

**Testimony of Molly Park, First Deputy Commissioner
Department of Homeless Services**

**Before the New York City Council, Committee on Oversight and Investigations and
Committee on General Welfare
Oversight Hearing: The City's Audit of Shelter Providers
April 30, 2021**

Good morning. I would like to thank the City Council's Oversight and Investigations Committee, the General Welfare Committee and their chairs for giving us the opportunity to testify. Today, we are here to speak about homeless service provider contracts and the work we have done to ensure shelter providers are true partners in making reforms to improve programs and services for New Yorkers experiencing homelessness.

My name is Molly Park and I am the First Deputy Commissioner of the New York City Department of Homeless Services (DHS). I am joined by my colleague Erin Drinkwater, Deputy Commissioner for Intergovernmental and Legislative Affairs at the New York City Department of Social Services (DSS).

We want to thank the City Council for your commitment to the safety and wellbeing of our clients. We value the Council's partnership and support as we work to ensure our staff and providers deliver the best possible services to vulnerable New Yorkers. The wellbeing of our clients is of paramount importance to DHS and to me personally, and what we have learned about Bronx Parent Housing Network (BPHN) is absolutely unacceptable. As I will discuss, DHS is taking affirmative steps to protect clients and prevent such situations in the future. We look forward to walking the Committee through the policies and practices we have put in place to ensure our clients are safe and receive the services to which they are entitled.

Under this Administration, DHS has spearheaded several initiatives to strengthen the management and oversight of shelter programs, with the end goal of improving the conditions experienced by our clients. Our multipronged approach to further support our not-for-profit providers has included reforming our contract process, updating our approach to funding and performance evaluations, improving shelter conditions through real time tracking systems and strengthening quality assurance practices across the system.

As we move forward, it is important to consider the background of our city's haphazardly developed shelter system, which was built over the last several decades as the City confronted a range of factors resulting in displacement across New York City. This environment resulted in an increased shelter population, which, compounded by underinvestment, created challenges for DHS and providers as the agency sought to provide safe, clean and secure conditions for clients.

However, we are seeing that our strategies are starting to take hold and are headed in the right direction. For example, the shelter census for 2017, 2018, 2019, and 2020 remained roughly flat year over year for the first time in more than a decade at approximately 60,000, and now, the DHS census stands below 50,000. Additionally, since the launch of the *Turning the Tide* plan, we have already:

- Ended the use of more than 260 shelter buildings as part of our commitment to ending the use of the band-aid measures of previous administrations, including the 21-year-old cluster program.
- We have sited 89 high-quality, borough-based shelters, of which 46 are already open, operational, and providing high-quality services and supports to New Yorkers experiencing homelessness. Additionally, our average days' notice before opening stands at more than 200 days.
- And we have reduced our overall shelter footprint by 41%.

With that, we would like to provide you with an overview of the initiatives DHS has taken on in collaboration with our providers to improve services for New Yorkers experiencing homelessness.

Contracting:

Currently, DHS holds contracts with approximately 70 human services providers, whose role is to provide services to New Yorkers experiencing homelessness. DHS has an open-ended RFP process to solicit new shelters, meaning that proposals from not-for-profit providers can be submitted on a rolling basis, throughout the year. After a proposal is submitted, our program experts at DSS-DHS review, evaluate and score the application in accordance with New York City Procurement Policy Board Rules. This evaluation process involves assessing the need for the proposed shelter population (such as: Families with Children, Adult Families, Single Adults), the proposed location, the building's viability, the scope of the client services, the provider's experience and their pricing, along with other operational factors. Moreover, RFP responses are also reviewed through the lens of our *Turning the Tide's* borough-based shelter plan to ensure consistency and an equitable siting process. This approach has replaced the prior haphazard system in which shelter development was addressed on an ad hoc basis.

Model Budget:

As we have previously testified to the Council, in order to ensure providers could deliver the high-quality services required to help New Yorkers experiencing homelessness get back on their feet, DHS has invested upwards of a quarter of a billion dollars a year in additional funding for our not-for-profit providers to address decades of disinvestment. These efforts also involved modernizing the outdated rates providers had been paid over the years. This overhaul includes funding for social workers in contracted Families with Children shelters, housing specialists in all shelters and standardizing rates for shelter services. As we developed the funding parameters of the services that our partners provide, a model evolved, hence the term "Model Budget."

The model budget efforts to rationalize shelter provider rates for contracted providers follows the City's 90-Day Review reforms. In 2016, following the recommendations from the 90-Day Review,

DHS worked with stakeholders from the shelter provider community, oversight agencies and other experts to develop budget guidelines. This reform initiative was reported on by the New York State Comptroller's Office, when in a 2017 Comptroller audit, DHS was commended for developing the model budget tool.

DHS began to use the model budget template in 2017 to phase in the rate reform for existing shelter providers through a process that includes negotiations with providers and a budget amendment process. Separately, the New York State Office of Temporary and Disability Assistance (OTDA) reviews and approves budgets for Tier II family shelters. This process has also been used for providers proposing new shelter sites. As of today, the model budget process is nearly complete with 3 model budget amendments yet to be registered. All three remaining amendments are pending due to reasons outside the control of the Agency.

After providers submit a budget proposal using the standard template, the DHS Shelter Program Budget Office compares the proposed budgets to the model and then proceeds to review with DHS program staff. This process is completed in close consultation with each shelter provider. From there, DHS sends a recommended budget to the DSS Finance Office and the NYC Office of Management and Budget (OMB) for approval. Once the recommendations move forward, the contract proceeds to the amendment phase, which includes legal review and eventually ending with registration with the City Comptroller's office.

Technical Assistance and Training:

We have also worked closely with our provider partners to update performance evaluations so that together we can raise the quality of the services we provide to New Yorkers experiencing homelessness. The updated shelter performance approach includes an important management evaluation process to help both DHS and our providers measure the most critical indicators that show whether our investments are paying off.

Our investment in the not-for-profit sector has strengthened our work with providers, addressing historic under-investments and working to ensure providers are able to meet standards across the system. The model budget and performance evaluations are intended to make sure that our investments and our expectations are aligned so that our clients are able to receive high-quality services in a healthy and safe environment. Through this collaborative process, we have heard positive feedback from our provider partners, as they have expressed their desire to access information to manage and further improve their services. The challenge of homelessness didn't occur overnight and it won't be solved overnight, but our City's comprehensive strategies are taking hold, and we are committed to continually finding ways to do better for the New Yorkers we serve.

Additionally, we work with shelter providers to provide trainings on various topics, ranging from language access, using trauma-informed approaches to service delivery, and cultural sensitivity. These periodic trainings help equip our providers with the knowledge and tools they need to deliver the best possible supports to our clients.

Shelter Conditions:

Moving on to shelter conditions, DHS typically conducts Routine Site Review Inspections (RSRIs) to review current violations at shelters, as well as conditions that may become problematic over time. RSRIs are part of the contracting process, and providers must show steps towards addressing any problematic conditions at existing sites before DHS can submit a shelter contract for registration. The shelter director is required to submit a Corrective Action Plan (CAP) to DHS, detailing the steps needed to address shelter conditions identified in the RSRI.

The Mayor also established the Shelter Repair Squad, a multi-agency task force to inspect shelter buildings and identify code violations requiring repair. At least two times per year, each task force agency will inspect facilities for code violations and inform shelter providers of the results.

A critical component of the Shelter Repair Squad is the ability for the City to track all shelter building violations, along with measuring the progress made towards mitigating the identified issues. To drive this task, the City developed a system to report on all city shelters and every violation associated with each building. Essentially, this system acts as a real time tracker for shelter building violations, allowing the City to appropriately allocate Shelter Repair Squad staff to work with providers to inspect buildings and develop and implement remediation plans. As a proof of the utility of this system, the framework has since been adopted by the State to develop their statewide Shelter Management System (SMS), which allows our State oversight agency to more efficiently monitor building systems by tracking the status, remediation, and lifecycle of deficiencies and their responses by providers and users.

Information is aggregated from various sources available to DHS to provide a central clearinghouse where users retrieve information about shelters or evaluate and track the status of repairs at shelters. This approach facilitates interagency collaboration in improving conditions in shelters and makes it possible to formulate the monthly Shelter Repair Scorecard, which publicly reports on the conditions of homeless shelter facilities. The scorecard helps define the scope of any problems by publicly listing conditions at all homeless shelters in New York City.

Provider Accountability and Quality Assurance:

As part of our ongoing efforts to transform a haphazard shelter system that was built up over decades, we are continuing to examine the performance of all our service providers to ensure New Yorkers experiencing homelessness are receiving the appropriate services and supports they need to get back on their feet. These ongoing transformation efforts include phasing out certain providers who do not meet our high standards of service and care – and our comprehensive review of all providers and contracts continues.

For example, in this Administration, we've ended the City's relationships with various providers. This started with We Always Care and Housing Bridge, who had a history of serious shelter conditions or other issues. We then announced actions we have taken against Bushwick Economic Development Corporation (BEDCO), phasing out all their commercial hotels, cluster shelters, and traditional shelters, so that they are no longer a shelter provider of any kind. Over the last year, with the assistance of the court-appointed receiver, which we went to court to obtain, we have

completely phased out Childrens Community Services (CCS) as a DHS shelter provider. At their peak, CCS had a very large shelter footprint, mostly in commercial hotels, providing more than 15% of the Families with Children capacity necessary to meet our legal requirements to provide shelter. Our efforts to phase out this provider unequivocally demonstrate that no provider is too big fail or able to avoid accountability.

In the case of Bronx Parent Housing Network (BPHN), we have used our compliance tools to try to ensure this provider remained on the right track. When DHS had a concern about their operations, we required a CAP. When BPHN proposed increasing their share of units, we considered their apparent attempts to comply with that CAP, used the contracting process to adjust their portfolio and more effectively right-size their capacity, giving them fewer beds and fewer shelters than they proposed. In accordance with the City's Procurement Policy Board Rules, this process was conducted while also evaluating new proposals submitted on their merits, including potential positive impact on clients in immediate need, such as to provide isolation services to clients recovering from COVID-19 or COVID-like illness.

This work is a delicate balancing act: we are four years into addressing a problem that built up over 40 years, overhauling the way we do business top to bottom, including removing noncompliant providers and building a bench of qualified and experienced new providers, while also meeting our legal and moral obligation to shelter all those who need it every single night.

At the same time as we work to correct conditions across providers, we must also work together on the ground with provider staff, who are trying to do the right thing and improve the daily lives of those we serve. It is important to stress that not every oversight indicates corruption, not every missed disclosure means there is a bad actor – and our first response is to work with providers to understand the issues that exist and see if we can help, since our clients depend on continuity of services. It is also essential to distinguish between the actions of select executive leaders, and the work performed by dedicated frontline staff, who everyday try to do the right thing, provide services and programs to those in need, and help individuals and families get back on their feet.

In the case of BPHN, we took several immediate steps in response to recent developments, which include:

Appointed Interim BPHN CEO:

Effective February 10, 2021, Daniel W. Tietz was appointed as Interim Chief Executive Officer (CEO) of BPHN. As you know, Mr. Tietz was the court-appointed receiver for Childrens Community Services and has successfully managed the wind-down of its operations while continuing to provide essential shelter and services to clients. While Mr. Tietz was not court-appointed as a receiver, by agreement with BPHN, as interim CEO, he has full authority to run the organization, including the authority to remove or add Board members. He is accountable to DSS, not to the Board of BPHN, which has no power to remove him.

Launched Independent Investigation of BPHN:

On February 24, 2021, the New York City Department of Investigation (DOI) released a request for proposals (RFP) for an independent integrity monitor (IM) to investigate BPHN under the direction of DOI. The selected IM, Kroll Associates, will investigate the actions, conduct,

operations or omissions of BPHN, or any of its current or former key people, employees, subcontractors, consultants, suppliers, vendors, and affiliated businesses with a focus on issues including, but not limited to, employment practices, including sexual harassment, abuse and assault, conflicts of interest, related-party transactions, and compliance with its 2018 CAP and City procurement policies. Aside from an initial investigation that will be conducted by the IM, the firm will also be retained for a total of two years to ensure that BPHN maintains compliance with the CAP as well as a supplemental monitoring agreement that BPHN will enter with DOI. The engagement will be jointly managed by DOI and DSS.

Initiated Review Surveying Practices Across Providers:

In addition to the above investigation, DSS reminded all DHS providers of their legal obligations regarding appropriate corporate structure, accountability and transparency, and has requested responses to a survey, prepared jointly by DOI and DSS, regarding their policies and practices in key areas. DSS has also worked with DOI to prepare a second competitive solicitation for an independent organization to review all DHS providers with respect to their policies and practices in certain key areas, including, but not limited, to employment practices, including sexual harassment, abuse and assault, related-party transactions, and conflicts of interest. The information provided in response to the survey will enable a more targeted review of any specific areas of concern, as appropriate.

Strengthened Sexual Harassment Reporting Protocols

Additionally, DSS has clarified and strengthened its protocols with respect to contracted providers around the reporting and investigation of allegations of sexual harassment. Specifically, in addition to alerting the shelter director, program administrator, social service director, program analyst, and organization's board, claims of sexual misconduct/harassment involving senior leadership must be reported to DSS, which will then determine an appropriate mechanism for investigating the claims in consultation with DOI.

At our facilities, we are committed to providing all those New Yorkers who we serve with information on the extensive resources available to them, and how to access them. To that end, we have reminded DHS providers that under Local Law 95 for the year 2018, they are required to display and distribute information to clients regarding what clients can do if they have been sexually assaulted or harassed; and under Local Law 96 for the year 2018, they are required to ensure all employees have received anti-sexual harassment training. The City's Commissioner on Human Rights makes this training available online. Moreover, as discussed and recommended at this year's DSS Preliminary Budget hearing, we have developed an informational flyer for clients who express that they have experienced sexual harassment or abuse to our staff or provider staff to advise them of how they can get support and assistance.

Legislation

Introduction 2284 would amend the Administrative Code by establishing a framework for survivor-centered response by DSS when DSS receives complaints of sexual assault or harassment. DSS supports the intent of the bill and looks forward to working with the sponsor in supporting clients by referring and connecting survivors to resources. As indicated above, DSS

developed a procedure and flyer for shelter staff and intake staff at DHS and HRA to distribute to clients who express that they have experienced sexual harassment or abuse.

Overall, the Administration has made comprehensive and concerted efforts to address years of underinvestment in the infrastructure of the shelter system with a combination of immediate investments alongside top-to-bottom organizational improvement reforms. There is still work to be done, and we look forward to partnering with the Council to help families and individuals experiencing homelessness get back on their feet in a safe, secure and clean environment.

Taken together, Introduction 2056-A and Introduction 2285 appear to be intended to strengthen provider accountability in contracting, specifically calling for personnel to report corruption, cooperate with investigations and address conflicts and misconduct. We take our responsibility to protect clients, monitor performance and safeguard public funds very seriously and agree with the apparent goals of the bill. The City has a robust process for assessing vendor integrity which requires integrity, financial and potential conflicts self-disclosures through procurement systems as a prerequisite to contract registration. City contracts require full and accurate disclosure, and cooperation with any potential investigations, which are in alignment with the goals of these bills. This information is considered as part of the vendor background check process.

The PASSPort system implemented by MOCS also gives agencies a historical view into vendor performance evaluations and any cautions that emerged from prior contracting, which further enhance background check reviews. In the case where a vendor is struggling to meet the performance requirements of a contract, on a case-by-case basis agencies may prefer to enter into a CAP to build their capacity before taking the final measure of terminating the contract. This existing legal and oversight framework helps to surface and correct issues as we have shared earlier in our testimony but we will always look for opportunities to do more. The Administration looks forward to working with the sponsors to identify meaningful new actions we might take to achieve desired goals.

I will now turn it over to Commissioner Garnett and look forward to answering questions you may have following her testimony.