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Ending Family Homelessness in Massachusetts: A New Approach for the Emergency Assistance Program

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INTRODUCTION

In Massachusetts, nearly 5,000 families, including 10,000 children, experience homelessness annually.¹ Having such a large number of homeless families, many of whom remain homeless 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.² 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 proven itself to be ineffective at eliminating homelessness. No child in the Commonwealth should be without a safe, and decent place to call home. Yet, under the current EA system, more and more families facing a housing crisis find themselves staying for extended periods of times in less than ideal emergency shelters and motels instead of quickly securing a more stable and permanent housing arrangement. 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.

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.

This paper aims to explore the current opportunity for policy reform of the EA system in Massachusetts. It will first review recent actions by the state that have provided a context for systems change. It will then describe some of the challenges posed by the current system, particularly the lack of cost containment, and the resulting fact that significant public resources are spent supporting long-term stays in shelters and motels, which are not good for families or children. After an exploration of funding and resource issues that are germane to the discussion of EA policy reform, the paper will conclude by establishing the foundation for changing the current system into one that would be outcome oriented, driven by the objective of housing stabilization and serve families in a more timely, effective and efficient manner.

Massachusetts Is Well Positioned to Transform the EA System

Efforts to reform EA policy are sure to encounter challenges. Nonetheless, due in large part to its own actions, the state currently finds itself in an ideal position to engage in reform efforts. Massachusetts is poised to transform the family shelter system for four key reasons.

Special Commission Relative to Ending Homelessness in the Commonwealth

First, in July 2007, Governor Deval Patrick convened a Special Commission Relative to Ending Homelessness in the Commonwealth comprised of legislators, heads of state agencies and other state officials, service providers and advocates. The Commission was charged with formulating recommendations for a compre-

1. Commonwealth of Massachusetts. (2007). *Report of the Special Commission Relative to Ending Homelessness in the Commonwealth*. Boston, MA: Author.

2. Rog, D.J. & Buckner, J.C. (2007). *Homeless families and children*. 2007 National Symposium on Homelessness Research.

hensive plan to end homelessness in the state. Released in January 2008, the Commission's final report noted that 5,000 families and 10,000 children were placed in shelter in 2007 and indicated that more than 30,000 additional families, were potentially at risk of becoming homeless. Additionally, the report found that as many as 650,000 or 27 percent of Massachusetts households were "shelter poor," meaning that their household incomes were not sufficient to cover housing costs once other basic necessities were taken into account.³ In this context, the report outlined steps to be taken to transform what it deemed to be a system overly reliant on shelter provision into one that emphasizes prevention efforts, improves access to permanent affordable housing, generates housing production and fosters self-sufficiency. The Commission based its recommendations around the core principle of targeting "the right resources to the right people at the right time."⁴ As such, its report called for a four-tiered model to target appropriately flexible resources to families according to their level of economic and social challenges, thereby reducing homelessness and the state's dependence on emergency shelter.

Regional Networks

Second, part of the plan outlined in the Commission's report included the establishment of coordinated regional networks having responsibility for effectively implementing the report's recommendations in their respective jurisdictions. The regional coordinating networks were not intended to be centralized physical entities, but rather coordinated systems comprised of mainstream social service agencies, housing counseling organizations, landlords and homeless assistance programs. Ten regional networks have been funded and their establishment provides an important framework within which EA reform can be executed statewide.

Regional networks will allow for a more tailored and targeted use of EA resources based on the unique needs of different parts of the state. Promising and innovative practices have begun to emerge from regional networks, with providers demonstrating the viability of prevention, diversion and rapid re-housing strategies. For example, the South Shore Network has implemented a triage model that emphasizes the immediate assessment of family needs and rapid re-housing. Moreover, the implementation of a diversion model in Worcester has led to a significant reduction in the number of families residing in hotels or motels. These examples highlight the great potential of the regional network approach and underscore the importance of broader EA system reform to capitalize on this potential.

Contract Reprocurement

Third, Massachusetts has recently conducted a reprocurement of its contracts with family shelter providers. These new contracts for family shelter providers began in February 2009. Contract reprocurement was undertaken with the goal in mind of transitioning from the existing system towards one with fewer shelter units and more prevention, diversion and rapid rehousing services. In the long term, the aim of rewriting contracts is to facilitate the conversion of the existing system into one with a minimal number of emergency shelter units and a wide array of flexible stabilization oriented services. In addition, the rewritten contracts separate accommodation costs from service costs, with service costs now to be paid based on an agency's success in the timely placement of families in permanent housing. These contract changes provide a necessary basis for an EA system transformation that will result in a more flexible program that yields better outcomes for families in need.

³ Commonwealth of Massachusetts, 2007.

⁴ Commonwealth of Massachusetts, 2007, p. xi

HPRP Funds

Fourth, resources from the newly created Federal “Homelessness Prevention and Rapid Rehousing Program” (HPRP) can be used to leverage EA policy reform. Included as part of the American Recovery and Reinvestment Act of 2009 (ARRA), HPRP is meant to fund initiatives that emphasize the prevention of at-risk individuals and families from becoming homeless and the placement of homeless households into permanent housing arrangements as quickly as possible. Massachusetts has received \$44.5 million in HPRP funding, which includes \$18.4 million for the state and \$26.1 million provided directly to local communities. Between August and December of 2009, 804 families moved out of shelter and into housing with the help of a short-term, 12-month rental assistance benefit.⁵ At an average annual cost of \$9,000 per family, providing this rental assistance is far less expensive than the \$36,000 the state spends to keep a family in shelter for a year, or the average cost per shelter stay of \$26,620.

The state now has an opportunity to align its EA program with the prevention and housing stabilization oriented HPRP framework, and actualize a permanent transformation of the family shelter system. The prospects for doing so are quite good, as research, model development, and planning done in Massachusetts helped to inform the development of HPRP. For example, in one recent year, two pilot initiatives—the Department of Transitional Assistance’s Toolbox program, and the Shelter to Housing Pilot—kept 683 families housed for the same amount it would have cost to keep 58 families in shelter for a year.⁶ Another program, the Rental Assistance for Families in Transition (RAFT) Program, while not exclusively serving EA eligible families, provided assistance to 436 families facing housing crises. In addition, an evaluation of 19 prevention focused programs known as the Homeless Prevention Initiative (HPI), found that the vast majority of families were able to remain stably housed without additional assistance after receiving prevention services.⁷ A National Alliance to End Homelessness report released in 2006 and entitled *Promising Strategies to End Homelessness* highlighted the success of several of these pilot initiatives.⁸

Furthermore, research done using data from the family shelter system in Massachusetts found that a relatively small group of long-staying families (20 percent) used half of the system’s resources, at a substantial cost per family (\$48,000), even though this group did not have more documented intensive service needs than other shelter users.⁹ These findings highlight the need for a more tailored and efficient approach to helping families facing housing crises that offers a range of cost-effective alternatives to expensive and ineffective emergency shelter and motel placements. Given its unique position and practical experience, the state could capitalize on promising pilot prevention and diversion programs by refining their models and adopting them as part of a retooled EA program.

Collectively, these four factors have created the context necessary for meaningful EA policy reform. Policy-makers should seize on this unique opportunity for transformation of the EA system, as timely reform is im-

5 Pulster, B. (2009). Remarks at the National Alliance to End Homelessness Congressional Briefing, Friday December 4, 2009. Available at: www.endhomelessness.org/files/2602_file_Bob_Pulster_s_testimony.pdf

6 One Family, Inc. (2006). *Housing First: An Unprecedented Opportunity*. Available at: <http://www.onefamilyinc.org/cgi-script/csArticles/uploads/491/PolicyPaperFINAL.pdf>

7 University of Massachusetts Boston, The Center for Social Policy, McCormack Graduate School of Policy Studies (2006). *Prevention at Work: Homelessness Prevention Initiative, Interim Evaluation Report*.

8 National Alliance to End Homelessness. (2006). *Promising Strategies to End Family Homelessness*. Washington, DC: Author.

9 Culhane, D.P., Metraux, S., Park, J.M., Schretzman, M. & Valetne, J. (2007). Testing a Typology of Family Homelessness Based on Patterns of Public Shelter Utilization in Four U.S. Jurisdictions: Implications for Policy and Program Planning. *Housing Policy Debate*, 18(1): 1-28.

perative. The urgency with which reform should be approached is due in large part to the current challenges and inefficiencies inherent in the existing EA system. As a result of these challenges, maintenance of the EA system is very costly to taxpayers, and the families which the program is intended to assist are not experiencing good outcomes. The need for changes to the EA program was made clear recently as the number of families in motels exceeded 1,000 on a given night. As the next section aims to demonstrate, such practice is unsustainable from a fiscal standpoint and ultimately does little to make progress towards ending homelessness in Massachusetts.

Challenges Facing Existing EA System

Compared with the rest of the country, Massachusetts is unique in its approach to family homelessness. The Commonwealth is the only state to maintain a statewide emergency shelter entitlement for homeless families with its own dedicated line item in the state budget. Due to its distinctive structure and funding mechanism, the EA program has over time become one of the most comprehensive family shelter programs in the United States. Nonetheless, these distinct features have created an EA program and system that is in need of reform if it is to have success in eliminating homelessness among families in the state. More specifically, there are three features of the current EA system that underscore the pressing need for its reform. First, the program's "one size fits all" service delivery model limits the ability to assess individual family needs and provide services accordingly. Second, the EA program is characterized by perverse incentives for both providers and families that limit its effectiveness and drives costs higher. Third, eligibility for EA extends to a broad group of families, yet the EA program offers a narrow scope of benefits beyond expensive emergency shelter. 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. As a result, supporting the EA program comes at great expense to taxpayers and it faces ever-growing and fiscally unsustainable costs in the absence of reform.

A One Size Fits All Approach

The current EA system uses what is best described as a "one size fits all" approach for providing services to homeless families. Consequently, it is not possible to provide the correct amount and type of resources necessary to extricate a family from homelessness or prevent them from becoming homeless. In addition, the EA program is unable to adjust for potential regional differences in housing affordability, provider capacity, or other factors that might impact a family's homelessness or risk of homelessness, and alternative sources of housing apart from shelter.

The inability of the EA system to assess families and provide them with different levels of benefits and services is problematic given what is known about homeless families. Certainly, homeless families and families at risk of becoming homeless are not a homogenous group with identical needs. Indeed, among Massachusetts families entering shelter in the first quarter of 2009, 46 percent entered because they were asked to leave their residence by the primary tenant, 25 percent entered due to health or safety concerns in their residence, and 16 percent were evicted (the remaining 13 percent sought shelter for a number of "other" reasons).¹⁰ It is important to note that these are self-reported reasons for shelter entry and therefore may not capture additional underlying factors that might provide greater insight regarding the needs of families.

10 Commonwealth of Massachusetts, Department of Transitional Assistance. (2009). *Department of Transitional Assistance, March 2009 Legislative Report*. Boston, MA: Author.

Moreover, a study conducted using data from family shelters in Massachusetts found that the families staying in shelter for long periods of time do not have more intensive histories of service use than other homeless families. In fact, families with extended shelter stays have about the same levels of behavioral health inpatient treatment, foster care placements, disability and unemployment as those with short shelter stays, while those with repeat shelter stays have the highest rates of these conditions.¹¹ Nonetheless, families with long shelter stays remained in shelter for an average of 444 days at a cost of about \$48,000 per family, with long staying families collectively accounting for about 50 percent of the overall system wide shelter reimbursements. The implications of such findings are evident. The EA system is spending the most money on families who stay in shelters for long periods, who do not have distinct needs, while families with the most intensive service histories are not identified or served in distinct manner. It is likely that in offering flexible and targeted benefits in place of a “one size fits all” model, the EA system could avoid this inefficient situation.

Targeting of resources based on accurate assessments of family needs is essential for a more efficient and flexible service delivery model. A recent report on effective strategies to end family homelessness concluded that “there is no cookie cutter service delivery model that works for all families” and that “communities and programs that show promise are targeting services to meet the unique needs of each family.”¹² For example, the Community Shelter Board in Columbus, Ohio, focuses on assessing family needs and targeting the highest cost interventions at families with substantial challenges while moving families with less intensive needs quickly into permanent housing so as to avoid a potentially long and expensive shelter stay. As a result, the number of families placed in shelters on an annual basis has dropped from a high of 1,217 in 1998 to about 700 in 2009, with an average length of stay of 53 days in 2009.¹³ Likewise, Hennepin County, Minnesota provides resources to non-profit providers that can then be used in a flexible manner to help families rapidly exit shelter for permanent housing. This rapid exit model was an integral force in helping Hennepin County reduce the number of families in shelter by 43 percent between 2000 and 2004.¹⁴ The service delivery frameworks implemented in Columbus and Hennepin County stand in contrast to the existing EA approach.

Unintended Incentives for Families and Providers

A set of perverse incentives for both families and providers are inherent in the structure and implementation of the current EA program. Collectively, these incentives encourage long-term shelter and motel stays, many of which may be unnecessary and may not lead to desirable outcomes for families. Not surprisingly, families staying in shelter for longer than six months account for a significant proportion of overall EA resource use.

In its present form, the EA system provides families with incentives for staying in shelters for extended periods of time. First, there is no limit on the amount of time that a family may remain in shelter as long as they continue to meet EA eligibility criteria. In addition, families whose monthly income exceeds the EA eligibility standard are allowed to remain in shelter for up to six months. Although originally intended to provide

11 Culhane et al. 2007.

12 National Alliance to End Homelessness 2006, p 18.

13 Community Shelter Board. (2009). *System and Program Level Indicator Report: FY 2009 Annual Report*. Columbus, OH: Author.

14 National Alliance to End Homelessness. (2005). *Community Snapshot: Hennepin County*. Washington, DC: Author.

families with a grace period to secure new housing instead of terminating benefits as soon as their income exceeded the EA limit, many of these families do not exit shelters before the end of the six month period. Also, even for families whose income exceeds EA eligibility standards, there is no cost sharing built into the system. While families are required to save 30 percent of their income, they are not expected to make financial contribution towards the cost of housing, and thus have little financial incentive to leave the EA system. As roughly one third of EA contracted units are scattered site apartments, this arrangement is quite favorable for many families who may have little motivation to leave a fully subsidized and furnished apartment. Not surprisingly, families in scattered site units have an average length of stay of 285 days, or about 9.5 months, which is more than one month longer than the average stay for families in congregate shelters.¹⁵

Incentives for providers also drive longer shelter stays by families. Although their contracts were recently rewritten, accommodation costs are still paid to providers on the basis of occupancy. Consequently, providers may have an incentive to keep their beds full so as to continue receiving maximum payment, which means that to some extent, it is in providers' interest to limit turnover and exit rates in shelters.

In summary, a number of incentives have led to longer, more expensive shelter stays for families and there is evidence that a significant portion of EA resources are not being directed towards the most needy families, nor towards housing stabilization for families, which should be the ultimate goal of the EA system. In this context, such a system would seem to be a particularly bad value in comparison to the estimated \$9,000 annually required to provide an adequate level of rental assistance for a family, which represents a far more effective strategy for fostering housing stabilization than shelter.¹⁶

Broad Eligibility Standards

Broad EA eligibility standards allow a large number of families to qualify for shelter placement. In January of 2009, the Patrick Administration proposed a number of changes to the EA regulations. These changes, which included a requirement that households accept the first offer of safe housing placement and a lowering of the age threshold for children from 21 to 18, were designed to limit new entries to shelter and reduce the length of shelter stays. Under pressure from advocates, these proposed regulatory changes were scaled back and relatively broad EA eligibility was preserved. Moreover, the historical trend in the EA program has been towards expansions in eligibility standards. For instance, the EA income eligibility standard has fluctuated over the past decade. It was increased to 130 percent of the Federal Poverty Level in the early part of the decade, then decreased to 100 percent then increased again to 130 percent in 2006 where it remained until it was reset at 115 percent in July 2009. Also, an October 2007 change to non-compliance policy meant that families who broke shelter rules, who previously would have been deemed EA ineligible, were allowed to remain in shelter. Similarly, the presumptive eligibility provision has led to relaxed documentation requirements and increased shelter entry. Under this policy, families that appear to be eligible for shelter are given 30 days to gather documentation required to establish formal eligibility.

More generally, EA eligibility guidelines are written such that families meeting the EA income standard and facing a relatively wide range of housing problems are eligible for shelter placement. Shelter placement is likely not the best solution or even necessary to resolve many of the housing problems that make families

¹⁵ Commonwealth of Massachusetts 2009.

¹⁶ Pulster, 2009.

eligible for EA. Altogether, the wide eligibility criteria means that EA has acquired the de facto status of a benefit that can be accessed “on demand” by families, regardless of the appropriateness of shelter as the primary intervention.

The High Cost of EA

As a result of its design flaws and lack of cost containment mechanisms, maintaining the EA program is quite expensive to the state. An ever-growing family shelter system will come at an increasing cost to taxpayers, yet in the absence of a transformation of EA policy, it is unlikely that increasing expenditures will result in reductions to family homelessness. To the contrary, tracing the recent history of the performance and cost of the EA program makes it plain to see that an increasingly expensive system has yielded relatively poor outcomes for the families that it was meant to assist. The growth in expense has meant that the EA system is presently at the threshold of fiscal sustainability, if not already beyond it.

Table 1 and Figure 1 compare the amount allocated to EA in the state budget and actual expenditures on EA over the past decade. As is quite clear, the amount of funding for the EA program by the state legislature has increased dramatically over the past decade, as have actual expenditures on EA.

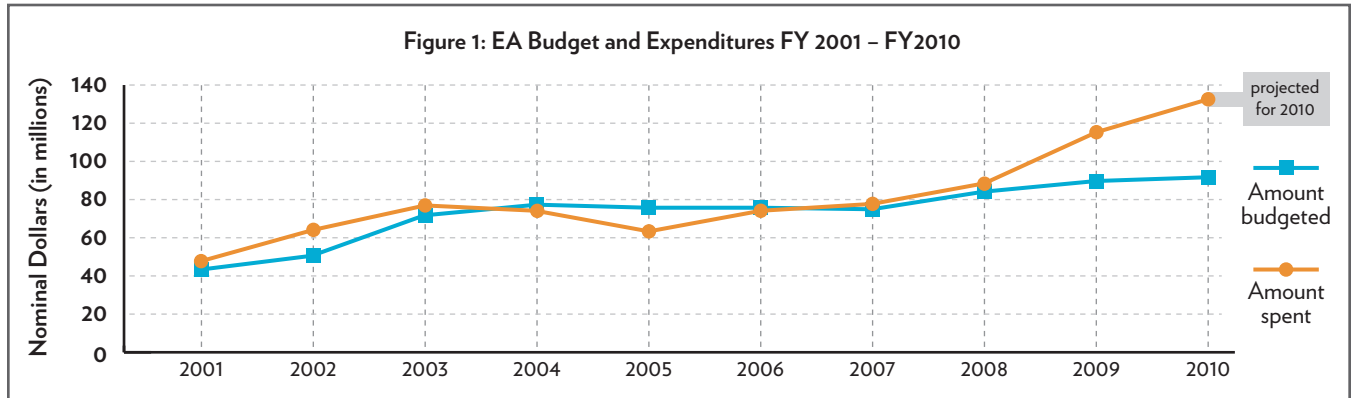
What is more, in several years actual expenditures on EA have exceeded the budgeted amount, and often by several million dollars. In recent years, growth in expenditures for EA are strongly associated with an increase in demand resulting from a nationwide economic crisis characterized by high levels of unemployment and housing foreclosures. Indeed, foreclosures were a factor, likely primarily due to tenancy in a foreclosed upon property, in the loss of housing for between 12 and 16 percent of families in shelter in the fall of 2008.¹⁷ The cost overruns are seen most acutely in fiscal year 2009, when facing unprecedented demand amidst the economic crisis, the \$114 million spent on EA was over budget by more than \$25 million. In total, the EA program accumulated a budget deficit of about \$32 million in the fiscal years from 2001 to 2009.

Also of importance is the \$9.2 million that local school districts spent during the 2008-2009 school year to transport children from homeless families to and from school. While this expense is not reflected in the EA

Table 1—EA Budget and Expenditures FY 2001—FY 2009

Fiscal Year	Budget Amount (in millions)	Expenditures (in millions)
2001	\$42.0	\$46.2
2002	\$49.6	\$61.9
2003	\$70.2	\$72.0
2004	\$75.7	\$70.6
2005	\$73.6	\$63.8
2006	\$73.7	\$72.1
2007	\$73.7	\$76.0
2008	\$83.1	\$84.4
2009	\$87.2	\$114.0
2010	\$91.6	projected to be \$133.6

¹⁷ Friedman, D.F., and Zulfikar, G. (2009). *Massachusetts' System Redesign to End Homelessness: An Overview and Assessment*. Boston, MA: Center for Social Policy, McCormack Graduate School of Policy Studies, University of Massachusetts Boston.



budget, it nonetheless has a significant impact on local municipalities and towns across Massachusetts. It also demonstrates that the true cost of the existing EA system should be understood in a broader context beyond the expense of paying to house families in motels and shelters.

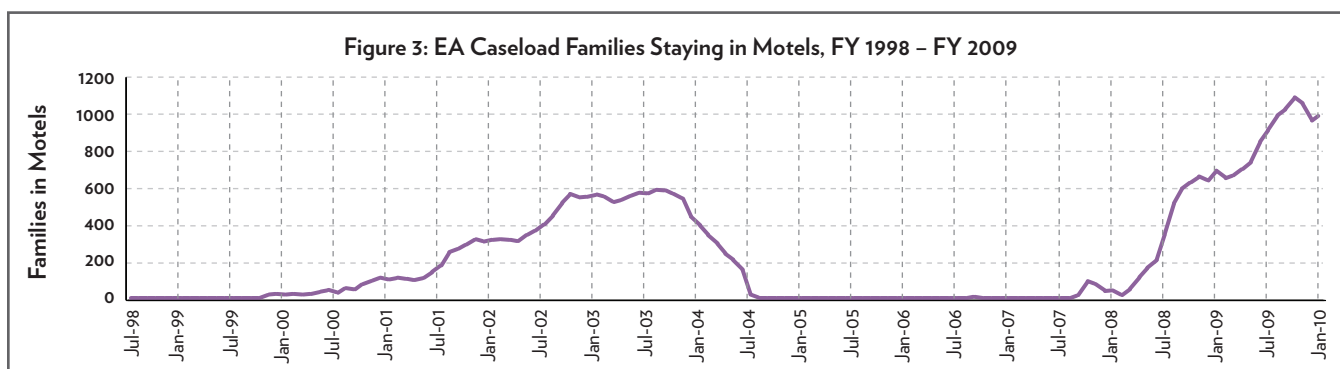
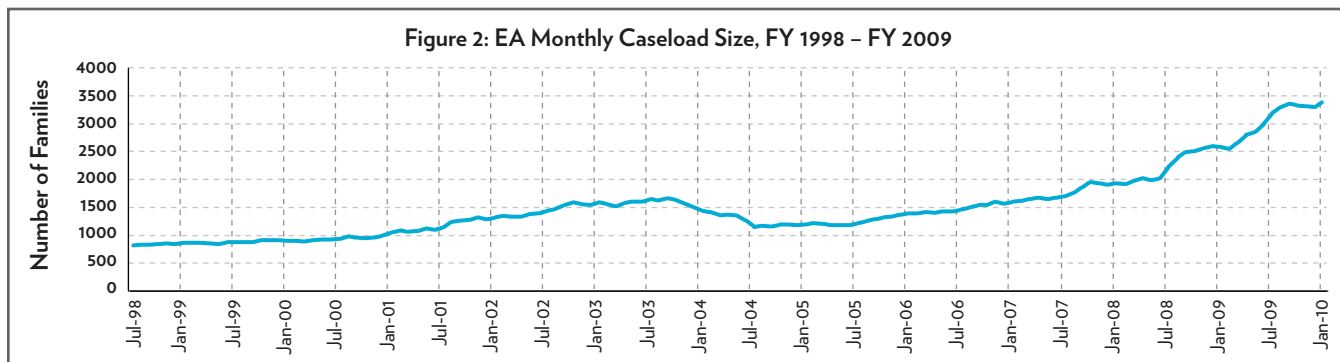
A rapid increase in expenditures on family shelter has not been accompanied by reductions in the number of homeless families. Instead, the number of homeless families has only grown over the past several years, as EA use is, by design, what makes families officially homeless. The inverse situation, whereby with rising EA expenditures there is a reduction in homelessness, would clearly be preferable; but such an outcome is not possible under the design of the existing system.

Figure 2 (on the next page) shows the increase in the number of families residing in shelter each month from fiscal year 1998 to fiscal year 2009. As shown in Figure 2, with the exception of a brief period in 2003 and 2004, there has been a continuous upward trend in the number of families residing in shelter, with a particularly dramatic uptick since fiscal year 2005. Figure 3 shows that there has been a similar general upward trend over the past decade in terms of the number of families the state has been forced to place in hotels and motels when contracted shelter units are at capacity. In 2000, there were an average of 17 families per month living in motels. At the end 2002, that number had reached roughly 550 per month.¹⁸ From 2002 until 2006, Massachusetts had success in reducing the number of families placed in motels and was able to temporarily stop relying on such placements altogether by using housing stabilization oriented programs and pilot initiatives. These reductions were in part made possible by better economic conditions as well increased shelter capacity and expansions in affordable housing. Nonetheless, demand for shelter has spiked since, due in part to the growing economic crisis over the past two years, with 5,876 families using the EA system over the course of the 2009 fiscal year. Consequently, the state has resumed the practice of using motels, and at the end of calendar year 2009, there were approximately 1,000 families residing in motels in addition to the roughly 2,000 families in EA contracted units. Housing this many families in motels comes at a cost to the state of about \$2 million per month.¹⁹

Source, Table 1 and Figure 1: Massachusetts General Appropriation Acts 2001-2009 and Massachusetts Budget and Policy Center Online Budget Browser <http://browser.massbudget.org/>

18 Commonwealth of Massachusetts, Department of Transitional Assistance. (2003). *Update on Homelessness in Massachusetts*. Available at: http://www.mass.gov/?pageID=eohhs2terminal&L=4&L0=Home&L1=Researcher&L2=Basic+Needs&L3=Housing+and+Shelter&sid=Eeohhs2&b=terminalcontent&f=dt_a_housing_homelessupdate&csid=Eeohhs2

19 Sanders-Bey, E. Personal Communication, October 28, 2009.



Source: Massachusetts Department of Housing and Community Development, Division of Housing Stabilization

The picture is quite clear. Taxpayers in Massachusetts have been spending an increasing amount to maintain the state’s family shelter and motel system, which has proven ineffective at reducing or eliminating family homelessness. The ever-rising costs of the EA program demonstrate that the family shelter system lacks both a meaningful cost containment mechanism, and a much needed focus on the “end game” of housing stabilization for families. Importantly, accumulated EA budget deficit accounts for a significant portion of the current overall state budget shortfall. Given the well-documented fiscal challenges currently facing Massachusetts, maintaining the status quo in the EA program is unsustainable. Even in the absence of statewide budget difficulties, paying more and more for a system that encourages families to stay for extended periods of time in shelters or motels—neither of which are ideal settings for families with children—does not bear the hallmark of a desirable, effective or efficient solution for addressing family homelessness.

Resources Are Adequate to Transform the EA System

As outlined above, the current EA system faces a number of challenges that must be addressed through comprehensive reform. Such reform may require political action on the part of the Legislature to enact changes to EA policies, and/or changes to regulations and program structure by the Department of Housing and Community Development (DHCD). However, lack of resources should not be seen as an impediment to transforming the family shelter system in Massachusetts.

The fiscal year 2010 budget appropriated \$91.6 million for EA. However, as in fiscal year 2009, actual expenditures will exceed this budgeted amount. While an initial proposal to allocate \$113.5 million in funding for EA in fiscal year 2011 highlights the growing demand for and cost of EA, it also demonstrates that the state

is willing to commit resources to addressing family homelessness. However, were the proposed \$113.5 million directed towards more diverse activities besides very expensive emergency shelter and motel stays, it is likely that DHCD could still serve the roughly 3,000 families receiving EA at any given time (indeed, even more could be served) and produce better outcomes for families in the process.

The concept is simply that significant reductions in family homelessness can be achieved by making more efficient use of resources already designated to help this group. This requires using existing EA funds on new and more flexible services, but it need not require additional investment by the state. Existing community based providers of housing counseling and housing search assistance are already well positioned to operate new EA program elements. Federal Community Services Block Grants fund a number of Community Action Agencies in Massachusetts that administer the Housing Assistance Program (HAP), which uses housing specialists to help families at risk of homelessness to locate suitable housing. The newly funded regional networks are tapping into this expertise. A reform of the EA program should further capitalize on this capacity by helping existing providers expand and offer new types of EA funded assistance to families.

Additional resources beyond those currently directed toward the EA program can also be used to transform the family shelter system. This is already happening with promising results in the “network” approach. For example, the Central Massachusetts Housing Alliance has had noteworthy success in implementing a homelessness diversion program in Worcester. Between July 2009 and January 2010, 52 Worcester families opted for the diversion program instead of entering an emergency shelter. As a result, the number of families living in motels in Worcester dropped from 40 to 4 over the same time period; 34 of the 52 diversion program families have already obtained housing while an additional 14 are in the process of doing so. At a cost of \$821 per family per month, the diversion program is far less expensive than the \$3,840 monthly expense for shelter. Moreover, it costs an estimated \$945,000 less to house the 52 diversion program families for six months than were they to remain in emergency shelter for the same length of time.²⁰ The Worcester diversion program is indicative of the success of a variety of flexible and objective driven assistance programs that are emerging from the regional networks. The Worcester diversion program draws on funding from the EA program as well as from the Interagency Council on Housing and Homelessness (ICHH) and HPRP dollars. Continued and expanded long-term funding for similar initiatives should be made available through the EA budget.

Massachusetts has also received \$44.5 million for homelessness prevention efforts as part of the Federal HPRP program. These funds can and are being used to fund re-housing and transitional rental assistance programs. As the HPRP program is indicative of an emergent paradigm shift in Federal homeless assistance policies, Massachusetts is well positioned by aligning its homeless assistance programs with the HPRP framework. Newly funded programs and services from the HPRP dollars could leverage existing EA funding to enact a permanent transformation of the system away from a shelter-oriented approach, and towards housing stabilization based strategies.

Thus, the real challenge facing the EA program is not ones of resources. In light of the recent infusion of HPRP funds, emerging models from the regional networks, and the state’s own repositioning of program priorities, the conditions are ideal for bringing the EA system in line with a more substantial shift towards

20 Shannon, M. (2010, January 28). “Implementation of the Diversion Model in Worcester.” Presentation at: *Best and Emerging Practices in Ending Homelessness: Changing the paradigm*, seminar at the College of the Holy Cross, Worcester, MA.

activities focused on housing stabilization, which a mounting body of evidence suggests are more efficient and more effective than placing families in emergency shelter or motels on an extended basis.^{21 22}

TOWARDS AN EA SYSTEMS CHANGE

This section introduces a number of key principles that should guide EA reform, with an emphasis on the importance of housing stabilization as an ultimate goal. Several practical issues that reform efforts must confront will then be discussed. Finally, the benefits of a more efficient and effective alternative to the current EA system will be highlighted to further underscore the importance of enacting changes to how Massachusetts approaches family homelessness.

GUIDING PRINCIPLES

A transformed and more effective EA system should draw on a set of guiding principles. Attention and adherence to these principles can help shape an EA system that is outcome oriented and more efficient. Four key principles can help transform the EA program from a primary objective of shelter provision to a system that is explicitly directed towards providing housing stabilization for all families.

FIRST and most importantly, the main goal of the EA system should be the promotion of self-sufficiency through housing stabilization. In order to be considered effective, the EA program needs to have criteria by which effectiveness is measured. In other words, there must be an expected outcome for all families receiving EA. The state, providers and families should be provided with positive incentives and supportive regulations geared towards facilitating the achievement of housing stabilization and self-sufficiency for families.

SECOND, flexibility is critical for maximizing efficiency and effectiveness. Homeless families have varying needs, and therefore, a “one size fits all” approach for the EA program is not ideal. Promising practices emphasizing flexibility are taking root in regional networks across the state and DHCD is using some funds for short-term subsidies. The importance of allowing such flexible use of resources in providing the right level of assistance to families must be highlighted and should help guide broader changes to the EA system.

A THIRD guiding principle is the promotion of optimal EA resource use and likewise, the avoidance of the overutilization of resources relative to family need. To illustrate this principle, one might imagine an analogy to a medical situation. If an individual has an ailment that can be treated with aspirin, they should be given aspirin and not put on full life support. Likewise, families facing housing crises may need only a small amount of assistance to regain stability, and shelter placement would represent a mismatch between resources and need. The pursuit of efficient resource use in the existing EA system is hindered by the challenges it faces in matching level of assistance provided to family needs. Currently, the state has an unlimited level of responsibility in providing shelter to families for an indefinite period of time. This drives longer shelter stays and results in less than optimal matches between family needs and level of assistance provided.

FINALLY, the EA program and DHCD cannot be expected to bear sole responsibility for ensuring that families are able to achieve housing stabilization and self-sufficiency. In order to obtain and sustain stable hous-

²¹ National Alliance to End Homelessness, 2006.

²² Burt, M.R., Pearson, C.L. & Montgomer, A.E. (2005). *Strategies for Preventing Homelessness*. Washington, DC: U.S. Department of Housing and Urban Development.

ing, families will need to access community-based social and health services delivery networks, which will require collaboration between DHCD and other state agencies. Families receiving EA are likely to have sought and received assistance from mainstream providers and programs prior to entering shelter, and will continue to benefit from the support they offer after leaving shelter. In other words, the EA system should not be viewed as a comprehensive system entirely responsible for a family's housing stability, but rather as one resource sharing this responsibility with many other community-based forms of assistance, including education and vocational programs. Likewise, DHCD should be seen as one state agency that must partner with others to help families achieve housing stabilization.

IMPORTANT ISSUES FOR EA REFORM

Changes to the existing EA system should center on two key issues. The state must contend with eligibility and assessment considerations and important issues of program design. Efforts to revitalize the EA system must address these issues, and they are detailed below. However, while these issues require attention, whether it is best to deal with them through new regulations, revisions to existing legislation, or by other means is a subject that requires careful consideration by policymakers, officials at state agencies, advocates and other stakeholders.

Eligibility and Assessment Considerations

The EA program has finite resources at its disposal. To make certain that these resources are used to provide targeted and flexible assistance to families, the state should carefully consider important questions surrounding eligibility for EA and assessment of family needs. As families facing housing crises have varying levels of need, eligibility for EA should be variable as well. In other words, the EA program should have multiple sets of eligibility criteria for multiple levels of assistance. For example, under such a system, families seeking EA due to a temporary inability to pay rent, and having a relatively higher income, would be eligible for a short-term or one-time benefit, but might not meet eligibility criteria for receipt of a longer-term and more intensive level of support.

In terms of assessing family needs, the “progressive engagement” approach is a potentially valuable model. In following this approach, families receive a preliminary assessment and short-term assistance. If additional assistance is needed after a given period of time, the family receives a deeper assessment of needs for prolonged assistance. This process can continue through a number of iterations, but after certain amount of time, receipt of continued and more intensive assistance might be contingent on compliance with a treatment or self-sufficiency plan. Elements of the newly created HPRP at HUD are consistent with this progressive engagement approach. For instance, rental assistance is approved and provided in 3-month increments up to a total time of 18 months, and each increment can have its own eligibility requirements.

In summary, the overarching function of the EA eligibility and assessment process should be to create the appropriate link between family need and level of assistance provided. Taken together, establishing different eligibility criteria for different levels of assistance and conducting formal assessments can ensure that a family is in position to receive just the right amount of assistance—not too little and not too much. Changes to the EA system through legislation, regulation or otherwise should be attentive to these important considerations.

Program Design

Program design issues also require careful consideration in undertaking EA reform. The current system has a relatively narrow programmatic focus as it centers on the provision of emergency shelter as its primary activity. A transformed EA system should support a number of different activities allowing the state, providers and families to take advantage of alternatives to a “one size fits all” emergency shelter model.

First, prevention should be built into a new EA program design. As its name implies, the goal of prevention efforts should be helping at risk families to maintain their current housing arrangement and avoid becoming homeless. Prevention activities would consist primarily of the provision of small amounts of assistance to avoid eviction, utility shut-off or to address other housing or economic crises that could lead to imminent homelessness. This support would only be available to families facing an imminent episode of homelessness within some defined period (e.g. 7 to 14 days) if they did not receive assistance. Incorporating prevention into the EA program would be most helpful for families facing housing stability challenges that are resolved with a small amount of assistance and would consequently limit entries into shelter by families having relatively less intensive needs.

A certain level of shelter diversion should also be included in the EA system to assist families who have become homeless. Conceptually speaking, diversion activities would be provided at the “front door” of emergency shelter. In practice, diversion activities should aim to work closely with families to find alternatives to shelter that are appropriate for their unique situations. This might include providing family or landlord mediation, a relocation grant or temporary rental assistance, any of which might avert a shelter entry. Such diversion efforts should be provided to families who have already become homeless and are requesting shelter placement, and who meet established eligibility requirements.

A new program design for EA should continue to support some degree of access to emergency shelter provision, although shelter should be provided with a clear purpose and set of expectations. To avoid overutilization, emergency shelter should have the defined purpose of providing emergency housing with the expectation of relocation within a given amount of time. Families placed in shelter should participate in and complete an exit program within a defined period of time from shelter entry (e.g. 30 to 60 days). Such an exit program should facilitate reconnections with family and friends with whom families may have been living, or it should help families secure other independent housing. As part of this process, families should be expected to accept suitable housing arrangements that are identified. Similar to existing policy wherein DHCD terminates EA eligibility for families that refuse a re-housing offer, the state should not be obligated to provide continued shelter if families do not accept appropriate and suitable alternatives to shelter. Providing purpose-driven emergency shelter with the expectation of client participation in an exit program will create positive incentives for families and providers to minimize the number and length of shelter stays.

In a shelter system where completion of an exit program within a specified length of time is key, the state must still be prepared for situations where families have longer than desirable shelter stays. One option is to require participation in an exit plan within a specified period, as described above. Another alternative, perhaps in combination with the exit plan model, would be for families to have access to an EA “account”

that would offer a defined level of resources per family over a given period of time. Shelter stays would be provided up to some maximum at no cost to the family's account (e.g. 30 or 60 days), but subsequent days would be debited from the allotted account. Longer shelter stays would thereby result in a quicker depletion of resources from the account, relative to rental assistance in a conventional housing unit, or co-housing with family and friends. Thus, clients would be discouraged from over-utilization of shelter resources, and encouraged to maximize the use of their account by use of more conventional housing options.

As a final important component of program design, the EA system should include an emphasis on linkages to mainstream programs, agencies and services. An orientation towards the promotion of housing stabilization requires the EA system to interface with the network of mainstream services and supports that families will need to maintain stable housing. Connections to mainstream programs could be established by making brokered case management a part of families' shelter exit programs. Additionally, it will be important to link families who face serious obstacles to housing stability and self-sufficiency to long-term housing supports, such as Section 8 Vouchers, the Massachusetts Rental Voucher Program (MRVP) or public housing. However, access to long-term housing subsidies should be provided only to those families who have limited ability or potential to achieve self-sufficiency. It is not feasible for the state to offer long-term subsidized housing to all families who experience homelessness. On the other hand, the state should have some clear and reasoned basis for connecting certain families to public housing or long-term subsidy programs. If the state decides that such support will only be available to the families with the most intensive needs, then it can look to existing research to inform the planning process for preserving some necessary portion of the supply of subsidized housing for these families. There is evidence that there will be only a limited number of families with intensive service needs requiring long-term support. Research analyzing the characteristics of families in Massachusetts shelters found that about 27 percent of families in shelter had a history of use of any one type of social or intensive behavioral services, such as substance abuse treatment, foster care involvement or mental health inpatient treatment. Similarly, only 5 and 1 percent of families had histories of using two or three of these services, respectively.²³ This research suggests that around one quarter of families may need to be linked to mainstream housing subsidy and stabilization programs that offer ongoing support after going through a shelter exit program.

As an alternative to long-term support for a select group of families, the state should leverage the transitional rental assistance program from HPRP to provide up to 18 months of rental assistance to families, and expand it using EA resources. The EA program should function in a similar fashion to the HPRP, with families granted rental assistance for varying durations in accordance with their needs. For example, all families might be given short-term assistance for an initial three or six-month period. After this initial period, some families would be eligible to continue receiving assistance for a maximum length of 18 months. The state could develop its own guidelines establishing contingencies for continued eligibility beyond the initial assistance period, but such guidelines should be based on a family's level of need. In addition, the transitional rental assistance program might include a gradual stepping down of the amount of rental assistance to facilitate the transition to self-sufficiency. The temporary rental assistance period could be used as a period to identify families who are candidates for longer-term supports.

²³ Culhane et al., 2007.

Benefits of Systems Change

A transformation of the EA system carries with it the potential for a number of benefits for families, taxpayers and the state. From the outset, the focus for the state, providers and families will be achieving the goal of stabilization. This approach is consistent with the Legislative commission's recommendations, the new "networks" funded by the Interagency Council on Housing and Homelessness, and the new HPRP program. So, conditions are ripe for a complementary set of statutory or regulatory reforms.

Reconfiguring the EA program to include a more diverse range of activities and addressing important eligibility and assessment considerations will ensure that all families are provided with a level of assistance appropriately calibrated to their unique situations. In other words, families will receive the type and amount of support that they need to achieve housing stability. Allowing assistance to vary according to need will cut down on overutilization of EA resources. From a fiscal standpoint, this should be a welcome development from the state's perspective. This would represent a positive change for families as well, as offering alternatives to emergency shelter will provide greater flexibility in resolving housing emergencies. In turn, there are a number of clear benefits that stem from such reductions.

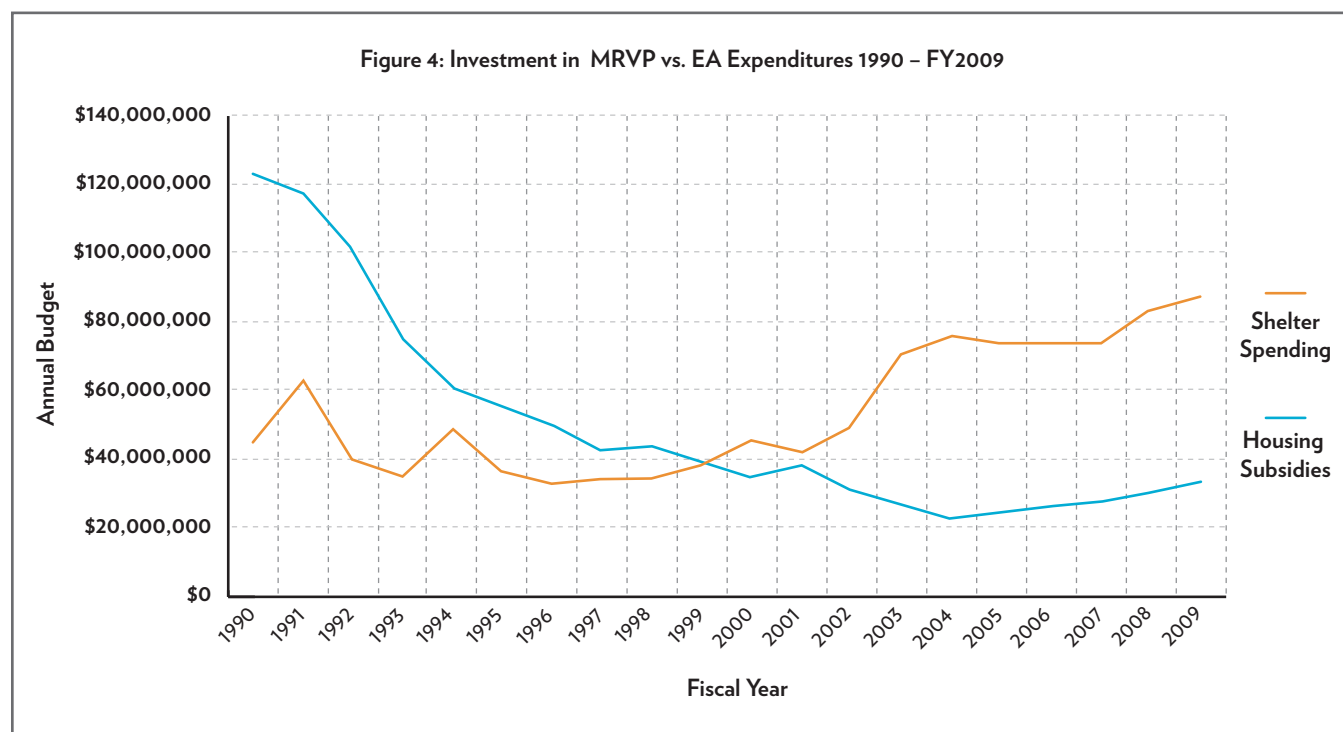
First, fewer and shorter shelter stays translates into improved well-being for EA families. Emergency shelters are far from ideal housing arrangements and entering shelter is a highly disruptive event for families. Furthermore, there is strong evidence highlighting the negative impacts of homelessness on health, social ties, family stability, and children's educational outcomes. Reductions in shelter use will diminish the risk of such negative effects that are associated with shelter placement and homelessness. Furthermore, mitigating the impact of these effects is critical for achieving and maintaining stabilization after a shelter stay.

Reductions in shelter use offers benefits for the state as well. In moving away from heavy use of emergency shelter the state can limit the responsibility it assumes in providing such an open-ended and expensive form of assistance. This certainly includes scaling back the practice of placing families in motels and consequently reducing the expense of doing so. Overall, if the state is able to cut down the amount of resources it dedicates to maintaining shelters, it will in turn free up new resources to be used on more efficient and effective strategies for housing stabilization.

As an illustration of how new resources might be made available through a reform of the EA system, it is useful to compare the average resource utilization in the current system and likely resource use in a transformed system. Currently, the average family receiving EA remains in shelter for 8 months at a cost of \$26,620. In a new system that uses shelter exit programs and has a broader programmatic focus, a family might be eligible for a maximum 60-day shelter stay and up to 18 months of rental assistance. At a daily rate of \$110, the shelter cost would be \$6,600, while a monthly rental subsidy of \$800 for the full 18 month period would cost \$14,400 (the maximum benefit). Case management could be funded at \$4,000 per family. In such a case, the reformed approach would move the system from an average cost per family of \$26,620 to a maximum cost of \$26,000. However, the state must make good use of eligibility procedures and program monitoring processes to ensure that the average cost per family remains below \$26,000 and that the highest level of support is made available only to the families who need it most to attain stability. If done carefully, the average cost per family may be substantially lower, and in the range of \$10,000 to \$15,000. Introducing varying eligibility for varying levels of assistance might cause changes in utilization patterns, including a

potential increase in overall system utilization. This could dampen the potential level of cost savings. Therefore, the state will have to be careful to create eligibility criteria and program renewal criteria that limit the prospect of overutilization, including possibly constraining the DHCD to operate within a given threshold of funds and having to adjust its program criteria in accordance with demand on an annual basis.

Any new resources made available through program savings should be directed towards prevention, diversion, rental assistance and other forms of support that are more efficient and effective in terms of promoting housing stabilization. Reinvigorating the MRVP program represents just one example of how resources made available through reductions in shelter use might be put to productive use. As Figure 4 shows, over time, investment in the MRVP program has declined significantly, while EA expenditures have increased.



At its height in 1990, MRVP provided rental assistance to 20,000 households in Massachusetts. Presently, it serves only 5,200 households.²⁴ Moreover, at \$30 million dollars, fiscal year 2010 funding for the MRVP program is less than one third of the \$91.6 million allocated to the EA program. This disparity comes despite the fact that at an average cost of \$906 per month, it is far cheaper to provide a family with an MRVP voucher than to pay for a month in shelter. This highlights the importance of reinvesting any resources made available through changes to the EA system into activities that make progress towards the ultimate goal of promoting self-sufficiency through housing stabilization for all families, including through an expansion of housing subsidies such as MRVP.

24 Citizens' Housing and Planning Association. (2009). *The Massachusetts Rental Voucher Program Maintaining the State's Primary Homelessness Prevention Tool*. Available At: http://www.chapa.org/files/f_1245275008MRVPreportJune09FINAL.pdf

CONCLUSION

There is widespread agreement among various sectors that the current EA system in Massachusetts is severely flawed and in need of repair. The existing system is not driven by clear objectives, nor does it draw on a set of principles that promote efficient and effective use of resources. Moreover, there is a notable absence of incentives in place to reduce over-utilization of system resources, which leads to lengthy and expensive shelter stays for families. The end result is a poorly performing system that does not provide families with the type of assistance that will enable them to achieve stability and self-sufficiency.

The alternative framework that has been proposed in this paper holds much better prospects for families in need. It is not only designed to be more efficient, but it is clearly oriented towards the outcome of stabilization for all families. In order for a new EA system to meet its objectives, however, state agencies, providers and families themselves must all focus on the goal of stabilization and not on maintaining institutions and current practices. In light of the fiscal challenges currently facing Massachusetts, the expense of the existing EA system, and an unprecedented level of need among families resulting from a turbulent economic climate, the benefits of creating a new system make EA reform imperative at the present time.