



## LEGISLATIVE ANALYST MEMORANDUM

**To:** Supervisor Bevan Dufty  
**From:** Andrew Murray, Office of the Legislative Analyst  
**Date:** May 17, 2006  
**Re:** **HIV/AIDS Housing Subsidies** (OLA No. 041-06)

### SUMMARY OF REQUESTED ACTION

Report on the number of HIV/AIDS housing subsidies that the City has historically provided.

### EXECUTIVE SUMMARY

The City provides housing to persons with HIV and AIDS primarily with funding from two sources, Housing Opportunities for Persons with AIDS (HOPWA) and the Comprehensive AIDS Resources Emergency (CARE) Act. Supportive services are also provided with this funding. As these federal resources have decreased over the past few years, the City has backfilled some losses with General Fund resources. Increases in the cost of housing over time, coupled with decreased federal funding, have created a situation in which it is difficult for the local agencies responsible for implementation, the Redevelopment Agency and the Department of Public Health, to maintain participation levels.

### BACKGROUND

The City and County of San Francisco provides housing to persons with HIV or AIDS through two programs. One is Housing Opportunities for Persons with AIDS (HOPWA), a federal program that provides funding through a formula grant to states and competitive awards for model projects. The other, referred to as CARE, is a result of the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act, which provides primary medical care and support services for individuals living with HIV who lack health insurance and financial resources for their care. In FY 2005-06, the City backfilled federal funding reductions to CARE with General Fund resources.

### HOPWA Overview

HOPWA (1992) funds are awarded as grants from one of three programs: a formula grant program to eligible states and cities; a competitive grant program for model projects; and technical assistance funding to strengthen the capacity of HOPWA grantees and applicants. HOPWA funds may be used for a wide range of housing, social services, program planning, and development costs. These include the acquisition, rehabilitation, or new construction of housing units; costs for facility operations; rental assistance; and short-term payments to prevent homelessness. HOPWA funds also may be used for health care and mental health services, chemical dependency treatment, nutritional services, case management, assistance with daily living, and other supportive services. Since its inception, the federal

government has expended over \$2.3 billion through HOPWA. The Redevelopment Agency is responsible for local implementation of HOPWA programs.

### CARE Overview

The Ryan White Comprehensive AIDS Resources Emergency (CARE) Act (1990) is federal legislation that addresses the unmet health needs of persons living with HIV. CARE funds primary care and support services for individuals who lack health insurance and other financial resources for their care. Most users of CARE services are people with no other source of healthcare; others are those with Medicaid or private insurance with unmet care needs. While ambulatory health care and support services are the primary focus of CARE, training, technical assistance, and demonstration projects are also funded. The federal government expended over \$2.0 billion on CARE in fiscal year 2005-06. The Department of Public Health is responsible for the local implementation of CARE programs.

Note that the Budget and Finance Committee recently acted to release \$1M on committee reserve (BOS file # 060633) to the Department of Public Health for AIDS/HIV services. The department advises that at least some of these funds (the final amount has yet to be determined) will be used to backfill for CARE funds that have been cut this year.

## FINDINGS

### **HOPWA Housing Services**

#### Units and Clients

The City has used HOPWA resources to provide housing and supportive services to people living with AIDS. Regarding housing, the City uses HOPWA resources to develop permanent housing and provide "deep" and "shallow" rental subsidies. Deep subsidies cover the difference between 30% of a program participant's (tenant's) income and the market rate of their rental unit. The shallow subsidy (also referred to as a partial rent subsidy) provides a flat rental subsidy per tenant. Table 1 below illustrates the number of permanent housing units that have been created through HOPWA, as well as the number of unduplicated clients provided with housing subsidies since the program's inception. The number of permanent housing units has grown steadily over the years, to 428 total in FY 2005-06. The number of clients provided with subsidies, however, peaked in FY 2002-03 and has since declined. Clients of deep rent subsidies have decreased from 336 in FY 2002-03 to 267 in FY 2005-06 (20%), and clients of shallow rent subsidies have decreased from 235 in FY 2002-03 to 163 in FY 2005-06 (31%).

**Table 1. Number of Permanent Housing Units and Subsidies Provided Through HOPWA**

<b>Fiscal Year</b>	<b>Permanent Housing</b>	<b>Permanent Housing</b>	<b>Deep Rent Subsidies</b>	<b>Shallow Rent Subsidies</b>	<b>Total Subsidies</b>
	(# of New Units)	(# of Total Units)	(# UDC*)	(# UDC)	(#UDC)
Prior to 1995	50	50	0	0	0
1995-96	53	103	295	0	295
1996-97	54	157	300	0	300
1997-98	44	201	310	0	310
1998-99	11	212	297	49	346
1999-00	13	225	309	196	505
2000-01	0	225	314	191	505
2001-02	84	309	335	210	545
2002-03	74	383	336	235	571
2003-04	28	411	320	181	501
2004-05	7	418	292	190	482
2005-06 (in progress)	10	428	267	163	430
<b>Total</b>	<b>428</b>	<b>428</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

\*UDC = Unduplicated clients

### Funding

Ramped up considerably since its inception in FY 1992-93, HOPWA funding, through the formula grant, peaked in 1994-95 in both real and current dollar terms. Although reduced since then, it has been fairly stable over extended periods, including FY 1998-99 through FY 2002-03 and FY 2003-04 through FY 2005-06. In real terms, formula funding in FY 2005-06 is 45% less than at its peak in FY 1994-95.

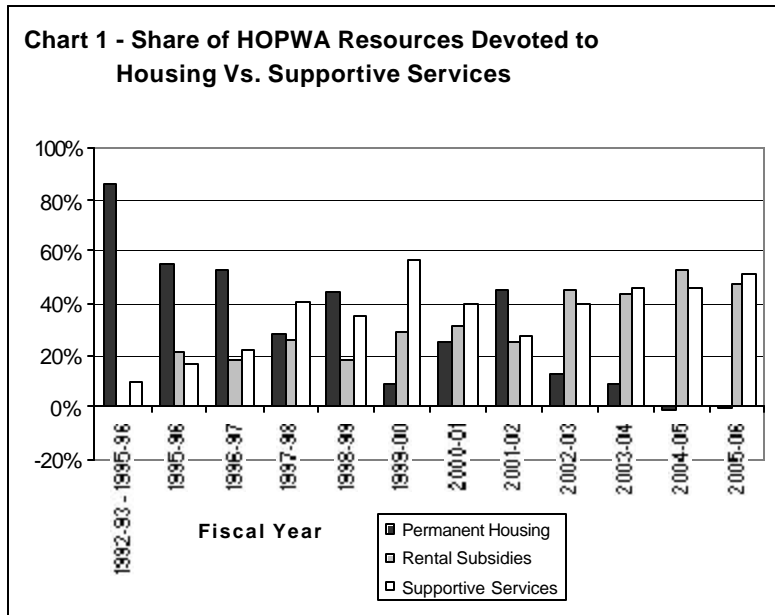
<b>Fiscal Year</b>	<b>Amount (Current Dollars)</b>	<b>Amount (1992 Dollars)<sup>1</sup></b>
1992-93	\$3,126,100	\$3,126,100
1993-94	\$5,749,655	\$5,601,921
1994-95	\$10,031,040	\$9,659,265
1995-96	\$9,839,413	\$9,227,738
1996-97	\$7,424,348	\$6,812,531
1997-98	\$7,915,492	\$7,073,526
1998-99	\$7,231,744	\$6,274,667
1999-00	\$7,207,970	\$6,008,783
2000-01	\$7,420,975	\$5,942,710
2001-02*	\$9,041,509	\$6,787,179
2002-03	\$8,273,000	\$6,138,032
2003-04	\$7,160,000	\$5,226,576
2004-05	\$7,500,000	\$5,385,107
2005-06	\$7,408,000	\$5,262,493
<b>Total</b>	<b>\$105,744,647</b>	<b>\$75,118,856</b>
Anticipated 2006-07	\$7,091,000	Not Available

\*Includes one-time reallocation of resources from San Mateo and Marin Counties.

The City's HOPWA resources are increasingly being dedicated to supportive services, opposed to housing, as illustrated in Table 3 and Chart 1 below. One explanation is that early investment in permanent housing has required ongoing funding for related supportive services.

<b>Fiscal Year</b>	<b>Rental Subsidies</b>	<b>Permanent Housing</b>	<b>Supportive Services</b>	<b>Technical Assistance</b>	<b>Administration</b>
1992-93 - 1995-96	0%	86%	9%	2%	3%
1995-96	21%	55%	16%	2%	6%
1996-97	18%	52%	22%	2%	5%
1997-98	26%	28%	41%	2%	3%
1998-99	18%	44%	35%	1%	2%
1999-00	29%	9%	57%	2%	3%
2000-01	32%	25%	40%	1%	2%
2001-02	25%	45%	28%	1%	1%
2002-03	45%	13%	40%	0%	2%
2003-04	43%	8%	46%	0%	3%
2004-05	53%	-2%	46%	0%	3%
2005-06	47%	-1%	51%	0%	3%
<b>Average</b>	<b>30%</b>	<b>30%</b>	<b>36%</b>	<b>1%</b>	<b>3%</b>

<sup>1</sup> Based on US Bureau of Labor Statistics, Consumer Price Index for All Items for Urban Wage Earners and Clerical Workers for San Francisco-Oakland-San Jose, CA



Investment in the development of permanent housing has diminished particularly. It represented 71% of all HOPWA expenditures in FY 1996-97 and 2001-02, but is actually negative this year. Deep subsidy expenditures have generally grown over time, peaking at 51% in FY 2002-03, although they have diminished somewhat since then. Shallow subsidy expenditures have remained fairly constant at 3-4% since FY 1999-00. Additional detail is provided in Table 4, below.

Fiscal Year	Total HOPWA Funding	Permanent Housing (built)	% of Total	Deep Subsidy	% of Total	Shallow Subsidy	% of Total	Emergency Vouchers	% of Total
1992-93 through 1995-96	\$18,906,795	\$4,083,505	22%	\$0	0%	\$0	0%	\$0	0%
1995-96	\$9,839,413	\$3,943,653	40%	\$1,523,149	15%	\$0	0%	\$0	0%
1996-97	\$7,424,348	\$5,237,231	71%	\$1,818,426	24%	\$0	0%	\$0	0%
1997-98	\$7,915,492	\$2,062,437	26%	\$1,914,164	24%	\$0	0%	\$0	0%
1998-99	\$7,231,744	\$4,697,616	65%	\$1,911,145	26%	\$50,667	1%	\$0	0%
1999-00	\$7,207,970	\$669,593	9%	\$1,985,026	28%	\$226,839	3%	\$0	0%
2000-01	\$7,420,975	\$2,406,591	32%	\$2,776,486	37%	\$285,942	4%	\$0	0%
2001-02	\$9,041,509	\$6,448,951	71%	\$3,239,462	36%	\$305,792	3%	\$30,711	0%
2002-03	\$8,273,000	\$1,285,179	16%	\$4,202,385	51%	\$268,346	3%	\$0	0%
2003-04	\$7,160,000	\$675,258	9%	\$3,171,912	44%	\$310,792	4%	\$0	0%
2004-05	\$7,500,000	\$870,117	12%	\$3,190,727	43%	\$298,138	4%	\$0	0%
2005-06	\$7,408,000	-\$40,121*	-1%	\$2,959,376	40%	\$326,649	4%	\$0	0%
<b>Total</b>	<b>\$105,329,246</b>	<b>\$31,340,010</b>	<b>30%</b>	<b>\$28,692,258</b>	<b>27%</b>	<b>\$2,073,165</b>	<b>2%</b>	<b>\$30,711</b>	<b>0%</b>

\* Negative number indicates that program revenue, principal payment on loans, exceeded program expenditures.

## CARE Housing Services

### Units and Clients

The City uses CARE funding to provide treatment/transitional housing, deep rental subsidies, shallow rental subsidies, emergency housing, and supportive services. The number of housing slots<sup>2</sup> provided by CARE housing programs peaked in FY 2003-04 and FY 2004-05 at 609, then diminished to 583 in FY 2005-06. The City has used General Fund resources to supplement CARE funds. General Fund support allowed the Department of Public Health to maintain the total number of slots served at FY 2003-04 and FY 2004-05 levels (684) in FY 2005-06 even though fewer were supported by CARE resources. Table 5 below summarizes slots in various housing programs.

<b>Table 5. Number of CARE and General Fund Housing Program Slots</b>					
<b>Activity</b>	<b>FY 2001-2002</b>	<b>FY 2002-2003</b>	<b>FY 2003-2004</b>	<b>FY 2004-2005</b>	<b>FY 2005-2006</b>
	# Slots	# Slots	# Slots	# Slots	# Slots
<b>CARE</b>					
Treatment / Transitional Housing	29	29	32	32	32
Deep Subsidy	276	376	380	380	299
Shallow Subsidy	250	177	177	177	232
Emergency Housing	20	0	20	20	20
<b>Subtotal - CARE</b>	<b>575</b>	<b>582</b>	<b>609</b>	<b>609</b>	<b>583</b>
<b>General Fund</b>					
Treatment / Transitional Housing	0	0	0	0	0
Deep Subsidy	113	29	32	32	44
Shallow Subsidy	0	37	43	43	58
Emergency Housing	20	20	0	0	0
<b>Subtotal - General Fund</b>	<b>133</b>	<b>86</b>	<b>75</b>	<b>75</b>	<b>102</b>
<b>Total CARE and General Fund</b>	<b>708</b>	<b>668</b>	<b>684</b>	<b>684</b>	<b>685</b>

Although total slots in FY 2005-06 was similar to that in FY 2003-04 and FY 2004-05, one noteworthy shift did occur this year. The number of slots of deep subsidies declined from 412 to 343 (17%), whereas the number of shallow subsidy slots increased from 220 to 290 (32%).

<sup>2</sup> A slot describes the number of units or beds available at any given time and therefore the number of clients that can be served on any given day. It does not consider turnover; i.e., the number of individuals who can be served over the period of a year. Some types of programs have by design a high turnover rate; for example, emergency housing lasts only 7 days to 28 days. Other programs, such as the deep subsidies, are designed to have a low turnover rate, assuming that people will stabilize in place.

<b>Activity</b>	<b>FY 2001-2002</b>	<b>FY 2002-2003</b>	<b>FY 2003-2004</b>	<b>FY 2004-2005</b>	<b>FY 2005-2006</b>
	# Slots	# Slots	# Slots	# Slots	# Slots
Deep Subsidy - CARE	276	376	380	380	299
Deep Subsidy - General Fund	113	29	32	32	44
<b>Deep Subsidy Total</b>	<b>389</b>	<b>405</b>	<b>412</b>	<b>412</b>	<b>343</b>
Shallow Subsidy - CARE	250	177	177	177	232
Shallow Subsidy - General Fund	0	37	43	43	58
<b>Shallow Subsidy Total</b>	<b>250</b>	<b>214</b>	<b>220</b>	<b>220</b>	<b>290</b>

### Funding

As noted in Table 7 below, CARE funding used for housing related services<sup>3</sup> has remained fairly stable over the past five years in current dollars, fluctuating by 7% and averaging approximately \$6,720,000 per year. It has, however, decreased consistently over the past three years. General Fund resources have varied more greatly (on a percentage basis), increasing last year to compensate for a reduction in CARE funding. Together, they have combined for fairly stable total funding in current dollars, although in real terms the resources have decreased steadily (by 7% total) from FY 2001-02.

<b>Fiscal Year</b>	<b>CARE (Current Dollars)</b>	<b>General Fund (Current Dollars)</b>	<b>Total (Current Dollars)</b>	<b>Total (2001 Dollars)<sup>4</sup></b>
2001-02	\$6,671,984	\$1,387,047	\$8,059,031	\$8,059,031
2002-03	\$6,940,907	\$1,137,368	\$8,078,275	\$7,984,292
2003-04	\$6,787,082	\$1,177,368	\$7,964,450	\$7,744,827
2004-05	\$6,725,479	\$1,165,388	\$7,890,867	\$7,547,610
2005-06	\$6,471,588	\$1,455,918	\$7,927,506	\$7,502,030

As illustrated in Table 8 below, the share of CARE and General Fund resources devoted to housing versus supportive services in housing has remained fairly constant over the past five years. On average, 74% of CARE resources go towards housing, whereas 26% go towards support services in housing. 56% of General Fund support flows to housing, whereas 44% flows to support services in housing.

<sup>3</sup> Note that this information relates only to the CARE Title I dollars allocated to housing service, including housing-related support services. This does not include money the SF CARE Council allocates to other service categories, such as case management, health care, food, substance abuse, mental health services, etc. Historically the SF CARE Council has allocated around 28% of the CARE award to housing services.

<sup>4</sup> Based on US Bureau of Labor Statistics, Consumer Price Index for All Items for Urban Wage Earners and Clerical Workers for San Francisco-Oakland-San Jose, CA

<b>Table 8. Funding Share of CARE Housing Expenditures (Current Dollars)</b>					
	<b>FY 2001-2002</b>	<b>FY 2002-2003</b>	<b>FY 2003-2004</b>	<b>FY 2004-2005</b>	<b>FY 2005-2006</b>
Subtotal - CARE Housing	\$4,842,550	\$5,007,660	\$4,970,725	\$4,989,424	\$4,990,835
% of all CARE funding	73%	72%	73%	74%	77%
Subtotal - CARE Support Services in Housing	\$1,829,434	\$1,933,247	\$1,816,357	\$1,736,055	\$1,480,753
% of all CARE funding	27%	28%	27%	26%	23%
Subtotal - General Fund Housing	\$819,395	\$594,640	\$654,640	\$654,640	\$791,078
% of all GF funding	59%	52%	56%	56%	54%
Subtotal - General Fund Support Services in Housing	\$567,652	\$542,728	\$522,728	\$510,748	\$664,840
% of all GF funding	41%	48%	44%	44%	46%

Note that information for fiscal years prior to 2001-02 is in storage at DPH, so is not easily accessible.