



INSIDE THE BUDGET

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AIDS Housing Assistance: Budget Update

Since 1992, a total of \$321 million in federal grants have been made available to NYC to provide housing and support services for New York City's low-income AIDS population. As of July 2000, the city had spent approximately \$240 million of these funds. The city has augmented these federal dollars with city and state funds to provide a broad array of housing and support services for this population.

IBO's analysis of AIDS-related budget and expenditure data over the last several years reveals two important trends. First, the city continues to under-spend its allocation of funds from the federal Housing Opportunities for Persons with AIDS (HOPWA) program. Second, although the city officially remains committed to expanding housing for the AIDS population, the emphasis has shifted from new housing development to rental assistance in existing housing. This overview highlights some of the key budget trends that have developed over the life of the federal program.

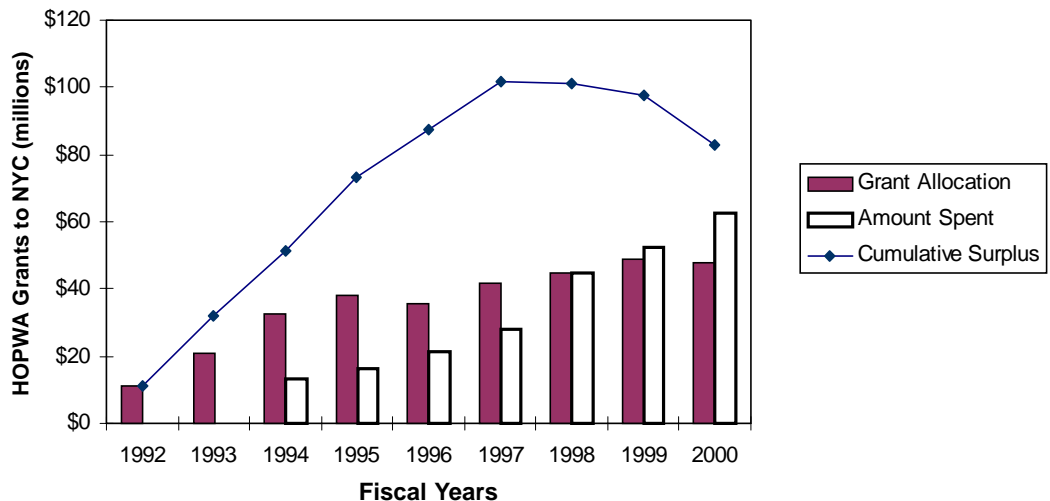
from 36,000 in June 1998. Much of this population is low-income and relies on government programs to provide a broad array of health and social services. Affordable housing is particularly important for this population, which needs stable, clean living conditions in order to remain healthy.

In 1992 the federal government acknowledged this need by creating a program to provide housing assistance for low-income individuals with HIV/AIDS and their families. HOPWA was established to provide federal grants to large cities with at least 1,500 cases of AIDS. Cities have used these grants to augment their own spending on the development of new community residences and SRO units, on rental assistance, and on more general support services—including access to health care, mental health services, and drug and alcohol abuse treatment and counseling.

Background

The success of new drug treatments has contributed to an increase in the number of people in New York City living with HIV/AIDS, even as the number of newly identified cases of people infected with the disease has declined each year since 1993. As of June 2000, there were 43,000 adults and adolescents in the city living with AIDS, up

Figure 1: Cumulative HOPWA Surplus Peaked in 1997 at \$102 Million



The city's HOPWA-related AIDS programs are administered by three different city agencies: the Mayor's Office of AIDS Policy (MOAP), the Department of Housing Preservation and Development (HPD), and the Division of AIDS Services and Income Support (DASIS), which is within the city's Human Resources Administration. The Mayor's Office of AIDS Policy provides general coordination and administrative support, and also distributes federal funds directly to local community-based organizations that provide a range of services for the AIDS population. HPD is responsible for new housing development. DASIS, which has an overall caseload of 27,000 people, oversees the city's AIDS support services, including rental assistance, supportive housing services, and general case management.

of the \$101 million surplus it had accumulated from the earlier years but fell considerably short (see Figure 2). Although the federal grant for the year was \$48 million, the city budgeted \$94 million in HOPWA funds. During the year, DASIS spent \$10 million less in HOPWA funds than initially budgeted for support services. (Though complete data are not yet available, DASIS seems to have come closer to achieving its HOPWA spending goals in 2000, with total city, state, and federal spending on support

Figure 2: Budget vs. Actual for FY 1999 (\$'s in millions)

Agency/Service	Total			City/State			HOPWA		
	Budget	Actual	Surplus/ (Deficit)	Budget	Actual	Surplus/ (Deficit)	Budget	Actual	Surplus/ (Deficit)
DASIS	139.5	111.6	27.9	105.3	87.8	17.5	34.2	23.8	10.4
Case Management/PS	31.7	32.0	(0.3)	31.7	27.2	4.5	-	4.8	(4.8)
Scattersite Housing	49.4	38.3	11.1	29.0	23.4	5.6	20.4	14.9	5.5
Supportive Housing	31.0	21.0	10.0	24.2	18.9	5.3	6.8	2.1	4.7
SRO	15.8	15.1	0.7	15.8	15.1	0.7	-	-	-
Other AIDS Services	11.6	5.2	6.4	4.6	3.2	1.4	7.0	2.0	5.0
HPD	48.4	18.0	30.4	(0.1)	-	(0.1)	48.5	18.0	30.5
MOAP	11.7	12.0	(0.3)	0.4	1.0	(0.6)	11.3	11.0	0.3
TOTAL	199.6	141.6	58.0	105.6	88.8	16.8	94.0	52.8	41.2

New York City Maintains Substantial HOPWA Surpluses

The Federal government allocates HOPWA grants on an annual basis, although cities have three years to spend the money before it is at risk of being revoked. The grants to the city, initially \$11 million in 1992, have grown to about \$48 million per year. As shown in Figure 1, the city started spending HOPWA funds in 1994, when it used \$13 million. By 2000, annual HOPWA expenditures had grown to \$63 million. However, because the growth in federal allocations continued at a faster pace than expenditures between 1992 and 1997, there was a growing pool of unused funds that peaked at \$102 million in 1997. By the end of 2000, the city had reduced the amount of unused HOPWA funds to \$83 million, about \$16 million of which is already committed to specific projects. Although the city has a considerable HOPWA grant surplus, to date it has been able to use all of its allocations within the three-year time limit.

City Failed to Spend Budget Allocations in 1999

In 1999, the city planned to use a substantial portion

services increasing over 1999 levels.) And at HPD, where development of new housing has lagged behind plan, the city spent \$31 million less in HOPWA funds than it had planned during 1999. (The unspent HPD funds remain committed to future housing development.)

In total, the city spent \$53 million in HOPWA funds during 1999, \$41 million less than planned. While these HOPWA expenditures reduced the cumulative surplus—\$98 million at the end of 1999—the reduction was much smaller than anticipated. If the city continues to have problems reaching its spending target, the three-year spending requirement could become a greater concern.

Less New Housing Development, but Increased Rental Assistance

The goal of the city's AIDS housing program is to provide the low income HIV/AIDS population with permanent housing. Currently, there are just over 900 individuals with HIV/AIDS living in Single Room Occupancy hotels (SROs) and an additional 500 people are living in commercial hotels; both the SROs and the hotels are temporary and often offer inadequate living

situations. According to DASIS, these numbers represent the minimum need for the city's AIDS housing program, which includes new housing development and rental assistance. The need will continue to grow however, as long as the population with HIV/AIDS continues to grow.

shown in Figure 3, confirms these trends. In 2000, DASIS budgeted \$45 million (in total funds) for rental assistance. The budget for 2001 increased to \$55 million. These budget trends reflect the rental assistance caseload trends. Between 1998 and 1999, there was a rapid

expansion in the rental assistance program, as the caseload grew by over 5,000 people to 16,000. By June 2000, 17,000 people were receiving rental assistance.

Figure 3: Comparison of Budgets for FY 1999 through FY 2001 (\$'s in millions)

Agency/Service	Total Funds			City/State Funds			HOPWA Funds		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
DASIS TOTAL	139.5	142.5	151.2	105.3	108.2	122.5	34.2	34.4	28.7
Case Management/PS	31.7	39.4	41.3	31.7	29.8	17.2	-	9.6	24.0
Scattersite Housing	49.4	44.5	54.5	29.0	28.5	50.6	20.4	16.0	3.9
Supportive Housing	31.0	31.1	32.6	24.2	28.1	31.9	6.8	3.0	0.8
SRO	15.8	15.4	19.1	15.8	15.4	19.1	-	-	-
Other AIDS Services	11.6	12.1	3.7	4.6	6.3	3.7	7.0	5.8	-
HPD	48.4	47.1	8.1	-	17.1	8.1	48.5	30.0	-
MOAP	11.7	14.6	15.9	0.4	0.3	-	11.3	14.3	15.9
TOTAL	199.6	204.2	175.2	105.6	125.6	130.6	94.0	78.7	44.6

In addition to the changes in new housing development and rental support budgets, there have been increased allocations for case management services and changes in the way they are funded.

HPD has been developing housing for the low-income AIDS population since 1990, when it developed 121 units. With the aid of HOPWA funds, the city has developed a total of 1,600 units through the end of 2000, averaging almost 150 new units a year. During 2000, the city spent a total of \$15 million—\$14 million in HOPWA funds—to build 153 units. While development of new AIDS housing in New York City was almost entirely funded by HOPWA in the past, the city has recently started to augment the federal dollars with city funds, committing \$17 million of city tax levy in 2000 (though little has actually been spent to date). In fact, as of 2001, the city is no longer allocating new HOPWA funds for housing development. In July 2001, the city had funds available—including \$32 million unspent during 2000 and \$8 million in new city money—to develop approximately 400 new housing units over the next two years. In the future, if the city allocation is maintained at \$8 million a year and HOPWA funds are not used for new housing, this will represent a reduction of the new housing development targeted specifically for the AIDS population.

Case managers employed by DASIS work with individual clients to make sure they are getting all appropriate benefits, including housing and income support. Budgets for these case managers in DASIS grew by \$10 million between 1999 and 2001. In 1999 no HOPWA dollars funded these programs; however, in 2001 HOPWA will fund 60 percent of the case management budget. One possible explanation for shifting HOPWA funds to case management (and away from new housing development) is concern that the city might begin exhausting its three-year time limit. If the city uses HOPWA for personnel expenses, it is less likely to face delays in spending the grant money.

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In response to a request from Councilman Stephen Fiala, IBO recently issued a study on the fiscal impact of three proposals to expand yellow school bus service. The study is available by contacting the IBO or may be downloaded from IBO's web site at www.ibo.nyc.ny.us/iboreports/schoolbus.pdf.

While funds for new housing development are declining, spending on rental assistance is increasing. A look at HOPWA-related budgets for 1999 through 2001,