



## HOMELESS SERVICES UNITED

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### HSU's Testimony for the New York City Council Preliminary Budget Hearing on Housing March 25, 2025

My name is Kristin Miller, and I am the Executive Director at Homeless Services United. Homeless Services United (HSU) is a coalition representing over 50 mission-driven, homeless service providers in New York City. HSU advocates for the expansion of affordable housing and prevention services and for immediate access to safe, decent, emergency and transitional housing, outreach and drop-in services for homeless New Yorkers. Homeless Services United promotes effective solutions to end the crisis of homelessness in New York City.

#### **The FY26 Budget must take decisive action to rectify payment issues for Shelter Providers.**

We are relieved for the recent temporary cash flow due to actions the City took to address overdue payments. The Backlog Initiative moved hundreds of outstanding invoices at the end of 2024; however, providers still have months of catch-up in pending budget, budget updates, and invoice approvals that are prohibiting them from being reimbursed for the services they have already performed and again are in a cash flow crisis.

Providers routinely experience delayed contract registration, delayed approvals for budget modifications and invoices for review, and repeated requests for supporting documentation, only for there to be continued delays once submitting requested documentation.

The lack of normalcy when it comes to payments puts our members, and many more organizations, at risk. It makes it difficult to pay staff, vendors, and run programs for clients. Organizations are often forced to take out lines of credit just to relieve cash flow issues, only to then have to pay interest. Some providers have stopped bidding on new contracts because the risk of doing further business with the City is simply too high. **Other providers are now on a timeline for insolvency, for some, as soon as 2 months.**

Finally, the new federal administration has created much uncertainty for non-profit providers here in NYC.<sup>1</sup> Between the proposed federal funding freezes and federal staff firings, many providers are concerned over the reliability of funds from the federal government. Most recently, the administration has proposed cutting the staff at Department of Housing and Urban Development (HUD) by 50%. We know that destabilizing HUD will have dire results, including the closure of programs that serve people experiencing homeless, and permanent affordable and supportive housing. Households receiving rental assistance may see evictions due to delays in payment.

Given the uncertainty of federal resources and proposed cuts, it is all the more important that the City registers contracts in a timely manner and pay non-profit homeless service providers for their services on time to not further threaten the insolvency of non-profits.

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<sup>1</sup> Oreskes, B., Newman, A. (2025, January 28) Nonprofits in New York Are Told Their Contracts 'Have Been Paused'. *The New York Times*. <https://www.nytimes.com/2025/01/28/us/politics/nyc-nonprofit-contracts.html>



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**We ask the FY26 budget to include \$307 million in capital to develop and preserve congregate units and \$72.6 million for the service and operation for both new and existing units operating for the NYC 15/15 Supportive Housing Initiative.**

According to data from the Supportive Housing Network of New York (the Network), the City has exceeded its 7,500-unit target for congregate housing. Unfortunately, scattered site housing underperforming, with only 1,410 units awarded. This leaves over 6,000 units unawarded. We support the Network's proposal that calls for reallocating the majority of these units to new congregate housing and preserving existing supportive housing, ensuring we do not lose a single unit in pursuit of new development.

We are appreciative of the Council's ability to secure \$115 million in capital for NYC 15/15 through the City of Yes. However, without a codified reallocation plan, the City's development goals may not be realized. To reach the desired 15,000 units, we recommend developing and preserving 944 units per year, which would require \$307 million in capital funding for FY26.

In addition, service and operating funding are just as essential to making supportive housing work. For the proposed 944 new units, the cost is \$45 million in FY26. Finally, aligning service and operating rates across the program is critical. Currently, congregate operating rates, in the form of rental subsidies, are well below fair market rates and insufficient to keep up with rising maintenance and operational costs. The cost to increase congregate rates for all current units to match HPD's rent payment standards would be \$27.2 million for FY26.

Thank you for your time. Please reach out with any questions. I can be reached at [kmiller@hsunited.org](mailto:kmiller@hsunited.org).