Supportive housing is permanent affordable housing coupled with supportive services that enables residents to achieve long-term housing stability. Residents include people who were homeless and those who have serious and persistent issues such as mental illness, chronic health problems, and substance use.

This analysis focused on 177 supportive housing residents in Illinois and the impact of supportive housing on their use of expensive, primarily publicly-funded services. Analysis compared the 2 years before they entered supportive housing with the 2 years after. Data were collected on these residents from Medicaid, mental health hospitals, substance use treatment, prisons, and various county jails and hospitals.

**Key Findings**

- There were cost savings in every system studied from pre- to post-supportive housing. There was a 39% reduction in the total cost of services from pre- to post-supportive housing with an overall savings of $854,477. This was an average savings of $4,828 per resident for the 2-year time period or $2,414 per resident, per year.
- Once in supportive housing, residents who had previously lived in more restrictive settings (i.e., nursing homes, mental health hospitals, and prisons) were unlikely to return.
- Residents shifted the type and volume of services they used—from a high reliance on expensive Inpatient/Acute services before supportive housing to less expensive Outpatient/Preventive services after supportive housing.
- Residents reported an increased quality of life after entry into supportive housing. Not only did their housing stabilize, but their health improved, and they experienced less stress.

The cost savings from supportive housing is likely to be much higher than reported here. A number of costs were infeasible to include or beyond the scope of this analysis, including the homeless system and related costs, substance use treatment costs, social costs, and many others. Also, cost savings likely continued in the years following this study time frame.

In sum, supportive housing reduced the volume of publicly-funded services residents used, changed the type of services used, and resulted in a significant cost savings over time.
Methodology

The purpose of this study was to investigate how permanent supportive housing impacts residents’ reliance on primarily publicly-funded services. The key research questions are:

1. Does living in supportive housing change the **volume** of publicly-funded services residents use?
2. Does living in supportive housing change the **type** of publicly-funded services residents use?
3. Does living in supportive housing decrease the **cumulative cost** of services residents use?

The study was structured as a repeated measures panel design, using a 4-year time period for each resident. The data were divided into pre- and post-time periods, each time period being 2 years. The analysis compared the volume, type, and cost of services each resident used in the 2 years before supportive housing to the 2 years after they entered supportive housing.

Recruitment for the study ran from February to September 2006. To get a cross-section of the typical composition of Illinois supportive housing residents at a given time, all residents in the supportive housing projects at the time of recruitment were eligible for the study, regardless of how long they lived there or their reasons for living there. Researchers obtained consent and release of information forms to access data from state agencies, local hospitals, and jails. Data requests were sent to the entities in Table 1 for the time period of July 1, 1999 to June 30, 2006 for information on use of listed services:

<table>
<thead>
<tr>
<th>Table 1: Service-Type Categories for Each System</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Medicaid-Funded Services (DHFS)</strong></td>
</tr>
<tr>
<td>Inpatient medical care</td>
</tr>
<tr>
<td>Inpatient psychiatric care</td>
</tr>
<tr>
<td>Nursing homes</td>
</tr>
<tr>
<td>Ambulance</td>
</tr>
<tr>
<td>Uncompensated Hospital Services (Local Hospitals)</td>
</tr>
<tr>
<td>Inpatient psychiatric care</td>
</tr>
<tr>
<td>Nursing homes</td>
</tr>
<tr>
<td>Ambulance</td>
</tr>
<tr>
<td>Emergency room</td>
</tr>
<tr>
<td>Substance Use Treatment Services (DASA)</td>
</tr>
<tr>
<td>Halfway house</td>
</tr>
<tr>
<td>Recovery home</td>
</tr>
<tr>
<td>Detoxification</td>
</tr>
<tr>
<td>State Mental Hospital (DMH)</td>
</tr>
<tr>
<td>State Prison (IDOC)</td>
</tr>
<tr>
<td>County Jails</td>
</tr>
</tbody>
</table>
Background on Study Participants

177 residents in the study had complete data for their 2 pre-supportive housing years and 2 post-supportive housing years. In order to look comprehensively at the effects of supportive housing over a 2-year time frame, this report focuses on this 177 sample, which had the following characteristics:

- They had been in supportive housing for an average of 38 months. Time in supportive housing ranged from 21 months to 63 months.
- They had an average age at time of the study enrollment of 43, ranging from 18 to 68 years of age.
- Over half (52%) were male and 48% were female.
- In terms of race/ethnicity, 69% were African American, 26% White, 4% Latino, and 0.6% other.
- Six percent identified themselves as veterans.
- In the week prior to entry into supportive housing, 39% lived in a homeless shelter or transitional housing, 15.8% were living doubled up with family or friends, almost 10% were unsheltered, and 9% were in some type of facility (nursing home, jail, treatment center, etc.).
- They were from 26 supportive housing projects in 11 counties in Illinois.
Medicaid-Reimbursed Service Use (Illinois Department of Health and Family Services)

Medicaid is a state-administered health insurance program that is available only to people with limited income who meet certain eligibility requirements.

Does living in supportive housing change the volume of Medicaid services residents use?
While there was a slight increase in the volume of Medicaid services used from pre- to post-supportive housing, there was a shift in type of services used from more expensive, intensive services to less expensive, preventive services.

- Medicaid-reimbursed inpatient psychiatric care users decreased almost 20% and use decreased over 66% from pre- to post-supportive housing.
- Nursing home use decreased 97%.
- As expected, use of health stabilizing services increased, such as pharmacy, home health care, and dental care.
- Although Medicaid-funded inpatient medical care and outpatient psychiatric care use increased post-supportive housing, the large increase was concentrated during the first 6 months after entry into supportive housing. After those 6 months of stabilization, the use of inpatient care reduced dramatically.
- While use of Medicaid-funded outpatient medical care increased 26% during the post-supportive housing time period, there was virtually no cost increase.

Does living in supportive housing change the type of Medicaid services residents use?
Yes. There was a shift from using Inpatient/Acute Medicaid services prior to entry into supportive housing to relying more on Outpatient/Preventive Medicaid services after living in supportive housing.

- The use of Inpatient/Acute Medicaid services decreased 82%, while the use of Outpatient/Preventive services increased 32%.

Does living in supportive housing decrease the cumulative cost of Medicaid services residents use?
Yes, there was a cost savings of over $183,000 from pre- to post-supportive housing.

- Before supportive housing, the sample of 177 residents used a total of $1,422,399 worth of Medicaid-reimbursed health services. After entry into supportive housing, the group used $1,240,128 worth of services.
- Overall, the cost of Inpatient/Acute services decreased 38% from pre- to post-supportive housing, while the cost of Outpatient/Preventive services increased only 12%.
Uncompensated Hospital Service Use (Local Hospitals)

Since not all residents had Medicaid health insurance coverage during the entire study period, residents were asked which local hospitals they used during the study period, and researchers collected records from those hospitals. There is a small chance that some in the sample had private insurance; however, due to the demographics of the sample and their lack of employment income, this is very unlikely. Reported here is the use of hospital services that were likely not reimbursed by Medicaid or other health insurance.

Does living in supportive housing change the volume of uncompensated hospital services residents use?
Yes.

- **Emergency room** total use decreased over 40%.
- Use of **inpatient medical care** went down 83%.
- **Outpatient medical care** and the **emergency room** were the most commonly used services pre-supportive housing. **Outpatient medical care** and **inpatient psychiatric care** were the most commonly used services post-supportive housing.
- **Outpatient medical care** and **outpatient psychiatric care** use remained almost the same from pre- to post-supportive housing.

Does living in supportive housing change the type of uncompensated hospital services residents use?

Yes, the number of uses of Inpatient/Acute uncompensated hospital services declined 17%; however, the number of uses of Outpatient/Preventative uncompensated hospital services remained the same.

Does living in supportive housing decrease the cumulative cost of uncompensated hospital services residents use?

Yes, there was a total cost savings of $27,968 from pre- to post-supportive housing.

- Before supportive housing, the sample of 177 residents used $133,429 worth of uncompensated hospital services. After entry into supportive housing, they used $105,461 worth of services.
- There was a 25% cost decrease from pre- to post-supportive housing in Inpatient/Acute services and a 9% cost decrease from pre- to post-supportive housing in Outpatient/Preventive services.
State Mental Health Hospital Use (Illinois Department of Human Services, Division of Mental Health)

The Division of Mental Health in Illinois operates inpatient mental health hospitals that are not funded through Medicaid for adults and youth with mental disabilities. The goal of inpatient mental health hospitals is to help people through crises, stabilize them, and move them forward using outpatient services once they leave.

Does living in supportive housing change the volume of mental health hospitalizations residents use?
Yes, there was a significant decline in mental health hospitalizations.

- The number of users and uses of mental health hospitals decreased 90% from pre- to post-supportive housing.
- Overnight stays in mental health hospitals ranged from 1 to 415 during the pre-supportive housing time period. During the post-supportive housing time period, just one person stayed in a mental health hospital for 2 nights.
- The number of overnight stays in mental health hospitals went down almost 100%.

Does living in supportive housing change the type of mental health services residents use?
Yes.

- Mental health hospital care is considered an Inpatient/Acute service. There was a drastic reduction in this type of care.
- None of the 11 people who used state mental health hospitals in their pre-supportive housing time period used them in their post-supportive housing time period. Five of the 11 used Medicaid-reimbursed outpatient psychiatric care in their post-supportive housing time period.

Does living in supportive housing decrease the cumulative cost of mental health hospitalizations?
Yes, there was almost a $400,000 cost savings in mental health hospitalizations from pre- to post-supportive housing.

- The sample of 177 residents used $400,872 worth of state mental health hospital services before entry into supportive housing and only $873 after entry into supportive housing.
Substance Use Treatment Service Use (Illinois Department of Human Services, Division of Alcohol and Substance Abuse)

The Division of Alcoholism and Substance Abuse is responsible for coordinating all programs that deal with problems resulting from substance use. They focus on prevention, intervention, treatment, and rehabilitation for alcohol and other drug dependency.

Does living in supportive housing change the volume of substance use treatment services residents use?
While number of uses were not available for substance use treatment services, based on declines in users of all services except case management and toxicology, it can be assumed there was a decrease in the volume of substance use treatment services used.

Does living in supportive housing change the type of substance use treatment services residents use?
Yes.
- From pre- to post-supportive housing, users of Inpatient/Acute services decreased 60%, while the number of users of Outpatient/Preventive services increased 11%.

Does living in supportive housing decrease the cumulative cost of substance use treatment services residents use?
While cost data were not available for substance use treatment services, based on declines in the number of users of the most intensive services, it can be assumed that there was a significant cost decline.

- Expensive overnight services such as halfway houses and recovery homes decreased 100% from pre- to post-supportive housing.
Criminal Justice System Interactions

**State Prisons (Illinois Department of Corrections)**

Does living in supportive housing change the amount of time spent in state prison?
Yes, there was a 100% decrease in time spent in state prison from pre- to post-supportive housing.

- Overnight stays in prison ranged from 2 to 328 during the pre-supportive housing period, dropping to zero during the post-supportive housing time period.

Does living in supportive housing decrease the cumulative cost of time spent in state prison?
Yes, there was a cost savings of over $215,000 from pre- to post-supportive housing.

- Before supportive housing, the time the sample of 177 residents spent in state prison cost $215,759. After entry into supportive housing, residents did not spend any time in prisons; therefore, there was a 100% cost savings.

**County Jails**

Does living in supportive housing change the amount of time spent in county jails?
Yes, there was a significant decrease in time spent in county jails from pre- to post-supportive housing.

- The number of overnight stays decreased 86% from pre- to post-supportive housing.
- The length of stay in county jails ranged from 0 to 200 overnight stays during the pre-supportive housing period and 4 to 23 overnight stays during the post-supportive housing period—a significant reduction.

Does living in supportive housing decrease the cumulative cost of time spent in county jails?
Yes, there was a cost savings of over $27,000 from pre- to post-supportive housing.

- Before supportive housing, the sample spent time in county jails costing $32,099. After entry into supportive housing, this sample spent time costing $4,618.
Table 2: Summary of Change in the Cost of Services Used from the 2 Years Before to the 2 Years After Entry into Supportive Housing

<table>
<thead>
<tr>
<th>Medicaid-Reimbursed Service Use (Pre: N=84, Post: N=102)</th>
<th>Total Cost PRE-Supportive Housing</th>
<th>Total Cost POST-Supportive Housing</th>
<th>Dollar Change in Total Cost from Pre-to Post-Supportive Housing</th>
<th>Percent Change in Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient medical care</td>
<td>$224,547</td>
<td>$340,192</td>
<td>$115,645</td>
<td>52%</td>
</tr>
<tr>
<td>Inpatient psychiatric care</td>
<td>$230,119</td>
<td>$74,223</td>
<td>-$155,896</td>
<td>-68%</td>
</tr>
<tr>
<td>Nursing home</td>
<td>$236,576</td>
<td>$6,512</td>
<td>-$230,064</td>
<td>-97%</td>
</tr>
<tr>
<td>Ambulance</td>
<td>$3,531</td>
<td>$7,232</td>
<td>$3,701</td>
<td>105%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>$220,592</td>
<td>$258,776</td>
<td>$38,184</td>
<td>17%</td>
</tr>
<tr>
<td>Home health care and medical equipment</td>
<td>$35,253</td>
<td>$70,443</td>
<td>$35,190</td>
<td>100%</td>
</tr>
<tr>
<td>Outpatient medical care</td>
<td>$151,210</td>
<td>$151,401</td>
<td>$191</td>
<td>0%</td>
</tr>
<tr>
<td>Outpatient psychiatric care</td>
<td>$224,223</td>
<td>$257,050</td>
<td>$32,824</td>
<td>15%</td>
</tr>
<tr>
<td>Physician care</td>
<td>$85,477</td>
<td>$63,578</td>
<td>-$21,899</td>
<td>-26%</td>
</tr>
<tr>
<td>Care by other providers</td>
<td>$6,770</td>
<td>$4,003</td>
<td>-$2,767</td>
<td>-41%</td>
</tr>
<tr>
<td>Dental care</td>
<td>$4,009</td>
<td>$5,719</td>
<td>$1,620</td>
<td>40%</td>
</tr>
<tr>
<td><strong>Total Medicaid-Reimbursed Services</strong></td>
<td>$1,422,299</td>
<td>$1,239,128</td>
<td>-$183,271</td>
<td>-13%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uncompensated Hospital Service Use (Pre: N=37, Post: N=47)</th>
<th>Total Cost PRE-Supportive Housing</th>
<th>Total Cost POST-Supportive Housing</th>
<th>Dollar Change in Total Cost from Pre-to Post-Supportive Housing</th>
<th>Percent Change in Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient medical care</td>
<td>$88,097</td>
<td>$16,545</td>
<td>-$51,552</td>
<td>-76%</td>
</tr>
<tr>
<td>Inpatient psychiatric care</td>
<td>$24,245</td>
<td>$55,519</td>
<td>$31,274</td>
<td>129%</td>
</tr>
<tr>
<td>Emergency room</td>
<td>$11,217</td>
<td>$6,078</td>
<td>-$5,139</td>
<td>-46%</td>
</tr>
<tr>
<td>Outpatient medical care</td>
<td>$28,976</td>
<td>$26,460</td>
<td>-$2,516</td>
<td>-9%</td>
</tr>
<tr>
<td>Outpatient psychiatric care</td>
<td>$894</td>
<td>$859</td>
<td>-$34</td>
<td>-4%</td>
</tr>
<tr>
<td>Outpatient care: Unknown type</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Uncompensated Hospital Services</strong></td>
<td>$133,429</td>
<td>$105,461</td>
<td>-$27,968</td>
<td>-21%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mental Health Hospital Use (Pre: N=10, Post: N=1)</th>
<th>Total Cost PRE-Supportive Housing</th>
<th>Total Cost POST-Supportive Housing</th>
<th>Dollar Change in Total Cost from Pre-to Post-Supportive Housing</th>
<th>Percent Change in Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient mental health hospital care</td>
<td>$400,872</td>
<td>$873</td>
<td>-$399,999</td>
<td>-100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State Prison Interactions (Pre: N=11, Post: N=0)</th>
<th>Total Cost PRE-Supportive Housing</th>
<th>Total Cost POST-Supportive Housing</th>
<th>Dollar Change in Total Cost from Pre-to Post-Supportive Housing</th>
<th>Percent Change in Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>State prison</td>
<td>$215,759</td>
<td>$0</td>
<td>-$215,759</td>
<td>-100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>County Jail Interactions (Pre: N=9, Post: N=4)</th>
<th>Total Cost PRE-Supportive Housing</th>
<th>Total Cost POST-Supportive Housing</th>
<th>Dollar Change in Total Cost from Pre-to Post-Supportive Housing</th>
<th>Percent Change in Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>County jail</td>
<td>$32,099</td>
<td>$4,618</td>
<td>-$27,481</td>
<td>-86%</td>
</tr>
</tbody>
</table>

**Substance Use Treatment Service Use (Pre: N=48, Post: N=44)** No cost data were available for substance use treatment services through the Illinois Department of Human Services, Division of Alcohol and Substance Abuse.
Results: Cross-System Service Analysis

Change in the Type of Services Used Over Time

Within each of the six systems studied, researchers looked at three different categories:

1. Inpatient/Acute: Services in this category are primarily expensive, overnight, and for emergency situations.
2. Outpatient/Preventive: Services in this category are less expensive, stabilizing, maintenance, and preventive care.
3. Incarceration: This includes county jails and state prisons.

There was a dramatic shift in the type of services used across all six systems (see Table 3). The majority of services used shifted from Inpatient/Acute and Incarceration before supportive housing, to Outpatient/Preventive after entry into supportive housing.

- There was a 77% decrease in the number of nights spent in Incarceration and an 83% decrease in the number of uses of Inpatient/Acute services after entry into supportive housing.
- These decreases in use correspond with a large decrease in the total cost. The total cost of Incarceration decreased 98% and Inpatient/Acute services decreased 58% in total cost.
- While Outpatient/Preventive service use increased 32%, there was only a corresponding 11% total cost increase from pre- to post-supportive housing.

### Table 3: Category Change Over Time

<table>
<thead>
<tr>
<th>Category</th>
<th>Percent Change from Pre- to Post-Supportive Housing</th>
<th>Number of Users</th>
<th>Number of Uses</th>
<th>Average Uses per User</th>
<th>Total Cost</th>
<th>Average Cost per User</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient/Acute (not including substance use)*</td>
<td>0% -83% -83% -58% (-$692,030) -58%</td>
<td>0%</td>
<td>-83%</td>
<td>-83%</td>
<td>-58% (-$692,030)</td>
<td>-58%</td>
</tr>
<tr>
<td>Outpatient/Preventive</td>
<td>13% 32% 17% 11% ($80,793) -2%</td>
<td>13%</td>
<td>32%</td>
<td>17%</td>
<td>11% ($80,793)</td>
<td>-2%</td>
</tr>
<tr>
<td>Incarceration</td>
<td>-77% -98% -91% -98% (-$243,240) -92%</td>
<td>-77%</td>
<td>-98%</td>
<td>-91%</td>
<td>-98% (-$243,240)</td>
<td>-92%</td>
</tr>
</tbody>
</table>

*Substance use treatment services are not included in this analysis due to missing data on use and total cost.
Cost Savings

In the 2 years prior to entry into supportive housing, the 177 residents used $2,204,557 worth of services. In the 2 years after entry into supportive housing, these 177 residents used a total of $1,350,081 worth of services. Post-supportive housing costs declined the longer residents lived in supportive housing (see Table 4). Thirty percent of the total cost was accrued in months 1 through 6, declining to 21% in months 19 through 24 of the 2-year post-time period. This illustrates that fewer costs were accrued by residents as time in supportive housing increased and that cost reduction may likely continue beyond this study’s time frame, resulting in even greater cost savings for long-term supportive housing residents.

For these 177 residents, there was a 39% reduction in total cost with an overall cost savings of $854,477. This is an average cost savings of $4,828 per person from pre- to post-supportive housing for the 2-year time period across all of the systems included in this study minus substance use treatment services. This averages to $2,414 per person, per year.

Ten people in the sample can be considered high-cost users. High-cost users are those who used $50,000 or more worth of services during the 2 years before entering supportive housing. Their total cost of services in the 2 years before supportive housing ranged from $54,000 to $194,000 with a median cost of $107,000. Each of these 10 high cost users had a dramatic cost decrease from pre- to post-supportive housing. The average cost savings was $73,000 per person, with a cost savings range of $2,400 to $180,000.

The biggest cost savings came from three systems: state mental health hospitals, state prisons, and Medicaid. The sample of 177 residents saved close to $400,000 from a decrease in state mental health hospitalizations, over $215,000 from a decrease in state prison admissions, and $183,000 from a decrease in use of Medicaid-reimbursed services.

This cost savings is a conservative estimate due to substance use treatment services and some uncompensated outpatient hospital service costs not being included in this analysis. In addition, shelter costs, police costs, soup kitchens, community health clinics, and many other services related to homelessness were not captured; therefore, the overall cost savings after entry into supportive housing is likely much greater.

### Table 4: Post-Supportive Housing Cost Accrual in 6 Month Increments

<table>
<thead>
<tr>
<th>Months After Entry into Supportive Housing</th>
<th>Percent of Total Post-Supportive Housing Costs Accrued</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-6 Months</td>
<td>30%</td>
</tr>
<tr>
<td>7-12 Months</td>
<td>27%</td>
</tr>
<tr>
<td>13-18 Months</td>
<td>22%</td>
</tr>
<tr>
<td>19-24 Months</td>
<td>21%</td>
</tr>
</tbody>
</table>
Discussion

This is the first statewide study that looks at the effects of permanent supportive housing on residents in Illinois and adds to the current research about the cost-effectiveness of supportive housing as a key component for eliminating homelessness. Supportive housing in Illinois not only reduced the homelessness and housing instability previously experienced by residents but also produced a large cost savings in a number of public systems. Based on resident interviews, many people also experienced enhanced quality of life, not solely as result of being stably housed, but also due to their increased use of preventive and maintenance services, particularly in health, mental health, and substance use service systems.

Implications for Practice and Policy

Supportive housing providers should give consideration to the following as they seek to enhance their services:

- In the first 6 months of permanent supportive housing residents need support in order to stabilize their health. Some services, such as inpatient medical care, saw a spike in use in the first 6 months of supportive housing which quickly decreased thereafter. In line with findings from other supportive housing studies, use of health services increased after people were housed, likely due to increased contact with case managers who made referrals to health professionals. While homeless, many people did not have access to such systems and deferred needed care. Health and mental health needs are an important initial assessment and referral piece for case managers to consider.
- Medicaid-reimbursed services and substance use services were the most frequently used both pre- and post-supportive housing. Case managers have an opportunity to educate about and refer residents to Outpatient/Preventive services, which not only saves money, but can help residents maintain stability in their health and lives.
- Supportive housing is effective with the most expensive users of public services, such as those with a mental illness or substance users. While these groups used high-cost services before entry into supportive housing, they benefited from being housed and produced a dramatic cost savings after entering supportive housing.
- There are implications of this analysis for targeting supportive housing. Supportive housing has a tremendous cost savings impact for people who might be considered the hardest to house: those with a mental illness, those who were formerly incarcerated, those with a disability or health issue, and those with histories of drug use. As projects seek to target populations in need, tailoring outreach and services for those with the aforementioned characteristics will result in cost savings as well as appropriate housing in the least restrictive setting.
Policymakers have an opportunity to prioritize people who are homeless and have barriers by housing them in supportive housing instead of in expensive, more restrictive settings:

- People are often inappropriately housed in nursing homes due to a lack of available supportive housing options. In addition, many patients need more intensive nursing care after a medical crisis, and since nursing homes do not want to discharge people back to homelessness, they retain them longer than necessary. Nursing homes are a very expensive housing option that should be relied on only for people who need full-time care, and supportive housing should be available for those who need less intensive supports and services to remain healthy and housed.
- People with mental illness are often unnecessarily placed in Institutes for Mental Disease, which are nursing homes with over 16 beds in which the majority of residents have a mental illness. For nursing homes with this designation, the federal government will not provide Medicaid reimbursement for services provided to people age 22 to 64. The state of Illinois ends up paying an average of $160 million annually to house people in these Institutes for Mental Disease. Many of these people could live on their own in supportive housing and save the state millions of dollars a year.

Policymakers have an opportunity to invest funds more wisely in Illinois by making permanent supportive housing available to more people in need:

- Time spent in jails and prisons plummeted for the supportive housing residents in this study, saving tens of thousands of dollars. Supportive housing is a better investment for the person who is homeless, for the community through reduced crime, and for the state in reduced correctional outlays.
- Once in supportive housing, residents can begin to stabilize their lives. They start receiving medical treatment, stabilize their medication, and are less likely to use expensive Inpatient/Acute services such as mental health hospitals and nursing homes.
- It is challenging to document cost savings from supportive housing and to fund services for supportive housing because government funding streams for different populations are compartmentalized. Funding for supportive housing services is needed from multiple state agencies, and there needs to be a mechanism for this to happen smoothly. For example, money seen from cost savings in prisons and nursing homes after entry into supportive housing needs to be able to easily shift to invest in supportive housing.
Residents’ Perspectives

During in-depth interviews and a roundtable discussion with supportive housing residents, many indicated a variety of ways their lives had improved after entering supportive housing.

Residents reported that they:

- Learned how to pay bills
- Were able to be reunited with children and family
- Were able to save, especially for a car
- Experienced health improvements
- Were able to abstain from substance use
- Did not feel pressure to do things that they used to do, such as illegal activities
- Felt they had compassion, and they could give back to others
- Believed in themselves
- Had more confidence in themselves
- Felt great overall
- Felt like a human being again
- Were proud
- Were able to be around positive people and create a more positive outlook for themselves
- Reduced stress in their lives
Conclusion

This is the first statewide study that looks at the effects of supportive housing for residents in Illinois and adds to the current research about the cost-effectiveness of supportive housing as a key component for eliminating homelessness.

Overall, there was a cost savings in every system studied from pre- to post-supportive housing. There was a 39% reduction in total services cost from pre- to post-supportive housing with an overall cost savings of $854,477 for the 177 residents. This was an average cost savings of $4,828 per resident from pre- to post-supportive housing for the 2-year time period or $2,414 per resident, per year.

The true cost savings realized by supportive housing is likely to be much higher than reported here. There were a number of costs that were infeasible to include or beyond the scope of this analysis, including costs incurred by the homeless system and related services, substance use treatment costs, social costs, and many others.

Importantly, residents also shifted the type of services they used—from a high reliance on expensive Inpatient/Acute services (such as inpatient care, emergency rooms, and mental health hospitals) before they entered supportive housing to less expensive Outpatient/Preventive services (such as outpatient care, home health care, and case management) after they entered supportive housing. The volume of services used decreased for expensive Inpatient/Acute services and Incarceration and increased slightly for less expensive Outpatient/Preventive services.

This study underscores the importance of prioritizing more appropriate housing options for people living in restrictive settings who could live in the community if supportive housing were available. Supportive housing can not only reduce costs of public systems particularly in the areas of nursing homes, mental health, and criminal justice, but can also dramatically improve the quality of life for thousands of Illinoisans.
The Heartland Alliance Mid-America Institute on Poverty

The Heartland Alliance Mid-America Institute on Poverty (MAIP) provides dynamic research and analysis on today’s most pressing social issues and solutions to inform and equip those working toward a just global society. As such, MAIP:
- Conducts research to increase the depth of understanding and profile of social issues and solutions;
- Develops recommendations and action steps;
- Communicates findings using media, briefings, and web strategies to influence a broad base of decision makers; and
- Impacts social policy and program decisions to improve the quality of life for poor and low-income individuals.

For more information: 773.336.6075 | research@heartlandalliance.org | www.heartlandalliance.org/research

Supportive Housing Providers Association

The Supportive Housing Providers Association (SHPA) is a statewide association of organizations who provide supportive housing. SHPA enables increased development of supportive housing and supports organizations that develop and operate permanent supportive housing. The Supportive Housing Providers Association:
- Connects its member organizations, both staff and residents, with each other, with best practices, and with state/national policymakers and funders;
- Educates stakeholders regarding the efficacy and cost effectiveness of supportive housing; and
- Advocates for increased and integrated resources for supportive housing.

For more information: 773.588.0827 | supportivehsg@aol.com | www.supportivehousingproviders.org

Corporation for Supportive Housing (provided technical assistance for the study)

Established in 1992, the Corporation for Supportive Housing Illinois office works to promote the development of supportive housing to end long-term homelessness through three core products and services:
- Capacity building to enhance the supportive housing industry’s skills and knowledge, so that the field has a greater ability to deliver high-quality housing and services over the long term;
- Financial and technical assistance to partners to expand the supply, availability, and variety of supportive housing;
- Promoting policy reforms and coordinated systems that make supportive housing easier to develop and operate.

For more information: 312.332.6690 | ilinfo@csh.org | www.csh.org

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