



November 13, 2024

Dear Mayor Adams,

The undersigned organizations represent the largest coalition of non-profit legal services providers in the city. Collectively, we provide critical housing and immigration services to thousands of families each year. We are a lifeline to New Yorkers in need. However, mounting payment issues are making it impossible for us to operate and provide essential services to the New Yorkers who need us most. **The City must act by immediately allocating additional advances on housing and immigration contracts and addressing other payment issues that threaten our ability to operate.**

The biggest contractual issue the non-profit legal coalition is facing right now on housing and immigration work is receiving payment on registered contracts with the Human Resources Administration (HRA). These contracts include contract for Anti-Eviction /Right to Counsel (RTC), Anti-Harassment Tenant Protection (AHTP), and the Immigrant Opportunities Initiative (IOI). While these contracts were registered timely, none of the non-profit legal service providers who do the critical housing and immigration work through HRA have been able to submit invoices for payment because the City has not yet approved our FY25 budgets. This means that for all providers, we are now in month 5 of not being able to invoice and receive any payments outside of the July advances.

Delays in payment are existential and threaten payroll and our ability to continue doing this work, especially for smaller non-profits. While the 30% advance on baseline City contracts this year was a great step, we are now well beyond the 30% of the year that these advances were supposed to cover, and we have no way to receive additional payment on these contracts. Even though HRA has been working on this, they are still many steps away from turning on the ability to submit invoices. And once they do, they will have 5 months of invoices from every single organization to review. We have repeatedly asked the City to allocate an additional 20% advance to account for the time it will take HRA to make payments, but so far, they have refused.

Non-profit providers need these advances to ensure they have enough cash to make payroll. Some organizations are already relying on or about to exhaust lines of credit. Non-profits cannot continue to operate this way. **The City must allocate an additional 20% advance immediately so non-profits have sufficient cash to operate.**

But this is not the only challenge we are facing. We were informed by HRA only in mid-October that when they do begin making payments on the Anti-Eviction/Right to Counsel (RTC) contracts, they will be paying the non-profit providers only 90% of their invoices, whether they are meeting performance milestones or not. This is an extremely damaging way to implement a new performance-based payment provision in the FY25 housing contracts, and undermines the effort to expand and improve this program for New Yorkers in need.

The new Anti-Eviction/Right to Counsel contracts included a new provision that 10% of the contract budget will be performance based. But even worse, we're now being told that it's not just our contract budget that may be reduced if we don't meet performance targets - instead, the City will withhold 10% of every payment. Our understanding is that this model is used with for-profit organizations that contract with the City on, for example, construction projects. In those circumstances, the City is holding back *profit* from those companies. But this does not work for non-profits who only receive payment for the actual costs they incur. The City is not holding back our profit – they are holding back funding that only covers the costs to deliver essential services.

Because HRA will withhold 10% of the actual payment on invoices that non-profits submit each month, non-profits will not receive sufficient reimbursement to cover the expense incurred throughout the year, increasing already difficult cash flow challenges. If non-profits meet performance targets, we could get some of that 10% back mid-year, and then the balance at the end of the year. But that only serves to exacerbate cash flow issues, and is a risk that nonprofit providers, who by definition cannot make a profit, cannot afford to take.

This approach is punitive and counter-productive, especially in the first year of a new program that is by definition ramping up, and especially when we haven't even been able to submit invoices for these contracts yet. **The City must immediately pause implementation of this harmful approach.**

All of this is happening in an already extremely difficult context. FY25 is not the only challenge we're facing. Multiple non-profits have not received payment on their final FY24 invoices. Some of the payments are quite large, with one non-profit still owed \$20.6 million, which amounts to over 15% of their annual budget.

Non-profits like us start at an extraordinary disadvantage. While City agencies start the year with their funding and receive additional allocations for the new collective bargaining, healthcare cost increases, and utility and space cost increases, non-profits like us do not. We are constantly waiting for our funding to be confirmed or for reimbursement following an onerous, detailed, line-item review with constantly changing rules and requirements. And then, when we cannot spend the money because it was never confirmed for us in the first place, or we did not receive it in time, the City takes it back, effectively cutting our funding even further.

The City must take immediate action to ensure that non-profits can continue to operate and implement signature City initiatives for the New Yorkers who need us.

Sincerely,

Piyali Basak, Managing Director, Neighborhood Defender Services Harlem  
Twyla Carter, Attorney-in-Chief and Chief Executive Officer, The Legal Aid Society  
Michelle Jackson, Executive Director, Human Services Council  
Doug Lasdon, Executive Director, Urban Justice Center  
Tiffany Liston, Executive Director, Mobilization for Justice

Elizabeth Miller, Executive Director, CAMBA Legal Services  
Keriann Pauls, Director of Coalitions and Resource Management, TakeRoot Justice  
Lisa Rivera, President and CEO, New York Legal Assistance Group  
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Rodrigo Sanchez-Camus, Director of Legal, Organizing, & Advocacy, NMIC  
Juval O. Scott, Executive Director, Bronx Defenders  
Lisa Schreibersdorf, Executive Director, Brooklyn Defender Services  
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Eileen Torres, Chief Executive Officer, BronxWorks

cc:

Ana Alamanzar, Deputy Mayor for Strategic Initiatives  
Johnny Celestin, Executive Director Of Mayor's Office Of Nonprofit Services  
Lisa Flores, Chief City Procurement Officer and Director of the Mayor's Office of Contract Services  
Camille Joseph Varlack, Chief of Staff to the Mayor  
Anne Williams-Isom, Deputy Mayor for Health and Human Services