Homes in the Heartland: Ending Homelessness in Knoxville

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Executive Summary

Homelessness is a serious concern in the Knoxville area: visitors and residents of Knoxville are shocked by the inundation of Knox area streets with people who lack housing. They would be even more shocked to find out that the problem far exceeds what can be seen on the streets. Statistics suggest there are 1,500 homeless in the area per month (Knox Area Rescue, 2016). Although there are many underlying causes of chronic homelessness, one of the most prevalent is simply the lack of affordable housing. Much of the need for affordable housing opportunities has not been met for low income earners. The Joint Center for Housing Studies (2015) has estimated that the national gap between low income housing and low income renters is 4.9 million units (Harvard, 2015). Over 40% of renters in Knox County pay over 35% of their income towards rent, a percentage which is widely considered to represent the most one could afford to pay towards housing (U.S. Census Bureau, 2014). The government defines affordable housing as monthly rent which is below 30% of one’s income, less than 50% of Knox county renters actually pay rent at that ratio of their income. With such a small margin of safety, an unexpected emergency can turn into a desperate situation very quickly. Although there are many government programs to help in such scenarios, fewer than 30% of those eligible for low income housing actually receive it (Knox Area Rescue, 2016).

Despite recent economic growth, homelessness has been steadily increasing across the nation. According to the 2014 Biennial Study conducted by the Knoxville-Knox County Homeless Coalition, funding for low income housing has actually decreased over the past two decades (Volunteer Ministry Center, 2014). During that time, over 200,000 low incomes houses have been demolished nationwide and many needed services have been discontinued (Ibid). Locally, there has been a decrease in the building of low income housing, and several closings of homeless shelters and mental institutions.

Homelessness is not a new issue. There have been many attempts to address the problem over the years, including numerous governmental programs as well as local and faith-based organizations. However, an effective solution requires cooperation across a variety of organizations. Recent success in Salt Lake City has demonstrated how effective a well coordinated effort can be (Carrier, 2015). For only $20 million dollars, the city has been able to make major headway in the homelessness problem and has made a difference in the lives of thousands of people (Ibid). With no questions asked, homeless are given a home to live in. Although, at first glance one might assume that this is not getting at the root of the problem. However, recent data has shown that the model has been extremely successful. The individuals involved in the program are given counseling if they so desire, rehab, medical help, and help finding employment. These costs are a fraction of more indirect ways of handling the problem such as sheltering, incarceration, or hospitalization. The level of efficacy is astounding: 88% of the individuals involved in the initial launch of the program maintained housing and became healthier. As the article states: “The old model was well intentioned but misinformed. You
actually need housing to achieve sobriety and stability, not the other way around” (Ibid). It bears repeating that these results were achieved at a fraction of the cost of indirect methods.

Problem Statement

The problem is simple in principle but in reality involves many different socioeconomic factors. People who become homeless, particularly those who transition into chronic homelessness, are often victims of job loss, mental illness, or domestic violence. Fortunately, these adversities do not have to be mutually inclusive. We believe that the implementation of a permanent housing program will give these people the stability they need to address the other issues that they are dealing with.

Given the pervasiveness of the problem, it can seem as if the solution must be complicated. However, with enough boldness and clarity of will, a simple solution can make meaningful changes. As previously noted, the homeless need external help to escape the cycle they are trapped in. For those who have found themselves in a desperate situation, regaining a foothold can be difficult. We intend to support them in two important ways. First, we intend to provide them with housing so that they can have their basic needs met to allow for progress towards recovery. Second, to facilitate long term stability, they will need to be assisted with finding employment. Under our program, counseling and mentoring services will be provided to help them with reintegration into the workforce. When given the opportunity to succeed, we believe that many will be able get on track towards self-sufficiency.

Obviously, taking a narrow-minded view of homelessness might put the liability to alleviate homelessness squarely on local non-profit organizations or faith-based groups, or even on the homeless themselves. Assessing the full economic impact of this problem, however, reveals that the issue extends much further, as it affects the general public and involves allocation of government resources. Specifically, the aforementioned costs of emergency sheltering, incarceration, and hospitalization are extremely high and constitute a certain misappropriation of taxpayer dollars.

The problem of homelessness in Knoxville is pervasive and has far-reaching consequences. The problem of homelessness has been acknowledged at the state government level, with previous Tennessee Governor Phil Bredesen and current Governor Bill Haslam both establishing the Interagency Council on Homelessness under the Tennessee Department of Mental Health and Substance Abuse Services. This council has been tasked with “eliminating homelessness among veterans, the chronically homeless, families, and children,” and while the creation of this task force is a step in the right direction, there hasn’t been any recent significant legislation at the state level addressing the issue. Part of economic reforms conducted after the economic recession in 2009 made federal provisions for economic development through improved access to housing. Notably the Homelessness Prevention and Rapid Rehousing Program sponsored by the Department of Housing and Urban Development is aimed at addressing homelessness, but unfortunately the city of Knoxville does not directly receive or benefit considerably from this program.
This is why the time is right for our proposed policy. The problem of homelessness has received national attention and has been acknowledged by our state government, but there are currently few concerted efforts to attack the issue on a local level. In an election year, a time when concerns about job stability and the future of our economy become headline news, it makes perfect sense to address one of the main deterrents to the long-term prosperity of all citizens: access to affordable housing.

With the recent example set by Salt Lake City in mind, we believe that this is an opportune time to approach this problem from a fresh perspective. Many previous attempts have failed because the costs were assumed to be too high. The success of the Salt Lake City program has shown that good can be done for the homeless in a cost-effective and meaningful way. With appropriate funding and support from legislative officials, we are confident that this problem can be overcome.

**Alternative Solutions**

Homelessness is an issue that has been approached from a variety of angles. Numerous models and attempts have been made. There have been direct and indirect attempts. Far too often, second choice indirect attempts are given priority due to the perceived cost of attacking the issue head on. However, we believe that recent success in Salt Lake City demonstrates that focused, determined action can be not only the most effective, but also the cheapest.

An example of how this issue is usually approached indirectly are shelters. While shelters are the commonplace choice, they are merely a short term solution for obvious reasons. In the long run, far more money is spent in temporary solutions than simply following through with more permanent solutions.

Additionally, the problem of homelessness has been mishandled through the prison system and institutionalization. Sometimes it can seem simpler to put the homeless into the legal or mental health system. The prison system is filled with desperate homeless individuals who likely could have been rehabilitated into society if given stable housing and employment. Furthermore, many adults with mental illness are placed into mental institutions when they otherwise could be integrated into society.

There are also many organizations whose aim is to help the homeless. They accept donations and offer volunteer efforts to distribute food, clothing, and other needed items. Some organizations, such as United Way, the Amplifier, or Goodwill, seek to offer help for homeless individuals by providing employment and training, however these organizations are few and far between and often ineffective when they are not being coordinated as part of a larger project.

Information Stations spread out across the city of Knoxville could be a viable alternative to some of the issue at hand. These stations would provide information desk style service offering locations of nightly places to stay, local soup kitchen for food, sites that offer some forms of rehabilitation, and potential employment opportunities for those who are looking. Not only would these Stations make available day to day solutions to typical homeless problems, but
also potentially arrange for the treatment of mental illness in specific rehabilitation locations, in hopes of allowing individuals to transition out of homelessness.

As another alternative solution, expanding the Amplifier Newspaper would be helpful. Amplifier allows homeless people to sell their newspapers downtown and on UTK’s campus, and they are allowed to keep some of the income from it. The one requirement is that they must be sober. This would require volunteers to help monitor them and eventually help them escape from drug addictions and alcoholism. However, these requirements are very slight: the Nashville-based homeless paper known as the Amplifier did over a million dollars in business in 2012 with less than 10 volunteers (Robert, 2012). Although this prospect is very appealing because of its slight fiscal requirements, a vast majority of the individuals who benefit from this project still cannot maintain housing because their income is so unstable (Ibid).

Another possible alternative to begin eliminating homelessness in Knoxville is to hold classes at local businesses or shelters that would teach basic job interviewing skills. At these sessions, individuals from the homeless population would be able to come, build their own resume, leave with numerous hard copies of that resume in hand, learn what professionals are looking for in employees at interviews, and get help setting up interviews with possible employers. These locations may even be able to supply adequate interview attire to those who attend. By equipping the homeless population with these skills and accommodations, ideally, many will be able to get and maintain a stable job supplying a paycheck that will enable them to start getting back on their own feet again. The problem with this approach is that most homeless individuals lack the necessary identification to attain a job or a bank account, simply because they do not have an address which is necessary for both procedures.

Policy Proposal

We propose a solution similar to the Salt Lake City model. Through the joint cooperation of the city government and local, faith-based organizations, the city has achieved one of the most successful initiatives for combating homelessness to date. This promising new way to tackle this important issue deserves to be tried elsewhere. It is our hope that we can borrow from the inexpensive and effective model of Salt Lake City to design a program for the Knoxville area that will facilitate cooperation between local organizations and government agencies.

Given the extent of the problem, we assert that immediate action must be taken. We propose the construction of apartment-style housing, located on north Broadway, in between Central Street and Fifth Street. In this area, there are a number of tenement buildings which, for a variety of reasons, have proved unable to sustain traditional business and economic activity. We believe significant economic benefit could be derived from building these apartments, as the current state of this part of the city is doing nothing but functioning as a sunk cost. At this point, we believe that it is not prudent to designate a particular spot for the construction of the housing complex, as the final designation of the complex would certainly be decided by the legislators who support the proposal and circulate a legislative bill for its implementation. By choosing an
approximate location between Central and Fifth, we have highlighted an area that would benefit greatly from further economic development, but the final location selection is largely out of our hands.

Our plan would provide those suffering from chronic homelessness a place to live while also encouraging economic development in the area. Currently, almost that entire stretch of Broadway is a dismal sight, with boarded-up buildings and dilapidated areas that serve no real economic purpose. Our plan would change this, while also achieving our stated aim of reducing the number of chronic homeless in Knoxville. Chronic homelessness is defined as having some sort of disability, continuous medical condition, or substance abuse disorder. The classification also includes those who have “been homeless for at least one continuous year or have experienced at least four episodes of homelessness in the past three years,” (National Alliance to End Homelessness, 2015). The costs which we face are primarily the renovation costs associated with converting currently unused buildings into housing units for homeless individuals. Fortunately, we believe these costs could be alleviated with the help of local initiatives concerned with preserving historic buildings such as Knox Heritage.

The benefits are both direct and indirect: first, the individuals who are currently without homes will now have housing. Second, shelters will have alleviated costs of operation. More indirect benefits have exponential financial implications such as alleviating those costs associated with hospitalizing, imprisoning, or institutionalizing individuals who conditions worsen without housing; this benefit has been demonstrated beyond a shadow of a doubt by the Salt Lake example.

A 2012 study conducted by the Knox County Health Department and KnoxHMIS gives us our best per capita estimates of the savings that would be incurred by placing a chronically homeless person into our proposed housing system. The study showed the fiscal implications of the placement of chronically homeless people into permanent housing locations, with particular emphasis on the two existing permanent locations in Knoxville: Minvilla Manor (57 units) and Flenniken Landing (48 units). After the removal of outliers, the data showed that placing a chronically homeless person into a permanent housing facility resulted in a $1,145 decrease in "community cost" per person, an inclusive term indicating costs such as incarceration, mental health services, and housing. This study was conducted on a relatively small sample size (n=41), but the findings are conclusive. To provide for the construction of a much larger housing complex, like the one we have proposed, would surely see similar cost savings like the ones seen in this study, and the savings would likely reach economies of scale as more and more people took advantage of the housing complex.

In addition to the direct savings predicted above, our proposed initiative would also benefit from an increased appeal from tourists, businesses, investors, and government funding organizations in the area. As of now, those groups may view the vast homeless problem of Knoxville as a major, and possibly insurmountable, reason to look elsewhere for cities to put valuable money and time towards. Getting these homeless people off the streets would open up
many commercial opportunities that are being hindered at the moment. Additionally, homeless individuals can apply for and maintain jobs when they have addresses, which allow them to open bank accounts and attain government identification. This will further benefit the community by increasing the number of employable individuals in the workforce. Although there are many more economic benefits associated with this program, the final qualitative one that we will discuss in brief is the benefit of the economic activity generated simply by conducting a construction and renovation project.

We hope our proposed policy will provide opportunities for Knoxville’s homeless population by further integrating the homeless community with neighborhood humanitarian groups, like the Knox Area Rescue Ministries. Anyone who heads north on Broadway can see how widespread the issue of homelessness is in our city. Many of these people are in their situation because of the loss of employment and varying levels of socioeconomic hurdles, and the persistence of mental and physical illnesses can keep them from securing and maintaining a stable job. This pervasive employment struggle is at the root of the problem and unfortunately is unaddressed by current state policies (Piliavin, 1993). We hope to see partnerships formed between beneficiaries and local philanthropic organizations, as we recognize that traditionally employment opportunities for the formerly-homeless will be hard to come by, and these organizations may pose the best pathways to securing some form of long-term employment.

Undeniably, our proposed policy will be difficult to complete because its success rests on the support of prominent legislative officials in our community. We have contacted two state senators with the hopes of securing their support for the proposed plan, but the tax increases associated with the plan are a major deterrent in securing support from traditionally conservative lawmakers. We conclude that a third-party cost analysis of the proposed tax increase is paramount to securing the support of lawmakers in the Knoxville community.

One of our main contacts in formulating this initiative was Michael Dunthorn, the program director for Knoxville’s Office on Homelessness. We shared our policy proposal with him during the early draft stages and his assessment of our proposal was that it was too grand in scope. He believed that the creation of a separate governing body to implement this plan would cause it to become too far removed from the current initiatives being conducted to battle homelessness, and that it could potentially fail to utilize the resources currently available as parts of initiatives conducted under Knoxville's Plan to Address Homelessness. His advice has informed our decision to leave some of the policy specifics open for discussion during the ongoing legislative process: the choice of the location for our housing complex, the specifics of the building and long-term implementation of the project, etc. However, we still believe that our initiative is worthwhile in pursuing, and that is why we have proposed a new form of funding, which if adopted will raise much more money than any previous approach.

Addressing the homelessness issue will benefit not only the homeless themselves and their family but the community as a whole. We believe that homelessness is something that burdens everyone in the Knoxville community. With several coordinated initiatives underway right now, we believe that this is an opportune time to approach this problem from a fresh
perspective- our perspective. Many previous attempts have failed because the costs were assumed to be too high. Our program’s success will show that good can be done for the homeless in a cost-effective and meaningful way. When our program garners more legislative support and begins to enter the finalization process, we are certain that an initiative can be started with the momentum to be followed with support from local businesses and nonprofits. In the past, assumptions of failure have been at least a small part of the hesitancy that have prevented Knoxville lawmakers from forming a concrete solution.

Both the government and local organizations and faith-based groups will play a major role in the system we have envisioned. With the access to funding and larger scope provided by our proposed tax (elaborated below), local organizations and faith-based groups can operate efficiently to further address the problem. Non-profit groups can channel the passion of concerned volunteers into a grassroots effort in a way that large, bureaucratic attempts cannot. Our proposal is different in many ways from what has been tried before. Most importantly, it makes a serious effort to address the core problem that has been raised in previous local attempts to provide for permanent housing: the question of funding. Importantly, proposals in recent years have often required the homeless to complete a series of rigorous lifestyle changes in order to acquire access to housing. Our proposal is different, and is centered around the belief that having access to housing is one of the most important things that can be done to help get the homeless on a path to self-sufficiency. An important distinction between our plan and others, however, is that we will seek to find a happy medium between grassroots and faith-based participants, and large government funding sources. We believe that combining the passion of local leaders with the political power of our local government officials will lead to real, quantifiable success.

**Action Plan**

We believe that grassroots participation is essential for the success of any policy proposal on a local level. There are many organizations and faith-based groups that are already working to end homelessness. Chief among these groups are: Knox Area Rescue Ministries, Knox County Community Action Committee, and the Knoxville Community Development Corporation. These efforts have been bolstered in recent years by a partnership with Knoxville Homeless Management Information System, an empirical data collection and analysis agency dedicated to identifying and explaining socioeconomic trends related to homelessness in Knoxville. We will actively engage in a strategic partnership with KnoxHMIS, with the belief that their access to real world data will give us a pathway to successfully implement our plan.

While we will actively pursue these grassroots partnerships, we will certainly need the support of lawmakers and local business entities if our plan is to succeed. We will need to enlist the support of economic actors with greater capacity to bring about large scale changes in our community. Particularly, we will benefit from a partnership with members of mayor Madeline Rogero’s Community Development team. They have a designated “Office on Homelessness”
conducted by the aforementioned project manager Michael Dunthorn. He coordinated with the mayor to release a list of plans aimed at battling homelessness in 2014. This relationship will prove valuable as we attempt to implement our proposed plan, as he has spent over 20 years studying the conditions of Knoxville homelessness and is familiar with the bureaucratic hurdles that have derailed previous attempts at expansive housing projects. In addition to this relationship, we will need to raise awareness about this alternative among constituents so that fixing this problem can become a priority for lawmakers and politicians. We estimate that it will take approximately five years to generate enough political will to enact legislation.

Indecision and apathy has plagued previous attempts at least in part because of a sense of hopeless surrounding the issue. Since most previous attempts have not been fully committed to the resolution of the problem, they have been largely unsuccessful. However, with the example set by Salt Lake City and the potential for economic improvement in Knoxville, we believe that this initiative can avoid these same pitfalls by combining the efforts of dedicated grassroots workers and important policy makers to reach a socially optimal level of participation.

The timeline for the implementation of our plan will need to be politically opportune. Given that this is an election year for the presidential candidate, quick passing of a bill is unlikely. There will need to be sufficient time to bring our solution to the public eye. Once awareness has been raised and constituents have seen that this is a different approach than is usually done, the issue can become a part of public discourse.

Once legislation has been put in place, housing and an administrative apparatus will need to be created. This will take some time, as large numbers of housing units will take approximately five years as hurdles such as building permits, location decisions, and safety checks must be addressed. Success will be measured by the amount of people that have been helped with their transition into permanent housing, and success will be continually monitored and redefined by the resultant costs decreases expected with our plan. There will be methods and precautions put in place to prevent abuses and fraud by governing organizations. Monitoring over time will be implemented to verify that the people are indeed moving towards self-sufficiency.

To fund our housing initiative and begin cleaning up the streets by giving the chronic homeless a place to live, we propose a $0.0065 per gallon increase in Tennessee’s fuel tax. This will give us $20 million to run our pilot program in Knoxville, and if it proves successful, further increases in fuel tax can be made to initiate the same program in all four major cities in Tennessee: Knoxville, Nashville, Memphis, and Chattanooga. In reference to the similar housing initiative that took place in Salt Lake City, Utah, $20 million will be enough money to fund the project. That was the amount donated in Utah, and Knoxville and Salt Lake City are comparable because Knoxville's population is similar to that of Salt Lake City.

The current fuel tax for Tennessee is $0.214 per gallon, and last year’s revenue totaled $658 million (Boucher, 2014). This means that 3.074 trillion gallons of gas were used in Tennessee in one year. Considering the estimated $20 million needed for the pilot program in Knoxville and dividing that number by the number of gallons used (3.074 trillion gallons), we
find that an increase of $0.0065 per gallon is needed to raise the necessary revenues. Therefore, to fund the housing initiative in Knoxville, Tennessee’s new fuel tax would be $0.2205 per gallon, which is an extremely miniscule increase as to what it was before at $0.214 per gallon.

If the pilot program in Knoxville of housing the chronic homeless proves beneficial and successful, another increase in fuel tax can be calculated to take the program to the other major cities in Tennessee.

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<th>Population for Major Cities in Tennessee</th>
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<td>Knoxville</td>
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<td>183,270</td>
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<td><strong>Total</strong></td>
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The population of Knoxville is 183,270 people, and with the total of the four largest cities being 1,669,128 people, Knoxville represents 10.98% of the population in those cities, assuming homeless rates are constant across major cities (U.S. Department of Commerce, 2015). By taking the same estimated $20 million needed for Knoxville’s population and dividing it by .1098 [the percentage Knoxville represents], the answer would be the cost to initiate the program in all four cities, which is $182,149,362. To consider that estimate as a result of how much the current fuel tax would need to increase in the state of Tennessee, that total [$182,149,362] would need to be divided by the 3.074 trillion gallons of gasoline used in Tennessee within a year. With all these numbers being accurately representative, the amount the current fuel tax would need to increase would be $0.059 per gallon, meaning, in order to fully fund our housing initiative in all four of Tennessee’s major cities, the new fuel tax would be $0.273 per gallon. This increase is reasonable and applicable because Tennessee already has a low fuel tax rate and this new, increased rate does not even compare to the fuel taxes of bordering states like Georgia with a state fuel tax of $0.3262 per gallon, North Carolina’s at $0.3625 per gallon, and Kentucky at $0.26 per gallon (Pastre, 2015).

In conclusion, we recognize the extensive set of obstacles that stand in our way as we set out to implement this initiative. Our policy as it stands now is still in the intermediary stages and much more support from administrative organizations is required for successful implementation. However, we believe that our proposal outline combined with potential recognition from the judges of the Howard Baker Public Policy Challenge will put us on the right path to securing the partnerships necessary to put our plan into action, and improve the lives of Knoxvillians for generations to come.
References


