

Council on Homeless Policies and Services

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New York City Council Committee on General Welfare

Preliminary Budget Hearing Fiscal Year 2007

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**Testimony respectfully submitted by,
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Good afternoon. My name is Lauren Bholai-Pareti, and I am the Executive Director of the Council on Homeless Policies and Services. The Council is a coalition of sixty non-profit agencies serving homeless and at-risk children and adults throughout the five Boroughs. I want to thank Chairman DeBlasio and all of the City Council members present here today for this opportunity to testify about our members' hopes for and concerns regarding New York City's budget for fiscal year 2007.

I. Restorations

I will begin my testimony by addressing the restorations our group is seeking:

Restore \$.9M for the Rental Assistance Program - RAP (DHS Budget)

We thank the City Council for creating this program and for protecting it over the years. Though this program does not provide the long-term, intensive supports that many in our single adult shelters need, it is a valuable tool to re-house some working single adults who need help in the short-term to get back on their feet and back into New York City's difficult housing market. In fact, members running employment shelters report that the RAP program is one of the primary tools they have to quickly re-connect single adults to permanent housing. That New York City is facing an affordable housing crisis is not news to any of us. As our members work to achieve dramatic reductions in the shelter census, now is not the time, to reduce rental assistance options.

Restore \$2.5M for anti-eviction and SRO Legal Services (DHS Budget)

DHS currently has contracts with a dozen organizations working to help prevent homelessness by keeping tenants in their current homes. These non-profits provide legal services to tenants facing a housing court proceeding, prevent illegal conversions of the remaining SRO housing stock, and work to make sure tenants know and are supported to exercise their legal rights. We know that, even with this important funding stream, the vast majority of tenants still go to housing court without a lawyer, while the vast majority of landlords have legal representation. We also know that, when tenants have a lawyer, they usually get to stay in their homes.

A recent study by the Vera Institute for Justice examined the experiences of homeless families during the five years prior to shelter entry. That study found that almost half of all families in their sample had experienced an informal or formal eviction. The Vera study also found that only one in five families received financial or legal assistance to help prevent the eviction.¹ We thank the City Council for your past support of the anti-eviction and SRO legal services program, and we ask for your support again this year to ensure that the final budget for fiscal year 07 includes this critical funding source.

Restore \$1.2M for emergency shelter beds for lesbian, gay, bisexual, transgender and questioning youth (DYCD Budget)

We thank the City Council for championing the creation of this program, and we respectfully ask for your help to ensure that the program continues to be funded. Shelters designed to serve adults do not provide the specialized services that our LGBT and questioning youth need and deserve. The National Network of Runaway and Youth Services estimates that 20-40% of youth

¹ Smith N., Flores Z., Lin J., & Markovic J. (2005) struggling to make ends meet: pre-shelter experiences of homeless families in New York City. *Vera Institute for Justice*.

who become homeless each year are lesbian, gay or bisexual.² As a direct result of their sexual orientation and/or gender identity, homeless young people have often been harassed and victimized in multiple settings. For example:

- over one-third of gay men and lesbians report being the victims of physical violence at the hands of a family member as a result of their sexual orientation³ - many LGBT young people report becoming homeless as a result of this family violence;
- a 2003 survey on the climate of our nation's schools found that 84% of LGBT youth reported verbal harassment related to their orientation or identity and 55% of transgender youth reported being shoved, pushed or otherwise physically harassed. Tragically, 83% of LGBT students reported that even when school staff was present they did not consistently intervene.⁴

By the time a young person has a need for emergency shelter, we can assume that s/he has been repeatedly harassed and/or victimized, and that s/he has the best chance of overcoming the resulting trauma and developing the necessary skills and confidence at a shelter equipped to offer specialized services and a safe, nurturing environment.

II. Other Initiatives

In addition to these restorations, the Council on Homeless Policies and Services respectfully requests your support for the following:

1. Improvements to the Housing Stability Plus (HSP) Program to help prevent households from returning to shelter

To give the Committee a sense of some of the problems that currently threaten HSP tenants' long-term stability, we have gathered a few stories from clients:

Ms. B. and Mr. R and their two children accepted a two bedroom HSP apartment despite needed repairs. When they viewed the apartment it had no window guards, smoke or carbon monoxide detectors, an uninstalled radiator in the living room, and new kitchen cabinets were sitting on the floor awaiting installation. The landlord signed a notarized agreement to remedy these and other issues prior to lease signing. The family was surprised on the day they moved to their new home to find the repairs had not been made. In addition, to the violations noted at the time of the DHS inspection,, the apartment also has no heat and no hot water, and the landlord installed old cabinets that have mold and water damage in place of the new cabinets the family had seen. In addition, HPD has found the apartment to have a high concentration of lead and mold. The family wants to abandon the apartment and return to the shelter where they feel they were better off.

Ms. C is a 34 year old mother of three children who recently left shelter and moved into a one-bedroom HSP apartment. Two of the children are disabled and receive Social Security benefits.

²Lambda Legal (2001). *Youth in the Margins*. Available at http://www.lambdalegal.org/binary-data/LAMBDA_PDF/pdf/28.pdf

³ Ibid

⁴ GLSEN (2003) *National School Climate Survey*. Available at <http://www.glsen.org/cgi-bin/iowa/all/library/record/1413.html>

Ms. C and her case manager report that the family's crowded living situation is exacerbating the children's health problems.

Mr. P is a single father with a teenage daughter. Mr. P found employment through the New York City Human Resources Administration, but he soon realized that if he kept the job he would lose his eligibility for public assistance and HSP. He quit the job, but does not understand a public policy that forces him to choose between keeping a roof over his family's head and finding decent employment. He hopes that the program will be reformed soon to allow people to work and continue to receive rental assistance.

HSP is ripe with structural and implementation flaws that, if left unaddressed, will lead formerly homeless people back to shelter. We ask for support from the City Council, as we work with the Bloomberg and Pataki administration's to make the following changes:

- **Ensure mandatory re-inspection for apartments that pose a threat to tenant health/safety.** In January, DHS expanded the list of violations that require an HSP re-inspection rather as opposed to allowing the landlord to self-certify that repairs have been made. The expanded list still fails to include non-functioning toilets, missing/non-functioning locks on the apt/building door, non-functioning plumbing/light fixtures, and missing/non-functioning stoves and refrigerators, among other significant health/safety problems.
- **Do not approve apartments with life-threatening code violations and buildings with a widespread pattern of hazardous code violations for participation in HSP.** We support Introduction #161, which would help to protect HSP tenants from unhealthy and unsafe building conditions and would eliminate HSP and HASA subsidies, which are funded by tax payers, for landlords who fail to ensure that their buildings meet basic health/safety criteria. We thank the City Council for your efforts to improve apartment quality controls in the HSP program.
- **Establish occupancy standards for HSP apartments.** The New York City Housing Authority maintains occupancy standards for Section 8 and public housing apartments. These standards are an important way to ensure that tenants are not subjected to dangerous, overcrowded conditions. The Housing Stability Plus program maintains no such occupancy standards. In fact, the maximum monthly rent for an HSP apartment is determined by the number of family members with an active public assistance case and is not tied to apartment size. This creates an incentive for landlords to maximize profit by renting small units to large families. A 1998 study found that crowding added to the risk that families would enter shelter,⁵ and a 1996 study found a positive correlation between housing crowding and shelter entry rates.⁶ We recognize that New York City currently faces an affordable housing crisis. We recommend establishment of occupancy

⁵ Shinn M., Weitzman B., Stojanovic D., Knickman J., Jimenez L., Duchon L., James S., & Krantz D. (1998), Predictors of homelessness among families in New York City. *American Journal of Public Health*, 88, 1651-1657.

⁶ Culhane D., Lee M., & Wachter S. (1996) Where the homeless come from: a study of the prior address distribution of families admitted to public shelters in New York City and Philadelphia. *Housing Policy Debate*, 7(2), 327-365.

standards in the HSP program that ensure maximum use of available affordable housing resources, while protecting HSP program participants and all New Yorkers from dangerously overcrowded conditions.

- **Institute more aggressive penalties for landlords who require payment in excess of authorized rent levels.** Though efforts by HSP landlords to collect more than the authorized rent are expressly prohibited in program rules and are fraudulent and illegal,⁷ the practice remains common. Because the courts have held on numerous occasions that such agreements are illegal and unenforceable, because these arrangements result in an unmanageable rent burden for HSP tenants, and because the City's efforts to date have proven ineffective at significantly reducing the practice, we recommend that the City institute more aggressive measures, including suspending participation in all City rent subsidy programs for landlords who have been found to engage in the illegal practice and prosecuting repeat offenders.
- **Restore priority access for federal housing resources for homeless families.** In October 2004, New York City eliminated priority access to federal Section 8 vouchers and public housing for homeless families. In fiscal year 2004, the last complete fiscal year prior to the implementation of HSP, 1,900 families were placed in a New York City Housing Authority (NYCHA) apartment. A 1997 study found that families placed in NYCHA public housing had the lowest rate of return to shelter compared to other types of placements.⁸ With roughly six thousand apartments⁹ becoming available annually, public housing remains a vital and available affordable housing resource in New York City. To avoid long shelter stays, placements in unstable, unsubsidized housing, and/or placement of families that do not have a potential wage earner in an HSP apartment, we recommend that New York City reinstate priority for Section 8 and NYCHA public housing for homeless families that are not eligible or have mixed eligibility for HSP.
- **Reform the HSP program to encourage efforts to leave welfare for work.** Currently, HSP beneficiaries who succeed in leaving welfare for work must assume 100% of the rent burden as soon as their public assistance case is closed. A single mother with two children working full-time at \$7.65 per hour would be ineligible to continue receiving rental support though, assuming no rent increase, she would need to pay 70% of her monthly pre-tax income towards rent to maintain her HSP apartment. Because HSP recipients lose the full rent benefit as soon as they earn too much income to qualify for public assistance, the current program design results in an incentive to avoid securing a well-paid job.

⁷ Side deals requiring tenants to pay any amount above the authorized maximum rent are prohibited by the program rules set forth by the New York City Department of Homeless Services (see http://www.nyc.gov/html/dhs/html/rent/hsp_page2.shtml). The authors also note that the courts have ruled that landlords seeking excess rent payments in similar housing subsidy programs are committing fraud. See *Crutchley v Costa* (2001), *Santos v. Hendrickson* (1993), *Yengel v. Martinez* (1975), *Seabrook v. Commuter Housing* (1972), *Tinin v. Tinin* (1975), etc.

⁸ Wong Y., Culhane D., Kuhn R. (1997), Predictors of exit and re-entry among family shelter users in New York City. *Social Service Review*, 71, 441-462.

⁹ Testimony by the New York City Housing Authority at the New York City Council Committee on General Welfare Oversight Hearing on Housing Stability Plus - December 1, 2004.

- **Eliminate the annual step-down and five-year time limit for children, the elderly and the disabled.** Under the current HSP program design, all households are subject to the annual 20% reduction in the rent supplement and a five-year time limit. This means households must earn income to offset the annual rent benefit reduction regardless of whether the only adult is disabled or elderly. Absent programmatic reform, if there is no potential wage earner in the household, the family is unlikely to maintain their apartment after the first year in the program.
- **Create an exemption to the step-down and time limit for those who have demonstrated good faith efforts to maximize self-sufficiency but who are unable to offset the reduction in the rent benefit.** Currently, the annual HSP step-down and five year time limit are applied arbitrarily and across-the-board regardless of households' ability to secure earned income that will allow them to afford rent. We recommend a more nuanced approach that recognizes the variable barriers that homeless families and single adults face as they pursue self-sufficiency. A good cause exemption policy would create a mechanism to continue rental support for those that have been unable to overcome significant barriers to self-sufficiency and would prevent costly re-entry into the City's shelter system.
- **Eliminate the full family sanction provision.** The HSP program currently includes a full family sanction provision, which suspends the entire rent supplement when any member of the household is sanctioned by public assistance. Administrative data maintained by the New York City Human Resources Administration indicate that 25% of all public assistance recipients were either sanctioned or in the sanction process as of January 2006.¹⁰
- **Create a rent subsidy program for working poor households.** Leading studies have demonstrated that housing subsidies are the most effective tool for preventing homelessness. A 1998 study concluded that a rent subsidy was “virtually the only predictor” of housing stability for families who had exited shelter.¹¹ Another major study reached the same conclusion.¹² In their November 2003 report on family homelessness prevention, the Special Master Panel recommended expanding the availability of rental assistance for families at-risk of homelessness, including those who are working and not receiving public assistance.¹³ We urge creation of a rent supplement program targeted for working poor households in shelter and those who are at-risk of shelter entry.

¹⁰ HRA Public Assistance Weekly Caseload Engagement Status Report, January 15, 2006. The current HRA Weekly Caseload Engagement Status Report is available at <http://www.nyc.gov/html/hra/downloads/pdf/citywide.pdf>

¹¹ Shinn M., Weitzman B., Stojanovic D., Knickman J., Jimenez L., Duchon L., James S., & Krantz D. (1998), Predictors of homelessness among families in New York City. *American Journal of Public Health*, 88, 1651-1657.

¹² Wong Y., Culhane D., Kuhn R. (1997), Predictors of exit and re-entry among family shelter users in New York City. *Social Service Review*, 71, 441-462.

¹³ The New York City Family Homelessness Special Master Panel was established in 2003 under an agreement between the Legal Aid Society and the City of New York and approved by the New York State Supreme Court. Their report entitled *Family Homelessness Prevention Report*, released in November 2003, is available at <http://cccnewyork.org/publications/SMP%20Prevention%20Report%20FINAL.pdf>

2. Ensure regular Cost of Living Adjustments on Human Services Contracts.

In the current fiscal year and in fiscal year 2007, the DHS budget includes the city tax levy funds necessary to support a long-awaited cost of living adjustment (COLA) for the people working on the front-lines of New York's homeless crisis. Prior to April 2005, these workers had not had their salaries adjusted for inflation for almost six years. While rents, utility bills, health, transportation and other essential costs rose dramatically, our workforce saw their income stagnate. Many left jobs in our City's shelters in search of higher wages to support their families.

Unfortunately, the staff working in our City's SRO's still faces stagnant wages. Though, they too were scheduled to receive a long-overdue cost of living adjustment, Governor Pataki has failed to allocate State funding to support that increase (\$1.3M is needed), and the COLA announced ten months ago is now at-risk for these workers.

On behalf of our member agencies and their staff who have received or are scheduled to receive an increase, I want to thank the mayor and the City Council for your support and ask that we work together to make sure that those serving our City's poor, homeless, and at-risk residents get the regular cost of living adjustments they need to support their families. I ask for your help to make sure that this critical workforce does not have to wait another six years before they see their next COLA, and for your support to make sure that our SRO staff get the adjustment that was announced last Spring.

Finally, I want to call your attention to the fact that the recent adjustment, though a critical step forward for agencies struggling to recruit and retain skilled staff, did nothing to ensure that City reimbursement for other-than-personnel-services (OTPS) expenses keeps pace with inflation. In fact, our member agencies have not seen an OTPS adjustment on their contracts in at least 13 years. Meanwhile the non-profits serving New York City's homeless report dramatic increases for a range of expenses. Through a survey we conducted last year members reported:

- increases in health premiums of 20% or more;
- increases in liability insurance premiums of over 70%;
- increases in food expenses of over 30%; and
- increases in utility expenses of over 25%.

Increasingly, our members' City contracts are insufficient to cover the basic expenses of operating a decent program. This reality has led to a disturbing trend in which New York City's non-profits are subsidizing core city services through fundraising. These funds, which have historically been used to enhance core services for clients and to develop new and innovative service models, are now being used to support the base. Our members are hopeful that their representatives in City Council agree that this is an unsustainable and undesirable trend, and we look forward to working with you to find solutions that will allow non-profits to continue to provide basic services to our neediest neighbors while still pioneering innovations that make those services more effective.

3. Ensure reinvestment of resources saved through shelter census reductions into systemic solutions for homelessness.

When Mayor Bloomberg released his bold five-year plan to end chronic homelessness, he made a commitment to utilize the savings achieved through shelter census reductions to fund systemic solutions to homelessness, including prevention services and housing supports. The Council on Homeless Policies and Services applauds that important commitment. We remember similar commitments made decades ago by mental health officials across the nation, who said then that savings derived from the closure of psychiatric hospitals would be reinvested into community-based mental health services. That commitment was largely unfulfilled, and many former patients of those hospitals now reside in our nation's shelters.

After decades of lost opportunity, New York State now has a law that ensures savings derived from psychiatric hospital census reductions is, in fact, reinvested in community-based services. It's a good law that has resulted in hundreds of millions of dollars of badly needed funding to support those that no longer live in State hospitals.

Our members are working closely with City officials to achieve the census reduction targets outlined in the mayor's plan. We are concerned that the mayor's preliminary budget reinvests over \$8 million in savings derived from census reductions to offset a cut to core services rather than in systemic solutions to homelessness. In coming months, we will ask for the City Council's support to ensure long-term accountability and transparency for the shelter resource reinvestment commitment Mayor Bloomberg made in 2004. We fear that without legislation to track and secure those savings, the commitment will be at long-term risk.