



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, 7.4 million people live “doubled up” with friends or family for economic reasons, 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, and are much more likely to be hospitalized or visit the emergency room. Homelessness is particularly devastating for children. One fifth of homeless children have been separated from their families, and one quarter suffer 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. 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, and the public costs (including health care, police and incarceration, and welfare programs such as food stamps) exceed \$5,000 per person annually.

**MORE THAN 2 MILLION
PEOPLE ARE HOMELESS EACH
YEAR AND MORE THAN 7
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FOR ECONOMIC REASONS.**

CURRENT SOLUTIONS

Homelessness policy can be broadly divided into two categories: treatment and prevention. 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 shelter entry rates for those who call when funds are available to the rates for 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. In order to observe shelter entry for these callers, we link the call center information to administrative data on entries to and exits from homeless shelters in Chicago.

RESULTS

Our results show that emergency financial assistance prevents homelessness. As shown in this figure, eligible callers seeking assistance on a day when funding is available are 1.6 percentage points less likely to enter a shelter within 6 months than someone who calls when no funding is available, a reduction of 76 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 88 percent.

COSTS AND BENEFITS

Because many callers receive assistance for each case of homelessness avoided, this intervention can be costly. Our analyses indicate that the cost per homeless spell averted is about \$10,300. Because emergency financial assistance has a bigger impact for the lowest income individuals and families, the cost per homeless spell averted would be lower if the program were better targeted towards those for whom financial assistance is more effective at reducing homelessness. Our results for very low-income families indicate that the per person cost of averting a new case of homelessness would be about \$6,800.

The benefits of this intervention result from avoiding a number of costs associated with becoming homeless including: the cost of providing shelter and other housing services; the cost to society of addressing other needs that may arise due to homelessness; and other private costs to the individual. **We estimate the benefits of this intervention, not including many health benefits, to exceed \$20,000.**

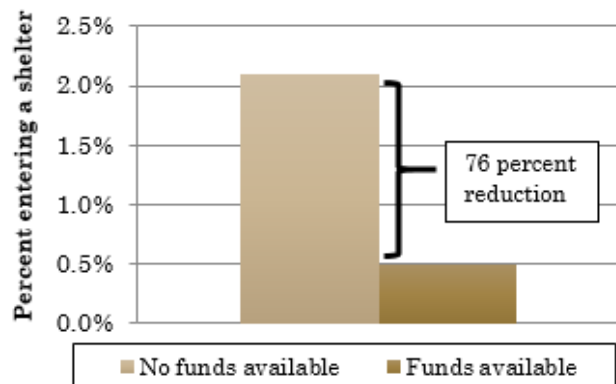
IMPLICATIONS AND NEXT STEPS

This study is the first to show that emergency financial assistance significantly reduces homelessness. This finding has important implications for providers and policymakers:

- Call Centers across the country that do not have sufficient resources to serve their communities could improve the impact they have on preventing homelessness by targeting their limited resources to the families that have the greatest risk of homelessness—in particular, those with very low income.
- Policymakers should consider emergency financial assistance as an effective, evidence-based approach for preventing homelessness.

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

Shelter Admittance Rates After 6 Months



**EMERGENCY
FINANCIAL
ASSISTANCE REDUCES
HOMELESSNESS
BY 76 PERCENT AND
HELPS LOW-INCOME
PEOPLE THE MOST.**