

*Broken Promises:  
Examining the Cost of the New York City  
Housing Authority Reneging on its  
Commitment to Vulnerable New Yorkers*

A Brief by Public Advocate Bill de Blasio  
June 19, 2010

Visit the Office of the Public Advocate on the web at [advocate.nyc.gov](http://advocate.nyc.gov) or contact the Office at 212-669-7250 or [GetHelp@pubadvocate.nyc.gov](mailto:GetHelp@pubadvocate.nyc.gov)

With research assistance provided by:  
Coalition for the Homeless  
The Legal Aid Society

## **EXECUTIVE SUMMARY**

This brief prepared by the Public Advocate's Office examines the New York City Housing Authority's December 2009 decision to revoke approximately 2,600 Section 8 vouchers. Since taking office in January 2010, Public Advocate Bill de Blasio has received 148 complaints from New Yorkers whose Section 8 vouchers were rescinded by NYCHA, are on the wait list for a Section 8 voucher or who are in need of a Section 8 voucher but cannot get on the wait list due to NYCHA's voucher waiting list freeze. It would cost the City approximately \$25 million to pay for 2,600 Section 8 vouchers, whereas it would cost between \$47 and \$77 million to pay for the cost of sheltering these same 2,600 individuals and families for nine months. The Public Advocate recommends that the City consider using \$25 million of the remaining \$73 million allocated to DHS under the American Recovery and Reinvestment Act to cover the cost of one year of Section 8 vouchers for the 2,600 recipients until New York City Housing Authority is able to distribute vouchers again.

## ***Introduction***

On December 18, 2009, the New York City Housing Authority (NYCHA) rescinded over 2,600 previously-promised Section 8 vouchers.<sup>1</sup> The action resulted from poor economic forecasting, a failure to observe trends in attrition rates and NYCHA exceeding the federal cap on Section 8 vouchers for New York City. The Section 8 program offered a unique opportunity to attain permanent affordable housing in New York City for nearly all of these would-be voucher holders. Many now face the possibility of entering the City's shelter system or living in unstable housing.

Since taking office in January 2010, Public Advocate Bill de Blasio has received 148 complaints from New Yorkers whose Section 8 vouchers were rescinded by NYCHA, are on the wait list for a Section 8 voucher, or who are in need of a Section 8 voucher but cannot get on the wait list due to NYCHA's voucher waiting-list freeze. These complaints have provided the Office with a window into the experiences and problems of this vulnerable population and the importance of finding a viable funding solution for the 2,600 former voucher holders.

## ***Background***

NYCHA and the Department of Housing Preservation and Development (HPD) administer the federally funded Section 8 program in New York City. Section 8, more formally known as the Housing Choice Voucher Program, is divided into two components.<sup>2</sup> The first component is a project-based voucher meaning that the subsidy is tied to a specific apartment or unit.<sup>3</sup> The second, more commonly known component is a "mobile" rent subsidy that allows participants to choose their own private, pre-approved apartments.<sup>4</sup> Voucher holders are required to pay their landlords the difference between thirty percent of their household income and the monthly rent, while NYCHA or HPD pays the remainder of the rent.<sup>5</sup> Currently, NYCHA administers the largest Section 8 voucher program in the United States providing rent subsidies for over 102,000 recipients.<sup>6</sup> HPD is the fourth largest administrator in the United States and distributes approximately 29,000 vouchers to families and individuals a year.<sup>7</sup>

---

<sup>1</sup> Report of the New York City Council *Oversight – Part Two: The Recent Loss of Section 8 Vouchers and the Future of Section 8 in New York City* (February 23, 2010), available at: [council.nyc.gov](http://council.nyc.gov)

<sup>2</sup> See Section 8 Housing Choice Voucher Description available on the New York City Housing Authority's website, at: [http://www.nyc.gov/html/nycha/downloads/pdf/lh\\_housing\\_choice.pdf](http://www.nyc.gov/html/nycha/downloads/pdf/lh_housing_choice.pdf)

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> See the Preliminary Fiscal 2010 Mayor's Management Report for NYCHA, available at: [http://www.nyc.gov/html/ops/html/mmr/mmr\\_sub.shtml](http://www.nyc.gov/html/ops/html/mmr/mmr_sub.shtml)

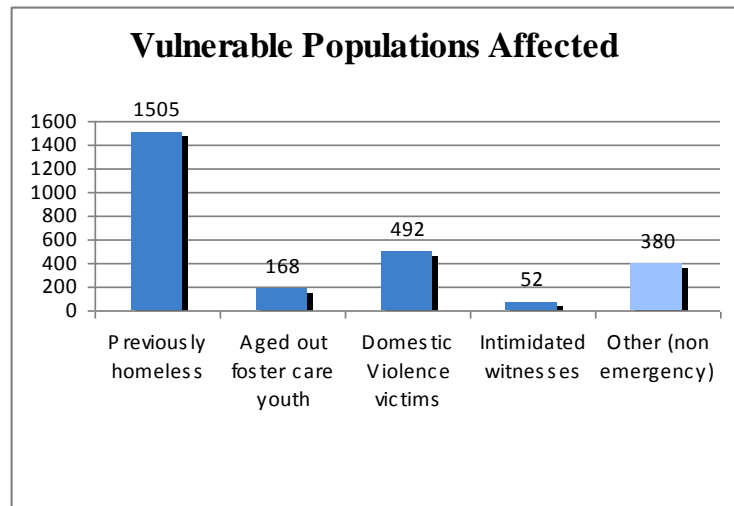
<sup>7</sup> *Oversight – Part Two: The Recent Loss of Section 8 Vouchers and the Future of Section 8 in New York City* (February 23, 2010) (statement of Housing and Preservation Department Commissioner Rafael E. Cestero), available at: [council.nyc.gov](http://council.nyc.gov)

As previously mentioned, on December 18, 2009 NYCHA informed nearly 2,600<sup>8</sup> recently-notified voucher recipients that they would no longer receive the Section 8 rent subsidy. Despite knowing for many months of the possible housing problems many of these recently-notified vouchers recipients were facing, the City and State housing and homeless services authorities have yet to resolve the situation. However, the Department of Homeless Services (DHS) did establish a \$1 million Homebase Flex Fund using some of its \$73 million allocated under the American Recovery and Reinvestment Act to assist clients affected by this problem.<sup>9</sup>

*The Face of the 2,600 Revoked Section 8 Voucher Recipients*

Many New Yorkers who had their vouchers rescinded relied on NYCHA’s promise of housing subsidies and now have nowhere to go. These families represent the City’s most vulnerable populations, including formerly homeless persons, domestic violence victims and youth aging out of foster care.<sup>10</sup> Although there may be potential overlaps and unrepresented categories, the chart below categorizes the rescinded Section 8 voucher holders,<sup>11</sup> and puts a face on the affected parties.

Due to conflicting data from the Administration about how many vouchers were actually rescinded, it has been difficult to fully track these 2,600 individuals. However, at least twenty-seven former voucher holders, who received short-term subsidies from the DHS, have entered the City’s shelter system.<sup>12</sup> In addition, at least 134 of the 2,600 rescinded voucher holders have open housing court cases with New York State, which suggests that these persons are in at-risk housing situations, i.e. could face potential eviction or have rent arrears.<sup>13</sup>



**Figure 1** This chart represents NYCHA data on Section 8 voucher holders.

<sup>8</sup> Letter from the State Office of Temporary and Disability Services to New York State Senator Daniel Squadron (May 5, 2010) (on file with the Office of the Public Advocate) (stating that the exact number of vouchers rescinded by NYCHA was 2,589).

<sup>9</sup> *Oversight – Part Two: The Recent Loss of Section 8 Vouchers and the Future of Section 8 in New York City* (February 23, 2010) (statement of the Department of Homeless Services Commissioner Robert Hess), available at: [council.nyc.gov](http://council.nyc.gov)

<sup>10</sup> See Analysis prepared by the New York City Housing Authority provided to the Legal Aid Society of New York, 2010 (on file with the Office of the Public Advocate).

<sup>11</sup> *Id.*

<sup>12</sup> *Hearing on the Mayor’s Fiscal 2011 Executive Budget, Department of Homeless Services* (May 18, 2010) (statement of Seth Diamond, Commissioner of the Department of Homeless Services)

<sup>13</sup> Using New York City Housing Authority data (on file with the Office of the Public Advocate), the Office of the Public Advocate searched the New York State webhousing database, available at:

While the open housing court cases are not conclusive, these numbers provide a snapshot of the consequences of revoking previously promised government benefits from at-risk individuals and families. The analysis of pending housing court cases is under-inclusive for a variety of reasons. First, there is the possibility that the Section 8 voucher recipient is not the same person as the lease holder, which would explain why the voucher recipient's name did not appear as having an open housing court case. Also, the open court cases do not include former voucher holders currently living with family or friends, or landlords who are in the process of filing housing court cases.

#### *Worsening Housing Crisis on the Horizon*

Worsening the problem for Fiscal Year (FY) 2011, NYCHA has a projected budget deficit of \$19 million in its Section 8 program. To address this deficit, NYCHA has proposed increasing the rent share for 47,000 current Section 8 voucher participants for a few months or to revoke vouchers from 4,400 current recipients.<sup>14</sup> Unfortunately, it appears that the Administration does not fully recognize the consequences of NYCHA's broken promises and proposed budget solutions. If left unresolved, NYCHA's FY11 deficiencies will exact a high cost from the City's taxpayers and families and individuals who are already in vulnerable living situations.

If NYCHA does not receive the funding necessary to avoid its proposed budget cuts, thousands of additional low-income families could face housing insecurity. NYCHA's proposed budget cuts would leave thousands of families struggling to pay their rent or a large number of Section 8 voucher holders without the subsidies they need to maintain permanent homes. In addition, the implications of proposed Section 8 cuts on DHS' housing subsidy programs have not been fully analyzed.

The two year DHS Advantage housing subsidy program is "designed to help families and individuals transition from temporary, emergency shelter back to self-sufficiency as quickly as possible."<sup>15</sup> The Advantage program relies heavily on the availability of Section 8 vouchers to help families attain long-term affordable housing because it is only a two year subsidy program. For families whose DHS subsidies have ended, Section 8 housing is currently unavailable, which may lead them back into the vicious cycle of the shelter system and eventually back to the Advantage program. Housing insecurity could very well be an endless cycle for homeless families if NYCHA fails to develop a plan to revive the availability of Section 8 vouchers.

#### ***The Economic and Human Costs of NYCHA Reneging on Its Commitment***

New York's most vulnerable residents bear the economic and human costs associated with reductions in Section 8 funding. NYCHA's proposal to raise rents for 47,000 current

---

<http://iapps.courts.state.ny.us/housing/> to determine how many of the revoked voucher recipients may have an existing housing court case. Names included are those with minor misspellings, names that were spelled correctly but were in different boroughs from the NYCHA list were not included.

<sup>14</sup> *Hearing on the Mayor's Fiscal 2011 Executive Budget, Committee on Finance and Public Housing*, (May 21, 2010) (statement of John B. Rhea, New York City Housing Authority)

<sup>15</sup> See Description of Advantage Program available at: [http://www.nyc.gov/html/dhs/html/rent/AdvntNY\\_about.shtml](http://www.nyc.gov/html/dhs/html/rent/AdvntNY_about.shtml)

Section 8 voucher holders or revoke 4,400 vouchers from current recipients likely will further burden vulnerable New Yorkers. These budget solutions will result in an increased caseload for rental arrears programs, an increase in housing court cases, and an increase in individuals and families relying on an already overcrowded shelter system. The City must address the financial and human costs of this problem, especially given the potential that these individuals could become homeless and the effect it may have on lives of the victims.

### *The Economic Costs*

Currently, approximately 35,000 individual including 8,000 families sleep in the City's shelter system each night.<sup>16</sup> Shelters are presently at capacity and DHS relies heavily on converted hotels, which are costly and provide few social services.<sup>17</sup> The rising number of homeless families and individuals who may seek emergency shelter due to the rescinded vouchers and timing out of DHS' Advantage program, in combination with the proposed budget cuts will come at an exorbitant cost to both DHS and taxpayers.

Over the course of the last six months, there have been proposals to solve this problem that unfortunately have been unsuccessful. In particular, NYCHA requested financial assistance from the federal government regarding the 2,600 revoked Section 8 vouchers, but the United States Department of Housing and Urban Development (HUD) rejected the agency's request due to HUD's strict voucher cap guidelines.<sup>18</sup> Also, looking for short-term solutions, Public Advocate Bill de Blasio, Borough President Scott Stringer and other elected officials, among other things, requested that the State Office of Temporary and Disability Assistance (OTDA) extend DHS' current Advantage program, but this solution was not fully explored by the Administration.<sup>19</sup>

As seen in Figures 2 and 3, it costs almost three times as much to house a family in the City's shelter system as it does to provide a Section 8 voucher.<sup>20</sup> On average, Section 8 voucher subsidies cost the City \$9,600 per family annually, while an average individual

---

<sup>16</sup> See New York City Department of Homeless Services, "Daily Census" June 14, 2010, available at: <http://www.nyc.gov/html/dhs/html/home/home.shtml>

<sup>17</sup> City of New York Office of the Comptroller, Audit Report on the Compliance of the Department of Homeless Services with City Procurement Rules and Controls over Payment to Non-contracted Providers, March 2010.

<sup>18</sup> Letter from Members of Congress to New York State Governor David Paterson and New York City Mayor Michael Bloomberg (January 22, 2010) (on file with the Office of the Public Advocate).

<sup>19</sup> Letter from Manhattan Borough President Scott Stringer and Public Advocate Bill de Blasio Office of Temporary Disability Assistance's Executive Deputy Commissioner Elizabeth Berlin (June 13, 2010) (letter on file with the Office of the Public Advocate) (requesting that OTDA approve the City's request to extend the Advantage program); see also Letter from Borough President Scott Stringer and Public Advocate Bill de Blasio (among other signators) to Deputy Mayor Gibbs, et al dated (January 13, 2010) (letter on file with the Public Advocate's Office); (outlining a six point plan for solving the NYCHA crisis, including OTDA extension of Advantage program to address this problem); see also, Letter from the State Office of Temporary and Disability Services to New York State Senator Daniel Squadron (May 5, 2010) (on file with the Office of the Public Advocate) (stating that the exact number of vouchers rescinded by NYCHA was 2,589).

<sup>20</sup> These numbers reflect the cost for families with children and do not include the cost of single individuals, or adult families. The NYCHA data available does not have a breakdown of the family size of the former voucher recipients but it is estimated that many of them were families with children.

and family's nine month stay<sup>21</sup> in shelter costs between \$18,300 and \$29,000.<sup>22</sup> NYCHA's proposals to raise rents for 47,000 current Section 8 voucher holders or to revoke more vouchers likely could cause 4,400 recipients to lose their housing, which would increase shelter costs.

**Figure 2**

<b>Cost Comparison: Section 8 Vouchers vs. Cost of Shelter*</b>			
<b>Time Period</b>	<b>Average Cost of Section 8 Voucher</b>	<b>Average Cost of Shelter for a single adult**</b>	<b>Average Cost of Shelter per family with children**</b>
1 day	\$26.67	\$70.18	\$105.22
1 month	\$800.00	\$2,105.40	\$3156.60
1 year**	\$9,600.00	\$18,316.98	\$29,566.82

\*The average days in a month (30) divided and/or multiplied by the average cost of voucher and shelter per month.

\*\*According to the Preliminary Fiscal 2010 Mayor's Management Report for DHS, the average shelter stay for a single adult was 261 days in FY 2009 and for a family with children it was 281 days FY 2009.

Figure 3 calculates the annual cost to the City in the worst case scenario that all 2,600 former voucher holders sought emergency housing. As indicated in Figures 2 and 3, the cost of shelter exceeds the cost of the Section 8 voucher by two to three times, depending on the ratio of individuals versus families who are voucher holders at any given time. Specifically, it would cost the City approximately \$25 million to pay for 2,600 Section 8 vouchers, whereas it would cost the City between \$47 to \$77 million to pay for the cost of sheltering these same 2,600 individuals and families for nine months, which represents a very small amount of the City's overall budget.

**Figure 3**

<b>Worst-Case Scenario: If all 2600 Former Voucher Holders Entered the Shelter System</b>	
Yearly cost of Shelter System for 2,600 individuals*	2600 x (\$18,316.98)= \$47, 624,148
Yearly cost of Shelter System for 2,600 families with children*	2600 x (\$29,566.82)= \$ 76,873,732.00
Yearly cost of 2,600 Section 8 Vouchers	2600 x (\$9,600.00)= \$24,960,000.00

\* According to the Preliminary Fiscal 2010 Mayor's Management Report for DHS, the average shelter stay for a single adult was 261 in FY 2009 and for a family with children it was 281 days FY 2009.

<sup>21</sup>See Mayor's Preliminary Fiscal 2010 Mayor's Management Report for the Department of Homeless Services, available at: [http://www.nyc.gov/html/ops/html/mmr/mmr\\_sub.shtml](http://www.nyc.gov/html/ops/html/mmr/mmr_sub.shtml) (stating that in FY 2009 the average length of shelter stay for families was 281 days (9.3 months), and for single adults it was 261days (8.7 months))

<sup>22</sup> Oversight – The Recent Loss of Section 8 Vouchers and the Future of Section 8 in New York City (February 9, 2010) (statement of The Legal Aid Society); see also Mayor's Preliminary Fiscal 2010 Management Report for the Department of Homeless Services, available at: [http://www.nyc.gov/html/ops/html/mmr/mmr\\_sub.shtml](http://www.nyc.gov/html/ops/html/mmr/mmr_sub.shtml)

When NYCHA requested federal government assistance with its FY11 \$45 million budget deficit, HUD allocated the agency \$24.7 million leaving NYCHA with a roughly \$19 million dollar deficit.<sup>23</sup> The infusion of these federal monies, however, will have no impact on NYCHA's ability to reinstate the previously-revoked 2,600 Section 8 vouchers.<sup>24</sup>

### *The Human Costs*

NYCHA's revocation of Section 8 vouchers already has had an adverse effect on many families, individuals and children. For families with children, the human costs of NYCHA's decision can be even more dire. Many families may be living in unstable and transient living conditions, and struggling to find ways to regain stability in their children's lives. This situation could exacerbate already bleak prospects for homeless youth – in particular educational outcomes, especially since studies show homeless youth are more likely to be chronically absent from school; thereby affecting their overall academic achievement.<sup>25</sup> The City has recently experienced an increase in its population of students living in homeless shelters from 20,111 in 2007 to 24,746 in 2009,<sup>26</sup> and this number could rise if NYCHA's current voucher problems go unmitigated.

Children in transitional housing also experience higher rates of mental health and stress-related issues.<sup>27</sup> According to national research, current or formerly homeless children experience a greater risk of stress-related symptoms due to the worries they have about their housing and family situations.<sup>28</sup> In addition, the rate of depression among homeless mothers is very high, which can have adverse effects on the parent-child relationship.<sup>29</sup> Overall, the negative effects of living in homeless shelter, or in a tenuous or unstable housing situation come at an educational and emotional cost to children and their families which can be avoided now and in the future if the City prioritizes retaining the availability of stable housing as is provided by the Section 8 program.

### *Conclusion and Recommendations*

At the high end of the spectrum, assuming that all 2,600 previous voucher recipients were comprised of families and all of them entered the City's shelter system, it would cost the City three times as much to provide shelter for such family as it would to cover the cost of one Section 8 voucher. Regardless, it is also clear that the City's shelter system currently does not have the capacity or resources necessary to provide a stable home environment for these families in the same way as a Section 8 voucher.

For all of these reasons, the Public Advocate recommends that the City explore all viable solutions to the current Section 8 funding crisis. In particular, the City should consider

---

<sup>23</sup> See *supra* note 10

<sup>24</sup> *Id.*

<sup>25</sup> Center for New York City Affairs, *Strengthening Schools by Strengthening Families*, October 2008

<sup>26</sup> NYSTEACHS, NYC Data on Homeless Students 2007-2009, [www.nysteachs.org](http://www.nysteachs.org).

<sup>27</sup> National Center For Family Homelessness, *America's Youngest Outcasts: State Report Card on Child Homelessness* 2009

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*



using some of the remaining \$73 million allocated to DHS under the American Recovery and Reinvestment Act to provide NYCHA with the \$25 million it needs to cover the cost of one year of Section 8 vouchers for the 2,600 persons. This approach makes sense as the funding for the federal Homeless Prevention and Rapid Rehousing Program must be allocated towards preventing homelessness during the economic downturn. Since these funds must be utilized by 2012, the City should have no bigger homelessness prevention priority over the next year and a half than ensuring that these 2,600 individuals and families find stable housing. Moreover, this approach is justifiable as more than half of the 2,600 voucher recipients were previously homeless and received services DHS in some way before they received Section 8 vouchers; the remaining recipients are individuals who may be at risk of becoming homeless because they are currently in tenuous living situations. Finally, this would only need to be a short-term solution since per NYCHA Chairman John Rhea's recent statements at the agency's May 21, 2010 City Council Executive Budget Hearing the agency's budget will be in structural balance to begin reissuing vouchers in 2011 and these 2,600 individuals will be at the top of the list for receiving a voucher.<sup>30</sup>

Funding the 2,600 Section 8 vouchers is costly, but as explained in this brief it will cost substantially less than supporting the same population in the City's shelter system. Providing families and individuals with a road to permanent housing will also have a lasting beneficial impact on the voucher holder, their families, and the City as a whole.

---

<sup>30</sup> *Hearing on the Mayor's Fiscal 2011 Executive Budget, Committee on Finance and Public Housing*, (May 21, 2010) (hearing transcript of the remarks of New York City Housing Authority Chairman, John B. Rhea)