

# Permanent Supportive Housing

## An Alternative to Hospitalization and Incarceration for People Experiencing Homelessness, Mental Illness and Other Disabilities

**RECOMMENDATION:** Use existing local, state, and federal resources to provide permanent supportive housing to individuals experiencing or at risk of homelessness, mental illness and other disabilities.

This brief provides an overview of a prevailing housing and services model that community-based programs and state mental health agencies are employing to address housing instability for people experiencing mental illness.

### An Effective Intervention to Reduce Hospitalization

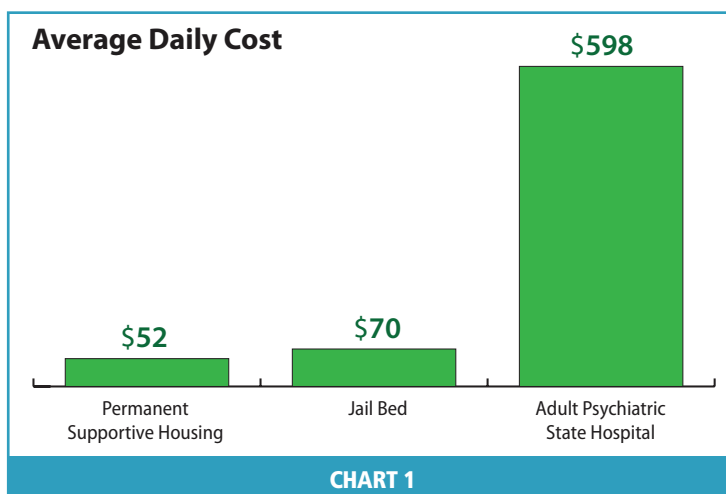
Permanent supportive housing—affordable rental housing with supportive services—has proven itself effective in both housing a population that has multiple barriers to housing and reducing costs to public systems. For this reason, the federal government and several state and local governments have prioritized it as a response to housing instability and homelessness for people experiencing disabilities such as mental illness, substance abuse disorders, and chronic health conditions.

This model is often used as a preventive measure. It is also often targeted to people with mental and physical disabilities and/or people who experience chronic or long-term homelessness. The U.S. Department of Housing and Urban Development (HUD) defines a chronically homeless person as an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more or has had at least four episodes of homelessness in the past three years. A disabling condition is defined as a diagnosable substance abuse disorder, serious mental illness, developmental disability, or chronic physical illness or disability including AIDS or a disabling condition due to HIV, including the co-occurrence of two or more of these conditions.<sup>1</sup>

### Chart 1: Cost Comparison

#### Improved Client Outcomes and Cost Savings

Local and national data proves that permanent supportive housing improves client outcomes and reduces costs to public systems. Chart 1 compares the cost of permanent supportive housing—in Virginia Supportive Housing's A Place To Start program—to jail and hospital use.



A cost analysis of permanent supportive housing in the Greater Portland area of Maine found:

- The average cost of services consumed by participants were cut in half after entry into permanent supportive housing;
- After being housed, tenants received 35 percent more mental health services at 41 percent less the cost due to a shift away from expensive emergency and psychiatric inpatient care to less expensive community-based mental health services;
- Emergency room costs were reduced by 62 percent;
- Health care costs were reduced by 59 percent;
- Ambulance transportation costs were reduced by 66 percent;
- Incarceration was reduced by 62 percent;
- The average annual cost of care savings in the first year was \$944 per person and the total annual cost savings was approximately \$93,000 for all 99 tenants participating in the study.<sup>2</sup>

### Example from Tennessee

**87% statewide decrease in re-hospitalization for persons in permanent supportive housing**

The Tennessee Department of Mental Health and Developmental Disabilities determined that it needed to take primary responsibility to ensure adequate housing options for people with mental illness and co-occurring disorders. The Department launched the "Creating Homes Initiative" (CHI) in 2001 to make housing a priority of local and state mental health agencies

(continued)

in serving people experiencing mental illness. CHI's goal is to improve the opportunity for Tennesseans diagnosed with mental illness and co-occurring disorders to live, thrive, and contribute to their communities in the least-restrictive settings that are consistent with their needs and choices.<sup>3</sup>

With an initial \$2.5 million in funding, CHI has leveraged over \$259 million in new federal, state, local and private funds. These dollars have resulted in the development of over 7,200 permanent, safe, affordable, quality housing units for persons with mental illness and co-occurring disorders along a continuum of housing need.

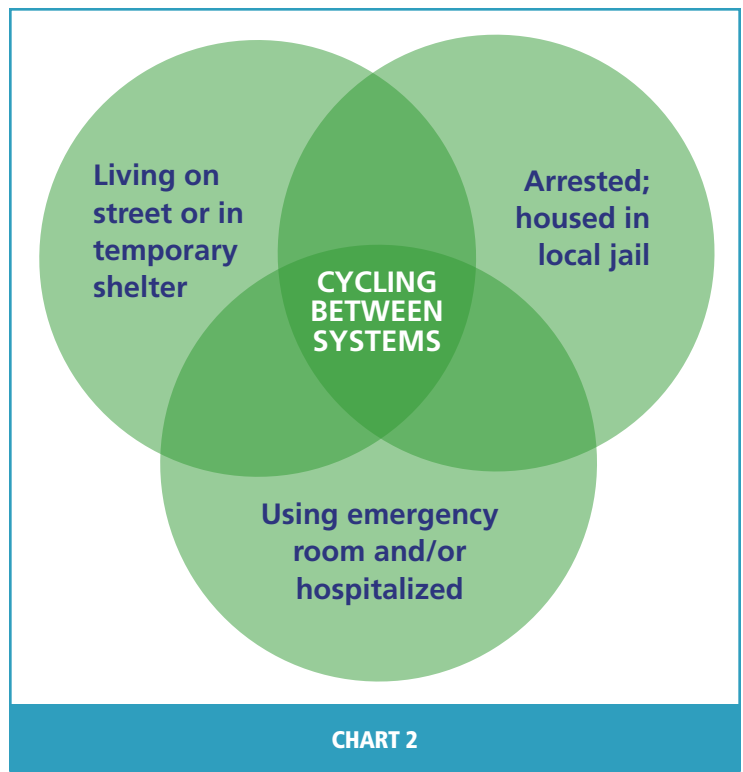
CHI housing ranges from group housing with on-site staff and 24 hour care, partially supervised group housing with staff on-site, group homes and residential facilities, permanent supportive housing, private market rental housing, and home ownership. The type of housing for each client is based on an assessment of each individual's needs. In addition to improving quality of life for consumers, CHI has decreased hospitalization for those in CHI housing by 87 percent.

## Frequent Users of Public Systems

There is a small yet expensive cohort of vulnerable people caught in a tragic spiral of crisis and institutional services - services that represent enormous public expense but achieve few or no positive gains. (Depicted in Chart 2)

A small subset of the homeless population bounces between emergency shelter, emergency rooms, hospitals, and jails. For those with criminal backgrounds, stable housing has been shown to reduce recidivism. Data has demonstrated that permanent housing with wrap around services has created a:

- 76 percent reduction in days spent in jail / prison in Denver;
- 57 percent reduction in the rate of prison incarceration; and



- a 30 percent reduction in the rate of jail incarceration among those with mental illness in New York; and
- decreased recidivism from 50 percent to 7 percent in Maryland.

## Chart 2: Bouncing from expensive system to expensive system

Permanent supportive housing is an evidence based practice for preventing homelessness, hospitalization, and jail and prison recidivism for a subset of the homeless and mentally ill population. Virginia should invest in this resource to provide community-based housing options for people experiencing mental illness and other disabilities. ◇

## Endnotes

- 1 U.S. Department of Housing and Urban Development. SuperNOFA for HUD's Discretionary Programs: Fiscal Year 2007. Washington, DC.
- 2 Mondello, M., Gass, A., McLaughlin, T., Shore, N. 2007. Cost of Homelessness: Cost Analysis of Permanent Supportive Housing. State of Maine – Greater Portland. Corporation for Supportive Housing, MaineHousing, Maine Department of Health and Human Services.
- 3 Tennessee Department of Mental Health and Developmental Disabilities Division of Recovery Services and Planning. Tennessee Creating Homes Initiative. March 2009.