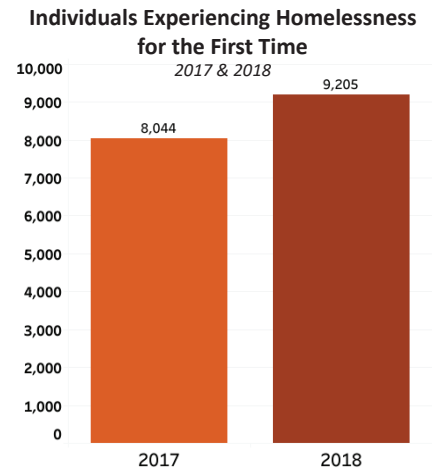




FLEXIBLE HOUSING SUBSIDY PROGRAMS

Background

California's housing crisis has been marked by a continual rise in housing costs and compounded by a severe lack of affordable options. According to the California Housing Partnership Corporation, **median rent in Los Angeles County has increased 32%** since the year 2000, while median renter household income has decreased by 3%. The 2018 Greater Los Angeles Homeless Count found that **9,205 people fell into homelessness for the first time** – a sharp increase from 8,044 first time homeless individuals reported in 2017. One strategy deployed to try and curb this trend is the implementation of flexible housing subsidy programs, which are intended to provide housing stability to those at risk of experiencing homelessness.



Areas Utilizing Flexible Subsidies

Below is a list of cities, states, and countries currently utilizing various kinds of housing subsidies including flexible, shallow, flat, and soft subsidy programs.

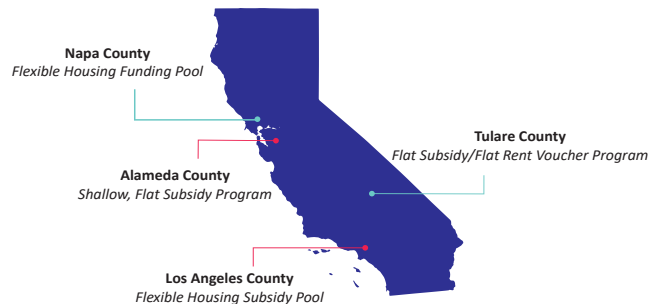
Chicago, Illinois
Flexible Housing Subsidy Pool



Denver, Colorado
Affordable Housing Fund
Social Impact Bonds



California
Flexible, Shallow & Flat Subsidy Programs



Minneapolis, Minnesota
Soft Subsidy Initiative



District of Columbia
Flexible Rent Subsidy Pilot Program



Chile
Flat Subsidy Program



Key Takeaways

- Literature suggests that governments have achieved success with flexible subsidy programs by tailoring successful existing strategies or programs to serve their local vulnerable populations
- Successful policy efforts to provide assistance through flexible subsidy programs must include:
 - funding to help clients achieve housing stability,
 - resources for health/mental health services, and
 - resources for clients with intensive case management needs.



Literature Review

Background and Research Motivation

According to a report from the California Housing Partnership Corporation, the median rent in Los Angeles County has risen by 32% since 2000. The same report found that Los Angeles County's lowest-income renters spend 70% of their income on rent – which leaves little left for food, health expenses, or other needs. The 2018 Greater Los Angeles Homeless Count found that 46% of individuals experiencing homelessness for the first time attributed it to some sort of financial hardship. In hopes of securing housing for those on the verge of entering homelessness, several cities have explored the feasibility of flexible housing subsidy programs. This memo looks at the various flexible housing subsidy programs being piloted across the country.

Flexible Housing Subsidy Programs

Flexible Housing Subsidy Pool – Los Angeles County, California

In 2014, the Los Angeles County Department of Health Services (DHS), the Conrad N. Hilton Foundation, and other governmental partners launched the Flexible Housing Subsidy Pool (FHSP) – a subsidy program intended to assist DHS clients with achieving and maintaining health and housing stability. This rental subsidy program was created out of an identified need to stabilize circumstances for the region's most vulnerable populations, such as those experiencing homelessness and those with complex physical and behavioral health conditions. The pool began operation with an initial investment of \$18 million financed through a combination of private and public funding. Since its launch in 2014, the FHSP has housed over 1,400 households. In addition to securing housing, FHSP ensured clients received intensive case management, supportive service and move-in assistance. The average cost of the subsidy was \$1,050 per month, per client. This amount represented both the cost of the rental subsidy and rental administrative fees (Abt Associates, 2017). According to Los Angeles County Health Services, clients of the following agencies and programs are eligible for assistance through FHSP:

- Department of Mental Health (DMH)
- Department of Health Services (DHS)
- Department of Public Health, Division of HIV and STD Programs (DHSP)
- Probation Department
- LA Care
- Single Adult Model (SAM)
- Office of Diversion and Reentry (ODR)
- Women's Initiatives with Services and Housing (WISH)
- The Housing and Jobs Collaborative
- Medically Vulnerable Probationers (MVP)

Napa Flexible Housing Funding Pool – Napa County, California

In 2015, government officials in Napa County, California engaged national experts to analyze the county's homeless system and make recommendations for improvement. Groups such as the Corporation for Supportive Housing and the National Alliance to End Homelessness (NAEH) conducted multisector stakeholder meetings and analyzed homelessness system and funding data. Among the changes suggested by the consultants was the creation of a Flexible Housing Subsidy Pool to support the creation of more



affordable housing, and support those at risk of becoming homeless. The subsidy pool is designed to centralize the management of system housing resources under a single operator, who matches the resources to eligible households. Additionally, the pool provides housing navigation and placement services, as well as flexible funds that can be utilized in a number of ways to close the funding gaps that serve as barriers to securing housing. The pool also incentivizes landlords to rent to vulnerable populations by setting funds aside that may be drawn from to pay for security deposits, furnishing, and tenant damages (Gehlert, 2017).

Affordable Housing Fund – Denver, Colorado

In response to one of the largest drops in housing affordability between 2010 and 2016, the Denver City Council approved its first-ever dedicated local funding source for affordable housing. The plan, approved in September 2016, was designed to raise \$156.4 million from a new property tax increase and development impact fees. The plan also calls for the preservation or building of 6,000 affordable units. City officials outlined a \$15 million plan for the start of the program in 2017, which included \$9.4 million to support development projects producing income-restricted apartments or homes and \$1.5 million in emergency assistance to 250 households at risk of becoming homeless (Murray, 2016). Denver officials also approved the city's first ever Social Impact Bond Program (SIB) in 2016. The SIB program was designed to be similar in scope to the FHSP programs of Los Angeles County and Chicago. The program has dedicated almost \$8.7 million in private investment funds, paired with \$15 million in federal resources, to provide permanent housing and supportive case management services to Denver's most vulnerable residents. The SIB program will serve 250 chronically homeless individuals. Participants can receive assistance from the program for up to five years (Frederick, 2018).

Flexible Housing Subsidy Pool – Chicago, Illinois

Following the model of Los Angeles County, the City of Chicago launched a Flexible Housing Subsidy Pool of their own to help house the chronically homeless in December 2017. This program will coalesce a wide range of partners including the Chicago Housing Authority, the Chicago Department of Family and Support Services, the Chicago Department of Public Health, the Department of Planning and Development and the Corporation for Supportive Housing. These groups will collaborate on establishing and administering a rental subsidy source that will allow the city to quickly house and provide supportive services to Chicago's most vulnerable homeless populations – including individuals who are frequent emergency room visitors and those who are often entangled in the criminal justice system. In addition to adults with high chances of recidivism, the program's target populations include youth aging out of foster care and unaccompanied youth (Hinton, 2017).

Flexible Rent Subsidy Pilot Program – District of Columbia

In September 2017, The District of Columbia's Department of Human Services launched the Flexible Rent Subsidy Pilot Program with the goal of helping families at imminent risk of becoming homeless achieve housing stability. The initial program is a four-year pilot that provides financial assistance to households to support their ability to pay monthly rental expenses, especially during periods of income volatility, in order to promote long-term housing stability. Additionally, the program will also provide



residents with training in budgeting and money management. The pilot is designed to accommodate between 120-150 households (Government of the District of Columbia, 2017). Program parameters state that in order to be eligible to receive the rent subsidy, a household must be headed by an individual that meets the following requirements:

- Be a D.C. resident at the time of program application;
- Be at least 21 years old;
- Be at or below 30% of the Area Median Income;
- Have physical custody of at least one dependent child;
- Currently employed or have a recent history of employment;
- Currently experiencing homelessness or at risk of becoming homeless.

Housing Solutions for Health Program – Alameda County, California

According to the Alameda County Health Care Services Agency, as a component of the Whole Person Care Pilot Program, the county created the Housing Solutions for Health Program in 2018. The Housing Solutions for Health Program is a cross-agency pilot intended to provide housing subsidies to clients of the Health Care Services Agency Behavioral Health Care Services (BHCS). The Alameda County Housing Authority takes client referrals from BHCS, and is responsible for the day-to-day operations of the housing subsidy administration including working with clients and landlords.

Shallow, Flat Subsidy – Alameda County, California

Shallow, flat subsidies are designed to stretch out finite resources to serve a greater number of people, with the trade-off that recipients receive a less-generous subsidy than they would receive under a traditional subsidy program, such as a housing choice voucher. One of the most widely-studied examples of this type of subsidy program is Alameda County's Project Independence – which is a shallow rent subsidy program with services coordination for low-income individuals living with HIV or AIDS. Participants in Project Independence receive a shallow, flat subsidy that varies by household and bedroom size but is not determined by household income. A single adult renting a one-bedroom unit would receive a \$225/month subsidy. A five-year study found that the average time in rental housing for Project Independence participants was 3.9 years versus 1 year for the comparison group who were program-eligible individuals also living independently in rental housing (Cunningham, Leopold, & Lee, 2014).

Flat Subsidy/Flat Rent, Voucher Program & Public Housing Program – Tulare County, California

As a Moving to Work (MTW) demonstration site, the Housing Authority of Tulare County used its flexibility to implement a flat subsidy in its housing voucher program and a flat rent in its public housing program. As it relates to the voucher program, subsidies vary from \$280 for a studio apartment to \$680 for a five-bedroom unit. The county implemented a flat-subsidy system, rather than a shallow-flat system, to promote increased earnings and self-sufficiency. All non-elderly, non-disabled households receive the flat subsidy, and elderly and disabled households have the option of receiving an income-based subsidy. Subsidy assistance is terminated after five years of participation (Cunningham, Leopold, & Lee, 2014). According to the Housing Authority of Tulare, assistance from the flat subsidy has increased the amount



of earnings families report, but it has also slightly increased the proportion of families with moderate or severe rent burdens.

Soft Subsidy Initiative – Minneapolis, Minnesota

Using its MTW status, the Minneapolis Public Housing Authority implemented the Soft Subsidy Initiative. This program targets 20 homeless or recently homeless adults who have minor children and are capable of working. Program requirements state that at least 75% of units must be occupied by extremely low income families. Families participating in the initiative receive a flat subsidy of \$500/month. Assistance is limited to five years (Cunningham, Leopold, & Lee, 2014).

Flat Subsidy Program – Chile

With the intention of helping young families, the Chilean national government recently implemented a flat subsidy program of their own. Those eligible for the program are low-income adults between the ages of 18 and 30. Participants receive a flat rental subsidy equivalent to \$135/month. Assistance from the program is limited to five years (Cunningham, Leopold, & Lee, 2014).

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