



**Testimony to the New York City Council
Committee on Finance
Submitted by Laura Mascuch, Executive Director
Supportive Housing Network of New York
March 6, 2019**

On behalf of the Supportive Housing Network of New York, I am grateful for the opportunity to submit testimony on the FY 2020 Preliminary Budget.

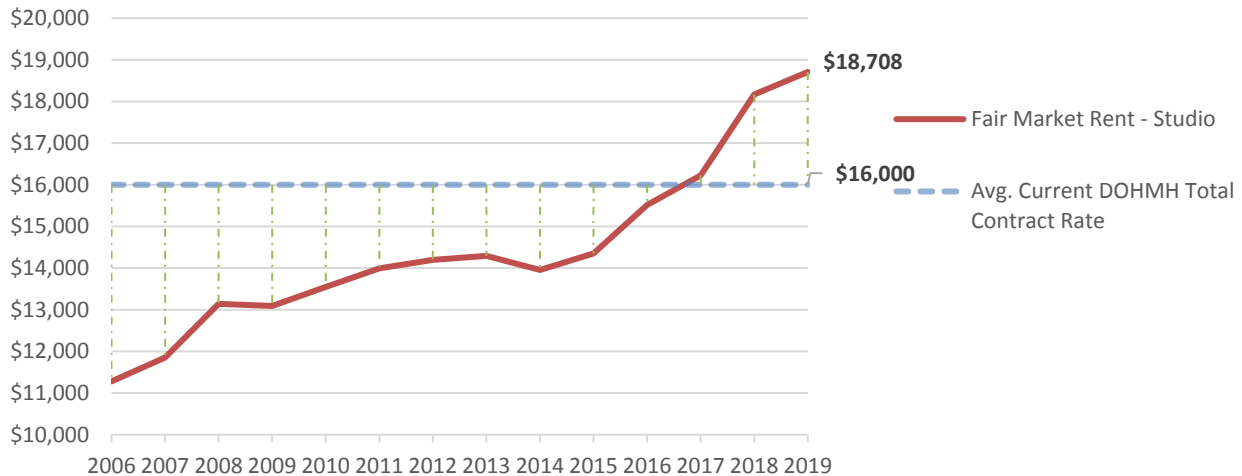
My testimony today will focus on the urgent need for funding for Department of Health and Mental Hygiene (DOHMH) scattered site supportive housing programs. Without \$20 million in new annual funding, nearly 1,800 vulnerable households are at risk of losing their homes. Additionally, I will highlight the need across the human services sector for fair contract rates.

The Supportive Housing Network of New York is a membership organization representing over 200 nonprofit developers and operators of supportive housing statewide. Supportive housing is permanent affordable housing with embedded social services for vulnerable individuals and families, people who are homeless and living with disabilities and/or other barriers to maintaining stable housing. Thousands of New Yorkers who live with mental illness, substance use disorders, and HIV/AIDS rely on supportive housing. At the same time, thousands more languish in shelter or on the street until more units become available.

We are extremely grateful for NYC 15/15, the City's commitment to create 15,000 new units of supportive housing over fifteen years. Moreover, we were thrilled when this Council requested that the administration accelerate implementation of the plan by fast-tracking production from 500 to 700 units per year. We look forward to working with the Council and our agency partners to execute this accelerated plan. Additionally, we are working with State government agencies and our members to implement the Empire State Supportive Housing Initiative (ESSHI), a plan to create 20,000 new units of supportive housing in fifteen years, the majority of which will be in New York City.

While focusing on the creation of 35,000 new units, it is imperative that we not abandon the existing stock of supportive housing that already provides stability for close to 33,000 households in New York City. These are individuals and families who, but for the case management and services in supportive housing, are at high risk of returning to homelessness. Almost 14,000 of these households reside in scattered site programs where nonprofits rent apartments from landlords in the community and bring services onsite with regular visits. 1,800 of these scattered site units are contracted by DOHMH.

Rates for the legacy programs have been stagnant for years. Many are operating at a deficit, with nonprofit agencies borrowing money from other sources just to make ends meet. These older DOHMH contracts range from \$11,000 to \$16,000 per unit for both rent and services. Meanwhile, the Fair Market Rent for a studio has steadily increased to its current rate of \$1,559 per month, or \$18,708 per year. Clearly, with the older contract rates below the Fair Market Rent, many providers have little to no funding left for the support services they are contracted to provide and which are the critical ingredient for a programs' success.



While stagnant rates and rising rents starve the service budgets, nonprofits are expected to do more. In a landlord’s market, nonprofits have little leverage to pressure landlords to make repairs and adhere to the housing quality standards required by the supportive housing contracts. Nonprofits must step in and make repairs themselves. However, one of our nonprofit members has had to scale back on maintenance staff for scattered site programs due to lack of funds.

In contrast to these older programs, NYC 15/15, which represents a recently agreed upon standard for adequate rent and service budgets, provides \$28,168 in total funding for a single adult to live in scattered site supportive housing (\$18,168 for rent and \$10,000 for services). \$20 million is needed to bring the 1,800 scattered site units contracted by DOHMH prior to NYC 15/15 up to NYC 15/15 rates.

Our nonprofit members are at a breaking point. Their Boards of Directors are questioning the viability of continuing to operate underfunded scattered site programs and becoming wary of taking on new programs, which the City desperately needs them to do in order to begin to decrease the homeless census. As DOHMH scattered site contracts come up for renewal with no increases, providers are on the verge of opting out. Currently, there are 400 units at risk of nonrenewal, but more will follow as other contract terms expire without meaningful increases.

Collectively, we must ask ourselves, if these programs are lost, where will these New Yorkers go? If they return to the shelter system, we will have failed them. And as the cost of accommodating a single adult in shelter closes in on \$43,000 per year (almost \$15,000 more than the requested rate for these scattered site units), we will also have failed the City’s taxpayers.

The problem of underfunding is not unique to the supportive housing community. The gap between what the City funds on human services contracts and what providers can supplement with private and philanthropic dollars has grown too wide. It is vital that no cuts are made to human service programs as part of the mandated budget reductions and the chronic underfunding of the sector is rectified.



The sector is united in asking the City Council to include in their budget response a request for the Mayor to invest \$250 million dollars to fill the gap between provider's indirect costs and the contract reimbursement rates from the City. The new *Health and Human Services Cost Policies and Procedures Manual*, which was developed alongside Deputy Mayor Palacio, lays out standardized indirect costs for our sector. However, without increased funding to address the gaps this manual displays in our contracts, the fiscal crisis we are facing remains unaddressed. Based on numbers provided by the Office of Management and Budget, \$250 million should cover the costs to fully implement this manual.

In conclusion, the supportive housing community is on the brink of crisis, as is the human services sector as a whole. The City has recognized the need to bring scattered site rates up to the NYC 15/15 standard. We are extremely grateful to see that the HASA scattered site program has new funding in the Preliminary Budget for this purpose. We hope that this committee and the Council as a whole can work with the Administration to include the \$20 million needed for DOHMH's portfolio in the Executive Budget. Thank you for the opportunity to testify and I welcome any questions.