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**New York State Senate and Assembly
Joint Legislative Public Hearing on
2016-2017 Executive Budget Proposal for Housing
February 1, 2016**

Good Afternoon. My name is Laura Mascuch and I am the Executive Director of the Supportive Housing Network of New York. The Network is a statewide membership organization that represents over 200 nonprofit developers and social service providers who run over 50,000 supportive housing units throughout the state.

Supportive housing – permanent, affordable housing linked to on-site services – is the most cost-effective and humane way to provide a safe, stable home for homeless individuals and families living with disabilities or other barriers to finding and maintaining housing on their own.

The people who come to live in supportive housing – chronically homeless individuals and families living with HIV/AIDS, mental illness or other disabling conditions; individuals leaving prison or other institutions; youth aging out of foster care; and now, veterans returning from combat – when left homeless, cycle in and out of expensive emergency services like shelters, hospitals, prisons and psychiatric centers. These publicly funded interventions are significantly more expensive, with hospitals and psychiatric centers costing upward of \$1,000 a day, 20 times the cost of supportive housing. Placement into supportive housing stabilizes tenants and has been proven in dozens of studies from across the country to reduce the use of these expensive services. Among the more recent studies is the NYC Department of Health and Mental Hygiene’s evaluation of supportive housing, showing a net public savings of \$10,100 per person per year. This well documented cost effectiveness has made supportive housing an integral component in the State’s plan to reduce Medicaid costs.

My testimony is about the need to continue to invest in supportive housing as a way to combat the current homelessness crisis facing New York State.

Statewide, there are roughly 67,000 men, women and children staying in shelters at any given time. In NYC alone, over 59,000 people, including 24,000 children sleep in a homeless shelter each night. An additional 7,700 people stay in a shelter outside NYC. Thousands of others sleep on the streets or in abandoned buildings and makeshift campsites while thousands more exit foster care, hospitals, and other institutions each year without a home. While not everyone who is homeless needs supportive housing, it is the proven long-term solution for individuals who are chronically homeless living with mental illness and chronic health

conditions and other vulnerable populations that need access to services in addition to affordable housing in order to rebuild their lives.

That is why this past year, 75% of the Legislature called on the Governor to commit to creating 35,000 units of supportive housing statewide. Both the Senate and the Assembly sent letters to the Governor asking for the state to support this need. Several of you rallied publically in your local communities, from Buffalo to NYC to Rochester to Troy to Long Island, speaking about this great need. You understand that by wisely investing in this proven solution, we will not only solve homelessness, but we will also improve our neighborhoods and save tax-payer dollars.

We wanted to take this time today to thank you for your passion on this issue and for bringing attention to this critical need to create 35,000 units of supportive housing across the state.

We were very excited to hear the Governor also agreeing with the Legislature and recognizing the need for more supportive housing, declaring a commitment to build 20,000 new units of supportive housing across the state over the next 15 years. This is exactly the type of commitment we need to help us end homelessness amongst the most vulnerable New Yorkers. This commitment, combined with that of Mayor de Blasio's 15,000 units in NYC, means there is a combined pledge to create 35,000 units of supportive housing in New York State, the largest commitment to supportive housing in the country and in history.

This long-term supportive housing program is part of the state's \$20 billion five year affordable housing and homelessness plan unveiled at the Governor's State of the State address. The five year program is set to invest \$2.6 billion for 6,000 new units of supportive housing over the first 5 years of the 15 year commitment. The Governor has said that over 15 years, the plan will result in 20,000 new supportive housing units.

The Network is looking forward to seeing the Governor's housing and homelessness plan and hopeful that an implementation plan will be set in action very soon to see this commitment through. It is equally critical for the Governor to codify this long term 15 year commitment so that the intent to create 20,000 new units of supportive housing through 2031 is realized.

We urge the Legislature to continue to support the need for the state to commit to funding these 20,000 units over the next 15 years and support the Governor's plan to build the first 6,000 units over the next five years. Without your support over the past twelve months, we would not be where we are today. Thank you!

I also wanted to use this time today to highlight one area of the proposed budget we are concerned could adversely impact the development of this robust supportive housing commitment, particularly in New York City: The Executive Budget includes language that would add new and additional oversight to the process by which localities use volume cap. As I understand it, the language in the proposed executive budget gives the Public Authorities Control Board the authority to approve or disapprove individual deals, including housing projects that would be funded through the tax-exempt bonds. Empire State Development

Corporation would also, for the first time, have approval on the allocation amount being transferred to the city. We are concerned this process adds unnecessary layers of bureaucracy and approval processes that could significantly delay development of supportive housing and also significantly erode the certainty that is critically important to investors and developers. Given the state's and city's current housing and homelessness crises, and their determination to address these crises through housing creation, this is not the right time to delay development or undermine investor confidence.

As you know, supportive housing plays such a critical role in not only ending homelessness but addressing neighborhood revitalization, creating jobs, saving taxpayer dollars and spurring economic development. Therefore, it is critical we focus on how to quickly and effectively make this robust commitment a reality.

In addition to reducing homelessness and saving tax-payer dollars, supportive housing:

- Creates jobs – when the final unit is built, the last supportive housing program in NYC, NY/NY 3, will have created an estimated 20,000 construction jobs. While all affordable housing development creates jobs, supportive housing also creates permanent jobs in the buildings for the case management and property management staff. In total NY/NY 3 will have created 2,000 of these jobs with most going to people in the community where the building is built.
- Grows the stock of affordable housing in our communities - most supportive housing projects are developed with an integrated model of supportive and low-income housing. Therefore in addition to adding thousands of supportive housing units for New York's poorest residents, the NY/NY 3 agreement is also producing an estimated 2,400 units of affordable housing for working poor individuals and families making 60% of AMI.
- Increases property values - According to a comprehensive study by the Furman Center at NYU University, neighborhoods that have supportive housing experience an increase in property values thanks to the advent of these properties to their block.
- Leverages private investment – With at least a dollar in private investment leveraged for every dollar of subsidy, the state and city have generated nearly \$1 billion in private financing with their respective capital subsidies. Supportive housing has proven decade after decade to have the return on investment that investors are looking for.

I would like to conclude my testimony with some real examples of how the state's critical funding helps create something that is so much more than the sum of its parts.

Homesteads at Ampersand is a brand new mixed development supportive housing residence in Plattsburgh, New York providing workforce housing for families and supportive housing for adults with major long term mental health challenges. Behavioral Health Services North, a not-for-profit partnered with Regan Development on this 64 unit residence, filling important housing gaps in this northern New York community. New York State Homes and Community Renewal provided capital funding through a mix of Housing Trust Fund, Low Income Housing Tax Credits and HFA second mortgage, totaling \$14 million. This is the template that the new

Empire State Supportive Housing Initiative program will build upon for much of the next generation of supportive housing development: First the services and operating; then the capital commitment.

South of there, in the Bronx, Breaking Ground cut the ribbon in September on Brook Ave, one of the final supportive housing developments built under the New York/New York 3 agreement, 155 units of which 94 are supportive housing. This project also provides homes for people with serious mental illness who are homeless. It was built with funding from NYS HCR and HFA, including 4% Low Income Housing Tax Credits and Medicaid Redesign Team capital. Services for the Underserved is providing onsite services to the building.

On Long Island the new Liberty Village in Amityville provides supportive apartments to 60 homeless veterans and their families in a beautiful garden apartment complex built on an abandoned military base, again using HCR funding. This project allowed for the rehabilitation of an adjacent building which provides office space to homeless and veterans service providers that serve both Nassau and Suffolk Counties. Concern for Independent Living is the developer on the project and provides services to the veteran tenants of Liberty Village.

As demonstrated through these three examples, supportive housing meets the needs of the local communities. Homelessness among our most vulnerable is a statewide problem, in both urban and rural settings. By working together we create housing that addresses the needs of this population and also helps to redevelop our communities.

Thank you for this opportunity to testify.

Respectfully submitted by:
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