



Intro. 1321 – Impact on Supportive Housing and Homelessness

As currently written, Intro. 1321 will require all new development projects that utilize \$1M or more of City financial assistance to pay building service workers the prevailing wage.

This will have immediate impacts on the development and maintenance of supportive housing, the City's most effective tools for addressing New York's homelessness crisis, particularly among chronically homeless individuals and families coping with mental health, addiction and chronic health challenges. It will also have cascading impacts on all homeless services.

A carve-out in the bill for 100% affordable housing projects is necessary. Without it, we will be unable to decrease the homeless census in New York City.

IMPACT ON DEVELOPMENT OF SUPPORTIVE HOUSING AND HOMELESSNESS

If passed, Intro. 1321 will:

- **Require \$741 million more in capital subsidy to develop the 19,000 supportive housing units planned OR**
- **Result in 3,700 fewer supportive housing units; AND**
- **Undermine the City's Turning the Tide plan to reduce homelessness in NYC by 2,500 people in 5 years**

IMPACT ON SERVICE DELIVERY IN SUPPORTIVE HOUSING AND, BY EXTENSION, SHELTERS

- The definition of building service work in Intro 1321 is broad and includes but is not limited to work performed by a "watchperson, guard, doorperson, building cleaner, porter, handyperson, janitor, gardener, groundskeeper, stationary fireman, elevator operator and starter, or window cleaner."
- Because supportive housing has higher security and maintenance staffing ratios due to the critical population served, this bill disproportionately affects supportive housing: **This bill will increase the cost of these services by over 75% in supportive housing buildings.**
- Nonprofits currently face chronic hiring and retention issues, exacerbated by stagnant city and state contracts with no increases. In addition, the state has rejected a minimal 2.9% COLA for human services workers 11 years in a row and the only standard the City has for human services workers is a "living wage" of \$16.45 per hour, a pay rate below the poverty level and far below the \$28.25 average prevailing wage rate for building service workers. This will only further strain the already financially challenged housing and homeless service programs.

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- The bill will create huge wage gaps within supportive housing residences: The average human services worker makes only **\$29,000 a year** in New York City, while the average prevailing wage salary is **\$58,000 a year**.
- The bill will also result in other wage disparities: staff will be earning more than their supervisors.
- The wage disparity between staff in new supportive housing buildings and old will put pressure on nonprofits managing existing supportive housing — serving 26,000 formerly homeless, disabled and low income individuals and families — to pay prevailing wages. Right-sizing these supportive housing contracts will result in a **\$59M annual operating budget deficit**.
- The nonprofits that operate both housing and shelters will face the challenge of addressing wage disparities across their portfolio of programs and services. Right-sizing shelter contracts will result in a **\$31M annual operating budget deficit**.
- Monitoring compliance to the legislation, especially monitoring of contractors and subcontractors, will add an additional, substantial cost and administrative burden for nonprofits

SPECIFIC EXAMPLES OF FINANCIAL IMPACT

Prevailing wage for buildings service workers comes at an extremely high cost:

- One nonprofit developer is constructing a 245 unit supportive/affordable housing building in the Jerome Avenue neighborhood in the Bronx. This building will serve 122 homeless individuals with Serious Mental Illness (SMI) and 25 formerly homeless households, as well as 98 low-income households. The developer will **have to fill a capital budget gap of \$7.5M** due to the added cost in the M&O budget. Without additional public subsidy, the project will stall.
- Another nonprofit developer is currently financing a 152 unit building in Mott Haven in the Bronx that will serve low-income seniors and 46 formerly homeless seniors with SMI. **The project will need \$6M in additional capital funding to move forward.**

SOLUTION

A carve-out in the bill for 100% affordable housing projects is necessary. Without it, we will be unable to decrease the homeless census in New York City.

- An exemption for 100% affordable projects would protect crucial programs, especially supportive housing, which are essential to addressing New York City's homelessness crisis.
- The developers who can afford to pay prevailing wage because they are collecting market rents will still be obligated to do so.
- Homeless and formerly homeless New Yorkers should not pay the price for prevailing wage.