

February 2014

Shelter Costs at Record Amounts, and Likely to Rise

The de Blasio Administration has budgeted record amounts to pay for the city's homeless shelter system, in part by abandoning several cost-saving programs that the Bloomberg Administration had proposed but failed to implement. It is likely, though, that still more funds will be necessary. The number of individuals and families in the city's shelter system continues to grow to all-time highs and since the end of its rental assistance program, the city has had limited options available to help them move into permanent housing. If shelter trends remain unchanged, the cost of emergency shelter for families may well exceed what the city has already planned.

Shelter Census, Length of Stay at Record Levels. The census in the city's homeless shelters, both those serving families and those serving single adults, continues to grow to record levels. During the first seven months of fiscal year 2014 there were, on average, 12,286 families in shelter each day—961 more families than during the same period last year. There was a similar increase in single adults in shelter over the same period. During the first seven months of fiscal year 2014, on average 9,956 individuals were in adult shelter each day—631 more than during the same period last year.

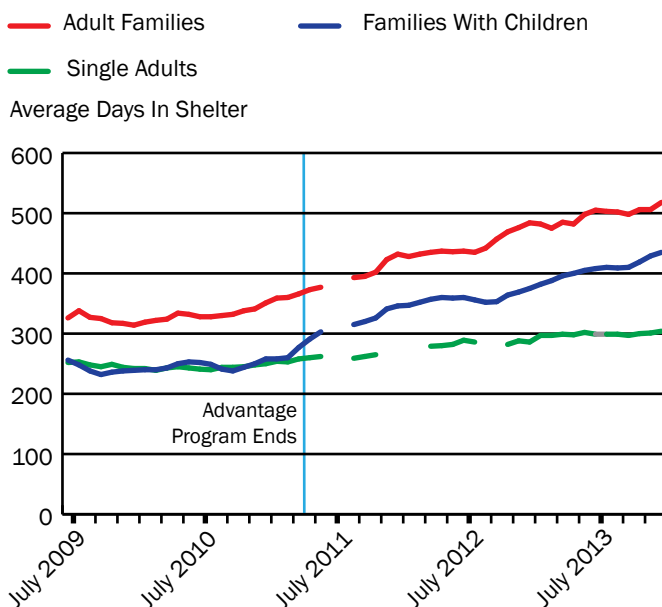
The main cause of these increases, particularly for families, is increased lengths of stay in shelter. In fact, the family shelter census grew this year even as the number of families applying for and entering shelter each month declined on average compared with last year. (According to city policies, families are required to apply for shelter, while single adults are not). Based on data from the first seven months of this fiscal year, 358 (12 percent) fewer families applied for shelter each month on average compared with the same period last year and an average of 71 (6 percent) fewer families entered shelter each month.¹

Shelter stays have increased significantly, however. Based on data from the first seven months of the fiscal year,

families with children spent an average of nearly 14 months (417 days) in shelter, 56 days more than during the same period last year. For families without children the average length of stay is even longer, nearly 17 months (505 days), 48 days more than during the same period last year. For single adults, the average length of stay is 300 days, 14 days longer than last year.

Shelter stays have been increasing consistently since the city ended its rental assistance program, Advantage, in April 2011. (See [IBO's Advantage blog post](#) for details.) Absent a replacement program for Advantage or some other major change in policy, this trend is likely to continue.

Length of Stay in Shelter Increasing



SOURCE: Department of Homeless Services

NOTES: July and August 2011 data are not available for any group. Data on single adults are also unavailable for December 2011 through March 2012 as well as September and October 2012.

New York City Independent Budget Office

Shelter Budget at All-Time High, And May go Higher. In order to meet the growing need for shelter beds, the city plans to spend a record \$1.04 billion on Department of Homeless Services (DHS) programs in fiscal year 2014, a \$62 million increase over Mayor Bloomberg's last financial plan and \$59 million more than the city spent last year. Slightly less (\$982 million) is planned for total DHS spending in fiscal year 2015. This year's spending includes the addition of \$3.8 million to add security and staffing at the city's Auburn and Catherine Street shelters and to begin transitioning these shelters from serving families with children to families without minor children. The Auburn shelter was widely criticized after poor conditions there were described in a recent *New York Times* series about a young resident named Dasani.

IBO estimates that family shelter costs, which make up the largest share of the DHS budget, will reach \$541 million by the end of 2014, \$13 million more than the city has budgeted. Of this total, IBO estimates \$167 million will be city funds, \$5.4 million more than what the Mayor's office currently has planned. (Family shelter funding also comes from the state and federal governments.) If shelter census trends remain unchanged, IBO estimates that family shelter will cost \$544 million in 2015, \$24 million more than the Mayor's current projection. IBO estimates \$170 million of the family shelter spending in 2015 will be city funds, \$9.2 million more than currently planned.

Adult shelter costs are also at an all-time high. The de Blasio Administration has budgeted \$348 million for 2014, \$21 million more than it spent last year. City funds make up \$254 million of that total. (Unlike family shelter, the majority of adult shelter costs are paid for using city funds). The Mayor has budgeted slightly less for 2015: \$339 million, of which \$253 million are city funds. Given current

shelter capacity for homeless single adults, these funding levels appear to be adequate, at least for this year.

Past Cost-Saving Proposals Abandoned. The Preliminary Budget's increase in funding for family and adult shelters was driven in part by the de Blasio Administration's decision to abandon six failed cost-cutting plans proposed during the Bloomberg years. Nearly all of these programs—many of which were first proposed several years ago—were never implemented and never produced any savings. The Bloomberg Administration was forced to add funds each year to cover the failed programs, the de Blasio Administration's decision to permanently end the initiatives demonstrates some clear changes in policy. In total, the Preliminary Budget adds back \$9.8 million (\$8.2 million in city funds) in 2014 and \$35 million (\$19 million in city funds) in 2015 and beyond because the city no longer expects savings from the initiatives that are being dropped.

One of the programs that will no longer be pursued was a plan to house some homeless families in shared living spaces, which the Bloomberg Administration estimated would save \$23 million (\$9.1 million in city funds) a year. The policy change, first proposed in November 2010, was opposed by advocates for the homeless and the City Council, whose approval was necessary to implement the change. The de Blasio Administration has also chosen to drop the Bloomberg initiative that would have required adult shelter clients to prove that they have no other housing options before being placed in a shelter. This controversial plan, also announced in November 2010, was estimated to save the city \$2.0 million (all in city funds) annually. The City Council sued the Bloomberg Administration to stop this change on a procedural issue and won in court.

The Mayor also added \$4.4 million to the budget, equal to the savings expected from a subsidized employment program that placed public assistance-eligible adult shelter clients in jobs, with their public assistance grants paying for the employer subsidies for six months. The Bloomberg Administration originally expected that the program would lead 150 shelter clients to use the earnings from their subsidized jobs to move out of shelter early. While DHS said this program has helped some clients move into permanent housing—and that it will continue the program in the future—fewer have left shelter than originally projected.

Endnotes

¹Averages are based on available data. There are no data on applicants to shelter for October 2013 (fiscal year 2014). Data on shelter entrants were also missing for December 2012 and October 2013 (fiscal years 2013 and 2014, respectively).

IBO's Forecast of Family Shelter Costs Exceeds Mayor's <i>Dollars in millions</i>						
Family Shelter Costs	Mayor's		IBO		Difference	
	Total Cost	City Share	Total Cost	City Share	Total Cost	City Share
2013 (actual)	\$490.6	\$146.8	—	—	—	—
2014 (projected)	\$527.7	\$162.0	\$541.1	\$167.3	\$13.4	\$5.4
2015 (projected)	\$519.9	\$160.7	\$544.2	\$169.8	\$24.3	\$9.2
SOURCE: Mayor's Office of Management and Budget NOTES: Family shelter includes shelter operations, shelter intake and placement, and shelter administration and support. Total costs include city, state and federal funds. Numbers may not add due to rounding. <i>New York City Independent Budget Office</i>						