



Supportive Congregate Housing



*Putting the Pieces Together:
Housing Persons with Special Needs in New York State*



March, 2003




Overview

- Supportive Congregate Housing (SCH) is permanent housing for people with mental illnesses who face significant barriers to independence in activities of daily living.
 - SCH provides 24-hour concrete and clinical services focused on habilitation and rehabilitation in tasks of daily living.
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Overview *(continued)*

- The central tenet of SCH is that certain mentally ill persons will enhance their quality of life and move toward recovery in a supervised congregate setting.
 - An equally important tenet is that SCH is permanent housing. Residents may move on to more independent settings but they may also choose to remain in the healing community they have helped create.
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Overview *(continued)*

- Congregate settings with appropriate supportive services create healing, caring communities; residents are not simply objects of another's "care," but are also subjects in relationship and care within the community.
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Background

- Proprietary Adult Homes, originally intended to house frail elderly persons, increasingly house people deinstitutionalized from psychiatric centers.
 - The Adult Home model is ill equipped to serve the needs of persons living with serious mental illnesses.
 - Services and their funding streams are segmented and oversight is difficult.
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Background *(continued)*

- However, NYS cannot afford costly new programmatic initiatives.
 - Supportive Congregate Housing provides high quality, coordinated services in a congregate setting to residents with mental illnesses while reducing NYS's share of these costs.
 - Moreover, the construction of these new facilities would not require NYS funding.
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Proposal

- Create a Supportive Congregate Housing Demonstration Program for experienced, mission-driven nonprofits to develop 1,000 units over three years.
 - Dedicate \$12 million of Federal LIHTCs over the three years to the effort; have the nonprofit developers arrange the debt and equity to finance the projects.
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Proposal *(continued)*

- Create a streamlined regulatory process with criteria specific to the needs of persons with mental illnesses and which is separate from ACF regulation.
 - Make Federal Section 8 rental assistance vouchers available to these projects.
 - Have nonprofit operators overlay resident-specific, Medicaid reimbursable services onto standard ACF services.
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Financing Operations

- Total annual operating cost is expected to be approximately \$29,000 per bed, which compares favorably to the current average \$37,000 per bed cost of proprietary Adult Homes.
 - The state and local share is estimated to be \$13,000 per bed (compared to the current \$18,000 per bed).
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Financing Operations *(continued)*

- The use of Federal Section 8 rental assistance enables NYS to capture more Federal dollars to cover costs.
 - The use of mission-driven nonprofit operators eliminates unnecessary services and costs thereby decreasing costs overall and NYS's share specifically.
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Financing Development

- Federal LIHTCs would finance more than 85% of the cost to build these new facilities preliminarily because of the commitment of NYS headquartered corporations to the effort.
 - The balance of the development cost would be derived from a loan pool established by NYS banks.
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Financing Development *(continued)*

- Additional savings would be derived from the fact that the NYS banks lending to these projects would oversee the development and construction of the facilities on behalf of NYS.
 - As a result, the effort would require **no** NYS capital funding and little or no administrative costs would be incurred.
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Conclusions

- At a time of budgetary constraints, Supportive Congregate Housing can reduce the cost to NYS of providing quality care to residents with mental illnesses.
 - Moreover, the cost of adding these new facilities would entirely be borne by the Federal government and private sector.
 - Everyone wins!
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Exhibits

- **Exhibit A:** Narrative Description of Supportive Congregate Housing
 - **Exhibit B:** Description of Operating Costs and Funding Sources
 - **Exhibit C:** Capital Financing Proposal
 - **Exhibit D:** Cost-Benefit Analysis
 - **Exhibit E:** Institutional Support for Supportive Congregate Housing
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