

The Economic Case for Investing in Youth Homelessness Prevention

Stephen Gaetz &
Ahmad Bonakdar

When a young person becomes homeless in Canada, improving how our systems respond can help replace expensive crisis cycles with more effective, forward-looking solutions.

Currently, crisis responses dominate spending. Provincial youth detention costs at least \$294,500 per young person annually,* while emergency shelters cost at least \$48,900 per year.¹ Neither intervention addresses the root causes of housing instability, and both contribute to prolonged systems involvement and rising public liabilities.

Prevention programs tell a different story

Family and Natural Supports (FNS)—a program that helps young people strengthen connections with family members and other caring adults through case management, mediation, and relationship building—costs only \$13,250 per young person annually and achieves over 50% reduction in conflict-related displacement and 65% reduction in shelter use.²

Housing First for Youth (HF4Y)—a program that provides immediate access to scattered-site housing with flexible, youth-driven supports and no preconditions—costs around \$48,100 per young person over two years and achieves 93.3% housing stability.³

This brief presents the economic case for a fundamental shift in how Canada responds to youth homelessness, demonstrating how prevention converts recurring crisis expenditures into high-return investments.

* The average daily cost per youth varies significantly between provinces/territories and types of facilities (see [Government of Canada; Criminal justice system costs](#)). For instance, in Ontario, the average daily cost per youth ranged from \$443 to \$4,040 for agency-operated open facilities, and from \$1,342 to \$1,989 for Ministry-operated secure facilities (adjusted to 2026 dollars).

Prevention converts recurring crisis expenditures into high-return investments.

What is youth homelessness prevention?

Youth homelessness prevention refers to housing-led, developmentally appropriate policies, practices and interventions that stabilize housing, keep young people “in place” in their communities, enhance social inclusion and well-being, strengthen family and natural supports, and keep youth connected to their community and attached to education and employment.

Youth homelessness prevention is achieved through:

- 1. Primary Prevention:** Reducing inflows into youth homelessness by taking proactive steps to stop young people from becoming homeless in the first place.
- 2. Secondary Prevention:** Intervening early to reduce the risk that youth who experience homelessness for the first time will transition to long-term (chronic) homelessness.
- 3. Tertiary Prevention:** Providing appropriate supports to reduce the likelihood that chronically homeless youth who exit homelessness will return to it.

Youth homelessness can be prevented with timely intervention.

WHY PREVENTION MATTERS: The Human and Economic Costs of Youth Homelessness

Without timely intervention, young people can become entrenched in homelessness quickly, creating consequences that ripple through their lives for years at great cost to public systems.

I. Human capital loss

Youth homelessness interrupts education during critical skill-development years, reducing lifetime earnings potential and tax revenue. Research shows that 50.5% of homeless youth are not in employment, education, or training, with 65% having failed to complete high school and 75.7% currently unemployed.⁴ These rates dramatically exceed the general youth population, where school dropout rates sit below 9% and unemployment is at 13.3%.⁴ Educational attainment is the strongest predictor of lifetime earnings,⁵ meaning that educational disruption during critical development years translates into reduced productivity and tax revenue across entire lifetimes. Among homeless youth who dropped out, 73.9% want to return to school, but housing instability creates insurmountable barriers to educational re-engagement.⁴

II. Health system impacts

Prolonged homelessness worsens physical and mental health outcomes, increasing emergency department visits, hospitalizations, and related expenditures. Reaching Home's point-in-time counts have found that 67% of homeless youth experience mental health issues, 56% face substance use challenges, and 47% have learning or cognitive limitations.⁹ Research shows that 85.4% of homeless youth experience acute symptoms of mental health distress, with 42% having attempted suicide at least once.⁴ These costs add pressure to already-strained health systems while doing nothing to address underlying housing instability.⁶

III. Justice system costs

Youth experiencing homelessness face a higher likelihood of interacting with police, courts, and correctional systems.^{7,8} Estimates suggest that youth detention costs range from \$294,500 to \$1,000,000 (adjusted to 2026 dollars) annually in Ontario, due to specialized programming and higher staffing ratios.[†] Even using the conservative adult rate, detention costs nearly nine times what Family and Natural Supports costs annually while creating barriers to future housing stability rather than addressing the underlying problem.

IV. Long-term public costs and rapid chronicity

Reaching Home point-in-time count data shows that 74% of youth experiencing homelessness were already chronically homeless—up from 61% in 2018.⁹ Chronic homelessness drives sustained use of emergency shelters, crisis services, hospitals, and justice systems, creating significant and ongoing fiscal pressure for all orders of government.¹⁰ The data also reveals a stark correlation: 78% of people who first experienced homelessness as children (ages 0–12) are now chronically homeless,⁹ underscoring how early homelessness creates lifelong trajectories of housing instability and sustained public costs across multiple systems.

The Window for Prevention Is Narrow

The **Without a Home National Youth Homelessness Survey** found that 40.1% of homeless youth first experienced homelessness before age 16,⁴ yet few if any jurisdictions provide age-appropriate services until youth reach age 16 or 18. This service gap leaves young people without supports during the most critical intervention window, when family reconciliation is most feasible and youth have not yet become entrenched in patterns of homelessness.

Further, Reaching Home data shows that 47% of all people currently experiencing homelessness, not just youth, first became homeless before age 25.⁹ This means preventing youth homelessness isn't just about helping young people; it's about preventing the chronic adult homelessness that generates decades of crisis costs.

† See Note 1.

Prevention Works and Is More Cost-Effective

Preventive interventions reduce reliance on emergency systems, stabilize housing, and reduce the inflow into **chronic homelessness**.

Using cost modelling based on more than 20 programs across Canada, we compared the operating costs of Family and Natural Supports (FNS) and Housing First for Youth (HF4Y) with those of typical crisis responses (see **Appendix A**).

TABLE 1: Average Cost of Housing and Support Models per Youth at Risk of Homelessness in Ontario‡

❌ CRISIS RESPONSES—Higher Cost, No Housing Solution

Approach	Daily	Monthly	Annual	OUTCOME	PATHWAY TO CHRONICITY
Hospital (Inpatient) ¹¹	\$1,142	\$34,736	\$416,830	74% of currently homeless youth are already chronically homeless⁹ These services are not designed to end homelessness. Prolonged exposure leads to greater dependence on crisis supports, further entrenchment, and eventually chronic homelessness.	
Provincial Youth Prison ⁸	\$807	\$24,546	\$294,555		
Group Home ¹²	\$354 [¶]	\$10,767	\$129,210		
Hotel Shelter ¹³	\$281	\$8,547	\$102,565		
Emergency Shelter ¹	\$134	\$4,075	\$48,910		

✅ PREVENTATIVE INTERVENTIONS—Lower Cost, High Housing Retention

Approach	Daily	Monthly	Annual	OUTCOME	HIGH HOUSING RETENTION
Housing First for Youth (HF4Y) ¹⁴ approximately two-year intervention	\$66	\$2,004	\$24,050	Both HF4Y and FNS are designed to end homelessness, not manage it. High post-intervention housing retention means young people are stably housed long after support ends.	
Family & Natural Supports (FNS) ¹⁵ approximately one-year intervention	\$36	\$1,100	\$13,250		

Prevention programs cost significantly less than crisis responses while delivering far superior outcomes—over 90% housing stability, compared with continued cycling through emergency systems with no long-term housing solution.

‡ Costs are adjusted to 2026 dollars using the **Bank of Canada inflation calculator**.

§ See note 1. Depending on the type of facility, **daily costs per youth range from roughly \$807 to \$2,744 in Ontario** (adjusted to 2026 dollars).

¶ As high as \$1,349/day for youth with more complex needs who require a one-on-one worker (adjusted to 2026 dollars).

What These Numbers Mean

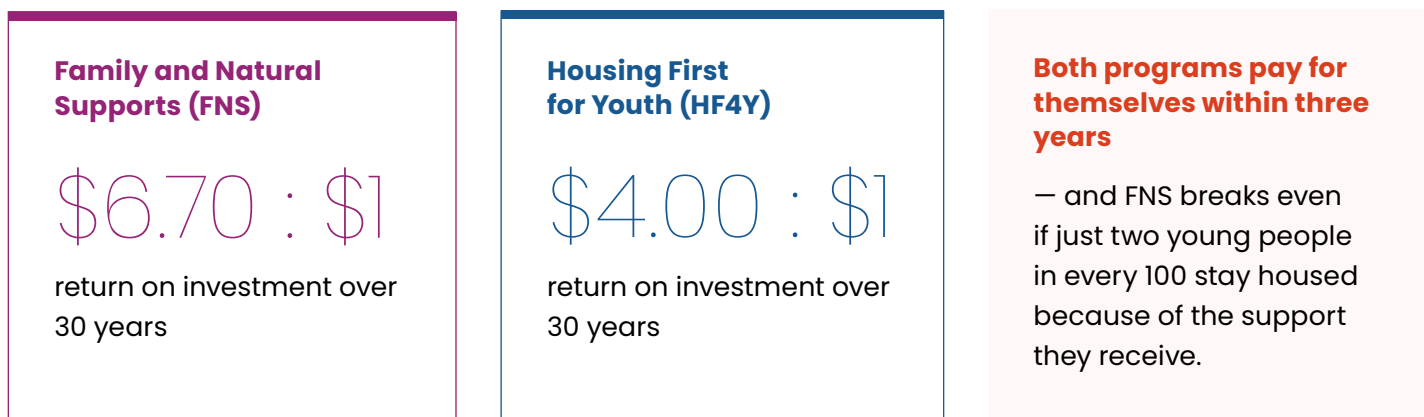
FNS costs \$13,250 annually per youth, with 50% reduction in conflict-related displacement and 65% reduction in shelter use by addressing the root cause: Reaching Home data shows that 51% of youth cite interpersonal issues as the reason for housing loss, particularly conflict with a parent or guardian (30%).⁹ The Without a Home study found that 77.5% of respondents indicated that “a key reason they left home was an inability to get along with their parents.”⁴

FNS relies on mediation, coaching, family reconciliation, skill building (communications, emotional regulation), and building networks of caring adults. Research across 10 Canadian communities showed that housing instability decreased by 50% within six months for youth in FNS programming.²

For youth under 16, family reconciliation is particularly critical and cost-effective, as child welfare placements—the typical response to family breakdown for this age group—cost an average of \$129,200 annually for group homes in Ontario. Specialized care for complex needs can reach \$490,000 per child in some cases (adjusted for inflation),¹² far exceeding FNS costs, while creating pathways into homelessness rather than preventing it.

HF4Y costs around \$48,100 over two years, with 93.3% of youth stably housed after that period.³ It provides immediate access to scattered-site housing with flexible, youth-driven supports and no preconditions. The program succeeds for youth facing complex needs by providing housing as the foundation for addressing other challenges.

Modelling the Social Return on Investment



Beyond direct cost comparisons, formal social return-on-investment modelling quantifies what these savings mean over time. Measured conservatively against the avoided cost of a young person remaining homeless, Family and Natural Supports returns approximately \$6.70 for every dollar invested over a 30-year horizon, and Housing First for Youth returns approximately \$4.00.¹⁶ Per 100 young people served, this represents roughly \$7.6 million in net public value for FNS and roughly \$14.0 million for HF4Y. Both programs repay their full cost within three years (at the central estimate). FNS pays for itself if just two young people in every 100 remain stably housed because of the program;

HF4Y pays for itself if just seven in every 100 remain stably housed.

This analysis is incremental: each program is credited only with the difference it made, not with every participant who ended up housed. For HF4Y the difference is measured against young people receiving existing community services. For FNS, it is the improvement observed over the course of the program. They count money the government no longer spends and the tax a young person pays once working. Higher earnings, benefits to the next generation, relief for families, and the violence young people avoid are all left out. The real value is higher than these figures show. The full methodology, including how FNS and HF4Y's differing evidence bases are treated, is set out in [Appendix B](#).

COMPOUNDING COSTS of Chronic Homelessness

When chronic homelessness begins in adolescence or early adulthood, the long-term fiscal implications multiply because:

- Health and mental health deterioration begin earlier
- Educational attainment is disrupted
- Labour force attachment weakens
- Justice system involvement increases
- Income assistance dependency lengthens
- More intensive and expensive physical and mental health care⁴

Meanwhile, crisis responses cost far more and have worse outcomes. Emergency shelter costs nearly three times what FNS does, yet provides only temporary refuge. Provincial detention costs nearly 22 times more than FNS while creating barriers to future stability. These costs align with research across five Canadian cities that found that the annual cost to public systems of keeping a person in a state of homelessness ranged from \$38,493 to \$76,664 (adjusted for inflation), depending on the city.¹⁰

THE SAVINGS POTENTIAL: A National Perspective

Reaching Home point-in-time counts identified over 3,000 youth experiencing homelessness on a single night,⁹ representing just a snapshot of the annual flow through homelessness systems. If prevention programs reached at-risk youth before they entered crisis systems, the impact would be transformative.

The economic case becomes even stronger when considering who experiences youth homelessness. Reaching Home data shows that 45% of homeless youth have experience in foster care, group homes, or child welfare systems (which rises to 51% among Indigenous youth).⁹ These are youth known to government systems—an identifiable population where prevention programs could inter-

vene before housing loss occurs. Prevention programs targeting youth in care could fundamentally change these trajectories.

The cross-system nature of savings creates both challenges and opportunities. When prevention reduces emergency department visits, savings appear in health budgets. When stable housing reduces police interactions and court appearances, justice budgets benefit. When youth remain in or return to school, education outcomes improve and long-term social costs decline. If departments that benefit from prevention savings co-invested in prevention programs, the business case becomes compelling for each ministry individually.

This creates a virtuous cycle: prevention investments generate savings that then fund expanded prevention programming, progressively reducing both homelessness and public costs.

Moreover, prevention protects human capital. With 65% of homeless youth having failed to complete high school and 50.5% not in employment, education, or training (although 19.7% maintain employment despite homelessness),⁴ prevention programs that stabilize housing protect educational and employment pathways at a critical developmental stage.

Why Isn't Prevention Already STANDARD PRACTICE?

Five systemic barriers prevent widespread adoption:

- 1. The main focus of investment and activity is crisis response:** This includes emergency shelters, day programs, soup kitchens and law enforcement.
- 2. Siloed budgets:** Prevention saves money across health, justice, and social services, but investment comes from housing budgets alone—no single ministry captures the full benefit.
- 3. Short budget cycles:** Annual budgets favour immediate, visible spending; prevention returns materialize over years.
- 4. Path dependency:** Existing crisis infrastructure resists shifting resources to prevention.
- 5. Capacity gaps:** Communities lack a trained workforce to implement prevention at scale.

Overcoming these barriers requires multi-year funding, cross-ministerial investment, and leadership that prioritizes long-term fiscal responsibility.

Connections to Reconciliation and Equity

The economic case cannot be separated from equity and reconciliation. The data reveals profound and intersecting disparities affecting multiple marginalized communities:

- **Indigenous youth** represent 45% of those first homeless before age 16, with 51% of Indigenous homeless youth having child welfare experience compared to 23% of non-Indigenous youth.⁹ Indigenous youth accounted for 8% of the Canadian youth population in 2021,¹⁷ yet research shows that they are overrepresented in the population of homeless youth. In Vancouver, 41% of homeless youth identified themselves as Indigenous.¹⁸
- **Black youth** face similarly severe overrepresentation. While Black youth comprise 6.4% of all children and youth in Canada,¹⁹ they are overrepresented in the population of homeless youth (32.4%).³ Black youth are significantly more likely than white youth to report involvement with child protection services and to experience homelessness at a younger age.²⁰ In Toronto, the point-in-time count of people experiencing homelessness found that Black people comprise 58% of those experiencing homelessness; yet they represent 10% of Toronto's overall population.²¹
- **2SLGBTQI+ youth** represent 25% of homeless youth in Canada,⁹ while 1 in 10 youth (aged 15 to 24 years) reported being 2SLGBTQI+, a considerably larger share than among any other age group.²² Reaching Home data shows that 2SLGBTQI+ youth were more likely to report experiencing homelessness for the first time under the age of 24 (61%) and were more likely to cite interpersonal issues (59%), abuse by a parent or guardian (15%), and mental health challenges (17%) as reasons for housing loss.⁹

Prevention and Equity Imperatives Align

Indigenous-led programs such as Endaayaang, an Indigenous-led adaptation of HF4Y, demonstrate that culturally grounded approaches achieve exceptional outcomes by centring Indigenous culture, connecting youth to Elders, and operating within Indigenous frameworks. Similar principles apply to Black youth-serving organizations and 2SLGBTQI+ affirming programs—culturally relevant prevention achieves better outcomes while advancing equity.

Prevention that addresses systemic racism, advances reconciliation, and promotes equity doesn't just fulfill moral obligations; it also represents smart economic policy that protects human capital and reduces long-term costs.

Conclusion

The evidence is unequivocal: Family and Natural Supports costs just \$36 per day—less than one third the cost of an emergency shelter and nearly 94% less than detention—while achieving 50% reduction in conflict-related displacement and 65% reduction in shelter use. Housing First for Youth costs \$66 per day and achieves 93.3% housing stability after two years. Emergency responses, by contrast, absorb tens of millions of dollars annually yet seldom deliver long-term housing stability.

Prevention is not new spending. It is strategic reallocation.

For a government committed to fiscal responsibility, productivity growth, and inclusive economic expansion, preventing youth homelessness represents one of the clearest high-return public investments available.

Every dollar invested in prevention generates substantial returns through reduced emergency shelter use, lower hospitalization rates, decreased justice system involvement, and prevented chronic homelessness.

These savings compound over time as each prevented case eliminates decades of potential crisis costs.

Beyond direct savings, prevention protects Canada's human capital and advances reconciliation. With 74% of homeless youth already chronically homeless and 45% of those who first experienced homelessness before age 16 being Indigenous youth, the window for cost-effective intervention is narrow. The choice is clear: continue spending \$48,900 to \$294,500 (or more) annually per youth on crisis responses that perpetuate homelessness, or invest \$13,250 to \$24,050 per youth in prevention programs that cost a fraction as much, with every dollar not spent on crisis response available to expand prevention further. Modelled over 30 years, that investment returns \$6.70 for every dollar spent on FNS and \$4.00 for every dollar spent on HF4Y, a return crisis response cannot match.

Preventing youth homelessness is not only the right thing to do, but it also saves money.

Prevention is not new spending. It is strategic reallocation.

How to cite this document:

Gaetz, S. & Bonakdar, A. (2026). Prevention Pays Off! Preventing Youth Homelessness Saves Money and Strengthens Communities [Policy brief]. The Canadian Observatory on Homelessness Press.

© 2026 The Canadian Observatory on Homelessness Press

To learn more about homelessness prevention visit the Homeless Hub:
homelesshub.ca/collection/prevention



Cost Modelling Youth Homelessness Prevention Interventions

Family and Natural Supports (FNS)

Analysis is based on direct experience with a range of FNS programs, including oversight of direct service delivery and 17 FNS demonstration projects funded and supported by the Making the Shift Youth Homelessness Social Innovation Lab.

FNS Operating Costs *per program*

Itemized Cost	Cost
Full Time Supervisor (\$80,000)	\$80,000
Full Time Salaries (65,000 x 5)	\$325,000
Benefits (15%)	\$60,750
Staff Travel	\$6,000
Staff Phones	\$4,320
Individualized Support	\$100,000
Central Admin Allocation (15%)	\$86,411
TOTAL	\$662,481

Annual cost per young person: **\$13,249.61**

Assumptions:

- Based on a caseload of 10 youth, assuming an average length of engagement of one year.
- Operating costs include funding for five staff who together support 50 young people annually, as well as their families and natural supports.
- This cost modelling does not account for cost-of-living differences across communities in Canada.
- This does not include start-up costs for computers, phones, etc.
- Availability of the other services in the community can shift the scope of work in FNS.

Housing First for Youth (HF4Y)

Analysis is based on direct experience managing HF4Y programs, as well as oversight of three HF4Y demonstration projects funded and supported by the Making the Shift Youth Homelessness Social Innovation Lab.

Housing First for Youth Operating Costs *per program*

Itemized Cost	Cost
Full Time Supervisor	\$85,000
Case Managers (5)	\$300,000
Benefits (15%)	\$45,000
Damage Deposits	\$17,000
Rent and Utilities	\$240,000
Moving and Set Up	\$30,000
Property Maintenance and Repairs	\$8,000
Staff Travel	\$15,000
Tenant Insurance	\$12,000
Staff Phones	\$4,320
Basic Needs and Barrier Removal Funds	\$80,000
Administrative Infrastructure	\$125,448
TOTAL	\$961,768

Annual cost per young person: **\$24,044**
 Cost per young person total (2 years): **\$48,088**

Assumptions:

- Based on a caseload of eight youth, assuming an average length of engagement of two years.
- Operating costs include funding for five staff who together support 40 youth annually.
- This cost modelling does not account for cost-of-living differences across communities in Canada.
- This does not include start-up costs for computers, phones, etc.
- Availability of the other services in the community can shift the scope of work in HF4Y.
- Variations for specific vulnerabilities may have different average stays (such as Indigenous or 2SLGBTQ+ youth).

Author: Katie Davies Jorgensen, A Way Home Canada

Social Return on Investment Modelling for Housing First for Youth (HF4Y) and Family and Natural Supports (FNS) Programs in Canada

Author: Ahmad Bonakdar, Canadian Observatory on Homelessness

Table 1: Public value returned per 100 young people served, by prevention model

Per 100 young people	Investment	Public value	Net return	Return ratio
Family and Natural Supports (FNS)	\$1.32M	\$8.89M	\$7.57M	6.7 : 1
Housing First for Youth (HF4Y)	\$4.74M	\$18.74M	\$14.01M	4.0 : 1

30-year horizon. Present values in 2026 Canadian dollars, discounted at 3%.

Table 2: Social return on investment by timeframe

Program	3 years	5 years	10 years	20 years	30 years	50 years
Family and Natural Supports (FNS)	1.8:1	2.7 : 1	4.5 : 1	6.1 : 1	6.7 : 1	7.0 : 1
Housing First for Youth (HF4Y)	1.0:1	1.3 : 1	2.0 : 1	3.1: 1	4.0 : 1	5.1 : 1

Central (population-weighted) cost estimate. Both programs cover their cost within three years and continue to accrue value thereafter.

30 years is used as the primary time horizon. Because these programs serve young people in their late teens, a 30-year window follows participants to approximately age 50, a period over which avoided public costs can reasonably be projected.

Methodology

This section sets out the method, inputs, and assumptions behind the returns reported above.

Analytic approach

Prevention is shown to cost far less per young person than crisis response. For example, FNS costs \$13,250¹⁵ a year per young person compared to \$48,910¹ for an emergency shelter place. To demonstrate a return on investment, the analysis must show that the money spent substitutes for other public spending that would otherwise have occurred, which depends not on what the programs cost, but on how many young people experience a different outcome because the program existed. Therefore, it values only outcomes attributable to the intervention, relative to what would have happened without it. It is based on the principles as follows:

1. Savings come from changed outcomes. Prevention costs a fraction of a shelter place, and that difference becomes money the government keeps each time a young person stays housed who would otherwise have used the shelter.

2. Programs such as FNS and HF4Y are designed to reach young people at risk, but some would have stayed housed without any help. The analysis can only

count the difference the program made. For example, in the HF4Y program, participants were stably housed 93.3% of the time on average, but young people receiving existing community services managed 70.7%.²³

3. Effects may fade over time as young people who do not receive support still find housing eventually, so a program's advantage narrows as the years pass.

4. Money saved in the future is worth less than money saved today, so all future savings are discounted at 3% per year. This has a much larger effect on FNS than on HF4Y. The FNS effect is assumed to decline by 7.5% annually, meaning that by year thirty little of the original effect remains. As a result, the following 20 years (31–50) add only \$3,754 per participant in present value. By contrast, the HF4Y effect is held constant at 10 percentage points, allowing benefits to continue accumulating over time.

5. The programs reach young people from around the

age of 16. Some will work before they turn 21, but these earnings typically fall below the income tax threshold and often sit alongside school, so they do not yet generate net revenue for government. The analysis assumes the tax paid once working, and the income support no longer needed, begin in year 5.

6. In the 50-year scenario, the tax and income-support component is capped at year 45, before a participant who entered the program in their late teens would reach retirement age.

Valuing avoided public costs using population-weighted central cost estimate

The annual costs to all public systems of a person remaining homeless across five Canadian cities are \$38,493 to \$76,664 in 2026 dollars.²⁴ This figure is drawn from observed service use across a full year, rather than from a daily placement rate multiplied by 365.

A population-weighted mean of the five cities is used as the central estimate, as the range spans cities of very different sizes. For example, the metropolitan population of Moncton is around 196,000, while the Toronto metropolitan area has roughly 7.1 million. Because most young people experiencing homelessness live in large urban centres, and because a national program would serve them in proportion to where they are, the five city values are weighted by metropolitan population. This produces an estimate of \$72,724 per person per year, above the midpoint of the range but below its upper end. The estimate remains conservative because youth homelessness is more concentrated in large urban centres than the general population. This means weighting the values by the actual distribution of young people experiencing homelessness would produce a higher figure.

Table 3: Population-weighted mean of five city cost estimates

City	2016	2026	Population	Share	Contribution
Toronto	\$58,972	\$76,664	7,108,874	44.6%	\$34,185
Montréal	\$56,406	\$73,328	4,597,837	28.8%	\$21,148
Vancouver	\$53,144	\$69,087	3,088,036	19.4%	\$13,382
Winnipeg	\$45,565	\$59,234	951,758	6.0%	\$3,536
Moncton	\$29,610	\$38,493	196,143	1.2%	\$474
Total			15,942,648	100%	\$72,724

Costs are the annual cost to all public systems of a person remaining homeless, shown in 2016 dollars and inflated to 2026 by a Consumer Price Index factor of 1.30.

Population is based on Census Metropolitan Area estimates by Statistics Canada in 2025: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1710014801>

Contribution is the 2026 cost multiplied by the share, which is based on each city's population divided by the five cities' combined population.

The population-weighted estimate sits toward the upper part of the range, which is supported by available evidence. As a case in point, the HF4Y evidence base is drawn from Toronto and Ottawa, and HF4Y works with young people already homeless and facing complex needs, the high-acuity end of any homeless population. Additionally, evidence shows that 74% of youth experiencing homelessness were already chronically homeless, up from 61% in 2018.²⁵ Chronic homelessness drives sustained use of emergency shelters, crisis services, hospitals, and justice systems, creating significant and ongoing fiscal pressure for all orders of government. Costs at the lower end of the range are therefore unlikely to describe the population these programs serve.

Table 4: Cost of a person remaining homeless per person per year

Estimate	Value	Used for
Lower	\$38,493	Sensitivity
Midpoint	\$57,578	Sensitivity
Population-weighted mean	\$72,724	Central estimate
Upper	\$76,664	Sensitivity

Values are based on Latimer et al. (2017), expressed in 2016 dollars and inflated to 2026 using a Consumer Price Index factor of 1.30 (all-items, Canada).

Ontario placement rates corroborate this range. At 2026 rates (emergency shelter \$134 a night, hotel shelter \$281, hospital inpatient \$1,142 a day, youth custody \$807), a young person accumulating a moderate pattern of placements over a year incurs roughly \$34,000 in placement costs alone, rising to \$43,000–\$51,000 once emergency department visits, policing, court, and income support are added. Sustained, chronic service use exceeds \$88,000. Ontario therefore sits well inside the five-city range, and toward its upper end for young people whose homelessness has become chronic (See Table 5).

Table 5: Two illustrative patterns of service use by youth over one year

Placement	Daily rate	Days	Moderate	Days	Chronic	Share
Emergency shelter	\$134	90	\$12,060	150	\$20,100	28%
Hotel shelter	\$281	30	\$8,430	45	\$12,645	20%
Hospital inpatient	\$1,142	5	\$5,710	12	\$13,704	13%
Youth custody	\$807	10	\$8,070	30	\$24,210	19%
Placement subtotal		135	\$34,270	237	\$70,659	80%
Emergency department visits			\$2,570		\$5,300	6%
Policing and court			\$3,856		\$7,949	9%
Income support			\$2,142		\$4,416	5%
Other system costs (25%)			\$8,568		\$17,665	20%
Total			\$42,838		\$88,324	100%

Other system costs cover emergency department visits, policing, court and income support. The day counts are assumptions.

The shares in the final column are used to work out which parts of the annual cost grow over time. Grouping them gives shelter 48%, justice 28% (youth custody plus the policing and court portion of other system costs), health 19% (hospital plus emergency department) and income support 5%. Those proportions are then applied to the central cost estimate of \$72,724. Only the health and justice portions grow.

We have accounted for health and justice cost changes over time. Both health and justice services become more expensive per person, in real terms, over the long run. The **Financial Accountability Office of Ontario** tracked provincial spending from 1990–91 to 2023–24 and found that health spending rose by 0.9% per person per year after accounting for inflation and population ageing. Justice spending, which includes correctional services, policing, courts and legal aid, rose by 0.5% per person per year. We apply these rates to the health and justice shares of the annual cost, 19% and 28%, respectively, based on the pattern in Table 5. Shelter and income support costs are held flat. As a result, the cost of a person remaining homeless rises from \$72,724 in year 0 to \$80,315 by year 30.

Additionally, we account for growth in what a young person contributes once they are working. The \$5,000 annual contribution grows by 1.9% per year in real terms. This rate is based on Statistics Canada data on earnings by age and reflects the expected growth in earnings over a working life for someone with a high school diploma.

Ontario is used as a proxy for Canada because it is the largest province, Toronto accounts for 44.6% of the weighting behind the central cost estimate, and the placement rates in Table 5 are Ontario rates. The same jurisdiction therefore underlies both the cost level and its rate of change.

Table 6: Annual cost breakdown

Service group	Share of cost	Total cost (\$72,724)	Real growth each year	Share
Shelter (emergency and hotel)	48%	\$34,908	none	44.6%
Justice (custody, policing, courts)	28%	\$20,363	0.5%	28.8%
Health (hospital, emergency de-partment)	19%	\$13,818	0.9%	19.4%
Income support	5%	\$3,636	none	6.0%
Total	100%	\$72,724		

Shares are rounded, so the dollar column does not sum exactly. Health and justice grow at the rates above; shelter and income support are held flat.

Family and Natural Supports (FNS): costs, benefits, and return

- FNS costs \$13,250 per young person per year.
- Findings across ten Canadian communities are pre-post at six months, with no comparison group: housing instability fell from 24.6% to 12.2%, and shelter use from 11.9% to 4.1%. The analysis credits FNS with the observed 12.4 percentage point fall in housing instability, which is equivalent to the 50% reduction reported.
- With a single measurement point, no rate of decline can be observed. A decline of 7.5% a year is applied as a modelling convention:

Effect [person-years of homelessness avoided per participant in year] (t) = 0.124 × 0.925^(t-1).

Each year's figure is the share of a year of homelessness avoided per participant. 0.124 means 12.4% of a year each, or 12.4 person-years across 100 participants. For example, in year 3 the effect = 0.124 × 0.925² = 0.1061. At \$73,411 a year in year 3, that is 0.1061 × \$73,411 = \$7,789 per participant, or \$7,128 once discounted at 3% a year to today's dollars.

- Benefit in each year is calculated as follows:

Benefit (t) = (effect (t) × cost (t) [plus effect (t) × \$5,000 if t ≥ 5]) / 1.03^t

Where:

- t is the number of years since the program began*
- cost (t) is the annual cost to all public systems of a person remaining homeless, \$72,724 in year 0, rising to \$80,315 by year 30 as the health and justice shares grow in real terms*
- \$5,000 is the annual public revenue gained once a participant is working*
- 1.03 discounts future dollars to today's value, at 3% a year*

For example, in year 5: Benefit (5) = [(0.124 × 0.925⁴) × (\$73,878 + \$5,000)] / 1.03⁵ = \$6,178

Table 7: FNS benefit per young person, central cost estimate

Year	Effect Person-years of homelessness avoided per participant in year	Benefit	Present value
0	0.0000	\$0	\$0
1	0.1240	\$9,046	\$8,782
2	0.1147	\$8,394	\$7,912
3	0.1061	\$7,789	\$7,128
4	0.0981	\$7,224	\$6,419
5	0.0908	\$7,162	\$6,178
6	0.0840	\$6,654	\$5,572
7	0.0777	\$6,180	\$5,025
8	0.0718	\$5,735	\$4,528
9	0.0665	\$5,335	\$4,089
10	0.0615	\$4,955	\$3,687
11	0.0569	\$4,604	\$3,326
12	0.0526	\$4,275	\$2,998
13	0.0487	\$3,975	\$2,707
14	0.0450	\$3,689	\$2,439
15	0.0416	\$3,426	\$2,199
16	0.0385	\$3,185	\$1,985
17	0.0356	\$2,958	\$1,790
18	0.0329	\$2,746	\$1,613
19	0.0305	\$2,557	\$1,458
20	0.0282	\$2,375	\$1,315
21	0.0261	\$2,209	\$1,187
22	0.0241	\$2,049	\$1,069
23	0.0223	\$1,905	\$965
24	0.0206	\$1,768	\$870
25	0.0191	\$1,647	\$787
26	0.0177	\$1,533	\$711
27	0.0163	\$1,419	\$639
28	0.0151	\$1,321	\$577
29	0.0140	\$1,230	\$522
30	0.0129	\$1,139	\$469
Total			\$88,946

Return in each year is calculated as follows:

Return = Sum of Benefit(t) across all years / Present value of cost

Where:

- The present value of benefits is the sum of benefit(t) across all years

For example, in year 5: Return(5) = (\$8,782 + \$7,912 + \$7,128 + \$6,419 + \$6,178) / \$13,250 = 2.7 : 1

Table 8: FNS return by cost estimate

Cost estimate	3 years	5 years	10 years	20 years	30 years	50 years
Lower	1.0 : 1	1.5 : 1	2.4 : 1	3.4 : 1	3.7 : 1	3.9 : 1
Midpoint	1.4 : 1	2.2 : 1	3.6 : 1	4.9 : 1	5.4 : 1	5.6 : 1
Population-weighted (central)	1.8 : 1	2.7 : 1	4.5 : 1	6.1 : 1	6.7 : 1	7.0 : 1
Upper	1.9 : 1	2.9 : 1	4.7 : 1	6.4 : 1	7.1 : 1	7.4 : 1

Housing First for Youth (HF4Y): costs, benefits, and return

• HF4Y costs \$24,044 per young person per year over a two-year engagement, or \$48,088 in total.¹⁴ The second year is discounted at 3% a year, giving a present value of \$47,388.

• HF4Y participants spent an average of 79.5% of their time in stable housing compared to 51.8% for young people receiving existing community services, over 12 months, a gap of 27.7 percentage points.²⁴ At 24 months, the numbers were 93.3% and 70.7% respectively, a gap of 22.6 points. At 36 months, the numbers were 97% and 87.5% respectively, a gap of 9.5 points. The time-weighted figures are used in the modelling, because they convert directly into person-years of homelessness avoided.

• The gap narrows sharply over the first three years as young people in the comparison group find housing, and then levels off. At 36 months it was still 9.5 percentage points wide. The analysis uses the three measured values and holds the gap at 10 percentage points thereafter, since the remaining gap reflects a minority who do not find stable housing on their own; as evidence shows, 74% of youth experiencing homelessness were already chronically homeless.⁹

Effect (t) = 0.277, 0.226 and 0.095 in years 0, 1 and 2, all measured;

Effect (t) = 0.100 for t ≥ 3.

• Each year's figure is the share of a year of homelessness avoided per participant. 0.277 means 27.7% of a year each, or 27.7 person-years across 100 participants. For example, in year 3 the effect is 0.100. At \$73,411 a year in year 3, that is $0.100 \times \$73,411 = \$7,341$ per participant, or \$6,718 once discounted at 3% a year to today's dollars.

• Benefit in each year is calculated as follows:

$$\text{Benefit (t)} = (\text{effect (t)} \times \text{cost (t)} [\text{plus effect (t)} \times \$5,000 \text{ if } t \geq 5]) / 1.03^t$$

Where:

- t is the number of years since the program began
- cost (t) is the annual cost to all public systems of a person remaining homeless, \$72,724 in year 0, rising to \$80,315 by year 30 as the health and justice shares grow in real terms
- \$5,000 is the annual public revenue gained once a participant is working;
- 1.03 discounts future dollars to today's value, at 3% a year

For example, in year 5: $\text{Benefit (5)} = [0.100 \times (\$73,878 + \$5,000)] / 1.03^5 = \$6,804$

Table 9: HF4Y benefit per young person, central cost estimate

Year	Effect Person-years of homelessness avoided per participant in year	Benefit	Present value
0	0.2770	\$20,145	\$20,145
1	0.2260	\$16,487	\$16,007
2	0.0950	\$6,952	\$6,553
3	0.1000	\$7,341	\$6,718
4	0.1000	\$7,364	\$6,543
5	0.1000	\$7,888	\$6,804
6	0.1000	\$7,921	\$6,634
7	0.1000	\$7,954	\$6,468
8	0.1000	\$7,988	\$6,306
9	0.1000	\$8,022	\$6,148
10	0.1000	\$8,057	\$5,995
11	0.1000	\$8,092	\$5,846
12	0.1000	\$8,127	\$5,700
13	0.1000	\$8,162	\$5,558
14	0.1000	\$8,198	\$5,420
15	0.1000	\$8,235	\$5,286
16	0.1000	\$8,272	\$5,155
17	0.1000	\$8,309	\$5,027
18	0.1000	\$8,347	\$4,903
19	0.1000	\$8,385	\$4,782
20	0.1000	\$8,423	\$4,664
21	0.1000	\$8,462	\$4,549
22	0.1000	\$8,501	\$4,437
23	0.1000	\$8,541	\$4,328
24	0.1000	\$8,581	\$4,221
25	0.1000	\$8,622	\$4,118
26	0.1000	\$8,663	\$4,017
27	0.1000	\$8,704	\$3,919
28	0.1000	\$8,746	\$3,823
29	0.1000	\$8,789	\$3,730
30	0.1000	\$8,832	\$3,639
Total			\$187,443

Years 0 to 2 are the measured 12-, 24- and 36-month results. From year 3 the gap is held at 10 percentage points.

Return in each year is calculated as follows:

$$\text{Return} = \text{Sum of Benefit}(t) \text{ across all years} / \text{Present value of cost}$$

Where:

- The present value of benefits is the sum of benefit(t) across all years

For example, in year 5: $\text{Return}(5) = (\$20,145 + \$16,007 + \$6,553 + \$6,718 + \$6,543 + \$6,804) / \$47,388 = 1.3 : 1$

Table 10: HF4Y return by cost estimate

Cost estimate	3 years	5 years	10 years
Lower	0.6 : 1	0.7 : 1	1.1 : 1
Midpoint	0.8 : 1	1.1 : 1	1.6 : 1
Population-weighted (central)	1.0 : 1	1.3 : 1	2.0 : 1
Upper	1.1 : 1	1.4 : 1	2.1 : 1

Cost estimate	20 years	30 years	50 years
Lower	1.7 : 1	2.2 : 1	2.9 : 1
Midpoint	2.5 : 1	3.2 : 1	4.1 : 1
Population-weighted (central)	3.1 : 1	4.0 : 1	5.1 : 1
Upper	3.3 : 1	4.2 : 1	5.4 : 1

REFERENCES

1. Kneebone, R. (2023). To reduce homelessness, look at shelter-use patterns. Policy Options. <https://policyoptions.irpp.org/2023/12/homelessness-strategies-should-reflect-patterns-of-shelter-use/7>
2. Gaetz, S., Bonakdar, A., & Walter, H. (2025). Toronto sector approach to diversion and Family and Natural Supports. Presentation to the Toronto Prevention of Youth Homelessness Working Group
3. Bonakdar, A. & Drammeh, P.S. (2026). *Housing First for Youth: What a Three-Year Study Tells Us About What Works [Policy brief]*. The Canadian Observatory on Homelessness Press
4. Gaetz, S., O'Grady, B., Kidd, S., & Schwan, K. (2016). Without a Home: The National Youth Homelessness Survey. Canadian Observatory on Homelessness Press.
5. Frenette, M. (2014). An Investment of a Lifetime? The Long-term Labour Market Premiums Associated with a Postsecondary Education. Statistics Canada.
6. Hwang, S. W., Aubry, T., Palepu, A., Farrell, S., Nisenbaum, R., Hubley, A. M., Klodawsky, F., Gogosis, E., Hay, E., Pidlubny, S., Dowbor, T., & Chambers, C. (2011). The health and housing in transition study: A longitudinal study of the health of homeless and vulnerably housed adults in three Canadian cities. *International Journal of Public Health*, 56(6), 609–623.
7. Roebuck, B. (2008). Homelessness, Victimization and Crime: Knowledge and Actionable Recommendations. Institute for the Prevention of Crime, University of Ottawa.
8. Gaetz, S., O'Grady, B., & Buccieri, K. (2010). Surviving Crime and Violence: Street Youth and Victimization in Toronto (Homeless Hub Research Report Series #1). Justice for Children and Youth & The Homeless Hub.
9. Housing, Infrastructure and Communities Canada. (2025). Everyone Counts 2024 Highlights Report Part 2 – Survey of People Experiencing Homelessness. Government of Canada.
10. Latimer, E., Rabouin, D., Cao, Z., Ly, A., Powell, G., Aubry, T., Distasio, J., Hwang, S., Somers, J., Stergiopoulos, V., Veldhuizen, S., Moodie, E., Lesage, A., & Goering, P. (2017). Costs of services for homeless people with mental illness in 5 Canadian cities: A large prospective follow-up study. *CMAJ Open* 5(3):E576–E585.
11. Canadian Institute for Health Information. Homelessness and Hospital Use. <https://www.cihi.ca/en/homelessness-and-hospital-use>
12. Russel, A., Jarvis, C., Wrobel, M., & Sargeant, E. (2022, May 28). Inside Ontario's "scary" child-welfare system where kids are "commodities." Global News. <https://globalnews.ca/news/8874449/ontario-child-welfare-system-serious-occurrence-reports/>
13. Romeo-Beehler, B. (2022). Part 1 of the Audit of Emergency Shelters: A Focus on Case Management Improving Outcomes – A Roadmap for Shelter, Support and Housing Administration to More Effectively Guide Each Client on Their Journey Towards Stable Housing. Auditor General Toronto.
14. Davies Jorgenson, K. (2025) Modelling the Operating Costs of Housing First for Youth (HF4Y) programs in Canada. A Way Home Canada. (See Appendix A)
15. Davies Jorgenson, K. (2025) Modelling the Operating Costs of Family and Natural Supports programs in Canada. A Way Home Canada. (See Appendix A)
16. Bonakdar, A. (2026). Return on Investment Modelling for Housing First for Youth and Family and Natural Supports Programs in Canada. Canadian Observatory on Homelessness Press. (See Appendix B)
17. Department of Justice Canada. (2024, November). The over-representation of Indigenous people in the criminal justice system. <https://canada.justice.gc.ca/eng/rp-pr/jr/jf-pt/2024/nov.html>
18. Leach, A. (2010). The roots of Aboriginal homelessness in Canada. Aboriginal Housing Management Association. <https://ahma-bc.org/wp-content/uploads/2024/03/AHMAParityarticle-onAboriginalHomelessness1110.pdf>
19. Statistics Canada. (2024, October 25). Study: The socio-demographic diversity of the Black populations in Canada. <https://www150.statcan.gc.ca/n1/daily-quotidien/241025/dq241025b-eng.htm>
20. Bonakdar, A., Banchani, E., Drammeh, P. S., Gaetz, S., Somefun, O. D., Naidoo, K., Schwan, K., & Kidd, S. A. (2026). Black youth experiencing homelessness and criminal justice involvement: Findings from the Without a Home national youth homelessness survey in Canada. *Journal of Social Distress and Homelessness*.
21. City of Toronto. (2025, July 7). City of Toronto releases findings of 2024 Street Needs Assessment homelessness survey. <https://www.toronto.ca/news/city-of-toronto-releases-findings-of-2024-street-needs-assessment-homelessness-survey/>
22. Statistics Canada. (2024, January 25). Socioeconomic profile of the 2SLGBTQ+ population aged 15 years and older, 2019 to 2021. <https://www150.statcan.gc.ca/n1/daily-quotidien/240125/dq240125b-eng.htm>
23. Bonakdar, A., & Drammeh, P.S. (2026). *Housing First for Youth: What a Three-Year Study Tells Us About What Works*. The Canadian Observatory on Homelessness Press.
24. Latimer, E., Rabouin, D., Cao, Z., Ly, A., Powell, G., Aubry, T., Distasio, J., Hwang, S., Somers, J., Stergiopoulos, V., Veldhuizen, S., Moodie, E., Lesage, A., & Goering, P. (2017). Costs of services for homeless people with mental illness in 5 Canadian cities: A large prospective follow-up study. *CMAJ Open* 5(3):E576–E585.
25. Housing, Infrastructure and Communities Canada. (2025). Homelessness Data Snapshot: Youth Homelessness in Canada. Government of Canada.