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Has the Rise in Homelessness Prevention Spending Decreased the Shelter Population?

LAST JUNE MARKED THE FOURTH YEAR since Mayor Michael Bloomberg announced his five-year plan to reduce homelessness in the city by two-thirds by 2009. A major component of the plan, *Uniting for Solutions Beyond Shelter*, includes an increased emphasis on reducing the need for individuals and families to enter the shelter system. As fewer people are in the city's homeless shelters, the Mayor expected the savings on shelter costs would be used to further fund homelessness prevention and related efforts.

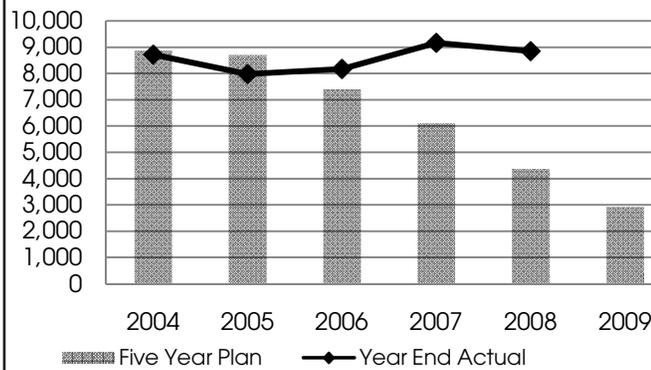
So far it has not worked as planned. While prevention efforts have expanded, the goals for reducing the number of families and single adults in emergency shelter have not been met. Moreover, while the number of homeless single adults has fallen somewhat, the number of homeless families has actually risen. As a result spending on both prevention and shelter has grown. City spending on homelessness prevention has risen from \$160.6 million in 2004 to \$191.2 million in 2007 and spending on homeless shelters has grown from \$563.4 million in 2004 to \$603.5 million over the same period. IBO prepared this review of homelessness prevention programs and spending at the request of Council Member Bill de Blasio.

Homelessness prevention is a broad term and can include intervention at various phases. Legal assistance and certain cash assistance programs aim to help households early in times of crisis by preventing evictions. When intervention happens early, it generally costs less per household but services are provided to some households that would not have entered the shelter system even if they had not received preventive services. There is also rental assistance and other services available later in the process, for example after a family has applied for but not yet entered a shelter. Intervention at this point focuses resources on those who, unaided, are most likely to wind up in a shelter. But assistance at a late stage generally costs more for each household assisted, as clients require more services and might have already been evicted and are living doubled up with another household.

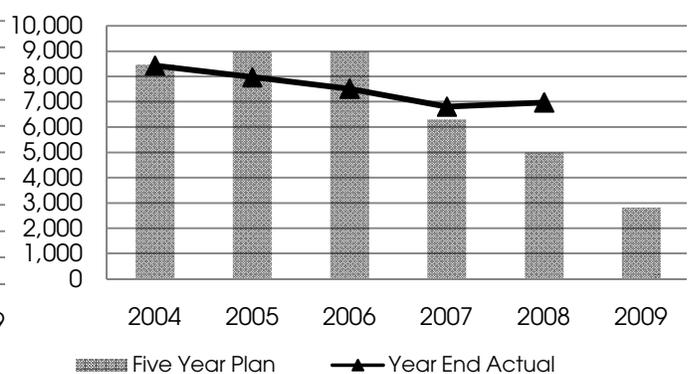
The Mayor's five-year plan to reduce homelessness includes efforts besides those designed to prevent shelter stays, such as minimizing the duration of shelter stays, better coordinating services and benefits, and measuring progress. The plan was developed in consultation with public, private, and nonprofit leaders, and coordinates efforts by the Human Resources Administration (HRA), Department of Homeless Services (DHS), Administration for Children's Services (ACS), and Department of Housing Preservation and Development (HPD).

The Department of Homeless Services publishes statistics on their homeless services but has not produced an annual progress report on the various components of the Mayor's homelessness reduction plan since July of 2005. The 2005 progress report listed the implementation status of the plan's strategies—ranging from preventing homelessness to minimizing the length of stay in shelter—and included challenges as well as accomplishments. Without regular information, it is

Progress on Mayor's Five Year Plan: Families in Emergency Shelter



Progress on Mayor's Five Year Plan: Single Adults in Emergency Shelter



SOURCES: IBO; Department of Homeless Services.

NOTES: Shelter populations for 2008 for families and single adults as of March 2008.

unclear which programs the Bloomberg Administration believes have been successful, what have been the major challenges, and whether current efforts and funding are adequate in order to make progress towards their goals.

Shelter Ins and Outs. There are two distinct populations of homeless—families and single adults—and shelter trends since the increase in homelessness prevention and other efforts related to the Mayor's plan have differed between the two populations. After an initial drop, the number of families in homeless shelters began to grow in early 2006, rising by 15 percent over the last two years, and is a bit higher now than in 2004 before the plan began. Unlike the family shelter population, the number of single adults in shelters declined for three years—down 17 percent since its peak—and has now leveled off.

The number of homeless in shelters at any one time is a function of both the number of people entering shelters and the ability to move those in shelters to more permanent housing. The Mayor's five-year plan proposed prevention efforts to keep families and single adults from having to enter shelter, as well as placement options to move more families and single adults out of shelters and into permanent housing more quickly.

During the first three-and-a-half years the plan was in effect, the number of families found eligible for shelter increased while the number being moved out of shelter and into permanent housing decreased. The city saw increases in the number of

families found eligible for shelter (a measure for entrants), from a monthly average of 771 in 2004 to 983 in 2007 while the other driver of shelter population, permanent placements, decreased from a total of 7,090 in 2004 to 6,181 in 2007.

There has been some progress on both homeless prevention and permanent placements during the current year. Through March of fiscal year 2008 on average 884 families have been found eligible for shelter each month, less than last year but still higher than 2004. There has been a monthly average of 575 placements through March 2008, putting DHS on pace for 6,900 placements for the year.

Shelter Census and Spending. Total spending on the shelter system in 2007 was \$603.5 million and was budgeted at \$651.3 million in 2008. The increase is attributable to a rise in the family shelter population early in this fiscal year, although the number of families has declined over the past few months. In fiscal year 2007

Shelter Population and Spending, 2004-2008

Dollars in millions

	2004	2005	2006	2007	2008
Spending:					
Family Shelter	\$362.9	\$376.4	\$360.0	\$376.6	\$433.0
Adult Shelter	200.5	223.1	227.4	226.9	218.3
Shelter Total	\$563.4	\$599.5	\$587.4	\$603.5	\$651.3
Prevention Spending	\$160.6	\$171.6	\$186.5	\$191.2	n/a
Shelter Population: (End of Fiscal Year)					
Families in Shelter	8,712	7,975	8,165	9,162	8,848
Individuals in Family Shelter	27,967	24,859	24,022	27,653	27,491
Single Adults in Shelter	8,432	7,976	7,520	6,813	6,976

SOURCES: IBO; Mayor's Office of Management and Budget; Department of Homeless Services.

NOTES: Fiscal year 2008 spending figures are budgeted; Shelter populations as of June for fiscal years 2004-2007 and as of March for fiscal year 2008.

Spending on Homelessness Prevention

Dollars in millions

	2004	2005	2006	2007	2008
Human Resources Administration	\$145.2	\$150.1	\$160.4	\$160.2	n/a
Department of Homeless Services	10.0	12.1	14.9	18.5	19.2
Administration for Children's Services	5.0	3.9	4.7	5.5	5.0
Housing Preservation and Development	0.4	2.5	2.5	2.5	3.0
Legal Assistance Contracts	-	3.1	4.0	4.5	5.5
TOTAL	\$160.6	\$171.6	\$186.5	\$191.2	n/c

SOURCES: IBO; Human Resources Administration; Administration for Children's Services.

NOTES: Fiscal year 2008 figures are budgeted; n/a - not available, n/c - not comparable. Numbers may not add due to rounding.

The Department of Homeless Services spent \$18.5 million on prevention in 2007, up 24.1 percent from 2006, and had a budget of \$19.2 million for 2008. The Administration for Children's Services increased its homelessness prevention spending by \$800,000 (17.0 percent) in 2007; ACS prevention

the monthly average of families in the shelter system was 9,043; through March of fiscal year 2008, the average is 9,181.

The family shelter population has seen significant increases since the middle of 2006. In December 2005 there were 7,707 families in shelter, but by March 2008 this had risen to 8,848, a 14.8 percent increase. Family shelter spending, including both DHS-run and privately run shelters, which had declined to \$360.0 million in fiscal year 2006, is now budgeted at \$433.0 million for 2008, an increase of 20.3 percent since 2006.

According to the *Mayor's Management Report*, the average cost per day for a family in shelter was \$94.97 per family in 2007. Through 2007, the average length of stay in shelter has been roughly 325 days, for an average cost of approximately \$31,000 per family in shelter over the course of their stay.

In contrast, the single adult shelter population has decreased from 8,432 at the end of 2004 to 6,976 in March 2008. Adult shelter spending has remained relatively constant over that time and it is projected to increase slightly by \$3.0 million in 2009 to \$221.3 million if the shelter population remains at its current level. The cost per day for adult shelter was \$63.75 per person in 2007.

Prevention Spending. Total city spending on homelessness prevention increased to \$191.2 million in 2007, a 2.5 percent rise from 2006, and a 19.1 percent increase since 2004, the baseline year for the five-year plan. Prevention spending by the Human Resources Administration was flat in 2007 and constituted nearly 84 percent of total prevention spending, down from about 90 percent in 2004. HRA's homelessness prevention programs are included in the broader cash assistance budget, predominantly consisting of funds for welfare. The Mayor's Office of Management and Budget produces a budget estimate for total cash assistance but does not budget by specific types of assistance. Accordingly, HRA and the Mayor's budget office are not able to provide budget information for homelessness prevention for 2008.

spending for 2008 was budgeted to decline roughly 8 percent. The Department of Housing Preservation and Development spent \$2.5 million each year from 2005 through 2007 for anti-eviction legal services contracts funded by the City Council and had a budget of \$3.0 million in 2008. Legal assistance contracts increased more than 10 percent to \$4.5 million in 2007, and were expected to rise 22 percent in 2008. (For more detailed information on spending by each of these agencies and their specific programs, [click here](#).)

New and Growing Homelessness Prevention Efforts. Two of the key homelessness prevention efforts since the Mayor introduced his five-year plan have been the introduction of the HomeBase program and the expansion of one-time cash grants. HomeBase began as a pilot program in six community districts in September 2004 and expanded citywide in 2008. The program, run by the Department of Homeless Services, funds community-based organizations that help families at risk of homelessness secure services and one-time cash assistance. Spending on HomeBase has more than doubled from \$5.2 million in 2005, its first full year of operation, to \$12.4 million budgeted for 2008 with seven nonprofit groups responsible for 12 catchment areas that cover the entire city.

Initially, HomeBase focused on families and single adults deemed most at risk of needing to enter the shelter system. With its citywide expansion, HomeBase providers now also work with certain families who have recently left the shelter system in an effort to prevent the need for reentry and with families that have applied for shelter to prevent them from having to enter.

There is some evidence that HomeBase has been effective in preventing participants from entering the shelter system. Although there has been a citywide rise in family shelter entrants, the increase was lower in the six HomeBase communities. Family shelter entrants from the original six community districts with HomeBase rose 6.3 percent between 2004 and 2007

compared with increases of 13.7 percent in demographically similar districts without HomeBase and 17.5 percent in all other districts, according to information proved by DHS.

Additional evidence on the efficacy of the HomeBase program is included in the *Mayor's Management Report*. As of 2007, 91.7 percent of families who received HomeBase prevention services did not enter the shelter system within 18 months of enrollment. Similarly, 96.4 percent of single adults who received prevention services from HomeBase did not reside in shelter for more than 20 days within 18 months after enrollment as compared with the average length of shelter stay for single adults of 92 days during fiscal year 2007. However, it is not possible to determine how many of those enrolled would have entered shelter without the assistance.

While total homelessness prevention spending by the Human Resources Administration leveled off in 2007, spending on one-time cash assistance has continued to grow, rising from \$76.6 million in 2004 to \$110.5 million and \$114.3 million, respectively, in 2006 and 2007. One-time cash assistance is provided to single adults and families facing eviction or other crises that could lead to a shelter stay and can be used to cover back rent, brokers fees, security deposits, or related needs. These cash grants primarily go to households that are not receiving public assistance. But part of the funding for the one-time assistance comes from federal Temporary Assistance to Needy Families dollars.

There were nearly 87,000 one-time cash assistance cases in 2007, an increase of 2.3 percent from 2006. The average cost for each case in 2007 was \$1,315.

Cost Effective? While the city is undertaking many strategies to prevent homelessness, including the HomeBase program, one-time and on-going rental assistance, and multiple anti-eviction legal assistance programs, little is known about their overall effectiveness. The city has not released an annual progress report on the five-year plan since July of 2005.

The fact that spending is increasing as shelter populations are increasing shows that we need a deeper understanding of the causes of the increase in the shelter population as well as the effectiveness of prevention programs. There is no consensus on when the most cost-effective time is to intervene. Also, there is no data on what the most effective services are among the various options such as cash assistance, mediation of disputes between landlords and tenants, job placement to help households afford to hold on to their apartments, legal assistance, and others. More information is needed to determine if additional funding is necessary or if prevention programs can better target their funding to the most appropriate means of assistance. A better understanding would help the city target its resources to prevent homelessness and shelter stays that are costly in both fiscal and human terms.

This report prepared by Brendan Cheney

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