

Why We Have Homelessness and Extreme Poverty and What to Do about Them

In the preceding chapters, the descriptions of the extremely poor and the homeless were based on fairly good empirical data. Even so, many of the findings had to be qualified by doubts concerning data quality and relevance. In this chapter I will tread on even shakier ground, using them as the basis for interpretations. I will take these descriptions as background against which to discuss two main topics. First, what were the underlying social forces that produced the resurgence of homelessness in the 1980s, maintained its level, and influenced the aggregate characteristics of homeless persons? Second, what reasonable set of public policies would both alleviate the condition of the homeless and the extremely poor and reduce both populations?

Housing and Homelessness

In discussing the distinguishing characteristics of homeless Americans, it is easy to lose sight of the fact that the essential and defining symptom of homelessness is lack of access to conventional housing. Clearly, if conventional housing were both everywhere abundant and without cost, there would be no homelessness except for those who preferred to sleep in the streets and in public places.¹ That there are homeless people in fairly large numbers means that our housing market is not providing appropriate housing abundantly at prices the homeless can afford. Nor is it providing affordable housing for the extremely poor, who must double up with others.

To be sure, there is no way any housing market dominated by private providers can offer housing at an "affordable price" for those who have close to zero income. But market-offered housing is not the only option. Most of the extremely poor are domiciled, and their housing chances are affected by the supply of low-cost housing generally, a market factor that affects the households they live with. There is abundant evidence that homelessness is related both directly and indirectly to the shortage of inexpensive housing for poor

1. Many commentators and researchers on homelessness claim they have talked to homeless people who said they preferred homelessness to conventional housing. I have no doubt that such statements have been made. I also have little doubt that when offered an option under realistic conditions, few homeless people would make such a choice.

families and poor unattached persons that began in the 1970s and has accelerated in the 1980s.

The decline in the inexpensive segment of our housing stock has been precipitous in the largest cities, such as New York and Los Angeles, but it also has characterized cities of all sizes (Wright and Lam 1987). The Annual Housing Survey, conducted by the Census Bureau for the Department of Housing and Urban Development, has recorded in city after city declines in the proportion of housing renting for 40% or less of poverty-level incomes. These declines ranged from 12% in Baltimore between 1978 and 1983 to 40% in Washington D.C. for 1977 to 1981 and 58% in Anaheim, California, in the same period. In twelve large cities surveyed between 1978 and 1983, the amount of inexpensive rental housing available to poor families dropped precipitously, averaging 30%. At the same time, the number of households living at or below the poverty level in the same cities increased by 36%. The consequence of these two trends is that in the early 1980s a severe shortage occurred in housing that poor households could afford without bearing an excessive rent burden. Note that these calculations assume that such affordable housing rents for 40% or less of the poverty level, a larger proportion of income than the customary prudent 25% for rent.

Most of the housing I have discussed so far consists of multiroom units appropriate to families. If we restrict our attention to that portion of the housing stock that is ordinarily occupied by poor unattached single persons, then the decline is even more precipitous. Chicago's Planning Department estimated that between 1973 and 1984, 18,000 single-person dwelling units in SRO hotels and small apartment buildings—amounting to 19% of the stock existing in 1973—were demolished or transformed for other uses (Chicago Department of Planning 1985).² In Los Angeles a recent report (Hamilton, Rabinowitz and Alschuler, Inc. 1987) indicated that between 1970 and 1985 more than half of the SRO units in downtown Los Angeles had been demolished. Of course there is nothing wrong per se with the demolition of SROs; most were certainly not historical landmarks or examples of any notable architectural style. Nor can they be said to have been of high quality. The problem is that units comparable in function or price were not built or converted in sufficient volume to replace them.

In chapter 2 I noted the almost complete demolition of the cubicle flophouse hotels in the 1960s and 1970s. In 1958 about 8,000 homeless men were accommodated in such units in Chicago; by 1980 all the cubicle hotels had been removed.³ In New York, by 1987 only one of the cheap hotels that domi-

2. At the same time, 11,000 subsidized senior citizens' units had been added to the stock, and 8,500 section 8 senior citizens' housing vouchers were issued. Provision was made for replacing housing stock, but only for a portion of the single-person housing, that used by persons sixty-five and over.

3. In 1980 the last two Chicago cubicle hotels, the Star and the Major, were demolished to be replaced by Presidential Towers, a 1,200-unit luxury apartment complex.

nated the Bowery in the 1960s remained (Jackson 1987).⁴ Similar changes have occurred in other large cities. Of course it is difficult to mourn the passing of the often dirty and always inadequate cubicle hotels. Like the SROs, they had little or no symbolic or aesthetic value. But only the emergency dormitory shelters have replaced the housing stock they represented. There are virtually no rooms in Chicago today that can be rented for \$1.80 to \$2.70 a night, today's dollar equivalent of the 1958 rents. The emergency dormitory shelters are arguably cleaner than the cubicle hotels, but they are certainly not much closer to decent housing. Indeed, the old Skid Row residents regarded the mission dormitory shelters as considerably inferior to the cubicle hotels, lacking in privacy and personal safety (Bogue 1963).⁵

The decline in inexpensive housing influences homelessness both directly and indirectly. Indirectly, the effect can be felt through the increased financial housing burden placed on poor families, whose generosity toward their dependent adult members becomes more difficult to extend or maintain. Housing prices partially reflect the amount of housing involved, with larger units commanding higher prices. Faced with declining real income, poor families may have had to opt for smaller dwellings, restricting their ability to shelter adult children.

The direct effects are upon the homeless themselves, putting inexpensive housing, such as SRO accommodations, beyond the reach of most of the new homeless. For example, in a study of SROs in Chicago, Hoch (Jewish Council on Urban Affairs 1985) found that the average monthly rental for SRO hotels in Chicago in 1984 was \$195 if rented by the month or \$240 (\$8 a day), if rented day to day. For most of the homeless, with median monthly incomes of \$100, renting an SRO room steadily was out of the question.

Because rents were so high relative to income, the tenants of Chicago's SROs were forced to spend a very large proportion of their income on housing. When some out of the ordinary expense occurred, many had to resort to the shelters and the streets. According to Hoch, about one in ten of the SRO tenants had been homeless for some period during the previous year, apparently too short of funds to pay the rent. Hoch does not tell us whether these SRO tenants lived in shelters or on the streets when they became homeless. But in our survey of the Chicago homeless, both the shelter and the street samples claimed they spent about 10% of their nights in rented rooms, presumably in SRO hotels.

Some of the homeless people we interviewed on the streets or in the shelters ordinarily spent most nights in SRO hotels and were just temporarily home-

4. Jackson's essay on the history of the Bowery relates that by 1987 gentrification had begun to convert land to upscale condominiums.

5. The dormitory shelters in the old Skid Rows were those offered by the religious missions. At least part of the old Skid Row men's dislike for the shelters centered on the typical requirement that they attend religious services in return for access to the dormitory beds.

less.⁶ Others occasionally spent a night or two in an SRO, perhaps when they received a windfall. Apparently there is a considerable interchange between the homeless and the SRO populations, the latter being a cut above the former in income. Similarly, Piliavin and Sosin (1987–88) found that homeless people in Minneapolis typically moved between having homes and being homeless several times a year.

High rents relative to income also forced some of the SRO tenants to overspend on housing and, accordingly, to skimp on other expenditures. Hoch reports that many SRO residents resorted to the food kitchens, to the medical clinics set up for homeless persons, and to the clothing depots. In a study of the homeless in downtown Los Angeles, one out of every three persons in the soup-kitchen lines was renting a room in an SRO (Farr, Koegel, and Burnham 1986). Further confirmation can be found in Sosin's 1986 study of persons using Chicago food kitchens and day centers (Sosin, Colson, and Grossman 1988), which found that about half were living in SROs and apartments.

The impact of the housing market on homelessness in the aggregate was shown dramatically in a recent analysis by Tucker (1987). There are several deficiencies in Tucker's procedures; nevertheless, some of his findings are both useful and relevant. Using the HUD estimates⁷ of the number of homeless in each of fifty cities to compute a homelessness rate for each city,⁸ Tucker was able to show a fairly strong negative correlation, $-.39$, between housing vacancy rates in 1980 and homelessness rates in 1984 across cities. In other words, the higher the vacancy rate in a city, the lower its homelessness rate. Tucker also showed that the vacancy rate is highly sensitive to the presence of rent control measures, but that need not concern us here. The point Tucker's analysis drives home is that the tighter the housing market from the buyer's (or renter's) point of view, the greater the housing burden on poor families and the more difficult it becomes for the extremely poor to obtain housing, and consequently the easier it is to become homeless.

In a perfect unrestricted housing market, the range of housing offered by sellers at equilibrium would supply all buyers who can enter bids. But this statement is more a matter of faith than of fact. The American housing market is neither unfettered nor perfect. Nor would we have it any other way. Our building codes are designed to ensure that the housing industry provides ac-

6. This information comes from interviewers' comments on the filled-out questionnaires. Unfortunately, we did not ask shelter residents for enough detailed information to estimate the prevalence of this pattern of intermittent homelessness.

7. These estimates are simply averages of what informed persons in the cities studied thought were the total number of homeless people there. Although no one can gauge their accuracy, it is likely that they reflect well the differences among cities in amount of homelessness. Note that these intercity differences in homelessness are the focus of Tucker's analysis.

8. HUD analysts related the number of homeless people in each city to the population for the Rand McNally metropolitan area in which the city was situated, a strategy that was heavily criticized. Tucker computed his rates by using only the populations for the central cities.

commodations that meet minimum standards of public health and safety. Zoning laws attempt to regulate the externalities surrounding existing structures. Occupancy laws discourage overcrowding of dwelling units. These regulations also accomplish other ends, some undesirable to many citizens: for example, zoning laws designed to ensure that structures occupy no more than some given proportion of urban land plots, a desirable aesthetic amenity, also make neighborhoods socioeconomically homogeneous. In some cities rent control is an additional restriction whose burden falls heavily on households entering the market and provides a bonus in the form of cheaper rents to long-term residents. These regulations are not the only factors restricting the amount of "affordable housing" available to the poor, but they certainly drive up the prices of even minimum standard housing.

However, there can be no market where there is no effective demand. The market cannot provide affordable housing for the homeless because their incomes are so low and variable that their demand is too weak to stimulate housing providers. The housing market was not always unresponsive to the demand of poor people. The Skid Rows of the nation were such responses, but the old cubicle hotels of the 1950s and 1960s were responding to a much stronger demand. Recall that the constant-dollar income of the Skid Row residents in 1958 was at least three times the income of the current homeless. Even so, as Bogue and the other social researchers observed in the 1950s and 1960s, the cubicle hotels were experiencing high vacancy rates.

The records are silent on whether the cubicle hotel owners and operators welcomed or fought the exercise of eminent domain in the urban renewal of Skid Row areas. Perhaps they welcomed the bulldozers as a way to recover some of the equity they had sunk into an increasingly unprofitable business.

In the past, when the housing industry was unable (or unwilling) to provide homes for the extremely poor they sometimes built their own. In the Great Depression of the 1930s, "shantytowns" consisting of shacks cobbled together out of scrap materials were built on New York's riverfronts and even in Central Park. Similar settlements were erected on Chicago's lakefront, in Washington's Anacostia Flats, and on vacant sites in other cities. In the 1980s no comparable settlements have appeared, unless one counts the cardboard and wooden packing cases used as living quarters by a few of the homeless. It may be that vacant land is not as available now or that law enforcement officials are quicker to respond.⁹ Whatever has caused the difference, the self-help response of the homeless to market failure has not been as strong as in the past.

As the rents the homeless could afford declined with their incomes during the 1970s and 1980s, housing providers found them an increasingly unattractive set of customers, especially in contrast to others. There is no mystery

9. Indeed, in 1987 when homeless people in Los Angeles built a "tent city" on a vacant downtown parcel, the mayor ordered the police to tear it down. Temporary shacks and tents have been built in Washington's Lafayette Park, but they must be removed every evening.

about why no housing is offered on the unsubsidized market that is affordable to the homeless. If there is a question, it is why local, state, and federal government have not intervened in the market to ensure that such housing is supplied.

The Labor Market and Homelessness

In chapter 2 I gave some attention to the important labor market function the Skid Rows of the past played in providing unskilled labor to employers who needed temporary workers episodically. Some were seasonal workers: in Chicago, Skid Row residents provided crews for summertime railroad maintenance and in all seasons supplied day labor. In Philadelphia, Skid Row men were hired over the summer by the Pennsylvania and New Jersey summer resorts. In addition, in each of the cities a labor market existed year-round that provided temporary or spot employment by the day, unloading freight cars and trucks, washing dishes in restaurants and hotels, distributing advertising fliers, and doing similar unskilled tasks.

A major factor in the 1960s and 1970s decline of the Skid Rows was the shrinkage of the casual labor market in urban economies. This decline in labor demand is carefully documented in Barrett Lee's (1980) analysis of the trends in Skid Row populations in forty-one cities from 1950 to 1970, showing that as the proportion of each city's labor force employed in unskilled labor and unskilled service occupations declined in that period, so did the population of its Skid Row.

In earlier decades, urban employers needing muscle power to wrestle cargo apparently put up with the low productivity of the Skid Row inhabitants because they could hire them as needed for low pay. Apparently, materials-handling equipment such as forklifts put both the homeless and Skid Row out of business. Cause and effect are almost hopelessly muddled here. As Skid Row populations declined, employers may have been motivated to invest in equipment that lowered their need for casual labor, and at the same time the lowered need for such labor meant that Skid Rows were populated more and more by persons out of the labor force (e.g., pensioners either retired or disabled).

The lack of demand for unskilled labor contributes to contemporary homelessness and helps account for the poor employment and earnings records of the extremely poor and the homeless. Labor market factors are especially important in understanding the sharp decline in the average age of the extremely poor and the homeless over the past three decades. Between 1955 and 1985 there was a drastic increase in unemployment among young males in general and blacks in particular. Unemployment reached catastrophic proportions in 1985 with 40% rates among black males under twenty-five (Freeman and Holzer 1986). Freeman and Holzer showed that young black males were considerably more likely to be employed only for short periods and were more likely to be fired.

The demographic processes at work during the post-World War II period also help explain the declining average age of the homeless. Recent decades have seen a bulge in the proportion of persons in our population who are between twenty and thirty-five, an outcome of the postwar baby boom. This excess of young people, especially males, depressed the earnings level for young adults and elevated the unemployment rate. As Easterlin (1987) has shown, the earnings of workers under thirty-five declined between 1968 and 1984 to about 80% of the 1968 level, computed in constant dollars. In contrast, the real wages of workers forty-five to fifty-five rose in the same period to 125% of their 1968 levels. Easterlin showed similar trends in the unemployment rate. At the beginning of the period under study, unemployment rates for young men below thirty-five were under 5% and rose to a high of 15% in 1980, declining to 13% in 1984. Older workers did not show such fluctuations.

The point of this analysis of the labor market is to show that the employment opportunities for young men has been extremely poor over the same period when the homeless population has increased and its composition has changed, with a time lag of five to ten years. As usual, the burdens of a poor labor market fall disproportionately upon precisely those groups we find over-represented among the homeless—the disabled and minorities.

The impact on females of labor market and demographic trends since 1965 is a little more subtle. Easterlin's analysis shows that young women did not suffer as much from increased unemployment and decreased earnings as young men, although their positions on the labor market certainly showed no improvement over time. In comparison with those of young men, their earnings did not show as radical a decline in real dollars, and unemployment rates did not rise as dramatically.

But there is also an indirect effect on household formation that did affect the proportion of women with children who are married and thus contributed to what has been called the feminization of poverty. As I noted in chapter 5, homeless women are younger than homeless men—on the average five to ten years younger. Almost all the homeless heads of households were female. The abrupt rise in female-headed households from 1968 to 1984 in part reflects the uncertain economic fate of young men, who thereby become less attractive as mates, less willing to become household heads, and less able to fulfill the economic role of husband and father when marriage does take place.¹⁰ In this respect it is significant that almost all the families housed in New York's welfare hotels are black or Hispanic female-headed households. Likewise, almost all the young homeless women we studied in Chicago were black, and almost all the homeless families were headed by black females.

In short, the uncertain labor market and earnings fates of young black men

10. Although few of the homeless men had married and those that had were divorced or separated, a majority (60%) claimed to be fathers. It is tempting to speculate how many of the fathers of the children in the homeless female-headed households are to be found among the homeless men.

jeopardized family formation among young blacks. The consequence is that young black women became heads of extremely poor households with high risk of becoming periodically homeless. In his analysis of poverty among blacks in Chicago, Wilson (1987) attributes much of the rise in female-headed households to the lack of marriageable black males. Owing to their catastrophically high unemployment rates, few young black men were able to make economic contributions to the households formed by the mothers of their children, let alone be the major providers.

The Limits of Kinship Obligations

It is an easy wager that there are few if any readers of this book whose families and kin would allow them to sink into literal homelessness. It is another easy wager that few if any readers would allow a family member or a near relative to become homeless. At least that would be our initial reaction to someone close to us who had become destitute through disabling illness, severe alcoholism, or an episode of mental disturbance. We would certainly offer financial help and even make room in our homes. American norms concerning obligations owed to kin support strongly such actions.¹¹ But how long could we keep it up? One would not begrudge support over a few weeks or months or even a year, but imagine having to supply maintenance and food for several years and, in addition, to share crowded housing.

Sharing might not be too hard for those of us who have room to spare in our houses and apartments and who have some discretionary income left after we finance a reasonably good standard of living. The generous impulse would be harder to extinguish if the dependent family member or kin was well behaved and did nothing bizarre or in poor taste. Even so, it would be hard to put up with. Doubtless we all know, and admire, people in our circles of kin, friends, and acquaintances who have made such sacrifices for fairly long periods.

Indeed, that families often take on the burden of providing for adult kin was shown in chapter 3 (see table 3.4). Using data from the Current Population Survey, I showed that in 1987 2.6 million extremely poor adult children aged twenty-two to fifty-nine were living in their parents' homes, and an additional 677,000 were living with siblings or grandparents. Of course many, if not most, of their families could sustain the additional burden: the household incomes of the supportive families were slightly above average. In addition, some families subsidized their impoverished adult members without taking them into their homes. Unfortunately, the Current Population Survey does not provide enough information so we can estimate the extent of such cash subsidies: we do know that there are at least 3.5 million impoverished dependent

11. In a recent study of kinship norms, Alice Rossi and I found that almost all of a sample of metropolitan Boston adults acknowledged strong obligations to provide financial help to primary kin (parents, children, and siblings) who were suffering from the effects of illness, psychological difficulties, or unemployment.

adults who are being subsidized by their parents and possibly as many as 6.5 million.

But now imagine the situation of poor parents, living at the poverty level or below in cramped quarters, on whom the responsibility for supporting an impoverished unemployed adult family member has fallen. How long could they keep it up? Imagine, in addition, that this dependent adult child has a serious alcohol or drug problem or has been in prison or exhibits the bizarre thinking or behavior of the chronically mentally ill.

It appears from our Chicago data that the average life of tolerance and help under such conditions is about four years, the period that the homeless were without steady work before becoming homeless. For that length of time they were presumably supported by their families' and friends' sharing housing, food, and maintenance. In addition, keep in mind that the families and friends are also poor and all those necessities are in short supply. Indeed, it is also a euphemism to talk about families, since many of the homeless come from single-parent households: their mothers and siblings may have been all there was to the "family" they relied on for support.¹² Piliavin and Sosin (1987) and Sosin, Colson, and Grossman (1988) comment that many of the homeless grew up in foster homes and may have had no parents at all or ones who were unable to fulfill their parental responsibilities.

There is good evidence that many of the homeless have worn out their welcome as dependents of their parents or as recipients of aid and funds from their friends. Chapter 6 presented some important evidence in the striking differences between the extremely poor unattached persons in the General Assistance population and the homeless. Recall that the groups are almost equally destitute, but most of the GA recipients are not living in shelters or out on the streets.

There are other important differences between the two groups that go along with their living arrangements. First, the levels of disability among GA clients are much lower on every indicator we can find in the data. Chronic mental illness, alcoholism, serious criminal records, and physical illnesses are far less prevalent among the domiciled. Second, the GA recipients largely manage to get by because their family and friendship support networks subsidize them, either by providing housing and maintenance or by supplementing their income.

Recall also that the GA recipients are on the average six years younger than the homeless men, suggesting that they have not yet worn out their welcome in their parents' households. Their much lower levels of alcoholism and chronic mental illness may also mean it is more acceptable to share housing with them. At least some of the GA recipients may thus simply be younger versions

12. Many of the mothers may also have been on AFDC during much of the time the sons were growing up and in their late teens or early adulthood. The Chicago AFDC study showed that 10% of AFDC recipients had children over eighteen living in their households.

of the homeless and may wear out their acceptance if their dependence goes on too long. The demoralizing and debilitating effects of long-term unemployment undoubtedly also play a role: the longer a person goes unemployed, the more likely it is that the disabilities of depression, mental illness, and even alcoholism will take their toll.

I suggest that the poverty of the families the homeless come from and their levels of disability both contribute heavily to their being homeless. Generosity may come up against the constraints of poverty when disability makes it difficult to exercise that virtue.

The Erosion of Public Welfare Benefits

We have seen that at least part of the burden of supporting extremely poor unattached persons is borne by poverty-stricken households who stretch their meager resources to house and maintain dependent adult children and sometimes friends. We can see national trends in young people living with their parents, especially among the poor. Indeed, black young men are especially likely to live in their parents' households. According to the census, in 1970, 39% of both black and white young men aged eighteen to twenty-nine lived with their parents. By 1984, 54% of black young men lived with their parents while only 41% of white men of comparable age did so.

Evidence for the extent of the burden on poor families is difficult to come by, since we do not know much about the households the homeless come from. But we do know that those households are poor and that many are supported by welfare—in particular, AFDC payments. Strong indicators of the declining positions of poor families can be found in the downward trends of transfer payments from 1968 to 1985. The level of welfare benefits also directly affects the capacity of the extremely poor to take care of themselves without the help of their parents. It is obvious that at the heart of homelessness and extreme poverty are the extremely low incomes of those groups. Among those states that have programs of income support to unattached persons, none provides enough to reach \$4,000 a year. In addition, there are many states—for example, Texas, Alabama, and Tennessee—that have no income support programs at all for this segment of the population.

The importance of income support in alleviating extreme poverty is obvious. What is not obvious is that income support programs that cover unattached people below retirement age have undergone a severe deterioration in value over the past decade and a half, exacerbating the erosion of the life chances of the poor caused by labor and housing market trends.

Table 7.1 presents the average dollar values of several income transfer programs (in constant 1985 dollars) over the period 1968 to 1985 for the state of Illinois and for the nation as a whole. Except for the Social Security old-age pensions, the constant-dollar value of benefits declined drastically. Indeed, Social Security old-age payments actually increased by 162% from 1968 to

Table 7.1 Constant-Dollar Average Monthly Transfer Payments, 1968–85

Transfer Program	1968	1975	1980	1985
<i>A. National Monthly Average Payments</i>				
Social Security old age retirement	\$295	\$414	\$446	\$479
Social Security Disability		452	485	484
Social Security widows/orphans		388	406	433
Supplemental Security Income for the aged	217	182	167	164
SSI for the blind	285	294	278	274
SSI for disability	257	282	259	261
AFDC	520	464	366	325
<i>B. Illinois Monthly Average Payments</i>				
Social Security old age retirement	\$311	\$434	\$474	\$511
Social Security Disability			506	505
Social Security widows/orphans		435	466	
Supplemental Security Income for the aged	204		159	100
SSI for the blind	263			108
SSI for disability	269		246	142
AFDC	644	568	362	342
General Assistance	322			154

Note: Shown in 1985 dollars; consumer price index used as a deflator.

1984, and most other benefit programs under Social Security remained fairly steady in value. In contrast, there were radical declines in the constant-dollar values of both AFDC and General Assistance payments over the same period.

On the national level, in 1985 AFDC payments declined to 63% of their 1968 value. Illinois AFDC payments declined to 53% of 1968 value in the same period. An even more drastic decline occurred in Illinois's General Assistance payments, the program most often available to homeless persons and to unattached persons generally: 1985 General Assistance payments in Illinois were only 48% of 1968 payments in constant dollars. The major drop in value of these two transfer programs occurred in the five years between 1975 and 1980, reflecting the ravages of inflationary trends that were not sufficiently compensated for by raising payment levels.¹³ As the burden of supporting unemployed adults fell upon families who in turn were dependent on AFDC or GA payments, such poor families entered the 1980s with considerably diminished financial capability and hence reduced capacity to help.

In addition, the reduction in the real value of AFDC payments contributed directly to the appearance of female-headed households among the homeless.

13. Of course there were some compensatory increases in other programs for which unemployed persons became eligible. Food stamps in 1985 could provide an additional \$70 in food purchases, a benefit of dubious value to the homeless. Medicaid coverage was also extended in some states (Illinois, for example) and provided for most medical needs. Although food stamps and housing subsidies compensate in a very direct way for low income, Medicare or Medicaid is more questionable: you cannot pay the rent or eat with Medicaid coverage.

Female-headed households dependent on AFDC surely must have had a hard time meeting housing and other expenses on payments that barely covered average rents for small apartments. Living so close to the edge of financial disaster and often slipping into crisis, households headed by young females understandably often become literally homeless. Indeed, it is difficult to understand how the typical Illinois AFDC household composed of a mother and her 1.5 children managed to get by on \$4,014 a year in direct cash payments and \$798 in food stamps. More than a third of the AFDC households received help from other persons (presumably relatives) over a year's time. The Chicago AFDC study provides considerable evidence that AFDC families had a tenuous hold on their housing, with close to one in four experiencing problems over the previous year.

Illinois's AFDC payment schedule in 1985 and 1986 was among the ten most generous state plans. AFDC households in Illinois fared much better than comparable households in, say, Alabama or Texas, where payments averaged under \$2,000 a year. Indeed, a major reason the extremely poor female-headed households were concentrated in the southern regions was that even with AFDC payments total annual income rarely reached \$2,000.

The similar drop in the dollar value of General Assistance payments also influenced homelessness. General Assistance payments in 1968 were generous enough to cover SRO rent, with a bit left over for other types of consumption. In addition, in 1968 unattached adults on General Assistance had enough income from their benefits to make significant contributions to the income of a household, possibly making their dependence more palatable to their hosts. By 1985, with General Assistance payments more than cut in half, GA clients could neither make large contributions to host households nor get by on their own.¹⁴

The low levels of GA benefits may help explain why so few homeless applied for and received them. Such benefits were not enough to allow recipients to leave the homeless state and were difficult to obtain. Applying for GA benefits in 1984, as described by Stagner and Richman (1986), involved at least three interviews with Illinois Department of Public Aid caseworkers, a determination of employability, and an assignment either to an unemployable

14. Contributions toward rent reported by the GA recipients were more than half of the benefit level received, as shown below:

<i>Living Arrangements</i>	<i>Average Monthly Rent or Contribution</i>
Living alone	\$159
Living with nonrelatives	\$122
Living with relatives	\$ 97

Note that GA recipients living alone paid more in rent, on the average, than they received in GA payments. Most (84%) GA recipients living alone also received help from their relatives. (Unfortunately the survey did not ascertain either the kind or the amount of help received. It is a fair presumption, however, that financial help must have loomed large.)

class or to a "jobs" program in which a person had to sustain eligibility by applying for work to at least eight employers a month. A person assigned to the jobs program who did not find employment within sixty days was assigned either to the unemployable class or to a public service workfare task. Keeping to the complex schedule of interviews and reporting requirements must have been difficult for the homeless.

Table 7.1 also contains clues to why so few aged persons are found among the homeless and the extremely poor in the 1980s. Fewer than 2% of the Chicago homeless were sixty-five or over. Only 500,000 of the extremely poor persons in the 1987 Current Population Survey were sixty-one or older with incomes under \$4,000. Old age Social Security retirement benefits increased by 162% from 1968 to 1985, thanks to favorable changes in the benefit levels in 1972 plus the indexing of such benefits by tying them to the consumer price index. The constant-dollar value of the average old age pension in Illinois in 1968 was slightly below the value of General Assistance payments, but by 1985 it had increased by 164% and was 3.3 times the value of General Assistance.

Note also that the absolute amount of Illinois average monthly old age pension payments in 1985, \$511, was enough to rent accommodations at the bottom portion of the conventional housing market and certainly sufficient for the subsidized senior citizens' housing developments.

The sharply enhanced economic well-being of the elderly is one of the great program success stories of the twentieth century. Throughout the century, until the 1970s, the elderly were greatly overrepresented among the poor; today, for the first time in our history, the poverty rate for persons aged sixty-five and over is less than that for the rest of the population. How this was accomplished says a lot about how the problem of homelessness will have to be solved, if indeed it ever is. We virtually wiped out poverty among the aged by providing generous benefits. Public spending on the elderly, through Social Security pensions, Medicare, and housing subsidies, dwarfs every other item in the federal human services budget.¹⁵

There are two main lessons to be drawn from the past decade's decline in welfare. First, our policies have undermined the income positions of the extremely poor and the capacity of poor families to care for their dependent adult members. In every state, income support programs for unattached persons are not generous enough to support minimum standard housing and diet. In addition, by allowing welfare payments to be eaten away by inflation, we have reduced the capacity of families to care for their dependent adult members. Second, we have not sufficiently assimilated the lessons of the recent

15. In 1984 the total federal social welfare expenditure was \$419 billion. Social Security pensions and Medicare expenditures alone amounted to \$302 billion, 72% of the total social welfare expenditure. See *Statistical Abstract of the United States: 1987* (Washington, D.C.: U.S. Department of Commerce, 1986, table 574.

history of the Social Security retirement program. By providing decent payment levels, this program has virtually wiped out homelessness and extreme poverty among the aged.

An Interpretation of Homelessness

Throughout this book I have described the characteristics of the current homeless, highlighting those that mark off this population from that of the old Skid Rows and from the current domiciled poor. Drawing these various threads together, we can now begin to weave an explanation both of why some people are more likely to be found among the homeless and of why homelessness has apparently increased over the past decade.

First of all, it is important to distinguish between the short-term (episodic) homeless, and the long-term (chronic) homeless who appear likely to remain so. Most of what I have to say below concerns the latter group; the former consists primarily of people in the lower ranks of the income distribution who meet short-term reversals of fortune. This is not to deemphasize the problems of the short-term homeless but simply to say that their problems are different.

The "dynamics" of episodic homelessness are distressingly straightforward. So long as there is a poverty population whose incomes put them at the economic edge, there will always be people who fall over that edge into homelessness. Small setbacks that those above the poverty line can absorb may become major disruptions to the very poor. Several homely examples illustrate this point. The failure of an old refrigerator or stove and a subsequent repair bill of \$50 can make the nonpoor grumble about bad luck, but for someone whose monthly income is under \$500 and whose rent is \$300, the bill represents one-fourth of the monthly resources used to buy food, clothing, and other necessities. For a poor person who depends on a car to travel to work, a car repair bill of a few hundred dollars may mean months of deprivation. Renting an apartment increasingly means paying one month's rent in advance and perhaps a security deposit as well and is often why poor people remain in substandard housing. In many states welfare programs make provision for such emergency expenses, but the unattached person who is not eligible for welfare may experience wide swings of fortune, with the downsides spent among the homeless.

The solution is to be found in extending the coverage of the social welfare system and incorporating provisions that would cushion against short-term economic difficulties. I will return to this point later.

What about the long-term or chronic homeless? Their critical characteristic is the high level of disabilities that both impair their earning capacity and reduce their acceptance by their families, kin, and friends. These are the people who are most strongly affected by shortages of unskilled positions in the labor force, lack of inexpensive housing, and declines in the economic fortunes of

their families, kin, and friends. Under these unfavorable conditions, unattached persons with disabilities have increasing difficulty in getting along on their own. And as the living conditions of poor households decline, those disabled by chronic mental or physical illnesses or by chronic substance abuse are no longer tolerated as dependents.

Note that I am using the term disabled in this context to mark any condition that appreciably impairs the ability to make minimally successful connections with the labor market and to form mutually satisfactory relationships with family, kin, and friends. This definition goes beyond the usual meaning of disability to include a much wider set of conditions—for example, criminal records that interfere with employment chances or chronic problems with drinking, as well as physical and psychiatric impairments.

Let me emphasize that this interpretation is not "blaming the victim." It is an attempt to explain who become the victims of perverse macrolevel social forces. If there is any blame, it should be placed on the failure of the housing market, labor market, and welfare system, which forces some people—the most vulnerable—to become victims by undermining their ability to get along by themselves and weakening the ability of family, kin, and friends to help them. Of course blame can be assigned only where there is intent to harm or where bad judgment is exercised when clearly better options exist. In the case of the trends of the past two decades in poverty and homelessness, it is difficult to blame any set of persons or institutions.

We can now understand why we find so much disability among the homeless. The disabled are least able to negotiate successfully the labor and housing markets, to use the welfare system, or to obtain support from family, kin, and friends. Among the destitute, the disabled are the most vulnerable.

What Can Be Done?

I will now shift from diagnosis to treatment, outlining a set of public policy changes addressed to reducing homelessness in our society. The proposed policy changes are not instant remedies. Although homelessness in the larger sense will be with us for years and may never be totally erased, it is a realistic aspiration that no one in our society should involuntarily go without nightly shelter, even though that shelter may not fulfill all our ideas of a home. It is also a reasonable aspiration that almost all individuals and families should live in dwellings that fulfill the minimum safety and privacy requirements of the larger meaning of home.

It is useful to divide what needs to be done into two parts: policy changes addressed to the short-term problem of how best to ameliorate the condition of the current homeless, diminishing the suffering and pain that arises from their condition; and long-term policy changes designed to decrease the risk of becoming homeless.

Short-Term Remedies

Under short-term remedies I include those measures that can be taken without drastic overhaul of our current institutional structures. Homeless people have slipped through the loose weave of our existing social welfare safety nets. In a very short time, we can appreciably improve their condition by simply making it possible for them to obtain benefits for which they are already eligible.

Almost all the research on the homeless in the 1980s has shown that few of them participate in the welfare programs they appear to be eligible for by virtue of their financial plight and their disabilities. Few are receiving Social Security disability payments, food stamps, or AFDC payments or participating in the General Assistance programs of their states. In our Chicago Homeless Study, for example, almost all the homeless were eligible for General Assistance, and substantial minorities were eligible for one or another of the more generous benefit programs. However, only 22% were receiving GA payments, fewer than 7% were receiving Supplemental Security Income,¹⁶ less than 7% were receiving payments from Social Security Disability Insurance, and a little more than 6% were receiving AFDC payments.

In part these low levels of participation reflect the fact that benefits from the programs let some people leave the homeless condition. This is so particularly for Social Security Disability Insurance (SSDI), which provides sufficient income (average payment in Illinois was \$504 per month in 1986) to cover rent on the lowest level of the housing market. Hence some persons have been raised out of homelessness by the payments received and do not appear as subjects in the homeless studies. Of course, because SSDI eligibility depends on substantial previous employment, many of the long-term unemployed homeless are not eligible. Even so, many would be eligible for Supplemental Security Income (SSI) payments, a less generous program (average monthly payments in Illinois were \$142 in 1985) for which disabled persons with meager employment records or none could qualify. Long-term unemployed persons earning less than \$2,000 qualify for benefits under Illinois General Assistance, which provides more income (\$154) than the median for all the homeless (\$100). This may mean that by patching together intermittent jobs and benefit payments from General Assistance, some of the destitute find their way into SROs and rooming houses and thereby are no longer homeless. Indeed, as I showed in chapter 4, about a third of 1985 General Assistance clients lived by themselves, many of them presumably in SROs.

In part this low participation in benefit programs reflects the difficulty many

16. The Social Security Disability Insurance program provides payments for disabled persons who have a work history. Supplemental Security Income provides payment for those who do not. As table 7.1 shows, SSDI has clearly higher benefit levels than SSI.

homeless people experience in connecting with the welfare system and, once participating, remaining beneficiaries. Although applying for aid is not extremely difficult, the homeless often find it hard to negotiate several interviews, the submission of affidavits, and the other requirements of the application process. Their applications are easily rejected because they have little standing as citizens and hence are unlikely to make effective complaints. The homeless are especially vulnerable to being cut off when budget crunches lead welfare administration to look for people they may safely terminate.

The difficulty the homeless experience with the welfare system is dramatically shown in the fact that, among the Chicago homeless, more than 70% of those eligible for General Assistance have applied for benefits at one time or another, but most have been turned down or else accepted but later terminated. Similar experiences were typical of those among the Chicago homeless who were eligible for AFDC payments: of those eligible, almost all (96%) had applied for AFDC, but only 7% were receiving benefits; the rest had been turned down or had been accepted but later terminated. The reasons for termination given in the welfare records were overwhelmingly "technical" violations—failure to appear at appointments, failure to register at employment agencies, and the like.

The low level of welfare participation among the homeless can be effectively dealt with by the welfare agencies, without legislative changes. An aggressive outreach program to enroll all who are eligible in disability and public welfare programs would significantly raise the income of those currently homeless and enable some of them to find housing. In addition, the welfare agencies should review their practice of terminating benefits for technical reasons, making allowances for the difficulty homeless people have in meeting some of the requirements for continued participation. It is hard to keep an appointment if you have neither an appointment book (or its equivalent) nor a watch.

It is important to keep in mind that increasing welfare participation may ameliorate the condition of the homeless by providing them with more income, but unless benefit levels are changed, that additional income will not be enough to move them into conventional dwelling units or SROs. The clients in the Chicago General Assistance study who lived by themselves received aid from their relatives and friends and supplemented their benefits by part-time intermittent employment. (The issue of inadequate benefit levels will be discussed at length later in this chapter.)

Participation is also low in in-kind benefit programs such as food stamps and Medicaid. In many states Medicaid eligibility is tied to income-transfer programs, and hence participation rates will rise with increased enrollment in welfare programs. Other in-kind programs are more questionable: in particular, the food stamp program presents special problems. The program largely assumes that those receiving food stamps have cooking facilities, which sim-

ply is not true for the homeless. Of course it is possible to use the stamps to buy sandwich makings, milk, and other items that do not require cooking. But we need changes in our current food stamp programs that recognize the unique needs of the homeless. In particular, making it possible for food kitchens, shelters, and restaurants to accept clients' food stamps would substantially increase the practical utility of the stamps to homeless persons.

Similar changes are also needed in housing subsidies, such as those provided under section 8 of the Housing Act, to make it easier to use such subsidies in renting SROs or similar accommodations.¹⁷

A second short-term measure would be to move the most severely disabled from the shelters and the streets into total-care institutions. Many of the chronically mentally ill need an environment where they can be given highly supervised, supportive care. For some of the most impaired this may mean placement in mental hospitals. I realize that to civil libertarians this may sound like a step backward, but the principle is that the mentally ill should be treated in the least restrictive environment consistent with their ability to function without harming themselves and others. Living on the streets is certainly among the least restrictive environments imaginable, but it is not one that provides for any sensible regimen of medication and care. At least for the most deteriorated of the chronically mentally ill, whose behavior is self-destructive, institutionalization is probably the only alternative to early death.

Zealous guarding of someone's civil rights assuredly cannot mean leaving that person in a condition that poses immediate and considerable physical risk, else the concept of "civil rights" is stripped of all practical meaning. After several decades of deinstitutionalization and restricted institutionalization, we must also recognize that this recommendation may require expanding the mental hospital system, especially in states with insufficient capacity.

Implementing this recommendation requires two important changes in current policy. First, the chronically mentally ill should be released from hospitals only when there are strong assurances that supportive living arrangements are available. Second, it must be made easier to commit chronically mentally ill persons when they are unable to care for themselves outside an institution.

The first change means that a patient with a chronic mental illness should not be released unless there are kin who are willing and able to provide shelter or unless supervised living accommodations are available. To make such arrangements easier, I recommend that the patient be enrolled in disability payment programs before discharge and that the receiving household or non-hospital living accommodation be assigned a reasonable portion of the payments. The cost of such a program would not be excessive: assuming that about a third of the current homeless would eventually find their way into this program, annual costs would be about \$600 million, positing monthly dis-

17. The rent vouchers issued by the Los Angeles Welfare Department to General Relief applicants, pending decisions on their applications, are a major source of income for the city's downtown SROs.

ability stipends of \$500 a month to 100,000 chronically mentally ill homeless persons.

The second change involves making it easier for kin, social agencies, and the police to bring people who are acting in a bizarre or aggressive manner, are incoherent, or are neglecting to care for themselves to the courts for psychiatric evaluation and subsequent involuntary commitment if the complaints are sustained. Under present practices there are many incentives for the courts to "plea bargain" with such persons, trading voluntary (and limited) commitment for the more extensive procedure involved in involuntary (and usually longer) commitment. The extensive use of such plea bargaining in Illinois has led to the hospitals' serving as short-term residential accommodations where little therapy can be provided.¹⁸ My recommendation is that patients, whether voluntarily or involuntarily committed, be treated the same when it comes to discharge, in line with the provisions noted above concerning support.

A third short-term measure is to maintain and possibly improve the financial support for existing shelters. I am ambivalent about this recommendation: the shelters are far from satisfactory, but some accommodations are clearly needed. The need for some housing clearly overrides whatever misgivings one may have about shelters. In many cities, even reasonable and conservative estimates show that homeless persons are twice as numerous as the existing shelter beds, and so the emergency shelter capacity needs to be expanded. But these dormitory shelters are far from satisfactory in the best of cases, and there is also the danger that a shelter "industry" may develop that acquires a strong stake in the permanent existence of what should be rightly construed as temporary emergency measures.

It is a safe bet that there are few large urban centers where shelter capacity comes close to being as large as the current number of homeless people. Yet there is some evidence that the shelters are not used to capacity: in Chicago we found that in the dead of winter (February 1986) the shelters were used only to 80% of capacity. Those shelters that anyone would judge as providing greater privacy and safety came closer to being fully used than the more open and less safe dormitory accommodations of the larger shelters. I believe it says something about the conditions of our shelters when one-third to one-half of the homeless are out on the streets and in public places in Chicago's winters while shelters go unused. It may also say something about the condition of the homeless that some shelters reject the most disabled as clients¹⁹ and that some

18. A recent study of mental hospital patients in the Chicago area (Lewis et al. 1987) found that over 95% had been voluntarily committed, most after being brought before the courts on complaints signed by their kin or by the police. A person committed voluntarily can request release within ten days and must be discharged.

19. Almost all the shelter managers in Chicago refused admission to persons who were acting bizarrely, who were obviously drunk or under the influence of drugs, or who had "caused trouble" in the past. Although these policies are followed to safeguard the safety, peace, and rest of the other shelter residents, they have the unfortunate consequence of leaving the most severely disabled out on the streets.

of the homeless have justified fears about their personal safety within the shelters. A sensible policy may be to make subsidies for shelters proportional to their quality, thereby providing an incentive to upgrade them from dormitories to more private and safer accommodations.

Long-Term Policy Recommendations

In the long run, the reduction of extreme poverty and the reduction of homelessness are strongly linked. The extremely poor identified in previous chapters are the pool out of which both the short-term, episodic and the long-term, chronic homeless are recruited. The long-term reduction of extreme poverty can make it possible to reduce both forms of homelessness to acceptable minimums.

The message of the first part of this chapter is that the high level of extreme poverty experienced in the past decades is the outcome of structural failures in three major institutional sectors: the labor market, the housing market, and public welfare programs. Consequently, long-term solutions must address each of these sectors.

The Labor Market

The long-term reduction of extreme poverty obviously involves radically improving the labor market opportunities of young people, especially young minority males. It is equally obvious that this is not an easy task. There can be little doubt that the current crop of young homeless men is the harvest of two decades of catastrophically high unemployment for young minority males. Most of the homeless young men have not held steady jobs for five years or more, and some have never been employed. It is difficult to be optimistic about the chances of reintegrating long-term homeless men into the labor force. Reducing homelessness among young men in their thirties requires that we provide employment much earlier in their lives, in late adolescence and the early twenties.

The major thrust of our policies for reducing unemployment among minority youths has been a supply-side strategy, aimed at improving the quality of the labor they offer and thereby bettering their prospects in the existing labor market. Job-training programs attempt to accomplish this by teaching them the skills they lack. There have been several problems with our job-training programs over the past few decades. First of all, the programs have not been targeted well enough on young adults, improving the employment prospects of young men shortly after they finish their education. Second, given the experience with job training and supported work programs over the past two decades, it is hard to be sanguine about using such programs to compensate for the labor market's failure to provide jobs. Our experience does not support much optimism, since fairly extensive programs have been undertaken without much success.

Bear in mind that providing employment to young men will have important side-effects for other portions of the extremely poor population. For example, young women will benefit by the resulting improvement in the supply of men who may be worth marrying. Higher levels of employment will also lower crime rates, since arrests on criminal charges are highly concentrated among males aged sixteen to twenty-five. One of the few consistently upheld empirical findings in recent criminological research is the inverse relationship between employment and crime (Rossi, Berk, and Lenihan 1980). Employed men are less likely to engage in crime of all sorts, and persons released from prison who find jobs are less likely to become recidivists. And of course, the burden of support currently falling on parental households will be lightened.

Although the emphasis here is on young men, this does not imply that all the effort should go into that demographic group. Improving the job prospects for young women cannot help but bring improvements in the situation of the extremely poor. First of all, a majority of the extremely poor are women, most of whom are heading their own households. Providing employment may lower the proportion of very young women electing motherhood as an occupation. In any event, having job experience will make it easier for women to enter the job market after their children have matured. Third, a consistent finding in evaluations is that job-training programs have proved more effective in improving the long-term economic condition of women trainees.

Many of the job programs have been directed at changing the quality of the labor people can offer. There is little doubt that young persons who have been unsuccessful in entering the labor market are relatively poorly endowed with skills that are in demand. Yet these supply-side remedies have not been successful. On completing such programs, participants appear not to have any better chance of being employed or earning higher wages. Especially significant have been the experiences of the extremely impressive Supported Work Experiment conducted by the Manpower Development Research Corporation (1985). The experiment provided training in job department, job search, and job skills to drug users, released prisoners, and the long-term unemployed. Such training was accompanied by paid employment in environments that made increasing performance demands over time. In comparison with randomly selected control groups who did not experience the MDRC programs, male participants showed no detectable improvement.²⁰ Other evaluations of a variety of job training programs have led to similar dismal findings.

Complete disillusionment with job-training efforts is not justified. It may be possible to fine-tune programs so that they achieve their goals of connecting young persons effectively with job opportunities. For example, many of the programs have been aimed at those who have repeatedly failed to find jobs at

20. The experience with female participants has been more positive. Women participating in job training or supported work benefited significantly by being more likely to be employed and earning more after training.

ages beyond the earliest entry periods, typically the mid-twenties. The longer a person has been unemployed during the earliest period beyond labor market entry, the more difficult it may be to enter employment, whether one is trained or not. Programs aimed at those in their teens may be more effective.

Interventions dealing with the demand side of the labor market have also been disappointing, although they show some net public benefits. For example, the Comprehensive Employment Training Program (CETA) started under President Carter did not materially improve the subsequent labor market performance of its clients, although it did provide a significant number of jobs to the unemployed. CETA also augmented the labor supply available to local and state governments and made possible increased public services.

If the labor market cannot provide jobs for nondisabled young people, we may have to resort to public-sector employment. Indeed, some of the most popular welfare programs have been public employment programs—for example, the Civilian Conservation Corps of Great Depression days, the Job Corps, the Peace Corps, and Vista. Although the 1930s WPA (Works Progress Administration) did not get a good press at the time, we still enjoy some of the public facilities built by the program, including improved parks, city sidewalks, local libraries, and even the original terminals at New York's La Guardia airport.

At the moment the only public employment program that is widely available to young people is the armed forces, providing work and training opportunities that have been very attractive to minority young men and some minority women. We need to invent their civilian equivalents, involving jobs that produce transferable skills and also increase the quantity and quality of public facilities. I hesitate to recommend specific programs, but there is no dearth of urban public facilities that need augmenting and refurbishing, from our streets to our libraries and schools. There are also many public services that need additional personnel, ranging from public transportation to tax collection.

There are many potential advantages to public employment programs, especially in contrast to income maintenance. They are preferable in terms of human values in that they mitigate both the demoralizing effects of unemployment and the stigma of welfare. These programs provide earned income and job activities to people who would otherwise have neither. Their overhead might well exceed the corresponding cost of simple transfer payment programs, but there are benefits to participants that cannot be obtained through straight cash payouts: something productive to do with one's time and the consequent sense of self-worth.

Demography, it is said, is destiny. Likely demographic changes over the next decade include some with hopeful implications that will improve the chances of young men. The effects of the postwar baby boom that has flooded our labor markets with young people, depressing both their real wages and their employment prospects, will have subsided within the next four or five

years. Beginning in the 1990s, there will be fewer young people entering the labor market, improving prospects for coming cohorts,²¹ but without some intervention the problems of young minority males will persist.

The Housing Market

Recommendations concerning the housing market can be stated more optimistically. Clearly, the market has failed to meet the special needs of unattached poor persons. It is especially heartening to note the success of senior citizens' housing in removing that group from among the homeless (coupled with the rise in benefit levels for pensioners, as noted previously). A program of subsidized housing for younger unattached persons may provide similar benefits through preserving and upgrading existing housing as well as constructing new accommodations.

In at least one city, Los Angeles, a nonprofit corporation has been formed to purchase, rehabilitate, and manage SRO hotels that come on the market (Hamilton, Rabinowitz and Alshuler, Inc. 1987). How successful the Los Angeles corporation will be in providing clean, safe, and decent living space at reasonable rentals is yet to be seen.

Of course, preserving and upgrading SROs only keeps the inadequate stock of housing appropriate for unattached poor persons from being further depleted. Furthermore, SROs have not been paragons, their main attraction being price. To house such people properly, the size of that stock has to be increased and its quality raised.

In the past our society showed more concern for the housing problems of unattached persons. In the first part of this century the YMCA and YWCA built residential hotels in most cities to provide wholesome and "affordable" housing for unattached men and women.²² Whether they or a functionally equivalent organization could do it again in this historical period is open to question. Most likely some form of government subsidy would be necessary. Furthermore, the Y hotels never aspired to dominate the housing market for unattached young adults: commercial SRO hotels and rooming houses provided most of that kind of housing. Our policies should also be directed at bolstering this segment of the urban housing stock.

In addition, it should become a matter of public policy to phase out emergency shelters as quickly as the housing programs can provide sufficient dwellings for unattached persons. Although the shelters vary widely in qual-

21. Of course, these demographic changes will improve the prospects for persons who will be young adults in the future. The currently demoralized young will have moved into their middle years in the next decade, posing a different set of problems for the future. Indeed, if the programs suggested in this chapter are successfully implemented, one may anticipate an increase in the average age of the extremely poor as those who are now in their twenties and thirties move into older age brackets.

22. Ironically, in many cities the Ys are phasing out their hotels, reluctant to serve as the "housing of last resort" for the mentally ill and nearly destitute aged.

ity, there are virtually none that come close to upholding common standards for minimally decent housing. Especially falling short are the mass dormitory shelters in our largest cities that offer no privacy, little security for persons or possessions, and little more than beds and sanitary facilities. The prospect that dormitory living for the unattached poor could become a fixed feature of our cities seems to me quite real: there are too many precedents for programs' living far beyond their usefulness because their organizational structures become self-serving bureaucracies with a greater stake in their own preservation than in fulfilling a function.

Public Welfare Programs

A final set of recommendations concerns eliminating the holes in our social welfare net. The present arrangements center on providing for those who suffer from the disabilities of aging or from recognized "traditional" disabilities—such as being blind or partially paralyzed—or who are children in families broken by death, desertion (before or after marriage), or divorce. Clearly these are the conditions that arouse most sympathy from legislators and presumably the public. We have not yet fully recognized that there are other forms of disability that are just as damaging to an individual's ability to participate fully in our society, especially in the labor force.

Chapter 6 presented ample evidence that chronic mental illness afflicts about one in three of the homeless. This disability is regarded somewhat ambivalently both by the public and by policymakers. In part, the very definition and diagnosis of mental illness are fuzzy at the boundaries, with honest disagreements about classification often arising among professionals. In part our ambivalence toward mental illness arises out of the long history of dividing the poor into the deserving and the undeserving, with the latter defined as those who do not want to work. The line between depression and "laziness" is often confusing. It is difficult to feel sympathy for the employment problems of someone who has a phobia against signing documents, but it is as much of a disability as a paralyzed hand.

In sum, in comparison with a paraplegic or quadriplegic, a chronically mentally ill person is not as easily recognized as disabled. Nevertheless, the disabilities resulting from psychotic thinking patterns or extreme depression are as real as those caused by physical shortcomings, precluding employment at any but the most routine jobs performed for the least demanding employers. For many of the chronically mentally ill, problems include routine maintenance of personal cleanliness, diet, and medication.

If we want to make it possible for the chronically mentally ill to live outside institutions in reasonably safe and decent homes, we need to ensure that they are more routinely included within the coverage of our disability support net. Chronic mental illness is recognized as an eligible disability in our two major

disability income maintenance programs, Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI).²³ Indeed, one of the major premises of the deinstitutionalization movement that almost emptied our state mental hospitals was that SSDI and SSI would make it possible to support the discharged chronically mentally ill in a variety of community settings (Lamb 1984).

Although state mental hospitals and community mental health centers routinely attempt to get the chronically mentally ill enrolled under SSDI or SSI, their efforts often are unsuccessful. First, many of the chronically mentally ill escape the mental health care system. Among Chicago's mentally ill homeless, almost none were connected with either the disability programs or community mental health clinics. Second, procedures for establishing program eligibility are complicated and difficult to negotiate, frequently leading to failure for those who have difficulty keeping appointments, assembling necessary papers, and speaking for themselves. Third, because of the ambiguities surrounding the diagnosis of mental illness, chronic sufferers are among the most vulnerable of enrollees, most subject to termination when program administrators seek to cut back the rolls.

Enrollment in income maintenance programs, of course, will not cure chronic mental illness, although there is some evidence that the high levels of clinical depression seen among the homeless are situationally determined.²⁴ A steady source of income, however, may make it possible to rent housing, stabilize diet and health, and generally improve the quality of life. We need not wait upon the cure of mental illness to provide a decent standard of living for the chronically mentally ill.

Steady income will be most helpful to those whose mental illness is not the most severe. As touched upon in the section on short-term remedies, those who cannot care for themselves and whose illness leads them to follow self-destructive paths clearly need structured care that goes beyond income maintenance. For the most severely afflicted some form of institutionalization will clearly be needed.

Both SSDI and SSI do not recognize every disability as constituting eligibility, possibly following the lead of both public opinion and the convictions of policymakers. As seriously prevalent and as disabling as chronic mental illness among the homeless is long-term substance abuse. Thanks to the long-

23. SSDI is available for those who have a sufficient record of gainful employment and is almost as generous in payments as Social Security retirement. SSI is available to persons otherwise qualified who have an insufficient employment record. SSI provides only meager payments. (See table 7.1 for average payment levels for these two programs.)

24. The Chicago homeless who were enrolled in either General Assistance or AFDC had lower levels of depression than those who had applied and were denied. As usual, cause and effect are difficult to specify here. High levels of depression make successful negotiation difficult, and some steady source of income also may raise hopes.

term campaign pursued by Alcoholics Anonymous and similar groups, there is widespread acceptance of the notion that alcoholism is a disease. Our courts have gone so far as to decriminalize being drunk in public, recommending detoxification as a substitute for arrest.²⁵

But have we gone far enough in recognizing long-term substance abuse as a chronic disability? It is time to consider including the more serious forms of alcoholism and drug addiction as disabilities that are eligible for SSDI and SSI participation. I recognize that this recommendation may appear to many to provide incentives for becoming careless in drinking and drug habits. After all, it is unlikely that anyone deliberately becomes a paraplegic to obtain a disability entitlement, but low-income heavy drinkers might not exercise the same care about their drinking if they knew the result might be a monthly disability benefit. Yet longtime chronic alcoholics or drug addicts are as disabled as any of the groups we have traditionally recognized. A long-term chronic alcoholic whose liver has been badly damaged and who suffers from brain seizures is surely no less disabled than a psychotic whose disordered thinking cannot support normal engagement with the world.

I have no specific recommendations about how to avoid building perverse incentives into our disability benefit programs.²⁶ I leave that difficult task to others. I suspect that chronic substance abuse needs a set of graduated treatments, as in the case of chronic mental illness. Some of the more deteriorated victims of substance abuse may require hospitalization while others need some less stringent form of structured environment.

Other aspects of our welfare system also need correction. Our society consistently underestimates the importance of income, especially to poor people, often mistaking the effects of poverty for personal deficiencies. Nothing seemed more dismal to the 1950s and 1960s researchers of Skid Row than the hopelessness of the old pensioners they found living there. Few if any advocated raising their benefits to ameliorate their living conditions. Yet as the value of old age pensions rose in the decade after this research, the drop in the number and proportion of aged persons among the homeless was the most dramatic change in that population. Of course raising the benefit levels most likely did not help the persons Bogue (1963) or Bahr and Caplow (1974) studied; but the next generation of aged men was spared the fate of becoming homeless.²⁷

25. Thereby unwittingly contributing to the problem of street homelessness, as suggested in chapter 2.

26. There is some anecdotal evidence that the existence of shelters allows drug and alcohol abusers to channel most of their income into their addictions. A Chicago alcoholic who is receiving General Assistance payments of \$154 a month can spend most of it on alcohol while being provided with a bed in an emergency shelter and meals in food kitchens.

27. The prevalent alcoholism among the old men on the Skid Rows may also have declined as a function of the increased living standards possible under the augmented benefit levels. Indeed, although we know that chronic alcoholism and poverty go hand in hand, it is not clear which is leading.

The lesson of what an upward turn in benefits accomplished for the aged may be used constructively in dealing with other categories of the homeless. Earlier in this chapter I presented evidence about the severe deterioration in our support for AFDC and General Assistance. We have allowed inflation to lower the real value of such payments to the point where recipients are not raised sufficiently above the level of destitution.

This deterioration in support for families and individuals undoubtedly helped to increase homelessness and certainly helped to change the composition of the homeless population. We created homelessness among families when we gave female-headed households barely enough money to pay the rent. We created homelessness when we placed on poor families the burden of supporting their unemployed adult members. We fostered long-term shelter residence when we failed to provide homeless single persons with enough income to rent better accommodations. All these changes helped to shift the age structure of the homeless downward and to increase the proportion of minorities among the homeless.

I propose three remedies for the welfare system. The first is relatively simple. We need to restore the value of the welfare dollar that has deteriorated through inflation over the past twenty years. This measure would restore the ability of many to cope effectively with the housing market.

My second recommendation has been suggested repeatedly over the past decades. Among the more senseless inequities in our current welfare system is the enormous variation in coverage and benefit levels among the fifty states. In part this variation reflects the relative prosperity among these jurisdictions, with the better-off states being the more generous. But there are also some glaring exceptions, prominent among them being Texas. Noting the concentration of the extremely poor in those regions where welfare programs are least generous, a great deal could be done to reduce extreme poverty by providing a nationwide standard so that benefit levels can be tied more realistically to prevailing price levels.

There is substantial evidence that the American public would favor such a move. In a 1986 national survey conducted by NORC, respondents awarded single-parent families hypothetical benefits several times those currently in place.²⁸ As shown in table 7.1, the average payment under AFDC was \$325 a month in 1985. Survey respondents awarded \$1,152 a month to AFDC eligible families, more than 3.5 times the current benefit level. The American public apparently understands inflation and its consequences better than our legislators of the past two decades.

Our current AFDC expenditures run about \$15 billion annually. Countering the ravages of inflation over the past two decades would involve a 60% in-

28. The survey was conducted in 1986 on a national sample of adults, using an innovative measurement strategy in which succinct vignettes depicted single-parent families that were systematically varied in composition, age, and other characteristics. Respondents were asked how large weekly payments to those persons should be (unpublished data).

crease in the AFDC budget to \$24 billion annually. Offsetting some of these costs are the savings that may be realized by the improved health of both mothers and children, the bolstering of the lower end of the rental housing market by firming up demand, and the increased expenditures for other consumer goods.

My third remedy is more difficult to accomplish because it entails subsidies for categories of families and individuals that we have not so far considered appropriate for public support. This recommendation is that we furnish support to families who subsidize their destitute unattached members. If it did not prove too unpopular a name, I would suggest a program entitled Aid to Families with Dependent Adults (AFDA). Whatever name might be applied, however, such a program would help poor families supply housing, food, and other amenities to adult members who cannot support themselves. This may take a variety of forms, including supplemental payments to families that share households with their dependent adult kin or splitting benefit payments, part to go to the host household and part to the recipient. For example, if the General Assistance payment to a destitute adult is, say, \$300 a month, an additional payment should be provided directly to any primary kin providing a home.²⁹ To ensure that such payments would be worth more to poor households, they should not be tax exempt.

It is not easy to exaggerate the difficulties of defining and administering such a program. Our benefit programs have traditionally been addressed to persons either before maturity or beyond ordinary working years. Indeed, the very title of AFDC emphasizes that the benefits are for the sake of the children, deemphasizing that support is also being supplied for adults. This proposed program has as its target adults in their working years who do not have responsibility for children, a category toward which we have not acted with much generosity in the past. However, I believe that legislators and the public would feel sympathy for families who have taken on the support of dependent adults and favor a program that would help ease that burden.

As we saw in chapter 3, adult dependency is surprisingly extensive. In 1987 the Current Population Survey estimated there were some 4.9 million unattached (not currently married and without children) persons between the ages of twenty-two and fifty-nine who were neither students nor living on farms and whose 1986 incomes were under \$4,000. Three million of them earned less than \$2,000. The majority (60%) lived with parents or siblings, and the rest lived either alone (20%) or with nonrelatives (20%).³⁰ Many of these unat-

29. Earlier in this chapter I suggested that similar provisions can be attached to disability benefit programs, providing incentives to families to become host households to their chronically ill near kin.

30. The Current Population Survey counts only parents, children, and siblings as relatives. More distant kin such as grandparents and aunts or uncles are classified as nonrelatives. Many of these unattached adults classified by the CPS as living with nonrelatives may thus have been living with kin.

tached adults were only temporarily destitute: in March 1987 (when the survey was conducted), a third were employed.

If we set the eligibility requirements of the program so that an unattached adult must have an income under \$4,000 for at least eighteen months before becoming eligible and take into account that as many as 1 million would likely be eligible for benefits under disability programs, then approximately 2 to 2.5 million people might qualify. Assuming benefits that amounted to \$6,000 a year (\$500 a month), the benefit payments potentially would amount to \$12 to \$15 billion annually. This estimate assumes that all eligible persons will be covered. However, a program of this sort can expect to cover only half to three-quarters of those eligible, with actual costs ranging from \$6 to \$12 billion. The net cost would be offset to some degree by the increased tax liability of the host households. More prosperous households would pay increased taxes that would offset payments received to the extent of their marginal tax rates.

A crucial point of my proposal is that the benefits be divided between the unattached person and that person's family if they share a household. The first problem to be encountered is defining which kinship relationships constitute "family": certainly parents and children would qualify, as would siblings. More distant kin, such as grandparents, parents' siblings, and so on, are all problematic. I suggest that family be narrowly confined to parents, children, and siblings, including step or foster versions. A second difficulty surrounds how to split and deliver the payments; about this I have no recommendations. I am sure that experts in the design of payment systems could come up with sensible solutions.

A third problem is deciding at what age a person becomes an adult. Surely our society recognizes that many people in their late teens and early twenties are in a period of trial-and-error sorties into the labor market and that many are still in training for their eventual occupational roles. I suggest that full-time students be ineligible for payments and that eligibility start at twenty-five years of age. I have no strong argument for that starting point compared, say, with twenty-six or twenty-seven. The main point is that there be general consensus about when a person should become self-supporting.

Finally, there is the problem of how to avoid perverse incentives. For example, the benefit system should encourage dependent adults to find jobs, possibly by tapering off payments rather than abruptly terminating them when they become employed. The program also ought not to discourage people from forming new households, though it should aim at their not simply becoming beneficiaries of some other program. Certainly a program of this sort would be difficult to administer and subject to abuse, but if we abandoned all programs on that basis we would accomplish nothing.