



# Reimagining NYC 15/15: A Comprehensive Reallocation Plan to Save New York City's Supportive Housing Initiative

SUPPORTIVE HOUSING NETWORK OF NEW YORK

---

# Table of Contents

Executive Summary.....	2
Introduction .....	3
The Problem with Traditional Scattered Site.....	5
NYC Housing Vacancy Survey.....	6
Maintenance Deficiencies in Private Market Housing.....	7
A Solution to Scattered Site: Affordable Housing Overlay.....	7
Developing a Supportive Housing Preservation Program.....	8
Enhancing and Aligning all NYC 15/15 Rates .....	9
Operating Subsidy Increases.....	9
Social Service Rate Increases .....	10
Capital Subsidy for New Construction .....	11
Conclusion.....	12

## Executive Summary

In 2016, New York City launched the NYC 15/15 Initiative with the goal of creating 15,000 supportive housing units over 15 years. The plan aimed to equally divide the units between congregate and scattered site housing. However, as of 2023, the initiative is in its eighth year and significantly falling short of its goal, having only created 17% of scattered site units, with 6,220 units yet to be awarded. The scattered site model, which involves renting units in the private market and providing mobile services, has faced numerous challenges, including underfunding and a shortage of suitable, affordable units.

This comes at a time when the City needs supportive housing --a research-based approach proven to be the most effective tool to combat homelessness --more than ever before. In the face of multiple crises, from homelessness and affordability to addressing mental health needs and an increasingly addictive and deadly illicit drug supply, the City needs every available unit and must build more.

And yet, things are headed in the wrong direction. Outdated units in older buildings, in desperate need of repairs and upgrades, are in danger of coming offline. Few nonprofits are applying for scattered site projects due to chronically low service rates and the scarcity of affordable rental vacancies. The fact is that the private market is ill-equipped to meet the needs of the supportive housing sector.

There is a way forward.

In 2020, the Supportive Housing Network of New York (the Network) proposed a policy platform, *Reinvest, Recover, Revitalize: Supportive Housing Solutions for a Better New York*,<sup>1</sup> which acknowledged the shortcomings of scattered site and suggested a reimagined approach. The platform recommended reducing scattered site units from 7,500 to 3,750 by adjusting the 50/50 split to a 75/25 split, favoring congregate units. While we remain committed to the congregate model, given the current fiscal climate, we are also considering other approaches to ensure we remain on the path to achieving 15,000 units.

In this report, the Network lays out a comprehensive strategy to address the challenges of the NYC 15/15 initiative. The plan will help achieve 15,000 units by:

### **1: Reallocating the unawarded scattered site units – considering four categories:**

- Congregate: developing additional congregate units beyond the original 7,500.
- Preservation: preserving first-generation supportive housing units (see below).
- Affordable housing overlay: creating overlay units, in which nonprofits will combine increased scattered site service contracts with units in City-funded affordable housing developments.
- Scattered site: significantly reduce the number of scattered site units to be rented on the private market.

### **2: Enhancing and aligning all NYC 15/15 rates**

- Increase all new and existing congregate operating rates to 110% of the current year's FMR
- Align all new and existing scattered site service rates to congregate level, per population
- Award all overlay and preservation units at 110% of current year's FMR with service rates that match congregate levels, per population
- Adjust capital subsidy to align with current inflation rate.

### **3: Developing a Supportive Housing Preservation Program:**

- Using the NYC 15/15 service and operating structure, plan for a dedicated preservation program for supportive housing.
- Include up to \$150,000 per unit in capital for repairs and upgrades.

---

<sup>1</sup> [https://shnny.org/images/uploads/2022\\_Network\\_NYC\\_Policy\\_Platform.pdf](https://shnny.org/images/uploads/2022_Network_NYC_Policy_Platform.pdf)

## Introduction

Supportive housing is affordable housing combined with voluntary wrap-around services for households experiencing homelessness and facing barriers to maintaining housing due to behavioral and medical health conditions. Supportive housing, initially introduced in New York more than three decades ago, has been proven to be the most successful approach to combatting chronic homelessness.

Supportive housing typically consists of two models: *congregate*, a single-site model with on-site support services, and *scattered-site*, units rented on the private market with mobile services. In New York City, the primary mechanism of supportive housing development is the NYC 15/15 Initiative.<sup>2</sup> Launched in 2016, the initiative committed to creating 15,000 supportive housing units over 15 years, with 7,500 congregate units and 7,500 scattered site units.

Nonprofit supportive housing providers apply to the City’s Department of Social Services’ Human Resources Administration (HRA) to create either congregate or scattered site units and are “awarded” contracts. In the case of congregate, Housing Preservation & Development (HPD) later provides operating and capital funding.

However, since NYC 15/15’s inception, only 17% of scattered site units have been awarded compared to 81% of congregate units. As seen in the chart below, our data shows that there were only 1,280 scattered site units awarded and 6,220 unawarded.<sup>3</sup> Conversely, there were 6,053 congregate units awarded and 1,447 congregate units unawarded. (The 6,053 awarded congregate units fall into the following categories: 2,766 are open; 1,293 are in construction; and 1,994 that are in the process of being financed and have not started construction.)<sup>4</sup>

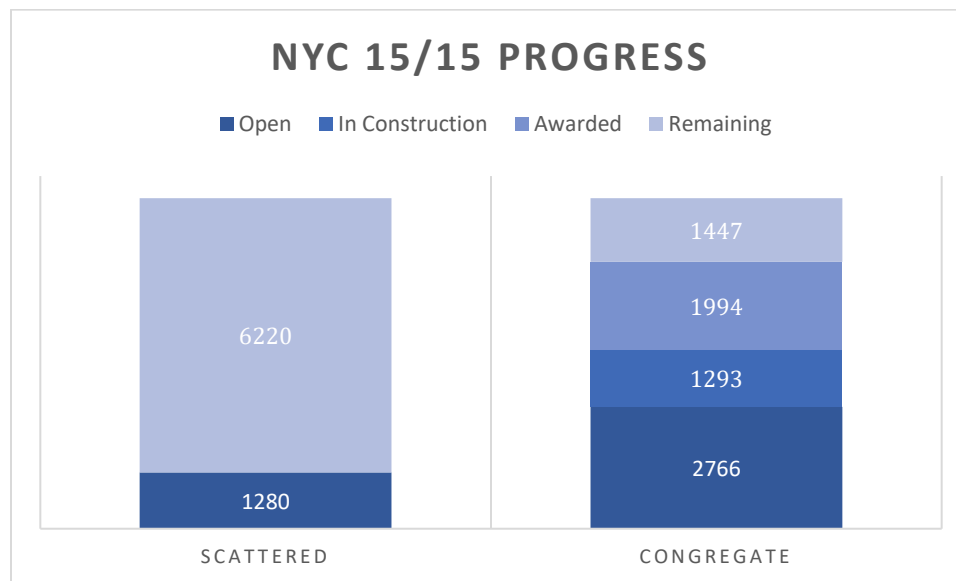


Figure 1: Scattered site and congregate units either open, awarded, or unawarded

<sup>2</sup> <https://www.nyc.gov/site/hra/help/15-15-initiative.page>

<sup>3</sup> The Network’s data shows that there are only 1,180 scattered site units awarded, however, HRA shows there are 1,280 units awarded. Attempts to rectify this discrepancy has been unsuccessful.

<sup>4</sup> Data as of December 2023

As the City is striving to become more equitable and combat systemic racism, the progress of the NYC 15/15 initiative becomes crucial, especially considering its impact on Black New Yorkers experiencing homelessness. According to data released by HRA, 51% of individuals or family heads-of-household eligible for supportive housing are Black, not of Hispanic origin. An additional 5% are Black, of Hispanic origin.<sup>5</sup> This is significant when contrasted with the fact that Black individuals make up only 23% of New York’s population, according to the most recent Census data.<sup>6</sup> This disproportionate representation of Black New Yorkers among those needing supportive housing underscores the urgent need for the NYC 15/15 initiative to meet its goal expeditiously.

The original goal of the NYC 15/15 initiative was to award 1,000 units annually, split evenly between congregate and scattered site. However, except for 2017, scattered site awards are below the desired average, with no awards in 2022 or 2023. Meanwhile, congregate development is on pace, averaging near or above its target most years [Figure 2].

Supportive housing providers report various barriers to successfully operating scattered site programs, including low service and operating subsidy, lack of habitable and accessible units, and extensive time spent on relationship management with private market landlords. Although congregate development takes longer, the model dominates because it is more sustainable, with significantly higher service rates, better quality units, and on-site property management. Unlike scattered site, congregate units are not subject to the volatility of the private rental market and add to the City’s stock of affordable housing.

If the initiative remains in its current form of an equal split between only congregate and scattered site, the City would need to award an average of 1,244 scattered site units annually to reach its goal of 7,500 units by 2028. As our data shows, this is unprecedented and unachievable.

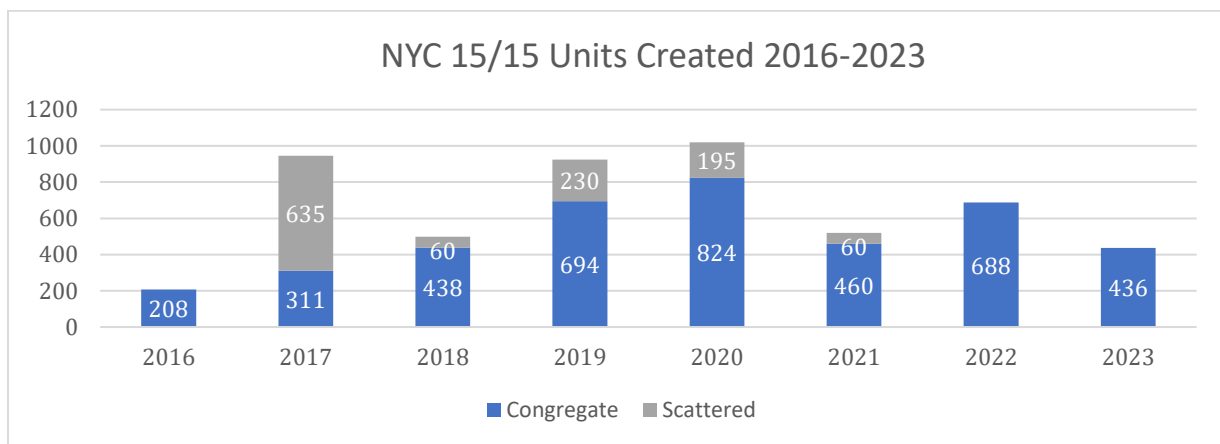


Figure 2: NYC 15/15 congregate and scattered site units created from 2016-present<sup>7</sup>

To address these concerns, the Network is proposing a plan to reduce the overall NYC 15/15 scattered site allocation and redistribute the unawarded 6,220 scattered site units into the models outlined below.

<sup>5</sup> <https://www.nyc.gov/assets/hra/downloads/pdf/news/HRA-Local-Law-3-CFY2022-08312023.pdf>

<sup>6</sup> <https://www.census.gov/quickfacts/fact/table/newyorkcitynewyork/PST045222>. The Census categories for race and ethnicity include “Black or African American alone,” but not Black of Hispanic origin.

<sup>7</sup> Data as of December 2023. Year represents when scattered site units opened and when congregate units began construction.

1. **NYC 15/15 Congregate:** Develop additional congregate units; establish an annual cost of living adjustment (COLA); raise rent subsidy on existing units to 110% of the current year's FMR, and award new units at 110% of the current year's FMR.
2. **NYC 15/15 Preservation:** Award preservation units to be preserved under a new Supportive Housing Preservation program; create service rates matching current congregate rates and establish an annual COLA; establish rent subsidies at 110% of the current year's FMR.
3. **NYC 15/15 Affordable Housing Overlay:** Award scattered site units that can be strategically partnered with HPD-financed affordable developments, including but not limited to Senior Affordable Rental Apartments (SARA)<sup>8</sup> and Extremely-Low and Low-Income Apartments (ELLA)<sup>9</sup> buildings; award contracts at service rates to match congregate levels and establish an annual COLA; award new units at 110% of the current year's FMR.
4. **NYC 15/15 Scattered Site:** Significantly reduce the total number of new scattered site awards; Increase service rates for existing units to match those in congregate, award any new units at this new rate, and establish an annual COLA; raise rent subsidy on existing units to 110% of the current year's FMR and award new units at 110% of the current year's FMR.

## The Problem with Traditional Scattered Site

The scattered site model, in its current form, is challenging to operate. The model relies on private market rentals to work and is meant to be a more efficient way to house individuals and families, bypassing the multi-year process of developing new units. However, for the model to succeed, there needs to be a sufficient supply of quality, affordable, and accessible units available for rent. The demand for affordable housing in New York City far outweighs the supply, particularly when it comes to smaller units suitable for single individuals or couples.

According to the 2021 *NYC Housing Vacancy Survey*,<sup>10</sup> the City's rental housing market has limited affordable options for low-income households. This scarcity hinders providers' ability to secure appropriate housing in the private market, highlighting the need for proactive NYC 15/15 scattered site unit reallocation.

Currently, nonprofits can claim the HUD FMR for the fiscal year in which their contracts are signed, with a 2% escalator in subsequent years. The majority of scattered site units were awarded in 2017, presumably at FY17 FMR, which was \$1,463 per month for a studio apartment. If providers claimed the 2% escalator, their current operating subsidy would be just \$1,522, well below the payment standard of 110% FMR that other subsidy programs use and which we propose: \$2,625.

A recent survey conducted by the Network on NYC 15/15 scattered site issues impacting members found that 46% of providers had leases above the contracted rent subsidy. Because NYC 15/15 bifurcates rent and services, providers must pay the difference between their lease and contracted rates out-of-pocket. This poses a huge risk for providers already operating on razor-thin margins.

---

<sup>8</sup> <https://www.nyc.gov/assets/hpd/downloads/pdfs/services/snh-sara-term-sheet.pdf>

<sup>9</sup> <https://www.nyc.gov/assets/hpd/downloads/pdfs/services/ella-term-sheet-hpd.pdf>

<sup>10</sup> <https://www.nyc.gov/assets/hpd/downloads/pdfs/services/2021-nychvs-selected-initial-findings.pdf>

The challenges with the scattered site model go beyond rent payment standards. As our data shows, there were no scattered site awards in 2022 or 2023, even though the FMR for those years was higher. This is partially because service rates remained far below the rate required to serve tenants adequately.

Tenant engagement is more difficult due to less frequent contact - only once a month in scattered site compared to twice monthly in congregate. Providers are seeing tenants with more intensive service needs, causing some to increase visits to twice a month, which is currently not covered under their contracts. Low service rates mean lower salaries, making recruitment and retention difficult. It is especially difficult to recruit workers for scattered site programs, as tenants live in a wide range of geographic locations that require extensive travel.

Another key aspect of operating a scattered site program is maintaining relationships with private market landlords and property management staff. The same survey regarding scattered site concerns found that providers spend almost a third of their time managing landlord relationships, an aspect of the model that is not accounted for in their contract rates. Relationship management can include scheduling maintenance and repairs, working with landlords when tenants are in arrears or have lease violations, and mitigating nuisance concerns.

Providers also often dedicate their own property management staff to making repairs in scattered site units, which is not covered by the contract. The provider dedicates their own staff either when a landlord is negligent and there are imminent health and safety concerns or when the damage has been caused by the tenants and providers want to assuage the landlords' concerns. Landlords, who have multiple program options, including Housing Choice Vouchers<sup>11</sup> and City FHEPS,<sup>12</sup> are less inclined to renew leases if the relationship becomes too cumbersome. Because of the scarcity of units, most providers feel it is imperative to maintain relationships with landlords in a way that will not jeopardize housing for tenants, as units within their contracted rents are scarce and maintaining housing is crucial.

### NYC Housing Vacancy Survey

Even more critical is the availability and accessibility of affordable units in the City. When using the example of the FY17 FMR and the 2% escalator, providers have limited options for apartments at that price point. According to the 2021 NYC Housing Vacancy Survey, just 18% of available studio apartments had last rents<sup>13</sup> that were at or below \$1,463, which would have been the contracted rent for providers in 2021. Conversely, 27% of available studios had rents that were at or below HUD FY21 FMR, and that figure increased to 35% of units at 110% of the HUD FY21 FMR. The pool of available studio apartments nearly doubles at 110% of the FMR, and nearly triples for 1-bedrooms at 110% of the FMR.

---

<sup>11</sup> <https://www.nyc.gov/site/nycha/section-8/>

<sup>12</sup> <https://www.nyc.gov/site/hra/help/cityfheps.page>

<sup>13</sup> The NYC Housing Vacancy Survey defines "last rent" as the rent paid by the last tenant. This likely does not reflect current rent, however "asking rent", which shows current rent, is only provided in pre-defined ranges, and therefore would not accurately portray the availability of a unit with a defined contracted rent.

Units Vacant and Available for Rent			
	Studio	1 bedroom	2 bedrooms
NYC 15/15 contracted rent	18%	12%	20%
HUD FY21 FMR	27%	33%	38%
110% of HUD FY21 FMR	35%	35%	31%

The availability of units also does not consider the quality and accessibility of these units; our analysis shows that only 44% of available units at any price point were accessible.<sup>14, 15</sup> Out of over 167,000 vacant units available for rent under \$1,500, just 566 were accessible studio apartments and 1,159 were accessible 1-bedroom apartments.

### Maintenance Deficiencies in Private Market Housing

Another serious consideration for scaling back the scattered site model is the quality of available units within the contracted rents. The vacancy survey also covers reported maintenance deficiencies within occupied apartments. While these apartments were not vacant at the time of the survey, reviewing maintenance issues by current rent helps to identify the quality of vacant units at similar rent ranges.

Continuing our example of using the FY17 FMR and the 2% escalator, among renter-occupied apartments, only 40% of apartments at or below the contracted rent for a one-bedroom unit had no reported maintenance deficiencies in the previous year, defined as “1+ heating breakdown of 6 hours or more, insufficient heat, leaks, rodents in the unit or building, toilet(s) not working, holes in walls or floors, large section(s) of peeling paint or broken plaster.” Thirty-eight percent of units below the contracted rent had two or more maintenance deficiencies, compared to just 24% of units above the contracted rent. When considering all these factors, the universe of safe, quality units available to rent on the private market is very limited, especially when limited by the inadequate 2% escalator.

To address the issues with the scattered site model, we propose decreasing the total number of scattered site units sought in the private market and establishing the affordable housing overlay, which would pair scattered site providers and affordable housing developers to overlay contracts onto City-financed affordable housing units.

### A Solution to Scattered Site: Affordable Housing Overlay

The Affordable Housing Overlay model is a promising approach to address the problems with the current scattered site model. While there are concerns about the sustainability of scattered site supportive housing, most can be ameliorated by not only increasing service and operating rates but creating an overlay of scattered site services contracts in City-financed affordable housing developments.

<sup>14</sup> For the purposes of this report, “accessible” is defined as units reachable from the sidewalk without climbing any steps- this could mean ground level units or building with elevators with ground level entrances.

<sup>15</sup> For this data point, we used “asking rent” as the variable because there was insufficient data on “last rent”, which prohibited our ability to accurately calculate the number of accessible units within each price point.



Our proposal imagines tapping into existing HPD developments and those within the HPD pipeline. One area to focus on is homeless set-aside units within Senior and Affordable Rental Apartments (SARA)<sup>16</sup> and Extremely-Low and Low-Income Affordability (ELLA)<sup>17</sup> developments. The SARA and ELLA initiatives each set aside at least 15% of units for individuals transitioning from homelessness. Developers can either utilize this minimum 15% set-aside or increase their set-asides to 30% to accommodate the overlay.

The overlay model would function similarly to scattered site, with the fundamental difference being unit matching – connecting scattered site providers with affordable housing developments in a particular neighborhood or geographic location. This would limit the need for case managers to travel extensively, allowing providers to familiarize themselves with neighborhoods to better connect tenants to community-based resources.

Utilizing the overlay model would also decrease the amount of time spent on landlord management, specifically relating to maintenance and repairs. Importantly, City-funded developments are ADA compliant, ensuring tenants with physical disabilities or who are aging in place can function and live with dignity. Another important benefit of the model is the on-site maintenance, ensuring repairs are done timely and effectively. The overlay model serves as an innovative approach to addressing the limitations of the existing scattered site model, elevating the quality of available units but also offering a sustainable solution for tenants and providers.

The Affordable Housing Overlay model is a budget-conscious solution, looking only at reasonable increases in services and operating rates, without requiring additional capital. It is important to note that for the overlay model to function best and for developers to reap the benefit of the full operating subsidy at our proposed 110% FMR, HPD would need to implement Private Housing Finance Law 610, which allows owners of affordable housing to collect the full rental subsidy amount.<sup>18</sup>

## Developing a Supportive Housing Preservation Program

Preserving the older stock of supportive housing is essential to maintaining the overall supply in the city. We are at risk of losing valuable units due to a lack of investment in the infrastructure, services, and operating funds needed to sustain supportive housing.

Our data show at least 8,167 supportive housing units were developed using some HPD subsidy over fifteen years ago (the length of a Low-Income Housing Tax Credit compliance period, and a typical benchmark for recapitalization). While these units may include some Department of Health and Mental Hygiene (DOHMH) contracts that recently saw a service rate increase, some of these projects have little or no operating subsidy, critically low reserves, and need substantial capital repairs.

Moreover, according to our records, there are 2,323 units that opened thirty or more years ago. Many of these units were only moderately rehabilitated when they originally opened as supportive housing. The need is great for capital upgrades to improve the environmental sustainability and resiliency of these buildings, as well as the health and safety of tenants and service providers alike. The majority of these

---

<sup>16</sup> <https://www.nyc.gov/assets/hpd/downloads/pdfs/services/snh-sara-term-sheet.pdf>

<sup>17</sup> <https://www.nyc.gov/assets/hpd/downloads/pdfs/services/ella-term-sheet-hpd.pdf>

<sup>18</sup> <https://www.nyc.gov/site/hpd/services-and-information/phfl-section-610.page>

older buildings are located in well-resourced Manhattan neighborhoods where they are a critical part of maintaining racial, ethnic, and economic diversity and where new construction would be cost prohibitive.

Given the pressing need to preserve older supportive housing units, it is crucial for the City to take immediate and targeted action by developing a Supportive Housing Preservation Program with dedicated capital of at least \$150,000 per unit, paired with increased NYC 15/15 services and operating subsidies.

It is important to establish a dedicated program that meets the needs of supportive housing given its unique structure and the populations it serves. Furthermore, to manage this initiative, HPD should appoint a project manager who specializes in supportive housing, ensuring the program is executed with the highest level of expertise.

## Enhancing and Aligning all NYC 15/15 Rates

Our NYC 15/15 reallocation plan does have budget implications, aiming to increase operating and service rates, which will establish uniformity across the initiative regardless of the housing model. We acknowledge that reallocation will also have capital budget implications. Importantly, we are also seeking to establish a Supportive Housing Preservation term sheet at the City's Department of Housing Preservation and Development (HPD), paired with NYC 15/15 services and operating contracts.

### Operating Subsidy Increases

Operating subsidy, also known as rental assistance, plays a crucial role in supportive housing. NYC 15/15 currently employs different rent payment standards for scattered site and congregate programs. At the beginning of the scattered site contract, operating rates align with the Fair Market Rent (FMR) released each October by the Department of Housing and Urban Development (HUD).<sup>19</sup> After the contract starts, scattered site operating subsidy increases by 2% each year. In contrast, congregate rates follow a schedule set by the City and currently fall well below HUD's FMR. For example, the HPD monthly operating subsidy for 2023 for a studio apartment is \$1,523, while the FY24 HUD FMR for a studio is \$2,386.

Our reallocation plan recommends raising all new and existing operating subsidies to 110% of HUD's current year FMR, which would not only broaden the pool of available units for scattered site, but also ensure congregate developments are able to keep pace with rising operating expenses. Furthermore, increasing subsidy to 110% of FMR is a payment standard approved by HUD and utilized by the New York City Housing Authority. The plan calls for establishing this rate for all four proposed categories: congregate scattered site, overlay, and preservation.

Raising the operating rates for congregate supportive housing is a financial necessity – even if it is not possible in the current budget year due to the City's fiscal challenges - given the unique challenges these residences face. It is imperative that rates increase as soon as the City is financially able to do so, if there is to be any realistic hope of shoring up and expanding the supportive housing system. With tenants at home more since the pandemic, general wear and tear has increased. Providers report that supportive housing units are subject to even more frequent wear and tear, including issues like mold, flooding, and physical damage to the walls and floors, which can require special bio-hazard teams for clean-up.

---

<sup>19</sup> <https://www.huduser.gov/portal/datasets/fmr.html>

Arrears in affordable and supportive housing are also serious. A New York Housing Conference report from March 2023 analyzing a data set of 49,121 affordable units showed that 31% were in arrears and owed more than two months of rent.<sup>20</sup>

Perhaps most striking is the increase in property and liability insurance rates. Looking at a sample of 152 affordable housing properties comprising 20,000 units, a recent report published by the state’s Department of Financial Services (DFS) cited an average increase in premiums in 2021 of 43%. The highest increase in the sample was 300%. The report states that “[g]iven the many factors [contributing] to escalating property and casualty insurance costs in recent years for...affordable housing developments, it is likely that those costs will continue to rise for the foreseeable future.”<sup>21</sup>

### Social Service Rate Increases

Aside from capital and operating, the third, and arguably most crucial, component of supportive housing are the social services. The justification for offering lower service rates in scattered site programs than in congregate is that providers do not have to pay for the front desk staff present in the congregate model. However, several aspects of scattered site operations are not currently included in the contract rates and deserve to be considered as soon as it is financially realistic to do so - including the need to double up staff at visits for safety reasons, managing relationships with landlords, the need for dedicated property management staff, and extensive travel.

Service contracts pay for the salaries of direct service workers in supportive housing. NYC 15/15 service rates have not increased since the program’s inception in 2016, which means that the sectors’ essential service workers have not received wage increases through their contracts. The Network has been an active participant in the #JustPay<sup>22</sup> campaign spearheaded by our coalition partner, the Human Services Council (HSC) which calls for an annual cost of living increase (COLA) across all City-funded human services contracts. While we have not included a COLA in our service rate increases in this report, we anticipate adding the COLA upon its publication by HSC.

Service rates vary by population and program type. NYC 15/15 serves single adults (SA), adult families (AF), adult families with children (AFWC), young adults (YA) and young adult families (YAF). Our reallocation plan calls for aligning all existing and new awards to the current congregate levels, except for the rate for young adult families in scattered site, which is the highest rate at \$30,091.

NYC 15/15 Existing Service Rates		
Population	Congregate	Scattered Site
SA	\$ 17,500	\$ 10,000
AF	\$ 17,500	\$ 10,000
AFWC	\$ 28,738	\$ 19,200
YA	\$ 25,596	\$ 20,669
YAF	\$ 28,738	\$ 30,091

<sup>20</sup> <https://thenyhc.org/2023/03/09/new-yorks-rental-arrears-crisis/#:~:text=In%20their%20data%20set%20of,of%20more%20than%20%24145%20million.>

<sup>21</sup> [https://www.dfs.ny.gov/system/files/documents/2022/12/affordable\\_housing\\_report\\_insurance\\_20221122.pdf](https://www.dfs.ny.gov/system/files/documents/2022/12/affordable_housing_report_insurance_20221122.pdf)

<sup>22</sup> <https://www.justpayny.org/facts-and-research>

NYC 15/15 Reallocation Plan Service Rates				
Population	Congregate	Scattered Site and Overlay	Preservation	
SA	\$ 17,500	\$ 17,500	\$ 17,500	
AF	\$ 17,500	\$ 17,500		
AFWC	\$ 28,738	\$ 28,738		
YA	\$ 25,596	\$ 25,596		
YAF	\$ 28,738	\$ 30,091		

### The Impact of Underfunding Services

Our members have noted a concerning uptick in behavioral health, physical health, and long-term care issues among tenants, straining their ability to stabilize residents and properties. Notably, opioid addiction (and an increasingly dangerous illicit drug supply) and inadequate mental health care have posed significant challenges, exceeding the model's current funding capacity. An aging tenant demographic with multiple health issues and impaired daily living skills compounds these challenges.

Insufficient social service funding hampers providers' capacity to attract and retain staff with competitive salaries, impacting the quality of care provided. Although recent City budgets included some workforce enhancements, these increases fell short of the 6.5% cost of living adjustment (COLA) requested by the sector last year based on inflation rates.

A survey of our members with NYC 15/15 contracts revealed a staff vacancy rate of 30%, with salary issues being a primary factor. With changing service provision landscapes, competitive salaries and benefits are essential. While Governor Hochul, Mayor Adams, and New York City Council Speaker Adams have proposed substantial investments in health services through their respective behavioral health plans,<sup>23,24,25</sup> addressing workforce needs is crucial for the success of these plans and the sustainability of the supportive housing model, which include essential roles such as case managers, program directors, clinicians, life coaches, and other direct service staff.

### Capital Subsidy for New Construction

Development costs, including construction and acquisition, are rising in the city. Unfortunately, current HPD subsidies are not keeping pace with the actual costs. To address this, we propose capital subsidy increases that are adjusted for inflation. The Supportive Housing Loan Program (SHLP)<sup>26</sup> is the term sheet targeted to supportive housing development, and our proposal assumes that all new congregate units are created with SHLP. This would mean expanding the SHLP term sheets to include units larger than a studio apartment. We also recommend reducing reliance on the oversubscribed Low-Income Housing Tax Credit (LIHTC),<sup>27</sup> and encourage HPD to fully subsidize the additional congregate units without tax credits if necessary. As mentioned above, developing a Supportive Housing Preservation Program would also require dedicated capital of at least \$150,000 per unit, paired with increased NYC 15/15 services and operating subsidies.

<sup>23</sup> <https://www.governor.ny.gov/transforming-new-york-states-continuum-mental-health-care/highlights-transforming-new-york-states>

<sup>24</sup> <https://www.nyc.gov/assets/doh/care-community-action-mental-health-plan/index.html>

<sup>25</sup> <https://council.nyc.gov/mental-health-road-map/>

<sup>26</sup> <https://www.nyc.gov/assets/hpd/downloads/pdfs/services/snh-shlp-term-sheet.pdf>

<sup>27</sup> <https://www.nyc.gov/site/hpd/services-and-information/lihtc.page>

## Conclusion

The NYC 15/15 initiative, despite its ambition to develop 15,000 units over 15 years, is falling short of its goal due to challenges with the scattered site model. This poses a significant risk to the City as it works to combat homelessness, affordability, addiction, and mental health crises. As of 2023, only 17% of scattered site units have been created, leaving a gap of 6,220 units yet to be awarded. The scattered site model has been plagued by issues such as underfunding and a lack of suitable, affordable units in the private market. To address these challenges, the Network has put forth a comprehensive plan to reallocate the unawarded scattered site units into four categories: congregate, preservation, scattered site, and overlay.

The Network's plan also introduces a holistic supportive housing preservation program. The proposal seeks to align services rates across the NYC 15/15 Initiative, by increasing existing scattered site rates to congregate levels, and ensures all new scattered site units, including overlay units, are awarded the same, while also establishing an annual COLA for all models. The proposal raises new and existing operating rates to 110% of the current year's fair market rent. This reimagined approach aims to reconcile the initial goals of NYC 15/15 with the current reality of the under-utilization of scattered site.

The NYC 15/15 Initiative is an important program that can and should be the hallmark of a city like New York, which seeks to be a progressive model for the nation. We cannot truly be a leader in equity and economic opportunity if we are not implementing innovative solutions for multiple challenges that face some of our most vulnerable residents. The Network's plan is a logical, prudent, and carefully thought-out approach to ensuring that the NYC 15/15 targets are met in a timely manner.