



Public Advocate for the City of New York

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# **SUBSIDY SHAME: CITY PAYS LANDLORDS FOR HAZARDOUS HOUSING**

**A REPORT BY PUBLIC ADVOCATE BETSY GOTBAUM  
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# Office of the New York City Public Advocate

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**Betsy Gotbaum**  
Public Advocate for the City of New York

**PREPARED BY:**

**Jill E. Sheppard**  
*Director of Policy and Research*

**Laurel Tumarkin, Esq.**  
*Policy Research Associate*

**WITH THE ASSISTANCE OF:**

**Christine Constantinople**  
**Peter Hitt**  
*Interns*

**SPECIAL THANKS TO:**

**Valerie Vazquez**  
*Community Liaison*

**Michael Morrison**  
*Special Assistant*

## BACKGROUND

In October 2004, the Bloomberg Administration announced<sup>1</sup> a dramatic shift in its re-housing policies for families experiencing homelessness and domestic violence. The Administration said that it would discontinue its longstanding policy of providing priority access to federal housing resources to those residing in the City's shelters and that it would seek approval from New York State for a new rental assistance subsidy program called Housing Stability Plus (HSP). The Public Advocate immediately voiced her concerns about the policy changes and the new HSP program and has continued to track the program since it went into effect in December 2004.<sup>2</sup>

The Administration hopes to house up to 6,500 homeless families with children each year using HSP,<sup>3</sup> plus additional families and individuals exiting the domestic violence shelter system. The City also hopes to use HSP to move up to 1,000 households without children each year out of the shelters and into housing.<sup>4</sup> While the City intends HSP to be the primary path out of City shelters, it has not taken the necessary steps to ensure that the housing it provides through HSP is safe. The Public Advocate has found that the City's failure to establish an adequate screening process for apartment buildings used for the HSP program has resulted in families moving into hazardous housing.

The Department of Homeless Services has a history of doing business with landlords who provide shoddy housing for New Yorkers in the shelter system, as described in a May 2003 report by the Public Advocate which exposed as faulty the City's scatter-site shelter program.<sup>5</sup> Now that the City is directing additional taxpayer funds through the HSP program to landlords who provide housing for adults and children in need, it must establish procedures to ensure that the housing made available through HSP is in compliance with its own Housing Maintenance Code.<sup>6</sup>

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<sup>1</sup> New York City Department of Homeless Services, Press Releases, *City Officials Announce Sweeping Changes in Rental Assistance Delivery to Better Serve New Yorkers Both In and Outside Shelter*, October 19, 2004, available at <http://www.nyc.gov/html/dhs/html/press/pr101904.shtml>.

<sup>2</sup> In March 2005, the Public Advocate issued a report entitled "Safety Shortage: the Unmet Shelter and Housing Needs of New York City's Domestic Violence Shelters" which is available at [www.pubadvocate.nyc.gov/documents/DVShelterandHousingreportFINAL.doc](http://www.pubadvocate.nyc.gov/documents/DVShelterandHousingreportFINAL.doc). Among the concerns identified in the report is the fact that the HSP subsidy declines in value by 20% each year and terminates after five years. Additionally, those who do not receive welfare because they are employed or disabled and receiving disability benefits will not even be eligible to apply for the program.

<sup>3</sup> New York City Independent Budget Office, Fiscal Brief, *Evaluating the Fiscal Impact of the Housing Stability Plus Program*, March 2005, available at [www.ibo.nyc.ny.us](http://www.ibo.nyc.ny.us).

<sup>4</sup> New York City proposal to New York State, *Housing Stability Plus, New York City Shelter Supplement Proposal*.

<sup>5</sup> This report was entitled "Scatter Site Housing = Scatter Brain Housing" and is available at [http://www.pubadvocate.nyc.gov/reports/scatter\\_site\\_housing\\_5-2003.shtml](http://www.pubadvocate.nyc.gov/reports/scatter_site_housing_5-2003.shtml).

<sup>6</sup> NYC Administrative Code § 27-2001-2152.

## **ALL CLEAR: CITY'S APARTMENT CLEARANCE PROCESS FAILS TO EXCLUDE SHODDY HOUSING**

In order for an apartment to be rented through HSP, the landlord or broker must call DHS's Registration Hotline and specify that s/he wants to register an apartment in the program.<sup>7</sup> Information about the apartment is collected and kept in a database by DHS's Office of Rehousing. Once the apartment has been registered, there is a clearance process, during which, according to DHS, "past building and code violations are reviewed."<sup>8</sup> DHS ostensibly checks records kept by The New York City Department of Housing Preservation and Development (HPD), the agency charged with enforcement of the City's Housing Maintenance Code. It does not appear, however, that this review process actually results in buildings with serious code violations being excluded from the program.

After an apartment has been cleared, DHS will inspect it and, if necessary, provide the building owner with a list of repairs that must be made.<sup>9</sup> It is not DHS's policy to conduct a second inspection of apartments to ensure that the needed repairs are in fact made before the lease is signed by the prospective tenant. There is no compelling logistical reason to forgo a second inspection. The Administration for Children's Services, which provides HSP subsidies to families whose children are in foster care, has a policy of conducting second inspections. Under the Section 8 program, payments are not made to building owners and families cannot move in until apartments pass a rigorous inspection. Apartments are re-inspected every 12 months by the local housing authority administering the voucher for as long as the apartment remains in the Section 8 program. In contrast, DHS requires only that the landlord attest to the completion of the repairs by submitting an "Agreement to Repair" form at the lease-signing.<sup>10</sup>

Unfortunately, there is evidence that a significant percentage of landlords attest to the completion of repairs that have not, in fact, been completed. According to an audit by the office of New York City Comptroller William Thompson for fiscal years 1998 through 2001, HPD inspectors found that in 28% of cases each year, owners falsely certified the correction of code violations.<sup>11</sup>

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<sup>7</sup> New York City Department of Homeless Services, *Housing Stability Plus, Adult Services Information Packet*.

<sup>8</sup> *Ibid.*

<sup>9</sup> The checklist which inspectors use when inspecting apartments is available at [http://www.nyc.gov/html/dhs/downloads/pdf/hsp\\_apt\\_checklist.pdf](http://www.nyc.gov/html/dhs/downloads/pdf/hsp_apt_checklist.pdf).

<sup>10</sup> New York City Department of Homeless Services, *Housing Stability Plus*, available at <http://www.nyc.gov/html/dhs/html/rent/hsp.shtml>.

<sup>11</sup> New York City Comptroller's Office, *Follow-up Audit Report on the Enforcement of the Housing Maintenance Code by the Department of Housing Preservation and Development*, available at [http://www.comptroller.nyc.gov/bureaus/audit/PDF\\_FILES/MH01\\_176F.pdf](http://www.comptroller.nyc.gov/bureaus/audit/PDF_FILES/MH01_176F.pdf).

## **PUBLIC ADVOCATE’S OFFICE REVIEW OF “CLEARED” APARTMENTS**

DHS regularly distributes to the City shelters a list of apartments that have been registered in the HSP program and inspected by DHS staff. Shelter staff and residents are encouraged to use the list to find permanent housing for shelter residents. The Public Advocate’s Office obtained a copy of this list of approved apartments from DHS and checked the building addresses listed for housing code violations on HPD’s website.

In addition, advocates provided the Public Advocate’s Office a list of buildings into which homeless families with HSP vouchers have already moved. The Office ran a search for housing code violations on these buildings as well.

The violation reports on HPD’s website reflect information on three classes of housing code violations:

- *Class A*, which are violations deemed “non-hazardous,” such as minor leaks, chipping or peeling paint when no children under the age of six live in the home, or lack of signs designating floor numbers.
- *Class B*, which are violations deemed “hazardous,” such as public doors which are not self-closing, inadequate lighting in public areas, lack of posted Certificate of Occupancy, or presence of vermin.
- *Class C*, which are violations deemed “immediately hazardous,” such as inadequate fire exits, rodents, lead-based paint, lack of heat, hot water, electricity, or gas.<sup>12</sup>

## **FINDINGS**

**Buildings on DHS’s list of registered apartments have numerous violations; many are classified as most severe.**

There were 175 buildings on the list of available apartments that had been registered in the HSP program as of February 25, 2005. The buildings included on the list tended to have relatively few apartments, four being the median number of units per building.

Note that all code violations discussed in this report were issued by HPD *within the last year*.

- 69 buildings (39%) had housing maintenance code violations in the last year.
- 13 buildings (7%) had more than 50 code violations in the last year.

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<sup>12</sup> New York City Department of Housing Preservation and Development, *HPDonline glossary*, available at [http://167.153.4.71/hpdonline/help\\_glossary.aspx](http://167.153.4.71/hpdonline/help_glossary.aspx).

- 23 buildings (13%) had more than 25 code violations in the last year.
- 54 buildings (31%) had Class C code violations in the last year.
- 14 buildings (12%) had more than 10 Class C code violations in the last year.
- The buildings with the largest number of code violations included in DHS's list are the following:
  - A building on Merriam Avenue in the Bronx which had 186 violations in the past year, including 34 Class C violations.
  - A building on 20<sup>th</sup> Street in Brooklyn which had 233 violations in the past year, including 22 Class C violations.
  - A building on West 150<sup>th</sup> Street in Manhattan which had 145 violations in the past year, including 39 Class C violations.

**Buildings into which HSP program participants have moved have numerous violations, many of which are Class C violations.**

On the list provided by advocates on February 18, 2005, there were 67 buildings into which HSP program participants have moved. These buildings also tended to have relatively few apartments, six being the median number of units in the buildings.

- 27 buildings (40%) had housing maintenance code violations in the last year.
- 11 buildings (16%) had more than 50 code violations in the last year.
- 15 buildings (22%) had more than 25 code violations in the last year.
- 21 buildings (31%) had Class C code violations in the last year.
- 12 buildings (18%) had more than 10 Class C code violations in the last year.
- The buildings with the largest number of code violations included in the list of apartments into which shelter residents have already moved are the following:
  - A building on Sheridan Avenue in the Bronx which had 189 violations in the past year, including 49 Class C violations.
  - A building on East 175<sup>th</sup> Street in the Bronx which had 174 violations in the past year, including 40 Class C violations.

**When HSP program participants move into buildings in poor condition, anecdotal reports suggest that DHS is not helping families resolve the problems they encounter**

**in their new homes, even after requests for assistance.** DHS has established a “Quality Assurance Unit”<sup>13</sup> for landlords to call if they have problems with their HSP tenants, but the Unit is not intended to assist the tenants.

## RECOMMENDATIONS

- **Before allowing an individual or family to move into an apartment with an HSP voucher, DHS should ensure that the building meets the requirements of the City’s housing maintenance code.** If code violations are identified during the inspection, a second inspection should occur before the household moves in to ensure that all violations have been corrected.
- **Buildings found to have significant housing maintenance code violations issued by HPD should be screened out of the HSP program.** At a minimum, buildings with multiple Class C violations should not be included on the list of apartments that DHS encourages shelter residents searching for HSP apartments to view.
- **If HSP is to be the primary path out of shelter for homeless New Yorkers, as the City expects, the program must be made attractive to landlords who can provide safe, decent housing.** This will require improvements to the structure of the HSP program, as outlined in a recent report by the Public Advocate.<sup>14</sup> For example, there should not be a 20% reduction in the value of the subsidy, nor should the subsidy end completely after five years.

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<sup>13</sup> See 10.

<sup>14</sup> See 2. Page 15 of the report outlines recommended improvements to the HSP program.