



Testimony to NYC Council

Committee on Finance FY24 Executive Budget Hearing

Submitted by Supportive Housing Network of NY

May 25, 2023

Hello Chair Brannan, and members of the New York City Council Finance committee. My name is Tierra Labrada, and I am the Associate Director of Advocacy and Outreach at the Supportive Housing Network of NY. The Network is a statewide membership organization representing the nonprofit developers and operators of supportive housing, a proven affordable housing model with wraparound support services for individuals and families with a history of homelessness who face additional barriers to obtaining and maintaining housing on their own. We want to thank the Council for their continued support for the supportive housing model, and the human services sector overall. We were encouraged to see the council response identify areas of expansion for supportive housing, including doubling the Supportive Housing and ELLA Loan Programs, expanding NYC 15/15 for youth aging out of foster care, investing \$57.8m in the Justice Involved Supportive Housing Initiative (JISH), and increasing HPD's budget to \$4 million. However, we understand that there is still work to be done. As the Council continues negotiations with the administration, we would like to highlight our top policy and budgetary priorities.

Protect Nonprofits Against PEGS and #JustPay Human Service Workers

The Adams administration has proposed a plan for nonprofits contracted through DHS and DSS to reduce their budgets by 5%, disguised as "provider flexible funding." As far as we know, nonprofits are expected to achieve the 5% savings mainly by eliminating already vacant positions. They are then required to return 2.5% of the budget to the City, while the remaining 2.5% can be used as flexible funding to increase salaries for current staff. While this may appear as a plausible solution for nonprofits with vacant positions, the reality is that these positions often go unfilled due to low contracted wages. It is unfair and contradictory to ask nonprofits to bear the burden of these budget cuts, especially when the sector has been advocating for higher wages and an annual cost of living adjustment (COLA). We urge the Council to oppose the proposed flexible funding and instead advocate for a 6.5% COLA for nonprofit human service workers, ensuring they receive the fair compensation they deserve.

Reimagining the NYC 15/15 Initiative

In 2015, New York City announced a new supportive housing initiative: NYC 15/15, a promise to create 15,000 units of supportive housing over 15 years. The 15,000 units were to be split evenly between new development of congregate, single-site residences, and scattered site units rented on the private market with mobile case management services.

Now in its seventh year, the city is almost halfway to its goal, with about 44% of total units having been

awarded. However, according to a presentation given in 2022 at the Network's annual conference, the Human Resources Administration (HRA) reported the awards are not equally distributed among congregate and scattered site as originally intended. Instead, seventy percent of all congregate units have been awarded, compared to only 17% of the projected scattered site units, thus leaving the City with a surplus of un-awarded scattered site units. Due to this reality, we believe that the administration's recent pledge to accelerate production of the remaining units¹ will face significant challenges; nonprofits are simply not applying for scattered site contracts. Without a drastic change to the NYC 15/15 initiative, the City will not meet its target. We recommend the City immediately ***redistribute the un-awarded scattered site units into four groups: congregate (adding to the single-site stock), enhances scattered site with service rates increasing to \$17,500, preservation of older stock, and "non-traditional" scattered site (identified units in city-owned affordable housing with homeless set-asides) with service rates up to \$17,500.***

Problems with Traditional Scattered Site

While the scattered site model is an important response to addressing homelessness, it is a difficult model to sustain. For a variety of reasons, including fluctuations in the private rental market, and staff burnout and turnover, nonprofits are hesitant to apply for traditional scattered site contracts. Moreover, the social services rate for NYC 15/15 scattered site is only \$10,000, compared to \$17,500 for the congregate program. While the justification for the discrepancy is the cost of security in congregate programs, the rate does not take into consideration the complexity of operating a scattered site program, including increased travel, navigating resources in various neighborhoods, and relationship management with multiple landlords. ***The City should immediately increase the service rate for scattered site contracts to \$17,500 per unit, and explore ways to meet unit targets while preserving older housing stock.***

NYC 15/15 Acceleration as Preservation

Of the approximately nearly 450 single-site supportive housing residences in New York City 160 with a total of 10,000 apartments opened before the year 2000 and many of those were only moderate rehabs of much older buildings. Many of these buildings need significant capital investment to continue to provide safe and healthy living environments for their tenants and to meet the City and State's ambitious mandates to reduce carbon emissions from buildings. Service and operating budgets must also be increased to modern standards after decades of stagnation. Some of these older buildings have combined service and operating contracts as low as \$2,400 per unit per year, compared to NYC 15/15 which boasts \$17,500 just for services with additional funding for rental assistance close to the Fair Market Rent (FMR) standard. ***The City should immediately reallocate a portion of the NYC 15/15 capital, services and operating funding to holistically preserve these supportive housing units.***

Preservation of these older single-site residences is critical not just because the City cannot afford to lose a single unit of supportive housing but also because it furthers fair housing goals. Many of the older supportive housing residences are converted hotels in wealthier Manhattan and Brooklyn neighborhoods,

¹ www.nyc.gov/assets/home/downloads/pdf/office-of-the-mayor/2022/Housing-Blueprint.pdf

where new development is costly and rents are high. Existing supportive housing provides racial and economic integration in these neighborhoods that would be extremely difficult to recreate.

Complete Reallocation of Un-Awarded NYC 15/15 Scattered Site Units

Due to the current reality, the Network recommends that the un-awarded units be divided equally among the following models:

- ¼ of the remaining units should be allocated to new development of traditional congregate sites, with nonprofits applying through normal channels via HPD and HRA.
- ¼ of the remaining units should be allocated to traditional scattered sites, with nonprofits applying through normal channels via HRA. ***The City should increase service rates for these scattered site units to \$17,500 to match congregate service rates.***
- ¼ of the remaining units should be allocated for preservation of older congregate residences with little or no service funding. The City should dedicate a flexible preservation fund for services and operating, to pair with capital resources.
- ¼ of the remaining units should be allocated for non-traditional scattered site, with HPD identifying appropriate city-funded affordable housing residences with homeless set-asides (e.g. ELLA + SARA). ***The City should increase service rates for these scattered site units to \$17,500 to match congregate service rates.***

Streamline the NYC 15/15 Review and Approval Timeline for Nonprofits

Currently, nonprofits applying for NYC 15/15 services contracts are waiting up to a year before their approvals are in place. For congregate awards, this causes significant delays, as the Department of Housing and Preservation (HPD) requires these approvals before moving forward with capital financing.

Creating a streamlined application and approval process for nonprofits with contracts in good standing could help cut down the review timeline. Importantly, the city should also ensure sufficient staffing in the appropriate departments, and provide any additional resources necessary to streamline the NYC 15/15 application and approval process.

Expand the Eligibility for NYC 15/15

Eighty-five percent of NYC 15/15 units are targeted to people experiencing chronic homelessness, which follows HUD's definition² of chronic homelessness. HUD defines chronic homeless as an individual living on the street or in shelter for at least 12 months, who also has a disabling condition such as substance dependency or behavioral health condition. HUD's current definition prevent jail or prison stays longer than 90 from being counted toward homeless time, therefore excluding thousands of people with justice involvement from accessing supportive housing. An analysis of city jails' length of stay data conducted by the Corporation for Supportive Housing (CSH) stated that the average jail stay is 222 days, making it likely that most individuals would not qualify as "chronically homeless" once they leave. ***To ensure people with justice involvement have access to permanent, supportive housing, the administration should expand the eligibility of requirements of NYC 15/15 to allow jail or prison stays longer than 90 days to be counted as time homeless.***

² "Here's What You Need to Know About HUD's New Chronic Homelessness Definition." National Alliance to End Homelessness website, 16 December 2015, <https://endhomelessness.org/heres-what-you-need-to-know-about-huds-new-chronic-homelessness-definition/>

Improve the Justice Involved Supportive Housing Initiative

The Justice Involved Supportive Housing Initiative (JISH) is a product of former Mayor de Blasio's Taskforce on Behavioral Health and Criminal Justice System. With a \$130 million commitment to reducing the number of people with behavioral health needs cycling through the criminal legal system, JISH was designed for individuals with high jail and shelter usage. Different from our recommendation to expand the definition of "chronic homeless" for individuals leaving long stay in jail or prison, eligibility for JISH does not require chronicity, however does require an individual have at least four shelter stays, four periods of incarceration in one year, and a behavioral health diagnosis.

JISH builds upon the Frequent Users Systems Engagement (FUSE) piloted by CSH and the City approximately 12 years ago. The frequent user cohort is created through a data match between the NYC Departments of Corrections (DOC) and the Department of Homeless Services (DHS), and overseen by the Department of Health and Mental Hygiene (DOHMH). Therefore, referrals from DOCS into supportive housing were supposed to move quickly. However, due to the chronic underfunding, issues with the scattered-site model and other model design problems, JISH units remain unoccupied and a new RFP for JISH 2.0 has had no applicants in the four years since its release.

Several listening sessions with current and potential JISH providers resulted in the following recommendations to improve the initiative:

1. **Increase JISH service rates to at least \$25,600 to serve high-needs population**
2. Amend "jail stays" to include arrests/contacts with the criminal legal system
3. Prioritize JISH population for vacancies in existing supportive and licensed housing
4. Allow referrals from multiple sources, including:
 - a. MOCJ Reentry Transitional Housing and Hotels³
 - b. Mental Health Courts
 - c. Alternative to Incarceration / Supervised Release Programs
 - d. Internal referrals from existing JISH providers

Redesign B-HEARD

As members of the Correct Crisis Intervention Today (CCIT-NYC) Coalition, we urge the Council to do all that is in its power to truly transform New York's mental health crisis response by only allocating funding to the Behavioral Health Emergency Assistance Response Division (B-HEARD) pilot program if significant changes are made. B-HEARD, in its current guise, is deeply flawed, and must be redesigned to adopt the key components of the CCIT-NYC mental health crisis response proposal, starting by substituting 988 for 911 and adding trained peers with lived mental health experience as first responders.

Reverse Proposed Cuts to NFP Rikers Programs

The Mayor has proposed \$17 million in cuts to programs from six nonprofit providers -- the Osborne Association, The Fortune Society, FedCap Inc. Greenhope, SCO Family of Services, and The Horticultural Society of NY (The HORT) -- who have delivered critical jail-based programs for years, such as non-violent conflict resolution, discharge planning, cognitive behavioral therapy, employment readiness, and other forms of support, which are crucial to safety within jails and also pave the way for brighter futures post-incarceration and are crucial to fostering safer communities. We urge the City to reverse the proposed \$17 million in cuts to these critical nonprofit providers.

³ MOCJ intends to put 950 transitional units online, and 3 MOCJ hotels are active with about 600 people who are experiencing homelessness

Rikers Island programs.

Invest in Mobile Treatment Teams (IMT) for Supportive Housing Residents

The administration recently announced a plan to invest in IMT to serve 800 more individuals, but there are no details in the budget. With \$1B at the State for mental health, the City must work with the State to ensure funding to expand this program.

Identify Public Sites for Affordable and Supportive Housing

While the need for supportive and affordable housing necessitates significantly increased capital investment, the City must also make sure that capital is being used efficiently. Public sites are a resource with tremendous untapped potential, especially in communities in which land prices are expensive. Decreasing the purchase price substantially lowers the total development cost and, by extension, the capital investment required from the City. Because of the siloed approach to housing and homelessness policy in New York City, only HPD, DHS, and Health and Hospitals (H+H) have examined their portfolios and allocated land to the cause of developing affordable and supportive housing.⁴ Meanwhile, agencies such as the Fire Department of New York (FDNY), the Administration for Children's Services (ACS), and the Department of Citywide Administrative Services (DCAS) all have potential sites that merit consideration for supportive housing development. A 2019 study by a group Urban Design Forum Forefront Fellows identified 48 sites prime for supportive housing development under the jurisdiction of those three agencies alone.⁵ ***The City should be required to survey its entire portfolio of land, and publish an annual report, disaggregated by council district and city agency to assist in the efficient and equitable development and distribution of supportive housing throughout the city.***

Thank you again for the opportunity testify regarding these crucial investments into supportive housing and resources for current and future residents. We welcome any follow-up meetings and feedback.

Sincerely,

Tierra Labrada

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⁴ While H+H has allocated land to supportive housing development, it is still in the process of doing a full analysis of its portfolio and has potential for increased supportive housing development opportunities.

⁵ Amin, A, Kaikai, J, McIntyre, A, Nguyen, C, Sauer, R. (2020) "Supportive Housing in New York City." Urban Design Forum. <https://urbandesignforum.org/proposals/supportive-housing-in-new-york-city/>