



National Alliance to  
**END HOMELESSNESS**

## Homelessness looms as potential outcome of recession

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Recessions mean more homelessness, and the current recession is no exception. Increasing numbers of unemployed people are unable to afford rent, and charities and local governments are unable to keep up. We are already seeing tent cities, shelters turning people away, cities reporting increased numbers of homeless people, and local schools struggling to establish educational continuity for homeless children. Without intervention, the situation is only likely to get worse.

**Based on estimates of the depth likely to be reached by the current recession, 1.5 million additional Americans are likely to experience homelessness over the next two years** (see appendix on methodology below), over and above the number who usually become homeless. This means more trauma for children and adults, more dislocation from schools and communities, and more expenses for local shelter systems. It means more people disconnected from the mainstream of America.

This is not an inevitable result, however. In recent years, know-how about addressing homelessness has increased rapidly, as communities have shifted from merely managing the problem, to focused efforts to reduce and even end homelessness. A small number of leading communities have substantially reduced the number of homeless people, using proven interventions that prevent and quickly end homelessness. Today, the National Alliance to End Homelessness is releasing *Homelessness Counts: Changes in Homelessness from 2005 to 2007*, showing that during favorable economic circumstances, these efforts reduced homelessness nationwide.

So far, the new approach to homelessness has not been brought to the scale necessary to deal with the current recession. If serious measures are taken to bring it to scale, the opportunity remains to prevent suffering and keep hundreds of thousands of families from succumbing.

### **In Brief:**

- 1.5 additional Americans could become homeless over the next two years without effective intervention.
- Many communities have already seen significant increases in their local homeless population.
- Unemployment, poverty and deep poverty rates could reach depths not seen in decades, putting unbearable pressure on local homeless assistance programs.
- The National Alliance to End Homelessness calls for \$2 Billion for homeless prevention and rapid rehousing; 400,000 additional Section 8 vouchers; and a substantial investment in the National Housing Trust Fund to ameliorate the inevitable effects of the recession and prevent 1.5 million people from becoming homeless in the next two years.

**Without effective intervention, the recession will mean approximately 1.5 million additional Americans will experience homelessness in 2009 and 2010.**

Recessions hit poor households significantly harder than others. Those households who are already at risk of homelessness are put at even greater risk due to the unavoidable consequences of economic decline. There are many studies that link the changes in homelessness to changes in unemployment, poverty and “deep poverty” (those with incomes below one-half of the poverty line). The projections made in this document rely on the best available data and analysis of these relationships.

Projections indicate that if the current recession unfolds as expected, the number of persons in deep poverty will increase by approximately 5.4 million. Persons in deep poverty represent those who are most at risk of becoming homeless. Based on this projected increase, we estimate that approximately 866,000 additional Americans will experience homelessness at some point during each of the next two years. Some would be homeless in both years, so the total for both years combined is approximately 1.5 million people who will be homeless as a result of the recession, over and above the number who would experience homelessness under normal circumstances, unless effective countermeasures are adopted. Alternative analyses based on the relationship between unemployment and homelessness resulted in similar projections (see Appendix A). Using each of these indicators and their known association with increased rates of homelessness leads to a consistent conclusion: 1.5 million additional Americans could experience homelessness at some point over the next two years.

**Homelessness has already become worse in many places as the recession has taken hold and unemployment has grown.**

*Communities with comprehensive data show large increases in homelessness despite successful prevention and rehousing initiatives.*

The recession is now over a year old, and data from local communities indicates that increases in homelessness have already begun, often despite effective interventions by pioneers in the field of reducing, preventing and ending homelessness. Without these interventions, the situation would undoubtedly be even worse.

Three communities that have developed systems to track in close to real time the number of homeless people have made their recent results public. In all three, these systems indicate recent influxes in homelessness, despite pathbreaking work on finding housing as quickly as possible for homeless people.

- New York City is moving homeless families out of shelters and back into apartments at a faster rate than ever before. Unfortunately, the number of families losing their housing and becoming homeless has increased even faster, resulting in the highest number of families in history in homeless shelters. In November 2008, the number of families entering homeless shelters was 40 percent higher

than in November 2007, and the number of families in shelters was at an all-time high.

- In Massachusetts, there was a 32 percent increase between November 2007 and November 2008 in the number of families in state-supported shelters.
- In Hennepin County the recession has led to substantial increases in the number of homeless families: 20 percent more in the first ten months of 2008 compared to the first ten months of 2007.

Each of these communities is a national leader in developing innovative programs to prevent homelessness, and to rapidly rehouse families that do become homeless. There is no doubt that if it were not for these efforts, the increases in homelessness would be even worse. Unfortunately, the effects of the recession are in danger of overwhelming these programs unless communities receive assistance increasing their scale.

*In addition, local media have reported sharp increases in the number of homeless people/families in other communities.*

Even where ideal tracking systems do not exist, communities are noticing a number of indicators that homelessness is getting worse, including more people in shelters or turned away because shelters are full, more people sleeping on the streets, more people losing their apartments. National press coverage from USA Today, AP and Reuters, as well as local stories from the New York Times, Los Angeles Times, San Francisco Chronicle, Boston Globe, and other media outlets showed homelessness increasing. Similar stories appeared in Las Vegas, Des Moines, Honolulu, Iowa City, Detroit, Denver, Atlanta, Chicago, Salt Lake City, Miami, San Diego and Knoxville.

An important story covered by ABC News, AP and local media focused on how increased homelessness is affecting public schools. The U.S. Department of Education (DOE) is currently tallying the number of homeless students for the 2007-2008 school year. Already, the coordinator for the DOE's homeless assistance program for school districts has said that every state that has reported their numbers has reported increases.

In late January, every community that receives HUD homelessness funding will be conducting a count of homeless people, both in shelter and on the streets. Results will not be officially reported to HUD until later in the year; but there are likely to be additional media reports of results in individual cities and states, including places that have developed a demonstrated capacity to conduct their counts accurately and reliably.

### **How recessions make homelessness worse – unemployment, support systems impoverished, state and local budget problems.**

For most Americans who become homeless, the reasons relate to short-term economics – sudden and/or sustained unemployment leaves them unable to afford rent, and those who lack adequate support systems lose their housing. This may belie the stereotype of a

homeless person as one who struggles with severe disabilities, sleeps outdoors, is completely disconnected from the job market, and remains homeless for long periods of time. While there are certainly homeless people who fit this description, repeated studies of who becomes homeless indicates that the former scenario is more typical.

By making jobs harder to come by and reducing household incomes dramatically, a severe recession increases the number of people with dire economic emergencies, including homelessness. This was powerfully illustrated in the early 1980s -- the long, deep recession of that period, the first and only time since the Great Depression of the 1930s when unemployment exceeded 10 percent, brought about open, widespread homelessness for the first time in the memory of most Americans, and marked the beginning of the modern epidemic of homelessness in the United States.

Besides its effect on earnings for families who fall into homelessness, recessions also make it harder for familial and social support systems to step up and help a family in danger of becoming homeless. A family member who still has a job may have seen earnings cut, and may have already allowed other family members into her home so that she can not take in another. Charitable agencies may have difficulty securing donations. State and local governments see declining tax revenues, and since most are required to balance their budgets each year, relief programs may be cut.

**The worst increases in homelessness can be prevented by providing emergency assistance to help stabilize or rehouse people experiencing a housing crisis.**

In order to avoid a rapid and massive increase in homeless families and individuals around the country, communities will need assistance to take to scale the best approaches to preventing and rapidly ameliorating homelessness. For most homeless people, especially homeless families with children, this involves short-term, one-time help with financial assistance and social work. For a smaller number it will require more intensive assistance through longer-lasting rental subsidies such as the federal "Section 8" rent voucher program; backed up by additional investment in affordable housing.

Under current circumstances, the federal government is the only likely source of funding at a level sufficient to do the job. This would mean, for the two-year period beginning in early 2009, \$2 billion for homelessness prevention and rapid rehousing; 400,000 additional Section 8 vouchers; and a substantial investment in the National Housing Trust Fund.

## APPENDIX ON METHODOLOGY

The estimated increase of 1.5 million homeless people represents the number of additional people who will be homeless during 2009 and 2010 because of the recession. The estimate is calculated by estimating the increase in the risk pool—in this case the number of people in deep poverty—and applying that percentage increase to estimates of the baseline number of homeless people. Deep poverty is the best predictor of homelessness for which data are readily available.

The baseline number of people who are homeless over the course of a year is estimated to be 2.5 million, with a lower bound of 1.6 million and an upper bound of 3.5 million.

The 1.6 million lower bound is derived from the Third Annual Homeless Assessment Report published by the Department of Housing and Urban Development in July 2008. The estimate is based on a sample of 98 communities that collected detailed information about people who used emergency shelter and transitional housing between October 1, 2006 and September 30, 2007. People who were homeless and living on the streets, in places not meant for human habitation, or in domestic violence shelters were not included in the estimate unless they also used an emergency shelter or transitional housing program.

The 3.5 million upper bound is derived from an estimate conducted by Urban Institute researchers Martha Burt and Laudan Aron based on the 1996 National Survey of Homeless Assistance Providers and Clients, which was conducted by the Census Bureau. Burt and Aron's estimate ranged from 2.3 million to 3.5 million.

The estimated increase in the number of people in deep poverty is 4.5 million to 6.3 million with a midpoint of 5.4 million and is based on a November 24, 2008 analysis by the Center on Budget and Policy Priorities titled *Recession Could Cause Large Increases in Poverty and Push Millions Into Deep Poverty*. This represents a 34.6 percent increase over the 15.6 million people in deep poverty in 2007 (Census estimate).

Applying the increase in deep poverty of 34.6 percent to the estimated number of homeless people over the course of a year (2.5 million) results in an estimate of 866,000 more homeless people in each of 2009 and 2010. Approximately 233,000 of those individuals are homeless in both years, so the estimated increase would be approximately 1.5 million for both years combined.

Applying the lowest factors (1.6 million homeless people over the course of a year, 4.5 million additional people in deep poverty) would result in an estimated increase of 730 thousand additional homeless people over the course of 2 years. Applying the highest factors (3.5 million homeless people over the course of a year, 6.3 million additional people in deep poverty) results in an estimated increase of 2.6 million.

Estimates were similar when calculated using projected increases in the unemployment rate.

Major factors that could lead to fewer people becoming homeless over the two year period include changes in the supply and affordability of rental housing, changes to safety net programs (unemployment insurance, TANF), improvement in the unemployment picture, and direct efforts to prevent homelessness, including homelessness prevention funding and funding for affordable housing production and assistance with rent.