



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

General Welfare Committee Hearing, April 27, 2006

**Submitted by Patrick Markee and Lindsey Davis,
Coalition for the Homeless**

We present this testimony on behalf of Coalition for the Homeless, a not-for-profit organization that provides advocacy and services for over 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 mass homelessness, which now continues into its third decade. The Coalition has also struggled for more than two decades to protect the rights of homeless people through litigation around the right to 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 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 homeless families and individuals rent private-market apartments, and two buildings in Manhattan which provide permanent housing for formerly-homeless families and individuals. In addition, the Coalition's food program provides more than 800 nutritious meals to street homeless New Yorkers each night, and our Crisis Intervention Program 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 benefits.

Housing Stability Plus: A Flawed Program in Need of Reform

We are pleased to testify today in support of Intro. 161, legislation which will prohibit the City from placing homeless families and individuals in apartment buildings with numerous health and safety code violations. Intro. 161 is an example of the kind of common-sense, effective reform that is necessary to transform "Housing Stability Plus" – which is now the City's principle tool in re-housing homeless families – into a program that will genuinely provide stable, affordable housing assistance for vulnerable children and families. Moreover, it will protect thousands of New Yorkers – including people living with HIV/AIDS and other serious health problems – from dangerous, substandard housing conditions. We are grateful to City Council Speaker Christine Quinn, to Councilmember Eric Gioia, and to General Welfare Committee Chairman Bill deBlasio for taking a leadership role on this important piece of legislation.

However, Intro. 161 is merely the first of several necessary reforms that are required to address the flaws in the "Housing Stability Plus" program, and the remainder of our testimony will address those flaws and outline further common-sense reforms that the City Council and the Bloomberg Administration could implement in order to make "Housing Stability Plus" a truly effective housing

assistance program. But we want to make very clear that in the coming years, without these reforms, hundreds and potentially thousands of formerly-homeless New Yorkers will be forced to return to the homeless shelter system, victims of a flawed program that serves merely as a revolving door back to homelessness for many vulnerable children and families.

Inception of the “Housing Stability Plus” Program

For two decades Federal housing assistance has been the centerpiece of New York City’s efforts to re-house homeless New Yorkers, and has successfully helped tens of thousands of families move from shelters to stable, permanent housing. However, in light of cutbacks in housing aid by President Bush and Congress and persistently inadequate levels of funding for Federal housing programs, as well as threats of further cutbacks, in December 2004 the Bloomberg Administration created a locally funded rent subsidy program for homeless New Yorkers called “Housing Stability Plus” (HSP). The creation of a rent supplement program drawing on City and State resources was, and is, a cost-effective policy and a major step in the right direction – indeed it is a solution long advocated by Coalition for the Homeless, other advocates and shelter providers. However, HSP in its current form must see substantial change in order for it to ensure truly affordable, stable housing for New York City’s homeless families and individuals.

While we applaud the creation of a rent subsidy program financed by City and State resources to address housing needs in the midst of declining Federal assistance, the flaws inherent in HSP pose serious barriers to securing stable, permanent, affordable housing for homeless New Yorkers. In addition, the Bloomberg Administration has justified the flawed program and a companion policy change announced in October 2004 – eliminating homeless families’ priority for Federal housing programs such as public housing and Section 8 vouchers – by disseminating false myths about family homelessness and housing aid. We will briefly address those myths here.

In October 2004 when the City announced the policy of “de-linking” Section 8 vouchers and public housing apartments from shelter, Bloomberg Administration officials justified the policy by claiming that the new policy would reduce demand for shelter. An October 19, 2004, press release stated, “[B]y making Section 8 available almost exclusively through shelter, families seeking the subsidy have been compelled to enter shelter in order to receive it – increasing demand for shelter as a result.”¹

However, the data show that demand for shelter has in fact not been reduced -- in fact, the number of families admitted to the shelter system this year is higher than last year, despite the “de-linking” and implementation of HSP. And in terms of long-term trends, the average number of families admitted to shelter in 2005 and 2006 (year-to-date) is higher than the numbers in the 1990s. (Please see the attached charts.)

Indeed, the most plausible explanation for the increase in the numbers of families seeking shelter in the early years of this decade was the economic recession, same as in the early 1990s, not the availability of Federal housing subsidies. And the reasons that families become homeless today remain the same as they’ve always been – evictions, high rental housing costs, domestic violence and abuse, and unsafe housing conditions – not the presence or absence of Federal housing subsidies.

Since the implementation of HSP in December 2004, we’ve seen other worrying trends. First, as shown in the attached charts, average stays in shelters for homeless families have increased and are now at

¹ See <http://www.nyc.gov/html/dhs/html/press/pr101904.shtml>

more than 11 months. Second, as the attached table shows, the number of HSP placements by the Department of Homeless Services has been declining in recent months, and the City has failed to reach targets for housing placements. We believe that the flaws in the program – which make responsible landlords unwilling to participate in the program, and makes available housing more scarce – are making it difficult for the City to achieve those targets, another reason for repairing the program’s flaws.

Overview of Flaws in “Housing Stability Plus” Program

Since the program’s inception more than a year ago, hundreds of HSP recipients have experienced poorly maintained apartments with many documented housing code violations, illegal “side deal” payments demanded by landlords and brokers, and overcrowding. Over the coming year thousands of families will be faced with a 20 percent reduction in their rent supplement without the ability to replace that lost subsidy with employment income – something that threatens to cause new episodes of homelessness for many. Finally, numerous homeless disabled and working households continue to be excluded from the program.

The major flaws in the “Housing Stability Plus” program are:

- 1. No protections for families from dangerous housing conditions,*
- 2. A 20 percent annual reduction in the value of the rent supplement (essentially a whopping rent hike for very low-income families),*
- 3. Rules that requiring recipients to stay on public assistance – prohibiting them recipients from working,*
- 4. The exclusion of seniors and disabled homeless New Yorkers from the program (as well as lowered priority for scarce Federal housing aid), and*
- 5. Illegal demands for “side deal” payments from landlords*

Currently more than 6,000 formerly homeless New York City households have been relocated from shelters using the HSP program. Over the next year those families will face a 20 percent cut in their rent supplement while being prevented from getting a job to make up the difference. At the same time, hundreds of those families continue to reside in buildings that have been cited by the City for severe housing code violations.

Despite flaws in both the structure and implementation of the program, HSP can be reformed in order to create a genuine, effective rental assistance program. The City Council can enact reforms to address many of the most significant flaws in the program – in particular, the annual reduction in the rent supplement – and can use its oversight powers to work with the Bloomberg Administration to address other implementation problems.

1. Protect “Housing Stability Plus” Recipients from Dangerous Housing Conditions

Poor housing quality is a major factor contributing to homelessness and recurring episodes of homelessness among low-income New Yorkers. Unfortunately, as far too many families and individuals report, and as an October 2005 report by the Housing Here & Now coalition documented, the City allows many buildings with substandard and even hazardous conditions to participate in the Housing Stability Plus program. One major problem is that the Department of Homeless Services does not mandate re-inspections when apartments are found to have violations, and does not require that repairs are made before homeless families and individuals are placed into problem apartments. (In contrast, the Human Resources Administration does require re-inspections of apartments for domestic violence

survivors leaving shelter, and those families and service providers report few problems with substandard apartments.)

Intro. 161 is a major first step in addressing the problems with health and safety code violations in so many HSP apartments and buildings. It will ensure that the City does not place homeless New Yorkers into apartment buildings with a record of significant health and safety housing code violations, and will provide an incentive to building owners to address the most serious violations before families are placed in housing.

Finally, Intro. 161 represents common-sense, good-government reform. Under its current policies, the HSP program is providing a generous subsidy – literally thousands of dollars annually per apartment – to some of the worst slumlords in New York City. There is no reason that City government and New York City taxpayers should be rewarding this kind of illegal behavior by some disreputable property owners, and Intro. 161 will prevent many of those slumlords from engaging in “business as usual.”

However, many other steps can and should be taken by the Bloomberg Administration to address this problem. Re-inspections should be mandated, and should take place prior to lease signing to ensure all necessary repairs have been made. In addition, inspectors should take into consideration conditions in other areas of the building, including serious Department of Buildings violations, that may pose a threat to the safety of the tenant or the basic function of the apartment. Such violations should also be remedied prior to lease signing.

In addition, the City should establish occupancy standards for HSP. Unlike the successful Section 8 voucher program, HSP does not provide specific occupancy standards based either on family or apartment size. However, the subsidy dollar amount, based on the number of public assistance recipients in a household, operationally defines the size of apartments available to HSP recipients. As a result, large families with mixed incomes (i.e., one or more non-public assistance recipients) may be forced to accept an apartment far smaller than the standards established for the Section 8 voucher program or other Federal housing programs.

Maximum occupancy standards based on apartment size, like those used in the Section 8 voucher program, should be established for housing units approved for the Housing Stability Plus program in order to ensure the safety and well-being of HSP recipients and their families.

2. Eliminate the Annual Reduction in the “Housing Stability Plus” Rent Supplement

Many households, especially those with employment barriers, will be unable to enhance their income to offset the annual 20 percent decline in their Housing Stability Plus rent supplement. In fact, the job placement rate for public assistance recipients in New York City has declined markedly in recent years – a recent report found that fewer than one quarter of all households exiting public assistance did so due to employment – and even working families are unlikely to increase their incomes sufficiently to offset the proposed steep annual decline in rent support.

Concerns about the ability of formerly homeless families to offset the 20 percent decline in their HSP rent supplement are supported by data on families transitioning from welfare to self sufficiency. More than one in five New Yorkers currently lives in poverty and the overall unemployment rate of low income single mothers has increased markedly in recent years. At the same time, families transitioning from welfare to work are less likely to be working and increasingly likely to experience hardships including a lack of stable income, a shortage of food, and health problems. In addition, unemployed

welfare leavers face significant barriers to finding employment and as many as 42 percent remained poor five years after leaving welfare.²

For many low income New Yorkers housing is their largest single monthly expense and their primary monetary concern. Nearly 30 percent of all New Yorkers pay more than 50 percent of their income for rent each month and three quarters of poor households pay at least half of their incomes for rent. According to the 2005 Housing and Vacancy Survey, conducted by the United States Bureau of the Census, median renter incomes have also declined significantly, dropping 5.6 percent in real terms over the past three years, while median rents on apartments rose by 5.4 percent during the same period.³

In addition, under the current public assistance requirement (described in more detail below), those households able to secure employment sufficient to supplement the annual decline will have to carefully monitor the income they receive so as not to become ineligible for welfare and, as a result, lose their HSP subsidy altogether.

Those households that are unable to offset the 20 percent annual rent supplement reduction, as well as those families unable to consistently maintain their income below the Federal poverty line, will be at risk of returning to the homeless shelter system, at additional cost to taxpayers. Even with the elimination of welfare requirements for HSP recipients, the annual reduction in the HSP rent supplement should be eliminated.

3. Eliminate Welfare Requirements for “Housing Stability Plus” Recipients and Allow Work

Currently “Housing Stability Plus” program rules requiring the maintenance of an active public assistance case in order to receive the rent supplement. This constitutes a work disincentive, forcing individuals and families to maintain an income below the Federal poverty line for the duration of the program despite increasing rent burdens and financial obligations inherent in HSP.

Shelter residents report having to make the difficult choice between work and permanent housing. In addition, some non-profit organizations with supportive employment programs have been unable to retain good employees on their payroll to prevent them from losing their HSP subsidy. New York City and State should revisit the requirement of public assistance eligibility and should consider a work support component, such as that available for Section 8 voucher holders, in order to ensure that work and self-sufficiency are viable options for HSP recipients.

4. Allow Seniors and People Living with Disabilities to Receive Stable Housing Assistance

Additionally, the requirement of public assistance eligibility excludes a large portion of the homeless shelter population who receive other public benefits – including unemployment insurance, SSI, Social Security Disability Insurance, veteran’s pensions, and child support recipients receiving payments larger than the standard of need – from participation in what is now one of very few permanent housing options for homeless individuals and families, thus prolonging lengths of stay in shelter. The program should be altered to allow both working people and people receiving disability benefits to participate, and disabled individuals should be exempt from declines in the subsidy value and time limits.

² Cancian, Haveman, Kaplan, Meyer, & Wolfe, 2002. Before and After TANF: The Economic Well-being of Women Leaving Welfare,” *Social Science Review*, vol.76:4.

³ New York City Department of Housing Preservation and Development. Selected Findings of the 2005 New York City Housing and Vacancy Survey.

In addition, there is no reason for the City's dramatic policy change, in October 2004, that eliminated homeless families' priority for public housing apartments and Section 8 vouchers. Although funding for Section 8 vouchers has been reduced in recent years, thousands of public housing apartments continue to become available each year. Homeless families, particularly those currently excluded from the HSP program and in need of stable housing assistance (like families relying on disability benefits) should be given priority for Federal housing assistance, and the City Council can act to make that change.

5. Ban Illegal "Side Deals"

"Side deals," or money illegally demanded by landlords and brokers in addition to lease rent, are an increasingly common feature of the HSP program. HSP recipients report demands for "side deals" in amounts ranging as high as \$500 per month, and in some instances include demands for services instead of cash. We have also received reports and documentation that shelter staff, brokers, and landlords encourage homeless families and single adults to accept apartments despite knowledge that a side deal is being requested.

Such "side deals" are illegal and exploit some of the most vulnerable New Yorkers. The City should ensure that no homeless family or individual is encouraged by shelter staff, brokers, or landlords to accept a side deal, and further that no landlord asking for side deals in any of their apartments is allowed to receive HSP subsidies. Even small amounts of money paid in addition to lease rent jeopardize the ability of the family or individual to maintain stable housing.

Conclusion: A Program in Need of Reform

Mayor Bloomberg has committed to reducing homelessness in New York City by two-thirds by June 2009. While this is an ambitious goal, we believe it can be achieved with the right policies and the right investment of resources.

However, to achieve the dramatic reductions in homelessness included in the City's five-year plan amidst sharp cutbacks in Federal housing assistance, the City must address the flaws in the "Housing Stability Plus" program and ensure that it genuinely achieves the goal of providing safe, affordable, stable homes for New York City's homeless adults, families, and children. Indeed, the basic concept for the program – a rent subsidy program drawing on City, State, and Federal resources usually spent on expensive temporary shelter – is common-sense and cost-effective, and such an initiative has been long overdue. What remains is to improve the program and ensure that it genuinely achieves the common goal of providing safe, affordable, stable homes for New York City's homeless adults, families, and children.

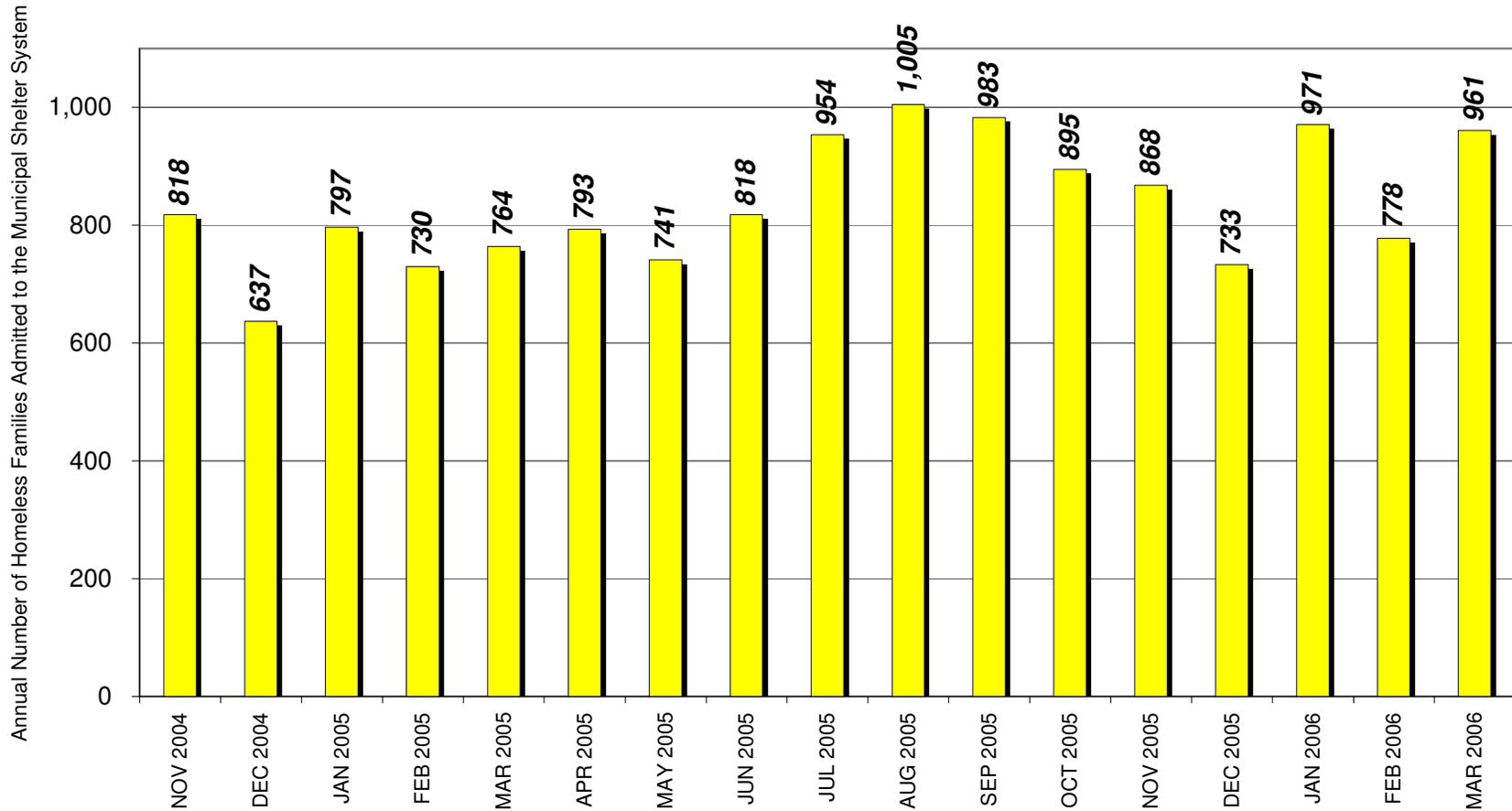
In closing, we hope the City Council will work with the Bloomberg Administration and the State to address these structural and implementation flaws in the "Housing Stability Plus" program. But we also hope that, if the administration and the State are unwilling to make the necessary reforms outlined in our testimony, that the City Council will act to protect homeless families and individuals from the flaws of this program. We look forward to working with you and your colleagues in achieving that goal. Thank you for the opportunity to present this testimony.

Housing Stability Plus housing placements, 2004-2006

Source: NYC Department of Homeless Services, Capacity Management Plan

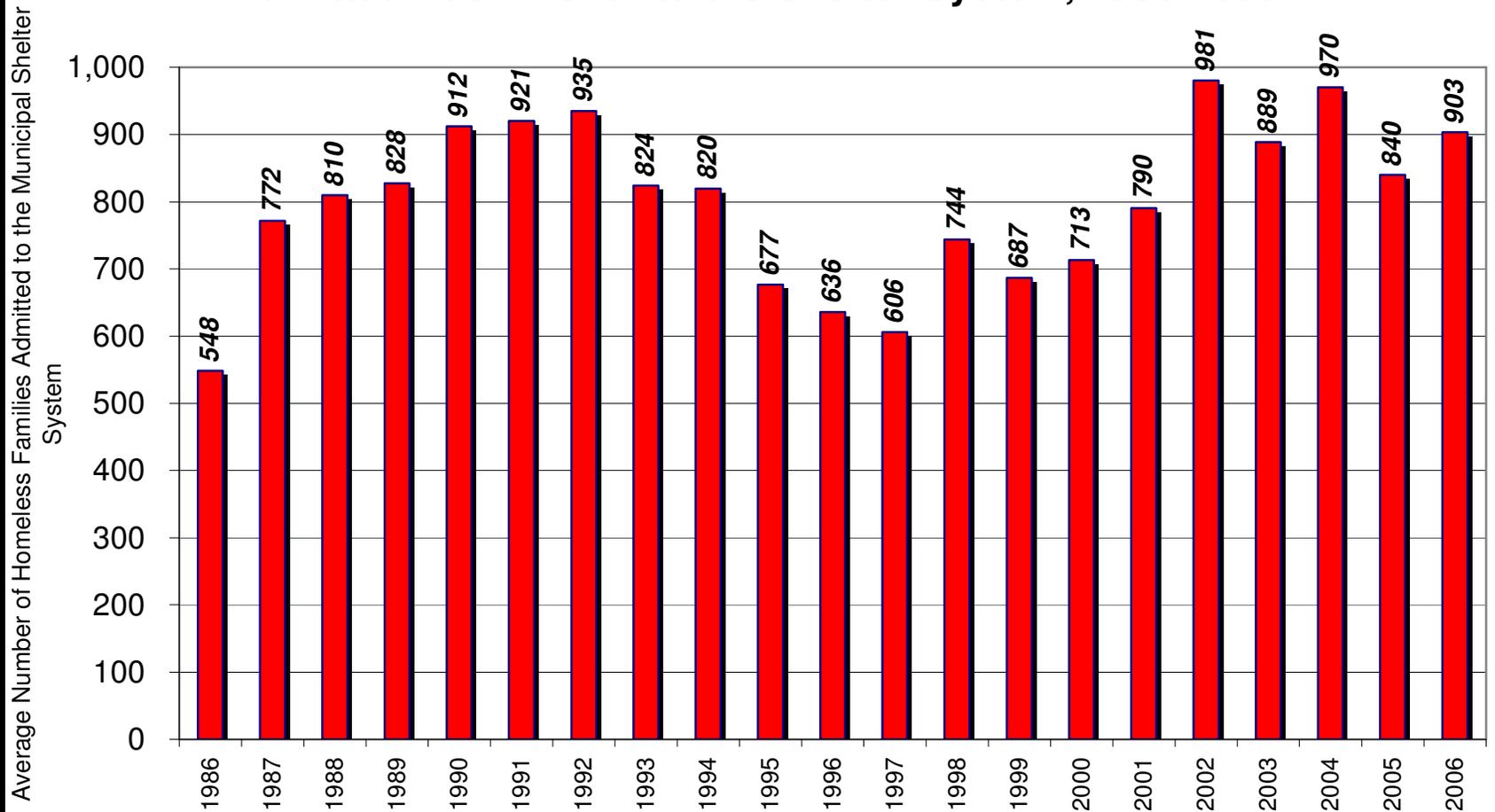
	Actual	Planned	Percentage
Dec-2004	68	383	17.8%
Jan-2005	197	538	36.6%
Feb-2005	284	538	52.8%
Mar-2005	430	678	63.4%
Apr-2005	387	541	71.5%
May-2005	507	665	76.2%
Jun-2005	456	531	85.9%
Jul-2005	380	524	72.5%
Aug-2005	489	656	74.5%
Sep-2005	355	524	67.7%
Oct-2005	322	524	61.5%
Nov-2005	432	654	66.1%
Dec-2005	344	574	59.9%
Jan-2006	516	765	67.5%
Feb-2006	345	612	56.4%
Mar-2006	343	612	56.0%
Apr-2006			
May-2006			
Jun-2006			
Total	5,855	9,319	62.8%

New York City: Number of Homeless Families Admitted to the Municipal Shelter System, 2004-2006



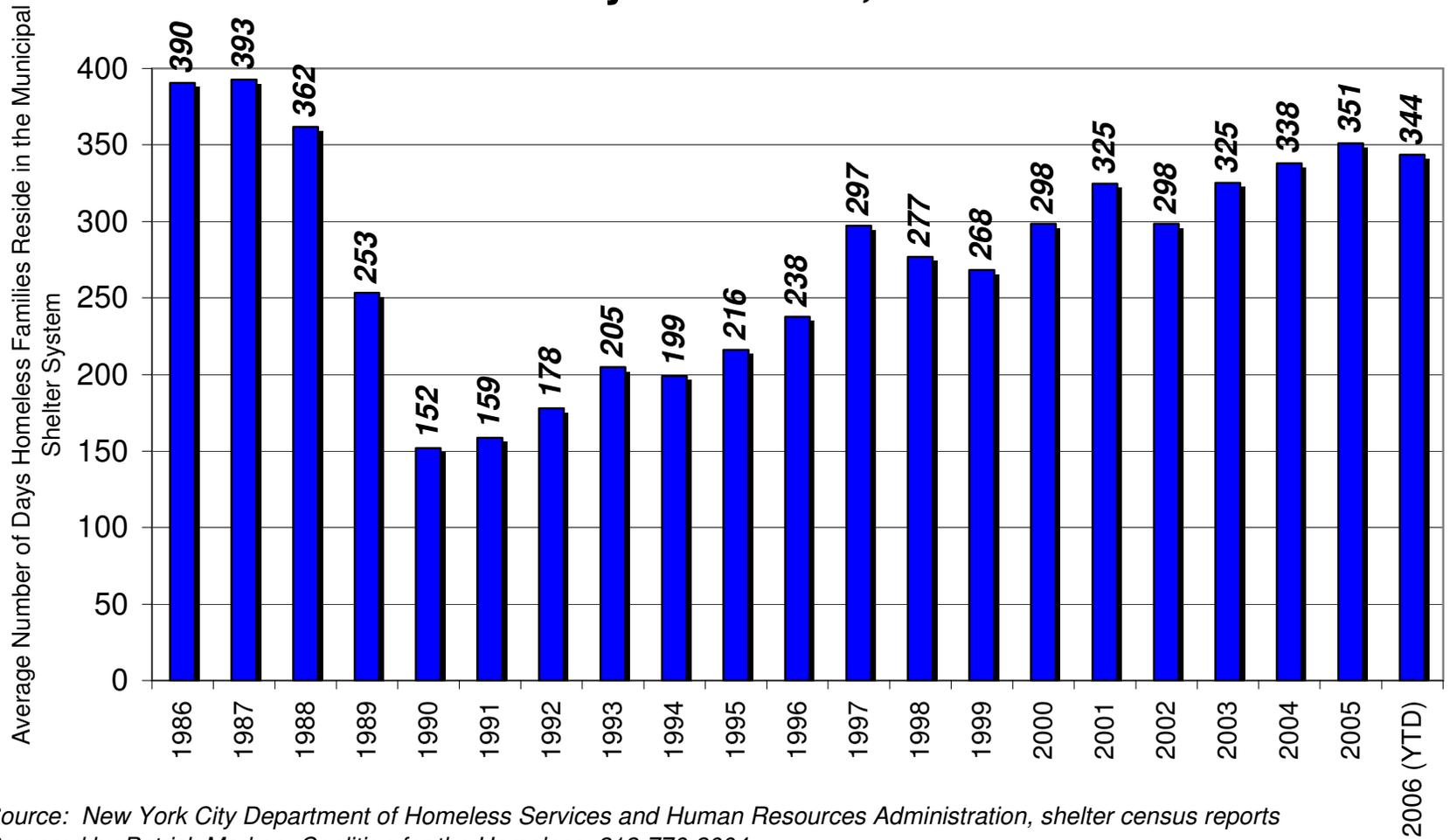
Source: New York City Department of Homeless Services and Human Resources Administration, shelter census reports
 Prepared by Patrick Markee, Coalition for the Homeless, 212-776-2004

New York City: Average Number of Homeless Families Admitted Each Month to the Shelter System, 1986-2006



Source: New York City Department of Homeless Services and Human Resources Administration, shelter census reports
Prepared by Patrick Markee, Coalition for the Homeless, 212-776-2004

New York City: Average Number of Days Homeless Families Stay in Shelter, 1986-2006



Source: New York City Department of Homeless Services and Human Resources Administration, shelter census reports
 Prepared by Patrick Markee, Coalition for the Homeless, 212-776-2004