



MISSOULA
ECONOMIC PARTNERSHIP

The Economic Impact of Homelessness in Missoula

A data-driven report on community impacts and responses

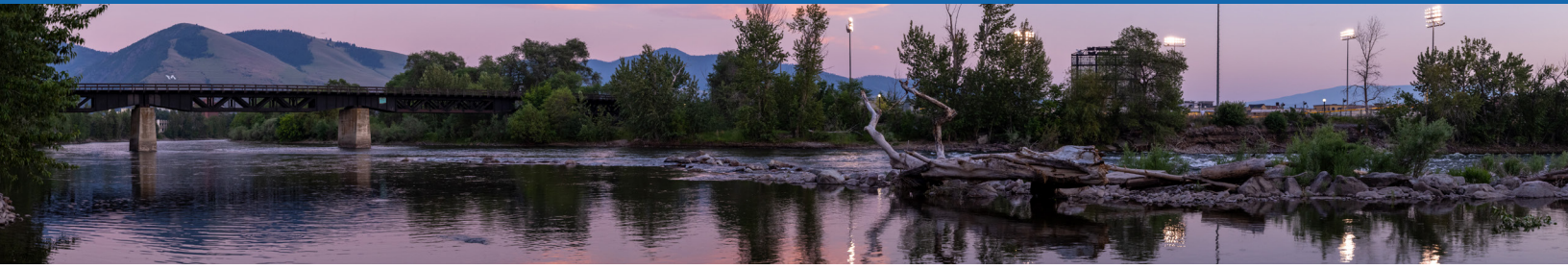
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Executive Summary

In this study, we have intentionally chosen to use both the terms “homeless” and “houseless.” This decision reflects our commitment to remain agnostic, nonpolitical, and in alignment with the federal definition of homelessness. By incorporating both terms, we aim to encompass the diverse experiences and perspectives within our community while adhering to objective terminology recognized at the federal level. Our goal is to ensure inclusivity and accuracy in our study, fostering constructive dialogue and informed decision-making on this critical issue impacting our community.

As in many other communities, homelessness has recently become more salient in Missoula. It became a central topic of discussion among community members and community leaders. However, while a narrow set of Missoulians have deep experience and understanding of these issues, most people have limited experience and understanding of the complex issues that surround homelessness. As such, it is challenging to have productive discussions across the community because people need a clear grasp of the facts and a framework for understanding the issue. This report aims to help ground discussions of homelessness in Missoula and what to do about it in data and the best available research.

Specifically, this report aims to help Missoulians understand the impact of homelessness on the community and the range of options for addressing this problem. The report provides answers to three essential questions:

1. How large is Missoula’s homeless population, how has it changed over time, and how does it compare to other places?
2. What are the economic costs of homelessness?
3. Who experiences homelessness, why, and what can be done to reduce homelessness and its adverse effects on the community?

In brief, the answers to these questions are:

1. *How large is Missoula’s homeless population, how has it changed over time, and how does it compare to other places?*

Numerous challenges plague efforts to consistently enumerate the homeless population in ways that allow comparison over time and across place. These challenges make it difficult to reach definitive conclusions about the size of Missoula’s homeless population, how it

has changed over time, and how it compares to other places. However, it seems reasonable to conclude that at any given time, only a fraction of one percent of Missoula’s population is homeless; however, over a year, a larger share (closer to one percent) will experience homelessness. These shares have moved up and down recently, but the current level is close to the several-year average. The rate of homelessness in Missoula is higher than the U.S. rate and slightly higher than other Montana urban areas; however, Missoula’s homelessness rates are well below areas with the highest rates of homelessness (and lower than rates in Butte, the community with the highest rates in Montana).

2. *What are the economic costs of homelessness?*

Homelessness imposes significant costs on the community. We divide this discussion into two parts: impacts on people who experience homelessness and impacts on others in the community.

Those experiencing homelessness bear some of the largest costs of homelessness. While there is a common misperception that people experiencing homelessness come from elsewhere (and thus are not members of the community), this is largely untrue. The vast majority of a community’s homeless population was last housed in the community where they are homeless. While it is true that people experiencing homelessness move around more than housed populations, migration tends to entail intra-regional migration from rural areas without services to urban areas with services or people returning to their hometowns (or places where they have other social ties) to have greater access to family/friends. As such, most of the local homeless population are members of the community, and the burdens of homelessness should be included as costs to the community.

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The burdens of homelessness are large. While it is impossible to provide a complete description of these burdens in this report, in brief, on a daily or near-daily basis, people experiencing homelessness must:

- Find a place to sleep;
- Find protection from extreme weather;
- Find food and a means to prepare it;
- Find places to use the restroom and to bathe;
- Secure themselves from physical violence;
- Secure their belongings (including phones, important documents, medication) from theft or seizure, including while they may be at work, interviewing for work, accessing healthcare, or trying to obtain housing);
- Find transportation to access employment, healthcare, or other services (or, if they have a vehicle, they must ensure that it is not ticketed and towed);

They must do all this while taking steps to secure income, benefits, and permanent housing. Furthermore, they must do this while frequently in poor health, with little sleep, and while coping with the stigma of homelessness. These burdens are significant, and they take a large toll.

Two facts illustrate these tolls. First, 25-50 percent of people experiencing homelessness report being a victim of violence. Second, homelessness is associated with much higher mortality risk. A 40-year-old homeless person has the same mortality risk as a 60-year-old housed person and a 50-year-old poor housed person.

Homelessness also imposes significant costs on others in the community. The prevalence of homelessness affects the quality of life and the level of economic activity in the community. Homelessness creates disorder, crime, and other risks to public health and safety. As such, the community faces significant costs associated with property damage, crime victimization, and the fiscal costs to taxpayers associated with managing/mitigating the costs of homelessness (which are thousands of dollars per homeless per year).

Worse, if the prevalence of homelessness leads people to change their behavior, the economic costs of homelessness snowball. Whenever someone changes their behavior because of homelessness (e.g., when they skip a trip downtown, to a park, on a trail, a tourist visit, or they decline a job offer or admission to the university), the community suffers a loss equal to the gap between the value of the foregone activity and whatever alternative was selected.

Numerous surveys of people, business owners, and public service managers suggest that they believe that people avoid places where encounters with homelessness are likely. Owners and managers also claim that homelessness increases costs (e.g., homelessness causes businesses or public service providers to spend resources cleaning up, securing property, investing in protective measures, or changing locations or service offerings). They also claim that homelessness decreases revenues (e.g., fewer customers visit the business).

High-quality estimates for diverted behavior, etc., do not exist. However, studies do find that homelessness increases crime and that homeless encampments and local crime reduce property values consistent with these concerns.

Furthermore, homelessness also affects the “value” of public property. If homelessness deters people from using public property (e.g., parks, trails, libraries, transit systems) as intended, the value produced by that property falls, and the community suffers. Worse, prolonged changes in the use of public resources may lead the public to stop supporting the investment in those resources, further compounding the losses.

While the costs of homelessness to the community are large, they are not evenly distributed. The costs are highest for the people experiencing homelessness and the people/places most proximate to them. The uneven distribution of costs creates tension and conflict in the community, further increasing the total economic cost of homelessness.

The localized nature of some of the costs associated with homelessness means that individuals can benefit if they can shift these costs to others. These forces often lead residents and businesses to support laws that empower them to call on law enforcement to move homeless populations elsewhere. While ordinances that restrict urban camping, allow for removing encampments, regulate loitering or panhandling, etc., are often reasonable efforts to promote quality of life in the community, they do not address the root causes of homelessness and, if not used judiciously, they may create a costly, inefficient cycle whereby individuals call on law enforcement to move homelessness elsewhere only to have the individuals adjacent to the next location call on law enforcement to move homelessness somewhere else. Thus, some of the resources expended “addressing homelessness” primarily serve to shift the costs elsewhere in the community. Such efforts only generate community-wide benefits if homelessness shifts from an area with higher localized costs to an area with lower localized costs.

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3. *Who experiences homelessness and why, and what can be done to reduce homelessness and its adverse effects on the community?*

Figure ES1 provides a basic framework for thinking about the forces that shape the level of homelessness in a community (and, therefore, the areas one can target efforts that attempt to reduce it).

Figure ES1: Framework for understanding homelessness and homelessness policies

Why do people become homeless?

People become homeless when the net cost of housing (red) exceeds their available resources (blue). Individual need is shaped by market forces and the generosity and accessibility of the safety net (formal and informal)

	Net cost of housing =	Available resources =
Market	Cost of housing available to person (x) at time (t)	Wages/Savings-expenses (food, healthcare)
Formal Safety Net	- Subsidies (e.g., rental voucher, rent subsidy, free shelter)	+ Benefits (e.g., SNAP, Medicaid, SSI, Emergency Assistance)
Informal Safety Net	- Favors/gifts (e.g., stay with friends or family for free or below market rent)	+ Financial support (e.g., gifts/donations from family, friends, or neighbors)

Who becomes homeless?

Individual factors (e.g., health, market skills, social skills) shape market outcomes and ability to access safety nets. Individuals who struggle to succeed in the market or access safety nets are more likely to become homeless.

Given this framework, the menu of options for reducing homelessness involves:

- Improving market outcomes (strong labor markets, cheaper housing)
- Strengthening the formal safety net (more generous benefits that are easier to access)
- Strengthening the informal safety net (ensuring that people have supportive social networks)
- Helping individuals become healthy, more skilled, and able to consistently make positive contributions to a community.

I. Introduction

Recently, homelessness in Missoula attracted more attention. Last summer, the mayor declared a state of emergency, the City put out weekly updates describing complaints and cleanup efforts related to urban camping, and the Wall Street Journal wrote an article about homelessness in Missoula, bringing (unwanted) national attention to homelessness in Missoula.

As homelessness became more salient, it became a central topic of discussion among community members and community leaders. However, while a narrow set of Missoulians have deep experience and understanding of these issues, most people have limited experience and understanding of the complex issues that surround homelessness. As such, it is difficult to have productive discussions across the community because people do not have a clear grasp of the facts and a framework for understanding the issue. This report aims to help ground discussions of homelessness in Missoula and what to do about it in data and the best available research.

Specifically, this report aims to help Missoulians understand the impact of homelessness on the community and begin to understand the range of options for addressing this problem. The report is divided into three sections which provide answers to four essential questions:

1. How large is Missoula's homeless population, how has it changed over time, and how does it compare to other places?
2. What are the economic costs of homelessness?
3. Who experiences homelessness and why, and what can be done to reduce homelessness and its adverse effects on the community?



II. How large is the homeless population in Missoula?

Describing the size of Missoula’s homeless population is not simple. Enumeration faces three core problems.¹ First, there is the definition challenge. Who counts as homeless? Different agencies and researchers define homelessness differently. The Department of Housing and Urban Development (HUD) uses a definition that splits homelessness into four categories:

1. **Literally homeless** – Individuals or families lacking a fixed, regular, and adequate nighttime residence. The literally homeless consist of three main groups: (a) people residing in a place not meant for human habitation (the unsheltered), (b) people living in a publicly or privately operated shelter designed to provide temporary living arrangements (the sheltered), (c) people exiting an institution who were literally homeless before entering.
2. **Imminent risk of homelessness** – This category includes people at risk of losing their homes, who have not identified where they will move, and who lack resources or support networks to obtain other permanent housing.
3. **Homeless under other federal statutes** – Typically, this category applies to unaccompanied youth under age 25 or families with children who do not have a permanent housing arrangement, move frequently, and expect to continue to exist in unstable housing due to special needs or barriers.
4. **Fleeing/attempting to flee domestic violence** – People fleeing or attempting to flee domestic violence with no other residence and who lack the resources or support networks to obtain permanent housing.²

Most studies of homelessness focus on literal homelessness (1); however, many also include (4), and some include people in categories (2) and (3). Thus, the size of the homeless population will vary depending on who counts as homeless.

Second, enumeration faces a time problem. People are consistently moving in and out of homelessness, so the set of people an enumerator wants to count is constantly in flux. Do we want to count the number of homeless at a given point in time, the number who were ever homeless at any point over a given period, or the number who were consistently homeless over some period? Counts may vary substantially depending on the time horizon examined. For instance, nationally, only a fraction of a percent of the population is literally homeless at a given point in time; however, something closer to a percent is likely homeless in a given year, and six or seven percent will be homeless at some point during their life.³

Third, enumeration faces a logistical problem. Homelessness is not a fixed trait, and people experiencing homelessness do not stay in the same spot. They frequently move across various places to stay—outside, in a vehicle, in a shelter, at a friend’s house, at a motel, in a hospital or in jail. This makes it challenging to find and count everyone who might be homeless. Furthermore, some people experiencing homelessness do not want to be found. As such, an enumerator cannot simply count the number of people in specific locations (e.g., shelters) and expect to obtain an accurate count.

Given these challenges, describing homeless populations is difficult. One source might say there are N homeless people, while a different source suggests a different (sometimes very different) number.⁴

1 The difficulties of counting the homeless population is discussed in numerous articles; however, good recent discussions are available in Meyer, B. D., Wyse, A., & Corinth, K. (2023). The size and Census coverage of the US homeless population. *Journal of Urban Economics*, 136, 103559.; and Evans, W. N., Philips, D. C., & Ruffini, K. J. (2019). Reducing and preventing homelessness: A review of the evidence and charting a research agenda.

2 Evans et al (2019).

3 Link, B. G., Susser, E., Stueve, A., Phelan, J., Moore, R. E., & Struening, E. (1994). Lifetime and five-year prevalence of homelessness in the United States. *American journal of public health*, 84(12), 1907-1912; Fusaro, V. A., Levy, H. G., & Shaefer, H. L. (2018). Racial and ethnic disparities in the lifetime prevalence of homelessness in the United States. *Demography*, 55(6), 2119-2128.

4 Meyer, Wyse, and Corinth (2023) provide a robust discussion of these differences and show, using different approaches from the same time, how different choices affect the observed size of the homeless population.

II. How large is the homeless population in Missoula?

In Missoula, two primary sources describe the size of the homeless population. First, one can look at the point-in-time count (PIT). HUD requires communities to complete the PIT by attempting to count all sheltered and unsheltered on a single night in January.¹ Second, one can use data collected from Missoula's Coordinated Entry System (MCES)/Homeless Management Information System (HMIS).² When public or private service providers encounter people experiencing homelessness in Missoula, the provider adds their information to a single system shared among service providers. This process allows Missoula to track who is receiving services in a given month and provides a reasonably comprehensive picture of the size of Missoula's unhoused population.

Because these measures use different definitions, time frames, and methods, they yield different counts. The January 2023 PIT counted 356 homeless people in Missoula; however, the HMIS data indicated that Missoula's homeless population was 812 in January 2023.³ Expanding the time frame further, the coordinated entry data counted 958 unique clients from July 1, 2022, through June 30, 2023.⁴

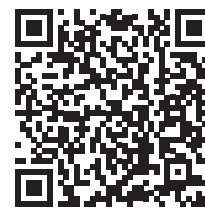
While rates fluctuate, roughly 30-40 percent of Missoula's homeless population is unsheltered, and roughly 65 percent is chronically homeless (i.e., homeless for the last year or unhoused four times during the previous three years and have some disabling condition).⁵ Missoula's homeless population is also disproportionately individual males (as opposed to families) and Native Americans.⁶

Simply knowing the size of the homeless population for a particular definition and time frame is insufficient to understand the size of the homelessness challenge in Missoula. When presented with data on population size, it is important to place the numbers in context by asking, "How has the population changed over time, or how different is it from other places?"

However, the measurement challenges outlined above also make it difficult to put estimates of the size of Missoula's homeless population in context. Differences across space or over time may reflect actual differences in the size of the homeless population, differences in definitions or enumeration methods, or both.

Missoula Coordinated Entry System

The [Missoula Coordinated Entry System](#) (MCES) is a comprehensive approach to addressing homelessness in Missoula. MCES is designed to streamline access to housing and supportive services for individuals and families experiencing or at-risk of becoming homeless. MCES serves as a centralized assessment and referral system, ensuring that individuals receive the most appropriate and timely assistance based on their needs. It involves a standardized process to gather information about an individual's or family's housing situation, service needs, and barriers to housing stability. Through MCES, clients are matched with available housing resources and supportive services based on their level of need and priority. MCES operates through a network of partner organizations, including homeless service providers, government agencies, and community-based organizations. These partners collaborate to coordinate resources and services, reducing duplication and maximizing the effectiveness of efforts to end homelessness in Missoula. Click the link above or scan the QR code to learn more.



1 See <https://www.hudexchange.info/programs/hdx/pit-hic/#2024-pit-count-and-hic-guidance-and-training> for description of methods.

2 See Missoula County CoC/At-Risk Housing Coalition (ARHC) Coordinated Entry Process Policies & Procedures for a comprehensive discussion of how these data are gathered.

3 HMIS data is available on the Missoula Organization of Realtors website (<https://www.missoularealestate.com/social-data/>).

4 Obtained from Montana's Coordinated Entry System (<https://lookerstudio.google.com/u/0/reporting/1f8702e9-08dd-4ef1-b5d0-e8f166e067c4/page/ZDTIC>).

5 Missoula HMIS data. Not everyone responds to the question. The 65 percent number is calculated excluding people with no answer. If we assume that those who do not answer are not chronically homeless the number falls closer to 50 percent.

6 Additional demographic information is available on the Missoula Organization of Realtors' website.

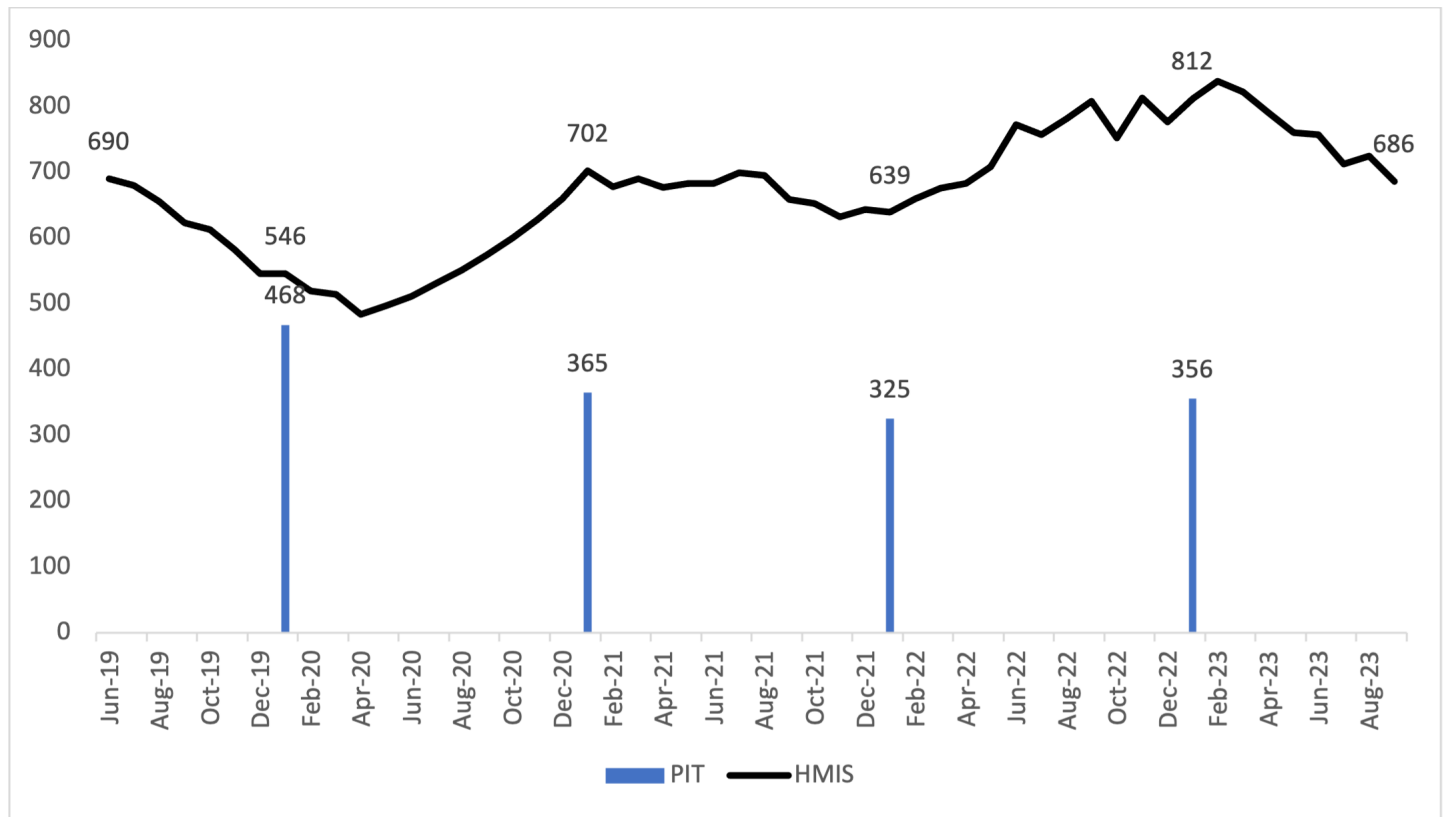
II. How large is the homeless population in Missoula?

Figure 1 illustrates these challenges. If one focuses on the PIT (blue bars), the recent trend in homelessness in Missoula is downward/flat. The 2020 PIT counted 468 homeless in Missoula. This fell to 365 in 2021, to 325 in 2022, and rose slightly to 356 in 2023.

The HMIS data show a different pattern (black line). In late 2019, there were approximately 625 people in the HMIS data.

This fell during early 2020 (in part, likely due to fewer people entering the system during COVID shutdowns) before returning to the 2019 level in 2021 (monthly average of 634). Homelessness rose by this measure in 2022 through early 2023 but has recently fallen back toward the long-term average. The most recent HMIS data show a homeless population of 597 households in Missoula as of March 2023.

Figure 1: Measures of homelessness in Missoula, July 2019-Sept. 2023



Thus, the data do not provide an entirely consistent picture of homelessness trends in Missoula; however, it seems safe to say that current levels are near the average over the past several years, but levels fluctuate up and down.

Comparing Missoula to other places, the rate of homelessness in Missoula is a bit higher than the national average.

The most comparable data across space is the PIT data. Based on the 2023 PIT count and 2022 county population estimates, roughly 0.3 percent of Missoula County’s population was homeless on the night of the PIT. This is higher than the national rate of 0.2 percent but below the rates in states like New York, Vermont, Oregon, and California (0.5 percent).¹

1 HUD (2023) 2023 Annual Homeless Assessment Report.

II. How large is the homeless population in Missoula?

The rate of homelessness in Missoula also exceeds the statewide rate (0.2 percent); however, In Montana, the PIT is mainly conducted in urban areas with service providers. This likely leads to a significant undercount of homelessness in smaller towns and rural areas.¹ Comparing rates across Montana's urban areas, Missoula's rate is closer what is observed in Montana's urban areas. Across the seven urban counties, 0.26 percent of the population is homeless (just below Missoula's 0.29 percent).

Looking at specific areas, given that rates fluctuate wildly from year to year in some Montana communities, I average over several years; the rankings of the averages are similar to the 2023 rankings. Butte has the highest rate of homelessness, followed by Billings and Missoula, which are slightly higher than the other urban areas.

A similar pattern (with different levels) emerges if one uses the annual average number of unique clients in Montana communities' coordinated entry systems over three years.² In these data, the number of unique clients in 2023 equaled 0.7 percent of Missoula County's population, and this share averaged 0.8 percent during 2021-2023. Again, looking at average rates, Butte has the highest rate of homelessness, followed by Missoula and Billings, with a larger gap to other Montana urban areas.

However, it is unclear how much of the gap between Missoula and other places reflects actual differences in homelessness relative to differences in measurement.³ Indeed, some fraction of the observed variation in rates likely reflects differences in survey coverage, provider density, volunteer effort, etc. Such differences with respect to the PIT led a recent Government Accountability Office to conclude that the PIT "did not provide a reliably accurate estimate of the homeless population."⁴

Thus, definitive conclusions about the size of Missoula's homeless population, how it has changed over time, and how it compares to other places are hard to reach. However, it seems reasonable to conclude that at any given time, only a fraction of one percent of Missoula's population is homeless; however, over a year, a larger share (closer to one percent) will experience homelessness. These shares have moved up and down recently, but the current level is close to the several-year average. The rate of homelessness in Missoula is higher than the U.S. rate and slightly higher than other Montana urban areas; however, Missoula's homelessness rates are well below areas with the highest rates of homelessness (and lower than rates in Butte, the community with the highest rates in Montana).



1 Montana Department of Commerce (2024) Home ARP Allocation Plan Amendment, p. 9.

2 Montana's Coordinated Entry System (<https://lookerstudio.google.com/u/0/reporting/1f8702e9-08dd-4ef1-b5d0-e8f166e067c4/page/ZDTIC>).

3 Most studies that describe variation in rates of homelessness across space and time (or discuss results from such studies) include long discussions of how data quality issues affect the analysis and the interpretability of the results. E.g., O'Flaherty, B. (2019). Homelessness research: A guide for economists (and friends). *Journal of Housing Economics*, 44, 1-25; Lucas, D. S. (2017). The impact of federal homelessness funding on homelessness. *Southern Economic Journal*, 84(2), 548-576;

4 Government Accountability Office (2020) Homelessness: Better HUD Oversight of Data Collection Could Improve Estimates of Homeless Population.

III. Impact of Homelessness on the Community

Homelessness imposes significant costs on the community. One of the primary goals of this report is to help Missoulians understand the range and rough order of magnitude of these costs. What does it cost the community when people become and remain homeless, or, reversing the sign, what benefits might we enjoy if we succeed in reducing the size of the homeless population?

We divide this discussion into two parts: impacts on people who experience homelessness and impacts on others in the community.

A. Impacts on People Experiencing Homelessness

Those experiencing homelessness bear some of the largest costs of homelessness. While there is a common misperception that people experiencing homelessness come from elsewhere (and thus are not members of the community), this is largely untrue. The vast majority of a community's homeless population was last housed in the community where they are homeless. Studies regularly find that roughly 90 percent of people experiencing homelessness live in the state where they became homeless, and roughly 75 percent were last housed in their current community.¹ Missoula data suggest a similar pattern here.²

It is true that people experiencing homelessness move around more than housed populations. For instance, one recent study using the American Community Survey found that nine percent of people surveyed in homeless shelters lived in a different state the prior year.³ In contrast, only three percent of a comparison population (unmarried low-income households) moved across state boundaries in the prior year.

However, homeless migrants often return to places where they have ties (e.g., they return to their hometowns). The same study found that homeless respondents are slightly more likely to live in their birth state than housed populations (suggesting less lifetime migration).

To the extent that Missoula's homeless come from elsewhere, they are often intra-regional migrants. Just like people from other parts of Western Montana come to Missoula for healthcare, shopping, etc., which are unavailable in their communities, some people may come to Missoula to access homeless services unavailable in other parts of the region.⁴ Research in other areas confirms some net migration from rural areas with few services ("service deserts") to larger areas with more robust services; however, the impact of service provision on the size of a community's homeless population appears modest.⁵ The Montana data described above also suggest a limited role for service-based migration. Services vary widely across Montana's urban areas. Still, rates of homelessness vary only a little (and some of the variation in rates likely stems from the fact that service provision may increase counted homelessness without increasing actual homelessness).

Thus, most of Missoula's homeless population are people from Missoula (and to the extent they are not from Missoula, they are most likely from other nearby communities). As such, the cost or burdens of homelessness borne by people without homes are costs to community members. They should be included in any discussion of the costs of homelessness to a community.

1 Kushel, M., & Moore, T. (2023). Towards a New Understanding: The California Statewide Study of People Experiencing Homelessness; Patrick, A. (2023) "Where are King County's homeless residents from?" The Seattle Times (July 6, 2023); Washington Department of Commerce (2016). Homelessness Myths and Facts. <https://www.commerce.wa.gov/wp-content/uploads/2016/12/hau-chg-myths-facts-12-8-2016.pdf>

2 City of Missoula. <https://www.ci.missoula.mt.us/Faq.aspx?QID=735>

3 Meyer, B. D., Wyse, A., Grunwaldt, A., Medalia, C., & Wu, D. (2021). Learning about homelessness using linked survey and administrative data (No. w28861). National Bureau of Economic Research.

4 City of Missoula. <https://www.ci.missoula.mt.us/Faq.aspx?QID=735>

5 Sullivan, A., & Yokokura, K. (2022). Exploring unsheltered homelessness, migration, and shelter access in Kentucky. *Citiescape*, 24(1), 287-306; Corinth, K. (2017). The impact of permanent supportive housing on homeless populations. *Journal of Housing Economics*, 35, 69-84.

III. Impact of Homelessness on the Community

Homelessness imposes substantial burdens on people without homes. While it is impossible to provide a complete description of these burdens in this report, in brief, on a daily or near-daily basis, people experiencing homelessness must:

- Find a place to sleep;
- Find protection from extreme weather;
- Find food and a means to prepare it;
- Find places to use the restroom and to bathe;
- Secure themselves from physical violence;
- Secure their belongings (including phones, important documents, medication) from theft or seizure, including while they may be at work, interviewing for work, accessing healthcare, or trying to obtain housing);
- Find transportation to access employment, healthcare, or other services (or, if they have a vehicle, they must ensure that it is not ticketed and towed);

They must do all this while taking steps to secure income, benefits, and permanent housing. Furthermore, they must do this while frequently in poor health, with little sleep, and while coping with the stigma of homelessness. These burdens are significant, and they take a large toll.

One of the easiest places to see these tolls is health. Health outcomes for homeless populations are terrible. In a recent study of homeless populations across California, forty-five percent reported being in only fair or poor health.¹ For context, this is more than double the rate in the general population for people over age 65 (22 percent). In a national study of sheltered homeless, 36 percent reported some form of impairment (e.g., difficulty walking or climbing stairs), whereas only 10 percent of the housed population reported these impairments.²

Furthermore, this study found that 25 percent reported difficulty remembering or making decisions.³

This is 5.5 times the rate in the housed population. Studies also regularly find that 60-70 percent of people experiencing homelessness have at least one chronic health condition and that homelessness is associated with accelerated aging (i.e., people experiencing homelessness report chronic conditions and impairments at rates similar to people 20 years older).⁴

Homelessness is also further complicated by the medical equipment and medications often necessary to function with various impairments/health problems (e.g., 20 percent of California's homeless report using at least one mobility aid like crutches or a wheelchair).⁵

In addition to physical health, homelessness also takes a substantial toll on mental health. A recent summary of the literature on mental health among homeless populations concluded that 76% of people experiencing homelessness have a current mental disorder.⁶ Among these, alcohol use disorders are most common (36.7%), followed by drug use disorders (21.7%), schizophrenic spectrum disorders (12.4%), and major depression (12.6%).

Homeless populations also often face significant barriers to obtaining healthcare. While many people experiencing homelessness have health insurance (mainly via Medicaid), they still report barriers to access.⁷ Substantial proportions report unmet needs for healthcare or an inability to obtain needed medications.⁸ For instance, in a recent study, even though two-thirds of study participants reported symptoms of depression, anxiety, difficulty concentrating/remembering, or hallucinations in the past 30 days, only 18% received counseling or medication in the past 30 days.⁹ In particular, people experiencing homelessness report difficulties with transportation to appointments, with scheduling/communicating with doctors (due to limited phone access/lack of address), and concerns about securing their belongings while attending appointments.

1 Kushel and Moore (2023).

2 Meyer et al (2021).

3 Meyer et al (2021).

4 Kushel and Moore (2023), Rountree, J., Hess, N., & Lyke, A. (2019). Health conditions among unsheltered adults in the US.

5 Kushel and Moore (2023)

6 Gutwinski, S., Schreiter, S., Deutscher, K., & Fazel, S. (2021). The prevalence of mental disorders among homeless people in high-income countries: An updated systematic review and meta-regression analysis. *PLoS medicine*, 18(8), e1003750.

7 Meyer, B. D., Wyse, A., Meyer, G., Grunwaldt, A., & Wu, D. (2023). "Homelessness and the Persistence of Deprivation: Income, Employment, and Safety Net Participation"; Kushel and Moore (2023)

8 Kushel and Moore (2023).

9 Kushel and Moore (2023).

III. Impact of Homelessness on the Community

Cumulatively, poor health and limited access to treatment take their toll. A recent study that tracked people identified as homeless at one point in time over the next 12 years found that relative to people housed at the point in time where housing status was observed, mortality rates for the non-elderly homeless were 3.5 times higher than the non-elderly housed.¹ Compared only to a population of low-income housed people, mortality rates were 60 percent higher. Stated differently, a 40-year-old homeless person has the same mortality risk as a 60-year-old housed person and a 50-year-old poor housed person.

As discussed in greater detail in section IV, poor health increases the odds that someone becomes homeless. As such, some of the disparity in health and mortality may reflect pre-existing differences; however, homelessness worsens health and other outcomes.² As such, a proportion of these differences likely reflect the impact of homelessness on people without homes.

For instance, in addition to the increased daily stress associated with homelessness, homelessness directly increases certain health risks, like exposure to violence. Studies of homeless populations regularly find that 25-50 percent of people experiencing homelessness report being victims of violence while homeless.³ These rates are massively higher than the rates observed among housed populations. Additionally, people experiencing homelessness also report very high rates of property crime victimization (nearly 50%).⁴

Homelessness may also increase substance use for some people. Many people turn to drugs and alcohol to help cope with the challenges of homelessness.

For instance, some homeless people report starting to take methamphetamines to help them stay awake to avoid being victimized at night.

One recent study found that 28 percent of homeless participants reported increased drug use after becoming homeless.⁵

Beyond health-related problems, homelessness also causes a variety of other issues. For instance, homelessness substantially increases individuals' exposure to the criminal justice system. One recent study found that nearly half of the homeless study population reported adversarial interactions with law enforcement while homeless, and 30 percent reported that they'd been in jail during their current episode of homelessness.⁶ A different study found that people identified as unsheltered averaged 21 contacts with law enforcement over six months and seven jail spells.⁷

City of Missoula's Wellness and Resource Access Program (WRAP)

The WRAP team is nested under the City's Crisis Intervention Team. WRAP is staffed by Master of Social Work practicum students and works closely with law enforcement to identify neighbors who need a high level of support and service connections. WRAP students strive to accept people as they are, build connections, and foster hope for recovery for those experiencing or at risk of homelessness who have frequent contact with law enforcement. The team sees exceptional outcomes by building trust and rapport and co-creating a 90-day action plan with participants.

1 Meyer, B. D., Wyse, A., & Logani, I. (2023). Life and Death at the Margins of Society: The Mortality of the US Homeless Population (No. w31843). National Bureau of Economic Research.

2 Studies that use quasi-exogenous variation in homelessness help clarify these effects. E.g., Collinson, R., Humphries, J. E., Mader, N., Reed, D., Tannenbaum, D., & Van Dijk, W. (2024). Eviction and poverty in American cities. *The Quarterly Journal of Economics*, 139(1), 57-120;

3 Kushel and Moore (2023), Ellsworth, J. T. (2019). Street crime victimization among homeless adults: A review of the literature. *Victims & Offenders*, 14(1), 96-118; Meinbresse, M., Brinkley-Rubinstein, L., Grassette, A., Benson, J., Hall, C., Hamilton, R., ... & Jenkins, D. (2014). Exploring the experiences of violence among individuals who are homeless using a consumer-led approach. *Violence and Victims*, 29(1), 122-136; Burt, M. R., Aron, L. Y., Douglas, T., Valente, J., Lee, E., & Iwen, B. (1999). Homelessness: Programs and the People They Serve. Summary Report. Findings of the National Survey of Homeless Assistance Providers and Clients.

4 Ellsworth (2019).

5 Kushel and Moore (2023). However, a study that tracked people over time as they moved into and out of homelessness in Australia argues that substance use is neither the cause of or the result of homelessness, rather some other factor(s) cause both substance use and homelessness. McVicar, D., Moschion, J., & Van Ours, J. C. (2015). From substance use to homelessness or vice versa?. *Social Science & Medicine*, 136, 89-98.

6 Kushel and Moore (2023).

7 Rountree et al (2019).

III. Impact of Homelessness on the Community

In part, these frequent encounters with law enforcement stem from the enforcement of ordinances prohibiting camping, loitering, panhandling, or public urination in certain areas.¹ However, in part, they reflect the fact that homelessness is associated with increased criminal activity.² Engagement with the criminal justice system creates additional impediments to obtaining/maintaining employment and securing permanent housing, leading some homeless to become trapped in a homeless-to-jail cycle.³

Homelessness also makes it difficult for people to find a job or remain employed.⁴ The difficulty of day-to-day life (accessing services, searching for housing, safeguarding belongings, meeting basic needs) leaves limited capacity (effort, energy, attention) available to work or to look for work, particularly given the poor health conditions common among people experiencing homelessness discussed above. Finding and maintaining a job is also hindered by the difficulty of communicating with employers/potential employers without an address or a phone (or a charged phone), by the difficulty maintaining hygiene while homeless, and by the stigma associated with homelessness.

People experiencing homelessness feel the stigma associated with it. One recent study found that 83 percent of people experiencing homelessness report experiencing discrimination in their daily lives, and 47 percent report that they are treated with less courtesy and respect than other people almost every day or at least once a week.⁵

Homelessness also creates significant problems for children. For instance, children experiencing

homelessness are much more likely to be separated from their families (20 percent). They experience developmental and learning delays, increased behavioral difficulties, increased levels of anxiety and depression.⁶ They are also more likely to have a learning disability or repeat a grade.⁷

Cumulatively, the evidence shows that the homeless experience is very hard. While some people believe that many people choose to be homeless, this is untrue. Most people experiencing homelessness do not want to be homeless. Studies consistently show that the vast majority of homeless want to find housing.⁸ However, people experiencing homelessness face numerous barriers to obtaining and maintaining secure housing, and the experience of homelessness only adds barriers by leading to adverse health shocks, exposure to violence, criminal records, and unemployment.

Shelter Court

Shelter Court is a program of the City of Missoula Municipal Courts and the [Pretrial Assistance to Support Success \(PASS\) Program](#). Municipal Court staff visit locations such as The Poverello Center and the Johnson Street Temporary Emergency Shelter so that neighbors can check the status of their court case, see a judge, talk to an attorney, clear warrants, and appear on a new citation. Click the link above or scan the QR code to learn more.



1 Goodison, S. E., Barnum, J. D., Vermeer, M. J., Woods, D., Sitar, S. I., & Jackson, B. A. (2020). The Law Enforcement Response to Homelessness.

2 McCarthy, B., & Hagan, J. (2024). Homelessness, Offending, Victimization, and Criminal Legal System Contact. *Annual Review of Criminology*, 7; Palmer, C., Phillips, D. C., & Sullivan, J. X. (2019). Does emergency financial assistance reduce crime?. *Journal of Public Economics*, 169, 34-51; Cohen, E. (2022). The Effect of Housing First Programs on Future Homelessness and Socioeconomic Outcomes. Federal Reserve Bank of Kansas City Working Paper, (22-03).

3 Gillespie, S., Batko, S., & Urban Institute. (2020). Five charts that explain the homelessness-jail cycle—and how to break it. Urban Institute.

4 Kushel and Moore (2023), Cohen (2022), Brounstein, J., & Wieselthier, J. (2022). The fiscal impact of housing the homeless: Evidence from housing programs in Los Angeles.

5 Kushel and Moore (2023).

6 D'Sa, S., Foley, D., Hannon, J., Strashun, S., Murphy, A. M., & O'Gorman, C. (2021). The psychological impact of childhood homelessness—a literature review. *Irish Journal of Medical Science (1971-)*, 190, 411-417.

7 National Center on Family Homelessness HOMELESS CHILDREN: AMERICA'S NEW OUTCASTS. <https://www.nn4youth.org/wp-content/uploads/A2HomelessChildren.pdf>

8 E.g., Kushel and Moore (2023) find that 90 percent of those surveyed want permanent housing. Similar levels were reported in Hedberg, E. C., & Hart, W. (2013). A New Look: A Survey of Arizona's Homeless Population. Morrison Institute for Public Policy, Arizona State University. In the 2018 Minnesota Homeless Study, nearly 60 percent of respondents were on a waiting list for some form of housing support (or had tried to get on the waiting list). Wilder Research. (2018). 2018 Minnesota Homeless Study Statewide survey data. Retrieved from <http://mnhomeless.org/minnesota-homelessstudy/detailed-data-interviews.php>

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B. Other Impacts on the Community

The prevalence of homelessness also affects the quality of life and the level of economic activity in the community. People without homes (particularly those who are unsheltered) exist in public. Behaviors that housed people typically perform in the privacy of their homes (eating, sleeping, urinating, resting, storing their belongings), people experiencing homelessness do in public. Given that these behaviors are “out of place” in public settings, they create a sense of disorder that many members of the public dislike.

Beyond disorder, homelessness also poses more serious risks to public health and safety. The homeless population has much higher rates of mental health issues, substance use, and criminal behavior. While people struggling with mental health/substance use or with criminal histories are more likely to become homeless, homelessness may also exacerbate/trigger mental health/substance use issues or increase criminal behavior (the relationship is bidirectional). Thus, increased homelessness may increase the chances that other members of the community encounter disturbing/frightening behavior in public places or increase the chances that they will be the victim of a crime.

The economic costs of homelessness to the community primarily stem from people’s aversion to disorder, crime, and uncomfortable interactions. Unfortunately, the literature quantifying the cost of homelessness to the community is quite limited. While a wide variety of estimates exist, most estimates include only costs borne by the government (and occasionally by the health care system). These studies typically find communities spend thousands of dollars per homeless person per year (several estimates suggest an average cost of approximately \$7,000-\$10,000 per person per year).¹ These studies also find that a small proportion of the homeless population is responsible for a substantial percentage of the costs.²

In Missoula, City and County governments’ budgets include nearly \$4 million for various homeless programs.³

These costs include the expected costs of supporting the Johnson Street shelter and the expected costs for law enforcement, camp cleanup, etc. Of course, the costs of homelessness are not only paid by local governments, state and federal government entities and non-profits also spend millions of dollars related to homelessness.

Estimates of direct spending on homelessness do not capture the total economic costs of homelessness to the community. These estimates only include a few of the relevant costs. From an economic perspective, homelessness may impose two types of costs: direct and indirect. Direct costs are specific costs imposed on the community by homelessness. These may include spending on public programs, damage to public or private property caused by homelessness, or losses due to increased crime or undesirable behavior.

Missoula Mobile Support Team

Partnership Health Center (PHC) and the Missoula Fire Department developed a program aimed at diverting people with low-risk behavioral health issues from jail and hospital emergency departments. The [Missoula Mobile Support Team \(MST\)](#) was implemented in the fall of 2020 and currently works in collaboration with the Crisis Intervention Team (CIT). The goal of this program is to provide the right care in the right setting to people experiencing urgent behavioral health needs. The program also looks to reduce the time and resources Missoula first responders spend addressing situations where behavioral health is a chief concern and to decrease the number of arrests and emergency room visits. The MST currently responds with law enforcement to behavioral health-related 911 calls. The response units consist of a licensed mental health clinician and an emergency medical technician (EMT). The MST also has a Case Facilitator who follows up with clients to provide resource navigation. Click the link above or scan the QR code below for more information.



1 Fuehrlein, B. S., Cowell, A. J., Pollio, D. E., Cupps, L. Y., Balfour, M. E., & North, C. S. (2014). Deriving costs of service use among an urban homeless population. *Journal of Substance Abuse Treatment*, 46(4), 491-497. Similarly, Cohen (2022) estimates that housing supports in Los Angeles reduce public agency expenditures by approximately \$7,500.

2 Among the population tracked by Fuehrlein et al (2014), the annual average cost of was approximately \$7,000, but the maximum cost exceeded \$100,000.

3 <https://missoulacountyvoice.com/missoula-county-fiscal-year-2024-budget/widgets/71140/faqs#question11473>; <https://missoula-current.com/missoula-funding-homeless/>

III. Impact of Homelessness on the Community

Indirect costs occur whenever outcomes or behaviors change relative to what they would have been in the absence of homelessness (or with less homelessness). Thus, whenever someone changes their behavior because of homelessness (e.g., when they skip a trip downtown, to a park, on a trail, a tourist visit, or they decline a job offer or admission to the university), the community suffers a loss equal to the gap between the value of the foregone activity and whatever alternative was selected. E.g., if someone values a trip to a park at \$50 but instead stays home and watches TV (value \$10), the economy loses \$40 of value. If skipping the trip to the park also means one skips a trip to the coffee shop, etc., then there are additional losses. If homelessness deters tourism, migration, or university enrollment, the economic costs are much larger.

The studies discussed above outlining the costs of homelessness typically include only a subset of the direct costs. They do not include every direct and indirect cost. As such, they likely underestimate the costs of homelessness substantially. Some studies include crude attempts at benefit-cost analysis for various homeless service programs. As such, these studies try to include benefits beyond just the cost of public services. These estimates find higher costs associated with homelessness. For instance, Evans et al (2016) assume the benefits of an avoided homeless spell (including benefits to the person) equal over \$20,000. However, these studies also include only a fraction of the full economic costs.

Developing a comprehensive measure of the economic costs of homelessness is hard. Many of the costs of homelessness are hard to observe or quantify; however, some evidence helps clarify their potential magnitude.

Homelessness increases crime. While studies have long demonstrated a strong correlation between homelessness and crime, whether homelessness caused crime was hard to prove.¹ The observed correlation could reflect a causal relationship between homelessness and crime.

Or, it could reflect the fact that both homelessness and criminal behavior have common sources (e.g., substance use). However, several recent studies suggest a causal link between homelessness and crime.² These results suggest that homelessness contributes to some crime (although one should note that the victims of homeless-related crime are often other homeless people).

The social cost of crime is enormous. While methods vary for calculating the social costs of crime, studies find that per-crime social costs are approximately \$150,000 for assault, \$50,000 per robbery, \$10,000 per theft, and over \$5,000 for vandalism.³ In total, including the cost of crime prevention, crime repair, the opportunity costs of committing, preventing, or recovering from crime, and the value of risks to life and health, one recent study found that the annual economic cost of all crime in the U.S. was approximately \$5 trillion.⁴ Subtracting the value transferred from victims to perpetrators, the net cost of crime is \$3 trillion (or over \$9,000 per person). While only a small fraction of crime is likely attributable to homelessness, a small fraction of a large number still yields a large number (if the costs of crime are \$9,000 per person and only one percent of crime is attributable to homelessness, the cost of homeless-related crime in Missoula County would be nearly \$11 million).

Homelessness also increases disorder. The direct costs of disorder are generally small. Many aspects of homelessness in public spaces are nuisances that make people feel unpleasant. People may be annoyed, but the sight of homelessness or an uncomfortable (but non-criminal) encounter with a homeless person do not generate significant economic losses by themselves. However, if such experiences occur sufficiently frequently that people start changing their behavior, economic costs increase quickly.

Solid estimates for these impacts are hard to come by. Numerous surveys of people, business owners, and public service managers suggest that they believe that people avoid places where encounters with homelessness are likely.⁵

1 McCarthy & Hagan (2024).

2 Palmer et al (2019), Cohen (2022).

3 Wickramasekera, N., Wright, J., Elsey, H., Murray, J., & Tubeuf, S. (2015). Cost of crime: A systematic review. *Journal of Criminal Justice*, 43(3), 218-228.

4 Anderson, D. A. (2021). The aggregate cost of crime in the United States. *The Journal of Law and Economics*, 64(4), 857-885.

5 Marin Economic Forum (2012). *The Economics of Mitigating Individual Homelessness in Marin County*; Wilking, J., Roll, S., Philhour, D., Hansen, P., & Nevarez, H. (2018). Understanding the implications of a punitive approach to homelessness: A local case study. *Poverty & Public Policy*, 10(2), 159-176; Martin, R. (2018) "Homelessness hinders local business, survey says" *Federal Way Mirror* (Nov. 15, 2018); Ding, H., Loukaitou-Sideris, A., & Wasserman, J. L. (2022). Homelessness on public transit: A review of problems and responses. *Transport Reviews*, 42(2), 134-156; Wasserman, J. L., Loukaitou-Sideris, A., Ding, H., & Nelischer, C. (2023). *The Road, Home: Challenges of and Responses to Homelessness in State Transportation Environments*. *Transportation Research Interdisciplinary Perspectives*, 21, 100890.

III. Impact of Homelessness on the Community

Owners and managers also claim that homelessness increases costs (e.g., homelessness causes business or public service providers to spend resources cleaning up, securing property, investing in protective measures, or changing locations or service offerings). They also claim that homelessness decreases revenues (e.g., fewer customers visit the business).

Economic impact studies of homelessness on economic activity often rely on a crude assumption that homelessness reduces business revenue by one percent to illustrate the potentially significant impacts of homelessness on economic activity.¹ However, this assumption lacks a transparent basis and appears to simply provide a convenient unit for thinking about potential impacts.



Without high-quality estimates for diverted behavior, etc., researchers often examine property values to estimate the impact of local problems. If homelessness reduces economic activity and imposes other costs, then it lowers profitability, reduces viability, and should also reduce property values.

An extensive literature documents that crime and the fear of crime adversely affect residential property values.² A nascent literature also documents that property values fall near homeless encampments. A recent study in Los Angeles found that properties within 0.3 miles of homeless encampments sold for three percent less than they otherwise would have.³

Homelessness also affects the “value” of public property. If homelessness deters people from using public property (e.g., parks, trails, libraries, transit systems) as intended, the value produced by that property falls, and the community suffers. Worse, prolonged changes in the use of public resources may lead the public to stop supporting the investment in those resources, further compounding the losses.

Finally, homelessness also takes a toll on the workers tasked with providing services (or otherwise managing) the homeless population. These jobs often have very high rates of turnover and burnout.⁴ To the extent that this suggests that compensation for these workers does not fully compensate for the toll these jobs take, this indicates that there may be additional costs to the community associated with homelessness.

All told, homelessness is an enormous burden. It harms the individuals enduring it, harms that community, and leaves us all much poorer.

1 Marin Economic Forum (2012)

2 Linden, L., & Rockoff, J. E. (2008). Estimates of the impact of crime risk on property values from Megan’s laws. *American Economic Review*, 98(3), 1103-1127; Pope, D. G., & Pope, J. C. (2012). Crime and property values: Evidence from the 1990s crime drop. *Regional science and urban economics*, 42(1-2), 177-188.

3 Bhandari, R. (2023). What is the Cost of Homeless Encampments to a City’s Residents? Evidence from Los Angeles.

4 Waegemakers Schiff, J., & Lane, A. M. (2019). PTSD symptoms, vicarious traumatization, and burnout in front line workers in the homeless sector. *Community mental health journal*, 55, 454-462; Smith, H. (2019). *Compassion Fatigue, Coping, and Turnover among Homeless Service Providers* (Doctoral dissertation, Spalding University); Peters, L., Hobson, C. W., & Samuel, V. (2022). A systematic review and meta-synthesis of qualitative studies that investigate the emotional experiences of staff working in homeless settings. *Health & Social Care in the Community*, 30(1), 58-72; Wirth, T., Mette, J., Prill, J., Harth, V., & Nienhaus, A. (2019). Working conditions, mental health and coping of staff in social work with refugees and homeless individuals: A scoping review. *Health & Social care in the Community*, 27(4), e257-e269.

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C. Distribution of Costs

While the costs of homelessness to the community are large, they are not evenly distributed. The costs are highest for the people experiencing homelessness and the people/places most proximate to them. For instance, studies find that property values fall within 0.3 miles of homeless encampments in Los Angeles and crime rose within 400 meters of emergency shelters in Vancouver.¹

The uneven distribution of costs creates tension and conflict in the community and this conflict further increases the total economic cost of homelessness. The localized nature of some of the costs associated with homelessness mean that individuals can benefit if they can shift these costs to others. For instance, if it is possible to move a homeless encampment from one neighborhood to another, the residents of original neighborhood benefit from such a move, but the residents of the new neighborhood do not.

These forces often lead residents and businesses to support laws that empower them to call on law enforcement to move homeless populations elsewhere. While ordinances that restrict urban camping, allow for removing encampments, regulate loitering or panhandling, etc. are often reasonable efforts to promote quality of life in the community, they do not address the root causes of homelessness and, if not used judiciously, they may create a costly, inefficient cycle.

This cycle starts with residents/businesses incurring local costs associated with homelessness. Hoping to reduce these costs, locals expend resources trying to move homelessness elsewhere (often by calling law enforcement).

Law enforcement, public health, sanitation, etc. expend resources moving the homelessness (and remediating the residual local effects).² Moving creates a burden for the homeless (e.g., they may lose their belongings like phones, medications, identification, they may have greater difficulty accessing resources, or they may face fines or jail).³ The homeless population is still homeless, so they find a new location and the cycle starts over.⁴

Thus, some of the resources expended “addressing homelessness” primarily serve to shift the costs elsewhere in the community.

Thus, some of the resources expended “addressing homelessness” primarily serve to shift the costs elsewhere in the community.

Ultimately, from the community’s perspective, shifting costs only generates positive expected benefits if the local costs associated with homelessness vary across locations (i.e., local costs in place X are greater than the local costs in place Y) and the homeless population moves from an area with high impact (X) to one with low impacts (Y). Under these conditions, it is possible to reduce the aggregate costs to the community by relocating the homeless population (e.g., by shifting it from a dense high traffic area to a sparse low traffic area), However, this approach still imposes costs on the location(s) where homelessness moves, and it likely generates resentment and frustration among the residents/businesses in these locations.

As such, while communities may have tools that allow them to shift the burden of localized costs across the community, application of these tools require explicit or implicit choices about which places and people are expected to bear these costs (and, ideally, choices about what efforts the other parts of the community will make to mitigate or offset these costs).

1 Bhandari, R. (2023); Faraji, S. L., Ridgeway, G., & Wu, Y. (2018). Effect of emergency winter homeless shelters on property crime. *Journal of Experimental Criminology*, 14, 129-140.

2 Wilking et al. (2018).

3 Goodison et al. (2020); Wilking et al. (2018); Robinson, T. (2019). No right to rest: Police enforcement patterns and quality of life consequences of the criminalization of homelessness. *Urban affairs review*, 55(1), 41-73.

4 Under the economic framework outlined in O’Flaherty (2019), the quantity of homelessness is determined by the interaction between need and generosity. The interaction of these forces shapes the quantity of homelessness and the quality of homeless services. The law enforcement approach represents a reduction in the generosity of local homeless services and thus a reduction in the “quality” of the homeless experience (all else equal). However, the only way for this change to reduce the quantity of homelessness is if there exists a margin of the homeless population who respond to the reduction in “quality” by exiting homelessness. If stricter enforcement of quality of life ordinances does not shrink the size of the homeless population, these efforts simply move the population (and thus costs) around (and Lebovits and Sullivan (2024) find no effect of these ordinances on the level of homelessness).

IV. Who are the people who are experiencing homelessness, why are they homeless, and what can be done to reduce homelessness?

Given the costs of homelessness, many want to reduce its level; however, to understand policy options, one needs to understand who becomes homeless and why. The why question can be divided into two parts – why does someone tip into homelessness, and why do they remain homeless? The who and the why questions are related, so it is helpful to consider them together.

A. Framework

While each person and each story are different, in general, people become homeless when their income is insufficient to afford housing. Thus, understanding homelessness entails understanding why income is low and why housing/other costs are high for certain people in certain places. As such, to understand why people become homeless, one must understand the forces shaping income, expenses, and housing costs. Figure 2 outlines the main factors that shape the risk of someone becoming homeless.

At the top are market forces that shape income and expenses. Income is mostly a function of the labor market. When the labor market fails to generate sufficient employment and wages, the risk of homelessness increases.¹ Similarly, when the housing market fails to generate sufficient housing and housing costs are high, the risk of homelessness increases. Finally, other expenses also matter. For a given level of income and housing costs, the risk of homelessness also increases in places where other goods and services (particularly necessities) are more expensive.

For a given set of market outcomes, the risk of homelessness also depends on the safety net. The safety net can be divided into two parts: formal and informal. The formal safety net includes the various government or non-profit programs that help boost income or lower expenses for people who are homeless or at risk of becoming homeless (e.g., SNAP, Medicaid, housing assistance, food banks).

The informal safety net includes help from family, friends, or other parts of one's social network (e.g., loans, gifts, a place to stay). How much the formal or informal safety nets can help someone who is homeless or at risk of becoming homeless depends on the resources available and how accessible they are. The risk of homelessness increases when the available

safety net is less generous or harder to access.

Finally, individual characteristics matter. Some individuals face more challenges thriving in market contexts (e.g., due to health problems or fewer marketable skills). Some individuals need help accessing the formal safety net. Some individuals have weaker ties or less well-resourced social networks.

This explanatory framework clarifies potential policy options. It suggests that communities reduce homelessness by improving market conditions (e.g., improved housing affordability), providing a more generous/efficient/accessible safety net, or creating healthier, more capable individuals.

In the remainder of this section, we discuss these forces in more detail and briefly describe potential policy options. The set of policy options to address each of these areas is far too numerous to address here. As such, this report only briefly reviews some key policy options to prevent homelessness or mitigate its effects.

The Poverello Center

The Poverello Center has provided food, shelter, help, and hope to all who ask for 50 years. The building on Broadway provides emergency shelter for 150 individuals, a commercial soup kitchen, and houses veterans' programs, medical respite, a community food pantry, a Partnership Health satellite clinic, and resources for connecting with housing and job services.

In partnership with the city of Missoula and Missoula County, The Poverello Center operates the Johnson Street Shelter, which offers emergency shelter and one hot meal for an additional 165 people.

In 2023, 2,080 unique individuals utilized shelter space at the Poverello Center and Johnson Street Shelter, and 122,436 meals were served.

The Poverello Center also runs a Homeless Outreach Team (HOT), which builds relationships with chronically houseless individuals living outdoors and provides food, gear, support, and connection to other community resources for unhoused individuals. Community members and local businesses can call the HOT phone number (493-7955) if they are worried about an unhoused neighbor.

¹ Note for purposes of this discussion, the labor market includes all income-generating activities, including both formal work and informal work (e.g., panhandling, crime).

IV. Who are the people who are experiencing homelessness, why are they homeless, and what can be done to reduce homelessness?

Figure 2: Framework for understanding homelessness and homelessness policies

Why do people become homeless?

People become homeless when the net cost of housing (red) exceeds their available resources (blue). Individual need is shaped by market forces and the generosity and accessibility of the safety net (formal and informal).

	Net cost of housing =	Available resources =
Market	Cost of housing available to person (x) at time (t)	Wages/Savings-expenses (food, healthcare)
Formal Safety Net	- Subsidies (e.g., rental voucher, rent subsidy, free shelter)	+ Benefits (e.g., SNAP, Medicaid, SSI, Emergency Assistance)
Informal Safety Net	- Favors/gifts (e.g., stay with friends or family for free or below market rent)	+ Financial support (e.g., gifts/donations from family, friends, or neighbors)

Who becomes homeless?

Individual factors (e.g., health, market skills, social skills) shape market outcomes and ability to access safety nets. Individuals who struggle to succeed in the market or access safety nets are more likely to become homeless.

IV. Who are the people who are experiencing homelessness, why are they homeless, and what can be done to reduce homelessness?

B. Market Conditions

1. Discussion

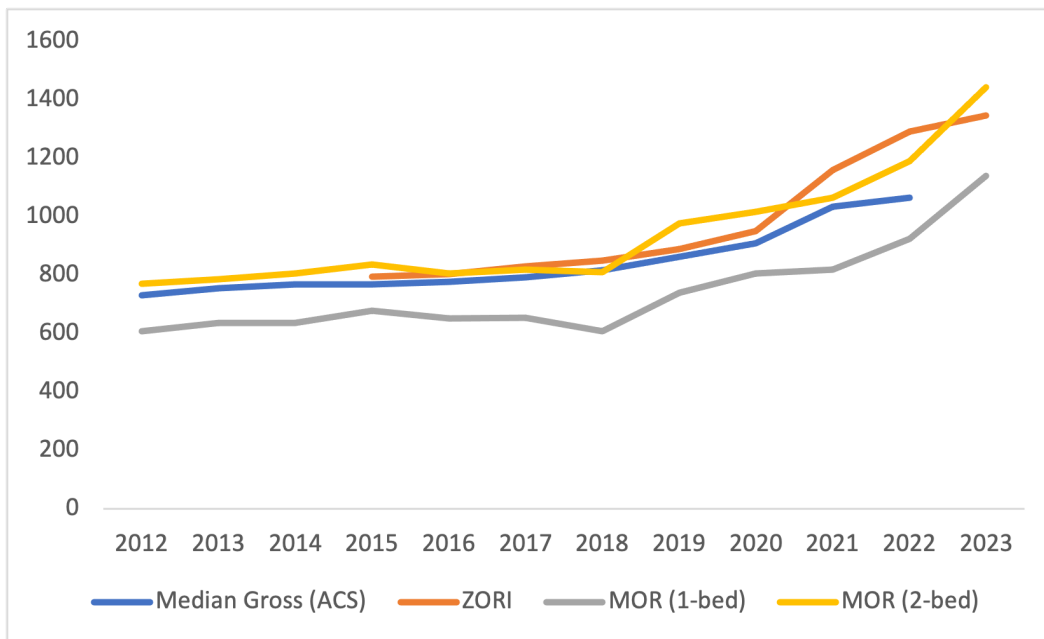
Rates of homelessness vary widely across space. The local characteristic found to correlate with homelessness most strongly is housing affordability.¹ One recent study found that homelessness rates spike in regions where typical rent (as measured by the Zillow Rent Index) exceeded 30 percent of median household income.² Thus, the risk of homelessness is high in places where housing costs are relatively high, and income is relatively low (or the risk of homelessness increases when housing prices rise faster than income).

This fact has generated substantial concern in Missoula given the recent surge in housing costs. However, while the recent increase in housing prices has generated lots of attention in Missoula, incomes have also risen substantially, and rising income has substantially muted potential declines in rental affordability.

Several sources provide data on rent in Missoula. Figure 3 plots rent growth for four different sources. Cumulatively, between 2015 and 2022, median gross rent measured by the American Community Survey increased by \$295/month (or \$3,590/year). Between 2015 and 2023, typical rent measured by the Zillow Rent Index increased by \$6,630/year, and rent for a 2-bedroom reported by Missoula area property managers to the Missoula Organization of Realtors increased by \$7,284/year.

While the precise increase varies by source, rents increased significantly regardless of measure. However, income has largely kept up with these changes. Between 2015 and 2022, the median household income in Missoula increased by \$25,490, and the median household income for renters increased by \$16,027.³ These increases are substantially higher than the observed rent increase.

Figure 3: Four measures of rent in Missoula (nominal dollars), 2012-2023



Source: American Community Survey, Zillow Observed Rent Index, Missoula Organization of Realtors

1 However, climate also affects rates of homelessness, particularly unsheltered homelessness. Corinth, K., & Lucas, D. S. (2018). When warm and cold don't mix: The implications of climate for the determinants of homelessness. *Journal of Housing Economics*, 41, 45-56.

2 Glynn, C., Byrne, T. H., & Culhane, D. P. (2021). Inflection points in community-level homeless rates. *The Annals of Applied Statistics*, 15(2), 1037-1053.

3 According to data from the American Community Survey, median household income in Missoula County increased from \$42,815 in 2015 to \$68,305 in 2022. The median household income among renters increased from \$28,765 to \$44,792.

IV. Who are the people who are experiencing homelessness, why are they homeless, and what can be done to reduce homelessness?

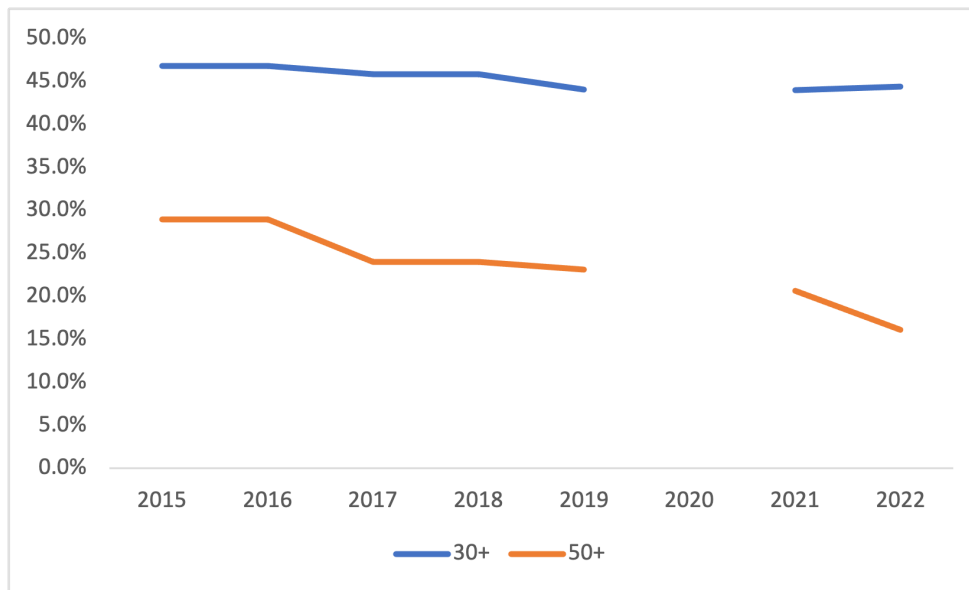
Rising income was not simply due to changes among middle- or high-income households. National data suggest that inflation-adjusted wage growth has been strongest at the bottom of the income distribution since 2020.¹ As such, poverty rates have fallen, and the decline in Missoula County has been particularly strong. The share of Missoula County residents with income below 50 percent of the poverty level fell from 7.6 percent to 3.5 percent between 2015 and 2022.²

Adding in other local price changes, the Bureau of Economic Analysis produces a measure of personal income per capita adjusted for regional differences in prices (including the cost of housing).³ This measure shows cost-of-living adjusted personal income per capita increased by over \$12,000 per person (or 25 percent) between 2015 and 2022.⁴ This ranked Missoula's real income growth 28th out of 385 metro areas.⁵ While we don't yet have data for 2023, early indicators suggest another significant increase in income is likely.

Average hourly wages in Missoula increased by 11.5 percent in 2023.⁶ Consistent with these changes, standard measures of affordability have not deteriorated substantially. For instance, as shown in Figure 4, the share of Missoula renters spending more than 30 percent or more than 50 percent of their income on rent did not rise (at least through 2022). Instead, it fell. While these rates are higher than ideal, they are below national rates and only slightly higher than the rates across Montana.

While these aggregate trends do not capture the strain placed on specific households whose rent increased faster than their income, they do suggest that, in general, income has moved to keep housing affordability constant. This stability may help explain how Missoula has managed to avoid a substantial increase in homelessness during the recent rise in housing prices. However, this also suggests that Missoula likely needs to improve housing affordability from these levels to reduce homelessness.

Figure 4: Percent of Missoula renters spending more than 30% or 50% of income on rent, 2015-2022



Source: American Community Survey. COVID adversely impacted the 2020 data, so the Census Bureau does not report them. : American Community Survey. COVID adversely impacted the 2020 data, so the Census Bureau does not report them.

1 Autor, D., Dube, A., & McGrew, A. (2023). The unexpected compression: Competition at work in the low wage labor market (No. w31010). National Bureau of Economic Research.

2 American Community Survey. Given annual fluctuations in county-level data, it is possible that the 2022 value includes significant measurement error; however, relative to pre-COVID levels, the change exceeds the margin of error (i.e., the upper bound of the 90 percent confidence interval for 2022 is below the lower bound for the pre-COVID levels).

3 Bureau of Economic Analysis Real Personal Income by Metro Area.

4 Real personal income per capita increased from \$48,864 to \$61,067.

5 This means that real personal income per capita grew at rates that exceed noted high growth areas like Denver (24.8%), Austin (24.7%), Boise (23.9%), and Miami (23.5%) and at rates only slightly below Salt Lake City (27.5%) and San Francisco (27.9%).

6 Analysis of Bureau of Labor Statistics State and Area Data on average hourly wages for private sector employees.

IV. Who are the people who are experiencing homelessness, why are they homeless, and what can be done to reduce homelessness?

2. Policy options to improve affordability

A host of economic development and housing policies may affect housing affordability. Efforts that boost labor force participation, increase labor demand, or improve matching between employers and workers all help improve individual labor market outcomes. Similarly, efforts that keep housing costs in check (and, in particular, keep them from growing substantially faster than income) reduce the strain on households and make it less likely that adverse income shocks will push people toward homelessness. Like most communities, Missoula has a host of programs intended to improve labor market and housing outcomes. These programs are too numerous to detail here. I simply note that these efforts, to some degree, influence homelessness.

Given the people who are or are nearly homeless have very low incomes, it is particularly important for policy to ensure an adequate supply of places with very low rent. While the data are noisy year-to-year, averaging across several years, Missoula County has typically had roughly 750 rental units with rent less than \$350/month; however, this number has fallen in recent years.

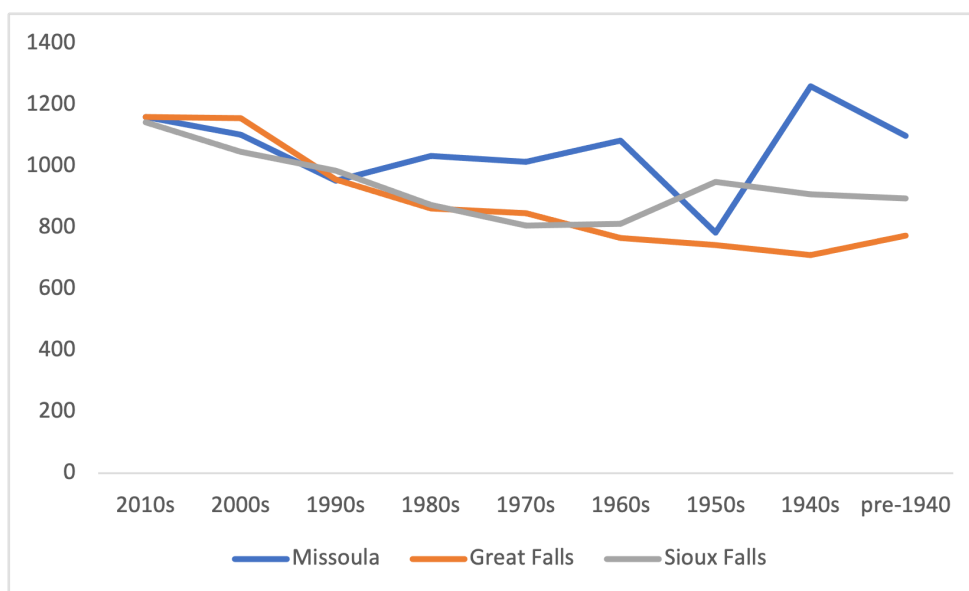
One of the challenges for boosting the supply of low-cost options is the fact that the relationship between housing

age and cost is relatively weak in Missoula. Constructing new housing that can be rented at a very low cost without massive subsidies is challenging. Typically, very low-cost housing is old housing. However, as shown in Figure 5, the relationship between age and rent is fairly weak in Missoula.

Low-cost rentals are disproportionately concentrated in a narrow swath of Missoula's housing supply. In spite of comprising only one-third of the housing stock, two-thirds of rentals with rent below \$350/month were built during the 1960s, 70s, and 80s. If the rate at which these units disappear or flip into higher-cost units exceeds the rate at which other units filter downward to replace them, the availability of very low-cost rentals will continue to shrink. To mitigate homelessness, it is imperative to track and understand the forces shaping unit availability at the bottom rungs of the housing ladder.

Ultimately, researchers generally agree that housing policies (like zoning rules) affect housing affordability and, therefore, homelessness.¹ However, no studies have demonstrated a link between specific changes to housing policy and changes in the level of homelessness.² As such, the precise mix of housing (or other economic development) policies with the largest impact on homelessness is unknown.

Figure 5: Median gross rent by year structure built, 2018-2022



Source: American Community Survey

¹ Dawkins, C. J. (2023). Homelessness and housing supply. *Journal of Urban Affairs*, 1-19.

² Evans et al (2019). Furthermore, in practice, such efforts may take a long time (see discussion in O'Flaherty, B. (2020). Review essay: The Council of Economic Advisers (2019) the state of homelessness in America (The White House, Washington, DC). *European Journal of Homelessness*, 14, 139-164.).

IV. Who are the people who are experiencing homelessness, why are they homeless, and what can be done to reduce homelessness?

C. Formal Safety Net

1. Discussion

The second force that shapes the level of homelessness is the safety net. When people find themselves homeless or at risk of homelessness, the generosity and accessibility of resources from others—various government programs, charities, or friends and family—shape the odds that people find housing or remain housed.

The most significant components of the formal safety net are federal programs (e.g., SNAP, Medicaid, housing vouchers). These programs provide income or in-kind benefits that increase household resources (and thus increase the odds that the household can secure housing). While many people experiencing or at risk of homelessness report barriers to accessing the safety net, a recent study that linked a large sample of people experiencing homelessness to administrative data on benefit receipt found reasonably high rates of access.¹ This study found that 89 percent of those identified as sheltered and 80 percent of those identified as unsheltered received at least one federal benefit in the year they were observed as homeless. The most common benefits were SNAP (83 percent of sheltered and 70 percent of unsheltered), TANF/General Assistance (58 percent, 30 percent), and Medicaid (45 percent, 41 percent, although this study was before Medicaid expansion).

While the generosity and accessibility of these programs are primarily set by federal policy, local programs (either public or private) can augment the federal safety net or help people access the federal safety net.

While large safety net programs shape overall need, local homelessness policies also shape homelessness in the community. Local programs most directly targeted at homelessness often include shelters, soup kitchens/food banks, affordable housing initiatives, and emergency financial assistance; however, these programs often receive some support from the federal government. Missoula offers a relatively robust set of programs that augment the federal safety net, particularly for a community of its size. The green boxes throughout this document describe these efforts in more detail.

2. Policy options to strengthen the local formal safety net

Local efforts most directly designed to reduce homelessness can be divided into three main categories: prevention, emergency/traditional shelters, and rehousing (with or without additional supports). We discuss the evidence for each of these options below; however, it is important to remember that, in addition to specific “homelessness” policies, general safety net programs, particularly housing subsidies, also affect the level of homelessness.

a. Prevention

One of the best ways to reduce homelessness is to prevent it from occurring in the first place. The resource gap between what a person has and what they need to remain housed is often small. As such, it may be efficient to make small investments in preventing homelessness and avoid the higher costs that accrue once someone tips into homelessness.

Communities use four main policies to help prevent homelessness: emergency financial assistance (short-term payments for back rent, security deposits, or utility bills), comprehensive interventions (services that connect at-risk populations to family or landlord mediation, legal assistance, financial assistance, child care, employment assistance, and mental health and substance abuse treatment), Critical Time Interventions (CTI) (programs that provide case management and transitional services to people discharged from inpatient facilities), and legal assistance (programs that provide lawyers to people in eviction court). Recent summaries of evidence for these prevention strategies finds evidence that they reduce homelessness.²

The evidence for emergency assistance is particularly strong. Many locations, including Missoula, have developed emergency assistance programs to help people at imminent risk of homelessness. According to one recent study, 93 percent of U.S. households live in an area with such a program, and these programs receive over 15 million calls per year.³ Two important recent studies document that these programs reduce homelessness (although there may be opportunities to improve their cost-effectiveness).

1 Meyer et al (2023).

2 Evans et al (2019); O’Flaherty (2020).

3 Evans, W. N., Sullivan, J. X., & Wallskog, M. (2016). The impact of homelessness prevention programs on homelessness. *Science*, 353(6300), 694-699.

IV. Who are the people who are experiencing homelessness, why are they homeless, and what can be done to reduce homelessness?

Housing Solutions Fund

The [Housing Solutions Fund](#) (HSF) is a partnership between United Way of Missoula County and Human Resource Council, in collaboration with the Missoula Coordinated Entry System. HSF is a flexible financial assistance fund designed to be easily and quickly accessible to fill gap needs to help a household achieve a temporary or permanent housing solution. Referrals for HSF come through the Missoula Coordinated Entry System and are determined based on neighbors' self-identified needs. The single-use fund is available to cover a wide range of flexible needs as identified by the household. Most common uses include: rent assistance, deposit assistance, utility arrears, application fees, and more. The HSF aims to achieve a primary outcome: the removal of financial barriers hindering the acquisition of temporary or permanent housing solutions. Since November 2021, the HSF has provided greater than \$356,000 to 495 households in the program coverage area. Click the link above or scan the QR code below for more information.



First, a study based in Chicago exploited random variation in funding availability to identify the effects of emergency assistance.¹ Sometimes, no funds were available when someone at risk called the program. As such, sometimes a request is successful, and other times it is not. This creates a natural experiment that the researchers used to identify the effects of this program. The authors find that this intervention (which provides a few hundred dollars to at-risk people) effectively reduced homelessness. Funding receipt lowered the likelihood of entering a homeless shelter within the next three months by 88 percent and within the next six months by 76 percent. However, the study also found that most funds were not spent on people at high risk of homelessness. Only two percent of those who did not receive funds

entered a homeless shelter within the next six months. As such, including administration costs, the cost per averted homeless spell was \$10,300; however, if funds were better targeted to those most at risk, the cost per averted spell would fall.²

A different study randomized benefit receipt among a subset of callers in Santa Clara, California.³ This study also found that emergency financial assistance reduces homelessness. Among those assigned to treatment, the average payment was approximately \$2,000 (or one month of average local rent), and homelessness declined by 3.8 percentage points from a base rate of 4.1 percent (or roughly 90 percent).

Given the large proportion of funds distributed to people who likely would have found other means to become homeless, some have argued that these programs are not cost-effective; however, both of these studies attempt crude benefit-cost analyses and find that the benefits of the avoided homeless spells exceed the cost of the program. Thus, while it may be possible to target this assistance better, the available evidence suggests that these programs reduce individuals' odds of becoming homeless.⁴

b. *Temporary/Emergency Shelter*

Shelters play an important role in mitigating the costs of homelessness. Obviously, they provide a place protected from the elements where people experiencing homelessness can access services. However, they also help reduce unsheltered homelessness and its adverse effects on the community. Much of the recent high-profile policy effort in Missoula has focused on shelter provision (e.g., the development of the TSOS and the operation of the Johnson Street shelter). While communities need to have enough safe and accessible shelter capacity to handle the ebbs and flows of homelessness and reduce the number of unsheltered, shelters alone are insufficient to move people out of homelessness. Ultimately, shelters must be combined with programs that move people into housing.

1 Evans et al (2016)

2 Some studies suggest methods for improved targeting of prevention resources, e.g., Von Wachter, T., Bertrand, M., Pollack, H., Rountree, J., & Blackwell, B. (2019). Predicting and preventing homelessness in Los Angeles. California Policy Lab and University of Chicago Poverty Lab; O'Flaherty, B., Scutella, R., & Tseng, Y. P. (2018). Using private information to predict homelessness entries: evidence and prospects. *Housing Policy Debate*, 28(3), 368-392.

3 Phillips, D. C., & Sullivan, J. X. (2023). Do homelessness prevention programs prevent homelessness? Evidence from a randomized controlled trial. *The Review of Economics and Statistics*, 1-30.

4 However, as noted in O'Flaherty (2019), policies that reduce homelessness at the individual level do not necessarily reduce overall homelessness. To conclude that individual reductions change the overall level requires other assumptions about how other parts of the system respond to the changes induced by prevention.

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YWCA's Rapid Re-housing

The YWCA Rapid Re-Housing Program offers funding for security deposits and rental assistance for up to two years for women and children. YWCA case managers work with participants to locate available rentals, communicate with landlords, and address housing barriers.

c. *Rehousing*

Moving people from homelessness into housing is challenging. In recent years, communities have tended to employ two different rehousing strategies: rapid rehousing (which provides temporary access to subsidized housing, often to households with modest barriers to housing stability) and permanent supportive housing (providing time-unlimited housing support for people with mental or substance use disorders).

The evidence for the effectiveness of these programs is mixed.¹ However, in part, differences in outcomes across studies reflect program differences. At the individual-level, studies of permanent supportive housing find that it improves housing stability relative to the usual alternatives (with mixed evidence for effects on other outcomes like health or employment).² Initial studies of rapid rehousing, though, did not show significant improvements over usual care (although there were some limitations in study design that may have affected the findings).³

However, two more recent studies of programs in Los Angeles suggest larger effects for both programs. First, a study that examined all quasi-random assignments to “housing first” programs (rapid rehousing or permanent supportive housing) found that these programs reduce future interactions with the homeless support system by 27 percent over 18 months and 22 percent over 30 months. This study also found that these types of assistance have important other effects.⁴ Specifically:

“Housing First assistance reduces the probability of being in jail within 18 months by 95 percent, the probability of criminal charge by 85 percent, the probability of receiving emergency cash assistance by 80 percent, and the probability of relying on social benefits by 35 percent while increasing the probability of reporting non-zero income by 23 percent (compared to baseline means) Importantly, these effects are also detected 30 months after intake.”⁵

Furthermore, this study found that rapid rehousing programs had smaller effects on subsequent homelessness than permanent housing programs; however, they had larger effects on crime, health, income, and employment. This author argues that direct savings to public agencies within the first 18 months can offset program costs.

Consistent with these findings, a second study found that rapid rehousing programs lead to a 60 percent increase in employment and an \$800/month increase in earnings among the employed with no increase in benefits income.⁶

Temporary Safe Outdoor Space

The [Temporary Safe Outdoor Space](#) (TSOS) is a safe, secure, service-rich community of 30 Pallet Shelters (PalletShelter.com) on public land, staffed 24/7, with the goal of providing clients – many of them unhoused for years – with the security, services, support, and accountability measures needed to transition them from homelessness into long-term housing. The TSOS is a partnership between Hope Rescue Mission, United Way, Missoula County and numerous nonprofit service providers. More than 300 residents have utilized the facility since the program's inception in January 2021, with 165 clients transitioning into secure housing. In 2023, 73% of TSOS 101 clients transitioned into safe housing (65) or residential treatment (8). Click the link above or scan the QR code below for more information.



1 Evans et al (2019); O’Flaherty (2019, 2020).

2 See discussions of Pathways to Housing and Family Options studies in Evans et al (2019) and O’Flaherty (2019, 2020).

3 See discussions of Family Options study in Evans et al (2019); O’Flaherty (2019, 2020), or Gubits, D., Shinn, M., Wood, M., Brown, S. R., Dastrop, S. R., & Bell, S. H. (2018). What interventions work best for families who experience homelessness? Impact estimates from the family options study. *Journal of Policy Analysis and Management*, 37(4), 835-866.

4 Cohen (2022).

5 Cohen (2022).

6 Brounstein, J., & Wieselthier, J. (2022). The fiscalty of housing the homeless: Evidence from housing programs in Los Angeles.

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However, placement in a permanent supportive housing program only increases employment by 16 percent, and it leads to a 33 percent increase in observed benefits income. Thus, research on the effects of rehousing policies finds that these efforts improve individual outcomes. However, two follow-up questions are important: Do the benefits of these efforts exceed the costs? Do they reduce overall levels of homelessness?

Whether the benefits of these programs exceed their costs is largely uncertain. While some studies include discussions of benefits and costs, these studies rarely include the full set of potential benefits. Instead, they largely ask whether fiscal benefits exceed costs (i.e., are costs to taxpayers associated with individual homeless spells reduced by more than the cost of the intervention?).¹ These studies find mixed results, in part, because they include different measures of benefits. As such, while several studies purport to summarize the relevant literature, these different summaries reach different conclusions about what the evidence suggests about the ratio of benefits to costs.²

One of the reasons why the attempts at benefit-cost analysis fall short is the lack of information about the impact of these programs on the level of homelessness. The level of homelessness is not a stock (i.e., the homeless population does not consist of N specific people). It is a flow (i.e., the homeless population at a given point of time is a function of the rates at which people enter and exit). Studies like those discussed above describe individual level outcomes (i.e., whether program X improves outcomes for person y). As such, at most they describe flows out of (and back into) homelessness for the studied population. They do not capture effects on other people (e.g., does the existence of a housing first policy change the rate at which people become homeless)? Ultimately, we know relatively little about the effects of local housing efforts on the level of homelessness.³

Blue Heron Place Permanent Supportive Housing

Blue Heron Place is comprised of 30 Permanently Supportive Housing homes for Missoulians with the highest vulnerability. The housing facility is managed by Missoula Housing Authority, with wrap-around supportive services provided by Partnership Health Center and The Poverello Center. [Permanent supportive housing](#) is an intervention that combines affordable housing assistance with voluntary support services to address the needs of chronically homeless people. The services are designed to build independent living and tenancy skills and connect people with community-based health care, treatment and employment services. Since opening at the end of 2023, Blue Heron Place has already housed 32 individuals' neighbors. Click the link above or scan the QR code below for more information.



d. Other housing subsidies

Beyond the standard local response policies, housing subsidies (and the larger safety net) matter. Several studies also examine the effect of long-term rental vouchers on homelessness and other outcomes among populations at risk of homelessness and among homeless populations. These studies generally find that receiving housing vouchers reduces homelessness and improves family and economic well-being.⁴ In fact, one recent review of the literature on the effectiveness of homelessness programs concludes that, "...once people become homeless, any known intervention for returning a large number of them more quickly to conventional housing has to include a housing subsidy."⁵

1 O'Flaherty (2019).

2 E.g., Evans et al (2019), Jacob, V., Chattopadhyay, S. K., Attipoe-Dorcoo, S., Peng, Y., Hahn, R. A., Finnie, R., ... & Remington, P. L. (2022). Permanent supportive housing with housing first: findings from a community guide systematic economic review. *American journal of preventive medicine*, 62(3), e188-e201; Aubry, T., Bloch, G., Brcic, V., Saad, A., Magwood, O., Abdalla, T., ... & Pottie, K. (2020). Effectiveness of permanent supportive housing and income assistance interventions for homeless individuals in high-income countries: a systematic review. *The Lancet Public Health*, 5(6), e342-e360; National Academies of Sciences, Engineering, and Medicine. (2018). Permanent supportive housing: Evaluating the evidence for improving health outcomes among people experiencing chronic homelessness.

3 Corinth (2017) finds that an additional 100 "permanent supportive housing" beds in a CoC reduces PIT homelessness by 8-10 people; however, there are several limitations with this study that make it difficult to interpret (see, O'Flaherty (2019, 2020) for discussion of limitations).

4 Evans et al (2019).

5 O'Flaherty (2019).

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Affordable Housing Trust Fund

In the summer of 2020, the Missoula City Council adopted the [Affordable Housing Trust Fund](#) (AHTF) ordinance and a funding commitments resolution. The trust fund mechanism plays a role in nearly all the program development activities of the adopted housing policy. It enables the City to secure and reinvest community contributions to housing and capture the value created by land use incentives and other City-driven programs that produce below-market housing. Click the link above or scan the QR code below for more information.



e. *Targeting resources given uneven impacts*

Resources available for these (and other) formal safety net programs are limited. This creates an additional challenge of how to allocate scarce resources. From the community's perspective, two sources of variation matter. First, the impact of different options has different effects on the odds that someone becomes or remains homeless. Solving this problem is primarily one of predicting which individuals are most likely to respond to which treatment.

Second, the impact of homelessness on the community is not the same for all people experiencing homelessness. Some people create more significant adverse effects on the community (e.g., they engage in more criminal or disruptive behavior). Ideally, the community would have the means to identify individuals at risk of imposing higher costs and have the tools to mitigate the risks posed by these individuals.

f. *Migration and moral hazard*

People often raise two concerns about local homeless programs—migration and moral hazard.

The migration argument holds that places with more generous services attract people experiencing homelessness from places with less generous services. The moral hazard argument holds that the generosity or accessibility of local homeless services leads some people to become or remain homeless who otherwise would have found housing. If either of these arguments is true, better local services may increase the size of the local homeless population.

Relatively few studies provide evidence that speaks to these effects. A few recent studies have attempted to examine whether service provision or generosity affects homelessness rates; however, these studies do not produce conclusive evidence. The results are mixed, and most of these studies rely on the PIT data, which have significant flaws, particularly for this type of analysis.

Popov (2016) exploits a quirk in the allocation mechanism for federal homelessness funding to estimate the effect of additional federal funds on homelessness.¹ He separates the analysis by individuals and families. He finds that additional federal funding for local homeless programs reduced the number of unsheltered individuals “without drawing other individuals into the local homeless population” (i.e., without inducing migration or moral hazard); however, additional funding increased the number of homeless families in an area, and most of this increase is from families migrating to access better services.

Lucas (2017) modifies Popov's analysis to include different years, additional controls, and accounts for outlier communities.² He reaches a different conclusion. He finds no effects of federal funds on unsheltered homelessness but increases in sheltered individuals and families.

Sullivan and Yokokura (2022) examine the effects of changes in shelter availability at the county level in Kentucky on homelessness originating in each county and migration between counties.³ They conclude that “shelter access likely does not drive people to become homeless” and that “migration from service deserts” is smaller than suggested by other studies (i.e., moral hazard is low and migration relatively small, at least in this context).

¹ Popov, I. (2016). Homelessness, Poverty, and Economic Policy. Stanford University.

² Lucas, D. S. (2017). The impact of federal homelessness funding on homelessness. *Southern Economic Journal*, 84(2), 548-576.

³ Sullivan, A., & Yokokura, K. (2022). Exploring unsheltered homelessness, migration, and shelter access in Kentucky. *Citiescape*, 24(1), 287-306.

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A different approach to understanding potential migration or moral hazard response entails examining the effects of efforts to make homelessness more difficult. One common means of increasing the costs of homelessness in a community are quality of life ordinances and greater law enforcement engagement with homeless people. These efforts often try to reduce homelessness “by placing such a heavy cost on public living that people either move to another area or voluntarily end their unsheltered state” (i.e., they deter immigration and encourage outmigration or they reduce moral hazard stemming from services available in the community).¹ However, Lebovits and Sullivan (2024) find that implementing anti-homeless ordinances does not reduce local homelessness over the four years following passage.

However, it is important to note that data challenges severely limit the interpretability/conclusiveness of the available evidence. These studies’ reliance on PIT data to measure local homelessness is particularly concerning. Variation in PIT reflects variation in counted homeless and not necessarily variation in actual homeless. The biggest potential problem for these studies is that homeless enumeration is not independent of homeless services (and federal funding). The PIT is centered on and often conducted by service providers. If more robust services lead to a more vigorous count, services lead to increases in counted homeless, creating a mechanical positive correlation between services and population that confounds these types of studies.

Readers should also remember that a smaller homeless population does not always suggest a better outcome. There are a variety of scenarios where increased counted homelessness may reflect an improvement relative to the alternative. For instance, if a person moves to homelessness from a situation of abuse or violence, this change may represent an improvement over the prior situation.

Similarly, if someone moves from uncounted and unsheltered to counted and sheltered, this also likely represents an improvement (or, at least, no deterioration) relative to the prior situation. As such, a more generous formal safety net could yield better outcomes while increasing observed homelessness.

D. Informal safety net

1. Discussion

The informal safety net is also an important bulwark against homelessness. Research regularly finds that people with more resources in their social networks are less likely to be homeless.² While at risk of becoming or while homeless, many people receive support from family and friends. A recent study that described pathways into homelessness found that only a minority (36%) of people experiencing homelessness moved from leaseholder to homeless; most (49%) entered homelessness after staying with others (non-leaseholders).³ (The remainder left institutional settings, e.g., jail or prison.)

People regularly “double up” to avoid becoming homeless. While standard surveys do not directly assess doubled-up status, a recent effort to quantify the doubled-up population suggests that 3.7 million people were doubled up in 2019 (or 6.5 times the PIT estimate for that year).⁴

Combine the value from doubling up and other informal financial support, and the resources provided via the informal safety net can exceed the resources available via formal safety net. One study that quantified the economic value of doubling-up (and other informal transfers) among a population of disadvantaged families with young children found that, among doubled up families, the value of informal transfers exceeded the value of formal transfers (e.g., SNAP, TANF, SSI).⁵ Thus, the informal safety net plays an enormous role in determining who and how many people become homeless.

1 Lebovits, H., & Sullivan, A. (2024). Do Criminalization Policies Impact Local Homelessness? Exploring the Limits and Concerns of Socially Constructed Deviancy. Exploring the Limits and Concerns of Socially Constructed Deviancy (February 4, 2024).

2 Corinth, K., & Rossi-de Vries, C. (2018). Social ties and the incidence of homelessness. *Housing policy debate*, 28(4), 592-608; Gabrielian, S., Young, A. S., Greenberg, J. M., & Bromley, E. (2018). Social support and housing transitions among homeless adults with serious mental illness and substance use disorders. *Psychiatric rehabilitation journal*, 41(3), 208.

3 Kushel and Moore (2023).

4 Richard, M. K., Dworkin, J., Rule, K. G., Farooqui, S., Glendening, Z., & Carlson, S. (2022). Quantifying doubled-up homelessness: presenting a new measure using US Census microdata. *Housing Policy Debate*, 1-22.

5 Pilkauskas, N. V., Garfinkel, I., & McLanahan, S. S. (2014). The prevalence and economic value of doubling up. *Demography*, 51(5), 1667-1676.

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Unfortunately, declining social ties may be weakening the informal safety net. While we lack Missoula-specific data, nationally, an increasing number of people report fewer social ties. For instance, the percentage of Americans who report no close friends increased from three percent to twelve percent between 1990 and 2021.¹ Accompanying these declines have been declines in aid and assistance provided to others. Twenty years ago, Americans reported caring for/helping people outside their household about once per week.² In 2022, the frequency of helping others had declined by 40 percent to slightly more than once every two weeks. Similarly, the share of Americans who report that they would turn to family or friends to help cover an unexpected \$400 expense fell from 12 percent in 2014 to only seven percent since the pandemic.³

2. *Policy options to strengthen the informal social safety net*

If informal safety nets provide less support, the risks of homelessness increase without improvements elsewhere in the system (increased affordability, better formal safety net, more resilient individuals). Any weakening to the informal safety net increases the potential burden placed on the formal safety net. As such, it is worth considering what, if anything, communities can do to strengthen social ties and improve access to resources from family and friends among people who are homeless or at risk of becoming homeless. One service some communities provide in this space is access to mediators who can help people work through disputes that might lead to someone becoming homeless. However, it may be worthwhile to investigate how communities can strengthen social ties to help reduce the risks and harms of homelessness.

E. Individuals

1. *Discussion*

Individual traits also help explain why people become homeless. While market forces and the safety net largely shape the overall prevalence of homelessness, individual factors also matter.

In particular, differences across people help explain which people are more likely to become homeless.

Homeless populations differ from the overall population in many ways. First and foremost, they have very low income. An important recent study found that substantial proportions of the homeless population were connected to employment and benefits.⁴ Ninety-seven percent of sheltered and 93 percent of unsheltered had at least one benefit or earnings. However, total earnings plus benefits were extremely low. Combining earnings and the value of observed benefits, the median sheltered person earned only \$7,500 (\$2018), and the median unsheltered person earned only \$5,500. Given that these estimates include only formal work and some program income, they miss informal work (e.g., unreported income from under-the-table jobs, panhandling, or crime), support from friends/family, or local safety net programs. As such, actual income is likely higher.

Perhaps surprisingly, employment is relatively common among homeless populations. Forty percent of unsheltered and 52 percent of sheltered were formally employed during the year they were observed as homeless. However, employment and hours were somewhat erratic among those employed, and earnings were pretty low. Median earnings were \$8,300.

Notably, income among homeless populations was very low over the four years before the year they were observed as homeless. Persistently low income among homeless populations is typically not random. As discussed above, homeless populations have very high rates of physical disability, chronic health problems, mental health or substance use problems, prior incarceration, and histories of adverse experiences (like childhood physical or sexual violence).⁵ Significantly, these challenges frequently precede homelessness to some degree (although they are often further exacerbated by homelessness). These traits likely help explain persistently low income among this population. These traits may also make it more difficult for people to access the formal and informal safety net successfully.

1 Cox, D. A. (2021). The state of American friendship: Change, challenges, and loss. American Enterprise Institute for Public Policy Research. <https://www.aei.org/wpcontent/uploads/2021/07/The-State-of-American-Friendship.pdf>.

2 Analysis of American Time Use Survey data obtained from ATUS-X.

3 Analysis of data from Federal Reserve's Survey of Household Economics and Decision-Making (SHED).

4 Meyer et al (2021) and Meyer et al (2023).

5 See, for instance, Meyer et al (2021), Kushel and Moore (2023).

IV. Who are the people who are experiencing homelessness, why are they homeless, and what can be done to reduce homelessness?

These traits also help explain why a significant proportion of the population is chronically homeless. Someone is chronically homeless if they have been unhoused for at least 12 months or they have had been unhoused at least four times in the past three years and they have a disabling condition. In Missoula, roughly 65 percent of the homeless population is typically chronically homeless.¹

Of course, not all people with low income or other personal struggles tip into homelessness. The study discussed above found that relative to a comparison population of low-income people observed with housing, income was only slightly lower for the homeless population, and it showed only a slight decline in advance of the period with observed homelessness.² This finding suggests relatively small shocks can lead to homelessness. The set of potential shocks that can tip someone into homelessness is large. Many shocks are economic. For instance, one study found that families whose children experience an adverse health shock are more likely to become homeless.³

A different study asked people why they left their last residence.⁴ Answers varied widely depending on whether the respondent was a leaseholder or a non-leaseholder at their previous residence. Among leaseholders, the most common reason reported was lost income (21 percent). However, other economic shocks were also common (e.g., the cost of housing increased, building ownership changed, and illness or death in the household). However, as discussed above, many people respond to adverse economic shocks by turning to the informal safety net. Before becoming homeless, many people stay with friends and family.⁵ For non-leaseholders, the final shock that pushes someone into homelessness is often social.⁶

The most common reasons for leaving housing where one was not a leaseholder were conflict among residents, unwillingness to impose, and conflict with the property owner. However, participants' substance use and others needing more space were other common "social" reasons. Of course, living with others as a non-leaseholder is often a result of economic conditions (like low income and high housing costs), and economic shocks also contribute to the dissolution of non-leaseholder housing arrangements.

Thus, individual factors put people at risk of homelessness (by making it hard for them to assemble the resources necessary to afford housing). Those at-risk face economic or social shocks that tip them into homelessness.

2. *Policy options to strengthen individuals*

The primary means for addressing homelessness at the individual level entails helping individuals become healthier and more capable of making positive contributions to the community. Given the wide range of people who experience homelessness, there are a wide range of interventions that may help. Some people may only need a little assistance to find a job or acquire different skills. However, others need significant support to improve their physical and mental health. A complete review of all of the options to address workforce training, physical health, mental health, substance abuse, etc. among people who are experiencing or are at risk of becoming homeless is beyond the scope of this report. I simply note that programs that address these issues are also part of the toolkit communities can use to address homelessness.

Housing Advocate Network (through Missoula Interfaith Collaborative)

[The Housing Advocate Network](#), or HAN, is a community of everyday people walking alongside individuals and families in Missoula to support them in their housing search. Housing insecurity is a reality for many Missoulians, and HAN provides an important service by connecting people with resources and offering support through the process of finding secure housing. Housing advocates work with each individual or family to assess their unique needs and help connect them with available resources. In addition to providing one-on-one support, HAN also offers education and training opportunities on topics related to housing insecurity and advocacy. By working to educate and empower individuals, HAN is working to create lasting change in our community. Click the link above or scan the QR code below for more information.



1 Analysis of Missoula HMIS data.

2 Meyer et al (2023).

3 Curtis, M. A., Corman, H., Noonan, K., & Reichman, N. E. (2013). Life shocks and homelessness. *Demography*, 50(6), 2227-2253.

4 Kushel and Moore (2023).

5 According to the 2018 Minnesota Homeless Study, approximately half of people experiencing homeless first stayed with friends and family when they lost their regular/permanent housing. Wilder Research (2018).

6 Social shocks can also contribute to homelessness among leaseholders. Many leaseholders cited other (typically social) factors like a conflict with the property owner, conflict among residents, dissolution of a relationship, or violence or abuse for why they left their last residence.

V. Conclusion

In sum, while the level of homelessness in Missoula is in-line with recent history and in-line with other urban areas in Montana, the current level of homelessness still imposes significant costs on the community. Homelessness imposes significant costs of the people experiencing it, local government, and the community writ large (via increased crime and disorder and the behavioral change these induce). As such, many Missoulians would like to reduce the costs of homelessness to the community.

Attempts to reduce the costs of homelessness fall into two buckets. Efforts that reduce the level of homelessness, and efforts to reduce the impact on specific areas/individuals that entail shifting the costs on to others.

Reducing the level of homelessness in the community is the primary means of reducing its economic costs. Broadly, the menu of options for reducing homelessness involves:

- Improving market outcomes (strong labor markets, cheaper housing)
- Strengthening the formal safety net (more generous benefits that are easier to access)

- Strengthening the informal safety net (ensuring that people have supportive social networks)
- Helping individuals become healthy, more skilled, and able to consistently make positive contributions to a community.

However, even while working toward reducing homelessness, the issue must be managed, requiring difficult conversations about how to allocate scarce resources and about which people and which places bear more of the localized costs associated with homelessness.

Individuals can benefit by shifting the costs from one area to another. However, this will only reduce the overall burden of homelessness if some areas have higher local costs than others. If homelessness shifts from an area with high local costs to one with lower local costs, the total cost to the community fall. However, the relatively low-cost area still incurs costs it would rather avoid. As such, policies that promote shifting the local burden associated with homelessness must acknowledge these costs and would ideally be combined with policies that mitigate or offset these costs.

