



# Testimony on the 2020-21 Executive Budget Proposal: Housing

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Provided by

LeadingAge New York

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## **Introduction**

On behalf of the membership of LeadingAge New York, thank you for the opportunity to submit testimony on the SFY 2020-21 Executive Budget Proposal. LeadingAge New York represents over 400 not-for-profit and public providers of aging services and senior housing, 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 3.5 million residents age 65 and older, representing an estimated 17 percent of the population. By 2025, 19 percent of New York's population is projected to be age 65 or older, up from 14 percent in 2010. Both the number and percentage of older New Yorkers are expected to continue to rise over the next 20 years. 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 2025, the availability of younger New Yorkers to care for seniors both informally and in the formal care delivery system will be at its lowest point in a decade and declining. In addition, with nearly one in 10<sup>1</sup> 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 programs – principally the Medicaid program – to cover their service needs.

Faced with current and future demographic challenges and their anticipated impact on the State budget, New York must act now. It must invest in lower cost long-term services, supports, and technologies that enable individuals to remain in their communities, and it must modernize regulations and provide funding to permit providers to address consumer preferences, optimize efficiencies, improve quality, and effectively deploy an increasingly scarce workforce. One such option is the creation of an Affordable Independent Senior Housing Assistance Program to provide services to low- to moderate-income seniors living in affordable housing.

The following testimony outlines our capital requests and the Resident Assistant proposal, a program that would advance the goals of improving the overall health of the state's growing elderly population and providing them with better care at a lower cost, while enabling older New Yorkers to access services in the most integrated settings appropriate to their needs.

## **Affordable Independent Senior Housing Assistance Program**

We are extremely pleased with New York State's historic and continued commitment of \$125 million provided in the 2017-18 State Budget for the construction and rehabilitation of senior housing over the course of five years and extend our gratitude to the Legislature for the role it played in securing this funding. Existing and newly created development programs such as the Senior Housing Program, designed by Homes and Community Renewal (HCR) to facilitate the disbursement of the \$125 million, provide an excellent opportunity to bring support services into affordable senior housing that can have a significant impact on seniors' ability to remain in their homes in an extremely cost-effective manner.

LeadingAge New York, along with a coalition of senior housing providers, associations, and affordable housing advocates, has called for the creation of the Affordable Independent Senior Housing Assistance Program to be administered by the Department of Health (DOH) and the commitment of \$10 million over five years in the 2020-21 State Budget to fund resident assistants in 25 senior housing properties

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<sup>1</sup> United States Census Bureau, "Income and Poverty in the United States: 2018."

around the state. We propose that grants of approximately \$70,000 per property be made available to congregate senior housing operators to work with seniors and that those resident assistants funded specifically focus on linking residents to the services they need to remain healthy in their communities. 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 year in State expenditures. If a resident assistant can keep two people out of a nursing home for one year, the savings covers the cost of the grant. If a resident assistant works with 70 to 100 people and emphasizes health education, wellness programming, more effective use of primary care, reduced use of emergency departments, and better management of chronic health conditions, the savings potential is enormous.

Evidence of these savings has been demonstrated in recent studies conducted in Oregon and New York. In 2016, the Center for Outcomes, Research & Education issued a report on a study conducted in Oregon that showed a decline in Medicaid costs by 16 percent one year after seniors moved into affordable housing with a resident assistant.<sup>2</sup> 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 more affordable housing for seniors can be developed in conjunction with a successful resident assistance model.

The model Resident Assistant program that we are proposing would estimate a cost per building of \$70,000, which would be expected to cover the salary of a resident assistant who would work with approximately 100 seniors. Based on this \$70,000 figure, our requested \$2 million per year allocation for this program would provide resident assistants for approximately 25 buildings (or 2,500 seniors) at a cost of \$1.75 million. We have also built in \$250,000 in administration costs for DOH to reach the total \$2 million requested.

### **Housing Capital**

As we approach the end of the current Five-Year Housing Plan, it is imperative that we look ahead to ensure that we continue the momentum built over the past few years. With waitlists sometimes over 10 years long for seniors in New York City, a continued capital commitment is more important than ever. We would request a continuation of the current commitment to affordable senior housing rehabilitation and development and advocate for funding of \$140 million over five years, an increase of \$15 million over the current plan. Using the per unit award methodology outlined in the current Senior Housing

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<sup>2</sup> Li, G., Vartanian, K., Weller, M., & Wright, B. (2016). *Health in Housing: Exploring the Intersection between Housing and Health Care*. Portland, OR: Center for Outcomes, Research & Education.

Program guidelines, this would allow the State to support the production of 1,236 new units of senior housing, an increase of 250 units beyond the previous level of funding. This funding would support housing stability for older New Yorkers who are frail, homeless, low-income, or extremely low-income across the state. We would also request that 200 project-based Section 8 vouchers be dedicated to senior housing annually to support the development of units for very low-income seniors.

We are also concerned about the State's readiness to address the needs of Baby Boomers as they grow older and struggle to maintain themselves in their own homes, particularly those middle-income seniors who are too wealthy to qualify for most affordable housing programs but are not wealthy enough to afford living in market-rate senior housing. Between 2014 and 2019, the population of middle-income seniors is projected to nearly double, and middle-income seniors will account for 43 percent of the total senior population by 2029.<sup>3</sup> 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.<sup>4</sup> A dedicated source of funding for the development of middle-income housing and services is necessary to avoid a growing crisis for our middle-income senior population.

## Conclusion

The State must ensure that seniors have access to low-income, middle-income, and market-rate senior housing and retirement living options to meet the growing demand. Dedicated capital for senior housing can help ensure that New York's seniors are guaranteed safe, decent, and sanitary housing regardless of their income level. In addition, a strategic investment of \$10 million to be administered by DOH over five years is an extremely low-cost way to ensure that New York's growing senior population is being taken care of. The Affordable Independent Senior Housing Assistance Program aligns directly with the goal of HCR's Senior Housing Plan to develop rental housing that has healthy aging programming that affords seniors the option to age in their own homes and communities. Ultimately, the Affordable Independent Senior Housing Assistance Program represents a modest investment that will improve seniors' quality of life and help the State implement its ambitious Olmstead Plan to serve people in the least restrictive settings appropriate to their needs.

*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.*

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<sup>3</sup> 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.

<sup>4</sup> *Id.* at 857.