

March 2020

Homelessness Continues to Roil the Mayor's Spending Plans

As issues with homelessness continue to challenge the de Blasio Administration—street homelessness becoming more visible, the expensive use of hotels as temporary shelters, and the continuing creep upward of the single adult shelter population—no new shelter funding or initiatives were included in the Mayor's latest budget and financial plan. IBO estimates that the Mayor's plan underfunds the homeless shelter budget by \$104 million (\$97 million in city funds) for the current year and \$199 million (\$188 million in city funds) for next year.

The Department of Homeless Services has a fiscal year 2020 budget of \$2.2 billion, \$1.9 billion of which is for the provision of shelter. For fiscal year 2021, the Preliminary Budget for homeless services remains flat at \$2.2 billion, but with \$73 million less budgeted for shelter operations.

In addition to the challenges of what IBO expects will be higher shelter census numbers and rising expenses, Governor Cuomo's 2020-2021 Executive Budget proposes a rule change that would put the city on the hook for an additional \$28 million annually, adding to the city's share in covering homeless shelter costs. (The rule change also would increase the city's share of cash assistance costs, which is detailed in this [report](#).)

New Street Homelessness Plan, But No New Funds. This past December, the Mayor released "[The Journey Home: An Action Plan to End Long-Term Street Homelessness](#)," which promised to "end street homelessness as we know it" across the city. The plan hinges upon persuading those living in unsheltered conditions—whether it be on the streets, subways, parks, or underpasses—to move into sheltered housing. To facilitate this effort, the plan calls for adding 1,000 new safe haven beds. Safe haven shelters tend to be smaller and have fewer rules than traditional

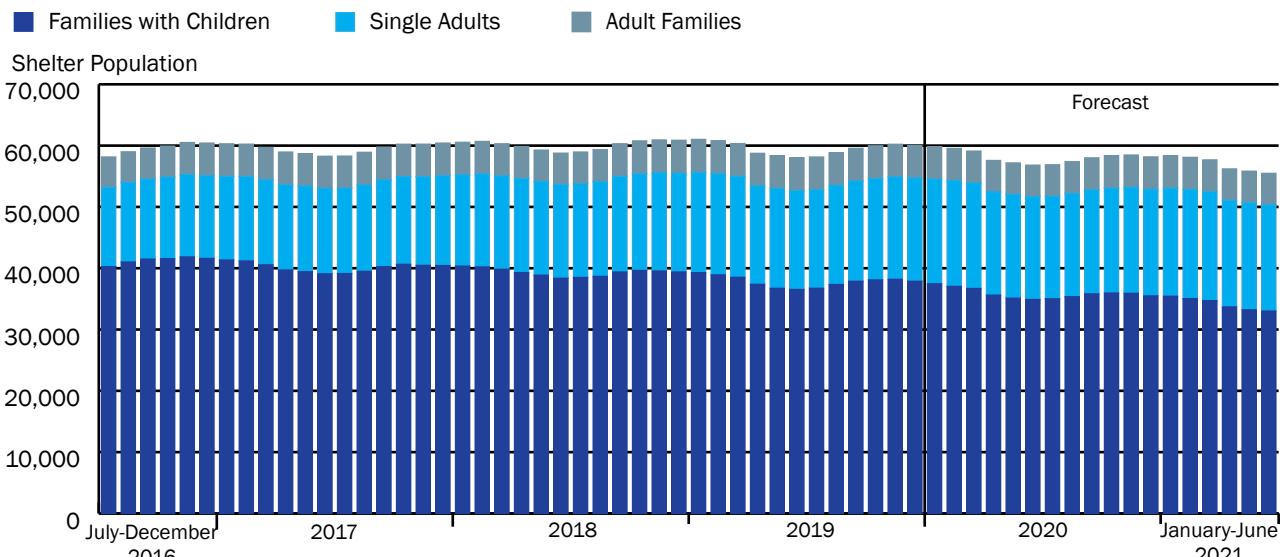
shelters, providing a lower barrier to entry for those who eschew traditional homeless shelters.

Despite the planned increase in beds, the Preliminary Budget includes no new funding to cover the cost. Currently the city has around 1,800 safe haven and short-term transitional beds. IBO estimates that adding 1,000 safe haven beds will cost the city around \$28 million annually. The Journey Home plan does not specify a timeline for when the new safe haven beds are expected to be in service.

Less Funding for Homeless Prevention and Rental Assistance. The de Blasio Administration has introduced a number of programs to address the homeless population: starting the Living in Communities rental assistance program in 2014, launching the HOME-STAT street outreach program in 2015, and providing legal assistance to tenants facing eviction in housing court beginning in 2017. For 2020, (all years hereafter refer to city fiscal years) rental assistance programs—rebranded as the Family Homelessness and Eviction Prevention Supplement, or CITYFHEPS—are funded at \$200 million (\$149 million in city funds); outreach, drop-in centers, and reception services at \$121 million (\$115 million in city funds); and anti-eviction legal services at \$115 million (\$96 million in city funds). The financial plan released in January, however, budgets lower annual spending levels for these initiatives in 2021 and the out-years: \$146 million for rental assistance, \$117 million for outreach, and \$75 million for legal services.

Even with hundreds of millions of dollars in spending for prevention, outreach, and rental assistance, the shelter population continues to hover around 60,000 and last year's survey of the street population estimated

Growing Number of Single Adults in Shelter as Family Homeless Population Declines



SOURCE: IBO analysis of Department of Homeless Services data

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the unsheltered census to be around 3,600. Within the different shelter populations, the number of residents in shelters for families with minor children has actually decreased 9 percent over the past three years and now totals around 38,000, while the adult family shelter population has remained steady, averaging roughly 5,300. In contrast, the single adult population is up 25 percent from where it was three years ago and currently numbers about 17,000 individuals in shelter each night.

Rising Cost of Shelter for Single Adults. Single adult shelter stays are getting more expensive as new entrants increase the strain on space, stays are longer, and the cost of operating a shelter, from salaries to renting space, continues to edge up. This in turn places pressure on the city budget. The state provides a flat \$73 million annually for single adult shelters and the city picks up the difference; last year, the cost of operating single adult shelters totaled

\$765 million. The Preliminary Budget, however, indicates that spending on shelters for single adults will decline from its 2019 level to \$671 million in 2020 and \$644 million in 2021. Factoring in trends in the shelter census and the rising cost of operating adult shelters, IBO estimates that the city will need an additional \$100 million for 2020 and \$177 million for 2021 (all city funds) to cover single adult shelter expenses.

IBO also expects that additional funding, albeit a much smaller amount, will be needed for the family shelters. For family shelters, average daily costs have gone up even as the population has not experienced growth similar to that for the single adult shelters. IBO estimates that an additional \$4 million will be needed for 2020 and \$22 million for 2021. The additional costs would be covered by a mix of city, state, and federal funds.

Governor's Plan Would Hike City's Shelter Costs. Public assistance funds have historically paid for family shelters, with costs shared to varying degrees by the city, state, and federal governments. Governor Cuomo's 2020-2021 budget would require the city to shoulder an additional 5 percent of family shelter costs that are currently funded through the federal Family Assistance and Emergency Assistance for Families public assistance programs. IBO estimates that this will shift \$28 million annually in homeless shelter costs from federal sources to the city. The Temporary Assistance for Needy Families (TANF) block grant funds both of these programs; replacing TANF funds with city dollars would allow the state to redirect some of

Shelter Operating Costs in 2020 and 2021

Expected to Exceed Levels Budgeted

Dollars in millions

Shelter Costs	2020			2021		
	OMB	IBO	Difference	OMB	IBO	Difference
Single Adult Shelters	\$671	\$771	\$100	\$644	\$821	\$177
Family Shelters	1,163	1,167	4	1,139	1,160	22

SOURCE: IBO analysis of Mayor's Office of Management and Budget data

NOTES: Costs include city, state, and federal funds. Totals may not sum due to rounding.

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the TANF block grant towards such state-funded programs as child care subsidies and summer youth programs.

While Family Assistance and Emergency Assistance are primarily cash assistance programs, if the family is staying in a homeless shelter, the city uses the housing allowance that is part of an eligible family's Family Assistance or Emergency Assistance grant to cover the cost of their shelter stay. Both programs were fully funded through federal TANF dollars until the state enacted a rule change in 2016 that required New York City to pay a 10 percent local share towards Emergency Assistance for Families. Then in the 2020 budget, the state passed a rule that requires the city to pay a 10 percent local share for Family

Assistance as well. The Governor's Executive Budget proposes to increase the city's Family Assistance and Emergency Assistance share by 5 percentage points to a total local share of 15 percent. The requirement for a local share for Family Assistance and Emergency Family Assistance only applies to New York City—elsewhere in the state, federal TANF funds fully cover Family Assistance and Emergency Assistance for Families expenses. If the Governor's proposal is enacted, it would continue a pattern of the state increasingly shifting the burden of shelter costs onto the city.

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