



**New York State Senate and Assembly  
Joint Session on  
FY 2010-2011 Executive Budget for Human Services  
February 10, 2010**

**Supportive Housing Network of New York  
Ted Houghton, Executive Director**

Good morning. My name is Ted Houghton, and I am the Executive Director of the Supportive Housing Network of New York. The Network represents over 180 nonprofit providers and developers who operate nearly 40,000 supportive housing units throughout New York State.

Supportive housing – affordable apartments linked to on-site services – is the proven, cost effective and humane way to provide stable homes to individuals and families who have difficulty finding and maintaining housing. The people we house and serve – people with mental illness, HIV/AIDS, substance abuse, and other barriers to independence – are typically frequent users of expensive emergency services like shelters, hospitals, prisons and psychiatric centers. Because placement into supportive housing has been proven to reduce use of these services, supportive housing saves State taxpayers’ money, often far more than what was spent building, operating and providing services in the housing. This has been proven, time and time again, by dozens of peer-reviewed academic studies.

I am here today to testify on the indefensible cuts that the Administration has proposed to OTDA’s budget. The proposed cuts to supportive housing, homelessness prevention, job training, and other critical social service programs would have devastating, immediate effects, as well as some significant longer term consequences.

Every year, advocates warn against “balancing the State budget on the backs of the poor.” Today, we see what such a budget would look like. Even as many state workers, contracted programs and service providers enjoy across-the-board cost of living increases, even as new, untested initiatives are offered up for funding, the Governor is proposing to slash hundreds of millions from time-tested elements of

the social services safety net that prevent families and individuals from becoming homeless, remaining unemployed or sinking further into permanent indigence.

I will do my best to provide you with the facts and figures describing the consequences of the proposed cuts. But I urge you to read the written testimonies I am submitting on behalf of supportive housing providers and tenants in order to understand the enormous, terrible human cost these cuts will have on vulnerable families and individuals with disabilities.

### **Budget Recommendations**

The Network asks the Senate and the Assembly to work to restore cuts in two major program areas, paying special attention to ensure that three small but important funding streams are fully restored in the OTDA budget:

1. ***Restore cuts to TANF-funded programs.***

The Governor proposes to cut over \$200 million worth of innovative, effective programs funded with federal TANF dollars. These include an array of homelessness prevention programs, like SHIP, HPP, and ENHP, jobs programs like Career Pathways and Summer Youth Employment, as well as Alternatives to Incarceration, Emergency Food programs and host of other supports for extremely low-income families, including the only statewide supportive housing program for families. Eliminating these programs will in many instances raise costs elsewhere. This is the one place where the State should not be cutting during the worst recession in our lifetimes.

2. ***Do not authorize the administration's proposal to restructure reimbursement to localities for single adult shelters.***

At present, the State pays localities for half the cost of providing shelter to single adults, with caps on the total amount that can be paid to New York City and Westchester. The Governor proposes to save \$35 million by changing this so that the State only reimburses localities for shelter residents who are on public assistance. With only 22% of its shelter residents are on PA; New York City estimates that it will lose \$55 million in state funding for just its shelter system alone. The State has claimed that this will provide an incentive for localities to get shelter residents onto PA. If this is true, and localities were able to easily enroll single adults with multiple disabilities and other barriers, then there would be no savings to the State. But in reality, this is a shameless cost-shifting to localities, one that would have devastating impacts, for the shelter system and all homeless services.

The bureaucratic hurdles this change would engender would create a great disincentive for homeless individuals to enter shelter, sharply increasing the homeless population on the streets and in public spaces. The City would be forced to charge recipients of SSI and other benefits for shelter, creating

another disincentive to get off the streets. Localities would be stuck with the entire cost of shelter illegal aliens, who now make up as much as 15-20% of the shelter population. With this enormous loss of funding, all non-mandated programs for homeless people would be eliminated to fund the shortfall. Not only would we eliminate drop-in centers, supportive housing service funding and other innovative programs, but the City would be forced to eliminate street outreach, just as the street population explodes as a result of this new misguided policy.

Three funding streams essential to supportive housing are slated for cuts or elimination. We urge you to protect these important programs:

**3. *Keep the Supported Housing for Families and Young Adults (SHFYA) from being eliminated. Fund SHFYA at \$5 million.***

SHFYA is the only statewide funding that pays for the services necessary to make supportive housing for formerly homeless families and at-risk youth a success. Funded with federal Temporary Assistance for Needy Families (TANF) dollars, SHFYA pays for counseling, job placement and service linkages for 1,440 households, with approximately 2,800 children and 250 youth. The Executive Budget calls for the complete elimination of SHFYA.

It is difficult to understand the logic of this cut. It will destroy families at the same time it increases both local and State spending. By eliminating the entire program:

- **A large number of families and youth will return to homelessness.** While it is difficult to measure how many people will become homeless, we know that a SHFYA cut will not only eliminate all services offered in the housing, the lack of services will force many providers to stop operating and subsidizing apartments. Others will struggle along, using reserves and rent rolls to try to pay for an inadequate level of services. Worse, we know of many programs that will have no choice but to close down completely, and return their tenants to shelter.
- **The \$5 million in ‘savings’ will be negated by the increased use of more costly emergency services.** The annual cost of providing homeless families with shelter is \$38,405 in New York City and \$23,521 in Albany, far more than it costs to provide families with the dignity of their own home. If just 132 families currently housed by the SHFYA program become homeless as a result of this budget cut, the increased cost in emergency shelter alone would eliminate any savings achieved by the reduction.
- **Job placement services will cease to exist in these buildings.** The heart of the SHFYA program is its emphasis on getting young, formerly homeless mothers into the workforce. Providers’ ability to prepare and link

- their tenants to jobs will be eliminated, as will be these families route out of poverty and dependence.
- **All 62 SHFYA providers will lay off staff.** We estimate an overall job loss of at least 167 case managers, front desk staff, family counselors and vocational staff. Many of these workers are formerly homeless themselves, and at particular risk of returning to homelessness as a result.

We asked our members what these cuts would mean to them and here is a sampling of their responses:

- New Destiny's residence in Brooklyn will lose their one and only staff person; the one person who helps survivors of domestic violence to rebuild their lives and, often times, the only person who keeps the survivors from going back to their abuser. Without a presence on-site, these women and their children are likely to become homeless, or worse..
- West Side Federation for Senior and Supportive Housing's residence grandparents raising grandchildren residence in the Bronx cobbles together different funding streams. But losing SHFYA would eliminate WSSFSH's highly successful afterschool program. They would have to lay off four staff – all low-income people who live in the community. Because of the pervasive gang recruitment activity in this community, services and the afterschool program would be curtailed completely in order to keep a barebones security staff.
- Carolyn's House in Niagara County would lose all service staff for the 19 formerly homeless families who live there. This would put them out of compliance with their agreement with private investors and could trigger foreclosure on the property and loss of not just the program, but the residence itself.
- Peter Young Industries here in Albany will have to eliminate the service staff that allows them to rent 15 apartments from private landlords. Without SHFYA-funded services, the landlord will no longer rent apartments to formerly homeless families. The program will close, and all fifteen families will be moved to a motel used to house homeless families at much greater expense to the locality and the State.

If this cut goes through, we will end up spending more money than we save in order to destroy the lives of families just starting to get their lives back in order. To save these programs and sixty others like them across the state, we urge the legislature to restore the SHFYA program in full at \$5 million.

**4. *Fully fund the SRO Support Services program at \$22.2 million.***

SRO Support Services funding is the mainstay of supportive housing – it pays for critical on-site services that make it possible to house multiply-disabled individuals in permanent affordable apartments. Similar to SHFYA, SRO funds housing-based support services for formerly homeless and at-risk single adults. Currently, the program funds 13,328 units across the state, and is slated to fund nearly 2,000 more units in new residences that have opened in the past few months, or are opening during this and next fiscal year.

For the past 30 years, every administration has steadily invested State capital dollars to build new supportive housing units, then provided the funding necessary to pay for essential services and operating costs when they opened. They did this because they understood that an investment in supportive housing saves them money. Supportive housing has helped us close thousands of inpatient psychiatric beds. It has helped keep single adult shelter systems to a manageable size, even as family homelessness skyrockets. Supportive housing has made a significant, measurable dent in the number of disabled individuals living on our streets.

Supportive housing is possibly the most effective social intervention of our generation. No program has been more successful at housing people once thought incapable of living in the community. No program has lowered the cost of caring for our most challenging and vulnerable citizens more than supportive housing. And few programs have been evaluated and tested so thoroughly. Invented in New York, it is our gift to the nation, with every locality and even the federal government, doing all they can to direct public funds to emulate what we have done here.

Despite this enviable track record of success, this administration – for the first time ever – proposed to cut supportive housing last year. With your help, we were able to restore those cuts. And although supportive housing took some cuts in the recent Deficit Reduction Plan, it appears that, after some clever fiscal management by State and City agencies, we have been able to absorb these cuts without serious harm to programs and tenants.

This will not be the case this year. As a result of a concerted effort to expand supportive housing under the City-State NY/NY III Supportive Housing Agreement, 1,943 units of supportive housing have recently opened in the past few months, or are slated to open in the coming fiscal year. The state has already spent \$362 million of State, local, federal and private money to build these residences. But now it is saying that it cannot afford to spend a couple million to fund the service necessary to house and serve the chronically homeless, multiply-disabled individuals who are waiting to move in. We cannot allow this to happen. If the proposed cut is not restored, it will have dire consequences, not only for currently homeless individuals awaiting

placement, or for formerly homeless tenants who will return to homelessness. Merely by suggesting that these services may not be funded, the Governor has put at risk our entire future ability to maintain the confidence of private investors and communities so that we can expand supportive housing to all who need it in the coming years.

The Administration's proposed cut would:

- **Reduce all SRO contracts outside New York City by 13%.** These are small programs that have struggled at essentially the same funding level for decades. In 1995, SRO Support Services contracts were increased by 15 to 20%. They have received one 5% COLA in the fifteen years since, four years ago. The cut will force providers to increase caseload ratios from 1:30 to 1:50. Some providers will have to eliminate a shift of front-door security, making the building vulnerable to drug dealers and other criminals. In some instances, a 13% cut will be enough to close the program and lay off all service staff.
- **Eliminate funding for all 9,624 open units in New York City.** If the Governor's proposed budget cuts go through, Mayor Bloomberg's budget proposes to eliminate the City's 50% contribution to the program entirely. For many supportive housing residences, this is the only service funding they receive. For others with specialized mental health or HIV/AIDS services, this will eliminate all front door security and case aide positions, leaving the buildings vulnerable to crime and rendering the supportive services much less effective, and available only to some residents with particular disabilities.
- **Zero out funding for 38 residences that are opening their doors this year and next.** Every year, as new residences open, the SRO Support Services budget must grow. The increases are more than offset by savings accrued in other OTDA programs and spending at other agencies. Decreasing the SRO budget by nearly \$3 million not only weakens existing programs; it leaves absolutely no SRO Support Services funding for new residences opening their doors. Providers will be faced with terrible choices: 1) sharply restrict residency in the new buildings only to tenants without disabilities or other barriers to independent living; 2) do not move tenants in, risking massive losses to tax credit investors and eventual foreclosure of the property; or 3) move in multiply-disabled, chronically homeless individuals with no or at best inadequate services, putting at risk the stability of tenants and the communities in which the buildings are located.

Altogether, the cuts will have the following economic impacts:

- **Jobs:** This cut would result in an estimated 863 layoffs and the loss of 106 new jobs in the new buildings, most of them entry-level positions for formerly homeless people with meager work histories.
- **State spending:** Every person made homeless as a result of these cuts will cost the state an average of another \$18,288 spent in other systems including emergency rooms, shelters, psychiatric institutions, jails and prisons.
- **Federal funding:** SRO Support leverages Federal McKinney-Vento Homeless Assistance funds. Without the SRO match, localities will be unable to leverage millions in federal funding. We estimate that New York City will lose 10% of its \$65 million federal allocation in the first year alone.
- **Private investment:** SRO Support helps secure Low Income Housing Tax Credit investment, already severely diminished by the economic crisis. LIHTC investment requires the commitment of service funding. If the State abandons its annual commitment to fund the ‘support’ in supportive housing, investors will become even more cautious about investing in housing for people with special needs.

The Network asks that the legislature fully fund OTDA’s SRO Support Services Program at \$22.2 million, covering the \$20.4 million needed to fund existing projects and the \$1.8 million needed for all new residences coming opening in the State fiscal year.

5. ***Restore the 10% cut to OTDA’s Operational Support for AIDS Housing (OSAH).*** This relatively small \$1 million program provides funding similar to SRO Support Services, only it is directed to housing for formerly homeless people with AIDS built by OTDA’s Homeless Housing Assistance Program. This is the first year that OSAH is in the OTDA budget, having been transferred from the Department of Health’s AIDS Institute. Like SRO, OSAH has never had a COLA and is limited to 10 residences. Like the cut to SRO, this cut would impact security and caseload ratios.

## **Conclusion**

Until this past year, the State has never wavered from steadily expanding its investment in supportive housing. Indeed, New York has led the nation in proving that supportive housing is the permanent solution for homelessness and other housing instability.

Supportive housing has allowed the State to reduce psychiatric inpatient and shelter beds, and decrease spending on expensive emergency Medicaid spending. It reduces public spending on emergency interventions without decreasing the quality of life for disabled people and the neighborhoods in which we live. State

funds also leverage substantial private and federal funding in the fight to end chronic homelessness in New York State. And investment in supportive housing development creates jobs, business, growth and increased tax revenues. For all these reasons, I hope you will work with us to protect and increase the state's investment in supportive housing this year and in the future.

*Respectfully submitted by:*

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