

February 2021

Homeless Services Sees Shift in Shelter Populations and Influx of FEMA Funding

As the Covid-19 crisis continues to bear down on New York City and many homes continue to double as workplaces and classrooms, the importance of stable housing has become even more critical. For those with no option but to enter or remain in one of the city's more than 400 homeless shelters—a mix of purpose-built shelters, hotels, and rented apartments—the struggle is compounded. At the start of January 2021, the city had a population of 53,000 residing in shelters operated through the Department of Homeless Services (DHS).¹

Over the past 12 months, the city has seen a decrease in families residing in shelters, largely attributed by the de Blasio Administration to the ramp up in spending on rental assistance, which allows families to move out of shelter and into their own apartments. Meanwhile, the number of individual adults in shelter has continued to grow. While an increase in the single adult shelters would normally mean a sharp increase in costs to the city, in the near term, the additional cost has been largely offset by reimbursements through the Federal Emergency Management Agency (FEMA). Additionally, the city is also working to address the lack of wireless internet in shelters—nearly a year into the pandemic—with new funding added to the Preliminary Budget.

Decreases in Number of Families in Shelter, But City Savings Limited. The DHS family shelter system serves families with children as well as adult families without minors in the household. Over the past 12 months, the number of families with children in shelter has decreased by 17 percent while adult families have decreased by 18 percent, continuing a downward trend in the family census that was underway before the pandemic.

Only a portion of the savings attributable to the continued decline anticipated in the family shelter population results

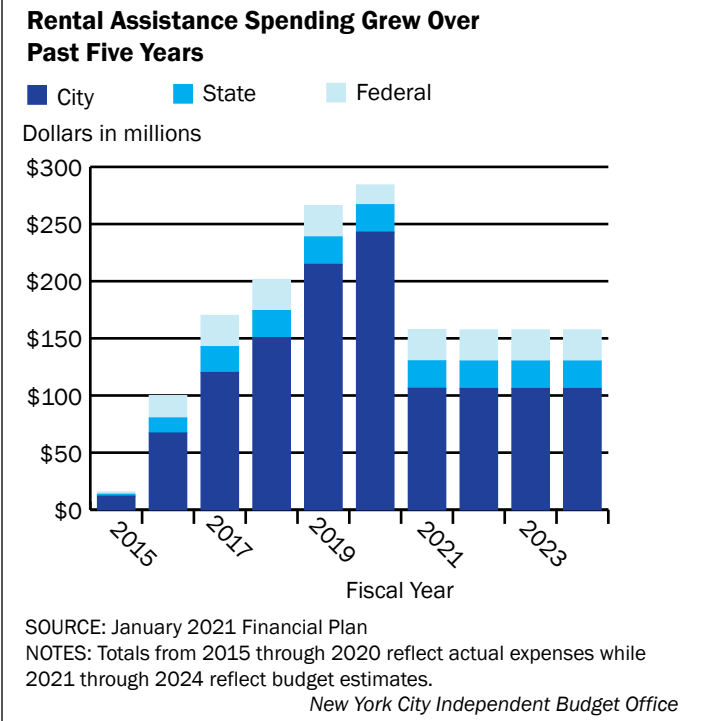
in city savings. The average daily rate paid in 2020 for temporary housing and services for a family in shelter was \$199, or \$72,600 annually. (All years refer to city fiscal years.) City funds covered 36 percent of the cost to shelter a family in 2020, while federal and state sources cover the remainder, primarily through the Temporary Assistance for Needy Families and Safety Net cash assistance programs.

Given IBO's estimate of the family shelter population in 2021, the annual cost per year of housing a family in shelter, and the share of the total cost borne by the city, IBO estimates that city-funded family shelter costs will total \$346 million this year. This is \$46 million less than the Mayor's Office of Management and Budget baselined for city funding when the family population was higher.

Rental Assistance Program a Major Factor in Shelter Exits for Families. The decreases in the family shelter population are closely tied to households receiving rental assistance for their exit from shelter to permanent housing. Of the families with children who exited shelter in 2020, 77 percent received some form of subsidy; for adult families exiting the shelter system the share was 82 percent. While reducing the number of families in shelter reduces the cost of shelter operations for DHS, the rental subsidies have been an increasing expense for the city's Human Resources Administration budget.

Starting in 2015, the de Blasio Administration has developed a series of rental assistance programs to provide housing vouchers specifically to prevent households from losing their homes and to aid families in the transition from shelter to permanent housing. Almost all of the rental assistance is now grouped under the umbrella of the city's Family Homelessness and Eviction Prevention Supplement (CityFHEPS) program. In 2020, the city spent \$284 million on rental assistance (\$243 million





in city funds), up from \$266 million the year before (\$215 million in city funds). Rental assistance for the current 2021 fiscal year and the out-years, however, is baselined at only \$158 million (\$106 million in city funds). IBO expects additional funds to be added for rental assistance as the year progresses. This was the trend last year: the adopted budget for 2020 started with \$146 million in rental assistance funds and the city ended the year spending \$284 million, nearly twice as much.

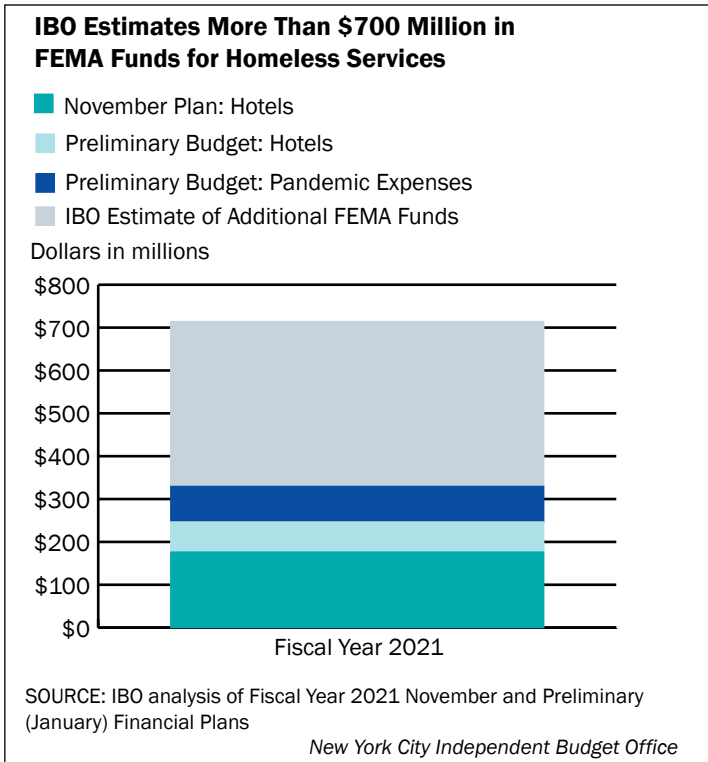
In most cases, these rental assistance programs are time-limited to five years. The policy goal of the program is for recipients to become self-sufficient and make rental payments on their own. Depending on how the current economic downturn affects these households, there is the possibility that some households may return to shelter when the subsidy runs out, or that the city will extend the duration of the subsidies.

Population of Single Adults Experiencing Homelessness Continues to Climb. The number of individuals sheltered through DHS has been on the rise in recent years. From January 2014, the start of the de Blasio Administration, through December 2020, the population of single adults in shelter has grown by nearly 8,000; in December 2020, the city averaged 18,400 individuals in the single adult shelter system each night. This is a function of both an increase in the number of individuals entering shelter and an increase in the average length of stay for single adults from 10 months in 2014 to over 14 months in 2020. While

individuals may qualify for CityFHEPS vouchers, the monthly rent limit for a household size of one is \$1,265. In New York City, there are very few apartments available at that price. The problem of short supply is compounded by the reality of property owners discriminating against voucher holders, despite city laws prohibiting the practice.²

FEMA Funds Help Mitigate Cost to City in Near Term. The state provides a flat \$74 million annually and in 2019—the last full year before the coronavirus pandemic hit—the city picked up nearly \$700 million of the remaining cost of single adult shelter. Usually an increase in the single adult shelter population is associated with an increase in city costs. With the onset of the pandemic, however, the city moved many individuals living in shared dormitory-style quarters into commercial hotels. The city was able to negotiate a contract with the Hotel Association of New York City—reeling from a lack of tourists and business travelers—at a room rate of \$120 per night.

The city’s November 2020 Financial Plan included \$176 million in FEMA funding for hotel costs in 2021 and the Preliminary Budget adds an additional \$70 million for hotels. These funds make up 75 percent of Covid-related hotel costs—FEMA’s standard reimbursement rate—from July 2020 through February 2021. The Preliminary Budget also recognizes \$83 million in FEMA funds to cover expenditures related to emergency stabilization beds for those experiencing street homelessness, emergency



drop-in centers, nurse contracts, and other pandemic-related costs. This \$83 million is for expenses incurred from July 2020 through December 2020 at the 75 percent reimbursement rate.

Mayor de Blasio announced last month that FEMA is now expected to retroactively reimburse the city at a 100 percent rate, a change not yet reflected in the city budget (see this IBO [report](#)). IBO estimates that DHS will receive an additional \$110 million to bring the reimbursements up from 75 percent to 100 percent. If pandemic-related costs hold steady and FEMA reimburses at 100 percent, IBO further estimates that the city will receive \$275 million in additional funds for the current year.

Depending on how long the vaccine rollout takes, it is likely that FEMA funds will be used to cover DHS costs for at least part of next year. Once the health emergency is over and FEMA reimbursements end, however, IBO estimates that DHS will need \$73 million annually in additional city funds to cover the cost of the single adult shelter system if the shelter census remains at current levels.

Funding Added for Wi-Fi Connections in Shelters. For shelter residents, the challenges in securing internet access during the pandemic—whether reliable Wi-Fi connections or adequate cellular signals—became glaring as schooling and many non-frontline workers shifted to working remotely starting in March. Students relying on

Department of Education-issued tablets to access the internet using cellular networks often found themselves struggling in cellular dead zones. In response to a letter from the Legal Aid Society in October 2020, the de Blasio Administration offered a vague commitment to get internet set up in family shelters by “summer 2021,” potentially after students return to in-person instruction. Subsequently, in November a group of advocates led by the Legal Aid Society and Coalition for the Homeless filed a lawsuit against the city contending that consistent, reliable internet in shelters was legally obligated as part of providing the state constitution’s mandated “sound basic education.”

The Preliminary Budget adds funding to the Department of Information Technology and Telecommunications to help address this digital divide. The Preliminary Budget adds \$14 million for the current year to cover upfront costs to install services in about 200 shelter sites. A further \$3 million is baselined starting next year to cover ongoing service costs. The Department of Education also added \$8 million to its 2021 budget to provide information technology support for remote learning at 50 shelters. Even with funding in place, the timeliness of the city’s progress on making reliable, consistent internet available will be closely watched by both shelter residents and their advocates.

Prepared by Sarah Stefanski

Endnotes

¹The city also operates temporary housing for people living with HIV/AIDS, escaping from domestic violence, and runaway youth separately through the Human Resources Administration and Department of Youth and Community Development.

²The city outlawed source of income discrimination for most buildings in 2008 and expanded it to cover an additional subset of buildings in 2020. Despite

these laws, the New York City Commission on Human Rights received 493 inquiries on source of income discrimination in 2020 and issued more than \$450,000 in damages and penalties that year. For more information, see the [City Council Committee Report](#) and the City Commission on Human Rights [testimony](#) from a series of City Council hearings in the fall of 2020 relating to housing voucher discrimination.

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