



February 20, 2009

**Testimony to the Committee on Appropriations
TO: Members of the Appropriations Committee**

Senator Harp and Members of the Committee, thank you for this opportunity to testify today. My name is Francesca Martin, and I am Associate Director of the Corporation for Supportive Housing, Connecticut Program. CSH is a national nonprofit established in 1991 whose mission is to help communities create permanent housing with services to prevent and end homelessness.

We have been a partner with the State of Connecticut and the private sector for the past 15 years in the successful creation of almost 4,000 units of supportive housing as a cost-effective solution to the affordable housing and service needs of formerly homeless persons with special needs and chronic health challenges. More than half of Connecticut's cities and towns now have the quality affordable housing—and the right set of health and social services—to help ensure that all of their residents who need it can live a full and meaningful life. But we are not done yet.

I am requesting restoration of the State funds needed to complete the most recent round of supportive housing developments—the Next Steps Initiative. Restoring these funds will create approximately 230 units of supportive housing for homeless families, adults with behavioral health disorders—this includes the growing numbers of homeless veterans, a group that is disproportionately impacted by chronic homelessness. In particular, I am asking that funding be restored to the DMHAS budget which will fund the integrated support services in these developments. (Restoration of funds to pay for the capital development,

project based rental assistance, and funds to DSS for services to families are also being requested.) These funds were in the budget you approved last year, but were removed as part of the recent round of budget rescissions.

We have entered a period of catastrophic loss of resources at the State level from a combination of traditional sources, including personal income tax and sales tax. It is not overstating things to describe the current fiscal and planning environment as being “overwhelmed” by both the urgency and scale of this still-evolving economic crisis.

Supportive housing can be an integral part of controlling the public sector costs that government is most concerned about. Supportive housing does integrate *real savings* in these “big ticket” areas:

1. **As an effective alternative to the high cost of homelessness,** numerous studies have shown that supportive housing is a proven and cost-effective solution to the increasing use of expensive emergency public systems. The 3-year evaluation of Connecticut’s Supportive Housing Demonstration Program, showed decreased use of shelters, emergency rooms and a 70% drop in inpatient hospital stays. Other studies have also shown sharp reductions in recidivism rates for jails or prisons—which can substitute for healthcare resources. More recent research documented declines in use of these higher cost public institutions by individuals who “cycle” between multiple systems, such as jails, shelters, and treatment settings.

We have recently seen sharp increases in the numbers of homeless families, many with severe health problems. All 3 housing subsidy programs administered by State agencies have waiting lists, on average, of a year or more. One example is the New Haven Shelter Plus Care Program—administered by DMHAS—which has closed its waiting list, with almost 200 people on the list, and

waiting times of more than 2 years. People who are waiting for housing are in emergency shelters, they are backed up in transitional programs, or they are outside, in cars, in tent cities, or under bridges (as seen in our most recent statewide Point in Time Count conducted in January).

As more individuals and families “fall out” of stable living situations (homes, jobs)—into homelessness, into a health emergency, into unemployment—the demands on the public sector resources will only increase. The largest drivers of public sector expenditures are health care (Medicaid) and criminal justice system costs. We will continue to experience cycles of budgets in crisis until the trajectory for these costs is substantially changed.

2. **Supportive housing targets resources to where they are most effective.** We know that a relatively smaller proportion of people can use a disproportionate share of public sector resources. The supportive housing being created through this initiative will build on accomplishments over the past 15 years, and target individuals and families that have been such “high users” of emergency healthcare resources and other acute service systems. New strategies are being developed, through our longstanding interagency collaboration and partnership with the nonprofit provider sector, to better target those individuals for supportive housing. This strategy shows great promise in other parts of the country to generate real cost savings with a big impact on exploding healthcare budgets, and it is one that we are implementing here with the goal of substantially reducing the costs associated with frequent use of multiple systems.
3. **This round of Next Steps development projects generates local economic activity—and can meet the new “gold standard” of fast implementation.** While not designed to be an economic stimulus

program, supportive housing creation generates tax revenue, and does create jobs in the construction industry and related sectors, and permanent employment in the residential real estate and healthcare and human services sectors. There are now supportive housing developments in Hartford, Jewett City, Manchester, New Haven, Norwalk, and Waterbury that are waiting to go. These projects have been working for more than a year, and now all have site control and zoning approvals. They have leveraged additional funding resources—including local government and private fundraising—and invested almost \$5 million of their own money to get these projects ready. This round of development activity continues to build an industry that will be increasingly important to our economy, with new partners in these projects including a local public housing authority, and a veterans advocacy and service organization.

4. **The fiscal impact over the next biennium is modest.** Due to the timing of development activity, the investment in Next Steps will be phased in over the next 2 years. The estimated fiscal impact over the next 2 years is:
 - a. \$150,000 in the DMHAS budget in FY2010
 - b. \$710,000 in the DMHAS budget in FY2011

(When fully operational, the total annualized impact to the DMHAS budget will be \$970,000.)

We have been successful in our State in reaching out to persons whose housing tenancy can be measured in days, not years; and for whom the local emergency room is the doctor of first (and last) resort. We know that when people leave homelessness and enter housing, their lives change for the better. Their healthcare needs are met, in a more effective—and less costly--way. People begin to rebuild their lives, they return to work and to school. Supportive housing creates the stability essential for recovery. And supportive housing also benefits communities, with documented evidence of how supportive housing stabilizes

neighborhoods (reference again to the Evaluation of the Connecticut Supportive Housing Demonstration Program).

We ask that you to continue the State's investment in supportive housing as an effective response to ending the costly and damaging cycle of long-term homelessness. Please restore these funds to the Department of Mental Health and Addiction Services for support services in this round of Next Steps supportive housing. Thank you for your time and your attention.

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