Federal Homeless Social Policies for the 1990s

Cushing N. Dolbeare

Consultant—Housing/Public Policy

Abstract

While numbers are important, a substantial part of the disagreement concerning the number of homeless people and their characteristics derives from differing definitions of homelessness. However, there is a consensus on basic needs to proceed with social policies that address homelessness, with the aim of ending it. Housing assistance is essential to ending homelessness and will need to be provided, at least in the short run, to all homeless and at-risk households to enable them to obtain decent housing. The attrition in the number of unsubsidized low-rent units and the loss of the single-room occupancy (SRO) stock have been major causes of homelessness in the 1980s. Permanent housing must be coupled with other services to address the additional, nonhousing problems of a substantial portion of homeless people. The federal plan to end homelessness offers promise of developing a viable, coherent set of programs and policies, particularly if mainstream programs are improved and made accessible to homeless people. But carrying out a meaningful plan to end homelessness will require both committed and sustained political leadership and substantial increases in funding.

Introduction

The basic premise of this paper is that the goal of homeless social policies should be, in the words of a forthcoming federal policy statement, to “end the tragedy of homelessness.” Nothing less is worthy of American society. The focus here is on federal policies both because they are critical in themselves and because they provide a framework for public and private activities at the state, local, and neighborhood levels.

While the articles prepared for this journal present a wide range of perspectives and viewpoints, there is also a substantial degree of consensus among them. Moreover, some differences are more apparent than real. To a degree, our knowledge of homelessness parallels the Indian parable of the blind men and the elephant. On the basis of an exploratory touch, the men argued as to whether the elephant resembled a leaf (the ear), a tree trunk (the leg), or a serpent (the trunk).

The author does not, for example, find any real contradiction between, on the one hand, an analysis that homelessness has
important structural causes and that society has, for centuries, looked down on and excluded tramps and other homeless people and, on the other hand, the conclusion that, in addition to housing, a substantial portion of homeless people need support services to enable them either to become self-sufficient or, if this is not possible, at least to live decently in a decent environment.

Furthermore, while there is still much to learn about the extent, causes, and cure of homelessness, there is sufficient knowledge and agreement to develop and carry out a range of social policies that, short of addressing the underlying causes of poverty and social dysfunction, can both provide housing for homeless people and reduce substantially the number of people who fall into homelessness.

In this connection, Kondratas’s article in this journal emphasizes the importance of using the most realistic estimates possible for policy development purposes and severely criticizes homeless advocates for launching a far higher estimate—three million—on the basis of data and a methodology that do not stand up under scrutiny. Checking the available record, Kondratas documents the basis on which this projection was developed and laments its widespread use by the media and others.

As a person who has devoted considerable time and energy to advocacy over the past four decades, I believe that advocates have the same responsibility for accuracy as do scholars. Indeed, because advocates urge action, their responsibility may be even greater, and they must be both careful and conservative in using or projecting numbers. Clearly, the “three million homeless” number does not conform to this standard. The number of people who are actually in shelters or on the streets at any given time is far lower. On the other hand, the number of “hidden homeless” and persons at imminent risk of homelessness is probably much higher than three million.

Although the three million number has become something of a mantra in many circles, its utility is questionable. It was the appearance of more and more homeless people on our streets—not the estimates of their absolute numbers—that motivated the array of public and private efforts to address the problem and built whatever political will exists for moving further.

Much of the debate over the number of homeless people is based on political concerns or expectations and is reminiscent of the controversies of an earlier era over defining housing needs. Many housing advocates have long believed that support for needed housing
programs can best be generated by a broad definition of need, on the assumption that people would be more likely to support substantial expansion of housing programs if they believed they would, one day, be able to benefit from these efforts. This emphasis led to inclusion (in the Housing Act of 1968) of the ten-year goal of constructing or rehabilitating 26 million housing units, 6 million of them for low-income people. Interestingly, the low-income goal was based on the number of seriously substandard occupied units rather than on affordability. Though production fell far short of that goal, the problems of substandard housing have now paled before the increasingly urgent problem of housing affordability. Moreover, the major expansion of federal low-income housing programs occurred during the 1970s under administrations that, after 1973, explicitly rejected the 1968 production goal. In fact, even the number of additional units subsidized by the Department of Housing and Urban Development (HUD) in the 1980s far exceeded the total number of units subsidized under all federal low-income housing programs from 1937 through 1970.

A parallel with housing policy discussions is concern about the political motivations of those who either use a tight definition of homelessness or reject the notion that people on the streets or in temporary shelter number in the millions. The fear here is that the use of lower numbers, and the emphasis on such problems as mental illness or substance abuse, is an effort to minimize the importance of homelessness rather than to adopt policies and programs to address it. Developing and carrying out effective social policies for dealing with homelessness requires that these fears be set aside.

The current signs of a new approach are positive. The present administration is now developing a “Federal Plan to Help End the Tragedy of Homelessness” based on a series of goals and objectives with which few would argue. Congress, within the constraints of the budget process, has shown a willingness to address homelessness as an issue. Perhaps more important are the conclusions reached by Lee and Link that most Americans view homeless people in a favorable light, that they have a generally accurate sense of who the homeless are, and that there is a widespread perception that homelessness has structural causes and is not primarily the result of individual inadequacies.

Rather than dispute either the numbers or the motivations behind the use of numbers, a more fruitful approach would be to discuss how to obtain the best possible numbers and, meanwhile, to proceed with those programs and policies that reflect the needs on which there is agreement. By any definition, homelessness means lack of
housing, or, if a broader concept is used that includes precariously housed persons, at least the existence of serious housing problems. Housing in some form must therefore be part of every solution. At the same time, housing—even permanent, subsidized housing—is clearly not the entire solution for the problems of a substantial portion of homeless people. More broadly, because homeless people are the poorest of the poor, a cure for poverty would cure involuntary homelessness. Indeed, the two are so linked that it is impossible to deal with the causes of homelessness without addressing the underlying issue of poverty.

Wright and Rubin put it well:

Is homelessness a housing problem? Of course. In this respect it is essential to distinguish between the rules of the game and the characteristics of those who happen to lose when they play the game. Asking if homelessness is a housing problem is rather like asking whether bad luck is why people lose their money in Las Vegas. It is obvious that bad luck or insufficient skill cause some people to lose; likewise, good luck and skill are why some win. But the laws of probability and the rules of the game ensure that someone must lose, and indeed that the losers must outnumber the winners. That there must be more losers than winners has nothing to do with luck or skill; it is the rule by which the game itself is played.

And so too with homelessness. Recent trends in the poverty rate, in the concentration of the poor in the central cities, and in the low-income housing supply have created an urban housing “game” that some are destined to lose. Who in fact loses given that some must lose is an entirely separate issue, and we should not be surprised in the least to learn that the “losers” in the housing game turn out to be the most disadvantaged and debilitated sectors of the poverty population: the mentally impaired, the physically disabled, the substance-abusive, the disaffiliated and the estranged.

Is homelessness just a housing problem? Certainly not. There is a long and disturbing list of contributing and complicating factors. Still, an inadequate supply of low-income housing provides the backdrop against which these many other factors unfold. With a large and growing urban poverty population, and an inadequate and shrinking supply of low-cost housing, the problem is destined to worsen and only more housing will make the difference.12

This paper addresses both structural causes of homelessness and, in the context of the goals of the emerging federal plan to end homelessness, major policies for the 1990s.
Characteristics of homeless people

As with the estimates of the overall number of homeless people, there is also more agreement on their characteristics than may be apparent in discussions over numbers and proportions. Wright and Rubin, for example, find three major “common threads” in the lives of most homeless people: extreme poverty, high rates of personal disabilities, and high levels of family estrangement.\(^{13}\)

Yet, it is misleading to speak, or think, of “the homeless” as if these words connote a homogeneous group. As Lindblom states:

> Homelessness is not like a pond with a single flow of people entering at one point and others somehow evaporating out, but is more like a stream with numerous tributaries, eddies, and outflows. While some people may become homeless for only short periods of time and then leave, never to return (and others may enter and stay for long periods), a large segment of the homeless population moves in and out of literal homelessness (and, perhaps, even in and out of near homelessness) for extended periods of time.\(^{14}\)

In the words of an Institute of Medicine report, homeless people are “a diverse and varied group in terms of age, ethnicity, family circumstances, and health problems. Moreover, the characteristics of the homeless population differ dramatically from one community to another.” The diversity is sufficient so that separate descriptions are given of individual adult men and women, families with children, youths, the elderly, and people in rural areas.\(^{15}\)

Kim Hopper puts it vividly:

> What was once the American version of a rogues’ gallery has become the staging ground for a new kind of poverty. And while it would be hazardous to take the map as too faithful a rendition of the territory, local studies suggest a good deal of variation regionally. The homeless population includes men, women and children. Some of them—adults and youth—live alone or in small groups; others, as members of families (real or fictive). In certain locales, geographical mobility is common; in others, most of the homeless hail from immediate surrounds. Transient encampments may spring up in some areas, reminiscent of the Hoovervilles of the thirties; in others, nomadism is the rule on the street. Today’s homeless are younger and more ethnically diverse than their counterparts in the 1950s and 1960s. If certain of their number were found early on to evince a pronounced degree of psychiatric disability or substance abuse, it also seems the case that others are distinguishable from the settled poor chiefly by the fact of their displacement. The only common denominator they share is that they all lack permanent quarters and have been forced to rely on
emergency public relief or private charity—or have learned to exploit
the waste resources in the interstices of social space—in order to
survive. 16

Hopper then identifies a number of subpopulations: single-parent
households, families with a recently employed head of household,
single men, single women, psychiatrically disabled individuals, ex-
offenders, homeless youth, displaced elderly, victims of domestic vio-
ience, and legal and undocumented immigrants.

This picture of diversity contrasts sharply with—and provides
needed texture for—the statistical categories also used in studies of
homelessness. It should not be forgotten as this paper briefly limns
some major findings.

The Urban Institute, in a 1987 study of users of shelters and soup
kitchens in cities of over 100,000, found that 77 percent of all home-
less persons in its sample were single, 15 percent were children, and
8 percent were adults in families with children. Counting single per-
sons and parent-child families as households, single persons consti-
tuted 90 percent of the households sampled. Four-fifths of the
family households in the sample were maintained by women. Of the
homeless adults, 81 percent were men, 54 percent were nonwhite,
and 51 percent were between 31 and 50 years old. More than three-
quarters (79 percent) had been homeless for over three months; one-
fifth (19 percent) had been homeless for over two years. Almost half
(48 percent) had not graduated from high school. Nine-tenths (90
percent) had not had a steady job within three months; one-third
had not had one for over four years. Despite this fact, one-quarter
had received income from working, a far higher level than received
government income-support benefits. Only 5 percent had income
from Aid to Families with Dependent Children (AFDC), only 12 per-
cent from General Assistance, only 4 percent from Supplemental
Security Income (SSI), and only 18 percent received food stamps.
Only 25 percent ate more than twice daily; 36 percent went one day
or more per week with nothing to eat; 17 percent had nothing to eat
for two days a week. 17

Rossi’s review of studies of homeless people appears generally to
confirm these observations. His averages show, for example, that 79
percent of the homeless were men; that median age was 36; that 46
percent were black, 12 percent Hispanic, and 5 percent Native
American. 18
Family homelessness

While Rossi has found that women and children are far more likely to be found among the precariously housed than among the literally homeless, there are reports that family homelessness is not only a serious problem, but that it is increasing rapidly. HUD’s 1988 shelter survey found, for example, that 40 percent of the sheltered homeless were family members, almost double the 21 percent reported in 1984.19

A 1989 survey by the National Coalition for the Homeless found that families with children constituted approximately 35 percent of the homeless in 11 of the 25 cities surveyed.20 The U.S. Conference of Mayors does an annual survey of a group of cities whose mayors are members of a task force on hunger and homelessness. The mayors’ survey found that officials in 13 of the 28 cities reporting for 1990 estimated that 35 percent or more of the homeless were family members. Only seven cities reported percentages of family members below the 23 percent found by Burt and Cohen in their 1987 survey.21

Extreme poverty

Not only are homeless people extremely poor, but Rossi has gone so far as to argue that homelessness itself should be viewed as “the most aggravated state of a more prevalent problem, extreme poverty.” He continues:

The extremely poor constitute the pool from which the homeless are drawn; they are at high risk of becoming homeless and from time to time find themselves in that condition. Some become homeless for long periods, although fortunately they constitute only a small proportion of the extremely poor. Most are homeless for a few months at a stretch, but many have had several episodes of homelessness over the years.

This is not to make homelessness trivial. There can be no doubt that literal homelessness, as I have come to call no home to go to, is a condition of extreme deprivation; but it is only a step away from being precariously housed—having a tenuous hold on housing of the lowest quality. Like the literally homeless, those with precarious homes are extremely poor. It is the major thesis of this book that extreme poverty is at the root of both literal homelessness and being precariously housed.22
Lindblom postulates that determining the differences between the extremely poor who do become homeless and those who do not will aid in preventing homelessness. He identifies two characteristics that the extremely poor share with homeless people—poor education and weak work experience—and a series of other characteristics that are likely to lead to homelessness as well as extreme poverty, with prior homelessness the most significant.23

Many homeless people have little or no income. Burt and Cohen found in their 1987 survey of people using soup kitchens and shelters that homeless persons interviewed had an average income of $137 in the preceding 30 days, but 17 percent reported no cash income at all.24

Rossi’s review of a series of homeless studies done between 1980 and 1988 found that the median monthly income reported was about $94.25 Wright and others report that average income, among homeless people who have any, is somewhere between 25 percent and 40 percent of the poverty line.26

**High rates of personal disabilities**

Wright and Rubin, citing Rossi, state that about one-third of the homeless are mentally disabled; about one-tenth are physically disabled; about half are substance abusive; and two-thirds to three-quarters of homeless people have one or more of these disabling conditions.27

Burt and Cohen have reported that 56 percent of the homeless in their 1987 sample had at least one health problem; 26 percent had two or more problems. One-third had been patients in a detoxification or alcohol/drug treatment center. Almost half (49 percent) needed immediate treatment for psychological distress; 19 percent had attempted suicide.

The Institute of Medicine report identifies three types of interactions between health and homelessness: (1) health problems that may cause homelessness, such as serious mental illness or AIDS; (2) those that result from being homeless, such as diseases of the extremities, skin disorders, or traumas; and (3) homelessness as a complicating factor in health care.28 A major, and apparently growing, health problem of homeless people is AIDS. The episodic nature of HIV-related illness often leads to loss of both jobs and housing. Homelessness then further complicates the lives of people who are HIV-positive.29
Baumohl and Huebner, reviewing studies of alcohol and other drug problems among homeless people, conclude that 50 to 55 percent of them have such problems. Moreover, those with drug and alcohol problems are in poorer health than other homeless people, are victimized more frequently, and are arrested more often. Nevertheless, the authors emphasize, these problems do not cause homelessness.30

The deinstitutionalization of mentally ill persons has been widely seen as a major cause of homelessness. On the other hand, as Wright and Rubin point out, deinstitutionalization began in the 1950s and had been largely completed by the mid-1970s.31 However, Lindblom’s review of several studies found (1) that a significant number of patients in mental institutions, particularly state mental hospitals, were or had been homeless and (2) that a significant portion of discharged patients become homeless. Moreover, although those who become homeless are primarily those with prior experience of homelessness, most of them had their first episode of homelessness after their first hospitalization.32

Less is known about the incidence of homelessness among those discharged from other health institutions, such as inpatient detoxification, substance dependency, or physical health treatment facilities.

High levels of family estrangement

Wright and Rubin assert that “homeless people routinely exhibit high levels of family estrangement,” that few have ever been married, and that family contact is minimal to nonexistent.33

Hopper, on the other hand, poses an alternative hypothesis: that bouts of homelessness are increasingly common among the marginally situated and that homelessness is “a contingent state defined against a shifting background of an array of conditional shelter arrangements (time-limited caretaking, doubling up with friends or family, seasonal employment with on-premises housing, etc.).” Like unemployment, it hits the most vulnerable, but, also like unemployment, it has expanded its reach in recent years. Hopper continues:

The approach taken here sees the reservoir of material aid distributed throughout one’s social network less as a capital asset than as a strategic good to be deployed in what may be complex and carefully calibrated ways....How such reserves are traded upon is a function of rules of relationship and reciprocity. Turning to such resources is not without its costs; nor can their availability be taken for
granted. Decisions about their use over time must weigh considerations well beyond the surmise of casual inquiry. Thus, what strikes an observer as a depleted “social margin” or an immediate “lack” of housing may instead reflect a decision to reserve a privileged resource for later use.34

The structural causes of homelessness

Burt’s pioneering and exploratory work in attempting, without satisfactory data for the most part, to identify the causes of rising homelessness during the 1980s provides at least a working conceptual model of the structural causes of homelessness: the interplay between the availability and cost of housing and income, as affected by unemployment and the job market structure, social-benefits policies, and other social trends.35

Housing: affordability, supply, and policy

Because homeless people are predominantly very poor, the role of housing affordability is clearly critical. Moreover, because people with incomes at half the poverty level or below generally cannot even pay the cost of utilities, taxes, and maintenance,36 overall housing production and market trends are of questionable relevance. Discussion of supply issues should therefore focus on the supply and types of housing needed by homeless and extremely poor people.

Two major factors are at play here: changes in the private, low-rent housing market, often encouraged and abetted by public policies and actions, and the role of subsidized low-income housing. This analysis focuses on changes in the rental housing stock. Although some homeless people are former owners who have lost their homes, the vast majority are former renters, and the housing they obtain will almost certainly be rental housing.37

Private market changes—the growing housing gap

Most low-income renters and most low-rent units except for those with total costs (rent and utilities) below $200 monthly are in the private, unsubsidized housing stock.38 Moreover, since 1970, the growing squeeze of housing costs on low-income renters has been caused primarily by loss of this privately owned, unsubsidized
stock, along with the failure to offset the loss with housing subsidies.

The “housing gap,” or difference between the number of very low-income households and the units they can afford at 30 percent of income, is a simplistic way to measure crude low-income housing need. This analysis compares renter households in the bottom income quartile and occupied units renting at or below 30 percent of the 25th percentile income for which some cash rent is paid (hereafter referred to as bottom-quartile households and bottom-quartile units, respectively). Figure 1 and Table 1 compare the change in bottom-quartile households and units between 1970 and 1991. The analysis ignores other fundamental questions, such as size, location, quality, availability, and affordability for households with incomes significantly below the 25th percentile.

From a situation of rough balance between the number of bottom-quartile households and units in 1970, the analysis shows a gap of 3.0 million units by 1980 and 5.1 million by 1989. Note, however,
Table 1. Rental Housing Gap, 1970-1991

Comparison between income level of bottom quartile of renter households (excluding no cash rent) and occupied units renting at 30 percent of upper limit (also excluding no cash rent)

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Households in bottom quartile

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Units at 30 percent of upper limit

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Crisis index

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Units occupied by households in bottom quartile

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Occupancy crisis index

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<td>$10,030</td>
<td>$8,511</td>
<td>$7,976</td>
<td>$7,558</td>
<td>$7,350</td>
</tr>
<tr>
<td></td>
<td>$268</td>
<td>$251</td>
<td>$231</td>
<td>$199</td>
<td>$189</td>
<td>$184</td>
</tr>
</tbody>
</table>

Source: Estimated by Cushing N. Dolbeare, for Low-Income Housing Information Service, based on data from 1970 Census of Housing (Metropolitan Housing Characteristics and relevant Annual/American Housing Surveys).  

1 1991 figures are projected on basis of 1985-89 trends.  
2 In constant 1991 dollars.  
3 Rent and utilities in constant 1991 dollars.  
4 On figure 1, to avoid a misleading visual effect, an estimate of 620,000 subsidized units is used, the same percentage of occupied units as in 1975.  
5 The “Crisis Index” is the number of households divided by the number of units. The higher the index number, the more severe the rental housing crisis.
that the gap between households and bottom-quartile units they actually occupied—the “occupancy gap”—stood at 3.3 million in 1970, 4.9 million in 1980, and 5.7 million in 1989.

Three points are striking: the rise in the number of very poor renter households, the rise in the number of subsidized housing units, and the dramatic drop in unsubsidized, low-cost units. The housing gap of 5.3 million affordable units is accounted for by an additional 2.5 million bottom-quartile renter households and a reduction of 3.0 million bottom-quartile units. In part, this is because of a steady decline in renter incomes, measured in constant 1991 dollars. The income ceiling for the bottom quartile dropped from $10,730 in 1970 to $7,350 in 1991, reducing the amount affordable for rent and utilities at 30 percent of income from $268 monthly to $184 monthly. Finally, subsidized housing, which accounted for less than one-quarter of the affordable units in 1970, now accounts for more than three-quarters. 41

This overall analysis provides a context for two housing trends with significant impact on homelessness: (1) gentrification and displacement and (2) the loss of a substantial portion of the SRO housing stock. These trends have been well described in the articles by Wright and Rubin and by Lindblom. 42 Federal policies and funds, primarily through the community development block grant and urban development action grant programs, have encouraged and often helped finance both of these trends. 43

Subsidized housing

The entire incomes of most homeless people are below the rents of unsubsidized, standard units in almost all parts of the country. The median state metropolitan fair-market rent for an efficiency unit in 1991 is $350 per month, or $4,200 per year. In 1989, the fair-market rent for a two-bedroom unit was more than the entire maximum AFDC allowance (not just the shelter portion) for a three-person household in 42 states. 44 Indeed, as will be shown below, fair-market rents (FMRs) are well beyond the reach of a substantial portion of renter households with only a single wage earner.

The coincidence of the visible rise in homelessness with major cuts in the rate of expansion of federal subsidized housing programs has led to the widespread belief that these cuts are a major cause of homelessness. They may well be a cause of family homelessness, but their impact on homelessness in the early 1980s was relatively
minor for two reasons. First, single individuals, the vast majority of homeless people until the rise of family homelessness in the mid-1980s were generally ineligible for subsidized housing unless they were elderly or disabled. Second, while the 871,448 additional HUD-subsidized housing units provided during the 1981 to 1985 period were 271,021 units less than the 1,142,469 units provided between 1976 and 1980, the impact of the budget cuts was not dramatic until after 1985, well after homelessness became an acute problem. The number of additional units provided between 1986 and 1990 fell by almost half, to 446,464.

But if cuts in federal housing programs were not directly responsible for homelessness, the failure to provide housing assistance to offset the loss of unsubsidized low-rent housing certainly was. The point is not that subsidized housing was cut. Rather, it is that federal housing assistance has never been adequate in scale to meet low-income housing needs and that it should be available to all who require it to obtain decent, affordable housing.

Nelson has analyzed American Housing Survey data to determine the needs of renter households with incomes below 50 percent of median as defined by HUD. In 1987, there were an estimated 13.4 million very low-income renter households. Of these, 5.2 million, or 39 percent, had “priority problems.” That is, they were either paying more than half their incomes for shelter or living in “seriously inadequate” housing, or both. Another 3.1 million, or 23 percent, either paid between 30 percent and 50 percent of their incomes for shelter or were in “moderately substandard” housing, or both. One-quarter, or 3.3 million, lived in assisted housing. Only 13 percent, or 1.8 million, were in relatively decent, affordable, unsubsidized housing.

Nelson also analyzed changes in housing conditions among very low-income renters between 1974 and 1987. The analysis excluded single, nonelderly renters. During this period, the proportion with priority problems fluctuated between 34 percent in 1974 and 40 percent in 1985 and stood at 38 percent in 1987. However, the proportion with other (i.e., noncritical) housing problems dropped from 30 percent to 22 percent, while the proportion living in subsidized housing rose from 18 percent to 30 percent. Finally, among households with priority problems, the proportion in severely inadequate housing dropped from 33 percent in 1974 to 7 percent in 1987, while the proportion paying more than 50 percent of income for shelter in otherwise adequate housing rose from 57 percent in 1974 to 78 percent in 1987.
Clearly, the major housing problem facing very low-income renters is the gap between the cost of housing and the amount they can afford.

Unlike many other federal “safety net” programs, housing assistance is not available to low-income people on the basis of need. Instead, the FY 1992 HUD budget request calls for a total of 91,423 additional low-income housing units, primarily through rental assistance programs. The request, if approved by Congress, would provide housing assistance for fewer than 2 percent of households who are homeless or have critical housing needs. Even so, the number of additional units requested is higher than that provided in any year since 1981.51

An entitlement to a housing voucher or certificate on the basis of need would make existing housing affordable for homeless and very low-income renters. Moreover, it would make other housing programs far more viable: Housing at fair-market rents would be affordable, not beyond the reach of most very low-income renter households.52 Enabling very low-income people to pay fair-market rents would not only open up the existing stock of adequate housing, it would also greatly ease the rehabilitation of substandard housing and make it possible to use such subsidies as the Low Income Housing Tax Credit without additional subsidies from other sources to meet targeting requirements.

The design of an entitlement program involves a series of considerations that affect cost levels; these considerations include eligibility, subsidy level, cost and quality standards, and the extent to which supply problems would need to be addressed by complementary programs. These considerations could either increase or reduce the cost of a program. For example, vouchers currently cover the difference between 30 percent of income and FMRs. The excess shelter deduction in the food stamp program, however, applies only to shelter expenditures above 50 percent of income. An entitlement based on the 50 percent level would clearly be far less costly than one covering the gap between 30 percent of income and FMRs.

The cost of an entitlement to housing assistance, along with the complementary programs required to make it work, could well double present federal spending for low-income housing. Outlays for all low-income housing assistance are estimated by the Office of Management and Budget (OMB) at $19.9 billion for FY 1992.53 To illustrate the order of magnitude involved, at currently anticipated subsidy levels, it would cost $30.1 billion annually to provide housing vouchers to the 5.1 million very low-income households with
priority problems. This figure is based on HUD’s estimate of the average cost of a housing voucher in FY 1992 ($5,831)\textsuperscript{54} and assumes 100 percent participation of all such households in the program. If only half the households participated (the operating assumption used by HUD for such estimates), the cost would, of course, fall to $15 billion.\textsuperscript{55} The Congressional Budget Office several years ago developed several options for a housing entitlement program, three of which, by reducing eligibility levels and increasing tenant contributions, involved no increase in outlay levels.\textsuperscript{56}

The cost of expanding the current voucher program to all eligible households can be put in perspective by comparing it with the cost of an existing entitlement to housing assistance: the provisions of the Internal Revenue Code that permit homeowners to deduct their mortgage interest and property taxes and to exclude or defer capital gains taxes on home sales. These costs are estimated by OMB at $69.4 billion in FY 1992. Moreover, an estimated 70 percent of the benefits of these deductions go to owners in the top fifth of the income distribution, placing the federal government in the ironic position of “spending” more on these benefits than the cost of providing decent, affordable housing for very low-income people.\textsuperscript{57}

Other structural factors: employment and income support

In the short run, at least conceptually, housing assistance can cover the gap between housing costs and ability to pay. But a sounder, long-run strategy is to increase incomes. The housing gaps set forth in Table 1, for example, would have been far smaller if real incomes of the poorest renters had risen, instead of fallen, by 30 percent since 1970.\textsuperscript{58}

Rather than attempting to be exhaustive, this paper focuses on the two primary sources of income for homeless people: work and income support programs.

Employment and labor market needs and trends

Despite the extreme poverty and the persistent unemployment or irregular employment patterns of homeless people, work is a major source of income for them.\textsuperscript{59} Although their earnings are not high, their other sources of income are even lower.
But even full-time work all too often does not provide sufficient earnings to afford housing. While precise information is not available from published American Housing Survey data, the difference in household composition between renters and owners is striking, as shown in Figure 2. Married couples constituted 68 percent of all owner households, but only 33 percent of renter households. Even more significant, only 19 percent of renter households with incomes below $15,000 were married couples, compared with 39 percent of owner households in this income group. It would seem unlikely that any significant portion of low-income male or female householders would have more than one steady earner in the household.60

Recent growth in jobs has been concentrated in the service sector, and this trend seems unlikely to change. Since 1972, service-sector jobs have increased dramatically, accounting for most of the growth in employment. Moreover, the Bureau of Labor Statistics projects that 69 percent of new jobs that will become available between 1988

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**Figure 2. Household Composition by Income and Tenure, 1987**

![Graph showing household composition by income and tenure, 1987.]
and 2000 will be in retail trade and services. The increase in service-related employment between 1988 and 2000 is projected to be slightly greater than total manufacturing employment in 1988.61

This shift in employment patterns has influenced overall wage levels, which have declined by 17 percent since 1970.62 For many workers, average earnings do not generate enough income to rent, let alone buy. In March 1991, median weekly earnings in retail trade were too low to pay the 1991 FMR for a two-bedroom apartment in all 50 states; too low in services in 44 states; too low in all private nonagricultural employment in 34 states; too low in finance, insurance, and real estate in 27 states; and even too low in manufacturing in 15 states.63

By and large, service jobs pay less than manufacturing jobs. In February 1991, average gross weekly earnings in manufacturing jobs were $439.39, while in services they were only $329.83. The manufacturing average would support a housing cost of $571 at 30 percent of income, while the service job would support a housing cost of $429. These averages, however, mask a large number of low-paying manufacturing and service jobs. For example, the average earnings in retail trade were only $194.17—enough to support a housing cost of only $252.64

Until the minimum wage was increased from $3.35 to $3.80 in early 1990, there was no state in which two people working full time at the minimum wage would have earned enough to afford the average rent for a two-bedroom unit. Now, even with the recent increase to $4.25, there are 40 states where two full-time, minimum-wage workers do not earn enough to be able to afford the average FMR for a two-bedroom apartment.65 On the other hand, it would appear that most households with two earners are able to pay FMRs with relatively little difficulty. The median state FMR for a two-bedroom unit, $510, was only 13 percent of the median earnings of all families with two or more earners.66

Declining public assistance

Americans who depend on income support programs have seen the value of their benefits shrink over the past two decades. Eligibility has also been tightened.

The average value of AFDC benefits dropped by 39 percent, from $705 to $432 in inflation-adjusted dollars, between 1970 and 1989.67 In January 1990, only 5 of the 25 largest metropolitan areas in the
nation had average FMRs for two-bedroom units that were lower than the entire amount of the maximum AFDC grant for a three-person household. In other words, in 20 of the largest metropolitan areas, a family could spend its entire grant on housing and still not be able to cover the costs of an apartment.\textsuperscript{68}

In 1988, the most recent year for which data are available, 62 percent of the 3.7 million families receiving AFDC nationwide lived in private, unsubsidized housing. Because of their inability to afford housing on the private market, these 2.3 million families on AFDC are at considerable risk of homelessness if they lose their current housing. A recent study of homeless families in Chicago found that 19 percent of them had become homeless because their welfare checks had come late or had gotten lost in the mail.\textsuperscript{69}

Many single homeless people are eligible for or receive SSI. While SSI benefit levels are generally higher than AFDC, they are still inadequate to support the high costs of housing in most areas. In 12 of the 25 largest metropolitan areas, the FMR for a one-bedroom unit exceeded the entire SSI grant for a single person.

People who are already straining to pay their housing costs are the most vulnerable to homelessness. Missing rent or mortgage payments because of an emergency can be the trigger. For those without health insurance, an accident or serious illness may cause homelessness.

Similarly, losing a job can be the catalyst for a foreclosure or an eviction. Moreover, the proportion of unemployed workers receiving benefits has declined. In 1975, more than three-quarters of those out of work received unemployment benefits. Currently, barely one-third of those who are laid off will receive unemployment compensation, with benefit levels averaging about $140 weekly—not enough to keep up rent or mortgage payments.\textsuperscript{70}

Policies for the nineties

As homelessness has increased, there has been a range of responses, from volunteer efforts, advocacy, and litigation on the one hand to federal legislation and programs on the other. Instead of coherent \textit{policies} to address homelessness, there are a tangle of public and private programs and efforts and an array of funding sources and requirements that make comprehensive, coordinated action difficult. There are presently 36 separate federal programs specifically addressing homelessness, 20 of them under the
McKinney Act: 12 are in the Department of Health and Human Services (HHS), 6 in HUD, 4 in the Department of Education, 3 each in the Departments of Agriculture, Defense, and Veterans Affairs, 2 in the Labor Department, and 1 each in the Federal Emergency Management Agency (FEMA), the General Services Administration (GSA), and the Department of Transportation.\textsuperscript{71}

There is also diversity in program type and approach. Some are block grants, such as the FEMA and HUD emergency shelter programs and HHS mental health services for the homeless block grant. Some are categorical grants to public or nonprofit entities, such as HUD’s SRO rehabilitation program (currently proposed for termination in the administration’s budget) and its newly enacted Shelter Plus Care programs. Some, such as surplus property and food programs, provide federal in-kind assistance. Many are demonstration efforts, such as the HHS mental health and substance abuse programs described elsewhere in this journal.\textsuperscript{72}

Offsetting this fragmentation to a considerable extent are the commitment, compassion, and creativity of the growing number of people who have dedicated their lives—or significant portions of them—to attempting to end homelessness.

The framework intended to give coherence to the array of public and private efforts to deal with homelessness has been the Comprehensive Homeless Assistance Plan (CHAP), a prerequisite for funds under the HUD homeless programs. CHAP is now being replaced by a broader Comprehensive Housing Affordability Strategy (CHAS) intended to link homeless programs with broader efforts to address housing needs. The burden, however, is on state and local governments to analyze their needs and develop their strategies. This situation has both the advantage of permitting flexibility and experimentation and the disadvantage of making it difficult to establish and implement coherent federal policies. This difficulty applies not only to programs targeted to homelessness but to many of the mainstream programs that are essential to meeting the needs of homeless people.

\textit{The federal plan to end homelessness}

A major attempt to fit federal efforts into a comprehensive policy rubric is now underway through the Interagency Council on the Homeless: the development of a federal plan to end homelessness, with HUD as the lead agency. The dual goal of the plan is (1) to help homeless people obtain permanent housing and become as
self-sufficient as possible and (2) to prevent additional homelessness. Major emphasis is on permanent housing and support services as long as needed, instead of emergency shelters and services.

The plan is to be based on the following premises:

- The homeless population comprises distinct subgroups, each with varying needs.

- To move a family or individual out of homelessness, or to prevent an at-risk family or person from becoming homeless, the varying needs of the family or individual must be addressed in a comprehensive manner that links housing with necessary supportive services.

- Better coordination of federal, state, local, and private efforts and resources is essential to addressing such needs comprehensively.

- Homeless families and individuals often need help in finding and obtaining the assistance that will enable them to improve their circumstances.

- Decent, affordable, and permanent housing, coupled with appropriate support services when necessary, must be available when homeless people are ready to move to such housing.73

The plan’s objectives deal with both process and substance. The process objectives are (1) to define needs of homeless subgroups and identify the differing responses required to enable people in each subgroup to move out of homelessness; (2) to improve coordination among federal, state, local, private, and voluntary homelessness efforts, primarily through comprehensive federal, state, and local strategies that go beyond emergency measures and include longer term mechanisms designed to address the underlying causes of homelessness; and (3) to increase knowledge of how best to address homelessness, through increased data collection, research, and program evaluation and improved understanding of the needs of homeless families and individuals.

The substantive objectives are as follows:

- To increase the participation of homeless families and individuals in mainstream programs that provide income support, social services, health care, education, employment, and housing and to monitor and evaluate these programs’ impact on homelessness.
• To improve the efficiency and effectiveness of homelessness-targeted programs in addressing the multiple, diverse needs of homeless persons.

• To increase the availability of support services in combination with appropriate housing.

• To improve access to decent, affordable, and permanent housing for homeless families and individuals.

• To develop strategies for preventing homelessness by improving methods for identifying families and individuals clearly at risk of imminent homelessness, changing current policies that may contribute to homelessness, and proposing other initiatives to help prevent these persons from becoming homeless.74

Mainstream programs

The basic difference between homeless people and others is that homeless people have no place to live. This fact is so catastrophic that it overshadows and intensifies other basic needs. For many, homelessness could have been avoided if help had come in time. The basic needs of most homeless people are addressed by a series of mainstream programs: housing, income support, social services, health care, education, and employment.

A twofold approach is required. First, the programs must be adequate and effective. Second, they must be available to and used by homeless people. This requires a combination of accessibility, effective outreach, and energetic follow-up.

The inadequacies of housing and income support programs have already been described. The inadequacies of our education system have been much in the headlines of late, as have the administration's proposals to address them. Still lacking are policies and programs to ensure that those who can work find jobs that pay enough to support themselves and their families (or ways, such as the Earned Income Tax Credit, to supplement their income); to provide income support sufficient to live decently for those who cannot work; to give access to decent health care without spending an ever-growing portion of the gross national product on health services; and to provide social services, including treatment for substance abuse and mental health problems, to those who need them. A set of social policies aimed at achieving these goals is long overdue.
Many mainstream programs will need to be modified or supplemented to be useful to homeless people. For example, homeless children not only need stable housing as soon as possible, but they frequently require transportation to keep from being shunted from school to school. Special measures may be needed to enable homeless people, who often lack identification documents and cannot meet many residency requirements, to use mainstream programs. The point is not to create a laundry list of actions that need to be taken, but rather to evaluate mainstream programs with the special, urgent needs of the homeless in mind.

Finally, policies are needed to ensure that federal funds administered by state and local governments reflect the federal priority and concern for meeting the needs of homeless and extremely poor people. State and local governments are involved in administering such mainstream programs as AFDC, Medicaid, and employment and training programs, and they have primary responsibility for education.

In the eagerness to make federal programs be responsive to the wide variety of state and local situations, no one should lose sight of the basic goals these programs are intended to address. Such measures as requiring an adequate minimum AFDC benefit (sufficient to cover needs) should be adopted. Similarly, the problems of inadequate benefit levels and lack of access to SSI should be cured and, for homeless individuals who do not qualify for SSI, General Assistance (now a state or local function) should be provided.

**Improving homeless-targeted programs**

Despite the number and variety of homeless-targeted programs, in sum they are inadequate to meet the acknowledged needs of the homeless—or even to provide funds to all qualified applicants—and there are presently no mechanisms for transforming successful small-scale efforts and demonstrations into more comprehensive approaches. More responsive mainstream programs would make it easier to target homeless programs on long-term and chronically or repeatedly homeless people. It is also critical to link homeless-targeted programs with mainstream programs and to find ways to tap their resources.

A second major need is to expand these programs: to adopt the principle that funding should be adequate to support the approaches that demonstrably work to meet acknowledged needs. This elliptical
phrasing is used to make the point that, as long as current programs (other than emergency food and shelter) serve only a fraction of long-term homeless people, it seems silly to worry about whether the number of such people is 300,000 or 600,000 or more. Instead, programs should try serving those known to be eligible and then be expanded to address further needs until they are met.

Third, to make better use of mainstream programs and state resources, other agencies should follow the Department of Education’s lead and fund state advocates for the homeless (now known as “coordinators”) to mesh their programs with the needs of homeless people.

The CHAS process described earlier can also be significant in improving homeless-targeted programs. The process requires reporting on and evaluating performance, as well as planning. Furthermore, unlike CHAP, CHAS has strong requirements for consultation with service providers, as well as for citizen participation and public hearings. While these requirements are limited to HUD-funded housing and homeless programs, there is no bar to including other homeless programs at the state or local levels, and there is every reason to expect that competent planners will endeavor to do just that.

**Combining housing and social services**

Over the past four decades, there have been a series of efforts to find ways to combine housing and social services. The need to do so, for those who need services and are inadequately or precariously housed, was recognized long before homelessness became an acute problem.

In large part, the barriers have been conceptual and institutional. The agencies handling service programs, at all governmental levels, typically have little contact with housing agencies and very little knowledge of either the skills required to manage or develop housing or the complexities of financing these efforts. The obverse is true of housing agencies.

There has also been a conceptual disagreement about whether housing should be developed with on-site services, such as transitional housing from which people “graduate” as they are able (or as they are forced out to meet arbitrary limits on length of stay), or whether the services and the housing should be based in the neighborhood or community. This should not be viewed as an either/or question. The
framework of federal programs allows flexibility on this score and enables service providers, within the constraints of available resources, to choose the model that best fits the needs of the people they aim to serve.

Dennis, Levine, and Osher, in their paper for this journal, note the conclusion reached by most studies that the vast majority of homeless persons can be cared for in community-based programs. However, they also conclude that “once homeless persons are medically and psychiatrically stabilized, those among them who have severe and disabling health or mental health problems, such as AIDS or severe mental illness, will require (1) comprehensive systems of care, (2) a wide range of housing options, and (3) intensive and long-term follow-up and support.”

The Shelter Plus Care program, proposed by the administration in 1990 and contained in the National Affordable Housing Act, embodies a simple conceptual approach: provide the housing money and require that it be matched by an equivalent amount for services and leave it to the housing provider to identify the services to be provided and the source of service funds (which may be from almost any non-HUD source, including other federal funds). That is the good news. The bad news is that HUD’s FY 1992 budget request proposes funding for only 7,743 units, and Congress appears unlikely to fund even that meager level.

The program provides a framework for moving ahead. It will need to be expanded as capacity to implement it increases. Two critical areas will need to be monitored: (1) the adequacy of funding for the services, in the face of probable substantial cuts in state and local programs and constraints that limit the expansion of federal funding, and (2) determining whether 50/50, the current requirement, is the right housing/services balance. Housing needs are relatively stable and easy to identify; service needs are much more variable. The balance between housing and service funding may well need to be revised to reflect this variation.

A second link between housing and services is contained in the self-sufficiency provisions of the National Affordable Housing Act. These require that some recipients of housing assistance enroll in and complete programs to enable them to become economically self-sufficient. While the goal is laudable, the income levels required for housing self-sufficiency are, as already noted, substantially higher than wages of entry-level jobs. Requiring participants in the program to become self-sufficient within five years or lose their housing assistance may well generate additional homelessness.
Improving access to permanent housing

As described above, rental assistance is an essential element of any effort to deal comprehensively with the housing problems of homeless and extremely poor people. Rental assistance can provide access to permanent housing, just as Medicaid can provide access to health care. And, just as in the case of health care, Medicaid alone does not guarantee that adequate health care will be available, and rental assistance will not ensure the availability of an adequate stock of housing at reasonable fair-market rent levels.

One major unmet housing need is clearly to replace the stock of SRO and equivalent units that has been lost in the last several decades. A second need is for housing linked with on-site services (which can be supplied through acquisition, rehabilitation, or, in some instances, production). Finally, although there are high vacancy rates in many communities, much of the less expensive housing needs rehabilitation to bring it up to basic quality standards.

The HOME program, enacted as part of the National Affordable Housing Act in 1990, is intended as the major vehicle for expanding and improving the lower income housing supply in the 1990s. Funds will be distributed by formula to states and large local governments to help them carry out Comprehensive Housing Affordability Strategies (CHAS) to meet their housing needs. However, measured against the housing needs of homeless and extremely poor people, the program is not well targeted, permitting assistance for households with incomes up to 80 percent of median (almost three-fifths of all renter households).

State and local governments are required to address homelessness in preparing their CHAS, but there is no requirement, in the CHAS or elsewhere in HOME, that the needs of homeless people or those with critical housing problems be given priority for assistance. Indeed, the National Affordable Housing Act substantially relaxed present targeting requirements for the public housing and project-based rental assistance programs.

To the extent permitted by law, federal policy should require housing programs to give priority to homeless people, those imminently at risk of homelessness, and those with critical housing problems. It would not, for example, be consistent with the act if HUD required state and local governments to use their HOME funds solely to meet priority housing needs. On the other hand, it would not be inconsistent to require communities to make the kinds of analyses that
would identify the extent of these problems and then to justify publicly the amount and rationale for expenditures that benefit people with lesser needs.

*Preventing homelessness*

Axiomatically, it is better to prevent homelessness than to let it happen and then try to cure it. Policies to prevent homelessness require both improvement in mainstream programs and use of programs intended to address homelessness. Recent changes in the McKinney Act permit more emphasis on prevention in McKinney-funded programs. The challenge will be to work out policies that address the structural causes of homelessness so that these special McKinney funds and similar efforts can be directed to particular high-risk situations.

Mainstream programs are clearly the vehicle for addressing factors such as Burt postulates in her model: (1) the overall cost and availability of housing and (2) household income, which she sees as “influenced by social policy as it pertains to public benefit programs and to the treatment of people with disabilities; by the structure of the job market in a local area, wages, and local unemployment; and by household resources.” Household resources, in turn, include such factors as the number of workers, human capital (education, work experience, and physical and mental health), social capital (family and friendship resources, supportive neighborhood and other networks), physical capital (whether dwelling is rented or owned), and financial capital (savings, pension rights, and participation in public benefit programs).78

Burt’s analysis of available data suggests that the growth of homelessness may have rather different causes under different urban conditions. Although unemployment rates and the proportion of one-person households appear to be important factors under any conditions, she finds that general economic depression appears to be a major cause in low-growth areas, while, in high-growth cities, “the well-being of the majority of people puts pressure on those who cannot or do not participate in the growth economy.” Thus, she concludes that homelessness might best be prevented by policies “directed toward protecting the poor and near-poor from the effects of both generally depressed economies and economic squeeze.” These policies include improved unemployment benefits and coverage, general assistance benefits to single employables, and improved assistance levels to match the cost of living.79
Lindblom, on the other hand, focuses specifically on interventions aimed at preventing homelessness among high-risk populations, in part based on the comparison of salient characteristics of homeless and other extremely poor people. In addition to the personal disabilities discussed above, he identifies several other subgroups as especially vulnerable to homelessness: those released from prisons or jails, veterans, people who have been in foster care, and people sharing housing, especially with nonrelatives.80

Specifically, Lindblom explores the potential for preventing evictions and cites studies indicating that up to half of all homeless adults become so because of an eviction or some other landlord or rent problem. Many of those in shared housing are forced into this situation because of similar problems. Such measures as requiring adequate notice and providing legal assistance and emergency grants have been used with apparent success in various communities. However, to the extent that extreme poverty coupled with high housing costs are a basic cause of homelessness, such efforts will be Band-Aids.

A second major arena explored by Lindblom is relating prevention strategies to institutional releases, including but not limited to mental health institutions and foster care. He urges four general prerelease strategies: (1) use of an at-risk profile to identify persons most likely to become homeless after release; (2) special assistance to these persons while institutionalized, to minimize the risk of homelessness; (3) transition assistance and referrals to appropriate housing upon release; and (4) in the absence of viable housing possibilities, providing the option of postponed release.81

By law, Comprehensive Housing Affordability Strategies (CHAS) must address preventing homelessness as well as strategies for assisting currently homeless people. The CHAS process should therefore provide a vehicle for monitoring efforts to prevent homelessness and expanding those that work. These state- and locally based efforts should be supplemented by greater federal efforts to evaluate and exchange information on workable approaches.

**Summary and conclusion**

To recapitulate, homelessness is fundamentally a housing problem, but one that often cannot be solved by housing alone. Policies to end homelessness in the 1990s should embody two major themes: (1) improvement of mainstream programs addressing the causes of extreme poverty and the needs of the extremely poor and (2) a
significant expansion in special programs aimed at assisting homeless people to attain stable, permanent housing.

The two basic areas to be addressed through mainstream programs are low-income housing and income support programs.

The major housing policy need is to transform the current federal rental assistance programs into an entitlement for low-income households who are homeless, pay more than half their incomes for housing, or live in seriously substandard housing.

Even if income support programs were adequate, an entitlement to housing assistance is required for several compelling reasons: (1) it links the subsidy to the quality and, to some degree, the cost of the housing occupied and prevents use of federal subsidies for seriously substandard housing; (2) there is more variation in housing costs from place to place than in any other component of the cost of living, and sensitivity to this variation is better addressed through housing than income support programs; and (3) unless and until major income supplementation is provided for the working poor through such measures as an expanded Earned Income Tax Credit or children’s allowances, the gap between the income needed to pay housing costs and earnings from many jobs can be bridged only by some form of housing subsidy.

Beyond the entitlement to housing assistance, federal policies should call for better targeting of the mainstream low-income programs to ensure that priority is given to helping people with critical housing problems.

A second major policy need is to ensure an income sufficient to purchase the basic necessities of life. This requires, first, adequate benefit levels and coverage under the basic income maintenance programs: AFDC, SSI, and General Assistance (which should become part of the federal safety net, along the lines of SSI or AFDC, rather than a state or local option).

Once adequate housing and income are at least theoretically available, the problem shifts to providing other services and resources. Here the somewhat random pattern of programs and service provision that has sprung up may have something to recommend it. The policy should be (1) to provide resources to efforts that work and to encourage their expansion; (2) to provide such essential services as health care, detoxification, and substance abuse treatment on demand and on an inpatient basis, if adequate housing is not otherwise available; (3) to foster and encourage the involvement of
advocates, service providers, and currently or formerly homeless people (not necessarily in that order) in assessing needs and delivery of services; and (4) to continue and enhance the efforts now underway to develop more adequate federal programs.

This journal is devoted primarily to issues of numbers: who are the homeless, and how many of them are there? This issue should not mask the fact that far more is known than is being done. The major need, therefore, is not for more and better research and planning, although these have their place, but for action.

Ending homelessness during the 1990s is less a matter of articulating sweeping new social policies than of mustering the political leadership and generating the political will to carry out the goals, objectives, and policies on which there is already substantial agreement. There is surprising consensus—from the National Coalition on the Homeless on the one hand to many of the speakers at a recent Heritage Foundation/American Spectator conference on homelessness on the other—that two major ingredients will be required to end homelessness: presidential leadership and substantial additional funding.82

Finally, and most important, homeless people are human beings. As such, they are entitled to dignity and respect as well as to compassion and assistance. Anything less is unworthy of American society.

Author

Cushing N. Dolbeare is a consultant on housing and public policy, focusing on low-income issues and programs.

Endnotes


2. See, for example, this journal’s articles by Burt, Hopper, Lindblom, and Wright and Rubin.

3. See Baumohl and Huebner and Hopper articles in this journal.

5. Chelimsky, for example, examines both the difficulties in obtaining data about hidden populations, including the homeless, and outlines the types of data needed for policy making. She concludes both that it is less important to have a precise count than to be able to determine if the number is rising or falling and that “the data necessary for developing, designing, and assessing the results of a homeless policy are in fact obtainable.” Eleanor Chelimsky, “Politics, Policy Making, Data, and the Homeless,” *Housing Policy Debate* 2 no. 3 (1991).

6. I have been directly involved in efforts to address low-income housing issues, at the local and national levels, for almost four decades. It was not until homeless people began to appear in noticeable numbers that the low-income housing issue began to resonate, except among a relatively small circle of people.


9. The number of occupied HUD-subsidized units rose from 1.0 million in 1970 to 3.4 million in 1980 (and to 4.4 million in 1990). Tenant-based subsidies accounted for roughly one-third of the units added during the 1970s and one-half during the 1980s. Cushing N. Dolbeare, unpublished tabulations from tables prepared by HUD Budget Office and HUD Budget Summaries.

10. Quantitatively, the most successful attack on the housing affordability problem was the shift in the criterion used for housing cost burden—from 20 percent of income through the 1950s to 25 percent in the 1960s and 1970s to the 30 percent level now generally used. In 1987, for example, use of the 20 percent-of-income standard would have doubled the cost burden estimates: 19.8 million households paid between 20 to 29 percent of income for shelter, while 19.9 million paid 30 percent or more (U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1987*, table 2-20).


13. Ibid.


18. Peter H. Rossi, *Down and Out in America*.


27. Ibid.


31. Wright and Rubin, “Is Homelessness a Housing Problem?”

33. Wright and Rubin, “Is Homelessness a Housing Problem?”


35. Burt, “Causes of the Growth of Homelessness During the 1990s,” in this journal. Many of the key variables used, particularly for housing, income, and household resources, are either directly from the 1980 census or derived from 1980 census data.

36. The National Housing Task Force in 1988 concluded that “a substantial portion” of the ten million renter households with incomes below $10,000 “could not afford the irreducible minimum rent necessary to cover the cost of utilities, management, reasonable reserves for replacement and other required expenses.” A Decent Place to Live: The Report of the National Housing Task Force (Washington, DC: National Housing Task Force, 1988).

In the subsidized public housing program, operating subsidies, now averaging $125 per unit per month, are needed to cover the difference between income from tenant rents and other sources and the cost of operating public housing. The underlying federal subsidy covers the entire capital cost of public housing, and tenant rents cover a portion of operating costs. (Average obtained by dividing 1991 estimated operating subsidies of $2.1 billion by the number of public housing units under payment. (Figures from U.S. Department of Housing and Urban Development, FY 1992 Budget Summary.)

Public housing operating subsidies are not an adequate proxy for operating costs of other rental housing, which are probably higher, if only because public housing is exempt from local property taxes. There is also wide variation in public housing operating costs, depending on such factors as age and type of construction, climate, the incomes (and therefore rent paid) by public housing tenants, and the efficiency of public housing agencies. The example is used here to illustrate the point that operating costs of almost any housing are beyond the reach of people with incomes that are a fraction of the poverty level.

The average public housing operating subsidy of $125 per unit per month is 30 percent of a $5,000 annual income. The 1989 American Housing Survey found 3.6 million renter households reported incomes below $5,000. This number constituted 10.8 percent of all renter households.

37. Just over one-third (35.9 percent) of the 7.0 million households with incomes below $5,000 in 1987 were owners. Three-quarters of these owner households (74.6 percent) had no mortgage. Just over one-third of the renter households (35.5 percent) lived in subsidized housing. (U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, American Housing Survey for the United States in 1987, table 2-19.) Except for a tiny (about 6,000 units nationwide in 1990) very low-income home repair loan and grant program operated by the Farmers Home Administration, there are no federal subsidy programs for low-income homeowners. Cushing N. Dolbeare, The Snail’s Pace Continues: A Source Book on the Proposed 1992 Budget and How It Compares to Prior Years, (Washington, DC: Low Income Housing Information Service, March 1991), table 2.
38. In 1989, about 15 percent of the 33.7 million occupied rental units were subsidized. While almost two-thirds (65.6 percent) of units with costs below $200 were subsidized, just over one-fifth (21.8 percent) of units with costs between $200 and $300 were subsidized, and the proportion fell off sharply above $300. U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1989* (forthcoming), table 4-19.

39. There are obviously other thresholds that could be used, such as renter households with incomes below 50 percent of median or households below a given income level, measured in constant dollars. The bottom quartile was chosen for this analysis because it provides a cleaner way of measuring consistency from year to year. In contrast, Phillip L. Clay used units renting for less than $250 per month (30 percent of a $10,000 income) in a similar analysis. He found the number of such units dropped from 10.8 million in 1974 to 7.5 million in 1983, while the number of households increased from 8.9 million in 1974 to 11.9 million in 1983. Clay projected a gap of 6.8 million in 1993 and 10.3 million in 2003 in Phillip L. Clay, *At Risk of Loss: The Endangered Future of Low-Income Rental Housing Resources* (Washington, DC: Neighborhood Reinvestment Corporation, 1987).

40. The threshold is far lower than the official definition of “very low income” used in federal housing programs—50 percent of family median adjusted for household size. In 1987, an estimated 38 percent of all renter households had incomes below 50 percent of median under the HUD definition. Cushing N. Dolbeare, *Economic Causes of Homelessness: A Chart Book with Commentary* (Washington, DC: National Coalition for the Homeless and Low Income Housing Information Service, forthcoming).

41. Only subsidized housing units renting for less than the threshold used were included; the analysis, therefore, shows only about one-third of the additional subsidized units added during the period. Given the requirements of federal housing programs, it seems reasonable to assume that most of the remaining two-thirds were occupied primarily by households with incomes between the threshold used and 50 percent of median. Had federal housing programs been better targeted to very poor people, the increase in subsidized housing would have more than offset the increase in very poor households, as well as a portion of the loss in unsubsidized units.


43. The author was involved, from 1974 to 1984, in a series of efforts to change federal policy, specifically to prohibit the displacement of low-income people by federally funded housing and community development programs.

44. The FMR is the standard used for HUD's rental assistance programs and is HUD's estimate of the rent 45th percentile of standard, unsubsidized, existing units occupied within the past two years. Thus, FMRs are probably higher than the median rents of all occupied units. National American Housing Survey data since 1985 indicate that at least one-third of renter households move annually. The FMR is used as the best available consistent measure of rental housing costs.
HUD publishes FMRs, by bedroom size, for each metropolitan area and nonurban county. This figure is the median of statewide weighted averages of FY 1991 FMRs for efficiency units. Cushing N. Dolbeare, *Out of Reach: Why Everyday People Can’t Find Affordable Housing* (Washington, DC: Low Income Housing Information Service, forthcoming revision).

45. Federal subsidized housing programs for low-income people have generally limited eligibility to families. Single persons have been eligible only if they are elderly (over 62) or handicapped. Single persons who are displaced or the remaining member of a tenant family are also eligible for Section 8 and public assistance. In addition, up to 15 percent of a public housing authority’s public housing or Section 8 units may be occupied by single persons where there have been sustained vacancies (over 60 days) and there are no other qualified applicants or by single persons who occupied units prior to conversion or rehab. HUD field offices are also authorized to issue waivers to permit single persons to receive assistance on a case-by-case basis (24 CFR 812.3, March 20, 1988). Cushing N. Dolbeare, *Why Single Persons Should Be Eligible For All Federal Housing Assistance Programs* (Washington, DC: National Coalition for the Homeless, April 1990).

The National Affordable Housing Act, adopted in 1990, revised this requirement so that, effective October 1, 1991, single persons will be eligible for federal housing assistance, under programs using the definition of “family” contained in the U.S. Housing Act of 1937, without regard to age or disability.

46. The author’s tabulations, based on number of units under housing payments, compiled from relevant annual HUD Budget Summaries. These numbers are significantly lower than the total number of “completions” or occupancies reported elsewhere in HUD Budget Summaries because they are offset by losses from the subsidized housing inventory. The number used is distorted by double-counting units receiving subsidies under more than one program (Section 236 with rent supplement or Section 8). HUD data on such units receiving payments under more than one program are not available for fiscal years before 1980. There were 163,000 such units in 1980; 196,280 in 1985; and 199,617 in 1990. The number in 1975, although unavailable, is unlikely to have significantly exceeded the 68,000 units of Section 236 with rent supplements double-counted in 1980, since there were few reservations of any sort under the Section 8 program prior to 1976.

It should be noted that the term “units” here includes tenant-based as well as project-based subsidies. This is partly a matter of convenience and partly because, under both the Section 8 Certificate and Voucher programs, the subsidy itself is paid to the owner.


48. Ibid. The incidence of priority problems drops dramatically as incomes rise. Nelson estimated it at 5 percent for households with incomes between 50 percent and 80 percent of median; 2 percent for households with incomes between 80 percent and 120 percent of median; and only 1 percent for households with incomes above 120 percent of median.

49. Ibid., table 2.
50. Ibid., table 4.


52. In the median state (Pennsylvania), an estimated 42 percent of all renters cannot afford the one-bedroom FMR and 49 percent cannot afford the two-bedroom FMR. Dolbeare, *Out of Reach*.

53. This estimate includes all HUD programs and a series of other programs grouped by the Office of Management and Budget in the “Housing assistance” budget subcategory (function 604). *Budget of the U.S. Government: Fiscal Year 1992* (Washington, DC: U.S. Government Printing Office, 1991). The functional categories used in developing the federal budget are the most consistent set of available estimates for comparative purposes. In addition to the income security subcategory used here, some of the federal housing expenditures for mortgage credit and deposit insurance included in function 371, such as loan funds (but not other subsidies) for the Section 202 Housing for Elderly and Handicapped and the Farmers Home Administration’s Rural Housing Insurance Fund, also support low-income housing. The majority staff of the Senate Budget Committee, in an analysis by departments rather than by budget functions, estimated current services outlays (the 1991 level projected to 1992) for all housing programs, not just low-income, at $26.1 billion for HUD, $3.2 billion for the Farmers Home Administration, and $1.2 billion for veterans’ housing. *The 1992 Budget for Housing: Unmet Housing Needs: A Report by the Majority Staff of the Senate Budget Committee* (undated, but clearly 1991).


55. See Margery Austin Turner and Veronica M. Reed, “Estimated Annual Cost of Entitlement Housing Allowances” in *Housing America: Learning from the Past, Planning for the Future* (Washington, DC: The Urban Institute, 1990), 35. This table, based on HUD estimates for 1988, provides a preliminary estimate of the cost of an entitlement for households with incomes below 50 percent of median—assuming a 50 percent participation rate—at $22.5 billion. The estimate for those with priority housing needs is $13.9 billion. The 50 percent participation rate of eligible households is roughly comparable with that for food stamps and Medicaid.

56. For an illustration of the comparative costs of various options, see Carla Pedone, *Current Housing Problems and Possible Federal Responses* (Washington, DC: Congressional Budget Office, 1988). Pedone outlines a series of illustrative alternative entitlement programs, using various assumptions. Her estimates range from an additional cost of $11.1 billion for families and elderly individuals with incomes below 50 percent of median and paying 30 percent of their incomes for rent, down to three options that would not increase costs (although they would make a substantial number of currently assisted households ineligible or would increase their rents substantially): (1) eligibility is reduced to 33 percent of median income and household contribution remains at 30 percent of income; (2) eligibility remains at 50 percent of median, but household contribution increases to 54 percent of income, or (3) eligibility is reduced to 40 percent of median and household contribution is increased to 42 percent of adjusted income.

57. Unpublished analysis by the author for graphs included in *Snail’s Pace*.
The income limit for the bottom quartile, in 1991 dollars, dropped by 29.6 percent between 1970 and 1989. Had it risen by that amount, the 1989 limit would have been $13,900 instead of $7,560. The 1987 equilibrium point between households and rental units (i.e., the point at which there were as many units as households) was approximately $15,000.

Burt and Cohen, *America's Homeless*; Rossi, *Down and Out in America*.

Calculated from data in tables 3-20 and 4-20, U.S. Bureau of the Census and U.S. Department of Housing and Urban Development, *American Housing Survey for the United States in 1987*. Current Population Survey data also support the conclusion that low-income households tend to have no more than one earner. While the data are not available by tenure, in 1987, 59 percent of all families with incomes below $15,000 reported some income from earnings; of these, 66 percent had only one earner in the family. Note that these data are for families (excluding unrelated individuals), not households. See U.S. Bureau of the Census, *Money Income of Households, Families, and Persons in the United States, 1987* (Washington, DC: U.S. Government Printing Office, 1989), table 22, Number of Earners—Families with Civilian Members, by Total Money Income in 1987.


Dolbeare, *Out of Reach*.


Cushing Dolbeare and Joan Alker, *The Closing Door: Economic Causes of Homelessness* (Washington, DC: National Coalition for the Homeless, December 1990). The plight of households dependent on AFDC is nationwide. In 1989, the Low Income Housing Information Service reported that in all but eight states, grant levels are so low that even if a family spent its entire AFDC grant on housing, it would not be able to afford a decent two-bedroom unit. See also Dolbeare, *Out of Reach*. 


72. Ibid. The report includes agency reports covering both targeted and mainstream programs addressing homelessness; these reports, unevenly, present impediments and problems, as well as activities.

73. Ibid., 77.

74. Ibid., 77-79.

75. Clinicians in one study recommended long-term institutional psychiatric care for only 1 percent of the homeless persons studied. Other studies recommended emergency care or hospitalization for 5 to 17 percent of homeless adults, prior to community-based care and housing. Deborah L. Dennis, Irene S. Levine, and Fred C. Osher, “The Health and Mental Health Status of Homeless Adults,” in this journal.

76. There are actually three separate programs, one involving vouchers, but they can be combined or used separately and do not differ significantly in their program requirements.

77. This assumes that Congress will appropriate such funds. The administration’s FY 1992 budget request is for half of the $2 billion authorized in the National Affordable Housing Act. But the terms of the 1990 budget agreement leave little room for funding any new domestic discretionary programs.


79. Ibid.


81. Ibid.