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Homeless Hotels in New York: Who Benefits from the Industry’s Side Business?
By Suman Bhattacharyya

The life of a certain 57-year-old woman is in many ways no different the circumstances of many other New Yorkers. She supports herself with two jobs and strives for work-life balance. Her life was turned upside down two and a half years ago when she was forced to turn to the shelter system to meet her accommodation needs.

"There was a situation with the person staying with me (the landlord) saying 'I don't want you here -- leave,'" said C., who did not reveal her name for fear of retribution from homeless services authorities. C. explained that she felt she had no other option since she was unable to find accommodation within her budget.

After her arrival at the Franklin women’s intake shelter in the Bronx, C. was transferred to a women’s shelter in Harlem, where she lived until May 2016. Then one night that month after returning from work, she was told by shelter employees that she was being put on a bus to be moved to a new location on what was called an “administrative transfer.”

“Administrative transfer is that nebulous word anything or anyone (in homeless services management) can get behind,” C. said, noting that residents have no power to question how or why they are being relocated.

C. was moved to a two-star Sleep Inn in Jamaica, Queens on a strip of Rockaway Boulevard littered with hotels that have historically catered to JFK Airport passengers. Four months later, in September of this year, C. was forced to move again -- this time to the Holiday Inn Express JFK Airport, a hotel within minutes’ walking distance also along the airport hotel row.

“When I came (after work), my bag was packed and I was told ‘get on the bus, you’re going to be transferred,’” C. said. “And if you don’t get out of here, you’re considered trespassing.”
The person who gave her these orders, said C., was assumed to be acting on behalf of the city’s Department of Homeless Services, but C. said she wasn’t sure because the staff member did not identify herself.

Thus began another chapter in C.’s semi-nomadic life, moving between commercial-hotel shelters on a timetable not of her own design, and at risk of being moved at a moment’s notice by unidentified individuals understood to be working on behalf of the city’s Department of Homeless Services. This past Monday, C. was put on a bus and transferred to a shelter in Manhattan’s Lower East Side.

C. is one of a growing number of homeless New Yorkers who have been or are being accommodated in commercial hotels. According to the city’s homeless services department, almost one in ten of the city’s homeless population (numbering just over 60,000) is in hotels. Commercial hotels are part of a parallel shelter system run by non-profits acting on behalf of the city’s homeless services department. According to the Department of Homeless Services, the number of homeless New Yorkers living in commercial hotels has more than doubled in just five months. Department of Homeless Services officials declined to comment on the number of hotels being used, but a recent Wall Street Journal report noted that 46 hotels across the city were currently being used to accommodate homeless people. Apart from the human cost of living in transient quarters where one’s life could be uprooted without warning, the commercial hotel shelter system is weighing an immense financial toll on city resources. According to a City Comptroller study released last week, the city currently spends approximately $400,000 per day on hotel rooms to house homeless New Yorkers, a year-over-year increase of 669 percent.

Almost a year ago, Mayor de Blasio said he would put a halt to the practice of housing homeless New Yorkers in commercial hotel shelters: “We also intend to utilize hotels less and less and as quickly as possible, to stop using hotels,” he told an audience of reporters in February of last year. Despite the mayor’s commitment to stop the practice, it continues unabated and, in fact, has grown significantly. The City Comptroller’s analysis found that between November 2015 and November
2016, the accommodation of homeless New Yorkers in hotels costed the city nearly $73 million.

The $73 million figure only accounts for bookings made directly by the homeless services department using city-issued credit cards (P-Cards). A Department of Homeless Services spokesperson noted that the homeless services department enters into “agreements” to book rooms for a period of time. The spokesperson did not respond when asked if hotel bookings and payments made by Department of Homeless Services staff were made through contracts with hotels or whether they represented discretionary spending. However, in a letter dated November 22, 2016 from Conor Sheehan, attorney at the Department of Homeless Services, he noted that the agency “does not enter into contracts with commercial hotels”; hence in the absence of contracts with hotels, it is unclear what financial rules govern direct hotel bookings paid for by city employees using corporate credit cards.

In addition, Comptroller’s analysis does not account for “commercial hotel rooms that may have been procured by DHS through other means” -- including those made by third-party organizations, or “providers,” as the homeless services department refers to them. As a result, the real cost of the commercial hotel-shelter system -- including room procurements by third-party organizations (“providers”) and other associated expenses (e.g. security) may yet be shielded from public view. The city’s homeless crisis has resulted in some unlikely beneficiaries, including hoteliers, middlemen, and other entities enabling the operations.

The move to house homeless New Yorkers is a direct outgrowth of the city’s homeless crisis, the severity of which many say the city hasn’t seen the likes of in decades. Advocacy group Coalition for the Homeless notes that as of October 2016, the city’s homeless population stood at 62,306 people, including 15,769 with 24,121 homeless children -- a figure the Coalition said is at its “highest levels since the Great Depression of the 1930s.” The homeless population experienced an upward spike over the past decade, with the number of people staying in shelters being 83 percent higher than just 10 years ago.
Giselle Routhier, policy director at the Coalition for the Homeless, said the swelling homeless population is due to successive cuts to housing and rental subsidies, culminating in the end to all rental subsidies for homeless families with the end of the Advantage program announced in 2011. The Advantage program provided subsidies for up to two years to allow homeless New Yorkers to transition from living in shelters to finding their own apartments. Despite the discontinued rental subsidy program, New York administrators were still in a unique position because of legal precedents that guarantee residents’ right to shelter. As Ford Fessenden argued in the New York Times, the city’s high homeless population is partly the result of the uniqueness of the legal protections offered to residents: “The city’s shelter population is 10 times the size of other big cities’, largely because New York is one of the few places legally required to provide housing for those without it.”

New York City residents’ legal right to shelter was established by the Callahan vs. Carey court decision, the result of a class action lawsuit brought forward in 1979 in New York State Supreme Court by lawyer Robert Hayes, founder of Coalition for the Homeless, on behalf of all homeless men in New York City. Plaintiff Robert
Callahan was a homeless man living in New York City, while the case was brought before then Governor Hugh Carey. The Coalition argued that residents had a constitutional right to shelter (per New York State constitution), in particular, Article XVII, which states “the aid, care and support of the needy are public concerns and shall be provided by the state and by such of its subdivisions….” In August 1981, the case was settled by a consent decree; the city and state then agreed to provide shelter for men who met the need standard or were homeless “by reason of physical, mental, or social dysfunction.” Other court cases followed, and the right to shelter was assured for other populations, including women, families and people living with AIDS. As a result, New York City, as compared to many other large urban centers, must legally provide shelter to residents if they qualify. Hence, once the shelters fill up, the city has resorted to temporarily housing homeless people in other facilities, including commercials. The use of hotels is a long-established practice, as shown by a New York Times report from August 28, 1991 that noted that the city was accommodating homeless people in commercial hotels. The article referenced instructions to city employees making bookings for temporary homeless hotel residents: “DO NOT identify yourself as a representative of HRA (Human Resources Administration)...If the hotel asks how you will pay you should indicate that you will pay in CASH.”

Routhier said she hopes the hotels remain a temporary measure to meet an overflow problem.

“We think it should be a stop-gap measure,” said Routhier. “The city does have to provide a place to stay; otherwise people are going to be on the street,” noting that Coalition’s position is that only permanent solution could be found through a longer-term housing option for New York’s homeless.

The city’s use of commercial hotels, explained Routhier, is directly linked to the wind-down of the use of “cluster sites” -- that is, privately owned apartments used to accommodate an overflow homeless population. “Cluster sites” are known to have problems and take otherwise rentable apartments off the market, and as a result, the city has committed to stop using them by December 2018. The homeless services department noted in a statement that housing homeless New Yorkers in hotels is a temporary the city must undertake to meet its legal obligation
to provide shelter, noting that there are currently 1,400 adults and children in clusters and about 6,000 in commercial hotels.

Josh Goldfein, staff attorney at the Legal Aid Society, which represents homeless clients in court, said that without a viable longer-term housing solution, the city is left with few options.

“Getting a new place (shelter) open is incredibly difficult for them,” he said. “The solution is to move people out into permanent housing,” said Goldfein. “If the state were committing enough resources to permanent housing, people would be moving out of the shelters faster.”

While placing homeless people in commercial hotels appears to be a way to meet the legal requirements to provide shelter, an unlikely group that stands to benefit has flown under the radar -- third-party non-profit shelter operators.

The commercial hotel-shelter system operates across the five boroughs, said Goldfein, who explained that the city’s choice of a commercial hotel is a flexible arrangement depending on immediate needs. The means by which rooms are procured and services are delivered remains largely shielded from public view. Stakeholders in the field along with public officials suspect that the homeless services department is using third-party organizations to carry out bookings and run the operation.

“They have some group that does the calls for them,” said State Sen. Tony Avella, who this past September wrote to the U.S. Attorney for the Southern District of New York, Preet Bharara expressing concern over plans for a homeless hotel at a Holiday Inn in Maspeth, Queens (the owner, Harshad Patel, subsequently declared that the hotel would not be used to house homeless people). Sen. Avella’s letter was in response to a public outcry over the Maspeth Holiday Inn in August 2016.

Avella added that by housing homeless people in commercial hotels, the city is violating its own regulations, which require kitchen facilities. In addition, temporary hotel shelters are a means to circumvent public consultations that are required before a shelter can be built in the community, he said.
“We’ve come up with a procedure that the city has to give advance community notice and input (before building a shelter) but to get around that, they’ve been putting families in hotels,” he said.

Avella’s concerns are echoed by other lawmakers and officials. In August, Councilwoman Elizabeth Crowley, along with State Sen. Joseph P. Addabbo, Jr. and Assembly Member Margaret Markey filed a lawsuit against the city in Queens Supreme Court arguing that the city’s plans to convert the Holiday Inn on 59-40 55th rd. in Maspeth, Queens into a homeless shelter violated the city’s administrative code that requires shelters to have kitchen facilities.

"Council Member Elizabeth Crowley and other elected officials have commenced this action on the basis that the conversion would not be in compliance with a City law that requires that homeless families be housed in units that have cooking facilities,” said Jeffrey Mailman, counsel and legislative director for Councilwoman Crowley, in a statement. Section 21-124(b) of the New York City Administrative Code notes that no family shelters can be established without bathrooms, refrigerators and cooking facilities.

In Queens, community leaders said Acacia Housing was leading plans to set up the Holiday Inn hotel shelter in Maspeth, Queens. Acacia’s involvement was also confirmed by Queens Community Board 5 Chairperson Vincent Arcuri, in an interview with The Queens Courier. Arcuri told the Courier that Acacia would be paid $60 per room per day by city’s Human Resources Administration and the Department of Homeless Services to house homeless people at the Holiday Inn.

Acacia is one of a number of non-profits engaged in the provision of emergency shelter services in New York City. A review of the city’s expenditure database (checkbook.nyc) shows that Acacia is the Department of Homeless Services’ third-ranked vendor, with 15 active contracts valued at $379 million. Checkbook.nyc provides the titles of the contracts, although most are directed towards Acacia-run shelters or cluster sites. According to the Department of Homeless Services, Acacia manages 750 individual family units and four shelter buildings for approximately 550 homeless adults. The organization also operates family health centers, substance abuse treatment facilities and a range of other social services.
The focus of two of the contracts listed on checkbook.nyc are more general in nature. Among the general-area contracts: a four-year, $6.8 million contract expiring in 2018 “to provide homeless services for homeless families” and a five-year $2.8 million contract expiring in 2019 to provide “shelter service for homeless adult families.” Therefore, beyond the comments of some officials, no concrete proof is available to suggest that this organization procures commercial hotel rooms on behalf of the city. Nonetheless, the organization’s most recent publicly available 990 tax filing from 2014 shows that 98 percent of its $76.8 million revenue that year was derived from a grant from the Department of Homeless Services. The filing noted that its activities include the provision of temporary housing. So even if the procurement of commercial hotel rooms is not a defined activity under the contracting arrangements, the Acacia example is instructive because it gives a picture of how much the city depends on third-party providers to deliver accommodation services to the homeless. Acacia did not respond to interview requests.

C. said she thought the person who ordered her to move from the Sleep Inn to the Holiday Inn could be from an organization called “Skyway,” because she had seen Skyway-marked stationary around the hotels. C. said another resident told her that Skyway was part of the Acacia network. It is uncertain whether Skyway is in fact part of the Acacia network; however, a review of a website purportedly operated by Acacia shows one Jamaica, Queens shelter with “Skyway” in the name (Skyway Men’s Shelter).

Apart from Acacia, a review of Department of Homeless Services’ contract listings on checkbook.nyc with the word “hotel” in any of the descriptive fields yielded a short list of the following organizations:

- Aguila Inc.
- Children’s Community Services Inc.
- Project Hospitality Inc.
- Home/Life Services Inc.
- Bushwick Economic Development Corporation

All of the above-noted non-profit organizations have a mandate to deliver temporary accommodation to homeless New Yorkers.
Aguila is a Bronx-based non-profit whose mandate is to ensure “transitional housing for homeless families throughout the New York Metropolitan Area and seeks to end the vicious cycle of generational homelessness.” Aguila runs 36 shelters across the city, including hotels that have been converted to shelters. Aguila’s most recent Form 990 from tax year 2014 notes 99.9% of its $42.5 million of revenue that year came from a grant from the Department of Homeless Services. The city and Aguila have had a rocky history, as shown by a 2011 comptroller audit of the city’s payments to Aguila and a 2013 follow-up audit. The 2011 audit revealed problems with “unwritten and handshake agreements” with the Department of Homeless Services. Although a follow-up audit from 2013 noted that many of the concerns from the earlier audit had been addressed, it pointed out that the practice of not properly documenting financial dealings was still a problem:

| 7 | Enter into written contracts with Aguila for directly-operated facilities that, at minimum, specify or restrict how funds may be expended, delineate services to be provided, establish minimum performance standards, and detail remedies or termination clauses for failure to meet standards. | NOT Implemented |

The New York Daily News reported that two Aguila shelters were closed in 2015 due to code violations, including one location where a mouse was found in a drawer. While no written evidence of support to commercial hotel accommodation is in Aguila’s tax filings, Aguila is an example of how third-party operators paid multimillion dollar grants have been experiencing financial management and documentation issues.

The other non-profits noted in checkbook.nyc above whose purpose is to temporarily house homeless New Yorkers also received most of their revenue from the Department of Homeless Services:

<table>
<thead>
<tr>
<th>Name</th>
<th>Mandate as listed in 2014 990 filing</th>
<th>Percentage of Revenue* Derived from Department of Homeless Services Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Hospitality</td>
<td>“to provide medical care, food and nutrition services and housing placement for homeless persons.”</td>
<td>70% of $1.5 million revenue (30% revenue from U.S. Department of Housing and Urban Development) Source: 2014 990 filing</td>
</tr>
<tr>
<td>Organization</td>
<td>Mission</td>
<td>Revenue</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Home-Life Services</td>
<td>“provide housing and support services for homeless families.”</td>
<td>73% of $12.6 million revenue</td>
</tr>
<tr>
<td>Bushwick Economic Development Corp.</td>
<td>“Foster and aid economically deprived members of the community to become active wage-earning, taxing members of the community. This is accomplished through the operation of the housekeeping, shelters and other programs.”</td>
<td>99% of $28.3 million revenue</td>
</tr>
<tr>
<td>Samaritan Daytop Village</td>
<td>“To support Samaritan Village which provides comprehensive health and human services through a network of more than 20 facilities located throughout NYC and upstate NY”</td>
<td>93% of $12.3 million revenue</td>
</tr>
<tr>
<td>Children’s Community Services</td>
<td>To provide a “holistic array of social services for individuals and their families in NYC as a means of establishing a supportive foundation of self-sufficiency.”</td>
<td>Unknown. The organization’s 990 posts a revenue of $55,500, it lists total grants as $268,804. Unless this is an accounting error, it is difficult to ascertain the degree to which this non-profit is supported by the Department of Homeless Services.</td>
</tr>
</tbody>
</table>

*Revenue noted as “gross receipts”*

Of the non-profits noted above, only Children’s Community Services lists funding for the accommodation of homeless people in hotels as a program activity in its 990 filing. Children’s Community Services notes “CCS Commercial Hotels” as an accomplishment: “providing short-term housing in hotels & social services to underprivileged families/individuals.” Children’s Community Services’ role in organizing hotel stays by homeless residents was confirmed in a September 2016 Queens Tribune article that chronicled the story of 22-year-old homeless mother Tiara Picart. Picart said in an interview with The Queens Tribune that she was told that her stay at a Day’s Inn in Jamaica, Queens, was initially intended to last 10 days, but that she had been there a month in the hotel that had designated homeless-resident floors. The same article also quoted Queens Borough President Melinda Katz noting that 17 hotels in Queens were being used to house homeless residents.
Attempts to contact third-party organizations were unsuccessful. Aguila declined to comment, and unanswered messages were left at Acacia, Project Hospitality, Bushwick Economic Development Corporation and Samaritan Daytop Village. Home-Life Service did not answer and no voicemail was available.

As noted above, given uncertainty over the costs of hotel rooms booked and paid for by third parties, the comptroller’s estimate could end up significantly higher. The increase in hotel shelter capacity recently drew concern from City Comptroller Scott Stringer. In a Dec. 6, 2016 letter to homeless services head Steven Banks, Stringer wrote that he had misgivings about a Nov. 25 funding request for $217.6 million for additional shelter units, including 2,629 shelter units for families with children, 225 shelter units for adults families and 1,075 shelter beds for single adults exclusively in commercial hotels. The comptroller expressed that the city wasn’t doing enough to phase out hotel and cluster shelters. Regarding the commercial hotel shelters, Stringer wrote that he had misgivings about security risks, living conditions (especially the lack of kitchens and other living facilities), availability of services (including on-site child care), school access and cost.

Of all the options available to house homeless people, hotels are the most expensive. According to the comptroller’s analysis, for a family, a commercial hotel costs the taxpayer $6,570 per month and $78,840 annually.
Local leaders and activists agree that the homeless hotels are having a negative impact on communities.

“The valuation of properties and the safety of our neighborhood will go down tremendously,” said Anthony Nunziato, who is president of the Maspeth Middle Village Task Force and led protests in autumn 2016 against the proposed
conversion of a Maspeth, Queens Holiday Inn to a homeless accommodation facility.

He said housing homeless people in hotels is not fair for the homeless or the community.

“The city is warehousing them (the homeless people) by trying to clean house clutter in the closet,” he said.

Viola Greene-Walker, district manager for Brooklyn Community Board 16 covering Ocean Hill-Brownsville, said three commercial hotels in the area are being used to house homeless people -- an extra burden for a community that already hosts 12 shelters and three three-quarter houses (transitional housing for recovering substance abusers).

C. said the conditions in the hotel shelters require homeless residents to live a very inflexible existence where one must accept hardships on a day-to-day basis. Homeless residents are not allowed to use facilities used by hotel guests, including recreational and athletic facilities, and they are told not to mingle with hotel guests, she said. Although they must prove they are looking for a job and permanent housing to keep being allowed to stay in the hotel, logistical challenges are sometimes difficult to overcome, including a lack of infrastructure (e.g. Wi-Fi passwords).

“If you don’t have Wi-Fi, you’d have to ask staff to quietly tell you (the password),” C. said.

Residents must also adhere to a strict 10 p.m. curfew, or risk being thrown out or moved against their will, regardless of any circumstances out of their control, including train or bus delays.

“You’re a non-entity,” she said. “They're giving you a room to put your head in and that's it. don't ask for anything else -- you’re a homeless person in a hotel, don't get it twisted.”
Alaster Williams, a homeless man who has been living in the shelter system for two years, volunteers with advocacy group Picture the Homeless. Williams, who said he has met many homeless hotel residents, said placing homeless people in hotels has a huge human cost.

“I don’t know why they are doing this,” he said. “The simple dynamics of housing homeless families with paying guests is just not a mix.”

Williams said families in such cramped, transient quarters can experience emotional stress.

“You have that cooped up dynamic that is dynamite waiting to happen and it explodes,” he said. “You have a lot of immature adults in the system that can’t handle the living conditions that are forced upon them.”

City administrators said the homeless services department is left with little choice when no other housing is available.

“This is a citywide problem and we need the help of all the City’s communities in finding good shelters for families and individuals who’ve lost their homes due to rapidly rising rents and flat incomes,” said David Neustadt, a spokesperson for the Department of Homeless Services.

For activists who campaigned for New Yorkers’ right to shelter, however, the current system does not function the way it was intended.

“The most important aspect in my view is that the right to shelter forces a commitment to longer-term housing -- longer-term housing is cheaper and more humane,” said Robert Hayes, 64, the lawyer who represented the homeless plaintiffs in the landmark Callahan vs. Carey case that established residents’ right to shelter in New York 35 years ago.

Hayes, who called the current situation a “national disgrace,” said hotels cannot be called a stop-gap measure when they have been used to house the homeless for such a long time.
“To say decades later that hotels remain a stop-gap measure is absurd because stopgaps cannot be forever which is what these have become,” he said.

Hayes, who is now CEO of Community Healthcare Network, said a longer-term commitment to housing is only possible with political will driven by public pressure.

“The movement from shelter to housing has to be an economic and then a political and then moral movement,” he said. “It becomes economic because housing will be cheaper. It becomes political because housing is far better for communities than shelters and it becomes moral because life in shelter is devastatingly bad -- especially for children.”