



**New York State Senate and Assembly  
Joint Session on  
FY 2011-2012 Executive Budget for Human Services  
February 16, 2011**

**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 200 nonprofit providers and developers who operate over 43,000 supportive housing units throughout New York State.

Supportive housing – permanent, affordable housing 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 ask the Senate and the Assembly to prevent the elimination of a critical funding stream for supportive housing for families and youth, and to fully fund a new combined budget line that includes funding for supportive housing service funding for single adults as well as homelessness prevention programs.

***1. Prevent the Supported Housing for Families and Young Adults (SHFYA) program from being eliminated.***

SHFYA is the only statewide supportive housing service funding for formerly homeless families and at-risk youth. Currently funded with federal Temporary Assistance for Needy Families (TANF) dollars, SHFYA pays for counseling, job placement and service linkages for over 2,058 households, including an estimated

3,100 children and over 500 at-risk youth. As with the other TANF funded programs, the Executive Budget calls for the complete elimination of SHFYA.

Budget decisions related to TANF funding are complex in nature and are even more challenging given the recent increases in caseloads, however, completely eliminating programs that aid in helping the most vulnerable citizens, including children and youth, will only destroy families at the same time it increases both local and State spending. We urge you to use State general fund dollars to fund the many worthy homelessness prevention, housing-based service, family reunification and job creation programs threatened with elimination because of the proposed cut to TANF-funded programs.

The proposal to eliminate SHFYA comes on the heels of a \$2.5 million dollar, 50% cut to program last year. Because of funding lags and the ability of programs to use no-cost extensions, the effects of that cut only now beginning to be felt. To fund all of the programs that applied for SHFYA funding this year, there is an actual need of \$6.3 million statewide. Looking at just one of these programs, the Supportive Housing for Families and Young Adults, one can see how immense the damage will be. By eliminating the SHFYA 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 ‘savings’ from eliminating SHFYA 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 4% of the 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.
- **New York State will lose federal matching funds.** If SHFYA is not restored in this budget, the State will be in jeopardy of losing approximately **\$4.6 million** in federal resources because SHFYA dollars serve as the local matching funds that leverage HUD grants.

As recently highlighted in the **New York Daily News**, the **Albany Times Union** and the **Niagara Gazette**, these cuts will negatively impact families and children across the entire State:

- West Side Federation for Senior and Supportive Housing's grandparents-raising-grandchildren residence in the Bronx cobbles together different funding streams. But losing SHFYA would eliminate WSSFSH's highly successful afterschool program and threaten the security in the building. 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.
- Rural Ministries in Albany provides housing and assistance for people with HIV/AIDS at residences in Albany and Waterford. They will not be able to support three units of family housing and three single-residence units provided for families and individuals with HIV/AIDS and they will be evicted and returned to homelessness.
- The YWCA of Niagara's Carolyn's House, the only location in Niagara County that is dedicated to helping homeless women and children, will not be able to provide housing, educational services, job training and case management for women struggling with domestic violence, joblessness, substance abuse or mental health issues.

If this elimination 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.

One example of a local family in the Capitol District demonstrates the cost savings SHFYA provides to the state explicitly.

Rachel, a single mother with two children, arrived at Support Ministries in 2004 with HIV/AIDS. She'd just spent eight weeks at the Albany Medical Center, where she cost New York State conservatively \$755 a day. Meanwhile, Rachel's two daughters were sent to separate foster homes costing the state \$2,444. Because of her illness, Rachel wasn't allowed to leave the hospital. She languished at Albany Med for an extra six weeks costing the state an additional \$31,710. Rachel's family's public costs for eight weeks while homeless was an astonishing \$34,154. However, everything changed when Support Ministries intervened.

Support Ministries offered Rachel an apartment for her family in Albany. State and federal housing covered her rent at \$600 a month, while the State paid for critical

support services through the SHFYA program at a cost of \$3,300. Support Ministries helped Rachel get food stamps and public assistance, which she used for two months costing the state \$437 before the organization helped her find full-time employment. Within just a year of coming to Support Ministries, Rachel became 100 percent self-reliant. Her health stabilized and her children entered school. Today, six years later, Rachel is still working. Her oldest daughter has graduated from high school and the other remains on track to do so. Rachel hasn't been hospitalized for HIV since.

Rachel's family's public costs for **eight weeks while homeless was \$34,154.**

Rachel's family's public costs **for one year in supportive housing was \$10,937.**

Rachel's family's public costs **after one year in supportive housing is \$0.**

**If each of the 84 programs were here today you would here 84 stories that sound exactly like Rachel's. That is why we're urging the legislature to fully fund SHFYA at \$6.3 million.**

***2. Increase funding for the newly combined SRO Support Services and homelessness prevention funding stream at OTDA from \$25.865 million to \$35 million.***

OTDA's 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, in this instance for formerly homeless and at-risk single adults. Currently, the program funds 13,328 units across the state.

This year, the Executive Budget proposes to combine SRO Support Services into a larger pot of funding that also includes similar service funding for supportive housing for people living with HIV/AIDS, the Operating Support for AIDS Housing (OSAH) program, as well as two homelessness prevention programs, Homelessness Intervention Program (HIP), and Homelessness Prevention Program (HPP).

We support the combination of these relatively small funding streams into one larger budget line because it will give OTDA needed flexibility to administer its shrinking resources. We would even go farther and propose to include the SHFYA program in this general fund budget line. But it is essential that we increase this new budget line to better reflect the need for all of these programs.

This chart shows the proposed funding and the actual funding need:

<b>Program</b>	<b>Proposed Budget</b>	<b>Actual Need</b>
SRO	\$17.6	\$22.3
SHFYA	\$0.0	\$6.3
HIP	\$2.7	\$3.7
HPP	\$4.3	\$5.0
OSAH	\$1.0	\$1.1
<b>TOTAL</b>	<b>\$25.9</b>	<b>\$38.4</b>
in millions of dollars		

Currently, there is a shortfall of \$6 million for SRO Support Services, HIP, HPP and OSAH. If SHFYA is included in this funding stream, the shortfall would be \$12.3 million.

The largest and most important of the programs currently in this funding stream is SRO Support Services. Operating Support for AIDS Housing (OSAH) is a much smaller program that funds similar services for supportive housing for people with HIV/AIDS. For the past 30 years, every administration has steadily invested State capital dollars to build new supportive housing units, then provided these necessary funding streams 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. Supportive housing has made a significant, measurable dent in the number of disabled individuals living on our streets.

However, in the FY 2010-2011 budget, the state cut SRO Support Services by 13%. Because of the Deficit Reduction Plan and various negotiations with the City, supportive housing residences in the city received a 17.2% cut. This led to the immediate layoffs of over 100 low-wage caseworkers and greatly diminished how much support services these tenants receive now from the remaining caseworkers.

Equally chilling, not a single new building opening in 2010 received an SRO Support Services contract. These buildings, 15 in all, received over \$300 million in public and private capital investment, only to lose their small service contract that makes all that investment work. Like SHFYA, nonprofits use this funding to meet the needs of their population and neighborhood. Here are a few examples of how

nonprofits had budgeted their SRO funding, before they were told that they were losing 100% of their funding.

- A beautiful new mixed-income supportive housing residence in Harlem opened earlier this fall, housing 64 low-income families from the community and 50 formerly homeless individuals. This building lost their front desk security funding.
- On the Lower East Side a supportive housing residence opened with contracts to serve multiple disadvantaged populations, including 55 units set aside for youth aging out of foster care. They had to eliminate their employment program for the youth.
- In Brooklyn a wonderful new supportive housing residence for the frail elderly is about to open. For this building, not receiving an SRO contract means eliminating their daytime security staff and half of their overnight security.

While the Network is grateful that SRO Support Services did not receive any additional cuts on top of last year's cuts, this program must grow annually to fund the new units that are opening each year. Governor Cuomo's proposed Executive Budget assumes that within the new combined funding line, SRO Support Services will remain flat-funded at \$17.66 million, resulting in thousands of units operating without this funding as nonprofits struggle to provide adequate services to formerly homeless tenants.

A shortfall of \$4.66 million will result in the loss of social service funding to more than **2,000 formerly homeless and disabled individuals**. ***If only 2% of the currently housed individuals revert to homelessness, the State 'savings' will be wiped out.***

Most of these units are occupied by people living with a disability: mental illness, HIV/AIDS, substance abuse or mobility impairment. Many have more than one disability. More than a dozen national studies have measured just how important supportive housing is for people with disabilities.

For example, without these critical housing and services, these studies show that individuals with HIV/AIDS would:

- **quadruple** their use of **hospital care**
- **double** their use of **nursing home care**

Individuals with mental illness would:

- **double** their use of **psychiatric centers**
- **double** their use of **emergency room care**
- **double** their use of **inpatient hospital care**

There are other important fiscal reasons for fully funding SRO and the other funding streams. The State:

- **Puts more than \$500 million in state and local capital investment at risk.** The residences most at risk of losing their SRO Support Service contract were built with over \$500 million in New York State and New York City capital funding.
- **Will lose millions in federal operating and rental subsidy funding.** SRO Support Services is often the only state or local service funding nonprofits have to meet the 25% match required by their U.S. Department of Housing and Urban Development (HUD) grants. Eliminating just some of these SRO contracts puts up to **\$100 million in federal subsidies at risk.**
- **Will lose up to \$4.6 million in New York City homeless funding.** If cuts are administered to NYC supportive housing, the State will lose its dollar-for-dollar City funding match.
- **Jeopardizes private investment.** SRO Support helps secure Low Income Housing Tax Credit and other capital investments, already severely diminished by the economic crisis.

According to the Executive Budget proposal, the Homelessness Intervention Program (HIP) and Homelessness Prevention Program (HPP) will now be included in the same budget line as SRO and OSAH. We support this move in order to provide OTDA added flexibility. But these programs must be fully funded. Homelessness has increased dramatically since the economic downturn. First, homelessness in families increased by 3% nationally this past year, and higher than that in New York State. More recently, homelessness among single adults has risen substantially: after years of steady decreases because of expanded supportive housing units, New York City has added over 1,400 new beds to its shelter system in the past year alone.

The numbers would have been far higher but for the infusion of Homelessness Prevention Rapid Re-housing funds from the American Recovery and Reinvestment Act, or stimulus bill. New York State received \$28 million for homelessness prevention the last two years because of this bill. Localities received far more,

including \$75 million for New York City. But that funding is now coming to an end in the next few months. We can expect an enormous increase in the need for small emergency rent payments and legal assistance to prevent at-risk individuals and families from falling into homelessness. For this reason, we urge the Legislature to fully fund the State's rather modest efforts for homelessness prevention: they will be needed this year more than ever.

In all, the Network asks that the legislature fully fund OTDA's new combined SRO Support Services Program at \$38.4 million, enough to meet the needs of each of its component programs:

- SRO Support Services at \$22.3 million and OSAH at \$1.1 million, covering the \$19.9 million needed to fund existing projects and the \$2.4 million needed for all new residences coming opening in the State fiscal year.
- HIP and HPP should be funded at \$3.7 million and \$5 million, respectively.
- SHFYA can be combined into this funding stream at an additional \$6 million.

## **Conclusion**

New York 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.

However, this year, while our Governor has proposed shortsighted cuts to housing and services for New York State residents with mental illness and formerly homeless families, next door in Connecticut, the governor is proposing to increase investment in supportive housing. He is doing this, not because Connecticut has a budget surplus, but because they have a budget situation as dire as ours. He is increasing his investment in supportive housing because he knows that is the only way he is going to get to a less expensive, more effective system to end homelessness.

Governor Cuomo's proposal is especially troubling, as he is planning to cut the State's contributions to pay for single adult shelter payments by at least \$16 million, and to the City's Advantage rent subsidy program for homeless people by \$35 million. These cuts make the need for these supportive housing and homelessness prevention programs that much more important.

Finally, the supportive housing community understands the seriousness of the State's fiscal situation, and agree that we have to reduce spending. But it is important to note that a disproportionate amount of the cuts fall on poor people. We join many other groups representing a vast array of New Yorkers to ask you to have the courage to

extend the personal income tax surcharge on high earners. As New Yorkers, we should all be in this together: it is entirely reasonable to ask upper income residents who are continuing to earn high levels of income to pay their fair share of the costs of keeping New York a great place to live.

At a time when the top one percent richest households increased their earnings from 10 percent of all income in 1980 to an unfathomable 35 percent in 2007, it is hard to understand why we have to fight so hard, not even to raise taxes on the most fortunate, but just to maintain their tax level. It is not an exaggeration to say that more people will die as a result of the billions of dollars in cuts to the social safety net, to public safety and to healthcare that we will impose this year. Please remember this as you are making the very difficult decisions about this year's budget and extend the surcharge on high earners.

Supportive housing has allowed New York 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:*

Ted Houghton, Executive Director  
Supportive Housing Network of New York  
247 West 37<sup>th</sup> Street  
New York, NY 10018  
(646) 619-9641  
[thoughton@shnny.org](mailto:thoughton@shnny.org)