



**Richard's Reality:
The Costs of
Chronic
Homelessness
in Context**

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Contents

Executive Summary	i
Richard's Reality	1
The Costs of Homelessness in Context.....	2
Veterans, Domestic Violence Victims, and Families Are Three Types That Stand Out.....	10
Could Sam, Bart, Walter, Oscar, Jimmy, or a Family Be the Next Million Dollar Name?.....	12
What Do Bart, Walter, and Oscar Use?.....	14
High Costs in Real and Human Terms.....	21
What is the "Golden Hour" for Homelessness	22
Appendix A	24
Appendix B	25
Appendix C	26

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Executive Summary

Richard sits up and looks around the cavernous “overflow” shelter. It’s not luxury, but it’s safer and softer than a lot of places he’s bunked during his 10 years on the street. He’s seen it all, the people who come and go and those like him who stay. He’s done it all too—so many trips to ERs, nights in the riverbed, and court appearances that he can’t begin to remember them all. A composite made from actual storied, Richard’s reality is similar to that of Murray Barr, the man *New Yorker* writer Malcolm Gladwell made famous as “million-dollar Murray.” The February 13, 2006 story of Barr’s life in downtown Reno perfectly illustrated why and how approaches to chronic homelessness are evolving across the country, including in Arizona. As a police officer told Gladwell, “If you totted up all his hospital bills for the 10 years he had been on the streets—as well as substance-abuse-treatment costs, doctors’ fees, and other expenses—Murray Barr probably ran up a medical bill as large as anyone in the state of Nevada. ‘It cost us one million dollars not to do something about Murray.’”

Gladwell also introduced scholar Dennis Culhane’s groundbreaking research, sharing with the public what researchers and practitioners had known for some time: few people are chronically homeless, but they can consume a disproportionate share of public resources. As a result, academics and experts in local, state, and federal agencies have been rethinking how to deal with chronic homelessness and focusing on “housing first” or “permanent supportive housing.”

In recent years, Arizona agencies and service providers have changed some policies and programs for homelessness in response to a significant shift in federal policy as well as local experience. Nationally and locally, the emphasis now is on using resources to end rather than manage homelessness. But even with a variety of changes, does Arizona still have its share of residents who are chronically homeless? The answer is yes. Approximately 1,200 to more than 3,000 residents in Maricopa County experience chronic homelessness. In addition, practitioners in the homelessness field “estimate that on any given day 20,000-30,000 people are homeless in Arizona and not served by the homeless services system.”¹

Mental Health, Substance Abuse, and Disconnection Are the Big Three for Chronic Homelessness

As Murray and Richard showed, residents who are chronically homeless generally:

- Have serious health problems, often including substance abuse and psychiatric illnesses
- Use the homeless assistance system and other services frequently
- Have limited support personally or in the community
- Experience the effects of multiple problems simultaneously
- Are left to fragmented systems of care²

In the words of one Arizona professional, Arizonans—such as Richard—represent the “hardest of the hard to serve.” Since these residents could be the next million-dollar Murrrays, how do the average costs break down? *Richard’s Reality* is a first step in answering that question. Food, shelter, case management, employment services, public safety, healthcare, and other services come into play for those who are

¹ *Current Status of Homelessness in Arizona*, Arizona Department of Economic Security, 2007.

² U.S. Department of Health and Human Services, *Explainer*.

chronically homeless. Not every person uses all types of services, while some are intensive users. The following figures provide the context needed to begin a broad-based discussion of chronic homelessness in Arizona.

Meals, a Bed, and Support for Those Who Are Homeless

Food, emergency shelter, and basic re-entry support services can cost \$10,340 annually, according to major providers of services to individuals who are homeless.

Public Safety and Criminal Justice

While those who are chronically homeless may not ever spend time in the Maricopa County jail, citations and time in detention facilities are common. Basic jail costs, including booking, housing, food, and medical care can cost more than \$27,000 per person per year.

Healthcare

With health costs rising rapidly, it is no surprise that numerous studies of the costs of chronic homelessness identify healthcare as the most expensive service component and the area that could be affected most—and most positively—by permanent housing services. In the Phoenix region, healthcare for individuals who are chronically homeless is provided primarily by area hospitals, Maricopa County’s Healthcare for the Homeless program, the Veterans Administration, Arizona Healthcare Cost Containment System, and contractors for Arizona Department of Health Services, Division of Behavioral Health Services. In Maricopa County, Magellan serves as the Regional Behavior Health Agency and is the primary provider of behavioral health services, including psychiatric emergency services.

According to Healthcare for the Homeless’ most recent annual report, the average cost per person for medical care and referrals was \$450 per year. Services in other facilities often average far more. Current ADHS “discharge” reports show for example:

- In the central region of the state (metro Phoenix), the average patient is 43 years old and stays for 4.2 days at an average charge of \$30,661.
- For specialized mental health hospitals, the average length of stay was 10.2 days with \$22,872 in charges.
- Emergency services ran an average of \$2,074, while admissions from emergency departments were 4.3 days and incurred charges of \$34,366.
- Every fire department paramedic call is at least \$500. A national study shows people who are chronically homeless experience per year an average of three ambulance uses per person (\$1,500), three emergency room episodes (\$6,222) and two hospitalizations (\$65,027).
- Substance abuse treatment runs on average approximately \$1,500 for the most common type of outpatient treatment and nearly \$4,800 for brief residential treatment, according to the Arizona Department of Health Services’ *Annual Report on Substance Abuse Treatment Programs*.

These are by no means the only costs relevant to chronic homelessness. Unless a person did not use medical services or ever run afoul of the law, a resident who is chronically homeless in metro Phoenix could easily reach the \$40,500 annual per person cost that Dennis Culhane recorded in his landmark study of New York City’s chronically homeless population. Considering the number of “Richards” in metro Phoenix, the costs

for these extreme cases could range from approximately \$48 million to far more than that amount. Most of those dollars are in addition to the more than \$21 million in federal funds that is distributed locally through the Maricopa County Continuum of Care in support of homeless shelters and permanent supportive housing and the millions more that are generated through United Way, corporate and personal contributions, and other sources.

What is the “Golden Hour” for Homelessness?

The sizable numbers point toward a need for in-depth research not just on costs, but on modeling how those costs might change if there were more options or more intensity in existing services. In trauma medicine, experts refer to the “golden hour” in which the effects of treatments are greatest. Does that same concept hold true for homelessness? Is “housing first” the “golden hour?” If so, how could it be put into practice? Those questions should be answered by more input from professionals and the public as well as additional research on:

- Data development and coordination
- Longitudinal and follow up studies
- Evaluation of interventions
- Exploration of discharges and transitions
- Testing of new models for special circumstances
- Increasing resilience among those who are homeless

Richard’s life of hard knocks provided a foundation for this report. Although still a relatively young man with years of employment ahead of him, his experience illustrates how human resources can be under-utilized. With some changes based on research, evidence, and experience, however, the next chapter in Richard’s story could be something quite different. Based on the savings, or at least cost stability, reported in research projects comparing chronic homelessness and housing first throughout the country, consider what might happen if Richard’s story included a space in a model housing program. What if he moved into a one-bedroom apartment in a decent neighborhood and had a visit every couple of days from a behavioral health professional who knew him well? What if he got consistent healthcare that helped him see that “self-medicating” wasn’t necessary? What if a job was next? His future reality could be one of reasonable health, sustainable employment, and contributing to the public good. In this era of concern for scarce monetary and human resources, thousands of Richards show why the state’s leaders and residents should reconsider how to maximize each Arizonan’s potential and minimize long-term public expenditures. As has been shown by research in various cities and states, one answer is to look first to secure, stable housing as a catalyst for other changes. There, of course, could be many others also. With high costs and high demands, there must simply be more and better ways to support Arizonans who experience chronic homelessness.

Richard's Reality

It's not even 7 a.m. and already the beads of sweat are popping out on Richard's creased forehead. It's extra hot where Richard is, sprawled on a narrow mat wedged among hundreds of other stretching, coughing, unwashed men in a downtown homeless shelter. Richard sits up and looks around the cavernous "overflow" shelter. It's not luxury, but it's safer and softer than a lot of places he's bunked during his 10 years on the street. He's seen it all, the people who come and go and those like him who stay. He's done it all too—so many trips to ERs, nights in the riverbed, and court appearances that he can't begin to remember them all. By now, the overflow shelter is home. He's learned where to go and who's likely to help him and hurt him.

But now it's time to move on.

Pulling on his clothes, Richard rolls up his sleeping bag and joins the slow procession of groggy men out into the waiting summer heat. At 44, he's close in age to many of the others, and his story's as common as his battered blue jeans. Richard hit the road early in life, traveling by thumb and bus, staying and working here and there. He tried to join the Army once, but got turned away because of what the doctors said was depression. They did give him some pills, but his own drug of choice worked better. Richard ended up in Phoenix and remembered good times with a house and a job and friends, but they didn't last.

"Hey look—Cheerios!" jokes one of the guys in the breakfast line at St. Vincent de Paul's kitchen on Jackson Street. Richard tries to eat there every morning because he doesn't always know when he'll eat again. If he can, he'll grab lunch and dinner at St. Vinnie's too. Despite the heat, Richard's feeling pretty good today. For one thing, his back teeth are hurting less every day, a week after he finally got into the dentist at the Human Services Campus. One of the guys in the waiting room claimed that would have cost him \$1,000 if he'd had to pay. Even better, Richard's monthly SSI check is due. It isn't much—nowhere close to what an apartment costs—but it is something besides the day labor he picks up now and then. After breakfast, Richard walks back to the campus' day center to look for his check, catch up on the gossip, and enjoy an hour or so of cool a/c.

As the day wears on, Richard grabs a couple hours sleep in the grassy shade of an old elm at Roosevelt Park, only to be awakened by the arrival of an outreach team from the campus. A cop, a nurse, some social workers—they cruise around in a van offering water, sometimes food, a kind word, the usual advice.

They know Richard well, especially the cop. He's been hauled in before for fights with other guys and saved more than once when he had passed out. Heat, drink, TB, and his demons together put Richard in one ER or another, including the psych center, pretty regularly. The last time was just last month when he spent a week at Good Sam. Still, he's glad to see some of the people he thinks of as his true friends, those who could help him one more time get a job and a place to live. Richard starts back up to the charity dining hall, where the talk is turning to what might or might not happen after the sun goes down and the heat drops from the unbearable to the simply unbelievable.

The Costs of Chronic Homelessness in Context

Homelessness Definitions in Federal Terms

Homelessness means lacking a “fixed, regular, nighttime residence” that is not temporary or not designed as a sleeping accommodation (e.g. a car).
McKinney-Vento Act

“Chronic” refers to a person who is “an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more, or has had at least 4 episodes of homelessness in the past 3 years.”

Source: U.S. Department of Housing and Urban Development, U.S. Department of Health and Human Services, and U.S. Department of Veterans Affairs.

“Richard” is a composite character created from the stories of actual people and reports from professionals in the field of homelessness. He is meant to resemble Murray Barr, the man *New Yorker* writer Malcolm Gladwell made famous as “million-dollar Murray.” The February 13, 2006 story of Barr’s life in downtown Reno perfectly illustrated why and how approaches to chronic homelessness are evolving across the country, including in Arizona.

Murray had lived mostly on the streets for more than a decade before his death. Emergency room nurses and beat cops knew him well, not to mention workers in soup kitchens, shelters, and social services. Police officer Patrick O’Bryan told Gladwell: “If you totted up all his hospital bills for the 10 years he had been on the streets—as well as substance-abuse-treatment costs, doctors’ fees, and other expenses—Murray Barr probably ran up a medical bill as large as anyone in the state of Nevada. ‘It cost us one million dollars not to do something about Murray.’”¹

As Murray’s story showed so clearly, one person who is homeless for years can end up using (often not by choice) services for which there are price tags, but no one to pay other than the collective

“we.” In Murray’s case, the police officer’s off-the-cuff estimate was an average of \$100,000 a year, largely in healthcare costs that were absorbed by the public and nonprofit sectors. His may have been an extreme case, but it described a complex set of dilemmas in terms many could relate to. Richard’s costs over a decade could mirror Murray’s based on average costs explained here for shelter, food, basic healthcare, ambulance runs, emergency department care in psychiatric and full-service facilities, psychiatric and other hospitalizations, outpatient substance abuse treatment, medications, run-ins with law enforcement, and time spent in jail. As with Murray, Richard’s bills would be greatest for healthcare along with time in the criminal justice system. Of course, many systems have also become adept at managing costs for even the most difficult and chronic users. However, the examples, real and hypothetical, underscore the continuing seriousness of the personal and community choices made around homelessness.

Gladwell also introduced scholar Dennis Culhane’s groundbreaking research, sharing with the public what researchers and practitioners had known for some time: few people are chronically homeless, but they can consume a disproportionate share of public resources. In the 1990s, Culhane had realized that widely held assumptions about homelessness were incorrect. Instead of most people who are homeless being in the “same state of semi-permanent distress,” homelessness had a “power-law distribution” or its own version of the 80/20 rule. According to Culhane, about 80% of those who are homeless quickly move on. After all, almost no one wants to be without a place to live. Another 10% come and go episodically. The last 10%, however, represent chronic, long-term cases.²

Culhane and others’ work has “profoundly changed the way homelessness is understood,” as Gladwell noted. As a result, academics and experts in local, state, and federal agencies have been rethinking how to deal with chronic homelessness. The first step is usually describing and quantifying the services used by this

critical minority. Another task is often comparing the costs of the emergency shelter programs that have been in place since homelessness became an issue in the 1980s with “housing first” or “permanent supportive housing.” This fairly recent model (of which Arizona has some examples mostly for families and those who are seriously mentally ill), particularly managed by Arizona Behavioral Health Corporation, posits that by focusing on options for decent, stable places to live and support, people will make improvements in health, employment, and other areas. The combination of housing and services, plus a substantial measure of independence and choice, would lead to better individual outcomes and lower public expenditures at best and to stable, predictable costs at worst. And as this research and other studies have found, many who are chronically homeless would leave their situations given the opportunity and support.

Murray again provides an example. Gladwell’s sources said that, “when he was monitored by the system he did fabulously. He would get a job and he would save money and go to work every day, and he wouldn’t drink. He would do all the things he was supposed to do. There are some people who can be very successful members of society if someone monitors them. Murray needed someone to be in charge of him.”

Research nationally is showing some promising options for dealing with the problems of chronic homelessness, although public opinion can often be at odds with the policies and programs.³ For example, a 3½ year study of supportive housing residents in Indianapolis found a 75% drop in the utilization of healthcare services (a savings of \$1.1 million to the city/county or \$11,772 per person) after being placed in supportive housing. Researchers found an additional savings of \$600,000 to the city from reduced criminal justice encounters (\$2,077 per person).⁴ Denver, which has been a leader in this area both to save public resources and reduce the impact of homelessness on the quality of life among all residents and visitors, noted a net cost savings of \$4,745 per person from a housing first program for a projected total savings of \$711,734.⁵ In Boston, records for 119 unsheltered homeless individuals over a five-year period showed 18,384 emergency room visits and 871 hospitalizations. The average annual healthcare cost for individuals living on the street was \$28,436, compared to \$6,056 for individuals in the housing cohort.⁶

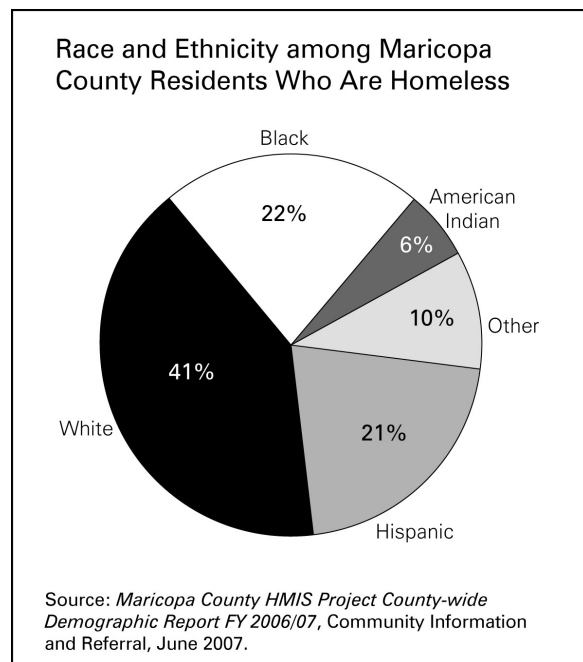
In Wake County, North Carolina, another study showed overall costs associated with 21 chronically homeless individuals decreased by 30%.⁷ After a year of operation, Seattle’s 1811 Eastlake Project for men and women who were homeless and with chronic alcohol addiction reported that medical expenses for the 75 residents were down 41%, jail bookings were down 45%, sobering center usage was down 7% and shelter usage down 92%. The net savings totaled approximately \$2.5 million.⁸ In turn, some studies show a net increase in costs for supportive housing as compared to previous services. For example, the NY/NY Initiative studied the use of public services by 4,679 individuals with serious mental illness who were homeless. Prior to being placed in permanent supportive housing, the cost to the city was approximately \$40,500 annually per person in publicly supported services with the majority of expenses in the public healthcare system. Placement in housing was associated with a reduction in service use of \$16,281 per housing unit per year. Annual unit costs were estimated at \$17,277, for a net cost of \$995 per unit per year over the first two years.⁹

Arizona’s Potential Million-Dollar Murrays, Even With Progress

In recent years, Arizona agencies and service providers have changed some policies and programs for homelessness in response to a significant shift in federal policy as well as local experience. Nationally and locally, the emphasis now is on using resources to end homelessness. In fact, leaders from Arizona, other western states, and national organizations met in Phoenix in March 2008 to discuss moving away from a system of “managing homelessness” to one that focuses on permanent solutions. Ten-Year Plans to End

Homelessness have been developed in metro Phoenix and Tucson and in smaller urban and outlying rural areas. This approach demands greater cooperation, different allocation of resources, and more emphasis on prevention and early intervention. For many, it also highlights the wisdom of acting on the research that shows the value of more permanent supportive housing. To these, housing should be the foundation for addressing other problems, instead of an option for only a few.

Recent developments in the homelessness field include the creation of the Arizona Interagency and Community Council on Homelessness to coordinate the efforts of state agencies. Also, additional federal dollars from new housing statutes related to the mortgage crisis and other issues have come to Arizona. These will support a number of efforts to prevent and combat homelessness. A past result is that the application process for the Arizona Healthcare Cost Containment System (AHCCCS) has been streamlined to allow eligible residents obtain long-term assistance more easily. In addition, many public and private sources supported the development of the Human Services Campus in downtown Phoenix to centralize and expand services residents need to return to the mainstream, including Central Arizona Shelter Services, the Lodestar Day Resource Center, and Healthcare for the Homeless. These entities allow people, particularly those who are chronically homeless, to obtain assistance in one place and receive primary healthcare.



The three federally funded Continuums of Care that manage funds in Maricopa County, Pima County, and the remaining 13 counties have each implemented a Homeless Management Information System to help track agencies’ performance and service utilization. Dollars for prevention, supportive, and transitional housing have been increased, including new monies announced at the 2008 Governor’s Housing Conference. Web sites such as ArizonaSelfHelp.org, SocialServe.com, and AZ211.gov make information about housing assistance readily available to professionals and residents. Meetings among stakeholders to begin to untangle issues that cross domestic violence, homelessness, and the release of former inmates have also been started through the Governor’s Office and the Maricopa Continuum of Care.

Even with the steps ahead, does Arizona still have its share of residents who are chronically homeless? Do individuals require assistance that might reach tens of thousands of dollars a year? The answer is yes, based on local situations, average costs, experiences among the homelessness professionals who contributed to *Richard’s Reality*, the results of interviews, and other Arizona research.

When Phoenix’s first emergency shelter opened in 1985, likely few of the ribbon cutters would have predicted that homelessness would be a bigger problem in 2008 than it was then. But it is, for all of the reasons sociologist James Wright outlined in his landmark book, *Address Unknown*. He described homelessness as “simultaneously a housing problem, an employment problem, a demographic problem, a problem of social disaffiliation, a mental health problem, a family violence problem, a problem created by

the cutbacks in social welfare spending, a problem resulting from the decay of the traditional nuclear family, and a problem intimately connected to the recent increase in the number of persons living below the poverty level.”¹⁰ The authors of the 2007 edition of the *Current Status of Homelessness in Arizona* show that such issues are still present. They write that the consistent factors in homelessness are “poverty, domestic violence, substance abuse, health and mental health issues, any of which can interact with local economic and housing market conditions and the availability of social and health services to cause individuals and families to lose their own place and become homeless.”¹¹

The number¹² of men, women, and children in Arizona who are homeless has increased along with the state’s population, although exact figures are impossible to obtain. Resources to address the issue have expanded as well. Some 300 programs, including emergency shelters, transitional and supportive housing, and one-stop initiatives, now exist throughout the state.¹³ However, increases in both need and capacity have meant that Arizona is hard pressed to do more than stay even with the problems. In FY 2007-2008, an estimated 14,095 unduplicated individuals, including 6,445 people in families, spent at least one night in an emergency shelter, transitional shelter, or permanent supportive housing bed.¹⁴ According to the 2008 counts, 10,089 individuals resided in shelters or on the street; of that total, 2,426 were unsheltered.¹⁵ Seven out of 10 (71%) of those counted were in Phoenix. The remaining residents were located in Mesa (10%), Tempe (5%), and 14 other communities, which together accounted for 14%. Currently, approximately eight out of 10 homeless residents in Maricopa County are sheltered on any given night.¹⁶ However, it may be difficult to find a space, even if there are empty beds. Many shelters serve a specific client base, such as women or families. Thus, those who do not fit a specific profile must find another option.

Residents who are chronically homeless are the most difficult to count because they are the hardest to find. For this report, the figure of 2,967 used to describe the number of chronically homeless individuals in Maricopa County. It reflects the combination of the street and shelter counts and is in line with figures from previous years. This total is intended to provide a common number for considering types of people, services, and costs. Other estimates may be substantially higher and the actual number is probably greater. People who are chronically homeless accounted for 12% of the overall homeless population during the 2008 counts; they represented 34% of the unsheltered population in Maricopa County.

More Residents Who Are Chronically Homeless Are Being Counted, Unsheltered homeless counts 2004-2008*					
	2004	2005	2006	2007	2008
Chronically Homeless Men	298	550	806	916	677
Chronically Homeless Women	41	130	128	166	147
Total Chronically Homeless Residents	339	680	934	1,082	824

* These numbers reflect a point-in-time count of homeless people seen on the streets the day the counts were conducted. The figures thus do not include people staying in shelters, doubled up, or not seen that day. Source: Maricopa County Street Count, 2008, Maricopa Association of Governments.

Practitioners in the homelessness field “estimate that on any given day 20,000-30,000 people are homeless in Arizona and not served by the homeless services system.”¹⁷ These local experts also say there is “never enough money” and “no end in sight” to the situations that push people into homelessness. For most

Arizonans, as noted above, the experience will be a short one. For the minority, however, homelessness becomes the rule rather than the exception.

To understand more about those who are chronically homeless and to inform discussions of how to further progress toward ending homelessness, the Arizona Department of Economic Security’s (DES) Homeless

Coordination Office in the Office of Community Partnerships and Innovative Practices asked Morrison Institute for Public Policy to collaborate on an overview of service use and costs among those who are chronically homeless and to present the “voice of experience.” *Richard’s Reality* also follows up on a 2004 study by The Lewin Group, a healthcare policy research firm. Their study, *Costs of Serving Homeless Individuals in Nine Cities*, included Phoenix. As shown in this report, many issues and circumstances contribute to a complicated context for the issue of chronic homelessness.

For Those Who Are Chronically Homeless, Professionals Cite a Mismatch of Program Supply and Demand

Work on this report began in May 2008 and was done in close communication with Arizona Department of Economic Security professionals and others in various public and nonprofit organizations. The components included interviews with individuals who are homeless and collection of expenditure and utilization data from various state, local, and federal agencies. A half-day meeting with representatives from a variety of central and southern Arizona service providers was used to start the effort. The people and programs described by this “working group” of 20 service practitioners formed the basis of the project. (See Appendix A for a list of contributors.) Follow up was done with many participants to collect expenditure data, although not every organization that was contacted provided financial information.

The working group members reported many reasons for starting cost studies again now, including the fact that homelessness is at the nexus of healthcare, housing, jobs, social services, and a sense of community. Potential savings in one area may mean savings in another, while quality of life for individuals, neighborhoods, and businesses will improve if homelessness is reduced. In addition:

- Increasing awareness of the average costs for service and comparisons among models will help to renew public support for innovation.
- Progress on permanent supportive housing models has been made, but the supply does not yet match the demand. More diversity in programs and choices are needed. Programs available still emphasize emergency shelter when research and consumers reiterate that long-term housing is the key to successful outcomes. “Housing first,” permanent supportive housing programs, and related services currently have waiting lists or will have if demand expands further. This

mismatch limits choices for many and may lead to higher costs overall. At the same time, the mismatch may pressure agencies that implement permanent supportive housing into choosing those who appear to be most likely to succeed. Several working group members noted that moving people who are not used to having a home to a stable address can be challenging. Teaching people how to re-enter the mainstream requires patience and a broad range of support services, as well as positive relationships with landlords and an understanding of the ins and outs of the housing market.

Addressing Homelessness Accounts for Billions in Federal Programs, Major federal programs to address homelessness (federal agency)	2007 Budget (millions)
Homeless Assistance Grants (Housing and Urban Development)	\$1,442
Healthcare for the Homeless (Health and Human Services)	173
Runaway and Homeless Youth (Health and Human Services)	103
PATH-Projects to Assist in the Transition from Homelessness (Health and Human Services)	54
Education for Homeless Children and Youth (Education)	62
Emergency Food and Shelter Program (Health and Human Services)	151
Homeless Veterans Grant and Per Diem (Veterans Administration)	105
Homeless Veterans Reintegration Program (Department of Labor)	22
Total	\$2,158

Source: National Alliance to End Homelessness.

- The public and private sectors reportedly have not invested sufficiently in housing support and prevention of homelessness. As more Arizonans experience hardships during this economic downturn, the demand for housing assistance and help back from homelessness likely will grow, making the supply/demand mismatch worse. A review of average costs may highlight prevention's potential savings and where interventions may be most cost effective.
- The loss of affordable housing units is a serious, yet under-appreciated, issue in metropolitan Phoenix and throughout Arizona. Looking at the costs of homelessness and the variety of needs will highlight the value of additional affordable options.
- Competition is as much a reality as cooperation among those who work in the homelessness field. In addition, increasing operational costs, along with conflicting rules and regulations, multiple funding sources, and fragmentation, are barriers to the innovations needed to end homelessness in metro Phoenix and across the state. The stigma attached to homelessness creates obstacles to building public support also. However, momentum for renewed commitment to results and resilience was cited also. As one person recalled, Phoenix-area providers have done the most when they've "revolutionized" operations and created new models, such as the Human Services Campus in downtown Phoenix. It's time to do that again because the alternative is to be "stagnant."

Big Trends Highlight Targeting Those Who Are Chronically Homeless for Services

Expenditures and services for those who are chronically homeless are expected to be shaped by:

- **Aging**—As the entire population ages, health needs are expected to escalate. People who are chronically homeless tend to be somewhat older and have more health problems than the population as a whole. As residents who are chronically homeless get older, the potential for significant breakdowns increases.
- **Rising healthcare costs**—Healthcare costs are rising rapidly, stressing public systems and making health debt a factor in residents' economic stability. Recent studies by Harvard University scholars and others reflect that medical bills often play a substantial role in bankruptcies. That is a negative sign for housing stability also. If costs continue to escalate, the economic consequences, and thus the potential for more homelessness, may increase also.
- **Increases in chronic disease**—Health professionals are calling for chronic diseases, such as diabetes, to be better managed to improve quality of life and reduce the costs of care. This dual reasoning stems from rising rates of chronic conditions and a concern for the resources that will be required to cope. Those who are chronically homeless are usually unprepared to monitor common chronic conditions.
- **Lack of public awareness**—Many Arizonans have limited awareness of the hardships faced by many fellow residents. Homelessness can be an unsympathetic issue without concerted efforts to show how circumstances can be changed and prevented.

Average Costs Among Those Who Are Chronically Homeless May Compare to the Salary of a Beginning Teacher

In a series of articles on mental illness and homelessness in 2005, the *Arizona Republic* reported: "It costs at least \$30,000 to \$40,000 a year to have a homeless person on the streets in the Valley. Studies conducted in other states found that the annual cost per person can run as high as \$55,000. But it costs up to \$3,000 to prepare a mentally ill person for a private residence or apartment with support services and only about \$15,000 to \$20,000 a year to house an individual in such a place (referring to permanent supportive

housing).”¹⁸ Given that those who are chronically homeless are often in that circumstance for years, the costs certainly can mount quickly. To look at the costs from a different point of view, a beginning teacher earns an average of approximately \$30,000 to \$32,000 a year in Arizona.

Homelessness Touches a Combination of Complex, Often Separate Systems

Look at a set of multi-faceted programs that uses millions of public and private dollars to assist thousands of people with similar situations but different circumstances and one, at first, is likely to be overwhelmed by the complexity of it all. Homelessness certainly illustrates this phenomenon. In addition, savings in one system may not be felt in others. The many purposes, distribution mechanisms, and accountability measures for homelessness programs make it difficult for laypeople to understand. For example:

- **Federal and state programs and dollars set the pace for what is done, but many local agencies, nonprofit organizations, for-profit firms, faith-based organizations, and individuals provide the services.** An intricate web of program and funding relationships exists in the field of homelessness. The highly structured and regulated system intersects with others in housing, corrections, health, and domestic violence. Public and private providers must focus on what they are required to do with little flexibility to change.

- **Types of users are evident, even as every person is one of a kind.** Discussions about those who are homeless usually focus on types of people, such as veterans, families, domestic violence victims, and so on. The types provide a shorthand for the individuals, but cannot substitute for their personal stories. The costs of homelessness come from choices people make for themselves such as for work and shelter (i.e., “internal” choices), and from those that are often made for or in spite of them such as emergency healthcare or law enforcement, (i.e., “external” choices).

- **Causes, effects, and costs are intertwined; opportunities for low-cost responses may be missed.** Differences in costs stem in part from the intensity and frequency of service use over time. Front-line workers and people who are homeless report that a chain of events is usually behind bouts of homelessness. Needs snowball with each new situation, while a low-cost intervention at an early stage may have prevented homelessness and its costs.

Point-in-Time Data Show Wide Variations Among Metro Regions, Homeless estimates by Continuum of Care*, 2005

Continuum of Care	Sheltered Population 2005	% of All Homeless**
Maricopa County (Phoenix)	4,664	64%
Pima County (Tucson)	1,676	70%
Arizona Balance of State (13 counties)	966	37%
Raleigh/Wake County	1,029	93%
King County (Seattle)	5,099	70%
San Diego County	2,822	66%
Atlanta	4,570	64%
Travis County (Austin)	1,166	62%
Miami-Dade County	3,171	61%
Portland	2,749	54%
Metro Denver	5,068	50%
Clark County (Las Vegas)	2,774	23%
Los Angeles County	9,875	16%

*U.S. Department of Housing and Urban Development (HUD) requires local Continuum of Care planning processes to qualify for federal funds through the McKinney-Vento Act. The Continuum of Care is HUD’s major strategy for addressing homelessness.

**This is the proportion of sheltered residents among the total who were homeless. Source: Homelessness Counts, National Alliance to End Homelessness, 2007. This publication compiled point-in-time counts from the Continua of Care. These figures should be used with caution since some methods may differ. The data are provided to show a general comparison only.

- **People use multiple services, so must navigate more than one system.** “One-stop” centers and case management have been strategies to provide comprehensive services and help people move from system to system and back into the mainstream. However, information systems and services often are still separate, leaving individuals to figure out complexity on their own.
- **Data about services and expenditures are tough to obtain even in an information age.** Many data systems do not track services to specific types of consumers, such as those who are homeless. Improving data gathering and sharing is not a glamorous issue, but it is vital to any consideration of services and costs. Some changes, such as identifying hospital patients who are homeless, are reportedly underway, according to the Arizona Department of Health Services staff who compile use data.

Arizonans with Mental Illness Comprise a Notable Portion of Those Who Are Chronically Homeless

The 2008 shelter count showed that 518 of the homeless people sheltered either in emergency or transitional housing in Maricopa County had severe mental illnesses. That accounts for 23% of the homeless people sheltered that day. This is in line with the 22% of the single adult homeless population who suffered from some form of mental illness nationally.¹⁹ According to the Federal Task Force on Homelessness and Severe Mental Illness, only 5-7% of homeless persons with mental illness require institutionalization; most can live in the community with the appropriate supportive housing options.²⁰

However, as noted in the recent publication *Gray Land: Housing for People with Serious Mental Illness* from St. Luke’s Health Initiatives, housing is a major ongoing problem for the approximately 19,000 residents involved in public behavioral health programs in Maricopa County. In addition, “there are the untold hundreds of people with serious mental illnesses and co-occurring disorders like drug and alcohol addiction who are not in the public behavioral health system and live in the shadow world of the streets, homeless shelters, nights at a friend’s apartment or in jails and prisons.”²¹ A 2001 study by Dennis Culhane and others found that it cost an average of \$40,500 per seriously mentally ill homeless individual annually for their use of shelters, emergency rooms, psychiatric hospitals and prisons, and a similar amount to place them in supportive housing with a variety of services.²²

Substance Abuse Disorders Are Common Also

The relationship between addiction and homelessness is complex. While rates of alcohol and drug abuse are disproportionately high among those who are homeless, some experts argue that there is a chicken and egg situation, as individuals already homeless for other reasons turn to drugs and alcohol as coping mechanisms. According to the 2008 shelter count, there were 1,208 homeless adults with substance abuse disorders sheltered in either emergency or transitional housing in Maricopa County. This represents 53% of the total sheltered adults on the day the shelter count took place. This number is widely considered by professionals in the field to be under-reported. Some experts note that the combination of substance abuse and mental illness touches approximately 70% of individuals who are homeless.²³

Better Transitions May Be a Prevention Key

The National Alliance to End Homelessness noted in its 2007 policy guide that “ending chronic homelessness requires permanent supportive housing, combined with policies to prevent high-risk people from becoming chronically homeless. The vast majority of people who become chronically homeless interact with multiple service systems, providing an opportunity to prevent their homelessness in the first place. Promising prevention strategies focus on people who are leaving hospitals, psychiatric facilities, substance abuse treatment programs, prisons, and jails.”

Veterans, Domestic Violence Victims, and Families Are Three Types That Stand Out

Nationwide, veterans make up a disproportionate share of people who are homeless, representing a quarter of people who are homeless, but 11% of the civilian population.²⁴ Homeless veterans tend to be older and have more education than homeless non-veterans, but suffer from mental illness and alcohol or other drug abuse problems at similar rates to the overall homeless population.²⁵ During the 2008 Maricopa County shelter count, 340 veterans were identified in emergency shelters or transitional housing, making up more than 7% of the sheltered homeless population. However, this number is likely low. The Maricopa Continuum of Care HMIS shows 1,197 for 2006-2007. A national study conducted in 2007 for the Veterans Administration, entitled Project CHALENG, estimated 2,700 homeless veterans in the Phoenix area. Of these, 755 (28%) were chronically without shelter, along with 10 homeless veteran families.²⁶

In addition to the emotional and physical abuse experienced, victims of domestic violence may face homelessness after leaving relationships. Nationally, approximately half of the women and children who are homeless are said to be “fleeing from abuse.” The 2008 shelter survey revealed that 1,224 reported being victims of domestic violence.²⁷ Thus, a quarter of the total adults counted in shelters were also victims of domestic violence.

According to the U.S. Conference of Mayors, the number of homeless families has grown significantly over the past decade. Families comprise approximately 23% of persons using emergency shelter and transitional housing programs in the U.S.²⁸ In Maricopa County, the 2008 shelter survey identified 715 sheltered homeless families, including 860 adults and 1,598 children. This represents half of the entire sheltered population. Experts say family homelessness is due largely to the combined effects of housing costs, extreme poverty, changing family demographics, domestic violence, and fractured social supports. For families with inadequate safety nets, even a minor event, such as an increase in food or utility costs can lead to being without a home.²⁹

Former Inmates Are Often at a Loss at Release

National data show that one in five people who leave prison becomes homeless soon thereafter, if not immediately. In metro Phoenix, the substantial proportion of former inmates among those who are homeless surfaces quickly in almost any discussion of homelessness. Viewed by practitioners generally as a failure of discharge planning and transitional services, service providers are increasingly wary of serving released sex offenders and other corrections releasees. Indeed, Central Arizona Shelter Services decided recently to phase out service to sex offenders. However with few other places to go in the region, those who have been released may soon become an even greater source of tension among providers and communities.

Those Who Are Homeless Want Housing and Jobs

Among those who were interviewed for this project, the reasons cited for their homelessness covered a broad, familiar spectrum, including family disintegration and disputes, jail time, mental illness, substance abuse, physical disabilities, and shifting combinations of these issues. Not surprisingly, the obstacles to better lives relate to the same issues. Those interviewed reported that criminal records, mental illnesses, drug/alcohol abuse, lack of identification, and poor health presented barriers to being part of the mainstream community. In addition, simple things such as lack of showers, clean clothes, and reliable transportation hampered their efforts to get back on track. Aside from the material aspects of survival,

those who participated in this research said that lack of motivation, often because of a loss of hope and trust in community and government institutions and other people, further complicated their situations.

Suggestions for how to better work with those who are chronically homeless illustrated the struggles of day-to-day life and the desire among some for long-term solutions. Those interviewed called for additional drug/alcohol treatment and psychiatric care and more medical care overall at the Human Services Campus. More “one-stop shopping” was mentioned as were transportation and secure storage. On a broader level, the residents expressed concerns for better treatment of mentally ill residents by law enforcement officers and more readily available permanent housing.

The outlooks in 2008 are similar to those gleaned from surveys of hundreds of metro Phoenix homeless residents in 1983 and 1996. Phoenix South Community Health Center surveyed residents without homes in 1983 as part of a planning process. In 1996, Morrison Institute for Public Policy repeated some of the questions in a larger study of residents who were homeless. The study a decade ago was sponsored by a coalition of public and private service providers. Those surveyed in both efforts put “a job” and “housing” first and second respectively among the means needed to end their homelessness. In the 1996 study, approximately three-quarters of all respondents noted either employment or a stable place to live was most important. A 1999 national survey reported similar findings. There, when asked about the single most important thing preventing their exit from homelessness, respondents most cited insufficient income (30%), lack of job/employment (24%), and limited availability of suitable housing (11%).³⁰

Resilience Instead of Lack Is Increasingly the Basis for Planning Social Services

After years of planning social services from the perspective of what people lack, momentum is gathering to focus on how to support people’s natural resilience or their ability to bounce back from misfortune. This outlook could reshape services and delivery methods for people and communities. A related change is to be sure that program activities are directly linked to the desired outcomes, such as long-term housing. With limited resources and hard economic times expected to continue at least for the short term, many professionals are calling for not just more good works, but for good deeds to be directly connected to concrete positive outcomes. This may require shifting of homeless resources and programs to align efforts with results.

Mental Health, Substance Abuse, and Disconnection Are the Big Three for Chronic Homelessness

As Murray and Richard showed, residents who are chronically homeless generally:

- ✓ Have serious health problems, often including substance abuse and psychiatric illnesses
- ✓ Use the homeless assistance system and other services frequently
- ✓ Have limited support personally or in the community
- ✓ Experience the effects of multiple problems simultaneously
- ✓ Are left to fragmented systems of care³¹

In the words of one Arizona professional, Arizonans with these characteristics represent the “hardest of the hard to serve.” He could have added also costly to serve. Similarly, St. Luke’s Health Initiatives noted in *Squeezing the Rock: Maricopa County’s Health Safety Net* that “emergency room use by population, payer source, and type of service is similar to New York and other urban areas,” meaning that costs for the uninsured, homeless, undocumented persons, and other special groups are likely to be similar as well. The following stories of Phoenix residents and families would have a familiar ring in almost any urban region.

Fortunately some of these residents were headed in a positive direction when they were interviewed in May and June 2008, but their stories show how public services come into play.

Between Culhane’s descriptions and the federal definition, individuals who are chronically homeless are likely to have some or all of five characteristics noted above. These singles tend to be: older, homeless for long or multiple periods of time, have a current or past substance abuse problem, have a disability, and health concerns overall. At the same time, families are a rapidly growing portion of the homeless population and their stories carry some of the same hallmarks. The checkmarks before each interviewee’s name reflect the number of these characteristics each person or family appeared to have.

Could Sam, Bart, Walter, Oscar, Jimmy, or a Family Be the Next Million-Dollar Name?

Each of the following people is real. They participated in interviews for this project and shared their stories.

✓✓✓✓✓ **Sam** is a short, wiry man wearing a t-shirt that reads “Force Recon USMC,” a reference to why he says he still suffers from “nightmares and flashbacks” long after his tour in Vietnam. Homeless three years, Sam says, “My family and I didn’t see eye to eye. I left and didn’t tell anybody where I was going,” he says evenly, “and they don’t know to this day.” Sam, 55, says he’s been diagnosed with post-traumatic stress disorder and depression, and receives 100% disability payments. He also has a felony record and a history of crack addiction, but claims to have been clean for “a little over two months.” “Back then, [he used drugs because] it was more important to me not to have nightmares,” he says. “I still have them, but now I decided to deal with my problem. I wanted a life more than the drugs and alcohol. “You get tired of being sick and tired. Everything is negative. Nothing is positive.” He looks around. “[And] I’m living here, you know?”

✓✓✓✓✓ **Bart** came to the Valley for a familiar reason. After being discharged from a Veterans Administration alcohol treatment program in West Virginia, “I was living in a tent in the snow.” At 59, with a gray walrus mustache in a deeply creased face, he says he hasn’t used alcohol in five years but still has a diagnosis for depression, and has trouble walking after an encounter with a car in 2003 that also knocked out most of his teeth. He’s been homeless “off and on” since 1989. “What you really need is employment, and a place to live where you can keep your personal belongings and clean up for a job,” he says. “If you don’t have a place to shower and go to work every day in the same clothes, it’s not too good.” Bart hopes to get an apartment someday. He expects to get dentures in a few months. Asked what he thinks the main obstacle to success for homeless people is, he doesn’t hesitate: “Substance abuse.”

✓✓✓ **Oscar** claims a degree in culinary arts and says he can cook anything “from Scandinavian to stir-fry.” But at 50, he’s still struggling with alcohol after more than a decade on the street. It started, he says, after several close family members died in the early ‘90s, and “I just gave up my cooking and starting going here and going there. Whatever town I stopped in I got a little cooking job,” he says softly. “I’d work something to get a couple of bucks in my

Major Shelter and Support Providers

Central Arizona Shelter Services—Part of the Human Services Campus, CASS is the state’s largest shelter facility.

Lodestar Day Resource Center—Also at the Human Services Campus, the center acts as a hub for many services.

Phoenix Rescue Mission—Private, faith-based organization that also operates a substantial shelter operation

CONTACTS—The centralized hotline to locate emergency housing.

UMOM New Day Family Shelter—Private nonprofit agency offering emergency shelter to homeless and low-income families.

Watkins Women’s and Family Shelter—Shelter operated by UMOM and the City of Phoenix for the City of Phoenix providing services for single women and families.

East Valley Men’s Center—Transitional training and basic shelter for single men.

Community Bridges—Substance abuse treatment and recovery for homeless, indigent, and working poor adults.

CASS Vista Colina—CASS provides family emergency shelter and services in north Phoenix also.

Salvation Army Kaiser Family Center—Center for families to rebuild stability through employment, housing, and services.

pocket, take the Greyhound and take off.” It’s an OK life for some. “There’s no rules out there, basically. Some people don’t like rules. [They want] to be a wandering free spirit, more or less.” But not him anymore. Oscar says he’s in the process of getting a copy of his birth certificate and has applied for cooking jobs. Transportation is a problem, as is the fact that restaurant managers tend to worry that applicants from shelters have tuberculosis or hepatitis C. Couldn’t he take a test for that? “I could take the test, but I’d have to pay for it,” Oscar says, “and I don’t have the money for that.”

✓✓✓ **Jimmy** is angry. He squints warily from under a red ball cap as he tells how local Veteran Administration doctors botched his operation and left him unable to work yet ineligible for benefits and, at 54, too young for Social Security. “I got screwed into the ground and hammered on,” he says, his voice tight. “You’re not talking to a happy camper.” Homeless about five years, Jimmy, raised in the Valley, says it all started when he “went on the skids” after his father died. It wasn’t mental illness, substance abuse, or a criminal record, he says: “I sorta let things go. Didn’t care.”

✓✓ **Walter** earned an associates degree and served in the Army but couldn’t manage to live in the same town as his mother. “After having your mom make fun of you for years, you leave for the military and come back and she’s still up to it, I could either put my fist in her face or leave,” he says quietly. Now 32, Walter did the latter, and ended up homeless in Phoenix after losing his truck-driving job and his apartment because of what he insists was a bogus DUI charge. He got some help from the VA, got a job and apartment then lost them. He’s never abused drugs or alcohol, Walter says. He has no felony record, and his mental problems are limited to diagnoses of attention deficit disorder and obsessive-compulsive disorder. A young-looking man with an embittered air, he says, “For most people, I think giving up is their biggest problem,” Walter says.

✓ **Larry**’s happy to be going back home. After a while on Phoenix’s streets, he says he’s flying—flying—back to Pennsylvania to rejoin his large family. He’s doing it on money earned from jobs he worked since becoming homeless, after friends he was staying with moved back to South Carolina. That’s when Larry heard from a cab driver about the Human Services Campus. “They got a lot of help here,” he says in his raw New Jersey accent. “A clinic, dentists, they got housing for you. It’s up to you what you want to do with yourself. Nobody can hold your hand and say, ‘Do this and do that.’ You got to do it yourself.” Larry knows he’s better off than many of the people around him: he claims to have no mental illness, substance abuse, or felony record. “Getting a job is the hardest thing to do. A lot of guys have felony records—that’s what knocks them down,” he says. “But you got to give a person a chance.”

✓✓✓ **Susan**, 14, finally called Child Protective Services when her mom, Bev, wouldn’t stop doing methamphetamine. “She was good about feeding us and stuff,” Susan says softly. “It was just that she was always in her room. We could have been doing anything and she wouldn’t know.” Bev, 44, says she’s been diagnosed with bipolar disorder and depression, and suffers from post-traumatic stress disorder due to past episodes of domestic violence. She and various of her seven children—four now grown, three still with her—lived in DV shelters after losing apartments, due either to violence or her methamphetamine habit, or both. After 16 months at a family shelter, they’re set to get their own place. Bev says drug abuse is what keeps most homeless people down. “I don’t know had I not come here whether I would have ever gotten treatment,” she says. About her daughter calling CPS on her: “That was the best thing that ever happened to me.”

✓✓ **Paul** dropped out of high school when Maria got pregnant. Today, six children later, they’re both at the family shelter, going on two years without methamphetamine. They cleared up their felony warrants, got jobs, and saved up enough money to buy—for cash—their first car since 2001. “Me and [Maria] quit cold turkey when we came here,” says Paul, 33. “We found out that our children do come first.” He says he and Maria, 30, were lucky because they were able to “get out of meth early.” Still, Maria says they’d tried several times to quit the drug. “But here, we had support. There were so many things to do, and we just kept busy.” They took substance abuse classes, employment classes, parenting classes, budgeting classes. But it doesn’t work for everyone. “We’ve seen the same families come back here again,” Maria says. “The biggest thing [in getting off the street] is that you’re going to have to want it.”

✓✓ *Jenny, 8, sat quietly and listened as her mom, Andrea, talked about a long methamphetamine addiction that left her sleeping under a bridge near Metrocenter. “I had good jobs, but every time I’d start using again I’d lose them,” says Andrea, who can’t seem to sit still though she says she’s been clean since arriving at the family shelter nine months ago. She’s gotten one of her old jobs back, and plans to soon get her own apartment—and to keep Jenny with her. In the past, Andrea says, when she started using again she’d send Jenny to live with her parents. “That was the worst mistake I could have made,” she says. “Because then I had no responsibility. So it was like—who cares? The only thing that really matters to me I sent away.” Asked if she’d ever been homeless, Jenny shook her head firmly, but said nothing.*

✓✓ *Tony thinks it’s “ego” that keeps many homeless people from getting off the street. “I know some [tenants] are like our neighbor,” he says; “he thinks he’s too good for this place.” Tony says he has no history of substance abuse, mental illness, or felony crime. But when the City of Phoenix shut down his apartment building for “health reasons” in February, he says, he lost his job and he, Sharon, and their three young daughters found themselves homeless. They had friends already at the family shelter, so they went there too. Tony says he’s about to start a new job and that Sharon is taking culinary classes. They’re doing well, they say; not that they don’t also feel the stigma of homelessness. “I feel the same way—I don’t deserve this place,” Tony says. “But I got to make sure for my wife and kids. [You have to] put your ego to the side. Be grateful—not a lot of places would do this.”*

If the conditions are still right for million-dollar Murrays, how do the average costs break down? *Richard’s Reality* is a first step in answering that question.

The major services interviewees said they and others used related primarily to survival and security and secondarily to efforts to get back on track for the long term. A bed, food, clothing, transportation, and health and dental care were mentioned frequently as starting points. Help with acquiring identification, locating long-term housing (or at least making the next step toward a permanent address), and jobs or income supports stood out as a second tier of assistance. Some of the needs interviewees mentioned may be alleviated by obtaining the income and social services for which they are eligible, such as federal supplementary security income and health services from the Arizona Healthcare Cost Containment System or the Veterans Administration.

What Do Bart, Walter, and Oscar Use?

Keeping costs in line is a basic tenet of private sector competitiveness, while getting the most from limited public funds has been a catalyst for many innovations. Services used by residents who are homeless cut across systems that evolved in response to different goals, funding sources, and ways of operating. The following table reflects the major public systems often used by those who are chronically homeless. It also shows the primary state and federal agencies responsible for various aspects of delivering, funding, administering, or regulating these large-scale programs and systems. Some types of services and programs may fit in more than one category. For example, Food Stamps are a direct nutritional program, but are often viewed as part of an overall “safety net” of social services.

The following sections describe the major services people such as Bart, Walter, and Oscar encounter. The overview provides an indication of what assistance costs as a foundation for further research on expenditures and innovations. These costs apply to many types of people who experience homelessness, although the details of longevity, intensity, and frequency likely will vary from group to group. For example, the nature and duration of assistance is different for adults and youth. While the emphasis is on what people who are chronically homeless use, the fact is that all Arizonans use public services to some extent and everyone makes choices about how to spend their resources.

Services for Homeless Individuals Come from Many Public Systems, Examples of sources		
System	Public Providers, Funders, Administrators, or Regulators	Major Services for Chronically Homeless Individuals
Social Services	<ul style="list-style-type: none"> ▪ Arizona Department of Economic Security ▪ U.S. Social Security Administration 	SSI, Food Stamps, General Assistance, shelter, clothing, transportation, and job referral
Health	<ul style="list-style-type: none"> ▪ Arizona Healthcare Cost Containment System ▪ Arizona Department of Health Services ▪ Arizona Department of Health Services, Division of Behavioral Health ▪ Maricopa County Public Health Department ▪ Maricopa Integrated Health System ▪ U.S. Department of Health and Human Services 	Community clinics (mental, physical, and dental health assistance), community hospitals and emergency departments, in-and out patient care, and medications
Criminal Justice	<ul style="list-style-type: none"> ▪ Maricopa County ▪ City of Phoenix 	Municipal court, county jail, and probation
Veterans	<ul style="list-style-type: none"> ▪ U.S. Department of Veterans Affairs 	Healthcare, income supports, outreach, shelter, case management, rehabilitation; employment assistance, permanent supportive housing
Employment and Asset Building	<ul style="list-style-type: none"> ▪ Arizona Department of Economic Security ▪ Arizona Department of Commerce ▪ Arizona Department of Education 	Adult education, job training, life skills, and career development
Shelter and Housing	<ul style="list-style-type: none"> ▪ U.S. Department of Housing and Urban Development ▪ Arizona Department of Economic Security ▪ Arizona Department of Housing 	Emergency shelter, transitional, and permanent supportive housing. Public housing and housing subsidies. Prevention and housing support
Public Safety	<ul style="list-style-type: none"> ▪ Local police and fire departments 	Paramedic assistance, referral to services, voluntary and involuntary delivery to health or substance abuse services

Source: Compiled by Morrison Institute for Public Policy, 2008.

All Arizona Consumers Make Choices About Services and Resources

Every choice made by an Arizona consumer or public agency comes with a price tag and a question: Given the circumstances, what is the best deal for the money? However, relatively few observers look closely at what the average metro Phoenix resident must pay to live as part of the context for considering services to residents who are homeless. In addition, the discussion may be shaped by the fact that Arizona lags the nation as a whole in its total state and local revenue per capita and thus in expenditures.

Arizona ranks in the middle of the states on income. The amount Arizonans make has risen over time, but the state has not climbed above the national average. In recent years, the state's overall cost of living has increased, and housing costs have risen notably, although the recent economic downturn has begun to bring prices down. Still, according to the Arizona Department of Housing, an Arizonan must earn more than \$16 per hour to pay for the average two-bedroom apartment in

Approximately \$15 Per Hour is Needed to Afford an Average Phoenix Apartment, FMR levels, 2005-2007		
Year	“Fair Market Rate” for a Two-Bedroom Apartment	Wage Needed to Rent
2005	\$817	\$15.71 per hour
2006	\$770	\$14.81 per hour
2007	\$782	\$15.04 per hour
2008	\$862	\$16.57 per hour
2009 (projected)	\$877	\$16.67 per hour

Sources: Arizona Department of Housing and Housing (2005-2008) and U.S. Department of Housing and Urban Development 2009.

Phoenix. A full-time position paying \$16 per hour totals approximately \$33,280 per year (not including the value of benefits). In turn, \$10 per hour garners \$20,800, while the 2008 minimum wage of \$6.90 would earn a full-time worker approximately \$14,350 in wages.

According to a major consumer expenditure survey from the U.S. Bureau of Labor Statistics (BLS), food, housing, apparel, transportation, healthcare, entertainment, and personal insurance and pensions account for about 90% of all household expenditures. The average metro Phoenix household spends more than \$12,000 annually on

housing and related utilities. In total, the average metro Phoenix household spends more than \$53,000 per year, and the mean household income is nearly \$60,000.³² State and local taxes, including individual income, property, sales, and auto-related costs, totaled approximately \$5,540 for the average Phoenix household in 2006.³³ Single people tend to spend less than families of course. As reported by BLS, single males nationally have expenses totaling over \$28,000 per year on average including approximately \$3,200 on food and \$8,700 on shelter and related expenses.

Expenditures are Slightly Less in Metro Phoenix on Average Than in the West, Average and selected expenditures, Consumer Expenditure Survey, 2005-2006		
Items	Western States**	\$ Metro Phoenix***
Total average annual expenditures*	55,214	53,570
Food	6,745	7,187
Shelter	12,134	9,279
Utilities, fuels, and public services	3,013	3,348
Apparel and services	2,050	2,019
Transportation	10,112	10,964
Healthcare	2,751	3,134

*By consumer unit which is similar to a household.

** The western states include: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

*** Average household income in Maricopa County according to 2000 Census data adjusted for inflation was \$56,144. In Arizona, the figure was \$50,202 compared to \$50,990 for the U.S.

Source: U.S. Bureau of Labor Statistics, 2006 and MuniNetGuide, www.muninetguide.com.

Another way to put service costs for individuals who are chronically homeless into perspective is to consider what Arizona spends per person on other major programs. For example:

- K-12 per student spending in Arizona totaled \$6,232 according to *Education Week's 2008 Quality Counts* analysis.
- Spending per participant for employment assistance through the Arizona Workforce Connection was \$3,070, as noted in the program year 2006 annual report.
- In 2007, vocational rehabilitation per client spending stood at \$4,665, according to the Joint Legislative Budget Committee
- Per inmate costs of prison operations were \$19,795 in 2005, according to the Arizona Department of Corrections.³⁴

Per Capita Revenue and Spending in Arizona Lag the U.S., State and Local Revenue and Spending Levels Per Capita, 2006		
Items	Arizona	U.S.
Total state and local revenue per capita	\$7,351	\$9,171
Total state and local spending per capita	\$6,936	\$8,393

Source: *Governing Sourcebook*, 2007.

Meals, a Bed, and Support for Those Who Are Homeless

The U.S. Department of Housing and Urban Development has designated Maricopa Association of Governments (MAG) as the administrator of Maricopa County's Continuum of Care, which is the cooperative planning and distribution vehicle for most federal homelessness funds. MAG's figures show that a total of 7,860 beds is available in Maricopa County among emergency shelter, transitional housing, and permanent supportive housing. Metro Phoenix has 2,355 emergency shelter beds (1,193 for singles and

1,162 for families) available. Transitional housing includes units that offer support services to promote self-sufficiency and facilitate the movement of individuals and families to permanent housing within a reasonable amount of time (usually 24 months). The transitional housing total of 3,208 beds includes 1,088 for singles and 2,120 for families. In turn, permanent supportive housing is long-term affordable housing that provides comprehensive supportive services for homeless individuals with addictions, disabilities, or other substantial barriers to housing stability. This type of supportive housing allows residents to live as independently as possible in a permanent setting. MAG notes the existence of 2,297 permanent supportive housing beds (1,836 for singles and 461 for families).

All three types of housing come into play for those who are chronically homeless, but it is emergency shelters that are most used now by this target group. The shelter system operates on a combination of public, corporate, nonprofit, faith-based, and individual contributions, which include money, goods, and services. Operations of such facilities have changed substantially in the past 20 years. Most providers now try to operate short-term shelters as the first step toward re-entry into the mainstream. They view their facilities as places in which residents can stabilize and obtain services and transitional or permanent housing. Service providers are also addressing needs for improvements in health and emotional well-being and participation in drug and alcohol treatment programs, income support, employment programs, education, and counseling.

Centralized information and referral have played a part in streamlining access to shelter and making intake and assessment uniform. The larger scale of providers, at least in metro Phoenix, also makes cooperative program development, such as dental services, easier. Professionals interviewed relayed that one-stop arrangements increase the odds of participants following through with plans and referrals. At the same time, according to others, the concentration of services and people who are homeless may create perceptions of poor safety or provide “cover” for criminal elements that offer illegal products or prey on individuals’ vulnerability. The average stay in the Central Arizona Shelter Services facilities at the Human Services Campus is 40 nights, although it increases to 500 nights over two years for the most frequent users.

Public Safety and Criminal Justice

Phoenix police officers reportedly used to spend hours taking a person who was homeless to the downtown psychiatric emergency room, which is operated by Magellan Health Services. Paperwork and delays wasted time, leaving officers frustrated. According to several of those interviewed, new leadership has made many changes in operations and turned this negative situation around. Now police officers are able to deliver people quickly to the care of the metro area’s only psychiatric emergency room. This is simply one

Basic Services Include Food, Shelter, and Help Back to the Mainstream , Composite annualized costs for basic services	
Service	\$ Per Person Per Year*
Shelter (\$17 x 365)	6,200
Case management	1,350
Meals (14 per week)	1,275
Dental	550
“Hub” for services, education, mail, & enrichment	450
Day Refuge	250
Employment assistance	200
Identification and family reunification	65
Total	\$10,340

*These figures account for food, shelter, and basic re-entry support services. Costs have been annualized based on the reported direct costs. Figures have been rounded for readability. Most services are not used for a year’s time, but the annual figure is used for easy comparability. Dental costs are based on 2,000 patients per year. At this time, per person data are unavailable for outreach and detox services often associated with involving residents in shelter programs. Other health and substance abuse costs may be found later in this report. Sources: Lodestar Day Resource Center, Central Arizona Shelter Services, St. Joseph the Worker, Community Information and Referral, Ecumenical Chaplaincy for the Homeless, and St. Vincent de Paul. Shelter, case management, and dental were calculated at \$30 X 365. Meals were figured at \$1.75 per meal.

illustration of how police and fire personnel play standard law enforcement roles in the area of homelessness, but they also aid in outreach and human services.

Unfortunately, it is often difficult to assign specific costs to the many ways law enforcement and fire personnel interact with people who are chronically homeless. For example, data compiled by the Phoenix Police Department do not separate homeless individuals from other suspects or victims, making it impossible to identify the reported crimes allegedly committed by or against homeless residents. “911” calls are not searchable by geographic identifiers, making that data difficult to use for this short-term effort. In addition, safety services would be available in the area regardless of the local population.

Still, police officers are drawn into special situations by the needs and circumstances of those who are chronically homeless. The Phoenix Police Department’s South Mountain Precinct, which includes the Human Services Campus, deploys two squads of eight officers who walk beats in the area. Although the department was unable to isolate the cost of this particular service at the time this report was prepared, this area is believed to have the city’s only walking beats. With the average cost for a police officer in Maricopa County at approximately \$50,000 a year without counting overtime, bonuses, equipment allowances, and benefits, the time spent in traditional police work and nontraditional human services could come to a substantial total.

The public safety figures available for this report related to deployment of fire department paramedics. Information from the Phoenix Fire Department pegged the average cost for ambulance or paramedic service per call at approximately \$500, which is covered by taxpayers if a patient cannot pay. Mileage is also charged on each run, as are costs incurred by the specifics of the call. Records showed that since mid-January 2008,

Phoenix Fire Department had gone on 296 calls to the Human Services Campus, or nearly two per day. Most of the trips would incur the average \$500+ costs.

Reported Crimes in the Area of the Human Services Campus* Have Moderated, Grid totals, 2003-2007			
	Violent Crime	Property Crime	Drug Crime
2003	38	67	269
2004	25	78	260
2005	55	106	185
2006	51	104	150
2007	42	80	122

*The campus opened in 2005.
Source: Phoenix Police Department, 2008.

The Phoenix Police Department publishes a citywide crime “hot spot” map, which notes that crime levels in the area of the Human Services Campus, the city’s largest concentration of residents who are homeless, are moderate or lower than for Phoenix as a whole. The department also records reported crimes by “grids” which are areas of approximately one square quarter-mile. Crime totals for the grid that includes the Human Services Campus show that on this measure the incidence has dropped in recent years.

This suggests that reported crime totals in the campus’ area are in line with the overall city average; reported offenses have decreased since the campus opened in November 2005, a trend confirmed by local officers. It should be noted that the crimes recorded by the department—with the exception of drug crimes—are limited to serious offenses such as murder, robbery, assault, theft, and auto theft. They do not include “public order” crimes—such as trespassing, criminal littering, or having an open container of alcohol—that homeless people are most frequently charged with. The department does not record these by grid.

In the experience of the precinct’s two walking squads, people who are homeless are more often victims than perpetrators. The precinct leader said drug dealers and other criminals “dress down” and claim to be homeless so they can blend in. Besides selling drugs and providing prostitution, these perpetrators also sometimes assault and rob people who are homeless. He reported that typical arrests of homeless people are for minor assaults (fights), urinating in public, trespassing (at local businesses), and other “disorder” crimes. Officers issue citations to homeless people or take them into custody. If the latter, he said, they are usually released in less than a day. “Public order” and other lesser offenses committed in Phoenix are processed by Phoenix Municipal Court. Officials there said the average cost of processing a “non-jury eligible” misdemeanor case is \$190.

Basic Jail Costs Total More Than \$27,000 Per Year		
Service	\$ Rate Per Person Per Day	\$ Cost Per Person Per Year*
Jail booking + housing, food, and medical care	200 +74	27,210
Probation supervision	4.60	1,680
Municipal court	190 processing per case	NA

*365 days of service delivery.
Source: Maricopa County.

Some chronically homeless people do end up for periods in Maricopa County jail, although available records could not say how many inmates had been homeless or if their experiences were longer or more frequent than average. As of July 2008, the average cost of booking a suspect is \$199.35; the daily housing and healthcare cost thereafter is \$73.48, according to jail officials. Given that the average pre-trial length of stay in the jail is seven days, the most basic cost for booking and a week in custody would total approximately \$715.

Those residents who have had contacts with the criminal justice system are required to remain under probation or parole supervision for a period of time. Both the Maricopa County Probation Department and the Arizona Department of Corrections maintain offices for that purpose at the Human Services Campus. Probation officials said that their countywide caseload of homeless probationers³⁵ stays around 230 per month at an average cost of \$4.60 per person per day. Considering that the majority of these probationers are at the Human Services Campus, the intersection of criminal justice and homelessness is clearly an important topic. Using these figures, the total daily cost of probation services for probationers supervised at the Human Services Campus is \$1,058, and the annual cost is \$386,170. An Arizona Department of Corrections official said the department’s two officers at the campus represent an annual cost of \$145,900.

Healthcare

With healthcosts rising rapidly, it is no surprise that numerous studies of the costs of chronic homelessness identify healthcare as the most expensive service component and the area that could be affected most—and most positively—by permanent housing services. In the Phoenix region, healthcare for individuals who are chronically homeless is provided primarily by:

- Emergency, in-patient, and out-patient services at area hospitals
- Healthcare for the Homeless program through the Maricopa County Department of Public Health Services
- Veterans Administration Healthcare for the Homeless program
- Providers through AHCCCS and contractors for Arizona Department of Health Services, Division of Behavioral Health Services. In Maricopa County, Magellan serves as the Regional

Behavior Health Agency and is the primary provider of behavioral health services, including psychiatric emergency services.

Maricopa County’s Healthcare for the Homeless program is part of the Arizona Association of Community Health Centers and receives funds through the federal *McKinney-Vento Act*. The facility is staffed by family practitioners, physician assistants, psychiatrists, case managers, and other professionals. In 2007, this vital primary care center reported serving 5,681 people, of whom 3,754 were uninsured and 1,182 participated in Medicare or AHCCCS. The majority of participants were housed at shelters. According to the program’s most recent annual report, the average cost per person for medical care and referrals was \$450 per year.

Services in other facilities often average far more. In the “discharge” reports hospitals file regularly with the Arizona Department of Health Services (ADHS), there is currently no code to identify individuals who are homeless. This is expected to change, however, with the report published in fall 2008. As part of a rule review, hospital stakeholders and state regulators agreed on a code for homeless individuals to streamline reporting for hospitals and also to gauge the extent of services to these residents.

Current ADHS discharge reports provide a sobering look at average stays and costs. For example:

- In the central region of the state (metro Phoenix), the average patient is 43 years old and stays for 4.2 days at an average charge of \$30,661.
- Charges escalate dramatically by age. For those 18-24, the average charge is \$19,292, while for those 60-64 it is \$46,849. Charges also differ by gender with men having higher average charges than women.
- For those in specialized mental health hospitals, the average length of stay was 10.2 days with \$22,872 in charges.
- Emergency services ran an average of \$2,074, while admissions from emergency departments were 4.3 days and incurred charges of \$34,366.

Across the U.S., states reportedly spend approximately a quarter of Medicaid dollars on substance abuse treatment. The Arizona Department of Health Services’ *Annual Report on Substance Abuse Treatment Programs* catalogs the average costs of various types of treatments, and homeless individuals stand out as participants. For example, according to the FY 2006 figures, “nearly half (45%) of persons enrolled in substance use treatment services during FY 2007 reported that they lived alone or with a roommate in the 30 days prior to treatment. One in three (36%) reported that they lived with their spouse or family. Approximately 7% of persons enrolled in substance abuse treatment reported they were homeless or lived in a homeless shelter in the past 30 days, and only 3% lived in a transitional living environment, such as halfway houses, recovery

The Most Common Treatment is Neither the Most Costly Nor the Least Expensive, Average costs of substance abuse treatments, 2006		
Treatment Type (Presented from least to most common)	\$ Average Cost Per Person	# Served
Hospital detoxification	2,323	189
Long residential treatment	3,453	472
Residential detoxification	1,912	1,777
Intensive outpatient treatment	1,329	3,239
Hospital treatment	7,956	3,279
Opiate dependence treatment	398	3,548
Brief residential treatment	4,799	5,127
Outpatient treatment	1,494	54,132

Source: Arizona Department of Health Services, *Annual Report on Substance Abuse Treatment Programs, FY 2006*, December 2007.

homes, boarding homes and hotels. Finally, 4% of all treatment participants resided in an institution during the past 30 days, including jail, prison, the Arizona State Hospital, and licensed behavioral health treatment facilities.”

Health experts report that new technologies and chronic illnesses account for much of the cost increases in health services. As a result, the trend in chronic diseases is towards close monitoring and management, something that is difficult when patients are chronically homeless. Indeed, people who are chronically homeless are more likely to have consistent medical conditions than the general population. While chronic illness does not often, by itself, cause homelessness, it is a common ingredient in a mix of issues. Moreover, homelessness has a way of magnifying even a common cold. Without a safe place to store medicine for example, illnesses may go untreated and thus progress rapidly in seriousness. In addition, some of the symptoms of chronic illness may be masked by physical symptoms arising from poor diets, drug use, or exposure to the elements.

Type of Care	\$ Average cost per person
Per Enrollee Medicaid Spending, Total FY 2005	3,066
Per Enrollee Medicaid Payments, Disabled FY 2005	11,273
Per Enrollee Medicaid Payments, Adults FY 2005	1,395
Arizona State Hospital, FY 2006 \$506 per night X 30	15,180
Arizona Behavioral Health Services, FY 2006**	12,965

**Calculated on Title XIX and XXI funds and adult SMI and GMH recipients.
Sources: Annual Report, 2007 Maricopa County Healthcare for the Homeless, Kaiser Foundation, State Medicaid Fact Sheet, Arizona Department of Health Services, Annual Report, FY 2006, Arizona Department of Health Services, Division of Behavioral Health Services, Annual Report FY 2006.

HIV/AIDS, diabetes, and tuberculosis are particularly common among those who are chronically homeless. The incidence of diabetes particularly has risen in recent years. For those homeless residents with diabetes, it is difficult to maintain the necessary treatment regimen. Similarly, tuberculosis has rebounded and become more treatment resistant, creating concerns for those who are chronically homeless. Of the estimated 3.5 million people in the U.S. who are homeless every year, as many as 3.4% are HIV positive. This represents a rate three times higher than that of the general population.³⁶ People living with HIV/AIDS are at higher risk of becoming homeless than others. Indeed, several programs in metro Phoenix are targeted to these residents.

High Costs in Real and Human Terms

This report has highlighted some of the services and costs chronically homeless people are likely to use. For example:

- A high-user tends to be in an emergency shelter for 70% of a year for a cost of \$7,238 at a minimum.
- Basic healthcare averages \$450 per person.
- Every fire department paramedic call is at least \$500. A national study shows people who are chronically homeless experience an average of three ambulance uses per person (\$1,500), three emergency room episodes (\$6,222) and two hospitalizations (\$65,027).
- Each appearance in municipal court costs \$190 and a month in county jail is \$2,250.

These are by no means the only costs for being a chronically homeless person. Unless a person did not use medical services or run afoul of the law, a resident who is chronically homeless in metro Phoenix could

easily reach the \$40,500 annual per person cost that Dennis Culhane recorded in his landmark study of New York City’s chronically homeless population. Considering that the number of “Richards” in metro Phoenix is estimated conservatively to be from 1,200 to more than 3,000, the costs for these extreme cases could be from approximately \$48 million to far more than that amount. Most of those dollars are in addition to the more than \$21 million in federal funds that is distributed locally through the Maricopa County Continuum of Care in support of homeless shelters and permanent supportive housing and the millions more that are generated through United Way, corporate and personal contributions, and other sources.

In short, chronic homelessness continues to be an expensive circumstance. *Richard’s Reality* cannot tell the 80/20 story in the same detail as Gladwell’s *New Yorker* piece or Culhane’s mammoth longitudinal studies. The report does, however, show that Arizonans can ill afford continuing the status quo.

Even in the general terms presented here, the range of costs discussed here are in line with the averages presented by The Lewin Group in 2004.³⁷ However, more research is needed to determine exact figures for services to residents who are chronically homeless.

Different Cities May See Similar Costs, Annual Per Person Estimates of Chronic Homelessness in Selected Cities Prior to Housing First Programs	
Portland, OR ¹	\$42,075
New York City ²	\$40,000
Denver ³	\$31,545
Portland, ME ⁴	\$28,045

Sources: ¹ National Alliance to End Homelessness, *Fact Checker, Chronic Homelessness*, March 2007. ² Culhane, Dennis; Mettraux, Stephen, and Hadley, Trevor. (2002) “Public Service Reductions Associated with Placement, of Homeless Persons with Severe Mental Illness in Supportive Housing.” *Housing Policy Debate*, Volume 13, Issue 1, Fannie Mae Foundation. ³ Denver Housing First Collaborative, *Cost Benefit Analysis and Program Outcomes Report*, Perlman and Parvensky, December 2006). ⁴ State of Maine – Greater Portland, *Cost Analysis for Permanent Supportive Housing*, McLaughlin and Shore, September 2007.

What is the “Golden Hour” for Homelessness?

The sizable numbers point toward a need for in-depth research not just on costs, but on modeling how those costs might change if there were more options or more intensity in existing services. In trauma medicine, experts refer to the “golden hour” in which the effects of treatments are greatest. Does that same concept hold true for homelessness? Is “housing first” the “golden hour?” If so, how could it be put into practice?

Those questions should be answered by more input from professionals and the public as well as additional research comparing current situations among those who are homeless and experiences over time. A significant research agenda would result in new information to show how best to structure services and programs to benefit residents who are chronically homeless and the public at large. Such an agenda should include:

Organizations Use Millions of Dollars to Provide Services to Those Who Are Homeless and Others, Selected human services organizations providing services for residents who are homeless, 2005*	
Organization	Total Revenue
Arizona Behavioral Health Corporation	\$12,500,000
Central Arizona Shelter Services	\$4,700,000
Community Bridges, Inc.	\$9,921,000
Community Information and Referral	\$1,500,000
Human Services Campus LLC	\$1,250,000
Northwest Organization for Voluntary Alternatives	\$5,400,000
Saint Joseph the Worker	\$300,000
St. Vincent de Paul**	\$22,600,000
Southwest Behavioral Health Services**	\$35,700,000
Tumbleweed Center for Youth Development	\$4,500,000
UIMOM New Day Centers, Inc.	\$6,500,000

*Figures have been rounded. **These organizations have multiple programs in addition to those for people who are homeless. These agencies are listed in the Community Information and Referral Directory under emergency housing assistance. Source: *GuideStar*, IRS form 990, 2005.

- **Data development and coordination**—Commitment to a county- or statewide effort to define data needs and resources could make a big difference in program performance and innovation, particularly on community outcomes and resilience. HMIS could be investigated as a vehicle, as could Arizona Indicators, an ASU-based information project that is supported thus far by the Arizona Community Foundation, *Arizona Republic*, Arizona Department of Commerce, Arizona State University, and Valley of the Sun United Way.
- **Longitudinal and follow up studies**—Many projects nationally have looked at individuals’ use of services over time. Cost analyses and comparisons based on specific cases or types of participants would provide new information that could support innovations throughout the state.
- **Evaluation of interventions**—Studies of specific programs’ outcomes would say much about where Arizona could get the best results for its dollars, particularly if the research involved numerous sites in urban and rural areas.
- **Exploration of discharges and transitions**—Whether leaving a prison or a hospital, transitions are difficult for many. The practices and infrastructure needed to prevent homelessness among those moving from one situation to another should be considered as well.
- **Testing of new models for special circumstances**—Victims of domestic violence, sex offenders, ex-offenders, and others have, like those making transitions from hospitals or other institutions, relatively few options. Research on what combination of housing, assistance, and coordination of systems could best prevent some Arizonans from joining the ranks of the chronically homeless is needed.
- **Increasing resilience among those who are homeless**—Does “lack” have to be the only perspective on which to base services? How can Arizona embrace resilience as one of the foundations of its efforts to end homelessness? These questions have not been considered in depth for Arizonans who experience the great day-to-day challenges.

Arizona institutions began addressing homelessness on a substantial scale more than 25 years ago. In another quarter century, will it again be a bigger, more costly issue or a thing of the past? Will there be more Richards or fewer? Additional studies of costs and services are one way of ensuring that the future does not become a rerun of the past.

This report began with the story of Richard’s life of hard knocks. Although still a relatively young man with years of employment ahead of him, his experience illustrates how human resources can be under-utilized. With some changes based on research, evidence, and experience, however, the next chapter in Richard’s story could be something quite different. Consider what might happen if Richard’s story included a space in a model housing program. What if he moved into a one-bedroom apartment in a decent neighborhood and had a visit every couple of days from a behavioral health professional who knew him well? What if he got consistent healthcare that helped him see that “self-medicating” wasn’t necessary? What if a job was next? His future reality could be one of reasonable health, sustainable employment, and contributing to the public good. In this era of concern for scarce monetary and human resources, thousands of Richards show why the state’s leaders and residents should reconsider how to maximize each Arizonan’s potential and minimize long-term public expenditures. As has been shown by research in various cities and states, one answer is to look first to secure, stable housing as a catalyst for other changes. With high costs and high demands, there must simply be more and better ways to support Arizonans who are chronically homeless.

Appendix A:

Contributors

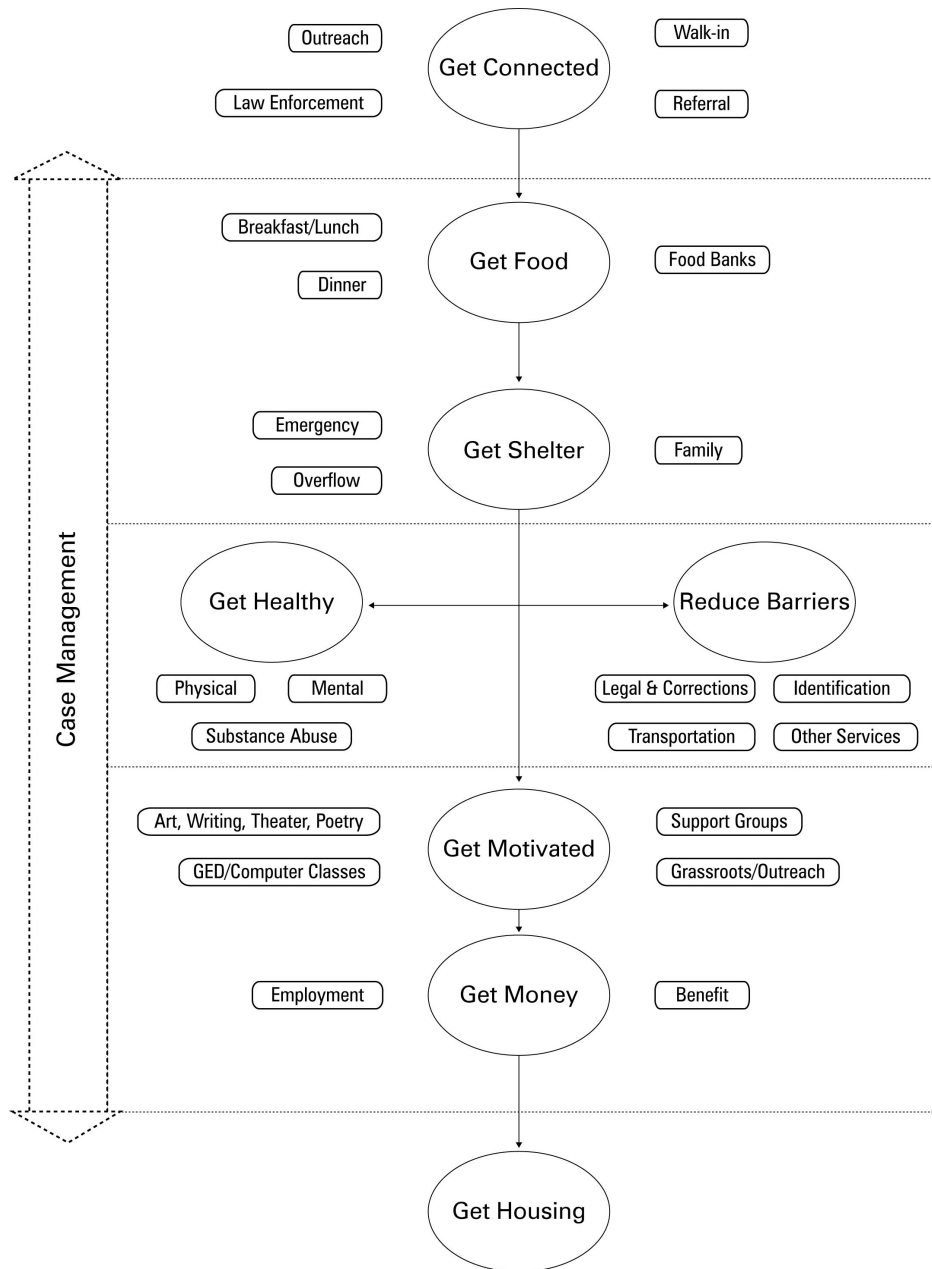
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Appendix B:

Pathway to Services for Residents Who are Homeless

This map illustrates some of the potential access points to homeless services in Maricopa County. Due largely to the structure of the Human Services Campus, and other providers such as Phoenix Rescue Mission and A New Leaf, many residents who are homeless access services in a centralized manner, either through outreach or food and shelter providers.



Appendix C:

UMOM New Day Centers Program Costs

Richard's Reality: The Costs of Chronic Homelessness in Context primarily has been about residents who are chronically homeless. However, families who are homeless are a fast-growing portion of the population also. The table below provides an overview of basic costs from one of the Phoenix region's primary providers of services to families.

Program	Monthly Cost Per Family								
	Number of Families	Shelter Services	Childcare / Daycare Services	Shelter Case Management	Follow-up Case Management	Crisis Counseling Services	Youth Program Services	Education & Employment Services	TOTAL Cost/Family
Emergency Family Shelter (120 day program)	66	\$1,133	\$724	\$277	\$93	\$178	\$61	\$174	\$2,640
Transitional Family Housing (18 to 24 month program)	30	\$881	\$715	\$111	\$58	\$33	\$24	\$17	\$1,839

Childcare/Daycare Services: Licensed for ages infant to 12 years old. Includes afterschool program ages 6 to 12.

Shelter Case Management: Works with family to setup a case plan to resolve homelessness.

Follow-up Case Management: 18 month follow-up with family after leaving shelter and placed in permanent housing. Includes rent and utilities assistance.

Youth Program Services: For children ages 13 to 18 years old.

Education & Employment Services: GED education and testing. Skills training in parenting, budgeting, looking for employment, preparing a resume, job hunting, filling out an employment application, interviewing for a job, and general self improvement.

Notes

- ¹ Gladwell, Malcolm, "Million-Dollar Murray," *The New Yorker*, February 13, 2006.
- ² Gladwell, *The New Yorker*, February 13, 2006.
- ³ See *Gray Land: Housing for People with Serious Mental Illness in Maricopa County*, which again highlighted the connections between mental illness and chronic homelessness and described the issues and options for housing. Also *Gray Land: A Recent Literature and Case Study Review of Permanent Supportive Housing* details more studies and information. See St. Luke's Health Initiatives, www.slhi.org.
- ⁴ Wright, Eric, Laura Littlepage, Courtney Federspiel, 2007, *Issues for Policy Makers: Serving the Homeless Well Could Save Taxpayer Dollars*, Center for Health Policy, School of Public and Environmental Affairs, Indiana University-Purdue University Indianapolis. www.chipindy.org/pdf/Public_Services_Utilization_Cost_Study_1.pdf.
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- ⁶ O'Connell JJ, Swain S. "Rough Sleepers: A Five Year Prospective Study in Boston, 1999-2003," Presentation, Tenth Annual Ending Homelessness Conference, Massachusetts Housing and Shelter Alliance, 2005.
- ⁷ Walsh, Adam, Dean Duncan, Laurie Selz-Campbell, and Jennifer Vaughn. 2007. *The Cost Effectiveness of Supportive Housing: A Service Cost Analysis of Lennox Chase Residents*, www.dhhs.state.nc.us/homeless/lennoxchase.pdf.
- ⁸ Downtown Emergency Service Center. 2008. *1811 Eastlake: First-Year Preliminary Findings*, www.desc.org/documents/1811_First_Year_Preliminary_Findings.pdf
- ⁹ Culhane, Dennis P., Stephan Metraux, and Trevor Hadley. 2002. "Public Service Reductions Associated With Placement of Homeless Persons with Serious Mental Illness in Supportive Housing." *Housing Policy Debate* 13(1):107-163.
- ¹⁰ Wright, James D., *Address Unknown*, Sage Publications, 1989.
- ¹¹ *Current Status of Homelessness in Arizona*, Arizona Department of Economic Security, December 2007.
- ¹² The statistics used most often to show how many Arizonans are homeless come from two statewide counts, one of Arizonans staying in shelters and one of those who are currently on the street. The Arizona Department of Economic Security manages the Point-in-Time Shelter Count throughout the state. For Maricopa County, the Maricopa Association of Governments coordinates city-based Point-in-Time Street Counts. Volunteers working through the City of Phoenix conduct the largest count. These data are augmented by the Homeless Management Information System (HMIS), which is used by programs receiving federal or state homelessness funding. The programs that do not receive those dollars are thus not represented. Because the counts are "snapshots" and HMIS is cumulative over a year, the figures differ. However, both sources provide valuable information for planning and service delivery in a field where exact numbers are elusive.
- ¹³ *Current Status of Homelessness in Arizona*, 2007.
- ¹⁴ Community Information and Referral, *Maricopa County HMIS Project County-wide Demographic Report FY 200708*
- ¹⁵ Based on January 29, 2008 Maricopa County Street and Shelter Count.
- ¹⁶ In the 2008 bed and street count, a total of 7,821 emergency, transitional, and supportive housing beds were counted for a homeless population of 10,093.
- ¹⁷ *Current Status of Homelessness in Arizona*, 2007.
- ¹⁸ Hermann, William Hermann, "Counseling, Housing Programs Can Save Lives—and Money—A new Approach, A New Success," *Arizona Republic*, September 5, 2005.
- ¹⁹ U.S. Conference of Mayors *2007 Status Report on Hunger & Homelessness*. usmayors.org/HHSurvey2007/hhsurvey07.pdf.
- ²⁰ Federal Task Force on Homelessness and Severe Mental Illness. (1992); *Outcasts on Main Street*. Washington, DC: Interagency Council on the Homeless.
- ²¹ St. Luke's Health Initiatives, *Gray Land: Housing for the Seriously Mentally Ill in Maricopa County*, 2008.
- ²² *Gray Land: Housing for the Seriously Mentally Ill in Maricopa County*, 2008.
- ²³ *Gray Land: Housing for the Seriously Mentally Ill in Maricopa County*, 2008.
- ²⁴ National Alliance to End Homelessness, 2007. *Vital Mission: Ending Homelessness Among Veterans*.
- ²⁵ www1.va.gov/homeless/page.cfm.
- ²⁶ *Community Homelessness Assessment, Local Education and Networking Group For Veterans*, 2008. "The Fourteenth Annual Progress Report On Public Law 105-114 Services For Homeless Veterans Assessment And Coordination," www1.va.gov/homeless/docs/CHALENG_14tH_annual_report_3-05-08.pdf.
- ²⁷ This number represents domestic violence victims in emergency shelters and transitional housing. An additional 93 victims were in permanent supportive housing in 2008 for a total of 1,317.
- ²⁸ U.S. Conference of Mayors, 2007.
- ²⁹ National Center on Family Homelessness, 2008. *The Characteristics and Needs of Families Experiencing Homelessness*, www.familyhomelessness.org/pdf/Characteristics_Needs_Homeless_Families.pdf
- ³⁰ Burt, Martha. *Homelessness: Programs and the People They Serve: Findings of the National Survey of Homeless Assistance Providers and Clients*, Technical Report. Interagency Council on Homelessness. 1999.
- ³¹ U.S. Department of Health and Human Services, *Explainer*.

³² Dataplace.com.

³³ *Tax Rates and Tax Burdens in the District of Columbia - A Nationwide Comparison*, Government of the District of Columbia, Office of the Chief Financial Officer. 2006. cfo.dc.gov/cfo/cwp/view,a,1324,q,612643.asp.

³⁴ *Corrections at a Glance*, Arizona Department of Corrections, June 2005. www.azcorrections.gov/adcr/reports/CAG/CAGJun05.pdf

³⁵ The majority of these homeless probationers reside at CASS.

³⁶ AIDS Housing of Washington, *Homelessness and HIV/AIDS*, 2003. Song, John, MD, MPH, MAT, *HIV/AIDS & Homelessness: Recommendations for Clinical Practice and Public Policy*, November 1999. National Healthcare for the Homeless Council, Healthcare for the Homeless Clinician's Network, www.nhchc.org/Publicaitons/HIV.pdf.

³⁷ In 2004, The Lewin Group conducted a study titled *Costs of Serving Homeless Individuals in Nine Cities*. Phoenix was one of those cities. See Lewin Group, *Costs of Serving Homeless Individuals in Nine Cities: Chart Book*, 2004, documents.csh.org/documents/ke/csh_lewin2004.pdf.