



Testimony to the New York City Council, Committee on Finance
Submitted by Laura Mascuch, Executive Director
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On behalf of the Supportive Housing Network of New York, I am grateful for the opportunity to submit testimony on the FY 2020 Executive 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. And if they do return to homelessness, the City will be faced with an even greater cost of approximately \$69 million to provide them emergency shelter.

I presented similar testimony before this committee in March and truly appreciate your addition of this item in the Council's response to the Preliminary Budget. Your recognition of the magnitude and severity of this problem is a necessary step in rectifying it. I am back here today because the \$20 million was unfortunately not reflected in the Executive Budget. The Network's nonprofit members and the 1,800 households they serve in these programs cannot afford to let another year pass without meaningful increase to these rates. We stand with you in calling on Mayor de Blasio to include the \$20 million in the Adopted Budget and ask for your continued support.

The Network also echoes the call of the Council and the human services sector broadly for \$106 million to fill the gap between provider's indirect costs and the contract reimbursement rates from the City. Again, this was included in the City Council's budget response but excluded from the Executive Budget.

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. 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 severe 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.

The human services sector of our City is in crisis and the providers of scattered site supportive housing are no exception. 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.

Providers have long been sounding the alarm about the impact of the chronic underfunding of government contracts, and now we have reached a breaking point. The \$106 million investment for contract rates cannot be left on the negotiation table. The new Health and Human Services Cost Policies and Procedures Manual, which was developed as part of the Nonprofit Resiliency Committee, 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.

While the true need is greater than \$106 million, this addition is an important first step in recognizing that city contracts pay only 80 cents on the dollar or less than the true value of providing services. Nonprofits are floating the City hundreds of millions of dollars to care for New Yorkers – an untenable situation.

In conclusion, the supportive housing community is under threat, 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 hope that the Council can continue to work with the Administration and OMB to include the \$20 million needed for DOHMH's portfolio in the Adopted Budget. Thank you for the opportunity to testify and I welcome any questions.