

The Coalition For The Homeless, Inc. &
Louisville Metro Office On Homelessness



The Cost of Homelessness
Two-Year Study & Blueprint Report

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The Cost of Homelessness

The cost to help the homeless in our community is staggering, a mere \$88,802,380 every two years for 7,108 adults. If the trend continues, Louisville will run out of resources and housing. While we have made improvements in many areas, we need to continue efforts to end homelessness and we especially need more permanent housing.

The negative financial and social impact homelessness has on our community should be of interest to all. Preventing further homelessness needs to be a top priority to corporate, community leaders and individuals, alike. The problem is complex, but ending homelessness is possible with the help of business leaders, public officials, community leaders and individual volunteers.

This brochure explains why we should pay attention to the issue of homelessness and the negative financial and social impact it has on our hometown. It also outlines how together we can solve this problem and what each of us can do to get involved today.



The Study

The following information summarizes a two-year study conducted by the University of Louisville's Kent School of Social Work, defining the problem and detailing the services used by single, homeless adults in 2004 and 2005. The University of Louisville's Research Team and The Coalition for the Homeless appreciate these organizations for their help in collecting the data used in this report. It tracks the use and costs of residential homeless services, including healthcare and the following services:

- Louisville Metro Department of Corrections
- Kentucky Department of Corrections
- Seven Counties Mental Health and Substance Abuse Services
- Central State Hospital
- The Healing Place Detoxification Services
- Phoenix Health Center
- University of Louisville Hospital

The full study is very thorough and detailed. The Coalition, The Kent School, and Louisville Metro Government are happy to provide anyone with a complete copy if you are interested in reviewing all the facts. The full study is available online at www.louhomeless.org.

The Problem

In 2004 and 2005, Louisville spent \$88,802,380 on 7,108 single homeless adults. The two-year cost of providing shelter/housing for residential, homeless clients was \$10,294,200 and the average cost per client was \$1,434.

Over the same two-year period, the average cost for these clients who used correctional services was \$17,472 each and the average cost for University Hospital services was \$16,616 per client. The cost for using Central State services was \$31,863. The total cost of high-cost, multi-service clients living in emergency shelters was \$53,596.

The total cost of high-cost, multi-service clients living in transitional shelters was \$54,945, yet these same high-cost clients living in permanent, supportive housing costs only \$54,900 for the same two years.

- Charges at University Hospital were the primary driver of multi-system costs; these charges represented nearly half of the total multi-system costs for all homeless clients over the two-year period. For the various risk groups, the proportion of total multi-system costs attributable to University Hospital ranged from 32% for the "other homeless" groups to 62% for the substance abuse group.
- Central State Hospital was a large contributor to multi-system costs for SMI/DD clients.
- Incarceration was a major contributor for homeless substance abuse, less seriously mentally ill, and "other" homeless clients.
- Incarceration represented about 16% of total multi-system costs for substance abuse clients, and 39% of multi-system costs for the "other homeless" group.



- Of the 7,180 single adults using homeless residential services during 2004 and 2005, 1,589 or 22% used these services in both years.
- About one quarter of SMI/Co-occurring Condition clients in 2004 went on to use homeless services again in 2005 (195 of 831 = 23%); these multi-year clients represented about 13% of all SMI/CC clients (195 ÷ 1,452 = 13%)
- About 18% of substance abuse clients in 2004 went on to use homeless services in 2005 (105 of 590 = 18%); this was about 10% of all substance abuse clients (105 ÷ 1,059 = 10%)

- About 20% of clients with less severe mental illness in 2004 went on to use homeless services in 2005 (42 of 208 = 20%); this was about 11% of all substance abuse clients (105 ÷ 1,059 = 10%)
- About 43% of "other homeless" clients, went on to use homeless services in 2005 (1,247 of 2,917 = 43%); this was about 29% of all "Other Homeless" clients. This is a good indication that some of these cases could have a mental health or substance abuse condition but were unknown to Seven Counties Services, Central State Hospital, The Healing Place Phoenix Health Center or University Hospital.

Reducing costs requires increasing community involvement.

By focusing on high-cost institutional care to identify high-cost cases that could be served more effectively by alternative community-based services, we can save millions of dollars each year. Consider three target groups:

1. The Mentally Ill

—Homeless people experiencing serious mental illness with a co-occurring condition (SMI/CC) that used emergency or transitional services.

This study shows institutional service costs outpace community-based service costs for this group. Permanent housing for the cost of 167 SMI/CC clients now in emergency and transitional shelters could save Louisville \$7.4 million per year.

Substituting community-based treatment and case management services rather than incarceration for these individuals is a realistic and cost-efficient alternative. Most are likely to be eligible for Supplemental Security Income (SSI) or Social Security Disability Income (SSDI) as well as Medicare or Medicaid. This in turn would cover much of their indigent care costs.

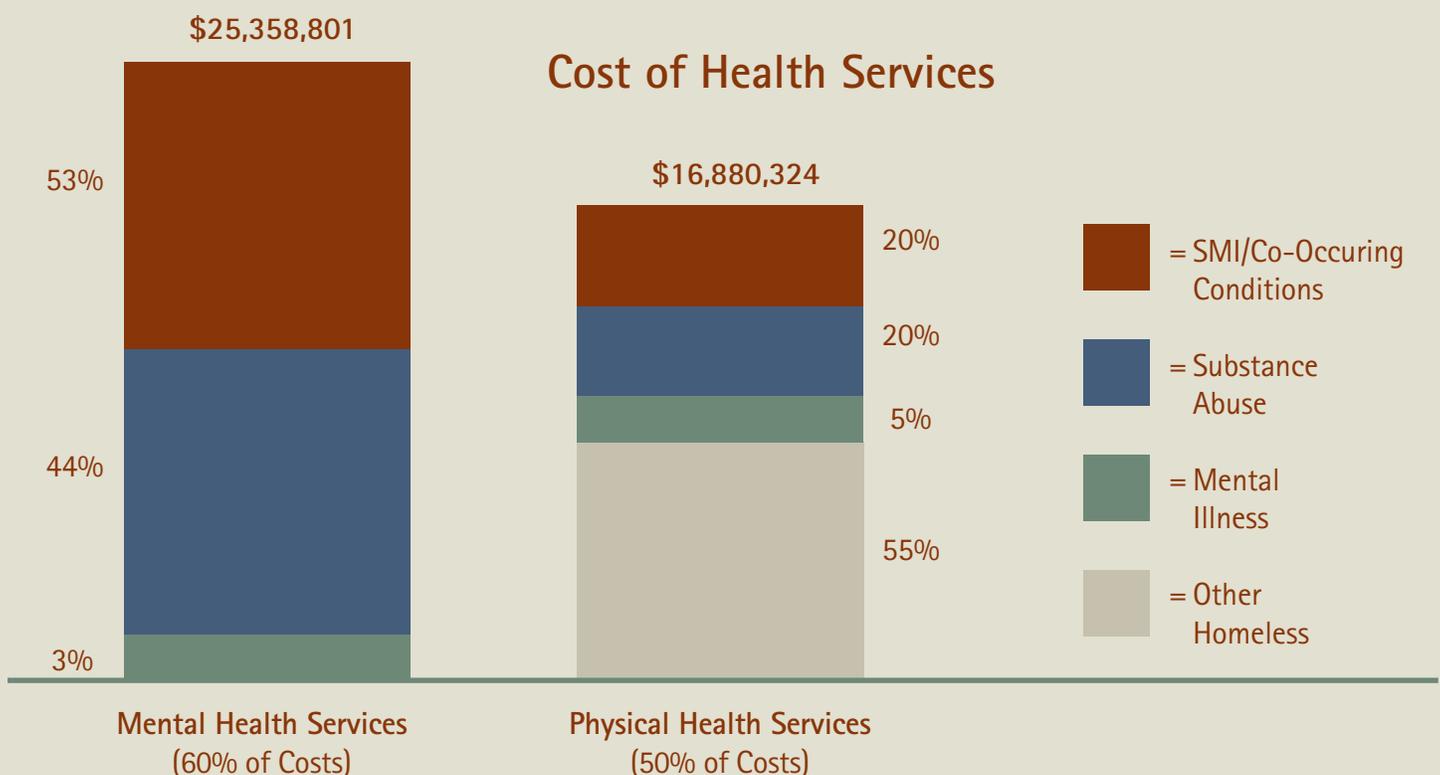
Currently, 43% are not receiving SSI or SSDI benefits.

Kentucky, including Louisville, is part of the SOAR (SSI/SSDI Outreach, Access and Recover) Technical Assistance Initiative which trains case managers to access and enroll people expeditiously into mainstream benefit programs. In fact, in May, 2008, data showed that 70% of the applications had a turn-around rate of 93 days.

This subpopulation consumed over one-half or 57% or \$50,482,948 of all 2004 and 2005 multi-system service costs. The 626 SMI/CC clients in emergency shelters and the 792 in transitional shelters consumed 92% of these costs.

This same sub-group accounted for 14.7% of the 7,180 single adults, but accounted for 56.8% or \$50,482,948 of service costs. Of the 792 SMI/CC clients who received transitional shelter, 167 were high-cost clients, with an average multi-system per client cost of \$54,945 per year.

The 34 SMI/CC clients from 2004–2005 who lived in permanent housing had an average multi-service system per client cost of only \$27,450 per year. That is \$23,227 for community-based services and \$4,223 for institutional services.



2. Those Suffering From Substance Abuse

People experiencing homelessness who are also suffering from substance abuse, who were incarcerated and also used University Hospital services consumed 20% or \$17,651,632 of all 2004 and 2005 multi-system service costs. The 398 substance abuse clients in emergency shelters and the 655 in transitional shelters consumed 99% of these costs.

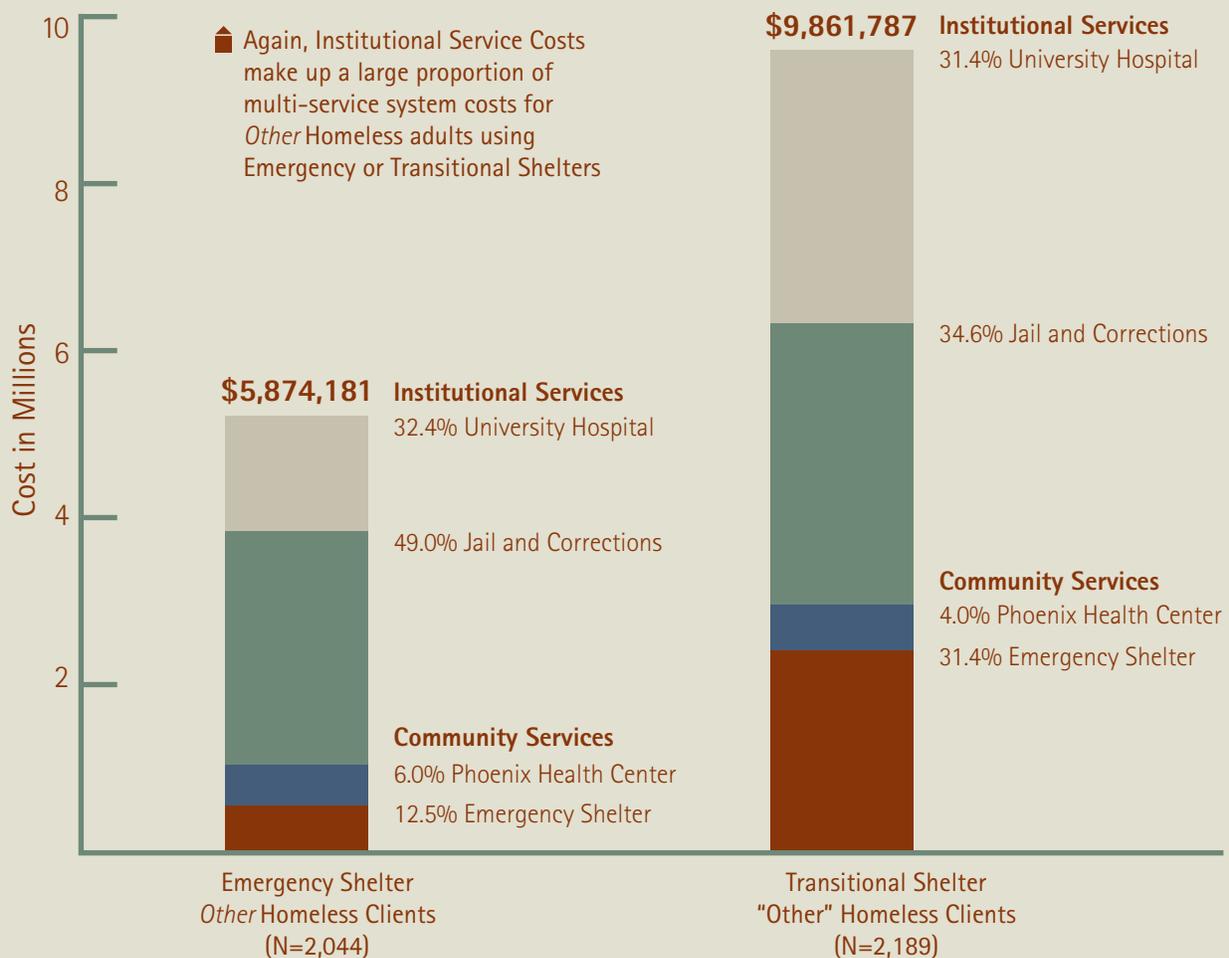
3. Those Not Suffering from Mental Illness or Substance Abuse

People experiencing homelessness, not suffering from mental illness or substance abuse, but who were incarcerated and used University Hospital services consumed 18% or \$708 of all 2004 and 2005 multi-system costs. The 2,004 clients in emergency shelters and the 2,189 clients in transitional shelters consumed 97% of these costs.

2004 And 2005 Hospital Service Costs By Type Of Service And High Risk Groups

- 60% of hospital service costs were for mental health services and 82% of this was for inpatient care.
- 97% of hospital mental health services costs were related to homeless clients with SMI/Co-Occurring Conditions and Substance Abuse.
- 40% of hospital service costs were for physical health services: 28% for emergency care, 28% for outpatient care, and 44% for inpatient care.
- 55% of hospital physical health service costs were related to "other homeless" clients and 52% of those costs were for inpatient care.

Cost of Homelessness



Permanent Housing Is Vital.

This study shows that housing vulnerable people will save Louisville millions of dollars. How much permanent housing does Louisville need for our homeless men, women and children? In January 2008, The Coalition for the Homeless, its member agencies and volunteers conducted its annual point-in-time count. With that, on one night Louisville had a total of 1,423 individuals, approximately 322 families or 967 individuals reported as homeless. Each year, these numbers continue to rise and not all of our homeless are always identified. With this in mind, it is estimated Louisville needs 1,745 units of permanent housing each year. Case managers will be needed to work with these individuals after they enter housing to help them get employment, apply for benefits, get their children settled into schools and more.



The Solution

Our Blueprint for the Future.

In 2000, The Coalition for the Homeless began developing a plan known as "Reducing and Ending Homelessness: A Blueprint for the Future." Our community followed a national trend which was initiated by the National Alliance to End Homelessness. They believe, "ending homelessness is well within the nation's grasp." Since the Alliance created that plan, 57 communities and 23 states including Kentucky, have come on board with similar plans.

Our Blueprint for the Future was initially released in September 2002. Significant progress has been made in Louisville in the following areas:

- Increased housing
- Increased participation by community stakeholders
- Increased and improved data gathering
- Increased permanent supportive housing
- Increased outreach
- Increased client connection to mainstream services

Eleven Steps Toward Ending Homelessness.

Since the National Alliance's initial efforts, they have identified ten elements they believe are crucial to ending chronic homelessness. The Coalition for the Homeless and the Louisville Metro Office of Homelessness were charged by Louisville Metro Mayor Jerry Abramson with updating the original Blueprint to include the Ten Essential Elements. In addition, we included an eleventh element that is crucial to our ten-year plan.

The complete Blueprint Update is available at The Coalition for the Homeless as well as on our website, www.louhomeless.org. Highlights included in this document define how everyone can get involved and help us move forward. You are invited to contact us for a full copy of the "Cost of Homelessness in Metropolitan Louisville" study and "Reducing Homelessness: A Blueprint for the Future-The 2008 Update."

How You Can Help

By updating the Blueprint, Louisville has taken the next important step to end homelessness, following the lead of the National Alliance. It is important that all aspects of the community recognize the impact of this issue and take action. With everyone's help and input, significant change will happen and it will benefit all of us. There are many ways you can get involved:

- We need community leaders to join our Blueprint task force teams as they are listed in the ten year goals.
- Through HUD's Continuum of Care and similar grant programs, some housing dollars can be found.
- Additional funds are necessary for other services and monetary donations are welcomed.
- We need people to lobby our legislature on issues of homelessness each legislative session.

The updated Blueprint serves as your guide for the work that must be done in order to make these changes. The Coalition for the Homeless and the Louisville Metro Office on Homelessness welcome your participation. We invite you to be a part of this vital project and help us change lives. Call The Coalition for the Homeless at 502.589.0190 or the Louisville Metro Office on Homelessness at 502.574.3325 today. We need every member of this community to step up and be a part of this local and national movement. 🏠

Terms & Definitions

Case management—Activities that bring services, agencies and people together within a planned framework of action toward the achievement of established goals, including a plan to end client's homelessness. (Adapted from Certified Alcohol and Drug Council (CADC) definition for case management.)

Emergency Shelter—short-term housing on a first-come, first serve basis, typically for 30 days or less.

Permanent Housing—Section 8-Tenant based; Section 8-Project based; Section 8-Sponsor based, and other subsidized housing (Minnesota Dept. of Human Services)

Permanent Supportive Housing—Long-term community-based housing and supportive services for homeless persons with disabilities. The intent of this type of housing is to enable the special needs population to live as independently as possible in a permanent setting. The supportive services may be provided by the organization managing the housing or coordinated by the CoC applicant and provided by other persons or private agencies. In instances where a CoC applicant proposes a permanent supportive housing structure .

