



**TESTIMONY OF COALITION FOR THE HOMELESS
BEFORE THE NEW YORK CITY COUNCIL**

**General Welfare Committee Hearing
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**Submitted by Patrick Markee, Senior Policy Analyst, and Giselle Routhier, Policy Analyst
Coalition for the Homeless**

We present this testimony on behalf of Coalition for the Homeless, a not-for-profit organization that assists more than 3,500 homeless New Yorkers each day. Since its founding in 1981, the Coalition has advocated for proven, cost-effective solutions to the crisis of modern homelessness, which now continues into its third decade. The Coalition has also struggled for more than 25 years to protect the rights of homeless people through litigation around the right to emergency shelter, the right to vote, and appropriate housing and services for homeless people living with mental illness and HIV/AIDS.

The Coalition operates several direct-services programs that both offer vital services to homeless, at-risk, and formerly-homeless New Yorkers, and demonstrate effective long-term solutions. These programs include supportive housing for families and individuals living with AIDS, a job-training program for homeless and formerly-homeless women, a Rental Assistance Program which provides rent subsidies and support services to help working homeless individuals rent private-market apartments, and two buildings in Manhattan which provide permanent housing for formerly-homeless families and individuals. Our summer sleep-away camp and after-school program help hundreds of homeless children each year. The Coalition's mobile soup kitchen distributes 1,000 nutritious meals to street homeless and hungry New Yorkers each night. Finally, our Crisis Intervention Department assists more than 1,000 homeless and at-risk households each month with eviction prevention assistance, client advocacy, referrals for shelter and emergency food programs, and assistance with public benefits.

The Bloomberg Administration's Flawed Approach to Family Homelessness

New York City is in the throes of a historic homelessness crisis. Currently, more than 39,000 homeless men, women, and children bed down in municipal shelters each night, the highest number since modern homelessness began three decades ago. In addition, more than 10,000 homeless families are sleeping in the municipal shelter system on any given night, including 16,000 children—an all-time record high.

By any measure, the Bloomberg administration's approach to homelessness – including the Mayor's 2004 five-year plan to reduce homelessness – has failed. This is especially true of the Mayor's decision to cut off homeless families and individuals from a longstanding priority for Federal housing programs – which are proven to reduce homelessness – and his administration's creation of deeply flawed and unrealistic local rent subsidy programs to replace those successful Federal programs.

Now, in the midst of record New York City homelessness, comes word that, instead of learning from the mistakes of the past eight years, Mayor Bloomberg is in effect doubling down on the failed policies of his first two terms. The Mayor's plan to force homeless families to pay for the cost of emergency shelter and

the proposed changes to the Advantage programs will only fuel further increases in homelessness in New York City.

We offer this testimony to express our concern regarding:

- Families currently on the City-administered Advantage program and reaching the end of their time limit.
- The forthcoming changes to the Advantage program proposed by the Bloomberg administration which we believe make a bad program even worse.
- The City's plan to implement "rent" requirements for homelessness families in municipal shelters.

Advantage New York: No Advantage for Homeless Families

Since its inception in 2007, the City of New York has moved over 15,000 families from shelters to permanent housing using the three Advantage programs (Work, Fixed Income, or Children's). Unfortunately, with the Work Advantage program limited to only one or two years of assistance and given the recent funding problems with the Federal voucher program, this means thousands of formerly homeless families are currently, or will soon be, left with no assistance and put at extreme risk of returning to shelter.

According to DHS's own data, between September 2007 and October 2009, **nearly 1,000 re-applications for shelter have been filed from families that have timed-off of the Advantage programs.**¹ The applications, predictably, started to spike in mid-2009—at the Work Advantage program's two-year mark. This rate of return is especially troubling considering the thousands more families that are expected to time-off the program this coming year.

Families with disabilities or other barriers to work who were previously guaranteed a Federal Section 8 voucher after participating in Children's or Fixed Income Advantage are now, as a result of the Section 8 crisis, left with no assistance once they reach the limit of their City subsidy. By the end of 2010, this will amount to a total of **3,551 families**. These are families that have a significant barrier to work, as was established in their qualification for the program. However, even before the recent Section 8 funding problems, City records show that many families promised Section 8 vouchers through these two programs never received them and many of them have returned to shelter.

Nevertheless, even before the Section 8 crisis, the Work Advantage program was always fundamentally flawed, and was designed simply as a revolving door back to shelter. By the end of 2010, **3,543 families** will have timed off of the Work Advantage program. At the end of just two years of assistance, many of these families will still be unable to afford their rent in full. According to DHS's own report to the New York State Office of Temporary and Disability Assistance, **families on Work Advantage are working a median of 32 hours per week at \$9.50 an hour.**² **This amounts to \$304 per week and roughly \$1,216 per month before taxes.**

The math tells it all. With most Work Advantage families placed in apartments with rents at about \$1,100 a month or more, these families will not be able to afford their apartments after being cut off from Advantage assistance. Adding Work Advantage families to the families whose Fixed Income and Children's Advantage subsidies will be expiring this year, we can estimate that **more than 7,000 families are at risk of returning to shelter in 2010.**

¹ From DHS data entitled, "Reapplications of Families with Prior Advantage Exits," obtained via FOIL

² DHS March 2009 report to NYS OTDA, obtained via FOIL.

To make matters even worse, the City has now proposed changes to the Advantage program that, instead of improving upon the existing flaws, would actually exacerbate many of the problems with the program. Indeed, the City's proposed changes actually combine the worst features of the Work Advantage program and the even-more-deeply flawed Housing Stability Plus program, which was abandoned by the Bloomberg administration as a failure in 2007.

The City's new proposal would eliminate Children's and Fixed Income Advantage. The remaining program would still be time limited to only one or two years and it will not transition families onto Section 8 vouchers. Families will be required to work at least 35 hours a week – a requirement for receiving a second year of assistance, and something many families will not be able to achieve. (Note that currently most Work Advantage families are approved for a second year. Note also that, as described above, the City's own data show that the average Work Advantage family works fewer than 35 hours a week.)

During the first year, each family would be required to pay 30 percent of its income towards the rent. During the second year, the family would be required to pay 50 percent of the rent or 30 percent of its income, whichever is greater resulting in a very sharp increase in their contribution. After the second year, families would be cut off from assistance.

Again, consider the math. The typical Advantage family will have pre-tax income of around 1,200 per month, and will have apartment rents of around \$1,100 or more. By the second year the family will be forced to pay nearly half of its pre-tax income in rent, and after that the family will have no way to afford the rent. Even the examples cited by City officials in their February 10, 2010, letter to the State (attached), which outlines the proposed changes, show that the typical Advantage family will become homeless after one or two years.

Again, with families making an average of only \$9.50 an hour, the expectation that they would be able to contribute more during the program and then pay over \$1,000 in rent at the end of the program is incredibly unrealistic. Furthermore, the work requirement completely ignores that we are in the middle of the worst recession since the Great Depression and the City's unemployment rate is still at a whopping 10 percent.

The Bloomberg administration's proposed changes to the Work Advantage program represent a classic case of ideology ignoring basic reality. Moreover, the administration's policies on homelessness continue to ignore the research that consistently shows that long-term, flexible housing assistance is the best way to reduce homelessness and prevent families from ever returning to shelter.³ The City's short-term assistance will continue to act as a revolving door right back into the shelter system if serious changes are not made.

Charging Homeless Families "Rent" for Shelter—the Worst Possible Idea

As if the problems with Advantage weren't numerous enough, the City is also planning on re-implementing a disastrous policy from 2009—charging homeless families "rent" for shelter. According to the City's calculations, a family of three making \$25,000 a year would be forced to pay \$926 a month to stay in a municipal homeless shelter!

The City's ideology in promoting this policy is completely misguided and unrealistic. Families entering shelter will need to use every available resource to help them get out of shelter and into permanent

³ Vera Institute for Justice, 2005, "Understanding Family Homelessness"

housing, including saving as much money as possible. Imposing “rent” would keep families in shelter longer and prevent them from saving any money towards independent living.

The City of New York’s imminent plan to charge homeless New Yorkers rent for shelter stays stems from a state regulation (18 NYCRR 352.35), issued in 1995 by the Pataki administration at the strong urging of then-New York City Mayor Giuliani.

On May 1, 2009, the City of New York first piloted their shelter rent program by implementing a new "Income Contribution Requirement," requiring working homeless families to pay for the cost of shelter. The City's misguided policy was immediately criticized by community leaders, shelter providers, elected officials, and homeless families, who said it effectively blocks homeless New Yorkers from saving their small incomes in order to move from shelters to permanent housing. Not-for-profit shelter providers opposed the new rules because it forced them essentially to become "bill collectors."

In addition, the new policy was implemented in a haphazard and unlawful way, with many families ordered to pay "rent" before receiving legal notices, some families threatened with ejection from shelter, and many other problems.

A May 8, 2009 *New York Times* article (attached) highlighted the plight of two homeless women with children, both of whom were being asked to pay large portions of their meager incomes in order to stay in shelters.

- Vanessa Dacosta, who earns \$8.40 an hour as a cashier at Sbarro, was informed that she had to give \$336 each month out of her roughly \$800 in monthly wages to her Manhattan homeless shelter.
- Martha Gonzalez, who is 49 and lives with her 19-year-old son in a rundown City-operated shelter in Brooklyn, said she was informed last week that she owes \$1,099 in monthly rent on a \$1,700 monthly income as a security guard in Manhattan.

While New York City was directed to temporarily suspend the policy by the state last summer, the Bloomberg administration made it clear at a City Council hearing last year that the policy would be re-introduced. In its latest iteration the NYC Human Resources Administration apparently plans to “garnish wages” to enforce the shelter rent requirement.

Although Bloomberg administration officials have repeatedly told the news media that they are compelled to implement the shelter rent requirement by the State, it is clear that administration officials strongly support the shelter rent rules. Indeed, last year the Bloomberg administration opposed State legislation that would have ended the shelter rent requirement (see the Mayor’s memo in opposition, attached), and this year top Bloomberg administration officials have continued to lobby State Legislators opposing similar efforts to ban shelter rent.

Charging homeless families “rent” for shelter will lead to longer stays in shelter as families have less money to save for security deposits and rent in a permanent apartment. These longer shelter stays will also end up costing the State and City more money. The annual cost to shelter a homeless family is \$38,000, the majority of which is paid by City and State tax dollars.

This new policy also puts families at risk of being ejected from shelter. According to DHS’s new Client Responsibility Procedure, if families do not pay their shelter “rent,” they could be put out on the streets for a minimum of 30 days. Children would then be at risk of being put in foster care, at greater cost to their emotional development as well as New York City taxpayers.

There is no upside to the implementation of shelter rent. It will not save the City or State money and at the same time it will keep families in shelter longer and put families and children at serious risk of being ejected from shelter if they do not comply with these new rules.

We strongly support efforts by New York State Assemblymember Keith Wright, New York State Senator Daniel Squadron, and others to include language in the State budget that will prohibit the City of New York from charging “rent” in homeless shelters, and we urge the administration and the City Council to join in those efforts.

A New Wave of Homeless Families?

Ultimately, Mayor Bloomberg’s strategy fails to address the reality that family homelessness is, at its root, a housing affordability problem. The Mayor’s current strategy ignores the factors that are driving families into homelessness in the first place—high unemployment, low wages, and lack of affordable housing.

The Mayor’s proposed changes make a bad situation even worse. Many formerly-homeless families timing off of Advantage assistance already end up back in shelter. Furthermore, the new changes to the program do nothing to improve the situation of families, but only make it more difficult for them to reach self sufficiency. Add to these the burden of shelter “rent” and how it will force many families to stay in shelter longer and longer.

If the Bloomberg administration is successful in imposing these misguided, punitive policies, it is likely that New York City will face a new wave of family homelessness—one to break even the current record numbers.