Center for Disability Rights, Inc.

The Center for Disability Rights' Testimony to the Joint Senate Finance and Assembly Ways and Means Committees Hearing on Housing

February 3, 2010

The Center for Disability Rights, Inc. (CDR) is a non-profit service and advocacy organization devoted to the full integration, independence and civil rights of people of all ages with all types of disabilities. With services in 13 counties in New York State and offices in Rochester, Corning, Geneva, Albany and New York City, CDR represents the concerns of thousands of people with disabilities.

For decades, disability advocates have urged the State to end the institutional bias that forces people with disabilities into unwanted nursing facility and other institutional placements. It has been a decade since the landmark decision in the 1999 U.S. Supreme Court case in *Olmstead* that affirmed a person's civil right to live and receive services in the most integrated setting. In 2010, it would be unconscionable to segregate people based on ethnicity or creed, yet we continue to segregate people based on disability. If the State were to establish funding streams and programs to serve Japanese-Americans – citing that it is easier to serve all Japanese-Americans in the same housing and, besides, they prefer to be with other Japanese-Americans – there would be protests in the streets. Yet, the State continues to condone government-imposed segregated housing for people with disabilities. Numerous studies have identified the housing barriers for people with disabilities, yet New York State continues to make only tiny, incremental changes – leaving the accessible, affordable, integrated housing stock far short of the need.

The Center for Disability Rights has identified critical housing proposals in the Executive Budget that impact people with disabilities and has provided our position on the proposals below.

Housing Proposals in Exec Budget that Impact People with Disabilities

Oppose

(1) Oppose: OMRDD's community residential programs

OMRDD is proposing several residential program initiatives. CDR supports their plan to downsize and ultimately eliminate *Developmental Centers* through 2013. However, moving people from large institutions into smaller institutions, such as "community-based" group homes, is not the direction the State should be heading. All people, with any or no disability, have the civil right to live in their own home. The proposed additional 144 state and nonprofit residential opportunities must include supports for fully integrated, accessible, affordable housing. Similarly, the expansion of the *NYS Creating Alternatives in Residential Environments and Services (NYS-CARES) Program* is another example of the State investing significant monies ($15M in this budget) into group homes, which are small institutional settings, when the funds should be redirected to supporting people with disabilities in their own, fully integrated homes.

We do support the expansion of the at-home residential habilitation services, which is a component to this proposal. [Agency Presentation, OMRDD]

(2) Oppose: Cuts to Rural Rental Assistance Program (RRAP)
This is a rental subsidy program for low income people and seniors in upstate New York who live in properties financed through the U.S. Department of Agriculture's "515" program. RRAP was cut by nearly $1M in the Deficit Reduction Program and the Executive Budget does not restore these cuts, which pose serious threats to existing tenants. Rural Rental Assistance general fund appears to be reduced by nearly $600K. [Agency Presentation, DHCR]

Support

(3) Support: Continued funding of the NHTD housing subsidy and TBI housing subsidy
The Department of Health has continued to commit to funding the housing subsidies administered through the NHTD and TBI waivers. For people with disabilities, accessible, affordable, integrated housing is a primary barrier to transferring to and remaining in the community. The State can expand home and community-based waivers, but without appropriate housing, no person will be able to receive services in the community.

(4) Support: Continued commitment of $4M from DHCR internal monies for *Access to Home* - though no additional funds in Executive Budget
Despite no additional commitment from the Executive, the Division of Housing and Community Renewal will continue to support the Access to Home Program, which is essential for providing home modification funds to owners to accommodate person's who require accessibility modifications.

(5) Support: Increased funding for the State Low Income Housing Tax Credit (SLIHC)
The budget proposes an additional $4m for the SLIHC, totaling $40m over the next ten years. The SLIHC is a critical affordable housing program, assisting households that are at or below 90% of the area median income - which is less restrictive than the Federal program set at 60% or below of AMI. In recent years, the SILHC has also added emphasis on the creation of accessible housing. Securing accessible, affordable, integrated housing is one of the primary barriers for community integration for people with disabilities. NYS must protect and enhance its affordable housing programs. [Agency Presentation, DHCR]

(6) Support: OMH will close 8 Adult Inpatient Wards
OMH will close eight wards and shift the staff of six of the wards to less costly community-based settings and convert the other two wards to a less staff-intensive outpatient residential care to support transition to community. The State projects a $9M savings in 2010-11 and $18M in 2011-12. The decision from the federal district court in the adult home ruling in *DAI v. Paterson* affirmed that adult homes are not the most integrated setting appropriate for individuals and are in violation of the 1999 U.S. Supreme Court decision of *Olmstead.* [S.6608/A.9708 Part H]

The *DAI v. Paterson* ruling required the State to develop a plan to expeditiously transition the 4300 residents of the adult homes in NYC. According to our friends at the New York Association for Psychiatric Rehabilitation Services (NYAPRS), "A portion of savings from delays in bed development begun in 2009-10, as well as proposed actions in this year's budget, are being reinvested pursuant to a proposed multi-year remedial plan in response to a Federal district court decision. This remedial plan would provide additional OMH supported housing for individuals leaving adult homes. The remedial plan would provide additional funding of $1 million in 2010-11 to begin assessments of current residents, with funding of $20 million annually in five years to be used for 1,000 additional supported housing units, education, skills development, and ongoing reviews of remaining adult home residents. *(2010-11 Investment: $1 million; 2011-12 Investment: $4 million).*" CDR supports these actions by the State toward ending segregation and discrimination of people with disabilities.

It is clear that there is a housing crisis for people with disabilities. According to the last Most Integrated Setting Coordinating Council (MISCC) Annual Report submitted to the Governor on December 16, 2008,

> "The number of renter and owner households in NYS that report mobility or self-care limitations is 1.27 million, of which 756,815 households (about 60 percent) are low-income renters and owners. Among these, there are 390,925 Extremely Low and Very Low Income renter (73%) and owner households with housing problems. Indeed 60 percent to 80 percent of these owner and tenant households experience high housing cost burdens relative to their incomes and/or have housing that is in poor condition."

These numbers are staggering. People with disabilities comprise a significant portion of the population and without accessible, affordable, integrated housing they will be unnecessarily forced into costly institutions. The following proposals are intended to provide real solutions for the State to provide accessible, affordable, integrated housing.

Extending beyond the proposals in the Executive Budget, CDR would like to briefly address the state level housing issues that impact people with disabilities. Often, it is not about new monies, but redirecting existing State funds to support people in the community.

Accessible Housing

A disability only manifests in the presence of an inaccessible environment. In other words, a wheelchair user has a disability, but mobility is only impaired when he or she is faced with stairs or narrow doorways. If we modify the physical space to make it accessible and usable by everyone, then the impact of disability diminishes or disappears. Therefore, accessibility should be a priority objective for the State.

The State should ensure that all housing that is constructed with HUD funding must meet these basic accessibility requirements.

Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Amendments Act of 1988 prohibit disability discrimination in housing. Section 504 of the Rehabilitation Act covers federally funded construction and the Fair Housing Amendments Act addresses accessibility in private residential buildings. Federally funded projects must provide at least 5% of units fully accessible and "move-in ready" for people with physical disabilities and at least 2% of the units accessible for people with sensory disabilities. Privately funded new construction must meet seven specific access requirements, and existing multi-family housing must allow reasonable modifications at the resident's expense.

The State should ensure that all housing that is constructed with HUD funding must meet these basic accessibility requirements.

The State should establish a requirement that local housing authorities maintain a waiting list of eligible applicants with disabilities.

In addition, local housing authorities should maintain a waiting list of eligible applicants with disabilities so that when an accessible unit becomes available, there is an eligible applicant with disabilities ready to rent the unit (Federal regulations 24 CFR §8.27). This means that housing authorities are responsible for conducting outreach to income-eligible persons with disabilities. The State should continue to rate projects on how they propose to set-aside units for people with disabilities, as well as market and occupy the accessible units.

The State should develop a system to identify and rectify violations of 504 and Fair Housing across the state as well as ensure that private builders make reasonable modifications.

The State should create a modification fund by fining violators of federal and state mandates.

Although these federal laws are in place, there is little enforcement by state and local governments. According to HUD, "Only slightly more than half of Americans know that it is illegal for landlords to refuse to make reasonable accommodation for persons with disabilities or to permit reasonable modification to a housing unit" (*How Much Do We Know: Public Awareness of the Nation's Fair Housing Laws.* Washington, D.C.: U.S. Department of Housing and Urban Development, M. Abravanel and M. Cunningham 2002). The State must ensure that private builders publicize the rights of consumers to have reasonable modifications. The system is complaint-driven: if no complaint is filed, then the local housing authorities, and ultimately DHCR, are not aware of accessible housing violations. Another recurring problem is that builders receive funding for meeting accessibility standards but do not market or reserve the accessible units for people with disabilities in accordance with federal regulations, Title 24 CFR § 8.27. Recognizing that the former lottery system for distributing subsidized units was insufficient, DHCR changed the policy so that accessible units must be marketed and reserved for eligible people with disabilities; however, there are still violations of this policy. The State should develop a system to identify and rectify violations across the state with both new construction and alterations. The State should create a modification fund by fining violators of federal and state mandates.

Home Modifications

The State should [illegible]

The fact remains that there is not enough accessible housing stock to meet the needs of seniors and people with disabilities and home modifications can be very costly. DHCR's *Access to Home* is one of the only targeted state programs that provides funding for home modifications (outside of the Medicaid waivers and the vocational rehab program); however it is only available to property owners, not renters. This is a problem. The State should reform this program so all people in need are eligible to apply directly to this program. Access to Home operates as a loan program with a trigger mechanism that requires that people with disabilities, whether owning or renting, remain in the unit for a certain period in order for the loan to the owner be forgiven. This requirement is deterring landlords – ultimately hurting the person with a disability who requires the modification. The State should change the program to allow landlords to avoid re-payment obligations, within the window that triggers re-payment, if they successfully establish that tenants with disabilities have left voluntarily or were evicted for neutral, non-discriminatory reasons. According to DHCR's recent *New York State Action Plan 2010*, "a Notice of Funding Availability (NOFA) was issued in January of 2009 announcing $4 million in funding under the Access to Home Program. Sixty-two applications were received requesting a total of $22 million and twenty-two applications were funded." In other words, more than five times the amount of funding was requested than was available. Access to Home is one of the most important housing programs to people with disabilities and yet it is also one of the most underfunded. **The State should increase funding levels in DHCR's proposed program budgets because there is a significant unmet need for modification funding.** In addition, using CDBG program funds, the State could also provide grants to local housing authorities for environmental modifications (e.g. grab bars or ramps).

The State should increase funding level for Access to Home because there is a significant unmet need for modification funding.

Visitability

The State must use every opportunity to encourage that construction incorporates concepts of visitability.

The ultimate goal of visitability is to ensure usability by *all people*, to the greatest extent possible, without the need for adaptation or specialized design. The State must use every opportunity to encourage that construction incorporates concepts of visitability in all forms and sizes of housing that are not otherwise mandated to apply stricter accessibility standards. According to federal guidelines (NOTICE PIH - 2010-2 (HA)) issued January 5, 2010 by the U.S. Department of Housing and Urban Development's Office of Public and Indian Housing, *Non-Discrimination and Accessibility for Persons with Disabilities*, "Visitability also expands the availability of housing options for individuals who may not require full accessibility. It will assist PHAs [public housing authorities] in making reasonable accommodations and reduce, in some cases, the need for transfers when individuals become disabled in place. Visitability will also improve the marketability of units."

The State should focus its efforts on making new units accessible because building visitable units is far more cost-effective than rehabbing existing units.

The State should focus its efforts on making new units accessible because building visitable units is far more cost-effective than rehabilitating existing units to meet accessibility standards. The aging community has joined the disability community in advocating for visitable homes as part of the "age in place" movement, which emerged from research that found that 90% of people over 65 prefer to remain in their own homes to receive long term care (*Accessibility and Visitability Features in Single-family Homes: A Review of State and Local Activity*. AARP, Kochera. March 2002). Visitable homes are homes that have enough access to make them usable, comfortable and safe for everyone—residents and visitors, with or without disabilities. According to the Low Income Housing Credit program (LIHC) QAP, projects that receive funding must meet visitability standards. While this is commendable, more needs to be done. The State should establish a State Visitability Tax Credit program comparable to the Federal Low Income Housing Credit program to specifically increase the accessible housing stock in the state.

How do people with disabilities on SSI fare in housing programs?

For an Individual Living Alone in New York State	
$43,920	80% of the lowest AMI in NYS (Low Income)
$27,450	50% of the lowest AMI in NYS (Very Low Income)
$16,470	30% of the lowest AMI in NYS (Extremely Low Income)
$10,830	Federal Poverty Level (FPL)
$9,132	Supplemental Security Income (SSI)

$5,652 *2009 Fair Market Rent for a Studio in Fulton County (lowest FMR in NYS)*

Affordable Housing

Many people with disabilities live on low, fixed incomes and cannot afford the current costs of housing that would allow them to live in the community and receive services. Existing subsidized housing is subject to long waiting lists, forcing many individuals into nursing facilities at far greater cost to the State. Supplemental Security Income (SSI) is a federal program designed to assist low income people with disabilities in meeting their basic needs for clothing, food, and shelter. In 2010, thresholds continue to exclude people living on SSI from qualifying. In many cases, "affordable" housing is not affordable to people living on SSI. They are, in a very real sense, too poor to qualify for assistance. For example, if rental assistance to very low income households is available to those at 50% of the area median income (AMI), then individuals with disabilities who receive SSI would not be eligible because they fall below 17% of the *lowest* AMI in NYS.

An average of 141.4% of SSI is needed to rent a one-bedroom apartment in New York State.

The State needs to shift its spending to support people in the community.

According to the most recent Technical Assistance Collaborative, Inc. (TAC) report, *Priced Out in 2008*, an average of 141.4% of SSI is needed to rent a one-bedroom unit and 129.4% of SSI is needed to rent a studio apartment in New York State. (See accompanying county analysis.) Thus, a person with disabilities cannot afford to live in the community on SSI alone. In addition, due to Medicaid requirements that transfer almost all of an individual's monthly SSI payment to the nursing facility, people living in institutions do not have sufficient means to save deposits needed to relocate back into the community. According to the TAC report, "TAC estimates that nationally, more than $1 billion each year is spent on state SSI supplements for people living in segregated congregate care facilities - money that could and should be spent on integrated rental housing in the community" (*Priced Out in 2008: The Housing Crisis for People with Disabilities.* Emily Cooper, Henry Korman, Ann O'Hara, and Andrew Zovistoski. Technical Assistance Collaborative, Inc. and the Consortium for Citizens with Disabilities, Housing Task Force. April 2009.) This is not about generating new monies. The State needs to shift its spending to support people in the community.

Percent of SSI needed to rent a studio apartment in NYS

County	% SSI for Studio	County	% SSI for Studio
Albany	90.10%	Niagara	78.90%
Allegany	72.70%	Oneida	78.70%
Bronx	143.30%	Onondaga	81.90%
Broome	76.20%	Ontario	77.50%
Cattaraugus	73.60%	Orange	101.90%
Cayuga	78.90%	Orleans	77.50%
Chautauqua	74.50%	Oswego	81.90%
Chemung	83.40%	Otsego	77.80%
Chenango	74.20%	Putnam	143.30%
Clinton	83.70%	Queens	143.30%
Columbia	91.50%	Rensselaer	90.10%
Cortland	79.80%	Richmond	143.30%
Delaware	75.20%	Rockland	143.30%
Dutchess	101.90%	Saratoga	90.10%
Erie	78.90%	Schenectady	90.10%
Essex	78.80%	Schoharie	90.10%
Franklin	72.20%	Schuyler	80.00%
Fulton	61.80%	Seneca	84.80%
Genesee	86.30%	St. Lawrence	73.60%
Greene	78.90%	Steuben	78.10%
Hamilton	79.60%	Suffolk	152.30%
Herkimer	78.70%	Sullivan	80.70%
Jefferson	82.30%	Tioga	76.20%
Kings	143.30%	Tompkins	100.60%
Lewis	73.50%	Ulster	97.50%
Livingston	77.50%	Warren	79.20%
Madison	81.90%	Washington	79.20%
Monroe	77.50%	Wayne	77.50%
Montgomery	73.50%	Westchester	152.60%
Nassau	152.30%	Wyoming	75.90%
New York	143.30%	Yates	77.90%

According to the 2009 3rd Quarter report of the Minimum Data Set (Q1A) from the Centers for Medicare and Medicaid Services (CMS), there are currently 22,027 New Yorkers living in nursing facilities who indicated they wish to return to the community. Institutionalizing these individuals, despite the fact that they want to live in the community, costs over $2.5 billion. The NFTD Waiver was expected to have 5,000 enrollees by the end of year three. As of December 15, 2009, more than half way through year two, the waiver enrollment was 305 individuals, 30 on the housing subsidy. NYS could achieve significant cost savings by increasing utilization of the NFTD waiver and transitioning more individuals out of costly institutions and into community-based settings through an expedited enrollment process.

Integrated Housing

Segregation from the community is tied to historical biases regarding people with disabilities. Legislative history shows that people with disabilities have been viewed as everything from "unfit" to "dangerous" to a "detriment to normal society." Institutions have functioned as warehouses, isolating people away from society's eyes. Like people without disabilities, people with disabilities want homes that are integrated into the community's fabric—close to recreation, shopping, public transportation, etc. Community-based congregate living is just another form of segregation, often referred to as "crip-ghettos." Integration should be considered during the construction phase of all single- and multi-family housing developments because accessible units should not be clustered together, but rather dispersed.

The State must commit to shifting the locations where housing assistance can be used in order to increase integration.

According to the latest Fair Housing report, "The federal government's three largest federal housing programs (Section 8, public housing, and the Low Income Housing Tax Credit) serve more than 4.5 million families and yet do very little to further fair housing and, in some cases, work to create and/or maintain segregated housing patterns. These programs must be reoriented to focus, in part, on helping families move to less racially and economically segregated communities" (*The Future of Fair Housing: Report of the National Commission on Fair Housing and Equal Opportunity.* Prepared by the Leadership Conference on Civil Rights Education Fund, National Fair Housing Alliance, Lawyers' Committee for Civil Rights Under Law, and NAACP Legal Rights and Defense Fund. December 2008). The State must also heed this advice and commit to shifting the locations where housing assistance can be used in order to increase integration.

Because people with disabilities are viewed as "sick" and in need of treatment to be cured, housing options for people with disabilities have resembled medical centers rather than what most people would call a home. While supportive housing may be a desired component in the spectrum of housing options for some people, more emphasis is needed on funding for fully integrated housing that is delinked from services. Integration has meant different things to different stakeholders and State Agencies. It is essential to accurately define "home" and "community" for people with disabilities so the State can appropriately invest its resources into housing that people want.

Home. A home is not "home-like;" it is a real home with characteristics that match the home of anyone on the Senate Finance Committee or Assembly Ways and Means Committee. Services should be delinked from housing so that residents have a choice and are never forced to accept particular services from their housing provider. When someone conjures up images of a home, the following characteristics may come to mind. In a home, a person:

- is in complete control of all decisions and governance regarding the home;
- chooses who else resides in the home;
- is afforded privacy; and
- has full freedom of choice regarding activities while in and out of the home (i.e. bedtimes, meals, etc.) – each individual living in the home can have a completely separate schedule and those schedules are allowed to change at will

According to DHCR in the previous New York State Consolidated Plan for program years 2006-2010, "While many people with physical disabilities require supportive housing, or homeless assistance services, there are many others with physical disabilities who do not require such services, but are nevertheless in need of decent, safe and affordable housing." However, the State programs' funding does not reflect this statement in that they spend a disproportionate amount of money for housing linked to mandatory services.

Community. The key word associated with community is choice – who, what, and where. In a community:

- there are opportunities for persons with disabilities of all ages to have interaction with nondisabled people who are not paid to provide services;
- there are opportunities for persons with disabilities to do paid work that a nondisabled person would be paid to do if the disabled person were not hired; and
- the activities and settings are freely chosen by the individual (at least within constraints that are equally faced by all).

Nothing About Us Without Us

The State needs to ensure that people with disabilities continue to be at the table and a part of the whole process for any housing program that impacts people with disabilities.

"Nothing About Us Without Us" means that all phases of the development of housing programs for people with disabilities must include significant input from and collaboration with people with disabilities. The State has definitely visibly improved its efforts to include people with disabilities at the table. The State needs to continue to encourage these collaborations.

People with disabilities constitute the largest minority group and it is the only group that *anyone* can join at *any time*. The 1999 U.S. Supreme Court decision in *Olmstead* holds, under Title II of the Americans with Disabilities Act, that services must be offered in "the most integrating setting" appropriate to a person's needs. Accessible, affordable, integrated housing is critical to implementing the State's *Olmstead* obligations. As the Legislature works to develop a strong 2010-2011 budget, the State must focus its efforts on providing housing programs that promote the independence and integration of all New Yorkers with disabilities.

Testimony of David M. Muchnick, Coordinator, Housing First!
Submitted to the Joint Legislative Public Hearing on the FY2010-2011
Executive Budget for Housing, Albany, NY February 3, 2010
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Housing First! proposes an alternative to the Executive Housing Budget which would require only $33.5 million in cash to create 16,800 jobs by funding the construction and renovation of 16,000 affordable apartments and homes. The $33.5 million will use only four-hundredths of one percent – 0.039% – of the $84.7 billion in taxes and miscellaneous receipts the State expects to receive in FY10-11. The 16,800 jobs will restore 6% of the private-sector jobs the state has lost during this recession at an incredibly effective, first-year cost of $2,000 in State dollars per job.

We offer this alternative because – in the words of our late consultant Charles Dickens – for affordable housing in New York state, it is the "best of times" and the "worst of times."

It is the "best of times" because, since 2006, NY Homes, DHCR and the state's other housing programs have produced, preserved, weatherized and/or otherwise improved well over 86,000 affordable apartments and homes and provided mortgages to more than 12,800 first-time homebuyers.[1] And, in so doing, they have generated an immense expansion in the production capacity of the state's affordable housing community.

We applaud their accomplishments, and we thank the Assembly and the Senate for your leadership and support in making them possible.

Unfortunately, it is also the "worst of times." The state has lost 263,500 private-sector jobs since August, 2008. [2] Harsh new realities listed below beset millions of New York owners, renters, and homeless households. A developer's path through debt and equity markets has become a torturous gauntlet. And, the FY2010-11 Executive Budget for six State capital programs (Housing Trust Fund, Affordable Housing Corporation, Homes for Working Families, Homeless Housing Assistance Program, Public Housing Modernization and HOPE/RESTORE) is only $104.2 million .

FY2010-11's budget for these capital programs simply plugs in dollar amounts that were used in FY2002-03, 2003-04 and 2004-05 when unemployment, housing needs, and production capacity were all less and dollars were worth more. Today's $104.2 million is worth $87.4 million in 2002 dollars. And, because the $104.2 million will be bonded capital, it's actually a commitment to spend only $7 million in cash now and annually thereafter for debt service (assuming a $104.2 million bond at 5.35% for 30 years). This $7 million is merely eight-thousandth of one percent – 0.008% – of the $84.7 billion in taxes and miscellaneous receipts that DOB's FY2010-11 Five Year All Funds Financial Plan expects the State to receive in FY2010-11. Given this infinitesimal fraction, it should be possible to do more.

So, at this time when there is extreme unemployment and housing distress and when land prices, construction costs, interest rates are lower, we offer an alternative that is ... fiscally-responsible ... cost-effective ... and, responsive to the current plight of New Yorkers without jobs and in need of affordable homes and apartments.

The $33.5 million in spending represents the annual debt service from bonding out a proposed $500 million increase in funding for the State's housing programs. As stated, it is only 0.039% of

the $84.7 billion in taxes and miscellaneous receipts the State expects in FY10-11.

The full cost of the debt service, assuming a thirty-years bond at 5.35%, over would be $1 billion. This cost is likely to be covered by an estimated $1.4 billion in taxes and other revenues the State would receive from construction ($79 million) and from residents of the units ($34 million per year over the term of the financing).

At full $1 billion in debt service cost, the costs per job created would still be highly effective:

- $59,500 per job for the 16,800 jobs created during construction
- $5,980 per job for the cumulative impact of 167,800 jobs – 16,800 during construction plus 151,000 jobs sustained over the term of the financing due to consumer spending by residents of the units

Details of the proposed $500 million addition are included in the Housing First! Briefing Paper which is attached as part of this testimony. A summary follows.

The affordable housing community reached consensus on the proposed $500 million in additional State funding for affordable and supportive housing in the FY2010-11 budget in August, 2009. The Briefing Paper demonstrates that this addition can be a cost-effective, fiscally-responsible strategy to create thousands of private-sector jobs, leverage billions of dollars in new private investment, and enable thousands of New Yorkers to find apartments and homes they can afford.

The consensus proposes:

- **$391 million** for the state's five primary capital programs, Housing Trust Fund ($171), Affordable Housing Corporation ($70), Homes for Working Families ($30), Homeless Housing Assistance Program ($70), and Mitchell-Lama Preservation & All Affordable Housing ($50)
- **$ 99 million** for targeted programs including Public Housing Modernization ($30), HOPE/RESTORE ($10), Rural Area Revitalization ($12), Main Street ($14.5), Access to Home ($14.5), Infrastructure Development ($10), and, Urban Initiatives ($8)
- **$ 10 million** for non-capital programs that are necessary to make the capital and targeted programs work in many parts of the state, namely $6 million for Neighborhood and Rural Preservation Programs bringing them up to $22.62 million from the Enacted FY0910 Budget of $16.62 million, and $4 million for Rural Rental Assistance bringing it up to $20.06 million from the Enacted FY0910 Budget of $16.06 million. Neighborhood and Rural Preservation programs ($6) and Rural Rental Assistance ($4)

In brief, during the period of construction, the additional $500 million in capital is estimated to:

- produce and preserve 15,900 homes and apartments
- launch $2.4 billion in total development
- leverage $1.9 billion from other sources
- create 16,800 local jobs (of which 8,700 are in construction)
- generate $877 million in local wages and business income
- produce $79 million in taxes and revenue for the state

The immediate cost of these benefits to the State would not be $500 million because the funds would be bonded. The State's immediate cost would be:

- an estimated $33.5 million in annual debt service,
- an incredibly effective first-year cash cost of $2,000 per job for 16,800 jobs
- less than half of the estimated $79 million in taxes and revenue the state could receive during construction
- only four-hundredths of one percent (0.039%) of the $84.7 billion in taxes and miscellaneous receipts the state expects to receive in FY2010-2011

Even the full $1 billion cost of debt service over 30 years would be cost-effective in job creation and offset by substantial revenues and cost-savings for the State. At the full $1 billion in debt service, the costs per job-created would be:

- $59,500 per job for the 16,800 jobs created during the construction period (which still compares very favorably to the cost per job on infrastructure projects)
- $5,980 per job for the cumulative total of 16,800 jobs created during construction plus the 151,000 local jobs sustained by consumer spending by residents of the units

And, the full $1 billion in debt service would be offset by:

- nearly $1.4 billion in estimated taxes and revenues the State could receive – $79 million during construction plus $34 million per year from residents of the units
- the State's share of the per-unit, per-year cost-savings on services for homeless people who obtain supportive housing (including Medicaid, crisis, emergency, substance abuse and other services)
- the State's share of the per-person, per-year cost-savings on nursing home expenses for senior citizens and persons with a disability who are able to leave, or avoid, nursing home placements and return to, or remain in, their homes due to renovations and adaptations through Access to Home, RESTORE, and other renovation efforts

In conclusion, the estimates in the Briefing Paper demonstrate a more-than-reasonable probability that the bonding pays for itself (and perhaps more) from the revenues and cost-savings the State could receive each year.

Consequently, the proposed addition of $500 million for affordable and supportive housing preservation and development in the State's FY2010-11 budget is fiscally responsible. It should not be dismissed reflexively because of the State's immediate budget distress and concerns about debt levels.

We ask budget- and decision-makers to keep an open mind, to seek their own and other estimates, and to allocate scarce state resources so as to optimize job and housing creation, potential revenues and cost-savings.

No less of an effort should be undertaken given ... the state's having lost 263,500 private sector jobs since August, 2008 ... the state's unemployment rate reaching 9% in December, 2009 ... 868,000 unemployed state residents .... and, the "worst of times" for those in need of affordable housing.

With these givens, it is incumbent on budget- and decision-makers to find a way to make the additional $500 million in housing funds the centerpiece of an economic recovery strategy to save and create jobs and affordable homes for New Yorkers.

The "*Worst of Times*" for Those in Need of Affordable Housing

- **an estimated 50,000-unit shortage of permanent housing for New York City's homeless** [3]

- a **356,000-unit shortage of apartments in New York City with monthly rent below $600** and affordable to families with incomes below $25,000 – more than double the 166,000 shortage in 2002[4]

- a **shortage of 191,000 affordable units available to extremely low-income New York State households** outside of New York City[5]

- **an estimated shortage of 129,000 units to accommodate new household formation by the 257,000 young adults** (20-34 years-old) in the New York City forced to live with their parents or other older adults because of the recession, high rents, and low vacancy rates[6]

- **an estimated shortage of 69,000 units to accommodate new household formation by the 138,000 young adults** (20-34 years-old) on Long Island forced to live with their parents or other older adults because of the recession, high rents, and low vacancy rates[7]

- **an estimated shortage of 31,000 units to accommodate new household formation by the 62,000 young adults** (20-34 years-old) in the Hudson Valley forced to live with their parents or other older adults because of the recession, high rents, and low vacancy rates[8]

- **More than half of the New York City's renters – 1 million tenants – were using more 30% or more of their incomes for rent in 2008; including three out of ten – 574,000 tenants – who were using 50% or more.** [9]

- a **repricing of New York City's rental inventory** from 2002 to 2008, displacing 528,000 units renting for less than $900 with 586,000 units renting for more than $900 [10]

- a **40% shrinkage in New York City's supply of apartments with rents below $900** from 1.4 million in 2002 to only 901,000 in 2008 [11]

- the imminent **threat to100,000 more New York City apartments in over-mortgaged buildings** that are at risk of deterioration, financial default, and foreclosure as a result of real estate speculation by their owners in recent years.[12]

- **Nearly 600,000 homeowners – 211,000 in the City and 367,000 elsewhere in the State – are under the extreme financial duress of using more than 50 percent of their incomes to pay for housing**[13]

1. See NYS Division of Housing and Community Renewal and New York Homes, "New York State Housing Agencies 2009-10 SFY Budget Testimony," pp. 6, 7; New York State Homes Bond Sales 2008 webpage; NYS DHCR and NYHomes, New York State Housing Report issued March 2008, pp. 4-8; SONYMA Annual Financial Report Fiscal Year 2008, p. 9; NYS DHCR, New York State Performance Report Program Year 2008 as approved by U.S. Department of Housing and Urban Development June 2, 2009, pp. 11, 12, 21, 23, 62, 63.

2. Source: NYS Dept of Labor

3. Some 50,000 plus-or-minus different homeless households have been sleeping in the City's shelter system annually over the last six years. In FY2009, there were 55,479 different homeless households in the system; they included 26,353 families and 29,126 single-adult households. This is up from 50,873 different homeless households in FY2004. On an annualized basis, the average annual daily census of homeless households in the system has remained in a range of 16,000-to-18,000 from FY2004 through FY2009. Accordingly, the estimated shortage of permanent housing for the homeless could range from 17,000 units on any given day to 50,000 units over the course of a year. Although a majority of any particular set of 50,000 households may find themselves in housing for some time during a year, it is the *constancy* of the 50,000 number annually over a six-years' period that leads to a conclusion of an estimated shortage of 50,000 units. Source: Data (but not the estimated conclusion) are from NYC Dept. of Homeless Services, Critical Activities Reports. The 50,000 units needed for the homeless are not included in the 356,000-unit shortage of affordable apartments for renters with incomes below $25,000 because, by definition, the 356,00 renters have housing. They simply can't afford it.

4. NYC Housing and Vacancy Surveys 2002, 2005, 2008. In 2002, there were 668,100 apartments renting below $600 compared to 833,800 renters with incomes below $25,000 – a shortage of 165,700. In 2008, there were only 404,600 apartments renting below $600 a month and 760,400 renters with incomes below $25,000 – a shortage of 355,800 units.

5. We estimated the shortages of affordable units available to extremely low-income renter households in each of New York's sixty-two counties using the National Low-Income Housing Coalition's 2004 Local Area Low Income Housing Database. www.nlihc.org/detail/article.cfm?article_id=3079&id=21

6. According to the 2008 ACS, 987,000 young adults (20-34 years-old) in NYC were living in households NOT headed by someone their own age. This number is up 77,500 since 2000; and, it includes 60% of those in the Bronx, 59% of those in Queens, 57% of those in Staten Island, 54% of those in Brooklyn, and 44% of those in Manhattan. By comparison, across the state's 62 counties, the median percentage of young adults in such households is 40%. In previous research, we have found a strong correlation between the percentage of young adults living in households NOT headed by someone their own age and high rents and low vacancy rates; and, as Harvard's Joint Center for Housing Studies *State of Nation's Housing 2009* (p.15) indicates, the recession has dampened new household formation and lowered headship rates. If NYC's young adults had access to housing at the same rate as those living in the median counties – that is to say, if 40% of the City's young adults were living in households NOT headed by a peer – the number in that situation would be 730,000. The 257,000 difference between the 987,000 actually living in this situation and the hypothetical 730,000 represents those constrained the recession, high rents and low vacancies. Our 130,000 shortage assumes that those constrained would double-up to find a place of their own. Cf., Sam Roberts, "Economy Is Forcing Young Adults Back Home in Big Numbers, Survey Finds," New York Times, Nov. 24, 2009.

7. According to the 2008 ACS, 325,000 young adults (70%) on Long Island were living in households NOT headed by someone their own age. If Long Island's young adults had access to housing at the same rate as those living in the median counties – that is to say, if 40% of the Long Island's young adults were living in households NOT headed by a peer – the number in that situation would be 187,000. The 138,000 difference between the 325,000 actually living in this situation and the hypothetical 187,000 represents those constrained the recession, high rents and low vacancies. Our 69,000 shortage assumes that those constrained would double-up to find a place of their own. Cf., Sam Roberts, "Economy Is Forcing Young Adults Back Home in Big Numbers, Survey Finds," New York Times, Nov. 24, 2009.

8. According to the 2008 ACS, 205,000 young adults (57%) in Westchester, Rockland, Putnam, Dutchess, and Orange counties were living in households NOT headed by someone their own age. If these counties' young adults had access to housing at the same rate as those living in the median counties – that is to say, if 40% of the young adults were living in households NOT headed by a peer – the number in that situation would be 143,000. The 62,000 difference between the 205,000 actually living in this situation and the hypothetical 143,000 represents those constrained the recession, high rents and low vacancies. Our 31,000 shortage assumes that those constrained would double-up to find a place of their own. Cf., Sam Roberts, "Economy Is Forcing Young Adults Back Home in Big Numbers, Survey Finds," New York Times, Nov. 24, 2009.

9. NYC Housing and Vacancy Survey 2008. Of the city's 2.08 million renters, 447,000 (23%) were paying 30-49.9%, and 574,000 (30%) were paying 50% or more.

10. US Census, NYC Housing Vacancy Surveys 2002 & 2008.

11. US Census, NYC Housing Vacancy Surveys 2002 & 2008.

12. Citizens Housing and Planning Council of New York, "Debt Threat: Saving Multifamily Rental Housing from Zombie Mortgages," August 2009, p. 6. The report adds, "... buildings include former state and city financed Mitchell-Lama buildings, federally financed Section 8 housing, and large portfolios of privately financed rent stabilized buildings. We estimate another 100,000 units are at risk throughout New York State." See also: Sally Goldenberg, "Foreclosing in on 90,000 Apartments," New York Post, April 28, 2009, reporting: "As many as 90,000 city apartment units could go into foreclosure as the housing crisis spreads from single-family homes to rental properties, city officials warned yesterday. Rafael Cestero, commissioner at the Department of Housing Preservation and Development, said 2.6 percent of the city's apartment units – which could reach up to 90,000 – are in danger due to so-called 'predatory equity' practices."

13. American Community Survey, 2005-2007 data sets

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A Briefing Paper from Housing First!
The Addition of $500 Million in State Funding for Affordable Housing

At a time of protracted unemployment and fiscal duress, New York State faces the daunting challenge of finding a strategy for maximizing job creation and economic growth while minimizing immediate impacts on the State budget. To this end, and while simultaneously addressing the worsening needs of the state's residents and communities for affordable residential infrastructure, State capital programs for affordable and supportive housing are now more important than ever.

The addition of $500 million in State funding for affordable and supportive housing in FY2010-2011 will be the cost-effective keystone of an economic growth strategy that will create thousands of jobs, leverage billions of dollars in new private investment, and help thousands of New Yorkers find apartments and homes they can afford.

THE $500 MILLION INITIATIVE in FY2010-2011

Advocates from across the state have reached consensus on a $500 million addition to the State budget for affordable and supportive housing in FY2010-2011. The consensus responds to a diversity of local and regional needs from renovation and preservation of vacant or occupied small homes to the new production of multi-family apartment buildings.

The $500 million aggregate includes realistic and necessary minima for existing programs. They reflect continuing unmet annual demand for these program funds. They would fund projects that are well within the capacity of the State agencies and affordable housing community. And, they will enable the agencies and the legislature to make program adjustments if necessary (such as increasing per-unit/per-project caps).

As presented in Table 1, the consensus proposes:

- **$391 million** for the state's five primary capital programs, Housing Trust Fund ($171), Affordable Housing Corporation ($70), Homes for Working Families ($30), Homeless Housing Assistance Program ($70), and Mitchell-Lama Preservation & All Affordable Housing ($50)
- **$99 million** for targeted programs including Public Housing Modernization ($30), HOPE/RESTORE ($10), Rural Area Revitalization ($12), Main Street ($14.5), Access to Home ($14.5), Infrastructure Development ($10), and, Urban Initiatives ($8)
- **$10 million** for non-capital programs that are necessary to make the capital and targeted programs work in many parts of the state, namely Neighborhood and Rural Preservation

programs ($6) and Rural Rental Assistance ($4)

HOUSING PRODUCTION & PRESERVATION

Assuming the additional $500 million were used in accordance with recent practices at the State housing agencies, we estimate that the new funding could:

- **produce and preserve nearly 16,000 units of affordable and supportive housing,** including

- **9,300 new and/or rehabilitated multi-family units** done by HTF, AHC, HWF, HHAP, and HFA (Mitchell Lama preservation or All Affordable) – overall, with an average capital subsidy of $38,000 per unit, an average cost per unit of $226,500, and a total development cost of $2.1 billion

- **625 new and/or rehabilitated single-family houses** done by AHC – with an average capital subsidy of $28,000 per unit, an average cost per unit of $240,000, and a total development cost of $150 million

- **5,900 small homes that are renovated, repaired, and/or made accessible** by AHC, RESTORE, and Access to Home – with an average capital subsidy of $7,100 per unit, an average cost per unit of $11,000, and a total development cost of $66 million

Distinguishing among multi-family production, single-family production, and home improvements and renovations is necessary to estimate the economic impacts of the initiative.

The estimates are described below and specified in Table 2. Units were not estimated for Public Housing Modernization, Main Street, Urban Initiatives, and Rural Area Revitalization.

ECONOMIC GROWTH

Using the methodology described below, we estimate that **production and preservation of these 16,000 units** would:

CAPITAL INVESTMENT

- launch $2.4 billion in total development
- leverage $1.9 billion from other sources (Table 2)[1]

[1] In 2008, according to a presentation by the state's housing agencies, a total of $272.5 million in state funds leveraged $1.1 billion from other sources to produce or preserve 14,134 units. $137 million in DHCR funds leveraged $140 million from other sources to build or preserve 6,415 units; $45 million in AHC funds leveraged $30 million from other sources to produce 3,750 new units; $36.5 million in HHAP funds leveraged $178 million from other sources to produce 591 units; and, $54 million in HFA funds leveraged $555 million from other sources to produce or preserve 3,378 units. "NYS Housing Agencies 2009-10 SFY," presented by DHCR Commissioner VanAmerongen and NYHomes President Almodovar to NYS Division of Budget, October 22, 2008, p.9.

JOB CREATION

- create 16,800 local jobs in construction and supporting businesses during the construction period (including 8,700 construction jobs) (Table 3)
- sustain nearly 3,900 local jobs annually, or 151,000 local jobs over the term of the financing, due to consumer spending by residents of the units (Tables 4 & 5)
- yield a cumulative impact from construction plus residency of 168,000 local jobs (Table 6)

WAGES & BUSINESS INCOME

- generate upwards of $877 million in local wages and business income during construction
- sustain $226 million in wages and income yearly, or $8.8 billion over term of the financing, due to consumer spending by resident of the units
- yield a cumulative impact of $9.7 billion in wages and business income from construction through residency

STATE & LOCAL REVENUES

- produce $79 million in taxes and other revenue for the State and $92 million for local governments during the construction period
- sustain nearly $34 million in taxes and other revenue yearly for State, or $1.3 billion over term of the financing, from residents of the units
- sustain $39 million in taxes and other revenue yearly for local governments, or $1.5 billion over term of the financing, from residents of the units
- have a cumulative yield of nearly $1.6 billion in taxes and other revenue for local governments from construction through residency
- have a cumulative yield of nearly $1.4 billion in taxes and other revenue for the State from construction through residency

COST-EFFECTIVE & FISCALLY-RESPONSIBLE

We ask that decision-makers, budget-makers, and other readers suspend the inclination to dismiss the $500 million initiative automatically in light of the State's severe fiscal distress.

For, the initiative does not immediately cost the State $500 million. It does not depend on the state's receipts of taxes and other revenues. And, it *may* have a minimal-to-no adverse impact the State's cash-flow needs. Because of the benefits described above, we ask others to join us in an open-minded evaluation of the *net real* cost of the initiative.

Because the $500 million will be bonded, the immediate gross annual cost of the initiative would be the debt service on the bond. For the sake of simplicity, assuming one self-amortizing bond could be issued for $500 million at 5.35% for thirty years, **the immediate, annual cost to the budget – at this time of distress – would be debt service of about $33.5 million. Over thirty years, the full-term cost of the initiative could reach $1.0 billion.**

The $33.5 million in debt service would be only four-hundredths of one percent (0.039%) of the

$84.7 billion in taxes and miscellaneous receipts the State expects to receive in FY2010-2011 (See NYS Division of Budget, FY2010-2011 Five Year All Funds Financial Plan.)

Against these immediate and full-term costs, there are potentially substantial revenues and cost-savings that could offset in part, and perhaps in whole, the debt service costs. These include:

- the estimated $79 million in taxes and other revenue the State could receive during the construction period
- the estimated $34 million in taxes and other revenue the State could receive yearly from residents of the units
- the estimated cumulative yield of nearly $1.4 billion in taxes and other revenue the State could receive from construction through residency

- the State's share of the $16,300 per-unit, per-year cost-savings on services for homeless people who obtain supportive housing (including Medicaid, crisis, emergency, substance abuse and others)[2] – for every 156 of the 1,560 HHAP units in the development portfolio which go to homeless people, the cost-savings could be $2.54 million a year; if all 1,560 HHAP units went to the homeless, cost-savings could be an estimated $25.4 million a year

- the State's share of the approximately $100,000 per-person, per-year cost-savings on nursing home expenses for senior citizens and persons with a disability who are able to leave, or avoid, nursing home placements and return to, or remain in, their homes due to renovations and adaptations through Access to Home, RESTORE, and other renovation efforts – for every 100 of the 3,750 Access to Home and RESTORE units in the development portfolio which serve these people, cost-savings could be an estimated $10 million a year

In sum, these (and other) potential revenues and cost-savings suggest the possibility that the bond may more than pay for itself.

Even without any offsets, **the $500 million initiative is a highly cost-effective job creator**. The costs per job-created would be:

- **$2,000 per job for the 16,800 jobs created during the year of construction at a cost of $33.5 million in debt service**
- **$59,500 per job** for the 16,800 jobs created during the year of construction at a cost of $1 billion in debt service over thirty years
- **$5,980** per job for the 168,000 jobs created and sustained during construction and through

[2] A landmark study finds that on average, a unit of supportive housing in New York City will reduce the cost of delivering services to its tenant by $16,282 per year. These savings cover all but $995 per year of the annual cost of building, operating and providing services to the average unit of supportive housing. Supportive housing also decreases inpatient Medicaid costs, resulting in an average savings of over $3,700 per tenant, per year. (Source: Culhane, Dennis, Stephen Metraux and Trevor Hadley. University of Pennsylvania. The Impact of Supportive Housing for Homeless Persons with Severe Mental Illness on the Utilization of the Public Health, Corrections and Emergency Shelter Systems: The New York/New York Initiative. Fannie Mae Foundation, 2002.)

residency

By any of these measures, the $500 million initiative compares favorably with job-creation spending on other essential infrastructure and economic development projects.[3]

In conclusion, the Briefing Paper's estimates demonstrate a more-than-reasonable probability that the bonding pays for itself (and perhaps more) from the revenues and cost-savings the State could receive each year.

Consequently, the proposed addition of $500 million for affordable and supportive housing preservation and development in the State FY2010-2011 budget is fiscally responsible. It should not be dismissed reflexively because of the State's immediate budget distress. We ask budget- and decision-makers to keep an open mind, to seek their own and other estimates, and to allocate scarce state resources so as to optimize job and housing creation, potential revenues and cost-savings.

No less of an effort should be undertaken given ... the state's having lost 263,500 private sector jobs since August, 2008 ... the state's unemployment rate reaching 9% in December, 2009 ... 868,000 unemployed state residents ... and, the "worst of times" for those in need of affordable housing (attached).

With these givens, it is incumbent on budget- and decision-makers to find a way to make the $500 million in additional capital the centerpiece of an economic recovery strategy to save and create jobs and affordable homes for New Yorkers.

[3] Every **$1 billion in infrastructure spending on maintenance and repair of public schools** creates an estimated **12,500 construction jobs at a direct cost of $80,000 public dollars per job** (Source: Economic Policy Institute (EPI) Briefing Paper, "Investing in US Infrastructure," April 29, 2008 p.4). Every $1 billion spent for **replacement of dangerous bridges** creates **14,000 construction jobs at a direct cost of $71,400 public dollars per job** (Source: EPI Briefing Paper, "Strategy for Economic Rebound," January 11, 2008 p.7). Every $1 billion spent for **other transportation infrastructure** creates **up to 47,000 construction jobs at a direct cost of $21,300 public dollars per job**; (Source: EPI Briefing Paper, "Strategy for Economic Rebound," January 11, 2008 p.6). Also, New York State's $650 million funding for **Saratoga's $3.2 billion computer chip factory** will create an estimated **5,514 jobs in construction, plant operations, supporting businesses and local services at a direct cost of $117,800 state dollars per job** (Source: Larry Rulison, "Study Touts Impact of Chip Fab," Albany Times-Union, April 2, 2008).

The "*Worst of Times*" for Those in Need of Affordable Housing

- **an estimated 50,000-unit shortage of permanent housing for New York City's homeless** [1]

- a **356,000-unit shortage of apartments in New York City with monthly rent below $600** and affordable to families with incomes below $25,000 – more than double the 166,000 shortage in 2002[2]

- a **shortage of 191,000 affordable units available to extremely low-income New York State households** outside of New York City[3]

- **an estimated shortage of 129,000 units to accommodate new household formation by the 257,000 young adults** (20-34 years-old) in the New York City forced to live with their parents or other older adults because of the recession, high rents, and low vacancy rates[4]

- **an estimated shortage of 69,000 units to accommodate new household formation by the 138,000 young adults** (20-34 years-old) on Long Island forced to live with their parents or other older adults because of the recession, high rents, and low vacancy rates[5]

- **an estimated shortage of 31,000 units to accommodate new household formation by the 62,000 young adults** (20-34 years-old) in the Hudson Valley forced to live with their parents or other older adults because of the recession, high rents, and low vacancy rates[6]

- **More than half of the New York City's renters – 1 million tenants – were using more 30% or more of their incomes for rent in 2008; and, three out of ten – 574,000 tenants – were using 50% or more.** [7]

- a **repricing of New York City's rental inventory** from 2002 to 2008, displacing 528,000 units renting for less than $900 with 586,000 units renting for more than $900 [8]

- a **40% shrinkage in New York City's supply of apartments with rents below $900** from 1.4 million in 2002 to only 901,000 in 2008 [9]

- the imminent **threat to100,000 more New York City apartments in over-mortgaged buildings** that are at risk of deterioration, financial default, and foreclosure as a result of real estate speculation by their owners in recent years.[10]

- **Nearly 600,000 homeowners – 211,000 in the City and 367,000 elsewhere in the State – are under the extreme financial duress of using more than 50 percent of their incomes to pay for housing**[11]

ENDNOTES

1. Some 50,000 plus-or-minus different homeless households have been sleeping in the City's shelter system annually over the last six years. In FY2009, there were 55,479 different homeless households in the system; they included 26,353 families and 29,126 single-adult households. This is up from 50,873 different homeless households in FY2004. On an annualized basis, the average annual daily census of homeless households in the system has remained in a range of 16,000-to-18,000 from FY2004 through FY2009. Accordingly, the estimated shortage of permanent housing for the homeless could range from 17,000 units on any given day to 50,000 units over the course of a year. Although a majority of any particular set of 50,000 households may find themselves in housing for some time during a year, it is the *constancy* of the 50,000 number annually over a six-years' period that leads to a conclusion of an estimated shortage of 50,000 units. Source: Data (but not the estimated conclusion) are from NYC Dept. of Homeless Services, Critical Activities Reports. The 50,000 units needed for the homeless are not included in the 356,000-unit shortage of affordable apartments for renters with incomes below $25,000 because, by definition, the 356,00 renters have housing. They simply can't afford it.

2. NYC Housing and Vacancy Surveys 2002, 2005, 2008

3. We estimated the shortages of affordable units available to extremely low-income renter households in each of New York's sixty-two counties using the National Low-Income Housing Coalition's 2004 Local Area Low Income Housing Database. www.nlihc.org/detail/article.cfm?article_id=3079&id=21

4. According to the 2008 ACS, 987,000 young adults (20-34 years-old) in NYC were living in households NOT headed by someone their own age. This number is up 77,500 since 2000; and, it includes 60% of those in the Bronx, 59% of those in Queens, 57% of those in Staten Island, 54% of those in Brooklyn, and 44% of those in Manhattan. By comparison, across the state's 62 counties, the median percentage of young adults in such households is 40%. In previous research, we have found a strong correlation between the percentage of young adults living in households NOT headed by someone their own age and high rents and low vacancy rates; and, as Harvard's Joint Center for Housing Studies *State of Nation's Housing 2009* (p.15) indicates, the recession has dampened new household formation and lowered headship rates. If NYC's young adults had access to housing at the same rate as those living in the median counties – that is to say, if 40% of the City's young adults were living in households NOT headed by a peer – the number in that situation would be 730,000. The 257,000 difference between the 987,000 actually living in this situation and the hypothetical 730,000 represents those constrained the recession, high rents and low vacancies. Our 130,000 shortage assumes that those constrained would double-up to find a place of their own. Cf., Sam Roberts, "Economy Is Forcing Young Adults Back Home in Big Numbers, Survey Finds," New York Times, Nov. 24, 2009.

5. According to the 2008 ACS, 325,000 young adults (70%) on Long Island were living in households NOT headed by someone their own age. If Long Island's young adults had access to housing at the same rate as those living in the median counties – that is to say, if 40% of the Long Island's young adults were living in households NOT headed by a peer – the number in that situation would be 187,000. The 138,000 difference between the 325,000 actually living in this situation and the hypothetical 187,000 represents those constrained the recession, high rents and low vacancies. Our 69,000 shortage assumes that those constrained would double-up to find a place of their own. Cf., Sam Roberts, "Economy Is Forcing Young Adults Back Home in Big Numbers, Survey Finds," New York Times, Nov. 24, 2009.

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7. NYC Housing and Vacancy Survey 2008

8. US Census, NYC Housing Vacancy Surveys 2002 & 2008.

9. US Census, NYC Housing Vacancy Surveys 2002 & 2008.

10. Citizens Housing and Planning Council of New York, "Debt Threat: Saving Multifamily Rental Housing from Zombie Mortgages," August 2009, p. 6. The report adds, "... buildings include former state and city financed Mitchell-Lama buildings, federally financed Section 8 housing, and large portfolios of privately financed rent stabilized buildings. We estimate another 100,000 units are at risk throughout New York State." See also: Sally Goldenberg, "Foreclosing in on 90,000 Apartments," New York Post, April 28, 2009, reporting: "As many as 90,000 city apartment units could go into foreclosure as the housing crisis spreads from single-family homes to rental properties, city officials warned yesterday. Rafael Cestero, commissioner at the Department of Housing Preservation and Development, said 2.6 percent of the city's apartment units – which could reach up to 90,000 – are in danger due to so-called 'predatory equity' practices."

11. American Community Survey, 2005-2007 data sets

METHODOLOGY – ESTIMATING THE $500 MILLION HOUSING PORTFOLIO

Distinguishing between multi-family production, single family production, and home improvements and renovations is necessary to estimate the economic impacts of the initiative. Consequently, it was necessary to estimate a probable allocation of the funds using recent projects of the agencies as a guide.

For AHC, by reviewing press releases announcing grants from January through August 2009, we found that 23 of its 40 grants (58%) involved renovations and improvements of 855 units (53% of its total units) using 24% of its grant funds ($6.9 million) The average AHC grant was $8,070 per unit, and the average total project cost was $18,836 per unit.

We also found that 9 of AHC's 40 grants (23%) produced 230 new homes (14% of its total units) using 22% of its grant funds ($6.35 million) The average AHC grant was $27,600 per unit, and the average total project cost was $239,400 per unit.

We found, too, that 8 of AHC's 40 grants (20%) involved construction or rehabilitation of 536 multi-family units (33% of its total units) using 54% of its grant funds ($6.35 million) The average AHC grant was $27,600 per unit, and the average total project cost was $244,600 per unit.

For HTF, we examined the June 2009 awards and budgets for 22 projects receiving 9% federal low-income housing tax credits plus HTF and/or HOME subsidies. They involved construction or rehabilitation of 1,084 multi-family units, used $47.1 million in agency funds, had total project costs of $276.2 million, and raised $159.6 million in equity from federal and state tax credits at a blended price of $0.54 per credit. Among the tax credit projects, it was possible to identify 18 projects which raised $117.1 in equity from federal credits at prices ranging between $0.72 to $0.76 per credit (with two exceptions). The average HTF grant was $43,400 per unit; the average total project cost was $254,000 per unit; and, the average equity raised from the aggregate of federal and state tax credits was $147,020 per unit at a blended price of $0.54 per credit.

For HWF, we identified two projects at the end of 2008 and the beginning of 2009 that produced 258 multi-family units, used a total of $7.8 million in HWF funds, and had a total project cost of $95.9 million. The average HWF award was $30,100 per unit, and the average total project cost was $371,700 per unit.

For HHAP, we identified four projects in 2008 and 2009 that produced 364 multi-family units, used a total of $16.7 million in HHAP funds, and had a total project cost of $101.9 million. The average HHAP award was $45,850 per unit, and the average total project cost was $280,100 per unit.

For HFA's Mitchell Lama Preservation and All Affordable, we identified five projects in 2007-2008 that involved 810 multi-family units, used a total of $24.65 million in HFA "soft second" funds, and had total project costs of $68.1 million. The average HFA loan was $30,400 per unit, and the average total project cost was $84,100 per unit.

For Access to Home, a July 2009 press release from DHCR reported awards of $4 million in funding for modifications to 307 housing units, for an average of $13,000 per unit.

For RESTORE, the same press release reported awards of $2.4 million in funding for repairs to 620 housing units, for an average of $3,870 per unit.

From the preceding data, we estimated: (1) the percentage and dollar allocations of AHC's additional funds among multi-family production, single-family production, and small home renovations and improvements; (2) the average per-unit grant or loan commitment of agency funds; and, (3) the average per-unit total project cost. These three data sets enabled us to estimate the number of units that each agency might produce with its allocation from the $500 million. These estimates are presented in Table 2.

(Also, recall that $10 million is not used for production and preservation of units themselves, but for non-capital programs that are necessary to make the capital and targeted programs work in many parts of the state.)

METHODOLOGY – ESTIMATING ECONOMIC IMPACT

The National Association of Home Builders' model provides the following "rules of thumb" for estimating housing's economic impact in the typical American metropolitan area. (NAHB, Economic and Housing Data, Housing's Direct Economic Impact, www.nahb.org/facts/economics/houdir.html. See the latest "The Local Impact of Home Building in a Typical Metro Area," June 2009; and "The Local Economic Impact of a Typical Tax Credit Housing Project, September, 2007)

<u>During construction, the production of 100 single family homes</u> generates:

- 324 jobs in the average American community's local economy, of which 147 are in construction;
- $21.1 million in local wages and business income;
- $2.1 million in taxes and revenues for local government.

<u>During construction, the production of 100 multi-family *tax-credit* units</u> generates:

- 151 local jobs, of which 102 are in construction;
- $7.3 million in local wages and business income;
- $0.78 million in taxes and revenues for local government

<u>During construction, every $10 million spent on home renovations and remodeling</u> generates:

- 78 local jobs, of which 43 are in construction
- $6.9 million in local wages and business income
- $0.58 million in local taxes

Annually thereafter, occupancy of the 100 single family homes generates:

- 53 jobs in a local economy;
- $3.1 million in local wages and business income;
- $0.743 million in taxes and revenues for local government

Annually thereafter, occupancy of the 100 multi-family *tax-credit* units generates:

- 38 local jobs;
- $2.2 million in local wages and business income;
- $0.372 million in taxes and revenues for local government

The annual benefits may be calculated for the term of the financing, assuming multi-family developments with 40-years' financing and single-family homes with 30-years' mortgages.

NAHB does not estimate state taxes and other revenues. Using the US Census, *New York State and Local Government Finances by Level of Government 2001-2002*, we developed estimates of taxes and revenues available to New York state government using a ratio of state taxes and revenues to local government taxes and revenues (exclusive of property taxes). We applied this ratio to the NAHB model's estimate of local taxes and revenues to produce our estimates of state taxes and revenues. As part of the examination of the net real cost of annual debt service, it would also be useful to refine the methodology for estimating the taxes and other revenues generated for the state by construction and residency.

TABLE 1

PROPOSED ADDITION TO AFFORDABLE HOUSING BUDGET -- AUGUST 2009	Enacted Budget FY0910	Proposed FY10-11 Addition	Proposed FY10-11 Total
Housing Trust Fund (HTF)	29.00	171.00	200.00
Affordable Housing Corp. (AHC)	25.00	70.00	95.00
Home for Working Families (HWF)	7.00	30.00	37.00
Homeless Housing Assistance Program (HHAP)	30.00	70.00	100.00
M-L Preservation & All-Affordable (HFA)	10.00	50.00	60.00
subtotal	**101.00**	**391.00**	**492.00**
Restore (HOPE)	0.40	10.00	10.40
Public Housing Modernization	12.80	30.00	42.80
Access to Home	0.00	14.50	14.50
Main Street	0.00	14.50	14.50
Urban Initiatives (UI)	0.00	8.00	8.00
Rural Area Revitalization Program (RARP)	0.00	12.00	12.00
Infrastructure Development	0.00	10.00	10.00
subtotal	**13.20**	**99.00**	**112.20**
Neighborhood/Rural Preservation Programs	16.62	6.00	22.62
Rural Rental Assistance Program	16.06	4.00	20.06
TOTAL	**146.88**	**500.00**	**646.88**

For information, contact David Muchnick at dmmuch@aol.com

TABLE 2
DEVELOPMENT PORTFOLIO

ESTIMATED ALLOCATION & USE OF ADDITIONAL FY10-11 HOUSING CAPITAL	Estim Average State Capital per unit	Estim Number of Units	FY10-11 Proposed Additional State Capital	Estim Average Total Cost per Unit	Estim Total Project Cost	Estim Total Funds Other Sources	Estim Average Other Funds per Unit	Ratio $1 State Capital to Other Funds
Multi-Family								
HTF multi-family	$43,500	3,931	$171,000,000	$255,000	$1,002,413,793	$831,413,793	$211,500	4.9
AHC multi-family	$29,000	1,207	$35,000,000	$245,000	$295,689,655	$260,689,655	$216,000	7.4
HWF multi-family	$32,000	938	$30,000,000	$255,000	$239,062,500	$209,062,500	$223,000	7.0
HHAP multi-family	$45,000	1,556	$70,000,000	$280,000	$435,555,556	$365,555,556	$235,000	5.2
HFA M-L &AllAff multi-family	$30,000	1,667	$50,000,000	$80,000	$133,333,333	$83,333,333	$50,000	1.7
Subtotal Multi-family units	$38,284	9,299	$356,000,000	$226,482	$2,106,054,837	$1,750,054,837	$188,198	4.9
Single-Family								
AHC single family	$28,000	625	$17,500,000	$240,000	$150,000,000	$132,500,000	$212,000	7.6
Renovations & Improvements								
Affordable Housing Corp (AHC)	$8,000	2,188	$17,500,000	$19,000	$41,562,500	$24,062,500	$11,000	1.4
Restore (HOPE)	$3,800	2,632	$10,000,000	na	$10,000,000	na	na	
Public Housing Modernization	na	na	$30,000,000	na	$30,000,000	na	na	
Access to Home	$13,000	1,115	$14,500,000	na	$14,500,000	na	na	
Subtotal Home Renovations *	$7,077	5,935	$72,000,000	$11,131	$96,062,500	$24,062,500		0.3
OTHER								
Main Street		na	$14,500,000	na	$14,500,000	na		
Urban Initiatives		na	$8,000,000	na	$8,000,000	na		
Rural Area Revitalization		na	$12,000,000	na	$12,000,000	na		
Infrastructure Development		na	$10,000,000	na	$10,000,000	na		
TOTAL		15,859	$490,000,000		$2,396,617,337	$1,906,617,337		3.9

* Averages do not include Public Housing Modernization

TABLE 3

ESTIMATED ANNUAL IMPACT YEAR OF CONSTRUCTION	Estim Number of Units	**Local Jobs**	**Local Wages & Business Income**	**Local Taxes & Revenue**	**State Taxes & Revenue**
Multi-Family					
HTF multi-family	3,931	5,936	$286,963,000	$30,779,730	$26,453,743
AHC multi-family	1,207	1,823	$88,111,000	$9,450,810	$8,122,531
HWF multi-family	938	1,416	$68,474,000	$7,344,540	$6,312,290
HHAP multi-family	1,556	2,350	$113,588,000	$12,183,480	$10,471,133
HFA M-L & AllAff multi-family	1,667	2,517	$121,691,000	$13,052,610	$11,218,110
Subtotal Multi-family units	9,299	14,041	$678,827,000	$72,811,170	$62,577,806
Single-Family					
AHC single family	625	2,025	$131,875,000	$13,750,000	$11,817,481
Renovations & Improvements					
Affordable Housing Corp (AHC)	2,188	324	$28,790,344	$2,398,156	$2,061,084
Restore (HOPE)	2,632	78	$6,927,000	$577,000	$495,900
Public Housing Modernization	na	234	$20,781,000	$1,731,000	$1,487,700
Access to Home	1,115	113	$10,044,150	$836,650	$719,055
Subtotal Home Renovations	5,935	749	$66,542,494	$5,542,806	$4,763,739
OTHER					
Main Street	na				
Urban Initiatives	na				
Rural Area Revitalization	na				
Infrastructure Development	na				
TOTAL	15,859	16,816	$877,244,494	$92,103,976	$79,159,027
including construction jobs		8,678			

TABLE 4

ESTIMATED ANNUAL IMPACT PER YEAR OF OCCUPANCY	Estim Number of Units	**Local Jobs**	**Local Wages & Business Income**	**Local Taxes & Revenue**	**State Taxes & Revenue**
Multi-Family					
HTF multi-family	3,931	1,494	$87,464,750	$14,623,320	$12,568,075
AHC multi-family	1,207	459	$26,855,750	$4,490,040	$3,858,984
HWF multi-family	938	356	$20,870,500	$3,489,360	$2,998,945
HHAP multi-family	1,556	591	$34,621,000	$5,788,320	$4,974,797
HFA M-L &AllAff multi-family	1,667	633	$37,090,750	$6,201,240	$5,329,682
Subtotal Multi-family units	9,299	3,534	$206,902,750	$34,592,280	$29,730,484
Single-Family					
AHC single family	625	331	$19,375,000	$4,643,750	$3,991,088
Renovations & Improvements					
Affordable Housing Corp (AHC)	2,188				
Restore (HOPE)	2,632				
Public Housing Modernization	na				
Access to Home	1,115				
Subtotal Home Renovations	5,935				
OTHER					
Main Street	na				
Urban Initiatives	na				
Rural Area Revitalization	na				
Infrastructure Development	na				
TOTAL	15,859	3,865	$226,277,750	$39,236,030	$33,721,571

TABLE 5

ESTIMATED ONGOING IMPACT DURING TERM OF OCCUPANCY	Estim Number of Units	**Local Jobs**	**Local Wages & Business Income**	**Local Taxes & Revenue**	**State Taxes & Revenue**
Multi-Family					
HTF multi-family	3,931	59,751	$3,498,590,000	$584,932,800	$502,723,011
AHC multi-family	1,207	18,346	$1,074,230,000	$179,601,600	$154,359,368
HWF multi-family	938	14,258	$834,820,000	$139,574,400	$119,957,818
HHAP multi-family	1,556	23,651	$1,384,840,000	$231,532,800	$198,991,861
HFA M-L &AllAff multi-family	1,667	25,338	$1,483,630,000	$248,049,600	$213,187,296
Subtotal Multi-family units	9,299	141,345	$8,276,110,000	$1,383,691,200	$1,189,219,353
Single-Family					
AHC single family	625	9,938	$581,250,000	$139,312,500	$119,732,625
Renovations & Improvements					
Affordable Housing Corp (AHC)	2,188				
Restore (HOPE)	2,632				
Public Housing Modernization	na				
Access to Home	1,115				
Subtotal Home Renovations	5,935				
OTHER					
Main Street	na				
Urban Initiatives	na				
Rural Area Revitalization	na				
Infrastructure Development	na				
TOTAL	15,859	151,282	$8,857,360,000	$1,523,003,700	$1,308,951,978

TABLE 6

ESTIMATED CUMULATIVE IMPACT CONSTRUCTION PLUS TERM OF OCCUPANCY	Estim Number of Units	**Local Jobs**	**Local Wages & Business Income**	**Local Taxes & Revenue**	**State Taxes & Revenue**
Multi-Family					
HTF multi-family	3,931	65,687	$3,785,553,000	$615,712,530	$529,176,754
AHC multi-family	1,207	20,169	$1,162,341,000	$189,052,410	$162,481,898
HWF multi-family	938	15,674	$903,294,000	$146,918,940	$126,270,108
HHAP multi-family	1,556	26,001	$1,498,428,000	$243,716,280	$209,462,994
HFA M-L &AllAff multi-family	1,667	27,856	$1,605,321,000	$261,102,210	$224,405,405
Subtotal Multi-family units	9,299	155,386	$8,954,937,000	$1,456,502,370	$1,251,797,160
Single-Family					
AHC single family	625	11,963	$713,125,000	$153,062,500	$131,550,106
Renovations & Improvements					
Affordable Housing Corp (AHC)	2,188	324	$28,790,344	$2,398,156	$2,061,084
Restore (HOPE)	2,632	78	$6,927,000	$577,000	$495,900
Public Housing Modernization	na	234	$20,781,000	$1,731,000	$1,487,700
Access to Home	1,115	113	$10,044,150	$836,650	$719,055
Subtotal Home Renovations	5,935	749	$66,542,494	$5,542,806	$4,763,739
OTHER					
Main Street	na				
Urban Initiatives	na				
Rural Area Revitalization	na				
Infrastructure Development	na				
TOTAL	15,859	168,098	$9,734,604,494	$1,615,107,676	$1,388,111,005
including construction jobs		8,678			

new destiny
housing corporation

Testimony on the Proposed New York State Executive Budget FY 2011
Submitted by New Destiny Housing Corporation
2/10/10

I am Carol Corden, the Executive Director of New Destiny Housing Corporation, a 15-year old New York City not-for-profit that provides service-enriched housing for low-income domestic violence survivors who are homeless or at risk of homelessness, and I am pleased to have an opportunity to submit this written testimony opposing the elimination of the Supportive Housing for Families and Young Adults program (SHFYA) from the proposed FY 2011 New York State Executive Budget.

Most of the people we serve are women with one or more young children. Our tenants and clients are families where both the domestic violence victim and her children are suffering from the twin traumas of abuse and homelessness—traumas which frequently extend beyond a short stay in shelter. The affordable permanent housing New Destiny has developed is enriched with on-site services and linkages to off-site services and programs to address the challenges domestic violence survivors and their children face as they continue to heal and transition from homelessness to stability and economic independence.

Although New York State recognizes low-income domestic violence survivors as a priority special needs population at risk of homelessness, it does not provide any dedicated social service funding for this group. In fact, **the Supportive Housing For Families and Young Adults program (SHFYA) is the only public funding available to support service-enriched permanent housing for domestic violence survivors.**

This cost-effective program has, for several years, provided critical funding for services for homeless families headed by domestic violence survivors. Eliminating this State funding stream will cripple existing residential programs that provide the support recently-homeless survivors need to heal from the trauma of domestic violence, nurture their families, and advance on the path to economic self-sufficiency.

The loss of SHFYA will also make it more difficult for developers seeking to house homeless domestic violence survivors to access New York State capital funds from programs, like the Homeless Housing Assistance Program, that require support services.

New Destiny's program model incorporates voluntary services for families including job readiness, safety planning, domestic violence counseling, financial literacy, and children's services. Residential services have proven effective in keeping families together and stable in permanent housing. They have also helped to integrate victims of abuse—who have been wrenched from their families and neighborhoods because of safety concerns—back into the community.

At Marcello Manor in the Bronx, New Destiny's largest residence of affordable housing with services, the Tenant Support Coordinator has worked with 18 tenants or about 50% of households to prevent eviction and 16 families to avert the loss of essential benefits during the past year. The Tenant Support Coordinator also assisted 5 tenants to secure employment, all of whom were domestic violence survivors-- totally 25% of domestic violence survivors in the building. Finally, 93% of the 20 domestic violence survivors received services to remain stable in housing while 25% received services to remain safe from batterers. In addition, 96% of families, over half of whom were headed by domestic violence survivors, participated in recreation programming. As a result, the Recreation Specialist noted a marked change in children's expressiveness and sociability, increased readings levels and improvement in school performance, as well as a burgeoning sense of community and a support network among tenants in the building.

Listen to what two of New Destiny's tenants have to say about the residential services SHFYA supports:

> *When you have people like Josephine and her colleagues not just providing you with housing, but additional assistance and aid, it does something for you as a person…it helps build your momentum. By building your personal momentum and feeling better about yourself, you can extend that same feeling to your career, your neighbors and your community.*

> *New Destiny provided me with resources…there are other programs that assist you partially or half-heartedly…but sometimes you need other pieces to get where you need to go and overcome certain hurdles and obstacles.*

Moreover, New Destiny's program costs a mere fraction of the cost to maintain a family in shelter and reduces other costs to the public sector—e.g., lost days of school for children due to frequent moves, visits to the emergency room due to stress-related illness, and police and criminal justice responses to domestic violence incidents. Not only does the SHFYA funding provided to New Destiny cost New York State less than $2,000 a family, it also leverages $.85 from private funders for every dollar of State funding.

Domestic violence is one of the major contributors to the surge in family homelessness we are seeing in New York City and New York State. It is unconscionable that New York State, a leader in the area of domestic violence, should abandon domestic violence survivors and their children at a time when the number of homeless families is increasing by cutting the *only* program that provides funding for the residential programs serving them. We urge you to maintain SHFYA and New York State's commitment to homeless families headed by domestic violence survivors.

Thank you for the opportunity to submit this testimony to the record.

Contact Information: Carol Corden, Executive Director, New Destiny Housing Corporation

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HOMELESS ACTION COMMITTEE

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TESTIMONY FOR SOCIAL SERVICES BUDGET HEARING

The Homeless Action Committee operates a permanent housing program at 393 N. Pearl Street. HAC is very concerned about the planned budget cuts. Specifically, we are concerned about the cuts to the NYS SRO Support Services program.

The governor's planned cuts of 13% for the SRO Support Services program will detrimentally impact our SRO housing program. Our SRO housing program is unique in the area. We serve 30 people who had been living outside on the streets for anywhere from 5-30 years and our tenants are all chronic alcoholics who are unable to maintain sobriety. Our tenants are not able to access any other shelters or housing programs because of their inability to maintain sobriety. When they were living on the streets, most of our tenants had almost daily or weekly paramedic and police contact.

HAC's SRO housing is operated as low-demand housing, which means we accept where people are at in their lives and don't require them to sober up or participate in treatment in order to be housed. However, our housing has had a tremendous impact on our tenants and has assisted them in stabilizing their lives, obtaining sobriety and medical care. Over 60% of current tenants have achieved six years of tenancy. Some of our tenants have achieved sobriety for the first time in their lives. They are re-connecting with family and actually making it to doctor and dental appointments for the first time in many years and are able to work on their health, after seeing it deteriorate from years of living outside.

SRO Support Services funding currently pays for our around the clock staff coverage, which is an absolute necessity due to the population we serve. We have one staff person on 24 hours per day, 7 days a week for 30 people (again- it's only 1 staffperson at a time on all shifts). SRO Support Services funding also helps to pay for a Case Manager, who schedules and takes tenants to all doctors, psychiatrists or dental appointments and provides advocacy at these appointments. The Case Manager also helps order tenant meds so our tenants never run out.

A 13% cut to this program may make it impossible for us to remain open. We have experienced other budget cuts and do not have anywhere else that we can cut. We mostly employ part-time staff because we can't even afford to pay medical insurance for our staff. We already have to raise over $80,000/year in private donations. These cuts would devastate our program.

NYS OTDA spent $1.5 million to build our housing program with the understanding that we operate for 25 years. We are 10 years into our contract with OTDA and these cuts will make it impossible for us to fulfill this contract, which seems shortsighted. Supportive housing is critical in saving taxpayers money and is a critical investment. It is much more expensive for individuals to sleep on the streets and end up in our jails, detoxes or hospital emergency rooms. In addition, if our program were to close many people would end up dying on our streets.

The following are excerpts of an article HAC's Executive Director, Donna DeMaria wrote in an editorial that appeared in the Times Union Perspective section on November 8th. "Do we leave those who can't or won't sober up on the streets to die? HAC has developed a humane solution… HAC believes that everyone deserves the basic necessities of life and that providing these is not enabling their addictions. This solution works. Our low demand housing, one of only a few in the country, removes the constant preoccupation of searching for food and shelter, and allows tenants to improve their daily lives. Many have dramatically improved their sobriety and health. Having people live on the streets is far more expensive and difficult for a city to deal with. They shuttle between streets, shelters, detox facilities, jails and emergency rooms, often just for a warm bed. Cities are discovering that it is more cost effective and humane to provide them housing. A philosophy called Housing First is sweeping the country. Los Angeles County is successfully housing hard-core skid row individuals. A Boston study of Housing First tenants found a 67% reduction in their Medicaid costs. A study in the Journal of the American Medical Association states that homeless alcoholics in Housing First can stay out of jails and emergency rooms, saving taxpayers millions and that the longer participants reside in the housing, the less they drink. We have found this to be true. Each day, some tenants choose not to drink and instead stay sober. HAC tallies tenant sobriety by the day and tenants receive an annual award for their total. It is a different method of achieving the same goal. There will always be people who won't participate in treatment and who fail in more restrictive settings. Housing is the humane solution."

The following are some excerpts from letters our tenants wrote to their NYS Assemblyman and Senators about these budget cuts.

Ed wrote: "This house has helped me for the last 8 years and has helped many more people too. Please do everything you can so we can keep this house open. Many of us would be homeless with nowhere to go without this house. It's been my home for many years and has kept me off of the streets. It furnishes me with a safe and healthy environment to live in. I get food to eat. It's like having my own place. I can do my laundry, take a nice hot shower, sleep in my own bed and feel safe. I went a lot of times without a shower or safe place to sleep and these are the simple things in life that a lot of people take for granted. This place makes us feel like we are part of society and not just castaways. Thank God for this place."

Tim wrote: "This has been my home for about 10 years. Before I came to this SRO program, I was living in the woods, abandoned buildings, under arrest many times and doing drugs. I spent time in jail. The woods and vacant buildings were my home. Since moving to 393 N. Pearl St, I have not been in trouble and even hold down a small job. My disease of alcoholism does continue but my circumstances have improved. I have gone from living outside to having a warm home, friendships and food… This is all I have left and is my last chance. Please do not approve plans to cut SRO funding. I need a place to live. This program keeps me alive."

Dan wrote: "Before HAC I lived on the streets and in shelters for ten years. When I was accepted into this SRO, I was relieved not to have to spend another night on the ground, another moment worrying about shelter. I had a place to come home to, and no one could tell my time was up or there wasn't enough room. Before HAC my life was unpredictable and scary at times-you never know what can happen to you on the streets. Life is very dangerous if you don't live in a controlled environment. Living on the street, you have no motivation to better yourself because being homeless feels so permanent when it's happening. I was depressed and hopeless a lot of times because I had nowhere to go and no one to turn to. Now that I live at HAC, I have been able to maintain sobriety for 2 years. I travel to see my family out of state. I have quit smoking and am able to take better care of my health by seeking medical attention which the house provides me. If this budget was cut, I would certainly end up back on the streets. I am not a young man anymore and living on the streets would be much harder for me now. Also, I am a diabetic and HAC helps me keep my supplies in check and my diabetes in order."

Jack wrote: I have lived at the HAC SRO for almost 11 years. Before the SRO, I bounced around for 3 years looking to find a permanent home. Lucky for me, I found out about the SRO and they were gracious enough to take me in. If I didn't have the SRO, my life would be very different. My nights would be colder and my days longer. It has been brought to my attention that serious cuts will be made in our budget at the SRO. If these cuts are put in place, it could jeopardize not only my home but my life as well."

Finally, I would like to ask that if there really is no other way but to enact cuts, please give the Office of Temporary and Disability Assistance maximum discretion to decide how to implement any cuts that are proposed. Thank you.

Housing and Services, Inc.

Testimony of Jim Dill
Executive Director
Housing and Services, Inc. (HSI)

New York State Assembly
and
New York State Senate
Budget Hearing
Wednesday, February 10, 2010

Thank you Senators and Members of the Assembly for receiving my written testimony for this year's budget hearing and regarding proposed cuts to SRO Support Services.

HSI develops and manages programs for lower income households and New Yorkers with special needs. We were founded in 1987, and we are a pioneering organization in supportive housing. Our units throughout Manhattan at Kenmore Hall, The Narragansett and Cecil Hotel, and a Scatter Site I Program in the Bronx are 535 in total. Each program provides affected populations customized services to maintain them in safe, suitable and affordable housing. Clients include the elderly, people who live with HIV/AIDS, the mentally ill, people with physical disabilities and those who struggle with addiction. On-site programming includes medical care, mental health counseling, educational/vocational training, and other comprehensive services designed to promote housing stability and greater independence.

SRO Support Services pays for the Case Management, Front Desk personnel and 24-hour, 7-day-a-week on call HSI staff at The Cecil Hotel and Kenmore Hall; services vital to our clients.

The Cecil in Harlem was one of the country's first supportive housing residences. HSI leases the Cecil and the land beneath it from Harlem Community Development Corporation (Harlem CDC), a subsidiary of the Empire State Development Corporation. The Cecil is currently under much-needed rehabilitation construction thanks to a $9.4 million NYC Department of Housing Preservation & Development (HPD) Supportive Housing Loan. Harlem CDC provided HSI with a $100,000 predevelopment loan to get the project started.

The Cecil is home to 89 mostly African American, mostly elderly, and mostly formerly homeless men and women.

The Kenmore was established in 1999 when HSI was selected by the New York City Office of the Mayor and the federal government to take over this federally-seized SRO, which was a bane on its community. Verizon invested in Kemore's rehabilitation as a low income housing tax credit investor and NYC HPD also helped fund the rehabilitation of this once-renowned SRO hotel. In its conversion to supportive housing, the monument was restored to dignity, contributing to HSI's winning a HUD best-practices award and achieving continued service improvement through public and private funding over the past 10 years, including an annual SHP Grant through HUD's Continuum of Care. HSI's conversion of Kenmore Hall turned that block of the Flatiron District near Gramercy Park from a blight into a welcome member of the community. The ribbon cutting of Kenmore Hall was a proud moment, mostly because we know that it continues to be an excellent case example of how HSI's work in providing homes for homeless New Yorkers creates a better New York City.

The Kenmore is home to 325 men and women. About 80% are from the NYC shelter system and half of the population was chronically homeless when they arrived at our door. However the median length of stay with us is over seven years. These clients come to us after having spent years in and out of shelters or living on the street and, through customized services, which are funded by SRO Support Services, they are cured of homelessness. When they move out, it is usually into more independent housing or they age in place at the Kenmore.

Without SRO Support Services funding, HSI would be forced to eliminate ten case management positions, all of our on-call, 24/7 staff, and 15 front desk employees. The immediate results would be increases in calls for Emergency Medical services, Fire Department services, and Police Intervention services. Without case management services and within a brief period of time clients would be unable to manage their rent obligations and would lose government rent subsidies, putting at risk $40 million in city-state capital funding. Many of our residents would return to streets or shelters, and ultimately our projects would fail, both programmatically and financially. HSI's 22 years of serving thousands of New York's homeless will come to an end.

Not only is supportive housing widely know as the lowest cost alternative for New York's homeless, but it is also a more manageable and humane response to the problem than the more complicated and volatile systems of emergency care. Corporation for Supportive housing estimates average costs per person per day for supportive housing as $41.85 compare to $164.47 of jail, $74 for prison, $54.42 for shelters, $467 for mental hospitals and $1,185 for hospitals. Eliminating a systematic approach for expensive and logistically burdensome alternatives is contrary to a fiscally conservative and proactive approach.

Finally, the loss of these service dollars could trigger a breach of my organization's capital and operating funding agreements, setting in motion a domino effect that would jeopardize tens of millions in federal funds and clear the market of private investors needed to underwrite tax-credit-funded developments.

On behalf of HSI's 84 staff, 7 Board members, the more than 400 people who call SRO Support Services-funded Kenmore Hall and Cecil Hotel home, as well as the 120 HASA-funded residents of The Narragansett and HSI's Scatter Site, and with the New York City supportive housing community, we strongly urge you to restore the $4.6 million in SRO Support Service funding to save lives that would be lost to homelessness; retain State funds that will be spent in crisis care; and preserve the federal and corporate funds that could disappear without matching service dollars. Unless this program is funded with the $22.2 million needed to provide services in all new and existing units, any projected savings to the State will be negated by immediate economic and human costs.