



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

**General Welfare Committee Hearing
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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.

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

Amidst record family homelessness and a worsening housing affordability crisis, it is deeply troubling that 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, the Bloomberg administration has replaced one flawed rent subsidy program – "Housing Stability Plus" – with another – the new, radically time-limited "Work Advantage" program.

It is equally troubling that the Mayor and his administration remain mired in the mistaken notion that family homelessness is a welfare and jobs problem, not what it so clearly is, a housing affordability problem. Indeed, the "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.

Most of all, the new program fails to address the realities of family homelessness and the challenges that homeless and low-income families confront in a housing market with skyrocketing rents, and a labor market that is creating low-wage jobs.

Sadly, it is all but inevitable that we will be back before the New York City Council and this committee very soon looking for help to change this flawed program, as we did with the "Housing Stability Plus" program. And sadly,

if the “Work Advantage” program is implemented as it is currently conceived, many vulnerable families will experience hardships and recurring episode of homelessness as a result of this unrealistic, short-sighted program.

Record Family Homelessness and the Need to Change Course in the City’s Approach to the Problem

As this committee knows well, 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, there were an average of nearly 9,300 homeless families sleeping each night in the municipal shelter system, a modern-day record.

Equally alarming, family homelessness has been on the rise for a considerable period of time. As the Coalition 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.

However, another major cause of rising family homelessness was the 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 Congress, HSP provided declining rent subsidies to families to move them out of shelters and into private-market housing. However, the program was deeply flawed both in its structure and its implementation. HSP rules mandated a 20 percent annual reduction in the rent supplement provided to formerly homeless families, 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 is reduced each year. In addition, due to lax inspection standards, thousands of HSP families were placed into apartment buildings with numerous hazardous conditions, many of them owned by landlords with long records of negligence.

At the same time, 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 apartments managed by the New York City Housing Authority. 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 (summarized in the briefing paper attached), which was commissioned by the Department of Homeless Services, formerly-homeless families with federal housing vouchers and public housing apartments have remarkably low rates of return to shelter.

Nevertheless, in October 2004 and again in October 2006, the Bloomberg administration took a step back from this longstanding and successful approach to family homelessness by sharply restricting homeless families’ access to 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 the mistaken belief that the availability of Section 8 vouchers was attracting large numbers of 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: The study was authored by two economists who 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.”

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.

The Bloomberg Administration’s Flawed Approach to Family Homelessness

It has thus become clear that dramatic changes are needed in how the City of New York helps homeless families move from shelter to permanent housing. To accomplish this change, 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 a housing affordability problem, not a welfare or employment problem. That is, homeless families, like the vast majority of working poor and low-income families, need long-term, flexible, adequate housing assistance in order to secure housing in a tight, expensive housing market like New York City’s.

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 156,833, while the number renting for \$1,400/month or more grew by 63,187 – an increase of almost 25 percent. Indeed, 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.

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 – it is simply a mathematical impossibility that low-wage workers can obtain housing without some form of long-term subsidy.

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

Faced with these challenges – a deepening housing affordability crisis, an labor market creating low-wage jobs, and rising family homelessness – it is therefore deeply troubling that the Bloomberg administration has chosen 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 Department of Homeless Services itself commissioned and 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” 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 limits, which cut off housing assistance after only one or two years, regardless of a family’s circumstances. In essence, the new program requires that within one or two year 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 go to a Home Base office – but have failed to specify in any way what assistance they will receive from these offices.

Moreover, Department of Homeless Services documents describing the program suggest that most families will receive only one year of the rent subsidy. 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 the sanction-driven welfare system has shown, many families will undoubtedly and often unwittingly fall into this trap.

- **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, three-person welfare families receive only \$291/month in cash assistance, meaning that the typical “Work Advantage” family which is unable to find employment will be left with only \$134/month, or around \$33/week, to pay for food, clothing, utilities, school supplies, etc.

Despite these glaring flaws, it is important to acknowledge some of the ways that the various “Advantage” programs improve on the HSP program. These include:

- Higher rent levels, which more closely approach the Fair Market Rent levels used in the Section 8 voucher program.
- De-coupling the rent subsidy from families’ public assistance benefits – City officials have acknowledged that, to date, 65 percent of all HSP recipients experienced an interruption in their rent supplement due to a welfare sanction or case closing; many families have lost their HSP apartments as a result of these “interruptions;” and a growing number of landlords refuse to participate in the program because of loss of rental revenue caused by this structural flaw in the program.
- Introducing occupancy standards which were missing from the HSP program and resulted in severe crowding in many HSP apartments.
- 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 will occur).

Finally, to date there remain a host of unanswered questions about the various “advantage” programs, including what penalties families will experience if they fail to comply with program requirements.

Nevertheless, the several improvements in the program listed here cannot possibly outweigh the fatal flaws of the program – that it fails to acknowledge and meet the long-term housing needs of homeless and formerly-homeless families; and that it continues to treat family homelessness as a welfare and jobs problem, not as what it so clearly is, a housing affordability problem.