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# HOMELESS FAMILIES AT RISK: Hazardous Conditions in the Housing Stability Plus Program

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Written by  
Lindsey Davis

Edited by  
Patrick Markee

Coalition for the Homeless  
129 Fulton Street  
New York, New York 10038  
212-776-2000

[www.coalitionforthehomeless.org](http://www.coalitionforthehomeless.org)

## I. Executive Summary

For the past two years, the City of New York has moved thousands of homeless families into City-subsidized apartment buildings with documented hazardous conditions, including lead paint hazards and other threats to the health and safety of vulnerable children and families. As a result of lax standards and weak inspection rules in the “Housing Stability Plus” program and negligence by City agencies, many formerly homeless children and families have suffered from lead poisoning, lack of heat and hot water, vermin infestation, and other hazardous conditions. At the same time, the City continues to provide millions of dollars in taxpayer subsidies to landlords with long records of negligence and numerous hazardous violations already documented by City housing inspectors.

Given inadequate levels of Federal housing assistance and the high cost of emergency shelter, a locally funded rental assistance program continues to be common-sense and cost-effective approach to addressing family homelessness. However, the “Housing Stability Plus” program remains in need of substantial reform in order to achieve the goal of providing safe, affordable, stable homes for homeless families. Moreover, New Yorkers need to be assured that taxpayer dollars are not being used to subsidize hazardous housing and some of the most negligent landlords in New York City.

This report documents hazardous conditions in “Housing Stability Plus” (HSP) apartments where homeless families and individuals were placed by the City. Coalition for the Homeless analyzed housing conditions for 2,850 HSP families who were placed into 1,893 buildings by the Department of Homeless Services during the first nine months of the program – that is, nearly one of every three homeless households assisted by HSP to date. Following are the key findings:

- **Two of every five HSP families – 1,136 families – were placed by the City into buildings that have at least two or three hazardous violations per apartment (depending on building size), as documented by City housing inspectors.** This standard, modeled on the City housing agency’s own definition of a “major problem landlord,” has been proposed by the New York City Council leadership in pending legislation that would address hazardous housing conditions for homeless New Yorkers.
- **One of every five HSP families was placed into an apartment with five or more hazardous violations per apartment.**
- **Half of all HSP apartments are concentrated in the Bronx and 31 percent of HSP apartments are located in Brooklyn.** The City has concentrated HSP placements in low-income neighborhoods that already have the highest levels of distressed housing in New York City.
- **Half of HSP families in Brooklyn and 40 percent of all families receiving HSP in the Bronx were placed in buildings with more than two or three hazardous violations per apartment (depending on building size).**
- **Violations documented in HSP buildings include lead paint hazards, broken windows, collapsed ceilings and floors, non-working appliances and fixtures, as well as a lack of heat, hot water, and electricity.** New York City law defines each of these violations as “immediately hazardous” to the health and safety of tenants living in the apartment.

- **HSP inspectors routinely fail to seek certification that apartments do not have lead paint hazards, despite statutory requirements that landlords obtain such certification for vacant apartments and despite the requirements of the City’s own HSP inspection forms.** As a recent *New York Daily News* investigation found, hundreds of homeless families with children have been placed in apartment buildings with documented lead hazards, and many children have suffered from lead poisoning.
- **The Department of Homeless Services has placed families in buildings owned by at least 14 landlords who have been identified by the City’s housing agency as “major problem landlords.”** These notorious slumlords include Moshe Piller, the Palazzolo Investment Group, Ari Schwartz, Barry Singer, Ved Parkash, and Jacob Selechnick. To date the City has provided these negligent property owners with millions of dollars in taxpayer subsidies.

The Bloomberg administration can immediately implement reforms to the HSP program in order to protect homeless children and families from harm. Indeed, the administration should model its reforms on the Federal Section 8 housing voucher program, which the City successfully used for two decades to move tens of thousands of homeless families from shelter into safe, decent permanent housing. Coalition for the Homeless calls on Mayor Bloomberg and the New York City Council to take the following steps to prevent further harm to homeless children and families:

- **Implement standards and inspection procedures similar to those used in the Section 8 voucher program:** Mayor Bloomberg and City officials should immediately reform the HSP program to implement housing quality standards and inspection procedures substantially similar to those used in the Section 8 voucher program. Most important, the HSP program should adopt housing quality standards used by the Section 8 voucher program; it should require re-inspections before lease-signings to ensure that necessary repairs are made; and it should abolish the use of self-certifying landlord “repair agreements.” The Coalition also recommends that HSP inspections be conducted by an agency independent of those City agencies which refer families and individuals to HSP apartments.
- **Ensure that apartments have no lead paint hazards:** City agencies should ensure that all apartments where homeless children are placed do not have lead paint hazards; that landlords are complying with statutory requirements to certify that vacant apartments do not have lead hazards; and that inspectors are properly trained to identify lead hazards.
- **If the Bloomberg administration fails to make these reforms, the New York City Council should pass Intro. 161:** If Mayor Bloomberg fails to make the reforms outlined above, the Coalition urges the passage of Intro.161, legislation sponsored by City Council Speaker Christine Quinn. Intro. 161, while far from perfect, represents a step forward from current City policy and would at least set minimum housing quality standards for buildings into which HSP recipients (as well as homeless people living with AIDS) are placed.
- **Improve communication between City agencies:** The Department of Homeless Services, the Human Resources Administration, and the Department of Housing Preservation and Development together have a wealth of data at their disposal to assist in making responsible decisions about the quality of the housing into which homeless New Yorkers are placed. As

a result, these agencies can work together to ensure not only that all New Yorkers have access to decent, safe housing but also that taxpayer dollars support those in need, not landlords with histories of neglect and criminal behavior.

These reforms, coupled with other significant reforms of the program's rules, can make HSP an effective housing subsidy program which truly ensures the stability and safety of formerly homeless New Yorkers.

## II. Background: What is “Housing Stability Plus”?

For two decades, Federal housing programs have been New York City’s main resource for moving homeless families from shelters to their own homes, and have successfully helped tens of thousands of families move from shelter to stable, safe, permanent housing. Indeed, in City Fiscal Year 2004 the Department of Homeless Services (DHS) utilized Federal housing programs – primarily the Section 8 voucher program and public housing – to move nearly 6,000 homeless families from shelter to permanent housing.

However, in light of dramatic cutbacks in Federal assistance by President Bush and Congress, in late 2004 the City faced the prospect of having no Section 8 funding available in the coming year. In response, the Bloomberg administration created a locally funded rent subsidy program called “Housing Stability Plus” (HSP), which was designed pursuant to State regulations and approved by the Pataki administration in December 2004. HSP provides a supplement to homeless household’s welfare housing allowances to allow them to rent apartments in the private housing market.

Homeless advocates and service providers have long called for a local rent subsidy program modeled on the Section 8 voucher program and which would draw on City, State, and Federal dollars. Compared to the enormous expense of emergency shelter – the annual cost of sheltering a homeless family in New York City is \$36,000 – a local rent subsidy program is a sensible, cost-effective approach to reducing homelessness, primarily for homeless families and children.

However, the Bloomberg administration designed HSP with significant flaws which, ultimately, will force many vulnerable families to return to costly shelters placements in the coming months and years. These flaws include:

- ***a 20 percent annual decline in the value of the rent supplement – ultimately a huge rent increase for formerly homeless families;***
- ***rules that require recipients to stay on welfare – effectively prohibiting recipients from work;***
- ***a link between the rent supplement and a family’s welfare benefits – meaning that whenever welfare benefits are suspended or terminated (often due to bureaucratic error), the family loses its housing assistance; and***
- ***a lack of protection from hazardous housing conditions and negligent landlords.***

Despite these serious flaws, the Bloomberg administration has made the “Housing Stability Plus” program the City’s principal tool in re-housing homeless families and individuals. Indeed, the administration has actually reduced homeless families’ longstanding priority for Federal housing programs, including public housing and Section 8 vouchers, despite the availability of those scarce housing resources.

According to City officials, as of late January 2007 some 10,000 households (including around 9,000 homeless families) have been placed into apartments through the HSP program. However, HSP placements of both homeless families and single adults have declined significantly in the past year. Many HSP recipients now residing in the community are at risk of

losing their homes and are threatened with return to shelter. And, according to City officials, at least 300 families have already lost HSP apartments and have returned to the shelter system.

Poor housing quality is a major factor contributing to homelessness and recurring episodes of homelessness among low-income New Yorkers. Indeed, a 2004 Vera Institute study of family homelessness, which was commissioned by the City, found that many families seeking shelter did so due to unsafe housing conditions.<sup>1</sup> Unfortunately, the City has utilized the HSP program to move many families into housing with documented hazardous conditions. This places some of New York's most vulnerable individuals and families at risk of return to costly shelter placements, but also subsidizes landlords known to City agencies as some of the worst, most negligent property owners in New York City.

The Bloomberg administration designed HSP with much weaker housing quality standards than those used in the Section 8 voucher program, and with a much weaker inspection process. For example, the HSP inspection standards used by the Department of Homeless Services do not include a review of the conditions in the building as a whole or consideration of conditions documented by the City's housing agency, the Department of Housing Preservation and Development (HPD). Re-inspections are not mandated when apartments are found to have violations. Indeed, even when violations are recorded by DHS inspectors (who conduct only one cursory inspection), the City only asks landlords to provide a statement saying that they will make repairs, but no follow-up inspection is required to verify that those repairs have been made.<sup>2</sup> This is true even of landlords who have been included on HPD's list of "Major Problem Owners" – i.e., those with numerous un-repaired hazardous violations in their buildings.

Finally, as a recent *New York Daily News* investigation documented,<sup>3</sup> DHS does not conduct inspections for lead paint hazards, and does not require that landlords produce certification that their apartments do not have lead hazards – even though this certification is required by the "Childhood Lead Poisoning Prevention Act" of 2004. In addition, the City's own HSP inspection for (see copies in the appendix) include a section asking for certification of landlord's compliance with abating lead hazards – this section is routinely left blank by DHS inspectors. Moreover, DHS inspectors are not trained in identifying lead paint hazards.

This report addresses specifically serious threats to the health, safety and stability of formerly homeless families and individuals participating in the HSP program. Lax standards and negligence on the part of City agencies not only threaten the health and safety of recipients of the program, but also exacerbate the growing crisis of distressed housing in many of New York City's low-income communities. In effect, City agencies are subsidizing some of the worst slumlords in New York City, and in the process endangering the health and safety of vulnerable children and families.



### **III. Key Findings: Hazardous Conditions in Subsidized Apartments**

The data analyzed in this report is drawn in large part from a freedom of information request submitted to the City by Coalition for the Homeless. The request sought all addresses for HSP placements from December 2004, when the program began, through September 15, 2005, thus covering the first nine months of the program. The City responded by providing addresses of 1,893 buildings into which 2,850 HSP recipient households were placed.

Coalition for the Homeless analyzed those addresses using the New York City Department of Housing Preservation and Development (HPD)'s housing code violations database (available online) and the New York City Department of Finance property ownership records database, ACRIS, also available online.

In response to the freedom of information request, the City also provided the Coalition with HSP inspection reports and landlord repair agreements, and the Coalition analyzed a sample of those documents, in particular for the buildings with the most numerous code violations. In addition, the Coalition made site visits to many buildings with the largest number of hazardous violations to gather first-hand accounts. Finally, the Coalition interviewed HSP recipients living in those buildings as well as other HSP recipients with hazardous violations in their apartments.

This report also utilized a measurement of hazardous conditions proposed in legislation pending before the New York City Council. In March 2006, City Council Speaker Christine Quinn introduced a bill, Intro.161, which would create a standard for the condition of the buildings into which HSP recipients, as well as homeless people living with AIDS, could be placed. The bill would prohibit the City from placing homeless people in buildings with significant numbers of documented hazardous violations i.e., buildings with 34 units or less which have an average of three or more hazardous violations per unit, as well as buildings with 35 units or more with an average of two or more hazardous violations per unit.

The City Council legislation was modeled on HPD's own standard for a "major problem landlord" – i.e., landlords with two or more hazardous violations per dwelling unit. Thus, this report also analyzes the number of HSP units and buildings that would violate the standard included in the proposed legislation.

#### **Citywide Findings**

- In the first nine months of the program (December 15, 2004, through September 15, 2005) 2,850 homeless households were placed into apartments in 1,893 buildings through the HSP program. More than four of every five HSP families – 81.6 percent – were placed in either the Bronx or Brooklyn.
- Two of every five HSP families – 1,136 families, or 39.9 percent of the total – were placed in buildings which fail to meet the standard proposed in the City Council's Intro. 161 legislation (i.e., buildings with at least two or three immediately hazardous violations).
- One of every five HSP families was placed into buildings with five or more hazardous violations per apartment.

#### **Bronx**

- 1,443 families were placed in HSP apartments in the Bronx, representing half (50.6 percent) of all HSP placements, making the Bronx the borough with the largest concentration of HSP recipients.



- 583 of the Bronx HSP families, or 40.4 percent of all Bronx HSP families, were placed in buildings which fail to meet the standard proposed in the City Council legislation.

### **Brooklyn**

- 882 families were placed into HSP apartments in Brooklyn, representing 30.9 percent of all HSP placements.
- Half of the Brooklyn HSP apartments (49.4 percent) are in buildings which fail to meet the standard proposed in the City Council legislation.

### **Queens**

- The City placed 318 HSP recipient families apartments in Queens, representing 11.2 percent of all HSP placements.
- More than one-fifth of these units (21.1 percent) fail to meet the standard proposed in the City Council bill.

### **Manhattan**

- A total of 104 HSP families were placed in Manhattan apartments, or 3.6 percent of the total.
- 27.9 percent of these units are located in buildings that fail to meet the standard proposed in the City Council legislation.

### **Staten Island**

- 103 HSP recipients were placed in Staten Island, 3.6 percent of all HSP placements.
- One-fifth of these apartments (20.4 percent) are in buildings which would be prohibited from HSP placements under the City Council legislation.

In addition to the statistical analysis, Coalition for the Homeless reviewed specific housing code violations that had been documented by Department of Housing Preservation and Development (HPD) inspectors in HSP buildings, and they included the following: lead paint hazards, broken windows, vermin including mice, rats and insects, cascading water, leaks, mold, collapsed ceilings and floors, no locks on either the door to the building or individual apartments, and lack of heat, hot water or electricity. Under statute, each of these violations is considered immediately hazardous to the health and safety of individuals exposed to such conditions and, as a result, must be remedied within 24 hours.

### Housing Stability Plus placements and hazardous conditions

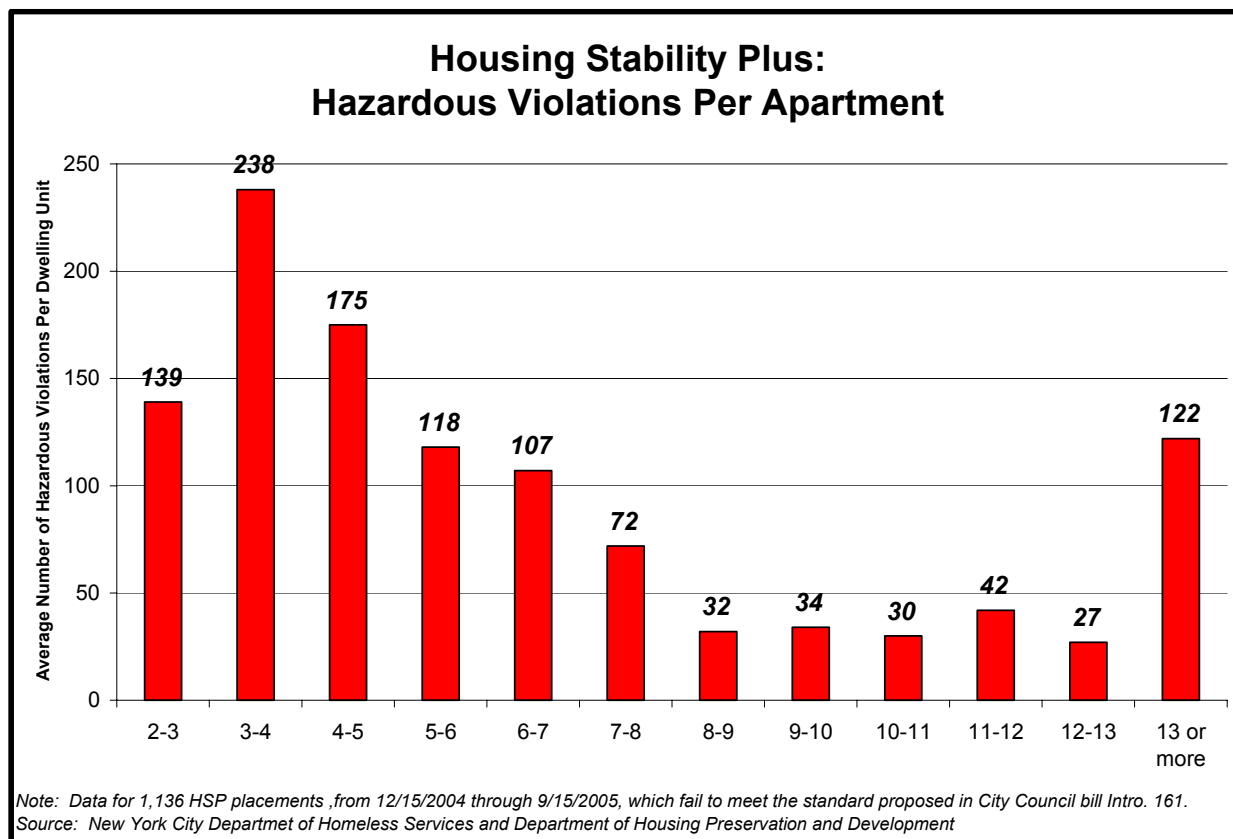
HSP placements and buildings for first nine months of program (12/15/2004-9/15/2005)

	Placements/housing units	Percent of total placements	Units in hazardous buildings*	Percent units in hazardous buildings*	Buildings	Percent of total buildings	Hazardous buildings*	Percent hazardous buildings*
Bronx	1,443	50.6%	583	40.4%	848	44.8%	295	34.8%
Brooklyn	882	30.9%	436	49.4%	653	34.5%	299	45.8%
Queens	318	11.2%	67	21.1%	247	13.0%	48	19.4%
Manhattan	104	3.6%	29	27.9%	49	2.6%	15	30.6%
Staten Island	103	3.6%	21	20.4%	96	5.1%	18	18.8%
Bronx and Brooklyn	2,325	81.6%	1,019	43.8%	1,501	79.3%	594	39.6%
Total	2,850	100.0%	1,136	39.9%	1,893	100.0%	675	35.7%

*\*Note: "Hazardous" defined here as buildings with 34 or fewer units and an average of 3 hazardous (class "C" or "B") violations per unit, or buildings with 35 or more units and an average of 2 hazardous (class "C" or "B") violations per unit.*

*Source: NYC Department of Homeless Services and Department of Housing Preservation and Development*

Even more troubling are the numbers of HSP recipients placed in buildings whose conditions are far worse than even the standard proposed in the Intro. 161 City Council legislation. Indeed, 584 HSP recipients – 20.5 percent of the total – were placed in buildings with an average of five or more hazardous violations per unit, and, remarkably, 122 families were placed in buildings with 13 or more hazardous violations per unit.



It is important to note that DHS has placed large numbers of homeless families into the same neighborhoods that have in recent years experienced significant increases in severe housing quality problems, including central Brooklyn, the Bronx and northern Manhattan. In the Bronx, the borough with half of all HSP placements, the number of housing maintenance deficiencies increased by more than 13 percent between 1999 and 2002.<sup>4</sup>

In 2004, neighborhoods in these areas – including Bushwick and Crown Heights in Brooklyn, and Hunt’s Point, East Tremont, Fordham and Highbridge in the Bronx – ranked as the neighborhoods having the highest rates of serious housing violations in New York City.<sup>5</sup> Such statistics reflect the rise of severe housing problems in New York City’s low-income communities.

#### **IV. The 50 Worst HSP Buildings: Hazardous Conditions, Negligent Landlords, and Lax Inspections**

In order to analyze some hazardous conditions in depth, the Coalition conducted a closer examination of the 50 “Housing Stability Plus” apartment buildings with the highest number of hazardous violations – defined as buildings having 40 apartments or more with the greatest number of class “B” and “C” violations per unit.<sup>6</sup> In addition to analyzing specific code violations, we also examined property ownership records (utilizing the New York City Department of Finance’s ACRIS database) and individual HSP reports of inspections which were conducted by the Department of Homeless Services.

All in all, this closer analysis of the worst buildings shows that problem landlords, who are already known to City agencies for failing to repair thousands of hazardous violations, are reaping millions of dollars in taxpayer subsidies through the HSP program. In addition, the analysis shows that the weak inspection standards and lax guidelines used by the Department of Homeless Services is permitting homeless children and families to be placed in dangerous, unsafe homes.

#### **The 50 Worst “Housing Stability Plus” Apartment Buildings**

During the first nine months of the program, the City placed 125 families in the 50 worst HSP apartment buildings – and it is likely that additional families have been placed in these buildings since September 2005.

The 50 worst HSP buildings were cited by the New York City Department of Housing Preservation and Development with a total of 20,157 violations, including 15,360 hazardous violations. Thus, the 50 worst HSP buildings have an average of 307 hazardous violations per building and an average of 5.5 hazardous violations per unit.

An average of 2.5 families moved into each of the 50 worst HSP apartment buildings during the first nine months of the program, showing that the City is placing multiple families into the most hazardous buildings.

As a result of these multiple placements, the average annual subsidy paid to the owners of the 50 worst HSP apartment buildings by the City was approximately \$28,800, not including security deposits and broker’s fees offered to entice landlords into the program.<sup>7</sup>

Six of the 50 worst HSP buildings are currently enrolled in the Targeted Cyclical Enforcement Program (TCEP), which was launched last year by the City Council and HPD to address the deterioration of much of New York City’s low income, affordable housing stock. The program identifies the most hazardous buildings in individual City Council districts and requires HPD to conduct roof-to-cellar inspections, enforcement actions, and, if necessary, enforcement litigation against landlords who allow such conditions to persist.

#### **Owners of the 50 Worst HSP Buildings**

At least 14 landlords receiving HSP subsidies were included on the Department of Housing Preservation and Development’s 2003 “Major Problem Owner” list, the most recent one available. This list identifies owners of residential buildings cited with numerous hazardous violations that have gone un-repaired. Many have been the target of enforcement litigation by the City due to failure to address ongoing hazards, and some have been the focus of press

attention documenting a clear record of distressed housing conditions, neglect, and in some cases criminal activity. Following is a list of some of the most notorious HSP landlords:

- **Palazzolo Investment Group:** At least 10 of the top 50 worst large buildings are owned by members of the Palazzolo Investment Group and at least 42 HSP leases were signed in buildings owned by Palazzolo Investment Group members during the first nine months of the program. The Palazzolo Investment Group owns more than 100 properties citywide which have been cited by the City for more than 19,000 housing code violations.

Frank Palazzolo, a Westchester businessman, who has denied owning any properties, and his partners were subpoenaed by HPD in March 2004 and forced to turn over control of 101 buildings to the Department of Housing Preservation and Development.<sup>8</sup>

Palazzolo buildings receiving HSP subsidies have been cited with 7,989 housing code violations, 2,078 of which are considered hazardous to the health and safety of residents.

To date, the Palazzolo Investment Group has received as much as \$599,000 in HSP subsidies from the City despite its clear record of negligence.<sup>9</sup>

- **Moshe Piller:** Described by the *New York Daily News* as “the king of New York City slumlords” in November of 2004, one month prior to the inception of the HSP program, Morris (or Moshe) Piller is owner of at least 29 buildings in New York City.<sup>10</sup> HPD has sued Piller over the hazardous conditions in many of his buildings in the Brooklyn, the Bronx, and Manhattan.

Despite this clear record of negligence and lawbreaking, the Department of Homeless Services has placed dozens of homeless families into buildings owned by Piller and has provided him with hundreds of thousands of dollars in subsidies. From December 2004 to September 2005 DHS placed 32 families receiving HSP subsidies in 12 of Piller’s buildings. There are currently a total of 3,368 housing code violations in total in those buildings, including 762 immediately hazardous class “C” violations.

Since the program began, Piller has received as much as \$700,000 in HSP subsidies.<sup>11</sup>

A 2002 *New York Daily News* survey of the worst housing code violations listed 1504 Sheridan Avenue, a Piller building, as one of the top 10 worst buildings in New York City.<sup>12</sup> Nevertheless, the City placed three HSP families into 1504 Sheridan Avenue during the first nine months of the program.

In 2005, Housing Here and Now, a coalition of housing advocates and community groups, named Piller the second worst landlord in New York City.<sup>13</sup> As recently as August 2005, the *New York Post* reported on 2654 Valentine Avenue, a Piller building, saying that it “had exposed pipes, peeling paint and vermin.”<sup>14</sup> When that article was published, there were at least three HSP families residing in 2654 Valentine Avenue.

In its investigation of Piller-owned buildings, the *Daily News* has documented infestation of mice, leaks, defective plastering, mold, roaches, defective faucets and radiators, broken locks, and missing smoke detectors in his buildings while tenants complain that centipedes come out of the cracks in the walls and holes in the walls large enough to put your arm through.<sup>15</sup>

- **Ari Schwartz:** Identified by HPD's 2003 "Major Problem Owner" list as the owner of 11 distressed properties citywide, Ari Schwartz is known to community and tenant organizations citywide as a notorious slumlord. After purchasing yet another dilapidated building in 2001, Schwartz commented to the *Village Voice*, "That's what I do. I make people's lives better."<sup>16</sup> He signed a repair agreement in 2002 with HPD but maintenance deficiencies in his buildings have persisted. He currently receives HSP subsidies in all 11 of his properties which taken together have logged 2,407 violations, including 463 immediately hazardous violations.

An HSP recipient living in one Schwartz owned building reports that upon move in there were no locks on the doors to either the unit or the building, a broken intercom, no guards on the windows in her first floor unit. As a result, the apartment was broken into twice shortly after she signed the lease but before she moved into the unit in earnest.

Since the program began, Schwartz has received as much as \$377,000 in HSP subsidies.<sup>17</sup>

- **Deborah Pollack:** Pollack was an official at the New York City Human Resource Administration who was arrested in 2001 and charged with grand larceny and fraud by the New York State Attorney General. Pollack was accused of having stolen \$300,000 in emergency rent funds under the *Jiggetts* rent subsidy program.<sup>18</sup> She is a partner (with a 50 percent ownership stake) in two buildings in the Bronx, one of which (2315 Walton Avenue) currently receives HSP subsidies. The City placed HSP families in this building despite the fact that HPD had documented more than 349 code violations. Despite her criminal record, Ms. Pollack is listed on the DHS inspection reports as the contact for the building.

Since the program began, Schwartz has received at least \$22,000 in HSP subsidies.<sup>19</sup>

Other negligent property owners, including Aaron Jacobowitz<sup>20</sup>, David Malek<sup>21</sup> and Frank Ciolli,<sup>22</sup> have been cited by various news sources for arson, fraud, bribing housing inspectors, warehousing apartments, tenant harassment and neglect respectively.

### **Weak Standards and Lax Inspections**

The Bloomberg administration created the "Housing Stability Plus" to replace the Section 8 voucher program as the City's principal tool for re-housing homeless families. However, at the same time, the administration significantly weakened both the housing quality standards and the inspection procedures once utilized to move homeless children and families from shelters to private apartments. This is the major reason so many HSP families have been placed into hazardous housing.

The Federal government's Section 8 voucher program requires local agencies, including the New York City Housing Authority (NYCHA), to utilize comprehensive housing quality standards, which are summarized in the appendix of this report. NYCHA conducts an initial inspection of a potential Section 8 apartment and, if violations are found, requires that repairs be made before a lease can be signed. NYCHA also requires a re-inspection to verify that necessary repairs have been made.

In contrast, the HSP program does not have any housing quality standards except for a one-page "checklist" which is posted on the Department of Homeless Services website (and included in the appendix to this report). The Department of Homeless Services states, in its HSP program materials, that prior to certification of a unit it reviews the Department of Housing

Preservation and Development and the Department of Buildings databases to review code violations.<sup>23</sup> However, it is unclear if these reviews are conducted routinely, and, as this report documents, hundreds of buildings with numerous documented hazardous violations have been approved by DHS.

DHS inspectors conduct an initial, and often very cursory, inspection of potential HSP apartments. DHS inspectors routinely fail to examine building common areas, including hallways, stairwells, lobbies, and building entrances.

Even when the DHS inspectors identify violations or problems, a building will often still “pass” an inspection. In some cases, DHS will ask a building owner to sign a “verification of repair agreement.” These repair agreements are essentially unenforceable, and DHS inspectors are not required to conduct a re-inspection to ensure that promised repairs have been made. Indeed, in marked contrast to the Section 8 voucher program, the HSP program requires *no* re-inspections except in a few exceptional circumstances.

For the 50 worst HSP buildings, Coalition for the Homeless reviewed a sample of HSP inspection reports which were provided in response to the freedom of information request. An analysis of those reports found:

- 15 apartments in the worst buildings had no inspection reports and it appears that no inspection was ever conducted.
- In seven of the apartments located in the 50 worst buildings, DHS inspectors noted violations and checked a box on the inspection form saying that a repair agreement was required. However, no repair agreement was made available, and it appears that those landlords never the required agreement.
- Of the documents provided by the City in response to the Coalition’s request, two of the inspection reports were incomplete and two of the repair agreements were not filled out, signed, or notarized.
- One of the inspection reports (for 627 Marida Street, in the Bronx) specifically states in two places “Need re-inspection,” as well as requiring a repair agreement. Neither the re-inspection form nor the repair agreement were made available, and it appears that the re-inspection was never conducted. This inspection form notes that there is no working oven or refrigerator in the unit. The report also notes “*people hanging out in lobby smoking drugs.*”
- Another inspection report (for 2315 Walton Avenue, in the Bronx) also notes no working oven or refrigerator, as well as problems with windows and doors in three rooms. The inspector’s notes state “*need counter top refrigerator & stove*” and “*window in bdrm can’t open.*” This form also states that a repair agreement is required but none was made available, and it appears that the landlord never submitted the required agreement.
- Verification of repair agreements were frequently signed by individuals other than the person listed as the owner of record on the Department of Finance’s ACRIS database. In fact, two were signed by limited liability corporations for the buildings with no individual name listed.

DHS inspectors also approved several apartments located in the 50 worst HSP buildings even when they identified significant hazards, including the following:



- One report included the following comments from a DHS inspector: “*very good apartment, no appliances*” – despite the absence of appliances, DHS did not even require a “repair agreement” for this unit.
- One report noted, “*patch hole in bedroom wall,*” but still approved the apartment.
- As noted above, the inspection report for 627 Marida Street notes “*people hanging out in lobby smoking drugs*” and no working oven or refrigerator in the unit – this apartment was approved despite the apparent absence of either a repair agreement or a re-inspection.
- Another inspection report noted, “*apartment can only fit sink and stove*” – this apartment was approved.
- Finally, one HSP inspection report noted, “*no stove, no refrigerator will be delivered when tenant moves in – due to break-ins*” – this apartment was also approved.

## **V. Homeless Children and Families at Risk**

More compelling than data and reports of hazardous violations are the stories of those affected firsthand by the City's failure to guarantee their safety in "Housing Stability Plus" apartments. Hundreds of formerly homeless families and individuals have been placed in apartment buildings which pose real threats to their health and safety. Tragically, some have experienced the most dire consequences of the City's negligence, including lead poisoning and other severe health problems.

### **Charlene M. and 362 Linden Boulevard, Brooklyn**

Charlene M., the mother of a young son, was placed in an apartment at 362 Linden Boulevard, in Brooklyn, through the HSP program in September 2005. She was able to see the unit prior to signing the lease and identified a number of hazardous conditions, but was assured that all necessary repairs would be made prior to lease-signing.

However, when she and her son arrived at the apartment they found that not a single repair had been made. As a result, more than a year after moving in, the apartment still has peeling paint, no electrical supply to the light fixtures in some rooms, broken floor tiles in the bathroom and bedroom, water leaks throughout the apartment, chipped, peeling and bubbling paint, as well as broken tiles in the bathtub revealing holes in the wall. She also found late last year that the apartment has chipping or peeling lead paint on at least four surfaces and her son has elevated levels of lead in his blood. HPD has documented 14 violations in her apartment alone, all but one of which is considered immediately hazardous. The building itself has been cited with a total of 391 violations, 330 of which pose health and safety hazards to residents. Nearly half of these violations were cited within the past year.

The HSP inspection report for the unit states simply that it passed inspection and no repairs or verification of their completion are required.

### **Roslyn R. and 846 East 175 Street, the Bronx**

Roslyn R., a homeless mother of two young girls, moved into her apartment at 846 East 175th Street in the Bronx in January 2005. She was in school working towards her bachelor's degree at the time she and her family were placed into the apartment with an HSP subsidy. Greeting her upon moving into the apartment was a notice on the front door which stated in bold letters: "*CAUTION-POISON. Lead hazard area, do not enter work area unless authorized, respirators and protective clothing required. No eating, drinking or smoking permitted.*" (See the photo in the appendix.) Roslyn began calling HPD to report poor electrical wiring, leaking radiators, mold, broken floor tiles including rotting sub-flooring covered by a thin layer of parquet, as well as various leaks and cracks in the walls and ceiling. She also placed numerous calls to social service staff at her former shelter and the Department of Homeless Services for assistance.

When HPD finally conducted an inspection, it documented 29 violations in her apartment alone, including lead paint hazards on nearly every wall in the apartment. HPD has found 346 violations in the 22-unit building, 277 of which are considered immediately hazardous. Roslyn also reports that the breaker in her apartment has caught fire multiple times and a gas leak in the building has required visits from the New York Fire Department. She has also experienced intermittent heat and hot water, and has occasionally been forced to shut off her radiators due to excessive leaks.

Roslyn's family faced health problems even before moving into their apartment. Her oldest daughter had been diagnosed with numerous developmental delays at a young age, and RR

and her youngest daughter both have asthma. After nearly two years in the apartment at 846 East 175th Street, their health has worsened considerably. RR's younger daughter has recently tested positive for lead poisoning and also faces developmental delays, while both mother and daughter have, since moving in, been prescribed a breathing machine as a result of their worsening respiratory problems. Due to repeated inspections by HPD and repeated visits to doctors for herself and her children, RR was forced to drop out of school. Her lease ends in January 2007 and she does not know where she will live, as she is unwilling to continue to put her family at risk in her apartment.

### **John Doe and 1231 Sheridan Avenue, the Bronx**

In late 2005 John Doe (this individual asked that his name not be used) was shown a unit at 1231 Sheridan Avenue, in the Bronx, identified by the "housing specialist" at his shelter. He expressed some reservations after seeing that the building had no locks on the two front doors or on the back courtyard door, which opens onto a public alley. The common areas also showed signs of disrepair including concealed water leaks, refuse stacked in the open courtyard, and broken, damaged walls. However, he was told by the shelter case worker that she would be required to accept the unit or face a shelter sanction. However, eager to leave the shelter and with no other housing options, John reluctantly agreed to the move. He signed a lease in January 2006, only to discover that the apartment was not the same one that she had been shown.

Within two months of moving in, he noticed a persistent leak in the ceiling of the bathroom which spread to a corner of the adjoining living room. This leak affected the entire line of apartments and included the water leaks in the lobby. Areas of the ceiling in the living room and bathroom began collapsing while the leak spread to the wall connecting the living room to the kitchen, shorting out the electrical supply in the kitchen.

Despite numerous attempts over the past year to contact the building superintendent, management company, no action has been taken to repair or document the conditions. The bathroom ceiling has caved in completely, exposing what seem to be floor boards for the unit above. Falling debris has rendered the entire bathroom, including the toilet and bathtub, unusable. As the photograph in this report's appendix shows, John's ceiling remains in severe disrepair.

1231 Sheridan Avenue currently has been cited by the City with 507 code violations, including 190 immediately hazardous (class "C") violations and an average of eight hazardous (class "B" and "C") violations per unit, as well as one vacate order. The City documented 216 of these violations in the past year.

According to HPD and the Department of Finance's ACRIS database, the building is owned by Lawrence Snider, a member of the Palazzolo Investment Group; however residents of the building report that the building has recently been sold. Despite court action on the part of tenants and the existence of an active tenants association, no action has been taken by HPD to address ongoing violations. Nevertheless, the City provides an estimated HSP subsidy of \$33,000 per year to the owners of 1231 Sheridan Avenue.

### **Jasmine T. and 598 Ridgewood Avenue, Brooklyn**

Jasmine T. signed a lease for an apartment at 598 Ridgewood Avenue in Brooklyn on December 20, 2004, using a an HSP rent supplement, making her family one of the first HSP cases. Although inspection reports for her apartment identify no repairs necessary, at a routine medical check up in June 2005, it was found that her son, Jaylin, had been exposed to lead

paint. New York City Department of Health and Department of Housing Preservation and Development inspections confirmed the presence of lead paint hazards in the apartment on June 22, 2005, which finally had to be abated by HPD during the months of July and August as a result of the landlord's failure to comply with legal requirements. The HSP inspection report for Jasmine's apartment indicates a space to identify any lead paint-related repairs for the unit, as well as a request for the landlord to certify that lead hazards have been abated – however this portion of her inspection form was left blank.

Over the course of the next year and a half, specialists found that Jaylin was experiencing cognitive and speech delays for which he now receives special services and will require therapy for some time to come. Jaylin and Jasmine's experience has recently been the subject of an investigation by the *New York Daily News*, highlighting the experience of formerly homeless families whose children have been exposed to and poisoned by lead paint in the apartments into which they were placed through the HSP program.<sup>24</sup>

### **Evelyn M. and 333 East 176<sup>th</sup> Street, the Bronx**

Evelyn M., a homeless mother with a young son residing at a shelter, was certified for HSP and was shown an apartment at 333 East 176<sup>th</sup> Street, in the Bronx. She found the apartment to be inadequate for her family based on poor conditions she witnessed, but was told by social service staff at her shelter that repairs would be made prior to move in and that, if she did not accept the unit, she would face sanction or ejection from the shelter.

On May 5, 2006 Evelyn and her son moved into the apartment and found that none of the necessary repairs had been made. Instead she found illegal walls – poorly constructed, which shifted when touched – broken windows, lead paint hazards, holes in the walls, rats and roaches, a broken front door to her unit, no heat or hot water, and water that ran brown from the faucets. In addition, Evelyn was never given access to her mailbox despite repeated requests made to the building management. As a result, she did not receive a notice from the City's welfare agency, and both her welfare benefits and her HSP subsidy were terminated.<sup>25</sup> In October 2006, Evelyn was evicted from her apartment for non-payment of rent and was forced to reapply for shelter at the City's PATH intake office for homeless families.

The building at 333 East 176<sup>th</sup> Street is owned by Frank Ciolli and has been cited by the City with 493 violations (of which 220 violations were documented in the past year alone), including 59 immediately hazardous violations and one vacate order. The Northwest Bronx Community and Clergy Coalition has worked with residents in the building and Astoria Federal Savings and Loan, the bank which financed the building's mortgage, is now involved in ensuring necessary repairs are made. Despite the record of hazardous violations and landlord negligence, Frank Ciolli continued to receive HSP subsidies and referrals.

### **Jeanette G. 1504 Sheridan Avenue, the Bronx**

Jeanette G. and her two boys moved out of shelter and into their apartment at 1504 Sheridan Avenue, in the Bronx, in the spring of 2005. They were excited to have the chance to start over, but very soon after moving in discovered a series of serious problems with the condition of their apartment. The common areas in the building (which are largely overlooked in HSP inspections) have broken glass, inoperable locks to the front and foyer doors, no intercom service, and unsanitary incinerator rooms on each floor. Upon moving into her unit Jeanette also found unfinished and uneven floorboards which were splintering, causing cuts and minor injuries to her family, and requiring Jeanette to retile the floor herself. The floorboards underneath have continued to shift leaving cracked floor tiles. Holes in the walls reveal

protruding pipes and allow roaches to enter the apartment freely. Mold covers the walls of the bathroom and window sills in the children's bedroom, exacerbating their asthma.

Furthermore, in August 2005 the supply of hot water to Jeanette's unit was cut for a period of four months, during which time the family was unable to bathe. They attempted to heat water on the stove in order to bathe regularly but given both Jeanette and her son's mobility impairment (he has difficulty walking due to a chronic knee problem), carrying large amounts of boiling water resulted in injury more often than not. Although Jeanette has taken her landlord to court, he has yet to complete the necessary repairs in her unit resulting in a living environment which poses ongoing risks to the family's health.

The building is owned by Moshe Piller and was cited by the *New York Daily News* in a 2002 survey of building conditions as one of the top 10 worst residential buildings in the City.<sup>26</sup> The building is also one of the 50 worst HSP apartment buildings described above. HPD has found 580 violations in the building, 163 of which are considered immediately hazardous – 203 of these violations were cited within the past year.

## VI. Recommendations

The City of New York should not place any homeless family or individual into housing that does not ensure the health, safety and security of the household. The flaws in the “Housing Stability Plus” program pose serious, well documented threats to the stability and safety of some of the most vulnerable New Yorkers. At the same time, the lax standards and negligence of City agencies continue to funnel taxpayer dollars to building owners with a long record of illegal and negligent behavior.

Fortunately, the City already has a model for addressing the significant flaws in the HSP program: The Federal Section 8 housing voucher program. Indeed, for more than 15 years the City has successfully used Section 8 vouchers to move tens of thousands of homeless families from shelter into safe, decent, permanent housing.

Coalition for the Homeless recommends that the following steps be taken to address the health and safety risks currently part of the HSP program:

- **Implement standards and inspection procedures similar to those used in the Section 8 voucher program:** Mayor Bloomberg and City officials should immediately reform the HSP program to implement housing quality standards and inspection procedures substantially similar to those used in the Section 8 voucher program. Most important, the HSP program should adopt housing quality standards used by the Section 8 voucher program; it should require re-inspections before lease-signings to ensure that necessary repairs are made; and it should abolish the use of self-certifying landlord “repair agreements.”

The Coalition also recommends that HSP inspections be conducted by an agency independent of those City agencies which refer families and individuals to HSP apartments (i.e., the Department of Homeless Services, the Human Resources Administration, and the Administration for Children’s Services). Ideally, the Department of Housing Preservation and Development ought to conduct HSP inspections and re-inspections.

- **Ensure that apartments have no lead paint hazards:** City agencies should ensure that all apartments where homeless children are placed do not have paint hazards and that landlords are complying with statutory requirements to certify that vacant apartments do not have lead hazards. The “Childhood Lead Poisoning Prevention Act” of 2004 requires that, upon vacancy or turnover of an apartment located in a building built before 1960, the landlord ensure that the apartment does not have lead paint hazards and that the landlord certify this. It also requires that inspectors be trained in Environmental Protection Agency standards for lead detection.
- **If the Bloomberg administration fails to make these reforms, the City Council should pass Intro. 161:** If Mayor Bloomberg fails to make the reforms outlined above, the Coalition urges the passage of Intro. 161, sponsored by City Council Speaker Christine Quinn. Intro. 161, while far from perfect, represents a step forward from current City policy and would at least set minimum housing quality standards for buildings into which HSP recipients (as well as homeless people living with AIDS) are placed. The bill would prohibit the City from placing homeless people in buildings with significant numbers of documented hazardous violations i.e., buildings with 34 units or less which have an average of three or more hazardous violations per unit, as well as buildings with 35 units or more with an average of two or more hazardous violations per unit.

- **Improve communication between City agencies:** The Department of Homeless Services and the Department of Housing Preservation and Development together have a wealth of data at their disposal to assist in making responsible decisions about the quality of the housing into which homeless New Yorkers are placed. As a result, both agencies can work together to ensure not only that all New Yorkers have access to decent, safe housing but also that taxpayer dollars support those in need, not landlords with histories of neglect and criminal behavior.



## Endnotes

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<sup>1</sup> Vera Institute of Justice. “Understanding Family Homelessness in New York City: An In-Depth Study of Families’ Before and After Shelter,” September 2005.

<sup>2</sup> See the Department of Homeless Services, “HSP: Information for Landlords and Brokers,” available at: [http://www.nyc.gov/html/dhs/html/rent/hsp\\_page2.shtml](http://www.nyc.gov/html/dhs/html/rent/hsp_page2.shtml).

<sup>3</sup> *New York Daily News*, “How City Is Poisoning Kids,” January 14, 2007; “Outrage on Lead in City Bldgs.,” January 15, 2007; “Housing Funds Threatened in Lead Fight,” January 18, 2007.

<sup>4</sup> Association of Neighborhood Housing Developers (ANHD), “Inequitable Enforcement: The Crisis of Housing Code Enforcement in New York City,” 2004.

<sup>5</sup> New York University Furman Center for Real Estate and Urban Policy, “State of New York City’s Housing and Neighborhoods,” 2003 and 2005

<sup>6</sup> The City has placed many HSP families into small buildings, often one- or two-family homes, many of which also suffer from significant hazardous conditions. In this section the analysis focuses on multifamily apartment buildings.

<sup>7</sup> The average number of HSP families in the 50 worst buildings was 2.5 families per buildings. The average homeless family, according to the City, is a three-person household which would thus receive a monthly rent subsidy from HSP of \$925. The annual rent on an HSP apartment for a family of three is \$11,100. If each of the owners of the 50 worst buildings receive 2.5 subsidies on average, their annual subsidy from HSP would be an estimated \$28,860.

<sup>8</sup> Subpoena issued in March 2004 by the New York City Department of Housing Preservation and Development to Frank Palazzolo, Palazzolo Investment Group.

<sup>9</sup> Note that this estimate of total HSP subsidies does not include additional HSP placements made after September 2005.

<sup>10</sup> *New York Daily News*. “Caught Man Who Makes Millions from Misery: The Daily News Exposes the Incredible Story of the King of New York City Slumlords,” November 7, 2004.

<sup>11</sup> Note that this estimate of total HSP subsidies does not include additional HSP placements made after September 2005.

<sup>12</sup> *New York Daily News*, “Where Poor Suffer and Slumlords Profit,” November 17, 2002.

<sup>13</sup> Housing Here and Now, “NYC’s Worst Landlords,” July 2005. Available at: [http://nyeworstlandlords.com/nyewl/docs/finalreport\\_20050727.pdf](http://nyeworstlandlords.com/nyewl/docs/finalreport_20050727.pdf)

<sup>14</sup> *New York Post*, “Baseball Talk Fans Flames of Debate,” August 31, 2005.

<sup>15</sup> *New York Daily News*. “Caught Man Who Makes Millions from Misery: The Daily News Exposes the Incredible Story of the King of New York City Slumlords,” November 7, 2004.

<sup>16</sup> *Village Voice*. “Uptown Shuffle: Buildings Crumble, Owners Dance,” March 13-19, 2002.

<sup>17</sup> Note that this estimate of total HSP subsidies does not include additional HSP placements made after September 2005.

<sup>18</sup> *New York Daily News*. “AG: Housing Scam Nets \$300G; City HRA had planned hire of woman charged,” April 4, 2001.

<sup>19</sup> Note that this estimate of total HSP subsidies does not include additional HSP placements made after September 2005.

<sup>20</sup> *New York Times*, “8 Are Arrested in Brooklyn After 2 Fraud Schemes Fail,” August 13, 2003.

<sup>21</sup> *New York Times*, “Metro Brief,” December 3, 1975.

<sup>22</sup> *Newsday*, “Manhattan Close Up; Building Tenants Complain of Neglect,” June 1, 1988.

<sup>23</sup> See New York City Department of Homeless Services, “HSP: Information for Landlords and Brokers,” available at: [http://www.nyc.gov/html/dhs/html/rent/hsp\\_page2.shtml](http://www.nyc.gov/html/dhs/html/rent/hsp_page2.shtml).

<sup>24</sup> *New York Daily News*, “How City Is Poisoning Kids,” January 14, 2007.

<sup>25</sup> Under City and State rules, HSP recipients must have an active and open welfare case in order to receive the HSP rent supplement.

<sup>26</sup> *New York Daily News*, “Where Poor Suffer and Slumlords Profit,” November 17, 2002.