



For Immediate Release  
Thursday, June 7, 2012

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## NEW YORK STATE AND NEW YORK CITY SEEK TO DOUBLE SUPPORTIVE HOUSING FOR PEOPLE WITH SPECIAL NEEDS BY USING MEDICAID SAVINGS

*Governor Cuomo's Medicaid Redesign Team to Issue \$25-Million RFP; NYCHA to Issue RFP for Sites/Provide 200 Section 8 Vouchers Annually; City to Provide Subsidy/Bond Financing*

**New York, NY June 7, 2012:** New York State Housing and Community Renewal (HCR) Commissioner/CEO Darryl C. Towns, New York City Department of Housing Preservation and Development (HPD) Commissioner Mathew M. Wambua and New York City Housing Authority (NYCHA) Chairman John B. Rhea used the annual Supportive Housing Network of New York (SHNNY) conference to announce a joint plan to dramatically increase the number of supportive housing units produced yearly while lowering Medicaid costs.

Under the City's New Housing Marketplace Plan (NHMP) alone, the number of supportive housing units financed will climb from around 500 units a year to 1,000 units. The partnership between the State and City brings together new tools and resources aimed at driving down Medicaid expenditures and creating appropriate housing for New York City's special-needs population. Supportive housing is geared to low-income households. A typical development will have 60% of the units reserved for formerly homeless households and incorporate social and support services.

The \$25 million is part of a larger appropriation authorized by Governor Andrew M. Cuomo's Medicaid Redesign Team (MRT); the total appropriation of \$75 million will be for statewide use to cover supportive housing capital, rent and operating funding.

This broad and ambitious collaboration is made possible by additional resources being made available by State and City government, and by fuller integration of resources. Commissioner Towns announced that the State's \$25 million would be the subject of a Request for Proposals (RFP) for supportive housing developments in New York City, intended to accelerate the State's NYNYIII units. HPD will work actively to expand the capital resources available to Mayor Bloomberg's NHMP supportive housing projects by working with developers to assemble projects that meet requirements of the State RFP.

For the first time, NYCHA has committed to supply rent subsidy vouchers for supportive housing and to work with HPD to seek developers for underused land on NYCHA campuses. In addition, HPD's financing arm, the Housing Development Corporation (HDC), which has rarely participated in the development of this type of housing, will provide direct subsidy dollars in addition to bond financing and 4% tax credits.

"Research indicates that for high-need clients, supportive housing reduces repeated, unnecessary emergency room visits and inpatient admissions, while improving their overall well-being," said **James Introne, New York State Deputy Secretary for Health**. "These projects create cost efficiencies while producing better clinical results for New Yorkers with mental illness, substance abuse, chronic illnesses and developmental disabilities. This historic intergovernmental and interagency effort has taken Medicaid protocols that have been working for neither the State nor the clients—and restructured them from the ground up for the benefit of all New Yorkers."

"Governor Andrew Cuomo has not only committed to reducing Medicaid costs, but has also charged State agencies to find smarter and more humane solutions to providing health care and housing to high-need populations," said **Darryl C. Towns, Commissioner/ CEO of New York State Homes and Community Renewal (HCR)**. "Supportive housing created through this initiative will do both—and we are proud to be part of this effort to establish a new and more effective paradigm."

Introne and Towns also acknowledged the collaborative work of several State agencies in the MRT effort and the supportive housing program, including: Department of Health Commissioner Nirav Shah; Commissioner Arlene González-Sánchez of the State Office of Alcoholism and Substance Abuse; Executive Deputy Commissioner Elizabeth Berlin of the Office of Temporary Disability Assistance; Commissioner Michael Hogan of the Office of Mental Health; and Commissioner Courtney Burke of the Office for People with Developmental Disabilities.

"From the development of the first supportive housing units more than three decades ago, the City and State have been at the forefront of creative housing solutions to serve those in need," said **NYC Deputy Mayor for Health and Human Services Linda Gibbs**. "Connecting supportive housing to Medicaid reform is an extension of these efforts and aligns perfectly with our growing understanding about the impact of stable housing on individuals' health. Through the work of our City and State partners, we will continue to innovate and ensure that additional supportive housing apartments are available to allow vulnerable New Yorkers to lead active, independent lives in the community while reducing health care costs."

More than a decade of research has demonstrated that placement into supportive housing reduces immediate and long-term spending on shelter, incarceration, psychiatric hospitalization and other expensive emergency interventions. Studies show that the public savings exceeded the total costs of buildings, operating and providing services in the housing.

"We have created a perfect storm of concern and commitment with this consortium," said **HPD Commissioner Mathew M. Wambua**, who spearheaded the effort. "Currently we are able to finance approximately 500 units of this deeply needed housing every year. By combining forces and efforts, we are reaching to double our production and in doing so, helping hundreds of low-income and formerly homeless people live with dignity and get the supportive services that they need. Without the resources and ingenuity our colleagues in State government, HDC and NYCHA bring to this effort, we could only dream that this could be possible. Partnership is what makes it happen."

"This remarkable partnership with the State, HPD and HDC is introducing a comprehensive solution to address not only the homelessness problem in New York, but also the needs of other vulnerable populations," said **NYCHA Chairman John B. Rhea**. "This collaboration is also setting a standard for the future creation of supportive housing—the precious lifeline for so many for so many individuals and families in need."

"Today's announcement reaffirms Mayor Bloomberg's commitment to supportive housing. The combination of affordable apartments and wraparound services keeps people stably housed, and helps them become as independent as they can be," said **Ted Houghton, Executive Director, Supportive Housing Network of New York**. "Supportive housing not only improves the quality of their lives, but saves taxpayers a boatload of money. Governor Cuomo's Medicaid Redesign Team saw early on that supportive housing was going to be a key component of their plan. Nothing has done more to reduce costs and improve care for marginally housed and homeless people with mental illness, substance abuse and HIV/AIDS than supportive housing. To have the Governor invest this much new funding in supportive housing is a strong vote of confidence in what our providers can do for high cost Medicaid recipients."

### The key commitment components of the City/State Supportive Housing development consortium are:

#### New York State

- The State budget appropriated \$75 million as recommended by the Medicaid Redesign Team convened by the Governor. Of the \$75 million, \$25 million is being made available for capital funding for State NYNY3 supportive housing deals.

- The \$25 million will be made available through an RFP to be released this month. The goal of the RFP is to accelerate State NYNY3 units. The RFP will prioritize projects that:
  - meet requirements of State's NYNY3 agreement
  - can commit funds by year end
  - leverage additional resources
  - are financed with HFA bonds
- The remaining \$50 million will be allocated to the other State agencies – Department of Health, Office of Mental Health, Office of Temporary and Disability Assistance, Office of Alcoholism and Substance Abuse and Office for People with Developmental Disabilities for capital, rent and operating funding for supportive housing across the State.
- The State is taking additional steps to ensure coordination between Agencies with resources to finance supportive housing. In the MRT money, the State has a capital source, which will be combined with HFA bond financing, HHAC/OTDA capital and OMH social service contracts.
- Additionally, the State will partner with City housing agencies to ensure resources are being leveraged and coordinated to create as many supportive housing units as possible.

### New York City

- With new resources from the State, and new collaborations with NYCHA and HDC, HPD expects to ramp up production to 1,000 units/year within the next two years.
- HPD will be able to expand the capital resources available to NHMP supportive housing projects by assembling projects that meet requirements of the State RFP. Specifically, HPD will look to partner with providers that have State service contracts and link them with existing projects that can apply for MRT funding.
- HDC will commit subsidy/reserve dollars to supportive housing in addition to bond financing and 4% tax credits. As with other HPD supportive housing projects, HDC deals will be supported with project-based Section 8 vouchers. Using HDC resources, and because projects will be supporting debt, HPD's loan can be cut roughly in half allowing our subsidy to stretch across more units.

### NYCHA

- NYCHA, as part of PlaNYCHA, has placed an emphasis on providing the proper housing and supports to its population. NYCHA is committed to right-sizing apartments, ensuring seniors and disabled populations have the support they need, and to using NYCHA land to create new housing opportunities for New Yorkers and NYCHA residents.
- NYCHA is committing 200 vouchers annually for creation of new supportive housing units under the NHMP. This is the first ever commitment of its kind. Fifty percent of the vouchers will support homeless families and individuals referred by DHS and the other fifty percent will be provided to NYCHA residents who require support services (such as elderly and disabled) and who chose to move into the new developments. Eventually, this option will also be made available to other NYCHA residents with special needs as well as New Yorkers on the public housing and Section 8 waitlists.
- Additionally, NYCHA is going to collaborate with HPD to release RFPs on underused NYCHA land specifically targeted to supportive housing development. NYCHA's land contribution will lower development costs and allow other capital resources to go farther.

In November 2005, Mayor Michael R. Bloomberg and Governor George E. Pataki entered into the New York/New York III Supportive Housing agreement to create 9,000 new units of supportive housing in New York City over the next ten years. The NY/NY III housing will be provided in two models: 6,250 units in “congregate” or single-site buildings where there will be a number of NY/NY III units mixed in with other single or family units for low-income tenants from the community; and 2,750 units in “scattered-site” locations in which individual apartments are rented from existing market housing throughout the City. The agreement provides funding for supportive services to help persons with special needs including mental illnesses, disabling medical conditions, substance abuse issues and chronic illnesses such as HIV/AIDS.

Supportive housing combines permanent, affordable housing with services and helps people who are homeless or at risk of becoming homeless achieve housing stability and independence in the community. It is a proven cost-effective solution to homelessness, as it is less costly to provide permanent housing than to expend resources on emergency care such as shelters, hospitals, jails and prisons. Tenants have leases and pay one-third of their income toward rent. The apartments are high-quality and attractive, designed to enhance both tenant self-esteem and neighborhoods. Caring staff provide the type of support the rest of us get from friends and family: help with managing illnesses, getting an education, a job, a doctor’s appointment and a day-to-day routine.

Supportive housing developers will also be helped by new funding from Enterprise Community Partners, which is providing \$750,000 in new resources for predevelopment costs.

“Enterprise is thrilled to support our terrific New York public agencies to meet this collective goal that will help our most vulnerable New York neighbors,” said **Abby Jo Sigal, Vice President and New York Market Leader, Enterprise Community Partners**. “Supportive housing and housing with services is a proven, cost-effective model to create better lives and better communities, and Enterprise is proud to commit \$750,000 in grant support by the end of 2013 to make more supportive and senior housing happen.”

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#### **About New York State Homes and Community Renewal (HCR)**

New York State Homes and Community Renewal (HCR) consists of all the State's major housing and community renewal agencies, including the Affordable Housing Corporation, the Division of Housing and Community Renewal, the Housing Finance Agency, State of New York Mortgage Agency, Housing Trust Fund Corporation and others. The Housing Finance Agency offers financing to for-profit and not-for-profit developers to build affordable housing and preserve existing affordable housing.

#### **About the NYC Department of Housing Preservation and Development (HPD):**

HPD is the nation’s largest municipal housing preservation and development agency. Its mission is to promote quality housing and viable neighborhoods for New Yorkers through education, outreach, loan and development programs and enforcement of housing quality standards. It is responsible for implementing Mayor Bloomberg’s New Housing Marketplace Plan to finance the construction or preservation of 165,000 units of affordable housing by 2014. Since the plan’s inception, more than 130,700 affordable homes have been created or preserved. For more information, visit [www.nyc.gov/hpd](http://www.nyc.gov/hpd)

#### **About the NYC Housing Development Corporation (HDC):**

HDC provides financing that builds and strengthens neighborhoods. Since 2000, the corporation has issued roughly 10% of all the multifamily housing revenue bonds in the U.S. and since 2003, when Mayor Bloomberg’s New Housing Marketplace Plan was launched, HDC has raised more than \$6.7 billion in financing for affordable housing developments, including in excess of \$1 billion in subsidy from corporate reserves. In *Affordable Housing Finance* magazine’s annual listing of the nation’s top ten funders of multifamily housing, HDC is the only municipal entity included on the list, and consistently bests many of the largest commercial banks and most statewide Housing Finance Agencies (HFA). This past year, HDC was the fourth largest affordable housing lender in the U.S. after Citi, Wells Fargo and Bank of America, beating out JPMorgan Chase and Capital One. To date, under the Mayor’s plan, HDC has financed the creation or preservation of more than 60,000 affordable units in multifamily buildings that also include 1.7 million square feet of commercial space. For additional information, visit: [www.nychdc.com](http://www.nychdc.com)

**About the New York City Housing Authority (NYCHA)** is committed to increasing opportunities for low- and moderate-income New Yorkers by providing safe, affordable housing and facilitating access to social and community services. More than 400,000 New Yorkers reside in NYCHA's 334 public housing developments around the five boroughs, and another 235,000 receive subsidized rental assistance in private homes through the NYCHA-administered Section 8 Leased Housing Program. To fulfill its vital mission and even better serve residents while facing dramatic reductions in traditional government funding, NYCHA is developing new financing options and building innovative partnerships across the public, private, and non-profit sectors. These strategies are helping NYCHA to address many key challenges, from preserving aging housing stock through timely maintenance and modernization of developments, to increasing resident access to a multitude of community, educational and recreational programs, as well as job readiness and training initiatives.

**About Mayor Michael R. Bloomberg's New Housing Marketplace Plan**

New York City's affordable housing program to build or preserve 165,000 units of housing — enough to house half a million New Yorkers — is the most ambitious and productive in the nation—creating housing as well as jobs for New Yorkers. Since the plan's inception, HPD and HDC have financed the creation or preservation of more than 130,700 affordable homes. To read more about the NHMP, please visit: <http://www.nyc.gov/html/hpd/html/about/plan.html>