

GAO

Report to the Subcommittee on VA, HUD
and Independent Agencies, Committee
on Appropriations, House of
Representatives

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HOUSING

HUD's Program for Persons With AIDS



**Resources, Community, and
Economic Development Division**

B-276110

March 24, 1997

The Honorable Jerry Lewis
Chairman
The Honorable Louis Stokes
Ranking Minority Member
Subcommittee on VA, HUD and Independent Agencies
Committee on Appropriations
House of Representatives

The acquired immunodeficiency syndrome (AIDS) epidemic, well into its second decade, has posed a serious health threat to the American public. Through June 1996, over 545,000 cases of AIDS had been reported in the United States, in addition to a large but undetermined number of people who had not been diagnosed with AIDS but were infected with the human immunodeficiency virus (HIV), which causes AIDS. Housing Opportunities for Persons With AIDS (HOPWA), the only federal program targeted specifically to meeting the housing needs of people with HIV/AIDS, was established within the Department of Housing and Urban Development (HUD) under the National Affordable Housing Act of 1990. From fiscal year 1992, when the HOPWA program began, through fiscal year 1996, the Congress appropriated over \$645 million for the program and an additional \$196 million for fiscal year 1997.

This report responds to your request that we review (1) what the rationale is for having a housing program within HUD specifically for people with AIDS, (2) what kinds of activities are being funded through the program, (3) whom the program is serving, (4) how the program is coordinated with the Department of Health and Human Services' (HHS) Ryan White AIDS assistance programs, and (5) how HUD headquarters oversees program administration and monitoring. As requested, we are also providing background information on how the program works.

Results in Brief

The legislative history for the Housing Opportunities for Persons With AIDS program indicates that the Congress established the program within the Department of Housing and Urban Development in 1990 because the existing housing resources at the time were reportedly not meeting the needs of people with AIDS, who often had difficulty obtaining suitable housing because of the need for supportive services, discrimination, or other problems. Department of Housing and Urban Development and Department of Health and Human Services officials, along with several

grantees and project sponsors we contacted, generally believe that these problems still exist and that the Housing Opportunities for Persons With AIDS program is still needed to counteract them. However, critics have questioned the program because, for instance, they believe that it is not appropriate to target assistance to persons with one disease and not others or that any additional federal resources should be focused on preventing AIDS.

Grantees can use funds for a broad range of housing assistance and supportive services intended to prevent homelessness. The limited data available from HUD indicate that about 71 percent of the funds that have been expended has been used to provide housing assistance; about 16 percent has been used to provide supportive services independent of housing assistance, such as health care, chemical dependency treatment, and nutritional services; and the remaining 13 percent has been used for housing information services, resource identification, and grantees' and project sponsors' administrative costs. However, it should be recognized that these data do not fully reflect the grantees' use of program appropriations. As of October 7, 1996, the grantees had expended 37 percent of the total funds appropriated since fiscal year 1992. Furthermore, the grantees' reports describing their use of program funds that were available from the Department of Housing and Urban Development's Office of HIV/AIDS Housing as of October 7, 1996, covered only 27 percent of the funds that the grantees had expended during that time.

Under the Department's regulations, the program generally provides assistance to low-income individuals with HIV/AIDS and their families. Our analysis of the limited data available from the Office of HIV/AIDS Housing indicates that 70 percent of the program participants received housing assistance, while about 30 percent received supportive services not associated with housing assistance funded by the program. The Department does not collect data on the characteristics of the program participants who receive only supportive services. However, of those that received housing assistance, about 67 percent were adult males, and about 70 percent had incomes below \$500 per month. Over half of the participants were living in rental housing prior to receiving housing assistance under the program, while the rest came from various situations, such as living with relatives or in shelters, substance abuse facilities, or hospitals.

Coordination between the Housing Opportunities for Persons With AIDS program and Ryan White Titles I and II programs, which provide grants to states and localities to fund a wide range of services to assist people with HIV/AIDS, occurs primarily at the grantee level. According to officials in the Departments of Housing and Urban Development and Health and Human Services, coordination of the two programs at the national level is basically informal. While the agencies have taken steps to increase coordination in recent years, several grantees and project sponsors we contacted believed that the two programs could be better coordinated. Furthermore, we noted that while the formula used to distribute Ryan White funds has been revised to reflect estimates of the current number of people living with AIDS, the formula for the housing opportunities program is still based on cumulative AIDS cases, which can lead to funding inequities. Also, the requirements governing how the Ryan White grantees are to coordinate with other parties when planning the use of grant funds provide greater assurance that all affected parties will have a voice in determining how the funds will be used than do the requirements for the housing opportunities program.

Department of Housing and Urban Development field offices are primarily responsible for the oversight and monitoring of grantees under the program. The field offices can use a variety of tools to oversee grantees and monitor their use of funds, including a review of the consolidated plans and progress reports prepared by the grantees, as well as on-site visits and consultation with community officials and other stakeholders. The field offices also have considerable latitude and flexibility in how they use these tools. Headquarters directs and monitors the field offices' oversight of the grant programs.

Although we did not review the field offices' monitoring of grants, in an August 1996 telephone survey, field community planning and development grant program directors expressed a general belief that headquarters has not sufficiently emphasized completing essential monitoring and that insufficient staff and travel funds have prevented sufficient on-site inspection visits. Also, headquarters has not made effective use of the available data on the performance of grantees because it has not used the grantees' annual progress reports to assess overall program accomplishments nor ensured that these reports are received and processed in a timely manner.

Background

First identified in 1981, AIDS impairs the immune system and leaves affected individuals susceptible to certain cancers and infections. Through June 1996, over 545,000 people with AIDS had been reported to the Centers for Disease Control and Prevention (CDC); 343,000 of these had died.¹ The CDC reported that in 1994, the most recent year of analysis, HIV infection was the most common cause of death among persons aged 25 to 44 years.²

The Congress created the program of Housing Opportunities for Persons With AIDS in 1990 under the National Affordable Housing Act, authorizing grants for a broad range of housing activities and supportive services designed to prevent homelessness among people with HIV/AIDS. For fiscal year 1997, the Congress appropriated \$196 million for the HOPWA program (including \$25 million transferred from HUD's Section 8 rental assistance program). HOPWA grantees may carry out eligible program activities themselves, through any of their administrative agencies, or by contract with a project sponsor. A project sponsor can be any nonprofit organization or governmental housing agency that receives funds under a contract with a grantee to carry out eligible HOPWA activities. The grantees and project sponsors may also contract with for-profit entities to provide services associated with their HOPWA activities.

HUD awards 90 percent of the annual HOPWA appropriation by formula to eligible metropolitan statistical areas and states. On the basis of the statute, metropolitan areas with populations greater than 500,000 and more than 1,500 cumulative cases of AIDS³ are eligible for HOPWA formula grants; the most populous city in an eligible metropolitan area serves as that area's HOPWA grantee. In addition, states with more than 1,500 cumulative cases of AIDS in areas outside of eligible metropolitan areas

¹Of the cumulative number of people reported with AIDS through June 1996, about 85 percent were males. In addition to the number of AIDS cases reported, an undetermined number of individuals who have not been diagnosed with AIDS are infected with HIV, which causes AIDS. According to a recent CDC report, estimates of the prevalence of HIV infection in the United States in 1992 placed the number of people infected between 650,000 and 900,000.

²Because of the prolonged period from the initial HIV infection to the onset of AIDS, recent trends in HIV-related mortality reflect the trends in HIV transmission several years earlier. Despite recent increases in HIV-related mortality, the decreases in the percentages of HIV-related deaths resulting from particular HIV-related illnesses suggest some success in the treatment and prevention of these illnesses. According to CDC's HIV/AIDS Surveillance Report, the estimated number of new diagnoses of severe HIV-related illnesses, called AIDS opportunistic infections (AIDS-OIs), are useful for tracking recent courses of the epidemic. CDC's report of the data through June 1996 states that the recent trends in the number of AIDS-OIs illustrate an overall slowing in the rate of growth of the AIDS epidemic. According to the CDC report, while the estimated number of AIDS-OIs is still increasing slightly each year, it is likely that in the near future, the estimated number will stabilize or decline slightly. However, these overall trends at the national level are likely to mask diverse local subepidemics.

³The count of cumulative AIDS cases represents the total number of cases reported to and confirmed by the CDC since AIDS reporting began in 1981.

qualify for formula funds. For fiscal year 1996, 27 states and 49 metropolitan areas had enough AIDS cases to qualify for formula grants.

The remaining 10 percent of HOPWA's annual appropriation is set aside for grants awarded on a competitive basis. The states and localities that do not qualify for formula grants may apply for competitive grants for projects that are part of long-term strategies for providing housing and services. These grants are awarded on the basis of criteria such as the applicant's capacity to implement the proposed project; the area's need for the project; the appropriateness of housing and supportive services, including how the activities will provide a continuum of housing and services to meet the changing needs of people with AIDS; the extent of leveraged public and private resources for the project; the extent of local planning and coordination of housing programs for people with AIDS; and the likelihood of the continuation of state and local efforts. In addition, any state, locality, or nonprofit organization may apply for a competitive grant to fund a Special Project of National Significance. These grants are awarded on the basis of many of the same criteria as other competitive grants, in addition to two other criteria: the innovative nature of the proposal and its potential for replication in similar localities or nationally, and the extent to which the proposal provides for the evaluation and dissemination of information on the project's success. HUD has awarded competitive grant funds for fiscal years 1992 through 1996 to a total of 81 grantees.

Eligible states and cities apply for HOPWA formula funds through the Consolidated Plans they submit to HUD. Under the Consolidated Plan process, jurisdictions submit a single document that consolidates the planning and application aspects of the four formula grant programs administered by HUD's Office of Community Planning and Development (CPD).⁴ Applicants are to develop their Consolidated Plans through a communitywide effort that assesses needs, creates a multiyear strategy, and proposes an action plan for using federal funds and other community resources in a coordinated and comprehensive manner.

HUD's regulations require jurisdictions applying for formula grants to adopt a citizen participation plan that provides for and encourages citizens to

⁴In addition to HOPWA, CPD administers the Community Development Block Grant program, the Emergency Shelter Grant program, and the HOME Investment Partnerships (HOME) program. The block grant program provides annual grants, principally to state and local governments, to aid in the development of viable communities. The emergency shelter program provides grants for safe and sanitary housing, supportive services, and other assistance to the homeless. HOME provides funds to produce affordable housing units.

participate in developing the Consolidated Plan. The Consolidated Plan process, which applies to all four Community Planning and Development formula grant programs, also requires the grantees to consult with other public and private agencies that provide assisted housing, health services, and social services, including those that focus on specific populations such as people with HIV/AIDS. The grantees' Consolidated Plans are to describe the agencies, groups, and others who participated in the planning process; their consultations with social service agencies and other entities; and their activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies. In addition, regulations specific to the HOPWA program require the grantees to cooperate and coordinate with state and local government agencies responsible for services in the area for people with HIV/AIDS and their families, and with other public and private organizations that provide services for these people.

Before enacting HOPWA's authorizing legislation, in 1990 the Congress enacted the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act (P.L.101-381) to improve the availability and quality of community-based health care and support services for individuals and families with HIV/AIDS. The Health Resources and Services Administration (HRSA), within the Department of Health and Human Services (HHS), administers the Ryan White legislation. HRSA's Bureau of Health Resources Development administers titles I and II of the act, which provide grants to those metropolitan areas disproportionately affected by the HIV epidemic and to states. Title I provides both formula and competitive grants for "emergency assistance" to localities to provide medical and support services to those with HIV/AIDS and their families; title II provides formula grants to states to improve the quality, availability, and organization of health care and support services for people with HIV/AIDS and their families. For fiscal year 1996, the Congress appropriated \$762 million for the Ryan White program; a total of over \$652 million was appropriated for titles I and II.

The Congress Established the HOPWA Program in Response to Unmet Housing Needs Reported for People With AIDS

The legislative history for the National Affordable Housing Act of 1990 (P.L. 101-625), which established the HOPWA program, indicates that, at that time, people with AIDS constituted a growing proportion of the homeless population. In its report on proposed legislation that ultimately became Public Law 101-625, the Senate Committee on Banking, Housing, and Urban Affairs reported that the Partnership for the Homeless had estimated that between 28,000 and 32,000 people with AIDS, and an additional 10,000 to 11,000 of their dependents, were homeless throughout the United States. According to the Committee's report, housing, especially housing with supportive services, was extremely limited for people with AIDS; for example, the National Coalition for the Homeless had reported that in Los Angeles, only 5 out of 42 shelters would accept someone infected with HIV. The Committee stated that it viewed adequate housing as the cornerstone of a comprehensive community-based network of services for people with AIDS and that care in home- or community-based settings was compassionate and more cost-effective than hospitalizing people with AIDS who did not need acute care but could not be discharged because they had nowhere to live.

The Congress reauthorized the HOPWA program under the Housing and Community Development Act of 1992 (P.L. 102-550). In that same year, the National Commission on AIDS had reported that an estimated 15 percent of the homeless population was infected with HIV and that one-third to one-half of all people with AIDS were either homeless or in imminent danger of becoming so because of their illness, lack of income, and weak support networks. The Commission added that the housing crisis for people with AIDS was partially the result of an overall lack of adequate, affordable housing for all citizens.

HUD has not conducted any comprehensive, nationwide studies to evaluate the current housing needs of people with AIDS. However, AIDS Housing of Washington, the recipient of a HOPWA competitive grant in fiscal year 1995 to provide technical assistance nationwide to communities and housing providers for people with AIDS, has compiled data that provide some indication of the housing needs. The organization surveyed 2,593 people with AIDS during the course of its work in a mix of eight cities, counties, and states.⁵ The results show that 36 percent of those surveyed in these locations had been homeless since learning of their HIV infection or AIDS. In

⁵AIDS Housing of Washington surveyed people with AIDS in Chicago, Illinois; Alameda County, California; Contra Costa County, California; Riverside/San Bernardino Counties, California; Phoenix, Arizona; and the states of Minnesota and Washington. The studies were conducted using convenience sampling, and the results cannot be projected to the overall AIDS population.

addition, officials in HHS' HRSA identify housing assistance as a continuing priority need for people with AIDS.

The Director of HUD's Office of HIV/AIDS Housing told us that HUD strongly believes that the HOPWA program is still needed. He noted that the Congress has not only continued funding for the program but has approved funding increases in fiscal years 1993, 1994, 1995, and 1997. Furthermore, several grantees and project sponsors whom we contacted believe that the need for the program has not only continued, but has increased because of current developments in the AIDS epidemic. The grantees and sponsors cited trends such as increasing infection among African-American and Hispanic communities, women, families with children, and injection drug users. In addition, they noted that the life expectancy for a person with AIDS has increased since the initial years of the epidemic and may continue to increase with the development of new treatments. The Director of HUD's Office of HIV/AIDS Housing and some advocates maintain that these new treatments may enhance the importance of adequate housing for people with AIDS because they require a very strict regimen to be effective; without stable housing and support, individuals could find it very difficult to adhere to the prescribed regimen or to even access programs that make the new treatments available.

In contrast, some parties have questioned the HOPWA program. For instance, a Senior Fellow at the Heritage Foundation told us that HUD has not proven its ability to provide decent, safe, and sanitary housing at a competitive price and, therefore, should not attempt to administer programs like HOPWA that go beyond basic housing provision to offer supportive services. This is particularly true, he said, when another agency, HHS, already has expertise in supportive service programs. Americans for a Sound AIDS/HIV Policy⁶ questions the HOPWA program on the principle that AIDS should be addressed in the same way that other medical problems are addressed at the national level; while federal assistance should be available to people with AIDS, programs should not be targeted only to the AIDS population but should be available to anyone with a serious disease. In addition, during floor debate on HOPWA's appropriation for fiscal year 1997, the argument was made that any additional federal resources to address the AIDS epidemic would be better spent on increased efforts to prevent HIV infection and the disease's progression from HIV to AIDS, rather than on increasing the appropriation for housing. It was argued that HIV/AIDS is largely a preventable disease and that no matter how much

⁶Americans for a Sound AIDS/HIV Policy is a Washington, D.C.-based organization that provides education, prevention, and direct service programs related to HIV disease.

money the nation spends on compassionate care in the later stages of AIDS, it will never be enough; instead, the key to solving the AIDS crisis lies in focusing federal efforts on preventing HIV infection and providing drugs that could prevent HIV-infected individuals from developing AIDS.

Limited Data Show That Program Has Primarily Funded Housing Assistance

Grantees can use HOPWA funds for a wide range of activities designed to prevent homelessness, including housing, social services, and program planning and development. Eligible activities include all forms of housing assistance, such as the acquisition, rehabilitation, or new construction of housing units; operating costs;⁷ rental assistance; technical assistance; and short-term rental, mortgage, and utility payments to prevent homelessness. As part of any assisted housing, the grantees must provide appropriate supportive services, which could include health care, mental health services, drug and alcohol abuse treatment and counseling, day care, or nutritional services, among other things. The grantees can also use HOPWA funds to provide services independent of any housing activity.

Grantees can also use HOPWA funds for

- housing information services, such as counseling and referral services, to assist an eligible participant to locate, acquire, finance, and maintain housing;
- resource identification to establish, coordinate, and develop housing assistance resources for eligible participants, including conducting preliminary research and determining the feasibility of specific housing-related initiatives; and
- administrative costs, which may not exceed 3 percent of the grant amount for grantees and 7 percent for project sponsors.

For fiscal years 1992 through 1996, the Congress appropriated a total of about \$646 million for the HOPWA program. As of October 7, 1996, grantees had spent nearly \$239 million, or 37 percent, of these appropriated funds. According to officials in HUD's Office of HIV/AIDS Housing, the remaining \$407 million had not yet been expended by grantees for several reasons, including that (1) HUD allows a 3-year period to fully expend a grant award; (2) some grantees intentionally reserve funds until the final year of their grant period to ensure that they can provide assistance for the full 3-year period; (3) facility development can be slow because of complexities such as environmental reviews and siting difficulties; and (4) some grantees

⁷Operating costs for housing include expenses for maintenance, security, operation, insurance, utilities, furnishings, equipment, and supplies.

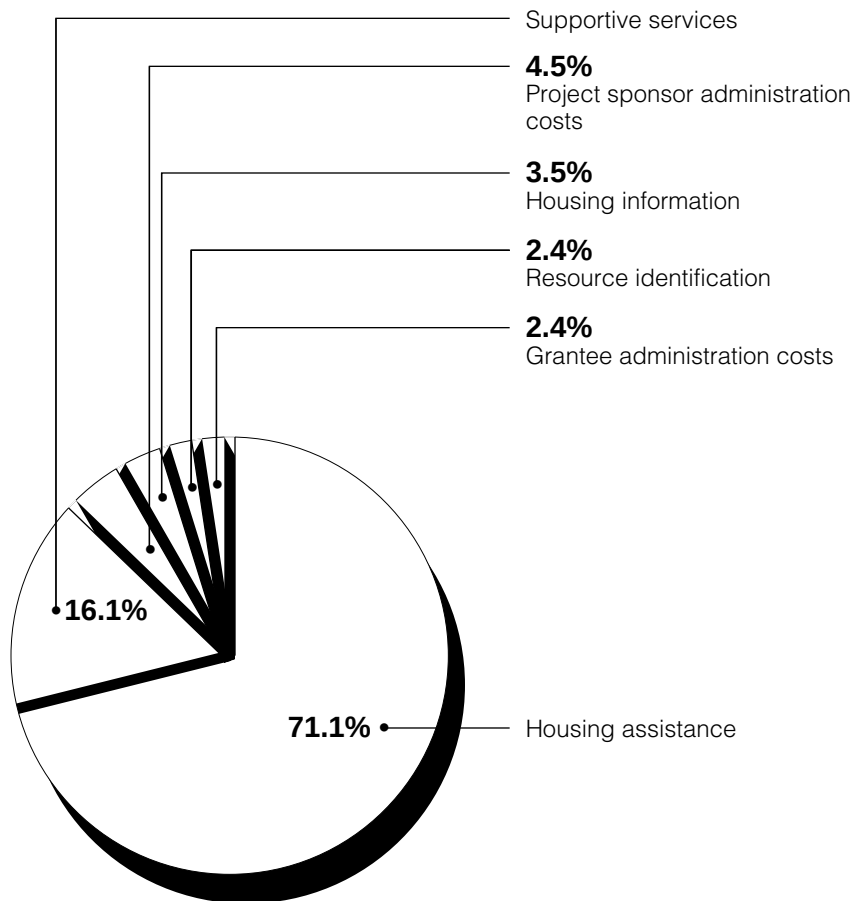
who had not developed an approach to assisting people with HIV/AIDS before receiving the HOPWA grant waited to spend grant funds until they had identified resources and developed an overall plan.

HUD's Office of HIV/AIDS Housing collects data on the use of program funds through annual progress reports submitted by the grantees to their local HUD field office. As of October 7, 1996, the HIV/AIDS Housing Office had received annual progress reports representing about \$65 million, or 27 percent, of the \$239 million expended since the program's inception.⁸ The available data indicate that grantees used about 71 percent of the expended funds to provide housing assistance⁹ and about 16 percent to provide supportive services independent of HOPWA-funded housing assistance. The remaining 13 percent was used to fund housing information services, resource identification, and administrative costs (see fig. 1). However, these data must be interpreted with caution because they may not be representative of how the remaining 73 percent of expended funds have been used.

⁸The Office of HIV/AIDS Housing had not received annual progress reports on the other 73 percent of funds. Some of these reports were not due as of the October date, but others were overdue. This issue is discussed later in our report.

⁹Housing assistance expenditures can include funds for supportive services provided in conjunction with assisted housing.

Figure 1: HOPWA Expenditures
(Reflects Data From 1992 Through
Oct. 7, 1996)



Notes: Housing assistance expenditures can include supportive services provided in connection with assisted housing.

The information represents 27 percent of the funds expended.

Source: Grantees' annual progress reports received by HUD's Office of HIV/AIDS Housing as of October 7, 1996.

Limited Data Show That Program Has Primarily Provided Housing Assistance to Adult Males With HIV/AIDS

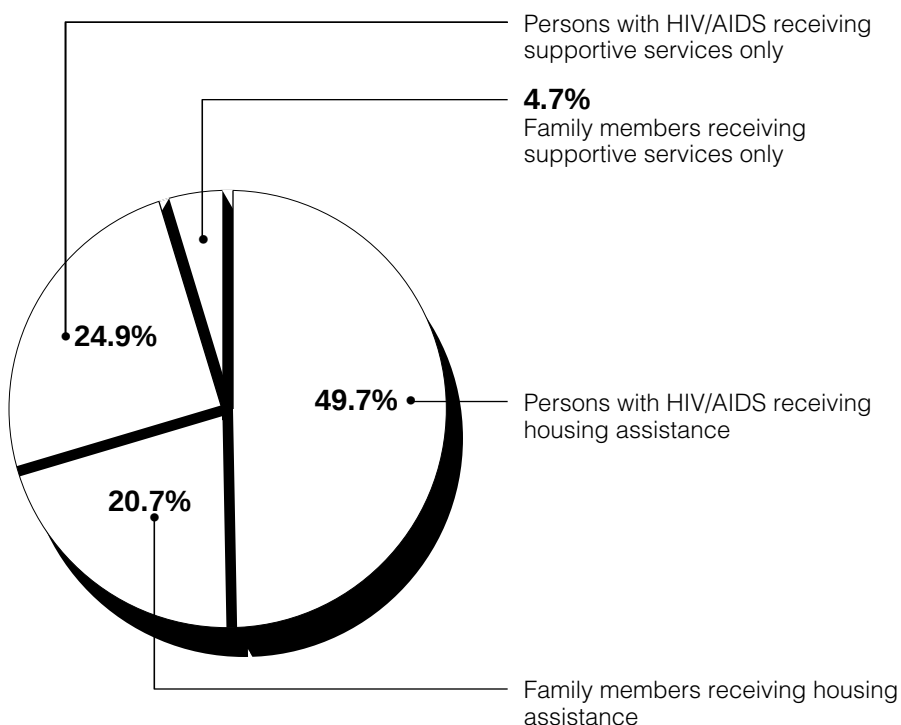
The statute establishing the HOPWA program (P.L. 101-625) limited eligibility to persons with HIV/AIDS or related diseases. The Congress amended the act in 1992 (P.L. 102-550) to include the families of those with HIV/AIDS, which HUD's regulations define as a household of two or more related persons, someone important to the care or well-being of a person with HIV/AIDS living with that person, or family members living with someone with HIV/AIDS in a HOPWA-assisted unit at the time of that person's death.¹⁰ HUD has generally limited program participation to low-income individuals and families.¹¹

The limited data available from the grantees' annual progress reports at HUD's HIV/AIDS Housing Office as of October 7, 1996, indicate that over 70 percent of the program participants received housing assistance, while about 30 percent received supportive services not connected with any housing assistance (see fig. 2). However, we again caution that these data represent only 27 percent of the total funds expended as of the October date and may not be representative of the population assisted with the remaining 73 percent of funds expended since the program's inception.

¹⁰HOPWA-funded health services may be provided only to those with HIV/AIDS and not to the family members of these individuals.

¹¹HUD instituted the low-income limitation after concluding that the HOPWA statute was somewhat ambiguous on whether eligible persons must also be low-income. HUD noted that several provisions of the HOPWA legislation restricted authorized activities to those that benefited persons with AIDS who were homeless (or in danger of becoming so) or low-income persons with AIDS. Taking these provisions into account, as well as the fact that limited funds were available for HOPWA, HUD decided to limit the program to low-income individuals (those with incomes that do not exceed 80 percent of the median income for the area) to help target the limited resources to those with the greatest need. However, HOPWA funds may be used to provide housing information services to people with HIV/AIDS and their family members regardless of income, and any person living in proximity to a HOPWA-funded community residence may participate in that residence's community outreach and educational activities regarding AIDS.

Figure 2: Number of Persons Receiving Housing Assistance and Supportive Services (Reflects Data From 1992 Through Oct. 7, 1996)



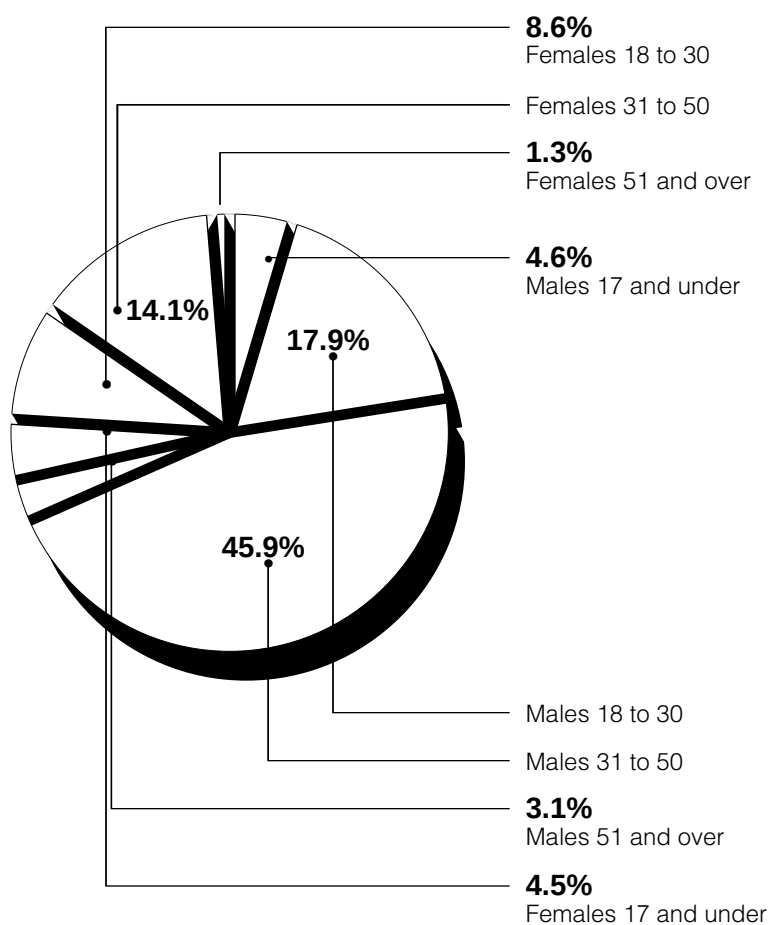
Note: The information represents 27 percent of the HOPWA funds expended.

Source: Grantees' annual progress reports received by HUD's Office of HIV/AIDS Housing as of October 7, 1996.

The annual progress reports submitted by grantees collect information on the characteristics of program participants who receive housing assistance but do not collect data on participants who receive only supportive services. Our analysis of the annual progress report data available from HUD headquarters indicates that about 67 percent of those who received housing assistance were adult males; those aged 31 to 50 accounted for almost 46 percent of the people assisted (see fig. 3). The program participants generally had very low incomes: About 70 percent had incomes below \$500 per month (see fig. 4). Over half of those who received housing assistance were living in rental housing prior to receiving the HOPWA assistance (see fig. 5). According to officials in HUD's Office of HIV/AIDS Housing, those living in rental housing did not necessarily relocate

upon receiving HOPWA assistance; rather, they believe that the HOPWA housing assistance likely helped these participants remain in their current residences.

Figure 3: Percentage of Program Participants by Gender and Age Group
(Reflects Data From 1992 Through Oct. 7, 1996)

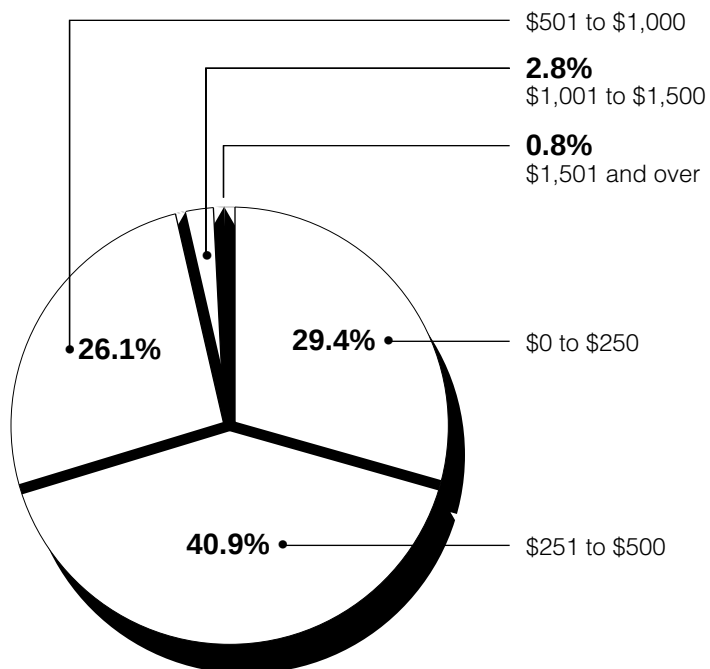


Notes: The information represents only those participants receiving housing assistance.

The information represents 27 percent of the HOPWA funds expended.

Source: Grantees' annual progress reports received by HUD's Office of HIV/AIDS Housing as of October 7, 1996.

Figure 4: Gross Monthly Family Incomes of Program Participants
(Reflects Data From 1992 Through Oct. 7, 1996)

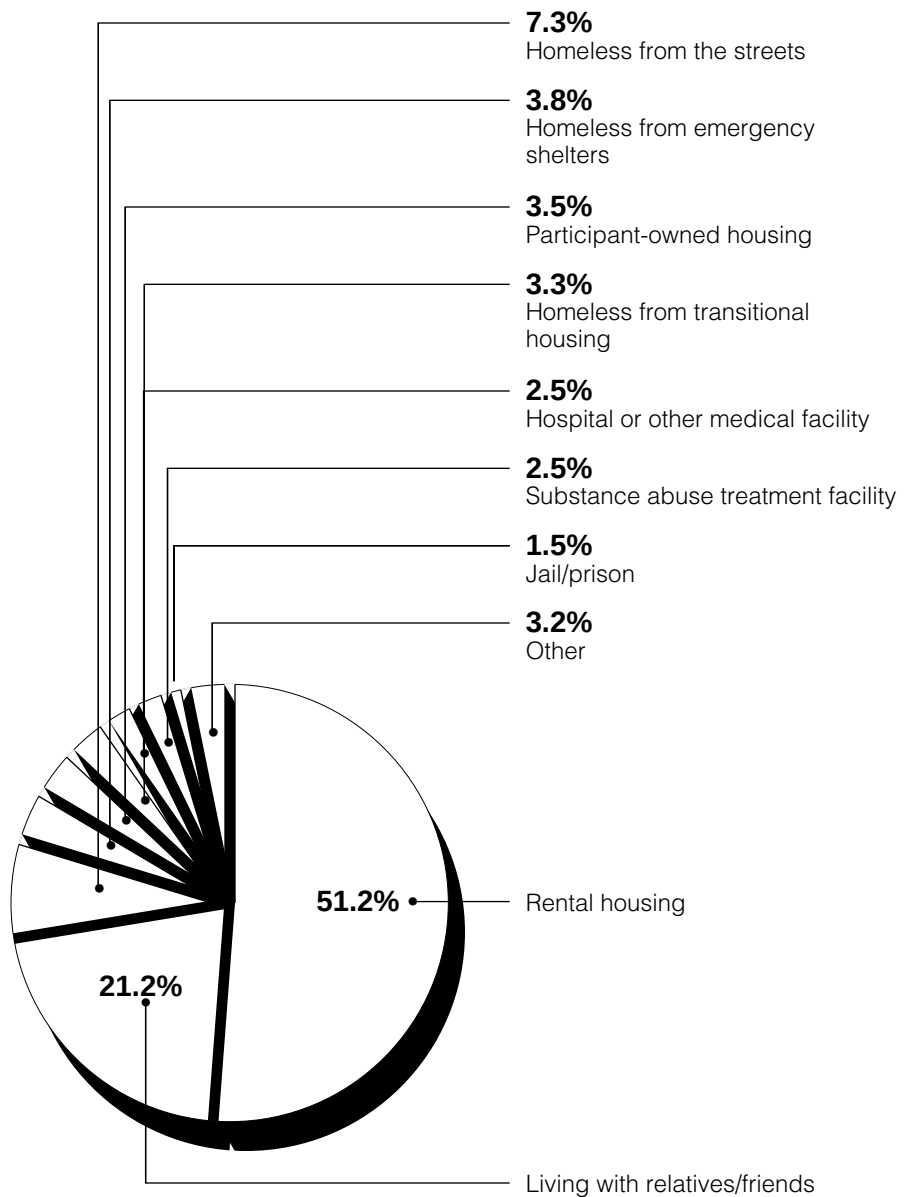


Notes: The information represents only those participants receiving housing assistance.

The information represents 27 percent of the HOPWA funds expended.

Source: Grantees' annual progress reports received by HUD's Office of HIV/AIDS Housing as of October 7, 1996.

Figure 5: Previous Living Situations of HOPWA Participants (Reflects Data From 1992 Through Oct. 7, 1996)



(Figure notes on next page)

Notes: The information represents only those participants receiving housing assistance.

"Other" includes situations reported as "other" by grantees as well as those reported as domestic violence situations and psychiatric facilities. The information represents 27 percent of the HOPWA funds expended.

Source: Grantees' annual progress reports received by HUD's Office of HIV/AIDS Housing as of October 7, 1996.

Opportunities Exist to Increase Consistency and Coordination Between HOPWA and Ryan White Programs

Neither the HOPWA nor the Consolidated Plan regulations specifically require HOPWA grantees to coordinate with grantees under the Ryan White CARE Act that provide services in the area. In contrast, the CARE Act requires title I grantees, in planning the use of funds, to include grantees under other federal HIV programs. Consistent with the intent stated by the Senate Labor and Human Resources Committee in its report on proposed Ryan White legislation in 1996, HHS has interpreted the category "grantees under other Federal HIV programs" to include representatives of any HOPWA grantees that provide services in the area. The two sources of grant funds are similar to some extent, in that both HOPWA and Ryan White grants may be used to provide supportive services for people with HIV/AIDS; both may also be used to provide housing assistance, although Ryan White grants may be used only for limited housing services, such as housing referral services or emergency housing assistance, but not for construction, renovation, or continuing rental assistance.

According to officials in HUD's Office of HIV/AIDS Housing and in HHS' Health Resources and Services Administration (HRSA), coordination between HOPWA and Ryan White funding occurs primarily at the grantee level, and the effectiveness of this coordination is variable; some grantees coordinate the two sources of funds very effectively, while other grantees do not coordinate as well. Our discussions with several grantees and project sponsors support this perception. Most of those we contacted were satisfied with the coordination between HOPWA and Ryan White funds in their area, but some believed that coordination needed improvement. According to the AIDS Action Council, a Washington, D.C.-based advocacy group for federal AIDS policy, it is important that the HOPWA and Ryan White programs be coordinated, especially to the extent that grantees can use the relatively scarce HOPWA funds to provide housing itself and coordinate with the larger Ryan White program to provide services.

At the federal level, officials from the Office of HIV/AIDS Housing and HRSA told us that coordination between the HOPWA and Ryan White programs is basically informal but ongoing. For example, according to officials in the

Office of HIV/AIDS Housing, they interact with HHS officials as part of the interdepartmental efforts among several agencies to provide information on and improve the understanding of AIDS and to help coordinate housing issues associated with AIDS.

According to the Office of HIV/AIDS Housing, HUD's communications with HRSA have increased over the past couple of years. For example, for fiscal year 1996 HUD and HHS entered into a joint initiative to each target a portion of their fiscal year 1996 competitive grant funds under the HOPWA and Ryan White programs, respectively, for projects to assist homeless persons with multiple diagnoses of HIV/AIDS, chronic substance abuse problems, and/or serious mental illness. This HIV Multiple-Diagnoses Initiative is a collaborative effort between HUD and HHS to establish, evaluate, and disseminate information on model programs to integrate health care and other supportive services with housing assistance. An HRSA official said that this joint initiative was very useful in increasing communication and coordination between the two agencies and that HUD and HHS should continue to examine ways to undertake more such joint initiatives. The AIDS Action Council agrees that the joint initiative represents a good step toward increased coordination but says that HUD and HRSA should further explore ways to work more closely together because both types of assistance are critical needs of the AIDS population. Several grantees and project sponsors we contacted also agreed that the HOPWA and Ryan White programs could be better coordinated.

One area in which the HOPWA and Ryan White programs differ is the basis for determining funding eligibility and distribution. The HOPWA funding formula distributes grant funds on the basis of an area's cumulative number of AIDS cases since reporting began in 1981. In considering amendments to the HOPWA program in 1992 (P.L. 102-550), the Senate Committee on Banking, Housing, and Urban Affairs reported that the cumulative number of cases should serve as the eligibility criteria, adding that this basis was consistent with the way that the Ryan White CARE Act determined eligibility for its formula distribution of funds. However, in 1996 the Congress passed amendments to the Ryan White CARE Act, changing the title I and title II funding formulas to reflect an area's estimated number of people currently living with AIDS rather than cumulative cases. Prior to the amendments, eligibility was based on the cumulative number of cases since AIDS reporting began in 1981, over 60 percent of whom have died. As we reported in 1995,¹² because the CARE

¹²Ryan White CARE Act of 1990: Opportunities to Enhance Funding Equity (GAO/HEHS-96-26, Nov. 13, 1995).

Act formulas included deceased persons, the areas that experienced the first outbreak of AIDS were receiving substantially more per-case funding than areas with a more recent growth in AIDS cases.

Although the CARE Act formulas now reflect more current estimates of people with AIDS, excluding deceased persons, the HOPWA formula is still based on cumulative cases. Eight of the 11 grantees and project sponsors we contacted either supported the idea of changing the HOPWA formula to reflect a more current measure of need, similar to the recent changes under the CARE Act, or were indifferent to such a change. Americans for a Sound HIV/AIDS Policy, which believes that the current HOPWA formula distributes funds inequitably, also supports the idea of changing the program's formula to reflect more current needs.¹³ In discussing possible modifications of the HOPWA formula, officials in HUD's HIV/AIDS Housing Office pointed out that there are several differences between the Ryan White CARE Act and HOPWA programs and that any changes to HOPWA's formula should be considered very carefully. According to officials in the HIV/AIDS Housing Office, differences between the Ryan White CARE Act and HOPWA programs that affect formula allocations include the number of AIDS cases that triggers grant eligibility; HOPWA's mechanism for distributing additional funds to metropolitan areas with a higher-than-average per capita incidence of AIDS; the CARE Act's mechanism for awarding supplemental funds to metropolitan areas; and funding eligibility for states under the two programs. The officials said that any change has the potential to shift funding between communities, create instability or unpredictable results, and disrupt the support needed to continue grantees' current efforts. We recognize that differences between the two programs may make it inappropriate to apply identical formulas to both programs and that the effects of changes in the grantees' funding levels need to be carefully considered. Nonetheless, in our view, the general principle of allocating grants on the basis of the estimated number of people living with AIDS, excluding those who are deceased, ensures a more equitable allocation of the available funds and is a principle that applies equally to both programs.

Another difference between the HOPWA and Ryan White programs is the requirements on planning the use of funds. Under title I of the CARE Act, eligible metropolitan areas must use a community planning body to plan for the use of title I funds. The requirements for the composition of these planning bodies are very specific, identifying 12 different parties that must

¹³The other three grantees and project sponsors opposed a formula change for reasons such as (1) satisfaction with the current formula and (2) concern that some areas would be "winners" but others would be "losers" if the funding formula were changed.

be involved in the planning process, including representatives of HOPWA grantees that provide services in the area.¹⁴ On the other hand, the HOPWA planning requirements are more general in setting forth who should be included in the planning process. According to HUD, the Consolidated Plan process involves citizens in developing a plan for providing housing assistance and services to people with HIV/AIDS and serves as a vehicle for coordinating HOPWA with other affordable housing efforts. However, on the basis of our discussions with grantees, project sponsors, and other AIDS organizations, it appears that HUD's requirements may not ensure that grantees involve and coordinate with all relevant parties in planning the use of program funds.

Along these lines, a representative of AIDS Housing of Washington, the recipient of a HOPWA grant to provide technical assistance to other AIDS housing organizations, noted that although one of HOPWA's most positive aspects is its flexibility that allows jurisdictions a great deal of latitude in implementing the program, this same flexibility and local latitude have permitted some jurisdictions to administer the program less effectively than they otherwise might. Similarly, the AIDS Action Council believes that HUD's requirements lack oversight and accountability mechanisms to ensure that a jurisdiction's HOPWA planning is actually meaningful and involves the proper parties. The Council advocates mandating that the HOPWA planning process be more inclusive, much as the Ryan White statute requires inclusive representation on title I planning councils. Of the 11 grantees and project sponsors we contacted, 7 either agreed that HOPWA's requirements for planning the use of funds and coordinating with other sources of AIDS assistance are not specific enough or said that, although the general requirements have had no negative effects in their particular area, adding more specific requirements could be helpful for the program as a whole.¹⁵

¹⁴The Ryan White legislation requires that title I HIV health services planning councils include at least one representative from each of 12 membership categories, including health care providers; community-based organizations serving affected populations; social service providers; mental health and substance abuse providers; local public health agencies; hospital planning agencies; affected communities, including individuals with HIV/AIDS and historically underserved groups; non-elected community leaders; state government; grantees under other titles of the CARE Act; and grantees providing services in the area under other federal HIV programs, which HHS has interpreted to include HOPWA.

¹⁵Three of the other four grantees and project sponsors said that the current requirements have been specific enough, in their experience. The fourth was unfamiliar with HOPWA's planning requirements and could not give an opinion, because the grantee follows the more stringent title I requirements to plan the use of HOPWA funds as well as CARE Act funds.

Oversight of Program Administration and Monitoring

Fiscal year 1997 is the first year of a new grants management system for HOPWA and three other formula grant programs administered by HUD's Office of Community Planning and Development. According to HUD, this new system is intended to address material weaknesses in overall program management identified by us and HUD's Inspector General and to respond to the Government Performance and Results Act of 1993, which requires agencies to develop and document performance standards and outcomes for their programs. According to HUD, the new system seeks to strike a balance between ensuring compliance with program requirements and helping grantees achieve a high level of performance to serve their clients. While in the past HUD saw its grant management responsibilities primarily as helping communities understand requirements for programs and monitoring to ensure they complied with the requirements, the new process is intended to emphasize a more collaborative approach, including up-front assistance, to help grantees achieve their objectives and to help them identify and solve problems.

HUD's field offices have the primary responsibility for evaluating and validating grantees' performance through a process that HUD calls performance-based program management. While the process uses techniques and approaches already used by the field staff, the new system is designed to work in conjunction with the Office of Community Planning and Development's (CPD) Consolidated Plan process, to put more emphasis on continuous evaluation throughout a grantee's program year and to take better advantage of existing opportunities to raise performance issues and document their resolution. HUD's guidance outlines a number of opportunities that field staff have to assess grantees' performance, and the guidance encourages field offices to exercise discretion and flexibility in all aspects of their management of CPD grant programs. HUD's guidance lists the following opportunities that field staff have to assess performance:¹⁶

- Review and assessment of a grantee's Consolidated Plan. As previously discussed, grantees must submit these plans to apply for and receive CPD grants. The plans are intended to establish a community-based strategy for using CPD grants and other resources to address community needs.
- Review of information and reports from CPD's new Integrated Disbursement and Information System (IDIS). This system is intended to

¹⁶The HOPWA grantees are also subject to the Single Audit Act (31 U.S.C. 7501-7507). In general, this act requires state or local governments that receive \$300,000 or more a year in federal financial assistance to be audited at least annually. The audit must be made by an independent auditor in accordance with generally accepted government auditing standards. These audits provide HUD with another source of information on grantees' performance.

provide information on critical grant performance indicators, such as grant drawdowns, the number and characteristics of the people served, and the program's benefits. Once fully implemented, probably sometime during fiscal year 1998, it will replace the requirement for the recipients of HOPWA formula grants to submit annual progress reports. However, the recipients of HOPWA competitive grants will continue to use annual progress reports.

- The annual community assessment. This is HUD's annual assessment of each grantee's performance to determine whether the grantee has carried out its planning and grant activities and has reported in accordance with the statutory requirements.
- On-site monitoring. HUD's guidance states that on-site monitoring remains a key vehicle for validating information and evaluating performance, but it acknowledges that limited resources prevent CPD staff from conducting on-site monitoring of each grantee on a routine basis.
- Consultation. HUD's guidance points out that consultation with local officials and program participants helps CPD staff to evaluate the grantees' performance, provides an opportunity for HUD to convey its observations and conclusions, and provides an occasion to identify technical assistance needs.

The Field Management Division, a part of CPD's Office of Executive Services at HUD headquarters, is responsible for overseeing CPD functions at HUD's field offices. Among other duties, this Division provides direction to the field offices on how they should monitor the CPD grant programs and how they should provide technical assistance to grantees. The Field Management Division has seven field management officers who serve as principal advisers to HUD's Assistant Secretary for Community Planning and Development on all matters related to the administration and management of the CPD programs. Each of these field management officers is responsible for monitoring performance in 5 to 7 of HUD's 43 CPD field offices.

Program Directors' Have Concerns About Monitoring

Our recent work to update the status of HUD as a "high-risk" area¹⁷ found several concerns about monitoring activities among the CPD program directors in HUD's field offices. We asked the directors for their perspectives on a wide range of corrective actions that HUD had taken over

¹⁷We began a special effort in 1990 to review and report on the federal program areas we considered high-risk because they were especially vulnerable to waste, fraud, abuse, and mismanagement. HUD, as an agency, has been designated as one of our high-risk areas since January 1994. For our latest update, see High-Risk Series: Department of Housing and Urban Development (GAO/HR-97-12, Feb. 1997).

the last 2 years. Forty-one percent of the CPD directors we surveyed said that headquarters' emphasis on completing essential monitoring was low, and about 59 percent believed that headquarters' emphasis should be higher. While 91 percent of the CPD directors said that their staffs had conducted on-site inspections during the preceding year, 66 percent believed that the amount of on-site inspections should be increased. (The majority of CPD directors were satisfied with the existing levels of other types of monitoring, such as telephone inquiries and review of records and documents submitted by grantees.) CPD directors cited the lack of staff and travel funds as the biggest reasons why levels of monitoring activity were lower than they should be.¹⁸

HUD Could Improve Its Use of Information From Grantees' Annual Progress Reports

In our current work, we found that HUD headquarters has not been using performance data that the grantees provide in annual progress reports as a basis for the Department's reporting of HOPWA's overall accomplishments. Grantees must submit annual progress reports to HUD field offices within 90 days after the end of their operating year. The data required in the reports include (1) the number of persons with HIV/AIDS receiving housing services, supportive services, and housing information services; (2) descriptive information on those who received housing assistance, such as age, gender, income, and previous living situation; (3) information on the available HOPWA funds and breakouts of how much was spent in various categories of assistance; and (4) the number and size of housing units assisted. The field offices are instructed to review the reports as soon as possible after receipt to determine if the grantee's program is achieving results, to identify actions HUD should take on the basis of the grantee's description of barriers and recommendations for change, to detect inconsistencies between the reported information and what the grantee proposed to do, and to identify areas in which the grantee could benefit from technical assistance.

While, according to HUD, the annual progress report was designed primarily to be a tool for the field offices' oversight of grantees, the field offices are also to send copies of these reports to HUD headquarters for entry into a centralized database, which is intended to generate statistics about the agency's progress in assisting persons with HIV/AIDS and their families to obtain appropriate housing assistance and supportive services. However, to date, HUD has reported information on the HOPWA program's activities primarily from the grantees' descriptions of planned activities, as

¹⁸The complete results of the survey are reported in HUD: Field Directors' Views on Recent Management Initiatives (GAO/RCED-97-34, Feb. 12, 1997).

contained in grant applications and Consolidated Plan reports, rather than from the accomplishments reported in the annual progress reports. For example, CPD's 1996 annual report to the Congress includes an exhibit showing the percentage of HOPWA formula grant funds that 1994 grantees used for each eligible program activity. These data, however, reflect planned (rather than actual) uses of funds, as described by the grantees in their 1994 funding applications. Commenting on our analysis of the grantees' annual progress reports, officials in HUD's Office of HIV/AIDS Housing said they believed that the planned uses reflected the actual uses of funds.

We also found that HUD headquarters has no system to track when the annual progress reports are due and whether they are received and processed in a timely manner. As a result, there is no ready way of determining how many or which reports may be late. However, HUD headquarters officials recently estimated that 36 of 110 HOPWA annual progress reports (covering funds awarded in fiscal years 1992, 1993, and 1994) were past due as of October 7, 1996. Of the 36 overdue reports, 16 were for fiscal year 1992 grant recipients, 7 were for fiscal year 1993 recipients, and 13 were for fiscal year 1994 recipients. As previously discussed, the annual progress reports that were available centrally at headquarters as of that same date reflected only about 27 percent of the HOPWA funds that HUD reported that the grantees had spent. While this difference is partially explained by the time lag between when a grantee spent the funds and when the next annual progress report was due, the overdue reports were also a major factor.

HUD Is Implementing a New Reporting System

HUD's new Integrated Disbursement and Information System (IDIS) will, in the future, replace most current CPD's grantee reporting requirements. IDIS is an on-line computer system through which grantees draw down funds against their grants and report accomplishments. HUD intends that the system simplify and streamline grant management for the participants and facilitate comparing and reporting to the Congress on the activities and accomplishments of CPD's four grant programs. Once a recipient of a HOPWA formula grant is operational on IDIS, it no longer has to submit annual progress reports. However, the recipients of HOPWA's competitive grants will continue to use annual progress reports.

IDIS requires the grantees to report much of the same accomplishment data as required in the annual progress reports. However, HUD believes IDIS offers the advantage of being able to provide more current information.

Rather than waiting until the end of the year to file an annual progress report, once the grantees are on IDIS, HUD officials said they will expect the grantees to update the HOPWA accomplishment information at least quarterly to keep it current. We noted, however, that HUD's guidance to grantees does not clearly state this expectation, stating only that the information should be updated "periodically" or "as of the end of the program year." Also, it is not yet clear how HUD plans to ensure that the grantees keep the accomplishment data current. According to a HUD official who is leading the development of the IDIS software, the system can tell when grantees enter data, but it does not as yet generate a report that would show whether or not grantees have met the expectation for quarterly updates.

As of January 1997, HUD was in the process of training CPD grantees on the use of IDIS and bringing the grantees on-line as they are ready. Of the approximately 950 entities that will eventually be using IDIS, 135 were on-line as of that time, mostly small to moderately sized communities, according to HUD. HUD's goal is to have all CPD grantees using the system by the end of fiscal year 1997 (Sept. 30, 1997), but officials acknowledge that there may be a few grantees that come on later in the next fiscal year, either because they lack the technical capacity to implement IDIS or because they are new grantees that have not yet established their HOPWA programs. HUD officials note that the HOPWA program is administered primarily by the larger cities and by state governments, which often must select a variety of sponsors and serve geographically different communities and therefore may take longer than other grantees to convert to IDIS. For these reasons, it is difficult to predict when all of the HOPWA formula grantees will be using IDIS. Because it may take some time for all HOPWA formula grantees to fully convert to IDIS, it will remain important that HUD headquarters be able to track the receipt and processing of their annual progress reports for as long as they are filed. Because the HOPWA competitive grantees will continue using the annual progress reports to provide performance information, a system for tracking the receipt of these reports will also be important.

Conclusions

While the legislative amendments enacted in 1996 changed the Ryan White programs' formulas to allocate funds on the basis of the estimated number of people currently living with AIDS, the HOPWA formula continues to be based on the cumulative number of AIDS cases since 1981. As we noted in a November 1995 report on the Ryan White programs, such an allocation formula can result in funding inequities because it includes those who

have died and no longer need services. While we recognize that because of the differences between the HOPWA and Ryan White programs, it may not be appropriate to use precisely the same formula for both, we believe the principle of allocating funds on the basis of those currently living with AIDS applies to HOPWA as well as to Ryan White grants.

HOPWA's requirements governing how grantees are to coordinate with other parties when planning the use of grant funds are much less explicit than the coordination requirements under the Ryan White title I program. Whereas the Ryan White program's requirements identify the specific parties with whom grantees must coordinate, HOPWA's regulations are relatively general in this area, thus providing less assurance that grantees involve and coordinate with all relevant parties. In our view, revising the HOPWA requirements along the lines of those that exist under the Ryan White title I program would provide greater assurance that all affected parties have a voice in determining how the HOPWA funds are to be used.

Although the HOPWA grantees are required to make annual progress reports to HUD, the agency has not used the information from these reports to generate programwide analyses of HOPWA's accomplishments. As a result, HUD has relied primarily on planned, rather than actual, activities when reporting to the Congress and other interested parties on the program's accomplishments. HUD headquarters also has not established a system to track the receipt of these reports. For this reason, HUD headquarters has no ready way of knowing whether it has received all the reports that are due and, thus, that it has the most complete, up-to-date information available about the grantees' use of funds. Although the new IDIS should eventually replace the annual progress reports for formula grantees, this system may take some time to be fully implemented, and competitive grantees will continue to use the annual progress reports rather than IDIS to report on their performance. While IDIS offers the potential for providing more current information on the HOPWA grantees' actual accomplishments, thus far HUD's guidance on the new system does not clearly communicate to grantees how frequently HUD expects them to update accomplishment information, and it is unclear how HUD will ensure that grantees keep this information current.

Recommendations

To help ensure that the HOPWA funds are allocated to grantees as equitably as possible and that grantees involve all relevant parties in planning the use of these funds, and to promote greater consistency and coordination between the HOPWA and Ryan White programs, we recommend that the

Secretary of HUD direct the Assistant Secretary for Community Planning and Development to (1) examine the changes to the funding formulas under titles I and II of the 1996 Ryan White CARE Act amendments, determine what legislative revisions are needed to make the HOPWA formula more reflective of current AIDS cases, and make appropriate recommendations to the Congress and (2) specify the representatives that the grantees must include in planning the use of the HOPWA funds, similar to the CARE Act title I planning requirements.

To better assess HOPWA's overall accomplishments and to ensure the effective use of the annual progress reports required of the HOPWA grantees, we recommend that the Secretary of HUD direct the Assistant Secretary for Community Planning and Development to implement a procedure, such as a tracking system, to ensure that all reports are received and processed by HUD in a timely manner.

To ensure that IDIS, the new reporting system for the grantees, provides current accomplishment information for the HOPWA grants, we recommend that the Secretary of HUD direct the Assistant Secretary for Community Planning and Development to clearly state in guidance to the grantees the requirements for updating the information and establish a means of ensuring that the grantees update the information as required.

Agency Comments and Our Evaluation

We provided a draft copy of this report to HUD for its review and comment. While not disagreeing with the facts presented, HUD believed that the report presented information in a manner that understates grantees' performance on the timely expenditure of funds and on reporting on their accomplishments. The information we presented showed that grantees had expended 37 percent of the total funds appropriated since fiscal year 1992 and that grantees' reports describing their use of program funds that were available from HUD's Office of HIV/AIDS Housing as of October 7, 1996, covered only 27 percent of the funds that grantees had expended during that time. HUD's comments point out that grantees had, for example, used 95 percent of fiscal year 1992 funds and 85 percent of fiscal year 1993 funds. The comments also assert that over \$103.5 million of the HOPWA funds were spent between January 24, 1996, and October 7, 1996, and that only a small portion of these expenditures would have been required or contained in the annual progress reports HUD provided us.

The information we presented on grantees' use of program appropriations was not intended to criticize the timeliness of grantees' spending of funds,

but rather to put into perspective the data reported on funded activities and program participants. Our report points out that HUD allows grantees 3 years to spend program funds and that several factors may delay expenditures. In connection with grantees' reporting of expenditures, our report recognizes that the low percentage of funds covered in the annual progress reports was due, in part, to the fact that grantees' reports covering some expenditures were not yet due. However, we note that HUD does not dispute the fact that a substantial number of reports were overdue.

HUD generally concurred with our recommendations. In commenting on the recommendation that the Department examine changes needed to make the HOPWA funding formula more reflective of current AIDS cases, HUD stated that it will consider alternative formula constructions and make a recommendation to the Congress. However, HUD noted that there are several differences between the HOPWA statute and the CARE Act, especially in their levels of funding, and that even small changes to HOPWA's current allocation formula could adversely affect ongoing programs by making a number of current grantees ineligible for future funding. Our report acknowledges that there are differences between the programs and, accordingly, does not suggest that precisely the same formula should be used for both. We also believe that the lower level of funding for the HOPWA program heightens the importance of allocating those funds to the communities with the greatest need, which we believe is better measured by estimates of those still living with AIDS than by estimates of the cumulative cases of AIDS. In response to our recommendation that the Department specify the representatives that the grantees must include in planning the use of HOPWA funds, HUD stated that such prescriptive requirements would be inconsistent with its goal of involving a broad cross-section of the community to discuss the whole of a community's housing needs. We disagree. Any such requirements should set forth only the minimum standards that grantees must meet and would not minimize the importance of involving as broad a cross-section of the community as possible. Appendix I contains HUD's complete comments and our evaluation of them.

We conducted our review from August 1996 through February 1997 in accordance with generally accepted government auditing standards. (See app. II for a discussion of our scope and methodology.)

We are sending copies of this report to the appropriate congressional committees; the Secretary of HUD; the Director, Office of Management and Budget; and other interested parties. We will also make copies available to others upon request.

Please call me on (202) 512-7631 if you or your staff have any questions. Major contributors to this report are listed in appendix III.

A handwritten signature in black ink, reading "Lawrence J. Dyckman". The signature is fluid and cursive, with the first name "Lawrence" and last name "Dyckman" clearly legible.

Lawrence J. Dyckman
Associate Director, Housing and
Community Development Issues

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Abbreviations

AIDS	acquired immunodeficiency syndrome
AIDS-OIs	AIDS opportunistic infections
CARE	Comprehensive AIDS Resources Emergency
CDC	U.S. Centers for Disease Control and Prevention
CPD	Office of Community Planning and Development
GAO	General Accounting Office
HHS	Department of Health and Human Services
HIV	human immunodeficiency virus
HOME	HOME Investment Partnerships program
HOPWA	Housing Opportunities for Persons With AIDS
HRSA	Health Resources and Services Administration
HUD	Department of Housing and Urban Development
IDIS	Integrated Disbursement and Information System

Comments From the Department of Housing and Urban Development

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-7000

February 25, 1997

OFFICE OF THE ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

Mr. Lawrence J. Dyckman
Associate Director, Housing and
Community Development Issues
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Dyckman:

Thank you for the opportunity to comment on your report, Housing: HUD's Program for Persons with AIDS. The Department welcomes your comments and recommendations which seek to improve this important program.

The Department is committed to providing critically needed housing and services to persons living with HIV/AIDS and strongly supports the Housing Opportunities for Persons With AIDS (HOPWA) program. Since initial funding was made available in 1992, communities throughout the nation have used HOPWA funds to provide housing and related care for individuals and families who have faced the difficult challenges of accessing and maintaining safe, decent and affordable housing while addressing health, personal and financial demands, including the cost of AIDS drugs and other advanced treatment.

The Department agrees with residents and providers of AIDS housing and other caring citizens, that our national response to AIDS cannot succeed without appropriate housing. The President's National AIDS Strategy includes housing as an vital component in our nation's response and recognizes that "without stable housing a person living with HIV has diminished access to care and services and a diminished opportunity to live a productive life." Clearly, the HOPWA program meets the housing and service needs of many people in a cost effective manner. Often HOPWA programs provide an alternative to hospitalization, allowing thousands of families to maintain independent living to the maximum degree possible, as well as ensuring access to higher levels of care, as needed. The program is an important tool for communities to use to assist persons living with HIV/AIDS who are homeless or to prevent homelessness among persons living with HIV and AIDS.

Appendix I
Comments From the Department of Housing
and Urban Development

The following comments and observations are offered in response to your draft report.

General Comments

In our view, the draft report aggregates information in a manner that in two respects understates the performance of grantees on the timely expenditure of funds and on reporting on their accomplishments.

(1) Under each annual appropriation, the grantee plans for the use of funds and commits those funds to operate housing assistance over a three year period. The grantee then implements local procurement processes, selects sponsors and assists sponsors with project development, as may be needed. That may include site preparation, rehabilitation or construction, client selection, facility start-up and operation, and/or provision of rental assistance over a period of time. A more accurate reflection of timely expenditures and the flow of funds within the administering communities is found in reviewing fiscal year specific information which show the timely expenditure of funds during the program operating periods.

HOPWA expenditure data as of January 6, 1997 is, as follows:

Formula grantees have used:

- 95 percent of their fiscal year 1992 funds;
- 85 percent of their fiscal year 1993 funds;
- 56 percent of their fiscal year 1994 funds;
- 25 percent of their fiscal year 1995 funds; and
- 3 percent of their fiscal year 1996 funds.

Grantees selected under national competitions have used:

- 86 percent of their fiscal year 1992 funds;
- 48 percent of their fiscal years 1993-1994 funds;
- 22 percent of their fiscal year 1995 funds; and
- 0 percent of their fiscal year 1996 funds with grant agreements now pending.

(2) The Department received and made available to GAO over 100 individual Annual Progress Reports (APR) that were submitted by grantees following the completion of a program operating year. These reports are the basis of the data presented in your report. In HUD's view, that information is reflective of the use of program funds by all grantees, as the data represents the variety by geography, type and size of all the communities that are involved in administering this program, although not a statistical sample. In addition, the Department observes that, at a minimum, over \$103.5 million of HOPWA funds were expended during an eight month period in 1996, between the period January 24th and October 7th, and that only a small portion of the activities under these expenditures would

See comment 1.

See comment 2.

See comment 3.

be required or contained in the APR made available to GAO, as those program years were not yet completed.

HUD Response to GAO Recommendations

Recommendation #1: HUD should examine changes to the Ryan White funding formulas under Title I and II of the 1996 CARE Act amendments, to determine what legislative revisions are needed to make the HOPWA formula more reflective of current AIDS cases, and make appropriate recommendations to Congress.

HUD Response: HUD staff will review the Ryan White CARE Act amendments, consider alternative formula constructions, and make a recommendation to Congress. However, as noted in our prior discussions, the HOPWA statute (the AIDS Housing Opportunity Act) and the CARE Act are very different in many respects, including, significantly, the level of funding. In our earlier comments, HUD pointed out that in changing one HOPWA formula factor alone (i.e., using a 2,000 case eligibility standard in place of the current 1,500 standard) would result in an estimated 21 of 53 eligible metropolitan areas and 7 of the 27 eligible States, that now qualify for HOPWA formula allocations, potentially becoming ineligible for direct funding under the program. Among these communities are many mid-population sized cities and States that are beginning to create integrated systems of care that include AIDS housing programs that address the needs of this expanding epidemic in their areas.

Recommendation #2: HUD should specify the representatives that grantees must include in planning the use of HOPWA funds, similar to the CARE Act Title I planning requirements.

HUD Response: The Department concurs with the GAO recommendations for close collaboration with the programs and planning bodies that administer AIDS-related health-care and services under the Ryan White CARE Act and has structured a system that facilitates collaboration. During the past two years HUD has participated in the creation of the National AIDS strategy with several other Federal departments, engaged in a joint evaluation of programs under the Multiple Diagnoses Initiative with HHS, and worked with HHS to develop technical assistance materials for housing and service providers. In supporting the goal of better collaboration, HUD initiated a consolidated planning process that requires all communities that receive funds under that process to address the needs related to persons living with HIV and AIDS. HUD's Consolidated Planning regulations have strong language requiring broad consultation with other public and private agencies that provide assisted housing, health services, and social services to develop a metropolitan-wide or State housing and services strategy.

See comment 4.

Appendix I
Comments From the Department of Housing
and Urban Development

See comment 5.

While prescribing participation by a representative of the Ryan White planning body will be considered by HUD, the Department believes that prescriptive requirements identifying the characteristics or titles of specific service providers or government agencies serving one specific sub-population is inconsistent with our goal of involving a broad cross-section of the community to discuss the whole of a community's housing needs. However, HUD will certainly continue to strongly encourage close collaboration at the local level between the HOPWA program and Ryan White CARE Act programs through our competitive proposal review process, and through the review of locally submitted Consolidated Plans.

The Department has two additional observations on this point:

(1) we believe our Federal partnership with states and communities can best work to build responsive programs by recognizing unique characteristics, resources, involved citizens, public and private entities, administrative structures and public processes that exist within each area; and

(2) the list of specific participants under the Ryan White CARE Act Amendments of 1996 does not include the larger housing community, those public and private entities that create, develop and/or manage housing resources within each community. HUD's use of the consolidated plan process involves these entities and fosters greater access to the larger housing assistance resources as they may exist within each area.

Recommendation #3: HUD should implement a procedure to ensure that all reports are received and processed by HUD in a timely manner

HUD Response: As stated on our discussions, HUD's implementation of the Integrated Disbursement and Information System (IDIS) and the consolidated planning process are reflective of our recognition that better and more timely data is needed for both local and national planning. As noted in the report, the consolidated planning initiative and the related use of new information technologies, such as IDIS, and the grants management system are new ventures that are not yet completely realized in each community. Over time, the Department believes that each of these new approaches will become important tools in building a cooperative and supportive relationship between this Federal agency and the jurisdictions that administer the programs. Our tools must have flexibility that allows for local discretion in designing and undertaking activities that achieve the desired levels of performance.

While IDIS is being implemented, the Department will continue to work in partnership with communities to improve their performance in the use of HOPWA funds, including efforts to improve their citizen participation, their rates of expenditure, and their timeliness in reporting. Also, within the constraints of existing resources, the Office of HIV/AIDS Housing will establish

Appendix I
Comments From the Department of Housing
and Urban Development

a tracking system for the Annual Progress Reports for competitive program grantees, and for formula programs not currently using IDIS for reporting purposes.

Recommendation #4: HUD should clearly state in guidance to grantees requirements for updating the information and establish a means of ensuring that grantees update the information.

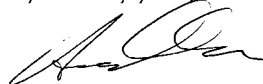
HUD Response: While the Department already provides guidance to grantee regarding IDIS reporting, HUD will clarify requirements for timely updates of IDIS reports and will establish mechanisms for better ensuring grantees complete updates as required.

Technical Corrections

As technical corrections, the Department offers the following comments: (a) the references to offering supportive services that are "independent" of housing assistance on page 3 would be more accurate in stating that "...30 percent received supportive services not associated with any HOPWA-funded housing assistance..." since many of these participants may be recipients of other forms of assistance, including other public or private resources, and may be receiving personal care or other support that enables them to remain in their current housing. (b) On page 12, a related point is that 16 percent of funds were expended for supportive services. These expenditures will largely include services that were provided in connection with housing assistance and the services are not limited to being offered independent from that housing.

Again, thank you for the opportunity to comment on this report. If you have any questions on this information, please feel free to contact me or Fred Karnas, Director, Office of HIV/AIDS Housing.

Very sincerely yours,



Howard Glaser
Acting Assistant Secretary for
Community Planning and Development

See comment 6.

GAO Comments

The following are GAO's comments on the Department of Housing and Urban Development's letter dated February 25, 1997.

1. Our report is not intended to criticize the timeliness of grantees' spending but presents information on the program's total appropriations and expenditures to put into perspective the data reported on funded activities and the program's participants. Our report points out that there are several reasons why grantees have not fully expended program funds.
2. HUD states that the information available is reflective of the use of program funds by all grantees because the data represent different grantees by geographic location, size, and type. However, HUD notes that it is not a statistical sample. As such, there is no way of knowing to what extent the available data accurately reflect the use of all program funds, and whether other grantees' data could indicate different results.
3. Our report recognizes that the low percentage of funds covered in the annual progress reports occurred, in part, because grantees' reports covering some expenditures were not yet due. Nevertheless, HUD does not dispute the fact that a significant number of reports, dating back to fiscal year 1992, are overdue.
4. Our report acknowledges the differences between the HOPWA and CARE Act programs and for this reason recommends that HUD consider the issue and identify appropriate changes to make the formula more reflective of current AIDS cases. We did not recommend that the HOPWA and CARE Act formulas be the same. We also note that the lower level of funding for the HOPWA program heightens the importance of allocating those funds to the communities with the greatest need, which is better measured by estimates of those still living with AIDS than by estimates of cumulative cases of AIDS.
5. While agreeing with our recommendation, HUD's response suggests that identifying specific representatives that grantees must include in planning the use of HOPWA funds would be inconsistent with the goal of involving a broad cross-section of the community to discuss the whole of a community's housing needs. In our view, however, any such requirements would set forth only the minimum standards that grantees must meet; grantees clearly should be encouraged to go beyond these standards to involve as broad a cross-section of the community as possible. Additionally, our report does not recommend that HUD specify precisely the same participants as required by title I of the CARE Act, but only that

the HOPWA planning requirements be made more specific, as they are under the CARE Act. HUD's requirements could include whichever parties it deems relevant. Furthermore, while HUD states that the consolidated plan process involves the larger housing community (public and private entities that create, develop and/or manage housing resources within each community), we note that HOPWA is the only program under the process that addresses housing within the context of a specific health issue and that, as such, it may benefit from specific requirements beyond those set forth for all programs in general under the consolidated planning process.

6. We have clarified the report to indicate that the statements referring to supportive services provided independent of housing assistance refer specifically to the services provided independent of HOPWA-funded housing assistance.

Objectives, Scope, and Methodology

As requested by the Subcommittee on VA, HUD and Independent Agencies, House Committee on Appropriations, we reviewed five aspects of the Department of Housing and Urban Development's Housing Opportunities for Persons with AIDS (HOPWA) program: (1) what the rationale is for having a housing program within HUD specifically for people with AIDS, (2) the kinds of activities funded through the program, (3) whom the program is serving, (4) how the program is coordinated with the Department of Health and Human Services' (HHS) Ryan White AIDS assistance programs, and (5) how HUD headquarters oversees the program's administration and monitoring. As requested, we also obtained background information on how the program works.

We obtained information on the rationale for having a housing program within HUD specifically for people with AIDS from HOPWA's authorizing legislation (the National Affordable Housing Act of 1990 (P.L. 101-625), as amended) and its legislative history. To determine to what extent the factors used to originally support the need for the program still exist, we reviewed data on the housing needs of persons with AIDS compiled by AIDS Housing of Washington (the recipient of a 1995 HOPWA competitive grant to provide technical assistance to AIDS housing developers nationally) and by the National Commission on AIDS, and we obtained the views of a mix of parties that either support or question the continuation of the HOPWA program: (1) officials in the HUD headquarters Office of HIV/AIDS Housing; (2) staff from HHS' Health Resources and Services Administration (HRSA); (3) officials from HUD's field offices in Fort Worth, Texas, and Chicago, Illinois; (4) staff representing 11 HOPWA grantees and project sponsors;¹⁹ (5) a representative from the AIDS Action Council; (6) an official from the Heritage Foundation; and (7) an official from Americans for a Sound AIDS/HIV Policy.

To identify the activities funded by HOPWA and whom the program is serving, we analyzed a database compiled by HUD's Office of HIV/AIDS Housing, which contains information from the annual progress reports submitted by the HOPWA grantees. We also obtained hard copies of the annual progress reports that had been received by the Office of HIV/AIDS

¹⁹We selected these 11 grantees and project sponsors from a list of suggested AIDS housing representatives provided by HUD's Office of HIV/AIDS Housing. We selected several who were members of the Board of Directors of the National AIDS Housing Coalition to provide a broader, national perspective, and others to provide a more local perspective. We also selected local grantees and project sponsors in Dallas and Fort Worth, Texas, and Chicago, Illinois, on the basis of their proximity to the GAO staff performing the work. The total number of the HOPWA grantees and project sponsors is difficult to quantify because grantees can change from year to year, and each grantee may have multiple project sponsors; however, about 93 jurisdictions received formula grants for fiscal years 1992 through 1996, in addition to 81 competitive grants awarded during that time.

Housing as of October 7, 1996. We verified the information that we used from the database against these reports and made necessary corrections to the database in order to perform our analysis. We did not verify the accuracy of the information the grantees provided in the reports.

We obtained background information on how the HOPWA program works and determined how funds are distributed by reviewing HUD's regulations and written procedures, focusing on the process by which eligible states and metropolitan areas apply for funds and the process by which HUD allocates funds for both formula and competitive grants. We also obtained views on possible improvements to the process for allocating formula grants from HUD's Office of HIV/AIDS Housing, Americans for a Sound AIDS/HIV Policy, and the 11 HOPWA grantees and project sponsors that we contacted. We also used information from a previous report that we issued on the funding allocation formulas for HHS's Ryan White programs.²⁰

To obtain information on how HOPWA is coordinated with HHS' Ryan White programs, we reviewed the coordination requirements in the authorizing legislation and regulations for both programs. We also obtained information on the level and effectiveness of coordination from HUD's Office of HIV/AIDS Housing, HRSA, the 11 HOPWA grantees and project sponsors that we contacted, and the AIDS Action Council.

To obtain information on how HUD headquarters oversees the program's administration and monitoring, we reviewed the regulations and guidance that prescribe the field offices' responsibilities for evaluating grantees' performance and headquarters' responsibilities for monitoring and overseeing the field offices' functions. We did not review how the field offices have carried out their responsibilities for monitoring grantees. We did, however, draw information from a GAO telephone survey conducted in August 1996 of those serving as directors of major programs in HUD's 40 largest field offices (in terms of staffing). We asked officials responsible for managing HOPWA and other Community Planning and Development grant programs to assess the adequacy of the field offices' monitoring of grantees. We reviewed HUD's regulations and guidance on headquarters' and field offices' responsibilities for tracking and using annual performance reports that grantees submit to HUD. We also discussed HUD headquarters' and field offices' responsibilities with HUD's Office of HIV/AIDS Housing and Field Management Office.

²⁰Ryan White CARE Act of 1990: Opportunities to Enhance Funding Equity (GAO/HEHS-96-26, Nov. 13, 1995).

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