



**Testimony of
Supportive Housing Network of New York
New York City Council Hearing on
The New York/New York III Agreement
January 22, 2009
City Hall, New York, NY**

Good afternoon. My name is Nicole Branca and I represent the Supportive Housing Network of New York, a statewide member organization of over 170 nonprofit agencies that build, operate and provide services in housing for homeless, disabled and at-risk New Yorkers. Our members provide permanent, affordable housing with on-site services, including case management, mental health services, substance abuse counseling and employment programs to over 38,000 households statewide, 24,000 here in New York City. New York continues to lead the nation in the production and innovation of supportive housing, in large part due to programs like New York/New York III.

Almost two years ago, the Network testified to the Mental Health Committee about implementing the NY/NY III program. We talked about the importance of creating buildings that fully integrate people with disabilities and histories of homelessness into the community; about the need to fund operations and services so they are sufficient to cover rising building costs and provide the appropriate level of care and safety for tenants to stabilize their lives and become active members of their communities again.

I am here today to talk about new challenges facing the NY/NY III Initiative, but I am pleased to report that the City and State are funding integrated residences and the rates for the various New York/New York III populations are – at least for now – relatively sufficient

to meet today's costs. By most measurements, the collaboration between different government agencies, nonprofit developers and service providers, and our financial partners has never been stronger or more efficient.

Status of the Agreement

In November 2005, the NY/NY III Agreement established funding to build and fund services in 6,250 units of new permanent supportive housing for homeless individuals and families, as well as funding for rents and services to turn 2,750 existing, privately-owned scattered-site apartments into supportive housing. The City and State have done a good job of awarding contracts to nonprofits to operate the scattered-site program: the City's entire share of scattered-site apartments has been awarded, and the State has awarded 92% of its target. The capital development of housing has gone more slowly: in the first two and a half years of implementation, eight beautiful new supportive housing residences have opened or are opening as we speak, housing 176 of our city's most vulnerable individuals and families. Unfortunately 176 units comprise only a fraction of the 6,250 units the City and State agreed to build in the Agreement, and only 25% of what was supposed to have been built two and a half years into the agreement.

These delays are not uncommon to affordable housing development, and indeed, have marked the previous two NY/NY Agreement's development schedules. The ambition of the agreement caused some initial delays, as the State and City worked out a new relationship over new housing models for new tenant populations. The city's extremely competitive real estate market, followed by reduced access to credit, and a substantial drop in the availability of tax credit equity for development have all helped to further delay development.

Challenges and Recommendations

Our testimony today does not dwell on the delays, but rather on what we need to do to make sure that NY/NY III is completed in a timely fashion. The NY/NY III Agreement is already a 10-year initiative. We can't afford to allow production of this desperately needed

housing to be delayed beyond that already generous timeframe. Here are some steps we can take to ensure that the remaining units get built.

In order to meet our commitment to NY/NY III, we must take the following actions:

1. **Maintain capital funding for HPD supportive housing development.** In these tough economic times, funding for HPD's Supportive Housing Loan Program (SHLP) is one of the best investments the City can make. Every unit created by SHLP will house a disabled individual or family who is currently chronically homeless, using expensive emergency services like shelter, hospitals, psych centers and correctional facilities. Targeted in this way, this investment will reduce City spending in an amount greater than the costs of building, operating and providing services in the new supportive housing.

In addition, this capital funding is more critical than ever to fill funding gaps created by reduced prices for federal Low Income Housing Tax Credits, the primary source of equity for affordable housing construction. Even if the tax credit market slowly begins to improve, the City share of SHLP may need to be increased to fill the gaps. Of the 16 HPD funded supportive housing residences that opened the last two years, twelve (75%) leveraged low-income housing tax credits. If this critical resource continues to dwindle, the City will have to find a way to keep these construction projects afloat.

This capital funding also keeps people working. The NYC Economic Development Corporation and HPD estimate that 133 full-time construction jobs are created for every 100-unit residence built.

2. **The City and State must continue to fully fund supportive housing operations and services.** Over the past 25 years, nonprofit providers and developers have built an impressive track record housing and serving formerly homeless individuals nobody else wanted to, or even thought it possible to, house in the community. We have been able to point to that record when we introduce the concept of supportive housing to investors,

communities and neighbors not familiar with the supportive housing model. Nevertheless, investors and community members continue to be skeptical about new supportive housing when it is proposed for financing and siting.

Part of the reason that supportive housing has been so successful is because operations and services have been adequately and consistently funded by a handful of City, State and federal funding streams. Please help us ensure that services and operations of supportive housing remains fully funded: we can ill afford to send a signal that promised operating and service support may not be there when buildings finally open. Cutting operating and service dollars one year would have a lasting effect on our ability to site and finance new supportive housing for years to come.

3. The City must advocate for more State capital funding. At this time, HPD's current pipeline projections put the City back on track to meet its share of the NY/NY III Agreement development (3,125 units) in year six. However, without increasing capital allocations to the New York State Office of Temporary and Disability Assistance (OTDA) Homeless Housing Assistance Program (HHAP) and Division of Housing and Community Renewal capital programs, the State will not be able to meet its supportive housing production goals – even as State agencies increase the portion of affordable housing production that is supportive. Both OTDA and DHCR require infusions of additional capital to meet NY/NY III production and other affordable housing goals. Both the City and State pay heavily when New Yorkers stay on the street and cycle in and out of hospitals, shelters and psych centers, rather than being housed.

4. Every community does its share. Currently most supportive housing buildings in this City are located in Manhattan, predominantly south of 96th street. However, with very little land left in Manhattan, nonprofits are starting to build more in the other four boroughs. Anyone who lives near supportive housing, or has been to visit a supportive housing residence can tell you that supportive housing is often the nicest looking building on the block and is in fact a benefit to the community. All available data supports this fact.

As just the latest example debunking myths about supportive housing, the Furman Center at NYU recently released a comprehensive study of property values and New York City's supportive housing. The study showed that the values of properties within two blocks of a supportive housing building rose 3 to 4% more than comparable properties in the same neighborhood farther away from supportive housing. The Furman Center at NYU is nationally renowned for their research, and this is the most rigorous study ever conducted on this subject. Yet certain local elected officials and community boards are still claiming that supportive housing is not good for their neighborhood. The Network urges all City Council Members to take another look at the facts and take a tour of a supportive housing residence. You will find permanent homes that you would be happy to have a family member or loved one live in. We're always happy to reach out to our members and help arrange it.

5. The Department of Buildings (DOB) must issue certificates of occupancy in a timely fashion. DOB regularly and unnecessarily delays openings of supportive housing residences, leaving apartments vacant for months at a time while individuals and families remain homeless. This situation has gone from bad to worse over the last couple of years. For example, in 2006 when the NCS Residence on the Upper East Side finished their residential rehab, DOB could not "find their paperwork" after inspecting the building. This left 35 people homeless for four additional months (at an additional estimated cost of \$140,000 in spending on shelters and other emergency services) while DOB re-inspected the building and finally issued the official certificate of occupancy. More recently, another residential rehab, Huntersmoon Hall on the Upper West Side had to wait for nine months to move tenants into the building after the project was complete. The Network requests that the City Council work with DOB to investigate and fix this bottleneck.

6. **We must fill the units quickly once they are open.** The NY/NY Agreement III both enlarged and limited the tenant population to be served in the housing, compared to previous agreements. The new agreement expanded eligibility beyond just homeless individuals with mental illness to individuals and families with a wide range of disabilities, including mental health, substance abuse and other health issues. But it also restricted tenancy to people who are “chronically homeless,” those who have been homeless for one year or more in the past two years. Currently there are fewer than 800 long-term shelter stayers (many who are not appropriate for supportive housing – some will need supervised care, nursing homes, etc.), but 5,700 or almost two-thirds of the housing in NY/NY III is set-aside for people who have been homeless longer than a year.

Another change came when the New York City Department of Homeless Services recently centralized the placement and referral process. While such a change could bring efficiencies, no new resources were allocated to respond to the higher volume of referrals that pass through DHS, and there have been problems with implementation of the new process.

In order to ensure that the largest number of homeless people are housed and to minimize delays in the placement process, we ask you to help us to monitor the eligibility and placement procedures for NY/NY III housing.

I will conclude my testimony today by asking the Council to advocate for a vulnerable population that is not easily fitting the NY/NY III defined populations; survivors of domestic violence.

Each year, 3,000 families take refuge in the City’s domestic violence emergency shelter system. Additionally, the NYC Independent Budget Office estimates that 18.5% of families in the DHS shelter system are homeless because of domestic violence- approximately 1,788 families in fiscal year 2008.¹ Recent findings show that 20% of these survivors, or 958

¹ NYC IBO Fiscal Brief. “City Spending on Domestic Violence: A Review.” June 2007.
<http://www.newdestinyhousing.org/PDF/DomesticViolenceSpending.pdf>

families, suffer from severe post traumatic stress disorder.² However, because their experience of homelessness is more episodic than chronic, and/or their PTSD is not always classified as “serious and persistent” as required in NY/NY III, survivors of domestic violence and their children are not qualifying for the housing. Access to NY/NY III units will more quickly move DV survivors out of costly emergency shelter and into permanent housing. Adding domestic violence as a qualification within the NY/NY III population G and adding more units for this population, would give these families a permanent home through which to stay safe and rebuild their lives.

Thank you for holding this hearing and giving me the opportunity to testify. I hope you will see us as an ongoing resource for information on supportive housing and the NY/NY III initiative.

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² The Task Force on Domestic Violence and Permanent Housing