



**Testimony to the
New York City Council General Welfare Committee
on the Mayor's Preliminary Budget
March 8, 2010**

Good afternoon. My name is Nicole Branca, and I am the Director of Policy at the Supportive Housing Network of New York. The Network represents over 180 nonprofit developers and social service providers who collectively operate over 40,000 supportive housing units throughout New York State.

Supportive housing – permanent affordable housing linked to on-site services – is the proven, cost effective and humane way to provide stable homes to individuals and families who have often had great difficulty remaining housed. The people we house and serve – people with mental illness, AIDS, substance abuse, physical disabilities and other barriers to independence – are typically frequent users of expensive emergency services like shelters, hospitals, prisons and psychiatric centers. Because placement into supportive housing has been proven to reduce use of these services, supportive housing often saves more money than it costs to build, operate and provide services in the housing. This has been proven, time and time again, by dozens of peer-reviewed academic studies.

My testimony primarily addresses the Executive Budget's proposal to cut supportive housing services for tenants with HIV/AIDS, as well as much larger cuts to supportive housing included in the Mayor's Contingency Plan.

The effect of the Mayor's budget proposal on supportive housing and a host of social service programs depends entirely on whether local assistance to New York City is restored in the State budget. If the Governor's proposal to cut \$1.3 billion of State aid to New York City is implemented, the Mayor has proposed enacting a contingency plan that contains devastating cuts to supportive housing and other essential services and programs. While these proposed cuts are, at present, a contingency plan, the City Council must take them very seriously in light of the State's dire fiscal situation.

January 2010 Financial Plan

The budget cut that is most detrimental to supportive housing cannot be found in the January Financial Plan; it is the \$1.876 million cut to on-site case management for HIV/AIDS supportive housing in last year's budget, which was restored by City Council but only for last year, not for this year or the remaining out-years.

This cut would drastically reduce the number of nonprofit case managers offering vital services to tenants in HASA supported housing. As of November 2009 (the most recent month that data is available from HRA), 4,295 tenants would feel the effects of these cuts. The Network estimates that the cut would decrease case managers by 32%, reducing the number of case managers visiting tenants in these units from 198 to 135. If this cut goes through, each case manager would go from assisting 20 to 30 of the most challenging tenants served in supportive housing, a 50% increase. Case managers put the support in supportive housing, and eliminating their presence will have serious consequences. The interventions of case managers working on-site in supportive housing are essential to the success of tenants living with HIV/AIDS, most of whom have multiple disabilities, including mental illness and substance abuse. Cutting on-site case managers will result in many more HASA tenants losing their housing and relying on much more costly emergency shelter programs and hospitals.

I would also like to address the \$4.193 million PEG being proposed in this year's budget that would eliminate more than 200 City positions at HASA. We have heard that this PEG will take the place of the cut to nonprofit onsite case workers, but this assurance was not included in the Executive Budget presentation. Regardless, this PEG produces a whole new problem: who is going to help supportive housing tenants get on public assistance and other benefits? While the supportive housing and AIDS community would likely agree that it is more important to have on-site case workers who have constant contact with tenants and are available 24 hours a day, case workers at HASA also play an important role in the overall stability of this vulnerable population. To that end, we ask the General Welfare Committee Members to work with the Administration to 1) ensure that the budget cut to on-site case managers is restored to HASA's baseline budget and 2) avoid any headcount reductions at HRA that would have an adverse impact on services to tenants.

We also urge the Committee to restore \$500,000 to Momentum HIV/AIDS nutrition and counseling programs. This cut was proposed last year by the Mayor and restored by the City Council last year, but only for CFY2010. Momentum provides an essential and all-too-often overlooked service; ensuring that New Yorkers living with HIV/AIDS receive nutritional counseling and healthy meals. Our providers, who understand and have firsthand knowledge of the needs of tenants, agree that this cut will have adverse consequences for the health of vulnerable New Yorkers.

The Contingency Plan

Regardless of what happens in the State budget, the City cannot afford to make further cuts to the social services safety net. This is especially true when talking about proven solutions like supportive housing, which ends the homelessness of thousands of individuals, while saving millions in taxpayer dollars. It is our understanding that the Contingency Plan includes only examples of what could be cut if the state fails to restore \$1.3 billion to the city. However, since the Mayor identified specific programs that could be cut, we must address what the impact would be if these cuts became reality.

In the Contingency Plan the Administration suggests eliminating the SRO Support Services Program, perhaps the most effective and cost-efficient program created in New York City over the past 30 years. The program requires a 50/50 match between the New York City Department of Homeless Services (DHS) and the New York State Office of Temporary and Disability Assistance (OTDA), to help nonprofits pay for on-site case management, front-desk security and other essential services that keep formerly homeless, disabled individuals stably housed in permanent apartments. The program provides approximately \$2,400 per unit per year for 10,211 existing supportive housing apartments, and 679 new units in buildings that are in construction and preparing to open this year.

The Mayor's contingency plan proposes eliminating the City's entire \$9.5 million contribution to SRO Support Services, after decades of proven, measurable success and cost savings achieved by the program. If this decision is made:

- **The City will lose an additional \$9.51 million from the state.** A cut of \$9.51 million that would result in the City forfeiting another \$9.51 in matching funds from OTDA.
- **An estimated 754 low-wage workers would be laid off.** Eliminating this program would result in immediate layoffs of front desk staff, case managers, family counselors, etc., most of whom have salaries barely above the poverty line and are formerly homeless and/or at risk of homelessness themselves.
- **Caseloads would increase dramatically, and in many residences where SRO Support Services is the only service funding in the building, case management would be eliminated** and the provider would no longer be able to house formerly homeless and disabled tenants.
- **Providers would be forced to lay off front desk staff and reduce security coverage at the front door.** Supportive housing residences will not be able to pay for some shifts of front desk coverage. Tenants will become more vulnerable to unauthorized visitors and buildings may become less safe.

- **The City will lose federal McKinney-Vento funds leveraged by SRO Support Services.** The federal Shelter Plus Care rental subsidy requires a match of service funding; in many residences, SRO Support Services is the only source for the match.

The Mayor's Contingency Plan also includes an 11% cut to supportive housing for people living with HIV/AIDS. This cut would erode the ability of contracted case managers to provide or connect tenants with healthcare, eviction prevention services, substance use or mental health counseling and offer a host of other support services that help maintain the health and stability of low-income people with HIV/AIDS. This budget cut would have all the same detrimental affects that eliminating SRO Support Services would, except this would be specific to people living with HIV/AIDS.

Lastly, the Network is concerned about what will happen to supportive housing and the entire homeless services system if the State follows through on its plan to restructure shelter reimbursement to the City. New York City is required by law to provide shelter, but under the Governor's proposed budget, the State would reduce its annual share of the funding by as much as \$55 million. If a cut of this magnitude occurs, the City will be forced to choose from some terrible options. The City could charge rent in shelters, which would make it difficult to engage people with mental illness off the streets and into shelter, while adding one more barrier to people trying save up enough to leave the shelter system. The City will also be forced to reduce or eliminate services in shelters. Worst of all, DHS may be forced to cut back on successful, innovative, but non-mandated programs such as SRO Support Services, street outreach, safe havens and homelessness prevention programs.

I look forward to working with you to avert these ill-advised cuts that will only result in additional costs caused by increase use of expensive emergency services. Thank you for this opportunity to testify.

Respectfully submitted by:

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