



Testimony on the State Fiscal Year 2021-22 Budget: Housing

Testimony Provided by

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Introduction

On behalf of the membership of LeadingAge New York, thank you for the opportunity to submit written testimony on the SFY 2021-22 Budget for the Division of Housing and Community Renewal. 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 10¹ 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 assistance – including public 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 enables individuals to remain in their communities, and it must and provide funding to permit affordable senior housing providers to address resident needs and maximize the positive impact of increasingly scarce workforce on one of our most vulnerable populations. 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 request for a new five-year capital spending plan for affordable housing purposes in the next budget cycle, as well as 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.

Housing Capital

We were extremely pleased with New York State's historic 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.

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. The COVID-19 pandemic has highlighted the public health risks associated with housing instability and homelessness. With affordable housing waitlists sometimes over 10 years long for seniors in New York City, a continued capital commitment is more important than ever.

¹ United States Census Bureau, "Income and Poverty in the United States: 2020."

We are troubled by the failure to commit funding for a new Five-Year Housing Plan in the SFY 2021-22 Budget and would request a continuation of the commitment to affordable senior housing rehabilitation and development with funding levels at \$140 million over five years, an increase of \$15 million over the original plan. Using the per unit award methodology outlined in the current Senior Housing Program guidelines, this slight increase would allow the State to support the production of 250 more units of senior housing than the previous level of funding, for a total of 1,236 much-needed new units of senior housing. This funding would support housing stability for older New Yorkers who are frail, homeless, low-income, and extremely low-income across the state.

We are also concerned about the State's readiness to address the needs of 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. It's projected that the 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.² 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.³ A dedicated source of funding for the development of middle-income housing, as well as 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 approach the end of the current 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 are pleased that both Houses of the Legislature have passed legislation to codify a Five-Year Housing Plan requirement that mandates the development and funding of an affordable housing plan – including capital dedicated to the preservation and development of senior housing – every five years and look forward to this critical policy being signed into law.

Affordable Independent Senior Housing Assistance Program [A.3612 (Cymbrowitz)/S.3129 (Kavanagh)]

LeadingAge New York, along with a coalition of senior housing providers, associations, and affordable housing advocates, has called for the creation of an Affordable Independent Senior Housing Assistance Program to be administered by the Department of Health (DOH) with a commitment of \$10 million over five years in the 2022-23 State Budget to fund resident assistants in senior housing properties throughout the state. We propose that grants be made directly to senior housing operators to hire resident assistants to link 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 more than covers the cost of the grant. If a resident assistant works with 100 to 150 people throughout the course of a year 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.

² 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.

³ *Id.* at 857.

Rigorous studies have shown that affordable senior housing with services reduces Medicare and Medicaid spending.⁴ 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 more affordable housing for seniors is developed in conjunction with a successful resident assistance model.

Conclusion

The State must ensure that seniors have access to affordable senior housing to meet demand as the population of New Yorkers aged 65 and older continues to grow. Dedicated capital, committed on a regular five-year cycle, 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 cost-effective way to ensure that New York's growing senior population is being cared for. In this time of serious healthcare workforce shortages, it is critical that policymakers think holistically to ensure the most prudent use of scarce resources. Ultimately, 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, and represents a modest investment that will improve seniors' quality of life and help the State meet its goals by serving residents 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.

⁴ 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.