



Memorandum - Short Term Housing Transition Program Proposal (Line Item 7004-0108)

TO: Massachusetts State Legislature

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CC: Undersecretary Tina Brooks
Interagency Council on Housing and Homelessness Director Liz Curtis

DATE: February 23, 2011

We are submitting this memorandum to accomplish three important goals: 1) Indicate our support for the House One proposal to provide homes for families that are homeless and resources so families can avoid entering shelter, 2) Outline suggested improvements to ensure the program is as efficient and successful as possible, and 3) Highlight that this proposal is just one piece of what needs to be a holistic approach to ending homelessness through affordable housing. Thank you for considering these comments and please don't hesitate to contact us with any questions.

Support for the New Approach

The House One proposal reforms the way families who become homeless will be assisted by making housing assistance, not emergency shelter, the primary response to family homelessness. The current approach of providing shelters for families, including motels is not sustainable. Although a budget motel is a more humane alternative than allowing children to sleep in cars or on the street, too many homeless families that seek shelter are placed in motels with limited if any services or the ability to provide basic needs for children.

The Short Term Housing Transition Program proposal provides one piece of the solution to ending the reliance on shelters and motels for families who are homeless. It will provide a critical tool to help meet the needs of homelessness with housing. For the vast majority of families, this tool is anticipated to be more cost-efficient and humane than the current system. Assisting the majority of homeless families with this new tool will be a significant improvement over the status quo.

We fully support the availability of funds tailored to meet each family's housing needs and the creation of a time-limited, transitional housing assistance program for homeless families as a critical tool to eliminate the use of motels and to reduce the number of shelter beds. We also want to continue the conversation to ensure that the full range of housing needs for families with extremely low incomes are met. If enacted, this new program will be just

one tool in what needs to be a multi-pronged strategy that ultimately provides more permanent affordable housing and supportive services than what is available in Massachusetts today. This must include additional rental assistance and an increase in capital funds for the production of new supportive housing with low barriers to entry for families who have extremely low incomes or who happen to be homeless.

Scope of Suggested Improvements

This memorandum outlines areas where additional clarification or adjustments in the Short Term Housing Transition Program design would make the program more useful, efficient and lead to successful outcomes for families, property owners renting to families, service providers and the Commonwealth. These suggested program adjustments relate to line item 7004-0108.

We understand that there are also proposed changes to the Emergency Assistance language (7004-0101) but we have not focused on those changes. We are in general agreement that the Emergency Assistance language should be tailored to direct families that can access the Short Term Housing Transition Program to that program, but that families that are unable to access the funds or succeed in the new program should be able to access a reliable shelter safety net. We accept the Administration's commitment that no families with children will be forced to sleep in cars or on the street under the new approach and that the Emergency Assistance program will continue to provide that safety net. We encourage you to remain actively engaged in this issue past the legislative process to ensure the regulations meet our shared commitment to keep children sheltered and safe.

Maximum Yearly Allowance

The House One proposal includes an \$8,000 per year cap on transitional housing assistance. This inflexible maximum is not consistent with recent experience from the HPRP, and it will make it difficult for families and rental assistance providers to secure a lease in many areas of the state where the gap between the median homeless families' income and rents far exceeds \$8,000 per year. This is especially true in Greater Boston.

We conducted an analysis to determine whether homeless families could afford a 1 or 2 bedroom apartment that is capped at 80% Fair Market Rents with a maximum of \$8,000 per year in assistance. These apartments represent the least expensive options in any particular region, many of which already have high concentrations of poverty. Using data from a 2010 assessment of rehousing homeless families, a median income homeless family would not be able to afford a single bedroom apartment in Greater Boston under an \$8,000 cap on assistance¹. Median income homeless families would not be able to afford a two bedroom apartment using this cap in the following regions: Greater Boston, Barnstable County, Greater Brockton, and the Merrimack Valley.

When considering whether a one bedroom is feasible, it is important to note that the average family size is 2.7 people and 35% of homeless families in the study have three people. In addition to families, property owners, neighbors and other stakeholders will be concerned if families are over-crowded. Family size needs to be taken into account to ensure an apartment is an appropriate size and the maximum yearly cap on assistance is sufficient to support an appropriately sized home.

We propose raising the cap to allow the housing assistance providers to have flexibility in regions with expensive rental markets to exceed the cap so long as the statewide average assistance does not eclipse \$9,000 per year. Here is proposed language:

{ REPLACE } provided further, that such payments shall not exceed \$8,000 for the initial 12 month period for which the family receives assistance hereunder

{ WITH } provided further that such payments shall not exceed \$8,000 for the initial 12 month period for which the family receives assistance for housing hereunder unless the administering agency determines that the family is located in a high cost rental market and cannot secure a stable lease without a greater level of housing assistance, provided further that the Department shall ensure that the statewide average for the initial 12 month period for which a family receives assistance for housing hereunder shall not exceed \$9,000.

¹ \$762/month median income. Source: Rapid Re-Housing of Motel-Sheltered Families:MBHP's Preliminary Assessment

Reliable and Effective Supportive Services

This new model is predicated on three principles: 1) families who have been homeless who receive time-limited housing assistance will increase their incomes over the period of time that they receive housing assistance, 2) landlords that assume the risk of leasing an apartment to a family who was previously homeless with questionable credit or rental history will be able to rely on trained professionals to assist in making sure the family has the financial and life skills to meet the terms of the lease, and 3) families that do not increase their income sufficiently during that time period will be able to transition to other affordable housing opportunities.

To meet the first two goals, a reliable and effective network of supportive services is necessary. This is particularly critical in the first year a family moves into a new apartment after living in shelter or who has avoided a stay in shelter with housing resources. Providing supports and case management to a family that has moved to an apartment is very different than providing services to someone that lives in a shelter so it is important that there is the proper approach embedded in the new system.

We propose additional clarity on how services will be delivered. This will provide reassurances to all stakeholders involved that families will be adequately provided services, especially in the event of a situation that threatens a tenancy. Here is proposed language:

{ADD}, provided that the department shall use funds provided for this program for stabilization workers to focus efforts on housing retention, and link households to supports including job training, education, job search, and childcare opportunities available to members of participating households or to facilitate a household's participation in existing programs to the extent such programs are available and may enter into agreements with other public and private agencies for the provision of such services, and that a stabilization worker shall be assigned to each household;

Avoiding Disincentives to Families Raising Income

As previously noted, families who become homeless have extremely low incomes, with a median family income of \$762 per month in Greater Boston in 2010. The gap between their income and market rents is tremendous regardless of location. The House One language would cut off assistance six months after a family reaches 115% of the federal poverty level: \$21,056 yearly income for a family of three. This level of income is still insufficient to maintain housing and families will be discouraged from increasing their income if they lose assistance when they hit an inflexible cap. Families need assurances that if they raise their incomes and exceed this extremely low threshold, they will not be terminated from the program. Instead, the language should provide flexibility so that as long as a family meets the requirements of a stabilization plan and does not exceed 50 % of area median income, they will not be terminated from the program due to an income eligibility conflict. Using area median income as the standard also accounts for regional differences and is consistent with most housing program eligibility criteria.

{ADD} Provided that a family that exceeds the income eligibility criteria pursuant to [section 30 of chapter 23B](#) of the General Laws shall be eligible for continued assistance hereunder so long as they meet the requirements of their housing stabilization plan and do not exceed 50 per cent of area median income.

Funding Level and Projections to Serve a Median Income Family

We wanted to delineate our analysis of what the program would provide and cost. Based on these projections, the Commonwealth could serve as many as 3,200 families for 12 months with \$38.56 million. If enacted, it will undoubtedly take time to implement the program so a 12 month projection for FY'12 is not likely.

| | Average Rental Assistance | Supportive Services | Administration | Total |
|-------------------|---------------------------|---------------------|----------------|----------|
| Greater Boston | \$10,740 | \$2,500 | \$600 | \$13,840 |
| Worcester | \$7,044 | \$2,500 | \$600 | \$10,144 |
| Merrimack Valley | \$9,696 | \$2,500 | \$600 | \$12,796 |
| Statewide Average | \$9,000 | \$2,500 | \$600 | \$12,100 |

Assumptions: 1st year total, 2 bedroom apartment at 85% Fair Market Rent, 30-35 families per caseworker.

Program Duration

The program caps assistance at 36 continuous months. Data from analysis of the federal Family Self Sufficiency program, a best practice, demonstrates that short-term rental assistance programs that aim to increase incomes need a longer period of time to be successful for significant amounts of families^{2 3}.

For example, if a family who earns the median income of families who are homeless participates in the program and increases their income by \$25 per week for three years, at the beginning of the fourth year, they would need to pay the following percentage of their income for a 2 bedroom apartment that costs 80% of fair market rent: 90% in Greater Boston, 80% in Barnstable County, 54% in the Berkshires, 86% in Brockton, 67% in Fitchburg-Leominster, 80% in Lowell, 87% in Lawrence, 58% in New Bedford, 59% in Springfield and 66% in Worcester.

We understand that this program is a transitional program and is not meant to be a substitute for permanent affordable housing. Given the need for families to make a transition, it will be critical that families 1) increase incomes to a level that is sufficient to access the private market, or 2) the families' name reaches the top of a waiting list for public or private affordable, subsidized housing resources so the short term housing transition program can be a bridge to these resources. We want to flag this critical issue because a 36 month time limit on assistance is a very short amount of time. The Commonwealth will need to expand production of permanent affordable housing with support services over the next three years to ensure sufficient housing options for families to transition.

Time to Lease and Ineligibility for Safety Net

The language does not account for the length of time it takes a family who is homeless and eligible for this program to find an apartment to lease using this program. Based on anecdotal evidence from Homelessness Prevention and Rapid Rehousing program administrators, it generally takes between two weeks and six weeks to lease an apartment with this type of assistance depending on the families' housing barriers and the particular rental market. The language should accommodate for this delay so that a family with nowhere else to go can live in shelter until they are able to lease an apartment under this program.

We also do not believe that families should be barred from accessing emergency assistance if they give a good faith effort to maintain a tenancy and are unable to sustain housing during the course of the program or after assistance terminates due to the time limits imposed. The language needs to accommodate for these circumstances. This is a particular problem in the case of households headed by someone with a disability that prevents them from increasing income.

{REPLACE} Provided further that assistance received under this program shall render a family ineligible for benefits pursuant to [section 30 of chapter 23B](#) and short-term housing transition benefits for a period of 24 months from the later of the date upon which the family exits a temporary emergency family shelter or a short-term housing transition payment is made to or on behalf of the family

{WITH} Provided further, that a family that would otherwise be eligible for temporary emergency family shelter that applies for assistance and is directed to this program shall have housing made immediately available to them or be able to access shelter if no other viable option exists until an apartment is available for the family to rent utilizing benefits hereunder; provided further that assistance received under this program shall render a family that did not make a good faith effort to secure an apartment or did not make a good faith effort to follow their housing stabilization plan ineligible for benefits pursuant to [section 30 of chapter 23B](#) and short-term housing transition benefits for a period of no more than 24 months from the later of the date upon which the family exits a temporary emergency family shelter or a monthly rental assistance payment is made to or on behalf of the family or 12 months for a family that received assistance only for rent arrears, utility charges or extraordinary medical bills, provided that no family with a head of household who is over the age of 60 years or disabled will be denied emergency family shelter benefits because of participation in this program or failure to meet the goals established in a housing stabilization plan;

²The Family Self Sufficiency program includes an escrow account from families to save while participating in the program. This maximizes the incentive to increase income, a component not included in the Short Term Housing Transition Program.

³www.fsspntnerships includes several helpful research documents on the FSS program.