



**New York State Senate and Assembly
Joint Session on
FY 2013-2014 Executive Budget for Mental Hygiene
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**Supportive Housing Network of New York
Maclain Berhaupt, State Advocacy Director**

Good afternoon. My name is Maclain Berhaupt, and I am the State Advocacy Director of the Supportive Housing Network of New York. The Network represents over 200 nonprofit providers and developers who operate over 45,000 supportive housing units throughout New York State, the largest supportive housing membership organization in the country.

Supportive housing – permanent, affordable housing linked to on-site services – is the proven, cost effective and humane way to provide stable homes to individuals and families who have difficulty finding and maintaining housing. 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. Because placement into supportive housing has been proven to reduce use of these services, 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 academic studies.

Thank you for the opportunity to testify today. I would like to take the time to talk about two specific issues related to permanent housing for people with psychiatric disabilities: the Medicaid Redesign Team Supportive Housing fund and the OMH Supported Housing rates.

Medicaid Redesign Team Supportive Housing Program

The cost-effective supportive housing model has been proven to decrease vulnerable New Yorkers' use of expensive emergency interventions, including institutionalization and inpatient care funded by Medicaid. Accordingly, the state's Medicaid Redesign Team has made supportive housing a major component of its redesign efforts as a way to both address chronic homelessness as well as lower costs. They recognized that if a Medicaid patient doesn't have access to adequate housing they are far more likely to end up in an institutional setting which would greatly increase Medicaid and other costs.

For that reason, last year, thanks to the leadership of the Governor and the Legislature, the state developed a supportive housing program targeted for high cost, high need Medicaid members who require supportive services to live independently. In SFY 2012-13, the Legislature allocated an annual appropriation of \$75 million to this program which in the first year alone is expected to build and operate approximately 4600 supportive and supported housing units for this target population. Approximately \$47 million is expected to be awarded by the end of this fiscal year through the NYS Office of Temporary & Disability Assistance and Homes & Community Renewal which will fund capital for building approximately 460 congregate units of supportive housing across the state. An additional \$28 million has been awarded from multiple state agencies to support operating and services expenses for approximately 4200 units of scattered site supported housing units across the state again targeted for high-cost Medicaid users. This includes \$10 million from the Office of Mental Health to support the operating and services expenses for 700 units of supported housing for single individuals with mental illness who are high cost Medicaid users.

This year, the Governor's Executive Budget is proposing to fund this program at \$91 million which includes an increase in the baseline funding and additional funding from the Supportive Housing Development Reinvestment Program. As you might recall, this program was also established in SFY 2012-13 by the Legislature as a formal mechanism to set aside a portion of Medicaid and non-Medicaid savings related to any reduction of inpatient hospital, psychiatric center or nursing home capacity to a fund dedicated to supportive housing development. In its first year, the state has seen a total of 223 hospital bed closures and 60 nursing home bed decertifications and closures. The Executive Budget is proposing to reallocate the \$3.8 million saved from these closures and reinvest that into supportive housing.

The Network, along with twenty-eight other stakeholders was part of an advisory subcommittee of the Affordable Housing Workgroup charged with making recommendations for the SFY 2013-14 MRT Supportive Housing Program spending plan. The subcommittee presented its recommendations to the Affordable Housing Workgroup last week and the Department of Health issued a final allocation plan on Monday.

This years allocation plan will not only reallocate the re-occurring funding for the scattered site supported housing programs mentioned earlier but will also allocate \$36 million in capital development funds for new supportive housing targeting high-Medicaid users and \$24 million for seven new innovative supportive housing pilot programs to demonstrate additional ways the state can recoup more Medicaid savings. These seven programs include:

- **Health Homes Supportive Housing Pilot** - \$5 million will support rent and service subsidies to supportive housing providers to house and serve unstably housed high cost Medicaid recipients. Funding would serve persons referred from Health Homes.
- **Step-Down/Crisis Residence Program** - \$4 million will support capital and operating funding to allow for a specified number of existing community residential service providers to convert a certain number of beds into crisis or step-down service units.
- **Nursing Home to Independent Living Rapid Transition** - \$5 million will support rent and service subsidies to offer individuals with mobility impairments or other severe physical disabilities an alternative pathway to community living.
- **OMH Supported Housing Services Supplement** - \$3 million will support rent and service subsidies to supplement OMH Supported Housing in order to provide necessary day-to-day continuity of place-based, wraparound support services through a flexible critical time intervention approach.
- **Homeless Senior Placement Pilot Project** - \$2 million will support rent and service subsidies to seniors currently residing within the shelter system. Funding will transition this population into the community.

- **Health Home HIV + Rental Assistance Pilot Project** - \$2 million will support rental assistance for homeless and unstably housed health home participants diagnosed with HIV infection but medically ineligible for the existing HIV-specific enhanced rental assistance program for New Yorkers with AIDS or advanced HIV-illness.
- **Senior Supportive Housing Pilot Project**- \$3 million will support capital and supportive services to enable low-income seniors to remain in the community.

As a member of the MRT Affordable Housing Workgroup, the Network has witnessed the extensive multi-agency collaboration that has gone into awarding and allocating last year's funding and are confident this next year's allocation will prove to be even more successful. We have been extremely impressed with the dedication and steadfast ability of the agencies to set policy and implement this important program in a timely fashion to aid in the success of the other care coordination efforts the state is embarking on to lower costs and improve care.

The Network fully supports the SFY 2013-14 spending plan for the Supportive Housing Program and feels it is paramount to fulfilling the Medicaid Redesign Team's goal of expanding access to supportive housing for high needs/high cost Medicaid members. We urge the Legislature to support this program.

OMH Supported Housing Services & Operating Rates

The OMH Supported Housing Program provides funding for housing and services in scattered site apartments for individuals who have a serious and persistent mental illness and are ready to leave certified community residences; individuals discharge ready from psychiatric centers; and individuals who are currently homeless, living in shelters, depots or on the streets.

Current rates vary by region and range from \$8,254 in Upstate New York to \$14,654 in the metropolitan New York City area. These rates are meant to cover the cost of rent, operations and providing services to individuals living with mental illness to ensure their success living in the community. While these rates may have been adequate several years ago, today they unfortunately are not enough to cover both the cost of rent and the needed support services that make the supportive housing model successful.

For example, In New York City, rents have risen by 32% in just the last seven years; HUD puts the area 2012 Fair Market Rent on for efficiency apartment at \$1,183. In addition, when comparing the increases for OMH Supported Housing rates to the Consumer Price Index, we are 26% behind where we were in 1991. In our current contracts, the vast majority of contract funding goes for rent with next to nothing left for services. As you can imagine, supported housing without the services component is not an effective or sustainable model.

In December, the Network in partnership with the Association for Community Living conducted a survey to gage how the inadequate rates are impacting non-for-profits in the New York City region. Here is what the survey found.

Over the past 3 years due to insufficient funding levels:

- **57% of respondents have had increased difficulty with rent collection;**
- **50% of respondents have seen an increase in health and psychiatric related hospitalizations; and**
- **40% of respondents have seen an increase in eviction cases**

In addition, the non-for-profits have had to make significant undesirable changes to their programs in order to make ends meet 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 have decreased administrative costs;**
- **44% of respondents have increased client to staff ratio;**
- **42% of respondents are using fundraising to fill the gaps; and**
- **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, and feel that at the point that tenants are having more hospitalizations and are relapsing into homelessness more often, that the model has stretched to its breaking point.

By way of comparison, the Network would like to highlight the new OASAS Supported Housing Request for Proposal, that was just released in January and of which awards are expected to be announced this week. The per unit costs for this program is \$20,000 in NYS, a full \$5,346 (36%) more than OMH offers for essentially the same program. The Network applauds OASAS for adequately funding its Supported Housing Program.

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.

Conclusion

New York State has never wavered from steadily expanding its investment in supportive housing. Indeed, New York has led the nation in proving that supportive housing is the permanent solution for homelessness and other housing instability. It has helped New York State to reduce psychiatric inpatient and shelter beds, and decrease spending on expensive emergency Medicaid spending. It reduces public spending on emergency interventions without decreasing the quality of life for disabled people and the neighborhoods in which we live. State funds also leverage substantial private and federal funding in the fight to end chronic homelessness in New York State. And investment in supportive housing development creates jobs, business, growth and increased tax revenues. For all these reasons, I hope you will work with us to protect and increase the state's investment in supportive housing this year and in the future.

Thank you for this opportunity to testify.

Respectfully submitted by:

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Medicaid Redesign Team (MRT) Supportive Housing
Allocation Plan: 2013-14

Proposed Project	Funding Allocation	Project Description	Number of Units
Capital Funding	\$ 36,376,000	This project will provide capital funding to expand supportive housing units for high cost Medicaid populations. (HCR)	TBD
Subtotal	\$ 36,376,000		
Continue Rental/Service Subsidies from 2012-13			
New York State Supportive Housing Program (NYSSHP)	\$ 6,200,000	NYSSHP provides operating funding for supportive housing programs that serve homeless persons with disabilities such as mental illness, chemical dependency, and/or HIV/AIDS. (OTDA) This funding continues the 2012-13 commitment to ensure that individuals do not lose rental and service supports.	2500
Expansion of Existing Rental/Service Subsidies for persons with developmental disabilities.	\$ 1,800,000	Funding will be used to develop a full continuum of housing options which are community based and will relocate people with developmental disabilities currently living in certified settings into more independent, less restrictive housing options. These may include non-certified housing alternatives with supports as well as other evidenced based models and partnerships in housing alternatives. OPWDD will issue a Request for Services (RFS) to voluntary agencies statewide that would provide residential services. For service proposals that are approved, agencies would be required to develop support systems, and establish emergency on-call supports during hours when staff are not on duty. These units would be developed statewide where multi-family housing exists. (OPWDD) This funding continues the 2012-13 commitment to ensure that individuals do not lose rental and service supports.	180
OASAS Rental Subsidies	\$ 5,000,000	Funding will be provided statewide to fund rental subsidies with intensive case management, job development and counseling services and clinical supervision of direct service staff. Funding will be directed to single adults who are high-cost Medicaid consumers and are chronically addicted and homeless or at risk of becoming homeless. (OASAS) This funding continues the 2012-13 commitment to ensure that individuals do not lose rental and service supports.	410
AIDS Institute Rental Subsidies	\$ 2,380,000	Funding will provide long-term tenant based rental assistance and/or supportive housing services. Program recipients may receive a rental subsidy as necessary, and be assisted to secure and maintain safe affordable housing by a supportive housing counselor. Supportive housing counselors will assist Health Home care management personnel maintain connections to housing clients, identify potential medical and psychosocial issues to minimize harmful consequences and promote rapid problem resolution. (DOH AIDS Institute) This funding continues the 2012-13 commitment to ensure that individuals do not lose rental and service supports.	125
OMH Rental Subsidies - Brooklyn	\$ 5,072,000	Funding will be provided to develop up to 350 units of supported housing in Brooklyn for single individuals with a mental illness who are high cost Medicaid recipients. (OMH) This funding continues the 2012-13 commitment to ensure that individuals do not lose rental and service supports.	350

Proposed Project	Funding Allocation	Project Description	Number of Units
OMH Rental Subsidies - Statewide	\$ 5,072,000	Funding will be provided to develop up to 350 units of supported housing statewide for single individuals with a mental illness and single adults with mental illness and substance abuse. (OMH) This funding continues the 2012-13 commitment to ensure that individuals do not lose rental and service supports.	350
NYC OTDA Disability Housing Subsidy Program	\$ 2,600,000	Funding will be used to pay for ongoing rent subsidies for 300 formerly homeless persons with disabilities who are facing imminent eviction in New York City. (OTDA) This funding continues the 2012-13 commitment to ensure that individuals do not lose rental and service supports.	300
Nursing Home Transition and Diversion Funding	\$ 2,500,000	Funding will support individuals currently accessing rental subsidies through the State's Nursing Home Transition and Diversion (NHTD) Program.	
Subtotal	\$ 30,624,000		
New Supportive Housing Pilot Projects			
Health Homes Supportive Housing Pilot	\$ 5,000,000	Funding will support rent and service subsidies to supportive housing providers to house and serve unstably housed high cost Medicaid recipients. Funding would serve persons referred from Health Homes.(DOH)	500
Step-Down/Crisis Residence Capital Conversion	\$ 4,000,000	Funding will support capital and operating funding to allow for a specified number of existing community residential service providers to convert a certain number of beds into crisis or step-down service units. (OMH)	TDB
Nursing Home to Independent Living Rapid Transition	\$ 5,000,000	Funding will support rent and service subsidies to offer individuals with mobility impairments or other severe physical disabilities an alternative pathway to community living. (DOH)	TDB
OMH Supported Housing Services Supplement	\$ 3,000,000	Funding will support rent and service subsidies to supplement OMH Supported Housing in order to provide necessary day-to-day continuity of place-based, wraparound support services through a flexible critical time intervention approach. (OMH)	TDB
Homeless Senior Placement Pilot Project	\$ 2,000,000	Funding will support rent and service subsidies to seniors currently residing within the shelter system. Funding will transition this population into the community. (OTDA)	TDB
Health Home HIV + Rental Assistance Pilot Project	\$ 2,000,000	Funding will support rental assistance for homeless and unstably housed health home participants diagnosed with HIV infection but medically ineligible for the existing HIV-specific enhanced rental assistance program for New Yorkers with AIDS or advanced HIV-illness. (DOH AIDS Institute)	TDB
Senior Supportive Housing Pilot Project	\$ 3,000,000	Funding will support capital and supportive services to enable low-income seniors to remain in the community. (DOH)	TDB
Subtotal	\$ 24,000,000		
Total	\$ 91,000,000		