

IN THE CITIES: G2B2G COMMUNITIES CONDUCT COST-BENEFIT STUDIES



WASHINGTON, DC. Last month the United States Interagency Council on Homelessness released its latest toolkit: [Good . . . to Better . . . to Great: Innovations in 10-Year Plans to End Chronic Homelessness in Your Community](#). The toolkit, known as G2B2G, features collective learnings and best practices from 10-Year Plan communities around the country, summarized into Ten Elements. This issue of E-NEWS explores element number five, Cost Implications.

More and more communities are undertaking cost-benefit studies as part of their 10-Year Planning process. The studies, which vary widely in scope and approach, consistently reveal the "hidden" costs of chronic homelessness. "The fact that people who live on the streets are a major expense for the community is counter-intuitive," said Philip Mangano, USICH Executive Director. "So is the notion that permanent supportive housing saves money. Yet, these are the realities being discovered by communities across the country."

People experiencing chronic homelessness have a high frequency of emergency room visits and hospitalizations, arrests, and incarcerations, shelter stays and treatment program admissions, all at taxpayer expense. Boston Health Care for the Homeless, for example, reviewed records for 119 chronically homeless individuals and found that they accumulated 18,000 emergency room visits in five years at an average cost of \$1,000 per visit.

Excerpts of studies conducted around the country include:

- 10-Year Planners in Asheville, North Carolina analyzed the service use of 37 homeless men and women over a three-year period. Including emergency services, hospitalizations and arrests, the city and county spent over \$800,000 per person per year.
- In 2000, 20 persons studied by King County (Washington) Mental Health, Chemical Abuse and Dependency Division totalled close to \$1.1 million in jail days, emergency room visits, hospital inpatient stays, detox and substance abuse treatment. 24 persons tracked in 2003 totalled close to \$1.2 million.

The highest utilizers in the group cost \$100,000 per person per year in emergency room and hospital services alone.

- In San Diego, California, the city and county engaged the University of San Diego to test the hypothesis that street homelessness did not cost very much to the public purse. Costs incurred by 15 people totaled \$3 million over an 18 month period for emergency services, primary and behavioral health care, law enforcement and the justice system.

Studies also show that permanent housing with appropriate supports produces reductions and cost savings:

- The California Department of Mental Health conducted a state-wide study of 4,881 individuals to determine the impact of a housing initiative implemented in 1999 to address the needs of homeless adults with serious mental illness. Pre and post-placement results revealed a 55.8% reduction in hospital inpatient days, a 72.1% reduction in days incarcerated, and a 65% increase in days of full-time employment. The study also documented \$27 million in annual savings in hospitalizations, incarcerations, and emergency room visits.
- Dr. Dennis Culhane's (pictured here) University of Pennsylvania study of 4,679 people with severe mental illness in New York City showed that those who were homeless utilized \$40,451 per person per year in services, while those in supportive housing utilized \$24,170 in services. The cost savings generated was enough to cover all but \$950 of the annual housing costs. Dr. Culhane has also initiated cost-benefit studies in other cities.

Two Reno, Nevada police officers proved studies don't have to be elaborate to be effective. On their own initiative, they collected costs associated with just two homeless, mentally ill individuals they repeatedly encountered on the streets. When they added up health care and law enforcement costs, each person cost over \$100,000 per year.

"Homelessness is wrong," says Mangano, "morally, spiritually, humanly wrong, and, we are learning more and more, economically wrong. A cost benefit study can help bring clarity to the issue, and generate focused political will."