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Fewer subsidized exits and a recession: How New York City's family homeless shelter population became immense

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Abstract

Between December 1997 and May 2003, the number of families in New York City homeless shelters rose from 4315 to 9303. The 1997–2003 *rise* in family shelter population in this single city was greater than the combined total shelter populations of Texas and Florida in 2000. Why did this happen? From 1997 through 2000, New York was booming. Shelter population rose during the boom because the city slowed the rate at which it moved families into subsidized housing and it continued to rise after the boom because there was a recession. The population fell when the city stepped up placements into subsidized housing and the recession ended. The relationships are fairly complex. Macroeconomic conditions affect shelter population only with a lag. Placements into subsidized housing do not lure any considerable number of families into the system, but they keep those who are there longer, possibly by affecting the housing market.

Keywords: Homelessness; Homeless shelters; Incentives; Subsidized housing

1. Introduction

Between December 1997 and May 2003, the number of families in New York City homeless shelters rose from 4315 to 9303. In the summer of 2003, close to 30,000 people

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lived in these shelters—the population of a medium-sized town like Garfield, New Jersey or Needham, Massachusetts. New York City accounts for a large proportion of homeless families in the United States. In the 2000 census, 21% of sheltered children in the nation were in New York City, and the number of sheltered families rose by 84% from April 2000 to May 2003. The 1998 to 2003 *rise* in family shelter population in this single city was greater than the combined total shelter populations of Texas and Florida in 2000.

In this paper we try to explain this rise—and the subsequent fall. The story is fairly simple. Shelter population rose during the boom because the city slowed the rate at which it moved families into subsidized housing and it continued to rise after the boom because there was a recession. The population fell when the city stepped up placements into subsidized housing and the recession ended.

There is a chance that a portion of the population rise after 2000 and the fall after 2003 that we attribute to placements was actually due to use of a particular type of shelter called scatter-site housing. Missing data make it impossible for us to reject this story, but we do not find it completely plausible. Still, the rise of scatter-site housing during this period was also probably a factor in the growth of shelter population, even if it was not the major part of the story.

Other findings are more surprising. Placements into subsidized housing do not seem to lure large numbers of families into the shelter system, possibly because of the rigorous screening process, but they do slow the rate at which families leave on their own. We think that this may be largely a housing market effect—the placement subsidies tighten the market that families leaving on their own would enter.

We also find that regular public housing admissions, even of disadvantaged families, do little to reduce the shelter population. In magnitude, our results are similar to those of Early and Olsen (2002) and Mansur et al., 2002.

This is the second paper that one of us has written about New York City family shelter population. The earlier paper (Cragg and O'Flaherty, 1999) also examined a period of explosive growth—the Dinkins deluge that started in 1990—and found that reductions in placements and a recession were the chief causes of that growth. That episode, however, was much smaller and quicker than the episode we examine here, and much has changed in the world of New York City homelessness since the early 1990s.

In particular, in 1995 Mayor Giuliani re-organized entry into shelters to require that families pass stringent tests designed to ensure that they were "truly homeless", not merely seeking a quick ticket into subsidized housing. The city now devotes enormous resources to determining eligibility. We believe that the city has been successful; fewer families appear to be drawn by the prospect of obtaining permanent subsidized housing. This attention to the entry process, however, has not prevented shelter population from rising.

Another major change is in the types of permanent housing that families leaving the shelter system obtain. In the late 1980s and early 1990s, many families moved into formerly abandoned buildings that the city had just rehabilitated; this was called *in rem* housing. The stock of *in rem* housing was exhausted by the period we study. Most placements in this period were to existing apartments owned by private landlords who received a rich package of subsidies to accept formerly homeless families. In both periods some families went to regular public housing operated by the New York City Housing Authority (NYCHA), but in the later period NYCHA was less important than it was in the earlier period.