



**New York State Senate and Assembly
Joint Session on
FY 2010-2011 Executive Budget for Housing
February 3, 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, the largest supportive housing membership organization in the country.

Supportive housing – affordable apartments linked to on-site services – is the most cost-effective and humane way to provide stable, permanent homes for formerly homeless individuals and families who often have great difficulty remaining housed. Supportive housing residents 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 the State taxpayer dollars. And for many of the populations housed, it can save more money than it costs to build, operate and provide services in the housing. This has been proven, time and time again, by dozens of peer-reviewed academic studies.

Equally compelling is evidence that investment in supportive housing creates thousands of construction and permanent jobs, and leverages billions in Federal, local and private investment. This investment strengthens urban, suburban and rural neighborhoods across the state, where supportive residences increase public safety and surrounding property values in the very communities hardest hit by the current economic crisis.

The State needs to address a serious structural budget deficit this year. At the same time, we need to house and care for our most vulnerable residents, spur economic development and reduce future spending. The quickest way to do all three is to significantly increase the State's investment in new supportive housing. Specifically, the State should take four actions:

- 1. Adopt the Housing First! \$500 million affordable housing development initiative.**
- 2. Increase the percentage of DHCR funding that goes to supportive housing.**
- 3. Reinvigorate the State's commitment to the New York/New York III initiative, and to supportive housing development in the rest of the state.**
- 4. Ensure that funds for necessary services and operations are available when new supportive housing residences open their doors.**

1. Adopt the Housing First! \$500 million affordable housing initiative

The Housing First! affordable housing coalition recently analyzed the economic impacts of affordable housing development and preservation. We found that building 1,000 affordable housing units generates:

- 1,500 construction jobs and 380 post-construction jobs
- \$73 million in annual local wages and business tax income to the State during construction and \$22 million post-construction
- \$7.8 million in annual taxes and revenues for local governments during construction and \$3.7 million after construction.

And the State's investment attracts other resources. A report by the State's housing agencies found that every \$1 million of State capital investment in housing leverages an additional \$2.47 million in public and private, non-State resources.

We are facing extraordinary levels of unemployment across the state, especially in housing construction and trades. Homelessness is at record highs. Prices for land are lower than they have been in eight years. Now is the ideal time to increase the State's investment in affordable housing to a level reflecting the overwhelming need.

Because it must balance its budget, the State has few ways to stimulate the economy. Investing \$500 million in affordable housing will cost the State just \$33 million a year in debt service. But it will quickly create close to 4,000 construction jobs and over \$80 million in State and local tax revenues. What are we waiting for?

2. Increase the percentage of DHCR funding that goes to supportive housing

Over the past three years, DHCR has increased the percentage of its capital funding that goes toward building new supportive housing residences, from an average of 8% of all capital housing funds to about 13% today. We appreciate these efforts, and thank DHCR's senior staff for all of their efforts establishing the supportive housing set-aside of tax credits and other innovations that have helped increase disabled people's access to affordable housing.

However, the need for supportive housing has never been greater, both for vulnerable homeless people, and for the State: shelters are bursting at the seams;

Rockefeller drug law reforms are freeing and diverting substance abusers from prison into the community; and recent court rulings require the State to provide adult home residents with more integrated settings. To address these challenges, DHCR should increase the percentage of its funds going to supportive housing development to 25% of its capital spending.

Increasing investment in supportive housing will not only help get New Yorkers into homes and jobs, it can save the State and localities money. A 2001 study found that each unit of supportive housing reduced spending on shelters, hospitals and other expensive emergency interventions by about \$16,000. This paid for all but \$995 of the cost of building, operating and providing services in the housing. Today, we prioritize multiply-disabled, chronically homeless people for supportive housing, yielding significantly larger savings that often pay for the original investment many times over.

With investment in both congregate and scattered-site supportive housing, savings will begin to accrue immediately, within the same fiscal year, not some date far in the future. Without this investment, we will still spend the money, but we will instead be paying for emergency shelters, prisons and other disamenities that provide a reduced quality of life for everyone. It is long past time that we stop throwing our money away year after year and make a supportive housing investment in the future.

3. Reinvigorate the State's commitment to the New York/New York III initiative, and to supportive housing development in the rest of the state.

In November 2005, DHCR and nine other City and State agencies committed to creating 9,000 new supportive housing units in 10 years. This initiative, known as the New York/New York III Supportive Housing Agreement, is now in its fourth year. Together, the State agencies are approximately 75% behind in their capital commitments.

- DHCR committed to funding the capital development of 1,000 of the 9,000 units, or 100 supportive units per year. When we reach the agreement's halfway point in June, 2011, DHCR will have funded only 16% of its commitment, or 156 units.
- OTDA's Homeless Housing Assistance Program (HHAP) is even further behind on its 100 unit a year commitment, as the \$30 million allocated to the program each year is insufficient to build 100 units in New York City and still fulfill its other commitments to the rest of the state.
- The State Office of Mental Health (OMH) is catching up on its commitment, but it must be allowed to spend previously allocated capital housing dollars in a timely fashion.

To get back on track and meet its full NY/NY III commitment, while still creating supportive housing in the rest of the state: DHCR must increase the percentage of its funding that goes toward supportive housing to 25%; OTDA must double HHAP capital funds to \$60 million annually, and OMH must spend already allocated housing funds more quickly.

I urge the Senate and Assembly to recommit the State to this important initiative. Funding at these levels will allow the State to meet its production goals, while also permitting new supportive housing development in the rest of the state.

4. Ensure that operating and service funds are available when supportive housing residences open their doors. We ask the members of the Housing Committees to take a stand on this important issue. The Executive Budget calls for ill-conceived cuts to the funding streams that pay for the services in supportive housing. Specifically the Governor proposes:

- To cut the entire \$5 million Supported Housing for Families and Young Adults (SHFYA) program, the only statewide funding for supportive services for families and youth, including youth leaving institutional and foster care.
- To make deep cuts to the primary funding for services for single adults, the SRO Support Services Program. After years with no cost of living adjustments, the Executive Budget now proposes to cut existing residences by 13%, while providing no money to 22 new residences opening 1,940 units in the next 18 months.

Sharply reducing and, in many cases, eliminating the ‘support’ in supportive housing endangers the effectiveness of the program model, the tenants’ ability to stay housed, and the residences themselves. These cuts, while insubstantial in terms of State savings, would jeopardize our ability to draw down hundreds of millions of federal, local and private dollars that pay for the construction and operating costs of supportive housing. Over \$350 million in capital dollars already invested to build these residences could go to waste.

Most importantly, without services, thousands of residents would be destabilized, many of them returning to homelessness. Hundreds of jobs would be lost, often by people who are just a paycheck away from returning to homelessness. And thousands of homeless and disabled individuals and families would remain homeless, with all the private heartache and public expense that entails.

We ask that you urge your colleagues on the Social Services Committee to restore these funds in the final budget.

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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