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ARE PUBLICLY FINANCED HOUSING AND HOMELESSNESS LINKED?

Evidence from Over 150 Large U.S. Metros and 9 International Case Studies

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EXECUTIVE SUMMARY

Why does the severity of the contemporary homelessness crisis vary so sharply across U.S. metropolitan areas? Lay explanations, implicating everything from differences in law enforcement to weather to social service provision to poverty to rental housing costs, abound. But data-driven examinations are scarce. Those that do exist have converged on metro differences in rental housing affordability as a key explanation, while conceding that other untested factors may be implicated.

In this study, we propose and test the hypothesis that metro differences in the availability of federally-subsidized public housing units may supplement rental housing affordability in explaining divergence in metro rates of homeless residents. Public housing diverges from private housing, which are dwellings owned by private companies or individuals that may be leased out to renter households. Public housing units are owned, or heavily subsidized in some way by, a government entity. In the U.S. context, both federal and local governments typically play a role, the former by providing the bulk of financial resources, the latter by administering programs that oversee each type of public housing available in their jurisdictions through local housing authorities.

There are three key types of federally-subsidized public housing in the United States. *Traditional public housing* is the most well-known, referring to public housing units that are owned outright and managed by government entities. *Section 8 project-based subsidized housing* is another type of public housing, one in which units' development is heavily subsidized by the federal government, but the units are ultimately developed, owned, and managed by a private company or individual, not the government. In exchange for the subsidy, these private entities are required to lease their subsidized units out to low-income households at below-market rents. Although traditional public housing and Section 8 project-based subsidized housing units entail distinct forms of government involvement (i.e., development/ownership/management in the former case versus subsidies to private investors in the latter), they are both categorized as supply-side interventions because they encompass government investments that directly increase the supply of housing units within a given market.

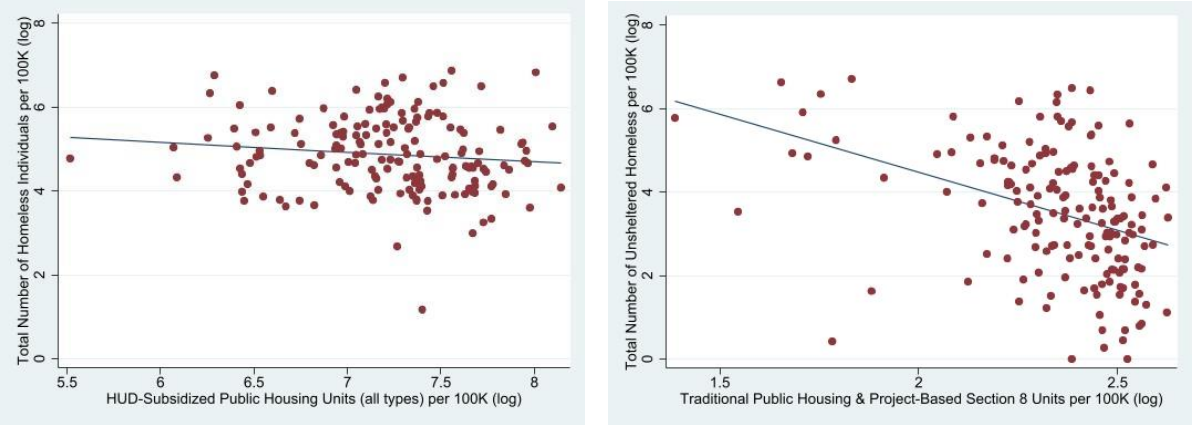
Housing Choice Vouchers, on the other hand, entail the government subsidizing a portion of households' rent payments to a private landlord, without any involvement in directly owning and managing– or subsidizing the development of– specific housing units. Because the vouchers have no direct impact on housing supply through the construction of specific units, but instead bolster individual households' ability to afford existing housing units largely of their choice, voucher programs are considered a demand-side intervention.

Public housing investments— whether in the form of traditional public housing, Section 8 project-based housing, or vouchers— may render rental housing more affordable and in turn mitigate housing instability and homelessness within a given metro. Beyond these affordability benefits, public housing units of each type may also play a crucial role in reducing homelessness by more effectively serving the housing needs of the highest-risk individuals. These individuals may struggle to navigate the private housing market due to unstable employment and income, prior evictions, criminal justice involvement, low credit scores, ethnoracial minority background, a mental or

physical disability, or some combination thereof. It follows that, *all else equal, metros with more federally-subsidized public housing units (adjusted for the metro's population) exhibit lower rates of homelessness.*

As an initial test of this hypothesis, we use two sources of data collected and disseminated by the U.S. Department of Housing & Urban Development (HUD): Point-in-Time (PIT) Homelessness Counts and the HUD Picture of Subsidized Housing. The former counts the total number of homeless individuals (disaggregated by unsheltered or sheltered), and the latter quantifies the total number of federally-owned or subsidized housing units (disaggregated by traditional public housing, project-based Section 8 housing units, and tenant-based housing choice vouchers), measured in a standardized manner by year and by metropolitan area. We use these data to generate average population-adjusted publicly-financed housing and homelessness estimates across the 2017-2020 time period and then produce scatterplots, and associated bivariate correlations, based on these variables. Doing so enables us to gauge whether metros with relatively high (/low) population-adjusted publicly-subsidized housing units tend to exhibit relatively low (/high) population-adjusted numbers of homeless residents.

As the figures below reveal, the core hypotheses are supported. Metros with higher levels of publicly-financed housing exhibit lower rates of homelessness; this negative association appears considerably stronger when linking unsheltered homelessness rates to metro-level concentrations of supply-side public housing investments (i.e., traditional public housing or Section 8 project-based units). The association attenuates when focusing only on Housing Choice Vouchers.



Scatterplots capturing (a) relationship between metro-level public housing units and total homeless and (b) metro-level combined traditional public housing and project-based section 8 units and unsheltered homelessness rate.

These results suggest that supply- and demand-side public housing interventions may not be equally effective in reducing homelessness; the former appears to be more strongly linked to lower homelessness rates than the latter is. Why might this be the case?

Recent research highlights several important limitations of demand-side, voucher-based interventions that could hamper their effectiveness, when compared to supply-side programs. First, *administrative burdens* may preclude individuals at the highest risk of homelessness from completing

necessary paperwork, fulfilling stringent program requirements, and successfully interfacing with the public housing authority that administers the voucher program to select a qualifying private market unit. Second, in tight rental housing markets, a *limited supply of qualifying private market units* may limit recipients' ability to identify appropriately priced units that fit their preferences. Third, even if a qualifying private market unit can be identified, *hesitation among some landlords* when it comes to renting to voucher-holders may further constrain voucher programs' impacts. This hesitation may reflect concerns about the extensive paperwork and lengthy inspection processes the program requires or business-based considerations when voucher-holder rental applicants exhibit eviction histories or low credit scores or eviction histories. Although landlord decision-making based purely on voucher-holding status (i.e., source of income) is now outlawed in several jurisdictions, it may persist. Together, these challenges could explain why such a large portion of recipients cannot successfully lease up with their vouchers.

Although some of these frictions, like administrative burdens, may also hamper the effectiveness of supply-side interventions in reducing homelessness, the challenges are likely less acute. Accessing traditional public housing and project-based subsidized units is not contingent on market pricing dynamics and landlord decisions in the same way vouchers are; administrative burdens may also be more manageable when the private market is bypassed.

We then move beyond the U.S. context to reexamine our core hypothesis, examining international data across nine developed countries with robust private housing markets. As the table below reveals, the size of the traditional public housing sector varies sharply across countries– but not in a way that clearly aligns with rates of homelessness. Variation in the quantity and costs of housing market production, as well as income-adjusted housing cost burdens, does not map tightly to variation in homelessness rates, either. The devil may thus be in the details: similar types of interventions may vary in effectiveness based on differences in program design and the institutional context in which they are implemented.

	Homeless as % of total population	**Social rental dwellings as % of total**	**Rent control policies**	**% of all dwellings completed in last year**	**% of total population spending >40% income on mortgage, rent**
U.S.	0.18%	3.60%	Yes, local	1.0%	11%
Australia	0.48%	4.40%	Yes, local	1.8%	7%
Austria	0.25%	23.60%	Yes, national	1.6%	5%
Netherlands	0.23%	34.10%	Yes	0.9%	6%
Denmark	0.11%	21.40%	Yes, national	1.0%	15%
Finland	0.07%	10.00%		1.3%	8%

Norway	0.07%	4.00%		0.9%	8%
Japan	0.00%	3.20%	Yes, national	1.5%	8%
Hong Kong	0.00%	28.50%	Yes, national		

Cross-national comparison of key homelessness and housing market measures.
(Source: OECD Affordable Housing Database.)

The case of Finland, which dramatically reduced its homelessness concentration in recent decades, reinforces this point. Finland has pursued expansive government investments in demand-side interventions (i.e., housing allowance) for a broad swath of low-income households, and the program's effectiveness may reflect key design features that minimize administrative burdens, maximize the types of dwellings eligible for support, and mitigate landlords' hesitations to participate. Crucially, these investments are pursued alongside a suite of more targeted "Housing First" interventions encompassing eviction prevention/housing advisory services, conversions of shelters to rentable accommodation, and expanded provision of permanent supportive housing.

Integrating insights from the Finland case and the U.S.-based data analyses, we conclude that America's current approach to government-subsidized housing– marked by substantial investments in Housing Choice Vouchers— is unlikely to substantially reduce homelessness. Two paths emerge as more promising. The first entails reinvesting in supply-side interventions like traditional public housing and Section 8 project-based subsidies that avert some of the thorny challenges plaguing voucher programs' implementation. The second entails substantially modifying the Housing Choice Voucher program in ways that mitigate its administrative burdens, unit eligibility constraints, and landlords' lack of participation. These paths are not mutually exclusive; they can be pursued simultaneously and should be pursued alongside rapid and robust expansion of existing "Housing First" programs that serve those at highest risk of housing insecurity. Together, a reinvested portfolio of traditional public housing and project-based subsidies, reformed design of voucher programs, and expanded "Housing First" programs may enable U.S. metros to finally turn the tide on homelessness.

FULL REPORT

Homelessness has emerged as a national crisis, but its severity varies sharply across U.S. metropolitan areas. Visitors to cities that have thrived in the twenty-first century, like Seattle, San Francisco, and Los Angeles, are much more likely to encounter outdoor encampments than are visitors to declining Rust Belt cities, like Detroit or Cleveland. Explaining this regional variation is a crucial line of inquiry because it could elucidate the root causes of, and potential solutions to, a seemingly intractable social problem.

However, efforts to do so remain nascent. Instead, lay theories for metro variation in homelessness abound. For example, the media and politicians have implicated everything from differences in law enforcement to weather to social service provision to poverty to rental housing costs. Most of these explanations have received limited– if any– empirical scrutiny.

That is beginning to change. The emergence of datasets tracking standardized homeless counts– most notably, the U.S. Department of Housing & Urban Development's annual Point-in-Time (PIT) count data for Continuums of Care (CoCs)– has played a crucial role.[1] [2] A handful of recent studies have linked these data to city- or county-level measures hypothesized to shape homelessness and assessed the strength of the correlation between them and city/metro PIT count estimates, the latter of which proxy the severity of homelessness in a given year.

One of the most comprehensive efforts of this sort is captured in the recently published book, *Homelessness is a Housing Problem*, by Gregg Colburn and Clayton Page Aldern.[3] The authors examine myriad theories that have been offered to explain regional differences in homelessness severity (e.g., weather, social service generosity). As the book's title suggests, the variables that are most strongly associated with a given area's homelessness PIT count are related to housing costs– specifically, rental costs. This finding echoes those from other analyses that examine explanations for variation in homelessness rates across regions and over time. Notably, Maria Hanratty's rigorous longitudinal study, which uses data from 2007 and 2014 and spatial fixed effects to examine how *change* in rental housing costs within a given metro shapes *change* in homelessness rates, finds that rental housing costs are indeed a plausibly causal driver of homelessness.[4]

Although these studies and others make a strong case that metropolitan differences in rental housing costs likely contribute to differences in homelessness rates, it is unlikely that this is the full story. For example, the strongest correlation Colburn and Clayton estimate – which links city/county homelessness rates to median contract rents (both in 2019) – suggests differences in the

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[1] The Point-in-Time (PIT) count quantifies the number of sheltered and unsheltered people experiencing homelessness on a single night in January. Sheltered homeless are required to be counted every year, and unsheltered homeless are required to be conducted at least every other year.

[2] The Continuum of Care (CoC) is designed to assist individuals and families experiencing homelessness through service through strategic coordination of services. The CoC is also responsible for creating standards for needs assessment and resource allocation.

[3] Colburn, G.; Aldern, P. (2022). Homelessness is a Housing Problem. University of California Press.

[4] Hanratty, M. (2017). Do Local Economic Conditions Affect Homelessness? Impact of Area Housing Market Factors, Unemployment, and Poverty on Community Homeless Rates, Housing Policy Debate, 27:4, 640-655, DOI: 10.1080/10511482.2017.1282885

latter only explains 25% - 55% of the variance in the former. It follows that other metropolitan features beyond rental housing costs are likely implicated.

The Potential Explanatory Role of Publicly-Financed Housing

What other factors may matter? In this study, we propose that metro-level differences in the population-adjusted number of publicly-financed housing units could explain a portion of metro variation in homelessness rates. Publicly-financed housing plausibly places downward pressure on homelessness rates not only by reducing rental housing costs for metro markets as a whole (i.e., by increasing the supply of affordable housing). It may also be uniquely equipped in serving the housing needs of the most marginalized individuals at the highest risk of homelessness. These individuals may struggle to navigate the private housing market due to unstable employment and income, checkered housing or criminal histories, low credit scores, ethnoracial minority background, a mental or physical disability, or some combination thereof.[5] If the publicly-financed housing sector can stably house these vulnerable individuals more effectively than the private housing sector can, then this type of housing may play a distinctively important role in reducing homelessness. It follows that, *all else equal, metros with more publicly-financed housing units (adjusted for the metro's population) may exhibit lower rates of homelessness.*

What is publicly-financed housing?

Public housing often conjures images of large, high-rise buildings in inner-city neighborhoods. The contemporary reality is more complex. There are several types of publicly-financed housing in the United States. HUD distinguishes between three different types: traditional public housing; Housing Choice Vouchers (HCVs); and Section 8 project-based housing. These three types of interventions are designated as either supply-side or demand-side interventions.

Supply-side public housing: Government investments that directly increase the supply of units within a given housing market, whether by developing, owning, or managing the units themselves or by heavily subsidizing private entities to do so, are considered supply-side interventions. There are two key types of supply-side interventions in the United States: traditional public housing and Section 8 project-based housing. According to HUD's website, "**traditional public housing** comes in all sizes and types, from scattered single-family houses to high rise apartments for elderly families… HUD administers Federal aid to local housing agencies (HAs) that manage the housing for low-income residents at rents they can afford. HUD furnishes technical and professional assistance in planning, developing, and managing these developments."[6]

[5] Krysan, M.; Crowder, K. (2017). Cycle of segregation: Social processes and residential stratification. Russell Sage Foundation.

[6] U.S. Department of Housing and Urban Development (HUD) (2021). HUD's Public Housing Program. https://www.hud.gov/topics/rental_assistance/phprog

Section 8 project-based housing units also entail the federal government providing resources to expand the supply of affordable housing. However, rather than fully funding the construction, rehabilitation, and/or operation of the buildings and then administering them in partnership with local housing authorities, the federal government's intervention is more indirect. It typically comes in the form of a subsidy to private owners of pre-specified (rather than tenant-identified) housing units. In exchange for the subsidy, the private landlords are required to rent these units in the privately-owned developments to low-income families. The Housing Authority of the City of Los Angeles (HACLA) further clarifies Section 8 project-based interventions: "...under the program, the rental assistance is tied to specific units in specific buildings… and the tenants' portion of the rent while assisted… will never be higher than 30% of their monthly income."[7]

Demand-side public housing: Demand-side interventions, like **Housing Choice Vouchers**, entail the federal government providing financial resources to households, helping them afford market rents– rather than directly funding the construction or subsidization of particular housing units. This more flexible arrangement enables participants to choose any housing that meets the requirements of the program rather than requiring participants to live in specific housing units funded or subsidized directly by the federal government. The ultimate recipient of the voucher is a private landlord, who is paid directly by public housing agencies (PHAs); in exchange for receiving the voucher, the landlord is responsible for providing a suitable housing unit. According to HACLA, "During their first year of tenancy, the rent portion can be 30% to 40% of the [Section 8 voucher holder's] monthly income. After the first year, the portion of the rent can increase higher than 40% if the total contract rent is greater than the current voucher payment standard."[8] HUD's Housing Choice Voucher program serves more than five million Americans within two million households.[9]

Which type of publicly-financed housing might reduce homelessness most effectively?

Theoretical predictions regarding which type of public housing might be expected to place the strongest downward pressure on metro homelessness rates are not immediately clear. If the primary mechanism by which public/subsidized housing matters is by reducing pressure on housing markets and, in turn, reducing rental housing costs, then it may not matter whether the intervention operates via the supply-side (i.e., by expanding the supply of affordable units) or demand-side (i.e., by reducing demand pressure in the private market).

However, recent research highlights several important limitations of voucher-based subsidies that could hamper their effectiveness within U.S. metropolitan areas. First, *administrative burdens* may preclude the highest-risk individuals from completing necessary paperwork, fulfilling stringent requirements, and working with the public housing authority that administers the voucher program to select a qualifying private market unit. Second, in tight rental housing markets, a *limited supply of qualifying private market units* may limit recipients' ability to identify appropriately priced units that fit their preferences. Third, and relatedly, even if a qualifying private market unit could be identified,

[7] HACLA. (2023). Project-Based Voucher Program (PBV) Desk Guide. https://www.hacla.org/en/about-section-8/homeless-initiatives/project-based-vouchers

[8] Ibid.

[9] U.S. Department of Housing and Urban Development (2019). Picture of Subsidized Households, https://www.huduser.gov/portal/datasets/assthsg.html.

hesitation among some landlords when it comes to renting to voucher-holders– especially those with particular homelessness risk factors (e.g., low credit scores, criminal justice histories)– may further constrain voucher programs' effectiveness in reducing homelessness.

These barriers are likely interrelated. For example, burdensome administrative requirements of the voucher program, in the form of extensive paperwork and inspections, may contribute to landlords' reluctance to participate in it.[10] Further, in supply-constrained markets, landlords may enjoy access to a larger renter applicant pool that contains households perceived to be lower-risk tenants compared to some voucher-holders, diminishing the relative likelihood of voucher-holders' applications being accepted. If risk-based assessments that end up disadvantaging voucher-holder applicants are based on credit or eviction histories, then it is likely legal and arguably reflects prudent business decision-making. If, however, voucher-holders are disproportionately rejected by certain landlords due to perceptions of risk based merely on their source of income (including use of a voucher) or their race/ethnicity– then that subset of landlords may be engaging in discriminatory and illegal behavior.

Together, the challenges of administrative burdens, constrained housing supply, and landlord reluctance that afflict the voucher program may explain why only ~60-65% of voucher recipients in Los Angeles County are able to successfully lease up with vouchers. Although some of these frictions, like administrative burdens, may hamper the effectiveness of supply-side interventions in reducing homelessness, as well, these challenges are likely to be less pronounced given that unit availability is not reliant on pricing dynamics and landlord decisions. Administrative burdens may also be more manageable when the private market is bypassed and public housing authorities function as the landlord rather than as a mediator between households and private market landlords.

These considerations undergird our study's core hypotheses, which are summarized below:

H1: Metropolitan areas with higher proportions of their housing units that are subsidized by the federal government – whether in the form of traditional public housing, Housing Choice Vouchers, or project-based Section 8 – exhibit lower concentrations of homeless residents.

H2: When types of federally-subsidized public housing are disaggregated, it is the intensity of supply-side investments (i.e., housing units that are within the traditional public housing sector or that receive project-based Section 8 subsidies) that are most closely linked to lower concentrations of homelessness.

DATA & METHODS

Testing the hypotheses above requires data tracking (a) the total number of homeless individuals and (b) the total number of federally-owned or subsidized (i.e., public housing) housing units, measured in a standardized manner by year and by metropolitan area. Two sources of publicly-available data collected and disseminated by HUD enable the linking of data on (a) and (b) together: the HUD Point-in-Time Counts and the HUD Picture of Subsidized Housing, respectively.

These two datasets are constructed using distinct geographies, with the HUD PIT Counts data organized by Continuum of Care (CoC) and the HUD Picture of Subsidized Housing data

[10] Bergman, et al. (2024). "Creating Moves to Opportunity: Experimental Evidence on Barriers to Neighborhood Choice." American Economic Review.

structured by Core-Based Statistical Area (CBSA), which is analogous to a metropolitan area. We opt to harmonize the former's geographic unit to the latter's – CBSA – so that we can assess how metropolitan area homelessness rates vary by metropolitan areas' number of publicly-financed housing units.

Geographically rescaling the HUD PIT Counts measured at the CoC level to the CBSA level requires several steps, the first of which entails identifying which U.S. counties are encompassed by each CoC and CBSA. We use a CoC to County geographic crosswalk to shift from *CoC*-level to *county*-level total PIT counts.[11] We then aggregate the PIT counts for all counties within a given CBSA to generate a total PIT count for all U.S. CBSAs for which data are available. Thus, total PIT counts and total subsidized housing units are both aggregated at the CBSA level. They are then adjusted by the total CBSA population to create ratios of homelessness and publicly-financed housing to the total metro population. These total CBSA populations are drawn from the U.S. Census Bureau.[12]

For our core analyses, we focus on CBSA-level values of PIT counts and total subsidized housing units, as well as total population, *averaged across the years 2017 through 2020*. We focus on this period because it precedes the COVID-19 pandemic period; PIT counts typically take place in January, and the count was suspended in 2021 within many CoCs due to the challenges of counting during the height of the pandemic. Moreover, the data for each CBSA-level variable are more complete during these years than they are in previous years (i.e., 2007 through 2016).

Our analytic sample consists of all CBSAs that are designated as a metropolitan (as opposed to a micropolitan) area, and for which: a CoC could be linked; a valid PIT-based homelessness count was available on the HUD website during one or more of the years 2017-2020; and a valid estimate of publicly-subsidized housing was available on the HUD website during one or more of the years 2017-2020. 168 U.S. CBSAs fit these parameters and constitute our core analytic sample of metropolitan areas.

Measures of Homelessness and Publicly-Financed Housing Concentration

The core dependent variables of interest capture the rate of homelessness within a given metropolitan area, based on the CBSA-level PIT count estimates. The HUD-provided PIT count data enable us to disaggregate homelessness rates by *sheltered* versus *unsheltered* homelessness, so we use three variants of homelessness concentration for our core analyses: (1) *sheltered* homelessness; (2) *unsheltered* homelessness; and (3) *total* homelessness, which encompasses the sum of (1) and (2).

We follow prior studies and estimate rates of unsheltered, sheltered, and total homelessness that are adjusted by the local area's total residential population. Concretely, we quantify *the mean number of sheltered, unsheltered, and then total homeless individuals per 100,000 metro residents (logged)* during the years 2017-2020 for every metro area for which an estimate is available in this timeframe. Using the

[11] Tomhbyrne. (2018). Tomhbyrne/HUD-COC-Geography-Crosswalk. GitHub. https://github.com/tomhbyrne/HUD-CoC-Geography-Crosswalk

[12] US Census Bureau. (2023). Metropolitan and Micropolitan Statistical Areas Population Totals: 2020-2022. Census.gov. https://www.census.gov/data/tables/time-series/demo/popest/2020s-total-metro-and-micro-statistical-areas.html

mean (i.e., average) value of this variable helps "smooth" out the estimates, minimizing the potential effects of idiosyncratic shifts in PIT counts that could be reflected by a range of factors, including extreme weather events or methodological errors in particular years. Logging the value helps reduce the distortionary effects of outliers.

The primary independent variable captures the number of publicly-subsidized housing units within a given metro, based on the CBSA-level HUD Picture of Subsidized Housing data. We harmonize these data to match the geographic unit, timeline, and ratio structure of the unsheltered homelessness concentration dependent variable, so the variable is operationalized as: *the mean number of HUD-identified federally-subsidized public housing units per 100,000 metro residents (logged)* during the years 2017-2020 for every metro area for which an estimate is available in this timeframe. As noted above, we create four versions of this independent variable; one aggregates traditional public housing units, HCV units, and Section 8 project-based units all together; the remaining three variable operationalizations disaggregate this total into its three subcomponents, all of which are averaged across the same 2017-20 timeframe, adjusted for total metropolitan area population, and logged.

Analytic Strategy

This report's core analysis gauges the extent to which metros that are relatively high (/low) in various forms of publicly-subsidized housing units (the independent variable; i.e., traditional public housing, HCV, section 8 project-based) tend to be relatively low (/high) in various forms of homelessness (the dependent variable; i.e. sheltered, unsheltered, total). To this end, we generate scatterplots of various operationalizations of our independent and dependent variable and use these scatterplots to generate bivariate correlations, which estimate the strength of the relationship between the two variables.[13]

It is important to reinforce that correlation does not necessarily imply causation. Even if there is a strong, negative relationship between metros' publicly-financed housing unit and homelessness concentrations, an increase in the former will not definitively yield a decrease in the ladder. Several potential confounding factors may generate a non-causal, negative association. For example, metros that exhibit high concentrations of publicly-financed housing may also tend to have lower housing costs for reasons that have little to do with the existence of publicly-financed housing (e.g., population loss owing to deindustrialization). We do not directly evaluate these possibilities in this study, so confounding factors' effects on the main relationship of interest cannot be ruled out.

[13] Quantitatively estimating the strength of the relationship between two variables, as we do here, typically entails generating a bivariate correlation. Although the calculations used to generate bivariate correlations are complicated, the intuition is straightforward. Bivariate correlations can be captured using the Pearson's coefficient, which ranges from -1 to 1, with 1 indicating that the dependent and independent variables increase in lockstep and -1 indicating that the variables move in lockstep– but in opposite directions. 0 indicates that there is no clear relationship between the two. If higher metro public housing concentration is associated with lower homelessness concentration, then we should see a bivariate correlation between -1 and 0, suggesting that as the former increases, the latter decreases. The closer the Pearson coefficient is to -1, the stronger the relationship is; the closer it is to 0, the weaker it is.

RESULTS

Before turning to the estimated bivariate correlations that capture the relationship between our core variables of interest, we first examine descriptive patterns in publicly-financed housing and homelessness rates across major U.S. metropolitan areas. Starting with the most visible and pernicious form of homelessness– unsheltered homelessness– in a group of large metros that span a wide geographic area and that have received substantial attention prior research, Figure 1 reveals that Los Angeles stands out. During the 2017-2020 period, an average of almost 350 individuals per 100,000 residents were counted as unsheltered homeless in L.A. This rate is more than three times higher than New York's rate of unsheltered homelessness (~100 per 100,000 residents), and the remaining metros exhibit rates that are considerably lower than that, spanning from only ~20 per 100,000 in Philadelphia to ~30 per 100,0000 in Chicago, and ~60 per 100,000 in Houston.

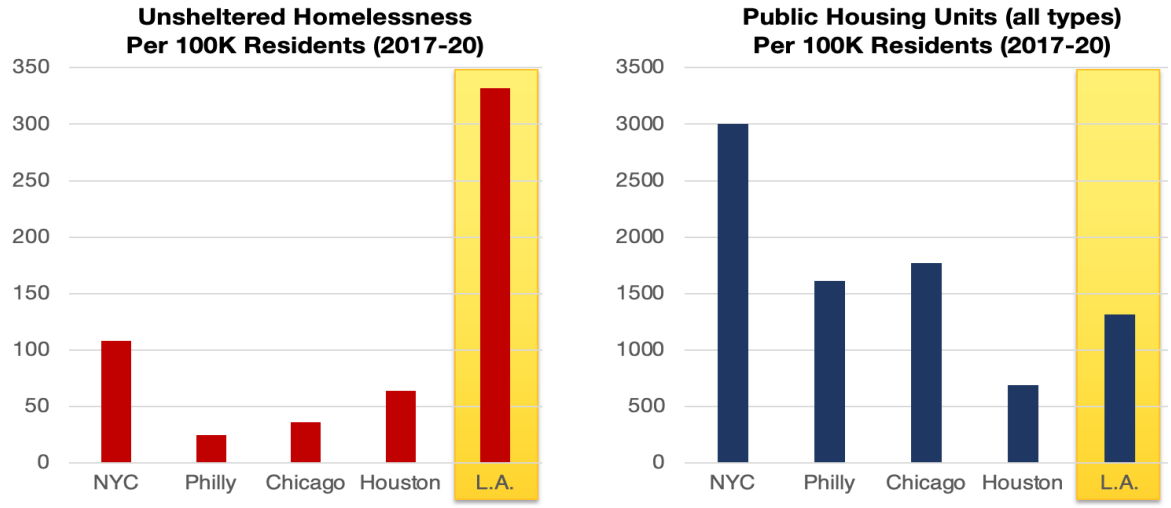

Figure 1. Comparison of Unsheltered Homelessness and Public Housing in Five Major Metros

If differences in publicly-financed housing unit availability plausibly explain a portion of these vast differences in unsheltered homelessness rates, we would expect that L.A.'s publicly-subsidized housing units per 100,000 residents to be relatively low and the concentrations of publicly-financed housing in Chicago and Philadelphia to be relatively high. Indeed, this is the case. L.A. exhibits the second lowest concentration of publicly-financed housing units among the five metros, with ~1,300 HUD-subsidized units per 100,000 residents during the 2017-20 period. Philadelphia and Chicago's analogous rates of subsidized units exceeds 1,500 per 100,000 residents. New York City appears to be an outlier on this metric, with a rate that is more than twice as large as the other four metros.

We next extend beyond these five metros and beyond unsheltered homelessness to examine basic patterns of total homelessness rates (i.e., unsheltered and sheltered separately and combined, per 100K residents) and total publicly-financed housing units per 100K residents in the U.S. metros with the largest populations (see Table 1 below). As expected, large, rich coastal metros exhibit the highest homelessness rates, when combining sheltered and unsheltered together, with New York, Seattle, Los Angeles, and San Francisco topping the list. Populous metros enduring structural

CBSA Name	Total homeless individuals per 100K	Unsheltered individuals pe 100K	Sheltered individuals per 100K	Public housing units per 100K	Unsheltered per 100K as % Total Homeless/100K
New York-Newark-Jersey City, NY-NJ-PA	926	106	820	3004	11%
Seattle-Tacoma-Bellevue, WA	495	300	195	1357	61%
Los Angeles-Long Beach-Anaheim, CA	402	332	70	1319	83%
San Francisco- Oakland-Hayward, CA	355	265	90	1771	75%
Dallas-Fort Worth- Arlington, TX	304	123	181	848	40%
Phoenix-Mesa-Scottsdale, AZ	194	118	76	520	61%
Boston-Cambridge-Newton, MA-NH	167	31	136	2783	19%
Houston-The Woodlands-Sugar Land, TX	128	64	63	688	50%
Chicago-Naperville-Elgin, IL-IN-WI	117	36	80	1770	31%
Washington-Arlington-Alexandria, DC-VA-MD	115	26	89	1318	22%
Atlanta-Sandy Springs-Roswell, GA	109	33	76	1102	30%
Riverside-San Bernardino-Ontario, CA	94	77	17	618	82%
Miami-Fort Lauderdale -West Palm Beach, FL	90	48	42	1251	54%
Philadelphia-Camden-Wilmington, PA-NJ-DE	80	19	61	1611	24%
Minneapolis-St.Paul-Bloomington, MN-WI	75	19	56	1505	25%
Detroit-Warren-Dearborn, MI	45	6	39	1587	13%

decline in the Midwest and Rust Belt like Detroit tend to exhibit considerably lower overall homelessness rates. Note, too, that large metros in the Pacific/Southwest regions exhibit considerably elevated rates of *unsheltered* homelessness. Overall, these broad patterns align with prior research showing that metros with higher housing costs tend to have higher homelessness rates. Sunbelt metros may endure high rates of unsheltered homelessness, in particular.

Table 1. Mean values of key variables (2017-20) for CBSAs with >3.5 MM residents as of 2019.

Do these patterns suggest publicly-financed housing could reduce homelessness rates overall, and unsheltered homelessness, in particular? At first glance, the answer is yes. Despite its

extremely high housing prices, the San Francisco/Oakland metro exhibits lower rates of overall homelessness and unsheltered homelessness than peer metros like Seattle and L.A., perhaps because it has substantially more publicly-financed housing units per 100,000 (1,771 compared to ~1,350). Moreover, Boston, like San Francisco, stands out as a high-cost metro with a relatively low unsheltered homelessness rate, perhaps owing to its extremely high number of public housing units per 100,000 (2,783).

Metro-level Correlations

Next, we analyze the association between publicly-financed housing and homelessness rates among all U.S. metros in our sample. Our first analyses test Hypothesis #1, which posits that metros with more publicly-subsidized housing units (aggregated across traditional public housing, HCVs, and Section 8 housing) per 100,000 residents exhibit lower homelessness rates. We then disaggregate the homelessness rate into *unsheltered* and then *sheltered* components to see if the link to publicly-financed housing changes. The bivariate correlations, estimated using metro-level estimates of each variable averaged over the years 2017-2020 are displayed below:

	Dependent Variables		
Independent Variable	Total homeless per 100K residents	Unsheltered homeless per 100K	Sheltered homeless per 100K
Total publicly-financed housing units per 100K	-0.12	-0.27	0.11

Table 2. Bivariate Correlations between CBSAs' Aggregated Public Housing Units per 100K and Homelessness Rate Outcomes (*N*=168 CBSAs).

The bivariate correlation between total publicly-financed housing units and total homeless residents (both per 100K metro residents) is indeed negative (-0.12) but relatively weak, suggesting that increases in public housing are associated with modest decreases in total homelessness. The scatterplot below (Figure 2) visualizes this relationship by mapping metro-level public housing units per 100K CBSA residents, logged (on the X-axis) against overall homeless per 100K CBSA residents, logged (on the Y-axis) and provides suggestive evidence in favor of Hypothesis #1.

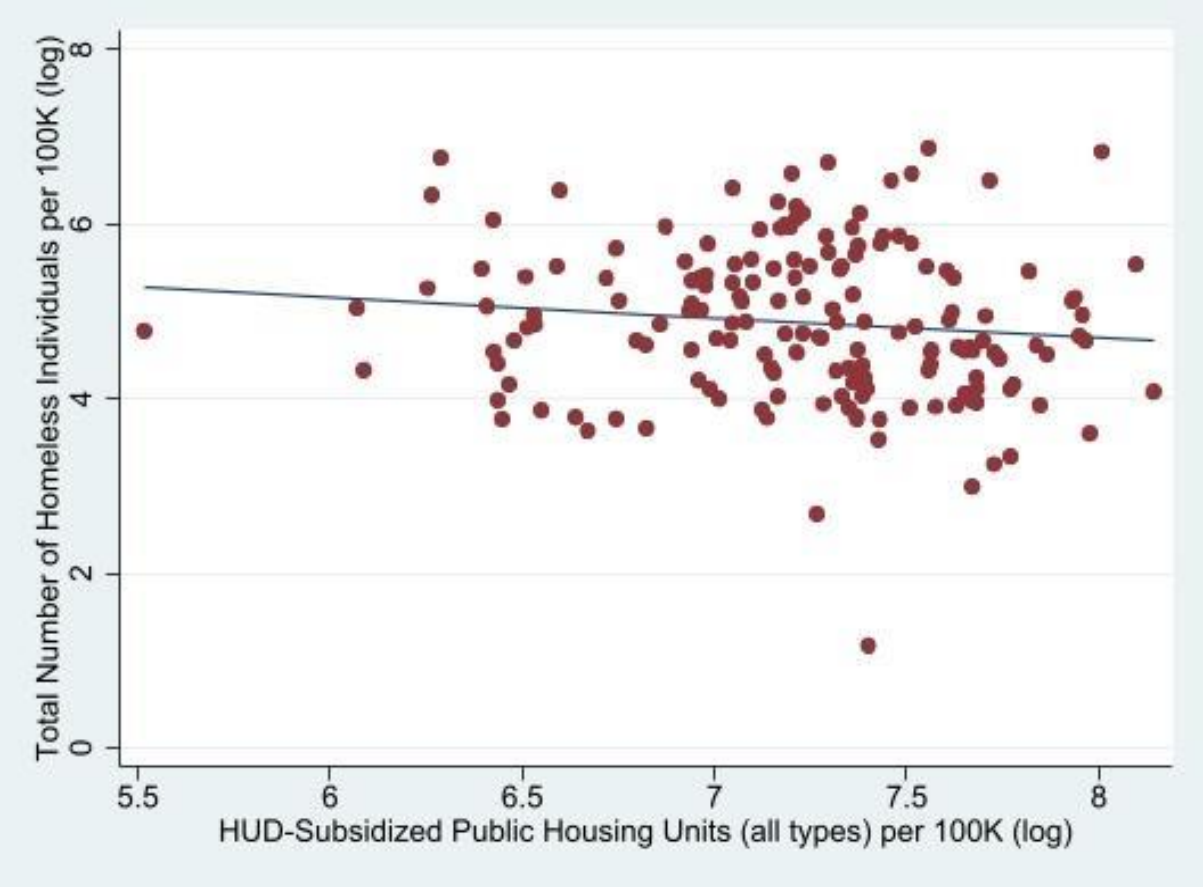

Figure 2. Scatterplot capturing link between CBSA-level public housing units and total homeless.

When conducting a similar analysis that disaggregates total rates of homelessness into unsheltered and sheltered components, slightly different patterns emerge. The bivariate correlation between publicly-financed housing and unsheltered homelessness remains negative but appears stronger (-0.27), while the correlation between publicly-financed housing and sheltered homelessness exhibits a weak positive relationship (0.11). These correlations are congruent with publicly-financed housing potentially placing downward pressure specifically on unsheltered homelessness, but not on sheltered homelessness. Why sheltered homelessness appears less responsive to publicly-financed housing than unsheltered homelessness is a puzzle that requires probing in future research.

Supply-Side versus Demand-Side: Which Type of Publicly-Financed Housing Matters More?

Next, we conduct a more fine-grained analysis, examining which of the three particular types of federally-financed public housing exhibits the strongest negative correlation with each of our three homelessness concentration outcomes. Hypothesis #2 proposed that it is the concentration of supply-side public housing investment (i.e., traditional public housing units and Section 8 project-based units) that matters most vis-a-vis this outcome because this housing type is less susceptible to the potential frictions that afflict housing choice vouchers, including administrative burdens, lack of qualifying private market housing units, and landlord hesitation.

Bivariate correlations are congruent with this argument. Traditional public housing units per 100K exhibits a **-0.29** correlation with overall homelessness rates, and an even stronger negative association when examining unsheltered homelessness, in particular (**-0.34**). A similar pattern is evident when examining the other form of supply-side public housing investment: project-based Section 8 housing units. Metro-level quantities of this type of public housing are associated **-0.20** with overall homelessness rates; the negative correlation's magnitude increases considerably, to **-0.37**, when the outcome is unsheltered homelessness rates, but it is weak and positive when the outcome is sheltered homelessness (**0.07**).

	Dependent Variables		
Independent Variables	Total homeless per 100K residents	Unsheltered homeless per 100K	Sheltered homeless per 100K
Traditional public housing units per 100K	-0.29	-0.34	-0.02
Housing choice vouchers per 100K	0.09	-0.01	0.17
Section 8 project-based units per 100K	-0.20	-0.37	0.07

Table 3. Bivariate Correlations between CBSAs' Disaggregated Publicly-Financed Housing and Homelessness Concentration (N=168 CBSAs).

Interestingly, demand-side public housing (i.e., Housing Choice Vouchers) concentration exhibits a weak, *positive* correlation with homelessness (**0.09**) and with the sheltered homelessness outcome; the correlation is very weak and negative when the outcome is unsheltered homelessness (**-0.01**). Overall, then, we find support for Hypothesis #2: supply-side interventions like tenant-based vouchers appear to exhibit the weakest link with homelessness rates, whereas supply-side interventions like traditional public housing units and especially project-based subsidized housing units, exhibit much stronger links. A scatterplot that aggregates metro-level supply-side housing units per 100K across traditional public and project-based Section 8 housing units and predicts unsheltered homelessness per 100K reinforces this finding (see Figure 3 below).

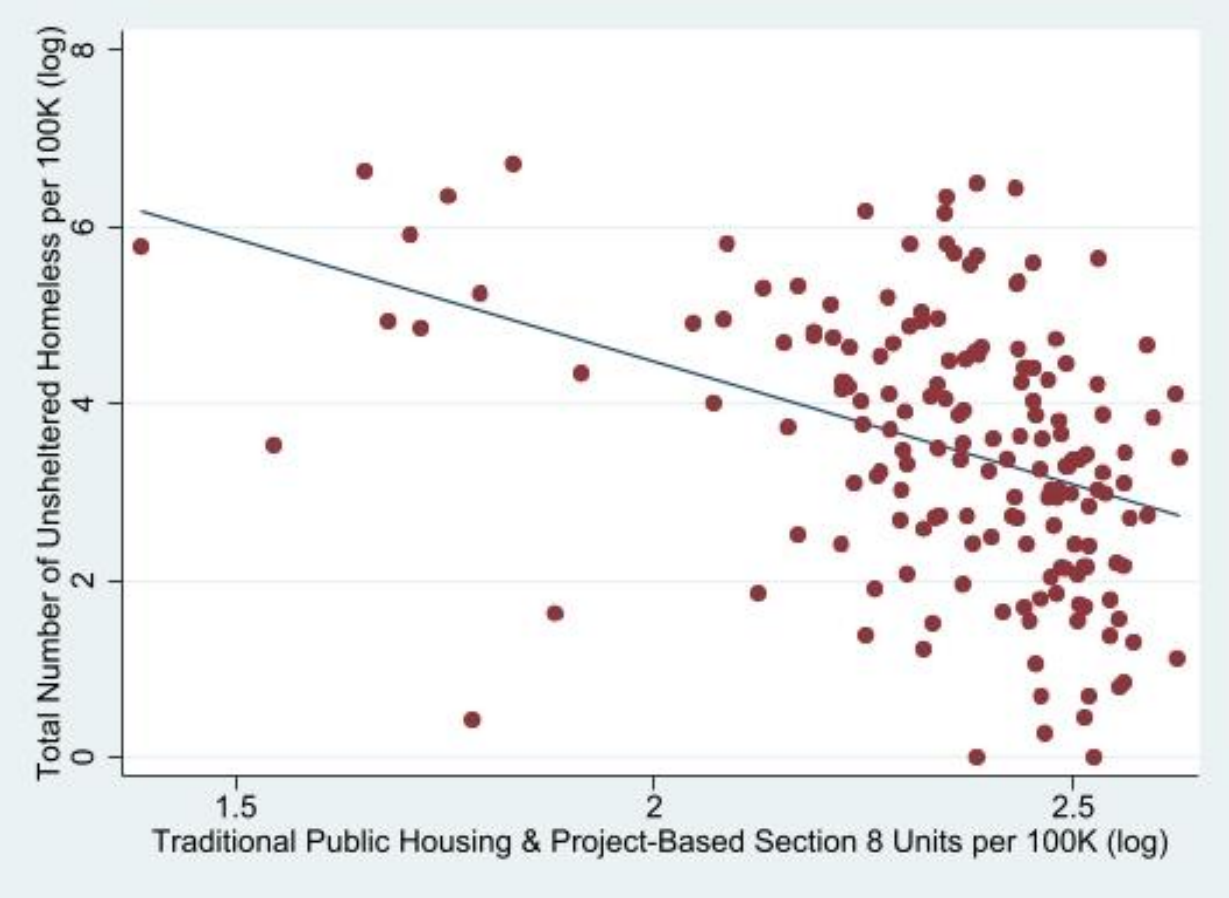

Figure 3. Scatterplot capturing relationship between CBSA-level combined traditional public housing and project-based section 8 units and unsheltered homelessness rate.

INTERNATIONAL CASE STUDIES

The empirical analyses above, based on almost 170 U.S. metropolitan areas, suggest that higher concentrations of government-subsidized housing, especially when procured via supply-side interventions, predict lower rates of unsheltered homelessness. Does a similar relationship hold in international contexts that share key features with U.S. metros' housing markets– i.e., a highly developed economy, a robust private housing market, and high-demand/high prices?

Answering this seemingly straightforward question is more challenging than it may initially appear. Only a subset of countries continuously track and publicly disseminate data on the number of government-subsidized housing units within their borders; even fewer systematically count and provide detailed information on the number of homeless residents. In many cases, this omission may reflect that there are virtually no homeless individuals to count.

The Organization for Economic Cooperation and Development (OECD) helps fill in some of these knowledge gaps. However, OECD data are typically aggregated at the national, rather than the metro level, complicating direct comparisons between U.S. and non-U.S. metros. Despite this caveat, comparative OECD-collected data can provide some indication of whether, at the national

level, high publicly-financed housing concentrations is a common feature of low homelessness contexts.

Public Housing in Cross-National Perspective

The U.S. is well-known for its high homelessness concentration and stands out for its low proportion of government-subsidized rental dwellings relative to the total number of dwellings (<4%). Across nine peer countries, the concentration of government-subsidized housing varies sharply. Japan, Australia, and Norway have similarly low concentrations of subsidized rental dwellings relative to all dwellings (3-4%), while Finland has over twice the concentration (10%). Austria and Denmark have nearly five times the share of subsidized rental dwellings compared to the U.S. (20-25%), and Holland and Hong Kong have the highest concentrations (~30%).

	Homeless as % of total population[14]	**Social rental dwellings as % of total[15]**	**Rent control policies[16]**	**% of all dwellings completed in last year[17]**	**% of total population spending >40% income on mortgage, rent[18]**
U.S.	0.18%	3.60%	Yes, local	1.0%	11%
Australia	0.48%	4.40%	Yes, local	1.8%	7%
Austria	0.25%	23.60%	Yes, national	1.6%	5%
Netherlands	0.23%	34.10%	Yes	0.9%	6%
Denmark	0.11%	21.40%	Yes, national	1.0%	15%
Finland	0.07%	10.00%		1.3%	8%
Norway	0.07%	4.00%		0.9%	8%
Japan	0.00%	3.20%	Yes, national	1.5%	8%
Hong Kong	0.00%	28.50%	Yes, national		

Table 4. Cross-national comparison of key homelessness and housing market measures.

If publicly-financed housing were tightly linked to homelessness risk in international contexts, we might expect Japan, Australia, and Norway to exhibit the highest homelessness concentrations owing to their low concentrations of publicly-financed housing, and the Netherlands and Hong Kong to exhibit the lowest homelessness rates. There is not clear evidence of this

[14] OECD Affordable Housing Database. (2021). HC3.1. Homeless Population.
[15] OECD Affordable Housing Database. (2022). PH4.2 Social Rental Housing Stock.
[16] OECD Affordable Housing Database. (2021). PH1.1. Policy Instruments and Level of Government.
[17] OECD Affordable Housing Database. (2022). HM1.1. Housing Stock and Construction.
[18] OECD Affordable Housing Database. (2022). HC1.2.A3_a Housing cost overburden rates by tenure type and year.

expected pattern in the OECD data, which calculates a homelessness rate based on the total number of homeless individuals as a percentage of the country's total population.

Despite having a much higher concentration of government-subsidized housing, the Netherlands (0.23%) and Austria (0.25%) exhibit considerably higher homelessness rates compared to other European countries with much lower concentrations of subsidized housing, including Finland (0.07%) and Norway (0.07%). Moreover, despite having similarly low rates of publicly-financed housing concentration, Japan and Australia exhibit vastly different concentrations of homelessness, with the former (0.00%) ranking at the bottom among peer countries with available data, and Australia ranking near the top (0.48%), even exceeding the United States (0.18%). Overall, then, the international comparisons here do not provide clear evidence that publicly-financed housing and homelessness are inversely related, in the way the U.S. metropolitan comparisons suggested.

Other Potential Explanations for International Variation in Homelessness Rates

If publicly-financed housing is not closely tied to homelessness rates in international contexts, what other factors may matter? To the extent "homelessness is a housing problem" not only in the U.S. but also abroad, other potential drivers of low homelessness rates in highly-developed peer countries with robust private housing markets might include rent control laws, costs and quantity of new housing construction, and, a key factor related to both: overall housing cost burden.

Rent control laws: Rent control does not initially appear as a strong candidate for explaining national variation in homelessness rates, as OECD data suggests all of the peer countries examined here for which relevant data are available have some form of it – whether at the federal level, as in Denmark, Austria, and Japan, or at the state/local level within some jurisdictions of the U.S. and Australia. This federal versus state/local classification suggests that perhaps the national form of rent control is more protective against homelessness than is a decentralized, local form. However, a dearth of *intra*-national variation in rent control and homelessness data precludes firm inferences.

Costs and quantity of new housing construction: If cross-national differences in robust government intervention– through either publicly-financed housing or rent control– do not map cleanly onto cross-national differences in homelessness rates, perhaps housing market factors less directly linked to government intervention, such as features of countries' housing supply, may provide more explanatory leverage. A housing supply marked by moderate construction costs and robust inventory growth, may keep housing prices– especially rental prices– down and potentially reduce homelessness, in turn.

We capture country-level differences in these key housing supply features first by comparing the share of dwellings that completed construction in a given year (around 2020) as a percentage of the total existing housing stock; this proportion proxies the amount of new construction available in a country's housing market.

Recall that the U.S. and Australia both rank high on homelessness concentrations. However, they rank on opposite ends of the distribution when it comes to this proxy for housing supply expansion. Whereas only 1 percent of the American housing stock in 2020 was completed in that year, nearly 2 percent of the Australia stock was. Norway, Denmark, and Finland– three countries with relatively low rates of homelessness – also exhibit very low levels of recent housing construction, similar to the U.S., using this measure.

Next, we compare housing construction costs across our peer group of countries. Perhaps surprisingly, major metropolitan areas in high homelessness concentration countries, such as the U.S. and Australia, do not exhibit especially high construction costs compared to major metros in the lowest homelessness concentration countries, such as Finland, Denmark, Norway, and Japan. Concretely, the average cost per square meter is estimated to average ~$5,000 across New York and Los Angeles. Major metros in Australia, despite having one of the highest homelessness concentrations, appear to have some of the lowest construction costs; Sydney and Melbourne average cost per square meter is ~$2,750, just over half that of the New York and L.A. average.[19]

Further, low-homelessness Japan exhibits relatively high construction costs, at least in Tokyo, which approximates the costs in high-homelessness Los Angeles and New York (~$4,500 per square meter). Netherlands and Austria, on the other hand, are in the middle of the distribution when it comes to both homelessness concentration (as documented above) and construction costs in its major metros, Amsterdam and Vienna, respectively (~$3,500 per square meter).[20]

Housing cost burden: Differences in key housing supply features– whether the concentration of new construction or construction costs– do not correspond closely to differences in homelessness across these peer countries. But once differences in the demand-side are also factored in– by adjusting national differences in average housing costs for national differences in average incomes– it is plausible that a link to homelessness might emerge. We assess this possibility by examining the OECD's estimates of the percentage of each country's total population that spends more than 40% of their disposable income on mortgage or rent – a quantity often referred to as rent burden.

However, again, a clear link between this feature of countries' housing markets and homelessness rates does not emerge. Although the U.S. ranks relatively high on both the housing cost burden (11%) and homelessness concentration measures, Denmark's population is even more cost-burdened (15%) but exhibits a much lower rate of homelessness. Australia, Austria, and Holland are relatively high in homelessness rates but rank toward the bottom of the peer country distribution when it comes to housing cost burden (5-7%). Finland, Norway, and Japan are in the middle of the housing cost burden distribution (8%) and low in homelessness concentration.

[19] Turner & Townsend. (2023). Regional insights and data - ICMS 2023. Home - ICMS 2023. https://publications.turnerandtownsend.com/international-construction-market-survey-2023/regional-insights-and-data.
[20] Ibid.

How Program Design and Institutional Context Enable Effective Publicly-Financed Housing Interventions: The Case of Finland

The international comparisons described above do not provide a clear story regarding which country-level housing market features may yield a more or less severe homelessness crisis. A limited set of cases, aggregated at the national – rather than subnational/metro – scale, constrain the analysis, as does the relatively limited set of standardized housing and homelessness measures available in OECD data. Nonetheless, the lack of simple patterns suggests the possibility that certain types of publicly-financed housing investments and housing laws may vary substantially in effectiveness based on specific design features and the institutional context in which they are implemented. A deeper dive into Finland illustrates this point. As described below, Finland exhibits how demand-side interventions like an expansive voucher program when designed and implemented in a way that avoids the pitfalls of America's housing choice voucher program and when supplemented with other, more intensive interventions, like permanent supportive housing for the highest-need individuals, may yield lower homelessness rates.

Finland's Successful Use of Vouchers to Reduce Homelessness

Although widely-perceived as a prosperous and egalitarian Scandinavian society, Finland contended with high homelessness rates during the 1980s. The absolute number of homeless Finns counted in 1987– over 18,000– seems very small compared to the total number of homeless Americans in recent decades, but once the counts are adjusted for their total national populations, the homelessness rate of Finland in 1987 was more than twice the rate of the U.S. in 2020 (though still about a quarter of Los Angeles County's rate).[21] If the current state of homelessness in the U.S. could be considered a crisis, homelessness in 1987 Finland would certainly be considered a crisis, as well. Yet over the subsequent thirty years, Finland made substantial inroads in mitigating the crisis; homelessness rates in the U.S. do not evince the same pattern.

Finland's success does not appear to stem from substantial investments in supply-side public housing. In fact, social housing investments have decreased over time; public spending on social rental housing reduced from 0.10 percent of GDP (gross domestic product), in 2013 to 0.05 percent in 2017, figures that are dwarfed by Austria's analogous rate of spending (0.25 percent in 2019) and even the U.S.'s (0.21 percent in 2021).[22] On the other hand, substantial spending on demand-side interventions, specifically government-subsidized housing vouchers/allowances, may have contributed to Finland's success. The potentially central role of vouchers in Finland—combined with the weak link between metro voucher concentration and homelessness in the U.S.—suggests that the design and implementation of demand-side interventions may play a key role in determining their effectiveness.

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21 Pleace, N., Knutagård, M., Granfelt, R., & Culhane, D. (2016). Chapter: 4.2. In *Exploring effective systems responses to homelessness* (pp. 425–441). Canadian Observatory on Homelessness.

22 OECD Affordable Housing Database. (2021). (rep.). HC3.1. HOMELESS POPULATION.

Finland ranks second among the OECD in government spending on housing subsidies. In 2019, for every $100,000 dollars of the country's GDP, its housing allowance scheme received $880 of investment. This is approximately seven to ten times the analogous figure within Austria and America: for every $100,000 in each of these countries' GDPs, only $90 and $130 were invested in housing subsidies, respectively. Administered by the Social Insurance Institution, Kela, the housing allowance program typically covers around 80% of housing expenses for low-income households.[23] In 2018, this assistance was provided to 15% of the population; in the U.S., fewer than 3% of the population receives HUD-funded housing vouchers.[24]

Crucially, there is some evidence that Finland's voucher program is designed and implemented in a way that mitigates the aforementioned frictions afflicting the U.S.'s voucher program. Administrative burdens appear to be substantially attenuated insofar as Finland's housing allowance is available to households of all types (i.e., families with children, students, married couples/domestic partners, unmarried couples living together, single-member households), and the only eligibility requirements are being a permanent resident and having a household size-adjusted income under a certain threshold; the simplicity of the requirements stands in stark contrast to the U.S. HCV program and the vast majority of other similar demand-side interventions across the OECD.[25] Further, the online application process for housing allowance support is streamlined and relatively simple. All that is needed in terms of paperwork is a copy of a tenancy agreement for a rental dwelling or maintenance/mortgage charges for an owned dwelling.[26]

Finding an eligible unit is likely much less difficult than it is in the U.S. HCV program, given that the housing allowance substantially increases for units in high-cost municipalities, and that the program will subsidize up to 80% of housing costs for a wide range of housing types, beyond rental dwellings, including owner-occupied units, right-of-occupancy units, and part-ownership units. Support can be procured not only for rent but also for maintenance, utilities, or mortgage interest.[27]

Moreover, concerns about hesitations of some landlords stymieing successful voucher redemption may be attenuated in the Finnish context compared to the U.S. one for several reasons. First, because the housing allowance program covers such a large swath of households – across a wide range of household types, geographies, income levels, and tenure statuses– program participation is likely much less stigmatized than it is in the United States, and landlords may thus be less hesitant to participate, as well.[28] Second, in contrast to their American counterparts, it is possible that some Finnish landlords are not even aware that they are housing a housing allowance recipient, given that the money is typically transferred directly from the program to households themselves, not to landlords– unless households request otherwise. Third, Finland has explicit protections against discrimination in the housing market, particularly vis-à-vis age, origin, nationality, language,

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[23] Kangas & Kalliomaa-Puha (2019). National strategies to fight homelessness and housing exclusion. European Social Policy Network.

[24] Ibid.

[25] OECD Affordable Housing Database. (2021). PH 3.2 Key Characteristics of Housing Allowances.

[26] InfoFinland (2022). Housing Allowance. https://www.infofinland.fi/en/housing/housing-allowance

[27] Ibid.

[28] Skocpol, T. (2016). Social Policy in the United States: Future Possibilities in Historical Perspective. Princeton University Press.

religion, belief, opinion, political activity, trade union activity, family circumstances, health, disability, sexual orientation or other personal characteristics;[29] these types of protections may be enforced by stringently and consistently than they are in the U.S., which has diluted fair housing provisions.[30]

Owing to these key features of its institutional context and program design, Finland's subsidized housing vouchers may have been better equipped to reduce homelessness risk among its residents, even within a relatively expensive housing market. It is important to note that Finland's median rent burden, encompassing both the private market and subsidized rent, accounts for 30.5 percent of disposable income. This figure exceeds that of the United States, which stands at 23.4 percent.[31] Not only is the median rent burden high compared to the U.S. but Finland is ranked highest among OECD countries on this metric. Its extensive voucher program may have played a key role in ensuring high housing costs did not become a homelessness problem.

Additional Levers: The Role of "Housing First" Interventions

Although government-subsidized housing allowances, supported by favorable institutional context and design features, have enabled Finland to buffer a large swath of residents from housing market pressures that could fuel homelessness, smaller-scale, well-targeted "Housing First"-type programs also appear to have played an important supplementary role, contributing to the country's successful battle against homelessness. For example, the roll-out of an intensive housing advisory services system in the early 2000s coincided with a steep decline in evictions in 2001 and 2008 that may have reduced homelessness rates during this period.

The subsequent implementation of two major government programs, Paavo I and Paavo II, also coincided with steep homelessness rate reductions. Paavo I facilitated the Finnish government's creation of 1,250 rentable housing units through the strategic conversion of conventional shelters. Although this total may seem small, the scale of the investment was large relative to Finland's housing market. This investment likely contributed to homelessness declining by almost 30 percent between 2008 and 2011 in the country.[32]

Paavo II focused on doubled-up households, targeting them with increased prevention and advisory services. Simultaneously, there was a major investment in permanent supportive housing, with Helsinki creating over 2,000 supported apartments by 2013. Between 2012 and 2016, homelessness decreased by a further 16 percent, and crucially, rates of long-term, chronic homelessness decreased by 33 percent.[33]

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[29] InfoFinland (2023). Equality and Non-Discrimination. (2023). Equality and Non-Discrimination. https://www.infofinland.fi/en/information-about-finland/equality-and-non-discrimination

[30] National Low Income Housing Coalition (2020). Trump Administration Eliminates Affirmatively Furthering Fair Housing Rule, NLIHC and other Advocates Condemn Action, Rhetoric. https://nlihc.org/resource/trump-administration-eliminates-affirmatively-furthering-fair-housing-rule-nlihc-and-other

[31] OECD Directorate of Employment, Labour and Social Affairs - Social Policy Division. (2022). HC1.2. Housing Costs Over Income.

[32] Pleace, N., et al. (2016). The Finnish Homelessness Strategy: An International Review. Ministry of the Environment, Finland.

[33] Centre For Public Impact. (2019). Eradicating homelessness in Finland: The Housing First Programme. https://www.centreforpublicimpact.org/case-study/eradicating-homelessness-finland-housing-first-programme

Overall, then, the case of Finland suggests that a price-impacted housing market does not necessarily portend high rates of homelessness. Moreover, supply-side interventions that appear promising in the U.S. do not constitute the only route to reducing homelessness. The combination of substantially expanding government-subsidized housing vouchers/allowances for low-income families, and closely attending to the design and implementation features of the program, alongside the pursuit of smaller-scale but well-targeted "Housing First" interventions in the form of prevention/advisory services, conversion of shelters into rental units, and expansion of permanent supportive housing units, could potentially complement traditional public housing and Section 8 project-based subsidies to further reduce homelessness rates. This approach to reduced homelessness may be particularly promising in the U.S. context, given that some of the key obstacles contemporary U.S. metros face, including a costly housing market and a limited quantity of traditional public housing, are similar to those Finland has faced since the late 1980s.

DISCUSSION & CONCLUSION

In this study, we revisited the question of why metropolitan areas that overlap in many important ways– including population size, diversity, and economic clout– sharply diverge in another: the severity of their homelessness crises. Recent scholarship has proposed, and provided suggestive evidence indicating that, metro differences in housing costs may be implicated in metro differences in homelessness. We build on this finding and propose another complementary factor that may matter: metro differences in publicly-financed housing units.

We hypothesize that federally-subsidized publicly-financed housing may play a distinctly important role in reducing homelessness rates because it may more stably house individuals at high risk of homelessness compared to the private market. Supply-side public housing interventions may be especially effective because they are less afflicted by the challenges posed by demand-side, voucher-based interventions in the U.S., specifically: administrative burdens, a dearth of eligible and desirable private rental units; and hesitation among some landlords to participate in these programs.

Our analyses, which consist of bivariate correlations estimating the link between metro-level rates of homelessness and concentrations of publicly-financed housing units (measured during 2017-2020), provide suggestive evidence supporting these hypotheses. Metros with higher levels of publicly-financed housing concentration exhibit lower rates of homelessness, particularly unsheltered homelessness. These negative associations are even stronger when linking homelessness rates to supply-side government interventions (i.e., traditional public housing or Section 8 project-based units), specifically, rather than publicly-financed housing units in their entirety. The association attenuates when focusing only on demand-side interventions (i.e., Housing Choice Vouchers).

Our subsequent consideration of international data and case studies tell a more nuanced story. Comparing several developed countries with robust private housing markets, the size of the traditional public housing sector varies sharply – but not in a way that clearly aligns with homelessness rates. Similarly, variation in the quantity and costs of housing market production, as well as income-adjusted housing cost burdens, do not map tightly to variation in homelessness rates.

A deep dive into Finland, which dramatically reduced its homelessness concentration over the past three decades, reveals alternative paths to success– beyond a large public housing sector or modest housing costs. A combination of expansive government investments in housing vouchers/allowances that minimize administrative burdens, unit eligibility restrictions, and landlord concerns, alongside a suite of more targeted "Housing First" interventions encompassing eviction prevention/housing advisory services, conversions of shelters to rentable accommodations, and the provision of permanent supportive housing may have yielded sharp reductions in homelessness.

Implications for U.S. Housing Policy

Although America incorporates some elements of Finland's model, including investments in Housing Choice Vouchers and "Housing First" programs, its current approach is insufficient to replicate Finland's results. Why? First, the Housing Choice Voucher program, which has become the primary focus of contemporary government-subsidized housing policy in the U.S., diverges sharply from Finland's voucher program in terms of scale and design. Second, supply-side interventions in the form of traditional public housing and Section 8 project-based subsidies remain woefully under-resourced and may constitute a particularly promising, and potentially complementary, path to reduced homelessness.

Concretely, the Housing Choice Voucher program might become a more powerful tool to combat homelessness if HUD were to substantially modify its design in ways that emulate Finland's voucher program, by (1) mitigating administrative burdens, (2) facilitating the identification of eligible private market units that are desirable to voucher-holders, and (3) addressing hesitations espoused by some landlords. Initial steps in these directions are already taking place. For example, the Creating Moves to Opportunity (CMTO) program, which is being piloted in Seattle, Washington, was specifically designed to tackle all three of these challenges, by pairing federal housing vouchers with intensive housing search assistance, additional short-term financial support, and landlord relationship-building. One key component of this intervention was offering participating landlords access to an insurance fund that covered damages exceeding the value of the security deposit. Another component included coaching sessions conducted by housing navigators that guided families in broaching potentially concerning features of their applications (e.g., credit scores, criminal histories, past eviction) with landlords. A randomized control trial suggests that this bundle of changes is highly effective in bolstering voucher-holders' outcomes.[34]

We believe another promising path to reduced homelessness, which receives preliminary support from this report's empirical analyses, is substantially increased investment in supply-side programs like traditional public housing and project-based Section 8 units. This approach may avert some of the thorny challenges plaguing voucher programs' implementation. Future research will be needed to solidify these claims, by conducting analyses that extend beyond simple bivariate correlations to multivariate models and quasi-experimental research designs that support causal, rather than merely correlational, interpretation.

[34] Bergman, et al. (2024). Creating Moves to Opportunity: Experimental Evidence on Barriers to Neighborhood Choice. American Economic Review.

It is important to note that pursuing voucher program redesign and supply-side housing reinvestment are not mutually exclusive paths to reduced homelessness. Both can be pursued simultaneously and should be pursued alongside existing "Housing First" programs that serve the most vulnerable individuals and that appear to confer causal benefits to the small share of the population that currently receives them. Substantially redesigning the current voucher program and exponentially scaling up all three interventions– demand-side and supply-side public housing and "Housing First" programs– may enable U.S. metros to finally turn the tide on the seemingly intractable homelessness crisis. These are ambitious goals, but the case of Finland suggests they are attainable. Time is of the essence.