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Homeless Prevention Spending Flat, But Programs Are Changing

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While the number of children and adults in the city's homeless shelters each night has been rising—from an average of 31,000 in 2002 to 38,000 now—and shelter expenditures have grown by nearly $200 million since 2001, spending on programs to prevent homelessness has remained relatively flat. The city spent $157 million in 2001 on homeless prevention programs such as emergency rent subsidies, one-time cash assistance, and anti-eviction legal assistance, and $160 million in 2003. Many have argued that increasing spending on these programs would save the city money in the long run, because the per-household expenditure for prevention is generally substantially less than the cost of emergency shelter.

It is impossible to know how many of the households receiving prevention aid would have ended up in city shelters in its absence, so it is difficult to reliably measure how cost-effective homeless prevention programs actually are. Nevertheless, because emergency shelter is so expensive, prevention programs could potentially save the city money even if a majority of assistance recipients would not have become homeless in the absence of the aid.

Although total spending on homelessness prevention has remained relatively flat, there have been significant changes in the last several years in how the funds are spent, particularly by the Human Resources Administration (HRA). Furthermore, newly implemented changes to prevention programs may alter the way these programs function in the future.

HRA Leads Prevention Spending. Over the last three years, New York City has spent roughly $160 million a year on various programs to prevent homelessness, primarily in the form of cash assistance through HRA. In addition, the Administration for Children's Services provides rental assistance of up to $300 per month in cases in which children are at risk of being placed in foster care because of imminent homelessness, and for youth aging out of foster care. The city also funds legal services programs to assist households facing eviction, and other legal challenges. Until this year, the Department of Homeless Services (DHS) had no prevention programs, focusing almost exclusively on shelter and services and, to a lesser degree, on outreach and permanent housing.

In addition to the programs included here, HRA considers its roughly $425 million in annual spending on "restricted rent" payments for public assistance recipients—rent paid directly to landlords, in cases where households have demonstrated an inability to handle cash—as homelessness prevention spending. HRA also funds the $1.5 million Employment Incentive Housing Program, which provides rent supplements and case management to help families find and keep housing. We have not included these programs in our total because we restricted our analysis to programs that assist households *facing an imminent threat of homelessness*. HRA's restricted rent payments, while contributing to housing stability for many recipients and therefore definitely preventing loss of housing, is not of this immediate nature. Similarly, the employment incentive program, while helping to maintain housing for families that have recently suffered

Spending on Homelessness Prevention
Dollars in millions

	2001	2002	2003
Human Resources Administration	$ 146.8	$ 147.8	$ 151.8
Off. of Criminal Justice Coordinator	2.8	2.8	2.8
Administration for Children's Services	5.1	3.6	3.3
Housing Preservation and Development	2.6	1.8	2.4
Total	**$ 157.2**	**$ 156.0**	**$ 160.4**

SOURCES: IBO, Human Resources Administration.

homelessness, is not a preventive program in the sense used in this report.

HRA staff—and nonprofits holding contracts with HRA—are based at HRA Job Centers, the DHS Emergency Assistance Unit, and housing court to try and maintain permanent housing and divert families from the shelter system. They may provide legal assistance to help families avoid eviction, one-time cash grants to pay rent or relocation costs, or—for public assistance clients who have received eviction notices—access to the state's "Jiggetts" rent supplements.

All of the HRA cash assistance programs—Jiggetts and one-time grants—are considered to be "public assistance" in the broad sense. However, while Jiggetts is limited to households receiving ongoing Family Assistance (FA) and Safety Net Assistance (SNA) (i.e. welfare), one-time grants are for households that are not receiving ongoing aid (although they are included in HRA's total public assistance caseload figures for the month in which they receive assistance).

In terms of spending and number of clients, Jiggetts is the largest homelessness prevention program in New York City. New York State courts, beginning with the 1987 case of *Jiggetts v. Dowling*, have held that the state shelter allowance—the portion of a welfare grant designated for housing—is inadequate. As a result, FA and SNA families with children that have received an eviction notice are eligible for supplemental assistance, colloquially known as Jiggetts payments after the plaintiff in the original case. Although advocates have charged that the city has actively discouraged people from applying for Jiggetts assistance, the city has little direct control over Jiggetts spending; families apply to the state's Office of Temporary and Disability Assistance to receive these rent payments.

HRA Spending on Homelessness Prevention
Dollars in millions

	2001	2002	2003	2001-2003 Change
Jiggetts Payments*	$ 94.2	$ 79.4	$ 71.1	-24.5%
One Time Grants (one shots)	33.0	49.0	64.2	94.5%
Diversion Teams & Other HRA Staff	14.3	13.3	11.6	-19.1%
Anti-Eviction Legal Services	5.3	6.1	5.0	-6.6%
Total	**$ 146.8**	**$ 147.8**	**$ 151.8**	**3.4%**

SOURCES: IBO; Human Resources Administration.
NOTE: *The Jiggets total includes Temporary Supplemental Shelter (TSS) assistance, which is the comparable subsidy for families that have timed out of Family Assistance and are receiving Safety Net Assistance instead.

Changing Eligibility, Shifting Demands. As the welfare caseload has declined in recent years, fewer households with children are eligible for Jiggetts assistance, and as a result, HRA's spending on Jiggetts has also fallen. However, low-income households, particularly those with children—many of them former welfare recipients—continue to face significant housing emergencies—as reflected by the growth in spending on other forms of cash assistance for homelessness prevention, which almost doubled between 2001 and 2003.

The growth in one-time emergency assistance reflects the rising demand for housing assistance among households ineligible for ongoing rental subsidies through Jiggetts. In some cases, HRA will make emergency rent or related payments to allow households to avoid homelessness or other crises. These one-time grants are made at the discretion of HRA (pursuant to guidelines consistent with New York State regulations), and nearly doubled between 2001 and 2003. Unlike Jiggetts, these programs are generally targeted to families with children that are not receiving ongoing FA or SNA, and the household need not have received an eviction notice to qualify for aid. In cases in which the household's emergency was not unforeseeable, all or a portion of one-time payments may be recoupable from ongoing welfare payments or subject to a repayment agreement, depending on the circumstances of the case.

The one-time grants are used for three purposes. In 2003, about 44 percent of the funding ($27.9 million) was used for "excess rent payments"—supplements to cover current month shortfalls in rent payments. Another nearly 49 percent ($31.4 million) was used for broker fees and for security deposits and first-month rent payments. Finally, about 7 percent of the total ($4.7 million) was used for payment of back rent and rent to avoid eviction. The growth in one-time cash grants over the last three years primarily reflects increases in spending on excess rent payments and broker fees and security deposits.

Spending for other HRA homelessness prevention programs fell 19 percent between 2001 and 2003. Due to a citywide hiring freeze, diversion staff positions went unfilled in 2002 and 2003. Also, the agency's anti-eviction legal services contracts spending fell by 6.6 percent.

Prevention Policy Changes. In the last several months there have been two key policy changes that could have a significant impact on the way homelessness prevention efforts are implemented in the future. First, the 2004 budget consolidated at DHS three legal services programs totaling $11.3 million previously administered by several different agencies. While this consolidation will not change funding levels for these programs, the shift is significant because it is the first time that DHS will have a role in the prevention of homelessness. In the past, DHS's role has been largely limited to providing emergency shelter. Because the agency did not have any prevention programs or develop or manage any permanent housing, DHS has not had the policy tools to help limit the number of families and individuals who ultimately spend time in shelters. Moving these contracts to DHS is a first—albeit small—step in giving the agency greater control over the size of the shelter population.

Each of these programs funds contracts with nonprofit organizations that provide legal assistance to households facing eviction or other emergencies. In the past, these contracts have overlapped one another: for example, the Legal Aid Society has received funding through HPD, HRA, and the Office of the Criminal Justice Coordinator. Over the long-term, DHS would like to consolidate these contracts, but because about half of the funding for the contracts is allocated by the City Council with specified program conditions, the agency may not have the discretion to restructure them.

Eliminating Jiggetts. The second change is the state's recent revision to the shelter allowance schedule—the first revision since 1988—and which will take effect next month. The revised schedule increases the monthly shelter allowance for New York City families receiving FA and SNA (the shelter allowance for adults without children will remain the same). It also phases out Jiggetts payments for new applicants (subject to court approval). Current Jiggetts recipients would continue to receive the supplemental payments for two years or until they leave the welfare rolls, whichever is sooner. After that point, their shelter allowances will be converted to the new level.

The new rules will raise the shelter allowance for households that do not currently receive Jiggetts. However, the new shelter allowance schedule will result in reduced aid to many families that do currently get a Jiggetts supplement. While the majority of families will receive an increase in welfare rent assistance up to the amount of their rent, under the revised schedule, the new shelter allowance may be less than the old shelter allowance plus the Jiggetts supplement.

The new regulations give localities the option of providing a "shelter supplement," which would be a Jiggetts-like addition to the shelter allowance to meet the housing needs of specific populations. Like other welfare programs, for families that have not yet hit their five-year time limit, the shelter supplement would be 50 percent federally funded, 25 percent state funded, and 25 percent city funded. For those families that have exceeded their federal welfare time limit and for Safety Net Assistance families, the city and state would each bear half the cost.

If, given its high housing costs and growing homelessness problem, New York City opts to offer such a shelter supplement, the city must submit a plan to the state that details who would qualify and how the program would be structured. The city could simply replace families' Jiggetts assistance with this new supplement, or it could propose a program that limited supplemental rental assistance to specific circumstances, such as households with a disabled head of household, victims of domestic violence, or other specific sub-populations. If the city creates a supplement that is the equivalent of the current Jiggetts benefit, the current city, state, and federal funding shares will be maintained. However, city administrative costs would rise substantially, since the state currently makes all determinations on Jiggetts cases and completes most of the paperwork required for processing the payments. Under the state proposal, these functions would transfer to the city with no state funding to support the new administrative cost.

Prevention Equals Savings? Advocates for the homeless have argued that homelessness prevention programs are extraordinarily cost-effective relative to emergency shelter. For example, the Administration for Children's Services spends approximately $3,500 per household annually on preventive housing subsidies. This is substantially less than the $25,000 average cost of a shelter placement for a family. Similarly, in 2003 the HRA Rental Assistance Unit, which determines whether families are eligible for emergency grants, evaluated 26,137 cases. HRA spent a total of $64.2 million on one-time cash assistance, for an average cost per case of $2,445. Again, this is substantially less than the average cost of emergency shelter placement.

It is extremely difficult to measure the actual cost-effectiveness of these programs, because there is no way to know if each of the families receiving assistance would have ended up in a city shelter without this aid, or would have found alternative housing on their own, or if those families that received aid did eventually become homeless. To the extent that the programs serve families that would not have entered the shelter system, or families that did in fact become homeless, the relative cost-effectiveness is diminished. Nevertheless, because there is such a large gap between the cost of an emergency shelter placement and a typical prevention subsidy, even if a significant portion of the households that benefit from prevention programs would not have entered the shelter system, there is still a potential financial gain to the city from spending on homelessness prevention.

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