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# Housing and Safe Shelters for Homeless New Yorkers

By Eric Rosenbaum

**President and CEO, Project Renewal**

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# SUMMARY

**QUESTION:** *How can New York create more supportive housing for those experiencing homelessness, and revamp the City's adult shelter system?*

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## WHY IMPORTANT:

1. Homelessness has been an intractable, growing problem in New York City. The city's homeless population has grown by 1,000 people per year in the adult shelter system, doubling the size of adult homeless population over last decade.
  2. Many of the City's shelters are poorly designed, expensive to operate, and drain city resources.
  3. The conditions of City shelters make it difficult to serve the needs of homeless single adults, which results in many of these individuals pursuing independent living on the street.
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## RECOMMENDATIONS:

1. Convert underutilized hotels and other distressed buildings into permanent housing for homeless and low-income adults.
  2. Transfer City-owned shelter sites to nonprofit operators and finance the development of thoughtfully designed "purpose-built" shelters.
  3. Provide integrated and client-focused services that promote mental health and independence through program and shelter design.
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## CONSTRAINTS:

1. Acquiring and converting hotels and other distressed properties is a significant, and complex, financial undertaking.
  2. Current state and local land use law prevents hotels, or commercial buildings, in certain areas from being converted to residential use.
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# INTRODUCTION

Homelessness has been an intractable, growing problem in New York City. The City's homeless population has grown by 1,000 people per year in the adult shelter system, doubling the size of adult homeless population over last decade. While a majority of the homeless shelters are run by nonprofits, the current system is largely made up of buildings owned by the city (36%) and private landlords (55%).<sup>1</sup> Many of these shelters are poorly designed, expensive to operate, and drain the City's resources. The conditions and services of these shelters make it difficult to serve the needs and safety of homeless single adults, which therefore increases the preference of this population to pursue independent living on the street. Now, there is a chance to transform the system.<sup>2</sup> Due to the COVID-19 pandemic, there is an increase in availability of affordable real estate in New York City for the first time in 30 years. This is a golden opportunity for the City to create more supportive housing and revamp the adult shelter system. Project Renewal (PRI) recommends three key initiatives to transform New York City's current adult shelter system:

1. **Rapid conversion of underutilized hotels and other distressed buildings into permanent housing for homeless and low-income adults.** It is estimated that 30% of New York City hotels are in arrears on their mortgage payments, and, as a result, as many as 25,000 hotel rooms are expected to close permanently.<sup>3</sup>
2. **Transferring City-owned shelter sites to nonprofit operators and financing the development of thoughtfully designed “purpose-built” shelters.** Currently, only 9% of the shelter buildings are owned by non-profit operators.<sup>4</sup>
3. **Providing integrated and client-focused services that promote mental health and independence through program and shelter design.** According to the 2019 DHS Master Facilities Directory May report, only 6,000 beds are available in program shelters that offer specialized services focusing on mental health and substance use disorders, or the needs of special populations.<sup>5</sup>

PRI's recommendations will enable the City to create 22,000 supportive and affordable housing units for single adults within the next eight years. It will also help the city reduce the number of single adult shelter beds to 8,500 by 2029 and save more than \$350 million annually from the closure of costly shelters leased from private developers. To implement and drive the process of these recommendations and actions,

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<sup>1</sup> See Table C

<sup>2</sup> Source: May 2019 DHS Master Directory and NYC Department of Finance Tax Records.

<sup>3</sup> David Levitt, “What to Do With Hotels that May Never Reopen Due to COVID,” *Commercial Observer*, November 17, 2020. <https://commercialobserver.com/2020/11/new-york-hotels-never-reopen-due-to-covid/>. See also: Peter Grant, “As New York Reopens, Many of Its Hotel Rooms Look Closed for Good,” *Wall Street Journal*, June 16, 2021, <https://www.wsj.com/articles/as-new-york-reopens-many-of-its-hotel-rooms-look-closed-for-good-11592308800>. New York City ended 2019 with 703 hotels and 138,000 available rooms, with another 21,000 rooms in various stages of development.

<sup>4</sup> Source: May 2019 DHS Master Directory and NYC Department of Finance Tax Records.

<sup>5</sup> Source: May 2019 DHS Master Facilities Directory.



leadership from City Hall and the creation of task forces is required. If the task forces move quickly, the City could have its first 5,000 units of supportive housing available by 2024.

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## BACKGROUND

The landmark Supreme Court victory case *Callahan v. Carey* in 1981 established the constitutional right of homeless adults to shelter. In 1990 and 2005, a groundbreaking collaboration between New York City and New York State under the New York/New York Agreements, created some 15,000 units of supportive housing for the most vulnerable homeless New Yorkers, among whom many have mental illness.<sup>6</sup> Since then, New York City has provided substantially more shelters to single adults than other cities. Based on the Fiscal Year (FY) 2020 Mayor’s Management Report, the Department of Homeless Services (DHS) oversees the operations of single adult shelters with a budget of more than \$807 million, with an average per client cost of more than \$56,000.<sup>7</sup> However, since 2010, there has been a surge in the number of homeless single adults — making this segment the fastest growing population, doubling to more than 19,000 individuals.<sup>8</sup> As of October 2020, the number peaked to almost 20,000 individuals.<sup>9</sup> PRI projects that the population size will exceed 30,000 by 2029 and the cost to shelter homeless single adults will nearly double to \$1.5 billion.

To combat this surge, local and state officials have implemented a number of policies. For example, in 2015, Mayor Bill de Blasio proposed building 15,000 supportive housing units over a 15-year period (NYC 15/15). His administration unveiled a comprehensive plan to “Turn the Tide on Homelessness” in 2017. The plan included a Borough-based approach to addressing the homelessness crisis, which included a reimagined shelter strategy that would eliminate the use of cluster apartment units entirely by the end of 2021, and commercial hotel facilities by the end of 2023. Similarly, ex-Governor Andrew Cuomo promised 6,000 supportive units statewide (Empire State Supportive Housing Initiative) in 2016. While these policies were successful in slowing the growth of homeless adults seeking shelter, they did not succeed in reducing the size of the shelter population. Moving forward, it is important to address the following factors in order to simultaneously minimize the size and growth of single adults:

- The shortage of affordable housing — The lack of permanent housing options has increased the shelter population by about 1,000 individuals per year, while simultaneously increasing the

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<sup>6</sup> “The NY/NY Agreements to House Homeless Mentally Ill Patients,” *Center for Urban Community Services*, [www.cucs.org/wp-content/uploads/2019/07/NY-NY-I-II-III-Housing-Eligibility-2019.pdf](http://www.cucs.org/wp-content/uploads/2019/07/NY-NY-I-II-III-Housing-Eligibility-2019.pdf).

<sup>7</sup> This is based on a per capita cost of \$130.63 for an average daily shelter population of 16,934. According to the FY 2020 Mayor’s Management Report, 20,296 single adults and 1,433 adult families entered the shelter system in Fiscal Year 2020. “Mayor’s Management Report,” *City of New York*, September 2020, 197–205. [https://www1.nyc.gov/assets/operations/downloads/pdf/mmr2020/2020\\_mmr.pdf](https://www1.nyc.gov/assets/operations/downloads/pdf/mmr2020/2020_mmr.pdf).

<sup>8</sup> Dennis Culhane et al., “The Emerging Crisis of Aged Homelessness: Could Housing Solutions Be Funded from Avoidance of Excess Shelter, Hospital and Nursing Home Costs?” *University of Pennsylvania actionable Intelligence for Social Policy*, January 2019, <https://www.aisp.upenn.edu/wp-content/uploads/2019/01/Emerging-Crisis-of-Aged-Homelessness-1.pdf>.

<sup>9</sup> See Table A.



average duration of stay for shelter residents to 431 days, corresponding to a 73% increase in the past decade.

- Paucity and slow pace of supportive housing development — In FY 2020, only 7,890 shelter residents moved to permanent housing and, of these, only 1,329 relocated into supportive housing.<sup>10</sup>
- Closure of state psychiatric centers — Over half of New York’s homeless population suffers from some form of mental illness and pre-existing health conditions like diabetes.<sup>11</sup> As a result of this, homeless New Yorkers are three times more likely to end up in the emergency room and are four times more likely than the general population to be hospitalized.<sup>12</sup>
- Shrinking criminal justice system is increasing the shelter population — About 54% of New York state parolees in 2017 went directly to shelters and, during the pandemic, this number has increased.<sup>13</sup> This inability to find stable housing affects their social and economic wellbeing. One study found that over 32% of former individuals released to shelter were re-incarcerated within two years.<sup>14</sup>
- Racial inequity and aging issues faced by shelter residents — As of June 2020, New York City’s male shelter resident population was 59% African American, 27% Latinx, and 4% Asian or of unknown ethnicity.<sup>15</sup> It is estimated that, by 2030, nearly 6,000 shelter residents will be over the age of 65.

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<sup>10</sup> “Mayor’s 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.

<sup>11</sup> Giselle Routhier, “State of the Homeless 2020,” *Coalition for the Homeless*, March 2020, <https://nyf.issuelab.org/resources/37960/37960.pdf>.

<sup>12</sup> 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,” *City of New York*, December 2005, <https://www1.nyc.gov/assets/doh/downloads/pdf/epi/epi-homeless-200512.pdf>.

<sup>13</sup> Dale Chappell, “New York’s Prison-to-Shelter Pipeline is a Poor Option for Parolees,” *Prison Legal News*, November, 6, 2018, <https://www.prisonlegalnews.org/news/2018/nov/6/new-yorks-prison-shelter-pipeline-poor-option-parolees/#:~:text=New%20York's%20Prison%20to%20Shelter%20Pipeline%20is%20Poor%20Option%20for%20Parolees,-Loaded%20on%20Nov&text=The%20state's%20Department%20of%20Corrections,system%20at%20any%20given%20time>. 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. See also: Mireya Navarro, “Ban on Former Inmates in Public Housing Is Eased,” *The New York Times*, November 14, 2013, <https://www.nytimes.com/2013/11/15/nyregion/ban-on-former-inmates-in-public-housing-is-eased.html>.

<sup>14</sup> Stephen Metraux and Dennis Culhane, “Homeless Shelter Use and Reincarceration Following Prison Release,” *University of Pennsylvania Scholarly Commons* (January 2004), [https://repository.upenn.edu/cgi/viewcontent.cgi?article=1118&context=spp\\_papers](https://repository.upenn.edu/cgi/viewcontent.cgi?article=1118&context=spp_papers).

<sup>15</sup> 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: Dennis Culhane and dan Treglia, et al., “A Data-Driven Re-Design of Housing Supports and Services For



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## RECOMMENDATIONS

### **1. Convert hotels and other distressed properties into permanent supportive housing, which would provide safe and humane living conditions for a fraction of the cost of new construction.**

Supportive housing is a proven solution that benefits both communities and residents on their journey to self-sufficiency. PRI's eight-year plan to acquire and convert 22,000 supportive and affordable housing units from abandoned hotels and other distressed properties will finally reduce the census in shelter. Supportive housing saves more than \$20,000 per person per year compared to shelter, and housing with mental health services will reduce Medicaid costs by 15%. Reducing the census and 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.<sup>16</sup> One study shows that 50% of supportive housing tenants had improved physical health and 40% had improved mental health outcomes.<sup>17</sup> Thus, supportive permanent housing is the safest and most cost-effective option for New York City, as well as homeless single adults.

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Aging Adults Who Experience Homelessness in New York City,” *University of Pennsylvania Actionable Intelligence for Social Policy*, January 2019, <https://www1.nyc.gov/assets/cidi/downloads/pdfs/Aging-Homeless-Study-Report.pdf>.

<sup>16</sup> See Table G: Projected 2029 Shelter Costs.

<sup>17</sup> “Housing is the Best Medicine: Supportive Housing and the Social Determinants of Health, Corporation for Supportive Housing,” *The Cooperation for Supportive Housing*, July 2014, [http://www.csh.org/wp-content/uploads/2014/07/SocialDeterminantsofHealth\\_2014.pdf](http://www.csh.org/wp-content/uploads/2014/07/SocialDeterminantsofHealth_2014.pdf). See also: Jennifer Perlman and John Parvensky, “Denver Housing First Collaborative Cost Benefit Analysis and Program Outcomes Report,” *Colorado Coalition for the Homeless*, December 11, 2006, [https://shnny.org/uploads/Supportive\\_Housing\\_in\\_Denver.pdf](https://shnny.org/uploads/Supportive_Housing_in_Denver.pdf).



## **2. Give nonprofit shelter operators ownership and control of "city-owned shelters" under DHS jurisdiction.**

The shelters will be operated and redeveloped by nonprofits as "purpose-built shelters" designed specifically for the population in need.<sup>18</sup> Under DHS's new purpose-built shelter term sheet model, a long-term operating contract will cover the cost of permanent loan debt service for acquisition, construction costs, and shelter operating costs. This guaranteed income stream will ensure long-term facility upkeep, financial stability for operators, and mitigate risk prior to contract registration. The City should facilitate site acquisition through a rapid-access fund that can cover pre-development expenses. New Providence, a city-owned shelter in East Midtown, is an example of how this recommendation can be implemented. Following the transfer of ownership, PRI plans to redevelop the shelter into a new 21-story, 133,000-square-foot building that will provide 171 emergency beds for single adult women with embedded mental health and substance abuse services, as well as 130 permanent studio apartments for single adults. In addition, a street-level primary care clinic will be open to both residents and the larger community.

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## **3. Promote health and independence through the design of programs and shelters.**

The most effective shelters have on-site services including primary care, psychiatry, substance use treatment, and occupational therapy, in addition to traditional case managers and housing specialists. These services are client-oriented so residents can achieve autonomy. An extension clinic like PRI's Mobile Medical Van can be a solution for shelters that do not have on-site services. In 2019, PRI's clinics and vans provided healthcare assistance to 13,000 individuals. PRI praises the City's efforts to provide its clients with and increase mental health services. In terms of shelter design, PRI recommends creating a "welcoming environment" with client safety in mind. This includes designing smaller shelters, incorporating wide corridors with clear sight lines, adequate recreational space, and private spaces that are typically not available in a congregate environment. The combination of better services and better design will mitigate high staff turnover, improving morale and client satisfaction.

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# **IMPLEMENTATION**

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<sup>18</sup> 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.

Effective and efficient implementation will require coordination among multiple agencies.<sup>19</sup> Because of this complex interrelationship, programmatic development needs to be coordinated by the Mayor's Office. This process can begin with the formation of the four task forces, consisting of agency officials and outside experts.

- First, a legislative task force will identify state and local laws and regulations that could make full implementation of this program easier.
- Second, a financing task force will develop an eight-year capital budget for overall implementation, including financing for the development of 22,000 supportive, affordable housing units, and the redevelopment of existing city-owned shelters by nonprofits. The task force will also create financing mechanisms for nonprofits to acquire and develop properties, as well as validate projected Medicaid, incarceration, and shelter savings.
- Third, a task force on siting and facilities will identify hotels and other potential conversion sites for supportive and affordable housing, as well as develop a community engagement plan.
- **Fourth**, a policy, programming, and provider task force will examine the need for specialized program shelters and the estimated number of beds required for people with preexisting conditions, mental health issues, or criminal involvement. The task force should focus on updating service and staffing models for general and specialized program shelters, as well as identifying and recruiting nonprofit organizations to redevelop city-owned shelters. In addition, the task force should educate elected officials and community board chairs about the program. If these task forces move quickly, New York City could open the first tranche of 5,000 supportive housing units by 2024.<sup>20</sup>

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## CONCLUSION

The most cost-effective solution for homelessness in New York is to develop permanent housing rather than shelters. The next mayor should take advantage of the post-pandemic real estate market by acquiring and converting hotels and other distressed properties to create 22,000 low-income housing units in the next eight years. The City can save \$357 million with this program. New York should allocate the personnel and Fiscal Year 2022 budgetary resources required to implement these three recommendations. This new direction should shape the next administration's policy on homelessness. Ultimately, this

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<sup>19</sup> 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.

<sup>20</sup> See [Table H](#): Shelter Conversion Phasing Plan 2021-2029.



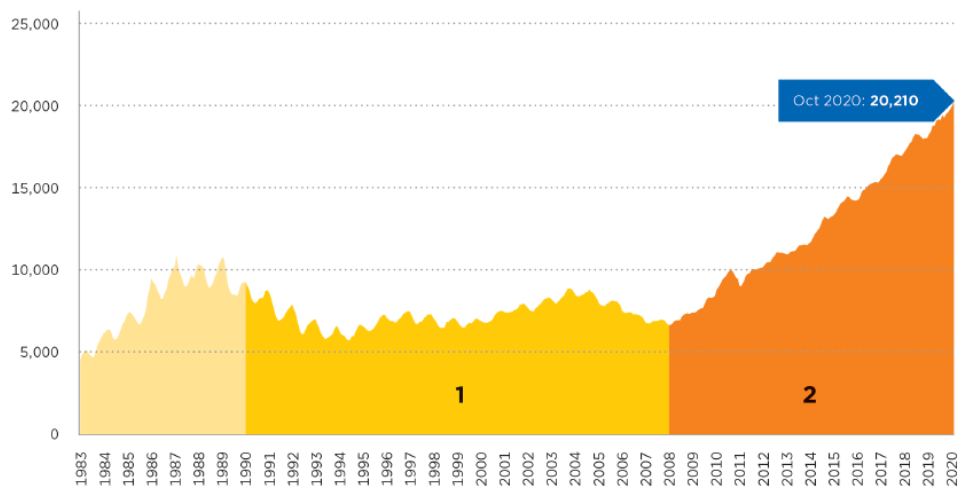


project will assist homeless people in gaining meaningful independence and bettering their quality of life, improve neighborhood relations, and save the city hundreds of millions of dollars.

## TABLES

Table A

**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

Table C

**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



Table G

**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



Table H

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

