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# Federal Spending to Address Homelessness



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER  
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The Parliamentary Budget Officer (PBO) supports Parliament by providing economic and financial analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

In response to interest from Parliamentarians and the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, this self-initiated report provides an update on federal spending to address homelessness.

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# Table of Contents

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Federal Spending to Address Homelessness .....	1
Highlights.....	1
Summary .....	2
Introduction .....	3
Homelessness Reduction Target and Plan.....	5
Progress on Contributory Initiatives.....	6
Progress towards Outcomes .....	9
Factors Impacting Budget Sufficiency .....	10
Budget Sufficiency .....	12
Appendix A: Measurements of Chronic Homelessness.....	15
Notes .....	16

# Highlights

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Planned spending on homelessness programs at Infrastructure Canada is \$561 million per year.

This funding provides housing supports and associated services to tens of thousands of people who were either homeless or at risk of homelessness.

Since 2018, the number of homeless people has increased by 20%.

According to our analysis, achieving a 50% reduction in chronic homelessness would require an additional \$3.5 billion per year given current program designs.

# Summary

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Over the term of Canada's National Housing Strategy, 2018-19 to 2027-28, actual and planned spending on homelessness programs at Infrastructure Canada averages \$561 million per year. This is an increase in nominal spending of \$443 million per year (374%) over the prior 10-years.

This funding is almost entirely allocated to "Reaching Home", which funds communities to reduce and prevent homelessness. This funding helps those communities to provide housing supports and associated services to tens of thousands of people annually who are either homeless or at risk of imminent homelessness. From 2019-20 to 2022-23, this funding has supported placements in more stable housing for 17,849 people annually, emergency housing funding for 5,399 people annually, and core prevention services for 31,164 people annually.

The best available evidence suggests that homelessness has increased in spite of Reaching Home. In the latest point in time count published by Infrastructure Canada, the number of homeless people had increased by 20% relative to 2018 reaching 34,270, and we estimate that the number of chronically homeless people had increased by 38% relative to 2018. The number of individuals living in unsheltered locations also increased 88%.

We estimate that interventions funded by Reaching Home are reducing the point-in time count of homeless persons by about 6,000 individuals (15%), relative to what the count would have been without those interventions. We estimate that achieving a 50% reduction in chronic homelessness would require an additional \$3.5 billion per year, approximately a 7-fold increase in funding over the National Housing Strategy average.

# Introduction

Within Canada’s overall National Housing Strategy, programs specifically intended to address homelessness are administered by Infrastructure Canada, with almost all spending flowing through Reaching Home.<sup>1</sup> Reaching Home provides funding to communities to reduce and prevent homelessness. This program is Canada’s strategy to address homelessness.

Over the term of Canada’s National Housing Strategy from 2018-19 to 2027-28, actual and planned spending on these homelessness programs at Infrastructure Canada is \$561 million per year. This is an increase of \$443 million per year (374%) in nominal spending over the prior 10 years. This includes an additional \$1,287 million allocated in the 2024 Budget.

**Figure 1**  
Actual and Planned spending on Homelessness Programs at Infrastructure Canada



Source:

Office of the Parliamentary Budget Officer, based on data provided by Infrastructure Canada and Budget 2024.

Prior to Budget 2024, Canada had not committed funding for 2026-27 onwards comparable to current spending levels. With the additional funding announced in Budget 2024, nominal planned spending is above 2023-24 levels across the remainder of the National Housing Strategy, with an average increase of \$81 million (13%) relative to 2023-24 spending. While all additional funding is allocated to Reaching Home, \$50 million is earmarked for sharing lessons learned and best practices across communities, and \$250 million is allocated to address encampments and unsheltered homelessness.<sup>2</sup>

# Homelessness Reduction Target and Plan<sup>3</sup>

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Canada's National Housing Strategy initially set a target of reducing chronic homelessness by 50% by 2027-28. In more recent announcements, the government has committed to ending or eliminating chronic homelessness by 2030.<sup>4</sup>

Reaching Home is the central program intended to achieve this target.<sup>5</sup> Infrastructure Canada is responsible for Reaching Home under its Core Responsibility for "Public Infrastructure, Communities, and Homelessness Investments" but it has not adopted reductions in chronic homelessness as a performance indicator for that program.<sup>6</sup>



# Progress on Contributory Initiatives<sup>7</sup>

“Reaching Home” funding supports a variety of activities to address homelessness, including housing; support services; prevention and shelter diversion; and capital investments.<sup>8</sup>

**Table 1**  
Reaching Home Funding by Activity Area

Activity Area	Number of Projects	Total Project Funding (\$)
Housing	3,442	\$430,133,934
Capital Investments	1,389	\$259,947,741
Client Support Services	4,142	\$532,030,318
Prevention and Shelter Diversion	1,577	\$152,337,647
COVID-19	681	\$146,606,886
Coordination, Resources & Data	748	\$75,142,920
<b>Total</b>	<b>6,855<sup>9</sup></b>	<b>\$1,596,199,445</b>

Source:

Office of the Parliamentary Budget Officer, based on data provided by Infrastructure Canada.

Note:

For Activity Area definitions see [Reaching Home: Canada’s Homelessness Strategy Directives](#).

Reaching Home allocates funding across all regions of Canada. From 2019-20 to 2022-23, Reaching Home provided \$1.6 billion in funding to 6,855 projects. Of that funding, the majority (\$921 million) went to large urban centres under the designated communities fund, but significant funding was also allocated for indigenous homelessness (\$249 million), rural and remote homelessness (\$68 million), and territorial homelessness (\$24 million).

**Table 2**  
Reaching Home Funding by Funding Type

Funding Stream/Type	Number of Projects	Total Project Funding (\$)
COVID-19	2,041	\$333,328,587
Designated Communities	3,305	\$921,052,468
Indigenous Homelessness	802	\$249,302,651
Rural and Remote Homelessness	594	\$68,251,984
Territorial Homelessness	113	\$24,263,755
<b>Total</b>	<b>6,855</b>	<b>\$1,596,199,445</b>

Source:

Office of the Parliamentary Budget Officer, based on data provided by Infrastructure Canada.

These activities have provided housing supports and associated services to tens of thousands of people who were either homeless or at risk of imminent homelessness. From 2019-20 to 2022-23, this funding has supported placements in more stable housing for 17,849 people annually (71,395 total over 4 years), emergency housing funding for 5,399 people annually (21,595 total over 4 years), and core prevention services for 31,164 people annually (124,655 total over 4 years). Progress has fallen somewhat behind the program's initial target to place 71,500 individuals in more stable housing by the end of the 2021-22 fiscal year, but this may reflect in part challenges and shifts in priorities due to the COVID-19 pandemic.<sup>10</sup> The program exceeded other targets, such as its target for core prevention services delivered.

**Table 3**  
Reaching Home Funding by Activity Area

Indicator	Homelessness Partnering Strategy 2014-15 to 2019-20	Reaching Home 2019-20 to 2022-23
Number of people placed into more stable housing	74,111	71,395
Beneficiaries of emergency housing funding	4,216	21,595
Beneficiaries of core prevention services	68,392	124,655
COVID-19 temporary accommodations	n/a	27,341
COVID-19 temporary placements	n/a	222,358

Source:

Office of the Parliamentary Budget Officer, based on data provided by Infrastructure Canada.

# Progress towards Outcomes

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The best available evidence suggests that homelessness has increased in spite of Reaching Home and, as a result, the program is not on track to meet its targets with respect to reducing homelessness.

In the latest point-in-time count published by Infrastructure Canada reflecting counts between March 2020 and December 2022, the number of homeless people had increased by 20% relative to 2018. In total, the latest point-in-time count identified 34,270 people experiencing homelessness in shelters or unsheltered locations.<sup>11</sup> The share of homeless survey respondents who reported being chronically homeless also increased by 15% relative to 2018.<sup>12</sup> Compounding these changes, we estimate that the number of chronically homeless people has increased by 38% relative to 2018. The number of individuals living in unsheltered locations also increased by 88%.<sup>13</sup>

As an interim objective, the program established a results indicator targeting a 31% reduction in the estimated number of shelter users who are chronically homeless by March 2024.<sup>14</sup> In 2022, 31,476 shelter users experienced chronic homelessness, an increase of 17% relative to the baseline for this indicator.<sup>15</sup>

A comparison of these two measurements of chronic homelessness and their limitations is outlined in Appendix A.

# Factors Impacting Budget Sufficiency

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A key reason why increased federal spending has not resulted in a proportionate reduction in homelessness is that federal spending represents a relatively small share of total spending to address homelessness. As a result, a given increase in federal spending does not result in a proportionately large increase in total spending. An evaluation for 2015-16 found that provinces and municipalities spent \$13.02 for every dollar contributed by the federal government, meaning that federal funding covered 7.1% of spending.<sup>16</sup> Likewise, when Reaching Home was first announced federal funding covered 14% of planned spending to address homelessness under municipalities' 2019 to 2024 community plans.<sup>17</sup>

A second key challenge is that housing placements do not reduce future homelessness on a one-for-one basis because some of the homeless people placed in stable housing would have found housing anyways and some people placed in stable housing return to homelessness.<sup>18</sup> Even without any intervention, less than half of periods of homelessness exceed three months, and less than ten percent exceed one year.<sup>19</sup> However, placing a homeless person in stable housing increases the probability they will be stably housed, months and years later.<sup>20</sup> Over a time horizon of six to fifteen years, the reduction in point-in-time counts is about 10% to 15% of the increase in supportive housing capacity, both based on the results in jurisdictions which have significantly expanded capacity and aggregate implications of randomized control trials of Housing First in Canada.<sup>21</sup>

Homelessness programs have reported results under several program evaluations, with the latest evaluation indicating that 58% of individuals placed in more stable housing could be reached a year later, and 70% of those clients placed in more stable housing either remained housed or had successfully exited the program.<sup>22</sup> Depending on whether the uncontactable clients are stably housed or not, this could mean that the share of Housing First clients stably housed or successfully exited at 12 months could be as low as 40% or a high as 83%.

An alternative data source is based on recorded exits from the program. Under the Housing Partnership Strategy, 30,070 clients were placed between 2014-15 and 2018-19 through Housing First Interventions targeted to chronically homeless persons. By the

end of the program, 37% of those clients had successfully exited the program, 52% were continuing to receive support, and 11% had returned to homelessness.

A third challenge is that homelessness interventions are not exclusively targeted to chronically homeless people, so they reduce homelessness generally rather than chronic homelessness specifically. This is a change from the prior Homelessness Partnership Strategy, which required Housing First interventions to be targeted to the episodically and chronically homeless population.<sup>23</sup> This change was made to give more flexibility to offer Housing First interventions to groups who are not necessarily episodically or chronically homeless, like women who are victims of violence.<sup>24</sup> In addition, individuals in chronic homelessness are not a fixed group, with new individuals meeting the threshold for chronic homelessness over time.

# Budget Sufficiency

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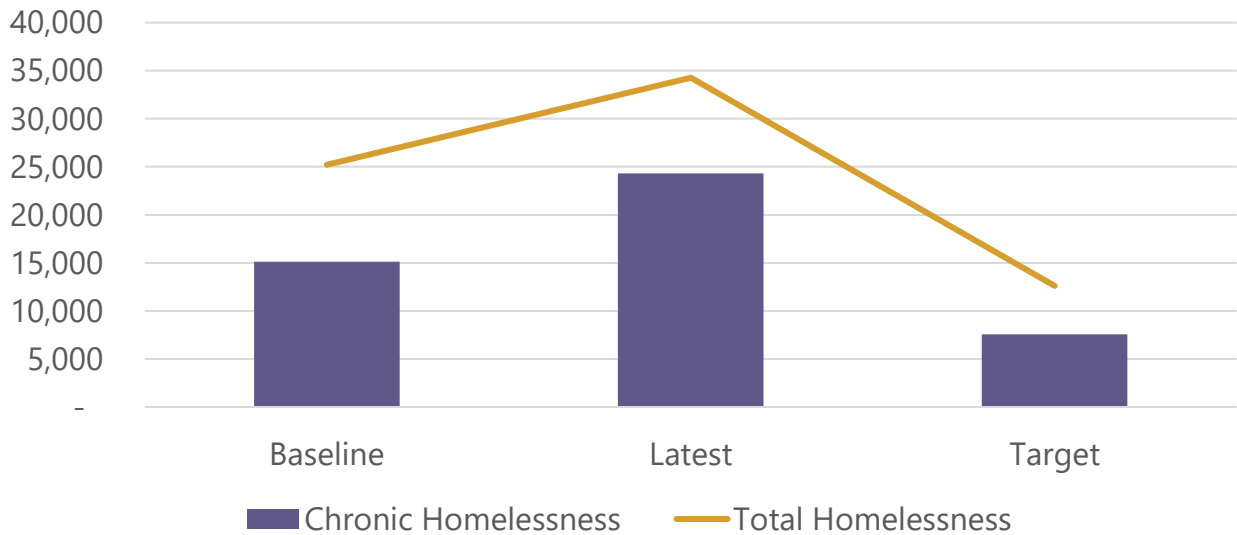
The best available evidence suggests that Reaching Home has not implemented sufficient programming to achieve its target of reducing chronic homelessness by 50%.

To quantify the impact of current spending, we examined the placement of individuals in more stable housing. Based on the At Home/Chez Soi pilot project and academic estimates, placing individuals in more stable housing with support reduces the number of days a homeless person spends in shelters/on the street over a two-year intervention by an average of 3.6 months or 15%.<sup>25</sup>

Reaching Home has delivered 71,395 housing placements over 4 years, or 17,849 housing placements per year. Assuming each housing placement includes supports and reduces months spent homeless by 3.6 months, we estimate that housing placements funded by Reaching Home are reducing the point-in time count of homeless persons by 5,355 persons.<sup>26</sup> Reaching Home includes other activities like prevention services and emergency housing funding. We estimate that prevention services and emergency housing funding reduce the point-in time count of homeless persons by an additional 751 persons.<sup>27</sup> In total, we estimate the existing programs are reducing the point-in-time count of homeless persons by about 6,000 persons. This estimate does not account for the impact of more qualitative changes, such as the implementation of coordinated access and information systems.

In the baseline point-in-time count for 2018, there were 25,216 homeless persons enumerated with an estimated 15,130 being chronically homeless. The targeted 50% reduction in chronic homelessness relative to this 2018 baseline implies a targeted chronically homeless population of 7,565 persons. In the latest point-in-time count for 2020-22, there are 34,270 homeless persons enumerated with an estimated 24,301 being chronically homeless. Because interventions are not targeted exclusively to a static population of chronically homeless persons, we assume that this reduction in chronically homeless persons is achieved by reducing overall homelessness to 50% of the 2018 baseline, i.e. to 12,608 homeless persons, which is a reduction of 21,662 homeless persons relative to current levels.

**Figure 2**  
 Baseline, Latest, and Targeted Levels of Homelessness and Chronic Homelessness



Source:

Office of the Parliamentary Budget Officer, based on data provided by Infrastructure Canada.

To achieve a 21,662 persons reduction in the point-in-time count with interventions that reduce homelessness by 3.6 months over two years, Reaching Home would need to deliver 72,000 interventions per year, necessitating 144,413 units of supportive housing.

**Figure 3**  
 Logic for Interventions Needed



We assume interventions are targeted to individuals with higher support needs, like those with serious mental illness, irrespective of the duration for which individuals have been homeless. If interventions were effectively targeted to the 71% of homeless individuals who are chronically homeless, this would proportionately reduce the number of interventions needed, and consequent number of units and cost.



Recently, the City of Toronto estimated the cost of operating supportive housing to be around \$48 million for 2,000 supportive housing units including wraparound support services, or about \$24,000 per year per unit.<sup>28</sup> The costs for At-Home/Chez Soi were similar.<sup>29</sup> Costs are mitigated by requiring clients to contribute towards rent.<sup>30</sup> Costs vary substantially based on the degree of support provided, with Supportive Housing and At-Home/Chez Soi providing relatively intensive supports.<sup>31</sup> At this annual cost per unit, permanently sustaining 144,000 additional units of transitional housing would require an additional \$3.5 billion per year in operating funding, approximately a 7-fold increase in funding. This funding would have to be sustained on an ongoing basis, growing with inflation.

## Interactions With Provincial Spending

The At-Home/ Chez Soi pilot project suggests that a significant reduction in homelessness would reduce demand for other services, including shelters, hospitals, and jails. However, because funding for such services is discretionary and a provincial/territorial responsibility, actual cost savings would be highly uncertain and accrue to the provinces/territories. Conversely, the measure would increase provincial spending on social assistance where residents are not paid shelter allowances unless they have shelter costs.

Federal spending could displace existing provincial/territorial spending. It could displace provincial/territorial spending directly on homelessness programs and other programs that address homelessness like social assistance and supportive housing for individuals with disabilities. This could occur directly, in the case of fixed spending plans where provinces/territories cover the balance of costs not covered by federal contributions, or indirectly in cases where spending is set to certain levels in light of available financial resources.

# Appendix A: Measurements of Chronic Homelessness

**Table 4**  
Comparison of Measurements of Chronic Homelessness

	<b>Nationally Coordinated Point-in-Time Count of Homelessness in Canada</b>	<b>The National Shelter Study</b>
<b>Source</b>	Survey responses	Administrative data
<b>Sample</b>	Persons experiencing homelessness on the point-in-time count date	Persons who use an emergency shelter during the year
<b>Definition of chronic homelessness</b>	More than six months of homelessness over the past year	Used a shelter for at least 180 days in the past year or had shelter stays in each of the last three years
<b>Limitations</b>	Some homeless persons may be missed in the count. Not all homeless persons agree to complete a survey. Survey results includes "hidden" homeless persons not included in the count	Does not account for periods of unsheltered homelessness or homeless individuals who did not use a shelter. Shelter users can be constrained by shelter capacity.
<b>Latest Estimate</b>	24,301 homeless persons counted on the point-in-time count date were chronically homeless (71% of 34,270 homeless persons in sheltered or unsheltered locations)	31,476 shelter users were chronically homeless in 2022 (29.8% of 105,655 emergency shelter users)
<b>Change</b>	38% increase from 2018	17% increase since 2016

Source:

Office of the Parliamentary Budget Officer, based on data provided by Infrastructure Canada.

Note:

The estimated number chronically homeless persons under the Nationally Coordinated Point-in-Time Count is a PBO estimate based on applying the share of survey respondents who were chronically homeless to the point-in-time count.

# Notes

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<sup>1</sup> Prior to 2021, these programs were administered by Employment and Social Development Canada.

<sup>2</sup> Department of Finance, [Budget 2024](#).

<sup>3</sup> This section was written with regard to Recommendations 11-12 of HUMA's [Report on the National Housing Strategy](#):

11. That the Government of Canada, as soon as is feasible, and before December 2023, clarify accountability at the federal level for achieving the Government of Canada's homelessness reduction target (namely, the reduction of chronic homelessness by 50% by 2027–2028); and further, that it ensure sufficient programming is in place to achieve this target.

12. That in order to reach the Government of Canada's own target of reducing chronic homelessness by 50% by 2027–2028, that the Government of Canada show leadership by taking a whole of government approach, in collaboration with provinces and territories, to ensure wrap around services and other supports are made available to those in need, and report back to the committee no later than December 2023 on a plan on how the government will achieve this goal.

<sup>4</sup> Office of the Prime Minister of Canada, [New Rapid Housing Initiative to create up to 3,000 new homes for Canadians](#); Infrastructure Canada, [Speaking notes for The Honourable Ahmed Hussen, Minister of Housing and Diversity and Inclusion to the Standing Committee on Public Accounts](#).

<sup>5</sup> Canada Mortgage and Housing Corporation, [Canada's National Housing Strategy](#).

<sup>6</sup> Infrastructure Canada, [2024-25 Departmental plan](#).

<sup>7</sup> This section was written with regard to Recommendation 6 of HUMA's [Report on the National Housing Strategy](#):

6. That the Government of Canada immediately investigate providing tenant support resources to municipalities, provinces and non-profit tenant support

stakeholders to address eviction and affordability matters for those residing in private market rental housing.

<sup>8</sup> For definitions see Infrastructure Canada, [Reaching Home: Canada's Homelessness Strategy Directives](#).

<sup>9</sup> Projects can involve multiple activity areas.

<sup>10</sup> Employment and Social Development Canada, [Evaluation of Reaching Home: Canada's Homelessness Strategy](#). For activity definitions see Infrastructure Canada, [Reaching Home: Canada's Homelessness Strategy Directives](#).

<sup>11</sup> Infrastructure Canada, [Everyone Counts 2020-2022 – Results from the Third Nationally Coordinated Point-in-Time Counts of Homelessness in Canada](#).

<sup>12</sup> Infrastructure Canada, [Everyone Counts 2020-2022 – Results from the Third Nationally Coordinated Point-in-Time Counts of Homelessness in Canada](#).

<sup>13</sup> Infrastructure Canada, [Everyone Counts 2020-2022 – Results from the Third Nationally Coordinated Point-in-Time Counts of Homelessness in Canada](#).

<sup>14</sup> This indicator is measured relative to a 2016 baseline of 26,900 shelter users. Employment and Social Development Canada, [Departmental plan for fiscal year 2022 to 2023](#).

<sup>15</sup> Infrastructure Canada, [Homelessness Data Snapshot: The National Shelter Study 2022 Update](#).

<sup>16</sup> Employment and Social Development Canada, [Final report on the Evaluation of the Homelessness Partnering Strategy, May 11, 2018](#).

<sup>17</sup> Office of the Parliamentary Budget Officer, [Federal Program Spending on housing Affordability in 2021](#). Subsequent increases to funding will have likely increased both total spending and the federal share, but community plans have not been updated to allow a recalculation of the federal share of planned spending.

<sup>18</sup> Brendan O'Flaherty, [Aggregate-level inferences from individual-level data: The case of permanent supportive housing and housing first](#).

<sup>19</sup> Deborah A. Cobb-Clark, et al., [A Journey Home: What Drives How Long People Are Homeless?](#)

<sup>20</sup> Vicky Stergiopoulos et al., [Long-term effects of rent supplements and mental health support services on housing and health outcomes of homeless adults with mental illness: extension study of the At Home/Chez Soi randomised controlled trial.](#)

<sup>21</sup> Kevin Corinth, [The impact of permanent supportive housing on homeless populations;](#) Brendan O'Flaherty, [Aggregate-level inferences from individual-level data: The case of permanent supportive housing and housing first.](#)

<sup>22</sup> Employment and Social Development Canada, [Evaluation of Reaching Home: Canada's Homelessness Strategy](#) (2023); Employment and Social Development Canada, [Evaluation of the Homelessness Partnering Strategy](#) (2018); Employment and Social Development Canada, [Summative Evaluation of the Homelessness Partnering Strategy](#) (2014).

Infrastructure Canada explained to the PBO that "Based on feedback from funded organizations there are a number of reasons why it is difficult to connect with people after a 12-month time period e.g. a significant number didn't want to be contacted, they don't have a phone, they may be living with someone else, they may have a new phone in their name as opposed to a program-provided phoned. INFC's policy team has not been able to determine a direct correlation between not being able to connect with an individual at the 12-month mark and the individual no longer being stably housed. Feedback received by the policy team from funded organizations is that organizations were spending a lot of time to track people down to fulfil the stats only to find out they were housed but the organization had then missed the cut off mark for reporting. Organizations found the return on all of this follow up was not worth the funding to track people down. Note, administrative burden is one of the reasons that the # of RH follow-ups were reduced as compared with the HPS program."

<sup>23</sup> Employment and Social Development Canada, [Evaluation of the Homelessness Partnering Strategy.](#)

<sup>24</sup> Employment and Social Development Canada, [Evaluation of the Homelessness Partnering Strategy.](#)

<sup>25</sup> Paula Goering et al., [National Final Report: Cross-Site At Home/Chez Soi Project;](#) Brendan O'Flaherty, [Aggregate-level inferences from individual-level data: The case of](#)

[permanent supportive housing and housing first](#); Kevin Corinth, [The impact of permanent supportive housing on homeless populations](#).

<sup>26</sup> Kevin Corinth, [The impact of permanent supportive housing on homeless populations](#); Brendan O'Flaherty, [Aggregate-level inferences from individual-level data: The case of permanent supportive housing and housing first](#).

<sup>27</sup> David C. Phillips, and James X. Sullivan, [Do homelessness prevention programs prevent homelessness? Evidence from a randomized controlled trial](#). This shows that financial assistance to prevent homelessness reduced days spent in emergency shelters by an average of 7.5 days over the next 12 months prior. Reductions in other types of homelessness were not tracked. Reaching Home provided core prevention services and emergency housing funding to an average of 36,563 individuals per year from 2019-20 to 2022-23, suggesting a 751 person point-in-time reduction in shelter users.

<sup>28</sup> City of Toronto, [2021 Operating Budget Briefing Note: Current Plans for Urgent New Supportive Housing and Funding Required from Other Orders of Government](#).

<sup>29</sup> Eric Latimer et al, [Cost-Effectiveness of Housing First With Assertive Community Treatment: Results From the Canadian At Home/Chez Soi Trial](#).

<sup>30</sup> Eric Latimer et al, [Cost-Effectiveness of Housing First With Assertive Community Treatment: Results From the Canadian At Home/Chez Soi Trial](#).

<sup>31</sup> Centre for Addiction and Mental Health, [Road to Recovery: Client Experiences in Supportive Housing](#).

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