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**New York State Senate and Assembly
Joint Session on the SFY 2014-2015 Executive Budget – Mental Health
February 11, 2014**

**Supportive Housing Network of New York
Ted Houghton, Executive Director**

Good afternoon. My name is Ted Houghton, and I am the Executive Director of the Supportive Housing Network of New York. The Network is the member association representing over 220 nonprofit providers and developers who operate more than 47,000 supportive housing units throughout New York State.

Thank you for the opportunity to testify today. I am here to commend Governor Cuomo's proposed budget for continuing to move resources for people with disabilities out of institutions and into community-based housing and services. But I'd like to use my allotted time to advocate for a further increase in OMH Supported Housing payment rates, to ensure that the move to community-based care is successful.

Introduction

Supportive housing is permanent, affordable housing linked to on-site services. It is the proven, cost effective and humane way to provide stable homes to individuals and families who have difficulty maintaining their place in housing. This housing model achieves miracles, allowing disabled individuals who have spent years living on the streets, or in institutions to live full, rewarding lives integrated in their communities. Supportive housing gives them the stability, support and sense of community they need to reunite with family, become healthier, and often secure employment.

For these reasons alone, spending precious public dollars to provide services in supportive housing for the most vulnerable and disabled New Yorkers is justified. But the case for supportive housing becomes even more compelling when we measure the taxpayer dollars this intervention saves.

The people we house and serve – people with mental illness, HIV/AIDS, substance abuse, and other barriers to independence – are typically frequent users of expensive emergency services like shelters, hospitals, prisons and psychiatric centers. These publicly funded interventions can be very expensive: hospitals and psychiatric centers cost upward of \$1,000 a day. Placement into supportive housing stabilizes tenants and has been proven to reduce use of these expensive services. As a result, supportive housing saves State taxpayers' money, often far more than what was spent building, operating and providing services in the housing. This has been proven, time and time again, by dozens of peer-reviewed independent studies.

OMH Supported Housing Service & Operating Rates

The Network has historically confined its advocacy to advocating for more funding to create more housing units, rather than asking for salary increases, or more money to house and serve the same number of people. However, this year, OMH Supported Housing Program payment rates are now so inadequate that we must ask the Legislature to intervene to raise them to sustainable levels.

The OMH Supported Housing Program contracts with nonprofit providers to rent and provide visiting services in privately-owned, scattered-site apartments for individuals with serious and persistent mental illness. Supported housing integrates formerly homeless or institutionalized individuals with mental illness into the community, where they have proven to be able to live on their own with minimal supports.

There are currently 17,020 scattered-site OMH Supported Housing units across the state, 11,557 units in the NYC region, and 5,463 units throughout the rest of the state. Use of this housing model is growing, as the state continues to reduce its dependence on psychiatric centers, nursing homes and adult homes. Scattered-site supported housing is relatively inexpensive, and popular with tenants with behavioral health issues who need some support to remain stably housed.

State OMH provides nonprofit organizations a single, bundled rate to rent apartments and provide services to tenants. Current scattered site rates vary by region, ranging from \$8,254 in Upstate New York to \$14,654 in the metropolitan New York City area. These rates are meant to cover the cost of rent, program administration and service provision. When the housing model began over twenty years ago, about half the per person contract funding would go toward renting an efficiency apartment, and half toward on-site services and operations.

Today's high rental costs, however, have skewed that ratio. HUD puts the Fair Market Rent for an efficiency apartment in NYC at \$1,191 per month, or \$14,292 annually. With the annual Supported Housing contract rate at \$14,493, this leaves \$201 a year to cover the cost of services and operations.

Nonprofit providers do all they can to stretch and supplement service dollars. They reduce services, combine supported housing dollars with funding for other programs, and sometimes double up tenants, placing two seriously and persistently mentally ill adults in one apartment. Nevertheless, the vast majority of contract funding goes toward rent, with next to nothing left for services.

At these rates, this once successful housing model is no longer sustainable. Nonprofits are challenged to provide adequate services to needy tenants when over 95% of the rate goes to rent. This is especially true, as tenants needs become more complex.

Last year, in partnership with the Association for Community Living, the Network conducted a survey to gauge the impact of inadequate rates on nonprofits in the New York City region. The survey found that, over the past three years, insufficient funding for OMH Supported Housing caused:

- **57%** of responding nonprofits to have **increased difficulty with rent collection;**
- **50%** of respondents see **an increase in health and psychiatric related hospitalizations;** and
- **40%** of respondents experience an **increase in eviction cases**

In addition, nonprofit providers have had to make significant negative changes to their programs, including:

- **67%** of respondents are **doubling up residents** in 2 bedrooms;
- **58%** of respondents have moved people to less desirable, cheaper neighborhoods;
- **58%** of respondents absorb administrative costs;
- **44%** of respondents have **increased client to staff ratios;**
- **33%** of respondents are increasing staff to supervisor ratio

New York State has been a leader in the development of supported housing – both because it promotes recovery as no other intervention does, and because it saves money otherwise spent on institutional or crisis care. We fear for the model's integrity, however, when tenants are hospitalized and are relapsing into homelessness more often, despite the best efforts of overburdened staff.

Governor Cuomo and OMH leadership recognized the crisis, and proposed in the Executive Budget to increase OMH Supported Housing 3.8%, or \$550 per unit per year, in downstate regions only.

While we are grateful to OMH and the Governor for this act of good faith, Upstate providers need an increase as well, and Downstate providers need a rate increase closer to \$20,000 per unit per year, similar to the rate that OASAS offers on a similar model of scattered-site supportive housing..

We ask that the Legislature accept the Governor's proposed rate change, and increase it further to an adequate amount.

In addition, while the Governor's budget proposes an increase for scattered site rates in the NYC region, it does not propose ANY increase to the rates for the rest of the state. The Network would propose that the Legislature add an increase equal to what was proposed for New York City, Westchester and Long Island in the Executive Budget. This would amount to an increase of \$2.2 million to the proposed OMH budget. It would be a few million more, if the increase was applied to other types of OMH housing.

We urge the state to raise the Supported Housing rates to a level that will pay for decent housing, as well as critical support services; the two components that make this model so successful in helping people living with psychiatric disabilities prosper in the community.

Thank you for this opportunity to testify.