



## Tackling Homelessness as a Housing Supply Problem

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March 2, 2023

In the fight to address the country's homelessness problem, affordable housing and homelessness advocates are promoting a "housing first" approach that focuses on providing unsheltered people with housing first, and then providing access to support services they need like substance abuse treatment and employment services.

The enormity of the homelessness problem in the country has recently been documented by the U.S. Department of Housing and Urban Development (HUD) in its 2022 Annual Homeless Assessment Report (AHAR) to Congress. HUD reported that 582,462 people experienced homelessness on a single night in January 2022, which is a slight increase of less than 1% from 2020. This data was presented in a Bipartisan Policy Center (BPC) webinar and does not reflect the pandemic. Further, 1.25 million people were found to have experienced homelessness at some point in 2020, according to HUD data presented in a Feb. 7 BPC webinar.

For the housing first approach to be successful, a sufficient affordable housing supply must be available, however the United States is experiencing an affordable housing supply shortage. While the housing first approach is not new, many are looking at how tackling the country's ongoing affordable housing supply problem can lead to desired results in the fight against homelessness. HUD's Office of Policy Development and Research will host a virtual event April 6 detailing the housing first initiative.

House America and Other Federal Strategies to Promote Affordable Housing and Prevent Homelessness

The housing first approach, first introduced as a concept in the late 1990s, is the basis of a joint effort by HUD and the U.S. Interagency Council on Homelessness (USICH). The BPC's Feb. 7 webinar discussed strategies in addressing homelessness when reframed as a housing supply problem.

The idea of homelessness as a housing problem was explored by Gregg Colburne and Clayton Page Aldern from the University of Washington. In their March 2022 book, Homelessness is a Housing Problem: How Structural Factors Explain U.S. Patterns, they researched previously held beliefs as to the causes of homelessness, such as drug use, and found that none explained why rates were higher in certain cities compared to others. The researchers found that housing market conditions were able to explain why, for example, the homelessness rates were higher in Seattle than Chicago—the reason being the lack of available affordable housing was much more severe in Seattle—and provided an explanation for the other cities researched. Both Chicago and Seattle had comparable rates of drug use and mental illness among homeless populations, however, the lack of affordable housing in Seattle was the key metric in explaining the differences in homelessness rates between the two cities. More recent research also identifies direct—changes in land use regulations—and indirect—increased rents due to housing supply constraints—housing market factors that negatively impact homelessness.

The Biden-Harris Administration, paying close attention to the trends documented in HUD's AHAR, has launched several federal initiatives using the "housing first" approach to deploy programs like House America while simultaneously using American Rescue Plan Act (ARP) of 2021 funding and resources to address housing supply issues. House America is HUD's and USICH's national strategy to address the homelessness crisis.

The largest source of ARP funding available for affordable housing comes from the \$350 billion of State and Local Fiscal Recovery Funds (SLFRF). SLFRF can be used to assist with the public health and economic issues from the pandemic, which includes the development, repair and creation of affordable housing. As of Feb 14, state and local governments have budgeted more than \$14 billion of SLFRF for more than 1,800 affordable housing initiatives, according the U.S. Department of the Treasury. It should be noted that while Republicans have not yet provided a plan to reduce federal spending in current debt limit discussions, some have mentioned a willingness to look at reclaiming authorized, but unspent, ARP funds.

House America has helped 105 communities permanently house more than 100,000 households experiencing homelessness. Additionally, HUD and USICH worked together to add 40,000 deeply affordable homes, housing that targets people who earn 25%-35% of the area median income (AMI), to their development plans.

In addition to the affordable housing activities funded by SLFRF, the ARP provided unprecedented levels of homelessness assistance, including 70,000 Emergency Housing Vouchers and \$5 billion in one-time HOME Investment Partnership homelessness grants (HOME-ARP). According to the National Low Income Housing Coalition (NLIHC), the success of these programs is best seen through changes to the veteran homelessness rate, which has decreased by 11% since January 2020 and by 55% since 2010. Housing homeless veterans is also on President Biden's list of priorities as he mentioned veteran homelessness during his State of the Union address. Specifically, President Biden encouraged increased investment to end veteran

homelessness, mentioning his Unity Plan, which includes making housing assistance more widely available for veterans experiencing homelessness.

Additionally, HUD is working to address the homelessness crisis through grant funding and programs. On Feb. 2, HUD awarded \$315 million in grants to 46 communities to address unsheltered and rural homelessness. These grants are the first of its kind and provide a package of resources to help communities administer housing and supportive resources to their unsheltered and rural population. In coordination with the grant, communities were also asked to develop a strategic plan to addressing unsheltered and rural homelessness that worked with health care providers, public housing authorities, and those with lived experiences of homelessness.

Bipartisan Policy Center Webinar Looks at “Homelessness as a Housing Supply Problem”

The BPC event included a presentation from Marcy Thompson, director of policy initiatives at USICH, followed by a panel discussion of experts that included Peggy Bailey from the Center on Budget and Policy Priorities, Gregg Colburn from the University of Washington and Michael Tanner from the Cato Institute.

Thompson began the webinar with a presentation on the USICH Federal Strategic Plan, which was informed by stakeholders, many of who were formerly unhoused. The USICH plan included a survey in which stakeholders cited the following issues with current strategy to address homelessness: a lack of housing supply; rising rents; inadequate access to supports; no alternatives to unsheltered homelessness; the criminalization of homelessness; and fatigue among shelter providers. The plan also stated USICH’s goal of reducing homelessness by 25% by 2025 through scaled up housing access and supports, and an improved homelessness response. The strategic plan focuses on addressing homelessness with both short- and long-term strategies. In the short term, the experts focused on shelters as a solution, but in the long term, stated that affordable housing is key.

During the panel, Peggy Bailey stated that the priority in preventing homelessness should be preserving existing affordable housing. Specifically, she mentioned that many low-income housing tax credit (LIHTC) properties are reaching the end of their extended use requirements, so there will be a need to preserve this crucial source of affordable rental housing. Bailey also stated that there needs to be a developer incentive so that owners can keep properties affordable, and an increased usage of rental assistance could be helpful. Tanner emphasized that the approach to addressing homelessness as a housing supply problem should not be a “one size fits all” approach. Tanner and Bailey agreed that it is important to invest in ideas that solve homelessness, like increasing the supply of affordable housing, rather than short term solutions, like temporary shelters. Tanner also suggested changing zoning and land use regulations to accommodate multifamily and affordable housing. Colburn stated that the United States will not be able to solve the homelessness crisis with short-term solutions like shelters, but there is a way

to invest in both short-term and long-term solutions like affordable housing construction and preservation. Experts emphasized a need to break the silos that separate affordable housing and homelessness policies and combine the two to address and prevent the homelessness crisis.

## What Comes Next

The End Homelessness Act, which House Financial Services Committee ranking member Maxine Waters, D-California, introduced in July 2021, is likely to be reintroduced in the new Congress, but faces long odds on enactment given the divided Congress. The act primarily focused on improvements to the Housing Choice Voucher program. Specifically, the program would become a federal entitlement to ensure that every household that qualifies for the voucher receives it. The act would also prevent landlords from discriminating based on source of income or veteran status and would appropriate \$5 billion in funding over five years for the Housing Trust Fund.

Additionally, the McKinney-Vento Homeless Assistance Act would be permanently authorized— as the bill that authorizes homeless assistance grant programs under HUD’s jurisdiction, this legislation is important to the fight against homelessness. Overall, the NLIHC’s analysis of the 2021 bill estimated it could fund the creation of 410,000 new homes for those experiencing homelessness.

Given the focus on housing supply, and the fact that the LIHTC is the most successful federal program for financing the creation and rehabilitation of affordable rental homes, legislation that expands the LIHTC can by extension help address the homelessness crisis. The reintroduction, which is expected to be soon, and passage, of the Affordable Housing Credit Improvement Act (AHCIA) could address one of the root causes of homelessness identified in this post, which is the lack of affordable housing. The AHCIA could finance more than 2 million additional affordable rental homes over the next 10 years through proposals to enhance the LIHTC. The bill proposed lowering the “financed by” threshold from 50% to 25% for private activity bond financed housing, increasing the 9% LIHTC authority by making the 12.5% increase in 9% LIHTC allocations that expired at the end of 2021 permanent and further increasing allocations by 50% phased in over two years, and implementing three 30% basis boost provisions to allow LIHTC to better reach underserved communities and populations, among other provisions.

While it is unlikely a comprehensive bill to address homelessness would pass due to a divided 118th Congress, recent conversations, collaboration between the Biden-Harris Administration and federal agencies, and the American Rescue Plan Act’s inclusion of funding to address homelessness show that there is interest in tackling this crisis.