



# ESTIMATED COSTS OF HOMELESSNESS IN INDIANAPOLIS IN 2016

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# CONTENTS

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<b>INTRODUCTION</b>	1
<b>EMERGENCY &amp; TRANSITIONAL SHELTERS</b>	1
<b>NON-SHELTER SERVICE PROVIDERS</b>	2
<b>HEALTH CARE SERVICES</b>	2
<b>HOSPITAL SERVICES</b>	2
<b>CRIMINAL JUSTICE SYSTEM</b>	3
<b>FAMILIES</b>	3
<b>TABLE 1:</b> Estimated expenses and projected cost savings related to families experiencing homelessness in Indianapolis (2016)	4
<b>INDIVIDUALS</b>	4
<b>TABLE 2:</b> Estimated expenses and projected cost savings related to individuals experiencing chronic homelessness in Indianapolis (2016)	4
<b>CONCLUSIONS</b>	5
<b>TABLE 3:</b> Estimated expenses and the value of in-kind donations related to homelessness in Indianapolis (2016)	5
<b>BIBLIOGRAPHY</b>	6

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# INTRODUCTION

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At the request of the Coalition for Homelessness Intervention and Prevention (CHIP), the Indiana University Public Policy Institute (PPI) conducted a study in 2009 to estimate health and criminal justice costs in Marion County for chronically homeless individuals (Littlepage and Clendenning, 2009). The study focused on “frequent users” of public services that have co-occurring substance use and mental health disorders. “Frequent users” can be defined as homeless persons that experience and utilize public services for significant mental health and/or substance use-related challenges. These focal points were identified in national research as having a significant impact on costs to the public service sector. However, it was also discovered that the majority of homeless experiences were not of the chronically homeless or “frequent users” population; they were only a fraction of the total population experiencing homelessness. It should also be noted the earlier research in Indianapolis did not include costs associated with providing shelter and other services.

This new report provides an estimate of the various costs associated with homelessness in Indianapolis. Specifically, CHIP has asked PPI to update shelter-related and system costs for chronically homeless individuals, other individuals, and families. When people experience homelessness, there are costs for provision of emergency shelter and transitional housing, as well as costs from other agencies, like day shelter and outreach services, that interact with them. There are also costs to the criminal justice system and health care, particularly for chronically homeless individuals. For example, arrests can stem from public intoxication, urinating in public, loitering, or more serious crimes, but rates decline when people are housed. Lastly, costs can even be incurred with in-kind donations from private individuals to these organizations.

Cost estimates for 2016 and the current efforts to address these costs are discussed throughout. Furthermore, the costs are estimated for agencies directly involved with serving those experiencing homelessness from their 990 tax forms or annual reports. The methodology for estimating health care and criminal justice costs are also outlined below.

## EMERGENCY & TRANSITIONAL SHELTERS

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Expenses for the twenty-two Indianapolis emergency and transitional shelters in 2016 were \$35,599,883. Expenses were obtained from Form 990s, audited financial statements, annual reports, and through direct correspondence with these organizations. For organizations that worked with both homeless and non-homeless individuals, expenses were prorated to reflect only costs associated with activities that served homeless individuals and families.

Emergency and transitional shelters reported receiving in-kind donations valued at approximately \$5,738,137 in 2016. In-kind donations included meals, clothing, hygiene, pro bono services, and volunteer hours. Donated meals were valued at \$6 each. The value of volunteer hours was calculated using Independent Sector’s rate of \$23.38 per hour (Independent Sector, 2016). Additionally, the in-kind estimate for volunteer hours was conservative, as only two shelters provided volunteer hours. The value of other in-kind donations were provided directly by the shelters.

# NON-SHELTER SERVICE PROVIDERS

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Indianapolis organizations providing services to the homeless population beyond shelter reported over \$6,428,058 in expenses. Services included the following: outreach to those experiencing homelessness, case management, tutoring, education, employment assistance, food, and basic needs to address both the symptoms and underlying causes of homelessness. Data were obtained from Form 990s, annual reports, audited financial statements and direct correspondence with organizational representatives. For organizations working statewide and/or with both homeless and non-homeless populations, expenses were prorated to reflect only costs associated with serving the homeless in Indianapolis.

Non-shelter service providers reported in-kind donations valued at \$977,229 in 2016. As mentioned above, donated meals were estimated at \$6 each and volunteer hours were estimated at \$23.38 per hour (Independent Sector, 2016).

# HEALTH CARE SERVICES

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Indianapolis organizations focused on health care for the homeless reported \$3,980,166 in direct expenses, and in-kind donations were valued at approximately \$310,109. Health care costs associated with the homeless population represent significant public expenditures. Research has consistently found that utilization of health care services and the resulting expenditures were higher among the homeless population than those housed (Hwang & Henderson, 2010; Hwang, Weaver, Aubry, & Hoch, 2011; Ku et al., 2014). Frequent health care utilization and higher costs for the homeless result from poor living conditions and high rates of mental health issues.

# HOSPITAL SERVICES

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In addition to organizations specifically serving the homeless population, those experiencing homelessness also access health care through hospitals. In January 2017, Community Solutions gathered data regarding homeless individuals' interactions with health care providers. They received data from Eskenazi Health but did not receive data from other systems, such as IU Health and Community Hospital.

In 2016, there were 440 known homeless inpatient admissions and 716 outpatient visits to Eskenazi Health (Community Solutions, 2017). This number represents admissions, not unique patients. If the cost of inpatient admissions were estimated at \$12,826 each (Littlepage & Clendenning, 2009), the cost of 2016 homeless inpatient admissions for Eskenazi would total \$5,643,440. If the cost of outpatient admissions were estimated at the Level 1 Established Patient Clinic Charge for Eskenazi, or \$108 each, the estimated cost of 2016 homeless outpatient visits would be \$77,328. If we assume the other hospitals in Marion County had half as many inpatient and outpatient visits as Eskenazi with the same costs, the estimated costs for

inpatient visits would total \$2,821,720 and outpatient costs would total \$38,664. If we also assume that half of the visits requires an ambulance ride, then we assume 1,187 ambulance runs. This total would be consistent with data Wheeler Mission reports, as they typically have an average of fifteen ambulance runs each week or 780 per year at their Men's Shelter. At an estimated cost of \$1,000 per ambulance run, the estimated ambulance charges total \$1,197,000. Total charges would therefore be estimated at \$9,778,152.

## CRIMINAL JUSTICE SYSTEM

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Community Solutions reported that on December 1, 2016, Indiana Department of Corrections (DOC) had 105 individuals in Indianapolis listing their primary address as “homeless”, “shelter”, or “mission” (2017). The report also indicated that the number of homeless people in jail was underreported at a given time because DOC staff encouraged those identifying as homeless to provide a different address upon intake (2017). DOC reported on this same day that Marion County had a total of 8,188 total offenders in the system, including DOC, Community Corrections Programs, and local jail holds (Spear, 2016). Based on these numbers, homeless individuals represented 1.3 percent of the prison population on this day. If we assumed that homeless individuals represented 5.5 percent of the prison population with one arrest, which is the low end of estimates that usually range from 5.5 to 10 percent in other studies (Culhane, 2003; James & Glaze, 2006; Reentry Policy Council, 2006) then the total estimated cost would be \$10,865,907.

In estimating the costs associated with the homeless population's interaction with the criminal justice system, it is important to note that most interactions – and consequently, most of the associated costs – involve the chronically homeless (McQuiston, Gorroochurn, Hsu, & Caton, 2014; Harding & Roman, 2017; To et al., 2016; Brown et al., 2016; Green, 2006), which is a small percent of the total homeless population.

## FAMILIES

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In 2016, there were an estimated 1,072 families with 3,579 people experiencing homelessness (Abt Associates, 2017). If we add the estimated costs of providing shelter (\$15,983,001) to the estimated amount of in-kind donations to those shelters (\$1,867,021), as well as costs and in-kind donations to additional services (\$1,419,144), then the total estimated cost would be \$19,269,166 (see Table 1). This estimate assumed that there were no criminal justice or healthcare costs associated with families experiencing homelessness. This conservative estimate of per-family costs for families experiencing homelessness would be \$17,975. According to Abt Associates (2017), the estimated cost of Rapid Re-Housing (RRH) per unit for nine months would be \$11,662. This estimate does not take into consideration that some families could pay some of the expenses. Even if all the costs were covered, there would still be savings of \$6,313 per family for RRH or \$6.8 million.

In addition, RRH would diminish the impact on families and particularly children experiencing homelessness. For example, “Homelessness and its Effect on Children” (Hart-Shegos, 1999) noted that by eighteen months,

children who are homeless (when compared to other children in poverty) often begin to demonstrate a regression in speech and toilet training. In addition, seventy-five percent of homeless children under the age of five have at least one major developmental delay and forty-four percent have two or more major developmental delays.

**TABLE 1. Estimated expenses and projected cost savings related to families experiencing homelessness in Indianapolis (2016)**

Total annual system cost families	\$19,269,166
Number of families	1,072
Annual cost per family	\$17,975
Cost of rapid rehousing (RRH) for 9 months	\$12,501,396
Cost savings of RRH	\$6,767,770
Cost savings per family RRH	\$6,313

## INDIVIDUALS

In 2016, there were 8,176 individuals experiencing homelessness, of which eleven percent or 879 were chronically homeless. If we assume that chronically homeless individuals accounted for half of the criminal justice, health and hospital costs and services, as well as a proportional amount of shelter and services costs, then the estimated annual average cost of a chronically homeless person would be \$20,571, for a total of \$18,081,993 annually. According to Abt Associates (2017), the total per unit cost for Permanent Supportive Housing (PSH) equaled \$12,315, which again assumes that the residents have no income.

**TABLE 2. Estimated expenses and projected cost savings related to individuals experiencing chronic homelessness in Indianapolis (2016)**

Total annual system cost chronic	\$18,081,993
Number of individuals experiencing chronic homelessness	879
Annual cost per person of individuals experiencing chronic homelessness	\$20,571
Cost of permanent supportive housing (PSH) for 1 year	\$10,824,885
Residual system cost (hospital and CJ costs)	\$3,096,609
Cost savings of PSH	\$4,160,499
Cost savings per individual experiencing chronic homelessness PSH	\$4,733

However, as stated prior, they may have some form of income from disability benefits or employment. We also cannot assume that all criminal justice and health related costs would disappear with PSH, but these costs do decrease significantly with housing (Watson, Robinson, Golembiewski, Coberg & Huynh 2017; Bakke, Burnett, Hanka, Opartney, Phillips, Reynolds, & Cupka Head, 2013). If we assume annual costs of \$3.1 million for criminal justice and health related costs plus \$10.8 million for PSH there would be an estimated savings of \$4.7 million,

# CONCLUSIONS

As Table 3 indicates, the estimated cost of homelessness for 2016 is \$72,381,073, including \$65,355,598 in direct expenses and in-kind donations valued at \$7,025,475. However, these cost estimates are conservative, as in-kind donations are done in an informal way (church group providing a meal) and are not reflected here. While these figures provide estimates for the overall costs of homelessness in Indianapolis, the list of expenses is not exhaustive. Environmental costs, such as the ecological impact of homeless encampments, the social and emotional costs to those experiencing homeless, and the loss of potential members of the workforce have not been quantified or estimated in this report. These areas represent potential subjects for future research.

Though these cost estimates are high, efforts are underway to reduce them. Specifically, Penn Place is implementing a Housing First (HF) model to address chronic homelessness, and the approach is proving beneficial to residents. HF refers to an approach in which people experiencing homelessness are offered permanent housing with few to no treatment preconditions, behavioral contingencies, or barriers. HF then provides the supportive services and connections to the community-based supports people need in order to keep their housing and avoid returning to homelessness. Similar to other HF programs, residents of Penn

**TABLE 3. Estimated expenses and the value of in-kind donations related to homelessness in Indianapolis (2016)**

	<b>ESTIMATE EXPENSES</b>	<b>ESTIMATED VALUE OF IN-KIND DONATIONS</b>	<b>TOTAL</b>
Emergency and Transitional Shelters	\$35,599,883	\$5,738,137	\$41,338,020
Service Providers	\$6,428,058	\$977,229	\$7,405,287
Health care service providers	\$3,980,166	\$310,109	\$4,290,275
Health care: Hospital & Ambulance	\$9,778,152	NA	\$9,778,152
Criminal justice (Indiana DOC)	\$10,865,907	NA	\$10,865,907
<b>TOTAL</b>	<b>\$66,652,166</b>	<b>\$7,025,475</b>	<b>\$73,677,641</b>

Place reported positive health changes, fewer emergency room visits, increased income, and decreased criminal justice involvement (Sturtevant & Viveiros, 2016; Watson, Robinson, Golembiewski, Coberg & Huynh 2017). A recent collaboration among mental health centers has also been underway to increase coordination among homeless intervention service providers, with a focus on those with mental health and/or substance use disorders. The Indianapolis Homelessness Outreach and Services Team (iHost) has been funded over \$2.4 million to “develop efficient assessment, intervention planning, and service delivery workflows among the member agencies” and provide clients with “an individualized, strengths-based intervention plan” (IHOST Collaboration Targets Homelessness).

Similarly, the city of Indianapolis also recently opened the Reuben Engagement Center, which offers shelter and services to chronically homeless individuals who are addicted to substances and/or mentally ill. Since it just opened in 2017, the costs for the Reuben Engagement Center are not included in these estimates. The center’s opening reflects a recognition among policy makers of the interconnected nature of the antecedents and causes of homelessness. By preventing these individuals from having to be arrested or admitted to the emergency room, the Reuben Engagement Center will likely decrease the high incarceration and health care costs.

As noted above, additional investments in rapid rehousing and permanent supportive housing should lead to cost savings and better outcomes for families and chronically homeless individuals.

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