

"...permanent supportive housing both ends homelessness for individuals whom many thought would always live on our streets and in shelters, and saves taxpayers money by interrupting the costly cycling through shelters, emergency rooms, detox centers, prisons, and even hospitals."

– Shaun Donovan, Secretary of Housing and Urban Development



Saving Lives, Saving Money:

Cost-Effective Solutions to Chronic Homelessness in Philadelphia





About Project H.O.M.E.

Project H.O.M.E. was founded in 1989 by Sister Mary Scullion and Joan Dawson McConnon. Since then, Project H.O.M.E. has helped more than 8,000 people break the cycle of homelessness and poverty by providing a continuum of care that includes street outreach, supportive housing, and comprehensive services that focus on health care, education, and employment. We also work to prevent homelessness and poverty through comprehensive neighborhood revitalization in North Philadelphia.

Acknowledgements

A very special thanks to Schuyler Gottwald and Mike Digulla of PTI Printing for the layout of this document; to Sharon Gallagher of Sage Communications for her insight, strategic thinking, and support; to Harvey Finkle for allowing the use of his incomparable photography; and to Thomas Byrne of the University of Pennsylvania for sharing and interpreting the research which formed the basis of much of this report.

Project H.O.M.E. would like to recognize those individuals and organizations who have funded, guided, and contributed academically to this project:

Dennis Culhane, PhD - University of Pennsylvania

Helen Cunningham and Tim Murray - Samuel S. Fels Fund

Beth Lewis - Outreach Coordination Center

Roberta Cancellier and Michele Mangan - Philadelphia Office of Supportive Housing

Marcella Maguire, PhD - Philadelphia Department of Behavioral Health

Michelle Schmidt, Karin Eyrich Garg, PhD, Shawn Towey, Chrissy Worley, and Kendra Johnson - Temple University

Klair Spiller - Morgan, Lewis & Bockius

Jim McPhail - Resources for Human Development/Ridge Avenue Center

Emily Gibble - Prevention Point Philadelphia

Hyacinth King - Project H.O.M.E.

Charles Dickens - Project H.O.M.E. and the Regeneration Project

Project H.O.M.E. Advocacy Committee





Saving Lives, Saving Money:

Cost-Effective Solutions to Chronic Homelessness in Philadelphia

*By Laura Chisholm, Laura Weinbaum, and Rachel Yoder for Project H.O.M.E.,
with thanks to the Samuel S. Fels Fund*

Published 2010





Key Points

In Philadelphia, homelessness is a significant problem with implications for public health, social services, and quality of life in our communities.

- Philadelphia has a discrete number of people living on its streets and could be the first city in the country to end street homelessness.
 - ▶ *Scale of the Problem on page 4.*
- The needs of people who are homeless and living on the streets and in shelters are complex and the impact of homelessness is felt throughout the City.
 - ▶ *Nature of the Problem on page 5.*

In the past, shelters have been the accepted response to homelessness; however, the City is realigning its resources to better address the varying needs of people who are chronically homeless and to provide for more long-term and cost-effective solutions.

- In Philadelphia, more than half of the beds available to unaccompanied single individuals are entry-level, with a focus on short-term rather than long-term solutions.
 - ▶ *Meeting the Needs on page 6.*
- The top 20 percent of individuals experiencing chronic homelessness plus substance abuse cost the City approximately \$22,000 per person per year in behavioral health services, prison, jail, and homeless services.
 - ▶ *It is Expensive to Maintain the Status Quo on page 7.*

Safe, decent, affordable permanent housing paired with services solves homelessness and enhances the quality of life for the entire community.

- Project H.O.M.E. Permanent Supportive Housing has a retention rate of 95 percent after one year; four out of five residents in permanent supportive housing across the country retain their housing.
 - ▶ *Permanent Supportive Housing Works on page 8.*
- Financial benefits for people with disabilities do not keep pace with the costs of even the least expensive housing units.
 - ▶ *Government Benefits Don't Cover Housing Costs on page 8.*
- Housing persons who are chronically homeless leads to a significant drop in acute services use and can lead to a cost savings averaging more than \$7,700 per person annually.
 - ▶ *Cost Savings on pages 9-11.*
- Supportive housing programs benefit local property owners and can be linked to a greater-than-average property price appreciation.
 - ▶ *Permanent Supportive Housing is Good for the Community on page 12.*
- Beyond the cost savings from decreased use of public services, financial benefits extend through the community. As individuals gain housing stability, they are more likely to obtain employment and contribute to the tax base of the city.
 - ▶ *Conclusion: Increased Permanent Supportive Housing Would Benefit Philadelphia on page 13.*

Homeless: The federal McKinney Act defines people who are homeless as those who do not have a regular nighttime residence and who sleep in shelters, motels, temporary institutional settings, and/or places that are not typically used as places to sleep for humans.

Chronically Homeless: A condition in which an unaccompanied homeless individual with a disabling condition has been continuously homeless for a year or more or has had at least four episodes of homelessness in the past three years. (For the purposes of this report, individuals meeting the durations/episodes definition are included, with or without disabling conditions.)

Episodically Homeless: A condition in which an individual presents him or herself to shelter or street outreach teams as not having an appropriate place to live, but not meeting the threshold of chronically homeless.

Affordable Housing: Dwelling units in which total housing costs are deemed "affordable" to median income households. In the U.S., a commonly accepted guideline is that housing costs should not exceed 30 percent of a household's gross income.

Transitional Housing: Housing for homeless individuals and families that is intended to help residents build skills and access the resources to move to permanent housing within a period of 12 to 24 months.

Emergency Housing: Short-term accommodation for homeless individuals and families, generally dormitory-style for single adults or shared apartments for families. The goals of emergency shelter are to resolve immediate crises, assess needs, and assist in placement in appropriate housing and services.



Entry-Level Beds: For the purposes of this report, entry-level beds include emergency shelters/housing, overnight “cafés”, safe havens, and chronic homeless rehabilitation beds – the first points of entry from the street into the homeless housing system.

Overnight Café: Short-term overnight facilities designed as coffeehouses where a person living on the streets can come and engage with outreach workers and be connected to housing and services. These facilities are not designed to be long-term or residential, but they have in some cases replaced shelter.

Safe Haven: Housing accessible to people who are living on the street and who may be active in their mental illness (with or without addiction). Safe Havens are limited to 25 individuals and offer opportunities for recovery and stabilization on the road to permanent housing.

Permanent Supportive Housing: Housing with no limit on duration in which supports – ranging from medical care, education, and employment services to childcare, transportation, case management, and others – are offered on-site.

Fair Market Rent (FMR): The amount of money that a property would command if it were open for leasing at the moment. The FMR is based on values published by the Department of Housing and Urban Development (HUD).

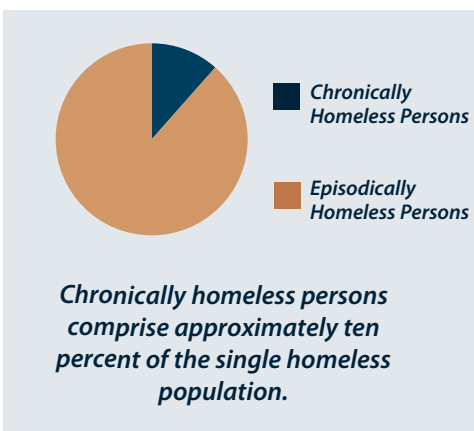
Housing Subsidy: A form of financial assistance paid to an individual, family, or third-party housing provider for housing (rent) to prevent homelessness. Year-long subsidies typically include first month’s rent, security deposit, and the difference between 30 percent of household income and the fair market rent. In this report, a \$300 subsidy is used.

Introduction

In recent years, there has been a boom in research focusing on the high costs of homelessness. This report, more than simply noting the high costs of chronic homelessness, aims to connect new research on Philadelphia with the *multiple studies that conclude that housing in combination with service supports for persons who are chronically homeless leads to a significant drop in acute services use and a net cost savings to the City and its taxpayers.* In other words, addressing homelessness by providing *permanent supportive housing both ensures quality of life for everyone and saves precious public resources.*

This report focuses on people who are chronically homeless as opposed to those who are episodically homeless. Due to their increased utilization of physical and mental health, criminal justice, and other acute public services, *chronically homeless persons account for a disproportionate share of public costs, though they constitute a small percentage of shelter users overall.* Recent research by Dr. Dennis Culhane at the University of Pennsylvania identified 2,703 people in Philadelphia who met the definition of chronically homeless during a three-year period.

One of the more notable examples of the cost of homelessness is the story of Murray Barr, a.k.a. “Million Dollar Murray,” who was a chronic inebriate in Reno, Nevada. A summary of Murray’s ten years on the street, as written by Malcolm Gladwell for *The New Yorker*, tells of hospital bills, substance-abuse treatment costs, doctors’ fees, and other expenses that added up to more than one million dollars. Despite these temporary interventions and high costs, he ended up dying on the streets. One of the police officers who often encountered Murray explained, “It cost us one million dollars *not* to do something about Murray.” Gladwell notes that “homelessness may be easier to solve than to manage.”



In the past, shelters have been an accepted response to the immediate need for emergency housing. While these facilities have saved lives, they are not the solution to the problem and too often do not lead to more permanent housing. This creates a constant flow of individuals within the system, keeping the shelters at nearly constant full capacity. Only with a new paradigm can ending homelessness be possible.

The issues facing people who are homeless are complex and cannot be solved in a one-size-fits-all approach – people are different and a variety of solutions are needed for multiple sub-populations, including people

with severe mental illnesses, substance abuse, those aging out of foster care, people with AIDS and chronic medical conditions, and others.

This report lays out the scope of chronic homelessness in Philadelphia and describes the expenses involved in ignoring the problem. Readers will find “Do the Math” highlights throughout this document which illustrate the cost savings associated with permanent housing with supports. It is our hope that this document will be used to:

- Influence policy-makers to make sound funding allocation decisions based on solid economic arguments;
- Inform residents of Philadelphia’s neighborhoods that increased quality of life can be attained for the entire community by resolving a person’s chronic homelessness;
- Serve as a resource for media contacts as they report on pressing community issues; and
- Contribute to a climate of recovery that promotes respect and higher quality of life for every individual in our community.



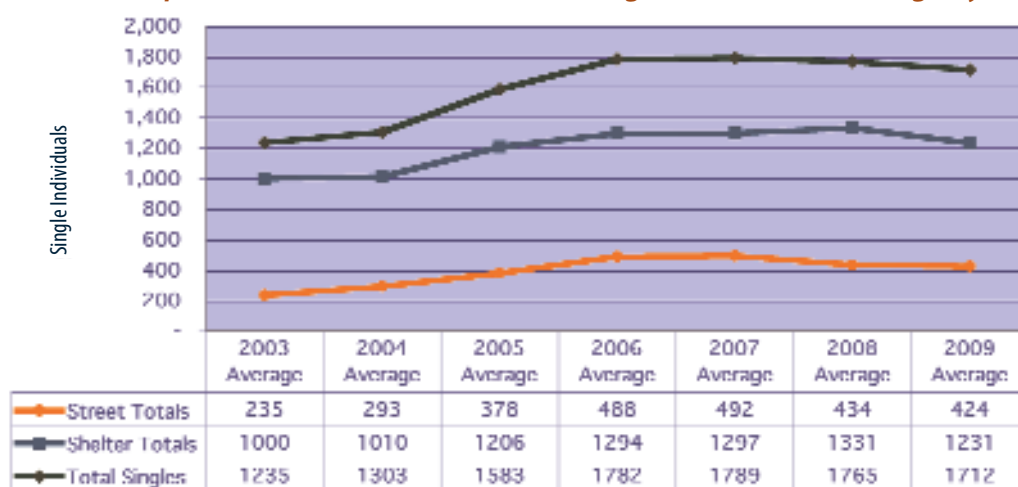
Scale of the Problem

Philadelphia boasts one of the lowest rates of street homelessness of major U.S. cities; yet we must not accept homelessness as an inevitable part of our urban landscape. Nor can we forget the devastating effect homelessness has on the thousands of individuals and families on our streets and in our shelters. Throughout the United States, homelessness is diverse and impacts individuals from all backgrounds, with one common thread: a lack of affordable housing. However, homelessness also represents a complex mix of factors including unemployment; disability; inadequate education; lack of access to health care; addiction; community and family breakdown; personal and social alienation; and poverty. Approximately 25 percent of all Philadelphia residents lived below the poverty line in 2008, indicating an increased risk for homelessness – as a rule of thumb, about ten percent of all people living in poverty will experience homelessness over the course of a given year.

Two distinct segments of the problem of homelessness are generally recognized: homeless families (who reside in a variety of precarious living situations or shelter) and homeless individuals (who can also reside on the streets and are the most visible segment of the homeless population). As a point-in-time count, in January 2009 Philadelphia's homeless population comprised 1,746 single individuals – 1,463 sheltered and 283 living on the streets – and 1,607 persons in families (or 502 families) living in shelter. (The chart below shows the average street counts for single unaccompanied homeless individuals in Philadelphia in 2003-2009.)

Every year, approximately 15,000 individuals access shelters throughout the City. However, this paper focuses on 2,703 persons identified by Dr. Dennis Culhane as *chronically* homeless in Philadelphia between 2000 and 2002. In Philadelphia, there is a large cohort of single individuals who repeatedly access shelters: an estimated 65 percent are return users, 40 percent had four or more shelter stays, and 22 percent had seven or more stays. When individuals cycle in and out of shelters, the costs of services accrue and people are unable to access long-term solutions.

DO THE MATH: Philadelphia Street Homeless Count for Single Individuals, Average By Year, 2003-2009



Source: Outreach Coordination Center, Project H.O.M.E., 2009

Ratio of Street Homelessness to Total Population: Major U.S. Cities

	Unsheltered Population	Total Population	Ratio of Homelessness
Philadelphia	283	1,449,634	1 in 5,122
New York City	2,328	8,274,527	1 in 3,554
Boston	219	609,023	1 in 2,781
Miami-Dade	994	2,387,170	1 in 2,402
Washington, DC	321	591,833	1 in 1,844
Chicago	1,576	2,836,658	1 in 1,800
Seattle	1,976	594,210	1 in 301
San Francisco	2,771	794,976	1 in 276
Los Angeles	40,144	3,834,340	1 in 96

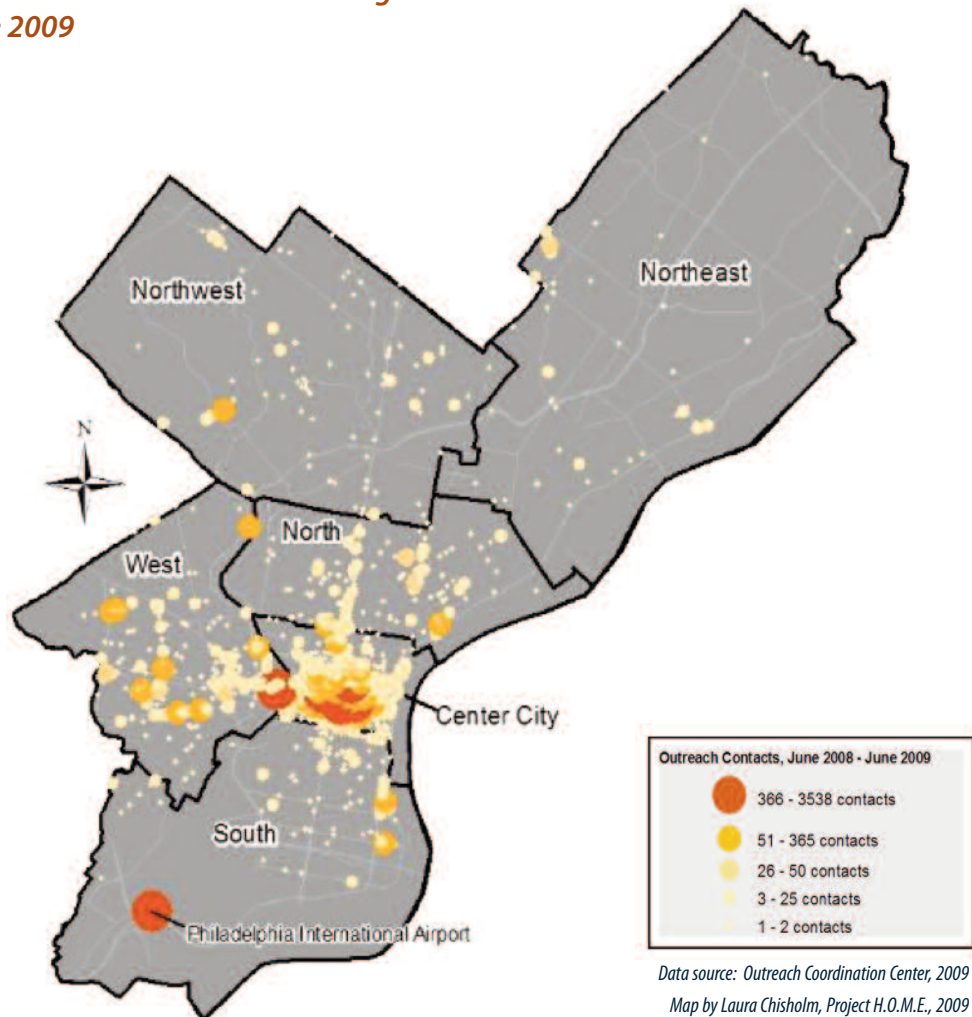
Source: HOPE 2009, The NYC Street Survey (The above cities do not use identical street count methodologies and relative numbers therefore represent an estimate. Total population figures are from the 2007 U.S. Census Bureau Population Estimate. Chicago unsheltered count is from 2007.)



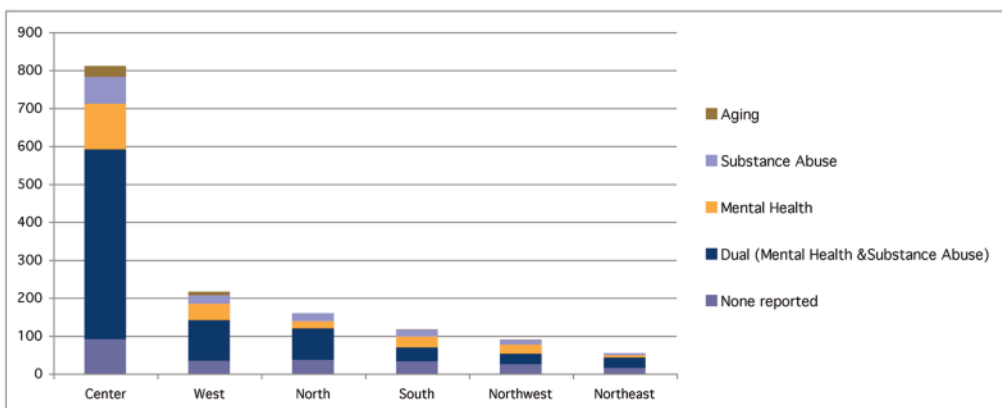
Nature of the Problem: Street Homelessness is Seen Throughout Philadelphia

Location of Outreach Coordination Center Contacts Throughout Philadelphia: June 2008-June 2009

On behalf of the City of Philadelphia and through its Outreach Coordination Center (OCC), Project H.O.M.E. coordinates teams of outreach professionals from five nonprofit health and social service organizations including Horizon House, Hall Mercer, Mental Health Association of Southeastern Pennsylvania, and SELF Inc. This map shows the location of contacts made with homeless individuals by the Outreach teams during 2008-09. Contacts were concentrated in Center City and West Philadelphia, which are the OCC's main focus areas, but homelessness is still evident throughout the City. In 2008-09, outreach workers made 24,823 contacts with individuals who were homeless and saw an average of 175 previously unknown individuals each month – about 14 percent of the total contacts.



Characteristics by Area of the City



The chart at left categorizes OCC street contacts by specific characteristics and by the area of the City where contact was made. Classification is based on informal observations and an initial assessment of behavioral health issues as reported by outreach workers at the time of contact. This suggests that throughout the City, housing must be combined with supportive services that meet the unique needs of each individual.



“Everybody has value and everybody should be treated with dignity. Somebody who is sitting on a grate is of no less value and no less important than anyone else. I think there’s a shared vision that in this society people should not end up so disconnected that their only option is to sleep in a doorway or to sleep on a park bench.”

– Joan Dawson
McConnon, Project
H.O.M.E. Cofounder
& Associate
Executive Director

Meeting the Needs

To address homelessness, Philadelphia has primarily used a “continuum of care” approach comprising street outreach, entry-level housing, supportive housing, and subsidized or independent housing. A critical first step in this continuum for people who are chronically street homeless is often street outreach through Philadelphia’s Outreach Coordination Center (OCC). The process of outreach enables workers with training in engagement and assessment skills, some of whom have experienced homelessness themselves, to work with people living on the street. Outreach workers develop lasting relationships with individuals in order to establish trusting relationships that support participation in social services, housing, and medical interventions. Outreach workers link homeless individuals with mental health or substance abuse case managers who identify and tailor programs to strengthen the individual’s ability to live independently and find and sustain a permanent home. The situation of chronic homelessness presents complex challenges and services must respect the special needs of multiple sub-populations.

The organizations partnering through the Outreach Coordination Center (OCC) have an excellent record of contact and placement. Since its inception in 1998, the OCC has maintained a database of all persons contacted by its outreach teams. Through common identifiers, OCC data can be linked with City’s datab that chronicles emergency shelter and transitional housing stays. Using this link, OCC workers can see whether any of their clients have used shelter and how often. Conversely, City analysts can assess the proportion of people making heavy use of emergency shelter and other services who are also well-known to outreach workers. This data can be used to create more successful interventions.

At present, Philadelphia’s continuum of care relies heavily on emergency and temporary options with more than half of the beds available to homeless single individuals allocated as entry-level. While the City may have almost enough entry-level beds to house people living on the streets, the lack of available permanent housing results in ongoing instability and repeated shelter use and use of other costly City services. The charts below show the number and type of beds available to single homeless individuals in 2009 (at left) and the City’s own estimate of the number and type of additional beds needed for single individuals (at right).

The U.S. Department of Housing and Urban Development (HUD) has shifted its agenda to reflect the new paradigm of permanent supportive housing as the key to ending homelessness. The City of Philadelphia has made, and continues to make, considerable strides in recalibrating to accommodate this new paradigm.

DO THE MATH: Existing Housing Inventory and Unmet Housing Need for Homeless Single Individuals

City-Funded Housing Inventory for Homeless Single Individuals: 2009

	<i>Singles Beds Available</i>
Entry-Level Beds*	2,450
Seasonal Beds**	277
Transitional Housing	540
Permanent Supportive Housing	1,925
Total Singles Beds AVAILABLE	5,192

Source: Office of Supportive Housing, City of Philadelphia, 2009 Housing Inventory

* Includes Emergency Shelters, Safe Havens, and Chronic Homeless Rehabilitation Beds

**Includes temporary overnight-only shelters opened throughout the City during the winter months only

Estimated Unmet Housing Need for Homeless Single Individuals: 2009

	<i>Singles Beds Needed</i>
Emergency Shelters	0
Safe Havens	20
Transitional Housing	80
Permanent Supportive Housing	5,260
Total Singles Beds Still NEEDED	5,360

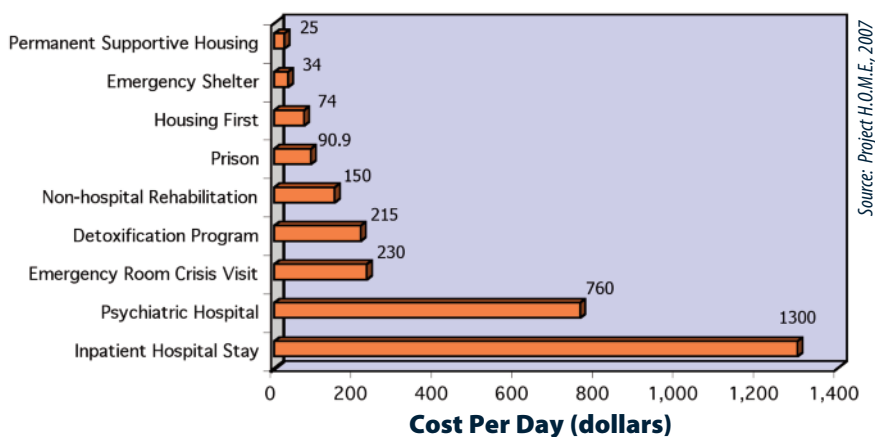
Source: Office of Housing and Community Development (OHCD) City of Philadelphia, Year 35 Consolidated Plan



It is Expensive to Maintain the Status Quo

Dr. Dennis Culhane, a nationally-renowned homelessness researcher from the University of Pennsylvania, recently completed a study of the costs of Philadelphia's homeless population. Identifying 2,703 individuals who met federal duration criteria (one year or more or four episodes in three years) for chronic homelessness within a three-year period of time, he found that 20 percent of the persons were responsible for 60 percent of the total costs (\$20 million a year for the entire cohort) or approximately \$22,372 per person per year, mainly from psychiatric care and incarceration. On average, the study found \$7,455 per year in expenses per person for publicly-funded behavioral health, prison, jail, and homeless services for each person. *This amount does not include costs which would dramatically increase these figures – police time (arrests), court processing, emergency medical transportation and assistance, physical health care, and hospitalizations – many of which are also borne by the local government and funded with tax dollars.*

DO THE MATH: Average Cost Per Unit of Services in Philadelphia



More important than the dollars and cents are the hundreds of individuals living on the streets. Ineffective solutions cost not only money, but also lives. Most of the chronically homeless individuals in Culhane's sample engaged in services with publicly-funded agencies for one-quarter to two-thirds of the year, demonstrating that they are willing to seek and

accept help and housing. Over the years, as individuals repeatedly access emergency shelters and engage in publicly-funded services, the costs add up, as shown by the life of Million Dollar Murray. A market-rate efficiency apartment in Philadelphia costs an average of only \$25 per day, but people who are chronically homeless instead use a constellation of publicly-funded services that are costly and do not end their homelessness.

A Home of His Own

"Home" has a special meaning for W.D. After more than ten years living on the streets of Philadelphia, he finally has a place to call his own. He is an active participant in advocacy movements for more just and humane policies and volunteers with Outreach teams to build meaningful relationships with people living on the streets. Today, he offers the same critical support to others that was offered to him.

After struggling with mental health in college, he dropped out and ended up living on the streets and using alcohol to self-medicate and control the symptoms of his mental illness. During the day, when he was able, he panhandled near businesses in Center City. At night, he slept in doorways and on park benches throughout the City. At first, he bounced around from shelter to shelter (\$34 per night), but eventually quit accessing shelter altogether because of unpleasant experiences. It was difficult for him to trust people. When he had health problems, he would go to the hospital emergency room (\$230 per visit), sometimes several times a month. He was hospitalized for at least a week (\$9,100 per week) on more than one occasion for complications from his substance abuse, but its underlying cause was never addressed.

Eventually, he befriended the Outreach workers he saw weekly and began to trust them enough to come in off the street. He moved into supportive recovery housing and then into permanent supportive housing (\$25 per day). His apartment allows him to maintain a balance between independence and support, finding stability and safety while maintaining his individuality. He cooks his own meals and has a warm bed. He uses Medicaid-funded primary and preventative healthcare services (\$0 in city taxes) for his physical health needs. His home represents the support and compassion others have shown him and signifies his inner strength and ability to take charge of his own life. This is the first time he's had his own home and to him it's everything.

"Murray Barr's ("Million Dollar Murray") story captured...the cost of homelessness – not only in the dollars we spend as taxpayers, but also in the terrible price individuals and families experiencing homelessness pay when we spend those dollars in a disjointed, fragmented way."

– Shaun Donovan,
Secretary of
Housing and Urban
Development,
July 2009



“Persons who leave transitional housing without a subsidy are twice as likely to return to shelter as those who leave with a subsidy.”

– Center for Urban Community Services, City of Philadelphia Ten-Year Plan to End Homelessness: Recommendations for Intake, Emergency Shelter, and the Housing System, 2006

Permanent Supportive Housing Works

Permanent supportive housing significantly diminishes the need for more costly services for many individuals who are chronically homeless. Instead of relying on more expensive inpatient hospital stays (\$1,300 per night), a housed individual could seek the assistance of outpatient services, or even have a nurse at the permanent supportive housing facility resolve complaints. Conversely, individuals who have no housing options may seek refuge in emergency rooms (\$230 per visit) and may resist or be inappropriate for discharge from other expensive services (i.e. prison, emergency rooms, psychiatric hospitals), leading to large, mostly unreimbursed expenses for the City. According to the Corporation for Supportive Housing, permanent supportive housing is associated with a 50 percent decrease in the number of emergency room visits, a 50 percent increase in earned income, a 40 percent increase in employment, and a \$1,500 decrease in benefit dependence.

Furthermore, permanent supportive housing has a higher retention rate than shelters. For single individuals, the average shelter stay in Philadelphia is 72 days. Of the single men who had a shelter stay in Philadelphia between 2000–05, 65 percent were repeat shelter users. By contrast, across the country, four out of five individuals placed in permanent supportive housing remain there each year, with reported decreases in symptoms associated with mental illness and substance abuse. At Project H.O.M.E., more than 95 percent of the individuals in permanent supportive housing maintain that housing each year.

DO THE MATH: Government Benefits Do Not Cover Housing Costs

People who have been diagnosed with a variety of physical and/or mental health issues are eligible to receive Supplemental Security Income (SSI). While this may assist in paying bills, it does not cover the cost of rent.

Supplemental Security Income for a person with a disability = \$704 per month

Federal Government estimation of reasonable budget outlay for housing = 30 percent of income

$\$704 \times 30 \text{ percent} = \211 allotted for housing each month

Philadelphia efficiency apartment (Fair Market Rent) = \$736 per month

Therefore, $\$736 - 211$, or $\$525/\text{month}$, is the gap between what SSI benefits provide and the government's own estimate of an appropriate expenditure for housing.

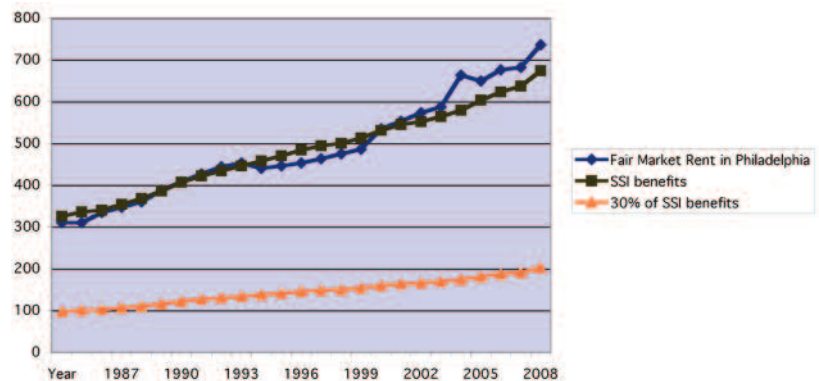
Furthermore, rents have steadily increased over time, while SSI benefit levels have not kept pace.

It is impossible to use a total monthly check of \$704 to pay for an efficiency apartment that costs \$736 per month. (Individuals who have no disability diagnosis often only receive \$205 in General Public Assistance each month, making it essentially impossible to obtain housing.)

A person whose sole income is SSI would need to spend 105 percent of

total income just to pay for a place to live in Philadelphia. This discrepancy exacerbates the housing situation for those who are the most financially at-risk in our communities and threatens families and individuals with homelessness. One way to make housing affordable to persons whose sole income is SSI is through housing subsidies. In this report, a \$300 subsidy is used. This calculation is based on the assumption that individuals will tend to contribute 30 percent or more of their SSI income to rent, be able to find housing that costs less than fair market rent, and will live communally and share the cost of housing.

Fair Market Rent Exceeds Total SSI Benefit in Philadelphia



Source: Social Security Online, SSI Federal Payment Amounts, 2008



Cost Savings

Results of previous research by Dr. Dennis Culhane, in New York City, demonstrates, "Before placement, homeless people with severe mental illness used about \$40,449 per person per year in services (1999 dollars). Placement into housing was associated with a reduction in services use of \$16,282 per housing unit per year. Annual unit costs are estimated at \$17,277, for a net cost of \$995 per unit per year over the first two years." This estimate does not take into account the long-term impacts or the increased personal stability, quality of life, opportunities for employment, or overall benefit to communities. A similar cost savings was found by Dr. Culhane in recent research in Philadelphia: as illustrated on pages 10-11, housing individuals with substance abuse and a chronic medical condition would result in cost savings of \$7,715 per person per year; for individuals with serious mental illness only, this savings was \$5,847.

If we implement a program of \$300 subsidies to supplement SSI benefits for 1,000 individuals, the cost savings (even within only these limited public systems) would be significant. Cost savings would also increase over time, as indicated in the chart below. In five years, the cost savings would be \$892,000 annually; in ten years, the savings would be \$3.3 million annually.

DO THE MATH: Cost Analysis for Individuals with Substance Abuse Only

Per person average annual public costs when street/shelter homeless (medical costs rise five percent each year)

Year 1	Year 5	Year 10
\$5,618	\$6,829	\$8,715

Per person average public costs once housed (35 percent decrease the first two years, ten percent decrease in subsequent years)

Year 1	Year 5	Year 10
\$5,618	\$2,337	\$1,761

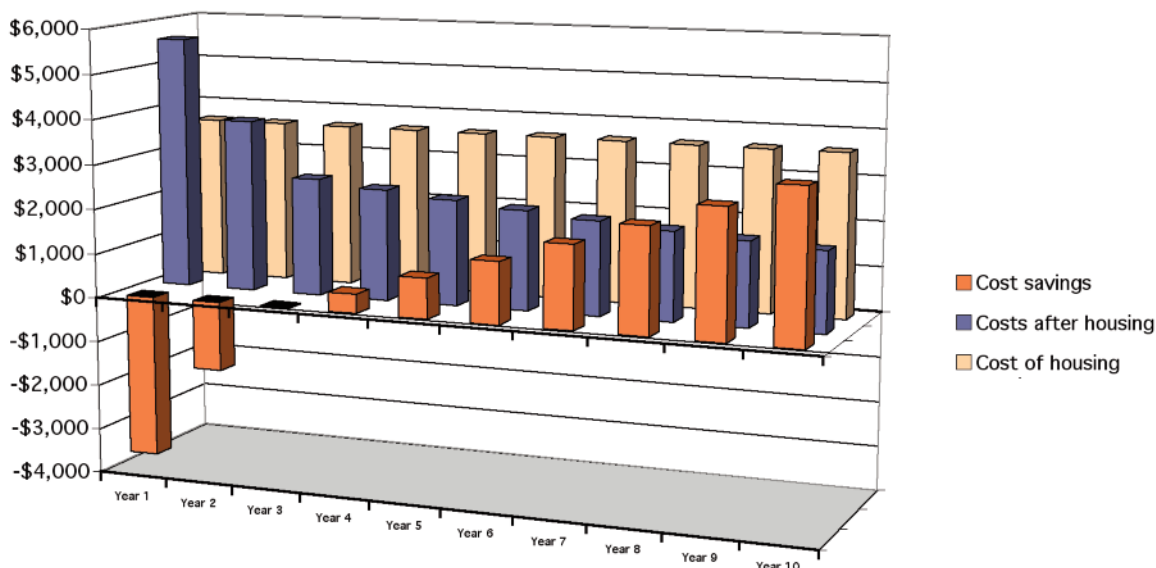
Cost of \$300 per month housing subsidy

Year 1	Year 5	Year 10
\$3,600	\$3,600	\$3,600

Per person cost savings of housing subsidy

Year 1	Year 5	Year 10
-\$3,600	\$892	\$3,354

Cost Savings Increase Over Time



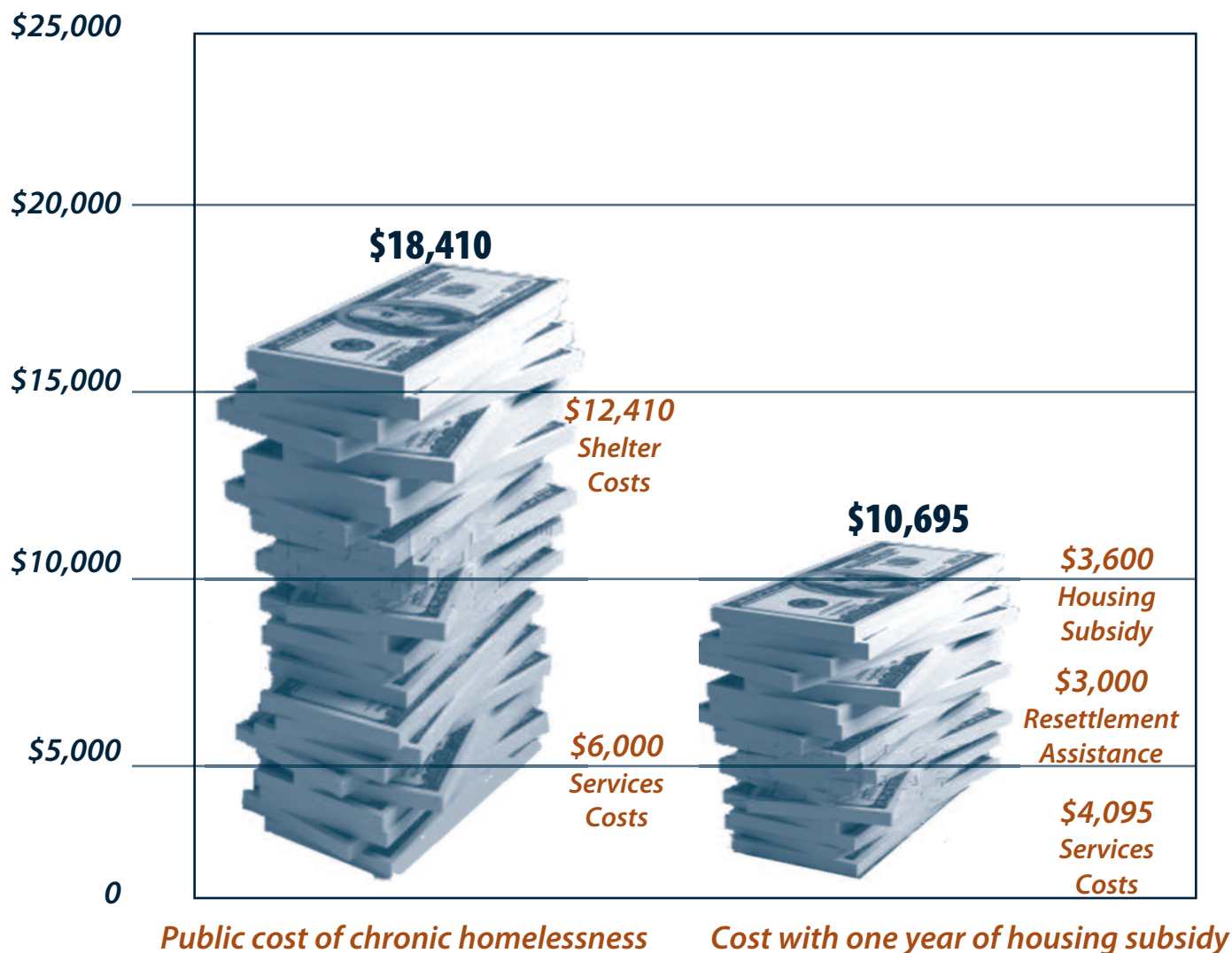
Source: Author's own calculation based on Poulin, Culhane, Maguire, Metraux (in press)

"I understand to address homelessness and poverty we must come together and look for meaningful solutions. Improving the lives of Philadelphia's most vulnerable citizens improves the lives of *all* of its citizens."

- Jon Bon Jovi, Philanthropist and Rock Star, Jon Bon Jovi Soul Foundation, 2009



DO THE MATH: Annual Cost Savings Per Person Achieved By Housing People With Co-Occurring Substance Abuse and Chronic Medical Illness

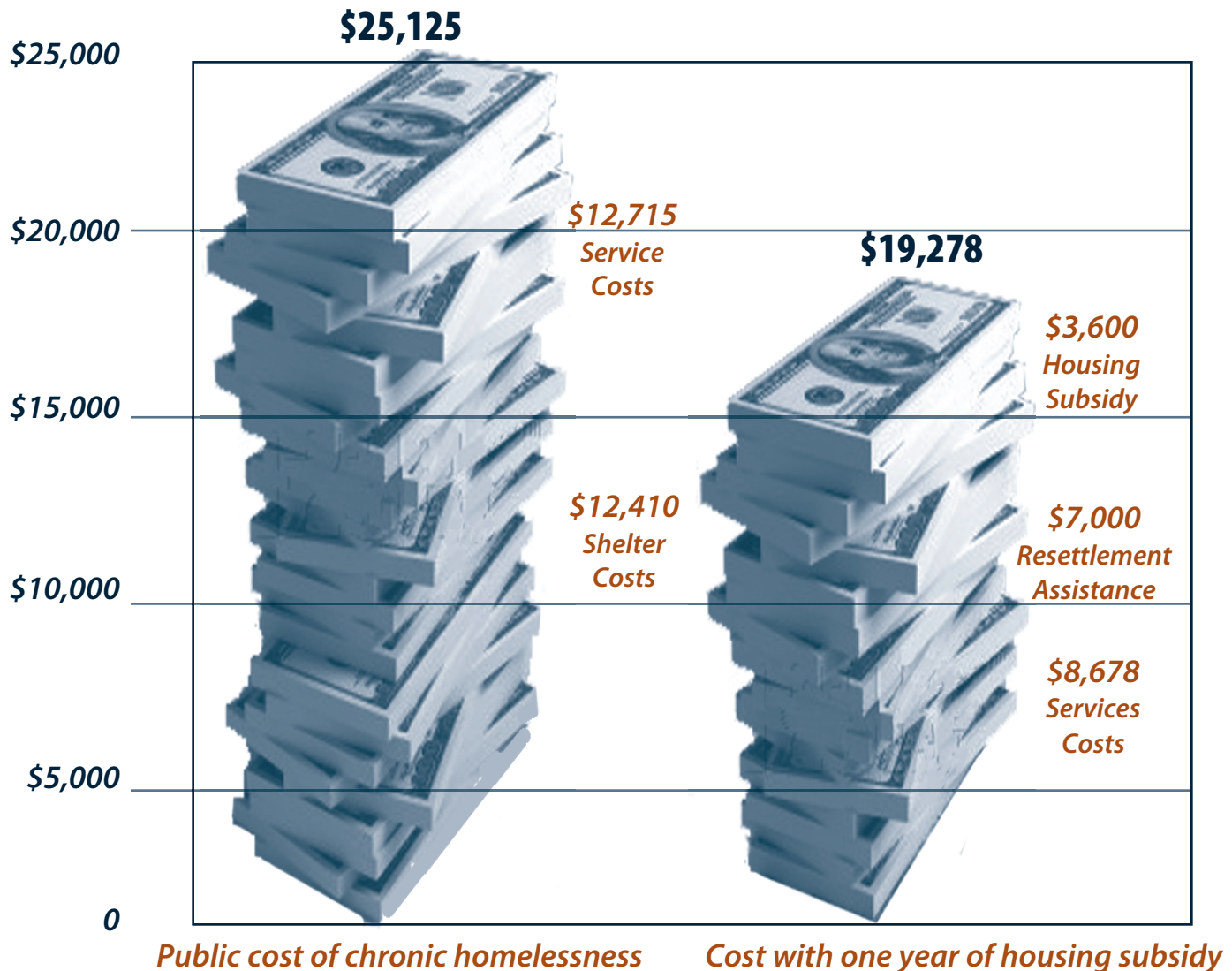


COST SAVINGS = \$7,715

While the calculations on the previous page illustrate the cost savings associated with housing homeless individuals with substance abuse only, the charts on these pages address people with addiction and a chronic medical condition and people without addiction but with a serious mental illness. All charts assume 365 days of housing each year – whether in shelter or in an apartment with a housing subsidy (thus, shelter costs equal to one-quarter of the total services costs have been removed from the services costs). It costs approximately **\$18,410** per year for an individual with co-occurring substance abuse and a chronic illness (diabetes, heart failure, AIDS, etc.) to live on the streets if accounting for publicly-funded shelter, behavioral health, prison, jail, and homeless services resources. However, it only costs **\$10,695** per year to provide that individual with a housing subsidy of \$300 per month (assuming that the individual requires a subsidy of \$300 and will contribute at least 30 percent of their SSI income to rent), resettlement services of \$3,000 (case management or health services), and other services costing \$5,460 (behavioral health, prison, jail, and homeless services). Due to the chronic medical conditions this group possesses, members are, by definition, eligible for SSI.



DO THE MATH: Annual Cost Savings Per Person Achieved By Housing People With Serious Mental Illness and No History of Substance Abuse



COST SAVINGS = \$5,847

It costs approximately **\$25,125** per year for an individual with serious mental illness and no history of substance abuse to live on the streets if accounting for publicly-funded shelter, behavioral health, prison, jail, and homeless services resources. However, it only costs **\$19,278** per year to provide that individual with a housing subsidy of \$300 per month (based on the assumption that the individual only requires a subsidy of \$300 in Philadelphia), resettlement services of \$7,000 (a best-guess estimate of cost for case management or health services), and services costs of \$3,834 (behavioral health, prison, jail, and homeless services resources). Resettlement assistance for this group is greater than the group at left because individuals with serious mental illness will require more intensive case management. This group is also guaranteed to be eligible for SSI because of a disability (mental illness). *Both of the charts on these page reflect a resettlement cost which would be a one-time non-recurring expense in the first year. Therefore, future years' savings would be even greater.*



“Philadelphia is a great city with the potential to become even greater – if we end homelessness. Project H.O.M.E. has the experience to make this happen, which is why we are partnering with them in pursuit of this goal.”

Leigh and John
Middleton,
Trustees and
Volunteers

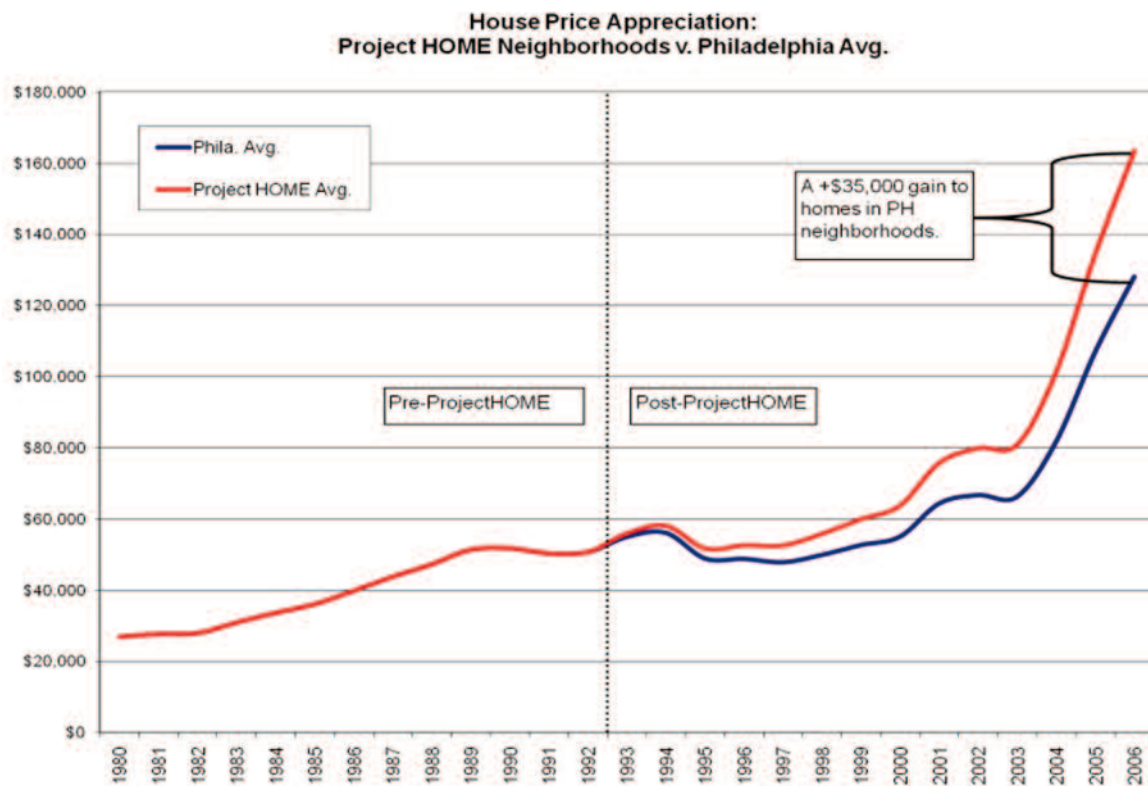
Permanent Supportive Housing is Good for the Community

In addition to the cost savings, providing housing to people who were homeless benefits neighboring property owners and contributes to enhanced community vitality. As an example of how housing individuals who were formerly homeless has far-reaching effects, a report by Wharton economist Kevin Gillen for Econsult Corporation demonstrated that Project H.O.M.E.'s neighborhood presence was correlated with positive impacts to the net worth of property owners and to the City's tax base and revenue.

In 2007, Project H.O.M.E formally released the resulting report, "Project H.O.M.E.'s Economic and Fiscal Impact on Philadelphia Neighborhoods," which illustrates a link between neighborhoods in which Project H.O.M.E. is located and property price appreciation of 6.8 percent annually – 1.8 percent better annually than the City's average of five percent.

In some communities, residents are resistant to locating new supportive housing facilities in the neighborhood because of fears commonly associated with stigma and misinformation about homelessness. This hesitation should be combatted since, to the contrary, the study shows that areas within a quarter-mile of Project H.O.M.E. facilities enjoy, on average, a \$35,000 increase in housing wealth to neighbors, which translates into an \$8.5 million revenue boost to the City of Philadelphia to fund services. Similar analyses, conducted in the state of Connecticut by Arthur Andersen in 2002 and in New York City by New York University in 2008, examining the impact of supportive housing programs, also found a positive correlation between supportive housing programs and property values in surrounding communities.

DO THE MATH: House Price Appreciation in Project H.O.M.E. Neighborhoods vs. City-Wide Average, 1992-2006





Conclusion: Increased Permanent Supportive Housing Would Benefit Philadelphia

The City of Philadelphia uses significant resources to address the needs of its homeless citizens. However, the City must continue to both allocate new resources and reallocate funding from short-term interventions such as shelters to long-term solutions such as affordable housing paired with mental health and addiction services. Not only does this allow for cost savings, but it also addresses the issue in a permanent way by implementing a safety net for vulnerable community members and establishing housing options that include supportive services for those who are chronically homeless. The net result is an improved quality of life for individuals and the community as a whole.

1. Emphasis must be placed on long-term solutions to long-term problems through reallocation of funds from shelters and other services to permanent supportive housing. This approach both reduces costs and promotes better quality of life for all Philadelphia citizens.
2. The common thread of all homelessness is inability to afford housing. There are two ways to approach this: boost incomes or subsidize housing costs.
3. We now know that stability is a result of, not a precursor to, maintenance of permanent housing.

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"At Project H.O.M.E., we believe none of us are home until all of us are home. Effective solutions to homelessness and poverty enhance the quality of life for the broader community. The residences and services we have developed over the past 20 years are working, not only for the men and women who break the cycle of homelessness, but for the City as a whole: cost savings to the City and its taxpayers."

- Sister Mary Scullion
Project H.O.M.E.
Co-founder and Executive Director

None of us are home until all of us are home.

Project H.O.M.E.

1515 Fairmount Avenue

Philadelphia, PA 19130

Phone: 215.232.7272

Fax: 215.232.7277

www.projecthome.org

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