



**New York State Assembly
Standing Committee on Social Services
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**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 is the member association representing over 200 nonprofit providers and developers who operate more than 43,000 supportive housing units throughout New York State.

Introduction

Supportive housing is the solution to homelessness. Permanent, affordable efficiency 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 their place in housing. Supportive housing achieves miracles in the lives of its tenants, allowing disabled individuals who have spent years living on the streets, or locked away in institutions to live full, rewarding lives integrated into our communities. Supportive housing gives them the stability, support and sense of community they need to reunite with their families, become healthier, and in many cases secure employment. Supportive housing changes and saves lives every day.

For these reasons alone, the State is justified in spending precious public dollars to provide services in supportive housing for the most vulnerable and disabled New Yorkers. But the case for supportive housing becomes even more compelling when we measure how much money this intervention saves.

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. These publicly funded interventions can be very expensive, with hospitals and psychiatric centers costing upward of \$1,000 a day. Placement into supportive housing stabilizes tenants and has been proven to reduce use of these expensive services. As a result, 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. A focus on chronically homeless individuals has allowed New York's supportive housing to often achieve measurable savings of tens of thousands of dollars per person, particularly when the housing is targeted to people with chronic

health conditions. Its demonstrated effectiveness has made supportive housing an integral component in the State's plan to reduce Medicaid costs.

A subject of today's hearing, the Office of Temporary and Disability Assistance's (OTDA) NYS Supportive Housing Program (NYSSHP) is the primary funding stream for the ongoing operation of supportive housing in New York State – it pays for critical on-site services that make it possible to house multiply-disabled and vulnerable individuals, families and children in permanent affordable apartments. NYSSHP funds the housing-based support services for over 16,000 formerly homeless and at-risk single adults, families with children and youth throughout NYS. This funding ensures that supportive housing residences built by the three celebrated New York/New York Agreements have adequate front desk staff; it ensures that residences upstate have case managers for all the tenants; it provides critical matching funds that draw down millions of dollars in federal funding.

The success of New York's supportive housing has led states and localities across the country to emulate our state's efforts and build more than 150,000 units of supportive housing. It made supportive housing one of the main pillars of the federal government's new plan to end homelessness, "Opening Doors." Another primary component of the federal plan is homelessness prevention, as developed by many innovative programs in New York, including many originally funded by the Assembly. These programs, gathered together in the Solutions to End Homelessness Program (STEHP) are also the subject of today's hearing.

Together, the two programs, NYSSHP and STEHP, comprise the State's most important funding source for innovative and effective solutions that actually keep people from becoming or remaining homeless. While we appreciate the opportunity to discuss the consolidation of NYSSHP and STEHP and their multiple predecessors into one funding stream, we would be remiss if we did not take some time to talk about how seriously underfunded these programs now are.

The 2012-13 Executive Budget proposes to fund these two programs at a combined level of \$27.2 million. However, there is a much greater need. Over the last three years, existing residences in New York City have suffered large cuts; and 1,000 new units have opened and struggle to operate without this funding. The abrupt end of a large federal prevention program just as the recession is causing new record levels of homelessness makes matters even worse.

Consolidation

One of the two main programs in the new homeless services pot, NYSSHP, was formerly known as two separate supportive housing programs: *SRO Support Services* and *Supportive Housing for Families and Young Adults (SHFYA)*. While the two programs are now consolidated into one, there has been no change in the populations served: formerly homeless adults, families, children and at-risk youth.

The other half of the pot, the Solutions to End Homelessness Program (STEHP) is a consolidation of four different funding streams that all provided resources for preventing homelessness: HPP, HIP, SHIP and ESG.

The consolidation of these programs has impacted the nonprofit providers in the following ways:

1. **Streamlined Grant Process** – Providers who serve multiple populations in supportive housing used to have to complete 2 separate grant applications. Now providers only have to

fill out one grant application, no matter how many different tenant populations are being served, reducing the time and resources needed to prepare the grant. By consolidating four programs into one, STEHP eliminates the need for four different application and procurement processes.

2. **Procurement Timeline** – Consolidating the grants reduces by three months the time the State takes to make awards and issue contracts, getting resources out into the communities more quickly and efficiently.
3. **Master Contracting** – Some providers operating prevention programs and serving multiple tenant populations in supportive housing were managing four different contracts, with four different auditors, inspection and oversight processes, and completely separate reporting. Now, providers manage all the programs under one contract, relieving nonprofits of an already large administrative burden. The relief extends to OTDA as well, since the agency can coordinate oversight activities.

The consolidation of these programs has also impacted the constituents and the communities served by these programs in the following ways:

1. **Better Leveraging of Resources** – By consolidating programs, OTDA is able to strategically invest state resources and better leverage private, local and federal resources. Under the HUD McKinney-Vento Homeless Assistance Grant program, originally designed by then HUD Secretary Andrew Cuomo in the 1990s, thirty-one Continuums of Care currently operate across NYS, bringing over \$181 million in federal funding annually to the State for operating permanent supportive housing. These programs require a 25% local match, which is frequently provided by NYSSHP. Without the match, the communities are unable to draw down the federal funding
2. **Homelessness Prevention** – In addition, McKinney provides New York over \$15 million for the Emergency Solutions Grant, which goes to entitlement communities around the state, as well as NYS OTDA itself. Part of ESG is now used to supplement State funds in STEHP. Under the new STEHP structure, OTDA has more flexibility to blend state and federal prevention resources strategically, and focusing them to areas of high demand and to non-entitlement areas, avoiding any duplication of services and stretching the impact in local communities.
3. **Improved Tracking of Outcomes** – As part of the consolidation efforts, the State changed reporting requirements to stipulate that STEHP and NYSSHP providers input state data into HUD's Homeless Management Information System (HMIS). This replaces a cumbersome reimbursement process in the previous programs that had providers waiting months to be reimbursed for program expenditures. The new process will permit better tracking of outcomes and fair comparison between prevention programs. It will also allow communities to track trends locally. HUD already requires that all ESG funding participate in HMIS and now with the state allowing a process for STEHP and NYSSHP information to be entered into the same database, local providers and governmental agencies will have an improved capacity to target scarce and valuable resources to the best programs as well as where they are most needed.

In addition to these practical improvements, the consolidation of the programs allowed OTDA to stretch its dollars further in order to save valuable programs. As mentioned before, the new funding pot created a repository for federal ESG funds, so that these could be used to make up for recent cuts to State prevention programs. The consolidation also facilitated the preservation of a critical state resource that provides supportive services to families and children – the program formerly known as SHFYA.

SHFYA was the only statewide supportive housing funding stream for formerly homeless families and at-risk youth. This funding paid for counseling, job placement and service linkages for families. Originally a legislative initiative, the program had such good outcomes that it was made part of the Executive Budget in 2007. But the program was funded with federal TANF dollars, and when the economic crisis hit in 2008, the program was cut from \$5 million to \$2.5 million. When still more TANF money was redirected to counties, the SHFYA program was cut to just \$508,000 in the 2011-12 state budget, even as family homelessness hit an all time high that year.

On life support, SHFYA was added to the homelessness prevention and supportive housing budget line as part of NYSSHP. The Legislature and the Governor deserve praise for this visionary approach, which gave OTDA administrative flexibility to allocate resources strategically where the need was greatest. Because family homelessness was skyrocketing in late 2011, OTDA made a strategic decision to allocate \$2.5 million of the NYSSHP program to fund the family units that still existed, preventing approximately 736 formerly homeless families, children and youth from becoming homeless again.

Without this flexibility to allocate scarce resources to where the need was greatest, hundreds of formerly homeless families and children would have returned to homelessness. NYSSHP gave the state the ability to make this critical decision. And because OTDA was given the ability to use old reappropriations and to move federal ESG funds into the budget line, the funding of family supportive housing units did not reduce funding for other supportive housing or prevention programs. We commend the state for its leadership on this and think this is the type of creative and flexible thinking that is needed right now when the state is still suffering from the recession and a bleak economic future.

NYSSHP and STEHP

The consolidation of NYSSHP and STEHP has allowed the State to preserve some programs and to manage contracts and procurements more efficiently. But it has not addressed the biggest threat facing the supportive housing community today – the consistent underfunding of services and operations in supportive housing over the past three years.

STEHP: Tonight, more than 31,000 people will sleep in the New York City family shelter system, including over 16,000 children. We are at our highest census levels except for a few months in 2010, and over 100 families show up at the shelter system's front door every day. Yet because of previous State cuts and the end of prevention money from the federal stimulus bill, funding for homelessness prevention will be effectively cut in half, from more than \$15 million, to approximately \$7.6 million.

We can't afford to do this. The 100 families entering the shelter system each day stay an average of eight months (and rising), at a cost of \$3,000 per month. New York's homelessness prevention programs have proven that a one-time intervention of just a few thousand dollars can help a family avoid shelter entirely, and save the State and localities millions of dollars.

NYSSHP – Families and Youth: Many of the families will need additional services and supports, as well as a long-term rent subsidy to stay housed. But the family supportive housing program in NYSSHP, with \$2.9 million less to invest, is now housing and helping 600 fewer families than we were a little more than a year ago.

- Nonprofits like Chances and Changes/Pathstone in Livingston County and Neighbors of Watertown in Jefferson County had been awarded family supportive services funding as part of an agreement to take over residences built with OTDA capital funding that were struggling socially and financially due to a lack of services funding. Intent on providing supportive housing to survivors of domestic violence, these organizations stepped up to the plate to save these buildings, only to be summarily de-funded in 2011 due to the budget cuts passed in April.
- West Side Federation for Senior & Supportive Housing's Grandparents Family Apartments has won awards and been profiled on national news programs for its groundbreaking program that helps grandparents raise their grandchildren. This past year, the residence in the Bronx lost their services contract, forcing them to cut their highly successful afterschool program from serving 70 elementary, middle and high school children to now only serving 30 elementary kids – leaving the older kids on their own with no assistance to the grandparents, in a neighborhood with high gang activity. They have also been forced to lay off two social workers that worked with the 50 families living in the residence and one Youth Specialist that worked with the teenagers in the evenings due to the high gang activity in the community.

Any 'savings' from cutting these programs has been completely cancelled out by the resulting increase in the use of more costly emergency services by the families that had been served by this program. 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 this program become homeless as a result of this budget shortfall, the increased cost in emergency shelter alone would eliminate any savings achieved by the reduction. Our nonprofits' observations and the rising number of homeless families show that this is already happening.

NYSSHP – Single Adults: The other part of NYSSHP is used to pay for essential support services for single adults living in permanent supportive housing. Today, support services funding for single adults is at the same level it was in 2010-11, \$17.6 million, \$5.3 million short of what is actually needed, leaving over sixty existing residences without adequate services funding and an additional 12 residences ready to open in this fiscal year also without services funding.

The result is over thirteen new buildings with more than 1,000 units operating without this funding, and nonprofits struggling to provide safe, secure housing with adequate services to formerly homeless tenants. Here are a few examples of how these budget cuts are impacting local non-profits.

- In Rochester, the Eastman Commons Dewey Avenue supportive housing program is slated to open in May of 2012. This project began as a local initiative, supported by a commitment for the Rochester/Monroe County Homeless Services Network to fund operations. New

York State Housing and Community Renewal contributed over \$11 million in capital funding and tax credits and OTDA HHAP completed the capital funding with \$3 million. Now, the lack of \$90,000 in NYSSHP jeopardizes this 80 unit project by eliminating services for its chronically homeless residents. As a result, the building may be converted to straight affordable housing and the City of Rochester will be unable to refer challenging formerly-homeless tenants to the residence, causing the City and County to lose an enormous amount of funds.

- In Kingston, the Rural Ulster Preservation Corporation lost its NYSSHP grant that provided comprehensive support services funding for a staff person to monitor and ensure the health and well being of 40 seniors or disabled persons. This grant helped keep 40 people stable, self-sufficient, and thriving to the fullest degree of their ability to do so. Now, this funding is gone, jeopardizing the livelihood of these 40 residents. Without that key person, RUPCO will be unable to do early intervention, and will be forced to evict tenants with behavioral issues, rather than keeping them safe in independent housing.
- In Utica, JCTOD, a faith based group that is turning around the blighted Corn Hill neighborhood, was not funded by NYSSHP for its first project for chronically homeless individuals after successfully building three family supportive housing projects. This occurred at the same time as Oneida County's rental assistance program for homeless disabled people reached capacity, creating a double burden on an organization that always ran on a shoestring. Faith alone will not be enough to keep the doors of this program open much longer.
- Just last week, HUD and other federal officials visited New York City in an effort to address the recent increase in the amount of federal funds that are recaptured from the state's localities. They reported that New York is now sending back millions to the federal government, in part because recent cuts to the NYSSHP programs eliminated the match that drew down four times that amount in federal funds.

The growing need for housing among poor New Yorkers, coupled with the need to spend and leverage our dollars efficiently are reasons enough to increase funding for these programs. But most of the single adult 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**

If only 2% of the currently housed individuals revert to homelessness, the State 'savings' are wiped out.

There are other important fiscal reasons for fully funding NYSSHP. The State:

- **puts more than \$140 million in state capital investment at risk.** The unfunded and pipeline residences that have lost services funding were built with over \$140 million in New York State capital funding. If funding isn't restored, the state's capital investment is severely at risk.
- **Will lose millions in federal operating and rental subsidy funding.** NYSSHP is often the only state or local service funding nonprofits have to meet the 25%-100% match required by their U.S. Department of Housing and Urban Development (HUD) grants. Earlier budget cuts are already having an effect on the amount of federal dollars the State can draw down.
- **Jeopardizes private investment.** NYSSHP helps secure Low Income Housing Tax Credit and other capital investments from private investors. These investors need assurances that services, security and rental supports will be maintained by the nonprofit provider, or they will not invest in new supportive housing construction.

Conclusion

In conclusion, the Network favors the structure of newly consolidated New York State Supportive Housing Program and the Solutions to Ending Homelessness Program for all of the reasons stated above. However, in order to meet the statewide need, the state must increase the amount of funding it allocates to these programs or all of the benefits of the consolidations fall short.

NYSSHP is part of the state's homeless housing and preventive services programs budget line, which needs \$44.7 million in funding to fund all of the homelessness prevention (STEHP) and supportive housing programs (NYSSHP). * This is located in the SFY 2012-13 Executive Budget – Aid to Localities: pg. 273 - line 49. The Executive Budget currently funds this "bucket" with only \$27.2 million, approximately 40% less than what is needed.

The Network asks that the state fully fund **OTDA's NYS Supportive Housing Program (NYSSHP) within this bucket at \$28.2 million** enough to meet the needs of each of its component programs:

- Support Services for Families & Young Adults – at \$5.4 million, covering services for existing programs that requested funding this year.
- Support Services for Single Adults - at \$22.8 million, covering the \$22.6 million needed to fund existing projects and the \$260,000 needed for all new residences coming opening in the State fiscal year.

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.

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 W. 37th Street 18th Floor New York, New York 10018

(646)619-9640

thoughton@shnny.org