

# **\$320 Million Saved Every Year:** **Highlights of SRR's Cost/Benefit Analysis for Intro 214-A**

By the Right to Counsel NYC Coalition

The New York City Bar Association asked Stout Risius Ross, Inc. (SRR), a global financial advisory firm, to project the costs and benefits of Intro 214-A, a bill filed with the New York City Council that would provide a right to counsel for low-income tenants. Below are highlights from SRR's report, which are compared to similar reports from the City's Independent Budget Office (IBO) and the City Council's Finance Division.

- **Intro 214-A will entirely offset the cost of counsel and save the City a total of \$320 million per year, even with income eligibility at 200% of the poverty level.** This is contrary to the findings in the IBO and City Council reports, which both estimated that the cost would outweigh the benefits.
- **Nearly 130,000 tenants will qualify for a right to counsel under Intro 214-A.** This is substantially more tenants than predicted by the City's Independent Budget Office or the City Council in their reports (which used the 125% of poverty level figure), yet the SRR report still determines there will be substantial savings.
- **5,237 fewer families and fewer 1,140 individuals will wind up in homeless shelters due to eviction.** The shelter money saved (even the money coming from the federal and state governments) can then be put to other City housing and homelessness services.
- **The City will save over \$250 million in avoided shelter costs.** It costs over \$43,000 to shelter a family and over \$22,000 to shelter an individual, and the report estimates that 5,237 families and 1,140 individuals will avoid homeless shelters due to eviction.
- **The City will save \$9 million through stemming of secondary costs when evicted tenants become homeless.** These include use of taxpayer-funded hospitals and law enforcement.
- **The City will save \$259 million through the retention of 3,414 affordable units.** Every time a tenant is evicted from rent-regulated housing, the unit becomes less affordable, requiring the City to spend money to establish a new affordable unit. Mayor de Blasio's Housing Plan already anticipates that the City has to build or preserve 200,000 units of affordable housing.
- **There are other possible savings from Intro 214-A that can't currently be estimated due to a lack of data, so Intro 214-A may generate an even bigger benefit.** These include:
  - The societal costs of homelessness on children (education, criminal justice, welfare, etc.);
  - The effect of evictions and/or homelessness on welfare applications;
  - The possibility that universal representation for tenants will lead to fewer frivolous eviction filings by landlords, which over time will help court budgets and bring down the number of tenants needing counsel.

- **The IBO and City Council’s Finance Division reports have less accurate data and do not include some savings.** Specifically, these reports:
  - Underestimate the number of families entering shelter due to eviction;
  - Underestimate the cost of sheltering families;
  - Underestimate the amount already committed by the City for eviction defense;
  - Do not consider the loss of affordable housing units or the secondary costs of eviction (such as increased use of emergency rooms and law enforcement);
  - Subtract the money the federal/state government will save through Intro 214-A, even though that money will not be lost to the City.

**Table Summarizing Results from the SRR, IBO, and Finance Department Reports**

<b>Description</b>	<b>SRR</b>	<b>IBO</b>	<b>Finance</b>
Cost of providing counsel	(\$259 million)	(\$173 - \$276 million)	(\$117 million)
Offset for amount already spent on counsel by City	\$60 million	\$20 million	didn’t offset
Total savings from reducing shelter use	\$251 million	\$143 million	\$171 million
Fed/state shelter savings not included	n/a	(\$90 million)	(\$120 million)
Savings from avoiding loss of affordable housing units due to eviction	\$259 million	didn’t assess	didn’t assess
Savings from avoiding other homelessness costs (hospitals, law enforcement, etc.)	\$9 million	didn’t assess	didn’t assess
<b>Total (cost) / benefit of providing counsel</b>	<b>\$320 million</b>	<b>(\$100-\$203 million)</b>	<b>(\$66 million)</b>

