverview Acces Patient Placement Program)

Exhibit A - 2: Toronto

Range of Cost Estimates Across Typology of Responses to Homelessness - Current Operations

		Approach	Support/Management Model	Accom	Meals	Supports for Daily Living	Medical support *	Total Cost per day	Annualized cost
Institutional	1	Prison/Detention Pre-sentence remand:	Accommodation/incarceration; some treatment/lifeskills activities, security	incl	incl	incl	incl	155	56,000+
	2	Psychiatric Hospital	24 hour care, professional staff, intensive level of health care, housekeeping	incl	incl	incl	incl	486 - 608	177,000 to 220,000
Emergency	3	Emergency Shelter or Hostel - Singles	Public or Non-profit operated shelters - various in house and community support workers.	incl	incl	incl	incl	35-70	13,000 to 25,000
	4	Emergency Motel Accommodation - Families (1P+1C; 2P+2C)	Meal allowance;community based support worker	40	15-30	n/a	n/a	55-110	20,000 to 40,000
	5	Emergency Shelters - Victims of Family Violence	Meals or communal cooking, crisis couselling and support, housing referals	incl	incl	incl	excl	80 to 85	29000 to 31,000
Transitional and Supportive	6	Treatment centres/group homes	Communal living with bedroom; meals, SDL; 24hr staffing/7days	30-40	incl	28-30	50 to 55	108 to 125	40,000 to 46,000
	7	Group/Shared Home -Long Term Supportive	Communal living with bedroom; shared cooking, community supports for SDL; Staffing daytime weekdays+ emergency call	20-25	excl	9 to 23	excl	31 to 48	11,000 to 17,500
	8	Group/Shared Home - Transitional Supportive	Communal living with bedroom; Focused program on life skills training to enable degree of supported independence; Staffing daytime weekdays+ emergency call	11-13	excl	15-50	excl	26 to 63	10,000 to 23,000
	9	Boarding/Rooming House/private apt with Community Supports (Supported Independent Living)	Private room/ meals provided; community SDL	28-30	incl	9 to 12	excl	37 to 40	13,500 to 15,000
Independent	10	Self contained apartment (incl. SRO/bach/one-bed) single person	Private or non-profit, basic residential services - no support services	11-28	excl	excl	excl	11 to 15	4,000 to 10,000
	11	Fully independent self contained - Family 2-4 bed	Private or non-profit, basic residential services - no support services	15-35	excl	excl	excl	15 to 35	5,500 to 12,000

Notes/Sources

1	Average day cost for hospital bed in Tertiary care is $486 (MOHLTC). Upper estimate from Centre for Additions and Mental Health (CAMH) Includes all direct (all nursing care, therapeutic care, diagnostic etc.) and indirect (overhead) costs.
2	Estimate provided by Min Community Safety and Public Safety. Represents ave cost per day in an adult detention centres for offenders
3	City Toronto, Shelter Services Div; also cited in Report of City Auditor General, 2004
4	Phone conversation with City Toronto, Shelter Services Div
5	Phone conversation with City Toronto, Shelter Services Div
6	Information from Mainstay - new development completed in past year
7	Data from financial statements, current operators - Ecuhome, Houselink. Dixon Hall
8	Cost range widely depending on client group. Estimates here reflect immigrant settlement and tent City examples
9	Phone Conversation Habitat Services; supplemented by Tent City Report
10	Current costs of Ontario Works shelter compoments singles (if living in private; or recent annual subsidy cost in social housing, assumming also on OW)
11	Current costs of OW shelter compoments Family of 4 (if living in private; or recent annual subsidy cost in social housing, assumming also on OW)
*	Individual Tenants may also receive medical support by Assertive Community Treatment Teams (ACTT) - but costs vary according to individual need and are therefore not included here. On average ACTT cost per client are in the order of $18,000 to $20,000 annually

Exhibit A - 3 Montreal

Range of Cost Estimates Across Typology of Responses to Homelessness - Current Operations

		Approach	Support/Management Model	Accommodation	Meals	Supports for Daily Living	Medical support *	Total cost per day	Annualized cost
Institutional	1	Prison/Detention centre	Accommodation/incarceration; some treatment/lifeskills activities, security	incl	incl	incl	incl	$162	$59,130
	2	Psychiatric Hospital	24 hour care, professional staff, intensive level of health care, housekeeping	incl	incl	incl	incl	$260 to $475	$78,000 to $131,000
Emergency	3	Emergency Shelter or Hostel - Singles	Public or Non-profit operated shelters - various in house and community support workers.	incl	incl	minimal	excl	$34 to 52	$12,500 to $19,000
	4	Emergency Motel Accommodation - Families	Meal allowance;community based support worker	$64	$7/ person/ meal	$4	excl	$88 to $119	$32,000 to 43,000
	5	Emergency Shelters - Victims of Family Violence	Meals or communal cooking, crisis couselling and support, housing referals	incl	incl	incl	incl	$108	$39,300
Transitional and Supportive	6	Treatment centres (Psychiatric and Detox)	Communal living with bedroom; meals, SDL; 24hr staffing	incl	incl	incl	incl	$145 to $301	$53,000 to $110,000
	7	Group/Shared Home - Long Term Supportive	Communal living with bedroom; shared cooking, community supports for SDL; Staffing 24/7	incl	excl	incl	excl	$30	$10,950
	8	Group/Shared Home - Transitional Suppportive		n/a	n/a	n/a	n/a	n/a	n/a
	9	Boarding/Rooming House with Community Supports	Private room/ meals provided; community SDL	incl	excl	incl (some)	excl	$12-25	$4,300 to $5,800
Independent	10	Self contained apartment for single person (incl. SRO/bach/one-bed)	Private or non-profit, basic residential services - no support services	incl	excl	excl	excl	$10 to $21	$3,650 to $7,700
	11	Fully independent self contained - Family 2-4 bed units	Private or non-profit, basic residential services - no support services	incl	excl	excl	excl	$17-23	$6,200 to $8,400

Notes

1	Conversation with Provincial detention centre – la Sécurité publique
2	Information de l'Agence des services de santé, based on an extraction of administrative data for ongoing treatment and emergency visits to psychiatric hospitals in Montreal Health Region.
3	Reflects range from mens shelter and Youth Shelter. Data from Financial statements
4	In 2004 the downtown YMCA supplied the temporary accommodation. Information: SHDM (Total cost varies by family size, since meal allowance per person)
5	Information from Annual financial statements Shelter for Women: Auberge Madeleine
6	Information is from the Centre Dollard-Cormier and reflects a range of detox services from short term emergency to longer term treatment (up to 3 months)
7	Based on Womens Y, Transitional housing, some counselling supports. No meals but access to common kitchen.
8	Sample insufficient in Montreal
9	Reflects a selection of existing boarding homes most built/renovated in past 15 years - total costs include some debt costs. Data from Financial statements
10	Data from FOHM financial statements, range of properties - includes debt (excl debt,range is $10-$11 per day) (Fédration des OSBL (organismes sans but lucrative) d'habitation de Montréal)
11	Data from FOHM financial Statements, range of family properties - includes debt (excl debt, range is $8-$17 per day)
*	Excludes medical costs except in hospital case. Community based professional response Teams (SAD) may offer some services in other options

Exhibit A - 4: Halifax

Range of Cost Estimates Across Typology of Responses to Homelessness - Current Operations

		Approach	Support/Management Model	Accommodation	Meals	Supports for Daily Living	Medical support *	Total	Annualized cost
Institutional	1	Prison/Detention centre	Accommodation/incarceration; some treatment/lifeskills activities, security	incl	incl	incl	incl	$250 to 300	91,000 to $109,000
	2	Psychiatric Hospital	24 hour care, professional staff, intensive level of health care, housekeeping	incl	incl	incl	incl	$183 to $238	$66,000 to $87,000
Emergency	3	Emergency Shelter or Hostel - Singles (men. Youth)	Public or Non-profit operated shelters - overnight only, meals at Drop in Centre (excl)	incl	no meals	excl	excl	$12 to $16	$4,300 to $5,800
	4	Emergency Motel Accommodation - Families	Meal allowance;community based support worker	incl	incl	excl	excl	up to $100	up to $36,500
	5	Emergency Shelters - Victims of Family Violence	Meals or communal cooking, crisis couselling and support, housing referals	incl	incl	incl	excl	$48 to $68	$17,500 to 24,800
Transitional and Supportive	6	Treatment centres/group homes	Communal living with bedroom; meals, SDL; 24hr staffing	incl	incl	incl	incl	$35 to $120	$12,700 to $43,800
	7	Group/Shared Home -Long term	Communal living with bedroom; shared cooking, community supports for ADL; Staffing 24/7	incl	incl	incl	excl	$51 to $217	$20,800 to $79,250
	8	Group/Shared Home - Transitional		n/a	n/a	n/a	n/a	n/a	n/a
	9	Boarding/Rooming House with Community Supports	Private room/ meals provided; community ADL supports, daytime staffing only (24 emerg call)	incl	incl	incl	excl	$35 to $90	$12,750 to $32,800
Independent	10	Self contained apartment (incl. SRO/bach/one-bed) single person	Private or non-profit, basic residential services - no support services	incl	excl	excl	excl	$14-$18	$5,100 to $6,500
	11	Fully independent self contained - Family 2-4 bed	Private or non-profit, basic residential services - no support services	incl	excl	excl	excl	$16-$20	$5,800 to $7,300

Notes/Sources:

1	Estimate from Shelter provider. Confirmed sort by not obtained from Halifax Police
2	Average daily cost for emergency sevices (183) across range of Halifax hospitals; and treatment in East Cost Forensic Centre (offenders with mental illness),. Data from Halifax Health Region Finance Dept.
3	Data from existing emergency shelter operators. Both close during day, but clients access nearby drop in for food. Some monitoring, but not extensive couselling. Data from a 24 hr shelter with more intense programming support has costs of roughly $85/day
4	Allowance under Community Service program, but seldom used.
5	Data from Adsum Centre and St Leonards Society
6	Data from Adsum Centre. St Leonards Society, Phoenix House and from Min Community Services (current per diem paid to range of providers)
7	Data from Adsum House, Phoenix youth supervised apartments and proposal for a more intense level of supportive housing by MNPHA. Also data from Community Service - Community supports for Adults.
8	Sample insufficient in Halifax
9	Based on information from Community Services - range of funding for existing licenced boarding homes - incl meals and some support for Activities of Daily Living (primarily persons with mental health difficulties). Typically Licensed Homes include 24/7 support.
10	Data from MNPHA, Harbour City Homes and Adsum (most examples have low or no debt cost)
11	Data from MNPHA, Harbour City Homes and Adsum (most examples have low or no debt cost)
*	Excludes medical costs except in hospital case. - Community based professional response Teams (ACT type) may offer some services in other options

Appendix B. Details of New Construction Cost Estimates.

Exhibit B-1: Project Pro Formas Various Building Forms - Toronto

Estimated New Development Capital Costs and Associated Ongoing Subsidy Cost

	Singles			Family
Construction Cost Estimates (1)	**Shared 4 Bed TH**	**SRO**	**Small One-Bed**	**3- Bed TH**
Land Cost	$45,000	$10,000	$16,000	$37,000
Hard Construction Cost	$112,000	$41,000	$62,000	$93,000
Soft Costs (incl GST)	$19,000	$7,000	$11,000	$16,000
Total Capital Cost	**$176,000**	**$58,000**	**$89,000**	**$146,000**
Annualized Operating and Debt Costs				
Annual Operating (2)	$4,300	$2,800	$3,800	$3,700
Amortized Total Capital Cost (3)	$13,513	$4,453	$6,833	$11,209
Total annual cost (incl amort 100% of cost)	$17,813	$7,253	$10,633	$14,909

Estimated Ongoing Subsidy Cost (yr 1) - Range of Building Forms (4)

	Shared 4 bed TH (5)	SRO	Smalll One-bed	3- bed Family TH
Total Annual	**$4,500**	**$7,300**	**$10,600**	**$14,900**

Exhibit B-2: Project Pro Formas Various Building Forms - Vancouver

Estimated New Development Capital Costs and Associated Ongoing Subsidy Cost

	Singles			Family
Construction Cost Estimates (1)	**Shared 4 Bed TH**	**SRO**	**Small One-Bed**	**3- Bed TH**
Land Cost	$45,000	$10,000	$16,000	$37,000
Hard Construction Cost	$116,000	$43,000	$65,000	$96,000
Soft Costs (incl GST)	$20,000	$7,000	$11,000	$17,000
Total Capital Cost	**$181,000**	**$60,000**	**$92,000**	**$150,000**
Annualized Operating and Debt Costs				
Annual Operating (2)	$4,000	$2,600	$3,500	$3,400
Amortized Total Capital Cost (3)	$13,897	$4,607	$7,063	$11,517
Total annual cost (incl amort 100% of cost)	$17,897	$7,207	$10,563	$14,917

Estimated Ongoing Subsidy Cost (yr 1) - Range of Building Forms (4)

	Shared 4 bed TH (5)	SRO	Smalll One-bed	3- bed Family TH
Total Annual	**$4,500**	**$7,200**	**$10,600**	**$14,900**

Notes

1	Reflects modest woodframe construction on non-prime sites. Developments on high density inner city sites will require masonry construction and costs likely to be up to 15-20% higher. (SRO form assumes higher masonry construction cost as most will be inner city sites.
2	Incl admin, utilities, maintenance, taxes, insurance.
3	Total capital cost is amortized at 6% mortgage over 25 yr amortization. It is assumed that all residents receive income assistance so effectively, even if rents paid, cost of debt repayment covered by government.
4	Overtime annual subsidy will increase by the difference between rental revenue less inflated operating cost. Except for mortgage term renewals, debt cost will remain unchanged. Projected future costs not illustrated here.
5	In shared 4 bed townhouse for singles, annual subsidy costs are per tenant in shared unit (i.e. total divided by 4)
	All values rounded to nearest $100

Appendix B. Details of New Construction Cost Estimates.

Exhibit B-3: Project Pro Formas Various Building Forms - Montreal

Estimated New Development Capital Costs and Associated Ongoing Subsidy Cost

	Singles			Family
Construction Cost Estimates (1)	**Shared 4 Bed TH**	**SRO**	**Small One-Bed**	**3- Bed TH**
Land Cost	$30,000	$8,000	$13,000	$25,000
Hard Construction Cost	$111,000	$39,000	$59,000	$92,000
Soft Costs (incl GST)	$19,000	$6,000	$10,000	$15,000
Total Capital Cost	**$160,000**	**$53,000**	**$82,000**	**$132,000**
Annualized Operating and Debt Costs				
Annual Operating (2)	$4,300	$2,700	$3,700	$4,000
Amortized Total Capital Cost (3)	$12,284	$4,069	$6,296	$10,135
Total annual cost (incl amort 100% of cost)	$16,584	$6,769	$9,996	$14,135

Estimated Ongoing Subsidy Cost (yr 1) - Range of Building Forms (4)

	Shared 4 bed TH (5)	SRO	Smalll One-bed	3- bed Family TH
Total Annual	**$4,100**	**$6,800**	**$10,000**	**$14,100**

Exhibit B-4: Project Pro Formas Various Building Forms - Halifax

Estimated New Development Capital Costs and Associated Ongoing Subsidy Cost

	Singles			Family
Construction Cost Estimates (1)	**Shared 4 Bed TH**	**SRO**	**Small One-Bed**	**3- Bed TH**
Land Cost	$27,000	$8,000	$12,000	$22,000
Hard Construction Cost	$95,000	$35,000	$54,000	$78,000
Soft Costs (incl GST)	$16,000	$6,000	$9,000	$13,000
Total Capital Cost	**$138,000**	**$49,000**	**$75,000**	**$113,000**
Annualized Operating and Debt Costs				
Annual Operating (2)	$4,300	$2,700	$3,700	$4,000
Amortized Total Capital Cost (3)	$10,595	$3,762	$5,758	$8,676
Total annual cost (incl amort 100% of cost)	$14,895	$6,462	$9,458	$12,676

Estimated Ongoing Subsidy Cost (yr 1) - Range of Building Forms (4)

	Shared 4 bed TH (5)	SRO	Smalll One-bed	3- bed Family TH
Total Annual	**$3,700**	**$6,500**	**$9,500**	**$12,700**

Notes

1	Reflects modest woodframe construction on non-prime sites. Developments on high density inner city sites will require masonry construction and costs likely to be up to 15-20% higher. (SRO form assumes higher masonry construction cost as most will be inner city sites.
2	Incl admin, utilities, maintenance, taxes, insurance.
3	Total capital cost is amortized at 6% mortgage over 25 yr amortization. It is assumed that all residents receive income assistance so effectively, even if rents paid, cost of debt repayment covered by government.
4	Overtime annual subsidy will increase by the difference between rental revenue less inflated operating cost. Except for mortgage term renewals, debt cost will remain unchanged. Projected future costs not illustrated here.
5	In shared 4 bed townhouse for singles, annual subsidy costs are per tenant in shared unit (i.e. total divided by 4)
	All values rounded to nearest $100