



Testimony on the 2022-23 Executive Budget Proposal: Housing

Testimony Provided by

Diane Darbyshire
Vice President of Advocacy and Public Policy
LeadingAge New York

Monday, January 31, 2022

Introduction

On behalf of the membership of LeadingAge New York, thank you for the opportunity to submit written testimony on the SFY 2022-23 Budget for the Division of Housing and Community Renewal (DHCR). LeadingAge New York represents over 400 not-for-profit and public providers of senior housing, aging services, and long-term and post-acute care, as well as provider-sponsored Managed Long Term Care plans. Of our members, approximately 80 are affordable senior housing providers.

New York is home to nearly 3.6 million residents aged 65 and older, representing more than 17 percent of the population. Both the number and percentage of older New Yorkers are expected to continue to rise over the coming years, with nearly 20 percent of New York's population projected to be aged 65 or older by 2026. This growth will drive a corresponding increase in the number of New Yorkers with cognitive and functional limitations who require long-term supports and services. However, by 2026, the availability of younger New Yorkers to care for seniors both informally and in the formal care system will also be at its lowest point in a decade and declining. In addition, with nearly one in 10 of today's older New Yorkers living in poverty, it is reasonable to expect that a significant portion of our growing senior population will continue to rely heavily on public housing and other subsidized housing programs to cover their needs.

Faced with these current and future demographic challenges and their anticipated impact on the State budget, New York must act now. It must invest in lower-cost infrastructure, long-term services, supports, and technologies that enable individuals to remain in their communities, and it must provide funding to allow affordable senior housing providers to meet resident needs and maximize the positive impact of an increasingly scarce workforce on one of our most vulnerable populations. The Executive Budget proposal is a good step in making investments to address these needs, however, we have some additional recommendations, which we believe could increase the impact on quality of life for low income seniors and decrease state costs.

The following testimony outlines our requests to establish the Resident Assistance Program and to target resources – including broadband and connectivity dollars – to affordable housing, as well as our support for the new five-year capital spending plan for affordable housing purposes in the SFY 2022-23 budget cycle. These proposals, together, would advance the goals of improving the overall health of the state's growing elderly population, providing them with better care at a lower cost, and enabling them to access the resources they need to live independently in the least restrictive setting appropriate to their needs.

Fund Resident Assistance for Low-Income Independent Seniors

Existing and newly created development programs, such as the Senior Housing Program designed by Homes and Community Renewal (HCR) to facilitate the disbursement of funding in the previous five-year capital spending plan for housing, provide an excellent opportunity to target light-touch assistance to low-income seniors and maximize the impact of the State's investments in these properties by helping older New Yorkers remain safely in their homes and avoid more costly and intensive levels of care.

LeadingAge New York, along with a coalition of senior housing providers, associations, and affordable housing advocates, is calling for the commitment of \$5 million in the SFY 2022-23 State Budget to fund the creation and operation of an Affordable Independent Senior Housing Resident Assistance Program in affordable senior housing properties throughout the State. We propose that grants of up to \$150,000

per year be made directly to senior housing operators to establish the systems they need to hire resident assistants, who would link residents to existing services that can help them remain healthy, active, and engaged in their communities. Accounting for administrative costs at the agency level and start-up costs at the building level, we estimate that at least 30 affordable independent senior housing properties could benefit from this investment in the first year of the program with the opportunity for additional properties to be onboarded in subsequent years.

Operators of multifamily senior housing insured or subsidized by the US Department of Housing and Urban Development (HUD) have historically been able to access federal dollars or approval of rent increases to retain resident assistants, and extensive research has proven that this model promotes emotional well-being, stronger social supports, and better connection between independent senior residents, their property managers, and the programs and resources they need in the community. The value of this type of assistance for aging individuals was highlighted by the COVID-19 pandemic, which created acute social challenges for older adults while simultaneously magnifying the need for traditional and digital connectivity to achieve daily tasks safely. However, HUD funding for resident assistance has been significantly reduced in recent years, leaving some HUD-assisted properties – as well as all properties that have received State capital in exchange for long-term affordability – without the ability to utilize this critical tool to help their residents maintain independence.

As you know, the State bears much of the cost of Medicaid-funded nursing homes, which can range from \$30,000 to upwards of \$50,000 per individual, per year in State expenditures. If each resident assistant works with 100 to 150 low-income seniors throughout the course of a year to emphasize more effective use of primary care, reduced use of emergency departments, and better day-to-day wellness, the savings potential is enormous.

Rigorous studies have shown that affordable senior housing with resident assistance results in reductions to Medicare and Medicaid spending.¹ In 2016, the Center for Outcomes, Research & Education issued a report on a study conducted in Oregon that showed a decline in Medicaid costs of 16 percent one year after seniors moved into affordable housing with a resident assistant. Their analysis included 1,625 individuals, 431 of whom lived in properties that serve older adults and individuals with disabilities. The statistic of 16 percent savings in Medicaid costs breaks down to a savings of \$84 per month for each individual in this subset, or \$434,000 over a 12-month period for the relatively low number of 431 individuals.

Additionally, a three-year research study that was recently conducted by Dr. Michael Gusmano of Rutgers University focused on the health care savings and service utilization of Selfhelp Community Services residents living in Queens compared to older adults from the same zip codes. Selfhelp's model for senior housing is affordable housing that is complemented by an array of senior services readily available in the community. The study, which was based on New York State Medicaid claims data, found that the average Medicaid payment per person, per hospitalization was \$1,778 for Selfhelp residents, versus \$5,715 for the comparison group. Additionally, the odds of Selfhelp residents being hospitalized were approximately 68 percent lower than that of the comparison group, and the odds of visiting the emergency room were 53 percent lower. These findings have huge implications for health care savings if

¹ Gusmano, MK. Medicare Beneficiaries Living in Housing With Supportive Services Experienced Lower Hospital Use Than Others. *Health Affairs*. Oct. 2018. Li, G., Vartanian, K., Weller, M., & Wright, B. Health in Housing: Exploring the Intersection between Housing and Health Care. Portland, OR: *Center for Outcomes, Research & Education*. 2016.

more affordable housing for seniors can be developed in conjunction with a successful resident assistance model.

Target Broadband to Affordable Housing

As the State prepares to deploy State and federal funding, as well as funding from the federal Investment in Infrastructure and Jobs Act (IIJA), to support broadband construction and related access efforts, it must utilize this opportunity to maximize impact by ensuring those funds are targeted to affordable multifamily housing properties, including both traditional public housing regulated by HUD and those buildings under a regulatory agreement with a State or New York City agency. LeadingAge New York encourages the Governor, Legislature, and relevant State agencies to engage with stakeholders in developing its distribution plans to ensure these properties are prioritized.

Multifamily residential housing is cited in the IIJA as a potential beneficiary of the investments; households with low incomes and older adults are also highlighted as targets for increased internet access and digital literacy. Given that 45 percent of households participating in HUD programs in New York State are headed by an individual aged 62 or older with an average income among all households of under \$20,000 per year, and that approximately 36 percent of New Yorkers earning less than \$25,000 do not have in-home broadband subscriptions, prioritizing subsidized multifamily housing for broadband infrastructure and access expansion efforts is a common-sense policy that will optimize the direct benefit to key demographics and result in lasting improvements for future low-income renters.^{2,3}

Support a Five-Year Investment in Affordable Housing

LeadingAge New York strongly supports the new capital commitment to affordable housing advanced in the Executive Budget Proposal and the inclusion of \$300 million for the development or preservation of affordable independent senior housing, which represents a \$75 million increase over the previous five-year plan. Using the maximum per-unit award outlined in the current Senior Housing Program guidelines, this would allow the State to support the production of at least 2,142 new units of affordable independent senior housing.

LeadingAge New York also supports the inclusion of capital within the new five-year plan to support the creation or preservation of 10,000 units of housing with supportive services for vulnerable populations, including the frail elderly. Together, these two capital commitments would support housing stability for low-income, extremely low-income, and homeless seniors across the State.

We further encourage the State to amplify the reach and effects of these significant investments by ensuring the provision of predevelopment funding and technical assistance for developers – and particularly small and not-for-profit developers – who are planning to utilize five-year plan capital to create or preserve much-needed units of affordable housing.

While we appreciate the Executive's innovative approaches to combatting the State's affordable housing shortage, we remain concerned about the State's readiness to meet the needs of middle-income seniors

² *Family data on public and Indian housing*. Assisted Housing: National and Local | HUD USER. (n.d.). Retrieved January 28, 2022, from <https://www.huduser.gov/portal/datasets/assthsg.html>

³ *Local Priorities for a National Broadband Stimulus*. (2021, June 24). Broadband Equity Partnership. Retrieved January 28, 2022, from <https://www.broadbandequity.org/ahbi-press-release-062421>

who are too wealthy to qualify for most affordable housing programs, but not wealthy enough to afford market-rate rentals. It's projected that this population of middle-income seniors will continue to grow and that, by 2029, these individuals will account for 43 percent of the total senior population.⁴ Furthermore, projections indicate that approximately 60 percent of middle-income seniors in 2029 will have mobility limitations, and one in five of these seniors is likely to have three or more chronic conditions and one or more limitations with the activities of daily living.⁵ A dedicated source of funding for the development of middle-income rental housing with appropriate services is necessary to avoid compounding a crisis for our middle-income senior population.

Codify a Five-Year Housing Plan Requirement [A.3807-A (Cymbrowitz)/S.2193-A (Kavanagh)]

Another consideration as we begin a new five-year housing plan is maintaining a continuous availability of affordable housing financing resources. A regular capital commitment from the State is necessary for affordable housing developers to continue to build and develop their pipeline of affordable housing projects. We were troubled by the Executive's failure to sign legislation to codify the requirement for a spending plan to be enacted every five years – which would include, among other initiatives, the development and preservation of affordable senior housing – and we encourage policymakers to revisit and reengage on this critical policy proposal.

Conclusion

The Executive's proposed \$300 million, five-year investment in affordable independent senior housing is a strong step toward creating enough safe, affordable units to meet demand as the number of older New Yorkers continues to grow. However, an additional strategic investment of \$5 million in the SFY 2022-23 Budget to support resident assistants in affordable housing would be an extremely cost-effective method of ensuring buildings created using State capital also have the resources, amenities and healthy programming necessary to support their senior residents and afford them the opportunity to age with dignity in their own homes and communities. In addition, LeadingAge New York recommends maximizing the State's proposed investments by targeting broadband expansion efforts to key demographics in affordable multifamily housing, as well as ensuring predevelopment funding and technical assistance are available to small and not-for-profit developers of affordable units.

Founded in 1961, LeadingAge New York is the only statewide organization representing the entire continuum of not-for-profit, mission-driven, and public continuing care including home and community-based services, adult day health care, nursing homes, senior housing, continuing care retirement communities, adult care facilities, assisted living programs, and Managed Long Term Care plans. LeadingAge New York's 400-plus members serve an estimated 500,000 New Yorkers of all ages annually.

⁴ Pearson, Caroline F., Quinn, Charlene C., Loganathan, Sai, Rupa Datta, A., Burnham Mace, Beth, and Grawbowski, David C. (2019). *The Forgotten Middle: Many Middle-Income Seniors Will Have Insufficient Resources for Housing and Health Care*. Health Affairs 38, No. 5: 851-859.

⁵ *Id.* at 857.