

Supportive Housing is Cost Effective

January 2007

Three studies show that the net public cost of providing permanent supportive housing for homeless people with mental illness and/or addictions is about the same or less than the cost of allowing them to remain homeless.

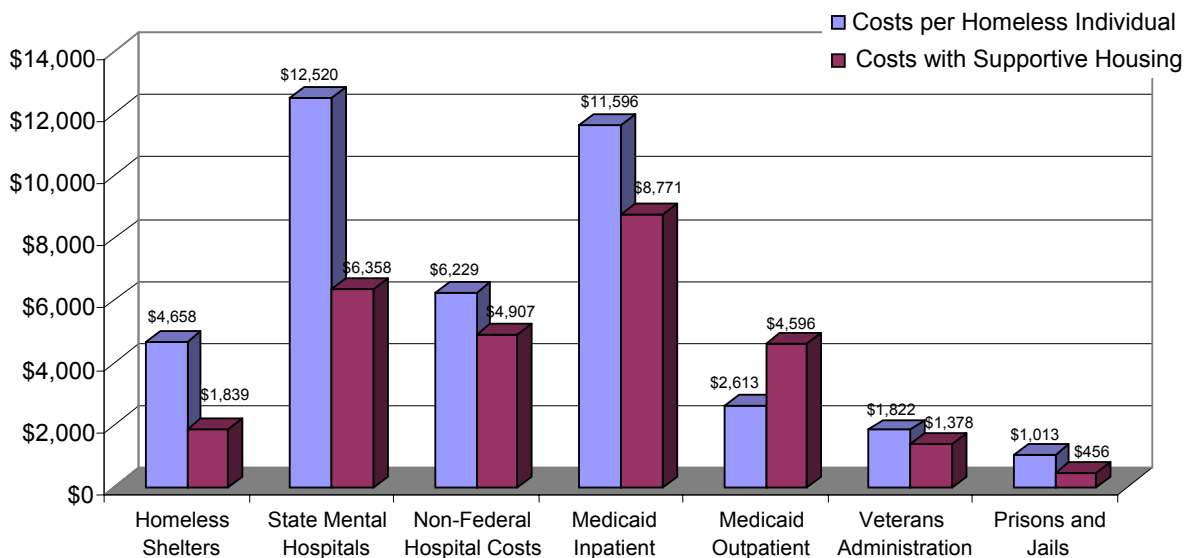
Homelessness causes illnesses and makes existing mental and physical illnesses worse, leading to expensive treatment and medical services. Permanent supportive housing improves physical and mental health, which reduces the need for these services, particularly expensive inpatient mental health care and hospitalization.

Permanent supportive housing helps tenants increase their incomes, work more, get arrested less, make more progress toward recovery, and become more active and productive members of their communities.

New York, NY

In New York City, each unit of permanent supportive housing saved \$16,282 per year in public costs for shelter, health care, mental health, and criminal justice. The savings alone offset nearly all of the \$17,277 cost of the supportive housing.

Exhibit 1: Annual Cost of Supportive Housing vs. Homelessness

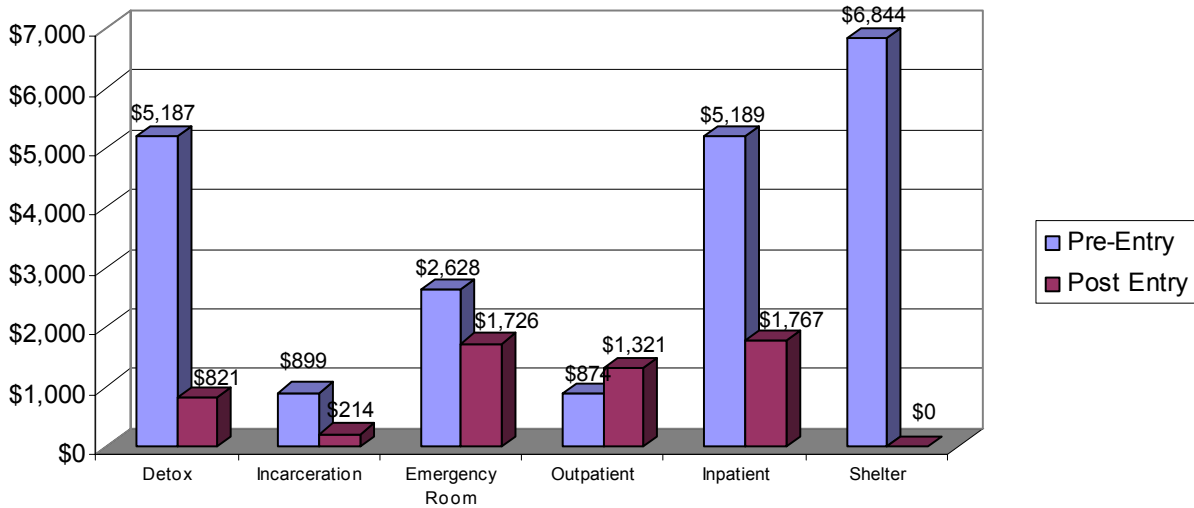


Source: *The Impact of Supportive Housing on Services Use for Homeless Persons with Mental Illness in New York City*. Dennis Culhane, Ph.D., Stephen Metraux, M.A., Trevor Hadley, Ph.D., Center For Mental Health Policy & Services Research, University of Pennsylvania. Data from 4,679 NY/NY placement records between 1989-97.

Denver, CO

The Denver Housing First Collaborative targets people who have been homeless for long periods of time, many of whom live on the streets, and moves them into permanent housing. The program reduced the public cost of services (health, mental health, substance abuse, shelter, and incarceration) by \$15,773 per person per year, more than offsetting the \$13,400 annual cost of the supportive housing.

Exhibit 2: Annual Costs Before and After Entering Supportive Housing

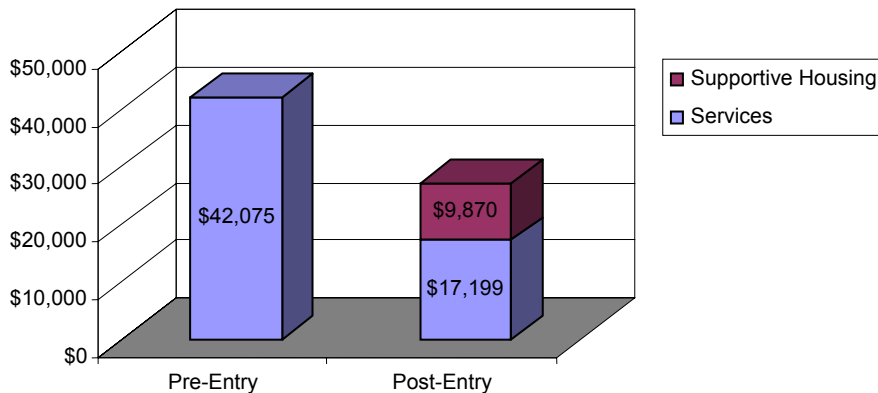


Source: *Denver Housing First Collaborative: Cost Benefit Analysis And Program Outcomes Report*. Jennifer Perlman, PsyD, and John Parvensky. Colorado Coalition for the Homeless. December 2006.

Portland, OR

Portland's Community Engagement Program provides housing and intensive services to homeless individuals with mental illness and addictions. The program reduced the cost of health care and incarcerations from \$42,075 to \$17,199. The investment in services and housing during the first year of enrollment was averaged to approximately \$9,870. This represents a 35.7% (\$15,006 per person) annual cost saving for the first year following enrollment in CEP.

Exhibit 3: Annual Cost Before and After Entering Supportive Housing



Source: *Estimated Cost Savings Following Enrollment In The Community Engagement Program: Findings From A Pilot Study Of Homeless Dually Diagnosed Adults*. Thomas L. Moore, PhD. Portland, OR: Central City Concern. June 2006.