

The financial benefits of supported housing

Summary

April 2025

A supported home is a lifeline for thousands of people who need help to live independently. But supported housing supply is not keeping up with demand. The government's own research shows that currently we could need as many as 325,000 homes. By 2040, we will need between nearly 310,000 and 540,900 more spaces.

Without enough supported housing, thousands of people could go without the support they need, costing the public purse and leaving people who could live independently with support, facing long stays in residential or institutional care, or at risk of homelessness.

But acting now and investing in supported homes could actually save money. To demonstrate the financial benefits of supported housing, we have compared the cost to the government of delivering supported housing, using data from the 2023 Supported Housing Review, to the cost of the alternative accommodation for those people were they not in supported housing.

Key findings:

- The supported housing sector in England currently saves the public purse an estimated £3.5bn every year.
- It is estimated that we need to build an additional 28,400 supported homes per year between now and 2040 – 22,400 for older people, and 6,000 for working-age adults.
- Building these extra supported homes could add nearly £4bn to the national economy each year at today's prices, supporting more than 52,000 FTE jobs.
- Building those homes by 2040 would enable supported housing need to be met and could save the public purse £6bn every year at today's prices.

£6bn

Building enough supported homes by 2040 could save the public purse £6bn every year at today's prices.

How does supported housing save money?

Drawing on existing models and approaches, we have compared the cost to the government of delivering supported housing, using data in the [2023 Supported Housing Review](#), to the cost of the alternative accommodation for those people were they not in supported housing.

Examples of the alternative housing for people with support needs, were they not living in supported housing, include:

- 26% of people with learning disabilities would be in a residential home, costing on average £86,662 per person per year.
- 24% of single homeless people would be sleeping rough, at a cost of £26,277 per person per year. 22% would be in temporary accommodation at a cost of £20,870 per person per year.
- 17% of people with mental health problems would be in hospital, costing on average £687 per person per night.
- The model used does not include the longer-term benefits of living in supported housing, including improved wellbeing and tenancy sustainment for residents, which will also save money.

Our recommendations for the government:

1. Urgently review supported housing funding and have a clear cross-government approach to protect and grow this vital part of the housing system - through the long-term housing strategy, cross-government homelessness strategy and NHS 10-year plan.
2. Allocate at least £1.6bn per year to English local authorities to commission supported housing, matching the Supporting People programme funding cut in 2010.
3. To meet demand, the government should set a target to meet supported housing need as set out in the 2023 Supported Housing Review in full, and supported homes should form part of the 1.5m homes target.
4. On rent policy, the government should increase the rent flexibility level for supported housing to 20% at new or relet.
5. In the short-term, we would welcome the opportunity to work with the Ministry of Housing, Communities and Local Government on a bid to the Transformation Fund, demonstrating to government departments, Integrated Care Systems and local authorities the potential investing in supported housing has to deliver wider savings across government.