

Upfront

A Question of Targeting **Are housing subsidies reaching the most needy?**

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LOW-INCOME HOUSING

A Question of Targeting

Are housing subsidies reaching the most needy?



Conventional wisdom holds that without subsidized housing, more families would end up on the street. But a study published last January in the *Journal of Urban Economics* claims that the number would be less than experts think – and that the subsidies need to be redirected to the poorest of the poor. “If we changed that, it would make a big difference,” said Southwestern University economics professor Dirk Early.

His study, “The Determinants of Homelessness and the Targeting of Housing Assistance,” focuses on the causes of homelessness and the role that subsidized housing plays in reducing it. Early analyzed data from 1996 federal government surveys of homeless-assistance providers and the clients who use their services, and low-income people who had places to

live. The survey covered 22 metropolitan areas, and examined housing costs and availability; age, race, income, gender, education, and veteran status were among the numerous demographic variables considered.

Based on this data, Early constructed a model that calculated an individual’s probability for homelessness. The model identified race, gender, and age, along with income, as primary variables associated with homelessness. These results matched those of a similar study by Early based on 1987 data. Using the model, Early then compared the predicted probability for being homeless of those who are actually homeless with those who are in subsidized housing. He found that those who are actually homeless had twice the predicted risk of homelessness as those people who

are in subsidized housing. This suggests that housing authorities could have better directed support toward those at a higher risk of homelessness. Right now, a family of four may qualify for federally subsidized housing if its total gross income does not exceed \$18,200, but the median income of a homeless family is \$5,000. To Early, these results indicate that the income limits should be lowered to help those most in need.

“If you took the highest-income folks out of subsidized housing and said,

‘You’re on your own,’ those folks are not going to be homeless,” Early said. “If our concern is homelessness, then give those subsidies to those households that are more likely to be homeless.”

Donald Whitehead Jr., executive director of the National Coalition for the Homeless, a nonprofit advocacy group in Washington, D.C., said he has mixed feelings about the report. “I think that he is exactly right when he says that income levels should be lowered to address the needs of the poorest of the poor,” Whitehead said. “I disagree with the notion that people who lost Section 8 (subsidized housing) would not end up homeless.”

—Andrew Nelson