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**Testimony of Elizabeth Brown**  
**Supervising Analyst, New York City Independent Budget Office**  
**To the New York City Council Committee on Courts and Legal Services**  
**Regarding Intro 214-A**  
**September 26, 2016**

Good morning Chairman Lancman and members of the Committee on Courts and Legal Services. My name is Elizabeth Brown and I am a supervising analyst at the Independent Budget Office. Thank you for the opportunity to testify today regarding Intro 214-A that would provide legal counsel to low-income New Yorkers who are subject to eviction, ejection, or foreclosure proceedings.

**Cost of Legal Counsel.** In 2014 IBO [prepared a cost estimate](#) of the original draft of Intro 214. We found that providing a lawyer to low-income tenants—defined then as households making up to 125 percent of the federal poverty level—who were facing eviction in housing court would cost between \$173 million to \$276 million annually, depending on the cost per case of legal representation. Because the city had already budgeted approximately \$20 million for additional anti-eviction legal services, we concluded that the net additional cost to the city at that time would range from \$153 million to \$256 million annually.

Our estimate was based upon several variables including the number of eviction cases brought in housing court in 2013, the share of those tenants who would have qualified for free legal services given their incomes, and the cost per case for a lawyer. For our lower bound estimate, we used \$2,000 as the cost per case, which is the amount the city reimbursed for a similar program providing anti-eviction legal services to senior citizens. For our upper bound estimate, we used \$3,200 as the cost per case. This was based on estimates from legal service providers of their full cost of providing a lawyer in housing court, although the city had not historically reimbursed the providers at that level. Due to data limitations, our estimate did not account for the cost of providing counsel to low-income households facing foreclosure or ejection, although these were believed to account for many fewer cases than the number facing eviction.

The legislation that we are discussing today has notable changes compared with the one for which we prepared our cost estimate. Intro 214-A increases the income eligibility threshold from 125 percent of the federal poverty level to 200 percent of the federal poverty level. While raising the income eligibility threshold would increase the cost of the legislation compared with our 2014 estimate, the number of eviction cases brought in housing court has declined since we completed our analysis, which would help counteract this increase. Language was also added to the Intro empowering the civil justice coordinator administering the program to consider “the use of pro bono representation, technology, partnerships with social service providers, and other innovative approaches to providing cost-effective services.” Modifying the language to encourage pro-bono representation and approaches that are more cost-effective would likely reduce the legislation’s costs compared with our

estimate. However, more details on these other approaches would be necessary for IBO to estimate the full fiscal impact of the amended legislation.

Additionally, since we published our cost estimate, the city has increased the budget for its anti-eviction legal service programs by about \$50 million, with more than \$70 million planned for tenant civil legal services in fiscal year 2017. Assuming that these programs provide similar services to populations that would be eligible under Intro 214-A, the fiscal impact of the legislation in fiscal year 2017 could be reduced by the \$50 million in funding already added since our analysis.

***Impact on Shelter Spending.*** Along with assessing the cost of legal counsel in 2014, IBO also estimated what impact providing these services could have on homeless shelter costs. We found that providing low-income renters with lawyers in housing court could reduce the number of entrants into family shelter by about 28 percent and the entrants into adult shelter by about 7 percent—saving \$143 million annually in homeless shelter spending, with about \$53 million of the savings in city funds (funding for homeless shelters are shared by the city, state, and federal governments). The shelter savings estimate was based upon the number of families and individuals entering homeless shelters due to eviction in fiscal year 2013, the effectiveness of legal counsel in preventing evictions and thereby averting shelter entries, shelter costs in 2013, and the share of those costs paid by the city.

Since we completed our study the number of homeless families and individuals entering shelter has grown. Not only has the shelter population increased, but it has also become more expensive for the city to house them for several reasons. First, households are, on average, staying longer in shelter in 2016 than they did in 2013. Second, the average cost per day for shelter facilities has risen due to new security and programmatic costs, as well as the more frequent use of hotels. Lastly, the share of homeless shelter costs borne by the city (compared with the federal and state governments) has also increased since 2013, due to changes in the mix of public assistance status of families in shelter and because of a capped state grant for single adult shelter costs. Therefore, reducing the number of entrants to family and adult shelters by the same percentages as we outlined in our 2014 study would result in greater city shelter savings in 2016. However, an updated analysis—including examining the reasons for entry of the current shelter population—would be necessary for IBO to determine how the current version of the legislation would impact the shelter population now compared with the legislation we examined in 2014.

There are also benefits to reducing evictions outside of the city's budget, such as the potential for reduced housing costs due to fewer turnovers of rent-regulated apartments, which would slow rent increases for those units, as well as avoiding the physical and mental health consequences related to homelessness, and the educational disruptions faced by school age children living in shelters. Conversely, the legislation could put upward pressure on housing costs by making it more expensive for building owners to remove tenants who owe rent or more costly to litigate evictions. While these are important factors to consider, quantifying them was outside the scope of our analysis.

Thank you for your time. I'd be happy to answer any questions.