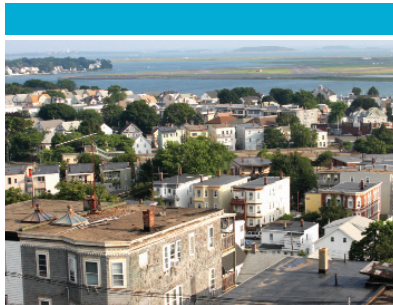
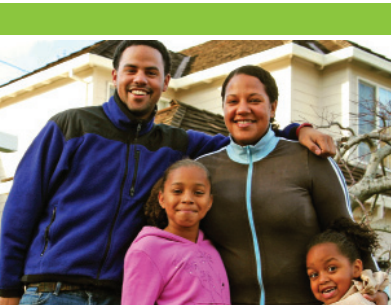


# Reducing Family Homelessness in Massachusetts:

## Opportunities to End the Use of Hotels & Motels, Improve Results and Lower Costs through Reform of the Emergency Assistance (EA) Program

The Paul & Phyllis Fireman Charitable Foundation



In January of 2010, the Fireman Foundation commissioned Dennis Culhane and Thomas Byrne<sup>1</sup> to develop a white paper on ways in which the Emergency Assistance (EA) program in Massachusetts could be redesigned to increase its effectiveness in preventing homelessness without requiring additional budget resources. This document summarizes the main findings of this white paper, and proposes a clear set of policy reforms to increase the effectiveness of the EA program.

### SPECIFIC RECOMMENDED CHANGES IN THE EMERGENCY ASSISTANCE PROGRAM

Two primary changes are recommended to improve the performance of the Emergency Assistance (EA) program:

**Multiple Levels of Eligibility.** Give the Department of Housing and Community Development (DHCD) the authority to:

- Provide different levels of services to families based on their level of need.
- Flexibly define the benefit package (shelter, relocation grants and flexible assistance) that is provided for each level of service.

**Rapid Re-housing and Stabilization.** Strengthen the focus on reducing the time families spend in emergency shelter by:

- Requiring the State to provide shelter geared towards housing stabilization through the use of a shelter exit plan that all families should complete within a specified period.
- Requiring families to participate in the exit and self-sufficiency plan as a condition of eligibility for services.

Both of these recommendations build on, and are consistent with, progress that is already happening at the state and local levels to shift the emphasis in the program from the provision of emergency shelter to a focus on housing stabilization through activities that include prevention, diversion and rapid re-housing.

<sup>1</sup> Mr. Culhane is a Professor of Social Policy at the University of Pennsylvania, and a recognized national expert on homelessness prevention strategies. He has worked extensively with the Commonwealth of Massachusetts, including supporting the work of the Interagency Council on Housing and Homelessness (ICHH). Thomas Byrne is a Research Assistant at the University of Pennsylvania.

# INTRODUCTION

In Massachusetts, nearly 5,000 families, including 10,000 children, experience homelessness annually.<sup>2</sup> Having such a large number of homeless families, many of whom remain in shelter for six months or longer, is unacceptable in a state that devotes considerable resources to the problem. It is well documented that homelessness exacts a heavy toll on children and places severe strain on health, educational outcomes and family composition.

Most families in Massachusetts facing homelessness receive assistance through the Emergency Assistance (EA) program, which serves an important function for families facing housing crises. Nonetheless, in relying primarily on the provision of emergency shelter, the current EA system has become increasingly expensive to support and has limited its effectiveness at eliminating homelessness. New approaches to helping families at risk of or experiencing homelessness and a transformation of existing EA policies are urgently needed if Massachusetts hopes to eliminate family homelessness while making efficient use of resources.

## MASSACHUSETTS IS WELL-POSITIONED TO TRANSFORM ITS SYSTEM

The Commonwealth has a strong track record of caring for the health and well-being of its citizens. In 2006, Massachusetts passed innovative health reform legislation, which relied on cooperation between the public and private sectors to extend health coverage to tens of thousands of persons. This landmark reform has set Massachusetts apart from the rest of the nation and has served as a model for current federal health reform legislation. In transforming the EA program, Massachusetts again has an opportunity to undertake a reform that will greatly benefit some of its most vulnerable residents. If reform is done carefully and correctly, the state can feasibly expect to make real and sustained progress towards ending family homelessness.

It is always difficult to change well established practice. Nonetheless, due in large part to its own actions, the state is in an excellent position to transform its family shelter system, for several reasons:

- Governor Deval Patrick's Special Commission Relative to Ending Homelessness in the Commonwealth developed a comprehensive plan for ending homelessness in January of 2008. **The Interagency Commission on Housing and Homelessness (ICHH)** was created under the leadership of the Lieutenant Governor to implement the Commission's recommendations. The ICHH has aligned key state agencies under the principle of targeting "the right resources to the right people at the right time."
- The ICHH has supported the start up of ten **regional networks** in the state to coordinate the delivery of services at the local level. These networks are helping to integrate the work of the EA system with mainstream service providers and create a framework for implementing EA reforms statewide.
- The Department of Housing and Community Development (DHCD) is putting in place **new shelter contracts** that begin the transition from the existing system towards one with fewer shelter units and more prevention, diversion rapid re-housing and stabilization services.
- Finally, Massachusetts has received \$44.5 million in funding from the new federal **Homelessness Prevention and Rapid Re-housing Program (HPRP)**. These funds are used to prevent families from becoming homeless and rapid placement of homeless households into permanent housing arrangements.

## INNOVATORS ARE SHOWING THE WAY TO REFORM

Innovative service providers, with state support, are demonstrating what is feasible once the shift from focusing on emergency shelter to focusing on housing stabilization has been made. Currently, the average cost per family shelter

<sup>2</sup> Commonwealth of Massachusetts. (2007). Report of the Special Commission Relative to Ending Homelessness in the Commonwealth.

stay is \$26,620. With the proper alignment of resources, it is possible to make this average cost the maximum cost, thereby allowing us to serve more families and get much better outcomes at a lower per family cost. Significant reductions in family homelessness, including ending the use of hotels and motels as emergency shelter, can be achieved by making more efficient use of resources already designated to help this group.

**Innovative service providers are showing how this is possible.**

- By focusing on prevention and rapid re-housing, the Central Massachusetts Housing Alliance (CMHA) in Worcester was able to reduce its hotel population by 90%; reduce shelter beds needed by 50%; reduce the average cost per family by almost 80%; and cut the typical shelter stay to less than two months.
- Emmaus in Haverhill moved 85 families out of emergency shelter and into permanent housing between July – December 2009. 22 families were diverted from shelter and placed directly in housing at an average cost of \$2,200 per family. And in 2010 they plan on assisting 69 families with rehousing at an average cost of \$10,300 (compared to annual shelter costs of \$49,300 per family.)

If this kind of practice can be made the norm rather than the exception, the ability of the EA system to solve family homelessness will be greatly increased, and it should be possible to eliminate the use of motels for families.<sup>3</sup>

The key shifts in thinking and practice that make this kind of performance possible include the following:

FROM	TO
Primary emphasis is emergency shelter	Primary emphasis is housing stabilization
Limited use of resources on alternatives to emergency shelter	Greater use of resources on flexible alternatives to shelter including prevention, diversion and stabilization
A service delivery model best described as “one size fits all”	Services are customized to match family needs
EA is primary form of assistance for families facing housing crises	Strong collaboration between state agencies and mainstream services to help ensure that families achieve housing stability

**WHY CHANGE IS NEEDED**

There are three features of the current EA system that underscore the pressing need for its reform. Taken together, these factors have created an increasingly large EA system that lacks adequate cost containment mechanisms and has proven insufficient for the task of ending homelessness. The three main challenges facing the current EA system are:

**A One Size Fits All Approach.** In relying largely on the provision of emergency shelter, and with relatively limited alternatives to shelter available to many families, the current EA system uses what is best described as a “one size fits all” approach. Under the existing model, it is difficult to tailor assistance to provide the amount and type of resources that correspond with family need. As homeless families are not a homogenous group, targeting of resources based on accurate assessments of family needs is essential for a more efficient and flexible service delivery model.

**Incentives for Longer Shelter Stays.** A set of incentives inherent in the structure of the EA system encourages long-term shelter and motel stays, many of which may be unnecessary and may not lead to desirable outcomes for families. As a result, families staying in shelter for longer than six months account for a significant proportion of the overall EA resource use, even though evidence suggests that families with long stays do not have more intensive needs than

<sup>3</sup> As of February 2010, 950 families were residing in motels.

other homeless families, and would be better served through re-housing in the community.

**Broad Eligibility Standards.** Broad EA eligibility standards mean that families meeting the EA income standard and facing a relatively wide range of housing problems are eligible for shelter placement. However, shelter is not an appropriate primary intervention for all families eligible for EA. The result is shelter entries that could be avoided and higher costs for the state.

## THE HIGH COST OF EMERGENCY ASSISTANCE

Because of its design flaws it has been difficult for the state to contain costs as demand for the system has increased during the current economic recession. The amount of funding allocated for the EA program by the state legislature has increased dramatically over time, as have actual expenditures on EA. In 2001, the state spent \$46.2 million on the EA program, an amount that grew to \$114 million in 2009. These high costs increase the urgency of making our dollars go further by shifting resources from expensive shelter care to a focus on housing stabilization.

## PRINCIPLES TO GUIDE REFORM

There are four basic principles that should guide the reform of the EA system:

PRINCIPLE	DESCRIPTION
New Focus	Focus the EA system on housing stabilization, not emergency shelter.
Greater Flexibility	Make more funds available to be used more flexibly for prevention, diversion and stabilization, as well as shelter.
Efficient Resource Use	Structure eligibility criteria to customize services and provide families with the appropriate level of assistance—not too little and not too much.
Shared Responsibility	Foster stronger linkages between the EA system and other state agencies and mainstream service providers to help families obtain stable housing.

## CONCLUSION

There are positive forces working in alignment with all of these principles at the federal, state and regional levels. Reform of the Emergency Assistance program is a critical part of this effort for system transformation.

We now know how to get greatly improved outcomes for homeless families, at much lower costs. By shifting resources from expensive shelter stays to prevention and rapid re-housing, we can serve many more families and achieve a more rapid reduction in family homelessness. We can also eliminate the use of motels and hotels as emergency shelter for homeless families. Reforms in the Emergency Assistance program are needed to enable this change. We are ready for this reform and now is the time to act.