

**Testimony of Bill Lienhard, Project Director
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New York City Council**

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On behalf of the Mental Health Project of the Urban Justice Center, I would like to thank the Coalition for the Homeless for their excellent work on the issue of unlicensed homes, and I would like to thank Chairperson Bill de Blasio for drawing attention to a very important issue. I believe this legislation is a step in the right direction.

I would like to tell you how I first stumbled across the issue of unlicensed, illegal homes. I was working as a Housing Court attorney for the Mental Health Project back in 2001, and a client, call him Scott, who suffered from severe agoraphobia, called asking for my help. You're going to notice a lot of quotation marks in my story because nothing was as it appeared. Scott said that he was about to be evicted from the "program" because he had complained to the Commission on Quality of Care about the way the "patients" were being treated. He had a very long list of complaints, including:

- walls covered with a thick black mold
- a sewage flood in the basement
- the "director" cut off his meals to punish him
- there were no locks on any of the doors
- overcrowding, there were 2-3 men to a room
- he was charged fees, such as \$10 every time he turned on his hot plate
- the "director" was threatening to throw him out on the street and
- the director's son had threatened him with a baseball bat

Because Scott couldn't leave his building, I had to go out to East New York to visit him. I expected to find a shoddy institution. Instead, I found a decrepit row house. When Scott opened the door to let me in, the sewage smell was overpowering. There were exposed electrical wires, peeling paint, and chipped plaster everywhere. The kitchen in Scott's apartment had been ripped out entirely. Scott and the other residents referred to themselves as "patients," but there were no doctors or nurses present and no sign of any kind of professional assistance whatsoever. The place was just a crowded firetrap.

Over two years of litigation, I was able to win Scott damages and help him find a safer place to live. As I investigated the case, however, I learned that this was a much larger problem. Over the ensuing years, I've seen such places grow like mushrooms all over the city. I've met residents who were imprisoned in the basement all weekend, residents who were controlled by pit bulls, residents who were threatened with guns, and residents whose government benefits were stolen. I've met residents who thought they were going to a government drug rehab program only to find themselves in a run-down house surrounded by open drug use. I've met residents who were forced to participate in religious activities. I've met residents who were forced to shop at the owner's deli. I've met residents who were forced to swipe their food stamps cards to buy the owner's groceries. I've met residents who were deprived of food as a punishment, and I've met residents who were sexually assaulted.

This illegal and dangerous cottage industry is unfortunately fueled by DHS and its contractors. Most of the residents I've met were recruited by the illegal home owners directly from DHS or DHS-contracted shelters. The illegal home owners found them

through connections with low-level employees, made sure that they came with a steady source of income such as Social Security, and then took over their benefits, e.g. by becoming representative payees.

The situation has worsened quite a bit since I worked with Scott. At 11:30 a.m. today, I happened to get a call from a gentleman, call him Jim, who told me his story. It shows how people cycle from DHS shelters, to DHS contractors, into 3/4 homes, become traumatized, and then wind up back in the shelter system. Jim went from Bellevue shelter to a Project Hospitality shelter on Staten Island. Then, in January of 2009, an outreach worker at Project Hospitality sent Jim to a 3/4 house in Brooklyn. Jim said there were 5-6 people to a room and conditions were terrible. He got into an altercation with another resident and the other resident stabbed him 7 times. Jim's now back in another city shelter.

The proposed legislation is a step in the right direction, but it's not enough because it is largely limited to preventing referrals to homes that have recorded Certificate of Occupancy ("C of O") violations. Instead of merely stopping referrals to places with outstanding violations, DHS should obtain the C of O for a building prior to making any referral. Next, DHS should inspect the building and make an initial determination as to whether it appears to be in compliance with the C of O.

Even if a building or program appears to be in compliance with the C of O, it may be operating illegally in a way that endangers the residents. Many of these homes draw in people with developmental disabilities, mental illness, physical illness, and substance abuse. Scott's home, for example, purported to offer all kinds of services, including mental health and substance abuse services. It's illegal to operate adult care facilities without first obtaining licenses from the appropriate state agencies, including the State Office of Mental Health, the State Department of Health, the Office of Mental Retardation and Developmental Disabilities, the Office of Alcoholism and Substance Abuse Services, the Office of Children and Family Services, and the Office of Temporary and Disability Services. Therefore, prior to making any referrals, DHS should verify with the appropriate state agencies that the home has all of the licenses required by state law and regulations.

To accomplish this, I recommend that the following language be added to the bill:

DHS shall not refer residents to buildings that are subject to licensure under city and/or state law and/or regulations but which lack a license or licenses.

In addition, the bill should spell out exactly what "prohibiting DHS from making referrals" means. Given the many informal, low-level contacts that illegal home owners use to recruit residents, the bill should state that DHS is prohibited from:

- a) providing information concerning suspect homes to shelter residents
- b) providing information concerning shelter residents to suspect homes

- c) communicating with employees/associates of suspect homes, and
- d) transporting residents to or from suspect homes

Finally, since DHS contracts out many of its shelters the bill should state explicitly that it applies to DHS contractors and subcontractors.

DHS will respond that it cannot control where people decide to go after they leave the shelter. That is true. DHS can, however, control its own employees and contractors and subcontractors. It should exercise that control to stop them from enabling illegal adult home operators to profit from breaking the law.