

THE COST EFFECTIVENESS OF HOMELESS SHELTERS

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DATA THAT MAKES A DIFFERENCE CONFERENCE
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WHAT ENDING HOMELESSNESS MEANS

- Ending homelessness means achieving *Functional Zero*
 - the experience of homelessness is short and rare
 - Chronic homelessness will not exist
- There will always be people experiencing homelessness, but they will not always be the same people

SHELTER FLOWS

- We have shown that in Calgary, about 300 people per month enter the shelter system who have never done so before
 - [Jadidzadeh and Kneebone \(2021\)](#)
- In Toronto, the number is currently about 800 people per month
 - Toronto Progress Portal, [shelter flow data](#), newly identified shelter clients
- Since the number of beds filled each day changes only slowly, these data suggest there are similarly sized exits from the shelter system each month

THE NATURAL RATE OF HOMELESSNESS

- There is then, a large ‘churn’ of people moving into and out of homelessness
- The size of this movement into and out of homelessness is a function of local conditions in housing markets (rents), labour markets (employment opportunities and wage rates) and the design of income support programs
- There is a ***natural rate of homelessness*** the size of which is conditioned on these local conditions and so will vary by community
- Achieving this natural rate of homelessness is equivalent to achieving functional zero

WHAT WE DO (AND WHY)

- We identify shelter users by their frequency and intensity of use
- Once the natural rate of homelessness is achieved, all shelter users will be what have been referred to as *transitional*
 - Infrequent users of shelters for short periods of time
- *This provides an estimate of the size of the natural rate of homelessness and helps us understand the cost of providing temporary shelter to people working their way toward permanent housing*
- We do this for Calgary and Toronto to illustrate how the natural rate of homelessness is sensitive to local conditions
- We do this for adults and youth as we expect local conditions to impact adults and youth differently

OUR DATA

Calgary

- Anonymized data showing daily shelter movements of 21,507 uniquely identified individuals over the period 1 January 2011 to 31 December 2016
 - 17,954 adults and 3,553 youth (aged 18-24 at first entry)

Toronto

- Anonymized data showing daily shelter movements of 33,593 uniquely identified individuals over the period 1 January 2011 to 31 December 2016
 - 25,618 adults and 7,975 youth (aged 18-24 at first entry)

DETAILS, DETAILS, DETAILS, DETAILS

- We purposely restricted attention to the exact same time period in the two cities to maximize comparability
- Our determination of patterns and intensity of shelter use is done in each city separate from the other and for adults separate from youth
 - This recognizes that the method of identifying patterns and intensity of shelter use is sensitive to demographic characteristics and location of shelter clients
 - Statistical tests show that with very few exceptions our measures of patterns and intensity of shelter use are statistically different across cities and across demographic groups
 - In other words, in both cities adults use shelters differently than youth and how youth (adults) use shelters in Calgary differs from how youth (adults) use shelters in Toronto
 - There are a total of 48 such statistical tests. In only 3 cases can we reject the null hypothesis that measures differ across city and across demographic characteristics

WHAT WE ARE LOOKING FOR

- Our goal is to identify the cost of providing a shelter bed to an adult and to a youth, in Toronto and in Calgary, working their way back to permanent housing
- This cost will depend on how frequently and for how long they use a shelter bed and on the cost of providing a shelter bed
- By focusing on those experiencing transitional homelessness we gain an understanding of costs once functional zero is achieved
- We assume \$100 per night as the cost of providing a shelter bed

Table 1: The Cost of Providing Emergency Shelter Beds to Youth, Toronto, 2011-16

	Transitional	Episodic	Chronic	Total
No. of occupied shelter beds 2011-16	305,982	122,080	426,624	854,686
Total cost 2011-16	\$30,598,200	\$12,208,000	\$42,662,400	\$85,468,600
Total no. of clients	6,564	614	797	7,975
Average No. of episodes	1.27	5.58	2.03	1.68
Average days per episode	36.95	35.83	336.36	66.79
Average days in shelter per client	46.62	198.83	535.29	107.17
Average cost per client (over 6 years)	\$4,662	\$19,883	\$53,529	\$10,717

Table 2: The Cost of Providing Emergency Shelter Beds to Youth, Calgary, 2011-16

	Transitional	Episodic	Chronic	Total
No. of occupied shelter beds 2011-16	48,948	26,616	39,272	114,836
Total cost 2011-16	\$4,894,800	\$2,661,600	\$3,927,200	\$11,483,600
Total no. of clients	3,039	407	107	3,553
Average No. of episodes	1.37	5.58	3.57	1.92
Average days per episode	11.87	12.63	176.18	16.90
Average days in shelter per client	16.11	65.40	367.03	32.32
Average cost per client (over 6 years)	\$1,611	\$6,540	\$36,703	\$3,232

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Table 3: The Cost of Providing Emergency Shelter Beds to Adults, Toronto, 2011-16

	Transitional	Episodic	Chronic	Total
No. of occupied shelter beds 2011-16	1,539,436	565,628	1,724,422	3,829,486
Total cost 2011-16	\$153,943,600	\$56,562,800	\$172,442,200	\$382,948,600
Total no. of clients	21,299	2,263	2,056	25,618
Average No. of episodes	1.47	7.55	2.40	2.08
Average days per episode	52.41	34.18	509.48	87.48
Average days in shelter per client	72.28	249.95	838.73	149.48
Average cost per client (over 6 years)	\$7,228	\$24,995	\$83,873	\$14,948

Table 4: The Cost of Providing Emergency Shelter Beds to Adults, Calgary, 2011-16

	Transitional	Episodic	Chronic	Total
No. of occupied shelter beds 2011-16	505,665	326,933	638,713	1,471,311
Total cost 2011-16	\$50,566,500	\$32,693,300	\$63,871,300	\$147,131,100
Total no. of clients	14,906	2,266	782	17,954
Average No. of episodes	1.62	7.05	2.90	2.36
Average days per episode	21.31	22.50	454.79	40.34
Average days in shelter per client	33.92	144.28	816.77	81.95
Average cost per client (over 6 years)	\$3,392	\$14,428	\$81,677	\$8,195

TL;DR

- Once functional zero is reached
 - A youth in Toronto will use a shelter bed for a total of 46.6 days over a 6-year period. Cost = \$4,662 spread over 6 years
 - A youth in Calgary will use a shelter bed for a total of 16.1 days over a 6-year period. Cost = \$1,611 spread over 6 years
 - An adult in Toronto will use a shelter bed for a total of 72.3 days over a 6-year period. Cost = \$7,228 spread over 6 years
 - An adult in Calgary will use a shelter bed for a total of 33.9 days over a 6-year period. Cost = \$3,392 spread over 6 years
- The cost of maintaining shelter beds will fall by over \$100 million in Calgary and by nearly \$300 million in Toronto (over 6 years)

CONCLUSION ...

- What is the appropriate public policy response when the experience of homelessness is rare and short?
 - Tolerate rough sleeping and the risks that involves?
 - Provide emergency shelter
- But a shelter bed costs upwards of \$40,000 per year to maintain!
 - Yes, but many people will use that shelter bed over the course of the year
- ***Rather than focusing on the cost of a shelter bed, we prefer to focus on the cost of facilitating someone's transition back to permanent housing***

... CONCLUSION ...

- Looking at the issue from that perspective, and emphasizing we are looking ahead to when functional zero is attained (when chronic homelessness is non-existent), emergency shelter beds are cost-effective solutions to the problem of local housing and labour market conditions creating a churn of people moving into and out of homelessness
- They are particularly cost-effective for youth (and particularly so in Calgary where the cost is only \$1,611 per person spread over 6 years)

... CONCLUSION.

- Attaining functional zero must be the first goal of the homelessness reduction strategy
- Reaching that goal does not remove the need for emergency shelters
- The second goal the of homelessness reduction strategy is to minimize the natural rate of homelessness by addressing local conditions that influence short-term flows into homelessness and so determine the natural rate of homelessness
- But recognize the natural rate will never be zero and so the need for, and cost-effectiveness, of shelters should be recognized.
