



**Testimony of Steven Banks, Commissioner
Department of Social Services**

**Before the New York City Council General Welfare Committee
The DSS Fiscal Year 2019 Preliminary Budget**

March 27, 2018

Good morning. I would like to thank the City Council's General Welfare Committee and Chair Stephen Levin for giving us this opportunity to testify today about the Department of Social Services' Fiscal Year 2019 Preliminary Budget and our ongoing efforts to serve low-income New Yorkers.

My name is Steven Banks and I am the Commissioner of the New York City Department of Social Services (DSS). In this capacity I oversee the Human Resources Administration (HRA) and the Department of Homeless Services (DHS). Joining me today are DSS First Deputy Commissioner Molly Murphy, HRA Administrator Grace Bonilla, DHS Administrator Joslyn Carter, DSS Chief Program Planning and Financial Management Officer Ellen Levine, and DSS Chief of Staff Scott French.

Just four years ago, I appeared before this Committee at the Executive Budget hearing in 2014 and announced a series of major reforms at HRA to implement policy changes that this Committee and many in the audience had long called for. These changes involved a substantial number of reforms that would enable HRA to address poverty and income inequality more effectively than the agency had been doing during the prior two decades. One of the ways we moved forward with these reforms was to self-fund increased staffing needs by repurposing approximately 550 central administrative positions to front-line client service delivery positions.

And in April 2016 following the 90-day review of homeless services and in March 2017 following the release of the Mayor's *Turning the Tide* plan, I announced significant managerial and policy changes to reform how the City had approached homelessness during the past four decades; these changes reflect the fundamental reforms that have been needed for a long time. At the core of these reforms are maximizing a prevention-first focus to avert homelessness whenever possible and transforming the City's approach to the provision of shelter and homeless services.

The Preliminary Budget for the Department of Social Services, including both HRA and DHS, includes continued major investments in social services and homeless services programs that have been missing in the past. In this testimony, we will discuss some of the crucial investments and reforms. As this testimony will highlight, our investments are beginning to show signs of progress, but we know that we have much more work to do to address the problems that built up over many years.

At the outset, I want to provide the context in which DSS serves three million clients each year. Poverty and homelessness are often attributed to individual decision-making and individual circumstances, rather than underlying structural inequality. However, structural inequality is a reality for the families and individuals we serve every day. Between 2000 and 2014, the median New York City rent increased by 18.4 percent in real dollars and household income increased by only 4.8 percent in real dollars. Furthermore, between 1994 and 2012, the city suffered a net loss of about 16 percent of the total rent-regulated housing stock, amounting to approximately 150,000 units. Combined, these and other trends meant that by 2015 the city had only half the housing it needed for about three million low-income New Yorkers. And while the city's overall rental vacancy rate of 3.5 percent poses a problem for people across all incomes, renters who are only able to afford an apartment costing \$800 or less must search in a market with a vacancy rate of a mere 1.15 percent in 2017, down from 1.8 percent in 2014.

Roughly three out of every ten of New York City's renters are severely rent-burdened, meaning that they spend more than 50 percent of their income on rent. Many of these individuals and families facing rent burden are also those who cycle in and out of poverty, living just one personal crisis away from homelessness. In fact, an ongoing longitudinal study suggests that nearly half of all New Yorkers lived in poverty at some point between 2012 and 2014 (the three-year period studied), unable to manage the experience of this income volatility.

As a result of these structural economic factors, today's face of homelessness has changed – 70 percent of today's DHS shelter census now consists of families, of which more than one-third of the families with children have an adult who is working. At the same time, domestic violence is one of the major drivers of homelessness, with some 30 percent of the families with children in the DHS shelter system having a history of domestic violence.

Lastly, for nearly a decade our single adult census has been growing by approximately 1,000 individuals a year, fueled in recent years by direct discharges from State prisons.

Making HRA Benefits More Accessible

Let's begin by focusing on one of our most significant reforms over the past four years – the reduction of counter-productive public benefits case closings and adverse case actions that resulted in unnecessary State administrative fair hearings and subjected the City to a potential \$10 million annual State financial penalty. Now, as a result of a change in State Law in 2016 for which we advocated, HRA no longer imposes durational public benefits sanctions, meaning that clients do not lose essential benefits necessary to keep them in their homes and feed themselves and their children. Clients are also not churning on and off the case load. And administrative costs, as well as staff resources are no longer being diverted, as the number of unnecessary State fair hearings is going down. Consistent with State law, we now afford clients the opportunity to comply with requirements so they can immediately "cure" a sanction without losing their benefits.

By addressing counterproductive policies and procedures that led to punitive actions, including sanctions associated with negative outcomes for clients, such as homelessness, we have transformed the way clients interact with HRA. We also removed duplicative and unnecessary administrative

transactions that adversely affect staff workload, as well as our clients. As a result of these reforms, State fair hearings have declined by nearly 40 percent — from 396,196 in Fiscal Year (FY)14 to 247,253 in FY17 — and the City is no longer subject to a potential \$10 million annual State financial penalty for unnecessary State hearings.

Our approach has been straightforward — make it easier for clients to obtain and keep benefits for which they are eligible.

The Employment Plan

As a part of our December 2014 State Office of Temporary Assistance and Disability Assistance (OTDA)-approved Employment Plan, effective December 31, 2016, HRA eliminated the Work Experience Program (WEP) and replaced it with other more effective work activity initiatives, including additional Job Training Program (JTP) slots as well as other education and training programs. These additional JTP positions and wage increases for various JTP positions have been funded at \$12 million in FY18. Following a procurement process that included extensive consultation with stakeholders, in April 2017, HRA launched a comprehensive new approach to help approximately 70,000 New Yorkers on Cash Assistance who are able to work find the right opportunities that match their skills, needs, and career goals. These clients on our caseload who are able to work include approximately 24,000 clients who are already working, but do not earn enough to move out of poverty and off our caseload.

Our new approach leaves behind the one-size-fits-all approach of the past to offer services that take into consideration the individual needs of clients, while providing specialized services for youth and other groups with more specific needs. The new approach offers more meaningful opportunities to clients, including education and training as permitted under federal and state law.

These programs began in April 2017 and we are seeing promising results in less than a year. These include:

- Clients have enrolled in Alternative Engagement, which are opportunities for clients to access education and training programs external to HRA and its contracted providers with organizations such as BronxWorks, Central Brooklyn Economic Development Corporation, Per Scholas, Brooklyn Education Opportunity Center, St. Nick's Alliance, and Agudath Israel.
- Financial counseling has been a very successful tool for engaging YouthPathways clients. To date, 1,232 YouthPathways participants have engaged in financial counseling services, and 519 outcomes have been achieved relating to opening safe bank accounts, increasing credit scores, reducing debt, increasing savings, and taking financial steps toward enrollment in a training/education program.
- 3,914 clients have enrolled in education and training offered directly by our contracted providers.

In FY18, we were funded at \$278 million (\$103 million tax levy) for employment and related support services such as transportation, and the Preliminary Budget continues these investments.

Customized Assistance Services: Reasonable Accommodations for Clients with Disabilities

Another area of significant reform and investment is enhancing services for clients with disabilities. HRA's Customized Assistance Services provide both direct and contractual clinically-oriented services and expertise in the areas of health, mental health, substance use, and rehabilitation for clients served through HRA's programs. The program is budgeted at \$97 million annually.

In order to improve our services for clients with disabilities, we settled the *Lovely H.* class action lawsuit that was filed in 2005. Working with an expert consultant, HRA developed and is now using tools to assess whether clients need reasonable accommodations as the result of physical and/or mental health limitations or other impairments. HRA then provides the appropriate accommodations, including referrals to HRA's Wellness, Comprehensive Assessment, Rehabilitation and Employment ("WeCARE") program or other services designed to assess and meet the needs of clients with disabilities.

For example, WeCARE has had success in helping New Yorkers with disabilities achieve their personal highest level of independence through obtaining and retaining employment or securing federal disability benefits. So far in this fiscal year, there have been increases in key service areas: a 12 percent increase in federal disability awards for clients and an 8.4 percent increase in the number of clients with disabilities placed in employment.

Benefits Reengineering

In January of 2012, this Committee held a hearing on long lines and overcrowding at HRA Job Centers and SNAP Centers and reported long wait times at our centers. Beginning in 2014, we invested in significant reforms to begin to address this problem. As a result, SNAP in-center foot traffic has declined 32 percent since 2014. The percent of SNAP applications submitted online increased from 23 percent in 2013 to 78 percent in 2018 and the percent of SNAP application interviews conducted by phone increased from 29 percent in 2013 to 83 percent in 2018. In December 2017, the citywide average wait time was 53 minutes for Job Centers and 32 minutes for SNAP Centers.

We built on the initial technology allocations of the prior Administration with two primary goals for our continued modernization efforts – improve the client experience and optimize operational efficiency. By removing real barriers to access and creating a self-directed service model for clients we now permit applicants and clients to conduct a broad range of transactions with the Agency without the burden of having to physically come to an HRA location. And over time these investments are helping to reduce our physical footprint and save on expensive lease costs while making it easier for clients to apply for and maintain their benefits. Our investment in benefits reengineering through FY17 was \$159.2 million.

The implementation of ACCESS HRA is the cornerstone of our modernization efforts. For a full summary of ACCESS HRA, you can review our testimony at January's Hunger Hearing, but here are a few key highlights:

- As of February 2018 there were more than 1 million ACCESS HRA online accounts for SNAP/food stamps households.

- We now receive over 24,000 online applications each month and continue to implement on-demand interviews for SNAP/food stamps applicants and clients.
- Today, all SNAP recertification eligibility interviews can be conducted at a client's convenience by phone, rather than in a rigid four-hour window under the old system, or clients can choose to come into a center and wait for an in-person interview.
- In October 2015, before the implementation of the on-demand call center, only 52percent of the completed SNAP recertification interviews were conducted via telephone. We now have 76percent of the interviews held by phone – a 46percent increase.

On-demand interviews for SNAP recertification have been fully in place for more than a year and now on-demand interviews for new SNAP applicants are beginning to be phased in. Following our implementation of this service for Brooklyn clients last year, we have just announced an expansion that enables new Manhattan and Staten Island SNAP applicants to complete their eligibility interview using on-demand services. The Bronx and Queens will be next; we anticipate having these services fully available to our clients in these boroughs by the end of this calendar year.

We have also rolled out the HRA Mobile App, a self-service mobile app to give clients the ability to use their mobile device to better manage their cases by having immediate access to case details and the ability to submit required documents from their smartphones. Since the application's launch in March 2017 clients have uploaded more than two million images.

In addition, we've modernized our centers by providing on-site self-services. For clients who prefer to access our services inside one of our centers, we now have a suite of self-service tools, which include self-service check-in kiosks and PC Banks to utilize ACCESS HRA and self-service scanning of documents.

In sum, by providing an enhanced client experience, these lower-touch service models free up our eligibility workers' time so they can focus on those clients who need more support and assistance.

HASA For All

In partnership with the Speaker, prior to his assuming this new office, we have made two major reforms to expand services for clients with HIV/AIDS.

First, in the State's Fiscal Year 2014-15 budget, we successfully advocated for a 30 percent rent cap to be applied for HASA clients and then implemented this critical policy change expeditiously based on OTDA eligibility instructions, with the City covering 50 percent of the rental assistance costs. Second, on August 29, 2016, we expanded the medical eligibility criteria for the HASA program to permit all financially-eligible New York City residents with HIV to seek and obtain HASA services so clients with HIV do not have to wait until they have AIDS to get help from us. New York City is implementing this program with only 29 percent reimbursement from the State.

As of January 2018, HASA provides services for 33,772 cases, which include 34,354 clients and 10,289 associated case members, 3,822 of which were newly eligible pursuant to our HASA for All expansion.

As part of our implementation of this HASA for All initiative, we are working with Housing Works to implement and evaluate a series of pilot programs to help us modernize our client services.

The FY19 Jan Plan allocates \$185 million (\$90 million tax levy) for HIV/AIDS housing and support services this year.

Additional Investments

Examples of other key reforms and investments for our social services programs include:

- Adding 239 emergency beds and 54 transitional units to our domestic violence shelter system, with more on the way so that we can increase our capacity to help 13,300 children and adults a year, an approximately 50 percent increase over the prior level of 8,800 individuals served annually – the first increase in domestic violence shelter capacity since 2010.
- Participating as a member of the Food Collaborative in the first evaluations of food distribution, capacity, and food equity to identify gaps and address ongoing Emergency Food Assistance Program (EFAP) needs in the FY19 budget.
- Increasing baseline funding for legal assistance for immigrants from \$7 million in FY13 to \$29.7 million in FY18, which enabled immigrant New Yorkers to receive legal aid in approximately 15,000 cases in FY17, as a result of the four-fold increase in the City’s overall commitment to immigration legal assistance programs since FY13.
- Operating the IDNYC program, which as of December 2017, issued more than 1.2 million cards.

Addressing Homelessness

One year ago, we announced our *Turning the Tide* plan to transform the City’s approach to providing shelter. Our plan puts people and communities first. It does this by ending the use of decades-old stop-gap measures, like cluster shelter sites and commercial hotel rooms, and instead opening a smaller number of new borough-based shelters to help families and individuals stay connected to the anchors of life—such as schools, jobs, health care, families and houses of worship—as they get back on their feet.

As the lawyer who sued four Mayors and five Governors to enforce the right to shelter under our State Constitution, I understand the legal, and, yes, the moral responsibility we have toward our neighbors who do not have homes. I understand the basic human pain New Yorkers feel when we see someone living on the street. So does Mayor de Blasio. After all, he knew my résumé when he hired me. We stand by our moral and legal obligation to provide shelter to New Yorkers experiencing homelessness on any given night and keep people off the streets—and we won’t let them down.

Over the past year, we have been implementing our transformation plan through significant new investments. The plan has four core pillars: preventing homelessness in the first place whenever we can; bringing people in from the streets 24/7; rehousing people who become homeless; and transforming the haphazard approach to providing shelter and services that has been used over the past nearly four decades.

The average monthly census for DHS shelters increased 115 percent from 1994 into 2014 —rising from 23,868 men, women, and children in January 1994, to 31,009 in January 2002, and reaching 51,470 in January 2014. Without the initiatives that we have been implementing, the current DHS census would be in excess of 71,000 instead of at the 60,000 level where it is today. In fact, a recent Furman Center study found that the year-over-year shelter census growth from calendar year 2015 to calendar year 2016 was the lowest increase since 2011, the year the Advantage rental assistance program ended, leading to a 38-percent increase in homelessness. The DHS shelter census for 2017 remained roughly flat compared to 2016 – this is the first time in more than a decade that the DHS census has remained level. And during the first four months of Fiscal 2018 compared with the same period in the prior year, the number of families with children entering the DHS shelter system declined by 15.1 percent and adult family entrants declined by 10.8 percent.

We know that our efforts and investments are beginning to work – but we also know that we have more work to do.

Pillar One: Prevention First

Our first priority is stopping homelessness in the first place. We have implemented three key prevention initiatives to do this – an expansion of the network of Homebase neighborhood-based prevention offices in all five boroughs, increased access to rent arrears grants, and universal access to counsel in Housing Court to prevent evictions.

The Homebase program remains at the center of New York City’s homeless prevention efforts. Homebase’s community-based prevention program has expanded to ensure that Homebase is the first point of entry for those at risk of homelessness and that people can be served in their home borough. We expanded Homebase from 11 providers across the City to 16 providers operating at 23 locations and we will be expanding to 25 locations by the end of FY18, more than doubling the program’s funding. In FY18, we increased funding to include community-based Aftercare and other services, for a total budget of \$59 million. At our Homebase locations, New Yorkers are assessed to determine the prevention and diversion tools for which they are eligible, including: onsite processing and triage for public assistance and rental assistance, landlord and family mediation, educational advancement, employment, and financial literacy services.

Through January of FY18, the Homebase program enrolled 12,865 Families with Children, 621 Adult Families, and 3,296 Single Adults. Compared to the previous two complete fiscal years, enrollments were 1.2 percent higher for Families with Children, 28.7 percent higher for Adult Families, and 30.4 percent higher for Single Adults.

Since 2014, we have provided an increased level of emergency rent arrears assistance, both to cover the increasing costs of rent as well as serving more people so that more New Yorkers are able to stay in their homes. To date, this Administration has provided emergency one-time rent arrears assistance to 217,000 households from FY14 through FY17. The annual FY17 expenditures for this assistance program were \$210 million. We also made the payment process more efficient and quicker by replacing the old system of generating checks at each individual HRA Job Center with a centralized rent arrears processing

unit. Moreover, we have implemented an electronic benefits payment system for Housing Authority rent arrears payments and we are developing a similar payment system for private landlords. Using ACCESS HRA, clients can confirm that the rent was paid to their landlords, a reform now codified in State law.

We have also exponentially increased access to counsel in Housing Court, first through a series of pilot initiatives in all five boroughs and now through implementation of the universal access to counsel local law passed by Council and signed by the Mayor. We increased funding for legal assistance for tenants facing eviction and harassment from \$6 million in FY13 to over \$77 million in FY18 – a more than twelve-fold increase – and \$93 million has been allocated for FY19. When the universal access to counsel law is implemented fully in five years, the annual funding will be \$155 million to handle a projected 125,000 cases that will benefit 400,000 New Yorkers each year.

The legal services programs are leveling the playing field for tenants in Housing Court across the five boroughs. So far, HRA’s tenant legal services programs have successfully contributed to an increase in legal representation for tenants facing eviction in Housing Court from one percent of tenants represented in court in 2013 to 27 percent in 2016, while 99 percent of landlords had legal representation. HRA’s tenant legal services programs have provided more than 180,000 New Yorkers with legal services since 2014.

The impact of these expanded prevention efforts is already being felt by New Yorkers who are receiving these services. Residential evictions by marshals declined 27 percent since 2013, when there were nearly 29,000 evictions annually. The number of evictions in 2017 was 21,074 compared to 22,089 in 2016. That means evictions decreased 5 percent in 2017 alone, representing a total of 1,015 households and an estimated 3,000 New Yorkers across all five boroughs who were able to remain in their homes. Over the last four years, an estimated 70,000 people have remained in their homes as a result of the 27 percent decrease in evictions.

Pillar Two: Addressing Street Homelessness – Bringing People Inside

HOME-STAT

Through increased investments and program reforms, since the launch of HOME-STAT in the spring of 2016, the City has helped 1,480 people come in from the streets into transitional programs or permanent housing and provided assistance so that they have remained off the streets.

Our HOME-STAT (Homeless Outreach & Mobile Engagement Street Action Teams) program encapsulates all of New York City’s street homeless outreach efforts. HOME-STAT is the nation’s most comprehensive outreach program, which includes 24/7/365 citywide outreach efforts, through which hundreds of highly-trained not-for-profit outreach staff, including licensed social workers, proactively canvass the streets to engage homeless New Yorkers. Each borough has a dedicated provider – the Manhattan Outreach Consortium, led by CUCS in partnership with Goddard-Riverside and Breaking Ground, in Manhattan; Breaking Ground in Brooklyn and Queens; BronxWorks in the Bronx; Project Hospitality on Staten Island; and Bowery Residents’ Committee (BRC) in the subways. These providers offer services

and assistance, and work daily to build relationships and gain the trust of individuals with the goal of addressing the underlying issues that may have caused or contributed to their street homelessness, in order to ultimately help these individuals transition off the streets.

Since 2015, through our new investments, we have doubled and are now tripling to more than 1,700 the number of low-threshold beds to better serve our street homeless population, up from the roughly 600 beds that existed at the beginning of this Administration. We have also more than doubled the number of outreach staff canvassing the streets and working to engage New Yorkers who are experiencing street homelessness from 191 in 2014 to nearly 400 outreach staff today.

Overall we have more than doubled the City's investment in street homeless programs, increasing by more than \$53 million (119percent) from \$44.6 million in FY14 to \$97.6 million in FY18.

Through this investment, we built the City's first-ever by-name list of individuals known to be homeless and residing on the streets to improve delivery of services – and this new approach is now codified in local law. Through this by-name list initiative, outreach teams now know more than 2,000 individuals by name who are confirmed to be homeless and living on the streets and are actively engaging more than 1,500 other individuals encountered on the streets to evaluate their living situations and determine whether they are homeless as well as what specific supports they may need.

Pillar Three: Rehousing

The DHS Commissioner in 2011 warned that the end of the Advantage program would result in the need for 70 new shelters, as the census of Families with Children was anticipated to increase by 13,000. What we know today is that by 2014 after the City and State ended the Advantage rental assistance program, which had offered short-term subsidies for people in shelters if they took part in job training, the shelter population increased by 38 percent, or by approximately 14,000 people.

To fill the gap left by the elimination of the City's rental assistance program and other rehousing programs from 2011 to 2014, we created and implemented a variety of rental assistance programs and developed associated incentives in order to address the fears of landlords who were concerned that the new rental assistance programs could be eliminated in the future as Advantage was. We also formed a Source of Income Discrimination (SOI) unit at HRA to address the problem of individuals and families being discriminated against because of the source of their rental income. So far the unit has responded to referrals of possible SOI discrimination, including successful interventions that reversed landlord refusals to accept security vouchers from our clients; reversed a management company's decision to reject electronic rental payments mandated by the Tenant Based Rental Assistance (TBRA) program; reversed a co-op board's decision to deny a sublet to a voucher holder; and reversed a management company's refusal to rent to a HASA program client.

This Administration also restored Section 8 and New York City Housing Authority priorities that had been eliminated prior to 2014.

As a result of our restoration of rental assistance and rehousing programs, over 81,124 children and adults have moved out of, or averted entry into, shelter through December 2017. In FY18, the budget for rental assistance is \$165 million, and in FY17 our expenditures were \$138 million.

We have also made the single largest municipal commitment to Supportive Housing by announcing the creation of 15,000 units over 15 years in NYC 15/15. From decades of research, we know that this plan will benefit New Yorkers in need, including homeless veterans, domestic violence survivors, and street homeless individuals. This cost-effective approach to deliver stable and permanent housing to New Yorkers struggling with mental illness, homelessness, and substance use is worth the investment – Supportive Housing is a proven model and reduces our reliance on homeless shelters, hospitals, mental health institutions, and incarceration.

Since the beginning of this Administration, HPD's Housing NY Plan has funded 3,017 supportive units by leveraging a variety of City, State, and Federal funding sources including NYC 15/15. In less than two years, since the release of the first NYC 15/15 supportive housing RFP in August 2016, HRA, using NYC 15/15 resources, has made 1,426 awards to providers, 406 of which are congregate units that have closed on financing and are included in the 3,017 units in the HPD production pipeline. And to date, NYC has moved or is in the process of moving 488 clients into supportive housing, funded by the Mayor's NYC 15/15 plan.

Pillar Four: Transforming the Approach to Providing Shelter and Services

We have committed to getting out of 360 cluster shelter and commercial hotel sites in order to reduce our overall DHS shelter system footprint by 45 percent across the city, and also committed to opening 90 new borough-based shelters across all five boroughs. To date, we've already gotten out of 100 locations bringing our shelter footprint from the 647 buildings we reported in the *Turning the Tide* plan a year ago to our current use of 547 buildings – a 16 percent reduction in one year.

Our new approach will allow us to maintain a vacancy rate to ensure the flexibility necessary to give homeless New Yorkers, who come from every community across the five boroughs, the opportunity to be sheltered in their home boroughs, as close as possible to their support networks and anchors of life, including schools, jobs, health care, families, houses of worship, and the communities they called home, in order to stabilize their lives and return to living in the community as quickly as possible.

We've committed to a notification process that provides a minimum notice of 30-days to elected officials and community leaders before opening a new permanent shelter. And to date, with the 17 shelters we've notified on since the announcement of our plan a year ago, we've averaged 65 days notice to communities. We have already opened 11 of those 17 sites and they include a shelter for women with special needs, the City's first dedicated site for homeless seniors, and DHS's first dedicated site for LGBTQ young people—all thanks to New Yorkers' fundamental compassion and understanding.

Getting Out of Clusters and Commercial Hotels: Since January 2016, when we were using a high point of 3,600 cluster units citywide, we have closed more than 1,500 cluster units, including transitioning over 300 cluster units to state-certified shelters. This represents a more-than 42 percent reduction

citywide in this 18-year old cluster shelter program. We recently announced our plans to transition another 800 cluster units into permanent affordable housing using eminent domain if necessary, which covers more than a third of the remaining cluster units. As we announced when we released the plan last year, we have prioritized ending the cluster program, and we are on pace to end the use of cluster units as shelter by our 2021 deadline.

Consistent with our legal and moral obligation to provide shelter every night to families and individuals who are homeless, including during the extreme cold weather this winter, we have increased our use of commercial hotel locations to meet *immediate* nightly capacity needs, with these locations serving as a bridge while we bring new borough-based shelters online. The City's periodic use of commercial hotel locations is not new – in fact, it dates back to the 1960s. While we are deeply committed to the goal of eliminating this use, the hard truth is that our transformation of the shelter system will take time. We anticipate that it will take five to seven years for our plan to be fully implemented, as the new borough-based shelters are developed and opened and the use of commercial hotels is then fully phased out.

Having litigated about hotel conditions and the need for client services for decades at the Legal Aid Society, I agree that waking up in a hotel, far from home, without wraparound social service support, is not the way forward. We know our homeless neighbors deserve better.

That's why, while we are using hotels in emergency situations during the phase-out period, we are improving that experience for homeless New Yorkers and getting a better deal for taxpayers. In the past, the City rented most of these hotel rooms on a per-day basis, which made controlling costs and providing services and security challenging. To offer better access to social services and security for these families and individuals and keep costs down, we initiated a Request for Proposal competitive bidding process to place all of the hotel rooms we are using under contract.

Earlier this month, the City's Budget Director Melanie Hartzog provided the Council with a monthly snapshot of City funding for homeless New Yorkers. The monthly spending is \$32 million for commercial hotels, \$2 million for the remaining clusters, and \$96 million for actual shelters. We monitor the spending and costs of sheltering our homeless neighbors on a monthly basis. And to control costs more effectively, the City entered into \$364 million in annual contracts to shelter homeless New Yorkers in hotels on an emergency basis over the next three years. Actual spending will be based on the fluctuating emergency needs of the families and individuals who turn to us for help, including weather conditions, the different demographics of households, level of services and security required, and types of shelter settings available, among others. Moving to competitively bid contracts allows us to both hold contractors accountable and fulfill our legal obligations to provide shelter on any given night.

That's a significant commitment of resources, but it's a better deal for both homeless New Yorkers and for New York taxpayers than renting rooms on a per-night basis. We're making fewer dollars go farther and getting more guarantees on services, with better mechanisms for locking in room rental rates and ensuring quality control.

Under these contracts, the average nightly rate for a hotel room has been \$174, and no room costs more than \$250 on any given night. The quality of client services at these sites has been enhanced, and

we will be able to hold service providers accountable for delivering the same types of social services found at contracted shelter sites, including case management, assistance with public benefits, help finding permanent housing, and job training and counseling.

It is true that even under contract, rates may sometimes exceed what you or I might find online for a night or two—and that’s because we’re providing more than a roof over people’s heads. We require accommodations for caseworkers, microwaves, refrigerators, bedding, and 24/7 security to ensure we are giving New Yorkers experiencing homelessness a safe, secure, and supportive environment. We require that our providers have on-site social services so that clients can receive individualized assessments and referrals to meet their needs through their Independent Living Plans.

As we work to phase out the use of cluster apartments first, followed by commercial hotels, and revamp the shelter system with our new borough-based approach, we are asking communities to come forward and help us identify sites for new shelters. It’s better for our homeless neighbors and it’s better for taxpayers, and could save the City a total of \$100 million per year if we utilize only shelters and end the practice of using hotels.

Addressing Underinvestment in Maintenance, Security, and Services: At the beginning of the 90-day review in 2016, there were three urgent problems that we needed to address: the cumulative impact of years of underinvestment in shelter maintenance, security, and client services. Significant progress has been made to raise the bar for clients in each of these areas.

First, we have conducted more than 34,000 shelter inspections in 2016 and 2017, thanks to the work of the Shelter Repair Squad, an aggressive multi-agency task force launched in December 2015 to systematically identify and address shelter conditions that had been previously left unaddressed for decades. The number of outstanding violations within traditional shelters has dropped 84 percent since January 2016, with many of the remaining repairs involving capital projects.

Second, the NYPD now oversees and manages shelter security. We have partnered with the NYPD to implement an NYPD Management Team at DHS overseeing shelter security citywide, including providing 200 hours of enhanced training developed by the NYPD to all new and in-service DHS Peace Officers, and implementing a new DHS Peace Officers tactical training facility at the Bedford Atlantic Men’s Assessment Shelter, all while doubling previous investments in DHS shelter security, with a total annual security budget of \$240 million for fiscal years 2017 and 2018.

Third, we dedicated an unprecedented amount of funding to reform the rates not-for-profit social service providers’ receive to ensure our not-for-profit partners are appropriately funded to deliver the services our homeless clients rely on as they get back on their feet.

In 2016, we announced we would rationalize payment rates for shelter providers, through a model budget exercise to reform the rates providers had been paid for years. Through this process we are addressing the need for contracted shelter programs to be funded to provide consistent and high quality services and maintain their facilities in accordance with City and State standards for operations.

DHS is making a \$236 million dollar investment in our not-for-profit sector which will result in better facilities and services for our clients. This investment is in addition to the \$163 million we spend annually for health and mental health services. We spent this year working with providers in focus groups to develop the model budgets, which we are now in the process of implementing and which will result in less variability across providers. This investment included rationalizing caseload ratios, resources for specialized services and the facilitation of housing placement, real-time maintenance and repairs, security and funding for health and safety standards, and support staff. Overall, one-third of DHS's increased shelter budget is largely attributable to the social services, maintenance, and security enhancements that we have put in place to address years of underinvestment.

The last few slides in our power point present a number of additional reforms we implemented over the last year, some of which we have already discussed at prior hearings. We have accomplished a great deal over the past year, and we will continue with our reform initiatives during the coming year because we know that much more needs to be done.

Thank you again for this opportunity to testify and I welcome your questions.