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SAVINGS & STABILITY



CityFHEPS Bills Could Save NYC Millions and House Thousands of Families

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win

Introduction

On May 25, 2023, the New York City Council passed a package of bills that would significantly improve and expand access to CityFHEPS housing vouchers. Win fiercely advocated for this package of bills, through advocacy and a [report](#) on the financial impact associated with the legislation.¹

The bill package is comprised of:

- [Intro 878](#), sponsored by Deputy Speaker Diana Ayala, ends the 90-Day Rule requirement that voucher applicants live in shelter for 90-days before they are eligible to apply for rental assistance vouchers.
- [Intro 229](#), sponsored by Council Member Tiffany Cabán, prohibits the deduction of utility costs from the maximum rental allowance.
- [Intro 893](#), sponsored by Council Member Pierina Ana Sanchez, expands voucher eligibility to all individuals at risk of eviction that meet the other CityFHEPS requirements.
- [Intro 894](#), sponsored by Council Member Pierina Ana Sanchez, eliminates the work requirements and raises the income eligibility for rental assistance vouchers.

Although the New York City Council passed the bills with a veto-proof majority in a vote of 41-7, Mayor Adams vetoed the package and criticized the legislation for its cost. In contrast, Win's analysis of eviction data estimates dramatic savings accrued through reductions in shelter and other service utilization. In addition to bringing about significant social and emotional benefits, Intro 878, Intro 229, Intro 893, and Intro 894 will also result in financial savings of over \$730,000,000 for New York City.

On a per person basis, the cost of doing nothing and allowing individuals to become homeless is \$18,883 as opposed to just \$10,950 to prevent homelessness with the CityFHEPS voucher, a savings of \$7,933 per person per year.

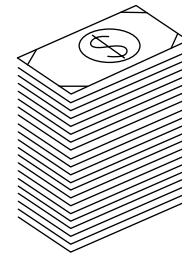
The upfront investment to the CityFHEPS program outlined in these bills is more than offset by savings in costs associated with eviction and homelessness, such as shelter, healthcare, foster care, education, and justice involvement.

\$730 million+

The CityFHEPS Bill package could save NYC **\$730,000,000+** per year.

92k+

CityFHEPS could help **92,000+** New Yorkers gain and maintain housing.



On a per person basis per year, the cost of doing nothing and allowing individuals to become homeless is **\$18,883**.

On a per person basis per year, the cost of providing CityFHEPS vouchers is **\$10,950**.

\$7,933.16

With the CityFHEPS voucher, homelessness prevention saves **\$7,933** annually per person.

Costs of the CityFHEPS Expansion

In this study, we examined the cost of expanding CityFHEPS to households at risk of eviction, as outlined in the bill package. To solve for the annual cost of this expansion, we looked at the number of families displaced annually by eviction for rent non-payment reasons by looking at the number of eviction filings from May 2022 through May 2023 in New York City [122,868]ⁱ for non-payment [82%]ⁱⁱ and determining the expected percentage of executed eviction petitions [9%]ⁱⁱⁱ, plus the total number of informal evictions [4%]^{iv} coming out to 13,098 families. We then multiplied our defined population by the cost of providing the CityFHEPS voucher, estimated at \$72/night, to these families for one year [\$26,280.00].^v

Overall, to provide the CityFHEPS vouchers and prevent homelessness for these 13,098 families annually would cost New York City \$344,215,440.

We are aware that for every eviction notice filed there are many more households unstably housed and facing rent demands. To account for those additional households, we also examined the savings from the expansion of CityFHEPS to a larger population defined in a study done by The Community Service Society of New York.^{vi} Their defined population that would be able to benefit from the expansion of CityFHEPS is more inclusive, as they looked at the 38,681 households with incomes below 50 percent AMI who are currently severely rent-burdened (paying more than 50 percent of their household income on rent) and would be evicted without the CityFHEPS voucher.

If we apply this number to our formula, it would cost the City \$1,016,536,680 to expand CityFHEPS to this population.

Savings from the CityFHEPS Expansion

To determine the savings associated with the CityFHEPS bill package, Win analyzed the financial impact of factors associated with eviction and homelessness. To do so, Win approximated the financial impact for households who are currently denied the CityFHEPS voucher due to eligibility guidelines requiring a previous stay in shelter. While numerous systemic savings are associated with eviction prevention, for this study, Win specifically looked at medical, juvenile detention, educational, child welfare, and shelter costs for displaced families whose evictions could be prevented with an expansion of CityFHEPS. To determine medical costs, Win looked at the additional expenditures on the healthcare system that individuals living in shelters and on the street expense versus their housed peers, which is \$1736 annually per person.^{vii} We also examined youth incarceration, as homeless youth are at a higher risk of justice involvement because of increased interaction with surveilling systems and the criminalization of homelessness.^{viii} For these estimates, Win looked at the price of arrest and juvenile detention, which one-fourth of youth displaced or experiencing homelessness will face, and multiplied it by average length of stay, coming out to \$88,307 per a youth who could otherwise remain housed with the CityFHEPS bill package.^{ix} For savings related to education, we examined the anticipated differences in earnings between students who were homeless and their peers. In addition to having lower educational achievement (lower math and ELA scores)^x, children who had experienced homelessness had lower earnings than other students. On average, students that had experienced homelessness and went into the labor force after high school earned \$766 less annually than similarly disadvantaged students that entered the workforce at the same time.^{xi} Children and youth who do not graduate high school tend to have a net negative fiscal cost on society, meaning that the cost of providing benefits to them is, on average, not offset by the annual tax payments made by that group. We also examined the cost of child welfare investigation and placement for children who are displaced and enter homelessness that could be prevented by the CityFHEPS expansion. We found that

there was an annual cost of \$63,478^x per child that was placed in foster care and that 18% of homeless youth are involved in child welfare^x, with 23% of those youth ending up in foster care.^{xi} Finally, we looked at the price of housing displaced households in an emergency hotel, where most new families are being sheltered since family shelters are at capacity, costing the City \$383 a night.
xii

Altogether, by looking at these costs and solving for the households and children who could experience homelessness because of voucher denial, New York City spends almost \$600,000,000 in medical, juvenile detention, education, foster care, and shelter costs alone. In other words, the current system-wide cost of these households experiencing displacement and homelessness is \$600,000,000, whereas our forecasted cost of the CityFHEPS expansion for individuals at risk of eviction is only \$344,215,440.

Subtracting the medical, juvenile detention, educational, foster care, and shelter costs diverted as a result of this bill package will result in savings of at least \$249,380,600 for New York City and prevent homelessness for 31,000+ New Yorkers.

Likewise, when applying this applying this savings model to the broader population defined by The Community Service Society of New York, we find the current system-wide cost of homelessness to be over \$1,753,000,000 and the cost of the CityFHEPS expansion to be \$1,000,000,000.

The CityFHEPS bill package will thus result in annual savings of more than \$730,000,000 and prevent homelessness for more than 38,000 families and 92,000+ individuals.

Constraints

The findings of this analysis are subject to limitations, and the calculations required assumptions due to data constraints. First, the context of housing and homelessness in New York City is unique, even among other high cost of living locales. While we attempted to find cost data specifically focused on New York City, this was not always possible; when our baseline data was not New York specific or from recent years, we performed cost-of-living and inflation adjustments in order to offer a more accurate cost analysis. The total count of the impacted population who would be eligible for CityFHEPS voucher is also an area where assumptions were necessary. The City's financial analysis for the bill estimated that 47,000 new families would be eligible for the voucher, though their budget does not specify the percentage breakdown of those people who are currently housed in the community and those who are in shelter. The Community Service Society of New York estimated that there would be 40,000 new families eligible, and that 10,000 of those families would enter shelter without access to CityFHEPS through the passage of the bill package. However, the number of households lacking adequate shelter or precariously housed is likely greater than the reported count, as multiple studies have shown that **1)** people will live in overcrowded units with families or friends before going to homeless shelters and **2)** heads of households that are housing unstable do not always disclose their situation out of fear of punitive measures.

Recommendations

This suite of bills represents a multi-faceted effort to keep some of the poorest New Yorkers in their homes and reduce the stress on an already overburdened homeless service system. This analysis, and others like it, demonstrate that the passage of these bills would not be as expensive

as the NYC Office of Management and Budget's (OMB) analysis suggested, and would provide cost savings and shelter relief in the short-term and increase the likelihood for upward mobility in the long-term. In order to ensure that these bills have their maximum positive impact, Win has the following recommendations:

- The Mayor and the Council should streamline the process of ensuring qualified applicants receive their vouchers in a timely manner, rather than having to apply multiple times.
- Minimizing the amount of times applicants need to reapply for the voucher will reduce redundant paperwork and ensure that families do not cost the City money by entering into shelter during the voucher qualification period.

According to the New York City Housing and Vacancy survey, the number of habitable units that are unavailable for rent has increased sharply across price ranges, reducing available supply, and therefore increasing price and demand for the housing stock that remains.^{xiii} State, city, and local officials should incentivize making this hidden stock available, and disincentivize using housing as a speculative asset in the midst of a housing crisis.

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About Win

Since its founding to provide emergency shelter to four homeless women and their children, Win has grown into the largest provider of family shelter and supportive housing in New York City and the country. Win offers transitional housing and permanent supportive housing that's coupled with programs and services developed to support long-term housing stability. All of Win's services are guided by its mission—to transform the lives of New York City homeless families with children by providing the safe housing, critical services, and the ground-breaking programs they need to succeed on their own—so families can regain their independence and children can look forward to a brighter future.



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