



**Testimony of Ted Houghton  
Executive Director  
Supportive Housing Network of New York**

**United States House of Representatives  
Financial Services Committee  
Subcommittee on Housing and Community Opportunity  
June 4<sup>th</sup>, 2009**

Chairwoman Waters and Ranking Member Capito, thank you for the opportunity to testify on this year's draft legislation of the Section 8 Voucher Reform Act (SEVRA).

I am Ted Houghton, Executive Director of the Supportive Housing Network of New York, a statewide member association representing over 180 nonprofit providers and developers of supportive housing. Supportive housing is permanent, affordable housing for formerly homeless and housing-needy individuals and families who can live independently with the assistance of flexible, on-site supportive services.

First developed in New York City almost 30 years ago, supportive housing was initially offered to homeless individuals with mental illness; supportive housing now houses and serves tenants with an array of barriers to independent living, including HIV/AIDS, substance abuse and physical disabilities. It has also had proven success housing seniors, people with developmental disabilities, youth aging out of, and families reuniting from, foster care, individuals returning to the community from incarceration, victims of domestic violence and homeless, disabled veterans.

Supportive housing can now be found in most parts of the country. It has grown thanks to widespread support from the public and the leadership of many members of Congress, including members of this subcommittee, notably Chairwoman Waters, Congresswoman Judy Biggert, my hometown Congresswoman Nydia Velasquez, and the Network's friend Jim Himes, both in his current capacity, and in his previous position with Enterprise Community Partners.

This bipartisan support has been forthcoming because supportive housing has proven itself to be an effective and cost-efficient way to house and serve people who typically use a disproportionate amount of expensive emergency services. Over the past decade, more than 40 independent studies have demonstrated that placement into supportive housing reduces formerly homeless individuals' use of shelters, hospitals, psychiatric centers, jails and detox facilities by so much that, on average, the reductions pay for almost the entire annual cost of building, operating and providing services in the housing.

Supportive housing encourages and facilitates its tenants' independence and their desire and capacity to work and engage in other useful and rewarding activities. At the same time, it seamlessly integrates them into the neighborhood, strengthening the community. A recent study by NYU found that neighboring property values actually rose faster and higher the *closer* they were located to newly-constructed supportive housing.

I take the time to describe and recount these facts about supportive housing because Section 8 has played an essential role in this success. With the passage of the Section 8 Voucher Reform Act, this program could do even more to house homeless and disabled Americans.

#### **The Network Supports General Provisions of SEVRA**

The Supportive Housing Network agrees with and supports the points made today by our national advocacy partners, The National Low Income Housing Coalition and the National Alliance to End Homelessness. We are grateful for the enormous amount of work they have done to help you shape this bill into the effective piece of legislation it is today. Rather than second their testimony, I would like to try to add to it by providing a local perspective, focused on what SEVRA would do to help us meet the needs of our most vulnerable citizens.

#### **The Need for Additional Section 8 Vouchers**

Just under 35,000 individuals will sleep in homeless shelters tonight in New York City, including more than 14,000 children. For the vast majority of them, little separates them from the approximately 1.5 million other, housed, New Yorkers living in poverty. Indeed, according to a number of studies, about 5% of all poor families are homeless at some time during the course of a year, including approximately 15% of poor African-American children under 5 years-old.

The social and economic costs of allowing so many children to experience homelessness on a regular basis are immense. Histories of homelessness correlate to lifelong negative impacts on future family and residential stability, health, educational attainment and earnings from employment. Even if one could somehow manage to ignore the tragic consequences for the children and families who experience homelessness, it's stunning that this is allowed to happen, if only because it costs so much in economic losses.

This is especially true when one considers that a straightforward, cost-effective solution is readily available. Studies have repeatedly demonstrated that 80-90% of homeless

families given Section 8 rent subsidies remained housed twelve months, eighteen months, or two years later, or for however long a particular study measured. It didn't matter whether the families received specialized support services or not – Section 8 was enough to keep them housed.<sup>1</sup>

Nevertheless, there is not nearly enough Section 8 vouchers available, even for populations prioritized for Section 8. For instance, when victims of domestic violence and their families leave New York City's shelter system for DV survivors, only 14% move into permanent, affordable housing. Families in the City's homeless shelter system now wait an average of over 300 days before they move into permanent housing.

It's easy to see why: New York City has just 124,659 vouchers available for almost 700,000 extremely low income households (below 30% AMI). Approximately 30,000 of these vouchers go to families with incomes between 30% and 60% AMI. No wonder the City has approximately 125,000 people on its Section 8 waiting list this year.

In upstate cities like Syracuse and Buffalo, these numbers can be even worse. We desperately need more vouchers to give families the housing stability they require not only to reduce homeless episodes, but to establish stable lives that allow for improved educational attainment and opportunities to work their way out of poverty.

*SEVRA's most important provision – to fund 150,000 new vouchers each year for five years – will begin to address this enormous need.*

#### **SEVRA Will Spur Economic Development**

But expanding access to Section 8 will do much more than stabilize families. It will stabilize neighborhoods. It will improve and preserve housing stock, as the higher rental rates paid by Section 8 allow landlords to do more to maintain their properties – while at the same time the funding creates maintenance and construction jobs for less-skilled workers.

#### **SEVRA and Supportive Housing**

SEVRA will make an equally lasting difference in the lives of the people housed by members of the Supportive Housing Network: homeless and housing-needy individuals and families with disabilities who require housing linked to supportive services to live independently.

To finance housing construction, a developer must prove that a proposed residence will collect enough rental income to repay any financing and remain in good repair. Even when using any number of federal, state and local sources of financing for affordable housing, the Network's nonprofit developers of supportive housing must secure some type of ongoing rent subsidy to make up for the extremely low-incomes of their tenants.

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<sup>1</sup> Shinn, Rog & Culhane, "Family Homelessness: Background Research Findings and Policy Options," University of Pennsylvania, 2005.

This subsidy can be provided through Shelter Plus Care, State and some local resources, or through either project-based or tenant-based Section 8.

### **Shelter Plus Care is Not Enough**

In New York City, there are only enough Shelter Plus Care vouchers to fund approximately 2,500 affordable units (with many going to affordable housing units without on-site supports). Statewide, \$44 million in Shelter Plus Care funds the ongoing costs of operating about 5,500 units of supportive housing. With more than 20,000 units of supportive housing in the city alone, and almost 40,000 in the entire state, the City and State government both contribute resources to pay not only for services, but for rental subsidies as well. While mental health funding pays for a significant portion of leasing costs for people with mental illness, the City and the State would never be able to fund the remainder of their supportive housing without Section 8.

### **Section 8 Leverages State, Local and Private Capital Funds**

In this way, the promise of income from Section 8 vouchers leverages local, State and private capital investment in supportive housing. All told, City and State agencies have invested approximately \$6 billion in capital dollars building almost 40,000 units of supportive housing in New York State. Approximately one-third of this investment would not have occurred without the provision of both tenant- and project-based Section 8.

### **SEVRA Provides Necessary Administrative Reforms**

As essential as Section 8 has been to the expansion of supportive housing in New York, it is often an undependable funding source for our providers. While some supportive housing residences receive Shelter Plus Care or project-based vouchers, many must secure tenant-based Section 8 vouchers from the City's Department of Housing Preservation and Development (HPD) to maintain adequate rental income. However, under current formulas and procedures, HPD has difficulty estimating how many tenant-based vouchers it can issue each year. As a result, providers must wait months, often until the end of the year, before receiving activated Section 8 vouchers for tenants who may have moved into the housing in January. The provider receives very little, if any, retroactive payment to make up for this loss.

In addition, the logistics of annual apartment inspections and income recertifications are particularly challenging when serving tenants with mental illness, who may be paranoid or distrustful. If a tenant does not allow access for an apartment inspection, or refuses to sign an income recertification, the provider is faced with two bad choices: losing substantial amounts of reimbursement essential to the smooth operation of the building, or pursuing the eviction of a disabled person who may still be paying their small portion of the rent, but does not understand the consequences of his or her resistance.

Because of these challenges, nonprofit providers lose millions of dollars to late Section 8 registrations. Even with recent improvements to the local process, one large building lost \$250,000 in one year solely because of late Section 8 registration. Already operating on a

shoestring in a turbulent economy, losses of this magnitude are devastating to a nonprofit supportive housing organization.

The proposed SEVRA legislation will mitigate all of these problems. Clearer, simpler procedures based on the previous year's usage will provide more certainty to HPD when issuing vouchers, allowing a higher utilization rate. More reasonable administrative fees will help HPD manage more efficiently as well. Fewer inspections and recertifications per year, as well as more simple formulas, will make it easier for local government to manage the program, and for providers to manage their residences without jeopardizing quality housing standards. These and other adjustments to the regulations will make both HPD and providers more efficient and the buildings more fiscally sound.

#### **Tenant Exemptions and Exclusions**

Other aspects of the bill governing tenant income measurements make it easier for tenants with disabilities to remain stably housed and to save, including:

- Exemptions for seniors and people with disabilities from certain asset limits;
- Exclusion of lump sum VA disability entitlements;
- Increased payment standards for people with disabilities, which will help them get access to better quality, more integrated housing;
- Portability provisions will allow able and disabled tenants more choice in where they live, and facilitate shorter lengths of stay in supportive housing.

#### **Family Self-Sufficiency**

SEVRA also contains measures that would fund Family Self-Sufficiency (FSS) program service coordinators as part of the voucher funding formula, rather than as a competitive grant. This change paves the way for an expansion of a promising program. Research has shown that providing some basic service coordination improves housing stability, rent payment and other positive outcomes. By requiring a long-overdue evaluation of the FSS program, we can ensure that its services are as evidenced-based and effective as those found in supportive housing.

#### **Expanded Use of Project-Based Section 8**

With the changes outlined in SEVRA, many more supportive housing residences could use project-based Section 8. This will provide additional security and income stability to providers. And combined with capital funding from the new National Housing Trust Fund, SEVRA would allow PHAs to increase the number of households placed into permanent housing by lowering rent requirements when possible and agreeable to all concerned.

### **Reallocation of Unused Vouchers**

Equally promising, SEVRA legislation would allow unused vouchers to be reallocated to high-performing PHAs, while rewarding the success of PHAs that improve their management of Section 8.

### **Suggestions for Further Improvements to the SEVRA Draft**

The draft under consideration is strong and thoughtful and reflects the consensus of many stakeholders. But it could be further improved with the following changes and additions:

- 1. Increase Reserves and Flexibility in Annual Funding** – The current draft protects “no less than 5%” of a PHA’s reserve levels, allowing the PHA to retain these funds for future use. This would have been enormously beneficial to New York City a few years ago, before HUD recaptured significant reserves from NYCHA and HPD. Congress should commit additional funds to this year’s Section 8 allocation to allow PHAs to build up reserves, allowing them additional flexibility as they allocate through the year.
- 2. Provide Tenant-based Vouchers As-of-Right to Tenants Leaving Project-Based Residences** – Tenants living in Project-based Section 8 housing who decide to move out are automatically allocated a tenant-based voucher to facilitate the move. However, they are entitled to the next available voucher, making it difficult to plan how many tenant-based vouchers the City will be able to distribute each year. A separate, national pool of as-of-right vouchers to be distributed as people leave project-based Section 8, could help take some of the guesswork out of the PHA’s distribution.
- 3. Explore a Homelessness Prevention Priority** – Section 8 waiting lists are usually closed and often out of date. They do not reflect localities’ priorities for housing people with the highest needs. Yet, some PHA administrators believe that providing Section 8 priority for homeless families in shelter may attract them to shelter settings. Perhaps guidelines for a *homelessness prevention* priority could be crafted in order to allow localities to direct vouchers to those most in need without providing incentives for shelter applications. These could be coordinated with the new ESG guidelines under the Homelessness Prevention and Rapid Rehousing program.

Thank you for the opportunity to testify, and for your thoughtful work in crafting this bill thus far.

#### **Ted Houghton**

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