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BENCHMARKING SHELTER PERFORMANCE IN NEW YORK

A Modest Proposal for Easing the City's Homeless Crisis

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About the Author

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Executive Summary

This report looks at the place and function of shelter—temporary housing—within New York City's homeless-services system. As homelessness has increased over time, so, too, has the strain placed on the city's shelter system. New York now spends over $1 billion a year to provide temporary housing to 14,500 homeless single adults and 15,200 families, about 60,000 people in all (with thousands more living on the streets and in the subway system). And that does not count the hundreds of millions of dollars the city also spends on prevention efforts aimed at reducing the number entering shelters and rental-subsidy programs to facilitate their exit. Nonetheless, the "crisis," as it is referred to by numerous observers and the city itself, shows little sign of abating.

In response to sustained criticism of his approach to the current crisis, Mayor Bill de Blasio has twice put forth plans to reform the delivery of homeless services. Improving shelters—making them safer and cleaner—has been his administration's top priority. The administration has paid much less attention to the ability of shelter operators to move homeless adults and families out of their facilities and back into the community. It should do so and draw upon de Blasio's predecessor's approach.

Beginning in 2003, under Mayor Michael Bloomberg, New York City set up a system of performance benchmarking and financial incentives known as the Performance Incentive Program (PIP). This program measured and rewarded shelters' effectiveness at reducing clients' average length of stay and helping establish them in stable, independent housing. The Bloomberg administration viewed PIP as essential to its efforts in reducing the number of people living in shelters and their length of stay; there is evidence to suggest that PIP did just that. Almost every instance in which the city has managed to reduce the shelter census or average length of stay on an annual basis has occurred when PIP was active. After assuming office in January 2014, however, Mayor de Blasio let lapse the incentives and performance benchmarking for shelters.

The de Blasio administration should reinstitute a benchmarking and incentive program. Shelter operators should have their performance outcomes quantitatively evaluated and published in regularly issued reports, ranking them against peers that serve similar populations. Performance should be mainly determined based on the rate at which shelter operators are placing adult- and family-shelter clients back into independent housing in the community, their average length of stay, and the rate at which formerly homeless people return to shelter. High performers should be rewarded with bonuses, and low performers should face a serious threat of loss of their contracts.

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A Short History of New York City's Shelter System

New York City's shelter system developed in response to the emergence of the "modern" homelessness problem in the late 1970s. Prior to that time, the homeless population consisted mainly of indigent single men suffering from high rates of alcoholism.[1] Today, most homeless New Yorkers are members of families, most of which are headed by single mothers (**Figure 1**).[2] The homeless population now faces substance-abuse disorders other than alcoholism, as well as a high rate of serious mental illness.

FIGURE 1

Profile of Homeless Populations, New York City and the U.S., 2017

	NYC	Nation
Percent Sheltered*	94.9	65.2
Percent in Families with Children	59.3	34.3
Percent White	18.4	47.1
Percent "Chronic" Homeless*	7.5	17.2
Percent Severely Mentally Ill (Adults)	23.7	25.5
Percent Severely Mentally Ill (All)	15.7	20.2
Percent Chronic Substance Abuse	10.2	16.1
Percent HIV/AIDS	4.6	1.8
Percent Victims of Domestic Violence	6.9	15.8
Percent Unaccompanied Youth*	2.6	7.4

*"Sheltered" is defined as staying in an emergency shelter or a transitional housing program or a safe haven; "chronic" refers to having a disability and having been homeless for one year continuously or four times in the previous three, for a total of 12 months; "unaccompanied youth" refers to someone under the age of 24 who is not part of a family.

Source: U.S. Department of Housing and Urban Development, HUD 2017 Continuum of Care Homeless Assistance Programs, Homeless Populations and Subpopulations; HUD 2017 Continuum of Care Homeless Assistance Programs, Homeless Populations and Subpopulations, "Full Summary Report (All States, Territories, Puerto Rico and District of Columbia)"

New York's response to modern homelessness evolved over four decades by five mayoral administrations. Two landmark events stand out.

The "Right" to Shelter

The first landmark event emerged from a lawsuit brought by advocates for the homeless against the city and state in 1979. Plaintiffs in *Callahan v. Carey* claimed that New York was abrogating its constitutional obligation to provide temporary housing for homeless single men, basing their argument for a "right to shelter" on a clause in the New York Constitution.[3] Mayor Edward Koch settled the case in 1981 by signing a consent decree that conferred a right to shelter to single men (subsequent litigation and settlements extended the right to single women and families).[4]

The legal right to shelter may have reduced the percentage of unsheltered or street homelessness in New York City, though its effect is difficult to disentangle from other factors, such as New York's long tradition of generosity in social-services spending and its harsh winter climate.[5] Other cities that do not have a right to shelter (Philadelphia), or a much more qualified one (Boston and Washington, D.C.), have nearly the same rate of sheltered homeless (**Figure 2**). Counting unsheltered homeless is far from a precise science, so a difference of a few percentage points may not be consequential.

FIGURE 2

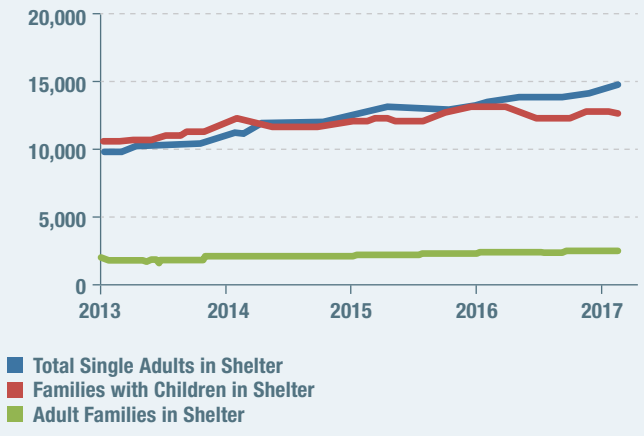
Percent of Homeless Population Sheltered, Select U.S. Localities, Average 2007–17

Locality	Average Percent Sheltered, 2007–17
Boston	96.4
New York	94.7
Washington, D.C.	93.2
Philadelphia	90.9
Detroit	79.0
Chicago	77.4
Seattle (City and King County)	66.6
San Diego (City and County)	47.7
San Francisco (City and County)	41.9
Los Angeles (City and County)	34.2
San Jose (City and Santa Clara County)	27.9

Source: HUD, "2007–2017 PIT [Point in Time] Counts by CoC [Continuum of Care]"

FIGURE 3

Trends in Single Adults and Families in Shelters, 2013–17



Source: "DHS Daily Report" data downloaded from NYC Open Data

The right to shelter under the *Callahan v. Carey* consent decree has been interpreted to mean a right to *immediate* shelter—adults and families must be placed in temporary housing the day they apply for it. Thus, city government has been forced to resort to forms of temporary housing—hotels and "cluster site" shelters jury-rigged in apartment buildings—that are widely seen as inferior to facilities designed for the specific purpose of housing the homeless. The result has been a very low quality of shelter offered to homeless families and single adults in recent years. More basically, the right to shelter has given legal advocates an outsize role in shaping the city's response to homelessness. For many years, judges and lawyers from the Legal Aid Society and representing the Coalition for the Homeless have had more influence over how New York should respond to the homelessness challenge than many of the city's elected representatives.[6]

"Not-for-Profitization"

The second landmark event in New York's modern homeless policy was "The Way Home: A New Direction in Social Policy," a 1992 report of the Cuomo Commission—a task force convened by Mayor David Dinkins, whose administration was facing a political crisis over its handling of homelessness.[7] The report's two most consequential recommendations were the creation of the Department of Homeless Services (DHS) as a separate city agency and a policy of privatization or, more precisely, "not-for-profitization." The city was mostly to get out of the business of operating homeless shelters. Instead, the new DHS would set overall policy and "function as a 'general contractor' for the system," with the frontline work of sheltering the homeless and transitioning them back into the community done by a network of government-funded nonprofits.[8] Mayor Dinkins's successor, Rudy Giuliani, implemented the Cuomo Commission's recommendations.[9]

In the early 1990s, many governments were exploring ways to employ the private sector in pursuing public goods in areas such as transportation, elementary and secondary education, and sanitation services. Though the term "privatization" remains controversial in some circles, reliance on government-funded private contractors remains a foundational component of social policymaking in New York City. During FY 2017, the city administered more than 9,000 active contracts worth $22.6 billion for "human services." About 400 of these contracts, worth $4.8 billion, were with the DHS.[10]

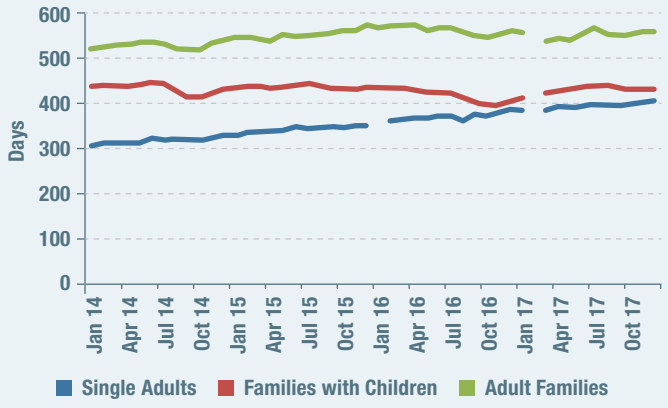
New York City's Shelter System Today

New York City's DHS oversees about 580 shelter facilities spread throughout the five boroughs.[11] The city spent $1.3 billion on family- and adult-shelter services in FY 2017, a sum larger than outlays on libraries and parks combined.[12] According to a 2015 report, New York City is host to roughly one-quarter of all the emergency-shelter beds *in the nation*.[13]

Homelessness in New York City has been termed a "crisis" by the administration, advocates, politicians of both parties, and various media organizations.[14] As of late 2017, there were about 14,500 single adults and 15,200 families living in the DHS shelter system. Throughout de Blasio's first term (January 2014 to December 2017), the number of families in shelters increased by 2,879, or 23%, while the number of single adults increased 4,657, or 47% (**Figure 3**). In raw numbers, 50,954 adults and children were in shelters on January 1, 2014, and 59,933 on December 31, 2017.

FIGURE 4

Average Length of Stay in a Shelter, Single Adults and Families, Jan. 2014–Dec. 2017



Source: NYC, Department of Homeless Services, "DHS Local Law 37 Report for the Month of December 2017" Broken lines in this and other figures reflect a lack of data.

FIGURE 5

Share of Spending for Family and Single Adult Shelters, FY 2017

	City	State	Federal
Single Adult	84.4%	12.5%	3.1%
Family	38.2%	7.1%	54.7%

Source: NYC, Office of Management and Budget, "Budget Function Analysis," Jan. 24, 2017

Single adults are staying in a shelter about 100 days longer than they were, on average, in January 2014; and 37 days longer in the case of adult families (couples without children).[15] The average length of stay for families with children is now about six days shorter than it was in January 2014 (**Figure 4**).

Providing temporary housing to single adults and families entails different managerial challenges. The single adult population has higher rates of substance abuse and serious mental illness; families need larger units, privacy is a greater concern, and the city strives to place family clients in a shelter near their children's schools.[16] Single adult homelessness, sheltered and unsheltered, is a significant driver of many so-called "quality of life" concerns in city neighborhoods such as panhandling and public urination.[17] Family and single-adult shelters are also funded differently. City tax revenues constitute a much larger proportion of the adult-shelter-services budget than that of family services (**Figure 5**).[18]

State regulations require that many services be provided to shelter clients. In testimony given late in 2016, city officials noted 70 shelters (47 for single adults, 23 for families with children) that provide onsite health care, with other facilities referring clients who need medical services to nearby providers offsite with whom the provider has a "linkage agreement"; additionally, "many shelters have art therapists, occupational therapists and recreational activities such as outings, yoga and health classes."[19] On the single-adult side, they noted 27 "special program" mental-health shelters and nine substance-use-disorder shelters.[20] Traditional, or "Tier II" family shelters (distinct from cluster sites and hotels), are required to provide child care (though a recent report by the city comptroller found that not all providers were in compliance).[21] All shelters are required to provide three nutritious meals a day.

The right to shelter is balanced by "Client Responsibility" rules that were first proposed under Mayor Giuliani—fought against for seven years by the Legal Aid Society—and implemented during Mayor Michael Bloomberg's first term.[22] The rules remain in place today.

Both family and single-adult shelter clients must develop, with the provider staff, an Independent Living Plan (ILP).[23] In the words of Steven Banks, commissioner of the Department of Social Services, the ILP forms the core of a client's "[shelter] exit plan and an individualized pathway towards sustainable permanency." Developing an ILP entails compiling vital documents such as birth certificates and Social Security cards, "a comprehensive assessment of the family's current level of housing readiness as well as an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individualized and special needs assessment" by a case manager, an exploration of housing possibilities with friends and family, the provision, directly or through a referral, of educational, employment, medical and mental-health services, and preparation for apartment viewings and interviews. Clients are instructed about how to comport themselves when viewing apartments and are even provided with professional attire, if necessary. Clients view apartments along with provider staff and are given help in moving when a suitable apartment is found. Clients who are able to work are required to obtain and maintain employment.[24] They must "apply for and use any benefits and resources that will reduce or eliminate the need for temporary housing assistance"[25] and "actively seek housing other than temporary housing . . . and not unreasonably refuse or fail to accept any such housing."[26] Shelter clients must also "refrain from engaging in acts which endanger the health or safety of oneself or others, or which substantially and repeatedly interfere with the orderly operation of a temporary housing facility."[27] Noncompliance with DHS rules can lead to a client's loss of shelter.[28]

Single Adults and Families

Since the 1990s, families seeking to enter the shelter system have been subjected to an eligibility process.[29] All families must enter through the Prevention Assistance and Temporary Housing (PATH) intake center in the Bronx, where they receive a temporary shelter placement lasting, on average, 10 days, which turns into a permanent placement if they are found eligible. PATH staff scrutinizes a shelter applicant's two-year housing history and interviews friends and family with whom they had recently lived to ascertain if they have nowhere else "safe and appropriate" to stay, even on a temporary basis, and are indeed in immediate need of emergency shelter.[30] Intensive efforts are made to connect these families with prevention resources.[31]

Each month, DHS denies more than 1,000 petitions for family shelter. In his 2013 mayoral campaign, de Blasio criticized existing city shelter policy for its "unfair and overly punitive eligibility review rules that deny shelter to too many needy families."[32] Accordingly, in late 2015, the de Blasio administration sought greater leeway to grant shelter access from the state Office of Temporary and Disability Assistance (OTDA), which regulates city shelter services. However, one year later, after the eligibility rate had risen, the de Blasio administration asked the state to restore the previous authority of DHS to explore the possibility of keeping shelter applicants housed in an apartment leased to a family member or friend.[33] Advocates opposed this move,[34] which has brought eligibility rates closer to historical levels (**Figure 6**).

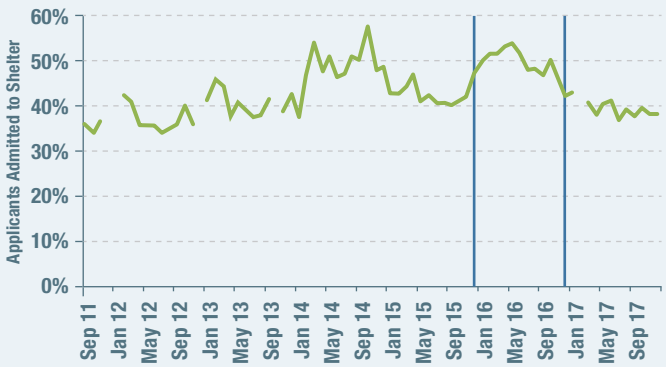
Single adults are not subject to an eligibility process.[35] From a policy perspective, this is considered prudent because of the risk of increasing street homelessness. New York's most recent estimate of its unsheltered homeless population found that it was composed almost entirely of single adults.[36] The Bloomberg administration tried to institute eligibility for singles, believing that it had taken sufficient steps to minimize the risk of expanding unsheltered homelessness.[37] This action was strenuously opposed by homeless advocates.[38] Ultimately, the courts denied the Bloomberg administration the ability to impose an eligibility process for single adults.[39]

Progressives often cite increased use of government benefit resources as evidence of effective governance and express concern that some programs may be under-enrolled.[40] Temporary housing benefits are an exception. In public debate, the shelter census tends to function as a scorecard that tracks whether the city is succeeding or failing at efforts to help the homeless. Shelter is seen somewhat like emergency-room usage: necessary but regrettable. This perception has fueled a growing emphasis on prevention and rental subsidies, designed to keep people from entering shelters and facilitating their exit, respectively.[41] While spending on homeless services, in general, has doubled under the de Blasio administration, the growth has been driven mainly by programs other than shelter (**Figure 7**). Shelter now accounts for only 57% of all homeless-services spending.

Though more than 200,000 New Yorkers have benefited from Mayor de Blasio's prevention and rental-subsidy programs, the shelter census has continued

FIGURE 6

New York City Eligibility Rate Trends, Family Shelter, 2011–17



Source: NYC, Department of Homeless Services, "DHS Local Law 37 Report for the Month of December 2017"

FIGURE 7

Spending on NYC Homeless Services, Major Categories, FY 2014–FY 2017

	FY 2014	FY 2015	FY 2016	FY 2017	$ Change	% Change
Adult Shelter Operations	$326	$356	$430	$509	$183	56.1
Family Shelter Operations	$505	$577	$591	$807	$302	59.8
Rental Assistance	$23	$39	$121	$189	$166	721.7
Prevention, Diversion, Anti-Eviction and Aftercare	$82	$198	$291	$400	$318	387.80
Total, Homeless Services Spending	$1,175	$1,425	$1,757	$2,295	$1,120	95.3
Total Spending on Shelter	**$831**	**$933**	**$1,021**	**$1,316**	**$485**	**58.4**
Shelter as Percent of Total	**70.7**	**65.5**	**58.1**	**57.3**	**43.3**	

Source: New York City Comptroller, "Comments on New York City Fiscal Year 2017 Executive Budget," May 24, 2016, table 21, p. 38; "Comments on New York City's Preliminary Budget for Fiscal Year 2018 and Financial Plan for Fiscal Years 2017–2021," Mar. 2, 2017, p. 38; figures are in millions

to rise (Figure 3) and is expected to remain high for the foreseeable future.[42] Mayor de Blasio projects a 4% decrease (2,500 people) in sheltered homelessness by 2022, which would leave levels still at a historical peak. Only a decrease in the number of homeless families is projected; the administration assumes that the number of homeless single adults and adult families (couples without children) will continue to increase in coming years.[43]

The mayor has twice put forth plans to reform homeless services: the "90 Day Review," released in April 2016; and the "Turning the Tide" plan of February 2017.[44] In response to a series of spectacular tragedies and several highly critical reports, great emphasis has been placed on improving shelter conditions.[45] Thousands of shelter inspections have been conducted and thousands of code violations addressed.[46] The budget for shelter security has been doubled and now exceeds $200 million. The city government has brought in the NYPD to oversee safety operations in shelters.[47] These increased investments in the physical plant of shelters and security have been accompanied by revisions to the city's efforts at benchmarking levels of safety and cleanliness.[48] A recent *Daily News* report criticized the city's revisions to its definition of "critical incidents" on the grounds that it had exaggerated levels of safety in the shelter system.[49] The city's determination to improve shelter conditions has also driven its efforts to end contracts with a few grossly negligent providers, as well as its plan to phase out the use of cluster sites and hotels by 2021 and 2023, respectively.[50] (In the near term, the planned phase-out of cluster sites will actually entail an increased use of hotels.)[51] This is expected to enable the city to reduce the total number of shelter locations by almost 50%, even while it plans to expand "traditional" shelters by 90 new facilities and increase capacity at 30 existing ones.[52]

Shelter Outcomes Versus Shelter Conditions

In New York, shelter services have always meant more than just providing a clean, safe place to stay. In the most recent "Mayor's Management Report," DHS stipulates that one of its overarching goals is to "help individuals and families transition to permanent housing and self-sufficiency."[53] This entails that the agency not only ensure that "all temporary shelters for homeless individuals and families are clean, safe, and well-run" but also that it "[f]acilitate exits and minimize clients' length of stay in shelters."[54] Shelter outcomes—as opposed to shelter conditions—concern how effective providers are at moving clients toward an independent living situation in the community as quickly as possible.

The virtue of the not-for-profitization shelter system is not so much that private organizations would be better than the city at providing a clean, safe place to stay; instead, the theory was that these organizations would be more effective at establishing self-sufficiency.

Improving shelter outcomes and enhancing shelter conditions are two different tasks that sometimes are in tension with each other. The more comfortable an adult or a family feels in a temporary housing situation, the weaker the motivation could become to move back into the community. At a time when shelter conditions

are said to be generally improving, like the present, it becomes all the more incumbent on shelter operators to work to place their clients in stable, independent housing.

Bloomberg's Performance Incentive Program

Under Mayor de Blasio, however, the issue of shelter outcomes has been eclipsed by that of shelter conditions. The administration could have a policy rationale for ordering DHS's priorities in this manner, or it could simply be responding to pressure from the many negative reports about shelter conditions and safety.

Whatever the reason for de Blasio's priorities, shelter outcomes received far more attention under his predecessor. In 2003, as noted, the Bloomberg administration launched the Performance Incentive Program (PIP), a system of benchmarking and financial incentives for shelter providers. Building on earlier efforts by the Giuliani administration,[55] PIP measured providers' rate of housing placements, clients' length of stay, and the rate of return to shelter. The city set basic placement targets to ensure at least a minimum number of move-outs per year. Points were also awarded for "process"-type shelter functions, such as ensuring that clients were signed up for appropriate benefit programs and that their housing applications had been filed in a timely manner.[56] Each shelter's successes were tallied up to a final score. Shelter scores were published in quarterly rankings, where providers (and the city) could compare their own facilities against other providers that dealt with similar populations, as well as in an individualized report card. Providers were given financial rewards for performance and risked a loss of funding for failing to achieve their benchmarks.[57] The financial incentives ranged around 10% of the facility's base budget.

Figures 8 and **9**, respectively, show examples of how Bloomberg's PIP rated shelters: a systemwide "results card" for single adults from 2009; and a report card for an individual family shelter provider from 2012. Figure 8 shows that providers working with similar populations, the same housing market, and the same array of rental-subsidy programs placed at their disposal by the city met with varying results. Of the seven substance-abuse shelters, some experienced a 2% "recidivism" rate, i.e., a return to shelter within six months, whereas others' rates were as high as 24%. Of the mental-health-shelter providers—which deal with some of the most challenging cases in the entire shelter system—most (11) experienced a recidivism rate of less than 10%. And for the cohort of 49 as a whole, 34 adult shelters in calendar 2009 met at least 90% of the target set by the city (indicating that standards in this particular year were not unrealistic), though some hit less than 50% of the target.

One year's results should be kept in context: some shelters serve a small population, and their outcome data could be influenced, for instance, by a handful of difficult cases. But these results are striking and prompt important questions as to why some providers may be surpassing others in rates of placement and return to shelter.

The Bloomberg administration saw PIP as one part of a general approach to homelessness that included not only prevention and rental subsidies but specific obligations placed on clients as well as shelter providers to work toward the goal of self-sufficiency. From FY 2005 to FY 2010, the average length of stay for single adults declined every year. In 18 other instances, under Bloomberg, the average length of stay or average daily count declined for families or adults (**Figure 10**; years of decline have been shaded). Bloomberg cited PIP as one factor in these successes.[58] His administration's successes in keeping down the shelter census were, of course, only temporary; other factors, such as conditions in the low-rent housing market, would have to be explored. Moreover, any comparison between the two mayors' administrations has to consider that Bloomberg completed three terms in office, compared with de Blasio's one. But it can be said that, since 2003, most instances in which the city managed to reduce the census or length of stay have occurred when PIP was active.

The financial incentives for family-shelter providers were ended in 2012 because the state OTDA withdrew its approval.[59] The single-adult financial incentives remained in place into the beginning of the de Blasio administration but have since been discontinued. The last time provider rankings for either adult- or family-shelter services providers were published was calendar 2013.[60] Under de Blasio, in short, shelters are no longer compensated based on their performance.[61]

The city claims to be reevaluating its shelter accountability framework and protocol for compensating providers. Its timeline, as well as what kind of metrics will be used, remains uncertain, though the administration has mentioned a desire to move away from a "one size fits all" approach to housing placements out of shelter, particularly with regard to families.[62]

FIGURE 8

Performance Incentive Program Result Card for Adult Homeless Services, 2009

Shelter name	Shelter type	Percent of target achieved	Percent of census that are 9-month stayers	Percent of placed clients returning within 6 months	Percent of long-term stayers placed
30th St. Assessment	Assessment*	157.41	N/A	5.94	N/A
Forbell Men	Assessment	151.50	15.14	4.10	57.89
HWC Assessment	Assessment	95.46	N/A	6.08	N/A
Franklin Assessment	Assessment	85.26	N/A	7.38	N/A
Atlantic M Assessment	Assessment	49.73	N/A	17.88	N/A
Saratoga	Employment	152.31	0.00	2.44	50.00
Palace Men	Employment	94.90	12.53	8.05	100.00
282 E. 3rd St.	Employment	90.38	10.02	17.14	54.29
Harlem	Employment	88.89	20.40	5.44	60.00
Help SEC	Employment	88.64	8.69	15.82	33.33
Franklin EMR	General	158.14	6.36	12.35	N/A
85 Lexington	General	125.45	9.13	6.25	28.57
Broadway House	General	100.00	26.80	9.76	22.22
Borden Ave.	General	85.54	25.87	12.98	54.55
Porter Ave	General	53.78	17.28	11.99	22.22
30th St.	General	37.42	13.94	8.33	9.68
Project Hospitality	Medical	106.25	0.00	0.00	50.00
Barrier Free	Medical	104.17	39.07	2.63	53.85
Park Slope	Mental Health	191.67	11.21	4.85	35.29
George Daly	Mental Health	99.15	14.08	0.00	63.64
Valley Lodge	Mental Health	58.41	32.69	1.52	30.00
SCCW TLC	Mental Health	101.92	10.44	1.82	57.14
Park Ave.	Mental Health	66.67	43.27	1.96	30.91
Weston	Mental Health	104.17	14.11	5.88	N/A
New Haven	Mental Health	100.71	16.19	5.93	25.71
Ft. Washington	Mental Health	115.12	27.22	8.20	39.77
Renaissance	Mental Health	120.35	30.49	8.33	46.43
Susan's Place	Mental Health	80.00	24.95	8.96	N/A
New Providence	Mental Health	94.64	18.81	9.26	66.67
St. Martin DePorres	Mental Health	103.49	31.37	11.17	42.50
Schwartz	Mental Health	46.97	33.71	15.56	13.51
CAMBA Atlantic	Mental Health	114.53	29.48	16.67	N/A
Help Women's Center	Mental Health	78.85	19.13	18.46	9.09
Kingsboro MICA	Mental Health	104.35	28.44	24.59	39.29
Pamoja Next Step	Next Step*	154.82	N/A	20.00	50.00
Willow Next Step	Next Step	116.07	N/A	10.97	28.57
Jamaica Next Step	Next Step	115.00	N/A	8.46	N/A
Schwartz Next Step	Next Step	42.50	N/A	16.43	N/A
Clarke Thomas Next Step	Next Step	42.25	N/A	15.89	N/A
CH Gay Assessment	Special Population	141.64	N/A	5.84	N/A
Turning Point	Special Population	96.00	8.31	9.43	N/A
Create Young Adult	Special Population	92.65	10.41	15.79	0.00
Bowery Mission	Substance Abuse	122.73	17.71	9.46	66.67
Palace Women	Substance Abuse	109.62	7.38	2.08	N/A
Kingsboro Star	Substance Abuse	106.32	26.88	24.19	32.79
Kenton	Substance Abuse	105.81	11.55	3.26	70.00
Casa Esperanza	Substance Abuse	104.88	21.43	2.94	100.00
8 E. 3rd St.	Substance Abuse	98.62	16.66	4.57	60.00
B. Kleiman	Substance Abuse	67.80	35.38	13.28	34.00

*An "assessment" shelter is where clients go after intake while it is being determined which shelter placement would best suit their needs; "next step" shelters were started by the Bloomberg administration. They provide intensive case management to long-term stayers.

Source: Obtained from a FOIA request

FIGURE 9

Family Shelter Performance Incentives Program Result Card, 2012

NYC Department of Homeless Services

FAMILY SHELTER PERFORMANCE INDICATORS

March 2012

Facility Name:	HELP 1	Facility Type:	Tier II
Facility Code:	FK10	Borough:	Brooklyn
Provider Agency:	HELP U.S.A	Capacity:	191
Building Ownership:	City	Per Diem:	$66.74

	Current	Quarter		Performance		
	FK10 Mar-2012	FK10 Average	Tier II Average	Percentile Rank	Points Earned	Performance Tier
Public Assistance and Employment (50 Points)						
% Active or Single Issue on PA **(20 Points)**	84.9%	81.7%	85.7%	**23%**	**4.5** (of 20)	**5th**
% With PA Sanction **(20 Points)**	8.9%	11.2%	13.8%	**65%**	**13.1** (of 20)	**3rd**
% Employed **(10 Points)**	24.5%	24.9%	31.1%	**25%**	**2.5** (of 10)	**5th**
Facility Length of Stay (25 Points)						
Avg. Length of Stay **(10 Points)**	121	115	227	**96%**	**9.6** (of 10)	**1st**
% Longest Term Stayers (24 Mo. in System/9 in shelter) **(15 Points)**	1.4%	0.9%	6.7%	**77%**	**11.6** (of 15)	**2nd**
Exit and Placements (25 Points)						
% Placements **(15 Points)**	13.7%	9.8%	6.1%	**79%**	**11.8** (of 15)	**2nd**
Avg. time to Exit for Placements **(10 Points)**	130	154	235	**86%**	**8.6** (of 10)	**1st**

Total Points Earned:	**61.7 Points**
Quarterly Performance Rank:	**73rd Percentile**
Performance Tier:	**2nd Tier**

Placements Target

Monthly Target (= 5% of Capacity):	**9.55**
Quarterly Target:	**29**
Quarterly Placements To Date:	**43**
% Quarterly Target Achieved:	**148.3%**

Source: NYC Municipal Archives

FIGURE 10

Average Length of Stay in Shelter and per-Day Census, NYC, FY 2003–17*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Average length of stay (days)															
Adults	N/A	N/A	329	321	308	283	261	245	250	275	293	305	329	355	383
Families with Children	N/A	N/A	N/A	N/A	292	324	281	243	258	337	375	427	430	431	414
Adult Families	N/A	N/A	N/A	N/A	516	505	370	325	349	416	469	515	534	563	550
Average per-day census															
Adults	7,953	8,444	8,474	7,928	7,260	6,737	6,526	7,167	8,387	8,622	9,536	10,116	11,330	12,727	13,626
Families with Children	7,922	7,977	7,429	6,479	7,392	7,548	7,948	8,629	8,165	8,445	9,840	10,649	11,819	12,089	12,818
Adult Families	1,040	1,132	1,194	1,260	1,403	1,294	1,276	1,309	1,315	1,450	1,723	1,866	2,110	2,212	2,461

*Years experiencing decline are shaded.

Source: Mayor's Management Reports. In 2009, DHS recalculated how it measured the average length of stay, making years before 2005 difficult to compare with subsequent years.

The Case for Holding Shelter Providers More Accountable

The de Blasio administration has shut down providers for instances of egregious abuse.[63] But scrutiny should also be applied to shelters that, though not abusing their clients, are not doing enough to move them along to self-sufficiency. The city is not doing enough to distinguish between poor-, mediocre-, and high-performing providers. As the de Blasio administration is embarking on its expansion of the shelter system and projecting high levels of homeless for years to come, this is an oversight that should be corrected promptly.

The way to do so is to relaunch the performance benchmarking program, both for family- and single-adult shelter providers. Providers with similar populations should be compared, in publicly available reports posted at least annually, in terms of their average length of stay, move-out rates, and rates of return to shelter. All such move-out metrics should constitute 75% of whatever score is given providers.

Shelter is an intervention that should be as brief and effective as possible. As with jails, mental hospitals, and foster care, there is a great risk that staying in a homeless shelter is preparing someone to be homeless, instead of for a life of independence. The public reports should provide more than rankings or tallies of final scores. They should indicate, in figures and language understandable to those outside the social-services world, exactly how well each of the city's hundreds of shelter providers is succeeding at keeping its clients from staying too long and minimizing the rate of return after they've left.

What we measure depends on what we believe we want shelters to do. Some providers do important work in the area of employment services. And so long as there are thousands of seriously mentally ill people in the shelter system, mental-health services will be necessary, and we should be interested in which shelters do better work than others in this area. In the case of such special program shelters, success in mental health, substance-abuse treatment, and employment programs' outcomes could also be tracked.

But none of those metrics should outweigh the average length of stay, rate of placements, and rates of return. The public transparency aspect of performance benchmarking suffers when the metrics become overly individualized and complicated. Test scores, for example, are not the only way to evaluate whether a school is good, but they are an essential starting point. Concerns about overemphasis on short-term placements out of shelter can be met by monitoring rates of return: the goal is stable housing in the community, not "churn" from shelter to the community and then back to shelter. Special program shelters that excel at employment and treatment efforts are very likely to also experience low rates of return. (DHS has tracked system-wide rates of return for many years.) Providers should be free to continue to raise private funds to enhance their service offerings. But in terms of their core, government-funded mission, the emphasis should remain on sustainable move-outs.

In addition to benchmarking, the city administration should institute financial incentives. High performers should be rewarded with a financial bonus valued at 5%–10% of their base shelter contract. The ideal solution for low performers would be to put them on watch and then, in the absence of improvement, transfer their

work to a higher-performing provider with the capacity to take on the additional client load. The low-performing facility could remain in place and be taken over by another organization (i.e., changing shelter operators would not entail a controversy over where to site a new facility).

Benchmarking and financial incentives for shelter providers would be beneficial in the following ways:

- *Accountability is essential to the spirit of not-for-profitization.* As stated in the 1992 Cuomo Commission report: "Government should provide the performance-based incentives to encourage innovation and initiative among not-for-profit program operators. Results rather than process should be rewarded."[64] The current system grants independence to shelter providers but provides no incentives to encourage good results. DHS remains committed to client responsibility, but client responsibility is only meaningful in tandem with a rigorous system of provider accountability. Client responsibility and performance incentives for providers were seen by the Bloomberg administration as part of the same package of reforms aimed at "Minimiz[ing] the Duration of Homelessness."[65]

- *Not all providers are equal.* Some social-services nonprofits that run shelters have been around for decades and take justifiable pride in their record. And all providers—on their websites, promotional materials, and appeals to donors—tout their achievements in improving clients' lives. Only city government, through compiling and publishing standardized performance data, can give an objective accounting as to what degree these claims are true.

The annual Mayor's Management Report includes performance data for the shelter system as a whole but not on a per-provider basis. A provider that has managed, within two years, to work with five families to develop an exit strategy, navigate available benefits for them, and place them in stable housing, should be compensated more than another provider that manages only to work one family through the system during that same span. Yet under the current system, both receive the same compensation.

Properly designed, accountability should also have advantages for providers. Public benchmarking results would inform them about when certain of their shelters are falling short of the results of their peers. It also could enable strong providers to make their claims about outstanding performance more credible to potential donors.

- *Accountability would maximize use of a fixed resource.* Despite its abundance of government-funded housing, New York City has a long record of failing to make the most efficient use of existing resources.[66] The legally created right to shelter may have made shelter a practically limitless resource, but quality shelter is undoubtedly a fixed resource. Indeed, as the de Blasio administration has noted, shelter quality has a tendency to be inversely proportional to shelter quantity.[67]

As difficult as this is to imagine, given the recent crisis in shelter conditions, an overemphasis on shelter quality could lead to a moral hazard problem, if life in shelters becomes more attractive than life in the housing that clients came from or what they are being offered by provider staff. This is not to make any assertive argument about what has been called a "draw

to shelter" but rather to emphasize the critical importance of keeping the shelter census at a manageable level. At times in the past, clients in some instances were reluctant to take suitable units offered to them.[68] Since providers are funded based solely on their operational costs, there is a certain risk of them becoming overly comfortable with their existing client load.

Conclusion

Homelessness remains a daunting challenge. The de Blasio administration has shifted the city's target from the Bloomberg-era goal, to "overcome" homelessness, to managing the problem.[69] Increased investment in prevention and rental subsidies should make the work of shelter providers easier. That was certainly the view of the Bloomberg administration. DHS commissioner Steven Banks recently testified that, though the rental market remains tight, with the aid of the rental-subsidy programs that the de Blasio administration set up, "[w]e're funding substantial numbers of apartments" for shelter clients.[70]

Banks's confidence in the administration's ability to make headway with the crisis is backed up, in a sense, by data that show that only 7.5% of the city's homeless population (5,755) is classified by the U.S. Department of Housing and Urban Development as "chronic"—meaning an individual or a head of household who suffers from a disability or diagnosable disorder and has been homeless for a year or four times in the preceding three years.[71] This rate is less than half the rate of the chronic homeless population for the nation as a whole (Figure 1). In FY 2017, more than 17,000 single adults and family units exited shelter, about 7,800 of which did so without the assistance of any subsidy program.[72] While the low-rent rental market remains tight and shelter recidivism remains a concern, it appears that independent living in the community remains in reach for most shelter clients.

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Abstract

As New York City's homeless problem has increased over the years, so, too, has the strain on the city's shelter system. New York now spends over $1 billion a year to provide temporary housing to 14,500 homeless single adults and 15,200 families, about 60,000 people in all (with thousands more living on the streets and in the subway system). And that does not count the hundreds of millions of dollars the city also spends on prevention efforts aimed at reducing the number entering shelters and rental-subsidy programs to facilitate their exit. Nonetheless, the crisis shows little sign of abating.

In response to sustained criticism, Mayor Bill de Blasio has twice put forth plans to reform the city's homeless services. Improving shelters—making them safer and cleaner—has been his administration's top priority. The administration has paid much less attention to the ability of shelter operators to move homeless adults and families out of their facilities and back into the community. The mayor should do so, drawing upon his predecessor's approach.

Mayor Michael Bloomberg's administration set up a system of performance benchmarking and financial incentives to reward shelters' effectiveness at reducing clients' average length of stay and helping establish them in stable, independent housing. The evidence suggests that that Bloomberg's Performance Incentive Program (PIP) worked as intended. Almost every instance in which the city has managed to reduce the shelter census or average length of stay on an annual basis has occurred when PIP was active.

Mayor de Blasio let the incentives and performance bench marking for shelters lapse in January 2014, but his administration should reinstitute a benchmarking and incentive program. Shelter operators should have their performance outcomes quantitatively evaluated and published in regularly issued reports, ranking them against peers that serve similar populations. Performance should be mainly determined based on the rate at which shelter operators are placing adult- and family-shelter clients back into independent housing in the community, their average length of stay, and the rate at which formerly homeless people return to shelter. High performers should be rewarded with bonuses, and low performers should face a serious threat of loss of their contracts.

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