

The Cost of Homelessness in Tarrant County, Texas Fiscal Year 2007

City of Fort Worth

Planning and Development Department

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Executive Summary: The Cost of Homelessness in Tarrant County, 2007

Homelessness is expensive. Across the United States, numerous studies have discovered that the net public cost of allowing people to remain on the streets actually exceeds the cost of providing social, psychiatric, and employment services **combined with** quality, affordable housing. Research is also documenting the disproportionate share of philanthropic and charitable dollars that are consumed by efforts to better manage—rather than end—chronic homelessness. Concentrations of unsheltered and emergency sheltered homeless people also hinder development and reinvestment in neighborhoods and central city areas.

To better assess local conditions, Judge Glen Whitley helped to launch a community-wide effort to better account for the cost of homelessness in Tarrant County. The study was conducted by the City of Fort Worth’s Planning Division and included three phases to account for the public, private, and opportunity costs of homelessness, respectively. Beyond the establishment of benchmarks by which future progress can be measured, this data will inform County-wide planning for the most socially- **and** cost-effective solutions.

The study calculates the Government/Quasi-governmental, the Non-Profit, and the Opportunity Cost of homelessness in three phases. The data is included in the City of Fort Worth’s 10-Year Plan, “Directions Home: Making Homelessness Rare, Short-Term and Non-Recurring in Fort Worth, Texas Within Ten Years.” Because a great amount of effort goes into maintaining homelessness, the study is designed to account for the amount of resources that the City of Fort Worth, Tarrant County, Tarrant County cities, Tarrant County Independent School District, Public Hospitals and private organization spend on serving the homeless population and analyze how these resources could be better spent towards ending homelessness.

Proactive services prevent and end homelessness – rental assistance, housing counseling, case management and job training, as examples. Reactive services – while often critical to human health and dignity – only *manage* homelessness. Emergency shelters, primary care at the emergency room, 9-1-1 response to homeless shelters, detoxification, and the cost incurred by libraries for providing *de facto* daytime shelter for the homeless are important services to be sure, but do not end homelessness.

Tarrant County	\$3,852,100.00
City of Fort Worth	\$2,987,321.81
John Peter Smith Hospital District	\$2,873,114.00
MHMR of Tarrant County	\$2,343,761.24
Tarrant County Cities	\$411,943.79
School Districts	\$138,099.10
Total	\$12,863,935.94

Government Costs of Homelessness in Tarrant County

The study found that more than \$12 million was spent in Tarrant County by government and quasi-government agencies in fiscal year 2007 on services for homeless people; however, only 27% of this total was spent on proactive services to prevent and end homelessness.

Non-Profit Costs of Homelessness in Tarrant County

Thirteen faith-based and private non-profit organizations spent around \$18 million in 2007 providing emergency shelter, medical care, services and housing to the homeless. These dollars came from a mixture of public and private sources and were spent on a blend of reactive and proactive services. Unfortunately, only 40% of these dollars were spent proactively on housing and services that end homelessness.

Combined, the public and private sectors spent more than \$30,000,000 responding to homelessness in Fiscal Year 2007 in Tarrant County; unfortunately, however, only 33% of these dollars were spent to end homelessness.

How does the Community Respond to Homelessness?			
Entity	Reactive	Proactive	Total
Public	\$9,620,611	\$3,321,945	\$12,942,556
Private	\$10,862,727	\$7,113,601	\$17,976,328
Total	\$20,483,338	\$10,435,546	\$30,918,884

Dollar Value of Opportunities Lost because of Homelessness in Fort Worth

NSE1: Near Southeast Side
NE2: Northeast Side
N3: North Side
W4: West Side
NS5: Near South Side
D6: Downtown

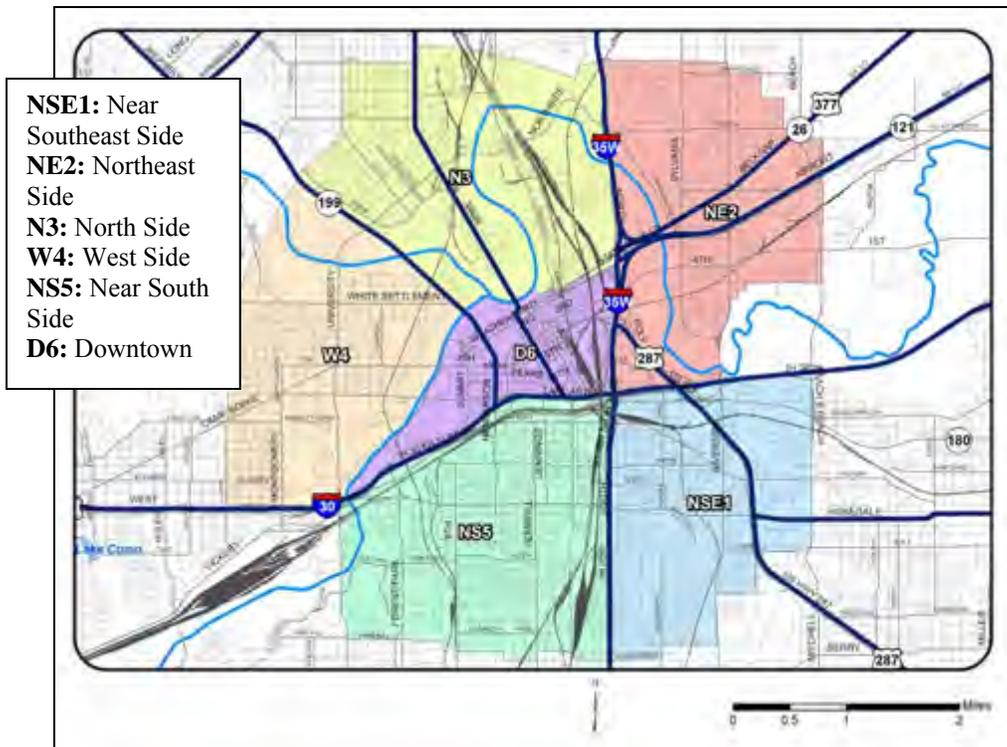
2007 Appraised Total Property Value Per Square Foot		
District	Average Value Per SQ. FT. 2007	Average Value Increase Per SQ. FT. 2000 to 2007
NSE1	\$3.29	\$1.09
NE2	\$5.87	\$2.97
N3	\$3.94	\$1.93
W4	\$12.73	\$6.51
NS5	\$14.50	\$6.48
D6	\$76.59	\$36.99

The study also was designed to determine if the East Lancaster Corridor – the Fort Worth area with the greatest concentration of unsheltered and emergency sheltered homeless people – has experienced a lesser amount of economic growth and reinvestment than comparable areas due to the concentration of homeless people. The city was divided into research sections of comparable area within a 2.5 mile radius around the central business district. Property value data from the Tarrant County Appraisal District and construction permit data from the City of Fort Worth’s Planning and Development Department were collected and analyzed.

The results of this study show that in 2007 the Near Southeast Side (NSE1) had a total appraised property value of \$228,651,234. This total is only 56% of the total appraised property value of the North Side (NE2) and only 22% of the Near South Side (NS5).

Over the past eight years NSE1 has enjoyed a \$1.09 per square foot increase in property value. This is only 36% of the increase experienced in NE2 and only 16% of that in NS5. Some sections of the East Lancaster Corridor have even seen a decline in property values in the past eight years.

Study Area



Similarly, a tabulation of construction permit values showed that NSE1 was valued around **\$7,000 less** per acre than the section to the north (NE2) and around **\$88,000 less** per acre than the section to the west (NS5).

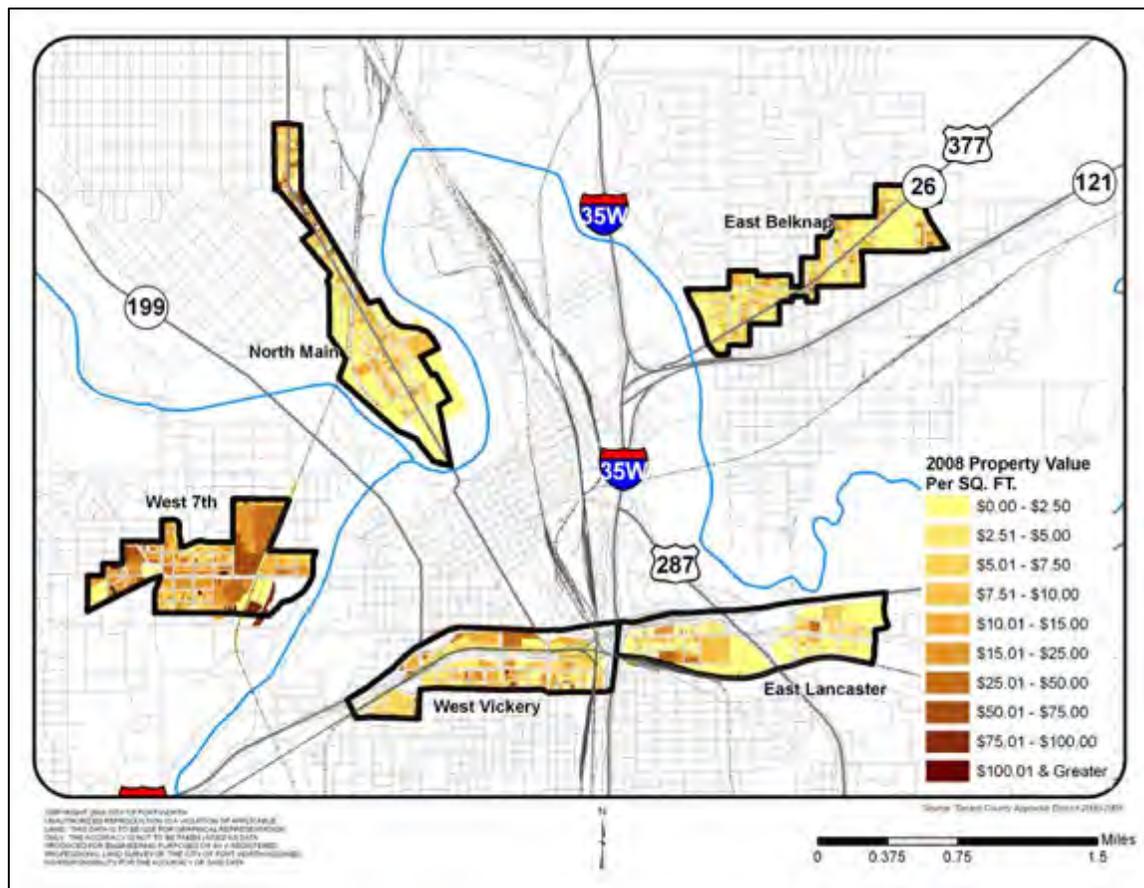
2000- March 2008 City of Fort Worth Permits and Construction Value per Section				
Section	# of Permits	Sq Ft. of Construction	Construction Value	Construction Value per acres of District
NSE1	52	280,458	\$8,102,079	\$3,490.02
NE2	126	674,715	\$28,324,891	\$10,394.26
N3	123	582,191	\$34,229,602	\$11,353.37
W4	280	1,637,249	\$70,827,032	\$27,693.53
NS5	623	2,652,591	\$269,791,265	\$91,679.67
D6	768	6,259,480	\$422,086,379	\$365,696.05

The study also shows that construction activity and property values are lowest where the concentration of unsheltered and emergency sheltered homeless people is highest.

It can be said from this study that between \$45 and \$779 million dollars in taxable property value increases have gone unrealized. *(The \$45 million figure is calculated by multiplying the total square footage of NSE1 by the difference between the average appraised property value per square foot for NSE1 and N3. The \$779 million figure is calculated by multiplying the total square footage of NSE1 by the difference between the average appraised property value per square foot for NSE1 and NS5).* While this difference between the appraised values of NSE1 and those of other sections can rationally be attributed to multiple factors, a major factor is clearly the presence of emergency shelters and unsheltered homeless people in the neighborhood.

To further demonstrate the extent to which the East Lancaster Corridor is affected economically by the concentration of the unsheltered homeless and the emergency shelters, we compared the property values and permit data from this corridor to four other corridors of comparable size around the City: East Belknap, North Main, West 7th and West Vickery. Each of these corridors is approximately 245-285 acres in size and was designated by the City of Fort Worth in 2000 as a needed revitalization area.

Corridor Study



The East Lancaster corridor had the lowest average property value per square foot in 2007 as well as the smallest increase in property values since 2000.

2007 Appraised Total Property Value Per Square Foot		
Corridor	Average Value Per SQ. FT. 2007	Average Value Increase Per SQ. FT. 2000 to 2007
East Lancaster	\$5.43	\$0.30
West Vickery	\$9.68	\$3.11
West 7th	\$24.74	\$13.59
North Main	\$5.60	\$3.71
East Belknap	\$6.85	\$2.78

Improving Return on Investment

For each new unit of permanent supportive housing for the homeless in New York City, public costs for shelter, health care, mental health, and criminal justice for the homeless were reduced \$16,282 per year. For each such unit built in Denver, public costs for detoxification, incarceration, emergency, outpatient and inpatient care and shelter services for the homeless were reduced by \$15,773. The City of Portland reduced the annual costs of health care and incarceration of the homeless from \$42,075 to \$17,199 for every person placed in housing. (*National Alliance To End Homelessness Study, "Supportive Housing is Cost Effective." January 2007*).

We can reasonably expect that the kinds of cost savings experienced by New York City, Denver and Portland can be enjoyed in Tarrant County. In our area, the cost of a one-bedroom apartment at fair market rent and the supportive services a disabled homeless person would need to live independently costs \$15,691 per year. In comparison, treatment for 20 of the most expensive homeless patients at the John Peter Smith emergency room in 2007 cost \$48,736 per person!

If emergency room expenses are reduced by only 50% for every homeless person placed in permanent supportive housing, Tarrant County could save \$8,677 per person, per year.

Of course, all costs associated with homelessness will not disappear with the creation of the additional permanent supportive housing units called for in this plan. However, it is reasonable to expect that by placing more of the chronically homeless into permanent supportive housing, more resources will be made available to more rapidly address the underlying causes of homelessness for a larger number of our neighbors.