

REINVEST RECOVER REVITALIZE

**SUPPORTIVE HOUSING SOLUTIONS
FOR A BETTER NEW YORK**





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Supportive Housing Solutions for a Better New York

Amidst an ongoing housing crisis and global pandemic, key solutions to homelessness and economic recovery need to be at the center of all policy and budgetary priorities. Supportive housing is that solution, as it has been proven to be effective at ending chronic homelessness, bolstering the economy and enriching communities.

Originally pioneered in the 1980s, supportive housing is affordable housing with support services for those who have both experienced homelessness and face the greatest systemic barriers to accessing and maintaining permanent housing: people living with serious mental health diagnoses, substance use disorder, HIV/AIDS, as well as families and young adults who are homeless or at-risk of becoming so. Black people and people of color are disproportionately

represented in this group because of the history of systemic and institutional racism.

Even before the pandemic, New York City was experiencing a homelessness crisis. The pandemic, however, not only exacerbated that crisis—with the single adult homeless census topping 20,000 for the first time¹—it dramatically underscored the fact that housing is not just healthcare but a matter of life and death.



Not only has supportive housing proven to be the most effective and respectful means of holistically addressing chronic homelessness—with only 5% of tenants returning to the streets or shelters²—thirty years of studies have shown it to be cost effective as well, paying for itself and creating additional savings by decreasing costs in other systems including shelter, healthcare, psychiatric intake and the criminal legal system.³

In addition, supportive housing development creates jobs: a recent affordable housing study found that a 100 unit residence creates 234 jobs during construction and 36 jobs after building completion.⁴ Supportive housing has also been proven to increase property values, according to a study by the NYU Furman Center that examined the impact of 123 residences on surrounding neighborhoods.⁵

However, although proven effective, supportive housing development and operation is still constrained by insufficient capital resources, harmful land use policies, and the City's and State's inability to address the many underlying issues that drive homelessness. And while nonprofits and the women of color who keep them going have pioneered and evolved this game-changing intervention, the City and State continue chronic underfunding of the nonprofit human services sector.

In New York, Black people are significantly overrepresented in crisis and institutional systems, like the homeless, child welfare and criminal legal systems.⁶ New York City's homeless system is 74% Black,⁷ while Black New Yorkers only make up 24% of the total population. Supportive housing creation is one way to begin to address these racial inequities, by interrupting cycles of trauma, harm and institutionalization.

Every single New York City mayor has been part of a large scale supportive housing initiative since widespread homelessness first emerged. The City is currently in the midst of creating 15,000 units of supportive housing through the NYC 15/15 program at a time when the City's circumstances have never been more urgent, requiring bold action and commitment.

As a nonprofit membership organization, the Network works alongside our members and other colleagues in advocacy to pinpoint the needs of the supportive housing community, specifically the needs of low-income New Yorkers, those experiencing homelessness, as well as the nonprofit and affordable housing communities more broadly. This policy platform is influenced by the United for Housing platform and the 2021 Nonprofit Policy Platform, for which we are signatories, and by the Right to a Roof platform.



In order to ensure that supportive housing can meet its true potential to change lives and end chronic homelessness, New York City's next leaders must commit to the following:

1. DEVELOP AND PRESERVE
2. REIMAGINE LAND USE
3. RETHINK NYC 15/15
4. INVEST IN OUR STAFF
5. VALUE NONPROFITS
6. DISRUPT GOVERNMENT SILOS
7. PROTECT OUR PEOPLE

DEVELOP AND PRESERVE

This is the time to double down on capital investment in supportive and affordable housing to address the homelessness crisis, create jobs and invest in our communities. The Network has joined with dozens of other advocates across the city in the United for Housing campaign, which calls for a \$2.5 billion investment in affordable housing, prioritizing those with the greatest needs. Increased investment now will save costs in the future.

Supportive housing's development also maximizes City investment by leveraging significant private, federal and state funds in rebuilding our communities. In fact, \$1 in City subsidy leverages \$4 in other funding.⁸ And, like affordable housing, supportive housing creates jobs both during construction and once it's up and running, with the added benefit of social service employment in addition to property management.

While increasing City investment in supportive housing is a vital solution, we must also think beyond perceived limitations on the scope and scale of development. Among these limitations are the current limits on federally allocated Low Income Housing Tax Credits and Private Activity Bonds. These tools leverage private investment and are then coupled with City or State subsidies. There is currently more demand than there is supply within these programs, which constrains the affordable and supportive housing pipeline. While the Network and our colleagues are frequently lobbying for increases in Federal resources, it is important that City government get creative and plan for increasing production without it.

Additionally, supportive housing was invented and evolved by mission-based nonprofits intent on devising an intervention for the people they served. Over the decades, nonprofits have risen to the ever-more-challenging task of developing supportive housing, which – because it entails mixing multiple capital funding streams as well as procuring services and operating funding – is extremely challenging. As mission-driven landlords, they protect the long-term affordability and quality operation of supportive housing. The Supportive Housing Loan Program at the Department of Housing Preservation and Development (HPD) requires nonprofit ownership, which has protected supportive housing from the overall long-term trend at HPD toward working with for-profit developers. Nonprofits are more likely to create deeper affordability and extend affordability beyond the original regulatory period.⁹ Not only are they providing important public value in the long term, but when nonprofits receive developer fees, they are reinvested directly into their communities and their missions.

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Developer fees provide rare unrestricted resources for nonprofits, which help compensate for the underfunding and late payment for human service contracts (described in Goal #5, “Value Nonprofits”). For these reasons, the next mayor should continue to prioritize nonprofits for supportive housing development and increase prioritization for affordable housing.

Finally, like all new construction, the development of affordable and supportive housing requires extensive review, permitting, and inspection processes from the Department of Buildings (DOB) and the Fire Department of New York (FDNY). The Department of Transportation (DOT), Parks Department, and Department of Environmental Protection (DEP) are often also involved. Connections with private utilities such as Con Edison or National Grid are required before tenants can move in. Developers are left to navigate each of these agencies on their own, met with no recognition that their buildings are fulfilling a crucial need for the City. Delays stemming from these agencies are frequent, meaning that people are staying longer than necessary in shelters and on the streets.

NEW DEVELOPMENT

- Invest \$2.5 billion annually into the new construction and preservation of supportive and affordable housing, expanding housing supply based on need and informed by data, prioritizing supportive housing and other housing for people experiencing homelessness, and extremely low-income and very low-income New Yorkers.
- Explore financing models for permanent supportive housing that don't rely on limited Low Income Housing Tax Credits, such as debt service contracts and more robust rental assistance contracts.

- Advocate at the Federal level for increased Private Activity Bond volume cap for housing and policies to increase their efficient usage, while coordinating with the State to target bonds for priority housing needs described above.
- Continue to ensure nonprofits are developers and owners of supportive housing and prioritize nonprofits as developers and owners of affordable housing.
- Prioritize affordable and supportive housing for project approvals. Create an Ombudsperson at City Hall to conduct interagency coordination to prioritize affordable and supportive housing in all necessary administrative approvals during development, particularly FDNY, Con Edison, DOT, DEP, and DOB approvals for construction, connections, and project closeout.

PRESERVATION

Meanwhile, there is an urgent need for preserving existing supportive housing, both congregate—single site residences which typically feature 60% of units for supportive tenants and 40% for low-income individuals and families—as well as scattered site supportive housing – apartments rented from existing stock in the community in which the nonprofit provides mobile services.

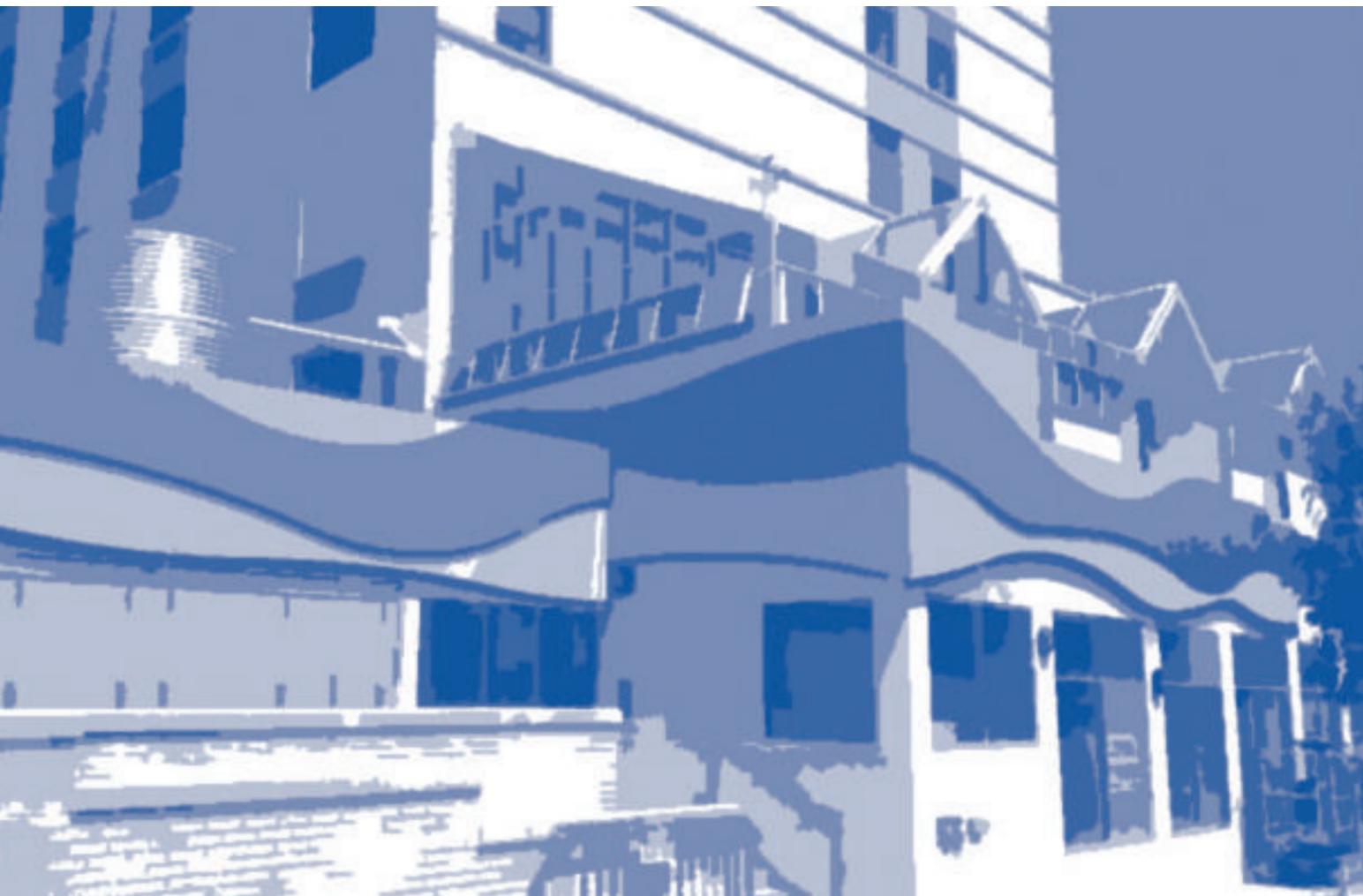
Of the approximately 420 single site supportive housing residences in New York City with almost 27,400 apartments, 160 were opened before the year 2000 and many of those were only moderate rehabs of much older buildings. Some of these buildings need significant capital investment to continue to provide safe and healthy living environments for their tenants, as well as a holistic look at their operating and services budgets.

Preservation of these older single-site residences is also critical not just because the city cannot afford to lose a single unit of supportive housing but also because of Fair Housing. Many of our older supportive housing residences are converted hotels in Manhattan, neighborhoods that are currently whiter and wealthier than the rest of the City and where new development is costly. Existing supportive housing provides racial and economic integration in these neighborhoods that would be extremely difficult to recreate.

A number of City agencies – the Department of Health and Mental Hygiene (DOHMH), the Human Resources Administration (HRA), the Department of Homeless Services (DHS), the Continuum of Care and two divisions at HPD have been participating in the Supportive Housing Preservation Project, a multi-agency effort to identify and holistically address both the physical and pressing fiscal issues older supportive housing residences face. This integrated approach—which focuses on both the bricks and mortar challenges as well as the underfunded operating and service contracts—is critical to keeping this ‘first wave’ of supportive housing viable and must be continued in the next administration.

As the City puts significant resources into preserving affordable and supportive housing, it must also be vigilant to protect nonprofit owners’ rights through the Right of First Refusal (ROFR) for the more than 170,000 NYC apartments developed with the Low Income Housing Tax Credit (LIHTC) program. LIHTC is a Federal program created in 1986 that allows nonprofits and other developers to create and maintain affordable housing in exchange for

Federal tax credits, which they can sell to investors. There are approximately 171,000 apartments financed by LIHTC in New York City¹⁰ and it is the primary tool the City has to develop new affordable housing. Regrettably, across the country, unscrupulous investors have been trying to distort the program and deny nonprofits their ROFR at the end of the compliance period. These disputes are often occurring in gentrifying neighborhoods in which investors hope to eventually reap financial rewards by presumably selling the buildings or increasing rents. This nationwide trend is an existential threat to affordable and supportive housing. The next mayor must support Federal legislation and work with the State to enact consistent local policies protecting the Right of First Refusal to ensure long-term affordability.



DEVELOP AND PRESERVE: RECOMMENDATIONS

PRESERVE CONGREGATE SUPPORTIVE HOUSING

- Invest both capital and service and operating dollars into ensuring congregate residences remain fiscally and physically viable.
- Continue to convene the Preservation multi-agency workgroup to address residences' total needs holistically with DOHMH, HRA, DSS and HPD's Preservation and Supportive Housing divisions.
- Support legislation and policies protecting the Right of First Refusal in LIHTC-funded supportive and affordable housing developments to ensure long-term affordability.



Scattered site housing is also at risk. The model itself is problematic in a tight housing market: nonprofits receive contracts meant to cover tenants' rent as well as the cost of operating the program and providing services. However, the vast majority of these contracts are old and have seen minimal increases over time, meaning more and more of the funding goes to private landlords. The original program model for scattered site assumed 50% of the contract would pay rent and 50% would pay for services. A 2015 survey conducted by the Network found that by that time, on average, 65% of funding went toward rent, though in some cases it was up to 96%.¹¹ Not infrequently, providers are losing money operating their scattered site programs.

In many cases, these budget crunches mean that providers double up single adults in two-bedroom apartments, which causes significant challenges to fulfilling the intent of the program: stable and permanent housing. While about half of the approximately 14,000 scattered site units in New York City are State-funded, the cumulative burden of running these contracts on nonprofit providers has both weakened the model and strained providers' organizational budgets. These issues—in addition to endangering tenants and nonprofit providers—have also impeded efforts by the current administration to meet its scattered site targets (see Goal #3, “Rethink NYC 15/15,” below). It is imperative that the City work with the State to resolve this issue and acknowledge the true cost of operating scattered site housing.

DEVELOP AND PRESERVE: RECOMMENDATIONS

PRESERVE SCATTERED SITE SUPPORTIVE HOUSING

- Work with the State to separate rental assistance and service funding in all existing scattered site contracts, so providers are not forced to decrease service funding to account for rent increases.
- Work with the State to increase all existing scattered site rents to the Fair Market Rent (FMR) under HUD regulations and increase annually according to this metric.

REIMAGINE LAND USE

Inequity is baked into our neighborhoods. According to *Where We Live*, New York City's recently-released plan to confront segregation, current racial disparities in health, education and housing quality are "connected to where New Yorkers live,"¹² which is, in turn, connected to generations of discriminatory and racist policy. While land is scarce, current policies exacerbate the difficulty of developing affordable and supportive housing and make certain communities (often whiter and wealthier) off limits for development. At the same time, low-income communities of color, which have been historically and systemically disinvested in, still lack the resources they need to thrive, or are subjected to gentrification and displacement. The next administration's housing and land use policies will impact where affordable and supportive housing is and isn't built, how neighborhoods change, and who has access to which amenities and opportunities. Supportive housing is integral to an equity-based approach to land use, as it serves those who have been most impacted by racist and oppressive policies.

A first step to ensuring affordable and supportive housing can be maximized equitably across the city is rationalizing zoning regulations. For example, currently, senior housing has an advantage compared to supportive and affordable housing via the Affordable Independent Residences for Seniors (AIRS) program. Modifying the Zoning Resolution to increase density for all types of affordable housing would make affordable and supportive housing more competitive with other uses and also accelerate the creation of much-needed homes.

The City must look at creative solutions to facilitate the use of more private sites for supportive housing. Particularly as the COVID pandemic has shaken the tourism industry and hotels sit vacant, the City should explore the possibility of enabling conversions to affordable housing. One obstacle to these conversions is that many hotels are on sites designated for manufacturing or light industrial use (M1), although they are adjacent to or in districts that are quite residential currently. The City's next leaders should explore the responsible conversion of these properties within the context of an affordable regulatory agreement.

Of course, public sites are also a resource with tremendous untapped potential, especially in communities in which land prices are expensive. Because of the siloed approach to housing and homelessness policy in New York City, many City agencies which have the skills and resources to contribute to the housing plan currently have no mandate to support it. While one of the greatest challenges to developing supportive housing is identifying affordable and appropriate land on which to build, only HPD, DHS, and Health and Hospitals (H+H) have examined their portfolios and allocated land to the cause.¹³

Supportive housing is integral to an equity-based approach to land use, as it serves those who have been most impacted by racist and oppressive policies.

REIMAGINE LAND USE: RECOMMENDATIONS

- Ensure every neighborhood is part of the solution to New York City’s housing crisis by upzoning higher-income areas and investing additional capital to create affordable and supportive housing in those neighborhoods.
- Identify neighborhoods in which exclusionary policies and disinvestment have impacted communities of color and address disparities in the City’s capital planning and budgeting process.
- Modify the Zoning Resolution to increase density for all types of affordable housing.
- Explore allowing residential use of hotels for affordable housing at M1 sites if within 800 feet of a district that permits residential use and developed under a State or City financing program.
- Prioritize available public and institutional land for affordable and supportive housing by mandating government agencies identify unused or underutilized sites that are viable for development.
- Increase community engagement in the development of new supportive housing projects.
 - Councilmembers can commit to maximal supportive housing development in their districts.
 - Create forums where diverse constituents, especially persons experiencing homelessness, can be heard.
- Explore opportunities to accelerate land use and environmental review processes for affordable and supportive housing.

Meanwhile, agencies such as FDNY, the Administration for Children’s Services (ACS), and the Department of Citywide Administrative Services (DCAS) all have potential sites that merit consideration for supportive housing development.¹⁴

And as policy change opens up new opportunities for supportive housing, we must ensure that uninformed community and political opposition does not preclude its equitable distribution across the city. One counteracting strategy is encouraging all City Council members pledge to support maximal supportive housing creation (as Los Angeles did in response to the Everyone In campaign), including participating in tours of existing housing, helping nonprofits find suitable sites, and hosting educational events. The next administration must ensure that unfounded NIMBYism does not prevent the City from accomplishing its goal of addressing homelessness. Furthermore, our city must strive to center the voices of those most impacted by historical and systemic racism and oppression in our planning process. Any community review process of supportive housing should include people experiencing homelessness.

Finally, many supportive housing developments are significantly delayed by cumbersome land use and environmental review processes. The next administration should explore accelerating these processes for affordable and supportive housing. When a Uniform Land Use Review Process (ULURP) is necessary, the City should focus on creating an aggressive timeline for the pre-certification process, the first step of ULURP through which the Department of City Planning reviews the application and is the only step with no time target.

RETHINK NYC 15/15

Beginning in 1990, New York City and State carried out three separate “NY/NY” agreements, which created a total of nearly 14,000 units of supportive housing. As NY/NY III was coming to a close, the Network helped lead the successful Campaign 4 NY/NY Housing, a three-year education, media, and advocacy effort pushing for a new City-State supportive housing agreement that would create 35,000 new units. We ultimately won separate commitments from New York City (15,000 units over 15 years under the new NYC 15/15 program) and New York State (20,000 units over 15 years under the new Empire State Supportive Housing Initiative, ESSHI), which, in combination, matched this ambitious goal.

In 2015, Mayor Bill de Blasio committed to creating 15,000 units of supportive housing in New York City over 15 years. The NYC 15/15 program is designed to serve those with the greatest barriers to accessing permanent housing – people experiencing chronic homelessness with a diagnosis of serious mental illness or substance use disorder, and young



adults who are homeless or at-risk of becoming so. Half of these units are to be congregate (single site residences in which typically 60% of the units are supportive and the remainder are affordable to low-income individuals and families) and half scattered site (apartments rented from existing stock in the community to which the nonprofit provides mobile services). For the first time, the services and operating functions of both the congregate and scattered site contracts were split, so that rental subsidies can rise with costs. Services under both programs are contracted through DOHMH; rental subsidies for new single site residences are contracted through HPD.



In 2016, the Supportive Housing Task Force, co-chaired by Network Executive Director Laura Mascuch and staffed by dozens of government and nonprofit experts, released 23 recommendations to guide the launch and implementation of NYC 15/15.¹⁵ Many of the recommendations, such as allowing licensed clinical social workers and psychologists (as opposed to only psychiatrists) to complete the supportive housing application, were swiftly put into effect. Others are in progress. Yet a few remain outstanding, such as standardizing a process to allow supportive housing tenants to transfer from one residence to another that may be better suited to their needs (such as from a single adult program to a family program or from scattered site to congregate).

Despite many positive changes that came with NYC 15/15, the challenges of the scattered site model have persisted and pose a danger to the completion of the City's desperately needed program. While the separation of the rent and services budget lines was an improvement on older funding models, the rent lines continue to be well below the current Fair Market Rent (FMR), set by the federal Department of Housing and Urban Development (HUD) every year. Finding available apartments for the program is difficult, and those that can be rented are often far from transit, not accessible and/or need maintenance work. NYC 15/15 social service rates are also far below rates for single site residences: budgets are \$10,000 for a single adult scattered site program, compared to \$17,500 for a single adult congregate program. This is illogical because providing services in a scattered site setting is more labor intensive than in congregate: staff have to travel constantly around the city, manage relationships with landlords, and get to know community services in a variety of different neighborhoods.

Many supportive housing providers are also stretched thin from existing, older scattered site contracts with even worse rates, so taking on new programs is not attractive. The City must continue to develop 15,000 units of supportive housing, while recognizing that the current allocations will prohibit the City from reaching its goal due to insufficient rates and challenges with the scattered site model. The scattered site target must be dropped from 50% of the plan to 25%, meaning that 3,750 scattered site units and 11,250 congregate units should be created in total.

On the congregate side, separating the rental assistance from the social service funding was also an important policy shift. This allowed HPD to create a 15-year rental assistance contract, which mirrored the Low Income Housing Tax Credit (LIHTC) regulatory period. In this way, the rental assistance began to look more like Section 8 Project Based Vouchers, which boosted investor confidence. However, the rental assistance payment standards for NYC 15/15 still lag behind Section 8. Increasing them to align with Section 8, especially to the “exception payment standard” in high-cost areas, would provide even more consistency and confidence for investors. Complementing our recommendation under Goal #2, “Reimagine Land Use,” it would help ensure every neighborhood is part of the response to New York City’s housing crisis. It would also allow projects to leverage more private debt, as their income would be able to cover increased expenses, and thus limit the amount of capital subsidy required per deal. This, in turn, allows HPD to finance more desperately needed affordable and supportive housing units.

The scattered site target must be dropped from 50% of the plan to 25%, meaning that 3,750 scattered site units and 11,250 congregate units should be created in total.

Regarding the population served, 85% of NYC 15/15 units are now targeted to people experiencing chronic homelessness, which follows HUD’s definition¹⁶ (The remaining 15% of units are for single young adults and young adult families). This definition excludes thousands of people in need of supportive housing, including those who have been incarcerated. On March 9, 2021, 52% of the population in the New York City Department of Corrections (DOC) system, had a Brad H designation¹⁷, meaning they are identified as needing mental health treatment upon release.¹⁸ Approximately half of all people released from state prisons to New York City go to a city homeless shelter.¹⁹ The next administration should explore dedicating a portion of NYC 15/15 units to people who meet the NYC 15/15 criteria—homeless and diagnosed with a serious mental illness or substance use disorder—but without the “chronic” requirement.

Parallel with NYC 15/15, the Empire State Supportive Housing Initiative (ESSHI) is also creating supportive housing units in New York City and across the state. ESSHI covers 11 different populations, including survivors of domestic violence and frail seniors, and is structured differently financially, with a \$25,000 contract covering both services and rental assistance. On congregate residences, the City and State often jointly finance deals. This collaboration helps expand development capacity, but also creates confusion around goals and policies, especially as it relates to tenant referrals. Moving forward, the City should work with the State to create a Memorandum of Understanding outlining how ESSHI and NYC 15/15 commitments work together, and staff a working group with representatives from City and State agencies.

RETHINK NYC 15/15: RECOMMENDATIONS

- **Reallocate the NYC 15/15 targets to create a total of 3,750 scattered site units and 11,250 congregate units (This must be paired with new resources, as outlined in Priority #1, Develop and Preserve).**
- **Increase scattered site rents under the NYC 15/15 program to the Fair Market Rent (FMR) under HUD regulations, and increase annually with this federal metric.**
- **Increase NYC 15/15 scattered site service funding to match congregate service funding.**
- **Increase congregate rents under NYC 15/15 to FMR and mirror the Section 8 Project Based Voucher “exception payment standard” in high cost areas.**
- **Explore dedicating a portion of NYC 15/15 units to people who meet the NYC 15/15 criteria—homeless and diagnosed with a serious mental illness or substance use disorder—but do not meet the chronically homeless definition.**
- **Provide greater flexibility for tenants to transfer to other supportive housing programs to account for major life changes.**
- **Work with the State to create a Memorandum of Understanding outlining the ways in which ESSHI and NYC 15/15 commitments work together, and staff a working group with representatives from City and State agencies.**



INVEST IN OUR STAFF

The majority of direct care staff in supportive housing are women of color and their wages reflect the undervaluing of their labor in our society and economy. City and State government contracts with nonprofit agencies dictate the salaries for supportive housing staff and have not seen meaningful increases in decades, reflecting a long history of systemic racism and gender inequity.

The suppressed wages for supportive housing staff creates instability for employees themselves, for their families and for the communities in which they live. Burnout and turnover are common. Sometimes staff move from one nonprofit to another for a few thousand dollar salary increase, although other times they leave for similar positions that are much better paid, such as those in a private hospital setting. The success of supportive housing lies in the relationships between tenants and staff; when staff turnover is high, tenants cannot build these trusting relationships and their ability to rebuild their lives in housing is impeded.

In addition to salaries, health and retirement benefits should be reviewed across all nonprofit human services contracts and adjusted to ensure compensation packages are on par with public and private for-profit employees doing similar work. We must ensure that our care workers, those who we deemed “essential” at the beginning of the COVID pandemic, are being cared for in return. The City, however, must collaborate on this exercise with the State, as NYC supportive housing providers frequently have portfolios that include programs with City-funded service contracts as well as State-funded contracts, and may have inequities across job titles within their own agencies.

While the majority of direct care staff are women of color, it is important to note that the majority of executive directors and executive staff at supportive housing nonprofits are white. This is a result of a long history of oppression rooted in white supremacy, systemic racism and discrimination. And while a tremendous amount of work is required to repair this injustice, one important small step is creating clear pathways for career advancement and salary increases. As such, the City should fund ongoing staff development in supportive housing contracts.

INVEST IN OUR STAFF: RECOMMENDATIONS

- **Conduct a comprehensive study of human service wages across sectors, including nonprofit, government and for-profit employers and a full array of job titles and settings, including supportive housing.**
- **Correct wage imbalances and ensure State and City supportive housing contracts are increased so that staff salaries are aligned with comparable job descriptions in other sectors, such as private hospitals.**
- **Review all nonprofit State and City contracts to ensure workers are provided adequate health and retirement benefits.**
- **Fund ongoing staff development in City supportive housing contracts to provide pathways for career advancement and salary increases.**

VALUE NONPROFITS

Nonprofit organizations founded the supportive housing model and continue to be its backbone today. Many of our nonprofits also provide services to people experiencing homelessness, as well as healthcare and mental health services. This is vital work, especially in times of crisis and rebuilding. While operating essentially as an extension of City government, we are often undervalued by our City government partners. Too frequently, we are excluded from program design and decision-making, causing needless implementation challenges. From low contract rates to slow contract registration and invoice payment, nonprofits also regularly operate at significant financial risk.

In addition to providing crucial community resources, nonprofits also represent a substantial portion of our economy. Nonprofits in New York City employ almost 18% of the workforce.²⁰ Government contracts with human service providers totaled \$5.8 billion in FY 2019.²¹ And 42% of contracts registered in New York City in FY 2020 were for human services.²²

Yet nonprofits wait longer on average than other city vendors for their contracts to be registered.²³ Late contract registration and late payments mean that nonprofits often rely on expensive lines of credit to maintain operations; interest on these lines of credit is not reimbursable.²⁴

And even when contracts are paid on time, the reimbursement rates do not cover the full costs of providing services. On average, government contracts only cover 80 cents on the dollar,²⁵ meaning that nonprofits are literally losing money when they provide the government-requested services. One particular area in which reimbursement rates are egregiously low is indirect costs (or overhead), including information technology, equipment, accounting, and human resources. In FY 2020, the City committed to a system in which nonprofits could receive indirect rates closer to their true costs. After nonprofits expended staff time and financial resources to comply with the City's demand to certify their new indirect rate, the City reneged on its promise and reduced their proposed reimbursement rate, citing COVID-related budget constraints. The process has been marked by a lack of transparency and respect for the important work of nonprofits who provide supportive housing and other human services.

Because of the City's contracting practices, our nonprofit community is in distress. According to an April 2020 study of the largest human service nonprofits—which includes many supportive housing providers—prior to the COVID pandemic, average cash reserves covered only two weeks of expenses and operating margins were 1%.²⁶ And while the City made efforts to step in and support nonprofits with the

extra expenses related to COVID, they were too little, too late. As of the time of release of this platform, many supportive housing providers are still waiting to see reimbursement for emergency-related expenses accrued beginning in March 2020.

In collaboration with coalition partners, we call on the next administration to recognize the importance of the nonprofit sector in the functioning and recovery of the City.

And specifically for the supportive housing sector, we encourage the next administration to consolidate all of a nonprofit's contracts with DOHMH so nonprofits can manage staff, income and expenses across programs to create efficiencies. While this is only a stopgap measure before nonprofits can be paid fully what it costs to operate these programs, this would provide some immediate flexibility and relief.



VALUE NONPROFITS: RECOMMENDATIONS

- Engage nonprofits in policy, program and funding decisions in a meaningful way and at the start of all new initiatives in which they are involved.
- Ensure all nonprofit human service contracts are registered and paid on time, including all contract amendments.
- Fully fund the Indirect Cost Rate Initiative for FY20, FY21 and FY22.
- Fully fund emergency pay for essential workers, retroactive to March 20, 2020.
- Consolidate all of a nonprofit's contracts with the Department of Health and Mental Hygiene (DOHMH) so nonprofits can manage staff, income and expenses across programs to create efficiencies.
- Prioritize nonprofit development and ownership of supportive and affordable housing.

DISRUPT GOVERNMENT SILOS

Coordination across City agencies and systems is our only hope to end homelessness. The next mayor must break down the existing silos of government in order to make meaningful change.

Affordable housing and homeless services are currently two separate systems working towards their own targets and goals and reporting to different deputy mayors. Under the current administration, a record number of housing units have been produced, but homelessness has grown. Under HPD, housing production has not been aligned with the greatest need, which is amongst people who qualify as “Extremely Low-” or “Very Low-Income” and people who are leaving homelessness. And under the Department of Social Services (DSS), a voucher has been created which is not aligned with market value and which has proven unusable for thousands of clients stuck in shelter.²⁷

Collaboration must be structurally embedded in the next administration, in the form of a single Deputy Mayor for Housing Opportunity and Economic Development and an interagency council focused on ending homelessness.

New Yorkers without homes are often connected to a dizzying number of systems: hospitals, mental health, substance treatment, the criminal legal system, homeless services, children’s services, youth and community development, education, public assistance, etc. At worst, people experiencing homelessness can get caught in a vicious cycle of institutionalization and criminalization, through which they are shunted from shelter to the streets to jail to the hospital, increasing their trauma and reducing the likelihood of retaining the one thing that could interrupt this cycle – permanent housing with support services. In a better but still insufficient scenario, they may be interacting with a number of case managers across City agencies and their contracted nonprofits, who lack the access and coordinated resources to secure them appropriate permanent housing.

To meet HUD requirements to streamline entry to permanent housing from homelessness, New York City launched the Coordinated Assessment and Placement System (CAPS) in October 2020. CAPS is a web platform that contains an assessment survey for clients experiencing homelessness, NYC’s supportive housing application, and a vacancy control system to manage supportive housing vacancies so referrals can be made. In order to fulfill a vision of true coordination — in which all relevant City and City-contracted employees can help a client determine what housing resources they qualify for and complete an application—the program needs additional resources to expand.



Ending homelessness and mitigating poverty is not just about economic justice, it is an issue of racial justice. Seventy-four percent of New Yorkers experiencing homelessness are Black and 36% are Hispanic/Latinx.²⁸ Our current reality, marked by institutionalization and lack of coordination across systems, is merely managing poverty, not solving it. It is further entrenching racial inequity, not lessening it. These systems have failed Black and brown New Yorkers and will continue to do so without clear and decisive leadership.

At its core, supportive housing is an antidote to these disjointed, siloed systems. Providing people with a roof over their heads, meeting their basic needs, and providing voluntary, customized social services tailored to their individual goals creates the conditions for healing, wellbeing, and flourishing. Yet there is still insufficient supply to meet demand and the process of accessing the apartments that are created can be a labyrinth. The next mayor must address these problems with urgent coordination and clarity of purpose.

DISRUPT GOVERNMENT SILOS: RECOMMENDATIONS

- Establish a single Deputy Mayor for Housing Opportunity and Economic Development tasked with overseeing both the homelessness and housing system.
- Modeled after the U.S. Interagency Council on Homelessness and the initiative to end veteran's homelessness, bring agencies together with shared expectations and goals and empowered with resources to end homelessness in New York City.
- Streamline access to supportive housing by expanding and fully resourcing the Coordinated Assessment and Placement System (CAPS).
- See also recommendations in Goals #1 and #2, “Develop and Preserve” and “Reimagine Land Use:”
 - Prioritize affordable and supportive housing for project approvals. Create an Ombudsperson at City Hall to conduct interagency coordination to prioritize affordable and supportive housing in all necessary administrative approvals during development, particularly FDNY, ConEd, DOT, DEP, and DOB approvals for construction, connections, and project closeout.
 - Prioritize available public and institutional land for affordable and supportive housing by mandating government agencies identify unused or underutilized sites that are viable for development.





PROTECT OUR PEOPLE

Supportive housing provides dignity for people living with mental health diagnoses and improves physical health outcomes. The stability provided by having a home, combined with the support of a caring community, can be transformational.

But supportive housing, while providing a holistic living environment for marginalized New Yorkers, cannot shield tenants from other failed systems, especially the healthcare system that has consistently mistreated people of color and the impact of police violence.

The disproportionate impact of COVID on communities of color clearly indicated the failure of the healthcare system to protect Black and brown people. A study conducted at NYU suggests that the disparity is a result of social and economic factors: Black and brown New Yorkers living in more crowded conditions, working more frequently in essential jobs with potential exposure to COVID, and having inferior access to quality healthcare.²⁹ This disparity is playing out now with vaccines as well.

People who live in supportive housing face many barriers to obtaining quality healthcare. Experience with homelessness and behavioral health conditions often leads to traumatic interactions with multiple healthcare systems. And many tenants are people of color who have experienced firsthand the impacts of medical racism. These obstacles become a matter of life and death, especially in a pandemic. Therefore the city must, going forward, prioritize the supportive housing community for the very easiest access to testing and vaccination, with a preference to providing these services within supportive housing residences. Ease of access both increases protection and decreases hesitancy, as tenants see neighbors and staff receive care.

Meanwhile, police violence disproportionately impacts Black and brown Americans who are nearly three times as likely to be killed by police as white Americans. And those who are disabled are at even greater risk. Seventeen New Yorkers experiencing a mental health crisis have been killed or injured by police over the last five years, with 15 of those individuals

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being people of color, and including at least two residents of supportive housing.³⁰ For these reasons, Correct Crisis Intervention Today (CCIT-NYC)—a coalition of nonprofits, civil rights lawyers, peers (those with lived mental health experience), family members and other advocates, of which the Network is a member—is calling on the City to remove police officers entirely as first responders from mental health crisis response and instead create a “health only” response.³¹ CCIT-NYC and many other advocates have been asking for an alternative hotline that is separate from 911 and that would dispatch trained peers with lived experience and independent emergency medical technicians (EMTs).

Without accessible healthcare and protection from police violence, City government is failing people who live and work in supportive housing. While developing more supportive housing is an essential start to addressing racial inequality, the next mayor must demonstrate commitment to keeping our communities safe and healthy.

PROTECT OUR PEOPLE: RECOMMENDATIONS

- **Through the remainder of the COVID pandemic and for future emergencies: provide critical healthcare services—including testing and vaccination—to tenants and staff of supportive housing.**
- **Eliminate police from mental health crisis response and invest in responses led by independent EMTs and peers with lived mental health experience.**

CONCLUSION

Supportive housing was first created by nonprofit pioneers in New York City in the 1980s as a person-centered intervention to help people who were both experiencing homelessness and coping with other barriers to living in the community with stability, health and safety. Since those early days, it has grown exponentially – what started as a handful of providers with as many dilapidated single room occupancy hotels (SROs) is now 100 savvy, mission-driven nonprofits operating 32,000 supportive apartments across the City. What started as rehabilitated SROs with shared kitchens and baths became state-of-the-art affordable housing. And what started as simply a commonsense approach to ending chronic homelessness became a driver of affordable housing development, a jobs creator, and a community enhancement.

The next leaders of New York City face challenges unlike any mayor in our City's history, including near-record homelessness, an affordable housing crisis, a human services workforce that has been egregiously underpaid for decades, nonprofits who have been doing the City's work for decades barely surviving and the need to protect the most vulnerable New Yorkers from pandemics as well as police violence. The Supportive Housing Network of New York and our community look forward to working with New York City's next leaders on all these issues.



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