University of New Mexico

Institute for Social Research

Prepared for: City of Albuquerque Department of Family and Community Services

Specifics & Findings

In this brief: The goal of this research was to study the cost benefit of the Albuquerque, N.M. Housing First program. This study was designed to measure the use and cost of services for a one year period before admission and after admission into the Housing First program.

The full report titled *City of Albuquerque Housing First Cost Study Final Report* can be found at: http://isr.unm.edu/centers/cara/reports/

Main Findings

- The primary finding of a moderate net cost benefit supports the continued use of the Housing First program in Albuquerque. The moderate net cost benefit primarily derives from the large reduction in most service types compared to the cost of the Housing First Program and an increase in inpatient hospital services.

- One year post-Housing First program costs were $27,149 or 3.8% less than the one year pre-Housing First program costs. This amounted to an average savings of $905 per study group member.

- The total estimated annual cost savings for the 134 eligible study group members was $121,270.

- Importantly, not only is the program cost effective but we also found positive client outcomes as indicated by the study group member interviews.

- The finding of a net cost benefit parallels the findings of other studies that Housing First programs show a relative decrease in costs.

- Emergency room costs decreased $86,383 or 65.9%.

Report in Brief:

City of Albuquerque Housing First Cost Study

The goal of this research is to study the cost benefit of the Albuquerque, N.M. Housing First program. Currently it is not known if the cost benefits that have generally been shown in the literature for similar housing programs extend to the City of Albuquerque Housing First program. This research is specifically designed to study the costs before and after the provision of housing for chronically homeless persons in Albuquerque, N.M. This study has the potential to increase the national understanding of the cost effectiveness of Housing First programs and will be useful for the City of Albuquerque administrators and others to inform housing policy for the target population.

The primary purpose of the City of Albuquerque Housing First program is to provide rental assistance to chronically homeless persons who have behavioral health problems. The Housing First program is administered by the Supportive Housing Coalition of New Mexico. In order to qualify for Housing First, clients must meet three criteria: 1) they must provide proof of homelessness, 2) they must provide proof of low-income, and 3) they must provide proof of a behavioral health disorder.

The Albuquerque program is a scattered site program site and houses clients across the City using more than 45 landlords and began taking clients in October 2005.

The program offers immediate housing to eligible persons referred from case management agencies. While referred persons must be in supportive services prior to receiving housing they are not removed if they are not actively engaged in services or if they leave or are released from services. Individuals cannot self-refer to this program. The only requirement of clients is that they live within the guidelines of their lease.

This report includes a brief literature review, a short methodology section, a brief description of the study sample, and an analysis of study interview and cost data.

Literature Review

Nationally an estimated 200,000 people who experience chronic homelessness tend to have disabling health and behavioral health problems. Estimates suggest that at least 40% have substance use disorders, 25% have some form of physical disability or disabling health condition, and 20% have serious mental illnesses (SAMHSA, 2003). Often individuals have more than one of these conditions. These factors contribute not only to a person's risk for becoming homeless but also to the difficulty he or she experiences in overcoming it.

Previous research on the cost effectiveness of these types of programs (Larimer, Malone, Garner, et al., 2009; Sadowski, Romina, Tyler, VanderWeele, et al., 2009; Perlman and Parvensky, 2006; Mondello, Gass, McLaughlin and Shore, 2007; and Walsh, Duncan, Selz-Campbell, and Vaughn, 2007) has generally shown that Housing First programs are associated with a relative decrease in costs. Housing First programs generally target chronically homeless individuals who often times have severe alcohol problems, substance abuse problems with health care use and costs.

- Emergency shelter costs reduced from $89,488 to $6,740 in the post-time period for a decrease of 93%.

- Study group members reported an average monthly income of $392 prior to entering the program and an average income of $689 at the time of the interview.

- Jail costs decreased from $45,251 in the pre-time period to $1,839 in the post-time period. This is a decrease of 95.9% and $43,412.

- During the pre-time period study group members used outpatient medical services a total of 219 times and 158 times in the post-time frame. Outpatient medical visits decreased by $48,451 and 40%

- On average, study group members reported their housing situation and their quality of life had improved "a lot".

- The Albuquerque program is a scattered site program site and houses clients across the City using more than 45 landlords and began taking clients in October 2005.

Target Audience
Department of Family and Community Services and Mayor's Office, City of Albuquerque; Albuquerque City Council; Albuquerque citizens; other local and state government policymakers; health and human services providers; the business community; and homeless advocates.

Homeless individuals have disproportionately poorer health, and mortality rates are 3.5 to 5 times higher than the general population with average age of death for a homeless person being 47 (MHSA, 2010). The costs chronically homeless individuals accumulate for the communities they dwell in are staggering, reaching upward of millions of dollars per year (Perlman & Parvensky, 2006; Mondello et al., 2007; MHSA, 2010). Through Housing First programs the chronically homeless population's quality of life increases and the cost incurred to the communities they reside in decrease (Perlman & Parvensky, 2006; Mondello et al., 2007; MHSA, 2010).

Study Sample Description

Since the program began in October 2005, 301 clients have been enrolled through mid-March 2011. One hundred thirty-four clients have been discharged from the program. Of the remaining 167 active clients, 134 clients met the criteria of being in the program for 365 day or more for inclusion in the study. Thirty-three active clients had been in the program less than 365 days and so were not eligible.

At the conclusion of our approximately 4 week recruitment period we recruited 33 study group members. We had hoped to recruit more study group members.

Slightly more than 50% of our study group members were male. Almost 50% of the study group members were Hispanic, 37.5% were White, 12.5% were American-Indian, and 1 study group member was African-American. Only 1 study group member self-reported they were a veteran.

Prior to becoming housed in the Housing First program 46.9% reported they were living in an emergency shelter or were in transitional housing for homeless persons, 21.9% reported they had no housing, 12.5% reported they were living with relatives/friends, 12.5% had other living arrangements, 4 reported 'other' living arrangements, and 1 study group member each was in a jail and in a substance abuse treatment facility. We do not know what 'other' living arrangements included.

Interview Findings

In general after becoming housed study group members reported more stable income sources. While they reported more stable income sources fewer of the study group members reported being employed compared to the three years previous to entering the

Methodology

This study follows generally accepted guidelines for conducting this type of cost study. This section describes the methods and data sources used to measure the costs of the Housing First Program. These two methods have been used in previous studies and we used these two methods with some slight modifications.

Interview:

This method focused on an interview. Collected data include questions about study group member's income status and employment, quality of life, length of time lived in Albuquerque, date of birth, race/ethnicity, lifetime homelessness, and whether study group members had a case manager.

Service and Cost Data:

This method relied on the collection of service and cost data collected and maintained by various Albuquerque agencies. This includes emergency room, inpatient medical, inpatient behavioral health, outpatient medical, outpatient behavioral health, detoxification services, ambulance services, fire department response services, jail bookings, case management, and shelter utilization. We also collected local arrest histories to document the number of arrests pre - and post-housing.

Adjusting Costs:

In order to compare the cost of care provided to study group members in previous years to the current year it is necessary to normalize the costs. Due to time and budget constraints we decided to inflate previous years' costs to current year levels by using the U.S. currency inflation rate rather than try to determine a medical cost inflation rate. Results from several U.S. currency inflation rate calculators were similar suggesting stability in the method chosen. Using U.S. currency inflation rates which are lower than the inflation rates of medical costs also allow the study's results to remain conservative and not over estimate costs incurred by clients in past years (BLS CPI, 2011; WSJ, 2009).

program. At the time of the interview almost 75% (24) of the study group members reported being retired/disabled. When asked about changes in measures of daily living, on average, study group members reported that since becoming housed they were very satisfied with the program and their quality of life had improved greatly. Study group members were also asked about their satisfaction with their housing situation since entering the program and whether their quality of life had improved since entering the program. On average, study group members reported their housing situation had improved "a lot" and their quality of life had improved "a lot".

Cost Analysis

This section reports on the cost analysis which was the focus of the study. The cost study was designed to measure the use and cost of services (jail bookings, emergency shelter use, hospital based emergency room and inpatient medical services, publicly funded alcohol and drug detoxification and treatment services, inpatient and outpatient mental health services, and ambulance services) for a one year period before admission and after admission into the Housing First program.

Because agencies collect and maintain service and cost information in a variety of formats it was necessary to collect and receive information in a number of different formats and then to standardize these various service and cost formats for analysis and reporting. In order to compare real dollars across time it was necessary to use an inflation calculator. The method used is discussed in the Methodology section.

Considering the different cost types, the one year post-Housing First program costs were $27,149 or 3.8% less than the one year pre-Housing First program costs (Table 1). This amounted to an average savings of $905 per study group member.

Utilization of emergency room care, ambulance transports, medical outpatient, mental health inpatient, substance abuse outpatient, detoxification, emergency shelters, and jails were reduced by participation in the program. Medical inpatient and mental health outpatient experienced increases from the one year pre-time period to the one year post-time period (See Figure 1 on page 4).

For several reasons the costs in this report are conservative. First, as discussed earlier we were not able to collect complete shelter and subsidized housing data for the one year pre-time period. Second, we were unable to gain consent for all study group members for one service provider. Based on the data for this service provider we were able to collect for consenting study group members we believe the pre-study costs would have increased compared to the post-study costs if we had been able to collect information for all study group members. Third, two of four hospitals did not participate in the study. One of the two hospitals required another consent form we were not able to get approved for this study and the second hospital chose not to participate. Fourth, several study group members self-reported not being homeless the entire year previous to entering the program and several reported not living in Albuquerque the year previous to entering the program. Fifth, the method chosen to normalize costs was conservative.

Conclusion

In general, study group members after becoming housed reported improvements in their lives. This includes more stable income sources, Study group members also reported that since becoming housed they were very satisfied with the program and their quality of life had improved greatly. On average, study group members reported their housing situation and their quality of life had improved "a lot".

Considering all the cost types the one year post-Housing First program costs were $27,149 or 3.8% less than the one year pre-Housing First program costs. This amounted to an average savings of $905 per study group member. The total estimated annual cost savings for the 134 eligible study group members was $121,270. Costs are reported as real costs and not actual costs, which is an improvement upon prior studies.

Utilization of emergency room care, ambulance transports, medical outpatient, mental health inpatient, substance abuse outpatient, detoxification, emergency shelters, and jails were reduced by participation in the program. Medical inpatient and mental health outpatient experienced increases from the one year pre-time period to the one year post-time period.

Similar to other studies that have been completed in different cities around the nation on the cost effectiveness of housing first programs this study found a net cost benefit. While the estimated benefit is small the methods used to calculate this benefit are conservative. With more complete information we believe this benefit would have been greater. Importantly, not only is the program cost effective but we also found positive client outcomes as indicated by the study group member

Table 1 Housing First Program One Year Cost Comparison				
	1 Year Pre-Housing First Program Cost	1 Year Post-Hosing First Program Cost	Cost Difference	Percent Difference
Total Cost with Housing First Program Costs	$717,006	$689,858	($27,149)	(3.8%)

interviews. Together these two findings can be used to inform public policy regarding the Housing First program. 🦅

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Figure 1. Housing First Program One Year Cost Comparison by Category