



**Testimony of
Supportive Housing Network of New York
Department of Buildings Hearing
280 Broadway, New York, NY
March 6, 2009**

Good afternoon. My name is Ted Houghton and I represent the Supportive Housing Network of New York, a statewide member organization of over 170 nonprofit agencies that build, operate and provide services in housing for homeless, disabled and at-risk New Yorkers. Our members provide permanent, affordable housing with on-site services, including case management, mental health services, substance abuse counseling and employment programs to 39,000 households statewide, 24,000 here in New York City.

I am here today to voice our concern over the new Development Challenge Process that the City announced on February 2nd. While the Network fully agrees with the need for increased transparency and accountability for the Department of Buildings, we are concerned that this specific proposal could do more harm than good.

The public should absolutely have the right to challenge approved developments that they think violate local zoning regulations; our concern is that this specific proposal may have the unintended consequence of delaying desperately-needed affordable housing development – in particular, housing for people who are homeless and disabled.

As it is, supportive housing buildings undergo tremendous scrutiny. The New York City Department of Housing Preservation and Development requires that supportive housing projects obtain community board approval, regardless of whether the construction is as-of-right or ULURP. As a result, nonprofit supportive housing developers already spend months, often longer than a year, meeting with the community to assuage their concerns about how the housing and its tenants will impact their neighborhood.

Zoning regulations, of course, are rarely the issue. Most of the community's concerns are about who their new neighbors are going to be and how they will behave. While there have been numerous studies that show supportive housing is not only good for tenants, but also good for the community, nonprofit providers are facing tremendous NIMBY issues across the City. And while community boards typically approve projects in the end, we are concerned that this process will give dissenters yet another avenue with which to kill projects.

The end result of these protracted NIMBY battles is that construction costs rise, and many buildings are never built. As just one example, in its fourth year the rightfully celebrated NY/NY III Supportive Housing Agreement, a City/State agreement that will ultimately fund 9,000 units of housing for chronically homeless individuals and families, is 74% behind its projected development schedule. This delay is the result of a number of factors, but community opposition is the primary cause. The slow pace of development adds an enormous cost to the public, at a time when we can scarcely afford to waste taxpayer dollars.

These increased costs are compounded because these delays mean that hundreds of homeless people remain homeless each day this housing is delayed, and homelessness has an enormous social and economic cost. In addition to depressed economic activity caused by homelessness, there are very real direct costs to the City, State and federal governments. It costs \$68 a day for someone in a shelter vs. only \$47 a day in a permanent apartment. Over time, this 45% shelter premium really adds up. But the costs do not stop there. Homeless

persons must use emergency rooms for primary care; they are more likely to be hospitalized for chronic health conditions; they are much more likely to end up in psychiatric, jail, prison and other expensive institutions. Placed in supportive housing, they reduce their use of these expensive emergency interventions so much that the housing pays for all but \$995 of the annual cost of building, operating and providing services in the housing.

Yet the potential costs are even higher. Developers have only two years to build, or they lose access to the federal low-income housing tax credits that finance construction, as well as the millions in city and state capital subsidies that leveraged the tax credit equity. As it is now, most supportive housing developers are coming within weeks or, in some cases, days of the two-year deadline. Any new process that adds months to the development schedule on the front end will, without a doubt, result in many of these buildings losing this funding. The City will face a choice of coming up with tens of millions in additional financing for each building, or abandoning them half-built.

This is a very real threat. Banks are already saying that they will not release construction loans until this process is completed. At a minimum, this will add 60 days to what is already the longest average development time in the country. In the case of supportive housing, this will add months of delays because of community opposition.

Specifically, our concerns with the new process are as follows:

- 1. It doesn't create true accountability.** The Challenge Process lays out clear time frames for how long the public has to respond, but none for the City. The City must commit to a swift time frame as well. We urge the City to revise this process to include a specific turnaround time of no longer than 30 days for both the Borough Commissioner's determination and, if appealed, the Board of Standards and Appeals' final determination. Indefinite delays have enormous costs to the developer, contractors, architects and funders, as well as the neighbors that have these stalled construction sites

in their back yard. While zoning violations are a serious issue in this city, not all developers should have to pay for the abuse of few.

2. **We need more experts evaluating projects, not more non-experts.** The bigger issue here is that if there are gross zoning violations slipping through the cracks then we need more qualified DOB examiners watching over projects, not the general public. Most concerned citizens do not have the expertise and up-to-date information necessary on zoning regulations to evaluate a project. In the case of supportive housing, this is beside the point – they will use the zoning challenge process to bring immaterial challenges that have nothing to do with zoning and everything to do with prejudice against homeless people.
3. **DOB should be held accountable by its results.** We strongly encourage the City to add more transparency to DOB, but rather than implementing this challenge process, we recommend that DOB use the Mayors Management Report to provide the public with statistics on zoning violations and incorrect permits for the work, and what DOB has done to enforce its regulations.

We also have a few questions:

1. When exactly does this 30-day period begin? The press release and fact sheet on this process state that it's 30 days "from when a job is approved". Please specify whom this approval is from and in what form it takes.
2. Does development stop during this challenge process? Since most developers are not violating zoning regulations, can they proceed with construction if they're confident that they did things by the book?

As I testify today there are over 38,000 homeless men, women and children living in our shelters and on the street. We urge the Department of Buildings to reconsider adding another hurdle to housing our City's most vulnerable residents.

Thank you for this opportunity to testify.

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