the homeless hub
PAPER #3

THE REAL COST *of* HOMELESSNESS

Can we save money by doing the right thing?

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The real cost of homelessness:
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Canadian Homelessness Research Network

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THE REAL COST OF HOMELESSNESS: CAN WE SAVE MONEY BY DOING THE RIGHT THING?

IN RECENT YEARS, many have argued that our current response to homelessness – one that relies heavily on the provision of emergency services – is a very expensive way of responding to a seemingly intractable problem. What happens if we shift our energy from managing the problem – a problem that is clearly the result of economic and policy changes that have occurred over the past few decades – to actually trying to end homelessness? We know this can be done, and also that it is the right thing to do. Some will say that we cannot afford this – but it is worth asking: does our current approach actually save us any money, or is it cheaper to address the root causes of homelessness? That is, is it more cost effective to house people and / or prevent them from becoming homeless in the first place, than to let people languish in a state of homelessness, relying on emergency shelters and day programs? That is a policy question that is worth addressing.

"[T]axpayers funded a decade of relative inaction on homelessness that cost nearly $50 billion."
(Laird, 2007)

This is not a new question. A 2006 article by Malcolm Gladwell in the New Yorker entitled "Million Dollar Murray" sparked public debate by raising some important questions. In that article, Gladwell chronicled the experience of a man named Murray who lived on the streets of Reno, Nevada. Gladwell calculated that the cost of Murray's time spent in prison, his stays in homeless shelters, his visits to emergency rooms and his stays in hospital added up to over a million dollars in ten years – the implication being that when people *think* we can get away with responding to homelessness 'on the cheap', it actually costs all of us quite a lot. The article is important in that it highlights the real cost of our current response to homelessness and has inspired communities and government officials to think differently about how to address this important issues.

Lest we smugly believe this is an American story only, that with their high cost of health care and propensity to imprison people the costs quickly become inflated, it is worth pointing out that many of the same arguments have been made effectively in Canada. Studies have shown that investing in homelessness prevention costs less than it does to keep someone on the streets (National Council on Welfare, 2011). The argument is that if we shifted the focus to prevention and housing (with supports, if necessary), we would not only be responding appropriately and compassionately to a problem that harms individuals, families and communities, but we would also be saving money.

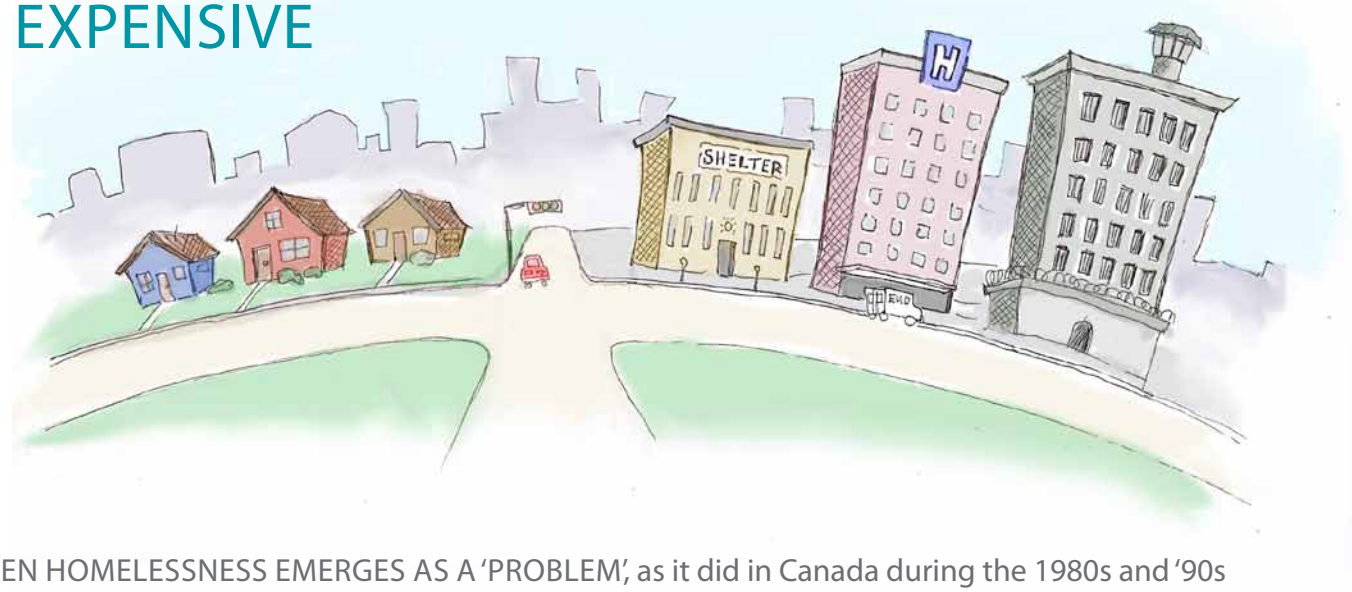
The cost of homelessness encompasses direct costs, including shelters and services, as well as indirect costs (which economists refer to as externalities), such as increased use of health services, policing and the criminal justice system, for instance. A recent report suggests that a conservative estimate of the annual cost of homelessness in Canada in 2007 was $4.5 to 6 billion – this for community organizations, governments and non-profits to provide emergency services. Furthermore, the report argued that: *"between 1993 and 2004, Canadian taxpayers spent an estimated $49.5 billion maintaining the status quo on the homeless problem in Canada"* (Laird, 2007a). At the time, Laird pointed out that this amount was greater than what the Federal government was spending on international development ($4.1 billion) or on annual debt reduction ($3 billion), and that the amount was comparable to the $4.35 billion 2006 GST tax cut (Laird, 2007b).

Does this expenditure make sense? ***Is there another way to address homelessness in Canada?*** Can ending homelessness in fact save money? While this is a good question, it is important to state up front that there are strong reasons to move towards ending homelessness beyond merely the cost benefit; that in a wealthy country like Canada, it is unacceptable that individuals and families remain mired in extreme poverty, and there is a moral and social imperative to reduce inequities in our society.

Nevertheless, whether one likes it or not, people do want to know about, or talk about the cost of policy responses. And assessing the cost of homelessness is important, because it can provide a strong argument for doing things *differently*, especially at a time when governments must rely on reduced revenue to carry out their work, and community-based services face greater demand to demonstrate a social return on investment.

So what does the research say? This report summarizes what we know about the cost of addressing homelessness by looking at key literature from Canada and the United States. What becomes clear is that the status quo is actually really expensive. It may seem counter intuitive to suggest that it is cheaper and more cost effective to provide people who experience homelessness with the housing and supports they need, rather than simply provide them with emergency supports through shelters and soup kitchens. However, the research reviewed here indicates that this is actually the case. The best social and economic policies should be based on research and evidence, and in this case, the evidence points to the fact that if we do things differently, we not only achieve better social outcomes, but we also save money.

RELYING ON **EMERGENCY SERVICES** IS EXPENSIVE



WHEN HOMELESSNESS EMERGES AS A 'PROBLEM', as it did in Canada during the 1980s and '90s (Hulchanski et al., 2009; Gaetz, 2010), the first response is to expand emergency services. This includes, for the most part, emergency shelters[1], day programs and soup kitchens. We do know that in spite of these supports, people who remain homeless for long periods of time see declines in their physical and mental health (Cheung & Hwang, 2004; Frankish et al., 2005; Hwang, 2001; Khandor & Mason, 2007; Kulik et al., 2011), and an increase in trauma and injury because of a lack of safety (Gaetz et al., 2010). All of these things can lead to higher rates of health care utilization. Finally, we need to consider that by keeping people in a state of homelessness, we often make homelessness more visible, which often results in calls for increased use of law enforcement to rid cities of the so-called nuisance of panhandlers and people sleeping on sidewalks or in parks.

In the United States, where there is a longer history of homelessness, researchers and policy makers have long had an interest in the service utilization costs of people who are homeless (Culhane et al, 2011; Culhane et al., 2007; Moore, 2006; Mondello et al., 2009; National Center on Family Homelessness, 2009; Flaming et al., 2009; Linkins et al., 2008; Perlman & Parvensky, 2006; Spellman et al., 2010; Holtgrave, 2007; Chandler & Spicer, 2002). Research by Wong et al. (2005), for instance, established that shelter costs for people who are homeless were much higher than the rental costs of market rate housing.

There is also ample evidence from across Canada that demonstrates that investing in emergency services as a response to homelessness not only has a negative impact on health and well-being, but it is also expensive (Laird, 2007a; Eberle et al., 2001; Palermo et al., 2006; Shapcott, 2007; Pomeroy, 2005; 2008). A 2001 study in British Columbia indicated that it costs $30,000 - $40,000 annually to support one homeless person (Eberle et al., 2001), and a 2006 study in Halifax (Palermo et al., 2006) points out that investments in social housing would generate per person savings of 41 percent.

The cost of homelessness does not only accrue for our emergency shelters, soup kitchens and day programs, but also for the health care system and correction services; when evaluating whether it is cheaper to keep people in emergency services versus providing them with housing and the supports they need, this becomes an important part of the equation.

1 The Canadian Definition of Homelessness (2012) defines emergency shelters as 'facilities designed to meet the immediate needs of people who are homeless: "Shelters typically have minimal eligibility criteria, offer shared sleeping facilities and amenities, and often expect clients to leave in the morning. These facilities may or may not offer food, clothing or other services."

IN A REVIEW OF THE COST OF HOMELESSNESS IN FOUR CITIES, POMEROY (2005) FOUND THAT THE ANNUAL BASIC COSTS PER PERSON WERE:

Institutional responses (prison/detention and psychiatric hospitals):
$66,000 to $120,000

Supportive and transitional housing:
$13,000 to $18,000

Emergency shelters (cross section of youth, men's women's, family and victims of violence):
$13,000 to $42,000

Affordable housing without supports (singles and family):
$5,000 to $8,000

Pomeroy argues that because people who are homeless are also more likely to be involved with the law and / or be high users of mental health services, these costs need to be calculated in any comparison of the cost of homelessness (shelters and services) versus providing people with housing and needed supports.

A more recent study of homeless people with substance abuse and mental health issues in British Columbia argues that one homeless person costs the public system in excess of $55,000 per year (Patterson et al., 2008). Alternately, if this same population was provided with adequate housing and supports, it is estimated that the cost per person would drop to $37,000 per year, which would save the province approximately $211 million annually. Similarly, in the Wellesley Institute's Blueprint to End Homelessness (2007), Shapcott argues that the average monthly costs of housing people while they are homeless are $1,932 for a shelter bed, $4,333 for provincial jail, or $10,900 for a hospital bed. Compare this with the average monthly cost to the City of Toronto for rent supplements ($701) or social housing ($199.92).

AVERAGE MONTHLY COST OF HOUSING SOMEONE WHILE HOMELESS

$1,932
Shelter Bed

$4,333
Provincial Jail

$10,900
Hospital Bed

$701
Rental Supplement

$199.92
Social Housing

CHRONIC HOMELESSNESS
IS EXPENSIVE

ALTHOUGH THE VAST MAJORITY OF PEOPLE WHO EXPERIENCE HOMELESSNESS DO SO FOR A RELATIVELY SHORT PERIOD OF TIME, there are those who find it much more challenging to get back into housing, or maintain it. Chronic homelessness, then, refers to episodes of homelessness that typically become more entrenched and ingrained in people's daily lives due to their long duration, which may be continuous or episodic. Those who are in this category are typically an older population who have experienced long-term unemployment and are more likely to suffer from disabilities, mental and physical health problems, and addictions. People in this situation use a high level of emergency services and institutional supports.

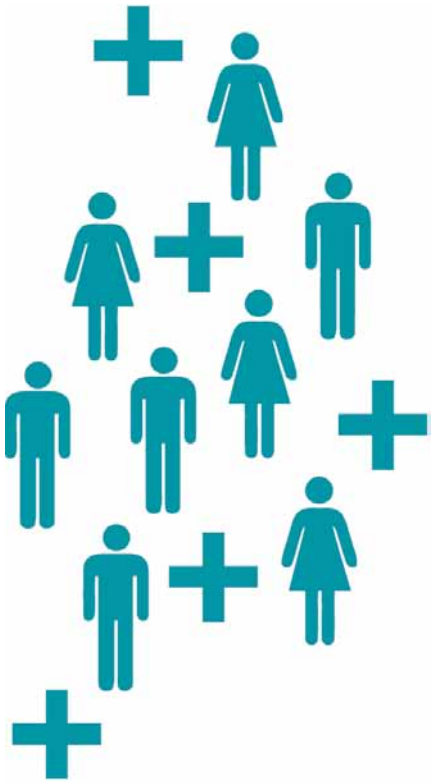
Those who become entrenched in homelessness consequently suffer acute deterioration of health and as a result require more frequent and/or intense services or interventions, and often use significantly more health services. The Report on the Cost of Homelessness in the City of Calgary calculated the annual costs of supports (including health care, housing, emergency services) to be $72,444 for people who are transiently homelessness, while the cost of chronic homelessness is $134,642 per person (Calgary Homeless Foundation, 2008).

American research similarly shows that 20% of the homeless population that is defined as chronic account for 60% of total service costs (Poulin et al., 2010). They argue that supportive housing models are a much more cost effective option for chronically homeless people with serious mental illness and addictions, because the cost of housing is substantially offset by the reduced use of acute care services when people have stable housing and ongoing support.

"The annual costs of supports (including health care, housing, emergency services) [are caluclated] to be $72,444 for people who are transiently homelessness, while the cost of chronic homelessness is $134,642 per person."

(Calgary Homeless Foundation, 2008)

HEALTH COSTS
OF HOMELESSNESS



"Homeless women and men do not have 'different' illnesses than the general population. However, their living circumstances and poverty affect their ability to cope with health problems."

Ambrosio, et al. (1992) Street Health Report

A GROWING BODY OF RESEARCH across Canada and internationally sets out the devastating impact of homelessness (and insecure housing) on the health of people who directly experience it (Roy et al., 2004; Frankish et al., 2005, 2009; Hwang et al., 2001; Khandor & Mason, 2007; Kulik et al., 2011; Tarasuk et al., 2009). Homelessness incurs staggering health costs measured in terms of increased illness, use of health services and early death.

Research reveals a complex set of links between homelessness and health – people who are homeless are poorly nourished, they are unable to get proper rest, when they get sick they are unable to engage in proper health practices (such as following a drug or treatment regime), they live in congregate settings and are exposed to communicable diseases, frequent moves and instability threaten their health, they are unable to maintain a healthy social network necessary for good health, they are vulnerable to a higher level of physical and sexual violence, inadequate social programs trap people in their homelessness, and a downward cycle of despair along with sleep deprivation can lead to chronic depression and serious mental health concerns.

Toronto's Street Health report (2007) concludes that homeless people do not suffer different illnesses compared to those who are properly housed, but that they experience a higher rate of a wide range of physical and mental health issues. Many homeless people also face significant barriers to accessing health services. As a result, people who are homeless are:

- 29 times more likely to have **Hepatitis C**
- 20 times more likely to have **epilepsy**
- 5 times more likely to have **heart disease**
- 4 times more likely to have **cancer**
- 3.5 times more likely to have **asthma**
- 3 times more likely to have arthritis or **rheumatism**

(Khandor & Mason, 2007)

"Approximately 30% of those who are homeless suffer from mental illness, which may undermine their ability to obtain and/or maintain housing, income and other necessary supports"

(Nelson et al., 2007; CPHI, 2010)

Mortality rates are significantly higher among the homeless compared to the overall general population (Roy et al., 1998; Hwang, 2000). This increased mortality risk has an enormous cumulative effect over one's lifetime – in Canada, a typical 25-year-old man has a 64% chance of surviving to age 75, but a 25-year-old man at a homeless shelter only has a 27% chance of living to see his 75th birthday (Hulchanski et al., 2009).

Research by Hwang et al., (2008) reveals that the incidence of traumatic brain injury is much higher amongst the homeless population than the general public. Fifty-three percent had some kind of brain injury in the past, and 12% reported traumatic injury. The consequences of such injuries include an increased likelihood of seizures, mental health problems and addictions, as well as impairment in cognitive functioning.

Approximately 30% of those who are homeless suffer from mental illness, which may undermine their ability to obtain and/or maintain housing, income and other necessary supports (Nelson et al., 2007; CPHI, 2010). While some people become homeless because of mental illness, we also know that the experience of homelessness can exacerbate existing problems and lead to new mental health problems, including addictions (Kidd, 2004; Kidd & Kral, 2002; Rew et al., 2001; Tolimiczenko et al., 2001). Children and youth who are homeless have increased difficulty thriving in school and their future life circumstances are threatened.

Homelessness, then, is correlated with increased incidence of illness and injury, and over time health problems accumulate. As a result, people who are homeless typically have high levels of health care use, in spite of barriers to accessing health services.

Cost of health care utilization

THERE ARE A LARGE NUMBER OF COST EFFECTIVENESS STUDIES from the United States that focus on health care utilization by people who are homeless (Sadowski, et al., 2009), and those with mental illness and addictions issues in particular (Rosenheck, 2002; Rosenheck et al, 2003; Schumacher et al., 2002; Larimer et al., 2009; Sadowski, 2009; Kuno et al., 2000; Salit et al., 1998; Martinez & Burt, 2006; Culhane et al, 2002). This body of research shows that people who are homeless have high rates of health care utilization. They often obtain care from emergency departments (Kushel et al., 2002; Kushel et al., 2001), and are hospitalized up to five times more often than the general public (Martell et al., 1992), typically for much longer stays.

DESPITE THE CLEAR DIFFERENCES in health care systems (including access to health care), results from Canada also show higher levels of health care usage. A study by Hwang and Henderson (2010) sampled 1,190 homeless individuals in 2004-05, and compared them to a sample of people who were housed in the general population. Key results indicate much higher levels of health care usage among homeless individuals:

ANNUAL COST OF HOSPITALIZATION

- **Office visits** – People who are homeless made on average 10.1 visits annually, at a cost of $1,850[2] per person. Matched against the housed population, office visits amongst the homeless population were 1.7 times higher for single males, 1.9 times higher for single females and 1.8 times higher for family adults.
- **Emergency Department visits** – Homeless people visit emergency departments because of trauma, illness and injury, but also because they may have difficulty otherwise accessing mainstream health care. In addition, they may also visit emergency departments due to food, shelter, and safety needs, rather than simply to seek health care (Hwang & Henderson, 2010). During the period of study, 77.3% of the homeless population had been to a hospital emergency department, with an annual rate of 2.1 visits per person, for an annual cost of $1,464 per person. The cost of emergency room visits by non-homeless persons was only 13% of the cost for homeless participants.
- **Hospitalizations** – Thirty-one percent of the homeless participants had been admitted to hospital during the period of study, with much higher rates amongst adult females. The average annual rate of hospitalizations was 0.2 per person, but the rate amongst the sample ranged from 0 to 14.9 average visits per person. The estimated annual hospitalization cost was $2,495. The estimated total annual cost of hospitalizations amongst housed individuals was only 21% of the cost of homeless persons.

In another more recent study by Hwang et al. (2011), they drew on administrative data to compare the health care utilization of people who are homeless with those who are not homeless. They looked at data from over 93,000 admissions (with an identifier for the 3,081 patients who were homeless) to a downtown academic teaching hospital in Toronto. They reported that "After adjustment for age, gender, and resource intensity weight[3], homeless patient admissions cost $2,559 more than housed patient admissions", due in large part to the lengthier stay required by homeless people. They also found that homeless psychiatric patients cost $1,058 more per admission than housed patients, even after adjusting for length of stay.

Safe, affordable and healthy housing is one of the most fundamental requirements for good health, but also a means to reducing systemic health inequities and in some cases may lower associated long-term healthcare costs. In his annual report to Canadians in 2009, Canada's chief public health officer, Dr. David Butler-Jones, drew the connection between housing and health:

> "Shelter is a basic need for optimal health. Inadequate housing can result in numerous negative health outcomes, ranging from respiratory disease and asthma due to molds and poor ventilation, to mental health impacts associated with overcrowding" (Butler-Jones, 2009: 31).

2 In the original report, dollar figures were quoted in US dollars. Cost have been converted to Canadian dollars, using the date of October 4, 2010 (the month of the release of the report, using the website: OANDA http://www.oanda.com/currency/converter/

3 "Resource intensity weight" is a way of measuring the amount of resources used (such as diagnostic or surgical procedures) used by a person during a hospital stay, and comparing that to the average hospital stay.

THE COST OF **INVOLVEMENT WITH THE JUSTICE SYSTEM**

THERE IS A GROWING BODY OF RESEARCH that demonstrates that the relationship between homelessness and jail is bi-directional (Kellen et al., 2010; Novac et al., 2006; 2007; O'Grady & Gaetz, 2006; 2009). That is, people who are homeless are much more likely to be arrested and in jail than those who are housed, and without adequate discharge planning and supports, people in prison are more likely to become homeless upon release.

A Canadian study by Kellen et al., (2010) shows that 22.9%, or roughly one in every five prisoners, was homeless when incarcerated. The average stay in custody was a little more than 2 months. Perhaps more significant was the fact that within the general prison population, there is an even higher likelihood of becoming homeless after being discharged: "Based on the survey respondents' plans upon imminent discharge, 32.2 percent will be homeless" (Kellen et al., 2010:31), an increase of 40%. Discharging prisoners into homelessness increases the likelihood that they will reoffend (Harrison, 2001; Gowan, 2002; Kushel et al., 2005; Metraux & Culhane, 2004).

What are the costs of incarceration (putting aside the costs of engagement in the criminal justice system, including policing, court time, etc.)? According to Statistics Canada, in 2008/09 the average annual cost of keeping a male inmate incarcerated was $106,583 per year, whereas the average annual cost for incarcerating a woman was $203,061 (Public Safety Canada, 2010).

Community strategies that involve criminalizing homelessness, such as issuing tickets for panhandling or sleeping in public parks, are also expensive and counterproductive (Culhane & Byrne, 2010; O'Grady et al., 2011). A recent Canadian study titled "Can I See Your ID?" (O'Grady et al., 2011) demonstrates the incredible cost of criminalizing homelessness, showing that ticketing leaves people who are homeless with an incredible debt burden that they carry with them when they are housed and trying to maintain stability. In examining the implementation of the Safe Streets Act (SSA)[4] in Toronto, the authors found that the number of tickets issued rose from 710 in 2000, to over 15,324 in 2010, in spite of a steep decline in panhandling and squeegeeing. The total value of the 67,388 tickets issued during this period was more than four million dollars ($4,043,280), a rather incredible amount when one considers that such tickets are issued to a group of people living in extreme poverty.

4 The Ontario *Safe Streets Act* came into effect in January 2000, in response to the growing visibility of homelessness in Toronto and other major cities in the 1990s. It is provincial legislation designed to address aggressive panhandling and squeegeeing. While never mentioning homelessness specifically, the Act clearly targets homeless persons (O'Grady et al., 2011).

In addition to the financial cost to people who are homeless, there is also a cost to the residents of Ontario. The authors estimate that the actual cost to the Toronto Police Service of issuing the SSA tickets was at least $189,936 in 2009, and $936,019 over the past eleven years. Note that this does not include the cost of processing tickets, or any follow-up overhead (for instance if a ticket is challenged in court, or if a bench warrant is issued for non-payment of tickets). This also amounts to 16,847 hours of police time[5]. These costs were incurred by the City for tickets that are rarely paid. Over eleven years, only $8,086.56 in fines were paid, though the reader should be cautioned that the unpaid debt stays with the person. In other words, even if one becomes stabilized and housed, the debt incurred from all the minor offences remains, which of course can become a threat to stability.

Providing people with stable housing reduces the chances they will become involved with the criminal justice system. At the same time, effective discharge planning from prison saves money in the long run, and makes our communities safer.

The total value of the **67,388 Safe Streets Act (SSA) tickets issued** in Toronto from 2000 to 2010 was **more than four million dollars ($4,043,280).**

The actual cost to the Toronto Police Service of issuing the SSA tickets was at least $189,936 in 2009, and **$936,019 over the past eleven years.**

This amounts to **16,847 hours of police time.**

Over eleven years, only **$8,086.56 in fines were paid.**

5 Based on 15 minutes worth of time ($13.89) for a Toronto Police Services First Class Constable ($81,046 + 24.8% benefits = $101,145) (Toronto Police Service, 2011).

SOOO . . .
HOW DO WE SAVE MONEY?

THE SHIFT AWAY FROM A RESPONSE TO HOMELESSNESS that focuses on providing emergency services to one that emphasizes prevention can, if implemented effectively, save money. Prevention means stopping people from becoming homeless in the first place. A good example of this is improving discharge planning and transitional housing (and supports) for people leaving corrections. A recent study by the John Howard Society of Toronto shows that with such supports in place, better outcomes can be achieved at a lower cost (Stapleton, et al., 2010). People who are housed when they leave prison are less likely to reoffend, and this results in considerable savings to the criminal justice system. The study argues that by providing supports to someone who would otherwise become homeless the life-time savings to the system is estimated to be $350,000 per person.

While prevention is important, investing in rehousing people who are already homeless is both humane, and cost effective. For instance, there is considerable evidence that Housing First approaches, even though they involve rent subsidies and in some cases intensive case management, can save money (City of Toronto, 2007; Culhane, Metraux & Hadley, 2002; Gilmer, et al., 2010; Goering, et al., 2012; Larimer, et al., 2009; Mares & Rosenheck, 2010; Perlman & Pavensky, 2006; Rosenheck, et al., 2003).

The recently released Interim Report of the Canadian At-Home /Chez Soi[6] project clearly demonstrates that there are real savings to be had (Goering et al., 2012). Though housing First may be considered by some to be an expensive intervention, the costs are offset in other areas, especially for those who were high service users prior to being housed (those with complex mental health and addictions, for instance).

Housing First makes better use of public dollars in many ways. It shifts the cost of housing infrastructure to the private sector, as most individuals choose scattered site housing in the private market. The cost to the sector includes rent supplements (in Housing First, participants are expected to pay no more than 30% of their income on rent) and supports. While people in Housing First programs do have more home visits from health care providers, and are more likely to use food banks (because they now have a place to store food), the outcomes of the research also show huge impacts on housing stability resulting in fewer nights spent in emergency shelters, decreases in unnecessary emergency room visits and hospital stays and less mental health outpatient visits. For instance, the average annual savings due to a reduction in inpatient stays are $2,184, and for high service users, the annualized savings are much greater, at $25,899 per person. The authors point out that "It must be kept in mind that some inpatient admissions are appropriate and what is desired is to reduce its use when other, equally effective, alternatives are available. Shorter lengths of stay are also possible when there is a fixed address" (Goering et al., 2012:28). Finally, there were also fewer incidents of involvement with the police and the criminal justice system. Overall, for high service users, the annual cost savings to all of these systems is $9,390 per person, per year (Goering et al., 2012:27).

The results for individuals involved in prevention and rehousing strategies go beyond simply cost savings. The above research on interventions that reduce homelessness through prevention or rehousing provides compelling evidence of improved health and quality of life, and a reduction in mental health and addictions. This benefits individuals, families and communities.

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6 The At Home/Chez Soi project, funded by the Mental Health Commission of Canada, is the largest demonstration project of Housing First ever conducted, involving a multi-site trial in five Canadian cities.

A WORD OF CAUTION
ABOUT COST-BENEFIT STUDIES. . .

ASSESSING THE SAVINGS that would accrue from ending homelessness can be challenging, and from a research perspective there are methodological issues that are worth noting.

First, mainstream services (in health care or corrections, for instance) may not accurately capture or report on the housing status of people using their services (Culhane et al., 2011), and access to administrative data from the services that homeless people access is often restricted. This may mean that we are actually underestimating the cost of homelessness. Second, assessing the actual cost of shelter stays can be challenging, in that there is not always consistency in reporting actual operating costs for shelters (Gallagher, 2010). Third, there are methodological problems with many 'cost studies' of chronic homelessness. Reviewers have argued that some housing intervention studies are biased in their selection of high needs clients who consequently use more services (Rosenheck et al., 2003). A related criticism is that in doing cost-benefit analyses of chronically homeless populations, the results are generalized to the broader population of people who experience homelessness (estimated at 80%), who are typically homeless for much shorter periods of time, are less likely to experience mental illness or addictions issues, and are thus less likely to be high users of services (Culhane, 2008). Finally, one must exercise some caution in making the argument that housing people who are homeless reduces health care costs. There is some evidence from the United States that suggests that while people's health improves when they are housed, individuals and families also experience increased access to health care and services, and thus their utilization may in fact *increase* rather than decrease (Culhane et al., 2011). That is, when people are homeless, the shelter system may in some cases supplant the use of needed medical services, and when people do get housed, they may begin to access health and social services they were unable to (but nevertheless were entitled to receive) because of their homelessness.

In spite of these cautions, the review of research on the cost of homelessness in Canada and the United States does make a strong case for shifting our focus from an emergency response (emphasizing emergency shelters, day programs, and law enforcement) to prevention and rehousing. Through calculating – and then discussing – the cost of homelessness, there is a clear opportunity to educate the public, politicians and funders about the real economic impact of homelessness – and our current response - on Canadian society. Below is a brief survey of the evidence.

CONCLUSION

Homelessness impacts everyone.
From the costs of emergency shelters, to institutional health and psychiatric services and the criminal justice system, to the individual physical and mental health impact on every homeless person, the causes and effects of homelessness cost all Canadians dearly.

This is the cost of relying on a system of emergency services such as shelters and drop-ins instead of preventing homelessness and moving people into safe, affordable and in some cases supported housing as quickly as possible. While we will always need some level of emergency services to respond to crises that produce homelessness (family violence, eviction, etc.), building our response to homelessness around emergency services is not a humane solution, nor is it cost effective. By providing people – especially the chronically homeless - with housing and the supports they need, we lower the costs associated with hospital admissions, emergency outpatient services, incarceration, and other emergency services.

Canadian research from Patterson et al., (2008), Shapcott (2007) and Pomeroy (2005) demonstrates very clearly that if we provide homeless people with the housing and supports they need, there are clear cost savings. In Canada, we have often celebrated the fact that we balanced our national budget in the late 90s, when other countries were unable to. What often goes unstated is that the elimination of the budget deficit came at a great expense: the creation of an infrastructure deficit that included a dramatic downsizing of our national investment in affordable housing. This rush to eliminate the deficit, then, undermined important infrastructure that plays a major role in the prevention of homelessness, and in helping people move out of homelessness - it should be noted that even promising practices such as Housing First do not work as well if there is not an adequate supply of affordable housing (Gaetz, 2011). So when we as citizens say we cannot afford an 'affordable housing strategy', we are missing an important point: the lack of such a strategy in fact costs us a substantial amount of money.

In thinking about the cost of homelessness, however, we need to do more than simply calculate dollars and cents. That is, we also need to be mindful of the human costs of letting people languish in homelessness. The

"Whether it's the immorality of increasing usage of emergency shelters by children, families and seniors, or the estimated $4.5 to $6 billion annual cost of homelessness, most Canadians seem to agree, according to polls, that the status quo is unacceptable"

(Laird, 2007a)

experience of not being able to find a job, of not having a safe and comfortable place to live, and of not having food to eat, can result in a decreased sense of hope for the future, decreased self-esteem, decreased sense of happiness and a loss of social connections; all important contributors to good mental health and wellbeing. The At Home / Chez Soi project demonstrates that not only does Housing First save money, but it leads to improved health, and greater social integration.

The benefits of solving homelessness extend beyond individuals who experience this extreme form of poverty, and impact our communities as well. We know that the costs of homelessness are not just borne by those who directly experience it. Everyone pays at least some of the personal, health, social, economic and governmental costs of homelessness. Homelessness disrupts families, neighbourhoods and communities; thus reintegrating people through housing and supports can lead to family reunification and stronger bonds. Ex-prisoners discharged into homelessness are more likely to reoffend, and by rehousing them upon discharge we make our communities safer.

Homelessness does not simply cost the individual, but costs everyone through increased spending on health care, social services, policing and other programs. Given that the annual cost of leaving someone out on the street is clearly much greater than providing them with housing, it is unthinkable that any Canadian would be without a home.

It is acknowledged that there are considerable challenges in managing a shift from a response to homelessness based on emergency supports to one that focuses more on prevention and rehousing. However, many communities are making this shift. To get there, all levels of government have to be involved (because of different ministerial responsibilities), and there is an important role for community-based organizations and the private sector. At the same time different departments within all levels of government must necessarily work in a coordinated and integrated fashion. If ending homelessness accrues savings to health care, law enforcement and corrections, for instance, the cost cannot be bourne only by municipal governments, and the homelessness and housing sectors.

Solving homelessness makes sense.

Not only are we saving money, we are also doing the right thing.

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