

Reducing Homelessness through Mainstream Housing Subsidy Programs and the Homeless Residential System

“How to House the Homeless,” a conference sponsored by Columbia University Center for Homeless Prevention Studies and New York University Center for Real Estate and Urban Policy

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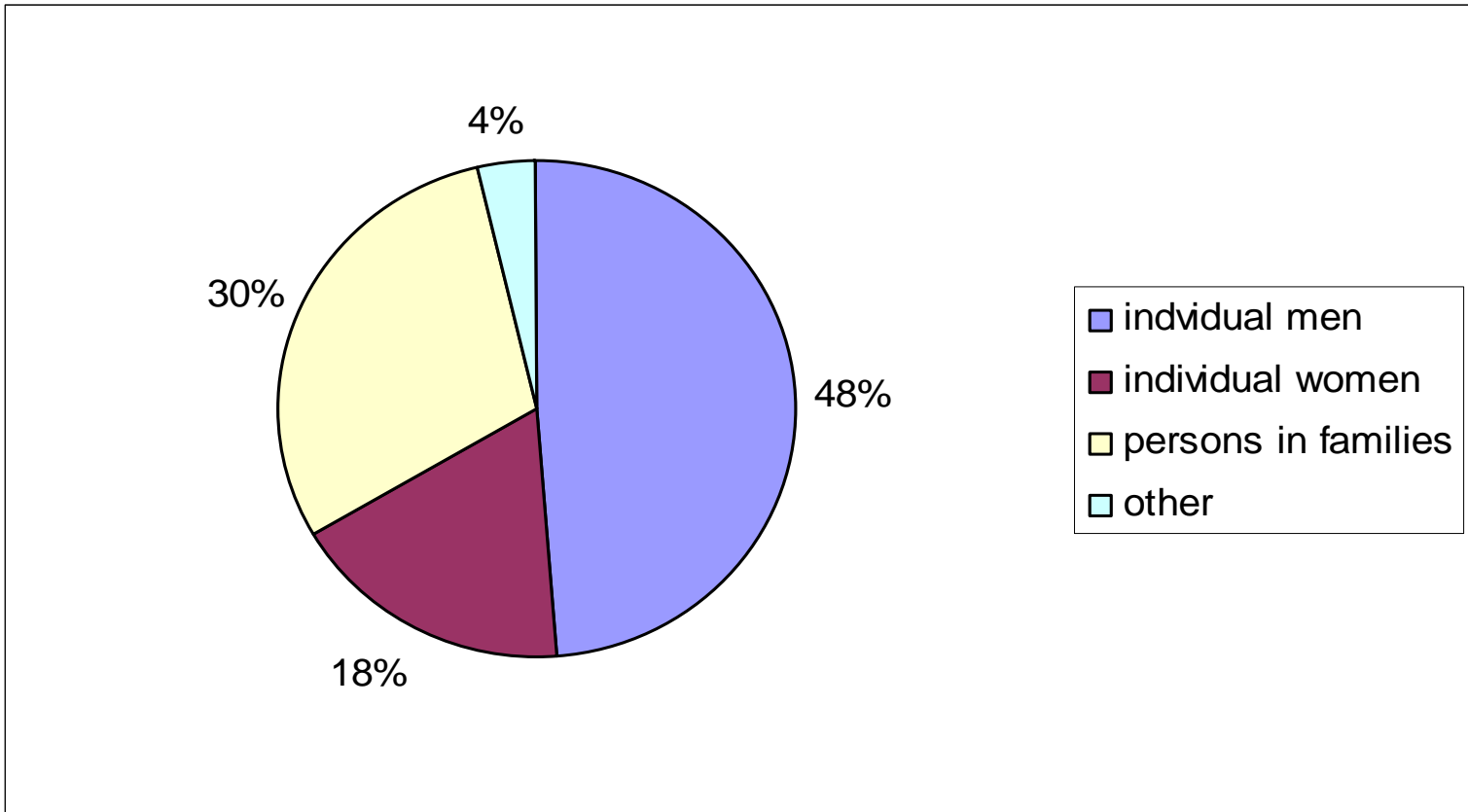
Solving problems, guiding decisions – worldwide



Housing Subsidies Can Reduce Homelessness

- Quigley, Raphael and Smolensky (2001): homeless rate is greater in areas with low vacancy rates and high rents
- Early and Olsen (2002): homeless rate among poor people is greater in areas with high housing prices
- O'Flaherty (2003): housing market characteristics and personal characteristics interact to produce homelessness
- Mills et al. (2006): using housing vouchers reduces housing instability and eliminates homelessness among welfare families (study used experimental design)

Who Becomes Homeless?



2007 Annual Homeless Assessment Report: People Homeless in Emergency Shelter or Transitional Housing during a Year

Who Becomes Homeless?

- Incomes below poverty, but only 4 of 100 poor people are homeless during a year
- 40% are African American (compared with 23% of poor)
- 55% of individuals are 31-50 (compared with 24% of poor)
- Other risk factors include mental illness, substance abuse
 - For individuals, history of arrests
 - For families, newborns or young children

Immediately before Homelessness

For those entering shelter and not already homeless:

- Individuals

- 43% staying with friends or relatives
- 21% in own housing unit (3% homeowners)

- Families

- 54% staying with friends or relatives
- 24% in own housing unit (6% homeowners)

Where Do People Become Homeless?

- 77% in principal cities (compared to 36% of poor)
- Large cities: LA has 43% of CA homeless; Chicago 39% of IL homeless; NYC 80% of NY homeless
- Culhane, Lee, and Wachter (1996): In NYC and Philadelphia, families become homeless from neighborhoods with concentrated poverty

Residential System for Homeless People

- System of subsidized shelter for homeless people is largely separate from mainstream housing subsidies
- Provides 600,000 “beds”: about 1/3 are emergency, 1/3 transitional, and 1/3 “permanent supportive housing” for homeless people with disabilities
- Most used for short periods of time: less than a month for emergency shelter and less than 6 months for transitional housing
- Longer stays in PSH, and supply is insufficient

Mainstream Rental Housing Subsidies

- 5 million assisted housing units, no net growth since 1990s, but type of subsidy is changing
 - Housing Choice Vouchers: 2+ million “slots” and growing
 - Public housing: 1.2 million units and shrinking
 - Section 8 projects: 1.7 million units and shrinking
- Affordable Housing programs: LIHTC, HOME, and state and local funding
 - Hard to count because of overlapping subsidies
 - LIHTC now substantially larger than public housing and adds 100,000 “new” units each year

Programs Most Relevant to Reducing Homelessness are Vouchers and LIHTC

- Vouchers are growing—and could easily be expanded further—while public housing and Section 8 are shrinking
- Many public housing and Section 8 units have been “designated” for use by elderly people, and not by younger individuals with disabilities
- LIHTC is growing and some units are set aside for people leaving homelessness and people with disabilities
- Devolution of key decisions about LIHTC to state governments creates opportunities for coordination with mental health and substance abuse services

Features of Mainstream Rental Subsidies Relevant to Homelessness

- “Housing gap” formula used for vouchers (and public housing and Section 8) reaches poor people
- Voucher administration is fragmented: 2400 housing authorities. Hard to coordinate with state-funded services programs
- About 10 percent of vouchers and 10 percent of public housing units are in “Moving to Work” demonstration that permits flat rents, stepped rents, flat subsidies.
- Families use vouchers move away from the most distressed urban neighborhoods

Using Mainstream Rental Subsidy Programs to Reduce Homelessness: program size and geography

- Assisted housing should grow substantially beyond current 5 million units
- An open enrollment program is unrealistic (because of cost) and not necessary for reducing homelessness
- Assisted housing should be allocated to locations with the highest rates of homelessness
 - New vouchers should be allocated based on severe rent burden, overcrowded housing
 - Vouchers poorly administered in large urban areas should stay there, find alternative administrator (such as the state)

Using Mainstream Rental Subsidy Programs to Reduce Homelessness: structure and size of the subsidy

- Housing gap formula for assisted housing should continue and 30 percent of area median income made the income limit
 - A program designed to encourage work and self-sufficiency should be separate from the mainstream voucher program
- Vouchers are more flexible and cost-effective than property-based subsidies, BUT:
 - Vouchering out other programs does not create savings to create more vouchers
- Current voucher subsidies may be higher than needed, BUT:
 - Subsidy should be large enough to prevent homelessness
 - Subsidy should be large enough to reduce concentrations of poverty

Using Mainstream Rental Subsidy Programs to Reduce Homelessness: targeting to households at greatest risk of homelessness

- Individual men under age 62 rarely use vouchers or other assisted housing
 - Younger people without disabilities are fully eligible for housing assistance, but lack referral and information networks that encourage applying for vouchers
 - HUD's "worst case needs" estimates show 34 percent are single, non-elderly people
 - Solution is an aggressive outreach campaign
- Explicit targeting to African American families is not needed
 - Assisted housing is heavily used by such families already
 - Targeting vouchers to large urban areas is consistent with reducing homelessness for this group

Forestalling Homelessness for Individuals and Families in Crisis

- Assisted housing preferences for homelessness
 - Problem of “magnet” effect
 - Less severe if voucher waiting lists short
- Shallow, temporary “diversion” subsidies will be needed, even if voucher program is larger
 - Uniform federal program is possible, but locally designed programs probably preferable
 - Program could be used for leaving shelters as well

Shortening and Ending Episodes of Homelessness

- Goal of ending chronic homelessness should continue
 - Regardless of services model, individuals with mental illness and substance abuse disorders can use scattered site housing
 - If voucher program does not grow substantially, McKinney-Vento Shelter Plus Care program should continue to grow
 - LIHTC rules should encourage set-asides for supportive housing in either case
- Shelters and transitional housing should aim for early subsidized transitions to permanent housing
- Subset of families unable to maintain permanent housing or stable households needs further study

Should the Residential System for Homeless People Disappear?

- For individuals, a residual system of emergency shelters may be cost effective
 - Very difficult to forestall all short-term episodes of homelessness
 - Shelter system is heavily non-governmental and faith-based
- Family shelter system moving away from congregate space to apartments hard to distinguish from transitional or permanent housing, but much more costly
 - May need some residual, low-cost system for very short term emergency stays for families