



PROJECT  
RENEWAL

Renewing lives. Reclaiming hope.

# NO TIME TO WASTE

TRANSFORMING NYC'S  
SINGLE ADULT SHELTER SYSTEM

APRIL 2021



# ABOUT PROJECT RENEWAL

Since its founding, Project Renewal has assisted individuals with enormous challenges—homelessness, mental illness, substance use disorders and criminal justice involvement—including older New Yorkers and LGBTQIA+ young adults. Today, Project Renewal housing programs consist of seven emergency shelters, five transitional homes, and eight permanent community-based supportive housing facilities. The organization is unique in its unwavering focus on individual needs and unparalleled history of innovation.

In 1967, Project Renewal was founded as a pioneering alcohol detoxification program that helped more than 6,000 individuals with histories of alcohol dependency land jobs as medical aides, custodians and construction workers. The remarkable results led to the decriminalization of alcoholism in New York. Since its founding, Project Renewal has continued to spearhead new approaches:

**1972** Opened New York's first supportive housing program for people in addiction recovery;

**1976** Started the first mobile psychiatric treatment for homeless mentally ill adults;

**1990** Opened one of the City's first transitional housing programs integrating mentally ill residents into the community;

**1995** Founded the Culinary Arts Training Program (CATP) to train formerly homeless men and women in entry-level kitchen skills to gain and retain employment in the food service industry;

**1997** Established City Beet Kitchens (formerly Comfort Foods), a social purpose venture designed to generate revenue and create jobs for CATP graduates;

**2002** Began support and treatment of parolees with serious mental illness and substance use disorders;

**2005** Started the first formal shelter-based occupational therapy program;

**2007** Initiated operation of the City's first non-hospital-based clinic for medical detox and follow-up care;

**2016** Launched the Next Step Internship Program to enable unemployed New Yorkers to qualify for jobs in homeless services; launched Marsha's House, the first City shelter for LGBTQIA+ young adults;

**2020** Opened the Support and Connection Center in East Harlem offering stabilizing mental health and substance use services for people who would otherwise go to emergency rooms or face criminal justice interventions; and

**2021** Opening of Bedford Green House, supportive and affordable housing for families, singles and seniors in a LEED Gold-certified building with a rooftop aquaponics greenhouse, a live green facade and community playground.

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*New York City has an extraordinary opportunity to reduce the traumatic and expensive problem of single adult homelessness. Taking dramatic steps now will provide desperately needed permanent housing and services for thousands, while reducing the size and scope of the shelter system and saving taxpayers millions of dollars. It is critical that the City's leaders take these recommended steps and not miss the chance to make this difference—for homeless individuals, for our City's finances, and to improve quality of life for everyone in our communities.*

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# EXECUTIVE SUMMARY



Project Renewal's Ana's Place Men's Shelter

Homelessness has been an intractable, growing problem in New York City for decades. The share of the City's population without homes is the highest since the Great Depression. However, for the first time in 30 years, the availability of affordable real estate due to the pandemic now allows New York to create permanent housing with services for those who need them, improve quality of life for neighborhoods across the City, and save hundreds of millions of dollars.

Approximately 60,000 individuals sleep in the municipal shelter system on any given night. Of those, single adults are the fastest growing segment—doubling to more than 19,000 individuals since 2010 and costing the City over \$800 million per year. This number is projected to balloon to 30,500 individuals and a budget of \$1.5 billion by 2029, unless something changes.

This growth in the adult shelter system has two root causes: first, the significant census reductions in criminal justice, hospitals and other systems; inadequate community support for individuals experiencing mental illness and substance use disorders; and a growing population of impoverished

seniors, among other factors. Second, lack of affordable and supportive housing has increased length of stay in shelters by 73 percent since 2010 to an average of 431 days. Sadly, many individuals remain in shelter who could live independently if affordable housing existed.

The current system is comprised of buildings owned by private landlords who charge the City expensive and rising rents, as well as others owned by the City that were not designed to be shelters and are expensive to operate and maintain. Most facilities are operated by nonprofit organizations, yet their lack of ownership makes it impossible to finance capital repairs.

The COVID-19 pandemic has diminished property values, which provides a chance to transform the adult shelter system. The City should seize this unique moment to rapidly create 22,000 new units of supportive and affordable housing—and time is of the essence. Doing so would reduce the single adult shelter census 16 percent by 2024, and, based on current growth rates, shrink the system 72 percent by 2029. This strategy will house all homeless individuals with the services they need, benefiting them and the neighborhoods in which they live and save the City more than \$350 million annually.

**This strategy has three major elements:**

**1 Redeploy distressed hotels and other properties to create 22,000 supportive and affordable housing units for single adults *within the next eight years*.** Supportive housing with on-site services enables tenants with special needs to live stably and to integrate into their communities, while 24-hour security and staffing makes surrounding neighborhoods safer. A commitment to supportive housing in the 1990s stabilized the City’s shelter census for years. Repurposing distressed hotels and other properties into housing will accelerate production and decrease development costs.

**2 Build on NYC Department of Homeless Services efforts to replace City-owned shelters with smaller, thoughtfully designed, “purpose-built” facilities owned and run by qualified nonprofit operators.** New purpose-built shelters will feature program space optimized for service delivery and be safer, more humane, and less expensive to operate. Transferring City-owned buildings to nonprofit ownership will improve access to capital for needed upgrades and renovations. Smaller facilities will be more attractive to clients and more appealing to local communities.

**3 Ensure that every shelter delivers integrated, client-focused services that promote health, stability, and independent living.** Providing on-site medical and mental health services will address chronic conditions that disproportionately affect homeless individuals and reduce State Medicaid costs by more than \$100 million annually. More comprehensive, integrated shelter services will improve the transition to supportive housing and independent living, thus interrupting the insidious cycle of shelter, arrest, hospitalization, and street living.

If the City acts quickly, the first 5,000 units of supportive housing can be online by 2024. Doing so would reduce the shelter census for the first time in decades and, most importantly, allow thousands of former shelter clients to become permanent community residents in their own homes. With full implementation of the recommendations above, the number of single adult shelter beds will decline to 8,500 by 2029 and 22,000 former shelter residents will occupy permanent supportive housing.

This sizable increase in supportive housing, paired with a comprehensive redesign of the single adult shelter system, will address the constant need for more new shelters for a least a decade. The resulting system will be smaller, economically sustainable and better received by local communities. Most vitally, homeless individuals will gain meaningful independence.

Project Renewal is one of New York’s oldest and most experienced nonprofit providers of housing, health care, and employment services for homeless individuals.

# BACKGROUND

No city provides shelter to more single adults than New York due to a landmark 1981 court case that established a constitutional right to shelter.<sup>1</sup> The NYC Department of Homeless Services (DHS) oversees the operations of single adult shelters with a budget of more than \$807 million, at an average per client cost of more than \$56,000.<sup>2</sup>

## SINGLE ADULTS—THE FASTEST GROWING SEGMENT OF NEW YORK CITY'S HOMELESS POPULATION

The number of single adults who are homeless has more than doubled since 2010. In May 2020, 19,177 single adults and 4,641 individuals in adult families were sheltered by the City of New York<sup>3</sup> (see Table A).<sup>4</sup> At least 3,800 more sleep on streets, subways, or in other public spaces.<sup>5</sup>

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➔ **NEW YORK CITY SPENDS MORE THAN \$807 MILLION ON SHELTERS EACH YEAR—\$56,000 PER PERSON.**

### What's causing the surge in single adult homelessness?

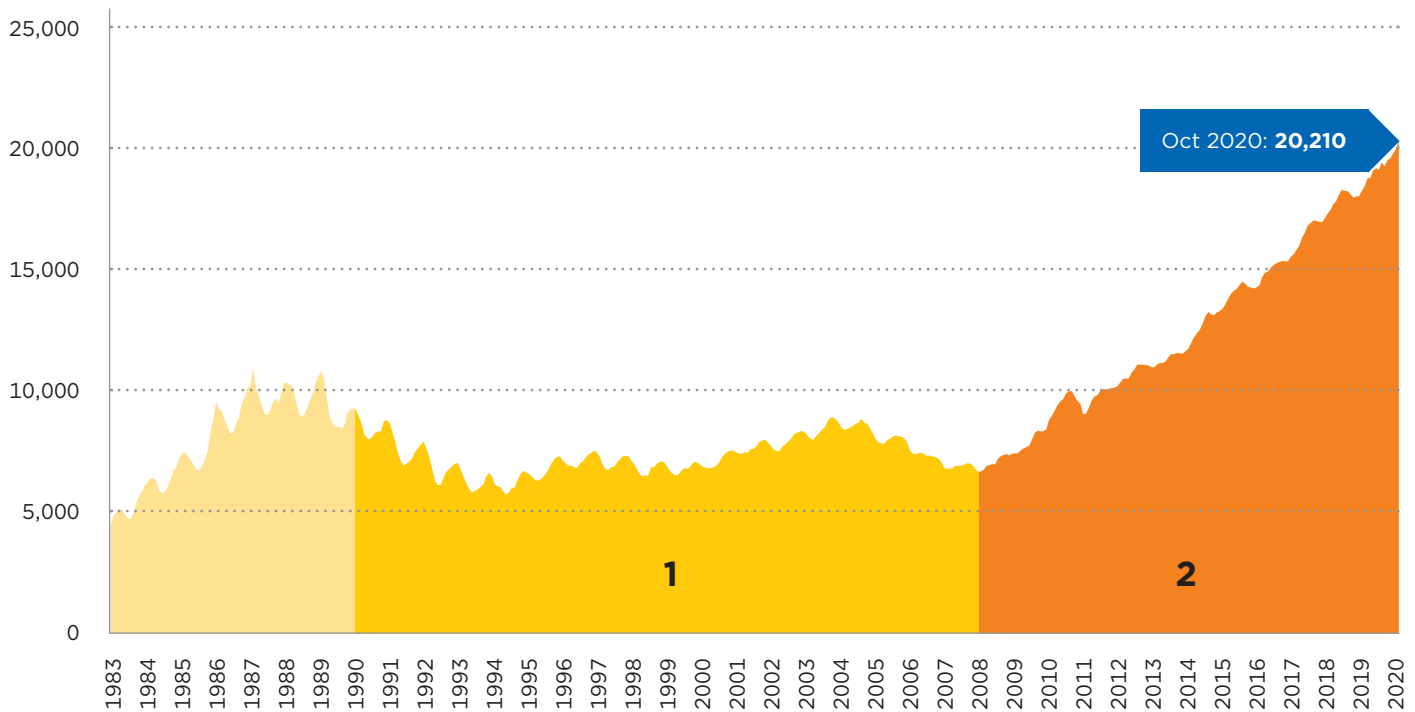
- **The shortage of affordable housing.** At least 136,336 rent stabilized apartments have been lost since 2008.<sup>6</sup> The monthly Fair Market Rent for a studio apartment is \$1,760,<sup>7</sup> while the public assistance shelter allowance is only \$215 per month;
- **The paucity and slow pace of supportive housing development.** A new supportive housing project typically takes more than five years from idea to occupancy. Although two-thirds of single adult shelter residents are estimated to need residential support, only 1,329 exited to supportive housing in FY 2020;

- **Closure of State psychiatric centers.** Closures between 2014 and 2018 led to a 22 percent increase in the number of homeless New Yorkers with serious mental illness. The adult inpatient population decreased by 2,267 in 2018 alone;<sup>8</sup>
- **Criminal justice reforms that send people directly into the shelter system.** The prison census is being reduced without a structure to rehouse parolees.<sup>9</sup> Parolees incarcerated for more than 90 days are barred from occupying newly built supportive housing and NYC Housing Authority developments; and<sup>10</sup>
- **Growing numbers of impoverished seniors** with physical and mental health issues, some of whom are being discharged to shelters by hospitals and nursing homes.<sup>11</sup>

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➔ **THE AVERAGE SHELTER RESIDENT SPENDS 431 DAYS IN "TEMPORARY" SHELTER.**

**Table A: Number of Homeless Single Adults Sleeping Each Night in NYC Shelters 1983–2020**



Source: Homelessness in New York City, Coalition for the Homeless, Updated July 2020

## THE SHELTER POPULATION EXPANDED AFTER SUPPORTIVE HOUSING DEVELOPMENT WAS HALTED

1

After the single adult shelter population reached 10,000 in 1990, the State and City entered into a series of agreements that led to the development of permanent housing and services for more than 15,000 homeless single individuals. New York/New York I, II, and III were a stunning success—over the next 20 years, the adult shelter population declined to between 6,000 and 8,000 persons.

2

The shelter census began resurging in February 2010, after negotiations on a new City/State agreement ended in an impasse. In 2015, Mayor de Blasio proposed to create 15,000 supportive units over 15 years (NYC 15/15); in 2016, Governor Cuomo promised 6,000 supportive units statewide (Empire State Supportive Housing Initiative, or ESSHI). These proposals reduce the rate of growth of the shelter population, but not its size.

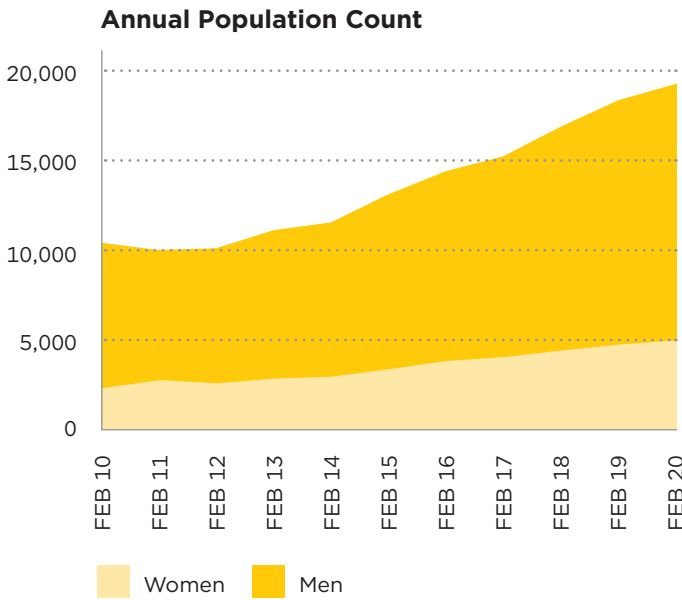
**BACKGROUND**

Although the shelter system was intended to provide temporary housing for approximately six to nine months, the length of stay has increased by 73 percent since 2010—from an average of 249 days to an average of 431 days (see Table B: New York City Homeless Shelter Population, 2010–2020), with about 10 percent of residents occupying shelters for more than three of the past four years.<sup>12</sup>

The lack of permanent housing options has increased the shelter population by about 1,000 per year.

➔ **THE SINGLE ADULT HOMELESS POPULATION INCREASES BY 1,000 EACH YEAR DUE TO THE LACK OF PERMANENT AFFORDABLE HOUSING OPTIONS.**

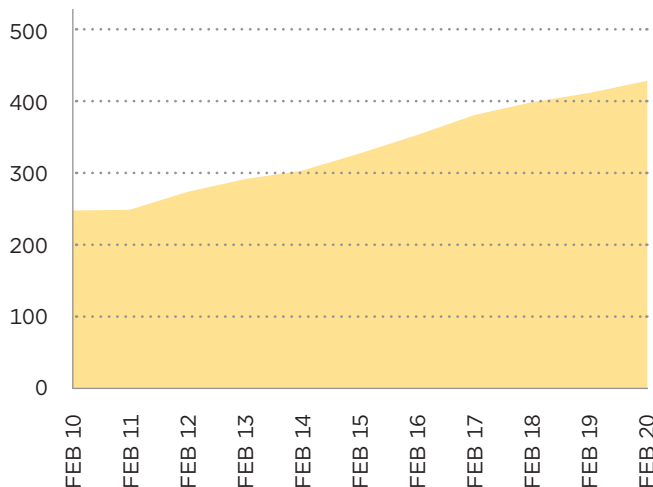
**Table B: New York City Single Adult Homeless Shelter Population, 2010–2020**



**Average Annual Population Increase**

**1,088**

**Annual Average Length of Stay**



**Average Length of Stay**

**431**

**Ten-Year Increase in Length of Stay**

**73%**

Source: Coalition for the Homeless, NYC Shelter Population 1983–Present, based on DHS and NYCStat shelter census reports; Mayor’s Management Reports FY 2011–FY 2020



### Racial inequity and aging of shelter residents

Homelessness disproportionately impacts older men of color. As of June 2020, about two-thirds of New York City shelter residents were male and approximately 59 percent were African American, 27 percent were Latinx, and four percent were Asian or of unknown ethnicity.<sup>13</sup> In June 2020, more than 11,000 shelter residents were at least 45 years of age. At current rates of growth, nearly 6,000 shelter residents will be over the age of 65 by 2030.<sup>14</sup>

➔ **NEARLY 6,000 SHELTER RESIDENTS WILL BE OVER THE AGE OF 65 BY 2030.**

### Serious health issues facing individuals without permanent housing

After becoming homeless, healthy individuals experience worsening health and persons already managing an illness or chronic disease become even more ill. Homelessness increases the risk of trauma resulting from physical assault or rape. More than half of New Yorkers experiencing homelessness suffer from mental illness<sup>15</sup> and an estimated nine percent are diabetic.<sup>16</sup> They also face major challenges maintaining their health.<sup>17</sup> Other common health problems include hypertension, tuberculosis, asthma, substance use disorder, malnutrition, dental and periodontal disease, hepatic cirrhosis secondary to alcoholism, and infectious hepatitis related to intravenous (IV) drug use.

As a result, homeless New Yorkers are three times more likely to show up in an emergency room and four times more likely to be hospitalized than the general population.<sup>18</sup> These conditions persist after they are housed in shelters.<sup>19</sup> A 2019 study of 97,931 adults who exited shelter between 2008 and 2014 found nearly 42 percent visited an emergency room and 17 percent had been hospitalized.<sup>20</sup> The mortality rate of individuals occupying NYC shelters has historically been twice that of the general population.<sup>21</sup>

As individuals without secure housing age, their health care and nursing home costs increase significantly.<sup>22</sup> A recent study found the average annual cost of emergency room care, hospitalization and nursing home care for a shelter resident aged 55 to 59 was nearly \$17,000, increasing to an average of \$19,000 for a resident over 70 years of age.<sup>23</sup>

➔ **EMERGENCY ROOM, HOSPITALIZATION AND NURSING HOME CARE FOR A SHELTER RESIDENT OLDER THAN 55 COSTS MORE THAN \$17,000 PER YEAR.**

### Shrinking criminal justice system increases shelter population

Individuals with prior involvement in the criminal justice system are estimated to comprise about a quarter of the shelter population. The NYS Department of Corrections is mandated to help those exiting the prison system to secure housing, but about 5,000 (54 percent) of the approximately 9,300 parolees in 2017 went directly to shelters—up from 23 percent just three years earlier.<sup>24</sup> With heightened de-incarceration efforts due to the coronavirus pandemic, those numbers are now certainly higher.<sup>25</sup> Their inability to find stable housing has significant social and economic consequences. One study found that over 32 percent of former individuals released to shelter were re-incarcerated within two years.<sup>26</sup>

➔ **ABOUT 54 PERCENT OF NYS PAROLEES IN 2017 WENT DIRECTLY TO SHELTERS.**

# TODAY'S SHELTER SYSTEM

Despite a very committed group of homeless service providers and City agencies, there are structural problems that prevent the shelter system from operating optimally.

Nearly 19,000 people now live in an “emergency shelter system” that was intended to provide temporary housing for approximately six to nine months. These individuals are likely to occupy City-owned shelters that often have myriad physical plant issues or privately-owned facilities that are leased at very high cost.

## BARRIERS TO INDEPENDENCE—SHELTER DESIGN, SIZE AND CONDITIONS

The New York City shelter system is cobbled together from a diverse set of private and former public buildings. As of May 2019, it comprised 134 facilities:<sup>27</sup> 37 City-owned shelters; 79 facilities leased from private for-profit owners; and 18 shelters owned by nonprofits (see Table C: Single Adult Shelter Ownership). Most shelters are operated by nonprofit service providers.

**Table C: Single Adult Shelter Ownership**

OWNERSHIP	NO. OF SHELTERS	% OF SHELTERS	NO. OF BEDS
Publicly-Owned by New York City and State Agencies	37	36%	6,457
Private For-Profit	79	55%	9,771
Private Nonprofit	18	9%	1,631
<b>TOTAL</b>	<b>134</b>	<b>100%</b>	<b>17,859</b>

Source: May 2019 DHS Master Directory and NYC Department of Finance Tax Records

Nearly 6,500 individuals occupy City-owned homeless shelters.<sup>28</sup> These include former armories, hospital wards and at least one convent converted to shelter with minimal renovation or redesign.<sup>29</sup> Their size and layouts make them difficult to operate effectively. As many as 50 residents may sleep together in large, unpartitioned rooms and six of these City-owned shelters each house more than 250 residents. For example, the 30th Street Shelter, located in a former Bellevue Hospital building, has capacity for 476 residents and 230 Assessment beds.<sup>29</sup>

The lack of privacy gives rise to conflicts that increase the number of security guards needed to maintain order, diverting resources from other important services. Building layouts can also make it impossible to provide space for therapeutic or recreational services. Large shelters are especially problematic for individuals experiencing mental health concerns, who often choose to remain on the streets when assigned to them.

➔ **VULNERABLE INDIVIDUALS OFTEN CHOOSE TO REMAIN ON THE STREET WHEN ASSIGNED TO LARGE SHELTERS WHERE THEY FEEL UNSAFE.**

## COSTLY LEASES DRAIN CITY RESOURCES

After exhausting the stock of public buildings, the City of New York turned to for-profit developers to fill the demand for shelter. At least 79 shelters housing nearly 10,000 individuals are leased from private developers at an annual cost estimated at more than \$178 million.<sup>30</sup> High rent costs result from the risk private developers take due to the political challenge and uncertainty in siting shelters, as well as City lease provisions that increase the cost and create barriers for developers to secure bank financing.

The standard shelter lease gives the City the right to terminate it without cause,<sup>31</sup> thereby precluding a private developer from using the lease as collateral to secure shelter development financing. This limits the pool of developers to those able to shoulder the risk of developing a property that may not be readily adaptable to an alternative use, and enables developers to demand and obtain high rents. A shelter with 200 residents leased from a private developer can easily fetch a rent in excess of \$3.6 million annually (see Table D, Occupancy and Service Costs in Leased and Nonprofit-Owned Shelters).<sup>32</sup>

**Table D: Occupancy and Service Costs in Leased and Nonprofit-Owned Shelters**

EXPENSE	LEASED SHELTER BEDS	NP-OWNED SHELTER BEDS
Rent	\$50	N/A
Operating and Social Services	\$100	\$100
Debt Service	N/A	\$25
<b>TOTAL DAILY UNIT COSTS</b>	<b>\$150</b>	<b>\$125</b>
<b>Annual Costs</b>	<b>\$54,750</b>	<b>\$45,625</b>

Source: Based on Project Renewal Facilities in Brooklyn and the Bronx

### ➔ THE RENT FOR A 200-BED SHELTER CAN EASILY TOP \$3.6 MILLION ANNUALLY.

Although the risk has historically disappeared after the shelter is open, the high base rent is built into subsequent lease renewals. Moreover, this drain on City resources is expected to increase significantly. The City has proposed to open 90 new shelters by 2025 in its “Turning the Tide” strategy; 86 have already been sited, of which more than 80 percent are with private landlords.<sup>33</sup>

The City gets a much better deal with shelters owned by nonprofit providers. With debt service often being lower than leased properties per capita, a 100-bed shelter owned by Project Renewal could save the City nearly \$1 million per year (see Table D), as well as creating a nonprofit-owned asset with a dedicated use.<sup>34</sup> To its credit, the City has created a mechanism to facilitate ownership to nonprofit operators, and 14 of the 90 new shelters in the “Turning the Tide” plan will be owned by nonprofits using this mechanism. This was a critical and praiseworthy effort undertaken by the City; however, it is comparatively rare due to the financial risk a nonprofit must take to acquire a site without a registered contract.<sup>35</sup>

### SHELTER RESIDENTS NEED COMPREHENSIVE SERVICES

Chronic mental and physical health conditions are widespread among people without homes. To address this, DHS added \$250 million in new funding for mental health services as part of “Turning the Tide.” However, the emergency room remains the primary source of medical care for most people in shelter, which is neither appropriate nor cost-effective. With an eye towards innovative solutions, Project Renewal added occupational therapy services in some facilities, with substantial benefits in living skills among recipients.

#### Focus on discharge, instead of health and independence

Nearly from the moment they enter, new shelter residents learn that they are expected to secure permanent housing within six to nine months, regardless of availability of housing or readiness to live independently. An initial interview sets an exit date, and the new entrant signs a contract agreeing to leave shelter if they fail to visit at least three vacant apartments each week. This expectation, reinforced in regular meetings with case managers and housing specialists,<sup>36</sup> comes from the pressure DHS faces to ensure adequate shelter capacity for any individual entering or returning to the shelter system.

Mental and physical health conditions and chronic diseases like diabetes make it difficult for as many as two-thirds of shelter residents to live fully independently.<sup>37</sup> However, only 6,000 beds are available in “program shelters” offering specialized services focusing on mental health and substance use disorders, or the needs of special populations such as veterans, young adults and young adults who identify as LGBTQIA+, and older adults (see Table E: DHS Shelter Types and Populations). For example, Mental Health and Substance Use shelters may provide ambulatory clinical care and behavioral health services (on-site or via referral), crisis prevention and social services.

Table E: DHS Shelter Types and Populations—2019

FACILITY TYPE	NUMBER	CAPACITY
Assessment	7	2,009
Employment	32	3,913
General	38	4,848
Gen'l/Employment	8	1,134
Mental Health (incl. MH/MICA)	31	4,176
Substance Use	8	812
Veterans	2	381
>55/Seniors	4	380
Young Adults	2	89
LGBTQIA+ Young Adults	1	81
<b>TOTAL</b>	<b>133</b>	<b>17,823</b>

Source: May 2019 DHS Master Facilities Directory

The number of program shelters, particularly those with mental health expertise, is inadequate for the number of individuals with special needs. For example, only 31 shelters offer on-site behavioral health assessments and services, although more than half of single adult shelter residents suffer from mental health conditions.<sup>38</sup> Project Renewal operates four shelter-based clinics, but these are the exception. Most residents who need treatment for chronic medical conditions are given referrals to outside physicians. Moreover, only four shelters with just 380 beds are designated for approximately 7,000 shelter residents over age 55, the fastest growing population in shelter.

The lack of appropriate services can be an impediment to a successful transition to independent living. Although securing permanent housing is the primary objective of this costly and elaborate structure, only 7,890 shelter residents exited to permanent housing in FY 2020. Of these, only 1,329<sup>39</sup> moved into supportive housing. Fourteen percent of those placed in permanent housing the previous year returned to shelters.

➔ **ONLY 7,890 SHELTER RESIDENTS EXITED TO PERMANENT HOUSING IN FY 2020.**

## WITH INSUFFICIENT HOUSING SUPPLY, SHELTERS BECOME QUASI-PERMANENT HOUSING

Permanent housing with on-site support is the answer for individuals with mental health conditions, substance use issues, physical disabilities and other special needs, but the supply of supportive housing falls far short of the demand. Of the more than 20,000 people who entered shelter in 2020, only 6.5 percent moved into supportive housing from adult shelters.

The bottleneck in supportive housing production increases the shelter census and length of stay. Between February 2010 and February 2020, the number of single homeless individuals in the shelter system increased by 10,856 (132 percent) and their average length of stay increased by 73 percent.<sup>40</sup>

## RICKY



**“Being homeless is the worst experience a person can go through,” Ricky says.**

After moving to New York City to reconnect with family, Ricky struggled with depression, turned to alcohol and cocaine, and ended up in the homeless shelter system.

Moving from shelter to shelter, Ricky eventually came to Project Renewal’s Fort Washington Men’s Shelter, where a housing specialist helped him secure a permanent home at Project Renewal’s St. Nicholas House, a supportive development.

“When I saw my apartment for the first time, I thought, ‘This is exactly what I need,’” Ricky remembers. “I was grateful to finally get a place of my own.” Ricky has been stably housed for more than five years. He attends St. Nicholas House’s courtyard barbecues, attends church daily and cooks meals for his neighbor down the hall.

# PERMANENT HOUSING CAN TRANSFORM THE ADULT SHELTER SYSTEM

New York City spends more than \$800 million annually to maintain the single adult shelter system. With a population projected to exceed 30,000 by 2029, this cost is expected to nearly double to \$1.5 billion. With strategic planning, these resources could create a system that works for residents, communities and the City. Project Renewal recommends three major initiatives to transform this system: (1) rapid conversion of now-underutilized hotels and other distressed buildings to permanent supportive and affordable housing for homeless individuals and low-income adults; (2) easier transfer of City-owned shelter sites to nonprofit operators, and financing development of thoughtfully-designed “purpose-built” shelters; and (3) provision of integrated, client-focused services that promote health and independence.

The development of 22,000 units of supportive and affordable housing would enable the vast majority of shelter residents to trade their beds and lockers for private studio apartments and become permanent community residents. Assuming long-term shelter stayers are targeted, the projected shelter census would be reduced from 30,500 persons to about 8,500. A reduction of this magnitude would save more than \$350 million annually from the closure of costly shelters leased from private developers and about \$100 million from averted health care costs, while preventing the blight that could otherwise result when hotels and other buildings become underutilized for long periods of time.

## CONVERT HOTELS AND OTHER DISTRESSED PROPERTIES INTO PERMANENT SUPPORTIVE HOUSING

Project Renewal proposes that New York City create and expand mechanisms that can be used to acquire and redevelop vacant hotels and other distressed properties. The properties can be converted to supportive and affordable housing for homeless individuals, as well as affordable housing for low-income, formerly homeless individuals who no longer require on-site services. Conversion would provide safe, humane living conditions at a lower cost than new construction and in a fraction of the time. In an innovative partnership, the City and Project Renewal are now piloting a new financial structure that uses the HRA contract to leverage debt financing of a hotel acquisition and renovation, therefore requiring no diversion of capital. With swift expansion, the first 5,000 units could be online by 2024, thereby reducing the shelter census for the first time in more than a decade.

**Supportive housing allows residents to live with dignity and hope**

Supportive housing is permanent housing with on-site support tailored to the special needs of tenants who were formerly homeless. Since 1988, about 32,000 units of supportive housing have been created in neighborhoods throughout the five boroughs, New York City.<sup>41</sup>

Their design and construction quality, long-term private and public oversight, 24-hour staffing, and security features are demonstrated to increase safety and property values in the communities surrounding them.<sup>42</sup>

In addition to occupying a habitable studio apartment in an attractive environment, residents benefit from case managers who help them maintain stability and avert crises that could land them back on the street. Among those housed through the NY/NY III Agreement, for example, only five percent returned to shelter.<sup>43</sup> Services may also include medication management, mental health services and occupational therapy to help new tenants learn basic independent living skills—such as grocery shopping and cooking, maintaining a home and basic hygiene.

**➔ THE FURMAN CENTER AT NYU ANALYZED 18 YEARS OF SALES DATA FOR PROPERTIES NEAR 123 NYC SUPPORTIVE HOUSING DEVELOPMENTS AND FOUND THAT THE SALES VALUES OF NEARBY PROPERTIES ROSE ABOVE THE NORM.**

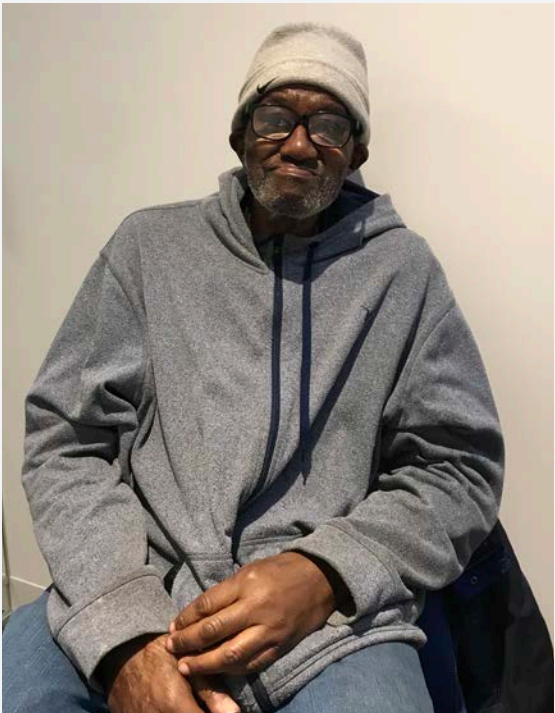
**SUPPORTIVE HOUSING IS A PROVEN SOLUTION THAT BENEFITS NEIGHBORHOODS, AS WELL THE TENANTS WHO FINALLY HAVE STABLE HOMES.**

Scores of nonprofit organizations have sponsored permanent supportive housing throughout the five boroughs for more than 32,000 single individuals who experienced homelessness. Examples of these residences include:

- ➔ BRC Human Services Corporation opened the Glass Factory Apartments in 2009. The building was awarded the Lucy Moses Preservation Award by New York Landmarks Conservancy.
- ➔ The Fortune Society opened The Academy (AKA The Castle) in 2002. The 1913 building is listed on the National Register of Historic Places.
- ➔ Community Access opened Gouverneur Court in 1994. The 1901 building is listed on the National Register of Historic Places.
- ➔ Breaking Ground opened The Prince George in 1999. Built in 1904, the Prince George is listed on the National Register of Historic Places.
- ➔ The West Side Federation for Senior and Supportive Housing opened John and Carroll Kowal House in 1988.
- ➔ Project Renewal operates Geffner House, a 307-unit supportive Single Room Occupancy (SRO) building located in the Times Square area that provides permanent housing for formerly homeless, low-income single adults.

RALPH

# HE LEARNED HOW TO COOK, USE A COMPUTER AND, MOST IMPORTANTLY, RELATE TO OTHERS.



**Ralph is a Project Renewal client who suffers from Major Depressive Disorder and Posttraumatic Stress Disorder as a result of childhood abuse, isolation and family loss. He was affected so profoundly that he begged the Deputy Warden to let him remain in prison after he had served a 40-year sentence.**

A Project Renewal Parole Support Treatment Program (PSTP) case manager picked him up at the prison gate and told him, “Don’t worry, I got you.” During the next few weeks, he helped Ralph purchase clothes and food, learn the subway and apply for public benefits. His medication was regulated and, ultimately, Ralph was able to handle it himself. He learned how to cook, use a computer and, most importantly, relate to others. Group sessions enabled him to share his feelings and he began to attend barbecues, Thanksgiving dinners and movie outings. He joined the local senior center and now plays card games and bingo with new friends. PTSP even helped him qualify for the Silver Sneakers exercise program and join a gym.

During his time in PSTP, Ralph had some mental health and substance use issues, like most people with backgrounds like his. He is grateful that PSTP case managers and counselors stuck by and helped him overcome them. He said, “I was not happy about closing that prison door, but the way they emotionally supported me allowed me to take that step out.”



Support services dramatically improve resident health and well-being. One study found that 50 percent of supportive housing residents experienced improved physical health and 43 percent had better mental health outcomes.<sup>44</sup> Better health outcomes pay off in lower health care costs. The NYS Department of Health Medicaid Redesign Team found that supportive housing with mental health services reduced Medicaid spending for extremely vulnerable populations by an average of 15 percent.<sup>45</sup> Supportive housing designed to serve individuals with chronic mental illness and other disabilities would also enable New York to comply with its legal obligation to provide services to individuals with disabilities in the most integrated setting appropriate to their needs.

**➔ SUPPORTIVE HOUSING WITH MENTAL HEALTH SERVICES CAN REDUCE MEDICAID COSTS BY 15 PERCENT.**

**Hotel conversion provides a way out for shelter residents**

As of October 2020, more than 30 percent of New York hotels were in arrears on their mortgage payments and as many as 25,000 hotel rooms—20 percent of the city’s total—were expected to close permanently.<sup>46</sup> The projected glut will occur while interest rates are at historic lows and make property acquisition and construction in New York City cheaper than it has been for decades, presenting a unique opportunity to create housing for homeless and low-income individuals quickly and inexpensively in addition to the existing supportive housing pipeline.

An eight-year initiative to acquire and convert vacant hotels and other distressed properties to 22,000 supportive and affordable housing units would transform the shelter system. A private studio apartment with services in supportive housing is estimated to cost only \$58 to \$103 per day, while a shelter bed (with more limited services) leased from a private for-profit owner costs about \$150 per day (see Table F: Occupancy & Service Costs in Supportive Housing and Leased Shelters). A supportive housing development with 100 studio apartments would save \$12.4 million a year over the cost of a leased shelter with 100 beds.<sup>47</sup>

**➔ SUPPORTIVE HOUSING SAVES MORE THAN \$20,000 PER PERSON EACH YEAR VERSUS SHELTER COSTS.**

**Table F: Occupancy and Service Costs in Supportive Housing and Leased Shelters**

EXPENSE	LEASED SHELTER BEDS	SUPPORTIVE HSG. STUDIOS
Rent	\$50	N/A
Operating Cost	\$100*	\$21
Debt Service	N/A	\$15–\$60**
Social Services	*	\$31
<b>Total Daily Expenses</b>	<b>\$150</b>	<b>\$67–\$112</b>
REVENUE/DAY		
Tenant Rents	N/A	\$9
<b>Daily Net Unit Costs</b>	<b>\$150</b>	<b>\$58–103**</b>
<b>Annual Net Unit Costs</b>	<b>\$54,750</b>	<b>\$21,170–\$37,595</b>

Source: Project Renewal Shelter and Supportive Housing Budgets

\* Leased shelter operating costs include social services  
 \*\* Debt service costs depend on the amount of capital subsidy. The higher figure is for a facility financed with 100 percent debt service and no capital subsidy.

Replacing beds in facilities owned by for-profit landlords with studio apartments owned by nonprofit social service organizations would yield net savings of more than \$350 million annually (See Table G: Projected 2029 Shelter Costs).<sup>48</sup>

Considerable additional savings would be realized from reductions in the utilization of government-subsidized health care, social services and jails. Tenants of supportive housing developed through NY/NY III were found to have spent fewer days in jails, shelters and State-operated psychiatric facilities than unplaced individuals. Supportive housing tenants were less likely to have medical services reimbursed by

**Project Renewal rapid hotel to supportive housing conversion pilot**

Project Renewal is piloting an innovative hotel to supportive housing conversion that will create 117 studio apartments along with programmatic spaces for former shelter residents. Crucially, this now-vacant midtown hotel will reopen as supportive housing within 18 months of its acquisition compared to five years or more that it typically takes to complete supportive housing projects. The City is adapting its HRA Master Lease to a contract that will serve as collateral requiring no additional capital subsidy.

Medicaid for inpatient hospitalizations and emergency department visits related to injury, psychiatric treatment and substance use than shelter residents. Savings in the use of inpatient psychiatric facilities were estimated at nearly \$106,000 per individual.<sup>49</sup>

**TRANSFER OWNERSHIP AND CONTROL OF SHELTERS TO NONPROFIT SHELTER OPERATORS**

The City of New York should encourage and make it easier for nonprofit organizations to acquire title to the City-owned properties they operate and to redevelop them as “purpose-built” shelters designed for the populations that will occupy them.<sup>50</sup> Nonprofit ownership enables operators to leverage financing to create shelters that are welcoming to individuals and accepted by the communities in which they are located. Residents living in safe, clean and well-designed facilities would enjoy better health and progress faster toward independence.

➔ **22,000 STUDIO APARTMENTS IN SUPPORTIVE HOUSING WOULD SAVE OVER \$350 MILLION PER YEAR COMPARED TO THE COST OF BEDS IN LEASED SHELTERS.**

**Table G: Projected 2029 Shelter Costs**

	# BEDS	COST/ BED OR DU*	TOTAL
<b>WITH CURRENT PROGRAM</b>			
City-Owned Shelters	6,500	\$36,500	\$237,250,000
Nonprofit Shelters	1,800	\$45,625	\$82,125,000
Leased Shelters	22,500	\$54,750	\$1,231,875,000
<b>TOTAL</b>	<b>30,500</b>		<b>\$1,551,250,000</b>
<b>WITH PROJECT RENEWAL’S PROGRAM</b>			
City-Owned Shelters	0	\$-	\$-
Nonprofit Shelters	4,500	\$45,625	\$205,312,500
Leased Shelters	4,000	\$54,700	\$218,800,000
Supportive Hsg. Apts.	22,000	\$35,000	\$770,000,000
<b>TOTAL</b>	<b>30,500</b>		<b>\$1,194,112,500</b>
<b>SAVINGS</b>			<b>\$357,137,500</b>

\*DU— Dwelling Unit in supportive housing

Moderate-sized City-owned shelters with about 2,500 beds could be redeveloped as well-designed, purpose-built shelters.<sup>51</sup> Under DHS’s new purpose-built shelter term sheet model, a long-term operating contract covers the cost of permanent loan debt service for acquisition and construction costs as well as shelter operating costs. The guaranteed income stream leverages mortgage financing, ensuring the long-term financial stability of shelter operators and enabling long-term facility upkeep. The City should facilitate site acquisition via a rapid-access fund that can cover pre-development expenses to mitigate risk prior to contract registration.

**Create shelters that are right-sized, well-configured and well-constructed**

Well-built, safe, clean, healthy and livable spaces that are adaptable for programming enable shelter residents to progress towards independence with dignity and pride. Layouts that enhance visibility deter conflict and promote positive relationships between clients and staff. Shelters that are limited in size are more conducive to recovery, particularly for persons with mental illness, and are more likely to attract community support. Moreover, better environments can reduce staff burnout and high turnover—in excess of 20 percent per year for critical frontline staff.

**PROMOTE HEALTH AND INDEPENDENCE THROUGH PROGRAM AND SHELTER DESIGN**

The main purpose of program shelters is to help residents set goals and support their progress toward independence. Quality shelters embrace a trauma-informed approach with a focus on engagement and building trust with residents. Adequate staffing with the right skills and training at all levels is a key starting point. The most effective shelters integrate case management, health care (including substance use and mental health treatment) and workforce development services, and take a person-centered approach, giving clients choice in how they access care.

The City has recently increased funding for mental health services, which is laudable. We recommend delivering comprehensive health care services on-site, which have the benefit of minimizing inappropriate and ineffective use of emergency medical services and hospitals for primary care, and giving residents the option of seeing a doctor where they live to address their chronic health conditions. A central component of Project Renewal’s service approach is occupational therapy, which directly addresses the basic skills of daily living needed to reach one’s highest level of functioning—including success in permanent housing.

**Project Renewal Ana’s Place**

Ana’s Place is a purpose-built shelter housing 108 men that was opened in 2014. Project Renewal designed this purpose-built shelter which it owns and financed using a 20-year DHS human services contract as collateral. Debt service, at \$25 per day per bed, is half the typical rent for a leased shelter.

On-site services include a licensed Article 28 primary care clinic, psychiatry, substance use treatment, case management, housing assistance, occupational therapy, and employment assistance.



## PERMANENT HOUSING CAN TRANSFORM THE ADULT SHELTER SYSTEM

Frontline staff, who are in the closest daily contact with clients, experience high rates of burnout. This results in turnover rates as high as 50 percent annually for these positions, making it difficult to establish the relationships of trust needed for clients to accept the help offered and take steps toward independent living. To the City's credit, they have rolled out a suite of training for shelter staff and many providers are prioritizing wellness support for frontline staff.

Designing shelters in an intentional way is the first step towards ensuring a safe, welcoming environment and quality programming. Essential to this is creating wide corridors with clear sight lines, sufficient recreational space and private spaces typically not afforded in a congregate environment. As part of the transformation of the shelter system, both physical design and staffing patterns should shift towards integrated support for achievement of client independence.

Shelters that convey safety and security through the physical environment will be much more engaging to homeless New Yorkers whose past experiences discouraged them from seeking shelter.



### On-site medical care maintains resident health

Project Renewal operates health care clinics embedded within the Third Street Men's Shelter, New Providence Women's Shelter, Ana's Place, and Fort Washington Armory. These clinics provide comprehensive primary care and preventive care, including addiction treatment, counseling and psychiatric services, women's health, HIV specialty care, and dental health services to residents.

In addition, Project Renewal mobile medical vans provide health care and mammography screenings to homeless individuals living on the street. In 2019, Project Renewal's clinics and vans provided health care to 13,000 individuals.

### New Providence redevelopment checks all the boxes

New Providence is a City-owned shelter being redeveloped by Project Renewal as a purpose-built shelter and supportive housing with on-site medical care. The project demonstrates how the transfer of City-owned shelters to nonprofit owners can produce model facilities that maximize value and benefit the surrounding community, as well as the residents who occupy them.

- ✔ Purpose-built shelter
- ✔ Specialized services for women with mental illness or substance use disorder
- ✔ On-site medical and psychiatric services
- ✔ Co-location with permanent affordable housing
- ✔ Licensed primary care facility that serves residents and the surrounding community

Project Renewal has operated the New Providence emergency shelter in East Midtown since 1998, in a former convent whose age, condition and awkward layout make service delivery difficult and renovations costly. We provide case management, individual and group counseling, recreational activities, housing placement assistance, and full-time medical and psychiatric services to 130 homeless women diagnosed with mental illness or substance use disorders.

To provide higher quality living and better service delivery, programming and security, the obsolete structure will be replaced. A new 21-story, 133,000 SF building will combine transitional shelter and permanent affordable housing; it will include: 171 emergency beds with embedded mental health and substance use programs for single adult women, as well as 130 permanent studio apartments for single adults (78 units of supportive housing for tenants exiting the shelter system and 52 units for single individuals earning less than \$48,000 per year). The shelter and permanent housing components will have separate entrances and amenities, while sharing one building envelope. A licensed primary care clinic on the first floor will extend health care services to the community and provide continuity of care after clients leave the shelter.

# IMPLEMENTATION

There has long been a moral imperative to develop a more humane and sustainable system to house homeless New Yorkers. Now, with the City facing a budget deficit, there is also an urgent fiscal imperative to act now by committing the personnel and FY 2022 budgetary resources necessary to implement these three initiatives.

Implementation would require coordination among multiple agencies, as well as every aspect of the City's single adult shelter system.<sup>52</sup> Because of their complex interrelationship, programmatic development ought to be coordinated by the Mayor's Office and begin with the convening of four task forces composed of agency officials and outside experts: (i) a legislative task force; (ii) a financing task force; (iii) a siting and facilities task force; and (iv) a policy, programming and provider task force. These task forces would design the program and create a mechanism for its development. Their duties would include the following:

## LEGISLATIVE TASK FORCE

- Identifying State and City laws and regulations that could better facilitate full implementation of this program.

## FINANCING TASK FORCE

- Validating projected Medicaid, incarceration, and shelter savings;
- Developing an eight-year capital and expense budget for overall implementation;
- Developing a financing plan for the development of 22,000 supportive and affordable housing units and the redevelopment of existing City-owned shelters by nonprofit organizations. The plan will reflect federal budget changes that can subsidize development and operating costs; and
- Developing financing mechanisms that allow nonprofits to acquire and develop these properties.

## SITING AND FACILITIES TASK FORCE

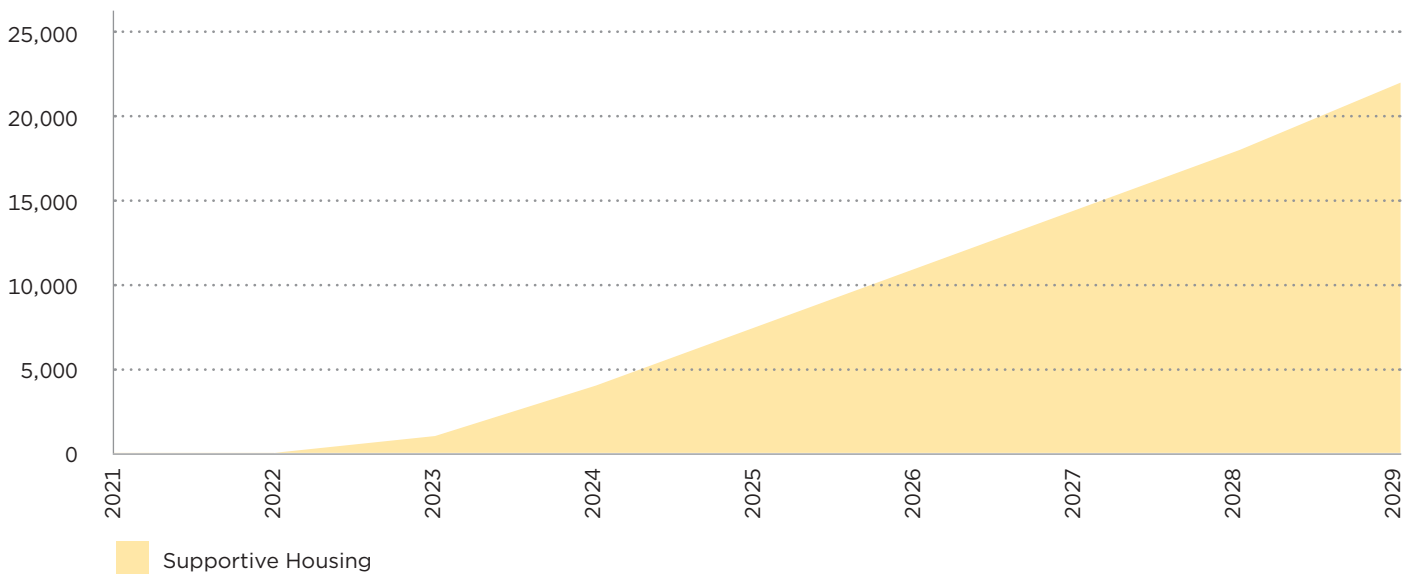
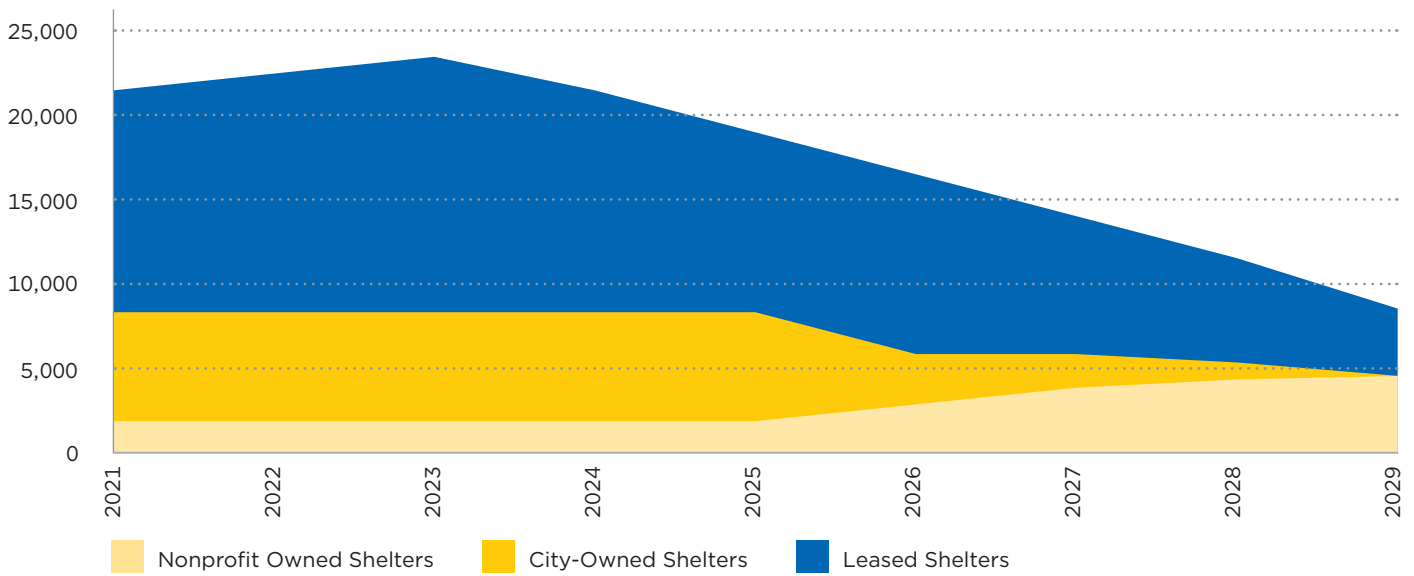
- Identifying hotel and other potential conversion sites for supportive and affordable housing; and
- Developing a community engagement plan.

## POLICY, PROGRAMMING AND PROVIDER TASK FORCE

- Analyzing demand for specialized program shelters and the approximate number of beds needed for individuals with chronic health issues, mental illness, substance use disorder, or criminal justice involvement;
- Updating service and staffing models for general and specialized program shelters;
- Identifying and recruiting nonprofit organizations to redevelop City-owned shelters and to develop new supportive housing developments; and
- Educating elected officials and community board chairs about the program.

If the legislative, financing and siting task forces act quickly, New York City could open the first tranche of 5,000 supportive units by 2024 (see Table H: Shelter Conversion Phasing Plan 2021-2029). As supportive housing units are developed, beds in leased shelters will decline from a high of 15,200 to about 4,000 beds; all beds in City-owned shelters will be eliminated; and nonprofit organizations will own and operate a total of 4,500 beds in new purpose-built shelters.<sup>53</sup>

**Table H: Shelter Conversion Phasing Plan 2021-2029**



# CONCLUSION



## PERMANENT HOUSING IS THE ANSWER TO HOMELESSNESS.

A private studio apartment is clearly more desirable than a shelter bed and locker, but supportive housing is not simply the most humane answer for individuals who need help living independently—it is also the most cost-effective solution. Each leased shelter bed that is replaced by an apartment with services is estimated to save \$19,000 per year, not including the reduction to health care costs achieved by ending tenant dependence on emergency services.

Low interest rates and the availability of surplus hotel and other properties offer the unsurpassable opportunity to build a system for single adults experiencing homelessness that is humane, effective and fiscally sound. As the shelter population shrinks, excess capacity will enable the City to reduce the dependence on leased shelters and shorten the length of stay to provide operating budget savings that more than cover financing costs.

We can create a safe, attractive and well-maintained system that preserves the dignity, health and well-being of residents and enables them to function independently. The moral imperative to improve conditions of homeless New Yorkers has always existed, but now there is an additional economic imperative. **We cannot afford to squander this chance.**



1. *Callahan v. Carey* was brought on behalf of homeless men in the New York County Supreme Court. The class action suit was settled in 1981 with a [consent decree](#) governing the provision of homeless shelters by New York City. According to the Los Angeles Homeless Services Authority, 66,436 people in Los Angeles County were homeless in January 2020. Adult individuals occupied about 5,400 emergency shelter beds. [2020 Greater Los Angeles Homeless Count](#). Los Angeles does not break out the family status of the homeless population.
2. This is based on a per capita cost of \$130.63 for an average daily shelter population of 16,934. According to the The FY 2020 Mayor’s Management Report, 20,296 single adults and 1,433 adult families entered the shelter system in Fiscal Year 2020. [Department of Homeless Services](#), pp.197-205.
3. See [DHS Daily Report](#), New York City Department of Homeless Services (August 10, 2020).
4. In July 2008, 6,649 men and women were housed in [NYC shelters. NYC Homeless Shelter Population 1983-Present](#), Coalition for the Homeless (July 2020).
5. The annual Homeless Outreach Population Estimate (HOPE) street homeless survey conducted on January 27, 2020, found that 3,857 unsheltered individuals were on the streets of New York that night, an increase of 7.5 percent compared to Fiscal 2019. [DEPARTMENT OF HOMELESS SERVICES: How We Performed in Fiscal 2020](#), Mayor’s Office of Operations.
6. Changes to the Rent Stabilized Housing Stock in NYC in 2019, [New York City Rent Guidelines Board](#) (May 27,2020). Most units were lost through high-rent/ high income deregulation, high-rent/vacancy deregulation, co-op/condo conversion, expiration of 421-a and J-51 tax benefits, substantial rehab, and conversion to commercial/professional use.
7. See [FY 2021 New York, NY HUD Metro FMR Area FMRs for All Bedroom Sizes](#), U.S. Dept. of Housing and Urban Development. The New York, NY HUD Metro FMR Area consists of the following counties: Bronx County, NY; Kings County, NY; New York County, NY; Putnam County, NY; Queens County, NY; Richmond County, NY; and Rockland County, NY.
8. “Systems Under Strain: Deinstitutionalization in New York State and City”, Stephen Eide, [Manhattan Institute](#) (November 2018).
9. More than half of State parolees were released directly into the shelter system during 2017 and 2018. [State of The Homeless 2018, Fate of a Generation](#), Giselle Routhier, Coalition for the Homeless, (March 2018).
10. According to the Fortune Society people being released from prison on parole are not considered homeless and therefore don’t qualify to live in HUD-supported housing. To become eligible, individuals returning from incarceration must live in the street or in a shelter for 90 days. New York City’s permanent supportive housing units are reserved for people who are chronically homeless, similarly excluding those recently released from jail or prison. See [How Fortune is Working to Eradicate the Prison to Shelter Pipeline](#) (October 2018).
11. [A Data-driven Re-design of Housing Supports and Services for Aging Adults who Experience Homelessness in New York City](#), Dennis Culhane, et.al. (January 2019). See also “They Just Dumped Him Like Trash’: Nursing Homes Evict Vulnerable Residents,” Jessica Silver-Greenberg and Amy Julia Harris, *The New York Times* (June 21, 2020); and “NYC nursing homes forcing residents into homeless shelters,” Frank Runyeon, *City and State* (April 4, 2016).
12. See [State of the Homeless 2020](#), Giselle Routhier, Coalition for the Homeless (March 2020), citing data from the NYC Department of Homeless Services.
13. NYC Department of Homeless Services [Data Dashboard FY 2020](#). In 1990, only one out of nine homeless single adults were between the ages of 46 and 54; 20 years later that age bracket constituted one-quarter of the population. See [A Data-driven Re-design of Housing Supports and Services for Aging Adults who Experience Homelessness in New York City](#), Dennis Culhane & Dan Treglia, et al (January 2019).
14. [The Emerging Crisis of Aged Homelessness: Could Housing Solutions Be Funded from Avoidance of E Dennis Culhane & Dan Treglia](#), et al (January 2020)
15. [State of the Homeless 2020](#), Giselle Routhier, Coalition for the Homeless (March 2020). <https://www.coalitionforthehomeless.org/wp-content/uploads/2020/03/StateofTheHomeless2020.pdf>
16. Approximately nine percent of patients seen in 2020 by medical staff at Project Renewal’s shelter-based clinics and mobile vans (other than at the organization’s mammography van) in 2020 had a diabetes diagnosis. This finding is consistent with reporting of medical conditions by Project Renewal’s other shelter clients.
17. Between June 2019 and June 2020, the number of shelter residents aged 65 and older increased by 14 percent. [DHS Data Dashboard—Fiscal Year 2020](#).

## ENDNOTES

18. NYC Depts. of Health and Mental Hygiene and Homeless Services, [The Health of Homeless Adults in New York City](#) (Dec. 2005). Mental health, substance abuse and alcohol abuse account for 69 percent of the hospitalizations compared to ten percent in the general population.
19. The death rate among those who spent at least 11 days in the single adult shelter system has been found to be twice that of the general NYC adult population. [The Health of Homeless Adults in New York City: A Report from the New York City Departments of Health and Mental Hygiene and Homeless Services](#) (December 2005).
20. [“When Crises Converge: Hospital Visits Before and After Shelter Use Among Homeless New Yorkers”](#), Health Affairs Dan Treglia, Eileen L. Johns, et al (September 2019).
21. [The Health of Homeless Adults in New York City: A Report from the New York City Departments of Health and Mental Hygiene and Homeless Services](#) (December 2005).
22. Their “medical ages” may far exceed their biological ages, with conditions such as cognitive decline and decreased mobility comparable to securely housed persons 20 years older. [“Geriatric Conditions in a Population-Based Sample of Older Homeless Adults”](#), Rebecca T. Brown, MD, Kaveh Hemati, et al, *The Gerontologist*, Volume 57, Issue 4 (August 2017).
23. [“The Emerging Crisis of Aged Homelessness: Could Housing Solutions Be Funded from Avoidance of Excess Shelter, Hospital and Nursing Home Costs?”](#) Dennis Culhane, Daniel Treglia, et al (January 2019).
24. [“New York’s Prison-to-Shelter Pipeline is Poor Option for Parolees.”](#) Dave Chappell, *Prison Legal News* (November, 6, 2018). NYCHA’s strict eviction policies are one reason why so many parolees end up in shelters. After release, former NYCHA residents imprisoned for misdemeanor charges are banned for a minimum of three years, while those arrested on felony charges can be banned for up to six years. Families caught harboring parolees are liable for eviction, as well. [“Ban on Former Inmates in Public Housing Is Eased”](#), Mireya Navarro, *The New York Times* (November 14, 2013).
25. The June 2019 average of 7,214 inmates was reduced to an average daily population of 3,878 in June 2020. Based on previous trends, as many as 2,000 former inmates may have become homeless since the onset of the pandemic. [“New York City’s Public Housing Rules Could Force Many Released Prisoners Into Homelessness.”](#) Jerry Ianelli, *The Appeal* (July 22, 2020).
26. [“Homeless Shelter Use and Reincarceration Following Prison Release.”](#) Stephen Metraux & Dennis Culhane, *Scholarly Commons*, University of Pennsylvania (January 2004).
27. All existing shelter data are based on information that was publicly available in September 2020. Project Renewal was unable to confirm the continued accuracy of this information with the Department of Homeless Services.
28. City-owned shelters include Borden Avenue, Clarke Thomas, 30th Street Shelter, Kingsboro Star, Atlantic Armory, Keener, Barbara S. Kleiman Residence, Third Street, Catherine Street, Franklin, Forbell, New Providence, Schwartz & Schwartz CSS, and Fort Washington.
29. The capacity of new shelters for homeless adults is limited to 200 beds. See NYC Administrative Code §§ 21-312 and 21-315. Facilities in former armories, hospitals and other public buildings in use prior to adoption of the law are exempted.
30. Project Renewal sought precise numbers from the Department of Homeless Services but was unable to obtain them without a Freedom of Information Law request.
31. See section 10.01(A) of the standard DHS Shelter Lease. Section 10.05 requires 10 days’ notice for termination without cause and outlines post-termination accounting and inventory procedures.
32. Lease costs are extrapolated based on the rents paid by Project Renewal at rented shelters. Escalation clauses in leases raise rents by one percent each year.
33. [Turning the Tide on Homelessness in New York City](#), New York City Mayor’s Office (2017).
34. The debt service cost shown in Table D is based on Project Renewal’s budget to redevelop a structure formerly owned by the City of New York conveyed for a nominal charge along with a deed restriction guaranteeing shelter use in perpetuity and a reversionary clause in the event that the shelter ceases operations.
35. A public-private partnership known as the New York City Acquisition Fund enables nonprofits to develop permanent housing. No parallel entity exists to facilitate the development of shelters.
36. The duties of shelter staff are stipulated by a contract between shelter operators and DHS. According to the DHS Model Staffing Plan, Adult General shelters must provide:
  - One housing specialist per 40 residents to check in concerning housing searches; and
  - One caseworker per 25 residents to set up “Independent Living Plans” and help them obtain government benefits.

The DHS Model Staffing Plan additionally requires Adult Employment shelters to provide one employment specialist per 40 residents to help them find jobs. See Request for Proposals for Shelter Facilities for Homeless Single Adults, DHS.

Although the model staffing plan for general and employment shelters does not mandate the provision of occupational therapy or behavioral services, providers like Project Renewal can negotiate to include these services in their contracts.

37. In 2017, DHS estimated that 67 percent of all single adults in the shelter system had one or more disabilities, with about 52 percent having a mental health condition and 42 percent with a physical disability. The agency also found that 16 percent of single adults receive federal disability benefits (Supplemental Security Income or Social Security Disability Insurance.) See [State of the Homeless 2020](#), Giselle Routhier, Coalition for the Homeless.
38. [NYC Dept. of Social Services, 2019 Report, Local Law 115 of 2017](#). The 2019 report is the most recent available.
39. See [FY 2020 Mayors Management Report](#) Of 20,296 persons who entered the single adult shelter system in FY 2020, only 7,890 exited to permanent housing—4,824 to subsidized units and 3,066 to unsubsidized units.
40. [NYC Homeless Shelter Population 1983-Present](#) Coalition for the Homeless (July 2020).
41. Rebecca Sauer, Director of Policy and Planning, Supportive Housing Network of New York, email to Paul Woody, Project Renewal VP, December 17, 2020. Of the 32,000 supportive units, about 14,000 are scattered site, and about 18,000 are congregate facilities, like those proposed by Project Renewal.
42. [The Impact of Supportive Housing on Surrounding Neighborhoods: Evidence from New York City, Furman Center for Real Estate & Urban Policy](#), New York University (2008). The Furman Center analyzed eighteen years of sales data for properties near 123 NYC supportive housing development and found that the sales values of the properties nearest the supportive housing developments rose over the norm.
43. [New York/New York III Supportive Housing Evaluation Interim Utilization and Cost Analysis](#), Amber Levanon Seligson, S. Lim, et al, New York City Department of Health and Mental Hygiene In collaboration with the New York City Human Resources Administration and the New York State Office of Mental Health (2013).

44. [Housing is the Best Medicine: Supportive Housing and the Social Determinants of Health](#), Corporation for Supportive Housing (July 2014). See also, [Denver Housing First Collaborative Cost Benefit Analysis and Program Outcomes Report](#), Colorado Coalition for the Homeless, Jennifer Perlman and John Parvensky (December 11, 2006).

45. Special Needs Housing Pilots, New York State Department of Health Medicaid Redesign Team (2017). Savings were attributed to a:

- 40 percent reduction in inpatient days;
- 26 percent reduction in emergency room visits;
- 44 percent reduction in inpatient substance abuse rehab admissions; and
- a 27 percent reduction in psychiatric inpatient admissions.

The Medicaid Redesign Team found that the average number of inpatient days declined by an average of 40 percent and the number of emergency room visits dropped by nearly one-third in the 12 months following housing placements, Medicaid expenditures decreased by an average of \$6,130 per person, with \$23,000 to \$52,000 in Medicaid savings realized from the top decile of individuals.

46. [“What to Do With Hotels That May Never Reopen Due to COVID,”](#) David M. Levitt, Commercial Observer (November 17, 2020). See also [“As New York Reopens, Many of Its Hotel Rooms Look Closed for Good,”](#) Peter Grant, Wall Street Journal (June 16, 2020). New York City ended 2019 with 703 hotels and 138,000 available rooms, with another 21,000 rooms in various stages of development.

47. Debt service costs will vary depending on location, market demand and the availability of a public subsidy. For example, daily debt service for the Bedford Green House supportive housing project being developed by Project Renewal is \$14.00, while Project Renewal’s proposed hotel conversion will have debt service of \$62 due to its lack of a public subsidy and higher acquisition cost.

48. The City currently spends an average of \$54,750 per year (\$150 per day) to house single adults in shelters leased from private owners. At the current growth rate, the number of individuals in leased shelters is projected to reach 22,500 by 2029 at an annual cost of more than \$1.2 billion, unadjusted for inflation. The cost of supportive housing is estimated at \$57 to \$103 per day, for an average annual cost of about \$29,000 per person (\$80/day) in 2020 dollars.

## ENDNOTES

49. New York/New York III Supportive Housing Evaluation Interim Utilization and Cost Analysis, Amber Levanon Seligson, S. Lim, et al, New York City Department of Health and Mental Hygiene in collaboration with the New York City Human Resources Administration and the New York State Office of Mental Health, 2013.
50. Title to shelter sites can be transferred through a “negotiation disposition” pursuant to NY law governing disposition of property by public authorities. See Title 5-A, Sections 2897 (6)(c)(ii)-(vi) and 2897(7) of Article 9 of the NY Public Authorities Law. A reversionary clause in the deed would insure that the property is maintained as a shelter.
51. The possible candidates for conversion would include City-owned shelters that are under the jurisdiction of DHS without excessive floor area. Large shelters in areas with high market values could be sold to private developers, generating revenue that could underwrite the creation of new purpose-built shelters.
52. Implementation will involve the coordination of multiple City agencies including the Department of Housing, Preservation and Development, Human Resources Administration, Department of City Planning, Office of Management and Budget, in addition to DHS.
53. The Phasing Plan is built on the following assumptions:
- Annual net increase of 1,000 in the number of single New Yorkers who are homeless;
  - Lead time for program development, financing, ULURP, disposition and development of NFP owned shelters will take a minimum of five years (2021 to 2025);
  - Nonprofit owned shelters would be smaller than the shelters they replace.
  - Publicly owned shelter sites on State property or Wards Island cannot be transferred to nonprofit owners;
  - Large City-owned shelter sites, like armories, would be closed but not transferred to nonprofit ownership;
  - No shelters would remain in public ownership after 2028. City-owned shelters that cannot be transferred to nonprofit owners would be closed.






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**This report was prepared by Project Renewal, Inc.**

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