

IN THE STATES: NEW COST BENEFIT RESEARCH FROM NORTH CAROLINA AFFIRMS PERMANENT SUPPORTIVE HOUSING AND HEALTH RESULTS



WAKE COUNTY, NORTH CAROLINA. Moving from homelessness to permanent supportive housing in the Lennox Chase development in North Carolina's Wake County produced cost reductions and increased personal stability as recently documented by the Jordan Institute for Families of the University of North Carolina - Chapel Hill School of Social Work. The research was supported by the North Carolina Interagency Council for Coordinating Homeless Programs (ICCHP), according to the State's policy point person, Martha Are.

"The Cost Effectiveness of Supportive Housing - A Service Cost Analysis of Lennox Chase Residents," released in December, found that key costs for more than 20 individuals living in Lennox Chase for two years dropped while costs for two individuals with serious health issues demonstrate the role that chronic illness plays in the economics of managing homelessness. Preliminary data show that overall costs fell and costs for inpatient substance abuse treatment also fell. Outpatient mental health services and incarceration costs also dropped.

Lennox Chase, opened in 2003, is a Low Income Housing Tax Credit housing complex for individuals with low incomes, many of whom were formerly homeless. The development provides 36 efficiency apartments, each with a kitchen, bath, bedroom, and living area. Each apartment is designed for single room occupancy. All residents pay rent which is based on the individual's income.

The cost analysis identifies a number of potential benefits of supportive housing. One benefit is stability. More than half of the residents interviewed have been living in the complex for more than three years. Case management and crisis management services are provided by an onsite social worker.

The cost analysis indicates that overall costs for the 21 residents in the study have fallen from \$377,141 in the two years before entry to \$265,785, a decline of

\$111,356, or 29.53%. If the cost of social worker who is stationed at Lennox Chase is excluded, the service costs decline to \$210,950, a decline of 44%.

The costs for inpatient substance abuse treatment have fallen from more than \$127,720 in the two years prior to entry to zero after they moved into Lennox Chase. Outpatient mental health services for these individuals fell from close to \$85,381 to \$4,000. Costs for incarceration fell from \$3,486 to zero.

For two individuals with chronic health conditions, the identified costs were very different. The cost for medical treatment has risen from around \$110,550 to close to \$201,604. Two individuals account for 64% of the spending in the two year period after entry. Both have chronic medical conditions, including chronic obstructive pulmonary disorder (COPD), asthma, high blood pressure, heart problems, emphysema, and diabetes.

The overall focus of the report was to describe in detail the demographic and personal characteristics of the residents who participated, to explain how the cost data were acquired and how costs were measured, and to present service costs incurred by these individuals two years before and two years after entry into permanent supportive housing.

[Read the study . . .](#)

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