

## Briefing Paper

# The Revolving Door Keeps Spinning

## The Revolving Door Keeps Spinning: New Data Shows that Half of “Advantage” Families Have Returned to the NYC Homeless Shelter System

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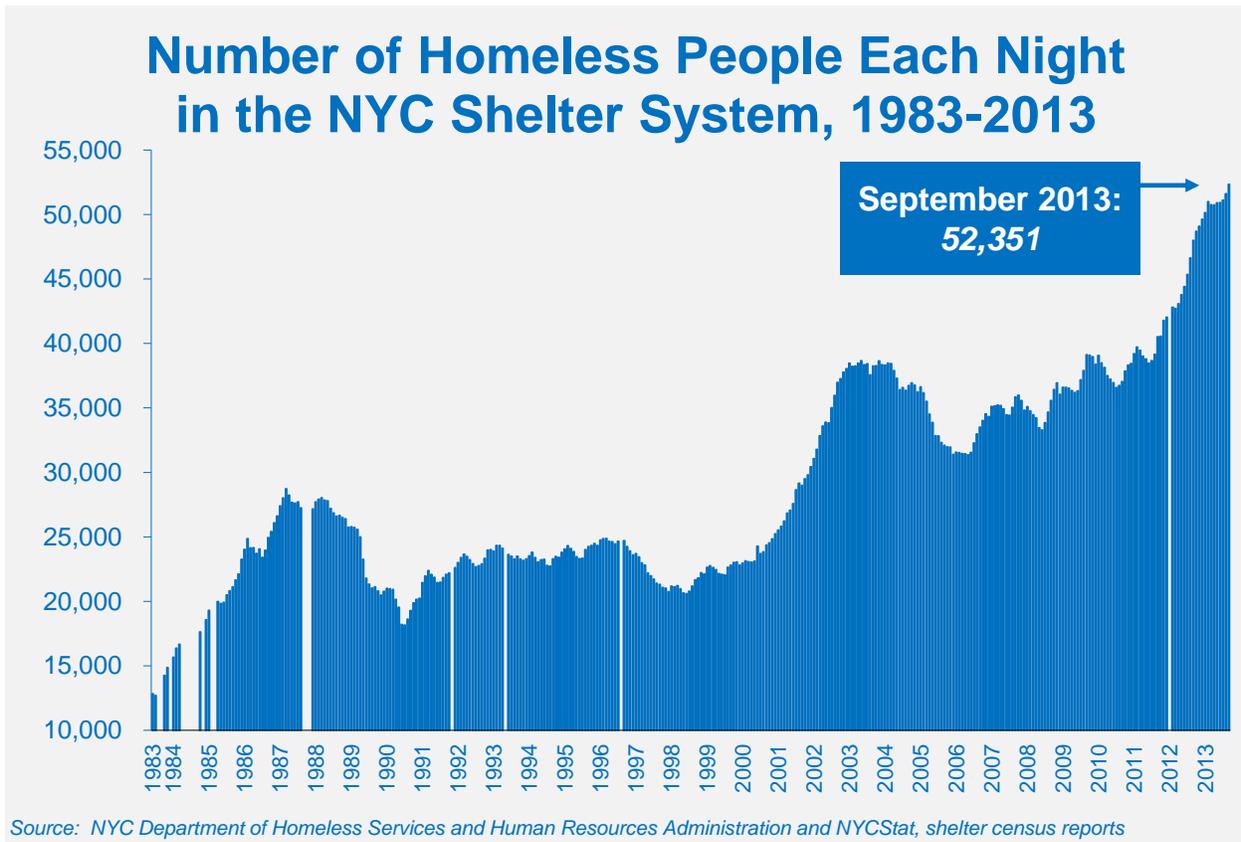
Newly-obtained public data provides additional evidence that the Bloomberg administration’s flawed short-term rent subsidy program, Advantage, was a revolving door back to homelessness for thousands of vulnerable families and children in New York City – and that the Advantage program incurred hundreds of millions of dollars in avoidable shelter expenses.

The City data, obtained pursuant to a freedom of information law request, shows that:

- As of August 2013, **nearly half (49.4 percent) of all Advantage families whose housing subsidy expired had already returned to the New York City shelter system.**
- More than **8,500 Advantage families, with more than 18,000 children and 12,000 adults, returned to the shelter system** after their Advantage housing subsidy expired.
- During the current year, an average of **more than seven Advantage families per day (or 225 Advantage families per month)** returned to the shelter system.
- The cost to taxpayers of Advantage families returning to shelter is nearly **\$287 million and climbing.**

As Mayor-elect de Blasio takes office, he will inherit an unprecedented homelessness crisis, with **more than 52,000 homeless people, including more than 22,000 children, bedding down each night in municipal shelters.** Fortunately the mayor-elect and his new administration have an opportunity to reverse Mayor Bloomberg’s disastrous homeless policies, which have contributed to all-time record homelessness in New York City.

Most important, Mayor-elect de Blasio can build on the wealth of evidence showing that **long-term housing subsidies – like public housing and Section 8 vouchers – successfully move homeless families and children to stable permanent housing**. And the mayor-elect can learn important lessons from the **failure of the Bloomberg administration’s short-term housing subsidies, which became a revolving door back to homelessness and cost taxpayers hundreds of millions of dollars in avoidable shelter expenses**.



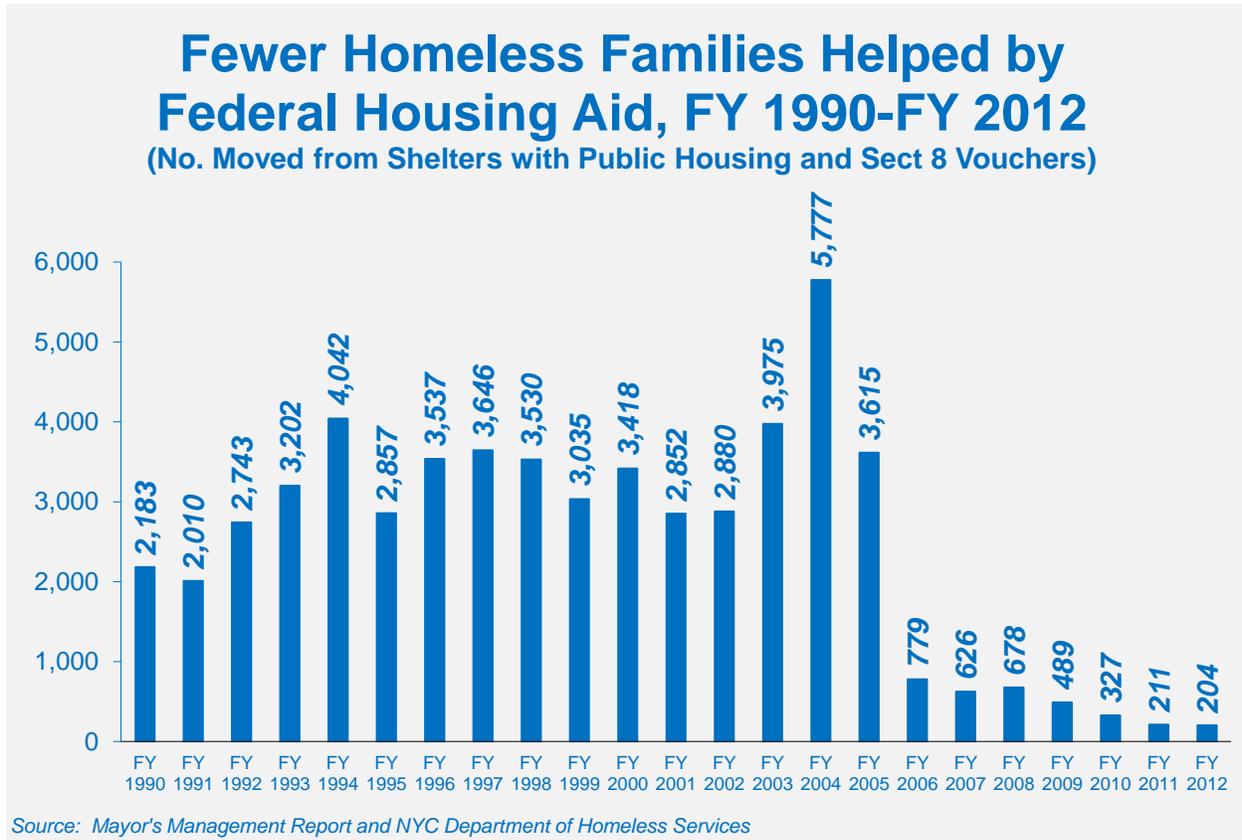
#### Policy Background:

#### Bloomberg Replaced Proven Long-term Housing Subsidies with Flawed Short-term Subsidies

For more than two decades, New York City mayoral administrations addressed the housing needs of homeless children and families by **targeting long-term housing subsidies to help homeless families move from the costly shelter system to stable, permanent housing**. This policy approach helped more than 50,000 homeless families secure stable homes and saved taxpayers tens of millions of dollars that would otherwise have been spent on the shelter system. It also kept the nightly census of homeless families in New York City at around half of what it is now.

Up until 2005 and under Mayors Koch, Dinkins, and Giuliani, the City’s main resource for combating homelessness was to make **priority referrals of homeless families to public housing and Section 8 housing vouchers**. For decades, these resources had been a proven effective way to move families out of shelter and

keep them stably housed. These federally-funded housing programs were also cheaper for New York taxpayers, who pay most of the bill for the \$37,000 annual cost to shelter a homeless family.

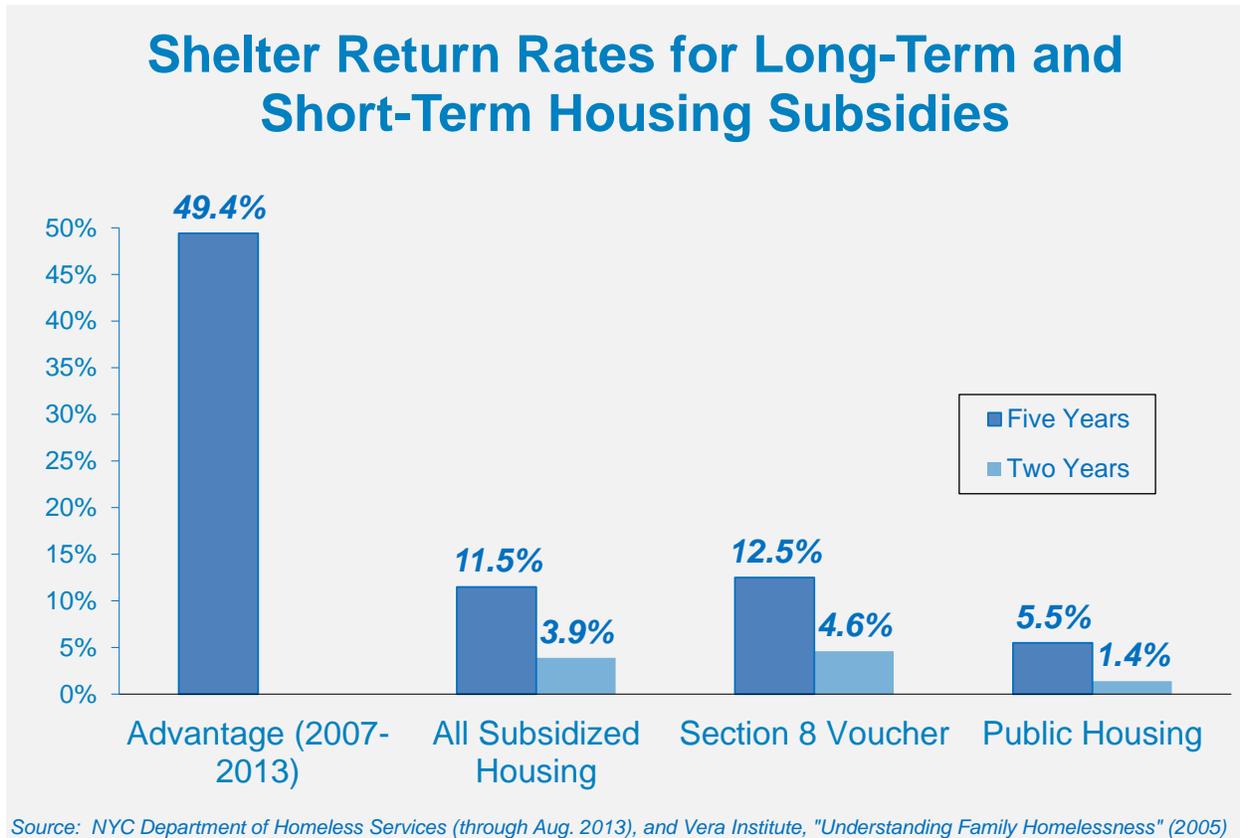


However, in 2005 the Bloomberg Administration, under the guidance of outgoing Deputy Mayor for Health and Human Services Linda Gibbs, ***broke from this longstanding and successful policy and cut off homeless families from access to public housing and Section 8 vouchers.*** Instead, homeless households were given City-administered short-term rental subsidies, the latest of which was called Advantage, a program that provided only one or two years of rental assistance. Despite growing evidence that the short-term subsidies were forcing thousands of families back into homelessness, administration officials claimed that the short-term subsidies were a success. Indeed, even in early 2011 former NYC Department of Homeless Services Commissioner Seth Diamond was quoted in the *New York Daily News* saying that “90% of those who get through Advantage ultimately ‘can sustain themselves’” (*New York Daily News*, “Families in Mayor Bloomberg's Advantage apartment plan often end up back in shelters,” March 7, 2011).

Following a budget and policy dispute with the State, ***the Bloomberg Administration decided to terminate the Advantage program in late-March 2011 and refused to replace it with the successful federal housing programs.*** For the past two years the Bloomberg administration has also opposed efforts by the New York City Council and the New York State Assembly to create new rent subsidy programs and to resume priority referrals for the federal housing programs. Therefore, ***for the first time since modern homelessness began in New York City there is no housing subsidy in place to help homeless families move from shelter to permanent housing.***

## Comparing Short-Term Subsidies Like Advantage to Long-Term Housing Subsidies

A wealth of academic research and first-hand evidence has shown that *long-term housing subsidies, like public housing and Section 8 vouchers, not only help homeless families move from shelters to permanent housing, but also keep them stably housed.*



Indeed, even a 2005 Vera Institute study commissioned by the Bloomberg administration itself confirmed the earlier research findings. The Vera study shows a **shelter return rate of only 3.9 percent after two years for all homeless families exiting shelter with long-term housing subsidies, and a return rate of only 11.5 percent after five years.**

The findings for public housing were even stronger: **Shelter return rates of only 2.1 percent after two years and 5.5 percent after five years.** Thus, research and evidence has proved overwhelmingly that homeless families who left the NYC shelter system with long-term housing subsidies had very low rates of return to homelessness.

To evaluate the shelter return rate for the Advantage program, Coalition for the Homeless used the same analysis. We relied on data provided by the NYC Department of Homeless Services pursuant to a freedom of information law request, as well as publicly-available data. The analysis here is limited to families with children, and does not account for the smaller number of childless families and adults who left shelter with the Advantage program. (Note that none of the data that the City provided is unduplicated, meaning that some families who

exited shelter more than once with Advantage subsidies, or who returned to shelter more than once after their subsidies expired, are captured here.) We conducted the analysis as follows:

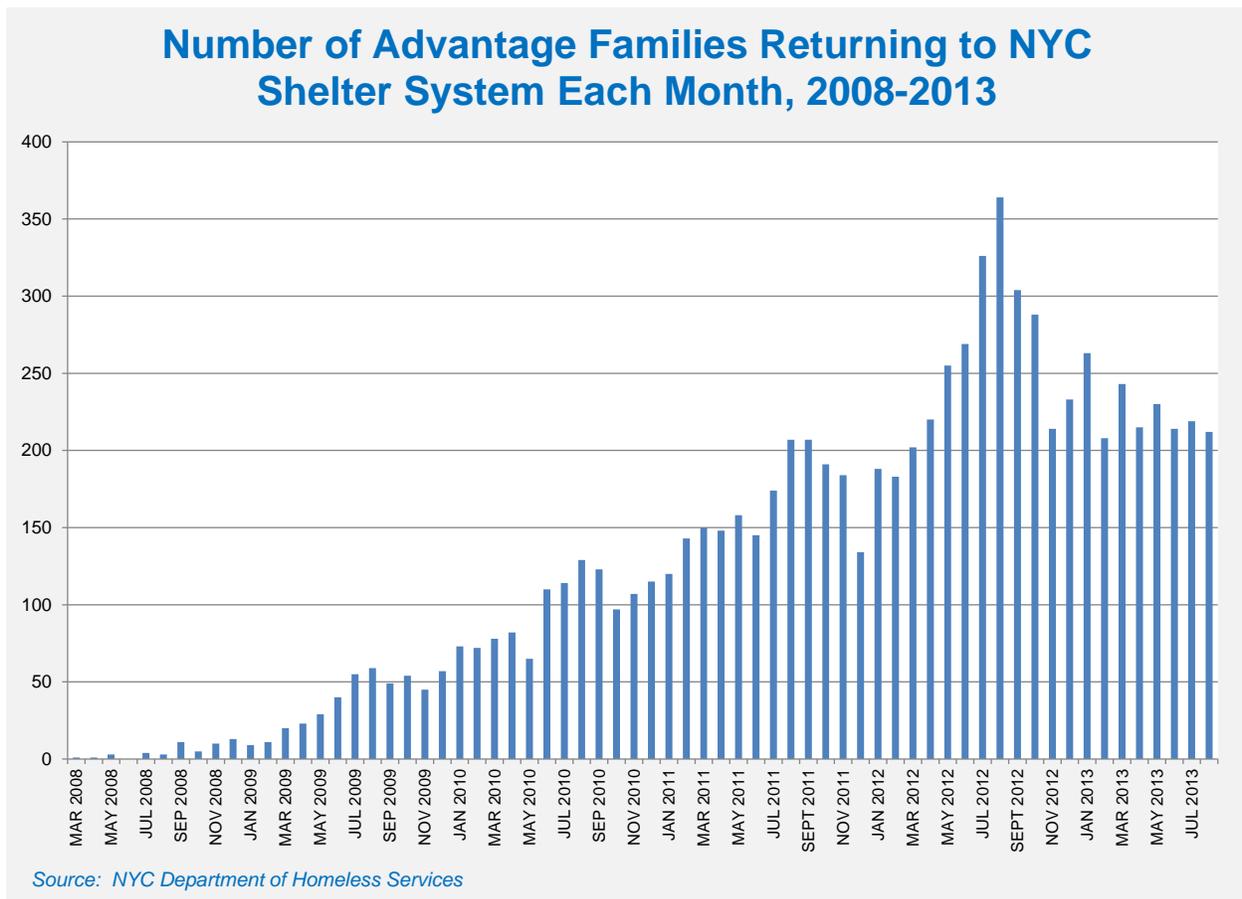
- We looked at the number of homeless families with children who exited shelter with the Advantage program (22,658 families between 2007 and 2011).
- We then excluded those Advantage families who were transitioned to long-term subsidies like Section 8 vouchers under two early versions of the Advantage program (“Fixed-Income Advantage” and “Children’s Advantage”) as well as Advantage families transitioned to the Family Eviction Prevention Supplement (FEPS) program. (Note that we only obtained data for these programs through January 2011 and February 2012, respectively, so the data here likely undercounts the number of Advantage families transitioned to long-term subsidies.)
- This gave us the denominator of the fraction: 17,258 Advantage families who lost all housing subsidies.
- We then took the number of Advantage families who have returned to the shelter system, as of August 2013, and used this figure (8,518 families) as the numerator.

The analysis, summarized in the table here, shows that ***nearly half (49.4 percent) of all Advantage families with children whose subsidies expired have already returned to the shelter system.***

<b>SHELTER RETURN RATE FOR THE ADVANTAGE PROGRAM</b>	
(2007 through August 2013)	
(Source: NYC Department of Homeless Services; data obtained by freedom of information request, and DHS analysis of Advantage program)	
<b>Advantage families who have returned to shelter system</b>	<b>8,518</b>
Children	18,481
Adults	12,242
Total children and adults	30,723
Total Advantage families no longer receiving any Advantage subsidy	22,658
Advantage families with Section 8 vouchers*	1,866
Advantage families with FEPS subsidy**	3,534
<b>Total Advantage families with no rental assistance (no Advantage subsidy, Section 8 voucher, or FEPS subsidy)</b>	<b>17,258</b>
<b>Percent of Advantage families with no rental assistance that returned to shelter system</b>	<b>49.4%</b>
* Data as of January 2011	
** Data as of November 2012	

(It should be noted that our analysis is identical to that recommended by Bloomberg administration officials. In the same *New York Daily News* article mentioned above, former NYC Department of Homeless Services Commissioner Seth Diamond is quoted as saying: **"What taxpayers should judge us on is not how it goes when [the families are] receiving Advantage, but what happens when it's over"**[*New York Daily News*, "Families in Mayor Bloomberg's Advantage apartment plan often end up back in shelters," March 7,2011].)

As bad as the 49.4 percent Advantage shelter return rate is through August 2013, it is likely that the return rate for the Advantage program will ultimate be much higher. The City data shows that, during the current year, **an average of 225 Advantage families each month – or seven families per day – returns to the shelter system**. It is thus likely that, by the end of 2013, well over 9,000 Advantage families with nearly 20,000 children are back in the shelter system.



The high shelter return rate for the Advantage program is one of the main reasons that **the majority of homeless families currently entering the shelter system (63 percent in FY 2013) are formerly-homeless**. In contrast, before 2005, **when the City provided priority referrals to long-term housing subsidies like public housing and Section 8 vouchers, the percentage of homeless families entering the shelter system each year was around 25 percent**.

## Percentage of All Families Entering NYC Shelters Who Were Formerly-Homeless



### Short-Term Housing Subsidies Result in Higher Costs to Taxpayers

Because so many Advantage families have returned to the shelter system – with some families even returning two or more times – the true cost of the program must be calculated in terms of higher shelter expenses for returning families.

We analyzed the additional shelter costs of the Advantage program by calculating the average per diem cost of shelter for homeless families (as reported in the *Mayor's Management Report*), which ranged from \$99.81/day in FY 2008 (when the first Advantage families began returning to the shelter system) to \$102.74/day in FY 2013.

We then multiplied that per diem cost by the average shelter stay for homeless families with children, which rose from 346 days in March 2008, when the first Advantage families returned to shelter, to 409 days in August 2013.

Our analysis thus found that ***the additional cost to taxpayers of Advantage families returning to the shelter system, as of August 2013, was \$286,925,354.***

However, the final cost will inevitably be much higher. As noted above, during the current year an average of 225 Advantage families returned to shelter each month, for an average shelter cost of \$9,149,601. Thus, ***each month sees more than 200 Advantage families returning to the shelter system and as a result they will incur more than \$9 million in shelter costs.***

Finally, it must be emphasized that ***these were avoidable shelter expenses***. As noted above, research studies have found overwhelmingly that the vast majority of homeless families moved from shelter to permanent housing with long-term subsidies do not return to the shelter system. Indeed, even the Vera Institute study commissioned by the Bloomberg administration found that ***nearly 95 percent of homeless families who left shelter to public housing did not return to the shelter system within five years***.

Thus, if in 2005 the City had maintained its earlier, proven policy of priority referrals to public housing and Section 8 vouchers for homeless families, taxpayers would have been spared tens of millions of dollars in avoidable shelter expense. And more important, thousands of vulnerable children and adults would have been spared multiple episodes of homelessness.

### **Moving Forward: An Action Plan for the New Mayor**

Mayor-elect de Blasio and his new administration will inherit a homelessness crisis of historic proportions, in part due to the Bloomberg administration's replacement of proven long-term housing subsidies with deeply flawed short-term subsidies like Advantage.

***The good news is that, by building on housing-based strategies proven successful by previous mayoral administrations and partnering with the State to expand housing assistance for homeless families, Mayor-elect de Blasio can stabilize – and ultimately substantially reduce – NYC's homeless population, without significant increased expenditures in the near term.*** Indeed, the mayor-elect has already embraced many of these proven solutions as a cornerstone of his campaign platform.

In tackling this historic homelessness crisis head-on, the new mayoral administration can also address one of the fundamental manifestations of worsening inequality in New York City. Put simply, by embracing proven policies Mayor-elect de Blasio and his administration can stem the tide of rising family homelessness and help thousands of homeless kids and families secure stable homes.

Following are some of the key policy recommendations that Coalition for the Homeless detailed in our *State of the Homeless 2013* report earlier this year:

#### **Target Permanent Housing Resources to Homeless New Yorkers**

- a. Utilize existing Federal and City housing resources to move homeless families and individuals from the shelter system into permanent housing:
- Resume priority referrals of at least 2,500 eligible homeless households per year to the NYCHA public housing waiting list. (In FY 2012 NYCHA placed more than 6,000 households into public housing apartments, none of them referrals from the NYC Department of Homeless Services.)
  - Resume referrals of eligible homeless households to Section 8 voucher waiting lists, such that homeless households can obtain at least one of every three available vouchers.
  - Reinstate the NYCHA waiting list priority status previously granted to homeless applicants for both the public housing and Section 8 voucher programs.

- *Target to homeless families and individuals at least one of every five vacancies in existing housing units assisted by the NYC Department of Housing Preservation and Development.*
- b. Work with the State to create an effective State-City rental assistance program for homeless New Yorkers to supplement existing Federal and City housing resources. Such a program should:*
- *Offer at least five years of subsidy per eligible household;*
  - *Be otherwise modeled on the proven federal Section 8 voucher program; and*
  - *Provide a mechanism to ensure housing stability for those homeless households with members with disabilities or other barriers to employment who cannot otherwise afford to retain housing after the five-year subsidy has expired.*
- c. Ensure that a significant share of new City-subsidized housing is targeted to homeless households and to the poorest New Yorkers.*
- *At least one of every ten new housing units built or rehabilitated by the NYC Department of Housing Preservation and Development should be allocated to homeless households; and*
  - *At least one half of all new housing units built or rehabilitated by the NYC Department of Housing Preservation and Development should be affordable to extremely low-income households.*
- d. Negotiate with the State a renewed “New York/New York Agreement” to create at least 12,000 units of permanent supportive housing over three years for homeless individuals and families living with mental illness and other special needs, in particular homeless individuals residing on the streets and in other public spaces.*

***For more information, please visit: [www.coalitionforthehomeless.org](http://www.coalitionforthehomeless.org)***