

**Testimony of Steven Banks, Commissioner
The New York City Department of Social Services**

**Before the New York City Council Finance Committee and General Welfare Committee
HRA and DHS Fiscal Year 2018 Executive Budget
May 15, 2017**

I would like to thank the City Council's Finance and General Welfare Committees and Chairs Julissa Ferreras-Copeland and Stephen Levin for giving us this opportunity to testify today about the budgets for the Human Resources Administration (HRA) and the Department of Homeless Services (DHS), and our continuing work to move forward with reforms of policies and procedures for both agencies.

My name is Steven Banks and I am the Commissioner of the New York City Department of Social Services (DSS) and in that capacity I oversee the Human Resources Administration and the Department of Homeless Services. Joining me today are HRA's Administrator Grace Bonilla, Department of Social Services Chief Program Planning and Financial Management Officer Ellen Levine, Executive Deputy Commissioner for Finance Erin Villari, and Acting Chief of Staff Raquel Lucas.

Under the new integrated management structure for HRA and DHS, shared agency resources within the Department of Social Services include: the General Counsel and the Office of Legal Affairs which includes the Agency Chief Contracting Officer, Fair Hearing Administration, and the Policy, Procedures and Training program; the Chief Program Accountability Officer and integrity and accountability programs which include the Investigation, Revenue and Enforcement Administration, Audit and Quality Assurance Services, and the Special Investigations Division; the Chief Operating Officer and administrative programs which include the Staff Resources office, Management Information Systems, General Support Services, Police Operations, and Business Process Innovation; the Chief Program Planning and Financial Management Officer and financial and planning programs which include the Finance, Evaluation and Research, and Planning and Performance Management offices; the Chief External Affairs Officer and external programs which include Constituent Services, Advocacy and Outreach, Communications and Marketing, Legislative Affairs, Public Private Partnerships, and Citywide Health Insurance Access as well as IDNYC; and EEO and Disability Access and Compliance as well as Strategic Initiatives.

At the Human Resources Administration the management structure includes the Chief Program Officer who oversees the Family Independence Administration, Child Support Enforcement, and the Medical Insurance and Community Services Administration; the Chief Special Services Officer who oversees Emergency and Intervention Services, which includes our Domestic Violence programs and services, Customized Assistance Services, the HIV/AIDS Services Administration, Adult Protective Services, Home Care Services, Supportive/Affordable Housing and Services, and Crisis and Disaster Management; and the Chief Homelessness Prevention Officer who oversees Housing and Homeless Services Initiatives, Legal Assistance Initiatives, and Outreach, Rehousing and Landlord Management.

At the Department of Homeless Services the management structure includes the senior managers and programs for Capacity Planning and Development, Family Services, Adult Services, Street Homelessness, Health Care Policy and Administration, Maintenance, Repair and Capital Construction, and the Shelter and Support Program Budget Office.

Today I will first discuss the Executive FY18 budget for the Human Resources Administration, which includes the budget for the Department of Social Services, and then I will discuss the Executive FY18 budget for the Department of Homeless Services.

Human Resources Administration

Every day across the city, HRA is focused on providing supports to individuals who are most impacted by income inequality. HRA's programs and services support individuals who are looking for work or who are working, but whose income is not enough to afford basic expenses for themselves or their families, by providing cash assistance, food stamps, employment and education programs, and medical insurance. HRA also provides these supports for New Yorkers who are unable to work, most of whom are children, seniors, individuals with disabilities, and others who are unable to work as determined under federal and state law. HRA also administers a range of housing programs to support low-income New Yorkers, including supportive housing which combines affordable housing with supportive services. HRA also provides housing services for New Yorkers who are low-income and have been diagnosed with HIV so that they do not have to make the difficult decision of choosing between housing and healthcare. And through the agency's Homelessness Prevention Administration, we connect New Yorkers to a wide-range of comprehensive prevention programs and supports, including civil legal services, rental assistance, and emergency grants to avert entry into shelter and assist clients as they transition from shelter to permanent housing.

Over the past three years, this Administration has implemented and expanded fundamental and key initiatives in order to address income inequality and prevent and alleviate homelessness. First, the Administration rebuilt rental assistance and rehousing programs that had been eliminated, with the result that between 2011 and 2014 homelessness increased 38% and the DHS shelter census increased by more than 14,000 men, women, and children. Reinstating rental assistance and rehousing programs enabled 51,500 children and adults to move out of shelter or avert shelter entry in the first place from the summer of 2014 through December 31, 2016, and another 6,205 so far this year, as of April 1 – thereby helping 57,705 individuals move out of shelter or avert shelter entry.

Further, we have committed to the largest municipal program to build and expand supportive housing by funding 15,000 new units of supportive housing over the next 15 years, with the first 550 units coming on line this year. This critical investment will address the barriers that prevent stable housing for vulnerable New Yorkers, such as those with mental illness, substance use disorders and other chronic conditions, as well as New Yorkers with HIV/AIDS, and young adults aging out of foster care.

This coincides with the historic investment in civil legal services; we have seen a 24% decline in evictions over the past three years, resulting in more than 40,000 New Yorkers being able to stay in their homes in 2015 and 2016. And the increased payment of rent arrears means that more than 161,000 households were able to keep a roof over their heads.

HRA's budget reflects the Administration's priorities to support low-income New Yorkers while providing comprehensive prevention services to reduce shelter entries.

Overview of the Executive 2018 Plan

The HRA budget as of the Executive 2018 Plan is \$9.7 billion (\$7.3 billion City funds) in Fiscal 2017 and \$9.9 billion (\$7.5 billion City funds) in Fiscal 2018. For FY18, the DSS/HRA headcount is funded at 14,689, of which 11,269 are City positions.

The 2018 Executive Budget increases by \$169 million in total funds (\$230 million City funds) compared to the 2017 budget.

The primary reasons for the increase are as follows:

- \$84 million is related to the final transfer of administrative and program funding from DHS to DSS and HRA in FY18, as part of the reform and consolidation of homeless services. This includes a total of nearly \$50 million for Prevention and Aftercare Services, which will be administered by HRA beginning in 2018, as well as the full implementation of the DSS shared services model that started phasing in beginning in this current fiscal year.
- \$15 million for Universal Access to Counsel in Housing Court and \$18.2 million for legal defense for Immigrants facing deportation beginning in FY18.
- One-time City funds savings of \$112 million in FY17 for prior year revenues.

The two pie charts in the PowerPoint we have provided to you show in more detail how the HRA budget is allocated in 2017 and 2018 as of the Executive Budget.

HRA Executive Budget Highlights | New Funding

Legal Services

As discussed in detail at the Preliminary Budget hearing before the Courts and Legal Services Committee on March 7 of this year, HRA's Office of Civil Justice oversees the provision of civil legal services for New Yorkers in need, including tenants facing eviction, immigrant New Yorkers in need of deportation defense, access to benefits, support for survivors of domestic violence, assistance for veterans, and other legal assistance for tenants in need.

In Fiscal Year 2017, for the first time, New York City's overall investment in civil legal services for low-income City residents exceeds \$100 million. In the current fiscal year, Mayoral programs exceed \$83 million and City Council awards are nearly \$28 million. In Fiscal Year 18, this investment will increase to fund two historic initiatives.

In February of this year, the Mayor and the Speaker announced the nation's first Universal Access to Anti-Eviction Counsel in Housing Court program. This program will be phased in over five years and builds on existing programs serving tenants in Housing Court.

In the first year of the phase in, we plan to target zip codes identified through input from providers, advocates, and Councilmembers. We will be taking into account relevant housing pressures and dynamics, including the pervasiveness of rent-regulated housing in a particular zip code; the volume of court filings and evictions; and shelter entries from the community. This approach, in the first year, provides for the best and only way for the Housing Court to facilitate such an expansion while ensuring accountability that cases in a selected category are provided with access to services.

We are committed to annual growth in each of the five boroughs as well as a robust program evaluation as we fully implement this critical program. We will continue to work with the Council as we move forward with implementation and we will provide regular updates on our progress.

The Executive 18 Plan includes baseline funding as follows \$77.1 million for legal services programs for tenants facing eviction, harassment and displacement, compared to the Adopted 17 Budget funded at \$62 million, not including City Council funding. The Executive 18 Plan includes \$40.7 million for eviction defense legal services for low-income tenants in Housing Court and \$33.9 million for anti-harassment/displacement legal services, as well as \$2.5 million for administrative and staff support, which includes additional headcount for the expansion of universal access to counsel in Housing Court.

The increase in the Executive 18 Plan is due to funding the first phase of the Universal Access to Counsel in Housing Court program funded at \$15.1 million in total funds and \$10.8 million in City funds. This investment increases to \$30.8 million and \$22.7 million City funds in FY19 and \$53.9 million in total funds and \$37.6 million City funds in FY20. This amount grows to \$93 million in total funds by FY22 when the Access to Counsel in Housing Court program is fully implemented. At full implementation, the total annual investment in anti-eviction and anti-harassment legal services will be \$155 million and approximately 400,000 New Yorkers will benefit annually through this program.

The Executive 18 Plan adds Fiscal Year 2018 baseline funding at HRA of \$16.4 million in total and City funds for immigration legal assistance, and an additional \$1 million for outreach through the ActionNYC program operated in partnership with MOIA and CUNY. This increase in baseline funding for immigration legal services is focused on expanding access to representation for complex immigration cases and deportation defense. This funding includes the Immigrant Opportunities Initiative (IOI) and dedicated funding for complex legal cases. This representation of immigrant New Yorkers in complex legal cases can include representation in asylum proceedings; seeking permanent status for immigrant children through the family courts; and visa applications on behalf of survivors of domestic violence.

The Administration's Adopted FY17 budget included baseline funding at \$14.0 million for immigration legal assistance, as well as outreach through the ActionNYC program operated in partnership with MOIA and CUNY; and Community Services Block Grant (CSBG) funding which funds citywide and community-based legal services organizations to provide a range of services such as legal assistance to help immigrant adults and youth attain citizenship and lawful immigration status; legal and social services for immigrant survivors of domestic violence and human trafficking; and services designed to provide information, education, advocacy and legal services to protect low-wage immigrants from exploitation and violations of their employment rights.

These investments were complemented by the Council's' discretionary adds in FY17, including \$2.6 for the Immigrant Opportunities Initiative (IOI) as well as \$6.2 million for the New York Immigrant Family Unity Project, for detained immigrants in deportation proceedings, and \$1.5 million for I-Care, for unaccompanied children and recently arrived families in deportation proceedings.

It is our estimate that this funding of more than \$30.7 million in the baseline for FY18 will provide more than 15,000 individuals with free, safe, immigration legal representation.

Homeless Prevention Enhancements

Within HRA's Homelessness Prevention Administration Unit, the Executive budget adds resources to support rehousing and placement out of shelter of 17 positions, complemented by 13 additional positions in DHS. This investment provides additional support to move individuals and families from shelter to permanent housing.

Staff teams work directly with families in shelter to move them to housing placements with rental assistance or subsidized housing. These teams assist clients with locating apartments, completing rental assistance applications and interviews, and moving into apartments.

Since Fiscal 2015, through comprehensive rental assistance programs and subsidized housing, more than 57,705 individuals have avoided entry into or moved out of shelter.

The increase in HRA's budget is \$1.9 million of total funds and City funds in FY18 and in the out years for 17 positions. Additionally, the Executive 18 Plan funds 13 positions within DHS with \$1.1 million of total funds and City funds in FY18.

As part of the reform of Homeless services programs, homelessness prevention services were consolidated in HRA. A total of nearly \$59 million annually starting in 2018 will support a new HomeBase program that will provide coordinated preventive, aftercare and community support services, including benefits advocacy, budgeting, employment, short-term financial assistance, and help with housing relocation. The new program includes the baseline funding for prevention programs previously in DHS totaling \$39.2 million as well as \$18.2 million in HRA that was added to the budget with the advent of the new rental assistance programs and as part of the 90-day review.

Healing NYC

This initiative aligns with the Administration's commitment to addressing the serious opioid epidemic in New York City. This work at HRA and DHS will help address the opioid epidemic through overdose prevention efforts, including expanding treatment and increasing public awareness.

Funding is provided for three additional staff, one in the HRA budget and two in DHS. At HRA, this position will serve as an overdose prevention coordinator to manage agency prevention efforts across programs such as HASA and DV, substance use assessment and case management programs as well as programs for clients in transitional housing as a result of relocation from overcrowded conditions in Three Quarter Houses. The two staff at DHS will have similar functions ensuring Naloxone training and distribution across the shelter system, as well as drug use prevention and harm reduction services.

Service Provider Wage Adjustment

New York City has a vibrant and extensive nonprofit sector and the institutions which comprise it work every day to serve New Yorkers and partner regularly with the Human Resources Administration, the Department of Homeless Services as well as other City human service agencies. As such, in the fall of 2016, the Mayor announced the creation of the Nonprofit Resiliency Committee charged with identifying, designing and launching solutions to support the nonprofit sector in administrative processes, service and program design, and organizational infrastructure.

The Executive budget includes an allocation to provide wage increases for HRA's not-for-profit contract providers. The allocation is funded at \$3.6 million of total funds and \$2.7 million City funds in FY18; \$7.2 million of total funds and \$5.4 million City funds in FY19; \$10.9M of total funds and \$8.2 million City funds in FY20. This initiative funds both a COLA as well as a wage floor.

HRA Efficiencies

Fair Hearing Chargebacks

We have testified before the Council previously about our reform efforts aimed at ensuring access to benefits for our clients as well as addressing staff workload and operational inefficiencies, resulting in savings for the City.

As a result of implementing changes such as plain language notices and expanding the use of technology, we are making it easier for our clients to obtain and keep benefits without having to expend the time and resources when clients challenge benefits problems at State Fair Hearings.

The HRA Fair Hearing program continues to make significant progress in addressing the issues that cause people to ask for fair hearings. A Centralized Packet Review Unit was created to fully assess a client's request for a fair hearing. This unit was fully trained to resolve cases by doing a thorough review of the agency's actions and also by outreaching to clients in order to determine if cases should be settled before the hearings are scheduled. There is also a new program that began in December of 2016, in which outreach is done on the day of the hearing in order to determine if the client's case can be resolved. The Fair Hearing Administration, in collaboration with other HRA areas, also implemented various computer solutions to identify cases that should not close, thereby avoiding unnecessary hearing requests. The agency has utilized robo calls and outreach to clients in order to remind them of deadlines and actions that need to be taken so they can continue to receive their benefits. The Fair Hearings unit also created dedicated email boxes for advocates to contact in order to resolve cases, again avoiding the need to request fair hearings. And the Fair Hearings unit continues to run its Pre-Notice of Intent program, designed to review cases in order to identify appropriate resolutions prior to the issuing of any client notices about adverse actions.

As a result, we re-estimated the State fair hearing costs that are charged back to NYC by the State because Fair Hearing requests have declined by over 40% since the beginning of the Administration. The Exec 18 includes a reduction of \$3 million of total funds and \$3 million in City funds in FY17 and in the out years.

OIT Consultant Insourcing

Cost avoidance savings are included in the FY18 budget as a result of the conversion of former DHS IT consultants to City-funded headcount in FY18 and the out years. The addition of 49 headcount in FY18 resulted in a reduction of \$1.5 million in total and City funds in FY18; the addition of 99 HC in FY19 and in the out years resulted in a reduction of \$3.0 million in total and City funds in FY19 and the out years.

HRA Capital Plan

The HRA Ten-Year Capital Plan for 2018-2027 totals \$285.3 million, of which \$168 million are City funds. This includes \$206.2 million, of which \$122.1 million are City funds, in the 2018-2021 Four-Year Plan. The 10-Year Capital Plan includes \$156.2 million for technology, including key investments related to Client Services Re-engineering. In the Executive Capital Plan, funds were added for HRA One Number, continued ACCESS HRA development, and a new landlord portal.

ACCESS HRA

The ACCESS NYC portal has been re-launched as ACCESS HRA. In addition to allowing food stamps clients to check the status of their case, review upcoming deadlines and appointments and see what documents have been requested and received by the Agency, clients are able to submit telephone number, language preference and mailing and email address changes through the portal.

As of February of this year, clients can opt to receive local notices electronically, ensuring receipt of their notices even if they do not have immediate access to their mail.

ACCESS HRA also allows clients to:

- View E-notices that remain viewable for 365 days.
- Go Paperless! Clients are able to opt-in to reduce the number of paper notices sent from HRA.
- Request an electronic budget letter from the Case Details page, which will appear as an e-notice the next business day.
- Recertify a Cash Assistance case.
- Reprint the barcoded, prepopulated Medicaid renewal.
- Document Reuse: Select documents on file at HRA for identity, age, and other eligibility documents to re-use when submitting an online application.
- Receive text message and email alerts about their case. For example, a client can now receive a text when their SNAP recertification period begins.
- After submitting a recertification form, track the date it is received by HRA on the Case Details page.
- After completing a SNAP interview, see when the status of the interview updates to “KEPT” under My Appointments.

HRA also launched the new ACCESS HRA Self-Service Mobile app that provides access to case information including appointments and documents requested and continues to allow clients to

upload images of SNAP and Cash Assistance eligibility documents. HRA was awarded a \$1.5 million US Department of Agriculture grant for this initiative. Since the application's launch, clients have uploaded over 1 million images (representing more than 180,000 SNAP and Cash Assistance cases).

As clients apply for benefits online they create their online account, we currently have 890,000 such accounts. At January's Hunger Hearing we reported that there were 126,363 linked HRA online accounts for SNAP and Cash Assistance households; as of last week there are now 211,005 linked accounts. These linked accounts allow clients to manage their cases online – track their benefit balance, request case letters and many other tools. As we continue to build out the functionality of ACCESS HRA, more clients can link their accounts in order to manage their accounts, including recertifying for benefits.

ACCESS NYC is accessible in English and the six Local Law 73 languages (Arabic, Chinese, Haitian Creole, Korean, Russian and Spanish).

HRA One Number

HRA One Number, an upgrade of the Agency's Interactive Voice Response (IVR) system, will ensure adequate support for all programs and avoid additional maintenance costs. This upgrade will support the integration of HRA and DHS administrative functions under DSS, compliance with lawsuit settlements related to disability access, and a multi-agency public awareness campaign that will be launched in 2017 around public benefits like SNAP.

Landlord Management System

We are introducing a Landlord Management System to reduce payment errors and create staff efficiencies through electronic funds transfer (EFT) payments to landlords. Now with the integration of DHS and HRA under the Department of Social Services, this new system will provide additional opportunities to streamline programs and create more efficient ways of doing business.

With the development of a Landlord Management System we are creating a system that will transform the way we do business for the over 158,000 payments we make each month to landlords. In addition to providing EFT payments to landlords, the Landlord Management System will provide a multifunctional, public facing portal for landlords and clients.

Clients will access their case information through ACCESS HRA allowing them to provide information necessary to keep their cases current as well as reduce the need to go to an HRA Center in person in order to provide documentation or update their case information. Clients will also have the ability to renew rental subsidies and view payments made on the client's behalf to landlords. As a result, there will be better coordination across program areas and a more straightforward process to move out of shelter and into permanent housing.

For landlords, they too will be able to use the public facing portal to create a user profile and update account information such as address and bank information and thereby register for electronic funds transfer of rental payments. Landlords will also be able to designate users such as managing agents on their behalf. In addition, landlords will be able to notify DSS of clients/tenants who have moved.

For HRA staff, the need for data entry into multiple systems will be reduced, resulting in reductions in calls and emails to get real time updates on client case status. Documents will be accessible to staff within the new secure system, thereby cutting down on the need to scan and email them. This will result in reduced call volume from landlords and managing agents and better coordination of information across the DSS programs working to rehouse clients.

Reform Updates

HRA Employment Plan

On April 3, HRA launched a comprehensive new approach to help clients connect to and build a career that will lead to success and financial security. HRA's Career Services, formerly known as Employment Services, offers programs that work closely with Cash Assistance clients to help them find the right opportunities that match their skills, needs, and career goals.

The 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 specific needs. These new programs expand on the reforms HRA has already made, aimed at reducing unnecessary sanctions and case closings that have an adverse impact on staff workload and have severe consequences for clients. The new approach offers more meaningful opportunities to clients. For example, HRA ended the one-size-fits-all Work Experience Program (WEP) in December 2016, replacing it with more choices like internships, community services, and work-study opportunities.

Depending on their situation, clients are matched with new programs provided by Career Services providers. CareerCompass works with adult clients to assess their individual skills and experience, and helps in finding employment, training, or education programs as well as internship and community service opportunities that best suit their goals. YouthPathways works with clients ages 18-24 to assess their skills and experience; provides career, education, and training services; and helps clients find programs, including internships and community service, tailored to the needs of a younger population. CareerAdvance offers career, education, and training services in specific industries and neighborhoods in New York City, and to groups such as those with Limited English Proficiency or older adults.

These service providers work with clients to help them set career goals, come up with a plan to achieve them, and connect clients to opportunities to build skills, improve their resumes, and grow their careers. In addition to connection to employment, Career Services offers work-study and internship programs, skill-based training programs in growth industries, literacy and English as a Second Language classes to improve employment prospects, and the ability for clients to work in their community through community service. The training and education programs that Career Services providers offer clients are free.

Career Services providers and HRA also continue to connect clients to services offered by the NYC Department of Small Business Services (SBS) and to HRA's Business Link, which matches employers

with jobseekers who have the skills they need. Business Link hosts several job fairs during the year and offers job opening alerts by text message through TEXT 2 WORK.

Career Services providers stay involved with clients to make sure their employment opportunities are working out, to help them move from education to employment, and to present them with new opportunities. Career Services providers keep working with clients for at least one year after they enter employment to help them advance in their careers. A training program might lead to a new job, which might lead to an advancement opportunity. Building a career is a long-term process, and HRA's Career Services is designed to help clients along the way—not just at the very beginning.

HIV Services: HASA for All

On August 29, 2016, we expanded medical eligibility for the HASA program so as to permit all financially-eligible New York City residents with HIV to seek and obtain HASA services. Although the financial requirements remain unchanged, an applicant need no longer have AIDS or be “symptomatic” in order to be eligible for HASA services.

The HASA program has successfully implemented this change. From August 29, 2016 through March 31, 2017, HASA has accepted 3,487 new clients; compared with 2,436 new clients during the same period in 2015 and 2016. This represents a 43% increase. Of the 3,487 accepted between August 29, 2016 and March 31, 2017, 1907 were expansion clients. Expansion clients were 55% of the new cases. To accommodate the increase in caseload, HASA was provided with additional funding to hire 28 new case managers through FY18.

This was a major policy change that this Administration supported together with the Council and advocates. Under previous state policy a client needed to not only be low income but have an AIDS diagnosis or a clinically symptomatic HIV diagnosis in order to be eligible for HASA benefits, such as an enhanced shelter allowance. This outdated policy meant that low-income New Yorkers with HIV were left to make choices between necessities such as housing and food or their medication. The lack of access to healthcare coupled with unstable housing, homelessness and poverty are all drivers of the AIDS epidemic yet for far too long necessary assistance was provided only to those New Yorkers' whose health deteriorated rather than taking a prevention approach to invest in enhanced rental assistance, increased food and transportation allowances, and seamless support services. Now HASA programs and services are available to all low-income New Yorkers with HIV so they can maintain viral suppression and meet their basic needs.

As of March 31, 2017, HASA had a caseload of 33,320 clients. Including family members, we are serving a total of 43, 636 individuals through the HASA program.

Supportive Housing NYC 15/15

The Mayor's NYC 15/15 plan to create 15,000 units of new supportive housing over the next 15 years includes more units than the combined number of units from the three previous New York/New York supportive housing agreements and is larger than any other supportive housing effort in the country.

From decades of research, we know that this comprehensive plan will benefit New Yorkers in need, including homeless veterans, domestic violence survivors, and street homeless individuals. The first 550 scatter-site units will be coming online this year and will serve single adults and Adult Families with SMI/SUD.

The RFP for 7,500 units of congregate supportive housing has been issued and we are accepting proposals. These units will serve single adults and adult families with SMI/SUD, adults with children in which the head of household has SMI/SUD, young adult families and single young adults ages 18-25. These units will require new construction and development and will come online in 18 – 24 months.

The RFP for the remaining 6,905 scatter-site units will be released this month and will serve single adult and adult families with SMI/SUD, adults with children in which the head of household has SMI/SUD, and single young adults.

We expect to release an RFP this summer for an additional 90 units of scatter-site supportive housing for young adult families, utilizing a new model to serve this population.

Supportive Housing is a multiagency initiative in which HRA plays a lead role in procuring scattered site units as well as procuring services for congregate Supportive Housing locations. HRA also determines eligibility for these units across various criteria established through the NY/NY agreements as well as the NYC 15/15 program. HRA partners with HPD which is the lead for developing congregate Supportive Housing and the Department of Health and Mental Hygiene (DOHMH) which will manage the contracts for Supportive Housing.

The Exec 18 budget includes \$26.4 million in total funds and City funds in FY18, \$50.2 million in total funds and City funds in FY19, and \$74.4 million in total funds and City funds in FY20 that will be transferred from HRA to DOHMH for supportive housing contracts.

According to a 2014 study of Supportive Housing by the Urban Institute, 85 percent of all clients remained housed in the program one year after placement, and two years after placement 74 percent remain housed. This supportive environment can also reconnect individuals with family members and integrate individuals into a neighborhood, the community and the workforce, thereby creating a web of social supports that are difficult to maintain when housing is unstable or non-existent. Supportive Housing has a proven track record of reducing costs. A DOHMH study showed NY/NY III clients who were placed into supportive housing used public benefits, Medicaid, psychiatric institutions, jails and shelters less than clients who were not placed, resulting in net cost savings.

Over the course of FY17, HRA has continued to implement core reforms to better serve our clients. The elimination of WEP and the new Employment Plan are key examples of this Administration's commitment to serving our clients and supporting them on their path to self-sufficiency. Technology and business improvements continue to be made so that clients are able to apply and recertify for the benefits for which they are eligible without fear of disruption in these critical supports. This Administration has placed an increased emphasis on the role of prevention services, and continues to actively expand the tools and resources available to those in need. Each day the staff members at HRA carry out this work. This prevention-first strategy is critical to reducing the number of families and individuals living in shelter, and is a cost-effective and common sense solution to address

homelessness. However, each day families and individuals in New York City turn to the City when they are unable to keep a roof over their head and we must meet our moral and legal obligation to provide shelter for those who are in need.

Department of Homeless Services

The homelessness problem we face is the result of decades of changes in our economy and past choices made in New York City, Albany, and Washington. From 1994 to 2014, the DHS shelter census skyrocketed 115 percent—rising from 23,868 men, women, and children in January 1994, to 31,009 in January 2002, before reaching 51,470 in January 2014. At the same time, the City lost tens of thousands of affordable or rent-stabilized units. This steady decline in housing affordability, coupled with the decline in real wages has driven many working families and individuals into homelessness.

In April 2011, this affordability crisis was made worse when the City and State ended the Advantage rental assistance program, which had offered subsidies for people in shelters if they took part in job training. In less than three years after the end of the program, the shelter population increased by 38 percent – some 14,000 people.

Had this administration not stopped this trajectory, the DHS shelter census would have likely reached nearly 70,000 in December 2016, rather than the 58,646 it was on Friday. As the City's new plan attests, this Administration has stemmed the tide of homeless shelter census growth in New York City and we are now focused on achieving a sustained reduction in the shelter census.

Nonetheless, while the structural forces driving homelessness in New York City — poverty and a lack of affordable housing — are similar to other urban areas of the U.S., the scale of the problem the City now faces is unique in its intensity and scope.

A few statistics emphasize the severity of the problem. Between 2000 and 2014, the median New York City rent increased by 19 percent in real dollars and household income decreased by 6.3 percent in real dollars. Meanwhile, between 1994 and 2012, the city suffered a net loss of about 150,000 rent-stabilized units. Combined, these and other trends mean that by 2015 the city had only half the housing it needs for about three million low-income New Yorkers.

As a result, these New Yorkers end up sacrificing a great deal to stay in their homes and maintain their connections to their communities. Some 360,000 New York City households pay more than 50 percent of their income on rent and utilities. Another 140,000 households pay more than 30 percent. This means a total of a half a million New York City households are paying an unaffordable amount of their income for housing.

Many people who face these rent burdens 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). As a result of these economic factors, 70 percent of the shelter system census now consists of families, and 34 percent of the families with children have an adult who is working.

At the same time, domestic violence is a major driver of homelessness, with some 30 percent of the families with children in the DHS shelter system having a history of domestic violence.

In April of last year, the Mayor announced 46 reforms following a comprehensive 90-day review of homeless programs and services in New York City. During this review period we took specific and immediate action to address the homelessness problem. During this time, we committed to the largest municipal supportive housing expansion in the nation; provided additional Tier II and emergency beds for survivors of Domestic Violence; expanded the number of dedicated youth beds for runaway and homeless youth and implemented a plan to double the number of drop-in centers which are a critical tool to bring individuals off the street that the prior Administration had cut. Last month, I testified in detail about each of these 46 reforms.

But our work did not end there. Following our work addressing management and immediate operational issues during and after the 90-day review, this February the Mayor released *Turning the Tide*, a comprehensive borough-based plan to shrink the footprint of the City's homeless shelter system by 45 percent and reduce the shelter census over the next five years.

Our vision of *Turning the Tide* relies on three approaches:

- First, doing more to keep people in their homes by stopping evictions, helping families and individuals remain with family members in the community, and making housing more affordable.
- Second, continuing to enhance our HOME-STAT program to bring people in from the streets.
- Third, a reimagined approach to providing shelter that:
 - Ends use of the 17-year cluster apartment program by the end of 2021 and the decades-old use of commercial hotel facilities by the end of 2023;
 - Cuts the total number of shelter facilities by almost 45% by getting out of 360 cluster apartment and commercial hotel locations and replacing them with a smaller number of 90 new high quality shelters in all five boroughs; and
 - Provides homeless families and individuals with an opportunity to be in shelter as close as possible to their own communities and the anchors of life – like schools, jobs, health care, houses of worship and family – to help them get back on their feet and out of shelter more quickly.

Keeping people in their homes and moving them off the streets:

- **Affordable housing:** Committed to build or preserve 200,000 affordable apartments; in just three years the City has already financed a record 62,506 affordable residences.
- **Affordable Housing Update:** Committed \$1.9 billion to expand our housing programs to include 10,000 apartments focused on seniors, veterans and other low-income families.
- **Added rental assistance for seniors:** We continue our work with our colleagues in Albany to pass the mansion tax that will create a new Elder Rental Assistance program to help more than 25,000 seniors stay in their homes.
- **Rental assistance/rehousing initiatives:** Since 2014, 57,705 people have secured permanent housing through our rental assistance and rehousing initiatives.

- **Emergency rental assistance:** We provided emergency rental assistance to 161,000 households, helping rent burdened New Yorkers at risk of eviction stay in their homes.
- **Supportive Housing:** 15,000 new units of Supportive Housing will be provided over the next 15 years, representing the largest municipal commitment to supportive housing.
- **Legal assistance:** As the Administration provided increased funding for legal services, more than 40,000 New Yorkers were able to stay in their homes and evictions are down 24%.
- **Legal Assistance Update:** As I mentioned, in the FY18 Executive budget the City included \$15.1 million to provide universal access to counsel in Housing Court proceedings for year one of the five-year phase in.
- **Street homeless:** We moved 748 individuals off streets into transitional programs or permanent housing during the first year of HOME-STAT.

Making Long-Needed Operational Reforms:

- **90-day review:** At the Mayor's direction, we took an in depth look at homeless services resulting in 46 reforms aimed at preventing homelessness, addressing street homelessness, improving conditions and safety in shelter, and helping New Yorkers transition from shelter to permanent housing.
- **Shelter conditions:** Inspections are up 50%, while violations are down 83%. In 2016, the City conducted almost 13,000 inspections – a 50% increase from 2015 – and with nonprofit providers fixed more than 14,000 code violations.
- **Close Cluster Apartments:** We have gotten out of 831 cluster apartments, prioritizing those with the most serious problems and working to end the use of clusters all together.
- **Security:** Doubled Investments, and the NYPD takes the lead: in 2016, the NYPD conducted a comprehensive review of security at homeless shelters. The Administration doubled the 2013 investment in DHS security, with a total annual security spending of \$217 million for FY17.
- **Security Update:** As of 2017, NYPD oversees DHS shelter security, including standardizing and professionalizing security, surveillance, staff training and deployment.
- **End Vets Homelessness:** The Administration placed 3,153 homeless veterans into permanent housing; and in December 2015, the U.S. Department of Housing and Urban Development (HUD) declared chronic veteran homelessness a thing of the past.

Reimagined Shelter Strategy:

- **Closing All Cluster Apartments and Commercial Hotel Facilities:** Over the course of this plan, we will get out of all 360 cluster apartment sites and commercial hotels and replace them with a smaller number of 90 new borough-based shelters. As a result of our work so far, there are now less than 250 buildings with cluster apartments in them with approximately 10,000 people in less than 2,900 units. And around 7,500 individuals occupy hotel rooms.
- **Creating Fewer New Borough-Based Replacement Shelters:** The City will open approximately 20 shelters annually over the next five years with a wide range of services onsite. This borough-based approach will allow families and individuals to be placed in proximity to schools, jobs, health care, houses of worship, family and neighbors.

Turning the Tide Together:

- As we shrink the footprint of shelters citywide by 45%, we will reform how we notify communities about our plans to open shelters when they are needed to meet multiple court-ordered right to shelter mandates. And we welcome the support of this body in bringing our providers suitable locations to open these needed facilities.

In the past two months, I have testified in detail at several hearings about the Administration's plan to address homelessness in the *Turning the Tide* plan released in February and most recently provided an in-depth update on our post 90-review reforms last month.

Today I will discuss the DHS Budget as of the FY18 Executive Plan.

Overview of the Executive 2018 Plan

The DHS budget as of the FY18 Executive Plan is \$1.6 billion (\$883 million City funds) in Fiscal Year 2018. The DHS headcount is funded at 2,483 positions in FY18.

The FY18 Executive Budget reflects the new initiatives that were funded in the Financial Plan as well as full implementation of the DSS consolidation and transfer of prevention and rehousing services to HRA. As I noted in the HRA section, this includes Prevention and Aftercare, as well as the full implementation of the DSS shared services model that started phasing in beginning in this current fiscal year.

The FY18 Executive Plan added \$63 million (\$54 million City funds) and 79 positions in 2017 and \$177 million (\$110 million City funds) and 80 positions in 2018.

The two pie charts in the PowerPoint we have provided to you show in more detail how the DHS budget is allocated in 2017 and 2018 as of the Executive Budget submission.

Homeless Shelter Provider Rate Reform and Investment in the Not-for-Profit Sector

The FY18 Executive Plan adds \$36 million (\$18 million in City funds) in FY18 and growing to \$71 million (\$34 million in City funds) in FY20 to fund rate reform for shelter providers. Including funding added in prior plans, funding for rate reform added since Executive 17 totals \$146 million (\$80 million in City funds) at full implementation. Last April in the 90-day review reforms, DHS announced that it would rationalize payment rates for shelter providers, to ensure that all contracted shelter programs can provide consistent and high quality levels of service and are able to maintain their facilities in accordance with City and State standards for operations, including caseload ratios; resources for special needs and facilitation of housing placement; real-time maintenance and repairs; and funding for health and safety needs, including security and support staff.

As also discussed within the context of the HRA budget, our agency partnerships with nonprofits are critical to meeting the needs of New Yorkers in shelter. And at DHS this rate reform investment is one that supports the nonprofit sector itself. Funding for rate reform was developed through a model budget process that included analysis of current rates to determine where there were providers that were below standards; meetings were held with providers to understand the process from the provider perspective and to hear concerns that were most critical for them; and DHS and DSS worked

with OMB to develop operating principles which we intend to use as a model for developing a schedule to adjust provider budgets. Our goal is to begin by bringing those providers with programs in the lower percentiles in the areas that require adjustment up to the model. This will entail a contract amendment process and we are cognizant that this should be managed in coordination with other changes such as the most recent not-for-profit COLA.

The “model budget” or “rate reform” does not stand in isolation. The model really includes more than just \$146 million. The rate reform includes a series of new initiatives that must be viewed holistically and that together form the model budget. This includes Thrive (\$34 million); the FY16 and FY17 COLAs (total of \$11 million); and the FY18 provider wage adjustment (\$5.7 million in FY18 growing to \$10.7 million in FY19, although this is inclusive of non-shelter providers as well). The Jan 17 Plan added Adult shelter enhancements of \$9 million for not-for-profit providers; \$17 million was added for security at mental health shelters in the Jan 17 and Executive 17 Plans; and \$5 million is provided annually for one-time shelter maintenance and repair costs that are not capitably eligible. Taken together, these investments for not-for-profit shelters total over \$200 million when fully annualized.

In addition to this more than \$200 million investment, which goes directly into provider budgets – or supplements them in the case of DHS-provided security staff – the Administration has doubled the investment in shelter security since 2013, with a total annual security spending of \$217 million. Some of these increases are in directly operated shelters and intake sites, but the funding is also to provide additional security at many of our provider operated programs. Finally, we have an Executive budget 10 year Capital program that devotes nearly \$600 million to the rehabilitation of City-owned shelter facilities, the majority of which are operated by our not-for-profit partners.

Last year, when DSS began to reform the contract process there were outstanding contract issues dating back to FY14 and FY15. All FY14 and FY15 issues have been resolved. We are currently in the process of completing the FY16 and FY17 contract and associated amendment transactions, as well as initiating all FY18 contract transactions.

Of those contract and amendment transactions that I discussed at the Preliminary Budget hearing at the end of March, 99 percent of the FY16 contracts and 96 percent of the FY17 contracts are registered, and 87 percent of the FY16 and FY17 amendments are registered.

Since the Preliminary Budget hearing, a number of completely new contracts and amendments to existing contracts have been initiated. These additions are part of the normal course of the contracting process, as new projects come on line and vendors’ budgets change over the course of the fiscal year. The additional contracts include those for new shelters and the additional amendments include funding for additional social workers in family shelters as part of ThriveNYC, COLA adjustments, and other new needs identified by providers and funded by DHS.

In addition to completing all outstanding FY16 and FY17 contract and amendment transactions, we have also been working to initiate all FY18 contracts. We plan to have the majority of FY18 contracts in place at the beginning of the fiscal year for the first time in years.

Street Homelessness

The City continues to address street homelessness through a comprehensive program to provide immediate and ongoing services to New Yorkers who are living on the city's streets. And our investments are showing progress, between implementation of our HOME-STAT program in March 2016 and February of this year, we have helped 748 individuals move off the streets. And we have 1,737 individuals on our by name list that our HOME-STAT outreach workers use to help people come in off the streets; and another 1,901 individuals who we continue to try to engage to determine their needs.

The Executive 18 Plan adds 17 positions with \$1.3 million total and City funds in FY17 and \$1.9 million total and City funds in FY18 and the out years. This funding is for additional staff to support DHS Street Solutions operations. And the additional positions will provide oversight and management of the expanded HOME-STAT street homeless outreach, DHS Drop-in locations, and Safe Haven programs.

Capital

The DHS 10-Year Capital Plan for 2018-2027 totals \$650.4 million in City and total funds, of which \$437.3 million funds projects between 2018 and 2021. \$245.3 million is provided for homeless family facilities, \$349.5 million for single adult facilities, \$50.3 million is allocated for computer systems and equipment purchases and \$5.3 million is provided for City Council and Borough President items. An additional \$65.8 million in FY17 funds is for adult and family shelter facilities. There are over 130 projects currently in the design and/or construction phase and between FY17 and 18 alone, over \$210 million is allocated to projects remedying conditions in city-owned shelters.

Of the \$650 million, \$315.9 million was added in the Executive Plan to renovate and expand existing family and adult shelter sites to help meet the goals outlined in the Homeless Plan ("Turning the Tide on Homelessness").

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