



199 WATER STREET NEW YORK, N.Y. 10038 TEL: 212-577-3300 FAX:212-809-1574 www.legal-aid.org

Alan Levine
Chairperson of the Board

Theodore A. Levine
President

Steven Banks
Attorney-in-Chief

TESTIMONY OF THE LEGAL AID SOCIETY BEFORE THE COMMITTEE ON
GENERAL WELFARE OF THE NEW YORK CITY COUNCIL - May 7, 2007

We welcome this opportunity to testify before the Council concerning the impact of the City's revised housing plan for homeless children and their families.

As you know, The Legal Aid Society provides legal assistance to homeless New Yorkers as well as homelessness prevention civil legal services with support from the Council. Since the 1980s, the Society has been counsel in the McCain litigation in which court orders require the provision of shelter, services, and permanent housing to homeless children and their families. The Society is also counsel to the Coalition for the Homeless in the Callahan and Eldredge litigation in which court orders require the provision of shelter from the elements to homeless men and homeless women.

In the litigation on behalf of homeless children and their families, a 1990 court order requires "the City to maintain a supply of lawful emergency and permanent housing units sufficient to meet the needs of all homeless families for emergency housing and to compensate for shortfalls in the number of emergency housing units by substituting permanent housing." McCain v. Dinkins, 84 N.Y.2d 216, 225 (1994). Tragically, both the court record and the public record establish that when the City fails to provide sufficient amounts of housing to relocate homeless children and their families from shelter to permanent housing, a shelter system bottleneck is created. Families languish in shelter without permanent housing for long periods of time and newly homeless children and their families are not provided with lawful shelter. See McCain v. Dinkins, 84 N.Y.2d at 224, 227; McCain v. Giuliani, 236 A.D.2d 256, 257 (1st Dep't 1997).

On December 1, 2004, at the request of this Committee, we testified about flaws in the City's then proposed housing plan for homeless families with children that was known as the Housing Stability Plus program and the Administration's decision to end the Department of Homeless Services' (DHS) Section 8 and New York City Housing Authority (NYCHA) referral program for homeless families with children. At the time, we expressed concern that the shelter census would grow as a result of the termination of Section 8 and NYCHA referrals. Likewise, we expressed concern that the Housing Stability Plus program would not work because it was limited to a five-year subsidy which decreased each year by 20 percent, it required continued public assistance eligibility and thereby would not be available for working families, and it did not require adherence to housing quality standards and thereby would subsidize the rental of substandard housing.

Unfortunately, our concerns were on the mark. Since the 2004 City housing plan for homeless families was announced, the number of homeless families in the shelter system has increased from some 9,000 in November 2004 to more than 9,300, including 14,000 children, this month. Without any evidence, City officials had predicted that ending DHS Section 8 and NYCHA referrals for homeless families and implementing Housing Stability Plus would decrease the number of homeless families in order to achieve the City's goal of a two-thirds reduction in family shelter system census. In fact, the family shelter census has increased and terminating Section 8 and NYCHA referrals has not reduced the number of families with children who seek shelter. Moreover, in the absence of housing quality standards for Housing Stability Plus apartments, the City has referred literally hundreds of children to apartments with lead paint hazards and some children have tested positive for excessive levels of lead. Landlords have also been unwilling to rent apartments through the Housing Stability Plus program to families who face a 20 percent annual subsidy decrease and whose rent subsidy payments depend on continued public assistance eligibility.

Against this background, the City's new Work Advantage program suffers from a number of the same flaws as the Housing Stability Plus program. For example:

*Instead of a five-year subsidy time limit with a 20 percent annual subsidy decrease, there is now a one-year subsidy limit that can be extended to two years. The new program assumes that families can pay \$50 per month in rent and save 10 to 20 percent of their actual monthly rent in year one and then be able to pay full rent in year two. With minimum wage earnings of \$7.25 per hour, it is not realistic to assume, as the City does, that 10 to 20 percent of the \$1070 monthly Work Advantage rent level for a family of three can be saved in year one and then the full \$1070 monthly rent can be paid in year two. Based on a typical 35-hour work week, monthly gross wages at \$7.25 per hour barely total \$1000.

*Whereas the Housing Stability Plus program did not permit work because continued public assistance eligibility was required, the new Work Advantage program requires at least 20 hours of minimum wage work. Consequently, families in the shelter system who are unable to find work will languish in shelter at great public expense because they will be ineligible for

permanent housing relocation rental subsidies. The only exceptions will be for families in receipt of federal Social Security or Supplemental Security Income benefits, survivors of domestic violence, and families with child welfare cases.

*In cases in which exceptions are made, there is no guarantee that the rent will be affordable after relocation to permanent housing subsidized through this program. For example, families in receipt of federal disability benefits, survivors of domestic violence, and families with child welfare cases will be referred to apartments subsidized through the program based on an assumption that these families will be found eligible for Section 8 and Section 8 vouchers will be provided at some point after the family relocates to an apartment subsidized under the new program. However, there is no guarantee that such a family will actually receive a Section 8 voucher to cover the rent beyond the time when the new time-limited rent subsidy ends.

*Although federal Department of Housing and Urban Development inspection forms will be used for prospective apartments in the new subsidy program, Section 8 occupancy standards will not be applied except for families in receipt of federal Social Security or Supplemental Security Income benefits, survivors of domestic violence, and families with child welfare cases. As a result, for a typical family, landlords will be permitted to overcrowd apartments that they rent in the new program.

*For the Housing Stability Plus program, the annual 20 percent decrease in the subsidy level and the five-year time limit were disincentives to landlords to rent to homeless families. Decreasing numbers of landlords were willing to rent to tenants whom the landlord knew would be unable to pay the rent as the subsidy was decreased and then removed entirely. The few landlords who were willing to take such risks were those who had substandard apartments they were otherwise unable to rent because of the poor housing conditions. For the new program, the rent subsidy ends even sooner, after one or, at most, two years. There is no evidence that reputable landlords will be willing to rent large numbers of apartments under these precarious circumstances.

In the final analysis, there is simply no evidence that the City's labor market will create the kinds of jobs that would be needed to move large number of low income homeless families out of poverty within one to two years to a point where they will be able to afford an apartment in a tight housing market without continued rental assistance. The one or, at most, two-year time limits fly in the face of reality and will essentially push the problem off for one or two years, as has been the case with the unrealistic terms of the Housing Stability Plus program.

Between 2002 and 2005, median income in the City fell by 6.3 percent, but median rent increased by 8.3 percent. In the same time period, according to the City's 2030 plan, the number of apartments available to low and moderate income New Yorkers fell by 205,000 units. In this kind of market, homeless families will need rental assistance for far more than one or two years.

A more effective solution is to reinstate the DHS Section 8 and NYCHA referral program for homeless families that previous Administrations used to reduce the family shelter census and shelter expenditures. In the Council's oversight role, we urge that corrective action be taken to restore housing resources and develop a rent subsidy program without the flaws summarized in this testimony. The alternative is a repeat of deficient aspects of the Housing Stability Plus program and the kind of back-up in the shelter system and shelter system intake offices that the Council has a long-standing record of opposing.

Thank you again for this opportunity to testify and we welcome any questions that you may have.

Respectfully Submitted,

Steven Banks
Attorney-in-Chief
The Legal Aid Society
199 Water Street
New York, New York
(212) 577-3277
sbanks@legal-aid.org



coalition
for the
homeless

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

**General Welfare Committee Hearing
May 7, 2007**

**Submitted by Mary Brosnahan, Executive Director, and Patrick Markee, Senior 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.

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.

BRIEFING PAPER
**Reforming New York City's Rent Subsidy Program for
Homeless Families**
February 7, 2007

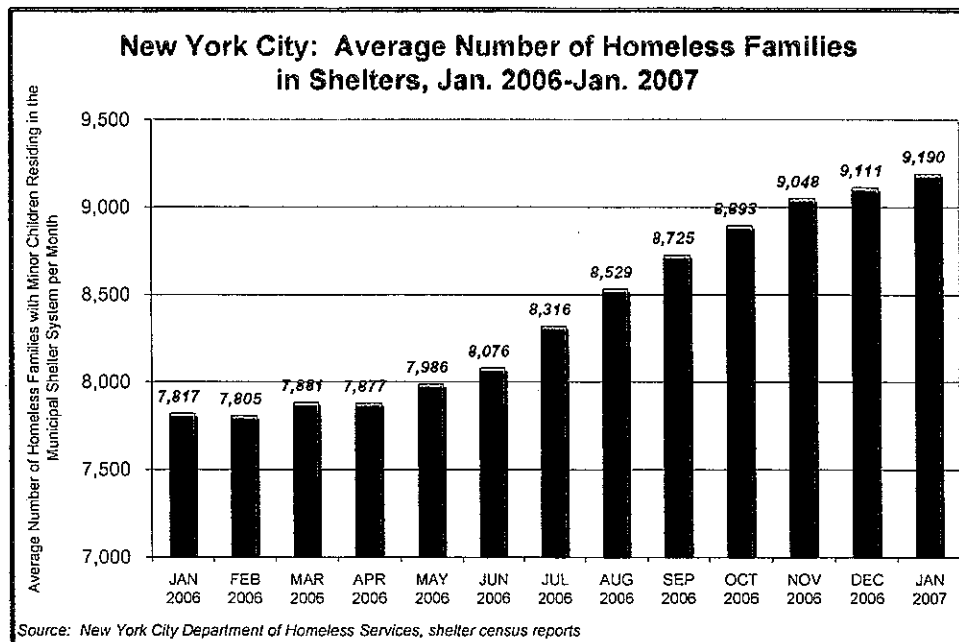
Amidst rising numbers of homeless families in New York City shelters, there is mounting evidence that the Bloomberg administration's current approach to family homelessness is not working. That approach – which provides insufficient prevention resources; relies on long stays in expensive shelter facilities; and utilizes the deeply flawed "Housing Stability Plus" rent subsidy program as the primary tool to move families from shelters to housing – is in need of serious reform.

Fortunately, there are indications that the Bloomberg administration is considering significant reforms to its rent subsidy program for homeless families. However, *it is essential that such reforms take into account the wealth of research showing that stable, long-term, flexible housing assistance is the most successful vehicle to ensure that formerly-homeless families remain in safe, decent, permanent housing and do not return to emergency shelters.* This briefing paper reviews that research and outlines vital principles for reform of the City's approach to housing assistance for homeless families.

Rising Family Homelessness and the Need for Reform

In the past year the number of New York City families seeking shelter has risen while the number of permanent housing placements has fallen. As a result, the number of homeless families sleeping each night in municipal shelters and welfare hotels has increased by 17.6 percent, or 1,373 families, from an average of 7,817 families per night in January 2006 to 9,190 families per night in January 2007.

Fortunately, there is a wealth of research that shows how City officials can successfully reform housing assistance programs for homeless families. Three acclaimed research studies analyzing family homelessness in New York City clearly document what service providers, advocates, and indeed homeless



and formerly-homeless families have known for years: ***The best remedy for homelessness among poor families is stable, long-term, flexible housing assistance that allows those families who can to work, that provides long-term rent subsidies for those families who cannot secure employment, and that helps families obtain and keep safe, decent, permanent housing.***

An additional research study, written by two economists, also refutes the longstanding myth that the availability of Federal housing vouchers to homeless families in shelter serves to increase the shelter population. As this study clearly documents – and as the past year’s experience of rising family homelessness has shown – steering scarce Federal housing resources away from homeless families ultimately drives up the shelter census. In the wake of Mayor Bloomberg’s announcement that the City will provide 22,000 Federal housing vouchers to low-income New Yorkers over the next two years – none of them currently targeted to homeless families – it is time for the Bloomberg administration to re-think the misguided policy of denying homeless New Yorkers priority for scarce Federal housing assistance.

Reforming the City’s Homeless Rent Subsidy Program

The Bloomberg administration’s two-year-old “Housing Stability Plus” program has proven to be deeply flawed in many ways. Recent reports by service providers, housing advocates, and elected officials have identified the following major flaws:¹

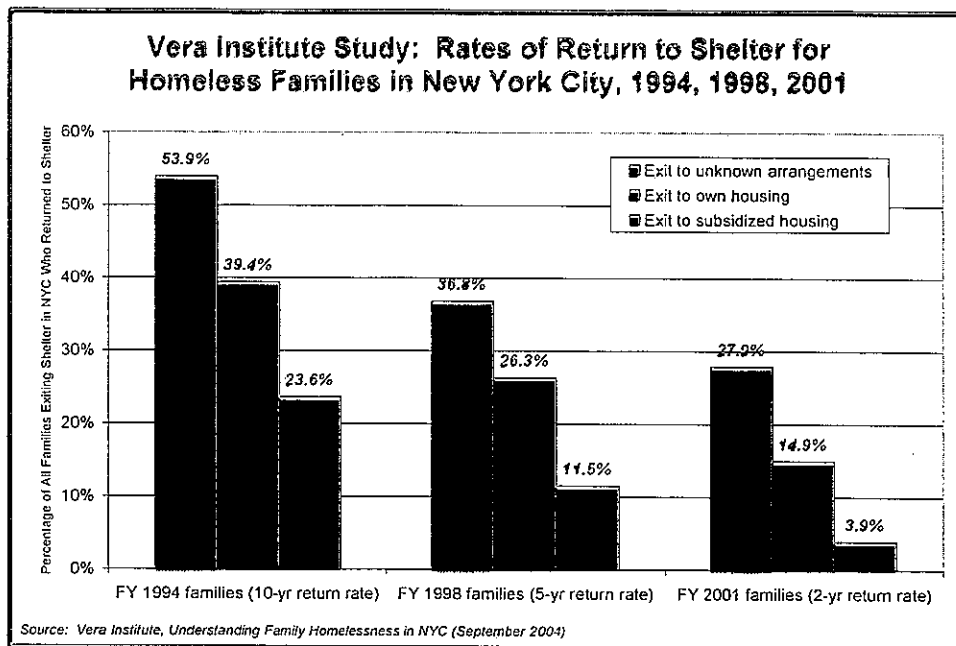
- ***A 20 percent annual reduction in the value of the rent supplement – essentially a rent hike for very-low-income families;***
- ***Rules that requiring recipients to stay on public assistance – prohibiting the recipients from working; and***
- ***No protections for families from dangerous housing conditions;***

Recent reports indicate that the Bloomberg administration is considering significant reforms of the “Housing Stability Plus” program. However, it is essential that such reforms take into account the wealth of research and experience that have shown a clear difference between the rates of return to shelter among families who have stable, long-term rental assistance and those who do not. Indeed, just over two years ago a report commissioned by the administration clearly showed how stable, long-term housing subsidies dramatically reduce the shelter return rates of formerly-homeless families.

Three acclaimed research studies that analyzed family homelessness in New York City all reached a similar conclusion: ***Homeless families who receive stable rental assistance are much less likely to return to shelter than those without housing subsidies.*** The findings of these studies are summarized here:

- Vera Institute study, September 2005: The Vera study, which was commissioned by the New York City Department of Homeless Services and can be found on the DHS website, is the most recent comprehensive study of shelter re-entry among homeless families.² The study analyzed return rates for all families who exited the New York City shelter system in City fiscal years 1994, 1998, and 2001 over two-, five, and ten-year follow-up periods. It also broke out the families based on those leaving to unknown arrangements, those leaving to their own housing, and those leaving to subsidized housing. (The report further analyzed return rates for various types of housing subsidies.)

The study concluded that, “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.”

- Shinn and Weitzman study, November 1998: An earlier research study by Marybeth Shinn and Beth C. Weitzman, professors at New York University, arrived at similar findings.³ Shinn and Weitzman followed two cohorts of families – 266 homeless families seeking shelter, and 298 welfare families – over five years, and found that at the end of that period 80 percent of families with long-term housing subsidies remained stably housed, while only 18 percent of families with no housing subsidy were stable.

Professor Shinn concluded, “For the last six years, government and private foundations have worked under the assumption that behavioral disorders are the root cause of homelessness and that an individual cannot be stably housed until these disorders have been addressed. Our research refutes that assumption. We found that subsidized housing succeeds in curing homelessness among families, regardless of behavioral disorders or other conditions. Whatever their problems – substance abuse, mental illness, physical illness or a history of incarceration – nearly all of the families in our study became stably housed when they received subsidized housing.”

- Wong, Culhane, and Kuhn study, Autumn 1997: This study, conducted by Yin-Ling Irene Wong, Denis Culhane, and Randall Kuhn of the University of Pennsylvania, was the first major research study to analyze homeless client database information to measure rates of shelter re-entry among homeless families.⁴ The findings of this study are echoed in the later studies. The University of Pennsylvania researchers found that “hazard rates” of returning to shelter were much higher among families who left to unknown destinations or to their own housing, compared to those who left to subsidized housing. They also looked at two-year rates of re-entry among

families exiting shelter and found the following: “The rate of re-entry is highest among families who were discharged to their own housing (37%) and lowest among those who were discharged to subsidized housing (7.6%).”

Federal Housing Assistance and Family Homelessness

All in all, research and experience demonstrate that stable, long-term housing subsidies dramatically reduce return rates to shelter and help formerly-homeless families remain stably housed. Fortunately, the City has at its disposal two Federal housing assistance programs that have proven enormously effective in accomplishing that goal – the Section 8 voucher program and public housing apartments. As Mayor Bloomberg announced on January 29, 2007, over the next two years the City will make 22,000 Section 8 vouchers available to low-income families, and each year the New York City Housing Authority makes available some 6,500 apartments for new rentals.

Unfortunately, since 2004 the Bloomberg administration has actually *reduced* homeless families’ priority for these 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 claims that the availability of Section 8 vouchers was attracting 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:

- Milken Institute study, June 1997: This study was authored by two economists, Brendan O’Flaherty of Columbia University and Michael Cragg of the Milken Institute.⁵ They 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.”

Moving Forward: How the City Can Successfully Provide Housing Assistance to Homeless Families

The implications of these research studies for City policy are very clear: Stable, long-term housing assistance reduces family homelessness and reduces return rates for formerly-homeless families. As the Bloomberg administration revises its housing assistance programs for homeless families – in particular, the flawed “Housing Stability Plus” program – Coalition for the Homeless urges City officials to adopt the following principles:

- *Rental assistance for homeless families must be stable and long-term – that is, it should not include arbitrary, one-size-fits-all time limit. 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.*
- *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 the Section 8 program protects 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.*

Prepared February 7, 2007.

For more information, please visit our website or contact Patrick Markee, Senior Policy Analyst, Coalition for the Homeless, 212-776-2004.

¹ Coalition for the Homeless, "Homeless Families At Risk" (February 2007); Homeless Services United, "False Start, Fresh Promise: Homeless Service Providers Advocate Reform of New York City's Housing Stability Plus Program" (2006); Housing Here & Now, "Your Tax Dollars at Work: How New York City Subsidizes Slumlords" (October 2005); Office of the Public Advocate of New York City, "Subsidy Shame" (April 2005).

² Vera Institute, "Understanding Family Homelessness in New York City" (September 2005), available at http://www.vera.org/project/project1_3.asp?section_id=6&project_id=68&sub_section_id=38.

³ Shinn, Marybeth, Beth C. Weitzman, et al, "Predictors of Homelessness Among Families in New York City: From Shelter Request to Housing Stability," *American Journal of Public Health*, Volume 88, Number 11 (November 1998), pp. 1651-1657.

⁴ Wong, Yin-Ling Irene, Dennis Culhane and Randall Kuhn, "Predictors of Exit and Reentry Among Family Shelter users in New York City," *Social Science Review* 71, Number 3 (1997), pp. 441-462.

⁵ Cragg, Michael and Brendan O'Flaherty, "Does Subsidized Housing Increase Homelessness? Testing the Dinkins Deluge Hypothesis," Milken Institute (June 1997)



305 Seventh Avenue, 13th Floor, New York, NY 10001-6008

212.645.3444, Fax 212.477.4663
pfth@pfth.org

Jessye Norman
National Spokesperson

Arnold S. Cohen
President & CEO

**Testimony of The Partnership for the Homeless
Before the New York City Council
General Welfare Committee Oversight Hearing
Department of Homeless Services' Work Advantage Program
and other rental assistance strategies
May 7, 2007**

Heidi Siegfried
Supervising Attorney

The Partnership for the Homeless would like to thank Chairperson Bill de Blasio and the New York City Council's General Welfare Committee for convening an oversight hearing on the Department of Homeless Services' Work Advantage Program and other rental assistance strategies.

The Partnership has provided a broad range of services to homeless New Yorkers for more than 20 years, beginning in 1982 as a single shelter in a Manhattan church basement. The Partnership's public/private collaborations, direct service programs, and advocacy efforts help families and individuals make the successful transition from New York City streets to permanent housing, skilled jobs and self-sufficiency.

The Family Resource Center at The Partnership for the Homeless provides services to formerly homeless families who have secured permanent housing in Brooklyn and to low-income families in East New York. We have 3 family advocates and a supervising social worker who assist our clients in maintaining housing stability. We help families find and connect to critical services in their new communities such as health care, childcare, mental health services, public schools, and food pantries. Most families also need immediate assistance to stabilize benefits, to understand workfare requirements, to address landlord-tenant issues and to address repair problems in their apartments.

The Partnership for the Homeless applauds the City for recognizing problems in the current rental assistance program, Housing Stability Plus, and attempting to remedy them through the new Advantage programs. We are glad to see that the proposed programs are not tied to Public Assistance. Commissioner Hess identified that the 65% of HSP recipients experienced disruption in their welfare cases. This rate of sanction or closure had been a key issue in maintaining stability. The first indication that a case is being closed due to earned income is often not a notice to the client, but the rent not being paid to the landlord by HRA, and a resulting eviction proceeding. Our family advocates spend a lot of time in fair hearings and securing HRA compliance with fair hearing decisions to keep cases open and the rent paid to avoid eviction.

The Partnership is particularly glad to see the Fixed Income Advantage Program which would give a special zero Section 8 priority to SSI/SSD clients. We will be happy to assist these families with their Section applications as well as the other needs they may have.

The Partnership is also pleased that the new plan raises apartment size and inspection standards to those required under Section 8. In December I represented a mother with two children who lived in a studio apartment. One of our family advocates has a mother with two sons and a daughter who was "tricked" into a one bedroom apartment that she thought would be two bedrooms. The mother sleeps in the living room, the two boys have the bedroom, and the girl has to stay with her aunt. We hope that the Fair Market Rents will enable our clients to find apartments that comport with the Section 8 apartment size standards.

As was extensively reported, HSP apartments were consistently in substandard conditions. We are excited that the City has taken this concern seriously. However, questions still remain about our clients with HSP leases in apartments that will never pass § 8 inspection standards who want to convert to the Advantage programs,

Finally, The Partnership is glad to see that the new rental levels reflect fair market rents. Despite the efforts of DHS and advocates to advise clients, landlords, and brokers that these side deals are illegal, we continue to see them. We hope that this will reduce the number of "side deals" for additional rent.

Several concerns remain with the Work Advantage program. The program is still, unfortunately, a mismatch between earned income and rent. While the first two years of the program allow and even encourage participants to save, after the program ends, participants are forced to dip into that savings each month to cover their costs and may no longer be eligible for benefits due to their savings or there earnings.

The program rewards only those that are working at an income that is unavailable to too many of our clients. The jobs that our clients have been able to get will not allow them to pay the rent after the first year and probably not after the second -- and this is the case even for those with jobs well above the minimum wage. The people I have been representing in eviction proceedings have been mostly home health aides with variable

hours and earning less than \$8 an hour. One family advocate was only able to recall one client, a family of three, who had a job at a steady 35 hours per week. She works at an airport and that job paid \$7.50 an hour. This Family Advocate has two other clients who work as substitute child care workers at \$8.25 an hour with fluctuating hours. She has another client working at the Dress Barn at \$10 an hour. That client's hours used to be stable at 30-35 hours per week, but now they fluctuate also. Despite our clients desire for and an effort to obtain stable regular hours at decent wages, the current job market only offers them fluctuating hours at low wages.

Attached to this testimony are charts reflecting the federal, state, and city taxes and credits for these families. The family of three with the mother working 35 hours per week at \$7.50 per hour will be \$20 short of having enough income in her paycheck to be able to pay her rent of \$1070. She can arrange to get her federal Earned Income Credit as an Advance in her paycheck, which will get her \$100 to \$130 more in monthly income. If this family had continued on Public Assistance, they would continue to be eligible for some public assistance with these earnings. But unless these rental payments are somehow treated as a public assistance shelter allowance and part of the standard of need, which we believe they are not, this family would not be eligible for Public Assistance to supplement her earnings. She would be eligible for the Food Stamp Program in the amount of \$240 a month. She will be left with only \$110 in cash to meet her other needs.

The substitute child care workers, at \$8.25 an hour if they worked 20 hours per week, would not be able to pay their rent even after benefiting from all the tax credits available.

Our best case scenario, the mother working at the Dress Barn for \$10 an hour, 35 hours per week, would have \$330 left after paying more than 70% of her income in rent. She would also be eligible for \$209 in food stamps.

The Work Advantage Program effectively faults people for not being able to make above the minimum wage. The program thus continues to be a trap for those in poverty, keeping them out of shelter for a time, but not creating real, sustainable economic prosperity. If we want New York City to remain a place for all working people, as well as those that cannot work, we

need a program that meets people where they are at and has realistic expectations about both the cost of living and creating a living wage.

A more comprehensive program would be one in which there were educational opportunities, a proven way for people to increase their income, a program with job training to help people obtain better wage jobs. New York City might also need to accept that with the housing crisis, it might need to provide an ongoing subsidy to those that work 35 hours per week but still cannot make ends meet. This would be a true way to help people maintain a home of their own.

Disposable Income, Tax Credits and Benefit Eligibility for Families Earning \$7.50/hour working 35 hours/week

Food Stamps		567.6	2115.6	2888.37	3723.45	4387.05	5522.85	6118.65
TANF		\$0.00	\$0.00	\$2,384.10	\$4,000.50	\$5,668.50	\$6,802.50	\$7,936.50
Medicaid		Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Eligible
Family Health Plus		Not Eligible	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible
Child Health Plus		No Children	No Premium	No Premium	No Premium	No Premium	No Premium	No Premium
Annual Child Care Co-Pay		FALSE	\$727	\$115	\$87	\$63	\$11	\$0
Taxes Single		\$240.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Taxes HOH		\$240.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Taxes Married		\$240.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EITC								
Childless		FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
1 Child		2852.6	2852.6	2852.6	2852.6	2852.6	2852.6	2852.6
2 or More Children		4716	4716	4716	4716	4716	4716	4716
Married Childless		-234.09	-234.09	-234.09	-234.09	-234.09	-234.09	-234.09
Married 1 child		2852.6	2852.6	2852.6	2852.6	2852.6	2852.6	2852.6
Married 2 children		4716	4716	4716	4716	4716	4716	4716
Thrifty Food Plan Amount		\$155	284	408	518	615	738	816
New York City SON		\$352	\$502	\$691	\$826	\$965	\$1,059	\$1,154
Medicaid Income Limit		700	900	1100	1109	1117	1134	1275
Family Health Plus Income Limit		10,210	20,535	25,755	30,975	36,195	41,415	46,635
FHP - without Children		10,210	13,690					
Child Health Plus - No Premium		\$1,347	\$1,811	\$2,275	\$2,739	\$3,203	\$3,667	\$4,131
Child Health Plus \$9(max \$27)		\$1,871	2,515	\$3,158	\$3,802	\$4,446	\$5,090	\$5,734
Child Health Plus \$15 (max \$45)		\$2,107	\$2,832	\$3,557	\$4,282	\$5,007	\$5,732	\$6,457
Household Credit Look Up								
	0	75	90					
	5000	60	75					
	6000	50	65					
	7000	45	60					
	20000	40	60					
	25000	20	50					



Disposable Income, Tax Credits and Benefit Eligibility for Families Earning \$10/hour working 35 hours/week

Food Stamps		0	1023.6	2511.6	3273	3936.6	5072.4	5668.2
TANF		\$0.00	\$0.00	\$0.00	\$1,862.00	\$3,530.00	\$4,664.00	\$5,798.00
Medicaid		Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible
Family Health Plus		Not Eligible	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible
Child Health Plus		No Children	No Premium	No Premium	No Premium	No Premium	No Premium	No Premium
Annual Child Care Co-Pay		FALSE	\$1,820	\$1,275	\$1,247	\$1,223	\$1,171	\$740
Taxes Single		\$695.00	\$355.00	\$15.00	\$0.00	\$0.00	\$0.00	\$0.00
Taxes HOH		\$695.00	\$355.00	\$15.00	\$0.00	\$0.00	\$0.00	\$0.00
Taxes Married		\$695.00	\$355.00	\$15.00	\$0.00	\$0.00	\$0.00	\$0.00
EITC								
Childless		FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
1 Child		2403.5604	2403.56	2403.5604	2403.560394	2403.56039	2403.56039	2403.5604
2 or More Children		4124.2097	4124.21	4124.2097	4124.209708	4124.20971	4124.20971	4124.2097
Married Childless		FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
Married 1 child		2083.9593	2083.959	2083.9593	2083.959252	2083.95925	2083.95925	2083.9593
Married 2 children		3703.0067	3703.007	3703.0067	3703.006654	3703.00665	3703.00665	3703.0067
Thrifty Food Plan Amount		\$155	284	408	518	615	738	816
New York City SON		\$352	\$502	\$691	\$826	\$965	\$1,059	\$1,154
Medicaid Income Limit		700	900	1100	1109	1117	1134	1275
Family Health Plus Income Limit		10,210	20,535	25,755	30,975	36,195	41,415	46,635
FHP - without Children		10,210	13,690					
Child Health Plus - No Premium		\$1,347	\$1,811	\$2,275	\$2,739	\$3,203	\$3,667	\$4,131
Child Health Plus \$9(max \$27)		\$1,871	2,515	\$3,158	\$3,802	\$4,446	\$5,090	\$5,734
Child Health Plus \$15 (max \$45)		\$2,107	\$2,832	\$3,557	\$4,282	\$5,007	\$5,732	\$6,457
Household Credit Look Up								
	0	75						
	5000	60						
	6000	50						
	7000	45						
	20000	40						
	25000	20						



Disposable Income, Tax Credits and Benefit Eligibility for Families Earning \$8.25/hour working 20 hours/week

Food Stamps	1784.4	2584.5	3390.3	4225.38	4888.98	6024.78	6620.58
TANF	\$0.00	\$2,493.00	\$4,767.00	\$6,383.40	\$8,051.40	\$9,185.40	#####
Medicaid	Not Eligible	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible
Family Health Plus	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible
Child Health Plus	No Children	No Premium	No Premium	No Premium	No Premium	No Premium	No Premium
Annual Child Care Co-Pay	FALSE	\$156	\$0	\$0	\$0	\$0	\$0
Taxes Single	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Taxes HOH	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Taxes Married	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
EITC							
Childless	306.765	306.765	306.765	306.765	306.765	306.765	306.765
1 Child	2852.6	2852.6	2852.6	2852.6	2852.6	2852.6	2852.6
2 or More Children	3432	3432	3432	3432	3432	3432	3432
Married Childless	427.635	427.635	427.635	427.635	427.635	427.635	427.635
Married 1 child	2852.6	2852.6	2852.6	2852.6	2852.6	2852.6	2852.6
Married 2 children	3432	3432	3432	3432	3432	3432	3432
Thrifty Food Plan Amount	\$155	284	408	518	615	738	816
New York City SON	\$352	\$502	\$691	\$826	\$965	\$1,059	\$1,154
Medicaid Income Limit	700	900	1100	1109	1117	1134	1275
Family Health Plus Income Limit	10,210	20,535	25,755	30,975	36,195	41,415	46,635
FHP - without Children	10,210	13,690					
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Child Health Plus \$15 (max \$45)	\$2,107	\$2,832	\$3,557	\$4,282	\$5,007	\$5,732	\$6,457
Household Credit Look Up							
0	75	90					
5000	60	75					
6000	50	65					
7000	45	60					
20000	40	60					
25000	20	50					





NYC Department of Homeless Services

Robert V. Hess
Department of Homeless Services
City Council Hearing on Advantage New York Program
May 7, 2007

Good afternoon Chairman de Blasio and members of the Council. I am Rob Hess, Commissioner of the Department of Homeless Services (DHS). Thank you for the opportunity to speak before you today and answer any questions you may have about the Department's new rental strategies that help clients move beyond shelter and into transitional or permanent housing. This exciting and innovative package of reforms, which we have named "Advantage New York," rests on the notion that a "one-size" rental subsidy does not "fit" all people who are experiencing homelessness. For this reason, Advantage New York encompasses varying rental subsidies designed to meet the varying needs and circumstances of our shelter clients.

DHS' comprehensive approach builds on the strengths of previous reforms and puts the Agency in a position to meet the goals set by Mayor Bloomberg's Five-Year Action Plan to reduce homelessness by two thirds by 2009. The centerpiece of our reform package is Work Advantage, a rental subsidy to help those in shelter secure permanent housing and reduce their reliance on public supports by rewarding clients who work.

Building on the Strength of Previous Reforms

To fully appreciate how comprehensive and innovative our new reform package is, let's go back to 2004 when the City was faced with federal cuts to Section 8 and a resulting decline in the number of vouchers at its disposal. This led DHS to develop Housing

Stability Plus (HSP), a local rental supplement program, to fill the void created by these federal cuts. Like all other rental subsidies, HSP had its limitations. First, the work supplement waiver that the City had anticipated and aggressively lobbied for — and would have allowed a family to continue receiving HSP even if that family began earning too much money to continue receiving public assistance — never came to fruition. Instead of rewarding work, HSP created a disincentive to work. Second, DHS expected a low rate of public assistance disruptions including sanctions and case closings based on the experience of Jiggets, another enhanced rental subsidy program tied to public assistance in which clients maintained a significantly higher rate of engagement. We found instead a much higher rate of disruptions, which resulted in landlords not receiving monthly rental payments.

Even with the unintended consequences associated with HSP, it served the majority of clients extremely well. Over 10,000 individuals and families moved into their own homes through HSP with only 4% returning to shelter. HSP also proved to be more accessible and efficient than Section 8, with more families being eligible for the subsidy at any point in time and able to exit shelter far more quickly than under Section 8. In fact, early in the program, more families were placed through HSP than any previous year utilizing Emergency Assistance Rental Program Section 8 vouchers.

Listening to What Our Clients Say They Need

With the implementation of any new program, new information surfaces and opportunities arise to make modifications necessary to ensure that the program continues to meet the needs of those it is intended to serve. Therefore, I spent the majority of last summer and fall meeting with hundreds of clients throughout the city to hear directly from them about how HSP was working, what their concerns were, and how to ensure their success in returning to the community and maintaining independence in permanent housing.

Out of these discussions, several themes emerged. By and large, clients told me they wanted to work to pay their own rent. Most clients clearly recognized that temporary housing assistance is just that — temporary. Other clients said they simply could not work due to disabilities and therefore needed more long-term assistance. And still others expressed the need for short-term assistance to help them rebound from a disruption in their lives such as the sudden loss of employment or a family member's illness.

Prevention is Key

I took our clients' concerns very seriously and began to work with my management team to craft new strategies that would address not only the limitations of HSP, but also provide a wider range of options to meet our clients' stated needs. And, DHS' new strategies do just that by expanding our efforts to prevent homelessness whenever possible; keeping families in their communities. Furthermore, DHS will continue to provide shelter when necessary, coupled with the support required to ensure that shelter stays are short-term and focused on stabilization and obtaining permanent housing; and by offering the right mix of exit strategies so that every individual or family that enters the system has a way back to the community — a way home.

It is clear to us that our work must begin before individuals or families become homeless. As of Summer 2007, HomeBase, our nationally-recognized homelessness prevention program, will be available city-wide, offering services such as landlord mediation, household budgeting, legal services, and short-term financial assistance. But we've taken prevention a step further. Families who enter PATH, our intake center for families with children, will receive universal diversion services. Offered in partnership with HRA, this expanded effort will allow clients and social services staff an opportunity to look closely at a family's circumstances and needs and facilitate linkages to community resources. We are

extremely grateful to HRA and Commissioner Doar for their continued collaboration in the diversion effort.

But our prevention and diversion efforts do not end there. Not long ago, we implemented a new diversion pilot at PATH. The pilot targets families who are provided a conditional shelter placement pending DHS' investigation of their eligibility for shelter. HomeBase social workers visit these families while they are in conditional placement, review their circumstances and options, and help them develop a plan for returning to their community instead of entering shelter.

As strong as these preventive strategies are, we recognize that some families will need temporary, emergency shelter. But let us be clear: this is a new day at DHS. Under our new model, shelter is intended to serve a short-term emergency purpose as a place of last resort. A typical shelter stay should last 120 days with the first 90 days focused on support to stabilize individuals and families and to develop a shelter exit plan. The next 30 days should be spent implementing an exit strategy made possible through Advantage New York — the City's new rental assistance program.

The Many Advantages of Advantage New York

Advantage New York provides a series of options to meet the varied needs of our clients. The program includes access to a comprehensive package that will support work and economic stability including jobs, workforce development, and transitional benefits such as food stamps, Medicaid and child care. Advantage recognizes that one size does not fit all and therefore also offers rental assistance for two special populations, individuals and families receiving benefits and who are on fixed incomes and families who have an active ACS case while in shelter. But again, the emphasis is on work.

As Commissioner Doar has stated, Work Advantage is consistent with the City's focus on work as the key ingredient to move out of poverty and invests in homeless families who work full or part-time by giving them the rent support they need to move toward independence. Simply put, the program rewards work, provides incentives to increase earnings and savings, promotes long-term independence and guarantees payment to the landlord of one and possibly two years' rent.

Families and individuals who receive federal benefits such as Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) and families who are in shelter with an active ACS case will receive a rental subsidy under Fixed Income and Children Advantage, respectively. Our experience tells us that families with an open ACS case often need long-term support and stable housing to avoid breaking up the family unit, while family members or individuals with disabilities or other health issues often require specialized support in a stable housing environment. Both of these special needs groups will receive up to one year of rental assistance as well as support in applying for Section 8. Clients will be required to locate and secure apartments that meet the guidelines for Section 8 and will be assisted in completing and submitting Section 8 priority applications to NYCHA through community-based aftercare agencies. Aftercare services and additional supports will also be available to assist these families in transitioning back to the community. I must emphasize, however, that DHS does not provide emergency priority status for Section 8 to those in shelter. Rather, Children/Fixed Income Advantage are specific programs serving special need populations.

Additionally, there are clients that simply do not require a full year of rental assistance, but merely the right level of financial help to get themselves back on their feet after a particular circumstance or financial setback. Short-Term Advantage will provide one-

time financial assistance in the form of 4 months of rent, plus security deposit, broker's fees, and a furniture allowance.

The Right Support at the Right Time

Those who are quick to criticize us whenever we roll out a new program contend that a two-year rental subsidy is simply not enough to sustain our clients outside of shelter. To them I say you greatly underestimate the strength of the men and women in our shelters. They want to work and much prefer a home of their own over permanent membership in our shelter system or permanent dependence on public assistance.

Over the past several months, staff and I have spent a great deal of time visiting shelters and meeting directly with clients and field staff, both DHS' and non-profit providers'. As I met with families all over the five boroughs, they told me that they are not looking for handouts, but for a leg up. Take, for example, Mr. and Mrs. G, proud parents of three children: a 9 year old, a 4 year old and a newborn. Mrs. G had been employed as a home health aide but is currently on maternity leave. Mr. G recently started a new job as an electrician. Mrs. G told me that she is "very pleased with her new opportunity" through Work Advantage and has already located an apartment in the borough she resided in before experiencing homelessness. The appropriate paperwork and apartment inspections are underway, and Mrs. G and her family are poised to be among the first group of families to move out of shelter and into a new home with the aid of a Work Advantage rental subsidy.

I say to our critics that those experiencing homelessness require the right support at the right time and Work Advantage and its other associated programs provide just that: the various Advantage programs provide different rental subsidies to families confronting different challenges under different circumstances.

Making Work Pay

But Work Advantage is not simply a rental subsidy program; it also is a savings program that provides clients with a financial cushion when rental assistance ends. While clients are receiving the rental subsidy, which will account for almost 100% of their rent, they will pay \$50 in rent each month directly to the landlord. This ensures clients learn how to become good tenants. Also, clients are encouraged to save money during the time spent in Work Advantage. If they save up to 20% of their rent we will match that savings and the \$50 rent payment per month when they exit the program. For instance, after one year, a family with a monthly rent of \$1,070 who was saving at a rate of 20% per month could end up with nearly \$6,000 in a savings account after one year, including the client savings and City matching funds. This approach rewards clients for working and saving money rather than penalizing them by taking away their rental assistance for working. Work Advantage also focuses on self-reliance by providing clients with the tools and resources that are critical to their success, something that has not been done before.

Neither Section 8 nor HSP provided a savings component, job training, financial planning or comprehensive aftercare; Work Advantage provides all this and more. The rental assistance program also includes access to comprehensive services that will support work and economic stability and to transitional benefits such as food stamps, Medicaid and childcare. HRA will work with Work Advantage clients through welfare-to-work programs by providing job training, job search and job placement support. Using these same tools, more than 77,000 public assistance recipients were placed in jobs last year. Work Advantage represents the continued fulfillment of Mayor Bloomberg's promise of a more effective way to place public assistance recipients in jobs.

Work Advantage is further enhanced by financial education and guidance. The Department of Consumer Affairs' Office of Financial Empowerment (OFE) is working with DHS on fostering financial literacy, expanding access to no fee accounts and structuring the program's matched-savings component. OFE will help DHS clients access the tax credits they deserve as well as available banking options. In addition, guidance will be provided to clients on how to save and make their money grow for the future.

DHS data shows that families, who leave shelter for permanent housing, including unsubsidized housing, have a low rate of return to shelter. The rate of families returning to DHS shelter within two years was 4 percent in 2006. To further minimize the rates of return, DHS' comprehensive approach also includes assistance during the clients' transition to independent living through "aftercare" services. Work Advantage clients will be referred to one of the multiple HomeBase offices in the City where they will have access to aftercare services throughout the year. These services include help with upgrading jobs, household budgeting and legal services, to name a few. Moreover, our aftercare services providers can also act as a bridge between landlords and tenants to address other issues.

Give Our Clients the Support They Need and Want

DHS is dedicated to giving New Yorkers the support they need to avoid shelter, or if that is not possible, the support they require to return to the community as quickly as possible. We are committed to developing strategies that work for clients and if those strategies stop working, we do not shy away from correcting them or replacing them with strategies that more effectively meet our clients' needs. But the reality is and has always been that New Yorkers are resourceful. We are resilient. When faced with a challenge we rise to meet it. I expect no less from New Yorkers experiencing homelessness. Why? Because we have a foundation through these reforms to support our clients in the way they have told us

they need to be supported. And Mr. and Mrs. G, our clients who are readying their family to move to their own home through Work Advantage, serve as a reminder to all of us of what can happen when we create programs that invest in the potential within people to thrive. Mrs. G told us that she believes her family will succeed on its own with the new program because it includes "so many pieces to help us." She pointed to the required savings and savings match as well as the more competitive supplement rates as "making a difference" that will keep them on their own as they continue to put the pieces of their life back together after a series of setbacks that led them to shelter. This family inspires me but not because they are the exception. I look forward to witnessing many more families rise to the occasion as we continue to provide the resources they need to move beyond shelter.

Thank you for your interest in learning about Advantage New York and why we think it is a critical component of our efforts to meet the goals of the Mayor's Five-Year Plan. I am happy to entertain any questions you may have about our exciting new reforms.

**Testimony of
Victor Bach, Senior Housing Policy Analyst
Community Service Society
At Hearings on
Housing Stability Plus Vouchers and the Work Advantage Program
General Welfare Committee
New York City Council
May 7th, 2007**

Thank you for the opportunity to appear before the General Welfare Committee to comment on the city's new Work Advantage (WAP) rent assistance program for the homeless. It attempts to assist families with deep rent subsidies, in the year or two following their shelter stays, so that they can access permanent housing as they pursue work opportunities. The central question today is whether WAP will really succeed at promoting stable, decent housing for the homeless and encouraging self-sufficiency through work. We believe there are serious problems.

The Housing Stability Plus voucher (HSP), which WAP will replace, was intended as a rent supplement to homeless households receiving public assistance. At the same time, the city cut homeless families off from priority placement for public housing and Section 8 vouchers, claiming they were incentives to homelessness. HSP has serious problems—its benefits dwindle to zero in five years, it creates a work disincentive, and it often places families in abysmal apartments. One of its key flaws, from the start, was that rent benefits were contingent on continued public assistance: it stopped if earnings made the family ineligible for public assistance. In short, HSP acted as a work disincentive.

The Community Service Society (CSS) strongly supports the precept that work is a major path through and out of poverty. No public benefit should pose an obstacle to that course. In that sense, WAP's shift in focus to promoting work, as it simultaneously provides rent assistance, is well-taken. But, in reality, the numbers simply do not jibe, even with optimistic assumptions about low-wage work opportunities.

The city is gambling on immediate, short-term rent benefits available under WAP assistance. For one year, the family pays only \$50 monthly for rent, but it must set aside 10 to 20 percent of the rent as savings to be matched by the city. The city estimates a family renting an apartment for \$1,070 monthly could wind up with \$6,000 in savings after a year. The family must comply with a minimum 20-hour weekly work requirement that puts it on the path to self-sufficiency. But the party ends after a year, or two at most. Given the realities of the workplace, the consequences for WAP families can be grim.

Under the short 1 to 2-year time limit on benefits, even the most conscientious working family will have a tough time surviving the rent-affordability cliff it faces once WAP is over. Rough calculations suggest that a family with \$1,070 monthly rent will initially be laying out up to \$264 monthly for rent and savings combined. With those outlays, an adult full-time worker making a \$15,000 minimum wage—a counter worker in a coffee shop or a home health aide—would, indeed, carry an affordable rent burden of 25-percent of income that first year. If WAP benefits end after a year, even if the worker gets a healthy raise, the family will face a colossal rent burden of about 80-percent of income, leaving it with little residual income, once rent is paid, for other necessities, or just making ends meet. If the family uses all of its \$6,000 savings to meet the (rising) rent, we estimate it will still be paying a hefty 60-percent of income for housing. Even for a security guard earning an average \$19,000 income, once WAP ends the family faces a rent burden of 71 percent of income, or 50-percent if the full savings are allocated to rent.

WAP has the makings of a new board game for homeless families and their advocates, but it will not stem family impoverishment and homelessness over the long term. Its expectations that income from low-wage work will enable families, after a year or two, to afford market rents are unrealistic. Families may use WAP to leave the shelters, but they will soon find themselves in similar straits, facing housing hardship and extraordinary rent burdens that make their housing untenable and leave them again at risk of doubling up and homelessness.

Rather than put families through the WAP moves, the city should reconsider opening up public housing and Section 8 vouchers again to homeless families. These programs are time-tested, long-term remedies for homelessness that keep housing affordable to low-income working families struggling their way out of poverty.