

October 2, 1989

## **HOMELESSNESS: DESCRIBING THE SYMPTOMS, PRESCRIBING A CURE**

### **INTRODUCTION**

**T**housands of compassionate Americans will march on Washington October 7th to draw attention to the strategy that they believe will win the war on homelessness. Their prescription: a massive increase in federal money to help construct housing. Their slogan: "Housing NOW!"

The organizers are amply funded and confident of success. With Hollywood stars and politicians flocking to their cause, and with the AFL-CIO, the Community for Creative Non-Violence, and the Villers Foundation of Washington, D.C., picking up the \$1.5 million tab, they hope to stage the media event of the year.

The marchers surely are well-meaning. But their strategy is badly flawed. Thus if their demands are met by Congress, the ironic result will be a tragic defeat for homeless Americans. The reason is that the homeless problem is not due to a lack of housing.

**Ignoring the Cause.** To be sure, a homeless person obviously needs a home. But this facile observation overlooks the reason that the homeless have no home. Simply demanding more housing for the homeless is like saying that a person with a fever can be cured with a cold bath to bring down the temperature and ignoring the infection causing the fever.

A massive new program of subsidized housing would do nothing to help the majority of the homeless because it would ignore the disabilities preventing the homeless from taking advantage of existing forms of housing assistance. It also would do little to aid those few among the homeless who do owe their condition to economic factors.

**Special Interest Support.** Those who would gain most from a new federal house building program are not the homeless, but construction companies and their employees. It should come as no surprise that these powerful special interests, at fault for part of the homeless problem, self-servingly and cynically support the march on Washington.

Recent studies provide accurate, new information about the size and nature of the homelessness problem – and it is a very different picture from that painted by many advocates for the homeless. First, the total number of America's homeless is between 250,000 and 600,000; most are single men. Second, the majority of homeless are severely impaired by either mental illness, long-term drug and alcohol abuse, or a combination of the two. Third, a homeless person typically suffers from a lack of education and, in more than half of all cases, has a criminal record. And fourth, the relatively small share of those homeless because of economic factors are more likely to be victims of local than of national policies.

**Addressing the Source.** What these statistics tell legislators is clear: if lawmakers truly want to help the homeless they should ignore the clamor for still more funding of wasteful, scandal-prone housing production programs. Instead, they should reallocate existing funds to help communities address homelessness at its source. This means moving quickly to:

- ◆ ◆ Combine McKinney Act funds into a \$746 million block grant, to give local care providers maximum discretion and flexibility in addressing the needs of homeless residents;
- ◆ ◆ Provide proper care for the large number of mentally ill homeless by enforcing the provisions of the 1963 Community Mental Health Centers Act;
- ◆ ◆ Make the homeless eligible for special housing vouchers, to be used to meet their unique housing needs;
- ◆ ◆ Encourage the states to propose to Washington innovative solutions to homelessness, and press the White House to remove the federal red tape impeding such state initiatives; and
- ◆ ◆ Make continued federal housing assistance contingent on the phasing out of municipal rent control policies and the streamlining of construction regulations.

George Bush and his Housing and Urban Development (HUD) Secretary, Jack Kemp, have announced their commitment to helping the homeless through direct government action and by stimulating private activity. In a speech last month in Hartford, Connecticut, for example, Kemp announced plans to make more HUD-foreclosed properties available for purchase by care providers for the homeless. He also heralded a new public-private partnership between HUD and the Robert Wood Johnson Foundation. This will award almost \$40 million in housing assistance and special grants to cities that design comprehensive homeless programs emphasizing health and transitional services.

While introducing such initiatives, the Administration must resist being diverted by those lawmakers and housing lobbyists who are using the homeless issue as a cover for giving away yet more billions of dollars to the housing industry. The task for the Administration and the nation is to eradicate the cause of homelessness, not merely to create new programs that enrich special interests.

## WHO ARE THE HOMELESS?

Perhaps no aspect of homelessness has been as clouded by myth and mystery as the identity of the homeless themselves. As several activists for the homeless now admit, this confusion is due largely to efforts to portray a typical homeless person as “someone who will be sympathetic to middle America.”<sup>1</sup> The press and television coverage of homelessness generally accepts this portrayal. A study of media coverage published this March, for instance, finds that only 25 percent of the homeless featured in major print or broadcast stories were identified as unemployed, and only 7 percent were identified as drug or alcohol abusers — figures significantly at odds with major surveys.<sup>2</sup>

The fact is, the homeless are not typical Americans. They have special needs and usually chronic health problems. The only way to craft an effective national homeless policy is to start by recognizing the scale of the problem and the characteristics of those whom that policy is intended to benefit. Among the key facts lawmakers need to understand:

1) **There are between 250,000 and 600,000 homeless Americans.**

Homeless activists claim that there are at least 3 million homeless — some, as many as 6 million. Scientific studies put the real figure at a fraction of these numbers. The first systematic nationwide study, undertaken by the Department of Housing and Urban Development and released in 1984, estimated the number of homeless at between 250,000 and 300,000.<sup>3</sup> Two years later, a report by the National Bureau of Economic Research found 343,000 to 363,000 homeless.<sup>4</sup> The most recent national study, released last

1 Gina Kolata, “Twins of the Streets: Homelessness and Addiction,” *The New York Times*, May 22, 1989.

2 S. Robert Lichter and Linda S. Lichter, eds., *The Visible Poor: Media Coverage of the Homeless 1986-1989* (Center for Media and Public Affairs, March 1989), p. 6.

3 Department of Housing and Urban Development, *A Report to the Secretary on the Homeless and Emergency Shelters* (Washington, D.C.: Office of Policy Development and Research, 1984).

4 Richard B. Freeman, “Permanent Homelessness in America?” *Population Research and Policy Review*, 1987.

year by the Urban Institute, puts the count between 567,000 and 600,000 and then cautions that this number “probably overestimates the size of the homeless population.”<sup>5</sup>

There is no statistical basis for any of the seven-figure estimates of homelessness so often reported by the media. Activist Mitch Snyder of Washington, D.C., when pressed by Congress to validate his assertion that there are between two million and three million homeless; confessed that “these numbers are in fact meaningless.” When asked why he uses “meaningless” numbers, Snyder told a congressional panel that he was trying “to satisfy your gnawing curiosity for a number.”<sup>6</sup>

**2) Between 80 percent and 90 percent of single homeless adults are male; 10 percent of homeless households are families with children.**

Based on a review of 17 regional studies, the Interagency Council on the Homeless, a task force composed of federal executive branch departments and agency heads and chaired by HUD Secretary Kemp, last year issued a profile of homeless “households,” defined as either a single homeless person or a homeless family (one or more adults with children).<sup>7</sup> The Council reports that, on average, males comprise 80 percent or 90 percent of all homeless households in shelters. This percentage is even higher when the homeless outside shelters are included.

The proportion of the homeless who currently are married ranges from 4 percent to 12 percent in the surveys, while roughly half have never been married. More significant is the finding that the proportion of never-married adults appears to be the same for heads of families — about 50 percent. This figure agrees with other evidence suggesting that most homeless families are “dysfunctional,” meaning that they have little or none of the interaction and mutual support typically provided by a family environment. It also helps to explain why, in the words of one researcher, “the homeless are profoundly alone.”<sup>8</sup> Cut off from the ties with family and friends that most Americans take for granted, the homeless generally face challenges far greater than simply finding permanent physical shelter.

**Families in Shelters.** The impression that many more than 10 percent of homeless households are families with children is almost surely due, in part,

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5 Martha R. Burt and Barbara E. Cohen, *Feeding the Homeless: Does the Prepared Meals Provision Help?* (Washington, D.C.: The Urban Institute, 1988), prepared for the Food and Nutrition Service, U.S. Department of Agriculture.

6 Testimony before the House Banking and Government Operations Committees, in a joint hearing on the HUD Report on Homelessness, May 24, 1984, p. 32.

7 *A Nation Concerned*, Interagency Council on the Homeless (1988).

8 David Whitman, from *Rethinking Policy on Homelessness*, a conference sponsored by The Heritage Foundation and *The American Spectator*, *The Heritage Lectures* No. 194, December 14, 1988, p. 45.

to the fact that reporters tend to rely on information provided by operators of shelters. Shelters are used more frequently by homeless families than by homeless individuals.

Another reason is that the share of family members (that is, adults and children counted individually) in the general homeless population – about 23 percent – often is mistakenly cited as the “percentage of homeless families.” “Among those who use shelters,” explains Urban Institute scholar Martha Burt, “37 percent are family members – 11 percent adults and 24 percent children. If you look at those who only use soup kitchens, only 5 percent are family members – 2 percent adults and 3 percent children. If you look at our...street sample which did not use services, there are no children....”<sup>9</sup>

**3) Most of the homeless suffer from chronic drug and alcohol abuse and/or mental illness.**

Researchers generally agree that 35 percent to 40 percent of the nation’s homeless have severe drug or alcohol abuse problems. Unscientific but probably accurate “street-level” estimates are far higher. Shelter operators recently provided the *New York Times* with estimates of the percentage of addicts among the homeless adults they serve: 75 percent in the South Bronx, up to 80 percent in Philadelphia, and 90 percent in Washington, D.C.<sup>10</sup>

In addition, as many as one out of every two homeless persons is disabled by severe, chronic mental illness.<sup>11</sup> The main reason for the large number of mentally-ill homeless is the deinstitutionalization policy initiated under the 1963 Community Mental Health Centers Act. As a result of the Act, the number of patients in state mental hospitals has declined from 505,000 in 1963 to about 110,000 last year.

**Community Center Failures.** The intent of the Act was humane and laudable: patients released from state institutions were to be cared for by trained professionals in community-based health centers. Federal money helps support these centers. But most of the community-based mental health services designed to assume care for these patients do not do so. Instead, most centers have become counseling and psychotherapy facilities for Americans with less debilitating emotional and mental problems. In addition, although billions of taxpayer dollars were spent during the 1950s and 1960s to train mental health professionals, very few of those trained have gone into

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9 Martha Burt, *Rethinking Policy on Homelessness*, *op. cit.*, p. 19.

10 *The New York Times*, *op. cit.*

11 This figure is based on two authoritative surveys employing standardized diagnostic techniques, which estimate the percentage of mentally ill homeless at 45 percent and 47 percent, respectively: D.J. Baumann, *et al.*, *The Austin Homeless: Final Report Provided to the Hogg Foundation for Mental Health* (Austin, Texas: Hogg Foundation for Mental Health, 1985); and P. Róssi, *et al.*, “The Condition of the Homeless of Chicago,” National Opinion Research Center, Chicago, Illinois, and Social and Demographic Research Institute, University of Massachusetts, Amherst, Massachusetts, 1986. Analyses that rely on self-reporting of psychiatric histories by the homeless or on estimates by care providers generally yield somewhat lower figures.

practice to provide long-term treatment for the seriously ill. As a result, many deinstitutionalized patients who should be receiving professional medical attention are left to wander the streets, and termed, simplistically, "homeless."<sup>12</sup>

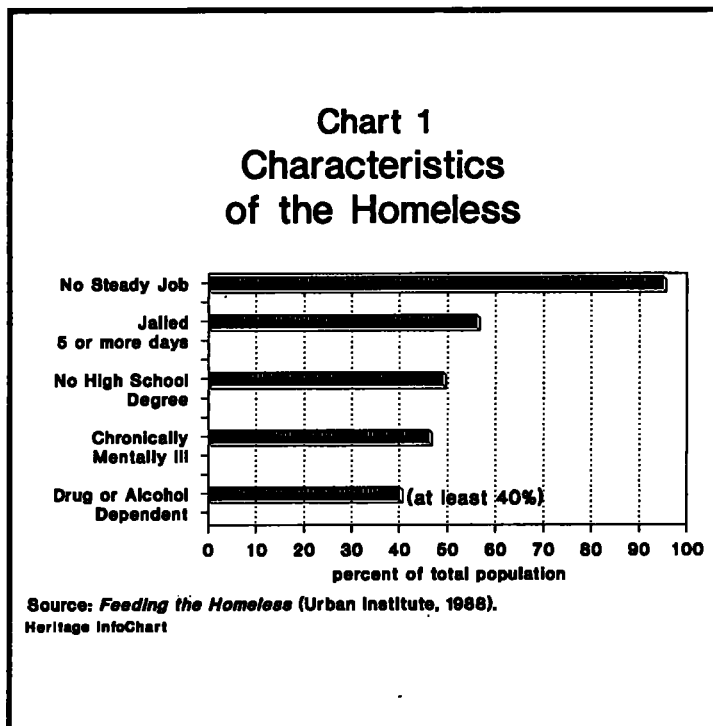
The 1988 Urban Institute study provides the first comprehensive national figures on other characteristics of the homeless which also may contribute to or aggravate their condition (see Chart 1). For instance, the study indicates that 56 percent of the homeless have been jailed for five or more days, while more than one in four have served time in state or federal prisons (which implies a felony conviction). Almost one-half have never finished high school, and only 5 percent or 6 percent have steady employment.<sup>13</sup>

4) For the minority who are homeless for economic reasons, the problem is not "underfunded" federal programs but local "urban renewal" and rent control policies.

Most shelter residents have been homeless for less than a year. Some are there because a domestic dispute drives them out of their homes, or because of temporary unemployment or a personal tragedy (such as a fire).

A few, although employed and willing to rent, simply are unable to find or afford long-term housing. The reasons for this are not, as typically alleged; high unemployment and inflation. While the homeless problem gained visibility during the recession of the early 1980s, unemployment and inflation have dropped steadily since then – with little apparent impact on the numbers of homeless. And contrary to popular impression, HUD spending rose significantly during the Reagan years.

The reason for confusion over spending is that annual budgets for federal agencies are expressed in terms of both "outlays" and "budget authority." Outlay figures reflect actual spending on programs, while budget authority is



12 E. Fuller Torrey, M.D., *Nowhere to Go*, (New York: Harper & Row, 1988).

13 Burt and Cohen, *op. cit.*

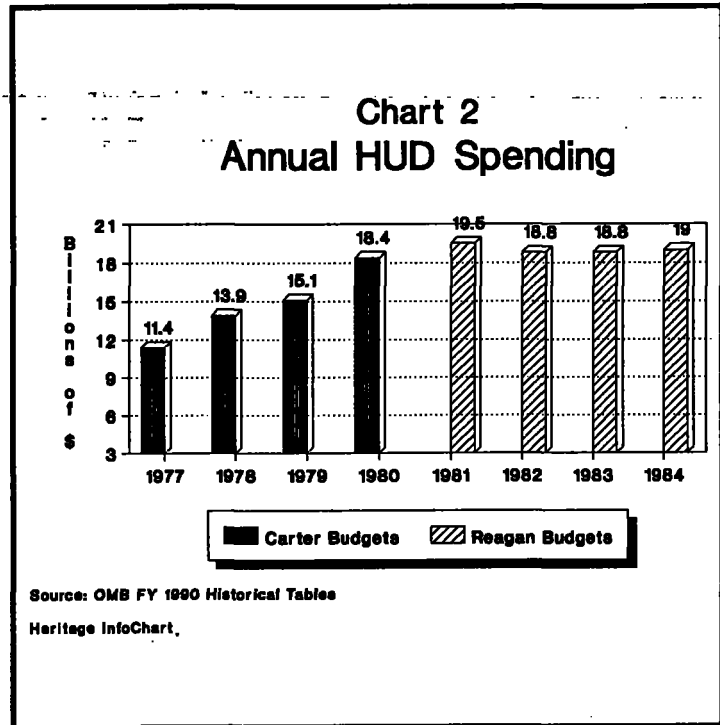
like the limit on a charge card — the total spending authority made available to that agency by Congress in a given fiscal year, including commitments for future spending. In fact, as Chart 2 shows, HUD outlays in Reagan's first term were about 30 percent higher than spending under Carter, even when inflation is taken into account.

The real culprits have been urban redevelopment programs — federally funded, in many cases — and rent control policies. During the 1970s, urban renewal projects destroyed over one million units of inner-city housing.

The Urban Development Action Grant program, which provides federal

subsidies for redevelopment projects, alone has been blamed for the loss of much of the nation's stock of single-room occupancy (SRO) units. These very low cost boarding houses or hotels traditionally have been home to many poor Americans, particularly single men. It was not until 1987 that Congress curbed this tragic misuse of federal funds; when Representative Barney Frank, the Massachusetts Democrat, successfully attached his "antidisplacement" amendment to the 1987 Housing and Community Development Act. This amendment requires cities to replace all low- and moderate-income housing units demolished to make way for federally funded projects, and to provide relocation expenses for those affected by "development" schemes.

**Creating Housing Shortages.** Rent control policies, meanwhile, ensure a shortage of affordable housing in the six states and nearly 200 urban areas where such regulations are in force. Economists long have taught that all price controls lead to shortages by discouraging production while stimulating increased demand. Rent controls are no exception. By eliminating incentives for construction of new housing and for proper maintenance of existing housing, rent control creates rental housing shortages. This makes it almost impossible for Americans with limited means to find the few units that occasionally do become available; since high demand ensures those units will usually go only to those who can afford broker's fees, exorbitant "key money" commissions, and bribes to landlords.



The direct link between rent control and homelessness is documented in a 1987 study of 50 U.S. cities. This study, using statistical correlations prepared by New York University Mathematics Professor Jeffrey Simonoff compares homeless rates with seven factors: rent control, unemployment, poverty, the availability of public housing, rental vacancy rates, city size, and even climate.

**Indisputable Conclusion.** Using regression analysis, a standard method for discovering likely causes of a phenomenon, the Simonoff study finds no statistically relevant relationship between the incidence of homelessness and any of the factors tested — except for rent control. Here the correlation is extraordinarily high. The conclusion is indisputable: differences in the rates of economically-induced homelessness between cities are linked primarily to the presence or absence of rent control.<sup>14</sup>

Aggravating the problem, explains William Tucker, a Hoover Institution Senior Fellow, who wrote the study based on Simonoff's findings, is the labyrinth of building codes, zoning restrictions, and impact fees in force around the country. These prevent developers from addressing the need for affordable housing.<sup>15</sup> The *Wall Street Journal* noted this spring that "regulatory sprawl" adds 20 percent to 25 percent to the per-unit cost of new housing. In some areas, the figure is as high as 35 percent.<sup>16</sup> Builders and developers, who must pass these increased costs on to the consumer, thus are forced to specialize in luxury units for the relatively affluent. Suburban "slow growth" policies and residential density limits also inhibit the construction of multifamily dwellings, further tightening the affordable housing market.

## WHAT IS BEING DONE TO HELP THE HOMELESS?

Attention to the plight of the homeless has led to a typically American outpouring of private assistance, as well as to increased spending at almost every level of government. Widespread claims that little has been done to help the homeless thus are absolutely untrue. Among the actions in recent years:

### 1) **Dramatic help from individuals and private charities.**

An estimated 94 percent of all homeless shelters in the U.S. are privately operated. In addition to offering shelter, these private facilities provide such services as help in finding permanent housing, job training, and child care. Moreover, the number of shelters has increased 190 percent in the past five years from 1,900 in 1984 to almost 5,400 today. The number of beds is up 180 percent from 100,000 in 1984 to 275,000 in 1988. Private donations also help fund soup kitchens, counseling, and housing construction and rehabilitation. Organizations providing these services usually rely on volunteer help, in-kind

14 William Tucker, "Where Do the Homeless Come From?" *National Review*, September 25, 1987 p. 32.

15 *Ibid.* See also William Tucker, "America's Homeless: Victims of Rent Control," Heritage Foundation Backgrounder No. 685, January 12, 1989.

16 "Housing's High Costs," *The Wall Street Journal*, May 9, 1989.



donations, and cash gifts from individuals, foundations, and corporations. All told, the private sector contributes well over \$100 million annually to the fight against homelessness.

**2) Dramatically increased state and local government spending on the homeless.**

According to the 1988 report by the President's Interagency Council on the Homeless, 27 states were spending a total of \$437 million on homeless programs last year, up from \$244 million in 1987.<sup>17</sup> The Interagency Council report also found a dramatic increase in efforts by cities to coordinate homeless assistance programs. In addition, services designed to help the homeless regain economic independence, such as literacy courses and job placement counseling, now are being provided in many more communities.

**3) Record federal spending on homelessness.**

In 1987, the federal government provided \$490 million in direct assistance for the homeless through the McKinney Act, first enacted that year. This legislation contains 17 different programs administered through seven federal agencies. George Bush's fiscal 1990 budget calls for increasing McKinney spending to \$746 million. Congress has not yet completed action on this request. In addition to McKinney funds, over 60 separate federal programs provide additional aid to the homeless — either directly or as part of general low-income assistance services. These range from Pentagon donations of shelter, food and bedding, totaling \$14.4 million since 1984, to HUD Community Development Block Grants, used by recipient states last year to fund an estimated \$40 million in homeless assistance. In one way or another, almost every part of government is helping the homeless. Even the U.S. Postal Service provides mailboxes for Americans without a permanent address.

## **SO WHAT IS THE PROBLEM?**

About \$1.5 billion in private, local, state and federal resources thus are being spent every year on the homeless through direct assistance programs alone. The homeless also receive hundreds of millions of dollars' worth of additional aid through other, non-specific low-income programs.

With spending at these record levels, why does the homeless problem still seem intractable? Simply put, America has failed to win the war on homelessness because so much of the help, particularly from the government, overlooks the real causes and nature of homelessness. This leads to a serious misallocation of resources. Ironically, those most responsible for misleading policy makers and the American people usually identify themselves as homeless "advocates." In their zeal to generate public support for the homeless, many of these activists have tried to portray the homeless in ways

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<sup>17</sup> *A Nation Concerned*, Interagency Council on the Homeless, 1988.

that they believe will elicit sympathy. Such portrayals are not accurate. As a result, the hardcore homeless — the addicts and the mentally ill — are almost totally ignored by the campaign for government action.

In response to pressure to help the homeless, the government has adopted a “crisis-management” approach, providing emergency food and shelter but little in the form of long-term help. At least one leading homeless advocate has acknowledged this “nasty little secret,” and admitted to a change of heart. Robert Hayes, director of the National Coalition for the Homeless, told the *New York Times* this May that he and others have “shied away from discussing the problem of addiction in the past, in part because [we] feared that the public would lose its sympathy for the homeless.” Now, he says, “the bottom line is that we have to tell the truth.”<sup>18</sup>

**Riddled with Bureaucracy.** So far, however, programs still reflect the image of homelessness crafted by the activists. Moreover, as so often happens when programs are developed in a crisis atmosphere driven by the desire to “do something,” they are inefficient and riddled with bureaucracy. Example: the McKinney Act authorizes spending for drug rehabilitation, job training, and transitional housing. Funding applications must be made separately for each program, often to several government agencies with different guidelines and requirements. Even when they are aware of the programs, most private care providers lack the “grantsmanship” skills needed to secure funds from the federal bureaucracy. As a result, many good shelters struggle along without assistance. Moreover, much of the federal money is spent on treating the symptoms rather than the causes of homelessness, leading to a mismatch between services and needs. Thus while a third of America’s shelter beds are empty on any given night,<sup>19</sup> most of the hardcore homeless still have nowhere to turn for care.

Washington can address this misallocation problem. Some encouraging first steps recently have been outlined by the Bush Administration. Many more are needed. To help communities provide the services most needed by the homeless, Congress and the Administration should:

**1) Provide McKinney assistance through a block grant rather than categorical grants.**

Currently, McKinney funds are provided through categorical grants. Such grants narrowly define the uses to which federal funds may be put, and require states and cities to participate in a convoluted application process. Block grants, by contrast, disburse a bulk sum of money along with general directions for how the funds are to be used. This gives wider discretion to states and cities. Transforming McKinney funds from categorical to block grants would allow states and cities to use the money for creative approaches in dealing with homelessness and would remove the red tape that prevents

<sup>18</sup> *The New York Times*, *op. cit.*

<sup>19</sup> *A Report on the 1988 National Survey of Shelters for the Homeless*, Department of Housing and Urban Development, 1989.

money reaching those who can use it most effectively. It would have the additional advantage of enabling communities to experiment with new programs of their own design, and to tailor help to the unique needs of their homeless residents rather than to complex federal requirements.

Two actions are needed to make a block grant operate effectively. First, for funds to be allocated equitably, recipient cities and states must be able to assess accurately the size and needs of their homeless population. As more data on the homeless population are compiled through regional and national studies (such as the homeless count in next year's National Census), this task will become more manageable. Second, an essential ingredient for a successful block grant program is a clear set of goals and guidelines. Performance criteria should be established in discussions between Washington and the state governments. The federal government should not micromanage community responses to homelessness by diffusing assistance through separate programs; spending decisions can be made more efficiently by local care providers.

## **2) Enforce the intent of the 1963 Community Health Centers Act.**

The goal of deinstitutionalization sought by the 1963 Act is to move patients in state mental hospitals to less rigid and more humane community facilities. This goal has not been met. While some 789 mental health centers have been created since 1963 with \$3 billion in federal seed money, most provide counseling and therapy to those whom Washington psychiatrist Fuller Torrey calls the "worried well," rather than the chronically mentally ill.<sup>20</sup> The Bush Administration should introduce new regulations to require mental health centers to fulfill their responsibility to provide care for those who most urgently need it.

In addition, most of the nation's 150,000 mental health professionals were trained at taxpayer expense (with over \$2 billion spent through the National Institutes of Mental Health alone) under programs created specifically to provide care for the seriously mentally ill. But the number of American-trained psychiatrists employed in public health care facilities has not changed since 1945. Too few psychiatrists, psychologists, and psychiatric social workers serve the estimated 2 million Americans with severe mental illnesses, as many as 15 percent of whom may be homeless. It is time for Congress to demand performance for taxpayer dollars by attaching a universal "payback" obligation to federally subsidized training programs. This would require psychiatric professionals who receive federal funds to devote at least a fraction of their services, *pro bono*, to the Americans who need them most.

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<sup>20</sup> Torrey, *op. cit.*

**3) Provide vouchers for group homes and single-room occupancy (SRO) hotels.**

While rental vouchers have proven the most cost-effective means of general housing assistance, they often are of little use to the majority of the homeless. They need group housing equipped with special facilities and staffed by full or part-time care providers; or they may prefer inexpensive shelter with shared amenities. Vouchers already can be used in some instances for SRO accommodation, but regulations prevent them being used extensively. New laws thus are needed to increase the number of vouchers and to make it easier for the homeless to use them for shared accommodations. Vouchers need to be made widely available to single adults using "no frills" SRO units. Making vouchers more available to SRO hotel residents, moreover, would encourage the creation of more of those facilities.

**4) Use the Low Income Opportunity Board to encourage innovative state proposals to tackle homelessness.**

The Low Income Opportunity Board (LIOB) was created in 1987 as a federal interagency panel to review state proposals for innovative anti-poverty programs that may fall outside established federal funding guidelines. The LIOB can direct federal agencies to grant modifications, or "waivers," of existing federal rules to enable a state program to go into effect. By cutting red tape, the LIOB encourages creativity in adapting federal programs to meet local needs while retaining appropriate federal oversight and ensuring the intent of federal programs is pursued. The Board has been the catalyst for many major welfare reforms at the state level. But limitations on waiver authority often make it difficult for the Board to permit states to try new ways to address the root causes of homelessness. To correct this, the Bush Administration should ask Congress to extend broad waiver authority to the Departments of Agriculture, Education, Health and Human Services; Housing and Urban Development, Labor, and the Veterans' Affairs. This would enable the White House to spur development of state programs that, for instance, might combine housing assistance with much-needed psychiatric, drug treatment, job training, and literacy services.

**5) Tie federal housing assistance to the gradual elimination of rent control and other barriers to the construction of low-cost housing.**

America's large cities could solve much of their affordable housing shortage by adopting more sensible building codes, eliminating exclusionary zoning practices, and, most importantly, ending rent control. Congress, well aware that most cities have created their own affordable housing shortages through overregulation, has directed HUD to prepare a report by year's end on the impact of rent control on homelessness. Congress should act swiftly on the report, which is certain to document the direct link between rent control and homelessness. Congress should require any city receiving federal housing funds to develop and introduce a plan for freeing its housing market from rent regulation. Noncompliance should trigger a reduction in housing

subsidies. The federal taxpayer should no longer be expected to foot the bill when local politicians support city regulations that are popular with the middle class but reduce the supply of housing to the poor.

## CONCLUSION

America is not suffering from a runaway homelessness epidemic. Nor do the characteristics of the homeless conform to the image routinely portrayed in the press.

Yet homelessness is a problem that no prosperous and compassionate society should ignore. Tackling the problem decisively, however, means introducing policies that deal with causes, not "feel good" approaches based on myths or aimed at solving symptoms.

**Setting the Record Straight.** The good news is that Americans appear more willing than ever to provide the resources needed to deal with the homeless problem. The danger is that Congress will rush to enact expensive new programs that will do little to help.

Crafting an effective policy on homelessness will require setting the record straight about how many homeless there are, and about the real reasons they remain on the street after nearly a decade of rapidly increasing assistance. Most important, a wise and sensitive policy requires Congress to focus on the chronic drug abuse and mental illness problems of most homeless Americans. What lawmakers should not do is to heed the selfish demands of those who would exploit homelessness in a campaign for bigger handouts to the housing industry.

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