



**Testimony of John Broderick, State Advocacy Director
Supportive Housing Network of New York**

**New York State Division of the Budget
Public Hearing
FY 2008-2009 Housing Budget
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Good afternoon. My name is John Broderick and I am the State Advocacy Director of the Supportive Housing Network of New York. Thank you for this opportunity to testify.

The Supportive Housing Network represents more than 150 providers and developers who now operate over 34,000 units of supportive housing across the state. Supportive housing offers affordable apartments with on-site social services that help low-income and formerly homeless individuals and families with a range of disabilities to stay housed and as independent as possible. It is the humane and cost-effective solution to homelessness.

The members of the Network thank the Division of the Budget for holding this hearing on budget issues related to housing, as well as for the regional "town-hall" hearings DOB held around the state last month. Your attention to the public's expertise is welcome, and characteristic of the responsiveness of the new leadership in the many State agencies we work with each day. We have been impressed by the energy and creativity of the senior staff of DHCR, OTDA, OMH and HFA during their first year in office. They've made great strides in a very short time to streamline and integrate the state's housing resources after years of fragmented, unimaginative administration.

But energy and creativity alone won't get us much farther without a "meaningful and significant increase" in State resources for affordable housing development. The State's commitment to affordable housing has been frozen in time for more than 12 years. A few facts illustrate just how dire the situation has become:

- Since 1995, when George Pataki became Governor, New York State's budget has grown 167% (adjusted for inflation), from \$34 billion to \$121 billion last year. During that same period, in real terms the capital budget of the State Division of Housing and Community Renewal actually fell 11%.
- This year, DHCR invested \$106 million in affordable housing development. That's \$23 million a year less than in Governor Pataki's last two budgets.

- Construction costs have risen much faster than inflation, so flat spending on housing development has resulted in a severe drop in unit production. The State's main funder of supportive housing construction for homeless people, the Homeless Housing Assistance Program at the Office of Temporary and Disability Assistance, offers a stark example. Maintained at about \$30 million annually for most of the last decade, HHAP builds fewer and fewer units each year, from almost 800 supportive housing units in 2003 to less than 400 in 2006.
- The federal government is by far the worst culprit when it comes to investing in housing affordability. Right now, Congress is considering an omnibus spending bill that will fund the Department of Housing and Urban Development at \$40 billion. This is \$10 billion less than HUD's 1980 budget of \$50 billion. This represents a 70% decrease in housing funding over the past 25 years, when adjusted for inflation.
- While New York State has done little to make up for the federal government's abandonment of affordable housing, New York City has stepped up to the plate. Over the past four years, New York City has spent a total of \$2.5 billion on affordable housing development. During that same period, all State agencies together spent less than a third of that amount on affordable housing development statewide.

Though I represent providers of supportive housing for people with special needs, I've taken the time to review these more general facts because the growing affordability crisis now affects just about everyone. Every day, our offices get an increasing number of calls inquiring about supportive housing vacancies, even though we do not offer placement assistance of any kind. We can't – our providers' vacancy rate is below 2%.

With nearly one in three New York State households paying more than 30% of their income toward housing, it's no surprise that we have record levels of homelessness. But it's heartbreaking to hear the stories that come our way each day from those who are on the brink of homelessness, because we have so little to offer them now. This week, we heard from a 59-year old woman with emphysema sleeping on her daughter's couch, trapped in a fourth-floor walkup. Last week, a woman on an acute psychiatric unit called us herself when her social worker gave up on placing her because of the lack of supportive housing vacancies for people coming out of hospitals. It is harder to get into supportive housing than at any time in the past 15 years.

The present crisis has led the Network to join with thousands of our colleagues to ask Governor Spitzer to create a dedicated funding stream for affordable housing development. Such an investment must be substantial: Housing First! found that the State needed to invest \$1.3 billion annually over ten years to adequately address the state's affordable housing crisis. Dedicated funds can be drawn from revenues that derive from housing, such as the real estate transfer tax, the mortgage recording tax and excess revenues at SONYMA and HFA. To make an impact, such an investment fund should be at least as large as New York City's investment of \$600 million a year.

This may be too big a lift in such a daunting budget year. But we need to get started now. Combining existing resources at HFA and DHCR with new appropriations this year could generate approximately \$200 million in new funding that can be spread among existing and new capital programs in the 2008-09 budget. Certainly, New York's affordable housing developers have the capacity to build; indeed, there's pent-up demand. For example, this year, HHAP received over \$65 million in viable supportive housing proposals competing for just \$30 million in available funding.

As you might guess, the Network believes that more of the State's housing investment should go to supportive housing development. With almost 70,000 people across the state homeless on any given night, it would be foolish not to. Add in the 12,000 individuals unnecessarily stuck in nursing or adult homes, 9,000 people with mental illness coming out of prisons each year, and 1,500 kids who annually age out of foster care, and the State can begin to make a real difference in people's lives, while achieving real savings.

This is because supportive housing is extremely effective and cost-efficient. Over 40 studies have proven that permanent supportive housing dramatically lowers impoverished disabled people's use – and the costs – of emergency services such as shelters, hospitals, psychiatric centers, prisons and jails.

While it is often a challenge to capture these cost-savings, New York is already beginning to reap the benefits of its supportive housing investment. Thanks to increased placements into supportive housing, the New York City Department of Homeless Services' count of homeless individuals in the streets and shelters has gone down by approximately 15% over the past two years, even as the city's family shelter census breaks new records. In July, DHS permanently closed the City's largest shelter for single adults for a savings of \$19 million per year. Similar savings can be achieved in the State prison system if we focus resources on that population.

The Commissioners of OMRDD, OMH, OASAS, OTDA and OCFS have all said publicly that stable housing is key to the recovery of the people served by these agencies. During the "Listening Tour" public hearings conducted by these Commissioners throughout the state in the spring, housing was the dominant topic.

The Supportive Housing Residence is the "Most Integrated Setting"

Expanding access to supportive housing will do more than reduce the costs of emergency and institutional care. It will also help the Spitzer administration achieve its stated goal of providing the "most integrated settings" possible for people with disabilities. This will greatly enhance these individuals' quality of life, while complying with the mandates of the *Olmstead* decision. Many of the goals of the Governor's Most Integrated Settings Coordinating Council (MISCC) can be accomplished by investing in supportive housing programs, so that people can leave expensive and often inappropriate nursing homes, adult homes and other institutional care for more fulfilling lives in the community.

The Network's Budget Recommendations

To increase supportive housing production, and all affordable housing development, the State must:

- **Increase DHCR and OTDA capital housing development programs by \$100 million:** Low-income people with disabilities have to live somewhere. Supportive housing is by far the most cost-efficient and effective option. DHCR should dedicate at least 25% of the 4,000 units it produces each year to supportive housing.
- **Allocate an additional \$50 million to OMH capital housing development, and authorize an additional 1,500 Supported Housing rent and service subsidies**
The New York State Office of Mental Health is an efficient funder of nonprofit developers building and operating supportive housing. Recent and pending administrative and legal changes will position OMH to fund the construction of units fully integrated with other affordable housing tenants. Capital construction at OMH is funded by the issuance of tax-exempt bonds and as-of-right 4% federal tax credits that would not otherwise be put to use. In addition, rent and service subsidies funded through OMH's Supported Housing program can provide individuals with mental illness immediate access to market-rate housing, and also fund the operating and service costs of affordable housing developed under other City, State and federal programs. These investments will ultimately realize significant savings as populations are reduced in expensive psychiatric centers and Medicaid-funded nursing homes.
- **Establish a pilot program for housing-based substance abuse services: \$2 million**
More than half of supportive housing residents have histories of substance abuse, including many with dual diagnoses. But supportive housing providers have historically provided supports to people in recovery with no OASAS funding. At the same time, thousands of people leave in-patient rehabilitation each year to unsupported living situations, sharply increasing relapse rates. According to OASAS's own data, this has added millions to the cost of detox programs, as a small cohort of heavy users use detox as a substitute for housing.

Such a program should include basic supportive services, case management, and most importantly, vocational training so that people in recovery can quickly reintegrate into the world of work. A pilot initiative can ensure that OASAS' most challenging (and expensive) clients will for the first time gain access to housing developed by DHCR, HFA, and OTDA's HHAP.

- **Create Supportive Housing for People Reentering Communities from Prison**
People being leaving jails and prisons are very likely to return to prison unless they have substantial support system in place upon their release. Supportive Housing providers around the state have been an important resource in the effort to prevent recidivism among former prisoners over the years. Our colleagues at Corporation for Supportive Housing have initiated the FUSE program, which addresses Frequent Users of jails and shelters. We support this effort and urge that funding be expanded next year.

- **Increase Supported Housing for Families and Young Adults (SHFYA) \$1.5 million**

The number of homeless families is skyrocketing across the state, but the \$5 million SHFYA program funds services for only 1,332 households. Even for these families, funding is limited to \$3,300 per year per household – a rate inadequate to the needs of the multiply-disadvantaged homeless families being served by the program (by comparison, NY/NY III providers receive over \$20,000 per year per household). If SHFYA is to be the state's primary vehicle for addressing the housing needs of homeless families and young adults, then the program rates must be enhanced.

- **Increase SRO Support Services from \$19.8 million to \$22 million**

The SRO Support Subsidy reimbursement rate was increased last year, the only increase in nearly 10 years. Providers in other systems that serve similar populations have recently received a 3% COLA every year for three years. An additional \$550,000 applied to the SRO Support subsidy would make up for recent years' losses as a result of stagnant funding over many years. The remainder of the increase would cover new units coming on line in the upcoming budget year. In New York City, this amount is \$880,000, and in the rest of the state it is \$570,000. The total increase for the SRO Support Subsidy program would be \$2.2 million.

The 2008-09 Executive Budget offers an opportunity for the administration of Governor Spitzer to build on and consolidate the success of the State's supportive and affordable housing efforts to date. With targeted investments and continued administrative improvements, the State can help move the poorest, most vulnerable New Yorkers into stable, supportive environments that will reduce their reliance on expensive, publicly-funded emergency interventions, such as shelter, hospitalization, nursing homes and other institutional settings. With this kind of commitment by the State, together, we can end chronic homelessness.

Thank you for your time and interest.