Supportive Housing Reduces Spending on Services

More than 16 studies nationwide show that supportive housing dramatically reduces homeless individuals’ use of expensive services including hospitals, emergency rooms, psychiatric centers, nursing homes, shelters, prisons and jails. The following three studies illustrate how states have saved money by investing in supportive housing.

Chicago, IL: When supportive housing was offered to 200 people with chronic illnesses, their use of hospitals decreased by 45%. The program saved a total $900,000 in public costs in 18 months.¹

Seattle, WA: When supportive housing was offered to chronically homeless alcoholics, their public costs were reduced by more than 75%.²

New York, NY: When supportive housing was offered to more than 4,000 homeless, mentally ill New Yorkers, their annual inpatient Medicaid costs decreased by 35%.³

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Supportive housing reduces nursing home, emergency room and hospital costs

**Nursing homes:**
In 2009, the Harlem United Community AIDS Center targeted supportive housing to some of the highest utilizers of Medicaid-funded services: individuals suffering from HIV/AIDS and other chronic illnesses who would normally reside in nursing homes. Its pilot project provided 39 individuals with supportive housing and specialized health services for six months. The program netted the State $1.22 million in Medicaid savings, over and above its cost of operation.1

**Emergency Rooms:**
Eight studies have quantified tenants’ use of emergency room care before and after moving into supportive housing. The following graph illustrates the post-housing reductions.2-11

**Hospitals:**
As tenants stabilize and begin managing their chronic illnesses, use of hospitals falls sharply.2-11

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2 Seattle I: Srebnik, D. “One Year Outcomes Report for Plymouth on Stewart ‘Begin at Home’ Program.” Prepared for King County Mental Health and Chemical Abuse and Dependency Services Division, 2007.
6 San Francisco II: Martinez, T. & Burt, M. “Impact of Permanent Supportive Housing on the Use of Acute Care Health Services by Homeless Adults.” Psychiatric Services, July 2006;57(7):992-999.
9 Maine II: Mondello, M., Bradley, J., McLaughlin, T., & Shore, N. “Cost of Rural Homelessness: Rural Permanent Supportive Housing Cost Analysis.” Corporation for Supportive Housing, MaineHousing, and Maine Department of Health and Human Services, 2009.