



**New York State Senate and Assembly Joint Budget Hearing on  
Human Services**  
**Testimony Submitted by Pascale Leone, Executive Director**  
**Supportive Housing Network of New York**  
**February 5<sup>th</sup>, 2025**

Thank you, Chair Pretlow, Chair Krueger, and members of the Legislature. My name is Pascale Leone, and I am the Executive Director of the Supportive Housing Network of New York.

The Network is the state's only membership organization representing more than 200 nonprofit providers that develop, operate, and deliver services in supportive housing across every region of New York. Our members collectively provide permanent, deeply affordable homes paired with voluntary, on-site services to more than 64,000 households statewide.

Supportive housing is one of New York's most effective tools to end homelessness – and today it is facing an existential threat. While much of that threat is being driven largely by federal instability, the power to protect New Yorkers most at risk of returning to homelessness lie squarely within the State's control.

At this critical moment, I am here with five urgent requests to stabilize New York's supportive housing system and protect tens of thousands of New York supportive housing homes:

- 1. Include a \$62.1 million increase for the New York State Supportive Housing Program (NYSSHP) in the SFY 2026-27 Budget, representing year two of a five-year plan to modernize and stabilize the state's first supportive housing program;**
- 2. Adopt Article VII language authorizing automatic renewal of NYSSHP contracts, ending the requirement that contracts be competitively re-bid every five years and ensure continuity of services for tenants who rely on the stability of supportive housing;**
- 3. End the two-tiered rate disparities within ESSHI by fully aligning funding for existing programs with the higher rates recently approved for new ESSHI projects through an \$82 million increase in the SFY 2026–27 Budget, so that existing tenants receive the same level of support as those in future projects;**
- 4. Double the Homeless Housing Assistance Program (HHAP) to \$256 million and continue the \$25 million supportive housing stabilization set-aside, for a total of \$281 million, to preserve aging housing stock and respond to unprecedented capital demand statewide; and**

**5. Fund a 2.7% Targeted Inflationary Increase (“Just Pay”) to bolster rates and contracts for human services workers in the FY27 Executive Budget.**

**NYSSHP: The Foundation of Supportive Housing at Risk**

Created nearly 40 years ago and administered by the Office of Temporary and Disability Assistance (OTDA), NYSSHP is New York’s first supportive housing program. Today, it supports more than 20,000 units statewide, but about 9,700 of those homes are dangerously underfunded.

We are deeply grateful to Governor Hochul and the Legislature for last year’s historic \$17.8 million increase to NYSSHP – the largest in the program’s nearly 40-year history. That investment raised baseline rates to \$3,600 per year for individuals and \$4,740 for families and provided enhanced funding rates of \$6,000 per year for individuals and \$7,800 for families to a subset of especially vulnerable programs.

While we are grateful for this progress, these rates still fall dramatically short when compared to modern supportive housing programs like ESSHI, which fund services and operating costs at approximately \$31,000 per unit upstate and \$34,000 per unit in the New York City metropolitan area.

This disparity is unsustainable.

Providers awarded the enhanced rates are using this funding exactly as intended: to stabilize programs, protect tenants, and shore up a workforce stretched to the breaking point after decades of underinvestment. Members report that enhanced rates will enable them to hire and retain essential staff and increase base pay for direct service workers – including case managers, resident assistants, medical case managers, cooks, maintenance, housekeeping, and facilities staff. These investments will help reduce turnover, maintain continuity of care, and ensure that tenants receive consistent, high-quality support.

Providers are also investing in non-personnel costs that directly impact tenant safety and community well-being, such as improved lighting, security cameras, and other building security measures. Others are finally able to address long-deferred maintenance and critical repairs that had been absorbed at a loss due to restrictive budgets and limited eligible expenses under NYSSHP. Some are using the funding to stabilize utilities and administrative costs, allowing programs to function sustainably without diverting resources away from services.

These investments matter. But they do not erase decades of structural underfunding.

Since 2003, approximately one-third of NYSSHP-only programs have been lost due to mergers, downsizing, or outright closure. Most recently, in St. Lawrence County, THRIVE Wellness and Recovery announced the closure of 27 NYSSHP-funded single-room units and the sale of 32 family

units after sustaining more than \$1.2 million in losses since 2020. Similar stories are unfolding in every region of the state.

Without further action, more closures are inevitable.

NYSSHP also remains structurally misaligned with modern supportive housing programs. Operating expenses are capped at 20 percent – unlike ESSHI, which allows full flexibility. Also, unlike ESSHI, NYSSHP has no annual contract escalators and requires providers to undergo an administratively-heavy competitive re-bid process every five years.

This crisis is unfolding amid unprecedented federal instability. Recent actions by the U.S. Department of Housing and Urban Development targeting the Continuum of Care program have placed nearly 14,000 New York households at risk of losing the rental assistance and operating support that keep them stably housed. Although a federal court has temporarily blocked these actions, confusion and uncertainty remain, and by design.

NYSSHP and CoC funding have significant overlap. Approximately 4,410 NYSSHP households, spread across 69 buildings statewide, also rely on federal CoC funds for rental assistance and operations. Any disruption to this funding compounds the already severe underfunding of New York's oldest supportive housing program and creates an existential risk for tenants, landlords and nonprofit providers.

To prevent further loss of irreplaceable homes, we urge the Legislature to:

1. Invest \$62.1 Million in NYSSHP to protect nearly 10,000 supportive housing homes statewide, move NYSSHP toward parity with modern programs, and help to prevent further closures and loss of affordable housing.
2. Transition NYSSHP to renewable contracts, ending the competitive RFP cycle and moving to automatic renewals to ensure service continuity and reduce administrative burden.
3. Allow flexibility across services and operations allowing NYSSHP providers to deploy funding where it is most urgently needed whether for staffing, operating costs, or tenant support to ensure program stability and effectiveness.

## **Empire State Supportive Housing Initiative (ESSHI): Align Rates for Existing Programs**

Launched in 2016, the Empire State Supportive Housing Initiative (ESSHI), is New York State's current supportive housing program, created to develop 20,000 new units of supportive housing across the state in fifteen years. ESSHI funds both rental assistance and onsite supportive services. Until last year, all ESSHI per-unit funding was capped at \$25,000 annually, with 2% annual increases, regardless of location or population served.

The SFY 2025-26 budget marked a critical and long-overdue step forward, with the first-ever increase to ESSHI rates: \$31,000 statewide and \$34,000 in the New York City metro area. We are deeply grateful to the Governor and the Legislature for recognizing the real costs of operating supportive housing today. But this progress applies only to new awards.

Thousands of existing ESSHI units – including hundreds of units currently under construction or approaching financial closing – remain locked into the outdated \$25,000 rate. These programs are increasingly operating at a deficit as costs for staffing, security, insurance, utilities, and maintenance continue to rise. At the same time, tenant incomes fluctuate, rent contributions decline, and a growing share of ESSHI funding is consumed by rental assistance, leaving fewer resources for services and building operations. The result is a two-tiered system that undermines both stability and fairness.

We are calling for an \$82 million investment in the SFY 2026–27 Budget to align funding for existing ESSHI programs with the newly approved rates, ensuring that existing tenants and providers are not left behind, and that supportive housing across New York can remain financially viable, safe, and effective.

## **Double Capital Funding in the Homeless Housing Assistance Program to \$256 Million**

Since 1983, the Office of Temporary and Disability Assistance's (OTDA) Homeless Housing Assistance Program (HHAP) has provided capital for emergency shelter, transitional, and permanent supportive housing. HHAP is often the sole funding source for emergency shelters and smaller supportive housing projects in rural areas. It also serves as the first funding source catalyzing a larger suburban or urban project, or as the last piece of a complex funding puzzle.

For two consecutive years, HHAP funding was exhausted within the first quarter of the fiscal year, pushing hundreds of potential supportive housing units another year away from opening. As construction costs have increased, the maximum per project HHAP award has gone up from \$10 million to \$15 million, enabling fewer overall projects. And as communities, especially upstate, try to move away from costly motels for providing emergency shelter, there is more demand on the funding.

We urge the Legislature to double HHAP to \$256 million and continue the \$25 million stabilization set-aside to preserve and protect at-risk projects statewide, for a total budget of \$281 million.

### **Fund a 2.7% Targeted Inflationary Increase (“Just Pay”)**

Human services workers – predominantly women and people of color – are the backbone of our supportive housing system. A 2.7% targeted inflationary increase, aligned with CPI, is a matter of basic fairness and workforce stability. The nonprofit sector is grateful to Governor Hochul and the Legislature for the inclusion of increases in your last four budgets – these increases have been essential in helping providers weather the multiple storms New York’s nonprofit workforce have endured over the years. Despite the progress that has been made, the sector remains on the brink due to rising costs with contracts that have remained stagnant, chronic underpayment, staff turnover from low salaries, and decades of divestment which has strained the human services sector and New York’s safety net infrastructure.

We are also calling for the inclusion of programs, like NYSSHP, that have been historically left out of typical budget increases in the past to ensure all state contracted human services programs receive this increase. We fully support Senator Persaud’s bill, S3669A, and hope to see its passage to address the historic inequities and help ensure that the NYSSHP program remains stable into the next generation.

### **A Moment of Choice**

Supportive housing works. It reduces homelessness, stabilizes communities, lowers costs to emergency systems, and saves lives. But it only works if we maintain it.

At a moment of federal volatility, New York has a choice: allow decades of progress to erode, or reaffirm its leadership by protecting the supportive housing system it built. The choices made in this budget will determine whether supportive housing remains a cornerstone of New York’s response to homelessness – or whether we allow decades of progress to erode.

On behalf of our members, our tenants, and the tens of thousands of New Yorkers who rely on supportive housing every day, we urge you to choose stability, equity, and dignity.

Thank you for the opportunity to testify. We look forward to continuing to work in partnership with the Legislature to ensure that no New Yorker loses their home due to federal neglect or state inaction.