

HOMELESSNESS IN ORANGE COUNTY: THE COSTS TO OUR COMMUNITY

EXECUTIVE SUMMARY



GLOSSARY



Bridge Housing is a housing program that provides temporary residence, ranging from six to 24 months, for people experiencing homelessness. It typically includes supportive services to help residents secure some stability and enhance their employability, with many residents being employed. In addition to being referred to as “bridge” and “interim” housing, it is sometimes called “transitional” housing. Whatever the preferred term, its application is much the same: relatively short-term housing that ideally is to function as a conduit to a more permanent housing situation.



Rapid Re-Housing (RRH) is a housing model designed to provide temporary housing assistance to people experiencing homelessness, moving them quickly out of homelessness and into housing, typically for six months or less. It provides time-limited assistance for market-rate rental units that covers move-in costs, deposits and rental and/or utility assistance.



Permanent Supportive Housing (PSH) is a program designed to provide housing (project- and tenant-based) and supportive services on a long-term basis to formerly chronic homeless people. In addition to being homeless, clients are required to have a disability. As such, clients are typically categorized as chronically homeless. The program is based on a “housing first” approach to homelessness.



Chronically Homeless Individuals refer to those homeless who have been continuously homeless for one year or more, or who have experienced at least four episodes of homelessness in the last three years where the combined length of time homeless in those occasions is at least 12 months, and who have a diagnosable disability (e.g., serious mental illness, developmental disability, post-traumatic stress disorder, substance use disorder, cognitive impairments resulting from a brain injury or chronic physical illness or disability).

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 were unsheltered) on any given night, and 15,291 people were expected to be homeless over the course of the year. This equates to one in 200 Orange County residents experiencing at least one night of homelessness during 2015. 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 of 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 Orange County (211OC), 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 were gathered through questionnaires sent to municipalities, hospitals and 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

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 re-housing 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.

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.*

Costs by Housing Categories (Street and Emergency Sheltered Homeless versus those housed in Bridge, Rapid Re-Housing, 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 permanent supportive housing 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 permanent supportive housing (\$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 permanent supportive housing. Similarly, the average annual cost for those housed in rapid re-housing (\$9,175) and bridge 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 permanent supportive housing (\$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.*

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

- The estimated average annual cost of services per capita for permanent supportive housing clients is 50% lower than for the chronically street homeless (\$51,587 versus \$100,759).
- 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 permanent supportive housing.
- The potential cost savings of housing the homeless are even more significant for the chronically street homeless who are the heaviest 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 per person, whereas the most costly 10% of those in permanent supportive housing incur annual costs in excess of only \$55,332.

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.*

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, Bridge Housing, Permanent Supportive Housing and Rapid Re-Housing).
- 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. 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.

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Full report available online at unitedwayoc.org/resources