

# **Council on Homeless Policies and Services**

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## **New York City Council Subcommittee on Public Housing**

*Oversight Hearing: NYCHA's Seven Point Plan to Preserve Public Housing*

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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. I want to thank Chairman Dilan and Chairwoman Mendez for convening today's hearing. I also want to thank the Chairs and all of the City Council Members present here today for your commitment to preserving public housing and Section 8 for future generations of low and moderate income New Yorkers.

The Council is a coalition of over sixty non-profit agencies serving homeless and at-risk children and adults throughout the five boroughs. Each day our members are working to help New Yorkers avoid homelessness, to quickly re-house those that enter our shelters, and to achieve the goals outlined in *Uniting for Solutions Beyond Shelter*, our city-wide plan to end chronic homelessness. We believe that NYCHA's affordable, permanent housing resources must be leveraged to realize those goals. I am here today to oppose the following proposals in NYCHA's fiscal year 2007 draft plan, which we believe would be detrimental to homeless and at-risk New Yorkers and would impede our city's progress towards ending chronic homelessness:

- o Utilization of 8,400 Section 8 vouchers to subsidize units owned by New York City and New York State;
- o Elimination of the option homeless people currently have to apply directly for Section 8 without a referral from the Department of Homeless Services;
- o Increase in the allocation for public housing vacancies set aside for transfers;
- o Any proposed relief from federal standards which would allow NYCHA under the current or future administrations to charge rents in excess of 30% of household income, to impose time limits or work requirements on public housing residents, to offset costs in public housing by using Section 8 vouchers, or to make other significant changes that would threaten the long-term stability of NYCHA tenants and/or the availability of permanent, affordable public housing and rental assistance for the lowest income New Yorkers.

We believe that, as New York City strives to achieve dramatic reductions in the number of people living in our shelters and on city streets, NYCHA's affordable housing resources should be made more, rather than less, available to help solve the crisis of homelessness among New Yorkers. We recommend that N-0 priority be restored for homeless families who are ineligible for or who have family members who are ineligible for the Housing Stability Plus program and that all homeless New Yorkers retain the right to apply directly to NYCHA and receive priority for public housing and Section 8.

**Public housing and Section 8 are proven strategies to help families get out and stay out of homelessness.**

As you know, until late 2004, public housing and the EARP Section 8 program were the primary vehicles for re-housing homeless families. During the first four months of fiscal year 2005, prior to the policy change, Section 8 and public housing accounted for 86% of all permanent housing placements for homeless families.<sup>1</sup> In October 2004, New York City eliminated priority access to federal Section 8 vouchers and public housing for homeless families. Consequently, Housing Stability Plus (HSP), a controversial and unproven rental assistance strategy, has become the primary affordable housing resource available to homeless families.

In fiscal year 2004, the last complete fiscal year prior to the implementation of HSP, shelter providers, in partnership with the Department of Homeless Services and NYCHA, placed over 7,000 families in permanent housing. Over 6,000 of those placements were made utilizing public housing and Section 8. A 1997 study by Wong et al found that families placed in NYCHA public housing had the lowest rate of return to shelter compared with other types of placements.<sup>2</sup>

### **HSP is a controversial and unproven strategy to re-house homeless families**

The city has touted the HSP program as a success, citing 6,323 families placed and only 85 returning to shelter over the eighteen months the program has existed.<sup>3</sup> Yet, shelter providers and advocates know that it will take time to see the full impact of the program's annual decrease in the rent benefit and requirement to maintain an active public assistance case. In fact, if you consider those families who have returned to shelter after placement in HSP against the universe of families who have been placed for one year or more, the rate at which HSP families return to shelter already appears significantly higher than the one year rate of return for fiscal year 2005.<sup>4</sup>

A review of city administrative data also reveals that during the current fiscal year, significantly fewer placements are being made using HSP than were made in fiscal year 2004 using public housing and Section 8.<sup>5</sup> Data also show that during the first eight months of fiscal year 2006, after the HSP program was fully in place, shelters placed at least 45% more homeless families in unsubsidized housing than during

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<sup>1</sup> NYC Department of Homeless Services Critical Activities Report – Family Services – Fiscal Year 2005. Current report available at <http://www.nyc.gov/html/dhs/downloads/pdf/familyfy05.pdf> - please note that DHS periodically updates administrative data on their website. All data used in these comments were current as of June 1, 2006.

<sup>2</sup> 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.

<sup>3</sup> Testimony of DHS Commissioner Robert Hess at the May 31, 2006 City Council Budget Hearing.

<sup>4</sup> According to the Critical Activities Report – Family Services – Fiscal Year 2005, 1,642 families were placed in HSP from December 2004 through May 2005. 85 families who have returned to shelter to date represent about 5% of those placed for at least one year. The one-year return rate for fiscal year 2005 was 1 percent.

<sup>5</sup> According to the Critical Activities Reports – Family Services for fiscal years 2004 and 2006, 714 or 17% fewer families have been placed using HSP through March of 2006 compared with the same period during the fiscal year 2004.

the same period of fiscal year 2004, prior to the initiation of the HSP program.<sup>6</sup> Any increase in the number of unsubsidized placements is reason for concern because these placements offer the least protection against future episodes of homelessness. In fact, receipt of subsidized housing has been found to be nearly the only predictor of housing stability for families exiting shelter.<sup>7</sup>

Furthermore, at the time they announced the new program, city officials cited a commonly held belief that providing homeless families with priority access to federal housing assistance creates an incentive to enter the shelter system. De-linking priority for Section 8 and public housing from shelter entry became a signature policy of the mayor's five-year plan to end chronic homelessness. Currently, more than eighteen months since the initiation of the new policy, there is no data available to show that the de-linking resulted in less demand for shelter. In fact, city administrative data show a 4% increase in the number of new applicants for shelter from fiscal year 2005 to fiscal year 2006.<sup>8</sup>

### **Some homeless families cannot utilize HSP**

Due to program eligibility criteria, some families residing in emergency shelter are not eligible to receive an HSP rent subsidy. For example families may be ineligible because someone is working or otherwise has too much income to receive public assistance. Reports from shelter providers indicate that families who are not eligible for HSP face enormous difficulty securing affordable, permanent housing and are more likely to remain in shelter for extended periods or to exit shelter for tenuous and overcrowded "doubled up" situations (i.e. temporary living arrangements with family or friends).

Within some families, one can find both individuals eligible for an HSP rent supplement and individuals who are not. For example, a mother who is disabled and receives federal Social Security income may have two children who are eligible for public assistance and HSP. In year one, this family would receive \$188 less in rental support per month than a family of three who are all receiving public assistance, and would be expected to make up the difference through direct payment to the landlord. Shelters are required under current policy to relocate families using HSP even when the only adult is disabled and receiving federal Social Security benefits. Shelter and aftercare providers can offer little advice to

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<sup>6</sup>Critical Activities Report – Family Services – Fiscal Year 2006. Both the FRAP and EIHP programs were eliminated prior to the start of fiscal year 2006; therefore, the category on the report labeled "other placements (FRAP, EIHP, private housing)" reflects only placements to unsubsidized private housing. Even if all of the placements counted in that category for the same period in fiscal year 2004 were also to private housing, the available data demonstrate an increase of at least 45 percent in families placed in unsubsidized housing.

<sup>7</sup> Shinn M., Baumohl J., & Hopper K. (2001). The prevention of homelessness revisited. *Analyses of Social Issues*, 95-127.

<sup>8</sup> Critical Activities Report – Family Services – Fiscal Year 2006.

families with a disabled head of household about how they should plan to offset the annual reduction in the rent benefit and maintain their HSP apartments.

**Reinstate priority access to public housing and Section 8 for homeless families.**

NYCHA public housing and Section 8 have proven effective tools to re-house homeless families and help them to maintain long-term stability. We believe that we must leverage these available resources in order to achieve the important goals of reducing the number of New Yorkers living in our shelters and our streets by two-thirds by 2009. We believe that NYCHA's draft 2007 plan is a step in the wrong direction.

Rather than eliminating the option for homeless people to apply directly to NYCHA for Section 8, the plan should reinstate N-0 priority for Section 8 and public housing for homeless families who are not eligible for HSP or who have household members who are not eligible. Reinstating this priority would serve as an incentive for families to enter the workforce and leave public assistance. The current policy, which offers no rental assistance options to homeless families who are not on welfare, discourages recipients from earning significant income. The plan should also retain the right for all homeless people to apply directly to NYCHA for and to receive priority for Section 8 and public housing.

**Repeal other proposed changes that will make public housing and Section 8 less accessible for homeless and at-risk New Yorkers.**

We are concerned that the proposal to increase the allocation of vacancies set aside for existing NYCHA residents awaiting a transfer will slow the application process for all other applicants. We ask that NYCHA consider the potential impact of this proposed change on homeless and other special needs applicants.

We are also concerned that the use of 8,400 Section 8 vouchers to subsidize units in city and state owned NYCHA developments will mean even longer waits for homeless and other applicants. We urge NYCHA to consider other options for closing the budget gap so that we can preserve all available Section 8 vouchers for those with special needs and those on the waiting list.

At the time the city announced the creation of the HSP program, officials stated that, due to federal cutbacks, new Section 8 vouchers were no longer available. We appreciate Chairman Hernandez's recent assurances at a City Council budget hearing that the agency's plan to allocate 8,400 Section 8 vouchers to subsidize city and state developments would allow for continued service to special needs populations and the general waiting list. Yet, we do not understand how it is possible, given previous statements, that enough new vouchers are available to subsidize these units without impacting access for homeless and other special needs groups. Furthermore, we believe if new vouchers are available these should

be allocated to serve our city's neediest residents not to offset city and state dollars, which we understand were cut in the past from the NYCHA budget.

Finally, we appreciate Chairman Hernandez's assurances that the agency has no intention of eliminating the Brooke Amendment or instituting time limits for public housing residents. We believe these are essential commitments that must be secured for future generations. We strongly oppose any proposed relief from federal standards which would allow NYCHA under the current or future administrations to charge rents in excess of 30% of household income, to impose time limits or work requirements on public housing residents, to offset costs in public housing by using Section 8 vouchers, or to make other significant changes that would threaten the long-term stability of NYCHA tenants and/or the availability of permanent, affordable housing for the lowest income New Yorkers.

I thank you for this opportunity to testify today. I would be happy to answer any questions or to provide additional detail about any of the issues my testimony raised. Please do not hesitate to contact me at any point at (646)827-2270 or [laurenbp@verizon.net](mailto:laurenbp@verizon.net).

Respectfully submitted by,



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