

Why Home is the Best Medicine

Needs Assessment
2026

THE CRISIS: CURRENT HOUSING MODELS FAIL PEOPLE WITH SERIOUS MENTAL ILLNESS

The Upper Valley faces a critical, systemic shortage of appropriate housing for adults living with Serious Mental Illness (SMI)¹—a population impacting an **estimated 66,000 adults in New Hampshire and 35,000 in Vermont**.

While affordable housing initiatives exist across the region, standard developments fail people with SMI in two fundamental ways:

- **Overwhelming Waitlists:** Years-long waitlists for traditional affordable housing keep individuals with SMI trapped in chronic homelessness, institutional care, or emergency rooms. Individuals with SMI are not competitive applicants when it comes to standard affordable housing.
- **Incompatible Scale:** Standard affordable housing complexes are simply too large.

Dense, high-occupancy buildings create overwhelming sensory and social environments that exacerbate psychiatric symptoms, hinder recovery, and frequently lead to tenancy failure.

THE SOLUTION: SUPPORTIVE HOUSING

To stabilize this population and protect public resources, Upper Valley communities must prioritize supportive housing (SH). Supportive housing is an evidence-based approach that pairs affordable, community-integrated physical housing with flexible, on-site wraparound services. True supportive housing relies on four core pillars:

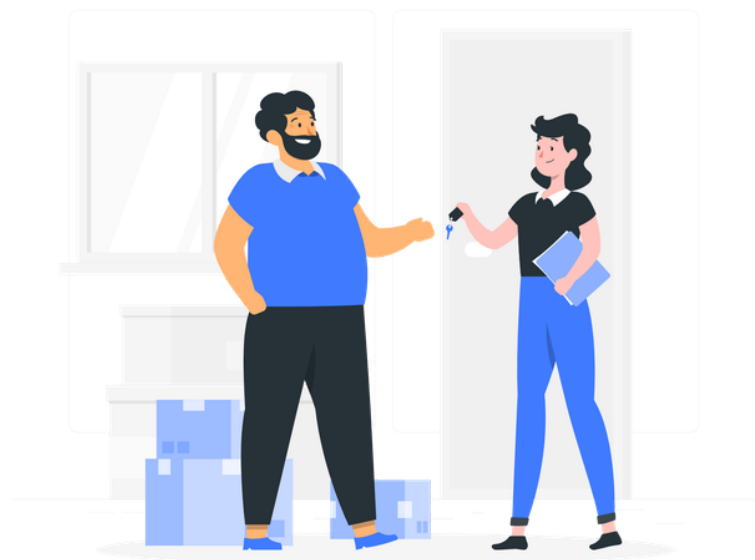
- **Independent Tenancy:** Residents hold a standard lease in their own name.
- **Community Integration:** Units are embedded within the broader community, avoiding institutional isolation.
- **Affordability:** Rent is capped at no more than 30–40% of the tenant's adjusted gross income.
- **Voluntary, Wraparound Services:** On-site case management, tenancy support, and clinical care are offered continuously without being a condition of housing.

THE POLICY CASE: SAVING PUBLIC DOLLARS AND STRENGTHENING COMMUNITIES

Investing in supportive housing is not just a human services essential; it is a fiscal necessity for municipal and state budgets across New Hampshire and Vermont. Rural implementation models, such as Pathways Vermont, prove that supportive housing achieves an **85% housing retention rate** while saving an estimated **\$40 per person, per day** compared to the public costs of chronic homelessness.

Expanding supportive housing across our region will:

- **Reduce Healthcare and Emergency Costs:** Prevents frequent, costly emergency department visits and frees up acute psychiatric beds.
- **Relieve First Responders and Criminal Justice Systems:** Diverts mental health crises away from law enforcement, reducing unnecessary incarcerations, welfare checks, and taxpayer-funded jail expenditures.
- **Drive Regional Cross-Border Collaboration:** Addresses a shared bi-state housing market by aligning resources, funding, and healthcare referrals across Vermont and New Hampshire.



NEXT STEPS FOR STATE AND LOCAL LEADERS

To fully create successful supportive housing in the Upper Valley, policymakers must take immediate, targeted action:

- **Fund and Zone for Small-Scale Developments:** Pass zoning ordinances and direct capital funding toward smaller, low-density developments tailored for individuals with SMI to thrive.
- **Strengthen Infrastructure & Stakeholder Partnerships:** Incentivize local landlord participation, establish cross-border municipal task forces to streamline implementation, and replicate the success of models like the Lakes Region vans to provide reliable and accessible transportation to and from appointments.
- **Expand the Behavioral Health Workforce:** Invest in competitive compensation, specialized training, and retention programs for case managers and mental health clinicians.
- **Foster Cross-Border and Closed-Loop Referral Coordination:** Establish formal interstate task forces between the Upper Valley of Vermont and New Hampshire to align regional housing policies, streamline cross-border care delivery, and integrate unified closed-loop referral platforms, such as Unite Us,² to seamlessly track and coordinate housing, mental health, and social care referrals across state lines.

FOOTNOTES

¹ While there is no standard definition of SMI, it can be thought of as “someone over 18 having (within the past year) a diagnosable mental, behavioral, or emotional disorder that substantially interferes with a person’s life or ability to function” (Substance Abuse and Mental Health Services Administration, 2024).

² Unite Us is New Hampshire Cares Connections’ chosen referral system that “brings together healthcare providers, community-based organizations, government agencies, and other partners to better connect individuals and families to the services they need” (Unite Us, n. d.).

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"My hope is that this assessment becomes the first step toward creating four to six affordable housing units with supportive services, ideally within one or more small housing communities in the Upper Valley for people living with serious mental illness."

- Lynne Goodwin, Human Services Director for the City of Lebanon

REFERENCES

Substance Abuse and Mental Health Services Administration. (2024, November 15). Serious Mental Illness and Serious Emotional Disturbances. <https://www.samhsa.gov/mental-health/serious-mental-illness/about>

Unite Us. (n.d.). New Hampshire's closed-loop coordinated care network. Retrieved August 3, 2026, from <https://uniteus.com/networks/new-hampshire/>

To access the full report, [CLICK HERE](#)