

Pathways to Stability and Hope

A Holistic Approach to Permanent Supportive Housing for Individuals with Serious Mental Illness (SMI)

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“Supportive housing costs essentially the same amount as keeping people homeless and stuck in the revolving door of high-cost crisis care and emergency housing.” - [The Corporation for Supportive Housing \(CSH\)](#)

Issue Statement

The absence of accessible permanent supported housing options for individuals with serious mental illness (SMI) poses a critical challenge, contributing to heightened vulnerability, increased homelessness rates, and inadequate support systems. Addressing this disparity demands a comprehensive and nuanced response that prioritizes the development and implementation of sustainable housing solutions tailored to the unique needs and experiences of individuals living with SMI. Effective interventions must embrace a holistic approach that integrates housing stability with wraparound support services, including mental health treatment, vocational training, and social inclusion initiatives.

Permanent Supportive Housing (PSH) addresses the fundamental human rights and dignity of individuals with SMI, providing them with stable housing environments conducive to recovery and well-being. Furthermore, it alleviates the strain on social services and community resources by reducing homelessness rates and enhancing support systems, leading to more efficient allocation of resources. It also fosters a more inclusive and equitable society by recognizing and addressing the systemic shortcomings in mental health care and housing, ultimately promoting social justice and collective well-being. Minnesota must increase their investment in PSH to more holistically meet the needs of individuals with SMI.



Value Proposition Statement

Investing more resources to long-term supportive housing for individuals with serious mental illness is essential for providing a stable foundation for these individuals to break the cycle of homelessness and institutionalization. [Permanent Supportive Housing](#) not only fosters individual recovery but also reduces societal costs associated with emergency services and long-term hospitalization. Embracing long-term supportive housing reflects our commitment to

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compassion and inclusivity, creating stronger communities that prioritize the well-being of every member.

Why is This Needed?

In 2022, 582,462 people experienced homelessness across America, which amounts to roughly 18 out of every 10,000 people ([National Alliance to End Homelessness \[NAEH\]](#), (2024). “On any given night, the homeless services system provides shelter for 348,630 people. Despite these significant efforts, 40% of people experiencing homelessness live unsheltered, which means their primary residence is a place **not suitable for human habitation** (for example, a city sidewalk, vehicle, abandoned building, or park)” ([NAEH](#), 2024). Available resources are simply not enough to ensure permanent housing for everyone who needs it.

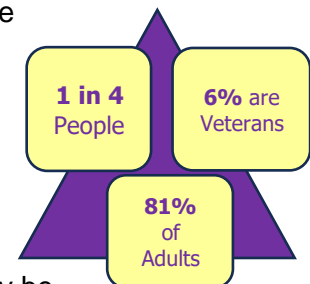
In Minnesota, an estimated [19,600](#) experienced homelessness on any given night in 2018, and 50,600 people experienced homelessness during the year. Key findings from the [MN Homeless Study](#) show:

- Homelessness increased statewide by 10% between 2015 and 2018;
- One-third of those who were unhoused were turned away from shelter in the previous 3 months due to a lack of space;
- There is a shelter bed shortage, and the income of people experiencing homelessness is insufficient compared to the cost of rental units; and
- More than half of respondents had difficulty renting an apartment or obtaining housing due to lack of affordability.

Who is Homeless?

Data at the national and state levels reflect some common characteristics among individuals who are homeless. These include:

- **One in four** people who experienced homelessness in 2022 were [chronically homeless](#) individuals;
- [Veterans](#) comprise **6 percent** of people who are homeless, and 5 percent are unaccompanied youth under 25 years old;
- In Minnesota, **81%** of adults experiencing homelessness have either a chronic physical health condition, [serious mental illness](#), or substance use disorder;
- [Violence](#) and exploitation are both a cause of homelessness, as well as a result of unsafe situations in which homeless adults may be forced to stay. More than half of homeless adults report experiencing at least one act of abuse or violence.



Homelessness and Serious Mental Illness

Homelessness is particularly challenging for individuals with serious mental illness. For individuals with SMI:

- Mental disorders among homeless people contribute to their high rates of [morbidity and mortality](#).
- Rates of serious mental illness, including [schizophrenia](#) and bipolar disorder, as well as substance use disorder are higher in people experiencing homelessness.

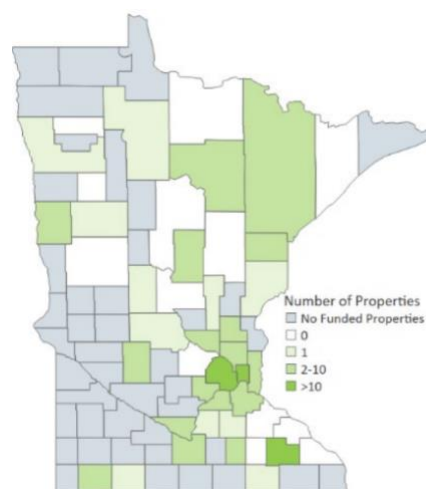
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- Individuals with more severe forms of mental illness are more likely to experience [discrimination](#) when applying for housing.
- People with severe and persistent mental illness make up roughly [30 percent](#) of the population experiencing homelessness.
- Housing [instability](#) can exacerbate the symptoms of mental illness.

Current Policy Approaches and Efforts

Safe and secure accommodations are fundamental to human dignity, quality of life, and active citizenship, as well as an important determinant of mental health. Housing is also recognized as a critical element in [clinical and personal recovery](#) in individuals with serious mental illness (SMI), or a base from which people with SMI can begin to achieve recovery goals.

[Permanent supportive housing with the Housing First model](#) is a proven approach in which people experiencing homelessness are offered permanent housing with few treatment preconditions, behavioral contingencies, or other barriers, and this includes individuals experiencing mental health crises. Residents of permanent supportive housing report that housing provides them with a foundation to make [positive life changes](#), including improving physical and mental health. Investments in permanent supportive housing reduce [public costs](#), reduce the use of mental and physical health care services including inpatient, outpatient, and crisis care, and reduce in shelter stays and criminal involvement.



Counties with supportive housing properties
[Supportive Housing Annual Report](#)

In Minnesota, PSH is reaching the population most in need, as more than 90% of residents were previously [long-term homeless](#). The majority of residents in PSH remain in that [housing](#) beyond one year. Supportive [services](#) help meet the needs of tenants through the provision of tenancy supports (94%), referrals to community services and resources (90%), and case management services (89%).

Current Strategies and Supports

One strategy that the State of Minnesota currently uses to meet the housing needs of adults with SMI is Housing with Supports for Adults with Serious Mental Illness (HSASMI). HSASMI provides [evidence-based services](#) to help people with SMI obtain and retain permanent supportive housing. HSASMI grants are funded through the State of Minnesota and managed through the MN Dept of Human Services. Currently, HSASMI grants support [25 projects](#) across the state. In 2021, these grants served [1,525 people](#). The funding level for HSASMI grants are [\\$4.55 Million](#), with approximately \$2.25 Million per year.

HSASMI grants support people with a [serious mental illness](#) or with a co-occurring substance use disorder; who are chronic or long term homeless, homeless, or at imminent risk of homelessness; or who are exiting institutions or other segregated settings and will be

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homeless. This program targets people with complex needs that face high barriers to obtaining and maintaining housing.

The [goals](#) of the HSASMI program are to help individuals transition from homelessness to housing and retain their housing through the use of evidence-based strategies. Grants can be used by agencies to provide outreach, case management, housing transition, housing sustaining, site-based housing, and community support services.

How Are We Falling Short?

Individuals with SMI experiencing homelessness require more than just housing. They need comprehensive services, including mental health treatment and or substance use treatment support services. People with mental illness are overrepresented in the unhoused population, as about 1 in 5 people experiencing [homelessness](#) in the U.S. have a serious mental health condition. A [lack](#) of enough investments in programs that work like the permanent supportive housing program are part of the reasons why current policies are falling short.

Policy Position Statement

While the HSASMI grant program is having a very positive effect on supporting individuals with serious mental illness, the current level of funding is insufficient to meet the needs. Service providers report that there are [very limited funds](#), with competitive grant dollars that cover less than 40% of the total service cost for the supports that are provided.

Currently, there are areas of the State of Minnesota that are not covered through the HSASMI grants. In addition, the time-limited funding creates challenges with sustaining necessary services. One PSH provider shared that they use their grant dollars to provide 24/7 front desk services for residents, services, which are essential for maintaining stability, but that the grant covers only a portion of the expense.

What We Recommend

1. Passage of [HF3743](#) / [SF3701](#), which adds \$2 Million to the base funding for the HSASMI grant program.
2. Explore shifting mental health services funding from grants to formula-based funding, which would provide greater stability to programs delivering supportive services to individuals with serious mental illness.
3. Enhance the coordinated entry system to incorporate a section for individuals who are experiencing SMI, thereby optimizing their placement into PSH services better tailored for their needs.

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