



New York State Senate and Assembly Joint Budget Hearing on Housing

Testimony Submitted by the Supportive Housing Network of New York February 14, 2024

Thank you, Chairs Weinstein and Krueger, as well as the Housing Chairs, Rosenthal and Kavanaugh for championing supportive housing and the fight to save the first generation of supportive housing by addressing a major gap in services funding.

Of necessity, supportive housing touches many different state agencies and budgets, because housing and services must combine to make the model work.

Our proposal to fix the antiquated New York State Supportive Housing Program (NYSSHP) in the OTDA budget by means of transforming it to the State's current program, Empire State Supportive Housing Initiative (ESSHI), dovetails with housing.

ESSHI has been a tremendous driver of supportive housing development in the state, with over 8,000 units open or in construction at the halfway point of the state's 15-year commitment to develop 20,000 new supportive housing units. ESSHI embedded important lessons learned during the evolution of supportive housing in New York, allocating up to \$25,000 per unit to cover both social services and rental assistance. Unfortunately, NYSSHP, a groundbreaking supportive housing program when it was created in 1987, has been left behind. NYSSHP provides only service funding, at an annual rate of just \$2,736 for individuals and \$3,672 for families.

Supportive housing is a critical tool in the fight against homelessness, which is increasingly urgent, as the number of unhoused people in our state continues to rise. According to the [U.S. Department of Housing and Urban Development](#), there was a 39.1% annual increase in people experiencing homelessness last year, with 103,200 total people without a permanent place to sleep on a given night in 2023. This increase builds on top of double-digit annual percentage increases for the last fifteen years.

We fully support the State's efforts to increase the development of supportive and affordable housing, but the State must also focus on the preservation of the existing portfolio, particularly

NYSSHP, to ensure that new production is a net addition to our housing stock and not simply a replacement.

NYSSHP touches over 20,000 units of supportive housing across the state. In 2024, with essentially the same per unit budget available as in 1987, NYSSHP is the sole services funding source for 9,000 households in supportive housing. We have also identified that about 7,000 of these 9,000 units lack a dedicated source of rental assistance, severely hampering their operating budgets and often leading to deferred maintenance. Major capital needs for NYSSHP programs include roof replacement, boiler replacement, energy efficiency upgrades, HVAC and plumbing upgrades, façade repairs, and appliance and fixture replacement, and more.

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 among supportive housing units across New York. This proposal would modernize an antiquated funding model, delivering results for thousands of tenants and overstretched staff.

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.

Of particular relevance to this committee is NYSSHP’s relationship to the [Supportive Housing Preservation Program](#) capital funding under NYS Homes and Community Renewal (HCR). The goal of this program is to preserve 3,000 units of supportive housing in five years. Currently, NYSSHP programs are struggling to access this capital funding to make repairs and upgrades to their mostly State-funded buildings, many of which are decades, if not centuries, old. Without this conversion from NYSSHP to ESSHI rates, the long-term underwriting for these preservation deals very rarely works. In fact, only one residence has received funding to date, almost a year after HCR released the term sheet. Both tenants and staff pay the price of leaky roofs, faulty elevators, and outdated facilities that are not handicapped accessible.

Systemic underfunding of NYSSHP has put vulnerable individuals and families – disproportionately Black people and people of color with disabling conditions: often more than one. They have survived domestic violence, served in our military, returned from incarceration, cope with trauma. A significant proportion struggle with complex mental health challenges and the often-deadly consequences caused by the increase of fentanyl in the illicit drug supply. Chronic underfunding has also exacerbated an already significant staffing shortage, as supportive housing programs are unable to compete with higher wages available at big box stores and fast-food restaurants. Across our sector, supportive housing staff vacancies hover between 20 and 30%. Low wages and related staffing issues have left one NYSSHP-funded residence for survivors of domestic violence with a single case manager for 56 adults and children.

Finally, it is imperative that the state ensures that existing supportive housing is well run and well maintained as it embarks on expanding supportive and affordable housing. A reputation for quality housing is vital in efforts to work with communities on new development.

Affordable Housing Insurance

Skyrocketing insurance costs are a major risk to the supportive housing community. We support language in the Governor's Executive Budget that prohibits insurance companies from discriminating against affordable housing and tenant source of income in offering or renewing insurance policies or setting rates. Affordable and supportive housing must not be treated differently simply because it serves low- and moderate-income households. Unfortunately, it is clear from our work around the State that this type of discrimination remains common.

We recommend that the proposed language be amended to make clearer that both property and liability insurance are covered by the provision. Additionally, it will be important for this change in the law to come with penalty and enforcement language so that the costs of noncompliance are clear to insurance companies and to the NYS Department of Financial Services (DFS) as regulator.

Additionally, we urge caution that this anti-discrimination measure – while vitally important – is not the full solution to problems of insurance in affordable housing. Policies are simply too expensive. The high costs of premiums, rising deductibles and increasing exemptions are threatening the delivery of new affordable housing and are a serious existential threat to the existing portfolio, which is already carefully underwritten to cost standards that simply are not the reality anymore.

There will need to be solutions that target high costs through a combination of funding mechanisms, expanding the insurance marketplace and addressing root causes of high costs. We look forward to engaging with the Legislature in the near future about ideas that tackle this very serious issue.

Housing Access Voucher Program

The Network supports the Housing Access Vouchers Program (HAVP) as a critical tool to keep New Yorkers stably housed and address rising homelessness. Its passage and funding at \$250 million would be immediately impactful in many areas of the state without sufficient rental assistance.

About the Supportive Housing Network of New York

The Network is a membership organization that represents more than 200 nonprofits that develop and operate supportive housing. The Network was established in 1988 alongside the birth of the supportive housing movement. Thanks in part to our advocacy, the state is now home to approximately 60,000 supportive housing units