

## The 100,000 Homes Campaign: Cost Savings Assessment Summary

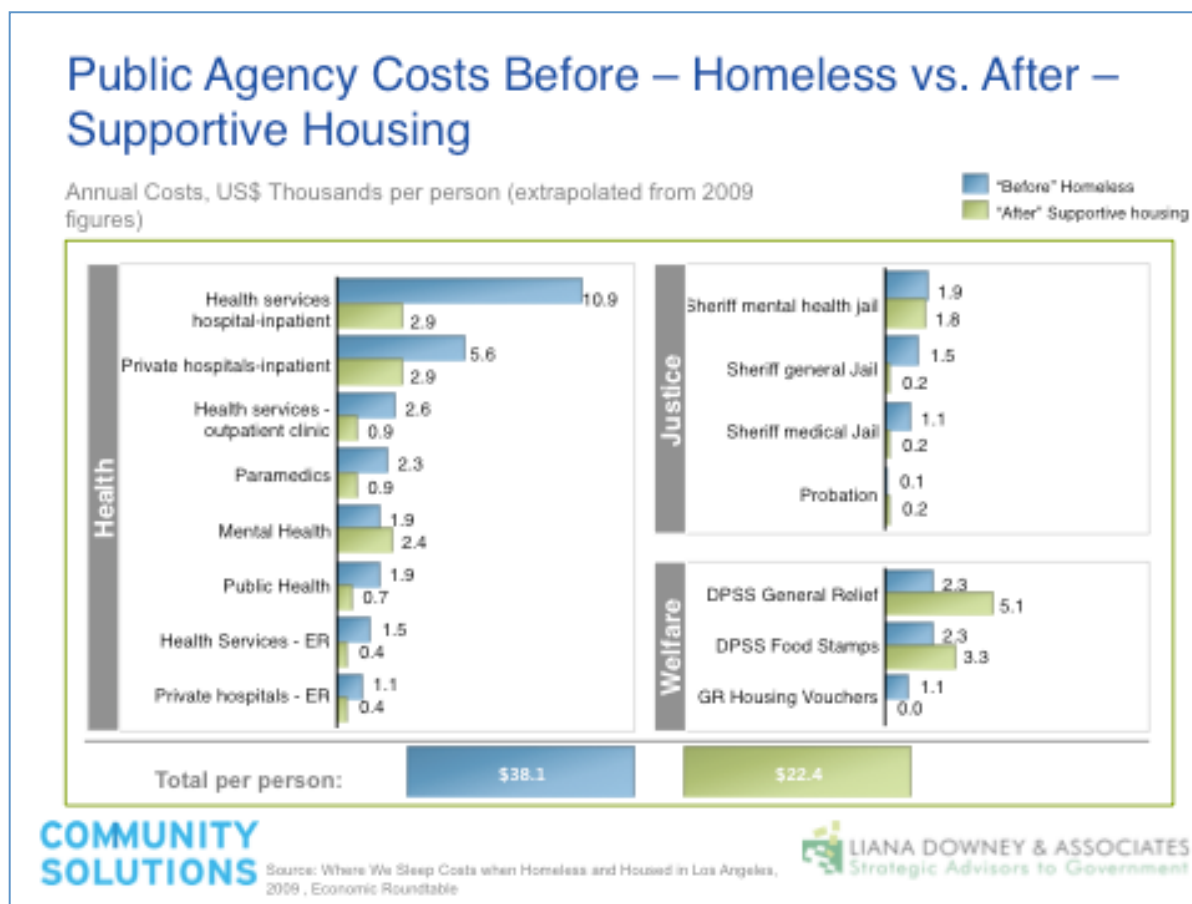
June 2014

### SUMMARY OF FINDINGS:

Analysis by Liana Downey & Associates suggests Community Solutions' 100,000 Homes Campaign will save the US Federal Government approximately \$1.3 billion dollars a year. This equates to an average savings of \$13,000 per person housed. For every year these people stay housed, the government saves another \$1.3 billion.

Before those housed by Campaign communities were housed, the government spent approximately \$3.4 billion each year serving the 100,000 people now in housing. The biggest costs for the Government were health costs like hospitals; and justice costs like jail. A small portion of individuals (often estimated around 10 percent) often considered the "hardest to serve", account for the lion's share, 80 percent of total costs. It is precisely this population that comprises the 100,000 Homes Campaign's housing total.

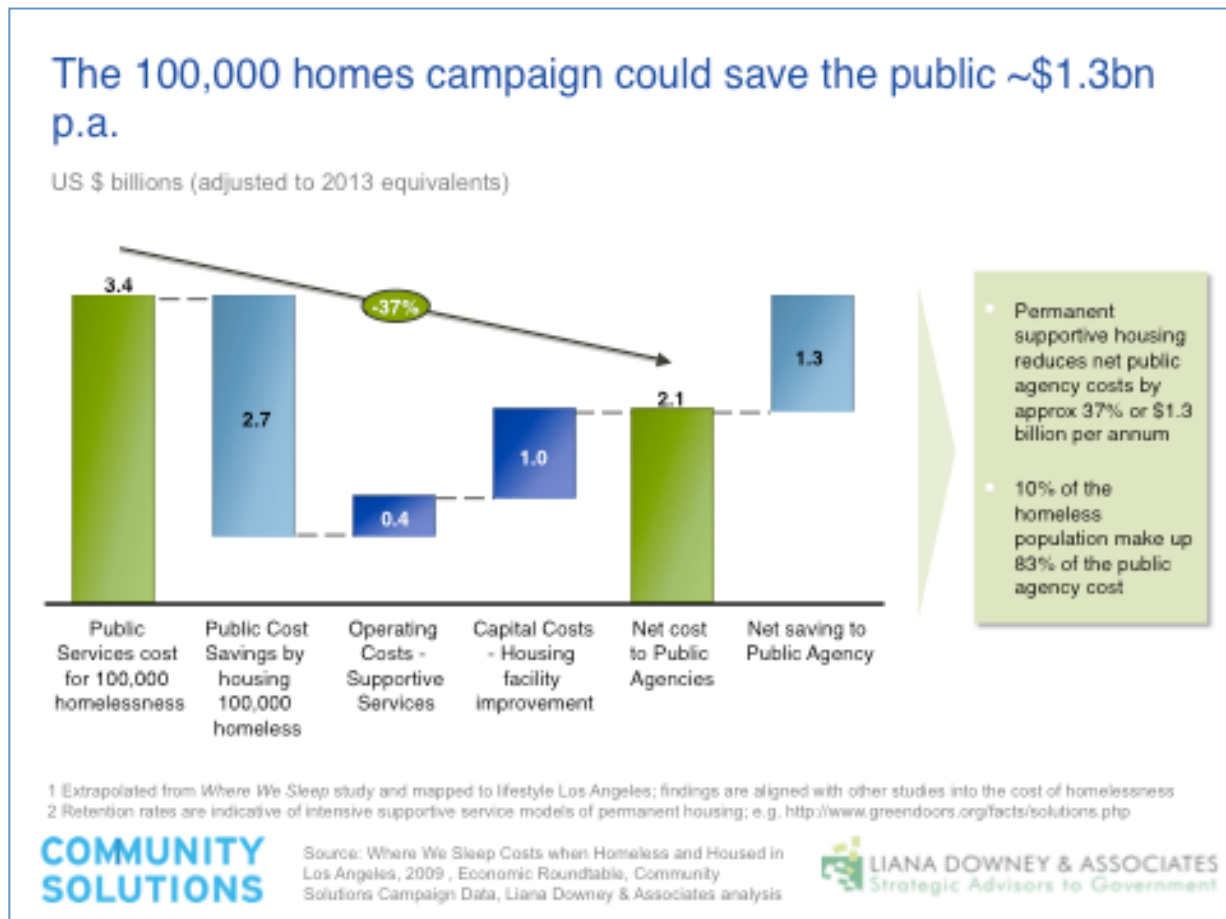
This slide below shows how costs can change after homeless people move into supportive housing:



The blue shows the “before cost,” the average cost for serving homeless clients. The green shows the “after cost,” the costs for providing supportive housing. Some costs go up – like those to the Department of Social Services, which may go up by \$3800 per person. However these are outweighed by those that decline, for example, hospital inpatient costs reduce by an average of \$8000 per person. When the whole set of costs paid by the public is considered, and how these costs change, the average expenditure per person declines from \$38,000 to \$22,000 annually.

When one accounts for the specific profiles of the 100,000 people that Campaign communities have housed across the USA, the savings add up. Across the 100,000 people housed, Liana Downey & Associates estimates costs savings for public services decrease by approximately \$2.7 billion annually. After accounting for additional costs to house and support these 100,000 people (approximately \$0.4 billion for operational costs and \$1.0 billion in capital improvements and depreciation), total annual costs go down to \$2.1 billion, a net reduction of \$1.3 billion.

See figure below:



## **METHODOLOGY:**

Liana Downey & Associates were engaged to provide strategic support for Community Solutions. Given the Firm's experience in cost management with government agencies, it was immediately apparent that the 100,000 Homes Campaign was not just changing lives, it was saving a lot of money, but just how much needed to be calculated.

Step one, was to determine what was being spent on services for these clients. After an extensive literature review, Liana Downey & Associates chose one of the most comprehensive studies undertaken in this field –the '[Where We Sleep Study](#)'. It tracks the costs to serve more than 10,000 people in LA in significant detail, and notably, it tracks the costs of serving people by demographic profile for 2 years before they were housed, and 2 years after they were housed, as well as the net impact on Public Agency expenditures.

Community Solutions collects detailed demographic information on those being housed through its Registry Week process. This allowed Liana Downey & Associates to undertake a detailed comparison of the profile of those being housed in Campaign communities to the subjects in the *Where We Sleep Study*. This was used to match up the Campaign's client populations to those in the *Where We Sleep Study*. People were mapped on categories like age, gender, substance abuse, mental illness and work history. This generated a sophisticated and more accurate view of cost savings than simply relying on averages. This method was used to build a robust picture of the costs to public agencies of serving individuals housed by Campaign communities, and how those costs change once people are in permanent supportive housing.

Liana Downey & Associates also “triangulated” this research, looking at federal agency spend reports, and numerous other studies, and found consistent messages in the nature and volume of anticipated savings.

## **About Liana Downey & Associates:**

Liana Downey & Associates works with social impact ‘rock stars’ – leaders who shake things up, and find better ways to do more.

Liana Downey & Associates provides high-quality strategic advice to the government, nonprofit and private sectors in the education, environment, justice, human services, and health arenas from offices in New York, USA, and Sydney, Australia.



Executive Director, Liana Downey previously led McKinsey & Company's Australian government and social-sector practices, and was an expert Advisor to the Australian Department of Premier and Cabinet. She holds an MBA (Public Management) from Stanford University, and is on the NY Board of Room to Grow.

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