

**Joint presentation by
the Colorado Department of Local Affairs
and
the Colorado Coalition for the Homeless
to
the General Assembly's Joint Local Government Committee**

**February 8, 2013, 8:00 AM
Rm 0107, State Capitol Building**



THE OPPORTUNITY:

Repurpose the Historic Fort Lyon Campus to provide a Gateway to Permanent Housing to reduce Veteran and Chronic Homelessness

The Department of Local Affairs and the Colorado Coalition for the Homeless appreciate this opportunity to come before the Joint Local Government Committee and provide more information about the proposal which we have developed in partnership with Bent County to repurpose the Fort Lyon campus and provide transitional housing, supporting services and job-training to recover the most vulnerable individuals within Colorado's homeless population.

We appreciate that this is a very innovative and unconventional project that we are proposing. It not only proposes a new use for the Fort Lyon campus, but it also proposes that the State take a leadership role in initiating this collaborative partnership to help communities more effectively and comprehensively address Colorado's homeless challenge.

In order to appreciate the merits of the proposal that we've put forth to repurpose the Fort Lyon campus, it's necessary to understand the tri-fold NEED that this proposal addresses:

NEED #1: Providing a pathway to recovery to Colorado's homeless population and thereby reducing costs to local and state governments.

- There are currently NOT ENOUGH RESOURCES to effectively deal with Colorado's homeless challenge. The homeless individuals who will benefit from services at Fort Lyon are not, and will not, get those services from anywhere else.
- It is expensive NOT to recover individuals who are homeless. To the extent that we fail to stabilize a homeless person, state and local governments currently spend in excess of \$40,000 per year to pay for emergency shelter, emergency care, jail and detox for these individuals.
- There is currently no opportunity available to provide homeless individuals with IMMEDIATE access to transitional housing, supportive services and job training. When a homeless individual decides that they are ready to enter into recovery, it is essential to provide that assistance immediately; if it's not available, then the opportunity is lost.
- As proven by the success of the Denver Rescue Mission's "Harvest Farm" near Wellington, for some homeless individuals, the best pathway to recovery involves a fresh start in a new community. Fort Lyon provides this opportunity that does not currently exist anywhere else.

NEED #2: Specifically serving the interests of our homeless veterans.

- A priority for Ft Lyon is to provide housing and support for homeless veterans. Through 2012, a Vulnerability Index survey was conducted in 22 counties, both urban and rural. This survey identified the state's most vulnerable homeless individuals using medical, mental health, and substance abuse conditions as benchmarks in assessing individuals' vulnerability. Of the 1,941 persons identified 39% were veterans in urban communities and 12% were veterans living in rural communities; 80% of all the persons

surveyed were disabled and the average time of homelessness ranged between 4 years for urban homeless and 5.75 years for homeless living in a rural community.

- o According to the U.S. Department of Veterans Affairs, 26,531 Iraq and Afghanistan veterans were homeless or at risk through the end of September 2012. This number has more than DOUBLED over the past two years - up from 10,500 in 2010 - and is expected to rise as we wind down the Afghan war. (USA today, Dec. 27, 2012)

NEED #3: Sustaining a critical piece of Bent County’s economic foundation.

- o Fort Lyon has been a foundational part of Bent County’s economy for over a century.
- o In recent years, the county has lost a significant number of jobs through the closures of the bus plant in Lamar, the pickle plant in La Junta, and the Boys Ranch in La Junta. When the State decommissioned Fort Lyon as a prison in 2011, the impact of the jobs lost was the equivalent of losing 450,000 jobs in the Denver-metro area.
- o Economists estimate that this proposal to repurpose Fort Lyon will contribute over \$4 million annually to the local economy.

As one evaluates the merits of this proposal, we believe the FIRST question that is essential to answer is:

Q.1 “Does it make FISCAL sense to provide housing & supportive services to the homeless community?” Is there a cost-savings (that may be realized by local, state and federal governments) associated with providing housing & services to homeless individuals?”

A. Based on research done by the Colorado Coalition for the Homeless, we believe the answer to this question is a resounding “YES”. As demonstrated on the following chart, there is an average overall ANNUAL cost-savings of over \$25,000 per person in reduced jail, medical, detox and shelter expenses by providing housing & supportive services for a homeless individual.

Costs	Street Living	Housing & Services	Annual NROI
Medical	\$17,381	\$4,550	\$12,831
Jail	\$1,798	0	\$1,798
Shelter (1)	\$13,688	\$8,500	\$5,188
Detox	\$10,373	\$4,550	\$5,823
Total	\$43,240	\$17,600	\$25,640
Sustained success rate after 3-years			93%

The SECOND logical question that we should ask ourselves in state government is:

Q.2a “Does it make fiscal sense for the STATE to partner with local government and the non-profit community in delivering housing & services to the homeless community? Specifically, does the STATE realize a net financial benefit when we consider BOTH the revenue streams that the State can apply towards these program costs AND the cost-savings that accrue DIRECTLY to the state?”

A. The program makes strong fiscal sense for the state.

Based on the previously-mentioned study by CCH, we estimate that the State will directly realize 31.5% of the overall costs avoided by providing transitional housing and supportive services to these formerly homeless individuals. This doesn't include the additional costs which the State will avoid by reducing the number of individuals within this population which would otherwise end up in a state prison. Over a 10 year lifecycle, these net state economic benefits total \$37 million. **By contrast, we estimate that the cost of NOT providing such housing & supportive services for this homeless population will cost the State approximately \$40 million.**

There are federal, private, county and state funding streams that are available to support the project, both immediately and longer-term. The Department has identified several funding sources (i.e. Food Stamp vouchers, \$5 million in Mortgage Settlement moneys, and the Bent County's annual contribution for local Transportation expenses of \$103,000 and \$229,000 in staffing), and there are additional funding streams that the Department believes can be tapped in the future.

The Department is still working with the Department of Corrections to prepare a 10-year lifecycle estimate of the longer term controlled maintenance costs for major investments, but is confident that the engineering studies taking place currently at Fort Lyon will yield significant reductions in costs given that the facility is no longer a 24/7 state prison.

The State has successfully invested in such a partnership in the past. In 2005, the state partnered with Catholic Charities to open up a family shelter at Fort Logan. The goal of the Father Ed Judy shelter is to transition these families to permanent housing and employment. The capacity of the shelter is small, providing housing and supportive services to up to ten homeless families at any one time. The success of the shelter is evidenced by having over 250 families

actively participate in their family alumni program. Since 2008 the Catholic Charities has taken over sole operation of this facility.

Q2b. "Is it fair to assume that the services which are being proposed through this program aren't already being provided through existing programs such as shelters and Harvest Farm?" (If these aren't new services with new results, then there won't be new savings to the State.)

A. The homeless individuals who will benefit from services at Fort Lyon are not, and will not, get those services from anywhere else; there are simply not enough resources to effectively deal with this problem. Other programs, like Harvest Farm, have a waiting list of individuals who desire to access such help, and if recovery services are not available when the individual is ready, then the opportunity is lost. The alternative to providing these individuals with these services at Fort Lyon is to continue to provide them with emergency services via the emergency room, detox center and jail, which is much more costly and ineffective.

Q3. If we believe that it makes good fiscal sense for the state to partner in the delivery of housing & services to help recover the most vulnerable homeless individuals, then it is logical to ask:

"Is Fort Lyon the best place to provide such housing and services?"

And, more specifically...

Q3a. "Is there a better facility elsewhere?"

A. We cannot replicate the Fort Lyon campus and diverse array of living quarters anywhere else, and we are not aware of the current existence of any similar opportunities elsewhere. As concerns the potential for the State to need to repurpose another prison in a different community at some point in the future, such other traditional prison facilities are "hardened" and would require extensive retrofitting, whereas the Fort Lyon campus is in move-in condition. Ft Lyon was designed as a care facility, not as a prison.

Q3b. "Is there a better community in which to locate this project?"

A. There is no other community that embraces this idea of having a statewide transitional housing facility located in their area. The Las Animas community has a history of caring for VA patients at Fort Lyon – Fort Lyon is PART of their community and there is considerable community pride in continuing Fort Lyon's historic culture of caring for vulnerable populations. We believe this view is

much different than how other communities might view the repurposing of a state prison in their neighborhood.

In addition, because of the multi-generational history of the Fort Lyon VA hospital, the Las Animas community has a resident trained labor-force that is already available to utilize in support of this proposed repurposed use.

Q3c. "What will be the long-term costs of mitigating the asbestos at Fort Lyon?"

- A. Since 2002, the Department of Corrections has made a considerable investment in removing asbestos where it was accessible. Where asbestos remains, it is encapsulated and therefore does not pose an immediate risk. According to the Asbestos Unit of the Colorado Department of Public Health & Environment, there will be a continued need to perform some maintenance even on vacant buildings to prevent them from deteriorating and risking exposure of the encapsulated asbestos; such routine maintenance is provided for within the project's budget. The DOC has developed an Operations and Maintenance Plan to appropriately manage the encapsulated asbestos at Fort Lyon, and the CDPHE has approved this plan.

Q3d. "As an alternative to the State investing in such an innovative collaborative approach, would it make more sense to instead invest these funds in EXISTING homeless programs?"

- A. While additional investment in existing homeless programs is certainly needed, there is virtually no other option that currently exists to provide homeless individuals across the state with longer-term out-of-community treatment for co-occurring disorders.

It would not be possible to create this type of comprehensive recovery environment within the context of the current service delivery system. The research clearly shows that out-of-community treatment for a MINIMUM of 90-days greatly increases long-term sobriety for individuals experiencing homelessness and co-occurring mental health disorders.

The Fort Lyon project would add another unique "tool in the toolbox" for homeless recovery, and thus enhance existing homeless programs.

Other Questions:

1. "Why does it appear that it will cost \$1.7m for utilities to leave the facility

VACANT, and \$1.2m to USE the facility?"

- A. If we understand the question correctly, the \$1.7m figure appears to have been arrived at by doubling the \$839k request which the JBC recently approved to provide utilities, security and maintenance for the 6-month period ending 6/30/13. By contrast, the \$1.2m annual cost which we are estimating for "utilities" is limited SOLELY to utility costs, and does not include the additional costs for maintenance or security. Also, because the \$1.2m utility cost is based on the last year of operations by the Department of Corrections for the entire campus, and the proposed repurposed use will only utilize a portion of the campus, we anticipate that these costs will be reduced by approximately \$400k. (We are going to further reduce costs of utilities. \$700,000 because of the footprint)

2. "How confident are we that we will even find 300 homeless individuals who are WILLING to relocate to Fort Lyon?"

- A. As part of the initial effort to explore the merits of this proposal, the Coalition for the Homeless interviewed homeless individuals on the street and directly asked them if they would be willing to participate in a comprehensive recovery program including both shelter and supportive services in a rural location away from the metro area. Fully 40% of those interviewed responded positively to this idea. As we realize success with this model over time, we expect this level of interest to increase. Given that there are over 1200 chronically homeless individuals in Colorado, we are confident that we will have no challenge finding 300 clients who desire to take advantage of this opportunity.

We have long had a lack of access to any type of comprehensive treatment in Colorado, with ongoing wait lists averaging a minimum of 3 months, and the problem continues to worsen. The Denver Street Outreach Collaborative assures us they average 40 or so homeless clients at any given time whom have expressed a desire for this type of treatment. Dozens of homeless persons continue to languish on wait lists across the state, and many have given up hope of ever accessing this needed service.

3. "What criteria will be used to identify which homeless individuals are invited to Fort Lyon? Will violent offenders be allowed?"

- A. All clients will participate voluntarily. All clients will be screened using the nationally recognized standard Stage of Change, Readiness And Treatment Eagerness Scale (SOCRATES), which determines level of motivation for treatment. All residents must be assessed as to both their readiness for treatment and their desire to engage in that treatment.

No, there are no violent felons. We will run a background check on

everyone, and some may have a felony in their past, at which point we assess length of time since the felony and current risk.

4. ***“Does the local community have the capacity to provide the needed medical and mental health services to the homeless clients?”***

A. Yes. The Colorado Coalition for the Homeless (the project administrator) will contract with Southeast Mental Health which does have adequate capacity to serve this need. Both Valleywide Health and Prowers County Medical also have adequate capacity, and Prowers also has the VA clinic.

5. ***“Is there a sufficient plan, and adequate funds budgeted, to provide the needed transportation to provide freedom of movement to the clients to-and-from Fort Lyon, and access to local medical and education services?”***

A. Yes. During the start-up phase with the initial 80 residents, the budget for travel to and from the community is \$44,266 which includes sufficient staff/drivers, fuel and vehicles to support the travel of residents up to 25,000 miles. In the first full year of operations, the facility will treat 200 residents. The travel budget of \$72,564 will support the travel of the 200 residents up to 60,000 miles. In the third year, the facility will ramp up to serving 300 residents. The travel budget for this population is \$80,764 to support travel up to 75,000 miles.

In addition to this out-of-community travel budget, Bent County has committed \$103,000 annually to pay for local transport to Otero Junior College and Lamar Community College for education and job-training, and to area medical centers for supportive care.

6. ***“The heating system is currently very inefficient.”***

A. The department is partnering with Bent County, the Department of Corrections, and the state architect to finalize plans to segregate the current boiler system so that heat is provided and controlled individually to each of the campus buildings which are being utilized. Current estimates indicate that it will cost approximately \$150,000 per building to provide separate heating systems for the four main buildings which will be used as part of this proposal. The department expects this upgrade to the systems and controls to reduce overall utility cost by approximately \$284,000 per year- representing a 3-year payoff on this investment and significant savings into the future.

In addition, the Department anticipates utility cost-reductions resulting from the

smaller use footprint. Consequently, the historic annual cost estimates are reduced by \$388,000 because the department is proposing to only use a portion of the campus for this program.

7. *“What’s the long-term plan? What’s the long-term goal?”*

A. The Fort Lyon campus represents a unique opportunity to provide heretofore unavailable transitional housing, supportive services, and job-training to those most vulnerable homeless individuals. By stabilizing these individuals and equipping them to transition back to the community of their choice as productive members of society, we will not only realize significant cost-savings from the reduced demand for emergency care, but we will also provide a new tool in the toolbox to help achieve the state’s goal of ending homelessness by 2020. The size and unique nature of the Fort Lyon campus provides an almost limitless opportunity to provide similar supportive services to other vulnerable populations.

8. *“Does this proposal provide a meaningful economic impact by only creating 35-45 new jobs? Wouldn’t it make more sense to simply give Bent County \$3m for rural economic development? The community needs to diversify, not just rely on the Fort Lyon facility.”*

A. It is estimated that this project will create approximately 40 new DIRECT jobs and an additional 11 INDIRECT jobs in the community. This gain of 51 jobs will reduce Bent County’s unemployment rate by 2.5% – a significant positive impact. This would be equivalent to creating 38,296 jobs in the Denver/Aurora MSA. Over a 12-year time period, we estimate that this project will bring \$32.2 million dollars of net economic benefit to the area.

In order to truly create sustainable economic diversity in any community, it is important to grow this economic development from within, using local resources (both people and capital) as much as possible. Giving a community money, rather than investing in a long-term plan to create local jobs, simply enables them and robs the community of the opportunity to grow from within.

While it is essential for ALL communities to diversify their economies as much as possible, the opportunities for such diversification are more limited in smaller communities. The first step in equipping a community to grow that diversity is to assess the assets within the community that can be uniquely capitalized upon; in Las Animas, Colorado, one of those primary assets has been the Fort Lyon campus for over a century.

9. *“What is the plan for transitioning these homeless individuals back into the*

community of their choice and sustaining their stable recovery?”

- A. In order for this program to be successful, it must include an actionable plan to transition Fort Lyon graduates into permanent stable living in the community of their choice.

The clients who graduate from the Fort Lyon program will be able to manage their substance abuse challenges, and will be equipped with life skills to enable them to reintegrate into society. They will also have appropriate remedial education and job-training to enable them to seek employment to sustain their ability to live independently.

DOLA's Division of Housing will assign a permanent Section 8 Housing Voucher to each graduate which they can use to secure housing in the community of their choice.

The Colorado Coalition for the Homeless will continue to work closely with each graduate to seamlessly transition them into the community of their choice, and work with local Workforce Centers to place graduates in gainful employment.

In summary, we believe that this proposal to re-purpose Fort Lyon to provide transitional housing, supportive services and job-training for homeless individuals will:

- provide a new and effective tool to assist in the recovery of Colorado's homeless individuals,
- contribute to the elimination of homelessness amongst veterans,
- maintain a significant part of Bent County's economic foundation, and
- yield a positive Return-On-Investment to the State of Colorado.