



New York State Senate and Assembly
Joint Legislative Budget Hearing on
SFY 2018-2019 Executive Budget Proposal for Housing
January 24, 2018

My name is Laura Mascuch and I am the Executive Director of The Supportive Housing Network of New York, a membership organization representing over 200 nonprofit developers, owners, and providers of supportive housing statewide. Currently there are 50,000 units of supportive housing in the state including 32,000 in New York City and 18,000 throughout the rest of the state. Supportive housing represents a critical tool to end homelessness, offering permanent housing solutions with wrap around social services for homeless individuals and families with special needs.

Supportive housing – affordable apartments linked to on-site services – is the most cost-effective and humane way to provide stable, permanent homes for formerly homeless individuals and families who often have great difficulty remaining housed. Supportive housing residents are typically frequent users of expensive emergency services like shelters, hospitals, prisons and psychiatric centers. Because placement into supportive housing has been proven to reduce use of these services, supportive housing saves the State taxpayer dollars. And for many of the populations housed, it can save more money than it costs to build, operate and

provide services in the housing. This has been proven, time and time again, by dozens of peer-reviewed academic studies.

We are currently experiencing the worst crisis of homelessness that New York State and specifically New York City has ever seen. Across the state, there are 89,000 people including nearly 30,000 children living in shelters or on the streets on any given night. In New York City, over 60,000 vulnerable New Yorkers are currently sleeping in shelters, because these individuals and families cannot secure a permanent home.

In order to combat this crisis, as well as to help other New Yorkers facing similar housing insecurity, the state made a historic commitment in last year's budget to fund a five-year affordable housing plan that includes funding for 6,000 units of permanent supportive housing. This is the first tranche of the Governor's 20,000 unit commitment slated to be developed over the next 15 years. This program, the Empire State Supportive Housing Initiative (ESSHI), is the largest supportive housing commitment in the country, ensuring New York's place as the leader in investing in a proven solution to homelessness, and for that we are extremely grateful for the Legislature's support.

This year the Executive Budget continues to support this endeavor by re-appropriating \$2.5 billion in funding for the five-year housing plan which includes \$950 million in capital funding for the 6,000 supportive housing units. It also includes the re-appropriation of \$124.5 million for the matching services and operating funding for the units. Having a long-term commitment for capital, services, and operating funding is critical to attracting investors and developers of supportive housing. It diminishes risk by setting a long-term target to fund a specific number of

units, thereby boosting investor confidence. The five-year budget commitment is a critical first step to creating the robust pipeline of supportive housing needed to address New York State's homelessness crisis.

The Empire State Supportive Housing Initiative (ESSHI) is truly historic. It marries together the services and operating funding with capital funding largely from Homes & Community Renewal's (HCR) new program, the Supportive Housing Opportunity Program (SHOP), and other state capital resources including the Office of Temporary and Disability Assistance (OTDA) Homeless Housing Assistance Program (HHAP). It marks the first time that New York State is providing a services and operating subsidy matched with state capital not just in New York City, but throughout the entire state. Additionally, the service contracts awarded through ESSHI are appropriately funded at up to \$25,000 per unit to acknowledge the true cost of providing services to homeless individuals and families suffering from serious disabilities and life challenges.

The state is making great strides in getting this program up and running: within the first year, nearly 1,000 units are already fully funded. There are another 169 projects encompassing 5,400 units in the pipeline that have received conditional awards, which are currently working on securing the state and local capital needed to progress forward. These units are serving various homeless populations including homeless persons with serious persistent mental illness and substance use disorder, individuals diagnosed with HIV, survivors of domestic violence, veterans, chronically homeless persons and families, youth aging out of foster care, other homeless young adults, individuals who are high cost Medicaid users and frail or disabled

seniors. At this pace, we are confident that the state will meet its goal of 6,000 units and are grateful to both the Governor and the Legislature for making this issue a priority over the next several years.

Rolling out a new program often comes with some bumps in the road, but we at the Network have been extremely impressed with how committed and focused HCR and all of the “O” agencies have been, ensuring that deals come together and the appropriate services are matched with the capital and in place when residences open. The agency partners took their information on the road, traveling all over the state to ensure that organizations had the information and knowledge to put together successful projects. Our members have been appreciative of their open approach and willingness to work with them at the local level to make sure this funding is accessed in both rural and urban communities. Successfully completing ESSHI, an ambitious goal, requires interagency collaboration and an ability and willingness to be flexible in the face of unforeseen challenges.

The federal landscape is one such challenge, unanticipated at the time ESSHI was created. The uncertainty remains constant and threats that HUD will cut important housing programs like Section 8 and McKinney-Vento loom. Furthermore, the recent tax reform bill, which lowered the corporate tax rate from 35% to 21%, has had negative effects on affordable housing development in New York State. As a result, the value of the Low-Income Housing Tax Credit decreased by approximately 14%. The tax credit market anticipated this change and priced it into some of their valuations fairly quickly after the 2016 election, creating gaps in affordable housing project budgets and an increased need for subsidized capital. OTDA’s Homeless

Housing Assistance Program (HHAP), because it is particularly focused on homelessness, became a ready source of capital in supportive housing deals. Several NYC projects received HHAP awards between \$5-7.5 million, exhausting half of the HHAP funds targeted to NYC. The program was also in high demand rest of the state, as many smaller ESSHI projects rely on HHAP for all their capital funding. Consequently, HHAP was only open for business for four months this calendar year.

Even before changes with the federal government, we have continuously seen this program oversubscribed and underfunded. On average, the demand is three times as large as its budget. Unfortunately, because many projects need multiple capital sources, early closure of the program slows the pipeline down and forces projects to wait almost a year until the next round of funding is appropriated and a new request for proposal (RFP) is released. If this pool of capital funding were large enough to meet the demand, these projects would close more quickly and SHOP/ESSHI would be able to achieve its 6,000 unit goal at an even more aggressive pace. Increasing HHAP by at least \$30 million is necessary to help expedite the development process.

I would like to conclude my testimony with some real examples of how the state's new supportive housing program is helping create a whole that is so much more than the sum of its parts.



Breaking Ground/Comunilife, La Central

This summer in the South Bronx, Breaking Ground – in partnership with Comunilife— began construction on the first building of what will eventually be a five-building, \$1.1 million square foot development with 992 units of mixed-income housing, a new 50,000 square foot YMCA, a television studio, and a skate park. This first building in the La Central project will provide 160 units of supportive/affordable housing for a mix of formerly homeless individuals with special needs and low-income people from the area. On-site services will be partially funded by ESSHI, making La Central one of the first ESSHI supportive housing buildings to break ground in New York City. In addition to 160 units of supportive and affordable housing, the La Central

supportive housing residence will also include a 4,500 square foot community facility space. La Central received capital funding from the Housing Finance Agency, HCR's SHOP program and OTDA's HHAP program.



Unity House, Tapestry on the Hudson

This past year, across the river in Troy, Unity House in partnership with the Community Builders opened Tapestry on the Hudson. Tapestry is an integrated 67-unit affordable and supportive residence including 19 units for formerly homeless survivors of domestic violence. Unity House provides on-site services that are based on trauma-informed care and are designed to mitigate barriers that survivors of domestic violence often face in their efforts to achieve safety and

independence. This project was funded with ESSHI service dollars and capital from HCR's Low Income Housing Tax Credits, Housing Trust Fund, and OTDA's Homeless Housing Assistance Program (HHAP).



WSFSSH, Tres Puentes

West Side Federation for Senior & Supportive Housing (WSFSSH)'s Tres Puentes will provide approximately 176 units of affordable senior housing, including 53 supportive housing units for seniors with mental illness. The building will also host a large senior center and bring community-oriented retail to the Mott Haven neighborhood of the Bronx. Tres Puentes received capital funding from HCR's low income housing tax credits and HFA's Medicaid Redesign Team funding, as well as services funding from ESSHI.



DePaul, Skybird Landing Apartments

Construction has begun on Skybird Landing Apartments in Geneseo, a 60 unit affordable/supportive housing residence. Half of the units will be ESSHI funded supportive housing, providing homes for people grappling with mental health issues. The project is comprised of six, two story wood frame buildings in a garden apartment type setting. NYS HCR has provided the capital funding for this 9% LIHTC project including funding from the Supportive Housing Opportunity Program (SHOP). The “Skybird” name pays homage to Geneseo's National Warplane Museum, a warbird and military history museum founded in 1994. The National Warplane Museum Airshow is also a major attraction to the area every summer. Planes are expected to play a large role in the interior design of the six buildings.

As demonstrated through these four examples, supportive housing meets the needs of local communities. Homelessness among our most vulnerable is a statewide problem. By working together, we create housing that addresses the needs of this population, creates housing for low-income individuals and families and also helps to redevelop our communities.

Thank you for this opportunity to testify.

Respectfully submitted by:

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