Causes of the Growth of Homelessness During the 1980s

Martha R. Burt
The Urban Institute

Abstract

This article presents an analysis of the factors that predicted 1989 homelessness rates in large U.S. cities. Data were collected to describe homelessness rates in the 182 cities with populations over 100,000. In addition, variables were assembled to represent many factors that have been hypothesized to cause homelessness, including each city's housing and income conditions, household resources, employment conditions, employment structure, available public benefits, and cost of living. The researcher used regression analysis to assess the impact of each hypothesized causal factor on between-city differences in 1989 homelessness rates for the 147 primary cities in the data set (excluding suburbs) and for subgroup breakouts based on level of manufacturing employment and population growth from 1980 to 1986. The article ends with a discussion of policy implications of the patterns discovered.

The growth of homelessness

For the first time since the Depression in the 1930s, homelessness resurfaced as a source of public concern during the recession of 1981–1982. Unemployment, as well as housing and other policies of the Reagan administration, were blamed at that time. However, such explanations increasingly seem simplistic, given the growth of homelessness during the remainder of the decade. This growth occurred despite the decrease in the official unemployment rate and the economic stability or growth that increasingly characterized the mid- and late 1980s. The pattern of increasing homelessness in the face of seeming national prosperity suggests that potential causes need to be explored at a more sophisticated level than has been done to date.

"Housing affordability" is one of the most frequently named culprits in the rise of homelessness. The assumption is that as housing has become less affordable, homelessness has resulted. This assumption is quite reasonable, but unfortunately for both policymakers and researchers, "housing affordability" is a slippery term. Housing can become more affordable because people earn more but housing costs remain stable, or because people's earnings stay the same but housing costs decrease. It can become less affordable because people

earn less although housing costs remain constant, or because people's incomes are constant but housing costs increase. People's incomes may change for many reasons, including unemployment; shifts in the pattern of employment between well- and poorer-paid jobs or between full- and part-time work; changes in eligibility for benefits or in the inflation-adjusted dollar value of benefits; and the availability for employment of more or fewer workers per household. Housing costs may change for equally diverse reasons: because a shortage of housing inflates the price; because building codes require more expensive construction; because national fiscal policy keeps interest rates high; or because localized economic downturns cause a glut of available housing. Each of these potential causes of a change in housing affordability implies a need for a different policy approach. This paper seeks the reasons behind shifts in housing affordability and their relationship to homelessness as a necessary first step in determining which policies to pursue.

However much homelessness may be affected by housing affordability, it will most likely be true that homelessness is *not only* a housing problem. Many of the people who fall off the bottom of the economic ladder may find themselves in this position because their disabilities and deficits (physical, mental, addictive, educational, social) make them more vulnerable and poorer than other people. They still need housing; however, their presence among the homeless represents a failure of social and mental health support programs and the absence of any coordinated efforts that include government housing resources.

With few exceptions, the homeless come from the ranks of the very poor.[1] One may hypothesize that as poverty increases, not only do single individuals find it harder to pay for housing on their own, but the relatives or friends with whom they might share housing are also stretched to the limit and less able to help. This line of reasoning suggests that increasing poverty and the decreasing effectiveness of safety-net programs strain all low-income households, reduce the personal and financial resources available to avert homelessness, and increase the probability of homelessness among the most vulnerable and poorest of the poor.

In discussions of homelessness, the factors consistently mentioned as contributing to the growth of homelessness include shifts in housing availability and affordability, increases in poverty, changes in the structure of the job market, public policy toward people with specific disabilities, and public program benefit levels.[2] In addition, researchers increasingly suspect certain demographic trends of contributing to homelessness, although popular treatments rarely

acknowledge them. These trends include increasing age at marriage, decreasing tendency to marry at all, increasing numbers of female heads of families with children, increasing numbers of people living alone, and the confluence of the baby boom generation's coming of age with changing mental hospitalization policy and increasing recreational drug use.

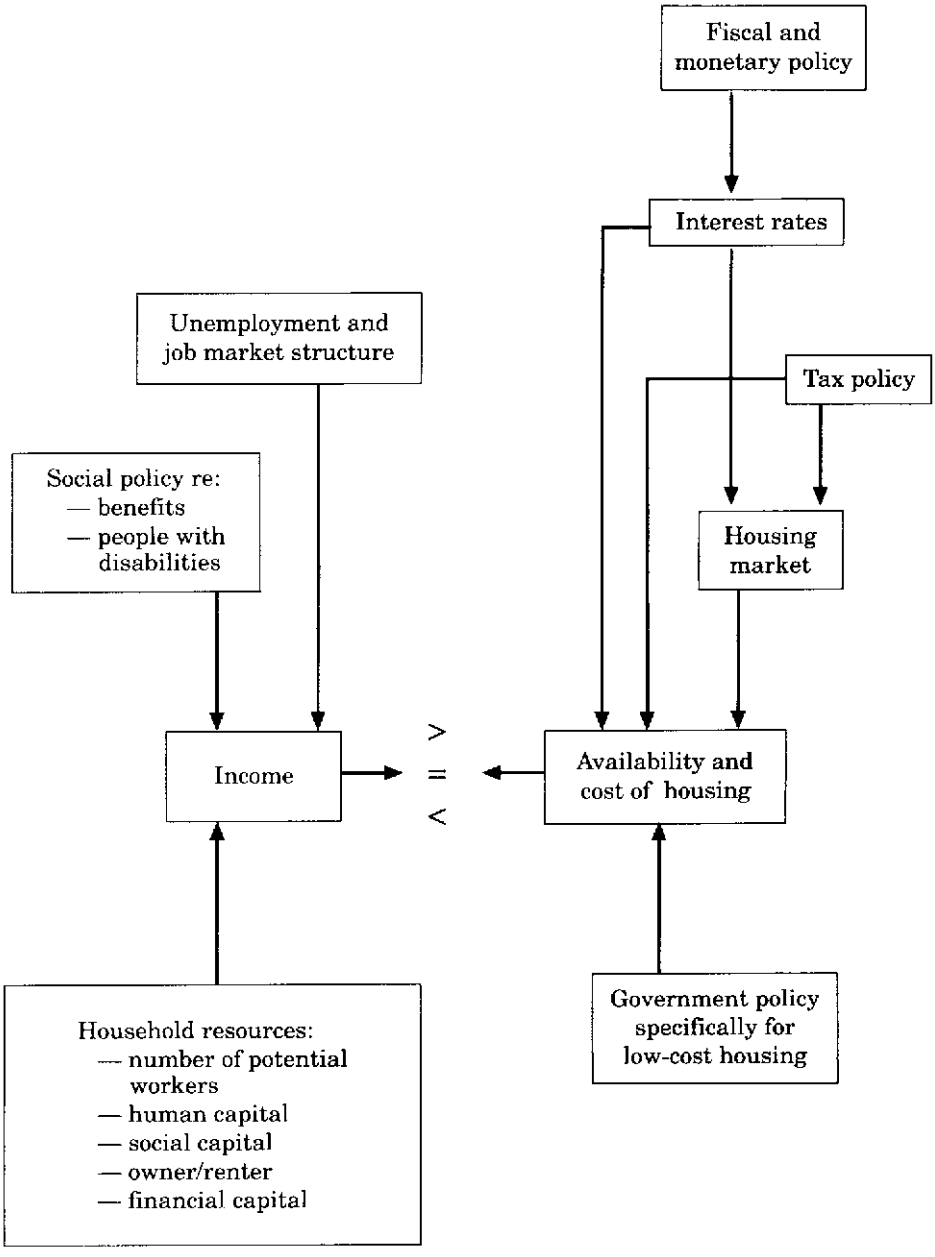
Although policy discussions consistently mention these contributory factors, surprisingly little scientific analysis has been done to document changes in these factors during the 1980s while also making explicit the tie-in to changes in homelessness. The obvious next step for research on the factors contributing to homelessness is to assemble the data that would make possible analysis over time and across jurisdictions. The analysis should meet several criteria. First, it should consider a broad range of potential influences on homelessness. Second, it should be performed with a big enough sample of jurisdictions to reveal associations among important variables. Third, it should simultaneously consider differences in the hypothesized causal factors and differences in rates of homelessness.[3] Work meeting these three criteria is reported in this article.

The various factors hypothesized to cause homelessness were included in a conceptual model depicted graphically in figure 1. At the heart of figure 1 is a relationship between household income and the availability and cost of housing—housing affordability. This relationship is depicted by the (in)equality symbols in the center of figure 1.

The complexities of the model pictured in figure 1 enter when one takes into account the many factors that influence the level of household income, on one side of the equation, and the availability and cost of housing, on the other. The model proposes that household income is influenced by social policy as it pertains to public benefit programs and to the treatment of people with disabilities; by the structure of the job market in a local area, local wages, and local unemployment; and by household resources. The factor "household resources" is in turn multifaceted, and any of its elements may be affected by structural or policy factors. Figure 1 lists household resources that might be expected to influence a household's risk of homelessness, as follows:

- The number of actual and potential workers in the household;
- The household's human capital (education, physical and mental health, work experience);

Figure 1. **Factors Influencing Homelessness**



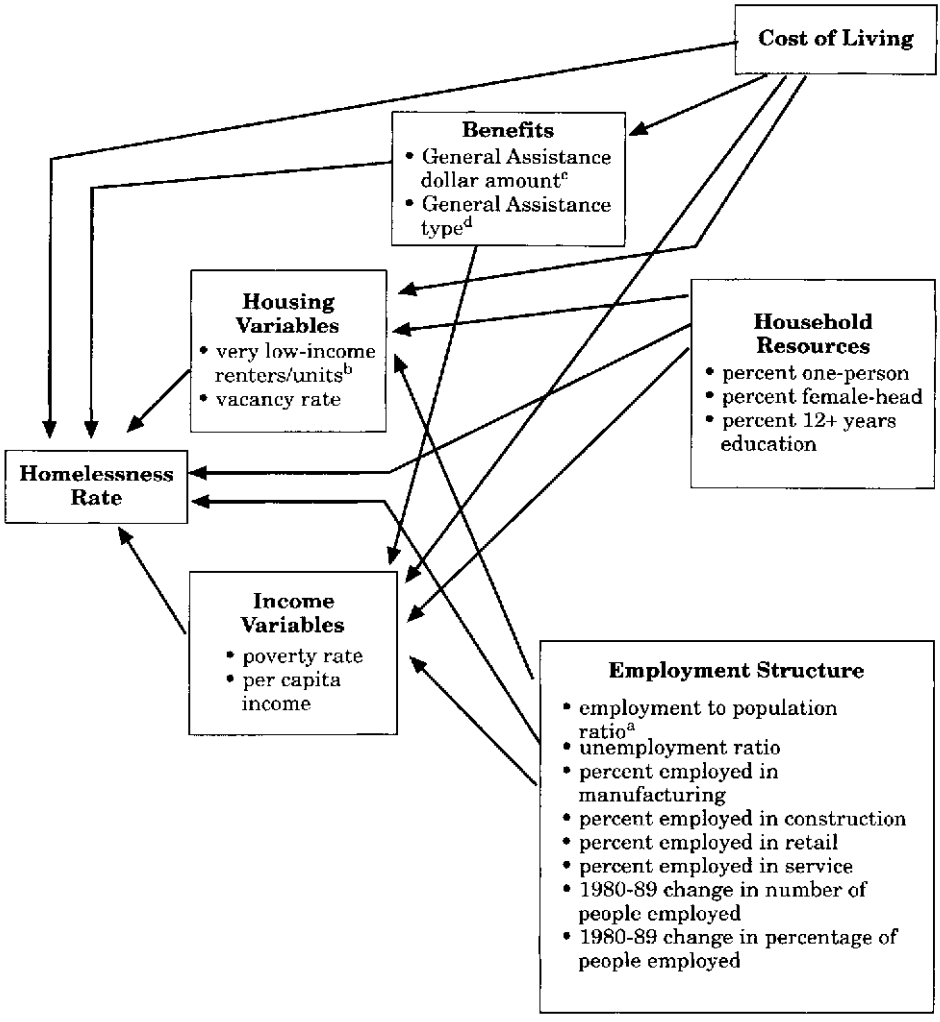
- The household's social capital (family resources, friendship resources, participation in supportive neighborhood networks);
- The household's ownership or rental of its dwelling (its physical capital);
- The household's financial capital (savings, pension rights, eligibility for and participation in public benefit programs).

The housing side of the equation is as complex as the income side. In the lower right of figure 1, government policy specifically focused on low-cost housing is shown as an influence on the availability and cost of housing. However, the factors in the upper right quadrant of figure 1 are hypothesized to have equal if not greater influence on housing cost and availability. The model shows fiscal and monetary policy affecting interest rates, interest rates and tax policy in turn influencing the housing market (construction, rehabilitation, maintenance, abandonment), and all three—interest rates, tax policy, and the housing market—affecting housing cost and availability. If these global factors do affect housing cost and availability as hypothesized, an exclusive policy focus on what has happened to targeted low-income housing subsidies may ignore the far more pervasive influences of fiscal, monetary, and tax policies on the housing market.

The model actually estimated (see figure 2) differs somewhat from the complete causal model shown in figure 1. Fiscal, monetary, and tax policies affecting the housing market are not represented because they were constant for the country as a whole and would add nothing to the analysis. In addition, variables had to be selected from the entire data set to represent each element in figure 1. Figure 2 shows the variables included in each block of the model actually estimated.

The income and housing variables shown in figure 2 as the immediate antecedents of homelessness rates parallel the income and housing blocks in figure 1 on either side of the affordability relationship. Both models propose, in effect, that the factors affecting housing affordability also affect homelessness. The blocks of variables to the right in figure 2 are assumed to be antecedent to, and causal of, the variables to the left. The arrows in figure 2 represent hypothesized causal paths among blocks of variables. The figure 2 model depicts the exogenous variables (those on the right side) as affecting homelessness both directly and indirectly through the income and housing variables.

Figure 2. **Causal Model to be Tested, Showing Hypothesized Relationships of Variables in the Data Set**



[a] Number of persons employed/total number of persons 16 years of age or older
[b] Ratio of very low income renters to number of units they can afford, in the state
[c] Maximum dollar amount for single individual living independently
[d] Availability and type of General Assistance program in a particular county

Methods

The task of assembling data to understand the growth of homelessness in the 1980s was governed by the model in figure 2. Measures were sought to represent each element in figure 2 that could vary among communities (because they were essentially uniform across the country, interest rates and tax policy were not included in the measures used to estimate the model). This effort was part of a larger study examining probable causes of homelessness in the 1980s.[4] The inquiry focused on the 182 U.S. cities that had populations of 100,000 or more in 1986, because the large majority of the nation's homeless are found in these cities.[5]

Because it was important to be able to examine changes in the 1980s that might have contributed to homelessness, data sources were sought that could supply parallel indicators for early and late in the decade. The result is a data set that includes, where available, parallel data elements for the early and late 1980s (usually 1980 and 1987–1989), and that contains variables pertinent to each factor hypothesized to affect homelessness. With the exception of General Assistance program availability and benefit levels and the dependent variable to be used (homelessness rates based on shelter bed counts), the data were all assembled from published sources, federal government statistical agencies, or other researchers' analyses of publicly available data (e.g., the 1980 census, the American Housing Survey). Where possible the data are at the city level. When city-specific data were not available, county-level data were sought. In some instances state-level data are used, either because there is no within-state variation (e.g., Aid to Families with Dependent Children benefit levels) or because no data exist for local jurisdictions.

The dependent variable

No easily available statistics exist on numbers of homeless people in cities, or city homelessness rates, to serve as this study's dependent variable. The only figures that would meet the criteria of availability for early and late in the decade, for the 182 cities over 100,000 in population, and for a consistent method of data collection across cities and years were counts of shelter beds within a clearly defined geographical area for which the population was known (so a rate could be calculated).[6]

To get accurate counts of shelter and voucher-subsidized beds, the research team called virtually every shelter provider in all 182 cities.[7] Initial contact was usually made with the person responsible for the local Comprehensive Homeless Assistance Plan (CHAP) submitted to the Department of Housing and Urban Development (HUD) prior to receipt of HUD's McKinney Act funding. Lists of shelters operating in 1989 were first obtained from the CHAPs, and were supplemented in most instances with lists from local coalitions or coordinators of services for the homeless. Contacts were also obtained for any public or private voucher or payment systems available to the homeless (e.g., for welfare hotels or motels). In most cities, each provider was contacted and asked three questions:

- What is your current bed capacity (or the number of people who get vouchers)?
- When did you open (or when did you first offer shelter services, if the facility had an earlier history of offering different services)?
- What was your bed capacity in 1981?

In several cities (e.g., Boston; Detroit; Washington, DC) the person supplying the list was able to provide answers to all three questions for many facilities. When this happened, the researchers directly contacted only those facilities for which they did not have all the information needed.

The researchers were able to get complete information on 1989 shelter bed capacities. The first official answering the phone at each shelter usually could supply the shelter bed capacity for the shelter's current operations. If not, researchers were referred to the program director, who supplied the data. For the 37 percent of all shelters that had been operating in 1981, the program director was asked to provide information on bed capacity in 1981. The capacity of most shelters is determined by the buildings they occupy. In answering the question, directors often referred to the fact that they were in the same building, and therefore their capacity was the same. They could date program expansion or reduction to a move from one building to another, to renovations on a building that expanded its capacity, or to new licensing or regulatory activity that changed the official capacity. In a number of instances, directors who did not know the shelter's history consulted official records or referred the researchers to past directors.

All shelters were able to report whether the shelter was operating in 1981 or had opened later in the 1980s. If a shelter had opened after 1981, it was counted as having no beds in 1981. However, for 12 percent of the shelters opening after 1981(8 percent of all shelters counted), the researchers could not learn the opening year. The distribution of shelter openings by year for the 88 percent of post-1981 shelters with known opening dates was used to interpolate shelter bed counts for 1983 and 1986 for the remaining 12 percent of post-1981 shelters. Otherwise, a shelter that first opened, for example, in 1984 was counted as adding all of its 1989 shelter beds to the city's total bed count in 1984 and was assumed to have maintained those beds in subsequent years. The researchers also determined whether or not a shelter was a battered women's shelter. Although many cities list battered women's shelters in their roster of resources for the homeless, many cities do not, even if they have these shelters. Because of this inconsistency, battered women's shelters were excluded from the counts used in this research.

The independent variables

The independent variables included in the analysis and their sources are shown in table 1. All of the housing variables included in the data set index characteristics of the local housing market.[8] The most direct reflection of the mismatch between rental housing costs and the ability of poor people to pay those costs is the statewide excess of very low-income renters to rental units they could afford.[9] This variable is based on 1980 census income and rent data for metropolitan statistical areas (MSAs). For the purpose of this study it is a very rough measure, because it is available only at the state level. It was derived by first estimating the incomes of households that would qualify as very low-income renters according to HUD standards, that is, those with incomes of less than 50 percent of the median renter household income for the MSA. A series of constants was applied to update these income and rent levels to 1985 equivalents. Rents were then examined to determine how many units were available for less than 30 percent of the average very low-income renter household's income. Although this index was published as a 1985 figure, it is really more appropriate for this analysis to consider it as reflecting 1980 conditions. The figures are given in terms of *excess* percentage; "12 percent" means there are 112 very low-income renter households for every 100 rental units they can afford at 30 percent of their income.

Table 1. **Variables in the Analysis**

Variable	Year(s) Data Represents	Source
Housing variables		
Rental vacancy rate, 1980[a]	1980	HC, Tables 9 and 12
Rental vacancy rate, 1988	1988	Estimates of National Association of Home Builders, based on 1987 American Housing Survey
Excess of very low-income renters over units they can afford in the state	1980	LIHIS, 1985
Income variables		
Percentage of persons in poverty	1980	CCDB, city item 40
Per capita income	1979, 1985	CCDB, city items 38;36
Benefits variables		
County General Assistance maximum for one person living independently	1981, 1989	Telephone survey done for this research
Type of General Assistance program in the county	1981, 1989	Telephone survey done for this research
Household resource variables		
Percentage of one-person households	1980	CCDB, city item 18
Percentage of female-headed households	1980	CCDB, city item 17
Percentage of adults 25+ with 12+ years of education	1980	CCDB, city item 34

Table 1. **Variables in the Analysis** *(continued)*

Variable	Year(s) Data Represents	Source
Employment variables		
Unemployment rate	1980, 1989	PC, Table 120; DOL/BLS unpublished data
Number employed	1980, 1989	PC, Table 120; DOL/BLS unpublished data
Employment-to-population ratio		
no. employed	1980, 1989	PC, Table 120; DOL/BLS
no. 16 and older	1980, 1989	unpublished data
Number employed for week of March 12, by sector, for county employment: total, mining, construction, manufacturing, transportation/ communications/utilities, wholesale trade, retail trade, financial/ insurance/real estate, services[b]	1980, 1987	CBP, Table 2
Cost of living	1985-1987	ACCRA

Sources: ACCRA = American Chamber of Commerce Researchers Association, quarterly *Cost of Living Index*; CCDB = *County and City Data Book: 1988*; HC = *Census of Housing, 1980,* HC80-2-58/380; LIHIS = *Low Income Housing Information Service, The Rental Housing Crisis Index,* Washington, DC: LIHIS, 1985; PC = *Census of Population, 1980, PC80-1, General Social and Economic Characteristics*; CBP = *County Business Patterns, 1980 and 1987*, U.S. Bureau of the Census, 1982 and 1989; DOL/BLS = Department of Labor, Bureau of Labor Statistics.

Note: All variables are for the city, unless specifically noted.

[a] Vacant rentals divided by vacant plus occupied rentals.

[b] Used to construct the proportion of employment in each sector (e.g., manufacturing employment/total employment = percent manufacturing).

Low rental vacancy rates are usually taken to mean a local housing market in which rental housing is scarce and demand may force prices higher. The rental vacancy rate for 1980 was calculated, using data from the *1980 Census of Housing* for each of the 182 cities,[10] as the number of vacant-for-rent units divided by the sum of the number of vacant-for-rent units plus the number of renter-occupied units. No such calculation was possible for each city for

1988. However, the Census Bureau estimates vacancy rates for the 50 largest MSAs based on the American Housing Survey. These MSAs include a large proportion of all cities with populations over 100,000, and generalization was possible to the remaining cities on the basis of their proximity to MSAs with known rates.

Income variables included the percent of individuals in poverty for each city for 1980 (the only year available) and per capita income for each city for 1979 and 1985. Both variables were taken from the *County and City Data Book: 1988.*[11]

Benefit variables are represented by General Assistance (also called General Relief, Public Relief, Home Relief, Public Aid, and other variations). General Assistance (GA) is probably the public benefit program most relevant to the people at risk of homelessness. Of all the cash assistance benefit programs, it is the only one that may serve single, nondisabled people, and most homeless individuals fall into this category. GA, where it exists, is usually a county program, and individual counties set eligibility criteria as well as benefit levels; a few states operate programs that are consistent throughout the state. The General Assistance grant amount for a single individual living independently was obtained for 1981 and 1989 through a telephone survey of General Assistance offices in the counties serving all 182 cities in the sample (or the independent cities, when they functioned as counties for this purpose). The General Assistance program type was obtained through the same survey and is coded "0" for no program (or emergency one-time grants only), "1" if eligibility is limited to people who cannot work, and "2" if employables are eligible.

Household resources are represented by three variables: the percentage of one-person households in a city, the percentage of households with female heads, and the percentage of adults (25 and older) with 12 or more years of education.[12] These data are available only for 1980.

Employment structure is represented by eight variables. Each city's average unemployment rate for 1980 was taken from the *Census of Population: 1980* for each state.[13] The standard definition of unemployment rate was used for this variable—those people who are out of work but looking for work as a proportion of the labor force (those working plus those looking for work). Parallel data for 1989 were obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

A common criticism of the standard unemployment rate is that it overlooks discouraged workers—those who are no longer looking or never began to look, although they are of working age. Therefore the employment-to-population ratio was also used. This employment-to-population ratio for 1980 for each city was calculated as the number employed divided by city population age 16 and older.[14] Parallel data on number employed in each city for 1989 were obtained from the Bureau of Labor Statistics, U.S. Department of Labor, and used to calculate the employment-to-population ratio for 1989. The "number employed" figures for 1980 and 1989 were also used to calculate the 1980-1989 change in number employed (1989 employment minus 1980 employment) and proportional change in employment (change in number employed/1980 employment).

Services sector employment, manufacturing sector employment, construction sector employment, and retail trade sector employment, each as a percent of total county employment, were obtained for each city's county (or the independent city, if the city and county are one) from each state's *County Business Patterns* for 1980 and 1987.[15] They represent employment for the week containing March 12 in 1980 and 1987 (the latest year available). These four variables represent the sectoral structure of the local labor market.

The final variable included is a very rough measure of cost of living. It was considered essential from a theoretical standpoint to have some measure of cost of living, but no highly reliable measure exists that would differentiate all of the cities in the sample for this study. The only data available are from the *Cost of Living Index,* published quarterly by the American Chamber of Commerce Researchers Association (ACCRA).[16]

Results

Homelessness rates

The information on shelter bed availability was gathered to form the numerator in a homelessness rate. When homeless counts have been turned into rates they usually appear as a rate per 10,000; this study follows that convention. Because all the beds are within the city limits and clearly serve city residents, the denominator is the city population (1980 population for 1981 and 1983 rates; 1986 population for 1986 and 1989 rates). Table 2 gives the city homelessness rates (shelter bed rates) for 1981, 1983, 1986, and 1989.

Table 2. **Homelessness Rates by Region and City Size for 1981, 1983, 1986, and 1989**

	Homelessness Rates per 10,000 Population*			
	1981	1983	1986	1989
147 primary cities only				
Region				
Northeast (22)	4.2	8.8	15.3	20.5
Midwest (35)	6.1	7.9	12.3	15.6
South (59)	5.9	7.5	10.2	15.3
West (31)	7.6	10.7	15.4	22.2
City size				
100-249 K (89)	5.7	7.7	11.3	16.2
250-499 K (35)	7.9	10.2	14.9	20.1
500-999 K (15)	4.6	8.9	14.0	20.3
1 million + (8)	4.4	7.5	13.3	18.0
Totals				
All 182 cities	5.0	7.0	10.6	15.0
147 primary cities	6.1	8.4	12.6	17.6
35 suburbs	0.7	1.0	2.2	4.5

Source: Burt, *Over the Edge,* Table 7-4.

Note: Number of cities is shown in parentheses.

* The homelessness rate is calculated by dividing the number of shelter beds in the city by the city population (in 10,000s).

Taking all 182 cities as a group, homelessness rates tripled between 1981 and 1989, from 5.0 per 10,000 to 15.0 per 10,000. The primary cities had substantially higher rates than the suburbs.[17] In fact, the 1989 rate for the suburbs is still less than the 1981 rate for the primary cities, and the suburban cities did not undertake any major expansion of shelter capacity until 1986.

Table 2 also gives the breakouts of homelessness rates (shelter bed rates) by region and city size for the 147 primary cities in the data base. Cities in the Northeast and West clearly had higher rates from mid-decade onward, although the Northeast began the decade with the lowest rates of any region. City size is not quite as clear a determinant of homelessness rates. If there is any trend by city size,