

# Supportive Housing for People with Mental Illness: Regaining a Life in the Community

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## Overview

Having a home is a universal human need and one that is necessary for adequate psychological health. Without a place to call home, people with mental illnesses have trouble recovering their health, becoming self-sufficient, and reclaiming valued roles in their families and communities. Unfortunately, many people with serious mental illnesses are extremely poor. As noted by the New Freedom Commission on Mental Health, poverty combined with a lack of affordable housing and support services in our Nation's communities causes people with mental illnesses to "cycle among jails, institutions, shelters, and the streets; to remain unnecessarily in institutions; or to live in seriously substandard housing."

This Issue Brief examines the need for supportive housing and describes the possible supports that might be available to someone living in supportive housing. Next, the Issue Brief outlines the characteristics of supportive housing as an evidence-based practice, followed by a review of activities States can choose to engage in to create a range of affordable housing with support services for people with mental illnesses. Finally, it concludes with a list of resources for more information.

## The Need for Supportive Housing

Currently, in the United States, people with serious mental illnesses are the poorest of the poor. In fact, people with mental disorders constitute the largest disability group receiving Supplemental Security Income (SSI), the federal income support program for very low-income people who are aged or disabled. In 2006, on average, across the United States, people receiving SSI benefits had incomes equal to only 18.2 percent of the median one-person household income. These individuals would have to pay 113.1 percent of their entire monthly income to rent a modest one-bedroom unit, an increase from 109.6 percent in 2004.

Even if a person with a mental illness could afford to rent an apartment, one may not be available. Nationwide, there are 6.2 million rental units available for the 9 million renter households who are considered extremely low-income (i.e., those that make less than 30 percent of area median income), and the gap continues to widen. Lack of available housing options is one of the reasons that people with serious mental illnesses are overrepresented among the homeless population.

But housing alone is not enough. Many individuals with serious mental illnesses, particularly those who have become homeless, need supportive services to help them remain in housing. Supportive services will vary, depending on individual needs. At minimum, case management must be included to provide or link individuals with the full range of services needed to promote stability including, but not limited to: primary health care, mental health services,

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substance abuse treatment, money management, benefits assistance, job training, transportation, day care, etc.

### **Supportive Housing: An Evidence-Based Practice**

Over the past 35 years, the notion of what constitutes appropriate housing for people with mental illnesses has changed dramatically. Until the early 1970s, people with mental illnesses who could not live independently without support generally were housed in state hospitals and institutions. In the late 1970s and early 1980s, institutional housing was replaced with a “residential continuum” model that was designed to move people with serious mental illnesses through a series of progressively more independent residential treatment settings until they achieved independent living. Frequently, individuals had to be deemed “ready” to move to the next step, and many remained in unnecessarily restrictive settings due to lack of services to help them manage on their own. Unfortunately, this model generally was unsuccessful in helping people achieve long-term success in the community.

In the 1980s, independent, subsidized rental housing with access to supportive services emerged as an alternative to long-term residential treatment for people with mental illnesses. In contrast to earlier approaches, supportive housing is a successful, cost-effective model that combines affordable housing with services to help people live more stable, productive lives. People living in supportive housing may have a long history of homelessness and typically face persistent obstacles to maintaining housing, such as a serious mental illness, a substance use disorder, or a chronic medical problem. Many tenants may face multiple serious conditions. Services are necessary to help tenants maintain stability, and being housed is an essential first step in providing these services and addressing untreated conditions. Supportive housing has the following important characteristics:

- The housing is permanent and tenants sign leases and pay rent, just like their neighbors.
- Each tenant may stay as long as he or she pays rent and complies with the terms of the lease or rental agreement.
- The housing is affordable, meaning each tenant pays no more than 30 to 50 percent of household income.
- Access to supportive housing is not contingent on receipt of services.

Supportive housing options can range from individual apartments scattered throughout the community (scattered-site) or in a single building or apartment complex (single-site) where all or some of the housing units are available to people who have disabilities and/or a history of homelessness. Single-site buildings may also house people with low incomes who don’t require support services, allowing supportive housing tenants the opportunity to live in integrated settings. Because supportive housing combines housing and services for people with extremely low-incomes who have disabilities, it requires more complex funding than other types of affordable housing. Most supportive housing programs require some combination of the following:

- *Capital funding*—This is the “bricks and mortar” funding, used by providers to purchase, rehabilitate, or newly construct permanent supportive housing.
- *Operating or Rent Subsidies*—A subsidy pays the difference between the rent a tenant can afford (typically 30 percent of income) and the actual monthly cost of operating the housing or paying rent to a landlord.
- *Supportive services*—To help tenants maintain stability, supportive services can be offered onsite, offsite, or may be provided by a mobile service team. In most cases, tenant participation in services is voluntary and not a requirement for people to get or keep housing.

## The Benefits of Supportive Housing

Supportive housing is strongly supported by federal policy and is being adopted in states and communities around the country for the simple reasons that *it works* and *it is cost-effective*.

- *Supportive housing is a proven approach to addressing homelessness, particularly for people with serious mental illnesses.* Many individuals with serious mental illnesses are precariously housed, and others who become homeless remain so for long periods of time. Studies show that once in housing with supports, the majority of individuals and families—regardless of their disabilities and other needs—stay housed, are less likely to become homeless, and are less likely to be hospitalized or spend time in jail or prison.
- *Supportive housing promotes independence for people who might otherwise remain in segregated or custodial settings.* Both the Americans with Disabilities Act (ADA) and the U.S. Supreme Court’s 1999 decision in *Olmstead v. L.C.* require that individuals with disabilities be permitted to live and work in the least restrictive setting appropriate to their needs. Most people with mental illnesses, when provided with the type and level of supports they choose, are able to live independently in supportive housing.
- *Supportive housing improves an individual’s health.* According to data from various studies compiled by the Corporation for Supportive Housing (CSH), supportive housing tenants, when compared to people without access to this evidence-based practice, use more preventive health services and make 50 percent fewer emergency room visits, require 80 percent fewer emergency detoxification services, are more likely to remain sober, and experience a decrease in symptoms of schizophrenia and depression.
- *Supportive housing helps individuals retain employment.* Preliminary data indicate that, halfway through a 5-year federal initiative to end chronic homelessness through employment and housing, half of participants have entered competitive employment.
- *Most importantly for state-level policymakers and state budgets, supportive housing is cost-effective.* The frequently cited 2002 study by Culhane, Metraux, and Hadley tracked homeless people with mental illnesses who moved to permanent supportive housing in New York City. The study showed marked reductions in shelter use, hospitalizations, length of stay per hospitalization, and time incarcerated, generating an annual savings of \$16,282 per supportive housing unit. When these savings were factored in, the net

public cost per unit was \$995 a year. Similar results are being reported in cities around the country, such as Denver, where the \$13,400 annual cost of supportive housing is more than offset by a \$15,773 per person per year savings in public services.

The table below, compiled in 2004 by The Lewin Group, compares the costs per person per day of serving people who would otherwise be homeless in supportive housing, compared to more restrictive and potentially more expensive settings, in nine cities around the country.

**Costs of Serving Homeless Individuals in Nine Cities (2004)**

City	Supportive Housing	Jail	Prison	Shelter	MH Hospital	Hospital
Atlanta	\$32.88	\$53.07	\$47.49	\$11	\$335	\$1,637
Boston	\$33.45	\$91.78	\$117.08	\$40.28	\$541	\$1,770
Chicago	\$20.55	\$60	\$61.99	\$22	\$437	\$1,201
Columbus	\$30.48	\$70.00	\$59.34	\$25.48	\$451	\$1,590
Los Angeles	\$30.10	\$63.69	\$84.74	\$37.50	\$607	\$1,474
New York	\$41.85	\$164.57	\$74	\$54.42	\$467	\$1,185
Phoenix	\$20.54	\$45.84	\$86.60	\$22.46	\$280	\$1,671
San Francisco	\$42.10	\$94	\$84.74	\$27.54	\$1,278	\$2,031
Seattle	\$26	\$87.67	\$95.51	\$17	\$555	\$2,184

### States Have a Key Role to Play in Promoting Supportive Housing

Supportive housing is everyone’s business. Traditionally, affordable housing has been the province of housing developers, state and local community development departments, public housing agencies, and nonprofit community organizations. Responsibility for housing people with special needs—including those with mental illnesses—has been left to human services agencies, most notably state or local departments of mental health. However, with the increasing focus on community-based housing with supports, housing and service providers at the federal, state, and local level are working together to (1) develop a range of housing options, (2) make housing affordable through the use of rental subsidies for tenants and incentives to landlords and developers, and (3) fund services to people along with housing, to help them recover their health and maintain residential stability. Some options for states to consider in each of these areas are highlighted below.

#### *Develop a Range of Housing Options*

States can establish expectations, provide leadership, and offer financial incentives that uphold supportive housing as the norm for people with disabilities, including serious mental illnesses.

- **Create a High-Level Interagency Housing Workgroup.** One of the first and most important things a state can do is engage all relevant stakeholders in developing a full range of supportive housing options in the state. At the state level, relevant stakeholders may include: the state mental health agency, state housing finance authority, state substance abuse agency, and state corrections agency. Key players at the community level include: mental health, substance abuse, and housing providers; local charities and philanthropic organizations; public housing authorities, business leaders; and local governments. Members with the authority to commit their agency's resources to any joint housing efforts are the most effective people to have on the workgroup.
- **Conduct a Needs Assessment.** To assess the extent of need for supportive housing in your state, data such as the number of people receiving SSI and the number of people with mental illnesses who are homeless or living in institutions, including jails and psychiatric hospitals must be compiled. CSH has developed a guide for using a community's annual estimate of the number of homeless people to plan for permanent supportive housing. (See *Resources* below for more information.)
- **Develop a Strategic Plan for Supportive Housing.** State data should be utilized to develop a strategic plan for supportive housing with both short- and long-term goals and measurable outcomes. For example, in 2000, the Tennessee Department of Mental Health and Developmental Disabilities established a 5-year goal of creating 2005 new housing units and supports by the year 2005—a goal reached in 2002. Many communities are building such housing outcome goals into their Ten-Year Plans to End Homelessness. For an example of a strategic plan for supportive housing focused on people with mental illnesses, the Florida Department of Children and Families plan is cited in *Resources* below.
- **Gather Information on Financing Options.** Some of the most common sources of capital funding used to finance permanent supportive housing include the following federal programs: Community Development Block Grant (CDBG), HOME Program, Low Income Housing Tax Credits, Section 811 Supportive Housing for Persons with Disabilities, Housing Opportunities for Persons with AIDS, and the McKinney-Vento Supportive Housing Program. The CSH *Supportive Housing Financing Sources Guide*, listed under *Resources* below, describes these and similar programs.
- **Create a Housing Trust Fund.** Housing trust funds are distinct funds established by cities, counties, and states that dedicate a source of public revenue to support the production and preservation of affordable housing. There are nearly 600 city, county, and state housing trust funds in 43 states. New Jersey established a \$200 million special needs trust fund that creates a capital pool for supportive housing which prioritizes housing for people with mental illnesses. For more information on housing trust funds, see *Resources* below.
- **Reinvest Savings.** Savings realized in the mental health system or other systems that serve people with mental illnesses can be reinvested in supportive housing. The Oregon Office of Mental Health and Addiction Services created a Community Mental Health

Housing Fund out of revenues from the sale of a former state hospital property. To help reduce recidivism, both Texas and Kansas have recently passed legislation to reinvest millions of dollars from the corrections system into community-based mental health programs, including re-entry of prisoners into supportive housing.

### ***Make Housing Affordable***

To ensure that supportive housing remains affordable to people with the lowest incomes, some type of rental or operating subsidy is required.

- **Create a Bridge Subsidy Program.** Rental subsidies make up the difference between what a tenant pays and the actual monthly cost of operating the housing. The Section 8 Housing Choice Voucher Program is the most common source of rental subsidies, but in many cities, waiting lists are long or closed. A bridge subsidy is funded with federal, state, or local resources and is designed to provide rental assistance until Section 8 or another subsidy is available, or until the individual's income increases to a level where they can attain affordable housing without assistance. Units rented using a bridge subsidy must meet the Housing Quality Standards set by the U.S. Department of Housing and Urban Development (HUD) so the individual can remain in his or her home when a Section 8 voucher becomes available.

### ***Invest in Services***

When residential services for people with mental illnesses were more common, funds for housing and services would have been bundled at the state level, often within the state mental health agency budget. Also, some programs, such as HUD's Supportive Housing Program, have provided funds for supportive services in addition to housing subsidies, but HUD has made clear its intention to focus more of its resources on housing rather than services. Today, service dollars often are separate from housing dollars, which mirrors the separation of housing and services in supportive housing.

- **Use the Medicaid Rehabilitative Services (Rehab) Option.** Although Medicaid does not cover housing costs, many states use the Medicaid Rehab Option to help fund housing supports such as Assertive Community Treatment (ACT) and peer support. ACT is an evidence-based practice where services are delivered in the person's home and are available 24 hours a day, 7 days a week. Services are available for people with serious mental illnesses and feature a multidisciplinary treatment team that often includes consumers as staff, low client/staff ratios, flexible services, and long-term follow-up. Recently, the Centers for Medicare & Medicaid Services published proposed rules that some advocates fear might make it more difficult to use the Rehab Option to provide the type of services that individuals with serious mental illnesses need to maintain community living. See *Resources* below for more information.
- **Use Available State and Local Funds.** In some states, mental health authorities have designated federal Mental Health Block Grant funds or other mental health funds for supportive housing services. In Massachusetts, the Department of Mental Health (DMH) operates a Special Homeless Initiative that provides services to support

individuals in housing. DMH has used its service money to leverage more than \$138 million in housing resources in the Metro Boston area alone from federal and other housing programs. The program is funded through a state appropriation of more than \$20 million per year.

## **Conclusion**

States and communities around the country have begun to embrace supportive housing as a cost-effective, evidence-based solution to meet the housing needs of people with serious mental illnesses. The Substance Abuse and Mental Health Services Administration, a federal agency, is preparing to field test an evidence-based practices toolkit on the principles and practices of supportive housing that will include a fidelity scale. States can support adoption of supportive housing by convening stakeholder coalitions that develop strategic housing plans; taking full advantage of federal, state, and local funding resources; and planning and funding the types of services that will help promote the ability of people with serious mental illnesses to live, work, learn, and participate full in their communities.

## **Resources**

The following resources include the facts and statistics cited above, as well as strategies for developing and financing supportive housing programs.

### ***Background and Statistics***

New Freedom Commission on Mental Health (2003). *Achieving the Promise: Transforming Mental Health Care in America, Final Report*. DHHS Pub. No. SMA-03-3832. Rockville, MD.

[www.mentalhealthcommission.gov](http://www.mentalhealthcommission.gov)

Chronic Homelessness Employment Technical Assistance (CHETA) Center. [www.csh.org/cheta](http://www.csh.org/cheta)

Lipton, F., Siegel, C., Hannigan, A., et al. (2000). Tenure in supportive housing for homeless persons with severe mental illness. *Psychiatric Services*, 51(4), 479-486.

New Freedom Commission on Mental Health (2004). *Subcommittee on Housing and Homelessness: Background Paper*. DHHS Pub. No. SMA-04-3884. Rockville, MD.

[www.mentalhealthcommission.gov/papers/Homeless\\_ADA\\_Compliant.pdf](http://www.mentalhealthcommission.gov/papers/Homeless_ADA_Compliant.pdf)

*Opening Doors: Permanent Supportive Housing – A Proven Solution to Homelessness* (2003), a publication of the Technical Assistance Collaborative, Inc., and the Consortium of Citizens with Disabilities Housing Task Force. [www.tacinc.org](http://www.tacinc.org)

*Priced Out in 2006*, a report of the Technical Assistance Collaborative, Inc., and the Consortium of Citizens with Disabilities Housing Task Force. [www.tacinc.org](http://www.tacinc.org)

### ***Costs/Cost-Effectiveness Studies***

Culhane, D.P., Metraux, S., & Hadley, T. (2002). Public service reductions associated with placement of homeless persons with severe mental illness in supportive housing. *Housing Policy Debate*, 13(1), 107-163.

[www.fanniemaefoundation.org/programs/hpd/pdf/hpd\\_1301\\_culhane.pdf](http://www.fanniemaefoundation.org/programs/hpd/pdf/hpd_1301_culhane.pdf)

The Lewin Group (2004). *Costs of Serving Homeless Individuals in Nine Cities Chart Book*. Prepared for the Corporation for Supportive Housing. [www.rwjf.org/files/newsroom/cshLewinPdf.pdf](http://www.rwjf.org/files/newsroom/cshLewinPdf.pdf)

*Supportive Housing Is Cost-Effective* (2007), prepared by the National Alliance to End Homelessness. [www.naeh.org](http://www.naeh.org)

### ***Corporation for Supportive Housing Resources***

Corporation for Supportive Housing Web site. [www.csh.org](http://www.csh.org). Click on the “Supportive Housing” tab for background and statistics. Also, see publications listed under “Resources.”

*Estimating the Need: Projecting from Point in Time to Annual Estimates of the Number of Homeless People in a Community and Using This Information to Plan for Permanent Supportive Housing* (2005). [http://documents.csh.org/documents/pubs/csh\\_estimatingneed.pdf](http://documents.csh.org/documents/pubs/csh_estimatingneed.pdf)

*Supportive Housing Financing Sources Guide* (2004). <http://documents.csh.org/documents/ke/SHFinanceSourceGuide.pdf>

*Toolkit for Developing and Operating Supportive Housing*. [www.csh.org/toolkit2](http://www.csh.org/toolkit2)

### ***Housing Trust Funds***

*Housing Trust Fund Progress Report 2007*. [www.communitychange.org](http://www.communitychange.org)

National Housing Trust Fund Web site. [www.nhtf.org](http://www.nhtf.org)

### ***Proposed Medicaid Changes***

*Federal Register*, Vol. 72, No. 155. Monday, August 13, 2007. Proposed Rules, page 45201. [www.gpoaccess.gov](http://www.gpoaccess.gov)

For analysis of the proposed changes, see the Bazelon Center Information Alert at [www.bazelon.org/takeaction/2007/RehabRule08-16-07.htm](http://www.bazelon.org/takeaction/2007/RehabRule08-16-07.htm) or the National Alliance on Mental Illness (NAMI) Web site at [www.nami.org](http://www.nami.org). Click on “CMS Releases Proposed Rules for Rehabilitation” under the Policy/Advocacy/Action banner.

### ***State Strategies***

*Florida’s Strategic Plan for Supportive Housing for Persons with Mental Illnesses* (2003), prepared by the Florida Department of Children and Families in partnership with Statewide Supportive Housing Coalitions. [www.flshc.net/documents/StrategicPlan2003.pdf](http://www.flshc.net/documents/StrategicPlan2003.pdf)

*Housing Resources Leveraged by the Special Homeless Initiative of the Massachusetts Department of Mental Health, 1992-2006* (2007), an evaluation conducted by the Urban Institute. [www.urban.org/UploadedPDF/411499\\_housing\\_resources\\_leveraged.pdf](http://www.urban.org/UploadedPDF/411499_housing_resources_leveraged.pdf)

*A New Vision: What is in Community Plans to End Homelessness?* (2006), a report by the National Alliance to End Homelessness on community strategies for ending homelessness. [www.naeh.org/content/article/detail/1397](http://www.naeh.org/content/article/detail/1397)

*Housing Within Reach: Permanent Housing Solutions for Tennesseans Diagnosed with a Mental Illness*, a Web site developed by the Tennessee Department of Mental Health and Developmental Disabilities. [www.housingwithinreach.org](http://www.housingwithinreach.org)