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Economic Benefits of Master Leasing  
Apartments as Emergency Shelter

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# Policy Brief: Master Leasing Apartments as Shelter in Beyond Shelter's Skid Row Families Demonstration Project

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## Introduction: National Program and Policy Context

The provision of adequate temporary housing to homeless families is a major concern for policy makers and practitioners across the country, particularly during challenging economic times. Prior to the current recession, homeless families already comprised one of the fastest growing segments of the homeless population.<sup>i</sup> The present “perfect storm” of mounting unemployment, deepening poverty, and the mortgage meltdown has left many, if not most, communities across the country ill prepared to deal with rapidly rising family homelessness,<sup>ii</sup> because homeless assistance programs and systems were already struggling to provide appropriate emergency response for homeless parents and their children.

While “rapid rehousing” of homeless families, or “housing first,”<sup>1</sup> is the preferable approach for most families, the reality is that efforts to identify rental units, obtain financial assistance or rent subsidies, when necessary, and assist families in moving in, often takes time. Even as localities and agencies across the country are transitioning to various “housing first” models, the need for families to be sheltered during the process remains constant. Many communities, however, do not have sufficient shelter capacity or may not have any capacity at all, as is common in most rural and some suburban areas of the country. Even in the metropolitan areas that have relatively substantial shelter infrastructure, the current economic turmoil and attendant increases in family homelessness are challenging the ability of these Continuums of Care to respond to the needs of vulnerable families.

Recent evidence from national surveys lends credence to these statements. Prior to the onset of the economic recession, homeless Continuums of Care were already showing signs of system overload. The 2006 U.S. Conference of Mayors report, for example, revealed that almost 30% of families seeking shelter in the cities surveyed were turned away due to lack of space; 86% of cities turned away families from emergency shelters due to a lack of resources.<sup>iii</sup>

The situation appears to have only grown worse with the onset of the recession. The 2008 Annual Homeless Assessment Report (AHAR) to Congress, the most authoritative and up-to-date account of homelessness nationally, indicated that from 2007 to 2008, the number of persons in families who were sheltered increased 9% nationwide, whereas the number of individuals in shelters remained steady. Even more startling, the report found that rural and suburban areas saw a 56% increase in family homelessness during this same time period.<sup>iv</sup> These troubling figures are at best signs of the *early* impact of the economic crisis, suggesting that family homelessness and shelter demand have continued to rise in 2009, and will continue to climb at least in the near term, as the full impact of the now protracted economic crisis is felt.

Communities of all sizes and types are employing various strategies, including primary prevention and “rapid rehousing,” to address escalating shelter requests and avoid or reduce shelter “gridlock.” The term “gridlock” refers to the system-clogging that occurs when new shelter

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<sup>1</sup> The “housing first” approach moves families out of shelter and into permanent housing of many different types *as quickly as possible*, with usually time-limited, home-based support services provided *after* placement in permanent housing to help families stabilize (generally 6-12 months but also, when necessary, longer-term).

requests cannot be accommodated due to program overcrowding and extended stays among some families. Prevention efforts seek to avert system entries by working to quickly resolve housing crises so that families regain stability in their current housing, or are diverted to alternative permanent housing, and do not have to enter the homeless services system. The “rapid rehousing” or “housing first” approach curtails shelter gridlock insofar as it minimizes the duration of shelter stays through efforts to rehouse families as quickly as possible.

While prevention strategies may divert some families from the shelter system, such measures do not prevent, however, many other families from becoming homeless. Similarly, while “housing first” may more rapidly help families exit the shelter system, the approach does not necessarily prevent new families from taking their place. As the evidence from the Conference of Mayors report attests, as well as the AHAR data on the recent increases in family homelessness, the need for emergency shelter for families with children remains great in spite of recent innovations in the field. The question for policy makers and practitioners alike then is how to meet the climbing demand for temporary housing, while continuing to promote strategies that have been proven to end and prevent family homelessness.

In the past, the approach to solving the lack of emergency shelter in communities, or shelter bottleneck in communities with developed emergency shelter and transitional housing systems, may have been to increase capacity by adding beds to existing facilities, developing additional shelter facilities through new construction or conversion of existing structures, and/or by providing vouchers for budget hotels or motels. During particularly high demand periods, these strategies have been complemented by extreme measures such as allowing families to sleep in shelter conference rooms or on cots in hallways, as was recently reported by the US Conference of Mayors.<sup>v</sup> New evidence is emerging, however, that suggests these options may not be a wise investment in human and economic terms, and that there may be preferable alternatives.

This policy brief discusses the financial and social costs of conventional shelter (i.e., facility-based programs and motels) for homeless families and proposes scattered-site, master-leased apartments as a family-centered and cost effective alternative. The paper will draw heavily upon Beyond Shelter’s Skid Row Families Demonstration Project, which utilized master-leased apartments and the “housing first” approach to end homelessness among 300 families in Los Angeles’ Skid Row neighborhood.

### **The Skid Row Families Demonstration Project**

Beyond Shelter is a social services agency that has been assisting homeless families to move into and stabilize in permanent housing since 1988, when the agency pioneered the “housing first” approach for homeless families. Over the last 20 years, the agency has successfully rehoused more than 4,000 homeless families with children.

In December 2006, the agency embarked on a partnership with the L.A. County Departments of Children and Family Services (DCFS), Public Social Services (DPSS), Mental Health (DMH), Health Services (DHS), Public Health (DPH), and the Chief Executive Office (CEO), to operate the Skid Row Families Demonstration Project, an adaptation of the agency’s “housing first” model. For this collaboration, Beyond Shelter is relocated 300 homeless families into short-term housing within 24 hours of referral from the Skid Row Area, primarily into motels located in areas outside of the dangerous confines of Skid Row, and then enrolled them into the Housing First Program.

The public partners in the two-year Demonstration Project provide a comprehensive assessment of each family prior to or shortly after referring them to Beyond Shelter for emergency housing placement. While the families are in the motels, Beyond Shelter staff provide crisis intervention services and short-term case management to address each family’s immediate needs. Families were then referred into Beyond Shelter’s Housing First Program for permanent housing placement and home-based, case management services *after the move*.

It was originally intended that the majority of families would be placed quickly into a variety of emergency shelters located throughout L.A. County, while Section 8 vouchers were processed and appropriate, permanent housing was identified. When it became apparent that the emergency shelter system could not accommodate the families, Beyond Shelter instead “master-leased” apartments in a variety of different neighborhoods to use as emergency shelter for families in the Demonstration Project.

In this master-leasing model, Beyond Shelter was the leaseholder and the homeless family was a “guest” (See page 6 for further explanation). For the Demonstration Project, a Beyond Shelter housing specialist searched for and identified vacant rental units in the private market and then negotiated rental terms with the property owner. Most units were located within a few mile radius of Beyond Shelter’s main program office, which facilitated both office visits by the family and home visits by the case manager. The apartment units were completely furnished and equipped with basic household needs, all of which later accompanied the family to permanent housing. Due to the high cost of housing in Los Angeles County, homeless families remained in the rental units until a permanent housing subsidy had been processed and a suitable apartment had been located. During the year-long lease period for each apartment, one apartment served as temporary housing for multiple families at different times, with each successive family replacing the previous family who had moved into permanent housing.

While the families were in the master-leased units, beginning to establish stable living patterns (e.g., shopping, cooking, cleaning, attending school regularly, etc.), housing specialist developed and then implemented a permanent housing plan in conjunction with the family. This plan included applying for a Section 8 subsidy through the City or County Housing Authorities. Families who were not eligible for such vouchers received a short-term subsidy in an amount determined by individual need and funded through the Demonstration Project budget.

The families remained in the master-leased apartments only as long as is necessary. In some instances, families did not move out at all, but were able to remain in the original apartments and “transition-in-place,” as determined on a case-by-case basis. In these instances, the lease was transferred from Beyond Shelter to the family, who then became the sole leaseholder. In most cases, once a Section 8 voucher was received, families were relocated to another scattered-site unit in residential neighborhoods located throughout Los Angeles County, each with their own lease agreement. Once in permanent housing, families received six months of voluntary, intensive home-based case management, which assisted them to develop or re-develop essential life skills and connected them with community-based services and resources responsive to their needs.

It should be noted that the master-leased apartments were not operated as transitional housing. The unit each family occupies was considered to be *emergency shelter* and services provided were primarily geared to crisis intervention and short-term case management. While immediate placement into permanent housing would be preferable for most homeless families, the reality is that those efforts often take time. The use of master-leased apartments in the Demonstration Project was intended to illustrate a family-friendly and cost-effective strategy for addressing the emergency housing needs of homeless families while efforts were focused on rehousing them as quickly as possible.

### **The Economic Costs of Traditional Shelter Arrangements**

Emergency shelters are costly, with price tags ballooning the longer families remain in such programs without a resolution to their housing problems. In Washington, DC, the average length of stay in the family shelter system is 186 days at a cost of \$11,439. This breaks down into a daily expense of \$62 per family.<sup>vi</sup> In Lancaster, PA, a small rural community, it costs about \$86 a day to shelter a family of 3, or \$15,660 for a period of six months (combined average of emergency shelter and transitional housing).<sup>vii</sup> In Columbus, OH, the average shelter cost for a household is

\$82 per night<sup>2</sup>, which translates into a cost of \$14,928 for one family for six months of short-term housing.<sup>viii</sup>

Due to the scarcity of available shelter beds and/or shelter facilities altogether, many communities are forced to utilize motels as emergency housing. As with traditional shelter beds, this strategy has proven to be very costly. One notable example of this phenomenon is the state of Massachusetts, which was forced in 2003 due to a lack of system capacity and increased demand to voucher families in motels at a cost of \$100 per night. At that time the state was spending about \$6,000 per household for every two months a family stayed in a motel.<sup>ix</sup>

The following table illustrates the high cost of emergency shelters and motels as compared to Fair Market Rents (FMRs) in these communities.

**Nightly and Monthly Shelter Costs (Motel or Facility-Based)**  
**As Compared to Fair Market Rents in Select Localities**

	Per Night	Per Month	(2007) FMR 2-Bedroom <sup>x</sup>	Monthly Difference: Shelter vs FMR	Percent (%) Difference
<b>Washington, DC</b>	\$62	\$1860	\$1286	\$574	31%
<b>Columbus, OH</b>	\$82	\$2488	\$674	\$1814	73%
<b>Lancaster, PA</b>	\$87	\$2610	\$704	\$1906	73%
<b>Massachusetts</b>	\$100	\$3000	\$1178	\$1822	61%

While shelter costs vary from one community to another due to a number of factors, including average length of stay, type of temporary housing, staffing, and services offered, these examples underscore the significant public and private expense of traditional shelter. Although these examples are not meant to be representative of communities nationally, they do suggest that, irrespective of community type or size (urban or rural, small, medium, or large), the cost of temporary housing is alarmingly high.

As the table indicates, the monthly cost of shelter far exceeds Fair Market Rents in these localities. In three out of the four communities, the monthly cost of shelter is two to three times the cost of a two-bedroom unit at HUD’s Fair Market Rent. In other words, families could be permanently housed for a fraction of what it costs to maintain them in a “sheltered” state.

**The Human Costs of Traditional Shelter Arrangements**

The costs of emergency shelters and transitional housing programs can also be expressed in human terms. While many short-term housing programs have become more sophisticated over the years, offering a greater diversity and quality of services, these programs often have restrictive entrance requirements and rigid program rules that are not conducive to meeting the needs of many homeless families with children.

Experience and research (e.g., Bodonyi et al, 2005) has shown that families with the greatest barriers to housing, including substance abuse, domestic violence histories, psychiatric problems, and multiple homeless episodes, are the most likely to be terminated from programs.<sup>xi</sup> Typically families are terminated for not adhering to strict and inflexible program rules or requirements. While rules may be a necessary component of any program, the rigidity of such rules severely undermines the ability and opportunity of many families to exit homelessness. The families that need the most help are often the ones who are failed by the system, with the end result being a churning or cycling of families through the homeless services system for months and sometimes years at a time.

<sup>2</sup> Note: calculation based on mean annual projected total unit cost per household for 3 family shelters in Columbus; actual costs may vary slightly. Calculation excludes core case management staff (‘Resource Specialists’) at two of the shelters, and includes on-site day care at one of the shelters.

Most homeless programs also have restrictive admission criteria. Even when emergency or transitional beds are available, not all families have equal access to those beds, because of preferential admission practices. In particular, families with teenage boys are left with two options: split up, with the teenager(s) going elsewhere (i.e., usually friends or relatives), or find alternative emergency accommodations. The 2006 U.S. Conference of Mayors report found that in 55% of the cities surveyed families are forced to split up in order to find shelter.<sup>xii</sup> Pregnant women and women with newborn babies are also routinely denied entrance into emergency shelters and transitional housing programs. The same is true for families with serious mental health and/or addiction issues.

There is some evidence that homeless programs have instituted more restrictive entry requirements in recent years. In Los Angeles, for example, a study of the emergency shelter and transitional housing systems revealed that 40% of programs had instituted tighter admission criteria over a three-year period from 2002 to 2005. Nearly one quarter of programs surveyed would not serve parents who had a psychiatric disability or who were taking psychotropic medications; over 40% required abstinence from alcohol or drug use for a specific period of time, averaging 7 months for such programs; and boys above a specified age were denied entry in 37.5% of programs, with the average maximum permissible age being 11.4 years.<sup>xiii</sup>

These requirements may be due to funding stipulations about particular outcomes, the lack of licensing to address behavioral healthcare needs, or the perceived inability of programs to serve families with high intensity service needs, or a combination of all three. Whatever the reason, these policies unduly burden homeless families in extreme need and leave them with few to no options in a system already overburdened by demand.

While the common practice of using motels as a supplement to traditional shelter may enable localities to provide temporary lodging for families who might otherwise have to sleep in cars or other places unfit for human habitation, the typical budget motel is neither a safe nor adequate environment for parents with young children. Many, if not most, budget motels are not clean and often are havens for drug activity and prostitution. Sometimes voucher options are so limited that families are sent to motels 10, 20, or 30 miles away from their communities of origin. This practice is completely counter-productive for families who need to maintain previously established ties to services, employment, schools, and child care.

### **The Use of Master-Leased Apartments in Los Angeles**

During the planning stages of the Skid Row Families Demonstration Project, Beyond Shelter had anticipated using the existing emergency shelter and transitional housing systems to provide temporary housing for 50% of families referred to the Project. The agency's Housing First Program for Homeless Families has relied on those systems since 1988 to meet the emergent, short-term housing needs of homeless families, and to then refer those families in a timely manner to the agency for permanent housing placement, followed by intensive, time-limited case management.

Due to shelter gridlock in Los Angeles, however, coupled with the anticipated high intensity service needs of the target population, the agency quickly realized the need to redesign the short-term housing component of the Demonstration Project. Accordingly, the agency decided to lease and use scattered-site apartments as temporary housing.

As part of lease negotiations, Beyond Shelter housing specialists ensured that units were in good condition and were compliant with local housing authority requirements for the Housing Choice Voucher Program (formerly Section 8). This was important as some families would remain in these same units once they have received their housing subsidy.

Beyond Shelter was able to furnish the leased apartments using funds allocated per household for this specific purpose; rather than wait until the family had received a housing voucher and was

moving into their permanent rental units, furnishings were purchased much earlier and placed in the master-leased apartment for each specific family. For the majority of families who were then assisted into a different permanent housing placement, the furnishings moved with them into their new apartment or house. The master-leased unit was then re-furnished and became temporary housing (emergency shelter) for another homeless family.

It is important to note that participant families were considered guests, not tenants, while in agency-leased units. Before moving into an apartment, the family signs a short-term housing agreement with Beyond Shelter that stipulates their responsibilities as guests with regard to physical maintenance, financial liability for damages, drug use, violence, and overnight visitors.

While in these units, families had regular interaction with their assigned Housing First case managers, often through home visits which focused on identifying and addressing the psychosocial needs of the head-of-household and her children. At the same time, housing specialists worked with the families on tasks related to accessing permanent housing, including completing applications for rental subsidies.

### **Master-Leased Apartments: A Cost Effective Alternative**

Common sense might suggest that renting and furnishing apartments in an extraordinarily expensive housing market like Los Angeles, with an occupancy rate that hovers around 97%, would be a cost prohibitive approach to providing temporary housing for homeless families. Contrary to this logic, however, this approach has proven to be surprisingly cost effective relative to traditional approaches.

During the crisis intervention and short-term housing phase of the Demonstration Project, the agency leased a total of 146 apartments. At the time of writing, the agency has been able to analyze cost data on the first 77 of these apartments. Of these dwellings, which varied in size from one to five bedrooms, the mean monthly rent was \$1,142. Two- and three-bedroom units were the most common placement (n=30 and n=15), with the average monthly rent for those units being \$1,222 and \$1,430, respectively. Notably, these rates are below the Fair Market Rents for these unit types. HUD Fair Market Rent for a two-bedroom apartment in the Los Angeles-Long Beach Metropolitan Area is \$1269 per month. FMR for three bedrooms is \$1704, \$274 greater than the average unit of that size being leased through the project.<sup>xiv</sup> The monthly leasing cost for two- and three-bedroom units included in the analysis translates into a nightly expense of \$41 and \$48, respectively. The average nightly cost for all units was \$38.

Leasing expenses are only part of the financial picture associated with agency-leased units. The furnishings (beds, sofas, tables, etc.), utilities, appliances and basic household goods (e.g., blinds, bedding, towels, cookware, utensils, plates, etc.) provided to each family comprise a significant portion of total program costs. For the 54 units for which complete data were available, the average up front cost was \$1205 per unit. These costs averaged \$1,384 and \$1,607, respectively, for two- (n=23) and three-bedroom (n=10) units.

When taken together, the average combined start-up costs, leasing and furnishing, for the 54 units was \$2,356, or \$79 per night *for the first month*. The average total cost for two-bedroom units was \$2,624, while three-bedroom units averaged \$3,052. In nightly terms, two-bedroom apartments yielded a cost of \$88 a night and three-bedroom apartments yielded a cost of \$102 per night.

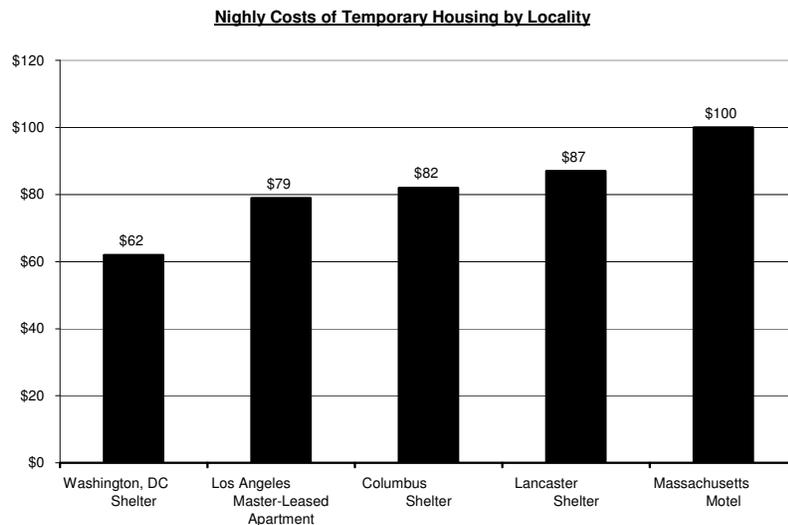
It is important to note that the \$79 nightly expense for all rentals reflects start-up costs only and not ongoing monthly expenses for each individual family. After the first month a family occupied one of these units, program costs significantly declined because the unit was already fully equipped with appliances and furniture. After the initial month, barring major damages to any apartments, program expenses consisted primarily of the standard rent and utility costs.

While emphasis was being placed on moving families into a permanent housing situation as quickly as possible, some, if not many, families in the Demonstration Project remained in master-leased units for two or more months due to the time involved with processing subsidy applications by the housing authorities.

The true cost on average for a master-leased unit for any one family, therefore, fluctuated somewhere between the \$38 nightly leasing cost, plus utilities, and \$79, depending on length of stay.

### **Project Costs Compared to Costs in Other Localities**

While reliable cost data are not available for conventional shelter arrangements in Los Angeles, there is no reason to believe that the local cost of traditional shelter differs drastically from the costs mentioned previously for other communities around the country. For this reason, it is helpful to compare the present total costs of master leasing apartments with available shelter and motel data in order to contextualize the cost benefit of this approach. The chart below illustrates a cost comparison of master-leased units from the Demonstration Project and shelters or motels in select localities.



As depicted, the up front costs of master leasing units are comparable to shelter costs around the country and, in fact, are less than the expense of shelters and motels in three out of the four localities. While the local sample is somewhat small and the comparison pool is certainly not representative, the data suggest that agency-leased units, even in a tight housing market like Los Angeles, appear to be more cost effective on the whole than shelters or motels in many communities.

The cost data also suggest that the cost benefit of master-leased apartments would be greater in communities with less expensive rental housing, such as Columbus, OH and Lancaster, PA. If the data from Columbus and Lancaster are reflective in any way of shelter costs in smaller and/or more rural communities, which tend to have less inflated rental markets and a larger stock of affordable units than Los Angeles and other large, urban areas, the cost savings from master-leased apartments could be quite high.

As illustrated on page 4, the monthly cost differential between emergency shelter and a two-bedroom apartment at Fair Market Rent in Columbus (\$1814) and Lancaster (\$1906) lend credence to this position. Even when factoring in the expense of furnishing and equipping apartments for move-in, the cost savings would remain significant.

Another financial consideration is that monthly program costs of agency-leased units decline as long as a family remains in such a unit, whereas the costs of emergency shelter and motels tend not to change from one month to the next. While the up front expenditures to furnish and equip units contribute to a relatively high first-month cost, these one-time, per family costs do not apply in subsequent months. This dip results in cost “savings” in expensive housing markets like Los Angeles, where families are increasingly forced to remain in programs for prolonged periods of time, or move from one program to another, for lack of permanent housing options.

This often is the case even for those homeless families who are able to access Section 8 or other housing subsidies because of the time it takes to process their applications, locate landlords willing to rent to them, complete unit inspections, and receive approval for move-in. The cost benefit of agency-leased units, therefore, would appear to increase over time as compared to conventional options, particularly in communities where families commonly experience extended homeless episodes due to the dearth of affordable housing options.

It is also important to note that the large, up front furnishing and equipping expenditures per unit translate into substantial program “savings” once a family moves into permanent housing. The program has already accounted for many, if not most, typical move-in costs, because the furnishings and household goods remain with the family, whether they transition-in-place or move to a separate unit.

### **Master-Leased Apartments: A Family-Friendly Form of Emergency Shelter**

Unlike most conventional shelter programs, the use of master-leased apartments provides flexibility for both the service provider and the service user. Due to the scattered-site design, the service provider can be more flexible with “admission” criteria and program rules, rather than having to restrict entry or participation to clients that fit a certain profile. This programmatic flexibility is critical to meeting the special needs of families who historically have been overlooked or underserved by Continuums of Care, including pregnant women, mothers with newborns, families with teenage boys, families with four or more children, two-parent families, and families in which the head-of-household has chemical dependency and/or psychiatric issues.

Scattered-site apartments in the private rental market are also advantageous due to their normalizing qualities. Case managers in the Skid Row Families Demonstration Project frequently comment on the “night and day” difference among families once they have moved into an apartment integrated into a community. Having their own furnishings, full kitchen and cooking facilities, and other amenities also helps to promote a sense of belonging and ownership.

Living beside other families who are more stable, as opposed to being in a congregate or facility-based situation with families with similar problems, is not only normalizing but it also is stabilizing for vulnerable families. The homeless families may begin to emulate the more stable living patterns of their neighbors, many of whom may also be single-parent families with children. Furthermore, homeless families who have participated in and perhaps even been terminated from traditional programs find it empowering to live in a non-stigmatized setting with greater freedom and without a patent program label and stigma.

While basic ground rules are still important in such a setting, such rules are more amenable and responsive to individual need, rather than favoring a one-size-fits-all approach. Many shelters, for instance, require that families spend their daytime hours outside of the shelter facility. The 2006 U.S. Conference of Mayors report revealed that this occurs in 54% of cities.<sup>xv</sup> Through the use of a master-leased apartment, by contrast, service providers are able to accommodate families with special needs, such as a mother with a newborn baby or a child who requires bed rest for a chronic health condition, rather than having to enforce undesirable, unilateral rules or, worse yet, having to turn families away altogether.

The psychological transformation observed in many families once in a rented unit is in part a response to their experiencing real progress as they journey down the pathway out of homelessness, a pathway that sometimes, perhaps often, seems rife with insurmountable challenges. The apartment, though only temporary, represents tangible evidence to the families that their fortunes are changing for the better. Working directly with a housing specialist on a permanent housing plan shortly after program enrollment only reinforces this belief. In this way, the units and the plan serve as effective engagement tools for families, enabling the service provider to build trust and rapport with the head-of-household and her children and to engage them in voluntary case management services. Such engagement is critical to a family's success, particularly in a voluntary program.

With the family engaged, the apartment becomes an ideal environment for the provision of case management services. While the central focus of the service provider in a "housing first" program remains on assisting families to move into permanent housing as quickly as possible, families in a homeless state do benefit from a basic level of case management assistance prior to moving into permanent housing. Depending on the local housing market, processing time for housing voucher applications, and other factors related to the housing search, it may take a "housing first" provider three or more months to place a family into an apartment. In the interim, the case manager has an opportunity during home visits to assist the family to build basic life skills in the actual setting in which those skills will be used.

### **Caveat: Apartments as Emergency Shelter, Not Transitional Housing**

There is an established tradition in the homeless services field of using scattered-site apartments as transitional housing for homeless families. This program configuration is becoming more popular as many service providers move away from single-site, project-based models towards more flexible and cost-effective tenant-based or scattered-site models. Typically, in such an arrangement, the service provider and family co-lease the apartment, with the provider subsidizing the family's rent for the duration of the program, under the assumption that the family will then be able to bear full responsibility for rent payments. Families can often transition-in-place upon program graduation.

The use of scattered-site apartments as transitional housing is quite different, however, from their use as emergency shelter/short-term housing in the context of "housing first". The "housing first" approach has gained increasing acceptance and use in recent years precisely because it: 1) minimizes the amount of time families spend homeless, thereby discouraging system dependence; 2) increases their access to permanent housing without imposing unnecessary conditions, such as service compliance; and 3) recognizes that families are often more responsive to service interventions from a stable, permanent housing base. In this model, families remain in master-leased units *only as long as it takes for them to obtain permanent housing*. In other words, "program compliance" and/or "housing readiness" does not dictate permanent housing placement.

Transitional housing programs, on the other hand, tend to unnecessarily prolong homeless episodes. A recent study of over 50 transitional programs, both single-site and scattered-site, discovered that the average permissible length of stay was 21 months, with 68% of programs allowing families to stay for up to 2 years. The average length of stay was 12 months, with nearly 40% of programs having longer lengths of stay.<sup>xvi</sup> These reported lengths of stay are both troubling and unnecessary given that most transitional housing operators do not target their programs to families with special needs, as noted by Dennis Culhane and other researchers.<sup>xvii</sup>

The front-end emphasis in transitional programs is not on permanent housing assistance, but rather on preparing families to sustain housing independently through the provision of life skills training, job development and participation, and, in some programs, treatment for behavioral healthcare issues. In many programs, a family's housing is conditioned on their compliance with a service plan.

The “housing first” approach turns this conventional model on its head by focusing up front on assisting a family into permanent housing as quickly as possible and by providing the services that are traditionally provided in transitional housing *after* a family has moved into an apartment with their own lease. If a family does not want to participate in services after placement, their housing is not threatened. As is the case with their neighbors, who may never have experienced homelessness, the family’s housing remains secure as long as they comply with the conditions of their lease agreement.

## **Program and Policy Recommendations**

The growing crisis of family homelessness in the United States requires the development and implementation of a wide range of strategies aimed at ending and preventing this problem. “Housing first” is emerging as the leading strategy across the country to end homelessness and prevent recidivism among families with children. Due to the shelter bottleneck that is prevalent in many communities, as well as community resistance to the siting of congregate programs and the dearth of short-term housing options in certain localities (i.e., rural communities, smaller cities), rapid rehousing approaches must be complemented by innovative strategies to meet the burgeoning demand from families for temporary housing.

The use of master-leased apartments as short-term housing represents one such strategy and is a sound investment in human and economic terms. This innovation offers a family-friendly alternative to traditional shelters and motels, which historically have not successfully served many homeless families, particularly those with special needs. Though more rigorous research is needed, master-leased apartments appear to be more cost-effective than conventional approaches in many communities. In addition, this approach can effectively neutralize NIMBYism through its non-obtrusive, scattered-site design.

The use of apartments, co-leased or master-leased, as temporary housing can be an effective strategy to ending family homelessness provided that the focus of service providers remains on moving families into a permanent situation *as quickly as possible* and providing them with time-limited, voluntary services as well as linkages to mainstream systems (entitlement programs, employment, recreation, child care, education, counseling, etc.) in order to promote long-term stability and improved social and economic well-being.

The needs of most homeless families do not warrant stays in transitional programs, even those with scattered-site configurations. Such programs should be targeted to those at the greatest risk for housing loss, including active drug abusers, very young mothers who lack natural support systems and independent living skills, and recent victims of domestic violence, rather than serving families with fewer housing barriers and without special needs who essentially use these expensive programs as rental assistance.

While this master-leasing model would be highly appropriate for families experiencing low-intensity service needs, Beyond Shelter’s experience has demonstrated the efficacy of the model for families who exhibit moderate- to high-intensity service needs. These are often the families who are terminated from more traditional emergency shelter programs for non-compliance, or are denied entry due to sometimes stringent eligibility requirements.

As localities continue to develop and implement community plans to end homelessness, program planners and policy makers should add the leasing of scattered-site apartments as another tool in their tool box. Special consideration should be given to the staffing and expertise required for such an endeavor (i.e., the hiring of permanent housing specialists, home-based case managers, and property managers) as well as other elements related to good program planning and design, including flexible funding, rent subsidies, rapid rehousing strategies and transition-in-place options, the creation of house rules or contracts, “mobile” apartment furnishings, the provision of voluntary support services, and the proximity of essential resources and services to families.

In considering funding options for the master leasing of apartments as emergency shelter, communities should be creative and blend funds as appropriate or required. Funds traditionally used to operate emergency shelter and transitional housing programs, such as HUD's Emergency Shelter Grants (ESG) program and Supportive Housing Program (SHP), could certainly be applied to a scattered-site, emergency shelter/short-term housing program model. Given the apparent social and economic benefits of the model, policy makers and local continuum of care officials should consider shifting or reallocating funds presently used for hotel vouchers to this purpose.

The use of non-traditional monies, such as from the Temporary Assistance for Needy Families (TANF) program, city or county general funds, private foundations and local housing trust funds, should also be explored. Where restrictions on local use currently exist, communities should explore broadening eligibility criteria to include agency-leased apartments as an eligible program.

## ABOUT THE AUTHORS

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## Beyond Shelter

Founded in 1988, the mission of Beyond Shelter is to develop systemic approaches to combat poverty and homelessness among family with children and enhance family economic security and well-being. Beyond Shelter accomplishes its goals through responsive service delivery, people-centered community development, and the creation of knowledge for social change. The agency’s programs in Southern California serve as a “laboratory” for demonstration, research and evaluation, with information disseminated through the Institute for Research, Training and Technical Assistance.

### BEYOND SHELTER

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