

NAMI Supports Incentive Fund to Develop Broad Range of Mental Health and Substance Use Disorder Housing

Flexible Fund Incentivizes Everything from Licensed Treatment to Integrated Housing

NAMI Oregon requests \$20 million in lottery bond proceeds for deposit in the Housing for Mental Health Fund (ORS 458.380), which is a State Treasury Fund separate and distinct from the General Fund and is designed to incentivize the development of new housing for individuals living with serious mental illness and/or substance use disorders.

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Because the Fund is flexible in what it can finance, **the Housing for Mental Health Fund will incentivize housing that isn't included in the Governor's bond request.** The Governor's request is limited to permanent supported housing, which is integrated and independent housing with some supports. Such housing is in critical need, but it does not meet the full array of housing needs for individuals living with serious mental illness and/or substance use disorders. For example, such housing isn't necessarily appropriate for people stepping down from the Oregon State Hospital, who need more robust licensed treatment housing. Nor does it cover housing such as short-term crisis respite, which is a less-costly and more effective treatment alternative to emergency rooms and acute inpatient treatment.

The Housing for Mental Health Fund also could be tapped to develop cost-efficient alternatives to the Oregon State Hospital. As highlighted in The Oregonian, OSH recently faced a contempt ruling because it cannot accommodate patients waiting for admission in a timely manner.

The Fund received \$20 million in lottery bond proceeds authorized in the 2016 Legislature. Following the incentive structure described in ORS 458.385, the Fund leveraged that \$20 million investment into \$140.5 million in development of new housing, producing 676 total units of housing with 408 reserved exclusively for individuals living with serious mental illness and/or substance use disorders. Importantly, the housing reserved exclusively for individuals with serious mental illness (SMI) and/or substance use disorders (SUD) was tied to treatment and support services.

In other terms, the \$20 million from Housing for Mental Health Fund provided 14 percent of the total development funding for 22 projects. With that 14 percent incentive, some 60 percent of the units developed were reserved for individuals living with SMI/SUD.

The Fund is designed specifically to incentivize new housing rather than pay the total cost. Incentive funding is capped at 35 percent of total development costs. In projects in which 100 percent of the housing is reserved for SMI/SUD, Fund awards help attract outside financing,

such as conventional bank loans. And in affordable housing projects, the 35 percent incentive guarantees integrated units that are specifically tied to treatment and support services for individuals living with SMI/SUD.

The Fund is administered by Oregon Housing and Community Services, which consults closely with the Oregon Health Authority. OHCS is advised by the Mental Health Housing Fund Advisory Committee as described in ORS 458.385, ensuring that funding is used to meet the various pressing needs in communities across Oregon.

**The Housing for Mental Health Fund started with \$20 million in Lottery Bonds.
That \$20 million transformed into \$140.5 million in new housing.**

	Housing for MH Funding	Total Project Development Cost	% Incentive from Fund	Total Units	Total for SMI/SUD	% Housing
Integrated Housing	\$11,340,000	\$ 76,240,368	15%	362	94	26%
Treatment Housing	\$ 8,660,000	\$ 64,240,396	13%	314	314	100%
Total	\$ 20,000,000	\$ 140,480,764	14%	676	408	60%

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