



JOINT WRITTEN TESTIMONY OF THE LEGAL AID SOCIETY AND COALITION FOR THE HOMELESS BEFORE THE NEW YORK CITY HUMAN RESOURCES ADMINISTRATION (HRA) OPPOSING THE ELIMINATION OF THE CITYFHEPS UNIT HOLD INCENTIVE

Introduction

The Legal Aid Society and the Coalition for the Homeless appreciate the opportunity to submit comments on the proposal to amend Section 10-15 of Chapter 10 of Title 68 of the Rules of the City of New York to discontinue “Unit Hold payments,” which enables landlords to hold rental units for CityFHEPS applicants while their applications are being processed.

We submit this joint testimony in strong opposition to the Human Resources Administration’s (HRA) proposal to eliminate the Unit Hold incentive within the CityFHEPS program. This proposal threatens to undo years of progress in moving homeless New Yorkers into stable housing and preventing eviction-driven shelter entry. The Unit Hold incentive has long been a crucial feature of the CityFHEPS system—one that makes the program workable for landlords, feasible for caseworkers, and lifesaving for homeless families. Eliminating it would result in longer shelter stays, reduced landlord participation, higher costs to the City, and increased hardship for thousands of vulnerable New Yorkers.

The Purpose and Proven Value of the Unit Hold Incentive

The Unit Hold incentive was created to address a chronic and well-documented problem: the long processing times required by HRA to review and approve CityFHEPS applications, complete necessary inspections, and issue payments. During this period—often measured in weeks or months—landlords must keep apartments vacant and absorb the loss of rental income. The Unit Hold payment compensates them for that gap, ensuring that apartments remain available for voucher holders while the City completes its administrative process.

This policy remains central to making CityFHEPS viable in New York City’s competitive rental market. Over the past five years, HRA has invested approximately \$45 million in Unit Hold payments, facilitating permanent housing placements for roughly 24,000 households at an average of \$2,000 per family. This modest cost pales in comparison to the City’s shelter expenditures, which average \$4,500 **per person per month**. Every household that remains in shelter because a landlord withdraws an apartment due to delays costs the City and the public significantly more.

Advocates and housing providers consistently attest that Unit Hold incentives make the difference between a successful placement and a lost opportunity. Landlords who might otherwise decline to work with the City are persuaded to do so because of the assurance that they will not bear the cost of administrative delay. The incentive thus serves as both a stabilizing mechanism and a critical trust-building tool between HRA and the private rental market.

Administrative Realities of the CityFHEPS Process

Although HRA now seeks to abolish the Unit Hold policy, it has not addressed the systemic dysfunctions that make the incentive necessary in the first place. The CityFHEPS process remains complex, slow, and largely paper-based, requiring coordination across multiple agencies, contractors, and technology platforms that do not communicate with one another.

Applicants who are found eligible for CityFHEPS are issued a “shopping letter” authorizing them to search for an apartment within a defined rent range. Yet even obtaining this document can take weeks or months. Unlike most public benefits applications, which can be submitted directly by applicants through AccessHRA, CityFHEPS applications must be routed through intermediaries such as DHS shelter

staff, contracted shelter operators, or Homebase providers. These intermediaries must use a separate system called CurRent, which does not interface seamlessly with the Welfare Management System (WMS), the City's primary benefits administration platform.

Once a shopping letter is issued, clients must search for a landlord willing to accept it. They often face discrimination and limited housing supply. Even when they succeed, the actual lease-up process is lengthy and uncertain. After the landlord approves a tenant, the application must go through multiple steps: pre-clearance of property ownership, physical inspection, completion of a voluminous housing packet, multi-level review, repeated corrections and resubmissions for even minor clerical errors, income rebudgeting if financial circumstances change, and finally, issuance of rent checks.

Throughout this process, applicants who are over-income for ongoing cash assistance must maintain a temporary "single issuance" case. These cases automatically close after 30 days and must be reopened repeatedly, often leading to rejection of the rental package and requiring resubmission from the beginning. Each cycle of delay erodes landlord confidence and jeopardizes the apartment.

In practice, these bureaucratic obstacles force landlords to hold apartments vacant for months while waiting for HRA to complete its approvals. Many owners, particularly small landlords, cannot afford to absorb that loss. The Unit Hold incentive compensates them for that waiting period and prevents apartments from being withdrawn. It is, quite literally, the mechanism that allows the City's housing bureaucracy to function.

The reality, as both advocates and landlords confirm, is that without the Unit Hold payment, most property owners will no longer participate in CityFHEPS. The City's own inefficiencies will thus translate directly into lost housing opportunities for homeless New Yorkers.

The Human Cost of Eliminating the Unit Hold Incentive

In August 2025, more than 103,391 New Yorkers, including over 35,000 children, were living in shelters.¹ The DHS shelter system alone costs the City nearly \$4 billion

¹ <https://www.coalitionforthehomeless.org/>

annually, with \$2.5 billion coming from City tax levies. Yet the true cost of prolonged homelessness cannot be measured in dollars alone.²

Homelessness inflicts severe and lasting harm on health, education, and family stability. Children in shelters are far more likely to experience developmental delays, chronic illness, hunger, and behavioral challenges. Frequent school transfers disrupt learning and contribute to academic decline. Adults experience elevated rates of chronic disease, anxiety, depression, and post-traumatic stress disorder.

Every administrative delay that forces a family to remain in a shelter longer than necessary compounds this harm. When a landlord withdraws an apartment because the City cannot finalize a lease in time, that family loses a lifeline. The Unit Hold incentive prevents those outcomes by keeping units available until the process is complete. It is a simple, cost-effective measure that shields families from unnecessary trauma and accelerates the path from homelessness to stability.

Impact on Housing Access

Landlord participation is essential to the success of all rental assistance programs. Without willing property owners, vouchers are meaningless. Yet landlords' confidence in the City's subsidy programs has eroded due to chronic processing delays and inconsistent communication. The Unit Hold incentive represents a concrete acknowledgment of those challenges and a commitment by the City to share the burden of its own inefficiencies.

Removing the incentive will have predictable consequences. Landlords will decline to hold apartments for voucher holders, opting instead to rent to market-rate tenants who can move in immediately. The resulting loss of participation will sharply reduce the already limited pool of available apartments for CityFHEPS tenants. For families in shelter or on the brink of eviction, this will mean longer searches, fewer opportunities, and more returns to homelessness.

For advocates and service providers, including the Legal Aid Society and the Coalition for the Homeless, this change will create cascading burdens. Our staff will spend scarce time and resources assisting clients as they restart their search after prior offers are

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/wpcontent/uploads/sites/54/2024/05/DHS-1-1.pdf>

revoked. Each lost unit represents a family kept in shelter longer, and each delay multiplies the human and fiscal toll on the City.

Fiscal and Policy Considerations

Eliminating the Unit Hold incentive is fiscally short-sighted. The small savings realized by ending the payment will be far outweighed by the increased cost of longer shelter stays and delayed placements. Each household kept in a shelter even one month longer erases the savings of dozens of foregone Unit Hold payments.

Moreover, the incentive supports the City's statutory mission under the New York City Charter and the Social Services Law to provide effective housing assistance and prevent homelessness. It aligns with HRA's duty to ensure that programs like CityFHEPS function efficiently and equitably. Removing it would undermine both the spirit and the effectiveness of that mandate.

A Step Backward for Housing Stability

Ending the Unit Hold incentive will not only delay shelter exits, it will also accelerate shelter entries. Many households facing eviction rely on CityFHEPS to secure new housing before displacement. Without a mechanism to hold apartments while their subsidies are processed, these tenants will lose viable housing opportunities and enter the shelter system unnecessarily.

This proposal thus threatens to widen the front door into homelessness while narrowing the exit. The City, landlords, and advocates will all bear the consequences. The Unit Hold incentive is not a luxury. It is an operational necessity that sustains the effectiveness of the CityFHEPS program and the City's broader homelessness prevention infrastructure.

Conclusion

The Legal Aid Society and the Coalition for the Homeless strongly urge HRA to withdraw this proposed rule. The Unit Hold incentive is a proven, cost-effective, and indispensable policy tool that enables thousands of New Yorkers to transition from shelter to permanent housing. Eliminating it will deepen the City's homelessness crisis, increase public costs, and inflict avoidable harm on families and children.

The path forward is not to dismantle what works, but to improve what does not. HRA should focus on reducing administrative delays, modernizing its systems, and maintaining the incentives that make landlord participation possible. Preserving the Unit Hold incentive is essential to ensuring that CityFHEPS continues to serve its core purpose: helping New Yorkers secure and sustain stable homes.

About The Legal Aid Society

The Legal Aid Society (“LAS”), the nation’s oldest and largest not-for-profit legal services organization, is more than a law firm for clients who cannot afford to pay for counsel. It is an indispensable component of the legal, social, and economic fabric of New York City – passionately advocating for low-income individuals and families across a variety of civil, criminal, and juvenile rights matters, while also fighting for legal reform. This dedication to justice for all New Yorkers continues during the COVID-19 pandemic. The Legal Aid Society has performed this role in City, State, and federal courts since 1876. It does so by capitalizing on the diverse expertise, experience, and capabilities of more than 2,000 attorneys, social workers, paralegals, and support and administrative staff. Through a network of borough, neighborhood, and courthouse offices in 26 locations in New York City, LAS provides comprehensive legal services in all five boroughs of New York City for clients who cannot afford to pay for private counsel.

LAS’s legal program operates three major practices — Civil, Criminal, and Juvenile Rights — and receives volunteer help from law firms, corporate law departments and expert consultants that is coordinated by LAS’s Pro Bono program. With its annual caseload of more than 300,000 legal matters, The Legal Aid Society takes on more cases for more clients than any other legal services organization in the United States. And it brings a depth and breadth of perspective that is unmatched in the legal profession.

The Legal Aid Society’s unique value is an ability to go beyond any one case to create more equitable outcomes for individuals and broader, more powerful systemic change for society as a whole. In addition to the annual caseload of 300,000 individual cases and legal matters, LAS’s law reform representation for clients benefits more than 1.7 million low-income families and individuals in New York City and the landmark rulings in many of these cases have a State-wide and national impact.

The Legal Aid Society is uniquely positioned to speak on issues of law and policy as they relate to homeless New Yorkers and the administration of public benefits. The Legal Aid Society is counsel to the Coalition for the Homeless and for homeless women and men in the *Callahan* and *Eldredge* cases. The Legal Aid Society is also counsel in the *McCain/Boston* litigation in which a final judgment requires the provision of lawful shelter to homeless families. LAS, in collaboration with Hughes Hubbard Reed LLP settled *Toliver v. New York City Department of Social Services* on behalf of current and past recipients of CityFHEPS and FHEPS rental subsidies.

About Coalition for the Homeless

The Coalition for the Homeless (“Coalition”), founded in 1981, is a not-for-profit advocacy and direct services organization that assists more than 3,500 homeless and at-risk New Yorkers each day. The Coalition advocates for proven, cost-effective solutions to address the crisis of modern homelessness, which is now in its fifth decade. The Coalition also protects the rights of homeless people through litigation involving the right to emergency shelter, the right to vote, the right to reasonable accommodations for those with disabilities, and life-saving housing and services for homeless people living with mental illnesses and HIV/AIDS.

The Coalition operates 12 direct-services programs that offer vital services to homeless, at-risk, and low-income New Yorkers. These programs also demonstrate effective, long-term, scalable solutions and include: permanent housing for formerly homeless families and individuals living with HIV/AIDS; job-training for homeless and low-income women; and permanent housing for formerly homeless families and individuals. Our summer sleep-away camp and after-school program help hundreds of homeless children each year. The Coalition’s mobile soup kitchen, which usually distributes 800 to 1,000 nutritious hot meals each night to homeless and hungry New Yorkers on the streets of Manhattan and the Bronx, had to increase our meal production and distribution by as much as 40 percent and to distribute PPE and emergency supplies during the COVID-19 pandemic. But growing food insecurity, increased homelessness, and the arrival of thousands of people in desperate need have greatly increased demand for emergency meals and resources provided by this program. Finally, our Crisis Services Department assists more than 1,000 homeless and at-risk households each month with eviction prevention, individual advocacy, referrals for shelter and emergency food programs, and assistance with public benefits as well as basic necessities such as diapers, formula, work uniforms, and money for medications and groceries. Since the pandemic, we have been operating a special Crisis Hotline (1-888-358-2384) for homeless individuals who need immediate help finding shelter or meeting other critical needs.

The Coalition was founded in concert with landmark right-to-shelter litigation filed on behalf of homeless men and women (*Callahan v. Carey* and *Eldredge v. Koch*) and remains a plaintiff in these now consolidated cases. In 1981, the City and State entered into a consent decree in *Callahan* through which they agreed: “The City defendants shall provide shelter and board to each homeless man who applies for it provided that (a) the man meets the need standard to qualify for the home relief program established

in New York State; or (b) the man by reason of physical, mental or social dysfunction is in need of temporary shelter.” The *Eldredge* case extended this legal requirement to homeless single women. The *Callahan* consent decree and the *Eldredge* case also guarantee basic standards for shelters for homeless men and women. Pursuant to the decree, the Coalition serves as court-appointed monitor of municipal shelters for homeless single adults, and the City has also authorized the Coalition to monitor other facilities serving homeless families. In 2017, the Coalition, fellow institutional plaintiff Center for Independence of the Disabled – New York, and homeless New Yorkers with disabilities were represented by the Legal Aid Society and pro-bono counsel White & Case in the settlement of *Butler v. City of New York*, which is designed to ensure that the right to shelter includes accessible accommodations for those with disabilities, consistent with Federal, State, and local laws. During the pandemic, the Coalition worked with the Legal Aid Society to support homeless New Yorkers, including through the *E.G. v. City of New York* Federal class action litigation initiated to ensure Wi-Fi access for students in DHS and HRA shelters, as well as *Fisher v. City of New York*, a lawsuit filed in New York State Supreme Court to ensure homeless single adults gain access to private hotel rooms instead of congregate shelters during the pandemic.

