

**REPORT OF
STOUT RISIUS ROSS, INC.**

March 16, 2016

Presented for:

**Pro Bono and Legal Services Committee
of the
New York City Bar Association**

**The Financial Cost and Benefits of Establishing a
Right to Counsel in Eviction Proceedings Under Intro 214-A**



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At a Glance



Who We Are

Stout Risius Ross (SRR) is one of the largest independent, privately owned global advisory firms in the industry.

What We Do

We specialize in three main services: **Investment Banking, Valuation & Financial Opinions**, and **Dispute Advisory & Forensic Services**.

Who We Serve

We serve a range of clients from Fortune 500 Corporations to privately held companies in numerous industries around the world. Our clients and their advisors rely on our premier expertise, deep industry knowledge, and unparalleled responsiveness on complex financial matters.

Our clients include:

Audit & Tax Advisory Professionals
Boards of Directors
Corporate Attorneys
Distressed Companies
ESOP Companies & Advisors
Family Law Attorneys
Financial Sponsors
General Counsel
Intellectual Property Professionals
Litigators
Middle Market Companies
Public & Large Private Companies
Public Sector

Industry Expertise:

Business Services
Consumer Staples
Financials
Industrials
Materials
Telecommunications
Consumer Discretionary
Energy & Utilities
Healthcare
Information Technology
Media, Sports & Entertainment

Quick Facts:

12 OFFICES

ACROSS THE U.S. WITH A NETWORK OF STRATEGIC GLOBAL ALLIANCES.

U.S. Locations

Atlanta	Dallas	Los Angeles
Baltimore	Denver	New York
Chicago	Detroit	Tysons Corner
Cleveland	Houston	Washington, DC

350 EMPLOYEES

AND GROWING AT A RAPID PACE.

25 YEARS

OF DELIVERING CLIENT SUCCESS.

\$102 million
2015 Revenue

Chief Executive Officer:
Craig L. Stout



1991

Founded in Detroit



1997

Investment Banking Group Started



1998

Dispute Group Started



2000

Cleveland Office Opened



2001

Chicago Office Opened



2004

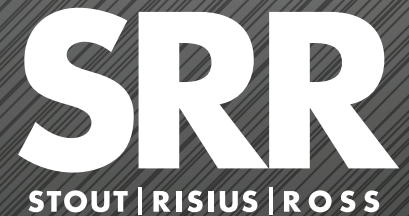
Tysons Corner Office Opened; ESOP Advisory Group Expansion



2007

New York Office Opened; Headquarters moved to Chicago

At a Glance



Recognition



- With a firm record of 48 fairness opinions rendered in 2015, **SRR was once again ranked as one of the top fairness opinion advisors in the United States according to the Thomson Reuters 2015 Mergers & Acquisitions Review** (Financial Advisors). In addition, SRR ranks as the top U.S. fairness opinion advisor for the past five years, based on the total number of deals reported in Thomson Reuters' Mergers & Acquisitions Review (2011-2015).
- **SRR was named winner of two deal of the year awards by The M&A Advisor in 2015.** SRR won M&A Deal of the Year for transactions over \$250MM to \$500MM for its role as a financial advisor in the employee acquisition of Nation of Safe Drivers. SRR also won the Financial Services Deal of the Year category for transactions between \$10MM to \$100M for serving as a financial advisor in the acquisition of NCB Management Services, Inc. by NCB Employee Stock Ownership Trust. This was SRR's third consecutive year winning an award from The M&A Advisor.
- **SRR Managing Directors John R. Bone, CPA, CFF; Edward A. Gold, Ph.D., ASA; David A. Haas, CLP; and Michele M. Riley, CPA/CFF, CFE were recognized as world leading patent professionals by Intellectual Asset Management (IAM) Magazine Patent 1000 for 2015.** The IAM Patent 1000 publication identifies individual and firm expertise in all major areas of patent law and practice. Through an extensive research process conducted by a team of highly qualified, full-time analysts, the publication identifies the top patent practitioners, as well as leading patent law and attorney firms, in 41 of the world's most important jurisdictions and 18 US states. Only those individuals identified by market sources for their exceptional skill sets and profound insights into patent matters feature in the IAM Patent 1000.
- **SRR's Dispute Advisory & Forensic Services group was recognized as an industry leader in multiple categories for the Best of the National Law Journal Legal Times DC-market awards in 2015.** SRR was selected based on the votes of members of the Washington, D.C. area law community, including attorneys, paralegals, legal assistants, and law school students. SRR ranked in the following categories:
 - 1st Place: Forensic Accounting Provider
 - 2nd Place: Expert Witness Provider
 - 3rd Place: End-to-End Litigation Consulting Firm
- **SRR earned kCura's Relativity Best in Service designation in 2015,** which recognizes Relativity Premium Hosting Partners who provide an exceptional Relativity experience for end users. kCura evaluates partners' individual data centers in three areas: technical infrastructure, customer service, and product expertise. Additionally, Best in Service partners meet a set of requirements for their duration as a hosting partner, size of Relativity installations, and core Relativity certifications.
- **SRR was named one of the Nation's 2015 Best and Brightest Companies to Work For.** The Best and Brightest Companies to Work For© competition identifies and honors organizations that display a commitment to excellence in their human resource practices and employee enrichment. The winning organizations for 2015 were assessed based on categories such as communication and shared vision, diversity, employee education, and employee achievement and recognition.

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2011

Los Angeles Office Opened



2012

HFBE, Inc. Merger; Dallas and Houston Offices Opened



2012

Washington, DC and Atlanta Offices Opened



2013

Creation of SRR-Asia; SRR-Europe, and SRR-South America



2014

Baltimore and Denver Offices Opened



2015

Firm Revenue Exceeds \$100M



2016

Natoma Partners Acquisition. Firm 25-Year Anniversary



The Financial Cost and Benefits of Establishing a Right to Counsel in Eviction Proceedings Under Intro 214-A

Report of Stout Risius Ross

March 16, 2016

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The Financial Cost and Benefits of Establishing a Right to Counsel in Eviction Proceedings Under Intro 214-A

Report of Stout Risius Ross

March 16, 2016

I. Scope of Work

1. Stout Risius Ross, Inc. (“SRR”) has been asked by the Pro Bono and Legal Services Committee of the New York City Bar Association to undertake on a pro bono basis, a cost / benefit analyses regarding the cost of City Council Intro 214-A (“Intro 214-A”), and to review cost/benefit reports on City Council Intro 214 conducted by the Independent Budget Office (“IBO”) and the Finance Department (“Finance”) of the City of New York (“City”). It is SRR’s understanding that from a cost benefit analysis the major difference between the original (“Intro 214”) and amended version (“Intro 214-A”) is the increase in poverty threshold of eligible cases from 125%-200%. However, in this report SRR refers to both versions of the report as “Intro 214-A”. In reviewing these reports, key inputs of each report’s analysis have been identified, compared, and evaluated.¹
2. Additionally, SRR has identified certain benefits / cost savings the City would likely realize through funding right to counsel in eviction matters that are not quantified in either the IBO or Finance reports. SRR is also in receipt of cost surveys of current providers of indigent defense in eviction matters which have been incorporated into our analysis.
3. Based on our review of the information presented above and consideration of other relevant information, SRR has prepared this independent opinion regarding the cost and benefit to the City of Intro 214-A. It should be noted that SRR employed a conservative method of analysis and quantified only items where data was available to support these conclusions.

¹ Although Intro 214-A would provide for a right to counsel in foreclosure as well as in eviction cases, this report focuses exclusively on the costs and benefits of eviction, as did both the IBO and Finance Reports.





II. Executive Summary

4. SRR has reviewed and analyzed cost benefit analyses of Intro 214-A as prepared by the IBO and Finance, including source information used in their preparation where available. The IBO report concluded that the net annual cost to the City for Intro 214-A would be between \$100 million and \$203 million while Finance concluded this cost would be \$66 million.
5. SRR reviewed information that was published subsequent to the issuance of these reports as well as additional benefits of Intro 214-A not fully explored by IBO and Finance. In consideration of these items, SRR has determined that Intro 214-A should provide net cost savings to the City.
6. It is SRR's opinion that the IBO and Finance reports have underestimated or not considered benefits to the City from Intro 214-A. As such, SRR performed an independent analysis of the costs and benefits to the City under Intro 214-A and has concluded that implementation of Intro 214-A would provide a net cost savings to the city of \$320 million. A summary of SRR's analysis is presented below.

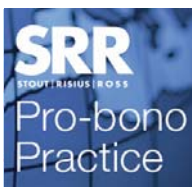
Cost of Providing Counsel

7. In determining the cost of providing counsel under Intro 214-A, SRR employed a similar methodology to that utilized by both IBO and Finance. This methodology considers the number of cases heard in housing court and the determination of eligible cases under Intro 214-A. In making the determination of eligible cases, both the IBO and Finance Reports utilized the then current threshold in Intro 214-A of 125% of the poverty line. It is SRR's understanding that this threshold has now been increased to 200% which was incorporated into SRR's analysis.
8. Incorporating the revised income threshold of 200% of the poverty line, SRR has estimated that approximately 82% of cases heard in housing court would qualify under Intro 214-A; this is estimated at 128,692 cases. Using survey responses from providers of anti-eviction legal counseling it was determined that the average cost per case is approximately \$2,000. In addition, the cost of a case coordinator was added at approximately \$144,000 and the reduction for the City's currently projected \$60 million in spending on anti-eviction legal services was subtracted as an offset to the costs under Intro 214-A because NYC currently plans to spend that amount whether or not Intro 214-A is adopted.
9. From the consideration of these inputs, SRR has estimated the annual cost of Intro 214-A to be approximately \$199 million.

Benefit of Reduced Homeless Shelter Costs

10. SRR calculated the benefit of reduced shelter costs by employing a methodology similar to that employed in the IBO report. SRR estimated this benefit by identifying that 14,472 families entered shelter during 2014.² It is estimated that

² Coalition for the Homeless. State of the Homeless 2015.





47% of the families in homeless shelter are homeless due to eviction.³ Further, it has been estimated that the number of warrants for eviction decrease by 77% when legal counsel defends the eviction suit.⁴ Therefore, SRR has estimated that 5,237 families annually could avoid shelter entry from anti-eviction legal services.

11. The total cost of sheltering a family was estimated to be \$43,222 in 2014,⁵ which results in annual cost savings of approximately \$226 million. In addition, SRR has accepted the IBO reports' estimation that an additional \$25 million of shelter costs for individuals could be avoided under Intro 214-A. Thus, the total annual estimated shelter savings are estimated at \$251 million.
12. The IBO and Finance reports both reduce the benefit of shelter savings for the portion of shelter funding from the federal and state governments, as they assume these savings would result in a lower future allocation of federal/state funds. However, from review of supplemental guidance issued by the IBO which notes the existing permissions to redirect federal and state funds it is likely that the City could realize the entire benefit of shelter savings.

Benefit of Affordable Housing Cost Savings

13. It is estimated that 3,414 units of rent-regulated, affordable housing will be preserved from providing legal counsel in eviction defense. Under Mayor Bill de Blasio's housing plan, preserving these units results in savings of over \$1.3 billion annually in replacement costs, of which \$259 million will be saved directly by the City through the term of the Housing Plan.⁶

Benefit of Unsheltered Homeless Cost Savings

14. The total unsheltered population for the City is estimated at 3,000,⁷ although some estimates are as high as 12,000.⁸ It is estimated that 12% of these unsheltered homeless are homeless due to eviction and cost the City \$31,000 each annually in medical and law enforcement costs.^{9,10} As anti-eviction legal services has been estimated to reduce warrants of eviction by 77%,¹¹ SRR has estimated the savings

³ Housing Help Program; Homelessness Prevention Pilot Final Report. June 2010.

⁴ The IBO Report cited a program conducted by the Legal Aid Society and the Bar of the City of New York that tracked the success rate of tenants that were represented by legal counsel in eviction proceedings and those who were not. This program resulted in a warrant of eviction in 10% of the cases where legal counsel was present and 44% of the time when legal counsel was not, representing a decline of 77%.

⁵ Coalition for the Homeless. State of the Homeless 2015.

⁶ Calculated from costs included in "Housing New York: A Five Borough, Ten-Year Plan."

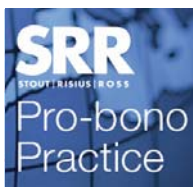
⁷ Hu, Winnie. "New York City Reaches Out to Homeless People Who Are Wary of Traditional Shelters" New York Times. 8 Feb 2015.

⁸ Prakash, Nidhi. "It's Cold Out There: Homeless People in New York City Won't Be Allowed to Sleep on the Subway This Winter" Fusion.net. 21 Oct 2015.

⁹ New Jersey's 2015 Point-In-Time Count of the Homeless.

¹⁰ Yglesias, Mattew. "Giving Housing to the Homeless is Three Times Cheaper Than Leaving Them on the Streets" www.vox.com. 4 Feb 2015.

¹¹ The IBO Report cited a program conducted by the Legal Aid Society and the Bar of the City of New York that tracked the success rate of tenants that were represented by legal counsel in eviction proceedings and those who were not. This program resulted in a warrant of eviction in





from Intro 214-A to the City from unsheltered homeless cost savings at approximately \$9 million annually.

SRR Conclusion

15. SRR has concluded that even with the income eligibility threshold raised to 200% of the poverty level (as opposed to the 125% level utilized by the IBO and City Council), the City would realize a benefit from Intro 214-A of \$320 million, annually.¹² Moreover, even if the City were to realize a loss of revenue equivalent to 70% of the shelter savings (\$176 million), as calculated in the Finance report, from the loss of federal and state funds, SRR estimates that the City would still realize an annual benefit of approximately \$144 million annually from Intro 214-A. A summary of the key components of SRR’s analysis as well as those conducted in the IBO and Finance reports is presented below.

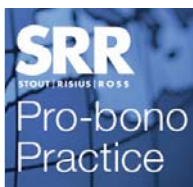
Comparison of SRR’s findings with those of the IBO and Finance			
Description	IBO	Finance	SRR
Cost of Providing Counsel	(\$153 - \$256 Million)	(\$117 Million)	(\$199 Million)
Gross Homeless Shelter Cost Savings	\$143 Million	\$171 Million	\$251 Million
Reduction for Non-City Shelter Funding	(\$90 Million)	(\$120 Million)	n/a
Annual Cost of Affordable Housing	n/a	n/a	\$259 Million
Savings From Unsheltered Homeless	n/a	n/a	\$9 Million
Total (Cost) / Benefit of City Council Intro 214-A	(\$100 - \$203 Million)	(\$66 Million)	\$320 Million

16. In addition to the aforementioned benefits to the City from Intro 214-A, SRR also considered additional benefits to the City, but lacked information to further quantify. These include, but would not be limited to:

- a. The cost associated with homeless children as a result of eviction manifested through education costs, juvenile justice costs, and welfare costs;
- b. The cost of providing welfare when jobs are lost due to eviction;
- c. Enforcement of rent law and regulations; and
- d. A likely reduction over time in the numbers of eviction cases needing counsel because landlords would bring fewer cases knowing that tenants will have legal counsel and because cases will be resolved with greater finality and less repeat filings when both sides have counsel.

10% of the cases where legal counsel was present and 44% of the time when legal counsel was not, representing a decline of 77%.

¹² SRR has not conducted an analysis to match the benefits received from Intro 214-A to the costs of providing counsel. It is believed that some of the cost savings estimated in this report would be in periods subsequent to the initial outlay of costs for providing council as not all eviction shelter entries are immediate.



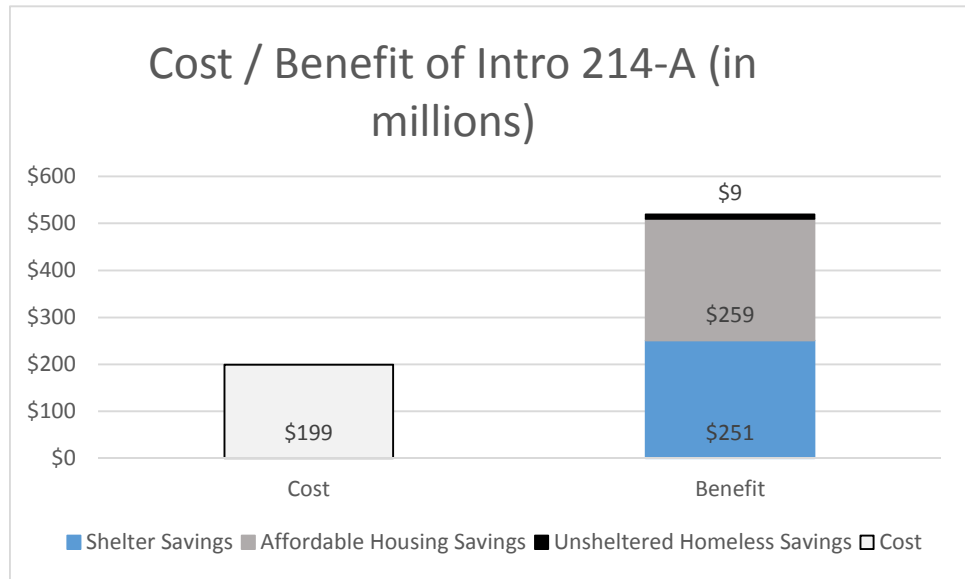


The Financial Cost and Benefits of Establishing a Right to Counsel in Eviction Proceedings Under Intro 214-A

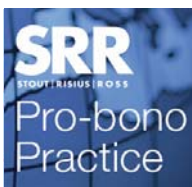
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17. Based on the considerations as presented above, and throughout this report, SRR has concluded that the City would realize a benefit from Intro 214-A of \$320 million, annually, which is visually presented below.¹³



¹³ Ibid.



III. Key Inputs and Conclusions of IBO Report

18. The IBO report conducted its analysis by calculating the cost to provide counsel for indigent defense in eviction matters and the benefit to the City of providing such defense through homeless shelter savings. Each of the inputs used in this analysis will be explained below, as well as the conclusions reached by the IBO.

Cost to Provide Counsel

19. The IBO started its analysis by identifying the pool of households facing eviction. This was determined by identifying the number of housing court cases heard in 2013: 156,941. The IBO then determined that 55% of the total cases heard in housing court would meet the income thresholds in Intro 214-A by utilizing a study named “Housing Court, Evictions and Homelessness: the Costs and Benefits of Establishing a Right to Counsel.” This study included a survey of the income levels of households in eviction defenses and reported the percentage of cases heard by income level.
20. From the application of the 55% housing court cases meeting the, then current, income qualifications, the IBO report concluded that 86,318 housing court cases would be eligible to receive counsel. Next, the IBO determined that the cost of counsel per case would be between \$2,000 and \$3,200 per case resulting in costs of providing counsel between \$173 million and \$276 million. The IBO report also added an additional \$125,000 for the salary of a case coordinator and an offset of \$20 million for current anti-eviction legal services contracts. The IBO report concluded that the total cost of providing counsel under Intro 214-A was between \$153 million and \$256 million.

Benefit of Reduced Homeless Shelter Costs

21. The IBO report noted differentiating factors between sheltering homeless families and homeless individuals such as the intake process, costs of shelter, and source of funds. As such, the cost of sheltering families and individuals is discussed separately.

Cost of Sheltering Families

22. The IBO report noted that the intake process for families entering homeless shelters includes information on why housing is needed. This intake process, as of 2012, resulted in 36% of families reporting their need for shelter was the result of an eviction. Additionally, the IBO Report also noted that 11% of families entering homeless shelter was the result of over-crowded living situations. Therefore, the IBO Report added an additional 1% to the 36% of shelter needs as a result of eviction theorizing that many families likely move in with a friend or relative after being evicted before going into a homeless shelter.
23. The IBO Report then applied this 37% of family shelter entries as a result of eviction to 10,500 shelter entries in 2012 to estimate that 3,885 families entered a housing shelter in 2012 as a result of an eviction. However, in order to determine the costs of sheltering evicted families, the IBO report examined the observed



decrease in evictions from defenses that were aided by counsel and those that were not.

Eviction Reductions from Legal Counsel Defense

- 24. The IBO report concluded that there is a 77% reduction in evictions when legal counsel assists in the defense compared to those without legal counsel. This reduction of evictions was obtained from a randomized experiment operated by the Legal Aid Society and the Association of the Bar of New York City. In this experiment, it was found that when legal counsel assisted in the defense of evictions, warrants of evictions were issued in 10% of the cases compared to 44% without legal counsel.
- 25. Thus, the IBO report applied the 77% observed reduction in issued warrants of eviction to the 3,885 family shelter entries as a result of eviction to conclude that 2,991 of the 3,885 families would have likely avoided eviction if the defense included legal counsel. The IBO report further stated that the cost of sheltering these families was approximately \$118 million.
- 26. However, the IBO report noted that the City's shelter system is funded by Federal and State funds in addition to funds provided by the City. The federal government provides 60% of the funding for the family shelter while the City and state governments provide 30% and 10%, respectively. Therefore, the IBO report concludes that the City's benefit of reduced shelter costs from anti-eviction legal counsel would be limited to its share of funding, 30%, which is calculated at \$35 million.

Cost of Sheltering Individuals

- 27. The IBO report noted that the shelter intake process for single adults is different than the intake process for families where the reason for shelter entry, e.g. eviction, is not captured. However, 10% of single adults reported renting a home in the same year prior to shelter entry. The IBO Report utilized half of this figure, 5%, as a representation for single adult evictions. Additionally, 35% of single adults lived with friends or family prior to eviction and the IBO utilized 10% of this amount, 3.5%, as an additional representation for single adult eviction. The IBO report then combines the 5% of entrances who had previously rented a home with the 3.5% of single adult shelter entrances who had previously lived with friends or family to conclude that 9% of single adult shelter entrances are the result of an eviction.
- 28. The 9% of single adult shelter entrances is then applied to 16,448 single adult shelter entrances to conclude that 1,480 of these entrances were the result of eviction. The same methodology for the estimated decrease in these entrances as family entrances was applied which reduced the 1,480 entrances by 77% to 1,140.
- 29. The IBO report then estimates that the cost of sheltering these 1,140 single adults is \$25 million with funding provided by federal, state, and City governments at 4%, 23%, and 73% respectively.





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Eviction Reductions from Legal Counsel Defense

30. The IBO Report concludes that the City’s savings from single adult shelter entry through providing legal counsel in eviction defense is \$18 million.

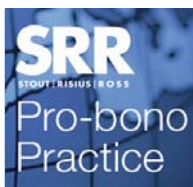
Total Eviction Reductions from Legal Counsel Defense

31. The IBO report estimated that total shelter savings from Intro 214-A was \$143 million, although only \$53 million would be realized by the City, due to the source of shelter funding.

Conclusion of IBO Report

32. The IBO report concluded that the cost of Intro 214-A to the City would be between \$100 million and \$203 million. This is derived from estimated cost of legal counsel of between \$153 million and \$256 million with shelter savings of \$53 million after reduction for non-City shelter funding.

Total (Cost) / Benefit of City Council Intro 214-A	
Description	IBO
Cost of Providing Counsel	(\$153 - \$256 Million)
Gross Homeless Shelter Cost Savings	\$143 Million
Reduction for Non-City Shelter Funding	(\$90 Million)
Annual Cost of Affordable Housing	n/a
Savings From Unsheltered Homeless	n/a
Total (Cost) / Benefit of City Council Intro 214	(\$100 - \$203 Million)



IV. Key Inputs and Conclusions of Finance Report

33. The Finance report structured its analysis similarly to the IBO report where the cost to provide counsel for eviction legal defense was presented along with the benefit to the City for providing such defense through homeless shelter savings. Each of the inputs used in this analysis will be explained below, as well as the conclusions reached by Finance.

Cost to Provide Counsel

34. The Finance report calculated the cost of providing counsel for eviction legal defense similarly to that of the IBO report where the number of cases heard in housing court was multiplied by an estimated cost per case. However, the Finance report varied in the way some of these inputs were calculated.
- a. **Number of Cases Heard:** the Finance report took a three year average of the cases heard in housing court from 2011 through 2013 (156,310), whereas the IBO report utilized the number of cases heard in 2013 (156,940).
 - b. **Income Threshold:** the Finance report estimated that 50% of the cases heard would qualify for legal services under Intro 214-A. This was calculated using the same study as the IBO report, “Housing Court, Evictions and Homelessness: the Costs and Benefits of Establishing a Right to Counsel”. However, the Finance report utilized the low end of the income range (50%) whereas the IBO Report utilized the midpoint of the range (55%).
 - c. **Cost per Case:** The Finance report utilized \$1,500 as cost per case opposed to between \$2,000 and \$3,200 utilized in the IBO Report. The Finance report’s cost per case was determined through information provided by the New York City Human Resources Administration and various New York City Legal service providers. It was noted however, that these costs were based upon payment by the City and not necessarily the entire cost of each provider.
 - d. **Case Coordinator:** the Finance report estimated the cost of a case coordinator would be \$143,893 annually, which is commensurate with the \$125,000 estimated in the IBO Report plus approximately 15% for benefits.
 - e. **Current Anti-Eviction Spending:** not considered in Finance report.
35. Based on these inputs, the Finance Report concluded that eviction legal defense would cost the City \$117 million, annually.



Benefit of Reduced Homeless Shelter Costs

36. The Finance report did not differentiate between family and individual shelter costs as presented in the IBO report. Alternatively, the Finance report only presented an analysis for the costs of sheltering families.¹⁴ In addition, the methodology utilized by the Finance report is materially different than that presented in the IBO Report.
37. The Finance report did not analyze homeless shelter entries and the reason for those entries as presented in the IBO Report. Instead, the reductions in family homeless shelter entries is calculated by utilizing a study titled “Housing Help Program” conducted between the Department of Homeless Services, United Way, and Legal Aid Society. In this study, it is concluded that 5% of families avoid homeless shelter with the assistance of legal counsel in an eviction defense. This rate is then applied to the 78,155 housing court cases for which legal assistance is contemplated. This results in the conclusion that 3,836 families would avoid homeless shelter if legal counsel assisted in the eviction defense.
38. The Mayor’s Management Report is then cited to present the average length of stay per family at 440 days and a \$101.50 cost per day for fiscal year 2014. This results in a cost of \$44,672 per family for a total of \$171 million for the 3,836 families estimated to avoid homeless shelter.
39. Therefore, the Finance report concluded that the City would save \$54 million by providing legal counsel in eviction matters. This is calculated by realization of \$171 million in homeless shelter cost savings less the cost of providing legal services of \$117 million.
40. However, the Finance report notes that approximately 70% of shelter costs are reimbursed by federal and state funds. Thus, it is estimated that the City would realize a loss in revenue of \$120 million due to reduced reimbursements.

¹⁴ Although not expressly stated, the Finance report inherently includes individual shelter entrants in its conclusion through including the total number of cases heard in housing court in its calculations which included both families and individuals.





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Conclusion of Finance Report

41. The Finance report concluded the net impact of Intro 214-A to be a cost to the City of \$66 million. This is derived from estimated cost of legal counsel of \$117 million with shelter savings of \$171 million to realize a cost savings of \$54 million, which is then offset by a loss of revenue of approximately \$120 million.

Total (Cost) / Benefit of City Council Intro 214-A	
Description	Finance
Cost of Providing Counsel	(117 Mill\$ion)
Gross Homeless Shelter Cost Savings	\$171 Million
Reduction for Non-City Shelter Funding	(\$120 Million)+071
Annual Cost of Affordable Housing	n/a
Savings From Unsheltered Homeless	n/a
Total (Cost) / Benefit of City Council Intro 214	(\$66 Million)



V. Comparison of IBO and Finance Reports

42. Presented below is comparison of the key inputs of the IBO and Finance reports for providing counsel under Intro 214-A.

Cost of Providing Counsel		
Description	IBO	Finance
Pool of Households Facing Eviction	156,941	156,310
Share of Cases Meeting Poverty Threshold	55%	50%
Cost per Case	\$2,000 - \$3,200	\$1,500
Cost of Case Coordinator	\$125,000	\$143,893
Current Spend	\$20 Million	n/a
Total Cost of Providing Counsel	\$153 - \$256 Million	\$117 Million

43. Presented below is comparison of the key inputs of the IBO and Finance reports for the homeless shelter cost savings from providing counsel under Intro 214-A.

Homeless Shelter Cost Savings		
Description	IBO	Finance
Families Entering Shelter as a Result of Eviction	2,991	3,836
Cost of Providing Shelter per Family	\$39,452	\$44,672
Singles Entering Shelter as a Result of Eviction	1,140	n/a
Cost of Providing Shelter per Single	\$21,930	n/a
Subtotal Gross Homeless Shelter Cost Savings	\$143,000,000	\$171,361,792
Less: Non-City Funding Family	(\$82,600,000)	(\$119,953,254)
Less: Non-City Funding Individual	(\$6,750,000)	n/a
Total Net Homeless Shelter Cost Savings	\$53,650,000	\$51,408,538

44. Presented below is comparison of the conclusions of the IBO and Finance reports for providing counsel under Intro 214-A.

Total (Cost) / Benefit of City Council Intro 214-A (\$ in millions)		
Description	IBO	Finance
Cost of Providing Counsel	\$153 - \$256 Million	\$117
Net Homeless Shelter Cost Savings	\$54	\$51
Total (Cost) / Benefit of City Council Intro 214-A	(\$100 - \$203)	(\$66)



VI. SRR Analysis

45. SRR considered the information and methodologies utilized in the IBO and Finance reports as well as additional information to conduct its own independent analysis of the costs and benefits of Intro 214-A. Presented below is a discussion of this analysis.

Cost of Providing Counsel

46. As presented in the previous section, the IBO and Finance reports utilized similar methodologies in computing the cost to provide counsel for indigent legal defense in eviction matters. Both reports estimated the number of cases which would qualify for defense, estimated the cost per case, and considered the cost of a case coordinator.¹⁵ SRR believes this methodology is reasonable and an appropriate measure of costs of Intro 214-A.
47. However, the IBO Report concluded the cost of indigent eviction legal defense would cost the City between \$153 and \$256 million whereas the Finance estimated this cost closer to \$117 million. The difference between these calculations is the result of utilizing different inputs within the same calculation. Each of these inputs, including SRR's analysis, will be discussed below.

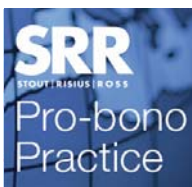
Eligible Cases

48. In determining the number of eviction cases that would be eligible for legal counsel, SRR began with the number of cases heard in housing court as presented in the IBO report. Although, the number of cases utilized in each report was not materially different (IBO 156,941 v. Finance 156,310), SRR accepted the IBO input. This selection was made as the IBO report utilized the more current period available and material annual fluctuations are not expected.
49. Next, in determining the number of cases eligible for counsel, SRR noted the difference between IBO and Finance reports was 5% (55% v. 50%, respectively). However, these percentages were selected based on the then-current version of Intro 214-A, which set the income threshold for qualifying cases at 125% of the poverty line. SRR has since learned that this threshold is now at 200% of the poverty line and thus conducted an analysis to determine the number of cases that would be eligible.
50. In conducting this analysis, SRR first identified the poverty line at \$24,830 for a family of four.¹⁶ SRR then utilized the same study cited by both the IBO and Finance reports, to determine the income levels of tenants in housing court.¹⁷ However, this study was conducted in 1990 and SRR inflation adjusted the income levels reported in this study by 3% per year for 25 years to bring this data current

¹⁵ The IBO Report also used the current indigent legal defense spending by the City as an offset to these costs.

¹⁶ 2014 US Census.

¹⁷ Study utilized in each report was "Housing Court, Evictions and Homelessness: the Costs and Benefits of Establishing a Right to Counsel".





to 2014. This study, inflation adjusted, suggested that 82% of the tenants in housing court have incomes below \$50,000 (200% of \$24,830 poverty threshold is \$48,460).

51. Thus, SRR estimated that 82% of the 156,941 cases heard in housing court would be eligible to receive legal counsel. If all of those who are eligible to receive legal counsel elected to do so, SRR estimates that 128,692 cases would need to be funded.

Cost per Case

52. The IBO and Finance reports differed in the estimation of the cost per case with the IBO utilizing between \$2,000 and \$3,200 and Finance selecting \$1,500. Therefore, SRR conducted an independent analysis utilizing survey results of seven different providers of eviction legal defense. Survey respondents were asked to complete responses in relation to salary & benefits, support costs, operating expenses, paid time off, and billable hours per case.
53. SRR used this information to determine the average cost per case of all seven providers was approximately \$1,400 per case which increased to approximately \$1,900 per case when paid time off was considered. The costs per case were consistent between six of the seven providers with only one provider reporting a materially different cost per case of \$700 and \$961 with the consideration of paid time off. Therefore, SRR removed the data from this provider and calculated the average cost per case at approximately \$1,500, and increasing to approximately \$2,000 per case when including paid time off.
54. SRR selected \$2,000 as a cost per case for purposes of computing the total cost of providing legal counsel under Intro 214-A.

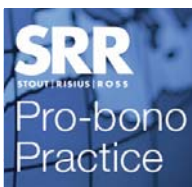
Case Coordinator

55. The costs of a case coordinator were estimated at \$125,000 and \$144,000 by the IBO and Finance reports, respectively. The difference between these figures is the result of the Finance report including benefits in its estimation. As such, SRR has accepted the salary and benefits figure provided by the Finance report as an estimation of the cost of a case coordinator.

Current Legal Spending

56. The IBO Report stated that the City currently spends approximately \$20 million on anti-eviction legal services that would be replaced by Intro 214-A. This was not considered in the Finance report. SRR has not conducted a full review of all the anti-eviction legal services offered by the City but understands that all or nearly all of the anti-eviction legal services are offered for low-income tenants.
57. However, SRR's research into the funding for eviction attorneys in housing court has revealed that the City's anticipated funding in this area is \$60 million.¹⁸ As

¹⁸ Levine, Mark and Broshnahan, Mary. "How to Fight Homelessness" The New York Times, 19 Oct. 2015.





such, SRR accepts the premise that the current spending on anti-eviction legal services is likely to continue and is thus duplicative of what would be required to implement Intro 214-A and should be included as an offset in the amount of \$60 million.

Cost of Providing Counsel - Conclusion

58. Based on the inputs as described above, SRR has concluded that the costs of providing counsel under Intro 214-A are approximately \$199 million.

Benefit of Reduced Homeless Shelter Costs

59. The IBO and Finance reports utilize different methodologies in computing the cost savings of reduced homelessness from anti-eviction legal spending. In review of these two methodologies, SRR mirrored its analysis to that contained in the IBO report. The methodology contained in the IBO report was more easily tested and verifiable of its representation of homeless eviction populations. In addition, this methodology more clearly articulated the decrease in evictions from the assistance of legal counsel in the defense.
60. While the same basic methodology utilized by the IBO was utilized, SRR found updates to certain inputs to more accurately reflect current homeless populations as a result of eviction. The updates made to the IBO reports calculation of evicted homeless populations are discussed below.

Number of Families Entering Shelter

61. In determining family shelter entrances, The IBO report utilized the number of entrances as of 2012: 10,500. However, by January 2015, the Coalition for the Homeless (“CFTH”) reported that, on average, 14,524 families were sheltered by the City.¹⁹
62. This difference may be related to several factors, including, but not limited to:
- a. growth in homelessness over time; and
 - b. the use of “entrances” compared to “average families sheltered”.
63. SRR believes that utilizing the number of “average families sheltered” compared to shelter entrances better matches the cost of providing counsel to the benefit received over an annual period. This is the result of two factors:
- a. the average shelter stay exceeds one year; and
 - b. not all shelter entrances will be in the same year as the counsel.
64. Therefore, it is SRR’s opinion that the number of average families sheltered as of January 2015, 14,524, is a reasonable starting point in determining the number of families sheltered as a result of eviction.

¹⁹ Coalition for the Homeless. State of the Homeless 2015.



Calculation of Family Entries as a Result of Eviction

65. As previously stated, the IBO Report determined that 37% of family shelter entries were the result of an eviction. However, SRR believes that the IBO's inclusion of only 1% for families who have experienced an informal eviction is understated.²⁰
66. Information cited in the HHP study revealed that at the time of the study (2007), 23% of families entering shelter listed eviction as the direct cause of their shelter entry. However, when surveyed specifically about evictions, 38% of families responded that they had experienced a formal eviction and an additional 9% of families reported an informal eviction within the last five years.²¹
67. The difference in survey results is likely explained by the fact that in order to be determined eligible for shelter entry due to eviction, tenants must show documentation of the eviction;²² it is likely that not all tenants maintain this information while seeking alternative living arrangements. In addition, this survey is representative over a five year period, thus capturing evicted tenants that did not go directly to shelter.
68. As such, it is SRR's opinion that 47% of sheltered families, 6,802, entered shelters as a result of eviction.

Cost of Sheltering Evicted Families

69. The IBO report estimated the cost of sheltering the 2,991 families that would avoid eviction with counsel was \$118 million. However, the IBO report does not state how this figure was derived and if it is for an annual period or longer length of time. Data provided by the Community Coalition for the Homeless released information stating the average annual cost for sheltering a homeless family in 2014 was \$37,047.²³ In addition, this report also noted that the average length of stay for families with children was more than 14 months, which results in a total cost per stay of \$43,222.
70. Based on SRR's calculation that 6,802 families enter shelter due to eviction along with the \$43,222/family cost, it is estimated that the City spends approximately \$294 million annually sheltering homeless families as a result of eviction. It has also been shown that providing legal counsel in eviction proceedings results in a

²⁰ New York City Independent Budget Office. "The Rising Number of Homeless Families in NYC, 2002 – 2012: A Look at Why Families Were Granted Shelter, the Housing They Had Lived in & Where They Came From." November 2014.

²¹ Informal evictions are situations where a tenant leaves housing voluntarily before or after an order of eviction, without forcibly being evicted by a Marshall. If SRR were to utilize the 37% annual figure as noted in the IBO Report, projected costs savings would be reduced by approximately \$48 million.

²² New York City Independent Budget Office. "The Rising Number of Homeless Families in NYC, 2002 – 2012: A Look at Why Families Were Granted Shelter, the Housing They Had Lived in & Where They Came From." November 2014.

²³ Coalition for the Homeless. State of the Homeless 2015.



77% decrease in the number of warrants of evictions.²⁴ Thus, it is estimated that approximately \$226 million of the cost to shelter evicted families can be saved by providing legal counsel in eviction defense.

Cost of Sheltering Individuals

71. In addition to the costs of sheltering evicted families, the IBO report also concludes that the City could avoid \$25 million of costs related to sheltering individual adult men and women if legal counsel assisted in an eviction defense. The data relied on to conclude this figure was not available to SRR; however, SRR agrees with the overall methodology utilized in this calculation. In addition, as noted above, SRR found the calculations for cost of sheltering families conservative. Therefore, SRR accepts the \$25 million in cost savings concluded by the IBO report from sheltering individual men and women.

Family and Individual Cost Savings

72. The total combined cost savings from family and individual shelter entry from legal counsel eviction defense is therefore estimated at \$251 million.

Source of Homeless Shelter Funds

73. Both the IBO and Finance reports note that the City receives federal and state funds to support its homeless shelters. The IBO report notes that the primary source of funding for family shelters is from federal funds through the Temporary Assistance to Needy Families (“TANF”) block grant at 60%. It is also noted that the state contributes 10% towards the funding of family sheltering and the City receives 23% and 4% from state and federal governments of the costs for individual men and women shelters. As such, both the IBO and Finance reports reduce the cost savings from preventing shelter entries due to evictions by the portion of funding not directly covered by the City.
74. The IBO released additional guidance on the sources of funds for sheltering the homeless almost a year after the release of the IBO Report. In this Fiscal Brief, the IBO notes “Family Shelter costs are calculated through a per diem rate established for each shelter facility, multiplied by the number of days care was provided... then applied to public assistance program...”²⁵ Thus, if the number of families in shelter were to decline, the TANF funds for shelter costs would decline as well.
75. However, the state of New York has already given the City the ability to redirect family shelter savings to other purposes. “If the City is able to realize family

²⁴ The IBO Report cited a program conducted by the Legal Aid Society and the Bar of the City of New York that tracked the success rate of tenants that were represented by legal counsel in eviction proceedings and those who were not. This program resulted in a warrant of eviction in 10% of the cases where legal counsel was present and 44% of the time when legal counsel was not, representing a decline of 77%.

²⁵ “Albany Shifts the Burden: As the As the Cost for Sheltering the Homeless Rises, Federal & City Funds Are Increasingly Tapped.” New York City Independent Budget Office Fiscal Brief. October 2015.



shelter savings, New York State has already granted the City permission to redirect the savings, including federal TANF funds and state Safety Net funds, towards a rental assistance program that serves repeat and long-term shelter users (LINC II). The state has also allowed the city to use federal TANF funds to help pay for a rental assistance program targeting homeless domestic violence survivors (LINC III). Although there are federal restrictions on the use of TANF funds, it is possible that the state could permit the city to expand its use of these funds to pay for other programs targeting welfare eligible families with minor children. Alternatively, the state could choose to use TANF savings to raise the overall cash assistance grant, which would benefit low-income households more generally.”²⁶

76. Thus, while the City’s receipt of federal and state funds is under the overall discretion of the State of New York, however, the state has already granted permission to redirect family cost savings for other purposes. It is also possible that the State could permit the City to use these funds to pay for other programs within TANF’s permissible uses which would alleviate City funding in other programs. As such, it is SRR’s opinion that the City could realize the full cost savings of shelter avoidance from its investment in Intro 214-A.²⁷

Other Benefits Not Quantified in IBO and Finance Reports

77. Both the IBO and Finance reports measure the benefits to the City of Intro 214-A through homeless shelter cost savings. However, SRR has analyzed additional costs of evictions. These costs relate to the loss of affordable housing and costs of unsheltered homelessness. A discussion of these costs and SRR’s analysis is presented below.

Cost of Affordable Housing

78. It has been argued that “New York Law currently provides landlords with numerous incentives to evict tenants and raise rents.”²⁸ One of these incentives is to evict tenants in rent regulated units and replace the tenant with one that pays market prices. Thus, when this situation occurs, the City loses a unit of affordable housing which is costly to replace.
79. Under Mayor Bill de Blasio’s Housing Plan (“Housing Plan”) the City intends to build or preserve 200,000 units of affordable housing.²⁹ The allocation of preservation to new construction is represented at 60:40, respectively.³⁰ Thus, under this plan, the City expects to build 80,000 new units of affordable housing. The projected cost for this new construction is estimated at \$30.6 billion, which

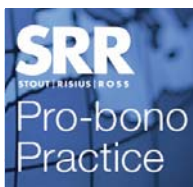
²⁶ Ibid.

²⁷ The source of state and federal funds utilized in individual men and women sheltering are unknown. However, given the permissions given by the state to redirect family shelter savings and the fact that individual shelters are almost completely funded by the City already, SRR opines that materially all of these shelter savings would also likely be realized by the City.

²⁸ Klein, Jeffrey. “Senator Klein Calls on New York City & State to Investigate Unscrupulous Bronx Landlords” The New York State Senate. 22 June 2015.

²⁹ The City of New York Mayor Bill de Blasio. “Housing New York: A Five Borough, Ten-Year Plan.”

³⁰ Ibid.





equates to \$383,000 per unit.³¹ The City's portion of funding this program is 20%, which results in City funds of approximately \$76,000 per unit.

80. From 2002 through 2012, it was found that 43% (32,166 entries) of shelter entries were from rent-regulated private housing.³² Of these shelter entries, 32% were the result of eviction.³³ This equates to 10,293 units of affordable housing lost over that period.³⁴ As detailed previously, if legal counsel had assisted in the defense of these evictions, it is estimated that 77% of these evictions, 7,925 units, could have been avoided. The cost to replace these units under the Housing Plan is estimated to be \$3 billion in total, where \$608 million will be funded directly by the City.
81. In 2013 and 2014, there were 29,910 and 32,226 shelter entries, respectively.³⁵ If the same percentages and methodology of rent-regulated units lost as a result of eviction are applied to these shelter entries it is estimated that 8,550 units of affordable housing were lost to eviction. Applying the 77% expected decrease in eviction from legal counsel defense, it is estimated that 6,583 of these lost units could have been avoided. The cost to replace these units under the Housing Plan are estimated \$2.5 billion in total, where over \$500 million will be funded directly by the City.
82. Therefore, it is estimated that 18,842 units of affordable housing were lost from 2002 through 2014, nearly a quarter of what the Housing Plan intends to build. If legal counsel had been available for eviction defense over this period, it is estimated that the loss of 14,508 of these units, could have been avoided. The cost to replace these units under the Housing Plan is estimated at \$5.5 billion in total, where over \$1.1 billion will be funded directly by the City.
83. Going forward, it is estimated that 3,414 units of affordable housing will be preserved from providing legal counsel in eviction defense. This is calculated by utilizing the number of evictions from 2014 and applying the percentages for rent-regulated units lost due to eviction and the decrease in eviction from legal counsel defense.
84. Preserving these units results in savings of over \$1.3 billion annually in costs to replace these units under the Housing Plan, of which \$259 million will be saved directly by the City annually through the term of the Housing Plan.

³¹ Ibid.

³² New York City Independent Budget Office. "The Rising Number of Homeless Families in NYC, 2002 – 2012: A Look at Why Families Were Granted Shelter, the Housing They Had Lived in & Where They Came From." November 2014.

³³ Ibid. As stated in earlier sections of this report this figure is likely understated.

³⁴ This figure includes the assumption that the evicted tenant was replaced with a tenant paying market rates.

³⁵ Department of Homeless Services, Preliminary Mayor's Management Report, Page 105.





Costs of Unsheltered Homelessness

85. There are many studies that reflect additional costs of homelessness beyond direct sheltering costs. Most notably, it has been observed that homeless populations incur costs to society for medical care and law enforcement.
86. In a study published in the *New England Journal of Medicine* (“NEJM”), it was found that homeless patients stayed 4.1 days longer per admission in the City’s public general hospitals than other low-income patients.³⁶ It was also found that “many of these patients were spending long periods in hospitals awaiting placement in public housing or community-treatment programs.”³⁷ The average costs per day for all these patients was \$2,414 per day at the time of the study.³⁸ In addition, homeless patients had higher readmission rates than other public hospital patients.
87. Another study completed in Florida found that each homeless person costs society \$31,000 annually.³⁹ These costs were comprised of the salaries of law enforcement officers to arrest and transport homeless individuals for crimes such as trespassing, public-intoxication, and sleeping in parks. As the City plans on “cracking down” on homeless people trying to take shelter in the subway shelter this winter⁴⁰ it is likely the City will incur law enforcement costs related to homelessness.
88. However, while not directly stated, the medical costs and law enforcement costs noted in these studies appear to be more closely related to unsheltered homelessness than sheltered homeless. The study noted in the NEJM correlated the longer stays to waiting for placement in public housing. The law enforcement noted in the central Florida study of trespassing and sleeping in parks are also associated with an unsheltered population. Thus, determining the number of unsheltered homeless individuals as a result of eviction is necessary before any of the costs associated in these studies can be applied as potential savings to the City.
89. The total unsheltered population for the City is estimated at 3,000,⁴¹ although some estimates are as high as 12,000.⁴² In a survey of unsheltered homeless populations in New Jersey, it was found that 12% of those surveyed listed eviction as the reason for their homelessness.⁴³ An additional 12% of respondents stated they were asked to leave a shared residence and an additional 27% cited loss or reduction in job

³⁶ Salit, Sharon A.; Kuhn, Evelyn M.; Hartz, Arthur J.; Vu, Jade M. “Hospitalization Costs Associated with Homelessness in New York City” *New England Journal of Medicine*. Vol 338 No 24. 11 June 1998.

³⁷ Ibid.

³⁸ Ibid.

³⁹ Yglesias, Matthew. “Giving Housing to the Homeless is Three Times Cheaper Than Leaving Them on the Streets” www.vox.com. 4 Feb 2015.

⁴⁰ Prakash, Nidhi. “It’s Cold Out There: Homeless People in New York City Won’t Be Allowed to Sleep on the Subway This Winter” *Fusion.net*. 21 Oct 2015.

⁴¹ Hu, Winnie. “New York City Reaches Out to Homeless People Who Are Wary of Traditional Shelters” *New York Times*. 8 Feb 2015.

⁴² Prakash, Nidhi. “It’s Cold Out There: Homeless People in New York City Won’t Be Allowed to Sleep on the Subway This Winter” *Fusion.net*. 21 Oct 2015.

⁴³ New Jersey’s 2015 Point-In-Time Count of the Homeless.





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income / benefits. Therefore, it is likely that a higher percentage of the unsheltered homeless experienced eviction than what was recorded directly in the survey.

90. Nonetheless, SRR applied the 12% as directly cited in the survey as the cause of homelessness to the 3,000 unsheltered homeless population. This results in 360 unsheltered homeless as a result of eviction. With legal counsel reducing evictions by 77%, it is estimated that 277 individuals experiencing unsheltered homelessness could be avoided. At a cost of \$31,000 per unsheltered homeless individual, a cost savings of nearly \$9 million is estimated.



VII. Consideration of Other Unquantifiable Benefits of Eviction Prevention

91. Included above are benefits of eviction prevention that are quantifiable with available data and information. However, there are many benefits to society of a population that enjoys stable housing that are not easily quantifiable and therefore are not included in SRR's calculations. Below, are other consideration of benefits to the City from providing legal counsel in eviction matters.
92. As previously stated, SRR has estimated that 6,802 families have entered homeless shelters as a result of an eviction. Many more have likely moved into overcrowded living situations. Both sheltered and over-crowding living situations are certainly not ideal and can possibly interfere with the development of children. A wealth of research has documented the difficulties homeless children face, from school disruption to emotional trauma and health problem.^{44, 45} The impact of homelessness to these children can manifest through education costs, criminal justice costs, and welfare costs, among others.⁴⁶ These costs are estimated at over \$40,000 per child who spent at least one night homeless; however, some of these costs might not be directly funded by the City.⁴⁷
93. The loss of a home can also be impactful to the wage earning adults of a household who may lose their employment following the loss of their home. Eviction can set off a cascade of problems "including depression and subsequent job loss, material hardship, and future residential instability",⁴⁸ which can increase the likelihood of the receipt of welfare assistance programs.
94. When tenants are represented by an attorney in housing court, rent laws and regulations are more likely to be enforced. For example, when unscrupulous landlords fail to make necessary repairs, tenants can withhold rent accordingly with less fear of being evicted as a result.

⁴⁴ Routhier, Giselle. "Voiceless Victims: The Impact of Record Homelessness on Children" Coalition for the Homeless. 25 Sept 2012.

⁴⁵ Sandel, Megan; Sheward, Richard; and Sturtevant, Lisa. "Compounding Stress: The Timing and Duration Effects of Homelessness on Children's Health" Insights From Housing Policy Research. June 2015.

⁴⁶ "Estimated Cost of Child Homelessness in Pennsylvania: \$363 Million" People's Emergency Center. June 2012.

⁴⁷ Ibid.

⁴⁸ Weise, Karen. "Spiraling Effects of Being Evicted" Businessweek. 13 Dec 2013.



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95. Finally, when low-income tenants have a right to counsel it is likely that, over time, the number of eviction proceedings will diminish because some number of eviction proceedings will not be brought because landlords will be aware that tenants have the right to representation and because, with representation, cases are more likely to be resolved with finality thus averting multiple proceedings. This should result in fewer cases needing representation and diminishing cost to the city.
96. While all of these items represent real costs paid by taxpayers, SRR lacks reliable data in which to estimate these items.





VIII. Conclusion

97. SRR has reviewed and analyzed cost benefit analyses of Intro 214-A as prepared by the IBO and Finance. The IBO report concluded that the net annual cost to the City for Intro 214-A would be between \$100 million and \$203 million while Finance concluded this cost would be \$66 million.
98. From its review and analysis of these reports, it is SRR’s opinion that the IBO and Finance reports have underestimated the reductions in shelter costs from providing legal counsel in eviction defenses by approximately \$108 million and \$80 million, respectively. The IBO and Finance reports both further reduce the benefit of shelter savings for the portion of shelter funding from the federal and state governments. However, from review of supplemental guidance issued by the IBO which notes the existing permissions to redirect federal and state funds it is reasonable to expect that the City could realize the entire benefit of shelter savings.
99. In addition, neither the IBO or Finance reports consider the cost to replace affordable housing lost to eviction or the costs of unsheltered homeless. SRR has estimated these benefits to the City at \$259 million annually and \$9 million annually, respectively. However, even if these costs are not considered, SRR estimates that the City would still realize a cost savings of approximately \$52 million.

Comparison of SRR’s findings with those of the IBO and Finance			
Description	IBO	Finance	SRR
Cost of Providing Counsel	(\$153 - \$256 Million)	(\$117 Million)	(\$199 Million)
Gross Homeless Shelter Cost Savings	\$143 Million	\$171 Million	\$251 Million
Reduction for Non-City Shelter Funding	(\$90 Million)	(\$120 Million)	n/a
Annual Cost of Affordable Housing	n/a	n/a	\$259 Million
Savings From Unsheltered Homeless	n/a	n/a	\$9 Million
Total (Cost) / Benefit of City Council Intro 214-A	(\$100 - \$203 Million)	(\$66 Million)	\$320 Million

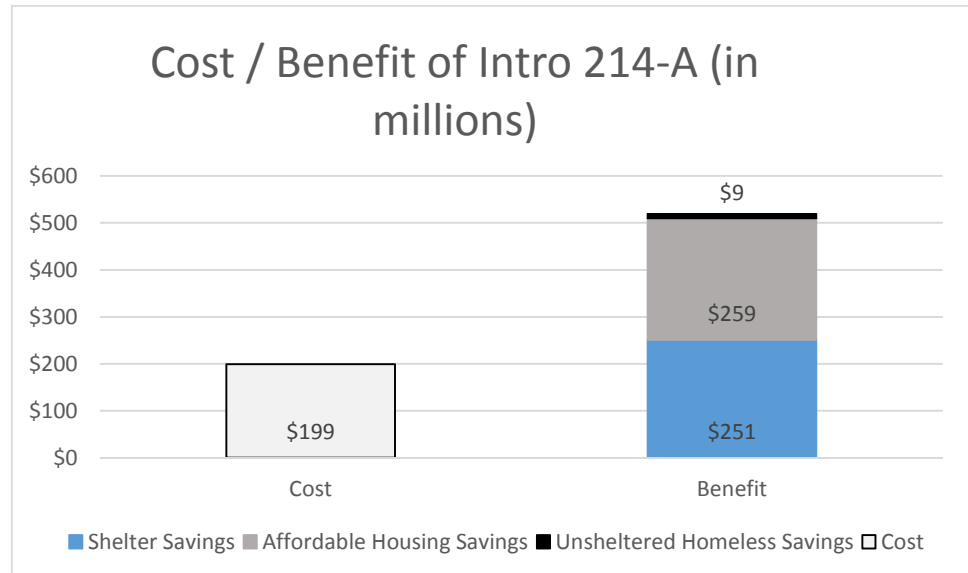
100. Therefore, SRR has concluded that the City would realize a benefit from Intro 214-A of \$320 million, annually.⁴⁹
101. The IBO report offsets the cost of providing counsel under Intro 214-A by \$20 million because the city already budgeted that amount for provision of eviction-prevention legal services to low-income tenants at the time the report was issued. The city now intends to spend \$60 million annually for eviction prevention services. Therefore, SRR is offsetting \$60 million from the cost of providing counsel pursuant to Intro 214-A. However, even if that amount were not

⁴⁹ SRR has not conducted an analysis to match the benefits received from Intro 214-A to the costs of providing counsel. It is believed that some of the cost savings estimated in this report would be in periods subsequent to the initial outlay of costs for providing council as not all eviction shelter entries are immediate.



considered an offset, the annual benefit to the city from implementing Intro 214-A would still be \$260 million.

102. In addition to the aforementioned benefits to the City from Intro 214-A, SRR has also considered additional financial benefits to the City that are not easily quantifiable that are incurred from evictions. These include:
- a. The cost of homeless children as a result of eviction manifested through education costs, juvenile justice costs, and welfare costs;
 - b. The cost of providing welfare when jobs are lost due to eviction;
 - c. Enforcement of rent law and regulations; and
 - d. A reduction, over time, of the number of eviction cases brought as a result of implementing the right to counsel.
103. Based on the considerations as presented above, and throughout this report, SRR has concluded that the City would realize a benefit from Intro 214-A of \$320 million, annually, which is visually presented below.⁵⁰



⁵⁰ Ibid.



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IX. Assumptions and Limiting Conditions

104. SRR's conclusions are based on the information received to date. SRR reserves the right to change those conclusions should additional information be provided.
105. SRR's review, research and analysis was conducted on an independent basis - no one that worked on this engagement has any known material interest in the outcome of the analysis. Further, SRR has performed this analysis on a pro bono basis and therefore without compensation

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