

**The Relative Cost of Homelessness in the Suncoast  
Region of Florida  
*And the Economic Impact of  
Providing Sustainable Housing Solutions***

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Creative Housing Solutions  
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## Executive Summary

In early 2015, and on the heels of the highly publicized 2014 report, *The Cost of Long-term Homelessness in Central Florida* (Shinn, 2014), Major Ethan Frizzell of The Salvation Army Sarasota, retained **Creative Housing Solutions** to determine if a similar economic impact study and plan for ending and preventing homelessness by developing affordable housing could be carried out in Sarasota City and County. Currently, calls for solutions to the highly visible homeless problem have escalated and there is a greater sense of urgency in the public forum, especially since the number of chronically homeless individuals in the Sarasota-Manatee Continuum of Care (CoC) has increased nearly 42% since 2013, while chronic homelessness has been reduced in other communities around the country. Why has the Sarasota region failed to make gains in the battle to end chronic homelessness, and what can be done about it? While several overlapping plans have been proposed, this report attempts to quantify the scope of the problem *and* build a road map comprised of multiple common sense strategies that will end chronic homelessness, save taxpayer dollars and have a significant positive economic impact on the community. Focused and intentional planning, using both existing and net new resources over time, can provide a return on investment in the form of greatly reduced public sector costs and the positive impacts through development of affordable housing and its related industries.

Information for the analysis of public costs being incurred by the homeless population was drawn from multiple sources, including the Sarasota Police Department, Sarasota County Government, Sarasota County Fire Department, Sarasota Memorial Health Care System, The Salvation Army Sarasota and partner agencies. Like the Central Florida report, these costs were then contrasted with the cost of supportive housing currently being provided in the region. Positive economic impact projections for housing development, measured in local Florida dollars, were provided by the Sarasota Chamber of Commerce.

Many studies across the country have found that the annualized per person cost of a chronically homeless individual is between \$30,000 and \$50,000 (Knotts, 2015). With the operating cost of supportive housing typically averaging around \$10,000 per unit per year, the cost differential between individuals experiencing long-term homelessness and providing supportive housing for the same population has been proven to range between \$10,000 and \$30,000 per person per year (Cho, 2014; Shinn, 2014). The magnitude of this cost savings can be tens of millions of dollars over time, including all of the potential public costs that can be avoided and the positive economic impacts associated with affordable\* housing development that provides the solution.

**The findings in this study indicate that when adding the local public costs that could be avoided by reducing chronic homelessness to the related positive economic activity of developing additional affordable housing options across the region, the total economic impact would be conservatively projected at just over \$82,100,000.** Beyond measuring the economic impact, implementing a long-range solution built on increasing the supply of affordable housing, plus expanding access to services, reduces the burden of homelessness on law enforcement, emergency transports, hospitals and the business community, freeing up

those valuable resources to serve others—**thereby improving the quality of life for everyone in the community.**

Creative Housing Solutions (CHS) is recommending a cross-sector (City, County, State, Non-profit, Private and Philanthropic) commitment to a multi-year strategy of prioritizing currently available and future public and private resources toward the development of affordable and sustainable housing options. This report provides local solutions that can be used to end and prevent homelessness which require combining targeted reprioritization of existing resources, and new development, along with projected outcomes of supportive housing already available in the area.

Prioritizing the eligible individuals and families through *coordinated assessment* (De Jong, 2011) and using the *evidence-based approaches* of Rapid Re-housing and Permanent Supportive Housing\*\* from currently available and future funding for homeless families and individuals will create access to over 1,000 units of new permanent and affordable housing. This approach, being adopted by many communities, should be implemented through *Housing First*\*\*\* using a low-density, scattered-site plan including at least 300 new units of Permanent Supportive Housing. Using a *mixed income, mixed population* (Shinn, 2008) model will help those recovering from chronic homelessness, serious mental illnesses and co-occurring disorders to reintegrate back into the community, while living alongside others in the general population who are also benefiting from the increased access to affordable housing. By strategically locating each affordable housing site, the impact of integrating formerly homeless individuals with disabilities can be minimized across the community. Altogether, this report provides strategies for providing affordable housing to as many as 2,800 homeless and at-risk households.

Eliminating chronic homelessness is now defined as reaching “functional zero.” This means that the number of chronically homeless families and individuals being re-housed each month is equal to or greater than the number of chronically homeless families and individuals remaining on the street or in the shelter system (cmtysolutions.org, 2015). This report is a road map to functional zero in the greater Sarasota community.

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\*The Department of Housing and Urban Development Defines “Affordable” Housing as costing no more than 30% of a household’s gross monthly income. A household can be an individual or a family (www.hud.gov).

\*\***Permanent Supportive Housing** is decent, safe, and affordable community-based housing that provides residents the rights of tenancy under state and local landlord-tenant laws. The housing is linked to voluntary and flexible support and services designed to meet tenants’ needs and preferences.

\*\*\* **Housing First** is an approach to ending homelessness that centers on providing permanent housing first and then providing services as needed and requested. Pioneered by Dr. Sam Tsemberis of Pathways to Housing in New York City.

## **Background**

In recent months, there has been a heavy focus on the plight of the homeless in the Sarasota region and its impact on the community, especially in the Rosemary District of the City. Because of this, **Creative Housing Solutions** was retained in early 2015 by The Salvation Army Sarasota to study the cost of homelessness in the Sarasota region (Sarasota-Bradenton-Manatee). The goal was to verify that the cost savings associated with ending or reducing long-term homelessness established in the research on Central Florida in 2014 could also be found in the Sarasota region.

Simultaneous to gathering the information for this report, the public debate regarding homelessness in Sarasota has continued in full force. Plans laid out by Dr. Robert Marbut, hired as a consultant with City and County funding, were focused on the creation of a large “come as you are shelter” designed to provide respite without exclusions or programmatic requirements. Though the plan was proposed in 2013, it has remained highly controversial, only partially implemented, and most markedly remains without a location for the proposed shelter. The goal of this plan is to *manage* the homeless problem primarily by giving them some place to go without barriers to access, thereby reducing the street presence that has become highly visible and significantly impacts quality of life in the community.

In May of 2015, an Interoffice Memorandum by City Manager Tom Barwin was released by the City of Sarasota. The report includes projected annual public sector costs related to homelessness and recommends an eight-step plan. Similarly, Sarasota County proposed a plan with a series of goals. In addition, the CEO Adult Homeless Initiative (formed by the CEOs of nine local social service agencies) proposed a “3 Into 1 Plan,” whereby the various proposals can be rolled into one agreed upon strategy. All of these plans have commonalities, but they also contain differing approaches and points of emphasis.

With the competing plans as a backdrop, additional consultation was provided by Mark Engelhardt and Jim Winarski, faculty from the University of South Florida’s Department of Mental Health, Law and Policy. In early June of 2015, representatives of all three plans (City, County and CEOs) were presented information on fidelity to the Housing First model, including local, national and international research, and cost effectiveness. Emphasis was placed on the importance of housing *and* supports, thereby dispelling any myths about the model as a housing “only” approach (Engelhardt, 2015).

*Now that multiple plans have been vetted and evidence-based practice models have been considered, it is imperative that **one** long-range plan with agreed upon strategies that have known outcomes be adopted. This requires buy-in from leadership across sectors and the prioritization of current and future resources to make the biggest impact possible. The inability to adopt a common vision and continuing to implement multiple approaches from different plans will divide needed resources and hamper progress toward the end goal.*

## **Needs Assessment and Market Analysis**

According to the *2014 Annual Homeless Assessment Report* (2014 AHAR Part 1) published by the Department of Housing and Urban Development (HUD), the State of Florida was ranked **number one** in the country for rates of *unsheltered* homeless families. For the Sarasota-Bradenton-Manatee CoC, the AHAR reported 1,377 homeless individuals in 2014, a 36% increase since 2007.

Data from the 2015 Point-in-Time (PIT) count for the Sarasota-Bradenton-Manatee CoC show a continued increase in chronic homelessness in the last two years of 41.5% from 301 persons to 426 persons. The 2015 PIT shows an overall increase in the number of homeless of just over 3% to 1,419 individuals. In contrast to chronic homelessness, some progress has been made on the family homeless count which showed a smaller increase of 6.8%. This is partially due to an increase in available supportive housing for this population (www.hudexchange.info, 2015; Suncoast Partnership, 2015).

**From 2007 to 2015, the chronic homeless\* count increased by 216% from 135 persons to 426 persons** while the family homeless count rose 5% from 235 families to 246 families. *This trend is a major cause of concern because the State of Florida has seen a 13% decrease in homeless individuals, including a 12% decrease in chronically homeless individuals and a 22.4% decrease in homeless families during the same time period* (2014 AHAR Part 1).

While family homelessness rose slightly between 2014 and 2015, from 176 families to 188 families, there was an overall decline when including the number of “doubled-up” households. Doubled-up households are households (adult individuals or families) cohabitating with a householder typically due to having nowhere else to go. This is a category tracked locally by the CoC, but a population that HUD does not count as literally homeless. While this doubled-up population is not recognized as homeless by HUD, these households are similarly excluded from the housing market and speak to the shortage of affordable housing. It is clear from this data that the Sarasota-Manatee region’s chronic homeless count is going in the opposite direction from much of the country and requires a concerted effort by the community to reverse this costly trend.

Similar to Central Florida, the surge in chronic homelessness in Sarasota-Manatee is precipitated by the fact that there is a severe shortage of affordable housing in the area for low, very low and extremely low-income households. These income levels are established by the U.S. Department of Housing and Urban Development (HUD) and are as follows: Low Income = 51-80% of Area Median Income (AMI); Very-Low Income = 31-50% of AMI; and Extremely Low-Income (ELI) = 0-30% of AMI.

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*\*HUD defines chronically homeless persons as individuals or families who have experienced homelessness for one year or more continuously or four times in the past three years, and who also has a disabling condition.*

According to the 2014 report from the Urban Institute for the two-county area, the available affordable housing stock in Sarasota County is only 17 for every 100 ELI households and Manatee County has even fewer with 11 for every 100 ELI households (Housing Assistance Matters, 2014). **This leaves a total gap of 13,348 affordable housing units for extremely low-income households across the Sarasota-Manatee-Bradenton region.**

Adding to the affordable housing shortage is the rising cost of housing, coupled with household incomes that are not keeping pace. A recent study from the Joint Center for Housing Studies of Harvard University determined that the number of renters who are “cost burdened” has risen dramatically in the last several years. Almost 50% of all renters are paying more than 30% of their income for rent, and more than 25% of these households are “severely” burdened—with their rent costing them more than 50% of their income. While low and extremely low-income households have endured these conditions for many years, those in slightly higher income brackets (\$30,000-\$45,000) are also joining the ranks of the cost burdened in record numbers with 45% of households in that income bracket similarly burdened (JCHS, 2015).

The National Low Income Housing Coalition’s “Out of Reach” state-by-state analysis reports for 2015 that 33% of all households in Florida are renters and 21%, or 432,892, of these households are extremely low-income (Out of Reach, 2015). The State housing wage in Florida, or the wage that is required to afford a two-bedroom apartment, is \$19.14 an hour, which is equal to \$3,318/month or \$39,811/year. Fair Market Rent for 2015 as established by HUD for Sarasota and Manatee Counties is \$675 for a studio, \$750 for a one bedroom and \$960 for a two bedroom apartment.

For a disabled person who qualifies for Supplemental Security Income (SSI) the monthly payment in Florida is \$733/month or \$8,796/year. This means affordable housing for a disabled person on SSI, at the standard of 30% of their monthly income, would be \$220 per month. Put simply, extremely low-income, homeless and disabled individuals, as well as extremely low-income families, are completely priced out of the market.

This has created an affordable housing crisis for households in poverty and is a major contributing factor to the rising numbers of homeless in the region. The longer someone is on the street, the more they are at risk of incarceration and major medical and psychiatric illnesses, and the less chance they have of being able to get out of this vicious cycle. This trend cannot be solved by providing large-scale shelter. The only long-range solution is creating access to affordable housing and needed services. Even if the shelter provides a “portal of entry” the affordable housing gap will still need to be solved.

## **Local Cost Analysis**

### **Public Sector Costs Related to Homelessness**

In order to complete this study in a relatively short timeframe, costs were captured on anyone reporting as homeless—not just on the longest-term and most disabled homeless individuals, as many other studies have done. Known instances of emergency transports, emergency room use, hospital admissions, arrests and jail stays were captured during 2013 and 2014.

This study takes into account information on the costs incurred from October 1, 2013 through September 30, 2014 by 462 individuals reporting as homeless at Sarasota Memorial Hospital. These individuals had 462 initial visits and 446 return visits for a total of 908 hospital visits. The individuals were identified by the hospital staff and costs were provided by the administration of Sarasota Memorial Health Care System.

Behavioral Health, including addictions and crisis stabilization, amounted to \$1,242,863 in 2013. For addictions, this includes a total of over 3,000 bed days at a cost of \$222 dollars per day and for crisis stabilization over 1,800 bed days at a cost of \$305 per day. Recidivism rates for readmission were 49% higher for homeless individuals than for the general population. Total annual cost was \$1,232,863.

Emergency service calls for homeless totaled 1,104 in 2013, an average of 92 calls per month, each with a cost of at least \$1,200. Emergency Room visits totaled 1,654 with an average cost of \$416 per visit. Total annual cost for emergency medical treatment in 2013 was \$2,012,864.

Persons reported as homeless make up approximately 21% of the inmate population in Sarasota County jail. This equates to an average of 199 homeless individuals per day. With the cost of keeping an inmate in the County jail at approximately \$78 per day\*, this amounts to a minimum of \$5,667,808 in annual costs related to incarceration of homeless individuals. Similarly, the cost of booking, processing and adjudication for these individuals is projected at \$300 per arrest, estimating for a minimum of two (2) hours of police time and two (2) hours of court time. The total estimated costs of arrest is at least \$300,000 (Barwin, 2015).

All told, annual costs related to homelessness for emergency response, hospitalization, addictions, and mental health and incarceration in Sarasota is at least \$8.6 million dollars with some estimates over \$10,000,000 (Barwin, 2015). This does not include homeless system costs—like the cost of shelter or other services provided to families and individuals while they are homeless.

Data from 2013 and 2014, as reported above, was used to demonstrate an estimated average one-year cost for each homeless person and to project five and ten year average costs per person for the region.

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*\*This number is not endorsed by the Sarasota County Sheriff's Department. The Sheriff's Department operates from a fixed budget determined by the State, deeming individual annualized costs unmeaningful from the view of the budget. The number we have used here as a conservative placeholder was provided by Sarasota County Human Services.*

## Local Annualized Cost

Using the HUD Point-in-Time (PIT) count for 2015 of 426 chronically homeless individuals (www.hudexchange.info, 2015; Suncoast Partnership, 2015), and known local costs that were provided to CHS, we calculated that the average annual cost of homelessness, including cost of arrest, incarceration, emergency response, emergency room and inpatient hospitalization is \$15,761 per person per year.

Though this cost is substantial, it is well below findings in other cost studies. There are multiple reasons for this. First, many other cost studies have already established the enormous cost of chronic homelessness (Cho, 2014). Second, CHS just conducted an extensive cost study on specific chronically homeless individuals for nearby Central Florida in 2014 (Shinn, 2014). For expediency, costs incurred by specific long-term homeless individuals were not tracked for this study because the idea was to make a *regional comparison*. Instead, available public costs were obtained on *any* individual reported as homeless. Because of this, the projected savings of public costs that could be avoided is very conservative. Many other studies, including the Central Florida report, have demonstrated much higher individual costs when focusing solely on the longest-term, chronically homeless. That narrower focus results in a higher cost differential due to the frequency of the use of services in the public service sector over significantly longer periods of time. By definition, then, the chronically homeless use a disproportionate share of public resources. Thus, by focusing on ending chronic homelessness—which encompasses the longest-term users of the system—the biggest savings can be projected, and since the number of chronically homeless tends to be 15-30% of the overall homeless population, ending homelessness for this cost intensive subpopulation is realistic and achievable.

Using the annual per person cost in this study of \$15,761, the average annual cost of chronic homelessness for the Sarasota region is calculated at \$6,714,387, or a five-year total projected cost of \$33,571,934. **This is the projected cost of just 426 homeless individuals**—there are thousands more who are already, or will become, homeless during the projected time period, adding to the total spent *on people who are still homeless*. In contrast, providing Permanent Supportive Housing for individuals with similar histories of chronic homelessness and disabling conditions in the Sarasota and the Central Florida region is calculated at \$9,513 per person, per year, which is an annual cost savings of \$6,249 per person, or a public cost reduction that would amount to 40% per person, per year.

*The cost savings of providing Permanent Supportive Housing for all 426 chronically homeless people, including allowance for a 10% recidivism rate, over a period of five years, would be a minimum of \$11,979,087. Using this analysis, housing just 50%, or 213 of the current chronic homeless population in the Sarasota region over a multi-year period, with a 10% recidivism rate, would save the taxpayers a minimum of \$5,989,543.*

When added to the activity of the current supportive housing options in the Sarasota-Manatee-Bradenton CoC (www.hudexchange.info, 2015) over a five-year period and accounting for a 10% recidivism rate, **the strategies outlined in this report have the potential to house over 2,800 homeless individuals with a projected savings in public costs avoided of over**

**\$16,061,537.** Allowing for the same five-year timeframe, **the projected economic impact of developing the new affordable housing stock to carry out this plan would generate \$66,058,316 in direct, indirect and induced economic activity associated with the development and operations of affordable housing.**

**Total public costs avoided and related positive economic activity generated by developing additional affordable housing options across the region would have a total economic impact conservatively projected at just over \$82,100,000.** And, as stated above, the burden on emergency responders, law enforcement and other public and private resources currently being used by the homeless, would greatly decrease and these valuable resources can be freed up to serve other community priorities.

### **Chronic Homelessness Costs**

**Since 2007, the chronic homeless count in the Sarasota-Bradenton-Manatee CoC has increased by 216%.** In fact, the chronically homeless now account for 30% of all street and shelter homeless individuals. Contributing to this increase is the fact that the number of Permanent Supportive Housing units decreased by 20% during this period. On the positive side, the total percentage of those supportive housing units dedicated to chronically homeless individuals has increased from 28% to 58% (164 out of 283) ([www.hudexchange.info](http://www.hudexchange.info), 2015; Suncoast Partnership, 2015). This disturbing trend is occurring despite the valiant efforts of the Continuum of Care and all of its partners to meet the housing needs of this subpopulation.

Because of the public focus on the longest-term homeless and the high costs associated with this subpopulation, we have adjusted rates of incarceration and other data to calculate the potential costs that could be avoided if the 426 chronically homeless individuals in the 2015 PIT were housed.

Using the longitudinal data from the nearby three-county area of Central Florida, we have projected an average number of arrests per chronically homeless person at four (4) and the average length of incarceration for each chronically homeless person at 29 days. Limiting the projections to only 426 chronically homeless individuals and assuming similar patterns of arrest and incarceration, we can state that average annual booking costs would be at least \$511,200 and the annual cost of incarceration would be at least \$3,598,313 for a combined total of over \$4,100,000 per year.

Using the data from Sarasota Memorial Health Care System and projecting costs incurred by 426 chronically homeless individuals annually, the total cost of behavioral health, emergency medical and hospitalizations is over \$2,600,000.

Combined annual totals for 426 chronically homeless individuals are then estimated very conservatively at \$6,714,385, or \$15,761 per person, per year. As stated earlier, because we are not controlling for costs on specific long-term chronically homeless individuals, **this is only 50% of the annual per person costs in the Central Florida report in 2014.** Still, this is a very heavy annual cost to the community, and with the current escalating chronic homeless count,

this total can be expected to double or even triple over the next five years unless new strategies are adopted, public policies are changed, and new resources are brought to bear to reverse the trend.

### **Supportive Housing and Services Costs**

CHS obtained regional costs from the operators of Supportive Housing programs in the Sarasota-Bradenton-Manatee CoC, as well as information on other similar projects in Florida. These housing providers include Casa San Jose, Renaissance Manor, Harvest House, Ability Housing, and Orange County Shelter Plus Care, and represent a total of 238 units of Permanent Supportive Housing (PSH). The annual average cost for these programs was \$9,512 per unit for housing plus services. The cost of PSH contains the cost of operating the housing including administration, insurance, utilities, staffing, maintenance, etc., and the cost of services including case management post housing.

By averaging the actual public cost of incarceration, emergency room use and hospitalization and comparing that with the actual cost per person while residing in Permanent Supportive Housing, an annualized cost differential was established, and projected out over five and ten-year periods.

### **Cost Differential between Chronic Homelessness and Permanent Supportive Housing**

By adding actual and projected costs incurred in the public domain by all individuals reported as homeless (including repeated emergency responses, incarcerations, costs of arrest, emergency room use, addictions treatment, crisis beds and inpatient hospitalizations) and comparing them to the costs of Permanent Supportive Housing with services, we were able to demonstrate that, similar to findings in Central Florida and other cost studies nationally, **providing housing and services to homeless individuals and families saves money and provides better outcomes.**

Annualized costs for the homeless individuals in this study averaged \$15,761 per person per year, while the cost of supportive housing with services is only \$9,513 per person, per year. This is a cost differential of \$6,249 per person, per year for those homeless who are placed in Permanent Supportive Housing. As stated above, *this cost study does not control for the longest-term and most frequent users.* Not all of the homeless persons reported as costing money in the public domain will need Permanent Supportive Housing. Many can benefit from other shorter-term and less costly methods to assist them out of homelessness. However, *this cost differential confirms that allowing any homeless individual to continue placing excessive demand on public resources is still far more expensive than even the most costly evidenced-based practice of Permanent Supportive Housing (PSH).*

However, for those **homeless families or individuals who do not need PSH, but instead can benefit from the evidence-based practice of Rapid Re-housing (RRH), which costs about \$2,500 per household nationally and, with similar outcomes, the cost savings would be \$13,261 per person per year** (McDonald, 2014).

## **Solutions and Outcomes: Strategies for Increasing Access to Affordable Housing and Supports**

### **Market Projections for Absorption Rate and Development Strategies**

With the coordination of all available resources and assistance from local units of government, non-profit leadership, and the business community, a long-range strategic plan for development can be implemented, which will significantly decrease chronic homelessness, provide access to other homeless families and individuals and prevent additional homelessness for ELI households across the region. Much of the community goal will be met with existing resources. ***In order to accomplish this goal, the City and County Consolidated Plans, along with the Continuum of Care priorities must be aligned.***

#### **A. Absorption into current supportive housing stock.**

- I. This strategy accounts for the current operation of housing already available through the CoC. The 2015 Housing Inventory Chart (Suncoast Partnership, 2015) shows 398 units of Transitional Housing and 283 units of Permanent Supportive Housing. Projecting a 70% turnover annually in Transitional Housing (time limited stays) and a 30% turnover in Permanent Supportive Housing (no time limits) should allow for 1,818 permanent housing placements for currently homeless families and individuals over the next 5 years, *with no additional funding.*

This strategy will require close monitoring of outcomes of programs currently in operation to make sure they are on target to meet the projected goal of 1,818.

#### **B. Access created through reprioritization of other existing resources.**

- I. Prioritizing 10 Section 8 vouchers a year for homeless families and individuals and 2 vouchers a month for chronically homeless individuals will create access to 170 units over five years. (A percentage of Section 8 vouchers are released through turnover each month.) This strategy can be adopted even during periods when the waiting list is “closed” by the local Public Housing Authorities or the State Housing Finance Agency, as the rules are up to the local governing body.
- II. Dedicating 5% of currently available Public Housing, based on 407 currently available units, for homeless families and chronically homeless individuals will create access to 40 additional units over the next 5 years. Rules for eligibility and priority status reside with the local Public Housing Authority.
- III. Dedicating a small percentage of existing Low Income Housing Tax Credit (LIHTC) units to below 50% and below 30% of AMI, including the chronically homeless, and removing the eligibility exclusions. Based on 1,213 LIHTC units currently available, dedicating only 2% of the available units to families and 2% to

chronically homeless individuals will create access to 50 units of housing over 5 years. The rules for eligibility and access to LIHTC housing reside with the State Housing Finance Agency.

- IV. Reallocating existing Transitional Housing (TH) units through the Continuum of Care into Rapid Re-housing for other homeless individuals and families. Reallocating just 30% of current Transitional Housing units (398) will net 119 units for Rapid Re-housing at a fraction of the cost of Transitional Housing. This strategy is strongly encouraged by HUD. Annual priority and project ranking is controlled locally by the Continuum of Care.
- V. Reallocating existing TH units through the CoC into PSH for chronically homeless individuals. Reallocating another 10% of current transitional units will create 28 net new PSH units. (If 40% of TH units are reallocated to PSH and RRH, there will still be 239 transitional units for the CoC.) HUD strongly encourages this strategy, but decisions are made locally.

These combined reprioritization strategies can create access to 407 units of permanent housing over five (5) years with no new resources. These strategies are encouraged by federal policies because of the known outcomes of Rapid Re-housing and Permanent Supportive Housing. Continuums of Care that do not follow these strategies are risking hundreds of thousands of dollars per year in federal homeless assistance program funding.

**That's access to 2,225 (1,818 + 407) units of housing using current homeless programs and reprioritization of existing resources over 5 years. Using all of these strategies means that only a small percentage of each would have to be dedicated toward the goal. These strategies leave the existing programs in place and ensure that chronically homeless individuals will be mixed into the larger population in small numbers, across various available housing sites, receiving assistance from multiple funding streams. It also places the burden of success on the participation of all existing affordable housing in the community. Changes in public policy and local priority must require all of them to be a small part of the solution.**

### **C. Strategies for new resources for homeless Veterans.**

- I. Harness new units for Veterans created through SSVF/RRH and HUD-VASH. Currently 144 units (51%) of the total 283 PSH units in the CoC are dedicated to homeless Veterans with disabilities through the HUD Veteran's Affairs Supported Housing (HUD-VASH). Increasing the HUD-VASH allocation with new available funding through the VA by 50 units over the next 5 years will bring the total number of HUD-VASH units to 194 (www.hudexchange.info, 2015; Suncoast Partnership, 2015).
- II. Leverage existing 40 units of permanent housing and supports funded through the Support Services for Veterans Families (SSVF) program in the CoC (www.hudexchange.info, 2015; Suncoast Partnership, 2015). Increasing this program with new funding through the VA by another 100 units over 5 years will bring the total to 140 at a much lower cost than Transitional or Permanent

Supportive Housing since the average annual assistance is \$2,500 and lasts approximately five months to stability (McDonald, 2014).

**D. Strategies for bringing net new prioritized units to the market.**

New units can be created through acquisition and rehabilitation and new construction of affordable housing. These strategies project prioritization using historically available public funding streams for development and matching them with new private capital raised through local philanthropic foundations and other investment strategies. These strategies will also require partnerships with local qualified developers who have the capacity to respond in partnership with service organizations when annual notices of funding availability for housing development are released. Annual notices are released by HUD, the VA, the Federal Home Loan Bank, City and County units of government and the Florida Housing Finance Corporation, among others.

- I. Prioritize pass through federal funding under the HOME Investment Partnership Program (HOME) at \$250,000 for the next 5 years matched with other private capital to develop 50 units of affordable housing, with 25 units dedicated to chronically homeless individuals using an acquisition and rehabilitation approach at \$60,000 per unit. Funds have recently been used for Public Housing Authority capital improvements and Main Street beautification planning (Sarasotagov.org, 2015).
- II. Prioritize Low Income Housing Tax Credits at \$2,000,000 per year for the next 5 years, matched with other private capital to develop 100 units of affordable housing with 50 units dedicated to chronically homeless individuals for new construction at \$144,000 per unit.
- III. Prioritize financing through the Federal Home Loan Bank of Atlanta at \$250,000 for the next 5 years matched with other private capital to develop 50 units of affordable housing, with 25 units dedicated to chronically homeless individuals using an acquisition and rehabilitation approach at \$60,000 per unit.
- IV. Prioritize financing through the Florida Housing SHIP program at \$1,250,000 matched with other private capital for the next 5 years to develop 40 units of affordable housing with 20 units dedicated to chronically homeless individuals for new construction at \$144,000 per unit. Recent use of funds includes Public Housing Authority capital improvements (Sarasotagov.org, 2015).
- V. Prioritizing funding of permanent housing, using private capital as match, as described in items I through IV above, would require approximately \$12,000,000 in private matching funds to be raised. We are also recommending additional private capital investment of \$23,810,000 be raised to create another 200 units of affordable housing through acquisition and rehabilitation.

Together, these combined strategies can fund total development costs of \$37,560,000 toward 430 newly dedicated affordable units. Projecting for 290 units through acquisition and rehabilitation and 140 units through new construction, we are proposing an average per unit

cost of \$87,348. This includes 215 units of Permanent Supportive Housing and 215 units for homeless prevention and other affordable housing needs. Added to the 150 new units for Veterans, these strategies can provide access to 580 new units of affordable housing.

Site control of new units of housing will bring opportunities to leverage millions of dollars in additional public and private funds to the community over time. This includes funding for both capital needs and for services. Projecting for these additional leveraged resources is beyond the scope of this report for now, but the additional investments can be tracked as outcomes of the combined strategies above in items D I-V.

**Housing Development Allocation Table**

1,393	70% placement rate into permanent housing based on 398 Transitional Units over 5 years
425	30% turnover rate from existing PSH based on 283 units over 5 Years
365	Re-prioritization of Rapid Re-housing from current and future resources
244	Re-prioritization of Permanent Supportive Housing from current resources
215	New affordable units for at risk and homeless prevention A&R+NC
215	New Permanent Supportive Housing for Chronically Homeless A&R+NC
<b>2,857</b>	<b>Total Units available over 5 years through absorption rate of current supportive housing, reprioritization of current resources, A&amp;R and NC</b>

*Source: Greg Shinn, 2015*

**Economic Impact of Development Strategies**

**Access to affordable housing and services is the solution to homelessness** and the plan to end and prevent homelessness equals creating jobs in the community. The National Homebuilders Association has developed standardized national metrics to project economic impact. In Florida alone, the housing credit financed, developed or rehabilitated 165,462 homes between 1987 and 2012. These projects supported 186,972 jobs during the same period, led to a return of \$17.82 billion in local income, and generated another \$7.02 billion in tax revenues (Affordable Rental Housing Action- A Call to Invest in Our Neighborhoods, 2014).

Locally, the Sarasota Chamber of Commerce has determined that for every \$360,000 invested in housing development, 4.4 jobs will be created with a direct, indirect and induced economic impact of \$633,148\* including \$14,121 in state and local taxes (Cooper, 2015). Based on a local investment in affordable housing with the development strategies outlined above, prioritization of public and private sources totaling \$37,560,000 would add approximately 460 jobs with a total direct, indirect and induced economic impact of \$66,058,316 to the local economy.

*\*These numbers reflect economic activity for development in the unincorporated parts of Sarasota County; urban impacts would be slightly higher. To accommodate for a range of development costs across the Sarasota-Manatee-Bradenton CoC, the lower output formula was utilized in the projections for this report. These projections should allow for a 10-15% range depending on location.*

## **Return on Investment: Affordable Housing is the Vehicle for Creating Jobs and Spurring Economic Development**

### **Conclusions and Recommendations**

Creative Housing Solutions (CHS) is recommending the implementation of a strategic plan to develop access to a minimum of 450 additional Permanent Supportive Housing units for chronically homeless individuals. All resources combined in this plan can provide access to over 2,800 units of affordable housing across the two-county Continuum of Care (CoC). **Using all available public and private resources** over a multi-year period of at least five years and a mixed-income, mixed-population model for community reintegration will create and protect access to affordable housing for households at 30%, 50% and 60% of area median income. By dedicating a little over 20% of the affordable units as Permanent Supportive Housing and prioritizing them to the most chronically homeless individuals and families, **chronic homelessness can be functionally eliminated from the Sarasota-Manatee-Bradenton CoC.** Using a low-density, scattered-site approach across the region will ensure that no one county, city or neighborhood is responsible for sharing an undue burden of ending homelessness; rather, *it is the entire community's responsibility.*

The recommendation includes a resource development approach that prioritizes currently available capital resources combined with new resources to construct, acquire and rehabilitate 430 units of multifamily rental housing across the two-county area over a period of at least five years. **This development strategy will not only provide a solution to chronic and family homelessness, but also generate a direct economic impact of at least \$66,058,316 in jobs and other indirect impacts on top of the future costs avoided by ending homelessness. As stated earlier, the public costs that can be avoided added to the positive economic activity of housing development over five years—all related to the plan to end and prevent chronic homelessness—would have total value of over \$82,100,000.**

The public debate in the Sarasota region related to homelessness is at an all-time high. The cause for concern is very real—the cost of allowing the problem to continue escalating as it has in recent years is taking a heavy toll on the community. The cost to the taxpayers is staggering and the money currently being spent while not solving the problem can be invested far more wisely by implementing sustainable solutions with known outcomes. But the cost to the community is measured in more than just dollars and cents. As families and individuals are re-housed in the community over time, the positive economic impact can be quantified while the quality of life increases for everyone, including the people who are no longer homeless. The value of this will be a net return on investment worth tens of millions of dollars and the possibility that people who are stabilizing in the community can reach their full potential.

The community *must* work together across the two-county area toward the end goal of ending chronic homelessness using the evidenced-based approaches of Housing First, Permanent Supportive Housing and Rapid Re-Housing. By intentionally planning different types, styles and locations of supportive housing across the area, options being offered to families and

individuals recovering from homelessness will be expanded, allowing them to live in the communities and neighborhoods of their choosing. This approach significantly improves long-range outcomes (Shinn & Brose, 2014) and provides a model of community integration for truly affordable housing that does not displace families while creating neighborhood stabilization.

Adopting recommendations in this report will require that public policies be changed so that existing resources can be prioritized to allow for access to Section 8 Vouchers, Project-Based Section 8, Public Housing and Low Income Housing Tax Credit units. This will require changing laws and regulations at both the state, county and city government levels that are currently keeping people who are homeless from entering the housing market. Prioritizing annual allocations of HOME, LIHTC and State Housing Trust fund dollars toward the goal of ending chronic homelessness so that qualified projects for chronically homeless and ELI households are funded is critical. Aligning these strategies with updated goals in the Consolidated Plans will ensure continuing development of affordable housing for years to come. Leveraging new sources of funding such as the Federal Home Loan Banks, with the same population focus, will be important. Everyone must come together to agree on these priorities and developers submitting applications in conjunction with this plan must be supported. Raising private dollars through philanthropy and corporate giving that can be used as match and capital to be invested guarantees success in leveraging public funding streams. This also allows flexibility in development of unsubsidized affordable market units, achieving maximum profitability, sustainability and community integration.

Leadership is required at all levels to create the will to update City and County and Consolidated Plans and the current and future Action Plans of the Sarasota Consortium. (Sarasota Consortium 2015-2016 Draft Action Plan, 2015). This leadership must come from the corporate, philanthropic and non-profit sectors that can combine their efforts and influence public officials to invest in long-range, effective strategies proven to reduce homelessness. These strategies are Housing First, Permanent Supportive Housing and Rapid Re-housing. The leadership in the Continuum of Care must act to reprioritize and reallocate current funding for homeless programs toward these proven approaches. Continuing to prioritize Transitional Housing with below average outcomes is a failing strategy which HUD will no longer fund. Coordinated assessment and access policies based on a priority listing of eligible homeless individuals and families will streamline the process and significantly reduce the length of time someone is homeless. The quality of life is already high for so many in the community. Leadership dedicated to the strategies outlined in this report can move the Suncoast region of Florida toward the goal of being one of those across the country that can say, "We are approaching the end of chronic homelessness in our community!"

**Creative Housing Solutions**

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