

March 2016

Homeless Shelter Spending Increased to Record High This Year, Yet Next Year Remains Underfunded

Given the record high homeless shelter census, the de Blasio Administration increased spending for the Department of Homeless Services (DHS) in the preliminary budget, adding funds for adult shelter capacity in 2016, as well as a number of new, multiyear initiatives aimed at improving shelter programming, living conditions, and safety.

While the de Blasio Administration added funds for shelter capacity this year, it cut funding for DHS shelter beds beginning in 2017—which were already budgeted well below current levels—under the assumption that expanded access to rental subsidies and new supportive housing units would reduce the shelter census next year. IBO estimates that despite these initiatives, the shelter population in 2017 will be higher than the city projects and that additional funding will be necessary to cover the cost of operating homeless shelters in 2017 and beyond (all years refer to fiscal years).

Shelter Costs Grow, Population Remains High. The homeless shelter population remains stubbornly high. In February, an average of 27,500 households, 14,500 families and 13,000 single adults, were in shelter each night. While the number of families in shelter hovers around the same level as last year, the single adult shelter population has increased by 11 percent compared with a year ago—its highest level yet. This is despite the de Blasio Administration's efforts to reduce the adult and family shelter populations by expanding rental subsidies to both prevent households from entering shelter and to help households in shelter exit to permanent housing. Most notably, the de Blasio Administration created the six Living in Communities (LINC) programs to help homeless households living in the city's shelters move into permanent housing.

As of December 2015, however, LINC has assisted only about half as many households as was planned when the

Fewer Households Assisted Through LINC than Initial Program Goals			
Rental Assistance Program	Target Population	Projected Placements September 2014-June 2016	Households Assisted Through LINC as of December 2015
LINC I	Working Families	2,202	832
LINC II	Repeat and Long-term Shelter Residents	1,620	471
LINC III	Domestic Violence Survivors	1,900	814
LINC IV	Senior and Disabled Adults	1,100	962
LINC V	Working Adults	1,000	681
LINC VI	Families that Can Reunite with Friends or Relatives	500	35
Total Placements		8,322	3,795
SOURCES: Department of Homeless Services; Human Resources Administration			
New York City Independent Budget Office			

programs got underway in September 2014. Only 3,795 households had been placed into permanent housing through LINC, making it unlikely that the program will meet its goal of 8,322 placements by the end of this fiscal year.¹

For most of the LINC programs, rental vouchers are capped at a rent level of \$1,268 or \$1,515 depending on household size, which has been criticized as too low for voucher holders to secure housing in many city

neighborhoods. Reluctance by landlords to rent to voucher holders may also be preventing some households from using LINC vouchers.

Because the adult shelter population has grown more than anticipated, the city added over \$32 million (all city funds) in the preliminary budget to pay for increased adult shelter capacity in 2016; this comes after the Mayor increased the adult shelter budget by \$59 million (again, all city funds) in the November financial plan. The total adult shelter budget is now \$445 million for 2016, \$70 million more than the city spent last year. While the city did not increase funding for family shelter capacity in the preliminary budget, it did add \$79 million (\$29 million in city funds) for 2016 in the November financial plan, bringing this year's total budget for family shelters to \$625 million, \$19 million more than DHS spent last year. In total, DHS has budgeted a record \$1.1 billion to cover adult and family shelter in 2016, which IBO estimates is sufficient funding to cover costs this year.

Shelter Savings or Higher Costs in 2017? While the Mayor has added a total of \$170 million since the budget was adopted last June to increase shelter capacity for 2016, no new funds for shelter capacity have been added for 2017 or future years. The adult shelter budget for 2017 is \$325 million, \$120 million less than the city anticipates spending in the current year, while the 2017 family shelter budget is \$553 million, \$72 million less than planned for this year.

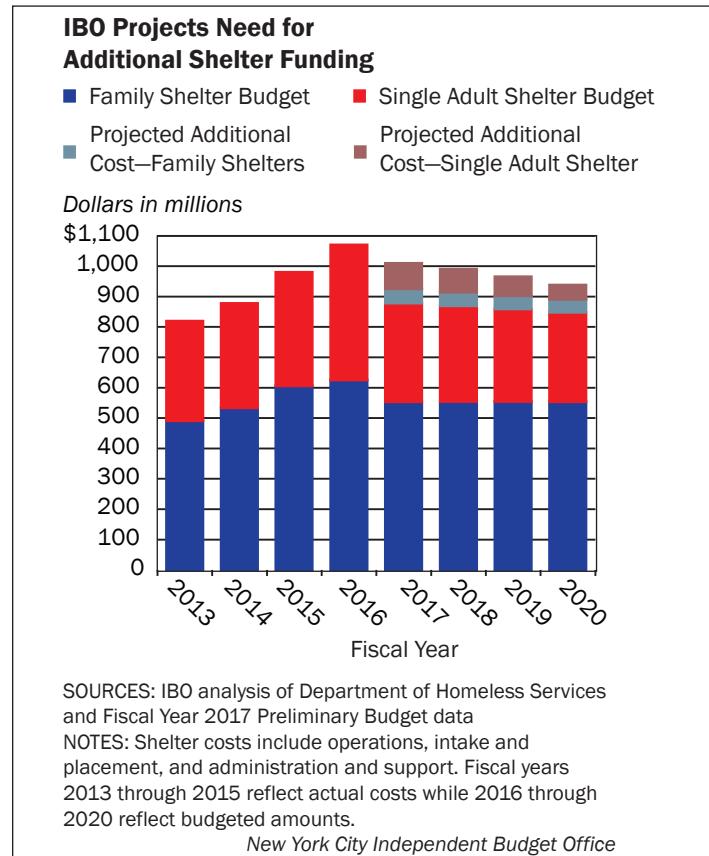
In fact, instead of increasing shelter funding to reflect the current shelter population, the Mayor's preliminary budget reduced planned spending for shelter capacity by \$27 million beginning next year, with the reduction growing to \$57 million in 2020. The reductions are due to savings from an anticipated decline in the shelter population stemming from two Mayoral initiatives.

One source of savings is through the Mayor's new commitment to create 15,000 units of supportive housing over the next 10 years, with units evenly split between converting scattered site apartments into supportive housing and building new units. The second source of savings stems from the expansion of the eligibility criteria to include asymptomatic HIV-positive clients among those who can receive cash assistance and other services through the HIV/AIDS Services Administration (HASA). With a wider population eligible to access cash assistance through HASA, the de Blasio Administration assumes that this will help shelter residents living with HIV/AIDS exit shelters and reduce the number of individuals entering shelter. The Mayor estimates that these two initiatives,

supportive housing and the eligibility expansion for HASA programs, will reduce the shelter census by 1,400 households by 2020.

Despite these programs, IBO estimates the city will still need to budget \$131 million more to meet next year's shelter costs, \$101 million of which is city funds. This estimate takes into account the slower-than-anticipated placements through the LINC rental assistance programs, our expectation that the new supportive housing and HASA programs will have a more limited near-term impact on the shelter population than the Mayor projects, and the already comparatively low baseline level of funding. Of IBO's estimate of the additional funds that will be needed, \$84 million (all city funds) is expected to be used to fund adult shelters, and \$47 million (\$17 million in city funds) would go to fund family shelters.

New Funding to Improve Shelters. While the Mayor's financial plan has not increased the DHS budget in 2017 or future years in line with recent census levels, it has put new money in place to improve programming, shelter conditions, and safety beginning this year and continuing through 2020. Job-training programs will be offered at 40 adult shelters during the day, a departure from past policy when adult shelter residents had generally been told to exit the shelter and return at night. The day programming is funded



at \$8.8 million this year and \$17 million annually beginning in 2017 (all city funds).

The preliminary budget also adds \$10 million this year and \$7.4 million going forward to the DHS budget for increased shelter security and to fund the NYC SAFE program, which was announced last August. NYC SAFE is a collaborative, multiagency program intended to provide additional clinical support for the homeless with mental illness and a history of violence; an additional \$14 million in NYC SAFE funds are budgeted annually for the Department of Health and Mental Hygiene starting in 2017. NYC SAFE is one component of a broader effort to increase access to behavioral health services for all city residents known as ThriveNYC (see IBO's preliminary budget [report](#) on the ThriveNYC initiative). A January murder at a shelter in East Harlem by a shelter resident who was not tracked as part of the NYC SAFE program highlights the difficulty of identifying those in the homeless population who pose a danger to themselves and others.

With ongoing concerns over the physical conditions in shelters, DHS has added \$6.5 million for 2016 and \$7.6 million in future years to fund repairs and maintenance

efforts. This is part of the “Shelter Repair Squad,” a multiagency initiative to identify and correct deficiencies in shelter buildings. The Department of Housing Preservation and Development, the Department of Buildings, and the Fire Department of New York, which enforce housing maintenance, building, and fire codes respectively, will complete building inspections. Related to the Shelter Repair Squad efforts, the health department has added \$400,000 to its budget to perform pest control inspections, baiting, and integrated pest management at shelters and the Department of Housing Preservation and Development has \$500,000 budgeted within its Emergency Repair Program to correct housing code violations found in shelters.

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Endnote

¹On March 8 the de Blasio Administration reported the city assisted 10,242 households through its rental subsidy programs to prevent evictions and help those in shelter exit into permanent housing. The Human Resources Administration did not respond to IBO's request for a breakout of this total by rental assistance program or for the share of households that exited shelter versus those who received eviction prevention assistance and avoided entering the shelter system.

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