

Draft Memo

Estimates of City Departmental Costs Incurred Due to Homelessness

A 2006 article by Malcolm Gladwell in the New Yorker entitled "Million Dollar Murray" shared the story of a man named Murray who lived on the streets of Reno, Nevada. According to Gladwell, Murray's time spent in prison, homeless shelters, emergency rooms, and hospitals over a ten-year period, cost over a million dollars. Chronic homelessness is expensive and a financial drain on local governments across the nation. It impacts the healthcare and criminal justice systems, the environment, the economy, community livability, and municipal services. Over 50% of homeless people report a history of incarceration and those who also have mental illness are 23% more likely to face incarceration,¹ often for quality of life offenses or drug-related crimes.² Individuals who are homeless also visit hospital emergency rooms and have inpatient hospital admissions at a much higher rate than those who are housed, and have higher rates of paramedic/ambulance service.³ Waterways and public spaces are polluted by trash, human waste, and other refuse from encampments.

Chronic homelessness has risen dramatically since the 1980s,⁴ and in the United States, the response to homelessness relies heavily on emergency services. The cost of homelessness encompasses direct costs, including shelters and services, as well as indirect costs such as increased use of hospitals, paramedic and ambulance services, policing, and the criminal justice system. As homelessness in the City of Salem has increased over the last two decades, there has been a perception that the City's indirect costs associated with responding to homelessness have also risen dramatically. This paper seeks to quantify these perceptions. City costs relating to homelessness were examined between January and June of 2019. Information from the following City departments was obtained through data and interviews: City Manager's Office, Community Development, Human Resources, Legal, Public Works, Information Technology, Fire, and Police.

The Human Resources and Information Technology Departments had no costs to report. The City Manager's Office estimated costs of approximately \$500 per fiscal quarter spent on homelessness. However, this estimate likely under-reports the costs associated with phone calls, emails, and walk-in visits relating to homelessness.⁵

¹ Stephen Metraux, Caterina Roman, Richard Cho, "Incarceration and Homelessness." 2007 National Symposium on Homelessness Research. Feb. 14, 2007 (hereinafter "Incarceration and Homelessness").

² Pamela J Fischer. "Criminal Activity and Policing," Encyclopedia of Homelessness. 2004. Homeless people are far more often victims of violent crime than perpetrators of violent crime.

³ Daniel Flaming, Patrick Burns, Michael Matsunaga. "Where We Sleep: Costs When Homeless and Housed in Los Angeles County." Economic Roundtable. 2009.

⁴ Dennis Culhane, "Five Myths About America's Homeless." New York City Department of Health Services. 2009. Available at <http://www.nyc.gov/html/dhs/html/press/pb071610-culhane.shtml>.

⁵ \$2000/year, 15 hours/year. Yearly data provided by City Manager's office.

The Legal Department's quarterly costs vary depending on the number of cases managed and the length of each case. Approximately 50-63 of 325 cases a quarter can be linked to homelessness as a large contributing factor.⁶ The bulk of these costs are simply the costs of doing business, but there are some costs that are more frequently used with homeless populations. For those who cannot pay for their own defense, this service is provided at a cost of \$50/hour. For those with mental health issues, there is a \$500-\$2500 fee per evaluation. However it is important to note that not all members of the transient population need a mental health evaluation, and clients that are not experiencing homelessness can need a mental health evaluation. The kinds of cases handled are generally trespass, and quality of life cases like drunk and disorderly charges.

The Urban Development Department averages approximately 64 hours of staff time per quarter on issues relating to homelessness, including answering emails, trash management, meetings, and phone calls, at a quarterly cost of \$9,629. The Community Development Department incurs approximately \$2,819 in expenses per quarter on code enforcement work relating to homelessness.⁷ Costs were not collected for the Library, which is a part of the Community Development Department, although the Library employs security and staff members do spend time on issues related to homelessness.

The Public Works Department incurs approximately \$51,573 per quarter in costs associated with homelessness.⁸ Activities vary by Division. Stormwater crews clean up homeless camps along riverbanks. Parks staff clean encampments as well as restroom facilities that are heavily trafficked by homeless individuals. Street crews assist with camp cleanups, and Pumps and Controls staff occasionally work under bridges placing barriers. Center 50+ employs security that would not otherwise be needed without the impact of individuals experiencing homelessness.

Costs for departments delivering emergency services are significantly higher than most other City departments. Fire Department activities include responding to falls, accidents, injuries, extreme cold, diabetes related illnesses, unconscious people, etc. Fire does not denote housing status on their calls and thus, the types of calls as well as costs are generalized, making underreporting likely. Fire Department activities are estimated at \$64,860 per quarter.⁹ Quarterly costs for the Police Department are estimated at \$1,173,090.¹⁰ Police Department

⁶ ~200-250 cases of 1300 cases yearly can be linked to homelessness.

⁷ \$939.70 costs of February 2019 extrapolated to a quarter.

⁸ Stormwater quarterly costs for the end of 2018. Facilities .75 time staff cost. Parks and transportation provided February and March statistics, which were then extrapolated to quarterly costs. These costs are a conservative estimate, as salaried staff does not report their hours, and therefore cannot quantify their costs. The maintenance and repair costs are hard to quantify and underreported as it is difficult to directly attribute those costs to people experiencing homelessness.

⁹ Three year totals from calls that can be both directly and indirectly linked to homelessness, averaged and divided to find quarterly values.

¹⁰ Based on the salary of the person in question and how much of their time is estimated to be spent on issues related to homelessness for the first quarter of 2019. This is believed to be a conservative estimate of the costs.

activities include homeless camp cleanups, as well as any of the regular activities related to general police work. Anecdotally, people experiencing homelessness are increasingly taking up more officers' time.

Department	Quarterly Cost	Annual Cost
City Manager's Office	\$500	\$2,000
Urban Development	\$9,629	\$38,516
Community Development	\$2,819	\$11,276
Public Works	\$51,573	\$206,292
Fire	\$64,860	\$259,440
Police	\$1,173,090	\$4,692,360
	<u>\$1,302,471</u>	<u>\$5,209,884</u>

Costs do not include Legal, IT, HR, or Facilities costs.