

BRIEFING PAPER

## No Advantage: The Bloomberg Administration’s Flawed Approach to Family Homelessness

July 20, 2007

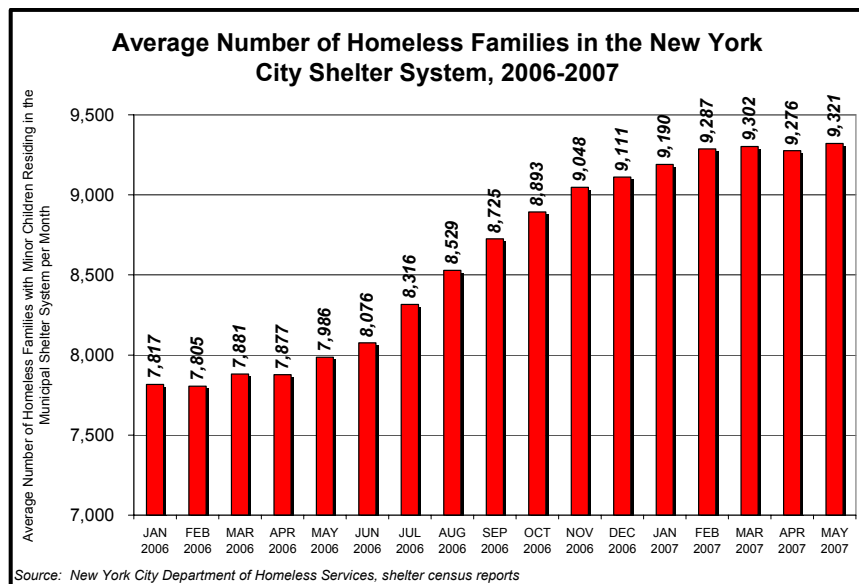
### Family Homelessness: A Housing Affordability Problem, Not a Welfare Problem

Amidst record family homelessness and a worsening housing affordability crisis in New York City, Mayor Bloomberg has missed an historic opportunity to address the growing affordable housing needs of thousands of New York City’s most vulnerable families. Instead, in the face of reports that the number of homeless families in New York City had reached all-time record levels this year, the Bloomberg administration dropped the ball in April by merely replacing one flawed rent subsidy program – the widely criticized “Housing Stability Plus” program, which had contributed to rising family homelessness – with another, equally flawed program – the new “Work Advantage” program. Both programs were developed behind closed doors, without the input of homeless families, advocates, academic researchers, or frontline service providers.

This latest misguided shift in policies is, unfortunately, further evidence that Mayor Bloomberg and his administration remain mired in the mistaken notion that family homelessness is a welfare and jobs problem, not what it primarily is, a housing affordability problem. Indeed, the deeply flawed “Work Advantage” program compounds some of the most glaring mistakes of the “Housing Stability Plus” program, most alarmingly the “one-size-fits-all” time limits and cut-off of vital housing assistance for poor children and families who have ongoing housing needs.

Ultimately, Mayor Bloomberg’s new program fails to address the realities of family homelessness and the challenges that homeless and low-income families confront in a New York City housing market that has lost tens of thousands of affordable apartments in recent years, and where low-wage workers require long-term housing assistance in order to afford skyrocketing rents.

Mere months after the “Work Advantage” program was announced, homeless families, advocates, and service providers are already looking to change this flawed program, as they did immediately after the unveiling of the flawed “Housing Stability Plus”



program. And sadly, it is inevitable that if the “Work Advantage” program is implemented as it is currently conceived, many vulnerable families will experience hardships and recurring episode of homelessness in the same way that so many families have been harmed by the flaws of the “Housing Stability Plus” program.

Mayor Bloomberg and his administration should go back to the drawing board and abandon their flawed approach to family homelessness. Coalition for the Homeless urges Mayor Bloomberg and City officials to work with homeless families, advocates, academic researchers, and service providers to craft policies that build on the wealth of research and experience showing that stable, long-term housing assistance similar to the Federal Section 8 voucher program successfully reduces family homelessness and ensures that formerly-homeless families don’t return to shelter.

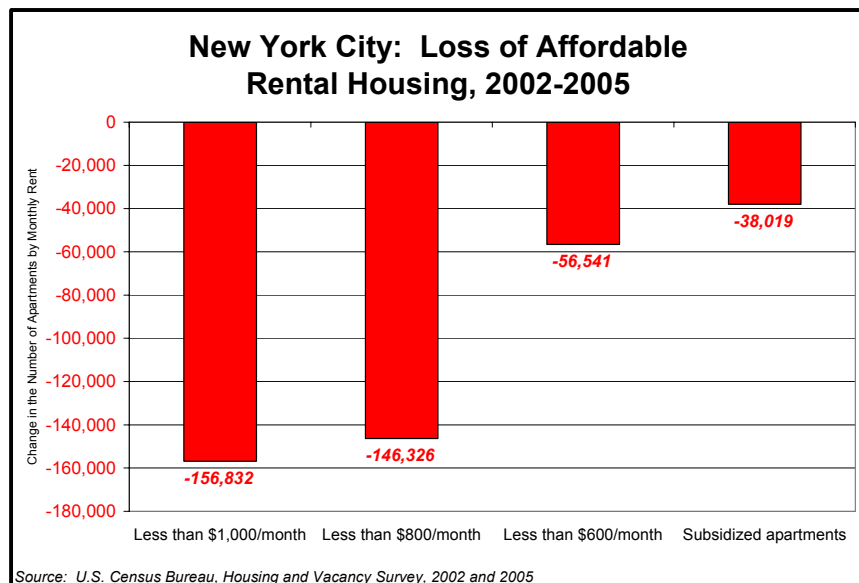
**Record Family Homelessness and the Accelerating Loss of Affordable Housing in New York City**

New York City is currently in the midst of an historic crisis of family homelessness. In February of this year, according to data from the New York City Department of Homeless Services, the average number of homeless families sleeping each night in the municipal shelter system reached nearly 9,300 families, an all-time record. And the record level of family homelessness in New York City has persisted throughout the course of this year. Each night of 2007, more than 9,000 New York City families with more than 14,000 children have bedded down in shelters or welfare hotels.

Equally alarming, family homelessness has been on the rise for a considerable period of time. As Coalition for the Homeless documented in its recent “State of the Homeless 2007” report, last year the number of homeless families sleeping in shelters each night rose by 17.6 percent, while the number of homeless children in shelters rose by 18.1 percent. One of the major causes of the rising population of homeless families is the dramatic increase in the number of new homeless families – according to City data, compared to the previous year, 2006 saw a 22.9 increase in the number of homeless families new to the shelter system, an increase in large part driven by the growing scarcity of rental housing affordable to low-income New Yorkers.

Indeed, according to the U.S. Census Bureau’s Housing and Vacancy Survey, between 2002 and 2005 (the most recent data available) the number of New York City apartments available at monthly rents of less than \$1,000 (in 2005 constant dollars) fell by nearly 157,000, while the number of apartments with monthly rents of less than \$600 – that is, apartments that would be affordable to low-income families – fell by more than 56,000. Indeed, during the same period the number of subsidized housing units in New York City shrank by 11 percent.

At the same time, the number of apartment renting for \$1,400/month or more grew by 63,000 – an increase of almost 25 percent. And during that same period median monthly



rents (adjusted for inflation) rose by 8 percent while median renter incomes (also adjusted for inflation) fell by 6 percent.

Thus, by every measure the housing affordability crisis in New York City has worsened in recent years, and the widening gap between soaring rents and falling renter incomes remains the driving force behind rising family homelessness.

However, another major cause of the growing homeless family shelter population was the Bloomberg administration's deeply flawed "Housing Stability Plus" (HSP) program. Launched in December 2004 to replace Federal Section 8 vouchers at a time of cutbacks by President Bush and the U.S. Congress, HSP provided declining, time-limited rent subsidies to families who were relocated from shelters to private-market housing. From the outset the program was deeply flawed both in its structure and its implementation. HSP rules mandated a 20 percent annual reduction in the rent supplement, regardless of the family's circumstances, and excluded the working poor and disabled people from the program. Indeed, under HSP rules families in the program were prohibited from leaving welfare for work, despite the fact that their rental assistance was reduced each year. In addition, due to weakened inspection standards, thousands of HSP families were placed into apartment buildings with numerous hazardous conditions, many of them owned by landlords known to the City for having long records of negligence.

At the same time that it rolled out the HSP program, the Bloomberg administration changed longstanding City policies that had successfully targeted scarce Federal housing assistance to homeless families. For the past two decades and through four mayoral administrations, the City's major tool for re-locating homeless families from shelters to permanent housing has been the Federal Section 8 Housing Voucher Program and public housing apartments. Since the 1980s tens of thousands of families have been successfully moved from shelters to private-market apartments through the use of such vouchers, and thousands more have been moved into public housing apartments. Indeed, as recently as 2003 and 2004 this approach resulted in significant reductions in the homeless family shelter population.

Moreover, according to an acclaimed 2005 research study by the Vera Institute for Justice (a report which was commissioned by the New York City Department of Homeless Services), formerly-homeless families with Federal housing vouchers and public housing apartments have had remarkably low rates of return to shelter. Nevertheless, in October 2004 and again in October 2006, the Bloomberg administration abandoned this longstanding and successful approach to family homelessness by sharply restricting homeless families' access to Federal housing programs. Thus, when Mayor Bloomberg announced, in February 2007, that the City would distribute 22,000 Section 8 vouchers to low-income families over the next two years, the Mayor's policies blocked homeless families from accessing any more than a handful of those vouchers.

Thus, as a result of the flaws in HSP and the Bloomberg administration's denial of Federal housing assistance to homeless families, between 2005 and 2006 the number of homeless families moved to permanent housing fell by 11 percent to 5,950 families, the lowest number in four years. HSP moved fewer families in its second year of operation than in its first – 4,524 families in 2005 compared to 4,033 families in 2006. In short, in the midst of a worsening housing affordability crisis in New York City, the Bloomberg administration's flawed policies contributed significantly to rising family homelessness.

### **The Bloomberg Administration's Flawed Approach to Family Homelessness**

It is now clear that dramatic changes are needed in how the City of New York addresses the problem of family homelessness, and how it helps homeless families move from shelter to permanent housing. To accomplish these changes, however, City officials need to dramatically re-think both the causes and solutions to the problem of family homelessness. And this requires them to acknowledge one central fact:

At its heart, family homelessness is primarily a housing affordability problem, not a welfare or employment problem. That is, homeless families, like many working-poor and low-income families, need long-term, flexible, adequate housing assistance in order to secure and maintain housing in New York City's tight, expensive housing market.

As noted above, there is overwhelming evidence of the accelerating loss of affordable rental housing in New York City in recent years. At the same time, there is a wealth of evidence and data that New York City's job market fails to create the kinds of jobs that will help homeless, formerly-homeless, and low-income families afford private-market housing without some form of housing assistance. Low-income adults leaving welfare for employment are likely to find jobs in the retail or services sectors paying at or just above the minimum wage – that is, \$15-16,000 annually. In a housing market with asking rents on two-bedroom apartments exceeding \$1,000/month (that is, \$12,000 per year), even in the poorest neighborhoods, it is simply a mathematical impossibility that low-wage workers can obtain and keep housing without some form of long-term subsidy.

Faced with these challenges – a deepening housing affordability crisis, a labor market creating low-wage jobs, and rising family homelessness – it is therefore deeply troubling that, when it was crafting a replacement for the failed HSP program, the Bloomberg administration chose to ignore the research and experience unequivocally showing that homeless families need long-term, flexible housing assistance in order to leave shelters and stay out of shelters. Indeed, as noted above, the New York City Department of Homeless Services itself commissioned an acclaimed 2005 study by the Vera Institute for Justice, “Understanding Family Homelessness,” that concluded:

“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.” (Emphasis added.)

### **The Bloomberg Administration's New “Work Advantage” Program: Replacing One Flawed Program with Another**

On April 25, 2007, the New York City Department of Homeless Services announced the replacement of the HSP program with several new rent subsidy programs that are part of a package labeled “Advantage New York.” The package includes two programs – “Children Advantage” and “Fixed-Income Advantage” – aimed at families with child welfare or disability issues which are supposed to transition those families to Section 8 vouchers within a year, a distinct improvement over the HSP program which did not assist families with non-welfare income.

However, according to the Bloomberg administration, the centerpiece of “Advantage New York” is the time-limited “Work Advantage” program. The new “Work Advantage” rent subsidy program not only ignores the lessons of the past and the findings of numerous research studies, but it essentially replaces one flawed rent subsidy program with another.

Following are the major flaws of the “Work Advantage” program:

- Unrealistic, “one-size-fits-all” time limits: The major flaw of the “Work Advantage” program is its “one-size-fits-all” time limit, which cuts off housing assistance after only one or two years, regardless

of a family's circumstances. The program's rules state that a family will receive one year of rental assistance with the second year conditioned on compliance with a host of savings and other requirements. Most alarmingly, unlike the "Children Advantage" and "Fixed-Income Advantage" programs, after the time limit the "Work Advantage" program does not provide any guarantee of a Section 8 voucher or any other ongoing housing assistance.

In essence, the new program requires that within one or two years, formerly-homeless families – the majority of whom will be placed in apartments with monthly rents around \$1,070, or \$12,840 per year – secure jobs with hourly wages of \$15 or more.

The City has offered no assurance that families who reach the one- or two-year cut-off and are still in need will receive any ongoing housing assistance. Indeed, City officials have only said that time-limited families still in need can visit one of the Department of Homeless Services' Home Base offices – but have failed to specify in any way what assistance they will receive from these offices. Currently, Home Base offices offer no ongoing rental assistance with the exception of some 3,000 Section 8 vouchers annually, which are reportedly targeted to other households assisted by those offices.

Moreover, Department of Homeless Services documents describing the "Work Advantage" program suggest that many, perhaps most, families will receive only one year of the rent subsidy, not the second year. The program rules state that families who fail to comply with the savings and work requirements and the mandatory "rent contribution" (discussed below) will be denied the second year of the subsidy – and, as long experience with New York City's sanction-driven welfare system has shown, many families will undoubtedly and often unwittingly fall into this trap.

- Most homeless families will receive no housing assistance at all: The "Work Advantage" program deliberately excludes the majority of homeless families who are unemployed and who are receiving public assistance benefits. Homeless shelter providers report that more than 80 percent of homeless families are not employed, and that most are receiving welfare benefits. Moreover, many homeless families have significant barriers to employment, either due to domestic violence issues, lack of adequate education, or lack of access to child care and other work supports. Thus, it is clear that the "Work Advantage" program, as well as the other "Advantage New York" programs, will assist only a fraction of homeless families.
- Unrealistic program requirements: The "Work Advantage" program also has many other unrealistic requirements that are likely to create hardship for struggling families. For instance, under program rules a typical three-person family will be required to save at least \$107/month (10 to 20 percent of the rent) and contribute \$50/month towards their rent. However, at the same time, the families are required to have incomes of below twice the poverty level, and in practice many will have incomes far below that level. The savings and other requirements will leave poor families with little left over to pay for food, clothing, utilities, school supplies, etc.

In contrast, the Section 8 voucher program requires a family to pay 30 percent of its income towards housing costs, a flexible and reasonable model that ensures that families have sufficient resources to meet other needs.

- Unanswered questions for "Housing Stability Plus" families: To date, the Department of Homeless Services has failed to specify what assistance, if any, will be offered to the approximately 10,000 formerly-homeless families moved from shelters since 2004 with the HSP program. Some HSP families have been offered the option of switching to the "Work Advantage" program, but the details of that transition are unclear. And it appears that even HSP families qualified for the "Children

Advantage” and “Fixed-Income Advantage” programs may not be offered the enhanced protections of those program.

Finally, thousands of HSP families remain in housing with serious health and safety hazards that have been documented by City inspectors, including lead paint and other immediately hazardous conditions. Despite repeated appeals by City Councilmembers and other elected officials, to date Bloomberg administration officials have refused to re-inspect HSP apartments or ensure that HSP families with hazardous housing conditions are relocated to safe, decent apartments.

Despite these glaring flaws, it is important to acknowledge some of the improvements included in the “Advantage New York” programs. These include:

- Most important, the commitment that, through the “Fixed-Income Advantage” and “Children Advantage” programs, families with disabilities or child welfare cases will transition to Section 8 vouchers (although many questions remain about how this transition will occur).
- De-coupling the “Work Advantage” rent subsidy from families’ public assistance benefits – City officials have acknowledged that 65 percent of all HSP recipients experienced an interruption in their rent supplement due to a welfare sanction or case closing, and many landlords refused to participate in the program because of loss of rental revenue caused by this structural flaw in the HSP program.
- Higher rent levels, which more closely approach the Federal “Fair Market Rent” levels used in the Section 8 voucher program.
- Improved apartment inspection rules, which are similar to those used in the Section 8 voucher program – the Bloomberg administration actually announced these changes in March 2007 (before the “Advantage New York” package was unveiled) in response to news accounts of children and families harmed by lead poisoning and other hazardous housing conditions.
- Introducing occupancy standards which were missing from the HSP program and resulted in severe crowding in many HSP apartments.

Nevertheless, the several improvements listed here cannot possibly outweigh the fatal flaws of the “Work Advantage” program – that it fails to acknowledge and meet the long-term housing needs of homeless and formerly-homeless families; that it excludes the majority of homeless families from receiving any housing assistance; and that it continues to ignore the worsening housing affordability crisis in New York City.

### **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. It is therefore deeply troubling that the Mayor and City officials have compounded the mistakes of the flawed “Housing Stability Plus” program by replacing it with the equally flawed “Work Advantage” program. Ultimately, the Bloomberg administration remains mired in the mistaken notion that family homelessness is a welfare and jobs problem, instead of what is so clearly is, a housing affordability problem.

In contrast, research and experience have shown that there is a proven, effective approach to reducing family homelessness. Indeed, as numerous studies (including research commissioned by the City) have

shown, long-term housing assistance similar to the Federal Section 8 voucher program successfully reduces family homelessness and reduces the rate of return to shelter for formerly-homeless families.

Amidst the current record numbers of homeless families in New York City, Coalition for the Homeless urges Mayor Bloomberg and City officials to go back to the drawing board and to work with homeless families, advocates, academic researchers, and service providers to craft policies that include the following principles:

- Rental assistance for homeless families should be modeled on the successful Section 8 Housing Voucher Program.
- Rental assistance for homeless families must be stable and long-term – that is, 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.
- 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 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.*