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## **POLICY MATTERS MAY 2018 – RENT SUPPLEMENT PILOT PROGRAM**

**Don Friedman** May 31, 2018

One of the painful truths of which we are acutely aware is the fact that public assistance rent allowances bear virtually no relation to the actual cost of rent in every part of New York State. In New York, public assistance rent allowances, also called shelter allowances, rarely reach half of the “Fair Market Rent,” the amount deemed necessary to obtain modest but decent housing. Indeed, two-thirds of public assistance households living in private housing have rents that exceed the amount of their shelter allowances. This inevitably means that thousands of low-income families and individuals are at constant risk of losing their homes, or are, in fact, homeless.

For nearly two years, advocates have been working with Assemblymember Andy Hevesi, chair of the Assembly Social Services Committee, to address this troubling problem by establishing a public assistance rent supplement program. Some social services districts already provide rent supplements, but eligibility is generally limited to families with children, cannot be provided to households under any type of sanction, and have other restrictions that limit their availability.

Although it might be intuitively obvious, new research has provided us with a much deeper understanding of the devastating impact of housing insecurity and homelessness. We know that living under these conditions negatively affects employment, physical and mental health, family well-being, educational outcomes and child development. Clearly, the fact that homelessness and housing insecurity have increased to record levels in New York in recent years represents a crisis that demands prompt and aggressive action.

The proposed legislation introduced by Assemblymember Hevesi would have created a “Home Stability Support” program (HSS). Its basic features are these:

- This would be a statewide program to provide a rent supplement for individuals and families that are eligible for public assistance.
- The household would have to be homeless or at risk of homelessness, or face a loss of housing due to domestic violence or hazardous living conditions.
- The supplement would enable households to pay rents up to 85% of the local FMR.
- There would also be a fuel-for-heating supplement for households that must pay separately for heat.

The HSS proposal would have been funded at \$40 million in the first year, which would be increased by \$40 million each year until it totaled \$200 million. This may seem like a considerable cost, but the

expense must be compared with the vast allocations needed to provide emergency housing, emergency health care, emergency food, and other services, as well as the incalculable costs incurred when jobs are lost, children underachieve in school and unrelenting stress takes its toll.

Despite an energetic and in many ways effective campaign, Home Stability Support, as described above, was not adopted in this year's NYS budget. The Legislature did authorize the establishment of a rent supplement pilot program that bears some resemblance to HSS, but that, most importantly, is not statewide and is funded at a small fraction of the original HSS proposal.

Here are the main features of the rent supplement pilot program:<sup>1</sup>

#### **Eligibility criteria**

- The supplement can be provided to individuals or families
- The supplement is available only in Rochester and New York City<sup>2</sup>
- The individuals or families must be eligible for public assistance and must be homeless or at imminent risk of homelessness
- The supplement will not be considered part of the household's standard of need<sup>3</sup>
- The pilot implicitly encourages grants to households that include "...a person who has been released from prison..." There is a separate allocation of \$200,000 for case management services to such households, but it seems to be available only in Rochester.

#### **Amount and nature of the benefit to be provided**

- The supplement, when combined with the household's basic shelter allowance (the usual welfare rent grant) can provide the household with up to 100% of the Fair Market Rent for the district
- The supplement can be received for up to four years
- The supplement will be paid directly to the landlord or vendor (e.g., a managing agent)

#### **Other provisions:**

- Funding: Total funding is \$15 million, covering a four-year period. \$1.1 million will be made available to Rochester, and \$13.5 million to New York City. The remaining \$400,000 will be used to engage non-profit agencies to evaluate the outcomes.
- Districts must submit a plan to OTDA detailing how they will administer the program
- There is a provision in the budget that authorizes the state to withhold a broad range of funds from districts that fail to submit and implement homeless outreach and services plans, and issue reports, as required by OTDA. But the \$15 million funding for the rent supplement pilot does not appear to be covered under that requirement.

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<sup>1</sup> I was not able to find in the budget bill a name designated for the initiative, so I have referred to it as a rent supplement pilot program.

<sup>2</sup> The legislative language does not mention New York City or Rochester, but specifies that the supplement is available only in a social services district with more than 5 million people, or in a city with between 205,000 and 215,000 people. Only two cities fit those respective descriptions.

<sup>3</sup> To be eligible for public assistance, a household's "countable" income must generally be less than their standard of need, that is, the maximum grant they could receive. So if the standard of need for a family of two would be, say, \$400 a month, then a family would be eligible for public assistance if their countable monthly income is less than \$400. But this bill specifies that the rent supplement does not count as part of the standard of need. So if this family's supplement would be \$300, bringing their total possible grant to \$700, they would still only be eligible if their income is less than \$400.

In conclusion, it was to a large extent understood that a fairly massive undertaking such as Home Stability Support would be a multi-year project. In the first year, there was a significant effort to educate the public and policymakers about the crisis of housing for low-income New Yorkers, and considerable support was garnered for the HSS bill. In this second, support continued to grow, and this modest pilot was adopted. We are certainly disappointed by the result, but we take meaningful consolation in these facts:

- ☐ The State government has created a program that will help a few hundred households to secure or to maintain adequate housing and to attain a substantial degree of housing security;
- ☐ For the first time in decades, the State has acknowledged that public assistance rent allowances are dangerously inadequate;
- ☐ Those who have been engaged in the effort to achieve a meaningful, across-the-board rent supplement remain committed to continue the campaign, without pause.