Ending Family Homelessness: National Trends and Local System Responses

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Ending Family Homelessness: National Trends and Local System Responses

Executive Summary

This paper is designed to provide stakeholders in the Homeless Families Initiative with information on national trends that are suggesting significant changes in the country’s approach to ending family homelessness and guidance for responding to these changes by creating well-designed local systems.

Part one of this paper is based on a literature review and analysis of national research on the characteristics of homeless families, typologies of homeless families, and the components of a coordinated system. Part two provides a framework for determining the right balance of interventions in Washington’s Pierce, King and Snohomish Counties and examines potential changes to the use of existing resources.

National Trends

Typologies of homeless families indicate that most families have relatively brief episodes of homelessness--they exit homelessness within three to six months and do not return. Approximately one in five families have a lengthy stay in transitional housing and typically receive a rich array of services as well as a housing subsidy lasting up to two years. Families with short- and long-term stays in homeless service programs have a myriad of challenges, but they are similar to the challenges many other low income families face who never become homeless. A small subset of families experiences multiple episodes of homelessness. This group of families has the most indicators of intensive service needs and requires more assistance than homeless service programs typically provide to achieve housing stability.

Typologies of homeless families suggest a deep mismatch in how homeless service resources are being used. Highest-cost interventions are going to a small subset of families in transitional housing while minimal help is provided to all other families, including the subset with the greatest needs. Homeless service systems can be redesigned to more effectively and efficiently use homeless service resources to help all families experiencing homelessness.

Rapid re-housing programs provide housing search assistance, some upfront rental assistance, and transitional case management to families often at a fraction of the cost of lengthy shelter and transitional housing stays. Rapid re-housing has shown great promise in helping families successfully transition out of homelessness with the vast majority (85 percent or more) avoiding a subsequent homeless episode. It also improves the efficiency of homeless service systems and facilitates access to emergency shelter and long-term supportive housing programs for those who really need them.

Rapid re-housing programs can be expanded to help 80-85 percent of families exit homelessness faster. This upfront assistance will help families who already have relatively short homeless episodes get back into housing even faster. Most of the families currently targeted to receive transitional housing can be more effectively helped with rapid re-housing assistance. By reducing reliance on this expensive intervention, communities can generate savings that can be reallocated to house a larger number of families. Communities can also narrowly target service-rich interventions, such as transitional housing and permanent supportive housing, to the subset of families with more complex needs who require intensive and ongoing support to exit homelessness. Communities that have made this shift have demonstrated promising results. The Administration and Congress have recognized these communities’
success in reducing homelessness. Federal policy now promotes the strategic use of federal resources to end homelessness and provide local communities with the tools they require to rapidly re-house families.

**Local Responses**
The primary intervention currently used to address family homelessness in Washington’s Pierce, King, and Snohomish counties is transitional housing. As stakeholders in the tri-county Homeless Families Initiative decide how to respond to this national shift, two key questions must be addressed:

1. How can the tri-county region approach its overall system design more strategically?
2. Can existing resources be realigned to increase rapid re-housing and support a more efficient mix of system interventions?

Increasing rapid re-housing in the tri-county region will require conversion of transitional housing projects to alternative interventions and/or outcomes. These changes will have considerable implications for families, providers, and funders that must be clearly identified and addressed, especially as they relate to resource allocations. A new system design must include, yet clearly differentiate, the desired outcomes for resources dedicated to housing stability from those dedicated to income progression and other elements of family self-sufficiency. At the system level, each county should begin now to address the essential components of system realignment: Inventory, Outcomes, Need, Funding, Housing Interventions, and Project Analyses.

Successful implementation of a new system design that emphasizes rapid re-housing will be dependent upon existing projects’ potential to convert. Individual project-level analyses should be fully integrated with the system analysis and decision-making. Project analyses should include the Six Key Indicators for Conversion: 1) Organizational Commitment, 2) Mission and Program Rules, 3) Population Served, 4) Physical Structure, 5) Funding, and 6) Performance Measures.

Investments in transitional housing in Pierce, King and Snohomish Counties have been substantial. These investments represent the tremendous efforts of stakeholders in the tri-county region to mobilize and align resources in ways that had never before been accomplished in the country. The work needed to convert resources of this magnitude into a strategic system response with an emphasis on rapid re-housing will require considerable efforts among all Homeless Families Initiative stakeholders. The region’s history of collaboration around ending family homelessness and its potential for using data to inform decision-making provide a unique opportunity for policymakers, funders, and providers to collaboratively realign resources and create a system response that has a balanced array of interventions to end family homelessness.
Introduction

The Homeless Families Initiative in Pierce, King, and Snohomish Counties is an effort to catalyze changes to the region’s systemic response to family homelessness by encouraging practices that make the most efficient use of existing resources and employing effective, proven strategies that have reduced family homelessness in other parts of the country. This paper is designed to provide stakeholders in the Homeless Families Initiative with information on national trends that are suggesting significant changes in the country’s approach to ending family homelessness and guidance for responding to these changes by creating well-designed local systems.

Part one of this paper was prepared by the National Alliance to End Homelessness (NAEH) and is based on a literature review and analysis of national research on the characteristics of homeless families; typologies of homeless families; and the components of a coordinated system. Part two was prepared by the Corporation for Supportive Housing (CSH). It provides a framework for determining the right balance of local system components and examining potential changes to the use of existing resources.

Part One: National Research and Policy Direction

A review of the research on the characteristics and typologies of homeless families indicate that communities can make more effective and efficient use of homeless service resources to end family homelessness. This section will provide a brief overview of the research on family homelessness, examine how communities can use this data to redesign their homeless service system, and explore the critical components of a coordinated homeless service system. This section will explore how federal policy is encouraging the redesign of homeless service systems to more effectively reduce homelessness through the adoption of strategies such as rapid re-housing which provide housing search assistance, some upfront rental assistance and transitional case management to families often at a fraction of the cost of lengthy shelter and transitional housing stays.

Characteristics of Homeless Families

For too many low income families in the United States, homelessness is a frightening reality. According to recent data, 168,000 families with children experience homelessness over the course of a year. In one longitudinal study, one in four low-income families receiving public assistance experienced episodes of homelessness in a three-year period. Unsurprisingly, homelessness is most common among the very poor.

The typical homeless family comprises a single mother with two young children. Half of the parents who become homeless are under the age of 30 and most children are age five or under. Not surprisingly, nearly all of these women are extremely low income. They typically have incomes below 50 percent of the poverty level. For a family of three in 2012, this represents an annual income of less than $9,545 and a monthly income below $795. The best available data indicates that only 41 percent of homeless families are receiving income and employment support from the Temporary Assistance for Needy Families (TANF) block grant program. This indicates limited access to assistance that could help them increase their earnings.

Families generally become homeless after a period of housing instability. They often move from one doubled-up situation to another to avoid homelessness. Most families who double up are able to avoid becoming homeless. However, others are less fortunate. When doubled-up situations are no longer tenable, they become homeless. Homeless families reside in missions, emergency shelter, and transitional housing. They also can be found in cars, outdoors, or in other unsafe locations.
Typologies

There is a good deal of research on the characteristics of families who become homeless. Studies by Culhane and others that use data on the number and duration of episodes of homelessness for families reveal clusters with certain characteristics. v, vi

Temporarily Homeless

By far the largest group of homeless families consists of those who remain homeless for a relatively short period, typically less than three to six months, then escape from homelessness and never return. This group makes up approximately 70-80 percent of the families that experience homelessness over a period of time, although the percentage in individual communities can be greater or less. The parents in these families have a range of social problems, although for the most part their challenges are similar to those of many low-income families that never become homeless. They share some of the same employment barriers and struggle with similar issues. Both groups have limited education and work history. They have similar, albeit high, rates of depression, post-traumatic stress disorder and domestic violence. vii

Studies have found some differences between families that experience homelessness and families that stay housed despite similarly low incomes. Homeless families have thinner social networks than their housed counterparts. viii They have fewer people in their social networks that they can turn to for concrete assistance, to borrow money for example, or for social support. A multi-city study of homeless families found 27 percent of parents were in foster care as a child or an adolescent. ix This suggests they may have strained or nonexistent familial resources.

Another difference: Homeless families may have a more difficult time accessing social programs than housed families. The low rate of participation in TANF by homeless families is one example where these families are deprived of the single largest program of federal work supports for low-income families.

In terms of homelessness, a key point for temporarily homeless families can be summarized as follows. Very poor families in the United States have a high incidence of a range of problems such as domestic violence, mental illness, poor educational background, race discrimination, spotty employment history, and trauma. These problems limit the ability of these families to thrive in a number of ways. The substantial majority of poor families, however, manage in spite of these problems to keep themselves housed. Temporarily homeless families share these characteristics with other very poor families, and in addition, tend to have thinner social networks. They become homeless, but even this expanded range of problems is not enough to keep them homeless for more than six months – they manage to escape, most with only minimal help from social programs. Once they are out of homelessness, they manage to stay out. That being said, these families would do better if they could be re-housed faster. Fortunately, as discussed below, program models are available to do just that.

Long Stayers

Another cluster of homeless families are those with a small number of homeless episodes (usually one), but where the episode is substantially longer in duration, approximately one year or longer. This group makes up approximately 20-25 percent of families experiencing homelessness. x Significantly, they do not appear to have service needs that are substantially different than those with short-term episodes. xi If anything, evidence shows that in large part the service needs of families with long episodes of homelessness in transitional housing are often less acute than other subsets of families. Upon closer examination, it becomes clear that for the most part these families are experiencing long stays because they are residing in transitional housing programs, and these programs are designed for long stays, not because they have any more significant barriers than families who are temporarily homeless. Longer stays are part of the transitional housing program design, which provides a place for families to reside while they engage in training or education programs, or work and receive services such as parenting and budgeting classes. These programs often try to select families for admission that have the highest possible level of motivation, work-readiness, sobriety, and other characteristics conducive to success.
Episodically Homeless

Finally, typological research indicates a third cluster, making up 5-16 percent of families experiencing homelessness. They have three or more homeless episodes, cycling frequently in and out of homeless service programs. They are frequently screened out of or asked to leave programs either for having needs that are too extensive, or for not meeting program requirements.

This group of episodically homeless families has the most indicators of intensive service needs. Culhane found that this segment of homeless families had the highest incidence of children removed from parents’ care and placed into foster care. Parents had the highest incidence of having an inpatient hospitalization for mental health or substance use disorder.

An analysis by Ellen Bassuk suggests some differences between families who are homeless one time and families that have multiple homeless episodes. In her examination, families who experienced multiple homeless episodes were far more likely to have extensive histories of public assistance receipt (on average 53 months versus 21 months) compared to families with one homeless episode. They were also significantly more likely to have been diagnosed with major depression or a substance abuse disorder in their lifetime, and to have been a victim of violence at the hands of a stranger.

Researchers examining the costs associated with family homelessness based on utilization of homeless services found that the families who had repeat episodes of homelessness separated by long absences from services were “unambiguously negative.” That is, they never appeared to achieve housing stability. In addition, the researchers found that family composition often changed dramatically between homeless episodes indicating family instability.

What Does This Research Tell Us About How to Redesign Homeless Service Systems?

These typologies indicate that homeless service resources are not being efficiently used to end homelessness. There is a mismatch between resources and need, with the highest-cost interventions going to a subset of families in transitional housing who often have the fewest barriers to housing, while minimal help is provided to all other families, including the subset of families with the greatest needs. We can, and must, do better. We can achieve better results by being more strategic about how we use homeless service resources. The following observations can help to shape a redesigned system:

- Temporarily Homeless families already exit homelessness relatively quickly with little help from the homeless service system to find or pay for new housing. Homeless service systems can be redesigned to provide these families the upfront assistance they need to access new housing. Rapid re-housing assistance can dramatically reduce the amount of time families spend in homelessness by providing housing search assistance, some upfront rental assistance, and transitional case management services.

- Long Stayers typically receive a rich array of services and deep rent subsidies for up to two years in transitional housing programs. The group selected for this intervention frequently includes those families with the fewest barriers and the greatest assets, by the depressed standards of homeless families. Most of the families receiving transitional housing can be more effectively helped to exit homelessness with rapid re-housing assistance. By reducing reliance on this expensive intervention, communities can generate savings that can be reallocated to help a larger number of families exit homelessness with rapid re-housing assistance.
Episodically Homeless families, a small group with the most severe problems, experience multiple episodes of homelessness. They repeatedly fall through the cracks of the homeless service system without ever accessing the help they need to stabilize in permanent housing. Communities can help these families avoid ongoing housing instability by carefully targeting intensive housing and service interventions to this group.

In the past decade, there have been a number of communities that have adopted a more planned, systemic response that uses the data described above to design and scale a coordinated array of interventions calculated to shrink the number of families experiencing homelessness. Hennepin County, MN and Columbus, OH were among the first to develop a system-wide strategy to manage their local homeless service resources. Other communities that have made great strides include Mercer County, NJ, Salt Lake City, UT, Grand Rapids, MI, and Memphis, TN. They now have a coordinated assessment process to match families with the level of assistance they need to exit homelessness, while avoiding spending more than is necessary in order to serve more families.

In these communities, rapid re-housing is broadly used to help families move back into housing faster. Rapid re-housing programs provide housing search assistance, some upfront rental assistance, and transitional case management to families often at a fraction of the cost of lengthy shelter and transitional housing stays. This approach increases the efficiency of homeless shelter systems. With shorter stays, existing emergency shelter beds serve more people. It also helps them target richer interventions, such as permanent supportive housing and transitional housing, far more narrowly to serve those with the most significant challenges. By working with landlords to overcome barriers to housing, and offering temporary rent subsidies, they can also aggressively link the families to support services in the community, particularly services related to employment and other income supports. These leading communities continue to rely heavily on data to improve program performance and families’ outcomes.

In these leading communities, the most important development has been the use of rapid re-housing, which is designed to greatly shorten the experience of homelessness for these families.

Across the country, communities have implemented rapid re-housing to respond to family homelessness with funding from the Homelessness Prevention and Rapid Re-housing Program (HPRP), and they are demonstrating impressive results. Communities are successfully, and quickly, re-housing families at a minimal cost by providing assistance in locating housing, short-term rental assistance, and follow-up case management focused on employment. In doing so, they are improving the lives of families.

In the first year of HPRP, 110,000 homeless people in families received rapid re-housing assistance, including housing search, short-term rental assistance, and follow-up case management, to move out of homelessness and back into housing. Almost all — 91 percent — of households receiving rapid re-housing assistance exited homelessness for permanent housing. More than half of all households did so with just one month of assistance. The data emerging from local communities on the impact of rapid re-housing is compelling. It shows that rapid re-housing:

- Reduces the number of families experiencing homelessness on any given day.
- Helps families successfully transition out of homelessness with the vast majority (85 percent or more) avoiding a subsequent homeless episode.
- Reduces the amount of time families remain homeless.
- Is cost-effective.
- Helps communities leverage new partners and resources to end family homelessness.
- Improves access to emergency shelter and long-term supportive housing programs for those who really need it.
- Allows homeless service systems to serve all kinds of families.
An analysis conducted by Focus Strategies compared the housing outcomes of families receiving rapid re-housing with families receiving transitional housing in 14 Continuum of Care jurisdictions. Families receiving rapid re-housing had better housing outcomes at a lower cost than families assisted with transitional housing. Rapidly re-housed families were more likely to exit homelessness for permanent housing than families exiting transitional housing (85 percent of rapidly re-housed families compared to 55 percent of families exiting transitional housing). The average cost of providing rapid re-housing was $3,089 per family compared to $10,656 per family for transitional housing. Few families returned to homelessness. In the seven communities that captured returns to shelter, four percent of families assisted with rapid re-housing and nine percent of families served with transitional housing re-entered shelter within 12 months of exiting homelessness.

In addition to expanding rapid re-housing, leading communities seek to ensure that the small minority of families with much higher barriers will also receive rapid placement in housing, but this time in permanent supportive housing, with long-term housing subsidy and services. And they redesign transitional housing, for different interventions, to get families out and in to permanent housing faster, or to serve families with more substantial barriers. This framework helps us understand what families need to end their homelessness, and gives some idea of the percentage of households that can be assisted through expanding rapid re-housing interventions versus those that need more intensive assistance.

What Are the Right Components of a Coordinated System?

Communities can make significant progress in reducing family homelessness by redesigning their homeless service system to promote more efficient and effective use of scarce resources. Homelessness prevention and diversion programs can be better targeted to families at greatest risk of homelessness. New strategies, such as rapid re-housing, can be expanded to help 80-85 percent of families exit homelessness faster. Communities can also narrowly target service-rich interventions, such as transitional housing and permanent supportive housing, to the subset of families with more complex needs who require intensive and ongoing support to exit homelessness. Below are the components of a coordinated homeless service system and how they should be utilized to improve efficiency.

Homelessness Prevention and Diversion
Communities should ensure that homelessness prevention resources are available to families who are the most vulnerable to experiencing homelessness. Data from a community’s Homelessness Management Information System (HMIS) can be used to help inform the targeting of prevention resources to ensure the characteristics of families served with homelessness prevention programs “match” the characteristics of families entering homelessness. Communities can also offer options to families that will allow them to avoid entering shelters. This can include offering re-housing assistance to families who are able to remain in their existing housing for a short period of time. Communities can also explore strategies to provide re-housing assistance to families on waitlists for shelters to help them stabilize their housing and prevent an unnecessary shelter stay.

Emergency Shelter
Emergency shelter should be easily accessible to families whose homelessness cannot be prevented. Emergency shelter should be designed primarily to accommodate short stays and be focused on connecting families rapidly to the assistance they require to access and remain in permanent housing. Rapid re-housing programs can help reduce the length of time families reside in emergency shelter, which can allow emergency shelter programs to serve a greater number of families over the course of a year. Some communities may wish to explore converting transitional housing to emergency shelter to ensure all families in crisis have a safe and appropriate place to stay.

Rapid Re-Housing
The vast majority of families experiencing homelessness should be offered rapid re-housing assistance. Rapid re-housing programs provide housing search assistance, some upfront rental assistance and transitional case
management to families. Rapid re-housing programs must be sufficiently flexible to assist the broad array of families' needs within this group. Some families can regain and sustain housing with only modest financial assistance and services to reconnect to housing. This is supported by data on how quickly most families currently exit homeless service programs and do not return. Other families may require ongoing financial assistance to pay for housing, lasting as much as a year or longer. The kinds of services families’ need, and the intensity of services required, can also vary widely across families. Some intensive service models, such as Critical Time Intervention (CTI), are consistent with a rapid re-housing approach. CTI is a time-limited intensive case management model that has been demonstrated to be effective in helping families with significant challenges, including mental health issues, re-stabilize in housing. Communities should develop mechanisms, such as adopting progressive engagement strategies to ensure families will have the amount of support they need to help them transition back into housing.

**Transitional Housing**

The use of transitional housing should be critically evaluated in local communities. When the cost of transitional housing is high compared to other homeless service interventions and there is no evidence that families it serves fare better, communities should revise how their existing transitional housing stock will be used. Scattered-site transitional housing that allows families to transition-in-place can be considered rapid re-housing under certain conditions. Communities may elect to convert transitional housing to permanent supportive housing or emergency shelter depending on the communities’ needs. Communities may also elect to retain some transitional housing to serve discrete subsets of population who may benefit from service-rich residential programs. This might include residential programs that are proving effective in helping parents achieve sobriety, reunite with children placed in out-of-home care, or facilitating re-entry after a period of incarceration. Some providers may be required to shift who they serve and require others to evaluate outcomes.

**Permanent Supportive Housing**

Permanent supportive housing should be targeted to families that are unable to access or remain in housing without ongoing and consistent support services. Permanent Supportive Housing is needed for families who have experienced episodic homelessness and in instances where the collateral consequences of homelessness impact families and children’s functioning and outcomes (including where families are at-risk of separation due to homelessness). Family permanent supportive housing providers should also consider making family units available to chronically homeless adults with children under the age of 18.

**Federal Policy**

It should be noted that federal policy is moving away from extended periods of homelessness in shelters and transitional housing toward rapid re-housing approaches. The Administration and Congress recognized the success of local communities that used rapid re-housing to improve the effectiveness of their homeless service systems and reduce family homelessness. The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act; Opening Doors: The Federal Strategic Plan to End Homelessness; and the Homelessness Prevention and Rapid Re-housing Program (HPRP) were each informed and inspired by the demonstrated success of rapid re-housing interventions to help homeless families quickly and successfully reconnect to housing. They were each designed to promote the strategic use of federal resources to end homelessness and provide local communities with the tools they require to quickly reconnect families to housing.

- The HEARTH Act restructures HUD’s McKinney-Vento Homeless Assistance Programs and establishes a federal goal for high performing communities that **individuals and families who become homeless should return to permanent housing within 30 days**. Communities are expected to demonstrate that they are using federal resources to make progress in reducing homelessness. This includes reducing the number of people who become homeless, the length of time people remain homeless, and the rate at which people who exit homelessness later return to shelter.
Opening Doors: The Federal Strategic Plan to End Homelessness was presented to the President and Congress by the U.S. Interagency Council on Homelessness in June 2010. It provides the Administration’s vision for how homelessness will be ended. Among the 10 objectives is re-tooling the homeless response system to more effectively prevent homelessness and rapidly return people who experience homelessness back into stable housing.

The American Recovery and Reinvestment Act provided $1.5 billion to local communities for HPRP. The one-time funding was designed to equip communities with the tools they needed to serve rising numbers of people impacted by the recession. The dedicated resources for homelessness prevention and rapid re-housing allowed communities such as Salt Lake City, UT to accommodate sharp increases in demand for family shelter without expanding shelter capacity; denying families’ assistance; or sharply increasing costs. Rapid re-housing also allowed communities such as Clark County, NV to reduce the number of families experiencing homelessness on any given day and allowed others to significantly reduce the amount of time families remain homeless.
Part Two: Local System Responses

Emerging national trends and federal funding requirements will soon drive communities to increase rapid re-housing approaches that reduce the number of days that families are homeless before they move into permanent housing. Communities across the country are re-examining the effectiveness of their current interventions to determine their ability to meet the goals of federal policy and align with the guidance of national research.

Local Context

The primary intervention used to address family homelessness in Washington’s Pierce, King, and Snohomish Counties is transitional housing. While aggregate data sets on the region’s investments do not exist, initial estimates suggest that more than $200 million\(^1\) in capital financing has been spent to build or acquire transitional housing apartments in the region. An estimated minimum of $20 million\(^2\) per year pays for the operating and service costs of these and other transitional housing programs that are administered in scattered-site, privately-managed rental housing. In large part, these investments represent the tremendous efforts of the Sound Families Initiative to mobilize and align resources in ways that had never before been accomplished in the country. The system work achieved during the Sound Families Initiative well positions the tri-county region to collaboratively take local system design to its next level.

In light of today's national trends, local policymakers, funders, and providers in the tri-county region are now considering whether the area’s incredibly large investment in transitional housing could be realigned to create a system response that better balances interventions with needs and moves families into permanent housing faster. As stakeholders in the Homeless Families Initiative decide how to respond to national research and policy direction, two key questions must be addressed:

1. How can the tri-county region approach system design strategically?
2. Can existing resources be realigned to increase rapid re-housing and support a more efficient mix of system interventions?

A significant amount of momentum exists in the tri-county region to address these questions. The Homeless Families Initiative includes rapid re-housing as one of its five pillars, and each of the three participating counties has initiated discussions with providers about increasing rapid re-housing efforts. Building Changes and King County have recently made available $1 million for capacity building grants to shelter and transitional housing providers to support a housing realignment process that will transform the community away from the traditional “housing readiness” approach so they can move families toward quicker access to permanent housing. Pierce County Community Connections is providing short term rental assistance to eight agencies that will rapidly re-house families.

At the system level, some policymakers and funders are excited about the prospects of the rapid re-housing approach and are beginning to move resources in that direction, while others need to know more about why these changes are beneficial before committing to policy changes and project amendments. State and local funders have engaged in initial discussions about changes to the region’s transitional housing investments. These funders are

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\(^1\) Based on a sample set of 493 units in King County with average per-unit costs of $225,133 and information from funders that suggests there are 1,028 units in the tri-county region with capital investments.

\(^2\) Based on the average Fair Market Rent in the region for a 2-bedroom apartment ($12,156) and information from funders that suggests there are a minimum of 1,819 transitional housing units operating in the region. Preliminary data from each county suggest much higher per-unit costs, but no single database exists to clearly demonstrate each funder’s contribution so a reliable average of known costs could not be established.
learning about each others’ requirements as they relate to time-limits and mandatory services, and they are beginning to envision what it might take to convert their resources to other interventions.

Some provider agencies are eager to move forward with conversions of individual transitional housing projects in order to align with federal policy direction. Others are uncertain about what these changes might mean for their organizations and are awaiting more information. Providers often view their impact on family homelessness through the lens of their individual agency’s values and missions. Some homeless housing providers were founded as community service agencies that began providing housing out of necessity when increasing numbers of the low-income families they served with life skills, education, and employment services were unable to succeed because they were homeless. Others first implemented shelter and transitional housing as far back as the 1980s and 90s and highly value their long histories of providing these interventions. Many agencies’ missions relate both to ending homelessness and fostering self-sufficiency.

Agencies with this type of background and mission continue to value outcomes related to family stability to a degree that may parallel their goals for housing stability. If asked to convert transitional programs to rapid re-housing, these agencies may not immediately agree that the rapid re-housing approach is compatible with their goals. This perspective should not be perceived as resistance to change; rather it is an opportunity for dialogue about differentiating the outcomes for investments in housing stability from those dedicated to income progression and other elements of family stability. The goals of family self-sufficiency are very much a part of the Homeless Families Initiative. The distinction is that transitional housing requires families to participate in services as a condition of tenancy, and it requires families to move out within 24 months. In rapid re-housing, permanent housing placement is addressed first to provide a stable platform from which services can be offered and received. Once housed, tailored services will then connect families to education, training, and ultimately the long-term family-wage jobs they need to achieve self-sufficiency. The issue of balancing housing stability and family stability goals certainly warrants further discussion to clarify expectations among Homeless Families Initiative stakeholders.

Moving through a process of systems change will require a significant amount of collaboration and analysis that is informed by data at both the system and project levels. Efforts of to realign existing resources will ideally result in a high-functioning system with the right mix of housing interventions to end family homelessness: prevention and diversion, emergency shelter, rapid re-housing, transitional housing, and permanent supportive housing.

How Can the Tri-County Region Approach System Realignment More Strategically?

Creating a well-designed system response to family homelessness from scratch would not be an easy task. Creating a well-designed system response by unwinding existing resources will be even more challenging. Analysis must be performed at both the system and project levels to inform strategic, effective design and realignment.
Communities that convert transitional housing to other interventions without system-level direction risk creating new types of fragmented systems that are not collectively responsive to family needs. In Chicago, providers were given the option of converting their transitional housing to permanent supportive housing or interim housing, which was intended to operate as short-term shelter that would rapidly re-house families. The system did not assess the amount of each intervention that was needed or clearly define interim and rapid re-housing approaches. Instead, agencies made independent decisions as to which interventions they would convert. Some providers simply waited out the change, hoping it wouldn’t apply to them. The result is a system with an abundance of interim housing with longer than desired lengths of stay and not enough of the other interventions required to meet the needs of all families who are homeless or at risk.

Conversely, a system-directed response that does not take into account the perspectives of provider agencies and the specifics of individual projects is at risk of establishing system-level direction that is difficult or impossible to implement. For example, a provider in Los Angeles County was eager to convert to permanent supportive housing. After completing a CSH Transitional Housing Analysis, however, it became clear that the agency’s motivation for conversion was intertwined with a desire to leverage a capital investment that was not compatible with the project’s existing time-limits on occupancy. When the agency’s Board of Directors learned that shifting the project to permanent supportive housing would require serving households with disabilities under HUD requirements, they were no longer inclined to do so because they were concerned about their ability to achieve education and employment outcomes, which were highly-valued by the agency.

Ensuring successful conversions and a balanced system response requires a commitment to informed decision-making based on the opportunities and challenges at both the system and project level.

**System Analysis**

The goal of the system analysis is to determine the right mix of each of the interventions needed to end family homelessness. The system-level analysis will require, at a minimum: an inventory of the current responses; a study of aggregate outcomes, evaluation of family needs, clarity around funding requirements; well-defined housing interventions; and project-level analyses of existing projects.
Following is a summary of each component of the system analysis as it relates to local efforts and essential next steps.

**Inventory**
Each county should complete an inventory of the investments in its jurisdiction’s current interventions. This inventory will provide a clear picture of the current system and clarify the way it currently invests in interventions. Each county should ideally track this information in an online database that can be shared by funders across departments and agencies rather than in a static spreadsheet that must be emailed to be shared. Other uses for a system-wide investment database include links to the Homeless Management and Information Systems (HMIS) tracking of aggregate outcomes to inform each funder about the performance of its contributions. Linking investment totals with outcome data will allow the system to determine the cost for each successful exit from homelessness to permanent housing.

**Outcomes**
Knowing the right mix of interventions in a given community is powered most significantly by how well the current interventions are performing. System-level outcome analysis should examine aggregate performance in order to identify duplication and gaps in service for families with current interventions. Outcomes should be differentiated as to those that relate to permanent housing and those that relate to other aspects of family stability and self-sufficiency. Examining current outcomes will also inform predictive modeling on different mixes of interventions based upon the expected turnover of each intervention over an extended period of time, for example, a five year period. The counties should each drive a community process to set performance measures and indicators to be examined through the HMIS. An increased emphasis on outcomes will promote data-driven decision making at the system and individual project level.

**Need**
Understanding family need is paramount to effective system design. HMIS and Point in Time (PIT) data are critical to successful alignment of resources. The Westat Group’s Homeless Families Study will enhance the region’s ability to examine local characteristics and typologies of homeless families. This data, triangulated with the typologies presented in the Culhane study, could give each county an advantage in successfully “right-sizing” its system that is not available in most communities. While this level of data and analysis is still in progress, preliminary information about local family characteristics as they relate to those presented by NAEH include the following:

| National and Local Data on the Characteristics of Families Who Are Homeless |
|-------------------------------------------------|-------------------------------------------------|
| **Characteristic**                              | **NAEH Analysis of National Data**              |
| Family Composition                               | The typical homeless family comprises a single mother with two young children. |
| Age of Parents                                  | Half of the parents who become homeless are under the age of 30. |
| Age of Children                                 | Most children are age five or under.           |
| Age of Parents                                  | The average age of responding parents is 31.   |
| Age of Children                                 | Sixty-five (65) percent of families are headed by a female single parent. Homeless families responding have an average of 2.53 children. |
| Age of Children                                 | Sixty-eight (68) percent of families have at least one child under the age of six. |
Income

| Temporary Assistance to Needy Families (TANF) | Homeless families typically have monthly incomes of less than $795. | Mean monthly income of responding families is $614, and median income is $478. | The best available data indicate that only 41 percent of homeless families are receiving income and employment support from TANF. | Fifty-eight (58) percent of families responding received TANF in the past 30 days. |

In order to ensure an appropriate mix of interventions, the system should compare the eligibility criteria and cultural competency of current interventions with the data available about families who are homeless to identify where mismatches exist and alterations are needed.

Funding

A system transformation that involves unwinding existing resources for new uses will require far more than individual funder approvals of project-specific conversions. Commitment to collaborative decision-making will be essential. Because converting existing resources will most significantly relate to transitional housing, it is important to understand which funders require time-limits and mandatory services. In the tri-county region, the primary drivers of the transitional intervention have been HUD and the Sound Families Initiative.

HUD funding is undergoing significant changes through the HEARTH Act. The law changes the way funds under the federal McKinney Act are allocated and the responsibilities that local communities have in addressing homelessness. The HEARTH Act addresses a number of requirements related to governance and structure of local systems; data collection through HMIS; planning efforts; and the new outcome goals described in Part one.

A fair amount of confusion seems to exist among funders and providers in the region as to which funding sources used under the Sound Families Initiative actually require the use of transitional housing time limits and mandatory services. The funders most often cited as having these requirements are the Bill & Melinda Gates Foundation, the Washington State Housing Finance Commission, and the Public Housing Authorities. CSH researched the statutory and regulatory requirements of these funders and a number of others that have been used for transitional housing locally and found that in nearly all cases, these requirements were established as a local overlay designed to support the Sound Families Initiative rather than function as a requirement of statute. Appendix E summarizes the requirements of the most significant fund sources used to create transitional housing in the tri-county region and provides an assessment as to what would likely be involved in changing these requirements.

Housing

Communities dedicated to a well-designed system must establish clearly agreed-upon definitions for each housing intervention. This will allow for a clear distinction between resource allocations aimed at housing and those aimed at family stability and self-sufficiency. In transitional housing models, housing and services are completely intertwined. Rapid re-housing approaches distinguish the two by prioritizing placement in permanent housing. Once housed, these families may benefit from services that are focused on income growth and family stability, but these services should not be confused with those necessary for a smaller subset of families who need supports in order to remain in housing.

Service-rich interventions that focus on housing stability, such as permanent supportive housing, are most cost-effective for the subset of families with more complex needs who require intensive and ongoing support to exit homelessness permanently. Projects that convert from transitional to permanent supportive housing should be
carefully redesigned to align with best practices such as voluntary services that are delivered through assertive engagement.

Increasing rapid re-housing will require the system to more fully engage with the private rental market. The system analysis should include initial and ongoing assessments of local vacancy rates, screening criteria, and the success of Landlord Liaison and HPRP programs. Providers and funders will need to learn what is important to local landlords in order to effectively negotiate housing placements and address housing stability concerns. Post-placement crises interventions should be available to support both families and landlords who need assistance when housing stability is threatened. One example of a successful local program that employs a post-placement safety net is the King County Housing Authority’s Housing Access and Services Program (HASP).

Project Analysis

The core of an effective system design that involves the realignment of existing resources is an analysis of each project’s ability to covert to alternative interventions. The project analysis will inevitably inform the system analysis because implementation is dependent upon each agency and project’s propensity for change. The experiences of other communities suggest that it is atypical for a project to be 100 percent “ready-to-convert.” Project-level analyses can prevent assumptions, lead to smoother implementation, and greatly inform overall system redesign. A key component of the project analysis is the provider agency’s perspective on the conversion of transitional housing to alternative interventions.

All agencies, even those that are anxious to convert to rapid re-housing, need to look at their own organizational structures and individual projects in order to approach conversions with as much clarity and focus as possible. Work in Illinois, Indiana, Oregon and California informed CSH’s development of a Transitional Housing Analysis Tool to help communities and agencies consider the many layers of work that are involved in converting the use of individual transitional programs. The tool objectively scores programs on their capacity to convert based on six key indicators:

Six Key Indicators for Conversion

<table>
<thead>
<tr>
<th>Organizational Commitment</th>
<th>Mission and Program Rules</th>
<th>Population Served</th>
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</thead>
<tbody>
<tr>
<td>Physical Structure</td>
<td>Funding</td>
<td>Performance Measures</td>
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CSH’s project analysis includes a review of policies and procedures; annual progress reports for those that are McKinney/HEARTH funded or comparable outcomes reports for those that are not; leases; and agency interviews. Initial interviews are conducted at the beginning of the analysis to allow agency staff the opportunity to share their perspectives about the current status of their programs and their thoughts about conversion. CSH then rates subcategories of each of the six key indicators on a scale of one through five (five being the most aligned) and averages those scores as they relate to potential conversion to rapid re-housing, permanent supportive housing, or transitional housing that can meet HEARTH Act outcome measures. Once the scoring is complete, CSH reviews its analysis with the agency to make final adjustments to the recommendations. Details on each of the Six Key Indicators for Conversion follow.
1. Organizational Commitment
Critical to any conversion is the transitional housing provider’s willingness to make the change from transitional housing to a different response to family homelessness. A commitment is required at multiple levels within the organization, from the Board of Directors and Executive director, to management and program staff. Having a broad-based commitment among people invested at all levels ensures the best chance for a successful conversion. The openness and willingness of the agency to explore the possibilities of conversion, or at a minimum, a Transitional Housing Analysis of the project is essential.

2. Mission and Program Rules
In addition to organizational commitment, the agency’s mission should support alternative interventions. For some organizations, this involves embracing a new outlook on the people they have traditionally served in transitional housing. Conversions to permanent housing require a cultural shift that considers the “client” a long-term “tenant” who is part of a permanent community rather than a “participant” in a time-limited service program. Under a rapid re-housing model, mission orientation is critical to transforming from a focus on services to a focus on housing. Additionally, while program rules are common in transitional housing, best practices indicate that an engaging, voluntary services approach, rather than one in which services are a condition of tenancy, often leads to greater housing stability.

3. Population Served
For projects with HUD-McKinney Supportive Housing Program (SHP) funding, a conversion to permanent housing requires a project to serve tenants who have a disability. Transitional housing programs that are not currently serving a predominantly disabled population would require a potentially dramatic shift for an agency. Conversion to rapid re-housing does not require a change in population, but it does require a change in approach that works with participants to create a housing plan upon entrance in the program, rather than near the end of their stay.

4. Physical Structure
Conversion of transitional housing structures to permanent supportive housing or affordable housing into which families can be rapidly re-housed requires a shift to operational elements that may not be part of transitional programs such as leases for all tenants. Tenants should have a key and their own entrance and exit to their unit. Ideally, units have kitchens and bathrooms. This element of the conversion analysis is critical in the tri-county region because of its substantial capital investment in the buildings where transitional housing programs are operated.

5. Funding
While the overall fiscal health of an organization is a key consideration, CSH also looks specifically at the fund sources that are imbedded in each project, including capital, operating, and services funding. Most projects have multiple fund sources. Each of these sources has specific requirements, some of which may prevent a project from converting or make it more difficult. This can be especially prevalent in projects that are tied to specific buildings and have capital investments. Appendix E provides an overview of the primary sources invested in transitional housing and a preliminary analysis of efforts that may be needed to shift their uses.

6. Performance Measures
HUD’s required Annual Progress Report “APR” provides useful performance data, such as participant length of stay, exits, turnovers, and placement after program exit, all of which offer insight into the success of a particular transitional housing program. Long lengths of stay and service to high-need families, for example, might indicate justification for conversion to supportive housing. Programs that offer leased housing and have short retention rates in services might indicate a good fit for rapid re-housing. (Homeless Management Information Systems (HMIS) can be an alternative source of this information for projects that do not receive HUD funding.)
Examples of Transitional Housing Project Analyses

CSH conducted sample Transitional Housing Analyses on four projects within the three counties participating in the Homeless Families Initiative. These analyses are included as Appendices A-D to provide concrete examples for providers and funders.

Conclusion

The primary intervention currently used to address family homelessness in Washington’s Pierce, King, and Snohomish counties is transitional housing. Today, national research suggests that rapid re-housing can be expanded to help 80-85 percent of families exit homelessness faster and avoid subsequent homeless episodes. This research and federal policy direction are driving communities across the country toward system responses that emphasize rapid re-housing.

As stakeholders in the tri-county Homeless Families Initiative decide how to respond to this national shift, two key questions must be addressed:

1. How can the tri-county region approach its overall system design more strategically?
2. Can existing resources be realigned to increase rapid re-housing and support a more efficient mix of system interventions?

A significant amount of momentum exists in the tri-county region to address these questions. The region’s next steps should be to conduct a thorough analysis at both the system and project levels to inform decision-making about the right mix of interventions for each county. The components of a coordinated system include prevention and diversion, emergency shelter, rapid re-housing, transitional housing, and permanent supportive housing. A strategically-designed system will contain the right mix of these interventions to meet local families’ housing needs with an emphasis on rapid re-housing.

Increasing rapid re-housing in the tri-county region will require conversion of transitional housing projects to alternative interventions and/or outcomes. These changes will have considerable implications for families, providers, and funders that must be clearly identified and addressed, especially as they relate to resource allocations. A new system design must include, yet clearly differentiate, the desired outcomes for resources dedicated to housing stability from those dedicated to income progression and other elements of family self-sufficiency. At the system level, each county should begin now to address the essential components of system realignment: Inventory, Outcomes, Need, Funding, Housing Interventions, and Project Analyses.

Successful implementation of a new system design that emphasizes rapid re-housing will be dependent upon existing projects’ potential to convert. Individual project-level analyses should be fully integrated with the system analysis and decision-making. Project analyses should include the Six Key Indicators for Conversion: 1) Organizational Commitment, 2) Mission and Program Rules, 3) Population Served, 4) Physical Structure, 5) Funding, and 6) Performance Measures.

Investments in transitional housing in Pierce, King and Snohomish Counties have been substantial. The work needed to convert resources of this magnitude into a strategic system response with an emphasis on rapid re-housing will require considerable efforts among all Homeless Families Initiative stakeholders. The region’s history of collaboration around ending family homelessness and its potential for using data to inform decision-making provide a unique opportunity for each county to begin a successful realignment of resources to create a balanced array of interventions to end family homelessness.
References


xii Mark Courtney and Amy Dworsky, Economic Hardship and Food Insecurity: Findings from the Milwaukee TANF Applicant Study. Chapin Hall Center For Children at the University of Chicago, 2006.


xvi Abt Associates, Inc., The Impact of Housing and Services Interventions on Homeless Families, unpublished. The study is underway and findings have not yet been published. When completed, it will be published by the U.S. Department of Housing and Urban Development Office of Policy Development and Research. HUD convened researchers associated with the study to present initial findings which largely included baseline data on July 19, 2012. Recordings from the convening are available on the web at: http://www.huduser.org/portal/hmlessrch_convs/.

xviii Mark Courtney and Amy Dworsky, Economic Hardships and Food Insecurity: Findings from the Milwaukee TANF Applicant Study. Chapin Hall Center For Children at the University of Chicago, 2006.


xxiv Brooke Spellman, Costs Associated with First-Time Homelessness for Families and Individuals.


xxviii Data from 14 Continuums in seven states that prepared Evaluators for National Alliance to End Homelessness Performance Improvement Clinics in 2011-2012 compiled and analyzed by Focus Strategies. Only seven communities were able to provide data on returns to homelessness within 12 months. The 14 Continuums included in this analysis are: Alameda County, CA (Oakland); Ashville, NC; Orange County, CA (Irvine/Santa Ana); Durham, NC; Sacramento County, CA; Winston/Salem, NC; Polk County, IA (Des Moines); Skagit County, WA; Linn County, IA; Whatcom County, WA; Balance of State, IA; The State of New Hampshire; Lancaster County, Pennsylvania; and The State of Delaware.


xxviii National Alliance to End Homelessness, Rapid Re-housing: Successfully Ending Family Homelessness.
Corporation for Supportive Housing
For more than 20 years, CSH has led the national supportive housing movement. CSH helps communities throughout the country transform how they address homelessness and improve people’s lives. CSH develops innovative program models, provides research-backed tools and training, offers development expertise, and collaborates on public policy and systems reform. CSH is also a certified community development financial institution (CDFI). We make it easier to create and operate high-quality affordable housing linked to services. To date, CSH has made more than $300 million in loans and grants, and has been a catalyst for over 150,000 units of supportive housing. For more information, visit csh.org.

National Alliance to End Homelessness
The National Alliance to End Homelessness (NAEH) is a nonprofit, non-partisan, organization committed to preventing and ending homelessness in the United States and a leading voice on the issue of homelessness. The Alliance works collaboratively with the public, private, and nonprofit sectors to build state and local capacity, leading to stronger programs and policies that help communities achieve their goal of ending homelessness. The Alliance analyzes policy, develops pragmatic, cost-effective policy solutions, and provides data and research to policymakers and elected officials in order to inform policy debates and educate the public and opinion leaders nationwide.

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Appendix A: Transitional Housing Project Analysis
Helping Hand House-- Bright Futures and Rural Bright Futures

Agency Overview
With 30 years of service to homeless and nearly homeless families with children living in the more rural areas of east Pierce County and the cities of Tacoma and Puyallup, Helping Hand House guides families to make permanent changes in their lives that enable them to thrive. The organization began work in 1984 in a single emergency shelter operated by volunteers who were passionate about making sure that every family had a safe, comfortable place to live. Today it serves 200 families a year in 40+ housing units or with rental and utility assistance. Helping Hand House is dedicated to ending family homelessness by providing caring support, education, and innovative programs designed to empower families to achieve self-sufficiency. The agency’s programs as they describe them include:

- **Financial Literacy**: Create new awareness and habits around spending and saving, so that families make informed decisions about improving their financial condition and are able to sustain the gains that they make.

- **Increased family health and stability**: Health is an important part of a sustainable life that we are teaching families to lead. Program assist families in establishing routine health care habits (physical, mental, and dental), enrolling in public services (for a limited period of time), and setting health and well-being goals in stability plans.

- **Employment**: It is possible to enjoy what you do for work and support your family in the process. Our programs optimize wage progression and upward mobility through training, education, and awareness by developing talents and interests toward stable and meaningful employment that supports the family and individual development.

- **Life Skills**: Learn workplace and life skills to achieve lasting changes making it possible to sustain their families and contribute fully to their communities. In the process of growth, parents model for their children how change and success are possible.

- **Strategic and forward thinking mindset**: Our programs help families to think differently about their situations and obstacles so they move from despair to hope and are deeply motivated to change their lives.

- **Preparation for Permanent Housing**: Prepare to find and retain permanent housing by identifying, confronting and removing obstacles to independent living. Success restores confidence and self-esteem so families can engage in their neighborhoods as productive members and community leaders.

- **Transition In Place**: provides homeless families with housing and services for up to two years in single-family homes and apartments throughout eastern Pierce County. Longer participation enables families to not only stabilize, but to build the critical skills, training, and experiences that will enable them to make lasting changes in their lives so that they (and their children) never become homeless again.
Analysis of the Six Key Indicators
CSH analyzed two programs from Helping Hands House’s Transition in Place program: Bright Futures and Rural Bright Futures. The programs operate under the same guidelines so they are scored accordingly. Scores are not an evaluation of agency performance. They are based upon the project’s alignment with distinct housing interventions: permanent supportive housing (PSH); rapid re-housing (RRH); and transitional housing that can meet HEARTH Act outcomes (TH). A score of 1 indicates a lower level of alignment, and 5 indicate a higher level of alignment.

1. Organizational Commitment
Helping Hands House indicated a willingness to review its programs and consider changes. Their history is primarily in transitional housing programs and they are interested in operating affordable housing as well. They are not interested in serving or housing a population that would most benefit from permanent supportive housing, but they have some concerns about ensuring housing stability and success for homeless families under a rapid re-housing model.

2. Mission Program Rules
Helping Hands’ mission is similar to that of many traditional transitional housing agencies. They seek to provide temporary housing and services support to assist families in becoming self-sufficient. Their program rules operate an alcohol and drug free program, though they do not primarily serve people in early recovery. Families are required to attend regular meetings with case managers and show documentation that they are working toward increased income or educational degrees. The service model is one that relies on case management and links to other services and does not provide direct clinical or treatment support.

3. Population
According to the agency’s Annual Progress Report (APR), only 10 percent of families served in the last year had special needs. Forty-eight (48) percent came from literal homeless situations (i.e., street or shelter) or institutional settings. (Only Bright Futures showed entrance from an institutional setting.)

4. Performance
Helping Hands has a relatively high rate of successful transition to permanent housing with a moderate to high length of stay. Their churn rate is low, and they show a moderate number of placements per unit.

5. Funding
Primary indicators for Helping Hands House indicate minimal capital covenant issues that might prevent a conversion. The agency is unsure of the merits of owning and leasing the homes if families stay indefinitely.

6. Structure
Bright Futures has a house with multiple “units” that operate as traditional transitional housing. Rural Bright Futures leases single family homes.
Overall Score: Bright Futures
Transitional Housing: 3.7
Rapid Re-housing: 3.5
Permanent Supportive Housing: 2.5

Overall Score: Rural Bright Futures
Transitional Housing: 3.5
Rapid Re-housing: 3.5
Permanent Supportive Housing: 2.5

Project Analysis

Helping Hands House’s transitional housing programs, Bright Futures and Rural Bright Futures, score very similarly for their propensity to convert to either rapid re-housing or transitional housing with new HEARTH outcomes, though neither score is high enough to point toward a simple conversion. (The programs do not align with a conversion to permanent supportive housing.) The program requirements relating to clean and sober housing and mandatory services are not compatible with rapid re-housing and would involve the largest shift.

If the agency were to rapidly re-house families only into their current single family homes, staff would have to learn and become successful in service-engagement techniques in order to maintain the agency’s current staffing levels. The use of master leases in a rapid re-housing model would need to be further explored under HEARTH regulations. The relatively recently adopted transition-in-place aspect of current operations provides the agency with some practice with longer-term placements and some alignment with the rapid re-housing model. During the final interview, the agency was in agreement with this assessment and would be interested to learn more about how these programs might fit into the larger system goals for project conversions.
Appendix B: Transitional Housing Project Analysis
Hopelink- Hopelink Place

Agency Overview
Since 1971, Hopelink has served homeless and low income families, children, seniors and people with disabilities. Hopelink's mission is to promote self-sufficiency for all members of its community. Hopelink helps people make lasting change. Hopelink emergency service centers are located in Bellevue, Kirkland/Northshore, Redmond, Shoreline and Sno-Valley. Hopelink is funded by diverse sources including public and private foundations, United Way, government support and by donations from individuals, organizations and corporations in the community. Hopelink runs efficiently by keeping expenses low. With administrative costs at only eight percent of the budget, a full 92% of financial support goes directly to helping families in crisis and preventing homelessness. As a Community Action Agency, Hopelink is governed by a board of directors. Hopelink offers an integrated array of programs that enable families in crisis to make progress toward and achieve self-sufficiency. Their programs as they describe them are as follows:

- **Food**: Hopelink’s five centers each offer food banks, plus food deliveries to elderly and disabled individuals who are homebound. Related programs include education and seasonal activities. Hopelink also offers an Emergency Feeding Service, which delivers bags of food to schools, religious institutions, and community centers to provide to families in need.

- **Housing**: Eviction prevention support can help families avoid homelessness. Our Emergency Family Shelter provides a temporary home base for homeless families. Hopelink Transitional Housing offers up to two years of housing and ongoing case-management support. The First Month’s Rent program helps families get started in more permanent homes.

- **Family Development**: The Family Development Program works with families at risk of homelessness, to help the family stay in their home and move from crisis to self-sufficiency. Family Development Specialists work one-on-one with the family, helping them assess their strengths, connect with community resources, and set and meet goals.

- **Adult Education**: Hopelink’s Adult Education Department is committed to providing a diverse selection of educational services to clients which meet their needs, build self-sufficiency and a habit of lifelong learning. The Adult Education programs address literacy and lifelong learning.

- **Transportation**: Access to services can make the difference between being homebound and isolated, or healthy and active. Hopelink’s Transportation Brokerage provides an essential link to the community for King County residents on Medicaid assistance, and to low income families and children. Our drivers and dispatchers also provide all of the Metro DART service in King County.

- **Energy Assistance**: The Low Income Home Energy Assistance Program (LIHEAP) and Puget Sound Energy Home Energy Lifeline Program (PSE HELP) assist with the high cost of heating and energy bills.

- **Emergency Financial Assistance**: On a case-by-case basis, Hopelink can often help with those costs which might make the difference between a family going hungry or homeless, and the family surviving. In addition, we can often help with rent and other emergency needs that “fall through the cracks” of other available assistance. To apply for assistance, contact the Hopelink center nearest you.
Analysis of the Six Key Indicators
Scores are not an evaluation of agency performance. They are based upon the project’s alignment with distinct housing interventions: permanent supportive housing (PSH); rapid re-housing (RRH); and transitional housing that can meet HEARTH Act outcomes (TH). A score of 1 indicates a lower level of alignment, and 5 indicate a higher level of alignment.

1. Organizational Commitment
Hopelink indicated a willingness to review its programs and consider changes based on new research as well as federal funding changes. Hopelink is a community action agency focused on self-sufficiency. As such, the transitional housing model is well-aligned with its goals of service provision and self-sufficiency. The agency does not provide clinical services and is not interested in housing a population that would most benefit from PSH, but the organization is concerned about ensuring housing stability and success for homeless families. Score: PSH (2), RRH (4), TH (4)

2. Mission and Program Rules
Hopelink seeks to provide temporary housing and services help families to become self-sufficient. Families are required to call, schedule, meet with and participate in weekly meetings with case managers as a condition of tenancy. Overnight guests are not permitted. Tenants must work 32 hours per week toward housing stability and ultimately their highest level of self-sufficiency. Those who give birth during their stay must return to this requirement six weeks after delivery. The service model is one that relies on case management and links to other services.
Score: PSH (2), RRH (3), TH (3)

3. Population
Hopelink Place’s Annual Progress Report (APR) indicates that in the last reported year, 12 percent of families had special needs, and 35 percent came from literal homeless situations (i.e., street, shelter) or institutional settings.
Score: PSH (2), RRH (4), TH (4)

4. Performance
Hopelink Place has a relatively high rate of successful transitions to permanent housing with a moderate to high length of stay. They also have a low churn rate and a moderate number of placements per unit (indicating average efficiency).
Score: PH-PSH (4), PH – RRH (4), TH (3)

5. Financials
Primary indicators for Hopelink included preference for HEARTH funding does not have any covenant issues that might prevent a conversion to a different model; though the project is likely to have requirements relating to the population served and will need to continue to serve households who are homeless.
Score: PSH (3), RRH (4), TH (4)

6. Physical Structure
Hopelink Place is a single site facility with full apartments and owned by the agency. These factors make the building a good candidate for permanent supportive housing or transitional housing. The apartments could also be managed with a preference for families who are rapidly re-housed.
Score: PSH (3), RRH (3), TH (4)
Overall Score

- Transitional Housing 3.8
- Rapid Re-housing: 3.6
- Permanent Supportive Housing: 2.5

Recommendations

Hopelink Place has the potential to convert to an effective transitional housing program that meets HEARTH outcomes for moving families quickly into permanent housing based on its outcomes and other key indicators. It also scores well according to most indicators as a potential rapid re-housing program, but the program rules and physical structure present significant questions that need to be addressed before such a plan is established. Converting to rapid re-housing would require the agency to operate permanent housing without service requirements attached to the lease. If the agency converted to rapid re-housing and sought to continue to serve families in this building with self-sufficiency services, a greater shift toward assertive engagement on the part of staff would be necessary. The other possible option: Hopelink could sell the building and use the proceeds to rapidly re-house more families. This would require further analysis of the covenants on the building and consideration of an appropriate buyer who would be willing to uphold those restrictions. For these reasons, the project is best suited to remain as transitional housing and to change its program policies and approaches to align with new HEARTH Act outcome measures. During the final interview, the agency was in agreement with this assessment and is interested in knowing how this program might fit in with potential changes to other properties and programs in its portfolio.
Agency Overview

Phoenix Housing Network, in partnership with its community, empowers families who are at risk of homelessness to achieve independent, healthy lives and a permanent place to call home. Phoenix Housing Network serves low-income families with children in Pierce County. They provide a place to live for families experiencing or at risk of homelessness while helping to build skills that maximize family stability and self-sufficiency, in order to prevent future homelessness. Phoenix Network’s programs, as they describe them, include:

- **Shelter**: Seven days a week, five homeless families in the Phoenix Housing Network shelter program utilize our Day Center facilities for showers, laundry, telephones, cooking, relaxing, case management, and life skills classes. In the evenings, a network of 27 local churches and schools provide dinner, sleeping accommodations, and breakfast, rotating between host sites each week.

- **Permanent Housing with Services**: Phoenix Housing Network serves 38 previously homeless families in permanent housing at Guadalupe Vista, a Catholic Community Services (CCS)-managed apartment building in Central Tacoma. Families at Guadalupe Vista receive intensive case management to enhance and maintain family and economic stability.

- **Veteran's Homeless Prevention Program**: Serving Pierce, King, Kitsap and Thurston Counties, the Veteran Homeless Prevention program targets Veteran households at imminent risk of homelessness, or who have become homeless within the past 90 days. In partnership with the Department of Veteran Affairs and the Department of Labor, this program provides housing stability, case management, VA health services, employment services, and rent assistance. To access this program, call toll free: (855)468-VETS.

- **Rent Assistance**: Phoenix Housing Network provides limited funding for rental assistance that helps at-risk families stay in their homes and avoid homelessness. Each family also receives community resource information.

- **Suited for Success**: A 3-hour interview skills workshop, plus work-appropriate clothing from our Clothing Boutique, Suited for Success helps low-income men and women successfully interview and gain employment.

- **Healthy Kids, Healthy Lives**: To help break the generational cycles of poverty and homelessness, Phoenix Housing Network provides child-focused services, including counseling, group sessions, educational intervention, and social activities for the families we serve. Healthy Kids, Healthy Lives also seeks out community tutors and mentors for youth in PHN housing programs.

- **Transitional Housing**: Phoenix Housing Network has 48 transitional apartments throughout Pierce County. Homeless families are able to live in their apartment for one to two years and receive case management while they work on their goals toward self-sufficiency, permanent housing, and stability.
Analysis of the Six Key Indicators

Scores are not an evaluation of agency performance. They are based upon the project’s alignment with distinct housing interventions: permanent supportive housing (PSH); rapid re-housing (RRH); and transitional housing that can meet HEARTH Act outcomes (TH). A score of 1 indicates a lower level of alignment, and 5 indicate a higher level of alignment.

1. Organizational Commitment
Phoenix Housing Network indicated a strong willingness to review its programs and consider changes. The agency has experience providing rapid re-housing and permanent housing as well as emergency shelter. The agency is not interested in serving or housing a population that would most benefit from permanent supportive housing. Score: PSH (2), RRH (4), TH (4)

2. Mission and Program Rules
Phoenix Housing Network generally seeks to provide temporary housing and services help families become self-sufficient, but the agency is also starting work in new, local rapid re-housing pilot. PHN operates an alcohol-and-drug-free-program. Biweekly contact with the case manager is required, as is the replication of a 40 hour work week as it relates to self-sufficiency activities. Noncompliance with the program triggers a notification to the Pierce County Housing Authority, and voucher assistance attached to the unit is revoked. The service model is one that relies on case management and linkages to other services. The program does not include direct clinical or treatment support. Score: PSH (2), RRH (3), TH (3)

3. Population
Of the families served during the last reported year, six percent had special needs, and six percent came from literal homeless situations (i.e., street, shelter) or institutional settings. Score: PSH (1), RRH (4), TH (4)

4. Performance
Phoenix House has a relatively high rate of successful transitions to permanent housing with a relatively low length of stay. They also have a strong churn rate and number of placements per unit (indicating high efficiency). Score: PSH (3), RRH (3), TH (4)

5. Funding
Phoenix Housing Network’s transitional programs are based upon program agreements between the agency and the participant. They do not have any direct funding tied to the provision of housing though their relationships with landlords and the Pierce County Housing Authority are significant. Score: PSH (3), RRH (4), TH (3)

6. Structure
Phoenix Housing Network offers a transition-in-place model whereby families may take on the lease and remain in an apartment once they become self-sufficient. The apartments leased with landlords in the program all have full units with their own bathrooms and kitchens. Score: PSH (4), RRH (5), TH (4)

Overall Score
- Rapid Re-housing: 3.8
- Transitional Housing: 3.7
- Permanent Supportive Housing: 2.5
Project Analysis

Since the Phoenix Network model clusters private-market units and allows families to transition in place, the program is a strong candidate for conversion to rapid re-housing. However, the agency would need to determine whether it could forego the program agreements it currently uses that require service participation and move toward an assertive engagement approach to services. The project also scores solidly to remain as transitional housing, though it will eventually be required to meet tighter outcome measures. During the final interview, the agency was in agreement with this assessment and would be interested to learn more about how these programs might fit into the larger system goals for project conversions.
Appendix D: Transitional Housing Project Analysis
Housing Hope- Housing Hope Village

Agency Overview
Housing Hope's vision is that every individual aspiring to self-sufficiency should have access to a safe, secure, affordable home. Housing Hope promotes and provides a continuum of safe, decent, affordable housing and necessary related services for very low and low income residents of Snohomish County and Camano Island. Housing Hope describes its programs as follows. Housing Hope recognizes that it takes a combination of housing and support services to give struggling families opportunities to become self-sufficient. A family must have their basic need for safe shelter met before they can begin to deal with other significant challenges in their lives. However, providing housing alone does not improve a family's chances for becoming a successful part of the community. Only a combination of housing and supportive services gives families a real opportunity to become self-sufficient by building skills and resources for a better future.

Homelessness is a complex problem that can happen to anyone. The heart-breaking stories of the families that come to Housing Hope are as different as all families are different. A crisis such as loss of employment or major illness can deplete a family’s resources. Many other families have experienced a lifetime of poverty, neglect or long-time abuse. Coping with negative experiences often reinforces counterproductive skills developed just to survive. Housing Hope offers the opportunity to break this cycle, providing a safe and decent place to live and critical support services. It takes time to regain hope and build the skills to succeed. The families in our program work hard at shedding behaviors that aren't working and learn skills they will need to succeed. Our programs offer appropriate support at each step of the process. The program features:

Housing Programs
- Emergency Shelter
- Transitional Living Apartments
- Affordable Rental Apartments
- Team HomeBuilding

Service Programs
- Case Management
- Adult Education Program
- Child Development Program
- Teen Parent Program
- Employment Services
- Credit and Homeownership Counseling

Analysis of the Six Key Indicators
Scores are not an evaluation of agency performance. They are based upon the project’s alignment with distinct housing interventions: permanent supportive housing (PSH); rapid re-housing (RRH); and transitional housing that can meet HEARTH Act outcomes (TH). A score of 1 indicates a lower level of alignment, and 5 indicate a higher level of alignment.

1. Organizational Commitment
Housing Hope staff indicated a willingness to review its programs and consider changes. The agency has a fairly significant amount of housing in its portfolio and aspires to manage a full continuum. They are not particularly interested in serving or housing a population that has a higher level of special needs than the families they already serve. **Score: PSH (3), RRH (2), TH (3)**

2. Mission Program Rules
Housing Hope seeks to provide temporary housing and services help families become self-sufficient. It is an alcohol-and-drug-free program that requires regular meetings with case managers, evidence of work toward self-sufficiency goals, and occasional urine
analysis to determine if substances are being used. The service model is one that relies on case management and linkages to other services, but does not provide direct clinical or treatment support.

Score: PSH (2), RRH (2), TH (3)

3. Population
Housing Hope Village serves a fairly high number of households with special needs relative to most transitional housing programs. Fifty-six (56) percent of families served during the last reported year were documented as having special needs, and 94 percent came from literal homeless situations (i.e., street, shelter) or institutional settings.

Score: PSH (5), RRH (4), TH (4)

4. Performance
Housing Hope has a relatively moderate rate of successful transitions to permanent housing with a moderate to high length of stay. They also have a low churn rate and a low number of placements per unit (indicating average efficiency).

Score: PSH (5), RRH (5), TH (3)

5. Funding
Housing Hope Village appears likely to meet HEARTH indicators for conversion. Capital covenants would need to be further explored if the agency was to choose to dispose of the building, but it is highly unlikely given its location.

Score: PSH (4), RRH (4), TH (4)

6. Physical Structure
Housing Hope Village is a single site facility with full apartments located on the main campus of the administrative offices. The units have deliberately minimal amenities in order to incentivize families to move out. Housing Hope does not see the development as suitable for permanent housing to which families might be rapidly re-housed because of its awkward location behind the agency’s administrative office and on a major arterial. The agency would also be unlikely to sell the property because of the way it is integrated with a number of other buildings owned by the agency.

Score: PSH (4), PH – RRH (1), TH (4)

Overall Score
- Permanent Supportive Housing: 3.4
- Transitional Housing: 3.2
- Rapid Re-housing: 2.8

Project Analysis
The number of households directly experiencing homelessness prior to entry and percentage of families with special needs in this program indicate that it could be a good candidate to convert to permanent supportive housing. However, the agency would have to more intentionally target and “screen-in” families with high needs for housing stability services. The agency’s vision of providing housing to families who aspire to self-sufficiency would have to include those who are likely to need ongoing supports in order to remain in housing. Members of the agency would need training in best practices for permanent supportive housing. Housing Hope Village could also remain a transitional housing program based on its outcomes and the fact that it is owned by the agency. The project is not a good candidate for rapid re-housing. During the final interview, the agency was in agreement with this assessment and wants to conduct analyses on its entire portfolio to evaluate potential changes to its transitional housing programs.
Appendix E: Transitional Housing Fund Source Analysis

Transitional housing project conversions are only possible if the fund sources that pay for them can be converted to other interventions. Following is a brief description of a number of the key federal and state fund sources that are invested in transitional housing in Pierce, King and Snohomish counties and an assessment of each source’s potential to permit a conversion from transitional housing to alternate interventions. While this research and analysis involved initial discussions with a number of the administrators of these funds, this document does not represent the specific positions of the policy makers or funders that oversee these sources. Further analysis about system or project conversions based upon this information should be discussed directly with fund administrators.

Bill & Melinda Gates Foundation Sound Families Initiative
(capital and services)

Those organizations with active Sound Families grant agreements are still required to meet the obligations as stated in their grant agreements. However, the Foundation seeks to be highly flexible about some features of these original agreements, including original requirements related to time-limited housing. Grantees are welcome to request modifications to the terms of their grant agreements to the Foundation. Those organizations that have fully expended their Sound Families grants have no further obligations to the Foundation to operate their programs in accordance with Sound Families requirements.

Federal Low Income Housing Tax Credits (LIHTC) (capital)

Statutory Requirements

Section 42 of Internal Revenue Code (26 USC § 42) awards federal tax credits for capital investments in affordable rental housing to with specific mandates to serve households at or below 50 and 60 percent of area median income. Housing must remain affordable for a minimum 15-year tax credit compliance period and a 30-year affordability period. State “Allocating Agencies” are required to publish an annual Qualified Allocation Plan (QAP) outlining the selection criteria to be used to determine the priorities for award of tax credits; the preferences in allocating credit dollar amounts among selected projects; and the procedures to follow in monitoring for noncompliance with federal tax code requirements. The LIHTC program is specifically designed to provide permanent housing. However, the IRS code does include language relating to exceptions that can be made for the provision of transitional housing. These requirements are quite rigid because of the significant departure from the original intent of the program. Under this program, any project with one time-limited apartment must designate all units as time-limited. This provision in the code allows projects to forego the use of tenant leases.
Regulatory Requirements
The Washington State Housing Finance Commission (WSHFC) oversees the implementation of the LIHTC program in Washington State. State policies for the LIHTC program are stated in the Qualified Allocation Plan (QAP). Washington’s QAP has broad language relating to the implementation of the statute. WSHFC also identifies specific guidelines and priorities in its annual Program Policies. These Program Policies identify priorities for the award of tax credits relating to categories such as: populations to be served, project locations, alignment with local goals, and leverage of public resources. During the Sound Families Initiative, WSHFC aligned its priorities with those of other funders in order to spur the creation of transitional housing. The Commission’s policies allowed for transitional housing projects in which every unit was transitional and those that designated a minimum of 20 percent of its units as transitional.

Transitional Housing Conversion Potential
While the IRS has a specific provision for transitional housing, the Washington State Housing Finance Commission stopped using this provision as a priority in 2001. It is unlikely that a large number of transitional projects funded through the Sound Families Initiative have covenants with strict regulatory language required by the IRS. Projects allocated tax credits for transitional housing under the IRS code would require a very significant effort at both the state and federal level to attempt to “unwind” this requirement, which would be highly unlikely and not worth the effort to try. It is more likely that a large number of Sound Families projects were funded in accordance with the Commission’s Program Policies that gave preference for transitional housing for households who were homeless. The Finance Commission has agreed to run a query to determine which projects were awarded credits under the IRS provision and which were awarded credits under its Program Policies.

Projects awarded credits under the Commission’s Program Policies may or may not have regulatory agreements that require the use of a transitional housing model, but they are very likely to have requirements to serve households who are homeless. The Commission may consider an amendment to project covenants regarding a requirement to user that transitional housing model, but in all cases, projects funded would be required to continue to serve any designated populations, i.e. households who are homeless.

While perhaps an obscure scenario, it is worth mentioning the degree to which a change to the requirement to serve homeless households may be possible. In some cases, an agency may consider sale or transfer of ownership of its physical assets as a result of conversion. Any new owner would be required to adhere to population-specific covenants. Changes to a population designation are highly unlikely if not impossible. That said, any current or prospective owner could consider continuing to serve families who are homeless in tax credit buildings as part of a rapid re-housing model.

A word about LIHTC Investors: LIHTCs are generally sold to investors who pay cash for credits to provide equity for the project. These investors add their own requirements to each project’s operations that will need to be examined. Investors will need to understand and agree to any changes to specific projects including a change from transitional housing to another intervention. There are two primary tax credit syndicators that have invested substantially in projects serving homeless households in Western Washington, the National Equity Fund (NEF) and Enterprise. The system would be well-served to approach these investors with an estimate as to the number of projects seeking changes and the names of those projects before engaging in multiple project-level discussions.
Federal Section 8 Housing Choice Voucher Tenant and Project-Based Rental Assistance

Statutory Requirements
The US Housing Act of 1937 and updates since its origin were established to (among a number of other provisions) remedy unsafe housing conditions and acute shortage of decent and safe dwellings for low-income families.

Regulatory Requirements
HUD’s office of Public and Indian Housing administers the regulations at CFR 982 relating to the Housing Choice Voucher tenant-based program and 24 CFR 983 relating to the project-based voucher program. A Public Housing Agency (PHA) may convert up to 20 percent of its Housing Choice Vouchers to project-based voucher assistance. Project-based vouchers are subsidies attached to units of housing through an agreement between the PHA and the project owner. Neither the tenant-based or project-based regulations have specific provisions relating to transitional housing. A PHA may set local preference for families that apply for voucher assistance, and they must demonstrate that this preference aligns with local needs. Local preferences and other policies and procedures are laid out in a PHA’s administrative plan. A small number of PHAs nationally have Moving to Work (MTW) designation, which allows them to change HUD regulations in order to more effectively meet the needs of families in their jurisdictions. MTW changes must be approved by HUD.

Local Administration
There are six housing authorities in the tri-county region including: Pierce County, Tacoma, King County, Seattle, Snohomish County, and Everett Housing Authorities. Three of these PHAs have MTW status: Tacoma, King County, and Seattle. All six housing authorities aligned allocations of project-based vouchers with the Sound Families Initiative. This alignment involved identifying preferences for families who are homeless at a minimum, and each PHA may have its own additional overlays that specify preferences for families referred by specific agencies.

Transitional Housing Conversion Potential
From a statutory and regulatory perspective, “unwinding” transitional housing could be relatively easy. However, each PHA would have to make changes to its administrative plan and annual plan to indicate any shifts in preference or program policies related to the change. More significant issues for PHAs are likely related to the fact that their vouchers were originally attached to buildings for a specific public purpose under the Sound Families Initiative. Building owners continue to have obligations to the PHA under their Housing Assistance Payments (HAP) Contracts for as long as 15 years. If those buildings are no longer meeting the originally-intended public purpose, the owner may be seen as out of compliance, and the PHA may choose to move its vouchers to address other local priorities. The PHAs in King County have indicated an initial interest in examining the options for the transitional housing projects in their portfolios.
Federal HOME Program (capital and rental assistance)

Statutory Requirements
HOME Investment Partnerships Act is designed to make housing affordable for low and very low-income households through: investment in acquisition, rehabilitation or new construction of housing for rental or home purchase; payment of tenant-based rental assistance (TBRA) for low and very low-income households; or assistance to low- and very low-income families to obtain the skills and knowledge necessary to become responsible homeowners and tenants. Though not likely a significant impact to transitional housing conversions, HOME funds can be used to convert an existing structure from another use to affordable rental or homebuyer housing so long as the project was not previously assisted with HOME funds. This scenario would only apply if a transitional project were to refinance as part of its conversion.

Regulatory Requirements
The U.S. Department of Housing and Urban Development (HUD) Community Planning & Development (CPD) division administers Federal Regulations at 24 CFR Part 92 governing the HOME Program. Relevant provisions are as follows:

- **Eligible Types of Housing**: Transitional, single room occupancy, supportive housing, and permanent housing for rental or homeownership are permitted.
- **Eligible Forms of HOME Assistance**: loans, grants, advances, equity investments, interest subsidies, and other HUD-approved forms of investment.
- **Income Targeting**: HOME funds must be targeted to benefit households at or below 80 percent of area median income (AMI). For rental developments, no less than 90 percent of beneficiaries must be households at or below 60 percent AMI. Rental project projects with five or more assisted units must also target at least 20% of the units to households with incomes less than 50 percent AMI. Homeownership developments must serve 100% low-income households at or below 80 percent AMI.
- **Affordability Period Required for HOME Funds**: Ranges from five to 20 years based on the per unit investment of HOME.
- **Eligible TBRA Costs and Requirements**: Tenant based rental assistance can cover rental assistance and security deposit of income eligible low and very low-income tenants. TBRA can be targeted for special needs populations. TBRA is time limited, not to exceed 24 months in assistance, except when a family applies to renew funding.

Local Administration
Local Participating Jurisdictions (PJs) that receive HOME funds include states, cities and counties with threshold population criteria. PJs outline their plan for award and expenditure of HOME funds (in addition to other HUD funding of CDBG, ESG, HOPWA) in their Five Year Consolidated Plans and Annual Action Plans. PJs may also release annual requests for proposals (RFPs) that identify priorities for funding in a given year. RFPs may be (and often do) combine the allocation of HOME and other locally-allocated funds.

Transitional Housing Conversion Potential
The HOME Program does require restrictions relating to the implementation of any specific housing model to be incorporated into project-specific grants, loans or regulatory agreements, though affordability requirements are mandated. Local Participating Jurisdictions that administer HOME funds may, however, choose to overlay this type of requirement. Changes to “unwind” transitional housing requirements would be negotiated with the local PJ administering HOME capital funds. Programs using TBRA are not eligible for a change to length of stay.
Community Development Block Grant (CDBG) (capital)

Statutory Requirements
The Community Development Block Grant (CDBG) Program is authorized under Title I of the Housing and Community Development Act of 1974, as amended. Projects and activities funded under CDBG must meet at least one of the National Objectives established for the program: (i) direct benefit for low and moderate income persons; (ii) area benefit for low and moderate income areas; (iii) removal of slum and blight.

Regulatory Requirements
HUD CPD administers Federal Regulations 24 CFR Part 570. Eligible activities for CDBG include those related to (i) acquisition, construction, reconstruction, and rehabilitation of affordable rental and homeownership housing; (ii) public facilities (iii) clearance and remediation activities, (iv) public services, (v) homeownership assistance to low or moderate income household, (vi) activities related to economic development, and (vii) technical assistance activities. CDBG regulations do not mandate an affordability period. Local jurisdictions administering CDBG generally require a period comparable to other affordable housing programs to assure protection of the financial investment. CDBG funds can be used to serve homeless individuals and families but designates population priorities according to income targeting and affordability requirements rather than housed status.

Local Administration
Cities and counties are grantees under CDBG and outline their plans for award and expenditure of CDBG funds (in addition to other HUD funding of HOME, ESG, HOPWA) in their Five Year Consolidated Plans and Annual Action Plans. Local grantees may also release annual requests for proposals (RFPs) that identify priorities for funding in a given year.

Transitional Housing Conversion Potential
CDBG does not require restrictions relating to the implementation of a specific housing model to be incorporated into project-specific grants, loans or regulatory agreements. However, local jurisdictions that administer CDBG funds may choose to overlay this type of requirement. Changes to “unwind” transitional housing requirements would be negotiated with the local jurisdiction administering CDBG Funds.
Federal McKinney Supportive Housing Program (SHP), Now “Continuum of Care Program” (Capital, Operating, and Services)

Statutory Requirements
Title IV, Subtitle C, of the McKinney-Vento Homeless Assistance Act of 1987 authorized the Supportive Housing Program to provide financial assistance for the development and operation of supportive housing and supportive services to assist homeless persons and homeless persons with disabilities in the transition from homelessness to enable them to live as independently as possible. The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 amended many of the program requirements for the Supportive Housing Program (SHP). Eligible activities include construction or leasing of housing units, payment of operating costs for housing units, rental assistance, and costs of services that will serve homeless individuals and families (as defined in the regulations). Eligible types of housing include transitional housing and permanent housing, including permanent supportive housing.

Regulatory Requirements
Federal Regulations at 24 CFR 583 are administered by HUD Community Planning & Development (CPD) Homeless Assistance Programs. New interim regulations under Continuum of Care Program Federal Regulations 24 CFR Part 578 make significant changes to the eligible activities under the previous SHP related programs.

SHP grant assistance can be used for operating costs in TH and PH including those costs associated with the day to day operation of the housing which can include expenses incurred by a recipient or provider to operate a property, conduct beneficiary assessments, make services available, relocation assistance, and insurance. (Operating assistance cannot be used in conjunction with rental assistance.) Generally SHP operating costs can be committed for a period up to five years. SHP capital can be awarded for the acquisition, construction or rehabilitation of a structure for transitional or permanent supportive housing. Projects that undertake construction or acquisition/rehab must be operated for the purpose specified in the application for not less than 20 yrs. SHP funding can also pay for the leasing of property and/or rental assistance for use in transitional or permanent housing. Rental assistance can take the form of tenant-based, project-based, or sponsor-based assistance. Rental assistance for the individual or household in transitional is time limited in duration up to 24 months, with some allowance for extension by HUD. SHP assistance can be provided for up to 15 years (initial five yrs, with two additional five year renewals.) Leasing and rental assistance must continue to be operated for purpose stated in application for the grant period.

Local Administration
The local Continuum of Care sets the priorities for the application to HUD for SHP funding for the region and holds accountability to HUD. Significant changes to COC governance and structure are underway as a result of the HEARTH Act.

Transitional Housing Conversion Potential
Certainly the HEARTH Act and HUD are at the forefront of changing requirements to transitional housing. Still, the mechanics of conversion are not yet clear, and doing so with SHP will require HUD approval. For now, SHP provisions will continue to apply to those projects funded under that program; though changes can be made to length of stay without penalty, i.e. project funds can change from transitional to permanent. Repayment of the SHP capital investment will be required if the recipient ceases to provide transitional housing or permanent housing as follows: 100 percent repayment is due if operations cease within ten years after operation of the project begins; proportional repayment is
required of projects that cease operation between ten years and the required 20 year program obligation period. Other considerations for repayment or conversion may include whether (i) project-based rental assistance or operating assistance from another federal or state program is no longer available, (ii) the project is meeting applicable performance standards; (iii) the project will continue to meet tenant income and rent restrictions for low-income units, (iv) homeless population in the area. Under new CoC Program regulations, transitional projects will be required to renew “leasing” funding as either leasing or rental assistance based on the structure of the assistance to the beneficiary and the leasing relationship with the property owner.

**Federal McKinney Emergency Shelter Grant, now “Emergency Solutions Grant (ESG)” (operating, outreach and prevention)**

**Statutory Requirements**

Title IV, Subtitle C, of the McKinney-Vento Homeless Assistance Act of 1987 authorized the Emergency Shelter Grant Program to provide funding for rehabilitation, operating costs, outreach and related services for emergency shelter and transitional housing for homeless individuals and families, and homeless prevention activities. Acquisition, new construction, and mortgage payments are not eligible expenses under ESG. ESG funding is not intended for direct payments to an individual or for direct housing payments. Funding under ESG can be renewed for ongoing support for operations and services.

**Regulatory Requirements**

Federal Regulations 24 CFR Part 576, administered by HUD CPD, outline the regulations for the original ESG program. New regulations at 24 CFR Part 91 and 576 recently released provide new program guidelines. Definitions for homeless and at-risk of homelessness eligible beneficiaries are changed in the regulations, and have been updated in the new regulations. For projects that received ESG funding for rehabilitation or renovation the regulations require the property be maintained for the intended purpose benefitting homeless persons for a period of three to 10 years depending on the extent of rehabilitation and the amount of ESG funding invested in the project. New ESG regulations will permit leasing and rental assistance under the Homeless Prevention and Rapid Re-housing components of the program.

**Local Administration**

State, county and cities are ESG grantees. They outline their plans for award and expenditure of ESG funds (in addition to other HUD funding of HOME, CDBG, HOPWA) in their Five Year Consolidated Plans and in their Annual Action Plans. Local grantees may also release annual requests for proposals (RFPs) that identify priorities for funding in a given year. New ESG regulations require the coordination of ESG programs and projects with the Continuum of Care in the region.

**Transitional Housing Conversion Potential**

Preliminary indications are that a transitional housing development with ESG funds converting to another use will in most instances not be eligible to continue to receive ongoing ESG funding for operational support. If the new use is eligible under the new ESG program guidelines new funding may be available.
Statutory Requirements
The State of Washington authorized funding in RCW 43.185 and 43.185A for affordable housing including new construction, rehabilitation, or acquisition of low and very low-income housing units; rent subsidies; down payment or closing cost assistance for eligible first-time homebuyers; and acquisition of housing units for the purpose of preservation as low-income or very low-income housing. Following is a summary of the Housing Trust Fund Statutory Guidelines from the current HTF Handbook:

- **Priorities**: Activities and projects that utilize existing privately owned housing stock purchased by non-profit public development authorities and public housing authorities; and activities and projects that utilize existing publicly owned housing stock.

- **Preferences for projects**: Include, but are not limited to: long term affordability; leveraging of other resources, including local resources; targeting for low-income families and special needs households; and projects that demonstrate financial feasibility and stability.

- **Eligible Populations**: Low-income household and very low-income households at 80 percent and 50 percent of area median family income (AMI) adjusted for household size, for the county where the project is located. Targeting for special needs housing for frail elderly, persons with disabilities, and very low-income is also a priority.

- **Affordability**: Determined based on households paying housing costs, including utilities, of no more than 30 percent of household income.

Regulatory Requirements
The Washington State Department of Commerce is responsible for setting and upholding regulatory requirements to implement the statute. The department’s current practice is to announce any set-asides for specific populations established by the legislature in its annual notice of funding availability (NOFA). According to department staffers, prior to 2010, the State announced available funding by posting a broader “round open” notice than today’s NOFAs.

Statutory and regulatory requirements are attached to each project through a covenant that generally covers a term of a minimum of 25 years. Sale or change of use requires a return to the state of either the share of the appreciation in the project in proportion to the state’s contribution to the project; a lump-sum repayment of the loan or grant upon the sale or change of use of the project; or a deferred payment of principal or principal and interest on loans after a specified time period.

Transitional Housing Conversion Potential
Since the legislature sets priorities for specific populations from time to time and targeting for low-income populations is a priority, project covenants that contain requirements to serve a specific population are not likely to change without an act of the legislature. Generally speaking, the state does not impose narrow requirements for projects beyond those relating to affordability and target populations, and it is unlikely that a requirement to provide transitional housing would be found in a state regulatory agreement. If one were to exist, an amendment would be needed by Department of Commerce.
Washington State Consolidate Homeless Grant (Consolidates THOR, HGAP and other State grants) (operating, rental assistance, and services)

Statutory Requirements
The Consolidated Homeless Grant (CHG), authorized by the Washington State Legislature, combines state homeless resources into a single grant for county governments (and other designated entities) under the administration of the Washington State Department of Commerce (Commerce). The combined resources include Washington State Home Security Fund, Affordable Housing for All Fund, Transitional Housing Operating and Rent Account (THOR), Homeless Housing Program. CHG is designed to support an integrated system of housing assistance to prevent homelessness, quickly re-house households who are unsheltered, and provide linkages for individuals and families to community resources. The targeted beneficiaries are homeless, those at-risk of homelessness, and individuals leaving an institutional system of care. Eligible activities include rental assistance and related housing costs, operating and maintenance costs for congregate living and single unit properties, service coordination, and administrative costs. Income eligibility for rental assistance is targeted for families at or below 50 percent of area income and individuals at or below 30% area income. Rental assistance is intended to be transitional and cannot exceed 24 months.

Regulatory Requirements
The Washington State Department of Commerce publishes annual guidelines for the administration of Consolidated Homeless Grants.

Local Administration
Lead grantees can be counties, cities or local housing organizations. Lead grantees establish local preferences and criteria for award of funding to sub grantees based on the local plan to address homelessness. Lead grantees are required to show a local share of funding.

Transitional Housing Conversion Potential
Transitional housing previously funded with the Washington State homeless resources consolidated under CHG would need to examine the detailed program requirements for each of the programs at both the state and county level to determine which jurisdiction should be approached regarding conversions. Many of the CHG programs provided operating, rental assistance and service support for households who are homeless, which might lend toward conversion to rapid re-housing. Since a number of fund sources are bundled in CHG, original program contract agreements will need to be examined to determine if amendments should be requested.