



**HOMELESS SERVICES UNITED**

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**Homeless Services United's Written Testimony for the New York City Council Preliminary Budget Hearing on Finance**

March 5, 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 recent action the City is taking to address overdue payments. The recent Backlog Initiative moved hundreds of outstanding invoices pending at the Department of Homeless Services alone. While these efforts did provide some temporary relief, most providers still have months, and for some years, of catch-up in pending budget, budget updates, and invoice approvals that are prohibiting them from being reimbursed for services performed.

HSU members are experiencing a cash flow crisis, worse than ever seen before. HSU worked with a sample of twelve DHS-contracted providers to assess the outstanding budget actions. Out of this sample group, **these 12 providers have over \$170,000,000 in outstanding budget actions from FY19 to FY25.** Some providers have stopped bidding on new DHS contracts because the risk of doing further business with the City is simply too high.

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.

Alongside procedural inefficiencies, short staffing within City Agencies has also contributed to delays in payment. Per the New York Housing Conference, the DHS' budgeted headcount dropped by 448 staff from Dec 2019 to Mar 2024, and HRA by 1,546 staff for the same time period.<sup>1</sup> DSS has not been able to recruit and retain staff at a rate that keeps up with the demand, which results in payment lag times.

We urge the Council to ensure that the FY26 budget includes sufficient funding to restore and expand headcount at DHS, DSS and MOCS to eliminate pervasive contracting and reimbursement delays for non-profit providers.

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<sup>1</sup> 2024-2025 Budget Analysis. New York Housing Conference. <https://thenyhcn.org/budget-analysis/>



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The new federal administration has created much uncertainty for nonprofit providers across NYC.<sup>2</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%. Some offices in HUD are being cut at higher rates.<sup>3</sup> We know that destabilizing HUD will have dire results, including the closure of homeless shelters and households receiving rental assistance may see evictions due to delays.

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 nonprofit homeless service providers for their services on time.

Finally, with the transitions in the city administration, including with the Deputy Mayors, we need the support of the New York City Council more than ever to ensure immediate and timely payments.

**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.

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<sup>2</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>

<sup>3</sup> Kleimann, J. (2025, February 24). Internal memo outlines DOGE's plan to gut HUD. *HousingWire*. <https://www.housingwire.com/articles/internal-memo-outlines-doges-plan-to-gut-hud/>

## **The FY26 Budget must place a greater focus on eviction prevention and aftercare.**

As a member of the Steering Committee of the Family Homelessness Coalition, made up of organizations representing service and housing providers, children's advocacy organizations, and people with lived experience in homelessness, united by the goal of preventing family homelessness, improving the well-being of children and families in shelters, and supporting the long-term stability of families with children who leave shelter. This can be done by taking the following actions:

- **Increase the Budget for Homebase by \$37.9mm to a Total of \$100mm.** Since the pandemic, Homebase providers have taken on tremendous increases in caseload as well as an ever-expanding set of responsibilities. This has not been accompanied by funding levels to match the new post-Covid reality. As a result, wait times have increased for critical Homebase services like help with eviction prevention, emergency rental assistance and obtaining benefits.
- **Establish a Dedicated Funding Stream Strictly for Aftercare Services.** Families who are placed in permanent housing from shelter require support in their period of transition to avoid the trauma of a return to homelessness. Establishing a strict separate funding stream for this essential work will ensure organizations can properly dedicate staff and tailor programs which will increase stability.
- **Release an RFP and Dedicate Funding for Organizations Beyond Homebase Providers to Process CityFHEPS.** Legal services organizations who have taken on this role on a temporary basis have been successful in speeding processing times and reducing overall burden on the system. Opening this opportunity further will reduce strain on Homebase providers and expedite processing.

## **The FY26 Budget must take steps to expedite housing placements.**

2024 was a record year for homelessness in New York. The state overall experienced a 53% increase in homelessness last year, the highest per capita rate in the nation, according to data from the Department of Housing and Urban Development (HUD). Meanwhile, a recent report from the State Comptroller's office shows that the city's homelessness population has more than doubled since 2022. Furthermore, New York experienced a 71% increase in unaccompanied youth experiencing homelessness from last year.

Particularly with uncertainty at the federal level, it is imperative to invest in resources like CityFHEPS which are critical to housing stability and reducing homelessness. We must also collectively work to reduce administrative barriers to these resources working effectively.

The City should work to implement the CityFHEPS Expansion and Reforms Passed into Law in 2023. The series of reforms and changes to CityFHEPS passed into law in 2023 are now in legal limbo. We urge implementation of these important changes as a means to increase housing stability and reduce homelessness for more families citywide

Additionally, we urge the City to adequately Fund the City Commission on Human Rights to Enforce SOI Discrimination. We support \$4 million in additional funding for CCHR to a total agency budget of around \$18 million. This will help bring CCHR staffing back to 2019 levels and allow for greater enforcement of Source of Income Discrimination laws and implementation of new Fair Chance laws.

Finally, we need to reduce barriers in voucher administration that greatly expedite placement in permanent housing. A number of recent streamlining measures and reforms have been implemented in homeless placements, voucher administration, and NYC Housing Connect lease-up. However, further steps are needed to greatly expedite placement and meaningfully reduce family homelessness. These include:

**CITYFHEPS - On Inspections:**

- Do Not Allow Minor Issues to Hold Up Move-In: Apartment inspection processes should be standardized and include a hierarchy of issues, such that minor issues will not result in an inspection failure. Currently, minor issues, which can be immediately rectified, such as a missing light switch cover, may result in an inspection failure and a severe delay to the client's move-in date. This is modeled after NYCHA's approach to inspections.
- Reform Double Inspection Rule: For units which require a DHS inspection (cellars and ground floor units), DSS requires both a DHS and a separate HRA inspection. We call for the secondary inspection to be limited to a fraction of the units as a secondary review/audit procedure but not policy for every unit.

**CITYFHEPS - On Income Verification:**

- The \$100 Rule: The incomes presented in a voucher package must be within \$100 of the original shopping letter amount. With low-income tenant incomes often varying greatly week by week, this discrepancy often triggers a rebudgeting letter, which is a source of delay. DHS/HRA staff who are reviewing this should be allowed to reissue the tenant share with the new income numbers, and not require a separate rebudgeting process.

**CITYFHEPS - On Public Assistance Single Issuance:**

- Time Frame: The current time frame is 30 days but often the process for applying and getting the voucher is longer and requires the single issuance to be resubmitted. We recommend a 90-day time frame.
- Add Option for Access HRA: There is currently no process on Access HRA to signify that an application is for single issuance public assistance. This results in many applications being treated as ongoing public assistance. This should be a distinct option on Access HRA to avoid confusion.

**CITYFHEPS – Process Improvements:**



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- Electronic Paperwork: Application packet forms should be readable/fillable PDF forms that can be signed electronically and emailed back, while still allowing for a paper process.
- Outreach: If a client's application is missing documents, DSS should not wait to contact that client via mail or phone call. DSS should also reach out to clients via text or email which to have the best chance of successfully connecting with clients. DSS often calls to detail this type of information from an unknown number, so clients may not pick up, and then they miss the opportunity to talk about their application. Then, DSS's next step is to send a letter to the client in the mail. The letter should be clear about what information is needed via the AccessHRA portal. Additionally, if a DSS staff person does call a client for this purpose; they should leave a call back number, along with hours of availability.
- Family Moves Within Shelter. When families are transferred into new shelter locations, the application process should not begin again. When this has occurred, it has added significant time delays. Applications should maintain even when families move locations.

Thank you for your time and attention to this matter. If you have any questions, please contact me at [kmill@hsunited.org](mailto:kmill@hsunited.org).