COMMENTARY

Where They Gonna Live?
Affordability and Availability of Housing for Consumers of Community Based Mental Health Services after Reform

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Persons who are disabled by severe and persistent mental illness, by developmental disabilities, or by substance abuse addiction face a common problem: they don't have enough money to pay for a place to live. Supplemental Security Income (SSI) available to disabled persons is, in 2003, $568.00 per month. Given the federal standard of 30 percent of income being available for rent (including utilities), the resultant $170.00 alone is not going to provide basic housing in any community in North Carolina.

To prevent the widespread homelessness that accompanied the earlier deinstitutionalization efforts of the 1970's and 80's, and to accommodate the new mandates of the Olmstead Decision of the US Supreme Court, resources must be mobilized to connect consumers with affordable housing options as they leave state hospitals or find less-restrictive settings than the only option current state policy will pay for in overly-restrictive care-type facilities.

Housing First: Separating Shelter from Service Delivery

Current best practices emphasize the need for affordable housing decoupled from residential-connected service delivery. A resident's right to a roof should not be contingent on acceptance of a service provider's package of services. Independent living alternatives with access to community-based services should be readily available and proactively delivered to disabled persons who need them. Such practices as Assertive Community Therapy (ACT) teams that can respond to crisis situations, relapses and adverse medication reactions address residents' needs while respecting their dignity and independence. Historically, disabled people in residential settings did not have the protection of a tenant lease, and often a condition-continued occupancy was based on the provider's definition of "good behavior." Protections offered by a tenant lease are essential to assure the rights of occupancy to persons disabled by chronic mental illness, as to all citizens.

Lower the Cost of Housing or Increase Resident's Ability to Pay

There are only two ways to bring housing to low-income persons who do not have sufficient income to pay for housing:

1. Lower the cost to the consumer
2. Raise the consumer's ability to pay

To make housing available to North Carolina's extremely low-income persons with disabilities, both policy directions must be utilized. North Carolina and its major cities receive significant Federal Block Grant resources from the US Department of Housing and Urban Development through the HOME program ($42 million/year) and the Community Development Block Grant Program (CDBG) ($82 million/year). To date, minimum amounts of these funds have been targeted by local governments to extremely low-income rental housing. Even though the formula that determines the amount of funds allocated to the 24 entitlement communities in North Carolina and to the state for "Balance of State" is heavily weighted to indices of poverty, rent over-burden, and low incomes, the majority of these federal resources have been directed at the much more politically popular moderate-income home ownership programs. Federal regulations allow HOME and CDBG funds to be used for families having up to 80 percent of Area Median Income (AMI), which in the Raleigh and Charlotte Areas exceeds $50,000 per year. SSI recipients are at 10% to 12% of AMI, with incomes under $7,000.00 per year. More of these low-income housing funds need to be re-directed toward contributing to a comprehensive solution of the housing affordability problem faced by persons disabled by mental illness. In 1992, in response to an intensive "call your legislator" campaign mounted by the North Carolina chapters of the National Alliance for the Mentally Ill (NAMI), the North Carolina Housing Finance Agency set aside $1 million of HOME funds to use for acquisition/rehabilitation of

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scattered site rental units throughout the state. Despite the success of the project, which produced 84 units of housing in 21 counties, the program has not been repeated.

The largest federal housing program is not administered by HUD, but rather is under the direction of the US Treasury through the Internal Revenue Service. The Section 42 Low Income Housing Tax Credit (LIHTC) program provides investment incentives to business corporations (primarily banks) to invest equity capital in rental housing. In return for keeping rents "affordable" for 15 years, investors can claim a direct tax credit against income taxes due to the federal government. A parallel program of state income tax credits has recently been added in North Carolina to make the program more effective in reducing the amount of debt needed to build rental housing. Even though investors may cover 60-75 percent of the cost of a project, mortgages on the remaining development, operating costs of insurance, real estate taxes, maintenance, IRS compliance documentation, repairs, and reserves for replacements require rents in the $400-$500 range. These rents meet the requirements of being affordable to persons at 50-60 percent of median-income, but are obviously still not affordable to a person disabled by mental illness whose entire disability income may be less than the LIHTC rent. Recent efforts have encouraged developers to target some LIHTC units to very low-income and disabled residents, increasing availability, but getting rents down to the level affordable by most disabled residents has proved difficult.

Lowering the cost of housing through existing programs such as HOME, CDBG, LIHTC and North Carolina Housing Trust Fund doesn't lower it enough to provide housing for extremely low-income persons. Increasing the ability to pay rent is also needed. The HUD Section 8 Housing Voucher program could play a significant role, if only it were funded sufficiently to prevent the up-to-three-year wait for a voucher, and if only there were sufficient units available in decent locations where the landlord will agree to accept the Section 8 rental voucher. Administered by public housing agencies (PHAs) around the state (some agencies administer the program in multiple counties), Section 8 is a rental assistance program that contracts with landlords to pay a portion of the rent on behalf of a low-income tenant. The tenants pay 30 percent of their income for rent, and the PHA pays the rest of the rent with federal HUD funds, up to a "Fair Market Rent" limit that is set at the 40 percent range of rents in a locality. The program has secured very little or no new funding for additional vouchers in recent years.

The one federal program that addresses both policy directions is the HUD Section 811 supportive housing program. Providing no-interest Capital Advance funds to nonprofit providers of housing with supportive services and providing rental assistance funds that enable extremely low-income residents to pay rent at 30 percent of their income, the HUD Section 811 program works, and works extremely well. North Carolina nonprofits, including the ARC, the Mental Health Association in NC, Inc., the NC Mental Health Consumers Organization, United Cerebral Palsy, the Autism Society of North Carolina and several denominational groups, among others, have made extensive use of this program over the past twenty-five years. North Carolina nonprofits have developed more units of affordable housing for persons with disabilities under the Section 811 and its predecessor Section 202 program than any other state. The North Carolina General Assembly has matched the HUD housing funds with targeted supportive service funds in each funding cycle since the program's inception. Unfortunately, severe funding cutbacks in the federal budgets have reduced the Section 811 program to a level where only about forty units of housing, or about four 10-unit apartment projects, are allocated to North Carolina annually.

Summary

To successfully meet the needs of persons disabled by mental illness, developmental disabilities or substance abuse in a re-organized, de-centralized, community-based setting, existing resources dedicated to affordable housing will need to be re-targeted and new resources from within the mental health funding stream will need to be re-directed to increasing both availability and affordability. The gap between the cost of basic housing and what is affordable to persons whose resources are limited by their disability is not currently being met. Mental health reorganization must address the affordability and availability of housing for persons that the system is intending to serve if the entire effort aimed at more effective, efficient and economic delivery of mental health services is to be successful.