

# Converting Transitional Housing to fit the Needs of the community

Housing Washington Conference 2014

# Definition of Transitional Housing

HUD's Definition of Transitional Housing "A project that is designed to provide housing and appropriate supportive services to homeless persons to facilitate movement to permanent independent living within 24 months"

- Transitional units can be at a single site such as an apartment building or large house or through scattered site apartments
- Typically the supportive services are mandated as part of the housing and if clients don't follow their service plan they can be existed back into homelessness

# Changing Priorities

**Transitional Housing has traditionally been a national model for how to house and build self-sufficiency for homeless households**

- It is recognized as an effective tool for addressing subpopulations such as homeless youth, domestic violence survivors and the homeless with substance abuse issues

**In the last few years HUD and the US Interagency Council on Homelessness have identified more effective models for housing the homeless**

- “Housing First” (Placing people directly from the streets into barrier free housing)
- “Rapid Rehousing” (Moving families and individuals directly into apartments and providing progressive engagement)

# Challenges

**During the time that Transitional Housing was recognized as a best practice, thousands of units of Transitional Housing stock were created in communities across the country.**

- Today many units are old, inefficient and costly to operate
- As units age (maintenance reserves are typically ineligible costs) and utility costs increase it becomes even more difficult for communities to fund operation costs
- Adding to the cost is the requirement for expensive supportive services rather than a services on an as needed approach
- Transitional housing can create instability because households must move upon completing the program which can be disruptive and destabilizing
- Transitional housing is not always well targeted to the neediest households, ones with disabilities, substance abuse issues or no income

# Barriers to Converting Transitional Housing

**Even though it may make sense to convert transitional housing, there are some common barriers that will need to be addressed**

- Overcoming community assumptions that a continuum of housing types is required to move people out of homelessness
- Fear and reluctance, on the part of transitional housing providers, to change their model of service
- Concern on whether other types of housing such as rent assistance and leasing can be self-sustaining without operations support
- Use restrictions placed on units by federal and state funders can lessen the nonprofit owner's ability to repurpose or convert to more flexible housing options

# Washington State Use Restrictions

## Washington Housing Trust Fund TH Units

- Washington State Housing Trust Fund covenants are 40 years in length
- Units funded with Housing Trust Fund dollars face a difficult challenge because there is no easily defined process for changing the use of the units
- Requires lengthy discussions and negotiations and sometimes requires the provider to pay a portion or all of the original funding back to Commerce to resolve the term use term

# HUD Use Restrictions

## HUD CoC TH Units

- HUD Continuum of Care covenants can be 15-20 years in length
- Options may include reallocating funds to a new permanent supportive housing or rapid rehousing project through the annual HUD CoC application or through a grant amendment
- Reallocation can be risky to housing providers if the new permanent housing project is not funded
- The community risks losing scarce affordable housing stock

# What Can You Do?

## **Start by developing a plan that includes research:**

- Research funder use requirements and terms
- Conduct an inventory of units, bedroom type and population served
- Collect historical data on usage patterns
- Determine what type of housing is needed in the community (Permanent supportive, rapid rehousing or affordable market rate)
- Look at historical operating and maintenance costs
- Research current housing demand and vacancy rates
- Determine FMR's by unit size and rent reasonableness estimates
- Compare current operating costs to potential rent revenue projections to determine cost benefit ratio

# Developing Community Buy In

**After data is collected and analyzed, organize a stakeholder meeting to create buy in**

- Include CoC leadership, funders, local rental assistance providers, private landlords etc. in your planning efforts
- Discuss the data and determine the pros and cons to converting
- Once there is buy-in, target potential properties and develop a conversion plan for each property
- Focus on what barriers exist that will need to be addressed and develop strategies to address each one

# Example Strategies

## **Potential strategies could include:**

- Refocusing eligibility criteria, program rules and service design to decrease barriers to serve more vulnerable and high need populations
- Repurposing units by changing the program model to one designed to promote permanency and stability such as permanent supportive housing or rapid rehousing
- Creating Rapid Rehousing units or Transition in Place units by converting scattered site transitional units to a rental assistance model
- Convert facilities to project based permanent housing units and partner with rental assistance providers to master lease units to help place their clients

# Conclusion

Having a good understanding of changing priorities, challenges, barriers and benefits to converting transitional housing. Then being able to develop a plan and communicate it effectively can help in overcoming some of the initial fears or concerns that providers and community stakeholders may have.

# For More Information

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# Spokane County Facts

Spokane County- approx 475,000 residents

- 210,000 within the City of Spokane

1,763.79 square miles

Median household income, 2007-2011 \$49,257

Persons below poverty level, percent, 2007-2011 14.4%

Average rental vacancy rate: 4.3%

2014 Point in Time: 1149 Total Persons

US Census Bureau 2007-2012 reports

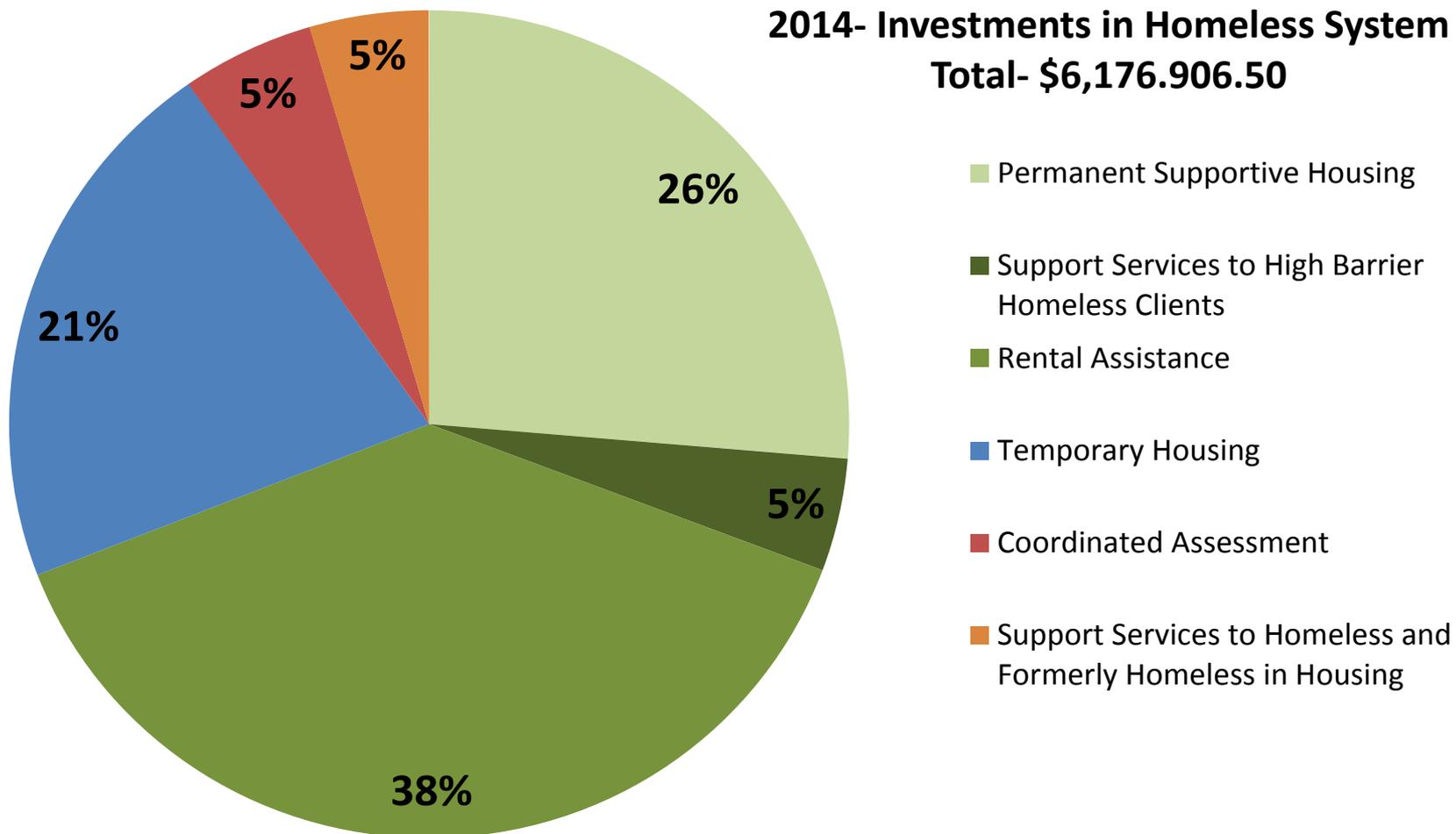
# Goal of Spokane's Homeless System

- Easily accessible, responsive system for families and individuals in a housing crisis
- Allows for a consistent assessment of clients needs
- Appropriate level of service and housing
- Provide permanent low-barrier housing options
- Shortest Length of stay possible in homeless system

# Strategies in Place to meet this goal

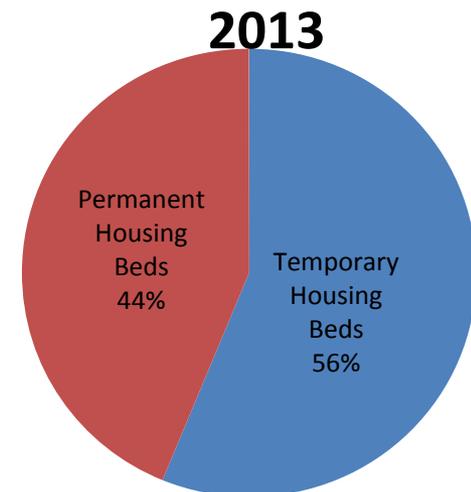
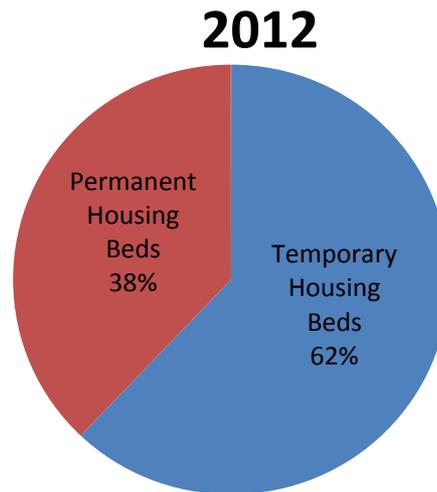
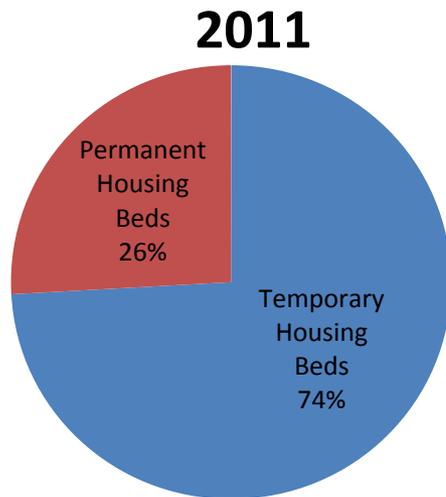
- Coordinated Assessment System
- Diversion Focus– Ensure that clients entering the system have exhausted all other resources
- Targeted prevention assistance
- Prioritize Permanent Housing Options :
  - Permanent Supportive Housing- for those with the highest barriers
  - Rapid Re-housing for those who have lower service needs

# Current Strategies: Prioritization of Funding for Permanent Housing Options



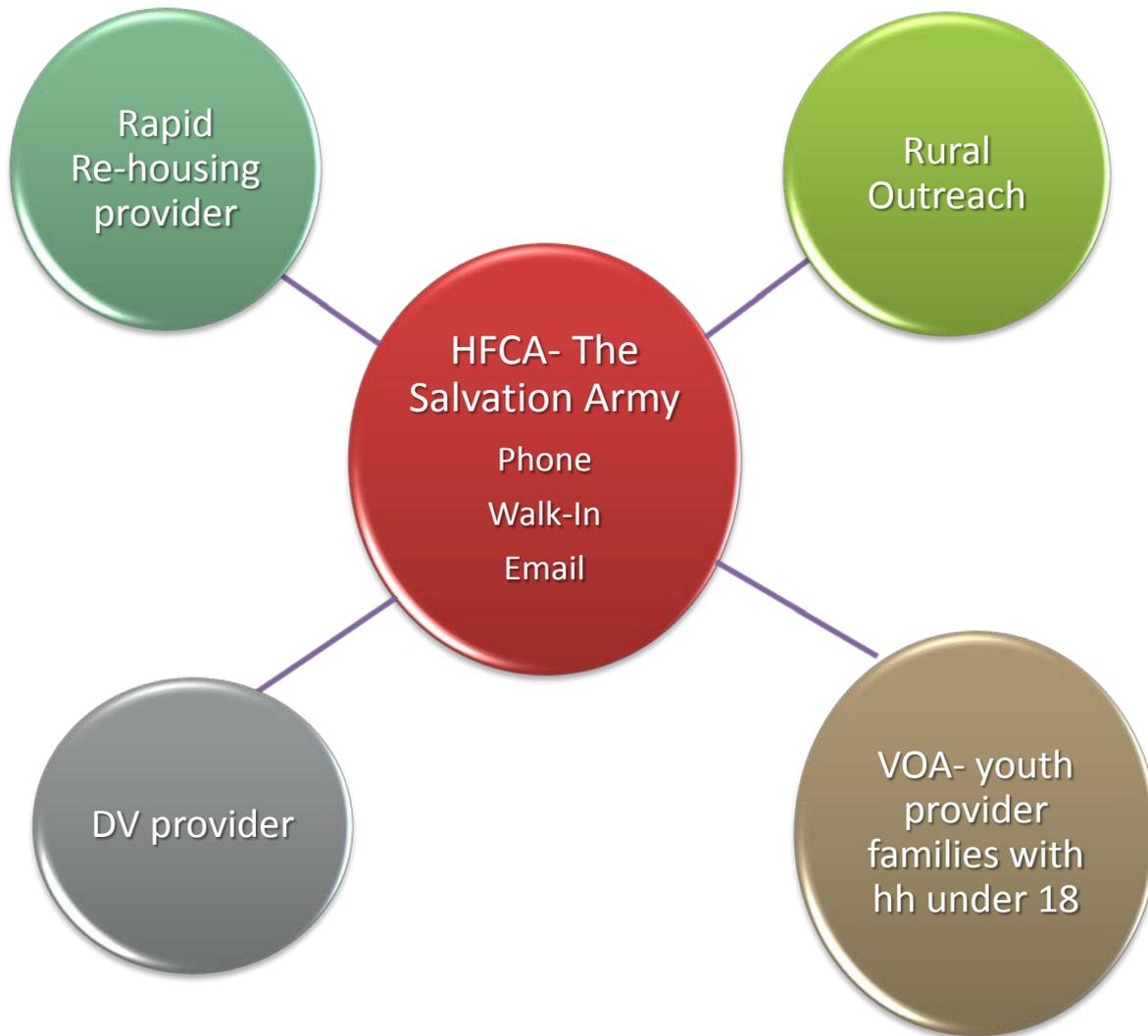
# Current Strategies: Shift in Homeless Housing Inventory

- From 2011-2013
  - The distribution of beds shifted from temporary housing to permanent housing



Compiled from Homeless Management Information Systems (HMIS) Point in Time data 2011, 2012, and 2013

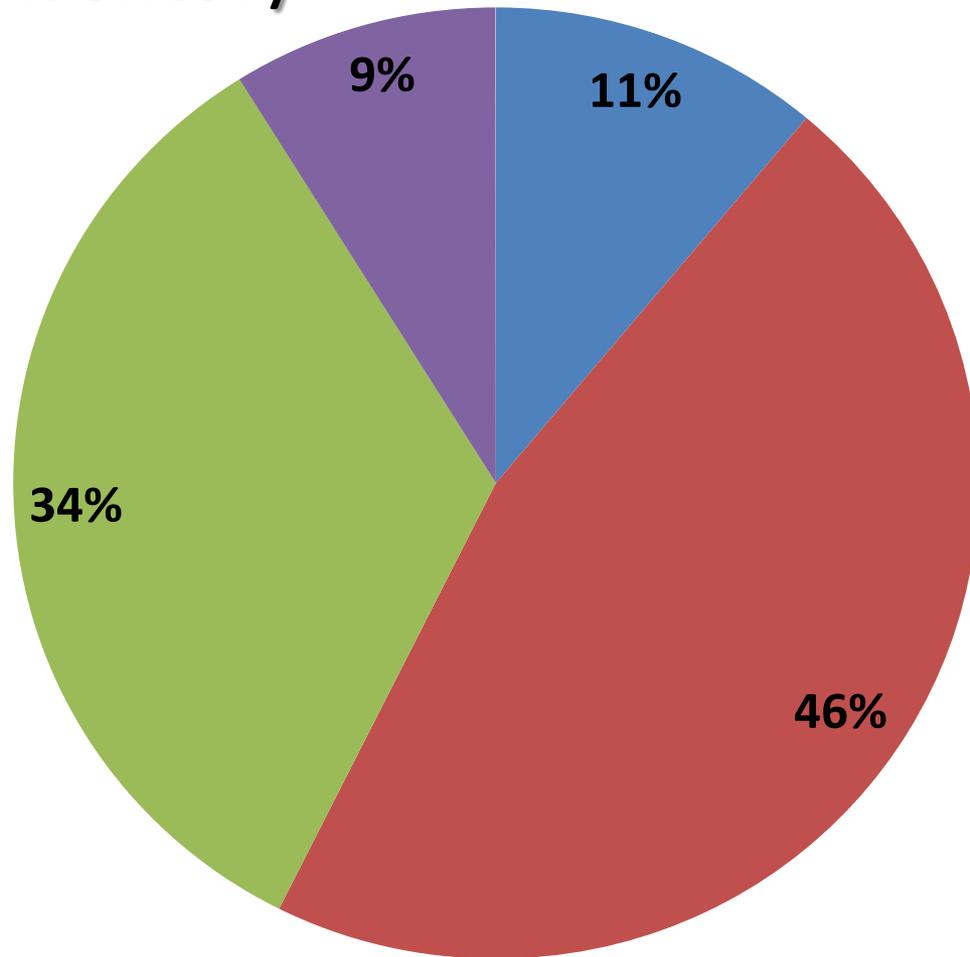
# How our system looks



All entry points provide:

- **Screening**
- **Diversion**
- **Assessment**
- **Referral to rapid re-housing**
  - RRH for all populations
  - SSVF
  - RRH for specific geographic areas
- **Referral to prevention**
- **Housing placement**

# Current Housing Inventory



- Emergency Shelter Units-55
- Transitional Housing Units-125
- Permanent Supportive Housing Units-91
- Other Permanent Housing Units-24

# What we have learned from Coordinated Assessment

- **54% of families accessing the system don't ever have to enter the system**
- **Most families coming through the system have low barriers and need a short term housing and service interventions- 85%**
- **Very low recurrence rate- Families aren't entering the homeless system after exit**
- **Role of Emergency Shelter had changed- Emergency Shelter units had become a holding place for clients who needed Rapid Re-Housing**
- **Housing inventory and the identified need is misaligned.**

# Retooling Strategies: Short Term

## Changes in Service Delivery

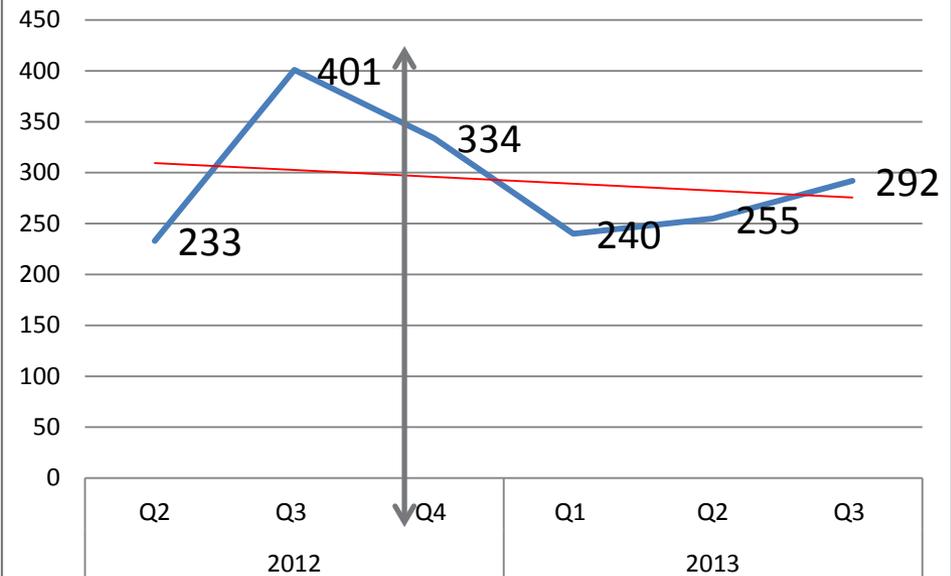
- **Moving from ES / TH units to Interim Housing Model. All programs will take any household in need of temporary housing and adjust their service delivery to that households need**
- **Integrating RRH methodologies into interim housing programs- shift service component to reducing immediate barriers to housing and housing search**

# Results of Short Term Strategies: Length Of Stay In Interim Housing

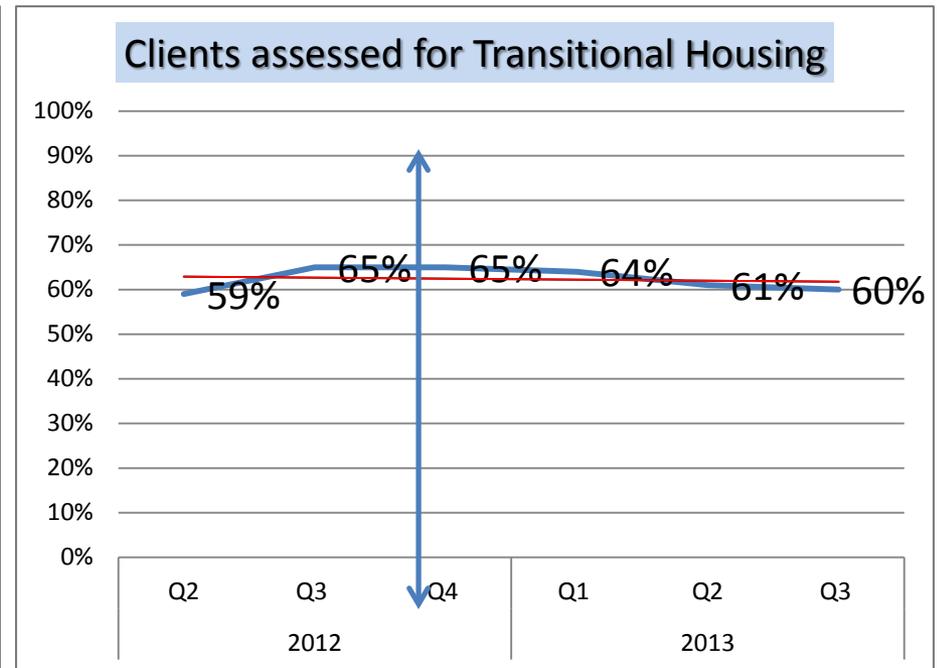
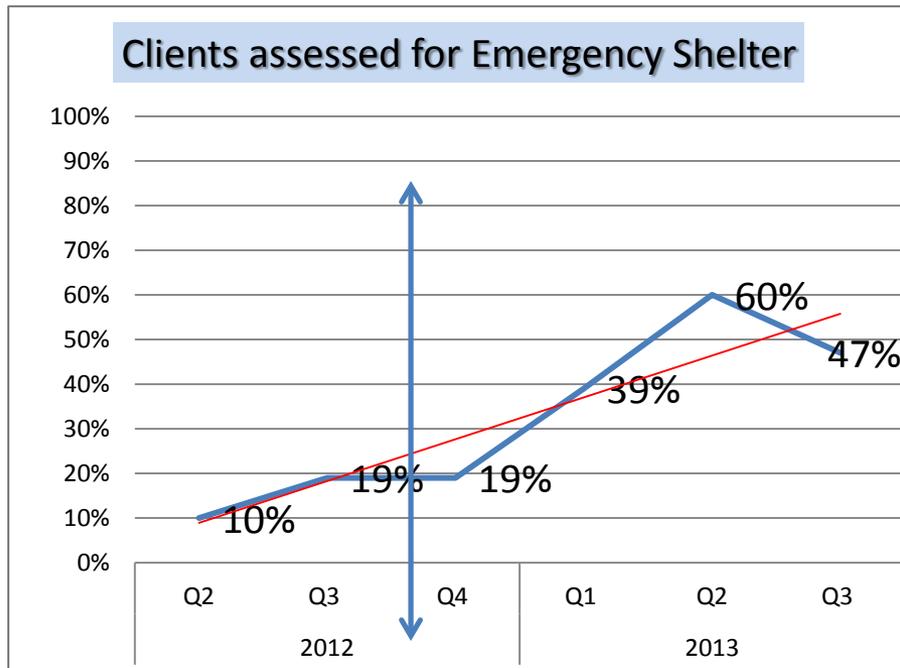
Length of Stay in for clients assessed for  
Emergency Shelter



Length of Stay in for clients assessed for  
Transitional Housing



# Results of Short Term Strategies: Rate Of Exits To Permanent Destination



# Retooling Strategies: Long Term

## Long term solutions:

- Adjustments to Inventory to meet need – Convert scattered site TH projects to RRH- 25 units shift in 2014 CoC competition.
- Prioritization of highest needs populations- SPDAT tool – October 2014
- Identify populations to be served in TH- DV, Independent Youth, Exiting Institutions.
- Continued shifting of resources to permanent housing options

## Questions to be answered:

- Can we re-tool current non-facility based TH programs to RRH
- How do we ensure the changes made won't effect the current efficiencies in the system
- How do local funding priorities need to be adjusted to complete the re-tool of the system.

# Tools needed for Retooling Decisions

## **DATA!**

**Continued review LOS, Exit and Recurrence Data within system**

**Performance Improvement Calculator**

## **STAKEHOLDER INPUT!**

**Continued conversation and input with CoC Advisory Committee, program level staff and ultimately decision makers**

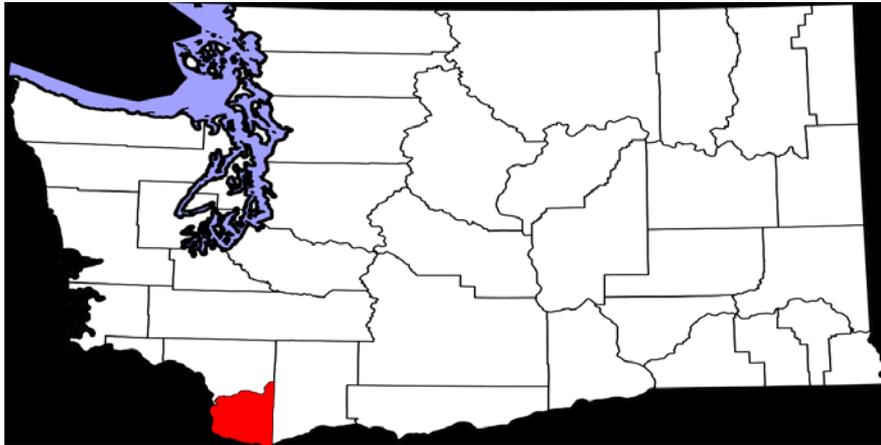
**Thank you**

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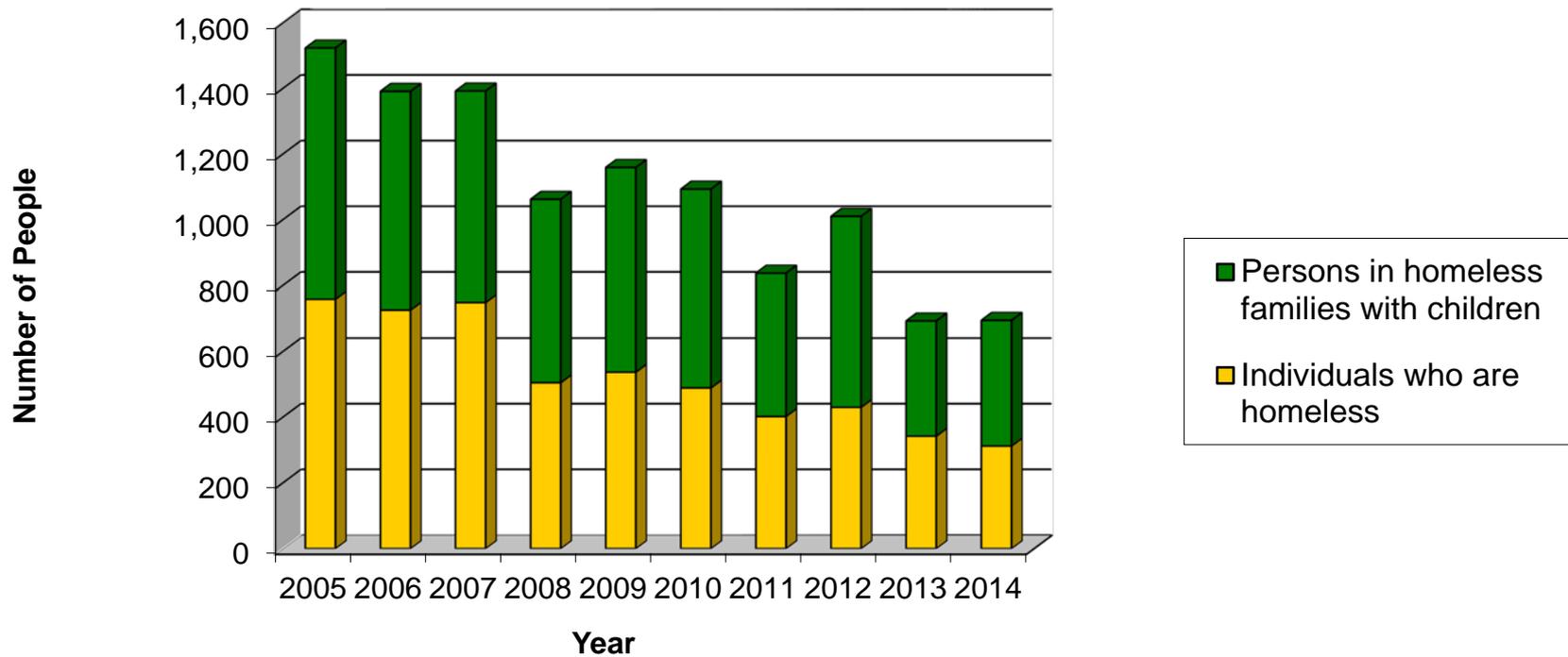
# Clark County, WA



# Clark County

- 443,817 Residents
  - City of Vancouver – 167,405 Residents
- 12% below the Poverty Level  
(2008-2011 census bureau)
- 2.8%-3.3% Apartment Vacancy Rates
- 2014 Point in Time Count
  - 217 Unsheltered People
  - 30% Increase in Unsheltered Families
  - 9% Decrease in Unsheltered Individuals
  - 46% Increase in Doubled-up Households

# Point in Time Count



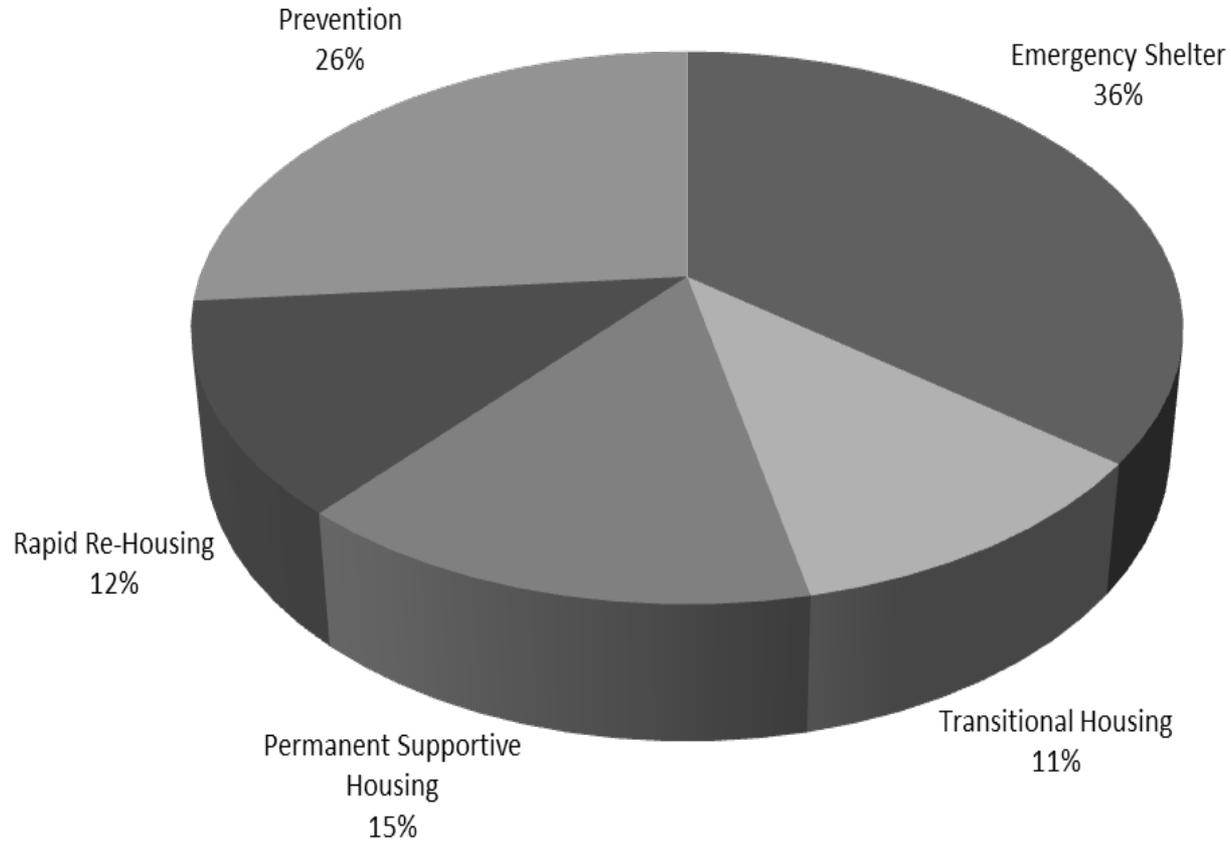
# 10 Year Homeless Plan

- Latest iteration adopted April 2012
- Influences:
  - Homelessness Prevention and Rapid Re-housing Program (HPRP) Influence
  - HEARTH Act
  - Commerce CHG Incentive Funds
  - Emerging Best Practices
- Top Four Priorities
  1. Prevention
  2. Diversion/Re-entry
  3. Permanent Supportive Housing
  4. Transitional Housing

# Homeless Plan Priority Four Transitional Housing

- Focus on:
  - Sustaining current Transitional Housing *properties*
  - Identify ways to accelerate household capacity to move into their own home.
  - Create TH for Youth
  - Transition TH to Permanent Supportive Housing

## 2013 Housing Type Funding Allocation



# Shift From Transitional Housing

- 2012 Request for Applications (RFA):  
All locally funded TH rent assistance programs were shifted to rapid re-housing, prevention or permanent supportive housing programs.
- No additional funds have been allocated to TH
- HOME TBRA requires a Transitional Housing model
  - Systemically still understanding what households are the best fit.
    - Re-entry
- Current TH providers are becoming more flexible and seeking out niche populations.

# Transitional Housing Shift

- Systemic Challenges
  - Assumptions of the Community Members/Participants
  - Assumptions of Landlords
  - Staff pace, persistence and level of engagement
  - Need more housing options
  - Long waitlist of people appropriate for TH because of diminished capacity
  - Other systems do not understand the shift to focus on housing stability.
- Benefits
  - Allowed for coordinated assessment system to be more effective
  - Less “creaming” because housing types are targeted
  - Greater system flexibility
  - Larger system capacity
  - Person-centered programs
  - Programs are less siloed

# Challenges for Transitional Housing Providers

- Now serving households with higher barriers or lower barriers for much less time.
- Understanding the best fit household from a systemic perspective.
- How does TH fit into the system?



# Challenges for programs shifting from TH to PSH

- Changes in services goals
- Change in services modality
- TH site based housing needs upgrades and reconfigurations to shift program type.
  - Mitigate risks and costs
    - Safety
    - Maintenance
    - Operations
    - Client Independence



# Next Steps

- TH housing programs will continue to fill niche needs
  - Youth transitioning out of foster care
  - Re-entry
  - Clean and sober living
- Additional TH will be shifting to Permanent Supportive Housing due to COC funding.
- Embarking on a new homeless system plan
- In early discussion about a systems approach to allocating funds
- Continuing to make intentional changes based on best practices, data and systemic needs

# Yakima County Efforts in Converting Transitional Housing

Housing Washington Conference 2014

# Identifying the Need for Converting

- Initial Discussions started at last September's 20013 Homeless Network Annual Retreat
- Began focusing on "Opening Doors" and HUD's high performing community goals under HEARTH
- The cost of transitional housing and need for permanent and rapid rehousing units became more apparent after the passage of ESSHB 5875
- Less funding in the community to support operations of facility based transitional housing
- HUD CoC Application prioritization of permanent supportive housing and rapid rehousing projects for reallocation purposes

# Transitional Housing Provider Buy In

**County was approached by largest HUD CoC Transitional Housing provider in the community to discuss reallocation to permanent supportive housing**

- Identified and supported national goals and wanted to help CoC increase annual application score

**Approached by another large CoC housing and local family shelter provider wanting to reduce costs while maintaining affordable housing stock**

- Was operating in the red and having to draw from cash reserves to maintain buildings
- Lack of resident rent, increasing operating costs, no operating reserves and reduction in operating support

# Identified Strategies

## **First Provider proposed:**

- Reallocation of three HUD CoC Transitional Housing projects, with 14 total units proposed to be reallocated in 2014 CoC Application to create permanent supportive housing units for chronic populations

## **Second Provider proposed:**

- Paying off HTF and HUD CoC to eliminate use requirements to create 49 units of nonprofit owned affordable private market units
- Master lease all or a portion of the units to other housing providers (New HUD CoC leasing projects and rental assistance providers)

# Master leasing

**The definition of master leasing is: a legal contract in which a third party (other than the actual tenant) enters into a lease agreement and is responsible for tenant selection and rental payments**

- Under “master leasing” a nonprofit or public agency leases multiple units of housing (could be scattered site units or a whole apartment building) from a landlord, and subleases the units to homeless or low-income tenants
- By assuming the tenancy burden, the agency facilitates housing of clients who may not be able to maintain a lease on their own due to poor credit, evictions, or lack of sufficient income
- The landlord receives a certain monthly payment whether or not the units are occupied

# Elements of Master Leasing

- Benefits the landlord, service provider and client
- Reduces rental costs due to the size and long-term nature of the lease
- Provides an alternative for clients with poor credit or evictions
- Divides upkeep costs between master lessor and landlord (with landlord responsible for major maintenance)
- Includes on-site supportive services; property management can be subcontracted in larger master leases
- Works with many populations: chronically homeless, transitionally homeless and homeless youth
- Supportive services can be included in master-leased buildings such as: case management, medical care, behavioral health care, property management and third party rent payment
- Creates a public-nonprofit-private partnership

# Public-Nonprofit-Private Partnership

**A public-nonprofit private partnership may be necessary and can be an effective approach for converting transitional housing buildings that are funded with either state or federal sources and have a use restriction or covenant**

- One option for organizations in this dilemma, who wish to maintain affordable housing, is to sale the building to another non-profit housing provider or for profit housing provider, pay off the use requirement and arrange a master lease option as part of a sales agreement
- Allows County to convert existing State CHG or Federal ESG funding from costly operations support to leasing or rental assistance.
- Gets the housing provider out of debt and creates more affordable, flexible, barrier free housing stock.
- Not without risks and takes agreements from many different partners.

# For More Information

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