

**WRITTEN TESTIMONY FOR THE HOUSING COMMITTEE HEARING
FEBRUARY 14, 2024
SUBMITTED BY HOUSING AND SERVICES, INC.**

We thank the Committee for this opportunity to submit this written testimony.

**A PROPOSAL TO PRESERVE UNDERFUNDED PERMANENT SUPPORTIVE HOUSING UNITS
BY CONVERTING NEW YORK STATE SUPPORTIVE HOUSING PROGRAM (NYSSHP)
FUNDING TO EMPIRE STATE SUPPORTIVE HOUSING INITIATIVE (ESSHI) FUNDING**

The purpose of this testimony is to familiarize you with a pending issue for the NYS FY 24 budget that the NYS permanent supportive housing community, led by Supportive Housing Network of New York, will bring to the NYS legislature's attention.

Permanent Supportive Housing

Over 40 years ago, NYS pioneered permanent supportive housing, the now time-tested and proven most cost effective and humane approach to addressing chronic homelessness. Permanent supportive housing recognizes that the homeless require more than just housing. They also need on-site case management social services to link to community-based services like mental health counseling, alcohol and substance use treatment, job training, childcare, and more.

NYSSHP Funding

The initial funding vehicle for permanent supportive housing was the New York State Supportive Housing Program (NYSSHP). Today, with essentially the same budget available since 1987, NYSSHP partially funds services to more than 20,000 households across the state. It is the sole funding source for 9,000 households in supportive housing.

ESSHI Funding

Leveraging the initial success of NYSSHP in 2016, NYS made an historic commitment to fund 20,000 more much-needed units of supportive housing over a 15-year period and created The Empire State Supportive Housing Initiative (ESSHI), a new statewide program to accomplish this ambitious goal. ESSHI allocates up to \$25,000 per unit to cover both social services and rental assistance.

Disparities in NYSSHP and ESSHI Funding

Unfortunately, NYSSHP has been left behind. NYSSHP provides annual service funding of just \$2,736 for individuals and \$3,672 for families, with no dedicated rental assistance for the majority of tenants. As a result of this chronic and severe funding disparity, NYSSHP is in trouble. With 9,000 households statewide that rely solely on funding from this program, they are in imminent jeopardy of returning to homelessness.

Proposed Solution to NYSSHP Underfunding

Thankfully, there is a simple solution: Convert the 9,000 at-risk NYSSHP units to ESSHI through a five-year, phased-in approach that will eventually create fiscal parity for supportive housing units across New York. This proposal would modernize an antiquated funding model, delivering relief for thousands of tenants and overstretched staff.

At a time when NYS faces crises on multiple fronts - from limited access to mental health treatment, the proliferation of more addictive and deadly drugs to an influx of migrants overwhelming the state's shelter and social services systems - the loss of even a single supportive housing unit would be a significant setback. Each new ESSHI unit is a net zero benefit to the state if a NYSSHP unit is lost.

The conversion of NYSSHP to ESSHI would cost an additional \$32 million in FY 2024-25 - an incredibly small portion of the multibillion-dollar annual state budget that will more than pay for itself over time by avoiding the high cost of adding to New York's homelessness population.

Housing and Services, Inc., Supportive Housing Provider with NYSSHP Funding

We are Housing and Services, Inc. (HSI) a Manhattan-based non-profit with over 38 years of experience developing and operating permanent supportive housing in NYC. HSI serves 625 tenant households residing in four congregate projects in Manhattan and the Bronx; and 100 households in private scattered site units in Upper Manhattan and the Bronx. HSI receives services and operations funding from NYC Human Resources Administration (HRA), NYC HIV/AIDS Services Administration (HASA), NYC Department of Health and Mental Hygiene (DOHMH) and U.S. Department of Housing and Urban Development (HUD). HSI's congregate projects have significant HPD capital funding. HSI's staff head count is approximately 130 persons.

HSI receives NYSSHP funding via two NYC HRA/DHS contracts which provides the foundation for social services at two of our projects. (Approximately half of NYSSHP units are funded jointly by the State and NYC, with the City holding the contract). Despite being committed to initially contracted levels of services, these two contracts have seen no meaningful budget increases in over twenty years. Like so many other supportive housing providers, HSI struggles with maintaining services with these grossly underfunded contracts.

The Negative Impact of NYSSHP Underfunding on HSI Staff and Tenants

The contracts fund case management and front desk services. So, the twenty-year failure to provide any meaningful increase hits our staff, who are predominantly Black and Brown, the hardest. This sends the message that their crucial life-saving work with our tenants is not valued.

The injustice is further compounded by the state and nation-wide failure to address the increasing mental health crisis. Past austerities have also created a critical shortage of NYS OMH licensed mental health facilities and community-based services. While the NYSSHP program originally contemplated serving a general homeless population with minimal service needs, HSI's programs now see the majority of our referrals in need of significant behavioral health services. HSI and other unlicensed supportive housing providers have accepted the challenges of serving referrals with ever-intensifying needs but need additional resources to effectively provide intensive services to support these residents and keep them safely housed. Coupled with the critical shortage of mental health facilities is the increasing lethality of street drugs that our tenants often resort to in their attempts to self-medicate. This deadly combination makes our tenants more vulnerable than ever before. We appreciate the State continuing the historic commitment made last year to invest \$1 billion in mental health, which will go a long way to increase mental health programs and services. However, the NYSSHP program will receive none of that funding and, in fact, continues to fall further behind our colleagues who are funded by OMH.

So, while NYSSHP funding has remained flat, the needs of our tenants and our staff to serve our tenants have soared exponentially.

An Existential Crisis for HSI

At HSI we struggle to match consumer price index increases for our staff so that they do not actually lose purchasing power by working for HSI. Most of our COLAs are not funded by our contracts. Instead, our COLAs are funded by rents that should be funding building maintenance. This puts our buildings' infrastructure at risk and is unsustainable. It also makes it impossible to build sufficient building reserves for our first-generation SRO housing which is facing intensive capital needs to comply with the requirements of NYC Local Law 97.

Our deepest concerns are for our lowest compensated staff- the building maintenance and front desk staff workers who toil tirelessly 24/7/365. Our services are a non-starter if our buildings are not clean and safe. The pandemic highlighted the courage, wisdom and compassion of our front-line staff who were there every day to protect and assist our often elderly and medically fragile formerly homeless tenants.

As a permanent supportive housing provider, HSI is a de facto social justice organization. However, we are compromised when we cannot pay just wages or adequately maintain our buildings. Failure to address the grossly underfunded NYSSHP contracts will ultimately result in HSI's becoming a part of the problem and not part of the solution.

A Plea to Convert NYSSHP Funding to ESSHI Funding

We recognize and appreciate your commitment to addressing the state's affordable housing crisis, but we have been disappointed that the supportive housing system — a critical element in New York's housing ecosystem - has been thus far left out of the discussion. We implore you to consider including our proposal for bringing NYSSHP out of the dark ages in the 2024-25 state budget by bringing funding equity to the supportive housing system, preserving essential programs and units statewide.

We stand ready to serve as a resource and to join you in advocating for this much needed and reasonable shift that will make a significant difference in the lives of thousands of New Yorkers.

Thank you for your time and consideration.

Sincerely,

James Dill

James Dill

Executive Director-Housing and Services, Inc.