



October 8, 2020

The Honorable Robert A. DeLeo, Speaker  
Massachusetts House of Representatives  
State House, Room 356  
Boston, MA 02133

The Honorable Karen E. Spilka, President  
Massachusetts Senate  
State House, Room 332  
Boston, MA 02133

The Honorable Aaron Michlewitz, Chair  
House Committee on Ways and Means  
Massachusetts State House, Room 243  
Boston, MA 02133

The Honorable Michael Rodrigues, Chair  
Senate Committee on Ways and Means  
State House, Room 109D  
Boston, MA 02133

**Re: Adequate Funding for the Department of Mental Health’s Rental Subsidy Program;  
Requesting \$10.548M for DHCD 7004-9033 in FY21**

Dear Speaker DeLeo, President Spilka, Chair Michlewitz, Chair Rodrigues, and Honorable Members of the Joint Committee on Ways and Means:

Thank you for your leadership in protecting the health and safety of the residents of the Commonwealth during the COVID-19 pandemic, and particularly for your commitment to ensuring the well being of individuals with behavioral health conditions and their families.

**We are writing to urge the Joint Committee on Ways and Means to fund the DHCD line item 7004-9033 at \$10.548 million. This request is \$3 million above Governor Baker’s FY21 House 2 budget recommendation, with \$2 million for annualization of FY20 commitments and \$1M for new rental subsidies to house individuals with severe and disabling mental health conditions who are experiencing homelessness and DMH clients who are awaiting hospital discharge.**

The Department of Mental Health’s (DMH’s) Rental Subsidy Program is a rental voucher program for DMH clients. DMH clients pay 30% of their adjusted income toward rent and the rental vouchers cover the balance. This program is competitive in rental markets because acceptable contract rents

for new units and for rent increases can be up to 110% of HUD's Fair Market Rents, thus making federal vouchers difficult to use in certain rental markets. We need state subsidies.

DMH clients who participate in the Rental Subsidy Program receive clinical and social services through DMH-contracted community providers that support their recovery, health, and wellness. These providers also support positive tenancy and assist clients in maintaining their units and meeting inspection requirements. Property owners and managers likewise have 24/7 access to DMH-contracted community providers should tenancy issues arise.

The Department of Mental Health Rental Subsidy Program (RSP) is dually funded by DMH dollars (\$5 million in line item 5046-0000 in FY20) and the aforementioned DHCD account (\$7.548 million in line item 7004-9033 in FY20). Therefore, a total of \$12.5 million was spent on the program between DMH and DHCD in FY20.

**The following is justification for funding DHCD 7004-9033 (DMH Rental Subsidy Program) at \$10.548M in FY21, \$3M over Governor Baker's FY21 budget proposal (H2), with \$2 million for annualization of FY20 commitments and \$1M for new rental subsidies to house individuals with severe and disabling mental health conditions who are experiencing homelessness and DMH clients who are awaiting hospital discharge:**

**1) Governor Baker's FY21 budget proposal includes a \$2 million shortfall for the DMH Rental Subsidy Program (RSP).**

In FY20, there was \$11.5M budgeted for the DMH RSP (\$7.548 in DHCD 7004-9033 and \$4M in DMH 5046-0000). Midway through the fiscal year, DMH realized some savings in the 5046 (Adult Mental Health Services and Supports) account and spent an additional \$1M on ~six months of rental subsidies to transition people who were ready for discharge out of DMH hospitals and into supported, community-based housing. This brought total spending for the DMH RSP in FY20 to \$12.5M. The decision was made by the Department to move people who were overdue for discharge and "stuck" in hospitals into more appropriate, less expensive, and less restrictive community-based settings. Little did the Department know at the time how important this move would be for these individuals and their families with the COVID-19 outbreak just a few months later.

The Governor's FY21 budget only includes \$11.5M across the DMH and DHCD accounts for the total DMH RSP. It does not include the additional \$1M that was spent out of 5046 for a partial year of rental vouchers. These dollars annualize to \$2M for a full year of rental vouchers for these same individuals for FY21. In other words, to keep the DMH RSP at the same level of effort for FY21, an additional \$2M is needed over H2 funding levels.

**2) In addition to protecting individuals currently served by the DMH RSP, there is a strong need to expand the program by \$1M – more urgent in light COVID-19.**

The COVID-19 pandemic has taught us that individuals with severe and disabling mental health conditions who are experiencing homelessness or living in congregate settings – such as shelters and state hospitals – are disproportionately vulnerable to COVID-19. According to our colleagues at DMH and the MA Association of Behavioral Health Systems (MABHS), there are currently a total of 194 DMH clients who are ready to be discharged from public and private psychiatric inpatient units but are stuck because of lack of

supportive, community-based housing opportunities.<sup>1</sup> Expanding the DMH RSP by \$1M would address a portion of the need by helping 71 DMH clients secure stable, affordable housing in the community.

**3) Expanding the DMH RSP is more fiscally prudent for the Commonwealth than the alternatives of paying for unnecessary hospital days or costs associated with homelessness.**

We recognize that the Commonwealth is facing intense fiscal constraints related to COVID-19 and believe that funding DHCD 7004-9033 (DMH Rental Subsidy Program) at \$10.548M in FY21 is a fiscally prudent investment. Based upon the most recent Worcester Recovery Center and Hospital (WRCH) cost report submitted to the Center for Health Information and Analysis (CHIA), the WRCH cost per patient per day for psychiatric inpatient hospitalization is \$1,127.70. Without subsidies, there are currently 77 patients ready for discharge and are confined at WRCH and other state hospitals at a high cost to the Commonwealth and to their recovery.<sup>2</sup> Likewise, the National Alliance to End Homelessness estimates that “a chronically homeless person costs the taxpayer an average of \$35,578 per year.”<sup>3</sup> Without subsidies, 3,340 homeless adults with serious mental illness in Massachusetts remain in shelters or on the streets during a pandemic with winter approaching.<sup>4</sup> Help us protect their health and advance their recovery. We know that housing plus the supportive services DMH provides prevent hospitalization and other destabilizing events in people’s lives.

In FY20, the Commonwealth spent a total of \$12.5M on the DMH Rental Subsidy Program to help 1,606 DMH clients secure or maintain supported, community-based housing. A rough estimate of the average rental voucher cost per person per year in the DMH Rental Subsidy Program is \$7,783.31 (\$12.5M/1,606 clients). We believe the true cost per person per year in the DMH Rental Subsidy Program is slightly higher, as the 1,606 figure includes clients that were moved into community-based housing part way through the fiscal year (did not accrue a full year of rental expenses). With all considerations, the cost of rental vouchers to house a DMH client in supported, community-based housing still pales in comparison to the cost of paying for unnecessary hospital days or the direct and indirect costs associated with homelessness. Investing in the Rental Subsidy Program is more cost effective for the Commonwealth, better serves the individual, and promotes stability in our communities.

Thank you again for your ongoing leadership for individuals with behavioral health conditions and their families. Should you have any questions or would like additional information, please contact me or Jessica Larochelle, MPH, MAMH Director for Public Policy, at [jessicalarochelle@mamh.org](mailto:jessicalarochelle@mamh.org).

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<sup>1</sup> As of September 28, 2020, the MA Association for Behavioral Health Systems (MABHS) reported 117 hospitalized patients who were waiting and discharge ready; as of the same date, DMH reported 77 clients approved for transfer but lack appropriate, community-based housing.

<sup>2</sup> As of September 28, 2020, DMH reported 77 clients approved for transfer from public psychiatric inpatient beds but lack appropriate, community-based housing.

<sup>3</sup> National Alliance to End Homelessness. Ending Chronic Homelessness Saves Taxpayers Money. 6 November 2015. Retrieved on September 29, 2020 at: <https://endhomelessness.org/resource/ending-chronic-homelessness-saves-taxpayers-money/>.

<sup>4</sup> U.S. Department of Housing and Urban Development. HUD 2019 Continuum of Care Homeless Assistance Programs Homeless Populations and Subpopulations. Retried on October 1, 2020 at: [https://files.hudexchange.info/reports/published/CoC\\_PopSub\\_State\\_MA\\_2019.pdf](https://files.hudexchange.info/reports/published/CoC_PopSub_State_MA_2019.pdf)

Sincerely,



Danna Mauch, PhD, President and CEO  
Massachusetts Association for Mental Health

Diane Gould, President and CEO  
Advocates, Inc.

Lydia Conley, President and CEO  
Association for Behavioral Healthcare (ABH)

Bill Sprague, President and CEO  
Bay Cove Human Services, Inc.

Brenda Vezina, CEO and Executive Director  
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David Matteodo, Executive Director  
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Reva Stein, Executive Director  
Massachusetts Clubhouse Coalition

Joe Finn, President and Executive Director  
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Monica Luke, Board Chair, Advocacy Committee  
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Rebekah Gewirtz, Executive Director  
National Association of Social Workers Massachusetts (NASW-MA)

Ken Bates, President and CEO  
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Bruce L. Bird, PhD, President and Chief Executive Officer  
Vinfen

Cc: The Honorable Marjorie Decker (Chair, Mental Health, Substance Use, and Recovery Committee), The Honorable Sean Garballey, The Honorable Julian Cyr (Chair, Mental Health, Substance Use and Recovery Committee)