

# **PUBLIC OVERSIGHT ROUNDTABLE**

## **“The Winter Plan: Protecting the Lives of Homeless People in the Winter of 2014-2015”**

**Before the  
The Committee on Human Services  
Council of the District of Columbia**

**The Honorable Jim Graham, Chairperson**

**Friday, November 21, 1:00 p.m.  
Virginia Williams Family Resource Center  
920 Rhode Island Avenue, N.E.**



**Testimony of  
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Good afternoon Chairman Graham and members of the Committee. My name is Yesim Sayin Taylor. I am the Director of Fiscal and Legislative Analysis at the Office of Revenue Analysis. I am pleased to testify on the estimated cost of overflow housing in the 2014-2015 Hypothermia Season.

On October 15, 2014, my office issued the fiscal impact statement on Bill 20-767, Dignity for Homeless Families Act of 2014. In this fiscal impact statement, we identified an \$11.4 million spending pressure related to the overflow housing for FY 2015. In my testimony, I will address how we developed that estimate and why we presented it as a spending pressure. I will also update the Committee on the new information my office received since then, including a new funding source the Department of Human Services identified for overflow housing and additional information on the availability of shelter units.

### **How we determined the spending pressure**

Overflow housing is the alternative space offered to residents seeking shelter when the District runs out of family shelter space. This generally happens during the Hypothermia Season.

To estimate the cost of overflow housing in FY 2015, we considered two variables: the expected number of families the Department of Human Services will serve through overflow housing, and how DHS will serve these families. DHS's policy for overflow housing is outlined in the District's Winter Plan.

During the past two winters (2012-2013 and 2013-2014), DHS used hotel rooms after shelters filled to capacity during the Hypothermia Season. Last winter, when

hotel rooms filled, DHS housed people in recreation centers. Last year DHS served around 720 families during the Hypothermia Season and spent \$8 million dollars.

When we developed the cost estimate for FY 2015, three of the various factors we considered resulted in a projected cost higher than what the agency spent in FY 2014:

1. **Higher demand:** The Winter Plan predicts 840 new families –120 more than last year—will request shelter during the Hypothermia Season.
2. **Lower supply:** The court order issued last March that redefines a private room would reduce the family shelter spaces available from 409 to 369.
3. **Higher cost per unit:** DHS believes it will only be able to house about 300 families in two star hotels. It will have to house additional families in three-star hotels or some other placement that costs about the same amount.

The model we developed, and shared with Council staff, has the following features and assumptions:

1. 840 families will enter the system between October and April.
2. On November 1, there would be 338 families in shelter.
3. First, they will be placed in the 369 available units and then in hotels or some other placement of similar cost. Up to 300 families can be placed in two-star hotels and then they need to be placed somewhere more expensive, like a three-star hotel.
4. The court order will only be in place through the end of March and then DHS will be free to use 40 additional units at DC General.
5. DHS would keep people in shelter until they leave on their own or receive a new placement, which is DHS's current practice.

With these assumptions, we estimated that the cost of serving homeless families in FY 2015 would be \$11.4 million.

### **Why is this full amount a spending pressure?**

DHS's FY 2015 approved budget does not allocate funding for overflow housing. With no funding source in the budget, all costs related to overflow housing create a spending pressure until the agency directs us to a viable funding source they plan to use. Under District policies, residents have a right to housing when the weather gets extremely cold or hot. Therefore, DHS has no other option but to find the funds and provide the services, even if that means some other program would lose funding. When we issued the fiscal impact statement, DHS had not yet shared with my office a source they could use to cover the cost of overflow housing.

Estimating the cost associated with overflow housing is very hard—it depends of many factors, some of which are not under DHS's control such as the weather, the state of the economy, or housing prices. Perhaps for this reason, DHS's budget did not include an allocation for overflow housing in recent years. However, the expenditures have been increasing: In FY 2013, the agency spent \$2 million. In FY 2014, it spent approximately \$8 million for overflow housing, and covered this cost using one-time TANF funds. Projected expenditures for this year are \$11.4 million. For these reasons, the OCFO's baseline budget (the current services funding level budget) beginning FY 2016 will include a request for overflow housing.

### **New information we received since October 15, 2014**

We have learned three new things since October 15. First, we learned that fewer families were taking shelter space beginning November 1, 2014. There were 242 families taking shelter on November 1 as opposed to the 338 families projected by the DHS. Second, we learned that DHS has identified \$10 million in its budget the agency now plans to use for supporting the Winter Plan. This \$10 million was set aside for the Child and Family Services Agency to give TANF benefits to low income families. In FY 2014, CFSA ended up not needing this money so it returned it to DHS. Third, we learned that DHS is operating under the assumption that the court order will remain in place through the end of FY 2015.

The newly identified \$10 million will go a long way addressing the spending pressure we identified at DHS. However, the difficulty in estimating the demand for shelter remains. For example, we began the Hypothermia Season with more available units than expected. That is a positive thing. On the negative side, in the past ten days, 140 new families took shelter, which was many more than DHS expected. We expect to see these variations in demand and variations in the availability of shelter throughout the winter. However, none of these variations suggests a structural change in the nature of overflow housing. Therefore at this time, we do not plan to change our model approach or revise our cost estimate.

This concludes my testimony. I am happy to answer any questions.