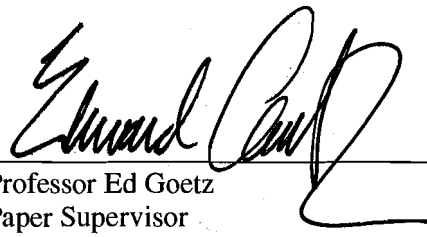


The Effectiveness of Shallow Rent Subsidies  
In Ending or Preventing Family Homelessness

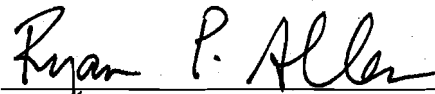
**MURP Professional Paper**

In Partial Fulfillment of the Master of Urban and Regional Planning Degree Requirements  
The Hubert H. Humphrey Institute of Public Affairs  
The University of Minnesota

Andrew Hughes  
Submitted May 19, 2009



Professor Ed Goetz  
Paper Supervisor



Assistant Professor Ryan Allen  
Second Faculty Committee Member



Laura Kadwell, Director for Ending Long-Term  
Homelessness in Minnesota  
State of Minnesota

5-18-09

Date

### Purpose-

This report has been compiled for Minnesota's State Director for Ending Long-Term Homelessness. The Director has an interest as to whether a less costly form of rental subsidy may have similar, positive outcomes as those provided by more costly, traditional rental subsidy programs in ending or preventing family homelessness. If the less costly subsidies could be shown to be as effective as their more costly counterparts, there would be an interest in pursuing them in Minnesota in order to maximize funding. This report will examine national literature and case studies to determine what the strengths and weaknesses of limited rental subsidies are in serving families currently or at risk of experiencing homelessness. With the framework developed in this paper, the specific areas that may require more research are identified.

### Introduction-

Subsidy is extremely important in determining a family's likeliness in reentering shelter. One study concluded that "subsidized housing was virtually the only predictor of residential stability after shelter," minimizing the importance of other household barriers (e.g., chemical dependency, bad rental history, etc.) (Shinn 1998: 1655). The following from this same study powerfully demonstrates the effect of housing subsidy:

For the last six years, government and private foundations have worked under the assumption that behavioral disorders are the root cause of homelessness and that an individual cannot be stably housed until these disorders have been addressed. Our research refutes that assumption. We found that subsidized housing succeeds in curing homelessness among families, regardless of behavioral disorders or other conditions. Whatever their problems – substance abuse, mental illness, physical illness or a history of incarceration – nearly all of the families in our study became stably housed when they received subsidized housing. (Shinn 1998, from "Reforming New York City's Rent Subsidy Program for Homeless Families" 2007)

Hence, housing subsidy is understood to be paramount to achieving household stability, so much so that personal barriers are less important in deciding outcomes and services provided

are of only secondary importance. Implicit in this discussion are the tangible (cost savings, improved educational attainment rates, etc.) and intangible (quality of life, improved social outcomes, etc.) benefits realized by stably housing households.

Knowing the very strong yields in housing stability that housing subsidies can garner and the benefits realized by increased stability, it is important to understand why the supply of housing subsidies has not met demand. Indeed, the National Alliance to End Homelessness estimates that all traditional voucher programs provide 4.5 million vouchers, with the actual demand being over 10 million (Khadduri 2008: 2).

One of the primary reasons for the shortness of supply relates to the high-cost of maintaining the programs. Indeed, traditional housing subsidies are based on the Section 8 model, where households pay just 30% of their income towards rent, with the funding agency covering the balance (typically up to the set Fair Market Rent) (Cutts Olsen 2002). This model is used in both project- and tenant-based situations.

Making housing subsidies even more expensive to fund are the income targets that go along with them. Indeed, the largest deep subsidy program, the U.S. Department of Housing and Urban Development's (HUD) Housing Choice Voucher Program, which serves two million households at any one time (Khadduri 2008: 2), was consolidated and required by the Quality Housing and Work Responsibility Act of 1998 (QHWRA) to serve the lowest-income individuals. QHWRA mandates that 75% of new program participants be at or below 30% of the poverty line. Such a requirement places considerable pressure on HUD's budget, so much so that the mandate cannot be met: 34% of the families who receive tenant-based vouchers and certificates are above the poverty line while 70% of families below the poverty line do not

receive housing assistance from any HUD program (Cutts Olsen 2002). Hence any program expansion would undoubtedly be extremely costly to fund upfront for HUD.

Through an alternate avenue, one study suggested the following solution to this funding dilemma: “a simple proposal for targeting more assistance to the poorest families and eliminating the horizontal inequity resulting from offering assistance to some, but not all, families with the same characteristics is to decrease the subsidy at each income level by the same amount while continuing to spend the program's current budget” (Cutts Olsen 2002). This proposal forwards the notion of a shallow subsidy, where *more* individuals are funded *less*. The principle programmatic benefit from a shallow subsidy is more households receive a rent subsidy without a net increase in program costs. The debate around shallow subsidies is whether program participants realize the same or similar benefits to those in traditional, deep subsidy programs. This paper will clarify if the theory is indeed reality based on a literature review and several case studies of the tool in use.

#### Overview of Shallow Subsidy Concept, Literature Review-

A shallow subsidy differs from a deep subsidy in that it is not based on income and, more often than not, is time-limited. Further definition is provided by the following:

In a “deep” subsidy... a household receiving the subsidy typically pays the landlord no more than 30% of its gross income, adjusted for certain factors such as number of dependents, physical disability, extraordinary child care or health care expenses, and the cost of utilities. The subsidy program then pays the difference between the tenant payment and the full rent...A shallow subsidy program, in contrast, sets a defined payment which the program provides, and the subsidized household must pay everything additional to complete the full rent, generally with no cap. (Dasinger 2007: 129)

Shallow subsidies are not an entirely new concept, but their application to preventing and ending family homelessness has not been thoroughly evaluated, making their effectiveness difficult to gauge. One well-studied area in which shallow subsidies seem to have been used and

proven effective is in the HIV/AIDS community. One 1997 study indicated that there were eleven shallow rental subsidy programs operating across the country; all but one these programs focused on the HIV/AIDS community (Dasinger 2007: 130). These programs have been primarily funded through HUD's Housing Opportunities for Persons with AIDS (HOPWA) program and through the Ryan White AIDS CARE Act funds. The amount of subsidy (\$45 to \$500 per month) and time limitations (three months to indefinite) varied greatly between these programs (Dasinger 2007: 131).

The most successful and oft studied example of the shallow subsidy model being used in this population is in San Francisco. Project Independence, whose philosophy is to provide "a small rental subsidy to eligible individuals and their families who are already stably housed...[with the goal of] to prevent[ing] homelessness before it starts" (Dasinger 2007: 128). The program was funded in 1996 by HUD via a HOPWA competitive grant. In order to be eligible for the program, participants must live in the program's service area (Alameda County, California), be diagnosed with HIV or AIDS and be at no more than 50% of the area median income (AMI). Also, their current housing unit must pass Housing Quality Standards (HQS) inspections and other basic requirements (Dasinger 2007: 131).

Once enrolled in the program, participants benefit from a shallow, non-time-limited rent subsidy and limited case management services. Table 1 describes the subsidy levels provided by the program and their proportion to San Francisco County's fair market rents.

Table 1 gives a limited idea of how the shallow subsidies provided by the program may be applied in the rental market. Table 1 confirms that subsidies are shallow in nature, providing, at most, 43% of the FMR rent. Further, the table demonstrates how there is no calibration for

participant income, meaning those with very low incomes and those with moderate incomes receive the same amount of subsidy.

Table 1, Project Independence Subsidy Levels by Household and Number of Bedrooms Compared to Local Fair Market Rents (FMR)

	Studio/Zero Bed.;	One Bed.;	Two Bed.;	Three or more Bed.;
	% FMR	% FMR	% FMR	% FMR
1 person	\$175; 30%	\$225; 30%	-; -	-; -
2 people	-; -	\$275; 36%	\$325; 34%	-; -
3 people	-; -	\$325; 43%	\$375; 39%	\$425; 32%

Source: Dasinger 2007: 130, HUD User 2008

The study provides a comparison of these shallow subsidy amounts and what households may pay in a traditional, deep subsidy program, which demonstrates the rent subsidy's relative value for typical program participants.

The monthly Social Security Income payment in 2001 \$531. Assuming no other income the Section 8 Housing Choice Voucher program would require a single person household to pay 30% of his/her income towards rent, or \$159, toward rent. For a one-bedroom apartment renting at \$743 per month, Section 8 would therefore pay the rent's balance (\$584) toward the rent (up to the local FMR). For the same rental unit, Project Independence would pay \$225 per month, leaving \$509 – virtually the entire monthly SSI/SSDI benefit – to be paid by the individual toward rent (Dasinger 2007: 130).

The above scenario demonstrates the significant gap that would be left by a shallow subsidy and how this gap is especially significant for households with very-low incomes.

The case management services provided with Project Independence are supplied via services coordination, where Project Independence administrators “maximize the probability that participants will be made aware of the range of possible services and be assisted with gaining

access to them” (Dasinger 2007: 130). Further, contact with case management is required on at least a quarterly basis. Hence, services are not necessarily a substantial component of the package provided to Project Independence participants; more emphasis is placed upon existing services infrastructure and the provision of rental subsidies.

An evaluation of Project Independence compared households enrolled in the program (185 households) with a control group not in the program but presumed eligible (218 households) over a several year period. The study found that after the initial one year follow-up, 99% of program participants were still in subsidized rental housing, while only 32% of the control group were still in housing (non-subsidized); after a two year follow-up, 96% of the program participants were still in subsidized rental housing, while only 10% of the control group remained housed (non-subsidized) (Dasinger 2007: 137). The assessment also noted the “added beneficial effect of services” (Dasinger 2007: 137) on participant success.

The results of the Project Independence case study are difficult to apply towards understanding the effectiveness of a similar subsidy structure in ending/preventing family homelessness. In particular, more information is needed about the characteristics of the households supplied with subsidies. For example, the following would help to narrow program understanding and make it more applicable:

- What was the typical household composition? Was the program most typically applied to families or singles? How did results differ between these two groups?
- What was the typical income level of households served? It is known that the income limit for the program is 50% of the AMI; was the average close to this level? In preventing and ending family homelessness (particularly the latter), income levels would

most likely be far below this level; did Project Independence have success in serving these populations?

- Are cost benefits from lower subsidy levels reduced by enhanced need for intensive case management?

With this information, the apparent success of Project Independence could more appropriately be applied to this paper's target population.

#### Other National Research on Shallow Subsidies

Few studies exist regarding the effectiveness of shallow rent subsidies and their effectiveness in preventing/ending family homelessness. Indeed, one study notes quite clearly that “the effectiveness of [shallow subsidies] for families experiencing a housing crisis has not yet been evaluated” (Khadduri 2008: 6). The same study further suggests that it “is essential to know which families can use short-term rental assistance while they gain sufficient employment income to take over the full rent payments and which families will need the deeper and more permanent subsidy provided by a voucher” (6). The overall research base suggests that not enough evaluation has been done to either prove or disprove the efficacy of shallow subsidy programs in ending/preventing family homelessness, specifically for which types of families it may be most be most effective (e.g., prevention-based, etc.).

Dennis Culhane et al. (2008) provide some attention to homelessness and shallow subsidies. To frame the argument, Culhane et al. suggest that the homeless population can be described in three ways:

- **Transitional:** the group of users that use the system as intended, as an emergency service; they enter, remain for a short period of time, exit and do not return. This group represents 80% of adult users in Philadelphia and 33% of the shelter stays.

- Episodic: the group that repeatedly moves in and out of the shelter. This group represents 9% of the shelter users but 17% of the shelter stays.
- Chronic: the group that uses shelters for long-term housing. This group represents 11% of shelter users but accounts for 50% of the stays (Culhane 2008: 113).

Culhane et al. go on to describe recent, successful efforts at the national and local levels to stably house the episodic and chronic groups with supportive housing. Such work, for example, helped to cut the national chronic homeless count by 11.5% (20,000 persons) in 2008 compared to 2005. HUD attributes this success to the funding of additional supportive housing opportunities (Culhane et al. 2008: 115). This work often uses the highly cost-intensive, deep subsidy model.

In response to the desire to decrease shelter use by the transitional group, Culhane et al. (2008: 116) note that “reducing homelessness among the population of adults who are not chronically homeless will require a different set of strategies.” This group this is less dependent on services than the chronically and episodically homeless and may have more potential in “regaining stable housing without long-term housing and support services” (Culhane et al. 2008: 131). This population should be provided interventions on a temporary basis to facilitate their exit from homelessness. Culhane et al. focus on two tools for providing temporary assistance:

- Transitional residential programming: these programs would be designed to house people exiting institutions, such as prisons, detoxification centers or foster care.

Approximately three to five percent of people exiting these institutions exit to homelessness. Indeed, when foster care is included, approximately forty percent of people entering shelters come from one of these institutions. Transitional housing opportunities could include half-way houses, independent living programs, etc. Notably,

this population is inherently composed of individuals, making it less relevant to this paper.

- Relocation assistance: Culhane et al. argue this sort of assistance should be provided to the transitionally homeless who have not exited from institutions. This sort of assistance could range from short-term cash assistance for one-time expenses to shallow rent subsidies.

Culhane et al. later narrow their research to families with children. Compared to the singles homeless population, Culhane et al. find that the vast majority of shelter-using families experience one episode of homelessness (transitional), with smaller groups repeatedly (episodic) and continually (chronic) using shelters, but consuming the most shelter days. Families are also more likely to be employed and less likely to have disabilities than singles (Culhane et al. 2008: 117), characteristics that suggest less cost-intensive supports would be necessary. Indeed, Culhane et al. note that “most families should require only low-intensity interventions and that the sort of intervention necessary should be matched to the ‘characteristics and needs of the families’” (Culhane et al. 2008: 118). Culhane et al. go on to describe three strata of intervention:

- Stabilization: assistance in paying for outstanding rent or utility bills, most likely costing \$500 to \$1,000 per case.
- Relocation grants: first and last months’ rent and security deposit, most likely costing \$3,000 per case.
- Transitional rent subsidies: provided in varying duration. These could take the form of shallow rent subsidies (Culhane et al. 2008: 118).

The above proposal by Culhane et al. clarify potential strategies for mitigating homelessness for families who do not require the cost-intensive supportive housing model. Culhane et al. note that this model is necessary for individuals and families who are experiencing episodic and chronic homelessness, but may not be for those experiencing transitional homelessness. Other authors agree: “[t]he problem is that there are not enough vouchers for every family who needs one; further, not every family that experiences homelessness needs a voucher” (Cunningham 2009: 5). This group could be housed and/or prevented from experiencing homelessness by providing various types of low-intensity interventions. Culhane et al. conclude that although various research supports the efficacy of supportive housing for the episodic and chronically homeless populations, “less is known about whether time limits on subsidies work” (Culhane et al. 2008: 118).

Some believe that shallow subsidies can play a prominent role in preventing family homelessness (“Promising Strategies to End Homelessness” 2006). These suggestions, however, are not necessarily supported with results and data to make their case. The case for shallow subsidies often centers on making them a part of a package and thinking of the subsidies as a possible source of innovation (Khadduri 2008: 5). Further, the emphasis is most often placed on using shallow subsidies as a prevention tool in the context of rapid-exit type programs. Still, there is little substantial data to back up assertions made as to their validity or effectiveness. As discussed earlier, future research should clarify what demographics (singles versus families) and income levels (very low income versus moderate income) shallow subsidies may have a positive results in stably housing. Further, in the case of time-limited subsidies, research should describe what is known about the outcomes of participants whose subsidies have termed-out.

More potential resources for future research will be aided by the infusion of funds for shallow subsidy-type programs may be receiving via the American Reinvestment and Recovery Act of 2009 (a.k.a., the Federal Stimulus Bill). Title XII, “Homelessness Prevention and Rapid Re-housing Program” (HPRP), designates \$1.5 billion to provide financial assistance and services for preventing and ending family homelessness with an emphasis on housing stabilization, to be administered by a large pool of grantees and their sub-grantees (Docket No. FR-5307-N-01 1 2009: 1). HUD’s guidance goes on to note that rental assistance may be utilized for at most 18 months and specifically notes it may be provided in the form of shallow subsidies (Docket No. FR-5307-N-01 2009: 13-14). HPRP funds require that grantees use the Homeless Management Information System (HMIS) (an electronic database for the storage of participant data) “to collect data and report on outputs and outcomes as required by HUD” (Docket No. FR-5307-N-01 2009: 36). With these reporting requirements and the apparent flexibility in program design, a fair amount of data should be available to evaluate those programs which deploy HPRP funds with shallow subsidies.

Since substantial research on shallow subsidies and their use in preventing/ending family homelessness is lacking, this paper will now focus on examples of shallow subsidies in use. These examples are relatively new to the affordable housing community and *may* provide for bellwether predictions. The extent to which these cases have been studied and critiqued varies.

#### Case Studies-

With academic research failing to provide conclusive answers regarding the effectiveness of shallow rent subsidies on preventing/ending family homelessness, several national examples of the strategy in action will be described. The two programs that will be described are the Shelter Network of San Mateo, California and New York City’s Department of Homeless

Services' programs. The Shelter Network's program was analyzed by reviewing marketing material, presentation information and interviewing the program manager. The New York City program was analyzed by reviewing marketing material, presentation information and reviewing the homeless advocate community's critiques.

#### Overview of the Shelter Network's Rapid Re-housing Program-

The Shelter Network of San Mateo, California provides shallow, time-limited subsidies in a rapid-exit context. Rapid exit programs seek to identify households that can be taken from shelters quickly before being integrated into social systems (an approach not necessary/economical for those with limited needs); social systems often provide mixed results for participants in terms of transitioning to independence (Greenberg Interview 2009). Households that could potentially benefit from rapid exit programs must have short-term barriers to housing, such as move-in assistance (MIA) (e.g., security deposits, first month's rent, etc.). San Mateo's rapid exit program uses a shallow subsidy as part of its short-term assistance program: households that are assessed and determined eligible are offered MIA and rental subsidy amounting to 50% of rent up to a limit for up to three months; this rental subsidy may be extended for an additional three months if participants can demonstrate a 20% increase in income. Conversations with program staff indicated that some households pay 50% of their income towards rent (Greenberg Interview 2009).

The San Mateo program is an intervention program - not a prevention program. The program is only open to sheltered households for fear of "abuse/opportunism" that could result if it was known a program were available to pay arrears, owed rent, etc. Indeed, program staff feared such openness would result in "hundreds and hundreds of applications" (Greenberg Interview 2009). Initially the program only served households from San Mateo's five site-based

shelters (four family and one singles shelters). The program currently serves people from other shelters and un-sheltered households. Notably, the program is mostly financed by the private sector (individual and corporate gifts, foundations, etc.), funders who emphasize extremely effective utilization of funds.

San Mateo has identified a primary weakness to the its rapid exit program as a lack of suitable applicants (i.e. those households that have only short-term need for rental subsidy). Indeed, San Mateo's experience illustrates that participants enrolled in the rapid exit program have trouble finding income that allows them to stably transition off of the subsidy in the three or six month periods. Participants face further barriers including the following: personal barriers (e.g., behavioral/mental health inhibiting gainful employment), lack of motivation to move out of shelter (where child care, free rent, etc. are available) and not wanting/being able to take responsibility for their own place. Hence, this program admittedly has had little success in serving the hard-to-house and connecting participants with employment relative to San Mateo's aggressive timeline (subsidy end at three months), suggesting a successful program would not attempt to serve the hard-to-employ.

San Mateo's program is said to operate under the housing first model, where there is no time limitation and no services required. However, in reviewing program materials, it became clear that there was indeed a subsidy time limit (three or six months) and services required. Services offered in the program include the following: mandatory case management, help connecting with education and employment opportunities and help negotiating/interacting with property management staff. San Mateo has developed key relationships with area landlords, a group that it thinks "priceless" as the participants require flexibility in housing arrangements (accepting late/partial rents, etc.) However, as San Mateo in no way enters into an agreement

with a participating household, the landlords own selection criteria serve as potential barriers to participant selection/success in that some landlords will not accept participants with high barriers (e.g. bad rental history), lessening the effectiveness of available subsidies (Greenberg Presentation 2009).

As far as results, San Mateo's program has served over 140 participants, accepting 80% of all applicants. Of these 140, 90 households have been in housing for ten months or more – overstaying their subsidy terms; 84 of these households remained in their original unit. San Mateo has found the program to be more effective in serving families than singles, possibly due to higher personal barriers in the singles population (e.g., the aforementioned behavioral barriers, etc.) (Greenberg Interview 2009).

When asked whether program staff thought a deep subsidy model would have improved program results, the response from the program manager was that such a model would have made participants dependent upon the program. With a private funding model, such entitlement-like programs are not financially feasible or sustainable. Staff did, however, comment that a small, on-going subsidy may be useful in providing an incentive to stay in contact with case managers, assuring longer-term positive outcomes and protecting the investments made. Staff also suggested that further services should be provided, including intensive services for participants with chronic chemical health issues (Greenberg Interview 2009).

#### Overview of NYC's Department of Homeless Services Programs-

The New York City Department of Homeless Services (DHS) maintains programs with an emphasis on preventing homelessness whenever possible. When prevention is not possible, rapid re-housing is sought. Towards this goal, DHS maintains a large portfolio of rental

assistance programs. DHS was forced to expand its rental assistance programs after federal funding fell below City-desired levels in the early 2000s (Lynch Presentation 2009).

Table 2, Subsidy Levels by Year for New York City's Housing Stability Plus Program

<b>Family Size</b>	<b>Rent Responsibility</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
1	PA Shelter Allowance	\$277	\$277	\$277	\$277	\$277
	<i>HSP Supplement</i>	\$488	\$390	\$293	\$195	\$98
	Min. Renter	\$0	\$98	\$195	\$293	\$390
	Max. Renter	\$277	\$375	\$472	\$570	\$667
2	PA Shelter Allowance	\$283	\$283	\$283	\$283	\$283
	<i>HSP Supplement</i>	\$537	\$430	\$322	\$215	\$107
	Min. Renter	\$0	\$107	\$215	\$322	\$430
	Max. Renter	\$283	\$390	\$498	\$605	\$713
3	PA Shelter Allowance	\$400	\$400	\$400	\$400	\$400
	<i>HSP Supplement</i>	\$525	\$420	\$315	\$210	\$105
	Min. Renter	\$0	\$105	\$210	\$315	\$420
	Max. Renter	\$400	\$505	\$610	\$715	\$820
4	PA Shelter Allowance	\$450	\$450	\$450	\$450	\$450
	<i>HSP Supplement</i>	\$475	\$380	\$285	\$190	\$95
	Min. Renter	\$0	\$95	\$190	\$285	\$380
	Max. Renter	\$450	\$545	\$640	\$735	\$830

Source: Housing Link 2007

DHS's initial attempt to fill the funding void resulted in the Housing Stability Plus (HSP) program in 2005 and 2006. HSP provided rental subsidy for domestic violence and homeless households (singles and families) for a term of up to five years for participants who were receiving public assistance. As Table 2 demonstrates, the HSP rent supplements are calculated in a fairly complex manner. The public assistance (PA) system provides for a monthly allotment to eligible families (PA Shelter Allowance). The PA shelter allowance may be used for any housing (not just emergency/shelter housing as the name suggests) and is applied to all HSP

participants' rents. The HSP rent supplement is the additional housing subsidy available to HSP program participants. As the table demonstrates, the value of this supplement decreases over time. The table also demonstrates the effect of this decrease, as the minimum amount the renter must pay (Min. Renter) increases accordingly over time. The maximum amount the renter may pay (Max. Renter) is determined by a rent ceiling set for HSP program participants (the program allows participants to live in apartments that are only so expensive).

The HSP program faced substantial criticism. The Coalition for the Homeless, a New York City-area advocacy group, synthesized these criticisms to three main points:

- Compared to traditional subsidies, HSP participants realized a twenty percent reduction in the value of their rent supplement, substantially raising participant costs;
- Rules that require participants to maintain a public assistance account in order to maintain receiving a subsidy provide a disincentive to locating work, and;
- Protections from unsuitable housing are inadequate (“On First Anniversary of Mayor’s...” 2006).

The first two points are especially concerning, with the last point being less attributable to the shallow-nature of HSP’s subsidy and more so to the City’s housing inspections processes. Continuing the critique of the dramatic decrease in rent subsidy, the Coalition goes on to reference several New York-based studies that demonstrate the importance of long-term subsidy in housing and its relation to housing stability. The following information was gathered from the three studies:

- Smith et al. (2005): households exiting shelter where studied two, five and ten years out. The data indicated that individuals with traditional Section 8 subsidies (deep subsidies) showed the lowest ten year rate of re-entry to shelters.

- Shinn et al. (1998): This study followed 266 homeless families seeking shelter and 298 families receiving public assistance over five years. After five years, eight percent of all households (from both groups) that received long-term housing subsidy remained housed, while only eighteen percent of those without subsidy were still in housing.
- Wong et al. (1997): Similar to the previous two studies, this study found that households who exited to their own, unsubsidized housing were more likely to re-enter the shelter system than those who exited to subsidized housing (37% to 7.6%). It is not clear whether all of the “subsidized housing” studied provided deep subsidies

The Coalition further argues that two primary sources of deep subsidies (public housing and Housing Choice Vouchers) give no priority to homeless households, thus dramatically curtailing the availability of effective subsidies.

The Coalition’s criticisms of New York’s HSP revolve around the concern that there is already a proven, effective solution to family homelessness - traditional deep subsidies. The criticisms, however, do not necessarily point to the *ineffectiveness* of shallow subsidies, particularly on a population-specific basis (as described earlier). The Coalition does make note of valid concerns (high rent due to lower subsidy, dis-incenting earned income, etc.), but these problems may be mitigated while maintaining a shallow subsidy model (with its cost benefits). Indeed, the Coalition’s critiques of DHS’s HSP program are not informative as to the specific weaknesses of shallow subsidies, but rather demonstrate the effectiveness of deep subsidies.

In 2007, the HSP program was replaced by the Advantage New York program, which reflected the Department’s learning from the HSP program (Lynch Presentation 2009). Advantage breaks from the shallow subsidy model of HSP, providing deeper levels of assistance. Further, unlike HSP requirements, Advantage participant’s need not maintain an open public

assistance file after attaining housing, reducing a potential barrier. Advantage does maintain the emphasis on the importance of attaining employment and self-sufficiency; participants who have barriers to these goals are given a high priority on permanent subsidy waiting lists (e.g., Section 8). Such changes seem to take the Coalition's arguments into account in developing new programs.

Advantage also differs from HSP in its individual models, “[b]ecause one size does not fit all, shelter residents can access Advantage NY through one of five ‘doors’ depending on their situation and needs” (Housing Link 2007). The five doors are the following:

- Work Advantage (WAP): for those who work at least 20 hours per week and have active public assistance cases (must receive cash assistance in an HRA domestic violence shelter or are if in a Department homeless shelter income may cannot exceed 150% of the federal poverty level.)
- Domestic Violence Advantage: for those who are residing in the HRA Domestic Violence Shelter System who have active cash public assistance cases.
- Fixed Income Advantage (FIX): for those households where a family member receives SSI/SSDI or other federally recognized benefit. Participants transition to Section 8.
- Children Advantage: for families identified by Administration for Children's Services (ACS) as eligible for the program.
- Short-Term Advantage (HIFI): for those who are currently working and not receiving public benefits. Participants must be able to demonstrate that they can afford to pay rent on a regular basis but will receive assistance paying up front costs such as broker fees, security deposits and the first four months of rent (Housing Link 2007).

Subsidy levels for each of the five programs vary, but they are far more intensive than

those in the HSP program. Some programs do, however, maintain time limitations on subsidy. DHS believes that the variety provided by the myriad of programs helps to cast a broader net and serve more participants effectively.

According to DHS, program participants and the public have realized great benefits through the shallow subsidy programs, including record levels of families placed into permanent housing, very low recidivism rates (reduced by one-third from 2007), higher employment rates (coupled with lower public assistance rates), and increased savings. Such success suggests that the programs are more effective than the HSP/shallow subsidy model described earlier, although more (and independent) research will certainly be required to evaluate the effectiveness of these programs. The Short-term Advantage program in particular should be evaluated, as its subsidy term is so short (four months), meaning post-program outcomes (e.g., continued housing stability) would already be available.

Identified challenges in the DHS's programs include the need to design yet more broad subsidies to target more of the shelter population, providing shelter services and benefits in the larger community for participants to continue to utilize, maximizing federal resources (e.g., Section 8, TANF, etc.), incentivizing work for participants, and minimizing the "cliff" when a participant's rental subsidy terms-out (Lynch Presentation 2009).

Overall, the information from the two case studies is as inconclusive as that from literature review, leaving the effectiveness of shallow rent subsidies unclear. Still, there are a growing number of programs across the country that are beginning to provide shallow subsidy options for participants. These programs are targeted to a variety of populations (families and singles, chronic/episodic and transitional/rapid-exit) and to a variety of incomes. Work must be done to distinguish which populations, if any, shallow subsidies may be effective in serving.

## Conclusion-

This paper sought to describe the efficacy of short-term and/or time-limited rental subsidies in preventing/ending family homelessness. There was a lack of data available that could prove or disprove their effectiveness. Some shallow subsidy research in the HIV/AIDS community shows progress in achieving the goal of stability in housing, but it is not clear as to whether these results would be found in the specific population studied (families). Indeed, “[t]he big policy question is how to assess and target different levels of housing subsidies and services to appropriately match family needs” (Cunningham 2009: 5).

More research is needed to help identify what specific groups – families or singles, incomes – low or moderate and situations – transitionally homeless or chronically/episodically homeless, shallow subsidies may be effective in serving. In justifying a shift from deep subsidies to shallow subsidies, any research would have to address two important factors. First, as housing stability is the ultimate goal, it would have to be proven that shallow subsidies are at least as effective in maintaining/achieving this characteristic in participating households as deep subsidies. Without housing stability, shallow subsidies would not even be worth their low cost. Second, as the primary justification for a shift from deep to shallow subsidies is cost savings, these supposed savings would have to be properly tabulated and vetted in order to assure they were not being shifted to other public systems. For example, the effective cut in income participants transitioned to shallow subsidies experience may merely shift the costs towards more intensives services, food supports or other public systems, negating any cost savings. These costs may be less plain to see, but they are just as in important in determining actual cost savings.

Until thorough, methodologically sound studies are undertaken and demonstrate the above successes, investing in shallow subsidies for preventing and/or ending family

homelessness could not be justified. This paper clearly demonstrates that there is not enough information to rationalize a shift from funding traditional, deep subsidy programs to their less costly shallow counterparts. Minnesota should observe the shallow subsidy programs undertaken by other housing providers but hesitate to initiate its own.

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