

# Behavioral Health Rental Subsidies Report



Submitted pursuant to Chapter 334, Laws of 2021 (ESSB 5092)

COMMUNITY SERVICES AND HOUSING DIVISION  
HOUSING ASSISTANCE UNIT

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Report to the Legislature

Director Lisa Brown

# Acknowledgments

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# Executive summary

## Overview

This report is submitted to satisfy the reporting requirements in section 129, subsection 85 of the [2021-23 biennial operating budget](#). Subsection 85 appropriates \$9,864,000 (GF-S) for each year of the biennium to provide long-term rental subsidies for individuals with mental health or substance use disorders (ESSB 5092 Sec. 129 (85)). Funds may be used for persons enrolled in the Foundational Community Supports (FCS) program or individuals transitioning from behavioral health facilities or local jails.

(85) \$9,864,000 of the general fund—state appropriation for fiscal year 2022 and \$9,864,000 of the general fund—state appropriation for fiscal year 2023 are provided solely for long-term rental subsidies for individuals with mental health or substance use disorders. This funding may be used for individuals enrolled in the foundational community support program while waiting for a longer term resource for rental support or for individuals transitioning from behavioral health treatment facilities or local jails. Individuals who would otherwise be eligible for the foundational community support program but are not eligible because of their citizenship status may also be served. By December 1, 2021, and December 1, 2022, the department must submit a report identifying the expenditures and number of individuals receiving long-term rental supports through the agency budget broken out by region, treatment need, and the demographics of those served during the prior fiscal year.

## Highlights

- **Expenditures:** Funding is being combined with the existing Community Behavioral Health Rental Assistance (CBRA) program. Contracts are in place to provide services across the state. However, a variety of challenges have slowed the process of subcontracting, spending funds and providing services.
- **Individuals served:** Due to the challenges in contracting, spending funds and providing services, no data are available to release as this report is published.

## Recommendations

- **Make funding expenditure flexible through account deposit.** Funds should be deposited for dedicated use in either Fund 10B – Home Security Account, or 12C – Affordable Housing for All Account. This change would allow unused funds contracted for this purpose to remain available for later use. It would also allow greater confidence for grantees who carry the burden of responsibility in serving clients with long-term care needs.
- **Increase funds in state fiscal year 2024.** A significant funding increase would build capacity to provide project-based vouchers to address insufficient rental revenue experienced by most affordable housing operators, particularly those operating permanent supportive housing.

# Expenditures

As a result of staffing shortages, staff capacity constraints and historically low vacancy rates, spending for state fiscal year 2022 is lagging. The challenges noted here have negative impacts on spending. To spend their grant funds by year's end, housing providers focus more on short-term subsidies. Focusing on short-term subsidies allows providers to spend down contracts but directs Community Behavioral Health Rental Assistance (CBRA) dollars away from the primary purpose as long-term subsidies. Commerce continues to provide technical assistance to grantees and subgrantees to facilitate subcontracting and spending.

## Background on funding alignment with Community Behavioral Health Rental Assistance

The Behavioral Health Rental Subsidies funding is strongly aligned with the CBRA program created in section 129, subsection 16 from the [2019-21 biennial operating budget](#), which provides \$1,980,000 per year for rental assistance for a similar population. Priority for the existing CBRA funding must be given to people on state psychiatric hospitals' discharge lists or in local inpatient behavioral health facilities.

With guidance from our assistant attorney general, the Department of Commerce (Commerce) paired the new fund source with the existing pilot CBRA program, allowing expansion to all 10 behavioral health regions this summer. The statewide implementation of CBRA marks a milestone in expanding permanent rental assistance to those with behavioral health conditions. This is the first time long-term, state-funded rental assistance for those with behavioral health conditions has been available state wide.

CBRA is a supportive housing program. Participants must be eligible for at least one of several different state-provided long-term supports programs, including Foundational Community Supports (FCS). Utilization of these supportive services by clients must be strictly voluntary. Though supportive housing is most frequently thought of as project-based housing, there remains a significant deficit of such housing, the recent capital investments in such housing notwithstanding. As a result, the success of CBRA is dependent on private-market rental housing.

While CBRA allows for indefinite assistance with rent, it is commonly used as a bridge subsidy until another long-term subsidy is arranged, commonly a Housing Choice Voucher (also known as Section 8 voucher). This use as a bridge function extends the option for long-term rental assistance to more eligible clients.

## Historic service levels with CBRA

With guidance from the Health Care Authority (HCA), Commerce has contracted with the 10 Behavioral Health Administrative Service Organizations (BH-ASO) as the lead grantees in each of the 10 behavioral health regions. Lead grantees are responsible for subgranting to eligible non-profit service providers to administer direct rental assistance to eligible clients, monitoring subgrants, and providing technical assistance as needed or referring subgrantees to Commerce for assistance.

## 2019-21 biennium

In the previous biennium, available funding was sufficient only to contract with eight of the 10 regions. The funded regions were chosen to match the existing regions used by [Housing and Recovery through Peer Services](#)

(HARPS), an initiative funded by HCA's federal mental health block grant. HARPS funding doesn't provide long-term rental assistance, making the combination with CBRA a sensible enhancement.

HARPS teams are comprised of 3 FTEs (one mental health provider and two certified peer counselors). Since most behavioral health regions include multiple counties, the presence of a single team didn't allow realistic outreach to all counties in their respective regions. As a result, long-term rental assistance coverage was incomplete in most regions.

## 2021-23 biennium

The Legislature's appropriation of additional funding in the current biennium provided the opportunity to fund all 10 behavioral health regions and ensure that housing providers were contracted in each county within a region. This funding expansion means people with behavioral health conditions in every county will have access to targeted long-term rental assistance for the first time.

## Challenges

### Subcontracting

The COVID-19 pandemic has presented considerable challenges and amplified existing concerns. Many prospective non-profit subgrantees report being overwhelmed by COVID-19 relief funds and are at or over capacity in terms of client service. This lack of capacity compared to funds available has caused subgranting delays in some regions.

In King County, which has the largest percentage of funds, county staff turnover has presented additional subgranting difficulties. In other regions, staff shortages experienced by subgrantees have hindered subgranting, resulting in the delay of provision of rental assistance.

### Vacancy rates

The pandemic and resulting eviction moratoria have worsened pre-existing low rental vacancy rates. Since the pandemic began, already-low vacancy rates statewide have become even tighter due to less unit turnover. The low vacancy rates have had real effects on finding suitable housing of any affordability for clients approved for service, and directly affect spending.

## Individuals served

The Homeless Management Information System (HMIS) is the primary data-collection platform for Community Behavioral Health Rental Assistance (CBRA). However, HMIS cannot be configured until subgrantees are in place. Therefore, meaningful data cannot be derived from HMIS until sufficient time elapses from HMIS setup; this lag in information is characteristic of new program implementation. Thus, there is no client-level data available for this funding source at this time.

Table 1 shows regional client service levels for state fiscal year 2021 (representing the original CBRA fund source). For state fiscal year 2021, approximately 83.7% of those served were provided long-term subsidies, rather than short-term bridge subsidies. The high utilization of long-term subsidies is likely due to the chronic underfunding of the Housing Choice Voucher (Section 8) program, which is the only widely available long-term housing subsidy besides CBRA. This deficit of Housing Choice Vouchers makes programs like CBRA necessary.

**Table 1: CBRA clients served, state fiscal year 2021**

Region	Clients served	Served with long-term subsidy
Great Rivers	147	122
North Sound	20	18
Greater Columbia	16	16
King	17	13
Salish	46	31
Spokane	110	110
Thurston-Mason	11	9
Pierce*	63	41
North Central**	0	0
Southwest**	0	0
<b>Total</b>	<b>430</b>	<b>360</b>

\* Partial year data

\*\* Regions not under contract in state fiscal year 2021

# Recommendations

In January 2019, the [Public Consulting Group reported](#) a deficit of 16,885 housing units for the behavioral health population.<sup>1</sup> Some of that need will be met through capital investments through the Housing Trust Fund and other public financing mechanisms. However, reliance upon the private rental market remains intact, as construction of publicly-funded housing units cannot keep up with the demand for such housing.

Despite the challenges noted above, Commerce is confident that BH-ASOs will fully subcontract funds. Therefore, Commerce makes the following recommendations for future funding consideration:

- **Make funding expenditure flexible through account deposit.** Funds should be deposited for dedicated use in either Fund 10B – Home Security Account, or 12C – Affordable Housing for All Account. This change would allow unused funds contracted for this purpose to remain available for later use. It would also allow greater confidence for grantees who carry the burden of responsibility in serving clients with long-term care needs.
- **Increase funds in state fiscal year 2024.** A significant funding increase would build capacity to provide project-based vouchers to address insufficient rental revenue experienced by most affordable housing operators, particularly those operating permanent supportive housing.

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<sup>1</sup> The Public Consulting Group report on the prioritization and funding of behavioral health facilities in Washington was commissioned by the Office of Financial Management. Data is from 2018 – see table 44, Summary of Bed Gaps by Region and Category, page 56.