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Housing the Chronically Homeless Reduces Public Costs by 79%

Study Underscores Need to Create Housing Opportunities for the Homeless

Los Angeles, Calif., November 19, 2009 – The Los Angeles Homeless Services Authority (LAHSA) and the Economic Roundtable today announced the results of the Homeless Cost Avoidance Study. The study's primary focus was to investigate the public costs for people in supportive housing compared to people that are homeless. The report, *Where We Sleep*, produced by the Economic Roundtable, shows that the public cost for every type of homeless person decreases dramatically when they are housed. The average public cost for impaired homeless adults decreases 79 percent when housed, from a monthly average of \$2,897 to \$605.

"The Cost Avoidance Study represents a critical milestone in the challenge of identifying the true costs associated with housed versus un-housed homeless in Los Angeles City and County," said Michael Arnold, Executive Director, LAHSA. "This report provides valuable policy implications and is an indicator of the great accomplishments that can be achieved through the collaborative efforts of the City and County of Los Angeles."

This report, the first large-scale study of its kind for Los Angeles, demonstrates that practical, tangible public benefits result from providing supportive housing for vulnerable homeless individuals. The typical public cost for residents in supportive housing is \$605 a month. The typical public cost for similar homeless persons is \$2,897 a month, nearly five times greater than their counterparts that are housed. The stabilizing effect of housing plus supportive care is revealed in the 79 percent reduction in public costs for residents. When taking into consideration the average monthly rent subsidy for supportive housing and the capital costs for developing housing units, the average monthly savings to the public is \$1,190 per individual.

"The results of the Homeless Cost Avoidance Study prove that permanent supportive housing is a cost-effective long-term solution to homelessness," Mayor Antonio Villaraigosa said. "We must continue our efforts to invest in permanent supportive housing in order to reduce the cost to the public and help homeless individuals and families move off the street and receive the services they need to stay in housing."

The Homeless Cost Avoidance Study originated as a follow-up study to a Los Angeles-based HUD demonstration project that housed chronically homeless individuals in Skid Row. It was expanded to encompass over 10,000 individuals who are currently or recently homeless by partnering with the County of Los Angeles Adult Linkages Project, which provided critical data on utilization of public services and the costs of those

services. The expanded study used two different methods to compare and validate results. This large number of participants strengthens the statistical reliability of the results. The study found a wide range of needs among homeless single adults, with corresponding differences in public costs and in potential cost savings when homeless individuals are housed. Costs increase markedly for homeless persons who are older or who have disabilities such as mental illness.

“Los Angeles County, together with its 88 cities, needs to provide both housing and services to our homeless population,” L.A. County Supervisor Zev Yaroslavsky said. “As Project 50 has demonstrated, bringing stability to the lives of vulnerable chronically homeless persons requires housing first, coupled with integrated services including health, mental health and substance abuse counseling.”

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. To take advantage of these cost-savings opportunities, the study indicates strong public-private partnerships are needed to expand the supply of supportive housing and provide needed services to housed individuals. In addition to helping pay for housing, public agencies can play a crucial role in aligning public services more effectively and providing on-site services such as mental health, primary health care, substance abuse counseling, and helping disabled individuals qualify for Supplemental Security Income (SSI) benefits from the federal government.

“The key finding from this study is that providing housing and supportive services to vulnerable homeless individuals creates important opportunities to reduce public costs while also improving the quality of life for homeless persons,” said Daniel Flaming, president of the Economic Roundtable. “It is in the interests of taxpayers to provide housing and stability for homeless residents.”

The Homeless Cost Avoidance Study was underwritten through the Los Angeles Homeless Services Authority (LAHSA) by the County of Los Angeles, City of Los Angeles, the Corporation for Supportive Housing, The California Endowment and the Economic Roundtable. The Economic Roundtable in collaboration with the LA County Chief Executive's Office, Services Integration Branch and the Skid Row Housing Trust completed the study and report. This report can be downloaded from the LAHSA website, www.lahsa.org and from the Economic Roundtable website www.economicrt.org. The Economic Roundtable is a non-profit, public benefit organization conducting research that contributes to community sustainability.

The Los Angeles Homeless Services Authority is a joint powers authority of the City and County of Los Angeles, created in 1993 to address the problems of homelessness in Los Angeles County. LAHSA plans, funds and administers programs that assist homeless individuals and families in their transition to permanent housing. LAHSA is the lead agency in the HUD-funded Los Angeles Continuum of Care, and coordinates and manages over \$70 million annually in federal, state, county and city funds for programs providing shelter, housing and services to homeless persons. Additionally, LAHSA partners with the City and the County to integrate services and housing opportunities to ensure wide distribution of service and housing options. LAHSA funds agencies that address many underserved homeless populations including survivors of domestic violence and their children, persons struggling with chronic homelessness, veterans, youth transitioning from foster care, and individuals with mental health needs. For more information, please see <http://www.lahsa.org>.

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