

**ORANGE COUNTY UNITED WAY, JAMBOREE,
and UNIVERSITY OF CALIFORNIA, IRVINE**

COST STUDY OF HOMELESSNESS

Research Team

David A. Snow and Rachel Goldberg

Professors of Sociology

Sara Villalta and Colin Bernatzky

Graduate Research Assistants

University of California, Irvine

EXECUTIVE SUMMARY

PURPOSE

The current wave of homelessness is a pressing problem sparing few communities across the United States. Since the issue came to the forefront in the early 1980s, estimates of the number of homeless have waxed and waned, but the crisis of American citizens experiencing homelessness continues to persist. Orange County and its 34 municipalities have not been spared this crisis. According to the 2015 Orange County Point in Time Count report, nearly 4,500 people experienced homelessness (2,200 of whom are unsheltered) on any given night, and 15,291 people are expected to be homeless over the course of a year. This equates to 1 in 200 Orange County residents experiencing at least one night of homelessness during a year. In addition to the devastating and traumatizing physical and psychological costs of homelessness to those individuals and families who experience it, homelessness imposes considerable economic costs on the communities in which it exists. There have been a number of cost studies across other major localities in the U.S., and in California in particular, but no such cost study has been completed for Orange County.

The purpose of this project has been to conduct a countywide cost study, with two primary objectives:

- First, to estimate the economic expenditures on homelessness that have accrued to the County, its 34 municipalities, and its non-governmental service agencies, including hospitals and non-profits providing services to this population;
- Second, to assess the extent to which the costs of serving the homeless vary across the spectrum of those living on the streets and in shelters versus those living in alternative forms of housing.

THE STUDY

This is a collaborative study among Orange County United Way, Jamboree, and the University of California, Irvine, with the support of the Association of California Cities - Orange County (ACC-OC), 2-1-1 of Orange County, and the Hospital Association of Southern California. In addition, an Advisory Committee representing a cross-section of Orange County experts and practitioners from various institutions and organizations served to guide our design and process. The study was also conducted to leverage the work of the United Way's FACE 2024 strategic plan, the County's 10 Year Plan to End Homelessness, and the County's new Office of Care Coordination.

The study is based on data collected from five main sources: the County of Orange, the municipalities within the county, Orange County hospitals (via the Hospital Association of Southern California and Cal Optima), a sample of non-governmental agencies addressing homelessness and individuals experiencing homelessness themselves. The data was gathered through questionnaires sent to municipalities, hospitals, service agencies, as well as structured in-person survey interviews conducted with a sample of 252 homeless individuals throughout the county. Given the breadth and volume of data assembled, this is clearly one of the most comprehensive studies of the public costs of homelessness in the United States.

KEY FINDINGS

1. Demographic and Biographic Characteristics of the Homeless Population

- Results from our sample of homeless individuals indicate that Orange County's homeless population is defined largely by the following characteristics:
 - They are mainly long-term OC residents, with 68% of the 252 homeless surveyed having lived in the county for 10 years or longer
 - They are predominately US-born individuals (90%)
 - A significant share are middle-aged (52% are age 50 or older), non-Hispanic White (47%), male (57%), and live alone (67%)

Key Finding: *The vast majority of Orange County's homeless, whether male or female, are U.S. citizens and long-term Orange County residents of over 10 years, rather than individuals who have recently chosen to come to Orange County.*

- The major factors precipitating homelessness in our sample (in order of frequency of mention) are:
 - Securing or retaining jobs with sustainable wages (40%)
 - Finding or retaining affordable housing, including evictions and foreclosures (36%)
 - Family issues, which include domestic violence, family dysfunction, relationship dissolution, and death of a family member (28%)
 - Alcohol and/or drugs (22%)
 - Mental health (17%)
 - Physical health (13%)
 - Release from jail/prison (7%)

Key Finding: *Homelessness is caused primarily by lack of sufficient income or job loss combined with high costs of housing in Orange County. Other factors, like family dysfunction, health, and substance abuse, increase one's vulnerability to homelessness in such a context.*

- This observation is further substantiated by the following finding: The median monthly income of the homeless in our sample, from all possible sources, is \$860. Income varies greatly by housing status, ranging from a median of \$500 for those living on the street to a median of \$1,958 for homeless individuals and families placed into a Rapid Rehousing program (who are often supporting dependent children). Nonetheless, across all housing categories, these income levels put housing rental out of reach given the average cost of rent for a single bedroom apartment in OC of \$1,700 to \$1,800+ in 2015.

2. The Cost of Homelessness

- **We estimate that approximately \$299 million was spent to address homelessness in Orange County** by governmental and non-governmental entities in a 12-month period encompassing 2014/2015.
 - Municipalities account for the largest share of this total (~ \$120 million), followed by
 - Hospitals (~ \$77 million),
 - The County (~\$62 million)
 - Non-governmental housing agencies (~\$35 million)
 - Other non-governmental agencies servicing the homeless (~\$5 million with incomplete data).

Key Finding: Orange County's city governments and public services bear the brunt of the costs associated with homelessness in Orange County.

- Across the major service clusters (health care, housing, and criminal justice), we estimate that approximately \$121 million was spent providing health care to the homeless in a 12-month period encompassing 2014/2015. Counties, municipalities, and non-governmental agencies spent approximately \$106 million on all types of housing for the homeless, and an estimated \$23 million was spent on criminal justice contacts (police/jail/prison).

Key Finding: Costs are highest in Orange County's health care service cluster, which is consistent with other cost studies across the country.

- Based on our interviews, we estimate that the average annual cost per person for all services is approximately \$45,000. Heavy service consumers, particularly of health and medical services, drive the average cost up greatly; so much so, that if the most costly 10% are dropped from the analysis, the mean annual cost per person drops to approximately \$10,000.

Key Finding: The costs of homelessness are driven upwards by the heaviest service users among those who are chronically street homeless.¹

3. Costs by Housing Categories (Street and Emergency Sheltered Homeless versus those housed in Transitional/Interim, Rapid Rehousing, or Permanent Supportive Housing - PSH)

- Our interviews with those experiencing homelessness indicate that use of social and health services and criminal justice contacts are lower among those who are housed compared to those living on the streets. Those in PSH reported 78% fewer ambulance transports in the last month, and 100% fewer arrests, compared to those who are chronically homeless living on the street or in emergency shelters.
- As a result of decreases in service utilization and criminal justice contacts, the estimated average annual cost of services is 40% lower for the chronically homeless in PSH (\$51,587) in comparison to the chronically homeless living on the streets and in emergency shelters (\$85,631), even taking into consideration the program costs of PSH. Similarly, the average annual cost for those housed in Rapid Rehousing (\$9,175) and Transitional/Interim housing (\$22,686) is 75% and 38% lower, respectively, than the annual cost for the non-chronically homeless on the street and in emergency shelters \$36,419 net of the program costs of housing.
- When looking at health service utilization alone, the estimated average annual cost among those homeless who are housed (\$26,158) is half the annual cost incurred by those on the street or in emergency shelters (\$51,855), with the disparity even greater between those in PSH (\$43,184) and the chronically street homeless (\$98,199).

Key Finding: Whatever the service or housing category the costs of homelessness declines when the homeless are housed. This holds for both the non-chronically and the chronically homeless.

¹ Individuals who have been homeless for a year or longer and who have difficulties getting from one place to another, working, or just getting through the day because of a serious mental illness, PTSD, brain injury or developmental disability, alcohol or drugs, chronic physical illness, or physical disability.

4. Cost Savings of Housing Chronically Street Homeless in Permanent Supportive Housing (PSH)

- The estimated average annual cost of services per capita for PSH clients is 50% lower than for the chronically street homeless (\$51,587 vs. \$100,759).
- The potential cost savings of housing the homeless are significant for the chronically street homeless who are the most heavy service users, and in particular for those in the upper decile of costs. **We find that 10% of the chronically street homeless incur annual costs higher than \$439,787**, whereas the most costly 10% of those in PSH incur annual costs in excess of only \$55,332.
- Taking into consideration the average cost of services per capita, we estimate a cost savings of approximately \$42 million per year if all Orange County chronically homeless were placed into PSH.

Key Finding: The cost savings data on housing the homeless in general, and particularly the chronically street homeless, show a consistent and compelling pattern: costs are markedly lower among the homeless who are housed, and this is especially true for the chronically homeless.

PRELIMINARY RECOMMENDATIONS

This study clearly demonstrates that housing the homeless reduces systemic costs that can be reallocated to other priorities. The study also provides the basis for action in Orange County, in an aligned and collaborative fashion, amongst all stakeholders, including the County, our 34 municipalities and the private sector, including nonprofits and business. As such, we offer the following immediate and actionable recommendations resulting from the study's findings.

1. **Create a better community-wide understanding of “who are our homeless” based upon the profile of OC’s homeless identified from the cost study.** Orange County’s homeless are our own, and we have to work collectively to develop the right solutions for our community as a whole.
2. **Formalize a countywide collective impact effort to end homelessness with a shared set of goals and agreed upon respective roles,** to include the County of Orange, ACC-OC and city officials, the business, nonprofit and faith-based communities.
3. **Develop specific numeric goals for the creation of housing unit types needed for the varying homeless populations and an agreed-upon time-bound action plan to increase housing stock** (e.g. Emergency Shelter, Transitional/Interim Housing, Permanent Supportive Housing and Rapid Rehousing).
4. **Prioritize populations to be housed first, start with housing the top 10% of the chronically homeless in Orange County immediately.** If these individuals – the chronic homeless on the streets or in emergency shelters -- remain homeless, their service, criminal justice, and hospital and health care costs are likely to be at least \$433,845 per year, and very likely even higher. Thus, we need to create a robust system of care using those meeting with success in other communities as models for Orange County which will also support Recommendation #2.
5. **Assess and map current public and private funding and resources dedicated or available to address homelessness in Orange County and create strategic public-private partnerships to bridge existing gaps and redeploy existing resources** in alignment and collaboration with the goals set to end homelessness.

The strength of this study has been the collaborative efforts and input of Orange County’s leaders on homelessness.

As we bring this project to a close, we invite your questions and feedback.

Please send any questions you may have regarding the study and key findings to:

Dr. David Snow, Distinguished Professor of Sociology, University of California, Irvine: dsnow@uci.edu

To provide any feedback on the preliminary recommendations please contact:

Carla Vargas, Chief Operating Officer, Orange County United Way: carlav@unitedwayoc.org

ADVISORY COMMITTEE

Whitney Ayers, Regional Vice President, Orange County, Hospital Association of Southern California
Julia Bidwell, Deputy Director for Housing and Community Development, Orange County Community Resources, County of Orange
Helen Cameron, Director of Supportive Housing, Jamboree Housing Corporation
Max Gardner, President and Chief Executive Officer, Orange County United Way
Kimberly Goll, Executive Director, Children & Families Commission of Orange County
Larry Haynes, Executive Director, Mercy House and Chair of Prevention and Outreach Workgroups of Commission to End Homelessness
Becks Heyhoe, Housing and Income Program Manager, Orange County United Way
Scott Larson, Executive Director, HomeAid and Chair of Commission to End Homelessness
Karen McGlenn, Chief Executive Officer, Share Our Selves
Carolyn McInerney, Manager of Special Projects, CEO Office, County of Orange
George Searcy, Vice President, Jamboree Housing Corporation
Heather Stratman, Chief Executive Officer, Association of California Cities-OC
Brenyale Toomer-Byas, Director of Housing and Income, Orange County United Way
Carla Vargas, Chief Operating Officer, Orange County United Way
Margie Wakeham, Executive Director, Families Forward
Karen Williams, President & Chief Executive Officer, 2-1-1 OC and Co-Chair of Data Workgroup of Commission to End Homelessness

University of California, Irvine Research Team:

Colin Bernatzky, Graduate Research Assistant, UCI
Rachel Goldberg, Assistant Professor, Department of Sociology, UCI
David Snow, Distinguished Professor of Sociology, UCI
Sara Villalta, Graduate Research Assistant, UCI