

# Making Toronto Safer

A Cost-Benefit Analysis of Transitional Housing Supports  
for Men Leaving Incarceration

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JohnHoward  
SOCIETY OF TORONTO

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Commissioned by: The John Howard Society Toronto & Toronto  
Community Foundation



## Table Of Contents

<b>Executive Summary .....</b>	<b>2</b>
<b>Forward: Yet Another Cost-benefit analysis .....</b>	<b>6</b>
<b>Introduction - Framing the Cost-benefit analysis .....</b>	<b>8</b>
Overview of Cost-Benefits Analysis.....	8
Who Benefits - The Ford Pinto Case.....	9
What is the Best Way to Apply Cost-benefit analysis to Transitional Support.....	10
Conceiving Cost-Benefit in the Public Interest.....	11
Who Accepts It and Who Rejects It?.....	11
"Giving".....	13
Good Cost-Benefit Takes All Stakeholders Into Account.....	13
<b>The Project.....</b>	<b>14</b>
Overview of the John Howard Society of Toronto.....	14
A Day In The Life at a Transitional Housing Facility.....	16
<b>The Cost-benefit analysis.....</b>	<b>16</b>
Overall Design and Definition of Populations.....	17
The Homeless Group.....	18
The 810 Group.....	19
Defining Recidivism.....	19
General Methodology.....	21
Homeless Methodology.....	22
Cost With THS.....	22
Base Case.....	22
Cost Without THS .....	23
Base Case.....	22
Base Case + Social Assistance and Health.....	24
Base Case + Social Assistance and Health + Justice Costs.....	25
Methodology for 810 Group.....	27
Results.....	28
<b>Discussion of results and Findings.....</b>	<b>30</b>
Results.....	30
Homeless.....	30
810 Group.....	30
Economic Benefits, Safety and Responsibility.....	31
Economic Benefits.....	31
Safety.....	31
Maximizing Responsibility.....	31
Impact of Savings on Government.....	32
<b>Conclusion.....</b>	<b>34</b>

## **Executive Summary**

In early 2010, the John Howard Society of Toronto commissioned a cost benefit study and analysis of Transitional Housing and supports (THS) for two types of ex-prisoners moving to the community from incarceration. The first group is comprised of homeless ex-prisoners (individuals often charged with petty theft, drug possession, public disturbances and who have no fixed address upon their release from custody. They have partially served their sentence in jail and will serve the remainder of it in the community, under supervision). The latter group is comprised of s810 sexual offenders (Section 810 peace bonds are court orders that enable the police to protect the public by requiring an individual who poses a threat to society to abide by specific conditions for up to one year and can be renewed). This proposition was to calculate the cost savings (if any) associated with the intervention of transitional housing and supports as opposed to their absence.

The cost benefit study framed the intervention of THS as a public good and a service to the community as well as the ex-prisoner and assessed the benefit with all public stakeholders in mind. The latest available data was used to conduct the study. John Stapleton (Principal of Open Policy Ontario) in partnerships with Brendon Pooran and Rene Doucet (Chronicle Analytics) completed the study in November 2010.

The next step is to file a funding application to the City of Toronto and to explore funding opportunities generally (with a focus on the provincial government) to expand THS. If John Howard Toronto expands the support services and access to housing for those who have been released from correctional facilities, it believes that the recidivism rate (re-offending rate) will decline. Lower recidivism is accepted as an important indicator of community safety.

### **What does the cost benefit analysis show?**

The cost benefit analysis clearly demonstrates that with transitional housing and supports in place, better outcomes can be achieved at lower costs. Such benefits are enjoyed by the public first and foremost. The likelihood of re-offending decreases thereby creating safer communities. At the same time, the tax dollars spent on prisoners throughout the criminal justice process and beyond is far less than the alternative of continued re-incarceration.

The per-person estimated savings provided by Transitional Housing and support is estimated to be:

- \$350,000 for a homeless person; and
- \$109,000 for a Section 810 prisoner

The Cost-benefit analysis also provides obvious benefits to ‘warrant expiry’ prisoners (i.e. those who have served their full sentence) from both the Homeless Group and the 810 Group. Numerous studies show that the alternative of offering no supports upon the completion of their sentences often leads to continued criminal activity and therefore additional costs to all levels of government. In essence, transitional housing and supports provides ex-prisoners with the opportunity to fulfil their responsibility to society.

### **Why was the study commissioned?**

The Toronto Community Foundation that provided the grant for the study answers:

*"We know from the Toronto's Vital Signs that one in five short-term inmates in Toronto's jails is homeless, and even a brief sentence increases the likelihood of having no home to return to upon release. There is a critical need for housing supports and services for Torontonians serving jail sentences in the city's institutions," said Rahul K. Bhardwaj, President and CEO of the Toronto Community Foundation. "...and this is why The Toronto Community Foundation is proud to have provided a Vital Ideas grant to the John Howard Society Toronto to undertake this cost-benefit analysis that will enable the long-term and sustainable expansion of their housing services breaking the cycle of recidivism."*

### **What are Transitional Housing and Supports?**

Ex-prisoners undertake an assessment upon intake at the John Howard Society of Toronto where they are assigned to an individual counsellor to address all issues identified (addictions, unemployment, anger management, life skills deficits, etc.). Each service user is referred to specialized services when identified (e.g. mental illness to the Centre for Mental Health and Addiction).

All clients are subject to the conditions of their parole/probation order including curfew, alcohol/drug abstinence including abstaining from contact with people with criminal records. Clients are not permitted to associate with one another inside the residence. They each have their own one-bedroom single unit and may not visit others' rooms – a model adapted from Ottawa's experience.

They are required to let staff know when they are leaving the building, where they are going, and when they will return. Clients who violate their supervision orders are reported to their probation or parole supervisors who may “breach” them, which can result in their return to jail for specific infractions.

All clients work with a housing counsellor and begin the process of identifying and obtaining appropriate permanent housing. The average time assumed spent in THS is approximately 12 months.

## **Is Incarceration expensive compared to Transitional Supports and Housing?**

The public cost of the management of crime and incarceration is expensive. Researchers at Iowa State University (ISU) calculated the total cost of a *single* murder at \$17.25 million, a rape at \$448,532, an armed robbery at \$335,733, an aggravated assault at \$145,379 and a burglary at \$41,288<sup>1</sup>. Of the homeless participants in a study titled, “Jailed and Homeless: Homeless and Jailed”, by John Howard Toronto, the authors found that over 85 per cent “anticipate being homeless again on discharge”.

Prevention statistics show that it is less expensive to house and support ex-prisoners than it is to allow them to return to their communities without support. Community supports and housing are cheaper, safer, prevent re-offending, and are more likely to result in rehabilitation of the offender.

## **What comprises good cost benefit analysis of Transitional Housing and supports?**

In most cost-benefit analyses where the eventual goal is to ask governments to implement cost effective and better services, the intervention desired must be one that is conceived to be in the public interest. Accordingly, in the case of supports and housing, we frame supports and housing as interventions intended to be in the public interest.

If the supports and housing are conceived as interventions on behalf of the public (i.e. a public service) the beneficiary is the community itself. Then the issue of deservedness is really a question of whether the community deserves to be safe, whether the community deserves another functioning member, whether the community deserves to have lower costs, and whether the community deserves to have lower incidence of crime. The cost-benefit analysis concerns itself with the question of whether the intervention achieves these goals.

A relevant cost-benefit analysis must:

- Address facts and statistics relevant to criminal activity in the Greater Toronto Area (“GTA”).
- Be framed from the perspective of the public or the community. Cost-benefit analysis that is conducted on matters of public policy, in order to be successful, must show that the public can benefit from and supports the conclusions; and
- Respect the level of government (municipal, provincial, federal) to which the costs and benefits accrue.

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<sup>1</sup> Matt Delisi, Anna Kosloski, Molly Sween, Emily Hachmeister, Matt Moore and Alan Dury, “Murder by Numbers: Monetary Costs Imposed by a Sample of Homicide Offenders” (2010) 27 *The Journal of Forensic Psychiatry & Psychology* 4 at 506.

Accordingly, this analysis attempts to show the best and least expensive ways to serve the public interest through interventions aimed at reasonable punishment, deterrence and rehabilitation of the ex-prisoner while keeping our communities as safe as possible.

The process involves balancing the total expected costs against the total expected benefits of one or more actions (in this case, using transitional supports vs. not doing so), in order to choose the best course of action. Since transitional support is a public policy and/or is funded by public funds, it must be viewed as a service or function to the public.

### **Who commissioned the cost benefit study?**

The John Howard Society of Toronto and the Toronto Community Foundation commissioned the study.

### **What is the John Howard Society of Toronto?**

The John Howard Society of Toronto is a non-profit organization committed to providing and developing programs that reduce the social, economic and personal cost of crime. The Society is dedicated to helping all people who have been in conflict with the law and adults at imminent risk of coming into conflict with the law through service provision, education and community programs.

They are located at:  
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Toronto, Ontario M5S 3L2  
Tel: 416.925.4386. 416.925.4386  
Fax: 416.925.9112 [contact@johnhowardtor.on.ca](mailto:contact@johnhowardtor.on.ca)

John Howard Toronto delivers Crime Prevention programs in partnership with the Toronto Police in the Jane/Falstaff and Lansdowne/Bloor neighbourhoods. They have sub-offices in Scarborough, North York and Jane/Finch.

The John Howard Society has operated continuously in Toronto since 1929. Today there are John Howard Societies in all provinces and territories in Canada. John Howard Toronto has always tried to stay true to the objective of making Toronto safer by assisting those who are involved with the criminal justice system and those at risk of coming into conflict with the law.

They have many active partnerships with all three levels of Government, the Centre for Addiction and Mental Health (CAMH), the Toronto Drug Court, the Toronto Police Force and many non-profit agencies. It is a member of the United Way.

John Howard Toronto currently has 32 full-time staff and 10 part-time staff and is active in all Toronto area correctional facilities.

## Forward: Yet Another Cost-benefit analysis?

We began research in April 2010 for a cost-benefit analysis of housing and community supports for ex-prisoners who had been incarcerated (the “Cost-benefit analysis”). As we talked to key stakeholders in the field, many greeted our work with consternation, noting that cost-benefit analyses of this sort had already been completed in many locales under a variety of circumstances. “Why,” they asked, “...would we be doing another one?”

After all, it is widely accepted that the public cost of the management of crime is expensive.

- Most recently, researchers at Iowa State University (ISU) calculated the total cost of a *single* murder at \$17.25 million, a sexual assault at \$448,532, an armed robbery at \$335,733, an aggravated assault at \$145,379, and a burglary at \$41,288<sup>2</sup>.
- A joint study by the John Howard Society of Toronto (“John Howard Toronto”) and University of Toronto titled, “Justice and Injustice” (the “2006 John Howard Toronto Study”), found the number of homeless persons arrested and cycling between jail and shelter [in Toronto] is increasing yearly.<sup>3</sup>
- A follow-up study conducted by John Howard Toronto further developed the concept of men “...caught in a revolving door between jails and shelters”. Of the incarcerated homeless participants in the study, John Howard Toronto found that over 85 per cent “...anticipate being homeless again on discharge”.

These stakeholders also know the costs of community supports and housing are much less than those incurred by utilizing the criminal justice system. Prevention statistics show that it is less expensive to house and support ex-prisoners than it is to allow them to return to their communities without support. Community supports and housing are less expensive, safer, help to prevent re-offending, and are more likely to result in rehabilitation. Former prisoners then are able to become taxpayers and contributing members of society.

- In 2006, John Roman & Aaron Chafing found that only small reductions in recidivism would be necessary in order for public agencies to recoup their investment in jail-based re-entry, and that is without even considering cost

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<sup>2</sup> Matt Delisi, Anna Kosloski, Molly Sween, Emily Hachmeister, Matt Moore and Alan Dury, “Murder by Numbers: Monetary Costs Imposed by a Sample of Homicide Offenders” (2010) 27 *The Journal of Forensic Psychiatry & Psychology* 4 at 506.

<sup>3</sup> Sylvia Novac, Joe Hermer, Emily Paradis and Amber Kellen, *Justice and Injustice: Homelessness, Crime, Victimization, and the Criminal Justice System*, Research Paper 207, (Toronto: Centre for Urban and Community Studies, University of Toronto with the John Howard Society of Toronto, 2006) at iii.

savings from decreased reliance on public supports and benefits in the form of increased tax revenue<sup>4</sup>.

- An Australian Research Brief written in 2008 concluded that 12 out of 13 treatment programs for sexual offenders were effective in reducing recidivism<sup>5</sup>. This brief built on a Canadian study that examined 9,000 sex offenders in four different countries and found that 12.3 per cent of treated sexual offenders re-offend sexually, compared to the 16.8 per cent of non-treated sex offenders<sup>6</sup>.

After reviewing the data, the cost-benefit conclusions appear to be a '*slam-dunk*'. From almost any angle, the benefits of transitional programs outweigh the costs of providing no assistance to those leaving correctional facilities. So what is the point of doing it all over again?

What we soon realized is that the cost-benefit that some key stakeholders have in mind often fails to address some significant issues:

- First, a local cost-benefit analysis is needed; one that, to the extent possible, uses facts and statistics relevant to criminal activity in the Greater Toronto Area ("GTA").
- Second, not all cost-benefit analyses are framed from the perspective of the public or the community. This is an important element that will be discussed throughout this report. Cost-benefit analysis that is conducted on matters of public policy, in order to be successful, must show that the public can benefit from and support the conclusions. The only real route to public acceptance is one that can demonstrate that a public policy intervention performs a service or function *from which all society can benefit*.
- Third, discussion is required with respect to the level of government (municipal, provincial, federal) to which the costs and benefits accrue as one government could bear all the costs while another gains all the benefits. It is therefore important to promote the view that, "...although there are different pockets, the pockets are on the same pair of pants."

Accordingly, the audience for this and similar cost-benefit analyses is governments and members of the public who wish to assess and understand the best and least expensive

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<sup>4</sup> John Roman and Aaron Chalfin, *Does it Pay to Invest in Reentry Programs for Jail Inmates?* (Washington: The Urban Institute, Justice Policy Center, 2006) Online: Urban Institute, [http://www.urban.org/reentryroundtable/roman\\_chalfin.pdf](http://www.urban.org/reentryroundtable/roman_chalfin.pdf) (last accessed, October 15, 2010).

<sup>5</sup> Sarah McGregor, *Sex offender treatment programs: effectiveness of prison and community-based programs in Australia and New Zealand* (New South Wales: Indigenous Justice Clearinghouse, 2008) Online: Indigenous Justice Clearinghouse, <http://indigenousjustice.gov.au/briefs/brief003.pdf> (last accessed, October 15, 2010).

<sup>6</sup>R.K. Hanson, A. Gordon, A.J.R. Harris, J.K. Marques, W. Murphy, V.L. Quinsey and M.C. Seto, "First report of the collaborative outcome data project on the effectiveness of psychological treatment for sex offenders" 14 *Sexual Abuse: A Journal of Research and Treatment* 2 at 169-194.



ways to serve the public interest through interventions aimed at reasonable punishment, deterrence and rehabilitation of the former prisoner while keeping our communities as safe as possible.

## Introduction - Framing the Cost-benefit analysis

### **Overview of Cost-benefit analysis**

Before framing the Cost-benefit analysis, we discuss what it is and its purpose, along with the issues frequently associated with this type of analysis.<sup>7</sup>

Cost-benefit analysis is a term that refers both to:

- Helping to appraise or assess the case for a project or proposal, which itself is a process known as project appraisal; and
- An informal approach to making economic decisions of any kind.

Under both definitions, the process involves balancing the total expected costs against the total expected benefits of one or more actions (in this case, using transitional supports vs. not doing so), in order to choose the best or most profitable option.

Benefits and costs should be expressed in dollar terms and are typically used by governments to evaluate the desirability of a given intervention. It is an analysis of the cost-effectiveness of different alternatives in order to see whether the benefits outweigh the costs. In our case, the aim is to gauge the efficiency of the intervention (transitional supports) relative to the status quo (no transitional supports).

Inputs are typically measured in terms of opportunity costs – the value of their best alternative use. The guiding principle is to list all parties affected by an intervention and place a monetary value on the effect it has on their welfare (public, stakeholders, and prisoners), as it would be valued by them.

The process involves the monetary value of initial and ongoing expenses and their expected return. Constructing plausible measures of the costs and benefits of specific actions is often very difficult. In practice, analysts try to estimate costs and benefits either by using survey methods or by drawing inferences from market behaviour.

A period of assessment needs to be chosen but it can be controversial because of the complexity of matching timeframes for the underlying data and the uncertainty attached to events that occur far into the future.

Risk assessments become controversial when governments use this technique, for example, to decide whether to introduce business regulation, build a new road or offer a

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<sup>7</sup> Derived from Wikipedia, “Cost-benefit analysis”(Last modified on 10 October 2010) online: Wikipedia < [http://en.wikipedia.org/wiki/Cost-benefit\\_analysis](http://en.wikipedia.org/wiki/Cost-benefit_analysis)> (last accessed: 19 October 2010).

new drug through the healthcare system. In these cases, a value must be put on human life or the environment, often causing great controversy. For example, the cost–benefit principle says that we should install a guardrail on a dangerous stretch of mountain road if the dollar cost of doing so is less than the implicit dollar value of the injuries, deaths and property damage that will be prevented (R.H. Frank 2000).<sup>8</sup>

The same issue would present itself again if one ex-prisoner who benefited from transitional housing subsequently committed a highly public offence.

Cost–benefit analysis is used mainly to assess the monetary value of very large private and public sector projects. This is because such projects tend to include costs and benefits that are less amenable to being expressed in financial or monetary terms (e.g., environmental damage) *as well as* those that can be expressed in this way.

The accuracy of the outcome of a cost–benefit analysis depends on how accurately costs and benefits have been estimated. Outcomes almost always tend towards underestimation unless significant new approaches are overlooked because such estimates:

- Rely heavily on similar past projects, often differing markedly in function or size and certainly in the skill levels of the team members,
- Rely heavily on the project's members to identify, based on memories of their collective past experiences, the significant cost drivers,
- Rely on very crude heuristics to estimate the money cost of the intangible elements,
- Are unable to completely dispel the usually unconscious biases of the team members who often have a vested interest in a decision to go ahead, and the natural psychological tendency to "think positively".

Another challenge to cost–benefit analysis comes from determining which costs should be included in an analysis (the significant cost drivers). This is often controversial because organizations or interest groups may think that some costs should be included or excluded from a study.

### ***Who Benefits? – The Ford Pinto Case***

As noted, one challenge in cost-benefit analyses is deciding which costs and benefits to include and exclude. They have to be chosen in order to represent the perspective of the organization or group in question.

But a more important question, one that needs to be answered first, is whose perspective do we take? There are many actions that can be taken that are cost effective and better for a company or a government but are neither publicly acceptable nor benefit the public at

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<sup>8</sup> Robert H. Frank, "Why is Cost-benefit analysis so Controversial?" (2000) 29 Journal of Legal Studies 319 at 319.

large. The most famous example in the cost-benefit literature relates to the Ford Motor Company and a problem it was having with its automobile, the Ford "Pinto".

"In the case of the Ford Pinto (where, because of design flaws, the Pinto was liable to burst into flames in a rear-impact collision), the Ford Company's decision was not to issue a recall. Ford's cost-benefit analysis had estimated that based on the number of cars in use and the probable accident rate, deaths due to the design flaw would run about \$49.5 million (the amount Ford would pay out of court to settle wrongful death lawsuits). This was estimated to be less than the cost of issuing a recall (\$137.5 million). In the event, Ford overlooked (or considered insignificant) the costs of the negative publicity so engendered, which turned out to be quite significant (because it led to the recall anyway and to measurable losses in sales)".<sup>9</sup>

In the Pinto cost-benefit analysis, the cheaper and better solution for Ford was to avoid a recall and pay out damages when sued. The cost-benefit analysis supported this course of action but the conclusions concerned only what possibly or outcome would be best for Ford. Certainly, someone unknowingly driving a Ford Pinto with a faulty gas tank would not agree with the conclusion of the cost-benefit analysis completed for Ford.

The fundamental issue here is on whose behalf the cost-benefit analysis is being completed. A cost-benefit analysis conducted for potential victims of a faulty gas tank looks very different from one conducted for Ford. With transitional housing and supports, society's focus on "handouts" to ex-prisoners complicates matters as this assumption excludes potential beneficiaries of such initiatives.

In other words, on whose behalf is the Cost- Benefit Analysis being conducted? Is it John Howard Toronto or any other service provider? Is it the police? Is it the ex-prisoner? Is it the public at large?

We already know, for example, that there are members of the public who may equate one victim of an offence committed during or after a transitional placement with such support and/or housing as a program failure (even though an offence is even more likely in the absence of the program). Needless to say, the criteria for cost-benefit in terms of who benefits and who pays will be different for varying stakeholders.

### ***What is the Best Way to Apply Cost-benefit analysis to Transitional Support?***

As we mentioned in the *Overview* section, successful cost-benefit analyses that are conducted on matters of public policy must also show public support for the conclusions.

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<sup>9</sup> Safety Forum, "Ford Fuels Fires", ( July 2007) online: Safety Forum  
< <http://www.safetyforum.com/fordfuelfires/>> (last accessed: 19 October 2010).

The only effective route to public acceptance is by demonstrating that a public policy intervention performs a service or function from which all of society can benefit.

Since transitional support is a public policy and/or is funded by public funds, it must be viewed as a service or function to the public. We therefore define our perspective as that of the public or the community. This has important implications: the costs cannot be limited to those related to the judicial system or incarceration, nor can the benefits be limited to those experienced by the ex-prisoner.

Moreover, there are different types of costs to account for, regardless of which perspective is taken, and these costs roughly equate to the accepted reasons for incarceration. There are seven reasons<sup>10</sup> that we incarcerate people, the first four are the classical reasons, followed by three modern additions.

#### *Classical*

1. Rehabilitation
2. Deterrence
3. Society's protection
4. Retribution

#### *Modern*

5. Class control
6. Scapegoating; and
7. Political gain

In our cost-benefit analysis, we use only the four classical reasons for incarceration as a starting point for identifying costs and benefits. The other reasons are far less tangible, much harder to measure and there is no baseline data available for them.

The costs and benefits associated with rehabilitation, deterrence and society's protection can be easily determined for both transitional supports upon release and the lack thereof. The challenge lies with showing that the higher upfront costs associated with transitional supports extend, to a degree, to the retributive aspect of incarceration through responsibility borne by the prisoner.

## ***Conceiving Cost-Benefit in the Public Interest***

### **Who Accepts It and Who Rejects It?**

It is not just corporations (as in the above example of the Ford Pinto) that fail to take the public's perspective into account. In one of the most well known articles on homelessness, *Million Dollar Murray*, author Malcolm Gladwell notes the difficulties a mayor had in extending community supports and housing to his city:

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<sup>10</sup> Richard Wilkinson and Kate Pickett, *The Spirit Level* (United Kingdom: Penguin, 2010).

In Denver, John Hickenlooper, the city's enormously popular mayor, has worked on the homelessness issue tirelessly during the past couple of years. He spent more time on the subject in his annual State of the City address this past summer than on any other topic. He has commissioned studies to show what a drain on the city's resources the homeless population has become. But, he says, "...there are still people who stop me going into the supermarket and say, 'I can't believe you're going to help those homeless people, those bums'." <sup>11</sup>

Let us stop for a moment to consider how the people who stopped the mayor in the supermarket conceived of community supports and housing, especially on whose behalf the supports and housing were being provided. Those people perceived the mayor's proposed services would not be of benefit to the public but for a particular group of people who they had already concluded were unworthy of help.

Once a public stakeholder (in this case, certain members of the public in Denver), sees the benefit of spending to accrue to an unworthy party, all discussion of cost-benefit is foreclosed. From the point of view of that stakeholder, only the homeless individual is the recipient of a benefit and this person (the one to whom the benefit accrues), is someone who will remain unworthy. For this member of the public, cost-benefit analysis of supports and housing must fail.

By the same token, those members of the public who have concluded that they (or their community) may suffer from the presence of ex-prisoners will also reject a positive cost-benefit analysis as they have already concluded that the cost-benefit analysis cannot work. In addition to being unworthy of assistance, the presence of the ex-prisoner is believed to degrade the community and perhaps the value of their properties. For them, cost-benefit of supports and housing cannot survive in the context they accept. In the mind of these individuals, supports and housing can never be less expensive and better than the alternatives that do not place ex-prisoners in their community.

Such public responses to supports and housing replicate the problem seen in the Ford Pinto case. They conceive of their personal or corporate interest as being more important than the public interest. That is why it is impossible to argue that an intervention is either better or less costly (even for them), because they reject the fundamental premise that the intervention could be conceived as being a service to the public. To them, the intervention has already been conceived as a service to persons other than themselves. They therefore view the benefits as only accruing to the ex-prisoner, for which the public, and not the ex-prisoner, bears some portion of the costs.

In most cost-benefit analyses where the eventual goal is to ask governments to implement cost effective and better services, the intervention desired must be one that is conceived to be in the public interest. Accordingly, in the case of supports and housing, we must

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<sup>11</sup> Malcolm Gladwell, Department of Social Services, "Million-Dollar Murray" in *The New Yorker*, (New York: February 13, 2006) at 96.

frame both as interventions intended to be in the public interest. We cannot conceive the interventions as help for ex-prisoners on their own or we begin to accept the frame of the members of the public in the Denver supermarket.

If the supports and housing are conceived as interventions on behalf of the public (i.e. a public service), the beneficiary is the community itself. Then the issue of deservedness is really a question of whether the community deserves to be safe, deserves another functioning member, to incur lower costs, and whether the community deserves to have lower incidence of crime. The Cost-benefit analysis concerns itself with the question of whether the intervention achieves these goals.

### “Giving”

This brings us to the issue of "giving" in the context of giving housing to the homeless. If the community is the recipient, then the community is "giving" to itself when it provides support and housing. If the individual is the recipient, then the main result must be that only the individual benefits while individual members of the public are removed from the intervention.

Inevitably, transitional supports and housing will be seen by some as 'help' for people who do not deserve it. All the cost-benefit analysis in the world cannot change this perception unless the programs themselves are re-framed to be seen as interventions other than 'help' for the undeserving. There is no purpose in engaging in an argument over whether ex-prisoners are deserving or undeserving as it has no place in cost-benefit analysis.

In the final breakdown, cost-benefit analyses of supports and housing to ex-prisoners conducted for the purposes of attracting government buy-in must assess its cost-effectiveness (better and less expensive) to the public. In this role they can neither speak to nor change the minds of persons or institutions that start from the premise that the intervention only serves the direct interests of an ex-prisoner who cannot be deterred, rehabilitated, or made a participant in positive community safety.

### **Good Cost-Benefit Takes All Stakeholders into Account**

The essential point concerning the Ford Pinto cost-benefit analysis is that it was not good analysis because it did not take all relevant stakeholders into account and for this reason, eventually failed in its conclusions.

Similarly, if our cost-benefit analysis only took service providers, the police, ex-prisoners, government accountants and policymakers into account, the resulting benefits would exclude consideration of the community at large. In other words, the Cost-benefit analysis, in order to be trustworthy and balanced, must be conducted on behalf of almost everyone. If the Ford Motor Company had followed this maxim in the case of the Ford Pinto, they would have taken the uninformed driver and an outraged public into account and come to a different conclusion.

## The Project

### ***Overview of the John Howard Society of Toronto***

John Howard Toronto provides services in three main sectors:

1. Alternatives to Prison/Crime Prevention.
2. Active support to Toronto area prisoners as well as inmates in Federal and Provincial Correctional institutions throughout southern and eastern Ontario.
3. Post-Incarceration counseling and services.

Their programs include:

- Direct Accountability (formerly “Diversion”) delivery at three courthouses;
- Court mandated domestic assault programs (John Howard Toronto is Toronto’s leading provider of Domestic Assault programs: Partner Assault Response - P.A.R- including specialized programming for individuals of various cultural communities);
- Transitional Housing for participants in the Toronto Drug Treatment Court Program;
- A nationally recognized Post-Incarceration Housing Support program;
- Anger Management;
- Addiction/ Relapse Prevention and;
- Aboriginal Incarceration Supports.

John Howard Toronto delivers Crime Prevention programs in partnership with the Toronto Police in the Jane/Falstaff and Lansdowne/Bloor neighbourhoods. They have sub-offices in Scarborough, North York and the Jane/Finch neighbourhood.

The John Howard Society has operated continuously in Toronto since 1929. Today there are John Howard Societies in all provinces and territories in Canada. John Howard Toronto has always tried to stay true to the objective of making Toronto safer by assisting those who are involved with the criminal justice system and those who are at risk of coming into conflict with the law.

John Howard Toronto has many active partnerships with all three levels of government, the Centre for Addiction and Mental Health (CAMH), the Toronto Drug Treatment Court, the Toronto Police Force and many non-profit agencies. It is also a member of the United Way. John Howard Toronto currently has 32 full-time staff and 10 part-time staff and is active in all Toronto area correctional facilities. The agency is also an important component of the City of Toronto’s Streets to Homes initiative.

- Its partnership with the Toronto Drug Treatment Court and the Centre for Addiction and Mental Health, John Howard Toronto initiated transitional housing units for drug court participants who would otherwise be homeless. According to data compiled by CAMH, since their operation began in 2007, the success rate of participants has increased from 14.7 per cent to over 62 per cent today;

- Its Post-Incarceration Housing Support Program has assisted over 450 men in obtaining permanent accommodation since its inception in September 2006. According to data compiled by the Streets to Homes division of the City of Toronto estimates that 83 per cent of these individuals are still housed; and
- John Howard Toronto is the largest provider of court-mandated domestic abuse programs in Toronto. Their programs have been acknowledged for the special care given to partner victims of assault by the Women's Abuse Council of Toronto.

John Howard Toronto makes the most of each and every opportunity to tell communities the truth about crime, its causes and the impact of the criminal justice system on service users and communities. Both staff and members of the management team are very active on committees and coalitions in order to ensure that client voices are present when important decisions that have an impact on them are being made.

In addition, John Howard Toronto is available to respond to issues in the media but also continues to make concerted efforts to be active in the public eye whenever possible by submitting both opinion and editorial positions to various local and mainstream newspapers. It keeps abreast of both local and provincial by-law amendments as well as both proposed and new legislation that have an impact on John Howard's client group.

Through both written and verbal submissions, John Howard Toronto provides input and deposes to various levels and committees within government and meets with politicians and political staff about relevant issues whenever possible.

When appropriate to do so, John Howard Toronto encourages service users to accompany them to events and meetings and is committed to initiating and participating in ongoing local research and policy initiatives.

It is the position of John Howard Toronto that carefully planned transitional supports to persons convicted of a broad range of crimes from sex offences to illicit drug use (including those leaving incarceration to finish their sentences) is a cost effective alternative to re-incarceration and can prevent re-offending.

The purpose of this cost-benefit analysis is to determine if this position is valid and if so, to establish the dollar value of the overall benefit.

### ***A Day in the Life at a Transitional Housing Facility***

John Howard Toronto currently provides transitional housing and supports to individuals who are out of jail and on probation and parole, taking part in the TDTC program and are homeless or at risk of becoming homeless.

Clients undertake an assessment upon intake at the John Howard Society of Toronto where they are assigned to an individual counselor who will assist them to address all



identified issues (addictions, unemployment, anger management, life skills deficits etc.), and may also be referred to specialized services when needed (e.g. those with mental health issues maybe referred to the Centre for Addiction and Mental Health).

All clients are subject to the conditions of their parole/probation orders, which may include a curfew, abstaining from alcohol/drugs as well as from associating with others who have criminal records. Clients residing in John Howard Toronto's housing are not allowed to associate with each other on the premises. They reside in one-bedroom single occupancy units and are not to visit others' rooms, a model adapted from Ottawa's experience. Residents are required to let staff know when they are leaving the building, where they are going and when they will return. In the case of any infraction of their parole or probation conditions, residents are reported by John Howard Toronto staff to their supervising officers and maybe returned to jail. Each resident works with a housing counselor to begin the process of identifying and eventually obtaining appropriate permanent housing, following their temporary stay in JHS' transitional housing.

If John Howard Toronto works in partnership with others to expand the support services and increase access to housing for those who have completed their sentences in a correctional facility, recidivism rates (re-offending rate) will decline. Lower recidivism is accepted to be an important indicator of community safety.

John Howard Toronto notes that since September 2006, the Post-Incarceration Housing Support program has housed 458 individuals with a retention rate estimated at 83 per cent. According to data compiled by CAMH the Drug Court Transitional Housing has increased the success rate of the TDTC program from 14.7 per cent to 62 per cent and had 73 participants.

## **The Cost-benefit analysis**

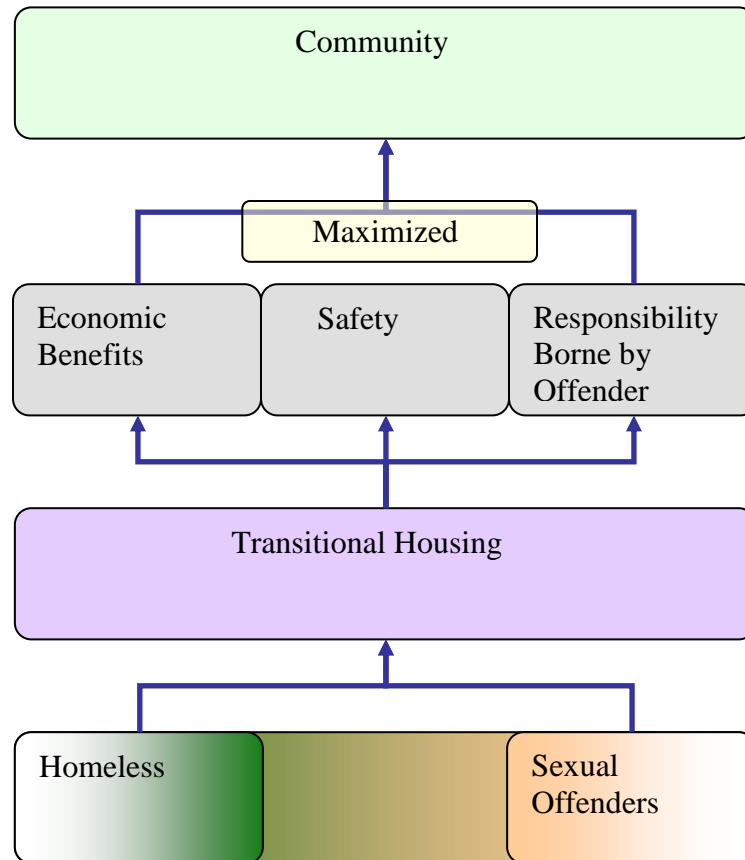
The Cost-benefit analysis demonstrates that it is in the community's interest to support transitional housing for released prisoners because transitional housing and services for individuals leaving incarceration maximizes:

- economic benefits for the community;
- society's protection; and,

while not quantified in the cost-benefit analysis, the discussion will show that transitional housing also maximizes the responsibility borne by the ex-prisoner.

These benefits are experienced by the community, regardless of which level or branch of government is assuming the cost and regardless of the type of offence that has been committed.

This can be visually depicted by the diagram below:



### ***Overall Design and Definition of Populations***

This cost-benefit analysis focuses on individuals who have completed their sentences in either a federal penitentiary or a provincial jail. The analysis will evaluate the associated costs and benefits of providing transitional supports to this population versus those associated with “doing nothing”.

In particular, the analysis focuses on two specific populations situated at opposite ends of the criminal spectrum: 1) homeless: individuals who have completed the incarceration portion of their sentences and who may be on probation or parole and have “no fixed address” upon leaving the correctional facility (hereinafter referred to as the “Homeless Group”); and 2) 810 Orders: These are peace bonds, ordered by the court that enable the police to protect the public by requiring an individual who poses a threat to society to abide by specific conditions for up to one year and maybe renewed (hereinafter referred to as the “810 Group”).

### **The Homeless Group**

The first group of individuals is those who are often charged with petty theft, drug possession, public disturbances, etc. They have partially served their sentence (in prison) and will serve the remainder of it in the community, under supervision. The key

characteristic of these individuals is that upon leaving the correctional facility, they have no place to call home and are likely to have to rely on one of Toronto's homeless shelters.

A 2006 John Howard Toronto study reported that, "414 adults with no fixed address were released from Ontario provincial jails (excluding those released from court) during the 12-month period from April 1, 2004 to March 31, 2005."<sup>12</sup> More recently, a similar study (the "2010 John Howard Toronto Study), reported that almost one third of inmates had no home to return to after being incarcerated<sup>13</sup> and that this number is likely an under representation of the true number of individuals left homeless after leaving the correctional facility as almost one in eight adults leaving custody do not provide address information.<sup>14</sup>

According to City of Toronto data, individuals with no fixed address average 800 shelter admissions per year after being discharged from a correctional facility.<sup>15</sup> Furthermore, the number of individuals with no fixed address admitted to an adult correctional facility in Toronto increased by 64 per cent between 2001 and 2004.<sup>16</sup> The 2010 John Howard Toronto study reports that 22.9 per cent of inmates were homeless when incarcerated.<sup>17</sup> While these studies do not focus on a particular cohort of individuals, they are meant to illustrate a cycle of homelessness resulting in incarceration, then resorting to a shelter upon release, only to end up back in a correctional facility again.

Many of the homeless prisoners that revolve through correctional facilities and shelters encounter challenges with substance abuse. Of the 308 individuals who were the subject of the 2006 John Howard Toronto Study, 62 per cent were using various forms of substances while 86 per cent had encountered substance use in the past. The chart below identifies types of substances being used by the respondents at the time of the study:

<b>Type of Substance Currently Used</b>	<b>% of Homeless Clients</b>
Alcohol	48
Marijuana	25
Crack or cocaine	21
Prescription drugs	3
Heroin or methadone	5

In addition to substance abuse issues, the 2006 John Howard Toronto Study identifies mental health treatment to be a high priority for many incarcerated homeless individuals.<sup>18</sup>

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<sup>12</sup> Novac et al (2006), note 2 at 32.

<sup>13</sup> The John Howard Society of Toronto, *Homeless and Jailed: Jailed and Homeless* (Toronto: August 2010).

<sup>14</sup> Novac et al (2006), note 2 at 23.

<sup>15</sup> Novac et al (2006), note 2 at 33.

<sup>16</sup> Novac et al (2006), note 2 at 30.

<sup>17</sup> The John Howard Society of Toronto (2010), note 19 at 16.

<sup>18</sup> Novac et al. (2006), note 2 at 19 referencing the Toronto Street Needs Assessment.

## The 810 Group

At the other end of the criminal spectrum are individuals who are subject to 810 Orders under the *Criminal Code*.

Essentially, 810 Orders are issued when there are reasonable grounds to believe that a person will commit a sexual offence against someone under 14 and/or a violent offence.<sup>19</sup> Violent crimes include, *inter alia*, homicide, attempted murder, sexual assault, and assault, use of firearms, robbery, abduction, extortion and criminal harassment. The 810 Orders include conditions such as “no communication with specific people or a certain group of people (those under age 14 for example)”. They may also include having to “avoid certain locations, such as a person’s residence and workplace or school and parks.”<sup>20</sup> Individuals may also be subject to a curfew and to report to police.<sup>21</sup> Legislation allows for an 810 Order to be issued for up to 2 years, however, a person may be subject to consecutive orders.

## Defining Recidivism

We use the key questions raised in the Forum on Corrections Research article titled “So You Want to Know the Recidivism Rate”<sup>22</sup> as a framework for defining recidivism for our analysis.

The first key question in defining recidivism is what constitutes a violation? Does any return to custody imply the individual has re-offended or is non-compliance with conditions (e.g. curfew) sufficient grounds for assuming that or a new offence has occurred? The broad scope of offence types is summarized below:

1. Return to Custody
2. Technical Violations
3. New Offences

For the purposes of this analysis, we exclude the definition of anyone returning to custody, as it is far too broad and in some cases represents the opposite of what we are trying to achieve.

We include technical violations in the analysis for the 810 Group as ‘Breached 810 Order’. We include this as it entails criminal justice costs (processing, re-incarceration,

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<sup>19</sup>CBC News, “Getting out of Prison”, (March 2008) online: CBC News <<http://www.cbc.ca/news/background/crime/#part5>> (last accessed 16 October, 2010).

<sup>20</sup> CBC News (2008), note 25.

<sup>21</sup> CBC News (2008), note 25.

<sup>22</sup> Correctional Service Canada, “So You Want to Know the Recidivism Rate”, *FORUM on Corrections Research* Volume 5, Number 3, (2009) online: <<http://www.csc-scc.gc.ca/text/pblct/forum/e053/e053h-eng.shtml>> (last accessed: 19 October 2010).

etc.), even though victim costs are likely zero. For the Homeless Group, we ignore the technical violation as a form of recidivism as there is no implied condition as there is with the 810 Group. The initial offence for the Homeless Group can be criminal code violation (violent, property, drug, other), and so, even though technical violations are possible, we make the conservative assumption that there are none.

We consider new convicted offences to be recidivism, regardless of whether the type of offence was different than that of the initial offence. For example, an individual who has committed a violent crime in the past commits a property crime after his release is considered to have recidivated. We decided to include all offence types in the re-offence category because there are significant costs borne by the community no matter what the subsequent offence is. If there is more than one type of offence, the most serious would take precedence for the purposes of classification.

We acknowledge there is a limitation in using convictions as a measure of new offences as there are crimes that go unreported or unsolved. As well, plea-bargaining lowers the number of convictions – and lessens the charge in some cases – and therefore causes the number of actual offences to be understated. In general then, the actual number of offences will be underreported, which will again yield a conservative number in the context of this analysis.

Another key question is, how long should the re-offence period be? Clearly there is more chance of recidivism the longer the tracking period. We use three years for the 810 Group and a “lifetime” for the Homeless Group. The difference is due to the nature of the crime patterns between these two groups. With the 810 Group, the likelihood of recidivism is higher in the initial period after release so we are capturing the salient timeframe and again taking the conservative stance of not including the recidivism costs of years beyond that point.

With the Homeless Group, we use a “lifetime” as our period because of the pattern of homeless crime: the average number of sentences for a homeless criminal is eight.<sup>23</sup> With this group, we are trying to capture the effects of the so-called ‘revolving door’ effect between homelessness and incarceration.

We recognize also the limitation of using one recidivism rate for the entire 810 Group. For example, past research available has shown that rates for incest offenders are significantly lower than for pedophiles.<sup>24</sup>

Yet another question when calculating recidivism is, do we distinguish between types of release? Rates for releases on mandatory supervision are quite different from those on full parole.

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<sup>23</sup> The John Howard Society of Toronto (2010), note 19 at 72.

<sup>24</sup> Incest is defined as sexual relations between blood relatives, while typically refers to sexual interest in children.

## **General Methodology**

We use a cost-benefit meta-analysis to calculate the costs of two groups of ex-prisoners upon the termination of their sentence and subsequent release into the community under two broad scenarios: with and without the support of transitional housing.

By meta-analysis, we mean that we are using a composite of facts and statistics from other studies and cost-benefit analyses as opposed to conducting our own study in which we identify and track our own cohort(s). Therefore, the statistics we use were not obtained or calculated using a single cohort but rather multiple cohorts from multiple studies and analyses.

As explained earlier, the two groups are termed the “Homeless Group” and the “810 Group” and were chosen due to their being situated on opposite ends of a crime spectrum, with one extreme being various types of crimes that occur with relative high frequency (as a result of homelessness), and the other being specifically violent crime that is less frequent (resulting in 810 orders). If the cost-benefit analysis yields the same general result for both groups – that is to say, a positive net present value when THS is used as compared to when it is not – then we will draw the inference that this outcome holds true for the entire spectrum of ex-prisoner types.

The costs that we include in the analysis are those that reflect the perspective of the community. In other words, we look for those costs that would be borne by the community as a whole, not an isolated person or organization. To this end, we use as a basis the costs included in Roman and Chalfin’s cost-benefit analysis<sup>25</sup>, which are as follows:

- Victim Cost (VC) – costs borne by the victim<sup>26</sup>
- Criminal Justice Cost (CJC) – cost of investigating, charging, prosecuting and processing
- Transitional Housing Cost (THC) – cost of re-entry services (housing, substance-abuse programs, counselling)

And we added two more:

- Social Assistance Cost (SAC) – cost of providing social assistance benefits (OW or ODSP) or shelter to a person who is not self-reliant
- Health, Police and Other Costs (HPOC) – cost of providing emergency services and related health services, such as emergency room visits

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<sup>25</sup> Roman & Chalfin (2006), note 3.

<sup>26</sup> Such costs used in Roman & Chalfin, note 3, consist of the cost of lost wages, medical care, and pain and suffering.

## **Homeless Methodology**

We use a different model for the Homeless Group, as there are different factors that drive the costs. For example, the model used for the 810 Group involved equating the group to an initial offence type but we cannot do that with the Homeless Group, as any type of crime could be committed.

### **Cost with THS**

#### Base Case

The base case cost of THS is simply the cost of one year's worth of costs to John Howard Toronto.

Cost of Base Case = \$40,000

This would be the total cost if the individual in question;

1. Spent one year in THS,
2. Committed no more crimes after living in John Howard Toronto's housing,
3. Became self-sufficient<sup>27</sup> after leaving John Howard Toronto, And that, as part of being self-sufficient, no emergency safety or medical costs were incurred,
4. And that, as part of being self-sufficient, permanent housing was obtained.

If we assume that social assistance would still be collected (i.e. relaxing assumption number 3 above), for a certain amount of time, the costs are as follows

	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
Cost of Social Assistance	\$8,484	\$25,452	\$42,420	\$84,840
+ \$40,000	\$48,484	\$65,452	\$82,420	\$124,840

In analyzing the variables, the annual cost of \$40,000 was calculated by taking the average of the low and high ends of the daily cost (\$58/day and \$158/day, respectively) as provided by the John Howard Society (Ottawa), multiplying by 365 and rounding up to the nearest \$1,000.

The social assistance costs are calculated by assuming three in four cases receive OW with the remaining one receiving ODSP; the monthly amount is calculated as follows:  $\$592 * 0.75 + \$1,052 * 0.25 = \$707$ , which is in turn multiplied by the number of months covered by the period. This amount assumes the individual has a permanent address.

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<sup>27</sup> In this context, we mean self-sufficiency to connote that the ex-prisoner will not re-offend and has benefited from rehabilitation efforts.

## Cost without THS

### Base Case

Here is the equation for costing out the base case, that is, without factoring in criminal justice and victim costs:

Cost of Base Case =  
Average Times Incarcerated times Average Time Served times Incarceration Costs per Day

Plugging in the numbers for our variables, we arrive at the following:

Cost of Base Case = 8 times 67 times \$142 = \$76,112

This can be read as, “a homeless offender accrues \$76,112 in incarceration costs over his “lifetime”

Let us analyze the variables. To cost out the Homeless Group, we start by acknowledging an important phenomenon with homeless ex-prisoners, which is the “revolving door” effect – the cycle between incarceration and homelessness. As such, we establish the average number of times a homeless ex-prisoner is incarcerated (eight).<sup>28</sup>

This number is arrived at from a sample of 308 homeless clients that were part of a study conducted by John Howard Society of Toronto<sup>29</sup>. We acknowledge there are factors that, according to the study, diminish the reliability of the data. Moreover, the results are also particular to a John Howard Toronto clientele and do not represent homeless men in general; most had been discharged from jail or prison when they became clients of John Howard Toronto and the number of convicted violent offences is disproportionately high.<sup>30</sup> Still, we believe this to be the most reliable source for knowing the average number of incarcerations for the population in question (homeless ex-prisoners).

Let us move on to average time served. According to a John Howard Toronto study, the average length of stay in a prison by a homeless inmate was 67 days for a population of 363 homeless inmates. Homeless is defined as someone who was staying in a shelter or treatment facility, living on the street, staying in a place considered unfit for human habitation or temporarily staying with friends and paying no rent (i.e. ‘couch-surfing’). The sample included only those individuals who were incarcerated for at least five consecutive nights and who were released from custody between September 2009 and March 2010.<sup>31</sup>

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<sup>28</sup> The John Howard Society of Toronto (2010), note 19 at 72.

<sup>29</sup> Novac et al, (2006), note 2.

<sup>30</sup> The majority of files used in the study were from the Anger Management program because the intakes were most complete.

<sup>31</sup> The John Howard Society of Toronto (2010), note 19.



The incarceration costs of \$142 per day were calculated by dividing the annual cost of \$52,000<sup>32</sup> by 365.

Summary of Variables

Statistic / Figure	Value	Source	Sample Definition
“lifetime” Average Times Incarcerated	8	Justice & Injustice	308 homeless clients of John Howard Toronto, most of whom were recently discharged from jail/prison; higher than average violent offences
Average Time Served	67 days	Homeless & Jailed	363 sentenced prisoners (no remand), in custody for at least 5 nights, released between September 2009 and March 2010
Incarceration Costs Per Day	\$142	Reality Check	CBC News Article

Note that, thus far, our period of examination is a “lifetime”.

Base Case + Social Assistance and Health

Cost of Base Case + Social Assistance = Base Case + (Per Diem Shelter Cost + Police, Health & Other)

Cost of Base Case = \$76,112 + (\$41.60/Day + \$4,583/Mo)

$$= \$76,112 + (41.60 * 365 / 12) + \$4,583/Mo$$

$$= \$76,112 + \$5,848/Mo$$

We must now determine how to mix a “lifetime” incarceration cost with monthly social assistance costs. As we do not know what percentage of his life a homeless prisoner spends homeless, we calculate the costs for four different periods (1 year, 3 years, 5 years, 10 yrs) and make a reasonable guess that the average is somewhere around three years.

We also make the assumption that all homeless ex-prisoners are spending time in a shelter during their homeless periods, which may be giving ourselves too much latitude. A small percentage will not use a shelter. So we shall say that \$5,848 is the monthly cost with shelter, and \$4,583 is the cost without shelter.

We assume also that even when in a shelter, the police, health and other costs remain the same as when they are not in a shelter.

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<sup>32</sup> Ira Basen, *Doing the crime and doing the time* (CBC, 2006) Online: CBC, <http://www.cbc.ca/canadavotes2006/realitycheck/crimetime.html> (last accessed, October 15, 2010).

Scenario	Monthly Cost	1 Year	3 Years	5 Years	10 Years
Shelter	\$5,848	\$70,176	\$210,528	\$350,880	\$701,760
No Shelter	\$4,583	\$54,996	\$164,988	\$274,980	\$549,960

So, the “lifetime” cost of a homeless prisoner, accounting for social assistance, is between \$131,108 (\$76,112 + \$54,996) and \$777,872 (\$76,112 + \$701,760).

Let’s analyze the new variables.

The per diem shelter costs are taken from the Ontario Works Policy Directive 2.7<sup>33</sup>.

Police, health and other are taken from Justice and Injustice<sup>34</sup>. These are clearly the highest costs so far.

#### Summary of Variables

Statistic / Figure	Value	Source	Definition
Per Diem Shelter	\$41.60/day	Ontario Works	Policy Directive 2.7
Police, Health & Other	\$4,583/Mo	Justice & Injustice	Based on statistics from Ontario Ministry of Municipal Affairs and Housing, 1999

#### Base Case + Social Assistance and Health + Justice Costs

Cost of Base Case + Social Assistance + Justice = Base Case + Social Assistance + Justice Processing Costs + Victim Cost

Cost of Base Case + Social Assistance + Justice = \$76,112 “lifetime” + \$5,848 / month + \$32,544 “lifetime” + \$233,000 / “lifetime”

We can see we have “lifetime” costs that now total \$341,656. If we add these to the various scenarios of monthly costs, we then have the following table:

Scenario	Monthly Cost	1 Year	3 Years	5 Years	10 Years
Shelter	\$5,848	\$411,832	\$552,184	\$692,536	\$1,043,416
No Shelter	\$4,583	\$396,652	\$506,644	\$616,636	\$891,616

<sup>33</sup> Emergency Hostel Services  
[http://www.mcass.gov.on.ca/en/mcass/programs/social/directives/directives/OWDirectives/2\\_7\\_OW\\_Directives.aspx](http://www.mcass.gov.on.ca/en/mcass/programs/social/directives/directives/OWDirectives/2_7_OW_Directives.aspx)

<sup>34</sup> Novac et al, (2006), note 2.

For example:  $\$411,832 = \$341,654 + 12 * \$5,848$

Let us analyze the last set of variables.

Justice processing costs of \$4,068 per crime are used, which yield a “lifetime” cost of \$32,544 (the \$4,068 average multiplied by eight “lifetime” incarcerations).

Justice processing costs are based on figures from Roman & Chalfin’s 2006 cost-benefit analysis. They use an average processing cost of \$4,068, which is an average of Cohen, Miller and Rossman’s 1994 estimation of \$6,085.97 (which excludes murders and is expressed in 2005 dollars) and Allen County, Indiana’s two-year pilot study of the Allen County Re-entry Court, which yielded \$2,049.26 for a violent crime<sup>35</sup>.

Roman & Chalfin Criminal Justice Processing Cost =  $(\$6,085.97 + \$2,049.26) / 2 = \$4,068$

These figures have limitations given that they reflect costs from the U.S. court and justice system, are not in Canadian dollars, and are subject to criminal patterns found in Miami and Indiana. However, given that they do not include murder costs, we consider them to be conservative and to serve as a reasonable proxy in the absence of Toronto-based statistics.

For probability of offence type, we use numbers from the study of the 308 homeless individuals,<sup>36</sup> and for victim costs, we turn to Roman & Chalfin again<sup>37</sup>.

The following table shows the weighted average victim costs for a single crime.

<b>Offence Type</b>	<b>Probability</b>	<b>Cost</b>	<b>Weighted Cost</b>
Violent	18%	\$145,332	\$26,159
Property	32.7%	\$3,144	\$1,028
Drug	10.5%	\$8,595	\$902
Other	32.9%	\$3,144*	\$1,034
<b>Total</b>			<b>\$29,125</b>

\* Other costs were not explicitly mentioned in Roman & Chalfin, so the lowest of the other three types (property) was used.

“lifetime” Victim Costs =  $\$29,125 * 8 = \$233,000$

<sup>35</sup> Roman & Chalfin (2006), note 3 at 13-15.

<sup>36</sup> Novac et al. (2006), note 2.

<sup>37</sup> Roman & Chalfin (2006), note 3 at 13-15.

### Summary of Variables

Statistic / Figure	Value	Source	Definition
Justice Processing	\$4,068 / offense	Roman & Chalfin	Average of high and low estimations (from Cohen, Miller and Rossman and Allen County study, respectively)
Offence Type Probability	See table above	Justice & Injustice	308 homeless clients of John Howard Toronto, most of whom have recently been discharged from jail/prison; higher than average violent offences
Victim Cost	See table above	Roman & Chalfin	Calculation by Cohen, Miller and Rossman (1994), Allen County Reentry 2 Year Pilot Study (2004).

Note that none of the above cases took into account parole and probation costs incurred as a result of previous convictions though they are significantly less than the cost of incarceration. Including such costs would further increase the cost of a non-THS approach. Recent studies have estimated costs of community-based programs such as parole and probation to be between \$5 and \$25 per day.<sup>38</sup> Overall, the province of Ontario spent \$106,762,000 on community supervision services and a further \$2,932,000 on parole boards in 2007/2008.<sup>39</sup>

### **Methodology for 810 Group**

We break down each broad scenario (with and without transitional housing) into sub-scenarios and assign each a probability such that all sub-scenarios' probabilities add up to 100 per cent under each broad scenario. The sub-scenarios were chosen to reflect the significant impact on costs of two factors:

1. Whether or not the ex-prisoner re-offends (or breaches conditions of his/her release)
2. The type of offence when re-offending

Each respective sub-scenario's probability is multiplied by its total cost (VC + CJC + THC + SAC) to yield a weighted cost. The weighted costs are then added to yield a total cost for each of the two broad scenarios. Comparing the costs of these two broad scenarios gives us an initial preferred scenario.

<sup>38</sup> "Human & Fiscal Costs of Prison" Canadian Association of Elizabeth Fry Societies. Online: <http://www.elizabethfry.ca/eweek08/pdf/costs> citing "Statistics for 2004/2005" Prison Justice (July 2007), online: Prison Justice <[www.prisonjustice.ca](http://www.prisonjustice.ca)>.

<sup>39</sup> Statistics Canada. *Table 251-0007 - Adult correctional services, operating expenditures for provincial, territorial and federal programs, annual*, CANSIM (database), Using E-STAT (distributor). [http://estat.statcan.gc.ca/cgi-win/cnsmcgi.exe?Lang=E&EST-Fi=EStat/English/CII\\_1-eng.htm](http://estat.statcan.gc.ca/cgi-win/cnsmcgi.exe?Lang=E&EST-Fi=EStat/English/CII_1-eng.htm) (accessed: February 3, 2011)

As 810 orders are not crimes, there are little to no statistics that allow us to directly identify our initial cohorts. A proxy is therefore needed. We believe it is reasonable to use violent offence as a proxy for the 810 Group, as 810 orders are only issued to violent ex-prisoners (which includes sexual offenders), although it should be noted that not all of these individuals are issued an 810 order.

We then create sub-scenarios, each of which represent one “probability path” and as mentioned earlier, must add up to 100 per cent within each broad scenario. The elements of the probability path are described below.

### 1. Probability of Recidivism

After isolating our cohort for each scenario, we estimate the probability of re-offending (recidivism), which yields two new paths within each scenario (Yes and No).

### 2. Type of Re-Offence

We further break down the sub-group of recidivists into type of offence. For this we use the offences used by Roman and Chalfin as well as the percentages assigned to each.<sup>40</sup>

### 3. Breached Conditions

For those who are not recidivists and who are in the 810 Group, we create a separate sub-scenario for those who commit a technical violation (e.g. break curfew) of their order and are thus re-incarcerated. This is necessary because while there are no victim costs associated with a breach, there are incarceration costs. Someone who has not re-offended and not breached is assumed to be on social assistance.

## Results

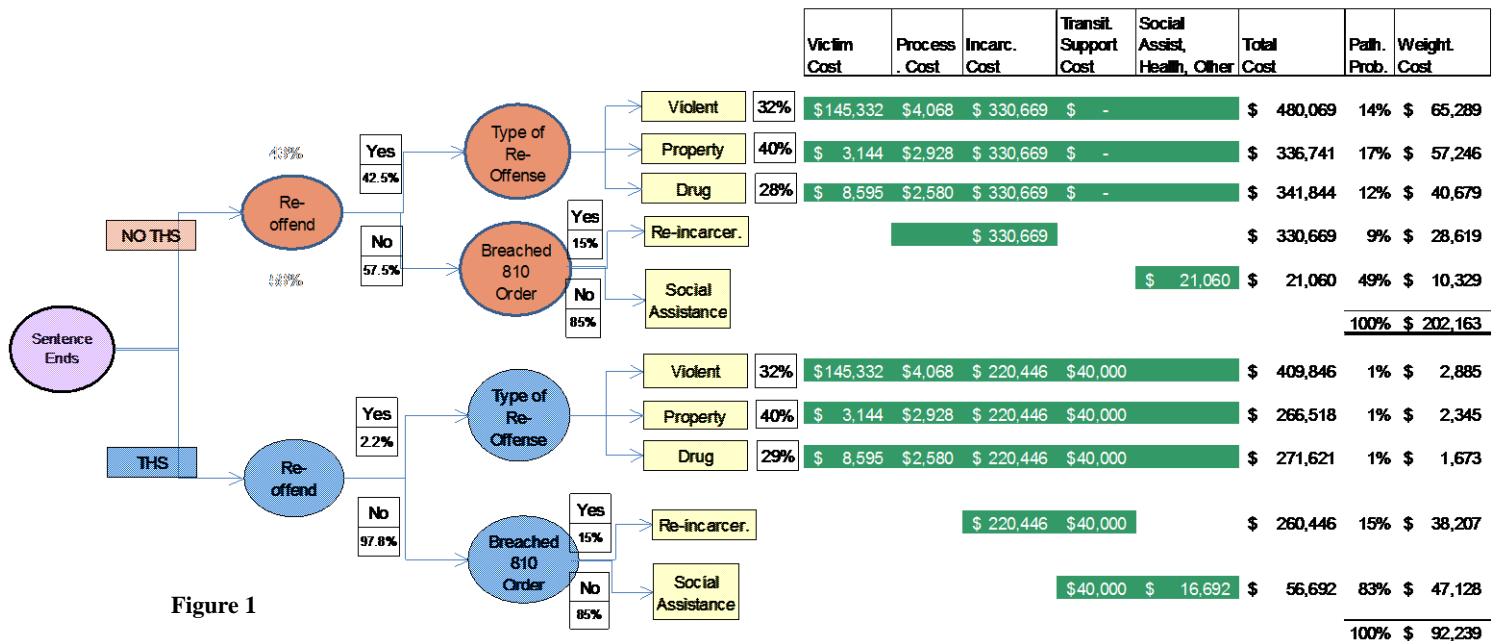


Figure 1

<sup>40</sup> Roman & Chalfin (2006), note 3.

An examination of the variables is as follows:

*Re-offence Rate (No THS):* The re-offence rate for those not in THS is determined by using Bonta's rate of 42.5 per cent, based on 3-year average of data collected between 1994 and 1997 for federal offenders.<sup>41</sup>

*Re-offence Rate (With THS):* The re-offence rate of 2.2 per cent for those in THS is based on statistics provided by JHS-Ottawa's transitional support facility. This represents the percentage of those who re-offend while still in residence.

*810 Breach Rate (With and Without THS):* The breach rate of 15 per cent for those in THS based on statistics provided by JHS-Ottawa's transitional support facility, which means 15 per cent of residents fail to follow conditions outlined in their supervision orders and are returned to prison. We use the same rate for those both with and without THS.

*Re-offence Type:* The probability of re-offence type is taken from Roman and Chalfin and is based on findings from Aos, Phipps, Barnosky and Lieb in a report on follow-up offences in Washington State.<sup>42</sup>

*Victim costs:* For an explanation please see section on Homeless Methodology: Cost without THS on page 18.

*Processing Costs:* For an explanation please see section on Homeless Methodology: Cost without THS on page 18.

*Incarceration costs:* Based on \$152/day; 3-year period for without-THS; 2-year period for With-THS.

*Transitional Support costs:* For an explanation please see section on Homeless Methodology: Cost with THS on page 18.

*Social Assistance, Health, Other costs:* Based on \$585 for 3 years for without THS; \$221 for 1 year and \$585 for two years for With-THS.

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<sup>41</sup> Bonta, J., Rugge, T., & Dauvergne, M. (2003). The reconviction rate of federal offenders. Ottawa, ON: Solicitor General Canada.

<sup>42</sup> Roman & Chalfin (2006), note 3 at 17.

## Discussion of Results and Findings

### Results

#### Homeless

Referring to the table of results for the scenario without THS encompassing the base case and all other cost types, we can see that the cost after even just one year of a homeless ex-prisoner not making use of a shelter is almost \$400,000.

Scenario	Monthly Cost	1 Year	3 Years	5 Years	10 Years
Shelter	\$5,848	\$411,832	\$552,184	\$692,536	\$1,043,416
No Shelter	\$4,583	\$396,652	\$506,644	\$616,636	\$891,616

Referring to the table of results for the scenario with THS, we can see that one year costs about \$48,000.

	1 Year	3 Years	5 Years	10 Years
Cost of Social Assistance	\$8,484	\$25,452	\$42,420	\$84,840
+ \$40,000	\$48,484	\$65,452	\$82,420	\$124,840

If we calculate a straight cost savings, we arrive at \$352,000. Ignore the discounting of future flows; we are saying that by spending \$48,000 on THS, we could prevent \$400,000 of “lifetime” incarceration and victim costs as well as one year’s worth of social assistance and health costs.

If we then assume that the person with THS has not recidivated and is self-sufficient except for some social assistance, then after five years he would have cost \$82,000. If we further assume that without THS he would not only have committed the average number of crimes over his “lifetime” but also have continued to incur all monthly costs after five years (especially health), he would cost over \$600,000 and the costs savings would be approximately **\$525,000**. Accounting for the future value of money, we would have to adjust that number downward somewhat.

How close the real cost savings are to the opportunity rests on the strength of the assumption that someone having been in THS for one year will never re-offend and become self-reliant

#### 810 Group

Referring to the results in Figure 1, the costs for an ex-prisoner that did not use THS was \$202,163, as compared to \$92,239 for one that did. This results in a cost savings of \$109,924.

This cost savings is heavily dependent on the recidivism rates used and whether 42.5 per cent and 2.2 percent, respectively, are accurate values. This is open to question.

However, even if we were to reduce the recidivism rate of the non-THS scenario to 20 per cent and raise that of the with-THS scenario to 10 per cent, there is still a \$10,000 savings.

These are savings, however, that do not take into account the fact that, should a violent crime be recommitted, a disproportionate amount of the cost is borne by one person – the victim. Thus, it could easily be argued that if THS reduces the chances of a re-offence, it is worth the cost, even if the cost-benefit were to result in the absence of a cost savings.

### ***Economic Benefits, Safety and Responsibility***

#### Economic Benefits

In both the Homeless and 810 Groups, the cost-benefit does not factor in the economic benefits that could result from the successful re-integration of the ex-prisoner. In particular, these would result in someone re-integrating, not re-offending, and becoming self-sufficient. These benefits include:

- Reduced taxes spent on self-sufficient individuals
- Increased tax revenue from self-sufficient individuals
- Economic activity resulting from self-sufficient individuals

#### Safety

It is hard to quantify the value of feeling safe, but it is reasonable to assume that if a program or intervention reduces the probability of crime, then its value is even higher than what is shown in monetary terms in a cost-benefit analysis.

#### Maximizing Responsibility

One factor that a cost-benefit analysis cannot easily quantify is that of punishment. However, let's discuss the role that THS can have vis-à-vis the retributive aspect of incarceration.

In that it is easier for an ex-prisoner to return to a former way of life, especially seeing as prison did not help prepare for re-entry into the community (which happens for various reasons including lack of programs), THS is difficult for the ex-prisoner; it is hard work. Group therapy, accountability to a manager – these factors may cause pain and discomfort to the individual. THS is much harder than being free to resume life. It is arguably harder than prison.

Some may even take it so far as to say it is an extension of the punishment. We think that, at the very least, this ensures that the ex-prisoner takes responsibility for their previous and future behaviours. Therefore the benefits of THS continue to accrue outside of the quantifiable domain.



## ***Impact of Savings on Government***

*Who incurs the costs and who pockets the savings?*

Cost-benefit analysis is concerned first and foremost with publicly acceptable expenditures and savings. It determines whether spending is cost-effective and when done right, draws its conclusions on a global basis as opposed to the cost benefit for one stakeholder. We have seen what happens to cost-benefit analysis of public policy issues in the case of the Ford Pinto's exploding gas tank. Cost-benefit for one stakeholder only works when the matter of concern is exclusive to a particular entity such as a business as opposed to a public issue that has many stakeholders.

With ongoing deficits and public concern over the value received for spending, governments are concerned that taxpayers obtain value for their dollars. There is also a concern about running its departments as distinct businesses so that they are able to more transparently show value for money spent. In Canada and Ontario, all levels of government spend money on crime prevention, rehabilitation, deterrence, protection of society and punishment. Spending overlaps in many cases. For example, all three levels of government spend money on policing while the province and the federal government pay for incarceration. All three levels spend money on homelessness.

Accordingly, it is important for governments to understand how their expenditure from one cost centre may or may not result in savings for another. Most government departments and Ministries have some reluctance to approving spending that will result in savings that accrue to another level of government. In addition, should one level of government reduce its funding, other levels suspect that the reduction is because of their own spending? We have seen an example of this recently in respect of federal changes to toughen sentencing for major criminal offences whereby other levels of government claim that the action will cost them more<sup>43</sup>.

*Cost Benefit of Support and Housing to the Homeless Group likely to accrue most to Cities and Provinces*

It is very difficult to calibrate spending on homelessness in Canada. The CBC's Fifth Estate made an attempt in 2004 and quickly concluded that it was difficult to assess the full range of costs<sup>44</sup>. They noted:

It's difficult to pinpoint exactly what it costs to maintain a large homeless population. Homeless people use services to varying degrees. For example, one study revealed that 15% of the people staying in Toronto's shelter system use 50% of the resources. That's because this 15% are the hard-core homeless – often chronic long-term people who are using the shelter system all the time, as compared

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<sup>43</sup> <http://whyprohibition.ca/blogs/jacob-hunter/canadas-federal-jail-population-set-rise-70-percent>

<sup>44</sup> CBC News: The Fifth Estate, "Getting out of Prison", (March 10, 2004) online: CBC News: The Fifth Estate < [http://www.cbc.ca/fifth/main\\_nowayhome\\_cost.html](http://www.cbc.ca/fifth/main_nowayhome_cost.html) > (last accessed 17 October, 2010).

to most homeless who use it a short period of time before finding a place to live.

Various analyses include costs to the health and justice systems while others do not. Depending on what elements are counted, approximately \$350 million<sup>45</sup> is spent on homelessness in Ontario. For example, in Toronto, this can be allocated - \$40 million by the City of Toronto and about equal shares by the federal government and the Ontario government. Of the three shares, federal spending is diminishing over time. It is the case, however, that provinces are most likely to reap the highest benefit from expenditures on supports and housing as medical costs, incarceration, and shelters are administered and funded at the provincial and local levels. The cost-benefit analysis demonstrates that transitional housing and supports address the chronic problem of individuals travelling through the “revolving door” of correctional facilities and shelters by providing homeless ex-prisoners with a means to achieve a life without crime.

*Cost-benefit of Support and Housing to the Section 810 Group likely to accrue most to the federal government*

Turning to Section 810 orders, it is clear that all three levels of government are also involved in the funding and delivery of programs for individuals from the 810 Group. Although the federal government is largely responsible for the cost of programs, city and provincial police are involved in their supervision. Community organizations at the city and provincial levels are involved in resettlement, supports and housing.

Based on the cost-benefit analysis, the federal government has the most to gain from the prevention of re-offending by individuals in the Section 810 Group as **the cost of re-incarceration is approximately two times the cost of transitional housing and supports.**

Given a higher likelihood of a Section 810 re-offender being incarcerated within the federal prison system, the cost benefit of prevention will likely accrue most to the federal government.

*Different pockets on the ‘same pair of pants’*

Regardless of the metrics, the political and societal urgency of dealing with individuals from either the Homeless Group or the Section 810 Group who are in jeopardy of re-offending can be present at any level of government. This may mean that municipal and provincial programs may save more federal dollars than provincial or municipal dollars while in the case of the homeless, the opposite is more likely to be the case here.

Cost-benefit analysis that looks at the big picture regards the source of funding and the savings first and foremost as different pockets on the ‘same pair of pants’.

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<sup>45</sup> Adapted from: Laird, Gordon (2007). "Shelter-Homelessness in a growth economy: Canada's 21st century paradox." A Report for the Sheldon Chumir Foundation for Ethics in Leadership as reported at the Teapots/OCAP Seminar on Homelessness.

In other words, the efficacy of cost benefit should not be decided on the basis of which level of government spends or saves to prove or disprove cost- benefit.

*The need for a sharing formula*

In order to resolve this dilemma:

We recommend that all three levels of government look at the continuum of ex-prisoners, the costs expended and benefits that accrue to each level of government, and set agreements in place to resolve the problem by sharing costs and benefits of programs that demonstrably show clear overall savings.

We also recommend further study to set the relevant metrics in place so that cost effective, publicly accepted programs and interventions are funded on the basis of their effectiveness, not on the merits of who saves what.

Again, the mistake committed in the infamous Ford Pinto example is showing cost benefit for only one of the stakeholders. The same lesson applies here.

## **Conclusion**

The cost-benefit analysis clearly demonstrates that with transitional benefits in place, better outcomes can be achieved at lower costs. Such benefits are enjoyed by the public first and foremost. The likelihood of re-offending decreases thereby creating safer communities. At the same time, the tax dollars spent on ex-prisoners throughout the criminal justice process and beyond are far less than the alternative of continued re-incarceration.

The cost-benefit analysis also provides obvious benefits to warrant expiry ex-prisoners from both the Homeless Group and the 810 Group. Numerous studies show that the alternative of offering “nothing” upon the completion of their custodial sentences often leads ex-prisoners to continued criminal activity and therefore additional costs to all levels of government. In essence, transitional housing and supports provides ex-prisoners with the opportunity to fulfill their responsibility to society.