



Office of the City Manager

INFORMATION CALENDAR

April 24, 2018

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Paul Buddenhagen, Director, Health, Housing & Community Services Department

Subject: Rapid Rehousing: What it Can (and Cannot) Do for People Experiencing Homelessness in Berkeley

SUMMARY

Rapid re-housing (RRH) is an intervention that quickly links homeless people to their own housing, with case management and short-term subsidies to transition the person back to self-sufficiency. It follows a housing-first approach, imposing no requirements like substance abuse treatment as preconditions to receiving assistance. This informational item describes rapid re-housing for single adults (who make up 94% of Berkeley's 2017 homeless population¹) through the lens of Berkeley's Coordinated Entry System. It explains what the intervention is (and is not) designed to accomplish.

RRH is not synonymous with "short-term rental subsidy," and it is fundamentally different from traditional housing interventions for low-income people, which often set clients' rental portion at 30% of their income. When done right, RRH follows a best practice known as *progressive engagement*, which tailors case management services, housing search assistance, and time-limited subsidies to the unique circumstances of each client. Financial assistance depends on people's needs and income, with a singular focus on rapid transitions to housing self-sufficiency. It is not designed (nor funded) to end people's *poverty*, but it can end their *homelessness*.

National research evidence and Berkeley's Hub data to date demonstrate four RRH conclusions in Berkeley:

1. **Rapid Re-housing works.** It can work in Northern California's tight, expensive housing market, and it can work for high-needs people. Since January 2016, the Hub has rapidly rehoused 109 people, with 49 no longer receiving assistance as of this writing and *82% stably housed when the subsidy ended—despite the nation's priciest housing market.*

¹ See https://www.cityofberkeley.info/Clerk/City_Council/2017/07_Jul/Documents/2017-07-25_Item_53_2017_Berkeley_Homeless.aspx; Berkeley's few homeless families are now served through a partnership with the Oakland Family Front Door.

2. **Rapid Re-housing ends homelessness better than traditional shelter.** In calendar year 2017, Berkeley’s 148 shelter beds for single adults permanently housed 79 people—28% of those served. With an annual total budget of \$2.55M, these shelters cost over \$32,200 per successful housing exit. By contrast, RRH housed 87 clients in 2017 at a total Hub budget of \$1.28M, a per-exit cost of \$14,713—*less than half the cost of shelter, with nearly three times the housing success rate.*
3. **Rapid Re-housing does not work for everyone.** Research indicates that as many as 1 in 4 people who receive RRH will eventually return to homelessness. Of the remaining 3 in 4, some will ultimately need permanent subsidies or permanently affordable units to remain successful, but these are costly and scarce in supply. Ironically, those least likely to succeed are the very people usually prioritized through Coordinated Entry (i.e., those with long histories of homelessness). Many of the people the County cannot transition to permanent subsidy will need to move to cheaper units, explore relocating to cheaper cities than Berkeley, or obtain roommates to afford their housing in the long-run—a housing shift occurring at all levels of the Bay Area income spectrum these days.
4. **Doing Rapid Re-housing well in Berkeley will slow the pace of housing placements at the Hub.** To reduce the likelihood that people return to homelessness, City policy now stipulates that RRH should only be offered to those who are willing to work an intensive case management program and move to a unit they stand a chance of affording at the end of the intervention. In so tight and expensive a housing market, this means the pace of placements will be slow. Of the 44 clients receiving Hub housing search assistance at the time of this writing, half have been searching for more than 6 months—and 20% have been searching for more than a year.

RRH does not eliminate the need for more permanently affordable housing built here in Berkeley. To end homelessness in Berkeley, more budget resources must be focused on building and permanently subsidizing more housing. In the meanwhile, **rather than building new shelter beds in Berkeley—which are twice as costly and do not end people’s homelessness—we recommend increasing investments in rapid rehousing and housing case management assistance, and tying these funds to existing shelters to create “flow” into housing for people using existing beds.**

CURRENT SITUATION AND ITS EFFECTS

A Brief History of Rapid Rehousing

Rapid re-housing (RRH) is a relatively recent intervention, having only been brought to scale across the country during the first term of the Obama Administration.² The 2009 passage of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, along with \$1.5 billion in funding allocated through the Homelessness Prevention and Rapid Re-Housing Program (HPRP) that same year, quickly established RRH as the primary tool for communities struggling to rehouse people affected by the Great Recession. By HPRP's conclusion in 2012, RRH had served roughly 300,000 homeless people, (many in families), with over 67% successfully transitioning from homelessness to independent housing—and most doing so with fewer than 6 months of assistance.³ This success greatly increased federal and local enthusiasm for the model.

Since that time, however, communities have begun implementing another HEARTH Act provision: Coordinated Entry Systems that prioritize high-needs, long-term homeless people first. These populations often have issues vastly different from the households who benefitted from RRH during the Recession. Mental or physical disabilities, substance addictions, and fixed or no incomes may complicate their rapid transition to self-sufficiency, especially amidst a national housing crisis that has seen affordability for very low income households cut by more than 50% between 2010 and 2016.⁴ In light of these challenges, this council information item reviews rapid re-housing for single adults (a demographic comprising 94% of Berkeley's 2017 homeless population⁵) through the lens of Berkeley's Coordinated Entry System, examining what the intervention is (and is not) designed to accomplish—and whom it can be expected to serve.

What is Rapid Rehousing? Three Core Components

Rapid re-housing is a housing first approach that quickly links homeless people to their own private-market rental housing, with case management and short-term subsidies to quickly transition the person back to self-sufficiency. The idea is simple: since the majority of people experiencing homelessness in the US initially lose their housing for economic reasons—the loss of a job, an unforeseen increase in rent—most need only short-term assistance to get back on their feet. In fact, the intervention first emerged in communities (notably LA and Minneapolis) that observed the relative

² See <https://endhomelessness.org/resource/rapid-re-housing-a-history-and-core-components/>

³ See <https://www.hudexchange.info/resources/documents/HPRP-Year-3-Summary.pdf>

⁴ See <https://www.brookings.edu/blog/the-avenue/2017/10/31/yet-more-evidence-that-housing-affordability-is-getting-worse/>

⁵ See https://www.cityofberkeley.info/Clerk/City_Council/2017/07_Jul/Documents/2017-07-25_Item_53_2017_Berkeley_Homeless.aspx; Berkeley's few homeless families are now served through a partnership with the Oakland Family Front Door.

ineffectiveness of shelters alone, where people without some form of “exit assistance” often get stuck in a cycle of homelessness.⁶

RRH is not synonymous with “short-term rental assistance.” In fact, rental subsidy is only one of three core components⁷ to a successful RRH program:

1. Landlord liaison services: by definition, people are homeless solely because they lack housing. Of principal importance to RRH is finding landlords willing to rent to people with low incomes, bad credit, evictions, and other barriers to ending their homelessness. In Berkeley, the Hub employs a full-time landlord liaison for this purpose.
2. Short-term rental assistance: often, but not always, a RRH program provides some form of housing payment assistance—anywhere from security deposit payments to utilities deposits to several months of rent subsidy.
3. Housing navigation: finally, a service component to help people transition to self-sufficiency as quickly as possible is critical. Housing maintenance and the steps needed to ensure it—employment linkages, benefits enrollment, even plans to relocate to more affordable parts of the state or country—are the chief focus.

When done well, RRH is tailored to the unique circumstances of each client. Those who are employed and can pay more in rent right away, for example, are expected to do so, and their subsidy may end more quickly than someone entering with little to no income. In this way, RRH is fundamentally different from traditional housing interventions for low-income people, which often set clients’ rental portion at 30% of their income. Instead, RRH follows a philosophy called *progressive engagement*—each person is continually re-assessed for strengths and needs, and only the minimum amount of assistance necessary is provided. Rapid re-housing is not designed (nor funded) to end people’s *poverty*, but it can end their *homelessness*—step one to ultimately addressing poverty.

Measuring Rapid Rehousing’s Success as an Intervention

The National Alliance to End Homelessness has set “performance benchmarks” for rapid re-housing programs, focusing especially on two outcomes that are highly important for the way HUD now allocates funding:⁸

⁶ See <https://www.urban.org/sites/default/files/publication/54201/2000265-Rapid-Re-housing-What-the-Research-Says.pdf>

⁷ *Ibid.*

⁸ See: <http://endhomelessness.org/wp-content/uploads/2016/02/Performance-Benchmarks-and-Program-Standards.pdf>

- Reducing length of time homeless: RRH should transition homeless people to housing rapidly, in 30 days or fewer.
- Minimizing returns to homelessness: at least 80% of people should be permanently housed when the intervention ends, and 85% should not return to homelessness again within a year.

In tight housing markets like Berkeley's, this often poses a difficult choice: house people quickly, or house them in places they have a chance of ultimately maintaining on their own? The asking monthly rate for a studio apartment in Berkeley in 2017 averaged \$2,425,⁹ SSI only pays roughly \$900 a month in California, and 40 hours a week at Berkeley's minimum wage pays only \$2120 monthly—*before taxes*. **Housing people quickly using RRH—and housing most of them here in Berkeley, which advocates in this community rightly want to see—is simply not possible at a large and fast scale if we also want to avoid massive returns to homelessness.** For example, at the Hub's fiscal year 2018 budget of roughly \$768,000 in RRH, paying 50% of Berkeley's going studio rate would house only 52 people for one year—and nearly all would return to homelessness at the end of that year for inability to maintain such costly rent.

In response, City policy now requires a more impactful approach for RRH, focusing on the second of these two performance benchmarks (minimizing returns to homelessness) rather than the first (quickly placing people into units they may not be able to afford). In practice, this means that an extremely low-income homeless Berkeleyan must be (i) willing and able to increase their income enough to afford Berkeley rents by the time the intervention ends; (ii) willing to find roommates who can offset high rental costs; and/or (iii) consider leaving Berkeley (and often Alameda County altogether) for a less expensive housing market.

Ultimately, a fixed budget can only go so far: **though 109 people have been housed in two years through the Hub, and 60 are receiving RRH assistance as of this writing, all RRH funds are encumbered for the remainder of the fiscal year, and no additional clients can be housed until the current clients are successfully transitioned off of assistance.**

What the Research Says on Rapid Rehousing – And What it Means for Berkeley

Despite the challenges, RRH has proven successful as an intervention for homeless families, with emerging evidence demonstrating its effectiveness in reducing the length of time spent homeless, minimizing returns to homelessness, and saving costs relative to traditional interventions like transitional housing and emergency shelter.^{10,11} However,

⁹ Data courtesy of the Berkeley Housing Authority.

¹⁰ See the Family Options Study, a HUD randomized controlled trial of rapid rehousing, transitional housing, and usual care (including emergency shelter):

relative to the rest of the country, Berkeley's homeless population is disproportionately unaccompanied (94%, compared to 63% nationally) and chronically homeless (27%, compared to 15% nationally).¹² Unfortunately, this is the population for which the least amount of evidence on RRH's effectiveness exists. In fact, only two studies have been performed to date on RRH for single adults.^{13,14}

Assuming the primary indicator of rapid re-housing's success is the rate at which people do not return to homelessness over time, then these two studies suggest that RRH can be a viable intervention for high-needs single adults: **across both studies—which collectively examined the outcomes for nearly 20,000 single adults in every time zone of the country—the intervention's success was still remarkable: roughly 75% maintained their housing for up to two years after the intervention concluded.** Nor did local rental market variables (median rent and vacancy rates) have any predictive effect on the intervention's success in different localities—rather, clients' personal circumstances mostly explained the difference in outcomes. For example, those willing and able to increase their income by the time the intervention ends are, unsurprisingly, more likely to be able to pay rent on their own.

These national outcomes have been consistent with those at the Hub, where 82% of clients rapidly rehoused since January 2016 were still housed at the time rental assistance ended, despite the nation's priciest real estate market.

That said, RRH for single adults must be deployed with caution. Of relevance for Berkeley, the research shows:

- Those who are unsheltered at the start of the program are less likely to maintain their housing after an RRH intervention than those who come from shelter.¹⁵ In Berkeley, 68% of homeless people are unsheltered.

<https://www.hudexchange.info/resource/3891/rapid-re-housing-brief/>

¹¹ See the Urban Institute's 2016 overview of rapid rehousing evidence:

<https://www.urban.org/sites/default/files/publication/54201/2000265-Rapid-Re-housing-What-the-Research-Says.pdf>

¹²See https://www.cityofberkeley.info/Clerk/City_Council/2017/07_Jul/Documents/2017-07-25_Item_53_2017_Berkeley_Homeless.aspx and <http://endhomelessness.org/wp-content/uploads/2016/10/2016-soh.pdf>

¹³ Thomas Byrne et al. (2015): Predictors of Homelessness Among Families and Single Adults After Exit From Homelessness Prevention and Rapid Re-Housing Programs: Evidence From the Department of Veterans Affairs Supportive Services for Veteran Families Program, Housing Policy Debate. https://www.va.gov/HOMELESS/ssvf/docs/2015_Byrne_et_al_SSVF.pdf

¹⁴ Focus Strategies (2017). Valley of the Sun United Way Final Evaluation of the Rapid Rehousing 250 Program.

[http://kjzz.org/sites/default/files/RRH%20250%20Final%20Phase%20One%20Report%2006262017%20\(1\).pdf](http://kjzz.org/sites/default/files/RRH%20250%20Final%20Phase%20One%20Report%2006262017%20(1).pdf)

¹⁵ Focus Strategies (2017).

- Those with longer prior histories of homelessness¹⁶ and more prior episodes of homelessness¹⁷ are less likely to maintain their housing after RRH. In Berkeley, 56% of the population has been homeless for a year or more, and 57% had been homeless at least once before their current episode of homelessness.
- Those who identify as Black or African-American are less likely to maintain their housing after RRH than those who do not. In Berkeley, 50% of the homeless population identifies as Black or African-American.
- Finally, income level at the beginning of an RRH intervention is not indicative of eventual success,¹⁸ but those unable to increase their income by the time the intervention ends are less likely to succeed in their housing.¹⁹ In Berkeley, 52% of homeless people (the top response) cited “money issues” as their primary reason for homelessness, but 25% receives a fixed income (SSI/SSDI) and is therefore highly unlikely to increase their income at any point. *Conclusion and Recommendation*

What does all this mean for Berkeley? We offer four conclusions:

- **Rapid Re-housing works.** It can work in Northern California’s tight, expensive housing market, and it can work for high-needs people. The Hub has housed 109 people to date in its first two years, with 49 no longer receiving assistance and an 82% rate of permanent housing at the conclusion of subsidy.
- **Rapid Re-housing ends homelessness better than traditional shelter.** In 2017, Berkeley’s 148 shelter beds for unaccompanied adults and youth permanently housed 79 people—28% of the total served. With an annual total budget of \$2.55M, these shelters cost over \$32,200 per successful exit. By contrast, RRH housed 87 clients in 2017 at a total Hub budget of \$1.28M, yielding a per-exit cost of \$14,713—*less than half the cost of shelter, with nearly three times the housing success rate.*
- **Rapid Re-housing does not work for everyone.** As many as 1 in 4 Berkeleyans who receive RRH will eventually return to homelessness. Of the remaining 3, some will need permanent subsidies to remain successful—the exact number is still unknown, given the recency of the intervention—but these are costly and scarce in supply.
- **Doing Rapid Re-housing well in Berkeley will slow the pace of housing placements at the Hub.** If RRH should only be offered to those who are willing to

¹⁶ Byrne et al. (2015).

¹⁷ Focus Strategies (2017).

¹⁸ Byrne et al. (2015) and Focus Strategies (2015).

¹⁹ Focus Strategies (2017).

work an intensive case management program and move to a unit they stand a chance of affording, the pace of placements will slow. This has huge implications for the new STAIR Center: of the 44 clients currently receiving Hub housing search assistance, half have been searching for more than 6 months—and 20% have been searching for more than a year.

Rapid re-housing cannot end poverty for Berkeley’s long-term homeless residents—but for many, it can end their homelessness. The intervention must be understood for what it can—and cannot—accomplish for our homeless population. It is not designed, nor sufficiently funded, to transition homeless people into permanently subsidized housing. It does not obviate the need for more permanently affordable housing built here in Berkeley. We recommend that Council focus on permanent housing as the primary investment strategy for ending homelessness.

However, if done well, RRH remains a cost-efficient intervention for Berkeley. **Rather than building new shelter beds in Berkeley—which, again, are costly and do not end people’s homelessness—we recommend increasing investments in rapid rehousing and housing case management assistance, and tying these funds to existing shelter beds.** Doing so will help create “flow” through our existing shelters in Berkeley and help each function more like a Navigation Center—where research has shown that the primary motivation for a client’s accepting a bed is the ultimate promise of housing.²⁰

ENVIRONMENTAL SUSTAINABILITY

Continuing to rely heavily on rapid rehousing (rather than constructing new affordable housing units) as the primary intervention to address homelessness in Berkeley will have the predictable effect of placing people in communities across multiple Northern California cities and counties. Since case management is a key component of the intervention, dispersed housing placements will compound reliance on automobiles, as case managers will need to drive to visit housed clients for wellness checks, tour possible new units with clients, etc.

POSSIBLE FUTURE ACTION

Rather than building new shelter beds as a means to address unsheltered homelessness in Berkeley, Council could increase investments in rapid rehousing and housing case management assistance at existing shelters. This will create “flow” in Berkeley’s shelter beds, allowing more clients to be served and helping each shelter function more like a Navigation Center.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

²⁰ See Radu (2015). Perspectives from the Navigation Center, Report #1: Understanding the Navigation Center’s Operations.

http://hsh.sfgov.org/wpcontent/uploads/2016/06/Perspectives_NavCenter_Report1.pdf

HHCS staff are currently performing analyses for the 1000 Person Plan and will quantify costs of possible future action in that report.

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