

THE HERITAGE LECTURES

194

**Rethinking Policy
on Homelessness**

*A Conference Sponsored by
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RETHINKING POLICY ON HOMELESSNESS

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and
The American Spectator

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Introduction and Keynote Address

Dr. Stuart M. Butler: Good morning, ladies and gentlemen. On behalf of The Heritage Foundation and *The American Spectator*, I would like to welcome you to our policy forum, “Rethinking Policy on Homelessness.”

Winter is here again, and with it the whole issue of homelessness. Just in the last few days, we have had reports of homeless people dying in the streets of New York because of the low temperatures. We have reports of shelters that are full to overflowing in many of the nation’s cities. And we have the annual event of bitter exchanges between those who are trying to find shelter for homeless people and city officials under pressure to find shelter space.

All decent people in this country are appalled by homelessness. They find it strange and confusing that so many people can be without shelter in a nation as rich, prosperous, and civilized as this. But they do not know what to do about it – whether to give money on the streets, for example, or to volunteer at shelters. This confusion is made worse because the American people are bombarded with images of the homeless in the media. There is conflicting information about who the homeless are and why they are on the streets. We are sometimes told that they are basically ordinary people, just like you and me, who are victims of either economic conditions, some social problem, or housing policy. We are told by other reporters and analysts that most homeless people are mentally ill, suffering from very severe chronic mental problems, and that they are the victims of a breakdown of mental health policy. Other people argue that there is a fundamental change in the nature of homelessness. They say we are now seeing the “new homeless” – families with children, not just in the central cities, but also in the suburbs of our country. The idea of homeless children is an emotional and heart-rending new aspect of the whole problem.

Yet confusion persists about the true scale and nature of the issue. Just a few days ago, *Good Morning, America* looked at the issue of homeless children. The program looked at shelters that were providing assistance for those children, and it ended with the comment: “At a conservative estimate, there may be as many as half a million homeless children in this country.” Now those of us who have studied the issue find that to be an absurdly high figure. But it is typical of the kind of

headline-grabbing image that drives discussion of homelessness. And, unfortunately, here in Washington, D.C., images do tend to drive policy. The information on which policy is based often comes from the media and from anecdotes, rather than from hard data.

To try to disentangle the facts from fiction and imagery we decided to hold this policy forum. It will be broken into three sections. First, there will be a keynote address, “The Homeless and the Image Makers.”

Second, a panel of distinguished experts will look at the facts: at who the homeless are and why they are on the streets. They will provide hard information about the nature of homelessness, the reasons for it, and the kind of assistance currently being provided. Third, another panel will look at two elements: what works and what needs to be done.

This forum is part of an ongoing process at The Heritage Foundation to redefine the policy agenda on homelessness. Heritage already has published a number of studies examining the issue and policy to deal with it. Our recent book, *Mandate for Leadership III*, devoted a number of pages to the issue suggesting some policy solutions. Public policy makers who are genuinely interested in finding out the true nature of homelessness and hearing about policy ideas to deal with it, will find this forum to be a valuable addition to those other studies. Our keynote speaker in this endeavor is Tom Bethell, who is the Washington correspondent for *The American Spectator*, cosponsor with Heritage of this event. Tom has long experience writing for the national media, he has been media fellow at The Hoover Institution at Stanford, and he has written extensively about homelessness. Tom Bethell.

Tom Bethell: Aristotle pointed out many years ago that groups that are defined by the absence of a characteristic are very confusing and are not real groups. And “homeless” is one of these groups. “The homeless” is a group defined simply by the absence of a characteristic. This is confusing because it imputes a kind of false homogeneity to a large number of people, who may not really have very much in common, except that they all lack something, namely a home.

So I would submit that it was the invention of the concept itself that was the key to the detection of a problem — a problem of public policy. It was the invention of the word “homelessness” or “homeless,” which hitherto had not really existed, had not really been used in that way.

And it was immediately latched onto, of course, by the news media who now had a unifying concept for lots of different images. Previously they would have been thought of, let us say, as winos or as people sleeping on grates. Now they were all illustrative of this problem of homelessness. In fact, as we know now, entirely diverse groups are lumped together under the falsely unifying label of homeless: deinstitutionalized mental patients, drug addicts and substance abusers in general, and some *bona fide* unemployed people.

Now if you come up with any criticism of the news media, their reaction is always the same. They say, "Hey, we're just messengers. We're just messengers. Don't criticize us. Don't shoot the messenger."

But I think the whole messenger theory of the way the news media work is wrong. We should think of them more as spotlight operators in an arena where a whole lot of lights can be trained on one thing at the same time. And this, in fact, can generate a great deal of embarrassment, if necessary.

It is possible to imagine that with this focusing capacity the media could, if they were so inclined, embarrass the homeless in a way. It is interesting to speculate what kind of images we would be seeing on television if we really did live in a right-wing culture. We would be seeing camera crews approaching homeless people, or perhaps some of those people you see with paper bags with a bottle inside, and filming them, interviewing them, saying — "Why don't you go and get a job, instead of behaving in this way," and so on, really using the media's capacity to embarrass. But, instead, they use these images, and the concept of homelessness, to embarrass the Reagan policies or whatever.

Now my interest in this began with a very interesting character in Washington named Mitch Snyder, who is the leader of an organization called the Community for Creative Non-Violence, a sort of quasi-religious organization in some respects, and in other respects a kind of socialist organization. Snyder is always in the news. He continually goes on hunger strikes in order to focus attention on this or that policy, whatever he happens to have on his mind. It might be changing the name of a nuclear submarine. It might be a church spending money to repair its roof rather than open a soup kitchen. About three years ago he began to get very much involved in the homeless issue. He went on several long hunger strikes in order to get the government, the federal

government and the D.C. government, to rehabilitate and then let him use a large building in Washington, D.C., as a shelter for the homeless.

Mitch is the kind of person who is perpetually indignant. He is, I would say, a kind of moral put-down artist. Three years ago, for example, he was invited to tea by Barbara Bush, and he showed up at the Vice President's residence with an urn containing the ashes of Freddy, who was a homeless person who had apparently died a couple of days before. And he set this urn down amidst the tea cups.

I went to see Mitch two days ago, in order to give you a report from the front lines of homelessness, and before I went someone suggested that I should take along an urn and tell him: "This contains the ashes of a taxpayer." This might have drawn attention to the rapidly escalating appropriations that he has been very much involved in generating.

In a sense, Mitch himself is homeless. There was a long article in the "Style" section of *The Washington Post* about a year ago, pointing out that some years back Mitch had left his wife and children. And Mitch actually lives in the shelter he persuaded the government to open, in a special section for the Community for Creative Non-Violence people who work there.

Here are just a few remarks from a taped interview I recently held with Mitch Snyder. "The number of homeless right now, three million. Three million is a conservative estimate." What is the cause of homelessness? "Affordable housing is disappearing," because, he says, "\$25 billion a year has been cut out of the housing budget in the last seven years. HUD was spending \$32 billion a year on housing programs and they are down to less than \$8 billion. That's why there are so many people on the streets and why there is so little affordable housing. It's not mysterious; it's the absence of federal money that caused that situation. The housing budget has dropped by 77 percent, in spite of all the voodoo nonsense the Administration spouts."

On the same day he said this, there was an article in *The Wall Street Journal* by a Professor Edgar Olson who noted: "In fact, total outlays on housing subsidies to low-income households rose from \$5.7 billion in Fiscal 1980 to \$13.8 billion in 1988. Housing subsidies to low-income families have increased more than 50 percent during the last eight years." Well, I am sure that, in the next panel, somebody will go into this in greater detail, but it is quite clear that Mitch does not understand the difference between authorization and appropriation. Olson is right

and Snyder wrong. Yet you hear the misrepresentation about housing budget cuts all the time in the news media.

“The solution to the homeless problem is housing,” says Snyder, and: “It is not going to be provided by developers because their job is to maximize profits. You do not make maximum profits in affordable housing; you make it in co-ops, condos, and offices. That’s why we’re focusing attention on forcing the government back into the housing business because that’s the long-term solution.”

Just a few words about this new shelter that was opened in September 1988. If you are interested in the problem of homelessness, it is well worth visiting. It is just a few blocks from The Heritage Foundation. It is very large, occupying a full city block. Mitch says it is the largest in the United States, possibly the largest in the world. It holds 1,400 people. It was rehabilitated at a government cost of \$14 million, and it is now operated by the Community for Creative Non-Violence. They do it with about 50 volunteers who completely donate their labor. But they have a government subsidy in the form of free utilities in the building, both heating and air conditioning, which would cost approximately a quarter of a million dollars, and they also do have government-surplus food; honey, peanut butter, vegetable oil, macaroni, flour, salt, and quite a bit of the government’s surplus from the Agriculture Department. They provide one free cooked meal a day in the evening.

The shelter is divided up into several different sections. But the most striking thing about homeless people – and this is what has struck me every time I have made forays onto the street to try to interview people in connection with homelessness – is that they are overwhelmingly male; Mitch says eight or nine to one. They are divided up in the shelter into groups of working men, another section for men over 50; another for drug and alcohol recovery; and there is a section for women. The section for women holds 130 women, which is less than 10 percent of the shelter’s population. And most of the women who are in the shelter have serious mental problems. This is not the case with the men. Indeed, there is a very significant and important difference in the characteristics of homeless men and homeless women.

About half the men who live in the shelter do go off and work every day. They perform minimum wage jobs and on return are provided with a free meal at 5:00 p.m. every day. There are fairly strict rules in the

shelter: lights out at 11 p.m., and no mingling is permitted between the sexes. The male and female sections are kept completely separate. It is interesting that Mitch, who is in many respects a very radical person, makes this concession to reality. He insists that the men and women have to be kept apart from one another. If the shelter were to be run by some government agency, there might be a lawsuit claiming that this is discriminatory.

The shelter is now full. Mitch says they are turning away 50 or 60 people a day. I was shown around the shelter by another member of the Community who said that they had 23 people in line that morning and were able to admit only ten. Mitch made an interesting point about some of the dynamics that attract people to the shelter. He alluded to what many conservatives would call a welfare trap, where if you go off welfare to take some entry-level job, you are going to give up more than you will be earning. If you work in a minimum wage job earning \$30 or \$40 a day, it is going to be difficult — the way Mitch sees it — to save up enough money to be able to rent an apartment for \$400 a month. The same problem could arise with the shelter — it could be too comfortable to leave.

Now it seems to me that what we are looking at, as a theory of homelessness, is a kind of human wreckage of the welfare system. We are looking at a lot of men who, in George Gilder's terms, do not have a provider role to play and who have been greatly weakened, mentally and spiritually, by this. And to give Mitch and the Community for Creative Non-Violence their due, what they are doing is looking after these people at a cost that is very much lower than anything that the government or some social service or welfare agency would charge. They are doing it basically at 50 cents a day, and the national average for looking after these people is about \$22 a day, to cite Mitch Snyder's figures. And they are doing it without any recompense.

Snyder basically agrees with the idea that welfare breaks up families. So he is prepared to concede the point that the welfare system does not work. But, of course, he will add hastily that nothing works — including the Pentagon. I raised the possibility that one of the welfare agencies would see this as "turf" that they would like to capture and take control of. After all, here is this enormous building, which was reconstructed at taxpayers' expense, being run by a private organization. It is essentially a privatized social service operation. I said, "You

know, Mitch, it's quite likely that a local government agency could come along and take over what you're doing, force you out." He showed an amazing awareness of public choice theory, as it is called, because he immediately said that it would be too expensive for them to do, that the cost for any bureaucracy would be greater than any benefits that they could gain in increased turf. He said, "All they'd have to do is come up with \$15 million; that's how much it would cost them to run it every year." I said, "Well, \$15 million, with some of the budgets of these bureaucracies, it doesn't seem like a lot of money to me." And he said, "Oh, no, it's quite a lot, you know. They wouldn't be able to come up with that money." And he may be right. He also pointed out that they would inherit 1,300 men who are very fractious, very difficult to deal with, who could make life extremely difficult for government workers. Do not forget that the welfare agencies are full of people who basically just have to deal with filing cabinets, secretaries, and pieces of paper on their desks; operating a shelter would be real work that they would be getting into. So Snyder concludes that they are not going to invade his turf.

Mitch added, "I wouldn't mind if they did." In fact, he said, "We'd be out of here in a minute and do the same thing somewhere else with another building if they did." He said, "What we are trying to do is put ourselves out of business." And it occurred to me when Mitch had said that the homeless in the shelter were trapped, it is just as much that he and CCNV are trapped inside, running the shelter, because obviously he just cannot walk away from it.



Panel 1

Who Are the Homeless and Why Are They on the Streets?

Dr. Butler: Our first panel is going to look at some of issues that Tom Bethell has raised on the composition of the homeless population and some of the reasons why they are out there on the streets. Our panelists come from very different backgrounds, which should provide us with very different perspectives on the whole issue of homeless.

First is Dr. E. Fuller Torrey, a psychiatrist practicing here in Washington. Formerly he was associated with the National Institutes of Mental Health, where from 1970 to 1975 he analyzed the issue of the homeless mentally ill with the goal of creating a policy toward that population. Dr. Torrey has published several books on homeless and related issues, most recently the extremely interesting *Nowhere to Go: The Tragic Odyssey of the Homeless Mentally Ill*, and for many years, he has treated severely mentally ill people in hospitals and in shelters.

Dr. E. Fuller Torrey: I am going to spend five minutes on who the homeless are, five minutes on why they are there, and five minutes on some proposed solutions. I will talk just about the adult homeless, not the issue of children among the homeless population which, by and large, is a separate issue. The thing I would emphasize most strongly is that the homeless population is heterogeneous; it is not a single population at all. Therefore, no one solution is going to be valid for the various groups that make up the population.

I find the heated argument about numbers a bit tiresome. Whether there are 400,000 or 800,000 or 1.2 million, the point is that it is a disaster, and a man-made disaster. The more important thing is to look at solutions, rather than forever arguing about whether there are 300,000 homeless more or less. Clearly, there are too many, a lot more

than there were ten years ago, and the problem appears to be getting worse.

The easiest and perhaps most accurate way to characterize the homeless population is to divide it into thirds. This approach is validated by several different studies, the most recent of which is out this month in the *Archives of General Psychiatry*. One-third of the homeless appear to have primarily drug and alcohol problems. Another one-third of them appear to have primarily economic problems, although that is often combined with marginal IQs and lack of job skills. The final third of them have serious mental illnesses. And by serious mental illnesses, I mean primarily schizophrenia and manic depressive psychosis.

The one-third who have drug and alcohol problems have always been with us. When I was a young man, we called them hobos. That is a group we feel comfortable with because we have grown up with them, although there may be more of them now for various reasons. They certainly are there, and in some shelters, they constitute a majority of the population.

I spent three hours last week, for example, in Grand Central Station in New York City, in the waiting room, trying to characterize the homeless there. It seemed as though about 80 percent of those in the station were alcohol and drug abusers. So depending on where you look, you are going to see more or less alcoholics and drug abusers, but overall, they seemed to constitute one-third of the homeless population.

Similarly, about one-third of the homeless have economic problems. Whatever the cause of the lack of low-income housing, it certainly is contributing to their problem.

The one-third that I want to focus on at greater length is the seriously mentally ill. I want to focus on them because they are the most disturbed group of the homeless population. They are also the most disturbing group. They are the people that make us uncomfortable when we go downtown to shop or drive past them on our way home because they look, and in fact are, the most helpless among the homeless population. They are also the most disturbing to me because their homeless condition is the most preventable. They are the people who should not be there if our public policies had been working in the past. They are the most preventable subgroup of the homeless population.

I will not go into detail on all of the figures because we would be here, arguing, all morning whether this group comprises 10 percent or 25 percent or 40 percent of the homeless population; overall it looks as if about one-third of the homeless are seriously mentally ill if you consider all of the studies done across the United States. The recent study in the *Archives of General Psychiatry*, for example, reported that 34 percent of the homeless people in Los Angeles had alcohol and drug problems, and 28 percent were seriously mentally ill.

The rule of thirds holds pretty well for adults although it does vary from city to city. For example, there are more seriously mentally ill homeless in cities that are more proximate to state hospitals, which is where most of these people come from. There are also more seriously mentally ill in cities where outpatient psychiatric services are not as good. For example, I was in a shelter in Salt Lake City a few months ago. Salt Lake City, by national standards has pretty good outpatient services. It was difficult to find more than about 10 percent of the shelter population in Salt Lake City who were seriously mentally ill. On the other hand, in many of the shelters in downtown Washington, the number who are seriously mentally ill will far exceed one-third. There are some women's shelters, for example, where on any given night, 80 percent to 90 percent of the residents are seriously mentally ill. The shelters look like wards of state hospitals before there were medications.

The composition of the homeless population also varies considerably, depending on whether you are looking at just the shelter population or including street people. A disproportionate number of the people actually living on the streets and on grates are seriously mentally ill, and many of them are there because they do not dare go to the shelters because they are victimized so easily. Similarly, it depends on the male-female breakdown. A much larger percentage of homeless women than men are seriously mentally ill, so if you are looking at primarily a women's shelter, you will discover a higher proportion of mentally ill as well.

The bottom line is that if you use, for example, the number of about 600,000 adult homeless in the U.S., it means that there are about 200,000 seriously mentally ill individuals among them, being one-third of the total. That is more than twice as many as the 75,000 seriously mentally ill inmates in U.S. prisons. In fact, the number of seriously

mentally ill left in the state hospitals is about the same number of seriously mentally ill as exist in jails and prisons in the United States. That, by any standard, is a disgrace.

Why are the homeless out there? I do not pretend to know the causes of drug and alcohol problems. There is certainly some genetic predisposition, but there is a volitional aspect to these conditions that differentiates this group from the seriously mentally ill. There is no drug addict, there is no alcoholic until they purchase and use the drugs or purchase and use the alcohol. The economic and housing issue I also do not pretend to understand. I do understand that when you gentrify inner cities and take away the single room occupancy hotels, which used to be common places to go for the mentally ill released from the hospital, then you have nowhere for those people to go and they end up in the shelters.

I think I do understand where the seriously mentally ill came from. And it is a continuing problem because these people are not decreasing in numbers. A recent survey done in Ohio, published last month in the *Journal of Social Work*, followed 132 discharges from Ohio state mental hospitals in 1985 to 1986. At the end of six months, 36 percent of those people were homeless. So this is not a problem that just happened in the 1970s and early 1980s. It is a continuing problem.

These people became homeless because we emptied out the state mental hospitals, and we emptied them out for a very good reason. The mental hospitals were very unpleasant places to be. We characterized them correctly as snake pits after World War II, and that led to the exodus. In 1955, we had 552,000 people in the state mental hospitals. Today, we have 110,000 people. We have, therefore, deinstitutionalized the equivalent of 442,000 people. Almost one half-million people are out of the hospital now who would have been in the hospitals 30 years ago. I am not saying that we should put them back in the hospital; I just want to be sure that you understand that we have deinstitutionalized an enormous number of seriously mentally ill people, 80 percent of whom, four out of five, were in hospitals 30 years ago.

We made seven basic mistakes in the process. One is that we did not understand what was wrong with these people. We had read *One Flew Over the Cuckoo's Nest* and seen *King of Hearts*, and we thought that all you had to do was empty the hospitals out, open up the gates, and they would live happily ever after. Well, if you drive around downtown

Washington, you will see that they are not living happily ever after. These people have brain diseases. We now understand that the brain diseases are like multiple sclerosis and Alzheimer's disease. They are diseases of the body that affect the brain and, therefore, we have to do more than simply open up the doors and hope that they live happily ever after.

Our second mistake was creating a program called community mental health centers. Three billion federal dollars went into funding 789 community mental health centers. They have been, by the standards of care for the seriously mentally ill, disasters. The community mental health centers never did the primary job that they were set up to do: to take care of the seriously mentally ill. Most of them became psychotherapy and counseling centers. The majority of them are that to this day, despite the fact that they continue to be funded mostly with state and federal funds.

Third, we trained huge numbers of mental health professionals. In 1945, we had roughly 9,000 mental health professionals in the United States; today, we have around 150,000. They have almost all been trained with federal and state funds. We attached no payback obligation to their training, and the vast majority have gone off into private practice. And in private practice, rather than taking care of the seriously mentally ill – which is what we told Congress and state legislatures we were training them to do – the majority of them have gone off to take care of what I call the “worried well”. This is very nice for the worried well, but is not at all helpful to the seriously mentally ill, who do not have good mental health professionals to take care of them.

Our fourth mistake was housing. There is no question that the housing problem has exacerbated the number of seriously mentally ill on the streets. I am not saying that if you created housing, the problem would be solved. I have volunteered in one of the shelters now for over five years, and I have found a lot of women who would not live in housing even if I had all kinds of housing to offer them. They could not live in the housing because they are so seriously mentally ill. So it is not simply a housing issue.

Fifth, we changed the laws. We did it with the best of intentions to protect the people. We made it very difficult to treat people and put them back in the hospital. Many of the homeless mentally ill need to return to the hospital for a brief period of time to get stabilized on

medicine. In many states, because of the changed laws, you have to be either killing your psychiatrist or killing yourself in front of your psychiatrist to get back in the hospital.

Sixth, we created serious problems in funding services for the seriously mentally ill. Thirty years ago, the funding was almost all from the state – about 96 percent. The total at that time was about \$1 billion going into the public mental health system. Today, the total is about \$17 billion, and it is 38 percent federal money. At the most, 30 years ago, it was 2 percent federal money.

Most of the funding is through Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI), Medicaid, and Medicare programs. We have set up a fiscal shell game where the states, the federal government, city governments – New York City, for example – or counties are trying to shift the burden of fiscal responsibility for the seriously mentally ill back and forth among each other. It becomes, in places like New York City where you have three participants, almost like a tag team wrestling match. Nobody wants responsibility. Everyone claims that the other level of government should take the fiscal responsibility. This has created a very serious problem – one we need to address if we really hope to solve the problem of the homeless mentally ill.

The seventh basic mistake made in conjunction with deinstitutionalizing the mentally ill was failing to fund research on the cause of serious mental illness. We funded research on all kinds of other social problems under the National Institutes of Mental Health. Yet we almost totally ignored research on the seriously mentally ill so that three years ago we were spending only \$18 million on research on such a common and devastating disease as schizophrenia. You can, on economic grounds alone, make a very strong argument that we ultimately would have saved much more money if we had invested money in research on this disease.

We are spending about the same amount of money on research on schizophrenia as we are spending on research on tooth decay. We are spending almost twice as much, for that matter, on Ducks Unlimited. I do not know if you have heard of Ducks Unlimited. It is a private organization that raises money to provide a habitat for ducks so that duck hunters will have more ducks to kill. They raised \$60 million last

year to preserve ducks so they would have more to kill. I think viewed from a distance, our priorities are really quite strange.

I do not have any solution to drug and alcohol problems among the homeless. We need to try innovative things. Perhaps, for example, we could make Alcoholics Anonymous the distributor of Supplemental Security Income or Social Security Disability Insurance checks or public assistance checks.

As for the economic and housing issue, I do not pretend to know what is the best way housing should be funded – whether it should be public or private, and if both, how much should be private or federal, state, and local. I do know that we need to get more low cost housing built to shelter homeless individuals.

Regarding the seriously mentally ill, I do have some solutions. The solutions are not spending more money; we are already spending \$17 billion in federal and state money on care for the seriously mentally ill. You could double that, and unless we change some of our policies, things are not going to improve very much. We also do not need more psychiatrists and psychologists and psychiatric social workers. We probably have too many already. What we need to do is to put them to work on the patients they were originally trained to help. How do we do these things?

First, we must take the public mental health system and turn it into a public mental illness system. We must take the federal and state funds that are going to community mental health centers, for example, and mandate that the first priority for the funds must be the care for the seriously mentally ill. The worried well should get funded for public services only when the seriously mentally ill have been taken care of. This can be done by law, and a few states are moving in that direction.

Second, if public funds are to be used to train mental health professionals, I think it is reasonable to require some kind of payback obligation from such professionals in exchange for their training. We have not done that, and we should.

But what can we do with the people who have already been trained? I have proposed several times – and no one has paid any attention or is likely to – that implementing a *pro bono* requirement for those already trained would be reasonable. Under such a requirement, any state or the District of Columbia can mandate that, in order to be licensed to practice psychiatry, psychology, or psychiatric social work,

applicants must agree to donate four hours a month in *pro bono* service. The argument for this is that we have a human disaster on our hands. When we have natural disasters, we call in the National Guard. When we have a human disaster, it is very reasonable to call in the people who have been trained with public funds and ask them to help out.

A third solution to the problem of the mentally ill homeless is to clarify the responsibilities of the state and federal governments for mental health services. I personally do not believe that the federal government should have much of a role in this. I worked at the National Institutes of Health and have watched the disaster of federal funding for community mental health centers. The federal government is simply unable to make sure the money is spent the way it should be spent, largely because the federal government is too far removed from the services. The federal government does some things very well, but I do not think it funds human services very well at all. I would propose linking SSI/SSDI funds and the Medicaid-Medicare funds as block grants to the states for the seriously mentally ill, and then holding the states fully responsible for the care of the seriously mentally ill. Similarly, I would give to the states in block grants all of the other funds that are now going out for the care of the seriously mentally ill.

Fourth, the existing laws need to be modified. We need to be able to rehospitalize people who need to be rehospitalized for brief periods of time — most of them will not require hospitalization for more than two to three weeks — and to get them back on medicine when necessary.

Finally, we need to look at the housing issue, which I have already addressed.

In summary, the situation we now have in the United States is a disgrace. We have the equivalent of 200,000 people who have an illness that is not being treated. If I told you today, for example, that there were 200,000 untreated diabetics living on the streets and in shelters, you would say this is a very serious problem. We have that situation. We have 200,000 people who have a disease called schizophrenia or a disease called manic depressive psychosis living on the streets and in the shelters, untreated. This is a disgrace in a country where we are spending 11.3 percent of our gross national product on medical services in contrast to other countries in the Western world which spend much less. There are solutions to this problem if we are willing to implement them.

Dr. Butler: Our second speaker brings us quite a different perspective. Dr. Martha Burt has for more than ten years been doing research on a wide variety of social issues at The Urban Institute, where she is currently Director of the Social Services Research Program. She has written three books and numerous journal articles and most recently coauthored a study under contract to the Department of Agriculture, which is the most recent and authoritative survey of the homeless population. Dr. Burt.

Dr. Martha Burt: I am going to discuss the first national study to be done on homeless people and, also, the first to gather detailed data on soup kitchen and shelter operations, focusing on their food service characteristics.

The study began two years ago in response to a congressional act that was designed to improve the nutrition of homeless people. It was conducted for the Food and Nutrition Service of the U.S. Department of Agriculture, and it had the objectives to assess the impact of the law, to describe the eating patterns of homeless people, to describe their other characteristics, and to describe the operations of soup kitchens and shelters.

The study is a probability-based sample, which allows us to make national estimates of both the numbers of soup kitchens and shelters and the numbers of individuals who use soup kitchens and shelters in large U.S. cities. We went to cities of 100,000 or more, and our generalizations were limited to the homeless in those cities. Twenty-five percent of the U.S. population is found in these cities, and probably more than one-half of all the homeless and three-quarters of the services are in those cities. We selected 20 cities at random from among the 178 cities with populations over 100,000; the six cities with populations over one million were selected with certainty, and the remaining fourteen cities were selected with probabilities proportional to the size of their poverty population. We enumerated completely the soup kitchens and shelters in those cities and selected, again at random, 381 soup kitchens and shelters to which we paid in-person visits, interviewing the operators of those facilities and also observing the meals that they served.

We also collected information, through a subcontract to the Research Triangle Institute, from in-person interviews of 1,704 randomly selected homeless adults who used the soup kitchens and shelters. To supplement the information on service users, we also visited congregating sites in the same cities identified for us by the providers and by the police, to find and interview a nonrandom sample of a small group of individuals (142) who did not use soup kitchens and shelters. We cannot generalize the numbers from this congregating site sample, but we thought it important to try to understand the differences between those who do use services and those who do not, and as I will be telling you, there are some very significant differences between these groups.

I am going to talk about homeless individuals in this presentation, but the report also contains much unique information about the providers. I will focus today on how many homeless there are, based on our study, who they are, and whether they are hungry. This study did not focus on numbers. It was not done to create a national estimate, but as a result of the methodology, we can get a national estimate.

According to our estimates of homeless adults in cities of 100,000 or more who use services, we have an estimate of 195,000 adults in that category, accompanied by about 35,000 children. Those are the numbers that are based on the actual methodology of the study. But because there has been such a lot of interest in the whole national population of the homeless, we did do some projections – which anyone could do based on our numbers – making some assumptions about how many people were not service users and how many people were homeless in cities of fewer than 100,000 people. And those projections are the numbers that have been published in the newspapers from the study, which are between about 567,000 and 600,000. Those projections are probably on the high end, based on our desire to err on the side of generosity – as a government study, overestimating, rather than underestimating – to avoid getting into the same kinds of binds that the Department of Housing and Urban Development had gotten into before. But we believe that probably overestimates the size of the homeless population.

Two more things need to be said about the numbers. One is that, in comparison to the 1983 estimate from HUD which was approximately 250,000 to 350,000, ours is an estimate from March 1987, which would suggest that the number of homeless has grown in that period of time.

Second, if one estimates a prevalence rate, meaning how many people have been homeless during the year, rather than how many people are homeless at any given point in time, it will come close to doubling any figure, whatever method of estimation is used.

The rest of the data that I am going to present are data on individuals and individual characteristics. I will present the data separately for singles and for adults in homeless families. The reason for this dichotomy is that the media have created a great deal of interest in homeless families, some of it, to my mind, a bit distorted. But it is very interesting and very informative in terms of policy to note the rather significant differences between single adults and those who are accompanied by children.

We have defined a family as a homeless adult or two adults who are accompanied by children. There is a very, very small percentage of multiperson households among the homeless who do not have children with them but who instead are with relatives that you might also call family. But the media focus has been on children, the sympathy is directed to the children, and it is the children that we used as the definition.

One of the more important things to note is the proportion of families among the homeless. Before we do this, it is important to understand what unit of analysis we are counting. One can count the homeless using the household as a unit, or using the individual as a unit. As we will see, rather different impressions are produced with the first statistic rather than the second. Looking first at the household definition, a person homeless by him or herself is counted as a household; an adult with children is counted as a household. Using this definition, 10 percent of homeless households are family households. This proportion in our data is very close to the same statistic coming from the only other source of national data, the Robert Wood Johnson Health Care for the Homeless programs, although their data are not based on random sampling techniques.

Another way of looking at the proportion of the homeless who are families is to look at those who are family members, that is, to count both adults and children as individuals, not as a household. With individuals, you get quite a different picture and can begin to see where shelter operators get their perceptions. If you take all of the individuals, both adults and children, then 23 percent of the individuals who are

homeless are family members. Eight percent of those are the adult parent in homeless households, and 15 percent are their children. Further, if you look separately at the homeless who use shelters versus those who use only

soup kitchens, you get an even more skewed proportion of family members. Among those who use shelters, 35 percent are family members, 11 percent adults and 24 percent children. If you look at those who only use soup kitchens, only 5 percent are family members, 2 percent adults and 3 percent children. And if you look at our very small street sample which did not use services, there are no children among them, that is no families.

If you are a shelter operator, therefore, and you are looking out over the shelter to see who is sleeping there tonight, you may well say, "Oh, a third or a half of the people here are families." This indeed is what they typically say. And by counting every child as a "family," their perception is in fact accurate with respect to the shelter beds at that given time. But it adds up very differently when one is looking at households, and it is rather critical to be careful about what you consider is a family, or a family member, and how you add those things up. Suppose a shelter has ten beds. In those beds are four single people, one mother and her three children, and one mother and her one child. If you are counting households, there are six—four households of single people and two of families. Families equal 33 percent of the households. If you count individuals, there are ten—four single and six family members. Family members are 60 percent of the individuals. If, as happens, you then transfigure each of these family members into "a family" and the data are reported as "60 percent of the homeless in the

How Many Are Homeless? March 1987

Service-Using Homeless Adults in Large U.S. Cities	195,000
All Homeless Adults and Children in Large U.S. Cities	330,000
All Homeless Adults and Children in the U.S.	570,000

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shelter are families.” You can see what a misleading impression is created.

In terms of basic demographic data on the homeless, of those who are single, 88 percent are male. More than one-half are nonwhite, which is obviously much higher than in the national population. More than one-half have never been married, which is also much higher than the general population. And almost one-half have not finished high school, also significant and higher than the national population.

When we compare these single homeless adults to the homeless adults who have children with them, the proportion of males changes completely so that among the adults with children, only 12 percent are male. The homeless adults with children are overwhelmingly female, single parents with an average of two children with them. An even higher proportion – three-fourths – of these homeless are nonwhite. About an equal proportion have never been married, and an equal proportion have not finished high school.

In terms of the high school comparison, 19 percent of American adults have not finished high school, while 43 percent of those below the poverty level have not finished high school. So even compared to the very poor, homeless adults, of whom nearly 50 percent have not finished high school, are more significantly lacking in educational achievement. This, of course, has many implications for their ultimate capacity for self-sufficiency.

The link of homelessness and joblessness is very interesting for both the single homeless and adults with children. Among the singles, a relatively high proportion has been homeless for a relatively short time, and one out of five has been homeless for less than three months. But equally important, one out of five has been homeless for more than four years. The length of their joblessness is usually about double the length of their homelessness. One-third of the singles, moreover, have been jobless for more than four years, while three out of five have been jobless for a year or more.

When you look at the homeless adults with children, their length of homelessness is significantly less. Far more than twice as many have been homeless for three months or less. Only 6 percent have been homeless four years or more. But their joblessness lengths are equivalent to the singles. What we are looking at here is a large proportion of the single parent families who were welfare recipients

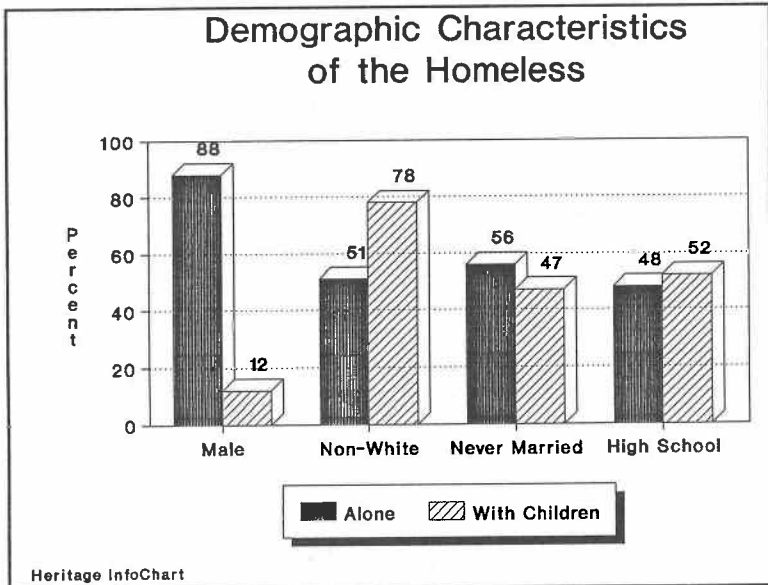
before they became homeless, are still welfare recipients, and have not worked in a long time.

Financial resources among the homeless are extremely scarce. One-half of the singles earned, during the month before the interview, \$64 or less. One out of four of them got some money from working, but this usually is not steady employment. Only 5 percent or 6 percent have steady employment. Only 1 percent of the singles — who, remember, are overwhelmingly male — are on AFDC, and only 10 percent are on general assistance. Eighteen percent reported no cash at all in the 30 days prior to the interview, and 15 percent received food stamps.

In comparison to the single homeless, the financial status of homeless adults with children in some senses looks better, and in other senses it may be worse. The \$300 per month that they report earning is both the mean and median. Yet that income, on average, must provide for three people, which means that they have approximately \$100 per month per person to spend. As with the single homeless, approximately one out of four of the adults with children received some money from working. Yet far higher proportions are receiving public benefits, including food stamps. And only 6 percent had no cash at all last month.

One of the issues that frequently comes up is the kinds of problems and difficulties these people have had that has resulted in their being homeless. As Dr. Torrey mentioned, there are highly variant reports on the reasons, and they depend heavily on the city involved. So the study we conducted is the first opportunity to have a multicity, national view at what the average might look like. And you can see that, among the singles in our data, one out of five reports prior mental hospitalization. Thirty-five percent have had chemical dependency inpatient treatment. That is usually detoxification, but it could be more extensive kinds of treatment. Fifty-six percent have been in jail for five or more days, and one out of four has served state or federal prison time, which indicates a fairly serious degree of criminal behavior.

When you group together the problems of mental illness, chemical dependency, jail time, and serious criminal behavior and ask how many of the single homeless are entirely free of any of these kinds of personal troubles, the answer in our data is less than one out of three. Twenty-nine percent have none of these problems, and a full 20 percent have three or all four of them.



The comparison of single homeless to the homeless adults with children is, again, one of the most striking comparisons. There are very significantly fewer of every variety of personal troubles among these parents, and three out of four have none of these personal troubles. So the adults with children are very much more likely to fall into Dr. Torrey's category of those with economic problems, rather than those with either chemical dependency or mental illness problems.

Our study asked a number of questions about hunger. Obviously, this study was done for the Food and Nutrition Service, and in fact, one-half of the interview focused on issues about where homeless people get food, how often they eat, what they eat, whether they get food stamps, how they use their food stamps, and what resources they have to obtain food. Here are some of the questions that illustrate the nutritional problems that the homeless have in getting food.

The first question was, "How often do you eat a day?" Here, 75 percent of the singles and 58 percent of the adults in homeless families eat two meals a day or less. When asked whether they go whole days a week without eating anything, 38 percent of the singles and 16 percent of the adults in homeless families say that they go one day or

How Long Homeless/Jobless?

	<u>Alone</u>	<u>With Child(ren)</u>
Homeless		
3 months or less	19%	39%
12 months or less	51%	73%
4 years or more	21%	6%
Without Steady Job		
3 months or less	9%	11%
12 months or less	39%	38%
4 years or more	33%	33%

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more a week without eating. Those average figures from their answers are corroborated by other data from our study. We asked, "What did you eat yesterday [the day before the interview]," and 8 percent of the people reported eating nothing. So if you accumulate that figure over seven days and account for the fact that some of these people go more than one day a week without eating, you get about the same figure.

Another question, which is included in the Nationwide Food Consumption Interview Survey, asks, "Do you get enough of what you want to eat," "Do you get enough, but not what you want," "Do you sometimes or often not get enough?" Two out of five of the homeless singles say that they sometimes or often do not get enough to eat. One-third of the family adults say that they sometimes or often do not get enough. By way of comparison, this response is given by only 20 percent of all American adults whose incomes are at or below 75 percent of poverty, and 4 percent of all American adults.

These results are not surprising. Yet they are the first strongly descriptive data about the extent of eating problems among the homeless. And there are other data in the study about the specific foods that are missing from the diet and about where homeless people go to get

food that also paint a picture of inadequate diets and difficulties obtaining enough food.

Now the last kind of generalization that I want to make relates to the speculation that the people who do not use soup kitchens and shelters do not do so because they are better able to cope than the ones who do; and that they have resources

that enable them to shun the soup kitchens and shelters. Well, forget that.

Financial Resources of Homeless

	Alone	With Child(ren)
Cash Last Month		
Mean	\$146	\$301
Median	\$ 64	\$300
Cash Last Month from		
Working	25%	23%
AFDC	1%	33%
General Assistance	10%	33%
No Cash Last Month	18%	6%
Food Stamps	15%	50%

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Personal Troubles of the Homeless

	Alone	With Child(ren)
Mental Hospitalization	20%	11%
Chemical Dependency Inpatient Treatment	35	12
Jail for 5+ Days	56	18
State/Federal Prison	26	2
None of the Above	29	76
Any 1	29	12
Any 2	22	6
Three or All Four	20	6

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The people who are not using soup kitchens and shelters have been homeless longer, have been jobless longer, have fewer cash resources, and are overwhelmingly less likely to have benefits of any variety. Their diets are less adequate in terms of the five core food groups that the USDA defines as essential for health, and their

frequency of not eating at all is much higher. They have more of all the problems that we have discussed. Basically, they are much more vulnerable and not in touch with services. Some policy, therefore, has to be oriented toward bringing them in touch with services.

I have spoken here about the bare statistics, but these can be summarized to bring some perspective on the homeless today. First, many of the homeless, perhaps as high as 50 percent or 60 percent, may have so many disabilities that they will never be able to take care of themselves. This raises the issue of what is the public responsibility for that proportion of the population who are disabled, whom society may have been taking care of in a less individualistic and less urbanized time, but who now are very much on their own and very much not able to cope.

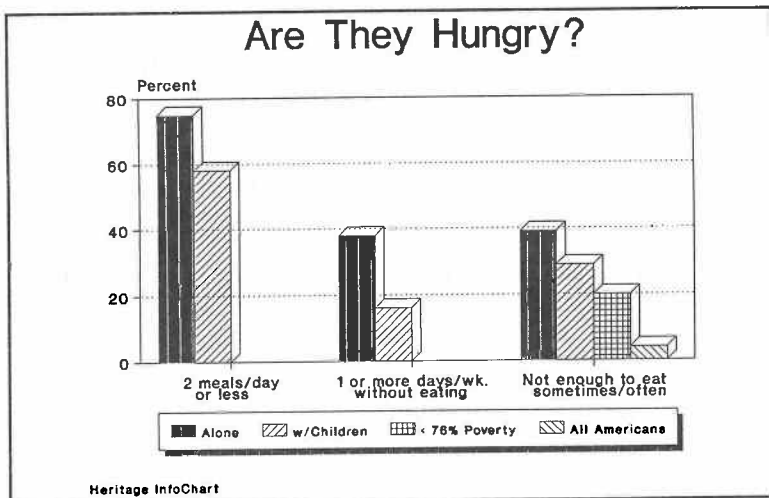
Second, there are others among the homeless who may be trainable but have not yet been trained. They need the kind of resources that have been discussed in some of the welfare reform packages. In fact, when you look at the families, you are basically looking at the same people that the current welfare reform initiatives are aimed at: the long-term welfare recipients with few job skills and little education.

Third, there is not such a large number of homeless. There are far fewer than the three million that some of the advocates are talking about. We can come to grips with the number of people who are probably homeless and who have various levels of capacity to take care of themselves and who require various levels of care.

I am very interested in the private sector's taking care of housing. Four out of five federal dollars spent on housing – if you count tax expenditures as the equivalent of spending – go to subsidizing the middle class through mortgage expenditures. If you are all willing to give up your mortgages, then we can start talking about not being able to afford having the private sector deal with the homeless.

The policy framework that many states are adopting is, first, to deal with such emergency issues as shelter, food, and the health of people who are already homeless. The second level, which has to be planned for at the same time are the transitional issues regarding those who are already homeless, but whom we want to help get into a stable home situation. Such policies as job training, targeted supplemental security income, and long-term supported housing for the disabled relate to the second level of the homeless issue.

The third level of the policy framework is prevention. There are many different arguments that can be made about what should be done about prevention. I certainly am of the opinion that affordable housing is one of the problems, but there are many, many things that have



changed in the 1980s that are contributing to the problem. And I think one of the ways that we have to address the prevention issue is to ask why has there been such a difference in the 1980s, because, as Dr. Torrey said, these people have always been around. The answer in part is that, prior to the early 1980s, very large proportions of the people who are now homeless were housed, marginally, but housed nonetheless. What has changed that has made it less possible for the very poor to find and to be able to afford housing? And it is not just that the housing is not there; in some cities, it is there, but the jobs are not there or whatever else that would allow them to afford it.

So it is a rather complex question. But my question is why in the 1980s? And I think it is our responsibility to try to come up not with a single reason, but with how the complex factors of the shifts in the labor market, the shifts in the housing market, the shifts in public benefits, the shifts in a whole lot of things have contributed to homelessness.

Dr. Butler: Our next speaker, Dr. Kenneth J. Beirne, has been on the firing line in another sense, for he has been at the U.S. Department of Housing and Urban Development during most of the Reagan Administration. Currently, he is Assistant Secretary for Policy Development and Research. His work has involved chiefly analysis of housing policies across the spectrum as well as the National Urban Policy Reports and analysis of the scale and situation of homelessness in the entire country. Ken has spent many years in college and university teaching and has broad experience in community service. Dr. Beirne.

Dr. Kenneth Beirne: I have been asked to describe the existing policies to combat homelessness around the country. I would need to point out that, although I will talk about federal policies in regard to homelessness, I think that we can say fairly safely that most of the management of the homeless problem is not being done by the federal government. So one of the questions that needs to be asked is whether or not the policies of the federal government are in some way inhibiting the management of the homeless problem at the state and local levels and with the private sector, which is where much of the activity is occurring.

I would point out, in keeping with some of the earlier remarks, that most of the provision for housing for the very poor is handled by the federal government especially, but even by state and local governments, through regular programs other than homeless programs. You have, for instance, a substantial amount of help through programs for low-income families. At this point, we have over 4.3 million families being provided housing assistance by HUD, which is an increase of over one million families since 1981. Not only are we serving more families, but since 1981 we have also targeted the assistance much more consistently to families whose incomes are 50 percent of the area median income or below. In light of that, the outlays for housing assistance have more than doubled over that period of time and even on an inflation-adjusted basis are up over 50 percent.

Now what that points to, among other things, is that the homeless problem, as such, is not really directly attributable to a crisis in affordable housing. And one thing that increasingly characterizes the homeless debate is a move to make a housing issue out of the homeless issue. I believe that the two are distinctly separate and that they need to be

managed separately. In the case of the federal government, in fact, they are managed separately, I think more by inadvertence than intention. And to an increasing degree, they are being managed successfully.

Now up until the passage of the McKinney Act in 1987, the federal government used the traditional programs for the poor also to serve the homeless. In addition to the regular assistance programs, there was an effort begun in the early 1980s to enable states and localities to use existing programs, such as the Community Development Block Grant Program, and available facilities to provide assistance for homelessness. The assumption at that point was that the primary vehicles for treating homelessness would have to be at the local level.

There was also an outreach effort that was undertaken to inform governors, mayors, shelter operators, and others of these modifications in an effort to try to get them to use the resources that were already available. As a result, for example, over \$167 million in Community Development Block Grant funds has been spent on homeless related activities since 1983. We have encouraged public housing authorities to use vouchers and Section 8 certificates for homeless families, and more recently there have also been changes in the preference rules, which Public Housing Authorities (PHAs) use to allocate vouchers and Section 8 certificates, to give preference to homeless families. Other federal agencies, such as the Department of Defense and General Services Administration, have made similar program changes to permit the use of their existing programs and facilities to address the homeless problem.

Now Congress, in its inimitable fashion, and wanting to put more emphasis on activities for the homeless, enacted the Stewart B. McKinney Homeless Assistance Act of 1987. It is hard to tell exactly what was behind the McKinney Act, at least in terms of what Congress expected to accomplish. For one thing, Congress has never really been very open to discussions about the size of the problem. And as much as people do not like to talk about the size of the problem, I find not talking about the size of the problem akin to John F. Kennedy's saying, "I want to get to the moon by the end of the 1960s. However, I don't want to hear stories about how far it is. I don't want to know how big it is and I don't want to know what direction it's going. I just want you to get there."

The question of the size and the characteristics of the homeless problem is a public policy question. Localities that have to deal with the question always have to find out first what they are talking about in terms of both size and makeup of the population; and then they have to plan for it.

That was not evident in the planning for the McKinney Act program. In fact, at least one congressional staff person has indicated in at least one public forum that a good part of the initiative behind the McKinney Act was to recreate the old social agenda, basically using homelessness as the wedge to do so. And certainly, much of the character of the McKinney Act program bears witness to that possibility.

The McKinney Act created or extended seventeen federal programs managed by seven different federal agencies. Now I think I ought to describe these to you for a number of reasons, the least of which is that you will get some idea of what people dealing with homelessness have to cope with when they are confronted with these programs.

The Department of Housing and Urban Development has five McKinney Act programs. One is a formula block grant program, called the Emergency Shelter Grant Program. It distributes funds to Community Development Block Grant recipients for activities related to emergency shelters. Then there is the discretionary competitive grant program called the Transitional Housing Program. It provides money to states, metropolitan cities, urban counties, tribes, nonprofits, and other governmental entities for the acquisition, rehabilitation, and operation of transitional housing. Next is the discretionary competitive grant program, called Permanent Housing for the Handicapped. Through this program, funds are available for states to pass through to nonprofit organizations and public housing authorities for generally small group homes that serve as long-term housing for the handicapped homeless. Another McKinney Act program is the discretionary competitive program for public housing authorities, called a Section 8 Single Room Occupancy (SRO) Moderate Rehabilitation Program. This program focuses on rehabilitating single-room occupancy dwellings for priority occupancy by the homeless.

Finally, there is a discretionary competitive grant program called Supplemental Assistance for Facilities to Assist the Homeless. The program awards funds to states, metropolitan cities, urban counties, tribes, nonprofits and other governmental entities for comprehensive

and innovative programs to identify and meet the needs of local homeless populations.

The McKinney Act programs under other federal agencies include two USDA programs: an optional food stamp outreach program and such temporary emergency food assistance programs as the Temporary Emergency Food Assistance Program, which provides surplus dairy and grain commodities for distribution by local volunteer agencies.

There are two Department of Education programs: the adult education statewide literacy initiatives and homeless children and youth education grants, both on a formula grant basis to state education agencies.

There are five Department of Health and Human Services programs, including: discretionary competitive grants to local health providers for health services to the homeless; formula block grants through states for community mental health services; discretionary competitive grants for states with pass-through to local community mental health agencies for comprehensive, community-based mental health services demonstration projects; discretionary competitive grants for local nonprofits for alcohol and drug abuse demonstration projects; and formula grants to states for comprehensive supportive services to the homeless.

There is also a McKinney Act program through the Federal Emergency Management Administration to provide funds on a formula basis to local voluntary agency boards for emergency food and shelter.

And there are two Department of Labor programs: a discretionary competitive grant program for states, local public agencies, nonprofits, and private business to do job training demonstration projects; and a discretionary grant to states and local agencies for homeless veterans reintegration projects. There is one General Services Administration program: the Surplus Property Program, under which GSA makes available to homeless providers certain unutilized and underutilized federal property.

And as if that were not enough, the McKinney Amendments in 1988 reauthorized all of these programs and added two more. There is a new Department of Labor program for states called Jobs for Employable Dependent Individuals Incentive Bonus Program; and a new HHS demonstration to reduce the number of homeless AFDC families in welfare hotels.

Now, consider yourself the local government interested in helping the homeless in your community. How do you get a handle on all of these McKinney Act programs and harness them for your local benefit? Basically, you may not be able to; in fact, I would almost be willing to guarantee that you cannot. And if you are a shelter provider and you want funding to offer a full range of services to your clients, how do you use the McKinney Act programs to provide a program that makes sense? You may not be able to.

With all of the different programs and different recipients, it is difficult, if not impossible, to implement comprehensive strategies that move the homeless out of homelessness permanently. Difficult or impossible, that is, under the federal government's McKinney programs.

As it turns out, however, the states and localities had already built up a pretty fair head of steam in terms of pursuing their own policies before Congress passed its legislation. We at HUD have been doing a new survey of our own on shelters and homeless services in cities. One of the things that we have discovered is the fact that the total amount of federal money provided for homelessness is somewhere less than one-third of the entire amount of money that is being spent on the homeless. And that does not count the volunteer efforts and the time spent by volunteers, which is at least the equivalent of \$100 million, based conservatively on minimum wage projections.

So what the localities are doing is not necessarily using the McKinney Act programs at all. Or if they are using them, they are not doing so in any systematic way. If a city in its comprehensive homeless assistance program identifies a need for transitional housing, for example, it is just the luck of competition that determines whether an organization in that community will be awarded a transitional housing program grant. The local government, moreover, has no control over which organizations, if any, apply, unless it wants to be a direct shelter provider.

To cite another example, the grantees managing the demonstration projects at the National Institute of Alcohol Abuse and Alcoholism, who are interested in adding a medium-term residential component to their projects will have to master the machinations of yet another federal agency to successfully compete for transitional housing project funds. The homeless alcoholics these grantees are serving need more

than emergency shelter, but the programs are so splintered that this cannot be achieved.

The system's lack of rationality is compounded because Congress thought homeless alcoholics had a sufficient problem to create a demonstration project for them, but not a serious enough problem to give them a priority for transitional housing program funding. In addition, homeless alcoholics are not even eligible for all the McKinney Act housing programs. The Permanent Housing for the Handicapped program uses the Section 202 definition of handicapped that does not include alcoholics or other drug users.

Now there is also a concern — and actually we started to pick up this concern as soon as the McKinney Act was passed, before it even got into place — that McKinney Act funding will lead to funding cutbacks by current funders. In fact, before the McKinney Act program was even implemented, some nonprofit organizations were indicating that their private sector supporters had somehow decided that, when the federal government entered, it was the equivalent of success, and therefore, less in the way of private sector help was needed. And we know of at least one state which, as a result of the HHS Community Mental Health Grant Program, has significantly reduced its own funding in the same area.

What is happening, then, is that the federal programs are extraordinarily splintered. That would be bad news were it not for the fact that most of the management of homelessness is occurring at the local level. One of the Reagan Administration's policies has been to assume that the local level is substantially able to handle the homeless problem, unless the problem should prove to be of a prohibitive size. And nothing in the evidence so far indicates that it is of a size that would prohibit localities from handling it.

HUD undertook a new study to follow up on the study that we did in 1984. This study, however, is aimed entirely at the provision of services in shelters. One of the things that is becoming evident is that the number of shelter beds has between doubled and tripled in the past four years. The localities in fact have been moving so rapidly to deal with the problem, that there are between 210,000 and 260,000 shelter beds available, nationwide. And on an average night in 1988, between 150,000 and 170,000 people were sheltered.

Let me conclude by pointing out that, overall, the localities are moving in a different direction now. To a very great extent, as they got a serious idea of what has to be done to deal with homelessness, the localities have started to move more and more to the provision of services to the homeless. They are focusing on bringing the homeless into mental health programs, family assistance programs, or other programs for which they may be eligible. By making that transition, the localities are moving rapidly in what looks to be a coherent policy direction, and in the typical fashion, leaving the federal government behind.

Dr. Butler: Our final speaker on this panel is a resident of New York City, which in itself may make Bill Tucker an expert in the breakdown of public policy, particularly in the area of housing. But he has other claims to expertise, for he has been investigating and writing about homelessness and housing policy for some time for the *American Spectator*, where he works as New York correspondent, as well as for *The New Republic* at the other end of the political spectrum. He also writes occasionally for *National Review* and for *Reason* magazine. He is currently completing a book, *The Excluded Americans: Homelessness and Housing Policies*, to be published by Regnery next fall. Bill Tucker.

Mr. William Tucker: The lesson for this morning is from the first Book of Samuelson, Chapter 7, Verses 1 through 8: "And on the morning of the 43rd day, when the Lord had made the world and all the things therein, he said, 'I will now create the laws of supply and demand to govern over them.' That line which beginneth in the northwest quadrant and runneth down to the southeast shall be known as demand. And that line which beginneth in the southwest quadrant and runneth to the northeast shall be known as supply. And the place at which they intersecteth in the middle shall be known as the price. And the price it shall be and the price it shall remain, even if every Democratic Congress refuses to understandeth this. Even if Ralph Nader spendeth his entire life butting his head up against this, yea, even if the entire State of California voteth every November to repeal my laws, yet they shall endure. The price it shall be and the price it shall remain." Here endeth the lesson from the Book of Samuelson.

Anybody who has had freshman economics has read Paul Samuelson and knows of the supply and demand curve. It is represented in a graph, with one line depicting supply and the other demand. Price is the point at which these two lines intersect. And as Milton Friedman says, what we do know about economics is that government can do two things. It can create surpluses and shortages. A surplus occurs when the government chooses a price above the market price. Demand recesses. People buy less, and supply increases because sellers see a higher price. To create a shortage, all government has to do is set the price below the market clearing level. Any kind of price control would do it — oil price controls, for example. Demand will increase because people see a lower price, but supply falls back because suppliers see that lower price as well. This fundamental rule has been proved over and over again, and we never learn the lesson. It is plain to anybody who understands economics.

But there is a particularly horrifying thing about this, which I did not quite realize until I started to deal with rent control. When we impose rent controls, we create a housing shortage. Another name for it would be a homeless population, those without homes. But the really horrifying thing is this: As the government continues to push prices down, the housing shortage increases. If we push the prices down further, certainly rents are lower, but at the same time, the homeless population increases.

So the horrifying implication is that, as a city successfully implements rent control and pushes down prices, the vast majority becomes ever more satisfied that, indeed, rents can be pushed down, keeping the vast majority satisfied with rent control. However, the cost is simple. It increases the gap between supply and demand and creates an ever larger homeless population. But there are always going to be people who do not understand this. For example, the Urban Institute, I read recently, came into Washington, D.C., and did a study on rent control. And they said, “Rent control is working, it’s a great system. Rents in Washington, D.C., are now \$100 below market for everyone who has an apartment.” Absolutely true, there it is right there. What they do not see is this little gap created by that \$100 below market rent that is called a homeless population.

I have been dealing with rent control in New York City, and it is very obvious. I was coming down on the train yesterday, and up in Harlem,

there was a whole vacant lot, a whole block of brick-strewn rubble, and in the middle of this, was camped a group of homeless people and they had a fire going. They were parked literally on the remains of what once had been a building. Anyone who has been through upper New York knows that there are thousands of these buildings, or what once were buildings, sitting there now as vacant lots. They are all victims of rent control. And as someone said, every one of those vacant buildings that is boarded up and has a sign saying “Owned by New York City” — every one of those buildings is actually a tombstone to a landlord who once owned that building and provided housing.

A year ago, I did a study of the rent control cities — 50 cities around the country. I did a regression analysis, trying to compare local unemployment rates, the rate of poverty, and the availability of public housing. These differ tremendously. Newark has about 40 units of public housing per 1,000 residents. Los Angeles only has about two. If the argument were true that cutbacks in public housing have caused homelessness, one would expect those cities with more public housing to have less homelessness. This is not the case.

I did regressions on all these on the basis of city size. Many people also say that bigger cities attract more homeless. Yet I could not come up with any correlations whatsoever in comparing the homeless population with city size. There is some correlation with the weather, however. It does seem to be true that warmer cities have more homelessness, maybe about 2 percent more per one degree in temperature. It may be that it is just a little easier for people to give up in a warmer climate.

My study of correlations found that vacancy rates account for about 17 percent of the variation in homelessness among the 50 cities studied. But rent control — the single factor explaining a low vacancy rate — accounts for about 28 percent of the variations. It is the only really strong correlation. And amazingly enough, when you factor in both vacancy and rent control, the vacancy factor disappears completely. Only rent control makes any difference.

Everybody thinks that rent control is a New York phenomenon. Yet such major cities as Washington, Boston, Newark have it, as do San Francisco and Los Angeles, the two major cities on the West Coast with homeless problems. All of these cities have vacancy rates now under 3 percent. No other city in the country has a vacancy rate under 4 percent,

with the single exception of Worcester, which has talked about rent control. Every major city — beginning with Philadelphia at 4 percent, up to New Orleans at 18 percent — has what can be considered a normal vacancy rate. Normal vacancy is usually considered 6 percent, although the national average now is 8.5 percent. We have more rental vacancies than we have ever had in this country, along with our homeless problem.

Vacancy rate variations from about 4 percent to 18 percent are normal variations. New Orleans, for example, has lost a lot of people so the rate is high. Such variations do not impact the size of the homeless populations. But with rent control, the impact is significant. Cities with rent control have, on average, homeless populations about two and one-half times the median for the rest of the country. Every city with rent control has a vacancy rate under 3 percent.

I used HUD's 1984 figures in my study. I know they were criticized in some respects, but the important thing was that HUD's method was consistent from city to city, so you can use those figures to make accurate comparisons from city to city. That is, if they were making a mistake in Detroit, they were making the same mistake in Chicago. It is obvious from these figures that cities with rent control are the major homeless problems, with Washington, D.C., and New York certainly among them.

Now, of course we do have, at the same time, homeless populations in other cities. Rent control obviously is not the problem everywhere. Yet the national average seems to be about 3.1 homeless per one thousand population, whereas in rent control cities, it is about 8.2 per thousand.

My interpretation of the data is that there is, as everyone has been saying, a kind of a core homeless population everywhere. It always has been there. It is chiefly alcoholics, and it has been augmented by the release of mental patients. This core homeless population is probably not too responsive to housing shortages. As everyone has agreed, there are certain people who probably are not going to find housing in any market. But the really severe problem comes when the city starts trying to improve the situation by imposing rent control.

Now everybody says, "Well, you've got it all wrong. Rent control is imposed because there is a housing problem to begin with." That is demonstrably not true. All of the cities on the East Coast that imposed rent control in the 1970s did it in response to inflation. There was no

housing shortage in any of these cities before rent control was imposed. Vacancy rates in Boston, for example, were 6 percent in the 1980 census. They are now down to 2 percent. The same is true in California, where rent control was implemented, first of all, because Howard Jarvis promised every tenant a rent reduction if they adopted Proposition 13. Everyone got mad when that did not materialize. Then Tom Hayden and Jane Fonda did their grand tour of the coast and encouraged every other city to adopt rent control. One-half of California is now living under rent control. And Santa Monica, which has probably the most draconian ordinance in the country, is known as the homeless capital of the West Coast. Berkeley is able to export its housing shortages to Oakland, so you do not have a very visible homeless problem there.

But there is another element involved, and that is the problem of building codes and zoning and all the resistance to new housing. The remarkable thing to me is that this was a very strong liberal issue in the 1970s. The perspective was that the suburbs were using zoning quite simply to keep people out. And, economically, you can show that it makes perfect sense. If you buy a home in the suburbs, the best thing to do is to turn your town into a little exclusive enclave by preventing anyone from ever building another home in your town. You raise the price of your own home because, number one, you keep all the amenities of having a beautiful field next door and, number two, you limit the absolute supply of housing, which increases the value of your own home. Every suburb, every town in the country is now playing this game. Housing is probably the most regulated industry in the country, but it is not regulated at the federal or state level. It is regulated at the local level by such devices as building codes, zoning laws, controlled growth, and master plans.

The industry, itself, is affected by this. Many experts predicted there would be a big breakthrough in housing, that we would have modular and prefabricated homes. HUD, in fact, spent a lot of time under George Romney trying to implement this. Yet it has never happened simply because every town resists it. There is no uniform building code, even within counties. Every town wants something different. And the reason they want something different is partly because they say, "Well, we don't want that tacky stuff in our town. We don't want our town

looking just like every other town.” But also because, again, it makes economic sense to resist housing.

So I think that the worst homeless problems seem to be in those urban areas that are surrounded by a ring of suburbs, which are very resistant to new housing. This makes it difficult for renters to buy a first home in the suburbs. They stay in the city rental market. They start pushing up rents. And then the city says, “Well, we can’t let that happen. We have got to impose rent control.” Sometimes, the whole process is thrown into gear deliberately. Berkeley, California, for example, started off with a no-growth ordinance, forbidding any more new construction anywhere. And then they said, “Well, now we must have rent control.”

The horrible thing is that all of these things represent a kind of a tyranny of the majority. The existing environment benefits the people who are already established; the homeowners benefit by excluding other homeowners. Rent control becomes something of a lifetime tendency. And boy oh boy, you meet some people in New York with their rent control apartments who would offer you their children before they would give up those apartments. People in most divorce cases in New York fight over who gets custody of the apartment, not the children. It is not that you do not see “Apartment for Rent” signs hanging in windows in New York; you do not even see them for sale in the hardware stores. Nobody ever heard of an apartment being for rent in New York. You inherit apartments or you buy them in Eastern European fashion.

The other thing worth mentioning is Section 8 vouchers. Sixty percent of Section 8 vouchers in New York now are being returned unused. People cannot spend them because there is no housing available.

In Chicago, the newspaper ads say, “Section 8 vouchers welcome.” I would bet anyone in New York \$1,000 that they could go to Chicago and find an apartment in two days. Nobody will take me up on it, not because they do not believe it, but because anyone who is crazy enough to think you can find an apartment in two days obviously is not going to pay off.

The federal government should assert that the cities that impose rent control are interfering with federal Section 8 policies and other attempts to help the poor. Rent control obviously shortens the supply of

housing, which eventually reflects most severely on the people who have the most difficulty in the market: the poor.

Dr. Butler: Thank you, and thanks to all the panelists. There is time now for a few questions.

Guest: I have a question for Dr. Torrey. If we accept your figure that about one-third of the homeless are seriously mentally ill, and if we accept Dr. Burt's top estimate of 600,000 homeless, that would mean about 200,000 are seriously mentally ill. The vast majority of these people then would seem to be eligible for disability benefits, which I believe are \$300 a month, and would be enough to cover the rent in a decent group home. This would be a way to get most of these homeless off the streets and into a situation where they would be eligible for Medicaid, supervision in terms of taking their medicine, food stamps, and other existing federal programs.

I assume that currently a very small fraction of these people who are eligible are able to obtain those benefits. Should not the focus be with the seriously mentally ill in some kind of outreach effort to bridge that gap? And perhaps the emphasis should be on the use of private funds for outreach, the federal contribution being the stipend. Why is this not being done, and should it be a priority in your view?

Dr. Torrey: You are absolutely right. Most of these people are eligible, but most of them are not receiving those funds for a variety of reasons. First of all, many homeless have no address, so they cannot apply. Second, many of them cannot apply: applying for SSI and food stamps is difficult enough even if your brain is working right; but if you are hearing voices and are delusional, it becomes absolutely Byzantine. And third, there is no question that it could be done if there was some kind of outreach. In fact, there is not this kind of outreach. There are very limited services for these people. The mental health sector is not providing care for them, by and large. It is simply not happening. What you are outlining certainly is feasible, but it is not happening now.

Guest: I wonder if Dr. Torrey would comment on the efforts of some people in the civil liberties community to fight institutionalization of the homeless mentally ill and, also, to thwart efforts, in the case of New

York for example, of the police to remove the homeless from the streets when they would be endangered by weather conditions.

Dr. Torrey: Such groups as the Mental Health Law Project and the Civil Liberties Union are well meaning, but in fact, they have grossly misunderstood what is wrong with most of these people. They saw *One Flew Over the Cuckoo's Nest*, and they thought they must free all of these people and make sure that they never would have to go back into a hospital because hospitals are not nice places. When we started to deinstitutionalize some twenty years ago, we did not understand very well what was wrong with these people. We understand what is wrong with them now. We understand they have brain disease. And to maintain the freedom to be insane is, itself, insane to me, yet that is what is happening. It is refreshing, however, to see many of the lawyers starting recently to reconsider their positions and understand a little bit better what is wrong.

Guest: How does the civil rights issue bind the hands of the state to help these people? In other words, we are talking about housing the homeless, but we are presupposing that they are coming forward voluntarily. What about those who wish to remain on the streets, either for not knowing better or from a sincere desire to stay there, for whatever reasons? Are we looking at the possibility of a permanent homeless crisis with these types of individuals who resist efforts to help them?

Dr. Torrey: Well, in the five and one-half years that I have provided care in shelters and worked with homeless people, I have never met a sane person, except for an alcoholic or drug addict, who wanted to live on the street. I have met many seriously mentally ill people who insist on staying on the streets. One woman I provided care for insisted on living in Lafayette Park because she thought her son was in the White House and she wanted to stay close to the him. That, to me, is much more typical of the people who refuse hospitalization. The majority of seriously mentally ill homeless remain on the streets not because they really think it is a wonderful thing to live on the streets, but because their thinking is disordered. They have brain disease, and they cannot think logically about their own needs.

Guest: I would like to ask Dr. Burt to comment on some of Mr. Tucker's statements concerning the relationship between homelessness and rent control, zoning, and other regulatory issues.

Dr. Burt: I am going to pass on that; housing is not one of my areas of expertise. The Urban Institute has 163 employees, and some of the others did the D.C. and other rent control studies. I have a hard time believing that rent control is the only answer for what is going on out there, since there are many cities in this country without rent control with homeless problems. I have been in places like Madison, Wisconsin, which is one of the cities in our study. They say that they have housing, yet they also have homeless. The reason: they may not have a job base.



Panel 2

What Can Be Done to Reduce Homelessness?

Mr. Ben Hart: Our second panel this morning will address “What Works” in coping with homelessness and “What Needs to be Done.” Our panelists comprise two individuals who have either run or studied shelters around the country to discuss what seems to be effective in dealing with the problems of the homeless and then two individuals who have been looking at policy aspects, who will try to pull out of the proceedings what kind of policy changes are needed to address the problem of homelessness in this country.

First we will hear from David Whitman, an editor at *U.S. News & World Report* specializing in social policy, particularly subjects regarding the poor, homeless, welfare reform, and job training. Formerly in residency at the Kennedy School of Government at Harvard, he wrote case studies in public policy used in teaching. He coauthored *The President as Policy Maker: Jimmy Carter and Welfare Reform* and last year published an article in the *New Republic* that many of you may have seen, “Who’s Who Among the Homeless.” David Whitman.

David Whitman: I am going to talk about successful programs to help the homeless. I would like to start off with a few words about what the homeless aid system is like now. I think it is important to remember that, for the most part, the current system is a terrible flop.

The current system is what the shelter providers call the three-hots-and-a-cot approach to the homeless, namely, provide three meals, and a cot for somebody to sleep on at night. Well-intentioned and very financially pinched shelter providers are essentially being forced to throw beds and food at the homeless. And it is easy to see how that happens when all of the financial incentives for dealing with the homeless go in the wrong direction. As more and more homeless come to the door of the shelter, it is much easier to put another cot up in the

basement than it is to provide psychiatric services, drug and alcohol counselling, and so on.

When the homelessness explosion occurred in the early 1980s, many commentators thought that it was a reflection of the 1982 and 1983 recession; that it was a temporary thing caused by a downturn in the economy. We now know that this is not true. The number of homeless, in fact, has grown substantially while the nation has undergone a period of economic recovery. But the recession rationale led to a kind of crisis-management, emergency-aid type of response to homelessness. Virtually all of the federal aid in the early years of the 1980s, for example, was limited to emergency food and shelter systems.

This emergency relief mode of response has been very problematic. Even the homeless rights advocates ended up taking this very shortsighted approach to the homeless. They typically pushed for right-to-shelter laws, which often made matters worse because they perpetuated the notion that the homeless simply needed a bit more money, food, and a place to stay for the night. City officials responded to such laws by building more and more shelters. And too often, the end result has been that the expensive transitional and rehabilitative services that the homeless most need are shortchanged, and the focus becomes warehousing the homeless in bare bones shelters, such as those Mitch Snyder runs.

The shelter operators, themselves, become more like hotel clerks, doling out towels and soap to whomever comes through the door. And too often, families that might otherwise have remained doubled up, cramped in an apartment with relatives or friends, end up forgoing the inconvenience and head for the local shelter instead. For reasons I will get to later – and many of them were touched on in the earlier panel – I do not think that the McKinney Act has changed the short-term approach to the homeless.

So what is needed? Before discussing the ingredients of successful programs for the homeless, I should note that even the best programs for the homeless have fairly limited results. A degree of realism and skepticism, therefore, is appropriate in dealing with this very difficult and troubled population.

There are two broad points about the homeless that seem obvious, but which often get ignored in practice. The first point is that what can be done to help the homeless depends on who the homeless are in a

particular city or town. If 65 percent of the homeless in City X are alcoholics, for example, then City X needs more detoxification facilities, alcohol-free aftercare, transitional housing, and more single occupancy hotel rooms. If, however, 65 percent of the homeless in City X are female-headed families on welfare, a very different kind of assistance will be needed.

Now even though the numbers vary from city to city, we have pretty good national numbers on who the homeless are. Martha Burt talked about them. There has been a lot of talk in recent years about the new homeless and an enormous amount of media coverage about the growing number of homeless families and the homeless mentally ill. I would plead with you to take a second look at the numbers that many of these stories use. The best national data indicate that roughly one-third of the homeless are mentally ill and perhaps one-quarter to one-third are homeless families. Martha Burt's numbers for homeless families were lower. However, the single largest homeless group is still homeless substance abusers.

About 40 percent of the homeless are alcoholics. Yet because virtually all of the homeless in previous years and decades were alcoholics, we tend to dismiss this group and ignore them in public discussions of the homeless. Even experts on alcoholism do not pay them much heed. Instead, they talk about the "industrial alcoholic" and the "hidden alcoholic" and how only a small percent of all the alcoholics in this country are homeless. There are all sorts of theories about why the number of homeless exploded in the 1980s. But virtually nobody talks about the fact that during the 1970s, state after state decriminalized public drunkenness and court after court struck down vagrancy laws. In 1968, about 40 percent of all arrests in the United States were for vagrancy, public drunkenness, and disorderly conduct. Today, fewer than 15 percent of the arrests are for such offenses. That means that there are hundreds of thousands of drunks who were once locked up overnight but are now left on the streets. The Reagan Administration has stuck its head in the sand about homeless alcoholics, just like everyone else. It has provided almost no grants, for example, to study treatment options for homeless alcoholics, and I hope the next administration will not be so shortsighted.

To think clearly about how to help the homeless, it is important to have some sense of how they differ from you or me or even from the

rest of the poor. Only a very small percent of the poor in this nation — something like 2 percent — are homeless on any given night. The question, therefore, is why are some of them homeless while others are not?

In part, the answer is that the homeless are much poorer than the typical poor person, as Martha Burt's data indicated earlier. I have already alluded to the problems of mental illness and alcoholism. But there is another outstanding characteristic of the homeless that not many people pay enough credence to when fashioning programs to help the homeless: the homeless are profoundly alone, or as Sister Marie Sullivan of the Christian Emergency Health Centers in Atlanta puts it, "Somebody who is homeless has lost everything." Now that sounds obvious, but the consequences are complicated.

What this means is that homeless people need more than just a roof over their head and a welfare check to right their lives. If that is all that social service providers and policy makers provide, they will soon find many of the ex-homeless back on the streets or back in the shelters. Leo Tolstoy, the Russian author, referred to the homeless person's need for "spiritual food." Today's social workers talk about the need for "support systems." Whatever you call it, it is difficult to provide. How do you create a support system for those whose family and friends have essentially abandoned them? There is no simple answer to that question, but I believe that it can be done.

A program that does it in Philadelphia is called the Community Occupational Readiness Placement Program. It is one of the first job training programs in the country that was set up to help the homeless. When its founders went to Washington back in 1983 or 1984 to present their ideas to an Assistant Secretary of Labor, he listened rather patiently to their presentation — and then burst out laughing. Yet they have managed to do relatively well since then. In fact, they place about one-third of their participants in jobs.

I sat in their classes and observed that they start out on a very elementary basis. First, the students are asked to write a short essay and are videotaped answering the question, "Who Am I?" In later sessions, they answer that question in a much more detailed format, responding to specific questions about the kinds of jobs and life they would like to lead. And eventually, they do videotaped mock job interviews and more traditional job search techniques.

It may sound odd, but the program works. In its early stages, the homeless students are forced to reflect on what it is they want out of life and work. And in later stages, the students form a kind of peer support group, in much the same fashion that recovering drug addicts help each other in Narcotics Anonymous. I believe that such a mechanism for building some sense of community, however fragile, is very important to helping the homeless.

I am not going to talk much about the second ingredient that I think is important in helping the homeless. *U.S. News & World Report* ran a cover story February 29, 1988, about how to help the homeless, which I urge you to read and which lists five such ingredients. In our study, we labeled it the second ingredient, "Treat the Homeless Where They Live," and the rationale for that is fairly obvious. It makes much more sense to provide services to the homeless in inner-city health clinics, missions, bus terminals, and soup shelters than in large hospitals. Placing a beautiful health clinic for the homeless out in Cleveland Park [a wealthy neighborhood in the District of Columbia], for example, is going to be a big waste of time. Many of the homeless are too drunk, too poor, too mentally disoriented, or too physically ill to remember appointments with doctors and social workers, much less to switch buses on a ride across town.

Unfortunately, the administratively complex and scattered services that now exist for the homeless have led to the nonsensical notion that the homeless will not use services and do not want help. That has been rather roundly refuted by the data we are seeing from the Robert Wood Foundation 19-city demonstration outreach projects. These data show that if the homeless are provided medical services in the areas and spots that they frequent, the homeless are pretty good patients.

I should add that going out into the streets to encourage the homeless to come into shelters for assistance is very, very slow work, particularly with the mentally ill. Workers at the Skid Row Mental Health Clinic in Los Angeles, for example, start by providing very practical advice to street people. They may tell a bag lady who is mentally ill, first, about how to delouse herself. They may tell her where to find clothes. They will build up a relationship of trust, perhaps over a couple of months before they will start talking about putting her on medication.

The third ingredient of successful treatment programs is halting the revolving door. For most of the homeless, temporarily stabilizing them with food or medication is just the start of a fairly lengthy process. And, unfortunately, there is a shortage of transitional living facilities and services for the homeless. The 1988 U.S. Conference of Mayors survey, for example, found that roughly one-quarter of the 26 cities surveyed had no transitional apartments for homeless families. The shortage of community mental health centers for treating ex-homeless patients has been pointed out time and time again. What is equally disgraceful, but much less widely known, is the fact that roughly 75 percent of all public inebriates who come in for detoxification go through detoxification in a few days and then are back on the streets without any referral for aftercare. There are something like 750 community mental health centers in this country, but less than a handful of alcohol-free transitional housing programs for homeless alcoholics.

One of the few programs now in existence is called the Washington House and is run by the Diagnostic Rehabilitation Center in Philadelphia. The Washington House is run by an ex-alcoholic who lived on the street himself back in the 1960s and he does a pretty good job. Traditionally, the aftercare for public inebriates, if it is provided at all, consists of referring them to places spread all over town. The alcoholic attends an AA meeting in one neighborhood, he goes for job counseling somewhere else, and then he goes to sleep in a flop house with a lot of other drunks at night. It is no surprise, I think, under those circumstances that street drunks have recycled through detoxification programs without much or any success. At the Washington House, however, those services are all provided on site or at the Rehabilitation Center's main facility. They also have mandatory breathalyzer tests, and they give lessons in personal hygiene. When you live on the street for two or three years, you forget that it is important to take baths every day.

I talked to a fellow there named Frank Gigliotti who had been through detoxification 35 times over a period of years and had been sober for months when we talked. He had started work as a maintenance man, reestablished contact with his family, and had just taken his son to the hospital that day for his polio shots. This was quite a change from a man who, months earlier, drank one-half gallon of wine each day, slept in an alley every night, and ate out of garbage cans. All

in all, about 75 percent of the Washington House's clients end up in school or in jobs or they live independently.

The fourth ingredient of successful treatment programs is sealing up the cracks of the social services system. There is an amazing amount of sloppiness in the current system because eligibility requirements and applications needlessly deter the homeless from getting benefits and because the process of getting services is so hopelessly fragmented. Dr. Torrey talked about this a little bit earlier. In New York City, for instance, the city is primarily responsible for acute care, and the state is primarily responsible for long-term care. Now that is a very difficult distinction to explain to someone who is mentally ill in Grand Central Station. Similarly, the Temporary Emergency Food Assistance Program, which has been much lauded in the Congress, does a lousy job of getting surplus agricultural commodities to homeless people. Only 1 percent of its clients are homeless. As Anna Kondratas has put it, the homeless "do not carry around five-pound blocks of cheese with them."

One city that's done a good job of sealing up the cracks is St. Louis. In 1982, the city's shelter network was turning away about 1,200 people a month. Now, they have room for virtually everyone, and they have done a good job of coordinating services. The Salvation Army, for example, runs a computerized walk-in central facility that inventories services that are available to the homeless and refers people to specific services. The Red Cross provides transportation so that folks can get where they need to go. And there are about 100 community agencies in what is called the Homeless Services Network. The Network does everything from providing homeless mothers with training in child rearing, to supplying peer counselors who actually go into the shelters on a one-on-one basis to help homeless women find apartments. The counselors, who know the local neighborhoods well, will walk homeless families or homeless individuals through the neighborhood looking for apartments until an affordable, private rental is found.

The final ingredient in any successful citywide homeless initiative must be a meaningful program for preserving low-income housing. There is no one strategy for doing that. All sorts of policies have been tried around the country, and most have succeeded in preserving some low-income housing — but not much. I believe that the homeless advocates' prescription for solving the homeless crisis, which is essentially a massive federal construction program, will not make much of a

dent in the homeless problem. The reason: about 70 percent of the poor live in private, not public, housing. And the portion of poverty-level renter households living in public or subsidized housing is slightly higher today than at the start of the Reagan Administration. And the same comparison holds true for the percentage of AFDC households living in subsidized housing. So if a higher percentage of the poor are housed today in subsidized housing, it is hard to see how government cutbacks caused the homeless crisis.

Certainly, the low-income housing crisis is very real. Of particular concern is the massive loss of Single Room Occupancy units in some cities during the 1970s. But while the housing crisis is one factor that lies behind the 1980s explosion of homelessness, it is rooted chiefly in changes in the private rental market. The low-income housing market has been decimated by such practices as condo and commercial conversion, rising rents, exclusionary zoning, and abandonment. The crisis is not, in my view, a result of the Administration's shift away from construction of additional public housing.

I happen to favor building more public housing, but I do not hold out much hope that this will somehow undo the homeless problem. The 1986 tax overhaul, for example, will make matters much worse in the low-income housing market because it eliminates the traditional tax incentives that made low-income housing profitable for developers and landlords. There is also the problem of Section 8 subsidies and prepaid mortgages expiring in the next 15 to 20 years. There has been much debate about how many of those units will come out of the low-income market, but certainly it is not going to make matters better.

If you agree with the ingredients of a successful program that I have outlined, you will also agree that current federal policies must be radically changed in order to help the homeless. There are two goals that stand out above all others. The first is that we need to get away from the categorical funding approach of the McKinney Act. The Act is far too complicated for most shelter providers and city officials to understand. The fact is that it takes an expert in federal grantsmanship to understand what the McKinney Act is about.

The benefit of the McKinney Act is that it started to move the federal government away from viewing the homeless problem as some kind of episodic emergency that happened when the weather got cold or the economy went sour. Although McKinney does provide some support

for transitional housing services, block grants could accomplish these purposes much more efficiently, particularly given the wide variations of homeless populations that now exist from city to city.

I hope it is clear from what I have said that I do not believe the federal government can solve the homeless problem. At the same time, however, the federal government can do much more. We need to stop spending a pittance on the homeless. The three-hot-meals-and-a-cot approach, or what sometimes is called the “bed of nails” policy, has not reduced the homeless population. It is time to put several billion dollars of federal money into more innovative homeless aid programs along the lines that I have outlined.

For the Bush Administration, the challenge of helping the homeless is going to extend well beyond the difficulties of raising new funds in an era of high budget deficits. George Bush, personally, must make this a priority issue, which is something the Reagan Administration plainly did not do. In my view, Ronald Reagan’s record on the homeless is one of the biggest blots on his legacy. During his second term, the President mentioned the homeless roughly six times in public, and that was typically in response to questions from pesky reporters. Not once during the eight years he was in office did Ronald Reagan announce or develop any major initiative to help the homeless. Most of what the President and Ed Meese did for the homeless was to raise doubts about whether they really wanted help and about whether they really were hungry. And I can tell you, from talking to White House officials who work on such matters, that it was no accident that the President was so mute about the homeless. The homeless were considered a “loser” issue for Ronald Reagan.

When I started researching the cover story we did on homeless treatment programs about a year ago, I was astonished to discover that high-ranking cabinet and subcabinet members who had the lead on homeless matters had never bothered to ask their staff what worked and what did not work in helping the homeless. They simply had not given much thought to the subject and were determined to slough off the issue as being purely a state and local matter. Some referred all questions to the Federal Emergency Management Agency, which ran the main Federal Emergency Food and Shelter Program for the homeless during the 1980s. The fellow who chaired that program, Dennis Kwiatkowski, has three staffers to make sure that several hundred

million dollars for food and shelter nights are accounted for each year. He is quite candid about the fact that FEMA is not involved in identifying the causes of homelessness or the solutions to the homeless crisis.

The simple fact is that virtually no high-ranking appointee in the Reagan Administration thought or cared much about how the homeless should be helped. Were it not for some researchers at the National Institutes of Health and National Institute on Alcohol Abuse and Alcoholism, and the recent work of people like Martha Burt, there would be virtually no reliable studies that show what kind of aid really helps the homeless.

So I hope that not only does George Bush, personally, include the homeless in his vows about the search for a kinder and gentler nation, but that his cabinet and subcabinet do too. At the very least, the homeless crisis, and particularly the affordable housing crunch, will probably get worse during the 1990s. I hope that a conservative administration will be daunted by the cost of maintaining such a status quo.

Mr. Hart: Our next speaker is Erna Steinbruck. Mitch Snyder has attracted so much media attention that sometimes we forget that there are others also involved in the trenches, meeting the needs of the destitute and the homeless. Erna Steinbruck is one of these. She has been involved in poverty, caring for the needy for more than 20 years in a shelter at Luther Place Church here in Washington. More recently, she has operated, for seven years, an enormously successful shelter, Bethany Women's Shelter. For just the last year, she has directed Carpenter Shelter for the city of Alexandria, Virginia. Erna Steinbruck.

Mrs. Erna Steinbruck: I have learned some amazing things about what a community can do when it sets its mind to addressing the needs of the homeless. For 20 years, my husband and I have been at Luther Place at Thomas Circle on 14th Street in Washington, D.C. During that time, we began various outreach ministries to the homeless population and the poor then living in that area. Along the way, we established, with countless volunteers, a halfway house for Southeast Asian refugees, a food and clothing referral center, a medical center, several shelters meeting various levels of need, and a day program for shelter residents.

I have learned a lot from my homeless friends. They are the true experts, and those among them who have fought their way out of homelessness should be here today. They have important stories to tell to the policy makers. I am going to be very open with you because I have worked too long and too hard with the poor. I am frightened by the next four years, and possibly the next eight years, unless something changes.

What we heard this morning—these are non-issues for the homeless. Housing vouchers are a non-issue. Public housing is a non-issue if there is an eight-year waiting list. Rent control is a non-issue if you are getting \$369 in supplemental income and you cannot go out and rent a room or apartment. These are non-issues. And I am hearing things here today that really disturb me.

There are a lot of different approaches that will work for the homeless. You did mention some. Single room occupancy (SRO) units, I heard someone say, will create more substandard housing. But if affordable SROs were available, we could significantly decrease the number of homeless single men and women. McKinney money is going into Washington, D.C., for a 93-bed SRO through Father John Adam of SOME (So Others May Eat), who does a marvelous job. This is the kind of thing that has to happen. We have had no housing programs to speak of in the last nine years. There is no place to go for housing. There is just nothing out there. So what good is a voucher, what good is rent control, when the stock of affordable housing continues to shrink.

In Washington, in our women's shelter, about 85 percent are struggling with mental health problems. And there is something terribly wrong because, of course, the District just experienced what we call the reorganization plan in the mental health delivery system. It is not working because people are being released from the hospital to case management workers who have as a caseload of 70 or 80 to one. No one can follow a mentally ill person in the community with a case ratio anything like that.

At Luther Place, we have turned to the religious community to help us. We have over 500 volunteers, and we do not simply provide three hot meals and a cot, although many shelters do. Ours is an approach that has an open-ended stay and provides various levels of care. We offer love, acceptance, affirmation, and companionship to people who have been cut off from such necessities for too long.

About 18 years ago when we first came to this community, I sat on a panel similar to this, and a gentleman who is prominent in our community said, "Why, when I was a young man down in North Carolina, we used to take these people into our homes and we used to be able to turn those people around because we gave them a job in our own home." Well, you see, those little, simple, folksy answers are not the answer today. Communities with government help need to respond on a much larger scale. Most of the mentally ill, if stabilized and brought into an environment where they are affirmed and accepted, can do something productive. Our challenge is finding how to put folks to work who are not like all of us here today. There is much that can be done with the people who, despite their limitations, can do meaningful work.

There is a group called The Friends of St. Elizabeth's, which is engaged in a battle over the west campus of St. Elizabeth's Hospital, 155 to 175 acres of elevated land with a panoramic view of Washington. It is a political hot potato: Is the land going to host a new high-rise building for the rich to overlook all of the city, or is it going to be maintained for those folks to whom that land was deeded, the mentally ill? Will it house innovative programs of training, of opportunities for work, of opportunities for living together in an integrated, intentional community, a community that recognizes the gifts of all God's children. I, for one, would choose to live in such a community. I told my husband that, if we can have such an intentional community that brings together all those whom we label "normal" and "handicapped," living, working, and supporting each other, I want to be first on the waiting list for an apartment.

We need to change our thinking as a nation, and we do need to sacrifice. And it just may affect our mortgages and tax payments. My husband and I have raised five kids and put them through college, and it has been hard. But I cannot go through the rest of my life and watch the poor suffer and the homeless mentally ill suffer the way they have had to suffer. It is a solvable problem if we put our minds to it.

At Luther Place, we have worked with some of these women who have been lifelong mental patients. Nine mentally ill, formerly homeless elderly women, for example, now live together in one of our homes. They take turns cooking and even venture out on the street. But they come home to that house because it is a home to them. And they are a family. Yes, they are somewhat eccentric, but I am eccentric, too. They

are quite at home in the Luther Place Village, and we are at home with them.

Our group home at 12th and T Streets houses other folks who are mentally ill. One has been a lifelong alcoholic. She is stable and sober, going into her third year of sobriety. She is the house manager.

Now I have to tell you that, in working with the homeless, I would rather work with the chronically mentally ill than attempt to help a drug addict or an alcoholic deal with their substance abuse issues. It is a tough, hard job, and in this town, there is not much support available. Substance abuse is an ever increasing problem for the homeless population here in the Metropolitan area.

Unfortunately, five years ago, the District closed down an 800-bed facility in Occoquan that was the rehabilitation center for alcoholics. Today, we have a 65-bed facility on the grounds of D.C. General. Although it is a fine facility, 65 beds, where there once were 800 to serve a population that is growing in number, is far from adequate.

My instructions today were to talk about what works and what does not work in sheltering. Mitch Snyder — although we may disagree, philosophically, in many areas — has been effective. By holding feet to the fire and with some blackmail, Snyder has gotten a 1,000-bed shelter. I hope and pray that it is working, because I know that large shelters are very difficult to manage. In our six smaller houses housing approximately 100 women, however, we are able to give some very individual attention to the homeless.

In December, I agreed to direct the Carpenter's Shelter for six months, a grand experiment on the part of that city. The whole religious community in Alexandria banded together and approached the city council with a proposal to operate a shelter. And, together, these two groups formed what is called Carpenter's Shelter.

The shelter is in an old warehouse donated by local developer Oliver Carr for a period of one year. What it lacks in appearance, it more than makes up for in the services it offers. It offers a substance abuse counselor; mental health workers; a McKinney worker for the homeless mentally ill; a jobs counselor; and an employment training counselor. Alcoholic Anonymous meetings and Narcotics Anonymous meetings are held there. A total of 36 children, 100 men, and 55 women live in the shelter. It is a grand experiment that has called for sacrifices from members of the community. They are offering around-the-clock

shifts. It is a 24-hour shelter where many people are working very, very, very hard to put their lives together again.

What I do not know is whether that kind of a massive effort can continue. I do know that the Carpenter Shelter in Alexandria presents a dramatic *Tale of Two Cities* story. In Washington, there is a bunker mentality in the city administration when it comes to shelter providers. I went to Alexandria, therefore, with the mentality that I was going to have to fight like blue blazes to get anywhere with city officials. I was in a state of shock that this level of care could come from the city administration. So I know now what can be done.

I am on loan to Alexandria until May just to help the shelter get going. When I return to Washington, I will have a story to tell in this city. We just have to do more. We have to do more in Washington, and we have to do more in all the Washingtons.

We have to do more for the homeless through public policy. How that is done, I am not sure. I am a grass-roots worker. I have seen what works and what does not work. And what does not work is sending people out with a voucher into a room somewhere. One cannot use a voucher if one cannot find anything. If no affordable housing is available, people who are sent out with vouchers just come back. These people need more than housing. They need support, as we all do. Most of us have a family or somebody else to turn to. The homeless, by and large, do not. Congregations can offer that kind of support.

We at Luther Place have become a family. We love these people. They are very special people. They are not drunken bums for the most part. They have been wounded people. Each one has a story. Policy makers need to listen to the experts. They need to listen to those who were once homeless but were able to recover. These are the experts, who can tell you what it was like being there, how they got there, what worked for them, and what did not work to get them out of that condition.

I believe that the Alexandria shelter is a model for the country. The 36 children who live there and their mothers are picked up by the school bus every morning. They are taken to a special school to help solve their problems. There also is a Montessori School being developed for the preschool children. There are successful programs in Washington that serve as models. Luther Place is one, and so is So Others May Eat. There are wonderful things happening.

I was asked today to talk about a general approach to shelters; what is best, small or large? Neither is best. I will not advocate again for shelters. We need housing alternatives. There are so few housing options out there. Somehow, you new policy makers, whoever you are, have got to come up with the programs. I can only reflect the desperate need.

Mr. Hart: Our next two speakers are coauthors of *Out of the Poverty Trap: A Conservative Strategy for Welfare Reform*, Anna Kondratas and Stuart Butler. First we will hear from Anna Kondratas, former Fulbright scholar in Poland, former director of issues research at the Republican National Committee, who also is a Heritage alum. She was senior policy analyst and Schultz Fellow in Social Welfare for several years before deserting us for the Department of Agriculture in 1986, where she currently is serving as Administrator of the Food and Nutrition Service. Anna Kondratas.

Anna Kondratas: I would like to address the implications of what you have heard about what works to help the homeless and what the real challenges are for developing a national policy. I know that people who are involved with a problem in the immediate sense and in the short term are very impatient about policy debates on numbers and causes. I realize such policy debates do not help them any in the here and now. On the other hand, I do want to make a case that such facts are very important for policy makers. One of the reasons that the Reagan Administration has had its head in the sand on this issue for so long is, precisely, that the policy debate has been framed by exaggerations and not by facts. If you have a policy debate that is misinformed and fails to deal with real causes, you are not going to get solutions.

One of the reasons that we are seeing an increasing problem even as we spend more and more — and certainly there has been a vast increase in federal spending to address this problem over the last eight years — is because our attempts to help are scattershot and ill-conceived.

I salute the efforts of those who work on a daily basis to address these problems. Yet the media and the Congress too have a responsibility to inform the public, so that the public understands what the scope and the nature of the problem really are.

For example, it makes a huge difference in policy terms if we believe we are dealing with a population of about 500,000 homeless, most of whom have serious troubles of one kind or another; or a population of three million people, most of whom have just missed one mortgage payment, are just like you or me, and could get back on their feet immediately if given some financial assistance. It makes a huge difference for policy, and thus it is not unimportant.

Another example: local problems are very, very different across the country. Consequently, it is very dangerous to generalize for the country based on one person's local perceptions. Yet the media constantly do that. The Urban Institute study that Martha Burt described to you this morning, on the other hand, provides statistically valid, good information on the homeless population in cities over 100,000. That is the kind of information policy makers should be using. Yet we must also recognize that the problems of cities may be quite different from small-town homeless problems, rural homeless problems, and suburban homeless problems.

I liked what Tom Bethell said earlier about definitions and their influence on debates and the very concept of homelessness. I live in Fairfax County and have become concerned recently about the problems of the homeless there. It was interesting to me that, when the families of construction workers living in tents in a county park were initially described by the press as migrant workers, some time ago, as I recall, they did not receive one-half the attention that they did when they were defined as homeless. Many of them, incidentally, do have homes in West Virginia, so migrant may be a more appropriate term. Some live not in tents but campers. They come to Fairfax County to look for work. They are trying to improve their lives. They may or may not be able to sell their houses in West Virginia. Their children need to go to school. Their problems are definitely serious and worthy of our attention, but they are not the homeless problem of the inner city.

But homelessness is on everyone's mind, so by lumping everything together, we certainly can bring resources to bear because a particular cause becomes part of the "in" problem. On the other hand, if we assume that it is all the same problem, we are not going to be spending those resources very wisely.

I agree completely with what David Whitman has said. A great deal of political will and political courage at the national level is needed to

define the problem correctly and to inform the public so that solutions can be found and the money can be properly directed. A very strong national spokesman on this issue definitely is needed. The President would not be amiss to address this personally. Just as we got tax reform with Ronald Reagan because he took it on as a personal cause, we could solve the homeless problem if the President took it on as a personal cause. It is solvable. It is limited. Some of the homeless can make the transition to independent living. Some will need assistance on an ongoing basis. But homelessness in America is not something we can address by changing the direction of economic policy, as some suggest.

The public debate has been influenced very strongly by the fact that homelessness became a political issue during the recession when Mitch Snyder successfully convinced the media that it was rising unemployment and Reagan Administration budget cuts that were causing this problem. Subsequent evidence makes these explanations thoroughly unconvincing, but the public perceptions remain.

I would like to note, incidentally, as far as numbers are concerned, that Mitch Snyder was saying in 1982 that there were three million homeless. Every year since, the advocates and the mayors have been telling us that the numbers have been rapidly increasing, as much as 38 percent a year, but we still have three million homeless. That number was pulled out of the air. It has no relationship to reality, and neither Mitch Snyder nor anyone else has ever produced a shred of evidence to support it, yet newspaper after newspaper, reporting an otherwise perfectly good story on some local problem that really needs addressing, will just pop in these bogus national numbers. This gives the public a completely erroneous perception and makes it very difficult for Congress to act.

Because of the crisis mentality that ensued, the Federal Emergency Management Agency was the first federal agency to administer a cash assistance program to address homelessness. FEMA never wanted this program and, in fact, it is ill-suited for running a program for the homeless. This is the result of the federal government treating the problem as if it were a crisis, an emergency of an immediate nature that is going to be solved by throwing money at it, the way the government addresses a disaster after a hurricane when people lose their homes. It cannot be done that way. FEMA should never have been the lead agency for assistance to the homeless in the federal government.

It is simplistic and inaccurate to say that unemployment and housing budget cuts are the causes of homelessness. Unemployment has been declining since 1983, and the homeless became a visible and growing problem long before the housing budget cuts could possibly have affected the housing stock. And as long as we see in congressional hearings and the media that unemployment and housing budget cuts caused the homeless problem, we are not going to be able to solve the problem. Such an oversimplification results in such futile but politically expedient “solutions” as increasing funding for ineffective programs or changing employment policy.

From the information we have heard this morning, both on the first panel and from the two most recent speakers, it should be clear that the housing and unemployment problems of the homeless are closely intertwined with the personal characteristics of the homeless. We need to address the problems of those individuals in a holistic manner and not simply think that changing macroeconomic policy or putting the federal government back into the building business would make a bit of difference to what we see on our streets. And again, the definition of the problem and the terms of the policy debate are very, very important.

If you go to a typical congressional hearing on this topic, you will hear more emotional rhetoric than fact, with no attempt to distinguish between the two. As a matter of fact, simply to heighten the pressure for increasing spending, very often the homeless individuals who are brought to the hearings are purposely atypical. A two-parent, white family with children from a small town will elicit a great deal of public sympathy because the middle class can identify with it, but it is not the typical homeless family and even less representative of the vast majority of homeless individuals. Not that such people do not exist, but they are not typical and do not represent a trend. So the public is deceived to further a political agenda. If there is no true understanding of the problem, and a total misconception about the numbers, bad policy is the result.

Then there is the problem of thinking we are doing something when we are not, again because of misinformation. Many people and much of the media think that the Temporary Emergency Food Assistance Program helps the homeless, but fewer than one percent of the people that it helps are homeless. Another example: many people think soup

kitchens serve the homeless exclusively. The Urban Institute study found, however, that shelters serve more homeless people, while soup kitchens serve almost as many homed as homeless individuals. So if Congress is interested in directing food assistance to the homeless, as opposed to poor people in general, then it should direct more resources to shelters that serve food, rather than simply to soup kitchens. Subsidizing the soup kitchen may help the poor, but only half of what we direct there helps the homeless. This type of information is important for policy makers.

But while food and shelter are immediate necessities, they are not a solution. And yet, much of the federal effort has been directed at emergency assistance only, again because of the way the policy debate was framed by advocates and in the media.

The homeless need support services. Many need them on an ongoing basis, and in some cases, they may need them long-term. A compassionate society has to recognize that it cannot simply throw money at a problem in one year, solve it, and go on to the next one. There are people in our society we will need to help on an ongoing basis in intensive ways that our current welfare system is ill-equipped to handle.

Far from being a failing of this Administration's economic policies, it is a failing of our welfare system that we have homeless people on the streets. It is an impossible welfare system for even the most rational of us to negotiate. And as was pointed out several times, it is a very, very difficult system for people who are so alienated that they cannot help themselves.

Every citizen of the U.S. needs to feel a moral responsibility for helping the homeless because society cannot work any other way. By helping those who need help, we strengthen the moral fiber of our society. Most of the solutions have to come from the local level; most of them will undoubtedly come from the private sector because any government bureaucracy is simply unable to provide what many of the homeless need.

But that does not mean there is no role for public resources and programs. There is a great deal of public assistance that can be directed to private sector providers as well. For example, one-third of soup kitchen and shelter operators that feed the homeless get commodities from the USDA. When you see it on the evening network news, however, it does not look like the noteworthy public-private partner-

ship effort that it represents. It simply looks like a private sector response to a public sector failing. But a public-private partnership is a much better way of helping the homeless than any government program alone could possibly be.

Successful public-private partnerships and adequate and appropriate public assistance, however, will never reach the homeless at the local level except as emergency services, unless the national policy debate is framed correctly. And that is why the numbers and the characteristics of the homeless are so important.

The debate over numbers and causes is not a futile attempt to minimize or maximize the problem. But just imagine what a difference in public policy it would make if we had only three million poor people, for example, instead of 32 million. It would make an enormous difference. And this is the magnitude of the discrepancy in the estimates on the homeless. We cannot help but have bad policy solutions if we continue to talk irrationally and unreasonably.

I am hoping that the Bush Administration will take a much more active role in trying to solve the problem of homelessness and not simply assume that spending more money is a successful homeless policy.

Mr. Hart: The clean-up hitter for this policy forum is the coauthor of *Out of the Poverty Trap*, Stuart Butler, who is Director of Domestic Policy Studies here at Heritage. Stuart is a native of Great Britain. He is an expert on welfare policy and on the theory and practice of privatizing government services. He also is credited with bringing the concept of urban enterprise zones to the United States, all of which he has written about at length in many publications. Stuart Butler.

Dr. Stuart M. Butler: I learned a lot this morning on a problem that is extremely important, but in a country such as the United States, a problem that should not exist. There should not be a problem of homelessness, given the resources that we have and the humane nature of Americans. The very fact that we have to have a forum to discuss it is an indication of a breakdown somewhere.

Let me add that I am delighted finally to meet Erna Steinbruck. I lived for a short time just a few doors away from her shelter at Luther Place and did have some knowledge of it. She is one of the most

important people dealing with homelessness in the Washington area. I am sympathetic to one of the points she made. She is right that, for those dealing with this issue out in the field, discussions of rent control, budget priorities, and authorization levels are almost meaningless. They do not seem to address the problem on a day-to-day basis. Nevertheless, one of the reasons a discussion of proper policies is important is precisely because there is such a gap between those who are directly involved in providing assistance and those who are involved in developing the policies to help them. And one of the things we are trying to do first, in this forum, is to bridge that gap by talking to people like Erna Steinbruck and the people that she serves. We have done this in other areas of policy, particularly welfare and the public housing, and we want to do it on the homeless issue.

The federalism system in the United States is a very powerful tool to solve problems. It enables different levels of government to address different features of an issue. And it allows private organizations to work with government in solving problems. But when that system goes wrong, you get the kind of calamity we see with the homelessness issue. If we are going to solve the problem of homelessness, we have to look at those defects in the way the federal system operates and try to correct them.

We also must recognize that the federal system operates within many constraints. One is the shortcoming of information. Bad information leads to bad policies. That is why the imagery of homelessness is critically important to the way the federal system actually works. It is an unfortunate fact of life that policy makers do make decisions based on media images.

Federalism also must operate within legal constraints. Dr. Torrey and others mentioned how the civil liberties issue and the activities of well meaning attorneys prevent the federal system from addressing the issue effectively.

If we look more specifically at where the breakdown is, we will remember that a number of problem areas have been mentioned in previous panels. One is what Dr. Torrey calls in his book the "shell game" of mental health policy, referring to the fact that a major component of the homeless population has fallen between the cracks of the federal system. We see this in the effects of the 1963 Community Mental Health Act, an attempt to use different levels of the federal

system to address a severe problem. The result was that each level of the federal system essentially passed the buck to another level of government. And while money flowed out the federal door, it did not in fact achieve the objectives of the Act. Indeed, ironically, bringing in the federal government and all of its components as a supplement to other levels of the federal system to deal with an issue in many ways actually contributed to a major breakdown in policy.

We also have seen a breakdown of the federal system with respect to low-income housing. Federal assistance, for example, has been used by lower levels of government to destroy single-room occupancy hotels and other housing for low-income people, to make way for commercial buildings or more affluent housing. This was justified at the time by the argument that the policy would elevate the condition of the poor people in those neighborhoods. This bizarre logic was behind such actions by governments. The result has been an eradication of low-income housing and a displacement of individuals. We have also seen, as Bill Tucker mentioned, local rent control and anti-growth policies that have had the effect of favoring higher- and middle-income people at the expense of low-income people.

So if we look at the way the federal system operates, we can see a breakdown that is at least partially responsible for our inability to deal with an appalling problem, even though we obviously have the means, capacity, and good intentions to deal with it. This means that we must not only look at the specifics of what works and what does not work on an individual basis — although that clearly is the first requirement. We must also look at how to enable the federal system to be more effective at addressing this issue.

This is not the first time we have been required to examine a breakdown in the federal system. In the 1960s, we recognized that there was a breakdown in the way in which the federal system, as a whole, tried to help the poor. The Great Society was a result of trying to change the way the federal system operated.

Today, we have to recognize the same thing with regard to homelessness. I share the view of others on the panel that, if we are going to see a reform in the way the federal system operates, leadership has to come from the top. It may not mean that the policies and the money come from the top, but the leadership has got to come from the top, just as

it did in the 1960s. And very specific actions are needed to improve and rectify the way the system operates.

First of all, we need to recognize that the solutions on a person-to-person basis are going to come locally. Whatever we do, we must devise a system that allows the Erna Steinbrucks to deal with very peculiar local circumstances and the particular problems of individuals. Trying to construct a “one-size-fits-all” strategy for the homeless will not work. We have to have another approach that **energizes innovative activities** at the local level.

Second, it is time that we confronted the cities and states of this country and attacked them for abrogating their responsibilities. States like New York and California – among the richest states in the country with some of the richest cities within them – have the nerve to come to Washington and say, in effect, “We need more money from you, so go and tax the poorer cities and poorer states for us.” Yet in the area of housing and mental illness, these same states have undertaken policies, after using federal money, that have resulted in massive homelessness.

Thus we must stop cities and states spending federal funds yet not living up to the intent of federal programs. In particular, we must force them to live up to the goals of the 1963 Community Mental Health Act. In the Act, cities and states, in return for federal assistance, were allowed to move people out of large mental hospitals and instead place them in community-based facilities. Well, they took the money, dumped patients on the streets, and then failed to provide community facilities. It is now time to tie mental health assistance and other assistance to the states by requiring that they live up to that law – meaning they must create community-based mental health services.

With respect to economic development, it is also time to take tough action at the federal level by restricting the use of federal assistance for economic development and housing programs. Much as I support the notions of block grants, we must recognize that all grants are intended to achieve certain purposes; and although we should not micromanage how states try to achieve those purposes, we should insist that those goals are pursued if the money is taken. It must be stipulated that funds for general assistance in housing and economic development cannot be used to destroy low-income units. If low-income units are destroyed, they must be replaced elsewhere. Federally funded economic development should not cause or exacerbate the homeless problem.

Third, it is time that we begin to more effectively highlight the most successful approaches used around the country. A lot of people say, "These are just 'Gee whiz' stories." I disagree. It is always instructive to hear people say how successful they have been trying to solve the problem. In fact, it is a precondition to getting better information as to what actually works and thus devising policies to foster more successes. In the case of homelessness, the unfortunate thing is that people like Erna Steinbruck do not tend to be highlighted, they do not tend to be on the evening news.

So when we look at the issue of homelessness, we need to start looking at ways of fixing the way in which the federal system addresses the problem. We on the policy side may have some ideas about how to do that. And I can assure you that we will be attempting to develop them and pushing the Bush Administration very hard.

Mr. Hart: Now we will move on to some questions.

Guest: Dr. Torrey said this morning that \$17 billion is spent per year on mental health facilities. Should not that funding be redirected to help the homeless mentally ill? It does not seem to be helping much.

Dr. Butler: I think Dr. Torrey would say yes. It is very clear that we have seen an enormous amount of money in the case of mental illness, as in housing, flowing to the people who have the least acute needs. This is another example of how the federal system has attempted to deal with a problem, but the result has been dramatically different than anyone had anticipated.

Mrs. Steinbruck: Jurisdictions should be allowed to interpret what the mental health laws mean by "danger to self or others," in a much broader sense. I would advocate — and civil libertarians would take issue with me — a much broader interpretation because, as Dr. Torrey said earlier, someone who is out on the street can no longer make a decision on his or her own. In the years we have been sheltering the mentally ill, I have had to initiate involuntary committals. And by and large, the folks will come back and say, "Erna, I was so afraid. I couldn't trust, I just couldn't trust." They run, run, run from everything. That is the underlying issue, a broader interpretation in that area, and we can begin to make some strides.

Guest: There has been a lot of talk about forcing local governments to do more. But those local governments are relying on voters who often are middle-class or upper middle-class, living in neighborhoods, which refuse to accept group homes and do not want poor people in their neighborhoods. So how much can the local government realistically do?

Mr. Whitman: At the local level, that is what people call the “NIMBY complex,” or “not in my back yard.” I think that the solution lies in what Anna mentioned earlier about the need for some kind of moral commitment to help the homeless at the local, state, and federal level. That is very important. And at some point, we have to say that the group home is going to be able to operate next door.

It is not only a problem, however, with citizens who are interested in protecting property values. It is also a problem with professional groups. Dr. Torrey talked about all of the psychiatrists who do not want to help the homeless mentally ill. They are very difficult clients. They get mad. They have very serious problems, and they do not keep appointments. They do not just come in with their daughter and chat with the family therapist. The same thing is true about alcohol counselors. They also do not want to help the homeless alcoholic. One fellow named Irving Shandler, who ran a program in Philadelphia for homeless alcoholics, described it as the good bums drive out the bad bums.

I think that at some point you do not have any choice except to fight for this at the local level. And yes, it will be a problem. It is also important to realize that local officials have had a lot more successes than you might think. New York City, which has been castigated today, spends more on helping the homeless than the federal government does, or at least it is pretty close at this point. There are a lot of cities spending substantial amounts of money on helping the homeless.

Mrs. Kondratas: I think public opinion can be turned around, even at the local level, by things that become national issues. That is why I said that it requires national leadership. It needs a moral commitment. And when you frame a debate and go directly to the people, on television for example, and you are a national figure, your words carry weight and attitudes can change.

I know in Fairfax County, for example, there is a problem with building any kind of low-income housing. It is not just the housing for the homeless problem, but resistance to even building any low-income housing. Attitudes have to be changed, but that is why it is very important to present the problem correctly and realistically. It must be made clear that the problem is not going to go away and that there is a lot of moral and public weight behind a particular policy. That is the only kind of effort that will start turning people around.

Dr. Butler: Our experience is that state and local officials take strong policy actions for two reasons: one, because the actions are popular or, two, because the officials are somehow forced to act. In the 1960s, we forced state and local politicians in the South to do things that they were very resistant to or found it hard to get voter support for. We need to start doing the same sort of thing with regard to homelessness.

Mr. Hart: Thank you very much. Unfortunately, we have to draw the discussion to a close. It has been extremely informative. We have nailed down concrete numbers as to how many homeless there are. We have looked at some of the misguided policies that have contributed to the homeless problem and at an array of possible solutions to homelessness. I thank you all for coming, and I thank all the panelists for doing a tremendous job.



THE HERITAGE LECTURES

Rethinking Policy on Homelessness

All decent people in the United States are appalled by homelessness. They find it strange and confusing that so many people can be without shelter in a nation as rich, prosperous, and civilized as this. The confusion is made worse by conflicting information about who the homeless are and why they are on the streets. Are they ordinary people who are victims of economic conditions or some social problem? Or do they suffer from severe mental problems and the breakdown of mental health policy? And which of the widely varying estimates of the number of homeless is accurate?

To disentangle the facts from fiction and imagery, The Heritage Foundation and *The American Spectator* assembled a panel of distinguished experts, including not only government officials and journalists, but workers with the homeless who know their problems first hand. They provide hard information about the nature of homelessness and what needs to be done to combat it.