

deteriorated, the unemployment rate reached an average of 7.2% and the average number of monthly applications increased by 21%. Assuming the unemployment rate for Fiscal Year 2010 does not improve dramatically and monthly applications follow the same trend as 2009, the average monthly number of applications could exceed 4,800.⁴⁹ Therefore, the city could see over 57,600 duplicated applications (30,000 unique family applications) in Fiscal Year 2010, as compared to 47,366 in 2009 (24,044 unique family applications).⁵⁰

This increase in family homelessness comes at a time when the New York City Housing Authority, facing serious federal assistance shortfalls, has announced that it will not fund additional Section 8 vouchers for 2010 and that it will terminate about 2,500 vouchers already issued to families but yet to be used.⁵¹ Moreover, the city's main housing subsidy program for the homeless, Work Advantage, requires that participants work at least twenty hours per week—at a time when families are facing homelessness due to unemployment.⁵² Unfortunately, these policies will translate into families remaining in shelter for longer periods of time. This may be especially true given that the city does not provide funding for services dedicated to job readiness, training, placement, and retention programs for those in shelter.

As the effects of the downturn continue to unfold and more families are pushed into homelessness, the city must meet the rising demand for shelter and must address the reasons why homeless families lose their housing. In order to accomplish these goals, the city must recognize that for these families to maintain housing, they need an opportunity to gain job skills that will allow them to access better employment.

Conclusion

With the country still feeling the effects of an economic recession and the highest unemployment rate in over 30 years, the number of people in poverty is expected to increase by millions. For low-income families, who may lack savings and assets, losing a job is the first step toward homelessness. In cities and states all across the country, shelter and homeless service providers report increases in the number of families seeking assistance because of the recession. In the months ahead, as the number of people in poverty continues to rise, it is likely that more and more families will rely on shelter for housing, adding to the already vast number of homeless families.

These newcomers to the homeless system do not necessarily share the demographic profile of a historically typical homeless family: a young single mother with one or two children, no high school diploma, and little or no work experience. Instead,

a new face has emerged: low-income working families whose household heads have been laid off from their jobs, in some cases apply for public assistance, and lose their homes. In fact, today, unemployment is among the top reasons for homelessness.⁵³ In light of this situation, and at a time when existing homeless policy has proven ineffective in dealing with family homelessness, the growing demand for shelter by unemployed low-income families will present an even bigger challenge.

For two decades, unemployment has not been a major issue for policymakers. Now, for the first time, the city must consider this new variable, the high unemployment rate, as an indicator of growth in family homelessness that will undoubtedly pose a new challenge to a government already struggling to meet shelter demand.

City government and policymakers need to respond rapidly, not by controlling the inevitable increase in the homeless census, but by meeting the increased demand and different needs of these new homeless families. If they fail to do so, the results will be catastrophic in both social and economic terms. On the other hand, if approached wisely, this could be an important opportunity for the city to rethink its current homeless policies, decrease family homelessness, and improve the lives of New York City's poorest families and their children.

Endnotes

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The Institute for Children and Poverty (ICP) is an independent non-profit research organization based in New York City. ICP studies the impact of poverty on family and child well-being and generates research that will enhance public policies and programs affecting poor or homeless children and their families. Specifically, ICP examines the condition of extreme poverty in the United States and its effect on educational attainment, housing, employment, child welfare, domestic violence, and family wellness. Please visit our Web site for more information: www.icpny.org



UNEMPLOYMENT AND FAMILY HOMELESSNESS

The Nation's Crisis, New York City's Experience



WINTER 2010

a policy brief from THE INSTITUTE FOR CHILDREN AND POVERTY

With the nation's unemployment rate currently hovering at a staggering 10% for the past four months, it is not surprising that families have no choice but to rely increasingly on public assistance.¹ Since early 2008, many states across the country have experienced sharp increases in their welfare rolls. Moreover, participation in the federal food stamp program has soared and today one in every eight Americans receive such assistance. At the same time, many cities have reported increases in the number of homeless families seeking shelter as a result of job loss and the recession, while school districts have witnessed a rise in the number of homeless students.² According to the National Alliance to End Homelessness, unemployment is statistically linked to increases in homelessness and is currently one of the leading causes of homelessness.³

These realities depict what might be one of the most long-lasting effects of the economic recession—the new face of family homelessness: low-income working parents who are laid off, apply for public assistance, and lose their homes. These families exhaust all of their financial resources and social support networks, doubling-up with family and friends, until they eventually go to homeless shelters. Depending on the breadth and depth of a family's support network, however, they may not go to a shelter until months after losing their home. Given this lag, we can anticipate that the recent spike in the national unemployment rate, and the rise in welfare applications will continue to add to the growing number of homeless families. In fact, homeless advocates predict that the recession will render up to 1.5 million people homeless in the next two years.⁴

Even before the recession hit in December 2007, New York City had a large homeless family population, with a monthly average of over 9,000 families sleeping in shelters every night.⁵ During the last fiscal year alone, however, the number of families entering the shelter system increased by 33% compared to the previous year.⁶ With the city now confronting one of the highest unemployment rates in years, at 10.6%, and the city's welfare rolls beginning to rise, it is reasonable to expect that the city will see even more homeless families with children seeking shelter services. Given this, in New

York City, as with the rest of the nation, children are the most vulnerable victims of the recession.

Unemployment Rates, Public Assistance, and Poverty

Studies show that the unemployment rate serves as a strong predictor of poverty.⁷ By observing how this relationship played out in past recessions, one study estimated that if the national unemployment rate reached 9%, the number of people in poverty would increase by between 7.5 to 10.3 million.⁸ In 2008, there already were 39.8 million people in poverty when the national unemployment rate averaged only 5.8%. This number represents 2.5 million more poor people than in 2007 when the unemployment rate averaged 4.6%.⁹ With the nation's unemployment rate now at 10%, it is possible that the year could close with over 46 million people living in poverty.

SIGNS ARE THAT A DOWNTURN IN THE ECONOMY COULD BE DRIVING AN UPTURN IN FAMILY HOMELESSNESS

From December 2007 to November 2009, the number of unemployed has more than doubled, increasing from 7.5 million to 15.4 million people.¹⁰ In addition, 38% of the unemployed have been without a job for over six months.¹¹ And, it is estimated that half of all unemployed people are not receiving any unemployment insurance.¹² Moreover, this recession has particularly affected low-income workers.¹³ When compared to previous recessions, low-skill labor unemployment rates are increasing three times faster than white-collar unemployment.¹⁴ Overall, an estimated 8 million jobs have been lost since the start of the recession.¹⁵

The situation is grimmer if we look at the “underemployment” rate, which stood at 8.7% in December 2007 and reached 17.5% in October 2009.¹⁶ This rate offers a more accurate picture of the unemployment situation because it includes workers who want, but cannot get, full-time hours, and those who were recently looking for jobs, but perhaps discouraged by the economy, have ceased to actively seek employment.

Caseload increases for low-income assistance programs such as welfare and food assistance offer evidence of rising poverty. Along with peaking unemployment rates, many states have seen dramatic changes in their welfare caseloads.¹⁷ Some of the

greatest increases have occurred in states where the unemployment rate has risen over 50% in the last year. For example, as of October 2009, Oregon’s unemployment rate was 11.3%, for an annual increase of 57%, and its welfare rolls rose 21%. In South Carolina, the unemployment rate reached 12.1% in October 2009—a 55% increase from 2008—and the welfare rolls jumped 27% from August 2008 to August 2009.¹⁸

While some states have seen significant increases in their welfare caseloads, nationally the caseload for the Temporary Assistance for Needy Families program has not been as responsive to the recession.¹⁹ Only 1.7 million families received assistance in June 2009, a less than 6% increase from December 2007.²⁰ This statistic is not a reflection, however, of a lack of need for assistance. The program itself is limited by budget allocations; and because states administer the program and set eligibility criteria, many have decreased participation by setting the income eligibility well below the federal poverty line, rendering some poor families ineligible.²¹ In fact, many states are not adjusting their welfare policies in response to increases in unemployment; a recent survey of 24 states found that 58% had not made amendments to their policies or program criteria.²² Welfare caseloads, however, will most likely continue to increase as families run out of unemployment benefits.

Greater evidence of economic hardship is demonstrated in the increasing number of people who are receiving Supplemental Nutrition Assistance Program (SNAP) assistance. Unlike welfare, SNAP is a federal entitlement program that provides benefits, without associated requirements, to anyone who qualifies. The program is designed to assist all families

in poverty, with income eligibility criteria set at 130% of the federal poverty line.²³ Given that SNAP benefits are fully funded by the federal government, states have no reason to limit enrollment. Today, SNAP has become the main safety net program for many households, with one in every fifty Americans living in households with no other reported income.²⁴ Historically, food assistance caseloads have served as a warning of increasing poverty, with program participation trends closely following unemployment and poverty trends.²⁵

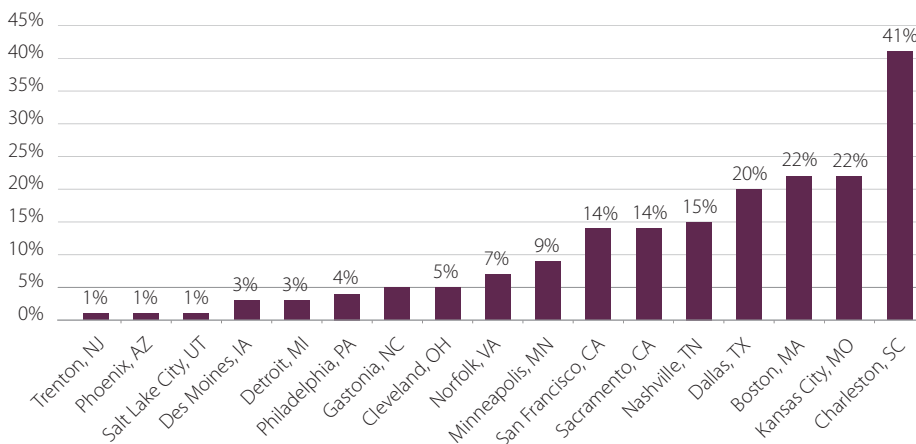
Since the beginning of the recession, there has been a 35% increase in Supplemental Nutrition Assistance Program participation.²⁶ SNAP data also suggest that the recession has particularly affected children, with one of every four receiving emergency food.²⁷ In fact, the proportion of households with children that are food insecure—who experience insufficient or inadequate food intake due to lack of money and other resources for food—increased from 16% to 21% between 2007 and 2008.²⁸ Food insecurity is more prevalent among Hispanic and black, single parent-headed households with children.²⁹ Furthermore, the 2009 U.S. Conference of Mayors’ *Hunger and Homelessness Survey* reported the largest increase in demand for food assistance in eighteen years, with many cities citing a spike in first-time requests. Surveyed cities reported an increase in requests for emergency food assistance from individuals who were unemployed, underemployed, uninsured, elderly, working poor, and/or homeless. In addition, families accounted for 60% of all requests, and 92% of cities indicated that the number one reason for demand was unemployment.

The Rise of Family Homelessness in a Weakened Economy

For low-income families who have limited savings and rely on wages as their only source of financial support, job loss can quickly result in reliance on public assistance and an increased risk of homelessness. Not surprisingly, housing experts and advocates suggest that the number of families living in doubled-up and overcrowded situations, as well as the tally of homeless families, has increased with the recession.³⁰

In fact, the most recent U.S. Department of Housing and Urban Development nationwide report on homelessness found that in 2008 families accounted for one-third of all people living in shelter and transitional housing, with the number of homeless families up 22% from the previous year.³¹ Additionally, the 2009 Mayors’ Survey

Figure 1
PERCENT INCREASES IN THE NUMBER OF HOMELESS FAMILIES IN U.S. CITIES
(2008–2009)



Source: U.S. Conference of Mayors, *Hunger and Homelessness Survey*, 2009.

reported that 76% of surveyed cities experienced increases in family homelessness as a result of the weakened economy (see Figure 1).³² According to the survey, unemployment and poverty are among the top reasons for homelessness.³³ Some cities explained that increases in family homelessness reflected shelter bed utilization and not actual numbers of the homeless, due to a counting methodology that measures shelter use and does not account for the number of families that are turned away from shelter due to limited bed capacity.³⁴ Half (52%) of cities surveyed reported that shelters had to turn away people due to a lack of available beds.³⁵

The Case of Family Homelessness In New York City

Low-income New Yorkers have long struggled with housing affordability issues and increasing rent burdens. As of 2008, the poverty rate for families in New York City was 15.3%, and the poverty rate for families with children was 21.9%.³⁶ Moreover, a recent study found that in 2007 two-thirds (65%) of the city’s poor households were paying 50% or more of their income in rent, and one-half (54%) of poor families with children had experienced housing hardship at least once, with many having to double up or seek shelter services.³⁷

High unemployment rates will no doubt add to the already large numbers of families struggling to make ends meet. A 2005 study of family homelessness in New York City found that more than two-thirds of heads of households who

had entered shelter had experienced job loss within the five years prior to seeking shelter. The study also noted that there was an average lag of thirteen months between the time of job loss and that of shelter entry.³⁸ Given this lag and the high unemployment rates of recent months, it is reasonable to expect that the number of families seeking shelter will continue to increase into late 2010.

From early 2006 to mid-2008, New York City’s unemployment rate was averaging about 5%. Since then, it has steadily increased, reaching 10.6% in December 2009.³⁹ The city’s unemployment rate varies greatly from neighborhood to neighborhood. For example, during the third quarter of 2009 the unemployment rate was 5.1% on the Upper East and West Sides of Manhattan, while it was 15.7% in the South and Central Bronx and 19.2% in Brooklyn’s East New York.⁴⁰ These statistics are particularly alarming if we consider that these neighborhoods affected most by the employment crisis are traditionally the areas accounting for the highest proportion of families entering the city’s homeless system.⁴¹

While the city unemployment rate rose as early as June 2008, caseloads for the Family Assistance program (FA), which provides financial assistance to needy families with children, were actually decreasing through the end of 2008. Recently, this trend has reversed, however, with the city’s FA caseload rising by 5.6% during the first ten months of 2009 (see Figure 2).⁴²

While the city’s FA rolls have not increased substantially, the food stamp caseload has proven more responsive to the economic downturn, increasing by 42% from December 2007 to October 2009.⁴³ Moreover, a recent analysis of food stamp participation revealed that in the Bronx, which accounts for 38% of all families with children residing in the city’s homeless shelters, almost half of all children are receiving food stamps.⁴⁴ As indicated above, the city’s FA program is subject to more stringent income limits and employment requirements, while the food assistance program is available to almost all low-income households, and therefore is a better bellwether for struggling New Yorkers.⁴⁵

Along with high unemployment rates and increases in public assistance participation, there are higher numbers of families residing in New York City’s homeless shelters. While the city’s struggle to meet

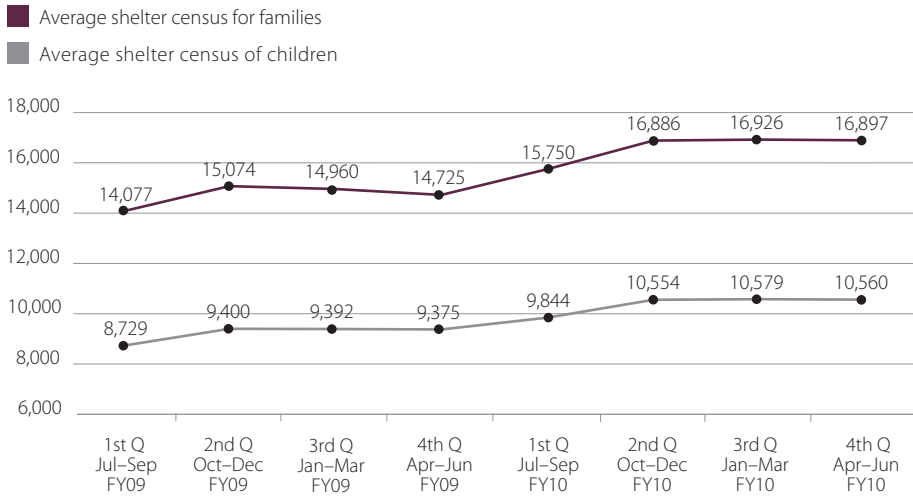
Figure 2
ACTUAL AND FORECASTED NUMBER OF NEW YORK CITY FAMILY ASSISTANCE RECIPIENTS
(January 2008 – June 2010)



Source: Human Resources Administration, FA Monthly and Yearly Trends.

Figure 3
ACTUAL AND FORECASTED AVERAGE QUARTERLY NEW YORK CITY SHELTER CENSUS OF FAMILIES AND CHILDREN

(Fiscal Years 2009 and 2010)



Source: Institute for Children and Poverty estimates using data from the NYC Department of Homeless Services, *Critical Activities Report*, FY 2009; and NYC Department of Homeless Services, *Daily Report*, FY 2010.

the demand for shelter pre-dates the current recession, data on shelter applications and shelter census numbers offer evidence that the economic downturn has resulted in even more families becoming homeless. In fact, recently there have been more families residing in city shelters—averaging around 10,200 families and almost 16,000 children.⁴⁶ With the nation’s unemployment rate forecasted to be over 10% through the first half of 2010, state officials are not expecting

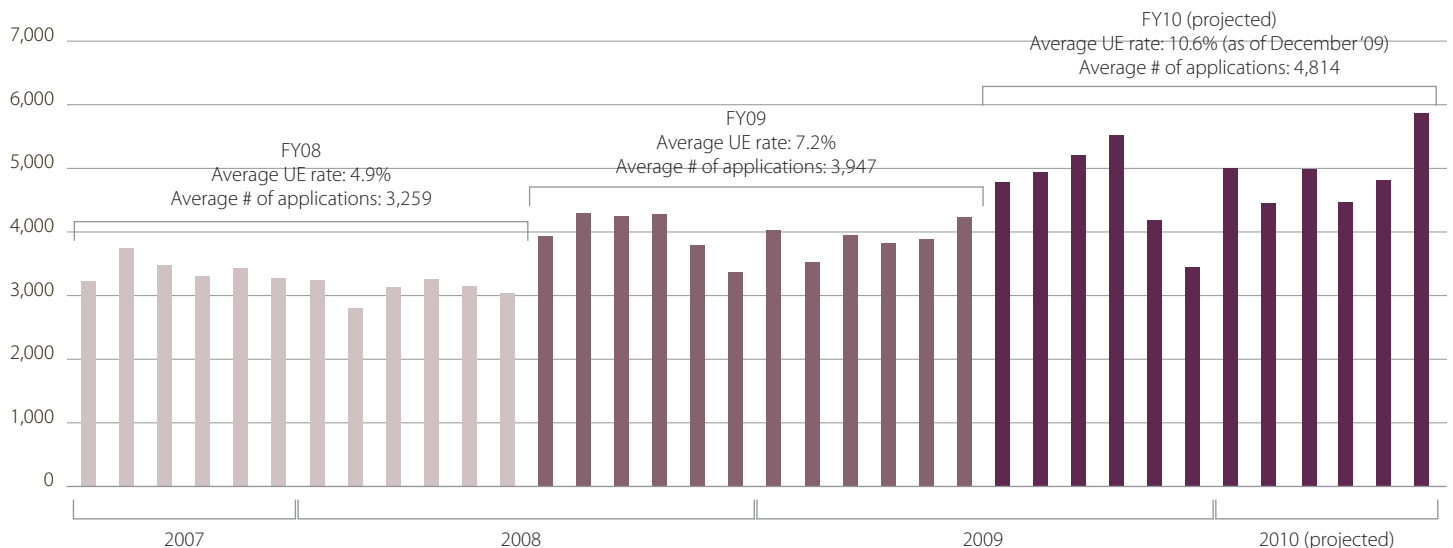
a dramatic improvement in the short term.⁴⁷ As such, it is reasonable to assume that the full effect of the economic downturn on family homelessness is yet to come and the number of families and children in shelter will continue to increase.

Assuming that, as experts predict, there will be no major improvements in the current unemployment rate, and extrapolating monthly city shelter census data from July 2008 to October 2009, the numbers of families and children in shelter likely will increase to 10,600 and 16,900 respectively by the end of Fiscal Year 2010. These statistics represent 13% and 15% increases in the family and children’s shelter census compared to Fiscal Year 2009 (see Figure 3).⁴⁸

Perhaps offering a more accurate picture of the recession’s impact than the shelter census is the increasing number of family shelter applications. Often families do not enter shelter immediately after losing their jobs, but likely exhaust all other options first. Thus, in examining monthly application data for fiscal years 2008–2009, it is clear that as the recession progressed and the unemployment rate increased, so did the number of requests for shelter made by families. As indicated in Figure 4, from Fiscal Year 2008 to Fiscal Year 2009, as the economic situation

Figure 4
ACTUAL AND PROJECTED NUMBER OF NEW YORK CITY DUPLICATED APPLICATIONS PER MONTH

(Fiscal Years 2008–2010)



Source: Institute for Children and Poverty estimates using data from the NYC Department of Homeless Services, *Critical Activities Report*, FY09; and NYC Department of Homeless Services, *Daily Report*, FY10.