

Rising Rents Mean Larger Homeless Population

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When Orlando Ward was homeless in Los Angeles, his “street hustle” was unloading trucks in the produce district at night. “The night drivers pay \$40 to \$50 to unload trucks, and that was good money,” he said.

Another benefit was not getting kicked in the face.

“It may be easy to see someone sleeping on the street and think they’re lazy or shiftless, but it’s easier to hustle all night. People are less likely to walk up and kick you in the face if you’re sleeping during the day,” said Ward, who is now executive director of public affairs for Volunteers of America of Greater Los Angeles. It’s a nonprofit that helps people find their way out of homelessness – a sizable job in Los Angeles, where the county’s homeless count spiked 23 percent over the past year to almost 58,000 people.

Their numbers will continue to climb as Los Angeles’ rents do, unless the tie between rising rents and the growing homeless population is broken. Our new research shows that a 5 percent average rent increase in that area would mean almost 2,000 more people who do not have places to live – and in Los Angeles, that often means being on the streets. Only 25 percent of people who experienced homelessness in Los Angeles in 2016 were sheltered in any way, according to HUD.

In New York, our model shows the relationship is even stronger: Nearly 3,000 more people would fall into homelessness with a 5 percent average rent increase.

It’s well documented that there’s a connection between escalating rents and growing numbers of homeless people. With this new research, we quantify that effect in 25 major metro areas. We found that in four metros currently experiencing a crisis in homelessness — Los Angeles, New York, Washington, D.C., and Seattle – the relationship between rising rents and increased homelessness is particularly strong.

In Washington, D.C., our model shows that a 5 percent average rent increase in 2016 would have translated to 224 additional people experiencing homelessness, for a total of 8,722. In Seattle, that increase would add 258 people to the homeless population for a total of 12,498.

Not all markets have a strong relationship between rents and the homeless population. Even as rents rose in Houston and Tampa from 2011 to 2016, the numbers of people experiencing homelessness dropped. Other markets where the homelessness rate dropped were Chicago, Phoenix, St. Louis, San Diego, Portland, Detroit, Baltimore, Atlanta, Charlotte, and Riverside.

‘What keeps the mayor up at night’

“If you go to any large city and ask what keeps the mayor up at night, in the top three or five issues will be homelessness,” said Tyler Jaeckel, Program Director at Harvard Kennedy School Government Performance Lab in Denver.

Nationally, at least 550,000 people experienced homelessness for at least one night in 2016. That figure is based on local counts compiled by the U.S. Department of Urban Housing and Development. The counts are estimates, particularly in places like Los Angeles where many people who experience homelessness sleep outside rather than in shelters, making them harder to count. We used statistical modeling to improve those estimates, then created a framework for

investigating how changes in rent would affect the size of the homeless population. Given that logistics and expenses prevent metros from conducting more counts of homeless populations each year, this research also offers a statistical way to generate hypothetical additional counts every year.

As vast as the homelessness problem is – with far-reaching implications for the quality of people’s lives, their children’s educations and the health-care, criminal justice and other systems – researchers have long accepted that the homeless counts are flawed.

“Having watched some of these counting things up close, they concern me in terms of their reliability,” said Dennis Culhane, a University of Pennsylvania professor who’s considered one of the country’s foremost experts on homelessness. His work to create new models for estimating the number of people experiencing homelessness inspired our research.

While the numbers remain estimates, what we do know is that the scourge of homelessness is not being addressed on a broad enough scale to save hundreds of thousands of people from this fate each year. Housing vouchers are widely considered to be the most effective solution, but experts say it should be expanded to reach more people. Only about a quarter of people who are eligible for federal housing assistance nationwide actually receive it. The federal vouchers program also has flaws, causing a little more than \$1 billion in vouchers – of the roughly \$20 billion issued each year – to go unused.

‘Zero dollars were readily available’

When Philip Mangano was the nation’s homelessness czar under George W. Bush, he – like many other leaders in homelessness intervention – focused on people experiencing chronic homelessness, because research shows they are the most disabled, vulnerable and expensive to the public and that, without intervention, they will remain homeless.

According to HUD, someone who is chronically homeless has a disability and has been either continuously homeless for a year or more or has experienced at least four episodes of homelessness in the last three years where the combined length of time homeless is at least 12 months. It’s a large group of people: more than 86,100 of those counted in 2016.

Mangano thought he’d struck upon a budgetary remedy when he learned about that unused \$1 billion. “Off I trotted to the OMB [Office of Management and Budget] in my naivety. I said, ‘Invest just 25 percent of that for the chronic homelessness initiative’ and was greeted with hearty laughter. The reversion of these resources was so dependable that, even though OMB put it in the budget, they’d already expended that money on other programs. In fact, zero dollars were readily available.”

Despite their reputation among experts as the best way to solve homelessness, vouchers are a tough sell in Congress. Many lawmakers believe that vouchers inflate rents in areas where they’re used, causing affordability problems for people who don’t have vouchers, Mangano said. There’s also a belief that vouchers concentrate poverty, an issue that has been addressed with scattered-site programs. Anecdotes about fraud and about irresponsible tenants also give vouchers a bad rap, he said.

Finally, when advocates for homeless populations ask for more funding, Mangano said, “Lawmakers think, ‘They don’t even spend the money we already give them. Why would they need more?’”

Best long-term outcomes

The reason experts deem vouchers so worthy is that they have the best long-term outcomes.

“A person experiencing homelessness may or may not think about what works long-term, but they know, ‘What I need is housing, not a program.’ With the short-term rental subsidy, they wonder what happens after it’s over. They look at a long-term rental subsidy and say, ‘Whew.’ Folks who’ve been homeless feel like, ‘I can afford 30 percent of whatever I’ve got; I can get on my feet and start to make something of my life,’” said Marybeth Shinn, a professor of human and organizational development at Vanderbilt University’s Peabody College of Education and Human Development.

She was a principal investigator on HUD’s Family Options Study, which assigned families to several housing solutions and found that those assigned to subsidized housing fared best after about 20 months. They also had fewer stays in shelters or places not meant for human habitation, less doubling up, fewer child separations, and less intimate partner violence. Their children move among schools less, and their families experience greater food security and less economic stress.

The problem, as Jaeckel, from Harvard’s Government Performance Lab, put it, is that subsidized housing has “never been scaled the way people want it to be.”

The aim when mental health institutions were closed decades ago was that people who’d lived there would transition to living and receiving services in their communities. Instead, Jaeckel said, many of those people end up homeless and often in jail. The prison system is the biggest provider of mental health services in many communities.

“It’s a fundamental market failure we’re dealing with,” he said. “We have people working full time or more who can’t afford rent. There’s not enough decent and affordable housing, and we haven’t invested in that to the scale needed. It’s a problem of great enormity, and we have great programs on the margins to alleviate some of the conditions, but at the end of the day, you have to solve the market failure if you’re going to make headway on it,” Jaeckel said.

Indeed, an industry has grown up around evictions, said Princeton sociologist and MacArthur Fellow Matthew Desmond, whose Pulitzer Prize-winning book, “Eviction: Poverty and Profit in the American City,” documents the phenomenon in Milwaukee. The data suggest that “eviction is something like the feminine equivalent of incarceration,” he told us.

While it’s important to distinguish between affordable housing for people wanting to buy and rent homes and homes that are affordable to people who would otherwise face homelessness, the entire situation is tied to a lack of inventory: Prices are up because demand has outstripped supply, and that also translates into people being able to afford less than they used to. When that situation gets pushed to the bottom of the economic ladder and people on the bottom rung fall off, some of them fall into homelessness.

‘The vacancy rate trickles down’

Houston has solved much of its homeless problem by providing housing. If the average rent in Houston climbs 5 percent, the area will see just 120 more homeless people – a remarkably small predicted increase for the country’s fifth most populous area, which as recently as 2010 had a high rate of homelessness.

Marilyn Brown, President and CEO of the Coalition for the Homeless in Houston, credited teamwork among agencies and nonprofits for the turnaround. “We have the same vision: By 2020, we will have fixed the system such that no one who enters homelessness need be without permanent housing for longer than 30 days. We’re in Texas. We put a man on the moon, so we figured we could put them all into housing.”

Brown is keenly aware of the role that inventory and vacancy rates play: “The vacancy rate of all apartments trickles down. We went through an economic downturn with oil and gas, where we had people who had to downsize. They go to the next [lower] level house, and the person who’s normally a homeowner moves into class A apartments. Then the As push the Bs, and suddenly the people in the Cs and Ds were priced out.”

When there are more vacancies, landlords are also more willing to work with voucher recipients, she said. That is key, because “as soon as that person’s name is on the lease, they know that this is theirs as long as they do whatever needs to be done.”

In some cases, permanent supportive housing is not enough, and additional services are needed, Orlando Ward in Los Angeles said: “I believe that whatever underlying issues caused condition of homelessness, if unaddressed, will rear their head again, and those people will find themselves in a position of being unable pay for housing.”

He knows three people personally who left drug and alcohol addiction treatment programs for new housing units, and all three overdosed in their rooms.

“They died. I’ve never been a huge fan of not identifying and addressing all of the underlying issues first, or at least concurrent with the housing concern. They should be implemented with the same level of intensity,” Ward said. “It can be as simple as a kid who timed out of foster care never learning how to be grown up – how to budget, how to go to work every day, how sustain themselves as an adult. They go out into world with no skills to survive and pick up whatever street skills are necessary. A lot of times it’s not how to get a job.”