

COUNTY OF MILWAUKEE
Behavioral Health Division Administration
INTER-OFFICE COMMUNICATION

DATE: April 6, 2015

TO: Kimberly Walker, JD, Chairwoman, Mental Health Board

FROM: Héctor Colón, Director, Department of Health and Human Services
Approved by Patricia Schroeder, Administrator, Behavioral Health Division
Prepared by James Mathy, Administrator, Housing Division

SUBJECT: **Report from the Director, Department of Health and Human Services,
 Requesting Authorization to transfer \$600,000 of 2015 funds to the Housing Division to
 support Milwaukee County's Plan to End Chronic Homelessness**

Issue

Wisconsin Statutes 51.41(10) requires Milwaukee County Mental Health Board approval for contracts with a value of \$100,000 or greater. Per the statute, the Director, Department of Health and Human Services (DHHS), is requesting authorization for BHD to transfer \$600,000 to the Housing Division to support Milwaukee County's Plan to End Chronic Homelessness.

Background

Milwaukee County has made substantial progress in the development of permanent supportive housing since 2008. Over 500 units of housing have been created for those who have a disability and have either been homeless or at risk of homelessness. Even with this progress, however, homelessness remains a significant problem in Milwaukee, particularly among people with mental illness and/or co-occurring substance use disorders. The need for recovery-oriented housing resources for people with mental illness was identified in the Milwaukee County Mental Health Redesign process as described in SMART Goal Number 13: "Improve access to, and retention in, recovery-oriented supportive housing for persons with mental illness who are homeless or inadequately/unsafely housed."

Data available through the Milwaukee "Point in Time" survey provides information on the scope of the homelessness problem locally. The Point in Time survey was conducted on January 29, 2014 to count the number of individuals that were homeless on that particular day. The results identified 115 unsheltered persons and 1,086 sheltered persons (emergency shelter, transitional housing, or Safe Haven). The table below provides additional self-reported information about those individuals.

Self-Reported Information	Unsheltered (n=115)	Sheltered (n=1,086)
Chronically Homeless	55	140
Mental Health Issue	29	276
Substance Abuse Issue	34	169
Developmental Disability	11	20
Physical Disability	29	43
Veteran	10	59

Domestic Violence Survivor	7	126
Males	89	628
Females	26	451

There is a general consensus that the number of homeless individuals is greater than these counts show. The Point in Time is a snapshot of a specific day and is used to determine HUD funding. This initiative proposes to serve 300 as most providers would agree that we are not reaching every chronically homeless individual that is living on the street.

The data shows there is a wide range of individuals who become homeless and therefore a wide range of housing and service options need to be available. It is the Division's strong belief that an overall investment in housing units and services for this population would save money in other areas of our service system. As an example, when looking at the unsheltered numbers, 62 of the 115 individuals had been seen in an emergency room in the past twelve months and 5 individuals had 10 or more visits per self-report.

Housing First

This initiative focuses on a dramatic expansion of the Housing First concept. Housing First is based on the concept that a homeless individual or household's first and primary need is to obtain stable housing. Other issues that affect the household are addressed once housing is obtained. National data shows this model provides very successful outcomes and dramatically reduces public service costs. Examples of this include:

➤ *New York City*

New York was one of the first communities to adopt the Housing First strategy. In a 1993-1997 a study was conducted to report outcomes on the Housing First program operated by Pathways to Housing. After five years, 88 percent of the program's tenants remained housed, whereas only 47 percent of the residents in the city's residential treatment system remained housed. When the analysis controlled for the effects of client characteristics, it showed that the supported housing program achieved better housing tenure than did the comparison group.

In a related study of 4,679 people placed in such housing in New York City between 1989 and 1997, results revealed that persons placed in supportive housing experienced marked reductions as compared to a control group in shelter use, hospitalizations, length of stay per hospitalization, and time incarcerated. **Before placement, homeless people with severe mental illness used about \$40,449 per person per year in services (1999 dollars). Placement was associated with a reduction in services use of \$16,282 per housing unit per year. Annual unit costs are estimated at \$17,277, for a net cost of \$995 per unit per year over the first two years.**

More recent data from New York outlines the cost of public services compared to Housing First:

2012 data for municipal costs per capita, per night:

Hospital ER; \$1,200.00

State Psychiatric hospital: \$718.00

NYC Jail: \$232.00

NYC Shelter: \$77.00

Housing First apartment: \$57.00

➤ *Denver, Colorado*

The Colorado Coalition for the Homeless created the Denver Housing First Collaborative (DHFC) in 2003 to provide comprehensive housing and supportive services to chronically homeless individuals with disabilities. The program uses a housing first strategy combined with case management services, providing integrated health, mental health, substance treatment and support services. The goals of the DHFC are to increase the residential stability and overall health status of chronically homeless individuals while reducing the utilization and costs of emergency services being provided to chronically homeless persons with taxpayer funds.

A Cost Benefit Analysis of the DHFC found an overall reduction in emergency services utilization and costs for a sample of participants of the DHFC in the 24 months of participation in the program compared with the 24 months prior to entry in the program. Emergency room visits were reduced by an average of 34 percent. Inpatient visits were reduced by 40 percent, while inpatient nights were reduced by 80 percent. Detox visits were dramatically reduced by 82 percent. Incarceration days were reduced by 76 percent, and emergency shelter use was reduced by 100 percent. Only outpatient health utilization increased, as participants were directed to more appropriate and cost effective services by the program. **The overall decreases in utilization of emergency services resulted in a 73 percent decline in total emergency related costs for the sample group, averaging savings of \$31,545 per participant. If these average costs savings are projected each of the 513 chronically homeless persons estimated in Denver who are eligible for the DHFC program, the savings would amount to \$16.1 million.**

In addition to saving taxpayers money, the local and national evaluations of the DHFC program document overall improvement in the health status and residential stability of program participants. For these persons, who averaged nearly eight years of homelessness each prior to entering the program, 77 percent of those entering the program continue to be housed in the program. More than 80 percent have maintained their housing for six months. Fifty percent of participants have documented improvements in their health status, 43 percent have improved mental health status, 15 percent have decreased their substance use, and 64 percent have improved their overall quality of life. In addition, the majority of participants have been assisted to obtain the public benefits for which they are eligible, or to obtain employment. The average monthly income of participants increased from \$185 at entry to \$431.

Milwaukee County's Plan to End Chronic Homelessness

Analyzing outcome data of existing programs as well as additional best practice models, a general plan has been created by the Housing Division that would produce the best results for individuals that are chronically homeless in Milwaukee County. This plan recommends better utilizing existing rental subsidies and service resources as well as the need to create additional housing and service models

focusing on Housing First.

The Housing Division conducted a series of meetings to discuss what resources would be necessary to not simply reduce but to end chronic homelessness in Milwaukee County. Staff used existing data from the January 2014 Point In Time Homeless Count to determine how many individuals would meet HUD's definition of homelessness that were either living on the street or in the community's existing shelter system. Staff looked at best practice models and outcome data to determine what programs would be necessary to accomplish that goal.

The following are the specific recommendations of the Housing Division as well as the cost for each initiative to accomplish the goal of ending chronic homelessness in Milwaukee County:

1) Homeless Preference in Section 8

The Housing Division would propose to create a new homeless preference in Milwaukee County's Section 8 rental assistance program which is allowable by HUD. A homeless preference would allow individuals and families to be placed at the top of the Section 8 waiting list. This would be timely as the program is set to open up its waiting list for the first time since 2001. The Section 8 program would need to do an amendment to its current Administrative Plan to accomplish this.

A major barrier for individuals leaving homelessness is the lack of affordable housing and rental subsidies. There are a portion of individuals in the community's shelter system that would be able to exit homelessness without traditional case management services if they were able to be offered a rental subsidy. The Division believes at least 30 individuals could be served annually using existing resources if a preference was put in place. These 30 individuals would be paired with an existing Section 8 employee that would have expertise working with homeless individuals. They would serve not only as the individual to coordinate the Section 8 payments, but would serve as a point of contact for individuals that may need additional assistance that does not rise to the level of needing traditional case management. No additional resources would be needed for this recommendation.

2) Projected increase in the Housing Division's Continuum of Care Rental Assistance (My Home) funding

The Housing Division will be receiving an increase in voucher dollars for the My Home program. This program provides rental assistance for those that are homeless and disabled. The budget of the program will increase because of the fair markets rent rates in Milwaukee. Milwaukee County will be receiving \$200,000 of additional funds on July 1, 2015 and then approximately \$100,000 on July 1, 2016. The Housing Division estimates being able to create approximately 60 units with this increase. In order to receive this rental subsidy, Milwaukee County must ensure that case management is provided to the program participants. Approximately \$100,000 would be needed to provide these necessary services.

3) Short Term Rental Assistance

There are a portion of individuals in the community's shelter system that would be able to maintain permanent housing on their own but simply need a short term subsidy due to a loss of employment income or other temporary circumstances. The ability of the Housing Division to offer short term rental assistance (similar to Rapid Rehousing) for these individuals would assist them in quickly moving out of

shelters. Staff estimates 30 individuals could be served for a cost of \$50,000.

4) Redesign of the Pathways To Permanent Housing model

Many individuals are not ready to come into permanent housing due to the severity of their needs or by choice. The Housing Division has had success with the County's Pathways to Permanent Housing program. The goal of this program is to work with hard to serve individuals to transition them into permanent housing by providing on-site services. Pathways has a 70 percent success rate in placing individuals directly into permanent housing. Individuals are screened to ensure that only participants with the highest need would be placed in the program. The Housing Division proposes to change the target population of this program to serve chronically homeless individuals instead of focusing on those with income. The population assisted would be those with high utilization rates of other public services such as emergency rooms, detox, and other Behavioral Health Division services. It is the Housing Division's belief that additional transitional housing beds would be needed to accomplish the goal of ending chronic homelessness. The redesign of the existing Pathways program would add 27 beds to this initiative without the need to create a new expensive transitional housing model. The cost of this recommendation is approximately \$100,000 due to the loss of rental payments since it is believed all participants will have no income.

5) Creation of new permanent supportive housing using Housing First

A majority of the housing that is needed for this population is permanent supportive housing that utilizes a rental subsidy along with services. This model has been the focus of the Housing Division since its creation in 2008. The Division has collaborated with developers and service providers to create over 500 units. This model is particularly effective with the homeless population when a Housing First strategy is used. The Housing First philosophy centers around immediately housing an individual as a first step towards treatment and other wraparound services. This is a best practice model supported by HUD.

The Housing Division has begun to implement this through the work of the Community Intervention Specialist. This individual has housed over 150 individuals since the position was created as part of the Mental Health Redesign and he won the Advocate of the Year from NAMI due to his work with this model. Due to the general lack of rental assistance available, the implementation of this initiative would need local funding. The Division is able to utilize scattered site units so the initiative does not have to rely on construction of new units. This scattered site model follows the Division's successful My Home Program for homeless and disabled individuals in which **99.6 percent of individuals remain in the program after 6 months**. The Housing Division is also forming a Housing Access Partnership Committee to work with existing and potential new landlords to expand the access of existing housing units.

The funds for the new 150 Housing First units would cover rental assistance and case management services. There is a dramatic shortage in the amount of rental subsidies that have traditionally been funded by the federal government. Milwaukee County's My Home program as well as the Section 8 Rental Assistance program are at capacity. In order to continue the County's progress in supportive housing, a local source of funds is needed for rental assistance. The success of homeless individuals in supportive housing is also directly linked to service provision. This initiative would provide the necessary case management services to link with rental assistance payments. The total cost of this

Housing First initiative would be approximately \$1,200,000.

6) Additional Staffing

To fully implement this chronic homelessness initiative, additional staff will be put in place to ensure that individuals will be placed into housing quickly and successfully. Following the successful homeless initiative in Utah (chronic homelessness has declined 72 percent since 2005), the Housing Division will employ Housing Navigators to assist outreach workers and case managers with everything from immediately locating housing units, negotiating with landlords, assisting with income, and working with various systems to coordinate care. A Program Evaluator position will be created to not only track the success and outcomes of this initiative, but to provide the Housing Division with the ability to provide outcome data on all of the County's supportive housing units, similar to what other communities have done to show the effectiveness of supportive housing and have the ability to reallocate funds to programs that show success. Finally, a management position will be created to oversee all of the homeless initiatives set forth in this plan as well as coordinate other homeless initiatives in Milwaukee County. The total cost of staffing is approximately \$350,000.

Summary

The total cost of this initiative is approximately \$1.8M annually. An initial investment of \$600,000 from the Behavioral Health Division in 2015 will cover case management services in the My Home program, staffing costs, and allow the County to immediately begin placing individuals into new housing first units with case management attached. We will attempt to absorb this initiative into our existing budget. If we are not able to do this and a deficit materializes, we will request that this initiative will be funded from 2014 reserve funds.

In 2016, the sustainability plan will focus on an investment in the Behavioral Health Division budget, an investment in the Housing Division budget, and other potential County funds. Although there is currently no CCS revenue factored into this plan, staff believes that there will be participants that will be eligible for CCS which will reduce the amount of funding for case management services.

This initial investment will be leveraged to approach the business community as a part of a public-private partnership as well as potentially leverage HUD funds. Staff have discussed this initiative with business leaders as well as HUD leadership and both groups appear to be willing to look at bringing in additional funds to support this plan.

Milwaukee County's Plan To End Chronic Homelessness follows the previous goals set forth in Milwaukee County's Mental Health Redesign to improve access to, and retention in, recovery-oriented supportive housing for people with mental illness. The top recommendations coming out of the Community Linkages Committee were to organize existing supportive housing resources into a flexible, recovery-oriented continuum that is responsive to persons' needs and preferences, create additional supportive housing units, and expand the role of the Community Intervention Specialist in the Housing Division to assist with access to housing. This initiative accomplishes these objectives.

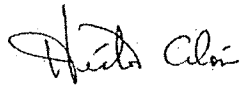
Recommendation

It is recommended that the Milwaukee County Mental Health Board authorize the Director, DHHS, or his designee, to transfer \$600,000 of 2015 funds to the Housing Division to support Milwaukee County's Plan To End Chronic Homelessness.

Fiscal Effect

The total amount of \$600,000 recommended in this transfer is using funds from BHD's 2015 Adopted Budget. A fiscal note form is attached.

Respectfully Submitted,



Héctor Colón, Director
Department of Health and Human Services

cc: County Executive Chris Abele
Raisa Koltun, County Executive's Office
Jodi Mapp, Senior Executive Assistant, BHD

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 4/8/2015

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Report from the Director, Department of Health and Human Services, Requesting Authorization for BHD to transfer \$600,000 to the Housing Division to support Milwaukee County's Plan to End Chronic Homelessness.

FISCAL EFFECT:

- | | |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input checked="" type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input checked="" type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Behavioral Health Division (Org Unit 6300)	Department of Health and Human Services – Housing Division (Org Unit 8500)
Operating Budget	Expenditure	(\$600,000)	\$600,000
	Revenue	\$0	\$0
	Net Cost	\$0	\$0
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

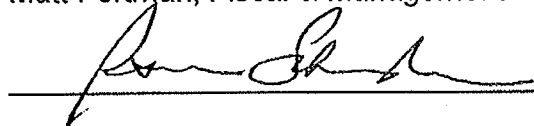
In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

- A. Approval of this report will authorize a fund transfer to reallocate \$600,000 in pharmacy surplus funds from the Behavioral Health Division to be put towards Milwaukee County's Plan to End Chronic Homelessness in the Housing Division.
- B. \$600,000 will cover 2015 costs related to the Plan to End Chronic Homelessness. The total cost of this initiative is \$1.8M annually, which will be built into the Housing Division's 2016 budget request. The Behavioral Health Division has identified \$1,050,000 in 2015 Pharmacy surplus costs, \$600,000 of which will be transferred to the Housing Division in this initiative.
- C. Approval of the fund transfer reduces the Behavioral Health Division's expenditure authority by \$600,000 and increases the Housing Division's expenditure authority by the same amount. The Behavioral Health Division has identified \$1,050,000 in 2015 Pharmacy surplus costs, \$600,000 of which will be transferred to the Housing Division in this initiative.
- D. This fiscal note does not take into account possible savings from reduced patient volume in the Behavioral Health Division's Psychiatric Crisis Emergency Room related to this initiative.

Department/Prepared By Matt Fortman, Fiscal & Management Analyst

Authorized Signature



Did DAS-Fiscal Staff Review?

Yes

No

Did CBDP Review?²

Yes

No

Not Required

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.

