

Special Needs Housing: Combating Homelessness
Oregon Housing and Community Services
NSP2 Permanent Supportive Housing Initiative

Oregon Housing and Community Services (OHCS) seeks to address the need for housing among very low-income households and difficult-to-house populations, including people experiencing homelessness. Creating housing opportunities and options for persons experiencing homelessness is a priority for the department. In addition, the state's 10-year plan has identified permanent supportive housing as essential components of its 10-year plan to end homelessness.

Typically, affordable housing developers struggle to identify resources to create housing for people experiencing homelessness. The nature of this population – poor rental history, lack of income, and co-occurring conditions – mean developers must leverage state and federal support to produce financially viable housing opportunities.

OHCS's Experience with Housing and Services for Homeless Persons

OHCS has had a history of providing financing to develop affordable housing for hard-to-house populations, including homeless persons. Until recently, OHCS has focused primarily on funding bricks and mortar, leaving other components of permanent supportive housing – such as rental subsidies and supportive services – to non-profits, local county agencies and local housing authorities.

Between 2008 and 2010, OHCS funded 221 units specifically designated as permanent supportive housing for people experiencing chronic homelessness. OHCS used the \$16 million Housing PLUS (Permanent Living Utilizing Services) initiative to provide capital for construction and development, as well as operating subsidies. To build the number of units expected by the Oregon Legislature, OHCS blended Housing PLUS resources with other state and federal funds. The total units are spread among 22 different size and scale housing development projects in 17 urban and rural communities.

A preliminary study of the whole Housing PLUS initiative suggests an estimated cost-avoidance of \$833,612 in services for physical health, mental health, and addictions treatment. Once all of the units are fully operational, especially those housing people who are the highest users of services, OHCS could expect to see initiative-wide cost-avoidances of approximately \$2.1 million per year. (*2010 Interim Report*).

Because of a state budget crisis, the state Legislature did not renew funding of the Housing PLUS initiative. Therefore, OHCS identified the federal Neighborhood Stabilization Program (NSP) as the next best housing funding opportunity to continue with our permanent supportive housing development objectives.

Unique Approach and Opportunity

In 2010, OHCS received a grant allocation of \$6.8 million in the second round of the Neighborhood Stabilization Program (NSP2). OHCS administers NSP2 funds to urban and rural jurisdictions known as the NSP2 Consortium. With the support of the consortia members, OHCS set aside approximately \$1.3 million of the total award to create 10 units of permanent supportive housing.

In 2009, the Oregon Legislature passed HB 2436, which authorized the collection of additional fees on the recording of real estate transactions and directed the funds to the housing programs operated by OHCS. The department set aside \$1.1 million in document recording fee revenue for permanent supportive housing. This funding stream offers the flexibility to provide up to four years of operating subsidies.

As most people experiencing homelessness have little to no income to pay for full rents, OHCS provided an additional \$1 million in state grant funding for acquisition and development for the NSP2-Permanent Supportive Housing initiative.

The total combined federal and state funding for this initiative is approximately \$3.5 million.

NSP2-Permanent Supportive Housing (NSP2-PSH)

OHCS recognizes that to be effective, its permanent supportive housing initiative must take a three-pronged approach: 1) create permanent housing rather than temporary shelters or transitional housing; 2) provide housing subsidies to support very low-income residents and keep the housing provider viable; and 3) include supportive services to ensure that residents can remain successfully housed.

Poised with these funding resources, and the opportunity presented by a growing inventory of foreclosed properties, OHCS issued a Request for Proposals in the regions of NSP2 Consortia. The RFP called for housing developers willing to create permanent supportive housing using federal NSP dollars in combination with state resources.

The NSP2-PSH initiative and request for proposals offered for the following:

- Funds to cover the acquisition and development of foreclosed properties (*federal NSP resources and state housing development grants*).
- Operating resources to pay rental subsidies and supportive services for up to four years on behalf of people who had experienced homelessness (*using state funds only*).

Although OHCS cannot provide more than four years of operating subsidies for the units because of limited resources the non-profits and housing authorities have resourcefully secured operating subsidies, such as Section 8 vouchers, to ensure that residents will continue to have permanent, safe and stable housing.

NSP2-PSH Development Highlights

Centennial Point

Centennial Point has four units and was a foreclosed property in Bend. With NSP2 assistance, the local housing authority purchased it to create housing for individuals or very small families experiencing chronic homelessness. The housing authority partnered with a local non-profit to offer supportive services, including case management, to the residents.

The total investment for acquisition and development is \$353,150, well under \$468,000 for a new development. OHCS will provide operating subsidies on a short-term basis to the occupied units.

Independence Place

Independence Place was also a foreclosed property, acquired under NSP2 by the local housing authority in Redmond, to serve veterans experiencing chronic homelessness. In partnership with a local non-profit, and with support from local veterans' services organizations, the housing authority will provide support, case management and services to tenants.

OHCS provided \$181,600 in NSP2 and other state funding. OHCS will provide resources for operating expenses for at least four years. The housing authority has submitted an application to HUD to secure VA vouchers for long-term housing and services for homeless veterans.

Housing for Heroes

The Central Oregon Veterans Outreach (COVO), a volunteer-based organization, acquired a foreclosed property with four units to offer housing to veterans experiencing chronic homelessness. Housing for Heroes is in Bend, which has a large number of homeless veterans. OHCS granted COVO \$333,343 in NSP2 funds for the acquisition and rehabilitation of the four units, averaging \$83,336 per unit. The state will offer resources for supportive services for at least four years.

Housing Authority of Jackson County and Rogue Retreat Initiative

The housing authority, in partnership with the non-profit Rogue Retreat, and the local NSP2 jurisdiction in Medford, Oregon, created 23 units of permanent supportive housing under the OHCS NSP2-PSH initiative.

Funding for the acquisition and rehabilitation came from OHCS's state and NSP2 funds, and from the City of Medford's NSP2 funds. OHCS will provide additional short-term resources to cover operating costs for the units, including rental subsidies, case management and supportive services. The housing authority will provide housing vouchers for all 23 units for their long-term financial sustainability.

Highlights of the Oregon NSP2-PSH Initiative:

- Permanent supportive housing offering development resources and operating subsidies;
- Contributes to the state's plan to end homelessness and adds to needed housing stock;
- Contributes to the revitalization of neighborhoods by following the practice and success of OHCS's previous NSP funding activities;
- Maximizes the use of federal, state and other resources;
- Avoids costs of new construction;
- By leveraging state resources, Oregon's NSP2 program exceeded its original target by 200 percent from 10 to 33 units of permanent supportive housing; and
- Added to the growing literature that the cost of permanent, supportive housing for people experiencing homelessness is less than the cost of homelessness on overall public and private services.

In 2011, Oregon counted 22,116 individuals – 14,535 households – experiencing homelessness. The need for affordable housing far exceeds the state's capacity to provide housing opportunities for people experiencing homelessness. However, through this initiative, homelessness will end for 33 individuals and families. They will not be on the streets, in shelters, camps, or institutions, but will have a home of their own – permanently.



Jackson County Housing Authority acquired newly constructed foreclosed units. The local housing authority will provide vouchers for the 23 units, providing long-term sustainability for the project and permanent housing for families experiencing homelessness.



Jackson County Housing Authority



Jackson County Housing Authority



Jackson County Housing Authority also used NSP2 and state funds to acquire foreclosed properties and finance the rehabilitation of blighted properties. These units will be completely upgraded and in the process, the initiative will improve the neighborhood and meet critical housing needs of people experiencing homelessness



Local partners took advantage of the failing housing market in Bend, Oregon, to acquire Centennial Point. Four units of new construction will house individuals and very small families. Local nonprofits will provide needed services to the residents.



OREGON HOUSING AND COMMUNITY SERVICES

**HOUSING PERMANENT LIVING UTILIZING SERVICES
“HOUSING PLUS” INITIATIVE**

**REDUCING COMMUNITY SERVICE COSTS OF HOMELESSNESS
WITH PERMANENT SUPPORTIVE HOUSING**

Interim Report

December 27, 2010

This evaluation has been funded by the Oregon Housing and Community Services. Questions regarding the State's Housing PLUS program, or for copies of this report, should be directed to Mr. Roberto Franco at the OHCS at (503) 986-6732 or roberto.franco@state.or.us.

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Abstract

This is an interim report of a study undertaken to document the costs that are avoided following placement of homeless persons in permanent housing with increased and coordinated access to an array of community-based services. The Housing Permanent Living Utilizing Services (Housing PLUS) initiative was funded by the Oregon Legislature in 2007 and included eighteen agencies and their partners throughout the state. The initiative includes a balance of rural and urban settings encompassing a broad spectrum of persons who are experiencing homelessness due to mental illness, addictions, physical disabilities, domestic violence, as well as economic marginalization from lack of education, skills, or work experience. Housing and services are available to single adults, families, and homeless or runaway youth.

Of the eighteen agencies in the initiative, thirteen participated in the study to date. The findings to date suggest an estimated initiative-wide annual cost avoidance for the 221 units of \$833,612 (approximately \$3,772 per person) from reductions primarily in the use of physical health, mental health, and addictions treatment services. The report notes that the current sample used for this interim report excludes a representative number of individuals that the literature suggests are the highest users of these services. With this in mind, it is expected that once completed, the study will demonstrate significantly greater initiative-wide cost avoidance of approximately \$2.1 million per year.

Although difficult to measure, the existing literature is clear that the likelihood of recurring homelessness is greatly diminished when housing, with attached services, is quickly provided to those as they become homeless. It is very likely that individuals marginalized by issues other than current addiction or mental illness, for example, may, over the course of several years, develop chronic physical illnesses that begin to require more frequent, more extensive, and more expensive emergency hospitalizations. Importantly, in viewing cost avoidance, cost offset, or cost-benefit studies, the value of interrupting generational transmission of predictive factors for homelessness arising from adverse childhood experiences must be considered, even though there will be little short term documentable cost avoidance.

Findings discussed in this interim report are based on triangulation of information from the literature, key stakeholders, and tenants themselves. These findings strongly confirm, that without safe, stable, supportive permanent housing, there is little chance that individuals, experiencing chronic homelessness, will have the adequate opportunity to become stabilized enough in all critical aspects of their lives to attend to long term preventative measures. These would include the ability to better provide for oneself as well as to institute personal practices that ensure good health and wellbeing.

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Introduction

*“They helped with everything...housing, job, transportation, furniture. They want me to be able to take care of myself and my child!” **

The purpose of this study is to document the reduction in service utilization by people experiencing homelessness one year prior to, and one year following, enrollment in the Housing Permanent Living Utilizing Services (Housing PLUS) initiative. This is an interim report based on findings of a sample from seven of the twenty-two facilities participating in the overall initiative.

Background

The Housing PLUS initiative was funded by the Oregon Legislature in 2007 and mandated the creation of 221 units of permanent supportive housing for homeless individuals and families¹ with supportive services. The initiative had three key objectives: to move homeless individuals into housing, provide case management support for the tenant² and their families, and have them maintain the housing over time.³

The initiative was funded by Oregon Lottery-backed bonds in the amount of \$15.6 million that were to be used for capital development including construction, acquisition, and rehabilitation; rental subsidies; and, supportive services. The core focus of the supportive services was to coordinate and leverage extensive services already available in the community, but not easily accessible by persons experiencing homelessness, through proven case management strategies.

* Single mother living in a rural community who was able to complete her education in the medical field and acquire a position with a county health agency will full family benefits.

Eligibility requirements to live in a Housing PLUS unit were purposefully broad and encompassed single adults, families, and homeless or runaway youth. These requirements included having been, or currently, homeless for over one year; having a history of episodic homelessness due to disabilities including but not limited to, HIV/AIDS, mental illness, addictions, and other mental or physical disabilities; being victims of domestic violence and facing homelessness; and, experiencing substantial barriers to stable housing due to their economic situation, history of unstable housing, or histories of institutionalization.

Implementation of the supportive services element of the initiative at the local level closely followed the critical components of successful supportive housing as promulgated by the Corporation for Supportive Housing.⁴ These include managing the unit's operations through an effective partnership among the tenants, representatives of the project owner and/or sponsor, the property manager, the supportive services providers, and relevant public agencies; ensuring all members of the tenant household have easy access to a flexible and comprehensive array of supportive services to assist them to achieve and sustain housing stability; having service providers proactively engage tenants in on-site and community-based supportive services (but where participation in these is not mandatory); and service and property management strategies including effective, coordinated approaches for addressing underlying issues of housing instability and homelessness.⁵

The core tools for essential service strategies utilized in the Housing PLUS initiative are primarily focused on the development, and frequent review, of an individualized service plan. The effective service plan is developed through collaboration between the tenant and the case manager using evidenced based practices with the case manager identifying and facilitating timely access to a broad array of community resources to meet current and emerging needs of the

tenants and their families.⁶ Overarching the critical components and core tools are two broad evidence based practices that have proven to be effective in engaging and maintaining individuals in housing.

The first of these is alternatively known as “rapid re-housing” or “housing first.” This approach rightfully assumes that any service intervention targeted at increasing an individual’s ability to become self-sufficient (to the best of their inherent capabilities) is much more effective when the highest priority (strongest)⁷ needs (food, shelter, and safety) are being met in conjunction with the interventions to develop awareness and sustained self-sufficiency skills.

The second evidence based practice is ensuring that a universe of services is readily available and easily accessible to tenants and their families. The critical component of effectively incorporating the myriad of available services is coordination through case management. Most individuals experiencing homelessness have no idea of the spectrum of services and supports that are available in the community and report the task of identifying, locating, and accessing available services to be simply overwhelming.⁸

Study Design

The purpose of this study is to assess the value of costs avoided by the Housing PLUS initiative through reduced utilization of services such as emergency rooms, hospitals, and jails following engagement in stable housing with supportive services. This study employed the collection of quantitative and qualitative data utilizing a protocol that was successfully implemented in a previous study by the author in Portland, Oregon.⁹ The overall approach was an embedded explanatory case study than can best be described as an attempt to "explain the causal links in real life intervention that are too complex for the survey or experimental

strategies" of a "unique case."¹⁰ The case study approach has long been valued as a powerful evaluative tool by many branches of the federal government. This design corresponds with those used by the US General Accounting Office (GAO) to evaluate both program implementation as well as program effects.¹¹

This study is comprised of six primary phases: 1) literature review; 2) collection of quantitative service utilization from tenant heads of household; 3) collection of qualitative data from participating agency key staff; 4) collection of quantitative community service cost data; 5) analysis; and, 6) reporting.

A total of eighteen agencies encompassing twenty-two facilities were funded under the umbrella of the Housing PLUS initiative and thirteen participated in the study. As funding for this project included funding for facilities construction/remodel as well as rental subsidies and case management, the rollout was accomplished over a three year period with the first agency leasing-up its units in October 2008 and the last agency doing so by June 2011.

All of the agency directors were contacted by the evaluator following an introductory email from OHCS. The first contact was by letter followed by a brief phone call to provide an overview of the study, to identify key stakeholders for key informant interviews, and to solicit support from the agency to recruit study participants.

The purpose of the key informant interviews, as an integral element of the case study design, was to garner a better understanding of each agency's housing and service activities and to establish a qualitative dataset of expectations. Importantly, these interviews were also intended to document expert opinions regarding the usefulness, challenges, and anecdotal successes of the overall Housing PLUS initiative.

In all cases additional contacts were identified for the key informant interview. In addition to the case managers, others included property managers, property developers, and in one case a community-based individual familiar with the local jurisdiction's plan to end homelessness as well as the Housing PLUS initiative. A total of 33 key informant interviews were completed.

The total number of units available for lease at the time of the study was 100 in the thirteen agencies that were in full operation. Tenants in these units represented a highly diversified population (domestic violence victims, veterans, disabled, and some with addictions and mental illnesses for example). Due to study limitations, it was necessary to plan for a non-stratified opportunity sample of 40 tenant heads of household as study participants.

However, the total number of potential study participants was limited to 34 individuals who had been enrolled at least 12 months. This limitation was necessary for statistical analysis of baseline and one year post service utilization. Fourteen of the 34 were not able to be recruited to participate for several reasons including clinical instability¹² and the final sample was comprised of 20 individuals for this interim report.

Recruitment of the tenant study participants was initiated by first contacting each agency director as discussed above. Agencies were asked to solicit participation of their tenants who met the minimum criteria of having been enrolled in the Housing PLUS initiative for the minimum of 12 months.

The interview instrument for the tenant heads of household was constructed to include the domains of general demographic information; education; housing/homelessness (past three years and current year post enrollment); employment/income (past three years and current year); health care service utilization (physical, mental health, and addictions) (past three years and

current year); criminal justice involvement; (past three years and current year); substance use/substance abuse problems (current and lifetime); and a brief satisfaction component including general life and local project specific indicators.

Once potential tenant heads of household were identified, the agency asked them to complete an informed consent agreement to participate in the study. Once confirmation of the informed consent was received by the evaluator, appointments were set with the interviewer.

The service cost data was collected by an initial search of the internet followed by a series of interviews with key personnel in selected industries and government agencies. Where necessary, a “waterfall” strategy was used if the primary telephone contact was unable to readily provide the requested cost data. Costing data was collected by rural and metropolitan geography, where data was available, for physical, mental health, and addictions treatment services provided in emergency, inpatient and outpatient settings. Arrests and incarcerations costs were also documented where available on a regional basis.

Participating agencies served a variety of populations ranging from veterans to persons with addictions and mental illness, to heads of household with families who were homeless due to issues associated with domestic violence. In five facilities case management services were either contracted with an addiction or mental health specialty treatment agency or treatment services were available on premises of the housing by clinically qualified agency staff.

**Table 1a: Housing PLUS Participating Agencies
Interim Study Sample**

Agency	Facility	Population Served *	# of Units	Date Opened	Sample Pool	Participants Interviewed	Staff Interviewed
Central City Concern	Madrona	Addictions/dual diagnosis	13	5/1/2010	0	0	2
Clatsop County Housing Authority	Tilikum	General	8	1/1/2009	4	2	2
Columbia Cascade Housing	Celilo Gardens	Mentally ill/dual diagnosis	6	3/1/2010	3	1	5
Community Action Team	St. Helens PLUS	General	2	3/1/2010	0	0	2
Community Services Consortium	Tern House	General	6	10/1/2008	6	4	3
Housing Authority of Portland/Luke-Dorf	University Place Bridgeview	Mentally Ill	9	4/1/2010	0	0	3
NW Housing Alternatives	Willard St. Duplexes	General	2	3/1/2009	2	2	2
Options for Southern Oregon	Manzanita Place	General	7	10/1/2009	2	1	1
Rogue Retreat	Grape Street	General	8	8/1/2009	8	5	4
Shaver Green	Shaver Green Project	Mentally ill	8	4/1/2010	0	0	3
Specialized Housing	Eastgate Station	Disabled, mentally ill	20	5/1/2010	0	0	3
St. Vincent DePaul	Vet LIFT III	Veterans	9	5/1/2009	9	5	2
UCAN-Roseburg	Esperanza Circle	General	2	6/1/2010	0	0	1
			100		34	20	33

*Facilities noted as serving a "general population" also included families and heads of household who were experiencing mental health, addictions, and/or physical problems but they did not specialize in serving those populations

Table 1b. Housing Agencies Not Currently Online

Rogue Retreat	525 Riverside	11	General
Housing Authority of Portland	The Martha Washington	10	Mentally Ill & Addictions
Housing Works	Barbara's Place	6	Mentally Ill
Community Services Consortium	Pelican Place	12	General
St. Vincent de Paul Society of Lane County	The Lamb Building	6	HIV/AIDS
Innovative Housing, Inc.	Clifford Apts	45	Mentally Ill
Klamath Housing Authority	Trail's View Apts	8	Mentally Ill & Addictions
Human Solutions	The Rockwood Building	15	Veterans
Corvallis Homeless Shelter Coalition	Partners Place	8	Mentally Ill & Addictions
		121	

Findings

Homelessness has been described as a revolving door and, oversimplified, stems from a combination of structural and personal factors. Structural factors include changing housing markets and the lack of low-cost housing stock in communities; dwindling employment opportunities especially for those with lower levels of education and skills; removal of institutional supports for people with severe mental illness and addictions; and discrimination in housing along with local zoning restrictions that preclude affordable housing alternatives. Personal factors include previous history of homelessness, especially for children who were homeless or were placed in foster care;^{13,14} disabilities arising from physical and mental issues; lack of education; and the lack of skills development.

From an epidemiological perspective, it has long been known that the strongest predictor of adult homelessness, as well as mental illness and addictions, are adverse childhood experiences.^{15,16,17,18} This appears to be especially true in female headed households.¹⁹

Poverty's roots include an innumerable range of causes from disabilities (physical, mental, and addictions) to changing economies where jobs are lost, in the short term, to financial downturns and, in the long term, to situations where entire industries lose their foothold due to changing consumer preferences and governmental regulatory changes. Rapidly changing circumstances and the marginality of people with low incomes explains why between five and ten percent of poor people experience homelessness in a period as short as a year.²⁰

Although proportionally a large number of individuals and families transition relatively quickly from homelessness, the longer they remain marginalized the more likely they can expect to become homeless again.

There have been several studies that have documented high levels of utilization of community services among homeless persons such as emergency room visits; hospitalizations and outpatient use of treatment for physical, mental health, and addictions problems; as well as involvement with law enforcement and incarceration in the criminal justice system.^{21,22,23} These studies primarily looked at individuals who had been chronically homeless with long histories of mental illnesses and addictions.

Such studies documented significant reductions in service utilization and subsequent economic benefits following the investments made for permanent housing in conjunction with a broad array of services. Services that were primarily targeted at treating mental illnesses and addictions, along with providing supports to enable stability in the housing and integration into a healthy community.

For example, a recent study conducted by the author in Oregon of the cost-benefit of providing “housing first” in conjunction with intense case management and treatment of chronically homeless dually diagnosed individuals found a first year cost savings of 36 percent (\$15,006 per person), and hypothesized that follow-up further out from enrollment would yield much greater savings due to the clinically appropriate high use of physical and mental health services during the first year to arrest and treat chronic illnesses.²⁴ Similar studies by Culhane and Colleagues in New York found a cost savings related to supportive housing of \$16,282 per person annually²⁵ and Perlman & Parvensky in Denver found a cost savings of \$15,733 per person annually.²⁶ A study by Mondello and Colleagues, looking at both rural and urban settings, was able to document continued average annual savings per person of \$16,198 in the second year following placement in permanent supportive housing in Maine.²⁷

Studies looking primarily at Medicaid and health services usage for, again primarily chronically homeless persons with addictions and/or mental illnesses, found savings in single site studies in Chicago;²⁸ Connecticut;²⁹ Denver;³⁰ Maine;³¹ New York;³² San Diego;³³ San Francisco;³⁴ Seattle;³⁵ and a multi-site study including Cleveland, New Orleans, San Diego and San Francisco.³⁶

Measuring cost-benefits of providing housing and services for the homeless is complex. Financial costs attributable to homelessness spread across a spectrum of social, health care, and safety services that encompass both public and private entities. It is difficult, and expensive, to precisely measure actual costs on an individualized basis within a community. Additionally, private and public fiscal documentation procedures do not tend to itemize these costs so they become merged with other costs and are not discernable at the individual level. It is also not appropriate to lump all persons experiencing homelessness into a single group for the purpose of documenting cost-benefits as homelessness is not a homogeneous or generic condition. For example, persons with histories of chronic homelessness, in conjunction with untreated mental health or addiction issues, tend to have much higher rates of encounters with a plethora of community services than individuals experiencing homelessness caused by marginalization related to lack of education, skills, or employment opportunities, or domestic violence.

For this reason, there is a noticeable lack of compelling cost avoidance or cost-benefit studies in the literature for this latter group. Although there is evidence they, as a group, create significant long term costs to the community since they tend to return to shelters much more frequently than those who have been provided stable, subsidized housing. Importantly, shelter facilities have a higher per night cost than permanent housing.

It should also be noted that there are long term costs that are difficult to study associated with children of families who have histories of being in and out of homelessness and tend to be more likely to become homeless themselves as adults. This is also true of children who have been placed in foster care due to family disruption.^{37,38,39,40,41}

Fifty-five percent of those tenants participating in the interviews were males and the overall average age was approximately 45 years at the time of enrollment in the housing. The youngest participant in the interviews was 20 years old at the time of enrollment and the oldest was 69 years. Seventy-five percent indicated they were White, 20 percent White/Native American, and 5 percent White/African American. Forty percent reported never being married, 20 percent married, 30 percent divorced, and five percent each separated or widowed.

The average number of months homeless in the three years prior to enrollment was 22.7 months. Thirty-five percent reported being essentially homeless the entire three years prior to enrollment. The average number of years of education completed was 12.8 with the minimum of nine years and a maximum of 15 years of formal education.

Of the sample, 20 percent reported current employment. A total of 35 percent reported being able to work full-time and 5 percent able to work part-time while attending school. Ten percent reported only being partially able to work due to a disability. One-quarter of the sample reported being completely unable to work due to a physical disability and 15 percent unable to work due to mental illness. Ten percent reported being retired. The average current annual income reported was \$5,594.25 and ranged from a low of \$2,400 to a high of \$17,928.

Table 2. Service Utilization			
Service Type	Year Prior to Enrollment	Year Following Enrollment	Change
Physical Care Inpatient (Days)	49	39	- 10
Emergency Room/Urgent Care (Visits)	40	43	+ 3
Physical Care Outpatient (Visits)	103	120	+17
A&D Inpatient/Residential (Days)	530	180	- 350
A&D Outpatient (Visits)	130	289	+ 159
Mental Health Inpatient (Days)	0	0	0
Mental Health Outpatient (Visits)	103	218	+ 115
Arrests	8	0	- 8
Incarceration (Days)	0	0	0

For the year prior to enrollment in the Housing PLUS initiative, service utilization for the interim sample was not as dramatic as that seen in populations where the individuals are primarily suffering from addictions and severe and persistent mental illness as reflected in the studies noted above. This was expected due to the broad spectrum of individuals participating in the initiative. Nonetheless, eight individuals reported accessing inpatient physical health care in the year prior to enrollment for an average stay of 6 days. In the year following enrollment, only five individuals accessed inpatient physical health care, and one individual was hospitalized for 25 days due to a pre-existing serious medical condition.

A 66 percent reduction in utilization of addictions inpatient treatment was based on only two individuals who reported residential care in the year prior. Nonetheless, this was a potential cost savings of approximately \$41,300⁴² in the year following enrollment just for addictions treatment.

Offsetting some of these potential cost savings would be the increases in utilization in emergency room/urgent care services and physical, mental, and addictions outpatient care.

Table 3. Service Utilization Cost Savings			
Service Type	Decrease (-) Increase (+) (Days/Visits)	Unit Cost (Dollars)	Total (Dollars)
Physical Care Inpatient (Days)	-10	6,435	-64,350
Emergency Room/Urgent Care (Visits)	+3	1,700	5,100
Physical Care Outpatient (Visits)	+17	150	2,250
A&D Inpatient/Residential (Days)	-350	118	-41,300
A&D Outpatient (Visits)	+159	84	13,356
Mental Health Inpatient (Days)	0	368	0
Mental Health Outpatient (Visits)	+115	96	11,040
Arrests	-8	192	-1,536
Incarceration (Days)	0	127	0
Total Cost Savings			\$75,440

The annual cost avoidance is estimated at approximately \$75,440 or approximately \$3,772.00 per participant in the sample for the first year. This is approximately \$833,612 initiative wide for the 221 housing units. Although this is significantly less than what the literature would generally suggest, there are several factors that most likely contributed to this finding. First, and most noteworthy, was the lack of study participants in the sample from the four agencies (Central City Concern, HAP/Luke-Dorf, Shaver Green, and Specialized Housing) that were primarily serving those with traditionally highest social costs associated with severe and persistent mental illness, addictions, and dual diagnoses. This gap in the interim sample, which represented about 51 percent of the leased-up units at the time of this report, was simply due to the fact that these programs opened too late to allow for collection of 12-month post enrollment follow-up data from a representative sample.

Therefore, it must be stressed that this interim report, based on the available research, underestimates the extent of the reduction in post enrollment service utilization. Utilizing cost avoidance data from the previous study conducted by the author,⁴³ and accounting for increases

in health care since that study was completed in 2006, it is estimated that the annual per person amount of costs avoided will increase to approximately \$9500 or approximately \$2.1 million initiative wide annually.

It should also be noted that, typically, increases in physical, addictions, and mental health outpatient visits following enrollment in similar projects are not uncommon for some individuals during the first year after enrollment. This is an artifact of the identification and intervention of health care problems, usually long ignored during periods of homelessness due to the individual's limited ability to access care without insurance, being attended to in a timelier manner.

Findings from the 33 key informant interviews, previously reported to OHCS staff, confirmed implementation of the evidence-based practices consistent with the initiative's intent as discussed above. They also confirmed that the most important outcome of the Housing PLUS funding was to provide a stable base from which individuals and their families could begin reconstructing their lives and reintegrating into the community. The general theme from those interviewed was that it is nearly impossible for a homeless individual, whose daily priority was finding food and shelter, to meaningfully access any of the usually numerous services available in the community. Underlying this was the notion that for the populations being served, the process of reintegration into the community was long, arduous, and fraught with barriers.

As was expected, all agencies reported filling the housing units quickly without the need for formal advertising.

There were many examples of tenant successes.

- A young mother who was able to go back to school, garner a certificate, and acquire a permanent job as a nurse's aide at a county facility with health care benefits.
- A male who was able to get his driver's license, get a car and a job.

- Two male tenants who have been able to become stabilized, find employment, and begin working on a formal financial (savings) plan with the goal to eventually purchase a home.
- The development of a community among tenants helping each other with day-to-day chores and creating a community garden to offset food costs while providing nutritional alternatives. This community garden was reported as a source of great pride and camaraderie among tenants.
- A 69 year old male who had been camping in the woods for years successfully integrating into the community, maintaining an immaculate unit, and is stable in the community.
- Several instances where the entire project's community had come together like a family, supporting each other in all aspects of daily living including tenant organized events such as barbeques.

Summary

This study is being undertaken to document the cost avoidance and potential cost-benefit of the overall initiative realized during the first year following enrollment in Housing PLUS.

The study design called for a non-stratified opportunity sample of 40 heads of household representing the entire population served by the initiative. The evaluation team is currently waiting for more tenant heads of household to come into a window of having a minimum of 12-months post enrollment to fill the sample.

The current findings suggest an annual initiative wide cost avoidance of approximately \$833,612. This estimate should be considered low as the current sample does not include an adequate representation of those individuals who are characteristically high utilizers of services prior to moving into supportive housing, especially those who were experiencing serious mental illnesses, addictions, and/or involvement with the criminal justice system while homeless. Once the study is completed, the initiative-wide annual cost avoidance is anticipated to be approximately \$2.1 million.

The findings thus far, nonetheless, pose a potentially complex question. What is the cost-benefit for providing permanent housing with services to those who have a history of homelessness but are homeless for reasons other than high cost addictions or mental illness? The answer to this requires long-term longitudinal studies.

The literature is clear that the likelihood of recurring homelessness is greatly diminished when housing, with attached services, is quickly provided to those becoming homeless. Although the author is hypothesizing at this point, it is very likely that individuals marginalized by issues other than current addiction or mental illness, for example, may, over the course of several years develop chronic physical illnesses that begin to require more frequent and more extensive emergency hospitalizations, if they remain homeless.

Triangulation of findings from the literature, from the key stakeholders, and from the tenants themselves strongly confirms the notion that without safe, stable, permanent housing there is little chance that individuals experiencing chronic or episodic homelessness have the adequate opportunity to become stabilized enough in all critical aspects of their lives to attend to long term preventative measures. These would include the ability to better provide for oneself in addition to instituting preventative behaviors to ensure long term health and wellbeing thus making future episodes of homelessness less likely. Again, we need to return to the basic theory of human motivation. If one is constantly attempting to meet basic food, shelter, and security needs there is little time left for proactive activities to meet secondary or emerging needs.

Importantly, as the literature is conclusive in regards to the predictability that adverse childhood experiences are frequently associated with homelessness, attention to homeless families with children will produce long term cost-benefits that can only be hypothesized in the short-term.

Although it will be several months before this study is fully completed, it is with confidence that significant cost reductions will be documented when the sample is completed, including a greater representation of those entering homelessness as a result of addictions and mental illness.

Appendices



Oregon Housing and Community Services

Housing PLUS Program Factsheet

Program Overview

Housing PLUS (Permanent Living Utilizing Services) was funded by the 2007 Oregon Legislature to develop permanent, supportive housing for Oregon's homeless. Initial funding is from \$15,609,000 in lottery-backed bonds. In conjunction with other OHCS housing programs, Housing PLUS will be used for capital development, rental subsidies and supportive services. OHCS is mandated by the Legislature to create 150 units of permanent supportive housing for homeless persons in the 2007-09 biennium.

Three principal objectives help guide Housing PLUS activities:

1. Move individuals from homelessness to housing.
2. Provide case management support for people to access comprehensive, needed service.
3. Assist individuals to obtain and maintain housing over time.

Program Description

Applications for the Housing PLUS are accepted twice a year during the department's Consolidated Funding Cycle (CFC) or through targeted request for proposals.

The amount of Housing PLUS funds invested in the development of a project will not exceed the lesser of: 1) \$90,000 per Housing PLUS unit which serves a priority population; 2) total project funding gap; or 3) total unit cost for each Housing PLUS unit.

In addition, to meet the Housing PLUS services and target population goals, funding will be available to use as rental assistance and/or funding for supportive services. The maximum amount of funding will be \$6,500 per unit per year for up to four years of operation. The funding may be combined with non-CFC funding sources, if necessary, to provide the level of funding required.

Housing PLUS dollars shall not replace committed resources or resources normally utilized for housing development.

Program and Eligibility Requirements

There are three components to the Housing PLUS program. These three components shall be present and interact simultaneously. They are:

1. Permanent Supportive Housing: Permanent Supportive Housing is generally considered to be a successful, cost-effective combination of affordable housing coupled with services that help people live more stable, productive lives. It is a useful intervention to end and prevent homelessness, by working with very low-income people who cannot obtain or continue their housing because of other complex challenges they face.

Permanent Supportive Housing units are defined as having ALL of the following characteristics:

- Housing with no limit on length of residency and no requirement that tenants move out of the housing if their needs change. Ability to occupy the housing is tied to compliance with the lease requirements.
- Flexible and comprehensive array of supportive services available to all members of the tenant household, and ultimately designed to assist tenants to achieve housing stability.
- Housing designed for individuals and families at high risk of homelessness, or who experience chronic homelessness because of acute, special needs.

2. Housing Subsidies: Housing PLUS provides for a housing subsidy program to assist homeless persons to obtain and pay for housing. Some households will need minimal assistance to move out of a shelter or other living arrangement, to pay a security deposit and first month's rent. Others will need slightly more subsidy and for a longer period. This subsidy program is often coupled with intensive and targeted support services to help people increase their income and potentially pay for their housing without the subsidy. Some other households experiencing homelessness may simply be unable to transition out of shelter or other homeless situations without ongoing assistance to pay for housing.

The housing subsidy component of Housing PLUS is specific to the unit or to the needs of the tenant occupying the unit. Subsidy funds may cover up to 100 percent of the rental obligations or supplement the household or tenant's housing benefits. They may be used to pay for housing application fees and other move-in costs.

Housing PLUS subsidies are limited and may be available for up to a maximum of four years of operations. Sponsors will need to supplement these funds with other local or state housing assistance programs. Sponsors are strongly encouraged to work with local community action agencies, continuum-of-care programs, and local housing authorities to develop a plan to provide for the subsidies for a longer period than Housing PLUS funds can sustain.

3. Supportive Services: Housing PLUS includes supportive and targeted services according to a household's needs. Services can help people access and maintain stable housing as well as increase economic self-sufficiency and improve family and child well-being.

Identification and commitment from a service partner agency is required at the time of application and becomes part of the review consideration. A complete and signed agreement or MOU will be required as a condition of award. A Supportive Services Plan is part of the narrative questions in the Housing PLUS Supplemental Application Forms.

Homelessness affects people differently. Therefore, there is no one single service delivery model that works for all homeless persons. While some will need only minimal support to transition into permanent housing, others will require more intensive assistance to exit a homeless situation and remain housed. Minimally, supportive services shall provide the equivalent of a case manager who will help residents navigate the various systems of services. Funds from the services budget may be used to cover other basic incidental expenses.

Housing PLUS funds for supportive services are also limited, and may be available for up to a maximum of four years of operations. Sponsors will need to supplement these funds with other local, state, or private resources. Sponsors are strongly encouraged to work with local community action agencies, continuum-of-care programs, and local housing authorities to develop a plan to provide supportive services for a longer period than Housing PLUS funds can sustain.

Eligible Sponsors

- Non-profits, local governmental agencies and for-profits are eligible sponsors.
- Housing PLUS funds will be allocated to both urban and rural communities.
- Applicants must demonstrate the capacity to provide and manage housing, administer housing assistance programs, and coordinate access to supportive services.

Eligible Beneficiaries

Housing PLUS resources will be limited to units within projects designated to house any of the following priority populations that may fit the descriptions below:

- Those who are and have been homeless for long periods of time (one year or more), have experienced repeated stays in the streets, emergency shelters, or other temporary settings, often cycling between homeless and institutional systems of care such as hospitals, jails, prisons, foster care, or other emergency systems;
- Those who are frequently homeless and have chronic health conditions that are at least episodically disabling, such as mental illness, substance abuse, and HIV/AIDS, or other substantial barriers to housing stability (e.g. trauma, or history of placement in institutions); and
- Those who have been victims of domestic violence that face survival, safety risks and homelessness; come from a shelter, transitional housing, or another temporary housing situation; and/or have substantial barriers to obtaining and retaining housing (i.e. financial, housing history).

Homelessness, especially long-term and repeated experiences of homelessness will be the main criteria to determine allocation of Housing PLUS resources to proposed projects. Housing PLUS is for all homeless populations - adults, families, and homeless and runaway youth - meeting the above characteristics.

Eligible Uses of Funds

Funds may be used for the capital costs of construction, acquisition, and rehabilitation of existing housing, along with the conversion of existing available units into permanent supportive housing.

Current Legislative intent for Housing PLUS does not allow the use of funds for shelter and transitional housing or facilities.

Eligible uses exclude land banking for future development and other activities that do not create permanent supportive housing units. Additionally, the bond-financing of the Housing PLUS funds requires the department obtain the approval of an Intent Resolution for each project. Only eligible capital costs incurred less than 60 days prior to the Intent Resolution may be reimbursed with the Housing PLUS resources.

Housing PLUS Funds Left in Basis

Tax exempt bonds are the source of Housing PLUS funds provided for capital development. If Housing PLUS funds will be used in conjunction with LIHTC, the developer must determine if the Housing PLUS funds must be removed from basis.

The developer must provide the department with a legal opinion to support their decision if funds are retained in basis.

Terms

Housing PLUS funds will only be awarded in the form of a grant.

Limitation of Maximum Household Income

Although Housing PLUS has not established income restrictions, the qualified tenants must meet the Priority Program Population description. Projects receiving Housing PLUS as their sole OHCS resource must set maximum rent limits at 60% of median income. Designated Housing PLUS units in projects serving other low-income populations besides homeless persons, and with other restrictive funding, will be subject to the income restrictions of the other funding as indicated in the application's pro forma operating budgets.

Affordability Period

Projects receiving Housing PLUS as their sole OHCS resource will have a minimum affordability term of 20 years. Designated Housing PLUS units in projects serving other low-income populations besides homeless persons, and with other multiple funding, will not have affordability terms attached. Instead they will follow the longest term of any of the other funding used. Should resources to maintain designated units as permanent supportive housing units decline, sponsor may request department approval to convert units to general affordable housing units for the remainder of the 20 year term or the longest term designated by the other funding sources.

Additional Program Requirements

- Housing PLUS units must meet minimum OHCS architectural and construction standards.
 - Housing PLUS funds will be made available only when a proposed project is ready to proceed. Readiness to proceed requires, at the very least, that other financing be identified, local zoning requirements are met, and partnerships and collaborations are identified.
 - The project owner must agree to record the department's restrictive document against the property title.
 - OHCS will maintain the Housing PLUS subsidies and supportive service resources in a special account and will distribute funds directly to the

owner/sponsor of the project through monthly disbursement requests based on demonstrated need.

- Sponsor must agree to track their performance and supportive housing activities through a Homeless Management Information System (HMIS). Owners and sponsors of Housing PLUS units are required to receive training on the OHCS OPUS/HMIS and use it as a default application if they do not have an HMIS application in place. Owners may elect to form partnerships with service organizations that are already familiar with and use HMIS. Owners with an HMIS application different than the OHCS OPUS/HMIS module are required to ensure data is entered into OPUS. Additionally, an annual performance report to OHCS is required.
- Unless exempt, Housing PLUS units will adhere to all applicable State and Federal laws and regulations.
- Housing PLUS units are subject to compliance and monitoring from the OHCS Asset and Property Management Division.

For More Information

To talk with someone about developing affordable housing in your area, contact a Regional Advisor to the Department or call 503.986.2000.

OHCS is the state housing finance agency, providing financial and program support to create and preserve opportunities for quality, affordable housing for lower income Oregonians. The agency also administers federal and state antipoverty, homeless and energy assistance community service programs.

Notes

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- ¹ The initiative's capital funding allowed for the creation of a larger number of units, but supportive services were only allocated for this number of housing units.
- ² Individuals in the Housing PLUS are both tenants from a property management perspective and clients from the case management perspective. For the purposes of this report they are referred to as tenants of the agencies. Those individuals who participated in the study are referred to as participants in the report.
- ³ There is a complete Program Factsheet included in the appendix of this report. The reader is invited to review this document for more details regarding the parameters of the legislation.
- ⁴ <http://www.csh.org>.
- ⁵ See <http://documents.csh.org/documents/communications/shdefinedlogo.doc> of the Corporation for Supportive Housing.
- ⁶ Corporation for Supportive Housing. *Tools for essential service strategies for supportive housing settings*. Available: <http://www.csh.org/index.cfm?fuseaction=Page.ViewPage&PageID=3682>.
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