

# REINVEST RECOVER REVITALIZE

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**SUPPORTIVE HOUSING SOLUTIONS  
FOR A BETTER NEW YORK**

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## **Supportive Housing Solutions for a Better New York**

Amidst an ongoing housing crisis and global pandemic, key solutions to homelessness, public health and economic recovery need to be at the center of all policy and budgetary priorities. Supportive housing is such a solution, as it has been proven to be effective at ending chronic homelessness, improving health outcomes, bolstering the economy and enriching communities.

Originally pioneered in the 1980s, supportive housing is affordable housing with support services for those who have both experienced homelessness and face the greatest systemic barriers to accessing and maintaining permanent housing: people living with serious mental health diagnoses, substance use disorder, HIV/AIDS, as well as families and young adults who are homeless or at-risk of becoming so. Black people and

people of color are disproportionately represented in these groups because of the history of systemic and institutional racism.

Even before the pandemic, New York City was experiencing a homelessness crisis. The pandemic, however, not only exacerbated that crisis—with the single adult homeless census topping 20,000 for the first time<sup>1</sup>—it dramatically underscored the fact that housing is not just healthcare but a matter of life and death.



Not only has supportive housing proven to be the most effective and dignified means of holistically addressing chronic homelessness—with only 5% of tenants returning to the streets or shelters<sup>2</sup>—thirty years of studies have shown it to be cost effective as well, paying for itself and creating additional savings by decreasing costs in other systems including shelter, healthcare, psychiatric intake and the criminal legal system.<sup>3</sup>

In addition, supportive housing development creates jobs: a recent affordable housing study found that a 100 unit residence creates 234 jobs during construction and 36 permanent jobs after building completion.<sup>4</sup> Supportive housing has also been proven to increase property values, according to a study by the NYU Furman Center that examined the impact of 123 residences on surrounding neighborhoods.<sup>5</sup>

Although proven effective, supportive housing development and operation is still constrained by insufficient capital resources, harmful land use policies, and the City's and State's inability to address the many underlying issues that drive homelessness. And while nonprofits have pioneered and evolved this game-changing intervention, the City and State continue to chronically underfund the nonprofit human services sector, directly impacting the women of color who provide a significant share of person-to-person services.

In New York, Black people are significantly overrepresented in crisis and institutional systems, such as the homeless, child welfare and criminal legal systems.<sup>6</sup> Approximately seven out of ten people experiencing homelessness in New York City identify as Black,<sup>7</sup> while Black New Yorkers only make up 24% of the total population. Giving people permanent, affordable and safe homes in supportive housing is one way to begin to address these racial inequities, by interrupting cycles of trauma, harm and institutionalization.

Every single New York City mayor has been part of a large scale supportive housing initiative since widespread homelessness first emerged. The City is currently in the midst of creating 15,000 units of supportive housing through the NYC 15/15 program at a time when the City's circumstances have never been more urgent, requiring bold action and commitment.

As a nonprofit membership organization, the Network works alongside our members and other colleagues in advocacy to pinpoint the needs of the supportive housing community, specifically the needs of low-income New Yorkers, those experiencing homelessness, as well as the nonprofit and affordable housing communities more broadly. This policy platform is influenced by the United for Housing platform, the #JustPay campaign, the 2021 Nonprofit Policy Platform, and Correct Crisis Intervention Today (CCIT-NYC), for which we are signatories, and by the Right to a Roof platform.



In order to ensure that supportive housing can meet its true potential to change lives and end chronic homelessness, New York City's next leaders must commit to the following:

- 1. DEVELOP & PRESERVE 2,000 UNITS OF SUPPORTIVE HOUSING EACH YEAR**
- 2. REVAMP DEVELOPMENT & PLACEMENT**
- 3. #JUSTPAY OUR STAFF**
- 4. VALUE NONPROFITS**
- 5. PROTECT OUR PEOPLE**

# DEVELOP AND PRESERVE 2,000 UNITS OF SUPPORTIVE HOUSING EACH YEAR

Beginning in 1990, New York City and State carried out three separate “NY/NY” agreements, which created a total of nearly 14,000 units of supportive housing. In 2014, As NY/NY III was coming to a close, the Network helped launch the successful Campaign 4 NY/NY Housing, a three-year education, media, and advocacy effort pushing for a new City-State supportive housing agreement that would create 35,000 new units.

We ultimately won separate commitments from New York City (15,000 units over 15 years under the new NYC 15/15 program) and New York State (20,000 units over 15 years under the new Empire State Supportive Housing Initiative, ESSHI), which, in combination, matched this ambitious goal.

Building on our momentum, and acknowledging the continued homeless crisis, our city must continue to develop and preserve more units of supportive housing each year, increasing the total to 2,000.

## ADDRESS RACISM AND EXCLUSION IN PLANNING PROCESSES

The creation of new congregate supportive housing is one of many opportunities to begin to unwind the planning mistakes of the past that led to segregated and inequitable neighborhoods. According to Where We Live, New York City’s 2020 plan to confront segregation, current racial disparities in health, education and housing quality are “connected to where New Yorkers live,”<sup>8</sup> which is, in turn, connected to generations of discriminatory and racist policies. While land is scarce, current policies exacerbate the difficulty of developing affordable and supportive housing and make certain communities (often whiter and wealthier) continue to be off limits for development. At the same time, low-income communities of color, which have been historically and systemically disinvested in, still lack the resources they need to thrive, or are subjected to gentrification and displacement. New York City’s next generation of housing and land use policies will impact where affordable and supportive housing is and isn’t built, how neighborhoods change, and who has access to which amenities and opportunities. Supportive housing is integral to an equity based approach to land use, as it serves those who have been most impacted by racist and oppressive policies.

As policy change opens up new opportunities for supportive housing, we must ensure that uninformed community and political opposition does not preclude its equitable distribution across the city. One strategy to counteract opposition is to encourage all City Council members to pledge to support

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maximal supportive housing creation (as Los Angeles did in response to the Everyone In campaign), including participating in tours of existing housing, helping nonprofits find suitable sites, and hosting educational events. The new administration must ensure that unfounded NIMBYism does not prevent the City from accomplishing its goal of addressing homelessness. Furthermore, our city must strive to center the voices of those most impacted by historical and systemic racism and oppression in our planning process. Any community review process of supportive housing should include people experiencing homelessness.

Meanwhile, there is an urgent need for preserving existing supportive housing, both congregate—single site residences which typically feature 60% of units for supportive tenants and 40% for low-income individuals and families—as well as scattered site supportive housing – apartments rented from existing stock in the community in which the nonprofit provides mobile services.

#### **IMPROVE NYC 15/15**

In 2015, former Mayor Bill de Blasio committed to creating 15,000 units of supportive housing in New York City over 15 years. Launched in 2016 and 2017, the NYC 15/15 program is intended to serve those with the greatest barriers to accessing permanent housing – people experiencing chronic homelessness with a diagnosis of serious mental illness or substance use disorder, and young adults who are homeless or at-risk of becoming so. Half of these units are to be **congregate** (single site residences in which typically 60% of the units are supportive and the remainder are affordable

## ADDRESS RACISM AND EXCLUSION IN PLANNING PROCESSES: RECOMMENDATIONS

- Ensure every neighborhood is part of the solution to New York City's housing crisis by upzoning higher-income areas and investing additional capital to create affordable and supportive housing in those neighborhoods.
- Identify neighborhoods in which exclusionary policies and disinvestment have impacted communities of color and address disparities in the City's capital planning and budgeting process.
- Increase community engagement in the development of new supportive housing projects.
  - Councilmembers can commit to maximal supportive housing development in their districts.
  - Create forums where diverse constituents, especially persons experiencing homelessness, can be heard.

to low-income individuals and families) and half **scattered site** (apartments rented from existing stock in the community to which the nonprofit provides mobile services). For the first time, the services and operating functions of both the congregate and scattered site contracts are split, so that rental subsidies can rise with costs. Services under both programs are contracted through the Department of Health and Mental Hygiene (DOHMH); rental subsidies for new single site residences are contracted through the Department of Housing Preservation and Development (HPD).

Despite many positive changes that came with NYC 15/15, the challenges of the scattered site model have persisted and pose a danger to the completion of the City's desperately needed program. While the separation of the rent and services budget lines was an improvement on older funding models, the budgets for rents continue to be well below the current Fair Market Rent (FMR), set by the federal government's Department of Housing and Urban Development (HUD) every year. In fact, as both City and State FHEPS (Family Homelessness Eviction Prevention Supplement) rental vouchers have recently been increased to FMR,<sup>9</sup> alongside Section 8 and new federal Emergency Housing Vouchers, scattered site programs are at an even greater disadvantage on the rental market. Finding available apartments for the program is difficult, and those that can be rented are often far from transit, not accessible and/or need maintenance work.

NYC 15/15 social service rates are also far below rates for single site residences: budgets are \$10,000 for a single adult scattered site program, compared to \$17,500 for a single adult congregate program. This is illogical because providing services in a scattered site setting is more labor intensive than in congregate: staff have to

travel constantly around the city, manage relationships with multiple landlords, and get to know community services in various neighborhoods.

Many supportive housing providers have budgets that are also stretched thin due to existing, older scattered site contracts with even worse rates, which makes taking on new contracts unattractive. The City must continue to develop 15,000 units of supportive housing, while recognizing that the current allocations will prohibit the City from reaching its goal due to insufficient rates and accessibility challenges with the scattered site model. The scattered site target must be reduced from 50% of the plan to 25%, so that 3,750 scattered site units and 11,250 congregate units are created in total.

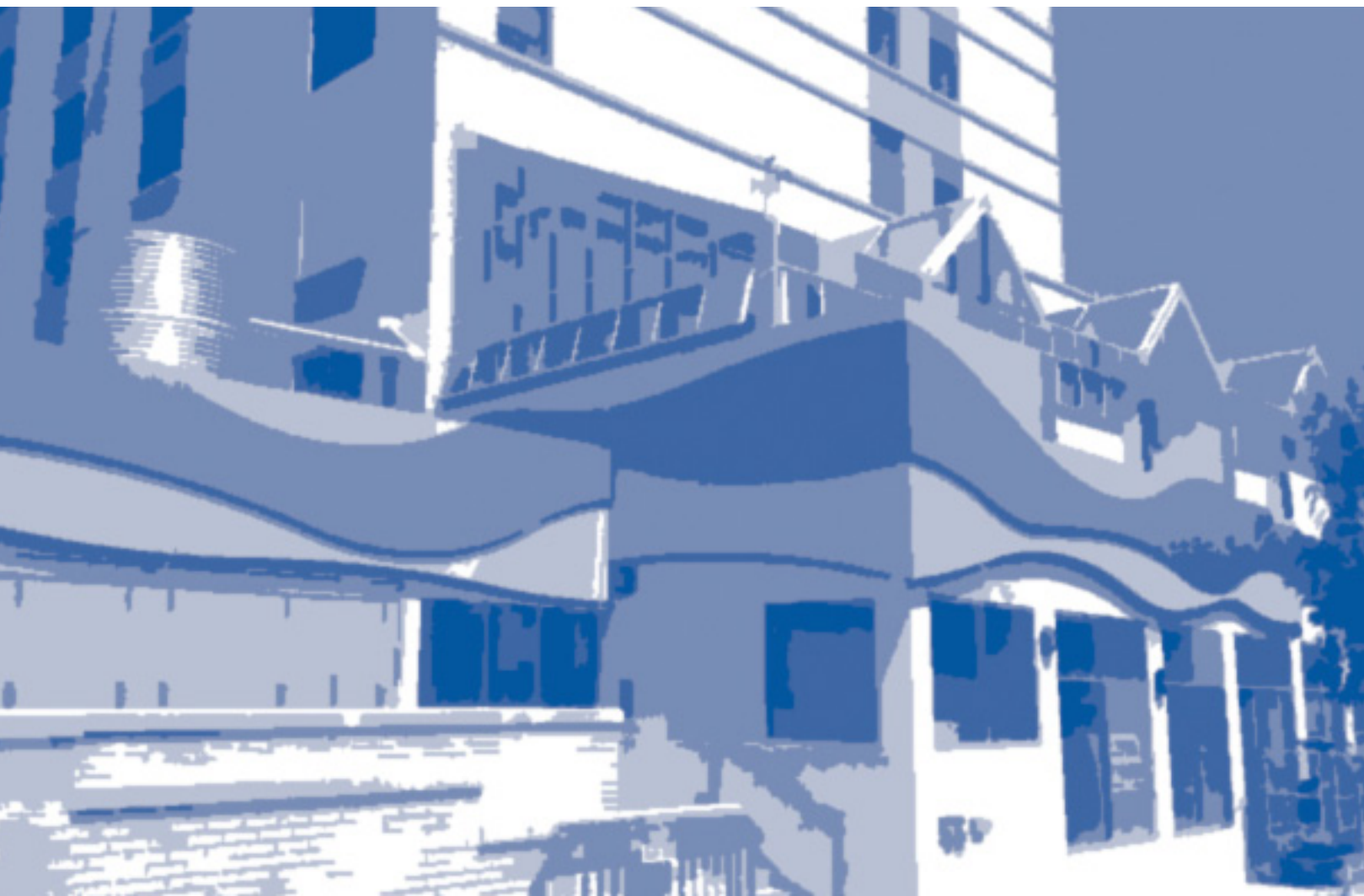
On the congregate side, separating the rental assistance from the social service funding was also an important policy shift. This allowed HPD to create a 15-year rental assistance contract, mirroring the Low Income Housing Tax Credit (LIHTC) regulatory period. In this way, the rental assistance began to look more like Section 8 Project Based Vouchers, which boosted investor confidence. However, the rental assistance for NYC 15/15 still lags behind Section 8. Increasing them to align with Section 8, especially to the “exception payment standard” in high-cost areas, would provide even more consistency and confidence for investors and would ensure every neighborhood is part of the response to New York City’s housing crisis. Aligning with Section 8 would also allow projects to leverage more private debt, as their income would be able to cover increased

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expenses, and thus limit the amount of capital subsidy required per deal; this, in turn, allows HPD to finance more desperately needed affordable and supportive housing units.

Parallel with NYC 15/15, the Empire State Supportive Housing Initiative (ESSHI) is also creating units in New York City and across the state. ESSHI covers 11 different populations, including survivors of domestic violence and frail seniors, and has a different financial structure, with a \$25,000 contract covering both services and rental assistance. On congregate residences, the City and State often finance deals jointly. While this collaboration helps expand development capacity, it also creates confusion around goals and policies, especially as it relates to tenant referrals. Moving forward, the City should work



## IMPROVE NYC 15/15: RECOMMENDATIONS

- **Reallocate the NYC 15/15 targets to create a total of 3,750 scattered site units and 11,250 congregate units.**
- **Increase scattered site rents under the NYC 15/15 program to FMR under HUD regulations, and increase annually with this federal metric.**
- **Increase NYC 15/15 scattered site service funding to match congregate service funding.**
- **Increase congregate rents under NYC 15/15 to FMR and mirror the Section 8 Project Based Voucher “exception payment standard” in high cost areas.**
- **Work with the State to create a Memorandum of Understanding outlining the ways in which ESSHI and NYC 15/15 commitments work together, and staff a working group with representatives from City and State agencies.**



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### **CREATE & PRESERVE 1,000 ADDITIONAL UNITS EACH YEAR**

While NYC 15/15 is meeting a critical need for young adults and chronically homeless adults and families, it is imperative the City does not lose a single existing unit. Additionally, the rise in the number of single adults experiencing homelessness suggests additional supportive housing is needed.

85% of NYC 15/15 units are now targeted to people experiencing chronic homelessness, which follows HUD's definition<sup>10</sup> while the remaining 15% of units are for single young adults and young adult families. The HUD definition excludes thousands of people in need of supportive housing, including those who have been incarcerated. On January 7, 2022, 49% of the population in the New York City Department of Corrections (DOC) system, had a Brad H designation,<sup>11</sup> meaning they were identified as needing mental health treatment upon release.<sup>12</sup> Approximately half of all people released from state prisons to New York City go to a city homeless shelter.<sup>13</sup> The City must create new supportive housing units to meet the needs of people leaving jail, prison, or long-term hospital stays, who are currently left out of NYC 15/15 because of the "chronic homeless" definition.

Meanwhile, there is an urgent need for preserving existing supportive housing, both congregate as well as scattered site supportive housing.

## Congregate Preservation

Of the approximately 420 single site supportive housing residences in New York City with almost 27,400 apartments, 160 were opened before the year 2000 and many of those were only moderate rehabs of much older buildings. Some of these buildings need significant capital investment to continue to provide safe and healthy living environments for their tenants and to meet the City and State’s ambitious mandates to reduce carbon emissions from buildings. Service and operating budgets must also be increased to modern standards after decades of stagnation. Some of these older buildings have combined service and operating contracts as low as \$2,400 per unit per year, compared to NYC 15/15 which boasts \$17,500 just for services with additional funding rental assistance close to FMR standards.

Preservation of these older single-site residences is critical not just because the City cannot afford to lose a single unit of supportive housing but also because it affirmatively furthers Fair Housing goals. Many of the older supportive housing residences are converted hotels in whiter, wealthier Manhattan neighborhoods, where new development is costly and rents are high. Existing supportive housing provides racial and economic integration in these neighborhoods that would be extremely difficult to recreate.

A number of City agencies—DOHMH, the Human Resources Administration (HRA), the Department of Homeless Services (DHS), the Continuum of Care and two divisions at HPD—have been participating in the Supportive Housing Preservation

Project, an effort to identify and holistically address both the physical and pressing fiscal issues plaguing older supportive housing residences. This integrated approach—which focuses on both the brick and mortar challenges as well as the underfunded operating and service contracts—is critical to keeping this ‘first wave’ of supportive housing viable and must be continued.

As the City puts significant resources into preserving affordable and supportive housing, it must also be vigilant to protect nonprofit owners’ rights through the Right of First Refusal (ROFR) for the 171,000 NYC apartments developed with the LIHTC program.<sup>14</sup> LIHTC is a Federal program created in 1986 that allows nonprofits and other developers to create and maintain affordable housing in exchange for Federal tax credits, which they can sell to investors. It is the primary tool the City has to develop new affordable housing. Regrettably, across the country, unscrupulous investors have been trying to distort the program and deny nonprofits their ROFR at the end of the compliance period. These disputes are often occurring in gentrifying neighborhoods in which investors hope to eventually reap financial rewards by presumably selling the buildings at a profit or increasing rents.<sup>15</sup> This nationwide trend is an existential threat to affordable and supportive housing. The City must support Federal legislation and work with the State to enact consistent local policies protecting the Right of First Refusal to ensure long-term affordability.

## Scattered Site Preservation

Scattered site housing is also at risk. The model itself is problematic in a tight housing market: nonprofits receive

contracts meant to cover tenants' rent as well as the cost of operating the program and providing services. However, the vast majority of these contracts are old and have seen minimal increases over time, meaning more and more of the funding goes to private landlords. The original program model for scattered site assumed 50% of the contract would pay rent and 50% would pay for services. A 2015 survey conducted by the Network found that by that time, on average, 65% of funding went toward rent, though in some cases it was up to 96%.<sup>16</sup>

In many cases, these budget crunches mean that providers double up single adults in two-bedroom apartments, which causes significant challenges to fulfilling the intent of the program: stable and permanent housing. Even after doubling tenants up, and sometimes reducing staff or stretching them thin with increased caseloads, providers still lose money operating scattered site programs. While about 70% of the approximately 15,000 scattered site units in New York City are State-funded, the cumulative burden of running these contracts on nonprofit providers has both weakened the model and strained providers' organizational budgets, which puts formerly homeless tenants at increased risk of losing their homes. These issues have also impeded efforts to meet scattered site targets under NYC 15/15 (see "Improve NYC 15/15," above). It is imperative that the City work with the State to resolve this issue and acknowledge the true cost of operating scattered site housing.

## CREATE & PRESERVE 1,000 ADDITIONAL UNITS EACH YEAR: RECOMMENDATIONS

- Create 700 new unit annually to meet the needs of people who are currently excluded from NYC 15/15 because of "chronic homeless" definition.
- Preserve 300 units of existing congregate supportive housing annually and continue the multi-agency Preservation Program.
  - Ensure each agency has robust staffing to support the initiative.
  - Invest capital, service and operating dollars into ensuring congregate residences remain fiscally viable.
- Support legislation and policies protecting the Right of First Refusal in supportive and affordable housing developments.
- Work with the State to increase existing scattered site rates to meet true costs:
  - Increase all existing scattered site rents to HUD's Fair Market Rent and increase annually according the HUD metrics.
  - Increase service funding and institute escalators.

Now is the time to double down on capital investment in supportive and affordable housing to address the homelessness crisis, create jobs and invest in our communities.

## **DEVELOPMENT FINANCE**

Creating and preserving additional congregate supportive housing units will require new resources and creative financing strategies. Now is the time to double down on capital investment in supportive and affordable housing to address the homelessness crisis, create jobs and invest in our communities. The Network has joined with dozens of other advocates across the City in the United for Housing campaign, which calls for a \$2.5 billion investment in affordable housing, prioritizing those with the greatest needs. Increased investment now will save costs in the future. Supportive housing's development maximizes City investment by leveraging significant private, Federal, and State funds in rebuilding our communities. In fact, just \$1 in City subsidy leverages \$4 in other funding.<sup>17</sup> And, like affordable housing, supportive housing creates jobs both during construction and once it's up and running, with the added benefit of community spaces and increased property value.

While increasing City investment in supportive housing is a vital solution, we must also think beyond perceived limitations on the scope and scale of development. Among these limitations are the current caps on federally allocated LIHTC and Private Activity Bonds. These tools leverage private investment and are then coupled with City or State subsidies. There is currently more demand than there is supply within these programs, which constrains the affordable and supportive housing pipeline. While the Network and our colleagues are frequently lobbying for increases in Federal resources, it is important that City

government get creative and plan for increasing production without it, such as through debt service contracts and more robust rental assistance contracts.

Finally, supportive housing was invented and evolved by mission-driven nonprofits intent on devising an intervention for the people they served. Over the decades, nonprofits have risen to the ever-more-challenging task of developing supportive housing, which entails mixing multiple capital funding streams as well as procuring services and operating funding. As mission-driven landlords, they protect the long-term affordability and quality operation of supportive housing. Currently, only the Supportive Housing Loan Program (SHLP) at HPD requires nonprofit ownership, which has protected supportive housing from the trend at HPD toward working with for-profit developers. Nonprofits are more likely to create deeper affordability and extend affordability beyond the original regulatory period.<sup>18</sup> Not only are nonprofits providing important public value in the long term, but their developer fees are reinvested directly into the community and their mission.

Developer fees provide rare unrestricted resources for nonprofits, which help compensate for the underfunding and late payment for human service contracts (described in Goal #4, “Value Nonprofits”). For these reasons, the City must continue to prioritize nonprofits for supportive housing development and increase prioritization for affordable housing.

## DEVELOPMENT FINANCE: RECOMMENDATIONS

- **Invest \$2.5 billion annually into the new construction and preservation of supportive and affordable housing, expanding housing supply based on need and informed by data, prioritizing supportive housing and other housing for people experiencing homelessness, and extremely low-income and very low-income New Yorkers.**
- **Explore financing models for permanent supportive housing that don't rely on limited LIHTCs, such as debt service contracts and more robust rental assistance contracts.**
- **Advocate at the Federal level for increased Private Activity Bond volume cap for housing and policies to increase their efficient usage, while coordinating with the State to target bonds for priority housing needs described above.**
- **Continue to ensure nonprofits are developers and owners of supportive housing and prioritize nonprofits as developers and owners of affordable housing.**

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must break down  
the existing silos  
of government  
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# REVAMP DEVELOPMENT & PLACEMENT

Given the scale of the homelessness crisis, and its immense toll on individuals and our collective community, the speed at which supportive housing units are created and the speed at which households are able to occupy these units, is paramount. Our current systems are flawed and need new resources, coordination, and streamlining to ensure that people are not languishing in the shelters or on the streets. New York City must break down the existing silos of government in order to make meaningful change.

Historically, affordable housing and homeless services have been two separate systems working towards their own targets and goals and reporting to different deputy mayors. Under the previous administration, a record number of housing units were produced, yet homelessness grew. HPD's housing production was not aligned with the greatest need, which is amongst people who qualify as "Extremely Low-" or "Very Low-Income" and people who are leaving homelessness; under the Department of Social Services (DSS), a voucher was

created that was not aligned with market value and proved unusable for thousands of clients stuck in shelter.<sup>19</sup>

Ending homelessness and mitigating poverty is not just about economic justice, it is an issue of racial justice. Seventy-four percent of New Yorkers experiencing homelessness are Black and 36% are Hispanic/Latinx.<sup>20</sup> Our current reality, marked by institutionalization and lack of coordination across systems, is merely managing homelessness, not solving it. It is further entrenching racial inequity, not lessening it. These systems have failed Black and brown New Yorkers and will continue to do so without clear and decisive leadership.

At its core, supportive housing is an antidote to these disjointed, siloed systems. Providing people with a roof over their heads, meeting their basic needs, and providing voluntary, customized social services tailored to their individual goals creates the conditions for healing, wellbeing, and flourishing. Yet there is still insufficient supply to meet demand and the process of accessing the apartments that are created can be labyrinthine.

Before diving into specific problems and solutions, it is important to address leadership structure and accountability. Our New York City leaders, starting with the mayor, must address housing and homelessness with urgent coordination and clarity of purpose. The structure and practice of governance should enable senior leaders to work in unison in service of a common goal of ending homelessness. An interagency council to address homelessness should be focused on results, carrying out the work, and keeping the City accountable to the public with frequent reporting.





While the City works to ensure more efficient placement of eligible tenants into supportive housing, we know there is still not enough supply to meet demand.

### **Supportive Housing Placement**

New Yorkers without homes are often connected to a dizzying number of systems: hospitals, mental health, substance treatment, the criminal legal system, homeless services, children's services, youth and community development, education, public assistance, etc. At worst, people experiencing homelessness can get caught in a vicious cycle of institutionalization and criminalization, through which they are shunted from shelter to the streets to jail to the hospital, increasing their trauma and reducing the likelihood of retaining the one thing that could interrupt this cycle – permanent housing with support services. In a better but still insufficient scenario, they may be interacting with a number of case managers across City agencies and their contracted nonprofits, who lack the access and coordinated resources to secure them appropriate permanent housing.

At the same time, a fall 2021 survey of supportive housing providers conducted by the Network suggests that there is a vacancy rate of approximately 10% in our existing supportive housing portfolio. While a vacancy rate of 2-3% is normal and accounts for unit turnover, 10% represents a breakdown in our referral and placement system.

To meet HUD requirements to streamline entry to permanent housing from homelessness, New York City launched the Coordinated Assessment and Placement System (CAPS) in October 2020. CAPS is a web platform that contains an assessment survey for clients experiencing homelessness, NYC's supportive housing application, and a vacancy control system to manage supportive housing vacancies

so referrals can be made. CAPS allows users to determine client eligibility for a variety of housing options. It centralizes data from multiple systems, pulls critical documents, and expedites housing placements. In order to fulfill a vision of true coordination—in which all relevant City and City-contracted employees can help a client determine what housing resources they qualify for, complete an application, and refer them to a unit—the program needs additional resources to expand.

CAPS needs to be resourced to support system development, housing provider capacity and coordination across government agencies. Specifically the system needs to be enhanced by streamlining the hiring of staff and resourcing and expediting software program support. CAPS would then be able to attain its full potential which would enable it to track vacancies in real time, as well as send referrals and set up client interviews. Additionally, the system needs to connect to additional data sources across government agencies to maximize targeting units to the most vulnerable.

Meanwhile staffing issues at the Office of Supportive and Affordable Housing and Services (OSAHS) within HRA are hindering placement of eligible individuals in existing housing. Due to NYC 15/15 and ESSHI, many more supportive housing buildings have opened, but the staffing pattern at OSAHS has remained stagnant. Adding the de Blasio administration hiring freeze has left the office understaffed while the movement of homeless people into supportive housing has suffered tremendously. There is an urgent need for an analysis of the OSAHS office to determine current headcount need and

## REVAMP DEVELOPMENT & PLACEMENT: RECOMMENDATIONS

- **End hiring freeze and ensure sufficient staffing for any New York City agency positions responsible for developing affordable and supportive housing and for moving tenants into housing.**
- **Modeled after the U.S. Interagency Council on Homelessness and the initiative to end veteran homelessness, bring agencies together with shared expectations and goals and empowered with resources to end homelessness in New York City.**
- **Ensure the highest level leaders in New York City government are coordinated and have sufficient authority to work in unison to end homelessness.**

# SUPPORTIVE HOUSING PLACEMENT: RECOMMENDATIONS

- **Reduce current 10% vacancy rate in supportive housing.**
  - **Immediately launch a coordinated effort to reduce vacancy rate to 2%.**
- **Invest in enhancing CAPS, including ensuring staff are hired expeditiously and build-out the system to track real-time vacancies and refer clients as well as set up interviews.**
- **Provide greater flexibility for tenants to transfer to other supportive housing programs to account for major life changes.**

prioritize the hiring of staff so individuals and families can move out of homelessness and into permanent housing. In 2016, the Supportive Housing Task Force, co-chaired by the Network's Executive Director Laura Mascuch and staffed by dozens of government and nonprofit experts, released 23 recommendations to guide the launch and implementation of NYC 15/15.<sup>21</sup> Many of the recommendations, such as allowing licensed clinical social workers and psychologists (as opposed to only psychiatrists) to complete the supportive housing application, were swiftly put into effect while others are still in progress.

Yet, a few remain outstanding, such as standardizing a process to allow supportive housing tenants to transfer from one residence to another that may be better suited to their needs (such as from a single adult program to a family program or from scattered site to congregate). This is a vital improvement that would also free up units to a new generation of people experiencing homelessness who are awaiting vacancies in population-specific programs.

## **Supportive Housing Development**

While the City works to ensure more efficient placement of eligible tenants into supportive housing, we know there is still not enough supply to meet demand. In addition to the new resources described in the previous section, rationalizing the Zoning Resolution would be a high impact strategy to increase new development. For example, senior housing currently has an advantage compared to supportive and affordable housing via the Affordable Independent Residences for Seniors (AIRS) program. Modifying the

Zoning Resolution to increase density for all types of affordable housing would make affordable and supportive housing more competitive with other uses and also accelerate the creation of much-needed homes.

The City must look at creative solutions to facilitate the use of more private sites for supportive housing. Particularly as the COVID pandemic has shaken the tourism industry and hotels sit vacant, the City should explore the possibility of enabling conversions to affordable housing. The City's new leaders should explore the responsible conversion of these properties within the context of an affordable regulatory agreement. Hotel conversions to supportive housing should be in transit-accessible neighborhoods with appropriate amenities and units should be studio apartments with kitchenettes, to meet the needs and desires of future tenants.

Of course, public sites are also a resource with tremendous untapped potential, especially in communities in which land prices are expensive. Because of the siloed approach to housing and homelessness policy in New York City, many City agencies which have the skills and resources to contribute to the housing plan currently have no mandate to support it. While one of the greatest challenges to developing supportive housing is identifying affordable and appropriate land on which to build, only HPD, DHS, and Health and Hospitals (H+H) have examined their portfolios and allocated land to the cause.<sup>22</sup> Meanwhile, agencies such as the Fire Department of New York (FDNY), the Administration for Children's Services (ACS), and the Department of Citywide Administrative Services (DCAS) all have potential sites that merit consideration for supportive housing development.<sup>23</sup>



# SUPPORTIVE HOUSING DEVELOPMENT: RECOMMENDATIONS

- Explore allowing residential use of hotels for affordable housing.
  - Ensure that policies and budgets address acquisition costs.
  - Ensure quality of units and locations proximate to transit and amenities.
  - Prioritize conversions that incorporate kitchenettes in studio apartments.
- Modify the Zoning Resolution to increase density for all types of affordable housing.
- Prioritize available public and institutional land for affordable and supportive housing by mandating government agencies identify unused or underutilized sites that are viable for development.
- Speed and coordinate project approvals.
  - Explore opportunities to accelerate land use and environmental review processes for affordable and supportive housing.
  - Create an Ombudsperson at City Hall to conduct interagency coordination to prioritize affordable and supportive housing in all necessary administrative approvals during development, particularly FDNY, ConEd, DOT, DEP, and DOB approvals for construction, connections, and project closeout.

Many supportive housing developments are significantly delayed by cumbersome land use and environmental review processes. The new administration should explore accelerating these processes for affordable and supportive housing. When a Uniform Land Use Review Process (ULURP) is necessary, the City should focus on creating an aggressive timeline for the pre-certification process, the first step of ULURP through which the Department of City Planning reviews the application and is the only step with no time target.

Finally, like all new construction, the development of affordable and supportive housing requires extensive review, permitting, and inspection processes from the Department of Buildings (DOB) and FDNY. The Department of Transportation (DOT), Parks Department, and Department of Environmental Protection (DEP) are often also involved. Connections with private utilities such as Con Edison or National Grid are required before tenants can move in. Developers are left to navigate each of these agencies on their own, met with no recognition that their buildings are fulfilling a crucial need for the City. Delays stemming from these agencies are frequent, meaning that people are staying longer than necessary in shelters and on the streets. The City should create an Ombudsperson at City Hall to conduct interagency coordination, fast-tracking all necessary approvals for affordable and supportive housing.



# #JUSTPAY OUR STAFF

The low wages for the human services sector reflects the undervaluing of women's labor in our society and economy. City and State government contracts with nonprofit agencies dictate the salaries for supportive housing staff and have not seen meaningful increases in decades, reflecting a long history of systemic racism and gender inequity.

Human services workers generally make about 71% of what government employees make, and 82% of what private sector workers receive for the same role. Those with a high school education and higher generally make about \$20,000 a year less than a public sector worker with a comparable education. Poverty pay in the core human services sector means that 15% of all workers (both full- and part-time) qualified for food stamps in the 2016-2018 period. Human services workers are overwhelmingly female (66%), and over two-thirds are full-time workers of color (68%), and nearly half (46%) are women of color. These shares are considerably higher than for New York City's overall private sector workforce, where only

a quarter (26%) of private sector workers overall are women of color. As such, pay disparities in this sector have important consequences for race and gender equity.<sup>24</sup>

The suppressed wages for supportive housing staff creates instability for employees themselves, for their families and for the communities in which they live. Burnout and turnover are common. Sometimes staff move from one nonprofit to another for a few thousand dollar salary increase, although other times they leave for similar positions that are much better paid, such as those in a private hospital setting. A 2021 survey of the supportive housing sector conducted by the Association for Community Living (ACL) and the Network revealed that approximately 20% of supportive housing staff positions were vacant. The success of supportive housing lies in the relationships between tenants and staff; when staff turnover is high, tenants cannot build these trusting relationships and their ability to rebuild their lives in housing is impeded. In addition to salaries, health and retirement benefits should be reviewed across all nonprofit human services contracts and adjusted to ensure compensation packages are on par with public employees doing similar work. We must ensure that our care workers, those who we deemed “essential” at the beginning of the COVID pandemic, are being cared for in return. The City, however, must collaborate on this exercise with the State, as NYC supportive housing providers frequently have portfolios that include programs with City-funded service contracts as well as State-funded contracts, and may have inequities across job titles within their own agencies.

While nearly half of direct care staff are women of color, it is important to note that the majority of executive directors and executive staff at supportive housing nonprofits are white. This is a result of a long history of oppression rooted in white supremacy, systemic racism and discrimination. And while a tremendous amount of work is required to repair this injustice, one important small step is creating clear pathways for career advancement and salary increases. As such, the City should fund ongoing staff development in supportive housing contracts.



## INVEST IN OUR STAFF: RECOMMENDATIONS

- Establish, fund and enforce an automatic annual cost-of-living adjustment (COLA) on all human services contracts.
- Set a living wage floor of no less than \$21 an hour for all City and State funded human services workers.
- Create, fund and incorporate a comprehensive wage and benefit schedule for government contracted human services workers comparable to the salaries made by City and State employees in the same field.
- Fund ongoing staff development in City supportive housing contracts to provide pathways for career advancement and salary increases.

# VALUE NONPROFITS

Nonprofit organizations founded the supportive housing model and continue to be its backbone today. Many of our nonprofits also provide services to people experiencing homelessness, as well as healthcare and mental health services. This is vital work, especially in times of crisis and rebuilding. While operating essentially as an extension of City government, we are often undervalued by our City government partners. Too frequently, we are excluded from program design and decision-making, causing needless implementation challenges. From low contract rates to slow contract registration and invoice payment, nonprofits also regularly operate at significant financial risk.

In addition to providing crucial community resources, nonprofits also represent a substantial portion of our economy. Nonprofits in New York City employ almost 18% of the workforce.<sup>25</sup> Government contracts with human service providers totaled \$5.8 billion in FY 2019.<sup>26</sup> And 42% of contracts registered in New York City in FY 2020 were for human services.<sup>27</sup>



Yet nonprofits wait longer on average than other City vendors for their contracts to be registered.<sup>28</sup> Late contract registration and late payments mean that nonprofits often rely on expensive lines of credit to maintain operations; interest on these lines of credit is not reimbursable.<sup>29</sup>

And even when contracts are paid on time, the reimbursement rates do not cover the full costs of providing services. On average, government contracts only cover 80 cents on the dollar,<sup>30</sup> meaning that nonprofits are literally losing money when they provide the government-requested services. One particular area in which reimbursement rates are egregiously low is indirect costs (or overhead), including information technology, equipment, accounting, and human resources. In FY 2020, the City committed to a system in which nonprofits could receive indirect rates closer to their true costs. After nonprofits expended staff time and financial resources to comply with the City's demand to certify their new indirect rate, the City reneged on its promise and reduced their proposed reimbursement rate, citing COVID-related budget constraints. The process has been marked by a lack of transparency and respect for the important work of nonprofits who provide supportive housing and other human services.

Because of the City's contracting practices, our nonprofit community is in distress. According to an April 2020 study of the largest human service nonprofits—which includes many supportive housing providers—prior to the COVID pandemic, average cash reserves covered only two weeks of expenses and operating margins were 1%.<sup>31</sup> And while

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the City made efforts to step in and support nonprofits with the extra expenses related to COVID, they were too little, too late. As of the time of release of this platform, many supportive housing providers are still waiting to see reimbursement for emergency-related expenses accrued beginning in March 2020.

In collaboration with coalition partners, we call on the new administration to recognize the importance of the nonprofit sector in the functioning and recovery of the City. And specifically for the supportive housing sector, we encourage the new administration to consolidate all of a nonprofit's contracts with DOHMH so nonprofits can manage staff, income and expenses across programs to create efficiencies. While this is only a stopgap measure before nonprofits can be paid fully what it costs to operate these programs, this would provide some immediate flexibility and relief.

## VALUE NONPROFITS: RECOMMENDATIONS

- **Ensure all nonprofit human service contracts are registered and paid on time, including all contract amendments. Fully fund the Indirect Cost Rate Initiative for FY20, FY21 and FY22.**
- **Fully fund emergency pay for essential workers, retroactive to March 20, 2020.**
- **Engage nonprofits in policy, program and funding decisions in a meaningful way and at the start of all new initiatives in which they are involved.**
- **Consolidate all of a nonprofit's contracts with DOHMH so nonprofits can manage staff, income and expenses across programs to create efficiencies.**

# PROTECT OUR PEOPLE

Supportive housing provides dignity for people living with mental health diagnoses and improves physical health outcomes. The stability provided by having a home, combined with the support of a caring community, can be transformational.

But supportive housing, while providing a holistic living environment for marginalized New Yorkers, cannot shield tenants from other failed systems, especially the healthcare system that has consistently mistreated people of color and the impact of police violence.

The disproportionate impact of COVID on communities of color clearly indicated the failure of the healthcare system to protect Black and brown people. A study conducted at NYU suggests that the disparity is a result of social and economic factors: Black and brown New Yorkers living in more crowded conditions, working more frequently in essential jobs with potential exposure to COVID, and having inferior access to

## PROTECT OUR PEOPLE

- **Through the remainder of the COVID pandemic and for future emergencies: provide critical healthcare services—including testing and vaccination—to tenants and staff of supportive housing.**
- **Eliminate police from mental health crisis response and invest in responses led by independent EMTs and peers with lived mental health experience.**

quality healthcare.<sup>32</sup> This disparity is playing out now with vaccines as well.

People who live in supportive housing face many barriers to obtaining quality healthcare. Experience with homelessness and behavioral health conditions often leads to traumatic interactions with multiple healthcare systems. And many tenants are people of color who have experienced firsthand the impacts of medical racism. These obstacles become a matter of life and death, especially in a pandemic. Therefore the City must, going forward, prioritize the supportive housing community for the very easiest access to testing and vaccination, with a preference to providing these services within supportive housing residences. Ease of access both increases protection and decreases hesitancy, as tenants see neighbors and staff receive care.

Meanwhile, police violence disproportionately impacts Black and brown Americans who are nearly three times as likely to be killed by police as white Americans. And those who are disabled are at even greater risk. Seventeen New Yorkers experiencing a mental health crisis have been killed or injured by police over the last five years, with 15 of those individuals being people of color, and including at least two residents of supportive housing.<sup>33</sup> For these reasons, Correct Crisis Intervention Today (CCIT-NYC)—a coalition of nonprofits, civil rights lawyers, peers (those with lived mental health experience), family members and other advocates, of which the Network is a member—is calling on the City to remove police officers entirely as first responders from mental health crisis response and instead create a “health only” response.<sup>34</sup> CCIT-NYC and many other advocates have been asking for

an alternative hotline that is separate from 911 and that would dispatch trained peers with lived experience and independent emergency medical technicians (EMTs).

Without accessible healthcare and protection from police violence, City government is failing people who live and work in supportive housing. While developing more supportive housing is an essential start to addressing racial inequality, the new administration must demonstrate commitment to keeping our communities safe and healthy.





# CONCLUSION

Supportive housing was first created by nonprofit pioneers in New York City in the 1980s as a person-centered intervention to help people who were both experiencing homelessness and coping with other barriers to living in the community with stability, health and safety. Since those early days, it has grown exponentially – what started as a handful of providers with as many dilapidated single room occupancy hotels (SROs) is now 100 savvy, mission-driven nonprofits operating 35,000 supportive apartments across the City. What started as rehabilitated SROs with shared kitchens and baths became state-of-the-art affordable housing. And what started as simply a commonsense approach to ending chronic homelessness became a driver of affordable housing development, a community enhancement, and a jobs creator.

The new leaders of New York City face unprecedented challenges, including near-record homelessness, an affordable housing crisis, a human services workforce that has been egregiously underpaid for decades, nonprofits who have been doing the City’s work for decades barely surviving and the need to protect the most vulnerable New Yorkers from pandemics as well as police violence. The Supportive Housing Network of New York and our community look forward to working with New York City’s new leaders on all these issues.



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