

Homeless Cost Study

United Way of Greater Los Angeles

October 2009

Chronically homeless people—individuals with a disability who are long-term or repeatedly homeless—are the most costly and present the most complex challenges of all the homeless populations. They can

spend years living on the streets, cycling in and out of expensive public services such as emergency rooms, substance abuse treatment facilities and jail. The current system, which lacks adequate permanent housing options, is an expensive way to manage the problem and does not solve it.

Several studies provide growing evidence that permanent supportive housing is a less costly approach to addressing chronic homelessness. Throughout the nation, cities like New York and Chicago have already made significant cost savings and seen their chronic homeless populations drastically reduced by investing in supportive housing.

Supportive housing combines subsidized housing with an organized and coordinated set of on-site services. These include case management, health and mental health care and even job training and counseling.

United Way of Greater Los Angeles believes that permanent supportive housing is the most effective way to end chronic

homelessness. To better understand the costs and benefits of supportive housing, United Way commissioned a qualitative study of four homeless individuals who have been placed in a supportive housing environment. The study was conducted by Dr. Michael R. Cousineau (Principal Investigator) and Heather Lander at the University of Southern California's Center for Community Health Studies at the Keck School of Medicine, and Mollie Lowery at Housing Works. This analysis, combined with a large sample quantitative study (10,000 homeless individuals) conducted by the Economic Roundtable, provides a comprehensive assessment of the cost savings of permanent supportive housing in Los Angeles County.

“**Many cities have reduced the number of people who are on the streets and Los Angeles can too. We need to work together to make it happen.**”

—ELISE BUIK, *President & CEO, United Way of Greater Los Angeles*

METHODOLOGY

USC researchers conducted an in-depth analysis of the before and after experiences of four chronically homeless people who were placed in permanent supportive housing. The goal was to explore whether there are significant benefits to placing chronically homeless people into permanent supportive housing. These benefits included cost savings as well as improvements in the lives of the individuals. Researchers surveyed four individuals who came from four areas of Los Angeles: Hollywood, Santa Monica, South L.A., and Long Beach. They included C.N., a 52 year-old White female; D.B., a 58 year-old White male; J.S., a 32 year-old Hispanic male; and J.W., a 61 year-old African American male.

Survey data was augmented by public and private record acquisition to assess use of public services.



THE COST OF LIFE ON THE STREETS

In order to analyze the costs of public services, investigators focused first on the two-year period before the individuals were placed in permanent supportive housing. During that time period, two of the four had gone through detox six times costing \$23,382. Two of the four had been hospitalized (removal of kidney stone and bladder infection) at a cost of \$20,250. All four had used the hospital emergency room for health and alcohol issues (19 visits), costing an additional \$7,885. All four had been arrested at least once (\$2,756) and spent time in jail (\$8,545). One of the four had also served 90 days in prison (\$12,060).

AVERAGE COST OF PUBLIC SERVICES PER UNIT

PUBLIC SERVICE	AVG COST (\$)	COST UNIT
Inpatient Treatment/ Detox Admission	4,667.00	Per Admission
Inpatient Treatment/Detox	92.00	Per Day
Alcohol & Drug Outpatient Treatment/Detox	47.00	Per Visit
ER Visit	415.00	Per Visit
Hospitalization	2,250.00	Day
Mental Health Clinic	150.00	Per Visit
Arrest	140.00	Per Booking
Jail Time Initial Booking	140.00	Per Booking
Jail Time Per Diem	68.00	Per Day
Prison Time / Cost Per Day	134.00	Per Day
Long Beach Arrests	122.00	Per Booking
Long Beach Jail Time	187.00	Per Day

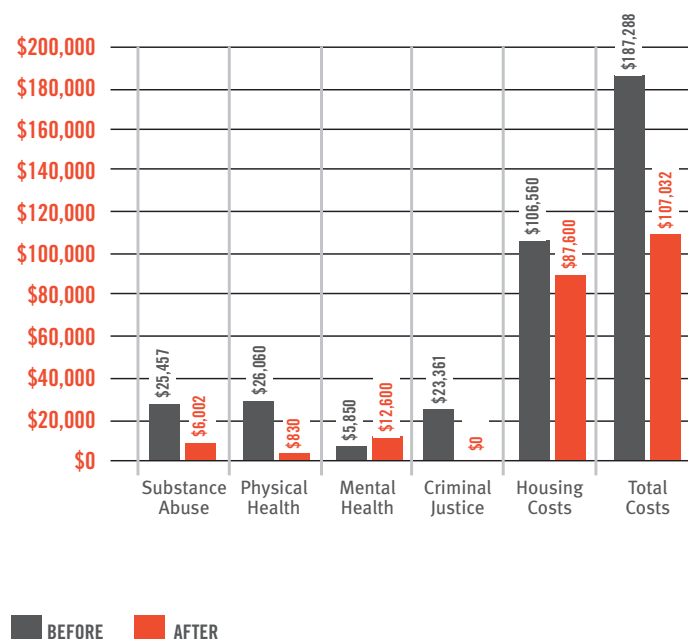
The four individuals had been homeless for most of their adult lives (11-47 years). They had a difficult time taking care of their mental and physical health while living on the streets or emergency shelters, spending nights under bridges or in parking lots. Many depended on “drinking buddies,” which fuelled their addictions and made it difficult for them to transition into housing and leave behind what little social support they had. Traumatized by years on the streets they found it hard to trust people. They needed mental health treatment, but didn’t trust the system and found it hard to access medication or get refills for their prescriptions. And they were plagued by other chronic health issues (allergies, pre-emphysema and arthritis). They also had multiple run-ins with police, from minor citations for sleeping in a public area to arrests and jail time for alcohol and drug related incidents.

THE COST OF PERMANENT SUPPORTIVE HOUSING

After two years in permanent supportive housing, investigators observed increased stability in the lives of the four individuals in the study. All four individuals had been placed in their own small apartment with access to services including case management, mental health and substance abuse treatment, medication monitoring and education classes. None of the four had required medical attention, except for one person who used the emergency room (\$830). There were no arrests or jail/prison time. One individual had a drug and alcohol relapse and used the services available for detox, rehabilitation and therapy, at a cost of \$6,002. At the time of interview he reported being sober seven straight months. Investigators noted that as the lives of these four individuals stabilized, there was a significant cost savings resulting from a net decrease in the number of public services used.

Costs went up in one area—mental health—which showed a post housing cost of \$12,600 for the four subjects collectively. This is not only expected but desirable as the benefits of regular encounters with the community mental health system can connect people to counseling, help them maintain compliance with medication and reduce unnecessary emergency department visits.

TOTAL PUBLIC SERVICE COSTS FOR INDIVIDUALS TWO YEARS BEFORE AND AFTER PLACEMENT IN SUPPORTIVE HOUSING



The transition to permanent housing presented challenges that show the importance of providing on-going support for individuals once placed in housing. Initially some of the individuals in the study found it hard to trust that the homes were really theirs and would not be eventually taken away from them. Some found it difficult to be alone for the first time in their lives. C.N. continues to use what little money she has from her Social Security Insurance (SSI) to pay her care worker to stay with her overnight. However, over time, some of these concerns can be alleviated. One person found a job as a security guard and although a volunteer job, it has provided this person with a new sense of self worth that comes from meaningful employment. Thus the apartment is more than just a place to sleep for them. With the help of the case manager and the supportive services, all four have begun to develop new relationships and cut ties with their old way of life. They are slowly integrating back into the community and developing a sense of belonging, a key part of their long-term recovery.

CONCLUSION

The total cost of public services for two years on the streets was \$187,288 compared to \$107,032 for two years in permanent housing with support services—a savings of \$80,256 or almost 43%.

The investigators are cautious in not over generalizing the results of this small study to the rest of the chronically homeless population. However, the findings are consistent with the results of other studies that show that it is more cost effective to place homeless people in permanent supportive housing than to leave them on the streets or even in the emergency shelter system. Moreover, as Mary Larimer and her colleagues recently reported in the Journal of the American Medical Association, savings increase the longer chronically homeless people remain in housing.

But the benefits go beyond the cost savings to society. The quality of life for these four formerly homeless individuals has also greatly improved. They are off the streets, sober, in better health, out of jail and beginning to integrate back into society.

A Profile of Life on the Streets

We have a homeless crisis in Los Angeles County, but we know the solutions that work. Together, we can advocate for and invest in those solutions, saving millions of dollars in the long run and improving the quality of life for the thousands of individuals and families who currently sleep on our streets.

After more than 40 years on the streets, D.B. feels that he has a reason to get up in the morning. He has his own home and volunteers at three different food banks, where people rely on him to manage security on the food lines.

It's the first real home he's ever had, and the first time he's felt a part of something. Abused as a child, he ran away from home at nine, cycling in and out of foster care and juvenile hall. Later, he would spend his days drinking and his nights curled up in the corner of a parking lot in Hollywood where the owner left him

alone, if he kept an eye on the cars.

After decades living on the streets, he eventually made friends with staff at a local nonprofit. Over time, he started to trust them enough to move off the streets and into a supportive housing unit that became available. It was there he discovered his love of cooking, and slowly, but surely, began to feel like he belonged.

We interviewed him in the pews of the church where he volunteers. He wanted to talk because he wants to make sure others have access to the same help he got. It's been a long road for D.B., but after 47 years, he finally feels like he's home.



ENDING HOMELESSNESS AND CREATING PATHWAYS OUT OF POVERTY.

United Way's work targets two segments—families and chronically homeless people. We help homeless families move quickly into housing with short or long-term financial support and provide permanent housing with support services for chronically homeless people.

We believe in permanent supportive housing because studies have shown that there is a higher success rate when people are stabilized in housing first, with access to health, substance abuse and mental health treatment.

MOBILIZING PEOPLE TO TAKE ACTION

Our annual walk to end homelessness—HomeWalk—raises awareness of the crisis of homelessness and the funds to do something about it. In the last two years, 8,000 people have walked, raising \$1M and helping over 5,000 people off the streets. We also mobilize these walkers in year-round

opportunities, including local and national advocacy efforts in support of permanent supportive housing.

BUILDING STRATEGIC COALITIONS

We are partnering with the L.A. Area Chamber of Commerce to create the first ever county-wide Business Leaders Task Force on Homelessness. The leadership of the business community has proven to be a key element in other cities that have dramatically reduced their homeless populations. Members of the Task Force will take a visible leadership role by advocating for local and national policy change and supporting local community solutions to the issue.

In addition, we are working with the public sector and non-profits to align and increase funding streams for permanent supportive housing. We are also bringing together permanent supportive housing providers to share challenges, successes and innovative strategies for ending chronic homelessness.

Thank you to the generous support of

THE CALIFORNIA ENDOWMENT

cnhf
Conrad N. Hilton Foundation

END HOMELESSNESS AND CREATE PATHWAYS OUT OF POVERTY



GIVE

GiveUnitedLA.org

VOLUNTEER

VolunteerUnitedLA.org

DOUBLE THE VALUE OF YOUR GIFT

Log on to www.unitedwayla/donate to find out more.