

Mayor Bloomberg and Governor Pataki Announce Historic Pact to Create 9,000 Supportive Housing Units for Chronically Homeless Individuals and Families

“New York/New York III” Will Help Increase Supportive Housing by Over 50%

November 7, 2005 - Mayor Michael R. Bloomberg and Governor George E. Pataki announced today the *New York/New York III* agreement, a \$1 billion pact to finance and develop 9,000 new units of supportive housing in New York City. Supportive housing is subsidized permanent housing with social services. The State and the City will share capital costs during the 10-year agreement. The *New York/New York III* pact will produce nearly twice the number of units that was generated by the first and second *New York/New York* agreements combined – 5,300 units - and affirms the City’s commitment to building housing for chronically homeless individuals and families, and reducing the shelter and street homeless populations by two-thirds in five years.

Mayor Bloomberg committed to funding and developing 12,000 units of supportive housing along with State, Federal and private partners in June 2004 when he announced the administration’s plan to end chronic homelessness. The 9,000 units in the *New York/New York III* agreement along with the more than 3,000 additional units being produced by the NYC Department of Housing Preservation and Development (HPD), the State and Federal government will fulfill the administration’s commitment to create 12,000 units for supportive housing and increase by over 50% the existing 20,000 units of supportive housing available today in New York City.

“Our goal is nothing short of ending chronic homelessness through proven, cost-effective solutions like prevention and supportive housing – and we’re taking a giant step in that direction today,” said Mayor Bloomberg. “I thank Governor Pataki for his support in making *New York/New York III* a reality. Investing in solutions and reducing reliance on expensive shelter is good for our neighborhoods, taxpayers, and, most importantly, homeless New Yorkers.”

“We are proud of the work we have done to help people break cycles of dependency and today there are one million fewer people on our welfare rolls, but we know there is more work to be done,” said Governor Pataki. “This new agreement will deliver 9,000 new units of supportive housing – an unprecedented number that is nearly double the commitment of NY/NY I and II, combined. This agreement not only will provide housing for homeless individuals and families, it marks another step in our efforts to provide housing and services to those most in need. I want to thank Mayor Bloomberg for partnering with the State on this historic initiative.”

New York/New York I and *II*, signed in 1990 and 1999, respectively, together produced approximately 5,300 units of supportive housing for persons with mental illness and some history of homelessness. Including these units, there are an estimated 20,000 units of supportive housing in New York City.

Whereas the first two agreements produced units solely for single adults with mental illness and some history of homelessness, the new pact targets a broader range of clients to better reflect the population of chronically homeless people on city streets and in shelters today. *New York/New York III* includes units for clients with substance abuse disorders, HIV/AIDS, and mental illness. Also included for the first time are families with disabled heads of households and young people aging out of foster care and residential treatment.

New York/New York III will total approximately \$1 billion over 10 years with annual operating expenses of \$156 million once all 9,000 units are developed. A substantial portion of the \$1 billion development cost will be in capital expenses, with additional funding from such sources as private equity and tax credits. Capital costs will be split evenly by the State and City. As part of the City’s capital commitment, HPD is targeting over 25% of its Low Income Housing Tax Credit Allocation to supportive housing, dedicating units within some City-sponsored new construction to the formerly homeless, and operating with an increased capital budget to construct supportive housing. The estimated City share of operating expenses by year 10 is \$35 million or 23% of the ongoing operating costs. 3,000 of the 9,000 units will be produced by the end of year two, and 5,700 by the end of year five.

“Too many chronically homeless people move in and out of shelters, emergency rooms, detox centers – all of our service systems – at great expense to taxpayers and without lasting benefit to the quality of their lives,” said Sharon

E. Carpinello, Commissioner of the State Office of Mental Health. "We came to the table with a shared belief that supportive housing stops this cycle by reducing homelessness, reducing reliance on expensive emergency services, and increasing stability, health and mental health among the chronically homeless."

"Not only are we dramatically expanding the supply of permanent supportive housing, we're making it available to New Yorkers with a greater diversity of need," said HPD Commissioner Shaun Donovan. "This is a great day, both for our efforts to end chronic homelessness and our strategies to increase permanent housing for those challenged to live independently."

An unprecedented collection of State and City agencies brought this agreement to fruition. State agencies included the Division of Budget, Division of Housing and Community Renewal, Office of Mental Health, Office of Temporary and Disability Assistance, Department of Health, Office of Alcoholism and Substance Abuse Services, the Office of Children and Family Services and the AIDS Institute. City agencies included the Office of Management and Budget, Department of Homeless Services, Department of Housing Preservation and Development, Human Resources Administration, Department of Health and Mental Hygiene, and the Administration for Children's Services.

A Cost Effective Solution

Chronically homeless individuals in shelters and on the streets rely heavily on expensive crisis and emergency services, such as detox, emergency rooms, and in-patient care. Studies have shown supportive housing significantly reduces utilization of these services, making it a cost-effective alternative to shelter. In fact, Professor Dennis Culhane of the University of Pennsylvania found in a landmark 2002 study that by offering supportive housing units to clients with mental illness and some history of homelessness, the previous two *New York/New York* agreements produced cost reductions that came close to paying for the housing and services. His findings showed that:

- Placement into supportive housing was associated with a reduction in services use of \$16,282 per housing unit per year.
 - 72% of these reductions resulted from a decline in the use of public health services,
 - 23% resulted from a decline in shelter use, and
 - 5% resulted from reduced incarceration of the mentally ill homeless people.

The net cost of the average New York/New York supportive housing unit was only \$995 per year after deducting these costs.

New York/New York III will build on these successes with more assertive targeting of high-end users of Medicaid and other public services to achieve additional cost-savings.

The City committed to pursuing a *New York/New York III* agreement in June 2004, when Mayor Bloomberg released "Uniting for Solutions Beyond Shelter," the action plan to end chronic homelessness and reduce the street and shelter populations by two-thirds in five years. (See [Ending Homelessness](#).) The action plan shifts the City's emphasis away from its historic over-reliance on shelter to prevention, rental assistance, supportive housing, and other solutions.

Facts on NYC Homelessness

The average number of individuals in shelter each night in October 2005 was 32,094, a 17% decrease since the shelter population peaked in November 2003 with 38,591 individuals. The October census included an average 7,942 single adults and 7,943 families each day.

Approximately 16 % of single adults are chronic, or long-term, shelter residents, meaning they've spent at least two of the last four years in shelter. Chronically homeless single adults use roughly 50% of shelter bed nights.

The average number of children in shelter each night has decreased by 25% when comparing October 2005 (12,641) to July 2003 (16,863), which is when the number of children in shelters peaked. This decline is largely attributable to the fact that the Bloomberg Administration has placed an estimated 95,000 homeless people, including tens of thousands of homeless children, into permanent housing since January 2002.

New York/New York Agreement Comparison

New York/New York I (1990)

3,814 units

Target population: single adults with mental illness and some history of homelessness.

New York/New York II (1999)

1,500 units

Target population: single adults with mental illness and some history of homelessness.

New York/New York III (2005)

9,000 units

Target populations: chronically homeless single adults from the street and shelter, single adults in State psychiatric facilities, young adults with mental illness, chronically homeless families, homeless people with substance abuse disorders, chronically homeless individuals with HIV/AIDS, youth aging out of foster care.