



A Better, More Cost-Effective Alternative to the Failed “Advantage” Program

Governor Cuomo’s 2011-2012 budget proposes eliminating \$35 million in State funding for the Advantage program, the failed, time-limited rent subsidy program that has ***become little more than a revolving door back to homelessness for thousands of vulnerable children and adults.***

The Governor’s budget proposal offers 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, combined with significant reforms to the Advantage program.***

This alternative approach will ***save City and State taxpayer dollars and provide better, more stable housing options for homeless children and adults exiting shelter.***

Although the City has threatened to cut off the Advantage subsidies of families with children who are currently in the program, such action would be unlawful. On behalf of these families and Coalition for the Homeless, the Legal Aid Society is prepared to go to court to prevent that from happening.

Failures of the Advantage Program

City data clearly shows that the Advantage program has ***forced thousands of children and adults back into homelessness and the shelter system.***

ADVANTAGE PROGRAM OUTCOMES THROUGH JAN 31, 2011	
(Source: DHS analysis of Advantage program)	
Advantage families who've applied for shelter	2,130
Advantage families deemed eligible for shelter	1,461
Advantage families no longer receiving any Advantage subsidy	7,272
Advantage families with Section 8 vouchers	1,142
Advantage families with FEPS subsidy	433
Total Advantage families with no rental assistance (no Advantage subsidy, Section 8 voucher, or FEPS subsidy)	5,697
Percent of Advantage families with no rental assistance who've applied for shelter	37.4%
Percent of Advantage families with no rental assistance deemed eligible for shelter	25.6%

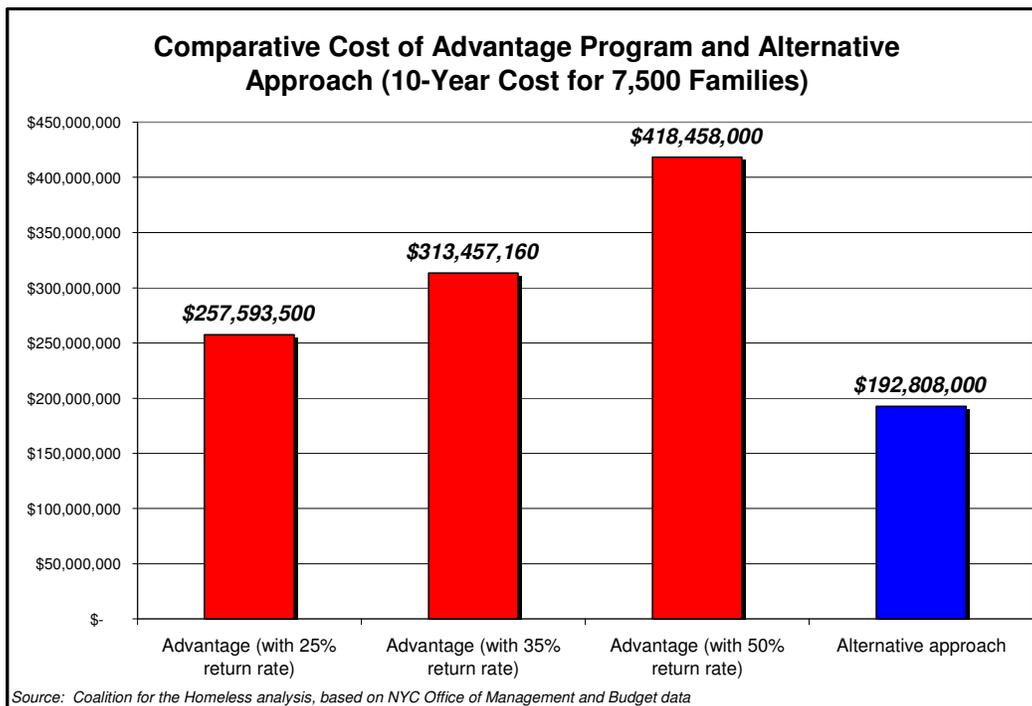
- ***More than one out of three Advantage families who've lost rental assistance (37 percent) has applied for shelter.***
- ***One out of four Advantage families who've lost rental assistance (26 percent) has already returned to the shelter system.***

- ***In contrast, the shelter return rate for Federally-subsidized public housing and Section 8 vouchers is less than 4 percent after two years.***
- Since the inception of the Advantage program, the ***number of homeless families entering the shelter system has hit all-time record highs***, and the ***number of homeless families in municipal shelters each night has reached all-time record levels.***
- In August 2010 the City implemented new restrictive Advantage program rules that will lead to ***fewer families receiving two full years of rental assistance.*** City officials project that ***at least 40 percent of families will not receive two years of Advantage subsidy under the new rules.***
- As of January 2011, ***nearly 1,500 Advantage families with more than 3,000 children had already returned to the shelter system.*** Accounting for their return to the shelter system (currently some \$27,000 per family for the average shelter stay), those families will incur ***more than \$40 million in additional shelter expenses.***

A Better, More Cost-Effective Alternative

According to a comprehensive Coalition for the Homeless analysis, ***the Advantage program costs more in taxpayer money than the alternative and will lead to dramatic increases in family homelessness.***

Coalition for the Homeless analyzed the projected cost of the Advantage program for 7,500 families over ten years. The Coalition analysis ***includes the cost of shelter for Advantage families returning to the shelter system***; City budget officials have to date failed to analyze these additional shelter costs. The Coalition analysis found the following:



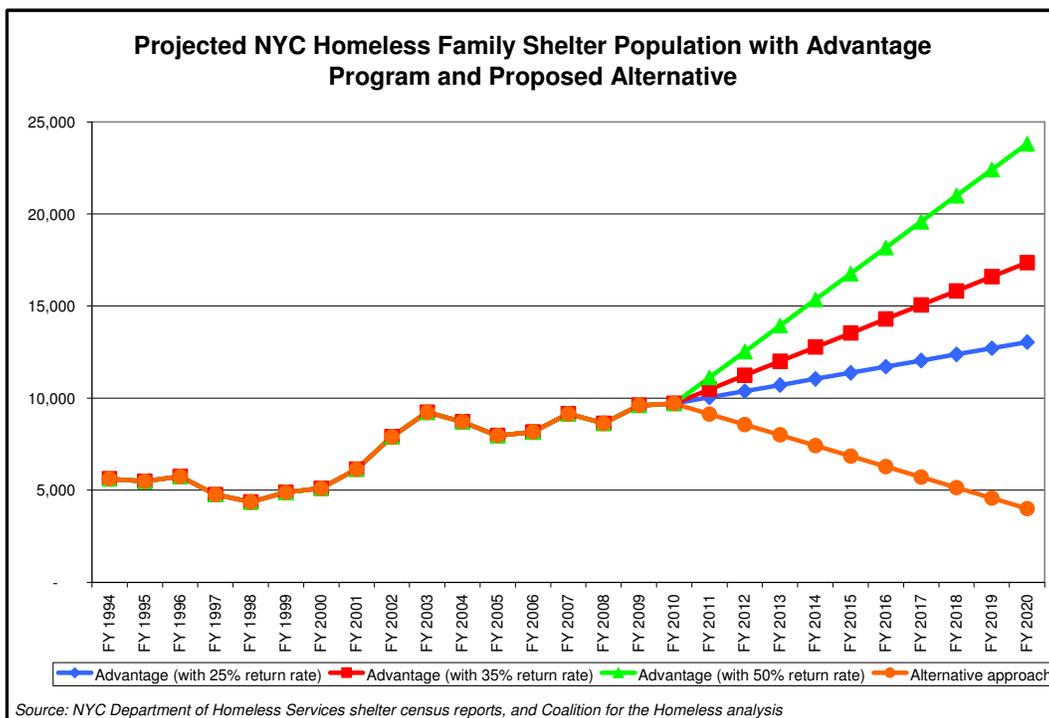
- **Advantage Scenario A:** With a ***25 percent rate of return to shelter*** – a conservative scenario, as this is essentially what occurred under the old, more generous Advantage rules – the ***total cost of the program is \$258 million.***
- **Advantage Scenario B:** With a ***35 percent rate of return to shelter*** – also a conservative scenario given the more restrictive Advantage rules introduced last year – the ***total cost of the program is \$313 million.***

- Advantage Scenario C: With a **50 percent rate of return to shelter** – a very likely scenario given City predictions that 40 percent of Advantage families will get only one year of rental assistance – the **total cost of the program is \$418 million**.

In contrast, **the projected cost of an alternative approach for 7,500 families over ten years is significantly lower**. The alternative approach combines Federal housing assistance (public housing and Section 8 vouchers) with a reformed Advantage program modeled on the Section 8 program (i.e., no time limits but annual re-certifications). The Coalition analysis found the following:

- Alternative Approach: For an alternative that combines 5,000 Federal housing subsidies and 2,500 reformed, Section 8-style Advantage subsidies, the **total cost of the program is \$193 million**.

In addition, the alternative approach leads to dramatic reductions in the homeless family population, while Advantage results in significant increases in the homeless family population.



- Advantage Scenario A: With a 25 percent rate of return to shelter, **over ten years the number of homeless families would increase by 34 percent**.
- Advantage Scenario B: With a 35 percent rate of return to shelter, **over ten years the number of homeless families would increase by 79 percent**.
- Advantage Scenario C: With a 50 percent rate of return to shelter, **over ten years the number of homeless families would increase by 145 percent**.
- Alternative Approach: For an alternative that combines 5,000 Federal housing subsidies and 2,500 reformed Advantage subsidies, **over ten years the number of homeless families would actually decrease by 59 percent**.

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