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A bridge linking housing research and practice

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Toward Understanding Homelessness

A recent HUD report found that about 1.6 million Americans had slept in a homeless shelter or transitional housing sometime over a 12-month period beginning in October 2006. In March 2007, the U.S. Department of Health and Human Services and HUD jointly sponsored a national symposium to review progress in homelessness research and practice over the past decade.

Since 1998, when a similar symposium occurred, a significant amount of research has accrued on homelessness, its causes, and interventions that may reduce its incidence. National priorities have emerged that focus on the subpopulation of the chronically homeless and on permanent housing responses to the problems of homelessness. The development and refinement of information systems make increased cooperation and coordination of homeless response possible at the local level, while bringing the size and nature of the national problem into sharp focus. Seemingly new variations on homelessness have emerged, such as those relating to departures from the criminal justice system.



A chronically homeless person is an unaccompanied individual with a disabling condition who has been continuously homeless for more than a year or has experienced four or more episodes of homelessness in the past 3 years.

The research reveals two significant developments in the struggle to end homelessness. An increased emphasis on data collection in the past decade, particularly with Homeless Management Information Systems and other administrative data tools, has allowed practitioners and researchers to determine how many homeless people are being served throughout the country, their characteristics, and the length and pattern of their stays in shelters and transitional shelters. Another important advance has been the advent of collaborative efforts to address homelessness at all levels, including local and state 10-year plans to end homelessness, Continuum of Care programs, and the expansion of services.

The papers presented at the national symposium are published in *Toward Understanding Homelessness: The 2007 National Symposium on Homelessness Research*. Presenters examined the historical response

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to homelessness, employment and income supports for the homeless, program accountability and cost-effectiveness, housing models that have emerged over the past decade, and how the needs of particular homeless subpopulations are being addressed. Homeless groups with unique needs that drew research attention included people who are chronically homeless, families with children, youth, the rural homeless population, and ex-offenders. A sampling of the research presented at the symposium follows.

People Who Experience Long-Term Homelessness: Characteristics and Interventions

This paper examines the chronically homeless population and looks at programs that work with this relatively small subpopulation that, in many jurisdictions, consumes a disproportionately large share of shelter, emergency room, and inpatient hospital services.

A chronically homeless person is defined as

... [a]n unaccompanied individual with a disabling condition who has been continuously homeless for a year or more or has experienced four or more episodes of homelessness over the past 3 years. A disabling condition is defined as a diagnosable substance abuse disorder, serious mental illness, developmental disability, or chronic physical illness or disability, including the co-occurrence of two or more of these conditions.¹

The authors look at successful housing and supportive services models that help the chronically homeless find permanent housing, manage their disabilities, and obtain employment.

Homeless Families and Children

Homeless families with children are more likely than homeless individuals to be members of a minority group (although race/ethnicity varies geographically), have very-low incomes, and have preschool-age children. These families tend to have low educational levels; minimal work histories; and health, substance abuse, or mental health issues. The authors examine the impact of shelter stays on children's physical and mental health, education, and overall development.

1. U.S. Department of Housing and Urban Development, U.S. Department of Health and Human Services, and Department of Veterans Affairs. Notice of funding availability (NOFA) for the collaborative initiative to help end chronic homelessness. 68 *Federal Register* 4017 (January 27, 2003).



Approximately 1.6 million homeless people stayed in a homeless shelter or in transitional housing sometime during the 2007 fiscal year.

Rural Homelessness

This study looks at the special challenges surrounding rural homelessness, while acknowledging the difficulty of obtaining an accurate count of the rural homeless population given existing counting methodologies. Among other factors, high rental costs and lower incomes create a housing/income gap, and the relatively low fair market rents in most rural areas tend to discourage development of new affordable housing. The rural homeless population tends to be younger than its urban counterpart, have more health problems but less access to healthcare, have higher employment rates than those in urban areas but tends to be underemployed, and lacks mental health and other services (although there is often a stigma attached to the use of such services when available).

Incarceration and Homelessness

According to the authors of this paper, people leaving the criminal justice system face an increased risk of homelessness and those already homeless are at increased risk of incarceration. Those being released from prison or jail face a number of reentry issues, including a lack of discharge planning and transition services, difficulty in obtaining employment, the absence of effective support networks, and numerous barriers to housing. Ex-offenders are banned from much subsidized housing, and unsubsidized housing

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Efforts to alleviate homelessness must necessarily begin with reliable data on homeless people. Since 2001, Congress has issued a series of directives asking HUD to assist local communities in setting up Homeless Management Information Systems (HMIS) and putting client-level reporting in place. The goal is to develop an unduplicated count of homeless people and an assessment of homeless assistance services. After two years spent developing information systems in 58 sample sites and gathering information from 16 additional contributing communities, a national picture of homelessness is beginning to emerge.

What We're Learning

On one day in January 2006, a concerted nationwide effort to stage a point-in-time count of the homeless resulted in an estimate of 759,101 homeless people in America. About 44 percent were without shelter, living on the street, on steam grates, in parks, in abandoned buildings, and in other places not meant for human habitation. Fifty-six percent of those identified in this count were in shelters—emergency, transitional, or permanent supportive housing. Children accompanied just under half of these sheltered individuals.

According to this count, about 21 percent of the total homeless population consisted of the chronically homeless, defined as unaccompanied individuals with a disability who have either been continuously

homeless for at least a year *or* had at least four episodes of homelessness in the past three years.

Offering a more complete picture than a point-in-time count, HMIS data collected by participating local communities between January and June 2006 documented the use of emergency shelters and transitional housing by 1.15 million homeless people. The six months of collected data yielded the following key findings:

- Children represent a significant proportion of the homeless population; indeed, 27 percent of all homeless persons were members of households with children. Children made up roughly 20 percent of those using shelters.
- More than half (53 percent) of those using homeless shelters were single adult males, although this population segment constitutes only 23 percent of the U.S. population.
- Minorities were disproportionately represented among the sheltered homeless. Although representing a third of the general population, minorities accounted for about two-thirds of the sheltered homeless population—a segment in which African Americans were heavily overrepresented.
- Veterans accounted for 14 percent of the sheltered homeless population.

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HUD's Homelessness Resource Exchange (HRE) is an electronic source of both HUD-sponsored and outside information on homelessness. HRE users will find program guidance and regulations, technical assistance and training resources, as well as research and publications. The data provided is of interest to federal agencies, state and local government agencies, organizations involved in fighting homelessness, and near-homeless or homeless individuals. Resources available through HUD's HRE (www.hudhre.info) include information on homeless prevention, accessing housing and services, project development, grant administration, program measurement and design, and homeless subpopulations. One example of the resources available from the HRE is a set of guides for collecting data about the sheltered and unsheltered homeless. The HRE also offers a map to help homeless providers find their local technical assistance organizations, a newsletter (e*SNAPS), and regular updates on homelessness and available resources.



Americans have traditionally been willing to travel long distances to find affordable housing. However, record gas prices and higher transportation costs may be changing the way households and policymakers think about affordable housing. Residences located farther from work, schools, shopping, and amenities require longer and more frequent—and therefore more expensive—trips, making the once-affordable suburban home a less economical choice than urban housing located closer to public transportation and employment centers.

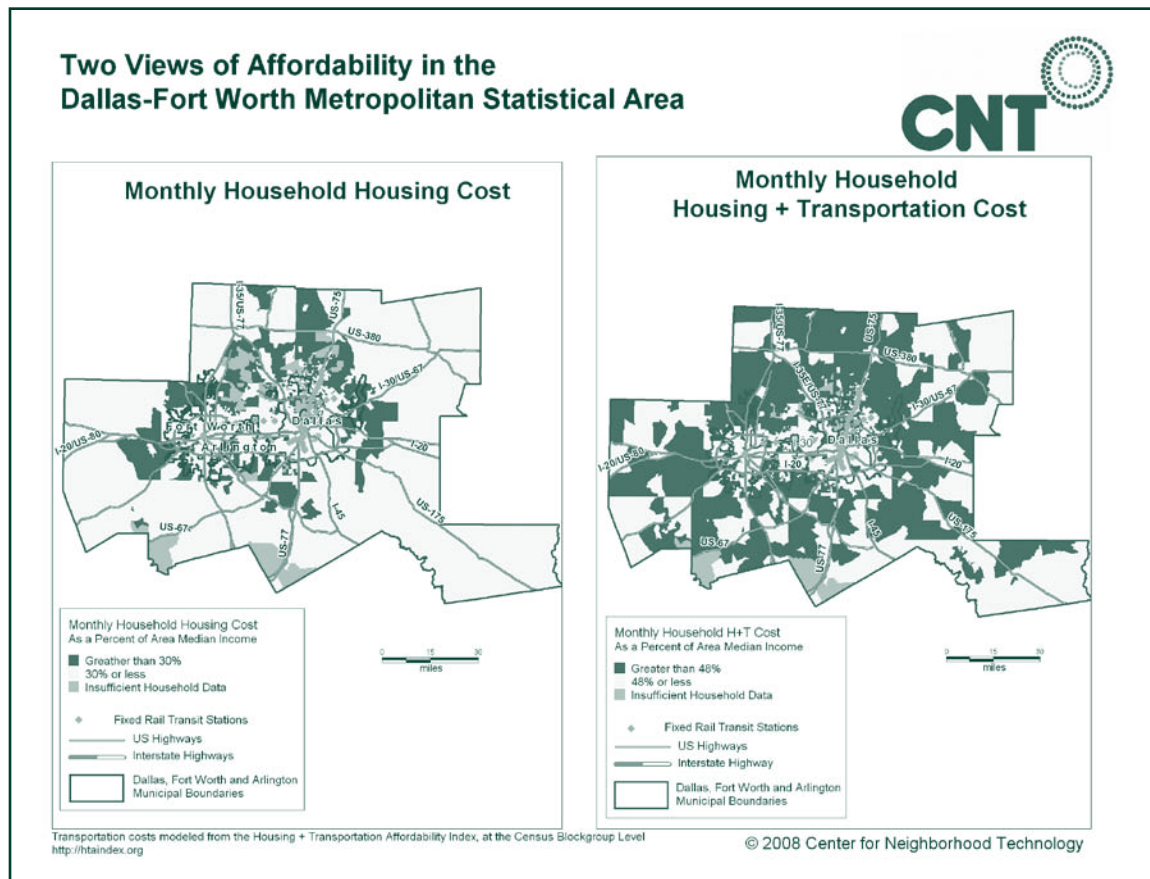
Measuring Housing Affordability

The Center for Neighborhood Technology (CNT), in partnership with the Brookings Institution's Urban Initiatives program, has developed a measure that factors in transportation costs and housing expenses to provide a more accurate picture of affordability than housing costs alone. The measure uses widely available housing, homeownership, and rental cost data published in the 2000 U.S. Census as the initial framework. Transportation costs were developed using regression analysis of household and neighborhood

location variables that include household income, household size, workers per household, households per acre, average block size, and a transit activity index (which measures mass transit routes available within walking distance). The input variables are then used to forecast three output variables—car ownership, car usage, and public transportation usage—that are combined to arrive at average transportation costs per household for each census block.

CNT used regression analysis to predict transportation costs for neighborhood locations (as approximated by census blocks) in 52 metropolitan areas. To capture differences in metropolitan density, development patterns, and transportation usage that directly affect transportation costs, CNT used cluster analysis to select six prototype cluster regions (Atlanta, Buffalo, Chicago, Fort Wayne, Memphis, and New York) for the underlying transportation cost formulas. The transportation costs for a given metropolitan area are based on the prototype cluster region that it best approximates. For example, transportation data for regions with high levels of car ownership, low transit

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is frequently too expensive. The authors note that supportive housing with services may be the most cost-effective way to house ex-offenders.

Housing Models

This paper examines the three general categories of housing available to America's homeless population: emergency shelter, transitional housing, and permanent supportive housing. These housing models have different physical configurations, expected lengths of stay, and degrees of flexibility in resident choice. Over the past decade, however, two different permanent supportive housing programs have emerged as mainstream models for the homeless.

Housing First programs, including safe havens, offer permanent affordable housing with multiple services to help residents deal with substance abuse, mental

health, and other issues. Participation in these services is optional and does not affect accessibility to the housing. Housing-readiness programs take a much more restrictive approach, with high thresholds for admission that many chronically homeless individuals may initially find difficult to meet. These conditions can include sobriety, basic living skills, good personal hygiene, and mandatory participation in treatment programs.

Toward Understanding Homelessness: The 2007 National Symposium on Homelessness Research, which includes recommendations for future study and programs, can be downloaded at no charge from the HUD USER website at www.huduser.org/publications/homeless/homeless_symp_07.html. Information is also given there for obtaining printed copies of the report. **HJ**

Calculating the True Cost of Housing continued from page 4

use, and low residential density, such as Dallas and Minneapolis, are based on the regression developed for the Atlanta prototype region. Regions that have lower levels of car ownership, higher transit use, and higher residential density, such as the Washington, D.C.-Baltimore metropolitan area, use formulas developed for the Chicago prototype.

A Practical Tool

The result is a new interactive web-mapping tool that incorporates both housing and transportation costs to measure neighborhood affordability. The tool's underlying research-based assumption is that areas in which housing plus transportation costs are less than 48 percent of area median income (30 percent or less for housing costs plus 18 percent or less for transportation costs) fall within the definition of affordable. The latter figure comes from U.S. Department of Labor reports showing that U.S. households spent an average of 18 percent of their annual budgets on transportation costs in 2004. CNT research suggests, however, that 15 percent is feasible, given good transportation planning.

The Housing + Transportation Affordability Index is a practical tool for consumers, policymakers, and housing and transportation advocates. It allows users to view regional maps, zooming in to isolate neighborhood areas and view housing and transportation data at the census-block level. Users see maps of the

household, environmental, and output variables using the Affordability Index's advanced mapping features.

This interactive web-mapping tool presents housing affordability information in three ways. The first portrays housing costs alone, defining affordable housing as that costing 30 percent or less of a household's annual household income. The second illustrates the expanded affordability definition of housing plus transportation costs. The third highlights metropolitan neighborhoods that meet a benchmark affordability goal of housing plus transportation costs that are 45 percent or less of area median income.

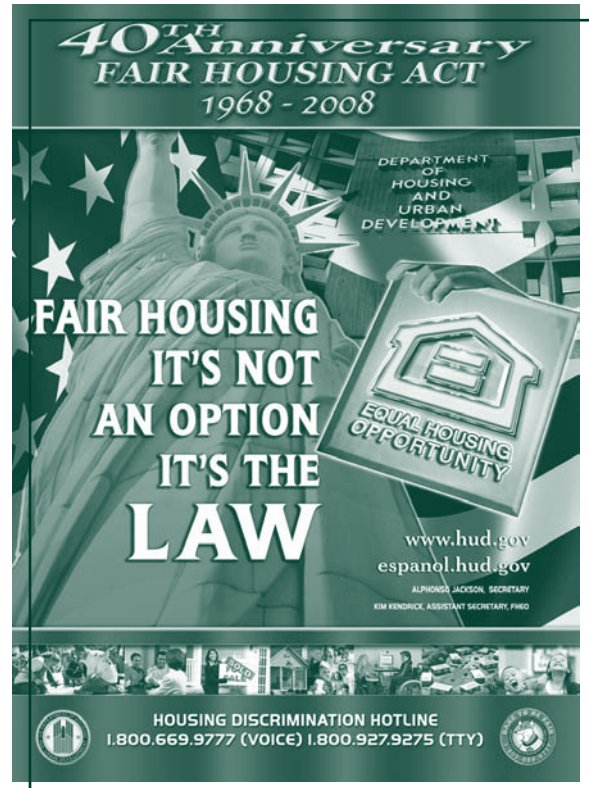
The index is a valuable resource for government officials and funders seeking to improve housing affordability by increasing access to public transportation, promoting walkable neighborhoods, and encouraging the development of amenities closer to existing neighborhoods. In addition, the index's transportation affordability goal offers officials an objective to work toward in reducing neighborhood transportation costs.

The Housing + Transportation Affordability Index can be found at <http://htaindex.cnt.org>. Additional information on development of the index is available in *The Affordability Index: A New Tool for Measuring the True Affordability of a Housing Choice*, which can be downloaded free of charge at www.brookings.edu/reports/2006/01_affordability_index.aspx. **HJ**

April 2008 marked the 40th anniversary of the passage of the Fair Housing Act—an event commemorated at the White House, on the steps of state capitols, and at city halls across the country. Throughout the month, local events helped increase public awareness of fair housing issues and of the work still needed in order to end housing discrimination. For example, the Vermont Affordable Housing Coalition sponsored brown bag lunches for the public to discuss fair housing laws and best practices with Human Rights Commission staff. The city of Minneapolis, Minnesota held a dialogue and networking session for providers working with seniors and housing. The Fair Housing Council in Portland, Oregon conducted a bus tour and discussion of historic housing discrimination sites in the area. Citizens in Abilene, Texas joined hands to form a ring around City Hall to reaffirm their commitment to equal housing opportunity. Realtors in Pinal County, Arizona were invited to a free seminar on fair housing for which they received three hours of continuing education credits toward relicensing requirements. Vacaville, California sponsored a collage, essay, and poem contest for entries reflecting the theme, “Fair Housing Is Not an Option – It’s the Law.”

The Fair Housing Act prohibits discrimination in the sale, rental, and financing of housing based on race, color, national origin, religion, sex, disability, and familial status. Yet housing discrimination studies and complaints indicate that the problem persists. In studies commissioned by HUD and conducted between 2000 and 2003, disabled people experienced unfair treatment from rental agents in 33 to 50 percent of their inquiries about advertised units. In paired testing conducted to compare the treatment of similarly qualified applicants of different racial and ethnic backgrounds, members of racial and ethnic minority groups encountered adverse treatment from rental or sales agents in 20 to 25 percent of their inquiries.

The nature and number of housing discrimination complaints filed with HUD, or with Fair Housing Assistance Program agencies that monitor compliance with fair housing law, also confirm the persistence of unfair practices. The number of complaints peaked at more than 10,000 in 1993, dipped to 5,800 in 1997 and 1998, and rose again to more than 10,000 in both 2006 and 2007. Between 2004 and 2007, most of the formal complaints filed (78 percent) involved



Housing discrimination complaints persist four decades after passage of the Fair Housing Act. HUD's newly created Fair Lending Unit augments our enforcement activities.

discrimination based on disability or race. The discriminatory behaviors cited most often in complaints were:

- *Discriminatory terms, conditions, privileges, services, and facilities in the rental or sale of property, as when a landlord attempted to change the terms of a lease after learning that the renter's husband and children were African American, or the case in which a landlord imposed stricter rules on African American tenants than on white tenants;*
- *Refusal to rent, as when a property owner refused to rent to an African American man with disabilities; and*
- *Failure to make a reasonable accommodation, as when a property owner refused to allow a tenant with a disability to keep a service animal and then refused to renew the lease.*

Although lending discrimination prompts a small percentage of complaints, fair lending studies suggest that this issue deserves close attention, especially given the rise in subprime foreclosures in minority

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Homelessness: A National Perspective continued from page 3

- Sheltered homeless adults were more than twice as likely as the overall U.S. population to have a disability.
- Three out of four sheltered homeless people were in central cities, rather than suburban or rural areas.

There are approximately 603,212 year-round beds for the homeless, distributed evenly across emergency, transitional, and permanent supportive housing. An additional 76,816 seasonal, overflow, and voucher beds add to the nation's total capacity. Whether this bed inventory is sufficient for meeting the need depends on a number of variables, including the location of beds, length of stay, and family or household composition. For example, bed utilization rates are affected by conditions such as families occupying a housing unit with more than the needed number of beds, or by designating program slots for a particular client group

(e.g., veterans or women recovering from substance abuse).

These and many more data are reported in HUD's recently published *Second Annual Homeless Assessment Report to Congress*, which provides a national perspective on homelessness. Subsequent assessments will cover an increasing number of communities and providers for a longer time span. Accrued data and an expanded information base will detail patterns of service use and needs of the homeless, moving the nation closer to the ultimate goal of eliminating homelessness.

HUD's *Second Annual Homeless Assessment Report to Congress* can be downloaded at no cost at www.hudhre.info/documents/2ndHomelessAssessmentReport.pdf. 

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neighborhoods. The studies consistently raise concerns about discriminatory lending. For example:

- A HUD-sponsored investigation found that African American and Hispanic homebuyers in both Los Angeles and Chicago face a significant risk of unequal treatment when they make preapplication inquiries with mainstream mortgage lending institutions (see www.huduser.org/publications/hsgfin/aotbe.html for more information).
- Studies in Boston communities found that, among mortgage loan applicants at the same income level, African American and Latino borrowers experienced far higher denial rates than white borrowers.¹
- A Center for Responsible Lending analysis of 2004 Home Mortgage Disclosure Act (HMDA) data, combined with proprietary data, found disparate loan pricing among white, African American, and Latino borrowers.²
- The National Community Reinvestment Coalition's analysis of 2005 HMDA data concluded that minority borrowers risk receiving high-cost loans that are poorly underwritten and that racial disparities actually increase as income levels increase.³

Because of these unfair lending practices, HUD created a Fair Lending Unit last year to augment its enforcement efforts. The unit expands our capacity to identify

and investigate lenders who may be engaged in systemic lending discrimination. The unit reviews HMDA data, housing discrimination complaint data, and reports from fair housing groups, and follows through to determine if mortgage lending policies or practices are discriminatory. The unit will also conduct periodic reviews of Fannie Mae and Freddie Mac for compliance with both the Fair Housing Act and the fair housing provisions of the Federal Housing Enterprises Financial Safety and Soundness Act.

HUD's latest report to Congress, *The State of Fair Housing: FY 2007 Annual Report on Fair Housing*, can be downloaded for free at www.hud.gov/offices/fheo/library/FairHousing-FY2007AnnualReport.pdf. 

1. Jim Campen, *Changing Patterns XIV: Mortgage Lending to Traditionally Underserved Borrowers & Neighborhoods in Boston, Greater Boston and Massachusetts, 2006* (February 2008), www.masscommunityandbanking.org/PDFs/CP14-Feb08%20Report.pdf; The Fair Housing Center of Greater Boston, *The Gap Persists: A Report on Racial and Ethnic Discrimination in the Greater Boston Home Mortgage Lending Market* (May 2006), www.bostonfairhousing.org/GapPersists.pdf.

2. Debbie Gruenstein Bocian, Keith S. Ernst, and Wei Li, *Unfair Lending: The Effect of Race and Ethnicity on the Price of Subprime Mortgages*, Center for Responsible Lending (May 2006), www.responsiblelending.org/pdfs/rr011-Unfair_Lending-0506.pdf.

3. National Community Reinvestment Coalition, *Income Is No Shield against Racial Differences: a Comparison of High-Cost Lending in America's Metropolitan Areas* (July 2007), www.ncrc.org/index.php?option=com_content&task=view&id=231&Itemid=76.

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In the Next Issue of... ^{research} **works**

- High utility costs are adding to what makes housing increasingly unaffordable. As a result, both builders and homeowners are considering energy-efficient measures that will lessen utility usage, thereby reducing housing costs. In this article, *ResearchWorks* examines a whole-house approach to energy efficiency by reviewing technologies consistent with principles recommended by the Partnership for Advancing Technology in Housing.
- A tool for researchers and policy analysts, *A Picture of Subsidized Households* provides a data sketch of nearly 5 million households across the United States living in HUD-assisted housing. This comprehensive database on subsidized households is compiled from HUD's major data collection systems and made available by the Department's Office of Policy Development and Research. *RW* will briefly describe the contents of this tool and give some examples of how it is useful to researchers.
- New research reported in *A Study of Closing Costs for FHA Mortgages* uses data from 7,560 FHA-insured mortgages, fee data from HUD-1 settlement statements, and census data to analyze homebuyers' experiences. *RW* explores this new information about the home purchase financing process and the variations in charges that affect the total closing costs paid by borrowers.
- Equity in the home represents a major share of overall wealth for many older Americans. Tapping into a home's value in order to meet cash needs during retirement generally requires the sale of the house or the ability to obtain a home equity loan. A home equity conversion mortgage (HECM), also known as a reverse mortgage, is an alternative that allows homeowners to tap into equity while remaining in place. In this article, *RW* explains HUD's role in the reverse mortgage market, the benefits to lenders and older homeowners, and the future prospects of HUD's HECM program.

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