



**Executive Budget Hearing for Fiscal Year 2009**  
**May 13, 2008**

**The following is testimony of Department of Homeless Services Commissioner, Robert V. Hess, as delivered before City Council, May 13, 2008:**

Good Afternoon. My name is Rob Hess and I am the Commissioner of the Department of Homeless Services (DHS). Joining me at the table are Steve Pock, DHS' Deputy Commissioner of Fiscal and Procurement Operations and Lula Urquhart, Assistant Commissioner for Budget and Audit.

Today, I will report on the agency's Executive Budget for Fiscal Year (FY) 09 and provide committee members with details regarding our efforts to care for homeless New Yorkers.

The face of the Department of Homeless Services is changing. We created a new rental subsidy program. We expanded HomeBase services citywide. We listened to the very people on the street who we are working to serve and restructured our street homeless outreach services, ripping down the bureaucratic red tape and bringing the doorway to them, rather than expecting them to find the door to housing. We implemented new shelter models to help families realize the dream of independent living. We continue to strive to do more to assist New York's most vulnerable and move families and individuals from shelter to homes. Our story is one of perseverance and dedication focused on the families and individuals who need us most.

**Shelter Census**

As our agency focuses resources on innovative programs, we are pleased to report an across-the-board decline in every part of the shelter system. Total shelter population is down ten percent, and there are 4,000 fewer New Yorkers sleeping in shelter each night.

Most remarkably, in the past year, the number of adult families sleeping in shelter on an average night dropped by 14 percent. At the same time, the number of families with children sleeping in shelter decreased by six percent over the past six months.

Broad change is seen since 2004, with the largest decline, to date, in shelter census among single adults. Through hard work and outside-the-box thinking the number of adults living in shelter has been reduced by 21 percent.

These statistics are much more than numbers on paper. They are the progress of this city as we work to extend a hand to those most in need. Sadly, homelessness is a fixture of today's society. But that is not a condition I am willing to accept. Tackling the homeless problem is the first thing I think of when I wake in the morning, and the last thing to

cross my mind before I go to sleep at night. We want the best for our residents of New York, and they each deserve a home. It is by working together and realizing the strength in new direction that we can make the most difference. We are encouraged by the numbers we are sharing with you today and will continue to reduce the number of individuals and families in shelter. As we move forward, we will continue to grow and build from our many programs that have introduced energy, enthusiasm and success.

### **Moving from Shelter to Homes**

Last month we celebrated the first year anniversary of Advantage New York, our program focused on the true measure of success- moving families into homes. Since Advantage's inception, more than 4,000 leases have been signed, nearly half of those through Work Advantage. That is the equivalent of one lease signed every 20 minutes of the business day since January 1<sup>st</sup>. In the time it takes most of us to get a cup of coffee, a family or individual has secured a home of their own. At the end of Advantage's first year, 85 percent of the program's participants are still employed. The overwhelming majority are reaching financial independence, contributing their rent payments on time and depositing a portion of their earnings into a bank account. Average savings are close to \$600 over the course of a year, no small amount to those who once were dependent on shelter.

What I have to say next is extraordinary: *no client who has left shelter through Advantage New York re-entered shelter*. Please be assured that I will do everything possible to maintain this record of success. We are heading in the right direction. We have created a program that addresses the needs of clients and provides critical support services in assisting them to remain stably housed in the community. Based on present results, we project more than 5,700 clients will move out of shelter through Advantage New York, next year.

### **Prevention**

As you know, in January we expanded our HomeBase program citywide, developing twelve homelessness prevention centers across New York. These centers are located in communities with the highest demand for shelter. Our new contracts expand prevention services available through HomeBase to at-risk families in the community and those families applying for shelter, while at the same time providing aftercare services to families who leave shelter. Since the implementation of our new HomeBase model in July, 2007, providers helped 350 families and single adults return to stable housing in the community and avert the need for shelter altogether. Not only is HomeBase an effective prevention program, but fiscally responsible, saving \$1 million in shelter costs for every 50 families and single adults who face the problem early on, and do not need to enter the shelter system.

In FY 09, DHS will invest more than \$20 million for HomeBase services and \$5 million in anti-eviction legal services. To ensure we target our prevention resources most effectively, we will reprogram \$1.5 million in anti-eviction legal services funding to

expand HomeBase aftercare services. This step compensates for the loss of State aftercare funding and ensures we have the necessary capacity to serve the growing number of families exiting the shelter system on the Advantage New York program. We are pleased that the State will continue to fund anti-eviction services in New York City and that the Council has made funding for these services a priority.

### **Street Outreach**

I am excited to tell you that DHS is, effectively, taking to the streets. As you are aware, in the current fiscal year DHS restructured its outreach efforts. We now have in place a more coordinated and expanded system, streamlined to move clients directly from the street to a bed. After taking the time to survey those clients living on the streets, we listened, learned, and implemented what they told us was needed. The Outreach program, in essence, eliminates the sometimes cumbersome intake procedure. Today's teams process on the pavement and make immediate headway for clients. Since fall of last year, over 600 chronically homeless New Yorkers have moved off the streets through the Outreach program.

As our HOPE 2008 numbers indicate, we are moving in the right direction. The HOPE 2008 survey estimates that 3,306 unsheltered individuals are living on the streets, a 12 percent decrease from 2007 and an amazing 25 percent decrease from 2005, the first year we did the HOPE Count in all five boroughs. This means that there are 1,100 fewer people living on our streets today than in 2005.

### **Fiscal Year 2009 Executive Budget**

The Executive Budget for Fiscal Year 2009 allows DHS to build on successes and moves us closer to meeting our goal of reducing homelessness. In developing the budget, we went to great lengths to preserve agency programs that would continue our accomplishments from FY 08 and meet the needs of all those who come to us seeking shelter and other services.

For the current Fiscal Year, 2008, the Department's expense budget is \$808 million. Fiscal Year 2009 anticipates a budget of \$754 million. The \$754 million total budget allocates \$266 million to services for single adults, \$425 million to services for families, and \$63 million to support services.

For the five-year period FY08-FY12 our capital budget is \$200 million. Over these five years, capital projects for building interiors total \$13 million, and projects for building exteriors total \$39 million.

The DHS Executive Budget addresses fiscal responsibility. The Executive Budget reflects \$25 million in city tax levy (CTL) budget reductions for FY 09. I am confident that this budget takes the necessary steps to ensure fiscal responsibility, while fully allowing the Department to continue vigorous work in reducing homelessness.

At this time I would like to discuss with you some of those budget reductions included in the Executive Budget for FY 09:

- **Focusing funding on expanding Outreach**

In FY07, funding was made available to DHS for additional costs associated with decentralizing the adult men's intake system. However, the Outreach program saw unprecedented success since its inception, serving as a better option to serving clients than these multiple centers. As DHS no longer plans to move forward with its initial plan to decentralize intake, the entire \$7.161 million originally allocated was put forth as part of the Agency's FY09 January Plan Budget reduction for FY09, with \$6.161 million in FY10 and the out years. We are eliminating the balance of the funds- \$1 million in the FY09 Executive Budget.

As services evolve and success is seen across the board, the Department will also relocate centralized intake to a new and improved facility at the Bedford Atlantic Armory in Brooklyn. This move presents an opportunity to redesign the men's intake facility, making it better, faster and more services rich. In moving this intake center to the Armory, DHS is planning on reducing the current capacity from 350 to 230 beds. The ratio of staff to clients will go up. Security to client ratios will improve as well. So the number of staff and security available to the Bedford Atlantic clients will be higher than ever before. A greater array of assistance and programs will be offered to those at the shelter. In short, we will reinvent Bedford Atlantic Armory.

- **Drop-In Center Reduction**

Over the past year, the Department of Homeless Services has restructured outreach services to people who live on the streets, with the goal of reducing their ranks by increasing the number who move to safe housing. Safe Haven and stabilization beds offer low-threshold shelter for clients who are not ready for structured shelter or independent living. We know that by providing these immediate housing alternatives to the chronically street homeless, we are able to increase chances they will accept housing. To date we have 208 Safe Haven beds in Manhattan, with a goal of 500 citywide by the end of this year.

This new model allows us to rely less on Drop-In Centers and this budget includes steps to close two Drop-In Centers and to use funds to create more Safe Haven beds. The funding conversion will occur in FY10; therefore \$4.6 million of funding was given up as a PEG in FY09 as part of the FY09 January Plan. The Agency intended that this funding would be restored in FY10 to fund additional Safe Havens. In order to meet the FY09 Executive Plan reduction target, \$1.9 million of the \$4.6 million was PEG'd in the out years. The remaining balance of \$2.7 million will be reserved for Safe Haven in the out-years.

Of course, street outreach teams will continue to be available in all sections of the city to provide necessary resources to those individuals in need of services.

- **Cost of Living Adjustment (COLA)**

Finally, I would like to report that the Executive Budget included a COLA for human service contracted providers. This COLA will allow agencies that have contracted with the city before July 1, 2007 to give raises to their staff.

It is a three percent increase in direct employee salaries effective July 1, 2008 (FY 09). Then there will also be a two percent and then four percent compounded general wage increase effective July 1, 2009 (FY 10) and July 1, 2010 (FY11). These two COLAs will be funded by productivity improvements and other operational savings.

The city is committed to working with providers to identify the additional savings. A public-private task force is being convened with representatives from both Providers and City agencies to identify mechanisms for achieving savings. The task force will explore productivity measures, help to quantify savings, and implement these measures for Fiscal Years 2010 and 2011. The out year increases will be limited to the amount of savings achieved.

### **Conclusion**

I would like to thank you for the City Council's continued commitment to the issue of homelessness and I look forward to working with you as we work to meet our goal of reducing homelessness in New York City. Homelessness is an issue many of us face daily, seeing it in our neighborhoods or on our way to work. It impacts each of us and leaves a lasting mark. I recognize that all of you are dedicated to finding permanent housing for New York's homeless, and I thank you for your hand in our efforts. I am glad to answer any questions that you may have about the agency's budget.