

2010 UPDATE

WESTERN REGIONAL ADVOCACY PROJECT

WITHOUT HOUSING

DECADES OF FEDERAL HOUSING CUTBACKS

MASSIVE HOMELESSNESS

AND POLICY FAILURES



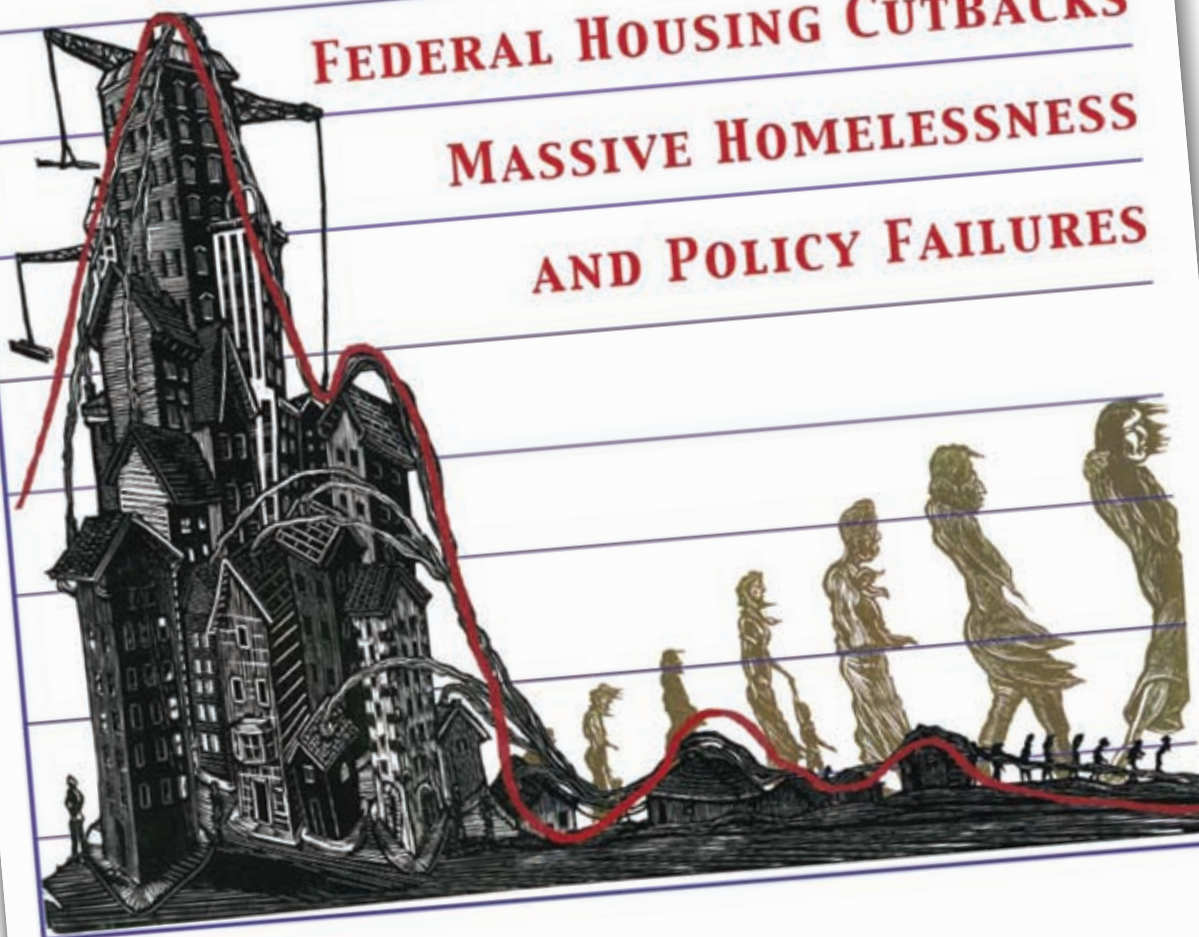
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ACKNOWLEDGEMENTS

This document is dedicated to people everywhere working for liberation, dignity and a better world. For those who read it, we hope it inspires you to act courageously!

WRAP would not exist without the thousands of people who support our mission, vision and campaigns.

This update is indebted to the tremendous intelligence, labor and love that went into the original Without Housing report, and to the spirit of Cushing Dolbeare.

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Janny Castillo, Building Opportunities for Self-Sufficiency

A VERY ABRIDGED HISTORY OF MASS HOMELESSNESS

Without vigorous social programs, no economic system ensures the human right to adequate housing. In the last century, the United States has experienced two episodes of mass homelessness. The episode gripping our country right now is largely regarded as a natural fact of life, but a careful study of history reveals the policy choices that caused and either alleviated or exacerbated these crises.

1929 Stock market crash and global economic downturn leads to the Great Depression.

1933 Over 1 million homeless people in United States.

1933 President Franklin D. Roosevelt (FDR) launches the New Deal to fund job programs, Social Security, and affordable housing production, demonstrating a systemic response to poverty and homelessness.

1933 Congress enacts National Industrial Recovery Act to allocate funding for low-rent housing.

1934 FDR launches Federal Housing Administration to stabilize national housing market.

1937 The US Housing Act of 1937 establishes the first public housing program.

1944 The G.I. Bill provides mortgage assistance programs and college or vocational education for veterans, broadening the middle class.

1949 The Housing Act of 1949 passes with the objective to provide “a decent home and a suitable living environment for every American family.”

1949 US Department of Agriculture (USDA) launches Section 515 program to build low-income rural housing.

1949 Federal government initiates urban renewal to provide low-income housing for families not served by the private market. Program is marred by racial and class discrimination.

1965 Department of Urban Development and Housing (HUD) is created to develop urban housing as part of President Lyndon B. Johnson's Great Society.

1965 HUD creates Section 23 Leased Housing Program as part of the Housing Act of 1965, allowing local housing authorities to lease privately owned units and sublease them at reduced rents to eligible applicants.

1968 The Housing and Urban Development Act ushers in a new era of affordable housing production. Sections 235 and 236 of the act encourage the private sector to produce affordable rental and owner-occupied units through interest rate subsidies.

1968 The Fair Housing Act of 1968 is created, banning discrimination in public housing.

1970s Mental health consumers begin to be deinstitutionalized — many people with mental illnesses end up homeless or in jail.

1973 President Nixon places a moratorium on all subsidized affordable housing production. Congress ends moratorium 18 months later.

1974 HUD Section 8 program replaces Section 23, marking a federal move toward demand-side rental subsidies.

1976 HUD Budget Authority: \$57.7 billion; tax expenditures for home ownership: \$33.2 billion (in 2004 constant dollars). Homelessness is not a systemic problem.

1976 HUD subsidizes the construction of 203,046 new housing units.

1978 HUD Low/Moderate-Income Housing Budget Authority: \$77.3 billion (in 2004 constant dollars).

1979 USDA Section 515 program creates 38,650 rural affordable housing units.

Late 1970s – early 1980s Urban Renewal largely becomes domain of local governments and is associated with “commercial revitalization,” gentrification and demolition of cheap housing stock.

1981 President Ronald Reagan takes office and dismantles New Deal and Great Society social programs designed to assist the poor, most significantly the federal funding of affordable housing production.

1983 HUD Low/Moderate-Income Housing Budget Authority: \$17.6 billion (in 2004 constant dollars); 77 percent less than 1978 budget authority. Contemporary mass homelessness emerges nationwide.

1983 Emergency homeless shelters, funded by the Federal Emergency Management Agency, open across the country.

Mid-1980s Local governments and police begin enforcing vagrancy laws and passing ordinances that target people experiencing homelessness.

1986 The Tax Reform Act of 1986 creates the Low Income Housing Tax Credit Program, encouraging private developers and investors to build affordable housing by offering tax credits through the IRS.

1987 Congress passes the Stewart B. McKinney Homeless Assistance Act of 1987, the first major federal legislation devoted solely to addressing homelessness.

1987 Supportive Housing emerges as a strategy for permanently housing disabled people experiencing homelessness.

1988 Rural homelessness is a growing crisis largely ignored.

1990 Cranston-Gonzalez National Affordable Housing Act re-affirms commitment made in 1949 to adequately house all Americans; funding does not match aspiration.

1992 Congress funds Urban Revitalization Demonstration (URD) in response to a National Commission on Severely Distressed Public Housing report. URD becomes HOPE VI in 1999, leading to the loss of large amounts of guaranteed affordable housing.

1994 HUD develops the Continuum of Care model in which homeless people are provided with a “continuum” of programs to prepare them to move into permanent housing.

1995 USDA Section 515 program creates only 2,853 rural affordable housing units. The program created 30,175 units in 1976.

1996 HUD Low/Moderate-Income Housing Budget Authority: \$19.2 billion (in 2004 constant dollars); 75 percent less than 1978 budget.

1996 Funding for construction of new public housing units halted. Over 150,000 public housing units are lost over the next 14 years.

1996 President Clinton signs Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) into law. Temporary Assistance for Needy Families replaces Aid to Families with Dependent Children, ending welfare as an entitlement program. PRWORA establishes a lifetime assistance limit of 5 years and a workfare component, forcing people into low-wage jobs without health benefits or childcare.

1998 Quality Housing and Work Responsibility Act passes, mandating that poor people provide community service in exchange for rental subsidies, unlike homeowners for mortgage deductions. Provisions of the act make it nearly impossible for public housing authorities to construct new units.

2000 National Alliance to End Homelessness launches Ten-Year Plans to End Homelessness.

Early 2000s Housing First becomes centerpiece of Chronic Homeless Initiative and Ten-Year Plans to End Homelessness. Funding comes from limited HUD *homeless assistance* dollars rather than HUD *housing* dollars, resulting in the program only meeting a small fraction of the need.

2002 The George W. Bush administration

reestablishes the US Interagency Council on Homelessness — an agency created under the Stewart B. McKinney Homeless Assistance Act to “coordinate the Federal response to homelessness” that was disbanded under President Bill Clinton.

2005 USDA Section 515 program creates 783 rural affordable housing units.

2006 37 million people live in poverty in the United States.

2007 Federal tax expenditures on home ownership: \$102.8 billion; HUD Low/Moderate-Income Housing Assistance Budget Authority: \$30.9 billion (in 2004 constant dollars).

2008 Recession sweeps across United States and world: homelessness spikes dramatically, especially amongst families, and tent cities reemerge across the country.

2008 The 39.8 million people live in poverty in the United States.

2008 The Housing and Economic Recovery Act of 2008 establishes the National Housing Trust Fund (NHTF). The goal of NHTF is to build or preserve 1.5 million units of affordable housing over 10 years.

2008 There are 355 Ten Year Plans to End Homelessness that cover 860 cities across the country, yet homelessness is rising.

2009 The American Recovery and Reinvestment Act of 2009 passes. The “stimulus package” contains \$1.5 billion for Homeless Prevention and Rapid Re-housing Program and \$2.25 billion in HUD funding for the Low Income Housing Tax Credit Program.

2009 The Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH) passes. HEARTH continues to require local communities to implement Housing First with a small pool of homeless assistance dollars.

2009 The Helping Families Save Their Homes Act of 2009 passes. Title VII of the bill ensures tenants of foreclosed rental properties are given 90 days to find alternative housing.

2009 Roughly 3.4 million families experience foreclosure — 60 percent of foreclosures are caused by unemployment.

2010 Foreclosure filings made on 367,056 properties in March alone.

2010 Federal budget for discretionary mili-

tary spending increases to \$663.8 billion.

2010 HUD unveils Transforming Rental Assistance, a plan to leverage private sector investment by mortgaging off 280,000 public housing units.

2010 As many as 3.5 million people are homeless in the United States.

Sources

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Art Hazelwood

EXECUTIVE SUMMARY

This report is an update of *Without Housing: Decades of Federal Housing Cutbacks, Massive Homelessness and Policy Failures*. While much has changed since 2006, the fundamental message remains the same: ending mass homelessness in the United States will require a serious recommitment by the federal government to create, subsidize and maintain truly affordable housing. The massive reality of homelessness in the United States is nothing short of a national tragedy, a profound failure of our collective spirit and conscience to recognize the fundamental interconnection and humanity of all.

Homelessness in the United States is the most brutal and severe face of widespread poverty. Homelessness stems from systemic causes that play out via the individual biographies of people experiencing homelessness. At the epicenter of these systemic causes is over three decades of federal divestment in our affordable housing infrastructure and programs. However, public policy debates and media representations tend to overlook the systemic causes of homelessness. Instead of addressing the shortage of adequate housing, federal policies have only further driven the commoditization of housing as speculative asset, and in doing so led the entire global economy to the brink of collapse in 2008.


The massive reality of homelessness in the United States is nothing short of a national tragedy, a profound failure of our collective spirit and conscience to recognize the fundamental interconnection and humanity of all.

We can trace contemporary mass homelessness to the Reagan administration's destruction of the social safety net and affordable housing funding. These cuts happened at the same time that the cumulative effects of deindustrialization, global outsourcing of jobs, decreasing real wages, urban renewal and gentrification were driving down income and driving up housing costs. The social safety nets created by the New Deal and as part of the Great Society assured a baseline of opportunity in the United States for decades. During the 1980s, however, under Reagan's neoliberal policies, homelessness reemerged throughout the United States.

Homeless policy has focused on a series of underfunded, patchwork efforts that tend to pit sub-populations of people experiencing homelessness, service providers and advocates against each other in battles for meager funds. Rather than addressing homelessness by providing housing options at all income levels, homeless policy in the United States has devolved into byzantine formulas used to count the number of homeless people and determine whether or not someone "qualifies" for homeless housing and services.

From 2001 to 2008, the George W. Bush administration continued this trend while claiming to be pushing for the end of homelessness. He modestly increased HUD homeless assistance targeted at "chronically" homeless single adults, but substantially cut funding for public housing, Section 8 and other HUD affordable housing programs. His administration pressured cities to create "ten-year homeless plans" to address "chronically" single homeless people, while ignoring other groups of people experiencing homelessness like families that are doubled-up or living in motels or hotels, working poor people who can't afford rent for the whole month and seniors who lost their housing due to gentrification.

All the while, the assault on our system of affordable housing by political and market forces



goes on. As this report goes to print, HUD is endorsing a plan called Transforming Rental Assistance (TRA) to open up 280,000 public housing units to private investors. A similar plan was already rejected twice during George W. Bush's presidency. The current version of this plan relies heavily on private capital and debt, does not address the protection of tenant rights and has no clear mechanism for ensuring long-term public ownership of our crucial public housing stock. While certain provisions of TRA will certainly be modified due to overwhelming opposition, the recurring lesson of TRA is that both political parties are pursuing "market will handle it" strategies to privatize this critical national resource.

The devastation that comes from our collective failure to address the systemic causes of mass homelessness is perhaps nowhere more stark than in the reality of children experiencing homelessness. Families with children are the fastest growing group of homeless people in the country. Children and youth who lack a fixed and adequate nighttime residence have difficulties with school enrollment, attendance and success. The most recent federal data shows that at least 930,000 homeless children were enrolled in public schools during the 2008-2009 school year — a 38 percent increase over 2 years.

These homeless children are the casualties of increasing inequality in the United States, where the gap between rich and poor has grown to be the largest in the industrialized world. As this gap grows, so too do the brutal legalities with which it is enforced. Largely driven by the concerns of business interests, cities across the country have turned their focus to policies aimed at criminalizing homelessness rather than solving it. Police have employed tactics that systematically deny people experiencing homelessness the right to be in public spaces. These punitive measures may force a person to leave a certain park, doorway or neighborhood, but that person will still be poor and homeless in another community.

There have been a few glimmers of hope in the last couple of years that must be vigorously pursued. Congress passed the National Housing Trust Fund as part of the Housing and Economic Recovery Act of 2008. President Obama requested \$1 billion for the NHTF as part of his FY 2010 and FY 2011 budget proposals, but funding has yet to be authorized by Congress. It is crucial that a steady source of funding is secured to launch and sustain this vital program.

In February 2009, Congress included \$1.5 billion in the “stimulus package” for the Homelessness Prevention and Rapid Re-Housing Program, and the Helping Families Save Their Homes Act of 2009 also contained provisions responding to the homelessness caused by foreclosures. Tragically, neither of these policies goes far enough: a hallmark of the disjointed matrix of homeless and housing policies for the last three decades. Moreover, all of the funding to address mass homelessness and affordable housing in the United States pales in comparison to military spending and tax breaks for corporations and wealthier homeowners.

As a country, we must end the policies that criminalize homelessness, pit sub-populations of people experiencing homelessness against each other and seek to address homelessness as anything less than a full-scale systemic crisis, connected to the unacceptable widespread reality of inequality and poverty in the United States. We must press the glimmers of hope in homeless policy that have surfaced in the last couple of years to become a flood of justice in our nation through an unbending dedication to the economic human rights of all people.

Any meaningful progress towards ending mass homelessness in the United States can only be made if we:

- View our work through a social justice framework, with a focus on opposing oppression;
- Build a mass movement that reaches beyond “inside the Beltway” advocacy to engage people from across the country in a grassroots campaign;
- Work to ensure that ending mass homelessness becomes a national priority, with financial and policy support from all levels of government.

It is our duty, as individuals and as a democratic society, to fight tirelessly to guarantee the inherent human right of all people to adequate housing.

We invite you to join us in this struggle.



Celina Callahan-Kapoor

INTRODUCTION

The answer to homelessness is in some ways deceptively simple: a policy of universal affordable housing. Despite this fact, for almost 30 years the United States has pursued the exact opposite policy. In the process, we have fallen short of the ideals that housing, education, health care and economic security are basic human rights.

When Western Regional Advocacy Project released *Without Housing: Decades of Federal Housing Cutbacks, Massive Homelessness and Policy Failures* in 2006, it was our attempt to introduce a voice of reality into the debate about mass homelessness, affordable housing and governmental funding priorities. The report documented federal funding trends for affordable housing over 25 years and described the correlation between this downward trend and a new and massive episode of homelessness that began in the 1980s and continues today. It also demonstrated why federal responses to this nationwide shame have consistently failed. We were amazed and gratified at its impact as a public education and organizing tool


The answer to homelessness is in some ways deceptively simple: a policy of universal affordable housing for everyone.

throughout the country. However, the debate continues and has, unfortunately, become increasingly convoluted. The reality and true cause of mass homelessness is getting lost as more categories are created to discuss the “new” homeless, the “regular” homeless, the “chronic” homeless, the “family” homeless, and on and on.

For this 2010 update, we have summarized the chapters from the original report, updated the information to include new legislation and changes in programs and adjusted the charts to reflect the latest numbers available. In light of the current economic collapse, mortgage crisis and colossal taxpayer-funded bailouts of financial institutions through the Troubled Asset Relief Fund, a serious and sober understanding of our government’s housing priorities is warranted now more than ever. What follows is our attempt to deepen this understanding and to provide a tool to organize our communities and effectively advocate for systemic change in affordable housing policy.

There are four main reasons why the lack of truly affordable housing has increasingly become a national problem. First, the urban renewal and gentrification that began in the 1950s and picked up speed in the 1970s have destroyed vast amounts of previously cheap housing stock right up to today. Second, housing markets have generally shifted towards higher end production, especially in gentrified urban centers. Third, public production of new units of affordable housing was decimated in the early 1980s under President Ronald Reagan and has now been almost completely halted. Fourth, public housing subsidies, such as the Section 8 program, were also slashed since the 1980s, creating a program today that is only able to serve a small percentage of income-eligible recipients.¹

Other structural changes such as the outsourcing of jobs overseas, the freezing of the minimum wage, cuts in the social safety net and expansion of military spending have all contrib-



uted to contemporary mass homelessness. But even with all these contributing factors, if the federal government had continued to build appropriate quantities of affordable housing and ensured that the supply of affordable housing was sufficient to meet the demand, then we would not have seen massive increases in homelessness over the past 30 years.

To rely on individual biographical factors to explain the ever growing numbers of people without housing is severely misleading, especially when the structural and systemic causes of homelessness are generally left out of the discussion altogether. Assisting people experiencing homelessness to address whatever personal challenges they may face is the work of social workers and health professionals. Fixing the social and structural conditions that cause mass homelessness requires that policymakers work with organizations at every level, especially local communities, organizers and those most affected — people experiencing homelessness.

Reinvigorating the federal government's commitment to funding affordable housing provides the most straightforward way of resolving mass homelessness. It may not eliminate homelessness altogether, but it will bring us much closer to that goal than any other single initiative.

Just as it was in 2006, the primary concern raised in this report is how we choose to allocate our public resources. Will we honor our social contract to care for the needs of all people? Whether you are sick and tired of panhandlers, or whether you yourself are a panhandler sick and tired of poverty, nasty comments, dirty looks and cops — the decisions made in Washington, DC about housing and social policy directly impact your day-to-day life.

Throughout, we have continued to draw our facts and figures from government agencies and reliable research reports. We remain true to the hard data. However, we know that mass homelessness will not be ended simply by getting the numbers right or by devising a new theory about whom to target with homeless services. It will end when we – as a country – take action based on the principle that every human life is valuable and that housing, health care, education and economic security are human rights.

CHAPTER 1

An Overview of the Origins of Contemporary Mass Homelessness and the Failures of Federal Policy

The Reality of Contemporary Mass Homelessness

A serious look at mass homelessness must begin with a look at poverty. Homelessness is the most brutal and severe face of the widespread poverty experienced daily by millions of people in the United States. In 2006, we reported 37 million people living in poverty, which the US Department of Health and Human Services defines as a family of four living on less than \$22,050 a year or an individual living on less than \$10,830 a year.² In 2008, the number grew to 39.8 million people.³

Approaches to addressing extreme poverty were significantly different in relatively recent history. For example, in response to the monumental economic collapse of the Great Depression and the demands put forward by strong social movements, the federal government developed the New Deal in the 1930s, a series of safety net and social welfare policies designed to address the shortcomings of the free market. New Deal policies – particularly the federal funding of job programs, Social Security and affordable housing production – effectively minimized the mass homelessness created during the Great Depression.

In the mid-1960s, President Lyndon B. Johnson initiated another set of sweeping federal public benefits called the Great Society programs. These new programs, popularly known as the War on Poverty, focused on the economic and civil rights conditions that were causing wide-



Janny Castillo, Building Opportunities for Self-Sufficiency

spread urban unrest. Programs for youth, education, health, housing, economic opportunity and transportation were all launched. While both the New Deal and Great Society were far from perfect (programs were underfunded, largely failed to alleviate racial and gender inequality and were easy targets for conservative backlashes), they nonetheless demonstrated a commitment by the federal government to address systemic poverty.⁴

In the 1980s, however, the Reagan administration launched a dramatic assault on New Deal and Great Society policies.⁵ Guided by “free market” principles, the now discredited “trickle down” economic theory and anti-government ideology, Reagan systematically removed several rungs in the ladder of opportunity, increased military spending and bestowed tax breaks for wealthy people and corporations. Couched in the rhetoric of bootstraps and rugged individualism, Reagan and a Democrat-led Congress slashed federal funding of social programs designed to assist the poor, most significantly the federal funding of affordable housing production.⁶ Collectively, these policies were part of a global market-driven policy called “neoliberalism.”⁷

The Reagan administration’s destruction of the social safety net and affordable housing funding occurred at the same time that the cumulative effects of deindustrialization, global

The Reagan administration’s destruction of the social safety net and affordable housing funding occurred at the same time that the cumulative effects of deindustrialization, global outsourcing of jobs, decreasing real wages, urban renewal and gentrification were driving down income and driving up housing costs.

outsourcing of jobs, decreasing real wages, urban renewal and gentrification were driving down income and driving up housing costs. Additionally, no serious provisions were made for the tens of thousands of people with mental illness who needed subsidized housing in the wake of deinstitutionalization. Together, these factors left millions of people without economic security, unable to afford housing, and eventually out on the streets. During the 1980s, homelessness tripled or quadrupled in many United States cities.⁸

Quick Fix Responses, Long Term Issue

Disregarding the federal cuts to affordable housing, federal government officials viewed the widespread emergence of homelessness in the 1980s as a temporary problem.⁹ As a result of this shortsightedness, they used Federal Emergency Management Assistance funds for temporary emergency shelters and created the Federal Interagency Task Force on Food and Shelter for the Homeless, whose function was primarily to instruct localities on how to obtain surplus blankets, cots and clothing. These temporary and local solutions failed dismally to resolve the crisis.

By the mid-1980s, alongside emergency responses to homelessness, “supportive housing” began to emerge as a strategy for permanently housing disabled people experiencing homelessness. Funded by the federal government as a supportive housing demonstration project in the 1987 McKinney Act, it combines subsidized housing with onsite case management services and is targeted at severely disabled homeless people.¹⁰ “Supportive housing” policy was a recognition that many homeless people were in desperate need of the residential health care services that had all but disappeared for poor people, an example of an inadequate solution to the lack of universal health care.

Although “supportive housing” initiatives have provided some new affordable housing, the funding allocated to create supportive housing is miniscule in comparison to the overall need. When “supportive housing” is presented as the primary solution to mass homelessness while millions of people continue to live without housing every year, it supports the misperception that our massive rates of homelessness can be addressed through specialized, underfunded programs, rather than fully addressing the structural causes.

“Paradigm Shift”

From 2001 to 2008, the George W. Bush administration claimed a paradigm shift from managing homelessness to ending it. Unfortunately, this shift did nothing to reinvigorate the funding of permanent affordable housing. Its main accomplishment is the development of 355 ten-year plans to end homelessness,¹¹ covering 860 cities.¹²

Public policy debates, media representations and ten-year plans rarely address the systemic causes of mass homelessness; instead, they often continue to portray the problems of homeless individuals as caused by their dysfunction, laziness, mental illness, substance abuse or general deficiency.¹³ Ten-year plans also generally ignore the reality of families that are doubled-up or living in motels or hotels, unaccompanied youth, working poor people who cannot afford a place for the whole month and seniors who lost their housing due to gentrification.

Just like everyone else, many homeless people do experience significant personal challenges. It is, of course, the interaction of these challenges with insufficient health care, education, employment and, particularly, housing that triggers – and perpetuates – homelessness. Rather than recognizing these realities, the negative stereotyping of homeless individuals with policy labels such as “chronic” have fed the tendency to respond to mass homelessness with inadequate policies that fail to address systemic causes — most significantly, the obligation of the federal and local governments to invest in public and other truly affordable housing.

Housing First and the “Chronic Homeless” Initiative

The current policy priority of the federal government in addressing homelessness continues the model of supportive housing with a focus on “chronically” homeless individuals: Housing First. This model makes the fairly common sense claim that the best way to help homeless people is to place them in stable housing first and then to provide case management and supportive services as needed.¹⁴ “Chronically” homeless people are defined as single homeless individuals with severe challenges of mental illness or substance abuse who have experienced

four episodes of homelessness over the past three years or who have been homeless continuously for over a year.¹⁵ This definition was recently expanded to include families with a disabled head of household who meet the durational criteria.¹⁶

The federal government decision to fund Housing First out of a limited pool of HUD *homeless assistance* dollars rather than with a sustained increase in HUD *housing dollars* means that the program only meets a small fraction of the need. This decision has also led many local communities to change their homeless programs and reduce vital emergency services to families and unaccompanied youth in order to comply with HUD priorities. Furthermore, communities that cannot afford to build new housing at any reasonable scale with the limited dollars available are leasing hotel or apartment units from for-profit landlords, a short-term use of scant resources that does nothing to address the overall lack of permanent affordable housing.

When “supportive housing” is the *only* type of housing being discussed as a solution to mass homelessness, it reinforces the stereotype that “regular” affordable housing is not what the majority of people experiencing homelessness are lacking, but that they need “supportive” housing because they are dysfunctional. It also provides public relations opportunities for government officials, who point to their small investments in supportive housing initiatives without acknowledging the decades-long divestment in other subsidized housing. The approximately 95,000 supportive housing units created since the late-1980s pale in comparison to the hundreds of thousands of Section 8 and public housing units lost over the same period.

Almost three decades after the widespread emergence of homelessness in the 1980s, the number of people without housing in the United States continues to grow. Homeless people have become a common feature of everyday life. Until federal production and subsidization of affordable housing is adequately funded, the latest policy fads for addressing mass homelessness will continue to fall far short and the human suffering and loss of life that result from these failures will persist.

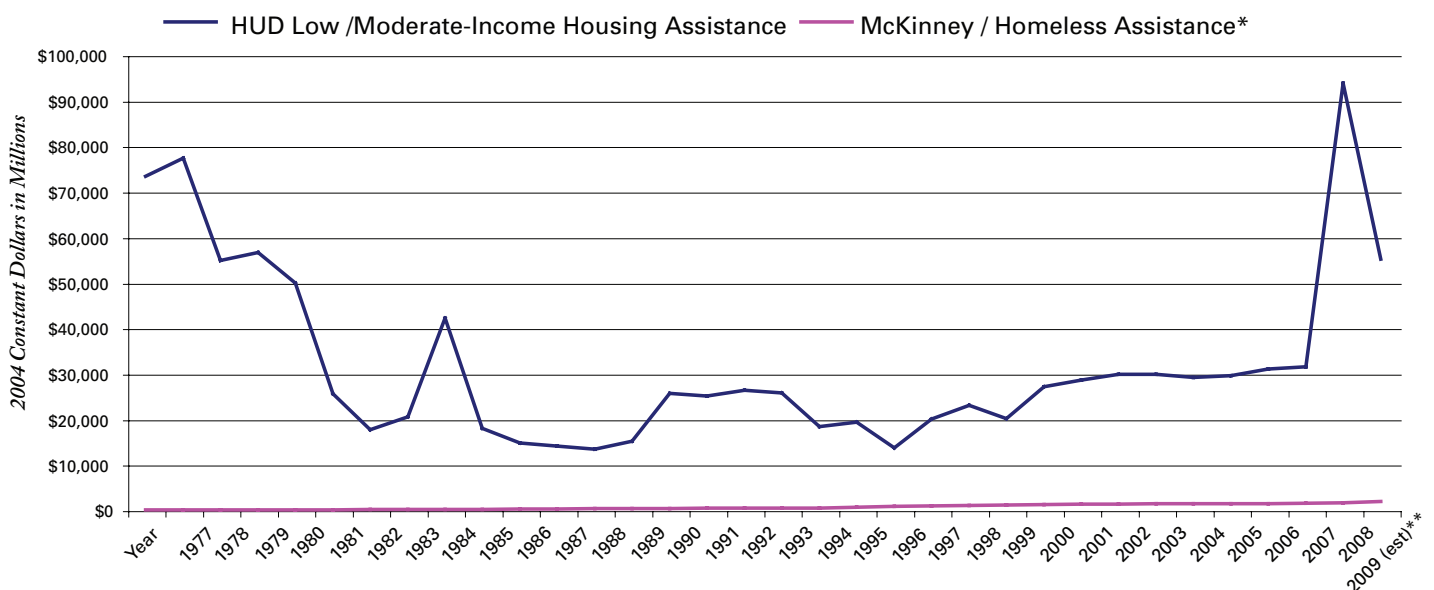
CHAPTER 2

The Epicenter of Mass Homelessness: Cutbacks in Federal Funding of Affordable Housing Production

The Dismantling of Federal Affordable Housing Programs

Many structural factors contribute to the prevalence of homelessness, housing instability and overcrowding of living spaces in the United States. However, the historical policy decision made under the Reagan administration to defund the federal production and subsidization of affordable housing is the primary cause of contemporary mass homelessness.

Chart 1: HUD Low/Moderate-Income Housing Budget Authority and McKinney/Homeless Assistance Outlays



* McKinney/Homeless Assistance includes HUD programs: Supplemental assistance for facilities for the homeless; Homeless Assistance Grants; Emergency shelter grants program; Transitional housing program; Shelter Plus Care; and Permanent Supportive Housing as well as Homeland Security Emergency Food and Shelter program.

**Includes stimulus funding under the American Reinvestment and Recovery Act. (Enacted February 17, 2009.)

From the advent of public housing authorities in 1937 as a response to the Great Depression, through mortgage assistance programs provided under the 1944 G.I. Bill of Rights, to the Section 515 rural affordable housing provisions of 1949, through the creation of the Section 23 leased housing program in 1965, to its replacement by Section 8 in 1974, federally funded affordable housing provided an essential safety net for low-income families and individuals. In the early 1980s, this safety net was abandoned when federally funded affordable housing, especially the construction of new units of affordable housing, was obliterated.¹⁷

Urban Renewal, Deindustrialization and the Affordable Housing Crisis

In 1949, the federal government initiated urban renewal, ostensibly as part of a strategy to ensure “adequate housing for families of low incomes where the need was not being met by private enterprise.”¹⁸ Despite this apparently positive original intention, many critics have shown that urban renewal worked as a mechanism of racial and class exclusion through the wholesale destruction of communities.¹⁹ By the late 1970s and early 80s, urban renewal had moved largely into the domain of local governments. Funded through Urban Development Action Grants, it became a tool for “commercial revitalization,”¹⁹ promoting gentrification and mass displacement in low-income neighborhoods and the demolition of vast amounts of affordable housing stock.

Instead of increasing its production and subsidization of affordable housing and expanding HUD’s budget to counterbalance these and other social and economic stresses, the federal government slashed funding for HUD housing programs, and contemporary mass homelessness emerged. Moreover, the federal decimation of affordable housing programs had a negative impact not only in urban centers, but it also nearly stopped the construction of new affordable rural housing. (See chart on page 21.)

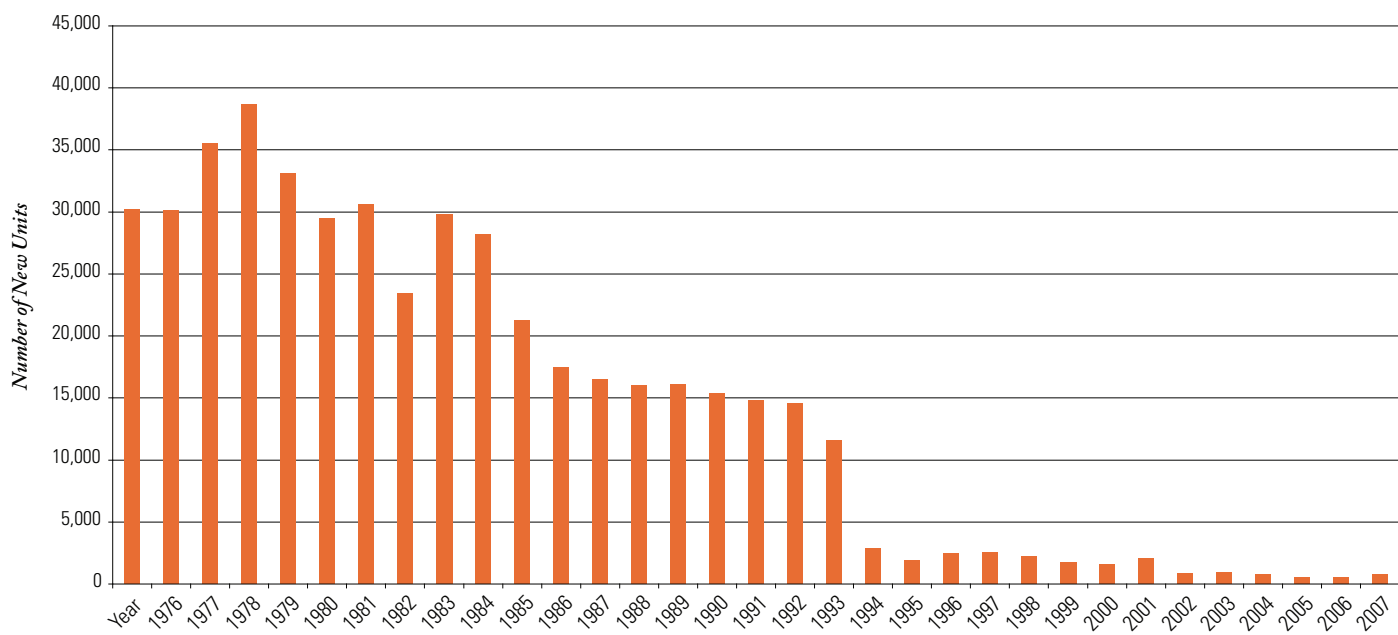
Public Housing and the HOPE VI Program

In the 1990s, the federal government initiated the HOPE VI program to redevelop and revitalize “severely distressed” portions of the public housing stock. However, in most com-

munities, the program did more harm than good, resulting in the forced displacement of tens of thousands of families and the permanent loss of large amounts of guaranteed affordable housing.

At the same time, HUD began to direct local housing authorities to utilize more stringent criteria for those trying to attain or retain public and other subsidized housing, a move that responded to public pressure demanding assurance that subsidized housing residents were “worthy” of assistance while, at the same time, artificially shortening the long waiting lists for that assistance. These rigid – and in many cases punitive – measures ban people with eviction histories or with most criminal convictions (both of which disproportionately impact poor people) from attaining subsidized housing. Equally pervasive is the use of draconian program rules to remove people from their subsidized homes. “Violations” as simple as households having a family member temporarily stay with them result in the loss of housing.

Chart 2: Rural Affordable Housing Units Created by Section 515 (USDA)




Beginning with the Anti-Drug Abuse Act of 1988, subsidized housing communities and particularly public housing developments became the targets of coordinated efforts by local housing authorities and law enforcement entities to “crack down” on activities that violate program regulations.²¹ By 1996, President Clinton’s “one strike” policy took shape in the Housing Opportunity Extension Act, giving public housing authorities access to criminal conviction records and activating more stringent eviction rules.²² The Quality Housing and Work Responsibility Act of 1998 took “one strike” even further by making mere suspicion of “drug-related” or “criminal” activity sufficient grounds for eviction. Under “one strike” policies, the actions of one family member have led to the eviction of an entire family.²³

Privatizing of Public Housing

Along with devolving responsibility for affordable housing production to the private sector, HUD has recently put forth a plan – Transforming Rental Assistance (TRA) – to open up public housing properties to private investment. HUD argues that without revamping the very basis of public housing funding, local public housing authorities (PHAs) will not be able to survive, much less address their capital improvement backlogs. While conditions in many public housing are dire and huge investments are desperately needed, TRA is largely an extension of the housing policies responsible for creating the crisis in public housing in the first place.

The current plan proposes leveraging private capital by mortgaging off 280,000 public housing units. To cover the debt service payments on these new mortgages, HUD proposes putting these units in the Section 8 funding stream, which has higher allocations than public housing’s operating and capital funds. HUD hasn’t disclosed the financing mechanism it will use to make this transition, although the Public Housing Mortgage Program or the Low Income Housing Tax Credit Program are likely options.

Regardless, the central issue of capital improvements remains for the properties that need maintenance most. In his testimony to the House Financial Services Committee, HUD Secretary Shaun Donovan admitted that TRA would not provide sufficient resources for properties with “greater needs.”²⁴ For these properties it will be necessary to “access additional capi-



tal through the Low Income Tax Credit, HOME grants, housing trust funds (state, local and hopefully soon federal), or other sources.”²⁵ Historically, these programs do not have good track records delivering permanent affordable housing for those with the lowest incomes. Simply put, TRA will mostly leverage capital for properties that are already in good condition and attractive to private banks and investors, defeating the initiative’s stated purpose.

TRA would be devastating for several reasons. First, if public housing is no longer owned by public entities, the federal government’s commitment to this vital resource is likely to diminish. Second, strong protections for tenant rights are more difficult to institute and maintain when housing is owned and operated by non-governmental agencies. Third, rents in these units could increase from 30 percent of resident income to higher Section 8 Average Median Income formulas. Lastly, there may be a massive loss of hard affordable units as contracts expire or mortgaged units undergo foreclosure or bankruptcy. While HUD has proposed certain protections on contract renewals, mortgages and foreclosures, significant clauses exist that undermine the longevity and affordability of public housing.

Since 1995, 150,000 public housing units have been lost to demolition or sale.²⁶ Over the same period, 360,000 units of federally assisted housing units, particularly project-based Section 8, were primarily lost as private owners opted out of the program when their contracts expired.²⁷ In March 2010, HUD reported that another 335,000 project-based Section 8 units are up for renewal during the coming year.²⁸ At a time when the federal government and HUD should be recommitting public resources to preserve and expand public housing, they are pursuing a strategy of privatizing the remaining public housing stock. The huge losses of affordable housing units noted above and the recent foreclosure crisis indicate the inherent danger of this private market, debt-financing approach.

To say no to HUD’s plan is necessary but insufficient. In doing so, we risk the continuing loss of our precious housing units and guarantee that thousands of residents will continue to live in deplorable conditions. We must all persevere in our work together – tenants, activists, academics, and government allies alike – to provide HUD with creative and resourceful alternatives. Such alternatives must not force a trade-off between preservation of public housing and public control, resident protections or any other meaningful tenant issues. Defeating

TRA should not let HUD off the hook for addressing the deeper crisis of public divestment in deeply affordable housing.

Low Income Housing Tax Credits

Since 1986, as direct government funding for new affordable housing dwindled, most development and preservation activities have been supported through the federal Low Income Housing Tax Credit Program (LIHTC). Rents in LIHTC properties are not based on the income of individual tenants, as in the public housing and Section 8 programs. Instead, they are set at a percentage of area median income (AMI) that is deemed to be sufficient to permit owners to financially operate and maintain the property.

In most LIHTC properties, this percentage is typically at or just below 60 percent of AMI — the maximum allowed. Consequently, the lowest income families (with incomes at or below 30 percent of AMI) can generally only afford LIHTC rents if they are given an additional subsidy such as a Section 8 voucher, which are in much greater demand than supply.

Even though the LIHTC program placed 1.843 million housing units in service between 1987 and 2007,²⁹ the vast majority of these units are still not truly affordable for people who are experiencing homelessness and have the lowest incomes. Moreover, this commodity-based approach to funding affordable housing has in many ways supplanted rather than supplemented direct HUD low-income housing assistance.

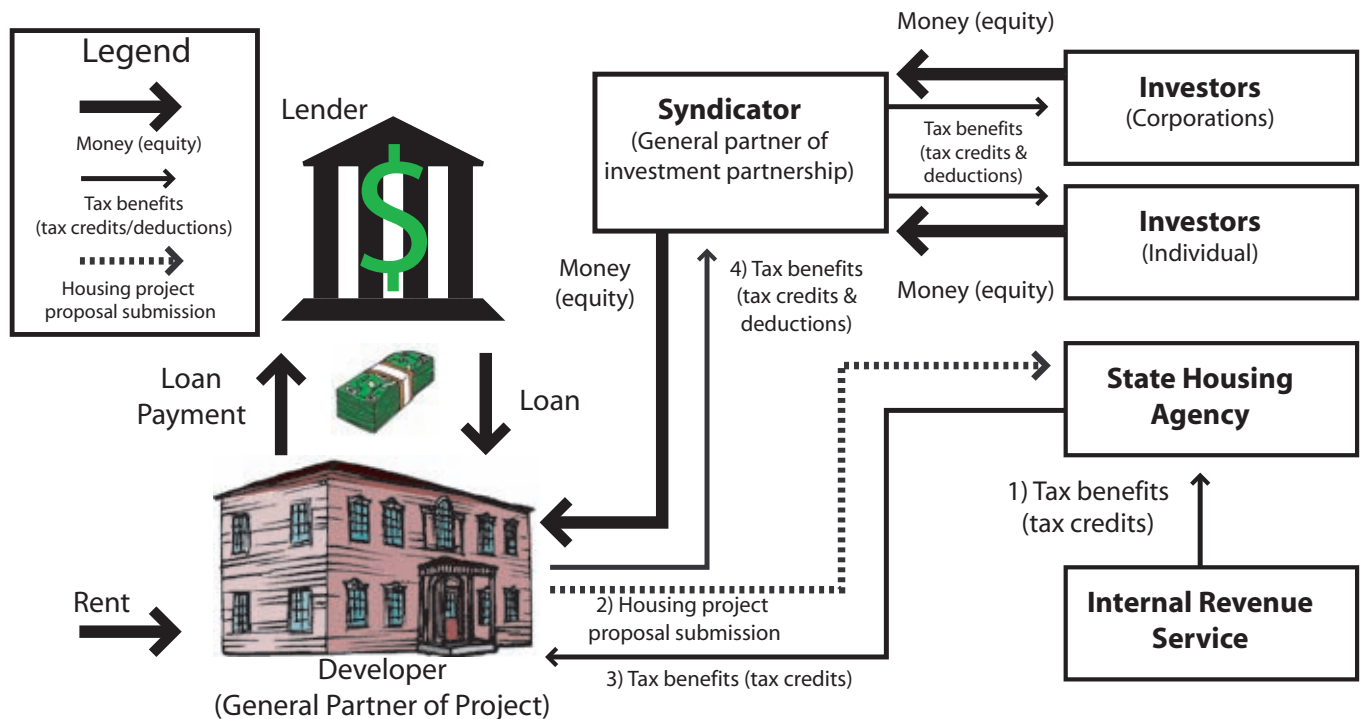
The LIHTC program is also currently facing significant challenges because it is tied to private market investment. (See diagram on page 25.) In bull market times, investors had money to spend and were making profits that they could offset with tax credits; they were often sold for more than 90 cents per dollar, easily bringing in enough money to allow new housing units to be built. But since the housing bubble burst, at a time when new affordable housing units are desperately needed, the tax credits are now selling for at or below 70 cents on the dollar and, in many cases, are not selling at all.³⁰ Lower priced tax credits mean higher “affordable” rents. Tax credits without buyers mean the predominant tool for developing affordable housing is rendered useless.

In 2009, Congress took steps to address this problem. The American Recovery and Reinvestment Act of 2009 (ARRA),³¹ otherwise known as the “stimulus package,” provided \$2.25 billion in HUD funding for LIHTC projects. In addition, state tax credit agencies are being allowed to exchange a portion of their 2008 and 2009 tax credits for funds from the United States Treasury. These funds will then be used as grants or loans to support affordable housing projects.³² As allocation of these funds is just beginning, it is too soon to tell whether or not they will have the desired effect on affordable housing development. But we can say that the LIHTC program will not provide a means to significantly reduce homelessness without restoring funding to other federal housing programs that address shortcomings in the market.

The Human Impacts of Federal Cuts

The lack of affordable housing in the United States has severe human consequences. Without an adequate housing safety net, women and youth who flee from abusive partners or

Follow the Money: How the LIHTC Program Works



SOURCE: The Danter Company, available at: <http://www.danter.com/TAXCREDIT/lihtccht.htm>

family members often find themselves out on the street with nowhere to turn.³³ Despite the high likelihood they are eligible for “chronically homeless” programs, seniors and people with disabilities can be found in shelters and under bridges in many communities. Low-wage workers often receive wages insufficient to afford housing and end up homeless.³⁴ And tragically, families and children are the ones most threatened by the federal government’s emphasis on “chronic homelessness.” Unless a major federal effort is made to create truly affordable housing, many of these children may themselves grow up to experience extended episodes of homelessness.

Another threatened group of people are undocumented immigrants. The instability, lack of rights and low wages connected to the jobs performed by undocumented immigrants often lead to homelessness. Individual states and Congress have passed legislation that make accessing subsidized housing and other homeless assistance nearly impossible for them.³⁵ Punitive efforts to militarize the border and criminalize undocumented immigrants have proven expensive, ineffective and deadly. Given the economic, social and cultural contributions undocumented immigrants make to society, efforts to ensure their well-being are an investment in future generations. A renewed commitment to providing housing as a human right must also include this targeted segment of our communities, so that they are no longer left out in the cold.

Bureaucratic Sleight of Hand to Make Mass Homelessness Disappear

The federal government refuses to acknowledge that mass homelessness is what it is – the absence of affordable housing – and that millions of people are suffering through this experience every year. Instead, it hides its head in the sand and develops byzantine formulas used to count the number of homeless people and determine whether or not someone “qualifies” for homeless housing and services. This has led to such bizarre counting methods as “Point In Time” head counts. The counts, required to be held the last week of every other January, are conducted nationwide by local volunteers who are asked to count the heads of people they see sleeping outside. These numbers are added to the number of people residing in “HUD funded emergency shelters and transitional or supportive housing programs.” This unsys-



tematic process results in a gross undercounting that is then promoted in the media as the “official” state of homelessness nationally.

The US Department of Education uses a definition of homelessness that includes children, youth and their families living in hotel / motel and “doubled-up” situations³⁶— two key categories not covered by HUD. HUD’s arbitrary and narrow definition leaves many people who need assistance without housing. In order to gain a more accurate and consistent representation of who is homeless in the United States and serve more people in need, advocates have urged Congress to broaden and better align the definitions used by various government agencies. Perhaps we should cut through all the bureaucratic classifications and simply use the definition of “homeless” from the Merriam-Webster Dictionary: “having no home or permanent place of residence.”³⁷ If as a society we took this definition as the starting point for our affordable housing programs, we could stop creating grades of inequality and put our collective resources and imagination to work making truly affordable housing a human right for all.

The Impact on Families and Children

Families with children are the fastest growing group of homeless people in the country.³⁸ Parents who end up homeless are often separated from their children and are labeled by government agencies as unfit because they do not have a home.³⁹ They struggle to care for their children even as they search determinedly for housing and decent work, or hold down low-paying jobs,⁴⁰ hoping only to stay together and keep their kids in school.

Children and youth who lack a fixed and adequate nighttime residence have difficulties with school enrollment, attendance and success. With a minimum of 930,000 homeless children enrolled in public schools,⁴¹ our housing policies have created a sizable portion of the younger generation who have known instability, disruption and lack of social connection as a fact of life. Compounding the problem is the bureaucratic sleights of hand to hide it. US Department of Education data shows that 72 percent of school children they count without permanent housing lived doubled up or in motels. HUD’s definition of homelessness does not include people who are doubled up or in motels.⁴²

CHAPTER 3

Band-aids and Illusions: The Consistent Failure of Nearly Thirty Years of Homeless Policy

The First Responses, Emergency Services and Shelters

As homelessness surged in the early 1980s, organized groups of homeless people and their allies used legislative, judicial and direct action to demand a federal response. But the reaction was temporary and minor, and provided only local solutions to a massive and long-term national problem. As described in Chapter 1, the initial response to homelessness in 1983 was small-scale funding for shelters through the Emergency Food and Shelter Program run by the Federal Emergency Management Agency.⁴³ Rather than addressing the systemic need for truly affordable housing, the federal government locked itself into a path by which mass homelessness would become permanent and the need for shelters increase. Over the next several decades, shelters went from a temporary emergency response to an institutionalized fixture in local communities.

The Stewart B. McKinney Act of 1987

By 1987, the pressure brought to bear by community organizing and advocacy efforts compelled the federal government to concede that homelessness was indeed a problem of national scope. Congress passed the Stewart B. McKinney Homeless Assistance Act of 1987, the first major federal legislation devoted solely to addressing homelessness.⁴⁴ But again, rather than restoring cuts to affordable housing, the legislation created a tiny funding stream that functioned to further institutionalize the shelter system.⁴⁵ More importantly, federal funding of HUD's low-income affordable housing programs continued to be cut.

Rather than addressing the systemic need for truly affordable housing, the federal government locked itself into a path by which mass homelessness would become permanent, and the need for shelters increase. Over the next several decades, shelters went from a temporary emergency response to an institutionalized fixture in local communities.

During the Clinton Administration, HUD developed the Continuum of Care model. It was built upon the belief that individuals and families experiencing homelessness needed a range of housing and supportive services — with some people requiring only emergency or transitional help and others needing permanent or permanent supportive housing. However, development of this system contributed to a paradigm where individuals and families were not seen as people in immediate need of stable housing but instead were largely viewed as needing to be “housing ready” by completing programs within the “continuum” before being offered a permanent place to live. Additionally, for most of those who did complete emergency or short-term programs, there simply weren’t enough affordable units available.

Under President George W. Bush, HUD homeless assistance funding increased in order to target “chronically” homeless single adults. At the same time, funding for public housing, Section 8 and other HUD affordable housing programs were cut by much more substantial amounts. (See chart on page 30.) The chronic homeless initiative took attention away from families and children to focus on demands from mayors for a policy that would get people off the street and out of their downtown areas. While these programs curtailed homelessness for a very small percentage of people in need of housing coupled with supportive services, homelessness amongst children, youth and families significantly increased.⁴⁶

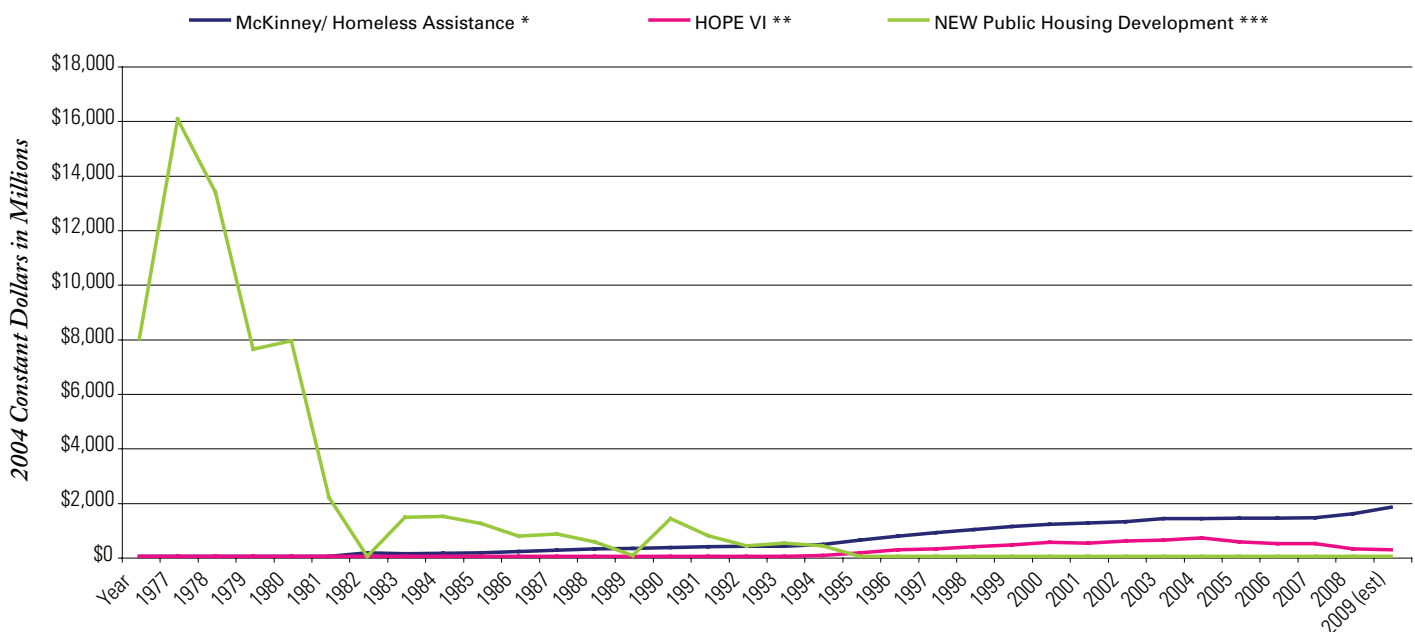
The National Housing Trust Fund of 2008

After more than a decade of advocacy by thousands of affordable housing organizations led by the National Low Income Housing Coalition, the National Housing Trust Fund (NHTF) was passed by Congress and signed into law by President George W. Bush as part of the Housing and Economic Recovery Act of 2008.⁴⁷

The goal of NHTF is to build, rehabilitate or preserve 1.5 million units of affordable housing over the next 10 years. It is estimated that 10,000 new rental homes and 18,000 construction and operating jobs will be created for every \$1 billion invested in the program.⁴⁸ Ninety percent of NHTF funding will go to rental housing assistance and up to 10 percent to first-time homebuyer assistance. One of NHTF's defining characteristics is that 75 percent of the rental housing assistance must serve people with extremely low incomes⁴⁹ and the rest must benefit people with very low incomes.⁵⁰

NHTF was supposed to be funded by taking a percentage of all the new mortgage business done by Fannie Mae and Freddie Mac each year. This did not happen because Fannie Mae and Freddie Mac incurred huge losses during the financial meltdown. The two have obliga-

Chart 3: Comparison of Budget Outlays for Homeless Programs, HOPE VI and New Public Housing Development



* McKinney/ Homeless Assistance includes HUD programs: Supplemental assistance for facilities for the homeless; Homeless Assistance Grants; Emergency shelter grants program; Transitional housing program; Shelter Plus Care; and Permanent Supportive Housing as well as Homeland Security Emergency Food and Shelter program.

** Includes \$395,323,275 for demolition as of 2006 FY.

*** Figures for public housing are for construction of NEW units, not for operating or capital expenses. Does not include developments that were built to replace existing public housing, for example Hope VI.

tions of \$3.9 trillion to investors who purchased the mortgage bundles they packaged.⁵¹ In an attempt to stabilize the country's housing finance system, the federal government took over the two mortgage giants and has already paid \$145 billion for their survival.⁵²

In order to at least get NHTF up and going, President Obama asked for \$1 billion to capitalize NHTF in his FY 2010 and FY 2011 budget requests. Funding for NHTF has been included as part of the American Jobs and Closing Tax Loopholes Act of 2010, which is currently before Congress. While creation of the NHTF is a significant accomplishment, the effort cannot be considered a success until the funding is secured to launch and sustain this vital program.

The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009

In 2009, Congress reauthorized the McKinney-Vento program and the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH) became law. HEARTH

HUD released proposed regulations for the new definition of homelessness in HEARTH. The proposed regulations provide assistance to determine if a person is homeless under the following four categories:

- People who are living in a place not meant for human habitation, in emergency shelter, in transitional housing, or are exiting an institution where they temporarily resided. The only significant change from existing practice is that people will be considered homeless if they are exiting an institution where they resided for up to 90 days (it was previously 30 days), and were homeless immediately prior to entering that institution.
- People who are losing their primary nighttime residence, which may include a motel or hotel or a doubled up situation, in 14 days and lack resources or support networks to remain in housing. HUD had previously allowed people who were being displaced within 7 days to be considered homeless. The proposed regulation also describes specific documentation requirements for this category.
- Families with children or unaccompanied youth who are unstably housed and likely to continue in that state. This is a new category of homelessness, and it applies to families with children and unaccompanied youth who have not had a lease or ownership interest in a housing unit in the last 91 or more days, have had three or more moves in the last 90 days, and who are likely to continue to be unstably housed because of disability or multiple barriers to employment.
- People who are fleeing or attempting to flee domestic violence, have no other residence, and lack the resources or support networks to obtain other permanent housing. This category is similar to the current practice regarding people who are fleeing domestic violence.


SOURCE: National Coalition for the Homeless, available at:
<http://www.nationalhomeless.org/news/HEARTHDraftHomelessDefinition.html>

will govern federal, state and local approaches to addressing homelessness and provide funding for homelessness prevention, emergency shelter, transitional housing, permanent housing and supportive services for individuals and families experiencing homelessness.

In passing HEARTH, Congress grappled with a number of significant issues that have been creating conflicts in the homeless community for years. How should HUD define homelessness? What are the proper roles of emergency, transitional and permanent housing? Which homeless populations, if any, should be targeted with HUD homeless assistance dollars? And how are urban, suburban and rural communities best served?

One bright spot in HEARTH is the establishment of guidelines that no longer penalize rural communities for prioritizing the needs of families experiencing homelessness. Families in rural communities have suffered disproportionately under the previous policies. The great distances they must travel to receive services, if services are even available, requires special attention. Shelters are often miles away from medical facilities, schools or outreach centers, and transportation services are limited. Because families comprise such a large part of the rural homeless population, HEARTH allows communities applying for funding to prioritize the needs of rural families experiencing homelessness with a broader range of services, including rental subsidies. Unfortunately, these more flexible guidelines do not apply in urban or suburban areas.

HEARTH preserves many of the George W. Bush Administration's policies while making only modest concessions to the concerns of community groups. It expands the HUD definition of homelessness, but in a narrow and overly complex way. Instead of funding permanent housing for people experiencing homelessness by replenishing federal affordable housing programs, it continues the practice of requiring local communities to implement Housing First with the small pool of homeless assistance dollars. This forces local communities to divert funds from critical emergency services, especially for families, in order to develop or master lease SRO hotels for "chronically" homeless single adults. In the end, HEARTH continues to pit one portion of people experiencing homelessness against another and drives



providers to create services within the new federal regulations, even if those services do not address the most significant way people are experiencing homelessness in that community.

The Foreclosure Crisis and Homelessness

As foreclosure rates continue to rise, more people are in danger of becoming homeless. In the first quarter of 2010, foreclosure filings were made on 932,234 properties.⁵³ In March alone, foreclosure filings were made on 367,056 properties — the highest monthly total since reporting began in 2005.⁵⁴ Roughly 3.4 million families experienced foreclosure in 2009 and almost 60 percent of mortgage defaults were caused by unemployment.⁵⁵ African Americans and Latinos have disproportionately suffered the recession's unemployment and home equity loss.⁵⁶

The foreclosure crisis has impacted both homeowners and renters. Due to Adjustable Rate Mortgage loans, foreclosure-related evictions, unemployment and crippling debt,⁵⁷ many people who lost their homes or apartments to foreclosure are now living with friends, family, in SROS or are homeless. Families with children have been hit especially hard. A recent report found that the foreclosure crisis would impact 2 million children, leading to poor school performance, behavioral problems and negative health outcomes.⁵⁸ Data from public schools already shows dramatic increases in the number of students experiencing homelessness.⁵⁹

In February 2009, Congress included \$1.5 billion in the “stimulus package” for the Homelessness Prevention and Rapid Re-Housing Program (HPRP).⁶⁰ These funds, distributed through HUD, provide short/medium-term rental assistance for people in danger of losing their housing and rapid re-housing for individuals and families who are already homeless. The grantee must be able to demonstrate they can sustain housing after the program benefits cease in order to receive HPRP funds — a very high standard for someone in crisis.

The Helping Families Save Their Homes Act of 2009 also contained provisions responding to the homelessness caused by foreclosures. Title VII of the bill includes national protec-

tions covering tenants in foreclosed properties. It preempts existing state laws to ensure that all such tenants are given at least 90 days to look for alternative housing.⁶¹ Some state laws permitted notice periods as short as three days before this act was passed.⁶²

While the “stimulus package” did provide some funding to curb a spike in homelessness due to the recession, neither Congress nor the Obama administration has allocated funding for more substantial homelessness prevention. The reality is that until long-term subsidized affordable housing is restored, millions of people will remain vulnerable to volatile, unaffordable housing and rental markets.

The Criminalization of Homelessness

Because federal responses to homelessness have been so ineffective in meeting local needs, a growing number of localities are employing punitive police tactics aimed at homeless people. Driven largely by the concerns of business people and supported by residents uncomfortable with the unsightliness of such extreme poverty,⁶³ these punitive policies implicitly follow the rationale that solving homelessness involves increasing social control over deviant individuals.⁶⁴ The fallacy of this premise is obvious: while the person may leave that park, doorway, neighborhood, or town, that person will still be poor and homeless in another community.

In the pursuit of “safe”, “sanitized” and/or “livable” cities, officials have systematically stripped people experiencing homelessness of the right to be in public spaces. By reactivating or expanding the application of archaic vagrancy laws, they criminalize the basic necessities of living. Sitting on the sidewalk, sleeping outside, street vending and panhandling have all become crimes.

The enforcement of these laws is selective and uneven, and is typically linked to gentrification and other commerce-friendly, government-led efforts to “clean up” poor neighborhoods. At the most basic level, people experiencing homelessness suffer daily harassment by simply existing in public space. At the most extreme level, the widespread demonizing of people experiencing homelessness, which *always* accompanies criminalization in policy rationales



and media coverage, has incited a dramatic nationwide increase in deadly violence against this vulnerable group of people.

Police forces – as well as private security teams employed by “Business Improvement Districts” and other commercial interests – have deployed zero-tolerance programs to crack down on so-called “quality of life” crimes. In these circumstances, the police cast a wide net, detaining, ticketing and arresting homeless and other very poor people in targeted communities. These policing programs result in large numbers of arrests and citations for individuals who are in no position to pay fines for tickets that are rarely issued elsewhere in cities. These unpaid fines often lead to incarceration and “criminal” records that only further limit access to housing and services.

Police also undertake periodic sweeps to remove encampments, confiscate or destroy personal property, and round up parolees and probationers. Ultimately, police saturation programs are only effective at displacing homeless residents from certain neighborhoods and often into the criminal justice system. However, nightsticks and jail time cannot address the lack of housing that put millions of people on the streets in the first place.

Collective Misrecognition

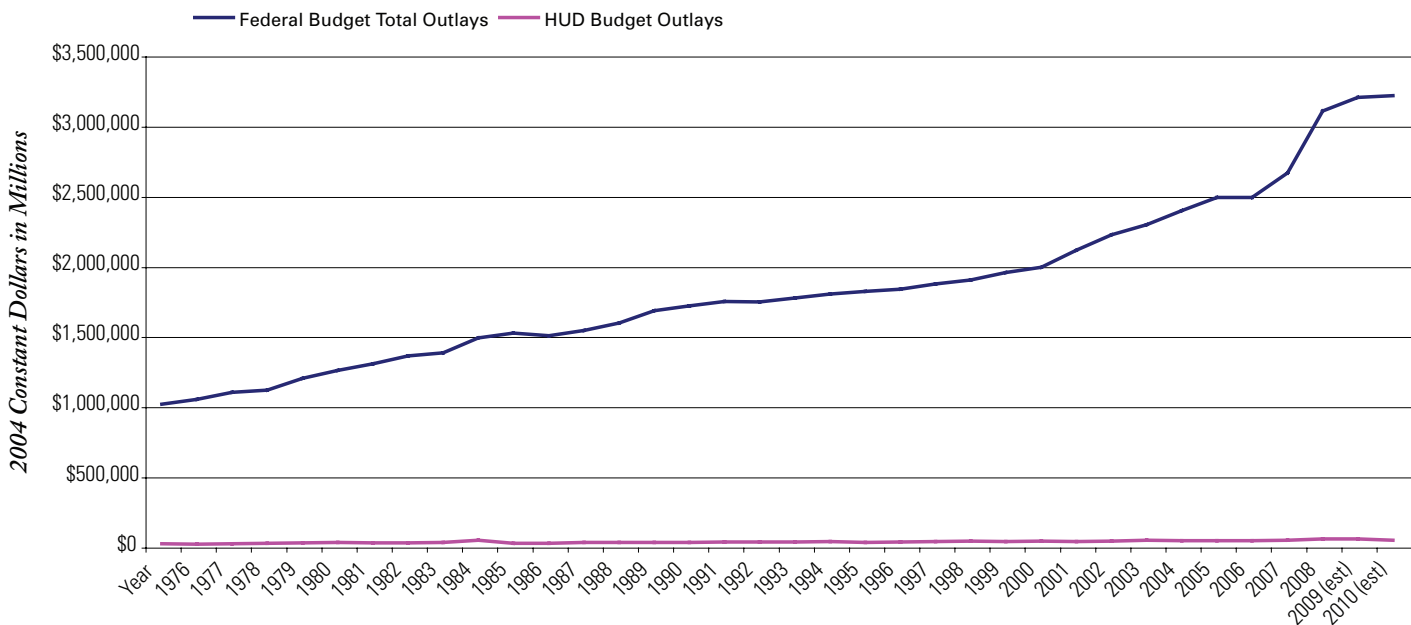
The cumulative result of the myopic focus over the last three decades on inadequate local, temporary, individually-oriented and punitive responses to homelessness has been a distortion of reality so profound that it must be called an illusion. The overwhelming omission of the systemic and broad structural causes of homelessness in our public discussions and policy responses has created what sociologist Pierre Bourdieu referred to as “collective misrecognition.”⁶⁵

This illusion tells us that targeted responses to homeless sub-populations are enough to solve the crisis, that homeless outreach teams targeting people with long histories of homelessness is the solution and that current funds are ample once we learn to use them in “efficient and innovative” ways.

It is a “collective misrecognition” that is blind to the overwhelming systemic and structural cause of homelessness. It is the lack of substantial funding for affordable housing production and preservation that is the causal epicenter of contemporary mass homelessness. It is disingenuous at best and intentionally deceptive at worst for the federal government to tell us that a few billion McKinney-Vento homeless assistance dollars is enough to replace the hundreds of billions of dollars divested from affordable housing programs over the last three decades.

Perhaps the greatest “misrecognition” of all is that the United States just doesn’t have the money to do anything more than it already does, that the old days of publicly funded affordable housing have passed, and that we are in a new era of tight budgets. The reality is that the federal budget has doubled since the emergence of contemporary mass homelessness, even as the total outlays of HUD were virtually flat-lined.⁶⁶ The money needed to resolve homelessness *is* available, but the federal government has consistently decided to spend those funds elsewhere.

Chart 4: Comparison of Total Federal Outlays and HUD Outlays



CHAPTER 4

Lethal Trade Offs: Funding Destroyers, Tax Subsidies and Corporate Greed Instead of Affordable Housing Production

Where Is the Money Going?

If federal government budget outlays have doubled in the last 30 years, while federal funding for the construction of affordable housing has plummeted,⁶⁷ the question arises: where is the money going?

The last 30 years have seen an unrelenting increase in military spending as the military-industrial complex has grown in strength and power. The United States is without question the mightiest military power on the planet. Yet we continue to build up our arsenal at the expense of those who are forced to live in the street. In our last report we cited a military budget of approximately \$500 billion for 2005; the 2010 budget calls for \$663.8 billion in discretionary military spending and *actual* defense-related expenditures exceed *one trillion dollars* annually.⁶⁸

We bomb people out of their homes overseas and then pay contractors to rebuild them; meanwhile, the federal government has slashed funding affordable housing for those who need it in the United States.

And then, in the midst of a failing economy and foreclosure crisis brought on in large part by gamblers on Wall Street playing fast and loose with other people's money, in a mere couple of months we came up with a bailout of close to \$800 billion — a sum that surpasses the

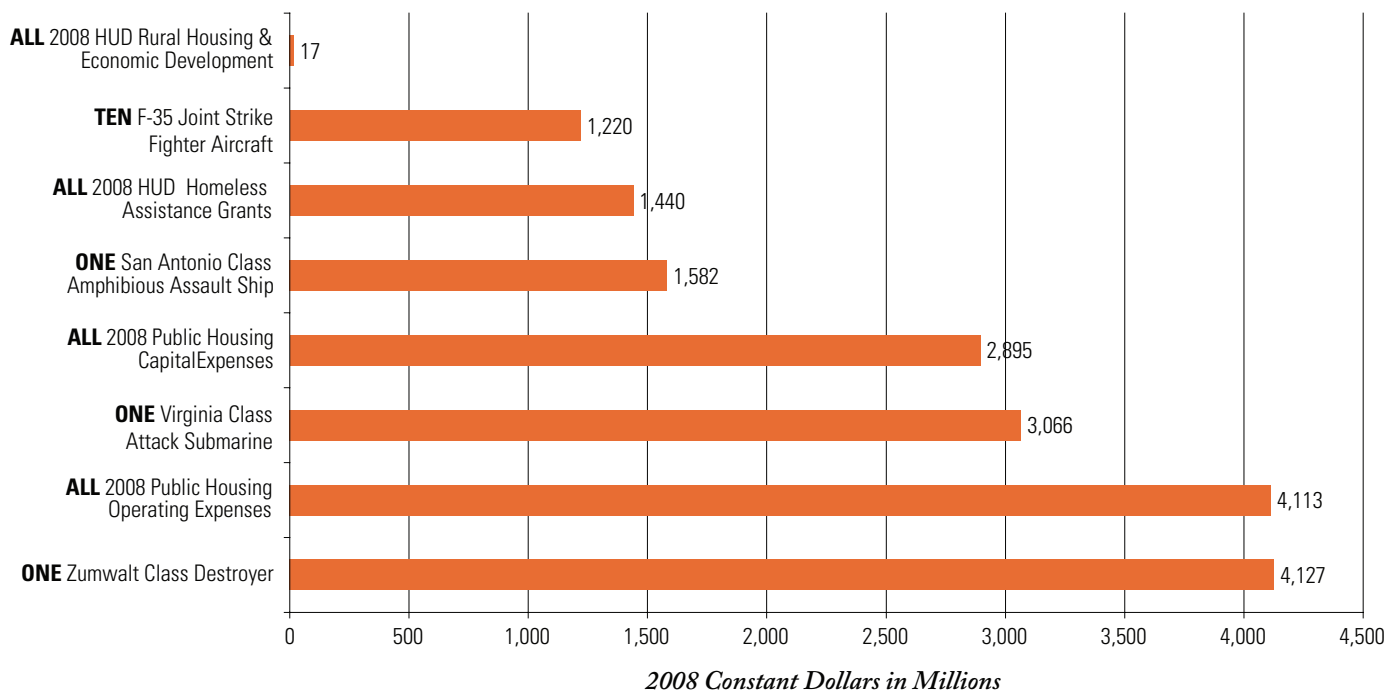
entirety of funding allocated for homeless assistance and affordable housing over the last three decades.


Resources are available. Yet expenditures such as these represent the trade-off, a conscious choice not to use those resources for affordable housing and other social programs. The cumulative impact on the well-being and health of millions of people has been lethal.

Housing Assistance for Homeownership

It's not like the federal government isn't spending money on housing. As we reported in 2006, annual fiscal expenditures for homeowner subsidies had grown from \$37 billion in 1978 to \$122 billion in 2005 (in constant 2004 dollars). In 2008, homeowner tax breaks were expected to cost the US Treasury \$144 billion, with 75 percent of this expenditure

Chart 5: Comparison of Federal Funding Priorities





benefiting homeowners earning more than \$100,000 a year. During the same year, total funding in all federal low-income housing assistance programs was \$46 billion.⁶⁹

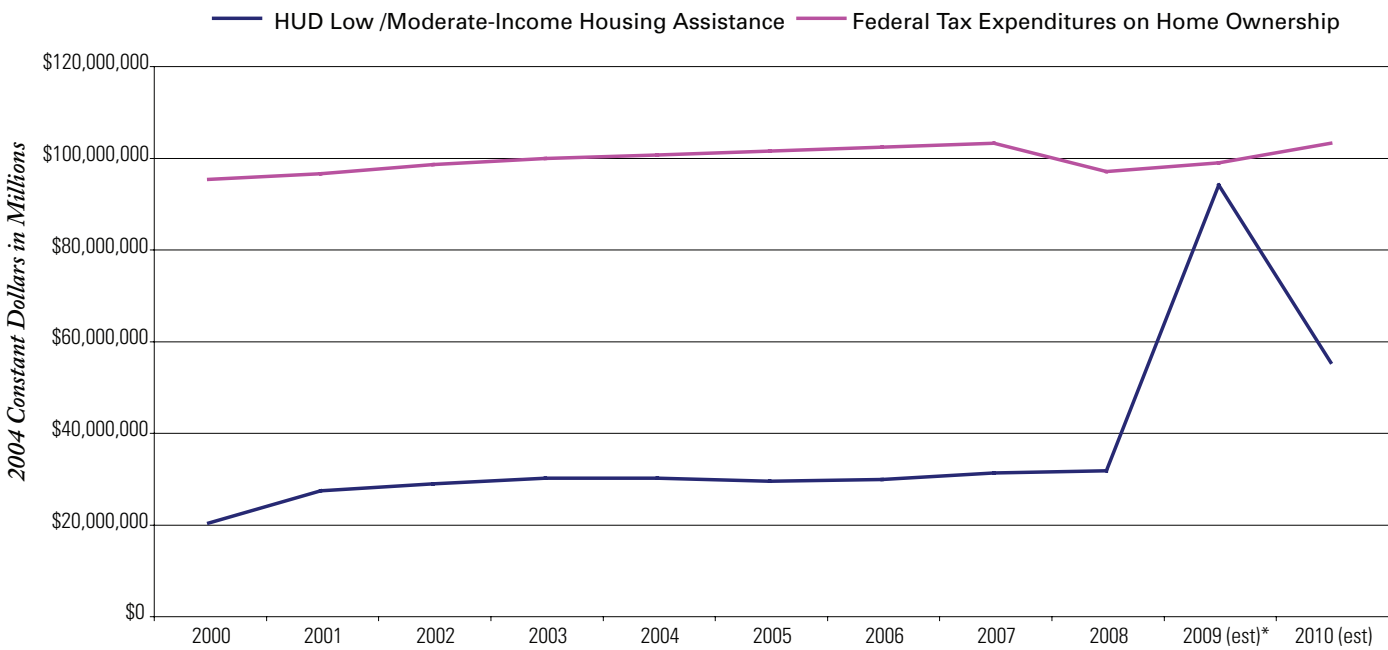
The mortgage interest deduction for homeowners is the second largest single break in the entire tax code, and wealthier people receive the bulk of this benefit.⁷⁰ These tax subsidies, which allow for deductions of the interest paid on mortgages up to \$1 million for first or second homes, exceed what is necessary to encourage increased homeownership or to help people buy a first home. Indeed, these tax breaks can elevate the cost of housing, and the biggest beneficiaries may actually be banks and real estate corporations.⁷¹ (See chart on page 40.)

The notion of reforming the mortgage interest deduction is hardly a radical one. During the last administration, President George W. Bush appointed a commission to propose full-scale reforms to the tax code. While the commission did not recommend full repeal of homeowner tax subsidies, it did recommend significant reforms such as replacing the mortgage interest deduction with a tax credit equal to 15 percent of the interest paid on the mortgage for a principal residence. And the amount of eligible interest would be based on average regional housing costs as determined by the Federal Housing Administration, which would be substantially lower than the current limit of \$1,000,000. Finally, no deduction or credit would be permitted for interest on mortgages on second homes or interest on home equity loans.⁷² Unfortunately, nothing ever became of the commission's proposed tax code reform recommendations.

Over the last quarter century, the national gap between rich and poor rapidly expanded. It is now larger than in any other advanced industrial nation. To conceptualize the after-tax income of the top 1 percent of Americans compared to the bottom 20 percent (it is 63 times larger!), imagine the Empire State Building next to a split-level ranch house. While the rich grow richer, the poor grow poorer and the middle class gets squeezed tighter as manufacturing jobs with benefits and union protection vanish and are supplanted by tenuous low-wage, service-sector work that rarely offers benefits. *Every income group except for the top 20 percent has lost ground in the past 30 years, regardless of whether the economy has boomed or tanked.*⁷³

As documented above, the federal government has not stopped spending money nor has it stopped spending money on housing. *What it has chosen to do is allocate the money it is spending in ways and on priorities that actually exacerbate homelessness and poverty rather than alleviate it.*

CHART 6: Comparison of Federal Tax Expenditures on Home Ownership and HUD Budget Authority



* Includes stimulus funding under the American Reinvestment and Recovery Act. (Enacted February 17, 2009.)

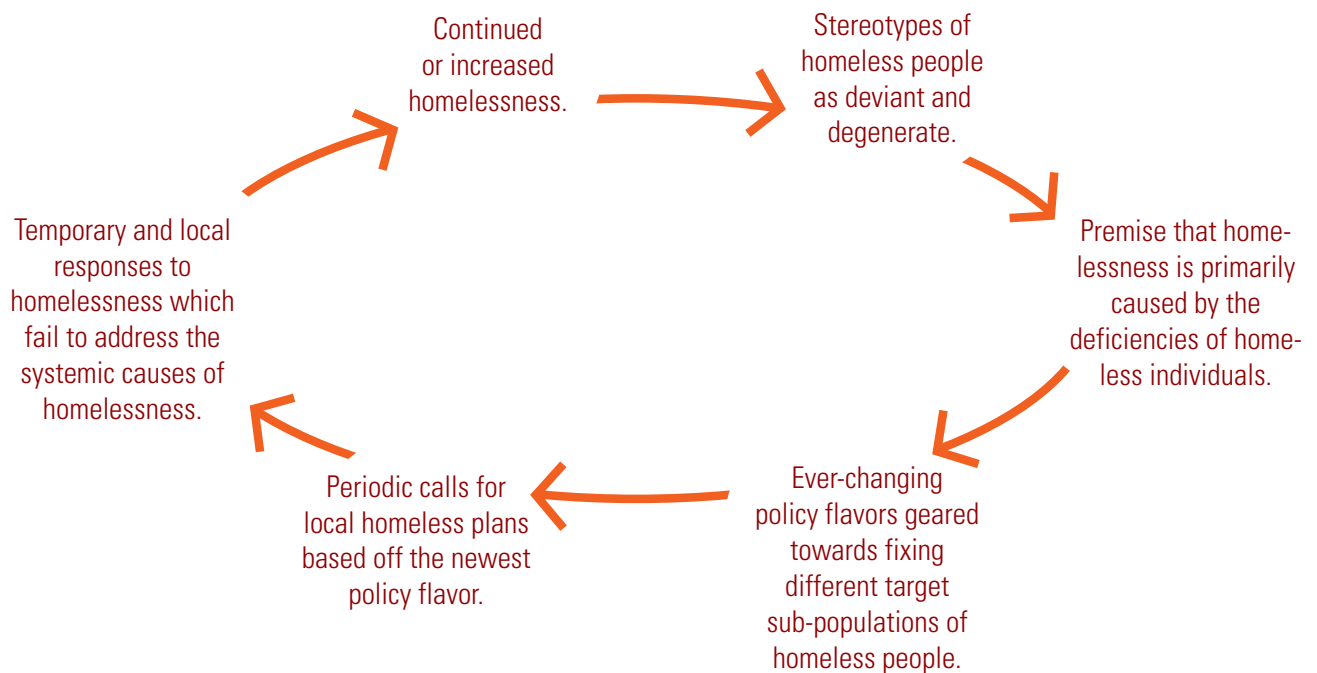
CONCLUSION

Working Together for Human Rights in the United States

Ending homelessness in the United States will require a serious re-commitment by the federal government to create, subsidize and maintain truly affordable housing. This is not a new idea. Throughout the 1980s, the lack of affordable housing was one of the most widely cited explanations for contemporary mass homelessness.⁷⁴ But instead of building affordable housing, government agencies, foundations and policy experts worked together to generate “the vicious cycle of homeless policy.”

Social workers and health care professionals have the responsibility of helping people with whatever personal challenges they may face. But it is the work of policymakers and community organizations to fix the social and structural conditions that continue to increase the national rates of homelessness by ensuring universal access to housing.

The Vicious Cycle of Homeless Policy



Unless we make a massive commitment to the construction and subsidization of affordable housing, homelessness will continue to grow no matter how many case managers or outreach workers we fund. We may alter the face of homelessness or shift its demographics through preferential outreach to particular sub-populations, but we will not change the systemic conditions that give rise to housing insecurity.

In 2009, Raquel Rolnik, United Nations Special Rapporteur on adequate housing, visited the United States to review our country's commitment to providing affordable housing for everyone living here. Her report focused on many of the issues raised in this 2010 Update. Specifically, the Rapporteur noted that the lack of housing is the root cause of homelessness, that federal housing policy should focus less on the mortgage interest tax deduction and more on providing affordable housing to homeless and low-income people, and that gentrification and the foreclosure crisis are resulting in increased homelessness.⁷⁵

Ms. Rolnik recommended that the United States government provide more new affordable housing, better maintain existing public and subsidized housing, place a moratorium on the demolition of any public housing without an enforceable guarantee of one-for-one replacement with a right of return, develop constructive alternatives to the criminalization of homelessness and ensure that all decisions impacting tenants in public and subsidized housing is made with full tenant participation and input.⁷⁶

A major effort to build and subsidize sufficient housing options for all in the United States will require a substantial long-term national investment. However, it would not necessitate new taxation. Redirecting some of the funds discussed in the lethal trade-offs section of this report could cover the full cost of a universal affordable housing program in the United States. Rather than subsidizing the purchase of luxury homes and expanding corporate profit margins, public policy must first prioritize that all people have adequate housing.

The first step we need to take in our effort to reformulate national priorities and policy is to educate each other and the public about the real causes of mass homelessness and possible solutions. To do that, we need to see through the collective misrecognition surrounding homelessness. We must work to create an informed and wise public, and a truly democratic



political system that counts people experiencing homelessness equal to and deserving of the same human rights as everyone else.

This obvious solution to ending mass homelessness is obscured by the ways that policymakers and opinion leaders promote a culture of division that segments and groups homeless people. Each time we break people apart by superficial groupings or personal characteristics, it clouds our ability to recognize the common denominator shared by all: *the basic human need for housing and the inability to afford it.*

Any meaningful progress towards ending mass homelessness in the United States can only be made if we:

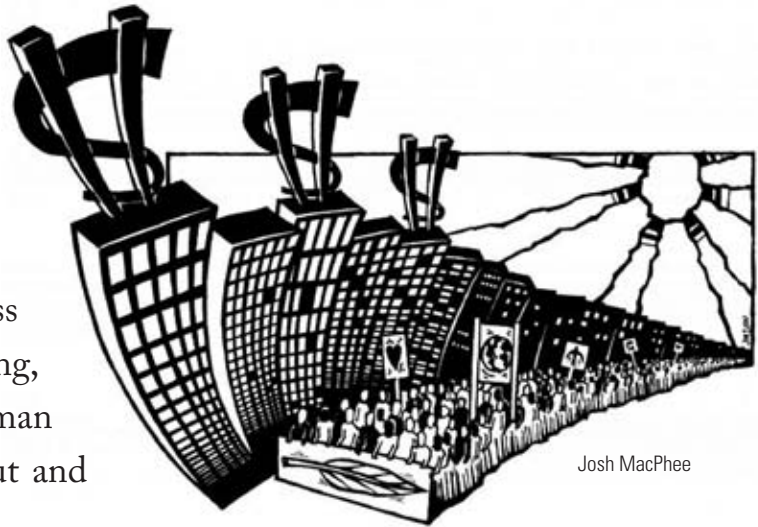
- View our work through a social justice framework, with a focus on opposing oppression;
- Build a mass movement that reaches beyond “inside the Beltway” advocacy to engage people from across the country in a grassroots campaign;
- Work to ensure that ending mass homelessness becomes a national priority, with financial and policy support from all levels of government.

We need to organize around people and not just issues and take the time and effort to build relationships that cross class, race and religion — relationships that value our mutual humanity, life experience and self-interest. This is what it takes to build a movement. And a movement is what we need if we want to see real change that can tear down the walls of neglect and oppression that prevent everyone from having a home.

Until we recognize housing as a human right, we will not end mass homelessness in the United States. We cannot resolve the systemic causes of poverty until we recognize that quality education, economic security and health care are all essential human rights. Ensuring universal housing will not eliminate all of the injustices of the world and will not address all of the causes of poverty. **However, the primary message of this report is that building truly affordable housing and ensuring the human right to a home will end the contemporary crisis of mass homelessness in the United States.**

WHAT CAN I DO?

Educate yourself about the connection between mass homelessness and the lack of affordable housing, the criminalization of poverty and human rights. Use this knowledge to speak out and organize for housing as a human right.



Support and volunteer with social justice organizations working to address the systemic causes of mass homelessness and poverty.

Check to see which of your local homeless service programs are speaking out about the systemic causes of homelessness and energetically support those programs that have the courage to take that risk.

Write and/or call the editor of your local paper and your elected representatives, at every level, whenever they demonize people because of their housing or economic status. Suggest they read this report.

JOIN WRAP. Our website highlights our Housing and Civil Rights campaigns, allows you to sign up for our e-newsletter, provides you with research and gives you access to some truly incredible artwork.

Use the forthcoming tool kit to organize your community and advocate for systemic change in affordable housing policy.

Whatever you do, do it in solidarity with poor, oppressed and displaced people everywhere.

APPENDIX A: DATA TABLES FOR CHARTS



Nili Yosha

AMERICA'S FORGOTTEN HOMELESS PEOPLE

THE FEDERAL GOVERNMENT'S END OF SUPPORT FOR RURAL AFFORDABLE HOUSING 1976-2005

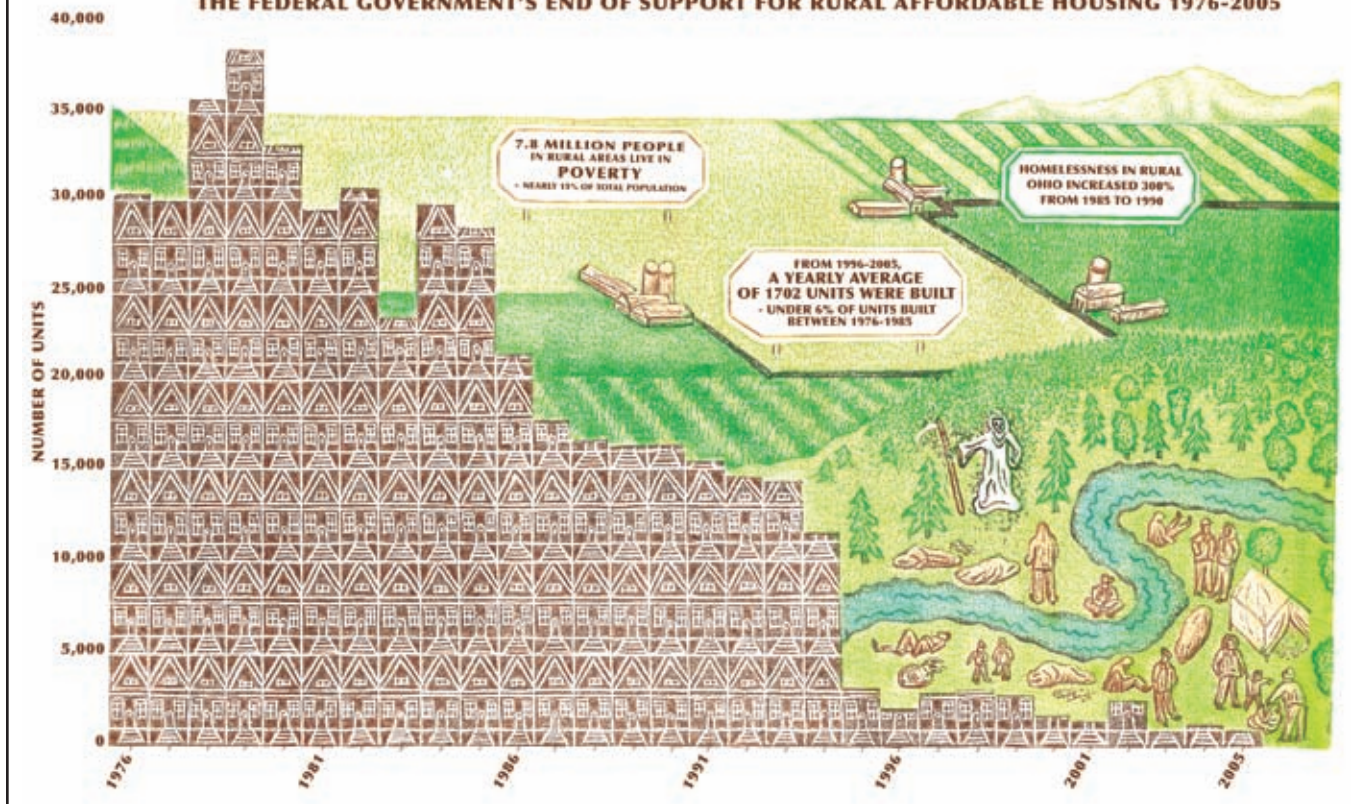
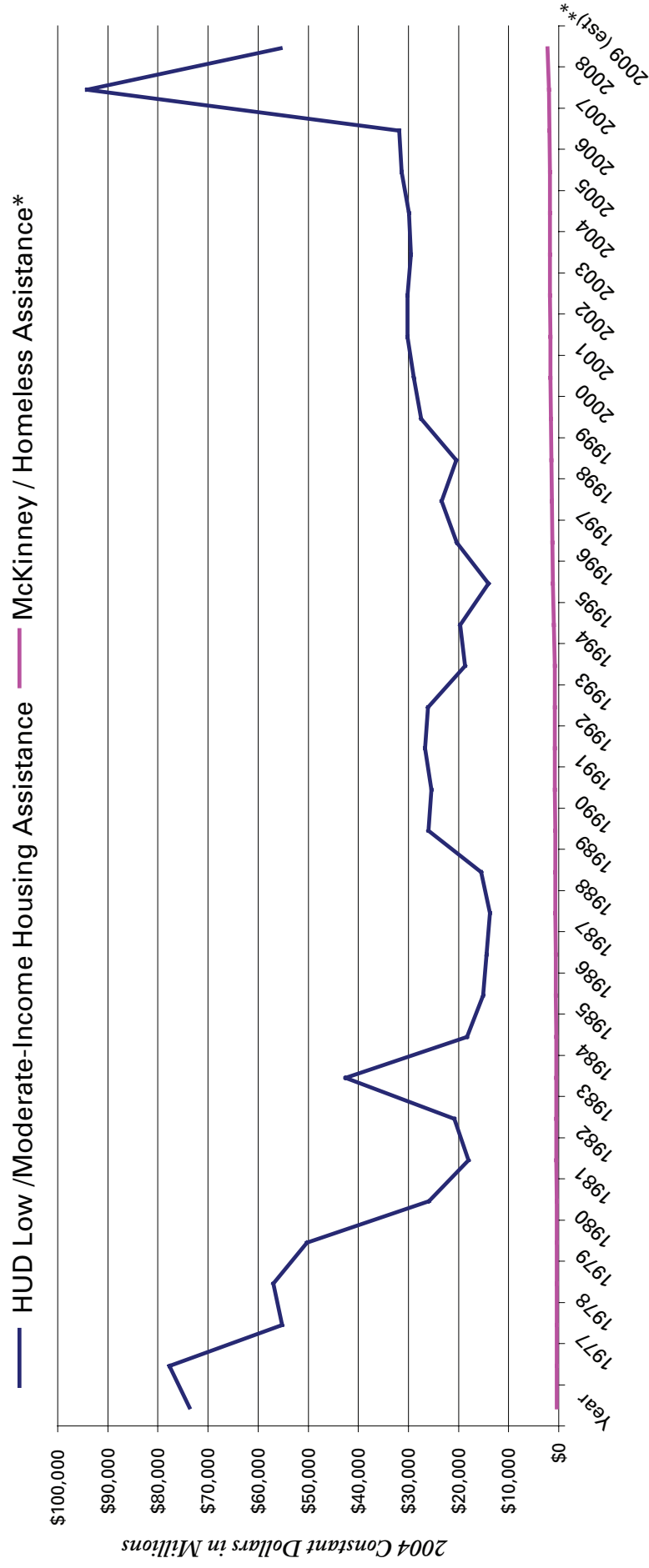


Chart from 2006 Report, artwork by Ed Gould

Chart 1: HUD Low/Moderate-Income Housing Budget Authority and McKinney/Homeless Assistance Outlays



* McKinney/ Homeless Assistance includes HUD programs: Supplemental assistance for facilities for the homeless; Homeless Assistance Grants; Emergency shelter grants program; Transitional housing program; Shelter Plus Care; and Permanent Supportive Housing as well as Homeland Security Emergency Food and Shelter program.

**Includes stimulus funding under the American Reinvestment and Recovery Act. (Enacted February 17, 2009.)

Chart 1: HUD Low/Moderate-Income Housing Budget Authority and McKinney/Homeless Assistance Outlays

2004 Constant Dollars in Millions

Year	HUD Low / Moderate-Income Housing Assistance	McKinney / Homeless Assistance*
1977	\$73,361	\$0
1978	\$77,342	\$0
1979	\$54,781	\$0
1980	\$56,576	\$0
1981	\$49,840	\$0
1982	\$25,485	\$0
1983	\$17,620	\$133
1984	\$20,496	\$94
1985	\$42,202	\$108
1986	\$17,883	\$137
1987	\$14,739	\$173
1988	\$14,009	\$227
1989	\$13,318	\$271
1990	\$15,089	\$287
1991	\$25,593	\$327
1992	\$25,015	\$351
1993	\$26,276	\$367
1994	\$25,689	\$372
1995	\$18,306	\$434
1996	\$19,270	\$596
1997	\$13,593	\$735
1998	\$19,967	\$869
1999	\$22,967	\$983
2000	\$20,032	\$1,086
2001	\$27,067	\$1,180
2002	\$28,566	\$1,218
2003	\$29,808	\$1,267
2004	\$29,804	\$1,384
2005	\$29,147	\$1,389
2006	\$29,509	\$1,403
2007	\$30,982	\$1,399
2008	\$31,484	\$1,422
2009 (est)	\$93,813**	\$1,562
2010 (est)	\$55,114	\$1,804

SOURCES: Executive Office of the President, Office of Management and Budget, "Table 5.1—Budget Authority By Function and Subfunction: 1976–2014," *Historical Tables: Budget of the U.S. Government, Fiscal Year 2010*, available at: <http://www.gpoaccess.gov/usbudget/fy10/hist.html>

Executive Office of the President, Office of Management and Budget, "Table 12.3—Total Outlays For Grants To State And Local Governments By Function, Agency, And Program: 1940–2040," *Historical Tables: Budget of the U.S. Government, Fiscal Year 2010*, available at: <http://www.gpoaccess.gov/usbudget/fy10/hist.html>

* McKinney/ Homeless Assistance includes HUD programs: Supplemental assistance for facilities for the homeless; Homeless Assistance Grants; Emergency shelter grants program; Transitional housing program; Shelter Plus Care; and Permanent Supportive Housing as well as Homeland Security Emergency Food and Shelter program.

**Includes stimulus funding under the American Reinvestment and Recovery Act. (Enacted February 17, 2009.)

Chart 2: Rural Affordable Housing Units Created by Section 515 (USDA)

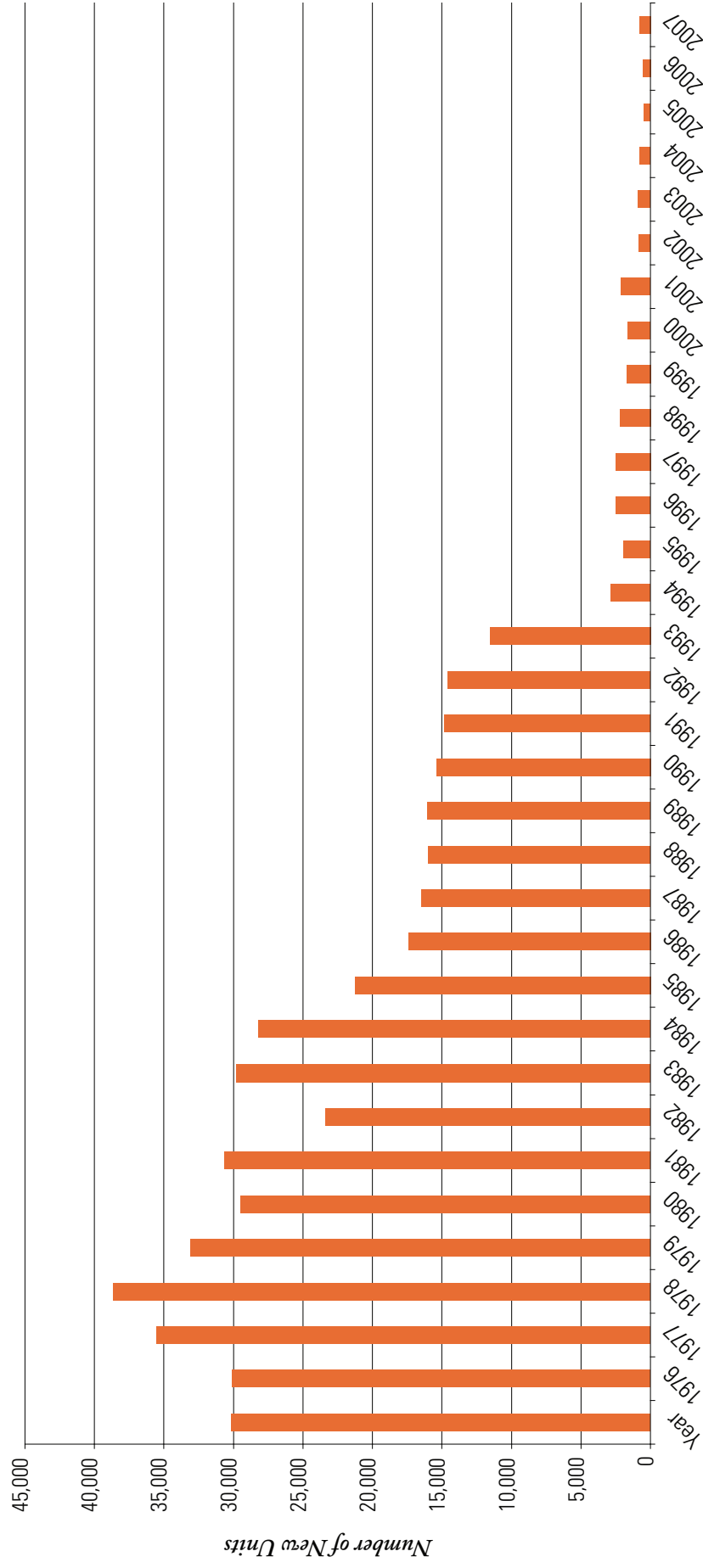
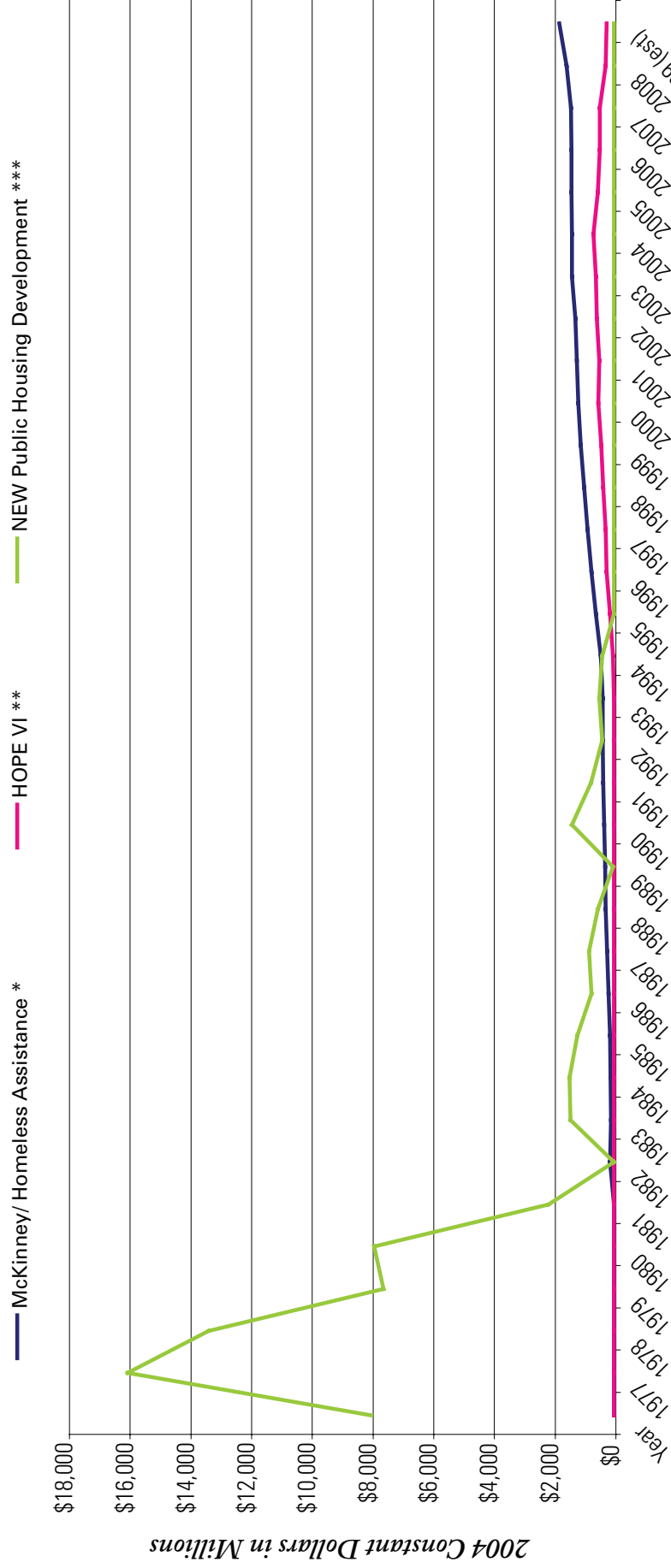


Chart 2: Rural Affordable Housing Units Created by Section 515 (USDA)

Year	Number of Units
1976	30,175
1977	30,096
1978	35,511
1979	38,650
1980	33,100
1981	29,500
1982	30,616
1983	23,406
1984	29,772
1985	28,218
1986	21,252
1987	17,434
1988	16,489
1989	15,996
1990	16,063
1991	15,396
1992	14,798
1993	14,568
1994	11,542
1995	2,853
1996	1,913
1997	2,468
1998	2,520
1999	2,202
2000	1,709
2001	1,621
2002	2,080
2003	826
2004	902
2005	783
2006	486
2007	557
2008	805

SOURCE: *Housing Assistance Council, USDA Rural Development Housing Programs: FY2008 Year-End Report, available at: http://hac.nonprofitsoapbox.com/index.php?option=com_content&view=article&id=134:fy08-rd-year-end-report&catid=18:reports-and-manuals*

Chart 3: Comparison of Budget Outlays for Homeless Programs, HOPE VI and New Public Housing Development



* McKinney/ Homeless Assistance includes HUD programs: Supplemental assistance for facilities for the homeless; Homeless Assistance Grants; Emergency shelter grants program; Transitional housing program; Shelter Plus Care; and Permanent Supportive Housing as well as Homeland Security Emergency Food and Shelter program.

** Includes \$395,323,275 for demolition as of 2006 FY.

*** Figures for public housing are for construction of NEW units, not for operating or capital expenses. Does not include developments that were built to replace existing public housing, for example Hope VI.

Chart 3: Comparison of Budget Outlays for Homeless Programs, HOPE VI and New Public Housing Development
2004 Constant Dollars in Millions

Year	McKinney/ Homeless Assistance *	HOPE VI **	NEW Public Housing Development ***
1977	\$0	\$0.00	\$8,001
1978	\$0	\$0.00	\$16,021
1979	\$0	\$0.00	\$13,352
1980	\$0	\$0.00	\$7,595
1981	\$0	\$0.00	\$7,903
1982	\$0	\$0.00	\$2,163
1983	\$133	\$0.00	\$0
1984	\$94	\$0.00	\$1,433
1985	\$108	\$0.00	\$1,457
1986	\$137	\$0.00	\$1,212
1987	\$173	\$0.00	\$734
1988	\$227	\$0.00	\$817
1989	\$271	\$0.00	\$524
1990	\$287	\$0.00	\$33
1991	\$327	\$0.00	\$1,383
1992	\$351	\$0.00	\$755
1993	\$367	\$0.00	\$386
1994	\$372	\$1.21	\$484
1995	\$434	\$36.79	\$382
1996	\$596	\$128.12	\$0
1997	\$735	\$234.62	\$0
1998	\$869	\$268.21	\$0
1999	\$983	\$358.01	\$0
2000	\$1,086	\$413.72	\$0
2001	\$1,180	\$519.85	\$0
2002	\$1,218	\$489.55	\$0
2003	\$1,267	\$570.75	\$0
2004	\$1,384	\$596.00	\$0
2005	\$1,389	\$672.54	\$0
2006	\$1,403	\$531.34	\$0
2007	\$1,399	\$470.08	\$0
2008	\$1,422	\$469.21	\$0
2009 (est)	\$1,562	\$279.52	\$0
2010 (est)	\$1,804	\$248.46	\$0

SOURCES: Executive Office of the President, Office of Management and Budget, "Table 12.3—Total Outlays For Grants To State And Local Governments By Function, Agency, And Program: 1940-2040," *Historical Tables: Budget of the U.S. Government, Fiscal Year 2010*, available at: <http://www.gpoaccess.gov/usbudget/fy10/hist.html>

HOPE VI Program Authority and Funding History, HUD updated March 2007, available at: www.hud.gov/utilities/intercept.cfm?/offices/pih/programs/ph/hope6/about/fundinghistory.pdf

* McKinney/ Homeless Assistance includes HUD programs: Supplemental assistance for facilities for the homeless; Homeless Assistance Grants; Emergency shelter grants program; Transitional housing program; Shelter Plus Care; and Permanent Supportive Housing as well as Homeland Security Emergency Food and Shelter program.

** Includes \$395,323,275 for demolition as of 2006 FY.

*** Figures for public housing are for construction of NEW units, not for operating or capital expenses. Does not include developments that were built to replace existing public housing, for example Hope VI.

Chart 4: Comparison of Total Federal Outlays and HUD Outlays

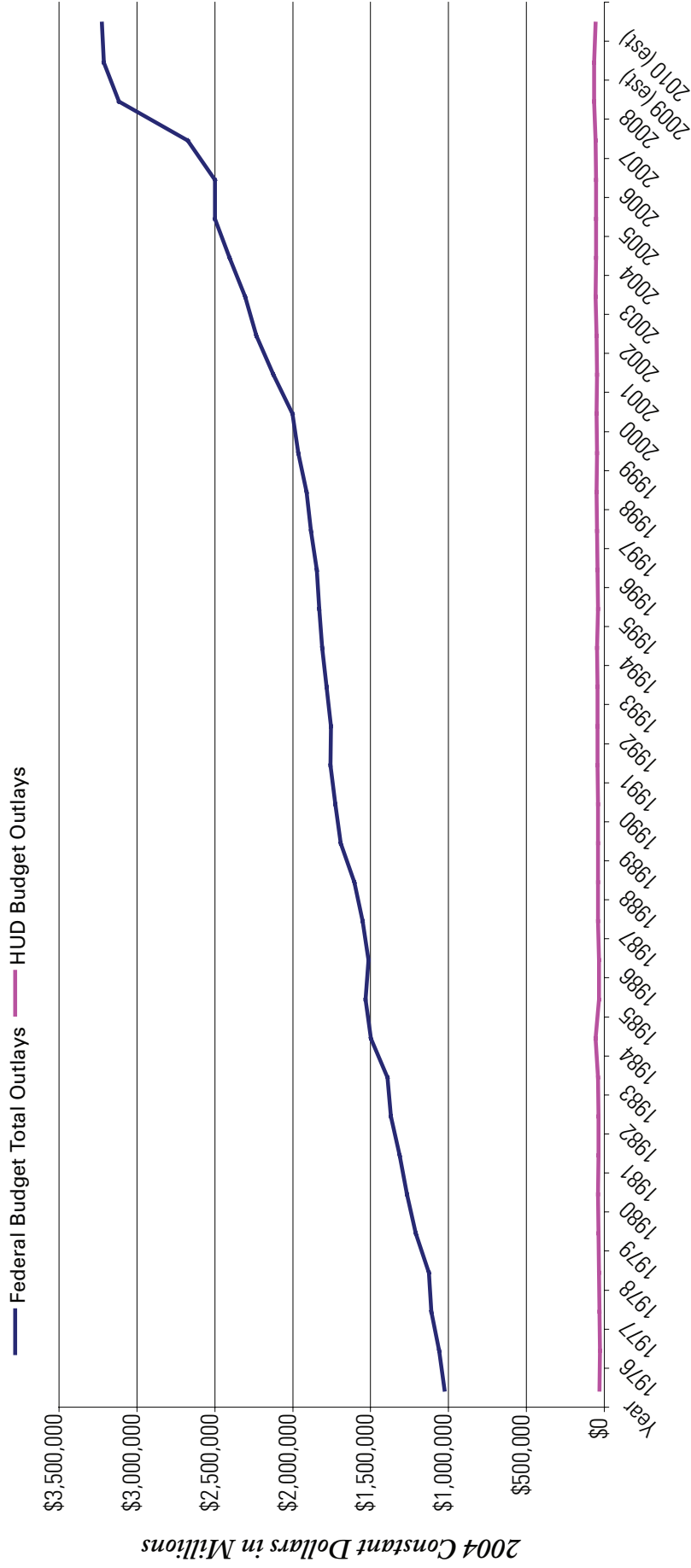


Chart 4: Comparison of Total Federal Outlays and HUD Outlays 2004 Constant Dollars in Millions

Year	Federal Budget Total Outlays	HUD Budget Outlays
1976	\$1,013,323	\$19,149
1977	\$1,048,608	\$14,883
1978	\$1,098,468	\$18,318
1979	\$1,114,255	\$20,383
1980	\$1,196,937	\$25,794
1981	\$1,255,383	\$27,542
1982	\$1,301,040	\$26,574
1983	\$1,356,770	\$26,542
1984	\$1,377,872	\$26,954
1985	\$1,485,841	\$45,093
1986	\$1,521,170	\$21,717
1987	\$1,500,206	\$23,136
1988	\$1,537,580	\$27,356
1989	\$1,592,044	\$27,394
1990	\$1,679,091	\$27,025
1991	\$1,714,037	\$29,448
1992	\$1,746,745	\$30,938
1993	\$1,743,569	\$31,152
1994	\$1,771,115	\$31,314
1995	\$1,799,000	\$34,471
1996	\$1,817,540	\$29,393
1997	\$1,832,429	\$31,504
1998	\$1,870,106	\$34,156
1999	\$1,898,050	\$36,462
2000	\$1,952,842	\$33,601
2001	\$1,988,567	\$36,149
2002	\$2,112,552	\$33,395
2003	\$2,221,192	\$38,471
2004	\$2,292,853	\$44,984
2005	\$2,392,102	\$41,081
2006	\$2,488,086	\$39,766
2007	\$2,485,890	\$41,507
2008	\$2,660,547	\$43,788
2009 (est)	\$3,101,758	\$53,804*
2010 (est)	\$3,198,754	\$53,748
2011 (est)	\$3,213,639	\$44,495

SOURCE: Executive Office of the President, Office of Management and Budget, "Table 3.2—Outlays by Function and Subfunction: 1962–2014 and Table 4.1 Outlays by Agency: 1962–2014," *Historical Tables: Budget of the U.S. Government, Fiscal Year 2010*, available at: <http://www.gpoaccess.gov/usbudget/fy10/hist.html>

Chart 5: Comparison of Federal Funding Priorities

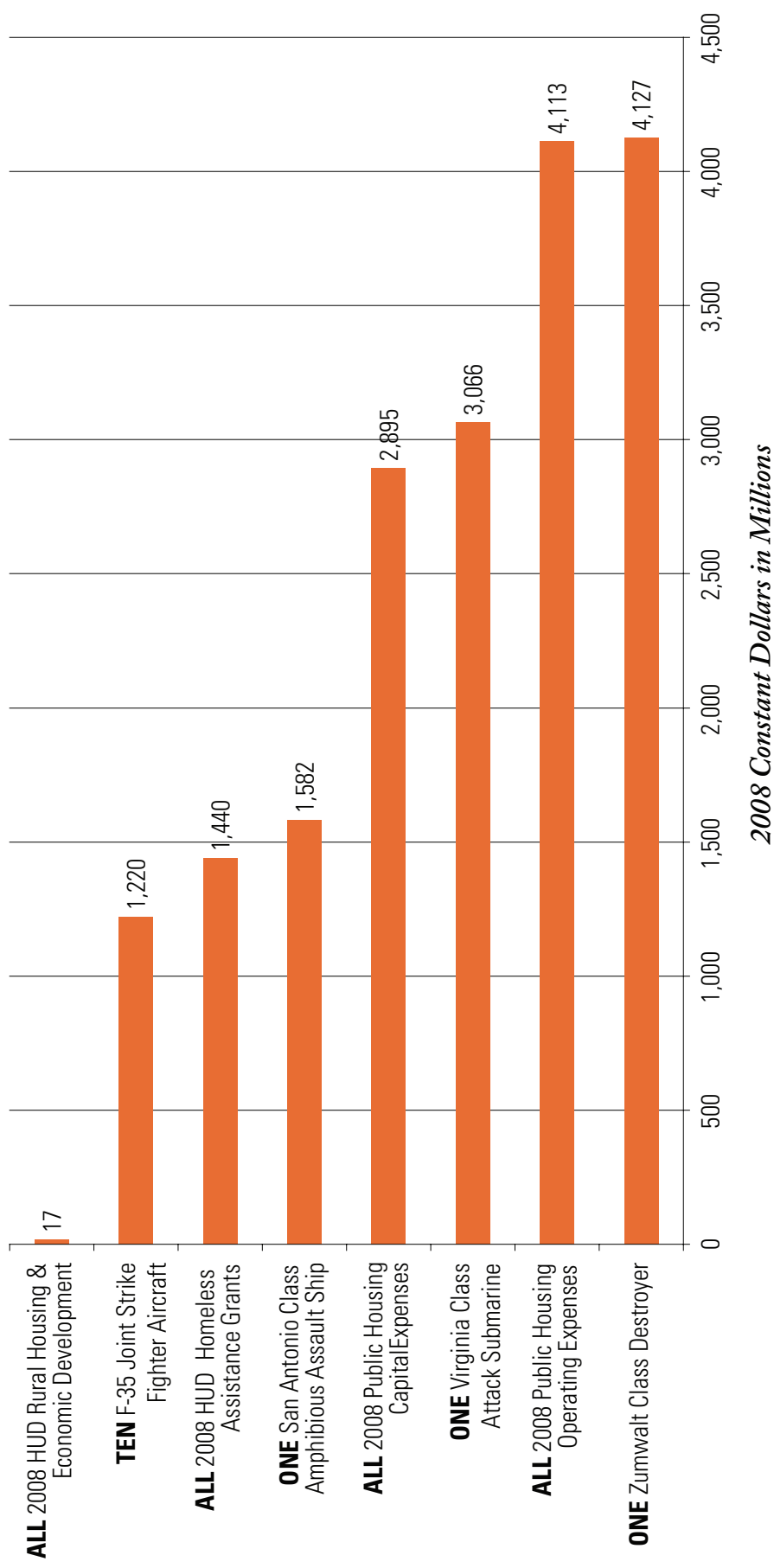
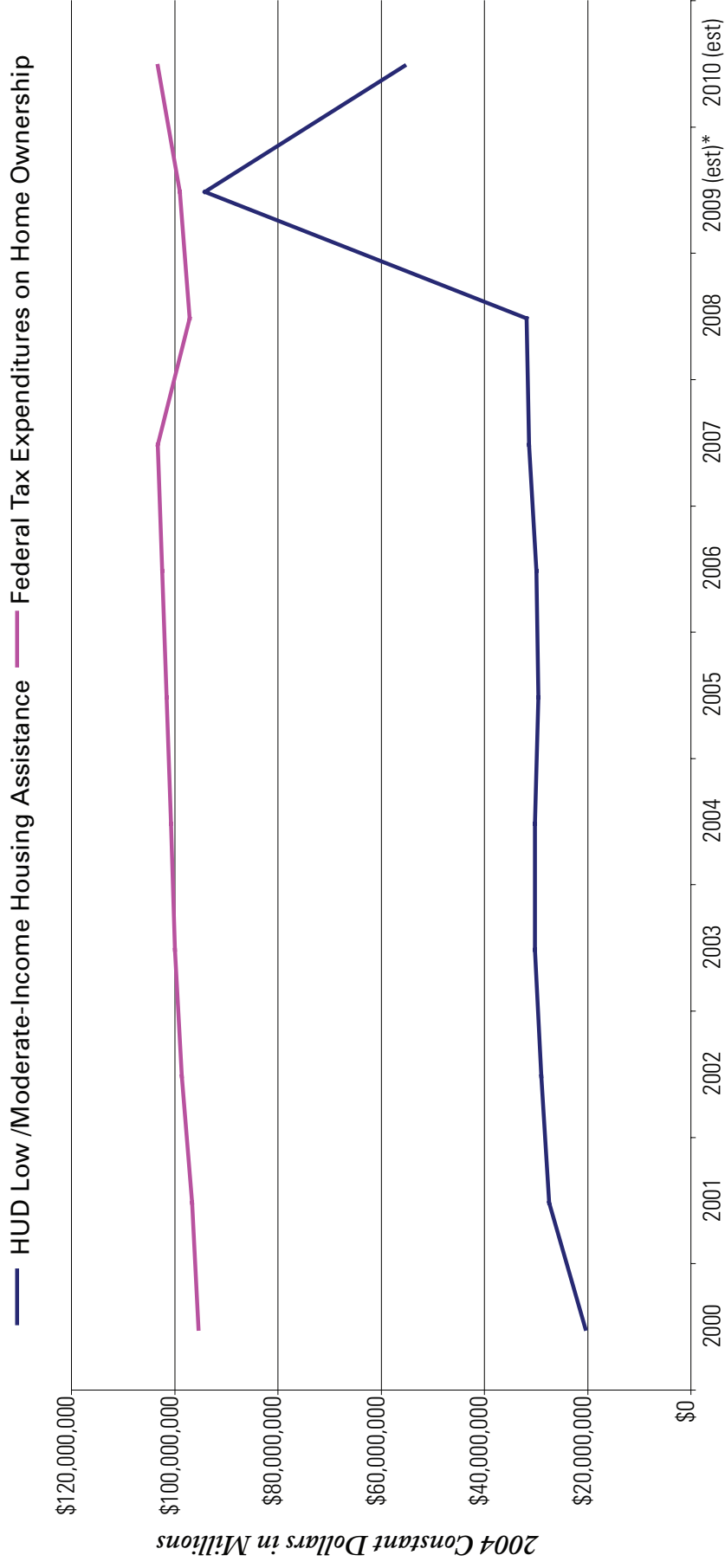


Chart 5: Comparison of Federal Funding Priorities 2008 Constant Dollars in Millions

Item	Amount
ONE Zumwalt Class Destroyer	4,127
ALL 2008 Public Housing Operating Expenses	4,113
ONE Virginia Class Attack Submarine	3,066
ALL 2008 Public Housing Capital Expenses	2,895
ONE San Antonio Class Amphibious Assault Ship	1,582
ALL 2008 HUD Homeless Assistance Grants	1,440
TEN F-35 Joint Strike Fighter Aircraft	1,220
ALL 2008 HUD Rural Housing & Economic Development	17

SOURCES: Executive Office of the President, Office of Management and Budget, "Table 12.3—Total Outlays For Grants To State And Local Governments By Function, Agency, And Program: 1940-2040," *Historical Tables: Budget of the U.S. Government, Fiscal Year 2010*, available at: <http://www.gpoaccess.gov/usbudget/fy10/hist.html>
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Chart 6: Comparison of Federal Tax Expenditures on Homeownership and HUD Budget Authority



*Includes stimulus funding under the American Reinvestment and Recovery Act. (Enacted February 17, 2009.)

Chart 6: Comparison of Federal Tax Expenditures on Homeownership and HUD Budget Authority
2004 Constant Dollars in Millions

Year	HUD Low /Moderate-Income Housing Assistance	Federal Tax Expenditures on Homeownership
2000	\$20,032,126	\$94,970,028
2001	\$27,067,438	\$96,284,376
2002	\$28,566,463	\$98,226,108
2003	\$29,808,460	\$99,546,639
2004	\$29,804,000	\$100,300,000
2005	\$29,146,823	\$101,220,374
2006	\$29,508,721	\$102,051,501
2007	\$30,981,822	\$102,853,674
2008	\$31,484,425	\$96,696,745
2009 (est)	\$93,813,000*	\$98,581,021
2010 (est)	\$55,113,955	\$102,908,270

SOURCES: Executive Office of the President, Office of Management and Budget, "Table 5.1 - Budget Authority By Function and Subfunction:1976 - 2104 and Table 19.1—Estimate of Total Income Tax Expenditures for Fiscal Years 2008–2014," Analytical Tables: Budget of the U.S. Government, Fiscal Year 2010, available at: <http://www.gpoaccess.gov/usbudget/fy10/hist.html>

Estimates of Federal Tax Expenditures for Fiscal Years, Joint Committee on Taxation 2000–2004, 2004–2008, 2008–2012 Tabulations of 3 of the 9 available individual homeowner tax deductions:

- 1) Deduction for mortgage interest on owner occupied residences
- 2) Deduction for Property taxes on owner occupied residences
- 3) Exclusion of capital gains on sales of principal residences

Sources available at:

<http://www.jct.gov/publications.html?func=startdown&id=1203>

<http://www.jct.gov/s-8-03.pdf>

<http://www.jct.gov/s-2-08.pdf>

*Includes stimulus funding under the American Reinvestment and Recovery Act. (Enacted February 17, 2009.)

APPENDIX B: END NOTES

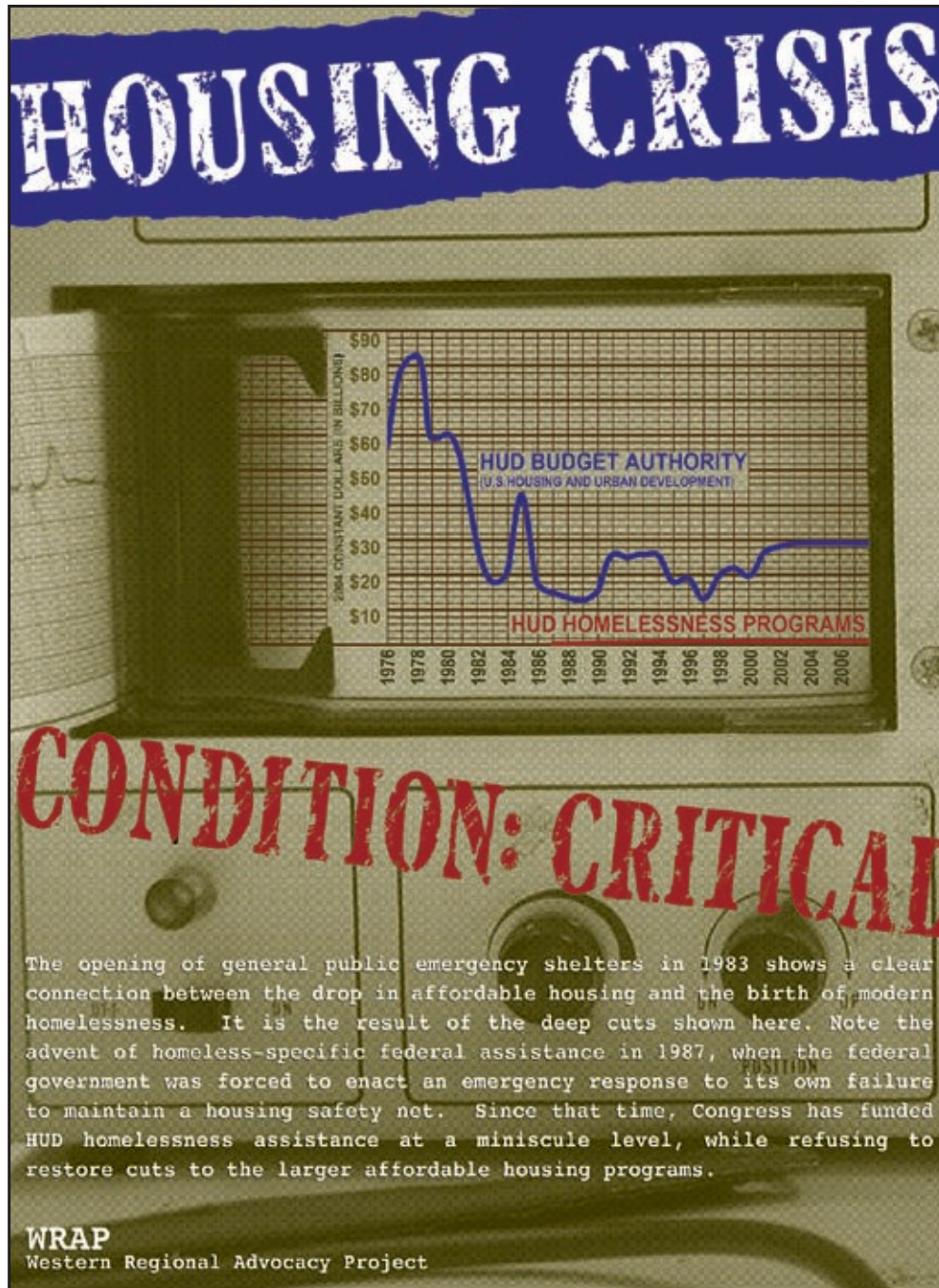


Chart from 2006 Report, artwork by Claude Moller

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Janny Castillo, Building Opportunities for Self-Sufficiency