



Testimony of
Coalition for the Homeless

on the SFY 2015-16
Executive Budget proposals for
Homeless Services in New York State

before the NYS Senate Finance and
NYS Assembly Ways and Means Committees
February 5, 2015

presented by

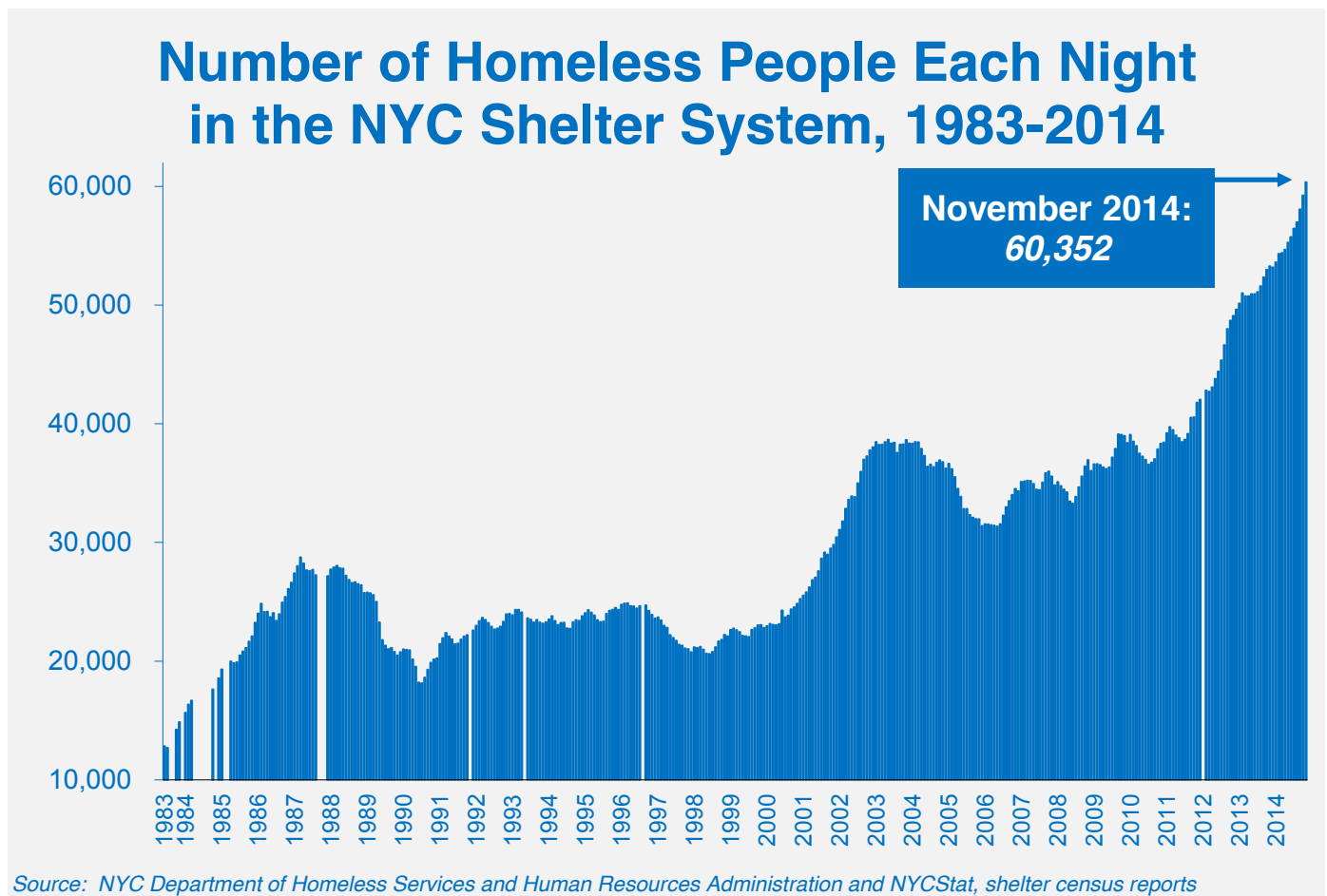
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Thank you for inviting us to testify at this important hearing. My name is Shelly Nortz, and for the last 27 years I have worked for the Coalition for the Homeless in Albany to secure State support for programs and policies that prevent and address homelessness and the socio-economic problems that cause homelessness.

Record Homelessness in NYC

More than 111,000 different homeless New Yorkers, including more than 40,000 children, sleep in the NYC municipal shelter system each year, and this constitutes more than 85 percent of the homeless population in all of New York State. It comes as no surprise to the members of this committee that the great majority of families and individuals who are homeless require some form of housing assistance in order to secure and retain stable permanent housing.

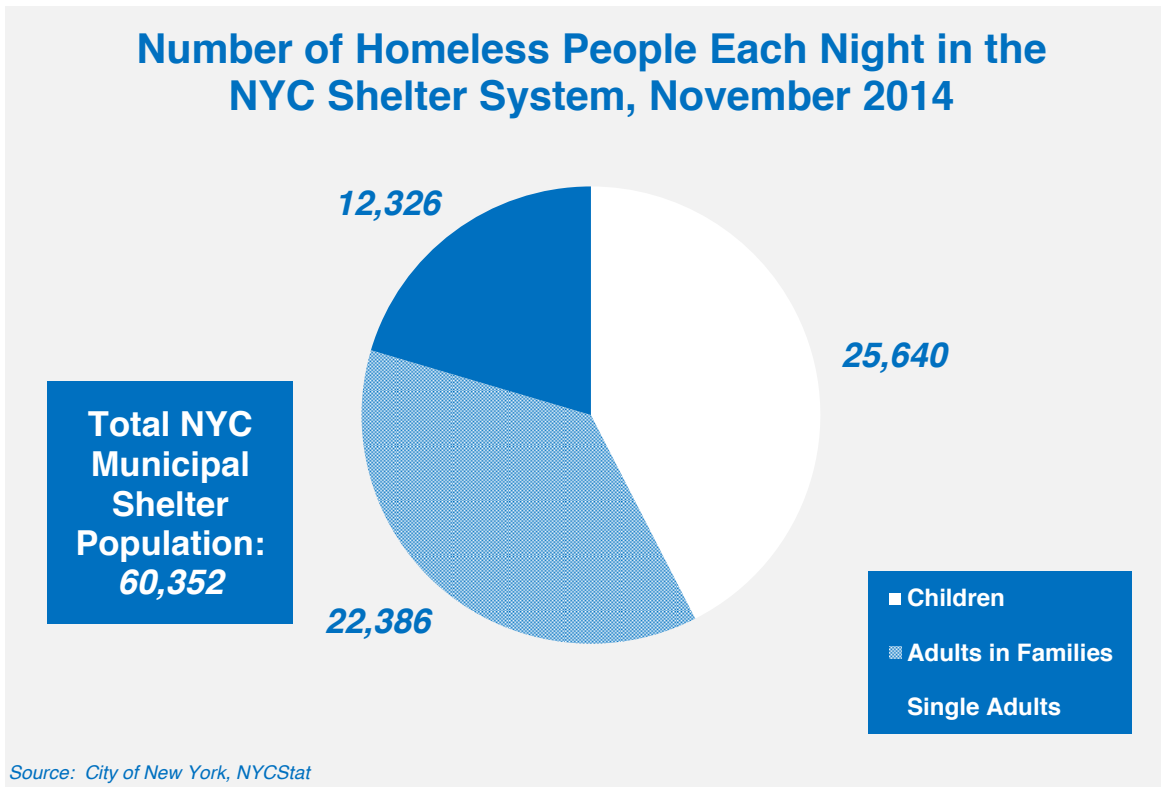
In 2012 I testified that we had reached a new record: There were over 41,000 homeless people staying each night in NYC homeless shelters, including 17,000 children. In January 2014, the number exceeded 53,000 individuals and over 22,500 children. The most recent data show that there are now over 60,000 homeless people staying each night in the shelters including 25,150 children – 47 percent more homeless people staying in NYC shelters each night since 2012.



Thousands more live on the streets or in makeshift arrangements underneath roadways or in abandoned buildings.

The dire situation in New York City cannot be overstated:

- The number of homeless children in October was over 25,000 for the first time;
- The number of homeless families was over 14,000 for the first time; and
- The number of homeless single adults was over 12,000 for the first time.



The status quo is unsustainable, and while some important incremental improvements have been made by the City and State in recent months, including new rental assistance programs, better HRA outreach to prevent evictions, and more placements of homeless families in public housing, these efforts fall short of what is needed to turn the tide.

I testified late last year about a number of policy changes needed to improve the State and City responses to homelessness. The State recommendations are outlined again below. Today, I want to focus more precisely on the recently announced Executive Budget proposals on homelessness and our recommendations for supportive housing.

2015 Opportunity Agenda

On January 18th, Governor Cuomo announced his **2015 Opportunity Agenda: Ten Point Plan to Combat Poverty and Fight Inequality** including new initiatives to address homelessness and the need for more supportive and affordable housing. In sum, he announced that the State will invest:

- \$183 million in a NY/NY IV supportive housing program and \$220 million in additional homeless services investments (or \$403 million in new funding); and
- \$486 million in housing for vulnerable New Yorkers.

These figures were again included in the budget presentation along with a statement that the budget includes \$50 million in “new” initiatives to help homeless people. You have heard State agency representatives reiterate these points during the budget hearings.

A close analysis of the Executive Budget details released on January 21st demonstrates that these figures do not all represent “new” programs or “increased” funding. Nor do they all represent State expenditures or expenditures for the 2015-16 State Fiscal Year (SFY 15-16).

These initiatives are spread out over between three and as many as seven years. Several hundred million dollars-worth of them were actually first appropriated last year.¹ Much of the funding is being used to support pre-existing programs rather than new ones. One of the programs does not target homeless individuals, although some formerly homeless individuals are served by the program.

The only completely new State program is a proposed New York/New York IV program for which \$66 million of the J.P. Morgan settlement amount is allocated over five years. Only \$1 million of the NY/NY IV funding is expected to be disbursed in SFY 15-16, and \$2 million in SFY 16-17. Only a handful of scattered site units will be available in the first two years in New York City, while the bulk of the units in the City will become occupied two years after their construction begins in years three through seven (2017-2022).

The single largest investment is a mechanism by which the State is capping a local government mandate to pay for State youth facilities until SFY 2018-19, and then mandating that New York City (and only New York City) equally match the State’s share of this amount. The City is required to reinvest these funds (\$220 million in savings to the City plus \$220 million in required City matching funds, for \$440 million) in three pre-existing homeless rental assistance programs launched by Mayor de Blasio in 2014, as well as other new homelessness initiatives, over the next four years. While this is a substantial sum of money, it is comprised of City dollars encumbered by a State mandate to use the funds to pay for pre-existing City programs (and possibly new ones created after January 1, 2015).

The affordable housing investments highlighted in the January 18th announcement and again in the Executive Budget presentation also consist of a mixture of new and old programs, the shifting of some programs onto alternate funding sources, and spreading some of the SFY2015-16 resources over multiple years. There are two components:

- a) \$229 million in capital resources – of which \$32 million represent increases in funding for four pre-existing programs; and
- b) \$257 million in J.P. Morgan settlement funds – mostly allocated over multiple years for a wide array of new and pre-existing programs, some of which represent increases and some of which are flexible in terms of how many years they may be disbursed over.

The Details

State Programs

The ***2015 Opportunity Agenda*** announced the following:

“Invest \$183 Million to Support NY/NY IV Housing Program

¹ The J.P. Morgan settlement proceeds were in last year’s budget and subject to a memorandum of understanding among the leaders that was not executed.

The State will use \$183 million of J.P. Morgan Chase settlement funds to support a new NY/NY IV program to create 5,000 new supportive housing units for populations requiring additional support; New York City’s LINC 1 rental assistance program; and a cap on the rent contribution for public assistance recipients diagnosed with HIV/AIDS in New York City so they can afford to stay in their homes.”

Initially it appeared as if the \$183 million was all for NY/NY IV. **In fact, only \$66 million is actually for NY/NY IV** – and that is expected to be obligated over the next five years, with the last units not being occupied until the end of year 7. Moreover, the 5,000 unit figure includes not only the State’s units but also the matching units to be provided by New York City and other localities. **The State is proposing through this initiative to provide only about 280 State-funded units in New York City per year on average over seven years.**

The table below shows how the appropriations bill allocates \$183 million in J.P. Morgan Settlement funds:

STATE PROGRAMS

New Programs Funded with State General Funds:	No programs.
New Programs Funded with State Debt Service:	No programs.
New Programs Funded with J.P. Morgan Settlement:	One program:
- NY/NY IV:	- \$66 million over 5 years for services/operating only.
Old Programs Funded with J.P. Morgan Settlement:	Three programs:
- 30% HIV/AIDS Rent Cap:	- \$27 million over 3 years replacing General Funds.
- OMH Enhanced Rent Allowance:	- \$50 million over 5 years replacing General Funds.
- State Share of LINC Rent Subsidies:	- \$40 million over 4 years, retroactive to July 2014.

As the table illustrates, **the only new program is NY/NY IV**. The other programs are pre-existing State-funded or reimbursed programs taken out of General Funds or other sources and receiving J.P. Morgan funds over three to five years. The benefits of this mechanism are that a.) it protects these programs over a few years from potential budget cuts when most budgets are being cut or held to increases of zero to two percent, and b.) it uses the one multi-year bank settlement for programs that cannot or should not be cut, and to meet growing needs.

Two of the three pre-existing programs are targeted to serve homeless individuals:

- Continuing the capped State share of the 30 percent rent cap for people with AIDS/HIV, and
- The State share of the NYC LINC rental assistance program funded retroactively to July of 2014.

The third program, OMH’s rental assistance enhancement, raises the rent allocations to \$750 per unit per year from last year’s \$550 per unit per year for 12,000-13,000 units of OMH supported housing. It is not specifically targeted to homeless individuals, but some formerly homeless individuals do live in this housing. All of these pre-existing programs are worthy investments, **but they do not expand services for homeless individuals or families.**

It is worth noting that the J.P. Morgan Settlement Funds were appropriated in the SFY 2014-15 enacted budget, subject to a memorandum of understanding among the legislative leaders and Governor Cuomo that was never executed. In the SFY 2015-16 appropriations bill, these funds were allocated to a variety

of new and pre-existing programs and spread out over multiple years in many cases. This is in part because it is a settlement with a unique multi-year payout.

NY/NY IV

Governor Cuomo is to be credited for publicly acknowledging the unprecedented and unmitigated crisis of homelessness in New York City and recognizing the need for a new State-City partnership to address it. However, the NY/NY IV proposal provides far too small an investment to address the problem he rightly called “a disgrace.”

NY/NY III is in its final year and provided an average of 900 State and City funded housing units per year over ten years. When it was signed in September of 2005 there were 32,000 people in New York City’s homeless shelters. Governor Cuomo’s NY/NY IV proposal provides fewer than 560 State and City units per year over seven years in New York City at a time when there are more than 60,000 people in the City’s homeless shelters. **While 20,000 applications for supportive housing are approved in New York City each year, only one in six applicants actually receive a supportive housing placement.**

Notably, the NY/NY IV proposal only dedicates new State funds to the operating and service components of the program. It assumes that all of the capital needs to fund the State share of the units (1,906 in NYC) will come from the regular annual appropriations for the NYS Homeless Housing Assistance Program, the Housing Trust Fund, tax credits and MRT supportive housing allocations.

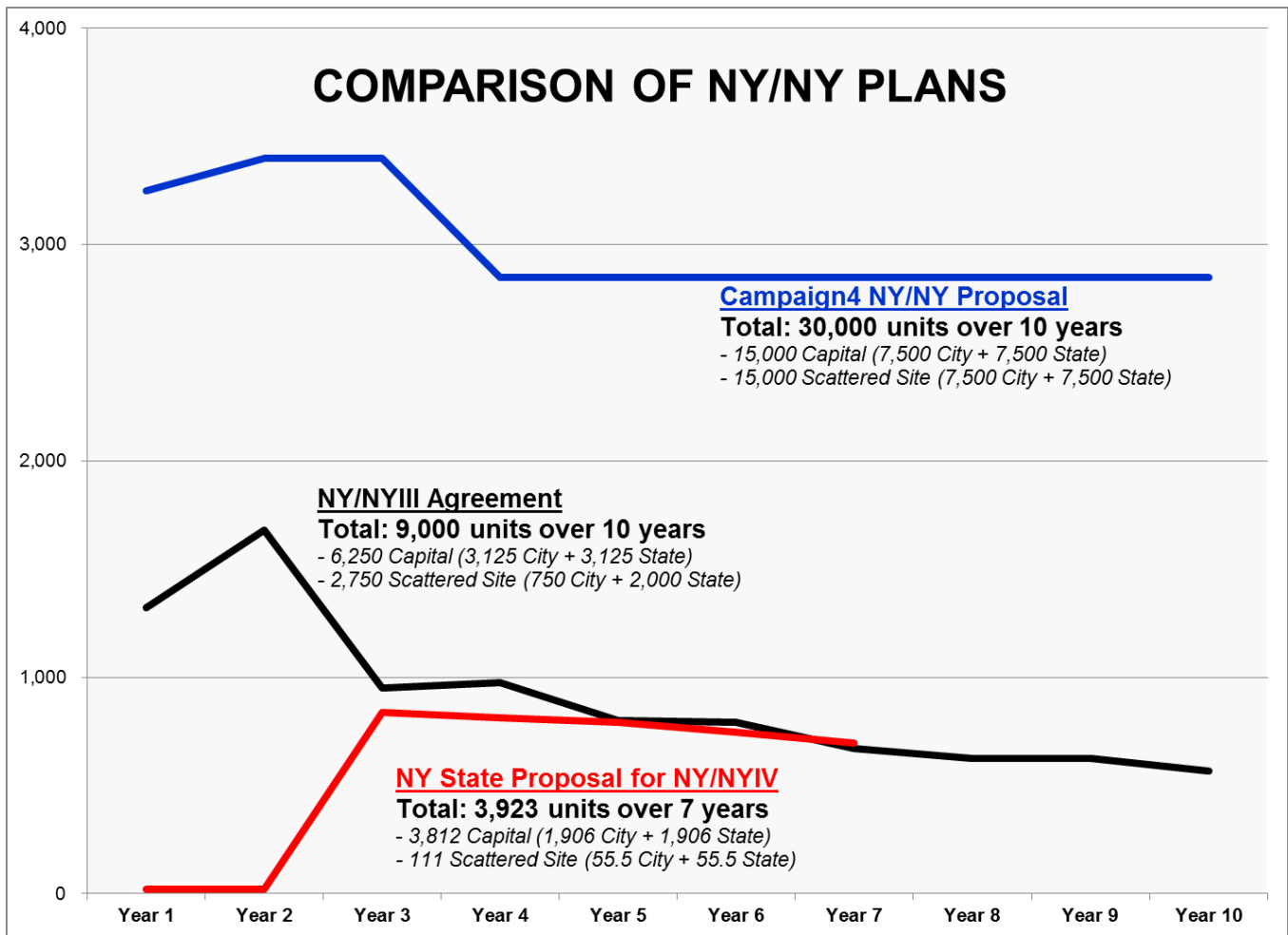
While NY/NY III relied on investments from these programs in part to meet the capital needs, a new capital appropriation of \$211 million was provided in the SFY 2006-07 Office of Mental Health budget for NY/NY III and these funds are supporting the completion of that agreement.

By contrast, the HHAP budget is projected in the *Capital Plan* to be *reduced* in coming years from the current \$63.5 million for SFY 2015-16 to \$57.5 million each year beginning in 2016 and through 2020. The assumed disbursements for the statewide NYNY IV program for the State’s share of the operating and services costs through the \$66 million in J.P. Morgan funds are anticipated to be as follows:

- Year 1: \$1 million
- Year 2: \$2 million
- Year 3: \$12 million
- Year 4: \$21 million
- Year 5: \$30 million

On the other hand, Mayor de Blasio’s ten year capital plan includes 12,500 supportive housing units. We understand that 7,500 of these are available for inclusion in a NY/NY IV Agreement (an average of 750 units per year), consistent with our recommendation for supportive housing capital investment by both the City and State.

The Coalition for the Homeless has compared the recommendations of the ***Campaign 4 New York/New York Housing***, of which we are a leader, with the bed plan for the *NY/NY III Agreement* and the NY/NY IV Executive Budget proposal for NYNY IV in New York City to illustrate how the plans compare with one another.



The graph shows that the vast majority of the NYNY IV units will not be built and then occupied until years three through seven. It provides stark evidence that the proposed plan offers a mere fraction of what New York State needs to do to address homelessness in New York City.

It is time to bring supportive housing production up to a level that more responsibly addresses the staggering need. Clearly, there must be a greater investment of State resources to match both the need and the City's more realistic planned investments.

City Programs

The *2015 Opportunity Agenda* also announced the following:

“Invest Additional \$220 Million in Homeless Services
Continuing this support, Governor Cuomo proposed to invest an additional \$220 million in homeless services over the next several years, including funding for New York City rental assistance and other programs that address the City’s growing homeless population.”

This again sounded like a new investment of \$220 million in State funds for NYC rental assistance programs in SFY 2015-16. In fact, this is a multi-year program that requires New York City to reinvest and match the savings it creates.

The State is capping the amount of money localities are required to reimburse the State for the operation of secure youth facilities over the next four years. The State is using other funds to pay for its operations above this cap. The total savings from this action are \$425 million, of which \$220 million accrues to New York City.

The City is then required to reinvest this sum, and match it dollar-for-dollar over the next four years in:

- The pre-existing LINC 3, LINC 4, and LINC 5 programs; and
- Any new rental assistance or homeless service programs initiated after January 1, 2015.

The State’s terms also provide that New York City may not “supplant” any pre-existing program with this reinvestment requirement. Other jurisdictions are not required to reinvest the savings this mechanism creates for them.

This replaces one State mandate with another that is twice the size. The upside is that the new mandate has the potential to create savings by helping homeless individuals and families move out of costly homeless shelters and into permanent housing.

We have yet to learn what the City intends to do in response to this requirement and whether or not it concurs with the financial analysis, but will continue to monitor this initiative.

Conclusion

The bottom line on the “new” homelessness investments in the SFY 2015-16 Executive Budget is that materially less than the estimated \$50 million of the \$403 million in multi-year old and new State and City initiatives is expected to be spent this year.

Only \$1 million will be for NY/NY IV. Much of the \$50 million is to continue existing programs, not all of which are for homeless New Yorkers. Specifically, the assumed disbursements for the programs comprising the \$403 million amount and the \$50 million estimate for SFY 2015-16 are outlined below and add up to \$46 million – which was then rounded up to \$50 million in the budget presentation:

<u>J.P. Morgan Settlement</u>	
New State Programs	
- <i>NY/NY IV:</i>	<i>\$1 million</i>
Pre-existing State Programs	
- <i>LINC I:</i>	<i>\$8 million (including \$3M retroactive to 7/14)</i>
- <i>HASA Rent Cap:</i>	<i>\$9 million</i>
- <i>OMH Rent Increase:</i>	<i>\$10 million</i>
<u>New York City Program</u>	
<i>City savings, matched by City funds, required to be spent on pre-existing LINC 3, 4 and 5; new rental assistance programs; and other new homeless programs:</i>	<i>\$18 million</i>

Recommendations for the 2015-16 State Budget and One-time Settlement Revenues

Our recommendations for the coming year regarding investments to address homelessness are outlined below.

A. Campaign 4 New York/New York Housing

First and most important, the New York/New York III Agreement is expiring and there is no replacement yet to sustain the supportive housing development pipeline.

Nearly 200 groups have gathered to form the **Campaign 4 NY/NY Housing** which seeks a new City-State agreement to create 30,000 units of supportive housing over the next 10 years in New York City for families and individuals with disabilities and other special needs.

We specifically seek an agreement that will:

- Dedicate two-thirds of the units in the new agreement (20,000 units) to individuals and the remaining one-third to families (8,700 units) and youth (1,300 units); and
- Fully fund capital expenditures and support services for new construction – as well as rental fees (adjusted to reflect future escalations) and support services to operate scattered-site units. (See <http://www.nynycampaign.org> and attached.)

We believe that a successful City-State agreement must **target the vast majority of resources toward individuals, families (including childless families), and young adults who are homeless and vulnerable – those living with serious and persistent mental illnesses, chronic health conditions including HIV/AIDS, and long-term addiction.**

This would include people living on the street and in systems administered by various New York City agencies. The new agreement must also target people with multiple disabilities or other barriers to obtaining housing, and those who are exiting foster care, healthcare, correctional and other institutions into homelessness.

We have written a letter to Governor Cuomo asking that he amend the budget to fully fund the State share of our NY/NY IV proposal for New York City and we ask that the Legislature ensure that it is included in the final budget.

B. Expansion of Homeless Service, Housing, and Prevention Programs

Late last year we researched the needs for several homeless service programs and found that a number of them should be restored, receive increased appropriations, or be expanded in order to improve their effectiveness. Specifically, the 2015-16 State budget should include:

- \$2 million in additional funds to expand the STEHP program in support of eviction prevention activities in NYC (\$5 million statewide). The *Executive Budget* proposes a \$400,000 increase. This will help address the growing demand for assistance to help families stave off eviction and avoid entering the shelter system;
- \$2.4 million in additional NYSSHP funds for supportive housing projects that have already opened as well as those that will be opening their doors this year. This will help get this program back on track;
- \$2,000,000 in TANF funding for Emergency Homeless Needs (distributed by RFP for multiple New York City organizations);
- \$250,000 in non-TANF Emergency Homeless Needs for households that are not TANF-eligible;

- \$1 million for the Client Advocacy Program, through which chronically homeless disabled people are assisted in securing Federal SSI/SDI, veterans benefits and housing;
- Raising the monthly amounts for the OCFS preventive, reunification and independent living rent subsidies to \$600 per month;
- Adding authorizations in § 409-a. of the Social Services Law to provide rental assistance for parents and children with disabilities, including young adults, when a child is either at risk of entering foster care due to disability, or where a parent's or child's disability is preventing a discharge from foster care;
- Expanding emergency shelter, transportation and nutritional assistance for homeless people with AIDS/HIV to ensure that this benefit is provided statewide and eliminate perverse incentives that may cause people to become sicker before obtaining help;
- Adding MRT housing funds to provide rental assistance in New York City to help homeless individuals being discharged from Nursing Homes and hospitals, or who need housing assistance in order to receive authorization to receive medically necessary surgery and post-surgery recovery supports in the community.
- Making permanent the increase in the income caps for SCRIE and DRIE set to expire in 2016

We also join our colleagues in calling for a very substantial increase in the shelter allowance for public assistance recipients because so many are forced into homelessness due to the massive gap between their current allowances and even the most meager housing options.

Thank you for your time. I welcome any questions you may have today or in the coming weeks.

Attachments

Campaign 4 New York New York Housing Platform with Endorsers

2014-15 NYS Executive Budget Analysis on Funds for Homeless Initiatives							
	2014-15 (millions)	2015-16 (millions)	2016-17 (millions)	2017-18 (millions)	2018-19 (millions)	2019-20 (millions)	Total (millions)
JP Morgan Settlement (Appropriated in 2014-15, allocated in 2015-16)							
New Program							
NY/NY IV Statewide (Service & Operating)	\$1	\$2	\$12	\$21	\$30	\$66	\$66
Subtotal							
Pre-Existing Programs							
OMH Supported Housing Rent Increase	\$10	\$10	\$10	\$10	\$10	\$50	\$50
LINC 1	\$3	\$5	*	*		\$40	\$40
HASA 30 Percent Rent Cap		\$9	\$9			\$27	\$27
Subtotal							
Total	\$3	\$25	*	\$31	\$40	\$183	\$183
* These disbursement amounts will depend upon plan submitted by NYC for the LINC 1 program							
New York City Programs							
City Savings Required to be Spent on Homelessness and Matched with City Funds	\$18	*	*	*	*	\$220	\$220
Total							
Total projected disbursements for SFY 15-16	\$3	\$43				\$403	\$403
Financial Plan Estimate from the Budget Power Point Presentation (See Notes 1-3)		\$50				\$403	\$403
* These disbursement amounts will depend upon plans submitted by NYC for the LINC 3, 4, and 5 programs, and any new programs							
<i>Note 1. The reported new investments in homeless programs of \$403 million for 2015-16 are actually spread out over five years into 2020 and the only new program is NYNY IV.</i>							
<i>Note 2. The reported estimate of 2015-16 new homeless program funds of \$50 million includes pre-existing programs, not all of which are homeless service programs.</i>							
<i>Note 3. The \$50 million is the estimated share of the \$403 million that will be spent in 2015-16. It was rounded up from \$46 million shown in purple for 2014-16.</i>							
<i>Note 4. Colors show the state fiscal years in which the funds will be used and annual amounts where known</i>							
<i>Note 5. NY/NY IV will include 1,906 new capital units funded by NYS from existing capital appropriations for NYC; and 1906 new capital units funded by NYC.</i>							
<i>Another 634 units of capital will be provided by the state with various matching requirements for upstate and metro communities. 555 scattered site units are also planned.</i>							
<i>Of these, 111 will be provided in NYC, half by NYS and half by NYC</i>							

Coalition for the Homeless Background

The Coalition for the Homeless, founded in 1981, is a not-for-profit advocacy and direct service organization that assists more than 3,500 homeless New Yorkers each day – clients who come from nearly every zip code in the five boroughs and beyond. The Coalition advocates for proven, cost-effective solutions to the crisis of modern homelessness, which now continues into its fourth decade. The Coalition also protects the rights of homeless people through litigation concerning the right to emergency shelter, the right to vote, and life-saving housing and services for homeless people living with mental illness, HIV/AIDS, and other disabilities.

The Coalition operates eleven direct-services programs that offer vital services to homeless, at-risk, and low-income New Yorkers, and demonstrate effective, replicable long-term solutions. These programs include supportive housing for families and individuals living with AIDS, job-training for homeless and formerly-homeless women, rental assistance which provides rent subsidies and support services to help working homeless individuals rent private-market apartments, and permanent housing for formerly-homeless families and individuals. Our summer sleep-away camp and after-school program help hundreds of homeless children each year. The Coalition's mobile soup kitchen distributes 900 nutritious meals each night to street homeless and hungry New Yorkers, and our client advocacy program helps homeless people with disabilities obtain Federal disability benefits and housing. Finally, our Crisis Intervention Department assists more than 1,000 homeless and at-risk households each month with eviction prevention assistance, referrals for shelter and emergency food programs, and assistance with public benefits.

The Coalition also represents homeless men and women as plaintiffs in *Callahan v. Carey* and *Eldredge v. Koch*. In 1981 the City and State entered into a consent decree in *Callahan* in which it was agreed that, "The City defendants shall provide shelter and board to each homeless man who applies for it provided that (a) the man meets the need standard to qualify for the home relief program established in New York State; or (b) the man by reason of physical, mental or social dysfunction is in need of temporary shelter." The *Eldredge* case extended this legal requirement to homeless single women. The *Callahan* consent decree and the *Eldredge* case also guarantee basic standards for shelters for homeless men and women. Pursuant to the decree, the Coalition serves as court-appointed monitor of municipal shelters for homeless adults.

When modern homelessness first emerged in the late 1970s, thousands of homeless New Yorkers were forced to fend for themselves on the streets, and many died or suffered terrible injuries. Indeed, public health officials in those days often remarked privately that literally hundreds of homeless men and women were perishing each year on the streets of the city, often from hypothermia and other cold-related causes, although no public record was ever made available.

In response to this crisis, in 1979 founders of the Coalition for the Homeless brought a class action lawsuit in New York State Supreme Court against the City and State called *Callahan v. Carey*, arguing that a constitutional right to shelter exists in New York. In particular, the lawsuit was based on *Article XVII of the New York State Constitution* – an amendment which was enacted in the midst of the Great Depression – which declares that "the aid, care and support of the needy are public concerns and shall be provided by the state and by such of its subdivisions...."

The lawsuit was brought on behalf of all homeless men in New York City. The lead plaintiff in the lawsuit, Robert Callahan, was a homeless man suffering from chronic alcoholism who lived on the streets in the Bowery section of Manhattan.

In December 1979, the New York State Supreme Court ordered the City and State to provide shelter for homeless men in a landmark decision that cited *Article XVII of the New York State Constitution*. And in August 1981, after nearly two years of intensive negotiations between the plaintiffs and the government defendants, *Callahan v. Carey* was settled as a consent decree. By entering into the decree, the City and State agreed to provide shelter and board to all men who met the need standard for public assistance or who were in need of shelter "by reason of physical, mental, or social dysfunction." (A companion lawsuit, *Eldredge v. Koch*, extended the right to shelter to single women, who are now protected by the consent decree. Separate litigation by the Legal Aid Society has guaranteed similar rights for homeless families.)

The decree established a right to shelter for all men and women in need of shelter from the elements in New York City, and it has been responsible for saving the lives of countless homeless New Yorkers who might otherwise have died on the streets of the city.

Nevertheless, one tragic footnote to the history of the litigation is the fate of Robert Callahan himself. The autumn before the consent decree bearing his name was signed, Mr. Callahan died on Manhattan's Lower East Side while sleeping rough on the streets. Thus, Robert Callahan was one of the last homeless victims of an era with no legal right to shelter.

In addition to litigation and vital services, the Coalition for the Homeless has engaged in a broad array of advocacy and public education work to deliver such vital and far-reaching victories as the Community Mental Health Reinvestment Act, laws guaranteeing a right to educational services for homeless children and youth, the SRO Support Services program, the Foster Care rent subsidy preventive and reunification rent subsidies, the "Year of the Homeless" social services programs that brought \$20 million in new homeless housing and mobile food, shelter repair, housing subsidies, and mental health services largely to the outer boroughs, the New York/New York II and III agreements, the Disability Rent Increase Exemption program, Timothy's Law, and ombudsman services for Medicaid Managed Care enrollees beginning in 2014 as well as the Federal Stewart B. McKinney Homeless Assistance Act, and local laws relating to shelter and other homelessness and housing policies in New York City.