



**New York State Senate
Standing Committee on Social Services and
Standing Committee on Housing, Construction and Community Development**

**Public Hearing on Section 8 Solutions
April 15, 2010**

Good morning. 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 proven to be the most cost effective and humane way to provide stable homes to individuals and families who are homeless or at risk of homelessness and have disabilities or other barriers to finding and keeping a home.

My testimony today gives a brief explanation on how the lack of Section 8 funding impedes our ability to house the homeless and disabled, followed by short term and long term recommendations for the state on preserving and expanding affordable rental housing for low-income New Yorkers.

Background

There are over seventy supportive housing buildings in the City that rely on Section 8 funding to subsidize the rent of their low-income tenants. While most of this federal funding flows through the NYC Department of Housing Preservation and Development (HPD), and this agency did not lose thousands of vouchers like its sister housing authority, NYCHA, the deficiency of Section 8 funding from Washington still has an enormous affect on our ability to house the homeless in New York City.

HPD has a smaller allotment of Section 8 than NYCHA (30,000 vs. 100,000) but they're also more conservative in their management of the vouchers. Rather than over-lease and risk losing vouchers like NYCHA, HPD simply stops distributing

Section 8s when they think they are getting close to their maximum allocation. The problem is, supportive housing providers are locked into contracts that require that they keep taking homeless tenants; in effect passing a colossal deficit onto the non-profits housing the poor. When HPD freezes their allocation of Section 8 vouchers, the apartments aren't paid for six months, a year or sometimes a couple of years after the tenant moves in. Supportive housing providers simply subsidize on too thin a margin to absorb these losses on an ongoing basis. Those who can, dip into their building operating reserves, but in recent years some have been forced to defer their mortgage payments and many have been forced to take from their social service funding so that they can keep the lights and heat on. While this is not as horrendous as revoking thousands of vouchers, it has a detrimental long-term affect on the non-profits ability to keep some of New York's most vulnerable tenants stably housed.

HPD has made great strides the last couple of years to improve the administration of Section 8s to non-profits, but the current system is unsustainable if there isn't more consistent funding from Washington.

I also want to briefly mention how the loss of NYCHA Section 8 vouchers meant the end of a small but successful pilot program that accelerated housing the homeless and saved the City and State money. Two years ago the City initiated a pilot program called Moving On. The premise was simple; give NYCHA vouchers to supportive housing tenants who were ready and interested in moving out of supportive housing, and the non-profits could take new tenants out of the much more costly emergency shelter system and give them the vacated supportive housing apartment. The tenant won because s/he had gotten their life on track and was ready for completely independent housing; the person in the shelter won because s/he got their own apartment and services they needed in supportive housing; and the City and State won because for each person that went from the shelter to supportive housing, they saved thousands in emergency services. Due to the loss of NYCHA vouchers, this program has now been frozen indefinitely.

Recommendations

The Network has some immediate suggestions on how the City and State can house some of the unfortunate voucher holders that had their vouchers revoked, as well as some overarching solutions directed to the larger rental subsidy issue facing New York.

Immediate suggestions:

1. **Work with the City and State housing finance agencies to fill vacancies in tax credit buildings with the households that lost their vouchers.** The NYS

Housing Finance Agency (HFA) and NYC Housing Development Corporation (HDC) have subsidized hundreds of market rate buildings in the City in return for a 20% set aside for low-income tenants. Traditionally many of these units remain vacant because there's not a centralized clearinghouse to advertise these units, plus there's little incentive for the buildings to find new tenants since these set aside apartments bring in little rent compared to the higher income households.

2. **Require that NYCHA 1) prioritizes public housing vacancies and next-available vouchers for the 2,600 households that lost their vouchers in December and 2) that they establish a transparent system and point person to communicate updates to the New Yorkers that lost these vouchers.** It is impossible for us to know the pain that these families felt when their voucher was revoked. This is a vulnerable population that is fighting to maintain some semblance of stability in their life. The humane response to this crisis includes keeping hope alive for these families by giving them accurate and up-to-date information on the status of their housing and giving them safe affordable housing as soon as possible.

Overarching Solutions:

1. **Advocate that Washington pass key rental subsidy programs.** Both the executive branch and congressional leadership are committed to prioritizing funding for low-income housing but they need help to pass the legislation and budget that will make their programs a reality. This includes:
 - a. ***Funding the National Housing Trust Fund.*** Legislation was passed in 2008 to create a National Housing Trust Fund that, once funded, will provide communities with funds to build, preserve, and rehabilitate rental homes that are affordable for extremely and very low income households.
 - b. ***The Senate passing the Section Eight Voucher Reform Act (SEVRA).*** It passed the House but is sitting in committee in the Senate. It would bring the most direct relief to the Section 8 problems in New York City by increasing the overall number of Section 8 vouchers, fixing the broken allocation formula that is based on old data, and allow for more innovation and flexibility at the local level.
 - c. ***Funding HUD's Housing and Services for Homeless Persons Demonstration Project.*** This project will pair 10,000 new vouchers - 4,000 for chronically homeless individuals and 6,000 for homeless families - with services funding from Health and Human Services and the Department of Education.

2. **Develop more affordable housing.** New York needs additional rental subsidies but the larger issue at hand is the overall lack of affordable housing apartments. According to the most recent Housing and Vacancy Report, the vacancy rate in New York City is 2.91% -- and only 1.5% for very low income tenants. Rental subsidy programs are failing in large part due to the fact that there simply aren't enough apartments to rent. The state can change this by:
 - a. Increasing the percentage of DHCR funding that goes toward supportive and other very low-income housing.
 - b. Increase the funding for the OTDA Homeless Housing Assistance Program. This capital program was created specifically for building housing for the homeless but it's been flat funded for 20 years. The same dollars today only build a fraction of what the program paid for twenty years ago.

3. **The State needs to maintain their commitment to local rental subsidies.** Thousands of supportive housing apartments are not subsidized by the federal government, rather they receive rental subsidies from various state and local subsidies. One such program, funded through the Department of Health/AIDS Institute, retracted from their commitment this year to fund rental subsidies for formerly homeless people living with HIV/AIDS. The onus is now on the state legislature to ensure that this program is fully funded at \$6.6 million this year. The current budget shortfall of \$2.7 million will leave an estimated 200 people living with HIV/AIDS homeless.

Thank you for the opportunity to testify.

Respectfully submitted by:
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