



Urban Institute White Paper for the California Homeless Coordinating and Financing Council

The Urban Institute is grateful for the opportunity to provide our input on evidence-based strategies that the Council should consider as it develops its priorities for addressing homelessness. In this paper, we provide our recommendations based primarily on our recent research in California and elsewhere. The first section of the paper addresses question 1 from the Council’s request for white papers: top strategies the state should employ to reduce homelessness. Our recommendations focus on prevention strategies. The second section addresses question 2: how the state can prioritize its resources to have the biggest impact in reducing homelessness.

I. Top strategies for preventing individuals and families from entering homelessness

In the effort to address homelessness, California should invest in efforts that take systems-level approaches to reducing inflow into homelessness. Inflow into homelessness can occur among those experiencing it for the **first time** or among those **reentering** homelessness from a housed spell. Other states and communities have used approaches to target some primary areas where people are funneling into homelessness that should be explored in the California context.

Homelessness prevention among foster care-involved youth

Foster Care has emerged as a pipeline to homelessness. In looking upstream, the Family Unification Program (FUP) is targeted at families involved in the child welfare system where housing is the primary reason preventing reunification of a child to their family or where housing is the reason putting them at most risk of child removal. FUP also serves youth (ages 18 to 21) who left foster care at age 16 or older and who do not have adequate housing as they transition to adulthood and independent housing. Early evaluations¹ have shown signs that this is an effective program at limiting children’s involvement in foster care and reducing time in foster care if the child is removed. Several communities in California have been awarded FUP vouchers through HUD (e.g. San Diego, Sacramento, and Oakland). Continued evaluations of the FUP program in preventing homelessness and sustaining housing stability are

¹ <https://www.urban.org/research/publication/helping-families-involved-child-welfare-system-achieve-housing-stability>



currently being executed by the Urban Institute. An evaluation of the Keeping Families Together (KFT) demonstration program that uses FUP vouchers to provide affordable housing to families at risk of losing their children and youth aging out of foster care at risk of homelessness also showed improved housing stability and reductions in homelessness, including promising results in San Francisco.² Additional evaluations of housing programs a bit further downstream are also shown to help prevent homelessness targeted at youth transitioning out of foster care.³ These can serve as models for a state-wide program in California.

To prevent homelessness reentry, the Host Home program targets youth who are currently experiencing homelessness, temporarily offering a safe home with a host family while they get the next life steps in order. While this program still requires more thorough evaluation, it has been rolled out state-wide in Washington and Minnesota successfully.⁴ This program is intended to help already homeless youth exit homelessness and sustain housing following their temporary stay with a host, reducing reentry into homelessness among youth.

Homelessness prevention among tenants at risk of eviction

Housing evictions can be a substantial life shock and disruption for families that can result in later homelessness.⁵ In 2016, an estimated 2.3 million evictions were filed in US courts. Efforts to prevent eviction, including tenant-landlord mediation, eviction diversion programs, and legal aid, are showing promising results with housing stability. Some communities are finding that these vulnerable households often lack legal representation compared to the landlords, which creates a disadvantage for the tenants. An early study in New York in 1990 evaluated⁶ its homelessness prevention program, which included tenant education activities, legal aide, and landlord/tenant mediation, and found evidence of reductions in evictions and homelessness spells. New York continues to show progress⁷ in providing free legal counsel in housing court in reducing eviction. Studies in other parts of the country are underway, including in North Carolina,⁸ Florida,⁹ and Michigan.¹⁰ The Judicial Branch of California advocates for mediation in eviction cases.¹¹

² https://www.usich.gov/resources/uploads/asset_library/Supportive-Housing-Families-Case-Study-San-Francisco-CA-November-2017.pdf

³ <https://www.mathematica-mpr.com/our-publications-and-findings/projects/housing-for-youth-aging-out-of-foster-care>; and <https://cascw.umn.edu/policy/housing-supports-for-youth-aging-out-of-foster-care/>

⁴ <http://www.commerce.wa.gov/wp-content/uploads/2015/11/Commerce-Host-Homes-Report-2017.pdf>

⁵ Desmond, Matthew. 2016. *Eviction: Poverty and Profit in the American City*. Crown Publishers, New York.

⁶ <http://legallaidresearch.org/wp-content/uploads/NYS-Dept-social-services-Homelessness-Prevention-program-1990.pdf>

⁷ <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2017/10/27/how-free-legal-help-can-prevent-evictions>

⁸ <https://chcs.uncg.edu/research/projects/eviction-diversion-program-edp/>

⁹ <http://www.jud6.org/News/LandlordTenantMediationPressRelease2019.pdf>

¹⁰ <http://legalrnd.org/wp-content/uploads/2018/07/LegalRnD-EvictionDiversionProject.pdf>

¹¹ <https://www.courts.ca.gov/27917.htm>



Homelessness prevention among people involved in the criminal justice system

People who are formerly incarcerated are much more likely to experience homelessness than people who do not have a history of incarceration.¹² Re-entering citizens might have lost their job and their apartment while in jail and are at risk of homelessness when they are released. Their criminal history further limits their ability to secure a job and secure stable housing.¹³

Looking upstream, the Reentry Housing Pilot Program in Washington state focused on providing housing and services for high-risk, high-need ex-offenders without a viable place to live. An evaluation of this program found significantly fewer periods of homelessness than the comparison group.¹⁴ A study in Seattle, WA found that project-based housing of individuals who were homeless with histories of incarceration had successful housing retention and later reductions in jail bookings and jail days.¹⁵

People experiencing homelessness struggle with increased police contact and jail stays in some cases due to the nature of their living situation. Punitive measures around the inevitable nature of homelessness, such as sleeping outside overnight, makes exiting homelessness increasingly less feasible, with fines to pay and court appearances to make on time. Homeless court, such as the model practiced in Santa Monica, CA, can offer resolutions to lifestyle misdemeanors without fines or jailtime while also helping connect a high needs population with housing to reduce future homelessness.¹⁶

These interactions between people experiencing homelessness and the criminal justice system also incur high costs upon the community. Efforts that follow a Housing First approach are not only treating people experiencing homelessness with more dignity and humanity, but also saving communities money. The Denver Social Impact Bond offers people experiencing homelessness, whom are also high-utilizers of community resources, permanent supportive housing. Early stages of a long-term evaluation by the Urban Institute show promising short-term impacts on housing attainment and stability.¹⁷

II. How Should California Prioritize its Resources

In response to the growing affordability crisis, California voters have approved several measures to generate new revenue for affordable housing and services. Making effective use of these resources to best address homelessness will require thoughtful and sustained coordination between state agencies

¹² <https://nlihc.org/resource/formerly-incarcerated-people-are-nearly-10-times-more-likely-be-homeless>

¹³ Geller, Amanda, and Marah A. Curtis. 2011. "A Sort of Homecoming: Incarceration and the Housing Security of Urban Men." *Social Science Research* 40(4, July 1): 1196–1213

¹⁴ Lutze, F. E., Rosky, J. W., & Hamilton, Z. K. (2014). Homelessness and Reentry: A Multisite Outcome Evaluation of Washington State's Reentry Housing Program for High Risk Offenders. *Criminal Justice and Behavior*, 41(4), 471–491. <https://journals.sagepub.com/doi/pdf/10.1177/0093854813510164>

¹⁵ Clifasefi, S.L., Malone, D.K., & Collins, S.E. (2013). Exposure to project-based housing first is associated with reduced jail time and bookings. *International Journal of Drug Policy*, 24(4), 291–296.

¹⁶ https://www.rand.org/content/dam/rand/pubs/rgs_dissertations/RGSD400/RGSD418/RAND_RGSD418.pdf

¹⁷ <https://www.urban.org/research/publication/denver-supportive-housing-social-impact-bond-housing-stability-outcomes>



and alignment between federal, state, and local resources. While California must craft its programs and policies based on the local context, Urban’s recent research provides some potential models worth exploring.

Pooling State and Local Resources for Supportive Housing Development and Operations

Developing supportive housing for people with disabilities experiencing homelessness typically requires combining funding from many different funding streams with different terms and requirements. Stitching together these funding sources often adds time and expenses, which, in hot housing markets, can make projects non-competitive. One way to make non-profit supportive housing projects more competitive is to pool together the different funding streams developers need (capital subsidies, operating subsidies, and supportive service funding) into one funding application. New York State pools together funding from the Department of Health; the Offices of Disability Assistance, Mental Health, People With Developmental Disabilities, and Alcoholism and Substance Abuse Services; the AIDS Institute; the Division of Long Term Care; and Homes and Community Renewal into one funding application through the Medicaid Redesign Team (MRT) Supportive Housing Initiative. The Initiative funds supportive housing for high-risk, high-need Medicaid beneficiaries including chronically homeless individuals and families, homeless youth, people with substance use disorders, and people exiting or at risk of placement into institutional settings. The state also tracks Medicaid spending before and after supportive housing for participants compared to eligible individuals that do not enter supportive housing and reinvests any observed savings from the state’s Medicaid budget back into the program. Louisiana has a similar statewide program that funds supportive housing through LIHTC, Housing Choice Vouchers, and Medicaid 1915(c) and 1915(i) waivers.¹⁸ These programs increase the yield of how much supportive housing gets built with public funds and helps simplify the process for reinvesting savings back into the program.

Using State Funding to Address Gaps and Limitations of Federal Programs

State programs can also be useful for filling gaps in federal programs. For example, while the Housing Choice Voucher Program ends homelessness for those who lease a unit, program funding levels are enough to serve only 20 percent of eligible households and applicants often wait years before being offered assistance.¹⁹ To address this, some states have successfully funded “bridge” programs to help vulnerable individuals and families find or maintain stable housing while they wait for federal rental assistance to become available. For example, in Iowa, the Iowa Finance Authority (the state housing agency) partners with the state Medicaid agency to provide a temporary rental subsidy and home and

¹⁸ Spillman, B. C., Leopold, J., Allen, E. H., & Blumenthal, P. (2017). *Developing Housing and Health Collaborations*. Urban Institute, Washington, DC. Retrieved from:

https://www.urban.org/sites/default/files/publication/89581/hh_brief_final_0.pdf

¹⁹ Scally, C. P., Batko, S., Popkin, S. J., & DuBois, N. (2018). *The case for more, not less: Shortfalls in federal housing assistance and gaps in evidence for proposed policy changes*. *Urban Institute*.



community-based services (HCBS) to rent-burdened individuals that qualify for a nursing facility level of care. To be eligible for the HCBS Rent Subsidy Program, participants need to be on the waiting list for federal rental assistance or demonstrate that they are ineligible for other rental assistance programs. If the wait list is currently closed, participants are responsible for monitoring the waitlist and demonstrating that they applied for assistance as soon as the wait list re-opens.²⁰ The rent subsidy and program requirements mimic the voucher program, to allow for a smooth transition of assistance when participants get to the top of the waiting list for their voucher.

State funds can also be used to make federal assistance more effective. For example, while the voucher program is very effective at preventing and ending homelessness for participants, up to 40 percent of people that receive a voucher end up returning it to the housing authority because they cannot successfully use it to rent an apartment within the required timeframe.²¹ State governments can help improve the success rates for the voucher program in at least two ways. First, they can fund bonus payments and other incentives for landlords to participate in the program, as well as to provide housing search services to help people experiencing homelessness successfully use their vouchers, and to pay for moving expenses like furniture and security deposits that are not covered by the program. Second, the state can pass laws that prohibit landlords from discriminating against voucher holders based on their source of income. A recent pilot study by Urban found that 76 percent of landlords in Los Angeles refused to accept vouchers and only 15 percent accepted vouchers without conditions. Urban's analysis also found much higher voucher acceptance rates in places with source of income protections that make it illegal for landlords to refuse to rent to voucher holders. For example, in Washington, DC, which bans source of income discrimination, only 15 percent of landlords refused to rent to voucher holders.²²

Targeting Affordable Housing to Extremely-Low Income Renters

Although the affordable housing crisis affects renters at all income levels, it is particularly acute for extremely-low income renters (those with incomes at or below 30 percent of the area median). In the western United States, there are an estimated 79 adequate, affordable rental units available for every 100 low income renters (those with incomes at or below 80 percent of the area median), but only 27 adequate, affordable rental units available to extremely-low income renters.²³ State administered

²⁰ Spillman, B. C., Blumenthal, P., Lallemand, N., & Leopold, J. (2016). Housing and Delivery System Reform Collaborations: Environmental Scan. Urban Institute, Washington, DC. Retrieved from: https://www.urban.org/sites/default/files/publication/89576/hh_environmental_scan_final.pdf

²¹ Finkel, M., & Buron, L. (2001). Study on Section 8 voucher success rates. Volume I. Quantitative study of success rates in metropolitan areas. *prepared by Abt Associates for the US Department of Housing and Urban Development*, 2-3.

²² Cunningham, Mary et. al. (2018). A Pilot Study of Landlord Acceptance of Housing Choice Vouchers. Urban Institute, Washington, DC. Retrieved from: <https://www.urban.org/research/publication/pilot-study-landlord-acceptance-housing-choice-vouchers>

²³ U.S. Department of Housing and Urban Development (2017). Worst Case Housing Needs: 2017 Report to Congress. HUD: Washington, DC. Retrieved from: <https://www.huduser.gov/portal/sites/default/files/pdf/Worst-Case-Housing-Needs.pdf>



affordable housing programs generally focus on relatively higher income renters, such as teachers, firefighters, or people on fixed incomes.²⁴ As California begins to spend the revenue generated through the Build Homes and Jobs Act, it should try to use its influence to encourage counties to target most of their assistance to renters with incomes at or below 30 percent of the area median (i.e., extremely-low income (ELI) renters).²⁵

Making rental housing affordable to ELI renters will require deep operating subsidies, provided either directly to renters or to property owners, to make up the difference between what ELI renters can afford to pay and the market-rent of the unit. While this may increase the average cost of building or preserving a unit, it will maximize the effectiveness of that assistance in preventing severe rent burdens and homelessness.

²⁴ Cunningham, M., Leopold, J., & Lee, P. (2014). A Proposed Demonstration of a Flat Rental Subsidy for Very Low Income Households. Urban Institute, Washington, DC. Retrieved from: <https://www.urban.org/sites/default/files/publication/22311/413031-A-Proposed-Demonstration-of-a-Flat-Rental-Subsidy-for-Very-Low-Income-Households.PDF>

²⁵ Brown, S., Batko, S., Leopold, J., & Shroyer, A. (2018). Final Report and Recommendations on Homelessness in Alameda County, California. Urban Institute, Washington, DC. Retrieved from: <https://urbanorg.app.box.com/folder/69930365346>