

# SUPPORTIVE HOUSING IN NEW YORK STATE

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# Supportive housing has been proven to reduce Medicaid costs

- Multiple studies show an average 60% reduction in inpatient and emergency department costs.
- Actual cost savings vary, according to:
  - Characteristics of target population
  - Whether healthcare is a program focus
  - Program capacity
  - Life circumstances of tenants.

# Supportive housing achieves other public goals beyond reducing Medicaid costs:

- Decreases homelessness
- Serves other high-cost populations who may have low Medicaid usage, including ex-offenders, families reuniting from foster care, youth leaving institutional or foster care, DV victims, veterans
- Strengthens communities
- Improves children's educational & life outcomes
- Integrates people with disabilities
- Provides entry-level jobs for underemployed persons.

# The Supportive Housing Model Works Because...

- Care is person-centered; individual has a stake in success
- Services are pragmatic, focused on achievable, often measurable goals
- Housing is targeted to high-need individuals and families
- Housing and services are not institutional or prescriptive
- Staff finds ways to reach tenants even when they refuse clinical services
- Contract funding is flexible; billing concerns do not drive services
- Services are nimble; can swiftly ramp up or down according to need
- Staff relies on linking tenants to services and supports in the community
- Housing is permanent; tenant feels safe and secure enough to build on the future, rather than survive in the present.

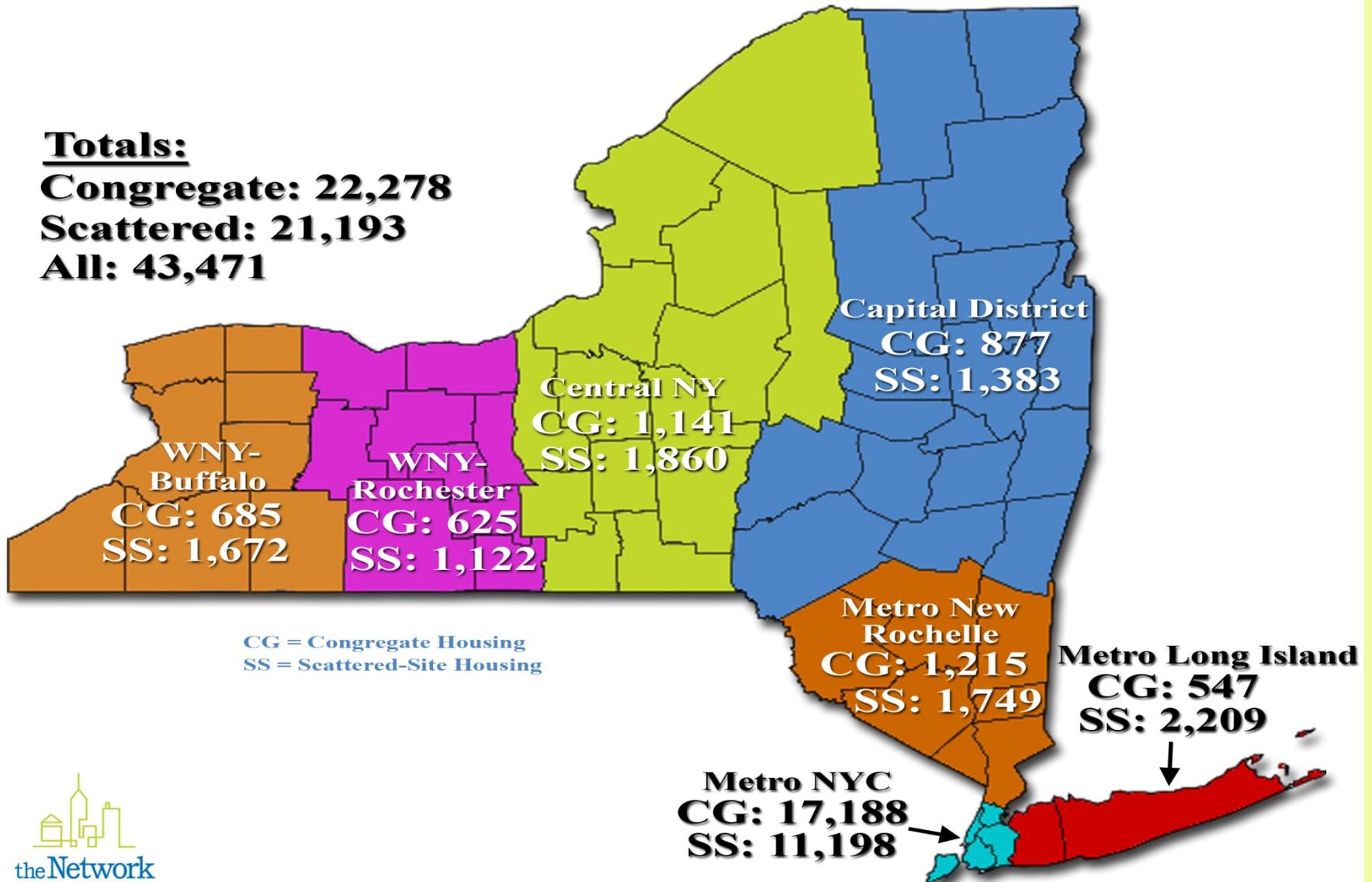
# Number of supportive housing units in New York State by region

## Totals:

**Congregate: 22,278**

**Scattered: 21,193**

**All: 43,471**

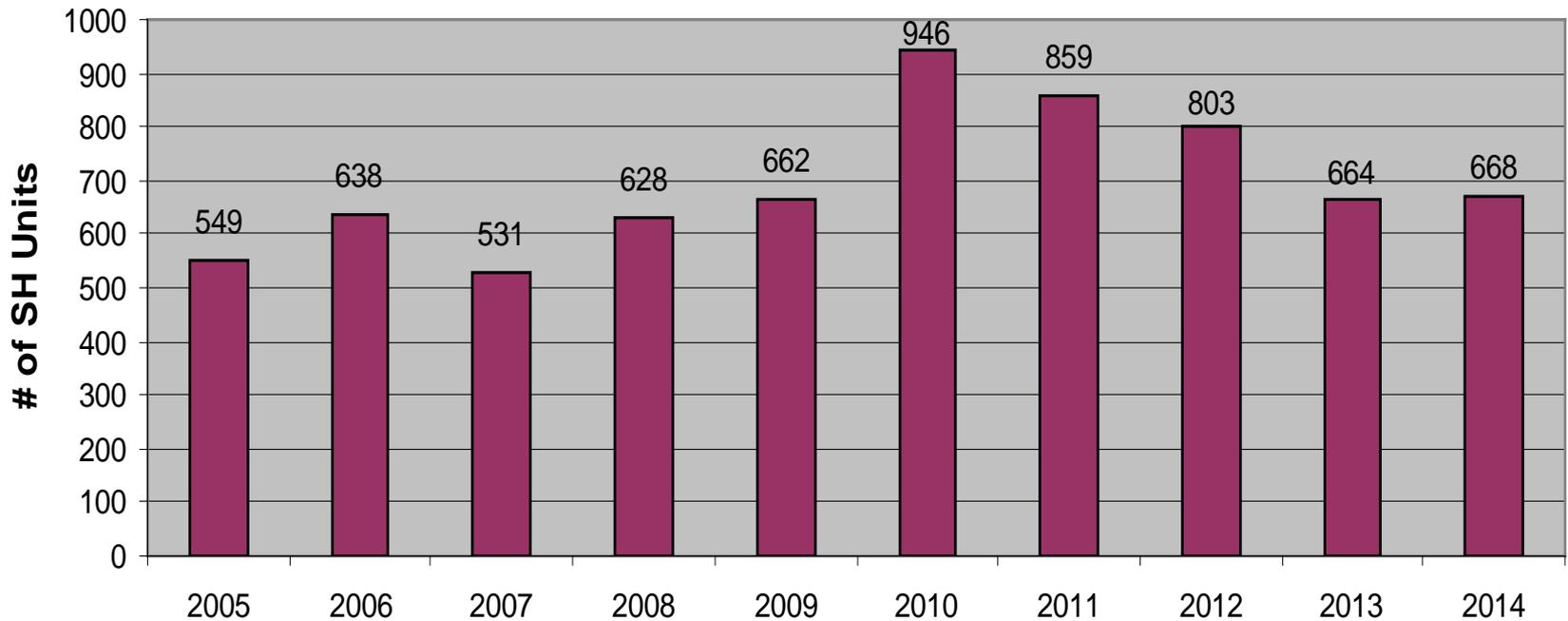


# Inadequate Capital Funding and Rising Costs Slow Development

- Federal HOME dollars down 10% in 2011; facing proposed cut of 25-38% in FY12
- OMH capital funding frozen since 2009
- OTDA HHAP & HCR Housing Trust Fund flat-funded at \$59 million for most of last two decades
- Supportive housing receives less than 20% of the \$300m in annual HCR capital & private equity
- Acquisition, labor, materials & other development costs continue to rise

# Total State Production of Supportive Housing is Decreasing

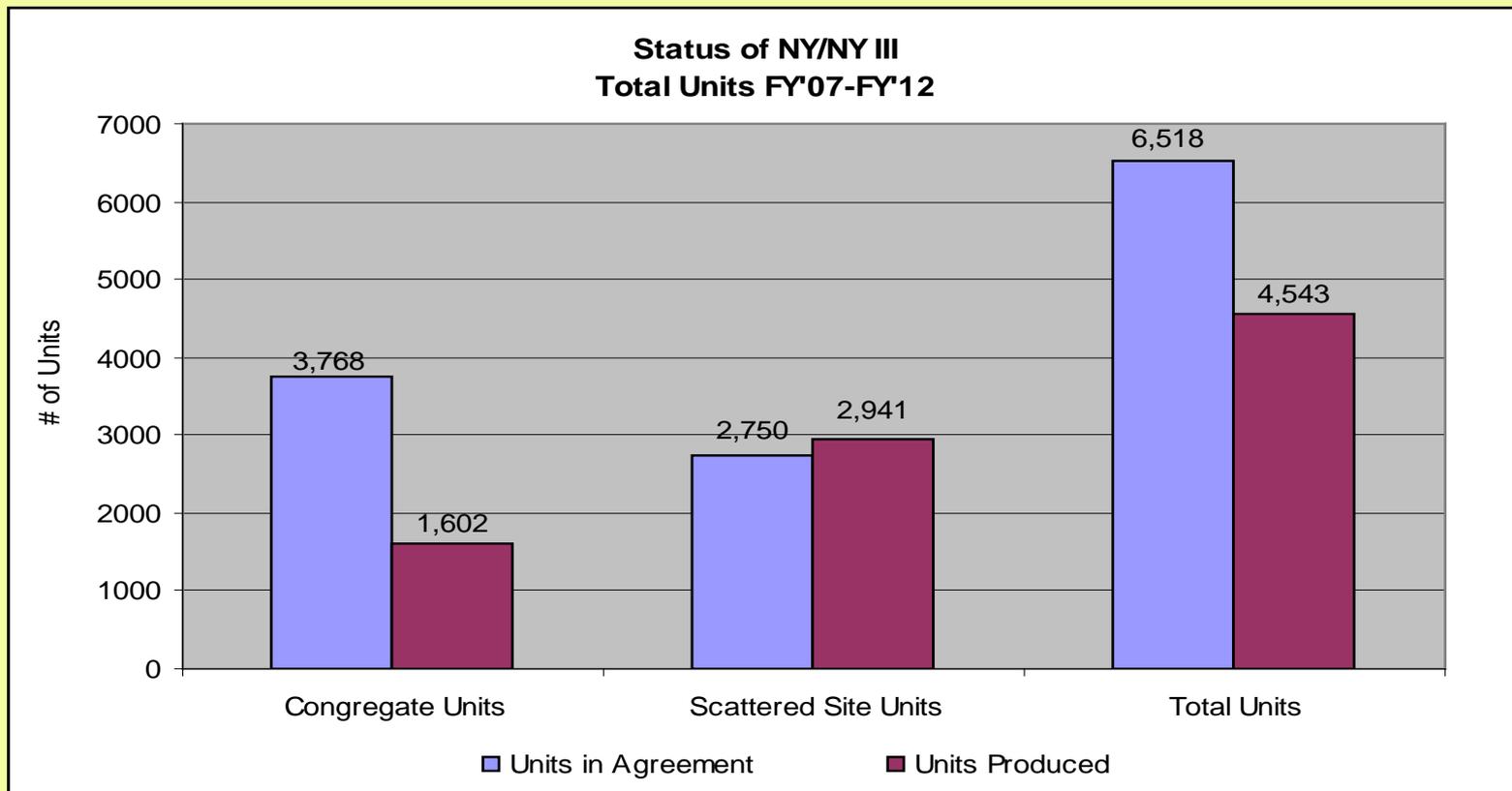
Supportive Housing Units Open with OMH, HCR & OTDA Financing  
CY 2005-2014



# NY/NY III Production at Halfway Point (August 2011)

*Goal: produce 7,250 new capital units and 2,750 scattered-site rentals over ten years.*

- Congregate capital development 57% behind schedule
- Scattered-site units opened on schedule & exceeded targets
- Overall, NY/NY III production is 30% behind schedule



# NY/NY III Lessons Learned

Any new supportive housing development initiative should:

- Appropriate enough capital resources to achieve unit production goals
- Include both scattered-site rentals and new capital congregate units
- Target resources to most vulnerable
- Engage and integrate with other needy populations and other affordable housing development efforts.
- Strengthen feedback & planning mechanisms to allow for mid-course corrections

# Development Challenges

- Nonprofit developers assuming more risk
- Suitable sites are difficult to find and secure
- NIMBYism
- Inadequate pre-development funding
- Multiple capital funding application processes
- Separate applications for capital, services & operating funds
- New REDC process
- Other Systemic Concerns:
  - Growing demand for state's bond volume cap
  - SONYMA concerns about exposure to OMH projects
  - Investor confidence must be maintained; CRA demand
  - TCO delays and other regulatory compliance delay openings

# Service and Operating Challenges

- Flat service funding:
  - NY/NY III service contracts remain at 2006 rates; NY/NY I & II even lower
  - OMH Supported Housing funding now goes mostly toward rent
  - OTDA NYSSHP: no COLA for 6 years; 17% cut last year erased previous COLA
  - McKinney-Vento: no increases to SHP after initial awards, many of which were made 17 years ago
- Lack of Section 8 or other rent subsidies; many buildings experiencing growing operating deficits
- Tenants in HIV/AIDS housing cannot meet basic needs
- Inadequate admin overhead & multiple agency oversight
- Tenants have more challenging service needs
- Reduced developer fees, philanthropic support
- Uncertainties associated with Medicaid redesign

# Facilitating an Expansion of Supportive Housing

- Require all publicly-funded affordable housing development to include supportive units
- Increase funding for the Supportive Housing Set-aside in the new REDC CFA application
- Release frozen OMH capital funds
- Link vacant apartments in HCR & HPD housing stock to services and target to high-cost Medicaid users
- Provide revolving pool of pre-development & acquisition funds
- Coordinate agency capital application processes and link to service & operating funding awards
- Ensure service levels are adequate to tenant needs
- Create tools and incentives that encourage stable tenants to move on to more independent housing (including new Moving On initiative and changes to HIV/AIDS housing policies).

# Other Available Housing Resources (Statewide totals)

- Public Housing Stock (210,545 units)
- Section 8 Housing Choice Vouchers (224,171)
- HCR & HPD-financed housing units (99,168)
- Section 202 & 811 housing (13,042)
- McKinney-Vento PSH (23,237)
- HDC & Other Project-Based Section 8 Bldgs
- 80/20 affordable units
- REO/foreclosed properties
- HASA Rent Subsidies (approx. 11,000)
- NHTD Waiver & Money Follows the Person