



EMERGENCY ASSISTANCE PREVENTS HOMELESSNESS

THE ISSUE

Homelessness in the United States is a persistent and significant public policy challenge. Each year more than 2.3 million people experience homelessness,¹ 7.4 million people live “doubled up” with friends or family for economic reasons,² and countless others are on the brink of homelessness. The prevalence of homelessness is of particular concern given its strong association with many negative outcomes. Homeless adults have four times the age-adjusted mortality rate of the general population,³ and are much more likely to be hospitalized or visit the emergency room.⁴ Homelessness is particularly devastating for children. One fifth of homeless children have been separated from their families, and one quarter suffers from depression. They are twice as likely to have a learning disability and to repeat a grade. Frequent moving is associated with lower test scores and reduced educational attainment.⁵

MORE THAN 2 MILLION PEOPLE ARE HOMELESS EACH YEAR AND MORE THAN 7 MILLION LIVE “DOUBLED UP” FOR ECONOMIC REASONS.

Furthermore, homelessness is very costly to society. The cost of providing shelter for individuals who become homeless for the first time is \$2,400 per person,⁶ and the public costs (including health care, police and incarceration, and welfare programs such as food stamps) exceed \$5,000 per person annually.⁷ The costs for providing housing and supportive services to the *chronically* homeless are considerably higher, topping \$50,000 per person annually.⁸

CURRENT SOLUTIONS

Homelessness policy can be broadly divided into two categories: treatment and prevention. Historically, American homelessness policy focused on treatment by providing case management services, and emergency and transitional shelter for people who are already homeless. In more recent years, the policy focus has moved away from treating those who are already homeless towards homeless prevention initiatives. In 2010, President Obama noted that “Instead of simply responding once a family or a person becomes homeless, prevention and innovation must be at the forefront of our efforts.”⁹

One common homelessness prevention strategy is to provide emergency financial assistance to people facing eviction in order to keep them in their place of residence. Nearly every major city has a hotline that helps those facing homelessness find financial assistance. Despite the large number of such programs and more than 15 million people calling for these services nationwide every year, little has been done to understand their impact on homelessness.

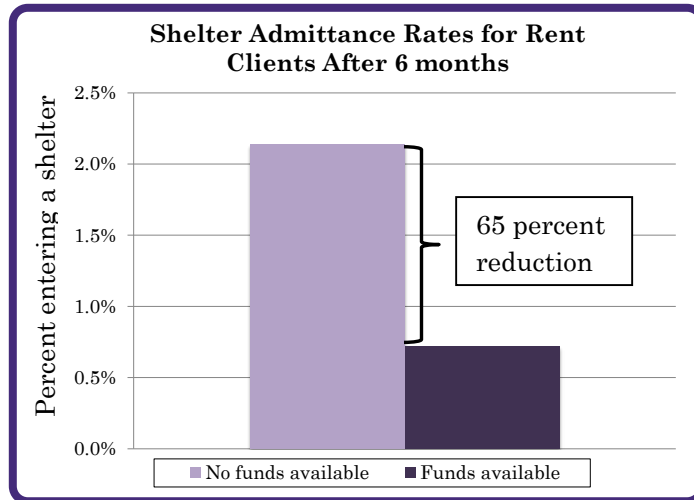
LEO’S STUDY

This study examines the impact of financial assistance by exploiting a natural experiment. The Homelessness Prevention Call Center (HPCC) in Chicago is one of the largest call centers in the nation, taking approximately 70,000 calls each year. The HPCC connects those at risk of homelessness with emergency financial assistance, but the availability of funding varies unpredictably on a day-to-day basis. Consequently, we can determine the impact of this financial assistance on homelessness by comparing outcomes for those who call when funds are available to those who call when no funds are available. This study examines the impact of financial

assistance for 4,500 individuals and families who called the HPCC between 2010 and 2012. We construct measures of homelessness by linking this call center information to administrative data on entries to and exits from homeless shelters in Chicago.

RESULTS

Our results show that emergency financial assistance reduces homelessness. As shown in this figure, eligible callers seeking rent assistance on a day when funding is available are 1.4 percentage points less likely to enter a shelter within 6 months than someone who calls when no funding is available, a reduction of more than 65 percent. Moreover, this effect persists: even a year after contacting the HPCC, those who call when funding is available are significantly less likely to become homeless. Our analyses also show that the impact of financial assistance is largest for those with especially low income: for this group calling the HPCC when funding is available reduces the likelihood of becoming homeless by 80 percent. Because many callers receive assistance for each case of homelessness avoided, this intervention can be costly. However, overall costs to society of homelessness are extremely high, indicating that efforts to prevent homelessness through targeted emergency financial assistance is cost beneficial.



POLICY IMPLICATIONS

This study is the first to show that emergency financial assistance significantly reduces homelessness. Our findings have key implications for programs that serve those at risk of homelessness and for policymakers who fund such programs in cities all across the country.

EMERGENCY FINANCIAL ASSISTANCE REDUCES HOMELESSNESS BY 65 PERCENT.

For more details on this study, visit LEO's webpage at: leo.nd.edu/research-initiatives/homeless-prevention/.

¹ National Coalition for the Homeless. 2009. "How Many People Experience Homelessness?" *National Coalition for the Homeless*.

² Batko, Sam. 2013. "The State of Homelessness in America 2013: Chapter 3." *National Alliance to End Homelessness*.

³ Barrow, S.M., D.B. Herman, P. Córdova, and E.L. Struening. 1999. "Mortality among homeless shelter residents in New York City." *American Journal of Public Health*, 89(4): 529-534.

⁴ Kushel, M.B., E. Vittinghoff, and J.S. Haas. 2001. "Factors associated with the health care utilization of homeless persons." *JAMA*, 285(2): 200-206.

⁵ Haveman, Robert, Barbara Wolfe, and James Spaulding. 1991. "Childhood Events and Circumstances Influencing High School Competition." *Demography*, 28(1): 133-157.

⁶ Spellman, Brooke, Jill Khadduri, Brian Sokol, Josh Leopold, and Abt Associates Inc. 2010. "Costs Associated With First-Time Homelessness for Families and Individuals." *U.S. Department of Housing and Urban Development Office of Policy Development and Research*.

⁷ Flaming, Daniel, Halil Toros, M., and Patrick Burns. 2015. "Home Not Found: The Cost of Homelessness in Silicon Valley." *Economic Roundtable*.

⁸ Moulton, Shawn. 2013. "Does Increased Funding for Homeless Programs Reduce Chronic Homelessness?" *Southern Economic Journal*, 79(3): 600-620.

⁹ USICH. 2010. *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness*. United States Interagency Council on Homelessness.