



## **Executive Budget Hearing for Fiscal Year 2011**

**May 18, 2010**

Good afternoon Chair Palma, Chair Recchia and members of the General Welfare and Finance Committees. I'm Seth Diamond, Commissioner of the Department of Homeless Services (DHS). Joining me this afternoon are Steve Pock, Deputy Commissioner for Fiscal and Procurement Operations, and Lula Urquhart, Assistant Commissioner for Budget and Audit.

I am pleased to be here today to testify about Mayor Bloomberg's Fiscal Year 2011 Executive Budget for DHS and share with you some of the agency's major accomplishments over the past year, as well as our direction moving forward. As the new Commissioner for DHS, I am honored to lead the agency in preventing homelessness wherever possible and assisting homeless New Yorkers to overcome their housing crisis and return to self-sufficiency.

In the four weeks since my appointment as Commissioner, I visited shelters for single men and women, adult families and families with children. I toured our intake centers that operate 24 hours a day, 365 days a year. At PATH, our intake center for families with children, I witnessed remarkable inter-agency collaboration to divert families from entering our system and provide social services to all applicants. I accompanied outreach workers in their quest to encourage men and women to leave the streets for Safe Havens, an innovative alternative to shelter. I met nonprofit providers who are essential partners with us in the work we do. I talked with employees throughout the agency and am impressed by their dedication, hard work and compassion for the people we serve. I traveled to Albany to meet with members of our State oversight agency and legislators. I also had the pleasure of meeting with some of you, and I look forward to our working together in the fight against homelessness.

As Commissioner, I intend to build on the impressive success of former Commissioners Linda Gibbs and Robert Hess. Under their leadership, the family shelter system has undergone transformative changes as highlighted by the closing of the Emergency Assistance Unit (EAU) and the opening of PATH to serve as a temporary replacement until a new intake center could be built, which I will discuss later in my testimony.

Commissioner Hess pioneered the redesign of the agency's street outreach efforts, development of the Safe Haven model for street homeless clients, short-term transitional housing for homeless veterans, and expansion of preventive services.

The accomplishments of my predecessors allow DHS to focus on new initiatives. One such strategy is placing greater emphasis on employment as a path out of shelter and a way to avoid shelter. As many of you know, I previously served as the Executive Deputy Commissioner of the Family Independence Administration at the Human Resources Administration where I oversaw all of the City's cash assistance, employment and Food Stamp programs. I am proud of the role I played at HRA in developing a program that assisted low-income New Yorkers of all abilities to gain and maintain employment. In my 15 years

at HRA, I have seen first-hand the important role work can play in improving the lives of families and individuals throughout the city and I look forward to bringing those lessons to my new role at DHS.

Now I would like to provide the Committees with an overview of DHS' milestones and challenges over the past fiscal year.

## **PREVENTION**

While DHS assists clients in shelter with a wide range of services designed to move them quickly to self-sufficiency, our core mission has grown to incorporate preventing homelessness — a top priority, which I know we all embrace. I am pleased to report that with the aid of federal stimulus funding, we have expanded our prevention efforts.

### **► Homebase**

Our award-winning Homebase program is a community-based network of providers that offer an array of preventive services in locations throughout the five boroughs. The program provides case management and financial assistance to help families and individuals stay stably housed in the community, including mediation with landlords, job search assistance, benefits advocacy, household budgeting and relocation assistance.

As you know, DHS allocated \$1 million to create a Homebase Housing Flexible Emergency Assistance Fund to support families who lost their Section 8 vouchers at the end of last year due to funding constraints at the New York City Housing Authority. Since January 2010, 238 clients on the Flex Fund list sought Homebase assistance and 58 clients received financial assistance totaling \$154,000. Of the 743 families that received our Advantage subsidy, only 27 of them have entered shelter since January. With the help of data from the housing court, we are reaching out to families who are involved in an eviction proceeding to offer services.

### **► Expansion of Anti-Eviction Legal Services**

Since 2002, our seven anti-eviction legal services providers have represented more than 30,000 families in housing court with 90 percent remaining stably housed for at least one year. Recognizing the value of these services, especially during these tough economic times, we are adding \$1 million to this program in FY 2011, bringing the total program budget to \$7 million. Not only are we increasing the funding, but this year for the first time, we allowed our providers to assist single adults at risk of eviction and homelessness. DHS is currently negotiating three additional contracts for these services.

Many of you are also familiar with Housing Help, our successful and long-standing partnership with the United Way of New York City and The Legal Aid Society. Housing Help, which originated in the Bronx housing court, provides both legal representation and social services to families at the highest risk of homelessness. I am pleased to report that in cooperation with the NYS Office of Court Administration, the program was expanded to housing court in Brooklyn and Queens. We believe this "homelessness prevention court" model holds great promise and next month we are releasing an independent evaluation of the program at a conference sponsored by the United Way of New York City.

### **► Investing in Community Prevention and Aftercare Services**

DHS has firmly demonstrated its commitment to homelessness prevention. We allocated half of our federal Homeless Prevention and Rapid Re-housing (HPRP) funds to prevention — undoubtedly a worthwhile investment for many New Yorkers experiencing a housing crisis. Thanks to a well established infrastructure for delivering prevention services, we have spent our federal funds far faster than any other municipality and are on track to fully utilize our allocation by the time the program ends in July 2012.

It remains our hope and our goal to help as many New Yorkers as possible remain stably housed, while providing them with the resources they need to stay self-sufficient and avoid having to enter shelter. Between FY 2009 and FY 2011, our investment in community prevention and aftercare services has grown from \$18 million to \$23 million. And, this does *not* include the Homebase diversion and rapid re-housing work, which assists clients after they have sought shelter.

### ► **Shelter Diversion Services**

For families and individuals who do not access prevention services in the community, DHS and HRA offer diversion services at our intake centers — the front door for those seeking shelter. Our collaborative efforts with staff at HRA, Homebase and the PATH Resource Room have resulted in a 300 percent increase in the number of family applicants diverted from shelter since calendar year 2006. More than 6,000 families were successfully diverted in 2009 and we are on pace to help even more families avoid shelter in 2010. Similar efforts are also underway at our intake centers for single adults.

### **FAMILY SERVICES**

While this has been a period of unprecedented demand for our services, because of the dedicated work of DHS staff and our shelter providers, we continue to move families out of shelter and into the community in record numbers. Overall move-outs have increased by 41 percent over FY08. This fiscal year, the number of families moving out of shelter and into permanent housing has averaged more than 700 per month. We are also on track to exceed our record number of placements of 7,721 families set in FY09.

Our focus on rapid return to the community has dramatically reduced our clients' average length of stay in shelter — a 25 percent reduction in FY10 as compared to FY08. Today, a family stays on average eight months in shelter, compared to more than 10.5 months two years ago. We strongly believe that families and children should not stay in shelter one day longer than necessary, and rapid re-housing programs, such as the initiative we will launch with Homebase in FY 2011, will help us to continue achieving this goal.

The agency's targeted focus on addressing the needs of our long-term shelter clients has also proven highly effective. From FY08 to FY10, the average number of long-term stayers in shelter dropped by an impressive 39 percent.

As a result of more rapid move-outs and increased diversions, over the last six consecutive months, we have seen a six percent decline in the family shelter census from October 2009 to April 2010.

### ► **Employment**

Central to our efforts to support families is our ability to assist clients with gaining employment. Three years ago, when we introduced our Advantage rental subsidy and emphasized employment as the path out of shelter, some questioned the ability of shelter families to obtain and hold on to jobs. These concerns were proven wrong. In the last three years, even in the face of a recession, families have clearly

demonstrated their desire to go to work and their ability to secure jobs. In fact, the highest performing HRA Job Center, in terms of job placements, is the East River Job Center which serves shelter clients. Last year, that Center recorded more than 8,500 job placements — serving 6,304 families and 2,226 single adults.

Now is the time to strengthen the link between our clients and employment — placements and retention at the East River Job Center provide evidence that this strategy does work. Through our strong partnerships with nonprofit and government agencies, as Commissioner, I will focus on work as the most effective path for the majority of our clients to move out of shelter and remain stably housed in the community.

Moving forward, the City plans to revise Advantage, its rental assistance program, to capitalize on the success of Work Advantage, our subsidy for shelter clients who work. During the first three years of the program, we found that 80 percent of Work Advantage clients had a strong employment record in the first year, and qualified for a second year of the subsidy.

We will expand our efforts to link clients to employment — a strategy that will provide them with the structure, stability and sense of personal responsibility they need to return to, and remain, in the community once their subsidy ends. Every adult in the shelter system who can work must work and we are prepared to work closely with HRA on a range of services to assist them in gaining employment. While our expectation is that the overwhelming number of families can go to work, we will also provide assistance through Advantage for those adults who are in receipt of disability benefits or caring for a household member with SSI.

#### ► **The New Family Intake Center**

Many of you know of the agency's plans to open our new family intake center in the Bronx at the corner of 151<sup>st</sup> St and Walton Avenue. Our new state-of-the art facility will permit us to meet the needs of families seeking shelter in space specifically designed for this purpose. We hope to transition intake services from PATH to the new facility by late fall of 2010.

During the building's development, we worked with community members and local elected officials on ways to minimize any impact the facility might have on the surrounding neighborhood. The Community Advisory Board for the new intake center has been an instrumental partner in addressing the needs of the community. DHS is particularly proud of the relationship we've developed with the Board and look forward to working with them in responding to community concerns that may arise in the future.

#### ► **Income Contribution Requirement**

Last month, Commissioner Doar testified before you about the City's compliance with current state law mandating our implementation of an income contribution requirement for families in shelter. Currently, the City is in discussions with the State about creating a savings component as an acceptable form of contribution for these families. DHS is committed to doing all we can to ensure that our clients transition to permanent housing, and the contribution requirement will not impede that goal.

#### ► **State Budget Cuts**

When Commissioner Hess testified before you in March, he expressed some of the funding challenges we face at the state level that could impact our ability to deliver services to homeless single adults. Since then, the Legislature has proposed significant reduction of funding for our family system as well. In particular, the Senate is cutting the City's overall funding for the Flexible Fund for Family Services

(FFFS). This Fund is made up of federal TANF dollars that are allocated to the State, and the State has, in turn, created a block grant to localities for child welfare, administration, employment and other TANF services. This block grant is the ONLY source of non-City funding for the TANF eligible portion of these programs and services.

DHS' current Flexible Fund allocation is \$68.2 million, which would be at risk to a variety of family services, including our family intake center, re-housing operations, shelter management, and Homebase prevention. Any state cuts to the Fund will have a significant negative effect on our ability to provide the full range of services at a time when the City is experiencing unprecedented numbers of families seeking shelter. OMB's best approximation of this reduction would be a loss of \$62 million to human services city-wide. We will continue to fight these proposed cuts in our core services to homeless families and single adults, and we hope you will support us in these efforts.

## **ADULT SERVICES**

### **► Reduction in Long-Term Stayers and Length of Shelter Stay**

Since July 2009, DHS has experienced a significant increase in the number of single men and women entering shelter, an increase that was particularly acute starting in January 2010. For instance, the March 2010 average daily census in the single adult shelter system was 12 percent higher than the March 2009 average, a very significant year-over-year increase. Despite this increase in demand, DHS sheltered every client who was in need. We did not do this alone. Our colleagues at the State's Office of Temporary and Disability Assistance (OTDA) and our not-for-profit partners collaborated with us to bring on sufficient capacity to meet the need.

Despite the increased demand, DHS has remained focused on successful strategies to end homelessness: permanent housing placements, giving special attention to the most chronically homeless. In fact, Adult Services has continued to have tremendous success in placing its longest-staying clients — those who have spent two or more of the past four years in shelter. There are presently 630 long-term stayers in shelter, a decline of 13 percent from FY09 and a remarkable decline of 56 percent from FY05 when there were over 1,400 long-term stayers in shelter each month.

As we have successfully moved the longest-staying clients to permanent housing, our average length of stay has declined. Single adults who used shelter in March 2005 spent an average of 328 nights in shelter over the last four years. Single adult clients who used the shelter system in March 2010 spent an average of 239 nights in shelter over the previous four years, a 27 percent decrease.

### **► New Supportive Housing**

In spite of the difficult economic climate, I am pleased to report that the City and State have continued to build on our historic NY/NY III agreement for supportive housing. The next such facility to open will be The Brook, a Bronx housing program developed by Common Ground that will include 93-units of permanent supportive housing for chronically homeless clients.

### **► New Housing Placement Guidelines**

Since DHS was last before you in April, we announced the adoption of new housing placement guidelines that the agency developed in conjunction with Speaker Quinn's office to further ensure that shelter clients are referred to housing that is safe and appropriate. On June 1, a public hearing will be held on a

proposed rule embodying these guidelines. Thereafter, we will begin training so that all single adult shelters will be in a position to implement them by July.

### ► **Bedford-Atlantic Update**

I also would like to update you on our plans to renovate the drill floor of the Bedford-Atlantic shelter as a state-of-the-art recreation center. Last week, Borough President Markowitz invited DHS to be part of his community taskforce to assess the needs of the surrounding community in relation to the facility. Community coordination is essential to our progress with this facility and we are eager to hear the Council members' and others' views. As you know, DHS has committed to provide \$10 million from our capital budget toward the overall cost of the renovation. This commitment is contingent on the local elected officials raising an additional \$10 million to complete the project. As we have learned from the City's transformation of the drill floors at our Fort Washington and Park Slope shelters, the use of drill floor space for a recreation center will be a valued benefit for the local community.

### ► **Street Homeless Solutions**

DHS has employed innovative strategies to reduce the number of people living on the street. Safe Havens and stabilization beds have proven successful program models in transitioning homeless New Yorkers from the street to permanent housing.

We currently have 300 stabilization beds and 377 Safe Haven beds, with plans to increase the latter by the end of FY 2010 with the opening of a 55-bed Safe Haven in East New York, and a 50-bed Safe Haven in the Bronx. Our efforts are proving successful; more than 2,200 chronically homeless individuals have moved from the street into transitional or permanent housing since we redesigned our street outreach efforts in the fall of 2007.

As you are aware, the Homeless Outreach Population Estimate (HOPE) showed an increase in the number of people living on the streets of our city between 2009 and 2010. However, this result must be placed in the context of a 29 percent reduction in the number of people living on the street since 2005. We attribute this great progress to the implementation of new program models, such as Safe Havens and stabilization beds. After four straight years of decline in the numbers of individuals living on our streets, this winter's HOPE results reflected an increase similar to that experienced by other municipalities throughout the country. Nevertheless, our placement performance for street homeless individuals in the year prior to HOPE 2010 hit a record high.

Earlier this year, DHS advised you of the Governor's intended reductions to our adult services system. I want to thank you all for your support. Chair Palma held a press conference to oppose the State's \$65 million cuts and we are happy to report that both houses of the Legislature have fully rejected the proposed cuts in their respective budget resolutions. As you know, however, the State budget is late and no agreements are final. We will continue to impress upon the Legislature how important this funding is to the vital work we do and work with them to ensure this funding remains in the final State budget.

### **FISCAL YEAR 2011 EXECUTIVE BUDGET**

Confronted with the economic recession, DHS is striving to balance our maintenance of core client services with our responsibility to ensure that we operate within a balanced budget. Through carefully targeted savings of approximately \$2.4 million in the Executive Plan for FY11, our reductions focus on performance incentives and programmatic restructurings rather than on frontline shelter services. Fiscal

responsibility always has its challenges, but we believe our decisions in this budget will further enhance our programs while ensuring our clients continue to receive quality services.

**CONCLUSION**

In light of these difficult economic times, it will take a tremendous amount of skill at our agency to implement our programs. I have no doubt whatsoever that we are up to the challenge. I look forward to partnering with you in the months and years ahead so we can advance with our common goal of preventing and reducing homelessness in New York City. Thank you for the opportunity to testify before you today. I would be happy to answer any questions.