

Homelessness the  
hidden nightmare of  
los angeles  
economics essay



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Los Angeles, California ranks in as the second largest city in the United States. It is home to 3.8 billion people, including many famous movie stars. Known for being one of the sunniest and most tourist-conscious cities, Los Angeles offers many attractions for visitors (problem of homelessness). They hold many sports venues as well, including the Staples Center, which houses the L. A. Lakers and many award shows, like the Grammys. Over the years Los Angeles developed nicknames for its city, such as L. A. and The City of Angels (Los Ang. Wikipedia).

While some people might call it The City of Angels, others could not disagree more with the nickname. During the daytime Los Angeles is a place of business, upper-class citizens roam the streets and movie producers are filming there next big hit. On the other hand, at nighttime it's nothing more than a nightmare you cannot wake up from; thousands of people are left roaming the streets searching for a place to sleep.

What we do not typically hear about or see is Los Angeles's Skid Row, which hides in the shadows of the downtown skyline. This fifty block section of downtown L. A. holds the largest concentrated area of homeless people in the entire United States (Los Ang City of stars). The section of Fifth Street is also referred to as "the nickel." It is said that Skid Row is America's only third world city (Skid Row wikipedia). Skid Row is nothing more than a result of the neighborhood's gentrification.

These horrifying streets are home to the unwanted. Many police officers from other jurisdictions have been seen dumping homeless people in the area; they cannot provide correct services to them, so they dump them there.

Already overwhelmed with the abundance of homeless people, the county is facing a major problem with social service organizations being short staffed and are experiencing a shortage of funds. Any services that a homeless person might be offered, is located in the downtown area of Los Angeles (Los An. City of stars).

The LAPD Chief thought he had found a solution to help local businesses and real estate developers' weed out the site of homeless people. He would have anyone arrested for minor infractions, littering, sleeping on sidewalks, and public urination. Unfortunately, his strategies were only wishful thinking. Soon after his rules were put into affect the city jails were overpopulated with homeless people and could not hold anymore. It was also costing the city more to keep them in jail, than it did to help house them for the night (Los An. City of stars).

Recent plans for Skid Row have been to build condos and lofts that sell for \$700, 000. This would completely gentrify the area and push homeless people further away. Without anywhere else in the county offering assistance for the homeless, they have nowhere and no one to turn to for help. Los Angeles Homeless Service Authority could not afford the new rent. They were forced to move because the building was being renovated into condominiums.

The downtown area is being renovated to attract new businesses, but the downfall of it all is that it's causing rental prices to become non-affordable. New homes and condos are priced at an average of \$2, 000 to \$3, 000 per month. Los Angeles has the most expensive rental market in the entire state

of California. With housing costs on the rise and the supply of affordable housing falling, many people are struggling to keep a roof over their head. Due to the renovations and demolitions, the 28, 000 affordable homes L. A. produced from 2001 to 2006 meant nothing, because they lost 11, 000 homes in the process (research briefly).

Los Angeles is demolishing perfectly good homes, during the middle of a housing crisis. Coalition for Economic Survival and Housing LA, have both been fighting to stop renovations and demolitions. Thankfully, the City Planning Department has recently started to deny some request for such demolition. They are also making it a requirement that some of the residences have to be affordable (livable places).

To restore Los Angeles's middle class society, it must provide and create enough affordable housing units. Affordable housing is the ratio of housing costs to household income. Families should not pay more than 30% of their income, but in L. A. most moderate to low income families, pay 50%. For someone to live in a one-bedroom apartment in L. A., they must make a minimum of \$48, 000 a year (livable places). An average family of four with two working parents must make \$70, 000 a year, just to skim by (Los An. City of stars).

In 2007, only 3% of homes sold in Los Angeles were affordable for median income families (Pricey properties). As the need for housing grows larger the number of homeless people, also increase. Not only are these developers building new condos, but they are evicting residents as well. These families

that are being evicted or flat out cannot afford the new pricing are left without a home.

Due to the shortage of affordable housing units, the Hollywood Community Housing Corporation formed a lottery for people to have a chance to secure a spot in a new fifty-eight unit subsidized apartment. Lines formed seven hundred people deep, waiting for an application. Even though they might have received an application, that did not mean they were accepted. The housing corporation's executive director, said that subsidized projects similar to this one were becoming more and more difficult to finance (Hundreds wait).

For families who do not win " the lottery," they are left on the streets and shooed away. Because of the increase and wide spread of non-affordable housing, homelessness is at an all time high. What used to be a designated area for the homeless in Los Angeles, Skid Row, is now

a wide spread community epidemic. Homelessness is no longer designated to the poorer areas of Los Angeles; the entire county is now seeing, what was once an isolated phenomenon. All eight of the Service Planning Areas have been heavily affected.

On an average night in Los Angeles, 73, 000 homeless people roam the streets without a place to sleep. Around 40% of the homeless have been this way for less than a year. About half the residents living in L. A. are housing a family member or friend, to keep them off the streets. Los Angeles County supplies 17, 000 emergency beds for the homeless. This low amount does

not even come close to the demand for them. Shelter Partnership did a study <https://assignbuster.com/homelessness-the-hidden-nightmare-of-los-angeles-economics-essay/>

that showed how L. A.'s shelters and agencies only accommodate a quarter of homeless families (research and).

The Los Angeles Unified School District has reported a 35% increase of homeless students. Recent data has revealed that the number of homeless families with children is rising. Between 2006 and 2007 HUD data reported that public schools were teaching an estimated 680, 000 children that were either homeless or living in an unstable environment. Studies have shown that homelessness can lower a child's academic performance and reduce high school completion. Homeless children are nearly three times more likely to suffer from emotional or behavior problems, thus in the long run affecting their education.

An estimated amount of 10, 000 people were found living in inhabitable areas (the medical news). Not only has the lack of affordable housing caused homelessness, but the economy as well. The recession has impacted the job market greatly. It has been projected by Goldman Sachs that unemployment will continue to rise throughout 2010. This would cause nearly 10 million Americans to live in poverty. The United States is dealing with the highest amount of unemployment rates, it has ever seen.

It is likely that the nation will face its highest increase in severe poverty, than it has in the last 30 years. The current recession is more likely to cause the risk of homelessness. Unlike previous recessions that provided safety nets to protect jobless families, the assistance for families now is weaker than ever (budget and policy).

The non-profit organization, Chrysalis, provides employment opportunities to help family prevent the risk of becoming homeless. Chrysalis Enterprises is Los Angeles only non-profit organization. Each year, they help over 2, 500 people avoid the risks of poverty and homelessness. They provide yearly assistance for transitional jobs to 600 men and women every year (Chrysalis). Even though Congress is expected to try and restore several million jobs, an unbelievably high number of people will still be at the risk of becoming homeless

Local and state jurisdictions have arranged interagency plans to prevent homelessness. This has helped reduce the number of unsheltered people in the past, and if proper resources are used than it could lessen the increase of homelessness during the recession. Adequate funding must be provided in order for the interagency plans to function effectively. However, states and localities are dealing with budget shortfalls. The recession has caused them to cut programs and raise taxes to try and keep their budget balanced. Homelessness prevention will without a doubt struggle to maintain, let alone increase proper funding (budget and funding).

Between 2007 and 2008 Los Angeles County has reported a 12% increase in welfare assistance for families who are homeless. More families will fall into deep poverty if the unemployment rate keeps rising. An estimated 900, 000 to 1. 1 million families with children will reach the level of severe poverty if this happens, leaving them with the risk of homelessness and housing instability.

Despite falling incomes and rising unemployment, rents are still being driven through the roof. Home foreclosures constantly keep pushing home owners into the rental market. The severe problem with home foreclosures and housing sectors only help cater the increase of homeless families. The demand for rental units will continually grow even though the prices of homes are falling. Families, who would originally be buying homes right now, are renting; they are waiting for the economy and prices to stabilize before doing so. Homelessness will continue to rise during the recession, as long as the housing market maintains its ongoing troubles.

One way Los Angeles can help try to prevent homelessness, is by offering housing vouchers. These vouchers can be used for families to pay past due utility bills or rent. Families dealing with foreclosure can be assisted with relocation funds, a one-time cost associated with moving into a new home. Unfortunately, the only way these short-term assistance programs will work, is if families are able to uphold their ongoing rental costs.

A recent five year study has proven that housing vouchers are effective in preventing homelessness. The government needs to grant a substantial number of additional vouchers in the economic recovery package. In an economic crisis, such as now, voucher programs work the best. As a family's income changes the amount of subsidy they receive will also change. Costs will also decline as the participants gain employment and their earnings increase.

In 2008, Congress provided 15, 000 new housing vouchers. Only 2, 840 of the new vouchers were given to families with children; the families also had

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to be connected to the foster system. The rest of the vouchers were set aside for disabled people and homeless veterans. If no special restrictions on eligibility for new vouchers are set by Congress, then state and local agencies that receive the funds will be responsible for disbursing them. It is likely that more than half of the vouchers will be given to poor families with children.

If 200, 000 new housing vouchers were given throughout 2010, including administrative fees, it would cost \$2. 1 billion. These additional vouchers could strain HUD's 2011 budget. Subsequent budget pressures could be avoided, if the recovery package stated that agencies could not reissue vouchers after a family has left the program and other vouchers have to be out of circulation by the end of 2010. By not allowing agencies to reissue vouchers, roughly 30% of the new vouchers will be retired by the ending calendar year of 2010.

Because of the recession, it is unlikely that families will leave the program, but there is still a chance that some families might leave the program for non-economic reasons. The possibility of less people leaving the program than anticipated could result in a need for additional funding in 2011, to sustain new vouchers that were not offset. The proposed funding of \$2. 1 billion is only meant to cover a sixteen month period. If Congress provided a twenty month program, than agencies could accept a higher number of vouchers and further help prevent homelessness in their community.

With the new proposal, families would be able to spend more money on food, clothing, and health care. The benefits of trying to eliminate and reduce

homelessness would be immediate and long-term. New vouchers would help pump funds back into local economies within a four to six month period.

When comparing Michigan to California with the estimated state shares of recommended increases in housing vouchers and ESG homelessness prevention funding, California will receive 26, 962 more vouchers and \$182, 507, 187 more new ESG funds than Michigan (Budget and Policy).