



Testimony to the NYC Council Committee on Mental Health & Substance Use
FY27 Preliminary Budget Hearing
March 19, 2026

I am Katie Mui, Policy & Programs Manager at the Supportive Housing Network of New York, a membership organization representing over 200 nonprofits that develop and operate supportive housing across the state. As you know, supportive housing is one of the most effective tools to end homelessness and substantially improve the lives of those with mental health and substance use challenges. However, the model faces mounting challenges as ongoing federal uncertainty, rising costs, and workforce shortages place increasing pressure on our providers.

We thank the Committees on Health, Mental Health and Substance Use for the opportunity to testify today. We are here to discuss the need for targeted investments to preserve the City's existing supportive housing stock, advancing the goal of 1,300 units preserved by 2030 in alignment with the [NYC 15/15 Reallocation Plan](#), which the Council has been in support of. Now it's time to put that plan into action.

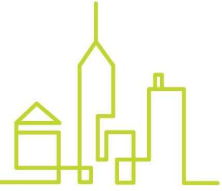
We are asking the City to **invest \$44 million in capital funding and \$21.3 million in the expense budget to preserve 325 supportive housing units in FY27**. Our data show that at least 7,623 units are prime for preservation due to their age and precarious rental subsidies and service contracts. All of these units are at least 15 years old and use a combination of federal rental assistance and NYSSHP/HRA SRO support services funding, putting them at significant risk of closure.

Federal cuts to the Continuum of Care are imminent. Despite a Congressional stopgap solution and ongoing litigation, HUD has made very clear that they plan to reduce funding for permanent housing and there are many avenues that they can use to do so. While this disaster may unfold slowly and in phases, it means that nonprofits will lose their **operating** subsidies for thousands of units, which will destabilize programs and displace tenants. By investing in preservation right now, the City can mitigate this loss.

On the **services** side, the units we've identified are currently operating service contracts through NYSSHP/HRA SRO Support Services. This is the lowest funded service contract in existence. While the Network was successful in securing a \$17.8 million increase in last year's State budget, this still falls far below what is required to adequately address service needs:

- The new NYSSHP/HRA SRO Support Services base rate is \$3,600 per unit, which is still five times lower than NYC 15/15 service contract rate of \$17,500 per unit.
- This year, HRA received \$20.7 million from NYSSHP for the SRO Support Services program. We understand that HRA is still in the process of determining how the funds will be allocated and awards for SRO Support Services contracts have not yet been announced.
- There are 3,227 units of SRO Support Services that are at risk (due to no other source of funding) and are still waiting to hear whether they will receive the enhanced rate of \$6,000 per unit.

Allowing nonprofits to claim NYC 15/15 service contracts will address the significant gap in funding, so that providers can deliver the level of care needed.



The \$44 million in **capital** funding will preserve at least 325 units that are 15 years old or older to complete necessary renovations, meet energy efficiency standards, and offset rising maintenance and operating costs. This will also support the conversion of outdated SROs without private bathrooms or kitchenettes into modernized studios that are more functional and desirable for formally homeless tenants.

Nonprofits are experiencing enormous financial strain. An analysis of Enterprise's and the National Equity Fund's NYC portfolios shows that 57% of properties have negative cashflow in 2024 (up from 22% in 2017), insurance costs have doubled over the same period, and rent collection has declined across the affordable housing sector. If the City does not address the significant preservation needs, we will have to contend with the reality of programs closing, residences shutting down, and tenants losing their homes. Proactive investment in preservation is crucial to the stability of nonprofits and formerly homeless New Yorkers.

We also fully support the following measures to strengthen the human services workforce:

- Fund the **3% cost-of-living adjustment (COLA)** for City-contracted human services workers and pass **Intro 452, the Human Services Wage Equity Legislation, sponsored by Councilmember Stevens**.
- Raise the **baseline funding for the Peer Behavioral Workforce to \$6 million in FY2027**, a \$1.5 million increase from last fiscal year, to add peers with lived experiences to client-facing teams.

Supportive housing works when the system is fully funded and supported. We are at a critical moment where the sector must work in close partnership with the Council to ensure supportive housing remains a viable solution to the homelessness and housing crises in the city.