

# Insights

into Housing and Community  
Development Policy



PD&R

U.S. Department of Housing and Urban Development | Office of Policy Development and Research

## BRIDGING THE GAP: HOMELESSNESS POLICY

As the United States begins to recover from an economic crisis that has affected all of its citizens, great care must be taken to ensure that the most vulnerable of our society, those experiencing homelessness—whether victims of the recession or suffering longer-term housing instability—are not left behind. While the dedicated work of practitioners and researchers alike has built a strong body of knowledge on the causes of homelessness and strategies to alleviate it, a number of key questions remain to be answered.

Among them:

- What are the most appropriate housing interventions for particular segments of the homeless population?
- Should transitional housing continue to be emphasized as an option for all homeless, or should it be better targeted? Who should be served by transitional housing?
- What is the best way to provide services to homeless persons, especially considering structural, eligibility, and capacity barriers to accessing mainstream services?
- How can administrative data be better integrated with federal data to improve homeless outcomes and performance measurement?

This paper, in conjunction with HUD's forum on homelessness, explores what we currently know about homelessness as a foundation for developing answers that will allow the homeless services community to more effectively target resources and move toward the goal of preventing and eventually eliminating homelessness.

## HOMELESS COUNTS AND TRENDS

The Annual Homeless Assessment Report to Congress (AHAR) is the most comprehensive compilation of data on the status of American homelessness. The most recently published AHAR, examining data on homeless persons collected in 2008, is the first to provide year-to-year trend information in patterns of homelessness over time.<sup>1</sup> Although the overall number of homeless persons remained fairly consistent between 2007 and 2008, several distinct trends are worthy of note:

- The number of sheltered homeless individuals was mostly stable, but homelessness among persons in families increased by about 9 percent.

- The share of sheltered homelessness among individuals with relatively high needs is increasing.
- Though homelessness remains a predominantly urban problem, the numbers of both sheltered homeless individuals and families dropped somewhat in principal cities.<sup>2</sup>

HUD's Homelessness Pulse Project shows a growing homeless population in the third quarter of 2009, particularly among families and first-time homeless households.<sup>3</sup> However, chronic homelessness for individuals continues to trend downward.

<sup>1</sup> The AHAR draws information from single-night, Point-in-Time counts of both sheltered and unsheltered homeless populations and from the Homeless Management Information System (HMIS) database of the sheltered homeless population.

<sup>2</sup> The AHAR has only two categories, principal cities and suburban/rural. However, greater growth in homelessness appears to be occurring in suburban areas than in rural areas, based on the suburban increase in Worst Case Needs.

<sup>3</sup> The Third Quarterly Report of the Homelessness Pulse Project evaluates point-in-time counts of sheltered homeless persons at the end of the third quarter of 2009 and cumulative counts of newly homeless persons across the same quarter at nine sites.

## HUD HOMELESS FUNDING

In FY 2010, Congress appropriated \$1.865 billion for Homeless Assistance Grants (HAG). Of this, the three competitive Continuum of Care programs (Supportive Housing, Shelter Plus Care, and Moderate Rehabilitation Single Room Occupancy [Mod Rehab SRO]) comprised \$1.686 billion. The Emergency Shelter Grant Program, which is distributed by formula, received \$160 million of appropriations. This total represents an HAG increase of \$188 million over FY 2009, as shown below.

As new information has emerged on homelessness in recent years, HUD has made several adjustments to its funding strategy. In 2000, recognizing

that nearly 60 percent of HUD homeless funds were being used for services through the Supportive Housing Program, Congress directed HUD to use more of its funds to create and sustain housing. In another strategic change, alterations were made to the application process to increase emphasis on the chronically homeless beginning in 2002.

The Homeless Prevention and Rapid Re-Housing Program (HPRP), a component of the American Recovery and Reinvestment Act, represents a significant infusion of additional resources into the homeless system. Funded at \$1.5 billion, the program provides financial

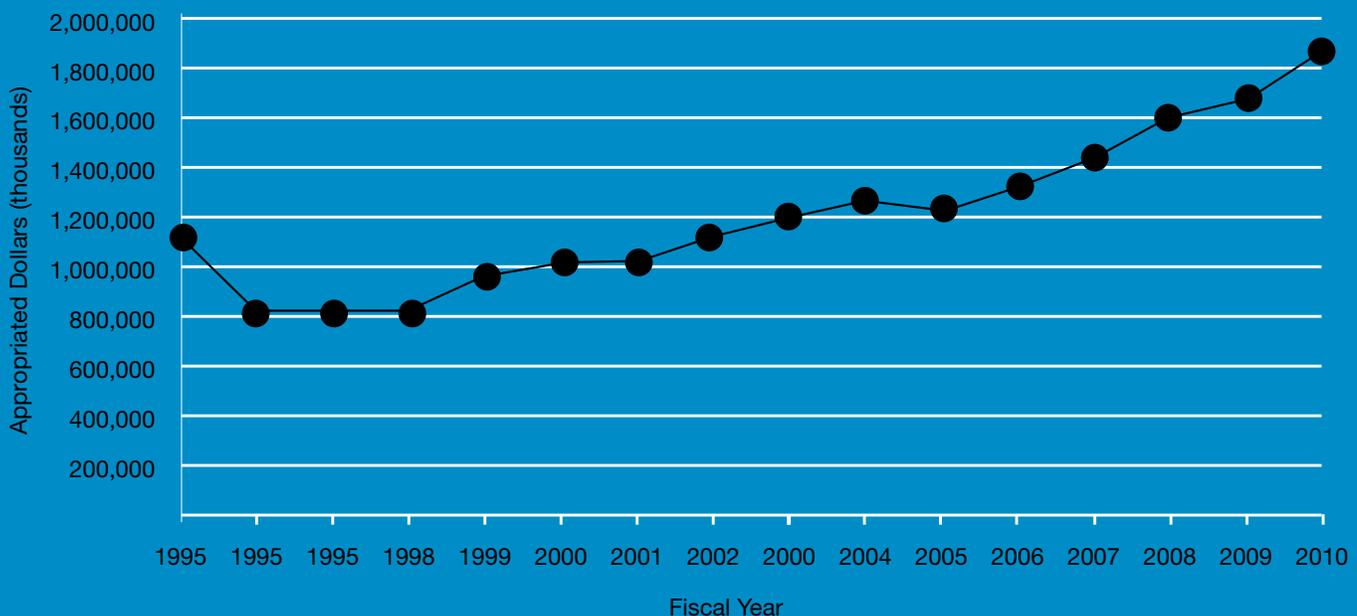
assistance and services to prevent individuals and families from becoming homeless and helps those who are experiencing homelessness to be quickly re-housed and stabilized.

### THE HEARTH ACT

Future HUD homeless funding will be guided in part by the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, 2009, which amends and reauthorizes the McKinney-Vento Homeless Assistance Act with substantial changes, including:

- The Emergency Shelter Grant program will become the “Emergency Solutions Grant” and will substantially increase

**HOMELESS ASSISTANCE GRANTS FUNDING LEVELS (FY 1995-FY2008)**



funds for prevention and rapid re-housing. Funding will still be distributed by formula to the same jurisdictions, but eligible activities will expand to include more prevention and re-housing activities, similar to those funded by HPRP

- HUD’s competitive grant programs will be consolidated, and a Rural Housing Stability Program will be created.

**FEDERAL STRATEGIC PLAN TO PREVENT & END HOMELESSNESS**

The US Interagency Council on Homelessness, currently chaired by HUD Secretary Shaun Donovan and including as council members the Secretaries

and Directors of eighteen other federal agencies, is leading the development and implementation of the first ever Federal Strategic Plan to Prevent and End Homelessness. This plan, which was unveiled on June 22, 2010, builds on previous successes at reducing chronic homelessness and sets a path to ending all types of homelessness. In addition, Secretary Eric K. Shinseki of the Department of Veterans Affairs has established a bold mandate to end Veterans homelessness in five years. President Obama’s commitment to ending homelessness is demonstrated by his FY 2011 budget request for targeted homeless assistance programs,

which is an 11.5 percent increase over FY 2010.

Such a substantial increase in resources bodes well for future homeless efforts, but it also demands careful planning to ensure that they are used as effectively as possible. Evidence-based research is a key component of this process; by building on prior knowledge with significant new research, HUD offers a leading voice in the development of strategies to combat homelessness. 

**WORKS REFERENCED**

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## EVIDENCE FROM RESEARCH

### Released in March 2010, three new HUD studies shed light on costs associated with homelessness, life after transitional housing, and strategies for improving homeless access to mainstream services

*Costs Associated with First-Time Homelessness for Families and Individuals* examines how much it costs to house and serve nearly 9,000 individuals and families in seven areas of the country. The report reveals that most of those individuals and families studied experience homelessness only once or twice and use emergency shelter for a limited period of time at fairly low cost. However, some of these households experience longer periods of homelessness and use costlier transitional housing programs. While overnight emergency shelters for individuals have the lowest costs, these shelters offer the fewest services in the least private settings and often are open only during evening hours.

By contrast, transitional housing is the most expensive model, frequently offering more privacy and a comprehensive range of on-site services.

*Life after Transitional Housing for Homeless Families* follows 195 families in 36 transitional housing programs in five communities for three, six and twelve months after leaving the program. Because transitional housing programs make up almost half of the portfolio of supportive housing programs funded through HUD's Homeless Assistance Grants, it is important to understand the effectiveness of these programs. The study finds some significant benefits from transitional housing: longer stays

in transitional housing produced higher levels of educational attainment and employment and a greater likelihood of continued employment during the follow-up year. Families spending more months in transitional housing were significantly more likely to have a place of their own for an entire year after leaving the program.

While transitional housing programs produced increasingly positive outcomes for families with longer stays, HUD found the number of barriers facing families did not affect outcomes. Given the significant costs associated with service-intensive transitional housing programs, HUD's report raises questions about whether this housing model is the most

#### OTHER KEY FINDINGS OF THE COSTS STUDY INCLUDE:

- Average costs for individuals are much lower than for families, with overnight stays at an emergency shelter for individuals having the lowest daily costs;
- For individuals, transitional housing proves more expensive than permanent supportive housing, largely because services for transitional housing were usually offered directly by on-site staff than by mainstream service providers;
- For families, emergency shelters are usually equally or more expensive than transitional and permanent supportive housing, because family shelters often offer 24-hour access and private units.

## AVERAGE MONTHLY HOUSEHOLD COST BY PROGRAM TYPE:

<i>Individual Sites</i>	<i>Emergency Shelter</i>	<i>Transitional Housing</i>	<i>Permanent Supportive Housing</i>
Des Moines	\$581	\$1386	\$537
Jacksonville	\$799	\$870	\$882
Houston	\$ 968	\$ 1654	\$966
<b>Family Sites</b>			
Houston	\$1391	\$3340	\$799
Kalamazoo	\$1614	\$813	\$881
Upstate S.C	\$2269	\$1209	\$661
Washington, DC	\$3530	\$2170	\$1251

appropriate intervention for those families who do not have significant barriers to housing.

*Strategies for Improving Homeless People’s Access to Mainstream Benefits and Services*

studied seven communities to document how communities mobilized to improve people’s access to mainstream benefits and services in light of HUD’s goal of dedicating a larger portion of HUD homeless assistance funding to housing.

Communities that experienced the greatest success had a strong central organization intent upon improving access of homeless individuals and families to mainstream service. Typically,

communities were successful at reducing structural barriers to benefits, such as physical access, complexity and length

**“While transitional housing programs produced increasingly positive outcomes for families with longer stays, HUD found the number of barriers facing families did not affect outcomes.”**

of application processes, and rules for documenting eligibility. In addition, the study finds evidence that people exiting

HUD-funded programs were likely to be connected to mainstream benefits at rates that exceeded national rates for 2007. These

communities had the most success enrolling persons and families for food stamps and General Assistance. However, communities struggled with overcoming barriers that were beyond their control, such as eligibility requirements of programs (i.e., TANF and Medicaid) and capacity barriers, such

as an insufficient number of slots available in mainstream treatment programs for substance abuse or mental health services.



## QUESTIONS ANSWERED BY RESEARCH

This body of homeless research allows us to draw some important conclusions about housing interventions for homeless persons. First, relative to the alternatives, homelessness is expensive. Homelessness creates high fiscal costs to public systems, including correctional institutions, emergency rooms, and behavioral health systems. Research tells us that vouchers are the most effective and efficient policy response to serving homeless persons.

Evaluation of the *Welfare to Work Vouchers* Program provides some of the strongest evidence regarding the importance of rental assistance to preventing and ending homelessness. Initiated in FY 1999 and phased out in FY 2004, HUD awarded approximately 50,000 housing choice vouchers to housing agencies throughout the country to target families who had a critical need for housing to obtain or retain viable employment. The *Effects of Housing Choice Vouchers on Welfare Families* study randomly assigned Welfare to Work vouchers to eligible families at six sites, with a total research sample of 8,731 families (including control group families). For families in the study who

used the voucher, *the probability of experiencing housing insecurity in the year before the five-year follow-up was reduced by 35.5 percent*; while 45 percent of control group members had been homeless or had to live with friends, relatives, or others, only 9 percent of families that used vouchers experienced such insecurity.

Second, *the homeless population is remarkably heterogeneous*. Homelessness is not dominated by one gender, race, family type, or community type. The vast majority of those who become homeless do so only briefly, and leave the system without further intervention. But a smaller percentage experience protracted homelessness and will require assistance to regain housing stability. From a cost perspective, a small proportion of families cost a lot of money to the homeless system. Dennis Culhane's study of the New York City and Philadelphia homeless systems found that only three percent of people used 50 percent of services. HUD's Cost Study provides supplemental information for individuals, finding that the ten percent highest-cost individuals incurred up to 83 percent of total costs.

Third, *transitional housing is often used as a way station for people waiting for voucher assistance*, which is inefficient because it may result in a mismatch between a homeless person's need and the depth of intervention. Transitional housing can be a particularly costly housing option for homeless individuals; emergency shelter seems to be a lower-cost way to serve homeless singles who have few or no additional challenges.

Finally, there remain many barriers at various levels to access to mainstream services. Although HUD's recent study indicates that some communities are overcoming barriers, much more needs to be done to coordinate services between agencies. Because of the central role case managers play in connecting the homeless with services, their input should be carefully considered in developing any changes to how agencies interact to provide homeless services. This may also help to mitigate fall-off in mainstream service use over time, which is observed in numerous studies and for many services, including TANF, Medicaid, and food stamps. 

## BRIDGING THE GAP

HUD's Office of Policy Development and Research hosted a homelessness forum in May, 2010 to discuss the implications of the recently released research on using different approaches to serve homeless families and individuals. The conversation among the forum's panelists and audience members, a group that included researchers, practitioners, and policymakers, reflected a growing consensus that communities need to shift away from a heavy reliance on transitional housing in favor of a system that better targets needs with service packages. There will always be difficult cases—such as family reunification, domestic violence, or prisoner reentry—where transitional housing may be necessary for a time, but some communities are seeing reductions in homelessness by shifting transitional housing resources to other models, such as homelessness prevention, housing subsidies, and permanent supportive housing.

Any significant movement away from transitional housing programs, which were awarded \$435 million in funding in 2009 from HUD alone, must take care to address numerous challenges. First, the commitment of resources to transitional housing, both in terms of capital and physical structures and of the capacity and skills of service providers, is profound.

Some cities, such as Chicago, have already begun to convert units of transitional housing to interim and permanent housing, but the process of realigning the missions and resources of respected transitional housing providers will be substantial. In addition, such changes need to be community-driven, involve policymakers and key community leaders, include ongoing education for the community, and build on previous successes.

Just as importantly, if reliance on transitional housing is to be replaced by a more highly targeted approach, effective assessment is essential: homeless systems must be able to determine what services people need and how to get these services to them. Tools to triage and assess people entering the system must be continually developed and evaluated. And in all cases, it is important to listen to individuals and families and try to provide the services requested. Effective targeting also relies on partnership between service and homeless providers and requires the establishment of success benchmarks. Only when all partners are engaged and share common goals can communities develop a cohesive approach that engages individuals and families facing challenges where they need it most.

## FUTURE RESEARCH

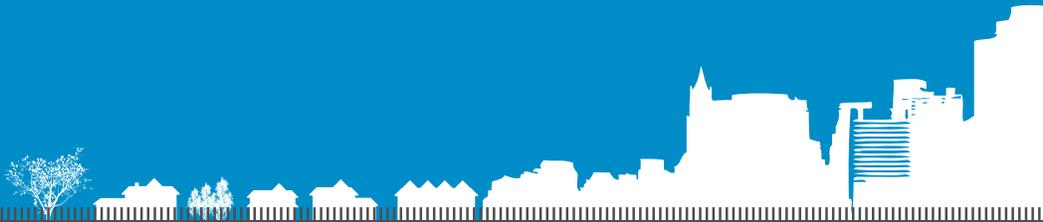
Several future HUD research efforts seek to close the critical gaps that remain in our understanding of how to properly tailor homeless assistance to those in need. Areas of research focus include:

- The *Families Intervention Demonstration*, a study of the impacts of various housing and services interventions for homeless families. Utilizing an experimental design, 3,000 homeless families will be randomly assigned to four different “packages” of housing and services to compare the differential impacts of each.
- *Homelessness prevention*
- Housing models for *homeless youth*
- An evaluation of the *Rapid Re-Housing for Families Demonstration Program*
- An evaluation of the *Veterans Homeless Prevention Demonstration Program*



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