



New York State Senate and Assembly

Joint Legislative Budget Hearing on

SFY 2018-2019 Executive Budget Proposal for Mental Hygiene

February 13, 2018

Good afternoon. My name is Maclain Berhaupt, and I am the State Advocacy Director of the Supportive Housing Network of New York. The Network is the member association representing over 200 nonprofit providers and developers who operate more than 50,000 supportive housing units throughout New York State.

Thank you for the opportunity to testify today. I am here to address the significant chronic underfunding of the Office of Mental Health (OMH) housing programs, specifically the scattered site program known as Supported Housing.

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. Supportive housing 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's combined offer of both a quality place to call home and the support services to help them manage the conditions that contributed to their homelessness give them the stability, support and sense of community they need to manage their behavioral issues, reunite with family, become healthier, and often secure employment.

The people we house and serve – people with mental illness, 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.

There are two models of supportive housing: single site residences are residences in which at least half the apartments are set-aside for formerly homeless disabled people and have offices for 24/7 staff support; in scattered site, State agencies fund nonprofits to rent efficiency apartments in the community and provide on-site services to clients to ensure they remain stably housed. The Office of Mental Health calls its scattered site program Supported Housing.

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 19,146 OMH Supported Housing units across the state, 9,553 in NYC, and 9,593 throughout the rest of the state. Use of this housing model is growing, as the state continues to reduce its dependence on psychiatric institutions, nursing homes and adult homes. Supported Housing is relatively inexpensive, and because it offers maximum integration and independence, is popular with tenants.

Supported Housing is funded through contracts that offer nonprofit organizations a single, bundled rate to both rent apartments and provide services to tenants. Current Supported Housing rates vary by region, ranging from \$7,746 in Upstate New York to \$16,661 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 went toward renting an efficiency apartment, and half toward on-site services and operations.

Mounting costs over the two decades since—especially for rents -- have significantly skewed that ratio. For example, HUD puts the Fair Market Rent for an efficiency apartment in NYC at \$1,514 per month, or \$18,168 annually. With the annual Supported Housing contract rate at

\$16,661, the rate no longer even covers the cost of renting an efficiency unit and leaves no funding to cover the cost of services and operations.

How are providers continuing to make this program work under these financial circumstances?

Frankly put, they aren't: After decades of trying to 'make do' through a number of strategies, providers are finally not renewing or simply giving back contracts. For years they have been continually adjusting to circumstances, using other contracts or general operating dollars to subsidize Supported Housing contracts, increasing caseloads (contributing to already high rates of turnover), renting less and less desirable apartments further and further afield. For the last several years, "doubling up" seriously mentally ill tenants in two-bedroom apartments has become the norm, a practice that causes increased stress on tenants and staff. Chronically low rates have also contributed to landlords newly refusing to renew leases, leading to even greater stresses on fragile tenants as they are forced to leave their homes and on overburdened staff who now must find new apartments.

Even more critical is how this serious underfunding is impacting tenants: Providers are seeing increases in health and psychiatric related hospitalizations, increased incidents and higher eviction rates. The system and the model are at the breaking point.

It is not just providers and tenants, however, who suffer when Supported Housing is so deeply underfunded: neighbors and communities are negatively impacted as well when tenants are

not getting either the independent housing nor the support they need to remain stable in the community.

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. Decades of underfunding, however, have crippled the model and its effectiveness, with tenants relapsing into either homelessness or institutional care.

Over the past few years, the program has seen small increases – for example, last year, providers in NYC, Westchester and Long Island received a \$500/per unit increase bringing the rate up to \$16,661 and are scheduled to receive two more workforce enhancement increases bringing the final rate up to \$16,775 starting on April 1, 2018. And while this increase has helped, the need throughout the state is still near desperate. The reality is OMH Supported Housing rates are not keeping up with the cost of living adjustments and not providing anywhere near the level of funding needed to provide both rent and services. Downstate providers need a rate increase of at least \$20,000 per unit per year, similar to the rate that OASAS offers for their scattered-site supportive housing. In addition, upstate providers haven't seen *any* rate increases and are in desperate need.

We support this year's Executive budget proposal to add an additional \$10 million to help support this program and other mental health housing programs, but it is not nearly enough to address the decades of chronic underfunding. We ask the legislature to accept the Governor's

proposal and add additional funding to address this crisis. We also ask the legislature to make this entire funding only available in the last quarter of this fiscal year, thereby annualizing it next year.

With over 86,000 people including nearly 30,000 of whom are children living in shelters or on the streets on any given night, we applaud the state's commitment last year to funding a five year affordable housing plan that included funding for 6,000 units of supportive housing to be built statewide over the next five years. Clearly the legislature and Governor see the benefit of this housing in addressing the homelessness crisis and providing stable community care for some of our most vulnerable citizens, many of whom are living with mental illness. But if we lose thousands of existing housing units due to chronic underfunding, we are just moving one step forward and two steps back and will not achieve the state's goals to significantly reduce homelessness in our state, much less to close state institutions.

We urge the state to support the Bring It Home Campaign and raise all OMH housing rates to a level that will pay for decent housing as well as critical support services for all existing housing across the state, including the OMH Supported Housing program so providers can successfully help people living with psychiatric disabilities prosper in the community. We also strongly urge the state to fund any future units at this higher rate.

Thank you for this opportunity to testify.