



# Evidence at a glance: Housing First and costs

*Created by the Ontario Housing First Regional Network Community of Interest (OHFRN-COI).*

Housing First (HF) is an evidence-based approach to ending chronic homelessness among people with mental illness and helping them address their complex needs (e.g., chronic health problems, addictions).<sup>1</sup> HF combines rent supplements with support, typically in the form of Assertive Community Treatment (ACT) or Intensive Case Management (ICM).<sup>2</sup> Rather than providing “treatment first” before providing housing, the focus of HF is to provide people with housing immediately. A key question for policy-makers and planners is “What are the costs of HF programs?”

## **What are the costs of homelessness for people with mental illness in Canada?**

Using data from the “treatment as usual” group of the Canadian At Home/Chez Soi study, Latimer et al. conducted a comprehensive analysis<sup>3</sup> of the costs of homelessness for people with mental illness based on their self-report of service use over the two years of the study. Costs were estimated for housing, health, justice system and transfer payments. Annual costs ranged greatly for individuals (from \$15,530 to \$341,535) and across the five cities (from \$30,000 in Moncton to \$59,000 in Toronto). As a result, the costs of housing homeless people with mental illness are quite substantial and variable, with some individuals who use a lot of services and others who use only a very small amount. As well, individuals in the larger Canadian cities (Montreal, Toronto, Vancouver) consume more services than in the smaller Canadian cities (Moncton, Winnipeg), most likely because the services are more plentiful in larger cities.

## **What does a review of the literature on the impacts of Housing First on costs and associated cost offsets tell us?**

Ly and Latimer<sup>4</sup> reviewed 36 studies that examined the impacts of HF on costs. Research that used a before and after the intervention design without a comparison group of participants not receiving HF reported cost reductions. For example, a study of HF programs in Alberta published after this review reported cost savings of

\$1.17 to \$2.84 for every dollar invested in HF.<sup>5</sup> However, because non-experimental studies lack control or comparison groups, cost reductions cannot be attributed to HF and may be occurring for reasons other than the receipt of HF.

The causal impacts of HF on costs can only be determined through experimental (in which participants are randomly assigned to intervention conditions) or quasi-experimental (in which participants are not randomly assigned to conditions) research designs. Research employing such designs do report cost offsets, but overall they find net increases in costs for HF programs. In other words, only a proportion of costs associated with delivering HF programs are offset by a reduction in the use of health care, social services, and justice-related services. Due to this, the argument that HF is less costly than usual treatment is not supported by the research reported in this review.

### **What do recent experimental studies tell us about the impacts of Housing First on costs and associated cost offsets?**

For the At Home/Chez Soi randomized controlled trial, Latimer and colleagues examined cost offsets for HF with ACT for high needs participants<sup>6</sup> and HF with ICM for moderate need participants.<sup>7</sup> ACT offset 69% of the costs of HF through reductions in costs for shelters, supportive housing, ambulatory visits and incarcerations, while ICM offset 46% of the costs for services through reductions in costs for shelters, substance use treatment, supportive housing and ambulatory visits. Based on these findings, the estimated annual costs of HF for ACT is \$6,311 per person and for ICM, \$7,868.

A cost-effectiveness analysis showed that each additional day of stable housing costs \$41.73 for individuals receiving HF and ACT and \$56.08 for individuals receiving HF and ICM.

Researchers in France conducted a four-city randomized controlled trial of HF with ACT for homeless people with high needs.<sup>8</sup> A comparison of the costs of HF with ACT with usual treatment showed a greater reduction in the use of services by HF. In this study, a majority of the cost offsets were the result of a reduction of days spent in hospital for psychiatric crises and a reduction in emergency shelter stays. Over two years, the French HF programs saved €217 per person.

### **What does a review of the literature tell us about the costs and associated cost offsets of Housing First compared with single-site housing?**

In spite of limited research on the effectiveness of single-site or congregate housing (i.e., multiple people living together in one setting), there continues to be

advocates for such settings. A recent review of the costing literature has found only two studies that compare the Pathways scattered-site approach to HF with single-site approaches for people with mental illness.<sup>9</sup> In both of these studies, the costs of single-site housing were significantly higher than scattered-site.

## **Conclusion**

A recent article argued that housing for people with mental illness should be framed from a moral-ethical perspective rather than an economic perspective.<sup>10</sup> We concur that housing should be viewed as a human right. Nevertheless, policy-makers and planners want to know how much programs to end homelessness cost.<sup>11</sup> Current research suggests that HF programs result in substantial cost offsets and slight increases in costs. Programs that cost roughly \$6,000 to \$8,000 and that result in housing stability are a wise investment of public funding. In addition, these programs create beneficial quality of life outcomes for people experiencing chronic homelessness.

This evidence summary is written by Dr. G. Nelson and Dr. Tim Aubry, co-leads of the Ontario Housing First Regional Network, Community of Interest, part of Evidence Exchange Network: [www.eenet.ca/housing-first](http://www.eenet.ca/housing-first). This summary is not a full evidence review of the topic, but highlights the evidence from key articles and subject matter experts on housing first and homelessness.

## **References**

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