

# **Housing Development Work Group Report**

**to the Futures Advisory Committee  
and AHS Secretary Cynthia LaWare**

**October 11, 2006**

## **Introduction**

The Vermont Mental Health Futures Plan calls for the transformation of our service system towards a consumer-directed, trauma-informed, and recovery-oriented mental health system. The plan was developed through an inclusive, statewide planning process that brought together all stakeholders, forming the VSH Futures Advisory Committee in 2004. Many work groups have been formed to examine specific areas of the Futures Plan. Housing is one such area. While the plan laid out possible housing initiatives, the Housing Development Work Group studied in greater detail the housing resources available to mental health consumers, the capacity of these programs to meet need at current funding levels, and the most cost effective ways to improve the availability and flexibility of housing options.

## **Work Group Charge**

The February 4, 2005, recommendations for the future of services provided at the Vermont State Hospital called for augmenting existing community-based services with additional recovery housing. At that time, estimated costs were \$400,000.<sup>1</sup>

A multi-stakeholder work group was organized to:

1. Identify what types of housing initiatives could be supported with these resources;
2. Address how this relates to existing housing initiatives including the Governor's housing affordability plan;
3. Develop a recommendation about what housing initiative(s) would have the most impact for the Futures Plan;
4. Recommend who and how the initiative(s) should be staffed and operated; and
5. Report its recommendations to the full Futures Advisory Committee on October 16, 2006, for discussion. The Advisory Committee will fulfill its advisory role by making a recommendation on the housing component of the Futures Plan to AHS Secretary Cynthia LaWare.

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<sup>1</sup> Recommendations of Charles Smith, Secretary, Agency of Human Services

All meetings of the group were open to the public and noticed; minutes were distributed via the weekly Mental Health Update.

### **Work Group Members**

Claude Arsenault	Washington County Mental Health Services
Kathleen Berk	Vermont State Housing Authority
Hillary Cole	Clara Martin Center/Safe Haven
Linda Corey	Vermont Psychiatric Survivors
Ken Libertoff	Vermont Association for Mental Health
Graham Parker	Health Care and Rehabilitation of Southeastern Vermont
Brian Smith	Vermont Department of Health / Division of Mental Health
Elaine Soto	Howard Center for Human Services
JoAnn Troiano	Montpelier Housing Authority
Cathy Voyer	Agency of Human Services / Housing and Transportation

The Housing Development Work Group held four meetings to discuss its charge, assess the relative benefits of available housing resources, review the effectiveness of housing supports, and develop its recommendations. The group provided a brief update for the Futures Advisory Committee in September. By means of the Mental Health Weekly Update, the mental health community and broader public was kept informed of the group's work. Ken Libertoff chaired the work group. Judy Rosenstreich, VDH/Mental Health Division Futures staff, participated in the process and provided administrative support.

### **A Compelling Case for Housing Resources**

There are approximately 200 admissions and discharges per year at the Vermont State Hospital. The average daily census in the past 45 days was 51 patients, making it one of Vermont's largest hospitals. Housing for VSH patients and, indeed, all persons with disabilities is one of the most challenging social and economic needs in Vermont and the nation.

The Technical Assistance Collaborative biennial study, *Priced Out in 2004*, last compared the monthly SSI<sup>2</sup> income of more than 4 million Americans with disabilities to the fair market rental rates for efficiencies and modest one-bedroom apartments in every housing market in the country.

This report makes a clear and compelling case that only an ongoing monthly housing subsidy is sufficient to close the extreme affordability gap between SSI income and rental housing costs. The HUD Section 8 Program, Housing Choice

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<sup>2</sup> Vermont recipients of Supplemental Security Income (SSI) have a state supplement, Aid to the Aged, Blind and Disabled (AABD).

Voucher program, and the Section 811 Supportive Housing for Persons with Disabilities programs have become scarce opportunities to develop an effective response to this need.

In 2004, it took 92.2% of an individual's Social Security income to rent a one-bedroom housing unit in Vermont. In 2004 the national average income of a person with a disability receiving SSI fell to a new national low of 18.4 percent of median income. In Vermont the percent was 18 percent of median income. The 2004 SSI payment amounted to a \$3.55 per hour wage as compared to the National Low Income Housing Coalitions "housing wage" of \$10.92.

Given this national and statewide housing situation, there is a definite need to address the housing and supportive service needs of VSH patients, CRT clients, and others with mental illness who may not be connected to the service system.

### **Discussion of Housing in Futures Plan**

The Futures Plan identified housing as "one of the more important contributions to recovery."<sup>3</sup>

Vermont's communities are facing a shortage of affordable housing and, for people living with mental illness, the housing shortage has two primary aspects. The first is a shortage of supportive housing services, and the second is the wide gap between consumers' incomes and the market rates for rental housing. In Vermont, it takes 91 percent of a monthly Supplemental Security Income (SSI) check to rent a one-bedroom apartment.<sup>4</sup> Statewide, the CRT program provides 135 residential group treatment beds and provides linked supportive services to an additional 123 subsidized beds. Even so, a recent survey of CRT programs showed that clients typically wait up to 24 months for an apartment, that there were 79 CRT clients waiting for affordable housing at the time of the study, and that another 50 were waiting for some type of staffed or supported housing. See Appendices 6 and 7 for the inventory of residential resources and for the survey.

Several strategies exist to help address the housing needs of CRT consumers. The development of new housing through work with not-for-profit housing developers, the federal Department of Housing and Urban Development, and the Vermont Housing and Conservation Trust fund; a rental assistance program; support for outreach and engagement supports; and housing start-up subsidies for people who are homeless, have mental illness, and who are not otherwise connected with the services system.

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<sup>3</sup> VSH Futures Plan, Department of Health, Division of Mental Health, February 4, 2005 (pp.21-22)

<sup>4</sup> The resources dedicated to the Housing Contingency Fund had not been increased since its inception in the late 1980's until the 2006 Legislature increased the fund by \$90,000.

The VSH Futures Advisory Committee strongly recommends increasing the resources available to assist clients to have more choices for safe, supportive, affordable housing. There are two general approaches that can be used to increase available housing: rental subsidies or some type of staffed, supportive housing program.

The current rental assistance program for CRT clients (called the Housing Contingency Fund) could be expanded. This fund is used to provide individuals with rental assistance and also to help cover the costs of starting up an apartment (deposits, utility hook up, furnishings etc). The housing contingency fund could be expanded from its current allocation. Rental assistance is one of the fastest and most direct ways to help people gain access to and keep housing.

Alternatively, some sort of staffed or supported residential program could be created. One option would be to apply to create a third HUD Safe Haven Program in Vermont.<sup>5</sup> Safe Haven programs are group residences for individuals who are homeless and have mental illness. They are transitional programs (residents may stay for up to two years) and the goal of these programs is to assist people to transition into permanent housing. Alternatively, with leveraging funds, Vermont could apply for other types of HUD- sponsored supportive housing (Shelter Plus Care, Transitional Housing, or Permanent Housing for the Homeless). The process to apply for these funds requires that both a local “housing continuum of care”<sup>6</sup> and the state-level continuum agree to rank the proposed project as priority number one. Funding for new and existing projects is subject to how well Vermont’s overall continuum of care application is developed and scored.

Yet another option would be to develop a residential treatment program using the same financing options through the 1115 Medicaid Waiver described in Part VI of this plan.

Two new types of residential treatment programs proposed in Part IV, a sub-acute rehabilitation capacity and a secure residential facility, are expected to speed access of current inpatients at VSH to more clinically appropriate and community-based care.

Ultimately, increasing consumers’ incomes through employment is also an important way to help address the housing affordability gap. A sustained project

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<sup>5</sup> Vermont has two HUD Safe Haven programs, one in Burlington and one in Randolph. The program in Randolph is unique nationally in that it is operated by a blend of peer and professional staff and has a strong recovery focus.

<sup>6</sup> The “Continuum of Care” process is a HUD- mandated multi- stakeholder planning process in which local areas and the state establish priorities for housing development based on a needs assessment and availability of funds for new projects. Because the HUD programs mentioned above must be renewed on one to three year cycles, funds to support existing projects may compete with funding for new projects. Therefore, the priority ranking of the local and state continuum is critical. Each year, there are “bonus” funds that can be applied for on behalf of new projects, if they are ranked as priority number one.

to expand access to evidence-based supported employment services for CRT clients is already underway.

## **Overview of Existing Housing Programs and Supports**

The Housing Development Work Group invited Erhard Mahnke from the Vermont Affordable Housing Coalition to present an overview of state and national housing resources. The work group focused on three housing support programs:

### **I. Vermont Housing Contingency Fund (HCF)**

The Department of Health, Division of Mental Health Housing Contingency Fund was created in 1988. This fund currently provides financial resources for increased housing opportunity, expansion of temporary rental assistance, and community support for Vermonters with serious and persistent mental illness enrolled in the Community Rehabilitation and Treatment (CRT) Program.<sup>7</sup> The fund is for persons who are waiting for HUD Section 8 housing assistance or other longer term affordable housing support from projects developed by the Vermont Not For Profit Housing Development Sector.<sup>8</sup>

#### **Current Eligible Uses of the HCF**

- A. Apartment set-up costs
  - Security and utility deposits and furnishings usually not to exceed \$1,250
- B. Partial rent payment
  - When a two or three bedroom apartment shared by a CRT client temporarily has fewer than the full complement of tenants and the CRT client will be remaining in the housing unit
- C. Partial rent payment while CRT client is on a Section 8 subsidy waiting list
  - The recipient pays 50% of her income for housing and the HCF pays the remainder to the landlord
- D. Partial or full rent payment
  - To hold a recipient's apartment for up to 90 days while the recipient is hospitalized or residing in crisis housing if without this fund the recipient would lose her/his housing
- E. For other more flexible and one-time-only housing needs other than those listed above, Division of Mental Health staff must be contacted for prior approval.

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<sup>7</sup> The HCF is administered by the Vermont Department of Health/Division of Mental Health.

<sup>8</sup> [explanation of this needed]

## **II. Federal Housing and Urban Development Section 8 Program**

Two main HUD Section 8 programs are tenant-based vouchers and project-based vouchers. In the tenant-based program, persons who have met eligibility requirements and have waited on a Housing Authority list with a certificate or voucher find and lease a unit and pay a portion of a reasonable rent. Their portion is based on income; generally, they pay 30% of their income. The local housing authority pays the owner the remaining rent, capped by the Fair Market Rent (FMR) or a fixed percentage thereof. The housing authorities determine the reasonable rent and the FMR is determined by the United States Department of Housing and Urban Development (HUD).

## **III. Federal Housing and Urban Development 811 Program**

The Section 811 Supportive Housing for Persons with Disabilities program (Section 811) is the only program at HUD that still produces housing for non-elderly people with disabilities. Section 811 provides funding exclusively to non-profit developers building and operating housing for low-income households with disabilities. Since 1997, 25 percent of the program's appropriations also have been used for tenant based rental assistance.

### **Data Pertinent to Work Group's Charge**

1. VSH data sets were reviewed to determine where patients at the VSH were admitted from and returning to as well as the housing types they were discharged to.
2. The 2004 Technical Assistance Collaborative market analysis of Fair Market Rents indicates a steep increase in the cost of renting a one bedroom apartment from 1988 to 2006. The Fair market rent for 2007 will pose additional increased cost.
3. Numbers of CRT clients served at the VSH and those served by the CRT program.
4. The statewide Section 8 program is the single most valuable resource for achieving affordable permanent housing for persons with disabilities.

The Housing Contingency Fund is the statewide alternative that supports VSH patients and CRT clients while they wait for Section 8 or other long term subsidy. However, the waiting list takes one to two years before a person is able to secure a HUD rental assistance subsidy. There have been recent instances of Housing Authorities closing Section 8 waiting lists for several months.

5. Graham Parker's survey of CRT and Housing coordinators----
6. Analysis of Fair Market Rents from 1988 to 2007

The rise in Fair Market Rents (FMR) without a corresponding increase in the Housing Contingency Fund has seriously eroded the current value of HCF subsidies for CRT clients.

AREA	1988 FMR	2007 FMR	% INCREASE
Addison County	\$394	\$621	57.61%
Bennington County	\$405	\$620	53.09%
Caledonia County	\$335	\$487	45.37%
Essex County	\$335	\$542	61.79%
Franklin County (non-metro portion)	\$375	\$783	108.80%
Grand Isle County(non-metro portion)	\$335	\$783	133.73%
Lamoille County	\$406	\$588	44.83%
Orange County	\$401	\$588	46.63%
Orleans County	\$335	\$485	44.78%
Rutland County	\$436	\$585	34.17%
Washington County	\$405	\$574	41.73%
Windham County	\$422	\$607	43.84%
Windsor County	\$431	\$614	42.46%
Burlington-S Burlington MSA	\$493	\$783	58.82%

### **Programmatic and Funding Considerations**

- o FUNDING INCREASE

Recommend a funding commitment and continued flexibility for the Housing Contingency Fund (HCF).

Annual increases in the HCF should correspond to a greater extent with increases in Fair Market Rent. This would help prevent recurrence of the current gap between the amount of the subsidy and FMR increases.

Targeting all or a substantial portion of recurring budget requests for persons being discharged from Vermont State Hospital or CRT clients is an essential consideration of this recommendation.

- COLLABORATION INITIATIVES

Collaboration with experts in the supportive housing field to present ideas to Vermont's mental health community could lead to beneficial partnerships and initiatives. The work group has encouraged the Corporation for Supportive Housing (CSH) to present a workshop at the annual meeting of the Vermont Association for Mental Health on October 30, 2006. CSH also is interested in working with the Vermont Housing and Conservation Trust Board, the Vermont Housing Finance Agency, and other housing partners to create such opportunities in our system of care.

- TRAINING

Reinforce and support the use of best practices and insure that key capacities are developed by all CRT Housing Coordinators. Examples were referenced in the CRT coordinator survey administered by Graham Parker.

- EDUCATION

Support Vermont's congressional delegation in national and state efforts to secure additional federal support for housing and supportive services.

- EXPANDED OPTIONS

Consider the potential value for a transformed mental health system of investing in the concept of a targeted statewide rental assistance program as a means of creating additional housing subsidy.

## **Recommendations and Next Steps**

The work group reached the following significant conclusions regarding the housing needs of mental health consumers:

- 1. Housing is an essential element in the transformation of Vermont's system of mental health care. Flexible, creative housing options with home and peer services that meet client needs and preferences are recommended. Current funding levels dedicated to housing options for mental health consumers are woefully inadequate.**

**RECOMMEND: \$500,000 in new resources for FY 08; \$250,000 additional in FY 09; and \$250,000 more in FY 10<sup>9</sup>**

This is a multi-year strategy to accomplish the following objectives:

- A. Provide a housing subsidy for people needing housing and supports to be discharged from the Vermont State Hospital.

The work group recognizes the need to prioritize some of the new resources for people at VSH whose discharge is delayed due to financial barriers, particularly their inability to afford housing.

Designated Agencies documented the lack of housing for people who could otherwise be discharged from VSH.<sup>10</sup>

- B. Increase the Housing Contingency Fund to serve CRT clients:

- 1) A portion of the new resources would stabilize the Housing Contingency Fund by increasing the rent subsidies of the CRT population currently served. The increase is needed to account for inflation and the corresponding increase in Fair Market Rents (FMR).
- 2) A portion of the new resources would expand the number of CRT clients served by the Housing Contingency Fund, achieving a net increase in the number of people served.

- 2. Replacement of the Vermont State Hospital with a primary inpatient psychiatric program on the Fletcher Allen Health Care campus is the**

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<sup>9</sup> In fiscal year 2007, \$390,000 is appropriated for the Housing Contingency Fund. As the program is currently designed, the HCF is available only to CRT clients.

<sup>10</sup> Futures Plan (Appendix 7, February 4, 2005)

preferred option.<sup>11</sup> Expanded housing options in communities where inpatient programs are located, particularly Burlington where there is an acute shortage of affordable housing, could accommodate mental health consumers who may choose to live there following treatment.

**RECOMMEND:** Establish a capital development fund to support expanded housing options in host communities where inpatient program(s) to replace VSH are located. Such a capital development fund could help establish affordable, appropriate housing for mental health consumers who may wish to live in or near communities hosting new inpatient programs.<sup>12</sup>

3. Support the use of best practices among CRT housing coordinators. Encourage close working relationships with housing authorities, landlords, and other partners.
4. Maintain effective communications with Vermont's congressional delegation to secure additional federal housing support.

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<sup>11</sup> The Futures Plan also proposes two smaller capacity inpatient programs at the Rutland Regional Medical Center and the Brattleboro Retreat.

<sup>12</sup> Planning should begin in FY 08 and capitalization of the fund should occur after the location(s) of inpatient programs is determined.