



The Costs of Homelessness

People who are homeless often use a variety of public systems in an inefficient and costly way. Preventing a homeless episode or ensuring a speedy transition into stable permanent housing can result in a significant cost savings.

National data illustrates the ways in which homelessness can be costly. Examples include:

- According to a report in the *New England Journal of Medicine* (1998), homeless people spend an average of four days longer per hospital visit than comparable non-homeless people, which adds approximately \$2,414 per hospitalization.
- Data from the Boston Health Care for the Homeless Program (2009) demonstrated that the average annual health care cost for individuals living on the street was \$28,436, compared to \$6,056 for formerly homeless individuals who obtained housing.
- A two-year University of Texas survey (1991) found that homeless individuals cost taxpayers \$14,480 per year, primarily for overnight jail.
- The cost of an emergency shelter bed funded by HUD's Emergency Shelter Grants program (1994) is approximately \$8,067 more per year than the average annual cost of a federal Section 8 Housing subsidy for permanent housing.

Studies show that the net public cost of providing permanent supportive housing for homeless people with mental illness and/or addiction is about the same or less than the cost remaining homeless. Additionally, once individuals are housed physical and mental health tends to improve, which reduces the need for expensive services.

New York, NY (2002)

- 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.

Denver (2006)

- Placing long-term homeless individuals into permanent housing reduced the public cost of services (health, mental health, substance abuse, shelter and incarceration) by \$15,773 per year, more than offsetting the \$13,400 annual cost of the supportive housing.

Portland, OR (2006)

- By offering housing and intensive services to homeless individuals with mental illness and addictions, participants' health care and incarceration costs were reduced from \$42,075 to \$17,199.

Sources:

National Alliance to End Homelessness, *The Cost of Homelessness*. www.endhomelessness.org/section/tools/tenyearplan/cost

Massachusetts Housing and Shelter Alliance, *Home & Healthy for Good: A Statewide Housing First Program, March 2009 Progress Report*. www.mhsa.net

National Alliance to End Homelessness, *Supportive Housing is Cost Effective*. January, 2007.

<http://www.endhomelessness.org/content/article/detail/1200/>