

MAKE IT MAKE CENTS: INVESTING IN COST EFFECTIVE SOLUTIONS FOR HOMELESSNESS

Communities across the country have struggled with ways to respond to a visible increase in unsheltered homelessness. In efforts to respond rapidly, many states and cities passed bills criminalizing homelessness and invested in sanctioned encampments and other interventions that offer no guarantee of services or pathways to permanent housing. Policies that increase the use of policing, jails, psychiatric hospitalization, and encampments don't add up, quite literally. This brief highlights policies for cities and states that have not worked and alternative policies that have led to more cost-effective approaches, such as investing in permanent housing and services.

A Cautionary Tale in Failed Policies of the Past

In the past, jurisdictions deployed similar policies to address unsheltered homelessness. During the 1980s and early 1990s, cities and states responded to a visible rise in homelessness by conducting street sweeps, forcibly removing individuals, and increasing arrests. For many, sleeping on the streets led to a jail sentence and a cycle of homelessness and institutionalization, making it harder for them to secure a home. Now, 40 years later, policies are swinging back despite knowing that alternative approaches are proven to get people off the streets and into long-term housing.

Without Housing, Homelessness is an Expensive, Endless Cycle

Crisis response services, shelters, mandated encampments, and institutional settings like psychiatric hospitals are expensive and inefficient at providing the necessary support to address long-term housing and health needs. When unhoused individuals cycle through jails, psychiatric hospitals, and other institutions, these institutions often have no choice but to discharge them back onto the streets. Without a connection to services or housing opportunities, these individuals will cycle through these systems again and again.

Is “criminalization” a fair characterization?

Increasingly, jurisdictions are criminalizing the act of camping or parking a vehicle in public spaces for people who can find no alternatives to shelter or housing. Any state, local, or municipal law or ordinance that makes it illegal for people to sit, sleep, or eat in public—in absence of having adequate alternatives to shelter—often leads to misdemeanor citations, fines, or arrests, and therefore results in a criminal record. Once a person has one or more arrests or misdemeanor citations on their record, it becomes exponentially difficult for them to pass housing background checks and therefore, secure permanent housing to exit homelessness.

What Inefficient Polices Cost

Responding to homelessness with crisis and institutional responses can cost **\$25,500** or more annually per personⁱ. These costs are associated with emergency shelters; public safety enforcement, including police, courts, EMS, 911, jails/prisons, and detox facilities; and emergency healthcare services, including the cost of ambulances and emergency departments.

To understand the financial impact of these costs at scale, a state with 10,000 individuals in need of supportive housing, for example, is a baseline cost of **\$255 million annually**. By passing bills to fund additional policing, managing encampments and temporary shelter-like settings, and involuntary psychiatric holds for individuals who may or may not be in crisis, the cost increases exponentially. Deploying law enforcement to respond to encampments can also cost upwards of **\$8.56 million** alone. Cities and states carry the cost burden since they cannot use federal homeless funding for policing or cleaning encampment locationsⁱⁱ.

Also, consider that there are not enough emergency shelter beds or psychiatric beds in most jurisdictions, and additional capital will be needed to meet the need. When you factor in these

considerations, annual state spending could range from **\$500 million** upwards to **more than a billion dollars**, with most individuals still unhoused and unconnected to ongoing services.

Investing in and scaling short-term interventions will not solve homelessness. Funding that goes into crisis-based institutions does not reduce the number of people experiencing homelessness, and the cycle of homelessness-arrest-jail-emergency care will continue to generate high public costs.

Cost-Effective Solutions

Policymakers looking for ways to respond to unsheltered homelessness can look to examples that center people, focus on connecting short-term interventions to long-term housing solutions, are rooted in equity, and promote pathways to economic mobility [See [Rapid Response to Street Homelessness](#)]. Cities like Denverⁱⁱⁱ, Boston^{iv}, and Dallas^v, amongst several others^{vi}, have all been successful in reducing unsheltered homelessness by using a public health approach that brings together coordinated outreach, health systems, and housing partners to respond to increases in unsheltered homelessness.

Across these cities, outreach teams worked to locate and engage individuals alongside housing partners equipped with hotel rooms and housing vouchers to quickly move people off the street and connect them with services and, eventually, long-term housing options. When the City of Denver also invested in a multi-year, randomized control research study to measure the impact of this type of model, it was clear that individuals engaged through this approach were more likely to be offered and accept services and housing, which was able to break the cycle and reliance of costly crisis response services and institutions^{vii}.

Successful strategies for reducing homelessness also require more affordable housing and services investment. Increasingly more states are leveraging federal resources like Housing Choice Vouchers and working with landlords to maximize their usability, setting aside Low-Income Housing Tax Credits for supportive housing pipeline development, and updating their Medicaid plans to cover supportive tenancy services for individuals. By maximizing the share of federal resources employed, state and city investments can be more targeted to supplement the federal funds.

ⁱ See *Cost and Offsets of Providing Supportive Housing to Break the Homelessness-Jail Cycle. Findings from the Denver Supportive Housing Social Impact Bond Initiative*, pg 19

https://www.urban.org/sites/default/files/publication/104499/costs-and-offsets-of-providing-supportive-housing-to-break-the-homelessness-jail-cycle_0.pdf

ⁱⁱ See *Exploring Homelessness Among People Living in Encampments and Associated Costs*.

<https://www.huduser.gov/portal/sites/default/files/pdf/Exploring-Homelessness-Among-People.pdf>

ⁱⁱⁱ See *Breaking the Homelessness-Jail Cycle with Housing First: Results from the Denver Supportive Housing Social Impact Bond Initiative*. <https://www.urban.org/research/publication/breaking-homelessness-jail-cycle-housing-first-results-denver-supportive-housing-social-impact-bond-initiative>

^{iv} See *What Other Cities Can Learn from Boston's Public Health Approach to Homelessness*.

<https://www.usich.gov/news/what-other-cities-can-learn-from-bostons-public-health-approach-to-homelessness/>

^v See *Ending Homelessness for People Living in Encampments: Lessons from Dallas, TX*.

https://www.usich.gov/resources/uploads/asset_library/Encampments-Case-Study-Dallas.pdf

^{vi} See *Case Studies: Ending Homelessness for People Living in Encampments*. <https://www.usich.gov/tools-for-action/case-studies-ending-homelessness-for-people-living-in-encampments>

^{vii} See *Housing First Breaks the Homeless Jail Cycle*. <https://www.urban.org/features/housing-first-breaks-homelessness-jail-cycle>