

## Reallocating federal funding to develop a national plan to end homelessness

Homelessness is bad for business and the federal government does not have a national plan to end homelessness in Canada.

Homelessness has a direct financial impact on businesses as it deters customers, damages employee recruitment and retention, harms tourism and discourages companies from setting up offices in areas with a visible homeless population.

For many municipalities and business communities in Canada, homelessness is a real problem that requires expenditures on security upgrades to maintain the safety of staff and property. Businesses cannot realize their full potential while homelessness exists in their areas, due to reduced revenues through lost sales.

Since the federal government needs to contain spending on programs, and because it would not be socially and economically prudent to cut funding for homelessness initiatives, a viable course of action would be to reallocate funds from the federal budget to develop a national plan to end homelessness.

While solutions to homelessness exist and efforts are being made by communities to implement solutions across the country, the government has been unable to reduce the total number of homeless in Canada. In fact, over the past two decades, the federal government has spent considerable tax dollars to address the national crisis, but the problem continues to grow. Significant federal spending on homelessness has not yielded a positive return on investment.

A national plan to end homelessness will clearly set the goals, objectives, metrics and outcomes for all homelessness initiatives and will provide the proper mechanisms to more effectively address the issue. Without a clear strategy to direct national efforts to end homelessness, businesses will continue to be negatively impacted by the growing crisis.

For these reasons, the federal government needs to develop a new approach which includes the reallocation of resources to develop a national plan that mandates the federal government to end homelessness within a reasonable timeframe.

- Canada is the only G8 country without a national housing strategy.
- It is estimated that homelessness costs Canadian taxpayers between \$4.5 and \$6 billion annually, inclusive of health care, criminal justice, social services and emergency shelter costs.<sup>1</sup> Between 1993 and 2004, homelessness cost Canadian taxpayers an estimated \$49.5 billion, across all services and jurisdictions.<sup>2</sup>
- It is estimated that the homeless population in Canada ranges between 150,000 and 300,000.<sup>3</sup> Local surveys in communities like Calgary, Vancouver, Edmonton, Ottawa and Victoria all report that homelessness continues to be on the rise.<sup>4</sup>
- A 2008 homelessness count in Metro Vancouver indicated a 22 percent increase since 2005; a 2009 count in Toronto indicated an 8 percent increase since 2006; a 2008 count in Calgary indicated a

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<sup>1</sup> Gordon Laird. "SHELTER: Homelessness in a Growth Economy: Canada's 21st century paradox." Sheldon Chumir Foundation for Ethics in Leadership, Calgary, Alberta, 2007 p. 87.

<sup>2</sup> Ibid.

<sup>3</sup> Homelessness Partnering Strategy, <http://www.hrsdc.gc.ca/eng/homelessness/index.shtml>. Last accessed May 31, 2010.

<sup>4</sup> UN Human Rights Council, Report of the Special Rapporteur on Adequate Housing as a Component of the Right to an Adequate Standard of Living, and on the Right to Non-Discrimination in This Context, Miloon Kothari : addendum : mission to Canada (9 to 22 October 2007), 17 February 2009, A/HRC/10/7/Add.3

15 percent increase since 2006; a 2008 count in Halifax indicated a 370 percent increase since 2004; a 2007 count in Victoria indicated a 16 percent increase since 2005.<sup>5</sup>

Homelessness is a business deterrent that negatively affects commercial activity, harms tourism and deters investment. In fact, many businesses have incurred extra costs in response to increased homelessness activity in their area.

- The Downtown Vancouver Business Improvement Association (DVBIA) references aggressive panhandling, open drug use, trespassing, and sleeping on private property as business deterrents.<sup>6</sup> More specifically, the DVBIA estimates that Vancouver hotels have lost convention contracts worth \$500,000 due to increased homelessness and visible poverty. Vancouver civic theatres, the City of Vancouver and local businesses have had to spend money to increase private security to guard against aggressive panhandling.<sup>7</sup>
- Hotel Vancouver has spent \$60,000 to upgrade hotel security systems and increase outdoor lighting. Bathrooms available to the public have been closed after dark due to homeless people using them as a place to sleep or use drugs.<sup>8</sup>

A national plan to end homelessness will provide the necessary leadership to allow the federal government to measure the success of investments on homelessness programs.

- In 2009, the federal government invested a total of \$3.57 billion in direct spending on homelessness and affordable housing initiatives, but Canada lacks a framework to assess the overall value and impact of these investments.<sup>9</sup>
- Without a national homelessness plan, efforts to meet the needs of the 1 in 4 Canadian households at risk of becoming homeless remain fragmented and uncoordinated.
- Effective performance management and accountability begin by setting a clear direction and assigning accountability for results. Defining goals and objectives to address homelessness establishes a frame of reference where programs can be appropriately designed and integrated, and roles and responsibilities can be defined. These are typically set out in a comprehensive plan.<sup>10</sup>
- The Conference Board of Canada insists that Canada must engage in more precise targeting and establish more achievable objectives in addressing homelessness. In 2009, the Board called for a reduction of the homeless from approximately 150,000 to 100,000 by 2015.<sup>11</sup>

Housing the homeless as a first priority is a cost-effective approach to reducing homelessness. Case study evidence shows that vulnerable and at-risk homeless families are more responsive to interventions and social services support after they are in their own housing, rather than while living in temporary/transitional facilities or housing programs. A national plan to end homelessness should adopt a housing-first approach as a best-practice model for reducing homelessness.

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<sup>5</sup> Data gathered from the Metro Vancouver Homelessness Secretariat, 2010. Differences in methodology may vary between different cities and year the count took place; these are typically one-time counts performed in a 24-hour period and may not represent the true extent of homelessness nor does it track the 'hidden homeless'.

<sup>6</sup> Downtown Vancouver Business Improvement Association. Study referenced by The Vancouver Sun. Crime declines when shelters open: study. April 15, 2010.

<sup>7</sup> Vancouver Sun. Beggars, drug dealers kill convention. August 18, 2006.

<sup>8</sup> Ibid.

<sup>9</sup> Wellesley Institute. Canada needs a national housing strategy that engages key partners from the community up. November 2009. p. 2-3.

<sup>10</sup> Auditor General of British Columbia. Homelessness: Clear Focus Needed. March 2009.

<sup>11</sup> Conference Board of Canada. Building From the Ground Up: Enhancing Affordable Housing in Canada. March 2010.

- On average, each homeless person in British Columbia costs the public system in excess of \$55,000 per year, while the provision of adequate housing with supportive services is estimated to reduce this cost to \$37,000 per year. This results in an overall cost avoidance of about \$211 million per year in BC alone.<sup>12</sup>
- The cost avoidance in health care and provincial corrections institution costs are more than sufficient to offset the capital costs and the costs of providing housing supports to those who are absolutely homeless.<sup>13</sup>
- In the absence of a purposeful, planned response, chronically homeless individuals consume services in the emergency and institutional systems: police, ambulance, psychiatric hospitals and emergency wards. Costs of these emergency responses are four-to-ten times higher per day than the cost of providing transitional or supportive housing.<sup>14</sup>
- A cost analysis on the effectiveness of emergency, institutional, shelter, supportive and permanent housing services for the homeless in Vancouver, Toronto, Halifax and Montreal indicate a consistent pattern of cost-avoidance; that acute emergency, tertiary psychiatric care and incarceration involves significantly higher costs than various forms of transitional, supportive and permanent affordable housing.<sup>15</sup>

Federal leadership involves providing a clear vision about what government aims to accomplish with respect to Canada's homelessness issue. Without a clear direction that outlines what the federal government wants to achieve for the homeless, we can only expect limited progress.

The sooner the federal government commits to ending homelessness in a reasonable time frame, the sooner Canadian businesses and citizens will benefit from the resulting increase in Canada's economic productivity and quality of life.

The development of a national plan to end homelessness is the necessary first step toward fulfilling this commitment.

## **Recommendations**

That the federal government:

1. Reallocate funds, from within the existing federal budget envelope, to develop federal benchmarks for a national plan to end homelessness.
2. Establish a reasonable target for the reduction of homelessness in Canada and set a reasonable timeframe to accomplish this goal.
3. Maintain the housing-first approach of creating and sustaining affordable and supportive housing as a first priority, in the development of the national plan.
4. Consult with other levels of government and community partners in the development of federal benchmarks for a national plan.
5. Support provincial, territorial and lower-tier governments in their implementation of a nationally benchmarked plan.

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<sup>12</sup> Michelle Patterson and Julian Somers, Housing and Support for Adults with Severe Addictions and/or Mental Illness in British Columbia, Centre for Applied Research in Mental Health & Addiction, October 2007, p. 10-11.

<sup>13</sup> Ibid.

<sup>14</sup> Federation of Canadian Municipalities. Sustaining the Momentum: Recommendations for a National Action Plan on Housing and Homelessness. Jan 2008, p. 12.

<sup>15</sup> Steve Pomeroy, Regional Municipality of Waterloo. Pro-Active Versus Reactive Responses: The Business Case for a Housing Based Approach to Reduce Homelessness in the Region of Waterloo. 2007. p. 5.