State- or local-funded tenant-based rental assistance

Overview

Some states and localities allocate funds to supplement tenant-based rental assistance provided through the Housing Choice Voucher (HCV) and/or HOME programs. Because these supplemental programs are created and funded at the state or local level, they can be tailored to meet specific local needs and priorities.

For example, program administrators may set their own standards and requirements for program participation that differ from the HCV and HOME programs, such as limiting eligibility to families that have stayed in a shelter for a certain number of days or requiring program participants to attend financial counseling or job training courses. Frequently, but not always, state and local programs are designed to provide short-term emergency assistance to households at risk of homelessness. Programs may also require that eligible housing units meet certain quality standards, as in the Housing Choice Voucher program. Some states and local jurisdictions also provide security and/or utility deposit assistance as part of the program. This section describes
Approach

State and local tenant-based rental assistance programs are generally not subject to any federal funding requirements and can be structured in a wide variety of ways to serve diverse populations. In practice, however, these programs tend to provide short-term emergency assistance to individuals and families who are experiencing or at risk of homelessness. This approach reflects both limitations on the availability of state and local funds (which may lead jurisdictions to be more comfortable providing time-limited subsidies than long-term assistance) and an interest in serving urgent needs that are currently unaddressed. Programs generally aim to fill gaps left by federal housing and homelessness programs or to provide a bridge to federal assistance when it becomes available.

For example, each year the State of Wisconsin allocates funds from the state budget to a non-profit grantee that administers the Critical Assistance program. The program provides emergency assistance to prevent homelessness in parts of the state that are not served by federal Emergency Solutions Grants or other state homelessness prevention programs. Illinois’ PSH Bridge Subsidy Program provides tenant-based assistance to help cover the cost of supportive housing for extremely low-income people who have a serious mental illness, do not have their own home (or are at risk of placement in a nursing facility) and are on the waiting list for rental assistance from a public housing agency (or agree to apply for assistance when possible). The program, which is administered by the Department of Human Services and funded with revenue from the state’s general fund, is designed to “look like” the federal housing choice voucher in order to provide a smooth transition when a permanent voucher becomes available.

State and local officials who are interested in creating a tenant-based rental assistance program need to determine the funding source and size of the program. In general, these programs tend to be supported with revenue from a housing trust fund or the state or local general fund, or a combination of the two. With voters’ approval, states and local jurisdictions may also issue a general obligation bond or create a dedicated tax levy (a temporary surcharge added to an existing tax payment) to raise program funds. In some cases, state or local funding may be supplemented with flexible federal funds, including funds from the Community Development Block Grant program. The length of assistance can range from one-time payments that are intended to forestall
eviction, to longer-term assistance that is available over a period of months or years. In making decisions about the duration of assistance, state and local agencies need to identify their goals for the program: is the goal to resolve short-term housing crises or to help fill a gap in longer-term assistance? An assessment of unmet needs in the jurisdiction, together with a realistic estimate of available resources to fund the program, can help inform this decision. Some cities, towns, and counties have a large unmet need and limited resources, and may only be able to provide emergency one-time assistance to cover back rent and help stabilize low-income families facing eviction. Other jurisdictions may see an opportunity to offer assistance over a somewhat longer period (e.g., 3 to 6 months) to assist a narrower population, such as youth exiting the foster care system.

Conversations with service providers and staff who administer existing programs should be able to provide insights on coverage gaps and how to prioritize available resources, as well as recommendations for how the program could be structured. While most state- and local-funded tenant-based rental assistance programs provide short-term assistance to households at risk of homelessness or another specifically defined population, it is also possible to structure a state or local tenant-based rental assistance program as a bridge to permanent assistance through the federal Housing Choice Voucher program.

For example, a jurisdiction could fund 150 units of tenant-based rental assistance and award them to families on the understanding that the families would become eligible to shift to a federal housing choice voucher when their one year of locally funded assistance ends. This approach, which would require very close cooperation with (and ideally be administered by) the public housing agency that controls the federal vouchers, would essentially expand the total pool of housing vouchers available in the jurisdiction. For this approach to work, the number of state or local vouchers expiring each year would need to be reliably smaller than the number of new families leased up by the PHA each year through their federal voucher program. Decisions about the program focus help to refine decisions about how the assistance will be awarded.

In many cases, the public agency that sponsors the program passes on the funds to one or more non-profit grantees, typically social service organizations that work directly with clients and manage the day-to-day operations and administration of the program. Rental assistance may also be paid by the sponsoring agency to the landlord or given directly to the participating family, depending on the program structure. In some cases, assistance with security deposits and first and last month’s rent and other moving costs is also available.
Eligibility

Eligibility for state- and local-funded rental assistance can be based on whatever conditions program sponsors identify as best-suited to address unmet needs. Assistance may be provided to all households who meet income requirements or criteria related to housing instability, or may be focused on specific populations, such as people with a mental illness or dual diagnosis (mental illness and substance use disorder), individuals and families experiencing domestic violence or other unsafe living situations, youth transitioning out of foster care, and older adults and people with a disability. Because these programs often target individuals and families who are experiencing or at risk of homelessness, eligibility requirements typically include household income below a specified threshold and a referral from a homeless services provider or other proof of a housing crisis, such as an eviction notice. Depending on the program focus, eligibility may be limited to households that do not currently receive federal rent assistance and can demonstrate the ability to keep up with regular rent payments on their own once the crisis has been resolved. However, programs may also target the neediest families and require recipients to apply for public housing or housing choice vouchers as a condition of eligibility, reflecting the temporary nature of the state or local-funded program. Eligibility requirements also often specify the frequency with which an individual or family can participate in the program. Some jurisdictions provide only one-time assistance – once a household has received a subsidy they are ineligible to participate again. Others allow repeat enrollments but limit the frequency with which households can receive assistance, for example to one time per year.

Other considerations

• **Effectiveness of short-term tenant-based rental assistance in ending family homelessness.** Recent evidence from the HUD-funded *Family Options Study* suggests that priority access to a long-term rent subsidy is the most effective intervention for preventing future housing instability among families experiencing homelessness. The study randomly assigned more than 2,200 families staying in emergency shelter to one of four intervention groups. Over a 37 month follow-up period, families in the group that received immediate referral to a permanent rent subsidy were significantly more likely to remain stably housed compared to the other three groups, including a group that received priority access to short-term rental assistance as part of a rapid-rehousing program. While the exact terms of the short-term rental assistance varied from one community to another, in general it consisted of three-month tenant-based rental assistance contracts that were renewable at the discretion of case managers for up to 18 months. This finding indicates that short-term rental assistance may have limits as a mechanism for
preventing the reoccurrence of homelessness; however, the families participating in the study were already in shelter, so results may differ for those who receive assistance when they are only at risk of homelessness and not yet homeless. Further, the rapid rehousing group fared just as well as the group receiving usual care, but at a far lower cost.

Example

- Since 2006, Home Forward (the public housing agency for the Portland, OR metro area) has administered the Short-Term Rent Assistance program on behalf of Multnomah County, the cities of Portland and Gresham, and Home Forward. These entities contribute annual funding for the program, which was supplemented in 2009 with federal funds from the American Recovery and Reinvestment Act. The program makes available rent assistance for up to 24 months for individuals and families facing a housing crisis. Eligibility is limited to households with incomes at or below 50 percent of the area median income and assistance can be used towards emergency hotel vouchers, rent payment and eviction prevention, and housing placement assistance. Assistance provided through the program can also be used to cover security deposits, application fees, move-in costs, and other supportive services, which are delivered through public and non-profit partner agencies.

Related resources

- State & City Funded Rental Housing Programs, National Low Income Housing Coalition – This searchable database can be filtered to display tenant-based rental assistance programs with city and state funding in any or all states. Each entry includes a brief description and links to the program website.
- State Funded Housing Assistance Programs, Technical Assistance Collaborative (April 2014) – This report provides an overview of key characteristics of state rental assistance programs, including brief descriptions of each program.

See also:
- Security deposit and/or first and last month’s rent assistance
- Housing Choice Vouchers
- HOME tenant-based rental assistance