

# Federal Homelessness Policy

In 2010, the U.S. Interagency Council on Homelessness released *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness*, the first federal plan to prevent and end homelessness. Goals were set to end homelessness among chronically homeless single adults living on the streets and veterans by 2015, with the additional target of ending family, child, and youth homelessness by 2020.<sup>1</sup> This chapter discusses the federal response to homelessness leading up to *Opening Doors*, which was largely a reaction to two crippling recessions. Research on various housing models is also presented, with a detailed examination of the reasons why the federal strategy to end homelessness among families shifted from service-enriched transitional housing to a rapid re-housing approach that provides short- or medium-term rental subsidies with fewer supportive services. The chapter concludes by outlining the current, but albeit limited, understanding of which families should receive which types of assistance to prevent and end their homelessness.

### Modern History: The 1980s and 1990s

Before the Great Recession (December 2007–June 2009), the highest number of unemployed Americans since the Great Depression had occurred in the early 1980s (July 1981 to November 1982). Congress responded in 1983 by creating the Emergency Food and Shelter National Board Program (EFSP) to provide non-disaster related emergency assistance. EFSP is overseen by the Federal Emergency Management Agency and administered through partnering non-profit organizations.<sup>2</sup> The program was authorized in 1987 with the passage of what is now known as the McKinney-Vento Homeless Assistance Act (McKinney-Vento), the first large-scale federal response to the needs of homeless individuals and families. This statute established programs to provide homeless households with shelter and supportive services through multiple federal agencies, including the U.S. Department of Education, the U.S. Department of Housing and Urban Development (HUD), and the U.S. Department of Health and Human Services (HHS). Reauthorized and amended several times since its inception, the law remains the primary funding mechanism to prevent and alleviate homelessness.<sup>3</sup>

Since 1995, homeless families have been served through the Continuum of Care (CoC) system. The CoC structure encourages regional networks of providers and state and local government agencies to collaborate in creating a comprehensive homeless services system. The first access point for families into this system is emergency shelter, where they may stay for 30 to 90 days to solve immediate crises. Families with greater barriers to self-sufficiency can move to transitional housing for an additional period of up to 24

months, during which they receive supportive services to prepare for a stable return to permanent housing. Funded mainly through HUD, transitional housing provides access to job skills training, parenting education, and financial literacy classes; treatment for mental illnesses, addictions, and other disabilities; child care and transportation to enable parents to attend classes, access employment, and apply for apartments; housing search assistance; and up to six months of follow-up services. A minority of clients with disabilities that prevent them from achieving complete self-sufficiency in transitional housing, are instead directly placed in permanent supportive housing. As opposed to families in emergency shelter or transitional housing, these families are then by definition no longer considered homeless.<sup>4</sup>

### The Benefits of Transitional Housing for Families

As of October 2014, the most in-depth research on transitional housing for homeless families was a report released by HUD in 2010. The study used data collected between November 2005 and July 2007 (before the Great Recession began). Among participating mothers, the employment rate increased from 18% at transitional housing entry to 61% at exit, rising four more percentage points by the 12-month follow-up interview. During the year after leaving the program, two-thirds (64%) of mothers lived in their own residences, either directly out of transitional housing or after short stays in other places, and an additional 19% were always in their own housing but moved at least once. Only 5% never had their own residences and 2% experienced another episode of homelessness at some point during the 12 months after exit, with some overlap between the two categories (Figure 1). In addition, 86% of families maintained the same household composition for at least one year after leaving transitional housing. Longer stays in transitional housing enabled families to develop the skills necessary for self-sufficiency and were associated with higher educational attainment and employment rates, greater likelihood of consistent work during the year after program exit, greater likelihood of having one's own residence during this time, and better mental health among children one year after move-out.<sup>5</sup>

Additional research released by HUD in 2010 shows that transitional housing is the most effective type of shelter for assisting homeless persons in finding work. Due to a greater emphasis on job-related services, 36.8% of families and individuals exiting transitional housing in 2007 had employment income (an 84.9% jump since program entry), as opposed to one-fifth of those leaving permanent supportive housing (19.2%, a 51.2% increase) or supportive services only programs (21.1%, a 77.3% increase [Figure 2]).<sup>6</sup>

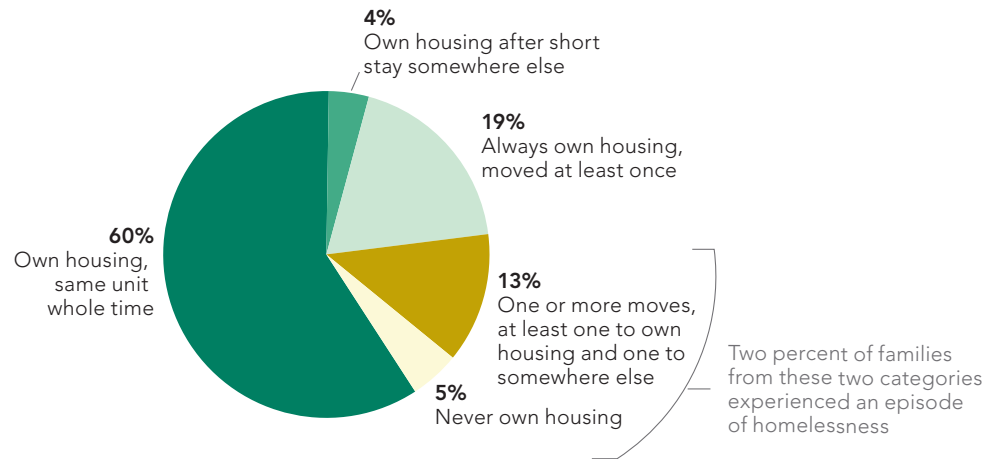
Although the rates at which homeless parents are employed when exiting all three program models is low, homeless families in transitional housing are more likely to receive income from employment than those in permanent supportive housing or families only receiving supportive services. Without jobs, it is unlikely that homeless parents can cobble together enough cash and non-cash benefits from the larger social safety net for families to avoid future episodes of housing instability. These are important facts to consider when evaluating the reasons why the federal government has shifted its focus away from funding transitional housing.

### A Paradigm Shift for the 21<sup>st</sup> Century

When HUD began funding emergency shelters, transitional housing, and permanent supportive housing following the 1987 landmark McKinney-Vento legislation, communities and service providers were allowed to use funds at their discretion for housing and supportive services. In 2000, only 40% of HUD funds were used for housing. Since other federal agencies were already administering supportive service programs, such as child care and health care, Congress directed HUD to target more resources to creating permanent supportive housing.<sup>7</sup>

Permanent supportive housing was initially developed to serve single adults with disabilities experiencing chronic homelessness, defined by HUD as unaccompanied individuals with disabling conditions who have been homeless for more than one year or who have had four or more episodes of homelessness in the last three years. Under this model, clients who cycle through shelter and expensive emergency services—such as incarceration, hospitalization, and inpatient psychiatric and substance abuse care—are placed in apartments and linked to voluntary supportive services.<sup>8</sup> Evaluations of permanent supportive housing for chronically homeless singles have found this program to be almost cost-neutral or even cost-effective, depending on the locality, and it is associated with increased housing stability for homeless single adults with severe mental illnesses.<sup>9</sup> Converting the homeless family housing infrastructure to one favoring permanent housing with optional supportive services has appealed to policymakers because it is less expensive per

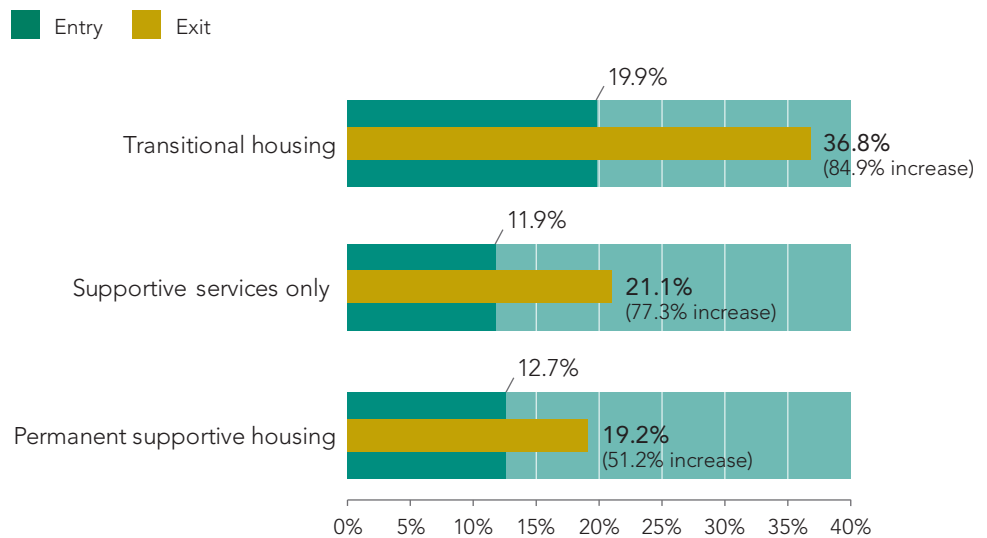
Figure 1  
Housing Stability of Families During the Year After Transitional Housing Exit



Note: Percentages do not properly total due to rounding.

Source: U.S. Department of Housing and Urban Development, *Life After Transitional Housing for Homeless Families*, 2010.

Figure 2  
Percent of Clients with Employment Income at Program Entry and Exit (by housing type)



Note: Numbers in parentheses represent the percent increase in clients with employment income between program entry and exit.

Source: U.S. Department of Housing and Urban Development, *Strategies for Improving Homeless People's Access to Mainstream Benefits and Services*, 2010.

family per day for households experiencing their first episodes of homelessness.<sup>10</sup>

In 2002, the Bush administration began an initiative for states and localities to develop 10-year plans to end homelessness among chronically homeless adults.<sup>11</sup> The push was influenced by the argument that a housing-first approach for chronically homeless adults results in reduced costs overall, due to a decreased reliance on expensive emergency services.<sup>12</sup> To enforce this policy shift toward a housing-first model, the Bush administration directed funding to serve chronically homeless single adults.<sup>13</sup> The change was well-received by Congress, which viewed it as a cost-effective approach to

ending homelessness. States and localities responded by creating plans that varied in time frame and target population. While data do not exist for 2002–04, the number of permanent supportive housing beds for single adults increased by over 60,000 (or 48.5%) between 2005 and 2014 (from 125,710 to 186,623).<sup>14</sup> Subsequently, chronic homelessness among single adults declined by more than one-quarter (30.0%) between 2007 and 2014.<sup>15</sup>

### Misinformed Policy: Phasing Out Transitional Housing for Families

Due to the success of a housing-first approach for chronically homeless single adults, a similar model was developed and applied to homeless families. Instead of long stays in transitional housing, families could quickly be placed in their own permanent housing and given a short- or medium-term rental subsidy. This policy, known as rapid re-housing, remains the federal strategy to end homelessness among homeless parents and their children despite limited research on the efficacy of the model and misguided theoretical underpinnings.

This federal policy shift for homeless families was influenced primarily by a study released in 2007. The study examined family shelter usage data collected over two to three years per household in three major cities and one state. The study placed families into three different groups according to the total length and number of stays in shelter. The three groups were: families who had multiple short stays, families

who had one short stay, and families who had one long stay in shelter.

The study found that a large majority (95%) of families, those with infrequent shelter use, did not have intensive service needs that would significantly impact housing stability. Conversely, the remaining 5% of families (identified as “episodic”) seemed stuck in a cycle of homelessness.<sup>16</sup> The study therefore recommended transforming the homelessness services system to consist mostly of housing voucher programs to address the needs of the 95% of families with a lower frequency of shelter use. This approach was also meant to lower costs and reduce length of stay in shelter.

A 2011 study highlighted several flaws in the research design and data analysis of the 2007 study, findings that call into question its policy applicability. The 2011 study replicated the original analysis and initially found six groups of families instead of three; further analysis using a more appropriate statistical approach identified ten distinct types of families. The authors of the 2011 study concluded that no single typology exists. Therefore, the system was changed based on a single, flawed study. In areas other than homelessness, such as medicine, the economy, and climate change, decisions are made by conducting a wide variety of studies and reaching a general consensus within the scientific community to inform policy recommendations. In homelessness public policy, however, it has become commonplace for decisions to be made

Table 1  
Federal Rapid Re-housing Programs for Families

Program	Rapid Re-housing for Families Demonstration Program (RRHD)	Homelessness Prevention and Rapid Re-Housing Program (HPRP)	Emergency Solutions Grants Program Interim Rule (new ESG)
Time period	23 sites funded in 2009 (available until expended)	July 2009–September 2012	January 2012–present
Overview and eligibility	Evaluate the effectiveness of rapid re-housing for homeless families who have at least one moderate barrier to housing and are likely to independently sustain housing after the assistance ends. No evaluation published as of September 2013.	Rapidly re-house households that are most in need of temporary housing assistance and are most likely to achieve stable housing after the assistance ends. Problem: Those most in need are not those who are most likely to achieve stable housing, a conflicting mandate that grantees found confusing.	The HEARTH Act of 2009 shifted the program’s focus from emergency or transitional shelters to quickly moving households to permanent housing. Grantees should direct as much funding as possible to rapid re-housing to conserve shelter resources for those with the most urgent housing needs. Supportive services are considered just as critical as housing assistance and grantees should focus on keeping people in housing, not just getting them in housing. A household’s ability to sustain housing is no longer a threshold requirement.
Financial assistance	Leasing assistance for 3–6 or 12–15 months. As opposed to rental assistance, participants are not required to contribute towards housing costs.	Less than 3 or 4–18 months of tenant-based rental assistance (with recertification every three months), rental arrears, security and utility deposits, utility payments, moving costs, and motel and hotel vouchers.	Less than 3 or 4–24 months of tenant- or project-based rental assistance, rental arrears, rental application fees, security and utility deposits, utility payments, last month’s rent, moving costs.
Supportive services	Housing placement, case management, legal assistance, literacy training, job training, mental health services, child care services, and substance abuse services. Grantees are limited to spend no more than 30% of funds on supportive services.	Housing search and placement, case management, legal services, credit repair, and outreach. Child care and employment training are ineligible services.	Housing search and placement, housing stability case management, tenant legal services, landlord-tenant mediation, and credit repair.
Budget	\$25 million	\$1.5 billion	\$90 out of \$250 million in FY11, \$286 million in FY12, \$215 million in FY13

Source: U.S. Department of Housing and Urban Development, *Notice of Allocations, Application Procedures, and Requirements for Homelessness Prevention and Rapid Re-housing Program Grantees under the American Recovery and Reinvestment Act of 2009*, March 2009; U.S. Department of Housing and Urban Development, *Leasing and Rental Assistance: Transition Guidance for Existing SHP Grantees Using Leasing Funds for Transitional or Permanent Housing*, 2012; U.S. Department of Housing and Urban Development, Interim rule, “Homeless Emergency Assistance and Rapid Transition to Housing: Emergency Solutions Grants Program and Consolidated Plan Conforming Amendments,” *Federal Register* 76, no. 233 (December 2011): 75,954–94; U.S. Department of Housing and Urban Development, *OneCPD Resource Exchange, Retooling the Homeless Crisis Response System Webinar*, 2012.

based on limited research that is not evidence-based and would not meet the quality standards of other disciplines.<sup>17</sup>

### The Great Recession Hastens Implementation of Rapid Re-housing

In 2008, HUD decided to test the feasibility of rapid re-housing for homeless families. The following year, funding for the Rapid Re-housing for Families Demonstration Program (RRHD) was allocated to 23 localities and targeted to assist families who had at least one moderate barrier to housing and were likely to independently sustain housing after the assistance ended. Sites could select from providing leasing assistance for 3–6 or 12–15 months. In contrast to rental assistance programs, participants were not required to make contributions toward their housing costs. RRHD allowed housing placement, case management, legal assistance, literacy training, job training, mental health and substance abuse treatment, and child care as eligible supportive services. However, grantees were limited to spending no more than 30% of funds on such activities. Although initial results have been shared with grantees, as of November 2014, the study has not been publically released. Furthermore, before the pilot program could be tested and thoroughly evaluated, the Great Recession, which officially lasted from December 2007 to June 2009, prompted the federal government to implement rapid re-housing on a system-wide scale (Table 1).

The Homelessness Prevention and Rapid Re-housing Program (HPRP), a component of the American Recovery and Reinvestment Act of 2009 (ARRA), was created by Congress to mitigate rising homelessness due to the economic downturn. ARRA dedicated \$1.5 billion to this one-time, three-year program for short- and medium-term housing-related financial assistance, including rental subsidies and security deposits, and housing-related supportive services, such as landlord mediation and housing search assistance. The goal of HPRP was to prevent homelessness for at-risk families and to quickly move homeless families into their own housing. HUD, which managed HPRP, used the opportunity to test new strategies for the Emergency Shelter Grants Program—now known as the Emergency Solutions Grants Program (ESG).<sup>18</sup>

### The Creation of HPRP: Testing the New ESG

When HPRP was created in 2008, the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, which reauthorized McKinney-Vento and solidified federal

policy favoring rapid re-housing for homeless families, had yet to pass. In the original Emergency Shelter Grants Program, there was no cap on funding for emergency shelter, but no more than 30% of grant monies could be spent on prevention. Whereas emergency shelters were intended for short-term stays, clients could reside in transitional housing for up to two years while receiving supportive services. The HEARTH Act, passed in 2009, limited new ESG funds for emergency shelter or street outreach to either 60% of a grantee's total ESG allocation or the amount of funds used for those activities in the last year of the old version of the program, whichever is greater, and lifted the cap on prevention spending (Table 2). In addition, the Act incentivized providers to rapidly re-house clients (a new eligible activity) out of emergency shelters and transitional housing by tying funding allocations for transitional housing to communities' ability to reduce the length of clients' homelessness. Although the maximum length of stay in transitional housing remains two years under the new system, providers are now encouraged to move clients out much more quickly.<sup>19</sup>

HUD adapted some of the prevention and rapid re-housing sections of the HEARTH Act when creating regulations for HPRP.<sup>20</sup> The Act itself does not define the length of short- and medium-term financial assistance but does specify to a certain extent which families are considered at risk of homelessness.<sup>21</sup> HPRP regulations limited the length of financial assistance to 18 months for homeless and at-risk households but gave grantees latitude in determining what constituted "at risk of homelessness." Furthermore, HUD instructed grantees to both serve households most in need of assistance and select participants most likely to achieve stable housing, a seemingly conflicting mandate that, according to a survey by the National Law Center on Homelessness and Poverty, 62% of providers had difficulty interpreting.<sup>22</sup>

State and local HPRP grantees began expending funds in July 2009. By the end of March 2011, \$868 million (57.9%) had been spent to serve 977,871 persons in 409,610 households nationwide. Almost three-quarters (72.7%) of families served were categorized as being at risk of homelessness and more than one-quarter (27.9%) were considered homeless at program entry according to HUD's restrictive definition.<sup>23</sup>

### Rapid Re-housing: Lessons Learned from HPRP

While research to date concludes that housing subsidy receipt is the main predictor of housing stability among

Table 2  
Emergency Shelter Versus Solutions Grants Program

Component	Emergency Shelter Grants Program	Emergency Solutions Grants Program
Emergency shelter or street outreach	No cap on spending	Spending limited to either 60% of a grantee's total allocation or the amount of funds used for those activities in the last year of the Emergency Shelter Grants Program, whichever is greater
Prevention	Spending limited to 30% of a grantee's total allocation	No cap on spending
Rapid re-housing	Ineligible activity	Eligible activity, with rental assistance capped at 24 months in a three-year period per client

Source: Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009, S 896, 111<sup>th</sup> Cong., 1st sess.; U.S. Department of Housing and Urban Development, Emergency Solutions Grant Program: Getting Ready for the New ESG, 2011.



homeless families, there is little evidence that they put families on the road to self-sufficiency.<sup>24</sup> HPRP data suggest that for many households, short- or medium-term housing subsidies—without additional financial aid or supportive services—do not give families enough time to regain independence. According to HPRP regulations, grantees were permitted to provide families with up to three months of short-term rental assistance and up to 18 months of medium-term aid, but most served households for less than six months.<sup>25</sup> By design, HPRP could cover only housing-related services. For example, employment support and training were ineligible activities. Most families accessing HPRP did not regain self-sufficiency; 70.3% exited the program with no change in income and one out of four (27.7%) exited with no income at all (Figure 3).<sup>26</sup> Further exacerbating the problem, less than half (43.4%) of homeless families exiting HPRP to rental housing had housing subsidies.<sup>27</sup> With no increase in income and no long-term housing subsidy, it is difficult to see how six months of HPRP participation would stabilize a family beyond the period of assistance.

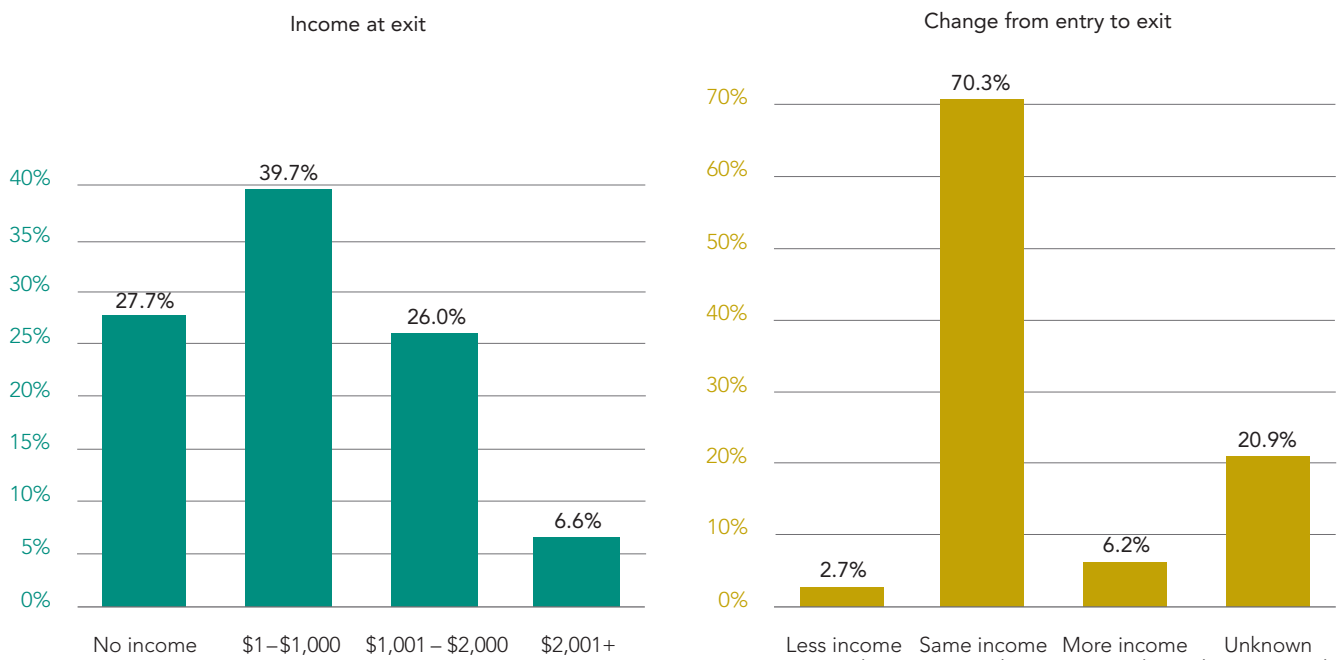
**Prevention: Assistance Must Target Those Most at Risk**  
ARRA included homelessness prevention as a key component of HPRP, seeking to minimize both the negative effects of homelessness on families' well-being and the higher costs to the social service system.<sup>28</sup> However, the average prevention/rapid re-housing participant exhibited higher levels of housing stability than adults in traditional emergency shelter or transitional housing did before program entry: 66.4% of adults receiving HPRP assistance lived in their own housing at program entry, compared with 11.8% of adults in traditional emergency shelter or transitional housing, and 15.4% of those receiving HPRP were living doubled up, as opposed to 30.2% of adults in shelter or transitional housing.<sup>29</sup>

The significantly greater housing stability among HPRP participants at program entry suggests inefficient targeting strategies. These were in part due to some providers' confusion over HUD's mandate to both serve households most in need of assistance and simultaneously select participants most likely to achieve housing stability after a short period of housing-related aid.<sup>30</sup> HUD reported that more than one million persons were averted from or exited homelessness through HPRP, but the number served was most certainly much greater than the number who were or would have become homeless without assistance.<sup>31</sup> Whereas many grantees needed to invest time in order to develop rapid re-housing programs, prevention programs were already in place to distribute HPRP funds immediately.<sup>32</sup> As a result, grantees served almost three times as many at-risk households (297,857) as homeless ones (114,146) from July 2009 to March 2011.<sup>33</sup>

**Current Understanding of the Homelessness Services Delivery System: A Continuum of Need**  
Based on the lessons learned from HPRP, however, HUD has advised participants to spend a greater percentage of ESG dollars on rapid re-housing, provided a strict definition of "at risk of homelessness," and suggested that grantees restrict prevention activities to diversion, which targets families as they are applying to shelter.<sup>34</sup> HUD has also placed greater emphasis on services to ensure that rapidly re-housed families stay stably housed.<sup>35</sup>

Local homelessness service systems should have a centralized or coordinated assessment system, which is a promising method for increasing access to homelessness programs and other services, as well as the improved coordination between and effective use of available resources. The passage of the

Figure 3  
Monthly Cash Income of HPRP Clients



Note: Percentages may not total to 100% due to rounding.  
Source: U.S. Department of Housing and Urban Development, *The 2010 Annual Homeless Assessment Report to Congress*.

HEARTH Act, and the subsequent release of the 2012 CoC Program Interim Rule, made the implementation of a centralized or coordinated assessment system a requirement for receiving federal CoC funding.<sup>36</sup>

A community's centralized or coordinated assessment system can take many forms depending on factors such as local needs and geography. The one set requirement is the use of a standardized tool for assessing client needs. The tool, which can vary between but not within communities, can be administrated through a phone hotline, a physical location, multiple locations scattered throughout the CoC, a “no wrong door” policy, specialized caseworker teams deployed to service providers, or a combination of these methods.<sup>37</sup>

By screening all families in the same way, assistance may be more tailored to individual families' levels of need and barriers to self-sufficiency, rather than using a single service model. Some families will leave emergency shelter after a few weeks with limited assistance. For other families with moderate needs, a short- or medium-term rapid re-housing rental subsidy with additional supportive services is the best use of limited financial assistance. Transitional housing should be reserved for families with high barriers to self-sufficiency. Only families who are chronically homeless or have disabilities should be placed in permanent supportive housing. Rather than the former continuum of care model, in which families graduate to permanent housing when ready, a “continuum of need” approach is theoretically

the best use of limited financial resources to maximize the number of families served.<sup>38</sup>

In addition, there has been a push by HHS to connect homeless families with permanent housing and supportive services using Temporary Assistance for Needy Families (TANF) funds, as well as to coordinate the administration of housing assistance and employment support interventions between TANF agencies and homelessness service providers. TANF funding may be used for family planning and stability programs and to provide cash assistance to cover food, clothing, shelter, supportive services, and work subsidies. Under these guidelines, it is allowable to use TANF in conjunction with ESG and CoC Program dollars to house and support families at imminent risk of or experiencing homelessness. Jurisdictions have the discretion to alter cash benefits to adjust for housing costs and/or provide a housing supplement on top of cash assistance allotments.<sup>39</sup>

Homelessness researchers have yet to undertake a statistically rigorous exploration of the personal and systemic characteristics of homeless families. Data collection is ongoing for the first controlled, randomized study comparing service models for homeless families, conducted by HUD.<sup>40</sup> Until this research is completed, it is impossible to determine whether rapid re-housing—originally based on the successes of a housing first approach for chronically homeless single adults—will better aid homeless families than transitional housing and the previous CoC system.