# FUNDING SERVICES FOR HOMELESS YOUTH IN CANADA:

**Review & Recommendations** 



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# ABSTRACT

The response to homelessness is growing more sophisticated. Communities are recognizing that homeless youth differ from homeless adults and are beginning to reshape their services to reflect that fact. Many are seeking an end to homelessness rather than just mitigation of its harm. Some are collecting data and managing performance. The most advanced communities are pushing for a funding regime the respects their expertise.

The federal government, the provinces and the territories fund providers to deliver homeless services. These central funders sometimes fund specific projects by specific providers. They sometimes pay providers a daily rate based on occupancy, known as a per diem (emergency shelters are often paid per diem). They sometimes channel money to communities and allow communities discretion over how to distribute the money. The third method is gaining ground, as illustrated by the federal government's Homelessness Partnering Strategy, Ontario's Community Homelessness Prevention Initiative and Alberta's Outreach Support Services Initiative.

Central funders want to lay down a vision for a homeless system. At the same time, they want to leave to communities the details of how to realize that vision. Rules on how communities can spend their allotments (such as the Homelessness Partnering Strategy's Housing First rules) can prove too restrictive, especially for services directed at youth and others whose needs reach beyond housing. A central funder may instead give its vision by specifying outcome metrics and by tying funding to success against those metrics. It may, in part, fund communities based on their progress toward ending homelessness.

Tying money to results raises dangers. It may lead to actions that meet the letter of a metric but not its spirit. It may suggest a simplicity to ending homelessness that belies its reality, especially for those like youth who need more than just a roof. It may incite competition where collaboration is the better path. But most of the dangers shrink when the central funder starts small and designs the funding scheme in close cooperation with communities.

#### RECOMMENDATIONS

Central funders should consider:

- **1 A rigorous approach to experiments.** When testing new programs, central funders should require and pay for strong evaluation design. Homelessness is a complex problem. Without true experiments, communities cannot know what works well.
- **2** An outcome-based component to pooled funds. Central funders should weigh tying a small amount of a community's money to its results. Specifying results without dictating how communities achieve those results allows central funders to express a vision for the homeless system without interfering where communities know best.
- **3** A cross-departmental fund for youth. Central funders should explore cross-departmental funds that pay for the results of homeless youth projects. A fund in which each department only pays for results related to its mandate may help to realize a response to homelessness that does not stop at departmental borders.

#### APPENDIX: COST ANALYSIS OF HOUSING FIRST FOR YOUTH

Housing First for Youth is a Housing First program modified to serve the broader needs of youth. It costs around \$20,000 per youth per year. If delivered to 1,000 youth over two years, Housing First for Youth may save about \$7.5 M in shelter costs and about \$2.2 M in social assistance payments over those two years. It may also increase tax revenue by about \$1 M over the two years.

# INTRODUCTION

Many youth struggle to find and keep a safe and stable home. Some of these youth surf couches, sleep in shelters or live on the streets. While they navigate the trials of growing up, homeless youth must also manage the very adult challenges of independence. That dual task – finding a place to live and growing into a healthy adult – distinguishes homeless youth from homeless adults.

Many service providers recognize that difference. They understand that services written for homeless adults do not always translate to youth. As the response to homelessness grows more sophisticated, these providers are highlighting the factors that set homeless youth apart.

Emphasis on distinctions has accompanied a larger shift in goals. The homeless response should eliminate homelessness, not just manage it.<sup>2</sup> A response that only fills immediate deficits is no longer good enough. Communities must prevent people from entering homelessness and, when people become homeless anyway, must help them exit as quickly as possible.

As the response has changed, so have some funding practices. The federal government has long distributed the bulk of its homeless money through community-level contributions (known in this paper as 'pooled funds'). In 2013, Ontario combined five different homeless streams into a pooled fund program.<sup>3</sup> Alberta funds homeless systems in its seven largest cities through pooled funds.<sup>4</sup>

To add a final trend, social services are under rising pressure to prove results. The claims on public budgets are endless. Progress on some major problems, like homelessness, seems stalled. And the social sector, together with social scientists, has learned the hard way that intuition does not necessarily make an effective program.

This paper speaks where these trends meet. If federal and provincial governments want to end homelessness, especially youth homelessness, how should they pay for homeless services?

#### The paper:

- 1 Outlines some of the ways the federal government, Ontario and Alberta fund homeless services today,
- **2** Examines the different methods by which a central funder in this paper, the federal government, a province or a territory may fund homeless services,
- **3** Reflects on those methods and suggests ideas to get better results for homeless people in general and youth in particular, and
- **4** Surveys some of the public costs of youth homelessness and compares those costs to the costs of delivering Housing First for Youth.

The paper relies on 21 interviews with community organizations and federal, provincial and municipal officials. It also draws on reports, articles and administrative documents.

# HOW DO CANADIAN GOVERNMENTS FUND HOMELESS SERVICES?

The sections below profile some of the ways in which the federal government, Ontario and Alberta fund homeless services.

# The Federal Government

# **NATIONAL HOMELESSNESS INITIATIVE, PHASE ONE (1999-2003)**

In 1999, the federal government announced \$753 M over three years for the National Homelessness Initiative (the NHI).<sup>5</sup> This first phase of the NHI intended to meet crisis needs and encourage community-level plans.<sup>6</sup> It paid for homeless programs through three channels:<sup>7</sup>

- 1 The Supporting Communities Partnership Initiative (the SCPI) (\$305 M over three years).
- **2** The Urban Aboriginal Strategy (\$59 M over three years). From 2001, the NHI could spend this money under the SCPI's more flexible terms and conditions.
- **3** The Youth Employment Strategy (\$59 M over three years). From 2001, the NHI could spend this money under the SCPI's more flexible terms and conditions.

The Urban Aboriginal Strategy and the Youth Employment Strategy existed before the NHI. The SCPI was new. It grew out of the belief that communities, not federal or provincial governments, could best decide local homeless strategy.

The SCPI allotted money to 61 communities across Canada (ten of which received 80% of SCPI's money).<sup>8</sup> Each community's homeless system had to write a plan on its priorities. In spending the money, a community had to adhere to only three rules: a) spend on homeless projects, b) spend outside areas of provincial responsibility, and c) spend on priorities in the community's homeless plan.<sup>9</sup> Communities had to match the SCPI's money with money from other sources.<sup>10</sup>

NHI intended to allocate its \$59 M for homeless youth through the Youth Employment Strategy. Projects under the Strategy had to offer an employment angle. Not all homeless youth programs serve youth ready to take employment. To fund projects outside employment, the NHI began in 2001 to spend some of its youth money under the SCPI's terms and conditions.<sup>11</sup>

#### NATIONAL HOMELESSNESS INITIATIVE, PHASE TWO (2003-2007)

In 2003, the federal government renewed the NHI at \$405 M over another three years (\$135 M per year). In late 2005, the federal government extended this second phase for another year at \$134.8 M. The second phase shifted emphasis to some degree from crisis response to treatment and prevention. It paid for homeless programs through three channels:<sup>12</sup>

- 1 The SCPI (\$258 M over three years).
- **2** The Urban Aboriginal Homelessness program (\$45 M over three years).
- **3** The Regional Homelessness Fund (\$13 M over three years).

NHI's second phase dropped the youth-specific stream. The Regional Homelessness Fund paid for programs in small and rural communities. It negotiated project-by-project instead of allocating a community-level sum. It encouraged youth projects. It funded youth projects even in some SCPI communities.<sup>13</sup>

# **HOMELESSNESS PARTNERING STRATEGY, PHASE ONE (2007-2014)**

In 2006, the federal government announced the NHI's successor, the two-year Homelessness Partnership Strategy (the HPS). In 2008, the federal government extended the HPS to 2011 and in 2010, renewed it to 2014, each year at  $$134.8 \text{ M}.^{14}$$ 

The HPS paid for programs through four streams: Designated Communities, Aboriginal Communities (later Aboriginal Homelessness), Outreach Communities (later Rural and Remote Homelessness) and Federal Horizontal Pilot Projects.<sup>15</sup> From 2007 to 2011, Designated Communities accounted for 77% of an annual \$110 M grants and contributions budget, Aboriginal Communities 13% and Outreach Communities 4%.<sup>16</sup>

Designated Communities continued the SCPI's work. Each of the 61 Designated Communities wrote a community plan and matched federal contributions. Each community also appointed a community advisory board and tracked progress through a plan assessment.<sup>17</sup> Few community plans emphasized youth.

Rural and Remote Homelessness dropped the Regional Homelessness Fund's youth focus. Like Designated Communities and Aboriginal Homelessness, Rural and Remote Homelessness dispensed money to spend on priorities set by a community or regional advisory board.<sup>18</sup> The HPS encouraged but did not require Aboriginal and Rural and Remote communities to match federal dollars.<sup>19</sup>

The Federal Horizontal Pilot Projects stream paid for cross-departmental projects. The stream sought to highlight that ending homelessness will take more than just the homeless sector. The stream paid for 22 projects in partnership with departments such as Health, Justice and Aboriginal Affairs and Northern Development.<sup>20</sup>

### **HOMELESSNESS PARTNERING STRATEGY, PHASE TWO (2014-2019)**

In 2013, the federal government renewed the HPS from 2014 to 2019 at \$119 M per year.<sup>21</sup> The \$15.8 M drop fell on the HPS' central and regional offices. Communities received as much money as in the HPS' first phase.

Since 1999, the federal response to homelessness had slowly evolved from the goal of managing homelessness to that of ending it. At Home / Chez Soi, the federal government's \$110 M Housing First randomized control trial, showed that Housing First can help chronically homeless adults into stable housing.<sup>22</sup> The HPS' 2014-2019 phase set a Housing First schedule:<sup>23</sup>

- **1** April 2015. The ten major Designated Communities must spend 65% of Designated Community dollars on Housing First.
- **2** April 2016. Other Designated Communities that receive \$200,000 or more from the HPS must spend at least 40% of Designated Community dollars on Housing First.
- **3** April 2016. Communities that receive \$200,000 or more from the HPS must spend at least 40% of Aboriginal Homelessness dollars on Housing First.

The HPS encourages other communities to pursue Housing First but does not mandate it.

#### THE HPS HOUSING FIRST RULES

Housing First helps homeless people into permanent housing as quickly as possible. It does not condition housing on sobriety or other changes. Once housed, Housing First helps the client overcome challenges like addiction and, where possible, starts the client on the path to independence.<sup>24</sup>

Under the HPS' rules, a community's Housing First work must first help chronically and episodically homeless people. A chronically homeless person is homeless and has spent more than 180 nights homeless in the last year. An episodically homeless person is homeless and has endured three or more homeless episodes (each separated by at least thirty days) in the last year. The community may switch emphasis to the next highest needs category when it has housed 90% of its chronically and episodically homeless people.<sup>25</sup>

The HPS' second phase kept the Designated Communities, Aboriginal Homelessness and Rural and Remote Homelessness streams. The Federal Horizontal Pilot Projects stream disappeared and Innovative Solutions to Homelessness came into being.<sup>26</sup> Innovative Solutions to Homelessness funds projects, partnerships and studies to advance homeless practice.<sup>27</sup>

Since 1999, Designated Communities have worked under one of two coordination models: community entity or shared delivery. Under the first model, the community entity (the municipal government or a local organization) coordinates the community plan. It receives the HPS' contribution and distributes the money to providers. It manages local contracts and monitors projects.<sup>28</sup>

Under the second model, the HPS and a community advisory board coordinate the community plan. The community advisory board recommends projects but the Minister in charge of the HPS makes the final decision.<sup>29</sup> The HPS writes the contracts and monitors the projects.<sup>30</sup>

In its 2014-2019 phase, the HPS sought to move as many communities as possible to the community entity model. Nearly all communities within the Designated, Aboriginal or Rural and Remote streams now work through community entities (only communities in Québec and Rural and Remote communities in Nunavut and the Northwest Territories still work under shared delivery).<sup>31</sup>

The HPS sits within Employment and Social Development Canada. In 2016, the federal government boosted the HPS by \$111.8 M over two years (\$55.9 M per year).<sup>32</sup> In 2019, it plans to renew the HPS at \$2.3 B over eleven years.<sup>33</sup> On June 11, 2018, it announced Reaching Home, the next incarnation of federal homeless funding.<sup>34</sup>

#### YOUTH AND HOUSING FIRST UNDER THE HPS

Housing First emphasizes the most vulnerable people, those living homeless for a long time and suffering serious health problems. Many youth, because they are young, do not meet those criteria.

The evidence shows that Housing First works for chronically homeless adults. At Home / Chez Soi's results suggest that Housing First helps chronically homeless youth (aged 18-24) into stable housing, though that conclusion relies on far less data than that available for adults. At Home / Chez Soi's results also suggest that Housing First does not influence other outcomes important to youth, such as employment. As noted by Housing First researchers, Housing First may need to adapt its approach to serve the range of youth needs.<sup>35</sup>

Housing First's focus mean a Housing First mandate can shift attention and resources away from youth. The HPS directives may add to that push away from youth. For example, the directives exclude transitional housing, a type of housing the HPS acknowledges can work well for youth, from the list of Housing First activities.<sup>36</sup>

# **Provinces and Territories**

The provinces and territories range widely in their efforts to address homelessness. Some do very little, leaving communities to rely on the HPS to fund anything more than emergency services. Some do more. Alberta, the leader of the pack, began a ten-year plan to end homelessness in 2009.<sup>37</sup> While it will not end homelessness in 2019 as planned (a 2016 point-in-time count in Alberta's seven largest cities found 5,367 homeless people<sup>38</sup>), it appears to have reduced or stabilized numbers in Alberta's seven cities.<sup>39</sup> Those numbers would otherwise likely have grown as Alberta's population grew.

Alberta released a youth homelessness plan in 2015.<sup>40</sup> It announced at the same time new money to fund the plan. The plan aims to help youth (aged 13 to 24) avoid homelessness and, if they enter, to exit as quickly as possible. It recognizes that youth are still growing up and that what works for adults may not work for youth. As part of the plan, Alberta funded youth projects in twelve communities.<sup>41</sup> Alberta was the first among Canada's higher orders of government to write a homeless youth plan.

Ontario intends to end chronic homelessness by 2025/26.<sup>42</sup> It prioritizes chronically homeless people, youth, Aboriginal people and people leaving provincial systems (though it has not yet released strategies specific to these populations).<sup>43</sup> Those priorities emerged out of the work of the Expert Advisory Panel on Homelessness, a panel appointed to advise on a homeless definition, a target to pursue, methods to measure homelessness and ways to create and share evidence on what works.<sup>44</sup> Ontario accepted the Panel's recommendation to adopt the Canadian Observatory on Homelessness' definition of homelessness.<sup>45</sup>

Quebec released a five-year plan on homelessness in 2014.<sup>46</sup> The plan intends to draw in every part of government. Among other elements, it seeks to convert shelters into independent housing units. The plan, however, "does not include measurable objectives, budgets or timelines."<sup>47</sup>

Ontario's Community Homelessness Prevention Initiative (the CHPI) and Alberta's Outreach Support Services Initiative (the OSSI) fund communities to deliver homeless services. Both rely on communities to manage money in line with local priorities.

# **ONTARIO | COMMUNITY HOMELESSNESS PREVENTION INITIATIVE (2013-PRESENT)**

In 2013, Ontario merged five homeless streams into the CHPI.<sup>48</sup> The CHPI disburses money to communities. Service managers (municipalities and local governments) select and manage projects. In 2017-2018, the CHPI allotted \$308.7 M to 47 service managers. That figure will rise to \$338.7 M by 2019-2020.<sup>49</sup> The CHPI funds shelters and other elements of the emergency response alongside some programs to reduce homelessness. The Ministry of Housing manages the CHPI.

The CHPI instructs service managers to center their efforts on two outcomes: the number of homeless people who gain stable housing, and the number of people at risk of homelessness who stay housed. Service managers report on indicators every year. For example, under the first outcome, a service manager must report the number of households that left emergency shelter and entered long-term housing.<sup>50</sup>

### **ALBERTA | OUTREACH SUPPORT SERVICES INITIATIVE**

Alberta's OSSI funds homeless programs in Alberta's seven largest cities. The OSSI relies on community-based organizations (CBOs) to distribute its money. Unlike Ontario's service managers, three of Alberta's seven CBOs (including those in Calgary and Edmonton) are non-governmental organizations. In 2014-2015, the OSSI gave \$82.6 M to the seven CBOs.<sup>51</sup> The Ministry of Community and Social Services manages the OSSI.

Each CBO writes an annual community service delivery plan.<sup>52</sup> It classifies each of the projects it intends to fund. Each classification comes with outcomes and indicators. For example, a project under Congregate Permanent Supportive Housing will aim to keep its clients stably housed (an outcome). It will achieve that goal if 85% of its clients in a reporting period remain stably housed (the outcome's indicator).

Alberta conducts a performance audit on every CBO every year. If a CBO is performing poorly, Alberta may look more closely. It will tell the CBO where it is doing well, where it might improve and where it must improve. It will follow up to check on improvement.

# WHAT DO CENTRAL FUNDERS DO?

The depth of federal and provincial pockets and the diversity of their recipients set them apart from municipal governments, foundations and other funders of homeless services. The paper classes federal and provincial governments as central funders. This section discusses how central funders may spend their money.

# Pay the costs of projects

Central funders may pay by project. The provider completes activities deemed eligible by the funder and the funder pays the costs of those activities. The provider reports back to the funder on how it spent the money and, sometimes, on what it accomplished.

The HPS' Innovative Solutions to Homelessness stream released two calls for proposals in fall 2016. The first, a grant stream, paid up to \$25,000 to explore new practices and tools (in the federal lexicon, a grant is a transfer payment on which the recipient does not need to report). The second, a contribution stream, paid up to \$500,000 to pilot experimental and promising programs.<sup>53</sup>

Projects funded by more than one source (such as by two provincial departments) must often adhere to different rules and report different information. A central funder may, however, combine money from different departments into a single envelope from which to pay for a provider's projects. Newfoundland and Labrador and Choices for Youth, a homeless youth provider in St. John's, worked out such an envelope to deliver flexible support through Choices' Outreach and Youth Engagement Centre. Driven by the success of the Choices experiment, Newfoundland and Labrador is now negotiating single-contract, multi-year agreements with 22 organizations.

# Pay the outcomes of projects

The UK government has funded a handful of homeless projects based on the projects' results. A Leicester project is serving complex youth through a Housing First lens. The UK government will pay for the project based on the number of youth who register in the program, the number who secure and keep stable housing, and the number who enter and stay in education, employment or training.<sup>54</sup>

In a pay-for-success or pay-for-performance contract, the government promises to pay for a project based in whole or in part on its results. If the project succeeds – if, for example, most of its youth secure and keep stable housing – the government pays the provider the project's costs and a premium. If the project fails, the government does not pay a premium and may not even pay the project's costs.

Some providers do not want to take that financial risk. A provider may ask investors to take on the risk. Under such an agreement, the investors pay the costs of the project. They earn a return if the project succeeds and lose some or all of their money if it fails. This arrangement is known as a social impact bond. The Leicester project is a social impact bond.<sup>55</sup>

# Fund per diem

Governments have long paid for emergency shelters per diem.<sup>56</sup> In a per diem regime, a funder pays a shelter per occupied bed per night. Ontario used to pay for emergency shelters per diem. In 2005, Ontario set the maximum per diem at \$39.15. The province paid 80% of the per diem rate and the service manager paid the other 20%.<sup>57</sup> The CHPI replaced Ontario's per diem. Some service managers continue to fund shelters per diem (Ottawa, for example, pays \$44 per occupied bed per night<sup>58</sup>).

Some provinces still pay shelters per diem. Newfoundland and Labrador, for example, pays for its shelters per diem (its per diem averaged \$144.50 in 2012-2013).<sup>59</sup>

# Allocate pooled funds

Some central funders give blocks of money to communities and ask the communities to advise on or decide how to spend the money. Pooled funds reflect the belief that local experts, rather than a central office, can best meet the needs of local people.

Central funders supervise pooled funds by different methods. Some, like the CHPI, attach very few conditions to the money. Others, like the HPS, direct communities to spend some of the money on specific activities. And still others, like the US Department of Housing and Urban Development, direct communities to specific outcomes.

### **DO NOT DIRECT COMMUNITIES**

The CHPI asks its service managers to help homeless people gain stable housing and to help people at risk of homelessness stay housed. It requires service managers to report every year on a series of indicators related to those outcomes. <sup>60</sup> The CHPI does not, however, put targets on those outcomes or attach consequences to performance. It does not compel service managers to spend their CHPI money on specific activities.

Ontario's Housing Services Act, 2011 instructs service managers to write ten-year housing and homeless plans. <sup>61</sup> Ontario's policy statement charges service managers to include in those plans a strategy to prevent and reduce homelessness. <sup>62</sup> Ontario relies on that direction to guide service managers. It reviews but does not evaluate community plans. It does not tell service managers how to execute their plans.

#### **DIRECT COMMUNITIES TOWARD SPECIFIC ACTIVITIES**

Since 2014, the HPS has required communities to spend much of their HPS money on Housing First. The HPS lists Housing First activities.<sup>63</sup> For example, the HPS counts furnishing an apartment for a Housing First client as a Housing First activity. It does not count building supportive housing as a Housing First activity. It does, however, allow communities to build supportive housing with HPS money outside their Housing First share. It prohibits communities from spending any HPS money on affordable housing.<sup>64</sup>

### **DIRECT COMMUNITIES TOWARD SPECIFIC OUTCOMES**

The US Department of Housing and Urban Development's Continuum of Care program funds homeless projects. The Department allots annual grants on a competitive basis to community networks known as continuums of care (similar to HPS' community advisory boards). Though a Continuum of Care grant is not a pooled fund – it funds specific projects proposed by the community – its emphasis on local leadership and its wide spectrum of eligible projects mirror characteristics of pooled fund programs.<sup>65</sup>

The Department scores each Continuum of Care application. In 2017, system performance counted for 49 points out of 200. For example, the Department awarded up to ten points for a five per cent drop in the number of homeless people over the last year. It awarded up to eleven points for a fall in time spent homeless and for a plan to reduce that time.<sup>66</sup>

In its Continuum of Care application, a community ranks proposed projects. Starting from the top of the list, the community's projects fall into tier one until the total amount requested exceeds an amount set by the Department (in 2017, that amount was roughly 94% of the money that would be required to renew a community's projects). The rest of the community's projects fall in tier two. The Department funds all tier one projects before it funds any tier two projects, thereby more or less restricting intercommunity competition to tier two.<sup>67</sup> A system's performance can greatly influence the extent to which the Department funds a community's tier two projects.<sup>69</sup>

# WHAT SHOULD CENTRAL FUNDERS DO?

# **Cautions on funding strategy**

Discussion of the strategies by which a central funder may reduce the number of homeless people risks the implication that strategy matters most. Homelessness is the quintessential complex problem. Economic trends influence the number of homeless people.<sup>70</sup> Property prices and the number of affordable housing units, products of both the market and policy, influence the number of homeless people.<sup>71</sup>

Other social systems influence the number of homeless people. A person who spends time in foster care, for example, will more likely become a homeless youth.<sup>72</sup> A homeless system can connect to other systems, especially at transition points. But these other systems work in bulk outside the homeless system's sight.

The homeless budget influences the number of homeless people. A homeless system can order its operations as efficiently as possible, but it will fail without enough money. And systems are expensive. A funder must pay not only for programs but also for performance managers, data software and coordination tables.

These cautions highlight that strategy cannot substitute for money or policy reform.

# Projects and per diems

The obvious flaws of paying for shelters per diem will continue to push it to the margins. Per diems reward shelters for high demand. They discourage permanent solutions.<sup>73</sup> The Ontario Municipal Social Services Association's 2005 paper Emergency Shelter Services: More than Just a Bed criticized Ontario's per diem for ignoring administrative costs, failing to pay for anything beyond crisis services and encouraging shelters to fill beds.<sup>74</sup> As more shelters spend more time diverting people away from emergency beds and toward long-term solutions, the logic of a per diem falls even further short.

Paying project-by-project, whether on activities or on outcomes, might accomplish specific goals but will likely fail to undergird a system. A regime in which the central funder selects, negotiates and manages every project will not maximize cohesion across a community's providers. Central funders should aim to strengthen the local system's response.

Some circumstances may justify paying for project-by-project. One such circumstance is an experiment that may assist many communities but for which no community alone will pay. A central funder paying for experiments should do two things:

- 1 Evaluate meticulously. At Home / Chez Soi is the crown of social policy experiments in homelessness. The rigour of its evidence reshaped Canadian homeless policy. It cost \$110 M. \$500,000 pilots, such as those funded by the HPS' Innovative Solutions to Homelessness in fall 2016, may not produce evidence of comparable quality. If a central funder actually wants to know which homeless practices work, it must appreciate the difficulty of learning about complex problems and must spend the time and money to learn at a scientific standard.
- 2 Choose critically. If a central funder should channel as much money as possible through community hands, it should only fund experiments unlikely to find community money. Yet if it expects communities to act on the results of its experiments, it must know why communities do not want to fund them. Do communities see the experiment as unlikely to succeed, as far from community priorities or as testing a program duplicative of today's services? A central funder should carefully calibrate its experimental scope and consult communities on the right tests.

#### **BUILDING EVIDENCE FOR YOUTH**

A central funder selecting experiments may look to those places where a little knowledge could go a long way. Youth, for example, can point to very few (if any) programs proven to help them avoid or exit homelessness. Not the most numerous or the most acute, youth have enjoyed little of the attention evaluators have paid to homelessness.

Yet homeless youth live in every city. Some will become chronically homeless if they remain homeless. Insight into what homeless youth need, knowledge on how to design programs suited to those needs, data on program outcomes and feedback from youth on how programs should work will all help to shrink the number of homeless youth who become homeless adults. Dollar figures to compare the public cost of action against the cost of inaction will help governments to decide where and how much to spend.

A better grasp of how to prevent youth from entering homelessness and how to help them exit as quickly as possible will help more youth become healthy, housed adults.

# Systemic approaches

Everyone agrees that a local system is the best response to homelessness.<sup>76</sup> A system is "[an] integrated whole comprised of defined components working towards a common end."<sup>77</sup> A homeless system ties services into a spectrum of care. It pulls everyone in the same direction.

Alberta's seven cities have developed sophisticated systems to respond to homelessness. Calgary Homeless Foundation (a non-governmental organization that acts as the HPS community entity and the OSSI community-based organization) coordinates Calgary's homeless system. The Foundation:<sup>78</sup>

#### **EXECUTES THE COMMUNITY PLAN**

Calgary published its ten-year plan to end homelessness in 2008.<sup>79</sup> The Foundation leads the plan's execution. Since 2008, the Foundation has updated the plan twice, each time through an extensive consultative process.<sup>80</sup>

In 2011, the Foundation worked alongside Calgary's youth and other stakeholders to write the first Canadian plan to end youth homelessness. The community released an updated youth plan in 2017.<sup>81</sup> The Foundation brings together an advisory table every two weeks for youth with lived experience to share their expertise.

#### MATCHES PEOPLE TO SERVICES

The Foundation co-leads the Coordinated Access and Assessment system. Coordinated Access and Assessment standardizes a person's first encounter with the homeless system. Newly homeless people are referred to Housing Strategists. A Housing Strategist first tries to divert the person to a solution outside the homeless system.

If diversion fails, the Housing Strategist applies the Service Prioritization Decision Assistance Tool (SPDAT).\* Weekly meetings of Foundation-funded agencies and related entities review the SPDAT assessments. Different meetings serve different populations; the Foundation convenes youth agencies to decide where to place youth, for example. The meetings refer people based on factors like acuity and program space. The system serves the most vulnerable people first.<sup>82</sup>

#### ADMINISTERS DATA

The Foundation oversees the Homelessness Management Information System (HMIS). A HMIS records movement into, out of and through a homeless system.<sup>83</sup> Person-level information recorded by each provider in an online platform reveals where the system is succeeding and where it is failing. Calgary's HMIS collects intake data (such as age and housing status) and output and outcome data (such as the number of people who find and keep housing).<sup>84</sup> It allows the system to follow the homeless population in real time.<sup>85</sup>

<sup>\*</sup> A community may choose from among many assessment tools. Some tools narrow their ambit to specific populations. The Youth Assessment and Prioritization tool, for example, predicts which youth will become homeless soon and stay homeless for a long time. It elicits a youth's strengths rather than only her needs and risk factors. It recognizes that some youth are not yet in dire straits but may fall quickly without help. Hyslop, K. (June 26, 2017). Solving the Youth Homelessness Puzzle. The Tyee. Retrieved from https://thetyee.ca/News/2017/06/26/Youth-Homelessness-Puzzle/

#### MANAGES PERFORMANCE.

The Foundation measures program performance against system goals. For example, the system seeks to help people find and keep housing.<sup>86</sup> To manage against that goal, the Foundation first defines housing stability (nine consecutive months housed for an adult or family and six consecutive months for a youth).<sup>87</sup> It then clusters programs by client acuity, client type (youth, adult or family) and program type. Each cluster is a cohort.<sup>88</sup>

Twice a year, the Foundation reviews a cohort's performance and scores programs based on standard deviation from the cohort average. A program that falls within half a standard deviation on a metric like housing stability will score one. A program that falls more than half a standard deviation above the average will score two. A program that falls more than half a standard deviation below the average will score zero. If the youth cohort averages 70% of clients consecutively housed six months or more at a standard deviation of 10%, a youth program will score two if it keeps more than 75% of its clients in stable housing.<sup>89</sup>

A provider can score a maximum of nineteen points on the twice-a-year scorecard.<sup>90</sup> The Foundation also reviews every program every year through staff interviews and client surveys.<sup>91</sup>

The Foundation distributes Calgary's federal dollars and non-shelter provincial dollars. It allocates that money to some degree based on program performance.<sup>92</sup> It does not, however, tie money strictly to results. The Foundation meets often with its providers. If a provider's results begin to slip, the Foundation first inquires informally into any delivery problems. It seeks to support the provider, not punish it.

If, after maybe six months, the provider continues to report poor results (or does not report complete results), the Foundation may issue a formal letter. The letter will recommend measures to improve performance. The Foundation will partner with the provider to enact those recommendations.

If, after another three to six months, the provider still does not improve, the Foundation may consider revoking the program's funding. The Foundation withdraws funding only as a last resort. It hesitates to move money from one provider to another when such a move may disrupt service and damage cohesion in the homeless system. On occasion, however, it will stop funding a poorly performing program.

# **Funding local systems**

If local systems respond most effectively to homelessness, the job of a central funder is to fund homelessness in a way that strengthens local systems. Pooled funds distributed by community organizations in line with community plans strengthen local systems. By working through a single entity charged with executing the community's plan, pooled funds lend teeth to common goals and the systems built to achieve them.

Yet they put a heavy burden on communities. Some communities, like Alberta's seven cities, manage the responsibility well. Others do not. Entities meant to amplify stakeholder voice (such as the HPS' community advisory boards) sometimes exclude segments of the community. They sometimes introduce conflicts of interest by asking providers to decide how to distribute money among providers.

Some small communities do not have the time or expertise to devise and execute an approach from scratch. Their plans evince little in the way of strategy to end homelessness. Without guidance, their homeless systems may miss essential elements.

Evidence may be one of those elements. Careful evaluations have called into question long-standing social programs.<sup>93</sup> Doubt about what actually makes a difference has spread. Community planners must be able to understand and compare the evidence for one program to the evidence for another. That is not an easy task, not when each program submits studies of different methods, assumptions, populations and variables, all written in technical language.<sup>94</sup>

To circumvent community-by-community evidentiary analysis, the HPS mandated Housing First. Housing First has spread faster under the HPS mandate than it would have if each community had had to decide – perhaps against the interests of some stakeholders – whether to fund Housing First. It was not only the money. Central funders, especially the federal government, influence priorities and strategy by their leadership and authority as much as by their pocketbooks.

But the Housing First mandate can stymie other local priorities. A community that has to put most of its HPS dollars into Housing First cannot as easily focus on prevention. It cannot, within the HPS' definition of chronically and episodically homeless people, spend as much on helping youth out of homelessness as quickly as possible. The Housing First mandate begins to resemble a straitjacket in provinces where the HPS supplies most of a community's money.

The virtues of Housing First's rapid proliferation may outweigh the harm of a rule that does not suit everyone. Nudging communities to good practice may work too slowly. But other methods of paying for homeless services may spur evidence-backed practice without drawing as much power from communities. Paying for outcomes may be one of those methods.

# Funding local systems on outcomes

A central funder that pays for a community's outcomes will measure a community's progress toward ending homelessness and factor that progress into decisions on a community's funds. The central funder:

- 1 States precise outcomes. The central funder defines in exact terms the outcomes on which it will judge community progress.
- **2** Ties financial consequences to outcomes. The central funder links a community's progress to its funding. Communities that perform better receive more money or improve their chances of receiving money.

A central funder must choose outcomes very carefully and in partnership with communities. The table below briefs a few basic outcomes. *Performance Management in a Housing First Context* can guide a central funder to the next level of sophistication on system-level goals.<sup>96</sup>

#### SAMPLE COMMUNITY-LEVEL OUTCOMES FOR HOMELESS PEOPLE

Metric <sup>97</sup>	
Number of homeless people	The number of homeless people within the funding period who enter a shelter or other service at least once.
Number of people entering homelessness	The number of people who enter homelessness from a non-homeless status.
Percentage of people who return to homelessness (recidivism rate)	The percentage of people who return to homelessness after exiting homelessness within the last five years.
Percentage of exits into stable housing	Of homeless people who exit a shelter or other service into a permanent home, the percentage who remain in that home for at least nine months.

A central funder may set outcomes for specific groups. The table below offers a few youth metrics.

#### SAMPLE COMMUNITY-LEVEL OUTCOMES FOR HOMELESS PEOPLE

Metric	
Percentage of exits into stable housing	Of homeless youth who exited a shelter or other service into a permanent home, the percentage who remain in that home for at least six months.
Percentage of youth who graduate from high school	The percentage of youth homeless for at least one day who graduate from high school within two years of the ordinary graduation age.
Percentage of youth employed	The percentage of youth homeless for at least one day who find a job (at least fifteen hours per week) and keep that job for at least six months.

Performance Measurement of Homeless Systems suggests that a performance manager complete five items for every outcome. First, the manager should note the outcome's **purpose**. For example, a central funder might measure the percentage of youth employed because a job can lay the groundwork for a permanent exit. Second, the manager should list the **programs** that will influence the outcome. Job placement programs, social enterprises and (likely) youth shelters influence the number of youth who find and keep jobs.

Third, the manager should **define** the outcome. The table above contains a basic outcome definition for youth employment. Fourth, the manager should set the **goal**. A central funder might say a community should meet or exceed the average youth employment rate in similar communities.

Fifth, the manager should explain how to **calculate** the outcome. A central funder might say a community will first count the number of youth who asked for housing assistance at a shelter or other service within the last two years. It will then count the number of those youth who found and kept a job. It will divide the second number by the first.

A central funder paying on outcomes will also describe how it will **pay** for the outcome. For example, a central funder may say that a community that exceeds the average youth employment rate by 5% will receive 2% more in the next period's allocation.

A central funder should attach only a small amount of money to results. A significant amount would threaten communities not already gathering data and managing outcomes. More to the point, a greater sum would ignore the complexity in holding a system accountable for results in large part beyond its influence. A homeless system is but the last line of defense when all others have failed.

#### COMMUNITY-LEVEL CASE STUDY - COMMUNITY SHELTER BOARD

The Community Shelter Board coordinates the homeless system of care in Columbus, Ohio.<sup>99</sup> The Board supports the Rebuilding Lives Funder Collaborative, the continuum of care for Franklin County and Columbus.<sup>100</sup> The Board divides \$31 M a year among homeless services.<sup>101</sup>

The Board closely tracks the performance of its providers.

#### SAMPLE OUTCOMES<sup>102</sup>

- 1 Average Length of Stay (Emergency Shelter). Measures the average length of time from the day a person enters a shelter to the day the person leaves. A shorter average length of stay should indicate faster movement into housing.
- **2** Diversion Recidivism. Measures the percentage of people who are diverted from an emergency shelter yet enter an emergency shelter within thirty days of that diversion. A lower recidivism rate should indicate a diversion strategy that better suits the needs of diverted people.
- **3** Exit to Homelessness. Measures the percentage of people who leave homelessness and then return to an emergency shelter or the streets within 180 days. A lower exit rate should indicate that more people are staying housed.
- **4** Housing Stability. Measures the average length of time that a person stays in transitional housing or permanent supportive housing.

**Ratings.** The Board assigns each system (like the women's emergency shelter system) and program a set of outcomes based on the type of system or program. It calculates targets for each outcome, often based on prior performance. It collects most outcome data through its HMIS. The Board marks an outcome as 'achieved' if the system or program reaches at least 90% of a numerical target or within 5% of a percentage target.

A system or program earns a high rating if it achieves at least 75% of its outcomes and if at least one of those outcomes is a successful housing outcome (as defined based on the type of system or program). It earns a medium rating if it achieves at least 50% but less than 75% of its outcomes. It earns a low rating if it achieves less than 50% of its outcomes.

A program that earns a low rating undergoes a quality improvement intervention.<sup>103</sup> The Board meets the provider every quarter to discuss how the provider plans to improve and to review progress toward improvement.<sup>104</sup>

**Financial Mechanism.** The Board may decide not to fund programs that do not meet their targets. It advises the Rebuilding Lives Funder Collaborative on how to allocate money from the Department of Housing and Urban Development. It may recommend that the Collaborative cease funding poor performers. "CSB really ensures that agencies who receive dollars do what they say they will do. If they don't, they won't get money." 106

### **REASONS TO PAY ON OUTCOMES**

Paying on outcomes divides labour. A central administrator will never know enough to decide which programs each community should deliver. Yet, in the desire to express a vision and account for public dollars, central administrators often oversee delivery anyway, sometimes with minute attention. That supervision frustrates providers and smothers innovation.

The HPS, the CHPI and the OSSI stem from a belief that local organizations can coordinate local systems better than central funders. In the same theme, paying on outcomes says that central funders should set the goals and communities should figure out how to achieve those goals.

Paying on outcomes spurs evidence-backed practice by rewarding communities for finding the most effective means to get results. It raises the bar on data systems by asking questions which require a community to collect detailed information. It may drive performance by encouraging communities to manage programs toward results and to consider quality when distributing money.

Paying on outcomes adds to the tools by which central funders can guide communities. The HPS' approach to Housing First will probably not be repeated for other programs. A central funder, for example, will not likely compel every community to run a specific youth employment program. A central funder may, however, pay on the number of youth who find and keep a job. Paying on outcomes allows a nuance sometimes absent in today's emphasis on chronically homeless people.

### DANGERS TO PAYING ON OUTCOMES

Paying on outcomes introduces its own set of problems. Tying money to a metric can corrupt behavior. A community paid on the number of chronically homeless people may, for example, ignore the most entrenched segment of that population.<sup>107</sup> Pressure on outcomes may push even those with good intentions to behaviors that hurt those they are supposed to help.<sup>108</sup>

No set of metrics will capture everything. Most homeless metrics emphasize housing. But, especially for youth, homelessness is often more than a housing problem. A stable housing metric, for example, will not count or encourage effort to help a youth finish school.

Paying on outcomes means, at least to a degree, reallocating money on performance. Reallocating money is a delicate business best taken slowly. At the community level, revoking a program's money means severing relationships between homeless people and the program's workers. At the provincial or national level, paying on outcomes privileges communities that excel over those that do not. At any level, too swift or too harsh a reallocation may incite competition antithetical to the collaboration that lies at the base of a homeless system.

Funders should allow time for a provider or a community to weather setbacks and pull up to standard. If the provider or the community cannot meet par alone, the funder should advise and assist. It should act as partner rather than overseer. Above all, it should step softly when judging performance. It should recognize that a homeless system or program has only so much influence over homelessness.

### **CO-REQUISITES TO PAYING ON OUTCOMES**

The first co-requisite to paying on outcomes is technical assistance. Many communities, for example, have yet to roll out a community-wide data system. And few communities consistently manage performance. Putting in place the system and process to collect data, review results and act on those results will take time.

A central funder should partner in these tasks, lending its expertise and its money. Central funders already fund community capacity. For example, the HPS paid the Canadian Alliance to End Homelessness \$1.8 M to train designated communities on Housing First delivery.<sup>109</sup> Ontario paid A Way Home Canada to write a Youth Homelessness Community Planning Toolkit<sup>110</sup> and to teach service managers about systems planning for homeless youth. Such efforts must intensify if communities are to hit outcome targets.

The second co-requisite is a collaborative process. Communities must see payment outcomes as their own goals as much as the funder's goals. While time-consuming, a process that asks communities – homeless people, providers, researchers and others – to design technical metrics alongside the central funder will more likely stick. The devil is in the details, so communities cannot be excluded from those details.

Collaboration cannot stop once the central funder and its communities have landed on metrics. Only by actually collecting data will communities learn if a metric measures what matters. To give time to work out the kinks and to put together a baseline, a central funder may wish to wait a period between asking for data on outcomes and tying payment to those outcomes.

# **Cross-departmental collaboration**

Homeless advocates often cite frustration at disinterest in homelessness among departments not formally responsible for homelessness. Education, justice, child welfare, health and others intimately linked to homelessness' causes and consequences see homelessness as outside their mandates. As research hammers the crossover between social systems, the fragmented government approach is becoming less acceptable.<sup>III</sup>

On the other hand, a department cannot worry about every problem connected to its work, not when each social issue appears related to every other. Contained mandates and separate budgets express a government's priorities. Asking departments to spend on homelessness when it does not fall squarely within their orders may be seen to subvert those priorities.

An outcome-based approach tries a different frame on the problem. An education department may at first see little of its mandate in Housing First for Youth (HF4Y).<sup>112</sup> But HF4Y aims, among many other goals, to help youth graduate from high school. The education department may not want to pay for a homeless project, but it may want to pay for a high school diploma. It may be willing to pay, for example, \$5,000 for every youth who graduates from high school within two years of the ordinary age. If the department pays per result, it may not see a need to discriminate between the types of projects that lead to that result.

The UK Department for Work and Pensions' £30 M Innovation Fund funded ten projects for at-risk youth. It published a list of outcomes and an amount it would pay for each outcome. It promised, for example, to pay a provider £3,500 for each youth who found a job and kept that job for at least thirteen weeks. A similar structure might form the core of a cross-departmental fund to pay for youth outcomes.

A cross-departmental fund in which each department pays for different pieces of the same project would introduce administrative complications. And, at least to start, it would funnel money to individual projects, not to communities. But the outcome frame may open a door to acting on homelessness across government.

#### A HYPOTHETICAL CROSS-DEPARTMENTAL YOUTH HOMELESSNESS FUND

**Goal.** To add new money to homeless youth projects.

**Description.** The Fund pays for homeless youth projects. It emphasizes evidence-backed projects out of the pilot phase but yet to scale. It applies experimental and quasi-experimental evaluations to its projects. It seeks to convert promising but local projects into projects well-known and ready to implement across the jurisdiction.

**Funding Model.** Community Services, the department that ordinarily pays for homeless services, pays 65% to 85% of the costs of a homeless youth project. Community Services does not tie its money to results. Education and Justice each promise to pay between 10% and 20% of a project's costs based on the project's results.

#### Education's Payment Metrics

- 1 The number of youth whose school attendance improves by at least 20% after six months in the program.
- **2** The number of youth whose attitude towards school improves after six months in the program.
- **3** The number of youth who graduate from high school within two years of their expected graduation year.

#### Justice's Payment Metrics

- 1 Of the youth arrested at least once before the project, the number of youth arrested within two years of project enrollment.
- **2** Of the youth arrested at least once before the project, the number of youth convicted of a criminal offence within two years of project enrollment.

Structure. Community Services manages the Fund. Education and Justice transfer money to Community Services each year to spend through the Fund. Agreements between Community Services and each of Education and Justice outline the Fund's goals, the maximum percentage Education or Justice will pay for any given project and the outcomes on which Education or Justice will pay. Leads from Community Services, Education and Justice meet once a month to review the Fund's projects and performance.

**Project Selection.** Community Services selects and manages projects. Education and Justice review projects to ensure that their contribution to the project is spent only on Education- or Justice-related outcomes. Education and Justice do not have a say in project selection.

**Example.** A HF4Y project applies to the Fund. The project aims to help sixteen to eighteen-year-olds secure stable housing and stay in or return to school. The Fund agrees to fund the project in five new communities over five years. Community Services pays 85% of the program's costs upfront (Community Services also pays the project's evaluation costs). Education commits to pay another 20% based on the project's success in improving attendance and attitudes toward school.

After two years and each year thereafter, the project reports the attendance and attitudinal changes among youth who have spent more than one year in the project (or who have left the project before completing a year). If the project performs well, it earns up to 105% of its costs. The premium rewards the project for focusing on results and for accepting the risk that it might not get results.

#### EXAMPLE OF AN OUTCOME FUND - THE FAIR CHANCE FUND

The Fair Chance Fund was a £15 M UK fund that paid for homeless youth projects based on their outcomes. It paid for projects that served homeless youth aged 18 to 24 and not in education, employment or training. The Fund set maximum payments per outcome. For example, it paid a project £1,500 for each person housed, £500 for each person who found a job and £3,000 for each person who kept a part-time job for thirteen weeks.<sup>114</sup>

To come to those amounts, the Fund consulted with the homeless providers, youth providers and social investors, looked at public costs incurred by youth not in education, employment or training, and gathered feedback through expressions of interest.<sup>115</sup>

#### DEMAND FOR CROSS-DEPARTMENTAL MONEY - THE GEELONG PROJECT

Australia's Geelong Project attempts to keep youth connected to school and in stable homes. The Geelong Project screens every student in a school. It looks for those students at risk of homelessness, not engaged with school or in psychological distress. The degree of help depends on the level of vulnerability. For each vulnerable student, the Geelong Project will monitor (for those least vulnerable), offer brief support or refer to a case manager (for those most vulnerable).<sup>116</sup>

The Geelong Project's evaluation suggests that it may help youth avoid homelessness. The evaluation also suggests a cross-departmental fund to simplify cross-departmental programs. 117 Programs like the Geelong Project spend inordinate time managing the requirements of disparate funding streams.

Canada's Upstream Project is testing a program very similar to the Geelong Project.<sup>118</sup> The Upstream Project may fit well as a first project of a cross-departmental fund. It seeks results that matter to both education and homeless departments. It asks for cooperation between the education and homeless sectors. It promises to do what neither sector can do on its own.

# Focusing on youth

A central funder that wants to emphasize a specific group, such as youth, faces a tricky balance. To emphasize a specific group, a central funder must limit a community's control over its priorities. Such restraints lie counter to the evolution, exemplified by the CHPI and the OSSI, toward community autonomy within a high-level framework.

Should central funders reserve money for youth? That depends on the degree of difference between youth and the rest of the homeless population. It also depends on the extent to which communities already address those differences.

On the first question, homeless youth are not homeless adults. They inhabit developing minds and bodies. They become homeless for different reasons. They are learning independence at a time their peers still enjoy the shelter and protection of their parents. They need stable homes but also the space in which to grow, fail and succeed at least in proportion to housed youth.

On the second question, homeless youth do not appear to get enough attention. While many in the sector seem to accept that prevention begins with youth, the chronically homeless adult remains at the centre of policy (see, for example, Ontario's 2015 pledge to end chronic homelessness in ten years without a timeline for any other group<sup>119</sup> or the federal government's 2018 promise to reduce chronic homelessness by 50% in ten years<sup>120</sup>).

The social and financial costs of chronic homelessness and Housing First's success in treating chronicity have shaped the community response. As in health, so in homelessness: money and focus tend to those suffering greatest harm now and away from those who, with a little help, could avoid that harm in the future.

If a central funder chooses to emphasize youth, how should it enact that emphasis? It should work the channels by which dollars already flow. Money reserved for youth should move through the entity that manages the community's pooled funds (the community entity, the service manager, the community-based organization or equivalent). It should not go directly to youth providers.

Youth money should not come as another stream, with its own rules and reports. When the HPS wanted to push Housing First, it did not create a Housing First stream. It set aside money for Housing First within its Designated Communities and Aboriginal Homelessness streams. It kept the processes built up around community entities and community advisory boards. Youth money should join a stream that already exists.

Youth money should fit as neatly as possible into the community's system. It should encourage plans to end youth homelessness that lock seamlessly into system-wide plans.

Money set aside for youth should be spent on youth (13 to 24, as set in the Canadian Definition of Youth Homelessness<sup>121</sup>) either homeless or at risk of homelessness. It should articulate a vision that begins with prevention and ends with permanent exit such that no homeless youth becomes a homeless adult (it may look to Alberta's youth plan for inspiration<sup>122</sup>). It should leave to each community the decisions that must depend on a community's youth population, program experience, provider mix and other variables.

# RECOMMENDATIONS

To drive better results for homeless people and homeless youth, central funders should consider:

A rigorous approach to experiments. The incontrovertible evidence out of At Home / Chez Soi helped push Housing First into the mainstream. Central funders should pay for more such trials, especially for youth.

Innovators are already trying new ideas. Making the Shift (led by A Way Home Canada and the Canadian Observatory on Homelessness), now in its first phase, is delivering HF4Y (as defined in *THIS is Housing First for Youth*<sup>123</sup>), Youth Reconnect and the Family and Natural Supports Program in Ontario and Alberta. Choices for Youth in St. John's is running Momma Moments, a program to support vulnerable young mothers as they learn how to parent. HireUp is spending \$400,000 from the HPS to link at-risk youth to jobs and to assess the extent to which its online employment platform prevents homelessness.

To make the most of these pilots, central funders should mandate precise evaluation. The 2005-2014 National Shelter Survey reported that 70% of people in a shelter are in a shelter for the first time, suggesting constant flows in and out of homelessness.<sup>127</sup> No one can know ahead of time whether a person will become homeless or how long she will stay homeless. Evaluations that do not track a high-quality control group do not offer clear insight.

An outcome-based component to pooled funds. Central funders should pay for homeless programs by a method that reinforces local systems. The HPS, the CHPI and the OSSI already fund by such a method. All three funnel much of their money through local planners. They ask communities to set their own priorities and allow planners, to varying degrees, to spend money on those priorities. The OSSI, to its credit, combines flexibility in how to spend its money with program-level outcome targets and annual performance reviews.

Tying a small part (say 5%) of a community's allocation to community-level outcomes is an incremental step. Paying for outcomes expresses a central funder's goals at a precision usually absent, yet leaves planners and providers to decide how to meet those goals. It stresses data and evidence without forcing specific data systems or specific types of evidence. It should encourage approaches customized to each population (limits on how long a program can support youth, for example, should fall away if the limits hurt results). It may prove a useful thread to pull everyone in the same direction.

A conversation on paying for outcomes may lend a start to a broader conversation on what results matter to homeless people. That conversation may in turn begin discussion on how funders, especially federal, provincial and territorial funders, can align the results and information they require of communities.

A cross-departmental fund for youth. Central funders should recognize that homelessness does not fit neatly in the homeless department. Its causes and consequences lie in great part outside the homeless sector. That fact is at least as true for homeless youth as for others. The number of homeless youth once or still in government care speaks loudest to the tight knots between homelessness and other systems. Yet schools, with their view over nearly all children, may exercise more influence over homelessness.

A cross-departmental youth fund in which each department pays for results that matter to it may help to break the logiam that blocks cross-system approaches. The fund will add more money to projects that serve homeless youth or youth at risk of homelessness. But money is only the half of the idea. If it functions as intended, the fund will also focus attention on the points at which youth transition, and often transition poorly, from one system to another.

The fund should, as should all central funder streams, adopt the Canadian Definition of Youth Homelessness. 128 It should bring youth-related departments to the table to devise collective approaches to serve a population for whom each is responsible. It should think in terms of preventing youth from becoming homeless and acting early to help youth out of homelessness.

The Upstream Project, the school-based program derived from Australia's Geelong Project, may work well as a first project of the youth fund. The Upstream Project, just starting in Canada, attempts to help vulnerable youth avoid homelessness and stay in school. Its results serve the mandates of education and homeless departments. It coaxes the homeless system toward prevention. It would benefit a great deal from an experimental evaluation. It is a tangible step toward the cross-system work frequently advocated but rarely done.

# APPENDIX: COST ANALYSIS OF HOUSING FIRST FOR YOUTH

This appendix outlines the costs and possible savings behind Housing First for Youth (HF4Y). It summarizes HF4Y's intended outcomes. It reviews some of the literature available on the public costs of homelessness. It compares the cost of delivering HF4Y to 1,000 youth to the sum that such delivery may save Canadian governments.

# Limitations

Reliance on Published Data. We relied on published data on service use and employment. A high-quality cost analysis would track services used and employment held by a HF4Y cohort and a non-HF4Y cohort and compare the two. By restricting our gaze to published data, we force our calculations to population-level averages that miss variation among youth.

**Little Data on Homeless Youth.** Data deficiencies led to assumptions that may turn out not to reflect reality. For example, we assumed that the number of shelter days spent by chronically homeless youth in Toronto applies across Canada.

**National Averages in Costs and Figures.** Cost figures for a shelter night range widely across providers and jurisdictions. Other numbers, such as minimum wages and tax rates, also vary. By averaging across the country, we lost the more nuanced figures that would come with analysis in a specific place.

**Few Evaluations of HF4Y.** Making the Shift (A Way Home Canada and the Canadian Observatory on Homelessness) is testing HF4Y in Hamilton, Toronto and Ottawa. As of today, however, we have few results on HF4Y. We relied on outcome data from Calgary's Infinity Project. The Project reported results on 85 youth served between 2010 and 2012. The Project did not measure those results against a control group. Without strong data on HF4Y's results, the cost analysis is only a very rough estimate.

# **Program Costs of Housing First and Housing First for Youth**

Housing First's costs depend on the population served. At Home / Chez Soi implemented Housing First over four years in Vancouver, Winnipeg, Toronto, Montreal and Moncton. It served homeless people over eighteen afflicted by a serious mental disorder. Assertive Community Treatment (ACT) and Intensive Case Management (ICM) teams delivered the program. ACT treated those with high needs and ICM treated those with moderate needs. ACT cost \$22,257 per person per year and ICM cost \$14,177 per person per year.<sup>129</sup>

In 2012, the Calgary Homeless Foundation ran a two-year Housing First program for 759 homeless adults. The program cost \$18,000 per person per year. 130

The Infinity Project is a HF4Y program delivered by the Boys and Girls Club of Calgary. The program planned to serve 37 youth in 2012-2013 and cost \$608,221, a per-youth, per-year cost of \$16,438.<sup>131</sup>

Making the Shift will deliver HF4Y in Hamilton, Toronto and Ottawa. In its first full year of operation, Ottawa plans to spend \$848,480 on 40 youth. The program will therefore cost \$21,212 per youth per year.

# Some Public Costs of Homelessness in Canada

The 2005 paper *The Cost of Homelessness: Analysis of Alternate Responses in Four Canadian Cities* found that the public costs of homelessness vary dramatically, from \$66,000 to \$120,000 for institutional responses (such as prison), \$13,000 to \$42,000 for emergency shelters, \$13,000 to \$18,000 for supportive and transitional housing and \$5,000 to \$8,000 for affordable housing without supports.<sup>132</sup>

A Calgary study in 2006-2007 found that the transient homeless population cost \$72,444 per person per year and the chronically homeless cost \$134,642. $^{133}$  A 2013 note by the Calgary Homeless Foundation reported that homeless adults with complex needs cost public systems \$45,743 per person per year and the shelter system \$9,660. $^{134}$ 

A 2017 study used At Home / Chez Soi data to analyze costs of homeless people with serious mental disorders. The study reported a cost per person per year of \$50,810 across health, social and justice services. Costs varied greatly across participants.<sup>135</sup>

Very few reports speak to the pubic costs incurred by homeless youth in Canada. Raising the Roof in 2009 cited a cost of \$30,000 to \$40,000 per year per youth in the shelter system.<sup>136</sup>

# **Housing First for Youth Cost Analysis**

The following section compares the cost of delivering HF4Y to 1,000 chronically homeless youth to the public savings that may offset that expense.

We assume that HF4Y costs \$20,000 per youth per year. We also assume that a youth spends two years in HF4Y on average. Serving 1,000 youth will therefore cost \$40 M over two years. Relying on the Infinity Project's results, HF4Y may save around \$7.46 M in shelter costs and \$2.2 M in social assistance payments over its two years in operation. It may also increase tax revenue by about \$1 M over two years.

#### **SHELTER**

A Toronto study analyzed shelter use by youth homeless between 2011 and 2016. The study listed the number of days homeless youth spent in a shelter per year, broken out by chronicity. Chronically homeless youth in Toronto spent an average of 90 days in a shelter per year. If we assume Toronto's results hold across the country, our 1,000 youth spend a total of 90,000 days in shelter per year.

The Cost of Homelessness: Analysis of Alternate Responses in Four Canadian Cities analyzed the costs of homelessness across Vancouver, Toronto, Montreal, and Halifax. The paper averaged the cost of an emergency shelter bed across these cities to about \$46.56 per day (inflated to 2018 dollars). \$46.56 per day times 90,000 days in shelter gives an annual cost of \$4,190,625 for 1,000 youth.

92% of the Infinity Project's homeless youth were housed after one year. 86% continued to be housed after two years. 139 If 920 youth are housed after one year in HF4Y and 860 are still housed after two years, the shelter system will save \$7,459,313 over two years. That figure assumes our 1,000 youth will remain chronically homeless without HF4Y.

# **EMPLOYMENT, INCOME TAX AND SOCIAL ASSISTANCE**

The 2016 National Youth Homelessness Survey found that 44.6% of the surveyed youth were receiving social assistance. Weighted by provincial / territorial population, social assistance averaged \$7,935 per year for a single, employable person in 2016. 446 youth on social assistance costs \$3,539,074 per year.

The Survey also found that 19.7% of surveyed homeless youth were employed. We assume an employed homeless youth earns minimum wage. If we average provincial / territorial minimum wage by population (\$12.57 as of April 1, 2018), our 1,000 homeless youth, of which 19.7% are employed, earn over \$3,715,141 per year (at 30 hours a week and 50 weeks per year). If we average provincial / territorial income tax rates by population, our 1,000 homeless youth pay \$323,671 in federal, provincial and territorial taxes per year.\*

87% of the Infinity Project's youth under eighteen had a stable income after six months in the program. 63% of the Project's youth over eighteen had a stable income after the same period. The Project's youth did not necessarily earn their income from employment. If, however, we assume that 50% of our 1,000 youth are employed during their two years in HF4Y, the youth will earn \$9,429,291 and pay \$821,501 in taxes per year (about \$500,000 per year more than if only 19.7% hold jobs).

If we assume that 44.6% of our newly employed youth used to receive social assistance and that those youth no longer collect social assistance, social assistance payments will fall by \$1,120,426 per year.

# **Next Steps**

This incomplete cost analysis emphasizes the need for high-quality HF4Y evaluations. It also makes plain the wide gaps in data on services used by homeless youth. To improve this analysis, we need to know more about what HF4Y achieves, more about how homeless youth use services and more about how that service usage changes once a youth enrolls in HF4Y.

This analysis sketches some of H4FY's cost implications during the two years a youth is in the program. It does not speak to savings earned after the end of the program. Some homeless youth become homeless adults. <sup>144</sup> If, by helping youth find and keep a home, HF4Y shifts a youth's trajectory away from long-term homelessness, H4FY will save much more than a figure calculated only inside two years.

<sup>\*</sup> A person working thirty hours a week at minimum wage will fall into the lowest income tax bracket. The 2018 minimum federal rate is 15%. The 2018 federal basic amount is \$11,635. The 2018 population-weighted average minimum rate across all provinces and territories is 8.59%. The 2018 population-weighted average basic personal amount is \$12,342. We estimated an employed youth's tax bill by a) subtracting the federal basic amount from her thirty-hour-a-week, minimum-wage income and multiplying the remainder by the federal minimum rate, b) subtracting the provincial / territorial basic amount from her income and multiplying the remainder by the provincial / territorial minimum rate, and c) adding the two amounts together.

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