European Observatory on Homelessness

The Costs of Homelessness in Europe

An Assessment of the Current Evidence Base

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EOH Comparative Studies on Homelessness

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EUROPEAN OBSERVATORY ON HOMELESSNESS

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Disclaimer

The interpretation and reporting of the results of the questionnaire data collected by the research team may not reflect the interpretations of individual experts responding to the questionnaire. Responsibility for any errors lies with the authors.

Content

Foreword

In a December 2013 report, the Council of Europe Commissioner for Human Rights, Nils Muižnieks, stated that the increase in homelessness during the last few years of the economic crisis is a clear violation of human rights. FEANTSA also sees the fight against homelessness as a human rights obligation and a moral duty. In modern-day Europe, we cannot accept that anybody should be forced to sleep rough or to stay long-term in homeless shelters. There are better alternatives.

Human rights considerations should form the basis of public homelessness policy and be the driving force for stakeholders to find solutions. However, we must also recognize that failing to address homelessness, or pursuing ineffective policies to address it are expensive options. The human and social costs are of course enormous. But we should also focus on the economic costs, which many underestimate. These costs are not limited to providing shelters and hostel accommodation. Many homeless people, especially the chronic homeless, are in regular contact with expensive public services such as the police and prison services, public health care, child protection services and others. Family homelessness, for instance, can have a devastating impact on the economic potential of children whose education is disrupted by the loss of the family home. We understand that the real world of public policy decision-making is driven by questions of cost effectiveness as well as human rights.

It is in this context that FEANTSA is presenting this first attempt to understand the actual cost of homelessness in a European comparative framework. It is the first of its kind in Europe. It shows that there are significant differences between countries. But it also reinforces the growing body of scientific evidence that shows that rapid access to supported housing for homeless people is probably a more cost-effective approach than the traditional 'staircase' model which uses shelter as the main means of intervention. We hope this publication helps policy makers to avoid the mistake of investing too much in temporary solutions for homeless people which turn out in the longer run to be ineffective and more costly than sustainable solutions.

We are aware of the methodological and geographical limitations of this research. That is why we hope it will be followed up by a more in-depth and robust research project on the cost-effectiveness of different approaches to addressing and preventing homelessness. Funding such analysis across members States would be a cost-effective and appropriate step for the European Commission, and we are

reliant on them to support such work. It could have a huge impact on policy makers and inspire them to invest in long-term solutions to homelessness rather than focusing on emergency intervention.

I do hope you enjoy reading this publication and look forward to your comments.

On behalf of FEANTSA's member organisations, I would like to extend my sincere thanks to the members of the European Observatory on Homelessness and the national correspondents for their excellent work.

Mike Allen
FEANTSA President

1. Summary

Experts in thirteen EU member states were asked to complete a questionnaire focused on how well the costs associated with homelessness were understood in their country. The experts were also requested to summarise any relevant research, including on-going work. The countries included were Austria, the Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, the Netherlands, Poland, Portugal, Sweden and the UK.

1.1 Methods

The questionnaire that the experts completed had three main sections. The first section focused on the measurement and estimation of the financial costs that are associated with experiencing homelessness. The second section looked specifically at the costs of homelessness services and also explored the extent to which the *cost effectiveness* of homelessness services had been examined. This section explored both the delivery of cost-offsets by homelessness services (savings for other services, such as savings for health and criminal justice systems) and the delivery of a social return on investment (SROI) by homelessness services.

The third section in the questionnaire contrasted the financial costs of homelessness in situations in which homeless people *did* receive homelessness services compared to the financial costs of homelessness when they *did not* receive homelessness services. Vignettes, i.e. theoretical examples, were used to explore the extent of existing data and understanding of these costs. One vignette was a chronically homeless man and another was a homeless lone parent household, headed by a woman, and containing two small children. The third vignette looked at cost effectiveness in homelessness prevention by focusing on a potentially homeless individual with mental health problems. The cost effectiveness/SROI of homelessness services was explored by contrasting situations in which the homeless people in the vignettes did and did not receive support from homelessness services.

1.2 Evidence on the costs of homelessness

None of the 13 participating countries was described by experts completing the questionnaire as having an extensive or high quality evidence base on the costs of homelessness. Eight of the 13 countries were described as having 'little or no research' on the costs associated with homelessness. Only a very small number of studies directly exploring costs of homelessness were reported and some of the 13 countries were described as lacking any evidence base.

Barriers to commissioning new research on costs were quite widely reported. Eight of the 13 countries were described by experts as being environments in which it was difficult to fund longitudinal research into homelessness per se. Seven countries were described as generally lacking funding for any research focused on homelessness.

Data availability and quality of new research on costs was also widely described as restricted. Administrative databases run by social, health and criminal justice systems were often reported as not recording whether or not someone was homeless. Data on the costs of health, social work and social protection/welfare system used by homeless people were also described as 'unreliable' by the experts in ten of the 13 countries. Data protection issues were also noted as a barrier to accessing cost data on homelessness by the experts in ten countries. One exception was Denmark which was described as having extensive, high quality data on both costs and service use.

1.3 Cost effectiveness and social return on investment from homelessness services

The extent of existing knowledge on the cost effectiveness/social return on investment (SROI) of homelessness services was also generally reported as poor. None of the experts reported that their country had a 'high quality evidence base' on the costs and benefits of homelessness services. Experts in the largest group of countries, including the Czech Republic, Hungary, Ireland, the Netherlands, Poland, Portugal and Sweden, reported there was 'little or no research' in this area. In Austria, Denmark, France and Germany, only 'limited research' was reported to exist. Finland and the UK were described as having at least 'some' evidence on the cost effectiveness or SROI of homelessness services, although in both cases this evidence was viewed as variable in quality and as incomplete. A lack of robust experimental and quasi-experimental research (randomised control trials and comparison group studies) on the costs and benefits of homelessness services was reported by the experts in all thirteen countries.

Most of the experts identified several barriers to conducting new research on the cost effectiveness/SROI of homelessness services in their countries. Interlinked barriers to new research existed in some countries centring on data quality and availability. Services often did not collect the same data, there was frequently double counting of homeless people by different services as data collection was not centralised and there were issues around data protection. In four countries, competition for central and municipal government funding through competitive tender meant that homelessness service providers did not share data on activity, outcomes or costs.

Policy interest in the costs of homelessness was also described as variable. Only three countries were described by their experts as having policymakers who viewed the cost effectiveness/SROI of homelessness services as 'very important'. The Netherlands and Germany were both described as having varying levels of interest in different levels of government by their respective experts.

1.4 Vignettes on the costs of homelessness in Europe

The experts were often only able to partially complete the vignettes on the costs of homelessness and the cost effectiveness/SROI of homelessness services. Several countries were reported as lacking at least some data on the unit costs of homelessness services and for the health, social care, welfare/social protection systems and criminal justice systems. The same services in one country could be much cheaper than those in another country and this could make direct comparisons between countries more challenging.

The evidence the experts were able to draw on for the vignettes was often less robust than that available on the costs of homelessness in Australia and the USA. However, the broad conclusions reported by the experts who had enough data to complete the vignettes, were that homelessness services that prevented or reduced homelessness did have a financial benefit for society. This applied across all three vignettes. Service interventions to stop the chronic homelessness of the man in the theoretical example of vignette 1 and the homelessness of a lone woman parent and two her children in vignette 2 had lower financial costs than homelessness to persist. Equally, when an individual who was at risk of homelessness was prevented from becoming homeless (vignette 3), the financial costs were lower than if they had become homeless.

1.5 Ways forward

Experience from Australia and the USA shows that while there are challenges in collecting robust data on the costs of homelessness, it is nevertheless possible to extend the evidence base. Both Australia and the USA have undertaken studies that show the costs of homelessness can be better understood, albeit that the policy landscape and complexities surrounding measurement of costs in some of the EU is more complex than is the case in those two countries.

There are clear arguments in favour of undertaking new, robust, research on the financial costs of homelessness and the cost effectiveness of homelessness services in Europe. There are considerable challenges in undertaking such research, but those challenges are not insurmountable and the benefits of such research could be considerable. Understanding the true financial cost of homelessness for society and the cost effectiveness of homelessness services can support better strategic planning, policymaking and service commissioning, all of which can help prevent and reduce homelessness.

Financial efficiency must always be a consideration when developing services to prevent or reduce homelessness, as resources are always finite and must always be used carefully. However, homelessness services should not be assessed, or expected to 'justify' their existence, in purely financial terms. It is clearly arguable that reducing and where possible ending the most extreme form of poverty and exclusion in European society – which is what homelessness represents – should be the primary justification for the existence of homelessness services. Making homelessness services cost effective and reducing the financial costs of homelessness are both important, yet the central goal of homelessness policy must always be that of ending homelessness.

2. The Costs of Homelessness

This chapter provides an overview of the 2013 research undertaken by the European Observatory on Homelessness (EOH) which explored the state of knowledge on the costs of homelessness in Europe. The chapter begins by looking at the financial costs of homelessness, considering both the financial costs of homelessness to countries and the cost effectiveness of homelessness services. The case for measuring these costs is then discussed, before the chapter moves on to consider some of the methodological challenges that arise. The remainder of this chapter discusses the focus of the research and the methods.

2.1 The costs of homelessness

Homelessness has both social and financial costs. Since the financial crash, a new policy landscape has emerged in many EU countries within which homelessness is often increasing but the available resources for services are constricting due to on-going austerity measures. In this context, homelessness policy will be assessed with a new level of attention on cost effectiveness, which requires a better understanding both of the financial costs of homelessness and the potential for homelessness services to reduce those costs. The costs associated with homelessness exist in several forms, which include:

- *The cost of providing homelessness services.* The financial cost of providing specialist, specific services that are targeted on preventing, reducing or mitigating the effects of homelessness.
- *Additional costs health and social services associated with homelessness.* Some homeless people may use health or social services more frequently than some other groups in the population and they may develop limiting and serious illness and disability at an earlier age than housed people. People living rough may be more likely to use emergency medical and psychiatric services than the general population.
- *Additional costs for criminal justice systems associated with homelessness.* Some groups of homeless people may be more likely to have frequent contact with the criminal justice system, for example because of offences associated with drugs and alcohol.

- *Loss of economic productivity associated with homelessness.* Homelessness can be associated with long-term worklessness and being some distance from being able to engage in paid work. As with other groups of workless people, unemployed homeless people represent a loss of economic productivity to a society.
- *Economic effects associated with visible rough sleeping/street homelessness in urban space.* There is a belief that visible rough sleeping is detrimental to trade, tourism and sometimes to societal cohesion.
- *The costs of homelessness for people who experience it.* Homelessness can have negative long term social, economic and health consequences for those who experience it.

The presence of specific financial costs generated by homelessness creates the potential to reduce those costs. Homelessness services can potentially reduce these costs by preventing and reducing homelessness, i.e. homelessness services can have both costs and benefits.

- *Cost offsets generated by homelessness services.* This refers to the money that may be saved for various services by preventing and reducing homelessness and includes:
  - *Cost offsets for non-homeless services generated by homelessness services.* These potential savings include reducing high cost use of non-homelessness services by homeless people, such as people living rough repeatedly using emergency health care provided by hospitals, or reducing repeated processing of some groups of homeless people by a criminal justice system[1].
  - *Cost offsets generated by homelessness services for other homelessness services.* Some homelessness services may also reduce costs for other homelessness services. For example, services that reduce very long term use of emergency accommodation by some homeless people can reduce costs for emergency accommodation providers and also free up resources.
- *The social return on investment (SROI) that can be generated by homelessness services.* Alongside looking at the costs of homelessness for non-homelessness services, the SROI approach is designed to explore the *entire* financial costs of homelessness. This may include the loss of economic productivity among homeless people who face barriers to paid employment, costs associated with visible street homelessness (rough sleeping) for city centres, such as perceived damage to tourism or commence, or the costs of dealing with

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1 Zaretzky, K.; Flatau, P.; Clear, A.; Conroy, E.; Burns, L. and Spicer, B. (2013) *The costs of homelessness and the net benefit of homelessness programs: a national study* (AHURI Final Report No.205). Melbourne: Australian Housing and Urban Research Institute.

homelessness for major railway termini. Using an SROI measure, the *total* costs of homelessness, e.g. for non-homelessness services, infrastructure and the wider economy can, in theory, be assessed and from this the *total* economic benefits of preventing and reducing homelessness, through using homelessness services, can be understood[2].

2.2 The case for measuring the costs of homelessness

Understanding the financial cost of homelessness may be useful in three main ways:

- *Understanding the costs of homelessness allows the importance of services that prevent and reduce homelessness to be properly assessed*. The humanitarian argument should always predominate when considering why it is necessary to prevent and reduce homelessness[3]. However, when the financial costs of homelessness are well understood, the role that homelessness services can potentially take in reducing those financial costs can be assessed. This can be measured by looking at the cost offsets and the SROI from homelessness services. For example, spending on a homelessness service might help reduce costs for non-homelessness services, it might also help some homeless people into paid work, both of which would also represent a financial gain for a country. This can be expressed in how much financial gain is accrued from spending on a homelessness service, for example by spending €1 of public expenditure on homelessness services, savings and economic benefits worth €3 may be generated, meaning that expenditure on a homelessness service benefits society (financially) by €2 for every €1 spent[4].

- *Making clear the financial costs of homelessness to taxpayers and the wider economy provides a picture of what the full consequences of homelessness are for a society*. Understanding of the impact of homelessness on people who experience it is not perfect. However, as is the case for other poor, low income and economically and socially marginalised populations, it is clear that homeless people can face a number of heightened risks to their physical and mental health, as well as restrictions to their opportunities for social and economic integration. By contrast, the wider consequences of homelessness for societies in which homelessness occurs are not necessarily as well understood.

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2 Nicholls, J.; Lawlor, E.; Neitzert, E. and Goodspeed, T. (2012) *A guide to Social Return on Investment* London: SROI Network.

3 Culhane, D.P. (2008) The Cost of Homelessness: A Perspective from the United States *European Journal of Homelessness* 2 (1) pp. 97-114 and see the concluding chapter.

4 Illustrative example only. There is the potential for zero or negative cost offsets to occur, i.e. for a service to generate more financial costs than financial benefits (see below).

Homelessness can potentially cause additional public expenditure, caused by delivering homelessness services, high rates of use of non-homelessness services by homeless people and may also have wider, negative, economic consequences. If these wider financial and economic costs are not known, the full extent of the damage that homelessness can cause – in addition to the multiple negative impacts on individuals and families from the unique distress of having no home – cannot be properly understood.

- *Data on the costs of homelessness for non-homelessness services allows non-homelessness services to understand how homelessness may be influencing their operations*. At strategic level, policies designed to enable homelessness services to help to reduce, or to remove, the additional financial costs arising from homelessness for non-homelessness services can be developed and evaluated. Equally, if the negative economic consequences associated with homelessness can be estimated, i.e. loss of economic productivity due to sustained worklessness, the economic benefits of countering homelessness and helping formerly or potentially homeless people into paid work can be calculated. An understanding of what homelessness costs in financial terms can serve as the basis of a strategy to reduce those financial costs.

The benefits of understanding the costs of homelessness for strategic planning and informing specific policy responses to homelessness has been well summarised by Culhane:

> *Through the integration of data on persons served in homeless programs with data on the persons served by mainstream agencies, the people who are homeless in these mainstream agencies can be identified and enumerated and their service histories analysed and monetized. On the basis of such data, these agencies and administrators can learn the degree to which their clients are homeless, the role that their services (or lack thereof) may play in contributing to homelessness, and the subsequent impact of homelessness on their systems. Once made visible, agency administrators can see how their service systems may play a more positive role in addressing the needs of people who are homeless and in mitigating the incidence and duration of the problem. Public policymakers can also see the aggregate costs of homelessness among various subpopulations and to various service sectors, potentially providing needed support for strategic reallocations of resources and even new investments in housing solutions*[5].

[5] Culhane, D.P (2008) op. cit. p. 99. It should be mentioned here that the work by our colleague Denis Culhane on the costs of homelessness and the cost effectiveness of homelessness services prompted the European Observatory on Homelessness to directly investigate the state of knowledge on the costs of homelessness in the European Union. Professor Dennis P. Culhane holds the Dana and Andrew Stone Chair in Social Policy at the University of Pennsylvania

There are also risks in exploring the financial costs of homelessness and also in using mechanisms for service assessment or evaluation that are based on economic models, as economic models, while described as (social) science, are not necessarily politically or ideologically neutral. What is regarded as success in some of these evaluation techniques may emphasize financial concerns over humanitarian concerns and effectively deemphasize some of the achievements of homelessness services. Beyond this, there is the simple risk that a particular type of homelessness service may be found to be less cost effective than alternative approaches and inadvertently place itself in jeopardy by allowing exploration of its cost effectiveness. These issues are discussed in more depth in the concluding chapter.

2.3 Challenges in measuring the costs of homelessness

There is a clear case to support the gathering and analysis of data on the financial and economic costs of homelessness. However, the reality of acquiring and exploring such data can present a number of complex challenges.

Some of the financial costs for the use of services by homeless people are, at least theoretically, straightforward to calculate. Homelessness services have budgets and figures on the total expenditure on those services should be available for analysis. However, beyond the broad financial cost of the direct provision of homelessness services, the measurement of the financial costs of homelessness for services can start to become more complex. There are five broad issues to consider:

- Diversity in homelessness service types and in data available on services.
- Issues in determining cost offsets.
- The scale of homelessness and fixed service costs.
- Challenges in assessing the wider economic costs of homelessness and the wider benefits of homelessness services.
- Issues in monetizing the costs of homelessness for homeless people, i.e. trying to express the damage to well-being that can be associated with homelessness in financial terms.

2.3.1 Diversity in homelessness service use, service provision and data levels

The first issue is potential variations in service use and in service costs. While overall costs may be known, patterns of service use may be sufficiently variable to mean that they are difficult to accurately summarise, for example by using an average or median cost. Emergency accommodation can be an example of this, as some evidence indicates heavy, repeated use by a small number of chronically homeless people, who have a typically high financial cost, while a majority of homeless people using such services do not stay long and would therefore cost much less[6]. The financial costs of homelessness services can vary considerably depending on which particular group of homeless people is being considered.

More generally when the forms of homelessness recognised are diverse and a range of specialist services are developed, the pattern of service interventions and their associated costs can be complex with different levels and forms of support having different costs[7]. Services can range from basic hostels offering simple accommodation and low level support or low level mobile support, through to specialist integrated support and housing models or mobile teams delivering relatively high cost ACT, ICM or CTI[8] approaches. European homelessness services do not necessarily have one simple set of costs that can be easily standardised. While

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6 Kuhn, R. and Culhane, D.P. (1998) *Applying Cluster Analysis to Test a Typology of Homelessness by Pattern of Shelter Utilization: Results from the Analysis of Administrative Data* Departmental Papers (SPP) http://works.bepress.com/dennis_culhane/3; O'Sullivan, E. (2008) Pathways through Homelessness: Theoretical and Policy Implications, in: J. Doherty and B. Edgar (Eds.) *In My Caravan, I Feel Like Superman: Essays in Honour of Henk Meert, 1963–2006*, pp.71–100 (FEANTSA: Brussels). http://www.feantsaresearch.org/spip.php?article134&lang=en

7 London, for example, has 295 hostels and supported housing schemes offering various packages of help from low intensity support through to intensive, specialist services which can range widely in cost. London also has an array of daycentres, tenancy sustainment (mobile support) and specialist medical and drug and alcohol services for homeless people, all of which have a specific set of financial costs. One recent study found that weekly support costs for supported housing and hostels in a single London borough could range from €149-€718 see: Pleace, N. and Bretherton, J. (2013) *Camden Housing First: A Housing First experiment in London.* Centre for Housing Policy, University of York http://www.york.ac.uk/media/chp/documents/2013/Camden%20Housing%20First%20Final%20Report%20NM2.pdf

8 Assertive Community Treatment, Intensive Case Management and Critical Time Intervention.

there is significant American[9] and Australian[10] work on the financial costs of homelessness services, the focus is on a less extensive and diverse array of homelessness services than is found in many Northern EU member states.

Homelessness services in Europe can vary from highly complex, comprehensive networked systems, including an array of specialist support services, through to very basic emergency beds in shared dormitory spaces that can do little more than keep people off the street and fed[11]. Basic services are found almost everywhere in Europe and in some areas form the bulk, or totality, of homelessness service provision. Lower cost services of this sort may be precariously or variably financed, can be dependent on in-kind donations (for example they may feed homeless people with surplus donated food from shops or restaurants) and rely heavily on unpaid volunteering. Determining the operating budget for basic services is challenging, as for example only some aspects of their operation will actually involve spending money, or because they might not have accounting systems in the sense that a more elaborate, professionalised homelessness service would have.

Funding sources may also be important in another sense. Some homelessness services will be financed through public expenditure, either through direct service provision or through commissioning of services by national, regional and local government. Some services will be effectively self-financing, drawing on existing funds and/or charitable donations. This may mean that information on costs may not always be available. For example in contexts where homelessness service providers effectively compete for contracts from municipalities, regional or national government, detailed cost information is, in effect, commercially sensitive and will not be easy to access. Homelessness services which are self-contained in financing terms may also opt not to release or share accounts, though this will vary according to regulations and law covering what sorts of financial information organisations such as charities and faith-based organisations are expected to share. Services may also only release broad data on costs, rather than detailed analyses or the data needed to conduct a detailed analysis.

Homelessness services are distinct from other aspects of health and welfare services because they are more *diverse*. This diversification occurs for two main reasons:

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9 Culhane, D.P. *et al* (2002) op. cit.; Poulin, S.R., Maguire, M., Metraux, S., Culhane, D.P. (2011) Service Use and Costs for Persons Experiencing Chronic Homelessness in Philadelphia: A Population-Based Study, *Psychiatric Services* 61(11) pp.1093–1098.

10 Zaretzky, K. *et al* (2013) op. cit.

11 FEANTSA(2012) *On the Way Home? FEANTSA Monitoring Report on Homelessness and Homelessness Policies in Europe* Brussels: FEANTSA.

- Commissioning and planning arrangements for public expenditure on homelessness can occur at multiple levels, meaning what is funded on what basis in terms of homelessness service provision can vary not only by country, but also by region and by municipality. Alongside this, devolution in service planning and commissioning can range from partial to total, while strategies can exist at national, regional and local level. In some EU member states, the municipalities leading on homelessness policy can be very small in scale, making regional and national coordination more challenging.
- Many agencies, operating at many levels, can be involved in the delivery of homelessness services. There are pan EU organisations delivering homelessness services across several countries, there is direct provision of services by municipalities or other governments, there is commissioning of services by varying levels of government from non-governmental organisations (NGOs) including charities, not for profit organisations and social enterprises, as well as sometimes from the private (for profit) sector. There are also a range of homelessness services operating largely or wholly without state support, including charities and faith-based organisations. The budgeting and financial arrangements for homelessness services will also be diverse as will the amount and detail of information available on cost.

The cost base, the nature and the extent of homelessness services varies because there is so much diversity in the planning, commissioning and in the delivery of services in Europe. The costs of homelessness services can be complicated and the level of data available on those costs can be variable.

2.3.2 Cost offsets generated by homelessness services in reducing costs for other services

2.3.2.1 Determining the cost offsets

The additional cost of homelessness for non-homelessness services may seem potentially simple to calculate. Australian researchers have devised the following calculation[12]:

*(average annual use by clients) * (unit cost of service) – (population average annual use) * (unit cost of service)*

[12] Flatau, P.; Zaretzky, K.; Brady, M.; Haigh, Y. and Martin, R. (2008) *The cost-effectiveness of homelessness programs: a first assessment: Volume 1 – main report.* AHURI final report No 119. Melbourne: Australian Housing and Urban Research Institute, p.10. http://homelessness.energetica.com.au/dmdocuments/ahuri_final_report_no119_the_cost_effectiveness_of_homelessness_programs_a_first_assessment_vol1.pdf

In this calculation, 'clients' refers to homeless people. A worked example[13] might be that average annual service use by homeless people might be 10 uses of a service at a unit cost of €100, compared to a population average of three uses per year at a cost of €70. This would mean that homeless people cost €1 000 a year (ten users of services at €100 each) on average, compared to the €210 population average (three users of services at €70 each). Using this approach, Flatau *et al* calculated that different groups of homeless people had different levels of additional costs for public health services in Australia. On average, across homelessness as a whole, each time a homeless person used Australian public health services, it cost €10 217 more than it did when an ordinary citizen used those health services, i.e. on average, homeless people cost €10 217 more to treat than an ordinary, housed citizen did. Across homeless people as a whole, Flatau *et al* estimated an average, additional, cost to the public health services of €250 544 per homeless person, over the course of that homeless person's lifetime, because they were more expensive to treat than ordinary, housed citizens[14].

Cost offsets represent the potential financial savings a homelessness service can generate for non-homelessness services. A theoretical example, such as an emergency room or emergency department (ED) in a hospital can be used to illustrate this idea. If, for example, 100 people living rough use an ED at an average cost of €800[15] per person in one year, the homelessness related cost for that ED would be €80 000. If a homelessness service reduces that number by 25 the following year, and costs remain constant, the homelessness associated cost for that ED falls from €80 000 to €60 000. Assuming that the homelessness service costs €15 000 to stop those 25 people living rough needing to use the ED, there is a cost offset, i.e. a financial saving, for the ED in a hospital of €20 000 (25*€800). In this illustrative example, the cost of the homelessness service is 25% less than the cost offset for the hospital (the service costs €15 000 but saves €20 000), this means that the homelessness service actually reduces overall (public) expenditure, i.e. there is an overall saving of €5 000.

In this theoretical example, where a homelessness service costs €15 000 to deliver a €20 000 saving, a net reduction in the financial costs of homelessness of €5 000 is achieved[16]. This represents a cost offset of €0.33 for every €1 spent, an overall reduction in total expenditure of €33 for each €100 spent. Large scale

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13 Figures are illustrative, they are not actual costs.

14 Flatau *et al*, 2008, op. cit. p.10

15 Figures are illustrative, they are not actual costs.

16 Zaretzky *et al* 2013 op. cit.

cost offsets can provide a powerful argument in favour of homelessness services and have been influential in the rise of the Housing First service model in Canada, the USA and Europe[17].

American and Australian research shows that reducing chronic homelessness has cost offsets for a range of services. Reducing financial costs for ED services, emergency mental health services, lessening use of emergency shelters and reducing costs for criminal justice systems[18].

2.3.2.2 Costs may go up as well as down: Allowing for the complexity of homelessness

However, the calculations involved in working out a cost offset are not always simple. One key issue here is that the costs of homelessness to non-homelessness services are not necessarily consistent because there are *several forms* of homelessness which include people who may not use non-homelessness services and/or have levels of need and patterns of service use that are similar to, or not distinct from, those found within the general population.

Across Europe, people living rough or using emergency accommodation on a sustained or recurrent basis tend to have very poor physical health[19], including high rates of serious infectious illness[20] and high rates of severe mental illness and problematic use of drugs and alcohol[21]. At the point they reach a hospital ED, their health can be very poor, requiring intensive and expensive treatment. Reducing the frequency and duration of chronic homelessness means reducing the number of patients who are particularly *expensive* to treat[22].

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17 Busch-Geertsema, V. (2013) *Housing First Europe: Final Report* http://www.socialstyrelsen.dk/housingfirsteurope/copy4_of_FinalReportHousingFirstEurope.pdf

18 Culhane, D.P (2008) op. cit.; Flatau, P. and Zaretzky, K. (2008) The Economic Evaluation of Homelessness Programmes *European Journal of Homelessness* 2, pp. 305-320; Flatau, P. *et al* (2008) op. cit.; Zaretzky *et al* (2013), op. cit.

19 DOH (2010) *Healthcare for Single Homeless People* London: Department of Health http://www.dhcarenetworks.org.uk/_library/Resources/Housing/Support_materials/Other_reports_and_guidance/Healthcare_for_single_homeless_people.pdf

20 Beijer, U.; Wolf, A. and Fazel, S. (2012) Prevalence of tuberculosis, hepatitis C virus and HIV in homeless people: a systematic review and meta-analysis *The Lancet* 12, pp.859-870.

21 Canavan, R. *et al* (2012) Service provision and barriers to care for homeless people with mental health problems in 14 European capital cities *BMC Health Services Research* 12: 222

22 Zaretzky, K. *et al* (2013) op. cit.

Yet not all homeless people are living rough or in emergency shelters. As the ETHOS typology developed by FEANTSA indicates[23], other forms of homelessness and wider housing exclusion exist as social problems alongside the rooflessness of people living rough and/or in emergency shelters. There is evidence to suggest that some groups of homeless people, such as homeless families, may have health and support needs that are similar to, or not actually *distinct* from, the health problems of poor and low income people who are adequately housed[24].

If at least some homeless people have the same morbidity and mortality as poor and low income, housed people, there is not necessarily always a clear, *additional* cost for hospitals or other health services that results from *all* forms of homelessness. A cost offset, particularly a high cost offset, may only be clearly visible among chronically homeless people with high needs, and *not* across the entirety of homeless populations[25]. Australian research has suggested that there is a differing level of cost offset associated with providing homelessness services for different subgroups of homeless people, the key factor influencing cost offsets being the rate at which the different subgroups of homeless people are using health services[26].

It has also been widely asserted that homeless people represent a drain on the resources of hospital EDs because they also make *inappropriate* use of ED services. This refers to homeless people employing a very high-cost ED service – designed to deal with immediately life threatening trauma and illness – to get the basic primary care for illnesses that should be treated by an ordinary nurse, family doctor or general practitioner (GP) working in the community[27]. Yet there is evidence that housed people *also* use ED in the same way as some homeless people, i.e. as an (inappropriate) source of non-emergency treatment, albeit that housed people tend to do so because they do not wish to wait to see a doctor[28]. Calling inappropriate use of ED for primary care by homeless people an additional 'homelessness' cost is more difficult when the general population *also* exhibits this behaviour. For a cost

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23 http://www.feantsa.org/spip.php?article120

24 Quilgars, D. and Pleace, N. (2003) *Delivering Health Care to Homeless People: An Effectiveness Review* Edinburgh: NHS Health Scotland.

25 Kertesez, S.G. and Weiner, S.J. (2009) Housing the Chronically Homeless: High Hopes, Complex Realities *Journal of the American Medical Association* 301 (17) pp. 1822-1824; Rosenheck, R. (2010) Service Models and Mental Health Problems: Cost Effectiveness and Policy Relevance in Ellen, I.G. and O'Flaherty, B. *How to House the Homeless* Russell Sage Foundation: New York, pp. 17-36.

26 Flatau, P. *et al* (2008) op. cit.; Zaretzky, K. *et al* (2013) op. cit.

27 Quilgars, D. and Pleace, N. (2003) op. cit.

28 North, C.; Moore, H. and Owens, C. (1996) *Go Home and Rest? The use of an accident and emergency department by homeless people* London: Shelter.

offset to be generated by a homelessness service, an ED department in a hospital has to be experiencing *additional* costs because homeless people use it more often than the general population and/or also incur a higher typical cost when they do so.

The high rates of morbidity and mortality among some homeless populations are associated with poor access to health care, i.e. homeless people have poor health, at least in part, because they cannot access health services and have poor continuity of health care[29]. This raises the possibility that in some instances, the cost offset generated by homelessness services will be zero. If homeless people are not using ED services, for example, the cost offset for those ED services from ending their homelessness is zero. If homeless people who have *not* been using an ED, and receive a homelessness service which connects them to necessary health services, there may still be a cost offset for the ED, but proper access to health care arranged via a homelessness service could cause new, additional costs in other parts of the health system. A homelessness service might *create* financial costs for non-homelessness healthcare systems, at least in the short term, delivering a *negative* cost offset.

2.3.2.3 Immediate and life time cost offsets

An alternative way to explore non-homelessness service costs and potential cost offsets is available through looking at the lifetime costs of homelessness[30]. Ending or preventing homelessness could reduce the *lifetime* costs of homelessness for both homelessness services and non-homelessness services. For example, in terms of healthcare costs, people who are not roofless will not be ill as often, or see their overall health deteriorate as rapidly over their life course. If roofless people are adequately and sustainably housed the likely potential cost for non-homelessness health services could fall[31]. Lifetime costs are reduced because someone who, if they had remained homeless, would have eventually have cost health services more money, is taken out of homelessness by a homelessness service and enjoys better health than would have been the case[32].

Going back to the theoretical example of an ED, this could be expressed as the net difference between a homeless person's rate of attendance at ED compared to what the level of attendance would have been if they were not homeless. As an illustrative example, someone who is homeless might attend an ED 25 times in the course of

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29 Canavan *et al*, (2012) op. cit.; DOH (2010) op. cit.

30 Flatau, P. *et al* (2008) op. cit.

31 There are still variables that could have an impact on total costs. For example, experience of rooflessness is strongly associated with very premature death, meaning that the health care costs associated with caring for someone if they become a frail older person may not arise.

32 Zaretzky, K. *et al* (2013) op. cit.

their life, on 23 occasions for non-urgent treatment, compared to once or twice for a housed person who is admitted with serious illness or trauma. A financial saving – a cost offset – could, theoretically, be attached to the 23 visits that were 'avoided' because a homeless person was housed by a homelessness service.

Of course, some of the same limitations apply as noted above, i.e. ordinary, housed, citizens also tend to make inappropriate use of ED services, using it for relatively rapid access to non-urgent care, making the calculation of nominally 'additional' costs directly associated with homelessness more difficult. Beyond this, the calculation of lifetime costs and associated cost offsets is likely to be a projection, an educated guess based on general or previous patterns of non-homelessness service use. Many variables, such as the development of a chronic condition, might influence rates of something like ED use, not just whether or not someone is homeless.

Determining the rates at which homeless populations will see their health deteriorate and face problems in accessing health services, compared with the situation if they were not homeless ultimately often involves – educated – guesses about how someone's health and tendency to use something like an ED service would vary between situations in which they were and were not homeless. Theoretically, research could look at patterns of service use, tracking retrospectively or using a controlled experiment, comparing matched groups of people, one of which remained homeless, but such experimental studies would be expensive and would raise serious ethical questions. Primary research on lifetime costs analysis would, therefore, probably only be based on projected costs and assumptions about the likely negative effects of homelessness. In countries or regions that have sufficiently detailed and integrated administrative data covering a wide range of homelessness and non-homelessness services, it may be much more practical to undertake this kind of analysis. It may be the case that secondary analysis of such data will form the basis of a better understanding of lifetime costs, although time may be needed to allow the necessary data to be assembled.

There is another difficulty here. In calculating the lifetime, additional, financial costs of homelessness, the issue of what *form* of homelessness is being talked about reappears. A chronically homeless person would, on balance, probably cost more than an ordinary citizen and probably rather more than a housed person with equivalent support needs[33]. Yet for other forms of homelessness, such as family homelessness, a cost differential is less clear, for example with respect to any differences in costs between a homeless family and a housed, poor or low income, family. The one near-constant in all forms of homelessness is an association with

[33] Ibid.

very low incomes and with poverty[34]. Poorer, housed, people can share a lot of broad characteristics with homeless people, i.e. like homeless people, the chances that they will have poorer than average physical and mental health, their likelihood of unemployment and of social marginalisation will often be higher than for more affluent groups[35].

A central consideration in measuring cost offsets over a lifetime is the level of data availability. If non-homelessness services do not record, only partially record, or inaccurately record the levels of homelessness among service users, understanding the level of costs associated with homelessness for those non homelessness services is difficult. Administrative data can be used in the US to look at patterns of non-homeless service use and determine cost offsets[36]. However, while some EU member states, such as Denmark, have highly integrated information systems covering both homelessness services and the general population, this is not the case in much of the EU. Data availability may also be restricted by factors such as data protection and privacy legislation, which restricts the capacity of countries to combine administrative data[37].

2.3.2.4 Cost offsets, the scale of homelessness and fixed service costs

Homelessness represents the most extreme form of social and economic deprivation in Europe, the worst form of social and economic poverty that there is. However, variations in definition, measurement and in whether or not homelessness is actually counted at all, mean it is not possible to arrive at an accurate point in time count (the number of homeless people at any one point in time) or prevalence figure (the rate at which people become homeless over the course of one or more years) for the EU, or

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34 Burt, M.; Laudan, A.Y. and Lee, E. with Valente, J. (2001) *Helping America's Homeless: Emergency Shelter or Affordable Housing?* Washington, D.C.: Urban Institute Press; Pleace, N. (2011) Homelessness and Inequality in I. Anderson and D. Sim (eds) *Housing and Inequality* London: Chartered Institute of Housing, pp. 187-204.

35 There are marked variations in how effectively different EU member states are able to counteract the extent of intergenerational poverty, although low income is quite often associated with relatively poorer life chances, i.e. poverty as a child can often restrict life chances as an adult. For example see Bradshaw, J., Hoelscher, P. and Richardson, D. (2006) *An index of child well-being in the European Union* Social Indicators Research; Dorling, D. (2010) *Injustice: Why Social Inequality persists* Bristol: Policy Press.

36 Culhane, D.P.; Metraux, S. and Hadley, T., (2002) Public service reductions associated with placement of homeless persons with severe mental illness in supportive housing *Housing Policy Debate*, 13(1) pp.107-163.

37 See Chapter 4.

even within most EU member states[38]. Nonetheless, from the evidence available, it is clear that the scale of homelessness *relative* to some other forms of need in the European population is small. For example, managing youth unemployment and the deteriorations in health and well-being that accompany old age, are massive challenges for EU member states. Colossal efforts are made to counteract these social problems due to the sheer numbers of people involved, whereas while homelessness is a severe and intolerable social problem, it affects a smaller population.

A hospital ED will have very high fixed costs, i.e. it will cost a very significant amount of money before it even treats any patients and will be financed on the basis of an estimated operational ceiling (capacity limit), which means treating 50 or 100 patients more or less – whether they are homeless or not – may *not* actually have a real impact on operational costs. The ED would gain *capacity* because it was treating 50 or 100 fewer homeless patients, which is a financial gain, but the actual costs of providing the service may not fall because homeless patients are not numerous enough to mean that a fall in their numbers will actually allow a reduction in spending. If homeless people were 5 or 10 per cent of all the patients that an ED was treating, greatly reducing the level of contact from those homeless people would have a tangible effect on activity and allow for budget reduction. However, if homeless people actually represent under 1 per cent of patients, or as some data indicate, a rather lower proportion[39], then the fixed costs of delivering an ED service cannot really be lessened by reducing homelessness.

The same issue arises when looking at the additional costs for other services and systems that are designed for the general population. There may be potential gains

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38 Baptista, I., Benjaminsen, L., Pleace, N. and Busch-Geertsema, V. (2012) Counting Homeless People in the 2011 Housing and Population Census, EOH Comparative Studies on Homelessness 2, Brussels: FEANTSA http://www.feantsaresearch.org/IMG/pdf/feantsa-studies_02_web.pdf

39 In England, during 2009/10 unregistered patients (people without a GP) accounted for 99615 inpatient admissions (admitted into hospital for treatment and staying at least one night) and 370504 outpatient attendances (visiting the hospital for treatment, but not staying overnight) at a cost of £242m (€287m). Unregistered patients included homeless people, but also armed services personnel stationed away from home, prisoners, asylum seekers and immigrants. The inpatient stays by unregistered patients accounted for 0.59% of a total of 16806196 inpatient admissions while outpatient treatments for unregistered patients represented 0.54% of 67414037 outpatient visits (Davis *et al*, (2012) Hospital activity and cost incurred because of unregistered patients in England: considerations for current and new commissioners *Journal of Public Health* doi: 10.1093/pubmed/fds098 and statistics from the Health & Social Care Information Centre http://www.hscic.gov.uk/). As unregistered patients include other groups in addition to homeless people, the actual proportion of patients who were homeless people would have been lower. There are however limitations in these statistics, recording systems in hospitals are both limited to people who are roofless or in emergency accommodation (no fixed abode or NFA) and may be incomplete and would also include some double counting of people receiving several treatments http://www.connectingforhealth.nhs.uk/systemsandservices/nhsnumber/staff/guidance/complex.pdf

in capacity for mental health, drug and alcohol services and the criminal justice system, but additional costs associated with homelessness may not be enough, relative to *overall* activity, to mean that reductions in homelessness can allow actual reductions in total expenditure. Homeless people will be consuming resources and some chronically homeless people may require proportionately more resources than is the case for most of the housed general population. Yet the main bulk of groups like psychiatric patients, drug users, alcohol dependent people and offenders and prisoners are *not* homeless.

2.3.3 The total financial costs of homelessness and the SROI of homelessness services

Some other financial costs that may be associated with homelessness are also inherently quite difficult to measure. A city might, theoretically, more than cover the cost of making sure no-one sleeps on the street because taxation revenues increase from higher tourism and shop trade, but working out if this is the case is challenging. Many other variables, such as the rise of online commerce, the weather, currency exchange rates or the overall state of an economy influence whether people visit a city or shop there.

Many cities do however assume that visible rough sleeping is bad for their image, and also assume that a city's image is central to the attractiveness of the city for commerce and tourism. European cities often share a common, longstanding, policy to use punitive interventions to reduce visible living rough, employing the criminal justice system to clear the streets of homeless people[40]. Although the use of the criminal justice service is quite often combined, to varying degrees, with mixes of emergency accommodation, support and health services. Homelessness may also have other economic costs, such as those for some transport infrastructure, major railway termini, for example, may need to devote considerable resources to managing some forms of homelessness[41].

There is also the unrealised economic potential of homeless people who are likely to experience sustained unemployment and who may face more barriers to work than other citizens. Distinct 'homelessness' effects can be difficult to demarcate in the sense that the homeless people who are most distant from paid work, chroni-

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40 Doherty, J.; Busch-Geertsema, V.; Karpuskiene, V.; Korhonen, J.; O'Sullivan, E.; Sahlin, I. Petrillo, A. and Wygnanska, J. (2008) Homelessness and Exclusion: Regulating public space in European Cities *Surveillance and Society*, 5(3) http://library.queensu.ca/ojs/index.php/surveillance-and-society/article/view/3425; O'Sullivan, E. (2012) Varieties of Punitiveness in Europe: Homelessness and Urban Marginality *European Journal of Homelessness* 6(2) pp. 69-97.

41 Carminucci, C. (2011) Models of Social Action and Homeless Support Services Mapping for some Major European Train Stations *European Journal of Homelessness* 5 (2) pp. 63-80.

cally homeless people, also present with support needs including severe mental illness and problematic use of drugs and alcohol, alongside poor physical health. Homelessness is one issue of many that might restrict access to paid work for chronically homeless people, both in terms of the kinds of work they can do and in terms of their not being attractive to potential employers. In addition, popular cultural stereotypes of 'homelessness' can also lead employers to *assume* anyone who is homeless will be someone who is severely mentally ill, or who has problematic use of drugs and alcohol, when available research evidence suggests this is actually only a minority of the homeless population[42].

Unemployed homeless people who could be working are a financial cost on two levels. First, they have to be sustained by welfare systems that provide a subsistence level income or a basic minimum income. Second, their lack of economic productivity means that they do not add to the economic wealth of a country and pay less tax.

One model for looking at the effectiveness in homelessness services is the SROI approach. The SROI attempts to explore the *total* benefits of expenditure on services and express those benefits in financial terms. SROI includes what is effectively a cost offset calculation and also includes estimated monetized social and economic benefits from preventing and ending homelessness. The SROI is distinct from a measure of cost offsets (financial savings for other services). This is because the SROI attempts to monetize the *entire* costs of homelessness, including costs in lost tourism, commerce, transport infrastructure *and* costs for health and other publicly funded services, and look at how much money homelessness services may save across all these areas by preventing and ending homelessness.

Homelessness services may have economic benefits in that preventing or ending homelessness may help someone enter education, training or paid work. Some homelessness services may be specifically designed to promote education, training and paid work, effectively aiming to both enhance housing stability (by increasing economic stability) and to deliver an end to homelessness and promote social and economic inclusion among formerly homeless people[43]. There may also be possible economic benefits from reducing rough sleeping including increased commerce or tourism.

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42 Pleace, N. and Bretherton, J. (2006) *Sharing and matching local and national data on adults of working age facing multiple barriers to employment* London: DWP.

43 Emmaus in France http://www.emmaus-france.org/ and the Crisis Skylight network aimed at lone homeless people are examples of such services (http://www.crisis.org.uk/pages/what-we-do-crisis-skylight-centres-61897.html).

SROI can be used as an 'evaluative' approach, which works out the costs and benefits of a homelessness service or as a 'forecast' approach, which works out what the costs and benefits of a service are likely to be, based on projections (similar to projected lifetime cost offsets). The SROI is designed to show the value of public spending on services and the positive role such services can play within a framework of maximising the sharing of economic benefits across society, something which is termed 'social value', the SROI is therefore not a politically neutral approach[44].

To undertake an SROI assessment of a homelessness service would involve looking at cost offsets for non-homelessness services, environmental benefits (e.g. reducing visible rough sleeping), economic benefits (formerly or potentially homeless people entering the workforce, improvements in tourism and economic activity linked to reducing rough sleeping) and social benefits (gains for formerly and potentially homeless people themselves and wider society). An SROI involves looking at known costs, reductions or changes in those costs, but also attaching values to wider economic and social benefits and calculating, estimating or projecting what those benefits may be[45].

Social value is expressed as a ratio by SROI, such as the total value of benefits divided by the total cost of a service, e.g. a homelessness service costs €150k annually, but delivers €300k in benefits annually, delivering an SROI of €150k per year[46]. Spending €1 delivers €1 in SROI (i.e. the SROI is the social 'profit' delivered by spending €1, though the service also effectively also covers its own costs). Calculation of SROI can however become quite complex, including allowances for discounting, e.g. governments may value immediate returns more than longer term returns, making immediate SROI more prized than SROI that would not benefit a current government, but which would benefit a successor[47].

The challenges of using an approach like SROI are similar to those encountered when assessing cost offsets. Data need to be available and robust and assumptions, estimates and projections need to have a sound basis. The variations in the costs associated with different forms of homelessness also have to be allowed for. Modelling the economic costs of homelessness, both in terms of loss of economic activity among individuals and households who become homeless and also in terms of the (presumed) negative effects of some forms of homelessness is not

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44 Nicholls, J. *et al*, 2012 op. cit.

45 Ibid.

46 Illustrative figures only, not actual costs.

47 Nicholls, J. *et al*, 2012 op. cit.

highly developed at the time of writing. One key limitation is that longitudinal data that enables tracking the lifetime impacts of homelessness to be assessed (and therefore also estimated and projected) has tended to be limited.

Calculations that would allow the monetization of the costs of homelessness for an individual or household are inherently complex. This is because expressing reductions in health or equality of opportunity that arise directly from homelessness is complex for some of the reasons discussed above, i.e. almost all homeless people are poor or have low incomes, and poor and low income people tend to have worse health status and fewer opportunities than middle and high income people. There is also the nature of the relationship between chronic homelessness, drugs, alcohol and severe mental illness, which is not straightforward, i.e. chronic homelessness may follow and may exacerbate these issues, but not necessarily and not consistently, and possessing one or more of these characteristics when housed does not predict that homelessness will occur[48]. Beyond this, expressing loss of health and well-being in simply financial terms has been rejected as unfeasible by some economists, notably the discipline of Health Economics, which has developed alternative measures for assessing the impact of illness, disability and the effectiveness of services in reducing those impacts (see Chapter 7).

2.4 The Research Questions

The goals of this research were to explore the current state of European knowledge on the financial costs of homelessness and the costs and benefits of homelessness services. There were four main objectives:

- To explore how much was known about the financial costs of homelessness in Europe, focusing on the groups of people defined as homeless by the FEANTSA ETHOS typology[49], i.e. people living rough, in emergency accommodation, hostels, temporary and transitional accommodation, women in shelters (refuges) and in supported housing, alongside migrant homeless groups and potentially homeless people in institutions.
- To examine the extent of knowledge on the costs and benefits of services designed to prevent and reduce homelessness.
- To summarise relevant research material and provide an overview of the existing knowledge base on the costs of homelessness and the cost benefits of homelessness services in the European Union.

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48 O'Sullivan, E. (2008) op. cit.

49 http://www.feantsa.org/spip.php?article120

- To identify and share methodological innovation and good practice on determining the costs of homelessness and the costs and benefits of homelessness services.

Alongside exploring the state of knowledge on costs of homelessness and the potential benefits of homelessness services, the research was also designed to look at the availability and quality of data that might be utilised to explore these subjects. Administrative datasets, for example, have considerable potential to be used for the study of cost offsets and for explorations of at least some aspects of the potential SROI that could be generated by homelessness services[50]. Even if work on the costs of homelessness – and the costs and benefits of homelessness services – were relatively undeveloped in some contexts, there may be data available that could be used to explore these issues.

Both the utility and the challenges of collecting data on the costs of homelessness and the costs and benefits of homelessness services have been illustrated by Australian and American work[51]. A key purpose of the research described in this report was to understand how far Europe had engaged with both the benefits and the challenges that can come from trying to understand the costs of homelessness.

2.5 Methods

A questionnaire was circulated to experts in homelessness in 13 EU member states. Respondents were chosen mainly on the basis of their published work and most had a relationship with the European Observatory on Homelessness, either as a current or former member, or as an associated national level expert. An attempt was made to seek a representative range of EU member states, ensuring insofar as possible that those countries in Northern Europe, with a tradition of extensive policies and strategies focused on homelessness were not over-represented. However, many EU member states do not currently possess developed homelessness policies and also have little or no academic or policy focus on homelessness, which meant that it was not possible to include them in this research. As the research itself was an overview of the state of knowledge on the costs of homelessness, efforts had to be concentrated on those countries were some evidence base might exist. Experts from the following countries were asked to complete the questionnaire:

50 Culhane, D.P. (2008) op. cit.

51 Zaretzky, K et al (2013) op. cit.; Culhane, D.P. (2008) op cit.

- Austria
- The Czech Republic
- Denmark
- Finland
- France
- Germany
- Hungary
- Ireland
- The Netherlands
- Poland
- Portugal
- Sweden
- UK

Many of the questions were multiple choice, but there was also considerable space for respondents to describe the situation and state of knowledge in their own countries. Respondents were asked to answer in English. American experts on the costs of homelessness agreed to review the draft questionnaire and provide comments prior to the questionnaire being circulated[52].The questionnaire had four sections:

- *General information on homelessness.* This section covered the definitions of homelessness in each country, the degree of fit between the national definitions and the ETHOS typology and the extent, quality and nature of the data held on homelessness. Recent trends in homelessness were also discussed. This opening section of the questionnaire was designed to ensure that the information provided about costs could be properly contextualised.
- *Evidence on the costs of homelessness.* This section explored the availability and robustness of the data held on the costs of homelessness. Beginning with questions on the experts' perceptions of the strength of the evidence base in their country, the questionnaire moved on to ask the experts to summarise any relevant studies and provide full references. Any studies on the costs of homelessness services, the additional costs of homelessness for non-homelessness services and on the wider social and economic costs of homelessness were to be included. The remainder of this section asked questions centred on the availability and reliability of any data that might be used to explore the costs of homelessness, including administrative data.

52 See acknowledgements.

- *Evidence on the costs and benefits of homelessness services.* Respondents were asked to provide an overview of the strengths of the current evidence base on the costs and benefits of homelessness services in their countries. The details of any studies exploring the costs, benefits, cost-offsets or SROI of homelessness services were asked for and the experts were also asked to provide a summary of any relevant studies. The remainder of this section asked questions centred on the availability and reliability of any data that might be used to explore the costs and benefits of homelessness services, including administrative data.

- *Five vignettes to illustrate the costs of homelessness and the costs and benefits of homelessness services.* Previous experience in pan-EU homelessness research has shown both the extent of similarity and the degree of difference between different member states. The 2011 and 2012 EOH comparative reports, on access to social housing for homeless people and the enumeration and estimation of homeless people in the 2011 censuses both showed the extent to which definitions, recording mechanisms and approaches to homelessness differ[53]. The vignettes, each of which was a theoretical example of a homeless person or household and the financial costs that would be associated with them, had three purposes. First, the vignettes showed the extent to which the costs of someone experiencing chronic homelessness and a homeless family could be ascertained. Second, the vignettes showed the extent to which the costs and benefits of homelessness services, including preventative services, were understood. Finally, the vignettes were an attempt to explore how far it might be possible to generate standardised and comparable information on costs associated with homelessness and the benefits of homelessness services across different EU member states.

2.6 The structure of the report

The remainder of the report explores the findings of the research. Chapter four has two main sections. The first section looks at the existing knowledge base on the financial costs of homelessness and also explores the data available to increase understanding of the costs of homelessness. The second section describes existing knowledge of the costs and benefits of homelessness services and also discusses the extent and quality of data that might be used to better understand the costs and benefits of homelessness services. Chapter five explores the existing

53 Pleace, N.; Teller, N. and Quilgars, D. (2011) *Social Housing Allocation and Homelessness: EOH Comparative Studies on Homelessness,* Brussels: Feantsa; Baptista, I., Benjaminsen, L., Pleace, N. and Busch-Geertsema, V. (2012) *Counting Homeless People in the 2011 Housing and Population Census,* EOH Comparative Studies on Homelessness 2, Brussels: Feantsa.

evidence and availability of data on the costs and benefits of homelessness services; mirroring the structure of chapter four, this chapter begins by discussing the existing knowledge base before moving on to explore the nature, extent and quality of data on the costs and benefits of homelessness services. Chapter six looks in detail at the vignettes which the expert respondents were asked to complete. Chapter seven considers the implications of the findings and draws conclusions from the research.

3. The Costs of Homelessness in Europe

Introduction

This chapter opens by looking at the state of knowledge on the costs of homelessness in Europe and also explores the potential for using existing data to explore the costs of homelessness. The second part of the chapter looks at the evidence base on the costs and benefits of homelessness services and also explores the extent to which it may be possible to use existing data to enhance understanding of those costs and benefits.

3.1 Research on the costs of homelessness

3.1.1 Existing knowledge base

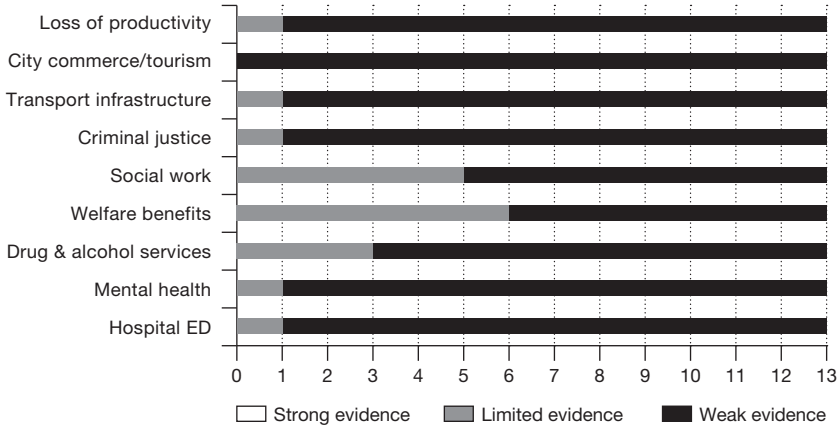
The knowledge base on the costs of homelessness was generally very limited. There were few if any dedicated studies in many of the countries in which the 13 experts were based.

- *None* of the 13 countries were described as possessing high quality research or an extensive evidence base by their corresponding expert.
- Eight out of the 13 countries were described by their corresponding expert as having 'little or no research' on the financial costs of homelessness (Austria, France, Hungary, Ireland, the Netherlands, Poland, Portugal and the UK).
- The experts in the Czech Republic, Denmark, Germany and Sweden considered the evidence base on the additional costs of homelessness for non-homelessness services to be 'limited'. Only the expert in Finland reported that there was an 'variable research' on the costs of homelessness, i.e. there was at least some existing research evidence.

This result might seem unexpected. Countries with established traditions of extensive homelessness research, such as France, the Netherlands and the UK and those with an established evidence base, such as Ireland, were being described as effectively lacking basic research on a key aspect of homelessness.

The situation appears to have been very similar in most countries, that of (at best) limited research. Graphic 3.1 summarises the level of evidence reported across the 13 countries for different aspects of non-homelessness service delivery and other costs associated with homelessness.

Graphic 3.1: Reported evidence base on different costs of homelessness (number of countries)



Source: Expert questionnaires.

As Graphic 3.1 shows, the experts reported a highly limited evidence base across a wide range of costs. A fairly detailed question was asked, looking at different aspects of health and welfare services and systems and asking what evidence there was on the costs of homelessness for those services. Evidence was most mixed in respect of welfare systems (i.e. social protection and benefit systems designed to provide a minimum income), where six countries were described as having limited evidence and one as having strong evidence. There was also some limited data on the costs of homelessness for social work services. Costs of homelessness for non-homelessness health services were not well evidenced, nor were any possible economic costs arising for city commerce or tourism (i.e. economic loss attributed to visible living rough, see Chapter 2) or costs for transport infrastructure (e.g. costs of managing homelessness in and around railway stations). At national level, the questionnaire results suggested that:

- France, Hungary and Poland had at least limited data on the costs of homelessness (or – in the case of Hungary – what the state has spent on services for homeless people), particularly for social work services and for welfare systems.

- Some other countries, including the Czech Republic, Denmark, Germany and Sweden, had limited research on the costs of homelessness for welfare systems and social work services. Sweden also had some data on the costs of homelessness for drug and alcohol services.
- Other countries were reported as having only weak or very limited evidence on the costs of homelessness.

3.1.2 An overview of the available research

Both the range and quality of the existing research on costs which the experts were able to describe was rather limited. Large scale focused studies, in contrast to Australia and the USA, were unusual in the 13 countries. There was at least some research in all the countries, but never more than a handful of studies, all the experts listing and describing between one and six studies, with most summarising two or three pieces of work. Several of the studies that were referred to included, rather than being entirely focused upon, the costs of homelessness. Research could also be restricted to broad level analysis, listing overall costs rather than details and not covering all forms of service provision. Some of the work that was referred to was unpublished, some was out-dated and scientifically robust and peer reviewed studies were unusual. Some of the research that was described was on-going. Such was the paucity of information in some countries that postgraduate dissertations and audits[54] were included in the reviews of evidence provided by some of the experts.

The majority of the small number of studies that were summarised were explorations, in varying degrees of depth of the financial costs of providing homelessness services. This meant that there was little work that looked directly at the financial costs of homelessness itself and there was little examination of the costs caused by homeless people to non-homelessness services, such as mental health or criminal justice systems.

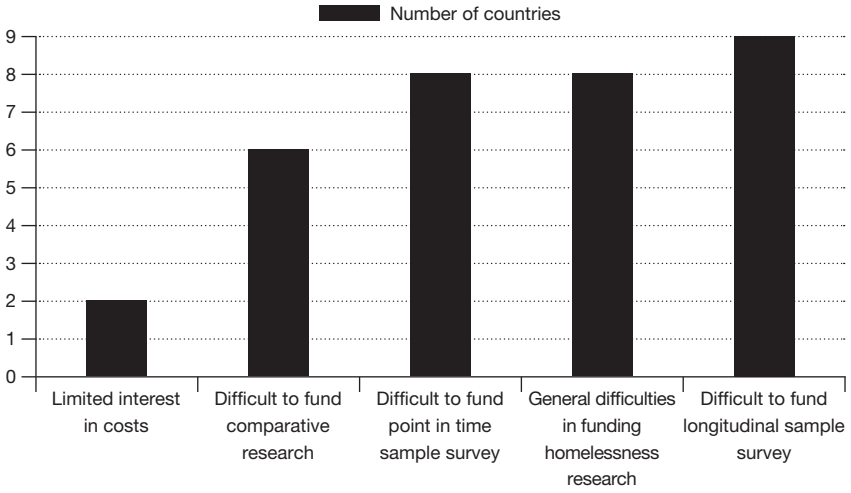
There was little specific research on the costs of homelessness. That research which did exist was generally not viewed as robust by the responding experts who completed the questionnaire. In those countries with a limited evidence base, the costs of homelessness are only partially understood, but in much of the EU, very little is known about what the financial costs of homelessness are for non-homelessness services and in a wider economic sense.

54 Including reports from Courts of Audit.

3.1.3 Undertaking new research

The experts were asked whether or not there were any barriers to new research on the costs of homelessness in their countries. Their answers are summarised in Graphic 3.2. As can be seen, experts were unlikely to report that there was little interest in the costs of homelessness in their country. However, several potential barriers to undertaking research on this area were widely reported. Nine of the 13 countries were described by their experts as being difficult environments in which to fund longitudinal surveys, which would allow exploration of the costs of homelessness over time (for example by tracking the costs associated with groups of homeless people over several years). Eight experts also reported that point in time surveys, which would allow exploration of what homelessness was costing over a short period, were difficult to fund in their countries.

Graphic 3.2: Issues in undertaking new research on costs by number of countries



Source: Expert questionnaires.

Most of the experts identified three or four major barriers to new research on the costs of homelessness in their country. Limitations in resources were widely reported, both in respect of surveys and, in six countries, in funding comparative research. The example of comparative research used in the questionnaire were studies that compared homeless people with housed, low income and poor people which could be used to explore the extent to which separate, additional costs arose specifically due to homelessness, by controlling for poverty and low income.

In Denmark, the expert viewed the situation as being one in which research could be done, if the financing for that research could be secured. The UK was reported as having experienced a fall in the resources available for rigorous homelessness research and as being an environment in which one aspect of homelessness, chronic homelessness, was over researched while other, significantly larger, populations of homeless people, such as homeless families, received little political or academic attention.

France was reported as being in a situation in which data availability was a constraint. Portugal was also reported as facing issues in accessing data on homelessness and as one of two countries where there was little interest in costs. Poland and Hungary were also described by their respective experts as lacking data on homelessness and homelessness service provision. In the Austrian case, a need for country-wide systems to monitor and build up understanding of homelessness was reported by the expert. Issues around data availability for new research are explored below.

The experts had the option to describe a situation in which there were no barriers to research and in which work was underway exploring the costs of homelessness. None described their countries as being in this position.

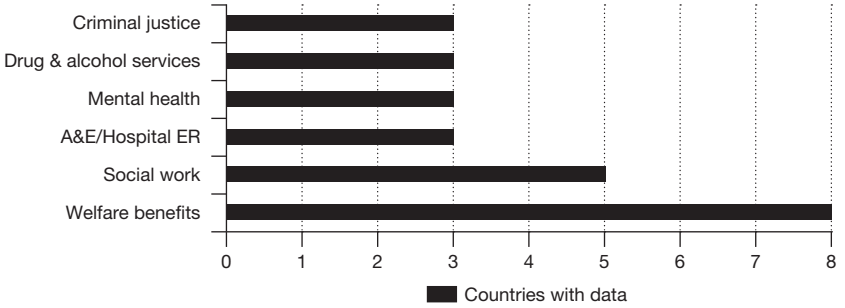
3.2 Data on the costs of homelessness

3.2.1 Data availability

Alongside reporting on and summarising the existing evidence base, the experts were asked to describe and assess any data that were available on the costs of homelessness. Available data on costs were likely to relate to homelessness service provision and, potentially, to the use of non-homelessness services by homeless people and the financial costs associated with that use. These types of administrative data have been used by US researchers to explore patterns of service use and the associated costs of homelessness[55]. Graphic 3.3 shows the range of data reported by the experts across the 13 countries.

[55] Culhane, D.P. and Metraux, S. (2008) Rearranging the Deck Chairs or Reallocating the Lifeboats? : Homelessness Assistance and Its Alternatives *Journal of the American Planning Association* 74.1, pp. 111-121. http://works.bepress.com/dennis_culhane/51

Graphic 3.3: The use of different types of non-homelessness services by homeless people



Source: Expert questionnaires.

Countries were most likely to have data on non-homelessness service use by homeless people for welfare benefits systems and social work services. Eight countries were reported by their responding expert as having data on the use of welfare systems by homeless people and another five reported data on use of social work services. In other areas of non-homelessness service provision, the majority of countries were not reported as having any data on the use of those services by homeless people.

Denmark and the Netherlands were the most likely to hold administrative data covering use of non-homelessness services by homeless people. Denmark held these data on all the forms of service provision shown in Graphic 3.2 with the exception of data on social work services and the Netherlands was reported as having data on all the services shown in Graphic 3.2 with the exception of ED use by homeless people.

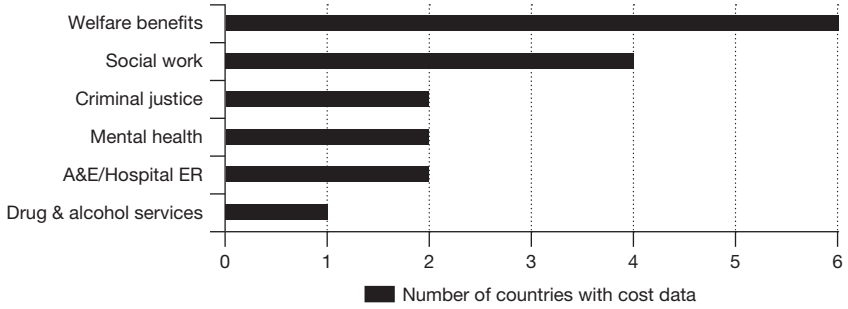
In the Danish case, although the information about the homelessness status of service users was not included in the data on non-homelessness service use, there were flags, i.e. unique identifiers, for all homeless shelter users available in a separate database, which could be merged with non-homelessness administrative data. In the Netherlands, data were actually less extensive, and were described by the expert as focused on only some groups of homeless people.

Austria was reported as only having data on drug and alcohol service use by homeless people, Ireland just had data on mental health service use by homeless people, the Czech Republic data were restricted to social work services and German data to welfare systems and social work services, while France was reported to have data on ED use and the welfare systems. Sometimes data were partial, the UK for example held data on several forms of homelessness among people using the welfare system, but the data held by health services were restricted

to literal homelessness (i.e. living rough or in an emergency shelter, 'no fixed abode'). In Hungary, some available data were restricted to Budapest, rather than being available at national level.

Data on the costs of non-homelessness service use by homeless people were still more restricted. Graphic 3.4 summarises the availability of data reported by the experts for their respective countries. Experts were most likely to respond, as they had with data on non-homelessness service use by homeless people, that cost data were available for homeless people using welfare systems and social work services. Data were often not available on the costs of other forms of non-homelessness service use by homeless people, including health, mental health, criminal justice and drug and alcohol services.

Graphic 3.4: Data on the costs of different types of non-homeless services by homeless people



Source: Expert questionnaires.

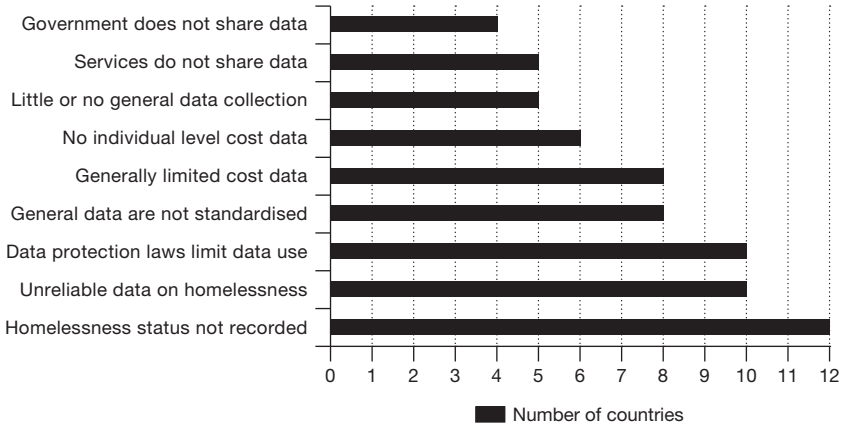
3.2.2 Limitations in available data

The expert respondent in France noted issues with tracking expenditure. Central Government in France had different measures implemented by different ministries and tracking of municipality level expenditure, which was spread across different levels of local government, was not coordinated. In Sweden, a lack of coordination of data was seen as the issue, with data on homelessness being described as not being connected with available data on non-homeless service use. Administrative systems could also not necessarily be combined, the expert from Poland noting that while data from two hospitals could be compared, those data could not be merged with or compared to criminal justice system databases. Graphic 3.5 summarises the responses of experts as to why data were not available on the costs of homelessness for non-homelessness services in their country.

Availability of cost data sometimes varied. For example, while Graphic 3.4 shows that almost all the experts described a situation in which homelessness status was not recorded by services, this meant that it was an issue for at least some services, but not necessarily for all non-homelessness services. Bearing this caveat in mind however, almost every country had at least some major forms of service provision, ranging from health services through to social services and the criminal justice system, that simply did not *record* whether or not someone was homeless. Absence of clear data on patterns of service use was also sometimes an issue, as even where costs were well understood, little could be done without knowing the pattern of service use by homeless people. Broadly speaking the UK had good, relatively detailed, data on how much different publicly funded services cost, but it lacked data on homeless people's use of those services. A recent UK government review on the costs of homelessness concluded:

> *Owing to a lack of evidence on the number of homeless people interacting with government services it is not currently possible to provide a comprehensive account of the costs of homelessness*[56].

Graphic 3.5: Reasons why cost data on service use by homeless people were not available



Source: Expert questionnaires.

Unreliability of data on homelessness was also frequently reported. Again, while this was sometimes more pronounced for some service types than for others it was nevertheless a widespread problem that services lacked reliable data on whether

56 Department for Communities and Local Government (2012) *Evidence review on the costs of homelessness* London: DCLG.

or not someone was homeless. Incomplete or unreliable data have the same consequence, without understanding the patterns of service use by homeless people, the costs of that service use can neither be ascertained nor explored.

In some countries, general limitations with some data on service activity and service costs were reported, i.e. the entire pattern of some forms of service use and associated costs were sometimes not closely monitored, for both homeless people and for all other citizens. Five experts reported, for example, that general individual level data on costs were not available for their countries.

In Hungary, Portugal and the UK, cost data were available for (some) specialist services for homeless people, such as drug and alcohol or mental health services specifically designed for homeless populations, hostels and supported housing and mobile support services that were not used by the general population. Where specialist homelessness services shared data between one another, there was the potential to build up a picture of patterns of service use and associated costs, but with the limitation that only some aspects of service use (those services provided by the agencies sharing a database) could be tracked. London, for example, had the capacity to track the patterns of service use among people living rough and in emergency accommodation over many years, using the city-wide CHAIN database, but only for those services using CHAIN and only for as long as a homeless person was using a service that provided data to CHAIN[57].

There was potential to expand shared databases recording homeless service activity and through that expansion to enhance data collection. In Ireland, the national roll-out of the original Dublin PASS system[58], which provided real-time information for managing access to accommodation for homeless people, was considered by the national expert as an important development that paved the way for conducting accurate analyses of the costs of homelessness. By contrast, in Portugal, the planned development of a national information system on homelessness which was previously part of the National Strategy was reported as having been abandoned. In 2008, a comparison between the homelessness strategies of Ireland and Portugal noted that the direction of homelessness strategies in both countries was contingent on wider political developments[59]. In Ireland, a continued political emphasis on homelessness, in spite of austerity measures, was likely to lead to an improvement in data. In Portugal, the situation was the opposite, and knowledge about homelessness was reported as unlikely to improve.

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57 The Combined Homeless and Information Network (CHAIN) http://www.broadwaylondon.org/CHAIN.html

58 The Pathway Accommodation and Support System (PASS) http://www.homelessdublin.ie/pass

59 Baptista, I. and O'Sullivan, E. (2008) The Role of the State in Developing Homeless Strategies: Portugal and Ireland in Comparative Perspective *European Journal of Homelessness* 2, pp. 25-43.

In Denmark, a generally very rich array of data on homeless people and their service use, was characterised by specific gaps, one of which was the use of social services by homeless people who were not in emergency accommodation, which, unlike most service activity, was not recorded on administrative databases. Sweden was described as having data, but as being in a situation in which data could not be easily shared or merged in the way that happened in Denmark. The Netherlands was reported as having some data on the use of a wide range of services by homeless people but those data were not necessarily comprehensive.

In other countries, Poland being one example, attempts to develop more extensive data collection systems had run into obstacles. According to the expert, an attempt to develop a database system covering homelessness services in Warsaw had proven unsuccessful because funding could not be secured.

Experts were also asked about data on the costs of one of the most basic forms of service provision for homeless people, homeless or emergency shelters. Here the results also indicated that many countries lacked even basic information on costs. Although seven countries, the Czech Republic, Germany, Finland, Ireland, Portugal, Sweden and the UK did have data on these costs, the remaining six countries were reported as not having this information. In Hungary, the experts who completed the questionnaire reported that, alongside a limited evidence base on the costs of homelessness, the financial framework used for homelessness service provision was normative, i.e. a fixed cost model based on bed-spaces, rather than data on actual operating costs.

The definition of what constituted useable data would sometimes vary between experts. What was effectively regarded as a data resource on the costs of homelessness for non-homelessness services by one expert might sometimes be dismissed as too unreliable or incomplete by another expert working in another country.

With the exception of Denmark, the limitations and gaps within the existing data were seen as major obstacles to the possible use of secondary data analysis to understand the costs of homelessness. The French expert summed up the view of many of those responding to the questionnaire about the utility of existing data in their respective countries.

> *The barriers are not so much on the funding of research… the difficulty is that often the data does not exist or it is not comparable.*

4. The Costs and Benefits of Homelessness Services in Europe

Introduction

This chapter explores the state of evidence base and the extent and quality of available data on the costs and benefits of homelessness services. Following the approach taken in chapter 3, this chapter begins by discussing the extent of the existing knowledge base as described by the 13 national experts. The review of the evidence base is followed by a discussion of the data that are available on the costs and benefits of homelessness services. The chapter concludes by exploring the extent to which understanding of the costs and benefits of homelessness was part of the policy agenda in the 13 countries.

4.1 Research on the costs and benefits of homelessness services

4.1.1 Existing knowledge base

None of the experts reported that their country had a high quality evidence base on the costs and benefits of homelessness services. The 13 countries that took part in the research were described by their experts as falling within one of three broadly defined groups:

- Experts in the largest group of countries, including the Czech Republic, Hungary, Ireland, the Netherlands, Poland, Portugal and Sweden, reported that there was little or no research on the costs and benefits of homelessness services.
- The experts in four countries, Austria, Denmark, France and Germany, reported that there was only limited research on the costs and benefits of homelessness services in their countries.
- Only two countries, Finland and the UK, were described as having an existing evidence base on the costs and benefits of homelessness services, although that evidence base was viewed as being incomplete and variable in both cases.

The majority of experts regarded the level of evidence on the costs and benefits of homelessness services as being comparable with that on the costs of homelessness (see Chapter 3)[60]. However, the experts reporting on Austria, France and the UK took the view that there was better evidence on the costs and benefits of homelessness services than was the case for the costs of homelessness itself. Two countries were described as having less evidence on homelessness services than on the costs of homelessness itself (the Czech Republic and Sweden).

4.1.2 Overview of existing research

None of the experts reported the results of more than a handful of studies. Germany and the Netherlands were described as having the largest research base, but the respective experts summarised just six studies from Germany and four from the Netherlands. Several countries were described as having only one or two pieces of research, while others had no existing evidence base on the costs and benefits of homelessness services.

There were also issues with the quality of existing research. Limitations with the existing research described and summarised by the experts included:

- An absence of robust experimental and quasi-experimental research (randomised control trials and comparison group studies) on the costs and benefits of homelessness services.
- Several pieces of research that looked at the costs and benefits of homelessness services only as one part of a larger exercise, including work that paid only relatively limited attention to the costs and financial benefits of homelessness services.
- A tendency for studies to focus on the direct costs of homelessness services without looking at costs and benefits for non-homelessness services or any wider economic impacts of homelessness service activity. Studies looking at the cost offsets generated by homelessness services or the Social Return on Investment (SROI) from homelessness services were uncommon (see chapter 3).
- Evidence that was out of date, including studies that were 15 years old or more.

As was found in relation to the work the experts summarised on the costs of homelessness, there was sometimes such a paucity of information that the experts reported on postgraduate dissertations as the available sources of information, because systematic, large scale, research had not been conducted. Explorations of costs and benefits within some of the larger studies that were summarised was sometimes superficial.

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60 Denmark, Finland, Germany, Hungary, Ireland, the Netherlands, Poland and Portugal.

Work referred to in Austria included a study claiming that a preventative service, designed to stop eviction, could stop homelessness at a cost equivalent to just 22 days in temporary accommodation. However, the calculation was based only on data from the service itself and a student's dissertation from 1999[61]. In Germany, one widely cited source on costs and benefits of services dating from the 1980s, again reported low costs and high effectiveness for a preventative service, was based on administrative calculations, not on research using an experimental or quasi experiment approach[62], while much more recent research on the estimated savings from another preventative service in Bielefeld, described as saving the equivalent of a maximum of several thousand Euro per year, for each person it stopped becoming homeless and entering temporary accommodation provided by the city, also included no control or comparison group against which the actual effectiveness of the preventative service could be assessed[63]. Other German research, such as evaluation from the late 1990s comparing hostel, i.e. fixed site communal services and mobile support services in Bremen, showed that mobile support was a cheaper option, but the study was not able to take into account the extent of variation in non-homelessness service costs[64]. Hungarian research into the costs of homelessness services in Budapest in 2011 was similarly restricted to specific costs for homelessness services[65].

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61 Austrian Court of Auditors (Rechnungshof Österreich; 2010) *Sozialhilfe der Stadt Wien* [Social Assistance in Vienna], p. 31.

62 Deutscher Städtetag Ed. (1987) *Sicherung der Wohnungsversorgung in Wohnungsnotfällen und Verbesserung der Lebensbedingungen in sozialen Brennpunkten. Empfehlungen und Hinweise* [securing provision of permanent housing for households in housing crisis and improvement of living conditions in deprived areas. Recommendations and directions], Cologne: DST, pp. 73-74.

63 Busch-Geertsema, V. and Ruhstrat, E-U. (2012) Mobile Mieterhilfe Bielefeld – *Ein Modellprojekt zur aufsuchenden Präventionsarbeit eines freien Trägers in Kooperation mit der Wohnungswirtschaft* [Mobile Tenants Advice Service Bielefeld – A Pilot Project for Home Visiting Prevention Work of an NGO in Cooperation with a Housing Association] Bielefeld/Bremen: GISS, pp 31-41 (http://www.giss-ev.de/giss-ev/tl_files/giss/upload/PDF/Endbericht_Evaluation_Mobile_Mieterhilfe.pdf)

64 Busch-Geertsema, V. (1997) *Normal Wohnen ist nicht nur besser, es ist auch billiger. Vergleich der Unterbringungskosten von Wohnungslosen in Einrichtungen und Son-derwohnformen mit den Kosten ihrer Versorgung in normalem Wohnraum* [Mainstream housing is not only better, it costs less, too. Comparison of provision of homeless people in institutions and special types of accommodation with the costs of rehousing them in mainstream housing with support], Bremen: GISS, http://www.giss-ev.de/giss-ev/tl_files/giss/upload/Pdf/Normal%20WohnenBesserBilliger.pdf

65 Győri, Péter (2011) *Közterület helyett emberibb körülmények. Javaslat új közszolgáltatási szerződések megkötésére a budapesti hajléktalan-ellátó civil szervezetekkel* [More humane conditions instead of sleeping rough. Recommendations for new public service delivery contracts with homeless providers]. Manuscript.

Information on costs was sometimes limited, for example research on a Housing First service in Sweden reported a high degree of cost effectiveness without detailing the calculations on which this conclusion was based[66]. Another study on older homeless people in Malmö employed estimation alongside actual costs to assess the cost effectiveness of supported housing, using a mix of the actual costs of the supported housing and estimated costs for the emergency accommodation to report that the supported housing was €24 090 cheaper per year than the emergency hostel system, based on testing an actual cost against an estimated cost[67]. Again, these studies did not look at non-homelessness service cost offsets or look at any wider economic or social gains resulting from service activities.

A small number of studies were reported that looked at the cost offsets and wider economic and social returns from homelessness service activity. Examples were reported in Denmark, Finland and Germany and there were also several studies from the Netherlands. While British studies existed they were regarded as relatively primitive[68], while the expert in France was only able to identify a postgraduate dissertation on the costs and benefits of homelessness services.

Recent work in the Netherlands attempted to explore the costs and benefits of homelessness policies across the country. However, while the research concluded that preventative services were more cost effective than services that attempted to reduce the prevalence and duration of homelessness once it had occurred, the cost and benefit calculations were based on service documentation and the, limited, evidence base for the Netherlands, with an attempt to overcome the limitations of this approach being attempted by referring to expert opinion[69]. The expert for the Netherlands reported other work that had drawn on what was termed expert opinion, rather than actual data or even estimation based on actual data. The inherent difficulties in reliance on opinion, however informed, rather than the collection of actual evidence and data, are obvious.

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66 Kristiansen, Arne (2013) *Utvärdering av Bostad först-projektet i Helsingborg. Slutrapport* [Evaluation of the Housing First project in Helsingborg. Final Report]. Lund: Unpublished report.

67 Lindgren, Lars (2008) *Lägenhetsboendet Lönngården i Malmö: En utvärdering ur ett kvalitativt och samhällsekonomiskt perspektiv* [Apartment accommodation Lönngården in Malmö: An evaluation from a qualitative and socio economical perspective]: http://www.malmo.se/download/18.3964bd3611d8d4a5d1c800032881/Lönngården+utvärdering.pdf

68 DCLG (2012) op. cit.

69 Cebeon (2011) *Kosten en baten van Maatschappelijke opvang: bouwstenen voor effectieve inzet van publieke middelen* [Costs and benefits of homelessness policies: Requirements for effective use of public funds]. http://www.opvang.nl/site/item/kosten-en-baten-van-maatschappelijke-opvang-bouwstenen-voor-effectieve

Systematic experimental research had been conducted in Denmark looking at the effectiveness of intensive case management (ICM) and critical time intervention (CTI) services for homeless people with support needs. This study looked at costs for non-homelessness services including emergency accommodation, hospitals and the criminal justice system and came to clear and well-evidenced conclusions about the high cost-effectiveness of CTI services and that ICM services could offset their costs (through savings by non-homelessness services) by 60 per cent[70]. Similarly, research in Finland, looking at a communal model of Housing First explored cost offsets for non-homelessness services by looking at patterns of non-homelessness service use for five months before entering the Housing First service and then tracking changes in that use for a further five months. However, the Finnish research, confined to a before and after comparison and only tracking 15 people, who were all older and presented with problematic alcohol use, was less robust than the work undertaken in Denmark on CTI and ICM services[71].

German research on a full board hostel in Munich reported an immediate SROI of €0.96 for every €1 spent, rising to a cost offset of €1.12, per €1 spent, after one year. Here the calculation was based on estimated savings generated by reduced contact with the criminal justice system, combined with estimated savings for welfare system and in a reduced need for temporary accommodation, alongside wider savings in social costs[72]. However, this was another example of research drawing heavily on estimation and assumptions and which included the payment of social insurance contributions by staff as a net benefit, which is highly questionable[73].

4.1.3 Undertaking new research

The issues reported in undertaking new research on the costs and benefits of homelessness services are summarised in Graphic 4.1. Some of the issues reported when the experts were asked about new research on the costs of homelessness were repeated when they were asked about undertaking new research on the costs

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70 Rambøll and SFI (2013) *Samfundsøkonomisk analyse af metoder. Hjemløsestrategien* [Socioeconomic analysis of interventions in the homelessness strategy], Copenhagen

71 This research is documented in English: Sillanpää, V. (2013) Measuring the impacts of welfare service innovations, *International Journal of Productivity and Performance Management*, Vol. 62, No. 5, pp. 474-489.

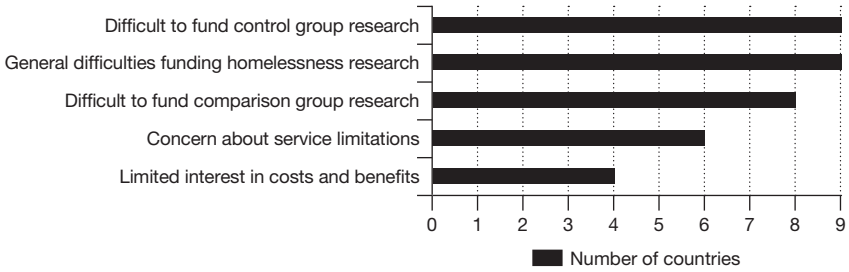
72 Lehmann, R. and Ballweg, T. (2012) *Soziale Arbeit zahlt sich aus: der Social Return on Investment einer stationären Einrichtung der Wohnungslosenhilfe* [Social Work Pays off: Social Return on Investment of a Stationary Institution for Homeless People], in: *Nachrichtendienst des Deutschen Vereins* 10/2012, pp 474-478 and Ballweg, T., Lehmann, R. and Eisele, C. (2012) same title, in *WOHNUNGSLOS*, 4/2012, pp. 132-135.

73 Contributions to social insurance (for pensions, unemployment etc.) create further wage related claims if contributors become unemployed or aged and cannot be calculated as a net benefit.

and benefits of homelessness services (see Chapter 3). Difficulties in funding experimental and quasi experimental studies (randomised control trial and comparison group research) and in funding homelessness research in general were widely reported by the experts. In six countries, the experts reported that the homelessness service sector might contain service providers that would be anxious about engaging in this form of research, because of concerns that such research would highlight the weaknesses of their services[74]. In four countries, the experts reported that there was limited interest in the costs and benefits of homelessness services.

Simple reluctance to release certain data could be an issue, in Finland for example, a general disinclination to share data, including data on costs, was reported by the national expert. Varying administrative requirements could also be an issue. For example in Poland, service effectiveness was reported as being judged according to proper accounting and staying within allocated budgets, rather than outcome monitoring. Service providers in Poland were also reported as being reluctant to share data unless specifically required to do so.

Graphic 4.1: Characteristics of data collection by homelessness services



Source: Expert questionnaires.

The reasons why challenges existed in undertaking new research could be complex and interlinked. In Portugal, for example, there was reported as being no widely shared process for collecting outcome data, which led to inconsistency in data collection by homelessness services. Alongside this, there was reportedly a concern among Portuguese service providers that detailed analysis of their costs and benefits might jeopardise existing funding and possibly justify expenditure cuts from government, i.e. if services were shown to be "inefficient" there would be a case for not "wasting" public money on those services. In addition, Portuguese service providers

74 The countries in which services were reported to be reluctant to engage with research for fear that it would show poor performance were diverse, including the Czech Republic, France, Ireland, Poland, Sweden and the UK.

sometimes distrusted analysis of costs and benefits, which used what were seen as crude measures of success and failure, failing to translate the complexities and nuances of working with homeless people into reliable indicators.

Like their Portuguese counterparts, UK service providers were reported as having sometimes rejected orthodox outcome monitoring as failing to represent their work. Indicators such as the Outcomes Star[75] had been developed that highlighted "distance travelled", designed to record not just an outcome like being able to live independently but also *progress* towards that outcome achieved by homelessness services. However, because these measures of progress were based on workers'/ service providers' own assessments as to the progress someone was making, albeit using a standardised scale, they were not an independent, or robust, measure of service outcomes[76]. Working in a context in which competition for public funding was intense, some UK service providers were reported as wanting to conceal data that might give their competitors an advantage, while simultaneously demonstrating their own "effectiveness" by using reporting mechanisms they could directly control.

4.2 Data on the costs and benefits of homelessness services

4.2.1 Data availability and limitations

The majority of experts reported that there was some potential to analyse the costs and benefits of homelessness services, although most also described data collection on those costs and benefits as being variable[77]. In Hungary, Poland and Portugal, only limited data collection took place and there was reported to be little potential to analyse those data for cost and benefit analysis. Two countries, Denmark and Sweden, were described by their experts as having extensive data collection which could be used to analyse the costs and benefits of homelessness services.

There were some limitations in data availability. None of the experts reported that homelessness services tended not to collect any data on service delivery or outcomes and although three experts described data collection by homelessness services as 'very limited' in their countries, the majority did not. As is shown in Graphic 4.2, the main issues in data collection were that homelessness services did not collect the same data as one another and that double counting of homeless people was occurring. This made analysis potentially challenging on two levels,

75 http://www.outcomesstar.org.uk/homelessness/

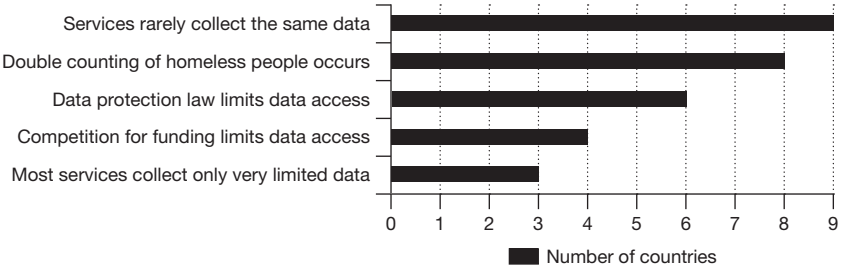
76 Pleace, N. (2013) *Evaluating homelessness services and strategies: A review,* Brussels: Habitact

77 The Czech Republic, France, Germany, Finland, Ireland, Netherlands, Poland and the UK.

because of a lack of consistent comparable data and because it was not always possible to clearly differentiate between the numbers of homeless people being assisted and total service activity.

Nine countries were described as being in a situation in which data collection by services was inconsistent and eight as double counting the homeless people using services. Two further issues were reported, data protection (six countries) limited access to data for analysis, i.e. data could not be released without individual consent being secured and/or there were other restrictions on data sharing and in four countries, competition for municipal, regional and national funding made homelessness service providers reluctant to share what was (in effect) commercially sensitive information (Graphic 4.2).

Graphic 4.2: Characteristics of data collection by homelessness services



Source: Expert questionnaires.

Some other issues were reported with the range and quality of data available. In Austria, data collection that prevented double counting was only in place in Vienna, making it possible to get a clearer and more accurate picture of homelessness service activity in the capital than in other parts of the country. In the UK, shared administrative databases with unique identifiers (a flag or marker identifying each individual homeless person) were present in London and Edinburgh, but were not available at national level. England, Northern Ireland, Wales and Scotland also had separate and varied arrangements, including a national level monitoring system covering publicly funded services for homeless people in England which was not mirrored elsewhere.

In Germany, homelessness service data collection was described as restricted to information that was generally not useful for the analysis of benefits and costs. France was described as lacking a tradition of data collection by homelessness services and as having a very diverse provision of homelessness services by a wide variety of NGOs. The differing organisational structures, types and administrative arrangements meant that France had 11 defined types of emergency and specialist home-

lessness accommodation, without a common data collection framework or a clear mechanism by which to direct these services to collect comparable data. Portugal was described as lacking experience in the monitoring of service performance, because such monitoring was not a widespread practice among service providers.

4.3 The costs and benefits of homelessness services and policy agendas

Alongside questions about the strength of the existing evidence base, the potential for future research and the availability of data on the costs and benefits of homelessness services, there is also the question about how far the costs and benefits of homelessness services are of interest to policymakers. This is important, because research funding can often reflect, or be determined by, where political interest lies. In the context of North America, cost effectiveness and the capacity of homelessness services to deliver cost offsets for non-homelessness services is of fundamental importance. The major policy shift in homelessness strategy towards Housing First services and away from continuum or staircase models in Canada[78] and the USA[79] has been fuelled by evidence of cost effectiveness and cost offsets, i.e. Housing First services appear to end chronic homelessness with greater financial efficiency than expenditure on other services for chronically homeless people and to reduce financial costs for non-homelessness services, including hospitals, psychiatric services and the criminal justice system. In North America, financial reasons sometimes form the core of a case for adopting a service model, rather than humanitarian concerns[80].

In Europe, the reasons for pursuing a homelessness policy and thus the requirements for data on homelessness service outcomes and cost effectiveness may be more varied. Financial considerations will still be present, but may be a lesser concern to policymakers or at least not as explicitly the centre of attention as can sometimes be the case in North America. Humanitarian concerns and within those, political concern to be seen to be humanitarian, may sometimes predominate, lessening political interest in the costs and benefits of homelessness services. Homelessness itself may also be seen as a marginal issue or not the

78 Mental Health Commission of Canada (2012) *At Home/Chez Soi Interim Report* http://www.mentalhealthcommission.ca/English/system/files/private/document/Housing_At_Home_Interim_Report_ENG.pdf

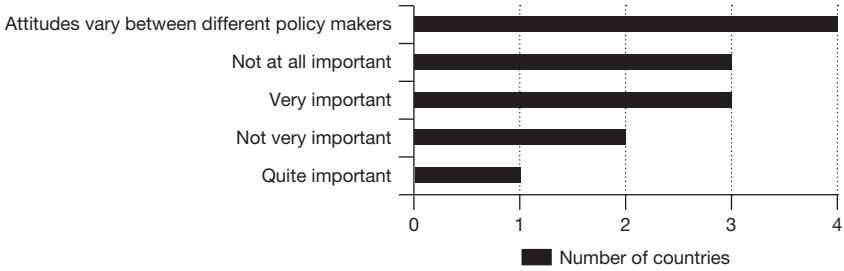
79 Tsemberis, S. (2010) *Housing First: The Pathways Model to End Homelessness for People with Mental Illness and Addiction* Minnesota: Hazelden.

80 Culhane, D.P. (2008) op. cit.

subject of particular political interest, either because the numbers involved are (in a few EU member states) viewed as relatively small, or because policy attention is mainly focused elsewhere.

Graphic 4.3 summarises the relative policy importance of the costs and benefits of homelessness services reported by the experts in their 13 countries. Considerable variation was reported by the experts, four countries were described as having attitudes that varied between different groups of policymakers, three countries were described as having no policy interest, and a further three as having policymakers to whom costs and benefits were very important.

Graphic 4.3: Importance of the costs and benefits of homelessness services to policymakers



Source: Expert questionnaires.

Germany, France, the Netherlands and the UK were the countries that reported varying attitudes between different policymakers. In Germany, administrative divisions in government meant that cost offsets for non-homelessness services would benefit those levels of government that did not fund homelessness services, creating a limited incentive for the levels of government that did fund homelessness services to understand cost offsets that only delivered gains for other levels of government. In France, interest existed, but within a context of widespread decentralisation in which it was difficult to see a single agency that could coordinate necessary data collection.

The Netherlands was described as having much more interest at local government level – as was also the case in Germany – as this was where the spending occurred, rather than at national government level. In the UK, interest was varied, with the national government having more interest in expenditure reduction and financial efficiency, while other elements of government had less interest and the municipali-

ties that commissioned homelessness services were sometimes making decisions not based on evidence of effectiveness, but on the basis of the lowest cost option, as their budgets constricted[81].

In Finland, Ireland and Sweden, a general interest in the costs and benefits of homelessness services was reported as existing among policymakers. In Ireland, the combination of an on-going political commitment to end chronic homelessness with financial austerity had focused policymakers attention on how to deliver more effective services. By contrast, there was reported to be little political interest in the Czech Republic, Hungary and Portugal. In Hungary, the context was one of a general lack of data on multiple levels, with the experts noting that even a clear map of homelessness service provision was not available, let alone data on costs and benefits; this was combined with a lack of political interest in service effectiveness from a government increasingly trying to manage people sleeping rough through punitive measures administered via the criminal justice system[82]. A view that the costs and benefits of homelessness services were of limited interest to policymakers was also reported by the experts in Austria and Poland. In Austria, this was a result of political disinterest, while in Poland, as noted above, efficiency was judged in terms of staying within and accounting for allocated funding.

Finally, in Denmark, by far the most data rich of the countries represented in this research, there was considerable policy interest. However, policymakers were already operating within an environment in which a better understanding of the patterns of cost, benefits and the effectiveness of homelessness interventions was emerging – especially following the monitoring and data collection from the national homelessness strategy programme.

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81 Homeless Link (2012) *Homelesswatch: Survey of needs & provision 2012 Homelessness services for single people and couples without dependents in England* http://homeless.org.uk/sites/default/files/SNAP2012%20fullreport.pdf

82 Bence, R. and Udvarhelyi, T. (Forthcoming, 2013) Criminalization of Homelessness in Hungary *European Journal of Homelessness* 7(2).

5. Vignettes on the Costs of Homelessness

Introduction

The questionnaire asked the national experts in the 13 countries to identify the unit costs of services that homeless people often use. This included housing and support interventions designed to rehouse homeless people and the costs of non-homelessness services that homeless people were likely to use. To whatever extent these data were available, the experts were then asked to complete a series of vignettes, theoretical examples of the kinds of costs different homeless people might generate in using services, in as much detail as they could, and also to try to estimate the cost offsets that a homelessness service intervention might generate.

The degree to which the national experts could complete the vignettes was varied. Most were able to only provide partial or limited data and only two experts, in the Netherlands and Sweden, could provide a complete picture of the costs for homelessness and non-homelessness services and the benefits that a homelessness service might be able to generate. This chapter explores the results of the vignettes.

5.1 The cost of services

The questionnaire asked the experts to provide the costs of various services that homeless people often use or come into contact with. The services are listed in table 5.1 and include one night in an emergency shelter, supported housing, ordinary hospital, psychiatric hospital and prison. The questionnaire also asked about the cost of one contact with daytime services (i.e. a homeless daycentre) and the cost of providing mobile/floating support to formerly or potentially homeless people for one day. The costs for one use of non-homeless services and systems, including a hospital ED/emergency room, a visit to a general practitioner or family doctor and the financial cost of being arrested, charged and being tried by the criminal justice system were also collected.

The experts were able to provide complete, or near complete costs for several of the countries, but in others the level of cost data available was reported to be variable or quite limited. In most instances, the experts made use of official statistics and calculations, along with data from research into service costs, although some of the costs were illustrative, for example because they were based on limited evidence. Sometimes the experts could provide no more than their own guesstimates as to

what the costs were. These guesstimates have been excluded as otherwise actual cost data and systematic attempts at estimating costs would have been compared with broad estimations that were not based on existing data or research.

The questionnaire asked for the variation in costs per unit. For instance, different levels of support might be provided by temporary accommodation with specialist support workers, ranging considerably in cost (see chapter 3). As the costs of the same type of service could be subject to marked variation, average (mean) costs were also sought, to provide the experts with a clear reference point. Arriving at an average cost could still sometimes be challenging for an expert, as for example in France, where multiple average costs for several specific types of emergency shelter services had to be taken in account.

Table 5.1 contains average costs from confirmed services. The results pointed to considerable variation in costs of the same broad types of services within the same country and marked differences between countries. Due to variations in price and wage levels, variations in costs for each service can only be compared across countries to a limited extent. However, the relative cost levels of different types of services within and between countries may provide more valuable information.

In all countries, the most expensive services were stays in both ordinary and psychiatric hospitals. In Northern and Western countries, the experts tended to report relatively similar levels of cost for both an ordinary hospital bed and a bed in a psychiatric hospital, for example in Finland, the Netherlands and Sweden. In Southern and Eastern countries, the experts tended to report lower costs for psychiatric beds than for a bed in an ordinary hospital, examples including the Czech Republic, Poland and Portugal. Why the cost of hospital beds varied could not be established by this research, but may have a relationship with how hospital beds are used in some countries. In some countries, hospital and psychiatric hospital beds are highly expensive and extremely intensive, being designed primarily for short-term use for emergency and very high dependency cases only[83]. Elsewhere, hospitals may also play a role in the delivery of long term medical care and support, for example in long-stay provision for older people or people with mental health problems, this wider, relatively less intensive function may lower average costs. It is also important to note that providing health care in more economically prosperous EU countries will be inherently more expensive, as all costs, including medical professional salaries are likely to be relatively high compared to elsewhere. Variations in the quality of treatment and accommodation might also account for some of the cost differences reported.

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83 Means, R.; Richards, S.; Smith, R. (2008) *Community Care: Policy and Practice* London: Palgrave Macmillan.

A similar tendency is evident when the relative cost of emergency shelters and supported housing are compared to the costs of staying in a hospital. The relative difference in costs between these homelessness services and stays in hospital is generally lower in some higher cost countries, such as Ireland, Germany, Sweden than in some lower cost countries, for example Poland and Portugal. This may reflect different ways in which hospital beds are used, it may also reflect relatively higher health professional salaries in some Northern and Western countries and generally higher costs in delivering health care in those countries that are both relatively more economically prosperous and also relatively more expensive places in which to deliver services.

Variation was reported in the costs of emergency shelters and supported housing across the different countries, with experts in countries with generally higher costs reporting dissimilar levels of cost for these services. Again, this may have reflected variations in service structure and specific differences between the services for which costs were reported.

For instance, in the UK, the cost of a night in emergency shelter was reported as being smaller than for supported housing, whereas in Denmark the same cost was reported for emergency shelters as for hostels/supported housing (§ 110 accommodation). In Denmark, the § 110 accommodation provided emergency access directly from the street, and was the most common form of emergency accommodation, although costs for other emergency night shelters that generally have a lower standard were not available. In the UK, emergency shelter was often resourced according to a model that assumed that it would provide a bed, food and, perhaps, very basic support for a short period and then refer homeless people on to relatively better resourced supported housing or mobile "tenancy sustainment" (support) services that would re-house them. UK emergency shelters, or night-shelters, may still have shared sleeping areas, a heavy reliance on volunteers and donations and use low paid staff without formal qualifications in social work or care[84]. Concern about a revolving door, of people stuck in emergency accommodation that failed to re-house them, led to reduced use of (very basic and cheap) emergency accommodation and a greater emphasis on prevention and on more intensive housing support services to stop people living rough in the UK. Unlike the § 110 accommodation in Denmark, these intensive UK services often work by *referral* from outreach or from emergency shelters, rather than being direct access[85].

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84 Pleace, N. (2000) 'The New Consensus, the Old Consensus and the Provision of Services for People Sleeping Rough', *Housing Studies* 15, 4, pp. 481-594.

85 Lomax, D. and Netto, G. (2007) *Evaluation of Tenancy Sustainment Teams* London: Department for Communities and Local Government.

Table 5.1 is perhaps most useful in conveying the difficulties in answering what may at first glance seem relatively simple questions about cost. In theory, asking, for example, what the average cost of an emergency shelter or supported housing service is in different EU member states might be thought likely to generate broadly similar answers. It would, of course, be expected that for example Finland would cost more than Hungary, because Finland is relatively more prosperous than Hungary and more prosperous places also tend to be more generally expensive because they often have higher salaries and higher living costs. Yet the differences shown in Table 5.1 are clearly not that simple. It seems evident that like is not often being compared with like, that a Danish version of direct access is very different from, for example, a Czech version of the same service. As noted in Chapter 3, homelessness service sectors are also diverse. Asking for an average cost of emergency shelter in France, which as the expert noted had 11 types of such shelter, or the average cost of supported housing in the UK, which can include some provision that is one quarter the cost of the most expensive form of services, is asking for an oversimplification of a complex reality. This may also explain why the figures given are sometimes so divergent.

Table 5.1: Average costs of different types of services by country

Average costs	Austria	Czech Republic	Denmark	Finland	France	Germany	Hungary*	Ireland	Netherlands	Poland	Portugal	Sweden	UK
Mean cost of staying one night in													
Emergency shelter	€39	€11	€152	€41	€43/19	€54	€6	€80	€78	€2	€12	€66	€17
Hostel/supported housing	€25	€14-36	€152	€60	€17	€71	€3	-	€45	€6	-	€35**	€86**
Hospital bed (ordinary)	-	€209	€252	€325	€1 000	€472	-	-	€435	€140	€345	€575	€789
Psychiatric hospital	-	€58	€450	€351	€300/400	-	€19	€434	€248	€36	€74	€461	€348
Prison	-	€35	€186	€158	€60	€135	€27	€179	€229	€20	€40	€300	€106
Mean cost of one contact with/use of													
Daytime service for homeless people	€26	€18	-	€45	-	-	-	-	€36	-	-	€86	€80
Mobile/floating support	€20	€15	€67	-	-	€30	€1/5	-	€68	-	€13	€19	€79
Emergency facilities at a hospital	-	-	€99	€315	€60-400	-	-	-	€151	€63	€32-112	€576	€130
Visit to general practitioner	-	€3/20	€27	€100	€23***	-	-	-	€20	€23	-	€173	€42
Mean criminal justice system costs													
Being arrested and charged by the Police	-	-	-	€145	-	€50	-	-	€140	-	-	€461	-
Being tried in a court of law	-	-	€2 338/4 408	-	-	-	€7/20	-	€170	-	-	€1 338	€882

Source: Expert questionnaires, using a mix of existing data and research. * Note that for Hungary for most services only the costs covered by the state are given, not the total costs of the services; ** Plus rent; *** Price paid by social security (not the average cost)

5.2 The Vignettes

Previous experience in pan-EU homelessness research has shown both the extent of similarity and the degree of difference between different member states. The 2011 and 2012 EOH comparative reports showed the extent to which definitions, recording mechanisms and approaches to homelessness differ. The vignettes, each of which was a theoretical example of a homeless person or household and the financial costs that would be associated with them, had three purposes:

- To examine the extent to which the costs of someone experiencing chronic homelessness and a homeless family could be ascertained.
- To understand the extent to which the costs and benefits of homelessness services, including preventative services, were understood.
- To explore how far it might be possible to generate standardised and comparable information on costs associated with homelessness and the benefits of homelessness services across different EU member states.

Each vignette contained two theoretical situations. In the first situation, the person or household was homeless and consumed a range of services as a consequence of their homelessness. In the second situation, the person or household receives housing and support that ends their homelessness or is prevented from becoming homeless by a preventative service. The experts were only able to calculate or provide reasonably reliable estimates of costs for all three vignettes in just four of the 13 countries, Finland, the Netherlands, Sweden and UK.

5.2.1 Vignette 1: A chronically homeless man

Box 5.1: Vignette 1

A single man in his 40s with a history of sleeping rough and high support needs associated with problematic drug and alcohol use and mental health problems.

Situation 1

In the course of the last year this person has been in a homelessness situation and has:

- Been arrested once and held in custody (in a Police station cell) for one night.
- Been imprisoned for one month in a low security prison.
- Used emergency room/accident and emergency facilities at a hospital three times.
- Been admitted to hospital for four nights.
- Received treatment in a mental health/psychiatric ward of a hospital for two months.
- Used a daycentre providing food, clothing and shelter during the day for 150 days.
- Used an emergency shelter for 200 nights.

Situation 2

The same individual lives in a supported housing service for one year. He would have had the same annual service costs as in situation 1) but because he has been living in a supported housing service the following changes occur in his annual service use:

- He is not arrested, tried or imprisoned
- He is registered with a General Practitioner/family doctor whom he visits three times for drug based treatment for mental health problems
- He makes no use of hospital emergency rooms/accident and emergency and is not admitted to hospital
- He makes no use of mental health/psychiatric ward
- He makes no use of daycentre or emergency accommodation services

The first vignette case is a chronically homeless single man in his 40s with a history of living rough who has high support needs due to both mental health problems and problematic use of drugs and alcohol. In the first situation, this man is homeless and during the last year he has used a range of services including a stay in a psychiatric hospital and in prison. In the second situation, the same man is provided with supported housing and thereby avoids staying in an emergency shelter. In this second situation it is also assumed that the man is neither placed in psychiatric hospital nor imprisoned. This is a strong assumption, but some research based on actual use of services shows a markedly reduced use of psychiatric services and a reduced risk of imprisonment when homeless people are provided with housing and support[86] (see Box 5.1).

86 Rambøll and SFI (2013) op. cit.; Busch-Geertsema, V. (2013) op. cit.

In all countries, the financial cost of situation 1 in vignette 1 was considerable[87]. This is echoed in research from outside the EU. For example, the million dollar Murray debate in the USA highlighted the much greater financial cost to society of someone who was chronically homeless continuing to sleep rough, making repeated use of emergency medical services and having extensive contact with the criminal justice system, compared to providing that person with housing and support[88]. Costs were highest in Northern and Western countries[89], with the experts reporting spending of between €50-70k. This reflected typically higher costs for emergency shelter and also the higher costs of psychiatric services in these countries. In the East and South, reported costs tended to be lower, although, as in the North and West, the costs of psychiatric services were a major component of the total costs provided by the experts[90].

By contrast, the financial cost of situation 2 in vignette 1 was generally, and markedly, less than situation 1. As noted, the costs of homelessness services varied widely between and within countries and the experts were only given broad direction, in the sense that they were asked to estimate costs based on the kind of supported housing or mobile support service that would be used for a chronically homeless person in their country. Direct comparisons are again problematic, as homelessness service and non-homelessness service costs may be for different types and intensity of support and some countries are inherently more expensive places to provide services than others (see Table 5.1 and accompanying discussion). However, housing and supporting the chronically homeless person from vignette 1 was, with the exception of Hungary, generally cheaper, saving in the range of €20-50k in the higher cost countries and €2-7k in the lower cost countries, although cost data could sometimes be less complete for lower cost countries (Table 5.2).

The cost ratio is the relative difference in costs between situations 1 and 2 in vignette 1. Across the higher cost countries this ratio is very similar, situation 1 is about 3 times higher than situation 2. In the lower cost countries, the ratio is substantially lower at about 1.5. This difference reflects a lower cost differential between services in the low cost countries, especially due to lower unit costs of homeless shelters and psychiatric services. It is important to note that the basis and strength of the data on which these figures were based varied between the different countries. Identical data were not available and differences in ratios might have occurred if different data had been available to the experts.

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87 The experts in four countries, Finland, Netherlands, Sweden and the UK, were able to provide all the costs for both situations. In three countries, Austria, Ireland and Germany, the experts were unable to provide most of the costs and these countries have been omitted from Table 6.2.

88 Gladwell, M. (2006) Million Dollar Murray: Why problems like homelessness may be easier to solve than to manage. *The New Yorker* 2006-02-13

89 Denmark, Finland, France, Netherlands, Sweden and UK

90 The Czech Republic, Hungary, Poland and Portugal

Table 5.2: Vignette 1

	Czech Republic	Denmark	Finland	France	Hungary	Netherlands	Poland	Portugal	Sweden	UK
Situation 1: Homeless										
Emergency shelter, 200 nights	€2 208	€30 602	€8 200	€9 000	€1 240	€15 616	€392	€2 468	€13 274	€3 483
Daycentre, 150 days	€2 703	€6 300	€6 750	-	€392	€5 342	-	-	€12 206*	€12 016
Hospital, emergency facility, 3 times	-	€297	€945	-	-	€453	€189	-	€1 728	€391
Hospital, 4 nights	€833	€1 015	€1 300	€4 000	-	€1 740	€562	€1 380	€2 300	€2 368
Psychiatric hospital, 2 months	€3 481	€27 147	€21 060	€21 000	€1 122	€32 900	€2 181	€4 422	€27 639	€20 898
Prison, low-security, 1 month	€1 060	€5 619	€3 250	€1 800	€801	€6 870	€578	€1 200	€6 214	€3 170
Arrested once and custody, one night	-	-	€145	-	€27	€369	€35.47	-	€805	€4 064
Situation 1: Total costs	€10 285	€70 980	€49 850	€35 800	€3 582	€62 291	€3 902	€9 470	€64 166	€46 390
Situation 2: Supported housing										
Supported housing service, 1 year	€3 219	€28 470	€17 100	€16 563	€3 670	€19 935	€2 364	€6 023	€19 190**	€31 359#
Three visits with GP for mental health treatment	€27	€81	€555	€69	€49	€138			€518	€125
Situation 2: Total costs	€3 246	€28 551	€17 655	€16 632	€3 719	€20 073	€2 364	€6 023	€19 708	€31 484
Potential cost offset										
Potential savings (Situation 1 – Situation 2)	€7 039	€42 429	€32 195	€19 168	-€137	€42 218	€1 538	€3 447	€44 454	€14 905
Cost ratio 1/2	3.17	2.49	2.82	2.15	0.96	3.10	1.65	1.57	3.26	1.47

Source: Expert questionnaires. * Includes a personal contribution fee ** Includes a rent component, # excludes rent for supported housing, which would reduce offset. Experts in Austria, Ireland and Germany were unable to provide most of the data for vignette 1.

5.2.2 Vignette 2: An evicted single mother with two children

Box 5.2: Vignette 2

A homeless young mother, without support needs, with two young children who becomes homeless due to a relationship breakdown which means they can no longer afford the costs of their existing housing.

Situation 1: The family becomes homeless and during one year this household has:

- Been out of work and claiming welfare benefits for herself and her children
- Been evicted
- Used emergency room/accident and emergency facilities at a hospital four times to get treatment for both of the children
- Spent two months in emergency accommodation for homeless families
- Been in temporary accommodation in a hotel for three months supported by public funds (e.g. by a social services or family services agency)
- Lived in temporary accommodation in the private rented sector for seven months with the rental costs met by welfare payments/benefits/allowances.

Situation 2: The same homeless young mother, without support needs, with two young children is rehoused by a mobile support service. The following changes in service use over one year occur:

- The household is not evicted
- The household is registered with a family doctor/General Practitioner who provides treatment to the children on four occasions
- There is no use of emergency or accident services at a hospital
- There is no use of emergency accommodation
- There is no use of temporary accommodation in a hotel
- There is no use of temporary accommodation in the private rented sector
- The household is permanently housed in private rented accommodation, with the rental costs met by or paid from welfare payments/benefits/allowances and receives a two-hour support visit from a support worker from the mobile support worker every two weeks.

Vignette 2 involves a young mother with low support needs who has two young children with her. In the first situation in this vignette, the mother and her children become homeless following a relationship breakdown which leads to eviction. During a period of homelessness lasting one year, the family stay in three types of temporary accommodation, with the costs of their stays being met through public funds. The family also claim welfare benefits to support themselves and the single mother takes her children to an ED or emergency room in a hospital four times, because she is not registered with a GP or family doctor. In the second situation, the mother and her children are immediately rehoused after becoming homeless and provided with mobile support for one year (Box 5.2).

The experts found it more challenging to provide data on costs for vignette 2 than for vignette 1. The experts in Finland, Netherlands, Sweden and the UK were able to provide complete cost data or estimated costs and most of the data could also be gathered by the experts in the Czech Republic and Germany (Table 5.3).

Administrative and policy differences would mean that the events in situation 1, vignette 2 did not occur in the same way in the different countries. Vignette 2 was, like vignette 1, an example designed to establish the extent to which costs associated with family homelessness could be ascertained, but whether or not a family was actually placed in a hotel, was provided with temporary accommodation in the private rented sector at public expense, and/or lived in emergency accommodation would vary between different countries. EU member states would generally provide this household with at least some form of assistance, because of the presence of dependent children, but that level of assistance would range from no more than access to strictly limited cash payments from the welfare system (out of which all living costs, including rent or hotel bills would need to be paid), through to a municipality taking a legally enforceable responsibility to provide accommodation. Bearing these caveats in mind, it can be seen, theoretically at least, that providing the family with emergency accommodation, a place in a hotel and temporary accommodation in the private rented sector was relatively expensive.

As is shown in Table 5.3, for the higher cost countries, situation 1 in vignette 2, broadly cost within a range of €25-45k. For almost all the low cost countries, there were insufficient data available to the experts to provide figures, but it was possible to make a partial calculation for the Czech Republic. Again, costs were lower here than for higher cost countries, but in relative terms, still substantial. In situation 2, in which the family is quickly rehoused and provided with mobile support for a year, the financial costs were reported as falling in those countries. For some higher costs countries, this fall in costs is, however, less marked than the difference between situation 1 and situation 2 in vignette 1, when the chronic homelessness of an individual making high use of emergency services was brought to an end. It should be noted that vignette 2 assumes entitlement to welfare payments because of the presence of dependent children, which might not be the case for the lone chronically homeless man in vignette 1. The lower rate of cost offset compared to vignette 1 is further illustrated by the cost savings ratio shown in Table 5.3. The cost ratio is quite similar, around 1.5, across all the countries (Table 5.3), however with the exception of the Czech Republic, the only low cost country in the calculation, were the cost ratio between situation 1 and 2 is actually higher – about 2.2 – which reflects that the cost of permanent housing in the private rental sector is relatively lower.

As noted in Chapter 3, ending some forms of chronic homelessness is likely to generate higher cost offsets than ending some other forms of homelessness, such as that of a family with low support needs and this point is revisited in the final chapter. Again, the variations within and limitations of the data available to the experts have to be noted, it may be that if identical types of data had been available, some of the figures and ratios presented here would differ.

Table 5.3: Vignette 2

	Czech Republic	Finland	Germany	Netherlands	Sweden	UK
Situation 1: Homeless						
Welfare benefit payments	-	€10776	€11982	€15964	€11299	€13235
Eviction	-	€5000	-	€7000	€1725	€3483
Hospital, ED / Emergency Room, 4 times	-	€1260	-	€1208	€2304	€520
Emergency accommodation for families, 2 months	€6462	€4800	€4361	€4685	€8505	€5155
Temporary accommodation, hotel, 3 months	€695	€7200	€4562	€9720	€12757	€2837
Temporary accommodation, private rented sector, 7 months	€2710	€16800	€4200	€6776	€6787	€6827
Situation 1: Total costs	€9867	€45836	€25105	€45353	€43376	€32057
Situation 2: Housed with mobile support						
Welfare benefit	-	€10776	€11982	€15964	€11299	€13235
GP, 4 times	€46	€400		€184	€619	€164
Private rented accommodation	€3707	€12000	€6638	€11616	€11635	€12074
Mobile support visit, 2 hours every second week	€734	€5000	€1560	€3510	€2335	€4105
Situation 2: Total costs	€4439	€28176	€20180	€31274	€25887	€29578
Potential cost offset						
Potential savings (situation 1 – situation 2)	€5428	€17660	€4925	€14079	€17489	€2479
Cost ratio (1/2)	2.22	1.63	1.24	1.45	1.68	1.08

Source: Expert questionnaires.

5.2.3 Vignette 3: Preventing homelessness for an individual with mental health needs

Box 5.3: Vignette 3

A lone individual with mental health needs who is not homeless, but is at risk of losing his current housing due to rent arrears.

Situation 1

This individual becomes homeless, and he or she has the following costs over the course of one year:

- Arrested five times and held in custody (in Police cells) for two nights
- Placed in a mental health/psychiatric ward in hospital for three months
- Resettled into the community with mental health specialist Social Worker support for three months
- Evicted from private rented sector apartment after two months
- Uses emergency accommodation for four months
- Uses daycentre providing food, shelter and clothing for 150 days.

Situation 2

Homelessness is prevented by a mobile housing support service and the costs above do not occur.

The third vignette case is a single individual with mental health needs who is not homeless, but is at risk of losing his current housing due to rent arrears. In situation 1 no prevention takes place and the individual is evicted and becomes homeless, whereas in situation 2, homelessness is prevented by a mobile housing support service.

Table 5.4: Vignette 3

	Czech Republic	Denmark	Finland	Netherlands	Sweden	UK
Situation 1: Homeless						
Eviction	-	-	€5000	€7000	€1725	€3483
Arrested 5 times and held in custody 2 nights	-	-	€725	€1158	€2993	€20318
Psychiatric ward, 3 months	€5211	€40721	€31590	€32900	€41459	€31695
Community mental health support worker, 3 months	-	-	€3800	€2500	€2694	€4000
Emergency accommodation, 4 months	€1630	€18361	€4920	€10915	€7964	€2107
Daycentre, 150 days	€2703	€6300	€6750	€5342	€12203*	€12016
Situation 1: Total costs	€9545	€65382	€59535	€59816	€69038	€73619
Situation 2: Homelessness prevented						
Mobile support service	€734	€10882	€8000	€3510	€10776	€4106
Situation 2 Total Costs	€734	€10882	€8000	€3510	€10776	€4105
Potential cost offset						
Potential savings from prevention (situation 1 – situation 2)	€8811	€54500	€51535	€56306	€58262	€69514
Cost ratio (1/2)	13.0	6.01	7.44	17.04	6.41	17.93

Source: Expert questionnaires. *includes personal contribution.

As is shown in Table 5.4, the experts were again able to provide full cost data or calculated estimates for Finland, the Netherlands, Sweden and the UK, while partial data were available for the Czech Republic. The eviction and homelessness in situation 1 of vignette 3 were expensive. In the higher cost countries, the indicated costs were in the range of €60-70k (thousand), with high costs being associated with being in a psychiatric ward in hospital and in emergency accommodation.

Generally, the costs for a mobile support services were relatively modest compared to the cost of services in situation 1 and this was reflected in a high cost ratio shown in Table 5.4. The very high cost ratio for the Netherlands and the UK reflects that a lower cost mobile support services has been reported than in the other high cost countries. In the Czech Republic, there is a high ratio because of the low costs of mobile support.

The intensity of either the community mental health support in situation 1 or the mobile support service in situation 2 in vignette 3 were not specified. The experts therefore reported on the most common support services or support levels in their countries. Again, welfare benefits entitlements for this person would have varied, and some additional costs, for example assistance with paying rent, would have arisen when homelessness was prevented in some of the countries.

5.3 Limitations, variations and the vignettes

The vignette exercise had four main findings:

- The effects of the limitations of the evidence base and with the availability of data in many of the countries were clearly shown by the experts often not being able to provide full, or sometimes any, data for the different vignettes. It was difficult to ascertain what many of the costs of homelessness were and by extension, what the cost offsets from homelessness services could be. The vignettes showed the practical implications of the limitations in evidence which were discussed in chapters four and five of this report.
- The inherent challenges in generating standardised cost information for homelessness and the costs and benefits of homelessness services were also illustrated by the vignettes and by the attempt to assemble comparable costs for services. As was noted in chapter three, the variety of homelessness services and lack of standardisation meant that experts could not always give wholly reliable average costs for services, even when data were available. Further, differences in welfare systems, health systems and wider responses to home-

lessness meant that costs would vary between countries for homeless individuals and households just because different entitlements to, and levels of, support existed in different countries.

- Broadly, and bearing in mind the considerable limitations of this exercise, the vignettes suggested what has also been suggested by some American and Australian research (see chapter 3). This was that ending chronic homelessness might, where emergency service use was high, generate larger and clearer cost offsets than ending other forms of homelessness among people with lower, or without, support or health care needs.

- Homelessness was more expensive in some 'high cost' countries, which tended to be those with more extensive welfare system. Unit costs for hospitalisation were high, yet psychiatric wards cost less to use in some Southern and Eastern EU countries than ordinary hospital beds, while both ordinary and psychiatric hospital beds tended to cost more in the North and West than elsewhere. As noted, this may reflect different patterns of health service use. Due to the relatively high costs for emergency services in high cost countries, the potential savings are also higher, relative to the costs of providing housing and support, when homelessness is reduced or prevented for someone with high support needs.

It is worth noting that the vignettes could have been a more complex exercise involving a greater number of cost variables. Some discussion of the variations in the nature of homelessness services defined as of the same broad 'type' and in the costs of those services took place at the beginning of this chapter. In addition, it could also be noted that the array of homelessness services available is often different within a single country, e.g. cities tend to have more extensive services than rural areas, and homelessness service provision can be very different in different countries. This means that the potential costs and benefits of homelessness service use could also have been related to the actual range of services available within each country, i.e. homelessness services cannot have a cost if they are not present and therefore cannot be used but do have a cost as soon as they are available. Similarly, the range and extent of welfare benefits/social protection available varied considerably between countries, meaning that the financial cost of a homeless person relying on welfare benefits to society could also be variable. One country might lack a basic income guarantee for an unemployed working age adult, another might provide a basic income if someone was unemployed and enhance welfare payments if other need were present, for example if the person had mental health problems or a limiting illness.

6. Discussion

Introduction

This final chapter considers the main implications of the findings of this report. After reviewing the state of current knowledge and the possibilities for expanding that knowledge in the near future, the chapter moves on to consider the scope for improving understanding of the costs of homelessness in the EU. The chapter then explores the underlying logic of exploring the costs of homelessness and the costs and benefits of homelessness services and poses a question about whether the methods developed in Australia and North America are appropriate for the European context.

6.1 Current knowledge and the scope for further research

6.1.1 Difficult but not impossible

> *It is difficult to pinpoint the costs of homelessness. Many individuals characteristics and circumstances both lead to, and are perpetuated by, homelessness. Drug and alcohol addiction, and offending, are examples where causal and symptomatic effects are difficult to separate*[91].

As was noted in chapter three, it is difficult to measure the costs of homelessness and a wide range of variables need to be taken into account when assessing the costs and benefits of homelessness services. Much of what has been done, it could be argued, is relatively crude, often using estimated patterns of service use to project potential savings from ending or preventing homelessness. Experimental or quasi-experimental research which would clearly show how much homelessness actually costs and what the potential is for homelessness services to save money is rare.

Yet while the situation is one in which data are often not available and in which the existing evidence base is weak, that does not mean the task is an overwhelming one. Clearly, and here Denmark is an example, monitoring systems can be put in place, research can be undertaken and both the costs of homelessness and the

91 DCLG (2012) op. cit.

costs and benefits of homelessness services can be better understood. Australian and North American research also illustrates that the costs of homelessness can be explored (see chapter three).

However, it is clear that more work needs to be done on understanding the costs of homelessness and the costs and benefits of homelessness services. For the most part, although this study could not report on all EU member states, it appears that there is little or nothing in the existing evidence base in many EU countries and that the right sort of data are either often not being collected, or are sometimes inaccessible. To better understand costs would itself cost money, it would require modification of monitoring systems and also dedicated research. As illustrated by the vignettes and also the experts' reviews of the existing data differences between countries can be considerable. When differences in economies, welfare systems and cultures are also considered, it is evident that a single study, even if it were conducted across multiple sites, would not provide a full picture of the costs of homelessness or the potential benefits of homelessness services across the EU. That said, such a study would clearly be a positive start and act as a first step to improving the European evidence base.

6.1.2 Avoiding a narrow approach

Homelessness research is also often quite narrowly focused[92]. Most attention is directed at the archetypical homeless population, the group of chronically homeless people that most closely resembles mass media and political images of what a homeless person is. Chronic homelessness is also where most research on costs has been focused, and yet, almost certainly in countries like the USA, it seems unlikely that chronic homelessness accounts for the *bulk* of homelessness. In the USA, most homelessness is transitional and is primarily associated with poverty[93]. Most transitionally homeless people in the US do *not* have high rates of severe mental illness, drug and alcohol use[94].

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92 Lee, L.A.; Tyler, K.A. and Wright, J.D. (2010) The New Homelessness Revisited *Annual Review of Sociology* 36, pp. 501-521.

93 Burt, M.R. (2001) Homeless Families, Single and Others: Findings from the 1996 National Survey of Homeless Assistance Providers and Clients' *Housing Policy Debate* 12 (4), pp. 737-780.

94 Kuhn, R. and Culhane, D.P. (1998) op. cit.; O'Sullivan, E. (2008) op. cit.

In the EU, chronic homelessness does also appear to exist, albeit that the numbers of people involved may be quite small[95]. Yet there are also other forms of homelessness in Europe, such as that experienced by women escaping gender based/ domestic violence[96], youth homelessness[97] and family and individual homelessness which is caused by poverty[98], which are relatively neglected and which appear to involve considerable numbers of people. EU research and policy has often focused its attention on chronic homelessness, albeit that it has paid relatively little attention to the costs of that chronic homelessness.

This tendency to focus on chronic homelessness is important because it sets the parameters within which the costs of homelessness are thought about and, arguably, creates a context in which there is an *expectation* of financial benefits arising from homelessness service activity. Clearly, and here the limited amount of evidence this report has been able to provide points in the same direction as Australian and American research, a financial case for homelessness services can be made by reducing and preventing chronic homelessness, particularly among people making heavy use of emergency services. The problem is that this may then mean that *substantial* cost offsets or an SROI (see chapter three) becomes anticipated as a benefit from all homelessness services. However, for homeless people who are not chronically homeless and/or are chronically homeless but not making use of emergency services any cost offset is likely to be smaller and perhaps much smaller (see chapters three and six). As noted in chapter three, while homelessness is a significant social problem in Europe, the numbers involved, relative to the other needs that some non-homelessness services have to deal with, may not mean that reducing homelessness has significant cost offsets, particularly with respect to the fixed costs for some services like emergency health care.

Bearing this point in mind, other forms of homelessness, such as family homelessness, do still have financial costs and there is a need to better understand what those costs are and to look at the role of services in reducing those costs.

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95 Benjaminsen, L. (2013) Testing a Typology of Homelessness Across Welfare Regimes presentation given at the *International Homelessness Research Conference: Advancing the Policy and Practice of Crisis Response Systems*, University of Pennsylvania, 4th-5th June, 2013 http://www.sp2.upenn.edu/ihrc/;

96 Baptista, I. (2010) Women and Homelessness In E. O'Sullivan, V. Busch-Geertsema, D. Quilgars and N. Pleace (Eds) *Homelessness Research in Europe* Brussels: FEANTSA. pp. 163-186.

97 Quilgars, D. *et al* (2008) *Review of Youth Homelessness in the UK* York: Joseph Rowntree Foundation http://www.jrf.org.uk/publications/youth-homelessness-uk

98 Meert, H. and Bourgeois, M. (2005) Between Rural and Urban Slums: A Geography of Pathways through Homelessness *Housing Studies* 20, 1, pp. 107-125; Brousse, C. (2009) 'Becoming and remaining homeless: a breakdown of social ties or difficulties accessing housing?' in F2009/06 *Economie et Statistique: Special Issue on the Homeless* (English Version) INSEE: Paris, pp. 43-78

Collectively, the cost offsets or SROI might at least partially offset the funding of homelessness services, for example, homelessness services might save the equivalent of 50 per cent or more of their running costs by producing savings elsewhere, particularly where much larger numbers of other groups of homeless people are involved.

In looking at the costs of homelessness and the costs and benefits of homelessness services, the wider dimensions of homelessness need to be appreciated, and both debate and research need to ensure that there is a move beyond the exploration of costs centred upon, or only looking at, chronic homelessness. Again, as costs will vary, there may be a need for several research exercises and also an argument for specific sets of administrative data collection in order to monitor the costs of different forms of homelessness.

6.2 Exploring costs

6.2.1 Wider issues in using cost offset and SROI based approaches

The case for exploring costs is clear. The systemic costs of homelessness are potentially considerable and understanding those costs can both be a driver towards increasing policy attention on homelessness and also for innovation and further development of homelessness services and preventative services. From the point of view of homelessness service providers and those agencies and organisations that seek to reduce the levels of homelessness in Europe, the potential usefulness of a cost-based argument in favour of reducing and preventing homelessness is that it can appeal across the political spectrum. Social democratic governments have a concern with reducing homelessness as a means to improve quality of life and avoid hardship among their citizens, but are also interested in efficiency and the management of welfare costs. The political Right, by contrast, can be persuaded by making the case that to tackle homelessness will produce significant reductions in public expenditure, a tactic which was used in the USA to promote the idea of Housing First services to the Bush Administration[99].

There are some risks in using cost offsets or SROI based argument as a means to promote or show the value of homelessness services. The first risk is that the anticipated reduction in public expenditure does not arrive. This leaves politicians and policy makers asking where the dividend they expected from investing in homelessness services has disappeared to. Some criticisms have been made of

99 Stanhope, V. and Dunn, K. (2011) The curious case of Housing First: the limits of evidence based policy *International Journal of Law and Psychiatry* 32, pp. 275-282.

Housing First in the US, which point to clear cost offsets being confined to chronically homeless people with high use of emergency services, while cost offsets for other groups of homeless people are lower, or not apparent[100].

The second risk is what the logic of cost offsets and SROI might imply about homelessness and homelessness services. It would be illogical to pretend that concerns with cost do not permeate all aspects of welfare policy. Yet in the case of homelessness, there can be a sense that advancing cost-based arguments is necessary in a way that is not the case for other groups of people who require assistance.

Homelessness services may risk justifying their existence in terms of delivering a financial benefit, because preventing and reducing homelessness is somehow not enough of a justification for their being operational. Alongside this, homelessness services have to be seen in terms of the dynamic nature of homelessness, i.e. there is a constant in-flow of people into the homeless population, some of whom may become chronically homeless. It must be clear that homelessness services cannot 'end' homelessness as a social problem, and that any financial benefits they deliver are centred on preventing and reducing homelessness. These are issues that is linked to how homelessness is seen in many countries.

There is policy indifference towards homelessness in parts of Europe, which has been evidenced by other EOH comparative studies on access to social housing and the counting of homeless people in the 2011 censuses[101]. It is possible to suggest that a relative absence or lower level of policy concern may also go some way to explaining why more attention has not been paid to the costs of homelessness in Europe.

Using primarily financial arguments could act as a means to help get homelessness on the policy agenda in those contexts where it is absent. However, using costs to lead the argument in favour of services to stop and prevent homelessness may also be undesirable. One of the key challenges for homelessness service providers and researchers is to counteract the dehumanisation of homeless people and a tendency to essentially blame homelessness on the, supposedly deliberate, acts of people who are experiencing it[102]. Highlighting costs as the reason for preventing and reducing homelessness arguably risks further dehumanisation of homeless people, because it could be seen as implying that the grounds for intervention to stop homelessness are largely, maybe even primarily, *financial*, rather, than as should be the case, humanitarian[103].

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100 Kertesez, S.G. and Weiner, S.J. (2009) op. cit.

101 Pleace, N. *et al* (2011) op. cit.; Baptista, I. *et al* (2012) op. cit.

102 O'Sullivan, E. (2008) op. cit.

103 Culhane, D.P. (2008) op. cit.

This leads to another point, which is again related to exactly why efficiency of homelessness services should be judged in terms of how much public money can be saved, or economic damage avoided, by preventing and reducing homelessness. In the field of health economics, the idea that the cost benefits of health service interventions should be understood and assessed in solely financial terms has been left behind.

One way of assessing the costs and benefits of a homelessness service might be to explore different kinds of techniques such as quality adjusted life years (QALYs) used in health economics. QALYs do not assess treatments in terms of cost offsets or relative cost, but are instead a measure of service user well-being. The value of a treatment is assessed by how much that treatment increases the number of QALYs for patients, with treatments being compared by health economists looking at what improvement in QALYs is delivered at what financial cost[104]. Efficiency, using this sort of approach, is judged essentially by how far a treatment does what it is supposed to do, i.e. treat an illness, or in terms of this research, how far a homelessness service prevents or reduces homelessness, relative to alternative service models that are designed to do the same thing.

However, this kind of approach, which is primarily concerned with which forms of homelessness service and preventative service are most effective at stopping homelessness can be harsh. Service providers whose services perform less well can experience loss of public funding as a result of this kind of evaluation, QALYs ultimately remain a form of economic evaluation of service effectiveness.

6.3 Ways forward

Clearly, there are many challenges that must be faced when seeking a better understanding of the financial costs of homelessness and the costs and benefits of homelessness services in European countries. Many countries face similar limitations to their existing evidence base and a similar set of barriers to undertaking new robust research on this area.

However, there are clearly arguments in favour of undertaking new, robust, research on the financial costs of homelessness and the cost effectiveness of homelessness services in Europe. Understanding the true financial cost of homelessness for society and the cost effectiveness of homelessness services could support better strategic planning, policymaking and service commissioning, all of which can help prevent and reduce homelessness.

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104 https://www.wp.dh.gov.uk/publications/files/2012/07/proms-framework-standards-k-m-050712.pdf

There is a wider policy question to be explored here as well, which centres on how an understanding of the true financial costs of homelessness may create a policy imperative to deal with the most extreme form of poverty and socioeconomic exclusion in the EU. Here, American experience is salutary, as it was through a better understanding of the nature of homelessness, particularly the presence of a high cost, high risk, chronically homeless population, that the true costs of homelessness really became apparent both in terms of the financial costs to society and the great toll that chronic homelessness could exact on an individual. There is a clear and direct connection between the realisation of just how expensive chronically homelessness was, exemplified in the example of 'Million Dollar Murray'[105] and the subsequent development of what became one of the most important service innovations in recent decades, the American Housing First movement. Realising just what homelessness could really cost led directly to innovations and improvements in service design and in strategic responses to homelessness.

However, if the ultimate policy goal is to prevent and reduce homelessness, evaluation of services and policies should ultimately rest on how effective services are in delivering on those two goals. Public money might be saved by homelessness services reducing costs for non-homelessness services, but ultimately the concern in determining the efficiency of services should be whether or not they stop homelessness. Equally, while homelessness has a financial and economic cost for society, the humanitarian concern, correcting the societal failure that is represented by not being able to adequately house citizens in their own homes, should always be primary.

105 Gladwell, M.(2008) op cit.

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European Observatory on Homelessness

The Costs of Homelessness in Europe

An Assessment of the Current Evidence Base

Homelessness has a high personal cost for the individuals and families who experience it and is emblematic of wider social problems within Europe. Homelessness also has significant financial costs, ranging from the loss of economic productivity among homeless people through to the very high costs for emergency and mental health services, and criminal justice systems, that are associated with chronic homelessness. Research from Australia and America has highlighted the real extent of these financial costs and the important role that homelessness services can play in reducing those costs. This first European report on this issue looks at the state of knowledge on the financial costs of homelessness and the cost effectiveness of homelessness services across 13 EU member states. The report argues that there is an evidence gap and a clear case for systematically exploring which homelessness services are most cost effective and looking at their wider financial benefits. The report is the third in a series from the European Observatory of Homelessness (EOH) which explores pan-European issues in homelessness through a questionnaire-based approach employing a group of national experts.

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