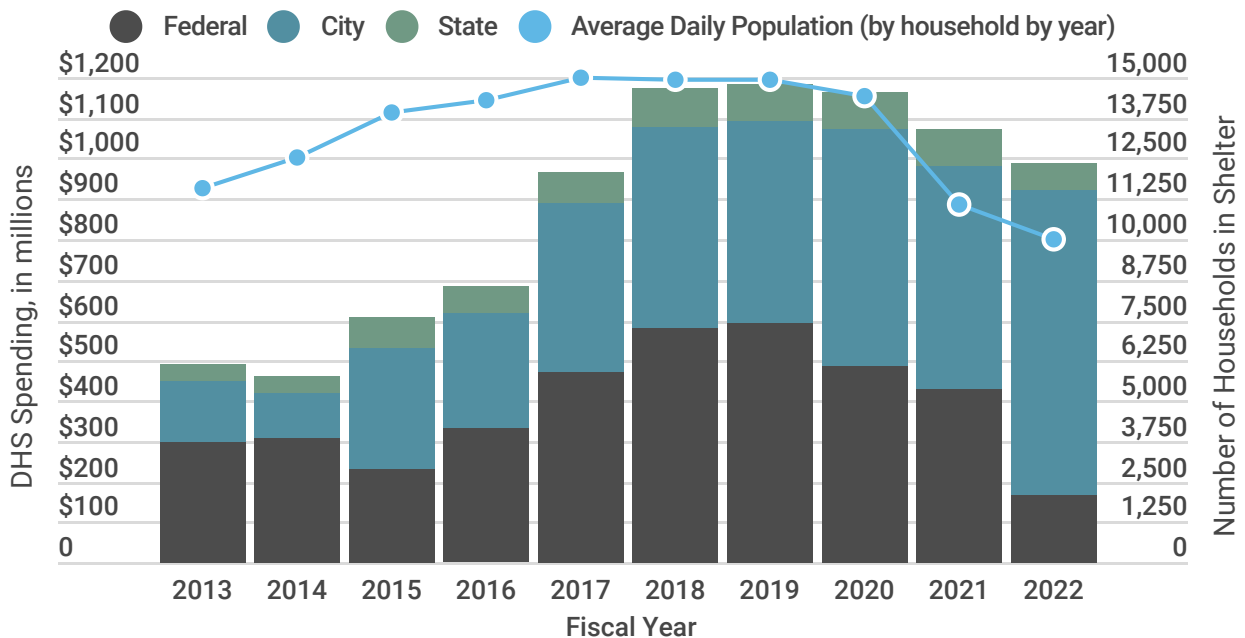


How Have City Costs Changed with Shifts in State and Federal Support for Homeless Shelters?

In his recently released, *The Road Forward: A Blueprint to Address New York City's Response to the Asylum Seeker Crisis*, Mayor Adams cited the need for federal and state support to address the rising cost of city shelters. Even before the current influx of asylum seekers, for years the city has shouldered a growing share of shelter costs compared with the state and federal governments. IBO examined Department of Homeless Services (DHS) shelter spending from 2013 through 2022 to show how state and federal decisions, as well as shifts in homeless populations over time, have impacted the funding of the city's shelters over the past decade. (All years refer to fiscal years.)

Unlike other major cities, New York City is legally required to provide shelter to individuals and families who otherwise would be unhoused. These services are largely procured through contracts with non-profits. DHS oversees separate shelter systems with different rules and funding streams for families and for individuals. The city relies on a mix of federal, state, and local funds to pay for these costs—but they are not borne evenly across funding sources, and the state largely controls what share of federal and state funds the city receives through cost-sharing formulas set by the state. Over the last decade, the state has reduced or flatlined contributions for both types of shelter, leading the city to pay a larger share of all shelter costs. Federal Emergency Management Agency (FEMA) funding for the pandemic temporarily altered these trends, but that funding has ended.

Cost of Family Shelters Rise: Federal Funds Cover Smaller Share While City Share Increases



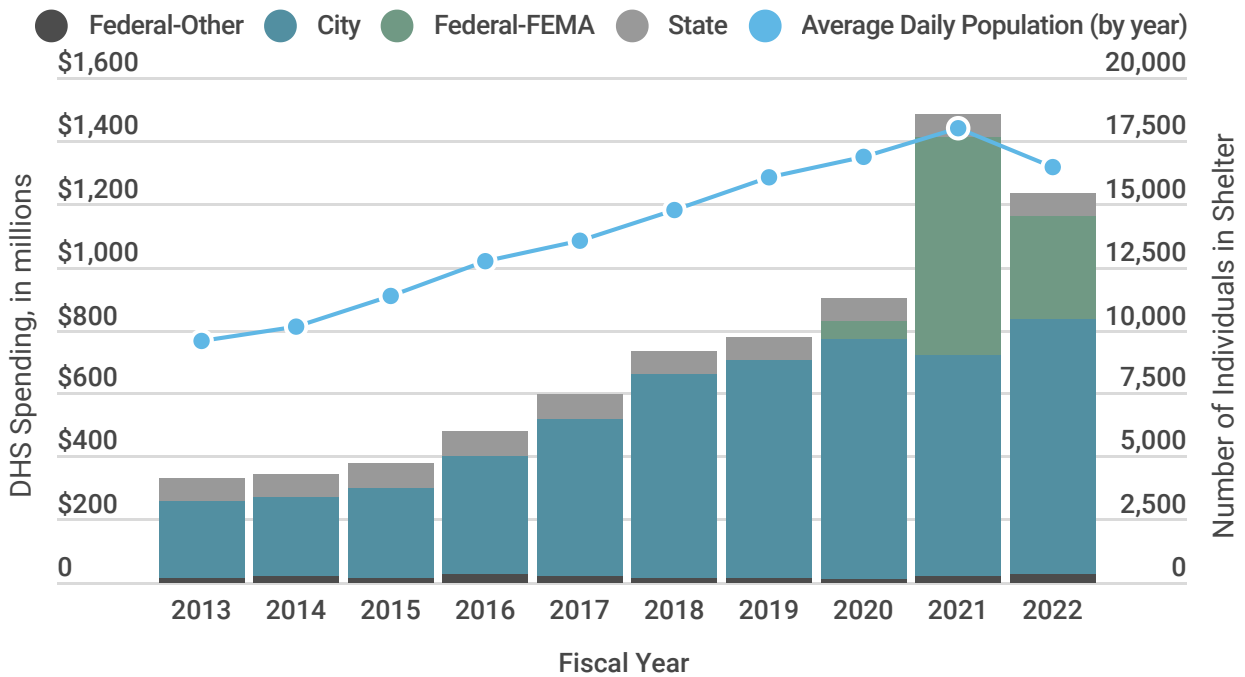
Funding for family shelter depends on each household's cash assistance eligibility. If a family in shelter qualifies for cash assistance, state rules allow the city to use the shelter allowance portion of their cash assistance grant to cover the cost of a shelter stay. If families do not qualify for cash assistance, the shelter stay is funded exclusively through city funds.

The public assistance programs primarily used to fund shelter stays in New York City are Family Assistance and Safety Net Assistance. Family Assistance is a cash assistance program created through the federal Temporary Assistance for Needy Families (TANF) block grant and is administered by the state. It is available to families with minor children and is time-limited to up to five years. Families that do not qualify for Family Assistance, or who have timed out, may be covered under the state's Safety Net program. Both these programs have immigration status and work requirements, and therefore, are not likely to be accessible to asylum seekers.¹

The state controls how the costs are split for each of these programs, and over time has shifted costs away from the state. For many years, Family Assistance was 50 percent federally funded, with the city and state each picking up 25 percent of the cost. Safety Net costs were split evenly between the city and state. Faced with a budget gap in 2011, the state reduced its spending on both programs. It made Family Assistance fully federally funded, and reduced state Safety Net funding to 29 percent, increasing the local share statewide to 71 percent. Since then, the state has twice reduced the federal share of Family Assistance for New York City, freeing those federal funds up for other uses in the state—to 90 percent in 2020 and 85 percent in 2021, increasing the city share to 15 percent. Safety Net costs remain split at 71 percent city, 29 percent state.

Consequently, while the overall cost of shelter for families did not increase from 2018 through 2022, the city share of family shelter costs has grown due to the state public assistance cost-sharing changes and likely the mix of public assistance programs for which families are eligible, as more families time out of Family Assistance. For example, in 2018 city funds paid for 42 percent of the city's family shelter costs, versus 76 percent in 2022.

State Funding Remains Flat as City Continues to Pay for Majority of Cost for Shelter for Individuals



Unlike funding for family shelters, cash assistance plays a minimal role in funding shelter for individuals. Instead, costs are primarily paid through city funds with some additional funding through an annual state grant, known as the adult shelter cap, which has remained flat at \$69 million since 2012. (Prior to 2012 the shelter cap funding was set at higher amounts.)

During the height of the pandemic, the city received funding through FEMA to reduce density in the city's shelters for individuals, which are largely dormitory-style congregate settings (unlike family shelters which limits spaces to a single household.) Nearly all of the FEMA funds DHS received covered costs associated with moving individuals to single and double room occupancies, mainly hotels. Because the state did not increase its support for shelter for individuals during the pandemic, the city and FEMA aid covered the majority of these increased costs.

In light of restrictions on cash assistance funding streams for asylum seekers, the state has included separate funding for asylum seeker shelter in Governor Hochul’s proposed Executive Budget. This proposal would reimburse the city 29 percent for shelter costs associated with asylum seekers, up to \$1 billion over two years, following the Safety Net formula to extend state shelter support to asylum seekers. Notably, this would include not just families but also individuals, for whom shelter stays are not normally covered by Safety Net reimbursement.

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Endnote

¹For more details on non-citizen eligibility for Family Assistance and Safety Net Assistance, see [LDSS-4579 - Non-Citizen Eligibility Desk Aid \(ny.gov\)](#)

SOURCES: IBO analysis of data from the Mayor's Office of Management and Budget and Office of the New York City Comptroller.

NOTE: Costs and shelter populations reported are reflective of DHS-operated shelters and do not include shelters operated as Humanitarian Emergency Response and Relief Centers (HERRCs).



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