



**New York State Senate and Assembly  
Joint Session on  
SFY 2015-2016 Executive Budget for Housing  
February 5, 2015**

Good Afternoon. My name is Nicole Branca and I am the Deputy 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 48,000 supportive housing units throughout the state.

Supportive housing – permanent, affordable rental 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 today is about the homelessness crisis in New York and how we can target resources to fight this battle.

Last night there were more than 80,000 New Yorkers that slept in shelters or on the street. 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 order to rebuild their lives.

New York has been at the forefront of supportive housing since the model began over 30 years ago but we suddenly have fewer resources and at a time of record need.

Over the last twenty years, the majority of supportive housing in New York City has been funded through a state-city agreement known as NY/NY. The most current initiative, NY/NY 3, a 10-year agreement that began in 2006, is rapidly coming to an end.

The Executive budget supports an expansion of the NY/NY program, both in New York City and also, for the first time, to the rest of New York State. It seeds the effort with a commitment to produce 5,000 units of supportive housing over five years. The Campaign 4 NY/NY Housing – of which the Network is an active member, is asking for an agreement to create 30,000 units of supportive housing – including 15,000 new construction – over the next 10 years.

In order to make strides in ending homelessness, we need at least 15,000 new construction units in NYC and 5,000 units upstate over 10 years. As the last 17 NY/NY III units are awarded this year, the development pipeline is coming to an end and the demand far outstrips the supply. Each year in NYC, 20,000 applications for supportive housing are approved, but only one-in-six applicants receive a supportive housing unit. **We urge the Legislature to stand with us in our request for a commitment that helps meet the need, and for an official agreement to be reached with the localities this year.**

### *Why should the state continue to invest in supportive housing?*

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

- **Creates jobs** – when the final unit is built, 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 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. As a clear

sign of this commitment, the Campaign 4 NY/NY Housing has been joined by almost 50 corporate partners – one quarter of all the co-signers asking for a new agreement.

***What will it cost the state?***

Funding the capital for a 10-year, 20,000 unit supportive housing production program is within the state's reach. If HCR and its partners at the NYS Office of Mental Health (OMH) and HHAC (Homeless Housing Assistance Corporation) continue to be funded at their existing funding levels, the state would only need to provide a modest increase in subsidy and tax credit allocations toward supportive housing to make this work. The forthcoming National Housing Trust Fund revenue coming to New York – an ideal subsidy for supportive housing given the 30% AMI requirement, could provide an estimated \$16 million to help plug this gap.

The Network also requests an increase to the State Low Income Housing Credit (SLIHC). This resource, especially with the recent pilot to allow for income averaging, provides affordable and supportive housing developers with the flexibility to address the larger affordability crisis in New York.

A 20,000 unit statewide initiative will require a significant additional investment in operating and service funding but if done in concert with reinvestment planning the program could pay for itself in the out years. This is pertinent to this hearing since the Executive Budget included the funding for the first 5,000 units - \$66 million, in the HCR budget with the JP Morgan Chase Settlement funding. This makes infinite sense as the agency, along with HHAC, will be able to best direct this funding toward the pipeline projects in need of an operating and service subsidy to house supportive housing tenants. With a number of projects in the pipeline, including one in construction, that are in need of a NY/NY subsidy, we ask that the legislature work with the administration to ensure that at least \$12 million of this \$66 million is available in the first two years to support the current pipeline and the 500 scattered site units in the agreement. Also, given the length of time it takes to site, finance and develop a project, especially in New York City, we underscore the need for this to be lengthened to a ten year agreement with a ramp up to 20,000 units over this time frame.

The operating revenue need is also important to discuss at this hearing because the cost of running supportive housing could be decreased dramatically if the state used more of its Section 8 allocation toward project-based vouchers in its supportive housing development. When a project receives project-based rental subsidy, the state share of the operating costs decreases by 25-50%.

I would like to conclude my testimony with an example of how HCR funding helps create something that is so much more than the sum of its parts. Thanks to \$2.6 million in MRT capital, Volunteers of America with its development partner, The Housing Collaborative, LLC, just opened a 66-unit residence in the Bronx for low-income, formerly homeless and

disabled individuals and families. Because of the initial MRT funding, the project brought in OMH subsidy to provide mental health services and VA funding to house veterans. Thanks to this state and federal collaboration, 75 men, women and children were able to move from shelter into their own home this past holiday season.

Thank you for this opportunity to testify.

*Respectfully submitted by:*

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