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# Pierce County Homeless Services Assessment

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March 2022

Prepared for Pierce County

*Final Report*

**ECONorthwest**

ECONOMICS • FINANCE • PLANNING

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# Acknowledgements

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This report was written by ECONorthwest with significant contributions from Ed Blackburn. We are sincerely appreciative of focus group participants willing to share their experiences and stories with the project team, as well as Catholic Community Services of Western Washington for letting us use their facilities to host the focus groups. Additional assistance in recruiting for the focus groups was provided by Vadis, Greater Lakes Mental Healthcare, AHAT, Exodus Housing, Associated Ministries, and Comprehensive Life Resources.

We are also appreciative of numerous staff at Pierce County including Bill Vetter, Gerrit Nyland, Aman Sanghera, Jeff Rodgers, Amy Franks, Heather Moss, and John Barbee. In addition, data and information was generously provided by numerous organizations and agencies, including the City of Tacoma, Tacoma Housing Authority, Tacoma School District, Puyallup School District, the Washington State Department of Veterans Affairs, the National Coalition for Homeless Veterans, and others.

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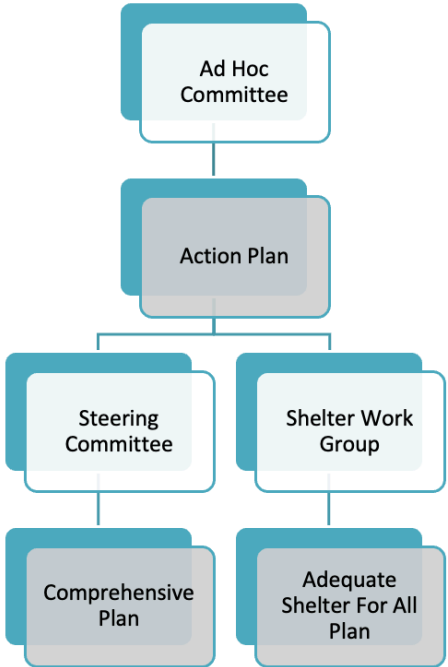
# 1. Introduction

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Like many communities across the West Coast, Pierce County has been grappling with a homelessness crisis for several years. Unsanctioned encampments have grown in number and size and based on our analysis of Pierce County data, the number of people experiencing homelessness in Pierce County during a calendar year reached about 14,500 in 2020, an increase of almost 20 percent since 2015.

In response, the Pierce County Council has moved forward on several related efforts to reduce homelessness. In 2020, the Council adopted a 5-Year Strategic Plan to Address Homelessness (Resolution 2020-29) and more recently passed Resolution 2021-30s to establish the Comprehensive Plan to End Homelessness Ad Hoc Committee that has been tasked with developing a process to create a Comprehensive Plan to End Homelessness. The Ad Hoc Committee created an Action Plan, which called for the creation of a Steering Committee to create the Comprehensive Plan, and a Shelter Plan Work Group, to develop the shelter specific elements in the plan. The Shelter Plan Work Group created the Adequate Shelter for All Plan in November of 2021, and the Steering Committee completed the Comprehensive Plan to End Homelessness in December 2021.

**Figure 1. Alignment of Ad Hoc Committee and Recently Completed Plans**



To supplement and complement these efforts, the Pierce County Performance Audit Committee hired ECONorthwest to inventory and analyze the homeless services flowing into and throughout the county. This report completes ECONorthwest’s scope of work and should be considered alongside the work of the Steering Committee, the Human Services department staff, and the ongoing work throughout the County’s network of providers.

This study seeks to answer the following key questions to provide a robust, economically focused look<sup>1</sup> into the drivers and costs of homelessness, and to help Pierce County prioritize its investments in services and prevention.

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<sup>1</sup> Homelessness is a multi-faceted issue and no two stories into or out of homelessness are alike. We consider this report to be an economically focused look into the issue because it does not dive into several social and health determinants such as extreme poverty, mental health, or substance abuse disorders, that are related and relevant to the issue. These issues are discussed in section 4, but not at length. There are numerous reports provided by experts in these topic areas; this report focuses on housing market issues and service spending.

- How many individuals and households are experiencing homelessness in Pierce County? Via what counting methods?
- What characterizes inflows to, and exits from, homelessness?
- What macroeconomic influences affect homelessness, and how do these affect programming?
- What programs and services are working the most and the least effectively?
- How much does Pierce County spend to resolve homelessness and how are these funds being used?
- How much other money flows into the County and how are these funds being used?
- Where should Pierce County prioritize its investments?

This report seeks to answer these questions to help Pierce County understand the scale of the problem, the current efforts underway, and areas where it can improve service delivery.

## Alignment of This Report with the Comprehensive Plan

The Ad Hoc Committee's *Comprehensive Plan to End Homelessness* was published in December 2021 and offers recommendations that the County can implement to improve its homeless service delivery listed in Appendix C. Strategies from Other Plans on page 70.

While this report also offers recommendations at how the County can improve its homeless services, it supports and complements the Comprehensive Plan's goals and strategies. This report focuses on system-wide changes, and offers deeper detail on the following topics:

- Economic and housing market trends in Pierce County,
- The literature demonstrating macroeconomic influences on inflows into homelessness,
- The literature on successful interventions to help people exit homelessness,
- The literature on the indirect costs of homelessness, and
- A comprehensive analysis of the sources and uses of funds to address homelessness flowing through Pierce County.

## 2. Trends in Homelessness Pierce County

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This section begins with definitions of homelessness and steps through the various methods of counting the number of people experiencing homelessness. It ends with a best approximation the number of people experiencing homelessness in Pierce County and trends over time based on that methodology.

### Defining Homelessness

The 2020 Pierce County Continuum of Care's *5-year Plan to Address Homelessness* offers insight into the challenge of defining homelessness, stating:

"The definition of homelessness varies. Veteran's programs, schools, and the Department of Housing and Urban Development (HUD)-funded Continuum of Care grantees all operate under different definitions of homelessness that are often set by federal funders.

The lack of a unified definition poses several challenges: It makes it difficult to quantify accurately the number of people experiencing and at risk of homelessness in our community. It also creates challenges with funding and outcomes. For example, federal funding allocations are determined based on how effective we are at decreasing the numbers of people experiencing homelessness as determined in our Homeless Point-in-Time survey and in our Homeless Management Information System (HMIS) data, which do not capture the totality of people experiencing homelessness or at risk of homelessness throughout the County."

This report faces those same challenges, in attempting to aggregate funding across a variety of programs funded by different agencies, reviewing the literature, and talking to individuals themselves. Because of the wide array of inputs into this analysis, this report uses the broad definition of homelessness that the *5-year Plan to Address Homelessness* uses:

"...homelessness will be defined as any household who lacks, or is at immediate risk of losing, a regular, fixed, safe, and adequate nighttime residence; those actively fleeing or attempting to flee domestic violence; as well as unaccompanied youth under any federal definition of homelessness."

### Measuring Homelessness

Reliable measurement is key to defining a public policy problem, and measurement of homeless populations is inherently challenging due to varying definitions, changing methodologies, and the difficulty of finding and engaging with some populations experiencing homelessness.

## Federal Point-in-Time Counts

The most commonly cited source of data on homelessness is the Point-in-Time Counts (PIT) organized by the U.S. Department of Housing and Urban Development (HUD). The PIT count is a snapshot of sheltered and unsheltered homeless persons on a single night. Counting methods vary across time and place, rely heavily on volunteers, and can be disrupted by weather. Community effort in getting an accurate count is not uniform across the country. And the homeless population is in continuous flux.

Together, this means that despite best efforts, the nature of the data varies from year to year and from region to region. While comparisons across time and geographies can be valuable, the inherent inconsistencies in methods and accuracy must be kept in mind. Appendix E on page 77 offers additional context on the shortcomings of the PIT.

## Homeless Management Information System (HMIS)

HUD requires the Pierce County Continuum of Care (CoC) Committee to maintain a homeless management information system (HMIS) and store key aspects about the clients that interact with the CoC. The HMIS is a very comprehensive source of data for the demographics and experiences of people engaging with the County's homeless crisis response system, including homeless prevention, street outreach, shelter, permanent housing programs, and the coordinated entry system.<sup>2</sup>

## By-Name List

The Pierce County Continuum of Care's *5-Year Plan to Address Homelessness* defines a by-name list as "a real time, up-to-date list of people experiencing homelessness that can be filtered and searched easily."<sup>3</sup> The County currently maintains a by-name list of all veterans and youth/young adults experiencing homelessness using data from HMIS, outreach, and federal and community partners. Expanding the by-name list to include current information for all populations experiencing homelessness is a goal in both the *Comprehensive Plan* and for the CoC in the 5-Year Plan.

## Other Efforts

In fall 2021 the King County Regional Homelessness Authority (KCRHA) released a new estimate of the total population experiencing homelessness in King County, building from and expanding upon previous lists generated through their HMIS, Health Care for the Homeless Network (HCHN), and Behavioral Health and Recovery Division (BHRD) databases. This new data effort found that "about 7,300 people served by HCHN or BHRD programs experienced

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<sup>2</sup> See a description of coordinated entry on page 20.

<sup>3</sup> Pierce County's Continuum of Care Committee. "5-year Plan to Address Homelessness." 2020.

<https://www.piercecountywa.gov/DocumentCenter/View/87146/Pierce-County-5-Year-Plan-to-Address-Homeless-2020-2025>.



homelessness at some point during 2020 [but] were not identified as receiving services in HMIS.”<sup>4</sup> Further data analysis identified key characteristics of people who were captured in either but not both databases demonstrating the importance of better information. The new methodology estimates approximately 40,800 people experienced homelessness at some point during 2020, an increase of about 20 percent over HMIS counts and much higher than the PIT count estimate of 11,700 on a single night in January.

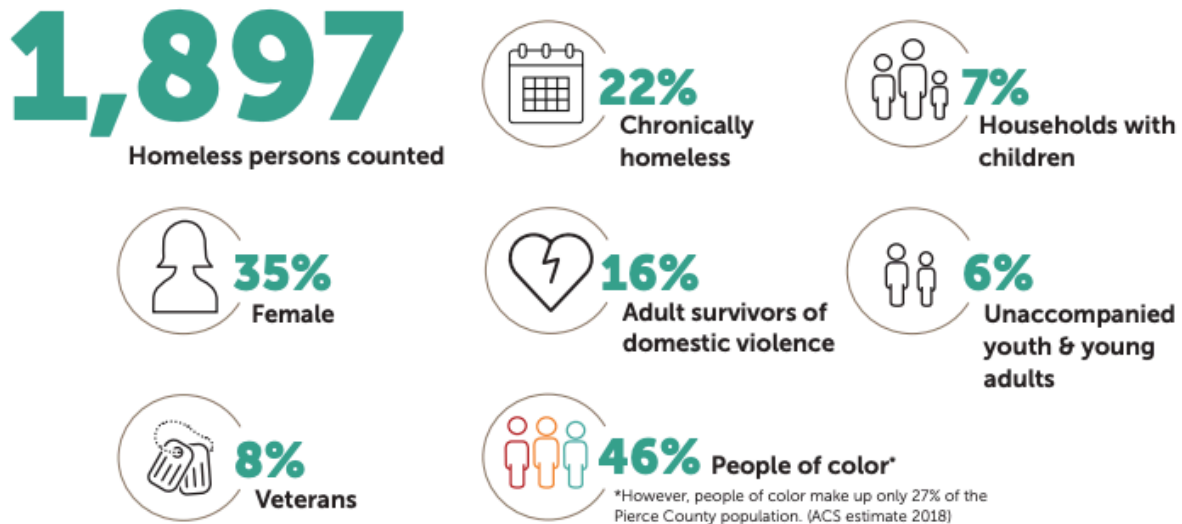
## Homelessness in Pierce County

January 2020 was the last year in which a full unsheltered PIT count was conducted, and 1,897 individuals were identified as being without a home (see Figure 2). This was an increase (of 28 percent) from 1,486 individuals identified in 2019. In the January 2021 PIT count, approximately 1,005 people were identified, but due to COVID-19 health safety protocols, this count did not include the unsheltered portion, so estimates were lower.

**Figure 2. 2020 Homeless Point-In-Time Count Results**

Source: Pierce County 2020,

<https://www.piercecountywa.gov/DocumentCenter/View/92299/PIT-Count-infographic-2020-final>

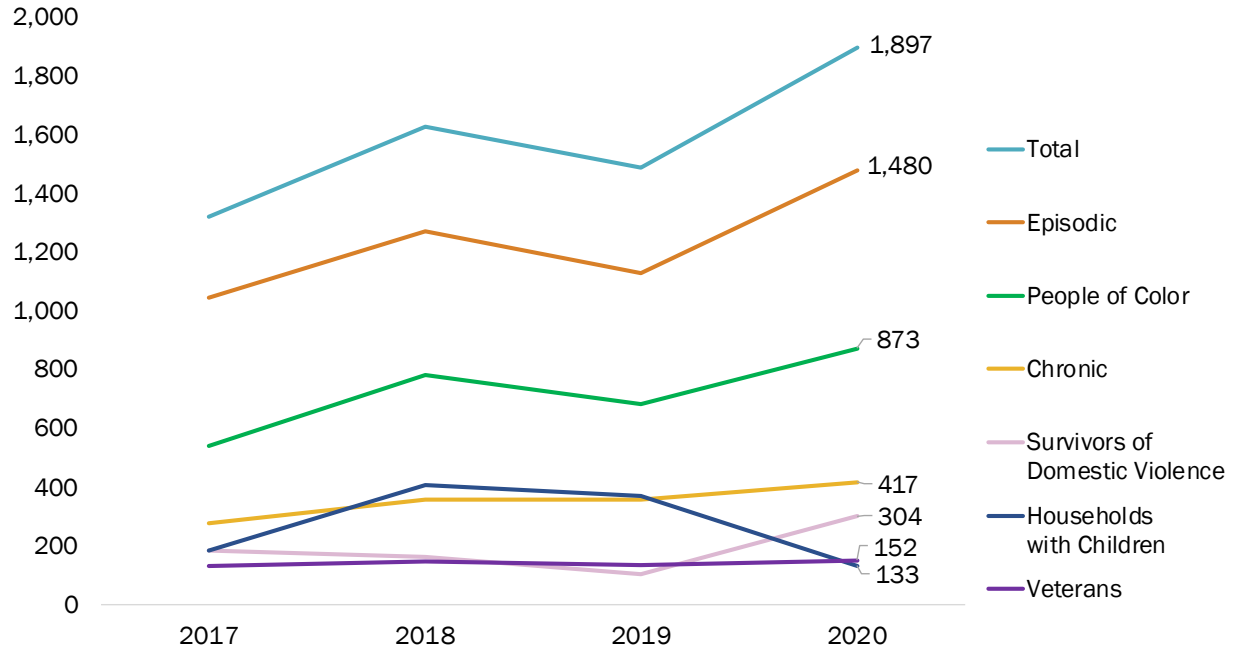


As Figure 3 demonstrates, PIT count estimates varied year to year, even before the COVID-19 pandemic. Figure 3 excludes 2021 for several reasons: the PIT count did not include an unsheltered count and was challenged by COVID-19-related social distancing protocols, and Pierce County had eviction moratoria in place, so it is an unrealistic assessment of the true rate of homelessness.

<sup>4</sup> King County Regional Homelessness Authority. 2021. “Integrating Data to Better Measure Homelessness DCHS. Data Insights Series.” [https://kingcounty.gov/~media/depts/community-human-services/department/documents/KC\\_DCHS\\_Cross\\_Systems\\_Homelessness\\_Analysis\\_Brief\\_12\\_16\\_2021\\_FINAL.ashx?la=en](https://kingcounty.gov/~media/depts/community-human-services/department/documents/KC_DCHS_Cross_Systems_Homelessness_Analysis_Brief_12_16_2021_FINAL.ashx?la=en)

**Figure 3. Trends in Pierce County PIT Counts of People Experiencing Homelessness Over Time**

Source: Pierce County Human Services



### HMIS-based Estimates of Homelessness

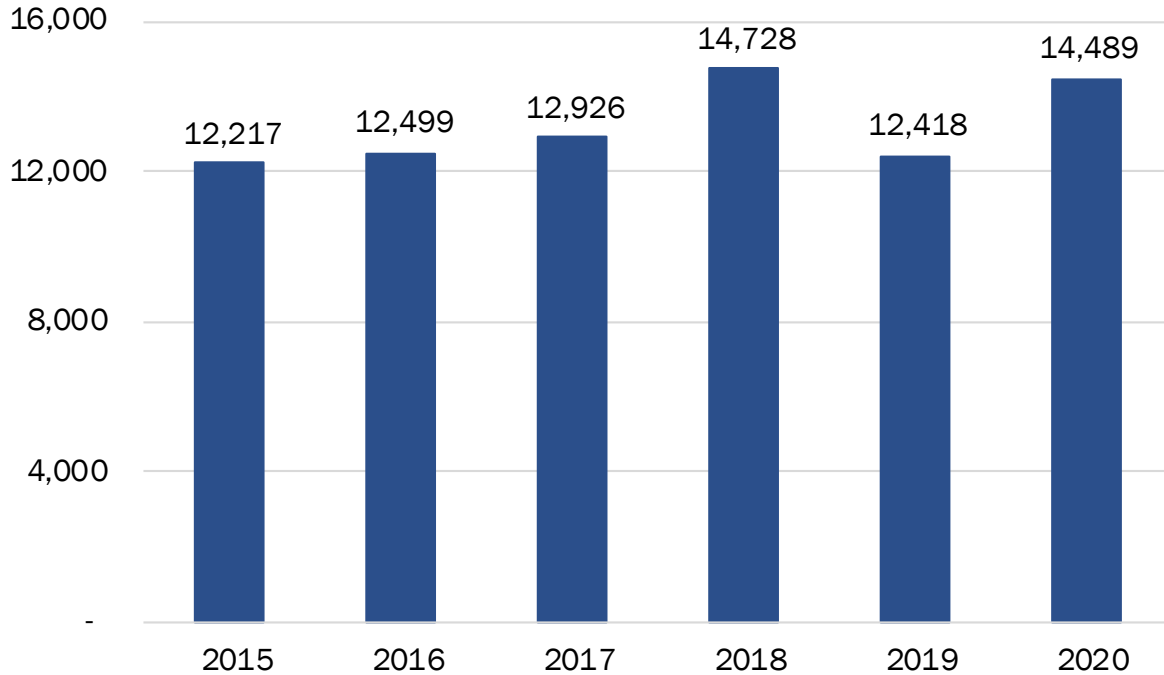
Recognizing the many limitations in the PIT methodology, Pierce County has developed methods to more accurately estimate the number of people experiencing homelessness in the county, and to more accurately estimate the current population of unsheltered individuals in the county. These estimates provide more useful benchmarks for assessing the resources needed to reduce homelessness than the PIT counts. We analyzed HMIS data provided by Pierce County using similar methods.<sup>5</sup>

Not surprisingly, homelessness estimates based on the HMIS data yield much higher numbers than the PIT. Using the Pierce County HMIS methodology, we identified about 12,400 individuals assumed to have experienced homelessness during 2019. The estimated total for 2019 is about the same as a comparable estimate for 2015, but the estimated number of homeless individuals in 2020, at about 14,500, is about 17 percent higher than in 2019 (see Figure 4).

<sup>5</sup> Estimates of unsheltered individuals. Pierce County. "Comprehensive Plan to End Homelessness." 2021. <https://www.piercecountywa.gov/DocumentCenter/View/109977/Comprehensive-Plan-to-End-Homelessness-with-Appendices-and-Shelter-Action-Plan>.

**Figure 4. Trends in Pierce County HMIS Counts of People Experiencing Homelessness**

Source: Pierce County HMIS

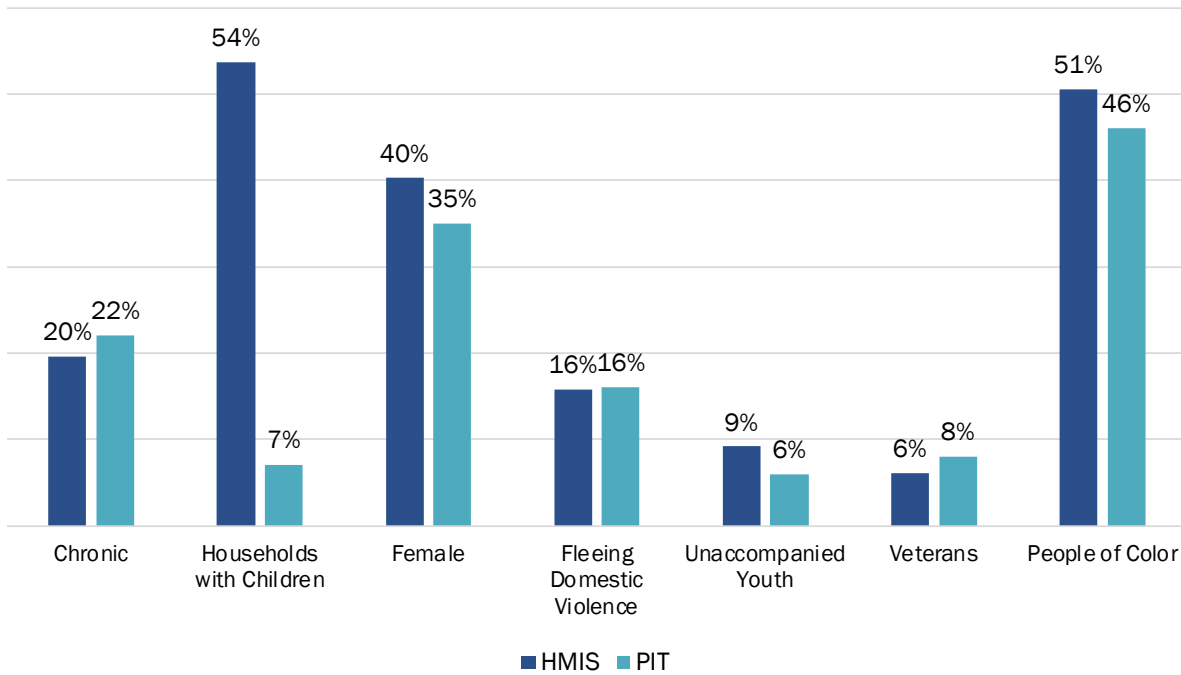


The composition of those experiencing homelessness also differs between the HMIS and the PIT counts. The share of families with children, for example, is far higher when using HMIS counts as opposed to PIT.<sup>6</sup> According to the HMIS count in 2020, 54 percent of those experiencing homelessness was families with children compared to 7 percent reported in the PIT data (see Figure 5). This and other differences apparent from the chart highlight the limitations of PIT data in describing the County’s homeless population.

<sup>6</sup> Our HMIS counts of households with children include child-only households (all members under age 18) whereas the PIT counts do not. The resulting discrepancy is minor: members of child-only households accounted for only 0.6 percent of the total 2020 Pierce County PIT count.

**Figure 5. PIT and HMIS Shares by Category, Pierce County, 2020**

Source: Pierce County Human Services and Pierce County HMIS



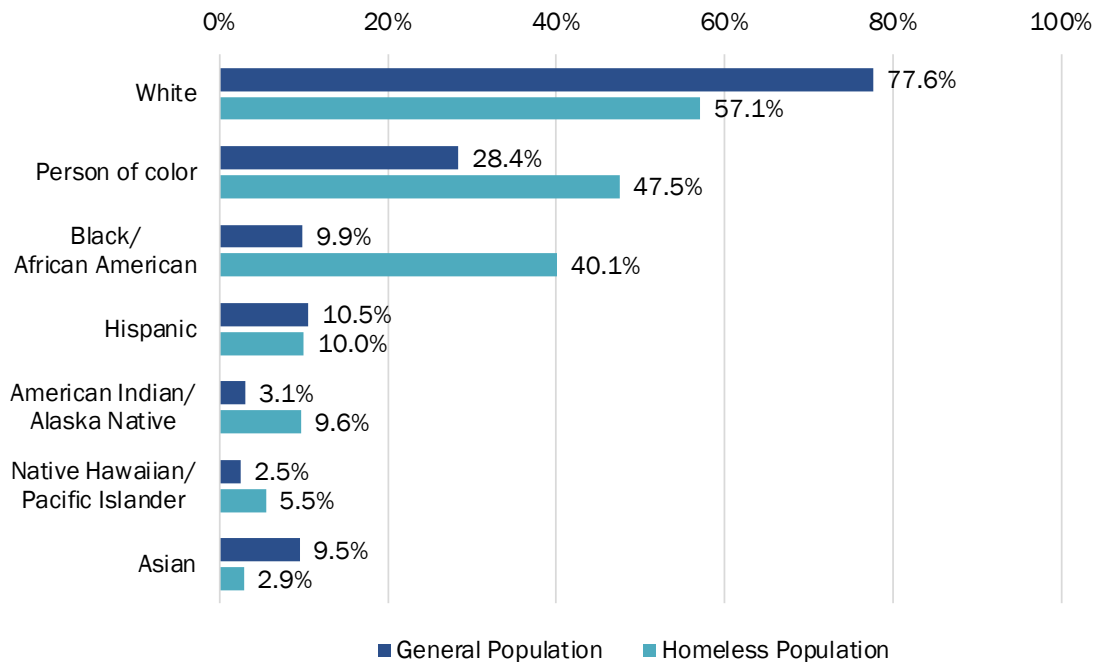
Unsheltered homelessness—defined as living in a place not meant for human habitation—has grown considerably in Pierce County in recent years, although the HMIS-based unsheltered population estimate has been reasonably stable at about 3,300 to 3,400 people since early 2020. After accounting for emergency shelter beds, the estimated unsheltered homelessness provides a benchmark for assessing currently unmet need for services.

The distribution of racial and ethnic identities of individuals experiencing homelessness differ in important ways from those of Pierce County’s population as a whole (see Figure 6). Notably, about 40 percent of individuals experiencing homelessness identify as Black or African American, compared to about 10 percent of the full county population. Individuals identified as American Indian or Alaska Native, or Native Hawaiian or Pacific Islander are also similarly overrepresented among the homeless population in a proportionate sense. Overall, people of color are overrepresented in the homeless population by a factor of 1.7 in Pierce County, reflecting the damaging upstream effects of systemic racism and inequity in the housing market and elsewhere.

The distribution of race, ethnicity, and gender has remained reasonably stable since at least 2016, with changes of no more than a few percentage points in the share identifying with each race or ethnicity. Just under 40 percent of homeless individuals identified as female in 2016, falling to about 37 percent in 2020.

**Figure 6. Demographic Characteristics of Persons Experiencing Homelessness in 2020 Compared to General Population, Pierce County**

Source data: Pierce County HMIS and U.S. Census Bureau American Community Survey, 2015-2019 estimates, Tables B02008-B02013 and Table B03003.



### Other Considerations

Given the potential mobility of homeless individuals and the transitory nature of homelessness for many, estimates of the homeless population will remain imperfect. Nonetheless, the methodologies currently employed by Pierce County represent a major improvement over relying on PIT counts. We close this section with additional options for Pierce County to consider for future efforts to improve counts and characterization of the homeless population:

- Additional matching of the County’s by-name lists to information from other service providers could yield valuable insight about individuals experiencing homelessness within the County that receive services (e.g., healthcare) but who have not engaged with the formal homeless system. The recent King County study that followed this approach led to about a 20 percent increase in the County’s estimate of the homeless population.<sup>7</sup>
- Similarly, matching records to those of neighboring CoCs could improve understanding about client flows into and out of Pierce County.
- The PIT count could remain useful for understanding characteristics of the homeless population not captured in HMIS, such as the geographic distribution of unsheltered individuals and the potential to identify individuals who chose to avoid the formal system.

<sup>7</sup> King County Regional Homelessness Authority. 2021.

## 3. Inflows Into Homelessness

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Homelessness is a complex and multifaceted issue. No two stories into homelessness are the same, and no single solution works for the personal and unique confluence of circumstances that keep households from returning to stable housing. Much research has been conducted on the factors affecting the instance of homelessness and changes to homeless rates in communities.

This section describes housing market factors and behavioral factors known to influence homelessness, lists Pierce County data on these factors, and includes focus group commentary on these factors. It concludes with a brief description, based on analysis of HMIS data, of the inflows into homelessness in Pierce County and describes key factors identified in the literature as influencing inflows.

### Housing Market Factors Influencing Homelessness

The theoretical tie between housing affordability and homelessness is relatively straightforward. The cost of housing at the extreme low- end of the market rises to levels that crowd out spending on food, clothing, childcare, and essential items to such a degree that some individuals and families have no other choice but to move onto the streets or into emergency shelters. In other cases, individuals and families may face an emergency expense (such as a car repair or medical bill) and, without adequate income or savings, are evicted. For many households, private struggles collide with low incomes and high-cost housing, leaving too little cushion to deal with everyday challenges and still maintain stable housing. In each of these situations, supply-side factors relating to access to housing at a range of affordability levels come into play as well as extenuating circumstances.

Much research empirically demonstrates this link between housing and homelessness.<sup>8</sup> In 2001, economists John Quigley and Steven Raphael linked housing affordability—rather than personal circumstances—as predictive of rates of homelessness across the United States. In 2018, UCLA economist William Yu identified the same strong links and described homelessness as an unfortunate conjunction of difficult

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In 2001, economists found that a 10 percent increase in rent leads to a 13.6 percent increase in the rate of homelessness.

In 2020, the GAO found that a \$100 increase in rent leads to a 9 percent increase in the rate of homelessness.

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<sup>8</sup> See for example: John M. Quigley and Steven Raphael, “The Economics of Homelessness: The Evidence from North America.” *European Journal of Housing Policy* 1, no. 3 (2001): 323-336.

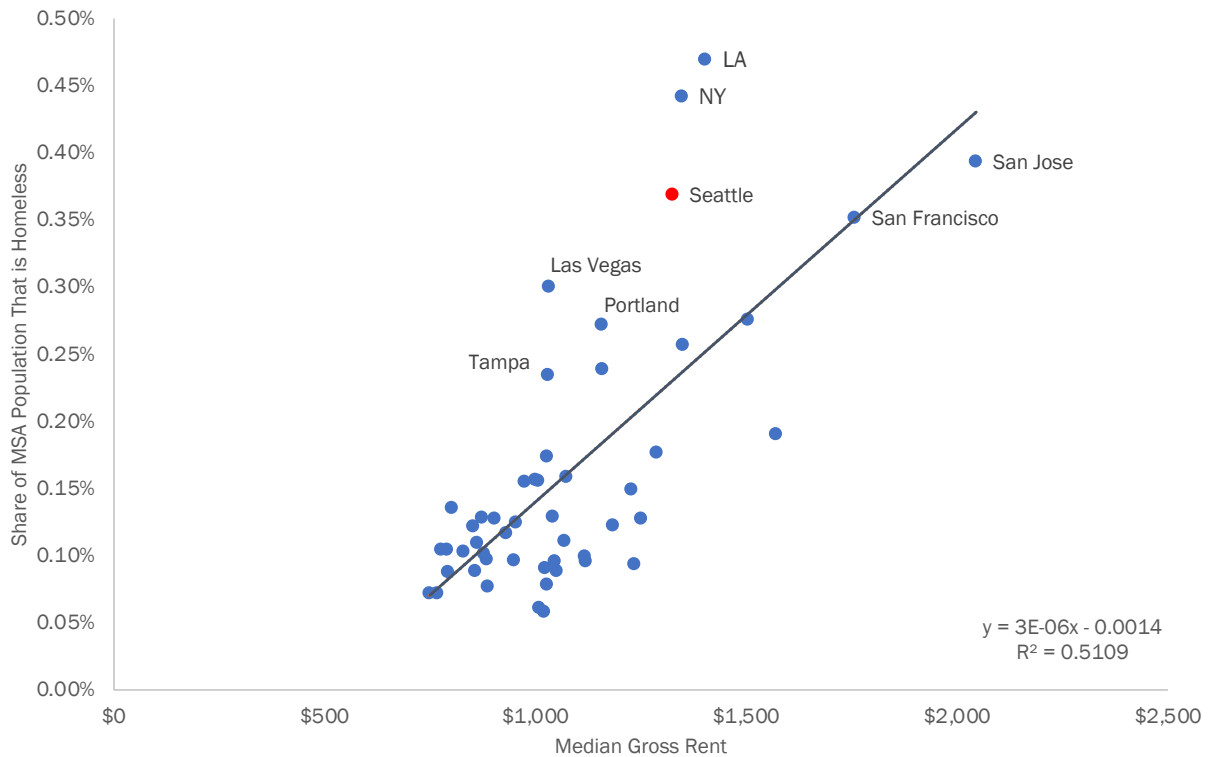
Maria Hanratty, “Do Local Economic Conditions Affect Homelessness? Impact of Area Housing Market Factors, Unemployment, and Poverty on Community Homeless Rates,” *Housing Policy Debate* 27, no. 4 (March 20, 2017): 1-16, <https://doi.org/10.1080/10511482.2017.1282885>;

Chris Glynn and Emily B. Fox (2017). “Dynamics of homelessness in urban America,” (Durham, NH: College of Business and Economics, University of New Hampshire).

personal circumstances “in the wrong kind of housing market.”<sup>9</sup> This study identified five primary housing market and income factors that statistically significantly affect homelessness: 1) median home values, b) median rents, c) median household incomes, d) housing supply growth, and e) population density.

More recently, the U.S. Government Accountability Office (GAO) analyzed the factors influencing changes in homelessness in 20 continuums of care (CoCs) across the country.<sup>10</sup> This econometric analysis controlled for a variety of housing, demographic, and economic variables and consistently found that changes in a CoC’s median rent were positively linked to increases in the homelessness rate, and determined that nationally, a \$100 increase in the median rent resulted in a 9 percent increase in the incidence of homelessness in that CoC. In addition, increases to the share of housing stock that was renter occupied were statistically significantly related to decreases in the rate of homelessness in that CoC.

**Figure 7. Regions with High Median Rents have High Rates of Homelessness**



Source: ECONorthwest analysis of the U.S. Department of Housing and Urban Development, 2017 Point-In-Time Counts and U.S. Census Bureau 2016 American Community Survey data, Top 50 Metropolitan Statistical Areas  
 The diagonal line is the line-of-best-fit for the data, showing a strong positive correlation between median gross rent and rates of homelessness. The linear equation for the line is shown. The R<sup>2</sup> value demonstrates how closely the line fits the data; a higher R<sup>2</sup> indicates a better fit and less variance.

<sup>9</sup> William Yu, “Homelessness in the U.S., California, and Los Angeles,” June 18, 2018, video, 15:30, <https://www.youtube.com/watch?v=XOxcDJY3ens>.

<sup>10</sup> U.S. Government Accountability Office, “Better HUD Oversight of Data Collection Could Improve Estimates of Homeless Population,” GAO-20-433 July 2020, Available from: <https://www.gao.gov/products/gao-20-433>.

## Housing Market Trends in Pierce County

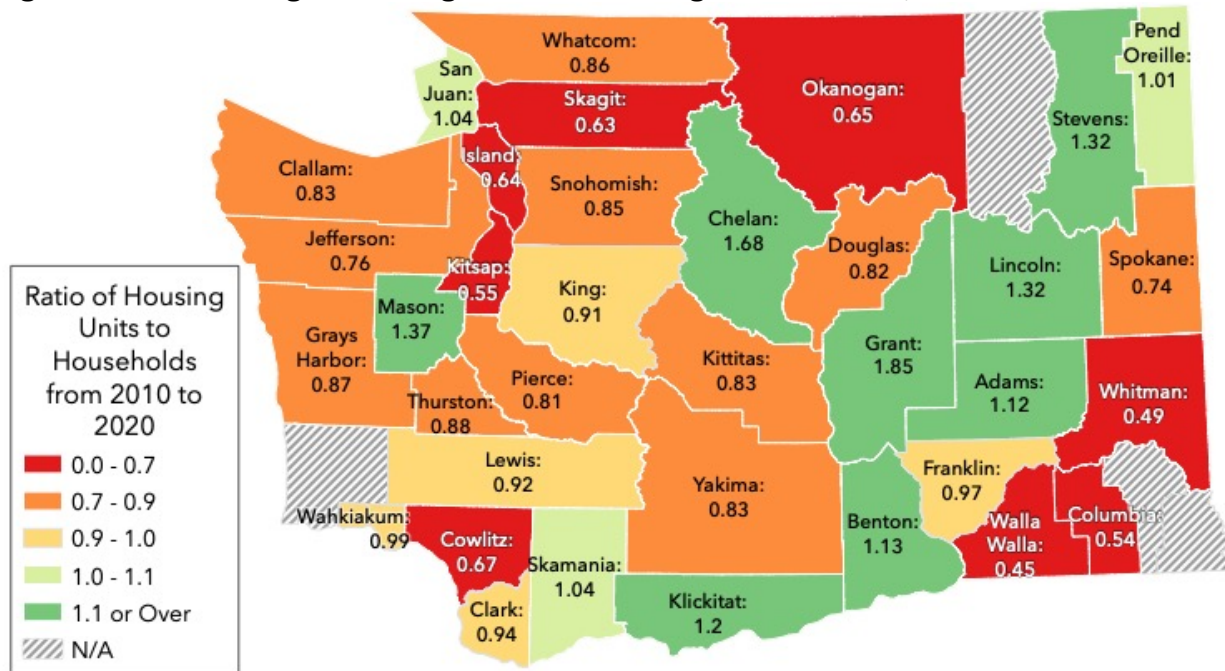
Given that Pierce County has seen an increase in homelessness over time, this section explores how it fares across the factors identified in the literature as contributing to homelessness.

### Housing Production

Since the 1960s, the U.S. has created about 1.10 housing unit for every household that has formed. Households form when people move into a new area, when children leave their parents' homes, or when roommates come together or split up. A ratio higher than 1:1, allows for a natural amount of vacancy, as well as for second homes and obsolescence.

Figure 8 below demonstrates that from the 2010 to 2020 time period, Pierce County communities only created 0.81 housing units for every new household that formed. This is well below the 1.10 level needed for vacancy.

**Figure 8. Ratio of Change in Housing Units Versus Change in Households, 2010-2020**



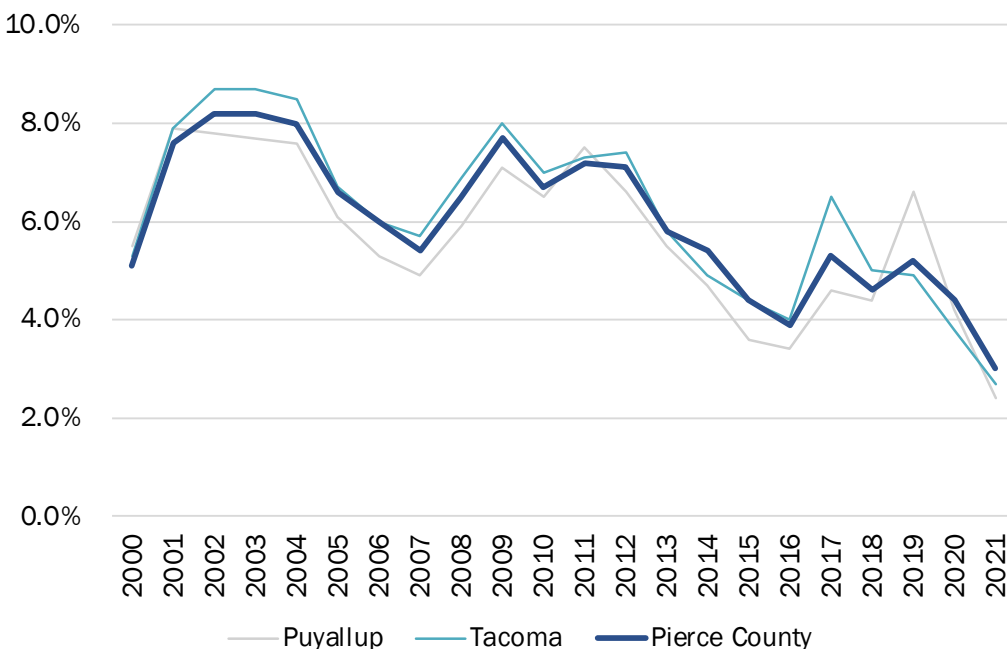
### Vacancy Rates

Underproduction translates into lower market vacancy rates (see Figure 9). Multifamily vacancy rates have been in decline in Pierce County since the early 2000s. This not only puts upward pressure on housing prices but can also make programs and policies such as Housing Choice Vouchers less effective as these approaches require market vacancy. In October 2021, the multifamily rental vacancy rates in Tacoma, Puyallup and the whole county reached their lowest points in 20 years, at 2.7 percent, 2.4 percent, and 3.0 percent, respectively.



**Figure 9. Multifamily Rental Vacancy Rate, Pierce County, Tacoma, and Puyallup, 2000–Oct. 2021**

Data source: CoStar. Data as of October 2021.



One of the natural consequences of this underproduction and low vacancy is rising rents and home prices as households compete for housing. The 2019 median monthly rent in Pierce County was \$1,362 just a few dollars higher than the state median. Since 2010, the median rent in Pierce County has increased by \$244, or about 22 percent (adjusting for inflation). Recent trends in rising inflation, of which rents are a substantial component, have also increased costs of living and further stretched limited budgets.

### Regulated Affordable Housing

In addition to a lack of housing production at market levels, not enough regulated affordable housing has been produced to meet demand. Developing regulated affordable housing is a long and costly process requiring robust public subsidy. In 2018 the City of Tacoma released its *Affordable Housing Action Strategy (AHAS)* that outlined goals and policies for it to implement over 10 years to boost affordable housing options for residents. As the figures in this section demonstrate, trends have moved in the wrong direction as market forces have worsened affordability since 2018.

In addition, a number of subsidized housing units are at risk of seeing their restrictions expire. The AHAS highlighted that in 2018, “a total of 1,588 units [of federally subsidized housing] at 30 privately owned properties have subsidies that expire by 2028” and that by 2020, “the City of Tacoma could lose as many as 326 units through

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“The City of Tacoma needs to dramatically increase its investments in new rental and homeownership opportunities and establish broader anti-displacement measures, including preserving affordable units at-risk of converting to market-rate rent and creating permanent protections for tenants.”

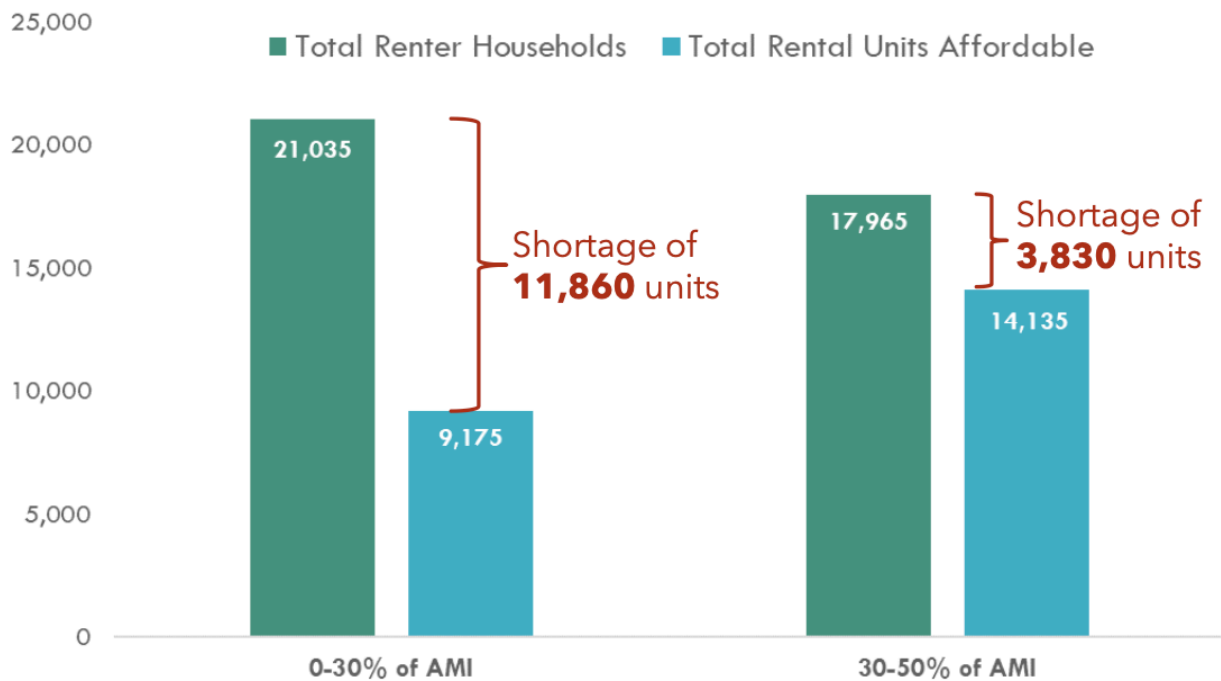
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expiring subsidies at federally assisted properties.”<sup>11</sup> While Tacoma is Pierce County’s biggest city, the true nature of risk to, and required investment in, affordable housing properties is much larger for the county as a whole.

While a deeper dive into the regulated affordable housing needs across Pierce County is beyond the scope of this work, it is clear that demand is falling behind supply (which is also true nationally), meaning that more households are subject to rising rents, declining affordability, and increasing rates of cost burdening. The Pierce County Housing Action Strategy demonstrates the severe shortage of affordable units (regulated and unregulated) for low-income households (see Figure 10).

**Figure 10. Affordable Rental Units Compared to Need, 2014-2018.**

Source: Pierce County Housing Action Strategy Project Overview & Housing Needs Assessment, County Council Presentation, February 8, 2022, BERK Consulting.

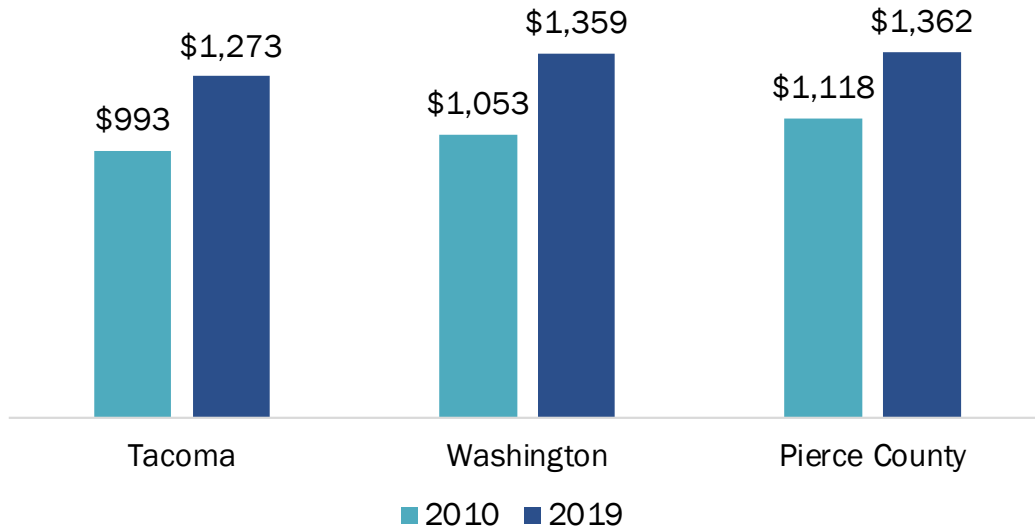


### Rising Rents

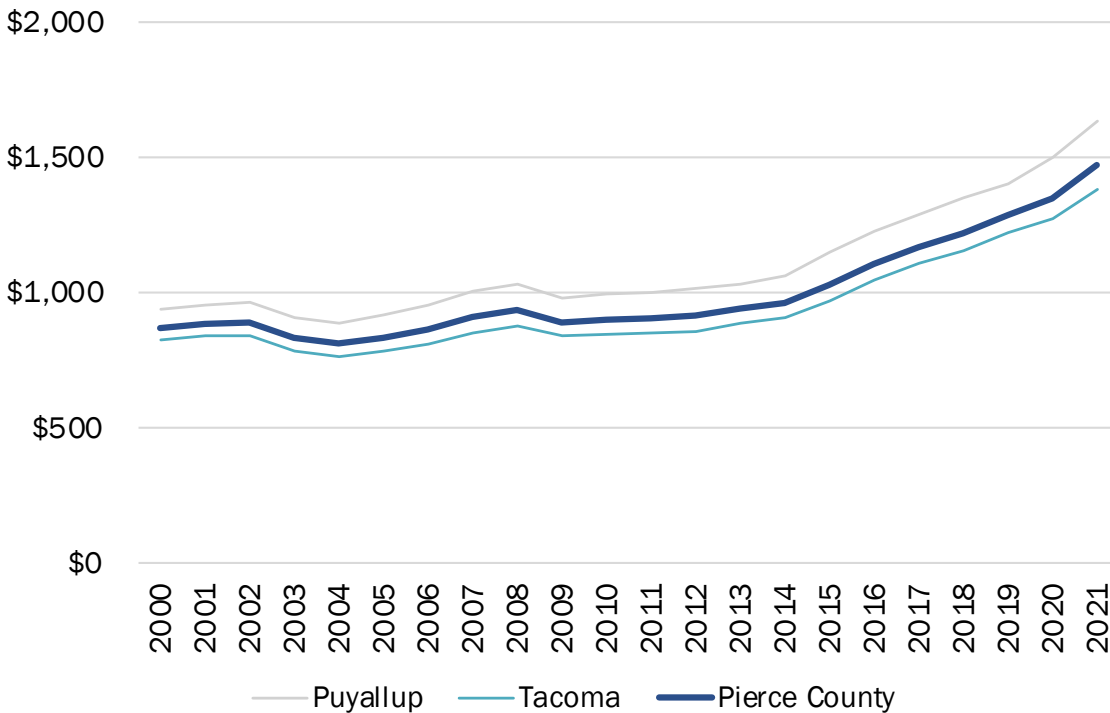
Figure 11 shows inflation-adjusted median monthly rents in Pierce County and comparison areas in 2010 and 2019, and Figure 12 graphs effective multifamily rents for Pierce County, Tacoma, and Puyallup from 2000 to mid-2021. Multifamily rents have risen steadily in all three regions since 2009, increasing more sharply between 2014 and 2021. With too few regulated affordable housing units in the county, many low-income households are at risk of rising rents and increasing rates of cost burdening.

<sup>11</sup> City of Tacoma. “Affordable Housing Action Strategy.” 2018. [cms.cityoftacoma.org/cro/ahas/affordablehousingactionstrategy.pdf](https://cms.cityoftacoma.org/cro/ahas/affordablehousingactionstrategy.pdf).

**Figure 11. Median Monthly Rent (2019 dollars), Washington, Pierce County, and Tacoma, 2019**  
 Data source: United States Census Bureau. 2010 and 2019 American Community Survey one-year estimates, Table B25064. Bureau of Labor Statistics inflation calculator.



**Figure 12. Multifamily Effective Rent, Pierce County, Tacoma, and Puyallup, 2000–Oct. 2021**  
 Data source: CoStar. Data as of October 2021.



Due to this underproduction, low vacancy, and declining affordability, competition is steep for the few low-cost housing units that are available. As a result, many renter households face cost-

burdening which means they spend more than 30 percent of their gross income on housing costs: 51 percent of renter households were cost burdened in Pierce County in 2019.<sup>12</sup>

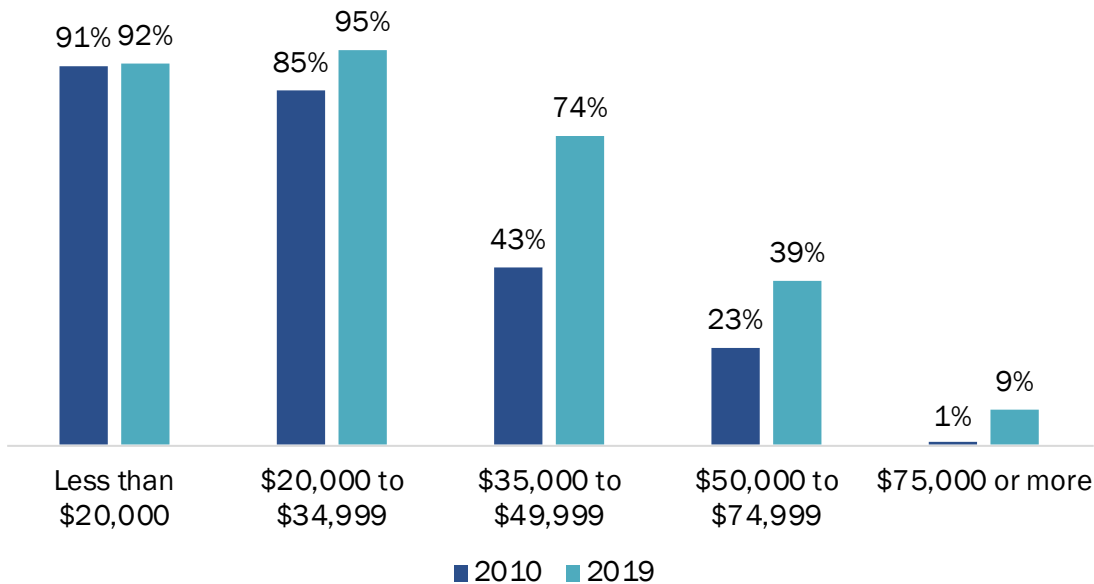
### Rising Rates of Cost Burdening

When housing costs exceed what a household can typically afford, that household is considered *housing cost burdened*, which is also called rent burdened. The U.S. Department of Housing and Urban Development (HUD) considers the affordability threshold to be 30 percent of a household's gross monthly income on all housing costs, including utilities and maintenance. Severe housing cost burdening occurs when a household pays more than 50 percent of its income on housing. While cost burdening can occur for homeowners, the issue is more salient for renters since rents can change month to month or year to year while mortgages are generally fixed for a longer period of time. Housing cost burdening is particularly challenging for low-income households who, after paying for housing costs, have insufficient income remaining for other necessities.

As expected, cost burdening rates in Pierce County are much higher for lower income renter households (see Figure 13). In 2019, 92 percent of Pierce County households earning less than \$20,000 were cost burdened, making these households much more vulnerable to homelessness. And between 2010 and 2019 all income brackets saw an increase in cost burdening, including higher income renter households earning over \$75,000 per year and those earning between \$35,000 and \$49,999 per year.

**Figure 13. Renter Cost Burden Rates, By Household Income, Pierce County, 2010 and 2019**

Data source: United States Census Bureau. 2010 and 2019 American Community Survey one-year estimates, Table B25064



<sup>12</sup> U.S. Census Bureau. American Community Survey, one-year estimates, table B25106, 2019.

Spending a high share of a small income on rent leaves too little available for emergencies and unexpected expenses, heightening the risk for eviction and homelessness. The research is clear that Pierce County's housing market dynamics are directly linked to high rates of homelessness.

## Housing Market Comments from the Focus Groups

Focus group participants emphasized the barriers they face in the housing market and how these barriers can lead to homelessness. The lack of vacancy and high rental prices reduced the ability of clients to find housing they could afford on their own and also increased the difficulty of using subsidies or housing vouchers. In a competitive market, landlords can be selective. Participants suggested that their ability to find stable housing was lower if they had lower credit scores, any prior evictions, a criminal history, lack of consistent rental history, or insufficient stable income (3 times the rent).

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ECONorthwest conducted focus groups in December 2021 with adult clients receiving homelessness services through Pierce County and service providers in Pierce County with lived experiences of homelessness. See Appendix B on page 65 for more details on methods and key findings.

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Both focus group providers and clients experienced rental prices that were too high, even while working full time at a minimum wage job, requiring many to take steps like working multiple jobs or working overtime, or adding additional people to the unit. Focus group participants identified high rents and high upfront costs such as first/last month's rent and security deposits as barriers to housing. They also identified high medical needs and costs for both adults and dependents that compounded their ability to afford market rents. Many also commented that the limited duration of rental assistance was worrying in the high rent market, as they feared how they would cover full rental costs when their assistance expired.

## Behavioral Factors Influencing Homelessness

Empirical studies typically evaluate the rates of homelessness in a community to draw conclusions on the community-level factors that influence overall inflows into homelessness. For numerous reasons relating to study design and data availability, few empirical studies evaluate the personal circumstances that lead to homelessness on an individual level, but some communities are developing and deploying screening tools to evaluate the factors that can predict homelessness generally or high-cost homelessness.

A 2019 literature review of homelessness prevention systems in New York City and Alameda County, California found that aside from previous experiences in shelters and being doubled-up with another household, the strongest predictors of homelessness included:<sup>13</sup>

- Having a pending eviction (whether a verbal threat or official notice),
- Being a recipient of public assistance, and

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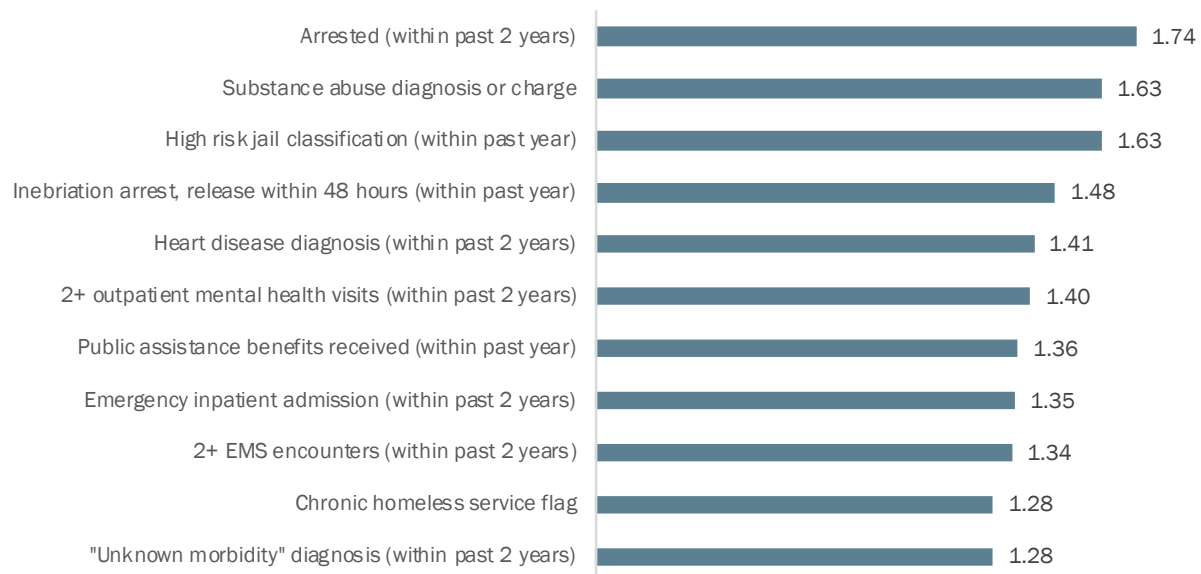
<sup>13</sup> Marybeth Shinn and Rebecca Cohen. *Homelessness Prevention: A Review of the Literature*. (Center for Evidence-Based Solutions to Homelessness, 2019). [http://www.evidenceonhomelessness.com/wp-content/uploads/2019/02/Homelessness\\_Prevention\\_Literature\\_Synthesis.pdf](http://www.evidenceonhomelessness.com/wp-content/uploads/2019/02/Homelessness_Prevention_Literature_Synthesis.pdf).

- Having high levels of rent arrears or debt.

Other researchers have come to similar conclusions as Yu in 2018, finding that homelessness is connected to the conjunction between personal factors (addiction, family disruptions, mental illnesses) and structural forces relating to housing cost and availability, low incomes, and insufficient mental health services.<sup>14</sup>

In a similar vein, the California-based Economic Roundtable developed a predictive analytic tool that anticipates a homeless individual's future *public costs* based on 38 individual-level demographic, criminal justice, health diagnostic, emergency service, and behavioral health variables. The emergency services and criminal justice variables show the strongest predictive power, as described in Figure 14.

**Figure 14. Characteristics Predictive of Homelessness in Santa Clara County, CA**



Source: Toros, Halil and Daniel Flaming. (2018) Prioritizing Homeless Assistance Using Predictive Algorithms: An Evidence-Based Approach. *CityScape: A Journal of Policy Development and Research*. Vol. 20 (1).  
*Interpreting odds ratios: an individual with this characteristic is X times more likely to be in the high-cost group than an individual without this characteristic.*

One of the difficulties in studying the behavioral characteristics associated with homelessness is understanding the direction of causality: while behavioral factors may influence inflow into homelessness, many are also the direct result of homelessness or worsen with prolonged experiences with homelessness. In a new study, researchers find that the causal relationship between addiction and homelessness is bidirectional in that addiction can lead to homelessness, but homelessness can also

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It is clear that more extensive research needs to be done regarding the relationship between behavioral health and homelessness.

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<sup>14</sup> Such as: Mago, V.K., Morden, H.K., Fritz, C. et al. "Analyzing the Impact of Social Factors on Homelessness: a Fuzzy Cognitive Map Approach," *BMC Med Inform Decis Mak* 13, no. 94 (2013). <https://doi.org/10.1186/1472-6947-13-94>; Jack Tsai, "Systematic Review of Psychological Factors Associated with Evictions," *Health and Social Care* 27, no. 3 (2019): e1-e9. <https://doi.org/10.1111/hsc.12619>.

spur addiction or make an existing addiction worse.<sup>15</sup> As no two experiences with homelessness are the same, some individuals may enter homelessness due to substance use disorders, while others begin using substances to stay awake (or to sleep) or to stay safe while on the streets.

## Focus Group Comments on Behavioral Factors and Homelessness

Within our focus groups, clients and providers identified difficult life situations and circumstances beyond their control (such as being laid off from a job) as instigating homelessness. Some also identified personal difficulties such as addiction or mental health difficulties influencing entrance into homelessness. In some cases, these characteristics also negatively impacted their ability to seek, receive and maintain access to services but in others, the higher level of need opened access to services previously unavailable.

## Inflows to Pierce County’s Formal Homelessness System

The factors described above, and other local conditions, have combined to produce a flow of individuals into Pierce County’s homelessness system that has increased over the last decade. Our analysis of HMIS data indicates that the system received a monthly average of about 630 individuals (about 370 households) not otherwise receiving services from the system when they entered the system in 2013. This inflow grew to 1,200 individuals (about 600 households) per month in 2019.

Due to COVID-19 related policy responses such as prohibitions on evictions and possibly the COVID-19 pandemic itself, inflows fell somewhat in 2020 and 2021 (based on partial data). However, county staff also reported a reduction in outreach and coordinated entry system access, which could have affected individuals attempting to access services. To the extent that concern about COVID-19 infection or reduced outreach and access has prevented individuals from seeking services, slowing inflows may prove temporary and do not reflect improvement in the underlying factors that lead to homelessness. As illustrated elsewhere in this report, the housing market has grown more challenging during the COVID-19 pandemic.

These inflows represent a combination of individuals who had not previously experienced homelessness, as well as individuals returning to homelessness. Just over half of individuals identified as having experienced homelessness during 2020 had no prior record of receiving services in the available HMIS data; about one-sixth had previously received services from Pierce County’s formal system; the remaining one-third were already receiving services at the beginning of the year.

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According to HMIS data, of people experiencing homelessness in 2020...

More than 50% had no prior record of receiving services,

About 17% had previously received services,

And 30% were already receiving services at the beginning of the year.

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<sup>15</sup> Kelly M. Doran, Callan Elswick Fockele, and Marcella Maguire. *Overdose and Homelessness—Why We Need to Talk About Housing*. (Journal of American Medical Association Network Open, 2022). doi:10.1001/jamanetworkopen.2021.42685.

## 4. Homeless Systems in Pierce County

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This section describes Pierce County’s homeless system and includes a discussion of the literature on the most effective programs at helping people exit homelessness.

### Prevention

Preventing homelessness is a critical part of any homeless system. However, the most effective way to prevent homelessness is to ensure a sound social safety net and to address the numerous societal factors that allow homelessness to happen. As described in the prior section, this would include interventions in the housing market, income, education, and healthcare, as well as dismantling systemic racism that perpetuates housing inequity for people who do not identify as White.

However, research demonstrates that many individuals and households who are at high risk of homelessness manage to avoid entering shelters. One study found that “even among those considered to be in the highest-risk categories, the majority of families did not enter shelter.”<sup>16</sup> This ability of many households to self-resolve also makes studying the effectiveness of programming difficult without randomized control trials to know how households would have fared absent an intervention.

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The U.S. does not provide sufficient income or housing support to close the structural gaps that cause people to enter into homelessness.

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Organizations throughout Pierce County offer homelessness prevention assistance, most in the form of short-term (or one-time) shallow rent assistance. However, focus group participants said people can only apply for assistance when they have an eviction pending. While this is likely the case because providers have insufficient funding and thus must prioritize the direst cases, conversations in the focus groups suggested frustration with this structure and desires to receive assistance before circumstances reach this stressful and chaotic point.

### Current Shelter and Programming Options

According to the Pierce County Continuum of Care’s *5-year Plan to Address Homelessness*, the County’s homelessness system is designed to work as follows (see Figure 15):

*The “front door” to our homeless crisis response system is referred to as Coordinated Entry. People experiencing homelessness can call 211, set an appointment at a specific location, drop in to a “same day” site, or engage with an outreach worker to access Coordinated Entry. During an intake conversation, their situation is assessed, and they may get support resolving their housing crisis through a Diversion Conversation and are prioritized for a housing program referral.*

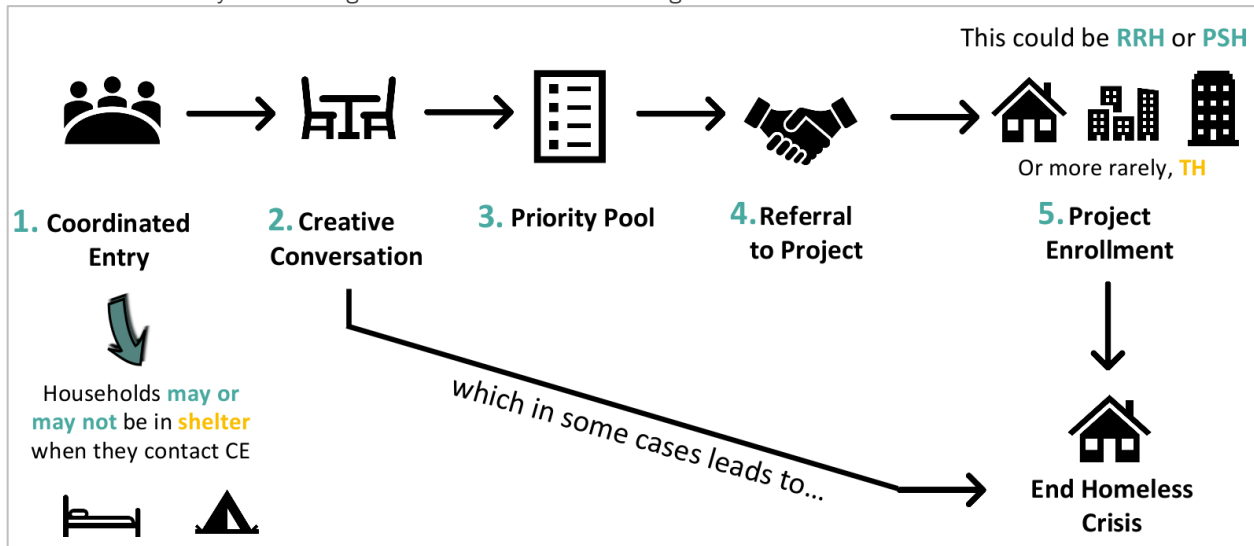
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<sup>16</sup> Shinn and Cohen, 2019.



**Figure 15. Pierce County Homeless Crisis Response System**

Source: Pierce County 2021 Background Materials for the Steering Committee



**Figure 16. Descriptions of Pierce County Homeless Services**

Source: Pierce County Human Services Website

**Outreach.** Outreach services are critical for identifying and addressing the immediate need of persons and families experiencing homelessness, especially those who are unable or unwilling to accept emergency shelter services. Outreach services include connecting people to behavioral health services, such as recovery programs or mental health services, as well as helping people to meet their most basic needs of food, clothing, and medical care.

**Coordinated Entry.** Coordinated entry makes it easier for people experiencing homelessness to access housing and supportive services, when available, as well as other mainstream services available in the community. When a person experiencing homelessness reaches out for help, coordinated entry uses a uniform assessment to identify the person’s strengths, resources, and barriers to housing. Through coordinated entry, a single database keeps track of the available beds and services throughout the community to identify the best program available for each person.

**Short-Term Problem Solving.** It can be an uphill battle to exit any length of homelessness. Short-term problem solving techniques make homelessness rare by meeting a housing crisis head on with the creativity and resources of the person experiencing the crisis. By helping them to leverage their natural resources—their family, friends, and faith communities—people can find housing solutions at a critical moment. And by supporting them with limited financial assistance, such as a one-time bill payment, or help purchasing food, or help finding a job or addressing health and safety needs, problem-solving assistance can provide support to help them stay housed.

**Rapid Re-Housing.** Rapid re-housing moves people quickly from homelessness to housing by providing short-term rental assistance accompanied by support services such as housing search assistance, move in costs, employment training, and connection to mainstream services such as behavioral health programs. In rapid re-housing, services and rent support are offered to help stabilize people in their housing and prevent them from becoming homeless again.

**Transitional Housing.** Transitional Housing provides individuals and families experiencing homelessness with the interim stability and support to successfully move into and maintain a permanent housing solution. These programs are limited to households that, due to a disability or other factors (such as engagement with the family welfare system), need temporary housing that permits stays longer than emergency shelter.

**Permanent Supportive Housing.** Permanent supportive housing can provide a stable living situation to people with significant barriers to housing, such as a long history of homelessness or a disability. Housing is paired with access to long-term supportive services—including mental and physical health services, substance use recovery, and vocational training—helping people to stay housed.

**Permanent Housing.** Access to permanent housing ends the crisis of homelessness. By helping people return to the stability or permanent housing and self-sufficiency, we can make homelessness a non-recurring occurrence. We are working with homeless housing agencies and local landlords to quickly move people experiencing homelessness back into a home of their own.

## Focus Group Comments on Pierce County's Systems

While the system is designed to ensure an efficient process that resolves each individual's housing crisis, the reality on the ground is much more complicated. This section describes several key themes on the successes and challenges with Pierce County's current system with information gathered from the focus groups conducted as part of this analysis. A full discussion of the methods and key findings from the focus groups can be found in Appendix B on page 65.

### Outreach and Case Management

Many client participants stressed the importance of their relationship with their caseworkers who helped them understand and navigate the complex system. Many said that their caseworkers assisted with paperwork, program requirements, timelines, and the bureaucracy related to services that they struggled to navigate on their own. Caseworkers were also important in contacting and encouraging focus group participants to attend the focus groups. Some clients discussed seeing or hearing about people navigating the homeless systems with caseworkers who were less involved and "just in it for the paycheck," implying that without a good caseworker and a strong relationship, access to resources and support could vary.

From the provider perspective, participants suggested that the job was both deeply rewarding and emotionally draining: the emotional labor, time commitment, and growing caseloads were taxing and underpaid. As the focus group provider participants had all experienced homelessness themselves, they understood what their clients were going through and were able to bring an important sense of empathy to the position. However, they also acknowledged that higher wages, lower caseloads, and more flexibility to help clients outside of the tight constraints of the "funding rules" would make their jobs easier and result in better client outcomes.

Lastly, caseworkers also discussed the importance of timing when a caseworker is assigned to a client, and how long they remain paired. Some clients indicated that they would have benefitted from being assigned a caseworker earlier in their process, at the time of first engagement with services. Some clients were concerned about losing their caseworker when their housing benefits expired, and some caseworkers struggled to balance the timelines of being assigned to someone and the length of time state assistance paperwork takes.

Participants also discussed the high turnover and labor shortage in the industry: the position's low pay and high emotional labor causes burnout, high turnover, and difficulty recruiting. At least one of the provider participants who had experienced homelessness in the past were also struggling to find suitable housing themselves.

### All-or-Nothing Support Services

Another theme that emerged from the focus groups was the drastic difference in quality of life before and after receiving services, framing it as an all-or-nothing experience. Many also were frustrated that a particular situation needed to devolve to crisis levels before that person would be prioritized for services.

All the clients we spoke with were stably housed, and those with housing support from the County were very pleased with their situations. They felt that the coordination of care among the County and providers was good, and they had the support they needed related to food, childcare, employment, and medical needs. When asked what more they needed, they didn't identify any additional needs that weren't already being met. Clients preferred supports that were not time restricted over those that were restricted.

Some of those that were in permanent supportive housing said that the housing security they were being provided had allowed them to work on fixing their addiction and mental health issues. Another spoke of getting support in "life skills," getting her GED, and being able to start a nursing program. Through discussions, it became clear that not having to worry about finding and paying for lodging allowed client participants to work on improving other areas of their lives.

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It was clear that not having to worry about finding and paying for lodging allowed client participants to focus on improving other areas of their lives.

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In contrast, client participants also discussed how challenging life was before they accessed services, describing it like winning the lottery. Client participants suggested that they were only able to get support when their circumstances devolved to such a point that they were prioritized for county services. These included an impending eviction, reporting drug use, severe mental or physical health conditions, having young children to care for. They struggled with the system's all-or-nothing services and resented that their individual circumstances had to devolve so far before being prioritized (for example, receiving rent assistance before an eviction notice was served).

Lastly, client participants discussed worrying about the “benefits cliff” that occurs when they have services but increase their hours, income, or both, and risk losing their benefits. This was part of the criticism of the all-or-nothing system. One participant recalled an example of being \$20 over an income limit for services and thus not qualifying for anything. While this is challenging for qualifying for services, it also limits participants’ ability to gradually increase their incomes or make other life improvements. Many suggested they would prefer that benefits declined more gradually with income.

## Challenges with Shelters

Before receiving housing services, many participants reported cycling in and out of shelters and struggling to find shelters with open beds. Clients discussed the numerous barriers at shelters, such as:

- Not being allowed to bring pets,
- Having more children than were allowed (only two were allowed in this example),
- Having their belongings stolen,
- Adhering to strict schedules, and
- Generally feeling disrespected in that environment.

Client participants mentioned that, if they were able to secure a shelter bed, they had to adhere to strict and sometimes inconvenient schedules, such as showering at a certain time or being out of the shelter during the day. When they could not secure a shelter bed, they said they slept on the streets, in a car, or with friends or family members. Client participants wanted to see an increase in the number of shelter services available, since there were many times when they wanted a shelter bed and couldn’t find an opening.

## Better Access to the Right Services

In addition, client participants stressed the need for better access to the *right level* of services, not only for themselves but for other residents in their buildings. Some participants needed better access to addiction and mental health services than they were receiving, and also wanted higher-needs neighbors moved into higher-level service settings to feel more safe and secure (this was true at shelters and some PSH facilities).

While the system has been designed to work in a logical and efficient manner, the reality from individuals moving through the system varies significantly.

## Exiting Homelessness

### Exits from Pierce County’s System

As illustrated in Figure 15 on page 25, helping individuals resolve their housing crisis is potentially a multistep process. Tracking outcomes and system monitoring is a similarly

multistep process. In this section we focus on system exits, presenting summary statistics, based on analysis of HMIS data, that describe exit outcomes and how those outcomes vary across service type and client demographics. Specifically, we examine the share of client exits that reflect successful transitions to housing and the length of time that successfully exited individuals remain housed.

The following service types are included in this analysis: emergency shelter (ES), transitional housing, permanent supportive housing (PSH), rapid re-housing (RRH), and diversion. Many emergency shelter clients do not enroll in additional services, sometimes because their housing situation resolves. Thus, their outcomes can provide a type of baseline for assessing outcomes for the other service types.

Each service type, however, provides a different set of services, intensity of services provided, and goals for clients (e.g., emergency shelter vs. PSH). As such, differences in outcomes should be expected, and the figures below are not meant as a comparative evaluation. Instead, they serve to help illustrate how clients move through and out of the system and suggest the effect of services on homelessness. But only rigorous evaluations, such as those described in the next section, can identify the extent to which a particular service or program ultimately improves client outcomes.

Figure 17 provides a high-level overview of exits for the system’s 2020 caseload. Overall, we identified about 9,400 individuals who exited one of the included programs during the year. Of these exits, 36 percent represented successful transitions, down slightly from 2019’s figure (38 percent) and considerably lower than that for 2015 (51 percent). As illustrated in the figure, outcomes vary by service type. One quarter of emergency shelter exits were successful, while two-thirds of RRH exits were successful.

Outcomes also vary with client characteristics (see Figure 18). Successful exits as a share of all exits are much lower for single-person households and chronically homeless individuals than for other populations, with successful exit rates of about half the overall average. Households with children (any household that includes someone younger than 18), on the other hand have higher rates of successful exit.

Note that goals for PSH differ from those of other service types. Specifically, providers seek to enroll individuals with an anticipation that they remain in the program, rather than exit. Put another way, the rate of successful exits from PSH understates the actual success of the program. We include PSH in the chart for completeness.

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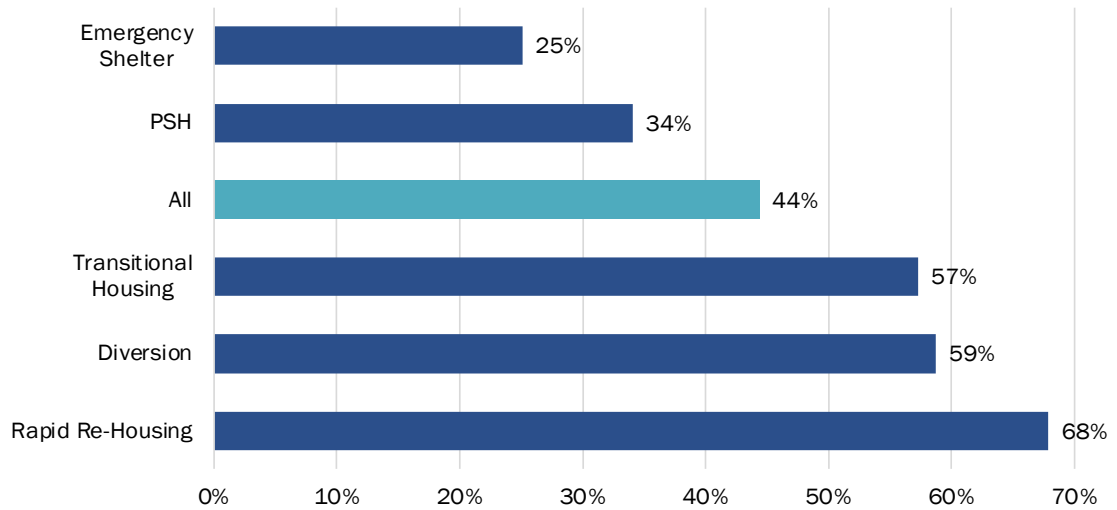
Following HUD and Pierce County guidance we define a successful exit as exits to permanent housing (e.g., staying with family on a permanent basis; rental with a permanent subsidy) and, for diversion clients the above permanent housing exits as well as temporary housing (e.g., staying with friends on a temporary basis).

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**Figure 17. Successful Exits as a Share of All Exits, by Service Type (2020)**

Source data: Pierce County HMIS

Note: Individuals who exit from multiple service types in a year appear multiple times in the table. Overall success rates are deduplicated.



**Figure 18. Successful Exits as a Share of All Exits, by Client Characteristics (2020)**

Source data: Pierce County HMIS

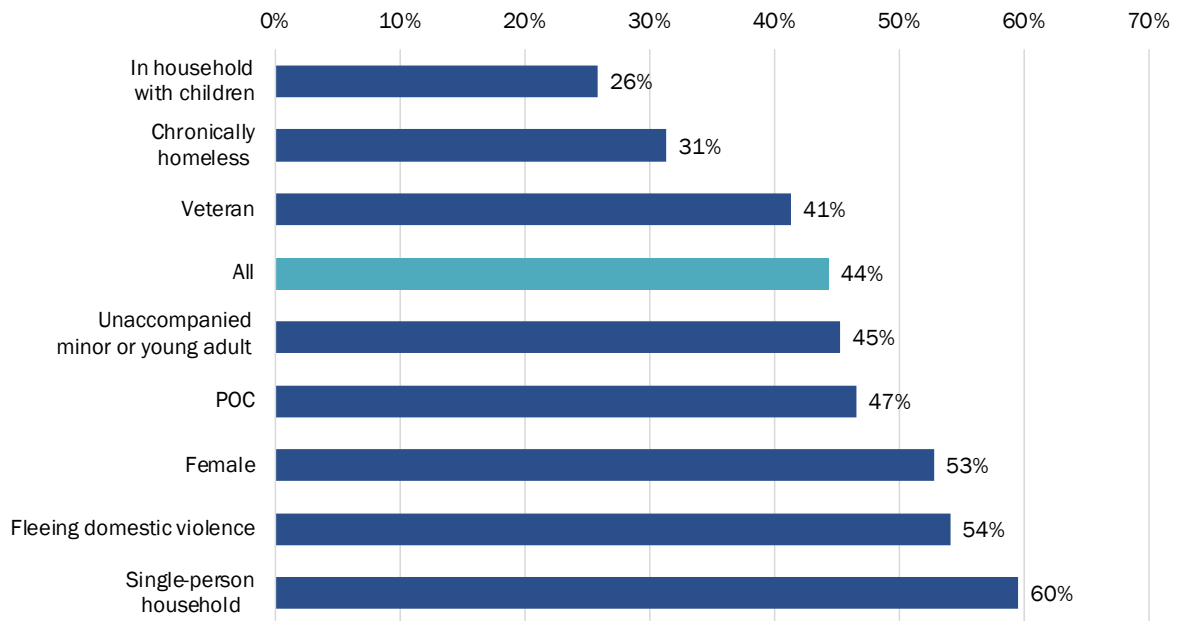
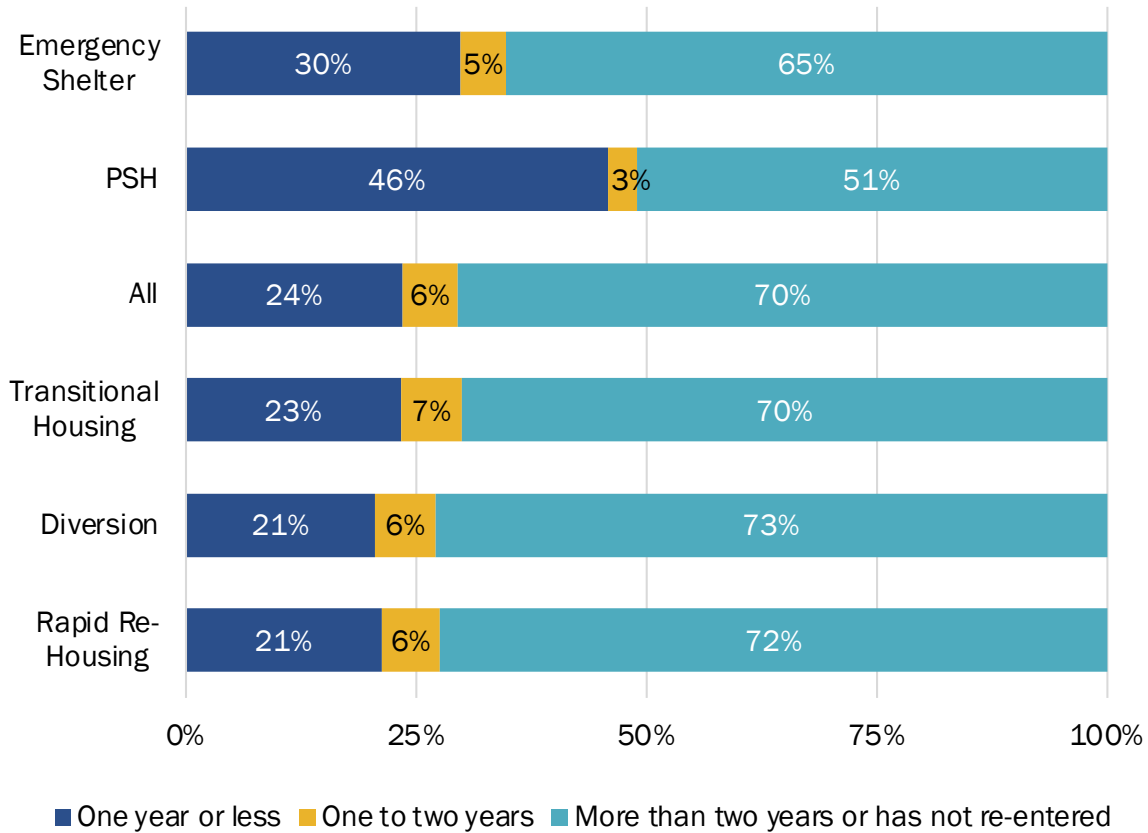


Figure 19 and Figure 20 display the distribution of time from successful exit until an individual reenters the formal Pierce County homelessness system by service type for the most recent exit during 2018 and by client characteristics, respectively. As suggested by the figure, clients identified as successfully exiting have a high chance of remaining housed for more than two years. Transitional housing clients, the smallest group of successful exiting clients, remain apparently housed for at least two years 50 percent of the time, and for service types with more

successful exits, this long-term success rate ranges from about two-thirds to three-quarters or more. These success rates have been fairly stable for the past several years.

**Figure 19. Time Until Reentry for Successful Exits, by Service Type (2018)**

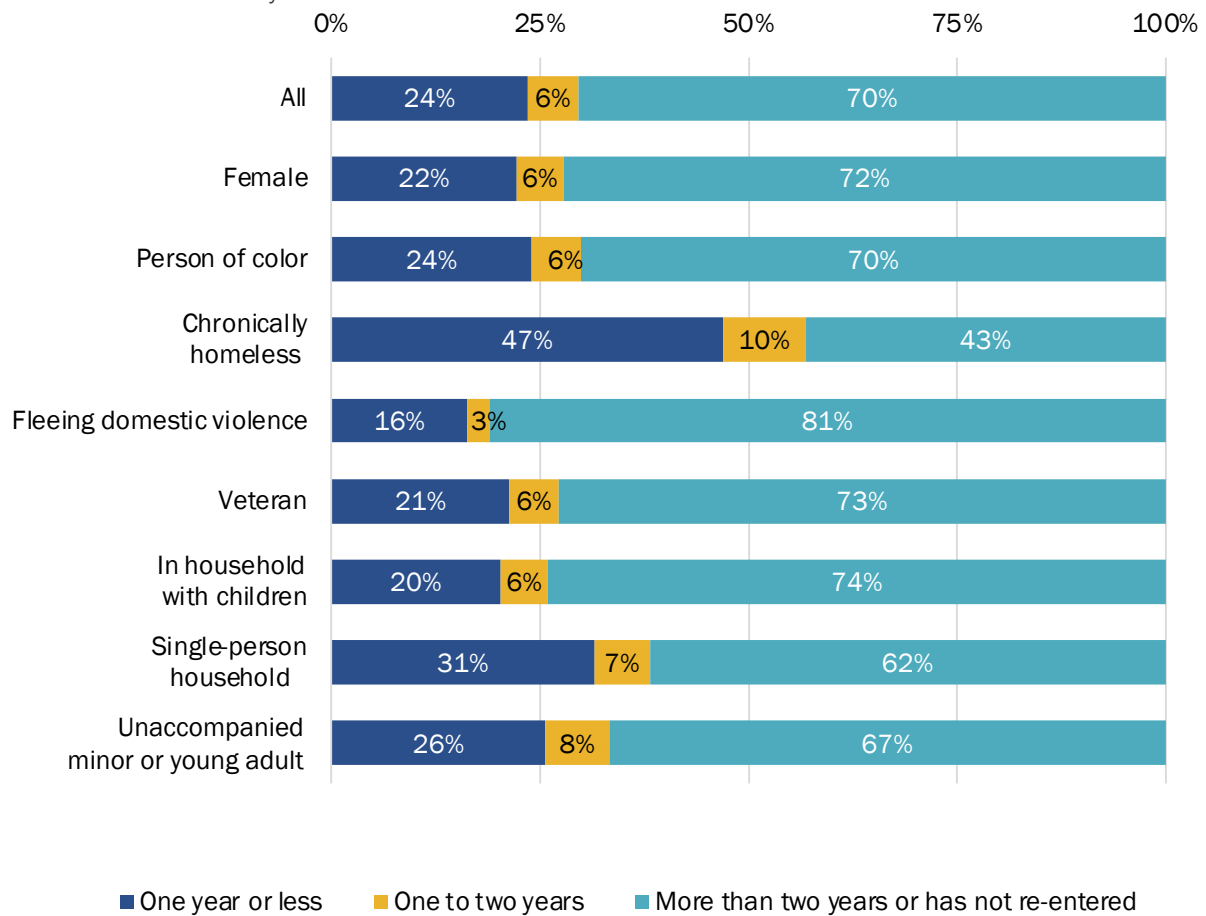
Source data: Pierce County HMIS



As demonstrated in Figure 20, long-term success also varies with client characteristics. Chronically homeless individuals have the lowest long-term success, while individuals fleeing domestic violence, veterans, and households with children having the highest among the populations examined.

**Figure 20. Time Until Reentry for Successful Exits, by Client Characteristic (2018)**

Source data: Pierce County HMIS



As with many aspects of homelessness system evaluation, data limitations present many challenges to tracking long-term success. Data on clients and their outcomes are often incomplete or missing; at present Pierce County cannot easily confirm long-term stability once a client is successfully housed, potentially meaning that the figures above present an overly optimistic picture of positive outcomes. Clients are only shown as returning to homelessness if they reenter the Pierce County homeless system. Entering a homeless system in another county or not entering any homeless system after becoming homeless again would produce a (false) positive outcome in the data. Of course, some clients who seemingly “disappear” from the system, whether because they leave the county or simply become unreachable will remain housed. These ambiguities underscore the need to continue ongoing efforts to improve the homeless system’s data collection.

Ongoing efforts to better count and track the population of people experiencing homelessness and system outcomes will help, but the nature of homelessness suggests that large gaps in the data will likely remain indefinitely. Consideration of emerging, rigorous, literature on what works to prevent and resolve homelessness can serve to reduce the uncertainty associated with the gaps in the data.



## Literature Review Findings

As noted earlier, statistical assessments of homelessness interventions are important when evaluating the effectiveness of programs because of the likelihood that families and individuals at risk of homelessness will self-resolve and avoid shelters. The gold-standard is the randomized control trial (RCT) where study participants are randomly assigned to receive the intervention or to receive services as usual, and then outcomes are studied over time. This section highlights the research literature on the efficacy and success of various types of homelessness interventions. Absent any other direction, improving or increasing service delivery in an area that has proven success is likely a good investment.

**Vouchers and long-term rent subsidies.** HUD's *Family Options Study* used a randomized control trial and found that compared to usual care, long-term, conventional housing subsidies provided to homeless families significantly reduced homelessness over the subsequent three years, reduced time in shelters, reduced housing instability, and improved outcomes related to family preservation, and child and adult well-being.<sup>17</sup> The use of long term subsidies also showed statistically significant improvements in several housing, child well-being, and family preservation outcomes when compared to RRH and TH programs as well. A more recent study from the Center on Budget and Policy Priorities evaluating federal rental assistance programs (Housing Choice Vouchers, public housing, and Section 8 Project Based Rent Assistance) found many of the same effects.<sup>18</sup>

**Rapid ReHousing.** In a 2015 study, the Urban Institute found that RRH is effective at helping families exit homeless shelters but is ineffective at providing long term housing stability. It notes that RRH models vary widely across communities making it difficult to study which pieces of the intervention are most effective and calls for future study. The *Family Options Study* found that families receiving community based RRH had almost no difference in outcomes compared to those assigned to receive usual care. This was the case across housing stability, family preservation, or adult and child well-being at 20 months and 37 months post-intervention. Improvements in food security and total family income did appear at 20 months. The study notes: "It is most striking that, relative to usual care, priority access to the temporary rental assistance offered in the CBRR intervention does not show impacts on subsequent stays in shelter or places not meant for human habitation during the 3-year follow up period."

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<sup>17</sup> U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Family Options Study: 3-Year Impacts of Housing and Services Interventions for Homeless Families* (Washington, DC: U.S. Department of Housing and Urban Development, October 2016).

<sup>18</sup> Will Fischer, Douglas Rice, and Alicia Mazzara, *Research Shows Rental Assistance Reduces Hardship and Provides Platform to Expand Opportunity for Low-Income Families*, (Washington, DC: Center on Budget and Policy Priorities, 2019), <https://www.cbpp.org/sites/default/files/atoms/files/12-5-19hous.pdf>.

Another randomized control trial evaluating RRH in Santa Clara County, California is currently underway.<sup>19</sup>

**Transitional Housing.** The *Family Options Study* found that project-based transitional housing (inclusive of services) generally did not achieve the goals of the program relating to assisting families facing unstable housing. “The lack of impacts on adult well-being and family self-sufficiency are particularly noteworthy here, given the emphasis placed by PBTH programs on delivering supportive services in these areas.” Across the outcomes evaluated (adult health in the past 30 days, psychological distress, alcohol dependence or drug abuse in the past 6 months, experienced intimate partner violence in the past size months, work for pay in week before survey, total family income, household is food secure) no impact was measured between the PBTH intervention and the usual care.

**Permanent Supportive Housing.** In 2018, the National Academy of Sciences surveyed the literature on the impacts of PSH on outcomes related to housing, health, or cost savings, and concluded that more research, including randomized control trials, was needed to determine cost effectiveness.<sup>20</sup> More recently, a RCT was conducted in Santa Clara County, California in 2020 and demonstrated that PSH can increase the rate of housing placement for chronically homeless individuals and keep them housed longer, while decreasing shelter use and psychiatric ED visits and increasing outpatient mental health care (the study showed no impact on medical ED, hospital, or jail visits).<sup>21</sup> This study used a triage tool to screen and assess the highest cost system users “frequent users” to include in the study. Changing the sample population undoubtedly affects outcomes. Due to the very high cost and intensive services associated with PSH, screening and redirecting the highest need cases is an important step.

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<sup>19</sup> James Sullivan and David Phillips, *Rapid Re-Housing to Reduce Homelessness in the United States*, (Cambridge, MA: Abdul Latif Jameel Poverty Action Lab, 2018), <https://www.povertyactionlab.org/evaluation/rapid-re-housing-reduce-homelessness-united-states>.

<sup>20</sup> The National Academies of Sciences, *Permanent Supportive Housing: Evaluating the Evidence for Improving Health Outcomes Among People Experiencing Chronic Homelessness*, (Washington, DC: National Academies Press, 2018), 6.

<sup>21</sup> Maria C. Raven, Matthew J. Niedzwiecki, and Margot Kushel, “A Randomized Trial of Permanent Supportive Housing for Chronically Homeless Persons with High Use of Publicly Funded Services,” *Health Research Services* 55, no. 53 (2020): 797-806. <https://doi.org/10.1111/1475-6773.13553>.

## 5. Financial Analysis

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This section analyzes the sources and uses of funding on homeless services, by Pierce County and other entities operating within the County. It also includes a discussion of the indirect costs of homelessness to municipal and economic systems, and an estimate of indirect spending on homelessness in Pierce County.

### Direct Spending on Homelessness

In this analysis we have attempted to capture spending on homelessness that is outside of what one typically thinks of as traditional homelessness service spending. This analysis includes federal spending on housing choice vouchers as homelessness prevention, identifies McKinney-Vento homeless student services spending in public school districts, includes funding from the Department of Veteran's Affairs (federal and state), and includes some information on private donations to nonprofit organizations gathered by Pierce County. Despite casting a wide net, this analysis likely undercounts the true spending across the county. Due to data availability, known omissions include the full scale of private donations and philanthropic funding flowing to nonprofit organizations, any spending by the Puyallup Tribe or City of Lakewood, and healthcare spending related to homelessness (such as Medicaid or direct behavioral healthcare spending).

**Funding sources.** To complete this analysis, we gathered information on the following funding sources. Data are for the 2020-2021 calendar or fiscal year (representing a 12-month period).

- Pierce County Community Services Department
- City of Tacoma Neighborhood & Community Services Department
- City of Puyallup 2021-2022 Adopted Budget
- HUD Office of Public and Indian Housing 2021 HCV Renewal Funding Awards
- HUD Awards and Grants (CDBG, HOME, ESG) Database
- Washington State Department of Veterans Affairs
- Washington State Office of Superintendent of Public Instruction
- Tacoma School District

**Funding uses.** Although many uses overlap, and many organizations, properties, and service providers offer multiple services, with the help of County staff, we have sorted spending into these 10 mutually exclusive categories.

1. Prevention (including rent assistance and federal vouchers)
2. Coordinated entry
3. Rapid Rehousing (RRH)
4. Transitional Housing (TH)
5. Outreach services
6. Rapid Rehousing (RRH)
7. Transitional Housing (TH)

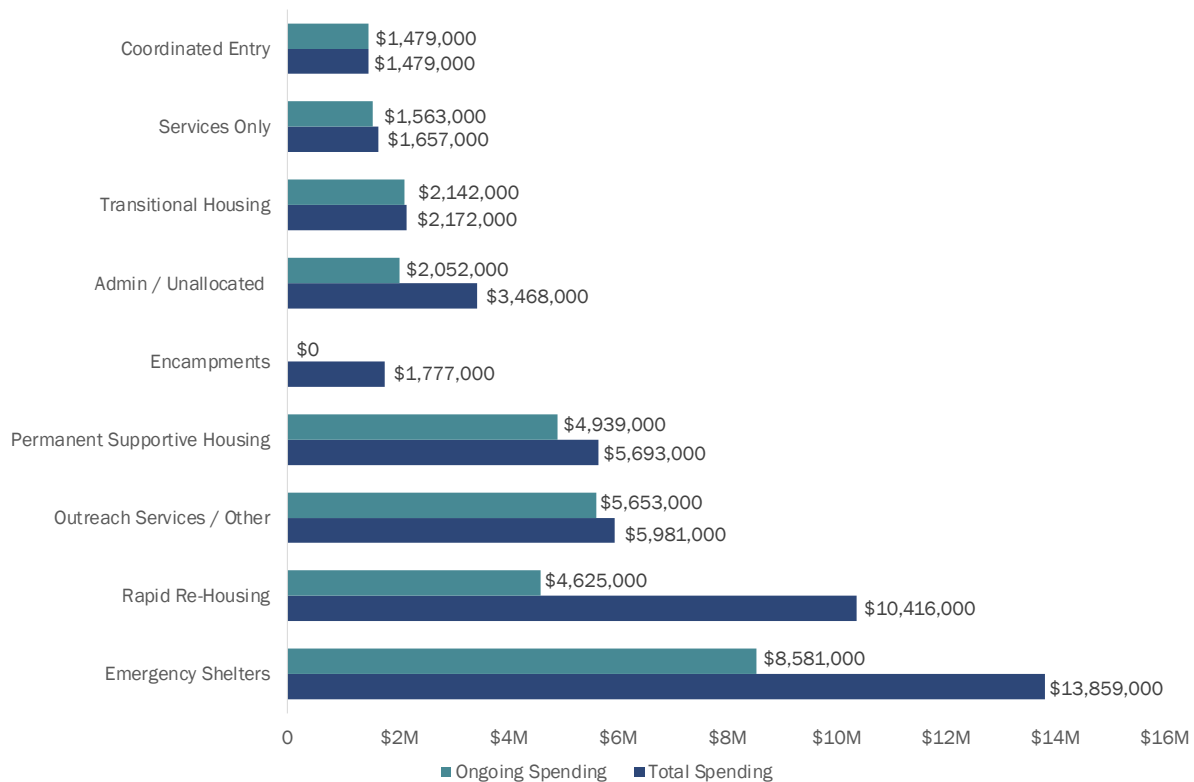
- 3. Administration (including unallocated funds)
- 4. Emergency shelters
- 8. Permanent Supportive Housing (PSH)
- 9. Services only, and
- 10. Encampments

Taking these categories and spending types into consideration, we calculate that in the 2020-2021 fiscal year, Pierce County government agencies and nonprofit organizations spent approximately \$243 million on efforts to prevent homelessness and serve individuals and households experiencing homelessness. Importantly, as this time period included the COVID-19 pandemic, this figure includes approximately \$129 million of one-time COVID relief dollars from the CARES Act and American Rescue Plan Act. Thus, the County and its service providers spent about \$114 million annually to prevent homelessness and serve those experiencing it.

On an ongoing basis, providers within the county spend about \$82 million on prevention (through housing choice vouchers), about \$8.6 million on emergency shelters, \$4.6 million on rapid rehousing, \$5.7 million on outreach services, \$4.9 million on permanent supportive housing, and \$2.1 million on transitional housing. Figure 21 demonstrates total and ongoing spending by use category for the 2021 fiscal year, excluding prevention which distorts the x-axis. Excluding prevention, providers spend about \$31 million on an annual basis.

**Figure 21. Pierce County Homelessness Spending by Use Category in \$M, FY2021**

Source: ECONorthwest Analysis of data from Pierce County, U.S. Department of Housing and Urban Development, City of Tacoma, City of Puyallup, Washington Department of Veterans Affairs, and the Washington Office of the Superintendent of Education.



Notes: Data are for 2020-2021 years. Data exclude Prevention spending which distorts the X-axis.

Figure 22 below demonstrates the variety of sources that fund these homeless services across Pierce County. Since we include federal spending on housing choice vouchers as homelessness prevention flowing to the Pierce County Housing Authority and the Tacoma Housing Authority (\$29.6 million and \$51.6 million, respectively in FY21<sup>22</sup>), the majority of funding in the figure below comes from federal sources. This spending is ongoing and bypasses the state and county going directly from HUD to the housing authorities. In addition, because the state received and administered funds from the CARES Act and American Rescue Plan Act, the one-time federal pass-through state figure is large (\$90 million). In this figure, local funds include General Funds from the City of Tacoma, City of Puyallup, and the County, Mental Health Substance Use Disorder (MHSUD) grants, and the Document Recording Fee. The document recording fee is a state controlled but locally collected tax. Pierce County does not decide what is taxed nor the amount, but able to spend some of it on services (Pierce County only keeps a portion of the total amount collected).

**Figure 22. Pierce County Total and Ongoing Homelessness Spending by Source, FY2021**

Source: ECONorthwest Analysis of data from Pierce County, U.S. Department of Housing and Urban Development, City of Tacoma, City of Puyallup, Washington Department of Veterans Affairs, and the Washington Office of the Superintendent of Education.

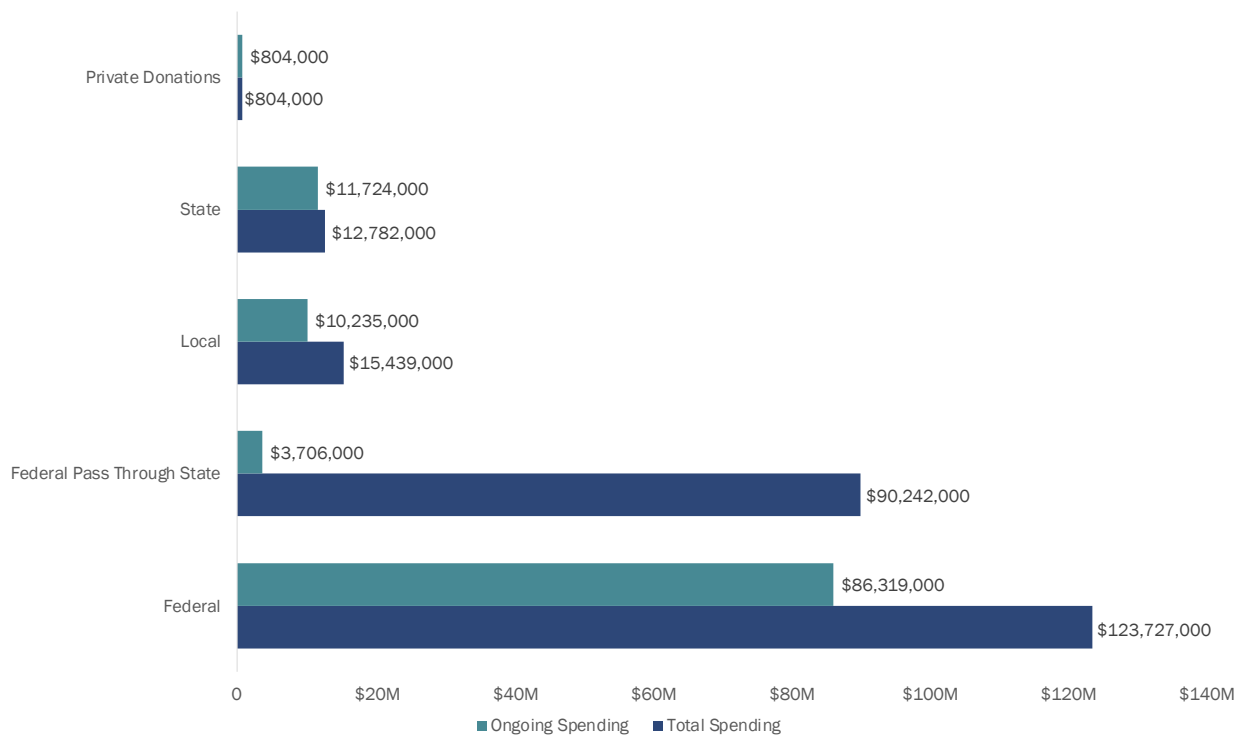


Figure 23 below shows one-time funding by source for FY2021. The American Rescue Plan Act was the largest with nearly \$92 million flowing through the County to Tacoma, Puyallup, Tacoma School District, and nine nonprofits. A very small portion of this funding,

<sup>22</sup> Total funding for the housing authorities came from the “2021 HCV Renewal Funding Awards” available on HUD’s website. [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/hcv/fmd](https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/fmd) While not all vouchers target extremely low-income households, a more nuanced breakdown by voucher type was unavailable.

approximately \$230,000 was unallocated as of fall 2020. The \$1 million in one-time Special Purpose Grants went to the City of Tacoma for three shelters.

**Figure 23. Pierce County One Time Homelessness Funding by Source, FY2021**

Source: ECONorthwest Analysis of data from Pierce County, U.S. Department of Housing and Urban Development, City of Tacoma, City of Puyallup, Washington Department of Veterans Affairs, and the Washington Office of the Superintendent of Education.

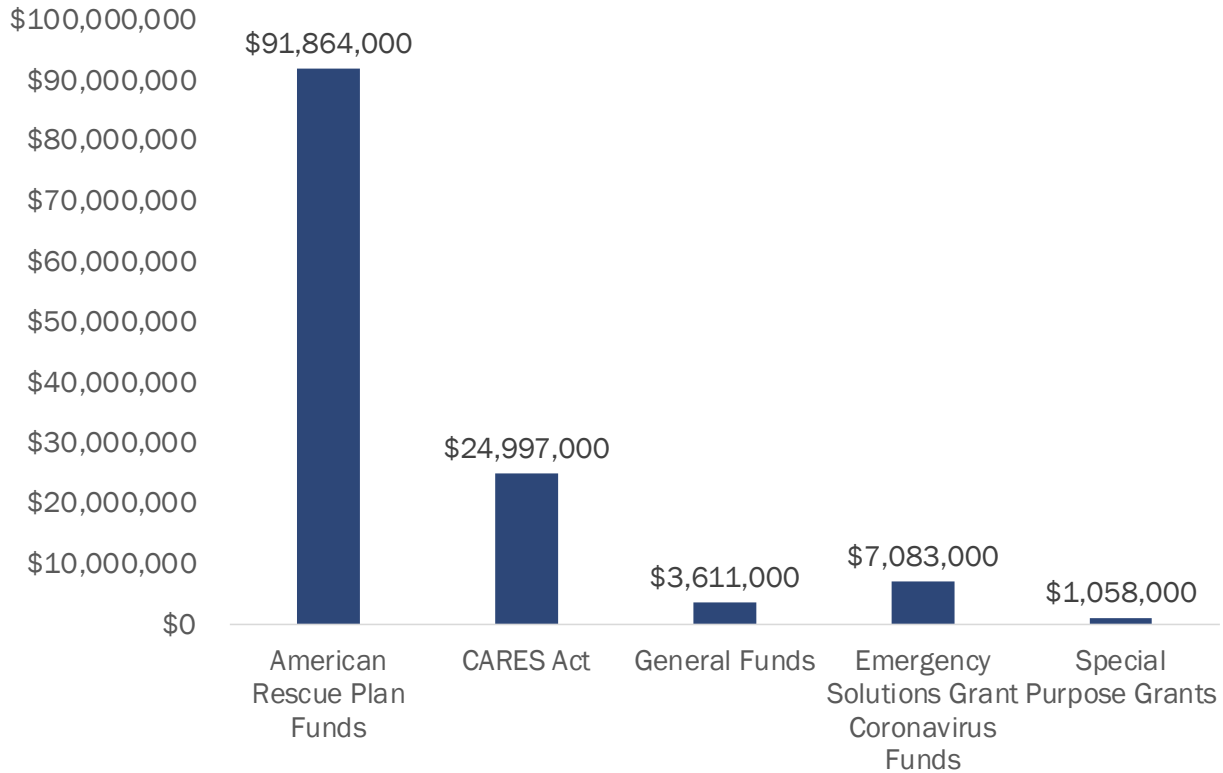


Figure 24 below shows the breakdown of General Fund spending between Pierce County, the City of Puyallup, and the City of Tacoma. All General Fund spending is categorized as one-time.

**Figure 24. General Fund Spending (One-Time) by Jurisdiction, FY2021**

Source: ECONorthwest Analysis of data from Pierce County, City of Tacoma, and the City of Puyallup.

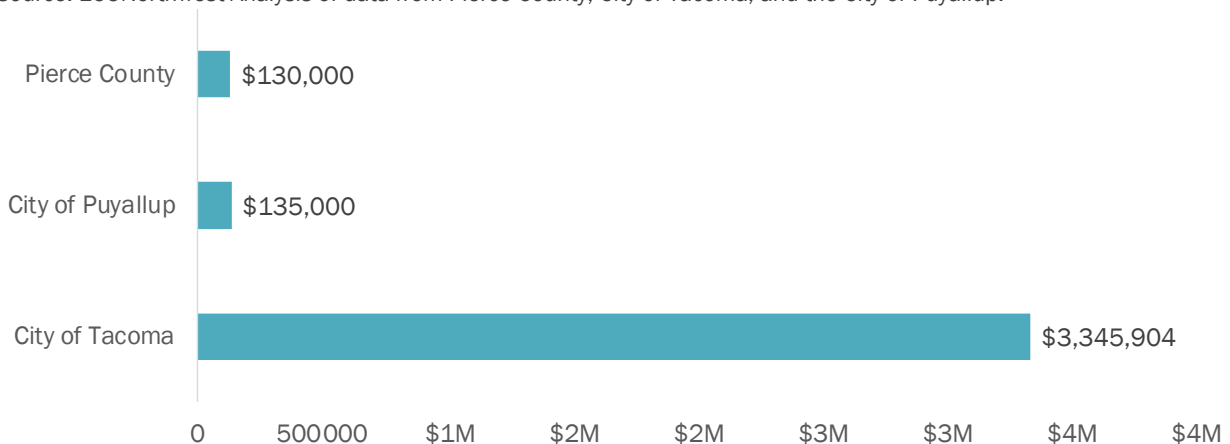
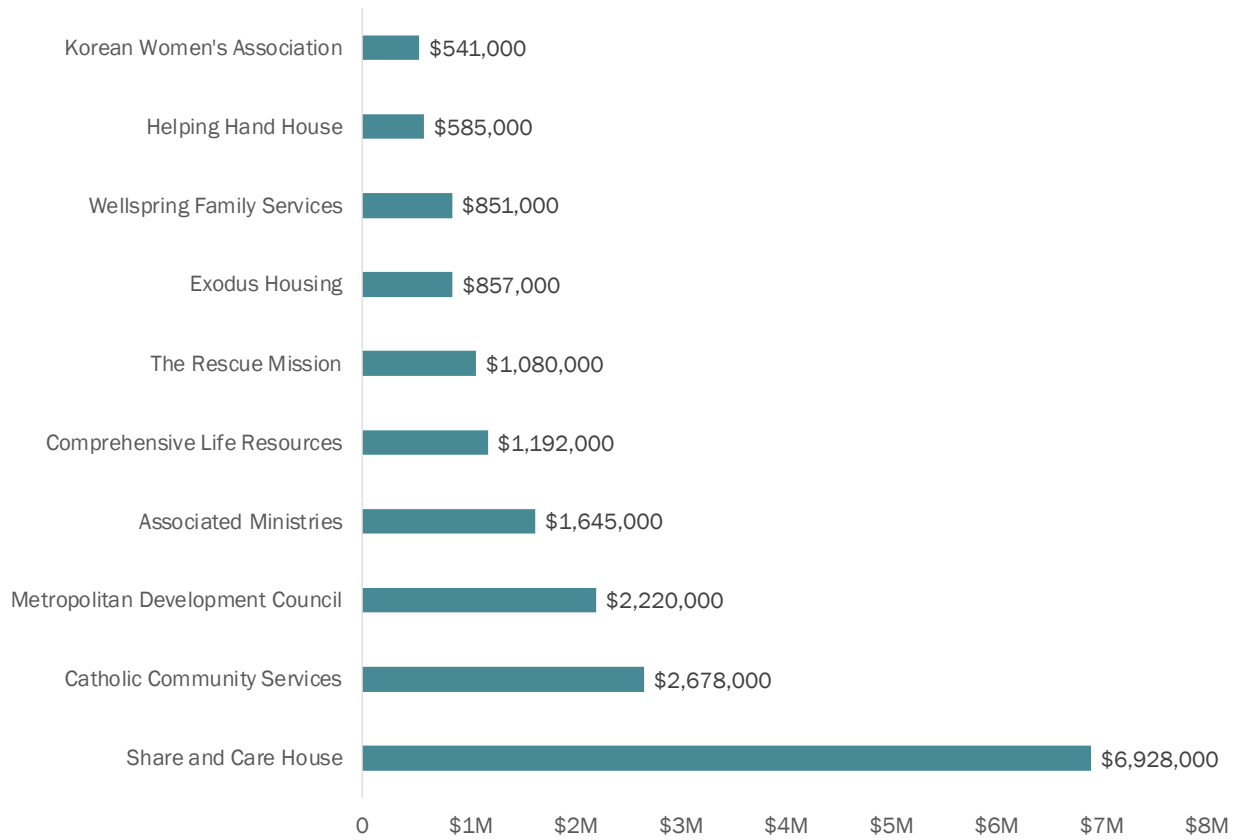


Figure 25 below shows ongoing funding to the ten largest private organizations in the County. While this analysis does include some private donations, it does not capture all private donations to these and other organizations operating in the County. In addition, data on philanthropic funding to these organizations was unavailable, and could be in the millions.

**Figure 25. Ongoing Funding to the Ten Largest Private Organizations in Pierce County, FY2021**

Source: ECONorthwest Analysis of data from Pierce County, U.S. Department of Housing and Urban Development, City of Tacoma, Washington Department of Veterans Affairs, and the Washington Office of the Superintendent of Education.



## Indirect Costs of Homelessness

The costs of homelessness extend beyond the costs to the individual and beyond the direct system costs of homeless services. This section summarizes findings from the literature and applies those findings to provide a high-level estimate of the indirect costs of homelessness in Pierce County.

### Overview of Indirect Costs

Homelessness imposes indirect costs across multiple systems, including healthcare, criminal justice, public safety, and other service systems. In addition, homelessness can impose costs on private businesses and reduce economic activity through lost productivity, damages, or declines in tourism in areas where homelessness is high.

Individuals experiencing homelessness, particularly chronically homeless, unsheltered individuals, are more likely to use crisis services such as emergency rooms and have more interactions with the criminal justice system than people not experiencing homelessness. Figure 26 presents four broad categories identified in the literature as having indirect costs on public and private services due to homelessness. Note that these cost categories are not comprehensive.

**Figure 26. Indirect Costs of Homelessness, Cost Categories**

Source: ECONorthwest literature review.

Healthcare	Criminal Justice System	Public and Social Services	Economic and Other Costs
<ul style="list-style-type: none"> <li>▪ Emergency rooms</li> <li>▪ Inpatient and behavioral health services</li> <li>▪ Outpatient services</li> <li>▪ Costs of detox and treatment facilities</li> <li>▪ Ambulatory services</li> <li>▪ Costs of 911 responses</li> </ul>	<ul style="list-style-type: none"> <li>▪ Costs of an arrest and jail stay</li> <li>▪ Court costs</li> <li>▪ Costs of crime (additional patrols, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Costs of encampment clean-up</li> <li>▪ Costs of foster care for homeless children</li> <li>▪ Costs of sanitation and street cleaning</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reduced tourism</li> <li>▪ Reduced economic activity</li> <li>▪ Costs due to reduction in perceived public safety</li> </ul>

There is a wide and growing body of literature focused on examining the indirect costs of homelessness, particularly within the context of estimating the cost effectiveness of permanent supportive housing and other interventions.

Most available studies focus on quantifying costs by conducting surveys of individuals before and after placement in housing to determine potential cost savings. Most studies of permanent supportive housing report positive cost savings from the intervention; however, the results are mixed, and the analytical rigor of the studies varies. Costs reported in the research also vary widely depending on the community, the homeless population surveyed, and the analytical approach of the study.

One of the most rigorous attempts at quantifying costs is described in a 2015 Economic Roundtable report prepared for Santa Clara County. The researchers developed a cost model that attempted to predict the indirect costs a homeless person might incur in the future. The researchers analyzed data on 104,206 individuals across six years and the effort is the “largest and most comprehensive body of information that has been assembled in the United States to understand the public costs of homelessness.”<sup>23</sup>

In all, the researchers found that the average indirect cost per homeless individual was \$5,148 per year. Chronically homeless individuals averaged \$13,661 in indirect costs per year. However, the range is large; the highest cost chronically homelessness individuals averaged

<sup>23</sup> Flaming, Daniel, Toros, Halil, Burns, Patrick. (2015). “Home Not Found: The Cost of Homelessness In Silicon Valley.” *Economic Roundtable*.

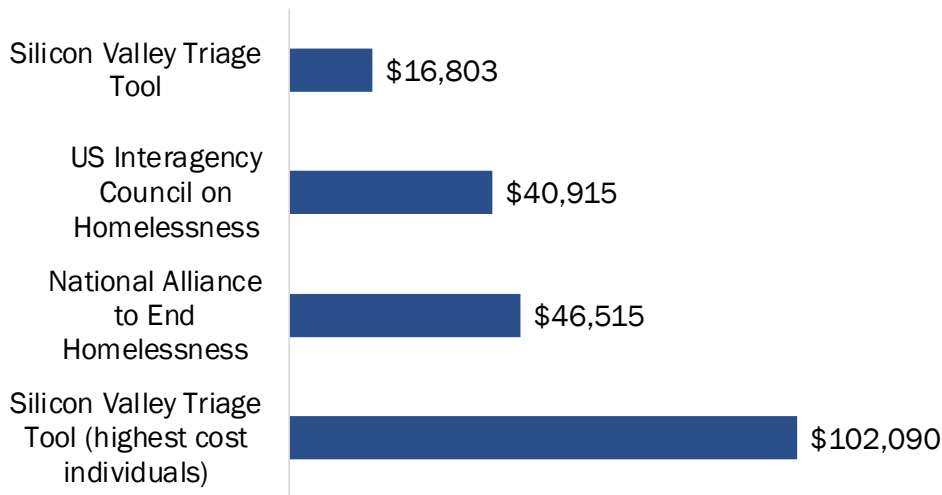


\$83,000 per year.<sup>24</sup> Individuals with the top five percent highest indirect costs accounted for 47 percent of the \$520 million total Santa Clara County spent indirectly on homelessness, indicating that a small proportion of individuals impose the greatest share of systems costs. Of the total costs, 53 percent were healthcare expenditures, 34 percent were justice system costs, and 13 percent were social service system costs.

In 2017, the United States Interagency Council on Homelessness (USICH) reported that chronic homelessness cost taxpayers \$40,448 per year per individual, with hospital and behavioral costs accounting for nearly all of the spending.<sup>25</sup> The National Alliance to End Homelessness (NAEH) reported that chronic homelessness cost taxpayers \$35,578 per year per individual.<sup>26</sup> Figure 27 shows the range in the estimated annual costs per chronically homeless individual reported per study in 2021 dollars. A table showing indirect costs from a range of studies is included in Appendix D: Indirect Costs of Homelessness Table on page 74.

**Figure 27. Range of Average Annual Indirect Costs per Chronically Homeless Individual, 2021 dollars**

Source: US Interagency Council on Homelessness, National Alliance to End Homelessness, Silicon Valley Triage Tool



Studies that have attempted to quantify cost savings from housing assistance have focused almost exclusively on supportive housing.<sup>27</sup> Overall, the research suggests a causal effect of services on indirect costs for the high-cost population served. The research also shows that sheltering everyone will not necessarily reduce indirect costs on public systems to zero.

<sup>24</sup> Includes those who are “couch serving” for long periods of time.

<sup>25</sup> United States Interagency Council on Homelessness. 2017. “Ending Chronic Homelessness in 2017.” [https://www.usich.gov/resources/uploads/asset\\_library/Ending\\_Chronic\\_Homelessness\\_in\\_2017.pdf](https://www.usich.gov/resources/uploads/asset_library/Ending_Chronic_Homelessness_in_2017.pdf).

<sup>26</sup> National Alliance to End Homelessness. 2017. “Ending Chronic Homelessness Saves Taxpayers Money.” <http://endhomelessness.org/wp-content/uploads/2017/06/Cost-Savings-from-PSH.pdf>.

<sup>27</sup> Bernalillo County. (2016). “Housing Pathway Assessment and Return on Investment Analysis.” <https://hsc.unm.edu/community/chwi/pathways/media/docs/reports/housing-roi-2016.pdf>.

In the next section, we present high-level estimates on the indirect costs of homelessness in Pierce County and discuss potential cost savings due to placement in supportive housing.

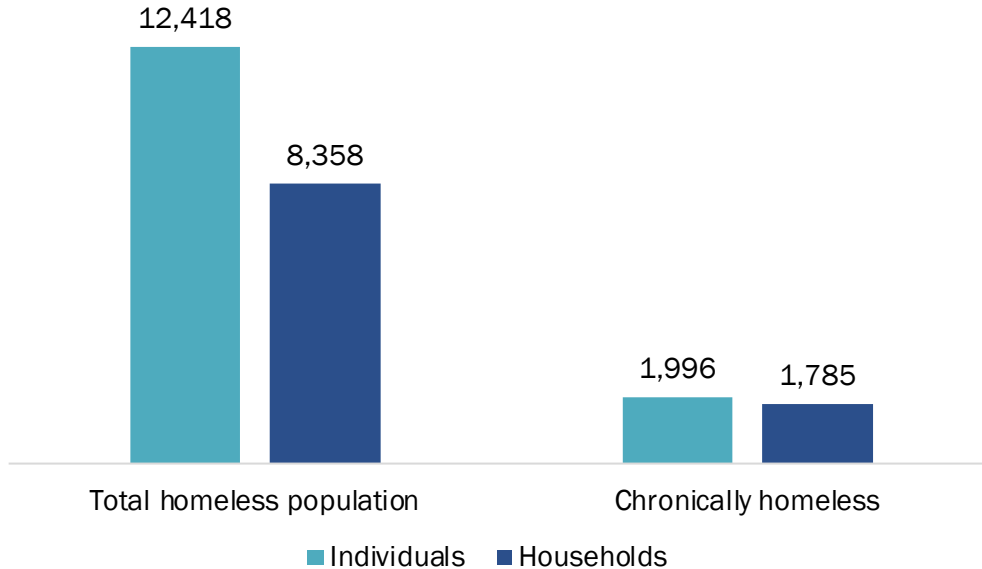
### Estimating Indirect Costs of Homelessness in Pierce County

Due to the wide range in cost estimates from the literature and limited availability of cross-agency administrative data in this study (which is used in all other estimates of indirect costs), we rely on ranges and high-level cost categories.

To estimate the potential indirect costs of homelessness in Pierce County, we apply findings from the literature to person counts from the 2019 HMIS data. Figure 28 shows our estimates of total homeless individuals and households and chronically homeless individuals and households in Pierce County from HMIS.

**Figure 28. HMIS Counts of Homeless Individuals and Households, Pierce County, 2019**

Source data: Pierce County HMIS

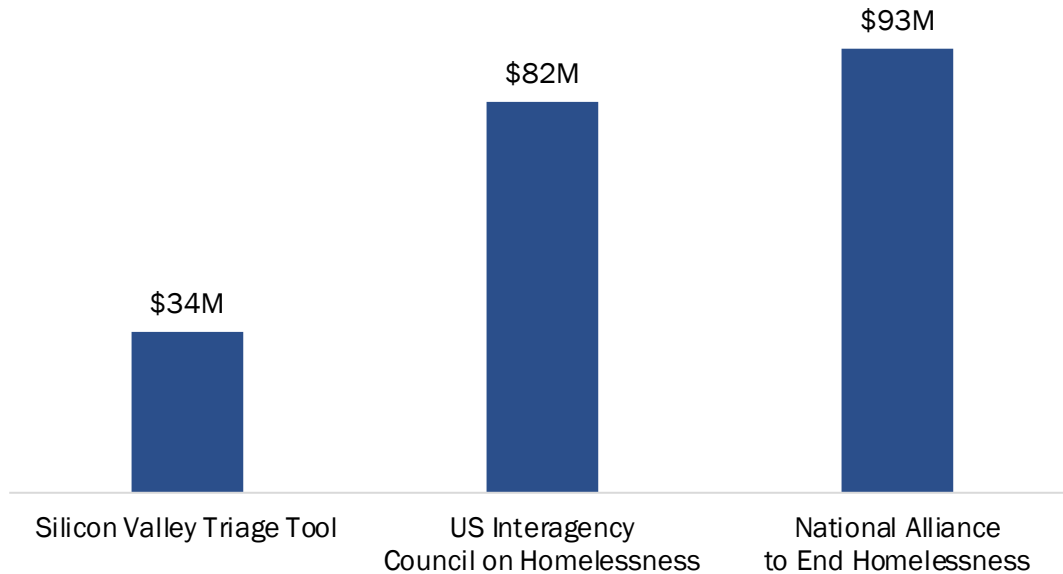


### Indirect Costs for Chronically Homeless Individuals

Using the HMIS counts for chronically homeless individuals and a range of average cost estimates from the literature, we estimate that Pierce County’s indirect costs for chronic homelessness in 2019 ranged from \$34 million to \$93 million (in 2021 dollars) as shown in Figure 29.

**Figure 29. Total Indirect Costs for Chronically Homeless, Pierce County, 2021 Dollars**

Source: US Interagency Council on Homelessness, National Alliance to End Homelessness, Silicon Valley Triage Tool. Note: this analysis excludes costs incurred by the highest cost individuals from the Silicon Valley Triage Tool. Note: Indirect costs are based on averages and do not explicitly account for duration of an individual's homelessness.



### Indirect Costs for All Individuals

Based on the per-individual costs reported in the Silicon Valley Triage Tool and by McKinsey & Company, we estimate that Pierce County's total indirect costs for homelessness ranged between approximately \$79 million and \$137 million in 2019 (updated to 2021 dollars). Note that the U.S. Interagency Council on Homelessness and the National Alliance to End Homelessness did not provide per-individual estimates for the general homeless population. In both estimates, healthcare costs account for the largest share of total indirect costs.

**Figure 30. Total Indirect Costs by Cost Category, Pierce County, 2021 Dollars**

	Silicon Valley Triage Tool		McKinsey & Company	
	Share of overall cost	Cost	Share of overall cost	Cost
Social Service Systems	13%	\$10,222,065	9%	\$11,841,614
Healthcare	53%	\$41,674,575	56%	\$76,675,623
Justice System	34%	\$26,734,633	35%	\$48,171,500
<b>Total</b>	<b>100%</b>	<b>\$78,631,273</b>	<b>100%</b>	<b>\$136,688,738</b>

Source: Pierce County HMIS, McKinsey & Company, and Flaming, Daniel, Toros, Halil, Burns, Patrick. (2015). "Home Not Found: The Cost of Homelessness In Silicon Valley." Economic Roundtable. Note: Indirect costs are based on averages and do not explicitly account for duration of an individual's homelessness.

Based on ECONorthwest's survey of the literature, were Pierce County to provide supportive housing for all homeless individuals needing such services, we might expect indirect costs

associated with these individuals to fall by around 50 percent.<sup>28</sup> Whether these reductions in costs translated to overall savings would depend on the dimensions and exact costs of the supportive housing program.

## Literature Review of Indirect Costs

Below we present a literature review of indirect costs which informed our analysis in the previous section. Findings from the literature are broken into the four major cost categories discussed above. In addition, we report on findings on indirect cost savings due to placement in supportive housing.

### Healthcare

Healthcare costs generally account for the largest share of indirect costs due to homelessness. Research demonstrates that people experiencing homelessness are more likely to receive care in emergency rooms and emergency psychiatric facilities than in outpatient settings.<sup>29</sup> People experiencing homelessness visit the emergency room or are hospitalized three to four times more often than the average person, respectively.<sup>30</sup>

In addition, the research finds that individuals experiencing homelessness are less likely to engage with primary care providers and are more likely to misuse prescription medications.<sup>31</sup> While increased engagement with primary care providers may erode some of the overall healthcare savings, it will lead to better individual health outcomes. Studies have also found that people experiencing chronic homelessness are “at higher risk for infections (including human immunodeficiency virus [HIV]), traumatic injuries, drug overdoses, violence, death due to exposure to extreme heat or cold, and death due to chronic alcoholism.”<sup>32</sup>

Unsafe and insecure living situations also impose severe mental and physical stress on individuals experiencing homelessness, and compound or exacerbate issues individuals may already have. In addition, access to medical, behavioral healthcare, and other needed services is generally limited. Without access to preventative and basic services, individuals experiencing homelessness often rely on crisis services, imposing greater costs on the system.

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<sup>28</sup> National Alliance to End Homelessness (NAEH), Silicon Valley Triage Tool, Urban Institute, and Center for Outcomes Research and Education at Providence Health and Services (CORE).

<sup>29</sup> Flaming, Toros, and Burns, 2015.

<sup>30</sup> Wright, Bill J., Vartanian, Keri B., Royal, Natalie, and Matson, Jennifer K. (2016) “Formerly Homeless People Had Lower Overall Health Care Expenditures After Moving Into Supportive Housing.” *Center for Outcomes Research and Education at Providence Health and Services (CORE)*.

<sup>31</sup> Ibid.

<sup>32</sup> See for example: Salit SA, Kuhn EM, Hartz AJ, Vu JM, Mosso AL. “Hospitalization costs associated with homelessness in New York City.” *New England Journal of Medicine*. 1998; 338:1734–1740 <https://doi.org/10.1056/nejm199806113382406>; The National Academies of Sciences, *Permanent Supportive Housing: Evaluating the Evidence for Improving Health Outcomes Among People Experiencing Chronic Homelessness*, (Washington, DC: National Academies Press, 2018), 6.

## Criminal Justice

Individuals experiencing homelessness, particularly chronic homelessness, are more likely to have interactions with the criminal justice system. Many laws, such as those outlawing sidewalk camping, sleeping outdoors, or loitering, are punitive toward those experiencing homelessness who have very few alternatives when shelters and safe havens are closed or full. Furthermore, research finds that individuals who have been incarcerated previously are more likely to experience homelessness, creating a homelessness-to-jail cycle.<sup>33</sup> And a criminal record can also make securing permanent housing harder if landlords perform background checks and can choose between multiple tenants for an open unit.

The Economic Roundtable report for Santa Clara County reported that a “third of the study population had criminal justice system involvement over the six years of available data. Among this group, a third were charged with felonies, half with misdemeanors and a fifth with infractions. A third of the charges were for drug offenses.”<sup>34</sup>

Because those experiencing homelessness are less able to access treatment for substance abuse disorders and behavioral health problems, research has found that they are more likely to be arrested for public disturbances/exposure, unsanctioned camping, and sleeping outside due to lack of access to adequate care and shelter.

## Public and Social Services Costs

Aside from the healthcare and criminal justice system, homelessness imposes costs on other public and social systems in a wide range of areas, such as

- Mobile sanitation services including toilets, personal care, and laundry facilities,
- Cleaning up encampments, sidewalks, streets, or parks,
- Spending on public safety and security patrols,
- Spending on job placement and employment readiness programs, or
- Spending on foster care and educational support for homeless children.

The City of Tacoma, for example, spent a total of \$3,905,000 in the 2019 fiscal year on its response to homeless encampments.<sup>35</sup> Homelessness may also impose additional costs due to increased need for sanitation services and street cleaning.

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<sup>33</sup> Emily Peiffer. (2020). “Five Charts That Explain the Homelessness-Jail Cycle—and How to Break It.” The Urban Institute. <https://www.urban.org/features/five-charts-explain-homelessness-jail-cycle-and-how-break-it>.

<sup>34</sup> Flaming, Toros, and Burns, 2015.

<sup>35</sup> U.S. Department of Housing and Urban Development and Office of Policy Development and Research. (2020). “Exploring Homelessness Among People Living in Encampments and Associated Cost City Approaches to Encampments and What They Cost.”

Parents entering homelessness are often separated from their children. In Bernalillo County, two-thirds of surveyed parents stated that they feared family separation prior to entering a housing program and a far higher rate of children in families experiencing homelessness have been placed in foster care compared to those who were not homeless.<sup>36</sup> Caring for children who are in foster care rather than with their families imposes additional costs on public systems.

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Focus group participants also identified limits on the number of children that could accompany an adult into some shelters in Pierce County, which presented a major barrier to accessing shelters.

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## Economic Costs

Areas experiencing high rates of homelessness may also suffer reputational damage, declines in tourism, declines in economic activity, and increased costs to businesses. Although these costs are generally not quantified in the literature, they are important to study, and anecdotes abound from main street businesses and patrons. Tracking individual business-related complaints and costs that directly result from homelessness would be incredibly challenging due to the fragmented nature of reporting and the ability to account for costs consistently.

## Summary of Indirect Costs

To summarize and capture the wide ranges of indirect costs associated with homelessness, Figure 31 lists the costs identified in the literature, the sources, and the locations studied at a high level. For a more comprehensive accounting of costs, see Appendix D: Indirect Costs of Homelessness Table on page 74.

The estimates below offer a wide range of costs across different populations, locations, and using differing methodologies. Because the estimates are so wide-ranging, it is difficult to draw definite conclusions about the costs of indirect costs of homelessness in Pierce County and elsewhere.

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<sup>36</sup> Bernalillo County, 2016.

**Figure 31. Estimates of Indirect Costs Associated with Homelessness**

Cost Category	Not Chronic / All Homeless	Chronically Homeless	Location
Total Healthcare Costs:	\$24,324 per person per year		Bernalillo County, NM (2016)
	\$8,191 per household per year		King County, WA (2018)
Criminal Justice Costs (all):	\$5,146 per household per year		King County, WA (2018)
Criminal justice, public safety, and detox costs:	\$15,342 per person per year		Denver, CO (2021)
Social Services:		\$6,208 per unsheltered person per year in encampment cost clean-up	Tacoma, WA (2020)
	\$754 per person per year		Nashville, TN (2007)
Total indirect cost:	\$5,148 per person per year	\$13,661 to \$83,000 per person per year	Santa Clara County (2012)
Total indirect cost:	\$35,578 to \$40,448 per person per year		United States (2017)

Sources:

1. Bernalillo County: University of New Mexico, "Pathways to a Healthy Bernalillo County: Housing Pathway Return on Investment Analysis," (2016)
2. King County: McKinsey & Company. (2018)
3. Denver: Gillespie, Sarah, Hanson, Devlin, Leopold, Josh, and Oneto, Alyse D. (2021). "Costs and Offsets of Providing Supportive Housing to Break the Homelessness-Jail Cycle: Findings from the Denver Supportive Housing Social Impact Bond Initiative." Urban Institute Metropolitan Housing Communities Policy Center.
4. Tacoma: Dunton, Lauren, Khadduri, Jill, Burnett, Kimberly, Fiore, Nichole, and Yetvin, Will. Abt. Associates. (2020). "Exploring Homelessness Among People Living in Encampments and Associated Cost City Approaches to Encampments and What They Cost." U.S. Department of Housing and Urban Development and Office of Policy Development and Research.
5. Nashville: Voorhees, Courte C.W., Brown, Scott R., and Perkins, Douglas D. "The Hidden Costs of Homelessness in Nashville: A Report to the Nashville Metro Homelessness Commission." Vanderbilt University Center for Community Studies.
6. Santa Clara County: Flaming, Daniel, Toros, Halil, Burns, Patrick. (2015). "Home Not Found: The Cost Of Homelessness In Silicon Valley." Economic Roundtable.
7. National: National Alliance to End Homelessness (NAEH). "Ending Chronic Homelessness Saves Taxpayers Money." United States Interagency Council on Homelessness. (2017) "Ending Chronic Homelessness in 2017."

## The Effects of Supportive Housing Placement on Indirect Costs

Housing previously homeless individuals, particularly chronically homeless unsheltered individuals, has been shown to reduce the indirect costs of homelessness. Furthermore, reaching functional zero for certain homeless populations may lead to additional savings and better service delivery due to efficiency gains from increased coordination and communication between actors within the homeless system.<sup>37</sup>

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According to Community Solutions, achieving ‘functional zero’ homelessness means there are fewer people experiencing homelessness than can be housed within a month.

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Placing individuals in supportive housing can lead to savings across all the major cost categories discussed in the previous section. In Bernalillo County’s report on the return on investment for its Housing Pathways program, the authors documented potential cost savings in the following categories:<sup>38</sup>

1. City and county emergency response systems
2. Public and private hospital emergency departments
3. City and county law enforcement
4. County jail
5. Medicaid and Medicare
6. Emergency shelters
7. Child protective and foster care systems
8. Costs to homeowners and business owners
9. Costs to community organizations

The Urban Institute analyzed cost savings from the Denver Supportive Housing Social Impact Bond Initiative, which provided permanent supportive housing to chronically homeless individuals over the 2016-2020 time period.<sup>39</sup> In its literature review, about half the studies found significant cost savings from supportive housing placement, while others showed overall increases in total systems costs. The authors found that the supportive housing program’s target population, the region in which the program is implemented, and the study design all influenced whether overall costs increased or decreased, and the magnitude of these changes.<sup>40</sup>

However, the research broadly agrees that housing the homeless leads to lower indirect costs for public systems due to less use of shelters, emergency rooms, and crisis services, and reduced interactions with police and stays in jail.<sup>41</sup> The National Alliance to End Homelessness (NAEH)

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<sup>37</sup> Batko, Samantha, Solari, Claudia D., DuBois, Nicole. (2021). “The Value of Ending Veteran and Chronic Homelessness in Four Communities: A Framework for Measuring Community-Wide Costs and Benefits.” *Urban Institute Metropolitan Housing Communities Policy Center*.

<sup>38</sup> Bernalillo County, 2016

<sup>39</sup> Batko, Solari, and DuBois, 2021.

<sup>40</sup> Gillespie, Sarah, Hanson, Devlin, Leopold, Josh, and Oneto, Alyse D. (2021). “Costs and Offsets of Providing Supportive Housing to Break the Homelessness-Jail Cycle Findings from the Denver Supportive Housing Social Impact Bond Initiative.” *Urban Institute Metropolitan Housing Communities Policy Center*.

<sup>41</sup> Batko, Solari, and DuBois, 2021.



reported that, on average, placing people experiencing homelessness in supportive housing reduced indirect costs by about 50 percent.<sup>42</sup> Other, similar studies, have suggested similar reductions in indirect costs. Reduced indirect costs due to placement in supportive housing are particularly well documented for healthcare costs.

In Bernalillo County (NM), for example, the Housing Pathways program was estimated to have produced between \$555,000 and \$925,833 in total healthcare cost savings, or between \$3,648 and \$6,081 per individual in permanent supportive housing. In Portland (OR), residents of the Bud Clark Commons, a supportive housing development, saw their average healthcare costs decline 45 percent the first year after move-in.<sup>43</sup>

Other studies have documented similar declines in healthcare costs associated with supportive housing placement. In 1811 Eastlake, a supportive housing project in Washington State that focuses on improving health outcomes, residents saw a reduction in total costs of 53 percent, a reduction of 72 percent for emergency costs, 24 percent fewer drinks per day, and 65 percent less days intoxicated.<sup>44</sup>

Other cost savings from the Denver Supportive Housing Social Impact Bond Initiative include a reduction in annualized per person jail costs by 23 percent, a reduction associated with court cases of 29 percent, a 35 percent per person reduction associated with police contacts, a 30 percent reduction associated with custodial arrests, a 63 percent reduction in costs associated with short-term detoxification visits, and a 50 percent reduction associated with noncustodial arrests.<sup>45</sup>

Whether the reduced indirect costs cover the programmatic costs of a supportive housing program depends on many factors. Most communities recoup at least the half of the costs of their supportive housing programs in the form of reduced indirect system costs.

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Most communities recoup at least the half of the costs of their supportive housing programs in the form of reduced indirect system costs.

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In Bernalillo County, savings from the Housing Pathways program exceeded the costs of the program with a benefit-to-cost ratio between 1.2 to 2.0 (\$1.20 to \$2.00 in benefits for every \$1.00 of program expenditures).<sup>46</sup> About half of the total annual per person costs in the Denver Supportive Housing Social Impact Bond Initiative were offset by reduced indirect costs. The New York City FUSE II evaluation found a reduction in indirect costs offset 67 percent of programmatic costs.<sup>47</sup>

While placing previously homeless individuals in supportive housing will generally lead to a reduction in indirect costs, it will not eliminate all indirect costs. Even communities that reach

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<sup>42</sup> National Alliance to End Homelessness, 2017."

<sup>43</sup> The Cooperation of Supportive Housing (CSH) and Context for Action. (2019). "Tri-County Equitable Housing Strategy to Expand Supportive Housing for People Experiencing Chronic Homelessness."

<sup>44</sup> Wright, Vartanian, Royal, and Matson, 2016.

<sup>45</sup> Gillespie, Hanson, Leopold, and Oneto, 2021.

<sup>46</sup> Bernalillo County, 2016.

<sup>47</sup> Gillespie, Hanson, Leopold, and Oneto, 2021.

functional zero for chronic homelessness will have a population of individuals experiencing episodic homelessness. In some communities that reached functional zero for chronic or veteran homelessness, stakeholders commented that enough people were still enduring episodic, unsheltered homelessness that there was little noticeable difference in the homeless population inhabiting public spaces and shopping areas.<sup>48</sup>

## Estimating the Cost to Provide Shelter for All Individuals Experiencing Homelessness in Pierce County

The financial analysis in this section reflects a system with resources that fall short of providing needed shelter and services for everyone experiencing homelessness in Pierce County. To conclude this section, we combine information on current funding, the HMIS data analysis, and research described in this report to characterize the resources required for a system that could in fact serve everyone in need.

To develop the scenario estimates we first estimate the resources that would have been needed in 2021 to provide services to the approximately 2,300 individuals estimated to have been unsheltered in Pierce County in 2021. We then estimate the additional resources necessary to serve the anticipated inflow to homelessness in each year through 2025.

While the budget information we reviewed above provides a characterization of sources and uses of funds in the current homeless services system, the details are not well-suited for the analysis below. Importantly, the budgets reviewed do not fully allocate service costs to specific interventions, such as PSH. As a result, relying on per-client cost estimates using these data could lead to misleading conclusions. For example, the \$5.1 million in ongoing PSH dollars identified above would suggest an annual cost of under \$10,000 per unit when consensus in the literature and in the field is that providing PSH will typically require upwards of \$20,000 per unit. Thus, we use the total resources identified as the current base but calculate additional resource need using per-individual or per-household costs based on our review of the research and estimates published by Pierce County.

Our calculations require additional assumptions, derived from a variety of sources, and are inherently uncertain due to limitations in available data and the unknown short and long-term impacts of the COVID-19 pandemic. We focus on service delivery and do not estimate the need for additional system costs, such as central administration, or capital spending. Appendix A contains additional detail about the calculations. These assumptions include the following:

- Additional resources would have provided services to 2,313 unsheltered individuals (about 1,480 households) in 2021, as well as additional services to the approximately 1,000 individuals in a shelter bed at any point in time

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<sup>48</sup> Batko, Solari, and DuBois, 2021.

- Additional resources for each year 2022 through 2025 system serves a total of 403 more households than in the prior year, reflecting a monthly inflow of 602 households per month (7,224 per year) experiencing a new spell of homelessness
- Assumed intervention and shelter costs are:
  - Shelter -- \$24,000 per bed per year
  - Diversion -- \$1,500 per household
  - Voucher -- \$10,000 per household per year (permanent increase in system resource need)
  - Rapid rehousing -- \$8,000 per household
  - Permanent supportive housing -- \$22,000 per household per year (permanent increase in system resource need)

Figure 32 displays total estimated resource need, 2021 through 2025. As indicated in the figure, we calculate that providing services to all individuals and households experiencing homelessness in 2021 would have required an additional \$35.5 million dollars, or total resources of \$74 million (excluding existing vouchers). In subsequent years, additional resources needed beyond the 2021 baseline rise from \$62.5 million in 2022 to \$124.6 million in 2025, for an average of \$93.5 million per year from 2022 to 2025.

**Figure 32. Resources needed to provide shelter for all homeless individuals (2021 \$)**

Source: ECONorthwest

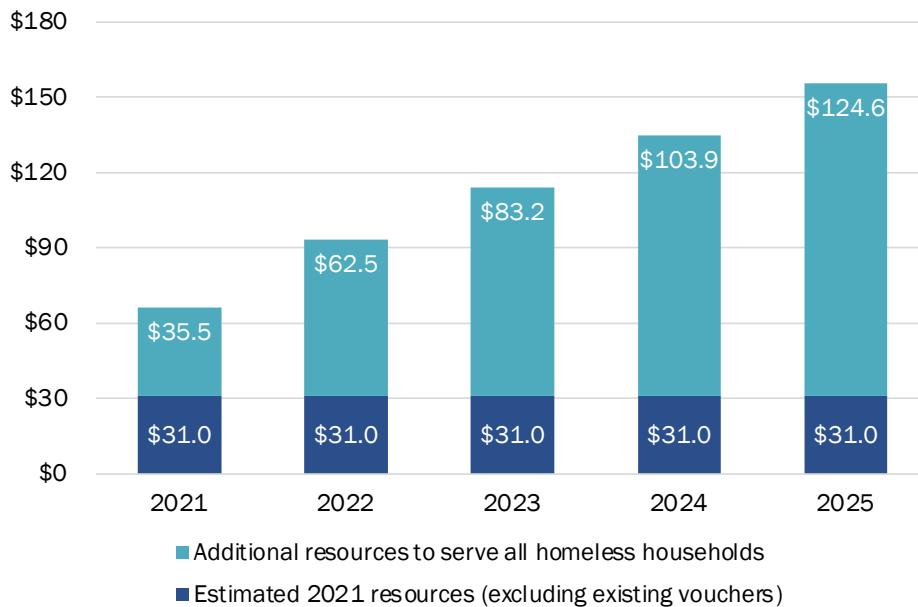
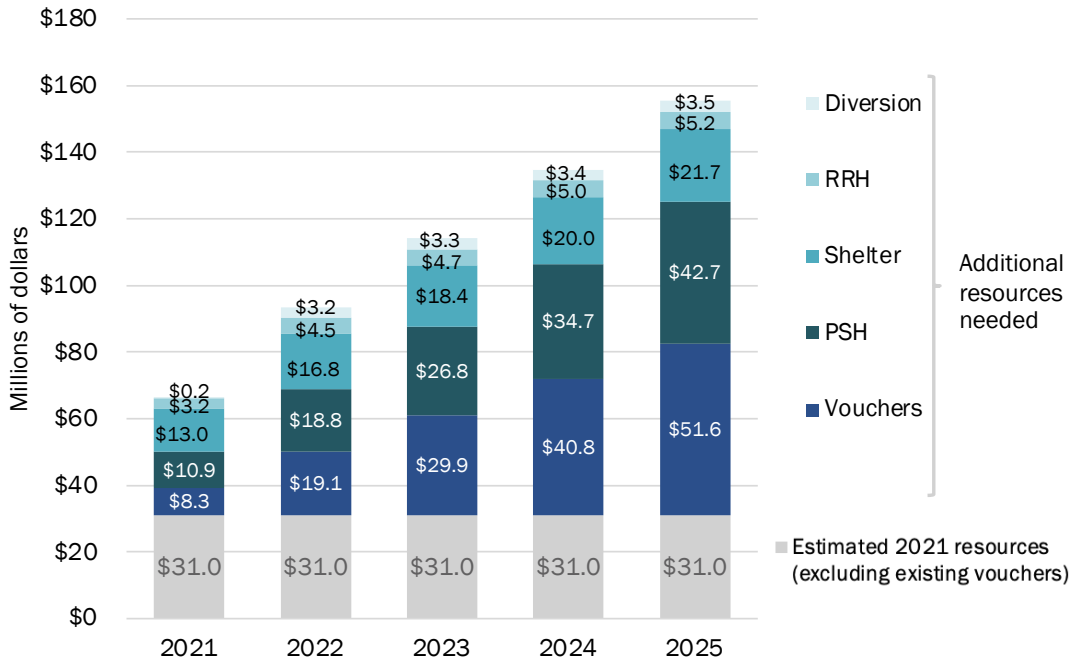


Figure 33 provides the estimated additional resource need by service type. Across years, increased need for diversion and RRH resources under the assumed distribution of services comprise a relatively small share of the total; resources for shelter, PSH, and vouchers are of similar magnitude of additional need at between \$10 million and \$20 million. In future years,

the share of additional need accounted for by PSH and vouchers increases due to the permanent nature of these interventions.

**Figure 33. Additional Funds Needed to Provide Shelter for All Homeless Individuals by Intervention (2021 \$)**

Source: ECONorthwest



The need calculated above represents a significant increase in system resources relative to those budgeted for 2021 – serving all individuals in 2021 would have required more than twice the then-available one-time resources and by 2025 we calculate system need that is about four times the level of ongoing funding (excluding vouchers) identified for 2021. This even without considering capital costs required for expansion. With or without an infusion of resources of this magnitude, the County should consider investing in the expansion of other, innovative solutions. Importantly, were the County to house all those experiencing homelessness, it would realize some savings on indirect costs associated with homelessness, as described earlier in this section (see page 42).

Figure 34 summarizes our research on existing and emerging solutions to homelessness. The figure describes important attributes of each, as well as our best estimate of operating costs. Although the evidence base proving causal benefits is relatively thin for nearly every solution, many “new” options require relatively low levels of investment. Examples include motel

conversions and accessory dwelling unit (ADU) programs which have per-unit costs of about \$100,000<sup>49</sup> and \$126,000,<sup>50</sup> respectively.

Motel conversion and ADU programs scale relatively slowly, but with a commitment to monitor actual costs, scaling, and client outcomes, the County could identify the net benefits of these low-cost options without a large up-front investment. Other substitutions across solutions could yield similar benefits. For example, expanding home-sharing programs, at an estimated \$2,000 to \$2,500 per home per year could provide significant system savings relative to emergency shelter beds, (this substitution would not be appropriate for all shelter clients).<sup>51</sup> In all cases, the County should stay abreast of recent research regarding all system investments so that the portfolio of services offered evolves with the understanding of what works to solve homelessness.

The matrix in Figure 34 offers a sample of potential solutions. Considerations on the likely populations served, the solution type, scalability, market vacancy, development requirements, site requirements, and qualitative assessments of costs were gathered and reviewed in concert with Pierce County staff.

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<sup>49</sup> According to data provided by the County, the Comfort Inn motel currently operating as a shelter in Tacoma has annual operating costs of \$20,800 per unit and a similar model in Portland saw capital costs for conversion of roughly \$80,000 per unit.

<sup>50</sup> This cost estimate is for development costs only based on a pilot program through Hacienda CDC in Portland Oregon. Operating costs have yet to be incurred. See <https://www.sightline.org/2019/12/13/a-portland-adu-program-pairs-lower-wealth-homeowners-and-low-income-tenants/>

<sup>51</sup> Cost estimate based on communications with Shared Housing Services staff.

Figure 34. Solutions Matrix

	Current System or New Solution	Pop Served (Chronic, Episodic, Both)	Solution Type (Temporary, Moderate, Permanent)	Evidence that this helps people exit homelessness?	Scalability (L, M, H)
Sanctioned Villages	New	Chronic	Temporary	No	Moderate
Emergency Shelters	Current	Both	Temporary	No	Low
Safe Parking / RV Parks	New	Both	Temporary	No	High
Diversion	Current	Episodic	Moderate	Some	High
Transitional Housing	Current	Both	Moderate	Yes	High
RRH	Current	Episodic	Moderate	Some	High
Roommate Based Programs	New	Both	Moderate	No	Low
PSH	Current	Chronic	Permanent	Yes	High
Vouchers & Rent Assistance	Current	Both	Permanent	Yes	High
Motel Conversions (to PSH)	Current	Both	Permanent	Yes	Moderate
ADU Program	New	Episodic	Permanent	No	Low

**Solutions Matrix Development and Site Considerations**

	Current System or New Solution	Pop Served (Chronic, Episodic, Both)	Requires Market Vacancy (Y/N)	Requires Development (None, Some, Full)	Requires Site (Y/N)	Development Timeframe (Fast/None, Moderate, Slow)
Sanctioned Villages	New	Chronic	No	Some	Yes	Fast/None
Emergency Shelters	Current	Both	No	Some	Yes	Slow
Safe Parking / RV Parks	New	Both	No	None	Yes	Fast/None
Diversion	Current	Episodic	Yes	None	No	Fast/None
Transitional Housing	Current	Both	No	Full	Yes	Slow
RRH	Current	Episodic	Yes	None	No	Fast/None
Roommate Based Programs	New	Both	No	None	No	Fast/None
PSH	Current	Chronic	Some	Some	Yes	Slow
Vouchers & Rent Assistance	Current	Both	Yes	None	No	Fast/None
Motel Conversions (to PSH)	Current	Both	No	Some	Yes	Moderate
ADU Program	New	Episodic	No	Some	Yes	Moderate

### Solutions Matrix Operating Cost Considerations

	Current System or New Solution	Pop Served (Chronic, Episodic, Both)	Cost of Development (L, M, H)	Cost of Ongoing Intervention (L, M, H)	Annual Operating Cost per Household	Data Source
Sanctioned Villages	New	Chronic	Low	Moderate	\$27,200	ECONorthwest analysis of operating costs of 6 sanctioned encampments in Oregon and California
Emergency Shelters	Current	Both	High	Moderate	\$24,000	Pierce County Comprehensive Plan to End Homelessness, Appendix K
Safe Parking / RV Parks	New	Both	Low	Low	\$1,000*	Data provided by Pierce County; *Data are a for a pilot project which is expected to see costs increase when the full program rolls out.
Diversion	Current	Episodic	Low	Low	\$1,500	Pierce County Comprehensive Plan to End Homelessness, Appendix K
Transitional Housing	Current	Both	High	High	\$14,300	ECONorthwest analysis of total Pierce County spending on Transitional Housing and the HUD Housing Inventory Count of Transitional Housing units.
RRH	Current	Episodic	Low	Moderate	\$8,000	Pierce County Comprehensive Plan to End Homelessness, Appendix K
Roommate Based Programs	New	Both	N/A	Low	\$2,500	Data provided by Mark Merrill of Shared Housing Services
PSH	Current	Chronic	High	High	\$22,000	Pierce County Comprehensive Plan to End Homelessness, Appendix K
Vouchers & Rent Assistance	Current	Both	N/A	High	\$12,000	Pierce County Comprehensive Plan to End Homelessness, Appendix K
Motel Conversions (to PSH)	Current	Both	Moderate	High	\$33,200	Data provided by Pierce County: average annual operating cost per bed for the Puyallup Hotel Shelter and the Nativity House Shelter Hotel Program
ADU Program	New	Episodic	Moderate	Low	**	No operating costs are available. Some pilot projects have been funded but they have yet to yield operating costs.

Note: \*Data for the safe parking site are from a pilot project with a minimal operating budget. Costs for a full-scale site, with appropriate services, will be higher than shown here. \*\*We only have development cost data for a pilot ADU program that has yet to incur operating costs.



## 6. Where should Pierce County prioritize its near-term investments?

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Building off the costs of service provision and the solutions matrix in the prior section, this section summarizes the county's current situation and then describes implications for investments and next steps.

### Situational Assessment

Pierce County finds itself sharing a crisis with many of its peers up and down the West Coast. Two characteristics make homeless policy more challenging here than elsewhere in the U.S.: 1) overpriced housing as a result of decades of underproduction, and 2) underdeveloped infrastructure to provide temporary or emergency housing for people who need it. A sizable share of the county's homeless population also faces personal challenges, but the research demonstrates that housing market factors are the primary drivers of homelessness compared to substance abuse, physical disabilities, or mental disabilities. There are no indications that Pierce County has higher rates of these conditions sufficient to explain the county's above average incidence of sheltered and unsheltered homelessness.

Given the nature of the problem, possible solutions to help address homelessness would need to work in four areas: 1) sustained, increased production of housing units at all price points, 2) increased funding for rental subsidies for poor and near-poor households, 3) expansion of services and supports for those who are currently homeless or at high-risk of becoming homeless, and 4) expansion of emergency shelter beds and new alternatives.<sup>52</sup>

While potential solutions must address the four areas, investments by the county must fall in areas where evidence is promising and where the county has jurisdiction and resources in the near term.

- **Ending the crisis requires accelerated housing production.** Washington State has *the lowest* ratio of housing units to households in the United States,<sup>53</sup> and Pierce County has one of the lower ratios in Washington State.<sup>54</sup> Put simply, the state, the region, and the county do not have enough housing for all who want to live here. The homeless crisis will not abate until localities embark on production strategies that keep pace with future household formation and address the legacy underproduction of the past decade. Identifying, and acting on, the numerous ways county agencies could support production is among the most important homeless-reduction work.

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<sup>52</sup> Ingrid Gould Ellen and Brendan O'Flaherty, *How to House the Homeless* (Russell Sage Foundation, 2010).

<sup>53</sup> Freddie Mac. 2020. The Housing Supply Shortage: State of the States. February 2020. <http://www.freddiemac.com/research/insight/20200227-the-housing-supply-shortage.page>

<sup>54</sup> See Figure 8. Ratio of Change in Housing Units Versus Change in Households, 2010-2020 on page 12.

- **The power of the clearest evidence-based intervention—long-term rental assistance—is limited in a tight housing market.** The evidence on interventions to address homelessness is thin. One clear finding is that long-term rental supports, like the federal Housing Choice Voucher (HCV), improve housing stability, family stability, and health, job, and educational outcomes. But long-term vouchers are harder to deploy in tight, expensive housing markets like Pierce County’s—finding an open unit is challenging, the cost of the subsidy portion of rent increases, and participation among landlords decreases. In a tight market, the county could expect that for every ten vouchers deployed to currently homeless individuals, the point-in-time count would fall by three.<sup>55</sup> Handing a voucher to an individual puts them in competition for scarce units with other current or at-risk individuals who do not receive a voucher. The situation only improves with more units in market, higher vacancy rates, and more motivated landlords.
- **The evidence-base is still emerging on short-term vouchers and PSH.** The federal government’s HCV program is a proven homelessness prevention tool, but it covers only a quarter of eligible households. To spread limited resources to unserved HCV-eligible populations, communities across Washington have experimented with shallow and temporary rent subsidies. HUD’s *Family Options Study* delivered disappointing news in this area and showed that long-term vouchers were more effective in reducing future spells of homelessness, improving housing stability, and helping beneficiaries live independently. Shallow, temporary subsidies remain promising but unproven.

Similarly, PSH is a promising response for a share of the chronic population. But the programming is expensive and requires careful targeting to ensure that the highest cost users receive these high-cost units. To ensure cost savings materialize, service agencies will need to invest in better analytic capabilities to identify and reach these highest cost, highest needs individuals who are incapable of stabilizing their lives but for the intervention. Success here would deliver sustained support to the region’s most vulnerable populations, reduce health and public safety expenditures, and free up emergency shelter capacity for more appropriate short stays.
- **Pierce County has underdeveloped emergency shelter infrastructure, and little clear guidance on how to expand it.** U.S. emergency shelter policy broadly falls into East Coast and West Coast schools. The East Coast approach, driven by climate and past litigation, generally expands its emergency bed capacity to meet the need. The West Coast approach does not tie capacity to need which has led to sizable, unsheltered populations. Safety of vulnerable populations, children, women, and adults with disabilities, is the top priority of a crisis system. When it comes to expansion, no

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<sup>55</sup> ECONorthwest assessment of: O’Flaherty, Brendan, “Homelessness Research: A Guide for Economists (and Friends),” (New York City, NY: Columbia University Program for Economic Research, 2019) [econ.columbia.edu/working-paper/homelessness-research-a-guide-for-economists-and-friends/](http://econ.columbia.edu/working-paper/homelessness-research-a-guide-for-economists-and-friends/); Champeny, Ana, Letter to Patrick Markee at the Coalition for the Homeless, City of New York Independent Budget Office, June 14, 2012; O’Flaherty, Brendan and Ting Wu, “Fewer Subsidized Exits and a Recession: How New York City’s Family Homeless Shelter Population Became Immense.” *Journal of Housing Economics* 15, (2006): 99-125.

recommended formulas exist. Neither New York (5.1 percent unsheltered) nor California (68.2 percent unsheltered) are models to replicate.<sup>56</sup> An overbuilt shelter system becomes an expensive, semi-permanent solution for too many individuals and families while an underbuilt system exposes vulnerable populations to unsafe conditions. While no one should have to experience unsheltered homelessness, tradeoffs abound in shelter expansion. Every dollar spent on emergency beds is a dollar that could be spent on programming with stronger evidence of improving long-term housing outcomes (e.g., long-term vouchers).

## Recommendations for Action

Pierce County's tight, and worsening, housing market limits the near-term policy options. It took more than a decade to create the legacy deficit of housing units in the region, and it will take more than a few years to correct it. Funding for affordable housing development remains tight and does not show meaningful opportunity to increase in the near term. As long as rental vacancy rates remain low, rents elevated, and the production of affordable housing marginal (in comparison to the overall market) the County will be in the position of *managing* the crisis rather than *mitigating* it. The county should develop longer term plans to bolster housing production and affordable housing production but must also recognize the need for short term intervention.

An important first step involves changing the narrative around the principal cause of the homeless crisis. A sizable share of the public views personal circumstances—disability, illness, and substance abuse—as the key driver of the crisis. Those conditions play a role but do not explain why rates of homelessness are higher in Pierce County than in much of Appalachia—a region with high documented rates of drug use and reported disability. As more Pierce County residents begin to understand that homelessness, in large part, is the result of a collective policy failure on housing production, the political environment will improve for productive policy responses.

But in the coming months, the County must operate in the context of its resource constraints and underbuilt infrastructure. The best immediate, next steps include:

- 1. Explore alternative uses of the available voucher resources and subsidies.** Pierce County would be well-served by recognizing the policy unknowns, partnering with think tanks and communities from across the country, and continuing the investigation for effective, lower-cost alternatives to the evidence-backed Housing Choice Voucher. One approach could involve additional triage of short- and long-term voucher recipients. The disappointing findings on short-term vouchers were documented for a very vulnerable population, but it's possible that short-term vouchers work for individuals and families with less severe needs. The County and its partners could holistically re-examine voucher deployment and, going forward, shift a larger share of long-term vouchers to those highest risk of homelessness.

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<sup>56</sup> ECONorthwest analysis of 2017 PIT data.

Additionally, the County should ensure strong coordination between its homeless services and affordable housing systems, including a review of set asides units from formerly homeless individuals and rules that might prevent individuals from accessing affordable housing (e.g., eviction history or credit scores).

2. **Deploy better analytics to improve outcomes with constrained resources.** As administration data are better integrated, the utility of predictive analytics improves. Researchers at New York University’s Furman Center have successfully used human services, neighborhood, and building-level data to improve predictions of shelter entry, and thereby, more efficiently target outreach and prevention services. Similarly, analysts have merged health and public safety data to target individuals who would benefit the most from high cost PSH interventions. The state-of-the-science is constantly improving, and Pierce County would benefit by staying at the forefront of the research and implementation.
3. **Expand sanctioned shelter infrastructure.** The Pierce County Council committed to building immediate capacity in the County’s homelessness response system so that every person experiencing homelessness had access to safe shelter by last November. The County has options: conventional indoor congregate shelters and relatively new class of outdoor alternatives, including sanctioned encampments and safe vehicle parking areas. Neighborhood siting will be a key barrier to either approach.

As the conventional shelter system expands, the County will need to address commonly expressed concerns, including rules that separate partners or exclude children, tightly enforced entry and exit times, concerns about the security of personal belongings, and sobriety requirements.

Proponents of outdoor alternatives note several possible advantages: improved privacy, lower barriers to access, and lower, upfront capital costs. Our review of plans from other communities along the West Coast suggests initial capital costs of \$25,000 per bed (i.e., small private structures, food, restrooms, hygiene and shower facilities, common area). Operational costs will vary with the degree of services provided but should fall in a range that is similar to the costs of conventional emergency shelters, which a recent, national study pegged at about \$20,000 to \$30,000 per bed/year and vary by service intensity. The County may want to deploy models across this range of costs to accommodate varying service needs.

Deciding on the number of new sanctioned spaces—whether indoor or outdoor—is less of a technical issue than one of values. Except for the most vulnerable populations, no clear evidence has emerged on whether shelters or scattered encampments are associated with better or worse public health and housing outcomes in the Pacific Northwest’s temperate climate.

4. **Manage unsanctioned encampments systematically.** As long as unsheltered camping persists and Pierce County’s ability to develop new affordable capacity is limited, unsanctioned camping should be managed as part of the system.

Going forward, the county and its partners should dedicate a budget and maintain real-time data on remaining unsanctioned camps. Public agency interactions with the camps should be logged into activity reports that catalog the nature of interventions, inspection dates and conditions, and the type of services provided. The County should establish and report performance metrics and associated goals, including fewer health and safety hazards, reduced crime, and fewer community complaints.

5. **Use flexible funds to soften benefits cliffs.** While less focused on the infrastructure of Pierce County’s systems, focus group members stressed the anxiety that expiring assistance programs created. Although short term assistance is less proven than the gold standard of permanent voucher and rent assistance programs, the county and its partners could use flexible funding to provide assistance after federal or state assistance programs end. A “glide path” of sorts could help to soften the abrupt benefits cliff faced with time limited assistance programs. This longer-term contact with individuals can help to maintain caseworker-client relationships and monitor clients housing outcomes.
6. **Use flexible funds to encourage better caseworker conditions.** Additionally, Pierce County could grant flexible funds to local nonprofit agencies so they can increase the number of caseworkers they staff, thereby reducing caseloads, or increase staff pay to help prevent overload and burnout. Given the importance of caseworker-client relationships, Pierce County would be well suited to use funding to reduce caseworker turnover and ensure that those serving homeless residents are able to afford stable housing themselves.
7. **Expand upon existing efforts to embed race and equity in improvements in the system.** Quantitative, literature, and anecdotal evidence all demonstrate that housing markets across the country have unequal outcomes. Many factors contribute to this, from systemic racism to outright housing discrimination to differences in income. Pierce County is no different. The data are clear that individuals who do not identify as White disproportionately experience homelessness in Pierce County. The *Comprehensive Plan to End Homelessness* and the *Pierce County Continuum of Care’s 5-year Plan* both include strategies and goals aimed at improving outcomes among minority populations, and our research provides additional evidence to elevate the importance of these recommendations.

## 7. Appendices

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## Appendix A. Assumptions for Estimating the Cost to Provide Shelter for All Individuals Experiencing Homelessness in Pierce County

The first step in the developing the scenario is to estimate the resources that would have been needed in 2021 to provide services to the approximately 2,300 individuals estimated to have been unsheltered in Pierce County in 2021. We then estimate the additional resources necessary to serve anticipated inflow to homelessness in each year through 2025. All dollar amounts reported for the scenario are in 2021 terms.

The budget information reviewed for this project provides a characterization of sources and uses of funds in the current homeless services system but the details are not well-suited for the analysis below. Importantly, the budgets reviewed do not fully allocate service costs to specific interventions, such as PSH. Thus, we use the total resources identified as the current base but calculate additional resource need using per-individual or per-household costs based on our review of the research and estimates published by Pierce County.

Our calculations require additional assumptions, derived from a variety of sources, and are inherently uncertain due to limitations in available data and the unknown short and long-term impacts of the COVID-19 pandemic. We focus on service delivery and do not estimate the need for capital or additional system costs such as central administration. These assumptions include the following:

- Current, ongoing funding will continue to provide services at 2021 levels in the future (i.e., the same resources will serve the same number of clients): \$38.0 million
- We estimated the number of individuals experiencing homelessness in 2021 at 15,000 based on 2020 total and the observed time trend in the data
- Additional resources for each year 2022 through 2025 system serves a total of 403 more households than in the prior year, reflecting a monthly inflow of 602 households per month (7,224 per year) experiencing a new spell of homelessness (not necessarily a first spell ever)
- Among the individuals and households potentially served by the additional resources:
  - 25 percent of assumed homeless households will self-resolve and require minimal system resources
  - 5 percent of the currently unsheltered population and 20 percent of the future inflow of households will require only diversion
  - 25 percent of the currently unsheltered population and 15 percent of the future inflow of households will receive a permanent housing voucher
  - 20 percent of the currently unsheltered population and 35 percent of the future inflow of households will enter rapid rehousing

- 25 percent of the currently unsheltered population and 5 percent of the future inflow of households will enter permanent supportive housing
- Assumed intervention and shelter costs are:
  - Shelter -- \$24,000 per bed per year (based on HMIS data, clients requiring an emergency shelter bed are assumed to need two months per spell and have an average of 1.4 spells per year)
  - Diversion -- \$1,500 per household (diversion clients are assumed to receive diversion services an average of 1.4 times per year)
  - Voucher -- \$10,000 per household per year (permanent increase in system resource need)
  - Rapid rehousing -- \$8,000 per household
  - Permanent supportive housing -- \$22,000 per household per year (permanent increase in system resource need)
- Total additional shelter, diversion, and RRH resource need are based on assumed total number served during a year; additional PSH and voucher resources are based on assumed cumulative inflow into the system beginning in 2021.



## Appendix B. Focus Group Methods

Incorporating qualitative data was an important part of this research effort. We sought personal experiences navigating Pierce County's homeless systems to help interpret, validate, and nuance the quantitative analysis we conducted, and to provide a window into the vast array of circumstances and paths people have as they experience homelessness. Our qualitative analysis utilized focus groups to speak directly with individuals who use and work in Pierce County's homeless systems.

In December 2021, we conducted three focus groups. Two were in-person with adults who have used services in response to their homelessness (herein called "Clients"). We spoke with nine clients total. All were stably housed when we met with them. Six of the nine were in permanent supportive housing, one had another year left of housing assistance, one had just begun living with section 8 housing assistance, and one identified their housing as very precarious as they were trying to make it mostly on their own (they made too much money to receive support, but not enough to pay their expenses).

The third focus group was held virtually with providers who work at organizations that assist people experiencing homelessness ("Providers"). Both the clients and providers lived and/or worked in Pierce County. The providers were selected because they had, at some point in their lives, also experienced homelessness.

### Recruitment

For client participants, we sought a diverse group of people who had either been provided rapid rehousing or were currently living in permanent supportive housing in Pierce County. County staff helped to identify local providers offering these services and contacted the organizations to help recruit clients for the focus group. Case workers at these organizations then helped to identify and encourage clients who met the criteria to participate. Each client participant was given a \$75 gift card for participating. In-person client focus groups were conducted privately (just clients and facilitators) at the offices of provider organizations. We spoke with a total of nine clients.

A similar process was used to recruit provider participants. Pierce County staff reached out to local organizations to ask about their staff and invite those who currently worked in the system and had previously experienced homelessness to participate. We spoke with a total of four providers virtually, who were also given a \$75 gift card for their participation.

During the interviews, we took extensive notes on the experiences of the participants, probing for information on what was most and least effective for their own housing stabilization or that of their clients. Notes from the focus groups were analyzed for recurring themes. Basic to the method was a constant rereading of the notes, immersing in the data, taking time to think and reflect, and verify themes that emerged from the material.

## Findings

Overall, there were several dominant themes that emerged from the focus group data that are discussed below. These include:

1. Barriers in the housing market,
2. The importance of client-caseworker relationships,
3. Caseworker support and retention,
4. Positive experiences within Pierce County programs, and
5. Lack of support outside those programs.

### 1. Housing Market Barriers

The Pierce County housing market was a recurrent theme at all three focus groups. Rental prices are rising county-wide, demand for more affordably priced lodging is rising, and vacancy rates are low. This creates a tight and competitive market for renters and allows landlords to be selective about who they rent to. Landlords can (and do) eliminate potential renters based on their credit score, any prior evictions, criminal history, lack of a consistent rental history, or insufficient stable income (3X the rent). Many clients have had circumstances in their recent past that make them less competitive than other renters, which creates added hurdles in securing housing.

In addition to these barriers finding a suitable unit to rent, many participants also talk about the barrier of securing the upfront money needed to secure an apartment. Most landlords request the first and last month's rent, in addition to a security deposit, which amounted to more money than could be secured through rent assistance funds.

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“There are not enough resources out there to learn how to rebuild your credit. Clients don't know how to handle evictions or what to do with an eviction on your record. Tenants don't know their rights, or how to pay off an eviction. Financial literacy and money management is lacking.”

-Provider comment

Providers also noted that a lack of knowledge was a barrier for their clients. Some providers noted that tenants' rights education is generally only available once a client is in a program and not before, which limits their efficacy. Because of the cost of rental units, another provider noted that even with a full time, minimum wage job, the pay would be insufficient for rent. “People talk about getting a job as ‘the answer’ but with a minimum wage job you can't afford a one-bedroom apartment. Clients in programs need multiple jobs to even get close to renting, and then you lose access to other programs.”

One client shared that same experience, stating that it is hard to qualify for some programs “because either you don't make enough money to be able to start renting but then when you get a job, you make too much money to qualify for assistance.” This issue was not unique to housing assistance but was also mentioned in relation to childcare assistance and other programs. One provider shared a story of a client who was

“struggling but not qualifying” because he was \$20 over the qualifying limit, and thus couldn’t be served at all because of that.

## **2. Importance of the Client-Caseworker Relationship.**

Another dominant theme from the focus groups was the importance of the client-caseworker relationship. We recognize that our focus group sample is biased toward participants who had strong relationships with their caseworkers because caseworkers were the primary point of contact for clients to attend the focus groups.

Regardless, numerous participants stressed the importance of their relationship with their caseworkers, mentioning that their caseworkers provided everything from emotional support to transportation, and spent time helping them find apartments, jobs, and access to a range of services (from childcare to mental and physical health treatments.) Caseworkers also helped them to understand and navigate a complex system of paperwork, program requirements, timelines, and bureaucracy related to services that they struggled to navigate on their own.

Finally, clients spoke of being cared for, and much that mattered. Some also discussed seeing or hearing about people navigating the homeless systems with caseworkers who were less involved and “just in it for the paycheck.” In these comments, clients suggested that that limited access to resources and support.

## **3. Sufficient Support for Caseworkers.**

From the provider perspective, participants suggested that the job was both deeply rewarding and emotionally draining: the emotional labor, time commitment, and growing caseloads were taxing and underpaid. As the focus group provider participants had all experienced homelessness themselves, they understood what their clients were going through and were able to bring an important sense of empathy to the position. However, they also acknowledged that higher wages, lower caseloads, and more flexibility to help clients outside of the tight constraints of the “funding rules” would make their jobs easier and result in better client outcomes.

Lastly, caseworkers also discussed the importance of timing when a caseworker is assigned to a client, and how long they remain paired. Some clients indicated that they would have benefitted from being assigned a caseworker earlier in their process, at the time of first engagement with services. Some clients were concerned about losing their caseworker when their housing benefits expired. And some caseworkers expressed frustration at how long some approval processes for state assistance take.

Participants also discussed the high turnover and labor shortage in the industry: the position’s low pay and high emotional labor causes burnout, high turnover, and difficulty recruiting. At least one of the provider participants who had experienced homelessness in the past were also struggling to find suitable housing themselves.

#### 4. Positive Experiences Receiving Pierce County Services

Another theme that emerged from both the client and provider focus groups was the need for people to be provided with the right level of engagement and support. Specifically, access to services for addiction and mental health care were limited and highly needed.

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It was clear that not having to worry about finding and paying for lodging allowed client participants to focus on improving other areas of their lives.

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All the clients we spoke with were stably housed. Those with housing support from the County were very pleased with their situations. They felt that the coordination of care among the County and providers was good, and they had the support they needed related to food, childcare, employment, and medical needs. When asked what more they needed, they didn't identify any additional needs that weren't already being met. Some of those that were in permanent supportive housing said that the housing security they were being provided had allowed them to work on fixing their addiction and mental health issues. Another spoke of getting support in "life skills," getting her GED, and being able to start a nursing program. Through discussions, it became clear that not having to worry about finding and paying for lodging allowed client participants to work on improving other areas of their lives.

However, client participants discussed worrying about the "benefits cliff" that occurs when they have services but increase their hours, income, or both, and risk losing their benefits. This was part of the criticism of the all-or-nothing system. One participant recalled an example of being \$20 over an income limit for services and thus not qualifying for anything. While this is challenging for qualifying for services, it also limits participants' ability to gradually increase their incomes or make other life improvements. Many suggested they would prefer that benefits declined more gradually with income.

#### 5. Extreme Challenges Waiting for Services

Client participants also discussed how challenging life was before their positive experiences with permanent supportive housing. Many participants reported cycling in and out of shelters and struggling to find shelters with open beds. Clients discussed the numerous barriers at shelters, such as:

- Not being allowed to bring pets,
- Having more children than were allowed (only two were allowed in this example),
- Having their belongings stolen,
- Adhering to strict schedules, and
- Generally feeling disrespected in that environment.

Client participants mentioned that, if they were able to secure a shelter bed, they had to adhere to strict and sometimes inconvenient schedules, such as showering at a certain time or being out

of the shelter during the day. When they weren't able to secure a shelter bed, they said they slept on the streets, in a car, or with friends or family members.

Client participants wanted to see an increase in the number of shelter services available, since there were many times when they wanted a shelter bed and couldn't find an opening.

Client participants suggested that they were only able to get support when their circumstances devolved to such a point that they were prioritized for county services. These included an impending eviction, drug use, severe mental or physical health conditions, having young children to care for. They struggled with the system's all-or-nothing services and resented that their individual circumstances had to devolve so far before being prioritized (for example, receiving rent assistance before an eviction notice was served).

Lastly, client participants stressed the need for better access to the *right level* of services, not only for themselves but for other residents in their buildings. Some participants needed better access to addiction and mental health services than they were receiving, and also wanted higher-needs neighbors (at shelters and some PSH facilities) moved into higher service settings to feel more safe and secure.

## Appendix C. Strategies from Other Plans

### Pierce County Continuum of Care’s 5-year Plan to Address Homelessness

The 2020 Pierce County Continuum of Care’s *5-year Plan to Address Homelessness* identified the following 5 strategic initiatives and goals as well as population specific successful exit goals. The Plan includes more details, such as benchmarks, key strategies, and implementation leads for each goal.

Initiative	Key Strategies
<p><b>Housing:</b> Maximize the use of existing housing while advocating for additional housing resources and more affordable housing.</p>	<ol style="list-style-type: none"> <li>1. Increase the percentage of exits to permanent housing increases to at least 60 percent for the overall population, including, but not limited to, African American/Black, Hispanic/ Latinx, and American Indian/Alaska Native populations.</li> <li>2. Make 380 additional permanent supportive housing (PSH) units available through new construction and other strategies.</li> <li>3. Make 450 affordable housing units for homeless households available through new construction and other strategies.</li> </ol>
<p><b>Stability:</b> Support the stability of individuals experiencing homelessness and those recently housed.</p>	<ol style="list-style-type: none"> <li>4. Reduce average length of stay in temporary housing projects, including emergency shelter, transitional housing, and safe havens, to less than 90 days.</li> <li>5. Ensure that all people experiencing homelessness can access emergency shelter on demand, with no wait times.</li> <li>6. Increase the percentage of households that maintain permanent housing for more than two years after exiting the Homeless Crisis Response System to 90 percent for the overall population, including, but not limited to, African American/Black, Hispanic/Latinx, and American Indian/Alaska Native populations.</li> <li>7. Reduce the number of individuals entering the Homeless Crisis Response System.</li> </ol>
<p><b>System and Service Improvements:</b> Create a more responsive, accessible Homeless Crisis Response System.</p>	<ol style="list-style-type: none"> <li>8. Increase the percentage of people engaged through street outreach who move to a safe and stable housing solution to 76 percent for the overall population, including, but not limited to, African American/Black, Hispanic/Latinx, and American Indian/Alaska Native populations</li> <li>9. Reduce the wait time for a housing solutions conversation to one day or less for the overall population, including, but not limited to, African American/Black, Hispanic/Latinx, and American Indian/Alaska Native populations.</li> <li>10. Ensure there is equitable distribution of and access to homeless services throughout Pierce County.</li> <li>11. Ensure that the Homeless Crisis Response System reflects our communities and is responsive, equitable, and well-trained in cultural awareness and humility and in best practices.</li> <li>12. Build and maintain a by-name list for all persons experiencing homelessness in order to track status, engagements, and housing placement for each household.</li> </ol>
<p><b>Community Partnerships:</b> Optimize and leverage internal and external partnerships to better</p>	<ol style="list-style-type: none"> <li>13. Ensure that homelessness funding throughout the county is aligned toward a shared set of goals, measures, and overall strategies and centered on a commitment to equity.</li> <li>14. Ensure that intersecting systems, coalitions, and organizations are collaborating effectively to prevent and address homelessness.</li> </ol>

prevent and address homelessness.	
<b>The Continuum of Care:</b> Grow awareness of the CoC’s purpose and plan, and serve as a central advocacy and coordinating body for addressing homelessness in Pierce County.	<p>15. Ensure that this 5-year plan is broadly supported by those who could further its successful implementation.</p> <p>16. Ensure that CoC Committee membership reflects the sectors needed to solve homelessness and the demographics of the people served by the Homeless Crisis Response System.</p>
<b>Specific population goals:</b>	17. Ensure that 90 percent of all specific populations remain housed two years after securing permanent housing (chronically homeless individuals, veterans, youth, families, and domestic violence survivors).

**Ad Hoc Committee’s Comprehensive Plan to End Homelessness**

The Pierce County Ad Hoc Committee’s *Comprehensive Plan to End Homelessness* identified the following goals and strategies.

Goal	Strategies
Goal 1: Create a Unified Homeless System	<ul style="list-style-type: none"> <li>• By July 1, 2023, create a Tacoma-Pierce Unified Regional Office of Homelessness, consisting of the right stakeholders with central decision making authority of funding and services</li> <li>• Initiate a consultant-led process to design the Unified Regional Office organizational leadership structure to prevent and end homelessness, including leading community engagement and communication efforts.</li> <li>• Create and maintain a model to estimate funding needed to close the gap between homeless prevention and homeless crisis response system need and capacity. For current gap analysis.</li> <li>• Improve resource acquisition by maintaining homeless crisis response system funding master list, including current, expected, and potential future federal, state, local jurisdiction, philanthropic and other system funding.</li> <li>• Develop and maintain a strategic funding plan to retain existing funding and close the funding gap using identified potential funding sources and pursue that funding with a coordinated, County-wide, cross-industry effort.</li> <li>• Support agencies to ensure financial resiliency.</li> </ul>
Goal 2: Ensure Interventions are Effective for all Populations	<ul style="list-style-type: none"> <li>• Create a Race and Equity Strategy Team or expand role of existing equity efforts such as with the Continuum of Care to research, develop and assist organizations to implement program changes to align with the needs of target populations.</li> <li>• Engage twice yearly with individuals and organizations from target populations to identify concerns with the existing homeless crisis response system and needed program alterations or additional providers.</li> </ul>

	<ul style="list-style-type: none"> <li>• Annually review interventions and services to ensure referrals, enrollments and outcomes are being monitored for each target population.</li> <li>• Annually conduct a quantitative and qualitative service quality survey, including a “hope scale” type survey, of a sample of people experiencing homelessness. Ensure the survey is part of a trauma informed process accessible to the widest possible audience, preferably administered by people experiencing homelessness themselves.</li> </ul>
<p>Goal 3: Prevent Homelessness</p>	<ul style="list-style-type: none"> <li>• Revise homeless prevention services eligibility based on best practices, with eligibility adjustments to accommodate varying levels of resources available for rent assistance to target the assistance where it will prevent homelessness for the greatest number of households.</li> <li>• Provide mortgage assistance for at-risk homeowners.</li> <li>• Develop and support shared housing units for those unable to afford living alone.</li> <li>• Provide financial counseling and life skills training to assist at risk households with financial stability.</li> <li>• Expand Diversion to households at risk of homelessness.</li> </ul>
<p>Goal 4: Ensure Adjacent Systems Address Needs of People Experiencing Homelessness or at Risk of Homelessness</p>	<ul style="list-style-type: none"> <li>• Develop more coordinated communication among adjacent systems.</li> <li>• Create or join existing workgroups to identify and implement best practices so individuals can more easily access services in adjacent systems.</li> <li>• Work with organizations in adjacent systems to develop and implement policies and procedures based on identified best practices.</li> <li>• Create or join existing workgroups to identify and implement best practices, including data sharing agreements, to assist and track individuals leaving institutional settings.</li> <li>• Coordinate with the Pierce County Behavioral Health Division to ensure the Behavioral Health Improvement Plan updates continue to identify gaps in capacity and effectiveness for people experiencing homelessness and create implementation plans to close those gaps.</li> <li>• Partner with the Workforce Development system to identify gaps in effectiveness of workforce development system for people experiencing homelessness and work to close those gaps, ensuring availability of transitional employment programs that create pathways to self-sufficiency.</li> </ul>
<p>Goal 5: Meet Immediate Needs of People Experiencing Homelessness</p>	<ul style="list-style-type: none"> <li>• Create and manage a by-name list for the entire homeless population</li> <li>• Ensure every household experiencing homelessness has access to navigation services such as street outreach and Critical Time Intervention.</li> <li>• Expand use of the Homeless Management Information System so all formal and informal interactions with people experiencing homelessness are recorded.</li> <li>• Prioritize funding to implement the Adequate for All plan to expand homeless shelter, attached, ensuring access at shelter sites to behavioral health services.</li> <li>• Expand Coordinated Entry to ensure appointments are available the same day or the next day in shelters, day centers and other access points across Pierce County.</li> </ul>



	<ul style="list-style-type: none"> <li>• Offer Rapid Rehousing and Permanent Supportive housing interventions during the Coordinated Entry conversation.</li> <li>• Size the homeless outreach system to engage all people living unsheltered.</li> </ul>
<p>Goal 6: Expand the Permanent Housing System to Meet the Need</p>	<ul style="list-style-type: none"> <li>• Expand funding for the Diversion Intervention to fully meet the need.</li> <li>• Expand funding for Rapid Rehousing Intervention to fully meet the need.</li> <li>• Create a dedicated housing voucher intervention for households experiencing homelessness and size existing housing voucher programs and Housing and Essential Needs to meet the need.</li> <li>• Size the capacity of the Permanent Supportive Housing system, including units and case management, to meet demand, using tenant-based and project-based programs, with a particular focus on projects that add new permanent housing at very low capital costs, such as hotel conversions and Community First! style housing development projects.</li> <li>• Expand shared housing to include all possible shared housing models.</li> <li>• Coordinate with affordable housing efforts to develop 0-30% AMI and 30-50% AMI housing dedicated to households exiting homelessness.</li> <li>• Size the Landlord Liaison Program to maximize access to the rental market, including using master leasing.</li> <li>• Facilitate movement from one housing intervention type to another to best serve the changing needs of clients as required supports increase or decrease, including sites with enhanced medical and behavioral health supports.</li> </ul>

## Appendix D: Indirect Costs of Homelessness Table

### Estimates of Indirect Costs Associated with Homelessness

Cost Category	Not Chronic / All Homeless	Chronically Homeless	Location	Study
<b>Healthcare Costs</b>				
Total Healthcare Costs:	\$24,324 per person per year		Bernalillo County, NM (2016)	Pathways to a Healthy Bernalillo County: Housing Pathway Return on Investment Analysis.
	\$8,191 per household per year		King County, WA (2018)	McKinsey & Company.
Hospital Services:	\$1,561 per person per year	\$1,875 per chronically homeless person per year	Nashville, TN (2007)	The Hidden Costs of Homelessness in Nashville: A Report to the Nashville Metro Homelessness Commission.
Medical Clinics:	\$389 per person per year	\$449 per chronically homeless person per year		
Mobile Emergency Medical Services:	\$97 per person per year	\$186 per chronically homeless person per year		
Emergency Healthcare:	\$8,078 per person per year		Denver, CO (2021)	Costs and Offsets of Providing Supportive Housing to Break the Homelessness-Jail Cycle: Findings from the Denver Supportive Housing Social Impact Bond Initiative.
Medicaid:	\$19,512 per person per year		Portland, OR (2016)	Formerly Homeless People Had Lower Overall Health Care Expenditures After Moving into Supportive Housing.
<b>Criminal Justice Costs</b>				
Criminal Justice Costs (all):	\$5,146 per household per year		King County, WA (2018)	McKinsey & Company.
Criminal justice, public safety, and detox costs:	\$15,342 per person per year		Denver, CO (2021)	Costs and Offsets of Providing Supportive Housing to Break the Homelessness-Jail Cycle: Findings from the Denver Supportive Housing Social Impact Bond Initiative.
Police costs:	\$370 per person per year		Nashville, TN (2007)	The Hidden Costs of Homelessness in Nashville: A Report to the Nashville Metro
Jail costs:	\$396 per person per year			

Drug and alcohol treatment:	\$1,033 per person per year	\$3,259 per chronically homeless person per year		Homelessness Commission.
Court Costs:	\$365 per person per year	\$449 per chronically homeless person per year		
<b>Public and Social Service Costs</b>				
Social Services:		\$6,208 per unsheltered person per year	Tacoma, WA (2020)	Exploring Homelessness Among People Living in Encampments and Associated Cost City Approaches to Encampments and What They Cost.
	\$754 per person per year		Nashville, TN (2007)	The Hidden Costs of Homelessness in Nashville: A Report to the Nashville Metro Homelessness Commission.
Homelessness advocacy:	\$123 per person per year			
Social services:	\$1,123 per household per year		King County, WA (2018)	McKinsey & Company.
Public services:	\$142 per household per year			
<b>Economic Costs</b>				
Tourism:	\$1,756 per household per year		King County, WA (2018)	McKinsey & Company.
Local Businesses Impact:	\$2,539 per household per year			
<b>Estimates of overall indirect costs</b>				
Total indirect cost:	\$5,148	\$13,661 to \$83,000	Santa Clara County (2012)	Home Not Found: The Cost Of Homelessness In Silicon Valley
Total indirect cost:	\$35,578 to \$40,448		United States (2017)	Ending Chronic Homelessness Saves Taxpayers Money; Ending Chronic Homelessness in 2017

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## Appendix E. Shortcomings of the PIT

The most commonly cited source of data on homelessness is the Point-in-Time Counts (PIT) organized by the U.S. Department of Housing and Urban Development (HUD). Conducted by local Continuums of Care (CoCs), HUD requires a count of the total number and characteristics of all people experiencing homelessness in each CoC's region on a specific night in January. CoCs count people living in emergency homeless shelters, transitional housing, and Safe Havens every year, and count unsheltered homeless persons every other year (the latest of which was 2017).

Shortcomings in HUD's PIT approach are well known and were further disrupted by the COVID-19 pandemic.

- **Counting methods vary across regions.** The biennial counts are large, coordinated efforts and can require hundreds of trained volunteers. Each CoC chooses from among a number of HUD-approved counting methods that will work for their region and resources. For example, Portland officials attempt to survey each homeless person while Seattle uses a combination of one-night headcounts followed by surveys of a sample of the homeless. Varied methods create challenges for interregional comparisons.
- **Counts are inherently low and miss hard-to-locate populations.** Researchers and volunteers' best efforts inevitably miss individuals who are sleeping in obscure places or who double-up with friends and families. Language barriers can contribute to undercounts.
- **Counts rely on unverified, self-reported conditions.** Measurement of key subpopulations (e.g., chronic, disabled) are based on self-reported conditions and are not subject to verification.
- **Changes in a categorization and purpose of a housing facility can change the homeless count.** Building functions change over time and affect the homeless counts year-to-year. For example, buildings that operate as transitional housing can become permanent supportive housing providing longer term housing and services to its residents. While the building's residents would not change, its operations and purpose would. The residents were considered homeless when the building was deemed transitional housing and were not when its status changed. Thus, the count of sheltered homeless dropped from one year to the next but the change was somewhat artificial.

Despite the well-known limitations, the PIT counts do convey useful information and are helpful in signaling big shifts in homelessness across time and geography. Additional research and analysis is often necessary to properly interpret and draw conclusions using PIT data.