Public Policy and Homelessness

California Policy Issues

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Economic Roundtable
www.economicrt.org

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Policy Issues

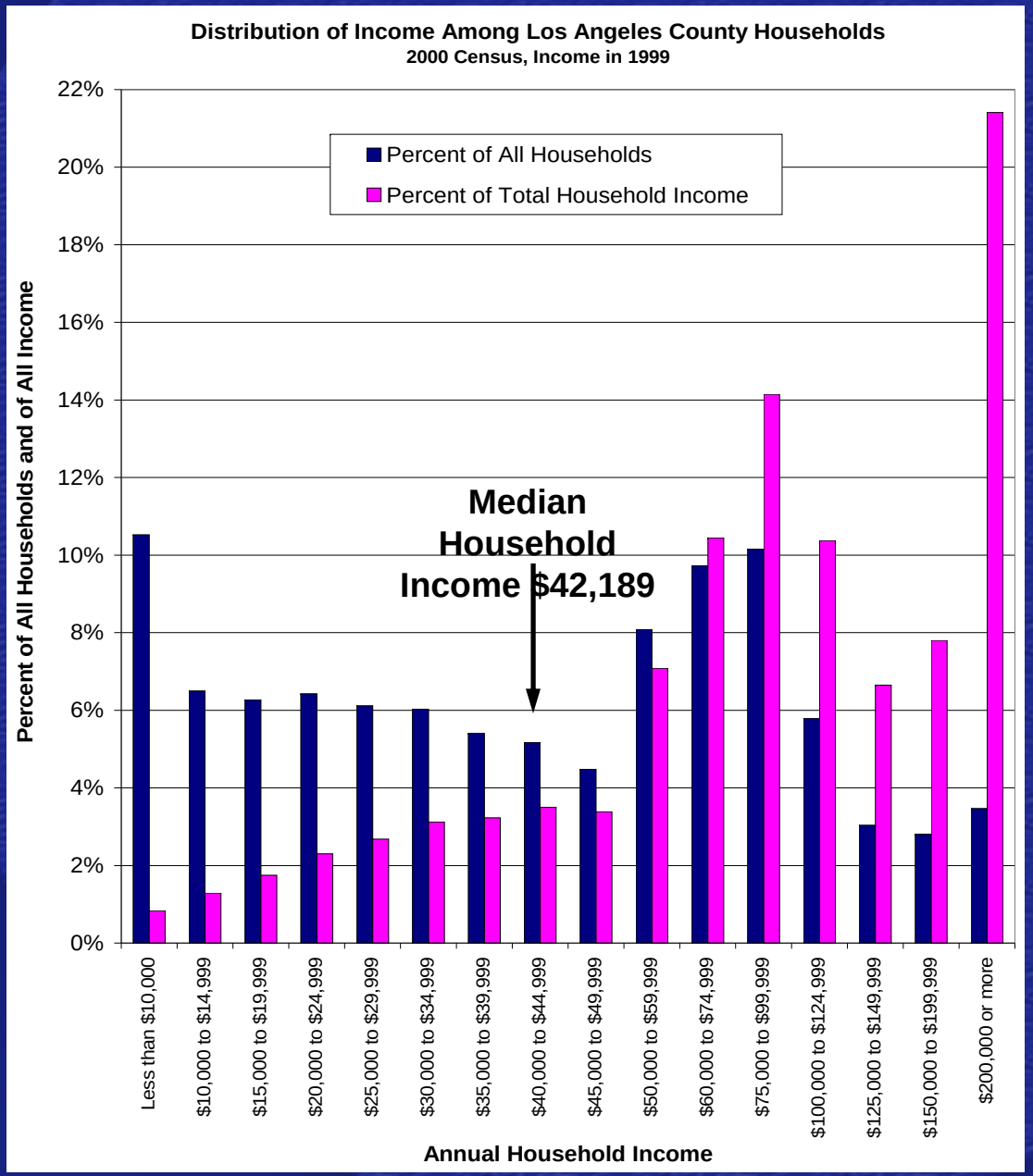
1. Acute poverty
2. Vulnerable groups
3. Institutional accountability
4. Municipal Engagement

Acute Poverty

Acute poverty is the most powerful predictor of homelessness.

Income Polarization in LA County

- At the bottom of the income range, 17% of LA County households received less than $15,000 in income in 1999.
- Their aggregate income accounted for 2% of total household income in LA County.
- At the top end, 6% of households earned more than $150,000.
- Their aggregate income represented 29% of total household income.
- 18% of LA County's population was in poverty in 1999.
- 35% of all household income in LA County would have to be transferred between households to achieve income equality.



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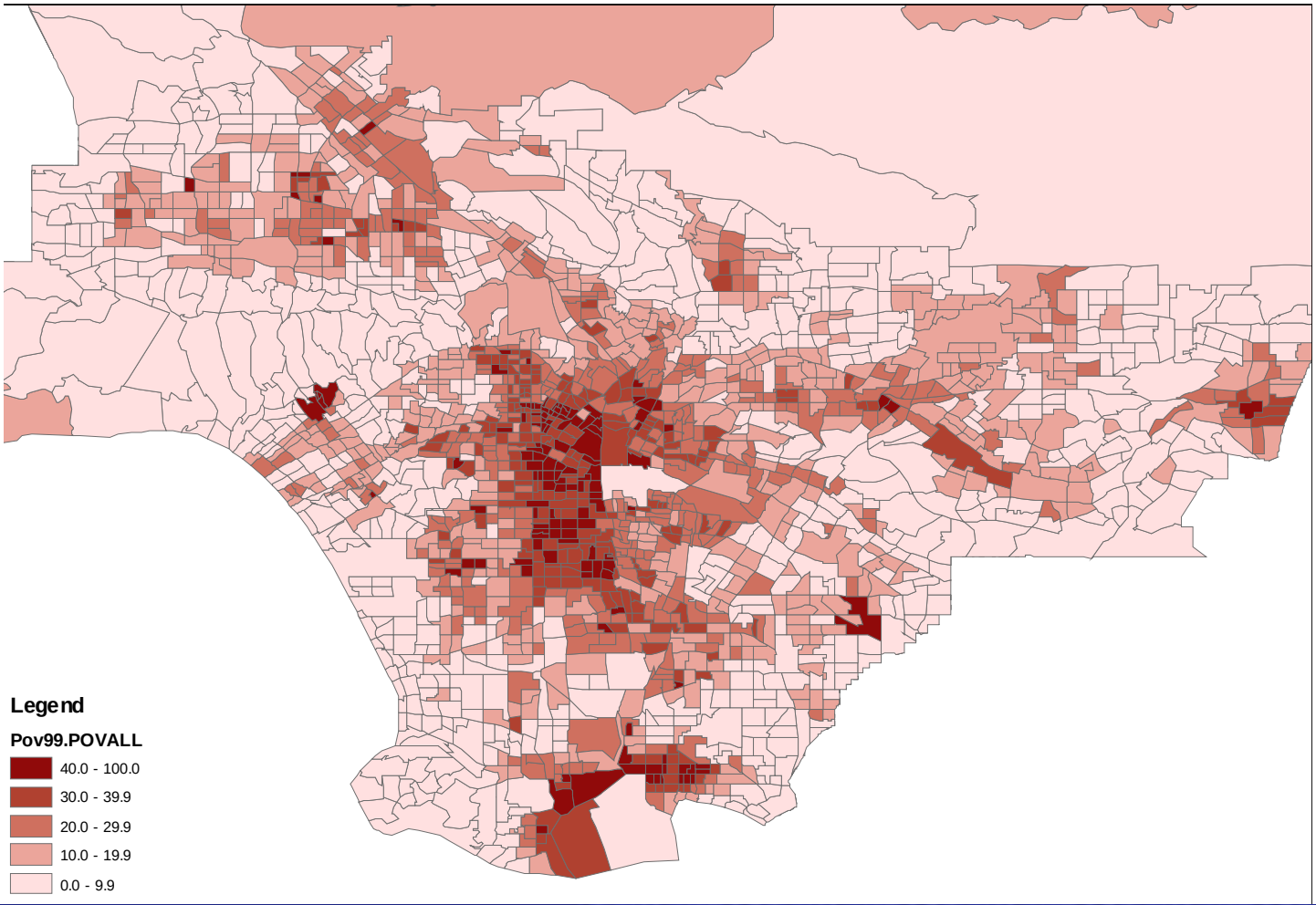
Poverty is Closely Linked to Homelessness

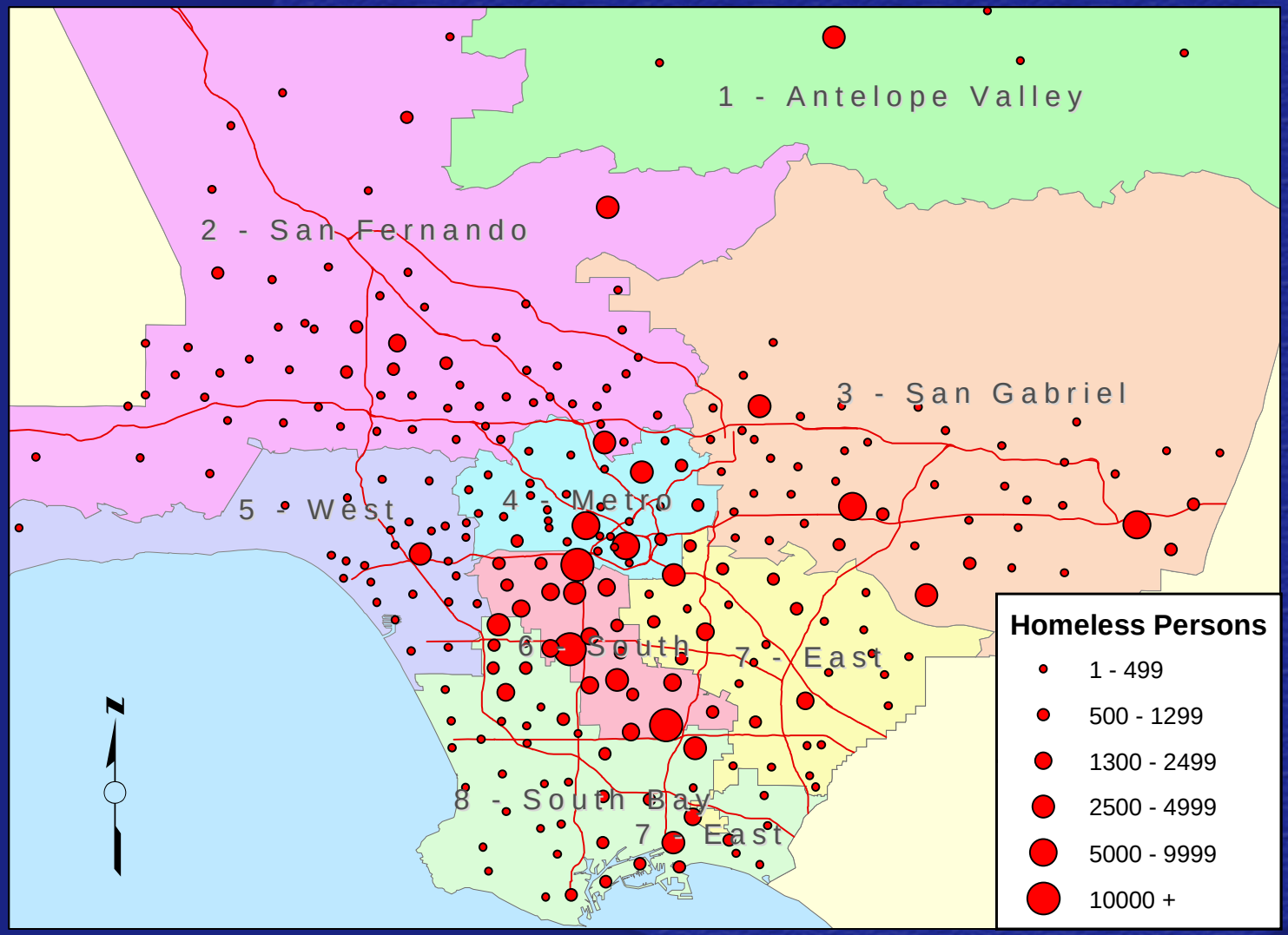
- Homelessness is the most extreme form of poverty.
- To escape homelessness people must also escape poverty.
- For most homeless residents a sustainable income is the path out of homelessness:
  - Employment
  - Cash grant
  - Subsidized housing for those with no income
- Different communities have different needs.

Map 1
Poverty in Los Angeles County, 1999



Last Known Address of 216,708 Public Assistance Recipients (all programs) who were Homeless in 2002

- 3,176,636 LA County residents received some form of public assistance in 2002.
- 7% declared themselves to be homeless.
- Homeless residents are most concentrated in South LA.



Estimating the Number of Homeless Residents

- The Economic Roundtable's estimate of LA County's homeless population in 2002:

	Family Members	*Single Individuals*	*Total*
Point-In-Time:	**33,921**	**44,678**	**78,600**
Annual:	**119,014**	**134,853**	**253,918**

- A very rough estimate of sleeping arrangements on a typical night shows:
  - Under half in a sheltered situation
    - 1/10th (and possibly more) doubled up with friends & relatives
    - 1/4th in emergency shelters & transitional housing
    - 1/10th in rehabilitation, jail, hospital
  - Over half in places not meant for human habitation (sidewalks, cars, underpasses, etc.)
- Los Angeles has an unusually high rate of homelessness compared to the US
  - 29% higher based on Census data
  - 74% higher based on national survey data
- LA's above-average rate of homelessness is probably due its above-average rate of poverty and above-average housing costs.

Findings About Poverty and Homelessness

- The distribution of income in Los Angeles is deeply polarized, with:
  - A large poverty population
  - A small middle class
  - A large concentration of wealth among the privileged
- Homelessness is concentrated in neighborhoods with significant poverty
  - The primary concentrations of poverty and homelessness are in the area extending from downtown through South LA
- LA's above-average rate of homelessness is probably due its above-average rate of poverty and above-average housing costs.

Vulnerable Groups

The risk of homelessness varies based on:

Geography

Age

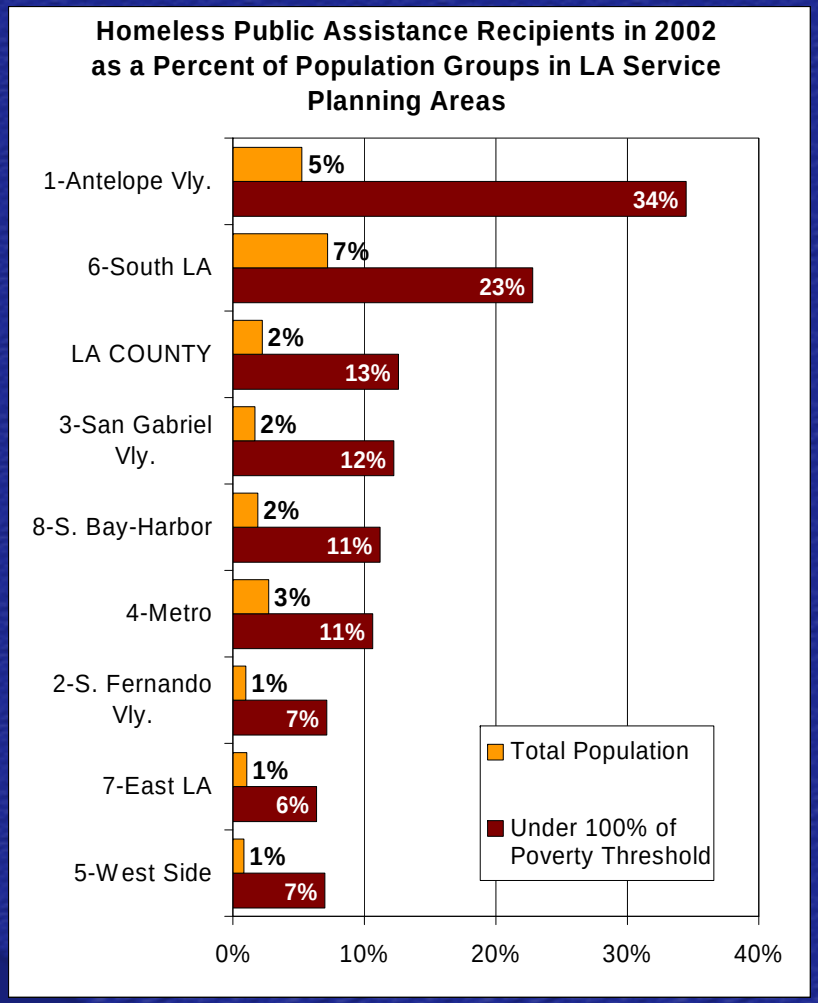
Ethnicity

Health

Luck

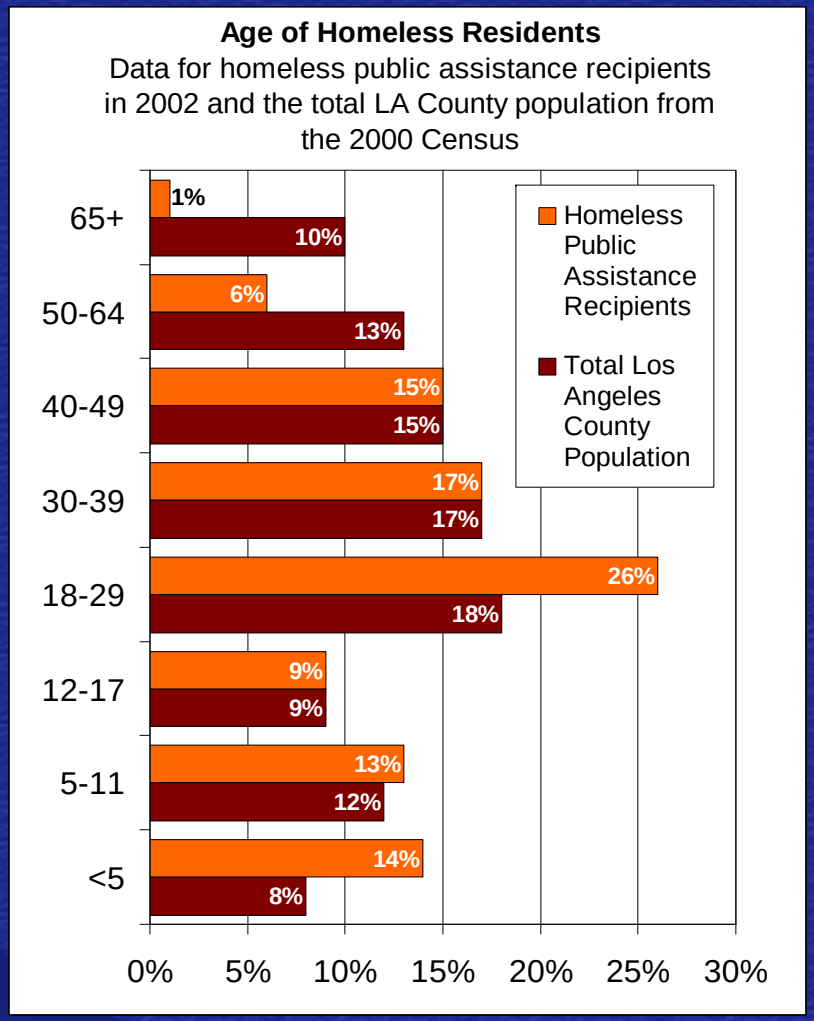
Homeless Residents as a Percent of Population Groups in Service Planning Areas (SPAs)

- People become homeless more easily in some parts of LA County than others.
- This is because the social safety net is especially weak in some areas of LA.
- Public assistance recipients who were homeless anytime in 2002 represent the following percent of the poverty population:
  - 34% in Antelope Valley
  - 23% in South Los Angeles
  - 9% in the balance of the county



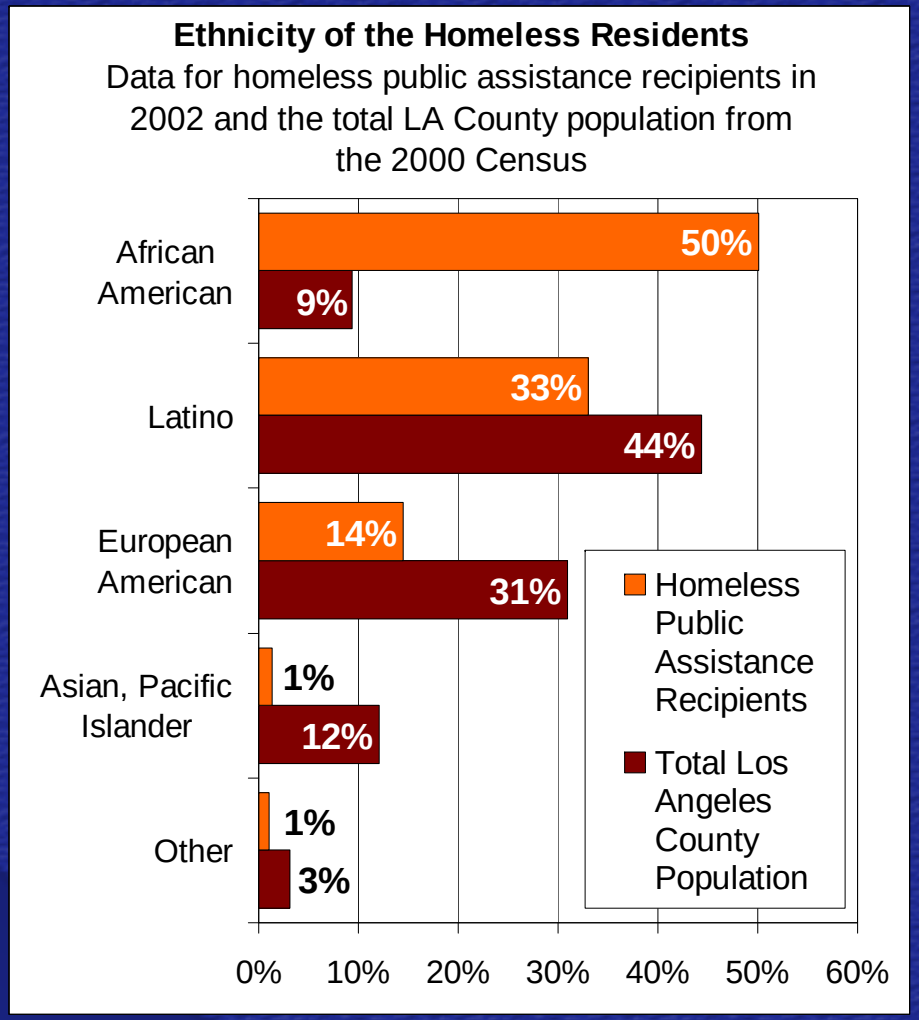
Age Distribution of Homeless Residents

- 2/3 of homeless residents are working-age adults.
- Homeless residents are younger than the overall population.
- Females make up a majority of homeless residents less than 30 years of age.
- Young mothers with young children explain the large number who are 18-29 and under 5.
- Males make up a majority of homeless residents over than 30 years of age.



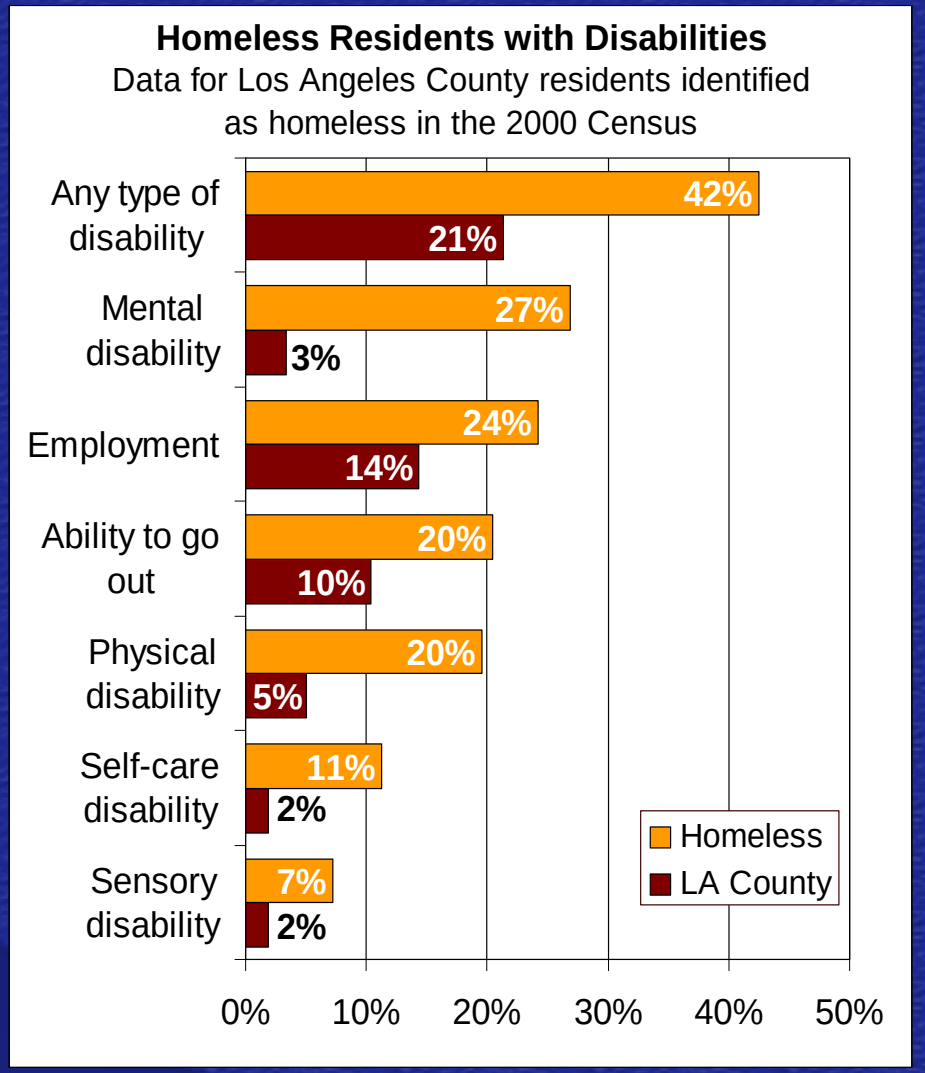
Ethnicity of Homeless Residents

- African Americans are over-represented by a factor of 5.
- Remaining ethnic groups are under-represented in the homeless population.



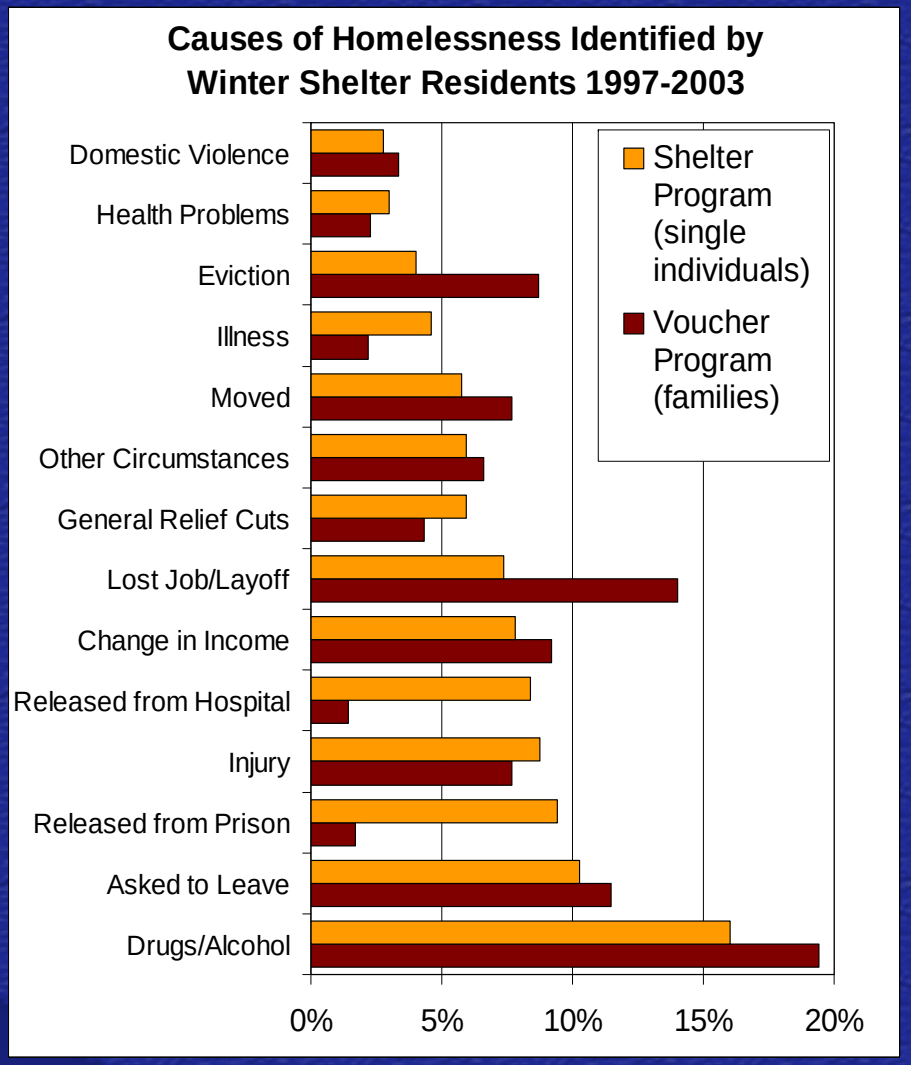
Rates of Disability of Homeless Residents

- 42% of homeless residents report some sort of disability.
- Mental disabilities are reported most frequently by homeless residents.
- Homeless residents report above average rates for every type of disability.



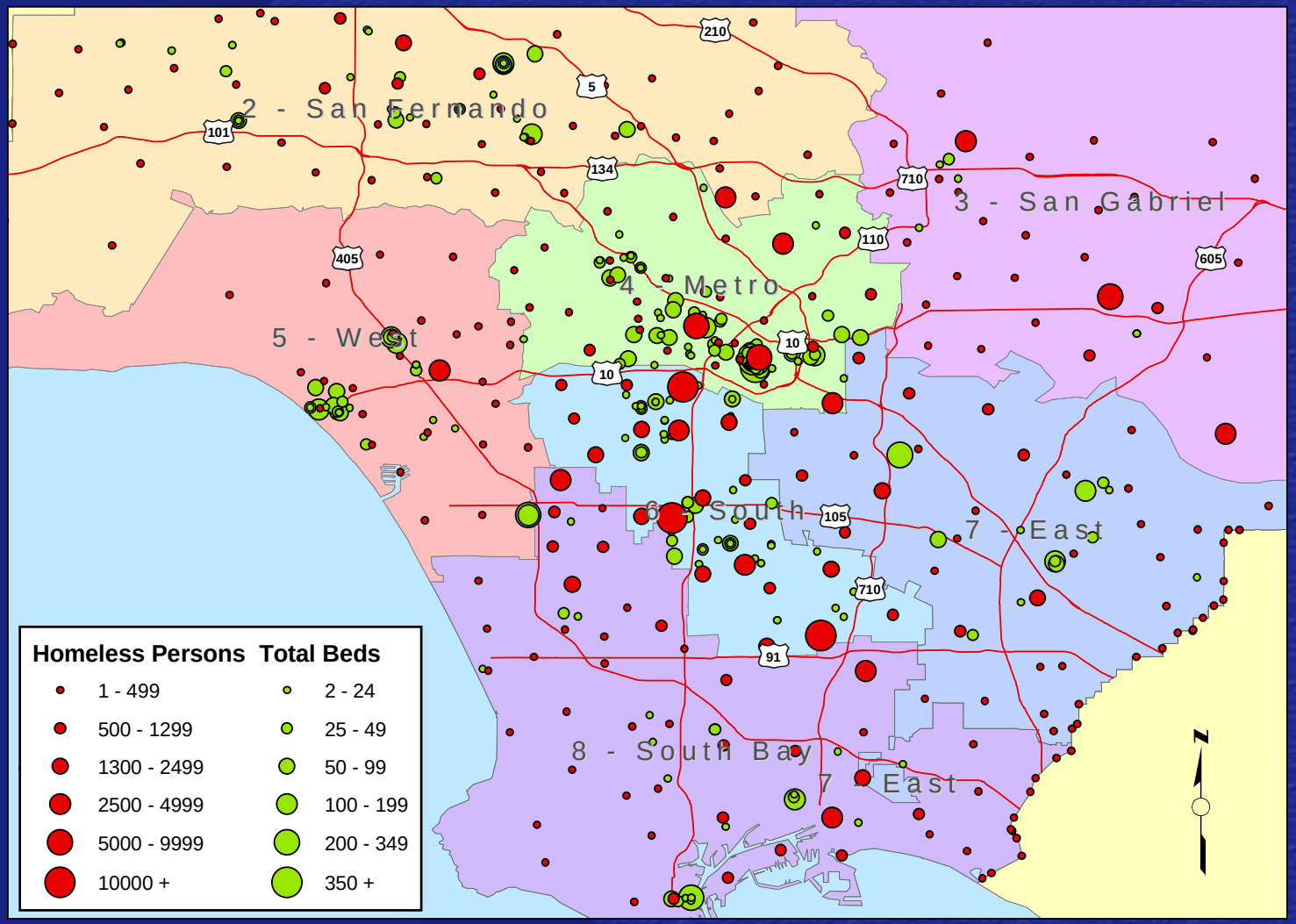
Causes of Homelessness – Winter Shelter Residents

- Homelessness is sometimes the result of individuals choices, and sometimes the result of things people cannot control.
- For homeless individuals and families, alcohol and drug abuse was the most frequently cited cause of homelessness (16%).
- Half of the events that precipitate homelessness may be out of people's control:
  - Asked to leave by friends or relatives 10%
  - Injury 9%
  - Released from hospital 8%
  - Lost job or laid off 8%
  - Illness 5%
  - Eviction 4%
  - Health problems 3%
  - Domestic violence 3%



Last Known Address of Homeless Public Assistance Recipients and Location of Shelter Beds in 2002

- There are mismatches in the location of homeless residents and emergency shelter beds.
- Homeless residents are concentrated in South LA; shelter beds are concentrated downtown.
- There are almost no shelter beds in the San Gabriel Valley.



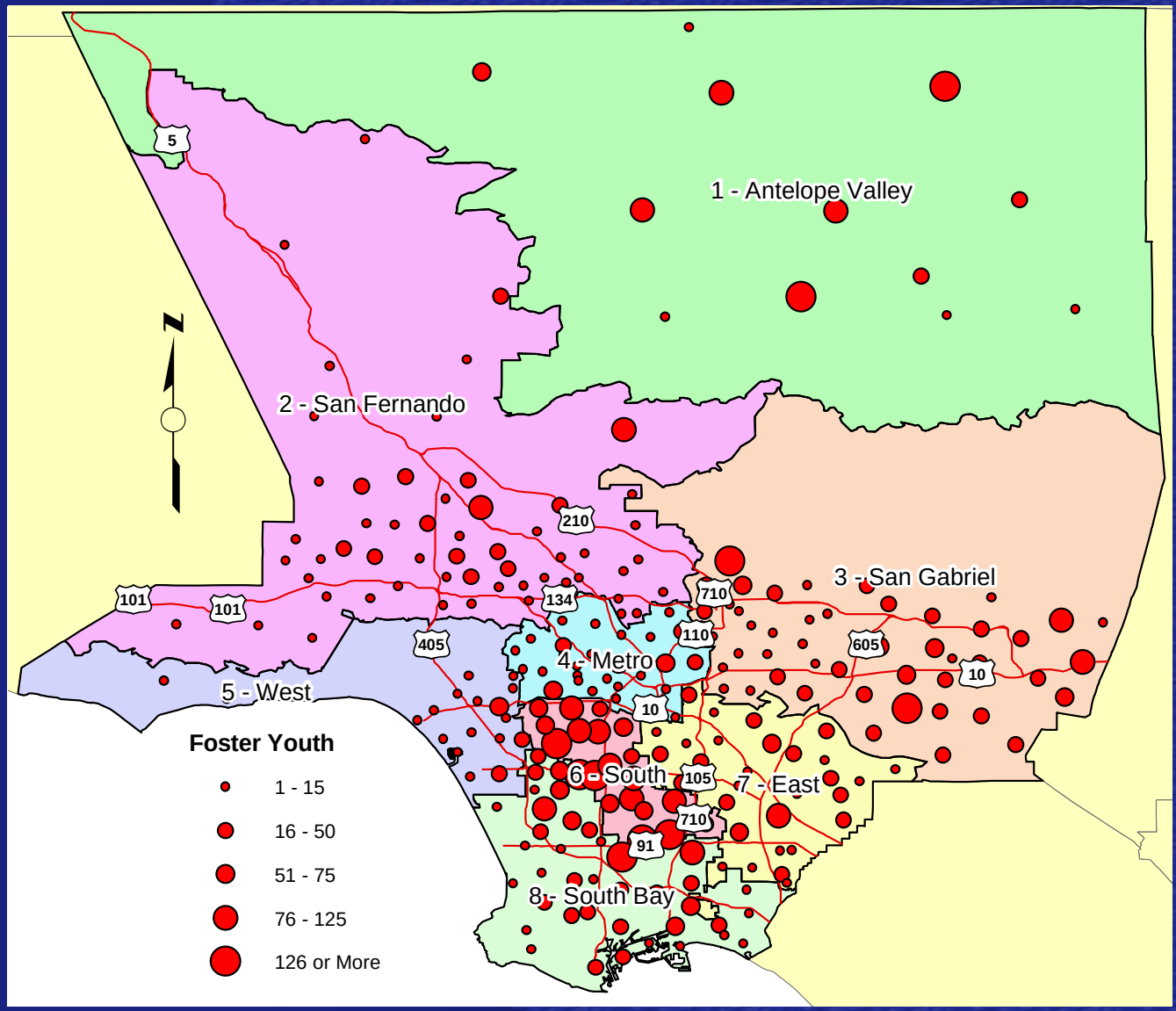
Ratio of Homeless Residents to Shelter Beds

Ratio of Annual Homeless Public Assistance Recipients to Shelter Beds by Service Planning Area

Area	SPA	Total Beds	Total DPSS Homeless	Ratio
Antelope Valley	1	705	16,000	23
San Fernando Vly.	2	1,681	19,100	11
San Gabriel Vly.	3	216	29,000	134
Metro	4	7,848	31,100	4
West	5	1,188	5,000	4
South	6	1,459	68,600	47
East	7	904	13,000	14
South Bay	8	1,589	28,300	18
TOTAL		15,590	210,300	13

Location of 8,620 Foster Youth Approaching Emancipation

- Youth at greatest risk of becoming homeless (foster youth 14 - 18 years old) are concentrated in South LA.
- Nearly all services for homeless youth are located in Hollywood.



Findings About Homelessness Among Vulnerable Groups

- Some people face greatly increased risks of homelessness because of arbitrary circumstances:
  - Living in South Los Angeles or the Antelope Valley where there is a weak social safety net
  - Being a child and therefore being 40% more likely to be in poverty
  - Being African American and therefore more likely to be poor
  - Being disabled and therefore more likely to be unemployed
  - Being a foster child and therefore more likely to be unprepared for “emancipation” at age 18
- The opportunities for finding help vary greatly depending on where homeless residents live
  - There are almost no shelter beds in the entire San Gabriel Valley
  - Foster youth are concentrated in South LA (and about half will become homeless) but services for homeless youth are located in Hollywood

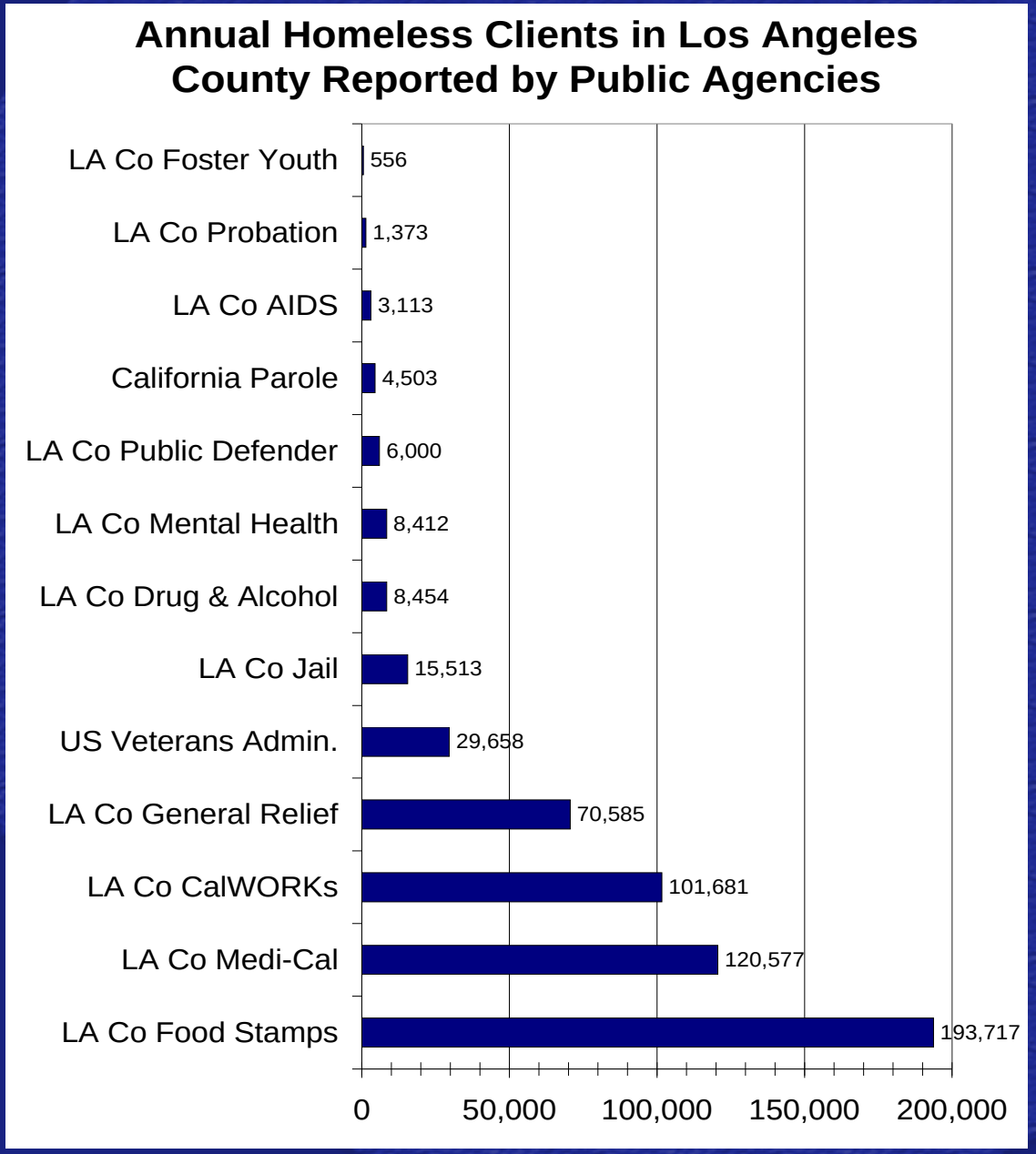
Institutional Accountability

Most homeless residents receive ongoing services from institutions that have failed to end their homelessness

LA County Public Social Services
LA County Health and Mental Health
LA County Children and Family Services
Justice System Agencies
US Veterans Administration
Homeless Service Providers

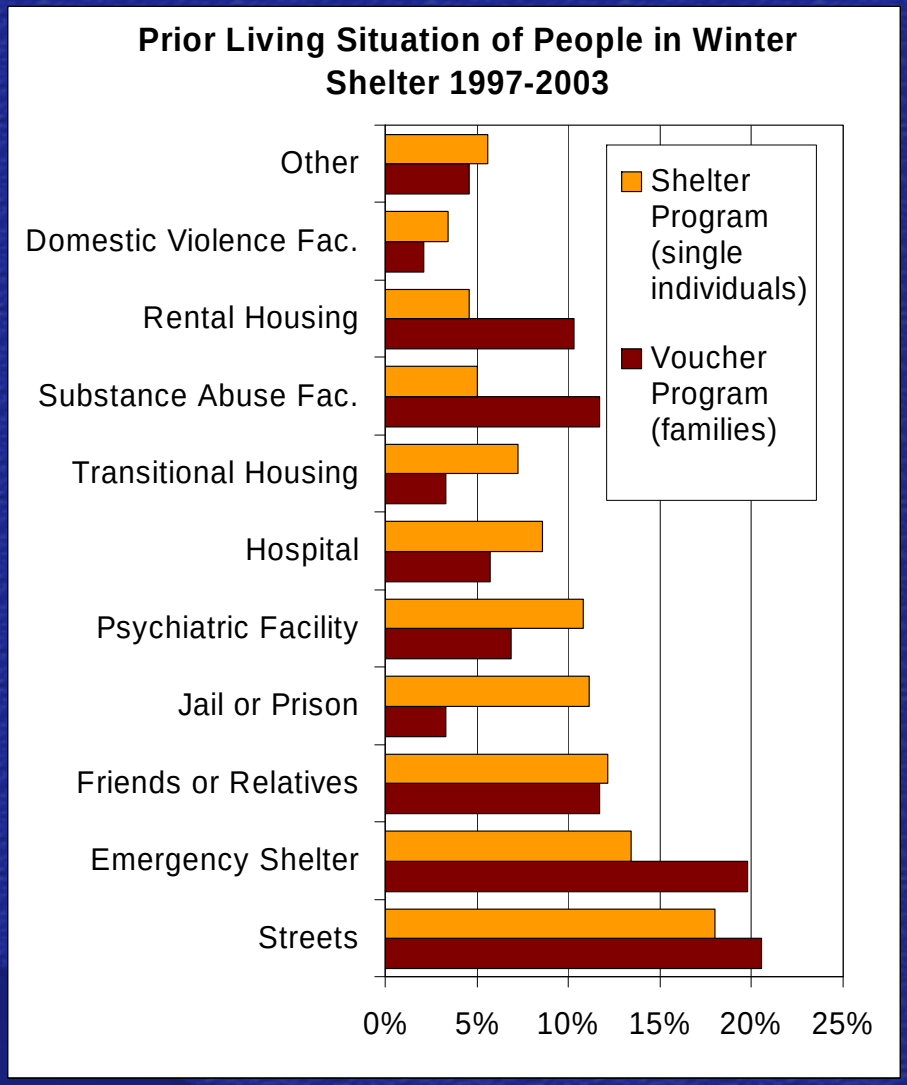
Homeless Clients of Public Agencies

- Many people are homeless while in the care of, or after being discharged by, public agencies:
  - 217,000 public assistance recipients
  - 30,000 veterans
  - 20,000 people released from jail or prison
  - 8,500 substance abuse patients
  - 8,400 mental health patients
  - 3,100 AIDS patients
- Often multiple agencies make significant outlays for individuals without ending their homelessness.



Prior Living Situations of Winter Shelter Residents

- 60% of homeless single adults and 53% of homeless families enter Winter Shelter programs after having been in the care of another organization.
- This high rate of churning homeless residents between programs suggests that there is a need to improve post-release planning, service delivery hand-off, and client advocacy.



Findings About Institutional Assistance for Homeless Residents

- Most homeless residents receive assistance from multiple public agencies.
- There is a high level of public expenditure for homeless individuals who are mentally ill, have major health problems, or are involved with the justice system.
- The persistently high rate of homelessness in Los Angeles and survey responses from homeless residents indicate that public programs often provide maintenance services for the homeless rather than interventions that end homelessness.

Municipal Engagement

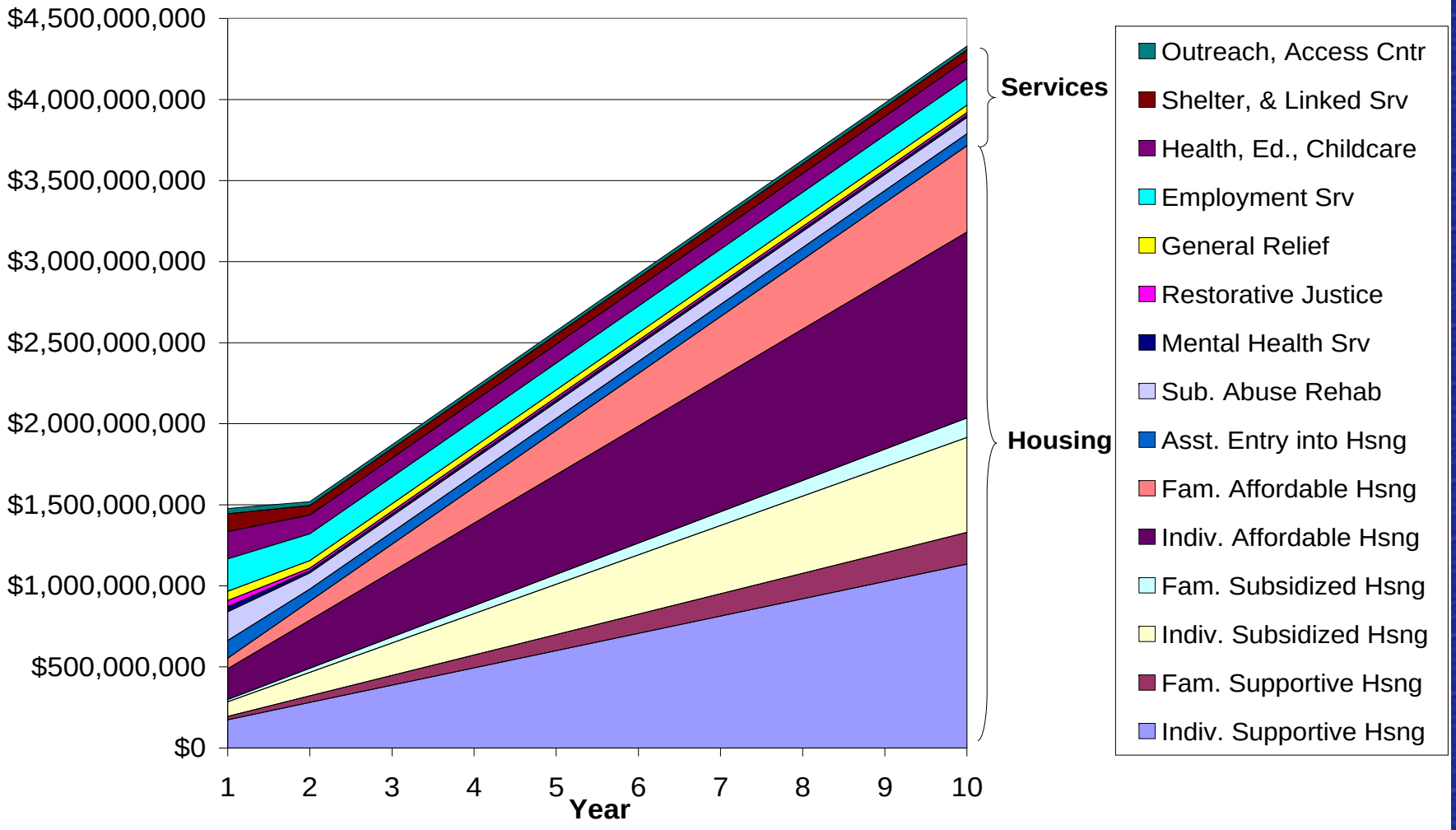
What it costs to address homelessness

Who's paying

What's left unpaid

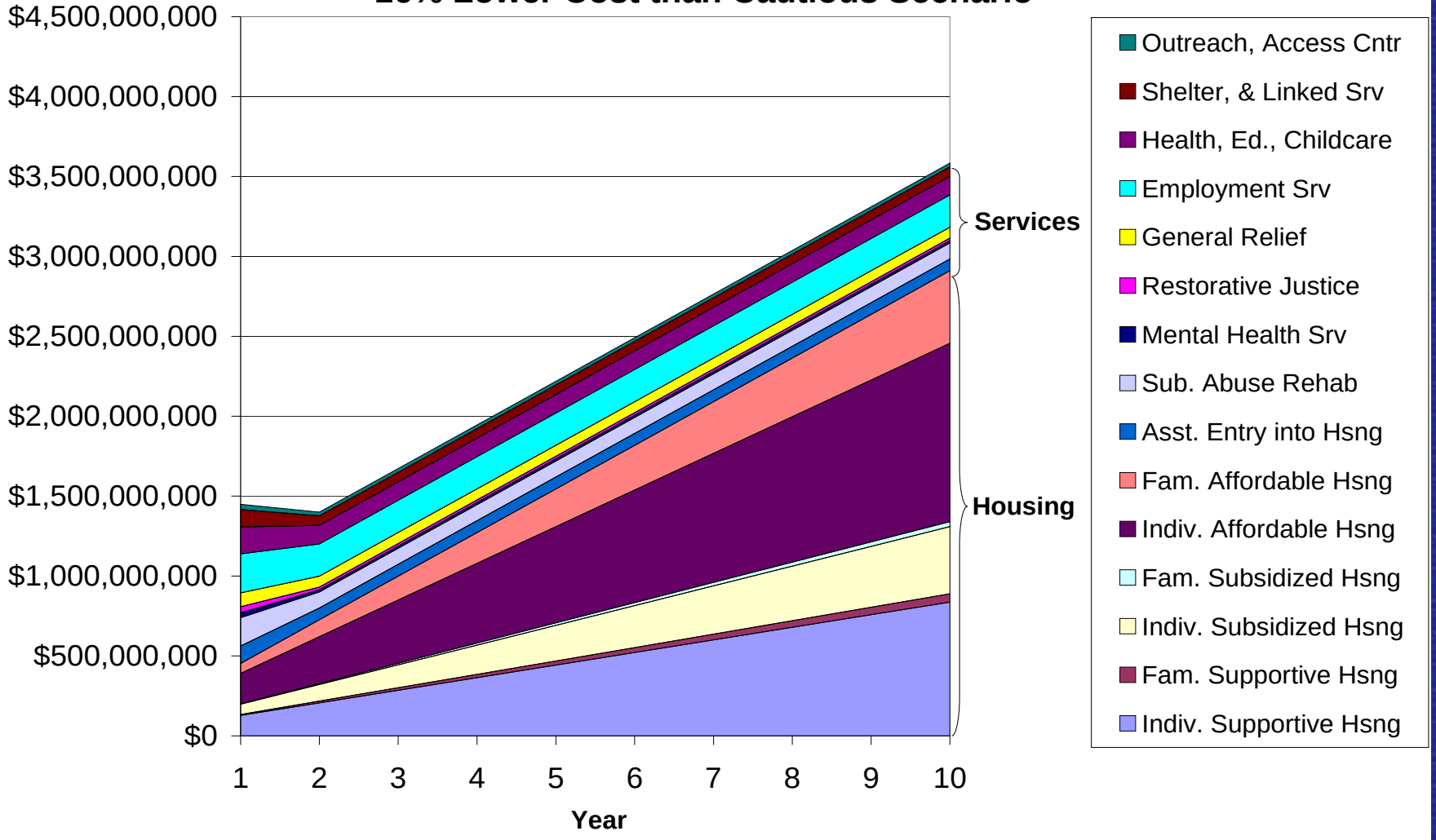
Economic Roundtable

Annual Local Costs Under CAUTIOUS SCENARIO: Current Rate of 65% New Homeless Each Year, Same Service Outcomes



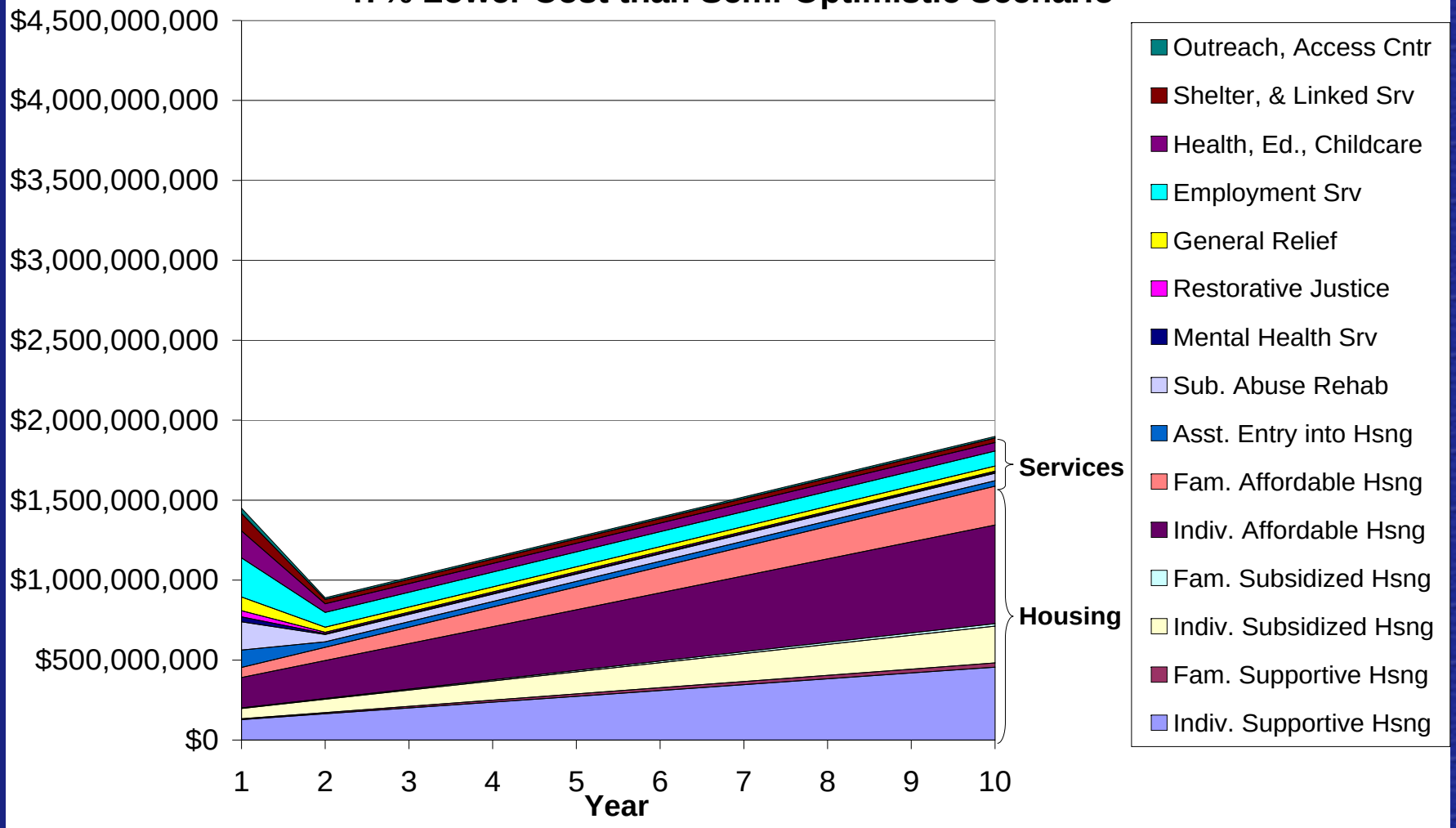
SERVICE OUTCOMES:
65% Unduplicated New Homeless Persons Annually in Years 2-10
50% of Adults in Labor Force After Services
30% of Any-Time-Homeless Population Receiving CalWORKs Benefits
20% of Any-Time-Homeless Population Receiving SSI Benefits
14% of Any-Time-Homeless Population Receiving General Relief Benefits

Annual Local Costs Under SEMI-OPTIMISTIC Scenario: Current Rate of New Homeless, Improved Service Outcomes 16% Lower Cost than Cautious Scenario



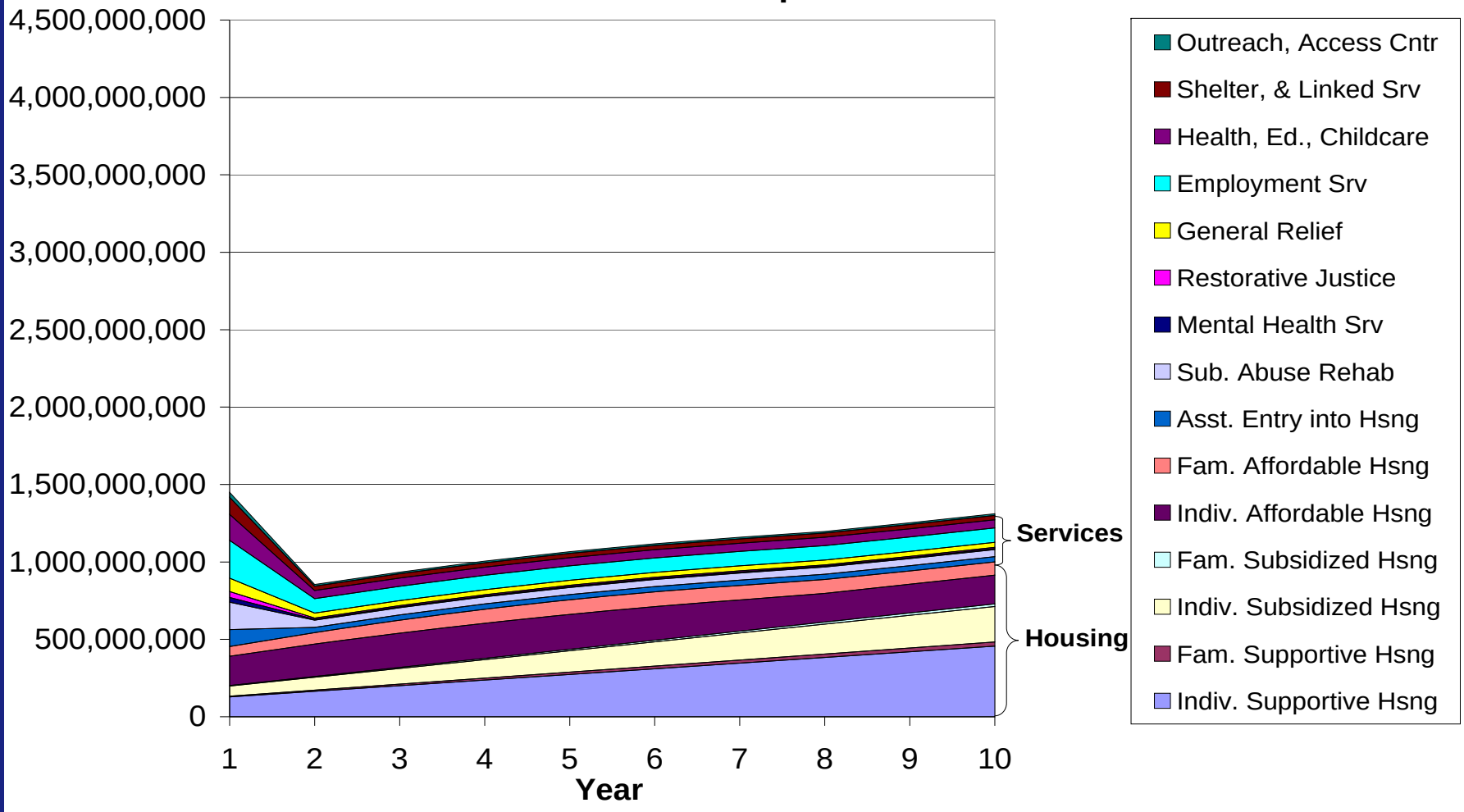
SERVICE OUTCOMES:
65% Unduplicated New Homeless Persons Annually in Years 2-10
65% of Adults in Labor Force After Services
34% of Any-Time-Homeless Population Receiving CalWORKs Benefits
33% of Any-Time-Homeless Population Receiving SSI Benefits
21% of Any-Time-Homeless Population Receiving General Relief Benefits

Annual Costs Under OPTIMISTIC Scenario: Only 30% New Homeless Each Year, Improved Service Outcomes
47% Lower Cost than Semi-Optimistic Scenario



SERVICE OUTCOMES:
30% Unduplicated New Homeless Persons Annually in Years 2-10
65% of Adults in Labor Force After Services
34% of Any-Time-Homeless Population Receiving CalWORKs Benefits
33% of Any-Time-Homeless Population Receiving SSI Benefits
21% of Any-Time-Homeless Population Receiving General Relief Benefits

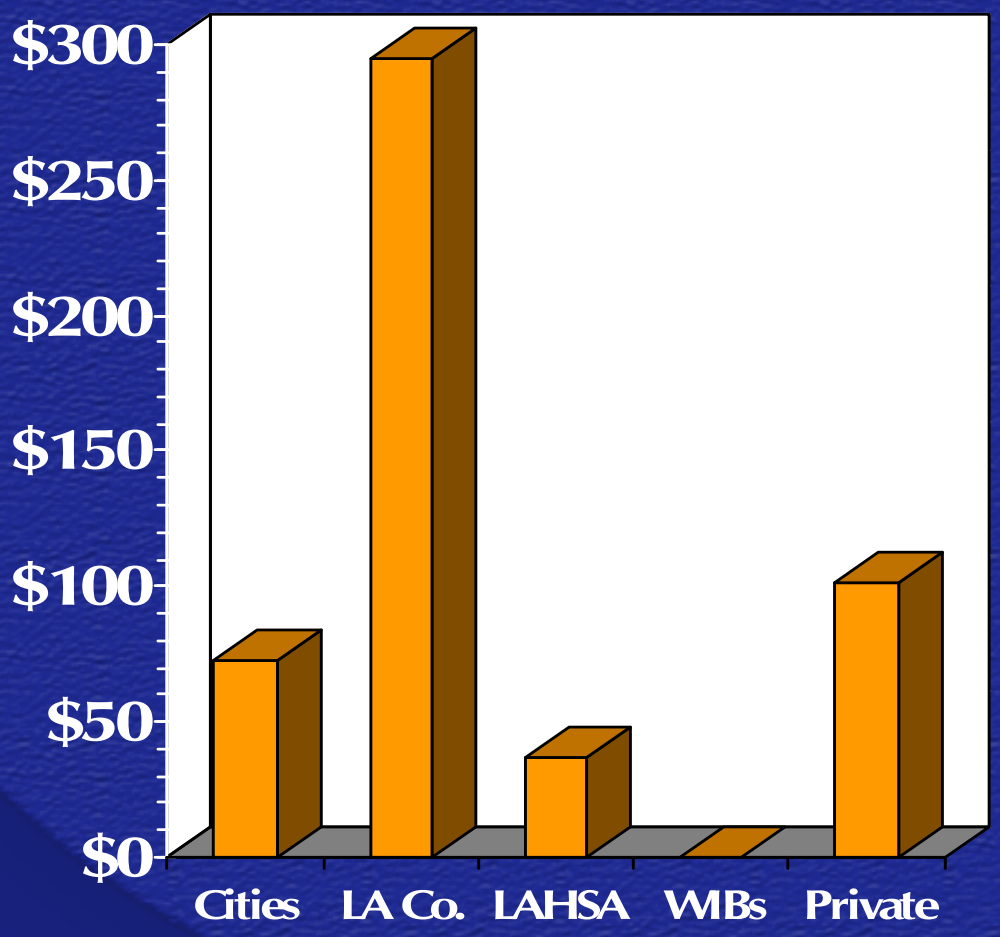
Annual Costs Under MODIFIED OPTIMISTIC Scenario: Reduced New Homeless, Improved Outcomes, Some Housing Subsidies Decline 37% Lower Cost than Optimistic Scenario



SERVICE OUTCOMES:
30% Unduplicated New Homeless Persons Annually in Years 2-10
65% of Adults in Labor Force After Services
34% of Any-Time-Homeless Population Receiving CalWORKs Benefits
33% of Any-Time-Homeless Population Receiving SSI Benefits
21% of Any-Time-Homeless Population Receiving General Relief Benefits
5% Annual Increase in Rent Contribution from Households with Viable Resources

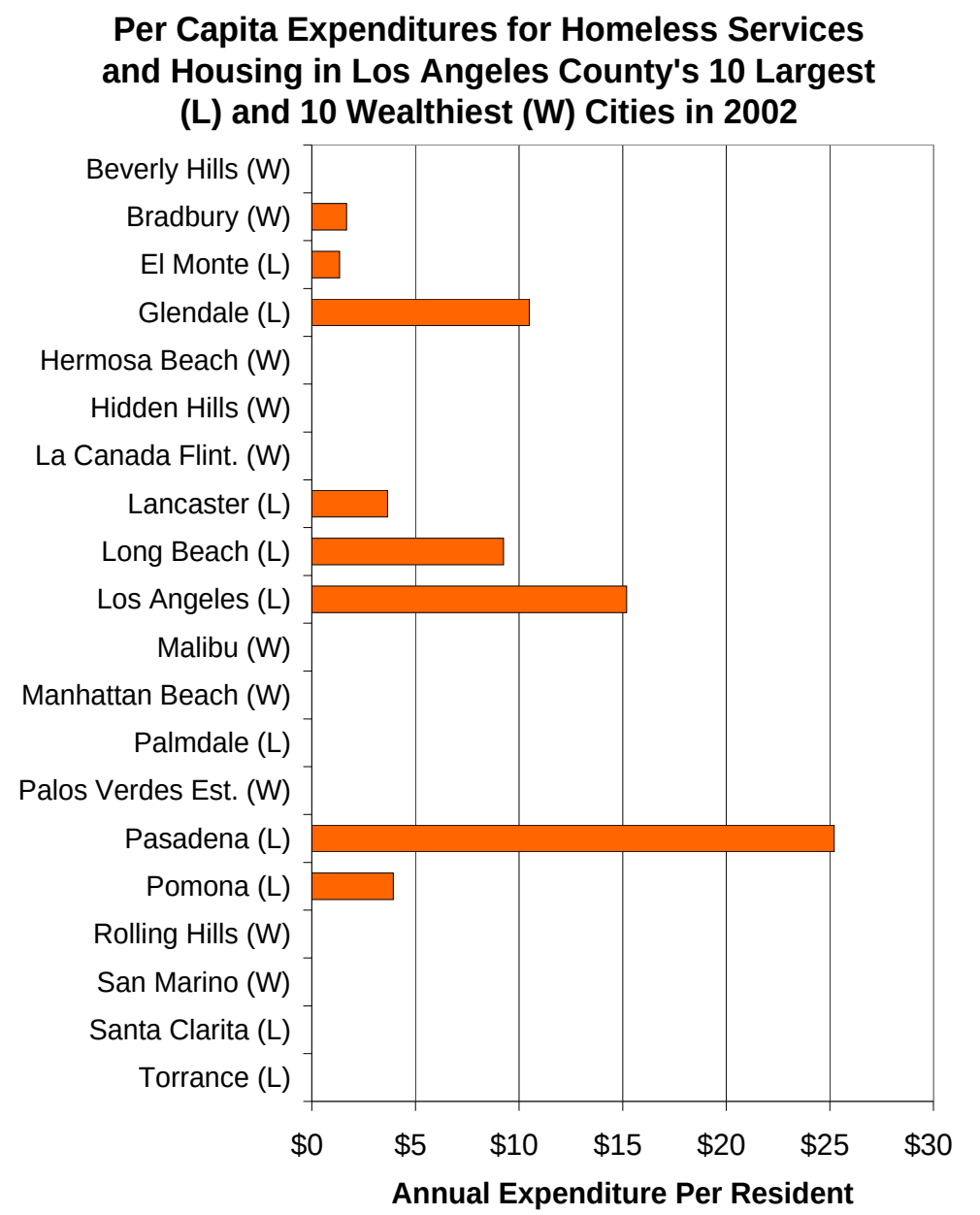
Homeless Expenditures in 2003

- Estimated annual expenditures for homeless housing and services in LA County:
  - Cities: $72,760,000
  - LA County: $294,750,000
  - Los Angeles Homeless Services Authority (LAHSA): $37,010,000
  - Workforce Investment Boards (WIBs): $200,000
  - Foundation grants: $50,000,000
  - Private donations: $50,000,000
  - TOTAL: $505,000,000
- The lowest cost scenario (modified optimistic) is estimated to cost roughly double what is currently being spent on homelessness.



Wealthy Cities Spend the Least on Homelessness

- 10 wealthiest cities:
  - Only 1 city reports any expenditure
  - Total annual expenditure of $1,500 for homelessness
  - 1¢ per capita
- 10 largest cities:
  - 7 cities report expenditures
  - Total annual expenditure of $69,049,944 for homelessness
  - $12.69 per capita
- Municipal engagement with homelessness is centered around the urban core of LA
- If every city spent at least 1/20th of 1% of household income on homelessness, city outlays would increase by 52%, yielding $38 million more in annual funding



Findings About Efforts by Local Government to Address Homelessness

- Only 24 of the 88 cities in Los Angeles County report making any expenditures for homeless services or housing.
- Expenditures among cities making outlays range from $25.21 per capita in Pasadena to $.01 per capita in Bellflower.
- A combination of *sticks* (e.g., loss of community development block grants) and *carrots* (e.g., access to special state and federal housing development funds) is probably required to bring about broad based city involvement in addressing homelessness.
- Over half of existing local outlays for homeless residents are made by county government.
- To end homeless the region must:
  - Spend more money (current outlays equal roughly half of what is needed)
  - Use money more effectively (currently the LA Homeless Services Authority sets no outcome goals for what homeless programs are expected to accomplish)

Policy Recommendations

Ten Actions to End Homelessness

1. Preserve existing affordable housing.
2. Establish institutional accountability for preventing homelessness among:
   - Welfare recipients
   - Foster youth
   - Individuals discharged from jail and prison
   - Individuals discharged from hospitals
3. Obtain a commitment from each of the 88 cities within LA County to host, fund and construct a fair share of:
   - Homeless shelters and service facilities
   - Affordable and supportive housing
4. Establish outcome goals for homeless service providers.
5. Increase the supply of federal Section 8 housing subsidy vouchers.
6. Provide needed education and vocational training for homeless residents.
7. Place employable homeless individuals in jobs.
8. Enroll disabled individuals in Supplemental Security Income (SSI).
9. Create additional detoxification treatment slots for homeless individuals with substance abuse problems.
10. Provide comprehensive and effective mental health services for mentally ill homeless individuals.