



**Testimony of
Supportive Housing Network of New York
For the New York City Council Hearing on
The Status of the New York/New York III Supportive Housing Agreement
December 3, 2013**

Good morning. My name is Nicole Branca. I am the Deputy Executive Director for the Supportive Housing Network of New York and I am here today to testify in support of the city-state development initiative, the New York/New York III Supportive Housing Agreement. Thank you for the opportunity to comment on the status of this initiative.

The Supportive Housing Network of New York is a statewide member organization of over 220 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 47,000 households statewide, 30,000 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 initiatives like New York/New York III.

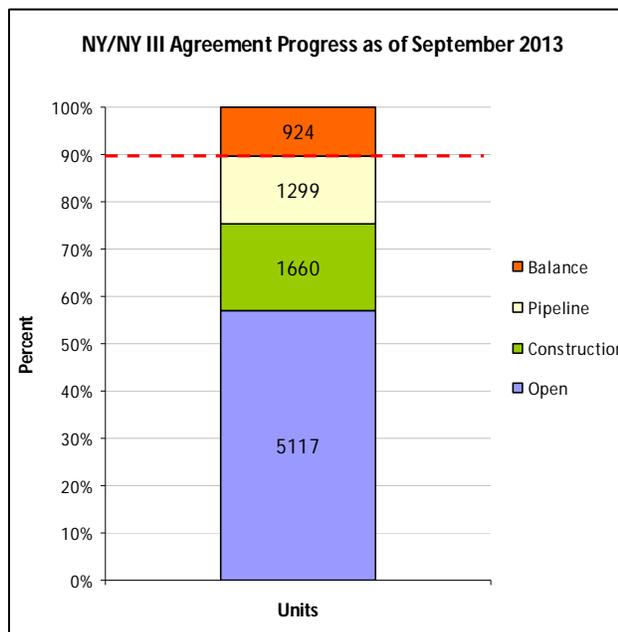
Nearly five years ago, the Network testified to the Mental Health Committee about the some of the persistent challenges facing the NY/NY III program. We discussed a range of recommendations including requests that the City: ensure the maintenance of capital funding through HPD's Supportive Housing Loan Program (SHLP) as well as advocate for capital funding from the State; continue to provide adequate funding for operations and services in supportive housing; address the hurdles that NIMBY-ism can impose on the siting of new supportive housing residences; make sure of the timely issuance of Department of Buildings' Certificates of Occupancy to new supportive housing residences; and lastly, improve the Department of Homeless Services' referral process of homeless individuals into NY/NY III housing.

Since that initial testimony, most of these challenges have been largely solved or ameliorated. My testimony today is mainly to remark on the tremendous successes that have been achieved by the Agreement thus far –now in its eighth year of implementation –

and to urge the Council to advocate for the establishment of a new supportive housing development agreement to your current and soon-to-arrive colleagues in the Council and Administration. The NY/NY III Agreement is steadily approaching its end goal of producing 9,000 new units, but with homelessness among individuals and families at unprecedented levels, it is clear that the need is high for a new initiative.

Status of the NY/NY III Agreement

In November 2005, the City and State signed the NY/NY III Agreement, a ten-year commitment to fund 9,000 new units of supportive housing for nine distinct homeless, disabled and at-risk populations (see Appendix A for the breakdown of populations). It was agreed that 6,250 of the apartments would be done via new construction, with the capital funding split 50/50 between the City and State, and the remaining 2,750 units would be for scattered site apartments where the units would be procured by various city and state agencies to nonprofits to rent and provide services to supportive housing tenants



living independently in the community. Both the City and State were successful in awarding all of their scattered site contracts to nonprofits by the fifth year of the agreement.

Congregate construction of the 6,250 units is currently on track to be completed in just two additional years beyond the original timeline, with 5,326 congregate units either open, in construction, or in development with soft service and capital commitments.

The remaining 924 units have yet to be awarded to providers. Of these units, the largest bottleneck is the delayed awards process for the 394 population H units administered by the NYC HIV/AIDS Services Administration's (HASA). Prior to January 2013, HASA had not announced an RFP for Population H congregate units since 2007, creating a dearth in the availability of units for individuals coping with HIV/AIDS. And despite the release of the RFP in January of this year, HASA has yet to announce the awardees, further delaying the ability for supportive housing developers that need Population H contracts to close on financing for construction of new supportive residences. **The Network urges the Council to encourage HASA to announce the awards for these much needed units, to ensure that NY/NY III congregate construction of these units can stay on track toward completion.**

Beyond awarding the final service contracts necessary to complete the agreement, it is imperative to create and maintain a new and ongoing operating and services subsidy to ensure the continued construction of new supportive housing residences. HPD has already committed to continue to fund the development of new supportive housing residences – and at double the previous rate of production, but without awarding additional operating and service contracts, these projects cannot move forward. Neither the City, nor the private investment leveraged by the City's funding, can move forward without the commitment of an operating subsidy that can bridge the gap between what very poor and disabled tenants can pay and what it will cost to operate the building and pay off its debt.

To that end, the Network urges the Council to work with the New Administration and the State to finalize a new commitment to put to good use tens of millions of dollars in capital subsidy.

Overall Impacts of the NY/NY III Agreement

Despite some of the hurdles faced during the implementation and awards process of the initiative, NY/NY III has had a quintessential impact on the availability and success of supportive housing in New York City. Its provision of capital funding, rent subsidies and service dollars has driven the production of supportive housing for the past eight years. This has, not only created the 9,000 units enumerated in the agreement, but has also leveraged the creation of thousands of additional low-income units in the residences that were built as well. At the end of the Agreement, there will be an estimated 2,500 additional affordable housing units in those residences, built to both ensure the integration of disabled and non-disabled tenants and to provide deeply affordable housing to help keep thousands of additional households from becoming homeless in the first place.

However the NY/NY III Agreement is achieving much more than just the housing units created:

- The initiative set a precedent for remarkable interagency collaboration; NY/NY III has been successful thus far in large part because of the accountability and cooperation between ten signatory City and State agencies in addition to two additional agencies providing capital financing for construction.
- By the creation of NY/NY III, the initiative expanded its reach beyond single adults coping with mental illness, to include a total of nine distinct population categories, including, for the first time, families with mental health and medical needs, as well as youth aging out of foster care and young adults with mental illness.
- Scores of nonprofit developers (sometimes in conjunction with private affordable housing developers) grew their capacity to develop complex affordable housing projects.

- To date, NY/NY III has already created over 7,000 construction jobs and 850 permanent property management and social service jobs, many of which have gone to people in their communities.¹
- In large part because of NY/NY III, the DHS has reduced the number of chronically homeless individuals living in shelter or on the street nearly in half.
- The initiative, along with the prior two agreements, strengthened neighborhoods, revitalizing distressed streetscapes and increasing surrounding property values.²
- More than a dozen studies on the cost-effectiveness of supportive housing have confirmed that when targeted to high-cost users of publicly-funded emergency services, supportive housing can achieve significant public savings in reduced shelter, hospital and institutional costs.³

Beyond the facts and numbers that demonstrate the success of the New York/New York initiatives, supportive housing providers, residents and other stakeholders have recently articulated the importance of the initiatives and demonstrated a groundswell of support for a new supportive housing agreement during interviews and focus groups. For a written report due out near the end of this year, the Network interviewed 31 government partners, supportive housing providers, and financial institutions as well as conducted six focus groups with advocates & policy experts, supportive housing and shelter providers, and current residents of NY/NY III housing to distill from the community the successes and challenges of NY/NY III and highlight the most notable achievements of the agreement.

The findings have been overwhelmingly positive and underscore the need for a new supportive housing agreement. Providers, developers and government partners alike all agreed that the NY/NY III initiative transformed the industry into a sophisticated service and housing development engine, especially unique in its ability to garner commitments and successful collaboration from a wide variety of stakeholders to build and operate quality housing and services for the most vulnerable New Yorkers.

The size, scale and scope of the agreement and the diversity of needy populations served were also cited as a major strength and participants were eager to build more units and serve expanded populations. Across the board, participants expressed the need to serve more families, to expand the eligibility for homeless youth, and to consider new models that would work for veterans, individuals exiting the criminal justice system, homeless seniors, and people with high-medical needs to name a few.

¹ Estimates based on calculations found in this presentation: <http://shnny.org/learn-more/what-is-supportive-housing/supportive-housing-slideshow/>

² http://shnny.org/uploads/Furman_Center_Policy_Brief.pdf

³ For more information on the cost savings research literature, go to: <http://shnny.org/research-reports/research/cost-savings/>.

Those currently residing in NY/NY III housing contributed some of the most eloquent and significant anecdotal evidence on the importance of the NY/NY III agreement and the need for more supportive housing. One participant who was formerly incarcerated and recovering from substance abuse stated:

"My vocabulary, my way of thinking has changed since moving into [this residence]. I'm 41 years old and this is the most I've been at peace in my whole existence. I was tired of doing drugs, being in trouble. I have better friends now. I feel so grateful and blessed. It's an awesome feeling."

The majority of residents commented on their gratitude for front desk security in their residences and their increased attainment of independence since moving in. Residents' attributed their independence to the value of having their own unit, their own door to lock, and also because of the security of knowing that building staff and support services were always available right down stairs if need be.

Moving Forward

The success of the New York/New York III initiative will be significantly stifled if the City and the State do not create a new supportive housing agreement to preserve the initiatives' momentum. With the City's homeless population at an extraordinary census of nearly 60,000 individuals and families residing in shelters or on the street, and the New York/New York III pipeline on schedule to be complete in just two years beyond the agreement's end goal, the Network asks that the City Council work closely with partners in both City and State government to create a new agreement. A new agreement would ensure the necessary operating & service and capital funding to develop and maintain the much needed supportive housing units.

Given the degree of success of the agreements and the necessity to build more supportive housing, it is equally important that moving forward, we also commit to doing better with what we currently have in order safeguard the sustainability of the model. To that end we have two additional recommendations:

1. We should institutionalize a process for making safe and affordable apartments available for residents who are ready to move out of supportive housing into more independent living, freeing up their service-rich apartments for people who are homeless. The City had a pilot program called *Moving On* that provided NYCHA Section 8 vouchers to support this policy but it ended when NYCHA's Section 8s were frozen a couple years ago. The pilot showed great promise with just a few minor changes.⁴

⁴ <http://shnny.org/events/2012-conference/2012-workshops/#moving%20on>

2. We could create more units – housing more homeless individuals and families, with existing funding by reducing contracts where providers have been successful in leveraging federal funds and reinvesting that funding into additional units. DOHMH is already incentivizing providers to leverage federal funding but they do not have the authority to use the savings to funnel back into more units.

The Network is grateful to the Council for holding this hearing and for the opportunity to testify on the status and accomplishments of the New York/New York III initiative and provide recommendations for its continued success. We are hopeful that with the support of the Council, we can encourage our government partners and elected officials to finish NY/NY III, maximize our current resources and create a new supportive housing initiative for New York's most vulnerable residents.

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NY/NY III Agreement – Unit Balance as of September 2013

NY/NY III Agreement - Distinct Groups to be Served		Total			NYC			NYS		
Population Group	Description	Total NY/NY III Agreement Units	Open or Committed*	Balance	Total NY/NY III Agreement Units	Open or Committed*	NYC Balance	Total NY/NY III Agreement Units	Open or Committed*	NYS Balance
A	Chronically homeless single adults who suffer from a serious and persistent mental illness (SPMI) or who are diagnosed as mentally ill and chemically addicted (MICA)	3,950	3,702	248	1,750	1,750	0	2,200	1,952	248
B	Single adults who are presently living in NYS-operated psychiatric centers or State-operated transitional residences and who could live independently in the community if provided with supportive housing and who would be at risk of street or sheltered homelessness if discharged without supportive housing	1,000	1,000	0	-	-	0	1,000	1,000	0
C	Young adults, ages 18-25, who have a serious mental illness being treated in NYS licensed residential treatment facilities, State psychiatric facilities or leaving or having recently left foster care and who could live independently in the community if provided with supportive housing and who would be at risk of street or sheltered homelessness if discharged without supportive housing	200	174	26	-	-	0	200	174	26
D	Chronically homeless families, or families at risk of becoming chronically homeless, in which the head of the household suffers from SPMI or a MICA disorder	400	370	30	400	370	30	-	-	0
E	Chronically homeless single adults who have a substance abuse disorder that is a primary barrier to independent living and who also have a disabling clinical condition (i.e. a medical or mental health (non-SPMI) condition that further impairs their ability to live independently)	750	750	0	750	750	0	-	-	0
F	Homeless single adults who have completed a course of treatment for a substance abuse disorder and are at risk of street homelessness or sheltered homelessness and who need transitional supportive housing (that may include half-way houses) to sustain sobriety and achieve independent living	750	750	0	375	375	0	375	375	0
G	Chronically homeless families, or families at serious risk of becoming chronically homeless, in which the head of the household suffers from a substance abuse disorder, a disabling medical condition, or HIV/AIDS	750	524	226	375	375	0	375	149	226
H	Chronically homeless single adults who are persons living with HIV/AIDS (who are clients of HASA or who are clients with symptomatic HIV who are receiving cash assistance from the City) and who suffer from a co-occurring serious and persistent mental illness, a substance abuse disorder, or a MICA disorder	1,000	606	394	950	556	394	50	50	0
I	Young adults (aged 25 years or younger) leaving or having recently left foster care or who had been in foster care for more than a year after their 16th birthdays and who are at risk of street homelessness or sheltered homelessness.	200	200	0	200	200	0	-	-	0
		Totals			NYC			NYS		
		Agreement Total	Open or Committed*	Total Balance	Agreement Total	Open or Committed*	NYC Balance	Agreement Total	Open or Committed*	NYS Balance
Totals:		9,000	8,076	924	4,800	4,376	424	4,200	3,700	500

*Open/Committed denotes units that are open and in operation, are under construction, or have been awarded to providers as of Sept. 2013.