
UNDERSTANDING HOMELESSNESS

INTRODUCTION

The Bay Area faces one of the most severe housing affordability and homelessness crises in the nation. Rising housing costs, stagnant wages, limited affordable housing inventory, health challenges, and economic instability have left many households one unexpected expense away from losing their housing.

Families with children, seniors, individuals living with disabilities, veterans, and people exiting homelessness face significant barriers to obtaining and maintaining stable housing. The shortage of affordable housing continues to outpace demand, while inflation and economic uncertainty place additional pressure on already vulnerable households.

Without intervention, housing instability often leads to poorer health outcomes, unemployment, educational disruption, family instability, and increased reliance on emergency services. Stable housing is a critical foundation for economic mobility and long-term community well-being.

CAUSE OF HOMELESSNESS: FOUR PRIMARY SHIFTS

Homelessness as we know it did not really begin until the 1980s, and is the result of four primary socioeconomic shifts.

- The first shift started in the '60s, as the American economy began to shift away from industrial production. Between 1970 and 2005, this led to the loss of 5 million manufacturing jobs, and as many as 25 million other associated jobs. Many of these jobs were relatively high-wage jobs with pensions and were held by people with little education. They were replaced with lower-paid jobs with fewer protections, or none at all. During this time, real hourly wages fell for all workers, except those at the highest levels. So, more American workers were losing their jobs and/or seeing significant decreases in what they were earning.
- The second shift was the loss of affordable housing. Between 1970 and 1993, nearly one million affordable housing units were lost across the country. Between 1976 and 2002, the federal budget for housing programs for low-income renters plummeted by almost 60 percent – from over \$80 billion to less than \$35 billion.

During this time, the Section 8 program went from serving 517,000 households to fewer than 150,000. So, at the same time fewer households could afford housing, there was much less affordable housing to go around.

- The third shift was the dissolution of the safety net system. During this same time, “welfare” benefits declined by almost half. While welfare benefits had never been particularly generous, it was shrinking to where they no longer served as a safety net. So, people had low-pay jobs (or no jobs), less affordable housing, and no safety net to fall back on, thrusting them into homelessness.
- The fourth shift was deinstitutionalization – another process unfolding at this time. In the ‘60s and ‘70s, state mental health institutions were closing. Institutions were meant to be replaced with community-based systems of mental health care, but the funding did not materialize at the scale needed. What happened instead was that as many as 500,000 people never stabilized in the places to which they’d been released and were not successfully connected to care. This “deinstitutionalization” is often blamed as the primary factor in the rise of homelessness, but it is not.
 - It is important to note: The cause of homelessness at this time was not mental illness. The cause of homelessness was the dissolution of a flawed mental health system. And, sadly, for many, the post-institutional experience of homelessness and its pursuant traumas intensified and compounded their mental illness.

When taken together, these four shifts overlapped and interacted in the 1980s to produce – for the first time – a sizable and growing number of people who literally had no housing and no options, who were living and dying on the streets.

In California, there are other important factors:

- Only 24 units are available for every 100 extremely low-income households that need them.
- More than 75 percent of these folks spend more than half of their income on rent.
- We have a shortage of 972,000 rental homes available for extremely low-income renters.



40849 Fremont Blvd.
Fremont, CA 94538

T: (510) 657-7409

W: abode.org

HOW THESE SHIFTS AFFECTED ABODE'S APPROACH

When Abode was formed in the late 1980's, we really thought that providing services in a shelter would be the solution to homelessness. But we soon found that long-term housing was the real solution. Here's why:

- As the dot-com boom put pressure on the housing market, low-income households were no longer able to afford rent.
- Abode then realized that, regardless of what short-term shelter was available, if we didn't build new housing and partner with existing housing providers by providing subsidies and support for people, folks experiencing homelessness would never be able to access the housing market. So, we shifted from a shelter-based model to one focused on housing.
- Homelessness is not a result of individual failures. Homelessness is a result of many structural factors that impact people with individual vulnerabilities the most. Many of us who are housed have failed a lot but have formal or informal safety net systems to catch us. Those experiencing homelessness do not have that safety net or have fallen through all the cracks.
- We also know that many of our lower salary jobs don't get anywhere close to helping workers pay for Bay Area housing prices – including the barista at your coffee shop, the warehouse worker sorting your packages at Amazon, or the workers at your favorite restaurant.
- As a society, we reap the benefits of low-wage workers yet are quick to blame them personally for their inability to survive in this housing market. If you add any vulnerability to that mix – an unexpected hospital bill, a bout of depression that impacts your employment, or a family break-up or death that suddenly splits your income in half – then you are even more susceptible to losing your housing.

STATE OF BAY AREA HOMELESSNESS

Homelessness is down in most Bay Area counties. But the job is not done.

The continued high cost of housing and the looming results of federal budget cuts reveal that the job of truly ending homelessness is far from over.

First, the good news:

- Homelessness in six Bay Area counties reported a sizeable decrease this year, dropping from a combined total of 25,700 in 2024 to 23,000 homeless people in 2026.
- Also, Santa Cruz County's count dropped by 20% in a year – from 2024 to 2025.

However, some concerns loom:

- Progress is stagnant in some communities.
- San Mateo County's homelessness count is slightly up this year.
- The numbers in Sonoma and Napa were essentially unchanged from 2024.
- We have yet to fully feel the negative effects of federal budget cuts levied a year ago – which might cause a backslide over the next few years.
- Affordability and income inequality remain major issues.
 - Bay Area residents must earn \$50-to-\$70 an hour to afford a modest two-bedroom apartment
 - The average rent for a one-bedroom San Francisco apartment is \$4,300 – and rising every month.

Bay Area statistics are trending in a positive direction. But further cuts to budgets and resources, along with any shifts away from proven successful strategies, will threaten the substantial progress we've recently made in reducing homelessness.

For these reasons, we need ALL solutions, not only shelters, to end homelessness.

ABODE'S STRATEGIES TO SOLVE HOMELESSNESS

We have a clear strategic plan with three main pillars.

- **More action!** – We need to serve more people, build more housing, and partner with more property managers/owners to help meet the need. We believe that we need to invest more in preventing homelessness by providing real-time support before someone actually experiences homelessness, in addition to growing our well-established outreach, interim housing, time-limited subsidies, and permanent housing programs. We plan to double our impact over the next five years. Given federal cuts, this will be challenging, but we believe that, with strong local partnerships, it can be accomplished. We will also need to focus much more on “visible” unsheltered homelessness. Even though we have housed nearly 14,000 people over the past five years, many community members are growing frustrated with growing encampments.
- **Greater Influence** – Abode provides services to 8 counties and serves over 18,000 people. As the largest family of housing agencies wholly dedicated to ending homelessness in the San Francisco Bay Area, we believe we have a moral responsibility to use our track record, influence, and expertise to make a greater difference in the communities we serve. We will be investing in policy, research, and public education to make this happen.
- **Higher Excellence** – We will be investing in better systems to ensure we continue to attract and retain high-quality staff, ensure that our financial backbone stays strong, and grow our non-governmental fundraising.

HOUSING IS THE KEY SOLUTION

Housing ends homelessness, but we are not naïve. We don't think that we can just snap our fingers and suddenly have enough housing for everyone who needs it.

This housing crisis is decades in the making. It is a result of a disinvestment in housing and the safety net system and will take decades to fix. But without consistent focus on the solution of housing, we will never be able to solve this.



40849 Fremont Blvd.
Fremont, CA 94538

T: (510) 657-7409

W: abode.org

Abode believes that all solutions are needed, and we work to address our region's housing inequities through every possible lens: from services that meet people where they are on the street, to managing and building the places they will call home. In real life, choices are not diametrically opposing: a single mom desiring a more comfortable life can't often choose to work, take care of her child, or go to school – she must do everything at the same time. And our communities do, too, if they truly want to end homelessness.

HOUSING ENDS HOMELESSNESS