

# L.A. homeless housing program saves more money than it costs

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A public-private effort to provide permanent supportive housing to people in Los Angeles County with complex medical and behavioral health issues who were experiencing homelessness caused a significant drop in their use of public services, resulting in an overall savings to local government, according to a new RAND Corporation study.

The use of [emergency medical services](#) and inpatient hospital care saw particularly large drops among those enrolled in the housing program, which is called Housing for Health. The use of outpatient [health](#) services declined a smaller amount.

Overall, the study found that for every \$1 invested in the housing and support program, Los Angeles County government saved \$1.20 in health care and other social service costs. The savings are among the largest ever found for a housing program for individuals experiencing homelessness.

"These findings suggest that a permanent supportive housing program that targets people who are both homeless and are frequent users of county health services is feasible and may save local government money overall," said Sarah Hunter, lead author of the study and a senior behavioral scientist at RAND, a nonprofit research organization. "It will be important to continue to examine the effort as it scales up to help even more people."

Los Angeles County has the nation's highest rate of unsheltered

homelessness and the problem has gotten worse in recent years. One group targeted for services are individuals who are both chronically ill and homeless—the type of individuals who frequently seek help from county hospitals and other social service agencies.

In 2012, the Los Angeles County Department of Health Services launched Housing for Health, an effort designed to provide permanent help for frequent users of county health services. Participants are connected to agencies that help them find permanent housing and link them with services to provide preventive health care and other supportive services.

Modeled after successful programs in other metropolitan areas, Housing for Health was supported by funding from public agencies and philanthropic groups.

The RAND study is based on experiences of 890 people who received housing and support during the first 2½ years of the program. Researchers examined the group's use of county services in the year prior to receiving housing and compared it to the use of services in the following year.

Use of both medical and [mental health services](#) dropped substantially among the group. After moving into permanent supportive housing, participants made an average of 1.64 fewer emergency room visits in the ensuing year and inpatient hospital stays decreased by more than 4 days.

Regarding nonhealth related county services, the number of months participants received General Relief from the county declined by an average of 1.38 months. Although the number of arrests declined among participants, the number of days spent in jail was greater after receiving housing.

Across all the services examined by researchers, the costs for public services consumed in the year after receipt of permanent supportive housing declined by nearly 60 percent. In the year prior to housing, participants received public services that cost an average of \$38,146. That total fell to \$15,358 in the year after housing was received. Even after taking into account the costs of permanent supportive housing, savings to the county was about 20 percent.

"These savings are substantially higher than what has been seen in other cities and suggest that Los Angeles County officials have succeeded in implementing this model," Hunter said. "Oftentimes, these programs strive to 'break even' in terms of costs and only exhibit cost savings among the most vulnerable, while the Los Angeles program shows considerable savings across a diverse population."

The RAND analysis examined substantially more people enrolled in a permanent supporting housing project than have been studied in other jurisdictions.

Researchers caution that their study examines only services associated with six county departments over a two-year period, and may not represent a full accounting of all potential costs and benefits.

Future research will be needed to see if size of the savings changes as more people enroll in the program and whether the cost savings are changes over time for those enrolled in the [program](#). A more rigorous research design, such as one that compares people who receive permanent supportive [housing](#) to similar people who do not receive such services, might provide better evidence of Housing for Health's impact on [service](#) utilization and [costs](#).

**More information:** The study, "Evaluation of Housing for Health Permanent Supportive Housing Program", is available at [www.rand.org](http://www.rand.org)

Provided by RAND Corporation

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