

## ***STATE OF MAINE RELEASES NEW DATA ON COST SAVINGS FOR RURAL COUNTIES IMPLEMENTING PERMANENT SUPPORTIVE HOUSING STRATEGIES***

*AUGUSTA, MAINE.* The first statewide cost study of homelessness and housing in rural areas was released this week when the State of Maine unveiled the results of research on the cost and frequency of services used by people with disabilities who were homeless before entering a permanent housing program. Rural homeless people with disabilities who retained permanent, supportive housing accounted for a decrease in costs of 32%. The study also reported a 57% reduction in the cost of mental health services over a six-month period. Part of that reduction was a dramatic 79% drop in the cost of psychiatric hospitalization, from \$452,800 to \$96,641.

Other reductions included a 95% decrease in incarceration costs and a 32% decline in ambulance transportation costs. Homeless people who obtain supportive housing avoid returning to emergency housing, cutting emergency shelter costs by 99%. Total costs, including that of providing the permanent supportive housing, were lower for people living in supportive housing by \$1,348 per person. That is a total savings of nearly \$220,000 over 6 months for the 163 people in the study. The great majority of participants (97%) have severe mental illness; more than a third also suffer from chronic alcohol or drug abuse.

According to the researchers, this study is the first to use data collected on: individual service contacts and cost while homeless and subsequent cost and contacts while in permanent supportive housing. Unlike previous studies which were limited to estimated costs of key services, this study used specific billing and contact records creating an accurate picture of expenditures and sources of funds used to serve homeless and housed individuals with disabilities. Additionally, the study participants were drawn from the entire population of previously homeless persons with a disability living in permanent supportive housing. Unlike most previous studies, this study was not limited to individuals who were chronically homeless or high users of hospital services. Therefore a complete and accurate indicator of cost to communities and the State in serving people with a disability was achieved.

Researchers noted the importance of political will in the execution of such a study, in gaining "the support of the highest level staff in the state or local authorities who control the necessary data. Access to Medicaid data and data from institutions often requires clear mandates from those with decision-making authority."

The study was sponsored by the Corporation for Supportive Housing, MaineHousing, and the Maine Department of Health and Human Services. The study was prepared by Melany Mondello of Shalom House; Jon Bradley of Preble Street; and Tom Chalmers McLaughlin, PhD. and Nancy Shore, PhD., both from the University of New England. The 163 participants in the study were chosen from all areas of the state, except Greater Portland.

"This study shows that providing permanent housing and services to people with mental illness or substance abuse issues is cost-effective, even in rural settings,"

said Nancy Fritz, Director of Homeless Initiatives for Governor John Baldacci. "It offers clients a higher level of personal stability."

MaineHousing Director Dale McCormick said the findings provide a winning strategy for Maine. "Providing permanent housing saves the taxpayer money and improves the lives of people who are homeless in rural Maine," McCormick said. "Everyone benefits."

Income increased on average by 77 percent. The number of study participants reporting that they had no income declined from 41 percent to 17 percent. This study mirrors findings of a 2007 study of homelessness in Greater Portland. That study found it was less expensive to provide permanent housing and services to homeless people with disabilities than to serve them through emergency shelters.

USICH *e-news* 5-21-09