Solutions for Today and Tomorrow

HSU

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Public Comments of Eric Lee, Director of Policy and Planning, Homeless Services United, Inc.
Before the NYC Department of Homeless Services
September 24th, 2019
On Proposed amendments to Title 31 of the Rules of the City of New York
to create an Income Savings Plan

Introduction

My name is Eric Lee, and I am the Director of Policy and Planning of Homeless Services United (HSU). HSU is a coalition of approximately 50 non-profit agencies serving homeless and at-risk adults and families in New York City. 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 Service United's member agencies operate hundreds of programs including shelters, drop-in centers, food pantries, HomeBase, and outreach and prevention services. Each day, HSU member programs work with thousands of homeless families and individuals, preventing shelter entry whenever possible and working to end homelessness through counseling, social services, health care, legal services, and public benefits assistance, among many other supports.

Homeless Services United is dismayed that DHS has chosen to rollout a mandatory Income Savings Program (ISP) for single adults, a highly vulnerable group with the least social capital. While we understand that savings can be an important part of a homeless client's independent living plan, we have serious concerns with regards to how the Department of Homeless Services will implement the program, challenges it could create for clients and shelter staff in practice and, whether it will negatively impact a client's ability to access, retain and move on from shelter. HSU is concerned that stringent contribution requirements could result in barring persons without healthy, viable alternatives from shelter programs. Clients should not have to cede control of their finances in order to receive assistance. This is a paternalistic program which will create barriers to service and permanent housing and stifle independence of individuals in shelter.

<u>DHS must directly administer ALL facets of the ISP:</u>

Given DHS' choice to enact this, **§ 4-03 must be amended to explicitly state that DHS, and <u>NOT DHS-contracted non-profit providers</u>, is responsible for directly implementing this savings program, including collecting and tracking contributions, client compliance, and savings reports/statements.** Non-profit shelter providers primary focus is to provide social services to stabilize households to enable them to transition to permanent housing. This rule would enact a complicated financial savings program tasking social service staff with tracking and enforcing compliance which would diminish time devoted to providing core social work and case management services, as well as housing search assistance.

Establishing a trusting relationship with clients is penultimate to gaining buy-in to achieve better outcomes, and **there must be a clear bifurcation of responsibilities between providers as advocates for**

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their clients and DHS as the administrator. **If providers are involved in any way with this program, either in the collection, tracking, adjustments/deductions, or withdrawal of funds, it will undermine and erode providers' ability to forge relationships with clients.**

DHS must increase flexibility to ensure clients have the ability to comply and timely access to funds and shelter

The City's plan to first pilot this with single adults to workshop potential issues before implementing the program across the much larger families with children shelter system, implies that they anticipate a bumpy rollout. **HSU strongly cautions DHS that poor implementation of this savings program will inflict dire financial and physical harm to individuals residing in shelter.** If the City is not confident they can implement the program without harming participants, they must either not move forward with the program as constructed or, adjust their targeting.

§ 4-02 (b) should also **allow clients to save money at a financial institution of their choosing and furnish documentation to satisfy the requirement** should they not want the Department of Homeless Services to control their resources. 18 CRR-NY 491.7 (d) (6) grants clients in shelter the right to control their own financial affairs. We believe that in order for that right to be upheld, DHS cannot dictate which institution holds their savings as long as they otherwise comply with programmatic rules that may be approved in this section. However, if DHS refuses to allow persons to set up accounts of their choosing the department must reimburse clients for all costs incurred as a condition of compliance including for checks, money orders or other banking services clients are required to purchase in order to pay into this program as the department requires. It is unconscionable that DHS residents who can demonstrate the required savings at a financial institution of their choosing are still at risk of sanction from shelter under this rule for failure to turn over assets to DHS to hold and control.

§ 4-03 (c) should clearly **define standard eligible deductions, both for monthly savings requests and one-time adjustments**, to ensure the 30% earned income requirements are consistent and attainable, as well as include what recourse a client has to appeal a deduction denial by DHS. While we appreciate that some flexibility is built into the rule, we believe that there should also be standard deductions including, but not limited to, child support responsibilities as well as new/existing medical expenses, transportation, and work-related expenses. Low wage individuals, in particular, see most of their income spent on basic living expenses as well as prior debts and responsibilities. Calculations for the savings plan must be clearly setup so that it does not make it impossible for some individuals to comply.

§ 4-03 (a) (3) The amount due to be deposited should exclude funds released to the client pursuant to 4-05(c). Mandating clients to redeposit funds which were approved by DHS for release will result in insurmountable savings requirements akin to mounting debt which could result in sanctions from shelter.

§ 4-02 (a) Given the financial constraints that low wage workers live within, we recommend DHS **consider implementing the ISP in stages by income level, with high-income shelter residents first, instead of all non-CA eligible individuals.** In this way, DHS will be able to workshop logistics of the program with individuals who have a better ability to set-aside money, while also holding harmless those most vulnerable and least likely to be able to meeting savings requirements. The lowest income clients' income tends to fluctuate and we are concerned that per diem or hourly workers with unpredictable wages will

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have a particularly challenging time managing set savings targets and/or will have to request adjustments so frequently as to be overly burdensome.

§ 4-04 (b) should clarify that *"depositing funds in their savings account"* to cure non-compliance should be a **"mutually agreed upon amount".** § **4-04 (b) (2)** should likewise specify a **"mutually agreed upon amount"** reached within a case conference, to cure a temporary discontinuance of shelter. Through these clarifications, clients are empowered to comply by setting realistic and attainable payment goals.

§ 4-05 (a) HSU is concerned that highly vulnerable individuals will lose track of their money and be unable to access it in a timely manner, particularly for clients exiting shelter. For Standard Release after shelter, 30 to 45 days is too long a timeframe to return funds to individuals leaving shelter. These individuals in particular will need immediate access to their money, and this is well outside standards of financial institutions. Additionally, **the method for returning funds is particularly problematic for people experiencing homelessness**, as they may not be able to provide a future mailing address or other contact information. Additionally, given the challenges that our experienced non-profit workforce encounters when picking up checks from DHS/HRA, from not receiving notification to not knowing who physically has the checks, HSU is concerned that participants would find the process even more difficult to navigate.

§ 4-05 (b) Clients released from shelter who are unlikely to return need access to their money <u>prior to moving out</u>, not the 30 days after leaving shelter, as inability to access funds prevents them from attaining permanent housing. A client would be unable to pay first month's rent while in shelter, and would have to wait up to a month before being able to purchase essential furniture and living supplies. Single adults with earned income are in particular more likely to move to informal housing arrangements and may lack lease agreements or other documentation typically required for a release of funding. DHS must be as flexible and nimble as possible when clients request access to their funds.

In summary, Homeless Services United agrees with the principle of helping foster financially responsible lifestyles, we feel that there are serious concerns with regards to implementation and punitive measures. We recommend DHS to consider other financial alternatives to assist clients, such as providing a match incentive rather than risk of sanction, to entice savings. Another option is to work with banks and credit unions to establish no/low cost savings plans citywide paired with financial literacy and planning resources to help educate clients how to manage their funds. In these ways, DHS can promote positive financial practices and empower clients to improve their financial situations. As constructed, this plan will not empower shelter residents but instead infantilize them by forcing them to relinquish control of managing their personal finances to DHS in order to receive help.