



# SHIFT RESOURCES INTO PREFERRED SOLUTIONS

## THE CHALLENGE

The majority of public resources earmarked for homelessness today are spent supporting shelters and shelter services. In fact, for every dollar spent on prevention by the city, three and a half are spent on shelter services by DHS.

In some ways, New York's extraordinary commitment to guaranteeing shelter has had the unintended consequence of driving most resources into shelter. Meanwhile, those who provide services to homeless New Yorkers believe that further investments in prevention programs, rental assistance, and supportive housing are the best way to actually *solve* homelessness.

In addition, funding streams from the state and federal government reimburse the city for a portion of homeless shelter services. It is not known if these streams will also reimburse prevention or aftercare services. As a result, ensuring new and predictable funding streams for prevention services has been an ongoing challenge.

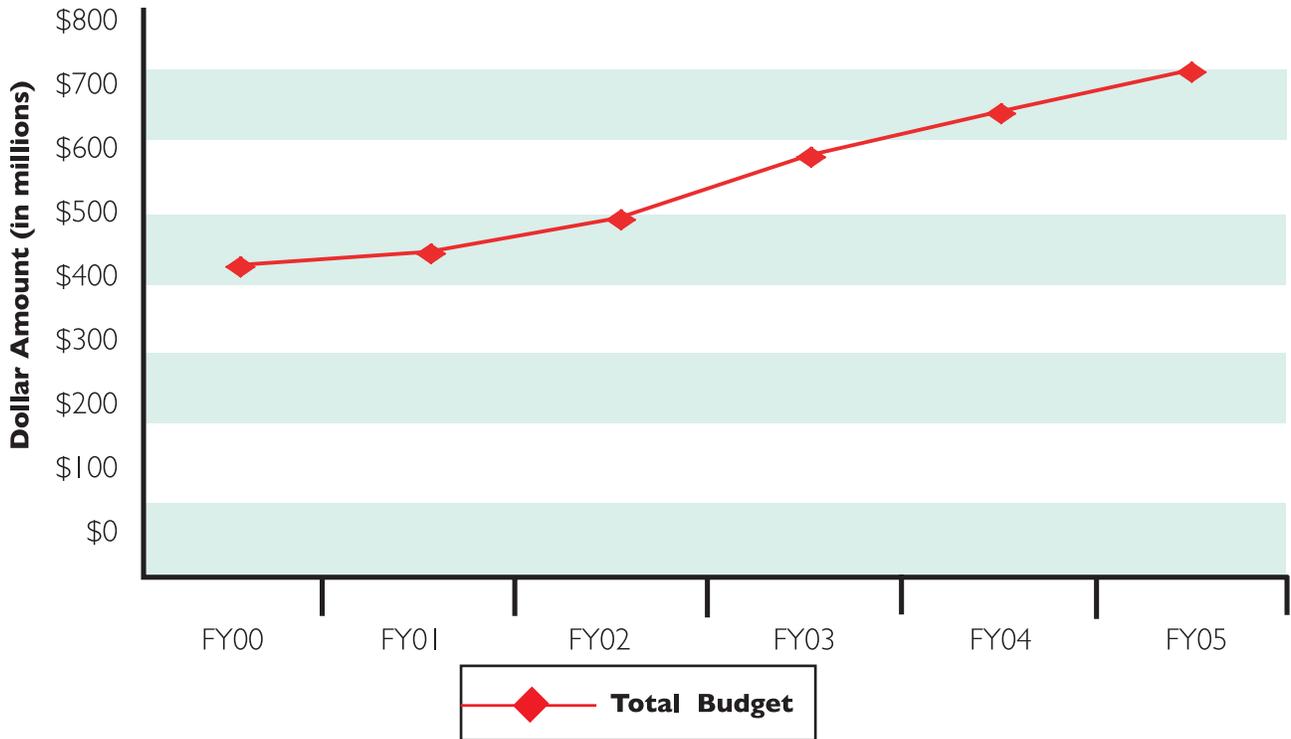
## SOLUTIONS

The initiatives in this chapter explore approaches to securing money for prevention and other solutions to homelessness. In a world of limited resources, and given the extraordinary commitment of resources now locked into shelters, this work will require flexibility, a commitment to change the status quo, and political will.

Initiatives include a first-ever cross-sector analysis of funding opportunities, obtaining waivers from state and federal partners to support prevention programs with shelter dollars, and increased up-front investments on the part of the city.

The results of implementing this "prevention first" agenda may not immediately be noticed, even though the costs of supporting the shelter system will continue. Only in time, as prevention programs are established and the culture begins to shift, will the shelter census decrease and shelter savings materialize. Reinvesting these savings into best performing prevention programs, as well as converting shelters to supportive or affordable housing, are the logical – and much desired – consequences.

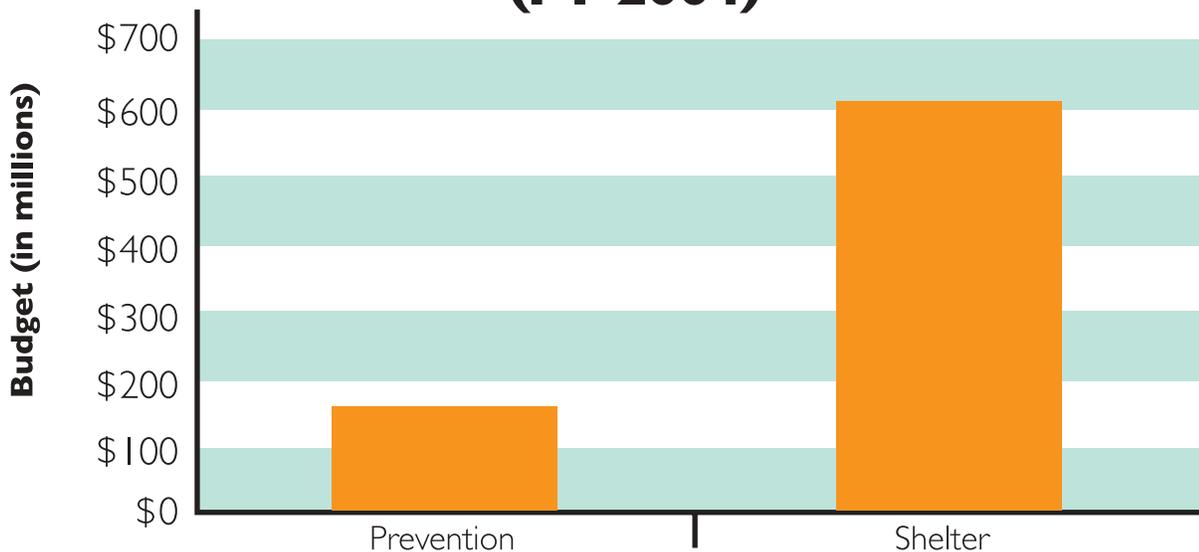
## DHS Budget Growth (FY 2000-2005)



The DHS budget has grown dramatically as the number of people in shelter has expanded.

Source: DHS Budget

## Citywide Prevention Budget Compared to DHS Shelter Budget—Estimated (FY 2004)



For every dollar spent by the city on prevention, three and a half dollars are spent by DHS on shelter.

Source: DHS Budget

# TAKING ACTION

The Next Step	Current Status	Taking Action
Analyze Resource Reinvestment by Sector	The majority of city, state, and federal dollars targeting homelessness are spent on shelter and shelter services. No analysis exists that reveals opportunities for shifting these resources to prevention. Further, no analysis exists to know which prevention programs have the greatest potential to reduce the shelter census and save money.	A review of funding streams will be undertaken to evaluate the cost effectiveness of programs in terms of their ability to reduce the shelter census. This will explore opportunities to use federal and state money now dedicated to shelter to support prevention, as well as strategies to reinvest cost savings into other effective solutions, such as supportive or service-enriched housing.
Obtain State and Federal Waivers to Current Reimbursement Limitations	At the state and federal levels, funds are not available to offset costs for prevention, aftercare, and other similar programs. This creates concern, especially at the local level, that investments in prevention will end up costing more money than is saved.	Federal and state funds will be secured and redirected through demonstration projects and other innovative funding mechanisms. Key goals include redirecting existing funds now dedicated to shelter, as well as savings-reinvestment strategies that support prevention, supportive housing, and other solutions. Advancing new legislation that funds prevention and aftercare services is also needed.
Increase Up-Front Investments for Prevention Models	Almost all money for homelessness is tied to shelter – and these costs continue to rise. This makes it difficult to find additional money to begin new prevention programs, even though they have potential to reduce the shelter census and create shelter savings in the future.	There will be an initial period of simultaneously funding new prevention programs and shelter until prevention efforts reduce the size and cost of the shelter system. This “seed money” will support programs such as the Household Stability Initiative, a new community-based prevention program. In addition, existing programs will be surveyed to identify potential prevention components.
Reinvest Targeted Savings	Because the shift from shelter to preferred solutions like prevention has yet to occur, no savings have been generated.	Prevention programs will be evaluated and the resulting shelter savings will be reinvested in the most successful programs. In addition, savings from reduced costs of shelter can be dedicated to expand housing resources for the chronically homeless.
Close Shelters to Reinforce Savings	For the last several years, the city has aggressively increased the number of shelters to house record levels of homeless people. The costs of opening and maintaining these shelters are extremely high.	As prevention programs begin to reduce the shelter census, performance incentive programs and other criteria will be used to determine which shelters will be closed first. Opportunities for converting shelters into supportive or permanent housing will be maximized. Shelter-closing schedules will be examined routinely to make sure that there is always enough capacity to accommodate fluctuations in the population.