



## **Homelessness and Economic Recovery**

*December 2008*

Congress and the incoming Obama Administration are planning to develop an economic recovery bill to boost the economy and relieve suffering. Reports indicate that it will cost between approximately \$500 billion and \$1 trillion over 24 months. Work is being done on the recovery package right now, and it is crucial that Members of Congress hear from their constituents about the need to prevent increases in homelessness that are likely to result from the recession.

The Alliance and other housing and homelessness groups are proposing a three-prong, \$15.6 billion measure to help prevent homelessness and increase affordable housing. Our recommendations\* are to include:

**\$2 billion for homelessness prevention.** Funding would be used to provide housing search assistance, short- or medium-term rental assistance, relocation funding, security and utility deposits, mortgage payments, rent payments, and case management to prevent and end homelessness. It would be distributed by formula to the jurisdictions that receive Emergency Shelter Grants funding and would serve approximately 200,000 households per year for two years.

**\$10 billion for the National Housing Trust Fund.** The Trust Fund primarily develops housing affordable to people with extremely low incomes. Funding would be prioritized to assist projects that are already in the pipeline but stalled because of the financial crisis and to projects that support local Ten Year Plans to End Homelessness.

**\$3.6 billion for 400,000 Section 8 vouchers.** The housing choice vouchers would serve people who are homeless or at risk of homelessness.

*\*All of these strategies are backed by research and reflect state of the art solutions to prevent and end homelessness.*

### **Needs Assessment:**

Based on projections of the rise in poverty over the course of this recession (approximately 7-10 million additional people)<sup>1</sup> and the relationship between poverty and homelessness (approximately 1 in 10 people living in poverty become homeless over the course of a year),<sup>2</sup> homelessness could rise by about 800,000 people each year for the next two years.

This potential surge in homelessness can be offset by adding capacity to house 800,000 additional people (400,000 households) each year through a combination of housing vouchers (200,000 per year), and homelessness prevention funding (200,000 households per year).

In addition to meeting emergency needs, communities have been developing housing to meet the goals of their Ten Year Plans to End Homelessness. Many of these developments have been stalled because of the financial crisis. A \$10 billion appropriation for the National Housing Trust Fund would get these projects back on track, and it would help make progress on ending homelessness by reducing the large gap between the number of extremely low-income households and the number of units of housing affordable to them.

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<sup>1</sup> Sharon Parrott, Center for Budget and Policy Priorities: See <http://www.cbpp.org/11-24-08pov.htm>.

<sup>2</sup> Martha Burt, Urban Institute: See <http://www.urban.org/toolkit/fivequestions/MBurt.cfm>