



THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, NY 10007

FOR IMMEDIATE RELEASE

September 17, 2008

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**MAYOR BLOOMBERG ANNOUNCES SETTLEMENT WITH THE LEGAL AID
SOCIETY ENDING 25-YEAR LITIGATION AND COURT OVERSIGHT OF HOMELESS
FAMILY SERVICES SYSTEM**

Ending Litigation a Long-standing Goal for the Bloomberg Administration

Litigation Against State Also Dismissed

Mayor Michael R. Bloomberg and The Legal Aid Society Attorney-in-Chief Steven Banks today announced an agreement dismissing the McCain, Lamboy, Slade, and Cosentino collection of lawsuits, which together have governed the homeless services system for families with children in New York City for 25 years. The agreement, signed by the parties today, ends litigation and court oversight of the City's family shelter services system. Nearly three years ago, a court-appointed Special Master Panel evaluated the homeless services system and unanimously recommended the end to litigation. The Mayor and Attorney-in-Chief Banks were joined in the Blue Room at City Hall by Deputy Mayor for Health and Human Services Linda I. Gibbs, Corporation Counsel Michael A. Cardozo, Department of Homeless Services (DHS) Commissioner Robert V. Hess, and State Office of Temporary and Disability Assistance (OTDA) Commissioner David A. Hansell.

"Today marks the beginning of a new era – an era in which the need for court oversight is over and we can all move forward in our shared commitment to effectively meeting the needs of homeless families," said Mayor Bloomberg. "The family shelter system of today focuses on prevention like never before, helps families find permanent housing like never before, and balances rights with responsibilities like never before. Today's historic agreement not only recognizes the tremendous progress we've made over the past six and a half years, it frees us to make even more."

"Today is a historic day for homeless children and their families in this City. We have been able to reach a break-through settlement of 25 years of litigation that will benefit all the people of this City by ensuring that homeless families with children will be treated appropriately and in accordance with legal requirements to which we have all now agreed," said The Legal Aid Society Attorney-in-Chief Steven Banks who worked on the litigation with the law firm of Cravath, Swaine & Moore.

To bring the cases to a close, the parties agreed a new case would be filed and, following a class action settlement hearing at which the court will be asked to approve the settlement, all cases

against the City and State, as well as the new one, would be dismissed. Thereafter, the court will no longer retain jurisdiction and no further claims or motions can be brought before the court related to these lawsuits. The City will regain full control and oversight of its family services system, no longer having to enforce over 40 highly-detailed court orders or spend precious staff time and agency resources complying with or litigating these cases.

As part of the settlement, the parties have agreed that New York City would continue its long-standing interpretation of state and local laws ensuring safe and decent emergency shelter for homeless families with children. The settlement also includes provisions that outline current agency standards and protocols for assessing shelter eligibility; under the terms of the agreement, these provisions sunset on December 31, 2010, unless the agency were to be found in “systemic non-compliance” with its provisions in a separate successful litigation.

“With the Mayor’s commitment to make real change at the EAU of the past, and the guidance and support of the Special Master Panel in 2004, the Department of Homeless Services was able to entirely transform the intake process to both ensure humane and respectful assessment of family need while restoring government’s accountability,” said Deputy Mayor Gibbs. “This settlement affirms the integrity and success of that transformation.”

“The 25-year McCain litigation long ago ceased to be useful or relevant, and the myriad court orders and continued court oversight substantially interfered with the City’s ability to provide efficient and compassionate homeless services. I am very pleased that we have reached an agreement that brings the litigation to a long-overdue end,” said New York City Law Department Corporation Counsel Michael A. Cardozo.

“After more than 25 years, we have removed a roadblock to New York’s homeless services progress,” said Commissioner Hess. “For too long, New York was hampered by endless hours spent in litigation and legal paperwork. Now, DHS can focus on its true priority, safely and effectively providing shelter and helping our clients become stably re-housed in the community. We will only continue to make the system better from here.”

“This historic settlement reaffirms Governor David A. Paterson’s commitment to help those who for any number of reasons find themselves in need of emergency shelter,” OTDA Commissioner Hansell. “As part of this settlement, OTDA will continue its practice of providing fair hearings to those in need of shelter on a priority basis.”

“I was pleased to learn that the parties have resolved these long running litigations,” said John Feerick, one of the three members of the Special Master Panel that between 2003 and 2005 studied City homeless policies and made a series of recommendations in an effort to bring the cases to an end. “Sometimes, even when your efforts don’t immediately bear fruit they are part of a longer process that ultimately helps end the controversy. I salute all the parties to this settlement.”

History of the Litigation

In May 1983, McCain vs. Koch was brought against the City alleging insufficient shelter capacity and lack of standards governing shelter for homeless families with children. The City remained under court oversight through four mayoral administrations until 2003, when the parties agreed to a two-year moratorium in litigation while a court-appointed Special Master Panel

embarked upon an exhaustive review of the family shelter system. During the hiatus, DHS achieved far-reaching reform of the family shelter system. As a result, the Panel unanimously concluded that “after [22] years of system wide litigation...the City of New York has earned the opportunity to go forward into a new era,” without court oversight. Despite a completely revamped intake and eligibility process incorporating virtually all of the Special Master Panel’s recommendations, the litigation resumed in 2005. One year later, in February 2006, the City filed a motion to dismiss the case on the ground that the decades-old complaint was moot. Responsive papers were due to be filed this week; however, the parties began this successful round of settlement negotiations in early August.

*Transformation of New York City’s Homeless Services System
Under the Bloomberg Administration*

The Bloomberg Administration released the first-ever strategic plan for the Department of Homeless Services in June 2002. That plan recognized that the agency must invest in prevention, permanent housing placements, and other proactive management strategies – rather than simply relying on shelter as the “one size fits all solution” to housing instability and homelessness. The plan recognized that ending the long-standing litigation and, thereby, returning management responsibility to the public agency, was critical to further improving results for those in shelter. In 2004, Mayor Bloomberg released a 5-year strategy to end chronic homelessness that built on these goals and set ambitious targets for reducing homelessness in New York. Key accomplishments in the family shelter system over the past six and a half years include:

Improved Intake Process

In 2006, the Bloomberg Administration shuttered the Emergency Assistance Unit, a longtime focal point of litigation and conflict. In its place, the City established a new intake and application process, which was informed by recommendations from the Special Master Panel. These reforms reduced processing and waiting times for clients. In 2003 it took roughly 20 hours over multiple days for a family to move through the application process; today the process is completed in a single day. In addition, the facility is better configured to accommodate applicants, with intensive supports and services available and on-site coordination with other city agencies.

Expansion of Prevention

Historically, DHS played no role in the City’s efforts to prevent homelessness, despite the fact that the agency had the greatest incentive to try and help individuals and families avoid costly shelter stays. Under the Bloomberg Administration, the department developed and implemented citywide the Homebase prevention program, which provides a series of interventions—short-term financial assistance, benefits advocacy, family and landlord conflict resolution—to help those at risk of entering shelter stabilize and remain in their home communities. Homebase has helped 9,500 families and individuals at risk of becoming homeless stay in their homes and avoid emergency shelter. In addition, much more aggressive efforts are now made at intake centers to help families and individuals avoid homelessness and return to housing in the community.

Record Housing Placements

Because shelter is not meant to provide long-term housing, the Bloomberg Administration undertook a series of reforms to help greater numbers of those in shelter find and secure housing in the community more quickly. To date, more than 175,000 individuals (including individuals in families and single adults) have been moved into permanent housing on Mayor Bloomberg’s watch.

This is a result of performance based incentive programs to encourage nonprofit shelter providers to work aggressively to move families to permanent housing, rental assistance innovations, and increased responsibility standards for clients.

“This agreement is a testament to the remarkable transformation over the past years for homeless family services,” said HELP USA President and CEO Larry Belinsky. “If circumstances had not changed for the better the parties involved would not have come together on this decision, one that will only improve the level of services and outcomes for clients. Each DHS partner will be positively impacted by this resolution and DHS’ ability to govern its own system.”

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