



**HOMELESS SERVICES UNITED**

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**Homeless Services United (HSU) would like to register our concerns about the proposed expansion of Small Area Fair Market Rents (SAFMR) to New York City's Section 8 program.**

HSU is a membership coalition representing New York City's nonprofit homeless service providers. HSU provides advocacy, information, and training to member agencies to expand their capacity to deliver high-quality services. HSU advocates for expansion of affordable housing and prevention services and for immediate access to safe, decent, emergency and transitional housing, outreach and drop-in services for homeless New Yorkers. Homeless Services United promotes effective solutions to end the crisis of homelessness in New York City.

We have nearly 50 member agencies operating 99 shelters across all five boroughs of the city. HSU members account for the majority of non-profit operated shelter beds in New York and provide shelter and services to more than 20,000 homeless men, women and children each night. Our members operate a broad range of additional programs including on-site social services, youth services, eviction prevention, drop-in centers, food pantries, community outreach and supportive housing.

We understand HUD's interest in helping low income families move to areas of opportunity. Studies have shown that such moves can have positive impacts on the lives of families and improve outcomes for children reducing intergenerational poverty and future homelessness. However, the proposed changes to the Fair Market Rent (FMR) may not have the intended impact in New York. Given the unique challenges associated with the New York City real estate market, the opposite is likely to occur.

**37,000 current voucher holders living in zip codes that would see a decrease in reimbursement rates would be faced with three options:**

- A. Compete with each other (and the general public) to find a new apartment in a high opportunity area (in a City with very few vacant units).**
- B. Find alternate housing in a low opportunity area, while at a competitive disadvantage to households using higher rate locally sponsored subsidies.**

*Or failing to achieve A or B:*

- C. Try to remain in their homes with reduced reimbursement levels, at risk of becoming rent-burdened, evicted, and possibly homeless.**

Homelessness is at an all-time high in New York City. There has been a 115% increase in homelessness in the past two decades and without continued intervention, that number will continue to rise. The shelter system is bursting at the seams, and conditions at many facilities have deteriorated due to decades of disinvestment and failed policies that have made it nearly impossible for shelter providers to keep up with capital repairs and the costs of operating shelter programs. **The City's overtaxed and underfunded shelter system would be in serious peril if thousands of households receiving Section 8 were unable to maintain their housing under the new FMR reimbursement levels.**

It is unlikely that families receiving Section 8 assistance in low income areas will be able to find available housing in high opportunity areas even with enhanced payment standards. The reality is that even the small area fair market rents are too low to compete in New York's housing market. The formula relies on ACS data which surveys occupied rental housing. That data does not reflect the true cost of moving to vacant rental housing. Because of rent stabilization laws, many occupied housing units have lower rents than can be found on the open market. This skews the data such that even using zip code level pricing, the payment standards are often insufficient to cover the asking rents in many neighborhoods.

To cope with the current homeless crisis New York City has created a suite of homeless re-housing programs to try and address it. The rent levels for our local subsidy programs have been set at current Section 8 FMRs to ensure a level playing field across assistance programs. Should SAFMR be enacted in NYC resulting in the reduction of Section 8 payment standards in low income areas where many Section 8 voucher holders live, assisted households would need to move or negotiate lower rents to avoid becoming rent-burdened. **With thousands of families currently in shelter actively looking for housing by utilizing higher rate local subsidies, landlords would have little to no incentive to reduce rent levels in these areas.** Compounding the problem is New York City's acute shortage of available rental housing units, currently the vacancy rate stands at only 3.45% (and a staggeringly low 1.8% vacancy rate for units below \$800)

**Currently, one in four Section 8 vouchers is lost in New York City because of inability to find a viable housing placement within the allotted time.** Enacting SAFMR in the City would flood the market with voucher holders who had their assistance levels reduced, which would result in even more households losing their vouchers, and ultimately becoming homeless.

**There is a real danger that the SAFMR policy would simply shift currently assisted households from Section 8 to shelters and locally funded homeless assistance programs.** Forcing families into homelessness causes trauma, disrupts school and employment and increases local costs without advancing HUD's desired goals of integrated communities and moving to opportunity all while undermining the work of the US Interagency Council on Homelessness (USICH).

**An estimated 37,000 households are at risk for becoming cost burdened in New York City and would be at risk of homelessness. With a shelter census already hovering near 60,000 individuals the impact would be catastrophic.**

**To make matters worse, the proposal also impacts project based assistance which will hamper the development of new special needs housing.** Supportive Housing providers rely on project based

section 8 to support the operating costs of special needs homeless housing. Because the only land available for such projects that nonprofit providers can afford to acquire tends to be located in low income areas these projects would be impacted by the SAFMR and face budget shortfalls that threaten their viability if the payments standards are reduced for new or existing projects. If these projects cannot go forward HUD's goals of ending homelessness for veterans, youth and families will be stymied.

There has been a great deal of investment at the federal level in reducing and ending homelessness thanks to the efforts USICH and HUD's funding priorities. The implementation of SAFMRs in a city like New York with extremely low vacancy rates would undermine those investments. **HSU strongly recommends that HUD exempt New York City from this demonstration project until such time that the adverse impact on homeless households or households at risk of homelessness can be addressed and mitigated.**

#### **Comments submitted by Homeless Services United**

##### **Endorsed by:**

CAMBA

Care for the Homeless

ICL, Institute for Community Living

Nazareth Housing

SCO Family of Services

West End Residences HDfC, Inc.