

ARTICLES

California Homelessness Rises to 187,000, Perhaps Many More, Despite \$37 Billion Spent

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That mission has spent [\\$37 billion on homelessness](#), but it hasn't succeeded. The number of homeless Californians has increased to [about 187,000](#), a 60% increase from its 2015 level and a 24% increase since 2019. To put the number of homeless Californians in perspective, if these 187,000 individuals were their own city, [that city would be ranked around the 137th largest in the country](#), roughly the same size as Akron, Ohio, and Fort Lauderdale, Florida, and larger than Oregon's capitol city, Salem.

California's homelessness policies are clearly not working as intended. And deciphering what has gone wrong is complicated by the fact that we don't know nearly enough about where the funding is going, and which of the many homeless programs within the state are underperforming. Moreover, these problems are becoming chronic. About one year ago, the state auditor [reported the following](#):

The State lacks current information on the ongoing costs and outcomes of its homelessness programs, because Cal ICH [California Interagency Council on Homelessness] has not consistently tracked and evaluated the State's efforts to prevent and end homelessness. . . . Cal ICH has also not aligned its action plan to end homelessness with its statutory goals to collect financial

information and ensure accountability and results. . . . Another significant gap in the State's ability to assess programs' effectiveness is that it does not have a consistent method for gathering information on the costs and outcomes for individual programs.

Last August, [a federal audit of California homelessness programs](#) evaluated California's Department of Housing and Community Development, which is the overseer of California's homelessness programs, and gave it the lowest possible score, due to inadequate fraud detection. The audit stated that California did not have adequate protections in place to safeguard the \$319.5 million it was provided in federal funding for homelessness.

California's lack of fraud protection in distributing homelessness funding is particularly noteworthy, because the state's Employment Development Department (EDD), which administers its unemployment benefits program, was hacked for perhaps [over \\$30 billion in fraudulent unemployment payments](#). At the same time, at least one million legitimate claims were improperly denied and many others were [delayed due to EDD's outdated IT system](#), some of which dates back to the early 1980s.

The most recent report on California homelessness programs, from the Legislative Analyst's Office (LAO), [noted](#):

Despite the various reporting requirements . . . no data have been provided to the Legislature on how many people living in an encampment have received permanent housing (or any other type of housing). The Legislature lacks other key outcomes data such as the number of encampments that have been resolved. In addition, although some partial information on outputs was shared with the Legislature in prior years, updated and more complete data have not been provided. As a result, the Legislature does not have basic information on program outputs such as how many people in encampments have been provided with case management services (such as housing search assistance) and the number of housing units brought on line with grant funds.

Given these shortcomings, the LAO recommends that the legislature wait on funding additional resources for encampment clearance until adequate data is provided to determine if the program's goals are being satisfied.

Taken together, these three audits are extremely problematic. But the problems with California's homelessness policies go beyond those cited above. A major goal of these policies is building permanent

housing for people experiencing homelessness. However, this housing can be remarkably expensive to build. [A 2022 Los Angeles Times article reported](#) that low-income housing “routinely costs more than \$1 million per unit to build.” Last year, Santa Monica approved a 122-unit high rise complex for the unhoused at [a cost of \\$1 million per unit](#), not including the value of the land. The location of the new housing will be just three blocks from Ocean Avenue, which overlooks Santa Monica beach, and is about a block from Wilshire Boulevard. The land at this location is likely some of the most valuable land per square foot in the country.

Another problem is that the principles of harm reduction and Housing First underlie California’s homelessness policies. [Harm reduction](#) means that society should accept that some individuals will use drugs, respect people who use drugs, and support social interventions that will reduce the harm that may arise from drug use and its stigma. [Housing First](#) means that the first order of business in dealing with homelessness is providing permanent supportive housing.

These visions of dealing with homelessness mean that California doesn’t require those receiving housing to be sober, nor to receive any type of treatment for mental health or substance abuse issues. This approach implicitly incentivizes the continued use of drugs and alcohol and avoidance of mental health treatment. About 75% of chronically homeless individuals are [dealing with substance abuse, severe mental illness, or both](#), which means that even if many of them are provided housing, they may remain unable to contribute to society.

California’s homeless count, like all other states, is based on counting the number of individuals that are identified as unhoused on a single evening in late January or early February of each year. However, a one-night survey almost certainly undercounts people experiencing homelessness, particularly in California, where so many are living on the streets. The LAO reported that through September of last year, about 310,000 individuals had received shelter or some form of services for the homeless. Previously, in 2023, the LAO reported 337,000 homeless individuals for the full year. Returning to the city size comparison used above, a city of 337,000 would be larger than Orlando, Florida, and nearly as large as Honolulu, Hawaii.

The \$37 billion spent on homelessness by California is equivalent to about \$245,000 per each of the 151,000 homeless people counted in 2019. And despite that level of spending, homelessness increased by 36,000 individuals since that time—perhaps by many more. California can’t address homelessness until it can track its spending and the effectiveness of that spending. Until it does that, we will continue to spin our wheels in dealing with a problem that has become intractable.

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