

Sound Financial Management: Investing to Combat Homelessness

RÉSEAU SOLIDARITÉ ITINÉRANCE DU QUÉBEC

Submitted to the House of Commons Standing Committee on Finance

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SUMMARY

The federal government has provided substantial financial support since 1999 for groups working on homelessness, through the Homelessness Partnering Strategy (HPS). The Réseau SOLIDARITÉ Itinérance du Québec (RSIQ) believes that program is appropriate and hopes that the funds associated with it will be increased. The purpose of this brief is to show that increasing investment in combating homelessness cannot be separated from Canada's economic growth. Based on the extensive literature that exists on this subject, we will show that raising the amount dedicated to the HPS to \$50 million per year in Quebec would contribute to the economic recovery, to creating sustainable jobs, and ultimately to achieving a balanced budget, while promoting better redistribution of wealth.

I. Recommendation of the Réseau SOLIDARITÉ itinérance du Québec

The RSIQ recommends to the federal government:

- 1. That the Homelessness Partnership Strategy (HPS) funding be increased to at least \$50 million per year in Quebec, by continuing to fund intervention, social housing and temporary and permanent housing, facilities and community actions.**

The RSIQ believes that it is essential that the government invest more money in the HPS program if it wants to reduce the homelessness problem and thus continue to ensure sound management of its finances. First, rising homelessness in all regions of Quebec demonstrates the inadequacy of government investments. The information provided by agencies shows that needs are growing year by year and problems are becoming increasingly complex. One example is the frequent overcrowding reported by shelters in Montreal and Quebec City, and agencies throughout Quebec report that homelessness is rising.¹ In addition, other observers, such as the Institut de recherche et d'informations socio-économiques (IRIS), foresee exacerbation of the phenomenon.² The HPS program is useful in combating homelessness and so expanding its budget envelope would mean that real improvements could be made in the situation.

The cost of land, buildings, renovation and labour has also risen significantly in recent years. Because the HPS has not been increased or indexed for over 10 years, the result of this situation

¹ There are studies and portraits that confirm the rise in homelessness. For example: "Pour un continuum de services centré sur la personne itinérante" (2011), p. 46. Roy, S. et al. I. "Itinérance en Montérégie. Comprendre le phénomène et identifier les besoins". *Collectif de recherche sur l'itinérance, la pauvreté et l'exclusion sociale*, (2003) p. 96; Noir sur Blanc, bulletin de lutte à l'itinérance en Outaouais, published annually by the Collectif régional de lutte à l'itinérance en Outaouais. On line: www.lecrio.org

² Eve-Lyne Couturier and Guillaume Hébert, "Logement 2010: Différents visages de la crise" (2010), *Institut de recherche et d'informations socio-économiques*. On line: http://www.iris-recherche.qc.ca/publications/logement_2010_differeents_visages_de_la.pdf

is a reduction in the capacity of organizations working with homeless persons or persons at risk to take action, and as a result more people find themselves, or remain, on the streets.

To be able to respond to this significant increase in homelessness and the rise in the cost of living, organizations working to combat homelessness need more funding. When an invitation for projects was launched under the HPS, those organizations made the funding needs known by applying for nearly three times the total available under the program. Table 1 shows the regions' estimates of their minimum needs if they are to take meaningful action to combat homelessness. Nearly five years have passed since the last community plans were prepared and so it is easy to see that needs will be significantly greater in 2012.

Table 1: Estimated funding needs of homelessness organizations, by region³

Designated Communities	Annual Envelope	Minimum Estimated Needs
Cantons de l'Est	756,465	\$2.1 million
Centre du Québec	358,465	\$1 million
Chaudière-Appalaches	407,428	\$1.1 million
Lanaudière	544,517	\$1.5 million
Laurentides	861,507	\$2.4 million
Laval	973,842	\$2.7 million
Mauricie	602,406	\$1.6 million
Montérégie	1,974,414	\$5.4 million
Montreal	7,867,704	\$21.7 million
Outaouais	791,661	\$2.2 million
Quebec City	2,343,286	\$6.5 million
Saguenay / Lac St-Jean	591,907	\$1.6 million
Total, Regions of Quebec	\$8 million	\$50 million

I. Role of Federal Investment in Homelessness in the Economic Recovery

Participation by homeless persons in the Canadian economy

Given the extremely precarious situation of people who are homeless or at risk of becoming homeless and their survival orientation and the absence of choices available to them, they are unable or barely able to contribute to the growth of the Canadian economy. Investing enough to reduce and eliminate homelessness could mean that the government would benefit from the creative and productive capacity of an entire segment of the population.

As well, many observers have shown that when the revenue generated by economic growth is reinvested in social policies it contributes to creating more wealth. Reinvestment must also enable people to develop skills and create opportunities to encourage social inclusion.⁴ From that perspective, increasing HPS funding would ultimately lead to economic growth in Canada.

³ Based on the amounts applied for under the 2007 HPS. Invitations for project proposals for the 2012-2014 HPS will be finalized in the fall of 2011 and will provide a new portrait of the needs.

⁴ Institute for Competitiveness and prosperity, "Prosperity, Inequality and Poverty" (2007). On line:

Social cohesion to deal with an economic crisis

Some economists believe that the capacity of economies to deal with shocks depends on social cohesion.⁵ Because social investments have a major and undeniable impact on individuals' skills development, health, labour market entry, and so on, the societies that are best equipped in that regard will get through economic crises with the fewest negative consequences. In fact, a few months after the economic problems, homelessness groups are noticing increased use of their services. Obviously it is much more costly to reintegrate these people into society than to preserve an adequate social safety net in times of crisis.

II. Creating Sustainable Jobs

The HPS resulted in over 300 people being hired in Quebec alone. Investments to address homelessness therefore create jobs. Unfortunately, because the funds are insufficient and renewals of the program are always uncertain, it is difficult to argue that those jobs are sustainable and good quality. First, because the organizations do not always have a guarantee that the HPS will be renewed, the jobs offered to workers are uncertain. And they remain uncertain, given that no indexing has been provided under the program since it began, which means that the organizations are forced to keep employees in precarious working conditions. Second, with rising homelessness and the increasing complexity of the phenomenon, the organizations' workload has grown and this has a significant effect on the quality of the jobs. As well, administrators in some organizations report that their teams are suffering job burnout. If the HPS program were brought up to a standard that met the needs expressed by each community this would allow for significant improvement in terms of the quality and sustainability of those jobs.

III. Maintaining relatively low tax rates and achieving a balanced budget

There are some who agree that poverty has costs and that failing to deal with it is senseless in economic terms, since failure to act costs more than taking action. As well, the National Council of Welfare has an impressive bibliography on its site regarding the costs of poverty.⁶ With respect to homelessness, the Standing Senate Committee on Social Affairs, Science and Technology listed a number of studies and witness statements in the report of the Subcommittee on Cities and showed that it costs less to invest in reducing the factors that result in social disaffiliation than to leave someone on the street.⁷

http://www.competeprosper.ca/index.php/work/working_papers/working_paper_prosperity_inequality_and_poverty

⁵ Woolcock, M. "The Place of Social Capital in Understanding Social and Economic Outcomes", *Canadian Journal of Policy Research*, (2001), quoted in Nation Council of Welfare. "The Cost of Poverty", (2002), p. 8.

⁶ Nation Council of Welfare. "The Cost of Poverty and the Value of Investment: Comprehensive Bibliography". On line: <http://www.ncw.gc.ca/c.4mm.5n.3ty@-fra.jsp?cmid=4&lang=en>

⁷ Standing Senate Committee on Social Affairs, Science and Technology, "In From the Margins: A Call to Action on Poverty, Housing and Homelessness". *Report of the Subcommittee on Cities* (2009), p. 107.

In addition to the money directly invested under the HPS, there are other costs associated with failing to combat homelessness, in particular when it comes to people's health and contact with the criminal justice system. Individuals who are homeless have more hospital and emergency room visits and are hospitalized more often than the rest of the population. One explanation for this is their lack of access to preventive health care, nutritious food and warm, adequate and safe housing.⁸ As well, there are many costs associated with the legal system. First, individuals experiencing poverty are the ones most often held in custody without bail.⁹ Second, it has been shown that in addition to the significant consequences for the individuals in question, the use of the criminal justice system to deal with homeless persons is extremely expensive.¹⁰

Summary estimates show that over \$1 billion is spent every year to deal with the problem of homelessness.¹¹ Given those findings, the principle of responsible management of funds should guide decision-makers to undertake a genuine effort to combat homelessness, if they do not want to keep taxpayers on an endless treadmill of investing only enough to manage homelessness, rather than eliminating it.

Future prospects

To undertake a genuine effort to combat homelessness, it is essential that the government have the funds that are needed and a long-term vision for its actions. From that standpoint, renewing the HPS, a crucial program for reducing and eliminating homelessness, is urgently needed. The organizations that play a role in combating homelessness are prepared to begin work immediately on designing the next strategy, to begin in 2014, one that we hope will allow for a genuine effort to combat homelessness.

⁸ Ibid., 132-133

⁹ Nation Council of Welfare. "Justice and the Poor" (2000). On line. <http://www.ncw.gc.ca>

¹⁰ Marie-Eve Sylvestre, "La pénalisation et la judiciarisation des personnes itinérantes au Québec : des pratiques coûteuses, inefficaces et contre-productives dans la prévention de l'itinérance et la réinsertion des personnes itinérantes", brief presented to the Commission parlementaire sur l'itinérance. On line. <http://www.droitcivil.uottawa.ca>

¹¹ Standing Senate Committee on Social Affairs, Science and Technology, "In From the Margins: A Call to Action on Poverty, Housing and Homelessness", p. 107.

CONCLUSION

The RSIQ is therefore asking that the annual budget allocated to the HPS in Quebec be increased to at least \$50 million. We believe that increasing this envelope, as part of a coherent planning process, would enable community organizations working on the issue of homelessness to implement or consolidate genuine strategies to reduce homelessness significantly, and that this will ultimately result in savings for the Canadian government and taxpayers. These policy decisions would also be entirely consistent with the recommendations made by the United Nations, which advocates respect for economic, social and cultural rights through meaningful action to combat poverty.¹²

Réseau SOLIDARITÉ itinérance du Québec

The Réseau Solidarité Itinérance du Québec (RSIQ) was created in 1998 and today comprises 13 regional networks representing nearly 300 organizations.

Its mission focuses on the following objectives:

- reducing and alleviating homelessness and helping to reduce poverty;
- representing and supporting actions by groups of homeless persons;
- promoting the sharing and development of knowledge and regional, local and national cooperation on issues relating to homelessness.

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¹² Committee on Economic, Social and Cultural Rights. "Les 'observations' du Comité sur les rapports de Monaco, du Liechtenstein, du Canada, du Mexique et du Maroc". *Communiqué de presse* pour le 19 mai 2006. On line: http://www.aidh.org/ONU_GE/Comite_Drteco/36Sess.htm