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MAYOR DE BLASIO ANNOUNCES THREE-YEAR PLAN TO PERMANENTLY END USE OF CLUSTERS AS HOMELESS SHELTERS

Will Build New Shelter Model Combining Affordable Housing and Community Space; Return Clusters to Housing Market

NEW YORK—Mayor Bill de Blasio announced today a three-year plan to phase out and permanently end New York City's 15-year program of placing homeless families into "cluster" shelter units – apartments, many of which should be low-rent housing.

As many of the units as possible will be converted back to low-rent housing. The City will add new shelter capacity with a new model that includes affordable permanent housing, flexible shelter space and community space in the same building.

"The cluster homeless shelter system is broken and represents the worst combination of expensive housing, bad conditions and poor access to services that homeless families need. Importantly, cluster shelters take badly needed low-rent apartments off the market. Now we have a solid, practical program for ending the use of clusters, returning apartments to the market and providing new shelters that are attractive for both residents and the communities in which they are located," said **Mayor Bill de Blasio**.

Cluster homeless shelters involve placing families in regular rental apartments in privately-owned buildings with other rent paying tenants, which takes those apartments out of the low-rent housing stock. This policy began more than 15 years ago. The City pays both rent and an additional amount for services.

The plan to phase out the use of clusters will begin during the 90-day review of homeless services that the Mayor ordered on December 15, 2015. The more than 3,000 cluster shelter units will either be converted to permanent housing or residents will move to another shelter by December 31, 2018. The plan will be funded with existing resources and includes the following four elements:

1. Initiating enforcement actions against owners of buildings with chronic building code infractions in which DHS "cluster" shelter units are located, including notification that HRA will withhold rent pursuant to New York State Social Services Law Section 143-b where landlords fail to correct unsafe conditions. Under this law, landlords are barred from evicting tenants for nonpayment of rent.

"If building code violations and fines are not a strong enough incentive for landlords with chronic conditions of disrepair to fix their property, we believe that withholding the rent will be a powerful tool that they won't ignore. And when repairs are made, that will also benefit other renters in the building who are suffering through unacceptable conditions," said **Human Resources Administration Commissioner Steven Banks**.

2. Engaging responsible owners of buildings with DHS cluster shelter units in a new initiative to upgrade their buildings and return the cluster apartments to market housing in which the families residing there

can remain as tenants. This will both reduce the number of homeless families and permanently return those apartments to the market.

"We want to work with responsible owners to convert cluster shelter units in their buildings back to market housing or to phase out their use by developing a new approach to homelessness," added **Commissioner Banks**.

3. Revising DHS's open-ended RFP for new shelters to instead seek proposals for new housing models that combine affordable permanent housing with transitional housing and community space. Under this model, shelter residents will receive services including rapid rehousing.
4. Deploying HRA staff as a "rapid rehousing team" to promote shelter move-outs from family shelters to permanent housing to help decrease reliance on cluster units. The required headcount for this initiative is included in the January Plan. Experience has shown that households with rental assistance vouchers are more successful finding housing if they have support in their search.

In March, the City's Department of Investigation reported the results of its investigation, requested by the Mayor, into homeless shelters, including clusters. DOI found the cluster sites to be the worst maintained, the most poorly monitored, and provide the least adequate social services to families. The report recommended reducing the use of clusters.

The cluster program currently includes more than 3,000 units in more than 260 buildings spread around the city, housing more than 11,000 people for which the City pays a total of about \$125 million a year. The cost includes both rent and social services.

The City will evaluate for housing code enforcement actions in buildings with cluster units that are operated by landlords who are currently on Public Advocate Letitia James' Worst Landlord Watchlist. That evaluation will begin this week.

The new model for shelters is based on a concept called Gateway Housing, which is similar to HPD's HomeStretch program, in that it will include affordable permanent housing, shelter units and community space in the same building.

In September, there was a groundbreaking for a HomeStretch project – the Landing Road Residence – in the University Heights neighborhood of the Bronx. The project leverages shared financing to provide cost-effective shelter and to subsidize rents for very low-income, formerly homeless individuals and families on the same site.

The Gateway model expects similar savings. The estimated cost of this combination of housing and services will be about a third less than traditional shelter, which costs at least \$37,000 a year for a family. The Gateway model also includes services for homeless families that have been proven to work and are tailored to the needs of individuals and families, rather than a one-size-fits-all model.

Manhattan Borough President Gale A. Brewer said, "This is the right move both on homelessness and affordable housing. So-called cluster shelters have always been a high-cost, low-results model that couldn't do right by city taxpayers or the homeless families they were intended to serve. Returning many of these desperately-needed units to the city's affordable housing stock, and moving toward a model that gets homeless families the support they need to get on their feet, is the right way to go."

Assembly Member Andrew Hevesi, Chair of the Assembly Committee on Social Services, said, "Mayor de Blasio deserves credit for working to eliminate cluster shelter sites. Clusters are expensive for taxpayers, lack access to services and are often in disrepair – basically everything you want to avoid when crafting a public policy response to homelessness. The Mayor and his team are to be commended for today's aggressive action."

Council Member Steve Levin, Chair Council Committee on General Welfare, said, “I applaud Mayor de Blasio for moving to end the use of cluster site housing in New York City. These sites fail to meet the needs of homeless New Yorkers and are too often expensive, inefficient, and poorly maintained. Ending the practice of using cluster site housing and pushing landlords to renovate these units and return them to the low-rent housing market will improve conditions for New Yorkers in need while providing thousands of units of new affordable housing.”

Christine C. Quinn, President and CEO of Win, said, “Phasing out so-called cluster shelter sites is a policy Win has long pushed for. With this move, Mayor de Blasio immediately addresses two of the city's most urgent and intertwined challenges: lack of affordable housing and a persistent cycle of homelessness. This proposal underscores the City's seriousness about addressing homelessness and its focus on adopting policies that recognize the many interrelated causes of homelessness. Win applauds the Administration and stands ready to partner with the City on implementation.”

“Far too much money has been squandered and far too many homeless children's lives have been damaged by the deeply flawed cluster site program. The Mayor's four-point plan to abolish the cluster site program is good news for homeless New Yorkers, good news for affordable housing, and good news for taxpayers. Once again, the City is focusing on proven solutions to homelessness and doing the hard work of reforming a broken system,” said **Mary Brosnahan, President and CEO of Coalition for the Homeless.**

Judith Goldiner, Attorney in Charge of Civil Law Reform at The Legal Aid Society, said, “We are very pleased that 3,265 rent regulated apartments, which have been held off the affordable housing market for years by landlords who overcharged the City for them, will again be available to provide permanent housing to homeless New Yorkers and prevent homelessness for needy families. We look forward to working with the City on this transition.”

Laura Mascuch, Executive Director of Supportive Housing Network of New York, said, “We are delighted that the City is rolling back a problematic 20-year-old policy of placing families in cluster sites apartments and returning these apartments to the community as affordable permanent housing. And we applaud the Mayor for investing in innovative strategies like the Gateway model which will allow the most vulnerable homeless families to escape homelessness and reclaim their lives in the community.

“The Cluster Housing program inherited by the de Blasio Administration has long been a concern to the community because it allows a poorly-designed homeless program to directly undermine the stable, affordable rental housing that is most needed by low- and moderate income New Yorkers, including those at risk of homelessness. The program incentivizes unscrupulous landlords to take affordable, rent-regulated apartments off the market in order to command above-market rents in return for providing temporary shelter – and all too often unsafe conditions. Mayor de Blasio is taking an important step in the right direction by recognizing that stable, affordable housing must be the foundation of the solution to homelessness, and that programs for the homeless and affordable housing cannot be allowed to compete, especially when they are abused by landlords who profiteer while maintaining homeless housing in unacceptably substandard conditions. As the de Blasio Administration's new approach goes forward, it is crucial that the City use every tool at its disposal to convert the apartments into decent, stable, affordable housing for the families who are currently there under the Cluster Site program,” said **Benjamin Dulchin, Executive Director of the Association for Neighborhood and Housing Development.**

“By transitioning from the current system, the de Blasio Administration is delivering on its promise to address the homelessness crisis by more efficiently using our city's limited resources,” said **Rafael E. Cestero, President and CEO of The Community Preservation Corporation.** “Giving people a chance to get off the streets and into stable housing is one of the most effective and efficient pathways to ending homelessness. Additionally, these sweeping changes will help bring units currently in the cluster system back to the city's

permanent housing stock while improving housing conditions for those who currently call them home. I applaud the Mayor, Commissioner Banks, and all of the stakeholders for their vision and commitment to serving the unique needs of our most vulnerable New Yorkers.”

Alyssa Aguilera, Political Director VOCAL-NY, said, "Cluster site housing is a failed, old policy which obscured the homeless crisis, wasted City dollars, and is counterintuitive to a long term solution to NYC's homeless and affordability crises. We need a clear eyed approach to ending homelessness and that means a focus on building and preserving more truly affordable housing and a long-term plan to establish it. Ending cluster site housing is a welcomed decision and will allow more room for policies that will actually serve the needs of low-income communities of New York City."

Acacia Network Housing applauds the NYC DHS vision to create affordable housing solutions for homeless families. We have been an advocate for new models and welcome the opportunity to participate in the solution to end homelessness,” said **Pamela Mattel, Chief Operating Officer of Acacia Network**.

Douglas Apple, Executive Vice President of Samaritan Village, said, “Samaritan is committed to assisting New Yorkers move from homelessness to permanency in housing and in providing them the necessary supports to allow them to succeed. We applaud Mayor de Blasio's initiative to develop more affordable housing, and tying it to new forms of high-quality shelter and transitional housing. This innovation approach, not seen to this scale in the past, can make a difference in the lives of thousands of New Yorkers, creating a more cost effective approach to the creation of affordable housing.”

Bill Traylor, President of the Richman Housing Resources and the Chair of the Gateway Housing Board of Directors, said, “I applaud Mayor de Blasio and his administration for supporting the Gateway Housing model. By including Gateway principles in the open-ended RFP, the City will encourage the creation high-quality transitional housing for the homeless that will improve the outcomes for families and individuals who become homeless as well as strengthen our communities where this Gateway Housing is located.”

“Gateway’s commitment to evidence-based services and person-centered programs will help families and individuals experiencing homelessness to gain the strengths and skills they need to succeed in the community and reduce their returns to shelter,” said **Ted Houghton, President of the Gateway Demonstration Assistance Corporation**.

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