

## Why Are People Homeless?

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Two trends are largely responsible for the rise in homelessness over the past 20-25 years: a growing shortage of affordable rental housing and a simultaneous increase in poverty. Below is an overview of current poverty and housing statistics, as well as additional factors contributing to homelessness. A list of resources for further study is also provided.

### **FORECLOSURE**

Recently, foreclosures have increased the number of people who experience homelessness. The National Coalition for the Homeless released an entire report discussing the relationship between foreclosure and homelessness. The report found that there was a 32% jump in the number of foreclosures between April 2008 and April 2009. Since the start of the recession, six million jobs have been lost. In May 2009, the official unemployment rate was 9.4%. The National Low Income Housing Coalition estimates that 40 percent of families facing eviction due to foreclosure are renters and 7 million households living on very low incomes (31 - 50 percent of Area Median Income) are *at risk* of foreclosure.

### **POVERTY**

Homelessness and poverty are inextricably linked. Poor people are frequently unable to pay for housing, food, childcare, health care, and education. Difficult choices must be made when limited resources cover only some of these necessities. Often it is housing, which absorbs a high proportion of income that must be dropped. If you are poor, you are essentially an illness, an accident, or a paycheck away from living on the streets.

In 2007, 12.5% of the U.S. population, or 37,300,00 million people, lived in poverty. The official poverty rate in 2007 was not statistically different than 2006 (U.S. Bureau of the Census, 2007). Children are overrepresented, composing 35.7% of people in poverty while only being 24.8% of the total population.

Two factors help account for increasing poverty: eroding employment opportunities for large segments of the workforce and the declining value and availability of public assistance.

### **ERODING WORK OPPORTUNITIES**

Reasons why homelessness persists include stagnant or falling incomes and less secure jobs which offer fewer benefits.

Low-wage workers have been particularly have been left behind as the disparity between rich and poor has mushroomed. To compound the problem, the real value of the minimum wage in 2004 was 26% less than in 1979 (The Economic Policy Institute, 2005). Factors contributing to wage declines include a steep

drop in the number and bargaining power of unionized workers; erosion in the value of the minimum wage; a decline in manufacturing jobs and the corresponding expansion of lower-paying service-sector employment; globalization; and increased nonstandard work, such as temporary and part-time employment (Mishel, Bernstein, and Schmitt, 1999). To combat this, Congress has planned a gradual minimum wage increase, resulting in minimum wage raised to \$9.50 by 2011.

Declining wages, in turn, have put housing out of reach for many workers: in every state, more than the minimum wage is required to afford a one- or two-bedroom apartment at Fair Market Rent.<sup>1</sup> A recent U.S. Conference of Mayors report stated that in every state more than the minimum-wage is required to afford a one or two-bedroom apartment at 30% of his or her income, which is the federal definition of affordable housing. Unfortunately, for 12 million Americans, more than 50% of their salaries go towards renting or housing costs, resulting in sacrifices in other essential areas like health care and savings.

The connection between impoverished workers and homelessness can be seen in homeless shelters, many of which house significant numbers of full-time wage earners. In 2007, a survey performed by the U.S. Conference of Mayors found that 17.4% of homeless adults in families were employed while 13% of homeless single adults or unaccompanied youth were employed. In the 2008 report, eleven out of nineteen cities reported an increased in employed homeless people.

With unemployment rates remaining high, jobs are hard to find in the current economy. Even if people can find work, this does not automatically provide an escape from poverty.

## **DECLINE IN PUBLIC ASSISTANCE**

The declining value and availability of public assistance is another source of increasing poverty and homelessness. Until its repeal in August 1996, the largest cash assistance program for poor families with children was the Aid to Families with Dependent Children (AFDC) program. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (the federal welfare reform law) repealed the AFDC program and replaced it with a block grant program called Temporary Assistance to Needy Families (TANF). In 2005, TANF helped a third of the children that AFDC helped reach above the 50% poverty line. Unfortunately, TANF has not been able to keep up with inflation. In 2006-2008, TANF case load has continued to decline while food stamp caseloads have increased

Moreover, extreme poverty is growing more common for children, especially those in female-headed and working families. This increase can be traced directly to the declining number of children lifted above one-half of the poverty line by government cash assistance for the poor (Children's Defense Fund and the National Coalition for the Homeless, 1998).

As a result of loss of benefits, low wages, and unstable employment, many families leaving welfare struggle to get medical care, food, and housing.

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<sup>1</sup> FMRs are the monthly amounts "needed to rent privately owned, decent, safe, and sanitary rental housing of a modest (non-luxury) nature with suitable amenities." Federal Register. HUD determines FMRs for localities in all 50 states.

People with disabilities, too, must struggle to obtain and maintain stable housing. In 2006, on a national average, monthly rent for a one-bedroom apartment rose to \$715 per month which is a 113.1% of a person's on Supplemental Security Income (SSI) monthly income (Priced Out in 2006). For the first time, the national average rent for a studio apartment rose above the income of a person who relies only on SSI income. Recently, only nine percent of non-institutionalized people receiving SSI receive housing assistance (Consortium for Citizens with Disabilities, 2005).

Most states have not replaced the old welfare system with an alternative that enables families and individuals to obtain above-poverty employment and to sustain themselves when work is not available or possible.

## **HOUSING**

A lack of affordable housing and the limited scale of housing assistance programs have contributed to the current housing crisis and to homelessness.

According to HUD, in recent years the shortages of affordable housing are most severe for units affordable to renters with extremely low incomes. Federal support for low-income housing has fallen 49% from 1980 to 2003 (National Low Income Housing Coalition, 2005). About 200,000 rental housing units are destroyed annually. Renting is one of the most viable options for low income people (Joint Center for Housing Studies).

Since 2000, the incomes of low-income households has declined as rents continue to rise (National Low Income Housing Coalition, 2005). In 2009, a worker would need to earn \$14.97 to afford a one-bedroom apartment and \$17.84 to afford a two-bedroom apartment. There has been an increase of 41% from 2000 to 2009 in fair market rent for a two-bedroom unit, according to HUD (National Low Income Housing Coalition, 2009).

The lack of affordable housing has lead to high rent burdens (rents which absorb a high proportion of income), overcrowding, and substandard housing. These phenomena, in turn, have not only forced many people to become homeless; they have put a large and growing number of people at risk of becoming homeless.

Housing assistance can make the difference between stable housing, precarious housing, or no housing at all. However, the demand for assisted housing clearly exceeds the supply: only about one-third of poor renter households receive a housing subsidy from the federal, state, or a local government (Daskal, 1998). The limited level of housing assistance means that most poor families and individuals seeking housing assistance are placed on long waiting lists. Today the average wait for Section 8 Vouchers is 35 months (U.S. Conference of Mayors, 2004).

Excessive waiting lists for public housing mean that people must remain in shelters or inadequate housing arrangements longer. In a survey of 24 cities, people remain homeless an average of seven months, and 87% of cities reported that the length of time people are homeless has increased in recent years (U.S. Conference of Mayors, 2005). Longer stays in homeless shelters result in less shelter space available for other homeless people, who must find shelter elsewhere or live on the streets. In 2007, it was found that

average stay in homeless shelters for households with children was 5.7 months, while this number is only slightly smaller for singles and unaccompanied children at 4.7 months. (The U.S. Conference for Mayors, 2007).

In 2003, the federal government spent almost twice as much in housing-related tax expenditures and direct housing assistance for households in the top income quintile than on housing subsidies for the lowest-income households (National Low Income Housing Coalition, 2005). Thus, federal housing policy has not responded to the needs of low-income households, while disproportionately benefiting the wealthiest Americans.

## **OTHER FACTORS**

Particularly within the context of poverty and the lack of affordable housing, certain additional factors may push people into homelessness. Other major factors, which can contribute to homelessness, include the following:

**Lack of Affordable Health Care:** For families and individuals struggling to pay the rent, a serious illness or disability can start a downward spiral into homelessness, beginning with a lost job, depletion of savings to pay for care, and eventual eviction. One in three Americans, or 86.7 million people, is uninsured. Of those uninsured, 30.7% are under eighteen. In 2007-2008, four out of five people that were uninsured were working families. Work-based health insurance has become rarer in recent years, especially for workers in the agricultural or service sectors (Families USA, 2009).

**Domestic Violence:** Battered women who live in poverty are often forced to choose between abusive relationships and homelessness. In addition, 50% of the cities surveyed by the U.S. Conference of Mayors identified domestic violence as a primary cause of homelessness (U.S. Conference of Mayors, 2005). Approximately 63% of homeless women have experienced domestic violence in their adult lives (Network to End Domestic Violence).

**Mental Illness:** Approximately 16% of the single adult homeless population suffers from some form of severe and persistent mental illness (U.S. Conference of Mayors, 2005). Despite the disproportionate number of severely mentally ill people among the homeless population, increases in homelessness are not attributable to the release of severely mentally ill people from institutions. Most patients were released from mental hospitals in the 1950s and 1960s, yet vast increases in homelessness did not occur until the 1980s, when incomes and housing options for those living on the margins began to diminish rapidly. According to the 2003 U.S. Department of Health and Human Services Report, most homeless persons with mental illness do not need to be institutionalized, but can live in the community with the appropriate supportive housing options (U.S. Department of Health and Human Services, 2003). However, many mentally ill homeless people are unable to obtain access to supportive housing and/or other treatment services. The mental health support services most needed include case management, housing, and treatment.

**Addiction Disorders:** The relationship between addiction and homelessness is complex and controversial. While rates of alcohol and drug abuse are disproportionately high among the homeless population, the increase in homelessness over the past two decades cannot be explained by addiction alone. Many people

who are addicted to alcohol and drugs never become homeless, but people who are poor and addicted are clearly at increased risk of homelessness. Addiction does increase the risk of displacement for the precariously housed; in the absence of appropriate treatment, it may doom one's chances of getting housing once on the streets. Homeless people often face insurmountable barriers to obtaining health care, including addictive disorder treatment services and recovery supports.

## CONCLUSION

Homelessness results from a complex set of circumstances that require people to choose between food, shelter, and other basic needs. Only a concerted effort to ensure jobs that pay a living wage, adequate support for those who cannot work, affordable housing, and access to health care will bring an end to homelessness.

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