

March 2018

Governor Questions City’s Homeless Efforts Despite NYC’s Expanded Outreach and Prevention Programs

The Governor’s proposed state budget includes a new provision that would add administrative burdens and allow the state to withhold funding if Albany officials determine localities are marking insufficient efforts to prevent homelessness. The new requirements would come even though the city has substantially increased its key homeless prevention programs—none of which receive state funding.

The Governor’s proposal would require New York City and other local governments to develop, submit, and implement a plan to provide outreach and services to the homeless. If enacted, the city’s plan will be subject to approval from the state and the city will be required to submit progress reports on designated outcomes. The budget furthermore authorizes the state to withhold or delay funding payments to the city if the state determines that the efforts to meet the plan have been insufficient.

Another change in the proposed state budget relates to the Living in Communities (LINC) rental assistance program, designed to help households move out of shelter and afford permanent housing. Previous state appropriations for the LINC program designated for working families provided for an allocation “up to \$40 million,” while language in the Governor’s proposed budget provides “up to \$31 million.” The \$40 million was originally appropriated in 2016 using funds dedicated to housing programs from a litigation settlement with JP Morgan Chase related to mortgage securities.

Although the potential loss of any state funding budgeted for the Department of Homeless Services (DHS) and the Human Resources Administration (HRA) would be a negative for the city’s budget, the potential fiscal impact would be muted because the state contributes only a small

share to the city’s homeless services programs. State funds are expected to cover only 9 percent of the annual DHS budget from 2018 through 2021, and 13 percent of annual rental assistance costs in HRA’s budget over the same period.¹ (All years refer to city fiscal years unless otherwise noted).

City’s Homeless Prevention Programs. Although the state budget legislation language requiring a plan to address homelessness is new, the de Blasio Administration is already dedicating sizable resources towards homelessness outreach and prevention under its 2017 homeless services plan [Turning the Tide on Homelessness](#). The 2019 preliminary budget continues funding for the initiatives outlined in the plan.

In an effort to keep households from needing shelter, DHS and HRA have bolstered funding for the Homebase program. Started during the Bloomberg Administration in 2005 with an initial budget of \$11 million, Homebase serves low-income residents at risk of becoming homeless. The program provides counseling, emergency rental assistance, and eviction prevention. Since taking office, Mayor de Blasio has expanded Homebase, now with \$81

State Funds Make Up Small Piece of Current Department of Homeless Services Budget

Dollars in millions

	Fiscal Year 2018	Share
City	\$1,041	57%
State	166	9%
Federal	615	34%
TOTAL	\$1,822	100%

SOURCE: January 2018 Financial Plan

New York City Independent Budget Office



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million in funding for 2018 and \$53 million budgeted annually from 2019 through 2021 across 24 locations.

In addition, in 2017 the city adopted a law to provide free civil legal services to low-income households facing eviction as another tool to prevent homelessness. Housing court legal services are currently funded in HRA's budget at \$96 million in 2018 and around \$75 million annually starting in 2019. It remains difficult to assess whether or not a household, absent city intervention through programs such as Homebase and anti-eviction legal services would otherwise have entered shelter.

The de Blasio Administration has also created HOME-STAT to connect unsheltered homeless with city service providers; in 2017, DHS estimated that around 3,800 individuals were homeless and living on the street. HOME-STAT workers canvass every block of Manhattan from Canal Street to 145th Street, as well as areas of the city where the homeless are known to congregate. Outreach workers provide information on drop-in centers and safe haven locations, encouraging the street homeless to seek shelter. Additionally, DHS has expanded safe haven shelters, which have fewer rules and a lower barrier to entry than traditional shelters, and increased the number of drop-in centers where the street homeless can shower and do laundry, get a meal, and connect with medical and social services. The annual budget for street homelessness

outreach and drop-in services has more than doubled in the past five years, from a funding level of \$34 million in 2013 to \$85 million budgeted annually from 2018 through 2021. All of these prevention and outreach efforts—Homebase, housing court legal services, and HOME-STAT—are funded through city and federal sources; they do not receive state support.

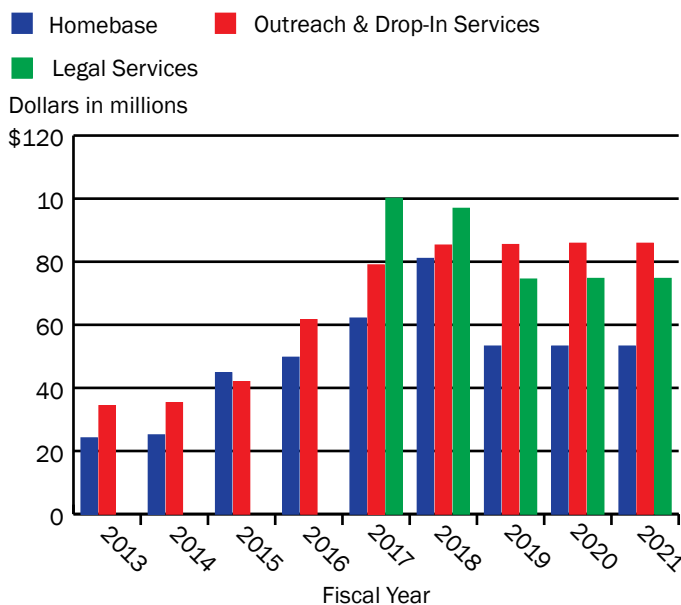
Cost of Shelter Continues to Climb. Despite the prevention and outreach programs detailed in *Turning the Tide on Homelessness*, the preliminary budget assumes rather modest reductions from the existing shelter census, which is expected to decline by 2,500 people over five years. At the end of February, the shelter system totaled more than 60,000 people, which means the census is expected to fall by about 5 percent in five years. Compared with last February, the family shelter census has barely changed, decreasing by 1 percent.

The cost of shelter, however, has grown—the average daily cost for a family in shelter increased from \$121 in 2016 to \$171 in 2017 and IBO estimates an average per diem rate of \$185 in 2018. For single adults, the shelter population increased by 9 percent, while costs hover around \$100 per day. The preliminary budget added a total of \$680 million to the DHS budget over four years to cover rising costs of shelter, driven by both the number of households in shelter and shelter operation costs—almost \$170 million (\$150 million in city funds) each year from 2018 through 2021. This brings the total annual DHS shelter cost to \$1.6 billion in 2018.

Whether the State Legislature will adopt the Governor's proposal remains unclear. Also uncertain is how much these changes could affect the city's shelter programs. But additional oversight and requirements from the state would add to the city's administrative burden, even though the state's contribution to the city's homeless budget is limited. Moreover, given that an area of focus of the proposed state oversight is on outreach to the street homeless, the changes might result in a larger shelter population.

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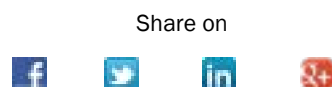
City Spending on Homeless Prevention and Outreach Has Substantially Increased in Recent Years



SOURCE: January 2018 Financial Plan; Mayor's Office of Management and Budget
 NOTE: Totals from 2013 through 2017 reflect actual expenses while 2018 through 2021 reflect budget estimates.
 New York City Independent Budget Office

Endnote

⁴Rental assistance programs include Living in Communities (LINC) I-VI, Special Exit and Prevention Supplement (SEPS), CITYFEPS, and HOME Tenant-Based Rental Assistance. Only LINC I, LINC II, and CITYFEPS include any state funding.



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