



**L E G A L**

**S E R V I C E S**

**I N C O R P O R A T E D**

**TESTIMONY**

**ON**

**PROPOSED AMENDMENT TO TITLE 68 OF  
THE RULES OF THE CITY OF NEW YORK:  
SPECIAL EXIT AND PREVENTION SUPPLEMENT (SEPS) PROGRAM**

**PRESENTED BEFORE:**

**NEW YORK CITY HUMAN RESOURCES ADMINISTRATION**

**PRESENTED BY:**

**MATTHEW MAIN  
STAFF ATTORNEY  
MFY LEGAL SERVICES, INC.**

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MFY Legal Services, Inc. (MFY) submits this testimony to the New York City Human Resources Administration (HRA) in support of the proposed rule and extension of the emergency rule implementing the Special Exit and Prevention Supplement Program (SEPS Program). The proposed amendment to Title 68, Chapter 8 of the Rules of the City of New York provides a crucial path to stability for distinctly vulnerable, low-income, single adults, a population that has been forced to rely on dangerous and exploitative three-quarter houses to avoid homelessness.

MFY envisions a society in which no one is denied justice because he or she cannot afford an attorney. To make this vision a reality, for over 50 years MFY has provided free legal assistance to residents of New York City on a wide range of civil legal issues, prioritizing services to vulnerable and under-served populations, while simultaneously working to end the root causes of inequities through impact litigation, law reform and policy advocacy. We provide advice and representation to more than 10,000 New Yorkers annually. Since 2009, MFY's Three-Quarter House Project has provided assistance and representation to tenants of illegal boarding houses known as "three-quarter houses." MFY has convened the Three-Quarter House Reform Coalition<sup>1</sup> to envision and secure meaningful changes in the policies that have contributed to the growth of the three-quarter house industry.

### **Three-quarter houses are New York City's hidden housing of last resort.**

The term "three-quarter house" refers to one- and two-family homes, larger apartment buildings, or other structures that rent beds to single adults. Although they bill themselves as "programs," they do not provide in-house services to tenants, are not licensed or regulated in any way, and have no formal arrangement with any government agency. For individuals re-entering the community after a period of incarceration, recovering from a short-term hospitalization or residential chemical dependence treatment, and/or struggling with unemployment, family crises, or medical issues, three-quarter houses are often the only alternative to living on the street or in a shelter.

### **Today, there are more than 350 three-quarter houses operating in New York City.**

When MFY first undertook this specialized housing work in September 2009, the Coalition for the Homeless had compiled a list of 180 three-quarter houses citywide. Since then, that list has mushroomed to more than 350 such substandard housing facilities, at least 250 of which are located in Brooklyn alone. And these are only the three-quarter houses that we have learned about. We believe that there are many more and that their numbers are continuing to grow.

Our clients are referred to three-quarter houses from jails, prisons, parole programs, substance abuse treatment programs, hospitals, and soup kitchens. Although a 2010 rule promulgated by the

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<sup>1</sup> Coalition members include MFY Legal Services, Neighbors Together, BOOM! Health, Brooklyn Defender Services, Center for Court Innovations, Center for Employment Opportunities, Community Service Society, Correctional Association NY, Federal Defenders, The Fortune Society, Greenhope Services for Women, Legal Action Center, Legal Aid Society, Neighborhood Defender Services, Office of the Appellate Defender, The Osborne Association, The Prisoner Reentry Institute at John Jay College, and The Three-Quarter House Tenant Organizing Project.

Although the New York City Department of Homeless Services (DHS) successfully and significantly reduced referrals to unsafe three-quarter houses by City shelters, at root the three-quarter house industry has continued to flourish because of the lack of truly affordable housing in New York City combined with a severe shortage of meaningful housing assistance for very-low-income single adults without children. The industry's existence is a symptom of the affordable housing crisis—an epidemic that has left very low-income single adults without any viable alternative or pathway to stable housing.

### **Three-quarter houses are demarked by horrendous and unsafe conditions.**

Virtually all of MFY's three-quarter house clients report hazardous living conditions, such as extreme overcrowding, no heat or hot water in cold weather, and vermin infestation. Sleeping rooms are often crammed with bunk beds, at times housing eight or more individuals, which impede access to doorways and windows. Closets and kitchens are turned into bedrooms. Prevalent substandard conditions also include jury-rigged electrical wiring, plumbing back-ups, and buildings with no fire escapes or sprinklers housing dozens of tenants. These living conditions are dangerous for the tenants who reside there, as well as for residents of adjacent buildings.

MFY has witnessed three-quarter houses operate with impunity, even after City agencies issue vacate orders or notices of serious violations. The operators warn residents against answering the door to NYC inspectors. When ordered by City agencies to reduce the number of occupants, the operators comply only briefly, but then reassemble the bunk beds and fill them again as quickly as they can.

In addition to suffering abominable living conditions, tenants of three-quarter houses also endure illegal evictions (often carried out at night), verbal threats and violence, and civil rights violations. Tenants are commonly induced to pay building operators extra "fees" out of their meager cash assistance and food stamps. Many operators of these unlicensed, unregulated houses require tenants to attend an outpatient substance abuse treatment program, chosen by the operator, regardless whether the tenant needs or wants substance abuse treatment. Prospective tenants are often promised various services to help them maintain their sobriety, obtain employment, establish mental health stability, transition back into the community, and obtain permanent housing. Instead, they find that there are no services, and that the odds are even more stacked against them than before they moved in: the chaotic and dangerous conditions in the houses make stability and community reintegration extremely difficult to achieve. In contrast to the promised access to affordable permanent housing, operators systematically evict without notice and without court process, rendering tenants homeless to fend for themselves on the streets of New York City.

### **We commend the steps that the City has taken over the last several months to curtail abuses within the three-quarter house industry and to protect tenants.**

Last May, the Mayor announced the formation of an emergency task force to investigate the three-quarter house industry and enforce housing standards in New York City. According to City officials, the taskforce has inspected 64 buildings operating as three-quarter houses. The Mayor has also called on the state to increase the shelter allowance available to single adults receiving public assistance that has remained at \$215 per month since 1988. The task force identified some

of the City's most overcrowded three-quarter houses and offered temporary relocation to provide scores of tenants with refuge from dangerous exploitative conditions. With the announcement of the emergency SEPS Program, the City has been able to transition relocated tenants to stable permanent housing that they can afford—a crucial opportunity otherwise unavailable for the affected tenants. The City's efforts to identify and address exploitation within the three-quarter house industry are unprecedented and have been welcomed by advocates and tenants alike. By making the SEPS Program permanent, the City is taking yet another important step to protect the safety of three-quarter house tenants by making more secure this viable affordable alternative to the recurring cycle of abuses in three-quarter houses and a true path to long-term stable housing.

### **The proposed amendment creates a meaningful pathway to stable housing for some of the City's most vulnerable residents.**

The SEPS Program was created in part to support individuals currently residing in three-quarter houses, many of whom have past criminal justice system involvement and/or histories of substance abuse, to transition into safe and stable housing in the community. Finding and securing adequate housing is one of the most difficult reentry challenges faced by formerly incarcerated persons and those with past criminal justice system involvement. Access to stable housing options -- public housing, affordable housing, private rental housing, and transitional and supportive housing -- is limited or unavailable to persons with criminal records. Furthermore, while stable housing is a fundamental need for all people, this is especially true for individuals with substance use disorders and mental health disabilities. The SEPS Program can offer a much-needed pathway to stable housing in order for individuals engaged in a substance abuse or mental health recovery process to focus on their recovery.

Because of the near-constant threat of illegal eviction and danger of catastrophe that could be caused by fire or other hazards, three-quarter house residents—many of whom have nowhere else to go—remain perpetually at risk of homelessness and crisis. MFY has already seen how the SEPS Program can and has helped low-income New Yorkers escape homelessness and avoid that crisis. For example, in one building 11 three-quarter house tenants recently faced imminent eviction from their home. With cold winter months just around the corner, the tenants feared for their physical safety and emotional wellbeing with what looked like the looming and inevitable homelessness. Because of the SEPS Program, each of those 11 residents now has the means to secure safe, stable housing and avoid the chaos of life on the streets or in city shelters.

### **The Crisis Is Continuing**

Even with the creation of the SEPS Program, much remains to be done. The need for subsidies far outstrips the available number of subsidies. MFY estimates that there are at least 8,000 very low-income New Yorkers relying on three-quarter house beds at any given time. Despite the aggressive actions of the task force over the past six months, many three-quarter house operators are waiting for the spotlight to move away from them before refilling their overcrowded rooms with other desperate adults recently released from incarceration or treatment. While making the SEPS Program permanent is a powerful step, in order to meaningfully address this crisis in the long term, HRA must continue its commitment by:

- Further filling the gap in the safety net for very low-income single adults with creative housing assistance programs targeted at people in re-entry after incarceration or substance abuse treatment, working in partnership with the State wherever possible;
- Continuing the task force's inspections of three-quarter houses, including periodically reinspecting the 64 already identified to ensure that they do not return to business-as-usual;
- Supporting soon-to-be-introduced legislation in the City Council to curb the worst three-quarter house operator abuses such as forcing tenants to attend treatment programs against their will that are likely part of a Medicaid fraud scheme.

MFY and the Three-Quarter House Reform Coalition are prepared to vigorously support HRA in developing and implementing these steps.

### **Conclusion**

MFY Legal Services supports the proposed amendment to Title 68 of the Rules of New York City to continue implementation of the Special Exit and Prevention Supplement Program (SEPS Program). We commend the Mayor, the Commissioner of the New York City Human Resources Administration, and the Commissioner of the Department of Homeless Services for taking action to protect the safety and wellbeing of low-income New Yorkers by creating a pathway to affordable housing for single adults seeking to rebuild their lives.

MFY's Three-Quarter House Project welcomes further opportunity for input and discussion about this ongoing crisis.