

Responses to Public Comments Received Concerning HRA's Proposed Rule:

Special Exit and Prevention Supplement (SEPS) Program

A public hearing regarding the proposed rule was held on November 17, 2015. At the hearing, interested parties had an opportunity to provide input on the proposed rule. Three members of the public attended the hearing, one of whom spoke. Sara Zuiderveen, Deputy Commissioner, Rental Assistance Programs & Legal Services Initiatives in HRA's Homelessness Prevention Administration, introduced the hearing.

In addition to the oral comment received at the public hearing, HRA received two comments via the New York City Rules website (attached), one of which was also emailed to HRA's Office of Constituent Affairs. No comments were received at the fax number or mailing address provided on the notice of public hearing.

The two written comments, from Neighbors Together and MFY Legal Services, voiced support for the SEPS rule, highlighting the assistance it provides to residents of so-called three-quarters housing and did not make any specific recommendations concerning the rule.

Responses to Issues Raised During the Public Comment Process

One commenter asked whether SEPS is available to individuals who are not in NYC Department of Homeless Services (DHS) shelter, but who utilize drop-in centers, and suggested the language of the rule be amended to include such individuals if it is not. The commenter also recommended that language be added to the rule stating that the program is available to clients of "private shelters."

The SEPS program is available to individuals who use drop-in centers to the extent such individuals are at risk of entry to DHS shelter and otherwise meet program criteria. The program is also available to otherwise eligible individuals in shelters operated by or on behalf of DHS and HRA, including DHS and HRA shelters operated by private not-for-profit providers. Therefore, the suggested language is not needed.

WRITTEN COMMENTS RECEIVED



**TESTIMONY ON
PROPOSED AMENDMENT TO TITLE 68 OF
THE RULES OF THE CITY OF NEW YORK:
SPECIAL EXIT AND PREVENTION SUPPLEMENT (SEPS) PROGRAM**

DELIVERED BEFORE:
NEW YORK CITY HUMAN RESOURCES ADMINISTRATION

TESTIMONY PROVIDED BY:
AMY BLUMSACK, COMMUNITY ACTION PROGRAM DIRECTOR
NEIGHBORS TOGETHER
NOVEMBER 17, 2015

Neighbors Together

Neighbors Together is a community based organization and large soup kitchen committed to ending hunger and poverty in Ocean Hill, Brownsville and Bedford Stuyvesant, three of the lowest-income neighborhoods in New York City. Neighbors Together serves over 10,000 unique individuals annually, by providing support and assistance to people who are struggling with poverty, unstable housing, insufficient income, histories of incarceration and addiction, among other pressing issues. As the Community Action Program Director, part of my role at Neighbors Together is to work with our members to effect policy changes that will bring greater stability to their lives and the surrounding community at large. In this capacity, I have the pleasure of organizing tenants of three-quarter houses, sometimes known as illegal boarding houses or transitional houses.

Three-Quarter Houses

Three-quarter houses are private homes that rent beds to single adults. Three-quarter houses hold themselves out as supportive programs, although they are unregulated and unlicensed by any government agency. The housing conditions are almost always dangerous - with rampant infestations of bed bugs, roaches, or vermin, mold, collapsing ceilings, lack of heat and hot water, rigged electrical wiring, and more. **Despite the poor conditions, three-quarter houses provide a housing of last resort for some of the city's lowest income and most vulnerable populations.**

Tenants are often referred to three-quarter houses from inpatient substance abuse programs, after being released from prison or jail, or from service providers from whom they are seeking help after falling on sudden hard times due to loss of employment or death of a family member. Tenants tend to move into three-quarter houses because they are seeking a living situation that will provide them with increased stability and assistance in getting back on their feet. Unfortunately, the reality of these houses is often far from what tenants are told they can expect. Three-quarter house operators are in the industry to make a profit, and therefore often do not deliver the safe and supportive living environment that they advertise when recruiting new tenants.

Tenants most frequently pay for their three-quarter house bed through the \$215 monthly shelter allowance provided by the Human Resources Administration or through benefits from Social Security Disability or Supplemental Security Income. In order to maximize profit, three-quarter house operators often mandate that tenants attend a specified outpatient substance abuse treatment program as a condition of maintaining their bed, whether or not substance abuse treatment is a needed support for the tenant. Tenants are then required to submit proof of attendance from the specified outpatient program to their three-quarter house operator, who uses the attendance slips in order to receive a monetary kickback from the outpatient program. This fraudulent Medicaid kickback scheme is a common way that operators maximize the profit they are able to make from each tenant staying in their three-quarter house.

Illegal evictions are one of the most prevalent abusive practices of three-quarter house operators. Threat of or actual illegal evictions are used to prevent tenants from standing up for their rights and to perpetuate an atmosphere of fear and intimidation in the house. Additionally, once a tenant has exhausted his or her Medicaid benefits for outpatient treatment, operators use illegal eviction as a tactic to vacate that tenant's bed so they can bring in a new tenant who has billable Medicaid benefits that can be accessed for the fraudulent kickback scheme.

Special Exit and Prevention Supplement Program (SEPS)

Until the recent creation of the SEPS Program, three-quarter house tenants had very few options for accessing stable housing. Tenants do not qualify for the LINC vouchers because they are not living in the shelter system, are not working, nor receiving disability benefits or over the age of sixty-two. Other tenants who might qualify for supportive housing through the 2010e application are often prevented from accessing Population A, because they are deemed "transitionally housed," despite the fact that illegal evictions and transiency are major characteristics of the three-quarter house industry. Most often, tenants qualify for supportive housing through Population F, which are units set aside for people with substance abuse disorders. This differentiation is critical because there are greater numbers of units available to Population A than there are to Population F, and Population A is a higher priority for accessing housing, thereby putting three-quarter house tenants at a disadvantage. Last but not least, the

waiting lists for subsidized housing such as Section 8 and public housing through the New York City Housing Authority are either frozen or years long.

Therefore, Neighbors Together commends the City for creating the SEPS Program in order to provide three-quarter house tenants and other vulnerable tenants greater access to stable housing. It is for this reason that Neighbors Together strongly supports the extension of the emergency rule and amendment to Chapter 8 of Title 68 of the Rules of New York City to implement the Special Exit and Prevention Supplement Program.

SEPS vouchers are a critical housing resource for three-quarter house tenants, without which, many tenants would find themselves unable to access safe, stable, and dignified housing. Accessing stable housing is vital to preventing three-quarter house tenants from cycling through three-quarter houses, the city shelter system, and potentially hospitals or jails. By giving tenants greater autonomy to find housing via the SEPS voucher, the city is also assisting tenants in accessing greater levels of stability by remaining close to or moving closer to their support systems, job, family, treatment program, etc. And by providing greater stability via housing, the City is also providing an opportunity for tenants to become full, stable contributing members of their community and the city at large, ultimately creating an economic win for both tenants and the City.

Thank you for your time and consideration. If you have any further questions or would like more information related to the above testimony, please contact Amy Blumsack at Neighbors Together at 718-498-7256 or by email at amy@neighborstogether.org.



**TESTIMONY
ON
PROPOSED AMENDMENT TO TITLE 68 OF
THE RULES OF THE CITY OF NEW YORK:
SPECIAL EXIT AND PREVENTION SUPPLEMENT (SEPS) PROGRAM**

**PRESENTED BEFORE:
NEW YORK CITY HUMAN RESOURCES ADMINISTRATION**

**PRESENTED BY:
MATTHEW MAIN
STAFF ATTORNEY
MFY LEGAL SERVICES, INC.
NOVEMBER 17, 2015**

MFY LEGAL SERVICES, INC., 299 Broadway, New York, NY 10007
212-417-3700 www.mfy.org

MFY Legal Services, Inc. (MFY) submits this testimony to the New York City Human Resources Administration (HRA) in support of the proposed rule and extension of the emergency rule implementing the Special Exit and Prevention Supplement Program (SEPS Program). The proposed amendment to Title 68, Chapter 8 of the Rules of the City of New York provides a crucial path to stability for distinctly vulnerable, low-income, single adults, a population that has been forced to rely on dangerous and exploitative three-quarter houses to avoid homelessness.

MFY envisions a society in which no one is denied justice because he or she cannot afford an attorney. To make this vision a reality, for over 50 years MFY has provided free legal assistance to residents of New York City on a wide range of civil legal issues, prioritizing services to vulnerable and under-served populations, while simultaneously working to end the root causes of inequities through impact litigation, law reform and policy advocacy. We provide advice and representation to more than 10,000 New Yorkers annually. Since 2009, MFY's Three-Quarter House Project has provided assistance and representation to tenants of illegal boarding houses known as "three-quarter houses." MFY has

convened the Three-Quarter House Reform Coalition¹ to envision and secure meaningful changes in the policies that have contributed to the growth of the three-quarter house industry.

Three-quarter houses are New York City’s hidden housing of last resort.

The term “three-quarter house” refers to one- and two-family homes, larger apartment buildings, or other structures that rent beds to single adults. Although they bill themselves as “programs,” they do not provide in-house services to tenants, are not licensed or regulated in any way, and have no formal arrangement with any government agency. For individuals re-entering the community after a period of incarceration, recovering from a short-term hospitalization or residential chemical dependence treatment, and/or struggling with unemployment, family crises, or medical issues, three-quarter houses are often the only alternative to living on the street or in a shelter.

Today, there are more than 350 three-quarter houses operating in New York City.

When MFY first undertook this specialized housing work in September 2009, the Coalition for the Homeless had compiled a list of 180 three-quarter houses citywide. Since then, that list has mushroomed to more than 350 such substandard housing facilities, at least 250 of which are located in Brooklyn alone. And these are only the three-quarter houses that we have learned about. We believe that there are many more and that their numbers are continuing to grow.

Our clients are referred to three-quarter houses from jails, prisons, parole programs, substance abuse treatment programs, hospitals, and soup kitchens. Although a 2010 rule promulgated by the New York City Department of Homeless Services (DHS) successfully and significantly reduced referrals to unsafe three-quarter houses by City shelters, at root the three-quarter house industry has continued to flourish because of the lack of truly affordable housing in New York City combined with a severe shortage of meaningful housing assistance for very-low-income single adults without children. The industry’s existence is a symptom of the affordable housing crisis—an epidemic that has left very low-income single adults without any viable alternative or pathway to stable housing.

Three-quarter houses are demarked by horrendous and unsafe conditions.

Virtually all of MFY’s three-quarter house clients report hazardous living conditions, such as extreme overcrowding, no heat or hot water in cold weather, and vermin infestation. Sleeping rooms are often crammed with bunk beds, at times housing eight or more individuals, which impede access to doorways and windows. Closets and kitchens are turned into bedrooms. Prevalent substandard conditions also include jury-rigged electrical wiring, plumbing back-ups, and buildings with no fire escapes or sprinklers housing dozens of tenants. These living conditions are dangerous for the tenants who reside there, as well as for residents of adjacent buildings.

¹ Coalition members include MFY Legal Services, Neighbors Together, BOOM! Health, Brooklyn Defender Services, Center for Court Innovations, Center for Employment Opportunities, Community Service Society, Correctional Association NY, Federal Defenders, The Fortune Society, Greenhope Services for Women, Legal Action Center, Legal Aid Society, Neighborhood Defender Services, Office of the Appellate Defender, The Osborne Association, The Prisoner Reentry Institute at John Jay College, and The Three-Quarter House Tenant Organizing Project.

MFY has witnessed three-quarter houses operate with impunity, even after City agencies issue vacate orders or notices of serious violations. The operators warn residents against answering the door to NYC inspectors. When ordered by City agencies to reduce the number of occupants, the operators comply only briefly, but then reassemble the bunk beds and fill them again as quickly as they can.

In addition to suffering abominable living conditions, tenants of three-quarter houses also endure illegal evictions (often carried out at night), verbal threats and violence, and civil rights violations. Tenants are commonly induced to pay building operators extra “fees” out of their meager cash assistance and food stamps. Many operators of these unlicensed, unregulated houses require tenants to attend an outpatient substance abuse treatment program, chosen by the operator, regardless whether the tenant needs or wants substance abuse treatment. Prospective tenants are often promised various services to help them maintain their sobriety, obtain employment, establish mental health stability, transition back into the community, and obtain permanent housing. Instead, they find that there are no services, and that the odds are even more stacked against them than before they moved in: the chaotic and dangerous conditions in the houses make stability and community reintegration extremely difficult to achieve. In contrast to the promised access to affordable permanent housing, operators systematically evict without notice and without court process, rendering tenants homeless to fend for themselves on the streets of New York City.

We commend the steps that the City has taken over the last several months to curtail abuses within the three-quarter house industry and to protect tenants.

Last May, the Mayor announced the formation of an emergency task force to investigate the three-quarter house industry and enforce housing standards in New York City. According to City officials, the taskforce has inspected 64 buildings operating as three-quarter houses. The Mayor has also called on the state to increase the shelter allowance available to single adults receiving public assistance that has remained at \$215 per month since 1988. The task force identified some of the City’s most overcrowded three-quarter houses and offered temporary relocation to provide scores of tenants with refuge from dangerous exploitative conditions. With the announcement of the emergency SEPS Program, the City has been able to transition relocated tenants to stable permanent housing that they can afford—a crucial opportunity otherwise unavailable for the affected tenants. The City’s efforts to identify and address exploitation within the three-quarter house industry are unprecedented and have been welcomed by advocates and tenants alike. By making the SEPS Program permanent, the City is taking yet another important step to protect the safety of three-quarter house tenants by making more secure this viable affordable alternative to the recurring cycle of abuses in three-quarter houses and a true path to long-term stable housing.

The proposed amendment creates a meaningful pathway to stable housing for some of the City’s most vulnerable residents.

The SEPS Program was created in part to support individuals currently residing in three-quarter houses, many of whom have past criminal justice system involvement and/or histories of substance abuse, to transition into safe and stable housing in the community. Finding and securing adequate housing is one of the most difficult reentry challenges faced by formerly incarcerated persons and those with past criminal justice system involvement. Access to stable housing options -- public housing, affordable housing, private rental housing, and transitional and supportive housing -- is limited or unavailable to persons with criminal records. Furthermore, while stable housing is a fundamental need for all people,

this is especially true for individuals with substance use disorders and mental health disabilities. The SEPS Program can offer a much-needed pathway to stable housing in order for individuals engaged in a substance abuse or mental health recovery process to focus on their recovery.

Because of the near-constant threat of illegal eviction and danger of catastrophe that could be caused by fire or other hazards, three-quarter house residents—many of whom have nowhere else to go—remain perpetually at risk of homelessness and crisis. MFY has already seen how the SEPS Program can and has helped low-income New Yorkers escape homelessness and avoid that crisis. For example, in one building 11 three-quarter house tenants recently faced imminent eviction from their home. With cold winter months just around the corner, the tenants feared for their physical safety and emotional wellbeing with what looked like the looming and inevitable homelessness. Because of the SEPS Program, each of those 11 residents now has the means to secure safe, stable housing and avoid the chaos of life on the streets or in city shelters.

The Crisis Is Continuing

Even with the creation of the SEPS Program, much remains to be done. The need for subsidies far outstrips the available number of subsidies. MFY estimates that there are at least 8,000 very low-income New Yorkers relying on three-quarter house beds at any given time. Despite the aggressive actions of the task force over the past six months, many three-quarter house operators are waiting for the spotlight to move away from them before refilling their overcrowded rooms with other desperate adults recently released from incarceration or treatment. While making the SEPS Program permanent is a powerful step, in order to meaningfully address this crisis in the long term, HRA must continue its commitment by:

- Further filling the gap in the safety net for very low-income single adults with creative housing assistance programs targeted at people in re-entry after incarceration or substance abuse treatment, working in partnership with the State wherever possible;
- Continuing the task force's inspections of three-quarter houses, including periodically reinspecting the 64 already identified to ensure that they do not return to business-as-usual;
- Supporting soon-to-be-introduced legislation in the City Council to curb the worst three-quarter house operator abuses such as forcing tenants to attend treatment programs against their will that are likely part of a Medicaid fraud scheme.

MFY and the Three-Quarter House Reform Coalition are prepared to vigorously support HRA in developing and implementing these steps.

Conclusion

MFY Legal Services supports the proposed amendment to Title 68 of the Rules of New York City to continue implementation of the Special Exit and Prevention Supplement Program (SEPS Program). We commend the Mayor, the Commissioner of the New York City Human Resources Administration, and the Commissioner of the Department of Homeless Services for taking action to protect the safety and wellbeing of low-income New Yorkers by creating a pathway to affordable housing for single adults seeking to rebuild their lives.

MFY's Three-Quarter House Project welcomes further opportunity for input and discussion about this ongoing crisis.

