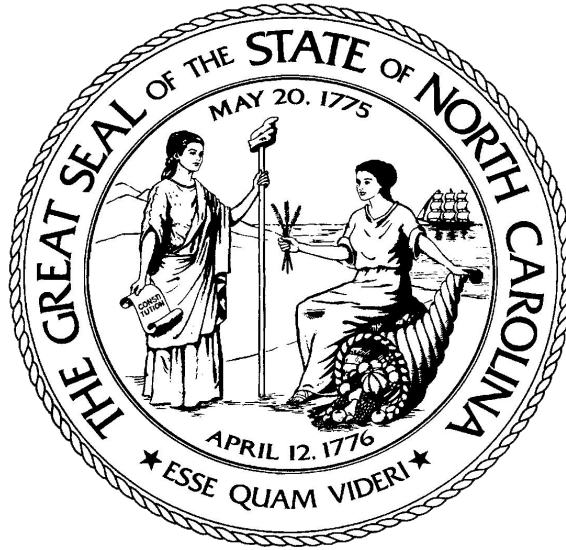


**North Carolina
Transition to Community Living
2026 Annual Report**

NC General Statute 122C-20.15



**Report to the
Joint Legislative Oversight Committee
on Health and Human Services**

**By
The North Carolina Department of
Health and Human Services**

October 1, 2026

Background

The State of North Carolina operates a program known as Transitions to Community Living (TCL), which supports people with serious mental illness (SMI) or severe and persistent mental illness (SPMI) who are residing in Adult Care Homes (ACHs) or at risk for placement in an ACH, and provides them the opportunity to return/remain in their communities.¹

Transitions to Community Living was established in response to a settlement agreement entered into between the State and the United States (through the U.S. Department of Justice (USDOJ)) in 2012. The Settlement Agreement resolved potential claims the United States could have brought against the State alleging that the State was violating the Americans with Disabilities Act, including the Olmstead integration mandate established by the United States Supreme Court in *Olmstead v. L.C.*² On September 11, 2026, USDOJ and the State of North Carolina filed a joint motion asking the federal district court to terminate its oversight of the Transition to Community Living settlement agreement as a result of the State having met all major requirements of the agreement's terms. The motion was granted on September 14, 2026.

Separately, the North Carolina General Assembly has codified TCL in Article 1B of Chapter 122C of the North Carolina General Statutes. Consistent with those statutes and the well-established framework of the program, North Carolina will continue Transitions to Community Living to support people with SMI or SPMI to live, work, and play in their communities.

Costs of Supportive Housing and Services

Between January 1 and December 31, 2025, TCL supported 990 new individuals transitioning into housing, bringing the total number of individuals actively supported in housing to 4,168. Table 1 shows the cost of these new transitions by LME/MCO. Cost of Care is determined by taking the average amount for housing subsidies (per North Carolina Housing Finance Agency report) and services (per TCL budget report) for the total population of TCL for CY25 and multiplying that by the number of new individuals. Services include Transition Year Stability Resource, Community Living Assistance, In-Reach, Emergency Housing, Transition Coordination, Bridge Housing, Mental Health Services, Transition Management Services Assertive Community Treatment, Community Support Teams, Supported Employment, Subsidy Administration, Diversion and Screening, Assertive Engagement, and Incentives for program improvements. Core TCL and Support Service Categories can be found in Appendix B.

¹ Transitions to Community Living | NCDHHS.gov, available at <https://www.ncdhhs.gov/about/department-initiatives/transitions-community-living>

² *Olmstead v. L.C.*, 527 U.S. 581 (1999), is a United States Supreme Court case regarding discrimination against people with mental disabilities. The Supreme Court held that under the Americans with Disabilities Act, individuals with disabilities have the right to live in the community rather than in institutions if “the State's treatment professionals have determined that community placement is appropriate, the transfer from institutional care to a less restrictive setting is not opposed by the affected individual, and the placement can be reasonably accommodated, taking into account the resources available to the State and the needs of others with mental disabilities” *Olmstead*, 527 U.S. at 587.

**Table 1: Breakdown of funds expended for supportive housing by LME/MCO
(CY2025)**

LME/MCO	Total TCL Participants New to Housing (Housed and Re- housed)	Average Cost of Supportive Housing Per Person	Total Costs for # Housed (Avg Cost Per Person* Total Housed)
Alliance	275	\$ 11,250	\$ 3,093,640
Partners	249	\$ 13,758	\$ 3,425,671
Trillium	280	\$15,021	\$4,205,949
Vaya	186	\$12,889	\$2,397,295

Appendix A:

North Carolina General Statute §122C-20.15:

Annual reporting on NC Supportive Housing Program. Annually on October 1, the Department shall report to the Joint Legislative Oversight Committee on Health and Human Services of the General Assembly on the number of individuals within each LME/MCO catchment area who transitioned into housing slots available through the North Carolina Supportive Housing Program during the preceding calendar year. The report shall include a breakdown of all funds expended by each LME/MCO for transitioning these individuals into the housing slots. (2013-397, s. 6(a).)

Appendix B:

Core TCL and Support Service Categories

Service Category	Services Included
ACTT	Assertive Community Treatment Team
CST	Community Support Team
Crisis Services	Behavioral Health Urgent Care (BHUC) Mobile Crisis Management (MCM) Facility-Based Crisis (FBC)
Evaluation & Management Office and Outpatient Visits	New and Established Patient Office/Outpatient Visits Office Consultations Behavioral Health Counseling Outpatient Psychiatric Services Mental Health Partial Hospitalization
IPS-SE	Individual Placement and Support - Supported Employment (IPS-SE) (b)(3) and 1915 (i) IPS-SE
Peer Support Services	Self-Help/Peer Support
Psychological Diagnostic, Evaluation, and Testing	Neuropsychological Testing and Evaluation Psychological Testing and Evaluation Psychiatric Diagnostic Evaluation
PSR	Psychosocial Rehabilitation Services
Psychotherapy	Individual Psychotherapy Group Psychotherapy Family Psychotherapy Outpatient Dialectical Behavior Therapy (Group and Individual) Psychosocial Rehabilitation Services
Substance Use Services and Treatment	Alcohol/Drug Group Counseling, Halfway House, and Residential Ambulatory, Inpatient, and Social Setting Detox Counseling for smoking and tobacco use Medication Assisted Treatment (MAT) Substance Abuse Comprehensive Outpatient Treatment (SACOT) Substance Abuse Intensive Outpatient Treatment (SAIOP)
Transition Management and Tenancy Support Services	Transition Management Services (TMS) Critical Time Intervention (CTI) (b)(3) and 1915(i) Individual Supports