

January 2024

Understanding the City Fighting Homelessness & Eviction Prevention Supplement (CityFHEPS) Program: Budget, Usage, Expansion Projections, and Concerns

This explainer will provide information on the City Fighting Homelessness & Eviction Prevention Supplement (CityFHEPS) rental assistance voucher program administered by the Department of Social Services (DSS), including program history, program operations and funding, the range of estimates associated with recent City Council legislation to expand eligibility, and obstacles to implementing this expansion. DSS includes the Department of Homeless Services (DHS), which administers the City's homeless shelter system, and the Human Resources Administration (HRA), which administers all benefits programs.

CityFHEPS is currently the primary City-funded rental assistance program, and is one of the ways that individuals and families can receive subsidized housing—along with Federal Section 8 housing vouchers, New York City Housing Authority housing, supportive housing, and other programs. While advocates have discussed the use of CityFHEPS to help address the growing asylum seeker population, the recent program expansion does not specifically extend to asylum seekers.¹ Instead, it expands access to local residents—those already in shelter or who might otherwise enter shelter due to eviction.

In April and May 2023, the City Council passed a package of legislation to expand and change CityFHEPS, collectively referred to as “City Council legislation” throughout, including [Local Law 101](#), [Local Law 102](#), and [Local Law 64](#). These changes focused on the definition of eligibility for the program. Given the uncertainty around how the Adams administration will respond to the City Council legislation before the 6-month deadline of January 9, 2024, IBO is not conducting its own estimate, but rather breaks down and explains the assumptions in estimates by three other government groups: the Mayor’s Office of Management and Budget (OMB), City Council, and the Office of the State Comptroller.

Program History: CityFHEPS Created to Streamline Previous Voucher Programs

New York City has a long history of rental assistance programs, including [Advantage](#) (2007-2011), a rental subsidy for family households in shelter at least 60 days, and the six [Living in Communities](#) (LINC I-IV) programs (2015-2019). (All years refer to City fiscal years unless otherwise noted.) In 2019, the city consolidated multiple programs to create a new unified program, CityFHEPS, with one set of requirements and rental prices administered by DSS.² At the same time, it ended LINC, though it is still paying out existing leases. Under the new program, recipients must receive Cash Assistance if eligible, have a gross income at or below 200 percent of the Federal Poverty Limit (FPL), and not receive other state rental assistance programs, with additional requirements depending on housing status (see below).

Households do not apply directly for the program, but instead receive a “shopping letter” if they are eligible based on administrative data from shelter or in the community through Homebase, DHS’s homelessness prevention program. Eligible households then conduct their own search process, with some assistance from housing specialists in shelters, for a one-year minimum lease for an apartment or room with specific rent limits based on household size.³ To finish the process, the property must pass a safety and habitability assessment. Households that succeed in signing a lease are still required to contribute rent. Those receiving Cash Assistance benefits pay whichever is greater: 30 percent of their income or their Cash Assistance shelter allowance (a portion of Cash Assistance determined by household size and location).⁴ Those without Cash Assistance pay 30 percent of their income at the time of approval or renewal. To help secure an apartment, the City will pay a full month’s rent and the voucher share of the rent for an additional 3 months up front.⁵ As long as households continue to meet eligibility requirements, their voucher will last up to five years, with four annual recertifications after the first year.⁶

In January 2023, DSS increased CityFHEPS rent limits to match Section 8 price levels. Under the new rent price limits, households can rent up to \$2,335 for a studio, or \$2,696 for a 2-bedroom for households of 3-4, including utilities (utilities are required to be included in total rental amount to align with Section 8).⁷ Families can also rent slightly more expensive apartments if they can increase their income contribution from 30 to 40 percent to cover the excess rent.⁸ Starting in October 2023, the program expanded so that recipients of shopping letters could search anywhere within New York state to use their voucher but will still have to conduct their own search.

Program Operations: Lack of Transparency Complicates Program Assessment

The City perpetually underbudgets the program at each Adopted budget, and then adjusts funds throughout the year’s budget plans. This makes it challenging to determine the cost of the program, because what the City has actually spent is only clear at the end of each fiscal year. For each of the last three fiscal years, the total amount spent has been substantially larger than the amount initially budgeted (with adjustments over the year ranging from \$105 million to \$236 million).

Figure 1

CityFHEPS Has Been Underbudgeted at the Start of Each of the Last Three Fiscal Years			
<i>All dollars in millions</i>			
Fiscal Year	Funding at Budget Adoption	Actual Expenditures by Year End	Difference Between Actual Expenditures and Funding at Budget Adoption
2021	\$124	\$253	\$129
2022	\$228	\$333	\$105
2023	\$263	\$499	\$236
2024	\$288	---	---

Note: This analysis includes legacy budget codes: 9576, 9583, 9586, 9587, 9591, 9593, and CR10. In 2021, it appears in FMS as if actual expenditures totaled \$300 million, however according to DSS, actual expenditures were \$253 million.

Source: Department of Social Services

This underbudgeting approach extends to future years as well, as future years are also budgeted at very low levels. In the 2024 November Plan, the CityFHEPS budget drops from \$357 million this year (already \$142 million less than 2023 actual expenditures) to \$135 million in 2025 and future years. This has an impact on the larger City budget, creating a gap between what is budgeted and what the City is likely to actually spend. It is important to note that there is some inherent uncertainty in the budget given the structure of the program because the City only spends program funding on signed leases, rather than the much larger number of the total number of shopping letters it sends out. However, existing leases up for renewal provide a floor for known expenses and could be included in the budget for more a realistic future outlook.

The City does not publish data on how long the CityFHEPS process can take, but there are clear indications that the program is facing significant delays, including multiple reports of eviction filings due to delays with payment or recertifications.⁹ In March 2023, HRA partnered with nonprofits, including The Legal Aid Society (LAS) and Legal Services NYC, to process first-time CityFHEPS paperwork for their existing clients in housing court due to processing delays.¹⁰ In April 2023, LAS sued the City on behalf of a group of tenants who faced eviction as the result of problems with their CityFHEPS recertifications.¹¹ In October 2023, City Council passed **legislation** requiring the City to publish data on the timeliness of CityFHEPS rental assistance payments.

DSS also does not publish placement data about the total number of vouchers in use, and DSS did not provide the data to IBO. DSS did provide IBO with data for the total number of new vouchers used each year, including shelter exits and community placements (vouchers for those receiving assistance at Homebase, DHS’s prevention program). New placements have been steadily growing over the last five years, and individual placements from shelter have outpaced families in recent years. There are many more individuals in shelter than families, however, so there are proportionally more families using vouchers each year.¹²

Figure 2
City Continues to Add New Vouchers Each Year

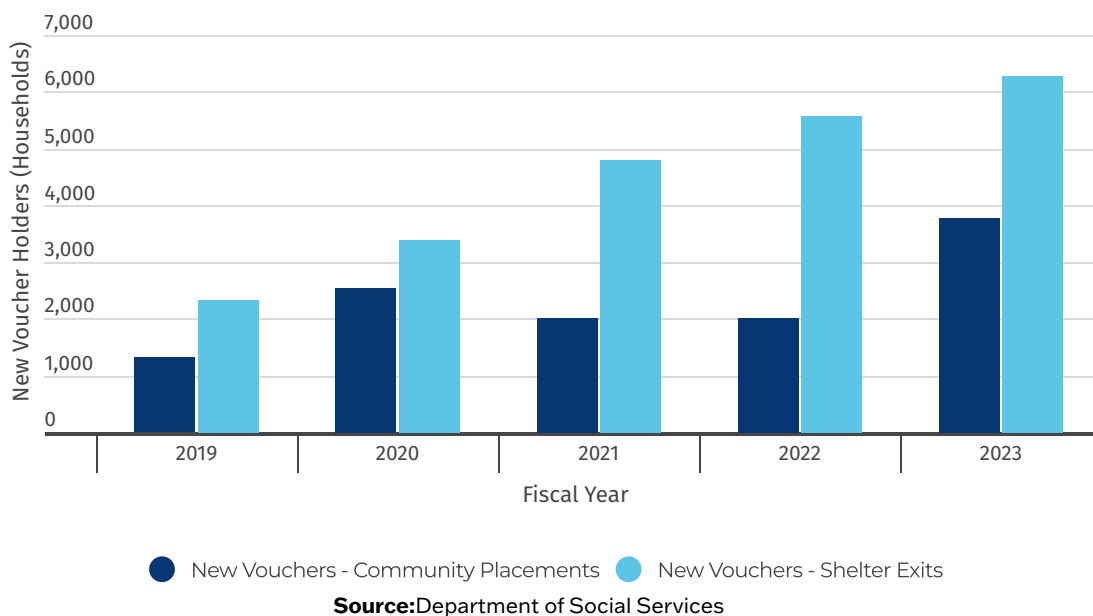
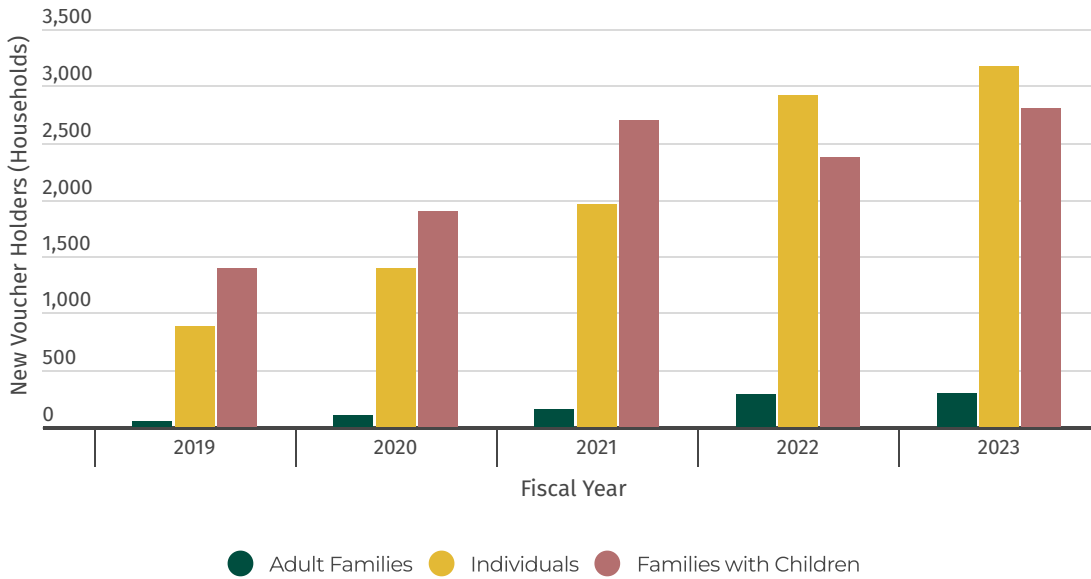


Figure 3

Starting in 2022, More Individuals Exited Shelter Via CityFHEPS than Families with Children



Source: Department of Social Services

City Council Legislation Expands Eligibility in Multiple Ways Simultaneously

The City Council legislation changes the eligible population in multiple ways at the same time, most notably increasing income limits and redefining the risk of eviction, as well as requiring payment via electronic bank transfer. Under the new requirements, maximum income eligibility would rise from \$29,160 to \$49,450 for individuals, and from \$60,000 to \$70,600 for a family of four. There is less clarity about the change to the definition of eviction: while the previous rule required a shelter history and a history in housing court, the new rule requires only a rent demand letter, predicate holdover notice, or notice of non-renewal.¹³ The City does not collect data on these types of notices, so it is unclear how many go out each year for different income groups. With the exception of the electronic payment law—which has a full year for implementation—all of the remaining local laws take effect after 180 days, so the Mayor has until January 9, 2024 to respond.

Figure 4

Timeline of Recent Developments

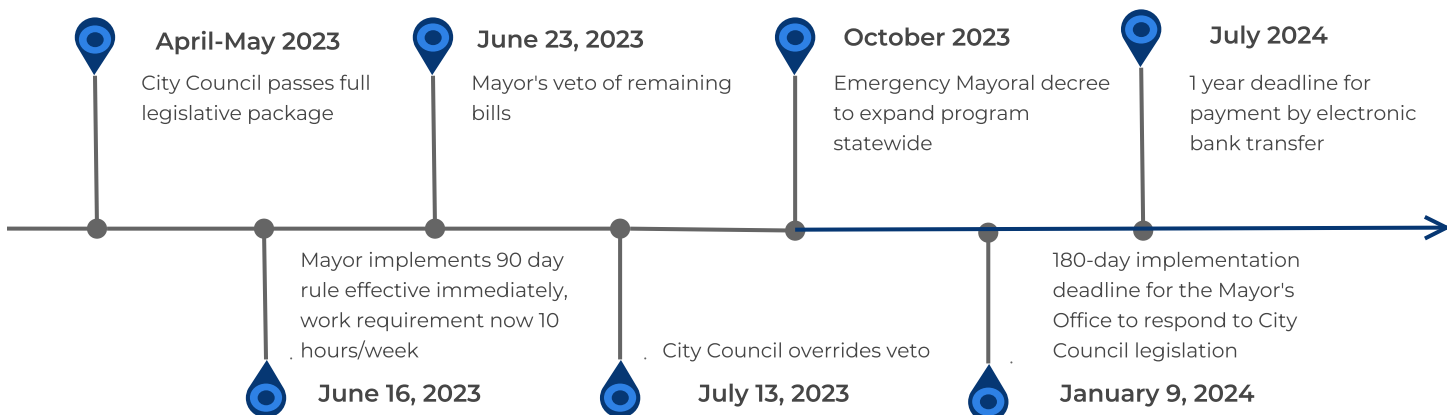


Figure 5

CityFHEPS Has Multiple Rule Changes Either Implemented or Pending			
Rule	Rule as of January 2023	City Council Legislation Changes	Implementation as of December 2023
Income	At or below 200% of the federal poverty line	Up to 50% Area Median Income	Same as January 2023
If currently residing in shelter	Families: Must be in shelter for the last 90 days with no more than a 10-day gap Individuals: Must be in shelter for 90 of the last 365 days	Eliminate the 90-day rule so households become eligible for CityFHEPS upon shelter entry if they meet income and work requirements	Eliminated the 90-day rule
If not currently residing in shelter	Households that are facing eviction in housing court or have been formally evicted within the last year and 1) previously lived in a DHS shelter, 2) included someone receiving Adult Protective Services, or 3) would use voucher to stay in a rent-controlled apartment, also with specific exemptions. Veterans are also eligible without needing to reside in shelter. [i]	Rent demand letter, notice of non-renewal, or holdover notice (notice of overstaying a lease)	Same as January 2023
Work requirements	Families with children: An adult must work at least 14 hours/week. [ii] Individuals and adult families: must work any number of hours	Eliminate work requirements	10 hours/week for all households Beginning in November 2023, DHS has begun to credit clients with a utility allowance
Utility allowance	Utilities must be included in full rental amount	Prohibit utility inclusion in maximum allowable rent	Continue to expand pilot to more landlords as quickly as possible
Payment method	Paper checks, small pilot program for electronic payment	Require electronic bank payments for all vouchers by July 2024	Continue pilot

Source: IBO Analysis of DSS rule changes and City Council legislation

[i] Households not in shelter were also exempt from the previous eviction requirement if someone in the household received Pathway Home benefits and would be eligible if in shelter. Pathway Home provides financial assistance for households with gross income up to 200 percent FPL who have been in shelter at least 90 days or are experiencing street homelessness to move in with friends or family (“host families”), with support for host families for up to 12 months.

[ii] There were some exemptions to these requirements: First, households in shelter were exempt from work requirements if they included an adult 60+, an adult exempt from Cash Assistance work requirements because of caregiving responsibilities for a disabled family member, or someone in the household had a disability and received specific benefits. Second, households were exempt from both the 90-day shelter threshold and work requirements if they had a veteran of the US Armed Forces, lived in a closing shelter, or were referred by a qualifying program. Qualifying programs include referrals from Administration for Children’s Services to facilitate family reunification, preservation, or independent living, as well as referrals from Department of Youth and Community Development, Department of Correction, or the Three-Quarter Housing Taskforce (an interagency task force that investigates transitional homes).

Uncertainty Over Who is Newly Eligible Produces Wide Range of Potential Cost Estimates

These simultaneous eligibility changes, along with a lack of data on rent demand letters and voucher placement, have made it difficult to estimate the full cost of the updated program. Estimates from OMB, City Council, and the Office of the State Comptroller (OSC) range from \$3 billion to \$36 billion over five years, mostly as the result of different interpretations of who is newly eligible—and whether the changes avert shelter entries or add a new population to the program. Many evictions in New York City are informal, meaning that they take place before an eviction warrant is executed, but some estimates only consider the savings associated with the much smaller number of households that enter the shelter system with a formal eviction history. A lack of informal eviction data makes the number of eligible voucher recipients difficult to determine.¹⁴ Estimates also vary based on different assumptions for the expansion, including the availability of rental units, the start date of the program, the capacity of the City to process paperwork, inflation rates, and the average cost of the voucher.

In OMB's projection, the expanded program would serve an entirely new population rather than those who would otherwise enter shelter, with a portion of those in housing court serving as a proxy for this new population. Citing Society of New York data¹⁵ that identifies roughly half of households in housing court for nonpayment as low-income, OMB estimates that about 55,000 households would qualify, with about 8,000 eligible for other programs. OMB assumes the remaining 47,000 would use CityFHEPS, with a higher take-up rate given that this population would not need to conduct a search process for an apartment, for a total cost of \$17 billion over five years. Moreover, OMB estimates that savings would be minimal given that DSS reports few individuals and only about 1,300 households of families with children entering the shelter system with a formal eviction record each year. Please see figure 6 for details on all the estimates.

While these estimates assess the potential total cost of CityFHEPS, they do not accurately factor in which entities (the City, State, or federal government) pay most of those costs, and who benefits from the savings. New York City is legally required to provide shelter to individuals and families who otherwise would be unhoused. The public often compares the total cost of shelter to the total cost of vouchers, but the City does not pay equally for both: although the City pays essentially the full cost of CityFHEPS vouchers¹⁶, the City only pays part of the cost of shelter due to federal and state contributions. As a result of this, savings due to reductions in shelter are shared between the City, the State, and the federal governments.

Moreover, the State has caused the City to take on an increasingly disproportionate share of shelter costs over the past several years, and the State largely controls what share of federal and State funds the City receives through cost-sharing formulas set by the State. OMB cited a 44 percent City contribution to shelter in September 2023.¹⁷ However, in March 2023, IBO **found** that the City has been paying a substantially higher share for families in shelter, up to 76 percent in 2022. This suggests that the City is underestimating its contribution to shelter costs, and that CityFHEPS could save the City more in reduced shelter costs than it is currently projecting.

Program Must Address Current Operational Obstacles for Expansion

These estimates all assume the program can expand, but that is subject to both the supply of quality and suitable apartments and current capacity challenges that exist within the program. Regarding the capacity challenges, the program is impacted by vacancies at both HRA and the City Commission on Human Rights (CCHR). At HRA, which processes benefits applications, the number of active employees in positions related to Cash Assistance processing fell by approximately 15 percent from end of 2019 to end of 2023, while benefits caseloads increased by roughly 14 percent in the same period.¹⁸ In 2023, the City processed just 29 percent of Cash Assistance applications on time, a prerequisite for the voucher for those eligible.¹⁹ HRA has made progress in hiring, with 70 new Eligibility Specialists in the first few months of 2024, but it still has

Figure 6

Wide Range in Cost Estimates Driven by Different Assumptions on Population and Tenant Contribution					
Estimate	Largest Eligible Population	Assumptions	Average Voucher Amount	Not included in estimate	Total Cost
OMB	47,000 per year, a little less than half of tenants in housing court, on average.	No savings because newly-eligible population is much larger than those entering shelter with formal eviction history. Nearly 100% uptake because households already in an apartment. There will be a 10% attrition rate each year for those who have signed leases, based on current trends. Focused on costs to City.	\$2,400 per month per voucher, based on 90 percent of the maximum amount for households of 3-4 people. Inflation rate of 4% per year.	Tenant contribution, population that is informally evicted, landlord behavior changes, housing market, staffing	\$17 billion over 5 years [i]
City Council [ii]	Same as OMB	Savings from all tenants spending 90 fewer days in shelter. Same as OMB for uptake. Tenants contribute at a different rate than OMB. Focused on total cost and savings not just for the City.	Approximately \$1,900 per month, per household, taking into account an estimated average tenant contribution.	Landlord behavior changes, housing market, staffing, rent inflation, lease attrition	\$10.6 billion over 5 years
State Comptroller [iii]	Low: same as OMB. High: 96,700 per year, based on entire population at or below 50% AMI in 2021 that was severely rent-burdened.	Low: 50% uptake, slower phase-in, and 10% attrition each year based on current trends. Tenant contribution included. High: 100% uptake. All households enroll at start and use for entire 5-year period. All: Focused on total cost and savings, not just for the City.	Low: \$1,300 per month, including tenant contribution, based on CSSNY Study [iv]. Grows at 3% per year. High: \$2,500 per month per voucher. Inflation rate 4% per year.		Low: \$3 billion over 5 years High: \$36 billion over 5 years

Note: This table only includes the low and high estimates produced by the Office of the State Comptroller. The State Comptroller report also provided a mid-range estimate for its overall analysis of the City budget, totaling \$13.4 billion over 5 years.

Source: IBO Analysis of Estimates

[i] See: [Statement Following CityFHEPS Council Vote](#) | City of New York (nyc.gov)

[ii] See: [The City Council fiscal impact statement for Proposed Intros. 229, 878, 893, and 894](#) were \$36.2 million in FY24, for a total cost of \$10.6 billion over five years.

[iii] [OSC Review of the Financial Plan of the City of New York](#)

[iv] See: [CSSNY study](#)

many fewer employees than before the pandemic. For positions related to CityFHEPS, some of which overlap with Cash Assistance, HRA had a decrease of 12 percent from the end of 2019 to the end of 2023. Job Opportunity Specialists, one of the main positions associated with CityFHEPS, declined 24 percent in this period, with a net loss of 50 positions in 2023.

Lastly, the number of employees at CCHR, which handles source of income discrimination cases (when prospective landlords illegally refuse to lease to voucher holders), fell from 134 in June 2019 to 103 in June 2023, and from 29 to just 13 legal staff. The 2024 Adopted Budget increased CCHR's authorized headcount, but the agency had a net increase of only 7 positions as of November 1, 2023, and 3 vacant positions were eliminated in the recent November Plan.²⁰ Unlike positions at HRA related to benefits, positions at CCHR are not exempt from the current hiring freeze that began in October 2023, so CCHR must receive approval from OMB for any exceptions.

In addition to challenges related to vacancies, the current program still operates with paper checks, which can make it challenging for both tenants and landlords to determine the status of a voucher, recertification status, or payment details. The City launched an online portal pilot program, CurRent, in October 2022, with only nine landlords. As of November 2023, 115 landlords were fully participating in the pilot and 800 were able to receive an electronic payment from at least one tenant, according to DSS. These numbers have continued to grow in the subsequent two months as DSS works to enroll new landlords. The new legislation gives the City until July 2024 to begin payment by electronic transfer for the entire program, which would require significant scaling up in the next year.

Conclusion

While there are clearly benefits to individuals and families to subsidizing permanent housing, there are also larger economic and social benefits.²¹ Much of the discussion around the City Council legislation has focused on a pure fiscal cost comparison. A full comparison likely requires a more complex analysis of these other social costs and economic benefits.

Endnotes

- 1 Currently the City does not provide CityFHEPS vouchers for those seeking asylum or who are undocumented, but will give partial benefits if one member of a household has legal residency status. The City will provide CityFHEPS benefits to documented household members in instances of mixed-status households.
- 2 CityFHEPS replaced LINC I-IV, Special Exit and Prevention Supplements (SEPS), and City Family Eviction Prevention and Exit Plan Supplements (CityFEPS). The LINC programs served households in DHS shelters, safe havens, and drop-in centers, and the six versions of the program were for different household types: families with minor children with a working adult, repeat and long-term shelter residents, survivors of domestic violence, adults age 60 and older or disabled adults, working adults, and shelter residents that can reunite with family or friends. SEPS served adults-only households who were in shelter, survivors of domestic violence, faced eviction within the last 12 months, or were veterans at risk of shelter entry. CityFEPS served families with minor children who were in shelter and faced eviction within the last 12 months, included survivors of domestic violence, or lived in a shelter that was closing.
- 3 This includes Single Room Occupancy spaces, which are single rooms with shared bathrooms and kitchens
- 4 The **shelter allowance** portion of a Cash Assistance grant depends on the location, household size, household type (if minor children are present), and actual household housing cost. The statewide average is \$200/month for an individual, and \$347/month for a family of 4 with children.
- 5 For single rooms, the City will pay 4 months full rent up front for households without a shelter allowance, and one month full rent and the City share of the rent for 3 months up front for households with a shelter allowance. See: **CityFHEPS Frequently Asked Questions for Landlords and Brokers**.
- 6 This five-year limit does not apply to households with someone age 60 or older, or adults that receive disability benefits. DSS further states that the five year time period is “subject to...continued availability of funding” (in addition to meeting the requirements each year). See: **CityFHEPS Frequently Asked Questions For Clients in the Community**.
- 7 See: <https://www.nyc.gov/assets/hra/downloads/pdf/cityfheps-documents/dss-7r-e.pdf>
- 8 City of New York Administrative Code Title 68 Human Resources Administration: **Chapter 10**.
- 9 See: Sayfiah Riddle, “**Harlem Tenants Face Eviction After City Fails to Pay Vouchers**,” The City, February 10, 2023 and Chau Lam, “**Spelling Mistakes and Clerical Errors Could Keep Many Stranded in Shelters Under City Housing Program**,” Gothamist, February 18, 2022.
- 10 See: Safiyah Riddle, “**Nonprofit Lawyers Tapped to Tackle Backlog of Rental Assistance Claims**,” The City, March 13, 2023.
- 11 See: Mihir Zaveri, “**Program That Fights Homelessness is Mired in Dysfunction, Advocates Say**,” The New York Times, April 5, 2023.
- 12 Just looking at exits from shelter, in 2023 CityFHEPS represented 56 percent of subsidized exits to permanent housing for families with children and 45 percent of all exits to permanent housing (including non-subsidized exits). For individuals in shelter, in 2023 CityFHEPS represented 53 percent of subsidized exits and 38 percent of all exits to permanent housing. In addition, OMB frequently cites a 10 percent attrition rate for lease renewals for each of the four years voucher holders can renew, suggesting that the program is growing in size even with some voucher holders ending participation early.
- 13 For previous definition of at-risk for homelessness, see: City of New York Administrative Code Title 68 Human Resources Administration: **Chapter 10, Section 4**. For new definition, see: **Intro 878-A of 2023** bill language.
- 14 CSSNY has estimated that this expansion could prevent 8,000 households from entering shelter, based on their own survey data about self-eviction rates, OCJ data on housing court, their estimate of the population severely-rent burdened with 50% AMI, and DSS statements that 10% of shelter entries came from evictions from March 2019-February 2020. See: Debipriya Chatterjee, Samuel Stein, Oksana Mironova, and Jennifer Hinojosa, “**To Fight Homelessness, House the People (Part 2)**,” Community Service Society, June 20, 2023 and David Brand, “**NYC Evictions Have Increased Every Month This Year**,” City Limits, July 26, 2022
- 15 Oksana Mironova and Samuel Stein, “Assembly-line “justice”: Eviction attempts reach record highs in 2022.” **Assembly-Line “Justice”: Eviction Attempts Reach Record Highs in 2022 | Community Service Society of New York (cssny.org)**.
- 16 The City has used American Rescue Plan stimulus funding for CityFHEPS, but this is fungible stimulus funding that can be used for other purposes and is not specifically designated for CityFHEPS. Typically the City pays for all of the CityFHEPS voucher but only part of the cost of shelter because of state and federal contributions through TANF.
- 17 IBO communications with OMB.
- 18 Count comes from active payroll data and titles from DSS. For caseloads, from **June 2019 to June 2023**, Cash Assistance 12 month unduplicated recipients grew from 576,604 to 660,756. In the same period, **SNAP recipients** grew from 1,523,502 to 1,739,229 (including Cash Assistance/SNAP, SNAP only, and SNAP/SSI).
- 19 See: **2023 Mayor’s Management Report**.
- 20 CCHR hired 17 positions but lost 10 people, so a net increase of only 7. All data from City Payroll data systems.
- 21 See: Phillippa Carnemolla and Vivienne Skinner, “Outcomes Associated with Providing Secure, Stable, and Permanent Housing for People Who Have Been Homeless: An International Scoping Review,” Journal of Planning Literature, 36(4), 508-525 (2021). <https://doi.org/10.1177/08854122211012911>