

Submitted Testimony



**New York State Senate and Assembly  
Joint Session on the SFY 2015-2016 Executive Budget – Mental Health  
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**Supportive Housing Network of New York  
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Good afternoon. My name is Laura Mascuch, and I am the Executive Director of the Supportive Housing Network of New York. The Network is the member association representing over 200 nonprofit providers and developers who operate more than 48,000 supportive housing units throughout New York State.

Thank you for the opportunity to testify today. I am here to address the critical need for a new supportive housing agreement, modeled on the successful series of NY/NY agreements, but expanded to the whole state, and also to advocate for a further increase in OMH housing payment rates, to ensure that the move to community-based care is successful.

**Introduction**

Supportive housing is permanent, affordable housing linked to on-site services. It is the proven, cost effective and humane way to provide stable homes to individuals and families who have difficulty maintaining their place in housing. This housing model achieves miracles, allowing disabled individuals who have spent years living on the streets, or in institutions to live full, rewarding lives integrated in their communities. Supportive housing gives them the stability, support and sense of community they need to reunite with family, become healthier, and often secure employment.

For these reasons alone, spending precious public dollars to provide services in supportive housing for the most vulnerable and disabled New Yorkers is justified. But the case for supportive housing becomes even more compelling when we measure the taxpayer dollars this intervention saves.

The people we house and serve – people with mental illness, HIV/AIDS, substance abuse, and other barriers to independence – are typically frequent users of expensive emergency services like shelters, hospitals, prisons and psychiatric centers. These publicly funded interventions can be very expensive: hospitals and psychiatric centers cost upward of \$1,000 a day. Placement into supportive housing stabilizes tenants and has been proven to reduce use of these expensive services. As a result, supportive housing saves State taxpayers' money, often far more than what was spent building, operating and providing services in the housing. This has been proven, time and time again, by dozens of peer-reviewed independent studies.

Last night there were more than 80,000 New Yorkers that slept in shelters or on the street. Estimates are that as many as half suffer with mental illnesses. 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. In the first two agreements, NYS OMH was the state lead agency, and OMH played a leading roll in the expanded NY/NY III agreement which included OASAS and DOH/AIDS Institute in addition to capital partners NYS HCR and OTDA. The most current initiative, NY/NY III -- a 10-year, 9,000 unit Agreement signed in 2005 -- 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.**

### **OMH Supported Housing Service & Operating Rates**

The Network has historically confined its advocacy to pressing for more funding to create more housing units, rather than asking for salary increases, or more money to house and serve the same number of people. However, last year, and again, this year, we must ask the Legislature to intervene and raise the payment rates for the OMH Supported Housing Program to sustainable levels.

The OMH Supported Housing Program contracts with nonprofit providers to rent and provide visiting services in privately-owned, scattered-site apartments for individuals with serious and persistent mental illness. Supported housing integrates formerly homeless or institutionalized individuals with mental illness into the community, where they have proven to be able to live on their own with minimal supports.

There are currently 17,602 scattered-site OMH Supported Housing units across the state, 8,588 units in NYC, and 9,014 units throughout the rest of the state. Use of this housing model is growing, as the state continues to reduce its dependence on psychiatric centers, nursing homes and adult homes. Scattered-site supported housing is relatively inexpensive, and popular with tenants with behavioral health issues who need some support to remain stably housed.

State OMH provides nonprofit organizations a single, bundled rate to rent apartments and provide services to tenants. Current scattered site rates vary by region, ranging from \$7,692 in Upstate New York to \$15,068 in the metropolitan New York City area. These rates are meant to cover the cost of rent, program administration and service provision. When the housing model began over twenty years ago, about half the per person contract funding would go toward renting an efficiency apartment, and half toward on-site services and operations.

Today's high rental costs, however, have skewed that ratio. HUD puts the Fair Market Rent for an efficiency apartment in NYC at \$1,249 per month, or \$14,988 annually. With the annual Supported Housing contract rate at \$15,068, this leaves \$80 a year to cover the cost of services and operations.

Nonprofit providers do all they can to stretch and supplement service dollars. They reduce services, combine supported housing dollars with funding for other programs, and increasingly double up tenants, placing two seriously and persistently mentally ill adults in one apartment. Nevertheless, the vast majority of contract funding goes toward rent, with next to nothing left for services.

At these rates, this once successful housing model is no longer sustainable. Nonprofits are challenged to provide adequate services to needy tenants when over 95% of the rate goes to rent. This is especially true, as tenants needs become more complex.

In 2013, in partnership with the Association for Community Living, the Network conducted a survey to gauge the impact of inadequate rates on nonprofits in the New York City region. The survey found that, over the past three years, insufficient funding for OMH Supported Housing caused:

- **57%** of responding nonprofits to have **increased difficulty with rent collection;**
- **50%** of respondents see **an increase in health and psychiatric related hospitalizations;** and
- **40%** of respondents experience an **increase in eviction cases**

In addition, nonprofit providers have had to make significant negative changes to their programs, including:

- **67%** of respondents are **doubling up residents** in 2 bedrooms;
- **58%** of respondents have moved people to less desirable, cheaper neighborhoods;
- **58%** of respondents absorb administrative costs;
- **44%** of respondents have **increased client to staff ratios;**
- **33%** of respondents are increasing staff to supervisor ratio

New York State has been a leader in the development of supported housing – both because it promotes recovery as no other intervention does, and because it saves money otherwise spent on institutional or crisis care. We fear for the model's integrity, however, when tenants are hospitalized and are relapsing into homelessness more often, despite the best efforts of overburdened staff.

The Governor and Legislature last year raised rates in NYC, Westchester and Long Island by 3.8% or \$550 per unit per year. And while this increase has helped, the need throughout the state is still

near desperate. As one New York City provider put it: "I have 72 supported housing apartments in Brooklyn. Since 2009, my rent bills have collectively increased by \$200,000 and last year's increase covered \$19,000 of that shortfall."

This year the Governor has proposed to put \$10 million toward supported housing rate increases, this time tied to HUD Fair Market Rates.

While we are grateful to OMH and the Governor for this act of good faith, Upstate providers need an increase as well, and Downstate providers need a rate increase closer to \$20,000 per unit per year, similar to the rate that OASAS offers on a similar model of scattered-site supportive housing.

Our colleagues with the Association for Community Living calculate the need in this program, based on the Fair Market Rent to total \$43 million.

We urge the state to raise the Supported Housing rates to a level that will pay for decent housing, as well as critical support services; the two components that make this model so successful in helping people living with psychiatric disabilities prosper in the community. An increase of \$43 million dollars will protect the State's annual investment of more than \$235 million in 17,602 supported housing apartments across New York State.

In addition, while the Governor's budget proposes an increase for scattered site rates, it continues to flat fund the rest of OMH's housing portfolio. These vital programs, including permanent supportive housing and transitional housing have not seen contract increases since their inception. The estimated cost of making these programs – serving another 15,167 individuals -- is \$53 million. The Network urges the legislature to begin to address this chronic shortfall this budget year.

Thank you for this opportunity to testify.