

LOGAN PLACE

Bringing Chronically Homeless People Home for Good

COST ANALYSIS REPORT



Preble Street



ACKNOWLEDGEMENTS

We are very grateful to Logan Place tenants for helping us learn about the cost-effectiveness of this housing approach.

Staff at Shalom House and Logan Place also played a vital role in serving as interviewers for this study. Their involvement was critical to our ability to collect the data.

The wide scope of the study required us to obtain data from many different sources. For some providers this turned out to be a complicated and expensive process, and we gratefully acknowledge their involvement. Thanks are due to:

- MaineCare (Medicaid)
- Maine Medical Center
- Mercy Hospital
- Portland Fire Department
- Oxford Street Shelter
- Milestone Foundation
- Cumberland County Jail
- Portland Homeless Health Clinic
- Riverview Spring Harbor Hospital
- Portland Police Department.

We would like to express our thanks to Maine State Housing Authority for proposing this study, applying for necessary funding, and overseeing the process. Finally, the Maine Department of Health and Human Services and the Corporation for Supportive Housing provided funding, without which this study would not have been possible.

Data in this report were excerpted from “Cost of Homelessness Study: Cost Analysis of Permanent Supportive Housing,” September 2007. The report was prepared by:

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EXECUTIVE SUMMARY

Logan Place¹ is a cost-effective approach to creating stability for people with a long-term history of homelessness with accompanying mental illness, substance abuse, or co-occurring disorders. An independent study has shown that, after one year, Logan Place **reduced total system costs**, and **resulted in better outcomes** for formerly homeless tenants.² This also helped to relieve stress on Portland's system of emergency care.

Logan Place offers 30 efficiency apartments for individuals with a history of chronic homelessness. Tenants must also be diagnosed with mental illness, substance abuse issues, or co-occurring disorders. Logan Place uses the Housing First model, meaning that tenants do not have to be in recovery from mental illness or substance abuse at the time they move in. The housing comes first, and the services needed to help tenants remain housed are provided. Staff is on site 24 hours a day, seven days a week.

A total of 24 Logan Place tenants participated in the study. Highlights include:

- ▣ An average savings of **\$972** per participant during the year following entry into Logan Place.
- ▣ A virtual elimination in the use of emergency shelter beds. Usage declined from **5,163 to 140 bed nights**, a **97% decrease** and a **95% (\$162,114)** cost reduction
- ▣ A reduction of **35% (\$84,340)** in the total cost of mental health care used by tenants, despite a dramatic **93% increase** in contacts. This, along with a **70% (\$191,548) reduction** in physical health care services, demonstrates a shift away from high cost emergency and inpatient services.
- ▣ Greater stability resulted in an **88% decrease (from 176 to 21)** in jail nights by Logan Place tenants, as well as **81% fewer** police contacts, saving the law enforcement system **\$24,272** annually.

These preliminary results demonstrate that placing homeless people with disabilities in Logan Place resulted in significant cost shifting away from relatively expensive emergency services to less expensive outpatient and community-based assistance. In the 12 months following tenants' placement, the system of care spent **\$23,328 less** than it did for the same group of people the year prior to being housed. Along with significant cost savings, benefits included improved consumer quality of life and reduced stress on the emergency care and response system.

Still unknown is how service utilization changes over time when homeless people remain in Logan Place. Once study participants reach the end of their second year of housing, the scope of the study will widen to include data from the two years before and two years following their move-in date. This will provide more insight into how Logan Place helps formerly homeless tenants achieve greater stability, improve their quality of life, and reduce dependence on emergency services.

¹ Logan Place was developed through a partnership between Preble Street and Avesta Housing. Preble Street provides the services to tenants, and Avesta owns and manages the property.

² The Logan Place results are part of a larger study being conducted by the Maine State Housing Authority with funding assistance from the Corporation for Supportive Housing and the Maine Department of Health and Human Services. The study is examining the costs of serving homeless people before and after their entry into Logan Place, looking at emergency shelter usage, police, ambulance, jail, and physical and mental health care. The first step was to collect data for the 12 months before and the 12 months following placement in permanent housing. When complete, the full study will span four years; the two years before and after the participants moved to Logan Place.

LOGAN PLACE RESULTS

Logan Place tenants demonstrated a very different pattern of service utilization the year before and the year after their entry into Logan Place.

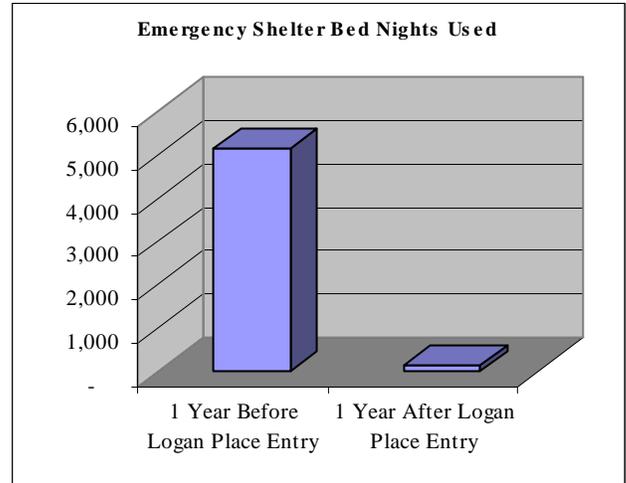
A. Housing

The most dramatic difference seen to date is in use of shelter bed nights. Prior to living in Logan Place, some of these individuals had lived for many years in the City of Portland’s Oxford Street Adult Shelter and Milestone Foundation. In the year after this group moved into Logan Place their shelter usage plummeted 97% to just 140 bed nights. Clearly, Logan Place was highly effective at reducing reliance on emergency shelters for housing.

When Logan Place opened the nightly census at the Oxford Street Shelter immediately dropped. Shelter staff expressed relief that they no longer had to move people to the overflow shelter, which had been an almost nightly occurrence. They also noted a reduction in incidents at the shelter, due in part to less crowded conditions. They were able to focus attention on the newly arrived homeless individuals and help them transition more swiftly out of the shelter.

Reduced bed night usage brought a significant reduction in costs, as well. The cost of sheltering these 24 individuals was \$170,013 in the year before entry into Logan Place, and only \$7,900 the year following, a reduction of 95%.

Figure 1



B. Emergency Services

It is very difficult to manage mental illness, substance abuse, physical health, or co-occurring disorders when living on the streets or in an emergency shelter. Homeless people report that they do not eat or sleep well, and they have difficulty taking medications as prescribed. They may not be able to access preventive care that can help prevent physical and mental health crises. As a result, homeless people living in shelters for long periods can be frequent users of police, ambulance, and 911 emergency services.

As Figure 2 illustrates, Logan Place was very effective at reducing emergency services usage. Ambulance and emergency calls dropped by 66%, while police contacts dropped 80%. Figure 3, below, shows the reduction in emergency services costs before and after the move to Logan Place.

Figure 2

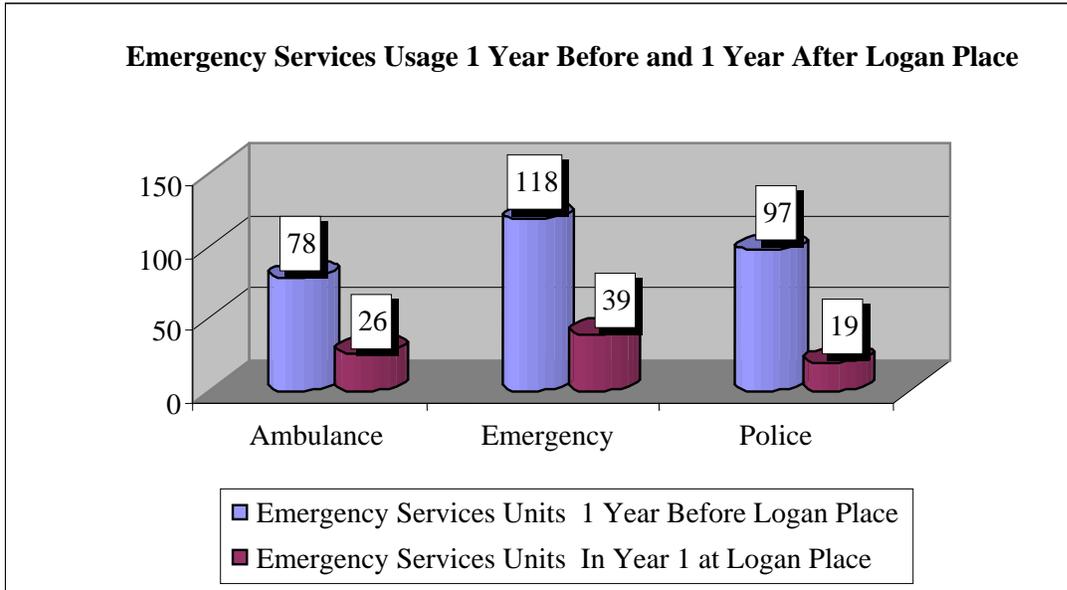


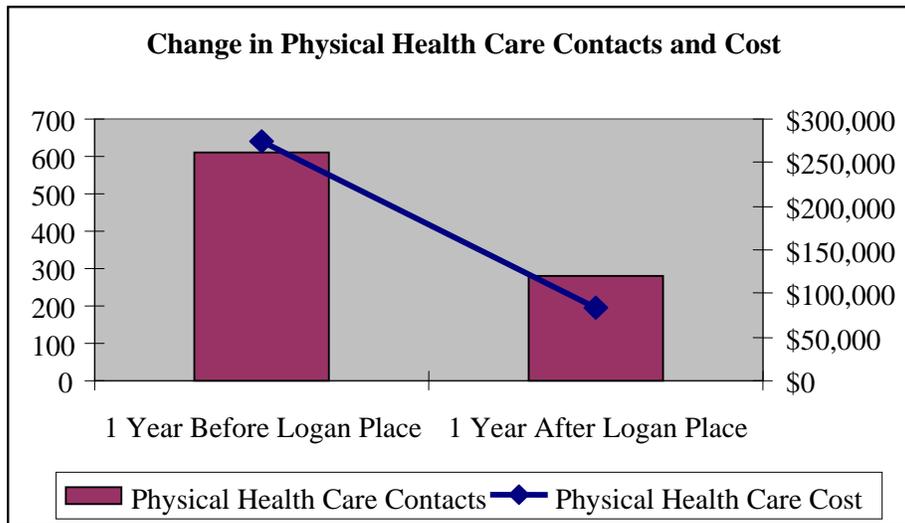
Figure 3

	Service Cost		% Reduction
	1 Year Before Logan Place	1 Year After Logan Place	
Ambulance	\$36,790	\$10,525	71%
Emergency	\$108,109	\$27,713	74%
Police	\$11,682	\$3,525	70%
TOTAL	\$156,581	\$41,764	73%

C. Physical Health & Mental Health Care

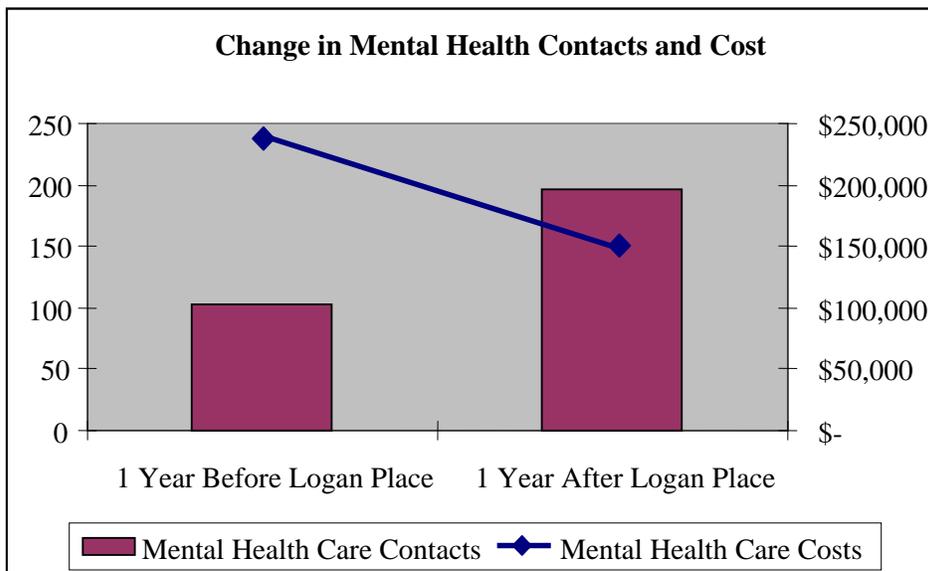
This section examines the cost of providing mental health and physical health care to homeless consumers. We have already noted the difficulty of managing health and mental health while living in emergency shelters. Stressful living conditions exacerbate symptoms and make it difficult to comply with treatment. As a result, homeless people tend to rely on emergency rooms for care, often waiting until they are in a serious health crisis to seek assistance. Their homelessness complicates recovery, and the cycle continues. Figure 4, below, shows that once they moved into Logan Place tenants used fewer physical health care services. They simply needed less frequent medical care.

Figure 4



Interestingly, mental health care services usage almost doubled, from 102 to 197 units of service, yet the cost of this care fell 35% (from \$237,685 to \$153,345). Consumers received almost twice the amount of care for far less cost because they were relying on less expensive outpatient care rather than hospitalization.

Figure 5



D. Jail

Housing instability can lead to greater contact with the criminal justice system. A total of 12 Logan Place tenants had spent time in jail the year prior to their move. In the 12 months afterwards, jail days were reduced 88%. Costs of incarceration for these 12 tenants decreased from \$18,300 to \$2,183.

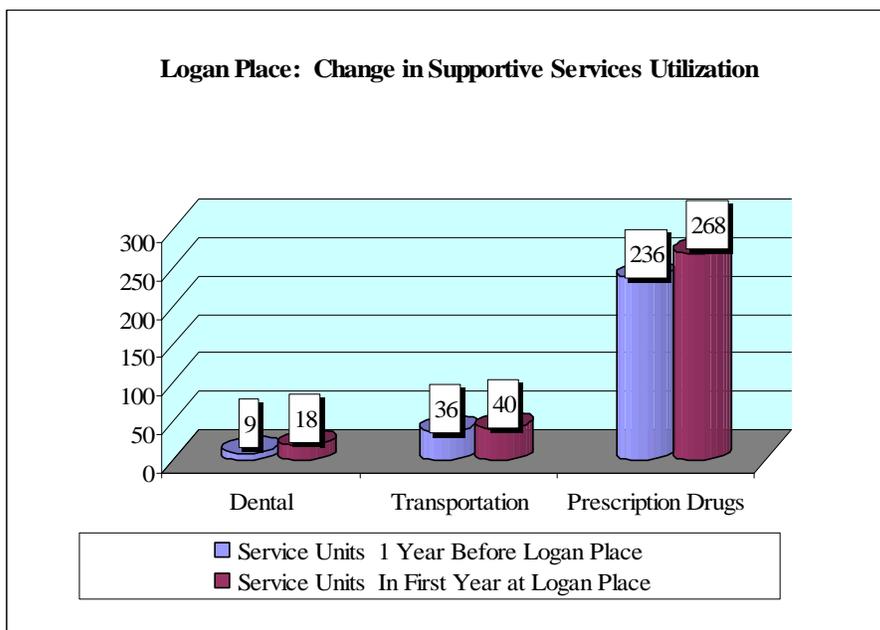


E. Supportive Services

In the year after they moved in, study participants began using sources of assistance and support to a greater extent than they had in the year prior, when they were still homeless. Visits to the dentist doubled, while prescription drug usage increased 14%, and use of transportation assistance edged up slightly.

These gains, while relatively modest, suggest that Logan Place tenants were more interested in improving their own health and wellness, and took advantage of community resources that supported this focus.

Figure 7



CONCLUSION

Moving chronically homeless people out of streets and shelters and into housing is clearly the right moral choice. The Logan Place tenants in this study achieved a better quality of life. They were able to stay out of the shelters, their physical health improved, and many engaged in mental health treatment they had not sought when living on the streets. They had fewer crises, and as a result used far fewer emergency and law enforcement services.

This study of Logan Place demonstrates that it makes economic sense as well. In the first year, overall savings for this group of individuals were modest, averaging \$972 each. Savings are realized when individuals stay out of shelters, rely on less costly outpatient treatment, maintain a healthier lifestyle, and avoid contact with the law enforcement system.

While these savings are largely offset in part by the cost of providing the housing and 24-hour staffing at Logan Place, based on the first year of data we can conclude that Logan Place is a huge success. We are spending less money to get vastly improved outcomes, including both a better quality of life for Logan Place tenants and reduced use of the emergency response system.

Going forward, the study will track housing and services utilization two years before and two years after the 24 tenants moved to Logan Place, which will provide an even clearer picture of the benefits this model offers.