

Briefing Paper Homeless Again

Homeless Again: The Costs of Excluding Homeless Families from Housing Assistance

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New York City is in the midst of a homelessness crisis. In January 2013, there were 50,135 people, including a record 21,034 children, sleeping each night in municipal shelters. These numbers are the highest ever recorded and mark a 73 percent increase in family homelessness since Mayor Bloomberg took office. Just over the past year, the number of homeless families has increased 18 percent and the number of homeless children has increased 22 percent.

Recent data confirm that the failed policies of the Bloomberg Administration continue to feed this crisis. Specifically, a complete lack of housing assistance for homeless families coupled with the lingering effects of a failed subsidy program called Advantage have both contributed to the recent growth in the shelter population.

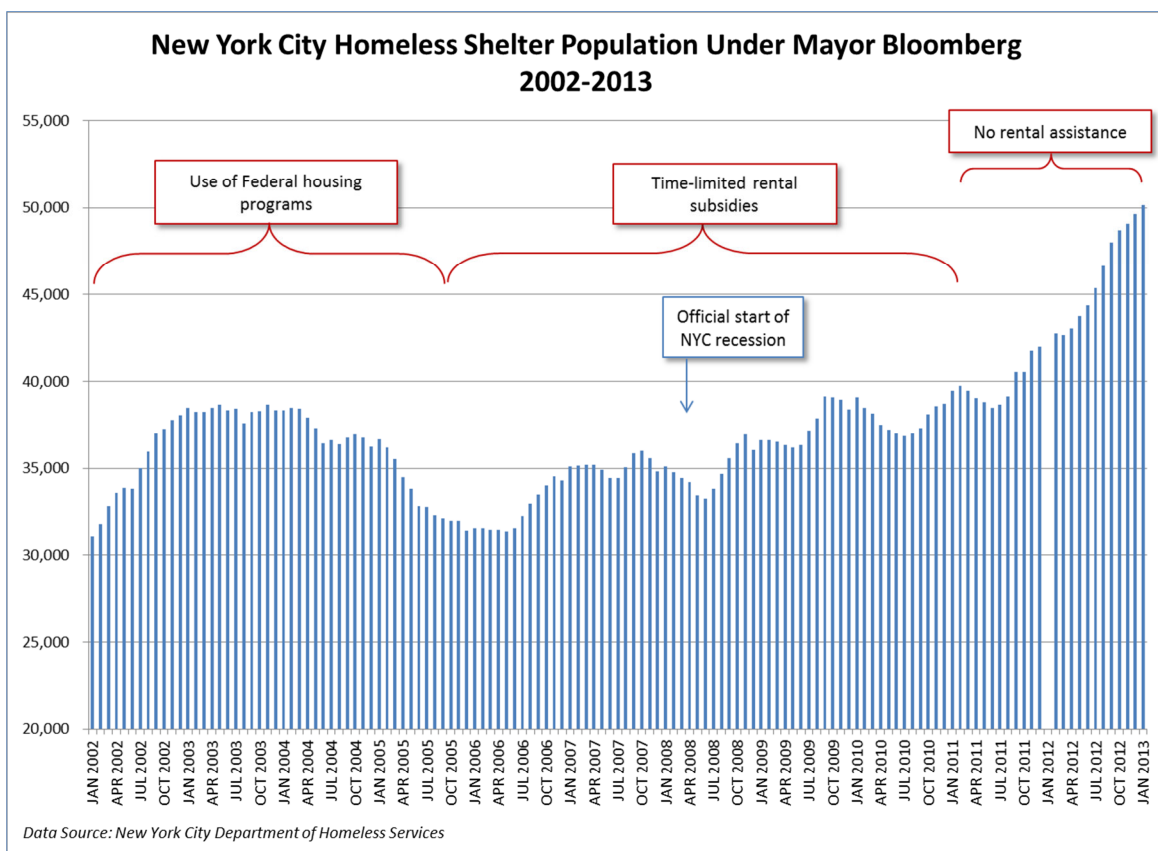
Summary of findings:

- An earlier Coalition for the Homeless analysis predicted that 3,000 former Advantage families would return to shelter in 2012—a stunning number that is likely to be reached. As of November 2012, 2,818 families had returned to shelter, with more than 200 families returning in November alone.
- Since the beginning of the Advantage program, a total of 6,508 former Advantage families, including 14,049 children, have returned to the shelter system, at a cost of \$188 million in avoidable shelter expenses.
- So far, 38 percent of all former-Advantage families without ongoing rental assistance have re-entered the shelter system.

- Currently, 25 percent of all families entering shelter are former-Advantage families.
- Since the Bloomberg Administration cut off homeless families from receiving permanent housing resources in 2005, the number of families experiencing repeat episodes of homelessness has nearly tripled. Prior to 2005, one in four families entering shelter had experienced homelessness before. Now 63 percent of all families entering shelter have been homeless before.
- The huge increase in “repeat families” – formerly-homeless families returning to shelter – has fed record homelessness over the past few years. If the shelter return rate had remained constant at 25 percent, as it was prior to 2005, more than 24,500 fewer families would have entered shelter between 2005 and 2012, saving taxpayers \$708 million dollars in avoidable shelter expenses and tens of thousands of children the trauma of homelessness.

Record Homelessness and Historical City Response

In 2013 New York City is grappling with a homeless population greater than any other time since the Great Depression. For the first time ever, over 50,000 homeless men, women, and children go to sleep in the shelter system each night, including over 21,000 children. Five years out of the 2008 economic collapse, the lingering effects of the crisis are still contributing to record homelessness. But the precipitous rise in New York City homelessness began even before the economic crisis and continues to rise more severely now due to the policy decisions made by the Bloomberg Administration.



Up until 2005 and under Mayors Koch, Dinkins, and Giuliani, the City’s main resource for combating homelessness was to prioritize homeless individuals and families for Federal housing programs, such

as public housing and Section 8 rental vouchers. For decades, these resources had been a proven effective way to move families out of shelter and keep them stably housed. Federal housing programs were also cheaper for New York taxpayers, who pay most of the bill for the \$36,000 annual cost to shelter a homeless family.

However, in 2005, the Bloomberg Administration, under the guidance of Deputy Mayor of Health and Human Services Linda Gibbs, broke from this longstanding and successful policy and cut off homeless families from receiving these valuable resources. Instead, homeless households were given City-funded short-term rental subsidies, the latest of which was called “Advantage.” These time-limited subsidies have proven wasteful and ineffective, with more than one of every three formerly-homeless families returning to shelter after their subsidies ended.

Following a budget and policy dispute with the State, the Bloomberg Administration decided to terminate the Advantage program in March 2011 and refused to replace it with the successful Federal programs. Now, for the first time since modern homelessness began, there is no housing assistance in place to help homeless families move from shelter to permanent housing.

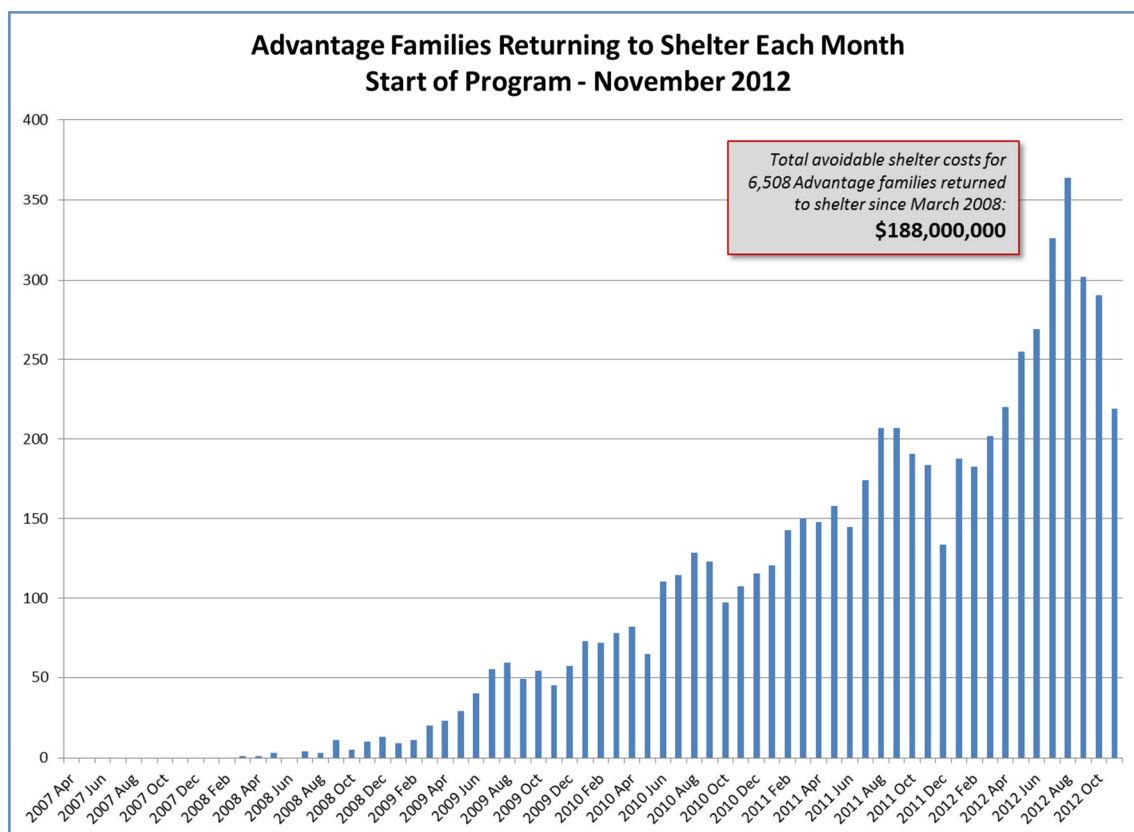
Compounding the problem, the City also tried to cut off Advantage subsidies for thousands of families who had already left shelter for apartments. Fortunately, due to court orders resulting from a class-action lawsuit brought by the Legal Aid Society, the City was required to continue making rental payments for existing Advantage tenants until February 2012, when a protective court order was lifted. By that time, there were still roughly 7,000 formerly-homeless households in need of ongoing rental assistance.

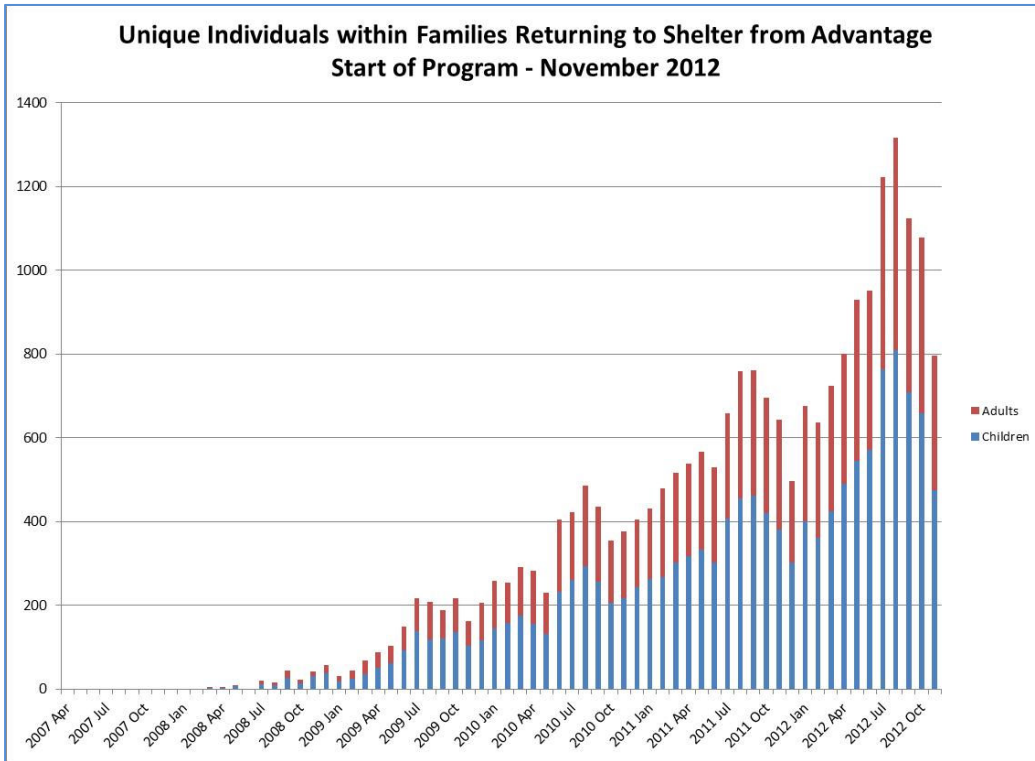
Advantage Returns and Financial Impact

New data obtained pursuant to freedom of information requests starkly illustrate the continuing problem of Advantage families returning to shelter. As of November 2012, more than 6,500 Advantage families had returned to shelter at a cost of \$188 million. Since the start of the program, the number of families returning to shelter has steadily increased each month, following trends in enrollments and time-outs. In August 2012 alone, over 350 former-Advantage families re-entered shelter.

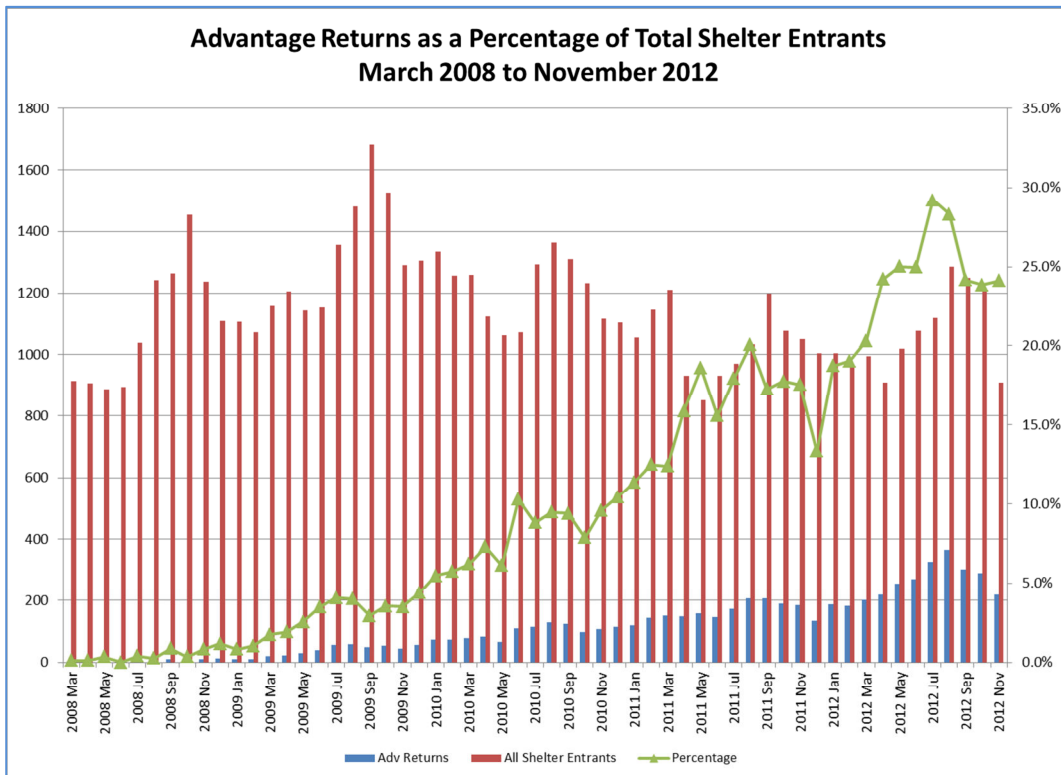
Advantage Families Reapplying and Returning to Shelter – April 2007 to November 2012	
Total Families Returned	6,508
Total Individuals	23,418
Total Children	14,049
Total Adults	9,369
Total Families Timed Out	22,658
Transitioned to Section 8*	1,866
Transitioned to FEPS	3,534
Total Families at Risk	17,258
Return Rate	37.7%
<i>Source: Data obtained from the Department of Homeless Services and NYC Human Resources Administration</i> <i>*Latest Data from January 2011</i>	

As part of these 6,508 families, an astounding 14,049 children have returned to shelter from the Advantage program. In August alone, more than 800 children in families returned to shelter—a 42 percent increase from just two months prior.

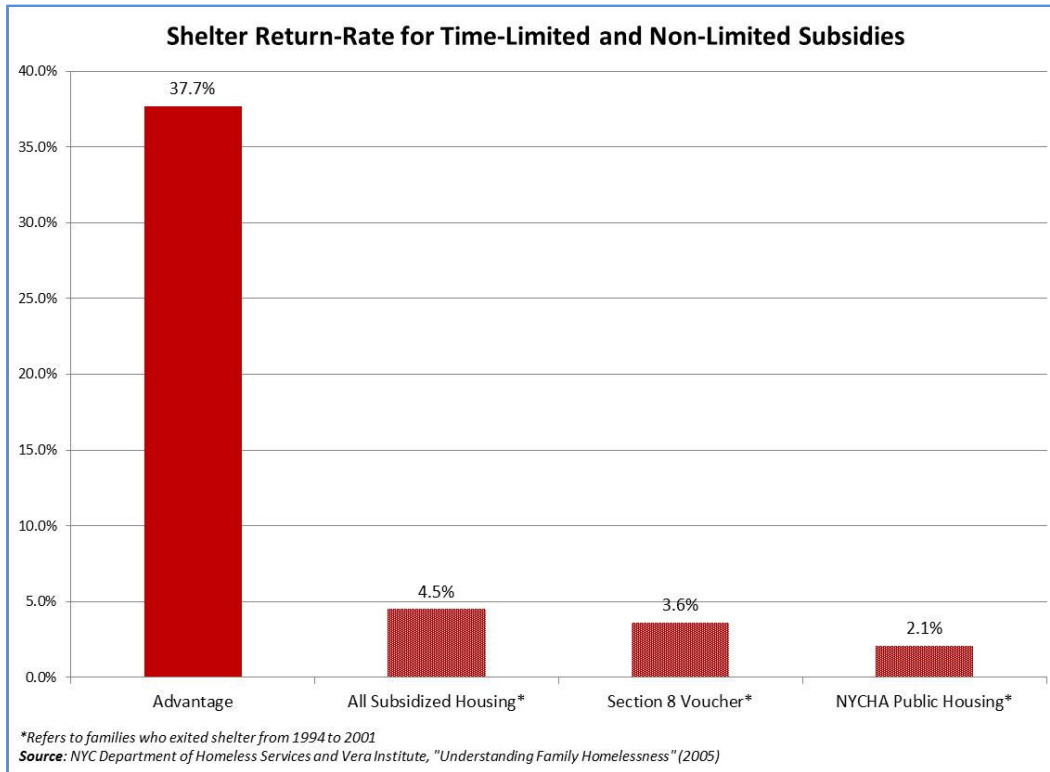




Moreover, former Advantage families are now a significant portion of all families entering shelter. In November 2012, a quarter of all families entering shelter had previously been on the Advantage program.



In comparison to the shelter-return rates associated with permanent housing resources, these numbers are astronomical. A 2005 Vera Institute study of homeless families in New York – a study actually commissioned by the Bloomberg Administration – found that only 3.6 percent of families who received a Section 8 voucher returned to shelter and only 2.1 percent of families who moved into public housing returned. All in all, the Advantage program’s shelter-return rate is more than eight times that of Federal housing programs.



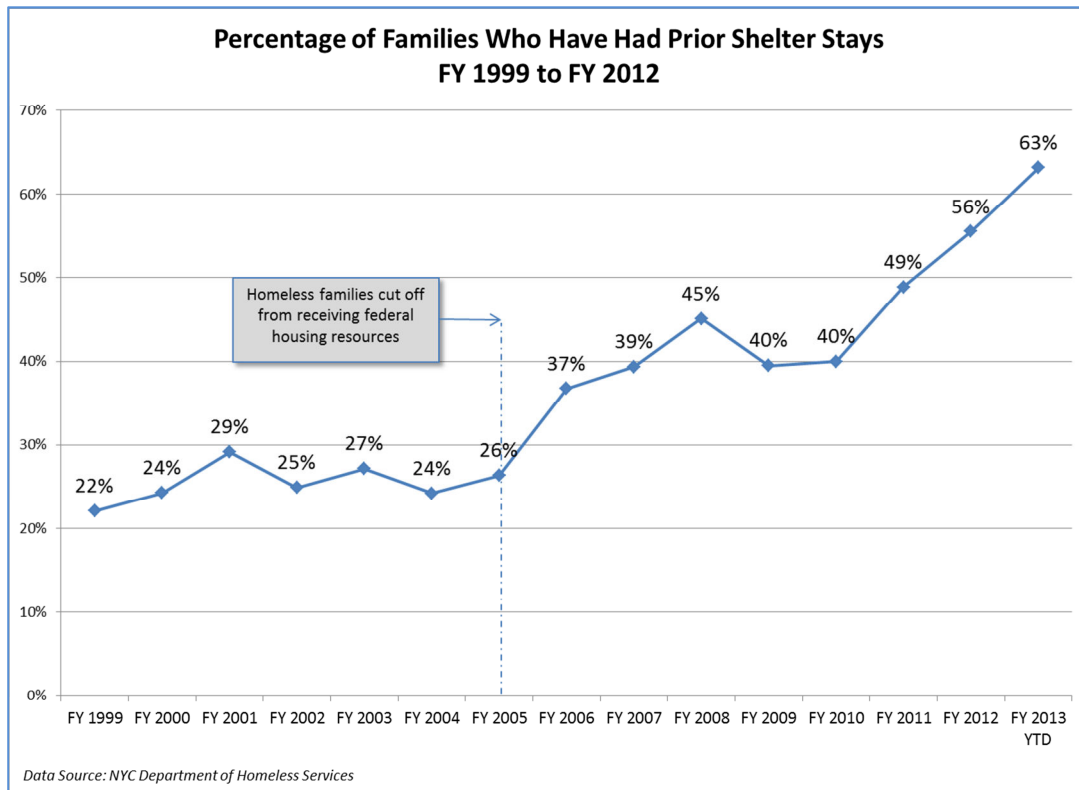
In creating the Advantage program, the Bloomberg Administration did little more than create a very expensive revolving door back to shelter for thousands of children and families. The reason behind this is simple math. The average rent for an Advantage apartment was \$1,065. Working families that received Advantage made an average of \$9.50 an hour and worked 32 hours per week.ⁱ This comes to roughly \$1,200 a month in income—nowhere near enough to cover the full rent after the subsidy ended.

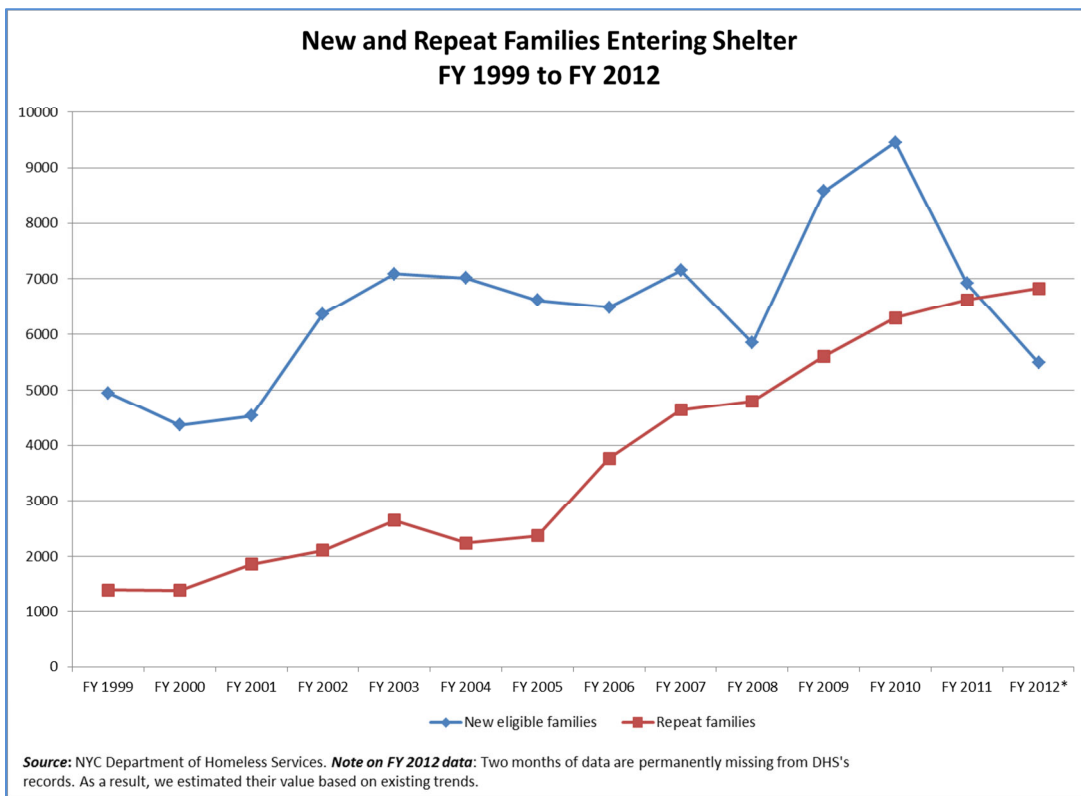
Furthermore, a significant share of Advantage households received disability benefits as their only source of income. Often, this amounts to less than \$1000 a month. While the City initially promised to transition these households to Section 8 rental vouchers after one or two years, the City only kept that promise for a small portion of these tenants.

For families on Advantage facing eviction, there remains only one rental subsidy option – the Family Eviction Prevention Supplement, or FEPS. But access to this rental supplement is restricted to families that meet several requirements. They must be receiving public assistance, have a child under 18, and currently be in housing court for non-payment. City data show that just 16 percent of Advantage families were able to make the transition to FEPS.

High Shelter-Return Rates Driving Record Family Homelessness

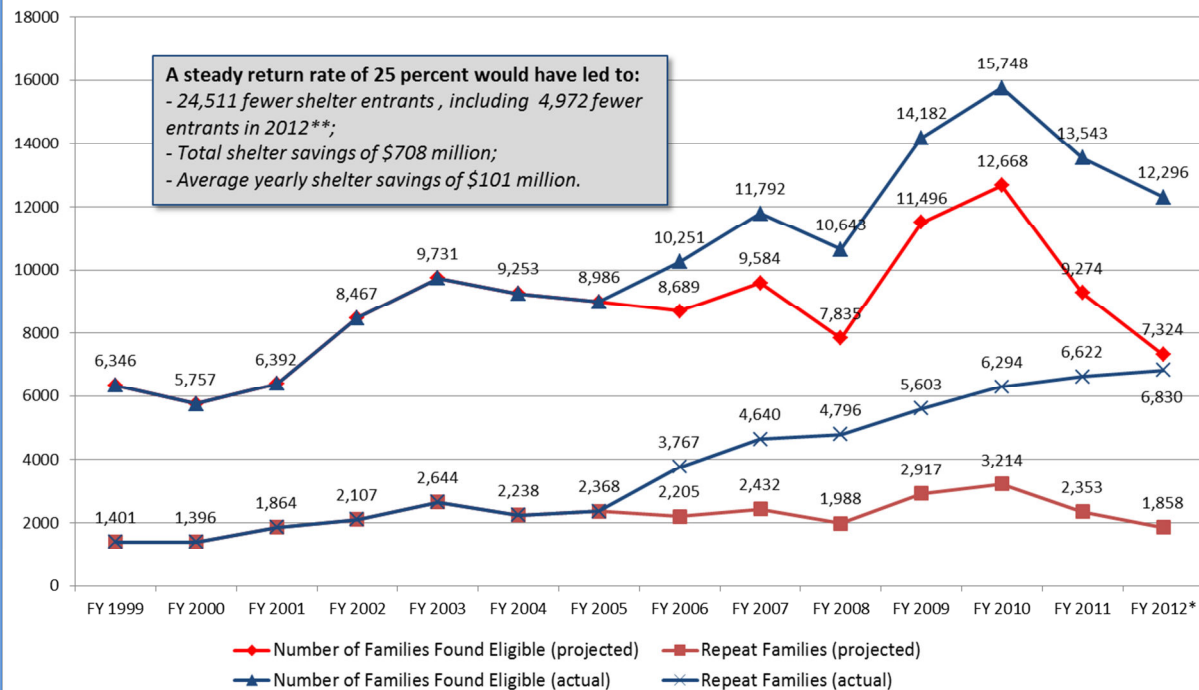
The sharp rise in families returning to shelter has been a major force behind current record homelessness. Before homeless households were cut off from federal housing assistance in 2005, about 25 percent of all families entering shelter had experienced homelessness at least once before. However, since 2005, the shelter-return rate has increased steadily. Now, over 60 percent of all families entering shelter have been homeless before—nearly 7,000 in fiscal year 2012. Even more surprisingly, the number of new families entering shelter is at its lowest number since 2001, indicating that current record homelessness can be directly attributed to the problem of families returning to shelter.





All in all, the 2005 shift to providing homeless families with short-term rental subsidies has cost New York taxpayers hundreds of millions in avoidable shelter costs. If from 2006 to 2012 the shelter return rate had remained at 25 percent, the City would have saved \$708 million dollars—an average of \$101 million each year. And more importantly, 24,500 families would have been spared the hardships of homelessness.

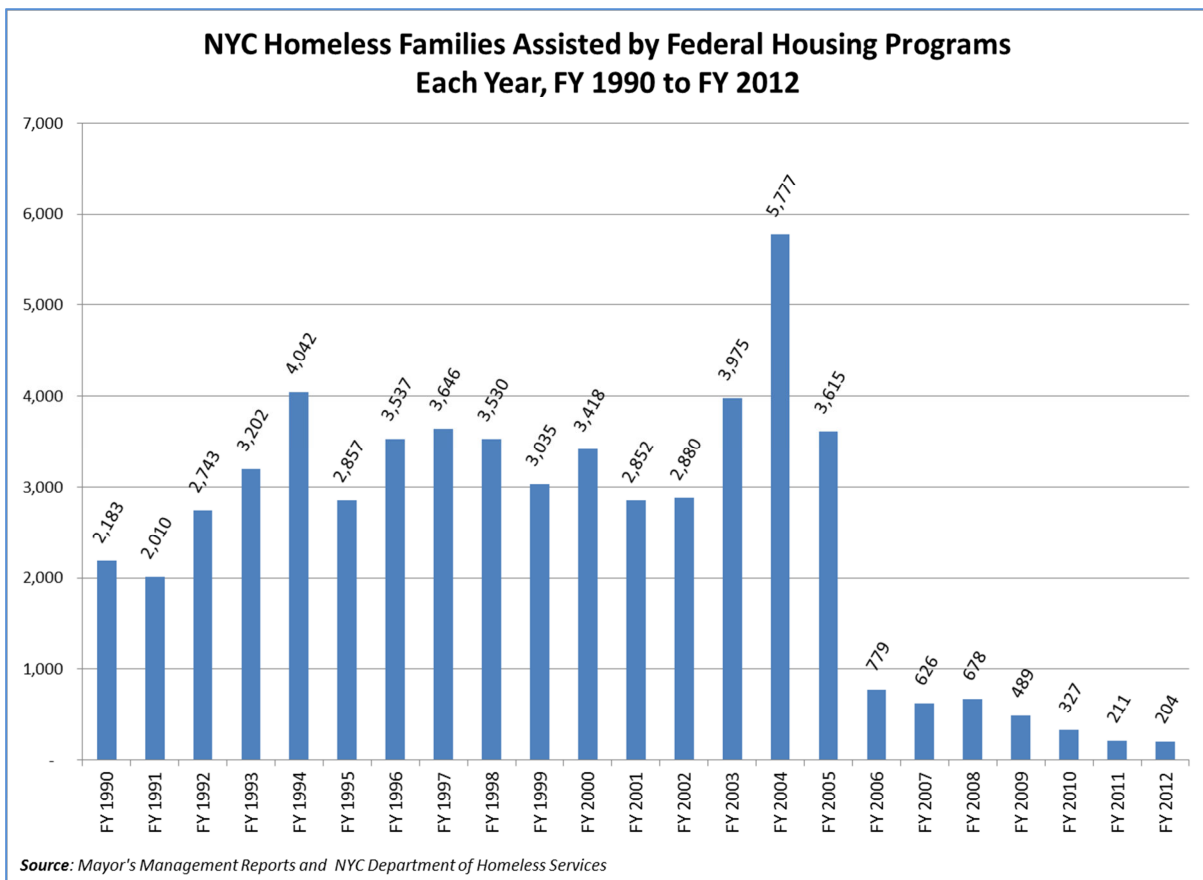
Projected Family Shelter Entrants with Steady Return Rate 1999 - 2012



**Data from the Department of Homeless Services (DHS). Note for FY 2012 data: Two months of data are permanently missing from DHS's record. As a result, we estimated their value based on existing trends.
**Includes FY 2013 year-to-date data*

Returning to a Time-Tested Solution

Today, amidst all-time record New York City homelessness, the Bloomberg Administration continues to deny vital Federal housing assistance to homeless children and adults. In 2012, only 204 families were given federal housing assistance, with most likely attaining it without any assistance from the shelter system. The sad result, if the administration doesn't change course immediately, will be ever more homeless families languishing in shelters for longer lengths of time with no way out. Even more tragically, thousands of families will continue to experience multiple episodes of homelessness, with thousands of children bearing the worst consequences of this instability.



The City can and should begin to address this crisis by taking the following steps:

1. Return to using federal housing resources, such as public housing and Section 8 to help homeless New Yorkers move from shelter to permanent housing

- This can be swiftly accomplished by using the existing priority system for both the New York City Housing Authority (NYCHA) public housing and voucher waiting lists, which make households referred by the NYC Department of Homeless Services the highest priority applicants.

2. Create a new local rental assistance program modeled on the successful Section 8 voucher program

3. In coming years, the City should set aside a significant percentage of City-assisted apartments - apartments created or preserved by the NYC Department of Housing Preservation and Development (HPD) - for homeless families and individuals.

- This policy would build on the success of Mayor Koch's ten-year "Housing New York" program which allocated 15,000 affordable apartments – 10 percent of all housing units created or preserved under the program – for homeless New Yorkers.

- Currently Mayor Bloomberg's "New Housing Marketplace" plan allocates only around 4 percent of all City-assisted apartments to homeless people, even at a time of much worse homelessness.
- The City should also allocate a significant share of HPD-administered Federal housing vouchers to help homeless New Yorkers.

For more information, please visit: www.coalitionforthehomeless.org

ⁱ From DHS data dated September 30, 2010.