

How Safe Is Orange County's Safety Net?

The Housing Component

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Summary

During March-April 2010, the Center for Community Engagement at California State University organized a series of focus groups and a town hall forum on the topic of Orange County's Safety Net. There were four specific areas of focus: health, hunger, employment, and housing. This white paper addresses the housing component and is intended to stimulate discussion among stakeholders who attended the town hall forum and other interested parties.

Introduction

A social safety net consists of the institutional arrangements developed by public and private sector organizations intended to protect vulnerable members of society from falling below some specified level of deprivation. Community standards generally determine minimally acceptable outcomes. In the context of housing, one socially unacceptable outcome is homelessness. We define this term below. It is widely recognized that homelessness, in addition to the personal suffering of the homeless themselves, imposes a variety of social costs including increased law enforcement costs, emergency response services, and hospital admissions, to name just a few. Rapidly rising homelessness in the 1980s shocked Americans and today, roughly 25 years later, the task of housing the homeless still falls primarily on a multitude of nonprofit organizations with limited governmental support¹. In addition to housing the homeless, such organizations must also attend to their many personal problems, often including mental illness and/or substance abuse.

Broadly speaking, a safety net involves programs to facilitate cash transfers, food-based assistance, price subsidies, reduced or waived fees for health care, schooling, utilities, and other household expenses for those who are unable to afford such services at market

¹ The Stewart B. McKinney Homeless Assistance Act of July 1987 (PL 100-77) marked the entrance of the federal government into homelessness policy. The McKinney Act originally consisted of fifteen programs providing a range of services to homeless people, including the Continuum of Care Programs: the Supportive Housing Program, the Shelter Plus Care Program, and the Single Room Occupancy Program, as well as the Emergency Shelter Grant Program (source: www.hud.gov).

prices. In the context of housing, this traditionally has meant a continuum of care, range from cash transfers to prevent evictions from existing housing, emergency shelters, transitional housing, and long-term permanent low-income housing solutions.

Homelessness Defined

According to federal guidelines, a person is considered “homeless” when he or she lacks a fixed, regular, and adequate nighttime residence and sleeps in places such as:

(1) cars, parks, campgrounds, sidewalks, railroad tracks, alleys, storm drains, freeway underpasses, abandoned buildings, etc.; (2) emergency shelters; or (3) transitional housing for homeless persons who originally came from the streets or emergency shelter.

Causes of Homelessness

Since the dramatic increase in the number of homeless in the 1980s, a number of research studies have addressed the topic of homelessness. See, for example, Honig and Filer (1993), O’Flaherty (1995), Quigley, Raphael, and Smolensky(2001), or Quigley (2006). One explanation proposed is that that growing income inequality between the rich and the poor has been a contributing factor to the increasing homelessness in California. Another important economic factor that has been shown to affect homelessness is the relationship between rental housing rates and household income. As the disparity between rents and incomes (i.e., as rents move higher relative to incomes), homelessness tends to increase. Unemployment, of course, has the effect of curtailing income and, while rents have fallen slightly in Orange County recently, they are still high by most standards². According to the 10-Year Plan for Ending Homelessness, the most important risk factor for becoming homeless is acute poverty, defined as having household income of less than 50% of the federal poverty level. This translates to annual earning of less than \$5,295 for an individual or less than \$8,265 for a 3-person family. There were about 124,756 such

² According to RealFacts, an apartment data provider, the average rent at large apartment buildings in Orange County fell to \$1,534 per month in the second quarter of 2009, a drop of about 4.1% from the second quarter of 2008. Apartment occupancy decreased from 95.9% in the second quarter of 2008 to 92.4% in the second quarter of 2009. Average rents range from a low of \$1,233 in Stanton to a high of \$1,835 in Newport Beach.

households in Orange County as of the 2000 Census; an increase is anticipated when 2010 figures become available.

Many economists view homelessness as principally an income problem and often recommend expansion of Section 8 housing vouchers as an important policy prescription. In addition, policies to increase the inventory of rental housing affordable to very poor low-income households is an obvious, if difficult to implement, solution.

Size of the Homeless Population in Orange County

Given their lack of a fixed, regular residence, estimating the size of the homeless population is inherently difficult. Nevertheless, the most recent estimate of Orange County's homeless population is 8,333 persons (Orange County, 2009). A significant fraction is chronically homeless and a considerable number suffer from mental illness, substance abuse, or other disabilities.

Focus Group Discussion

This small group meeting was held on March 29, 2010 and attended by a small number of representatives of local government and nonprofit homeless service providers. These organizations share the responsibilities providing services to the homeless population in the region. Participants noted a lack of overall coordination and increasing gaps in the system due to a lack of resources. While a number of agencies have developed successful intervention programs to prevent homelessness and build self-sufficiency among at-risk population, most do not have resources to expand and face long lead times for grant funding. Most discussion participants seemed to support the relatively new concept of "rapid re-housing", an approach that does not require aid recipients to transition through the entire continuum of care prior to receiving support services.

Based on calls to the 2-1-1 referral service³ (recently as high as 12,000 calls in a one month period), increased needs seem apparent, largely due to the increase in unemployment produced by the recent recession and the elevated level of foreclosures of both owner-occupied and renter-occupied housing⁴. However, we do not seem to have good data on the number and trends in the nature of homeless in the region. Initiatives to better track aid recipients and program outcomes are needed. Utilization of university research capabilities to create databases and evaluate program outcomes may be an appropriate level of involvement for institutions such as Cal State Fullerton.

The Town Hall Meeting

A town hall meeting including service providers and representatives from government agencies was convened on April 6, 2010. Coordinators from the focus groups reported results of those discussions and attendees had the opportunity to ask questions. In addition, highlights of the Ten Year Plan to End Homelessness were presented.

The Ten-Year Plan

Adopted by the Orange County supervisors in January 2010, the Ten-Year Plan to End Homelessness ("the Plan") is currently in draft form with public comments invited. Among other things, the plan creates an administrative and oversight structure (including the hiring of an Executive Director) to implement plan proposals.

The plan envisions a "...comprehensive system of housing and services, proportionate to the need... to end homelessness." The *Plan* proposes a "*blended approach*" that provides housing combined with polices to prevent people from becoming homeless. Implementation will continue to require collaboration among "several hundred non-profit agencies subsumed under ... share the responsibilities providing services to the homeless population in the region".

³ 2-1-1 Orange County, a nonprofit organization, provides comprehensive information and referral system that links residents to community health and human services agencies.

⁴ Lenders frequently evict tenants from rental properties (as well as owner-occupants) post foreclosure.

While a multifaceted approach is probably required to address the homelessness problem broadly, the most obvious strategy is to increase the stock of adequate housing accessible to the very poor.

Conclusions

Homelessness remains a significant social problem and even relatively affluent communities such as Orange County are not immune. At its core, the problem is acute poverty and very low-income among the homeless, who also tend to disproportionately suffer from other personal and social problems. The recent economic downturn, especially the increased rate of unemployment among those with limited job skills, has probably exacerbated the problem. A wide range of committed nonprofit organizations work with the homeless population and a Ten-Year Plan to End Homelessness has recently been adopted by local government. Better information, coordination, and leadership, as well as financial resources, appear required as the plan moves to the next stage.

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