

## **HOMELESSNESS IN COLORADO: A STATE OF EMERGENCY**

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### **INTRODUCTION**

The situation is bleak. Increasing rates of poverty, little if any affordable housing, escalating unemployment, stagnant wages, rising foreclosures affecting rental tenants, unforeseen healthcare and disability expenses, and exorbitant food, power and gas costs have converged to force more people than ever into the complicated isolation of homelessness. Men, women and children of all ages are affected. Mayors around the country are reporting an increase in the number of working families who are, for the first time, requesting assistance. In some school districts the number of homeless students has doubled from the already high volumes reported last year. Homeless service providers are stunned by the speed with which the recent devastating social and economic impacts have taken place. Experts predict that those who have been insulated from these problems in the past may soon be affected at home or at work. And, government organizations and private foundations that fund the social safety net are now faced with limited resources to respond to growing levels of unmet need. Individual donors have fewer dollars with which to give. We are faced with a state of emergency.

### **THE ECONOMY AND HOMELESSNESS**

#### **Numbers of Newly Homeless Rising Significantly**

- The foreclosure and economic crises are significantly increasing homelessness and the number of families at risk of homelessness across the country, and in Colorado. The United States Interagency Council on Homelessness has reported that preliminary data from cities and organizations is showing homelessness increases of as much as 20 percent<sup>1</sup>.
- In Denver, the number of employed persons who are homeless has increased over the past year because of the tightening job market and decreasing wages. Additionally, because of layoffs in the area, Denver has seen an increase in families experiencing homelessness<sup>2</sup>.
- As we experience this mounting economic crisis, many of Denver's homeless housing and service providers are experiencing record need. For example, the Denver Rescue Mission reports providing 5,000 more meals and 2,000 more shelter nights in October 2008 than the previous October. The Coalition's Stout Street Clinic has seen a 16% increase in patient visits over the past year, and has been forced to put more than 120 homeless persons seeking mental health services on a waiting list.

#### **Poverty, Jobs and Homelessness**

- Approximately 3.5 million people experience homelessness each year, and the federal government estimates that 42 percent of them are working.
- Minimum wage jobs, primarily in the service sector, pay below even modest calculations of the cost of living. As a result, many working individuals and families find themselves with nowhere to turn but shelters and the streets<sup>3</sup>. Because rent inflation, job losses, health care costs, and other factors can quickly destabilize the housing status of a working individual or family, plans to address homelessness first must combat the causes of poverty.
- America has lost nearly 800,000 jobs in the last nine months. Unemployment is now at 6.1 percent, and is projected to rise to over 7.5 percent next year<sup>4</sup>. When under-employment is included, unemployment is projected to reach 9 percent. Families have lost \$2 trillion (20 percent) of their savings.

- According to a new report from the University of Colorado's Leeds School of Business, Colorado's unemployment rate will increase to 6.4 percent in 2009, up from 5.0 percent in 2008. The annual economic report also indicates that Colorado will lose 4,300 jobs in 2009, a drop of .2%, as industries such as construction, financial and information sectors continue to struggle in this bleak economy.
- When asked to identify the three main causes of hunger in their city, 83 percent of cities surveyed cited poverty, 74 percent cited unemployment and 57 percent cited the high cost of housing<sup>5</sup>.
- In Denver, officials note that the three main causes for homelessness in households with children are domestic violence, family disputes, and unemployment. The three main causes for homelessness among singles and unaccompanied youth are family disputes, substance abuse and lack of needed services, and emancipation from foster care<sup>6</sup>.
  - *Since November, the Coalition's employment coordinator has found that it is almost impossible to find jobs for persons experiencing homelessness. Potential employers now receive hundreds of qualified and over-qualified applicants the first day a position is posted. Last week a major grocery chain announced that they are not hiring and that they anticipate layoffs next month. As of December, jobs are scarce or non-existent with employers such as retailers, nonprofits, manufacturers and warehouses.*
  - *After 12 years of employment, Ralph was downsized from a telecom company. He has since completed two vocational programs in medical billing and training as a medical assistant. Unable to secure employment in either of these fields, Ralph has worked for a temporary service and most recently in day labor. With limited income and rising rental costs, Ralph moved in with his brother. When Ralph's brother lost his apartment, Ralph became homeless. He once rode the bus throughout the night in an effort to stay off the streets. Finding employment is more challenging because Ralph has no home, no phone, no computer and he depends on public transportation.*
  - *Last January, after 16 years working in the mortgage industry, Jonathan lost his job. While surviving on unemployment insurance benefits, Jonathan aggressively sought a new position. Nothing surfaced, including minimum wage jobs. In October his unemployment benefits ran out and shortly thereafter, with absolutely no income, Jonathan became homeless. "I never thought I would find myself in this position," he said. "I don't even have bus money for transportation to interviews."*

### **The Cost of Housing is Out of Reach**

- While the Federal minimum wage has risen only nominally since 1997, housing costs have significantly increased across the nation. Currently, there is no jurisdiction in the U.S. where a minimum wage worker can afford even a one-bedroom apartment at fair market rent. A person working full time must earn an hourly wage of \$16.31 to rent an average two-bedroom apartment<sup>7</sup>. As the subprime mortgage crisis forces moderate-income households to lower-cost rental housing, the poor find themselves increasingly squeezed out. The widening gap between housing cost and income puts millions of people at risk of losing their homes and facing life on the street or in shelters.
- In Colorado, there is not a single county where a minimum wage worker (@ \$7.02 an hour) can afford the fair market rent for a one-bedroom apartment, working 40 hours per week. In order to afford the fair market rent for a two-bedroom apartment, a minimum wage earner must work 92 hours per week, 52 weeks per year. Or, a household must include 2.3 minimum wage earners working 40 hours per week, year-round, in order to make the two-bedroom affordable.
- The US Department of Housing and Urban Development reports that in the last ten years, average rents increased 75 percent in the Denver metro area. During the same period, average wages in the area increased only 47 percent.
- Minority households in America, as well as the youngest and oldest renters, are the most likely to face affordability problems. More than 30 percent of black renters and 27 percent of Hispanic renters were severely cost-burdened in 2006, compared with 21 percent of white renters. In addition, 34 percent of renters under the age of 25, along with 32 percent of renters aged 75 and older, paid more than half their incomes for housing<sup>8</sup>.

- When asked what three things would be most helpful in addressing their hunger and poverty problem, 77 percent of cities recently surveyed cited a need for more affordable housing, 55 percent requested an increase in food stamp payments, and 45 percent cited a need for more utility assistance. Although it was not one of the options available in the survey, four cities wrote in a need for greater federal, state and local support for emergency food assistance programs. Two cities stated that a livable wage law is necessary to address the problem<sup>9</sup>.

### **Foreclosures are Forcing Tenants Out**

- Mortgage foreclosures, involving rental properties, are becoming ever more frequent across the United States. Low-income and extremely low-income households are the most heavily impacted. Investor-owned, one- to four-family rental properties account for nearly 20 percent of all foreclosures<sup>10</sup>.
- Because many of the high-risk home purchase and refinance loans now in default are concentrated in low-income and minority communities, the fallout from foreclosures is hitting the same neighborhoods where many of the nation's most economically vulnerable renters live. The blighting influence of vacant and foreclosed properties also will accelerate the abandonment of low-cost rental properties in distressed neighborhoods, further limiting the supply of affordable housing.
- Fueled by record foreclosures and sluggish home sales, the share of households owning a home is declining, while the number of renter households jumped by nearly one million in 2007, or more than four times the pace of renter growth over the 2003 to 2006 period. Despite the growing signs of economic weakness, average monthly rents in 2007 reached a record high of \$775 in the United States.
- Many households are finding that the economic recession and rise in food and gas prices have caused their income to be diverted to basic needs, preventing them from establishing reserves for emergency situations, such as a sudden loss of housing.
- Renters often have no idea their home is about to be foreclosed. Depending on state law, renters in foreclosed properties may be evicted with limited notice, forcing families to move quickly and increasing the number of vacant properties in neighborhoods.
- In Colorado, every county has a "Public Trustee", an official who is either appointed by the governor or elected by the public. As stated in Colorado Revised Statutes 38-38-305, if a lender finds that a borrower (homeowner) is in default of payment, the lender can begin the process of foreclosure by filing the appropriate documents with the Public Trustee to request a sale of the property. The Public Trustee then schedules a foreclosure sale to occur roughly 45-60 days from the date the request was filed. When a home or apartment complex is foreclosed upon, the owner continues to own the property until the sale takes place. Once the foreclosure is complete, there will be a new owner of the property, who is under no legal contract to continue to rent to the current renters. The new landlord is required to give a 3 day notice to the renter to move, if they no longer wish to rent to the occupants. If the current tenant refuses to move, the new owner can bring an eviction against that person or persons<sup>11</sup>.
- In 2008, Minnesota adopted new laws to give tenants more notice when their landlords were facing foreclosure. Chicago has adopted a new "Tenants' Notification of Foreclosure Action" ordinance requiring property owners to notify tenants within seven days of being served with a foreclosure complaint. Chicago also provides up to three months of rental assistance plus moving costs to renters whose apartments have gone into foreclosure. Cleveland has implemented a program that uses public records to identify non-owner occupied properties that have had foreclosure filings, then notifies tenants of the pending foreclosure and links them to assistance to help them locate another rental unit.
- Congress is proposing extraordinary measures to refinance troubled borrowers and provide resources to state and local communities to tackle abandoned and foreclosed properties. These efforts are important and needed. However, alone they are insufficient to protect families and neighborhoods because they do not address the needs of renters in properties subject to foreclosure or to put in place robust homelessness prevention provisions.

## **The Loss of Affordable Housing**

- Construction of multifamily units for rent declined in 2007 for the fifth straight year. Even so, growth in the rental inventory has accelerated as the excess supply of housing in the for-sale market has forced many owners to attempt to rent out vacant single-family homes, condos and vacation properties. Although expanding the overall supply, these additions are generally higher-quality units that provide little relief to the large and growing number of low-income renters who struggle to afford even marginal housing. This mismatch between supply and demand will severely limit the market's ability to absorb the excess rental units sitting empty in communities across the country<sup>12</sup>.
- The National Multi Housing Council reports that executives of apartment related firms were increasingly pessimistic about accessing equity financing for new projects and about the prospects for both the multi-family rental and for-sale markets. In the long term, because many of the current and pending foreclosures are in distressed urban markets where renters are concentrated, they could well accelerate the inventory losses that are already underway. In numerous urban areas, it could take many years to restore stability to rental housing markets.

## **Homelessness is Not an Urban Problem Anymore**

- Homelessness is inextricably linked to poverty. Poverty rates throughout America have been rising since 2000, including significant increases in suburban areas. The suburban poor, at about 12 million, outnumbered their inner-city counterparts for the first time in 2005, the last year for which data is available<sup>13</sup>.
- Traditionally, cities have been viewed as home to poor populations, surrounded by middle- and upper-income suburbs. This 'tipping' of poor populations to the suburbs represents a landmark development that changes historical notions about who lives in cities and suburbs.
  - *The Coalition recently opened its latest suburban housing development. Renaissance 88 Apartments provides the Thornton community with 180 one, two, three and four-bedroom apartment homes serving formerly homeless families and individuals with disabilities. The development is subsidized through federal Rental Assistance for low-Income Families (Section 8).*
  - *The number of men, women and children experiencing homelessness in suburban communities, and seeking help from the Coalition, is growing. More than 1,300 people from Adams, Arapahoe and Jefferson Counties came to us for help this year – an increase of 12% from these areas in 2007.*
- Like urban homelessness, rural homelessness is a result of poverty and lack of affordable housing. While housing costs are lower in rural communities, so are incomes. Lack of affordable housing, fewer jobs opportunities, lower wages and longer periods of unemployment are more common in rural communities compared with urban areas. The odds of being poor are 1.2 to 2.3 times higher for people living in rural areas. In 2007, the Colorado Statewide Homeless Count reported that there were approximately 6,700 persons experiencing homelessness in rural Colorado. That number is expected to rise significantly in 2009.
  - *On November 8, Lydia, a homeless botanist from Crestone, Colorado contacted the Coalition. She was living in a 22-foot trailer with no heat, water or plumbing. It was 20 degrees the night prior and everything was frozen. She had applied for HUD Section 8 Housing in three neighboring rural areas, but there was a year long wait. In Saguache, Colorado, she found low-income housing, but no vacancies.*

## **HOMELESS FAMILIES**

### **Families are Falling into Homelessness at Alarming Rates**

- According to the National Coalition for the Homeless, recent evidence shows that family homelessness is increasing. The rate of requests for emergency assistance by families rose faster than the rate for any other group between 2006 and 2007. In some cities, it rose by as much as 15 percent.

- On December 12, 2008 the US Conference of Mayors reported increases in family homelessness in 16 of the 21 cities surveyed. Among the cities citing an increase, most attributed it to economic factors, including high unemployment and lack of affordable housing<sup>14</sup>.
- To reduce homelessness in Denver, city officials cite the need for more permanent supportive housing for people with disabilities, more substance abuse services, and better paying employment opportunities.
- Approximately 131,000 U.S. households are families with children in emergency shelters and transitional housing. A typical sheltered homeless family consists of a mother and two or three children. Adults in homeless sheltered families are younger on average than adults in poor families, and more than half of sheltered homeless children are under age 6.
  - *The Coalition has seen a 20% rise in homeless families seeking assistance due to foreclosure on their property or their rental property, evictions due to job loss, medical problems, legal fees and the rise in the cost of living. Despite mitigating circumstances like a job loss, families are frequently denied housing if they have an eviction in the past five years.*
  - *More middle-class families are becoming homeless. For example, last week the Coalition responded to a family with two children. Due to health reasons, the mother lost her job while incurring debt for her medical care. The father, a military veteran, subsequently lost his job. They will lose their home next month because they cannot pay their mortgage; they have outstanding medical expenses, poor credit, legal problems and no income.*
  - *It's a Catch 22 when parents become homeless and consequently lose custody of their children. Under HUD guidelines, a single mother without custody of her children is ineligible to apply for family housing. If she obtains housing for a single person, her children cannot live with her. In September, the Coalition responded to one or two of these cases a month; now, we see one or two a week, many of whom are working parents.*
  - *This Christmas Tommy, Liberty, their children, 20 month old Justice and nine month old Tommy, Jr. will be homeless. Tommy never expected to find himself in this situation and he's especially concerned about his two young sons. With several years commercial construction experience under his belt, Tommy started his own business three years ago. Business was good, until the past six months when two customers defaulted on their contracts with him. Although he's picked-up some intermittent work with a roofing company, the family will be evicted from their apartment this week because Tommy's income the past few months hasn't been enough to cover the \$1,200 they owe in back rent. They'll stay with friends for a few days; then they have motel vouchers for four nights. After that, "we don't know where we'll go," said Liberty.*

### **The Number of Homeless Students is Skyrocketing**

- School districts in some parts of the country, particularly in areas where the economic downturn is most severe, have identified increased numbers of homeless children and youth as a result of foreclosures, and are struggling to provide necessary services to all children and youth who are eligible for the benefits mandated by the McKinney-Vento Act<sup>15</sup>.
- In August 2008 alone, Jefferson County Schools report over a 100% increase in families in crises served through the district's homeless education program, from 126 families in 2007 to 260 in 2008. Across the first three months of this school year, the district has served 527 families in crises compared to 367 last year.
- While a full total of statewide numbers are not available for the first quarter of the school year, the Colorado Department of Education reports receiving a 200% increase in calls from districts working to accommodate the increased demand and families looking for education and basic need services.

### **Domestic and Sexual Violence are Leading Causes of Homelessness, Especially for Women.**

- In varying regions around the country, significant percentages of homeless women report that domestic violence was the immediate cause of their homelessness. Up to 100 percent of homeless women have experienced

domestic or sexual violence at some point in their lives. Some survivors and their families become homeless when they flee abuse. Others become homeless upon being denied alternate housing or after being wrongfully or discriminatorily evicted from their current housing as a result of the violence against them.

- *The Coalition has recently noted a spike in domestic violence among our clients. For example, we are currently helping a homeless domestic violence victim with two young children. She was beaten so badly that she lost her teeth and suffers from a permanent facial tic. When her batterer was convicted and incarcerated, creditors sought judgments against her. With no money for legal fees, the creditors prevailed. Unable to provide for her family with her modest income of garnished wages, this mother and her two young daughters became homeless.*

## **HEALTHCARE AND HOMELESSNESS**

### **Poverty, lack of affordable housing, and the lack of comprehensive health insurance are among the underlying structural causes of homelessness.**

- For those struggling to pay for housing and other basic needs, the onset of a serious illness or disability can easily result in homelessness following the depletion of financial resources. Harvard University researchers found that 50 percent of all bankruptcy filings were partly the result of medical expenses.<sup>16</sup>

### **The experience of homelessness causes and intensifies poor health.**

- As a consequence of poor nutrition, inadequate hygiene, exposure to violence and to the elements, increased contact with communicable diseases, and the constant stress of residential instability, people without homes suffer from health problems at much higher rates than those in the general population.
- Health conditions requiring regular, uninterrupted treatment – such as diabetes, hypertension, tuberculosis, HIV/AIDS, addiction, and mental illness – are extremely difficult to manage without a stable residence.
- Unstably housed people are at significantly higher risk for emotional trauma secondary to physical or sexual abuse and family estrangement. The realities of homelessness seriously complicate the delivery of care for the effective treatment of these and other ailments.
- The acute and chronic medical conditions of people without stable housing are exacerbated by limited access to health services: cuts become infected; routine colds develop into pneumonia; and manageable chronic diseases such as hypertension, diabetes, and HIV become disabling, life-threatening, and costly conditions if left untreated. Homeless individuals are three-to-four times more likely than their housed counterparts to die prematurely due primarily to untreated acute and chronic medical problems<sup>17</sup>.

### **Current Medicaid/SCHIP<sup>18</sup> policies exclude most homeless people.**

- Most people experiencing homelessness do not qualify for Medicaid under current policy, regardless of their degree of impoverishment or medical need. Poor and homeless adults who are not pregnant, disabled, elderly, or the parents of dependent children – approximately 60 percent of all people known to be homeless – are ineligible for Medicaid in most states, and in Colorado. Since July 1, 2006, persons applying for or renewing Medicaid coverage have been required to present a birth certificate or passport as proof of citizenship. Although this provision was intended to keep illegal immigrants from fraudulent enrollment, it threatens Medicaid coverage for eligible U.S. citizens who lack the necessary documentation. People experiencing homelessness are disproportionately affected by this regulation. States are also being given flexibility to impose heavier cost-sharing burdens upon beneficiaries; these measures undermine the Medicaid entitlement for people with low incomes and people without homes<sup>19</sup>.
- *Demand for health care services among homeless persons has risen by 11% compared to last year at this time, at the Coalition's Stout Street Clinic; total patient office visits have increased by 16%.*

- *More families are requesting access to services including working families needing government subsidized health care insurance for their children.*
- *More persons, especially those 55+ with Medicaid and Medicare, visit the Stout Street Clinic due to the lack of community physicians who accept Medicaid and Medicare and because they have no money to pay for co-pays or prescription medication. Community physicians limit or refuse to serve Medicaid and Medicare patients because of poor reimbursement.*
- *Two weeks ago a homeless, privately insured patient visited the Stout Street Clinic asking us to fill her prescriptions because she didn't have \$25 for co-payments. She had been discharged from the hospital a few days prior; she was on disability and she was an employee of her health insurance company. We called her insurance company/employer, requesting that they waive the prescription co-pays. This request was denied even though the insurance company knew that without the medications, the woman's condition would likely deteriorate to the degree that she would need to be readmitted to the hospital.*
- *The Coalition is unable to meet the demand for mental health services, and for the first time ever has established a waiting list procedure. Normally, we can enroll 5 – 7 new patients each week. However, we currently have over 120 persons waiting for psychiatric services.*
- *Demand for affordable housing has increased and landlords are choosing the best possible renters. Some building managers no longer rent to the Coalition's mental health patients. In September, we noticed an incremental increase in the wait for housing for mental health patients. In August of 2008, patients experienced a two to three month wait for housing; now patients wait six to nine months.*

## RECOMMENDATIONS FOR POLICY MAKERS

### In Colorado

- **Remove the proposed \$1.4 million in proposed budget cuts to homeless housing and service programs** funded through the City of Denver's Department of Human Services. This represents a 24% reduction in funding at the very time that the need is increasing. Budget cuts from the city may discourage private sector entities from proving new or continued funding.
- **Increase state general funding (Division of Housing)** from \$2.1 million in 2008 to \$4.5 million for the development of affordable housing with targeting to populations at 30% of area median income (AMI) and particular emphasis on those developments that provide supportive housing for homeless and special needs populations – this includes homeless families, veterans and persons with disabilities.
- **Establish a state housing trust fund** to expand the capacity to produce and preserve affordable housing units throughout the state for those in greatest need. Target 75% of funds to persons earning 30% or below of the area median income.
- Fund development of **new Housing First programs** to serve chronically homeless individuals with mental health and/or substance use disorders. "Housing First" are cost-effective approaches characterized by barrier-free access to permanent housing directly from shelters or the streets.
- Increase state general funding for public and private agencies to provide **integrated substance abuse and mental health services** to homeless populations.

### In Washington, DC

Include in the new economic stimulus package:

- \$2 billion for the **Emergency Shelter Grant Program** for preventing and ending homelessness
- \$10 billion for the **National Housing Trust Fund** over two years
- \$3.6 billion for 400,000 **Section 8** vouchers over two years

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- <sup>1</sup> Adam Jadhav, *St. Louis and National Homeless Numbers Likely to Rise*, White House Official Says, St. Louis Post-Dispatch, December 4, 2008
- <sup>2</sup> *US Conference of Mayors 2008 Status Report on Hunger & Homelessness*, December 2008.
- <sup>3</sup> Fox, Liana. "Minimum Wage Trends." *Economic Policy Institute Briefing Paper*. 8, November 2006
- <sup>4</sup> *National Association for Business Economics*. "NABE Outlook Summary, November 2008"
- <sup>5</sup> *US Conference of Mayors 2008 Status Report on Hunger & Homelessness*, December 2008.
- <sup>6</sup> *US Conference of Mayors 2008 Status Report on Hunger & Homelessness*, December 2008.
- <sup>7</sup> "Out of Reach 2007-2008." *National Low Income Housing Coalition*. December 2007  
<http://www.nlihc.org/oor/oor2008/>
- <sup>8</sup> Joint Center for Housing Studies, Harvard University, April 2008
- <sup>9</sup> *US Conference of Mayors 2008 Status Report on Hunger & Homelessness*, December 2008.
- <sup>10</sup> Joint Center for Housing Studies, Harvard University, April 2008
- <sup>11</sup> *Colorado Revised Statutes. Art. 38. Foreclosure Sales, 38-38-100.3 to 38-38-705.*  
<http://www.michie.com/colorado/lpext.dll?f=templates&fn=main-h.htm&cp=>
- <sup>12</sup> Joint Center for Housing Studies, Harvard University, April, 2008
- <sup>13</sup> *Two Steps Back: City and Suburban Poverty Trends 1999-2005*, December 2006, The Brookings Institution, Living Cities Census Series
- <sup>14</sup> *US Conference of Mayors 2008 Status Report on Hunger & Homelessness*, December 2008.
- <sup>15</sup> National Association for the Education of Homeless Children and Youth, December 2008 <http://www.naehcy.org/>
- <sup>16</sup> Himmelstein, D, E. Warren, D. Thorne, and S. Woolhandler, "Illness and Injury as Contributors to Bankruptcy", *Health Affairs WebExclusive* W5-63, 02, February 2005.
- <sup>17</sup> O'Connell, "Premature Mortality in Homeless Populations: A Review of the Literature" 2005.
- <sup>18</sup> State Children's Health Insurance Program
- <sup>19</sup> Judith Solomon. *Cost-sharing and Premiums in Medicaid: What Rules Apply?* Center for Budget and Policy Priorities, February 2007. <http://www.cbpp.org/2-28-07health.htm>