Policy objective: Reducing homelessness and meeting the emergency needs of homeless individuals and families

For many cities, preventing and ending homelessness is a compelling objective. This brief describes how policies in the Housing Policy Library can be used, in conjunction with other tools, to end the homelessness experienced by particular families and individuals and reduce the numbers of people who become homeless. High-cost cities, in particular, have high levels of homelessness and will need to think broadly about providing affordable housing to help people out of homelessness and easing overall shortages of housing and high costs.

Homelessness and housing policy

For most people, homelessness is a temporary state. Having an episode of homelessness does not distinguish a family or an individual from other households with incomes at the well-below-poverty levels characteristic of people who enter emergency shelters. Most poor or deeply poor people do not fall into homelessness, even in high-cost cities. Analysts have found it very difficult to predict which people in a city will become homeless.\(^1\) The pathway into homelessness seems to be a combination of an immediate crisis such as eviction or family conflict and having almost no income. This combination of economic fragility and “bad luck” leaves people no option for a place to stay other than a shelter or the “street.”\(^2\)

However, strong empirical evidence confirms that homelessness is essentially a housing problem. Rates of homelessness are greater in cities, towns, and counties with low vacancy rates and high rents and lower in cities, towns, and counties with relatively high levels of housing assistance targeted to poor people.\(^3\) Furthermore, the pathway out of homelessness is a stable, permanent housing unit, even for people whose housing instability is linked to mental illness or use of alcohol or drugs. The availability of appropriate services is important to many individuals’ success in maintaining stable housing, but people who become homeless tend to need the same supportive services as people with similar challenges who remain housed. Such challenges include low educational attainment, weak connection to the workforce, and psycho-social issues, all of which exist at high rates among people living in poverty, both those who experience homelessness and those who do not. The behavioral health services that many people experiencing homelessness need usually are funded through one of the Medicaid waiver or special programs or through the public mental
health system.

There is no evidence that transitional housing—that is, temporary placements in supervised facilities with on-site or linked services—is needed or effective. Rather, services are best provided by linking people in stable, permanent housing to services provided in a community setting. Experience and research shows that the housing should be permanent in the sense that the occupant has the same security of tenure as other renters, not conditional on cooperation with services or sobriety – an approach called Housing First. Permanent housing that is linked to those services in a way that ensures that people have access to them is called permanent supportive housing or PSH.

An emergency response system is also needed—not everyone can be diverted into staying in or obtaining housing immediately. But the size and expense of the city’s emergency shelter system can be minimized by effective policies that channel funds that might otherwise have gone to shelter into longer-term housing solutions. Those policies include short-term rental assistance, but given the weak earning potential and fragile support systems typical of people who experience homelessness, many will require permanent affordable housing to avoid becoming homeless again.

End and prevent homelessness with the housing policy toolkit

The exhibit below describes how a wide range of housing policies can be used to prevent and end homelessness. All four policy categories in the Housing Policy Library have some role. The most obvious policy categories are the first, which focuses on creating and preserving dedicated affordable housing units, which can be used to expand the inventory of housing for people leaving homelessness (including permanent supportive housing for those who need service-linked housing) and the third, which focuses on helping renters access and afford units.

People who become homeless are overwhelmingly renters. Negligible numbers of people enter homelessness from units they owned; this was true even during the Great Recession and the associated foreclosure crisis. And when people find permanent homes after a homeless spell, those homes are almost inevitably rented.

Rent subsidies, especially when targeted to families and individuals with extremely low incomes, both prevent homelessness and can be used to place people otherwise on the street or in shelters into housing quickly and effectively. Tenant-based rental assistance is used just as effectively by families leaving homelessness as it is by other low-income families. For people who need service-linked permanent supportive housing may take the form of dedicated affordable housing units or tenant-based
housing vouchers that are linked to services. Some cities have found that getting the public housing agency to provide a set-aside of tenant-based housing choice vouchers is the only way to achieve the volume of permanent supportive housing needed for individuals with chronic patterns of homelessness. PHAs in cities with large numbers of homeless people are often reluctant to create open-ended preferences that put people experiencing homelessness at the top of waiting lists, because of a concern that no one else will have access to housing assistance. However, some PHAs have been willing to create set-asides of finite numbers of vouchers to serve this vulnerable population.

The other two policy categories also have a role. By moderating housing costs, expanding the overall supply of housing can reduce pressures on family budgets caused by high housing costs and make the families or friends of people in crisis more willing to provide a temporary place for them to stay. Measures that lower barriers to creating affordable housing can help with the location of supportive housing—for example, by permitting small multifamily properties. Policies that advance housing stability are also important. Good cause eviction policies and legal assistance can avert one type of crisis that is often a pathway into homelessness. On the other hand, when cities adopt policies that improve housing quality through code enforcement, they should consider whether enforcement of rules designed to prevent overcrowding will discourage people from offering a family in crisis a place to stay temporarily.

I. Create and preserve dedicated affordable housing units
**Logic/mechanism:**
Prevents homelessness: cities, towns, and counties with more assisted housing (project and tenant-based) have fewer people with housing crises that lead to homelessness.

Resolves homelessness for particular individuals and families: access to assisted housing prevents returns to homelessness.

Provides a platform for delivering services to formerly homeless individuals—in particular, those with behavioral health needs and chronic patterns of homelessness.

**Specific policies:**
Use subsidy programs (LIHTC and capital subsidies for affordable housing developments) to create new permanent supportive housing (PSH). Can be entire supportive housing property or set-aside of units; no consensus on which is preferable.

Use operating subsidies for affordable housing developments and project-based vouchers to make units in new and existing properties affordable for formerly homeless people (incomes at SSI levels or lower).

Work with PHAs and private owners of affordable housing developments to create preferences and set-asides within public housing, Housing Choice Vouchers, and privately-owned assisted housing for people leaving homelessness and adapt occupancy requirements.

Incorporate special needs housing into inclusionary zoning, density bonuses, tax abatements, and other incentives or requirements for affordable housing.

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**II. Promote affordability by reducing barriers to new supply**
Logic/mechanism:
Expanding the overall supply of housing (especially rental housing) lowers rents and reduces crises that lead to homelessness (inability to pay rent, crowding, unwillingness to take in family or friends in crisis).

Permitting higher density housing development and encouraging small multifamily housing expands locations and properties for permanent supportive housing and other special needs housing.

Specific policies:
Rezoning for higher density development, reducing barriers to development, and facilitating the use of lower cost types of housing units can lower the cost of rental housing overall.

Changes that permit additional housing types may enable development of PSH.

III. Help households access and afford private-market homes
Logic/mechanism:
Tenant-based rental assistance prevents homelessness; cities, towns, and counties with more assisted housing have fewer people with housing crises that lead to homelessness. Utility assistance can also help forestall housing crises.

Resolves homelessness for particular individuals and families: access to assisted housing prevents returns to homelessness.

Tenant-based assistance can provide a platform for delivering services to formerly homeless individuals—in particular, those with behavioral health needs and chronic patterns of homelessness. Many formerly homeless people prefer housing that is integrated into the community, and the Olmstead decision requires communities to give people with disabilities that opportunity.

Specific policies:
Work with PHAs to maintain and expand quantity of Housing Choice Vouchers within budget constraints (e.g., fully utilize resources despite budget uncertainties).

Work with PHAs and other providers of rental assistance to create preferences for people leaving homelessness within the public housing, Housing Choice Voucher, and privately-owned assisted housing programs adapt occupancy requirements. Consider targeting all vouchers to households with extremely low incomes, to help people avoid homelessness.

Use HOME tenant-based rental assistance and state or local-funded rental assistance for people leaving homelessness. Provide security deposit and/or first month’s rent assistance to help families re-establish a residence.

Use set-asides of Housing Choice Vouchers for PSH.

IV. Protect against displacement and poor housing conditions
### Logic/mechanism:
Prevents homelessness: eviction is a common pathway to homelessness. Crowded housing reduces willingness to take in family or friends in crisis.

### Specific policies:
Use **“Just cause” eviction policies**, eviction prevention programs, and legal assistance for at-risk renters to reduce housing crises that can trigger homelessness.

Trade-off: **strong housing codes** and code enforcement are important for ensuring housing quality, but can lead to eviction; make households unwilling to take in family or friends in crisis.

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**Combining policies to end and prevent homelessness**
The specific polices highlighted in the exhibit often can and should be used in combination, as illustrated in the following scenarios:

**Scenario 1:** A city, town, or county with a large or growing number of individuals with chronic patterns of homelessness identifies a need for an expanded supply of permanent supportive housing. The city, town, or county offers gap financing to a developer who commits to setting aside 20 percent of the units for permanent supportive housing in a development that is being recapitalized and preserved with LIHTC. Medical and case management services are provided through a partnership with the city’s mental health agency. Project-based Section 8 rent subsidies already attached to this preservation property are used to make the rents affordable for people whose only source of income is SSI.

**Scenario 2:** A city, town, or county is experiencing an increased inflow into its emergency shelters for families. As an alternative to building another shelter, the city, town, or county persuades the public housing agency to target a higher percentage of its housing choice vouchers to families with extremely low incomes. Through a further agreement with the PHA, the city uses the waiting list for Section 8 vouchers to reach out to families who may have a crisis leading to homelessness while they are waiting their turn for a rent subsidy. The city, town, or county also examines its enforcement of housing codes to determine whether rules against overcrowding are associated with increased demand for emergency shelter.
Partnerships and coordination
As the scenarios just described illustrate, policies to prevent and end homelessness require coordinated policies and partnerships. A city, town, or county that has identified ending and preventing homelessness as an important objective should examine how the strategic planning carried out by the Continuum of Care (CoC) that has that function for the homeless services system can be linked to the city’s broader strategic planning for housing.

CoCs differ from city to city, county to county in their governance and functions. Some are embedded in local government, while others are led by private non-profits. In some places they already have succeeded in making the public housing agency and the mental health and Medicaid agencies full partners in ending homelessness. If that is the case, the agency responsible for the city, town, or county’s housing plan can build on the relationships that the CoC has established as the foundation for a partnership. In other cases, the housing agency should make itself part of the CoC and help to strengthen it.


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