

New York City Council

Hon. Adrienne Adams, Speaker of the Council

Hon. Justin Brannan, Chair Finance Committee

Hon. Diana Ayala, Deputy Speaker and Chair, General Welfare Committee,

Report on the Fiscal 2026 Executive Plan and the Fiscal 2026 Executive Capital Commitment Plan for the Department of Homeless Services

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Fiscal 2026 Executive Plan

Department of Homeless Services Budget Overview

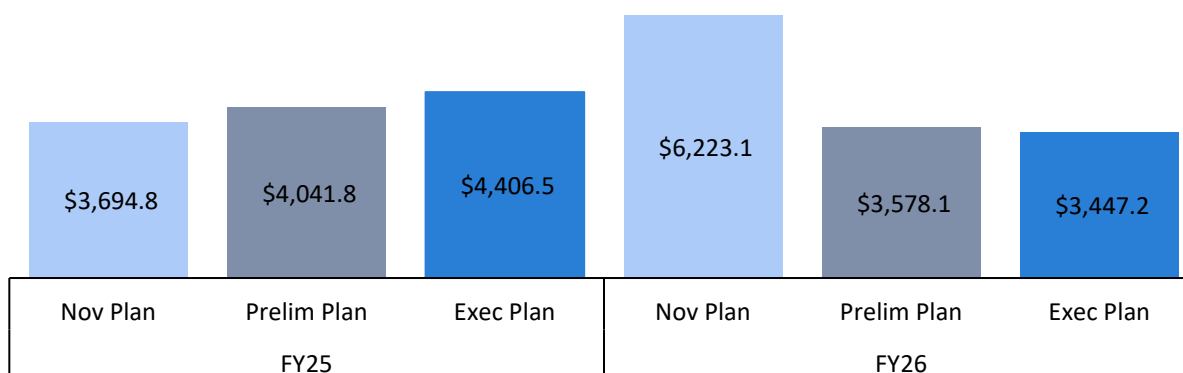
The principal function of the Department of Homeless Services (DHS or the Department) is to provide transitional shelter for homeless single adults, adult families, and families with children, in accordance with New York City's "right to shelter" mandate. DHS works to prevent homelessness, provides support to unsheltered homeless, and assists those experiencing homelessness in the City transition from shelter and the streets to permanent housing. The majority of DHS's services are provided in collaboration with contracted community-based, non-profit partners. DHS and the Human Resources Administration (HRA) are overseen and managed by the Department of Social Services (DSS), and both report to a single commissioner for social services.

DHS has seen significant budgetary and programmatic changes since the release of the Fiscal 2026 Preliminary Plan in January. Several adjustments were made to the budget for asylum seeker response efforts, resulting in an increase of \$146.7 million in Fiscal 2025, a reduction of \$239.6 million in Fiscal 2026, a reduction of \$1.40 billion in Fiscal 2027, and reductions of \$350.5 million in Fiscals 2028 and 2029. The prevailing wage for contracted shelter security, which has been legislatively required since 2021 and which the Council has advocated for in multiple preliminary budget responses, was finally baselined with \$63.5 million added starting in Fiscal 2025.

The Executive Financial Plan for Fiscal 2025-2029 (Executive Plan), includes a proposed Fiscal 2026 budget of \$3.45 billion for DHS. The Department's projected Fiscal 2026 budget represents 3.0 percent of the City's proposed Fiscal 2026 budget in the Executive Plan. DHS's Fiscal 2025 budget in the Executive Plan is \$364.7 million (9.0 percent) more than its \$4.04 billion Fiscal 2025

budget in the Preliminary Plan, and the Fiscal 2026 budget in the Executive Plan is \$130.9 million (3.7 percent) less than its \$3.58 billion Fiscal 2026 budget in the Preliminary Plan. The current Fiscal 2026 budget is \$459.5 million less than the \$3.91 billion Fiscal 2025 budget at adoption. For additional information on DHS’s Preliminary Budget, please refer to the Fiscal 2026 Preliminary Budget report.¹

Comparison of the Last Three Financial Plans

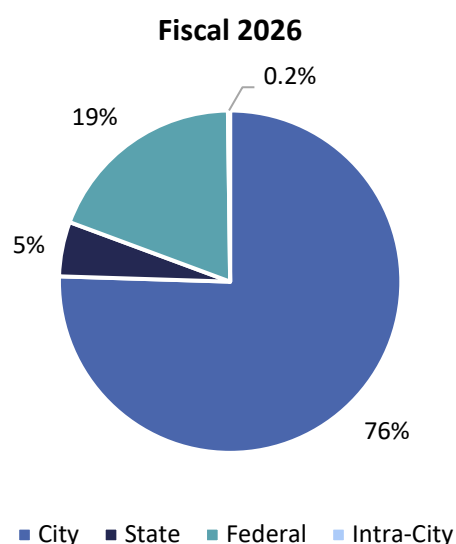
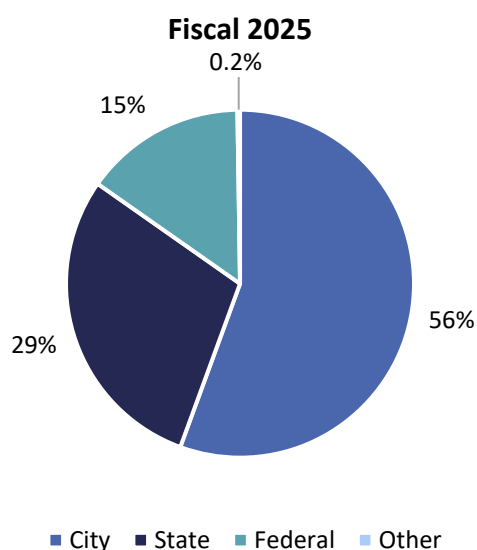


Dollars in Millions

Source: New York City Office of Management and Budget

Budget by Funding Source

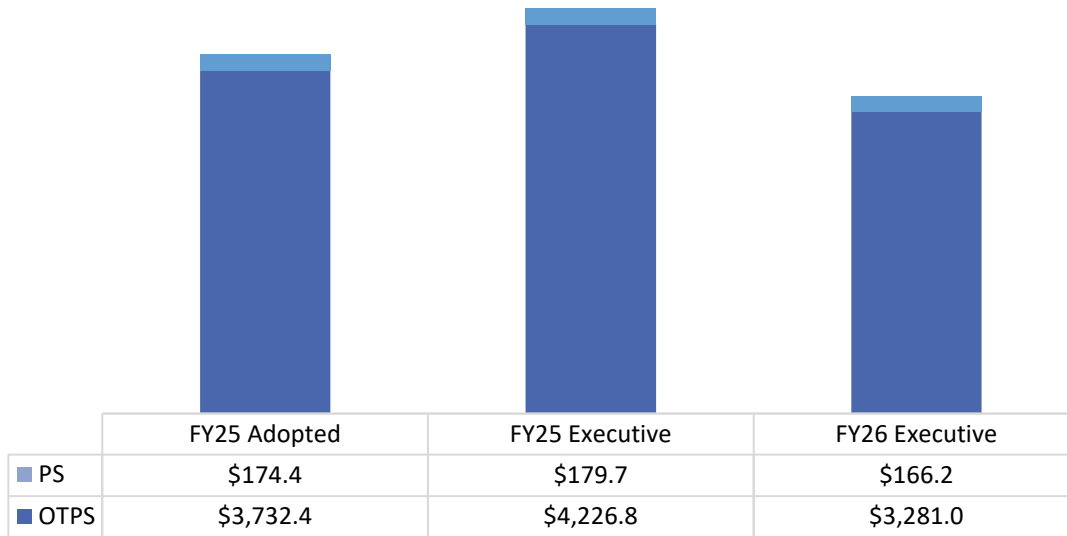
Fiscal 2026 City Funds: 75.5 percent



Source: New York City Office of Management and Budget

¹ New York City Council, [“Report on the Fiscal 2026 Preliminary Plan and the Fiscal 2025 Preliminary Mayor’s Management Report for the Department of Homeless Services”](#), as of March 2025.

Personal Services (PS) and Other Than Personal Services (OTPS)



Dollars in Millions

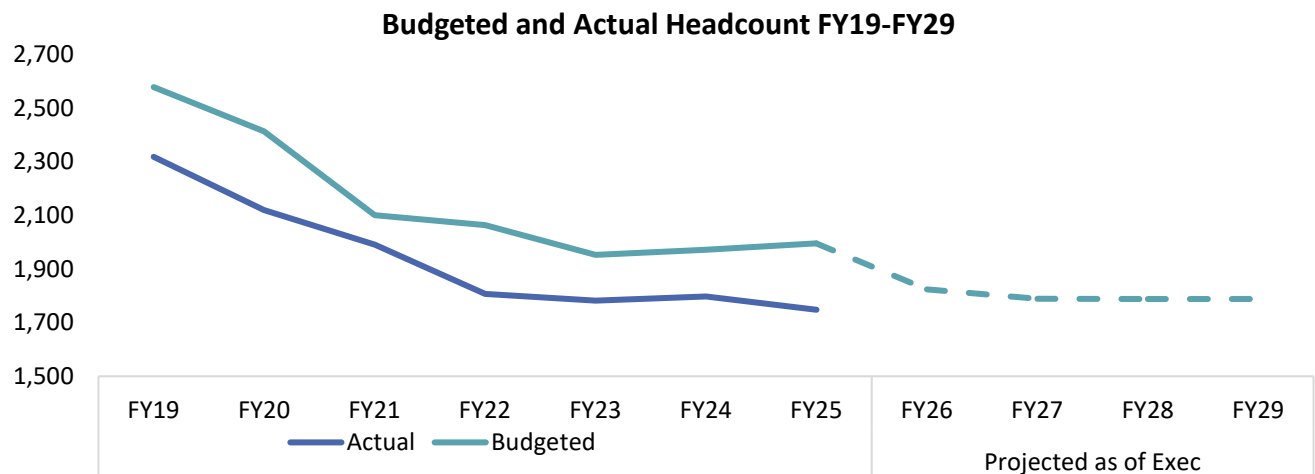
Source: New York City Office of Management and Budget

Headcount

Fiscal 2025 Budgeted Full-Time Positions: **1,995**

Actual Headcount as of March 2025: **1,748**

Vacancy Rate as of March 2025: **12.4 percent**



Source: New York City Office of Management and Budget

Note: Budgeted and actual headcounts are as of the end of the fiscal year, except for FY26 where budgeted headcount is as of the Executive Plan and actual headcount is as of March 2025.

Executive Plan Changes

<u>FY25 = \$364.7</u>	<u>FY26 = (\$130.9)</u>	<u>FY27 = (\$1,297.5)</u>	<u>FY28 = (\$247.5)</u>	<u>FY29 = (\$247.5)</u>
New Needs = \$191.4	New Needs = \$77.9	New Needs = \$63.5	New Needs = \$63.5	New Needs = \$63.5
Other Adjustments = \$173.4	Other Adjustments = \$808.6	Other Adjustments = \$39.0	Other Adjustments = \$39.0	Other Adjustments = \$39.0
PEG Restoration = \$0	PEG Restoration = \$3.7	PEG Restoration = \$0	PEG Restoration = \$0	PEG Restoration = \$0
Savings = \$0	Savings= (\$1,021.1)	Savings= (\$1,400.0)	Savings = \$350.0	Savings = \$350.0

Dollars in Millions

Savings in this chart are the sum of all expense savings, from all revenue sources, including but not limited to, City, State, and federal savings.

Significant Executive Plan Changes

New Needs

- Non-Asylum Shelter.** The Executive Plan includes an additional \$99.8 million of City funding in Fiscal 2025 only for non-asylum seeker, single adult shelter costs. The cost of single adult shelters are projected to exceed what was budgeted for the remainder of the fiscal year due to census growth.
- Prevailing Wage for Shelter Security.** The Executive Plan includes an additional \$63.5 million baselined, starting in Fiscal 2025, for the prevailing wage for shelter security at DHS facilities. This funding is comprised of \$50.1 million of City funding, \$2.5 million of State funding, and \$10.9 million of federal funding. As previously noted, this has been legislatively required since 2021 and the Council has advocated for this funding to be baselined in multiple preliminary budget responses.
- Administrative Services and Contracts.** The Executive Plan includes \$13.4 million in Fiscal 2025 only, comprised of \$11.7 million in City funding, \$19,236 in State funding, and \$1.7 million in federal funding, for shelter intake administrative costs and contracted services including janitorial, security, transportation, and shelter food. The additional funding is for prevailing wages for projected expenditures that exceed the baseline budget.
- Homeless Outreach.** The Executive Plan includes an additional \$9.0 million in Fiscal 2025 and \$14.4 million in Fiscal 2026 for unsheltered homeless outreach services in the transit system.

- **End-of-Line Subway Stations.** The Executive Plan includes \$9 million of City funding in Fiscals 2025 and 2026 for outreach services at end-of-line subway stations, and transportation from these stations to DHS intake centers. Additionally, 35 outreach worker positions were added in Fiscals 2025 and 2026, for which funding is already included in the budget. This funding is part of the City's Subway Safety Plan.
- **Commuter Stations.** The Executive Plan includes \$5.4 million of City funding in Fiscal 2026 only for homeless outreach services at commuter stations including Pennsylvania Station in Manhattan and Atlantic Terminal in Brooklyn.
- **Information Technology (IT).** The Executive Plan includes \$5.6 million of City funding in Fiscal 2025 only for DHS's agency-wide IT software and hardware maintenance costs, that are not capitolly eligible, including the StreetSmart and CARES systems.

Other Adjustments

- **Asylum Seeker Response.** The Executive Plan includes an additional \$147.0 million in State funding in Fiscal 2025, a \$37.4 million reduction of federal funding in Fiscal 2026, and \$819.5 million in additional City funding in Fiscal 2026. The federal funds, from the Federal Emergency Management Agency, were transferred from DHS to Health + Hospitals (H+H). In the Preliminary Plan, \$1.42 billion in City funds in Fiscal 2026 were transferred from DHS to other City agencies. In the Executive Plan, \$819.5 million is transferred back to DHS, based on the Administration's updated projections on which agencies will be involved in response efforts next fiscal year.
- **Cost-of-Living Adjustment for Human Service Providers.** The Executive Plan includes additional State and federal funding of \$11.9 million in Fiscal 2025, \$24.3 million in Fiscal 2026, and \$36.9 million in Fiscals 2027 to 2029 to support the cost-of-living adjustments for human service providers that was announced in March 2024.
- **Federal Grants.** The Executive Plan includes an additional \$5.9 million in federal funding in Fiscal 2025 only, with \$5.0 million from the Emergency Solutions Grant (ESG) and \$929,017 from the Department of Justice (DOJ). The DOJ grant will support improvements to DHS's data system that collects data on peace officer engagement with shelter residents. ESG funding will support staffing and operational costs for DHS technology systems, including the Homeless Management Information System that tracks shelter census information.
- **Workforce Enhancement for Human Service Providers.** The Executive Plan includes a baseline addition of \$4.8 million of federal funding and \$774,094 in State funding, starting in Fiscal 2025, to support the workforce enhancement initiative for human service provider contracts.
- **WiFi in Family Shelters.** The Executive Plan includes \$4.1 million in baselined City and federal funding, starting in Fiscal 2026, to support WiFi in families with children shelters, which was first implemented during the pandemic. These are funds transferred from the Office of Technology and Innovation (OTI) budget, which holds the contract for these

services. Funding for this program will be included in DHS's baseline budget, with DHS reimbursing OTI for the costs.

- **Housing Restructuring Transfer.** The Executive Plan includes a baseline reduction of 102 positions and \$8.4 million in City funds, starting in Fiscal 2026 for housing-related positions. These positions were transferred from DHS to HRA to consolidate all DSS housing services within HRA.

PEG Restoration

- **MainChance Drop-In Center.** The Executive Plan includes \$3.7 million of City funding in Fiscal 2026 only for the MainChance Drop-In Center, which serves the street homeless population, located in midtown Manhattan on the east side. Funding for this drop-in center was eliminated in the Fiscal 2025 Preliminary Plan as part of the Administration's Program to Eliminate the Gap (PEG) program. DHS planned to terminate the contract for this center due to performance concerns. The restoration is the result of a lawsuit filed by the provider in which the court ordered the City to fund the remainder of the contract.

Savings

- **Asylum Seeker Response Re-estimate.** The Executive Plan includes several savings adjustments to asylum seeker response funding that result in net reductions of \$1.02 billion in Fiscal 2026, \$1.40 billion in Fiscal 2027, and \$350.0 million in Fiscals 2028 and 2029.
 - **Funding Swap.** The Executive Plan includes a swap of \$219.3 million in City funding for State funding in Fiscal 2025, which was reallocated from other agencies.
 - **Funding Reductions.** In Fiscal 2026, the Plan includes a \$21.1 million transfer from DHS to H+H. State funding reductions total \$1.0 billion in Fiscals 2026 and 2027 and \$350.0 million in Fiscals 2028 and 2029. Additionally, the Plan includes a City funding reduction of \$400 million in Fiscal 2027. These reductions were part of a citywide re-estimate of the costs to provide services to asylum seekers made in the Executive Plan. Actual spending thus far this fiscal year has been lower than what was originally projected due to the decreasing census and fewer new entrants than had been projected. While savings were also reflected in three other agencies in Fiscals 2025 and 2026, all outyear funding has been budgeted in DHS's budget and outyear savings was realized solely in DHS's budget. State funding, that the City assumed would be provided between Fiscals 2026 and 2029, was removed from the Plan as these funds were not appropriated by the State. Given the decline in projected expenditures, the Administration did not deem it necessary to replace these unallocated funds with City funding.

Budget Response

*Fiscal 2026 Expense Proposal Estimate: **\$600.6 million***

*Expense Proposals Included in the Fiscal 2026 Executive Budget: **\$99.8 million***

In the City Council's Fiscal 2026 Preliminary Budget Response, the Council identified several areas of concern relating to DHS. The budget response called on the Administration to add \$600.6 million in expense funding related to non-asylum seeker shelter costs, an increase to the contract rates for human service providers, and the prevailing wage for contracted shelter security.² The Executive Plan includes the following, as shown in the table.

FY26 Budget Response Items			
#	Response Priorities	Amount Requested	Amount in the Exec Budget
1	Non-Asylum Seeker Shelter Costs	\$537.1	\$0
2	Baseline Prevailing Wage for Shelter Security	63.5	63.5
3	Human Service Non-Profit Contract Rates	Call to Action	\$29.9

Dollars in Millions

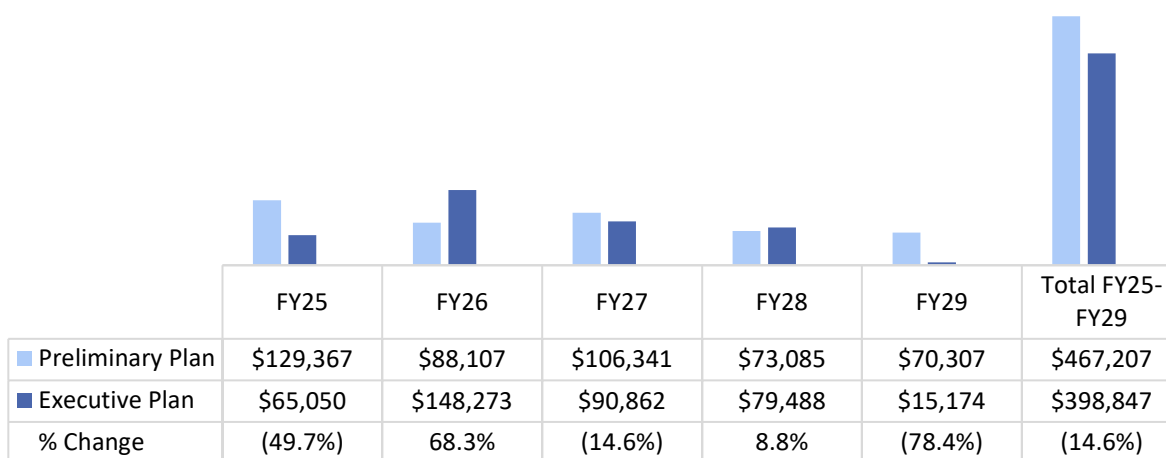
Capital Plan Overview

- DHS's commitments, as presented in the Executive Capital Commitment Plan for Fiscal 2025-2029 (the Executive Commitment Plan), total \$398.8 million, 14.6 percent less than the total for the same period presented in the Preliminary Capital Commitment Plan released in January.
- The Department's planned commitments comprise less than half a percent of the City's total \$111.98 billion Fiscal 2025-2029.

² New York City Council, "[Response to the Fiscal 2026 Preliminary Budget and Fiscal 2025 Preliminary Mayor's Management Report](#)", as of April 2025.

Capital Commitment Plan

Fiscal 2025-2029 Capital Commitment Plan



Dollars in Thousands

Source: New York City Office of Management and Budget

- Shelter Infrastructure and Maintenance.** Funding for shelter infrastructure and maintenance was reduced by \$61.0 million in the Executive Commitment Plan when compared to the Preliminary Plan, from \$433.1 million to \$372.1 million. The projects include façade rehabilitation, electrical upgrades, roof replacements, plumbing upgrades, and fire safety. The largest changes from the Preliminary Commitment Plan relate to work at the Bellevue Men’s Shelter on 30th Street in Manhattan, including a reduction of \$27.8 million of emergency stabilization work and a reduction of \$19.2 million for bathroom reconstruction, which were both rolled from Fiscal 2029 to Fiscal 2030. Shelter infrastructure and maintenance projects comprise 79.6 percent of DHS’s Executive Commitment Plan.
- Information and Technology (IT) and Equipment Purchases.** Funding for IT and equipment purchases decreased by \$6.9 million in the Executive Commitment Plan, from \$29.1 million to \$22.3 million. This includes network stabilization and security, maintenance of the StreetSmart and CARES programs, closed-circuit television, tracking and database systems, and website upgrades. The largest change in the Executive Commitment Plan was for the Beaver Street network stabilization, security, and design project, which was budgeted at \$3.0 million in the Preliminary Commitment Plan. In the Executive Commitment Plan funding was rolled into Fiscal 2032. IT and equipment purchases comprise 5.6 percent of DHS’s Executive Commitment Plan.

Budget Action Chart

<i>Dollars in Thousands</i>	FY25			FY26		
	City	Non-City	Total	City	Non-City	Total
DHS Budget as of the FY26 Preliminary Plan	\$2,489,635	\$1,552,155	\$4,041,790	\$1,719,929	\$1,858,209	\$3,578,138
Changes Introduced in the FY26 Executive Plan						
New Needs						
Administrative Services and Contracts	\$11,700	\$1,671	\$13,371	\$0	\$0	\$0
Homeless Outreach – End-of-Line Subways	9,000	0	9,000	9,000	0	9,000
Homeless Outreach – Commuter Stations	0	0	0	5,400	0	5,400
Information Technology	5,642	0	5,642	0	0	0
Non-Asylum Shelter Re-estimate	99,839	0	99,839	0	0	0
Prevailing Wage for Shelter Security Contracts	50,100	13,400	63,500	50,100	13,400	63,500
Subtotal, New Needs	\$176,281	\$15,071	\$191,352	\$64,500	\$13,400	\$77,900
Other Adjustments						
Asylum Seeker Response	\$0	\$146,974	\$146,974	\$819,453	(\$37,398)	\$782,055
Cost-of-Living Adjustment for Human Service Providers	0	11,950	11,950	0	24,258	24,258
DC37 Collective Bargaining	290	0	290	290	0	290
Department of Justice Grant	0	929	929	0	0	0
Emergency Solutions Grant	0	5,013	5,013	0	0	0
Heat, Light, Power, and Fuel	2,236	0	2,236	191	0	191
Homeless Street Outreach	0	420	420	0	0	0
Housing Program Restructuring with HRA	0	0	0	(8,368)	0	(8,368)
Lease Adjustment	0	0	0	158	369	528
Technical Adjustments	0	29	29	0	0	0
WiFi at DHS Family Shelters	0	0	0	2,698	1,358	4,055
Workforce Enhancement Initiative	0	5,557	5,557	0	5,557	5,557
Subtotal, Other Adjustments	\$2,526	\$170,855	\$173,381	\$814,421	(\$5,856)	\$808,565
PEG Restoration						
MainChance Drop-In Center	\$0	\$0	\$0	\$3,700	\$0	\$3,700
Subtotal, PEG Restoration	\$0	\$0	\$0	\$3,700	\$0	\$3,700
Savings						
Asylum Seeker Response	(\$219,252)	\$219,252	\$0	\$0	(\$1,021,102)	(\$1,021,102)
Subtotal, Savings	(\$219,252)	\$219,252	\$0	\$0	(\$1,021,102)	(\$1,021,102)
TOTAL, All Changes in the FY26 Executive Plan	(\$40,445)	\$405,178	\$364,733	\$882,621	(\$1,013,558)	(\$130,937)
DHS Budget as of the Executive Plan	\$2,449,191	\$1,957,334	\$4,406,525	\$2,602,550	\$844,653	\$3,447,203

Source: New York City Office of Management and Budget

Budget by Program Area

<i>Dollars in Thousands</i>	FY23	FY24	FY25	Executive Plan		*Difference
	Actual	Actual	Adopted	FY25	FY26	FY26 - FY25
Budget by Program Area						
Adult Shelter Administration and Support	\$9,951	\$9,919	\$8,383	\$12,409	\$8,575	\$192
Adult Shelter Intake and Placement	12,523	12,803	13,548	13,661	13,957	409
Adult Shelter Operations	1,106,832	1,181,617	793,252	1,320,561	829,492	36,240
Family Shelter Administration and Support	6,073	6,722	14,532	10,532	14,744	212
Family Shelter Intake and Placement	36,053	38,706	39,044	39,145	31,037	(8,007)
Family Shelter Operations	1,095,224	1,036,509	1,048,572	1,288,156	1,067,834	19,262
General Administration	958,338	1,272,046	1,693,112	1,329,878	1,058,684	(634,428)
Outreach, Drop-in, and Reception Services	310,637	333,666	296,266	384,149	422,840	126,574
Prevention and Aftercare	0	(153)	0	0	0	0
Rental Assistance and Housing Placement	4,746	333	31	8,031	39	8
TOTAL	\$3,540,378	\$3,892,169	\$3,906,740	\$4,406,523	\$3,447,202	(\$459,538)
Funding						
City	\$2,384,777	\$2,370,836	\$2,363,508	\$2,449,190	\$2,602,550	\$239,042
Other Categorical	6,700	3,036	3,000	3,000	0	(3,000)
State	605,706	1,047,826	915,074	1,284,810	177,764	(737,310)
Federal - Community Development	44,78	405	553	553	553	0
Federal - Other	522,921	465,218	617,509	661,273.81	659,239	41,730
Intra-City	15,798	4848	7,096	7696.467	7095.875	0
TOTAL	\$3,540,378	\$3,892,169	\$3,906,740	\$4,406,523	\$3,447,202	(\$459,538)
Budgeted Headcount						
Full-Time Positions - Civilian	1,782	1,797	1,918	1,995	1,824	(94)
Full-Time Equivalent Positions	15	14	2	2	2	0
TOTAL	1,797	1,811	1,920	1,997	1,826	(94)

**The difference between the Fiscal 2026 Executive Budget and the Fiscal 2025 Adopted Budget.*

Source: New York City Office of Management and Budget