

Council on Homeless Policies and Services

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New York City Council Committee on General Welfare
Oversight Hearing – Housing Stability Plus

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Good morning. 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 over sixty non-profit agencies serving homeless and at-risk children and adults throughout the five Boroughs. I want to thank Speaker Quinn, Chairman DeBlasio and all of the members of the New York City Council present here this morning for this opportunity to express our support for Introduction 161 and our concerns about and hopes for the Housing Stability Plus (HSP) program. I will begin my testimony with comments regarding the egregious health and safety problems in some HSP apartments and our support for I 161.

I. Introduction 161

To give the Committee a sense of some of the housing quality problems that HSP tenants' face, I want to share one family's story:

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, the landlord installed old cabinets that have mold and water damage in place of the new cabinets the family had seen, and 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.

On behalf of this family and others who are living in atrocious conditions at apartments subsidized by City tax payers, I am here today to express support for Introduction 161 and to thank the bill's sponsors for your efforts to protect HSP tenants from unhealthy and unsafe building conditions. We at the Council on Homeless Policies and Services join the bill's sponsors in your conviction that landlords who fail to ensure that their buildings meet basic health/safety criteria should be ineligible to rent apartments in those buildings through the HSP program.

Each day, our members are tasked with the daunting job of helping families in an impossible housing market to find an apartment at HSP rents that in the first year are significantly below fair market rents.¹ The non-profits that operate Tier II shelters face cuts to their program budgets if they fail to place enough families in permanent housing. Though the bill would make this already difficult situation, even more difficult by eliminating apartments in very poorly maintained buildings from the pool, the fact remains that children who are exiting shelter deserve to live in decent homes. For that reason, we thank the bill's sponsors and urge the full Council to pass this important measure.

II. Recommendations for Improving the HSP Program

¹ For example, the maximum HSP rent for a family of two is 18% or \$183 per month lower than the 2006 Fair Market Rent by the federal government for a one bedroom apartment in New York City. This example assumes that both family members would share a single bedroom.

The Council on Homeless Policies and Services recognizes that the HSP program represents a significant investment of City and State funds to help homeless households, particularly homeless families, secure permanent housing. The certification process for HSP rental assistance is faster than for other types of housing supports available in the past, and the more streamlined HSP process allows some families to move out of shelter and into permanent homes rapidly, though members consistently report that faster certification often does not result in faster placement and that many struggle to find a decent apartment at the authorized maximum rents.

In the first year of the program, approximately 5,000 families with children and 300 single adults obtained HSP leases. The number of HSP placements was markedly lower for single adults than for families, because the instance of disability among homeless single adults is significantly higher than among homeless families.² Consequently, the program's five-year time limit and 20% annual reduction in the rent supplement, as well as the requirement that recipients remain on public assistance, make the program a poor fit for most homeless single adults. In the first year of the demonstration program, of the 1,000 vouchers allocated for single adults and families without minor children, approximately 450 or 45% were utilized.

We believe that the HSP program, if altered to address several major structural and implementation flaws, could be successful at both helping families exit shelter and remain stably housed. We also believe that if programmatic flaws remain unaddressed, many of the families that our members housed using the program over the past seventeen months will return to shelter. As such, we recommend the following:

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. Consequently, HSP has become the primary affordable housing resource available to homeless families. During the first four months of the current fiscal year, 72% of permanent housing placements for families were made using an HSP voucher.³ During the same period of the previous fiscal year, prior to the implementation of HSP, Section 8 and public housing accounted for 86% of all permanent housing placements for homeless families.⁴

A review of city administrative data reveals that during the first four months of fiscal year 2006, after the HSP program was fully in place, shelters placed at least 36% more homeless families in unsubsidized housing than during the same period of the previous fiscal year, prior to the initiation of the HSP program.⁵ Any increase in the number of unsubsidized placements is

² 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.

³ NYC Department of Homeless Services Critical Activities Report – Family Services – Fiscal Year 2006. Current report available at <http://www.nyc.gov/html/dhs/downloads/pdf/familyfy06.pdf>

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⁵ Critical Activities Report – Family Services – Fiscal Year 2006. Current report available at <http://www.nyc.gov/html/dhs/downloads/pdf/familyfy06.pdf>. 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

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.⁶

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 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.

In fiscal year 2004, the last complete fiscal year prior to the implementation of HSP, 1,900 families were placed in New York City Housing Authority (NYCHA) apartments. NYCHA public housing placements represented 31% of total permanent housing placements for the year. 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.⁷ With roughly 6,000 apartments⁸ 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 earners in HSP apartments, we recommend that New York City reinstate priority for Section 8 and NYCHA public housing for homeless families that are either ineligible or have mixed eligibility for HSP.

Reform the HSP program to encourage efforts to leave welfare for work. To illustrate the pitfalls of the current program design, let me share another family’s story:

that category for the same period in fiscal year 2005 were also to private housing, the available data demonstrate an increase of at least 36% in families placed in unsubsidized housing.

⁶ Shinn M., Baumohl J., & Hopper K. (2001). The prevention of homelessness revisited. *Analyses of Social Issues*, 95-127.

⁷ 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.

⁸ 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.

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 consequently 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 to allow people to work and continue to receive rental assistance.

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 even though, assuming no rent increase, she would need to pay 70% of her monthly pre-tax income towards rent to maintain her HSP apartment. Similarly, a single adult working 30 hours per week at minimum wage would be ineligible to continue receiving rental support even though, assuming no rent increase, he/she could expect to pay 87% of his/her monthly pre-tax income towards rent to maintain his/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. The good news is that City officials have agreed that the program should offer continued rental support to those who leave welfare for work. As you probably know, they have petitioned the State to alter the program and continue the rent supplement for households that earn too much income to qualify for public assistance. The State has repeatedly denied the request and thousands of families are caught in the middle. In order to eliminate work disincentives and reduce the likelihood that people housed through HSP will not be able to afford their apartments once they obtain substantial employment, we recommend that the City move forward and continue the rent supplement for households that return to work and earn too much to be eligible for public assistance.

Eliminate the annual step-down and five-year time limit for children, the elderly and the disabled. The New York City Human Resources Administration reports that, though they have succeeded in moving impressive numbers of people off of welfare and into work, a large portion of their current caseload is unable to work because they are children, are elderly, or are disabled. In fact, the agency acknowledges that, as of January 15, 2006, 41% of recipients were unable to work.⁹

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

⁹ New York City Human Resources Administration Public Assistance Weekly Caseload Engagement Status, January 15, 2006. HRA's most recent engagement report is available at <http://www.nyc.gov/html/hra/downloads/pdf/citywide.pdf>

the rent benefit and/or establish another rent subsidy program that can be utilized by households who simply cannot afford the HSP rent burden. 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 and/or creation of a new rent subsidy program would provide 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.

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 as opposed to allowing the landlord to self-certify that necessary repairs have been made. The expanded list 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. We believe all apartments that do not meet minimum health and safety standards should be re-inspected prior to lease signing and any payment to the landlord or broker. Aftercare providers working with HSP tenants after move-in consistently report great difficulty securing needed repairs after payment has been initiated. It is important to remember that during their first year in the program an HSP tenant's rent is paid entirely by the City directly to the landlord, leaving the tenant without the option to withhold rent pending completion of necessary repairs.

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,¹⁰ the practice remains common. In fact, one aftercare provider has reported that a full fifty percent of their HSP caseload had their landlords request payment in excess of the authorized rent level.

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.

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

¹⁰ 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).

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,¹¹ and a 1996 study found a positive correlation between housing crowding and shelter entry rates.¹² We recognize that New York City currently faces an affordable housing crisis. We recommend establishment of occupancy 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.

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 2006.¹³ In recognition of the frequency of erroneous sanctions, the risks of eviction and shelter re-entry for households that accumulate rent arrears, and the danger of penalizing children for the mistakes of their parents, we urge elimination of the harmful full family sanction provision.

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.¹⁴ Another major study reached the same conclusion.¹⁵ 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.¹⁶ We urge creation of a rent supplement program targeted for working poor households in shelter and those who are at-risk of shelter entry.

I thank you for your time and for this opportunity to share our concerns regarding and hopes for the Housing Stability Plus program.

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 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.

¹³ 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>

¹⁴ 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.

¹⁵ 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.

¹⁶ 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>