



**STAFF REPORT  
ACTION REQUIRED**

**Cost Savings Analysis of the Enhanced Streets to Homes Program**

<b>Date:</b>	January 19, 2009
<b>To:</b>	Executive Committee
<b>From:</b>	Acting Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2009\Internal Services\FP\Ec09002Fp (AFS#7989)

**SUMMARY**

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This report responds to a Council recommendation that the Deputy City Manager and Chief Financial Officer undertake a cost benefit analysis of the enhanced Streets to Homes Program to assess the social costs that are offset by this program as an aid to discussions with the Province and the Federal Government respecting the possibility of cost sharing this program, and report thereon to the Executive Committee.

Previous research demonstrates that individuals who are housed through Streets to Homes are less likely to use costly emergency services such as shelters, ambulance and emergency hospital care, police services and jails. Just as these benefits across a range of service systems are shared by the City, the Province and the Federal government, the investment in the enhanced Streets to Homes Program should also be shared by all orders of government.

This report provides general information on the estimated cost savings possible through changes in use of services by clients of the Streets to Homes Program. Once the enhanced program has been operational for a full year, further detailed analysis of the service use changes and cost savings will be conducted.

**RECOMMENDATIONS**

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The Acting Deputy City Manager and Chief Financial Officer recommends that:

1. The General Manager, Shelter, Support and Housing Administration, in consultation with the Chief Financial Officer report in mid-2010 to Executive

Committee on quantifiable savings and costs based on surveys and analysis of changes in service use patterns for individuals who received service through the enhanced Street to Homes Program.

2. The City Manager request the Federal and Provincial Governments to cost share the enhanced Streets to Homes Program.

## **FINANCIAL IMPACT**

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There are no financial impacts as a result of this report.

## **DECISION HISTORY**

At its meeting of May 26 and 27, 2008, Council recommended enhancing the successful Streets to Homes Program in order to address the needs of people who are street involved, including those who panhandle. “Street involved” includes people who are homeless and living outdoors, people who stay in shelters at night but spend large amounts of their day on the street, and people who are housed and panhandling legally. The enhanced service is a combination of the original Streets to Homes and the practices used in the 2007 Pilot Project. The enhanced Streets to Homes provides an expanded service throughout the City, with a focus on the downtown core, to help all street involved people find and keep suitable housing and to address other needs that will help reduce panhandling.

The report also recommended that the Deputy City Manager and Chief Financial Officer undertake a cost benefit analysis of the enhanced Streets to Homes Program to assess the costs offset by the program to aid in discussions with the Province and the Federal Government respecting the possibility of cost sharing this program, and report thereon to the Executive Committee. An electronic copy of the report can be found at:

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-12533.pdf>

## **COMMENTS**

### **Background and Update on the Enhanced Streets to Homes**

In February 2005, City Council made a commitment to end street homelessness and established the Streets to Homes Program. Since that time, more than 2,200 homeless individuals have been housed directly from the street with the assistance of staff from the City and its community partners. As a result of extensive follow-up supports delivered by community agencies for at least one year after being housed, 91% of the people remain in their homes.

The Streets to Homes strategy is based on the idea, often referred to as “housing first”, that providing permanent housing is the best way to end an individual’s homelessness and that other barriers, such as lack of employment skills, addictions, and poor mental

and physical health, can best be addressed once a person has stable housing. Research and experience has shown that formerly homeless individuals, even those with multiple barriers such as mental health and substance use issues, can successfully maintain housing when they have in place supports appropriate to their needs.

The enhanced Streets to Homes Program builds on the results of a 2007 Pilot Project which provided a social service response to people who were housed and panhandling lawfully to help address their needs so they would not need to panhandle. This intensive social service response proved to be successful. Almost two-thirds (63 per cent) of clients stopped panhandling during the 12 week Pilot. Based on these results, City Council approved an enhanced Streets to Homes Program to provide service in public spaces throughout the City, with a focus on the downtown core, to help all street involved people to find and keep housing and to address other needs that will assist them to stop panhandling.

The enhanced Streets to Homes Program is now operational with service offered seven days a week, and operating from 7 a.m. until 10 p.m. in spring and fall and 24 hours a day in winter and summer. Whereas there were 10 frontline City staff prior to the enhancement, there are now 39 frontline City staff that engage people on the street and support people in their housing, including specialists serving youth and a mobile team providing services to meet the needs of people panhandling outside the downtown core.

Another component of the enhanced service approved by Council is a single phone number for the public to call concerning people who are street involved in the downtown core, which is under development. When calls are placed, staff will respond with a social service approach as soon as is operationally possible.

### **Research on Costs of Homelessness in Other Jurisdictions**

There has been growing recognition in jurisdictions across North America of the high costs of homelessness to the health, justice and emergency service systems. Previously completed research from other jurisdictions has demonstrated consistently that higher cost service systems which are intended to provide a temporary or emergency service response are frequently used by homeless individuals to meet their basic daily needs, while the cost of providing stable, permanent housing is low in comparison.

Perhaps the best known example of this is ‘Million Dollar Murray,’ a homeless person with a serious alcohol addiction in Reno, Nevada who was the subject of a 2006 New Yorker magazine article. Police officers who knew Murray well from transporting him to hospital or jail, sometimes several times a day, estimated that Murray used upwards of \$100,000 in police, ambulance, ER and hospital costs every year. Over the course of his ten years of homelessness then, the \$1 million that it had cost the system to not do something about Murray became symbolic of the broader costs of not solving the issue of homelessness.

Studies of programs in other jurisdictions have found service cost savings ranging between \$1,300 to \$34,000 per person annually as a result of formerly homeless individuals moving into housing. While doing this type of cost analysis is increasingly popular, there is no universally accepted methodology for conducting such research, and different studies include different client groups and types of service costs in their analysis. These significant differences in methodology make it difficult to compare findings between jurisdictions.

Some examples of the studies that have been conducted in other jurisdictions include:

- A supportive housing program for homeless individuals with mental illness in New York, which found that the amount of money saved by the health, justice and emergency service systems was almost equal to the cost of providing housing and supports. The study found that the total service cost savings resulting from being placed in housing (\$16,282) were equal to nearly 95% of the total program costs.
- A study of the Denver Housing First Collaborative, which uses Assertive Community Treatment (ACT) teams to provide housing supports to chronically homeless individuals with multiple disabilities, found that changes in emergency and health care service use resulted in service cost savings of \$15,772 per person per year, equal to \$2,372 more than the cost of the program.
- A state-wide program of supportive housing for individuals with mental illnesses in California found that an investment of \$55 million for 35 local programs serving 4,881 people produced an estimated annual cost savings of approximately \$5,614 per person per year, equalling \$27.4 million or nearly half the total program costs.

A recent study by the Ontario Association of Food Banks also found that the cost of poverty in Ontario related to increased health care costs, crime and lost productivity was \$32 billion to \$38 billion a year – the equivalent of 5.5 per cent to 6.6 per cent of provincial GDP. While these broader costs of poverty for 1.9 million low-income Ontario households are significant, homeless and street involved individuals make up the poorest and most vulnerable segment of this already low income group. The costs of the status quo, as well as the potential benefits to providing an effective response to improve homeless and street involved individuals' quality of life, are therefore proportionally even higher.

### **2006 Streets to Homes Post-Occupancy Findings**

The findings of the 2006 Streets to Homes Post-Occupancy study, which surveyed clients housed through the program, confirmed that once homeless individuals are housed through Streets to Homes they use fewer emergency services and begin accessing more appropriate ongoing health and community services to meet their needs. In particular, the Post-Occupancy study found:

- In the year after being housed, there was a 38% reduction in the number of individuals using ambulance services, 40% decrease in individuals using the emergency room, and 25% reduction in individuals requiring a hospital stay. Once housed, there is a greater demand for more routine health care services, such as family physicians, and specialized services, including mental health service providers, dentists, optometrists and other specialists.
- The number of justice system services individuals used also decreased dramatically once in housing, including a 75% decrease in the number of individuals using police detox, a 56% decrease in the number of individuals arrested, and a 68% reduction in those detained in jail.
- Quality of life across a variety of indicators is greatly improved once individuals move into housing. Individuals reported improvements in virtually all quality of life indicators, including personal security, nutrition, sleeping, stress, physical and mental health. Individuals also reported a substantial reduction in alcohol and other drug use.

These survey findings demonstrate that having housing with appropriate supports improves the quality of life for formerly homeless individuals, and points to a clear pattern of reduction in use of costly emergency, health and justice services.

### Enhanced Streets to Homes Budget

The 2008 and proposed 2009 budget for the enhanced Streets to Homes Program is as follows:

	<b>2008 Base</b>	<b>2008 Enhanced</b>	<b>2008 Total</b>	<b>2009 Enhanced<sup>4</sup></b>	<b>2009 Total</b>
Salaries and Benefits <sup>1</sup>	2,124.2	1,689.2	3,813.4	3,263.7	5,387.9
Office rent and supplies	193.3	512.5	705.8	611.0	804.3
Grants to Community Partners	6,412.0	375.0	6,787.0	750.0	7,162.0
<b>Gross Expenditures</b>	<b>8,729.5</b>	<b>2,576.7</b>	<b>11,306.2</b>	<b>4,624.7</b>	<b>13,354.2</b>
Social Housing Reserve		2,576.7	2,576.7		
Provincial <sup>2</sup>	2,772.3		2,772.3	(220.3)	2,552.00
Federal <sup>3</sup>	3,860.0		3,860.0	750.0	4,610.0
<b>Net</b>	<b>2,097.2</b>		<b>2,097.2</b>	<b>4,095.0<sup>5</sup></b>	<b>6,192.2</b>
Positions	22.3	48.1	70.4	48.1	70.4

<sup>1</sup> Includes Street Outreach Workers and Counsellors, Managers and Admin staff.

<sup>2</sup> Provincial Consolidated Homelessness Prevention Program (CHPP)

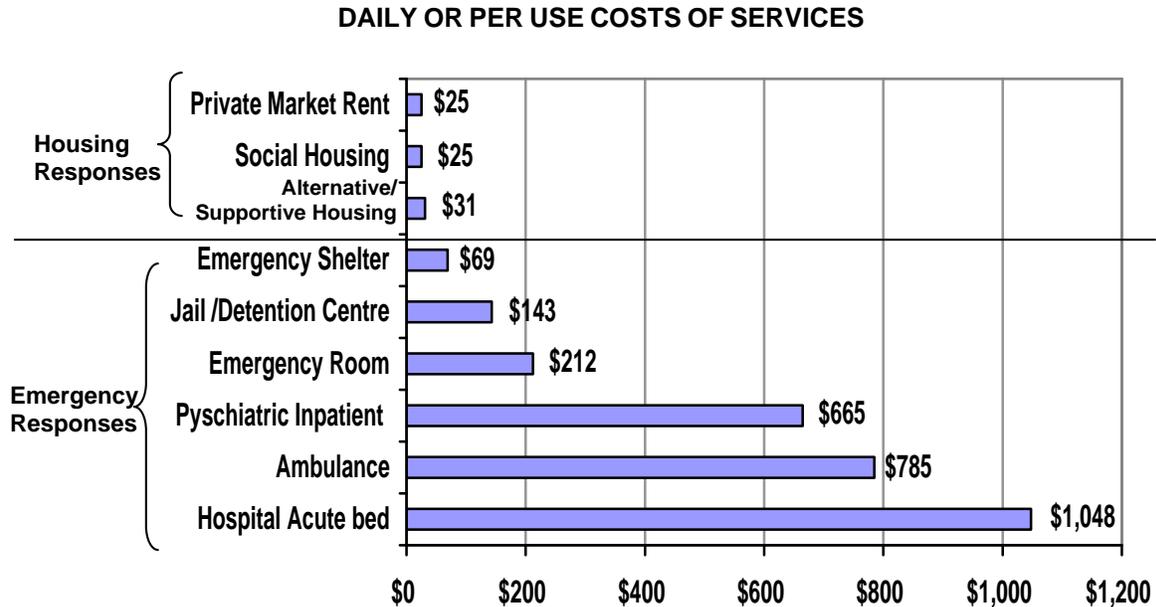
<sup>3</sup> Federal Homelessness Partnership Initiative (HPI)

<sup>4</sup> Of the \$4.6 million in 2009, \$2.0 million is the annualized impact of 2008.

<sup>5</sup> Net expenditure required in 2009 if cost-sharing with other orders of government and business is not achieved.

## Costs of Responses to Homelessness in Toronto

The daily or per use costs of housing and emergency services used by Streets to Homes clients are summarized in the chart below. A comparison of these costs demonstrates that the use of emergency services (shelters, emergency health care, and incarceration) is substantially more expensive than housing-based responses to homelessness (for information on data sources, see Appendix A).



The majority of Streets to Homes clients are housed in private market apartments, with rent paid directly from their Ontario Works or Ontario Disability Support Program benefits to the landlord. Some clients also live in social or supportive housing. The basic costs of each of these types of housing is outlined in the chart above. The bottom half of the chart illustrates the costs of emergency responses to homelessness. The frequency in use of these emergency services varies between different individuals. However, previous research demonstrates that once formerly homeless individuals have the stability and security of permanent housing they are less likely to use these costly emergency health and justice services.

## Costs of Housing a Client through the Streets to Homes Program

The average cost to provide housing outreach through Streets to Homes using 2008 figures, including the enhanced program implemented to date, was \$1,759 per year per client served on the street. Individuals contacted on the street are considered Streets to Homes clients if they have been encountered three or more times. There are more clients served through outreach than there are clients housed in any year, as some clients may not be housed in the same year they are first encountered. The average cost to house a

client was an additional \$5,514, for a total cost per client housed of \$7,273. This represents the one-time per client cost of providing outreach and case management services to assist clients to find housing, including getting ID, connecting to income supports, filling out housing applications, and searching for apartments.

Once in housing, the average cost of providing follow-up supports through Streets to Homes is \$10 per client per day. Therefore the combined cost of housing and supports in the first year that clients are housed is equal to the cost of their housing type (private market, social or supportive) plus the cost of Streets to Homes follow-up supports. These combined costs range from \$22 per day to \$41 per day, as seen in the table below.

	<b>Housing Cost Per Day</b>	<b>S2H Follow-up Supports</b>	<b>Combined Cost Per Day</b>
Private Market (OW Shelter Allowance)	\$12	\$10	\$22
Private Market (ODSP Shelter Allowance)	\$15	\$10	\$25
Social Housing	\$25	\$10	\$35
Alternative/Supportive Housing	\$31	\$10	\$41

These housing costs include the shelter allowance portion of Ontario Works and Ontario Disability Support Program, which are benefits available to all eligible individuals in Ontario and not a cost exclusive to the Streets to Homes Program.

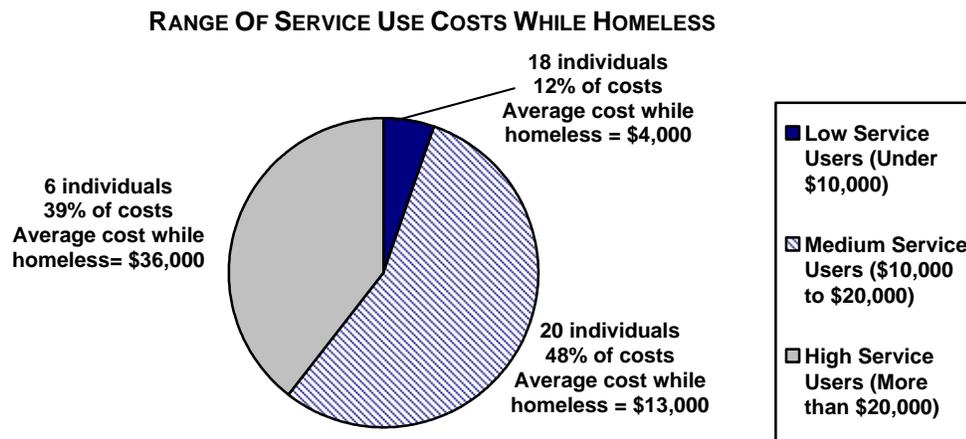
### **Service Cost Savings as a Result of the Streets to Homes Program**

Research from other jurisdictions and from the Streets to Homes Post-Occupancy study shows that the reduction in emergency service use once an individual is housed saves potentially thousands of dollars for every person that has been housed through the program, and that these savings offset a significant portion of the costs of providing housing and supports.

The range of service use costs and savings possible through the Streets to Homes program can be estimated using data collected through the 2006 Post-Occupancy survey. The Post-Occupancy survey asked participants who had been housed through Streets to Homes about their use of services in the year prior to being housed and in the year since they had been in housing.

In order to compare service use in the year prior to and after housing, the 44 individuals who participated in the original survey who had been housed for a year or more were included in the following analysis. Self-reported data on frequency of service use before and after being housed was then compared to known average daily or per use cost estimates for a variety of emergency and health services (see Appendix B for more information).

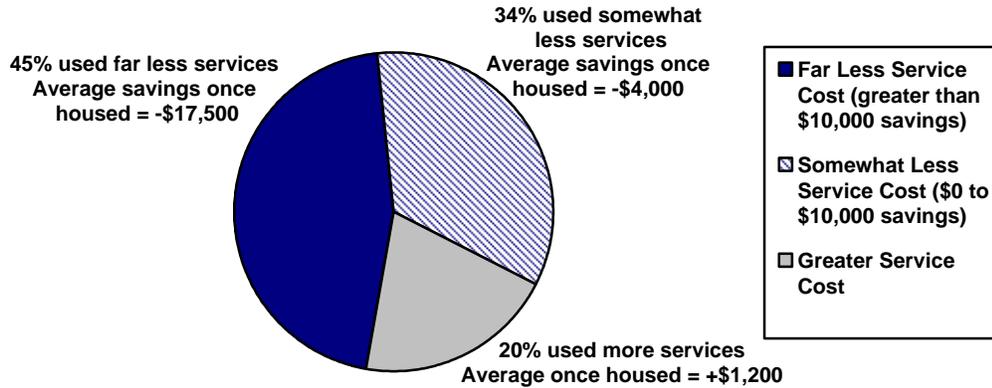
The Post-Occupancy survey findings demonstrate that there is a range of service use patterns among homeless individuals. Estimates of the cost of services that individuals used while homeless range from \$0 to \$48,000 per year. In some cases, individuals were using a very small number or no services at all while they were living outdoors. For example this could be someone who sleeps outdoors all year in a ravine and does not access any income supports, shelter, or health services. At the other end of the spectrum, a small number of homeless individuals use a large number of costly emergency services. Of the 44 individuals included in the Post-Occupancy survey analysis sample, just six of the highest service users (13% of the 44) accounted for 39% of the total estimated service use costs of homeless individuals in the entire sample.



It is estimated that these six highest service users surveyed were using an average of at least \$36,000 in emergency and health services in the last year that they were homeless. Had they not been housed through the Streets to Homes program, over the next ten years these six individuals alone may have cost the system more than \$2 million dollars in health and emergency services. Case study examples of some of these individuals can be found in Appendix C.

And, while the overall trend demonstrates an average reduction in costly emergency service use once individuals are housed, the changes in service use patterns of housed Streets to Homes clients surveyed through the Post-Occupancy study also vary substantially. When comparing the estimated cost of emergency and health services used while individuals are homeless to those same services used once they are housed, there is a range of overall cost savings among different individuals. While the majority use less costly services once housed, some individuals who were using a very small number or no services at all while they were living outdoors use more services once in housing, as they begin to connect to appropriate services, address outstanding health issues and make other positive improvements in their quality of life.

### RANGE OF SERVICE USE SAVINGS ONCE HOUSED



This sample includes clients with a range of backgrounds and homeless histories. By contrast, some other studies of the costs of homelessness include only groups of very high service users, such as chronically homeless and those with severe mental illnesses, the ‘Million Dollar Murrays’ which can be found in any city. However, this captures only a portion of the picture about the service use patterns of homeless individuals. Although these highest service-users are represented in this sample, there are a broader range of types of service use patterns represented to give a more complete analysis of the costs of homelessness.

### Service System Savings

Having a decent place to live is a powerful contributor to mental and physical health. An investment in affordable housing and housing supports for formerly homeless individuals is an investment in improved quality of life and health promotion.

While it is clear that clients benefit from the program through improved quality of life, and tax payers benefit through reduced overall service system costs, at issue in Ontario is the question of which order of government pays for these program improvements and which order of government accrues the benefits. The cost of the Streets to Homes program is shared among City, Provincial and Federal funding streams. However, the cost of the enhancement to Streets to Homes to serve all street involved individuals has so far been made largely by the City of Toronto. When investments are made in providing street outreach and housing support to homeless individuals, the Province receives a large proportion of the benefits from service cost savings in jails, hospital visits, and shelters, all services it fully or partially funds. Increased funding from both Provincial and Federal governments in providing services for homeless individuals will generate benefits across a wide range of service systems and to all orders of government.

Thus, it is recommended that the City Manager request the Federal and Provincial Governments to cost share the enhanced Streets to Homes Program.

## **Implications for the Enhanced Streets to Homes Program**

Previous research demonstrates that individuals who have been housed through Streets to Homes are less likely to use costly emergency services such as shelters, ambulance and emergency hospital care, police services and jails, saving potentially thousands of dollars for every person served through the program. However, until the enhanced program has been operational for a period of time that would allow for detailed comparison between service use of street involved individuals for at least one year before and after a successful intervention by a street outreach worker, it is difficult to quantify the emergency service savings as a result of the enhanced program. Once the program has been operational for a full year, further surveying and analysis of changes in service use patterns will be conducted.

Thus, it is recommended that the General Manager of Shelter, Support and Housing Administration in consultation with the Chief Financial Officer report in mid-2010 to Executive Committee on quantifiable savings and costs based on surveys and analysis of changes in service use patterns for individuals who received service through the enhanced Street to Homes Program.

## **CONTACT**

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## **SIGNATURE**

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Cam Weldon  
Acting Deputy City Manager and Chief Financial Officer

## **ATTACHMENTS**

Appendix A: Service Cost Data Sources  
Appendix B: Cost Analysis Methodology  
Appendix C: Case Study Examples

## Appendix A: Service Cost Data Sources

<b>Housing Responses</b>		
Private Market Rent	\$25 per day	CMHC Market Rental Survey 2008 Average bachelor unit rent in City of Toronto \$767 per month. However, maximum OW Shelter Allowance is \$356 per month. ODSP Shelter Allowance is \$445 per month.
Social Housing	\$25 per day	Shelter, Support and Housing Administration Average operating and rent subsidy per unit plus average of OW and ODSP rent scale
Alternative/Supportive Housing	\$31 per day	Shelter, Support and Housing Administration Average operating and rent subsidy per unit plus average of OW and ODSP rent scale. Based on a combination of alternative/supportive housing providers that house Streets to Homes clients.
<b>Emergency Responses</b>		
Emergency Shelter	\$69 per day	Shelter, Support and Housing Administration Average City/Provincial per diem subsidy
Jail/Detention Centre	\$143 per day	Statistics Canada Juristat Provincial average expenditure per inmate
Emergency Room	\$212 per visit	Ministry of Health and Long Term Care Ontario Case Costing Initiative Average for Toronto Central LHIN
Psychiatric Inpatient bed	\$665 per day	Ministry of Health and Long Term Care Ontario Case Costing Initiative Average for Toronto Central LHIN
Ambulance	\$785 per transport	Toronto Emergency Medical Services (EMS) Average cost per transport
Hospital – Acute Inpatient bed	\$1048 per day	Ministry of Health and Long Term Care Average Toronto Hospital Interprovincial per diem rates

## **Appendix B: Cost Analysis Methodology**

The estimates of the costs of changes in service use patterns provided in this report are based on data collected through the 2006 Post-Occupancy survey, which surveyed absolutely homeless individuals housed through the Streets to Homes program prior to the enhanced service.

The Post-Occupancy survey asked participants about their use of services in the year prior to being housed and in the year since they had been in housing. Of the 88 individuals included in the Post-Occupancy survey, 44 had been housed for one year or more. For comparability, only those 44 individuals housed for a year or more were included in the analysis. Self-reported data on frequency of service use one year before and after being housed was then compared to known average per diem or per use cost estimates for services including:

- Emergency Shelter
- Emergency medical services (ER, Hospital, Ambulance)
- Health services (Psychiatrist, Dentist, Optometrist, and other specialists)
- Emergency services (911 Calls, Fire Services)
- Justice services (Police Detox, Jail, Court, Parole)
- Addictions (Drug and Alcohol Detox and Treatment)

Given that service use costs are based on average per diems rather than actual service records and the sample size analyzed is not large enough to be statistically representative, the information provided is intended to demonstrate a general estimate of the changes in service use costs for this client group. While self-report data has been shown to be a reliable survey methodology, some individuals may have had difficulty in recalling details of all their service use over the previous two years and provided estimates as to their frequency of use. Additionally, not all services were included in the analysis because of a lack of information about costs or frequency of use, for example drop-ins, meal programs, temporary Out of the Cold shelter programs, Health Bus (a mobile street clinic), etc. Therefore, the estimates of costs of homelessness are likely on the conservative side and should be seen as a minimum.

## **Appendix C: Case Study Examples**

As an example of how having stable housing can result in an improved quality of life and reduction in use of emergency services, the following are case studies of Streets to Homes clients who were intensive emergency service users while homeless and have now been housed for more than a year. The case studies are based on the real stories of Streets to Homes clients, but names and identifying information have been changed.

### **Frank**

“Frank” is in his mid-50s and had been homeless for many years off and on. The last time he had a place was 6 years ago. Frank was living under a highway overpass in a tent when Streets to Homes outreach encountered him. He was addicted to heroin and cocaine.

When he was living outside, Frank used drop-in health clinics occasionally, as well as the mobile health bus. Frank has bipolar disorder and epilepsy. He says that people often called 911 for an ambulance on his behalf and he would end up in the Emergency Room at least once a month. He was never admitted to the hospital, although he says the doctor’s wanted him to stay there, he never would.

When he was living outside, Frank says that he would get picked up by police and taken to police detox very frequently, sometimes as often as once a week. He estimates that he was arrested 15 times in the last year he was homeless and spent time in jail on a number of occasions.

Frank now lives in his own bachelor unit in a private market building. He has completed a drug rehab program and is now ‘clean.’

Frank now has a family doctor. Frank has had to use an ambulance only once in the past year and while he has been to the ER several times in the past year, this is not as often as before. He has also been to an optometrist for an eye exam and now has glasses. He attends AA and NA meetings regularly. In the past year that he’s been in housing, Frank has not had any interactions with police or the courts.

It is estimated that Frank used nearly \$38,000 in emergency shelter, health and justice services in the last year that he was homeless, and the combined cost of his use of these same services in the year since he’s been housed is estimated to be approximately \$7,000. That equals a service cost savings of \$31,000.

### **Albert**

Albert is in his 40’s and has been homeless for more than five years, since he lost his job and his marriage ended. Albert rarely stayed in shelters while he was homeless, but slept in a car in an alleyway, which is where he was encountered by a Streets to Homes outreach team. Now Albert has a one bedroom, RGI apartment.

When he was living outside, Albert says his health was very poor and he would often cough up or vomit blood. He went to the Emergency Room frequently, sometimes several times a month. He regularly used 911 and Ambulance services.

Albert was picked up by police and held in police detox several times in the last year that he was homeless. He was also arrested several times and spent time in jail and on probation.

Since he's been in housing, Albert has been to the ER twice, by ambulance once. He has been to the optometrist to get glasses. He has also started seeing a psychiatrist. Albert hasn't had any interaction with police or the courts in the last year. He has had to call 911 once.

It is estimated that Albert used more than \$28,000 in emergency shelter, health and justice services in the last year that he was homeless, and the combined cost of the same services used in the year since he's been housed is estimated to be approximately \$5,000. That equals a service cost savings of \$23,000.

## **Linda**

The last time Linda had a temporary place to stay was five years ago, but she says she has been homeless off and on for her whole life. She sometimes stayed with friends while she was homeless but most often slept outdoors in parks or stairwells. Linda is an alcoholic and says she would drink anything to try to stay warm outdoors, including rubbing alcohol and cooking wine. Sometimes in the winter she would stay in shelters or at Out of the Cold programs.

Linda has diabetes and a range of other health issues. While she was living outside, she said she used the emergency room frequently as a result of her drinking, sometimes as often as once a week. She was also admitted to hospital.

Linda now lives in a private market 2 bedroom apartment with a roommate. She says she is not drinking as much as when she was on the street, but she still uses drugs occasionally. She does volunteer work on a regular basis at a community agency in her neighbourhood. Since she's been in housing, she has had to call 911 once, and has used an ambulance and been to the ER once.

It is estimated that Linda used more than \$44,000 in emergency shelter, health and justice services in the last year that she was homeless, and the combined cost of the same services used in the year since she's been housed is estimated to be approximately \$2,000. That equals a service cost savings of \$42,000.