



DEPARTMENT OF
HOUSING AND HUMAN CONCERNS
 COUNTY OF MAUI

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December 22, 2015

Honorable Alan M. Arakawa
 Mayor, County of Maui
 200 South High Street
 Wailuku, Hawaii 96793

For Transmittal to:

Honorable Riki Hokama
 Chair, Budget and Finance Committee
 Maui County Council
 200 South High Street
 Wailuku, Hawaii 96793

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 OFFICE OF THE
 COUNTY COUNCIL

APPROVED FOR TRANSMITTAL

Alan Arakawa 12/22/15
 Mayor Date

Dear Chair Hokama:

SUBJECT: AMENDMENTS TO THE FISCAL YEAR 2016 BUDGET (GRANT TO MAUI FAMILY LIFE CENTER; GRANT TO KA HALE A KE OLA; ESTABLISHING A HOMELESS PROGRAMS DIVISION; AND ACQUISITION OF SPACEMAX SHELTER UNITS) (BF-38(26))

Thank you for your correspondence of December 14 requesting how the Department intends to offset the cost of these new services so that increased burden on the General Fund and Maui County's taxpayers does not occur in FY2017.

Homelessness is a complex topic that is occurring across the nation. It isn't going to go away, and the department considers this a significant human concern that will continue to cost taxpayer dollars. Moreover, the department considers Maui County's financial contribution to address homeless services as a savings to taxpayers. The cost for Maui to provide supportive housing (housing with accompanying support services) is less than the cost for homeless to remain on the streets. Additionally, the coordination of supportive housing, social services and other homeless-related issues will require substantial manpower and a team of employees focused on the issue.

In 2012, the HUD Secretary Shaun Donovan explained the situation as "The thing we finally figured out is that it's actually, not only better for people, but cheaper to solve homelessness than it is to put a band-aid on it," ... "Because, at the end of the day, it costs, between shelters and emergency rooms and jails, it costs about \$40,000 a year for a homeless person to be on the streets (in New York)".

This approach has been proven successful in other parts of the nation, as it saves money because it targets the chronically homeless -- those who have been homeless for a year or more and commonly suffer from addiction or mental illness. That segment of the homeless population uses expensive public services at very high rates -- emergency rooms, police and fire, and courts.

There are numerous studies that prove that supportive housing actually reduces taxpayer dollars. A few notable studies include:

- A 2002 study by University of Pennsylvania researcher Dennis Culhane titled "Public Service Reductions Associated with Placement of Homeless Persons with Severe Mental Illness in Supportive Housing." Culhane analyzed the costs of 4,679 mentally ill homeless people in New York City who were placed in supportive housing that also provided social services. Those costs were compared to data on unsheltered homeless people who relied on public shelters, public and private hospitals and correctional facilities. The study showed that "persons placed in supportive housing experience marked reductions in shelter use, hospitalizations, length of stay per hospitalization and time incarcerated. Before placement, homeless people with severe mental illness used about \$40,451 per person per year in services (1999 dollars). Placement was associated with a reduction in services use of \$16,281 per housing unit per year." This study is a decade old (the dollar figures are 16 years old).
- The Economic Roundtable in Los Angeles looked at the costs of homelessness and reached similar conclusions. The 2009 study "Where We Sleep: The Costs of Housing and Homelessness in Los Angeles," which followed 10,193 homeless individuals, found that the typical public cost for services for residents in supportive housing was \$605 a month. For the homeless the cost was \$2,897. The rate of \$2,897 per month totals about \$35,000 a year. "This remarkable finding demonstrates that practical, tangible public benefits result from providing supportive housing for vulnerable homeless individuals," the researchers wrote.
- Data from 65 cities: Philip Mangano, the former homelessness policy czar under President George W. Bush, helped expand supportive housing programs into cities around the country. As the programs became established, Mangano said he was able to compile data from 65 cities looking at all services affected by homelessness. Hospitals, police and courts top the list. Chronically homeless people are regular visitors to emergency rooms, and each visit results in a hefty bill. They also frequently use mental health and addiction treatment services. They tend to rack up lots of arrests, leading to costly jail stays and use of court time. "They randomly ricochet through very expensive services," Mangano said. Using data from the 65 cities -- of all different sizes and demographics -- the cost of keeping people on the street added up to between \$35,000 and \$150,000 per person per year, Mangano said. Conversely, after the supportive housing had been established, Mangano said that the cost of keeping formerly homeless people housed ranged from \$13,000 to \$25,000 per person per year. "We learned that you could either sustain people in homelessness for \$35,000 to \$150,000 a year, or you could literally end their homelessness for \$13,000 to \$25,000 a year," he said.
- A study of hospital admissions of homeless people in Hawaii revealed that 1,751 adults were responsible for 564 hospitalizations and \$4 million in admission costs. Their rate of psychiatric hospitalization was over 100 times higher than their non-homeless cohort. The

researchers conducting the study estimate that the excess cost for treating these homeless individuals was \$3.5 million or about \$2,000 per person. (Martell J.V., Seitz R.S., Harada J.K., Kobayashi J., Sasaki V.K., Wong C. Hospitalization in an urban homeless population: the Honolulu Urban Homeless Project. *Annals of Internal Medicine* 1992; 116:299-303)

Supportive housing provides a healthy environment and eliminates risk factors related to sleeping on the street, such as exposure to harsh temperatures and unhealthy drug habits that go untreated. The support services that will be offered will also help people decrease their substance abuse. If they have mental health issues, they can be referred to a psychiatrist. Supportive housing provides for behavior modification.

By focusing our resources on creating a new division focused on the homeless situation and providing for supportive housing, we can make real progress toward treating the social problem while helping the county's most vulnerable population. Our proposal to deploy modular units in areas where supportive services are located fits this effective model which has been implemented successfully throughout the nation.

In summary, studies have shown that – in practice, and not just in theory – providing people experiencing chronic homelessness with supportive housing saves taxpayer money. Additionally, supportive housing will require a dedicated staff to focus on this complex topic; and will require continued funding – as homelessness will never truly be eradicated. We hope that Council will support these initiatives.

Thank you for the opportunity to provide this information. Should you have any questions, please feel free contact me at Ext. 7805.

Sincerely,



CAROL K. REIMANN
Director of Housing and Human Concerns