

Hawaii

Housing Projections & Financial Modeling for Permanent Supportive Housing (PSH) on Oahu

The Source for
Housing Solutions



What is a Housing Projection, and what is included?

Estimates the number of permanent housing interventions needed that:

Is based on local data

Focuses specifically on Permanent Supportive Housing

Informs Financial Modeling

How Much Permanent Supportive Housing is needed for Oahu?

- We estimate that Oahu needs this amount of PSH; divided by individual and family households:

	Permanent Supportive Housing
Individual Households	1,645
Family Households	162
Totals	1,807

- Source data comes from the Annual Homeless Assessment Report (AHAR) for 2016, the Housing Inventory Chart (HIC) for 2016, Annual Performance Reports (APR's) for 2016 as well as the Point in Time (PIT) Count for 2016.
- Several assumptions went into these projections; these are laid out on other slides.

Annual Need Assumptions

- 15% of non-chronic individuals and families will self-resolve (will not enter the homeless system)
- 90% of chronically homeless households need Permanent Supportive Housing
- 10% of non-chronic homeless households need Permanent Supportive Housing
- Turnover rates are also taken into account. Turnover rates for Permanent Supportive Housing come from a calculation using the Housing Inventory Chart and the Annual Performance Report. Turnover rates for Rapid Rehousing and Diversion are assumed at 1.00 (i.e., a slot that is available in one year, will be available the following year as it is a short term subsidy)

What is Financial Modeling for PSH?

Guidance to create a pipeline of Permanent Supportive Housing, that:

Provides a snapshot on how much funding is needed

Incorporates a great amount of flexibility in how that pipeline is achieved

Gives a concrete base from which to *start* the implementation of a comprehensive permanent supportive housing strategy that targets homeless individuals and families with higher levels of need.

What is Included

Capital

Real estate/land acquisition, hard construction costs, soft costs (e.g., legal fees, permits, environmental, developer fees, etc.) for new construction as well as moderate rehabilitation

Operating

Maintenance, utilities (non-tenant), property management (leasing activities), security, insurance, replacement reserves, etc.

Rental Assistance

Scattered Site based on published Fair Market Rent (FMR) for Permanent Supportive Housing (PSH) Leasing. Rapid Rehousing based on Annual Performance Report (APR) average utilization & survey information. Prevention/Diversion based on national research and survey information.

Services

Average of a mix of models from Intensive Case Management (ICM) and Assertive Community Treatment (ACT) that include clinical services to basic social services & case management support (different service packages for Permanent Supportive Housing, Rapid Rehousing, Prevention/Diversion & Affordable @ 30% and below)

PSH Cost Inputs

- **Sources and Information:**
 - Information from seven providers/developers in Oahu (plus one project on neighbor islands and one project on the Big Island – though not enough information was found to do a model for the neighbor islands) and web research
 - New construction costs are mixed properties (1 bedroom and 2/3 bedrooms), therefore costs are assumed for both models
 - Rehab costs are approximately 17% of new construction costs and come from different models (1 bedroom and 2/3 bedrooms)
 - Fair Market Rent for Honolulu County for Leasing Costs

	Capital Costs per unit (survey and web research. Both properties mixed single and family units.	Rehab Costs per unit (survey & web research. Properties are 1 bedroom and 2/3 bedrooms & mix)	Annual Operations Cost per unit (survey)	Annual PSH Services Cost per HH (survey)	Annual PSH - Leased (FMR's)
Studio/1BR	\$ 398,311	\$ 69,920	\$ 9,772	\$ 6,940	\$ 17,046
2/3BR	\$ 398,311	\$ 76,290	\$ 10,750	\$ 8,774	\$ 29,268

Totals for Each PSH Intervention

1,804 Units or Slots*

Unit/Slot Type	Number of Units/Slots	Cost Per Unit/Slot	Total New Costs
PSH Developed	904	\$277,404	\$250,773,216
PSH Leased	904	\$31,104	\$28,118,016
AVERAGE PER UNIT/SLOT		\$83,000	
TOTAL NEW COST			\$278,891,232
TOTAL ONGOING COST**			\$38,258,508

**Family (2/3 Bedroom) make up approximately 10% of these totals*

***Operating, Rent Assistance, and Services will be ongoing costs as units/slots are created.*

New PSH Costs for Oahu (One-time cost)

\$278,891,232

\$250,773,216 904 Units Developed \$277,404 per unit				\$28,118,016 904 Units Leased \$31,104 per unit		
Unit Type	Capital Cost per unit	Annual Operations Cost per unit	Annual Services Cost per HH	Unit Type	Annual Leasing Cost per unit	Annual Services Cost ³ per HH
1 BR	\$234,115	\$9,772	\$6,940	1 BR	\$17,046	\$6,940
2/3BR	\$284,456	\$10,750	\$8,774	2/3BR	\$29,268	\$8,774

Additional PSH Costs for Oahu (Recurring cost)

\$38,258,508 per year for 1,808 units
 (\$21,160/yr./unit)

\$15,352,207 / year PSH Developed Units (904 units)			\$22,906,216 / year PSH Leased Units (904units)		
Unit Type	Annual Operations Cost <i>per unit</i>	Annual Services Cost <i>per HH</i>	Unit Type	Annual Leasing Cost <i>per unit</i>	Annual Services Cost³ <i>per HH</i>
1 BR	\$9,772	\$6,940	1 BR	\$17,046	\$6,940
2/3BR	\$10,750	\$8,774	2/3BR	\$29,268	\$8,774

Addressing the PSH Need

RECOMMENDATION:

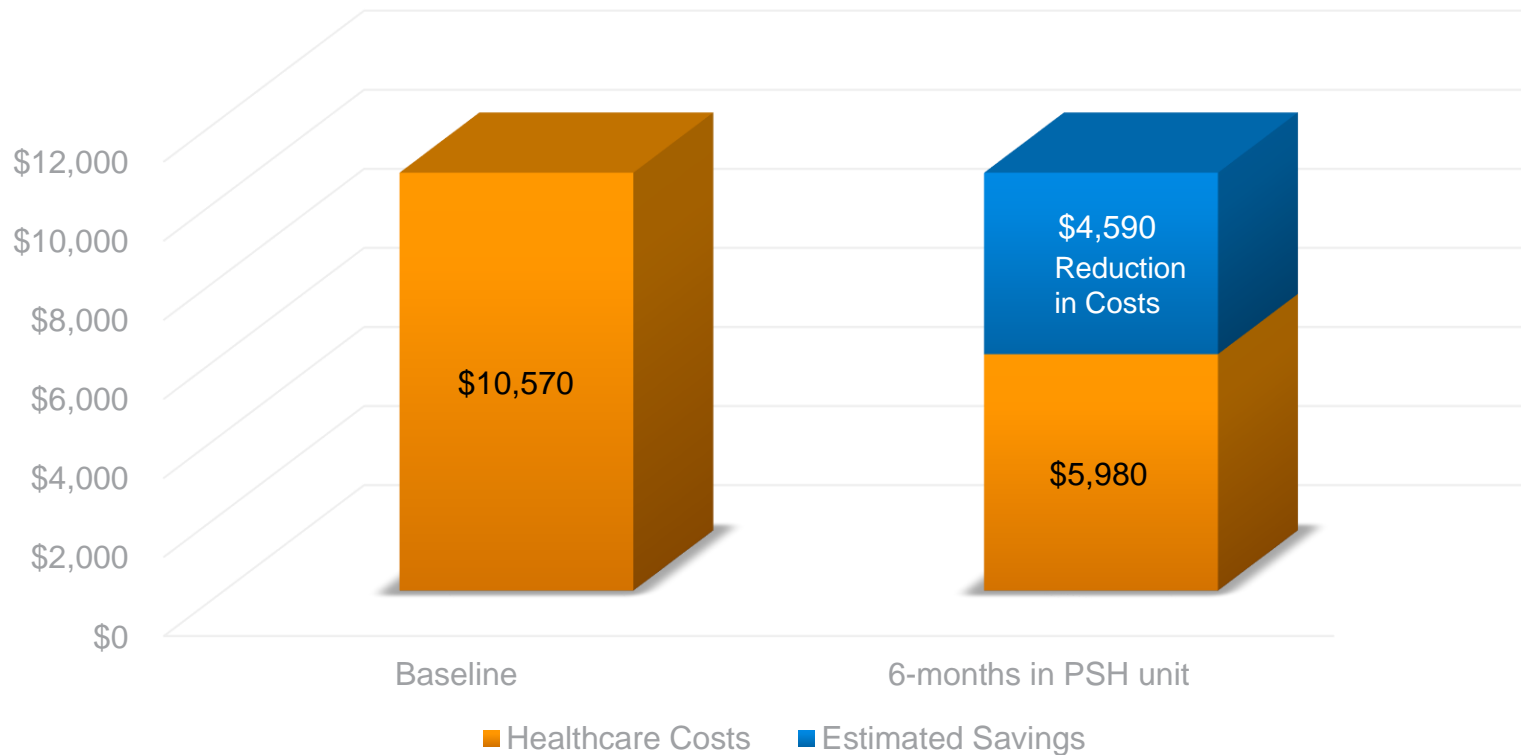
Spread upfront costs out over a 10-year period.

		Developed Units (\$24.9M)		Leased Units (\$2.8M)	
TOTAL COST PER YEAR	TOTAL UNITS PER YEAR	No. of Developed Units	Cost per Developed Unit	No. of Leased Units	Cost per Leased Unit
\$27.8M	180 units	90	\$277,404	90	\$31,104

- Total upfront Cost = \$27.8M / year
- Recurring Cost = \$3.8M / year (for each increment of 180 units)
- 180 units = 250 people

PSH reduces healthcare costs dramatically

Estimated Healthcare Cost per Client per Month*



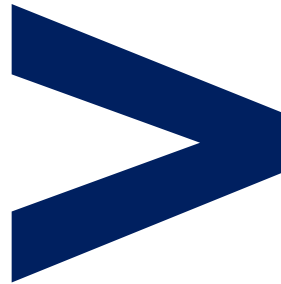
$\$4,590 \text{ mo. savings} \times 12 = \$55,080 \text{ yr. savings} \times 180 \text{ units} = \underline{\underline{\$9.9\text{M total annual savings}}}$

* Data Source: Hawaii Pathways Project, Baseline and 6-Month Interviews, 9/2014 – 9/2015.

Estimated annual healthcare savings will cover annual recurring expenses

\$9.9M

Estimated Annual Healthcare Cost Savings from PSH



\$3.8M

Estimated Annual Recurring PSH Costs



\$6.1M

Estimated Net Annual Healthcare Cost Savings from PSH

Estimated net annual healthcare savings will pay off PSH upfront costs in five years

\$6.1M

Estimated Net Annual
Healthcare Cost Savings
from PSH

X 5 Years



>\$27.8M

in total PSH upfront costs

Thank you!

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