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Homelessness in the San Francisco Bay Area: The crisis and a path forward

Homelessness in and around the San Francisco Bay Area continues to rise. Coordinated efforts among governments, nonprofits, and the private sector could stem the crisis and spark progress.

by Kate Anthony, Kunal Modi, Kausik Rajgopal, and Gordon Yu

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Homelessness in the San Francisco Bay Area has reached crisis proportions. The region has the third-largest population of people experiencing homelessness in the United States, behind only New York City and Los Angeles. Two-thirds of the Bay Area's homeless residents are living on the street, in their cars, or in encampments, while the remainder live with daily uncertainty over whether their bed at night will be a relative's couch or a temporary shelter cot. Tent encampments are becoming a visible feature of the region's streetscape, and the crisis is placing an undue burden on auxiliary support systems, such as healthcare, criminal justice, and behavioral health. Despite concerted effort by public officials and substantial investment in housing and related supports and services, the number of homeless is growing, as inflows continue to outpace outflows.

Addressing this issue will likely require a regional, multi-stakeholder approach that holistically supports homeless families across the full journey, from housing insecure to homeless to housed, and integrates resources across the government, nonprofit, and private sectors.
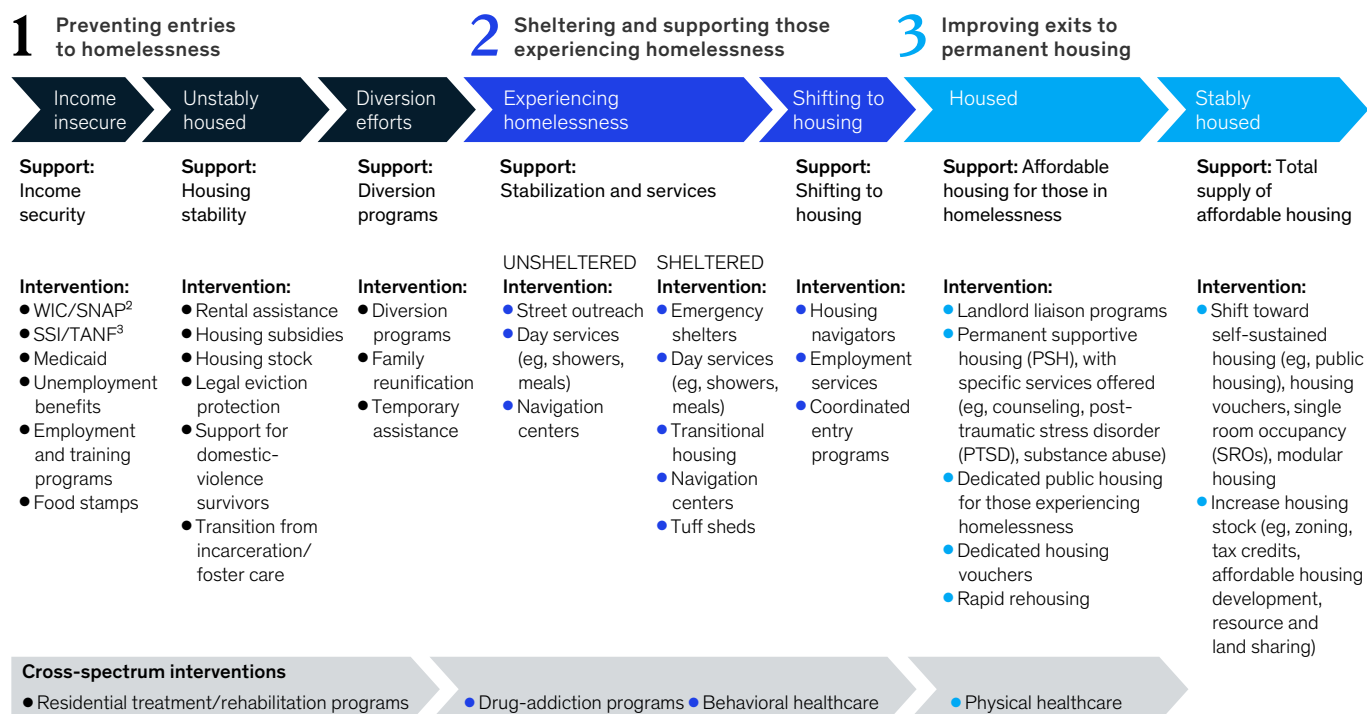
The journey from housing insecure to homeless to housed

While most of the public thinks about homelessness as "unsheltered" homelessness, or street homelessness, the reality is a broader journey as individuals enter, experience, and transition out of homelessness, with myriad possible interventions along the spectrum (Exhibit 1). Complicating the crisis further are the facts that an individual or family's path into and out of homelessness is often

Exhibit 1

Understanding how people experience homelessness can help in identifying appropriate interventions.

Stages of homelessness[1]

1 Preventing entries to homelessness

2 Sheltering and supporting those experiencing homelessness

3 Improving exits to permanent housing

Income insecure	Unstably housed	Diversion efforts	Experiencing homelessness	Shifting to housing	Housed	Stably housed
Support: Income security	**Support:** Housing stability	**Support:** Diversion programs	**Support:** Stabilization and services	**Support:** Shifting to housing	**Support:** Affordable housing for those in homelessness	**Support:** Total supply of affordable housing

			UNSHELTERED	SHELTERED			
Intervention:	**Intervention:**	**Intervention:**	**Intervention:**	**Intervention:**	**Intervention:**	**Intervention:**	**Intervention:**
• WIC/SNAP[2]	• Rental assistance	• Diversion programs	• Street outreach	• Emergency shelters	• Housing navigators	• Landlord liaison programs	• Shift toward self-sustained housing (eg, public housing), housing vouchers, single room occupancy (SROs), modular housing
• SSI/TANF[3]	• Housing subsidies	• Family reunification	• Day services (eg, showers, meals)	• Day services (eg, showers, meals)	• Employment services	• Permanent supportive housing (PSH), with specific services offered (eg, counseling, post-traumatic stress disorder (PTSD), substance abuse)	
• Medicaid	• Housing stock	• Temporary assistance	• Navigation centers	• Transitional housing	• Coordinated entry programs	• Dedicated public housing for those experiencing homelessness	• Increase housing stock (eg, zoning, tax credits, affordable housing development, resource and land sharing)
• Unemployment benefits	• Legal eviction protection			• Navigation centers		• Dedicated housing vouchers	
• Employment and training programs	• Support for domestic-violence survivors			• Tuff sheds		• Rapid rehousing	
• Food stamps	• Transition from incarceration/foster care						

Cross-spectrum interventions
• Residential treatment/rehabilitation programs   • Drug-addiction programs   • Behavioral healthcare   • Physical healthcare

[1] Individual journeys are nonlinear; those experiencing homelessness may cycle between some stages repeatedly and skip others altogether.
[2] Special Supplemental Nutrition Program for Women, Infants, and Children/Supplemental Nutrition Assistance Program.
[3] Supplemental Security Income/Temporary Assistance for Needy Families.

not straightforward and that the support system itself is fragmented, with limited communication and data sharing between service providers and across regions. Efforts to improve the crisis response system will benefit from an end-to-end strategy to stem the instances of entry into homelessness, increase exit opportunities, and better coordinate care across the support spectrum to ensure people don't get "stuck."

The state of the crisis in the Bay Area

Based on a 2017 point-in-time (PIT) count, 28,200 people were estimated to be homeless in the Bay Area, with 70 percent of these living in Santa Clara, San Francisco, and Alameda Counties (Exhibit 2).[1] Preliminary PIT counts released in 2019 indicate an increase of 17 percent in San Francisco, 31 percent in Santa Clara, and 43 percent in Alameda Counties from 2017 to 2019. The total number experiencing homelessness in a given year is likely substantially higher: PIT counts may underestimate persons experiencing homelessness on an annual basis by at least two to three times.[2]

Contrary to popular myth, the majority of homeless persons in the Bay Area are not coming from other regions: 89 percent of people experiencing

Exhibit 2

In a 2017 count, around 28,000 people were estimated to be homeless in the San Francisco Bay Area.

Persons experiencing homelessness by Bay Area county in 2017, number

County	Number
Napa	315
Marin	1,117
Solano	1,232
San Mateo	1,253
Contra Costa	1,607
Sonoma	2,835
Alameda	5,629
San Francisco	6,858
Santa Clara	7,394
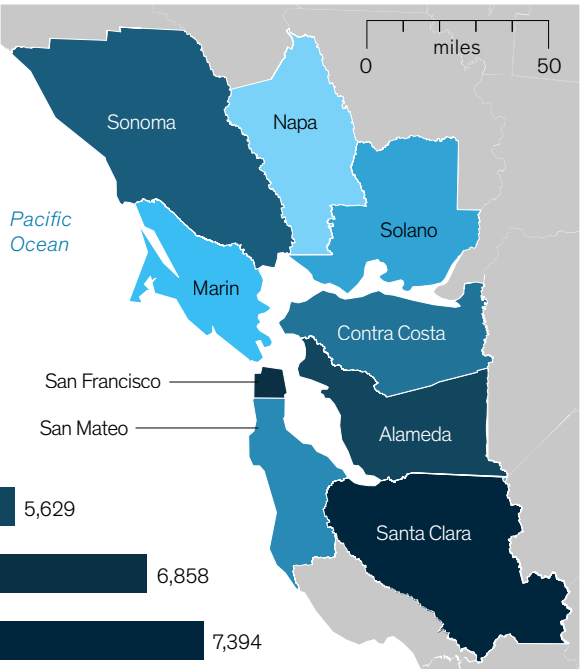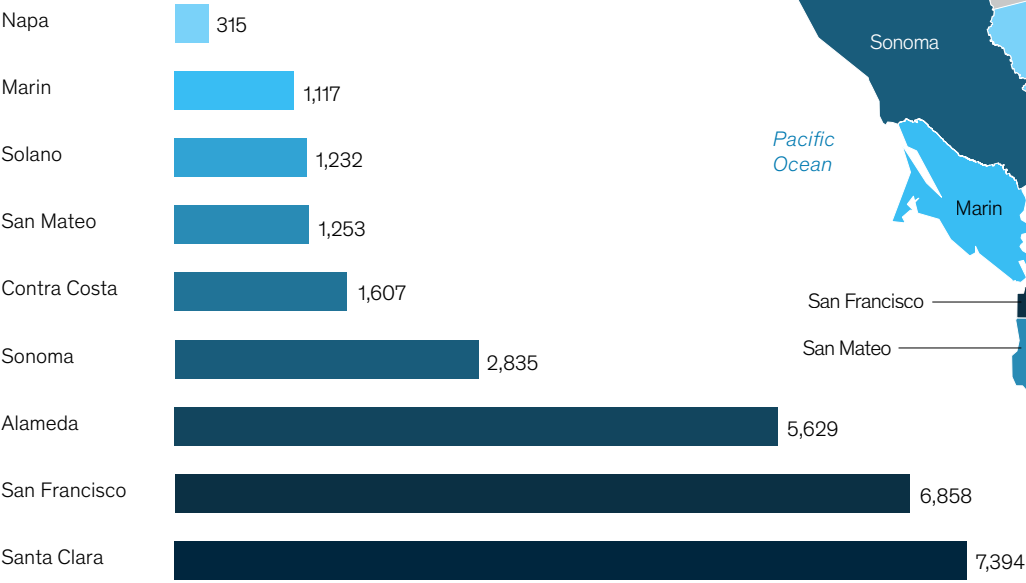
Source: 2017 US Department of Housing and Urban Development point-in-time-count data, by Continuum of Care, 2017 US census estimates

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[1] The primary national source of data on homelessness is the US Department of Housing and Urban Development PIT count: an unduplicated count of sheltered (annual) and unsheltered (biennial) homeless persons conducted by volunteers on a single night in January.

[2] Meghan Henry et al., *2017 Annual Homeless Assessment Report (AHAR) to Congress*, US Department of Housing and Urban Development, October 2018, hudexchange.info. The 2017 AHAR documented more than 550,000 persons experiencing homelessness in the United States, according to the January PIT count, but estimated that more than 1.4 million experienced homelessness over the course of the year.

homelessness in 2017 reported living in their county for one or more years.[3] However, practitioners report high rates of interregional mobility, with persons experiencing homelessness crossing county lines regularly, many separated only by a short bus or metro trip.[4]

A large portion of the Bay Area homeless population is unsheltered: 67 percent in 2017, second only to Los Angeles. Relative to other metropolitan areas, the Bay Area also has high rates of chronic and youth homelessness (Exhibit 3).[5]

How we got here

The combination of a long-standing housing-affordability crisis, insufficient inventory, and a lack of system-level and regional coordination means the Bay Area has failed to sufficiently stem inflows, increase exits, and effectively navigate those experiencing homelessness to lasting solutions.

Housing affordability

Long-standing housing-affordability challenges affect every stage of the Bay Area's homelessness cycle. From 1999 to 2014, the Bay Area permitted construction of 61,000 fewer very-low-income affordable-housing units[6] than recommended by the state and lost a substantial portion of existing housing inventory to market pressures—in San Francisco, for every two affordable housing units created, the city lost more than one from its existing inventory because of units being permanently withdrawn from the protection of rent control.[7]

Exhibit 3

The Bay Area sees high rates of chronic, youth, and individual homelessness.

Demographics of people experiencing homelessness in Bay Area, % of 2017

Gender	67 — Men	1 — Other	32 — Women
Familial breakdown	66 — Individuals age 25 or over	14 — Families	20 — Unaccompanied youth under age 25

Key characteristics of interest: Chronic homeless 28; Veterans 9; Severe mental illness 39; Substance abuse 28
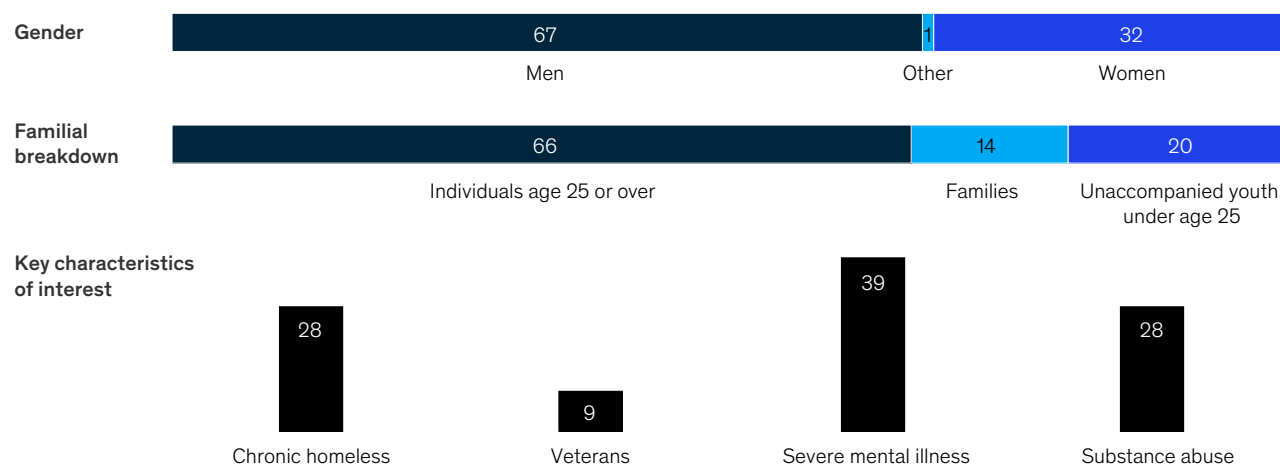
Source: 2017 US Department of Housing and Urban Development (HUD) point-in-time count; *HUD 2017 Continuum of Care Homeless Assistance Programs Homeless Populations and Subpopulations* reports, HUD, November 2017, hudexchange.info

[3] 2017 self-reported data from 94 percent of Bay Area population of persons experiencing homelessness (in San Francisco, Santa Clara, Solano, Sonoma, Contra Costa, Marin, and Alameda Counties).

[4] Figures based on 2017 San Francisco Continuum of Care program data on place of origin of persons experiencing homelessness. Finding supported by interviews with other counties.

[5] This is similar to other West Coast metropolitan areas. East Coast metropolitan areas tend to have higher rates of family homelessness.

[6] US Department of Housing and Urban Development defines "affordable" units as those units for which monthly rent and basic utilities does not exceed 30 percent of monthly income for a given income bracket. "Very-low-income affordable" units are defined as units affordable to families making less than 30 percent of the area median income.

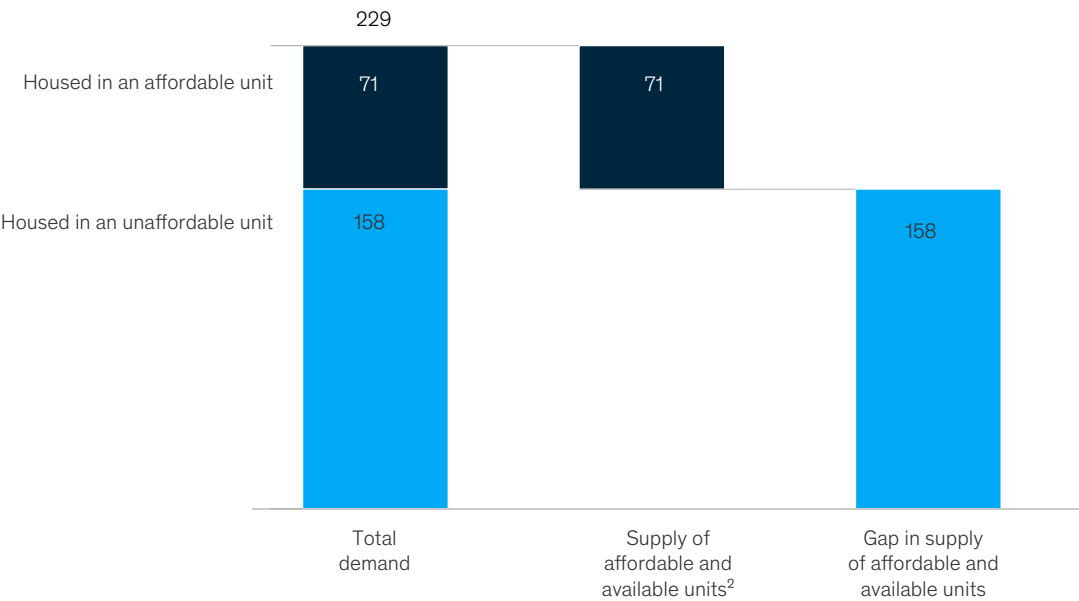[7] *Housing balance report no. 7*, San Francisco Planning Department, September 2018, sfplanning.org.

The result is a severe housing shortage: according to the National Low Income Housing Coalition, as of 2017, in the San Francisco–Oakland–Hayward and San Jose–Sunnyvale–Santa Clara metropolitan areas alone, there was a supply gap of more than 157,500 affordable and available units for extremely low-income households. Two-thirds of extremely low-income households lived in rental accommodations they struggled to afford, leaving them one unexpected expense away from entering homelessness (Exhibit 4).

Insufficient inventory

Insufficient inventory across the homelessness spectrum further limits exit opportunities and leaves many waiting on permanent solutions without a temporary home. In keeping with the national push for Housing First,[8] the Bay Area has doubled down on increasing permanent-supportive-housing[9] and rapid-rehousing[10] options. However, in light of the affordability challenges previously discussed, current inventory is not nearly enough to meet demand. Accounting for permanent-supportive-

Exhibit 4

Two-thirds of low-income households were in rentals they struggled to afford.

Supply vs demand of affordable rental units for extremely low-income households in San Francisco–Oakland–Hayward and San Jose–Sunnyvale–Santa Clara,[1] thousand

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	Total demand	Supply of affordable and available units[2]	Gap in supply of affordable and available units
Housed in an affordable unit	71	71	
Housed in an unaffordable unit	158		158

[1] National Low Income Housing Coalition 2017 gap analysis. <30% area median income defined as extremely low income.
[2] Affordable unit defined as one where monthly rent and utilities do not exceed 30% of monthly household income. Analysis for rental units/households only. Affordable and available unit defined as unit that is either vacant or currently occupied by a household at defined income threshold or below.

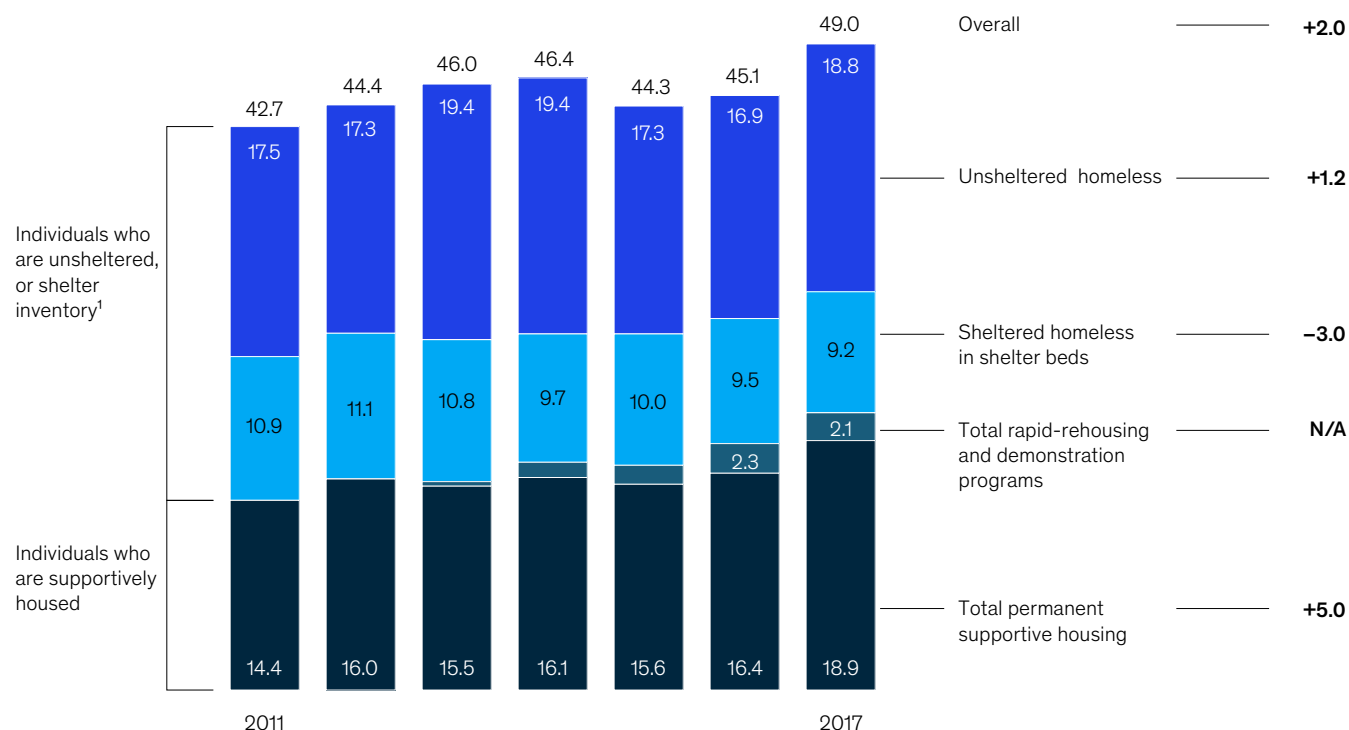Source: National Low Income Housing Coalition; US Department of Housing and Urban Development

[8] According to the US Department of Housing and Urban Development (HUD), Housing First is a HUD-supported method of intervention for people experiencing homelessness that uses housing itself as the intervention—providing permanent housing first in order to then provide services (such as behavioral healthcare and medical treatment) that help to build stability. In contrast, a "housing-readiness" approach makes people experiencing homelessness clear certain criteria before being eligible for housing.
[9] Permanent supportive housing is housing with indefinite leasing or rental assistance paired with supportive services to assist homeless persons or families with a disability in achieving housing stability.
[10] Rapid rehousing emphasizes housing-search and relocation services and short- and medium-term rental assistance to move homeless persons and families (with or without a disability) as rapidly as possible into permanent housing.

Exhibit 5

The number of persons requiring support from the crisis-response system continues to increase, with more than 18,000 of those in need of immediate shelter.

Individuals currently needing support from Bay Area crisis-response system, thousand

Compound annual growth rate in need and support, 2011–17, %

Overall	+2.0
Unsheltered homeless	+1.2
Sheltered homeless in shelter beds	−3.0
Total rapid-rehousing and demonstration programs	N/A
Total permanent supportive housing	+5.0

Individuals who are unsheltered, or shelter inventory[1]

Individuals who are supportively housed

Note: Figures may not sum, because of rounding.

[1] Assumes that shelter beds are 100% utilized and that bed count serves as an approximation for the sheltered-homeless population.

Source: US Department of Housing and Urban Development point-in-time-count and housing-inventory-count data

housing and rapid-rehousing supports, the current Bay Area crisis-response system currently shelters 30,000 homeless individuals. Assuming current bed-count utilization is at 100 percent, more than 28,000 additional individuals require permanent housing, with more than 18,000 of those in need of immediate shelter (Exhibit 5). Ultimately, an "all of the above" strategy is required: the right mix of affordable housing, permanent supportive housing, and temporary shelters to meet the full accommodation need.

Lack of coordination

The Bay Area's crisis-response system is highly fragmented, with limited communication and data sharing between service providers and across regions. Each county operates its own

Continuum of Care: submitting its own strategic plan, collecting its own data on its homelessness population and system performance, and receiving its own funding from the US Department of Housing and Urban Development (HUD). Given the substantial interregional mobility of the Bay Area's homeless population, this approach impedes understanding of current service needs and gaps; it also hampers much-needed collaboration to determine the most effective strategies to meet growing need.

Pillars of the solution

Practitioners across the system agree: there is no silver bullet. Progress on the issue will likely require regionally coordinated efforts by governments,

philanthropists, and the private sector across three key spheres.

1. Meet the accommodation need

At its core, the solution to homelessness is a home. The Bay Area must expand the housing supply available to extremely low-income households to keep people in their homes and increase exit opportunities into permanent housing solutions. Efforts will need to target both families and individuals able to benefit from rapid rehousing services, as well as the Bay Area's large chronically homeless population, who, in most cases, require housing with wraparound services in order to successfully transition out of homelessness and remain housed long term.[11] These solutions aren't free, but neither is the status quo: a 2015 study in Santa Clara County estimated that indirect costs of homelessness on the healthcare, criminal justice, and social services systems amounted to more than $520 million annually.

Meeting the affordable-housing gap will likely not be possible under the status quo: convoluted permitting, high construction costs, and long timelines fraught with administrative bottlenecks impede meaningful progress. Renewed efforts by stakeholders in the public and private spheres could reduce the time and cost needed to build new units, incentivize housing production for lower-income brackets, and test and scale innovative models to meet accommodation needs and provide the necessary support services.

2. Drive greater state and regional collaboration

The fragmented solution landscape and intraregional mobility of the Bay Area's homeless population point to the importance of a cohesive strategic approach to homelessness that integrates funding, data collection, and advocacy efforts between service providers and across regions. Creation of a regional Bay Area Homeless Management Information System could help to build a more accurate map of inflows, exits, available services, gaps, and cost to serve. Establishing a regional homelessness-management plan—like the regional emergency-management systems that have been set up in the wake of disasters—could enhance service delivery, reduce redundancies, increase accountability, and enhance the region's power to advocate at the state and national levels.

3. Engage private and philanthropic capital to enhance services and pilot innovative solutions

Private and philanthropic dollars can be deployed in innovative ways to expand and improve services for current homelessness populations. Public–private partnerships and innovative models, such as pay for success,[12] could mobilize much-needed capital to rapidly test and scale highly effective interventions. Fast-growth employers expanding in the Bay Area can add housing as they expand or invest in efforts to preserve affordability, such as the recent Partnership for the Bay's Future, supported by Facebook, Genentech, Kaiser Permanente, and several local foundations. Innovative technologies can enhance outreach efforts, reduce costs, and simplify complexities in the current service system.

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Unprecedented growth in the Bay Area has brought unprecedented challenges. The region has long been an engine of growth and prosperity, but it has also increasingly become marked by unaffordability and inexcusable conditions for our most vulnerable. The problem is not intractable: the Bay Area has the intellect and resources to turn the tide, but doing so will likely require additional resources and a more cohesive, coordinated, and substantial approach than the status quo.

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[11] The Bay Area's large youth population also often require additional services in order to ensure successful exit and retention in permanent housing.
[12] Pay for success is an innovative financing model that ties financing for interventions to the achievement of measurable outcomes.

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