

BRIEFING PAPER
**Reforming New York City’s Rent Subsidy Program for
 Homeless Families**
 February 7, 2007

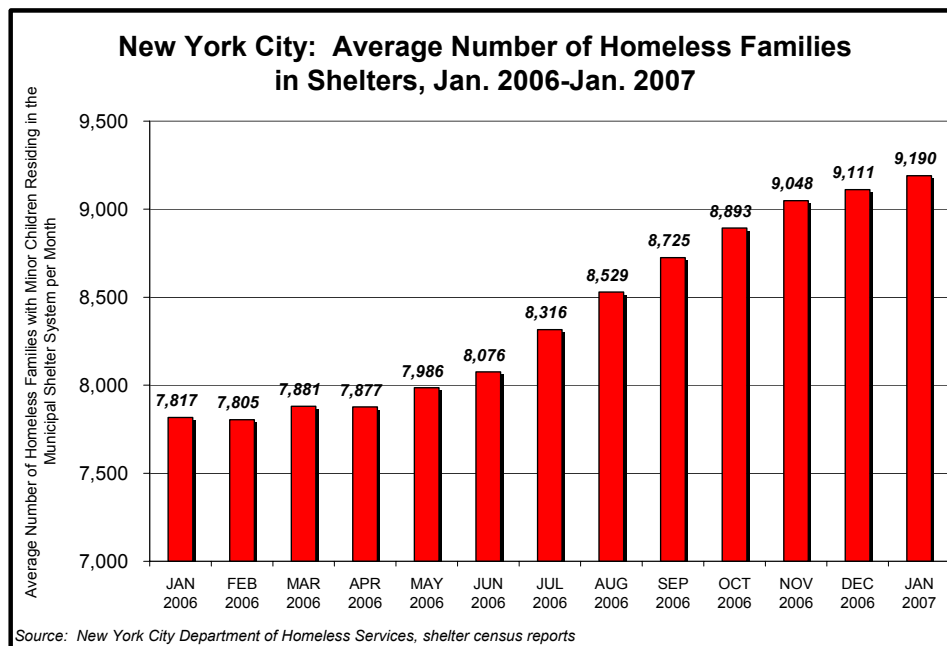
Amidst rising numbers of homeless families in New York City shelters, there is mounting evidence that the Bloomberg administration’s current approach to family homelessness is not working. That approach – which provides insufficient prevention resources; relies on long stays in expensive shelter facilities; and utilizes the deeply flawed “Housing Stability Plus” rent subsidy program as the primary tool to move families from shelters to housing – is in need of serious reform.

Fortunately, there are indications that the Bloomberg administration is considering significant reforms to its rent subsidy program for homeless families. However, *it is essential that such reforms take into account the wealth of research showing that stable, long-term, flexible housing assistance is the most successful vehicle to ensure that formerly-homeless families remain in safe, decent, permanent housing and do not return to emergency shelters.* This briefing paper reviews that research and outlines vital principles for reform of the City’s approach to housing assistance for homeless families.

Rising Family Homelessness and the Need for Reform

In the past year the number of New York City families seeking shelter has risen while the number of permanent housing placements has fallen. As a result, the number of homeless families sleeping each night in municipal shelters and welfare hotels has increased by 17.6 percent, or 1,373 families, from an average of 7,817 families per night in January 2006 to 9,190 families per night in January 2007.

Fortunately, there is a wealth of research that shows how City officials can successfully reform housing assistance programs for homeless families. Three acclaimed research studies analyzing family homelessness in New York City clearly document what service providers, advocates, and indeed homeless



and formerly-homeless families have known for years: ***The best remedy for homelessness among poor families is stable, long-term, flexible housing assistance that allows those families who can to work, that provides long-term rent subsidies for those families who cannot secure employment, and that helps families obtain and keep safe, decent, permanent housing.***

An additional research study, written by two economists, also refutes the longstanding myth that the availability of Federal housing vouchers to homeless families in shelter serves to increase the shelter population. As this study clearly documents – and as the past year’s experience of rising family homelessness has shown – steering scarce Federal housing resources away from homeless families ultimately drives up the shelter census. In the wake of Mayor Bloomberg’s announcement that the City will provide 22,000 Federal housing vouchers to low-income New Yorkers over the next two years – none of them currently targeted to homeless families – it is time for the Bloomberg administration to re-think the misguided policy of denying homeless New Yorkers priority for scarce Federal housing assistance.

Reforming the City’s Homeless Rent Subsidy Program

The Bloomberg administration’s two-year-old “Housing Stability Plus” program has proven to be deeply flawed in many ways. Recent reports by service providers, housing advocates, and elected officials have identified the following major flaws:¹

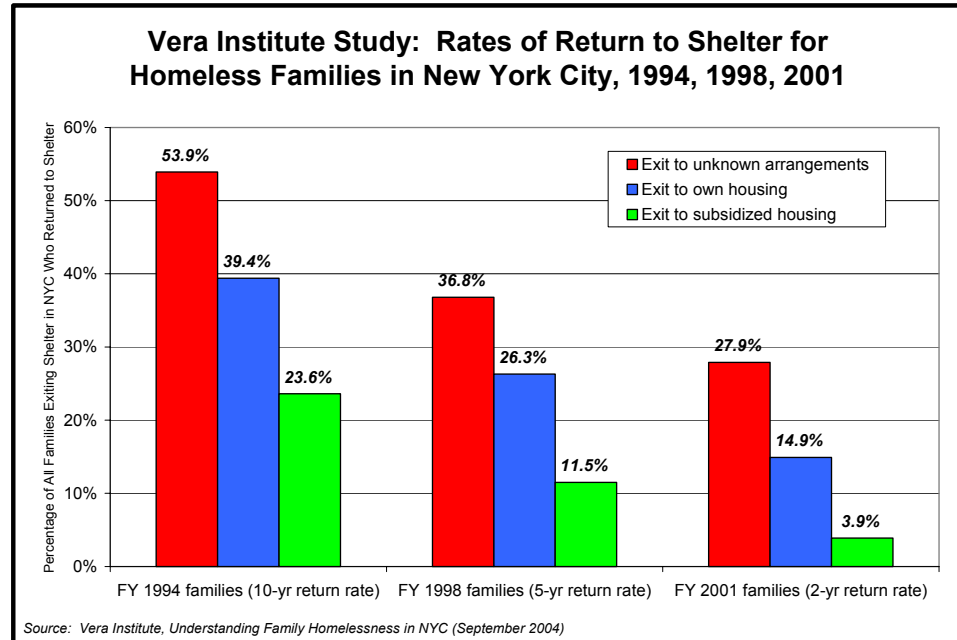
- ***A 20 percent annual reduction in the value of the rent supplement – essentially a rent hike for very-low-income families;***
- ***Rules that requiring recipients to stay on public assistance – prohibiting the recipients from working; and***
- ***No protections for families from dangerous housing conditions;***

Recent reports indicate that the Bloomberg administration is considering significant reforms of the “Housing Stability Plus” program. However, it is essential that such reforms take into account the wealth of research and experience that have shown a clear difference between the rates of return to shelter among families who have stable, long-term rental assistance and those who do not. Indeed, just over two years ago a report commissioned by the administration clearly showed how stable, long-term housing subsidies dramatically reduce the shelter return rates of formerly-homeless families.

Three acclaimed research studies that analyzed family homelessness in New York City all reached a similar conclusion: ***Homeless families who receive stable rental assistance are much less likely to return to shelter than those without housing subsidies.*** The findings of these studies are summarized here:

- Vera Institute study, September 2004: The Vera study, which was commissioned by the New York City Department of Homeless Services and can be found on the DHS website, is the most recent comprehensive study of shelter re-entry among homeless families.² The study analyzed return rates for all families who exited the New York City shelter system in City fiscal years 1994, 1998, and 2001 over two-, five, and ten-year follow-up periods. It also broke out the families based on those leaving to unknown arrangements, those leaving to their own housing, and those leaving to subsidized housing. (The report further analyzed return rates for various types of housing subsidies.)

The study concluded that, “Across all cohorts and follow-up periods, those families exiting to subsidized housing exhibited the lowest rates of reentry. Subsidized housing appears to be associated with better protection against shelter return than



exiting to one’s own housing, other destinations, or unknown arrangements.... NYCHA public housing placement seemed to offer the best protection against shelter reentry, at least in the short term. Not counting Mitchell-Lama placements, families placed with NYCHA public housing demonstrated the lowest two- and five-year return rates in this study. However, families placed in Section 8 Non-EARP housing in 1994 showed the lowest ten-year rate of reentry.”

- Shinn and Weitzman study, November 1998: An earlier research study by Marybeth Shinn and Beth C. Weitzman, professors at New York University, arrived at similar findings.³ Shinn and Weitzman followed two cohorts of families – 266 homeless families seeking shelter, and 298 welfare families – over five years, and found that at the end of that period 80 percent of families with long-term housing subsidies remained stably housed, while only 18 percent of families with no housing subsidy were stable.

Professor Shinn concluded, “For the last six years, government and private foundations have worked under the assumption that behavioral disorders are the root cause of homelessness and that an individual cannot be stably housed until these disorders have been addressed. Our research refutes that assumption. We found that subsidized housing succeeds in curing homelessness among families, regardless of behavioral disorders or other conditions. Whatever their problems – substance abuse, mental illness, physical illness or a history of incarceration – nearly all of the families in our study became stably housed when they received subsidized housing.”

- Wong, Culhane, and Kuhn study, Autumn 1997: This study, conducted by Yin-Ling Irene Wong, Denis Culhane, and Randall Kuhn of the University of Pennsylvania, was the first major research study to analyze homeless client database information to measure rates of shelter reentry among homeless families.⁴ The findings of this study are echoed in the later studies. The University of Pennsylvania researchers found that “hazard rates” of returning to shelter were much higher among families who left to unknown destinations or to their own housing, compared to those who left to subsidized housing. They also looked at two-year rates of re-entry among

families exiting shelter and found the following: “The rate of re-entry is highest among families who were discharged to their own housing (37%) and lowest among those who were discharged to subsidized housing (7.6%).”

Federal Housing Assistance and Family Homelessness

All in all, research and experience demonstrate that stable, long-term housing subsidies dramatically reduce return rates to shelter and help formerly-homeless families remain stably housed. Fortunately, the City has at its disposal two Federal housing assistance programs that have proven enormously effective in accomplishing that goal – the Section 8 voucher program and public housing apartments. As Mayor Bloomberg announced on January 29, 2007, over the next two years the City will make 22,000 Section 8 vouchers available to low-income families, and each year the New York City Housing Authority makes available some 6,500 apartments for new rentals.

Unfortunately, since 2004 the Bloomberg administration has actually *reduced* homeless families’ priority for these Federal housing programs. The City’s current approach echoes “Alternative Pathways,” a flawed policy implemented by the Dinkins administration in the early 1990s that re-directed Section 8 vouchers away from families in shelter and that also triggered a rise in the family shelter census. The Dinkins policy was launched, like the Bloomberg policy, in response to claims that the availability of Section 8 vouchers was attracting families to the homeless shelter system and driving up the shelter census.

However, a major research study directly refutes that claim. It found that, in contrast to the myths surrounding the Dinkins approach, it was the “Alternative Pathways” policy itself that actually increased family homelessness:

- Milken Institute study, June 1997: This study was authored by two economists, Brendan O’Flaherty of Columbia University and Michael Cragg of the Milken Institute.⁵ They analyzed claims that the availability of Federal housing assistance – in particular, Section 8 vouchers – for families in shelter had increased the family shelter population. Their analysis found that, while the availability of housing subsidies does have some minor impact on attracting families to the shelter system, this effect is far outweighed by the large and positive impact of moving families from shelters to permanent housing.

They summarize their findings in this way: “We test the conventional wisdom and reject it. Better prospects of subsidized housing increase flows into the shelter system, but this incentive effect is not nearly large enough to offset the first order accounting effect – taking families out of the shelters reduces the number of families in them.”

Moving Forward: How the City Can Successfully Provide Housing Assistance to Homeless Families

The implications of these research studies for City policy are very clear: Stable, long-term housing assistance reduces family homelessness and reduces return rates for formerly-homeless families. As the Bloomberg administration revises its housing assistance programs for homeless families – in particular, the flawed “Housing Stability Plus” program – Coalition for the Homeless urges City officials to adopt the following principles:

- ***Rental assistance for homeless families must be stable and long-term – that it, it should not include arbitrary, one-size-fits-all time limit. 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.***
- ***Rental assistance should be flexible and allow families to work and/or to transition from welfare to employment.***
- ***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 the Section 8 program protects families from unsafe housing.***
- ***Finally, the City 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.***

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For more information, please visit our website or contact Patrick Markee, Senior Policy Analyst, Coalition for the Homeless, 212-776-2004.

¹ Coalition for the Homeless, “Homeless Families At Risk” (February 2007); Homeless Services United, “False Start, Fresh Promise: Homeless Service Providers Advocate Reform of New York City’s Housing Stability Plus Program” (2006); Housing Here & Now, “Your Tax Dollars at Work: How New York City Subsidizes Slumlords” (October 2005); Office of the Public Advocate of New York City, “Subsidy Shame” (April 2005).

² Vera Institute, “Understanding Family Homelessness in New York City” (September 2004), available at http://www.vera.org/project/project1_3.asp?section_id=6&project_id=68&sub_section_id=38.

³ Shinn, Marybeth, Beth C. Weitzman, et al, “Predictors of Homelessness Among Families in New York City: From Shelter Request to Housing Stability,” *American Journal of Public Health*, Volume 88, Number 11 (November 1998), pp. 1651-1657.

⁴ Wong, Yin-Ling Irene, Dennis Culhane and Randall Kuhn, “Predictors of Exit and Reentry Among Family Shelter users in New York City,” *Social Science Review* 71, Number 3 (1997), pp. 441-462.

⁵ Cragg, Michael and Brendan O’Flaherty, “Does Subsidized Housing Increase Homelessness? Testing the Dinkins Deluge Hypothesis,” Milken Institute (June 1997)