



*City Council Preliminary Budget Hearing  
General Welfare Committee  
Fiscal Year 2011  
Monday, March 8, 2010*

**Introduction:**

Good morning Chairwoman Palma, and members of the Committee. I'm Robert Hess, Commissioner for the Department of Homeless Services. Joining me at the table today are Steve Pock, DHS' Deputy Commissioner of Fiscal and Procurement Operations and Lula Urquhart, Assistant Commissioner for Budget and Audit. Thank you for the opportunity to testify before you about Mayor Bloomberg's Fiscal Year (FY) 2011 Preliminary Budget and to provide you with an update on programs and services being implemented by our agency to serve homeless New Yorkers.

The Department of Homeless Services in 2010, is not what it was just a decade ago. We have made great strides to enhance our scope of service and to prevent people from becoming homeless and to quickly re-house them when they do. Last Thursday night for example, DHS sheltered 37,240 individuals including 8,738 families with children. That's a tremendous achievement and one that makes me proud of the work we continue to do.

We know that in a tough economic climate like this -- with high unemployment and renters losing their homes to foreclosure -- many of our neighbors will fall on hard times.

Even though this year was filled with many challenges, DHS has continued to strive to maintain the integrity of our core services, while also offering as many opportunities as possible for New Yorkers in need to remain stably housed in the community. Our goal, now as always, is for each and every client we serve to lead a fully independent life.

Despite these record applicants, we have a responsibility to shelter all individuals in need of a temporary emergency residence 24-hours a day, 365 days of the year. The department continues to meet the need, sheltering and re-housing our clients while serving them with the dignity and respect they deserve.

**Prevention Services: Maintaining and Adding Programs that Work**

In this difficult economic climate, DHS wants families to know that shelter is not their only option. Under the leadership of Mayor Michael Bloomberg and his innovative approach to homelessness prevention, DHS has expanded our programs and coverage. DHS currently offers citywide services helping vulnerable families and individuals in jeopardy of homelessness remain stably housed in the community. The DHS homelessness prevention services are operated by the most highly regarded organizations with deep roots in the communities they serve. The services are accessible with over 30 store-front locations.

Our suite of prevention services – which offers assistance at multiple intervention points -- includes the award-winning Homebase program, anti-eviction legal services, the Homeless Prevention Fund, the Community Resource Room, and the Aftercare Helpline. Thanks to the \$73.9 million that DHS received from the American Recovery and Reinvestment Act (ARRA) Homeless Prevention and Rapid Re-housing Program (HPRP), DHS was able to preserve and expand prevention funding citywide. This funding was designated by Congress to provide financial assistance and services to prevent families and individuals from becoming homeless and to help those who are experiencing homelessness become stabilized more rapidly.

The Homebase program targets at-risk families and gives them customized assistance in their own communities to help ensure they stay soundly housed and prevents homelessness by assisting families and individuals with hardships they may face. Homebase has assisted more than 17,700 households since inception – 90 percent of which remained in the community for one year after receiving services. Several million dollars in new funds from HPRP enabled DHS to continue to provide vital prevention services through HomeBase as well as to implement several new initiatives.

In light of the Section 8 shortfall, DHS understands our responsibility to help those in need due to this particular situation. In fact, we have created a Homebase Housing Flex-Fund to support clients who have been evaluated whose needs cannot be met through any other means. This \$1 million fund will be available to our Homebase offices to assist any client who finds themselves in difficult times due to unique circumstances. DHS has already mailed outreach letters to families who lost their Section 8 voucher. When households call Homebase, they will be assessed and served according to their risk of homelessness and available resources. Those who are at imminent risk of homelessness and can become stably housed through a short-term subsidy will receive financial assistance. DHS will monitor the overall level of funding and citywide demand.

To ensure that callers receive prompt and courteous customer service at Homebase, DHS has created a quality assurance plan and will periodically provide training to each office to ensure they are effectively assessing and applying the full range of resources specific to the circumstances of each caller.

Foreclosures - Homebase is also implementing an initiative targeting homelessness prevention services to tenants at-risk of becoming homeless due to foreclosure, using data to do outreach while also developing staff expertise in both legal and service strategies to prevent homelessness. Maintaining housing conditions, ensuring legal tenancy, and providing relocation services will become an increasingly important homelessness prevention tool in the years ahead.

DHS also funds an extensive network of community-based legal offices that help thousands of at-risk families avoid eviction each year. Since 2004, the Family Anti-Eviction Legal Services programs have provided over 28,000 families with children with full legal representation. We also fund court-based services to help our most vulnerable families retain their housing. The Housing Help program provides an innovative combination of legal assistance and ongoing

social service supports to address the immediate housing crisis and longer-term economic and social challenges that can lead to recidivism and shelter entry.

Similarly, legal services are being expanded throughout the city through DHS' providers and our sister agencies. DHS' contracts received an increase in funding for FY10, allowing them to serve 1,000 more families and single adults made eligible for services under the stimulus funding.

HPRP prevention funding also provides legal services targeted to persons living with HIV/AIDS through the Department of Health and Mental Hygiene, and will provide social services for elderly clients facing eviction through the Department for the Aging's Assigned Counsel project starting this summer.

HPRP funding supports Masters Degree-level social workers to work with families at our intake centers to identify short-term housing options and long-range plans as an alternative to seeking shelter.

HPRP is also funding DHS' citywide aftercare services helpline as a central point for aftercare information and referrals. Thousands of Advantage tenants, social service providers, and landlords have received information and referrals from the helpline since it was established last July.

Finally, through the use of stimulus funds, DHS has been able to re-launch its public awareness campaign targeted to at-risk communities, informing the public that shelter is not their only option in the midst of a housing crisis and informing them of where they can go to seek help. DHS can also provide posters and brochures from the public awareness campaign to council members for their use in district offices.

To date, DHS has served more than 5,000 households with prevention services. Over the next three years, HPRP prevention funding will serve over 34,000 individuals in 14,000 households.

### **Enhancing the Family Shelter Services System**

New York is not alone in its plight with homelessness. Nationwide, the number of homeless families with children is mounting due to the recession. The National Alliance to End Homelessness projects that, without federal intervention, another 1.5 million people could experience homelessness over the course of two years as a result of the recession.

Because we are governed by a "right to shelter" mandate, New York faces a challenge unlike any other city. When we compare the demand on our family shelter system in FY10 to FY08, the increase is startling. Over the past two years, we have seen a 58 percent increase in families with children applying for shelter. No matter what the numbers are at the front door, this Administration has put an infrastructure in place to support whatever the demand may be. The fact is, if we continue to face current economic conditions, we expect the demand to continue to rise through the first half of next year, and we will likely need to bring on additional capacity. We will care for New York's homeless families in their time of need.

The efficiencies and services we have put into place in the family shelters have enabled us to prevent the census from increasing by the same pace as our demand. Despite our unprecedented intake, the family shelter census has grown by 16 percent over the past two years. We have accomplished this through our continued focus on returning families to their own homes as quickly as possible.

This fiscal year, we are on track to move a record number of families with children into their own homes, with our permanent placements increasing by 49 percent compared to FY08. Our focus on a rapid return to the community has dramatically reduced our average length of stay in shelter - a 26 percent reduction comparing FY10 to FY08. Today, an average family stays for about 8 months in shelter, compared to more than 10.5 months in shelter 2 years ago. A targeted focus on addressing the needs of our longest-term clients has also proven effective where the average number of long-term clients in shelter has dropped by 37 percent from FY08 to FY10.

An innovative and important change to the family shelter system has been the introduction of a uniform Code of Conduct and Client Responsibility. Together, these policies set uniform standards for conduct across the family shelter system. All families are expected to partner with shelter staff to create and follow an Independent Living Plan, seek and accept the first suitable housing they find, refrain from gross misconduct, and apply for Public Assistance. The Client Responsibility procedure also provides for a process of last resort to discontinue shelter services for the most non-compliant clients.

We previously updated this Committee on plans for the implementation of client responsibility in family shelters. At that time, and, also when we first implemented client responsibility in the adult shelter system, there were those who claimed that holding clients responsible for meeting basic expectations would result in clients being kicked out of shelter in droves. Six months after implementing the policy, no family has had its shelter discontinued. We have issued one First Independent Living Plan violation to a family that refused to search for and accept permanent housing.

Shelters are not permanent homes, nor should they be. Shelter provides a short-term emergency safety net for individuals and families who face a housing crisis and we are glad to be there when those who are homeless need our services to overcome their crisis. However, in order to serve them at their time of need, we need to run a system that focuses on quickly helping clients to return to the community.

DHS has been closely monitoring progress on the client code of conduct. As I've visited the shelters, and Chair Palma you'll also see this when we conduct our tour in the coming weeks, I've clearly been able to see the new rules posted throughout each facility. We've invited input from our providers, staff and families and have already conducted multiple trainings and review sessions on this subject. As I mentioned earlier, we have had no cases where shelter has been discontinued. Client Responsibility is helping to transform the culture of the shelter system by emphasizing the importance of accountability.

This year we also instituted a new method for reimbursing shelters serving families with children. On January 1, DHS instituted our Graduated Payment System (GPS). The primary goal of GPS is to align our payment structure with our programmatic goals. DHS has long sought to introduce a pay-for-performance element into its contracts with providers, and GPS—along with the Performance Investment Program (PIP)—achieves this goal. In the past, we have paid our providers to house clients and move them into permanent housing, regardless of whether their length of stay was six months or six years. With PIP, we began rewarding providers for moving families to permanency and GPS will expand this approach. Not only will GPS incentivize our providers to reduce their length of stay, but it will also provide the best outcomes for our clients, as families and particularly children do better when they move to homes of their own as rapidly as possible.

To further assist families in their exit from shelter, DHS has allocated half of its HPRP funding to Rapid Re-housing Programs which will assist an additional 15,000 families to leave shelter for a home of their own. This component of HPRP has supported DHS' efforts to provide expedited housing placement services to families and individuals in shelter and on the streets. Funding has also been targeted to homeless youth through the Department of Youth and Community Development.

In the next quarter, DHS will use HPRP to fund two new innovative rapid re-housing programs to assist families to move to permanent housing. The first will help families in hotels gain employment, obtain a subsidy and locate housing, all within 120 days of entering shelter. The second initiative will target families with significant barriers and provide wrap-around community-based post placement services to ensure housing stability.

The Advantage New York program aims to help families and individuals exit shelter and move back to their communities as quickly as possible. Our Advantage subsidy prepares households for the responsibilities of independent living.

In 2009, Advantage averaged one family signing a lease every 15 minutes of the business week, an average of about 146 families per week — exemplifying the vast achievements of this resource, geared toward moving individuals and families from shelter into homes of their own.

Currently we serve 14,088 active participants in our Advantage program. We boast remarkable success in the number of families who are employed. The program serves to increase earnings and motivate clients to quickly return to their communities, while providing a range of services to promote self-sufficiency.

### **Adult Shelter System**

DHS will ensure that all adults have safe and appropriate shelter, while at the same time continuing to reduce length of stay and maintain progress with long-term clients.

The average length of stay in the past four years for single adults in FY09 was 8 percent lower than in FY08, and 15 percent lower than in FY07. From FY05 (when we began tracking this

indicator) to FY10, the average length of stay has declined from 329 to 248 – a decrease of 25 percent.

And, the percent of the population in the adult shelter system that is comprised of long-term clients (those in the system two of the past four years) has decreased dramatically – from 14 percent of the system in FY02 to 7 percent in FY10 to date. In FY03, we had an average of 1,391 long-term clients; the FY10 to date average is 633, a decrease of 55 percent.

As has been the case with family shelter, applications for adult shelter have grown at record rates. The average daily census in February 2010 was 7,510 - which is almost 11 percent higher than what it was in February 2009. Given this surge in shelter demand, DHS has had to concurrently increase its shelter capacity to serve the most vulnerable New Yorkers.

Additionally, we face a challenge to funding our \$270 million adult system this year with the 2010-11 State Executive Budget proposal. The State proposes to eliminate their portion of the funding for adult shelters while at the same time linking our adult clients to public assistance. As Mark Page testified before Council on Thursday, we estimate that the City will be left with a \$65 million cut to our adult shelter system budget if this proposal moves forward.

With all of the advances and progress we've made in our adult shelter system, this critical cut – in a city with a legal right to shelter – is essentially an unfunded mandate. This proposal is untenable and irresponsible, and DHS can use the Council's help in getting the funding restored. Working with the Mayor's Office of State Legislative Affairs in Albany and meeting with our legislators, we will illustrate the impact these cuts would have on all of our communities. The City has an obligation to these vulnerable individuals and we believe that these State "cost-shifts" are particularly damaging and insensitive.

Part of that obligation is DHS' assessment of applicants. As we testified before this Committee last year, the agency continues to operate central intake for homeless men at our 30<sup>th</sup> Street facility. It is our plan to open another point of intake in Brooklyn at the Bedford-Atlantic facility to accommodate the large percentage of clients who enter shelter from Brooklyn. Since DHS will be leaving 30<sup>th</sup> Street, we are currently exploring potential locations for a new intake center in Manhattan and we remain committed to siting this facility in mid-town as the Council has requested.

### **Street Homeless Solutions**

Through outreach, DHS has taken services curbside, effectively bringing the door of intake to individuals, rather than asking them to come to DHS. In September 2007, we orchestrated a complete reorganization of our street outreach program, creating a single point of accountability in each borough with providers responsible for specific placement goals.

Over the last two-and-a-half years, DHS has successfully used innovative solutions such as Safe Havens and stabilization beds to move clients from the street to homes. Offering a customized approach, Safe Havens have fewer rules than traditional shelter, no curfews and no sobriety

requirements for entrance, opening their doors for clients who have lived on the streets for an average of seven and a half years on the streets before coming indoors.

We currently have 399 stabilization beds and 377 Safe Haven beds, with a pipeline to increase the latter to 482 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, with more than 2,000 chronically homeless individuals being moving from the street into permanent and transitional housing since the program's implementation in the fall of 2007.

DHS has also reorganized our respite bed program and Drop-in centers to help more homeless individuals find permanent housing instead of settling for temporary fixes. Strategically linking our new 13-hour Drop-in center model with faith-based organizations allows clients to receive the case management and services they need during the day and a bed to sleep in at night.

In the past, Drop-in centers provided temporary, emergency shelter to street homeless individuals. While the old model served a definite purpose in its time and we learned a great deal from its use, there is always room for improvement. Under the new model, the centers will become service hubs where street homeless clients are able to work towards securing permanent housing.

Our clients deserve better than sleeping night after night, sitting up on cold, metal folding chairs. Linking our clients to respite beds through our faith-based partners is integral to their comfort and their health. DHS values our partners in the faith-based community, as we work together under the new respite bed model to maximize services to clients. We've built relationships with members of the Council of Churches of the City of New York and our network of faith-based volunteers. Together we continue to discuss our shared commitments to several key issues, including screening, transportation, flexibility in the number of days and the minimum number of beds and fiscal responsibility.

The Department is also committed to being a good neighbor. We have received considerable feedback regarding our plans with the Bedford-Atlantic Armory. Community coordination is integral to our progress with this facility - so much so that we are announcing to you today that the City has offered to provide half of the funding, \$10 million, to renovate Bed-Atlantic's drill floor as a state of the art community recreation center. Our plan is to create a space similar to that of the Fort Washington Armory and the space we unveiled this past January in Park Slope. Transforming Bed-Atlantic's underutilized armory drill floor into a multipurpose athletic and educational center will be a benefit for the local community.

### **Serving the Unique Needs of Homeless Veterans**

We also have a valuable partnership with the Federal Department of Veterans Affairs (VA). In December of 2006, the City of New York and the VA created a Task Force charged with developing a strategic plan to end veteran homelessness in New York City. Three years later, we are demonstrating a remarkable collaboration to benefit homeless veterans in an efficient and effective manner that is quickly becoming a national model.

DHS has seen a 62 percent reduction in the number of veterans living in shelter thanks to our permanent and short-term housing programs. In early 2007, DHS housed about 750 single adult veterans on any given night in our shelter system. Today, only 292 veterans remain in the shelter system, with the majority of our veterans, 381, being supported in our short-term housing facilities located in Brooklyn and Queens.

To further meet the needs of this specific population we continued our ground breaking efforts in October of 2009 with the opening of a 40-bed, veterans-only Safe Haven in the Bronx. This facility developed out of two key ideas: that veterans expressed a clear preference to be served among other veterans; and to engage our street homeless veterans with an effective low-threshold, harm reduction housing model.

The VA and DHS have been jointly operating a multi-service intake and assessment program that serves as the central intake point for homeless veterans into the VA medical system and our Veterans short-term housing program. To date, more than 6,200 homeless veterans have been served by the program.

### **Fiscal Year 2011 Preliminary Budget**

Finally, I would like to focus on the FY11 Preliminary Budget. For the current year, FY10, the Department's expense budget is \$915 million; for next year, FY11, the budget is \$699 million.

Of the \$699 million, \$329 million are city funds, \$217 million are state funds, \$146 million are federal funds, \$4 million are grant funding, and \$3 million are intra-city funding. The \$699 million budget allocates \$240 million to services for single adults, \$401 million to services for families, and \$58 million to support services.

The DHS Capital Plan for the five-year period of FY10 – FY14 is currently \$156 million. Capital projects for homeless families total \$53 million; projects for single adults total \$54 million; \$42 million has been allocated for support services; and \$7 million is designated for City Council funded projects.

These are unprecedented economic times. In spite of that, DHS is managing to nimbly and effectively maintain core programs and focus on our mission of moving families back to the community in homes of their own as quickly as possible. Through carefully targeted savings of approximately \$22 million in FY11, DHS' reductions focus on performance incentives and programmatic restructurings, rather than on frontline shelter services. Being fiscally responsible 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.

In fact, I'd like to discuss with you some of those budget reductions included in the Preliminary Budget for FY11:

### **Performance-Based Payments for Adult Shelters**



We are utilizing tools like performance-based payments for shelters and hotels to encourage our providers to offer the best services possible to our clients and work with them to move quickly back to homes of their own.

By making payments to providers performance-based, DHS will increase expectations of our adult shelters and adult family hotels. We are asking providers to achieve more because we want to encourage them to be more innovative, efficient, and effective - to increase performance without having to increase funding or other resources.

### **Rapid Re-housing Initiative**

Our focus is on returning clients to their communities, which is the best possible outcome for all involved. Increased use of placement services provided through Homebase will reduce families' lengths of stay in hotels, which will in turn reduce care days and move families into permanent housing more quickly.

### **Safe Haven and Stabilization Beds**

DHS is maximizing its use of all of the non-city funding available to us. HPRP stimulus funding will be used to offset budget reductions, preserving quality services and maintaining high level client care. While we are reducing some city funding for stabilization and Safe Haven beds in this budget, there will nonetheless be an overall net gain of 136 beds because of the additional beds we have brought online with stimulus funding. So, we are continuing to make more beds available for those in need to move from the street to housing every night.

### **Street Solutions Restructuring**

DHS is moving forward, aligning our goals and our priorities rather than re-adopting failed policies of the past. This fiscal year will see the closing of a 24-hour Drop-in center as we move away from a culture of sleeping in folding metal chairs and toward centers that act as housing hubs that work to place individuals into permanent housing. Our objective in restructuring our solutions for the street homeless population is to accomplish what is best for our clients and institute sound policy. The object of this proposal was never to save money, but to develop a long-term policy that supports the needs of our clients. This is a sign of true progress and the restructuring of street solutions will continue to benefit our clients.

### **Shelter Rate Reduction**

We have reduced by five percent the payment rate to contracted providers serving homeless adult couples.

### **Personnel**

DHS' personnel savings will all be through attrition, retirement etc. In this PEG round there were no layoffs.

### **Conclusion**

We talk a lot about the numbers, and we should, because as a government agency it is our responsibility to be transparent and accountable. But numbers alone don't tell the whole story - they don't show that we are holding true to our promise to expand community-based prevention

services as well as street outreach services, implement rental subsidy programs to assist our clients in exiting shelter for permanent homes, develop innovative housing models for chronically homeless individuals, enhance the efficiencies of the family intake system, and fundamentally change the culture of the shelter system to one that recognizes shelter as a short-term response to a housing emergency and focuses our clients on finding permanent housing as quickly as possible.

We are all doing a lot more with less. I look forward to working with members of this committee and your fellow colleagues on the City Council as we continue to move forward with our efforts to reducing homelessness in New York City. Thank you for the opportunity to testify before you today. I would be happy to answer any questions.