



**Assembly Committee on Housing
Public Hearing on Capital Housing Programs
December 13, 2011**

**Supportive Housing Network of New York
Maclain Berhaupt, State Advocacy Director**

Good Afternoon. My name is Maclain Berhaupt, and I am the State Advocacy Director of the Supportive Housing Network of New York. The Network represents over 200 nonprofit providers and developers who operate more than 43,000 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 cost-effective and humane way to provide stable, permanent homes for formerly homeless, disabled individuals and families who often have great difficulty remaining stably 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.

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 \$743 of the cost of building, operating and providing services in the housing. Many studies since then have confirmed this cost-effectiveness, finding that if the supportive housing is targeted to chronically homeless, multiply-disabled individuals, the savings actually exceed the cost of providing 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.

Governor Cuomo made improving services and lowering costs in the Medicaid program a top priority this year. The Governor's Medicaid Redesign Team quickly realized that unstably-housed individuals with chronic health and behavioral health issues were high-cost users of Medicaid, because they depended largely on emergency rooms and hospitalization for their healthcare. The MRT recognized that placing identified persons into stable supportive housing would be a critical component of the State's reforms.

Accordingly, the MRT is voting today to accept a report from its Affordable Housing Workgroup that recommends that the State greatly increase funding for supportive housing capital construction, as well as operations and services in supportive housing. The workgroup's report calls for a major new development initiative to create housing to address the housing needs of the tens of thousands of high-cost Medicaid recipients who are homeless or unstably housed.

To do this, the State must greatly increase its affordable housing production, not only to house high-cost Medicaid recipients, but also to house other high-cost populations with special needs and other low income households, in order to ensure that the housing is integrated and successful.

Despite the State's recognition that it must expand affordable and supportive housing for this target population, overall, the State's supportive housing development has actually decreased. Rising construction costs mean that we are building fewer units with funding streams that have remained at the same funding levels since the mid-1990s; cuts to federal capital funds will further decrease production; and the NYS Office of Mental Health has had a freeze on all future development of supportive housing for the past two years.

This recent trend of slowing down and in some instances halting development of supportive housing runs counter to the State's goals of reducing unnecessary Medicaid and state general fund expenditures on high-need, frequent user populations.

In addition to the cost savings supportive housing generates, affordable housing development is one of the best ways to stimulate the economy. It creates more jobs for the dollar faster than most other investments, and New York State has a development pipeline that is large enough to have a discernible positive effect on the state's economic growth.

Supportive housing development creates both short term and permanent employment opportunities. 93% of supportive housing nonprofits hire locally for permanent staff positions. A 100-unit supportive housing building generates 133 jobs during construction. Once opened, that 100-unit residence provides 8 social service jobs and 8 property management jobs.

The direct and indirect impacts on the local economy resulting from construction of 100 units of supportive or affordable housing in a typical metro area includes:

- \$5,317,500 in local income
- \$1,450,500 in business owner's income
- \$3,866,700 in local wages and salaries
- \$501,800 in local taxes; and
- 80 local jobs supported

And the economic stimulus from such an investment would happen right away: for every affordable housing residence that is funded by the NYS Housing Trust Fund or OTDA's Homeless Housing Assistance Program, there are three to four proposed residences that are viable but don't get funded because there aren't enough resources.

In addition, the development of supportive housing leverages substantial private and public dollars bringing Federal, State and local dollars to New York. For example, HCR-funded supportive housing projects leverage at least three dollars for every dollar of state funding and often leverage over \$10 for every dollar invested. For every dollar of federal Low Income Housing Tax Credits used to develop supportive housing, approximately \$7.70 is yielded in private investment.

Conclusion

Investing in supportive housing development creates jobs, business, growth and increased tax revenues. 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.

Every day, the State spends tens of millions of dollars in Medicaid and other emergency services for people who wouldn't need these services if they had homes. We can no longer afford this extravagant waste of taxpayer dollars. We need you, the Assembly, Senate and Governor to create a new comprehensive affordable housing plan that will address this pressing need.

Thank you for the opportunity to speak on this important issue.

Respectfully submitted by:
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