ENDING CHRONIC HOMELESSNESS

ABOUT THIS REPORT

Social Impact Research (SIR) reports are a resource to help donors learn about social issues affecting at-risk populations and identify high-performing organizations that are addressing those issues. SIR believes that rigorous information on a targeted social issue provides the best starting point for measuring nonprofit performance. Drawing on current research and interviews with experts from government, academia, nonprofits, and foundations, social issue reports provide information about the scope of an issue and the population impacted by it. It then provides a recommended approach for addressing it. This report is complemented by state reports, which provide local context, and the guide to giving, which provides criteria for evaluating nonprofits based on the recommended approach described in this report.

DEFINITION

According to the United States Department of Housing and Urban Development (HUD), chronically homeless individuals are those who have a disability, such as mental illness, drug dependency, or a physical impairment, who have been living in a place unsuitable for habitation or a homeless shelter for one continuous year or four incidents of homelessness in three years.¹,²

SOCIAL ISSUE REPORT SUMMARY

SIR found that programs that house chronically homeless persons without preconditions, such as sobriety and mental health treatment, and that provide support services can end chronic homelessness. This approach is known as housing first:

- In 2010, 107,289 chronically homeless individuals lived on U.S. city streets and in shelters.³ For more on the context of chronic homelessness, see page 2.
- High-performing nonprofits employing the housing first approach use effective outreach and intake, are consumer-driven, and provide support services to individuals. For more on the characteristics of high-performing organizations, see page 3.
- Successful programs have significantly reduced emergency care costs and improved the quality of life of formerly chronically homeless persons. For more on the return on investment, see page 5.

FACTS: CHRONIC HOMELESSNESS IN THE UNITED STATES

Chronic homelessness is a serious issue and proven interventions have led to strong progress on ending chronic homelessness by 2015. As demonstrated in the social issue indicators, chronic homelessness fell by 60,000 cases from 2005 to 2010. This substantial change indicates the potential for long-term success in ending chronic homelessness in a given region is evaluated using the total number of chronic homeless persons. This number is determined by local shelters using city-wide point-in-time (PIT) counts, in which volunteers count the number of homeless persons in shelters and on the street on a given night. PIT counts are analyzed in conjunction with local data collected through shelter and street outreach to determine the number of chronically homeless persons.⁴ This data can be aggregated at state and national levels.

In the graph to the right, data for 2005-2010 is from Annual Homelessness Assessments.¹ Data for 2011-2015 shows projections from the federal plan to end homelessness.⁵,⁶ Authored by the United States Interagency Council on Housing and Homelessness, “The Federal Plan to End Homelessness” calls for an end to chronic and veteran homelessness by 2015 and an end to family, youth, and child homelessness by 2020.
Homelessness is not only an economic status, but a condition that has severe mental and physical effects on the individual. Homeless persons are exposed to harsh climates, violence, and drug use, which thereby increase risk of incarceration, hospitalization, and substance abuse. The day-to-day life of homelessness can exacerbate symptoms of mental illness and concomitantly reduce access to mental health care. Each year, between 2.3 and 3.5 million individuals experience a period of homelessness. While most of this population is able to recover and regain a permanent home with support from family or social services, around 17 percent of them remain homeless for long periods or experience intermittent episodes of homelessness. This second group is referred to as chronically homeless, and is the focus of this report.

Chronic homelessness is an extreme form of poverty. While the risk factors for homelessness are applicable to both temporary and chronic homelessness, chronic homelessness involves an additional set of risk factors, which limit a person from finding a stable home and ending his or her homelessness.

### FIGURE 1: RISK FACTORS TO HOMELESSNESS
- Lack of income
- Unexpected healthcare costs
- Lack of affordable housing

### FIGURE 2: TRENDS IN CHRONIC HOMELESSNESS

<table>
<thead>
<tr>
<th></th>
<th>Population decreased by more than half</th>
<th>No change in population</th>
<th>Population increased by more than half</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of communities</td>
<td>13%</td>
<td>4%</td>
<td>16%</td>
</tr>
<tr>
<td>Total change</td>
<td>23,116 persons</td>
<td>0</td>
<td>15,320 persons</td>
</tr>
</tbody>
</table>

### PROGRESS IN REDUCING CHRONIC HOMELESSNESS

The federal government’s prioritization of addressing chronic homelessness, coupled with regional government and nonprofit interest, has led to significant progress towards ending chronic homelessness. Many cities and regions throughout the country have effectively reduced chronic homelessness since implementing the housing first approach and creating local plans to end chronic homelessness (see approaches section on page 3 for a description of housing first). Nationwide, the number of chronically homeless individuals fell by 30 percent from 2005 to 2008, and dropped by another 11 percent from 2008 to 2009. Portland, Maine, Denver, Boston, and New York City have noted significant declines in chronic homelessness and Worcester, Massachusetts stands out as a particularly hopeful case (see sidebar: Ending Homelessness in Worcester). Housing first evaluations from Denver, Colorado and Quincy, Massachusetts suggest that ending chronic homelessness is possible.

As Figure 2 illustrates, progress on ending chronic homelessness is not uniform, but concentrated in a number of high-performing communities. Just 13 percent of communities that administer HUD homelessness initiatives accounted for reducing chronic homelessness by more than 23,000, while the lowest-performing communities accounted for an increase of more than 15,000 cases. Progress is possible and proven, but must be supported by high-performing housing programs and competent policies at the local, regional, and national levels.

The striking progress towards ending chronic homelessness presents an opportunity for a real and lasting impact. An estimated 90,000 additional housing units, whether newly constructed or consisting of existing structures, are needed to eliminate chronic homelessness in the United States and there is substantial cooperation among the national government, regional governments, and nonprofits in achieving this goal. “The Federal Plan to End Homelessness” lays out expectations to house all chronically homeless individuals by 2015, with cooperation from regional governments and local nonprofits. Over 300 city or regional plans to end or significantly reduce chronic homelessness are currently in use, as well as the nonprofit-led 100,000 Homes Project, which advocates for an end to chronic homelessness by 2013.

### ENDING CHRONIC HOMELESSNESS IN WORCESTER, MASSACHUSETTS

With the guidance of the Massachusetts Housing and Shelter Alliance, several Massachusetts communities have embraced the housing first approach and are experiencing dramatic progress towards ending homelessness. Worcester is a particularly strong example.

Worcester convened a task force on homelessness, which in 2007 released a three-year plan to end homelessness in the area. The task force prioritized housing first for chronically homeless persons and required a new mindset in which sobriety restrictions were eliminated, individuals defined their own goals, and housing was provided without preconditions. The plan was implemented with the participation of Community Healthlink, the South Middlesex Opportunity Council, Home Again, and the Massachusetts Housing and Shelter Alliance.

As of January 2011, most of the area’s chronically homeless persons were re-housed and chronic homelessness has nearly ended in Worcester. The city has now entered a new phase: continuing to prevent chronic homelessness and providing support to retain formerly chronic homeless persons in housing.
There are two main approaches to ending chronic homelessness: continuum of care and housing first. Continuum of care is a method of preparing individuals for housing through a set of designated treatments that culminate in placing the individual in a permanent home. This has long been the preferred approach to addressing all types of homelessness, including chronic homelessness. The housing first approach was developed for adults with psychiatric disabilities by Pathways to Housing in 1992 to improve housing retention rates and decrease the cost of chronic homelessness. The two approaches differ in philosophy and methodology, as seen in Figure 4, as well as outcomes.

- **Continuum of Care (CoC):** CoC is based on the philosophy that chronically homeless persons require mental health and substance abuse treatment, delivered through a comprehensive set of services, in order to prepare them for housing. In this framework, chronically homeless persons are accountable to the staff and confirm their readiness for housing by demonstrating sobriety and participation in treatment. In this approach, chronically homeless individuals first live in temporary shelters with shared living spaces and on-site treatment. If individuals demonstrate sobriety, participate in treatment, and show progress in self-reliance, they are transferred to transitional housing where they experience greater independence. If individuals continue to make progress, the program provides housing with sustained treatment. Chronically homeless persons live in an independent living space while maintaining sobriety and participating in treatment programs. The rate of success in keeping chronically homeless individuals housed is low using this approach because individuals find the requirements difficult to adhere to and often become discouraged by what they perceive as a lack of respect afforded them in the system. The term “continuum of care” is also the HUD term for regional administrative units which provide housing and shelter services for homeless individuals; in this report we refer to CoC as the philosophy outlined above.

- **Housing First:** The housing first approach is based on consumer choice and designed to remove all barriers to housing. Housing first consists of outreach to local chronically homeless persons, rapid housing of those persons, and the availability of supportive services. Several studies have found that this approach has increased residential stability and reduced the costs of emergency services without sacrificing the benefits of treatment. In this approach, housing is considered to be a pre-condition to self-improvement and consumers are accountable to their landlords as tenants rather than to the staff as clients. Consumers pay 30 percent of their income (often from supplementary security income, a federal stipend for persons with disabilities) towards rent and the difference is paid by the nonprofit, primarily using HUD funding. Individuals are assisted in their transition to tenancy by support teams that help connect them to the social services they need in the community as well as providing 24 hour emergency support.

Housing first has been extensively evaluated by economists, sociologists, and psychologists and proven to be particularly effective at reducing chronic homelessness. As compared to CoC, organizations using the housing first approach are able to help a very high percentage of consumers retain their housing, effectively connect individuals to government and nonprofit services, and achieve a strong record of treating mental illness and drug addiction. Furthermore, the housing first approach has been shown to be based on a greater mutual respect between the service providers, the state and national government, and homeless people. Most importantly, housing first has been proven to keep consumers stably housed over the long term, as seen in Figure 3.

![FIGURE 3: HOUSING STABILITY OVER TWO YEARS](image)

**FIGURE 4: COMPARING CONTINUUM OF CARE AND HOUSING FIRST**

<table>
<thead>
<tr>
<th></th>
<th>Guiding Principle</th>
<th>First Steps</th>
<th>Housing Types</th>
<th>Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuum of Care</td>
<td>Prepare individuals for housing through treatment</td>
<td>Treatment</td>
<td>Communal</td>
<td>Nonprofit</td>
</tr>
<tr>
<td>Housing First</td>
<td>Provide housing to support treatment</td>
<td>Housing</td>
<td>Communal and private</td>
<td>Landlords</td>
</tr>
</tbody>
</table>
CHARACTERISTICS OF THE HOUSING FIRST APPROACH

Housing first is implemented in various ways and SIR recognizes the need to adapt the program to match the uniqueness of a given community. Housing in the program can consist of scattered sites rented from landlords and project-based locations, operated by the nonprofit. Consumers are offered their choice among several housing options and are given the opportunity to change locations if their choice proves ill-fitting. While permanent housing is a fundamental element of housing first, it is not enough to be defined as housing first. In addition to permanent housing, SIR has identified the essential components of housing first to be effective outreach and intake, a consumer-driven mindset, and the provision of support services.

- **Effective outreach and intake process:** Despite its name, housing first does not begin with housing; it begins with outreach, intake, and assessment. This process must effectively reach out to chronically homeless individuals in the neighborhood who may be living in shelters or on the street. The intake process includes a general assessment to ensure that individuals qualify as chronically homeless, meeting the HUD definition and/or the organization's criteria for housing. Those who do not qualify are referred to other housing and treatment options. After intake, qualified applicants begin the process of finding an acceptable home. During this time, the individuals are housed in a triage facility or hotel room with similar stipulations to their permanent housing; they are only required to be good tenants. Treatment can begin at this stage, but is not required or given as a precondition to housing.

- **Consumer-driven mindset:** At its core, housing first is based on treating individuals as consumers whose needs must be met by service providers. Referring to chronically homeless persons as consumers reinforces the concept that they are accountable to landlords as tenants, rather than to nonprofits as beneficiaries. A central tenet of a consumer-driven mindset is choice. Consumers should have the right to choose to undergo treatment for mental illness or substance abuse. A consumer-driven mindset also features multiple housing options, no requirements for housing, and a provision of services based on consumer demand.

- **Support services:** The core tenet of support community care is the provision of, or connection to, support services. Services are necessary, but not required, for the individual to maintain stable housing and a basic quality of life standard, and integrate into the community. Support teams, including a healthcare coordinator, tenancy coordinator, and a general case manager, provide or connect consumers to medical treatment, including basic healthcare, mental health services, and rehabilitation for substance abuse. Teams are also responsible for ad-hoc therapy treatment, occasional intervention with landlords, and connecting consumers to government programs, such as Medicaid and Supplemental Security Income. Nonprofit programs can also include workforce development, healthcare, or mentoring. Teams are available 24 hours a day, seven days a week. Support services are offered offsite to facilitate independence and community integration and case managers should make frequent home visits to increase accessibility of services.
Chronic homelessness is a social issue with strong potential for interventions to have positive social and economic outcomes. Because of the relative newness of the housing first approach and the focus on outcomes and consumer satisfaction, rigorous evaluation has become a core component of housing first programs. The result is a wealth of information on the outcomes of housing first programs across the country over the past several years.

Housing first is a proven strategy to reduce and, eventually, end chronic homelessness, improving the quality of life for the chronically homeless and decreasing related costs. Investment in housing first programs is expected to create financial returns to state and federal governments and individual returns to the consumers in improved quality of life. Tremendous progress has been achieved in alleviating chronic homelessness and continued investment in housing first will further this cause.

The Colorado Coalition for the Homeless has provided a strong case for housing first in its evaluation of the outcomes of its Denver program. The evaluation used medical records, prison records, and detox records, rather than self-reported records, to compare 150 consumers’ use of public funds two years prior to and two years after housing. The results, as seen in Figure 5, indicate a total savings of $31,545 per person, or $4,745 after including the costs of housing first. If this level of savings was applied to all 513 chronically homeless individuals in Denver, the city would save nearly $2.5 million in the two years following housing.

The study also found significant changes in housing stability and quality of life for consumers. After two years of participating in housing first, 77 percent of consumers remain housed and 50 percent documented an improvement in health, including 43 percent with improved mental health and 15 percent with decreased substance use. Sixty-four percent of consumers also reported improved overall quality of life, based on health indicators and surveys, and the population more than doubled its monthly earnings.

The outcomes of the Denver housing first program, as well as the results of similar studies in Portland, Maine, select cities in Massachusetts, and New York City, have demonstrated a positive impact of housing first on chronically homeless individuals and public costs.

### FIGURE 5: HOUSING FIRST RESULTS IN DENVER, COLORADO

<table>
<thead>
<tr>
<th>COST</th>
<th>PERCENT CHANGE</th>
<th>CHANGE PER PERSON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total health costs</td>
<td>-44.6%</td>
<td>-$7,755</td>
</tr>
<tr>
<td>Emergency room costs</td>
<td>-34.3%</td>
<td>-$1,804</td>
</tr>
<tr>
<td>Outpatient medical costs</td>
<td>51%</td>
<td>$894</td>
</tr>
<tr>
<td>Inpatient medical costs</td>
<td>-66%</td>
<td>-$6,845</td>
</tr>
<tr>
<td>Total detox costs</td>
<td>-84.2%</td>
<td>-$8,732</td>
</tr>
<tr>
<td>Total incarceration costs</td>
<td>-76.23%</td>
<td>-$1,371</td>
</tr>
<tr>
<td>Total emergency shelter costs</td>
<td>-100%</td>
<td>-$13,688</td>
</tr>
<tr>
<td>Total emergency-related costs</td>
<td>-72.95%</td>
<td>-$31,545</td>
</tr>
<tr>
<td>Cost of housing first services per person</td>
<td>$16,000</td>
<td></td>
</tr>
<tr>
<td>Cost of housing first housing per person</td>
<td>$10,800</td>
<td></td>
</tr>
</tbody>
</table>

### RETURN ON INVESTMENT

**Communities**
- **Reduced crime** after attaining stable housing: chronically homeless individuals participating in housing first programs spent 42 percent fewer days in jail compared to prehousing.
- Greater **availability of shelter beds** and resources for individuals and families experiencing temporary homelessness
- Substantial reductions in shelter, emergency healthcare, detox, and incarceration costs
  - According to the Denver housing first evaluation, public savings amounted to $4,745 per consumer including housing and supportive care costs

**Individuals**
- Improved **quality of life and mental and physical health**
- Greater **economic opportunities** after placement
- Improved **housing stability**: according to a study by Pathways to Housing, 88 percent of housing first consumers remained in stable housing after five years compared to 47 percent of consumers in continuum of care
- Reduced incidences of substance abuse of substances compared to CoC
The success of the housing first approach represents a unique opportunity to improve the lives of some of the most vulnerable segment of our nation’s population and to achieve remarkable financial savings for taxpayers and nonprofits. This approach has been proven in aiding chronically homeless individuals retain housing and combat the mental health and substance abuse problems that made it difficult for them to do so in the past.

In addition to implementing effective intake and outreach, using a consumer-driven approach, and offering support services, high-performing organizations also consider system-wide change by supporting research, outreach, education, and advocacy. In order to encourage its successful realization, continued research on housing first programs is necessary to identify innovations in the field and challenges in its implementation. Outreach to community members is necessary to reduce the barriers to, and apprehensions of, formerly chronically homeless persons integrating themselves into a neighborhood. Advocacy, based on proven research and experience, can effectively create partnerships with nonprofits and government initiatives.

**TAKE ACTION**

There are multiple ways in which donors can support an organization that provides housing and supportive services for chronically homeless individuals. Philanthropic support to housing first programs is much needed. Philanthropy is used to maintain supportive services, for which there is limited government funding. Donors can also support housing first by raising awareness in their communities as well as by volunteering with housing first programs to help individuals integrate into their new communities. As an impressive sign of the impact of housing first, formerly chronic homeless persons are not in need of food aid, but community aid – reaching out to an individual is a needed step for their transition into the community.

**Increase and improve housing options**

- **Volunteer with a housing first organization to decorate or furnish apartments** to welcome tenants into their new homes.
- **Donate** furniture and household items to help furnish new homes. Many nonprofits accept furniture donations, while others may prefer to accept donations through partners such as Goodwill.
- **Lease** available apartments to housing first programs.

**Enable integration into the community**

- **Volunteer with a housing first organization** to introduce formerly chronic homeless persons to community groups and activities.
- **Involve** formerly chronic homeless persons in local governance, such as parent-teacher associations and community development corporations.

**Raise Awareness**

- **Support** a program as a board or planning committee member of a housing first nonprofit.
- **Talk** about the issue of chronic homelessness with your friends and family and discuss the successes of housing first.
- **Advocate** for legislation and funding that supports housing first programs through letter-writing, calling, or visiting your representatives.

To learn more about ending chronic homelessness in Massachusetts or New York, refer to SIR’s state reports. For a guide to selecting high-performing housing first organizations, please refer to SIR’s guide to giving.
ENDNOTES


2. SIR uses the HUD definition of chronic homelessness to reflect its widespread use in HUD housing first funding for organizations.


4. Ibid.


6. Long-term homeless individuals who do not have disabilities or drug dependency are a similar demographic to the HUD-defined chronically homeless and are referred to as long-term stayers. In this report SIR uses the HUD definition because of its importance in obtaining funding for housing programs, but the following discussion can be similarly applied to long-term stayers.


13. Corporation for Supportive Housing, “Reaching the Goal of 150,000 Units: How Close Are We?” (2008).


18. Housing first participants are referred to as consumers to highlight the perception of the program as being based on satisfaction of the chronic homeless.


22. Ibid.


31. Ibid.


Social Impact Research (SIR) is the independent research department of Root Cause, a research and consulting firm dedicated to mobilizing the nonprofit, public, and business sectors to work together in a new social impact market. SIR aggregates, analyzes, and disseminates information to help donors identify and support the most effective, efficient, and sustainable organizations working to solve social problems. Modeled after private sector equity research firms, SIR produces research reports, analyzes philanthropic portfolios, and provides educational services for advisors to help their clients make effective and rigorous philanthropic decisions.