

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

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In the Matter of the Application of ALFREDA GATHERS,
COURTNEY POSEY, and JULIA ANELLI, on behalf
of themselves and all others similarly situated,
and COALITION FOR THE HOMELESS, WOMEN IN NEED,
and NEIGHBORS TOGETHER CORPORATION,

Index No.

VERIFIED PETITION

Petitioners,

For a Judgment Pursuant to Articles 78 and 30
of the Civil Practice Law and Rules

-against-

NEW YORK CITY DEPARTMENT OF SOCIAL SERVICES;

Respondent.

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PRELIMINARY STATEMENT

1. Petitioners bring this case on behalf of themselves and all others similarly situated to prevent Respondent Department of Social Services (hereinafter “DSS”) from terminating its long-term practice and policy of paying landlords a “Unit Hold” incentive to compensate them for the time they hold apartments vacant while DSS processes the paperwork for CityFHEPS subsidies that enable homeless clients to exit shelter or avoid eviction. Without Unit Hold incentives, shelter residents will experience even greater difficulties in obtaining apartments in which they can use their subsidies and will spend more months in shelter at additional cost to the City, while tenants trying to obtain new housing in the face of eviction from unregulated apartments will be placed at greater risk of shelter entry.

2. The organizational Petitioners, in turn, will have to expend substantial additional time and resources to accomplish their mission of assisting clients in leaving shelter and obtaining stable, permanent housing.

3. On May 30, 2025, DSS announced that its Unit Hold incentive policy, which has been in place since at least 2017, would be abruptly terminated as of June 30, 2025.

4. Specifically, no matter how long the apartment had been held vacant, for people seeking housing in the community (e.g. those getting evicted or not living in shelter), Unit Hold incentives would only be offered for applications submitted for check issuance (meaning the City found no errors in the rental packet) prior to June 3, 2025. For DHS shelter providers, Unit Hold incentives would be issued only for completed packets with a lease commencing before July 1, 2025 and submitted (with no errors) prior to June 20, 2025.

5. DSS therefore violated the notice and comment provisions of the City Administrative Procedure Act (CAPA), NYC Charter §§ 1041, *et seq.* DSS's policy change is also arbitrary and capricious since it lacked any stated rationale and will cause homeless individuals and families to spend additional months in shelter, at substantially increased costs to the City itself.

6. Petitioners seek an Order pursuant to Articles 78 and 30 of the Civil Practice Law and Rules declaring DSS's proposed termination of Unit Hold incentives unlawful, and a temporary restraining order and preliminary injunction directing DSS to continue its current policy.

PARTIES

7. The Individual Petitioners are holders of CityFHEPS vouchers who reside in DSS operated shelters and are seeking permanent housing but now risk the loss of housing opportunities due to Respondent's termination of its Unit Hold policy.

8. Petitioner ALFREDA GATHERS resides at a homeless shelter in New York City.

9. Petitioner COURTNEY POSEY resides at a homeless shelter at 200 Tillary Street, Brooklyn, NY.

10. Petitioner JULIA ANELLI resides at the College Point homeless shelter at 127-03 20th Avenue, Queens, NY.

11. The Organizational Petitioners are advocacy and social service groups that devote considerable resources to assisting shelter residents in locating and leasing permanent housing with CityFHEPS and other housing subsidies and also assist subsidized tenants in eviction proceedings who are seeking to locate new housing before the City marshal evicts them from their apartments.

12. Petitioner COALITION FOR THE HOMELESS ("the Coalition"), the Coalition is a non-for-profit organization that engages in advocacy and direct services. It maintains its principal place of business at 129 Fulton Street, New York, NY.

13. Petitioner NEIGHBORS TOGETHER CORPORATION ("Neighbors Together"), is a community-led non-profit organization founded in 1982, serving homeless individuals throughout New York City. It maintains its principal place of business at 2094 Fulton Street, Brooklyn, NY.

14. Petitioner WOMEN IN NEED (“WIN”), is a non-for-profit organization and the largest provider of shelter and services to homeless families with children in New York City. It maintains its principal place of business at One State Street Plaza, 18th Floor, New York, NY.

15. Respondent NEW YORK CITY DEPARTMENT OF SOCIAL SERVICES (“DSS”) is the executive agency of the City of New York responsible for the operation and administration of the CityFHEPS Rental Assistance programs for New York City residents. It maintains its principal offices at 150 Greenwich Street, New York, NY.

JURISDICTION

16. The Court has jurisdiction over Petitioners' claims pursuant to CPLR § 7801 and C.P.L.R. §§ 3001.

VENUE

17. Venue is proper in the County of New York pursuant to C.P.L.R. §§ 7804(b) and 506(b) because Respondent’s principal offices are in New York County.

STATEMENT OF FACTS

18. New York City currently has 86,059 human beings residing in its shelters, including 31,439 children.¹ Shelter stays are traumatic, resulting in lost employment opportunities, family breakups, and impaired educational achievement for homeless children.

¹ NYC Shelter Census, June 17, 2025, available at <https://www.nyc.gov/assets/dhs/downloads/pdf/dailyreport.pdf>

Maintaining the shelter system currently costs the City nearly \$4 billion annually, of which \$2.5 billion is from City tax levies.²

19. To enable shelter residents to locate permanent housing and reduce City expenditure on shelter, DSS created a variety of housing subsidy programs so that shelter residents could afford to rent apartments.

20. In 2017, DSS created the CityFHEPS program which replaced a complex variety of earlier subsidy programs, and adopted formal rules for the program in 2018 by adding Chapter 10 to Title 68 of the Rules of the City of New York.³ DSS's authority to create CityFHEPS arises from New York City Charter §§ 603 and 1043 and New York Social Services Law ("SSL") §§ 34, 56, 61, 62, 77, and 131-a.

DSS's Unit Hold Policy

21. From the inception of CityFHEPS, DSS maintained a policy of paying landlords a "Unit Hold" incentive that would induce them to refrain from renting vacant units to non-subsidy holders while DSS processed the paperwork necessary for subsidy approval and conducted the required unit inspections.⁴

22. Given the similarity between the lease up process for CityFHEPS, Family Homelessness Eviction Prevention Supplement (FHEPS) , Special One Time Assistance

² Note on the Fiscal 2025 Executive Plan and the Fiscal 2025 Executive Capital Commitment Plan for Committee on Finance and the Committee on General Welfare, available at <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2024/05/DHS-1-1.pdf>

³ City Record, Vol. 145, No. 189, at 5328 (Sept. 28, 2018). CityFHEPS stands for City Fighting Homelessness and Eviction Prevention Supplement.

⁴ DSS Policy Bulletin #17-84-OPE; DSS Policy Bulletin #2024-012.

(SOTA), and HRA HOME Tenant-Based Rental Assistance Program (“TBRA”), DSS has also maintained a policy of offering Unit Hold incentives to owners participating in these programs.

23. Over a five-year period, DSS expended approximately \$45 million for Unit Hold incentives to expedite shelter exits for 24,000 individuals and families, or about \$2,000 per household.⁵ Such an outlay represents far less than the cost of even a single month’s additional shelter stay for a single adult – \$144 per day, or \$4500 per month.⁶

24. On May 30, 2025, DSS abruptly announced in an email to housing advocates that, for applications submitted by Homebase, Adult Protective Services (APS), Administration for Children Services (ACS), Department of Youth and Community Development (DYCD), or legal services providers, it would no longer pay Unit Hold incentive after June 30, and that payment would be offered only on applications filed as complete on or before June 3, 2025. For DHS shelter provider applications, the payment would only be offered on applications filed as complete before June 20, 2025 with a lease commencing before July 1, 2025. DSS did not submit its controversial rule change to the notice and comment procedures of the City Administrative Procedure Act (CAPA). It did not publish its new policy in the City Register or schedule a hearing for public comment. It has also provided no explanation or reasoning for this abrupt rescission of a longstanding policy that has benefited tens of thousands of vulnerable New Yorkers seeking to exit the shelter system and which will, if left in place, continue to benefit tens of thousands more.

⁵ Thomas DiNapoli, State Comptroller, “Administration of the CityFHEPS Program for DHS Shelter Residents,” at 13, available at <https://www.osc.ny.gov/state-agencies/audits/2024/10/30/administration-cityfheps-program-department-homeless-services-shelter-residents>.

⁶ Mayor’s Management Report 2025, Dep’t of Homeless Services, p.219, Table 1b, available at <https://www.nyc.gov/assets/operations/downloads/pdf/pmmr2025/dhs.pdf>

The CityFHEPS Rental Process⁷

25. Although CityFHEPS subsidy levels are now aligned with Section 8 Fair Market Rents in non-exception payment standards,⁸ locating and leasing an apartment still takes shelter residents many months. Landlords frequently withdraw rental offers due to delays in CityFHEPS approval, consigning shelter residents to renewed searches for scarce available units. Advocates who assist shelter residents with apartment searches and rent-ups attest that Unit Hold incentives often make the difference in persuading landlords to wait for the City's subsidy processing to be completed.

26. Under the CityFHEPS program, applicants who are found eligible for the rental subsidy are given a "shopping letter" to use in their search for an apartment in the New York City rental market. There are many administrative delays and inefficiencies in the process of securing a shopping letter. For example, while most public benefits applications can be submitted directly by the applicant via the online app AccessHRA, applications for CityFHEPS must go through an intermediary, either DHS staff, contracted shelter operator, or Homebase provider, and requires use of a separate platform called CurRent that does not easily sync with the Welfare Management System (WMS), the primary platform through which public assistance benefits are administered.

27. Once a shopping letter is finally in hand, the applicant can begin their search for an apartment. Unfortunately, there is little support offered to apartment hunters in the process to identify an affordable unit that fits the "payment standard" detailed in the shopping letter, to

⁷ Because the CITYFHEPS process is similar to SOTA, FHEPS and other programs formerly qualifying for the Unit Hold incentive, we focus on CITYFHEPS in this Petition.

⁸ The Exception Payment Standard for the Section 8 program in New York City offers higher payment standards for high opportunity zip codes based on market rents in those zip codes. CityFHEPS and other programs that once benefited from the Unit Hold incentive do not offer the exception payment standard, limiting the stock of housing available to program participants.

navigate the pitfalls of source of income discrimination, and to finally submit an application to the landlord or broker in hopes of being approved.

28. Once an application to rent an apartment has been approved by the landlord or broker, the process to complete the CityFHEPS rental assistance subsidy has only just begun.

The process to lease-up with a CityFHEPS subsidy includes the following steps:

- a. Pre-Clearance: First, the landlord/broker or shelter case worker must perform a “Pre-Clearance” to rule out administrative barriers to renting a new apartment with a subsidy. Pre-Clearance examines the deed and ensures the person holding themselves out as the landlord is the actual owner. The City can also flag major violations of the housing code that may make the property unsafe for the prospective tenant.
- b. Inspection: Second, once the unit passes Pre-Clearance, the unit must be inspected for health and safety concerns, usually in person. This inspection process requires the owner to provide access to an inspector on a specific date so the inspector can go through a checklist regarding health and safety. Depending on schedules, it may take a week or so to arrange the inspection. There might be additional delay for first floor units, which must be inspected by DHS workers (rather than shelter staff).
- c. Housing Packet/Proposed Lease: Third, extensive paperwork must be completed by the landlord/broker. The Housing Packet includes a proposed lease agreement and more than a dozen pages of information. Owners, brokers, and prospective tenants need to sign these forms. The process is not automated online and must be completed manually. A field can easily be left blank by accident, leading to the

packet's rejection upon DHS review and sent back to a provider to amend and re-submit

- d. DHS review of Housing Packet: Upon completion and review by shelter staff, the Housing Packet will be sent to DHS for review. This process can take a few weeks.
- e. Corrections: If DHS identifies any missing information, or even a typographical error (e.g. a missing unit number) or a blank field (Tax ID number), the packet will be rejected and sent back for correction.
- f. DHS Re-review: Once DHS receives a corrected packet, if all mistakes are remedied, DHS requests checks for the apartment. If DHS finds more mistakes, DHS sends the packet back to the shelter. Most packets need several rounds of correction. Often, a re-review requires the landlord to issue a new lease (due to the amount of time that has passed). The owner is usually reluctant to issue a new lease for a later date without reassurance that they will receive a unit hold incentive.
- g. Re-budgeting: Another factor that delays the check issuance is called "re-budgeting." If the applicant's income changes during the lease up process, the applicant must be "re-budgeted" to account for a change in the tenant portion of rent. This process can take days or even weeks.
- h. Check Issuance: The checks can take a few weeks to be issued. Once the checks are issued, the tenant can finally receive their keys.

29. Throughout this lengthy process, applicants who are over income for cash assistance, must maintain an active "single issuance" cash assistance case. However, "single

issuance” cases automatically close after thirty days and must be reopened. Closure of the “single issuance” case causes rejection of the applicant’s rental package: the applicant must then reopen their case and resubmit the package, leading to weeks or months of additional delay.

30. These lengthy processes and unacceptable delays have become routine and systemic. The Organizational Petitioners find that landlords and brokers are weary of, and wary of, City rental subsidy programs, even though they offer guaranteed revenue, because of the lengthy administrative delays and backlog.

31. As a result, the Unit Hold incentive has become an integral component of the CityFHEPS program. Landlords and brokers have priced-in the Unit Hold incentive as partial compensation for the uncertain number of months of delay.

32. Respondent’s end of the Unit Hold policy has already started to cause and will continue to cause the loss of numerous apartments and the prolongation of shelter stays of potentially thousands of members of the proposed petitioner class.

The Effects of Prolonged Shelter Stays

33. Prolonging the stay of homeless households in shelter, or risking additional shelter entries by households facing eviction and desperately seeking alternative housing will have serious and detrimental effects upon this vulnerable population.

34. The effects of homelessness on children, particularly children’s educational outcomes are severe and well documented. Homeless children are more likely to experience acute and chronic health problems, including respiratory infections, ear disorders, and gastrointestinal disorders. Additional health problems were attributed to hunger and poor

nutrition among homeless children.⁹ Homeless children were also found to have greater instances of developmental delays, likely due to disruptions in childcare and instability in shelter placements.¹⁰ Levels of clinical depression, anxiety, and behavior problems were also found to be higher among homeless children than their poor housed peers.¹¹ *See also*, Giselle Routhier, Coalition for the Homeless, “Voiceless Victims: The Impact of Record Homelessness on Children,” September 25, 2012, available at <https://www.coalitionforthehomeless.org/wp-content/uploads/2014/06/BriefingPaper-VoicelessVictims9-25-2012.pdf>

35. Studies find that homeless students changed schools more frequently, repeated grades more often, and reported worse school experiences than their housed peers. Additionally, homeless children “scored approximately six percentile points worse than housed children on both reading and mathematics achievement, controlling for earlier achievement” prior to their shelter stay. *Id.*, (collecting literature).

36. Homeless adults also experience severely adverse health effects, with increased risk for infectious and non-infectious diseases, mental illness, alcohol and substance use disorder, diabetes, and heart and lung disease. Stress, uncertainty, and threats to safety while experiencing homelessness increase risk for mental illnesses, such as anxiety, depression, and post-traumatic stress disorder (PTSD).¹²

⁹ Marissa Long, “How Families and Children are Affected by Experiencing Homelessness”, October 2022, The Home More Project, [How Families and Children are Affected by Experiencing Homelessness – The HomeMore Project](#).

¹⁰ Resetting Policies to End Family Homelessness Ellen L. Bassuk, Jacqueline A. Hart, and Effy Donovan The Bassuk Center, Needham, Massachusetts 02494, USA.

¹¹ Thompson, E. L., Galvin, A. M., Rohr, D., Klocek, C., Lowe, H., & Spence, E. E. (2020). Navigating the system for families experiencing homelessness: a community-driven exploration of barriers encountered. *Journal of Children and Poverty*, 26(2), 253–267. <https://doi.org/10.1080/10796126.2020.1835131>

¹² US Centers for Disease Control, “Health and Homelessness,” October 15, 2024, available at <https://www.cdc.gov/homelessness-and->

Individual Plaintiff Facts**ALFREDA GATHERS**

37. Petitioner Alfred Gathers is 58 years old and has resided in a homeless shelter in New York City since December 9, 2024. Prior to that, she lived with her sister, who had no space for her.

38. Ms. Gathers is a survivor of domestic violence which contributed to her housing instability.

39. She also suffers from numerous medical ailments, including lesions on her brain which result in memory loss. She walks with a cane because of mobility impairments. She has numerous doctors' appointments each week.

40. Because of her health conditions, Ms. Gathers is not able to work. She receives Social Security Disability benefits in the amount of \$1,257 a month.

41. The shelter is not an appropriate place for her to live because of her health issues. There are ten women in her room. She requires a CPAP machine which she hasn't been able to use for three months.

42. In January 2025, Ms. Gathers was able to identify a private apartment by herself. She submitted an application at that time; it was accepted by the landlord in February and she went to see the apartment.

43. The landlord submitted all required documents to the shelter in March 2025. The first lease was set to begin in April at a monthly rent of \$1,511.

health/about/index.html#:~:text=People%20experiencing%20homelessness%20are%20at,and%20heart%20and%20lung%20disease.

44. In the middle of March, Ms. Gathers asked the caseworker at the shelter if the package had been submitted to DHS. The Director of the shelter said she hadn't even submitted the packet, which was sitting on her desk.

45. In the middle of April, the shelter reached out to the leasing office to ask for a new document submission for a lease start date of May 1st.

46. Ms. Gathers has received very little information from shelter staff about her application. She has been working with Coalition For The Homeless who has been submitting inquiries on her behalf. The Coalition tells her they have learned that there are errors in her pre-clearance package.

47. At the beginning of June, Ms. Gathers's contact at the leasing office told her that her boss had said that the process was taking too long, and perhaps they should rent the apartment to somebody else. The leasing agent is putting pressure on her to complete the process of renting the apartment but there is nothing she can do until the City processes her application.

48. Ms. Gathers is very worried that she will lose this affordable apartment. She is concerned that now that the City is ending its Unit Hold incentive policy, the landlord will have no reason to continue to hold this apartment for her and she will have to start the process all over again.

COURTNEY POSEY

49. Petitioner Courtney Posey is a 36-year-old woman currently living in a homeless shelter at 200 Tillary Street in Brooklyn. She lives in a room that holds ten people.

50. She entered the shelter system most recently about six months ago after she was displaced from her apartment at 2350 Broadway in the Upper West Side, but she has had experience with the shelter system for her whole life. Ms. Posey was previously at four other

shelters, including most recently at the shelter on Eldert Lane which she had to leave because there was a violent incident that made her feel unsafe.

51. Ms. Posey is currently self-employed as a commercial and residential cleaner. Her income is variable but averages under \$20,000 a year.

52. In February 2025, Neighbors Together helped connect Ms. Posey to an apartment at 160 Allen Street in the Lower East Side. She visited the apartment on February 12 and told her housing specialist at Neighbors Together that she wanted to sign a lease. Her housing specialist told her that the apartment was available through a settlement of a lawsuit that required the landlord to set aside some apartments in their buildings for CityFHEPS voucher holders, and that he would tell the lawyer for the landlord that she would like to rent the apartment.

53. The lease was supposed to start on March 1, 2025. On February 26, the shelter staff at Tillary told Neighbors Together and Ms. Posey that no documents were needed at that time.

54. Neighbors Together handled a lot of the paperwork and procedures with the shelter and DHS.

55. Despite the fact that her lease was supposed to start on March 1, Ms. Posey heard very little from the shelter about the status of her application that month.

56. In April, she reached out to the staff at the shelter to tell them that DSS had told her that her packet had not even been submitted yet by the housing team at Tillary. The housing specialist told her that she had to go in to sign a necessary form, which she then signed the next day.

57. Upon information and belief, since then the process of getting a CityFHEPS voucher and finalizing approval of the apartment has been delayed significantly through the inaction of the shelter staff at Tillary and by DHS.

58. Ms. Posey has waited now for five months and is very worried that now that the City is ending its Unit Hold incentive program, the landlord will have no reason to continue to hold the Allen Street apartment, and she will have to start the process all over again.

JULIA ANELLI

59. Petitioner Julia Anelli is a 61-year-old woman currently living in a homeless shelter in College Point, Queens, New York. She lives in a room that holds 12 – 15 women in a facility that houses over 200 homeless women.

60. Ms. Anelli entered shelter in January 2025 after a year of temporary living arrangements with friends and family that were no longer sustainable.

61. After being placed at College Point, Ms. Anelli applied to over 21 apartments and in March, located a unit in Bushwick, Brooklyn.

62. Although the building's owner was prompt and cooperative, Ms. Anelli's lease approval process was plagued with delays. Shelter staff omitted information and made errors that caused her application to be repeatedly rejected.

63. In addition, approval of a CityFHEPS subsidy is conditioned on maintenance of an active "single issuance" cash assistance case. However, because "single issuance" cases automatically close after 30 days, Ms. Anelli's CityFHEPS application was repeatedly rejected, and Ms. Anelli had to spend days or even weeks reopening her cash assistance case so that she could resubmit her CityFHEPS application.

64. Residing in shelter has greatly hindered Ms. Anelli's attempts to find a job and become self-supporting. The shelter has no wi-fi, and no private space for her to conduct online job interviews. She is also precluded from seeking employment on a remote basis because she has no space from which to work.

65. It has now been over three months since Ms. Anelli first located the apartment in Bushwick. She is concerned that now that the City is ending its unit hold program, the landlord will have no reason to continue to hold the apartment for her and she will have to start the process all over again.

Organizational Plaintiff Facts

Coalition for the Homeless

66. COALITION FOR THE HOMELESS ("the Coalition") is the United States' oldest advocacy and direct service organization helping homeless individuals and families.

67. Founded in 1981, the Coalition is a non-for-profit organization that engages in advocacy and direct services. The Coalition serves a total of 3,500 people each day through 12 direct service programs.

68. The Coalition served as an organizational Plaintiff in the landmark *Callahan v. Carey* litigation that established the right to shelter for single men under the New York State Constitution in 1981. To support the expansion of that right, Coalition also served as an organizational Plaintiff in successor cases establishing the right to shelter for single women and families.

69. The Crisis Intervention Program ("Crisis"), one of the Coalition's 12 direct service programs, serves 300 individuals and families each week through both in person services and a hotline. Clients approach Crisis at various stages of attempting to exit shelter. They may

believe they qualify for a voucher or subsidy but have experienced undue delays in receiving access to a program like CityFHEPS. Further, clients face rampant source of income discrimination that makes getting accepted to an apartment difficult. Most of Coalition's clients search for many months or even years for a permanent home. Clients who do identify a landlord willing to accept their programs often experience months of administrative delays in the "lease up" process.

70. Crisis staff assist clients experiencing delays in the leasing up process are at high risk of losing their apartment. Coalition often establishes contact with an owner, manager or real estate agent only to learn that, by this point, they have waited more than a month and are threatening to re-let the unit. To help assuage landlord concerns about lost rental income, Coalition staff reminds them that owners are entitled to a Unit Hold incentive (one month of rent). This also persuades landlords to re-issue leases for another month in the future as required by program rules.

71. In the experience of the Coalition's staff, often the only way to induce a landlord or real estate agent not to re-let a vacant unit during the lease-up process is to reassure them that they will be compensated at least one month with a Unit Hold incentive. Coalition's clients now therefore risk losing the opportunity to move into stable permanent housing as a result of the Unit Hold Incentive program being terminated.

72. Based on Coalition's experience, now that the Unit Hold incentive is being eliminated, the Coalition and its clients are suffering and will continue to suffer irreparable harm because landlords will have no incentive to endure the lengthy and arduous CityFHEPS lease up process, and countless homeless families and individuals will remain homeless and lose out on affordable apartments that they could have called home.

73. Coalition staff have encountered innumerable clients who will be prejudiced by DSS's ill-advised and unlawful termination of its Unit Hold policy, as shown by the following case examples.

74. M.S. is a single 39-year-old woman currently residing at an adult shelter. Ms. S. works as a physical therapy technician and secured a CityFHEPS shopping letter. In February 2025, she identified an affordable apartment located on Surf Avenue in Brooklyn but has been unable to navigate the unduly cumbersome process to complete the CityFHEPS lease up application. Ms. S. turned to her caseworker at the Crisis Intervention Program for help in February, unable to easily contact her housing specialist. Coalition staff determined confirmed that documents were submitted blank or not attached to her application. Further documents for a different apartment were appended to her case in error and included information for case workers the client had never met. Ms. S. submitted new pay stubs each month but was asked to re-budget her income with public assistance, delaying the process. A corrected package was not able to be submitted for her until the end of April due to delays at her shelter. In mid-May, her package had been returned to the site at least twice for corrections, blowing past her May move date. Her lease start date had to be extended three times. Negotiations with her prospective landlord, conducted by Coalition our staff, were facilitated by the Unit Hold incentive, which incentivized her private landlord to remain patient and stick with DHS' inefficient processes for lease-up.

75. Ms. S. was finally able to move into her new home on June 11, 2025, after five months of advocacy. In the professional judgment of Coalition staff, the Unit Hold incentive was instrumental to keeping the landlord engaged in the process.
76. W.M. is a single mother trying to support her family of three with only her wages. W.M.'s family were residents of Icahn House, a family shelter, when they reached out to Coalition's Crisis Intervention Program for assistance. Ms. M. identified an apartment on Hoe Avenue in Brooklyn in October of 2024 and had been trying to gain approval to move in for a few months before contacting the Coalition in December for assistance. She had been having trouble navigating the CityFHEPS lease up-process and both she and her prospective landlord could not get a clear answer from the shelter staff about how to move forward. For three additional months, Crisis Intervention staff worked with the landlord and DHS staff, attempting to sort out details of changing inspection requirements and client paperwork before the landlord ultimately declined to continue the process.
77. Fortunately, Ms. M. identified a second affordable unit on 173rd Street. This time, Coalition's Crisis team was involved from the start and was able to ensure a more straightforward process. The Coalition was able to establish contact with the landlord to share information about incentives like the Unit Hold and to communicate what the steps in the process might look like. Coalition's intervention and its ability to offer the Unit Hold incentive led to Ms. M's move-in a few months ago.
78. These examples, in addition to the stories of the Individual Petitioners, illustrate how the Unit Hold incentive is essential to compensate for the systemic delays in Respondent's

own housing subsidy procedures. If DSS ends the Unit Hold incentive without remedying the delays that make it necessary, DSS will greatly impede the exit of households from shelter, and also increase the time and effort required by organizations like Coalition that try to assist homeless clients in obtaining permanent housing.

Neighbors Together

79. Neighbors Together Corporation (“Neighbors Together”) is a community-led non-profit organization founded in 1982, serving homeless individuals throughout New York City but with a focus in some of the lowest income areas in the City, such as Brownsville, Ocean Hill and Bedford Stuyvesant.

80. Neighbors Together serves 700 free healthy meals per day, or 12,000 meals per year in their Community Cafe to homeless New Yorkers. Neighbors Together also maintains a Community Action Program that centers its membership’s participation in organization, policy, and legislative action.

81. As part of its Empowerment Program, Neighbors Together helps individuals and families directly or through referrals with tax filing, benefits issues, and housing rights.

82. Neighbors Together assists individuals and families seeking housing with a voucher or subsidy program. Most of their members encounter rampant source of income discrimination and Neighbors Together assists them by providing Know Your Rights information, helping them search online for housing, and instructing them on how to capture and report source of income discrimination.

83. Neighbors Together’s members include individuals and families facing end-of-lease holdover proceedings, meaning they have no way to maintain their apartments long-term and must move. Many seek to move with a subsidy such as CityFHEPS or FHEPS. These

members face significant pressures because housing court judges will refuse to extend their time to move if they do not locate an apartment (or an apartment falls through).

84. Many members in holdover eviction cases cannot find an apartment due to source of income discrimination and other kinds of discrimination (such as national origin, race, disability, and presence of children). The consequences of housing discrimination prove dire. Families may face forcible eviction by armed Marshal; they may be displaced from their community; they may have to disrupt their children's education midyear; they may find themselves doubled up in unsafe apartments; and they may need to enter the shelter system. Neighbors Together works hard to prevent these negatives outcomes by engaging in diligent apartment searches with our members and helping them lease up.

85. In the experience of Neighbors Together's staff, the Unit Hold incentive proves an integral part of the negotiation process in securing permanent housing for its members. An owner, particularly a small owner, will often feel a lot of financial pressure while waiting for checks from City or State rental programs. Without the Unit Hold Incentive, Neighbors Together will have no way to alleviate that pressure.

86. If Neighbors Together is not able to offer incentives to owners to Unit Hold incentives, the only recourse is real-time enforcement (i.e landlords and brokers incurring significant financial penalties for refusing to hold units). However, the New York City Commission on Human Rights ("CCHR") does not have the staffing or the right to go to court to seek injunctive relief and force landlords to hold units during administrative delays and there are few housing attorneys to whom Neighbors Together can make a real time referral before the unit is re-let.

87. The lack of a Unit Hold incentive will stop shelter move outs and result in more people entering shelter (due to an inability to move with CityFHEPS). In addition, more of Neighbors Together's members will face eviction by a marshal if their apartment moves fall through due to the delays. A couple of examples illustrate the importance of Unit Hold Incentives in securing permanent housing and allowing shelter exits.

88. Ms. B.: Failure to Obtain an Apartment

- a. At the end of May, Neighbors Together encountered met Ms. B, a single mother who is living in family shelter with her two children. She had been in the shelter system since late 2023. She is an asylum seeker who earns minimum wage. Ms. B entered the shelter system in late 2023 and speaks Spanish only. She has no credit history and no residential history outside of her shelter stays.
- b. After more than a year in shelter, Ms. B was issued a CityFHEPS shopping letter for a two-bedroom apartment. She had spent a few months looking for an apartment and had not had any luck. Ms. B's daughter has a mobility impairment, but she was willing to would live anywhere outside of shelter, even a walk up.
- c. Ms. B struggled to find an apartment for various reasons. First, she could not communicate with landlords and brokers in English easily. But her biggest challenge was that as soon as she mentioned her CityFHEPS program, she received no further response.
- d. Inclusive of utilities, Ms. B's CityFHEPS shopping letter states she can rent a unit for up to \$3,027. While searching on Streeteasy.com ("StreetEasy") together during a housing search in late May 2025, Ms. B and I inquired about a two-bedroom apartment in Queens near her daughter's school and her work. The rent

for the apartment was well within the payment standard (around \$2,700). Once Ms. B revealed she had CITYFHEPS, the broker leasing the unit told her that he had to “check with the tenant” and couldn’t confirm a time for her to view the unit. Ms. B. followed up but got no response (known as “ghosting.”)

- e. Shortly after Ms. B inquired about the apartment, a staff member at Neighbors Together reached out to the broker to see if he would offer the staff member a viewing of the unit if he mentioned only employment income. The broker immediately offered the staff member a chance to see the unit and did not mention any prospective tenants or barriers to moving forward with the process.
- f. Ms. B reported this discriminatory treatment to CCHR’s Pre-Complaint Intervention (“PCI”)Unit. CCHR’s Intervention Specialist did respond immediately, but the broker made clear the owner was eager to rent the unit immediately and lose no rent. Given the cancellation of the Unit Hold incentive, Neighbors Together had no way to induce the owner to hold the unit for Ms. B. The owner claimed that the unit was “no longer available” and the intervention failed. Ms. B remains homeless.

89. Ms. S.: Successful Move in With Unit Hold Incentive

- a. In late 2023, Neighbors Together met Ms. S, a single mother of three (3) children. Ms. S was facing eviction and needed to move with a CITYFHEPS voucher.
- b. Ms. S came to Neighbors Together for support in locating an apartment for her family. After some diligent searching, she encountered source of income discrimination. With Neighbors Together’s guidance, she submitted the reports to CCHR’s PCI unit for intervention.

- c. CCHR reached the owner but, as a small owner of just three rental units and one building, the owner felt anxious about the months of lost rent associated with CITYFHEPS lease ups. Neighbors Together reassured him that they would work to expedite the lease up and that he would receive a one-month Unit Hold Incentive.
- d. In this case, most of the delays were typical; time for Pre-Clearance, inspections, and paperwork.
- e. The client moved into her new home on January 8, 2024 after almost two full months of waiting. The owner was compensated for one month of that time and the landlord-tenant relationship started off on a positive note.
- f. To date, Ms. S and her three (3) children are doing well in their home.

90. Neighbors Together believes that the loss of the Unit Hold Incentive is having a devastating and irreparable impact on its members currently and will have a devastating and irreparable impact on our members going forward.

Women in Need (WIN)

91. WIN is the largest provider of shelter and services to families with children experiencing homelessness in New York City. WIN operates 16 shelters and nearly 500 supportive housing units across the five boroughs. Each night, nearly 7,000 people, including 3,800 children, call WIN “home.”

92. WIN strongly believes in the potential of CityFHEPS, the New York City rental assistance program, to play a pivotal role in ending New York City’s homelessness crisis. WIN has been a leading voice in support of the program since its inception in 2018. At the same time,

however, WIN has advocated for improvements to the litany of administrative issues that have long undermined the program and have caused unnecessary delays

93. Although the CityFHEPS program is a lifeline for WIN clients eager to move into their own home, navigating the many administrative procedures and real-world obstacles can be arduous, and many promising opportunities are lost due to delay. Advocates at WIN believe that the CityFHEPS Unit Hold Incentive is critical to solicit buy-in from landlords and brokers to endure the long application, approval, and check disbursement process.

94. Under the CityFHEPS program, applicants who are found eligible for the rental subsidy are given a “shopping letter” to use in their search for an apartment in the New York City rental market. There are many administrative delays and inefficiencies in the process of securing a shopping letter. Then, once a shopping letter is finally in hand, the family can begin their search for an apartment.

95. After an often-lengthy apartment search, WIN regularly helps clients in navigating a torturous lease-up process, including Pre-Clearance and inspection of the prospective unit, completion of extensive paperwork, which is frequently returned to the client for corrections and supplementation, rebudgeting and renewal of the client’s public assistance case, and finally issuance of rent checks.

96. WIN follows client families through all steps of this process, from first applying for a shopping letter to finally moving in. This process takes no less than a few months in nearly all cases even if there are no major complications.

97. Lengthy processes and unacceptable delays have become routine. Landlords and brokers are weary of rental subsidy programs, even though they offer guaranteed revenue, because the administrative delay and backlog. As a result, the City began issuing the “Unit Hold”

incentive, which is equal to one month of rent paid to the landlord. Initially issued upon discretion, it became agency policy due to its marked success in ensuring that CityFHEPS participants who find apartments are able to lease up and move in.

98. Two examples illustrate how the process is experienced by WIN's clients.

99. Case Example A: Bronx Apartment Falls Through

- a. Client A is a single mother of three children who entered shelter in October 2024. She has been actively searching for housing that would allow her to stay connected to her support network in the North Bronx and Yonkers. She was thrilled to find a beautiful apartment in the Bronx, right where she was hoping to live.
- b. She works part-time at an afterschool program, and despite the challenges of balancing work, parenting, and living in shelter, she worked with WIN's housing team to submit a complete housing package. However, her case required a re-budget before final approval could be issued.
- c. In the past, the landlord she was working with has been reliable and has held units while CityFHEPS processing issues were sorted out for other WIN clients. This time, however, when informed that a re-budget was necessary, the landlord abruptly informed WIN's housing team that they would not be able to hold the unit during the delay. As a result, this mother and her three children lost out on a rare opportunity to move out of shelter into a home that would have provided stability, familiarity, and proximity to family.

- d. The only difference between Ms. A's result and those of prior clients is the elimination of the Unit Hold incentive, highlighting our fear that this is the first of many lost housing opportunities due to the loss of this essential incentive.
100. Case Example B: Brooklyn Apartment Jeopardized by Delays and Errors
- a. Client B is a single mother of three children who has been in shelter since August 2024. She is from Brooklyn and has made it a priority to stay in the borough so that she and her children can remain in the neighborhood they call home.
- b. After weeks of searching, Client B secured a unit in Brooklyn that met her family's needs. She worked with her Housing Coordinator, and submitted her CityFHEPS application on June 2, 2025. Despite the time-sensitive nature of housing placements, no one at DHS reviewed the packet until June 15, nearly two weeks later. When it was finally reviewed, the packet was rejected due to a missing check mark and the absence of one child's Social Security number. If these minor clerical errors had been identified quickly, the WIN team could have rectified them in a matter of minutes, rather than waiting for weeks.
- c. In the meantime, the property owner has grown increasingly anxious and has begun asking about the Unit Hold incentive. Without it, they are now signaling they will likely back out if these delays are dragged out.
- d. Client B and her housing coordinator are racing against the clock to save the unit, but it is unclear whether they will succeed. The impending loss of the Unit Hold is making it far harder to reassure landlords during processing delays that are entirely out of the client's control.

101. In the professional judgment of WIN staff, the Unit Hold incentive has become an integral component of the CityFHEPS program. Landlords and brokers have priced in the Unit Hold incentive as partial compensation for the uncertain number of months of delay.

102. Based on WIN's experience, if the Unit Hold incentive is eliminated, WIN and its clients will suffer irreparable harm because landlords will have no incentive to endure the arduous CityFHEPS lease up process and countless homeless families will lose out on affordable apartments that they could have called home.

CLASS ALLEGATIONS

103. This action may be properly maintained as a class action under the provisions of Article 9 of the N.Y. C.P.L.R.

104. The proposed class is defined as: all individuals and households who are seeking, or will seek, apartments with housing subsidy vouchers and would have been eligible for payment of a unit hold fee under DSS's existing policy.

105. This class is so numerous that joinder of all members is impracticable. Although the exact number and identities of the members of the Class are currently unknown to Petitioners, on information and belief, the practices complained of herein affect no less than forty five households as there are thousands of households that are in shelter and in the community who are searching for apartments with CityFHEPS vouchers and would have been eligible for payment of unit hold fees to prospective landlords but for DSS's unlawful action.

106. Nearly all factual, legal, and statutory relief issues that are raised in this Petition are common to, and will apply uniformly to, each member of the Class.

107. There are questions of fact and law common to the class, including but not limited to, whether DSS acted lawfully in terminating its unit hold policy without following CAPA procedures.

108. The Individual Petitioners' claims are typical of the claims of the class in that each Petitioner is currently seeking to rent an apartment with a City subsidy, and would be eligible for a Unit Hold incentive to prevent the loss of the unit they are seeking to lease, but for the City's unlawful termination of their Unit Hold incentive policy.

109. Declaratory and injunctive relief are appropriate for the class because Respondents' failure to act is applicable to the class.

110. There are no material conflicts between the claims of Petitioners and the members of the Class that would make class certification inappropriate.

111. The named Petitioners and the proposed class are represented by The Legal Aid Society, whose attorneys are experienced in class action litigation and will adequately represent the class. Counsel for the Class will vigorously assert the claims of all members of the Class and Sub-Class.

112. A class action is superior to other available methods for a fair and efficient adjudication of this matter in that the prosecution of separate actions by individual class members would unduly burden the Court and create the possibility of conflicting decisions.

FIRST CAUSE OF ACTION – CITY ADMINISTRATIVE PROCEDURE ACT

113. Petitioners repeat and realleges each and every allegation in the preceding paragraphs as if set forth herein in full.

114. The New York City Charter requires Respondent to promulgate rules pursuant to CAPA, NYC Charter § 1041 *et seq.*

115. Respondent DSS announced the termination of its Unit Hold incentive policy without adhering to any of CAPA’s requirements—in particular failed to schedule a public hearing and invite public comment before revoking its policy and practice with respect to Unit Holds.

116. CPLR § 7801 *et seq.* provides a right of action against governmental officers and entities who have “failed to perform a duty enjoined upon [them] by law.”

117. Petitioner is entitled to a judgment under CPLR § 7806 vacating and annulling Respondent’s action of terminating its Unit Hold policy, and a declaration pursuant to CPLR 3001 holding that Respondent’s action was in violation of law.

SECOND CAUSE OF ACTION – ARBITRARY AND CAPRICIOUS CONDUCT

118. Petitioners repeat and realleges each and every allegation in the preceding paragraphs as if set forth herein in full.

119. DSS’s preemptory termination of its longstanding unit hold policy will discourage landlords from waiting for DSS approval of units for CityFHEPS voucher holders, increasing the loss of prospective units and the prolongation of residents stay in shelter.

120. Extended stay in shelter inflicts a wide variety of harms upon residents, particularly upon children, including adverse health effects, job loss and loss of educational attainment.

121. In contrast, over the past five years, DSS expended only \$2,000 per household in Unit Hold fees to prevent loss of apartments and expedite shelter exits.¹³ Such an outlay represents far less than the cost of even a single month's additional shelter stay for a single adult – \$144 per day, or \$4,500 per month.¹⁴

122. DSS's change in policy therefore harms shelter residents and families facing eviction, while actually increasing its own costs, and therefore is arbitrary and capricious and must be annulled.

WHEREFORE, Petitioners request the following relief:

- a) Certification of the Class proposed by Petitioners, appointment of the Petitioners as representatives of the Class, and appointment of Petitioners' counsel as Counsel for the Class;
- b) A declaratory judgment that DSS's termination of its unit hold policy violated CAPA;
- c) Injunctive relief directing DSS to continue providing unit holds to eligible clients;
- d) Payment of Petitioners' reasonable attorneys' fees and costs and expenses in an amount to be determined at a hearing or trial; and
- d) Such other, further or different relief as the Court deems just and proper.

¹³ Thomas DiNapoli, State Comptroller, "Administration of the CityFHEPS Program for DHS Shelter Residents," at 13, available at <https://www.osc.ny.gov/state-agencies/audits/2024/10/30/administration-cityfheps-program-department-homeless-services-shelter-residents>.

¹⁴ Mayor's Management Report 2025, Dep't of Homeless Services, p.219, Table 1b, available at <https://www.nyc.gov/assets/operations/downloads/pdf/pmmr2025/dhs.pdf>

Dated: June 20, 2025
New York, NY


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Counsel for Petitioners

VERIFICATION

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

Lindsey Davis deposes and says:

1. I am the Senior Director of Crisis Services at Coalition for the Homeless, a petitioner in the above-entitled proceeding
2. I have read the contents of the foregoing petition
3. The information stated therein is true to my own knowledge except to those matters therein stated to be alleged upon information and belief, and as to those matters, I believe the information to be true.
4. I affirm this 20th day of June, 2025, under the penalties of perjury under the laws of New York, which may include a fine or imprisonment, that the foregoing is true, and I understand that this document may be filed in an action or proceeding in a court of law.



 Lindsey Davis

VERIFICATION

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

Joel Gil deposes and says:

1. I am the Housing Services Specialist for Neighbors Together Corp., a petitioner in the above-entitled proceeding.
2. I have read the contents of the foregoing petition.
3. The information stated therein is true to my own knowledge except to those matters therein stated to be alleged upon information and belief, and as to those matters, I believe the information to be true.
4. I affirm this 20th day of June, 2025, under the penalties of perjury under the laws of New York, which may include a fine or imprisonment, that the foregoing is true, and I understand that this document may be filed in an action or proceeding in a court of law.



JOEL GIL

VERIFICATION

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

Chris Mann deposes and says:

1. I am the Assistant Vice President of Policy and Advocacy at Win, a petitioner in the above-entitled proceeding.
2. I have read the contents of the foregoing petition
3. The information stated therein is true to my own knowledge except to those matters therein stated to be alleged upon information and belief, and as to those matters, I believe the information to be true.
4. I affirm this 20th day of June, 2025, under the penalties of perjury under the laws of New York, which may include a fine or imprisonment, that the foregoing is true, and I understand that this document may be filed in an action or proceeding in a court of law.



 CHRIS MANN

VERIFICATION

STATE OF NEW YORK)
 :
COUNTY OF NEW YORK) ss.:

Alfreda Gathers deposes and says:

- 1. I am a petitioner in the above-entitled proceeding
- 2. I have read the contents of the foregoing petition
- 3. The information stated therein is true to my own knowledge except to those

matters therein stated to be alleged upon information and belief, and as to those matters, I believe the information to be true.

4. I affirm this 18th day of June, 2025, under the penalties of perjury under the laws of New York, which may include a fine or imprisonment, that the foregoing is true, and I understand that this document may be filed in an action or proceeding in a court of law.



Alfreda Gathers

VERIFICATION

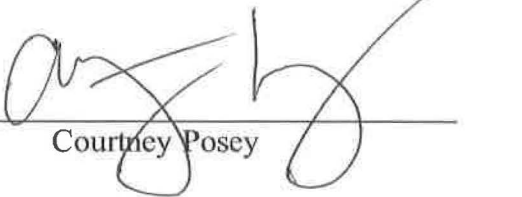
STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

Courtney Posey deposes and says:

- 1. I am a petitioner in the above-entitled proceeding
- 2. I have read the contents of the foregoing petition
- 3. The information stated therein is true to my own knowledge except to those

matters therein stated to be alleged upon information and belief, and as to those matters, I believe the information to be true.

4. I affirm this 18th day of June, 2025, under the penalties of perjury under the laws of New York, which may include a fine or imprisonment, that the foregoing is true, and I understand that this document may be filed in an action or proceeding in a court of law.



Courtney Posey