

“Where We Sleep” Report Summary

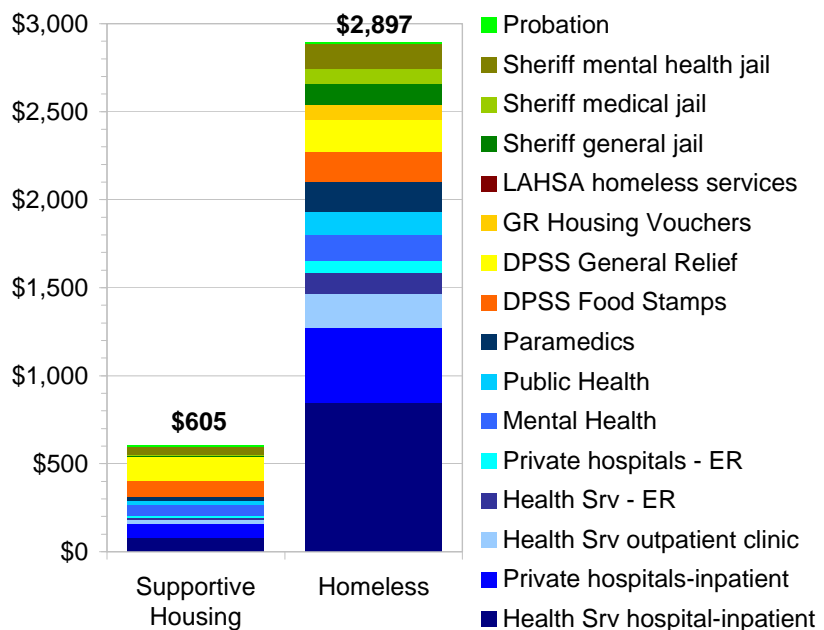
Homeless Cost Avoidance Study

The central issue investigated in this study is the public costs for people in supportive housing compared to similar people that are homeless. The typical public cost for residents in supportive housing is \$605 a month. The typical public cost for similar homeless persons is \$2,897 - five-times greater than their counterparts that are housed. This remarkable finding shows that **practical, tangible public benefits result from providing supportive housing for vulnerable homeless individuals. The stabilizing effect of housing plus supportive care is demonstrated by a 79 percent reduction in public costs for these residents.**

The study encompasses 10,193 homeless individuals in Los Angeles County, 9,186 who experienced homelessness while receiving General Relief (GR) public assistance and 1,007 who exited homelessness by entering supportive housing. Two different methods were used to independently verify changes in public costs when individuals are housed compared to months when they are homeless. There are six bottom line findings:

1. Public costs go down when individuals are no longer homeless
 - a. 79 percent for chronically homeless, disabled individuals in supportive housing
 - b. 50 percent for the entire population of homeless GR recipients when individuals move temporarily or permanently out of homelessness
 - c. 19 percent for individuals with serious problems – jail histories and substance abuse issues – who received only minimal assistance in the form of temporary housing
2. Public costs for homeless individuals vary widely depending on their attributes. Young single adults 18 to 29 years of age with no jail history, no

Average Monthly Public Costs for Persons in Supportive Housing and Comparable Homeless Persons



Source: 279 Matched pairs of supportive housing residents and homeless General Relief recipients. Costs shown in 2008 dollars.

substance abuse problems, mental illness or disability cost an average of \$406 a month. Older single adults 46 or more years of age with co-occurring substance abuse and mental illness, and no recent employment history cost an average of \$5,038 a month. A range of solutions is required that match the needs of different groups in the homeless population.

3. Public costs increase as homeless individuals grow older. There is a strong case for intervening early rather than deferring substantive help until problems become acute.
4. Most savings in public costs come from reductions in health care outlays – 69 percent of the savings for supportive housing residents are in reduced costs for hospitals, emergency rooms, clinics, mental health, and public health facilities.
5. Higher levels of service for high-need individuals produce higher cost savings, as shown by the higher savings from supportive housing compared to voucher housing, and by the higher saving for supportive housing residents in service-rich environments.
6. One of the challenges in addressing homelessness is housing retention – keeping individuals who may well be socially isolated, mentally ill and addicted from abandoning housing that has been provided for them.

Recommended Solutions

Link housing strategies to cost savings – The cost map for single homeless adults developed through this study can guide cost effective housing strategies.

Strengthen government-housing partnerships and leverage resources – It is difficult to convert cost savings of hospitals and other public agencies into cash that can be reallocated to underwrite supportive housing because the demand for these agencies' services often exceeds the number of people they can serve. The homeless person who is not served may simply open up a hospital bed for another sick person. However, there is a powerful public interest in housing homeless persons and reducing the public costs for crises in their lives. It is critically important to expand the role of public agencies in providing on-site services for supportive housing, including services addressing mental health and drug and alcohol abuse, and SSI advocacy. It is also critically important to use available funds, such as GR, to house more homeless people.

Improve retention rates for individuals in supportive housing – Supportive housing organizations need public help in providing higher levels of on-site services to improve housing retention rates. Individuals with above-average risks of leaving housing include those that have co-occurring mental health and substance abuse problems, those with jail histories, and young adults.

Increase the supply of supportive housing – Los Angeles County has far less supportive housing than is needed to shelter its disabled homeless population. This housing inventory can be expanded through new construction, master leases, and scattered site rentals. All three approaches merit expansion. There is a window of opportunity for affordable master leases in the currently less expensive housing market.

Produce information for developing comprehensive strategies and improving outcomes – Los Angeles needs to get its arms around its homeless residents by getting enough information to understand who they are and what they require, and by acting on that information to provide shelter. This includes the size and composition of the population, cycles and duration of homelessness, family and immigrant homelessness, and outcomes for those who leave housing.