Private-Sector Funders: Their Role in Homelessness Projects

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As the problem of homelessness escalates, private funders struggle to define the most appropriate role they should play in addressing one of our nation's most pressing and visible social problems. Through surveying and compiling the opinions of Massachusetts funders, this report documents funding trends in homelessness throughout the state. By examining government policies and spending patterns, the report attempts to place these trends in context. The analysis and the questions that conclude this report are designed to help develop an appropriate future role for funders in addressing this problem.

The Private Sector's Response:
Setting a Theoretical Context

As a way of determining private-sector funding responses to the problem of homelessness, the Fund for the Homeless surveyed sixty-seven Massachusetts funders. The survey, which covers the years 1989-1990, revealed four approaches private funders are taking to address the problem. All data pertain to the two-year period of the survey.

1. The relief of immediate need, which includes shelters and related emergency programs. Fifty-nine percent of the funders support homeless shelters, and more than half of these increased spending in this area.

2. The support of "rehabilitative" programs, which focus on the diagnosis and recovery of the individual, often through residence in a transitional housing program. This may include, for instance, the widespread use of "housing dependent on services" models; 62 percent make grants toward transitional housing. Grants in this area have increased.

3. The support of permanent housing development projects; 56 percent support affordable housing initiatives. Overall, funding in this area has remained fairly level.

4. The support of public policy development, organizing, and advocacy aimed at increasing the availability of decent and affordable housing and adequate income...
assurances; 28 percent support public policy research and advocacy. On average, funding in this area has remained fairly level.

Only 22 percent of respondents fund advocacy around income issues. This category includes support for organizations concerned with adequate welfare and income benefits. Over half of the respondents providing funding in this area reported having decreased spending in this area.

**Theoretical Perspectives on the Problem of Homelessness**
The different approaches to addressing the problem of homelessness are loosely founded in three distinct sets of assumptions about poverty and the poor in this country.

*The Static Perspective.* The first approach is premised on the belief that the poor will always be with us, needing our charity, and that homelessness is simply a by-product of poverty at this particular time in social history. This static perspective places little emphasis on the systemic causes of poverty and homelessness, and its proponents take no active responsibility for causal factors. This concept is a holdover from colonial Protestant theology:

> Religion defined the presence of poverty in the world as natural and just, and its relief as necessary and appropriate . . . At the root of the religious position was the premise that the existing social order had divine approbation, that its form was not accidental or fortuitous, but providential. A higher design made some men rich, eminent, and powerful and others low, mean, and in subjection.³

Typical responses to the problem take the shape of emergency and basic services, including shelter, soup kitchens and “quick-fix” preventative methods (the infusion of emergency funds and resources when eviction is imminent). While these services are necessary, they tend to move people beyond an immediate crisis or treat their suffering in the midst of the crisis but do not always relieve the conditions that caused the crisis.

*The Attributive Approach.* A second theoretical approach ascribes the problem of homelessness to the pathologies of individuals. In its most extreme form, this approach maintains that people have caused their own luck and have brought about their own poverty through incompetence and/or moral or mental failing. Imbedded in what we refer to as the attribution model is the notion that there exists an ever increasing block of impaired or undeserving poor. This is reflected in the language of culture of poverty and other academic approaches that segregate certain poor people from the rest of society and place them in a permanent, inescapable underclass.

Over two centuries, a U.S. mythology supportive of a free-market economy has developed. This belief system, now firmly ensconced in popular culture, includes the “classless” notion that anyone with a little initiative and a lot of hard work can make it in this country. Therefore, when millions begin to fail in so profound a way as to be reduced to sleeping in streets and shelters, they must either be held blameless through some infirmity or responsible through a weakness of character. Either way, they are clearly in need of rehabilitative work. Within this construct, homelessness is, at least in good part, attributed to various conditions like mental illness, developmental disabilities, substance abuse, or simple laziness.
Exhaustive attempts to research the deficits of homeless people, diagnose, and then treat them clinically grow out of this attribution model. Funding responses that follow from this analysis may briefly acknowledge housing and economic causes but are primarily conceived within the structure of a medical or social work model that includes specialized treatment programs.

The Systemic Analysis. A third model assumes a systemic approach rooted primarily in economic factors, including housing affordability and income. Manifestations of trauma, including substance abuse, may be present, but homelessness itself is not attributed to internal individual defects. In this model, responses to the problem include attempts to increase access to and retain affordable housing and adequate income. Included in this might be grants made to support low-income housing development directly, but the response that acknowledges the scale of this problem includes public policy analysis and advocacy.

How Funders Respond
More funders assume the first and second approaches, paralleling the public sector’s response to the problem, which includes relief of immediate need or a rehabilitative approach to the individual. A close third is permanent low-income housing development, with the systemic response following as a poor fourth.

These private-sector responses are extensions of assumptions about the causes of homelessness. However, as one’s understanding of root causes changes, so might one’s funding response. As we will see later, funders in the private sector are concerned about prevention but uncommitted in many cases to a particular preventive strategy.

Before we look at private funders’ responses, however, we will attempt to set a backdrop by briefly examining government approaches to the problem of homelessness.

Trends in Government Funding of Homelessness
The private sector’s funding response to the problem of homelessness can be partially understood as an attempt to fill the gaping holes left by an inadequate government response. It is the belief of many analysts in the field that homelessness is one aspect of growing inequities between the moneyed and the poor during a period of rapid and profound structural changes in the economy. This is necessarily an extremely difficult issue for the federal government to come to terms with. On the one hand, in its very nature, homelessness is starkly obvious and evocative. Whether it elicits responses of pity, outrage, or annoyance on the part of Americans, homelessness is viewed as a very real problem. On the other hand, addressing the very basic economic issues involved would be a radical departure for both state and federal governments.

Most of our elected officials do not acknowledge the importance of adequate income assurances for the poor and insist on the self-adjusting mechanisms of a free-market economy even when basic human needs remain unmet for extended periods of time. Avoidance of these central economic issues has led government to approach homelessness in either a static or attributive fashion, in the former case, viewing the problem as in need of crises intervention in a short-term mode or, in the latter, attributing the problem to various individual dysfunctions.
In his article "Neutralizing Homelessness," Peter Marcuse states, "Homelessness poses U.S. policy makers with a critical dilemma: they cannot actually solve the problem of homelessness in the U.S. and yet they cannot ignore it or conceal it either."

As a result, the public sector has chosen to fund a confusing array of shelter programs, related emergency service responses, and more recently, "transitional" programs, which presuppose an inability to remain in housing without provision of services. Even were we to view this confusion as a case of benign mismanagement, if systems thinkers are to be believed, "management teams typically come unglued when confronted with core dilemmas." As a result, standard avoidance techniques can be identified. The particular brand of (mis)management seemingly at work here is described as "shifting the burden." In an article in the fall 1990 edition of the Sloan Management Review, Peter M. Senge outlines this phenomenon as follows:

A short-term "solution" is used to correct a problem, with seemingly happy immediate results. As this correction is used more and more, fundamental long-term corrective measures are used less. Over time, the mechanisms of the fundamental solution may atrophy or become disabled, leading to even greater reliance on the symptomatic solution.6

As we examine the Massachusetts and federal government responses to the problem, we ask you to keep this archetype in mind. Are there more fundamental issues to be confronted than are currently addressed in government programs such as shelter or case management programs?

The Massachusetts Response
Massachusetts had, until 1990, been viewed nationally as having one of the most thoughtful and progressive state response mechanisms for homeless people. It has included a family shelter system delivered through a network of independent, non-profit agencies running small, homelike facilities; funding for individual shelter beds nearly sufficient to meet the emergency shelter needs; and a prevention strategy that has made innovative use of federal dollars not targeted to homelessness but more generally to low-income people. Since approximately a year before Governor Michael Dukakis left office in 1990, these programs have been at risk along with the rest of the human services and housing budgets.

At the center of the Massachusetts response to homelessness is its shelter system, which grew from three to more than one hundred state-funded facilities over a period of seven years, from 1983 to 1990. But what most distinguished Massachusetts from other states was its commitment to prevention. Even this has its limitations, however.

An analysis of what the state considers to be homelessness-related funding, as reflected in its 1990–1991 Comprehensive Homeless Assistance Plan (CHAP),6 shows that a significant portion of what is termed "preventive spending" has been allocated through the Emergency Assistance (EA) program. An examination of the provisions of this strategy shows it to be of the short-term type, designed to ward off immediate crisis, but not to change the overall causal conditions. The EA program actually preceded widespread homelessness, allowing eligible families facing emergencies to qualify for one-time benefits no more often than once a year. These benefits include rent or utility arrearages, moving expenses, and other necessary costs to meet the emergencies of actual or imminent homelessness.
As housing costs skyrocketed in the eighties and the costs of renting began to far exceed the dollar amount of Aid to Families with Dependent Children (AFDC) grants, the EA program became increasingly essential to the survival of families not living in subsidized housing. In Massachusetts we are on the extreme end of the scale because of our high housing costs but, in fact, an AFDC grant for a family of three is insufficient to pay fair market rent in all but eight states. (See Figure 1.) In Massachusetts, the entire monthly AFDC grant for a family of three covers only 69 percent of the average rent and utilities for a two-bedroom apartment. This includes no other living expenses.

Ever more starkly, Emergency Assistance has become a resource necessary to cover basic and predictable expenses. In other words, benefit recipients were in an unacknowledged but ongoing state of emergency. Thus what is termed a "homelessness prevention strategy" may also be termed a "reality avoidance strategy."

Figure 2 demonstrates how AFDC grants across the country have decreased in real value since 1970. Nationally, according to a new House Ways and Means Committee report, the purchasing power of AFDC cash benefits received by a three-member household has declined nearly two-fifths over the past two decades. In Massachusetts, as in most of the country, it costs more than what an AFDC grant can provide to remain housed.

It is therefore not surprising that families have resorted to Emergency Assistance in order to accomplish the impossible task of housing, feeding, and clothing an average of three people on less than $500 per month.

Figure 1

Percentage of Rent for Two-Bedroom Unit Covered by Entire Welfare Grant for Three-Person Household, or Amount per Day for Other Needs, 1991

Source: National Low Income Housing Coalition and National Coalition for the Homeless. Reprinted with permission.
Real housing costs in the Boston Metro area increased by 44.3 percent from 1983 to 1990, while individual AFDC payments have increased by less than 10 percent during the same period. (Note that this figure includes a $40 per month rent subsidy, which only AFDC families living in nonsubsidized housing receive. The real increase for families who do not receive that rent subsidy is closer to one percent over the seven-year period.)

The impact of drastically increased housing costs is not limited to those receiving assistance benefits. As Robert Greenstein, director of the Center on Budget and Policy Priorities, stated before the House Committee on Ways and Means earlier this year,

> The average hourly wage for private, nonsupervisory workers is now lower, after adjustment for inflation, than in any year since at least 1969. In addition, the minimum wage — which was sufficient to raise a family of three out of poverty in most of the 1960s and 1970s if a parent worked full-time year round — now leaves a three-person family with a full-time worker $2,300 below the poverty standard.

Working Massachusetts residents must make an hourly wage of $15 in order to afford a two-bedroom apartment. (See Figure 4.) This is higher than that for any other state. In fact, average hourly income in Massachusetts in 1989 was only $10.60.

At this time, the EA program is vital to the out-of-shelter survival of tens of thousands of Massachusetts families and individuals, but its growth has merely delayed a confrontation of the problem of incomes too meager to support basic human needs. It has also created enormous budgets in so-called emergency service categories. Total Emergency Assistance payments increased 754 percent, from $7.5 million in 1983 to $64.1 million in 1990, and total payments for emergency shelter increased 1,400 percent, from $2 million to $30.1 million.

Still, there is significant value in even short-term housing retention strategies; however, as Massachusetts is faced with an enormous state budget deficit and an
administration unwilling to raise additional taxes, the cutting of programs has focused on those which the state has, in the past, termed preventive. The Emergency Assistance program, the cornerstone of the Massachusetts plan, has been cut in half.

As homelessness became a more obviously persistent aspect of life in the commonwealth, and as the trauma people were experiencing in the midst of increased destitution became more obvious, the state’s response began to assume a tone that attributed more fault to homeless and other low-income people for their impoverishment. This has made cuts in emergency services more palatable and possible.

Until these cuts, the Massachusetts contribution to the attribution model had been sophisticated and reflective of an academic and social service orientation. Research that sought to document differences between homeless and other poor families established a body of literature which was cited nationally by proponents of more intensely treatment-oriented programs for homeless families. Although this research is the subject of much skepticism on the part of shelter providers and, in fact, has been refuted in large part by subsequent studies, its spirit and basic assumptions have been picked up in the more clinical program models, including the specialized treatment shelters and transitional housing projects now in fashion.

To be fair, until recently Massachusetts has also been able to boast of one of the most active state housing programs of the past decade. Unfortunately, lack of federal involvement, a growing disparity between incomes of the poor and well-off, and an extraordinarily tight housing market dwarfed the scale and overall effectiveness of those efforts. Although more compassionate and comprehensively organized than most states, the Massachusetts response to homelessness still fell short. Over the years when these programs were most active, the population of homeless people in the state continued to burgeon.

The Federal Response

The federal response to homelessness has been even far more fragmented at its best. From Reagan’s now famous comment about homeless people actually wanting the lifestyle of the streets to the persistent undercounting of homeless people in the 1990 census, the federal government has been suffering from a deeper level of denial than Massachusetts.

During the 1981–1982 recession, the media stopped presenting homelessness as a collection of hoboes, bag ladies, and skid row bums and instead began focusing on the real people, the individuals and families who had been caught in the phenomenon. The stories of random circumstance began to take on a repetitive nature. Joblessness and the increasingly evident poverty of households headed by women began to be tabbed as contributing to the problem. Unable to address the need for income assurances for households headed by single women or the problem of growing wage disparities among workers, the administration approached the problem as a temporary symptom of the unemployment of the period. “The new homeless were presumably the working poor and those recently forced into idleness, casualties of widespread economic dislocation reminiscent of the Hooverville inhabitants during the Great Depression.”

In 1983, Congress passed an emergency jobs bill, which included appropriation of $100 million for emergency food and shelter for the homeless. Congress established a national board made up of representatives from the private and public sectors, the Interagency Council on the Homeless.
This unconventional administrative arrangement, relying upon private organizations to distribute federal funds, reflected the belief that homelessness was a temporary consequence of the recession and that existing organizations could distribute the funds effectively and expeditiously through their networks of local chapters and nonprofit organizations that operated most services for the homeless.¹⁵

Even when the recession passed, homelessness not only persisted but escalated. Since 1980, 44 percent of new jobs created in this country were at wages at or well below the poverty level,¹⁶ and during this period federal subsidies for low-income housing continued to drop in relation to need. Benefits levels were not indexed to keep pace with the cost of living, so their real value also continued to decline over these years.

Faced with the tenacity of the problem, in 1987 Congress changed its approach and passed the Stewart B. McKinney Assistance Act, appropriating $490 million to be spent on providing services and temporary shelter.

Although the passage of the McKinney Act signaled congressional recognition that homelessness is a persistent problem, the law stressed temporary relief measures and failed to provide for an integrated administration of its multiple disparate though related programs.¹⁷

Meanwhile, throughout the 1980s and into the 1990s the federal government failed to intervene successfully in the housing market in ways that effectively bridged the gap between housing costs and income. Federal outlays for construction of new affordable units dropped dramatically, as emphasis was placed on subsidizing market rents for low-income households through the Section 8 voucher program.

**Figure 3**

**Federal Spending for Housing, 1976–1993**
in Billions of Current Dollars

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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Expenditures</td>
<td>11.2</td>
<td>10.2</td>
<td>14.7</td>
<td>22.0</td>
<td>26.5</td>
<td>32.4</td>
<td>29.7</td>
<td>35.1</td>
<td>37.9</td>
<td>40.6</td>
<td>53.9</td>
<td>53.0</td>
<td>64.6</td>
<td>87.5</td>
<td>72.7</td>
<td>75.0</td>
<td>80.9</td>
<td>82.0</td>
</tr>
<tr>
<td>Assisted Hsg BA</td>
<td>19.6</td>
<td>29.6</td>
<td>32.3</td>
<td>24.8</td>
<td>27.9</td>
<td>26.9</td>
<td>14.6</td>
<td>14.5</td>
<td>12.7</td>
<td>26.9</td>
<td>11.6</td>
<td>9.9</td>
<td>8.7</td>
<td>9.7</td>
<td>9.6</td>
<td>11.1</td>
<td>19.7</td>
<td>21.2</td>
</tr>
<tr>
<td>Assisted Hsg Outlays</td>
<td>3.2</td>
<td>3.0</td>
<td>3.7</td>
<td>4.4</td>
<td>5.6</td>
<td>7.8</td>
<td>8.7</td>
<td>10.0</td>
<td>11.3</td>
<td>25.3</td>
<td>12.4</td>
<td>12.7</td>
<td>13.9</td>
<td>14.7</td>
<td>15.9</td>
<td>17.2</td>
<td>19.5</td>
<td>21.8</td>
</tr>
</tbody>
</table>

The federal government currently attempts to intervene in the housing market in three primary ways: assisting the mortgage-lending industry by insuring and subsidizing loans to homeowners and private developers; rental subsidies, which generate profits to landlords while helping only a small number of needy families; and tax deductions used as incentives for housing production and ownership, which help wealthy homeowners, developers, and investors.

Figure 3 compares the level of housing deductions (tax expenditures), which primarily benefit upper-income people, to the level of federal housing assistance programs, which primarily benefit lower-income people, for the period 1976–1993. By 1991, tax expenditures outnumbered assistance programs by more than two to one.

These interventions have predictably failed to substantially bridge the gaps between the incomes of poor people and the cost of housing. Instead, federal housing policies have intervened in the housing market primarily by reducing risks, guaranteeing profits, and granting tax breaks to the private sector while providing limited and uneven benefits to low-income housing consumers.¹⁸

Federal housing policies are fundamentally regressive, with the majority of tax breaks and subsidies going to upper-income people, as shown in Table 1.

Table 1

Federal Housing Subsidies, Distributed by Income,
1988
(estimated)

<table>
<thead>
<tr>
<th>Annual Income</th>
<th>Households (1988)</th>
<th>Tax Expenditures for Housing Amount</th>
<th>Federal Outlays for Housing</th>
<th>Total Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $10,000</td>
<td>17,130</td>
<td>$0.1</td>
<td>$10.1</td>
<td>$10.1</td>
<td>15.7 %</td>
</tr>
<tr>
<td>$10,000–$20,000</td>
<td>19,157</td>
<td>$1.1</td>
<td>$2.7</td>
<td>$4.9</td>
<td>9.7 %</td>
</tr>
<tr>
<td>$20,000–$30,000</td>
<td>16,350</td>
<td>$3.8</td>
<td>$1.0</td>
<td>$4.9</td>
<td>6.8 %</td>
</tr>
<tr>
<td>$30,000–$40,000</td>
<td>13,167</td>
<td>$5.4</td>
<td>$0.0</td>
<td>$5.4</td>
<td>8.4 %</td>
</tr>
<tr>
<td>$40,000–$50,000</td>
<td>8,667</td>
<td>$6.6</td>
<td>$0.0</td>
<td>$6.6</td>
<td>10.2 %</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>15,007</td>
<td>$33.6</td>
<td>$0.0</td>
<td>$33.6</td>
<td>52.2 %</td>
</tr>
<tr>
<td>Total</td>
<td>89,478</td>
<td>$50.6</td>
<td>$13.8</td>
<td>$64.4</td>
<td>100 %</td>
</tr>
</tbody>
</table>


Today the crisis in housing persists. Funding for affordable housing has plummeted and remains low despite the passage of the National Affordable Housing Act of 1990. Barry Zigas of the National Low Income Housing Coalition comments.

Total budget authority to finance housing assistance to very low income households has not increased since the Bush Administration took office. These current levels reflect the savage budget cuts pushed by the Reagan Administration. During 1977-81 HUD offered an average of 316,000 low income households assistance each year. During the following decade, HUD offered it to an average of only 82,000 households each year, a cut of more than 75 percent. The Bush Administration FY92 budget request would only assist about 90,000 households, no improvement over the last 10 years.
Even when fully funded at its authorized levels, the National Affordable Housing Act of 1990 would offer at most 250,000 households new housing assistance. This is a drop in the proverbial bucket when compared to the more than 9 million very low income renters that the Congressional Budget Office reports are eligible for HUD assistance but cannot receive it because of inadequate funding. The promising new programs in the Act will remain little more than promise unless Congress and the Administration come to terms with the need to boost spending.

In 1989, almost half of American households living below the poverty line paid more than 70 percent of their income for rent. Yet federal housing subsidies to those making more than $40,000 far exceed subsidies to those making less than $10,000 by 398 percent. Despite the stark reality that these statistics impose, congressional leaders continue to search for new ways of explaining a simple economic problem. We know or should know that it is the growing disparity between the cost of housing and lack of adequate income that forces people into homelessness. Figure 4 indicates the hourly wage necessary to pay rent on a two-bedroom unit at 30 percent of income.

**Figure 4**

*Full-time Hourly Wage Needed to Pay Fair Market Rent for Two-Bedroom Unit at 30%

For example, 61 percent of Massachusetts households are unable to afford a two-bedroom apartment at 30 percent of income. (See Figure 5.)
Nevertheless, by supporting programs that have little to do with bridging the gap between income and the cost of housing, the federal government continues to act as if it still does not truly understand the root causes of the problem. Both state and federal government continue to favor model programs focusing on the individual deficits of homeless people.

Government promotes policies that separate the poor into classes of deserving and undeserving, labeling individuals on the basis of any number of attributes and attitudes. Homeless people, by virtue of their need to do all they have to do in public, are perfect subjects for dissection. Jonathan Kozol, author of Rachel and Her Children, a book about homeless families, said in an interview:

Suppose an expert went to a very poor country such as Haiti and came back to the United States and said: "I have a theory as to why there are all these homeless people in Haiti. The reason is poor values among the poor, a breakdown in family values, a curious preference for the streets." If anybody came back and said that he would be ridiculed instantly because it would be self-evident that he was trying . . . to avoid the obvious. But in the United States, people who do precisely the same thing are invited to the White House! They are considered valued experts . . . Their value is precisely in the fact that they spare us the painful recognition that in the United States, as in most of the world, there is such a thing as injustice.21

Because homelessness is such a relatively new phenomenon, and because, by definition, the lives of homeless people are more accessible to be scrutinized, they are the new "hot" subjects of these types of studies and programs. The reality of bad economic policies gets lost in some academics' pursuit to develop neat models that explain away harsh economic conditions and redefine them as problems of personal inadequacy.
In general, government has focused on the symptoms rather than the causes, attempting to shift the burden of homelessness away from basic housing and economic reform and toward a system of new poorhouses and treatment models. And, perversely, even though these “solutions” have not proven themselves to be effective in stemming the tide of poor people into homelessness, our leaders have taken them as centerpieces to their responses. This has certainly detracted attention from more fundamental issues — redefining the problem through practicing only a symptomatic response.

Main Survey Findings

In general, Massachusetts funders are eager to engage in dialogue about effective funding strategies for confronting the devastation of homelessness in the state. An analysis of these survey results and follow-up discussions with funders help identify funding trends in the state.

Prevention versus Emergency Services

In what we consider to be the most important finding, a full 87 percent of private funders expressed a desire to fund programs related to the prevention of homelessness; however, and conversely, only 20 percent consider themselves to be doing so. Instead, 80 percent spent the majority of their grant dollars on emergency services. These findings were made more interesting in that we did not originally define prevention for those surveyed. As a result “prevention” was open to broad interpretation and could have flowed from any of the above noted assumptive precepts.

Very simply, the large majority of private foundations wish to fund prevention yet nearly the same proportion do not do so, even when they are free to define it in their own terms. While we did not ask funders to identify prevention specifically, we did ask what other social welfare problems they saw connected to the issue of homelessness. Responses appear to be almost evenly divided between the more systemic (housing and economic factor) oriented and the attributive (individual pathology) oriented with little overlap between the two.

Homelessness and Its Connection to Other Social Welfare Programs

Of those surveyed, 60 percent claim that they saw programs concerned with substance abuse, programs serving the mentally ill, emergency services, and counseling services as related to the problem of homelessness. Fifty percent of respondents stated that they saw programs concerned with affordable housing, housing rehabilitation, advocacy, job training, and economic development as connected to homelessness. Surprisingly, only a 10 percent overlap existed between the two, suggesting a certain bipolarity rather than a more comprehensive approach among respondents.

Willingness to Fund Programs That Receive Government Support

The majority of funders (81%) indicated a willingness to fund programs that receive governmental support. Follow-up discussions with funders, however, suggested that they feel dissatisfied with the way government approaches prevention of the problem of homelessness and its associated policy issues. Many funders wish that “government
would do more” and be “more creative and more responsive.” Many question whether funding in the area of homelessness should be the responsibility of private-sector funders in the first place.

**Policy Statement**

Only 2 percent of respondents stated that they have a policy statement which addresses funding of programs dealing with the issue of homelessness; 96 percent stated that they did not have such a statement.

Overall, many of the comments from this section indicate that the majority of funders are not interested in creating a formal policy. Many feel that it is not their responsibility to create one or that they are not interested in creating specific policy around an issue like homelessness.

Although several funders commented that they were in the process of establishing policy, none claimed that they already had a working policy in place. These comments seem to suggest that formulation of policy around funding of homelessness is a relatively new and infrequent phenomenon.

**Collaboration with Other Funders**

The survey asked whether funders collaborated with colleagues on homeless projects. Of those who responded, 50 percent do not. Twenty-five percent indicated that they have, and 25 percent did not respond to the question.

**Outlining Trends in Funding of Specific Program Areas**

Foundations were asked whether they fund programs addressing any of the following areas: homeless shelters; transitional housing programs; affordable housing initiatives; battered women’s services; community services for the mentally ill; public policy research and advocacy around homelessness; advocacy around income issues; homelessness and AIDS; homelessness and health care; homeless youth programs. Respondents who indicated that they did in fact support any of the above program areas, were asked whether they had increased, decreased, or maintained funding at the same level for these same program areas over the past two years.

**Homeless Shelters**

Fifty-nine percent of respondents support homeless shelters. Of these, 32 percent increased spending, 11 percent decreased spending, 26 percent maintained spending on the same level, and 31 percent did not respond to the question. Overall, the amount of money going toward homeless shelters increased.

**Transitional Housing**

Of those funders who responded to the survey, 62 percent make grants toward transitional housing. On average, grants in this area have increased in the past two years; 35 percent increased spending, 10 percent decreased spending, and 30 percent maintained spending at the same level. Twenty-five percent did not respond to the question. Again, the overall amount of money going toward transitional housing increased.

**Affordable Housing Initiatives**

Fifty-six percent of the respondents support affordable housing initiatives. Thirty-four percent increased spending, 5 percent decreased spending, 34 percent main-
tained spending at the same level, and 27 percent did not respond to the question. On average, it appears that funding in this area has been fairly level.

**Battered Women’s Services**
Sixty-eight percent support programs that serve battered women. Thirty-six percent maintained spending for this purpose at the same level, while 23 percent increased and 9 percent decreased spending.

**Community Services for the Mentally Ill**
Of the funders surveyed, 46 percent support programs that provide community services for the mentally ill. Their support remained the same, with 60 percent having maintained funding at the same level, 20 percent increasing funding, and none decreasing it.

**Public Policy Research and Advocacy**
Twenty-eight percent support public policy research and advocacy. On average, funding for these efforts has remained the same: 22 percent increased spending in this area, 67 percent maintained it at the same level, and 11 percent decreased funding.

**Advocacy Relative to Income Issues**
Twenty-two percent fund advocacy relative to income issues. Funding in this area declined. Fifty-seven percent of those who support advocacy decreased such spending, 14 percent increased spending, and 9 percent stated that they maintained funding at the same level. This appears to be a program area for which support is minimal and decreasing overall. Since it is a central issue in homelessness, such a decrease should be of some concern.

**Homelessness and AIDS**
Thirty-four percent support programs for homeless people with AIDS; 46 percent increased spending, 36 percent maintained levels of spending, and none decreased spending. Overall, funding in this area increased.

**Homelessness and Health Care**
Twenty-five percent support health care services for homeless people. Funding in this area remained the same. Fifty percent maintained similar levels of spending. Twenty-five percent increased spending, none decreased spending, and 25 percent did not respond to the question.

**Homeless Youth Programs**
Of the respondents, 37 percent support homeless youth programs. Funding in this area remained basically the same — 67 percent maintained spending levels, 8 percent increased and none decreased funding. Of interest is the fact that there are very few programs that support homeless youth, but those few are the most frequently cited programs that foundations support overall.
Establishing Priority Level of Grant Making Relative to Homelessness

Most of the foundations that traditionally make grants around poverty-related issues rank the problem of homelessness as a middle priority in their funding strategy. The survey asked respondents to rank, on a scale of 1 to 5 with 1 high and 5 low, how high a priority the issue of homelessness is in their funding strategy. The average response was 3, indicating that the majority of respondents consider homelessness a priority in their funding strategy, but not their highest priority. Discussions with funders suggest that those issues which funders generally view as a higher priority than homelessness are substantive areas which coincide most consistently with the overall mission of the foundation. In other words, it’s not that homelessness is not a priority in and of itself but as it is connected to other poverty-related issues that are more closely associated with the primary mission of the foundation.

As the problem of homelessness escalates and the demographics of the homeless population shift, foundations whose funding priorities fall in areas other than homelessness are making additional necessary grants in the homelessness area. For example, as the population of homeless youth expands in the state, a foundation whose fundamental mission is to fund youth-related programs is now funding programs that serve homeless youth. The foundation may become increasingly interested in issues of homelessness and view homelessness as directly connected to its primary mission. As the demographics of the homeless population in Massachusetts have changed, the funding priorities and strategies of individual charitable organizations have shifted accordingly.

Trends in Spending Levels

While foundations do not fund homelessness as their highest priority, they nevertheless consistently maintained or increased funding toward homelessness in 1989–1990. In response to the survey question, “In the past two years have you increased or decreased funding for programs serving the homeless?” the majority of respondents stated they had either increased or maintained funding at the same level. Thirty-seven percent stated that they had increased funding in the area, 31 percent maintained funding at the same level, and 6 percent decreased funding. The survey responses showed no significant correlation between the previously stated priority level of funding relative to homelessness and spending patterns.

An initial hypothesis was that funders who viewed homelessness as a high priority in their funding strategy also increased funding. Overall, it seems that on the individual organizational level there is little connection between priority level and funding patterns. However, in the aggregate, spending around homelessness increased in the two-year period even though homelessness is not the highest priority of foundations’ funding strategies.

Funding Emergency Services for Homeless People

Foundations were asked how much of their funding goes toward emergency services for homeless people, for example, shelter. Results showed that of all the money foundations spent on homelessness, 80 percent of spending went toward emergency services, while only 20 percent was for prevention.
Thinking Through Future Directions: Developing a Funding Strategy

Recent general trends among givers in the Boston area show a willingness to examine more carefully the most effective role that private funders can play in situations where public policy needs to be changed. In fact, according to the Chronicle of Philanthropy, giving to nonprofits concerned with public policy and other social causes increased nationally by 28 percent in 1990.22

The Fund for the Homeless believes that public policy work is a vital component of any philanthropic response to homelessness and that attributing the problem of homelessness to the pathologies of individuals distracts from the overwhelming transformative work prescribed by a systemic analysis. It also does not mitigate the ever increasing influx of poor people into homelessness.

Emergency shelter and related services, though essential to saving lives put at risk, are also unable to stem the problem at its source points.

Even our involvement in low-income housing development is necessarily limited in scale. At a recent meeting of the Council on Foundations, Barry Zigas, director of the National Low Income Housing Coalition, explained that no matter how generous private funders wanted to be in the area of housing development, they could never come up with the $180 billion needed to provide affordable housing to 9 million eligible households.

I don’t think it’s appropriate for foundations to emphasize their investments in low income housing development the way they have. I don’t think it’s effective leverage. I don’t think it’s a realization about the magnitude of this problem and I don’t think it’s the right allocation of the various responsibilities within a civil society whose responsibility it really is to make sure that everybody in this country has access to decent, affordable housing. I think your impulses are right, I’m glad somebody is doing it, but I’m afraid you’re getting sucked into a vacuum the Federal government has left and I think it’s a mistake.23

A parable often quoted by Kip Tiernan, a local political and moral activist, has us at the banks of a river where babies are being swept downcurrent. As townspeople, we are morally required to save those babies, but if the babies continue to float down to us, presumably we would also see it as our responsibility to go upstream to find out how we might help to prevent their relinquishment to the river in the first place. One response without the other is probably not completely legitimate.

We, as private funders, must search our hearts and our minds for the right direction in funding homelessness projects. We should also keep in mind a more positive vision of healthy, safe, and productive communities.

It is our belief that the realization of this vision will require not only strong policy action on both the housing and income fronts but also the involvement of homeless, formerly homeless, and low-income people in designing and advocating for livable communities. In other words, the situation requires effective citizen action.

Suggestions on Funding Projects Related to Homelessness
In general, the choice of where you direct private funding for social programs should reveal (1) your analysis of the problem, (2) what you believe to be effective ways to
address the problem, and (3) what the mission and traditions of your particular giving program are.

Few of us can consider ourselves to be "experts" in all the areas in which we are required to make grants. However, it is important to scrutinize the assumptions on which we base our analyses of problems. Because homelessness has burgeoned only in the past decade, the examination of policy, market, and economic changes related to it is somewhat more realistic a task than with other, more long-standing and multifaceted problems such as crime. The development of a systemic and solution-oriented response would seem to be more possible.

Whether or not we see the problem as being tractable in the systemic sense and how we go about crafting our approach to it depends on our assumptions and resulting analyses.

Because the public sector has shown enormous reticence in its recognition and definition of the problem, the private sector is left with an increased responsibility to take the lead in developing and pursuing solution-oriented strategies. Unfortunately, this will have to be accomplished during a period of enormous immediate need among those who are currently homeless. Particularly during the period of profound budget cuts in Massachusetts, decisions about where to place already stretched grant dollars will be extraordinarily difficult.

Our choices, then, should be preceded by the questioning of our own assumptions and the pursuit of an increasingly deeper understanding of the issue. What follows is a series of questions that funders can ask themselves prior to funding homelessness programs.

Questions for Funders

1. What analysis related to the root causes of homelessness do I accept?
   Do I believe that homelessness has always been with us and is basically an intractable subsegment of poverty?
   Do I believe that homelessness is primarily due to a lack of access to affordable housing combined with low incomes?
   Do I believe that homelessness is primarily due to individual infirmities, pathologies, or weakness of character?
   Do I need more information in order to develop a clear analysis?

2. In what ways do we intend to relieve immediate suffering?
   develop limited-size but replicable models for either community development or social service delivery or both?
   address root causes either through an attempt to transform policies or public opinion?

3. How is my board or contributions committee likely to respond to this direction? Do they have a shared analysis of the problem? If they are likely to respond negatively, what might I be able to do to pave the way? (That is, develop a policy paper, bring in a speaker, send or recommend readings to them, enter into collaboration with other funders?)

4. What is the involvement of homeless people in the projects that are requesting funding? Is there an avenue for real constituent participation in program and
policy development? Is there a method for leadership development among homeless and poor people in the project?

If You Choose to Fund Shelter and Emergency Service Projects

1. Go on a site visit and ask yourself, Are people’s human rights and dignity respected in the practices and surroundings of this project? Would you wish to be treated this way if you were homeless?

2. Ask the guests and the service provider:
   How are homeless people involved in setting policies for, developing the programs of, and sustaining the organization (other than providing the billable client base)?
   Is there an accessible and well-used range of services/resources available to guests, including
   housing search mechanisms?
   aid in identifying available financial resources?
   mental health and substance-abuse treatment referrals?
   domestic abuse referrals?

3. Is there a place to store personal belongings? Is there a place for people to make calls for employment/income and/or housing-related opportunities? Can beds be reserved from one night to the next? What are the “in by” and “out by” hours? Consider the impact of these and other policies on personal safety, comfort, and dignity. Considering that shelter is supported by government in this state, is the worth added by your grant significant?

If You Choose to Fund Projects Aimed at Systemic Change

1. What policies, practices, and interests contributed to the creation of the problem of homelessness?

2. What issues need more research? (Call the Homelessness Information Exchange at the Fund for the Homeless, 617-723-7415.)

3. What issues must be approached on the local, state, and national levels?
   Is the grantee capable of building support on the right side of the issue being taken up? Is a clear unfractionalized analysis of homelessness being put forth?

4. Are those who are directly affected involved in developing the goals, strategies, and tactics?

5. Are all possible allies identified? Are there plans for their eventual participation?

6. What are the milestones? How will the project be evaluated? ☞
Appendix A

Study Methodology

The process of collecting and disseminating information on the funding practices and patterns of Massachusetts funders in the area of homelessness has been twofold: (1) Sixty-seven Massachusetts funders were selected on the basis of attained knowledge of their past giving records and expressed interest in making grants in poverty-related areas, including homelessness. The response rate of the local funder groups was about 65 percent (forty-five funders answered the initial group of survey questions). (2) Follow-up phone conversations with some funders were conducted and a focus group and forum event with Associated Grantmakers of Massachusetts was organized to address follow-up issues and questions and to generate more qualitative data.

The following foundations were surveyed:

American Express Foundation
The Baldwin Foundation
Bank of Boston Charitable Foundation
Bank of New England Foundation
Better Homes Foundation
Boston Fatherless and Widows Society
Boston Globe Foundation
Boston Safe Deposit and Trust Company
Boston Women's Fund
John W. Boynton Fund
Harold Brooks Foundation
Cabot Corporation Foundation
Cambridge Community Foundation
Carlisle Services, Inc.
Charlesbank Homes
The Alfred E. Chase Charity Foundation
Clipper Ship Foundation
Cowan Corporation Foundation
Digital Equipment Corporation
Discount Foundation
John Donnelly Trust
The Charles Stark Draper Laboratory, Inc.
Eastern Charitable Foundation
Families U.S.A. Foundation
Fidelity Investments
Freeport, Inc.
Greater Lawrence Community Foundation
Greater Worcester Community Foundation
Campbell and Adah F. Hall Charity Fund
Charles Hayden Foundation
Haymarket People's Fund
Hill, Holliday, Connors, Cosmopolous
The Hoche-Scofield Foundation
Hyams Foundation
Island Foundation
Ittleson Foundation, Inc.
John Hancock Mutual Life Insurance Co.
The Knistrom Foundation
Lend A Hand Society
Arthur D. Little Foundation
Loomis, Sayles & Company, Inc.
Lotus Development Corporation
Margoes Foundation
Massachusetts Bar Foundation
Massachusetts Legal Assistance Corporation
Joyce Mertz-Gilmore Foundation
Metropolitan Life Foundation
The Millapore Foundation
The New England
New England Telephone
Norton Company Foundation
Old South Fund
Theodore Edson Parker Foundation
Amelia Peabody Foundation
Joseph Perini Memorial Foundation
Polaroid Foundation
Rebecca Pomroy Foundation
Pringle Charitable Foundation
Sidney H. Rabinowitz Family Foundation
A. C. Ratshesky Foundation
Reebok Foundation
The Riley Foundation
Sanders Fund, Inc.
The Starr Foundation
Abbot and Dorothy Stevens Foundation
Stop and Shop Companies, Inc.
Stratford Foundation
Appendix B

Who Is Homeless in Massachusetts?

There is disagreement among policymakers and researchers about how to define the root causes of homelessness and who is, in fact, homeless. This confusion makes the task of assessing both the numbers and needs of a changing homeless population challenging. Although various research groups and local governments have attempted to assess numbers and needs, few of these efforts follow a methodology that accounts for the total scope of the homeless population. As a result, it is hard to come up with an accurate number of homeless people on a national and local basis. In addition, because homelessness interacts with so many other poverty-related areas, isolating its existence can be problematic. Nevertheless, compiling information from several different sources can generate potentially useful information, especially about significant trends in the area.

According to the 1990 Comprehensive Homeless Assistance Plan for Massachusetts, estimates of the homeless population in the commonwealth set the current number at 10,000 individuals. The Massachusetts Coalition for the Homeless sets the number at 25,000. It is estimated that nearly 75 percent of this population are families. This estimate does not include thousands of people who are living in overcrowded or doubled-up housing situations.

Families
Trends show that in recent years families comprise the fastest growing segment of the homeless population. In 1983, only 25 percent of the Massachusetts homeless population consisted of family units. This number has increased significantly and projections for fiscal year 1991 suggest that the welfare department expects to serve close to 5,000 homeless families in need of emergency shelter and provide another 37,000 with homelessness prevention benefits.24

Of this population, 80 to 90 percent of all homeless families are headed by a single female parent between eighteen and thirty-five years old and an estimated 80 percent of homeless families rely on AFDC as their principal source of support. Children have entered the homeless population in significant numbers. Two-thirds of homeless children are under the age of six and nearly one-half are under four years of age.

Individuals
According to the Massachusetts Coalition for the Homeless, there are between 5,000 and 7,000 homeless single adults in Massachusetts. According to the Comprehensive Homeless Assistance Plan (CHAP), overall assessment of need shows that of individuals in twenty-seven shelters across the state, 22 to 35 percent experience severe mental illness, 20 to 30 percent have a dual diagnosis of mental illness and substance abuse, 50 to 70 percent have major substance-abuse problems, 10 percent have chronic physical illness, and 20 percent have experienced a primary economic loss leading to homelessness. Clearly, there is overlap among these categories.

Veterans
According to the Massachusetts Office of the Commissioner of Veterans Services, it is estimated that veterans comprise 30 percent of homeless individuals in the city of Boston’s shelters. A survey conducted in 1989 showed that there may be 2,500 homeless veterans on the streets or in shelters. Of this population, 75 to 85 percent are Vietnam era vets and fewer than 5 percent are female; over 50 percent have psychiatric disorders; almost 60 percent have substance-abuse history (45% alcohol, 12% other drugs); and over 40 percent have other serious medical problems.

Elderly
A growing number of Massachusetts elderly people are homeless. According to the CHAP, in 1988 there were 1,200 homeless elders in Massachusetts, most of whom
were in Boston. The majority of this group, 70 percent, are men, although the number of women in shelter is increasing. The burdens the elderly face when trying to locate housing are especially significant.

Many private landlords are reluctant to rent to the elderly because of poor past housing history, and placing elders in nursing homes poses another set of problematic issues. Because people live longer today, the base numbers of elderly people in the United States is growing. As the problem of homelessness also grows, we can expect to see more elderly people in shelters and in desperate need of affordable, decent housing.

**Individuals with AIDS**

According to the CHAP, the Massachusetts Department of Public Health estimated that 1,405 persons with AIDS live in Massachusetts. This report also estimates that 30 percent of homeless people living in Boston are infected with HIV. (This number does not include children or women in family shelters.) Over 30 percent of people with AIDS are in acute care hospitals because no community-based or residential alternatives are available to them.

While there is a lot we do not know about the relationship between homelessness and AIDS, we do know that both problems are escalating and that the numbers of homeless people with AIDS will continue to grow in the next decade. The AIDS ACTION Committee of Massachusetts has reported that over 25 percent of its caseload, approximately 250 clients, include people who are homeless or in imminent danger of homelessness.

**Pregnant and Parenting Teen Households**

Young single-parent families comprise the fastest growing segment of the homeless population. A joint report conducted by the Citizens Housing and Planning Association and the Alliance for Young Families in 1988 concluded that 2,151 homeless pregnant or parenting teens were in the following facilities:

<table>
<thead>
<tr>
<th>Facility</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family shelters</td>
<td>813</td>
</tr>
<tr>
<td>Adolescent shelters</td>
<td>100</td>
</tr>
<tr>
<td>Hotels/motels</td>
<td>380</td>
</tr>
<tr>
<td>Living on the streets</td>
<td>63</td>
</tr>
<tr>
<td>Temporarily living with friends or relatives</td>
<td>795</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,151</strong></td>
</tr>
</tbody>
</table>

The majority of these families are white, headed by young women aged eighteen and nineteen, with one child, and dependent on AFDC.

**Mentally Ill**

According to the Department of Mental Health (DMH), approximately 2,150 Massachusetts homeless people are mentally ill. Shelter providers argue that the number is probably higher, and they should know, since shelters have often become the facilities of last resort for mentally ill persons. The lack of affordable housing has an impact on all handicapped people in a particularly devastating way. Mentally ill people are often discriminated against by housing authorities and other housing providers. This, coupled with DMH’s failure to provide comprehensive services, has left many of them with few options. It seems as if the commonwealth is capable only of providing mentally ill people with either a shelter bed or a state hospital bed at high financial cost to the state and at a terrible human cost to persons with such problems. As the DMH budget is further dismantled, mentally ill homeless persons are likely to have fewer resources available and to experience more devastating illnesses.
Appendix C

General History of the Fund for the Homeless

Acting in partnership with other local funders, the Fund for the Homeless channels private resources toward the elimination of homelessness in Massachusetts. Since 1983, the Boston Foundation has supported and housed the Fund as an integral part of its commitment to eradication of this problem. Over these years, the Fund’s mission has evolved in response to the growing and changing needs of the homeless population.

For the past eight years, the Fund for the Homeless has worked to decrease the gap between the needs of homeless people in Massachusetts and the sheltering resources available to them. In its first stage, the Fund launched a capital grant-making program, distributing $1.3 million to shelters between 1983 and 1987. In 1987, responding to the management needs of a host of newly established shelters, the Fund created the Shelter Technical Assistance Project, which has provided guidance, consultation, and workshops to over ninety Massachusetts shelters.

Today, however, the gap between need and services in the homelessness arena is wider than ever. As the number of Massachusetts shelters has skyrocketed from three to more than 130 over the past seven years, there has been a growing realization among advocates in the housing and homelessness fields that the continued development of emergency facilities and the current level of low-income housing production will not serve to stem the tide of poor people joining the ranks of the homeless.

In response, the Fund for the Homeless has created Beyond Shelter, a project that aims to address the root causes of homelessness and thus to prevent many poor families and individuals from resorting to a life in the state’s overcrowded shelters, in hotels or motels, or in the streets.

Beyond Shelter has three main operational areas: it acts as a regional center for a national information exchange that provides data on homelessness; it convenes disparate groups concerned with homelessness to bring about a common agenda for its prevention and eradication; and it provides modest financial support and technical assistance to projects that educate the public and provide for citizen action to end homelessness.
Notes

1. See Appendix A for methodology.
2. Housing-dependent service models refers to housing programs which stipulate that the client must agree to receive services while being housed.
9. Nominal grant information from the Massachusetts Department of Public Welfare.
12. Massachusetts Department of Public Welfare Budget Office.
14. Ibid.
15. Ibid.
17. Levitan and Schillmoeller, 25
19. Ibid.
20. Ibid.
24. CHAP, 3.