



Department of Commerce

Drivers of homelessness, and what works to bring people inside

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Senior Managing Director

June 2019

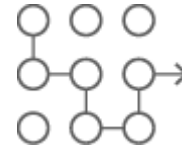
We strengthen communities

The Department of Commerce touches every aspect of community and economic development.

We work with local governments, businesses and civic leaders to strengthen communities so all residents may thrive and prosper.



Energy



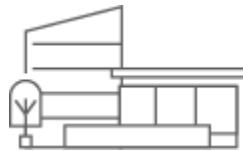
Planning



Infrastructure



Business Assistance



Community Facilities



Housing



Safety /
Crime Victims



Commerce provides a publicly available accounting of where the homeless money goes

Project-level reporting for all projects receiving any public homeless funds (federal, state, county, city)

Information available includes:

Spending from all funding sources (including all public and private spending), bed/slots, numbers served, average length of time in project, exit destinations, % of people returning to homelessness, etc.

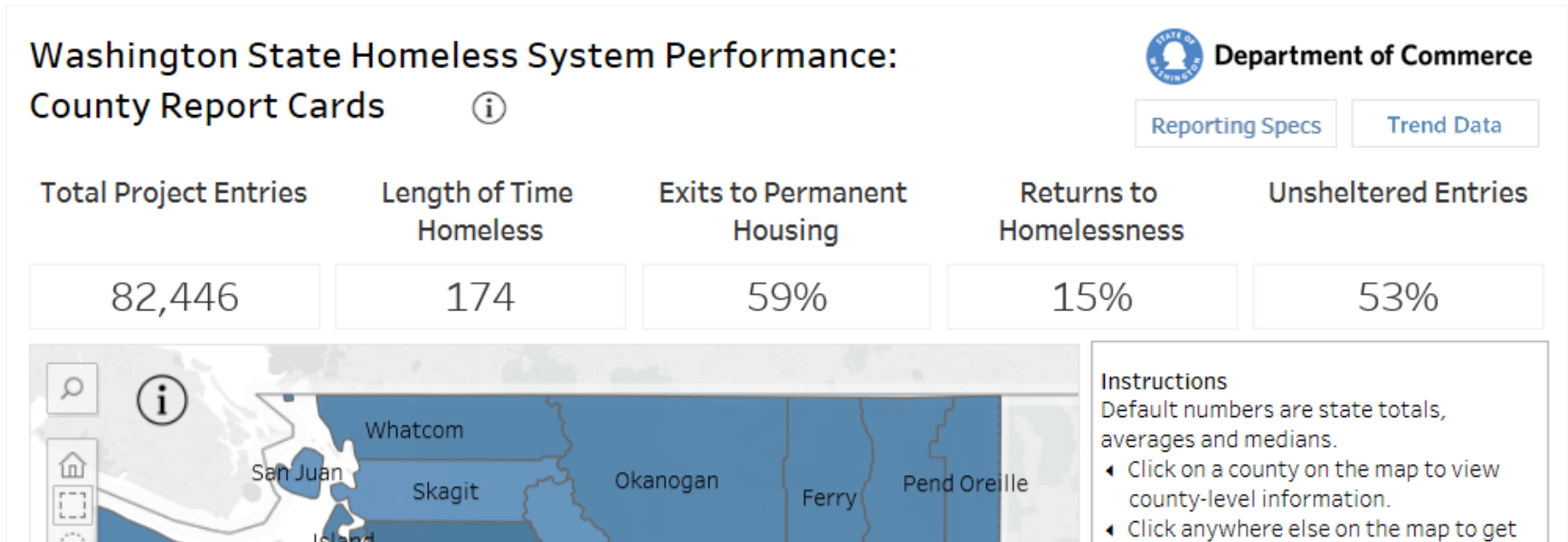
Spending data reported by counties, client data from HMIS. First completed in 2014, updated annually, legislatively required starting in 2018 <https://deptofcommerce.box.com/s/bjocxz2stmw5f0wigkbi5dw97r2bhth5>

Project Name	Veteran Households with adults and children	Veteran Households without children 18-24	Veteran Households without children 25+	Veteran Households without children age category unknown	Veteran Households Unknown Household Type	Total Operating Cost in Calendar Year	Cost per Day per Household	Cost of all Successful Exits	Cost Per Successfully exited Household	Exited HH Total Days	Cost of all Exits	Cost per Exited HH	Cost per Exit to Permanent Housing
BCAESG RRH - Benton	1		1			\$ 66,199	\$ 10	\$ 54,204	\$ 1,643	9201	\$ 87,451	\$ 1,166	\$ 2,006
BCAESG HP - Benton	2	0	0	0	0	\$ 82,616	\$ 21	\$ 58,895	\$ 1,900	4019	\$ 85,886	\$ 1,909	\$ 2,665
BHSEmergency Housing Assistance C	4		3			\$ 182,831	\$ 119	\$ 103,814	\$ 3,460	1224	\$ 145,221	\$ 3,300	\$ 6,094
DVSShelter 2163	0	0	0	0	0	\$ 128,072	\$ 59	\$ 38,829	\$ 1,339	2148	\$ 126,949	\$ 1,567	\$ 4,416
BCABenton 2163 - Prevention/Rent H	0	0	0	0	0	\$ 64,183	\$ 19	\$ 45,781	\$ 1,990	3325	\$ 61,929	\$ 1,998	\$ 2,791
BCACDBG HP - Benton	0	0	0	0	0	\$ 24,415	\$ 15	\$ 19,830	\$ 862	1436	\$ 21,803	\$ 908	\$ 1,062



Commerce provides publicly available report card on county performance

State/county report card – Performance of homeless crisis response system – All projects, all funding sources. Used in state contracts; provide transparency to public/policy makers (completed 2016, updated annually)



<https://public.tableau.com/profile/comhau#!/vizhome/WashingtonStateHomelessSystemPerformanceCountyReportCardsSFY2018/ReportCard>



It's the rent – people/families in WA are above average and getting better

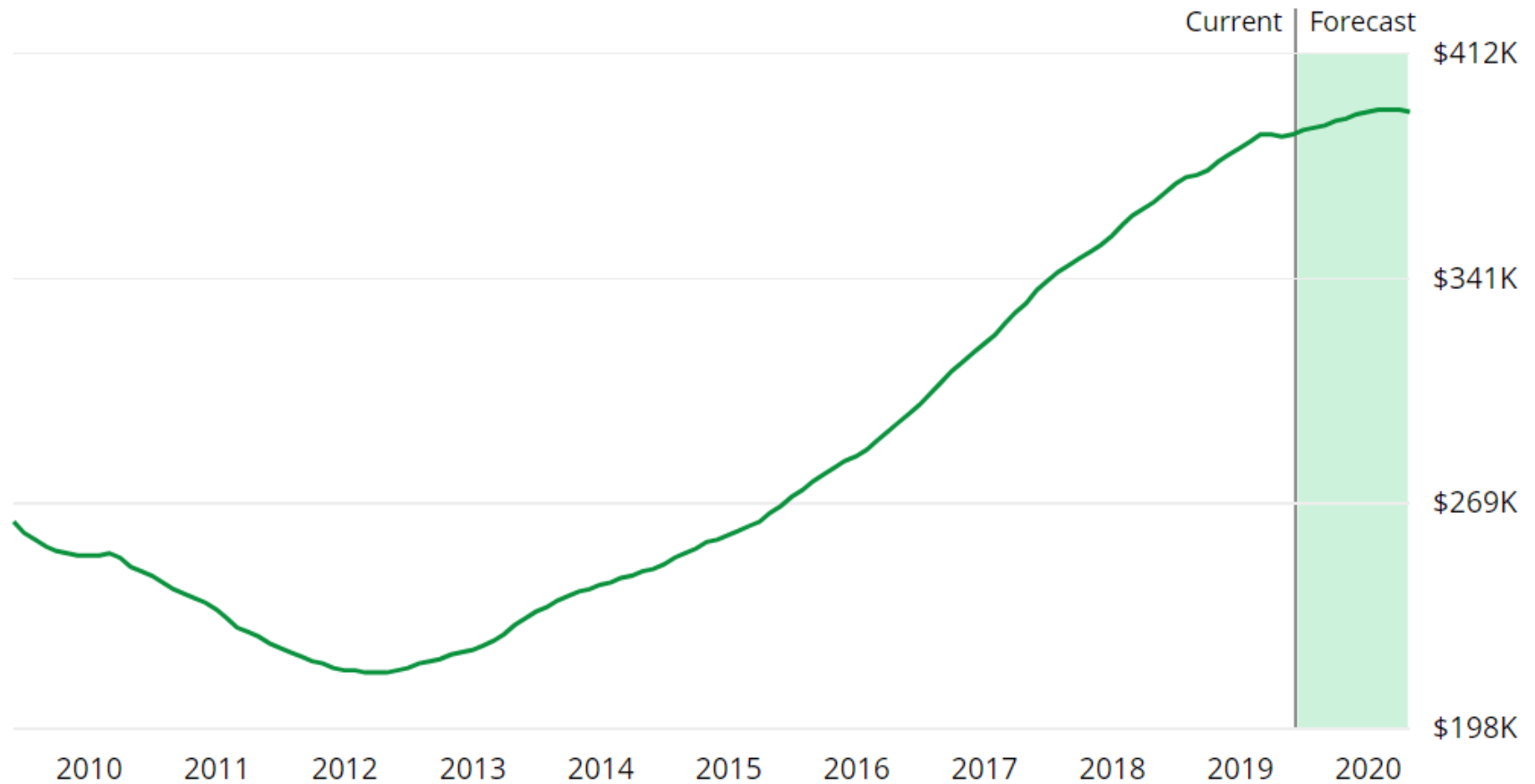
- Homelessness has increased primarily because rents increased
- Part of why rents increased was housing supply did not keep pace with demand
- **Other drivers or “causes” of homelessness do not appear to be meaningful drivers of the increase**
- Washington is already a high performer in the areas of job pay, work participation, family composition/stability, lower alcohol and drug dependence, housing outcomes

Housing works

- Housing reduces homelessness
- Base level of other services critical...some people need services to maintain subsidized housing...but extra services don't seem to reduce homelessness

Housing Prices in Washington

Apr 2020 — Washington \$394K

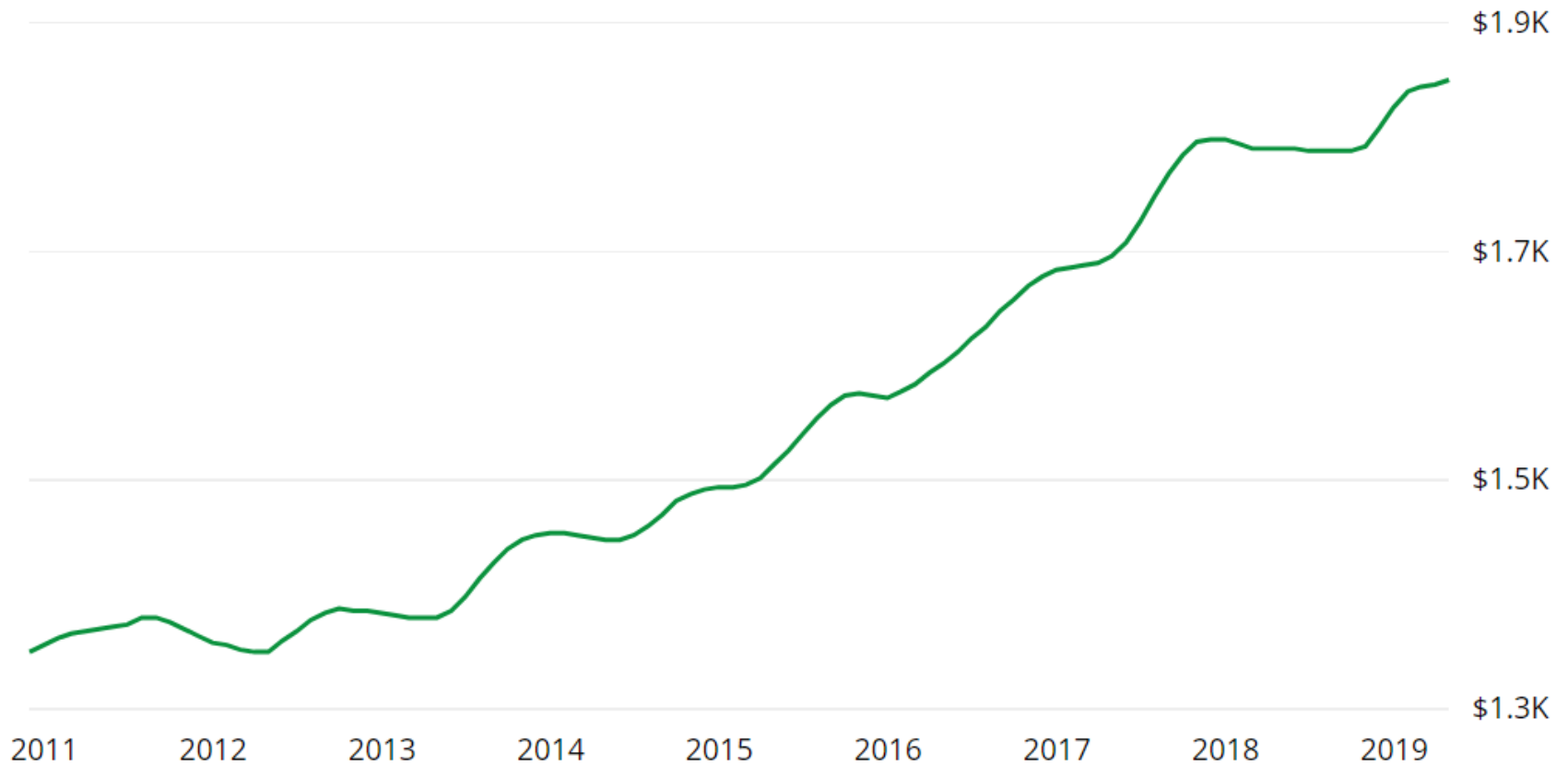


source: <http://www.zillow.com/home-values/>



Rents in Washington

Apr 2019 — Washington \$1,903/mo

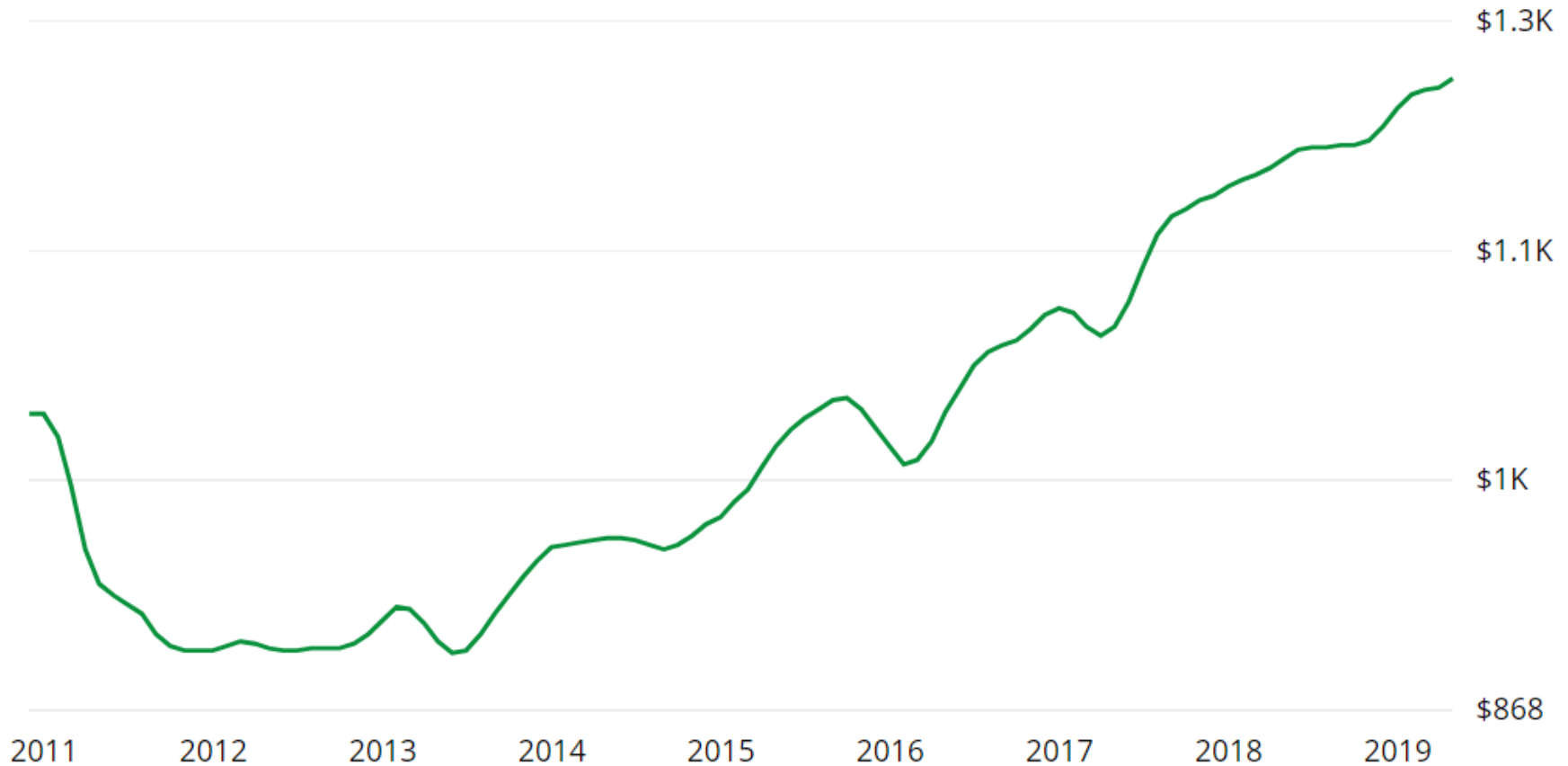


Source: <http://www.zillow.com/home-values/>



Rents in Spokane County

Apr 2019 — Spokane \$1,280/mo

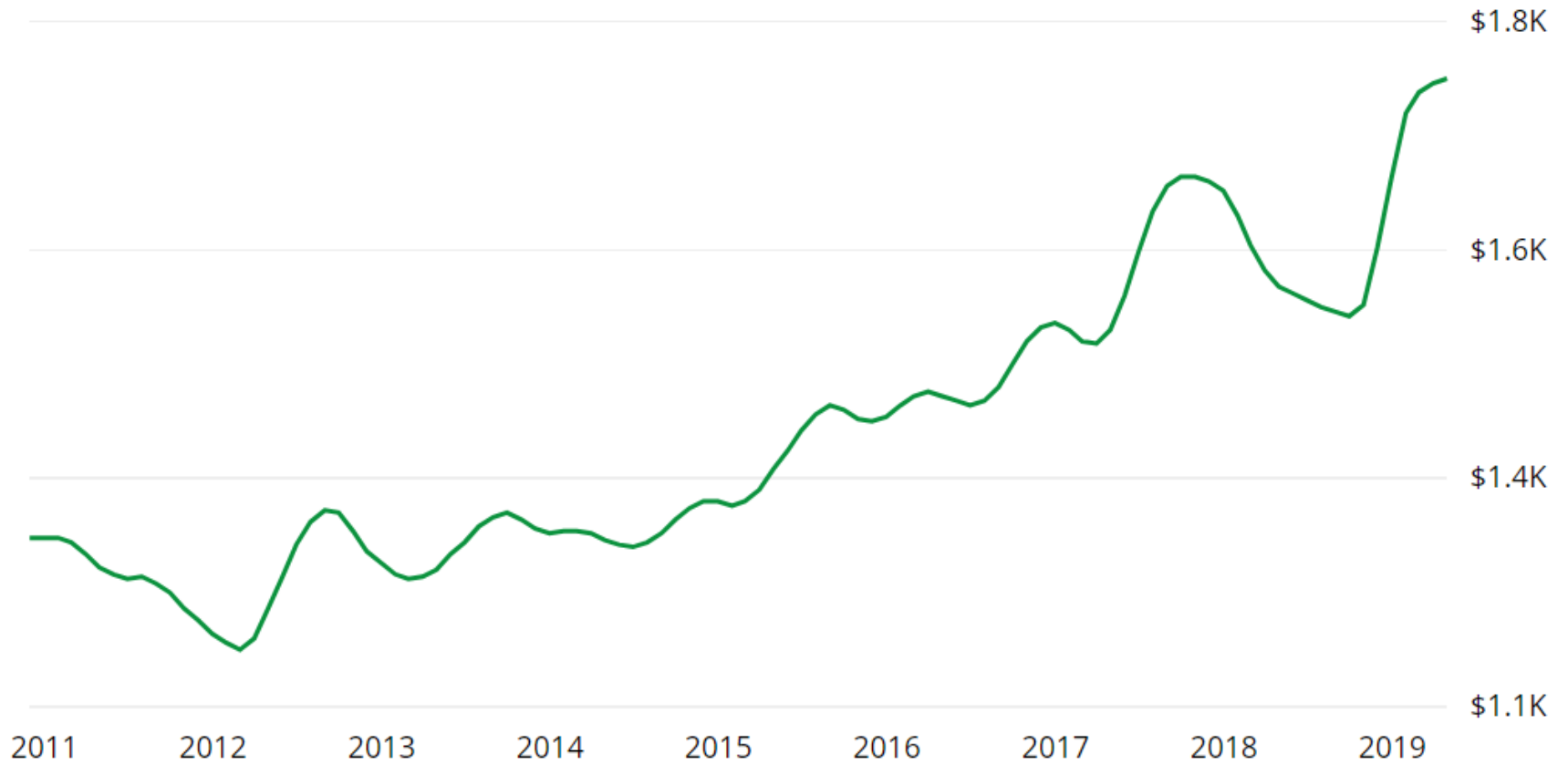


Source: <http://www.zillow.com/home-values/>



Rents in Whatcom County

Apr 2019 — Whatcom County \$1,794/mo

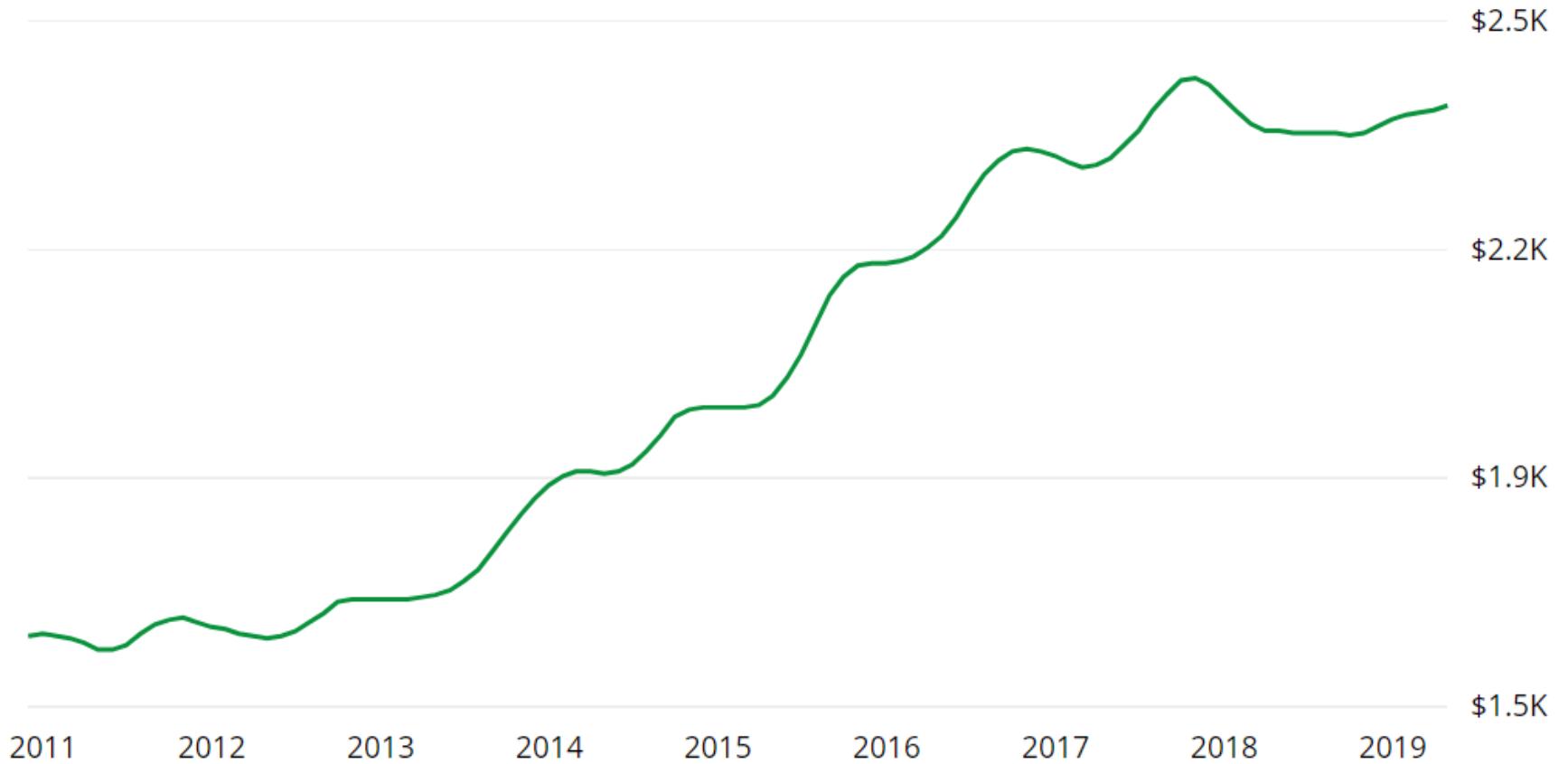


Source: <http://www.zillow.com/home-values/>



Rents in King County

Apr 2019 — King County \$2,473/mo



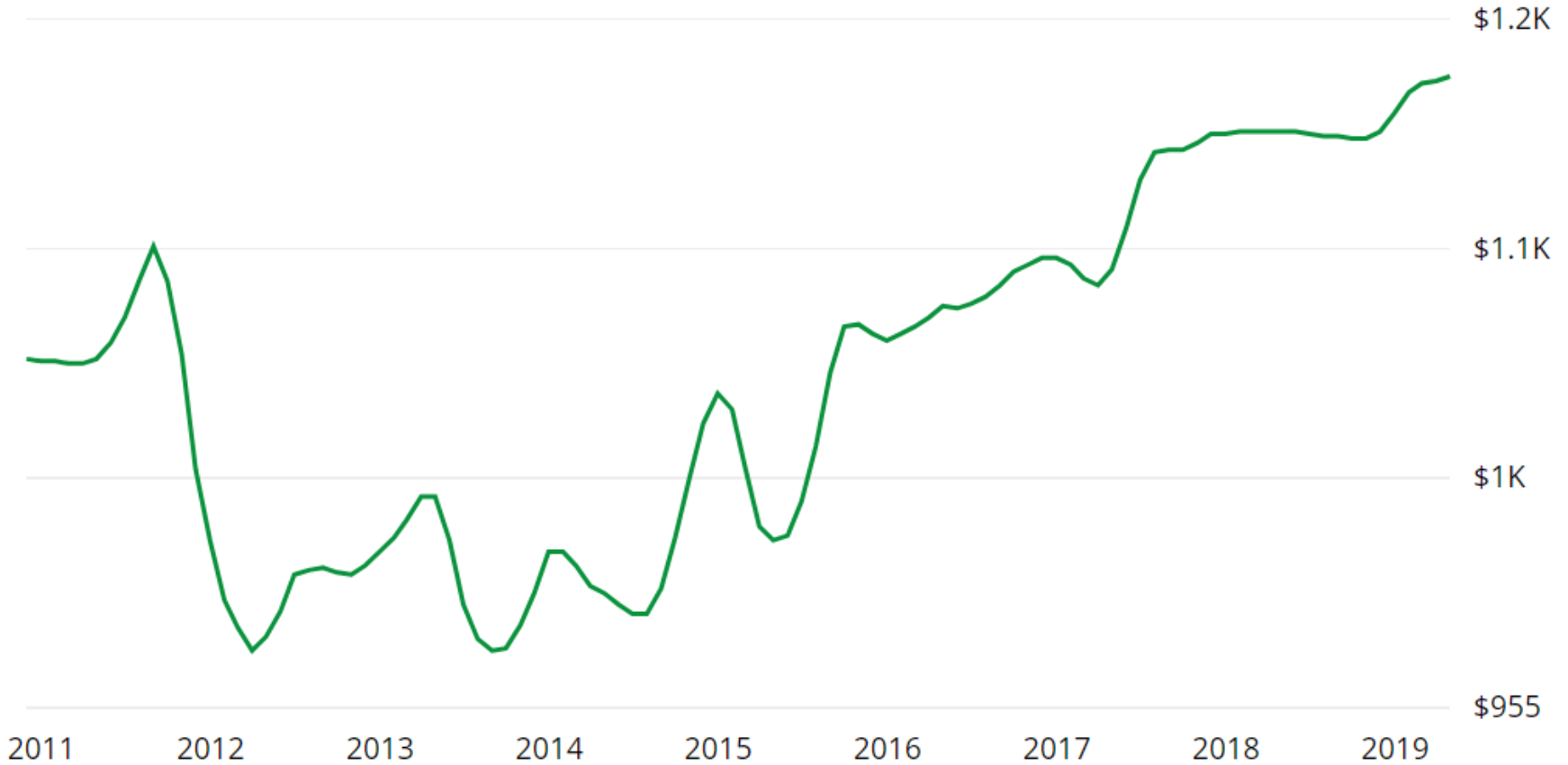
Source: <http://www.zillow.com/home-values/>



Rents in Yakima County

Apr 2019

— Yakima County \$1,213/mo

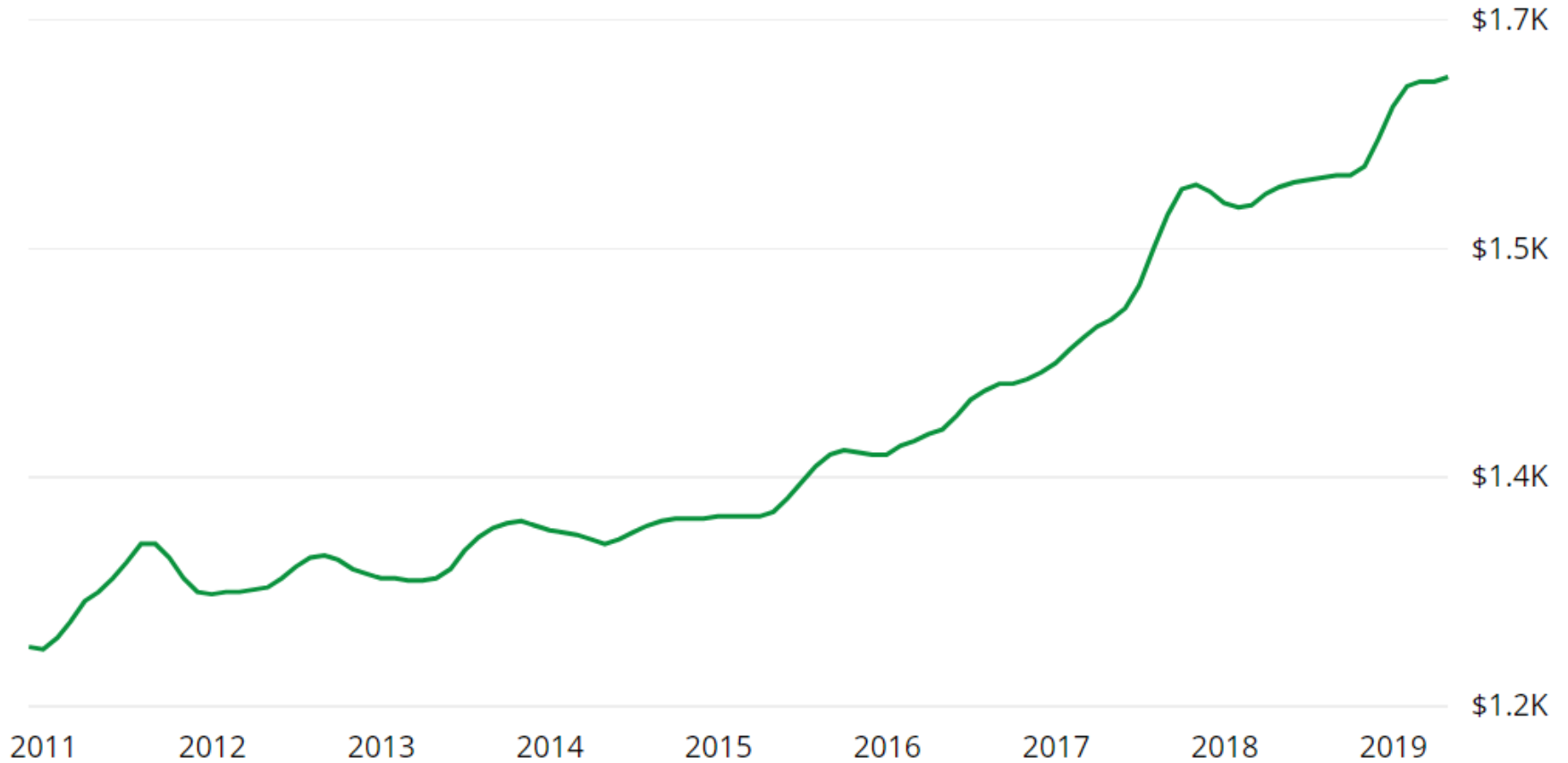


Source: <http://www.zillow.com/home-values/>



Rents in Thurston County

Apr 2019 — Thurston County \$1,720/mo

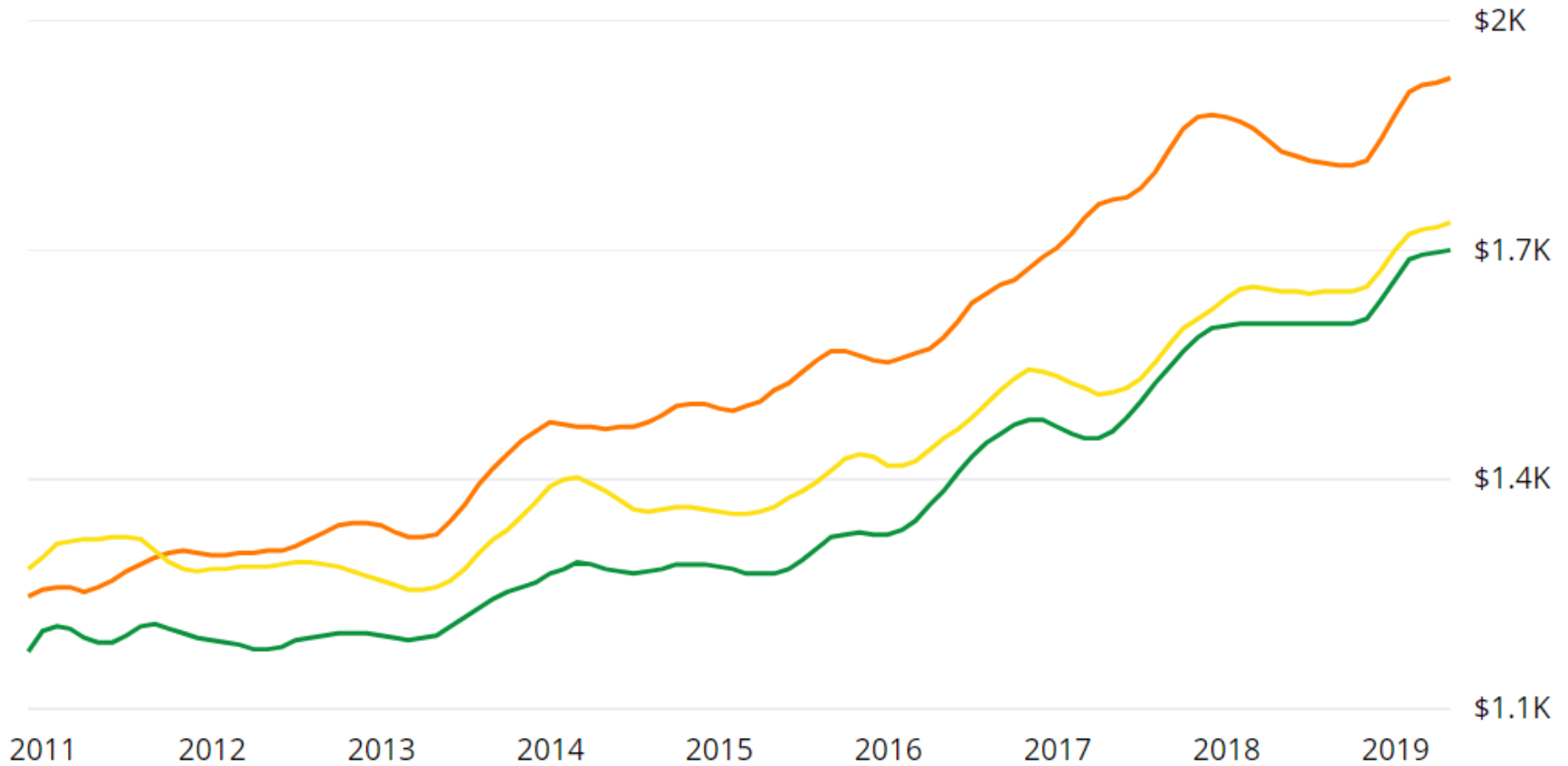


Source: <http://www.zillow.com/home-values/>



Rents in lower cost areas served by Sound Transit

Apr 2019 Tacoma \$1,733/mo Everett \$1,949/mo Lakewood \$1,768/mo

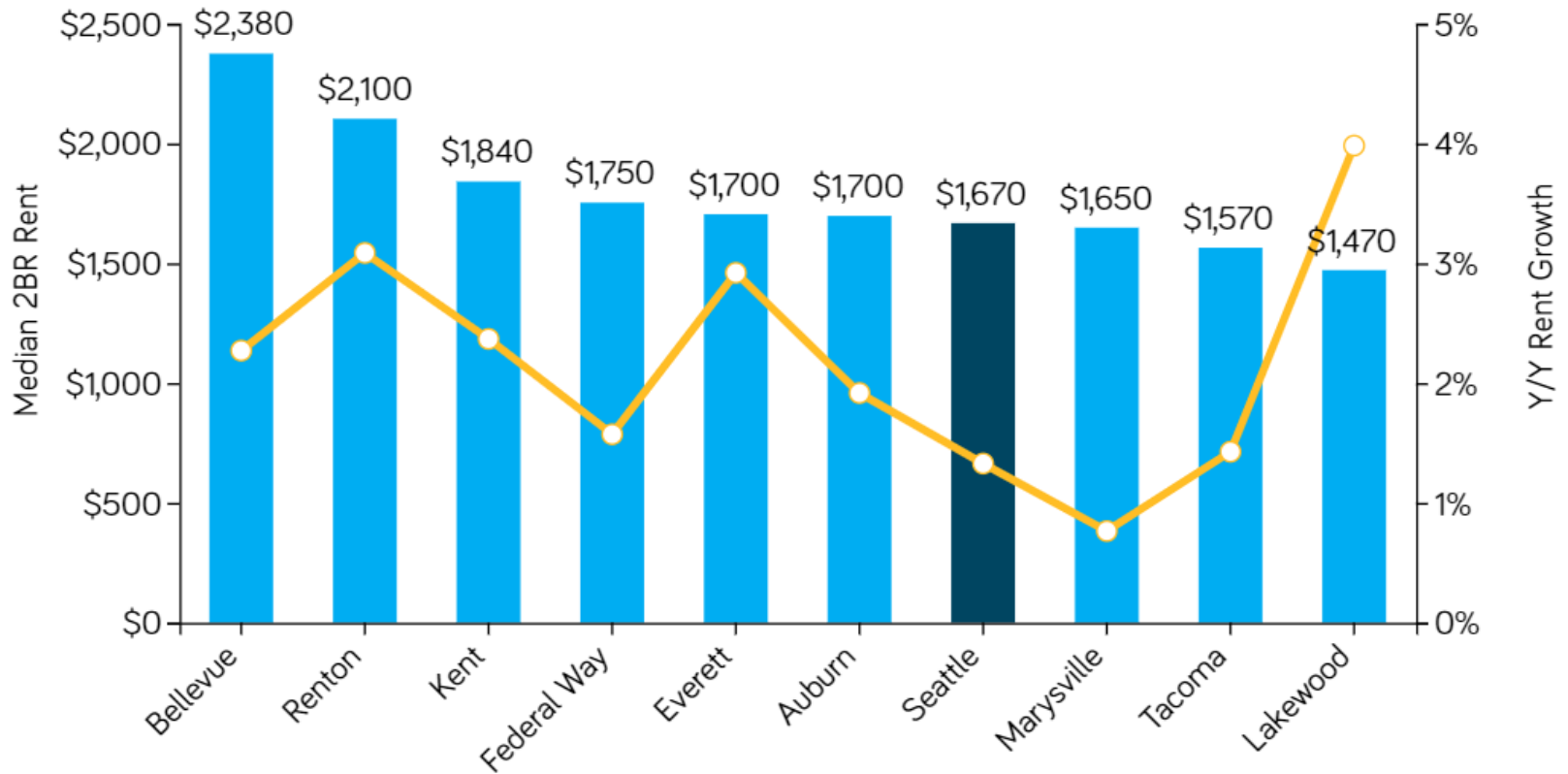


Source: one bedroom <http://www.zillow.com/home-values/>



Rents – Alternative data source

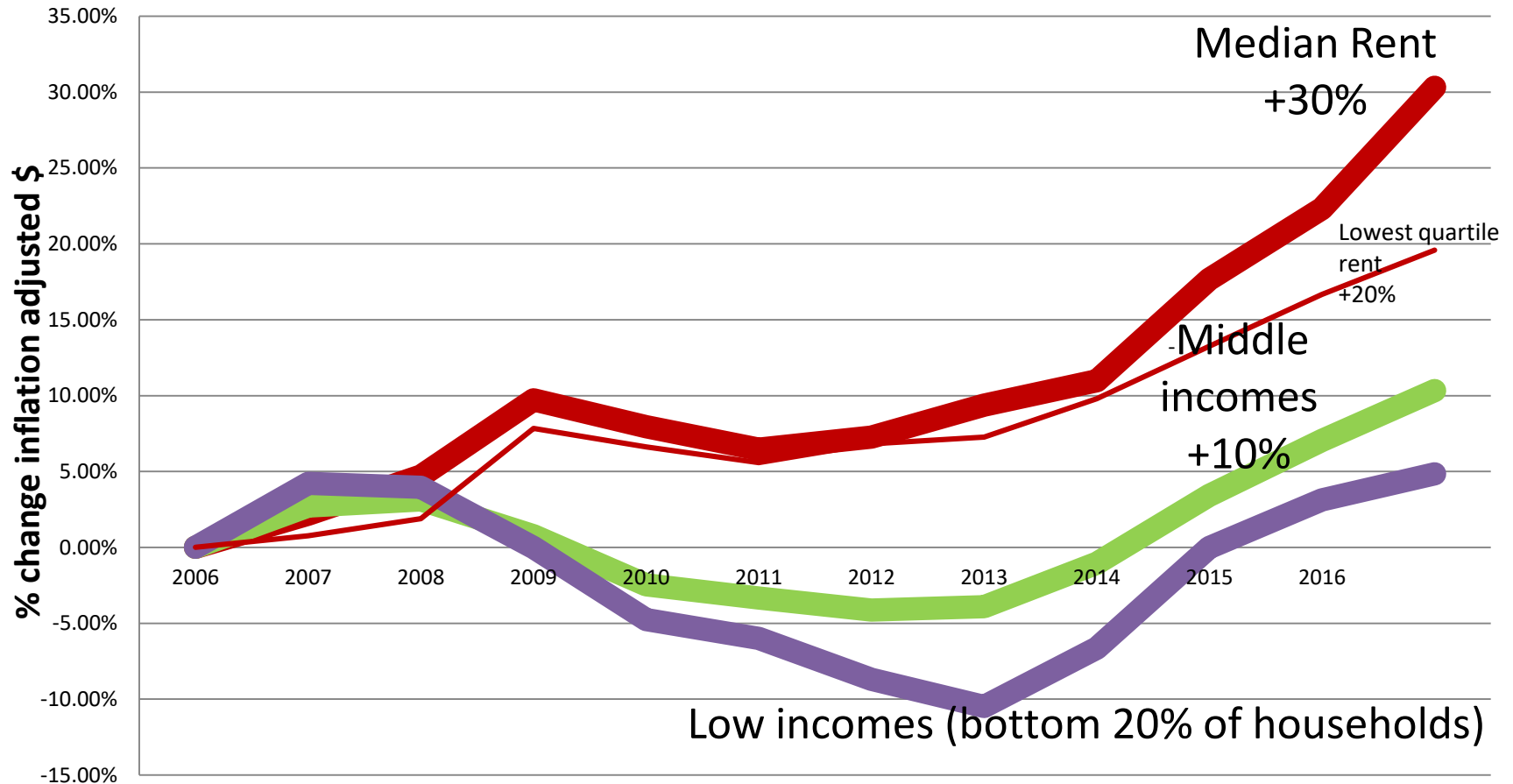
May 2019 Rental Trends: Seattle Metro



■ Median 2BR Rent ● Y/Y Rent Growth



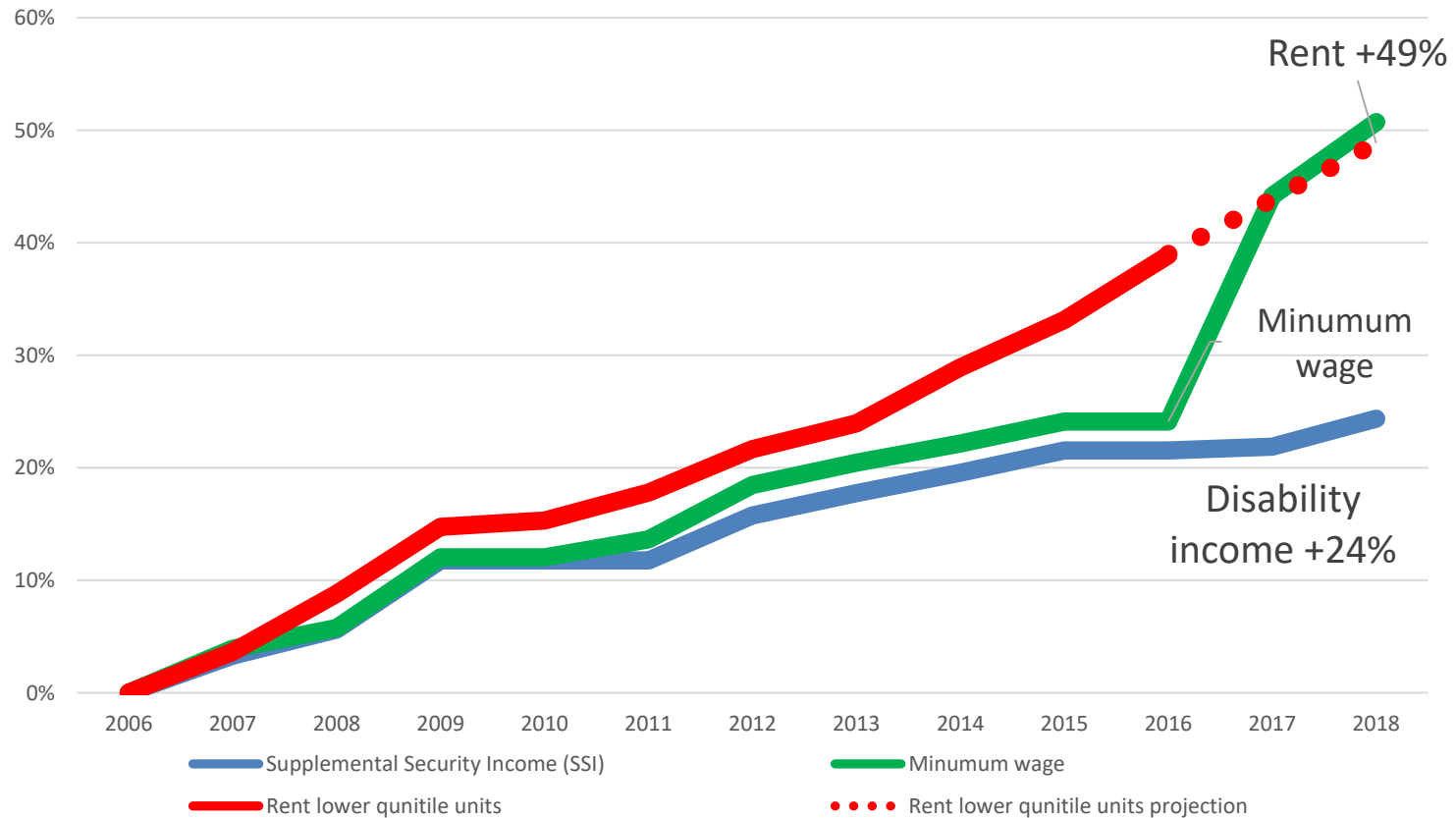
WA Economy: Rents are increasing while income growth lags



Data sources: U.S. Census Bureau American Community Survey 1-Year estimates; inflation adjusted using the Bureau of Labor Statistics CPI-U. Median household incomes

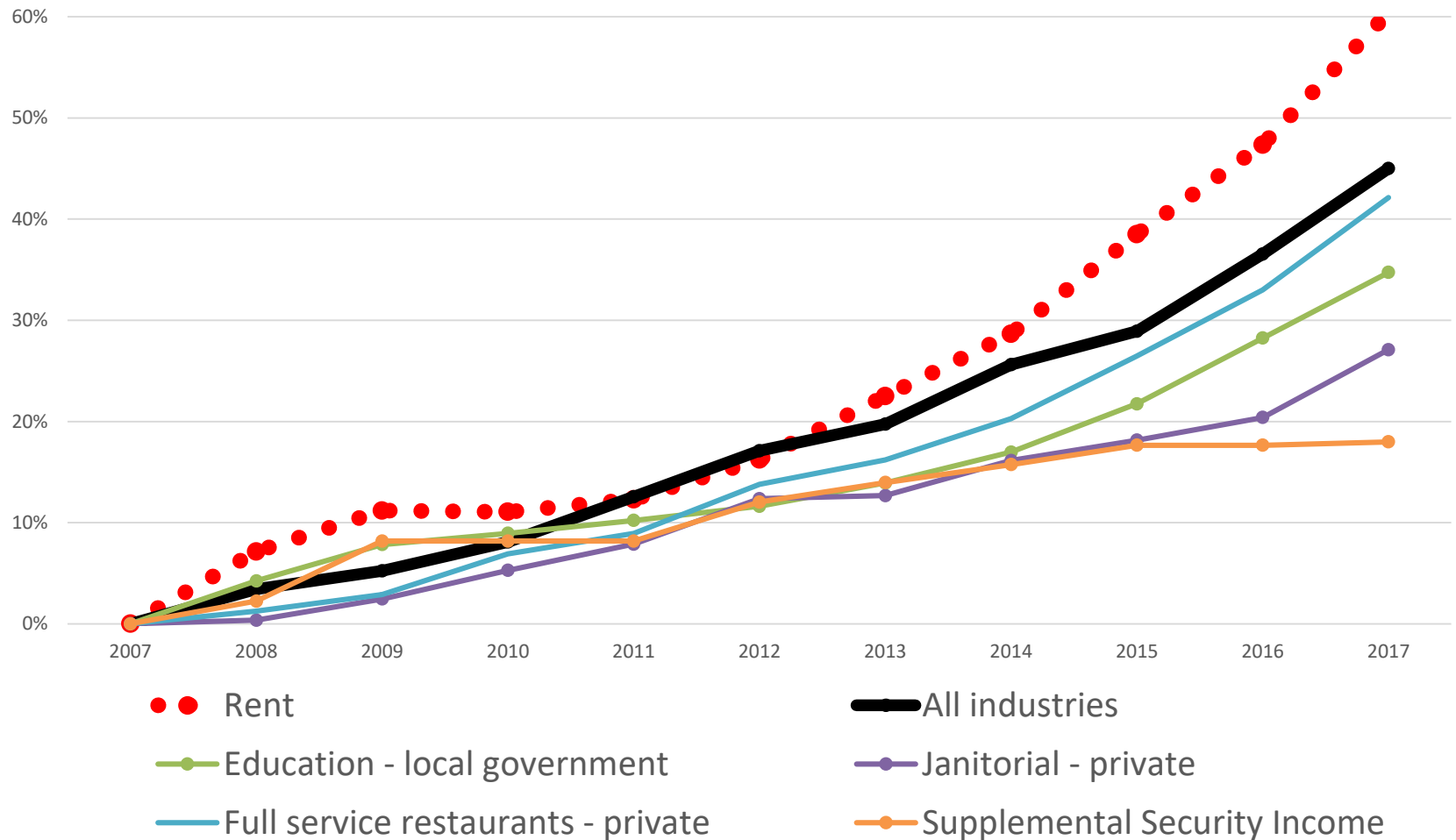


WA Economy: Rents compared to minimum wage and disability income growth



Rent data sources: U.S. Census Bureau American Community Survey 1-Year Estimates for Washington State, B25057

Housing affordability in King County – Rent vs. wages and disability income



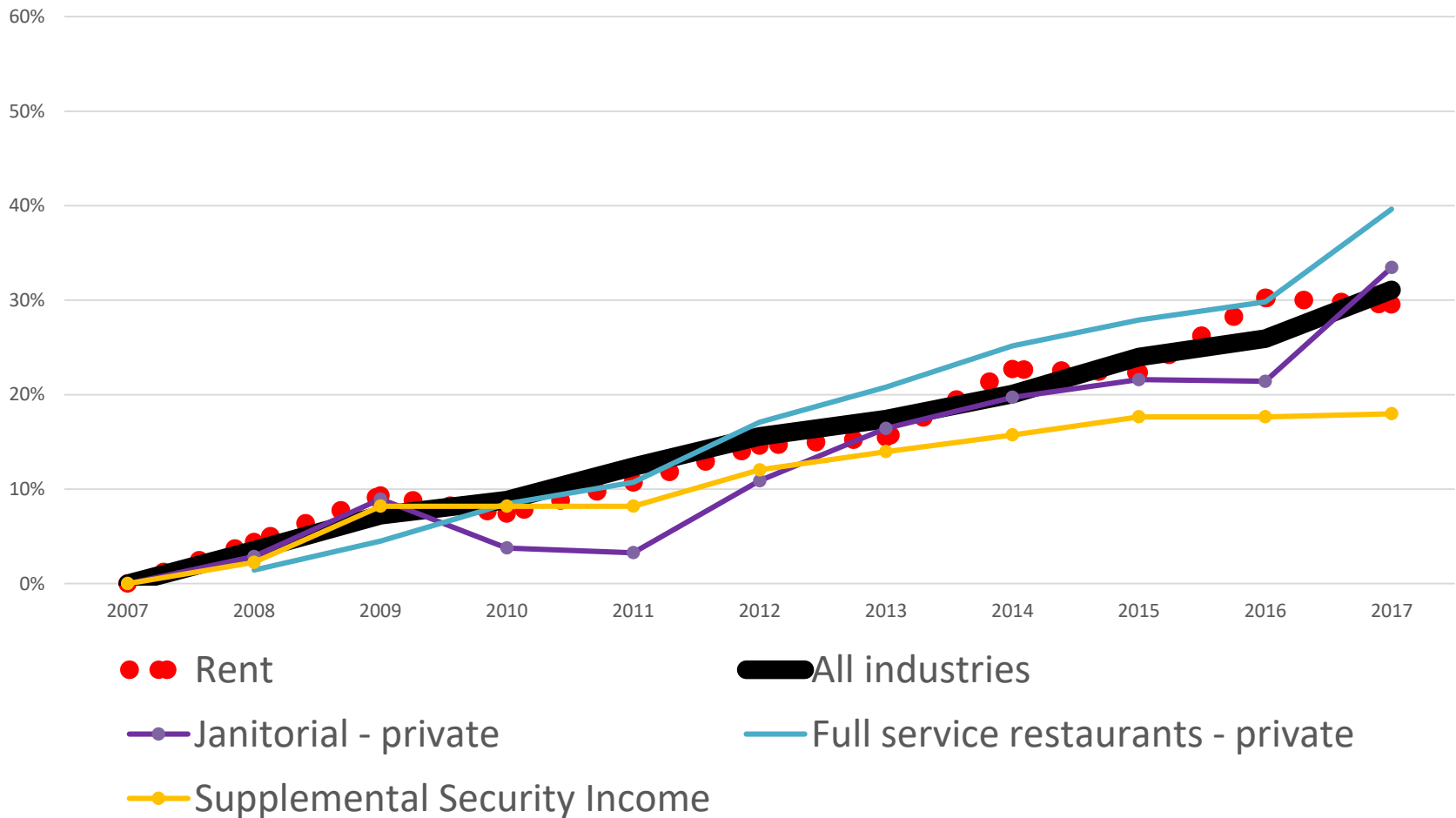
Sources:

BLS Quarterly Census of Employment and Wages, Average Annual Pay <https://data.bls.gov/PDQWeb/en>

Census Bureau ACS Median Contract Rent 1-Year Estimates B25058 https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_1YR_B25058&prodType=table



Housing affordability in Spokane County – Rent vs. wages and disability income



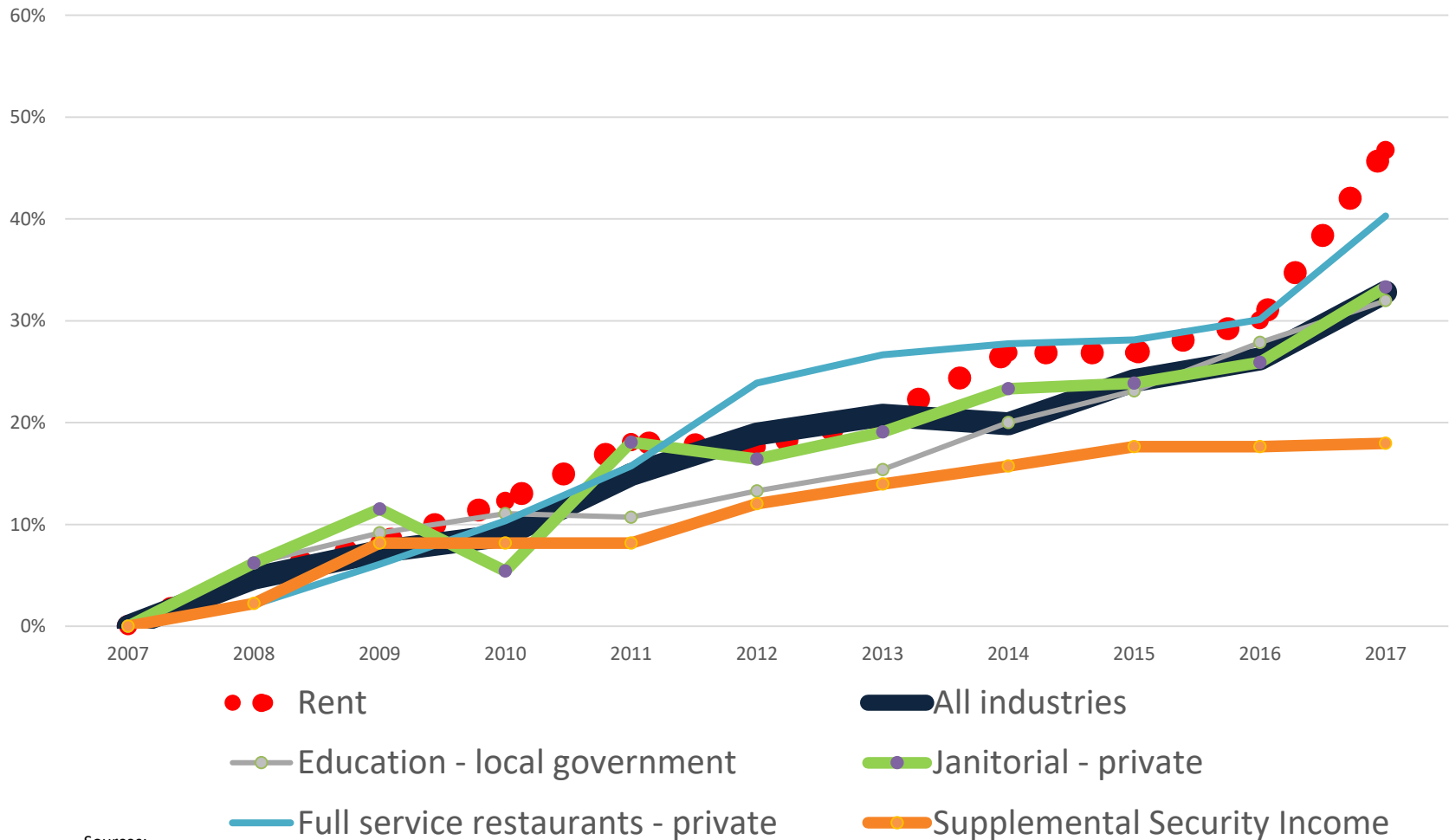
Sources:

BLS Quarterly Census of Employment and Wages, Average Annual Pay <https://data.bls.gov/PDQWeb/en>

Census Bureau ACS Median Contract Rent 1-Year Estimates B25058 https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_1YR_B25058&prodType=table



Housing affordability in Whatcom County – Rent vs. wages and disability income



Sources:

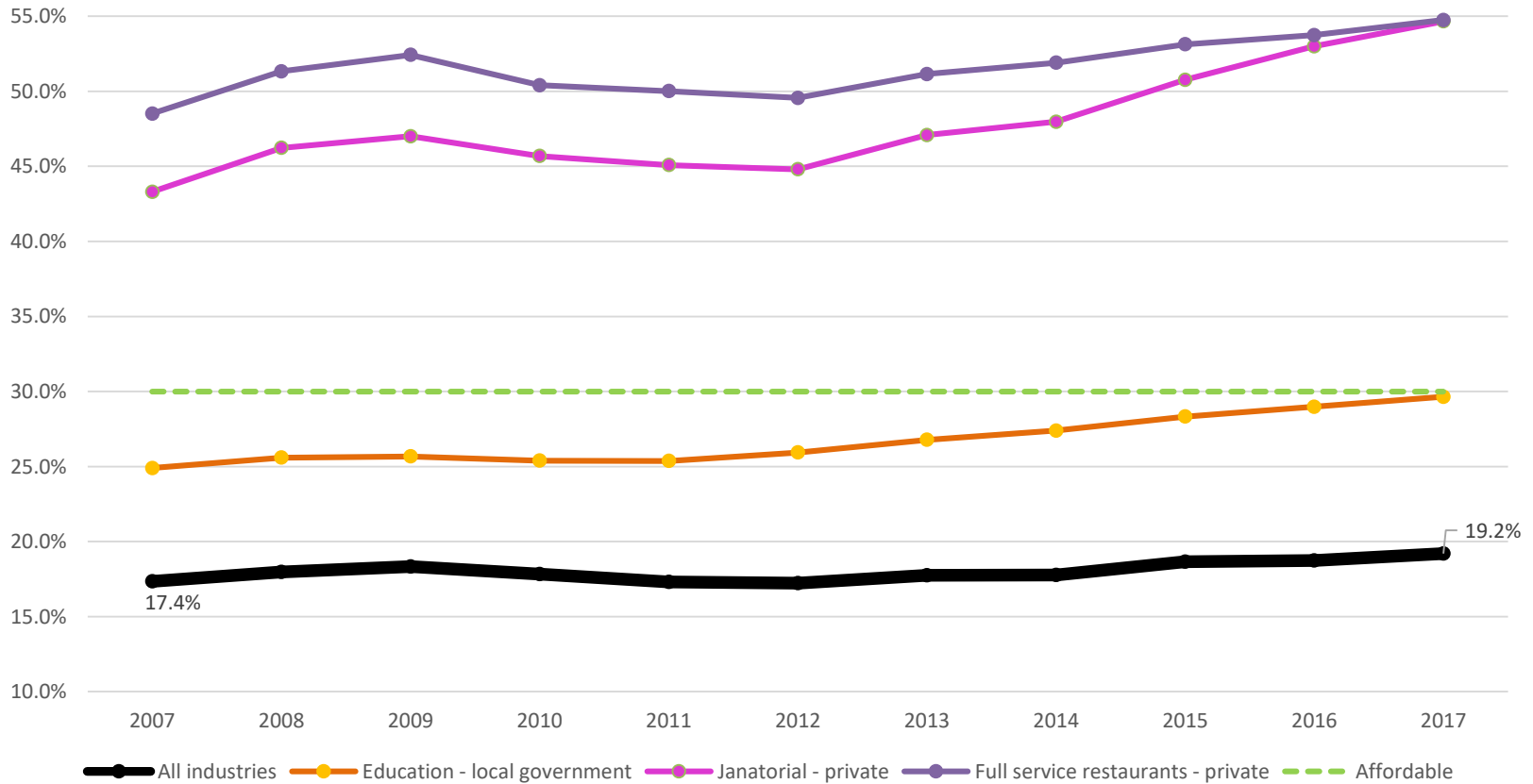
BLS Quarterly Census of Employment and Wages, Average Annual Pay <https://data.bls.gov/PDQWeb/en>

Census Bureau ACS Median Contract Rent 1-Year Estimates B25058 https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_1YR_B25058&prodType=table



Housing affordability in King County – Individual income vs. rent

Rent burden: Jobs in King County
Median contract rent in Seattle-Tacoma-Bellevue MSA / Average Income



Sources:

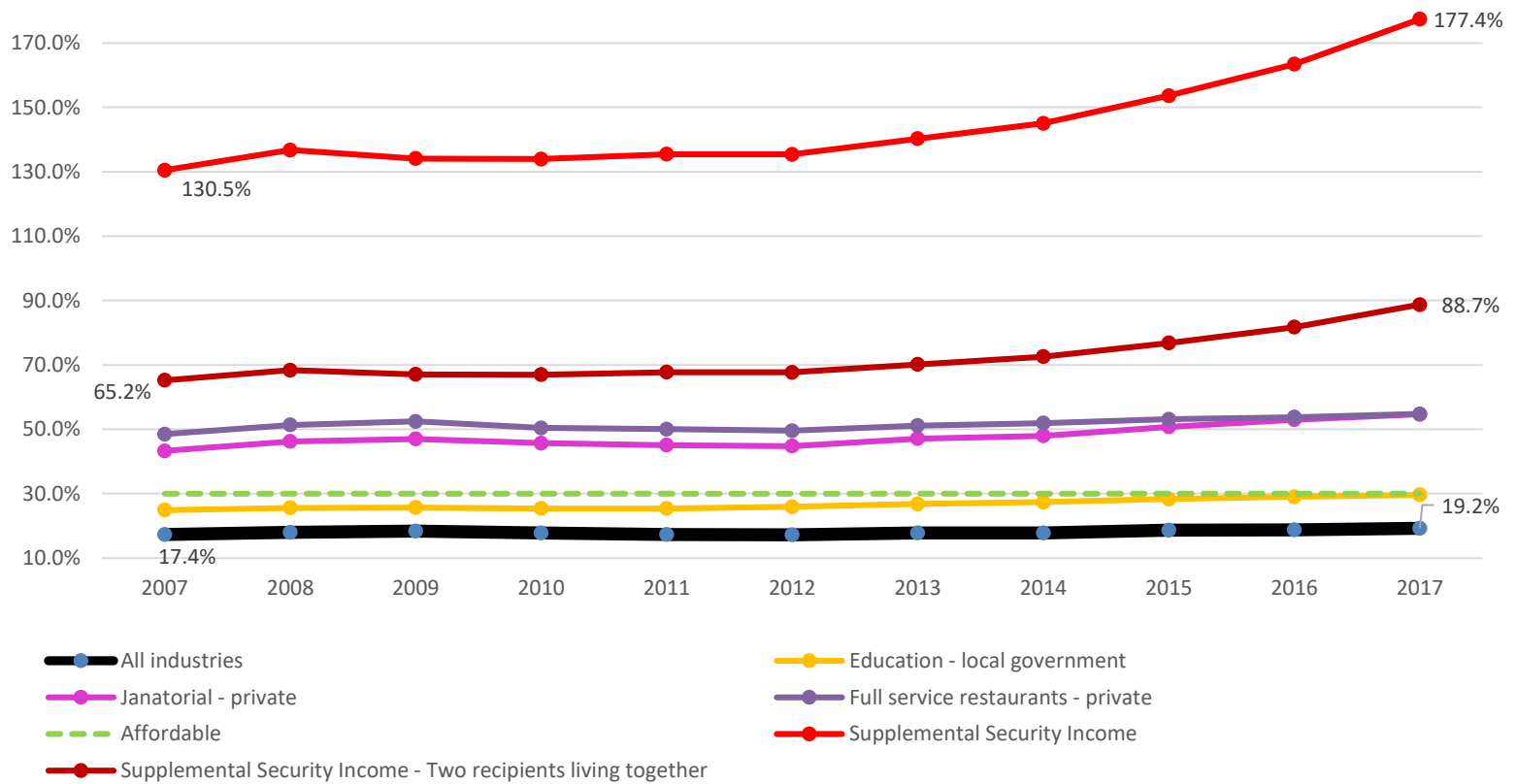
BLS Quarterly Census of Employment and Wages, Average Annual Pay <https://data.bls.gov/PDQWeb/en>

Census Bureau ACS Median Contract Rent 1-Year Estimates B25058 https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_1YR_B25058&prodType=table



Housing affordability in King County – Individual income vs. rent

Rent burden: SSI Recipients - King County
Median contract rent in Seattle-Tacoma-Bellevue MSA / Average income



Sources:

BLS Quarterly Census of Employment and Wages, Average Annual Pay <https://data.bls.gov/PDQWeb/en>

Census Bureau ACS Median Contract Rent -Year Estimates B25058 https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_1YR_B25058&prodType=table



71% of WA extremely low-income renter households are severely cost burdened

KEY
FACTS

230,395
OR
22%

Renter Households that are extremely low income

\$24,300

Maximum income of 4-person extremely low income households (state level)

-163,726

Shortage of rental homes affordable and available for extremely low income renters

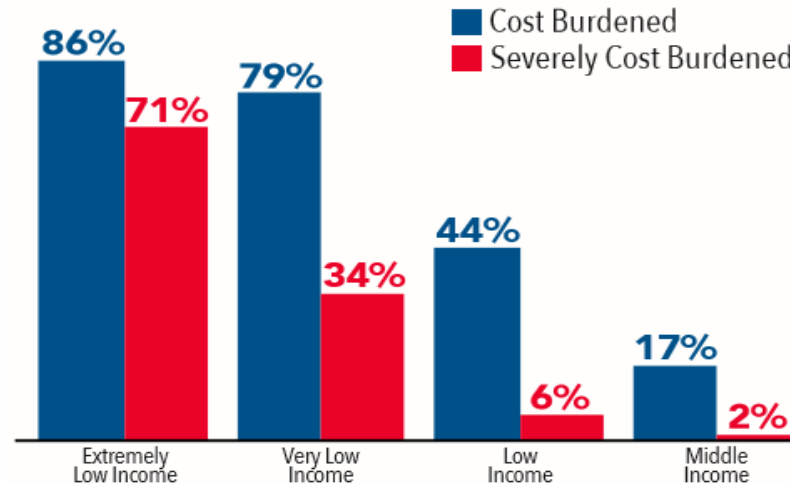
\$55,886

Annual household income needed to afford a two-bedroom rental home at HUD's Fair Market Rent.

71%

Percent of extremely low income renter households with severe cost burden

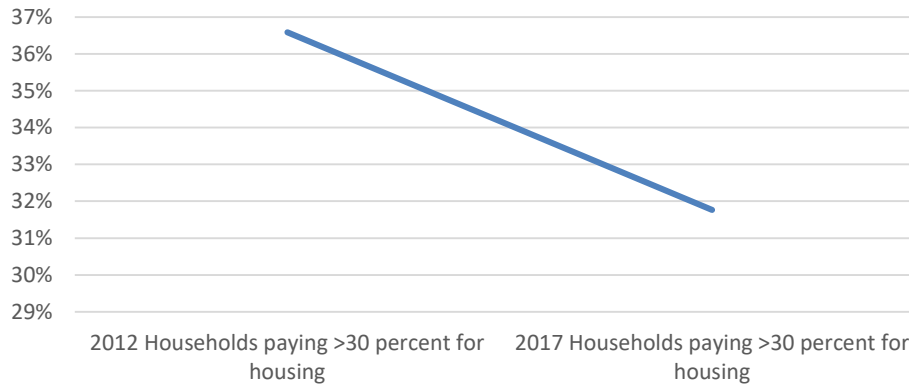
HOUSING COST BURDEN BY INCOME GROUP



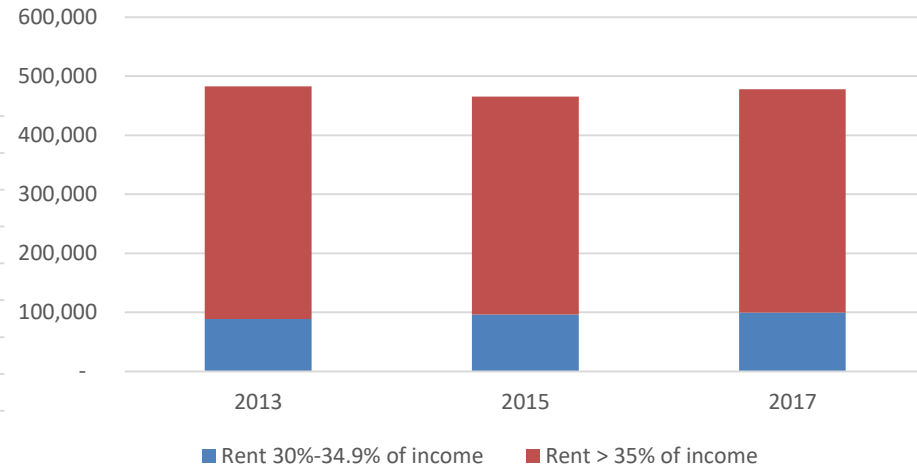
Source: National Low Income Housing Coalition

Housing affordability in Washington State - Households

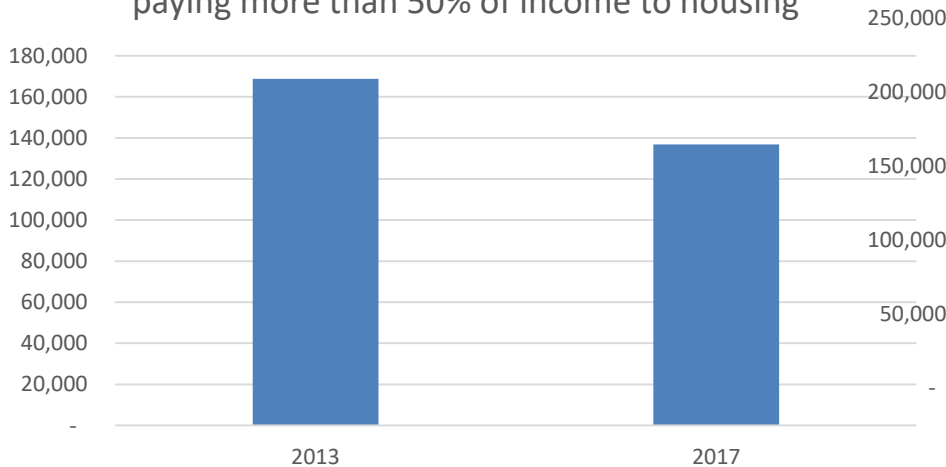
Percent of owner and renter households paying >30% for housing - WA



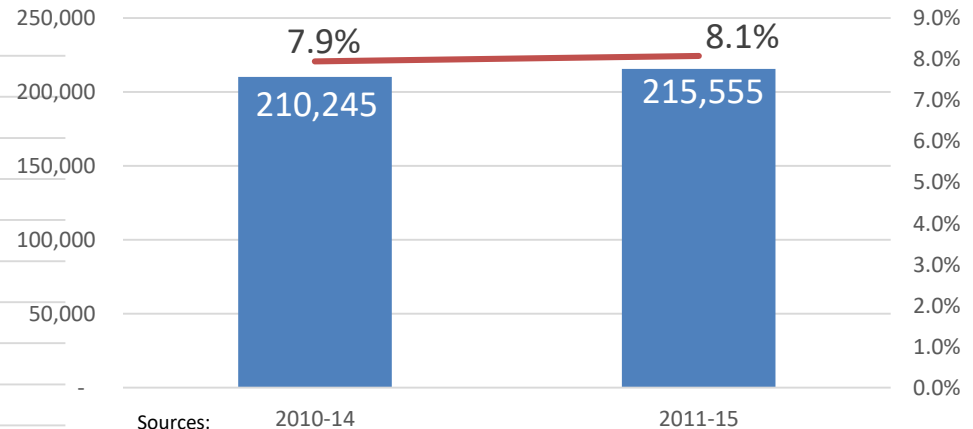
Rent burdened households - WA



Renter households with incomes <\$20,000 paying more than 50% of income to housing



Households with incomes <30% AMI paying >50% of income for housing

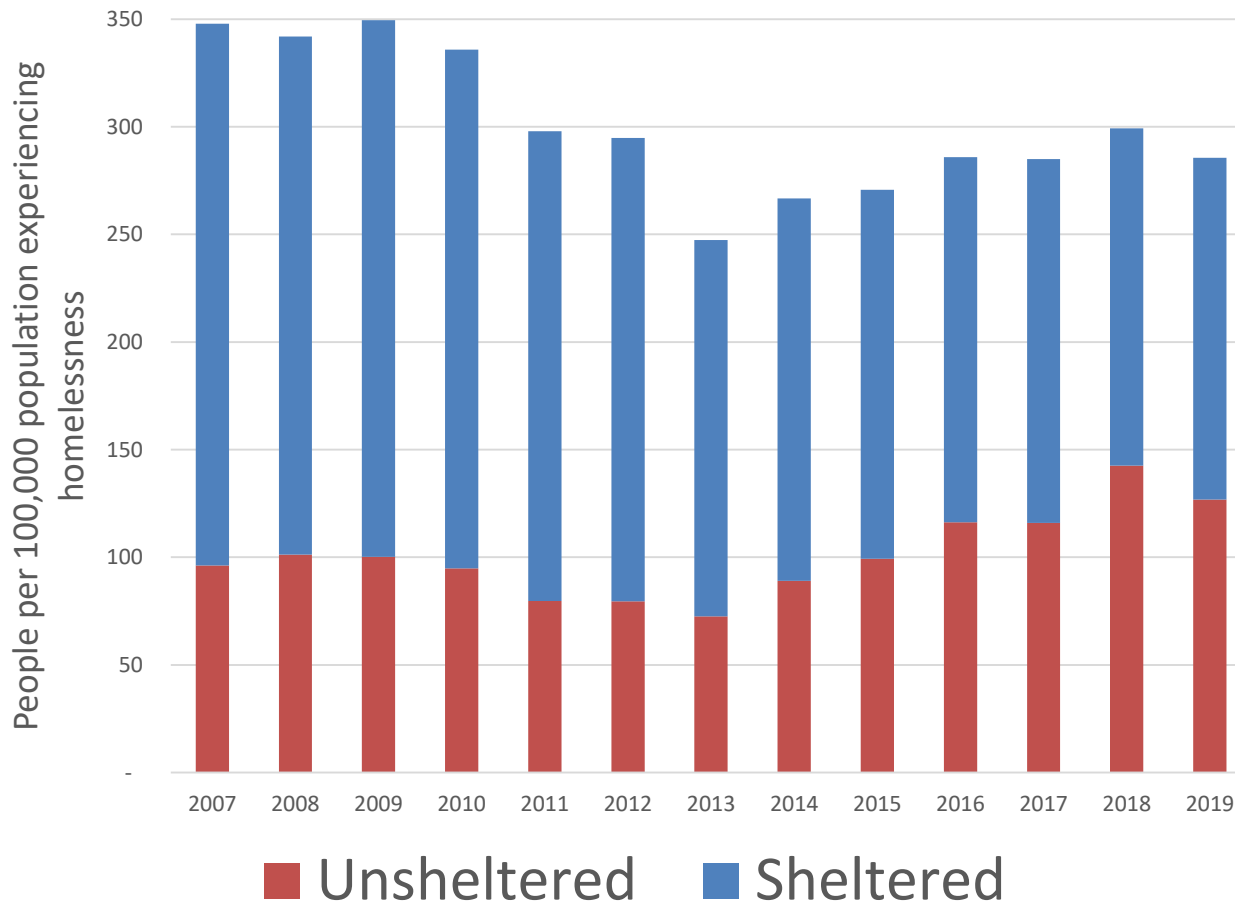


Sources: 2010-14
 Census ACS 1-Year Estimates
 Selected Housing Characteristics DP04
 Public Use Microdata Samples, Washington Housing Unit Records
 CHAS Data: <https://www.huduser.gov/portal/datasets/cp.html>



Homelessness – WA 5th highest per capita rate

WA: 0.29%, US: 0.17%



January 2019
21,621 people

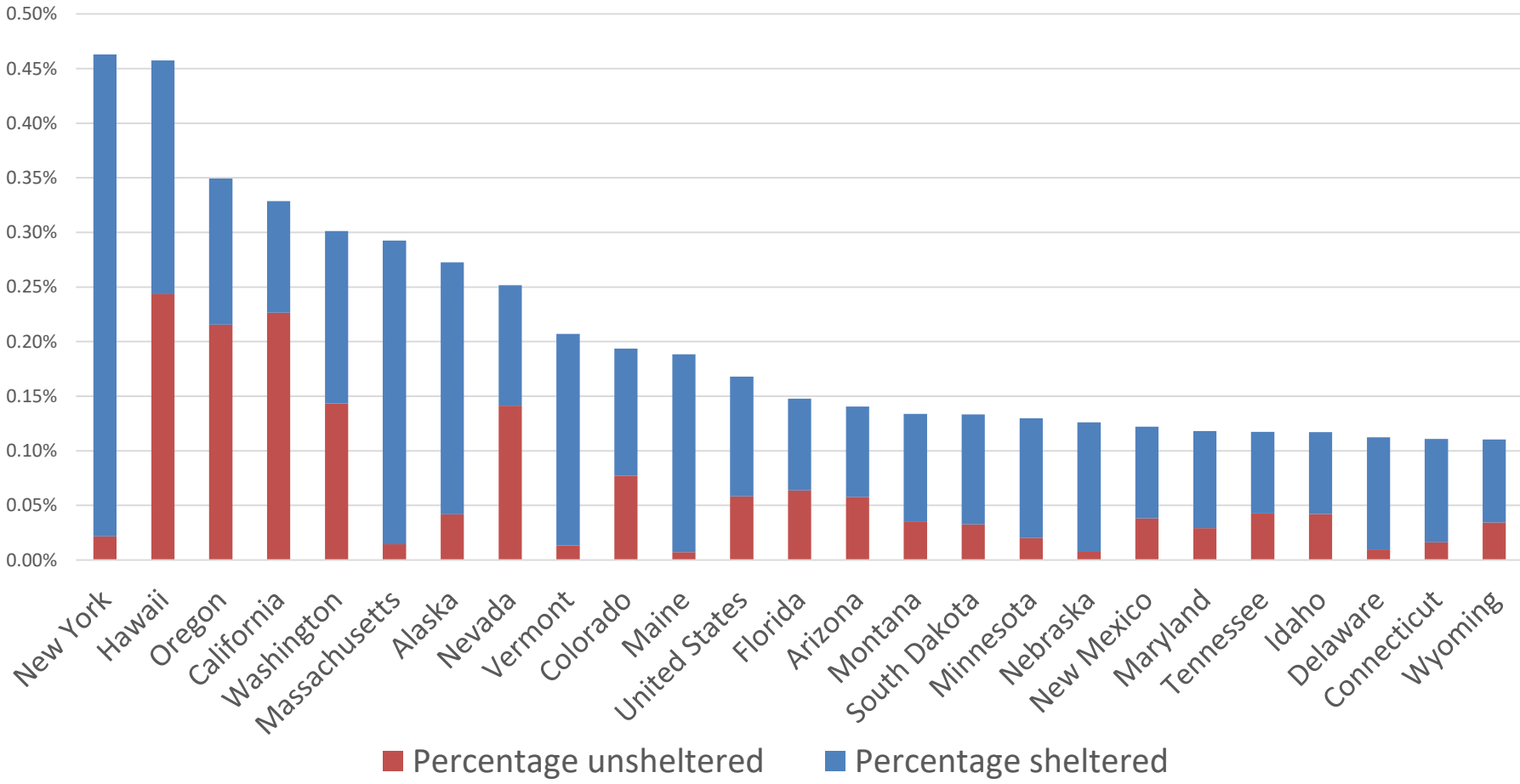
9,599 living
unsheltered

8,831 in
households
without children

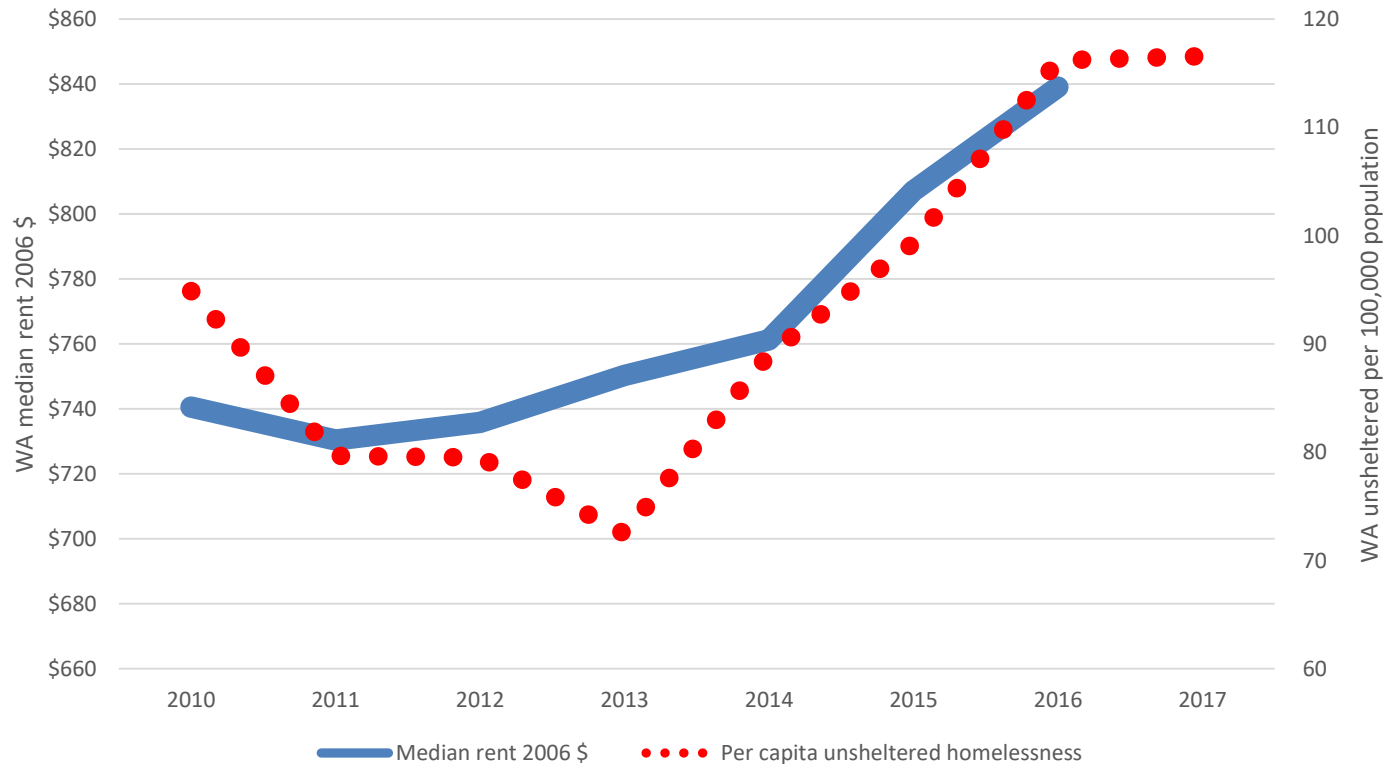
768 people in
households with
children

Homelessness – WA 5th highest per capita rate

% of Population Experiencing Homelessness Ranked



All things being equal, as rents grow, homelessness increases

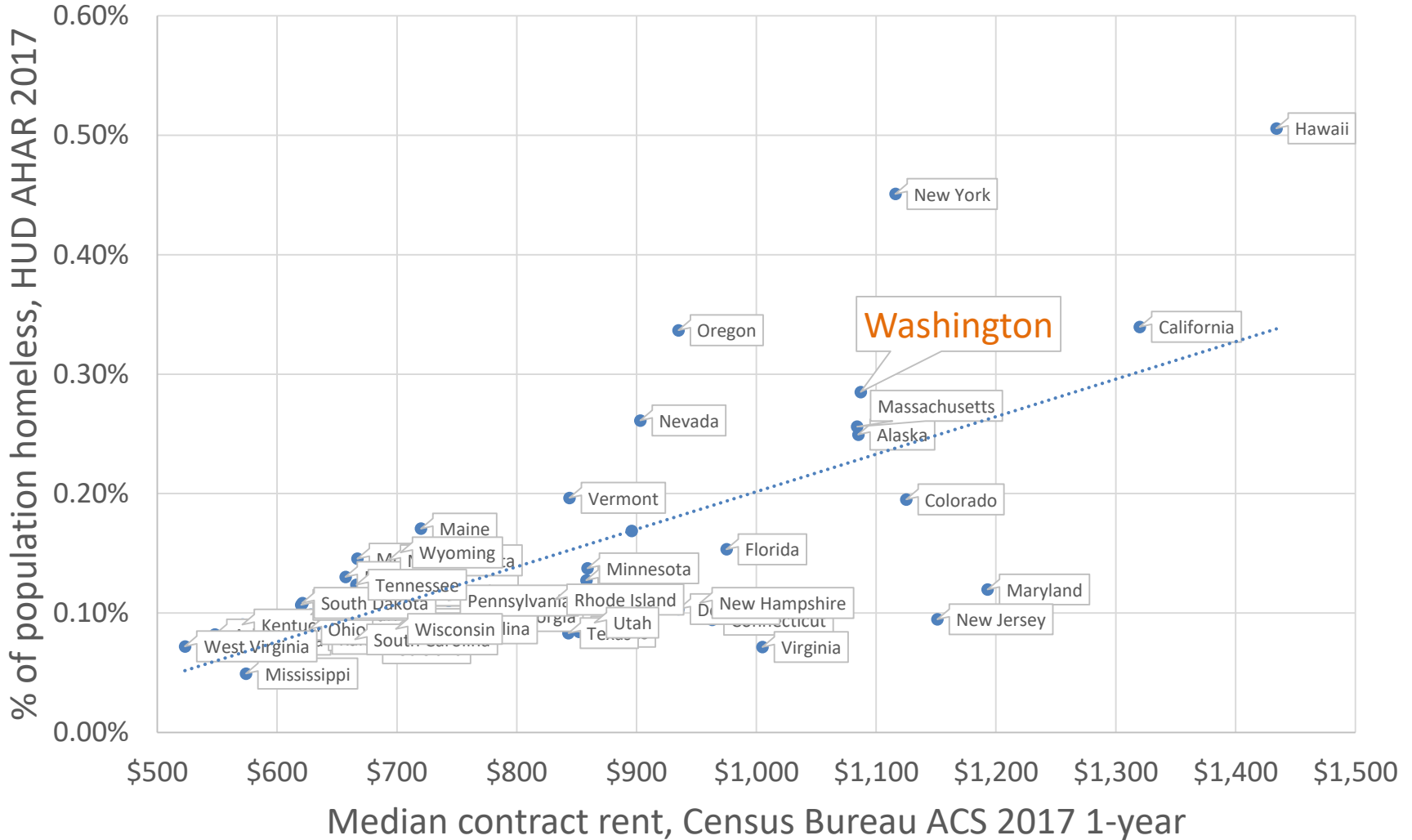


Sources:

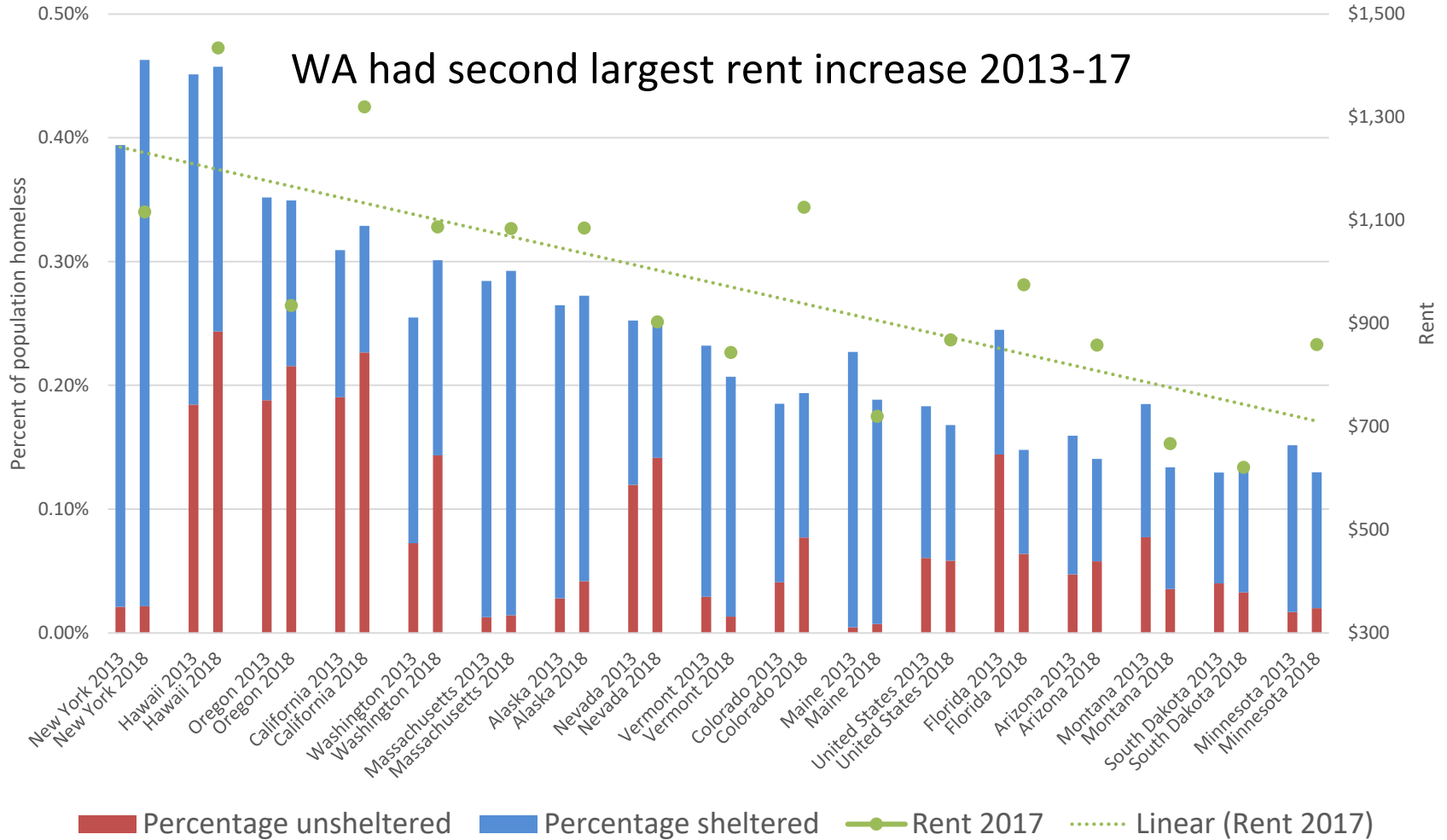
- Rent: U.S. Census Bureau American Community Survey one-year estimates for Washington State, B25058, inflation adjusted using Bureau of Labor Statistics CPI-U
- Homelessness: WA point in time count, adjusted by : U.S. Census Bureau American Community Survey one-year population estimate for Washington State
- 1 - Journal of Urban Affairs, *New Perspectives on Community-Level Determinants of Homelessness*, 2012
- 2 - Dynamics of homelessness in urban America, arXiv:1707.09380



Rents vs. homelessness – 0.7 correlation



Rents vs. homelessness



Sources: HUD AHAR - <https://www.hudexchange.info/resource/3031/pit-and-hic-data-since-2007/>
 Census Bureau ACS 1-Year Estimates of Population
 Median contract rent, Census Bureau ACS 2017 1-year



Other drivers



Beyond rent:

What about other potential drivers
of the increase in homelessness?

WA economy: Above average and improving

2012 to 2018:

Ranked #1 in GDP growth – two years in a row

- Per capita GDP ranked #9

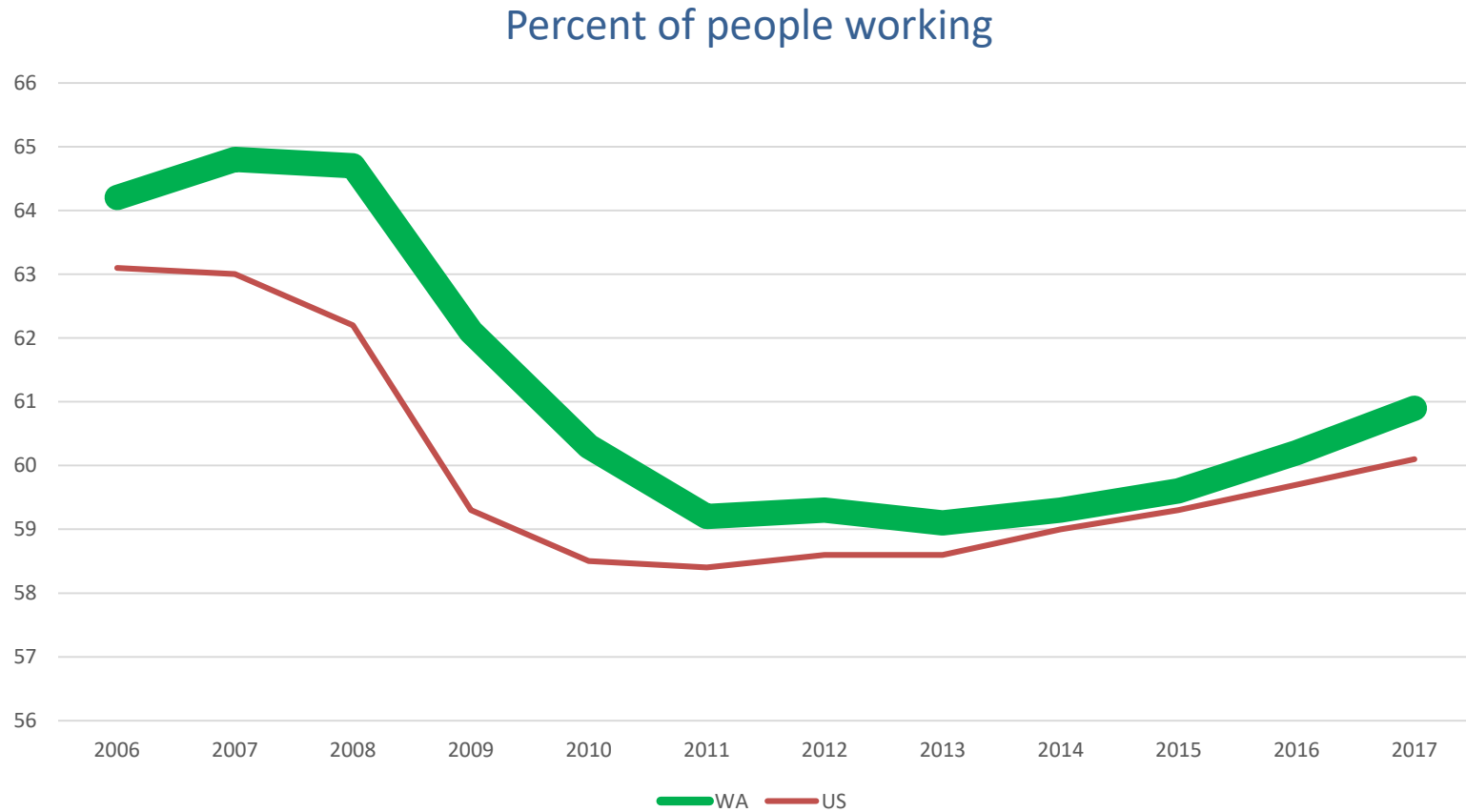
More people working

- Percent of population employed increasing - ranked #25

Incomes increasing

- Median household income ranked #10
- Median household income growth ranked #1
- Lowest quintile household income rank #9
- Lowest quintile household income growth ranked #5

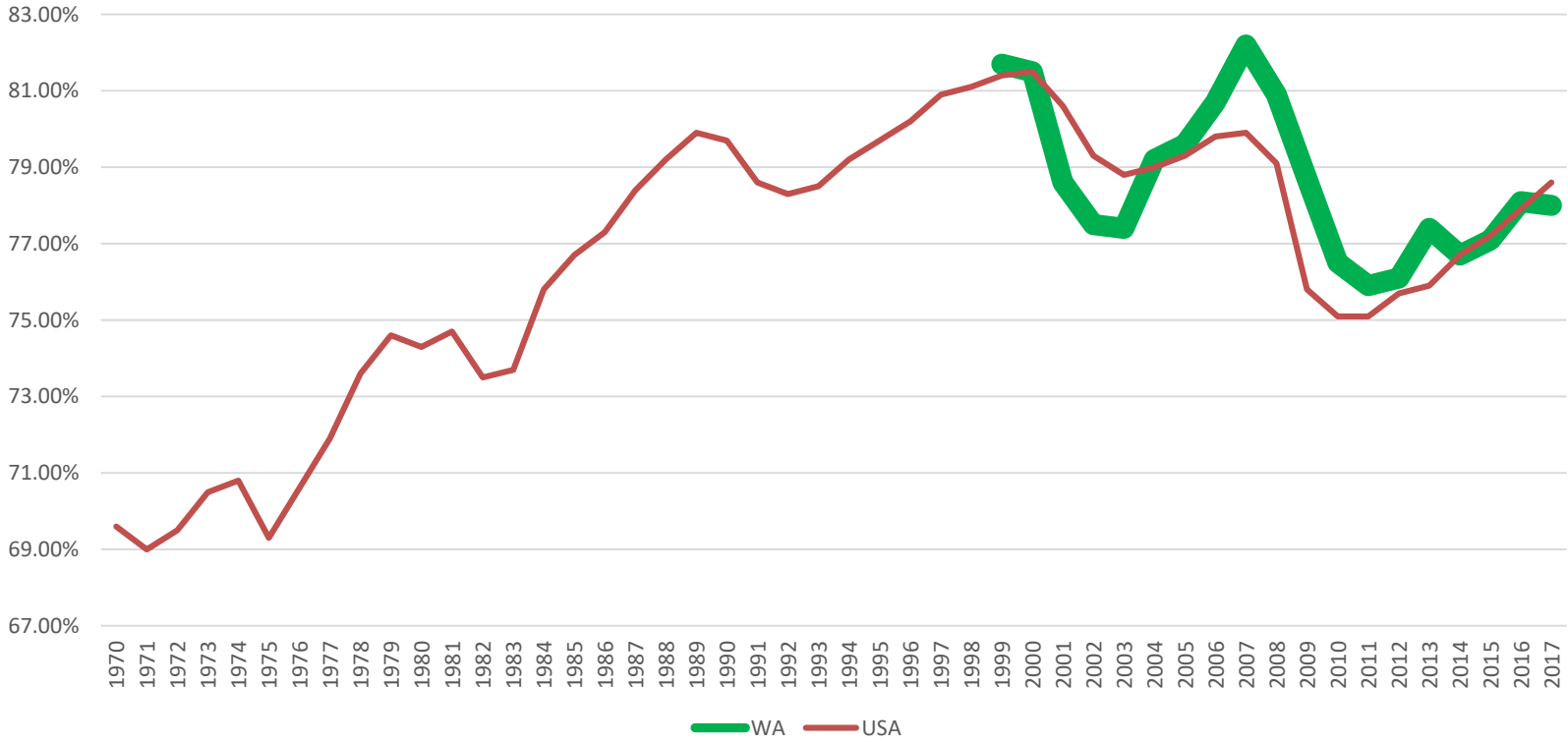
WA economy: Employment rate is above average and increasing



Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment status of the civilian noninstitutional population, percent of population employed

WA economy: More prime-age people work

Prime Age Employment - Ages 25-54



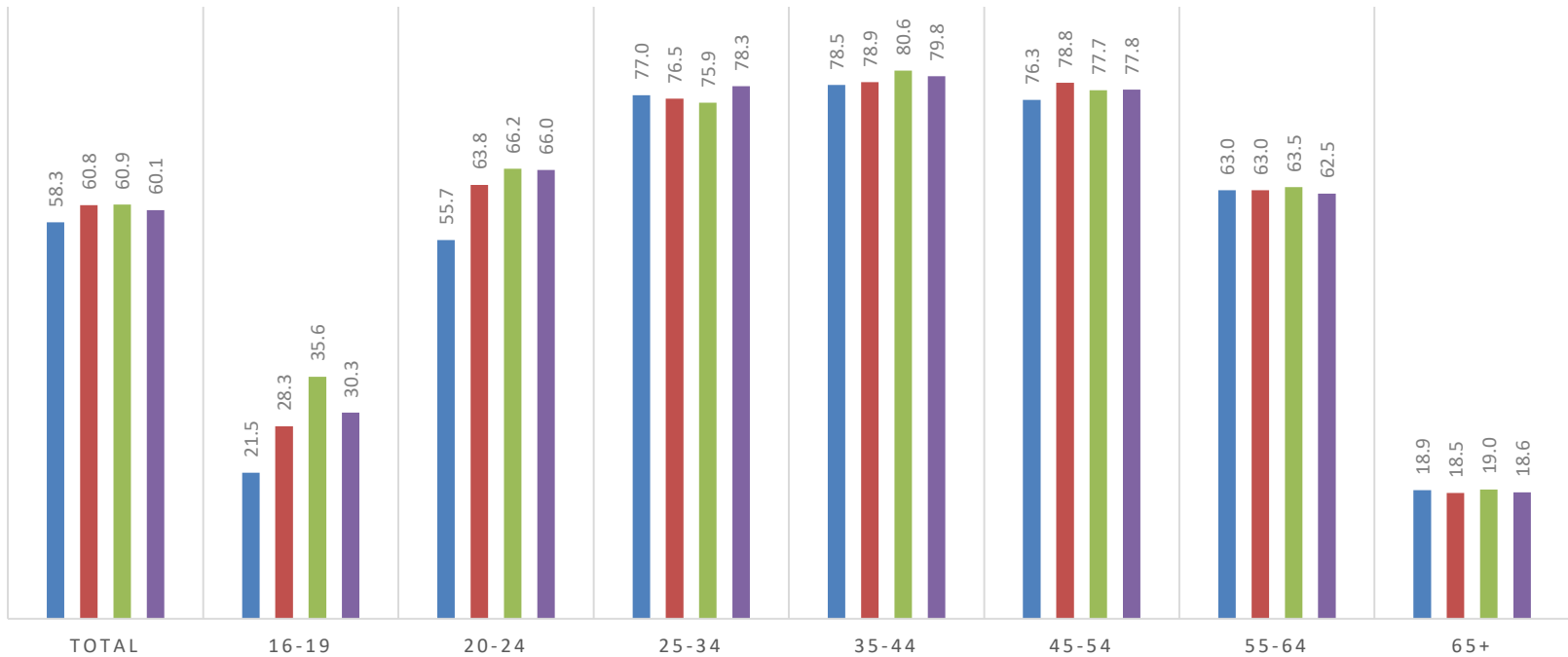
Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment status of the civilian noninstitutional population, percent of ages 25-54 employed
<https://www.bls.gov/lau/ex14tables.htm>



Services: WA similar rate of employment to high and low service states

2017 PERCENTAGE OF POPULATION EMPLOYED BY AGE GROUP

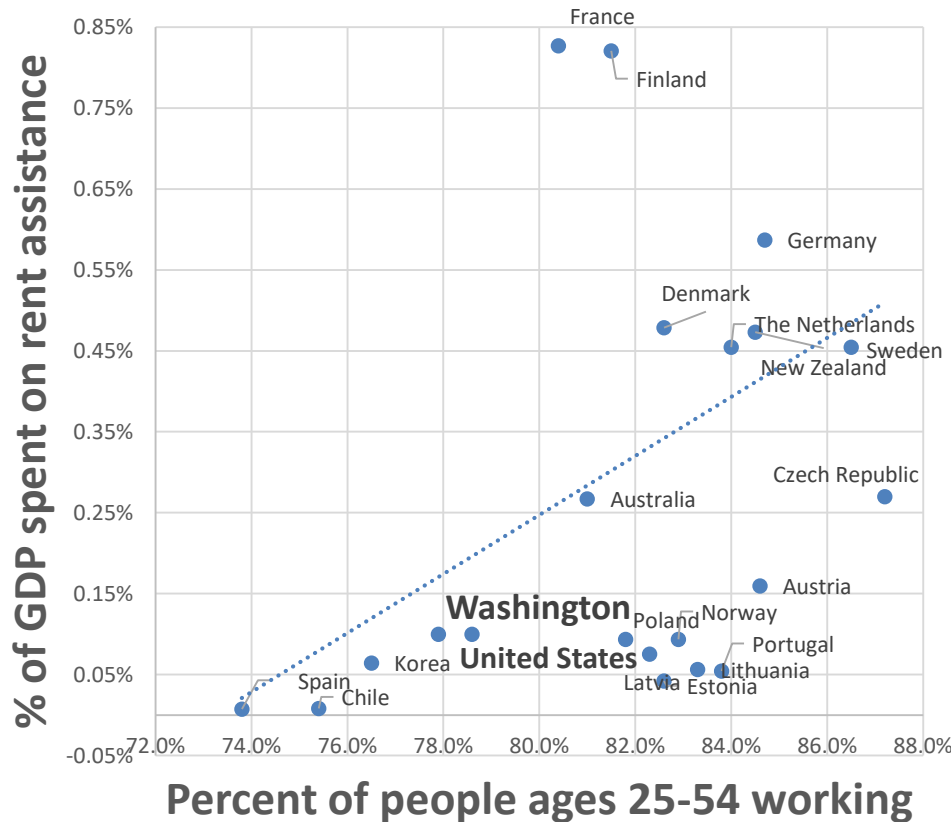
■ NY ■ Texas ■ WA ■ USA



Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment status of the civilian non-institutional in states, percent of population employed

Services: More people working compatible with higher levels of housing assistance

Moderate positive relationship between spending on rent assistance and % of people working



Housing vouchers for low income households:¹

- Reduce earned income by \$109 a month (\$12,452 to \$11,140 annually)
- Reduce employment by 4 percentage points (61% to 57%) first eight years, no significant impact >8 years²

Permanent vouchers vs. temporary rent assistance for homeless families:³

- Reduce families living homeless or doubled up by 16 percentage points (16% vs. 32%)
- No long term significant impact on earned income or having a job

Sources:

<https://www.oecd.org/els/family/PH3-1-Public-spending-on-housing-allowances.pdf>

<https://data.oecd.org/emp/employment-rate-by-age-group.htm#indicator-chart>

<https://www.cbpp.org/sites/default/files/atoms/files/4-13-11-hous-WA.pdf>

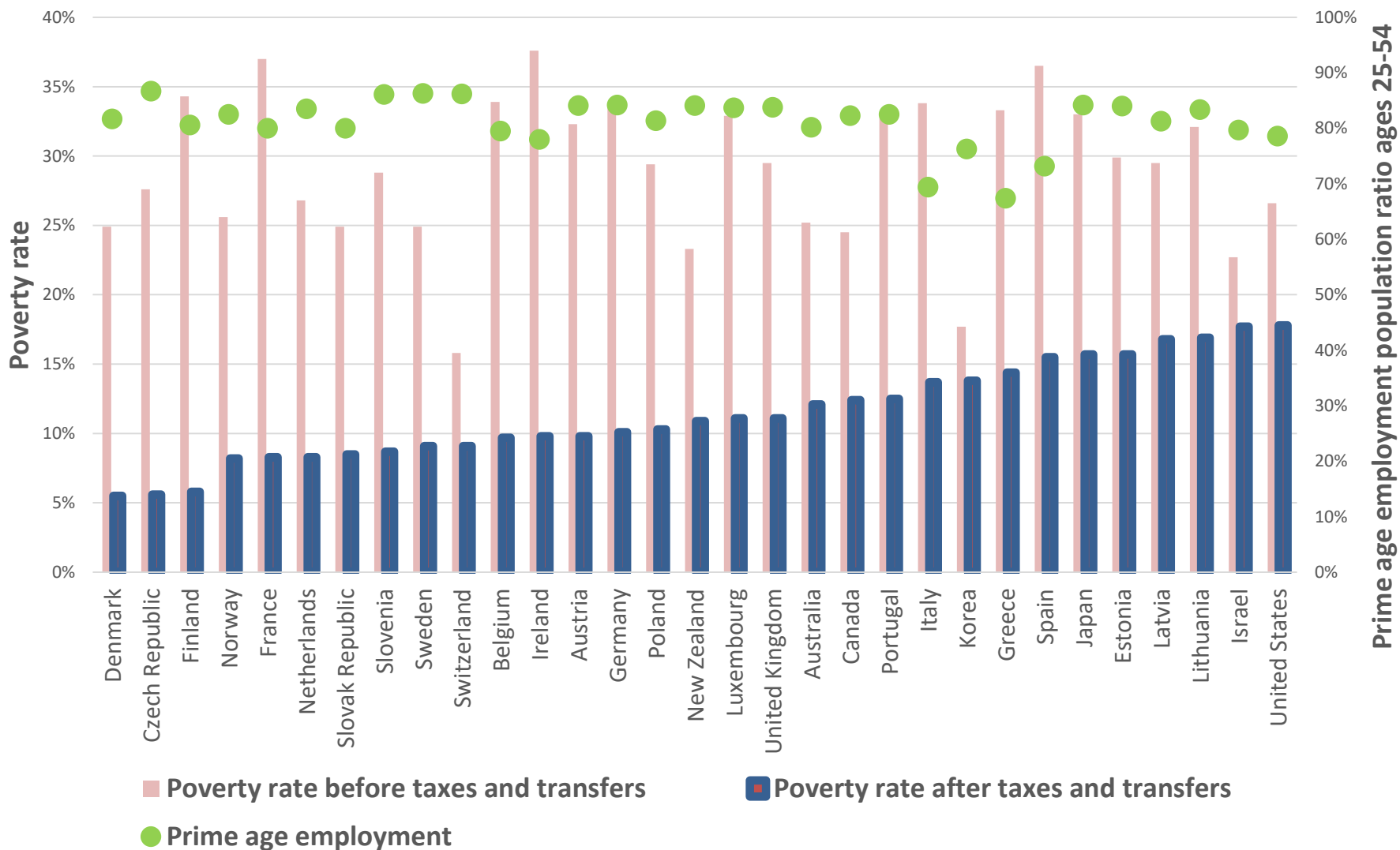
1 - The Effects of Housing Assistance on Labor Supply, Jacob et al, 2008, <http://www.nber.org/papers/w14570.pdf>

2 - The Impact of Housing Assistance on Child Outcomes: Evidence From a Randomized Housing Lottery, Jacob et al, 2015, <https://harris.uchicago.edu/files/inline-files/OJE%20housing%20vouchers%20and%20kid%20outcomes%202015.pdf>

3 - HUD Family Options Study 3-Year Impacts, pages 76 and 81, <https://www.huduser.gov/portal/sites/default/files/pdf/Family-Options-Study-Full-Report.pdf>



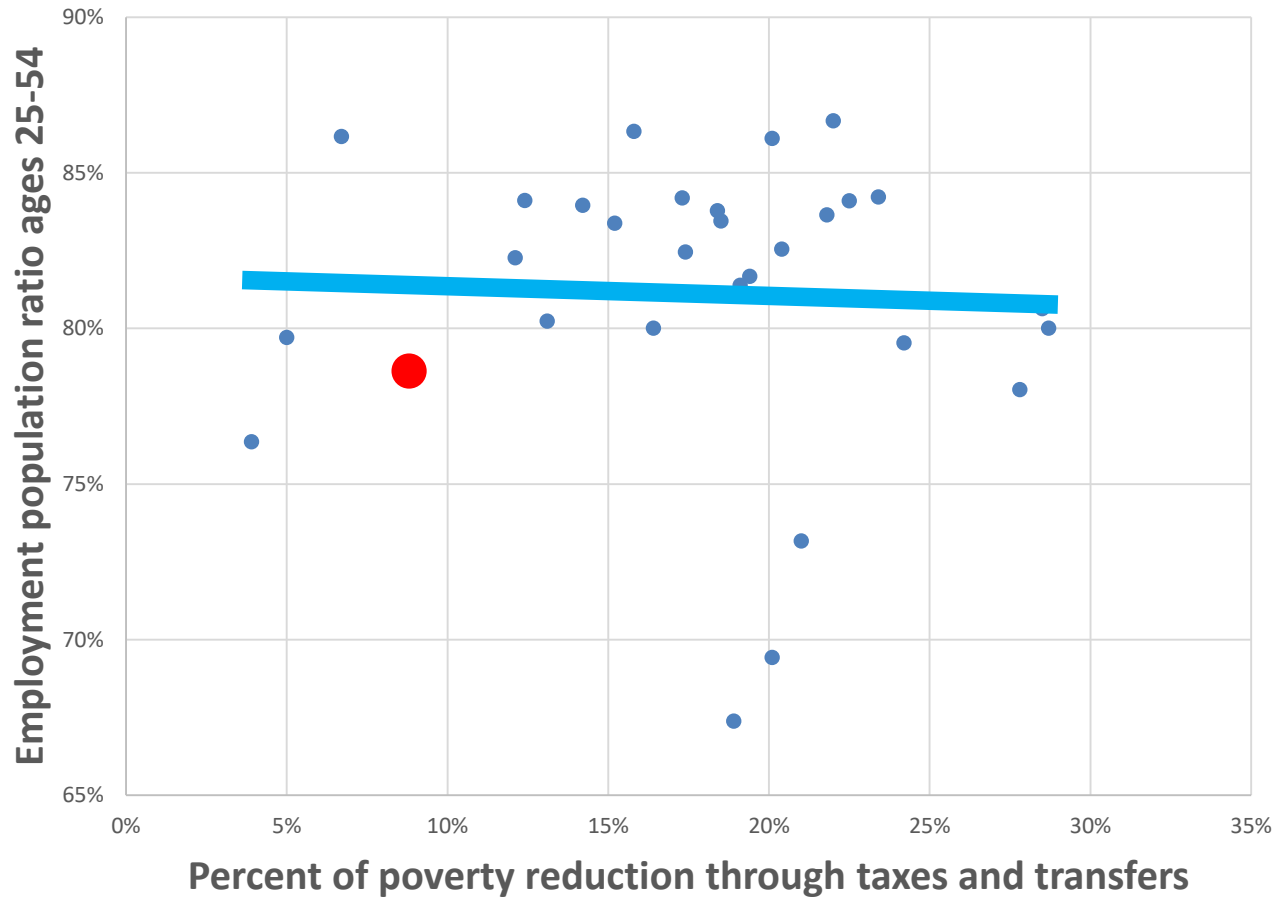
Taxes and transfers to reduce poverty not associated with less work



Sources:
 OECD prime age employment 2017 - <https://data.oecd.org/emp/employment-rate-by-age-group.htm#indicator-chart>
 OECD pre and post taxes and transfers, poverty line 50% - <https://stats.oecd.org/Index.aspx?DataSetCode=IDD>



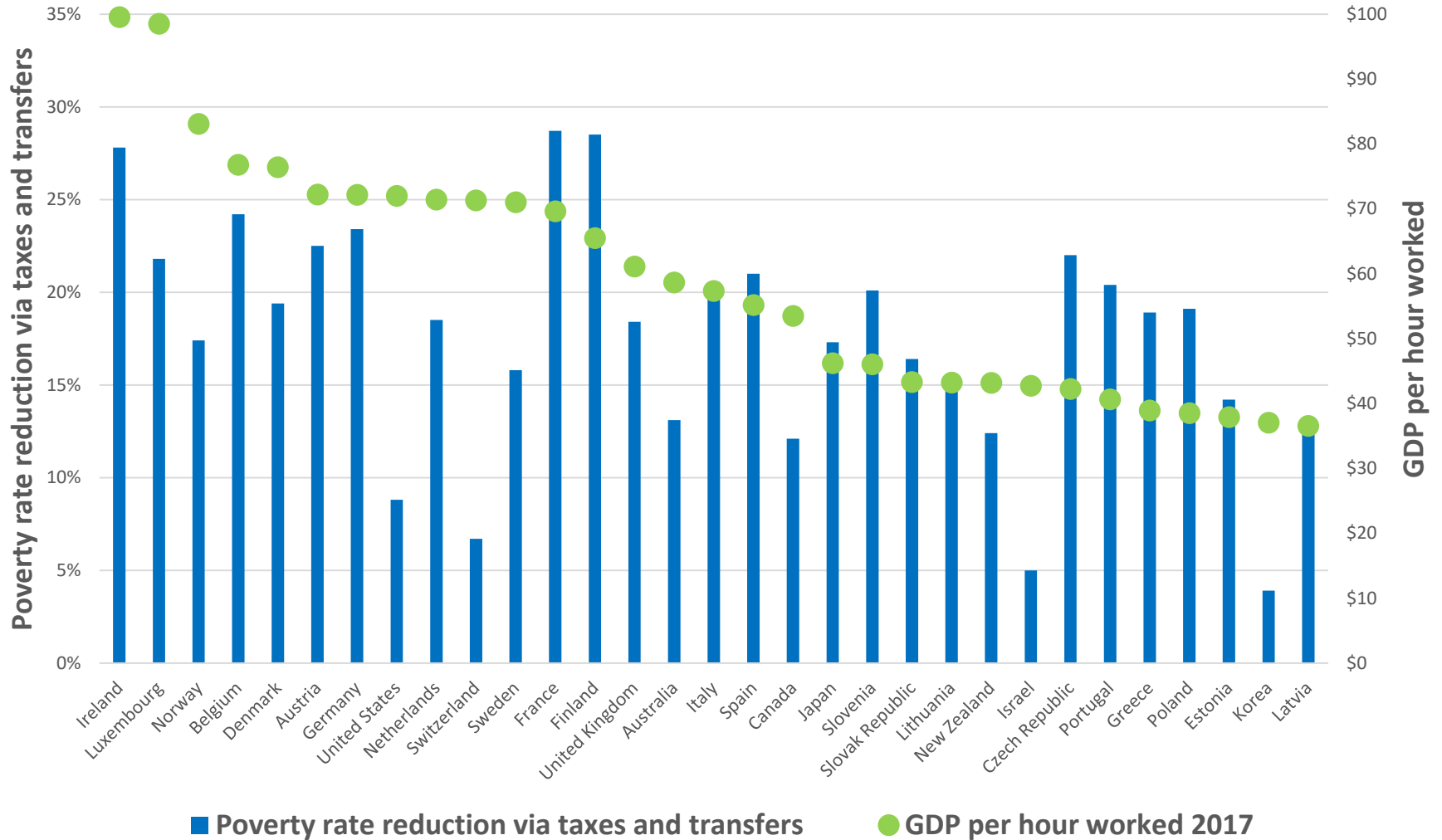
Taxes and transfers to reduce poverty not associated with less work, correlation -0.04



Sources:
OECD prime age employment 2017 - <https://data.oecd.org/emp/employment-rate-by-age-group.htm#indicator-chart>
OECD pre and post taxes and transfers, poverty line 50% - <https://stats.oecd.org/Index.aspx?DataSetCode=IDD>



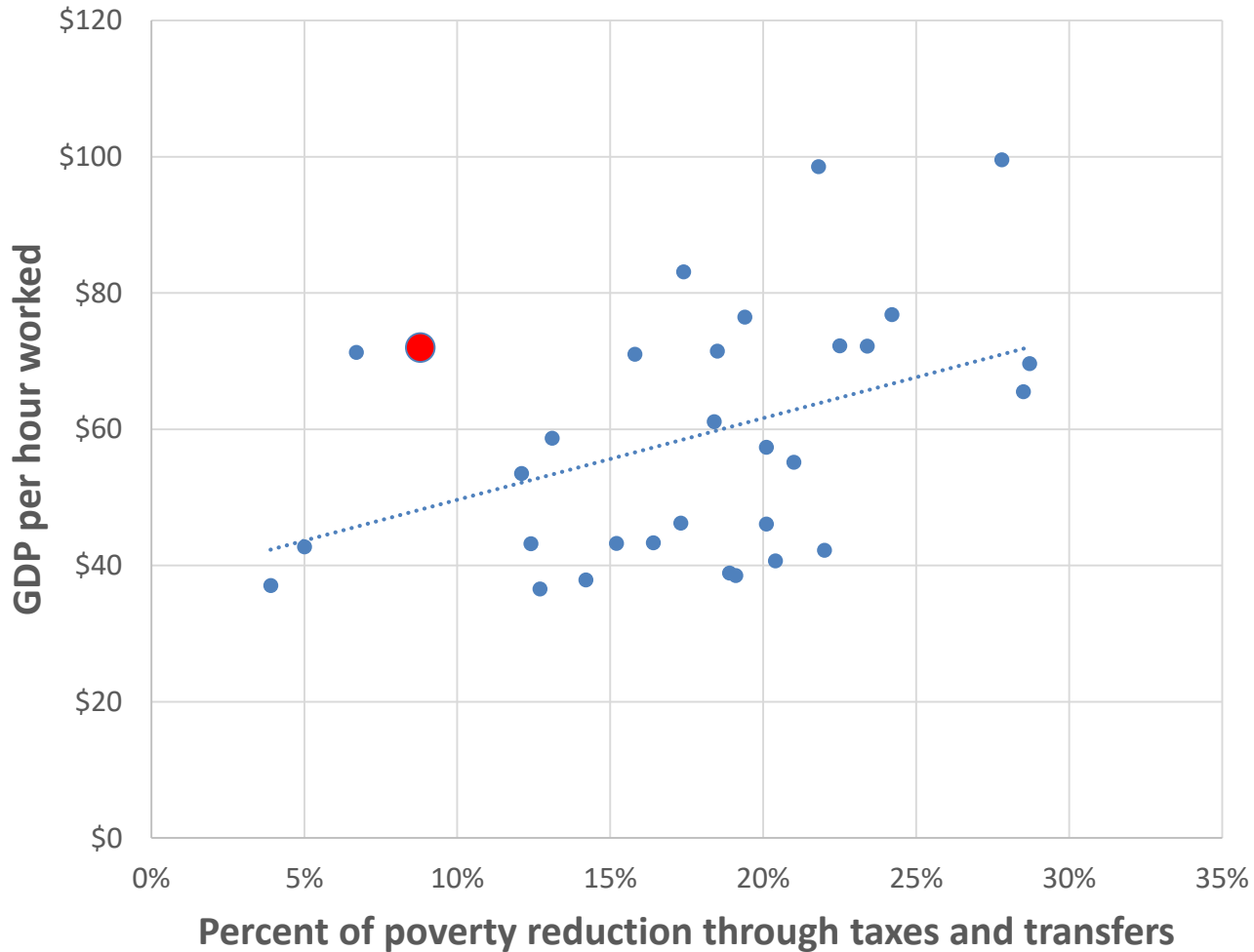
Taxes and transfers to reduce poverty not associated with less productivity



Sources:
 OECD pre and post taxes and transfers, poverty line 50% - <https://stats.oecd.org/Index.aspx?DataSetCode=IDD>
 OECD GDP per hour worked 2017 - https://stats.oecd.org/Index.aspx?DataSetCode=PDB_LV#



Taxes and transfers to reduce poverty not associated with less productivity



Sources:
OECD pre and post taxes and transfers, poverty line 50% - <https://stats.oecd.org/Index.aspx?DataSetCode=IDD>
OECD GDP per hour worked 2017 - https://stats.oecd.org/Index.aspx?DataSetCode=PDB_LV#



Families: WA families above average and improving



2012 to 2017:

Family stability increasing

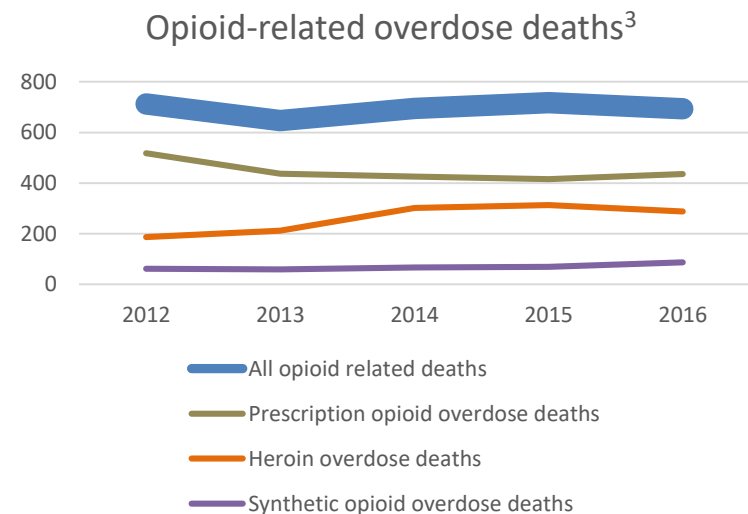
- Divorce, domestic violence, and teenage pregnancy declined
- Percentage of children in married couple households increased - WA ranked #8
- Percentage of married couple households increased – WA ranked #14

Alcohol and drug dependence: A mixed picture

Since 2012:

WA ranks 18th in substance use disorder ²

1. Alcohol use disorder declined, ranked 29th ²
2. Overall illicit drug dependence may be stable, ranked 11th ^{1, 2}
3. Ranked 13th in pain reliever use disorder, and 12th in heroin use ²
4. Opioids continue to be a crisis, WA ranks 32nd in prevalence of drug overdose deaths ⁴



Sources:

1 - SAMHSA, Center for Behavioral Health Statistics and Quality, National, Survey on Drug Use and Health, Table 106, Washington State, 2010-11 report compared to 2014 report

2 - Rank derived from 2015-2016 National Survey on Drug Use and Health: Model-Based Prevalence. Estimates 50 States; trend derived from National Survey on Drug Use and Health: Comparison of 2008-2009 and 2014-2015 Population Percentages 50 States

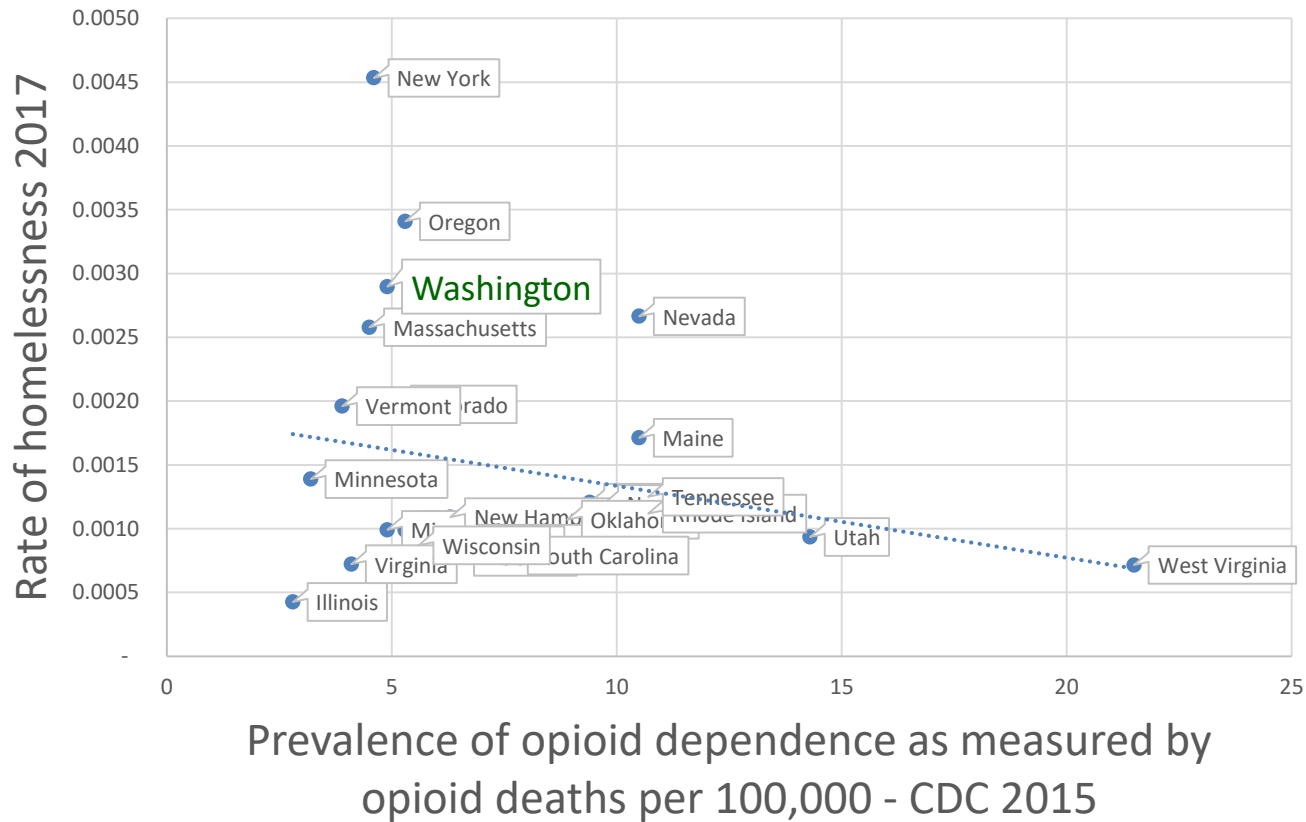
3 - DOH: <https://www.doh.wa.gov/Portals/1/Documents/Pubs/346-083-SummaryOpioidOverdoseData.pdf>

4 - CDC: <https://www.cdc.gov/mmwr/volumes/65/wr/mm655051e1.htm>



Department of Commerce

Relationship between prevalence of opioid use and homelessness



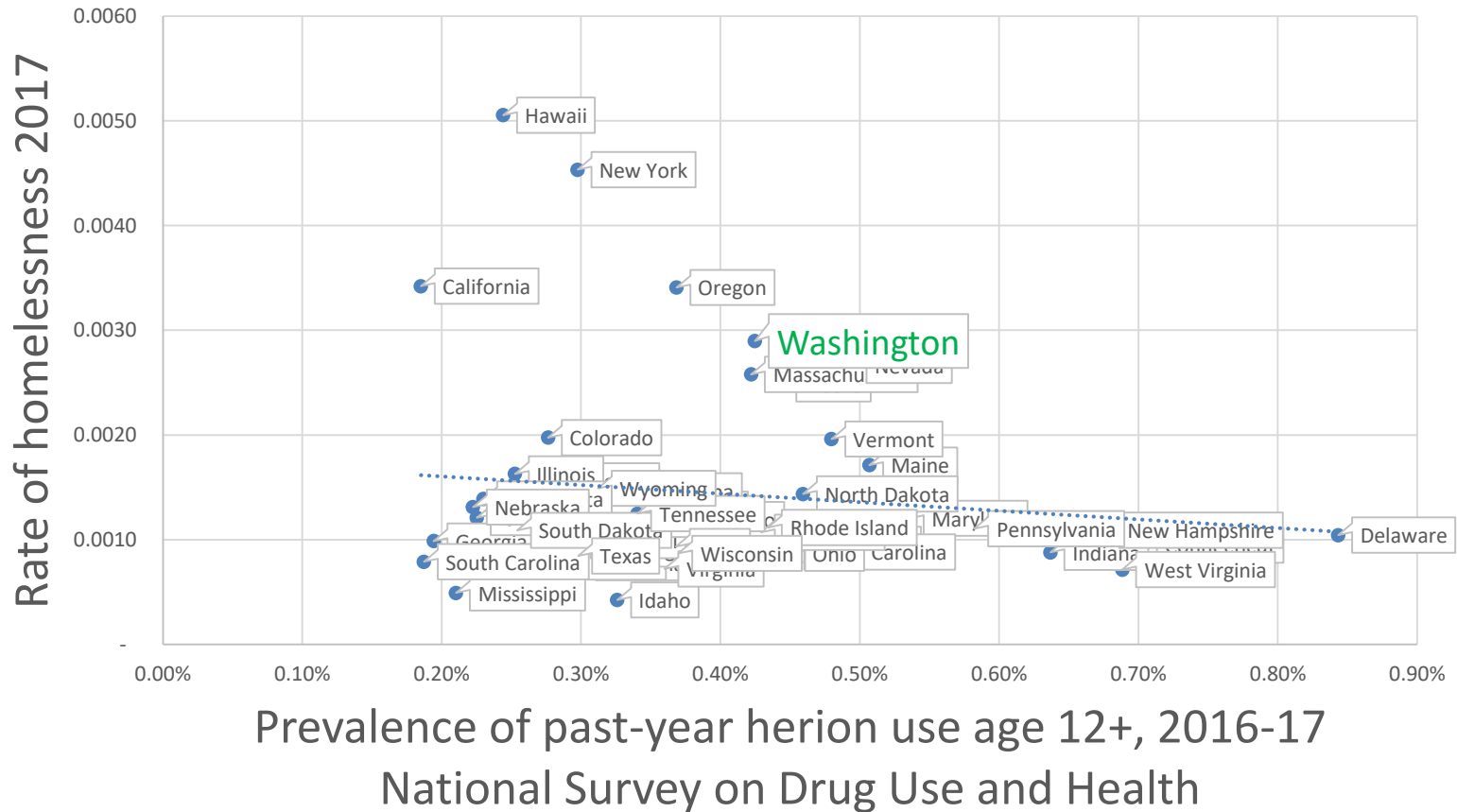
Sources:

Increases in Drug and Opioid-Involved Overdose Deaths – United States, 2010-2015: <https://www.cdc.gov/mmwr/volumes/65/wr/mm655051e1.htm>

HUD Annual Homeless Assessment Report AHAR: <https://www.hudexchange.info/homelessness-assistance/ahar/#2017-reports>



Relationship between prevalence of opioid use and homelessness

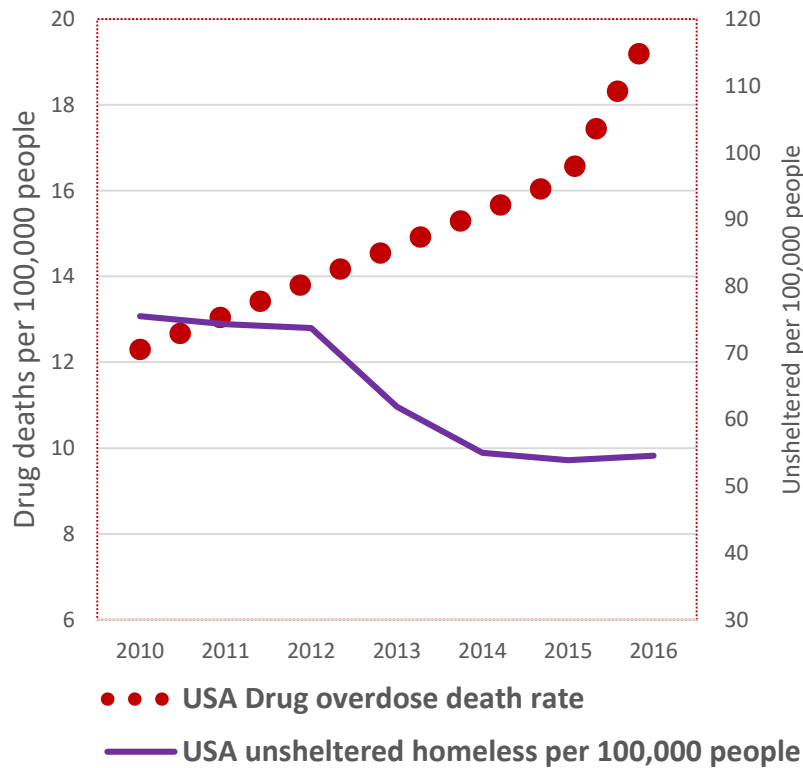


Sources:
 2016-17 NSDUH: <https://www.samhsa.gov/data/report/2016-2017-nsduh-state-prevalence-estimates>
 HUD Annual Homeless Assessment Report AHAR: <https://www.hudexchange.info/homelessness-assistance/ahar/#2017-reports>

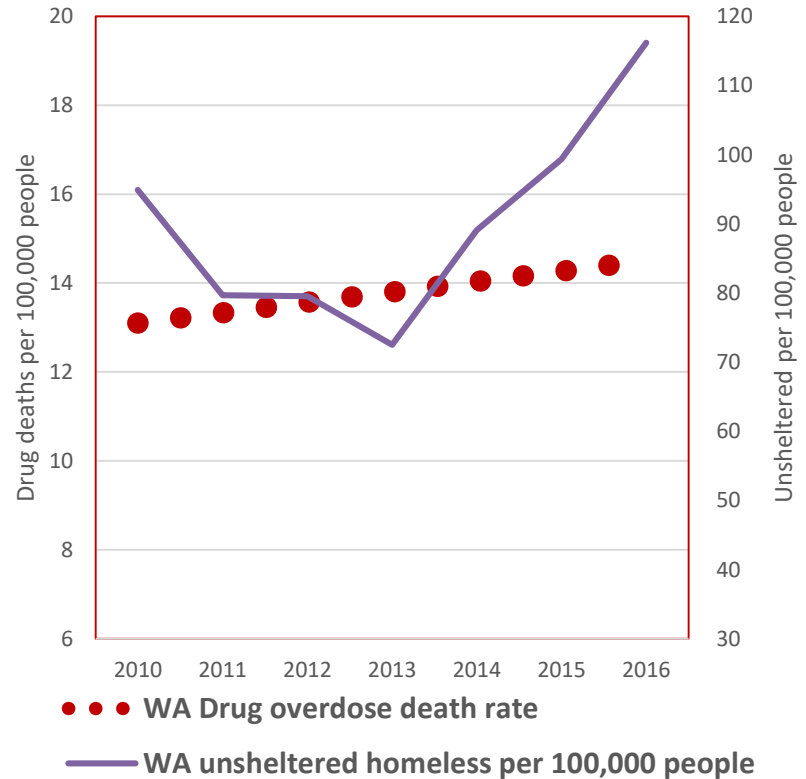


Drug and homelessness trends – USA vs. WA

USA: Drug overdose deaths increased, unsheltered homelessness decreased



WA: Drug overdose deaths increased less than in US, unsheltered homelessness increased



Sources:

Drug Overdose Deaths in the United States, 1999-2016: <https://www.cdc.gov/nchs/products/databriefs/db294.htm>

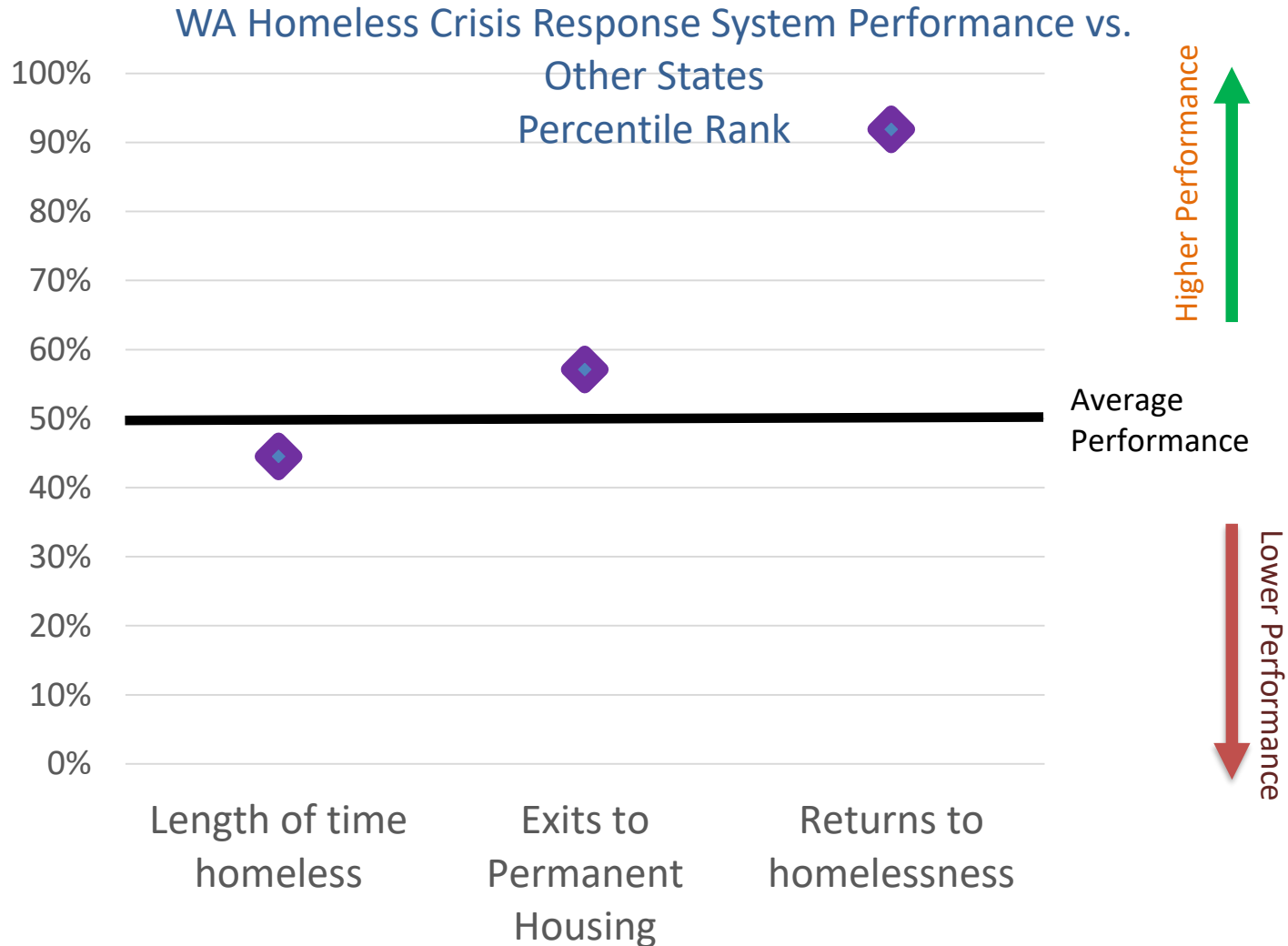
Increases in Drug and Opioid-Involved Overdose Deaths – United States, 2010-2015: <https://www.cdc.gov/mmwr/volumes/65/wr/mm65051e1.htm>

Drug Overdoes Death Data: <https://www.cdc.gov/drugoverdose/data/statedeaths.html>

HUD Annual Homeless Assessment Report AHAR: <https://www.hudexchange.info/homelessness-assistance/ahar/#2017-reports>



WA Homeless Crisis Response System Performance: Above Average



Sources: 2017 Data <https://www.hudexchange.info/resource/5691/system-performance-measures-data-since-fy-2015/>

WA Homeless Crisis Response System Performance: Ranked 9th

	Length of time homeless percentile	Exits to Permanent Housing Percentile	Returns to homelessness Percentile	Combined Percentile	Rank
TN	70%	88%	90%	83%	1
LA	67%	90%	84%	80%	2
MT	22%	100%	100%	74%	3
ID	56%	78%	88%	74%	4
PA	37%	82%	86%	68%	5
VT	26%	98%	80%	68%	6
VA	74%	69%	59%	68%	7
OH	82%	92%	25%	66%	8
WA	45%	57%	92%	65%	9
NM	87%	29%	65%	60%	10
IN	59%	61%	55%	59%	11
WI	80%	84%	12%	59%	12
AR	83%	24%	67%	58%	13
WV	89%	80%	6%	58%	14
MI	91%	76%	8%	58%	15
MD	32%	65%	78%	58%	16
SC	54%	47%	69%	57%	17
NH	30%	63%	74%	55%	18
NC	41%	67%	57%	55%	19
GA	33%	53%	76%	54%	20
NY	58%	71%	31%	53%	21
OK	19%	59%	82%	53%	22
OR	78%	27%	53%	52%	23
HI	13%	96%	47%	52%	24
DE	76%	51%	29%	52%	25
MA	20%	37%	94%	50%	26

Sources: 2017 Data <https://www.hudexchange.info/resource/5691/system-performance-measures-data-since-fy-2015/>

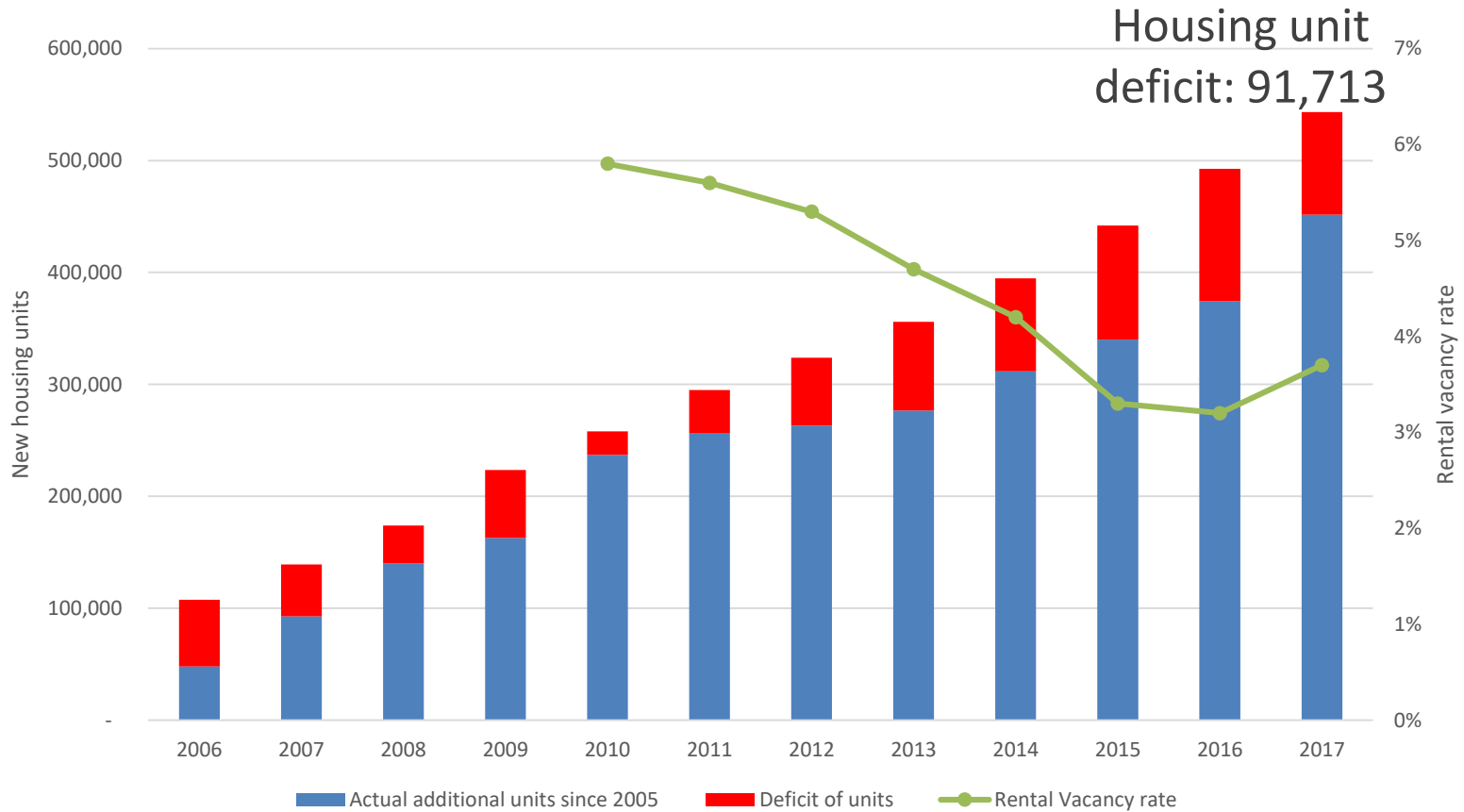
Why are rents increasing?



Lack of housing supply is a factor

Since 2005 in WA: Population +21%, Housing units +17%

Deficit of new housing units necessary to maintain 2005 ratio of people to housing units



Source: American Community Survey 1-Year Estimates

http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_14_1YR_DP04&prodType=table

https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_B25001&prodType=table

https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_S0101&prodType=table



WA rental vacancy lowest in the US in 2017 ¹

	2010	2012	2014	2015	2016	2017
United States	8.2%	6.8%	6.3%	5.9%	5.9%	6.2%
California	5.9%	4.5%	3.9%	3.3%	3.3%	3.5%
Massachusetts	5.8%	4.5%	4.0%	3.5%	4.0%	3.9%
Oregon	5.6%	4.7%	3.6%	3.6%	3.2%	3.8%
Texas	10.6%	8.5%	7.3%	7.0%	7.7%	8.5%
Washington	5.8%	5.3%	4.2%	3.3%	3.2%	3.7%
Clark County	8.2%	3.4%	2.4%	2.2%	3.0%	3.7%
Clallam County	11.4%	11.3%	6.1%	3.5%	1.8%	3.2%
King County	5.2%	4.1%	2.5%	2.6%	2.7%	3.5%
Pierce County	6.6%	5.4%	5.7%	3.3%	2.0%	4.7%
Spokane County	4.0%	7.2%	5.5%	3.7%	3.7%	2.4%
Yakima County	3.1%	4.5%	5.1%	3.6%	2.2%	2.3%
Whatcom County	3.9%	5.5%	4.1%	1.8%	1.8%	2.6%
Thurston County	4.0%	5.5%	5.9%	3.5%	4.7%	4.3%
Seattle	4.0%	3.5%	1.2%	2.7%	2.5%	3.9%
San Francisco	4.4%	2.8%	2.5%	2.5%	3.0%	3.5%
Atlanta	16.4%	8.6%	9.3%	6.6%	6.4%	7.6%
Houston	15.9%	11.2%	7.2%	7.7%	7.7%	10.4%

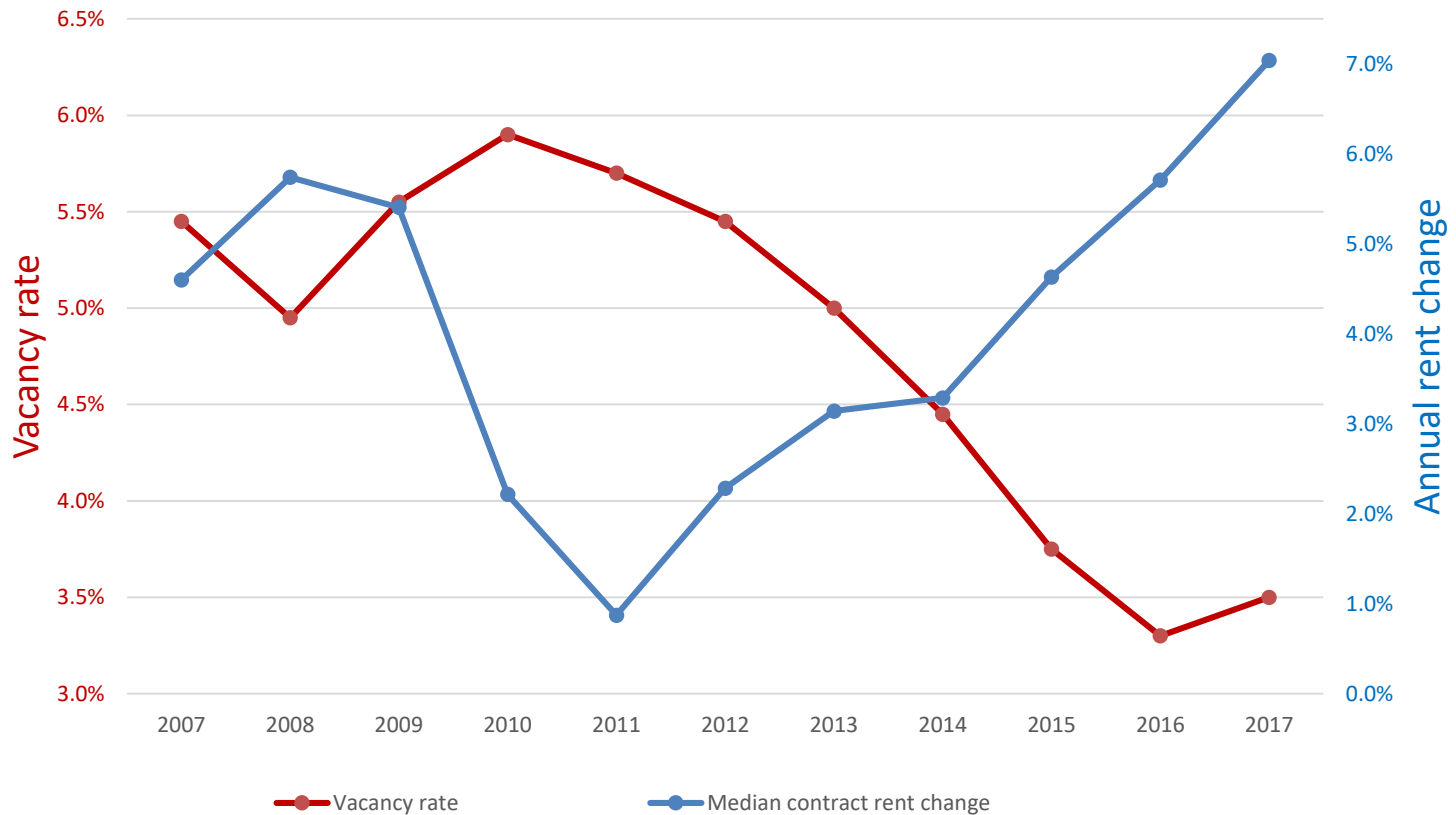
A vacancy rate between 5% and 7% is considered the balanced, or “natural” rate ²

Sources: American Community Survey 1-Year Estimates, Table DP04
 1 – U.S. Census Bureau Vacancy and Homeownership rates by State
 2 - <http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w07-7.pdf>
http://pages.jh.edu/jrer/papers/pdf/past/vol32n04/03.413_434.pdf

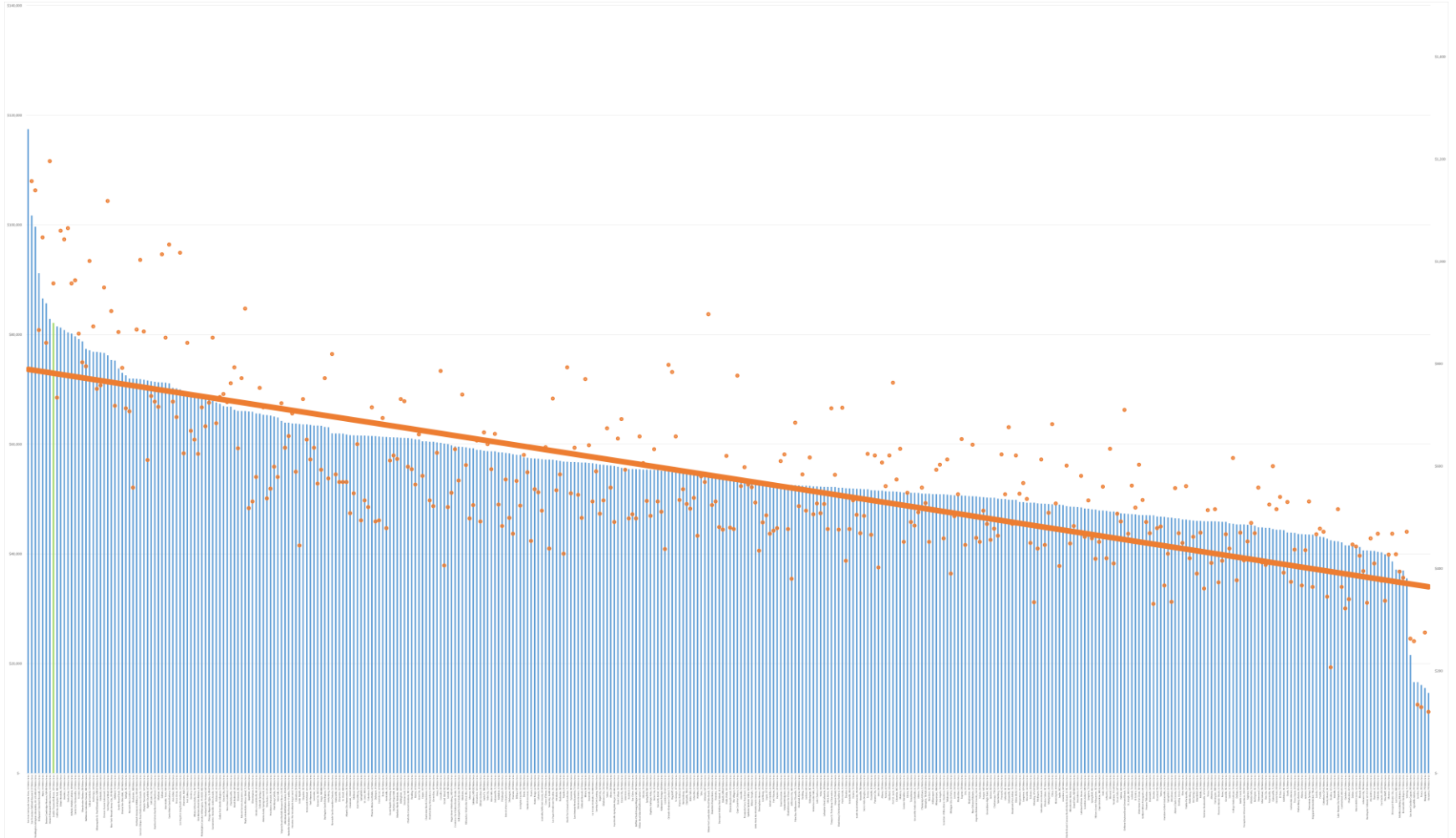


Vacancy rates and rent increases are inversely related

Relationship between vacancies and rents - WA



Higher incomes associated with higher rents – 0.83 correlation all MSAs income vs. lower quartile rents

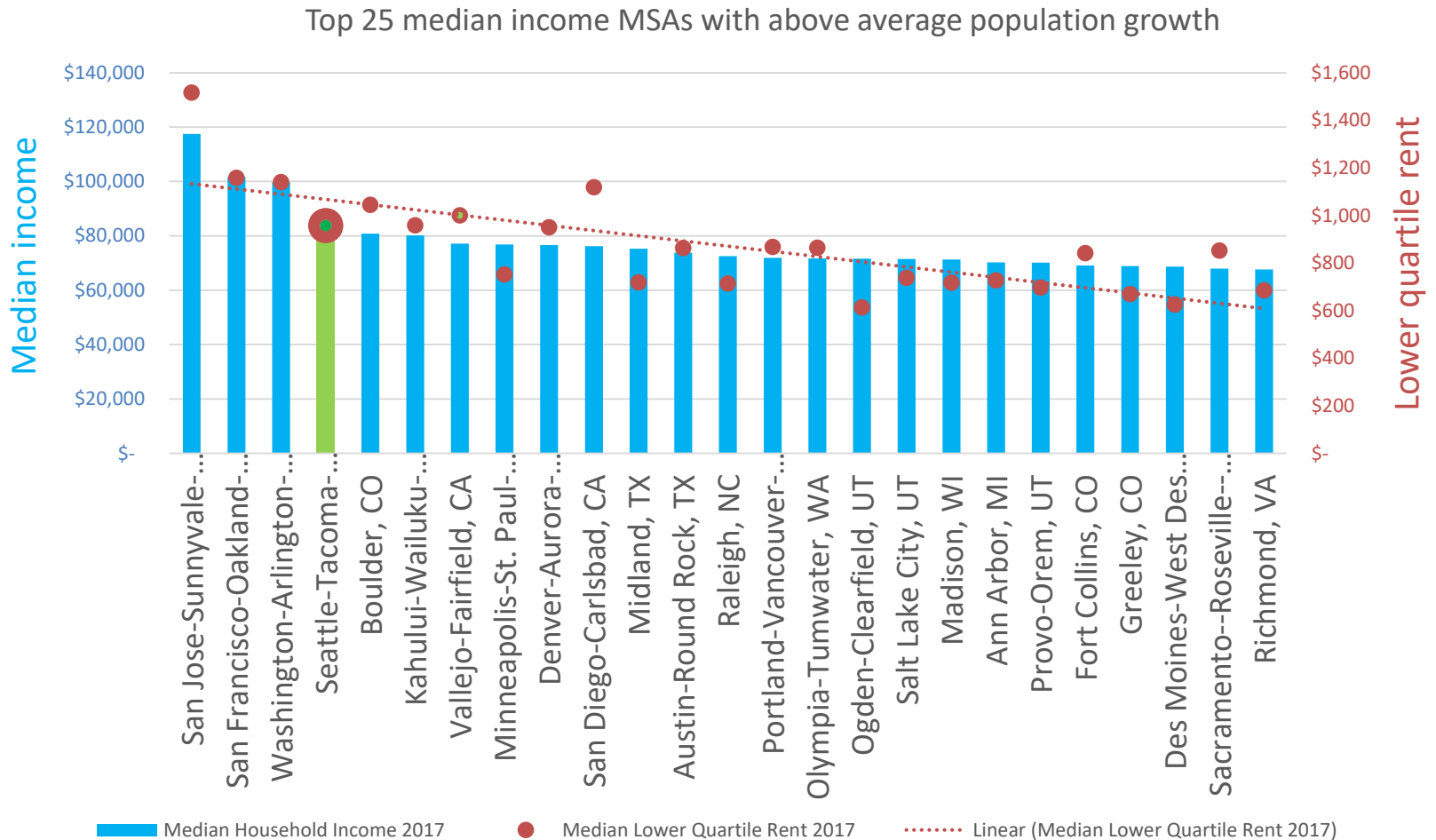


Source: American Community Survey 1-Year Estimates



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Higher incomes associated with higher rents – 0.87 correlation growing high income MSAs

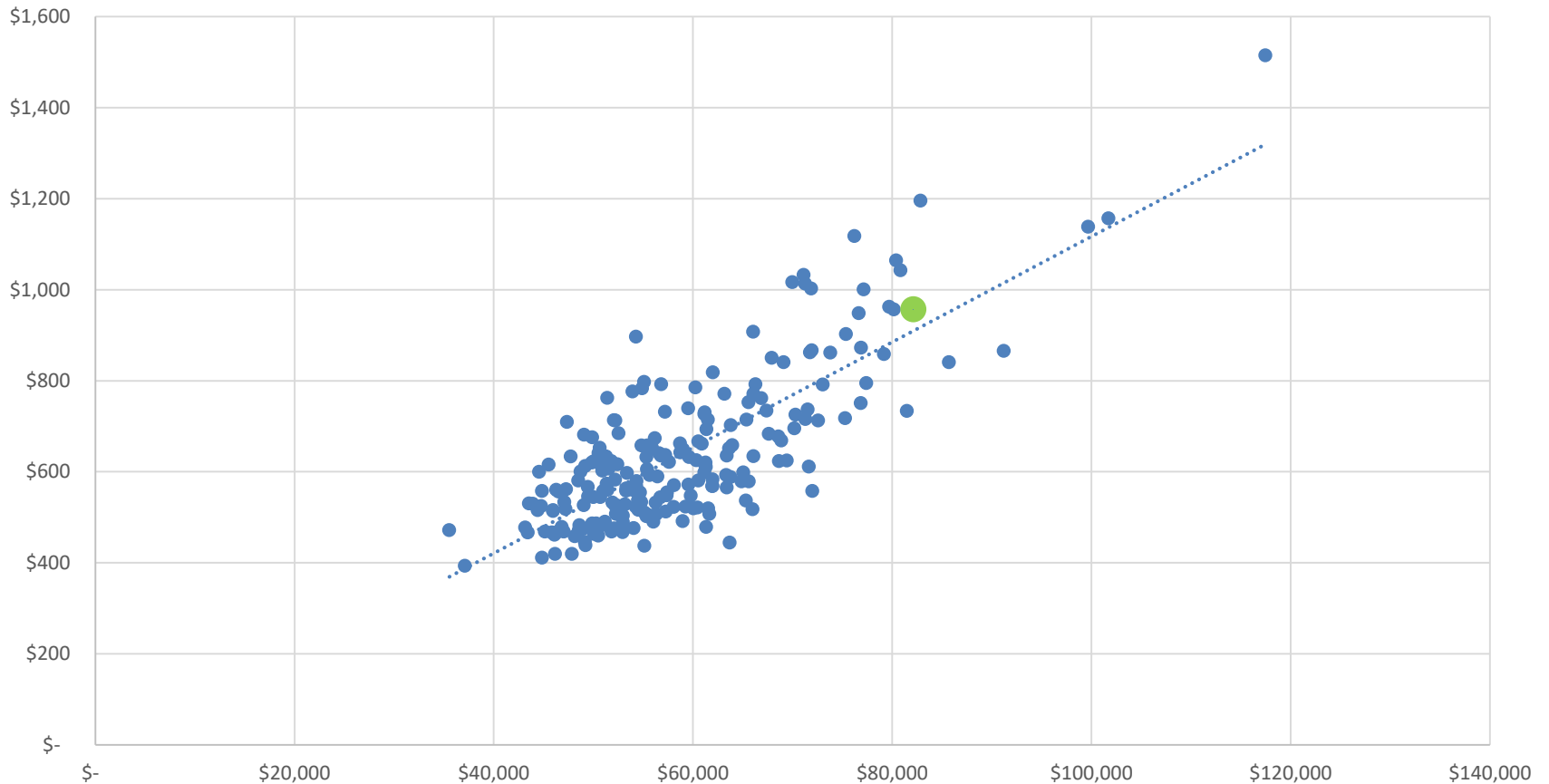


Source: American Community Survey 1-Year Estimates



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Lower quartile rents strongly associated with median incomes – 0.80 correlation above average growth MSAs



Source: American Community Survey 1-Year Estimates, 2017



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Incomes vs. Rents – Differences between lower and higher rent burdened communities

Lower quartile rents as percent of median income among top 50 high income above average growing MSAs

10 Lowest rent burdens

Rochester, MN Metro Area	\$ 71,985	9.3%
Appleton, WI Metro Area	\$ 65,990	9.4%
Ogden-Clearfield, UT Metro Area	\$ 71,629	10.3%
Worcester, MA-CT Metro Area	\$ 69,412	10.8%
California-Lexington Park, MD Metro Area	\$ 81,495	10.8%
Des Moines-West Des Moines, IA Metro Area	\$ 68,649	10.9%
Bridgeport-Stamford-Norwalk, CT Metro Area	\$ 91,198	11.4%
Midland, TX Metro Area	\$ 75,266	11.4%
Bismarck, ND Metro Area	\$ 66,087	11.5%
Greeley, CO Metro Area	\$ 68,884	11.7%

10 Highest rent burdens

Boulder, CO Metro Area	\$ 80,834	15.5%
Vallejo-Fairfield, CA Metro Area	\$ 77,133	15.6%
Santa Rosa, CA Metro Area	\$ 80,409	15.9%
Naples-Immokalee-Marco Island, FL Metro Area	\$ 66,048	16.5%
San Luis Obispo-Paso Robles-Arroyo Grande, CA Metro	\$ 71,880	16.7%
Salinas, CA Metro Area	\$ 71,274	17.1%
Oxnard-Thousand Oaks-Ventura, CA Metro Area	\$ 82,857	17.3%
Santa Maria-Santa Barbara, CA Metro Area	\$ 71,106	17.4%
Los Angeles-Long Beach-Anaheim, CA Metro Area	\$ 69,992	17.4%
San Diego-Carlsbad, CA Metro Area	\$ 76,207	17.6%

Sources:

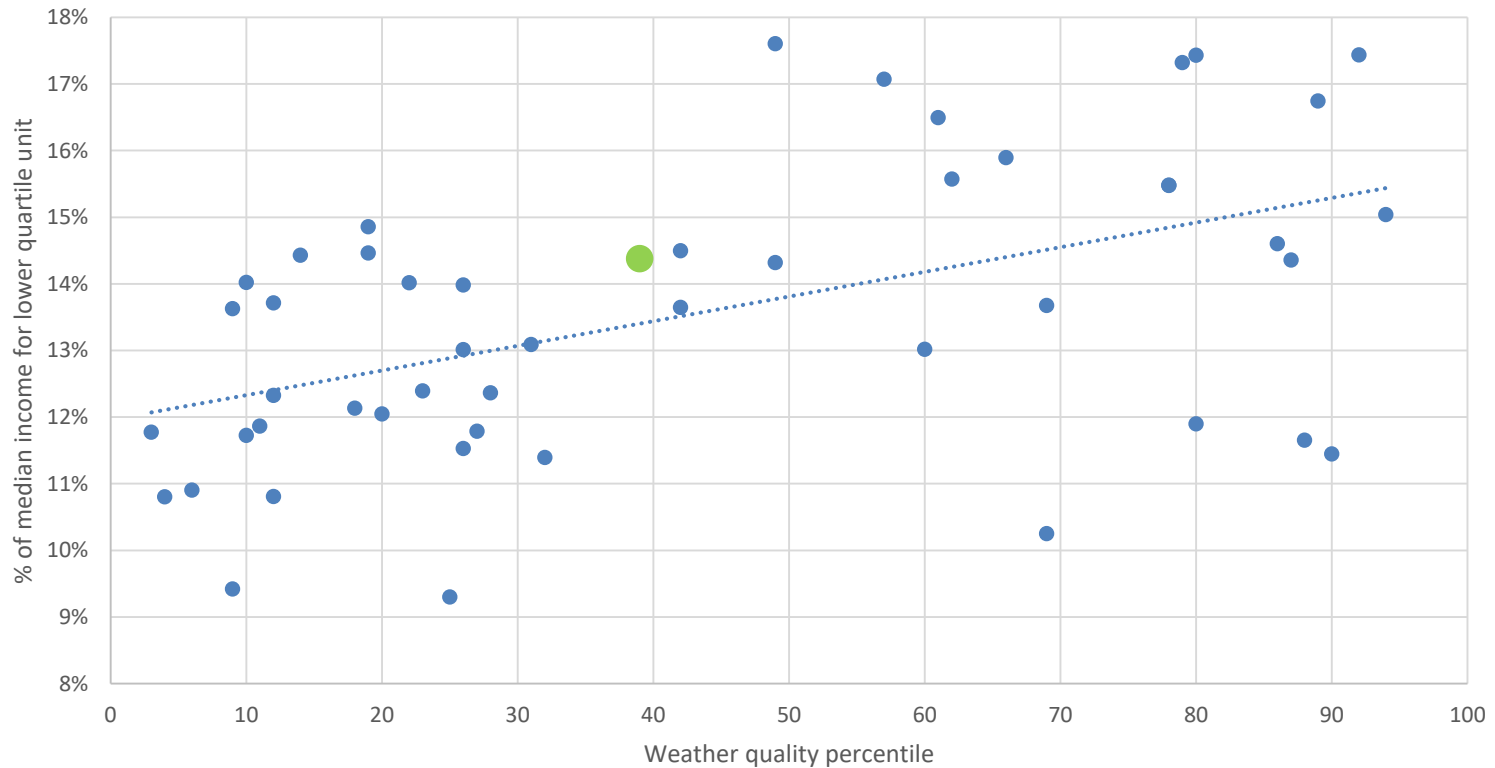
American Community Survey 1-Year Estimates, 2017



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Variation in % of income for rent partially explained by quality of weather: 0.51 correlation

Seattle-Tacoma-Bellevue MSA lower quartile rent +8% higher than would be predicted by quality of weather



Sources:

American Community Survey 1-Year Estimates

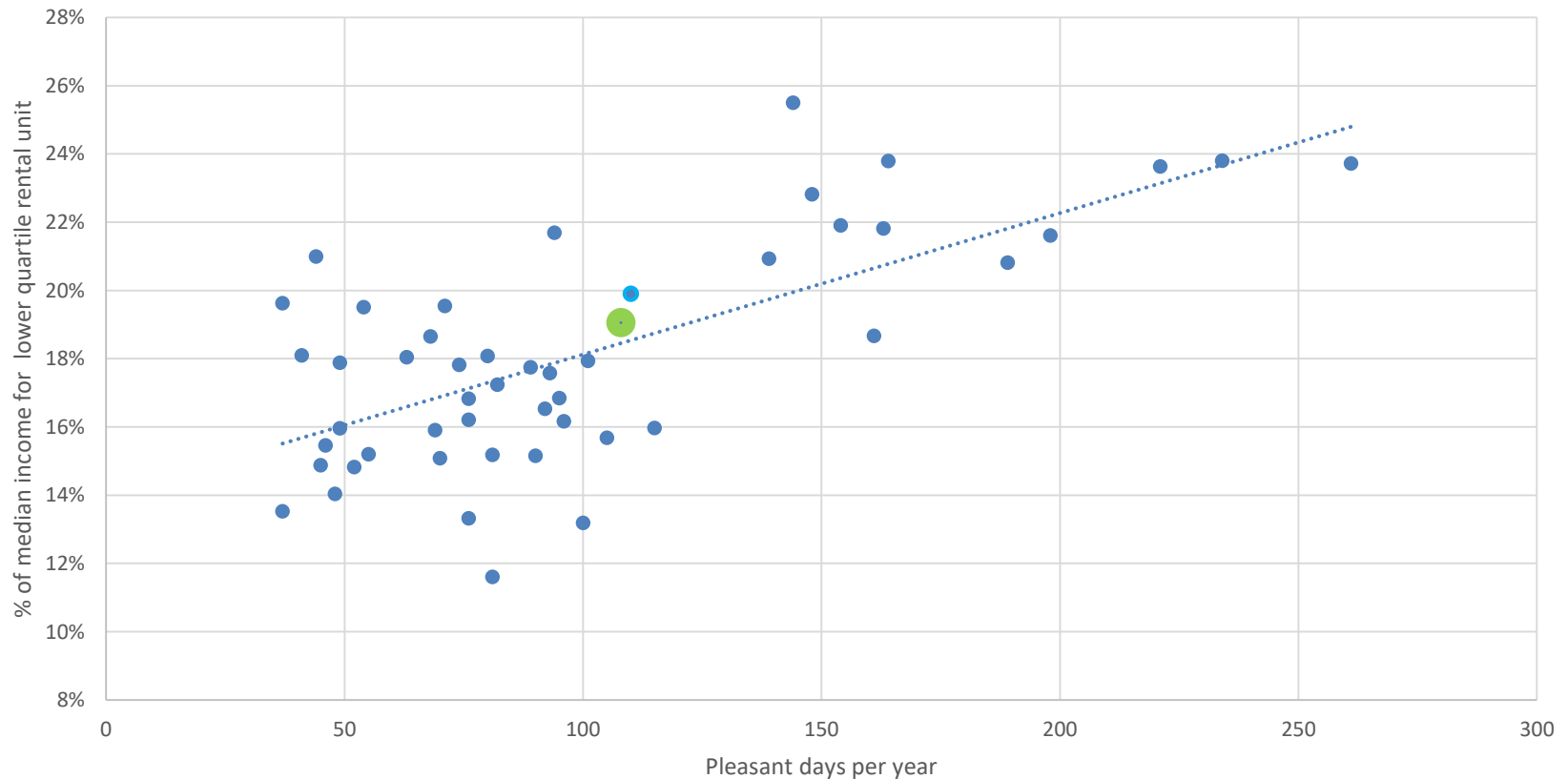
Cities with the best and worst weather, WalletHub, <https://wallethub.com/edu/cities-with-the-best-worst-weather/5043/>



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Variation in % of income for rent partially explained by quality of weather: 0.60 correlation

Seattle-Tacoma-Bellevue MSA lower quartile rent +2% higher than would be predicted by quality of weather



Sources:

American Community Survey 1-Year Estimates

Zillow Pleasant Days, <https://www.zillow.com/research/pleasant-days-methodology-8513/>



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What works to reduce homelessness?



Prediction vs. reality of rents and related homelessness in Washington

Correlation between median rents and homelessness: 0.70

- WA Predicted homelessness based on current median rents: 0.23%
- WA Actual homelessness: 0.29%
- Difference between predicted and actual homelessness: +20%

Correlation between median incomes and median rents: 0.85

- WA Predicted median rents based on median household incomes: \$1,024
- WA Actual median rent: \$1,087
- Difference between predicted and actual median rents: +6%

Prediction vs. reality of rents and related homelessness in Washington



If WA rents matched national income/rent correlation

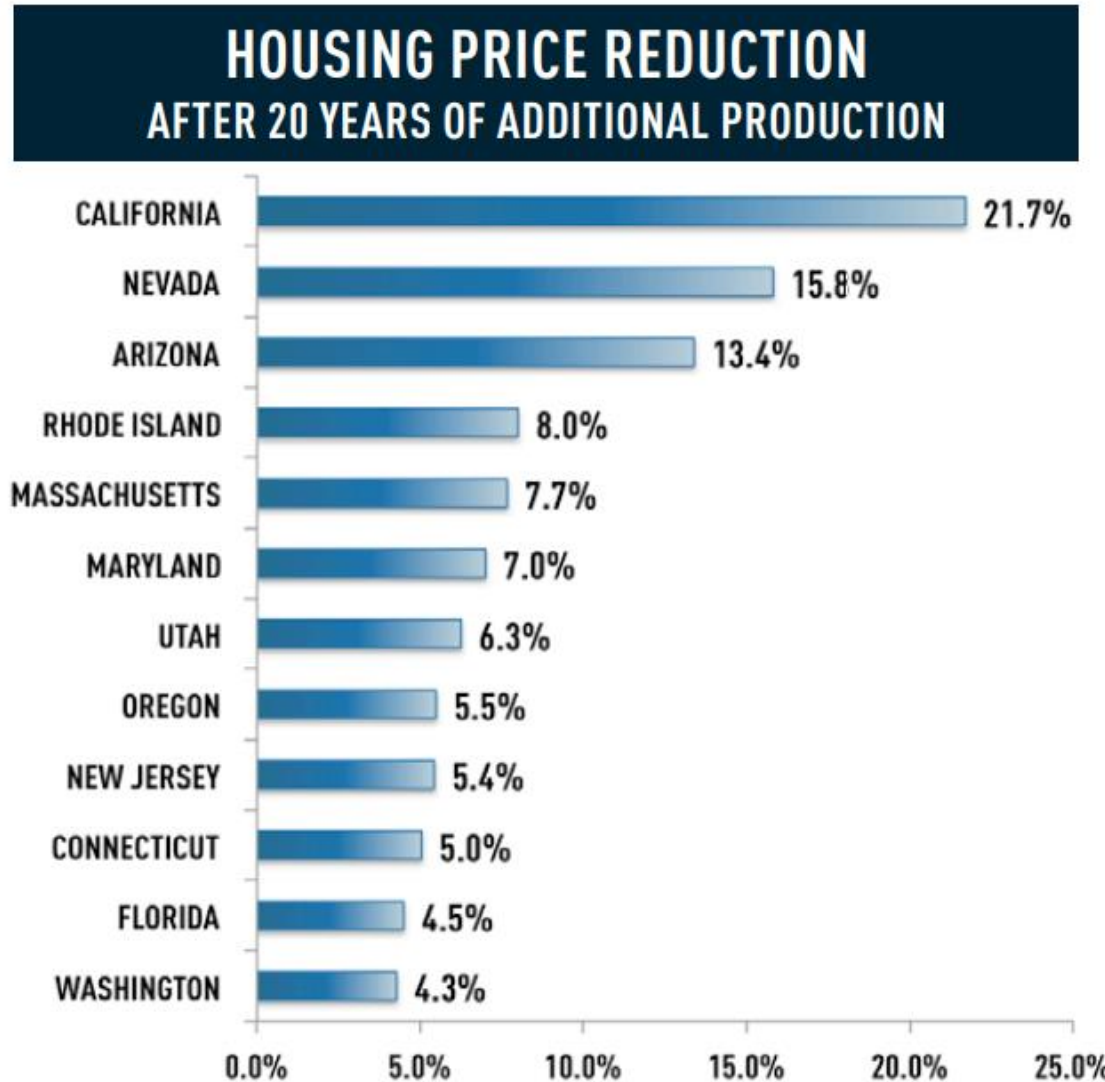
AND

WA homelessness matched rent/homelessness correlation

WA homelessness would be:

- -27%
- 0.21% of population

Model of increased unit production: Housing Prices -4.3%



Source: *Smart Growth* scenario, page 19, https://www.upforgrowth.org/sites/default/files/2018-09/housing_underproduction.pdf

Model of deregulation: Citywide rent -24%

Assuming the following deregulation of midrise development in the City of Seattle:

POLICY	CURRENT CONDITIONS	SCENARIO VALUE
Affordability Level [?]	60% AMI	120% AMI
Mandatory Housing Affordability (MHA) Fees [?]	+\$10 psf	+\$0 psf
Energy Code [?]	Silver	None
Early Community Outreach [?]	2 months	0 months
Design Review [?]	6 months	0 months
Permitting Timeline [?]	8 months	6 months
Floorplate Restriction [?]	12,500 SF	15,000 SF
Open Space Requirements [?]	20%	0%
Parking Requirements [?]	0.7 units/space	0 units/space
Annual Property Tax Increase	4%	0%

Citywide rent one-bedroom unit: \$2,297 -> \$1,743 (-24%)

New mid-rise project rent one-bedroom: \$2,460 -> \$2,127 (-14%)

Model of “incremental pro-housing polices”: Citywide rent -6%

Assuming the following deregulation in the City of Seattle:

FIGURE 5: SCENARIO – INCREMENTAL PRO-HOUSING POLICIES

Rent Shift		-8%	(\$190)
CURRENT CONDITIONS RENT		\$2,460	POLICY SHIFTS
Parking Costs	-\$10		Parking ratio reduced from 0.7 to 0.5 spaces per apartment
Open Space Requirements	-\$36		15% Open Space Requirement (from 20%)
State Real Estate Excise Tax	-\$9		No Real Estate Excise Tax at sale (from 1.3%)
Annual Property Tax Increase	-\$42		2% Annual Tax Increase (from 4%)
MHA Fees	-\$5		MHA fees reduced to \$6 psf (from \$10)
Timeline Cost	-\$88		6 month total permitting process (from 18 months)
RESULTING RENT		\$2,270	

Citywide rent one-bedroom unit: \$2,351 -> \$2,209 (-6%)
 New project rent one-bedroom: \$2,460 -> \$2,270 (-8%)

Model of “incremental pro-housing polices”: Citywide rent -6%

“What community should we emulate to get low rents?”

Houston and Dallas are often offered as examples, but their lower quintile rent/median income ratios are 13.1% and 13.2% respectively.

King-Snohomish-Pierce lower quintile rents are 14.0%, or \$957/month.

13.1% in King-Snohomish-Pierce would be \$890/month (-6%, -\$60; about one year of rent inflation).

What works: Subsidized housing for low income households

Permanent subsidized housing (vouchers or facility based) for low-income households:

- ~\$8,000 per household/per year
- Prevents 74% of homelessness (12.5% -> 3.3%)
- Not an effective use of limited homeless housing resources

Source: Vouchers for low income families reduced being families from becoming unsheltered or living in temporary homeless housing by 74% (12.5% -> 3.3%). No significant long impact on employment and earnings. Change over five years.
<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.530.3116&rep=rep1&type=pdf>.



What works: Short-term rent assistance for people at-risk of being evicted

- 76% decrease: (2.1% -> 0.5%)
- ~\$33,000 per household prevented from becoming homeless
- Not an effective use of limited homeless housing resources

Source: Vouchers for low income families reduced being families from becoming unsheltered or living in temporary homeless housing by 74% (12.5% -> 3.3%). No significant long impact on employment and earnings. Change over one year.
<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.530.3116&rep=rep1&type=pdf>.

...the finding in more depth

“We find that those calling when funding is available are 76% less likely to enter a homeless shelter....

For our main sample, fund availability led to a...1.6-percentage point decrease in the probability of entering a shelter within 6 months.”

People who did not receive prevention admitted to shelter within six months of calling: 2.1%

People who did receive prevention admitted to shelter within six months of calling: 0.5 %

76% decrease: $(2.1\% - 1.6\%)/2.1\% = 76\%$

Numbers from a study of a homeless prevention program in Chicago: *The impact of homelessness prevention programs on homelessness*, Science,

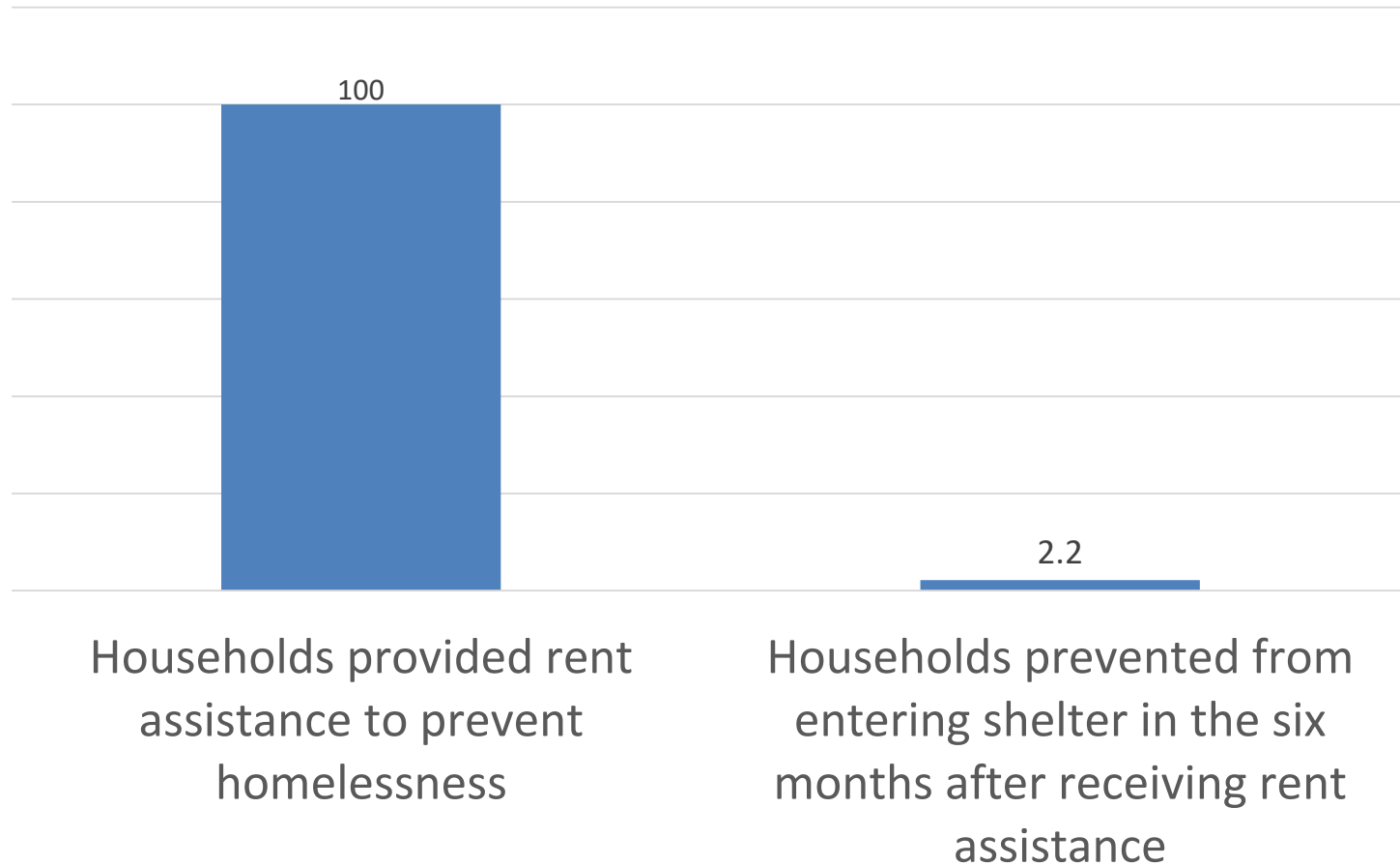
August 12, 2016, Volume 353

<https://nlihc.org/sites/default/files/Impact-of-homelessness-prevention.pdf>



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Homelessness prevention: 2.2% effective at reducing entry into shelter



Numbers from a study of a homeless prevention program in Chicago: *The impact of homelessness prevention programs on homelessness*, Science, August 12, 2016, Volume 353
<https://nlihc.org/sites/default/files/Impact-of-homelessness-prevention.pdf>

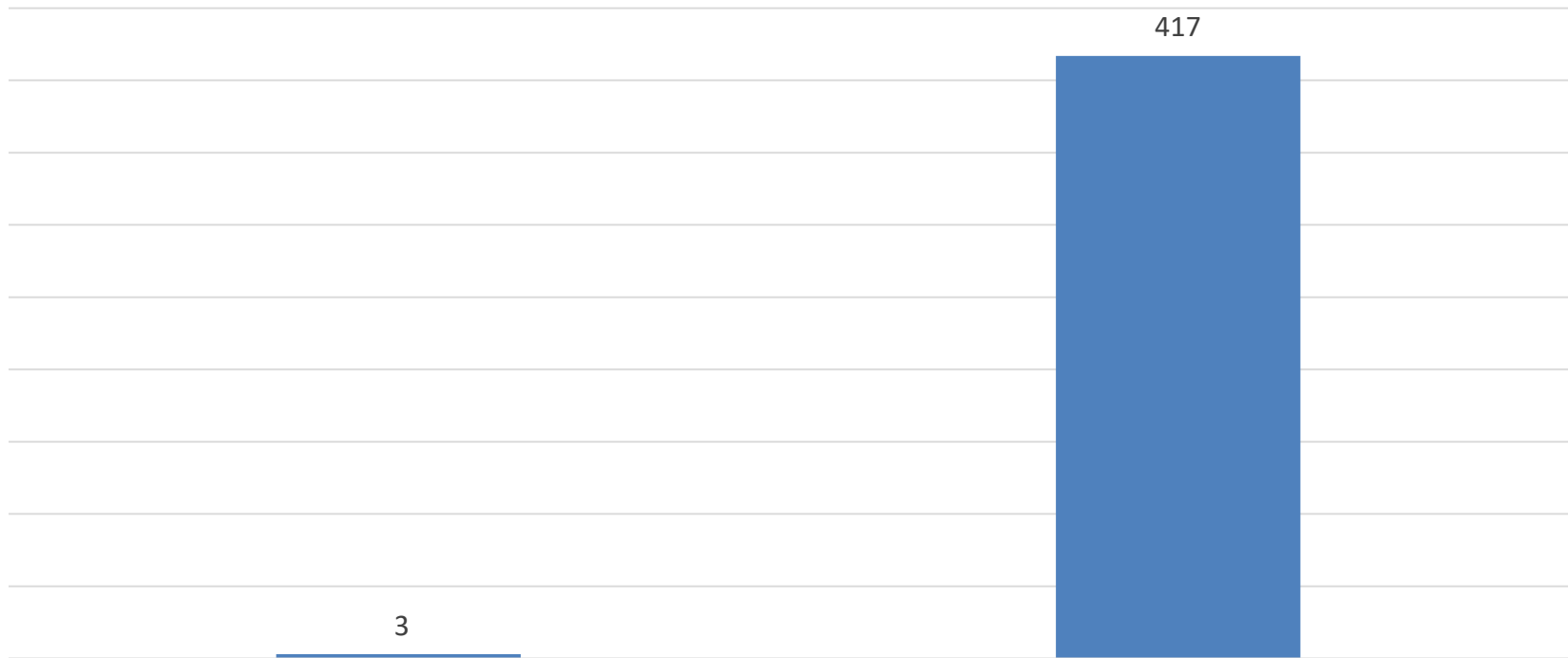


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Cost to prevent one household from entering shelter: \$33,000

Cost to shelter one household: \$2,400

Results of spending \$100,000 on...



Prevention: 3 households prevented from entering shelter

Shelter: 417 households sheltered

Numbers from a study of a homeless prevention program in Chicago: *The impact of homelessness prevention programs on homelessness*, Science, August 12, 2016, Volume 353
<https://nlihc.org/sites/default/files/Impact-of-homelessness-prevention.pdf>



Be wary of research abstracts

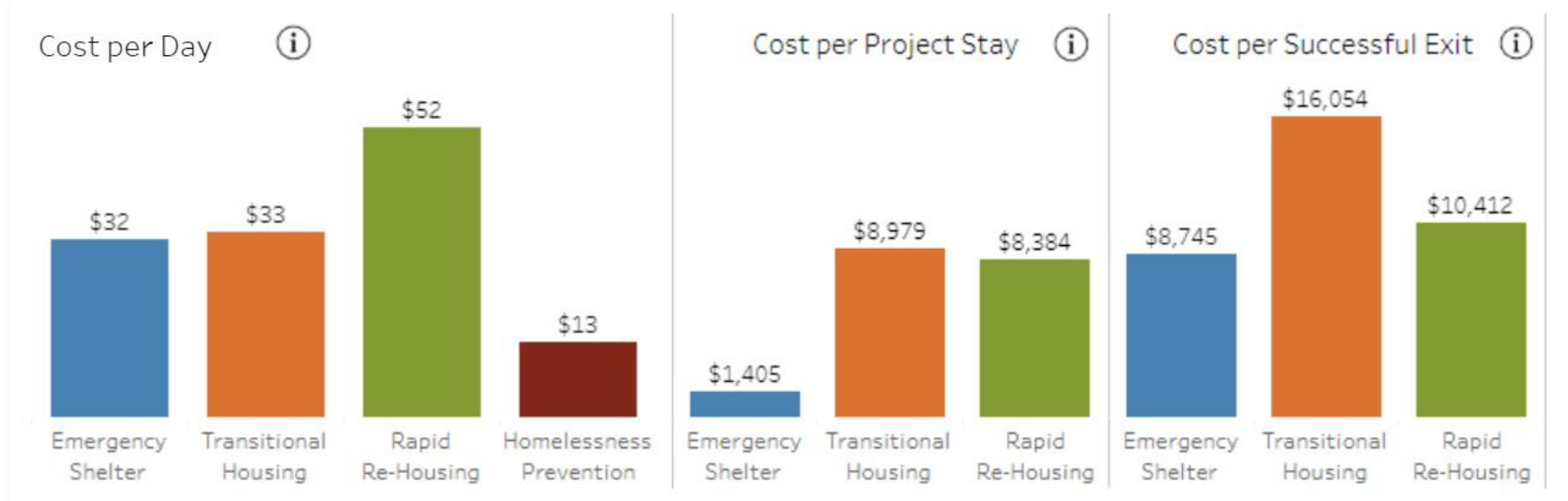
Abstract

“Despite the prevalence of temporary financial assistance programs for those facing imminent homelessness, there is little evidence of their impact. Using data from Chicago from 2010 to 2012 ($n = 4448$), we demonstrate that the volatile nature of funding availability leads to good-as-random variation in the allocation of resources to individuals seeking assistance. To estimate impacts, we compare families that call when funds are available with those who

call when they are not. **We find that those calling when funding is available are 76% less likely to enter a homeless shelter.** The per-person cost of averting homelessness through financial assistance is estimated as \$10,300 and would be much less with better targeting of benefits to lower-income callers. The estimated benefits, not including many health benefits, exceed \$20,000.”



What works: Temporary housing or rent assistance for people who are unsheltered



Source: WA Homeless Report Card 2019
<https://public.tableau.com/profile/comhau#!/vizhome/WashingtonStateHomelessSystemPerformanceCountyReportCardsSFY2018/ReportCard>



What works: Permanent supportive housing



Some (not most) people living unsheltered need behavioral health and other supports to remain stably housed (a subsidy alone is not sufficient)

- 77% to 96% remain housed

Source: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3969126/>
<https://www.rand.org/blog/rand-review/2018/06/supportive-housing-reduces-homelessness-and-lowers.html>



King County vs. places with extensive subsidized housing or shelter

	% unsheltered	vs. King County	Unsheltered	Population
King County	0.24%		5,288	2,189,000
London	0.02%	-91%	3,103	14,187,146
Germany	0.06%	-74%	52,000	83,000,000
Dublin	0.01%	-96%	128	1,345,402
Australia	0.03%	-89%	6,314	24,600,000
New York	0.04%	-82%	3,675	8,623,000

What does not apparently meaningfully reduce homelessness

- Increasing earned income through **welfare to work, work training, employment navigation** – Does increase earned income ¹
- **Treatment for behavioral health illnesses** such as substance use disorders and depression – Does reduce use/dependence ² - May help a person retain subsidized housing
- Housing linked to more intensive **services intended to improve self-sufficiency** ³

Sources:

1 - The most successful welfare to work program in the study increased annual income from by \$374 per year (page 137)

No program produced a positive reduction in participants living in “Other housing,” which includes temporary housing and homelessness (page 189)

https://www.mdrc.org/sites/default/files/full_391.pdf

2 - Treatment for major depression increased lifetime earnings by \$1,523 (about +\$51 in annual earnings assuming 30 years of work post treatment).

<http://www.wsipp.wa.gov/BenefitCost/Program/494>

The multi-site adult drug court evaluation: The impact of drug courts, Urban Institute, Justice Policy Center. “We found no differences in the rates of homelessness and in the average level of interest in receiving housing services between the drug court and comparison groups. These results remained stable between the 6- and 18-month marks.”

<https://www.urban.org/sites/default/files/publication/27381/412357-The-Multi-site-Adult-Drug-Court-Evaluation-The-Impact-of-Drug-Courts.PDF>

Washington State Medication Assisted Treatment – Prescription Drug and Opioid Addiction Project, Preliminary Outcomes through Year Two, April 2019

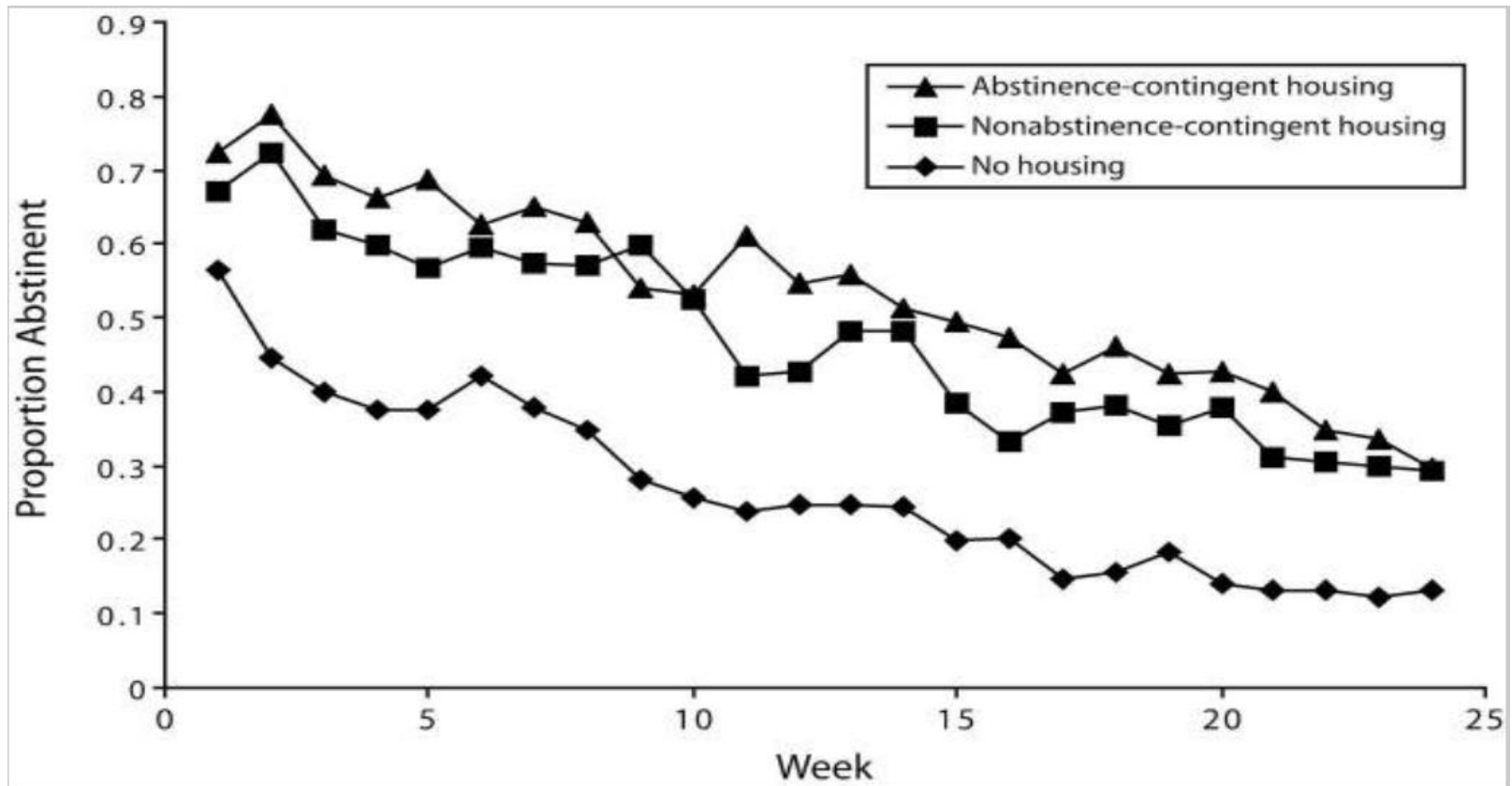
<https://www.dshs.wa.gov/sites/default/files/SESA/rda/documents/research-4-102.pdf>

3 - Family Options Study 3-Year Impacts on Housing and Services Interventions for Homeless Families, October 2016, page 72.



What does not apparently meaningfully reduce dependence

Abstinence-contingent housing:



What does not apparently meaningfully reduce homelessness

Treatment tied to the threat of incarceration for non-participation (Drug Courts):

Reduces at 18th month:

- Any drug use 17 percentage points (28% vs. 45%)
- Serious drug use by 8 percentage points (17% vs. 28%)
- Heavy alcohol by 10 percentage points (13% vs. 23%)
- Heroin use by 0% (2% vs. 2%)

No significant improvement in:

- Employment rates
- Income
- Depression
- Homelessness



What does not apparently meaningfully reduce homelessness

Medication assisted treatment for opioid use disorder:

- Does not significantly reduce homelessness or housing instability

Source: Washington State Medication Assisted Treatment – Prescription Drug and Opioid Addiction Project, Preliminary Outcomes through Year Two, April 2019 <https://www.dshs.wa.gov/sites/default/files/SESA/rda/documents/research-4-102.pdf>





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