Proactive versus Reactive Responses to Homelessness: A Costing Analysis

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Outline

- Objectives of Research
- Methodology
- Findings
- Policy Implications – Using this Research
Research Context and Objective

- Hypothesis: purposeful, well designed supportive housing is more cost effective than the cost of “doing nothing” which result in either institutional or emergency use


- Input to policy work on renewal of SCPI (2006)
Methodology

- Literature Review (costing studies)
- Collecting data of actual costs across range of existing facilities and housing options
  - 4 Cities – Vancouver, Toronto, Montreal, Halifax
- Developing cost Estimates to construct New residential facilities
- Extracting range of service/support costs from existing and merging with new construction costs
Relatively small number of chronic homeless consume disproportionately large volume of resources (especially institutional/emergency)

Research confirms significance of discernable deleterious impacts on the health, welfare and educational situations of the homeless.
Literature Review: General Findings

- Stable housing for homeless people generated cost savings in a range of support services areas.

- Housing the homeless also increases the likelihood of employment and, thereby both increased income and reduced dependency on government income support.

- 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.
Literature Review: Methodological Issues

- Wide diversity of scope and methodology compared to that more typically found in medical research (HL a “young” research issue)
- Distinct lack of randomized control group studies (highly prevalent in medical research)
- Difficult to draw clear conclusions as there is an insufficient volume of corroborating research. Need to build knowledge base.
Estimating Support Costs

- Cross-sectional sample of facilities and providers in each city
- Obtained recent financial statement operating expenses
- Determined nature and intensity of services provided.
- Determined a range of costs across the typology for each city
## Typology of Responses to Homelessness

<table>
<thead>
<tr>
<th>Typology</th>
<th>Approach</th>
<th>Support Management Model</th>
<th>Accommodation</th>
<th>Meals</th>
<th>Supports for Daily Living</th>
<th>Medical support</th>
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</thead>
<tbody>
<tr>
<td>Prevention</td>
<td>Prevention</td>
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<tr>
<td>Institutional</td>
<td>Diversion</td>
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<td></td>
<td>Prison/Detention centre</td>
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<td>Emergency</td>
<td>Psychiatric Hospital</td>
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<td></td>
<td>Emergency Shelter or Hostel - Singles and Families</td>
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<tr>
<td></td>
<td>Emergency Motel Accommodation - Families</td>
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<tr>
<td></td>
<td>Emergency Shelters - Victims of Family Violence</td>
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<tr>
<td>Transitional and Supportive</td>
<td>Treatment centres/group homes</td>
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<tr>
<td></td>
<td>Group/Shared Home</td>
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<tr>
<td></td>
<td>Boarding/Rooming House with Community Supports</td>
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<tr>
<td>Independent</td>
<td>Self contained apartment (incl. SRO/bach/one-bed) single person</td>
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<tr>
<td></td>
<td>Fully independent self contained - Family 2-4 bed</td>
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</table>
Hierarchy of Support Services and Related Cost Estimates

Four Levels of Support:

- **No Supports**
- **Light support.** No on-site staffing; minimal community supports to monitor and assist in activities of daily living. 24 hr on-call emergency community support. 1.0 FTE per 30-50 residents
- **Moderate support.** In addition to above, support workers on-site during day; more active supports for ADL. Higher levels of staffing (up to 12 hrs/7 days per week with 2-3 FTE per 30-50 residents
- **High support or Intensive.** 24 hours/7 days support staff/building manager. More intense support for health and ADL Linked to ACT teams
Estimates for New Development

- Four Building Forms:
  - Shared Communal Dwelling (private bedroom – shared living/dining/bath)
  - Mini-Suite/ Single Room Occupancy (self-contained)
  - Fully Self-Contained apartment – Small 1 bedroom
  - Fully Self Contained 3-Bedroom Town-Home for Family
## Costing Matrix

(Year one estimate only)

<table>
<thead>
<tr>
<th></th>
<th>Annual Cost Range of Service Levels</th>
<th>Level A</th>
<th>Level B</th>
<th>Level C</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>(Light)</td>
<td>(Moderate)</td>
<td>(Intensive)</td>
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<tr>
<td>Toronto</td>
<td></td>
<td>$2,600</td>
<td>$7,700</td>
<td>$23,700</td>
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<tr>
<td>Shared 4 Bed TH</td>
<td></td>
<td>$7,100</td>
<td>$12,200</td>
<td>$28,200</td>
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<tr>
<td>SRO</td>
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<td>$9,900</td>
<td>$15,000</td>
<td>$31,000</td>
</tr>
<tr>
<td>Small One-Bed</td>
<td></td>
<td>$13,200</td>
<td>$18,300</td>
<td>$34,300</td>
</tr>
<tr>
<td>3- Bed TH</td>
<td></td>
<td>$17,500</td>
<td>N/a</td>
<td>n/a</td>
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</table>
Costing Analysis: Findings

- Overall costs significantly higher for institutional responses vs. community residentially based options (even when a fairly high level of service is provided in the later)
- Emergency services also tend to involve higher costs than the community/residentially based options.
- The cost estimates for transitional and supportive housing have wide range (very diverse client types). However, even at the high end (roughly $60 per day) these are lower than institutional and emergency costs.
Costing Analysis: Findings

Comparative Costs of Responses to Homelessness: Existing Institutional Emergency and Supportive Options (averaged across 4 cities)

- Independent Apt - Family
- Independent Apt - Singles
- Board/Room House - Community Supports
- Group- Long Term Supportive
- Group-Transitional/Supportive
- Psych/Detox Treat Centre
- Emergency Shelters - Family Violence
- Emerg Shelter - Families
- Emerg Shelter - Singles
- Psychiatric Hospital
- Prison/Jail

$ per day
Even After New Construction Cost – Still More Cost Effective

<table>
<thead>
<tr>
<th>Option A (Inst/Emergency)</th>
<th>Option B (Supportive) *</th>
<th>Cost Comparison (B/A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-1 Psychiatric Hospital or Treatment Centre</td>
<td>B-1 Shared Dwelling/High Support</td>
<td>70%</td>
</tr>
<tr>
<td>A-2 Detention Centre/Lock-up</td>
<td>B-2 Shared Dwelling/Light Support</td>
<td>6%</td>
</tr>
<tr>
<td>A-3 Singles Emergency Shelters</td>
<td>B-3 SRO Unit/Light Support</td>
<td>73%</td>
</tr>
<tr>
<td>A-4 Family Emergency Shelters</td>
<td>B-4 Family 3 Bed T/H - Light Support</td>
<td>30%</td>
</tr>
</tbody>
</table>
So What – How Can We Use This Research

- Service delivery occurs at local level – so OMSSSA members are gatekeepers
- Can you examine current programming to identify possible synergies and efficiencies across services and agencies.
- Need to have more critical and inter-sectoral debate on new investment decisions - It's more than just how to spend someone else’s budget
- Use practical well designed new programming approach to illustrate to provincial and federal government how changes in current policies and program rules can facilitate more effective responses.
An example

- New Housing Allowance Program (Ontario-Canada Affordable Housing Agreement) – restricts to vacant units only.
- No link to existing OW
- An alternative approach is to use HA as a transitional support to enable recipients to transition off OW, but remain some housing assistance
Policy Implications

- Supportive and Residential programs are an effective investment
- Sunk costs in system. Few savings, but opportunities for improving use of existing resources and redirecting new investment to community S&T (and Permanent Housing)
- Inter-sectoral silos – who saves who pays?
- Focus on prevention and diversion