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# The City's Rent Hike for Voucher Holders Is Now in Effect—and It Will Backfire

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Earlier this year, the Adams administration quietly [proposed a major change](#) to CityFHEPS, New York City's primary rental assistance program designed to help New Yorkers move out of homelessness and into permanent housing. On September 13, the [change went into effect](#): all income-earning CityFHEPS households enrolled in the program for five or more years must now pay [40 percent of their income toward rent](#), effectively making many formerly homeless, low-income New Yorkers rent burdened.

In a [typical rental assistance program](#), the tenant pays 30 percent of their income toward rent and the government covers the balance between that amount and what the landlord charges—up to a certain payment standard. Councilmember Diana Ayala has introduced a bill, [Int 1372](#), to codify the rules of CityFHEPS so that it continues to operate like a typical rental assistance program. If passed, this bill would ensure that no CityFHEPS recipient pays more than 30 percent of their income, regardless of how long they've been in the program or their type of income.

Now that this rent hike is in effect and we advocate for the passage of Int 1372, we have estimated the likely effects of this new rule.

Using the most recent Census data (American Community Survey 2023) and 2023 CityFHEPS payment standards, we calculated how much more the average CityFHEPS tenant will pay—and how much the city stands to save. We also drew on Human Resources Administration (HRA) data to assess the size of the affected population. Here's what we found.

1. **Nearly 30,000 New Yorkers are now facing higher rents.** According to [HRA](#), 20,227 single individuals and 9,521 households with children moved into permanent housing using CityFHEPS vouchers issued in 2019 and 2020. These households are now subject to the 40 percent rent contribution. The median income-earning single individual now owes \$576 more in rent annually. The median family with children is obligated to pay \$384 more each year.
2. **Low-income households will be forced to cut essentials.** Most of these households are already barely making ends meet. Increasing their rent burden leaves them with even less to spend on food, childcare, transportation, and health care. According to the Urban Institute's [True Cost of Economic Security](#) measure, 62 percent of

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New York City residents lack the resources needed to thrive, not just survive. The average gap between the costs and resources for these residents is roughly \$40,600. By increasing tenants' rent share, the city worsens this resource gap and pushes economic security even further out of reach.

3. **Rent burdens take a terrible toll.** The need for housing security cannot be overstated. A 2024 [study](#) published in the journal Social Science and Medicine found that increased rent burdens strongly correlate with eviction, reduced spending on food and medicine, and even premature death.
4. **The city's projected savings are minimal—and may never materialize.** These rent increases will take a terrible toll on low-income working families, yet they will do little for the city. At a May 16, 2025 hearing, HRA estimated that the policy of raising the rent on low-income earners will save the city just \$11 million—approximately 0.01 percent of the city's \$112 billion annual budget.

And even these savings may never actually materialize. Many formerly homeless tenants will be unable to meet their new rent share, requiring emergency financial assistance from the city in the form of [“one shot deals”](#) for rent arrears. In effect, money “saved” by reducing CityFHEPS subsidies will simply

become money spent on other forms of emergency rent relief.

5. **If tenants return to shelters, the city pays more.** The city's savings could also disappear if even a small share of CityFHEPS tenants cannot pay these elevated rents or secure a one-shot deal, are evicted, and return to the shelter system. If just one percent of single adults or families return to the shelter system for the average length of stay, not only will they be forced to relive the trauma of homelessness, but the cost of shelter alone for the returning households would cancel out the city's projected savings. If a greater number return to homelessness, the city will actually increase its overall costs.<sup>1</sup>

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1 Data for recent years shows that over the past five years, an average of 22 percent of single adults without subsidies and 16 percent of families with children without subsidies returned to the shelter system, while among those who exited with subsidies, fewer than 5 percent of single adults and less than 1 percent of families with children returned to the shelter system. Source: New York City Comptroller, [Review of the New York City Department of Homeless Services' Programs and Services](#), August 17, 2023.

## Methodology

**Estimating earned income level for the eligible population: Using 2023 ACS data<sup>2</sup>** for New York City, we estimated 3.1 million households whose gross monthly rent (including utilities) was below the CityFHEPS payment standard. One-third are single individuals, and the rest are multi-person households. Of these, nearly 1.3 million households in 2023 reported earned income below 80 percent of Area Median Income (AMI)—the threshold for CityFHEPS recertification. For such households, the median household income was \$43,400 and the mean was \$46,000.

**Estimating household numbers and characteristics:** According to HRA data (via [NYC OpenData](#)), 9,521 families with children and 20,227 single adults moved into permanent housing using CityFHEPS vouchers in fiscal years 2019 and 2020. The average household size for families with children was 2.9, which we rounded up to 3.

<sup>2</sup> CSS analysis utilized the 2023 American Community Survey (1-year estimates), retrieved from IPUMS USA <https://usa.ipums.org/usa/>

**Estimating subsidy levels:** Using the above assumption, households now affected by the rule change currently receive a median subsidy of \$660 per month (calculated as the difference between their monthly rent for housing that qualifies for CityFHEPS payment standard and 30 percent of their household earnings).

**Payment standards:** Families of three that moved into permanent housing in 2019 or 2020 using CityFHEPS had incomes less than [200 percent of the federal poverty level](#)—\$21,330 in 2019 and \$21,720 in 2020. These households may retain their vouchers as long as their income remains below 80 percent of [AMI](#), which for a family of three was \$127,100 in 2023. Per [DSS payment standard](#) for CityFHEPS, the maximum allowed rent for a family of three or four in 2023 was \$2,696.

**Estimating the cost of shelter: According to the 2024 [Mayor’s Management Report](#),** the average length of shelter stay for clients in the Department of Homeless Services system is 392 nights for individuals and 354 nights for families. The average nightly shelter cost is \$144 for individuals and \$271 for families.