



THE COUNCIL OF
THE CITY OF NEW YORK

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Hon. Bill de Blasio
Mayor of the City of New York
City Hall
New York, NY 10007

Dear Mayor de Blasio:

The New York City Council herein provides its response to the Fiscal 2021 Preliminary Budget pursuant to section 247 of the New York City Charter.

When the Preliminary Budget was released in January 2020, the City's fiscal position was entirely different. During the intervening three months, the coronavirus disease, or COVID-19, has ravaged our health care system and our economy. In January news accounts of widespread illness and death in China and the alarming shutdown and quarantine of Wuhan seemed distant. The threat of COVID-19 was not factored into the Preliminary Financial Plan.

The first case of COVID-19 in the City was reported on March 1, the day before the Council's first hearing on the Preliminary Budget. At that hearing on March 2, the Speaker asked the Budget Director about the potential impact of COVID-19 on the City's budget, but it was clear that the scope of what we are now facing was not yet apparent. Within the next ten days, both you and the Governor had declared states of emergency for the City and the State, respectively, and the World Health Organization had declared the disease a global pandemic. Since then, coronavirus has upended the lives of millions of New Yorkers who have been personally touched by the illness or death of a loved one and who have had regular life disrupted by social distancing measures and workplace and school closures.

As a result of those social distancing measures, the Council was unable to complete approximately half of its scheduled budget hearings and had to cut short its customary agency-level, public review of the Preliminary Financial Plan. The impact of COVID-19 on our economy has been much like the effect of the virus itself – sudden and with a quick decline. As a result, the Preliminary Financial Plan no longer seems an appropriate starting point for the assessment of where the City's budget should end up by the end of the fiscal year. The priorities of our government and our budget clearly have shifted drastically.

Therefore, the response to the Preliminary Budget that the Council offers this year contains our estimation of the components of the baseline budget that are essential and must be preserved even in the face of impending budget cuts. We recognize that revenues are decreasing because of severely reduced business activity, deferred tax collections, and a sharp drop in tourism. And we understand that a substantial amount of resources will be needed to combat the spread of coronavirus and to protect the health and safety of our people and the heroic essential workers. However, as we make the tough decisions about where to find savings and efficiencies, it is imperative that the basic social safety net programs remain untouched, and in some cases expanded with additional investments.

In addition, while this response by its nature focuses on the City's budget, it is crucial that our City and State leadership continue to press the federal government for additional stimulus and recovery funding. The City's ability to stabilize its economy, help the tens of thousands of newly unemployed or underemployed workers, provide loans to small businesses, and pay for the public health response to the virus hinges on federal assistance.

Maintaining Public Health

The Council calls on the Administration to continue to prioritize and maintain services that focus on the prevention and identification of infectious diseases; provide needed mental health supports; address health disparities in New York City's communities of color that cause an excess burden of ill health and premature mortality, including obesity, diabetes, and maternal mortality; support the full range of health services; and conduct surveillance of environmental-related diseases. With the City and the rest of the world dealing with the COVID-19 pandemic, the importance of supporting and funding public health services cannot be overstated. Now more than ever, we must ensure that our City agencies have all the appropriate resources for maintaining the health and well-being of all New Yorkers.

The City's Department of Health and Mental Hygiene (DOHMH) has been an integral part of the City's response to the COVID-19 pandemic. By tracking, identifying, and surveilling the coronavirus disease, DOHMH has shown the importance of epidemiologists in the fight to protect the health of citizens during emergencies. Their work will need to continue long after we reach the apex of the pandemic here in the City with ongoing monitoring and testing needed to contain additional spread, particularly as the social distancing measures are loosened over time.

Further, the coronavirus pandemic has shown the major vulnerabilities that at-risk individuals such as children, older adults, pregnant women, and individuals who may need additional response assistance face during a public health emergency. The City must continue to support and augment the spectrum of health services and programs that are delivered in a culturally and linguistically responsive manner to our most vulnerable and marginalized citizens, including children living in medically underserved communities, first-time mothers, and individuals with compromised immune systems.

We also cannot forget the toll coronavirus may be taking on our residents' mental health. Everything about this disease is stressful. We worry about our own health and the health of our loved ones, while being isolated by social-distancing measures at the time when human connection is most needed. The budget must adequately fund necessary mental health services to provide emotional supports and resources.

Even as the coronavirus pandemic continues towards its apex here in New York City we cannot forget individuals with other illnesses and health needs. We must ensure continued support for services to prevent other communicable diseases, reproductive health, chronic illness management, and more.

Finally, as New York city prepares for a return to life after COVID-19, the ability for the City to assess risks from exposure to potential environmental and occupational hazards will be essential. The City must be prepared to inspect our childcare facilities, food service establishments, and educate the public and healthcare providers on environmental and occupational illnesses.

Addressing Food Insecurity

The Council calls on the Administration to invest at least \$25 million in food pantries, expand all City feeding programs, and increase food allowances for all emergency housing programs. Thousands of New Yorkers routinely rely on the City's food programs, such as pantries and soup kitchens, school and senior center meals, and the federal Supplemental Nutrition Assistance Program (SNAP) to meet their families' basic nutritional needs. Prior to the COVID-19 pandemic, an estimated 1.2 million New Yorkers were food insecure. With the immediate drop in employment and the consequences of social distancing measures many thousands more New Yorkers are now food insecure.

The Human Resources Administration (HRA) oversees the City's Emergency Food Assistance Program (EFAP) which has a baseline budget of \$20.2 million and a network of over 500 food pantries and soup kitchens. In Fiscal 2019, EFAP delivered 17.1 million pounds of food to providers across the City. HRA also administers SNAP and 1.5 million New York City residents were enrolled in that program as of January 2020. The City expects that SNAP enrollment will increase as more people become eligible for this benefit.

In addition to SNAP, the federal COVID-19 relief act will allow states to provide meal-replacement benefits through SNAP for households with children who attend a school that is closed and who would otherwise receive free or reduced-price meals. Reimbursements will mirror current reimbursements for free and reduced-priced school breakfast and lunch, which is \$7 a day per child for eligible households. Unfortunately, because of federal cuts to the program in 2010, SNAP benefits cover only about two weeks of food for an average household. These households in turn then rely on food pantries for food the remainder of the month. In addition, undocumented immigrants do not qualify for SNAP, and those who are food insecure rely on pantries to meet their needs. With all these factors, food pantries across the City will see an increased need in food supply and staff to provide operational support. The Fiscal 2020 and the Fiscal 2021 budgets should allocate

a minimum of \$25 million for food pantries and expand resources for all City feeding programs so that all New Yorkers who need food have access to it during this crisis.

Homeless shelters are another important food access point for vulnerable New Yorkers. According to the Mayor's Office of Food Policy's 2019 Food Metric Report, the Department of Homeless Services (DHS) serves 14 million meals annually to homeless clients housed in single adult and family shelters that do not have in-unit kitchens. Yet, DHS set the maximum daily spending per person at just \$8, far below the \$20 daily food spending of some supportive housing programs and still below the \$8.42 average per meal reimbursement for home-delivered meals (HDMs) by the Department for the Aging (DFTA). Shelter operators fill the gap with private grant funding or expect shelter residents to make up for it. The City should increase food allowances for all emergency housing programs, including DHS shelters, during the COVID-19 crisis and recovery period. It is critical that meal reimbursement rates at shelters be sufficient to provide adequate and nutritious meals so residents do not have to leave shelters unnecessarily to access food during this time.

Protecting the Senior Population

The Council calls on the Administration to ensure that every older adult who requests a meal receives one and to adequately fund the enhanced need for senior services. New York City is home to an estimated 1.2 million people over the age of 60, many of whom rely on City supports during the best of times. According to Hunger Free America, about 11 percent of older New Yorkers experience food insecurity. DFTA provides congregate meals at its 249 senior centers as well as HDMs to homebound older adults. DFTA's congregate meal baseline budget is \$93.6 million and the agency served 7.2 million meals in Fiscal 2019, while its HDM program baseline budget is \$41.8 million with 4.6 million meals served in Fiscal 2019. Older adults are disproportionately impacted by coronavirus, as they are a high-risk population. Current funding for meals through DFTA was already insufficient, as DFTA contracts do not cover the full cost of providing meals. According to an evaluation conducted by the Administration on Aging Nutrition Programs in 2015, the national average reimbursement rate for a congregate meal was \$10.69, while DFTA's average reimbursement rate is only \$9.06. The disparities in reimbursements are even starker for HDMs, where the national average reimbursement was \$11.06 and DFTA's average reimbursement rate is \$8.42. Advocates already report about a 20 percent increase in HDM need since the beginning of the pandemic. As the demand increases, resources should be reallocated to ensure that every older adult that requests a meal through a DFTA program during this emergency receives one.

Older adults will also require additional services, such as case management and homecare services, due to COVID-19. DFTA's Fiscal 2021 case management budget totals \$39.6 million with almost 35,000 seniors accessing case management in Fiscal 2019. The agency's homecare budget for the upcoming fiscal year totals \$34.4 million, with about 3,800 seniors receiving this service. Under normal circumstances, DFTA already has a waitlist for case management and homecare services. As of March 2020, the case management waitlist contained 1,245 seniors, while the homecare waitlist had 478 seniors. In these unprecedented times, more seniors will undoubtedly request these

services. DFTA should prioritize services for socially isolated older adults who have no support structure to care for their physical and mental health. It is also clear that given that how small DFTA's program offerings are, with a total operating budget of only \$385 million in Fiscal 2021, the need for senior services during this time is well beyond what the agency can provide. Other City agencies will need to support services for the City's aging population. Additionally, moving forward, there will be a clear need for more robust and expansive services for older adults, as this vulnerable population will need continued support well into the future as they recover from the impact of COVID-19.

Keeping New Yorkers Housed

The Council calls on the Administration to fund a robust rental voucher program, move families out of shelters into vacant units, invest in homeless street solutions, expand anti-eviction services, and preserve the New York City Housing Authority's (NYCHA) affordable housing stock. Approximately 58,000 New Yorkers currently reside in the DHS shelter system each night and another estimated 20,000 reside in HRA's domestic violence shelters, the Department of Youth and Community Development's (DYCD) runaway homeless youth shelters, and the Department of Housing Preservation and Development's (HPD) emergency shelters. DHS projects that it will spend \$1.8 billion in Fiscal 2021 on adult and family shelter operations. In order to comply with the public health directives intended to limit the spread of COVID-19, shelter providers need additional resources.

As of March 31, there have been four deaths of homeless individuals in the DHS shelter system, while 120 homeless individuals have tested positive for coronavirus and 150 homeless individuals have exhibited COVID-19 like symptoms. These numbers are likely to increase as testing becomes more widely available. Additionally, although there is a current 90-day eviction moratorium across New York State, once it is lifted, New Yorkers who are unemployed or underemployed may be unable to pay rent and be forced to enter the shelter system. This influx will further strain an already fragile homeless shelter system.

One way to lower the number of people entering the system and increase the number of people moving out of the system is to fund robust rental assistance vouchers. Investing in rental vouchers is more cost effective than shelter spending, where the daily average cost per person is \$124 for single adults and \$196 per person in family shelters. Given the average length of stay for single adult is 414 days, this equates to \$51,300 being spent by the City per single adult during their shelter stay. In comparison, the average rent for a one-bedroom apartment in New York City is \$2,980. Therefore, \$51,000 would cover about 17 months of rental payments, which is equal to far more days than the average number of days spent in shelter for a single adult.

The current Fiscal 2020 budget for rental assistance vouchers is \$152.4 million, but as of December 2019, HRA had already spent \$134.1 million, or 86 percent, of that total. The Fiscal 2021 budget for rental vouchers is considerably less, totaling \$124.2 million. It is customary for HRA to add funding for various rental assistance programs throughout the fiscal year based on voucher utilization and the Council encourages the agency to continue this practice, despite impending budgetary

cuts. The City should expand its current, but limited, program of providing rental vouchers to the chronically homeless for vacant 421-a units, which aligns the voucher rental amount with the Area Median Income (AMI) for those units. By identifying existing vacant units into which families can move, the City can reduce shelter spending while providing permanent housing options for the homeless.

Homelessness expands beyond shelters and includes street homeless individuals. DHS provides street outreach services as well as drop-in centers and safe haven beds. Street homeless individuals need additional support to prevent them from contracting COVID-19, such as ensuring there are beds for them to access and acquiring appropriate and timely medical care if they do contract the illness. The Fiscal 2021 budget for street homeless solutions totals \$9 million, dramatically less than the Fiscal 2020 Adopted Budget of \$110.7 million. While the Council expects that additional funding for street homeless solutions will be added in the upcoming fiscal year to match the current budget, the need may grow as this crisis is protracted.

The City should expand its anti-eviction services so that New Yorkers can continue to stay in their homes during this difficult time. The Fiscal 2021 budget for anti-eviction services in HRA is about \$75 million, but it is expected that the need will increase in the coming months once the moratorium on evictions is lifted. Keeping New Yorkers in their homes is a safer option and a better use of limited City resources than shelter spending.

Lastly, the Administration must preserve NYCHA's affordable housing stock. NYCHA provides affordable housing to nearly 400,000 low-and moderate-income City residents by managing and maintaining 316 public housing developments comprised of 2,351 buildings that consist of over 173,000 apartment units in the five boroughs. Through federal rent subsidies (Section 8 Program), the Authority assists over 86,000 families in locating and renting housing in privately owned buildings. In addition, NYCHA facilitates access to critical social services to residents in their communities. Now more than ever City residents need safe and affordable low- and moderate-income housing. Unfortunately, this year's enacted State budget included no new funding for NYCHA and with the impact of COVID-19 on the State and the nation it is unlikely that any new funding is forthcoming from either the State or the federal government. NYCHA cannot afford to lose any of the dollars that the City provides and needs the Administration's steadfast advocacy to protect and enhance the State and federal funding streams.

Supporting Human Services Providers

The Council calls on the Administration to continue to support human services providers by ensuring that workers feel protected, safe, and properly compensated; that contracts reflect the increased costs associated with COVID-19; and that agencies allow flexibility in contract scope and services. Human services providers are at the forefront of providing vital services during this time of crisis, including caring for patients, protecting victims of domestic violence, delivering meals, providing child care for essential workers, sheltering the homeless, supporting the immigrant community, and myriad other work. Issues that are arising will only be exacerbated as the City continues to rely on the work of these non-profit organizations during this time to provide services to

vulnerable New Yorkers without increasing contract rates. The Fiscal 2021 budget for human services contracts, which includes the Administration for Children's Services (ACS), DHS, DFTA, DYCD, and HRA totals \$4.2 billion, with the majority of this spending within ACS and DHS.

Protecting Tenants and Small Property Owners

The Council calls on the Administration to support a rent relief and deferral program for adversely impacted families and implement tax deferral programs for struggling homeowners and small property owners. The City's focus should be on fighting the pandemic because nothing can return to normal until we get the virus under control. To achieve that goal, the City needs resources to ensure that our health workers, our public safety officials, our teachers, our sanitation workers and all other City and non-profit workers are paid and have the material support they need to keep this City running and fighting. But we recognize that there are countless New Yorkers who are not able to meet their financial obligations. Therefore, the City should balance these realities by taking the following steps.

For renters, we should support a rent deferral and relief program for adversely impacted renters that lasts the duration of the crisis. However, this could create a hardship for small and non-profit property owners. The City should ameliorate some of this hardship by providing targeted property deferrals.

To fund this deferral program, the Administration should call on large property owners who are financially secure to step up like they did in the 1970s and prepay their entire Fiscal 2021 property tax bills on July 1 to provide the City with cash flow to be able to offer assistance programs to those who were harder hit. We could then provide interest forgiveness and expand deferral programs for low- and moderate-income homeowners who have lost income due the crisis. We could also fund a low-interest property tax deferral program for small commercial, hotel, and rental apartment building owners who provide rental relief to tenants, to non-profit affordable housing providers who extend tenancy protections, or for owner-occupiers who have seen their own businesses suffer. Once we have provided deferrals, the City should advocate for federal funds to allow some of the deferrals to be forgiven as a form of targeted relief.

Supporting Small Businesses

The Council calls on the Administration to take measures to stabilize the small business community. Impacted small businesses must be able to survive until business activity resumes to normal levels. Businesses have certain bills that need to be paid whether or not they are operating, such as rent, utilities, loan payments, insurance costs, and taxes. Getting cash to small businesses during this crucial period is essential.

Therefore, the Administration should continue targeted tax and municipal deferrals for small businesses until they can reopen and offset the cash flow crunch by calling on large corporations to prepay their taxes.

Moreover, the Administration should expand the existing small business loan program. Currently, the Department of Small Business Services (SBS) is offering the NYC Small Business Continuity Loan Program which provides an interest-free loan of up to \$75,000 to businesses with 100 employees or less that has experienced at least a 25 percent decrease in revenue as a result of COVID-19. The eligibility of this program should be broadened to reach more businesses and the maximum loan amount should be increased to \$250,000. SBS should continue to charge no interest on the loans, but with the help of the federal government, the City should be prepared to forgive some of this debt if necessary to keep businesses afloat.

As part of the strategy to get the loans out to the community, SBS should engage a wide-range of small community banks and community development finance institutions that will ensure that language and cultural differences do not become barriers to accessing this aid. It is imperative to expedite the processing of these loans to get money out as quickly as possible to help prevent permanent closures and save jobs.

Conclusion

On behalf of the Budget Negotiating Team and the entire Council, we urge that in the Fiscal 2021 Executive Budget you not reduce, but instead increase and reprioritize funding for services that promote access to food, protect older adults, align shelter and housing conditions with recommended health policies for coronavirus, stabilize the small business community, and support human services providers. And, as the City begins to recover from this crisis, we look forward to partnering with you to discuss how funding will need to shift to restart the economy, revive youth programming including the Summer Youth Employment Program, and address the continuing repercussions of the rise in unemployment.

These are extraordinary times. But New York City is an extraordinary place. Together we will rise to the challenge and do what is right for the millions of people depending on us.

Sincerely,



COREY JOHNSON
Speaker



DANIEL DROMM
Chair, Finance Committee



VANESSA GIBSON
Chair, Subcommittee on
Capital Budget