

When a Job Doesn't Add Up

Working Shelter Residents Struggle to Gain Independence

by Amanda Melillo

When New York City ended the Advantage rent subsidy program in March 2011, that move marked the first time in decades that the city had no targeted housing subsidy program to assist homeless families moving from temporary shelter to permanent housing. Prior to the city's 2005 plan to end homelessness in five years, homeless families had been prioritized for programs such as Section 8 vouchers or public housing. The city then ended this practice while experimenting with various iterations of rent subsidy programs.

Homeless clients from all five New York City boroughs must travel to one job center to process paperwork, meet with job specialists, and meet most employment-related requirements. The line to access services often runs down the block, as shown in this photo, as clients and their children wait patiently to enter the Human Resources Administration job center.

Today it appears that the city has no plans to initiate any new housing programs targeted at those currently residing in family shelters, but instead plans to help homeless clients help themselves—by moving them into employment.

This new emphasis comes at a time when any employment, especially full-time jobs with adequate pay, is hard to find—particularly for those with little job experience or limited education. While the city's unemployment rate is lower than the national average, that fact masks how the journey from recession to recovery has been and how it is far from over for those on the lowest rungs of the economic ladder. But even for New Yorkers who manage to secure entry-level jobs for low wages, the question that remains unanswered is whether such progress is truly enough to achieve “self-sufficiency.”



The Grim Economic Realities

While the U.S. unemployment rate remained at a stubborn 9.1% from July to August and the nation had zero net job growth, New York City's unemployment rate was only slightly lower, at 8.7% in July. For those looking for work, it may take a long time to find a job: Over half of the city's unemployed have been out of work for more than six months, and nearly a third have been out of work for over a year, according to the Fiscal Policy Institute.

Due to the way the unemployment rate is calculated, that 8.7% does not account for those who gave up the job search and dropped out of the labor force altogether. A more accurate measure may be that of labor underutilization. This measure includes those who are working part-time even though they want full-time jobs, as well as discouraged workers who have given up searching. The Fiscal Policy Institute estimates that the city's underemployment rate was as high as 15.1% as of March 2011.

These numbers demonstrate a continued pressure on the labor market, as many workers compete for full-time jobs. Economists may have declared the recession to be officially over, but even those who can find jobs providing steady, full-time work may remain unable to make ends meet.

"It's not just that we have an overabundance of jobs that pay pitiful wages, but that the cost of housing is totally onerous," says James Parrott, chief economist of the Fiscal Policy Institute. "The cost of living is just so high in New York City."

The U.S. Department of Housing and Urban Development (HUD) estimates the fair-market rent for a one-bedroom apartment in New York City to be \$1,261, and \$1,403 for two bedrooms. HUD classifies someone's housing as affordable if one year's rent is no more than one-third of that person's annual gross income. This means that someone living in New York City has to make \$56,120 to comfortably afford a two-bedroom apartment.

In its Out of Reach statistics, the National Low Income Housing Coalition calculates how many renters can afford the fair-market rent across the city by borough. In the Bronx, 75% of residents cannot afford the fair-market rent on a two-bedroom apartment, compared to 68% in Brooklyn and 57% in Queens. In fact, for someone working full-time at minimum wage, affordable rent would have to be only \$377 a month to meet HUD's "affordable" housing test. That's an impossibility in New York City's private market. To achieve HUD's standard for fair-market rent on a two-bedroom apartment, someone working for \$7.25 an hour would have to put in 149 hours a week.

A high rent burden, then, is unavoidable for low-income workers, particularly single parents. For someone who works full-time at the minimum wage of \$7.25 an hour for 40 hours a week, 52 weeks a year, after-tax take-home pay is only \$253.09 per week. At that rate, it would be impossible to cover the rent each month, as a worker would need five weekly paychecks just to pay the rent of \$1,261 for a one-bedroom apartment.

Advocates are pushing the City Council to adopt a living wage bill, which would require some employers to pay \$10 an hour with benefits, or \$11.50 an hour without benefits. The full-time worker's take-home pay is \$346.74 per week at \$10 per hour, and \$397.69 per week at \$11.50 per hour. Even someone making one of the living wage rates would have to collect four paychecks in order just to cover the cost of rent, and with very little money left over for additional expenses.

In a city with expensive rents and a high cost of living, making enough money to cover expenses can be a constant worry for families in poverty. Each year, the Community Service Society conducts its Unheard Third survey of low-income New Yorkers, defined as those making up to 200% of the poverty line. Concerns about employment issues have been a running theme in the most recent surveys.

Among low-income New Yorkers, 21% say finding or keeping a job is their top personal concern, compared to about 14% of middle- and high-income New Yorkers. This ranks higher for low-income respondents than other perennial concerns such as crime or education.

Additionally, 36% of low-income New Yorkers reported either losing a job, having tips or wages reduced, or both as primary concerns, compared to 27% of middle-income workers (200–400% of the federal poverty line) and 24% of high-income respondents (over 400% of the poverty line). And because low-income workers have fewer assets, the loss of income hits them that much harder.

Among low-income part-time workers, 79% say they want more hours. And 46% percent of all low-income workers worry that their income will not be sufficient to meet basic expenses, while for single mothers this figure rises to 57% — compared

to 21% of those with moderate incomes, and to 9% of high-income workers.

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***— Nancy Rankin, Director of Research
Community Service Society***



A guard directs waiting homeless clients into the job center.

hardships of not being able to pay for basic things like back-to-school supplies. Thirty percent had wages, hours, or tips reduced; a quarter had health care decreased; 30% fell behind on their rent,” says Nancy Rankin, director of research at the Community Service Society. “We usually think that if you’re working full-time you should at least be able to afford the basic necessities like rent and clothes for your kids. I think this [Unheard Third survey] is making the case that poverty wages or minimum-wage jobs are not enough to be self-sufficient.” Perhaps nobody knows this better than those who are employed, living in shelter, and are unable to save enough to move out.

Living in Lmbo

For Vera, 23, losing her job set off a domino effect that eventually landed her in a city family shelter along with her husband and their newborn daughter. She had begun working when she turned 16, holding down a steady series of full-time jobs. After she graduated from high school, she briefly attended a local public college, but had to drop out after a semester in order to work full-time. “When I was in college, it was harder for me because I didn’t have parents. I had to choose between school and work to survive,” she says.

She went to work in the sales division of a cable company after leaving her job as a fitness club membership consultant due to low pay and lack of advancement opportunities. She was fired when she could not meet her sales quota during the height of the recession. “All I knew was, I had no job because I was fired when

all the more difficult. “I did tons of interviews, but I didn’t get hired. I didn’t have a cell phone, so employers couldn’t contact me,” she says.

Eventually, she could no longer pay her rent. She gave up her lease and began couch surfing at friends’ apartments. Because she was pregnant and had exhausted her savings, she went on public assistance for the first time in her life.

She found her current job, working in the retail location of an Internet service provider, after she had been on public assistance a short while. She was starting work at the same time she was going through the intake process to get into shelter, and faced the difficulty of meeting the bureaucratic requirements of the process while holding down a job. Employees at the Prevention Assistance and Temporary Housing Office (PATH), the city’s intake center for homeless families, seemed unsympathetic to the demands of her new job, she says. “I went to PATH and they said, ‘You have to come in for intake.’ I said, ‘That’s my work orientation.’ They just shrugged,” she says.

Now she works full-time at 40 hours a week, making \$10 an hour. Even though she makes \$440 a week before taxes, it is not enough for her family to move out. Her husband cannot yet legally work in the United States because of immigration restrictions, so she is the sole breadwinner for her family. Her benefits have been substantially reduced because of her earned income, to the point where she only receives \$16 a month in food stamps.

I didn’t hit my sales quota,” she says. “So I was living through my savings; then I lost my car, and I was having a baby.”

She not only gave up her car, but also her cell phone. This made the job search process

"I thought I was going to get out of [the shelter] fast. I'm just in limbo. It's hard to save the money," she says.

While the city's retail industry shed jobs during the height of the recession, it has added back all of the jobs lost and then some. Because of this growth, and the availability of entry-level work for those with little to no job experience, the city's social services agency, the Human Resources Administration (HRA), pushes public assistance recipients to take jobs in the retail sector. Another area ripe for entry-level workers is the home health aid industry, which has proved to be recession-proof. While the need for home health aids is projected to keep growing, the downside to the job availability is the long hours and low pay.

John, 25, went to work as a home health aide because he liked helping people. "I took care of my grandma when I was young. I tried business management, but I didn't like it. I decided to go into nursing and never looked back," he says.

John entered the shelter system in at the beginning of the year with his pregnant girlfriend, and their son. They had been staying with his girlfriend's mother but her landlord threatened to not renew the lease. They came to shelter when they were out of other options.

When John arrived in shelter, he was working 56 hours over seven days a week for \$8.50 an hour, at the job he has held for the past two years. Even as a full-time worker, he found he could not find an affordable apartment.

"When we first came, I was making almost \$400 a week. I had a hard time finding an apartment on that, and then my hours went down. It hit us hard, and my girlfriend is pregnant," he says.

He spends his free time looking for a second job and trying to find an apartment for his growing family. "We just need one bedroom, and it's \$1,200 a month for some of them," he says.

Daniel, 26, came into shelter in the winter of 2010 with his girlfriend and their daughter. Before entering shelter, Daniel had alternated jobs as a restaurant cook and a mover. He was sent to Back to Work, the city's main welfare-to-work program for public assistance recipients deemed able to hold a job. In the Back to Work program, job vendors who contract with the city help clients with job-search activities, resume writing, and interview skills, and focus on rapid placement into low-wage jobs.

Daniel got discouraged on job searches with droves of other public-assistance clients. He describes getting sent to shopping centers to apply for retail jobs with 50 other Back to Work clients. "Everybody is looking for the same job, at the same stores, and there are so many people. It's like you're keeping me from succeeding," he says.

Earlier this year, he found a job as a cook at a seafood chain restaurant, making \$10 an hour for 35–40 hours a week. "The day I got hired was the happiest day I was in shelter," he says. "I thought, 'We are going to get out of here.'"

But the reality is much different. Even though his girlfriend is working full-time at a child care facility, he says it is still difficult to save up. Then he worries about what happens when they move out. "The bills are piling up, you can't meet your lease agreement, and then you're out on the streets," he says.

A Bleak Outlook

Meanwhile, the absence of any housing program is already beginning to take its toll on the city's family shelter system. By July of this year, the city had placed 6,291 families with children into permanent housing since the beginning of the fiscal year, compared to 8,762 families placed by the same time last year—a drop of more than 2,000 placements.

In the meantime, the average length of shelter stay is beginning to creep up. In June of this year, the average length of stay was 309 days, compared to 252 days in the same month last year. This means that the average family is staying more than a month and a half longer, and far longer than the six-month mark DHS uses to classify long-term stayers.

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Homeless clients must now save enough to cover the first month's rent, a security deposit, and the broker's fee, which in total can run thousands of dollars. Housing specialists have noted that far fewer clients find apartments, particularly as brokers willing to work with

the homeless population are scarce. Clients often see only one option left: have DHS pay for a one-way ticket out of the city.

"You would need to work two jobs, and I can't. It's just me and my son," says Tamara, 24, who is temping at office jobs as she tries to save up to get out of shelter, where she's staying with her four-year-old. "On \$1,000 a month, you can't pay for rent, for food, for clothes and day care, for babysitters." ■