



BRIEFING PAPER

**The Revolving Door Spins Faster:
New Evidence that the Flawed “Advantage” Program Forces Many
Formerly-Homeless Families Back into Homelessness**

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Three years after its inception, alarming new evidence shows how the Bloomberg administration’s flawed Advantage program is forcing rising numbers of formerly-homeless New York City children and families back into homelessness. Among the most troubling findings in recently obtained City data are the following:

- ***One of every four former Advantage families, who are no longer receiving rental assistance, has returned to the municipal shelter system.***
- ***One of every three former Advantage families has applied for emergency shelter.***
- ***An accelerating number of former Advantage households are seeking emergency shelter, with an average of 213 applications filed each month in 2010, compared to an average of 86 such applications each month in 2009.***

This alarming City data emerges during a critical opportunity to reform New York’s failed approach to family homelessness. ***Governor Cuomo’s 2011-2012 budget proposes eliminating State funding for the Advantage program, offering City and State officials the chance to abandon the flawed program and replace it with a better, more cost-effective alternative: Targeting proven Federal housing assistance to homeless families.***

The Governor’s budget proposes eliminating \$35 million in State funding for the Advantage program, effectively declaring that the State will no longer share the cost of a failed program. However, the City and State have Federal housing resources – including thousands of available public housing apartments and Federal housing vouchers – that can replace the lost Advantage subsidy. And not only do the Federal programs save City and State tax dollars otherwise spent on costly shelter and the revolving-door Advantage program, but research studies show that Federal housing programs are a much more successful way to reduce family homelessness.

In light of Governor Cuomo’s budget proposal, as well as the alarming new City data showing the failures of the Advantage program, the Bloomberg administration and State officials should work together to phase out the Advantage program and replace it with targeted Federal housing assistance.

Record Family Homelessness and Mayor Bloomberg's Failed Policies

New York City is in the throes of a historic homelessness crisis. Currently, more than 38,000 homeless men, women and children bed down each night in municipal shelters, including 9,700 families with more than 15,000 children. Over the course of the last City fiscal year (FY 2010), more than 113,000 different New Yorkers, including nearly 43,000 children, slept in municipal shelters, an all-time record high.

The number of homeless families in New York City shelters has hit all-time record levels over the past two years, and was on the rise even before the "Great Recession" began. Indeed, under Mayor Bloomberg, New York City's homeless population has reached the highest levels since the Great Depression of the 1930s.

Since the 1980s and the beginnings of modern homelessness, New York City mayors – from Ed Koch to Rudy Giuliani – have embraced one proven approach to family homelessness. All of them (including Mayor Bloomberg during most of his first term) have successfully used proven Federal housing programs to help homeless families move from shelters to their own homes. The City did this by prioritizing homeless families for Federal housing vouchers (known as Section 8 vouchers) and for public housing. This successful approach helped move tens of thousands of homeless families from costly shelters to permanent housing, and research shows that the vast majority did not return to shelter.

However, in 2005 Mayor Bloomberg's administration ended this longstanding, successful policy. The administration replaced Federal housing programs with unproven short-term City rental subsidies characterized by unrealistic, one-size-fits-all time limits. Bloomberg administration officials claimed that the new "cut off" policy would reduce the number of families seeking shelter – but the opposite has happened. Since Mayor Bloomberg cut off homeless families from Federal housing programs, the number of homeless families has reached record numbers and the subsequent time-limited subsidies have failed to provide families with stable housing upon their exit from shelter.

In the spring of 2007 the Bloomberg administration launched a rental assistance initiative called Advantage NY which was characterized by a central structural flaw: it imposed one-size-fits-all time limits on rental assistance. The Advantage program provides a maximum of two years of rental assistance to families leaving shelter and has been the City's primary tool for re-housing homeless New Yorkers since 2007.

Since it was launched more than three years ago, there has been a lingering and fundamental dispute about the effectiveness of the Advantage program. On the one hand, Bloomberg administration officials tout the program as an unqualified success and claim (without sharing the relevant data) that only a small percentage of Advantage households have returned to the municipal shelter system.

On the other hand, people working on the front lines – shelter providers, eviction prevention service providers, legal services organizations, local elected officials, landlords, and affected families themselves – see a dramatically different reality. They all see a program that is, by design, destined to fail vulnerable children and adults by cutting them off of rental assistance when they lack incomes sufficient to afford apartment rents. They see a program under which large numbers of former Advantage recipients have become homeless again, with many of them forced to seek shelter again. Simply put, they see a program that is a revolving door back to homelessness for vulnerable children and families.

In August of last year, the Bloomberg administration changed the rules and structure of the Advantage program by reducing the value of the rent subsidy and imposing stricter requirements on families. Among these new requirements are that families must pay 30 percent of their income towards rent in the first year and be working at least 20 hours a week. In order to qualify for a second year of assistance, families must be working at least 35 hours per week and pay 40 percent of their income towards rent. Under the revised Advantage program, even fewer families are expected to receive a full two years of rental assistance; indeed, City budget documents forecast that as many as 40 percent of Advantage families will be cut off of assistance after only one year.

New Evidence Shows Rising Number of Advantage Families Back in Homelessness

Since the Advantage program was launched in 2007, Bloomberg administration officials have consistently refused to provide basic data and information about the outcomes of the program, data that the administration has in its possession. The New York City Department of Homeless Services has even refused requests for this information from the New York City Council committee which has oversight of the program, as well as from other public officials at the State and local level.

However, Coalition for the Homeless and the Legal Aid Society recently obtained data and documents compiled by the Department of Homeless Services that show conclusively that many formerly-homeless Advantage households have returned to homelessness – and that they are doing so at a faster rate.

1. The City’s Advantage outcomes report

Late last year Coalition for the Homeless obtained a report prepared by the Department of Homeless Services that includes a wealth of data about the Advantage program from its inception in May 2007 through September 2010.

ADVANTAGE PROGRAM OUTCOMES THROUGH SEPT. 30, 2010	
(Source: DHS report on Advantage program through 9/30/2010)	
Advantage families who've applied for shelter	1,613
Advantage families deemed eligible for shelter	1,111
Advantage families not receiving Advantage subsidy	6,271
Advantage families with Section 8 vouchers	1,744
Total Advantage families with no rental assistance (no Advantage subsidy or Section 8 voucher)	4,527
Percent of Advantage families with no rental assistance who've applied for shelter	35.6%
Percent of Advantage families with no rental assistance deemed eligible for shelter	24.5%

Key data from the Advantage outcomes report is summarized in the table here and shows the following:

- One of every four former Advantage families who are no longer receiving rental assistance has returned to the municipal shelter system.
- One of every three former Advantage families has applied for emergency shelter.
- The average monthly income for families receiving Advantage is only \$1,203.
- The median monthly income is just \$1,088, meaning half of all Advantage families earn less than \$13,000 per year.
- The average monthly rent for Advantage apartments is \$1,065.

All in all, the alarming information obtained from the City's Advantage outcomes report illustrates starkly the enormous failure of the program. Just over three years into the program's existence, one in four Advantage households who stopped receiving rental assistance has returned to the shelter system and one in three such households has applied for emergency shelter.

Behind the staggering rate of return to shelter lies the basic affordability problem that plagues nearly all Advantage families. These families simply do not earn enough money to cover apartment rents in full, and are in need of ongoing rental assistance to avoid recurring episodes of homelessness. City data shows that the average rent on an Advantage apartment is around 90 percent of a family's income.

Not only does the Advantage program fail to address the needs of most working families, it is absolutely ineffective for families unable to work due to disabilities. City data shows that the average monthly income for Advantage families receiving Federal disability benefits is \$921, which is nearly \$150 less than the average apartment rent. Nevertheless, the City continues to place them in a time-limited program that offers no housing assistance after one or two years.

Furthermore, this data does not show the countless number of former Advantage families that have not yet entered the shelter system, but are lingering in untenable housing situations. Many families are currently awaiting eviction after being unable to pay the rent; still others have doubled-up or moved into overcrowded apartments. These families are effectively homeless as well, but have not yet been counted among the families that the Advantage program has failed.

Simply put, the Advantage program is ineffective and unsustainable as a solution to homelessness. Yet, the City consistently defies the hard data and stubbornly continues to use it as the main tool in moving families out of shelter.

2. City documents showing faster rate of Advantage families returning to shelter

Late last year the Legal Aid Society also obtained, through a freedom of information law (FOIL) request, documents showing thousands of re-applications for shelter by Advantage families. The FOIL documents confirm the data found in the City's Advantage outcomes report.

The graphs and tables included at the end of this briefing paper – which were compiled from data manually tabulated from printouts provided by the City pursuant to multiple FOIL requests – show an alarming increase in re-applications for shelter from families who were previously in Advantage apartments.

The Advantage FOIL data establishes that from April 2007 (the start of the Advantage program) through September 2010:

- 3,144 re-applications for shelter were filed by families who previously had Advantage apartments; and
- 1,401 of those applications resulted in determinations that the family was eligible for shelter.

In addition, the graphed data shows that the number of Advantage families applying for shelter has been increasing sharply since the spring of 2009, as more and more families reach the end of their Advantage subsidy.

Indeed, in 2010 an accelerating number of former Advantage households applied for emergency shelter. Through September of 2010, an average of 213 applications for shelter were filed each month by former Advantage families, compared to an average of 86 such applications filed each month in 2009.

It is important to point out that the numbers above include, in many instances, multiple applications for shelter filed by the same family, since the City routinely finds families ineligible for shelter before conceding their eligibility. Because of the way that the City produces the FOIL data, it is not possible to determine the actual number of families who re-applied and who were found eligible.

However, another way to look at the dramatic re-application and eligibility rates of former Advantage families is by compiling the "summary" data that appears at the end of each of the four data sets that the City produced pursuant to the FOIL requests. According to these summaries, between April 1, 2007, and October 15, 2010, there were:

- 2,069 "re-applications" of formerly-homeless Advantage families, and
- 1,298 "eligible" such Advantage families.

Since these numbers are lower than the total number of applications and total number of eligible applications listed in each data set, they appear to represent the number of unique (or unduplicated) families who applied and were found eligible in each period. And these figures closely correspond with the data found in the City's Advantage outcomes report, confirming the high rate of return to homelessness among Advantage families.

The High Costs of the Advantage Program

The Advantage program's revolving door back to shelter forces children and families to bear the heavy cost of recurring homelessness, which takes its toll on children's education and emotional well-being as well as their parents efforts to find and maintain employment.

But the Advantage revolving door also carries heavy costs for New York taxpayers. In addition to the hundreds of millions of dollars spent on new and current Advantage subsidies – as well as broker’s fees, security deposits, and administrative expenses – the program incurs enormous shelter expenses for families who return to homelessness. The cost to shelter a homeless family in New York City is a remarkable \$38,000 per year, around three times the cost of ongoing rental assistance, and much of that cost involves City and State tax dollars.

Coalition for the Homeless analyzed the total costs of providing Advantage subsidies to 7,500 families (roughly the number placed in the program in fiscal year 2010), including the shelter expenses for families return to homelessness. Our analysis found that over ten years:

- With a 25 percent return rate to shelter – the rate that the City’s Advantage outcomes report found three years into the program – the total estimated cost of the program is \$258 million.
- With a 50 percent return rate to shelter – which is a likely scenario given the accelerating rate of return to shelter – the total cost is \$418 million.
- In contrast, an alternative approach that combines Federal housing assistance (both public housing and Section 8 vouchers) with a local rental assistance program modeled on the Section program would cost only \$193 million.

Moreover, according to our analysis, the first two scenarios would lead to dramatic increases in the homeless family shelter population, while the alternative proposal would reduce the family shelter census by more than half.

Incredibly, City documents show that in designing and assessing the Advantage program, the Bloomberg administration has completely ignored the costs incurred by Advantage families returning to shelter. Late last year, Coalition for the Homeless submitted a comprehensive FOIL request to the New York City Office of Management and Budget seeking all budget records and other documents involving the Advantage program. In response we received 127 documents analyzing the costs of the Advantage program.

Unbelievably, not a single budget office document analyzed the costs involved in Advantage families returning to shelter. Only one document in the entire FOIL response mentioned the potential increase in expenses due to families returning to shelter as part of an analysis of the program changes implemented in August 2010. However, the document said that those costs would not be accounted for.

“All savings noted are within Advantage program and ignore needs in shelter (both related to Advantage changes and independent of them).”

Furthermore, the Office of Management and Budget did analyze the effects of the new program implemented in August 2010 (as compared with the previous program) and found that the costs to the shelter system would increase by \$62 million dollars solely due to decreased housing placements under the new and stricter rules. The budget office document states:

“Even ignoring underlying shelter needs, reduced placements produce savings in Advantage but may cost in shelter and almost completely offset PEG savings.”

In this context, the proposal by the Cuomo administration to eliminate \$35 million in State funding for the program in the 2011-2012 State budget is fiscally smart. It recognizes that the program is not only deeply flawed, but that it carries high costs for taxpayers in the long run.

The Human Costs of the Flawed Advantage Program

The many flaws of the Advantage program can best be understood by considering the stories of the growing number of families who've experienced housing crises and returned to homelessness after being cut off of rental assistance. Following are only a handful of such stories:

- T. V. is the mother of a seven-year-old girl who originally became homeless in 2007 fleeing domestic violence. She was enrolled in the Children's Advantage program in September 2008. In March 2010, the City stopped making payments to the landlord and he initiated eviction proceedings against her. She tried to transition to the Family Eviction Prevention Supplement (FEPS) – a program that provides continued rental assistance to families on public assistance facing eviction – but the landlord refused to accept the program. She is now awaiting a final marshal's notice so she can return to the City's shelter intake center and be found eligible for shelter.
- T. P. is a mother of five children, including a newborn with Down syndrome. She was enrolled in the Children's Advantage program in September 2009. She was never renewed for a second year, and with the absence of a promised Section 8 voucher, her landlord initiated eviction proceedings. She re-entered the shelter system in October 2010. She is currently unemployed because she needs to be home to take care of her newborn baby.
- A. M. is the mother of an autistic son. She was enrolled in the Work Advantage program in January 2008 and her subsidy expired in January 2010. She lives in a one-bedroom apartment with her son. Her monthly rent was supposed to be \$1,070, but the landlord requested an additional \$130 each month when she moved in. She never paid this illegal "side deal" money. Her landlord moved to evict her and has taken her to court for her missed payments since February. He has included the "side deal" money in listing what she owes.

She also has terrible conditions in her apartment. She has no heat and has had to buy electric heaters, which she then has to pay for in increased electricity bills. She also has been paying the hot water bill that her landlord is supposed to pay. There is moldy carpeting in the living room, ceiling and water damage, rats, and broken windows. The mold exacerbates her asthma. She has been working with a Legal Aid Society attorney on her housing case and is still in her apartment and awaiting approval for public housing. She originally entered the shelter system because of domestic violence.

- E. V. was enrolled in the Fixed Income Advantage program in April 2009. She is the mother of two children, one of whom is severely disabled. The program was renewed on a monthly basis in April 2010, although she never received a new lease.

The apartment she was placed into was an illegal conversion (as evidenced by recorded building code violations), with her landlord and his wife living in the back part of the divided apartment. The landlord continually harassed her to leave before starting formal eviction proceedings. The Coalition was able to advocate for her to get another year's Advantage

assistance with the ability to transfer to another apartment, and she has since been trying to locate and move into a new apartment.

- J. P. is a single disabled woman who started on Fixed Income Advantage program in July 2009. After some difficulties getting through to City bureaucrats, she was able to renew for a second year in July 2010. Her monthly income is \$761 in disability benefits. Her rent is \$889 and her rental assistance will expire in July of this year.

Moving Forward:

How the City Can Successfully Provide Housing Assistance to Homeless Families

Mayor Bloomberg's flawed approach to family homelessness has had dire consequences for New York City and its most vulnerable families. Ultimately, the Mayor and his administration remain mired in the mistaken notion that family homelessness is a behavior and jobs problem, instead of what it so clearly is – a housing affordability problem.

Numerous research studies have shown that long-term housing assistance, like a Federal housing voucher or public housing, is extremely effective in reducing and preventing homelessness as well as significantly reducing the chance that a family will return to shelter in the short or long-term. Unfortunately, Mayor Bloomberg and administration officials have ignored this research and evidence when crafting their family homelessness policies.

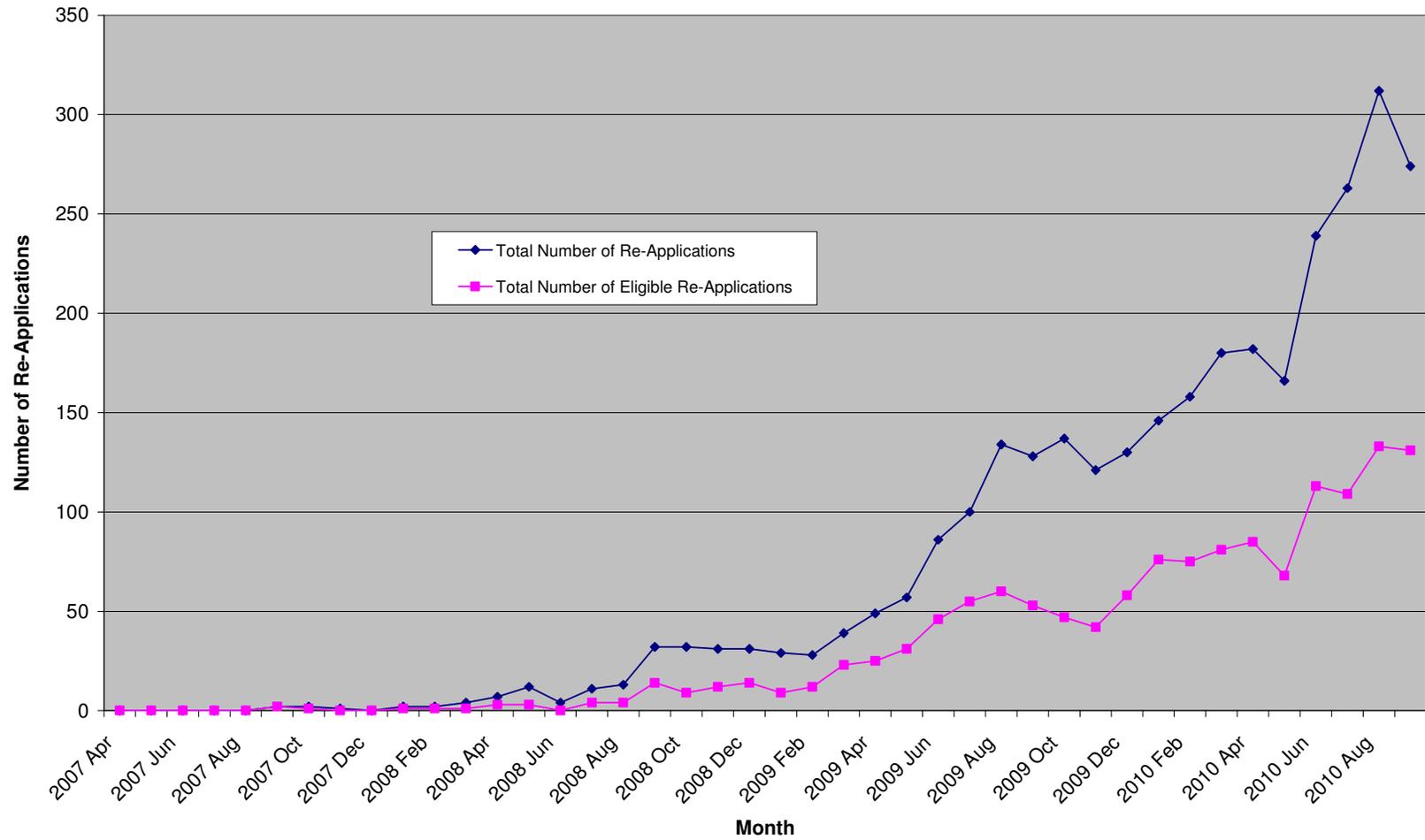
Now, with Governor Cuomo proposing to eliminate State funding for the flawed Advantage program, it is time for the City to change its failed policies once and for all. Coalition for the Homeless urges the Bloomberg administration and State officials to work together to phase out the Advantage program and replace it with targeted Federal housing assistance.

Moving forward, New York's approach to family homelessness should be based on the following principles:

- ***Rental assistance for homeless families should be modeled on the successful Federal housing voucher program.***
- ***Rental assistance for homeless families must be stable and long-term – that it, it should not include arbitrary, one-size-fits-all time limits. The value of the subsidy must not arbitrarily decline, but, rather, should be adequate to bridge the gap between income and the real cost of rental housing and ensure that families pay no more than 30 percent of their income towards housing costs.***
- ***Rental assistance should be flexible and allow families to work and/or to transition from welfare to employment, but should assist those families who are unable to work or are currently unemployed.***
- ***Participation in welfare should not be a requirement for rental assistance.***
- ***Rental assistance should protect homeless children and families from hazardous housing conditions, in the same way that Federal housing programs protect families from unsafe housing.***

- ***Finally, the City and State should target a significant portion of scarce Federal housing subsidies (including both Section 8 vouchers and public housing apartments) to those families most in need – homeless families residing in shelters.***

Re-Applications for Shelter by Families who had Advantage Apartments; Eligible Shelter Applications from Families who had Advantage Apartments



Source: Department of Homeless Services "Reapplications of Families with Prior Advantage Exits", April 1, 2007- September 30, 2010.

RE-APPLICATIONS FOR SHELTER BY ADVANTAGE FAMILIES, APR 2007-SEPT 2010

Month	Total Number of Re-Applications	Total Number of Eligible Re-Applications
2007 Apr	0	0
2007 May	0	0
2007 Jun	0	0
2007 Jul	0	0
2007 Aug	0	0
2007 Sep	2	2
2007 Oct	2	1
2007 Nov	1	0
2007 Dec	0	0
2008 Jan	2	1
2008 Feb	2	1
2008 Mar	4	1
2008 Apr	7	3
2008 May	12	3
2008 Jun	4	0
2008 Jul	11	4
2008 Aug	13	4
2008 Sep	32	14
2008 Oct	32	9
2008 Nov	31	12
2008 Dec	31	14
2009 Jan	29	9
2009 Feb	28	12
2009 Mar	39	23
2009 Apr	49	25
2009 May	57	31
2009 Jun	86	46
2009 Jul	100	55
2009 Aug	134	60
2009 Sep	128	53
2009 Oct	137	47
2009 Nov	121	42
2009 Dec	130	58
2010 Jan	146	76
2010 Feb	158	75
2010 Mar	180	81
2010 Apr	182	85
2010 May	166	68
2010 Jun	239	113
2010 Jul	263	109
2010 Aug	312	133
2010 Sep	274	131
TOTAL	3144	1401

Source: Department of Homeless Services "Reapplications of Families with Prior Advantage Exits", April 1, 2007- September 30, 2010.

DHS defines "families" as including families with children under 21, single pregnant women, and childless couples.