



**Testimony to the
New York City Council
Committee on Housing and Buildings
On the NYC FY 2011 Preliminary Budget
March 16, 2010**

Good afternoon. My name is Nicole Branca, and I am the Director of Policy at the Supportive Housing Network of New York. The Network represents over 180 nonprofit developers and social service providers who collectively operate over 40,000 supportive housing units throughout New York State.

Supportive housing – permanent affordable housing linked to on-site services – is proven to be the most cost effective and humane way to provide stable homes to individuals and families who are homeless or at risk of homelessness and have disabilities or other barriers to finding and keeping a home.

My testimony today addresses the insufficient funding for supportive housing at the Department of Housing Preservation and Development (HPD) and the need for more Project Advocates at the Department of Buildings (DOB).

Department of Housing Preservation and Development

HPD is one of ten agencies that committed to the New York/New York III agreement, a 2005 City-State initiative to create 9,000 new units of supportive housing over a ten-year period. Under this agreement, HPD committed to funding 3,125 units of new construction, with other agencies providing the remaining capital and all of the operating and services funding for the units.

As we approach the halfway mark, only 593 out of the 3,125 HPD units have opened, 19% of their 10-year commitment and only 42% of where they committed to be at the five-year mark.

A recent study by the Independent Budget Office showed that HPD has almost enough units in their development pipeline to meet their NY/NY III commitment;

what the report doesn't include is the amount of funding that would be necessary to fund these units. At the current funding level it would take HPD until 2022 – an additional six years – to complete NY/NY III.

While most large scale initiatives are difficult to complete on time, including the New Housing Marketplace Plan which was recently extended from ten years to eleven, the slow progress of New York/New York III has more dire consequences.

New York City has over 40,000 people – including a staggering 16,000 children – living on the streets and in our shelters.

The NY/NY III initiative is not going to house all of them; many just need safe, affordable housing. But thousands of these families and individuals have significant barriers to finding and keeping their housing. Without housing tied to social services they will end up back on the streets and in the shelter system and at a far greater cost to the city.

What is more, investing in supportive housing is fiscally prudent and is good for the overall economy. Specifically:

- **Supportive housing saves tax dollars.** A five-year study by the University of Pennsylvania found that the average homeless mentally-ill individual in New York cost over \$40,000 just to keep homeless. Placement into supportive housing reduced the individual's need for expensive emergency interventions like shelter, hospitalization, psychiatric institutionalization and incarceration by so much that it paid for the cost of building, operating and providing services in the supportive housing apartment. Numerous studies completed since have demonstrated that targeting supportive housing to the most expensive emergency system users has achieved millions in actual cost savings.
- **Supportive housing generates jobs.** According to an estimate by HPD and the Economic Development Corporation, each new supportive housing building generates 133 construction jobs. Plus, each new building hires an average of sixteen social service and property management staff, most of who live in the community.
- **The HPD Supportive Housing Loan Program (SHLP) leverages more federal funding than any other HPD program,** bringing in tens of millions of federal funding each year to support local construction.

The City has shown their ongoing commitment to NY/NY III by not cutting the funding for the initiative while other programs have endured cuts. The City is also

miles ahead of their State counterparts in creating new supportive housing units. However, it is not enough; not even close.

HPD needs an average of \$200 million per year to fund their remaining units in the ten year timeline, double what they currently have budgeted. Adding \$100 million in city tax levy (CTL) to the HPD Supportive Housing budget is not feasible in this fiscal climate, but redirecting some of HPD's mainstream affordable housing funding, and increasing the percentage of tax credits that go toward supportive housing, is possible. For example, if HPD doubled the percentage of its tax credits that go toward supportive housing and dedicated just 5% more of its \$840 million capital budget for supportive housing, the City could finish on or close to schedule. Also, if Congress passes legislation to fund the national housing trust fund, HPD could use this revenue from Washington to make up the majority of its NY/NY III budget gap.

I am here today to ask that the City Council help champion NY/NY III and request that the Administration submit a plan immediately on how they will fund the remaining units in the next five years.

Department of Buildings

The Department of Buildings also plays a role in how quickly NY/NY III buildings get built. As with any new construction, supportive housing developers need to get numerous building permits, pass a host of inspections, and receive a certificate of occupancy before they can open their doors.

Unfortunately, given the volume of construction in this city, supportive housing projects sometime have to wait long periods before their permit is pulled, inspections are scheduled, etc. For example, last year while only a dozen supportive housing buildings finished construction and requested final inspections, more than 18,000 final DOB inspections, were conducted citywide. Because of this backlog, supportive housing providers often have to wait months to open their buildings, months that homeless households could be housed.

In a recent survey of our members, 30% reported waiting 3 months or more for DOB to process their Temporary Certificates of Occupancy, and 67% of the respondents reported that DOB inspections were “frequently” to “always” a source of delay.

The Network has been working closely with the Department of Buildings to expedite inspections and occupancy certificates for supportive housing, but the agency can only accomplish so much with the staff that they have.

To that end, we ask that City Council add \$300,000 to DOB's budget, specifically for the hiring of a special needs project advocate in each of the five borough offices. DOB has had great success with project advocates expediting problem cases, but currently there is only one in each of the five DOB borough offices.

Having a project advocate dedicated specifically to supportive housing and other special need housing would make an enormous difference to making sure paperwork is not the reason why people stay homeless.

Thank you for this opportunity to testify.

Respectfully submitted by:

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