

Flexible One-Time Housing Fund Utilization in the Pathways to Health + Home Program

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*Written and developed by Transform Health for the
City of Sacramento*

pathways to
HEALTH  HOME

Introduction and Background

Homelessness is a complex and nuanced issue for which there is no single cause or solution. The common false narrative regarding homelessness is that it is caused by personal and individual-level irresponsibility. In reality, homelessness is an outcome of several intersecting systemic and structural barriers, resulting in a lack of housing for 580,466 Americans.ⁱ In Sacramento, the rates of homelessness have increased steadily with 9,278 (captured in 2022 Point-in-Time Count) people experiencing homelessness, a 67% increase from 2019.ⁱⁱ This is due to a variety of systemic and structural issues including:

- **Sacramento has emerged as one of the most competitive housing markets in the United States, with very low housing vacancy rates** (decreasing from 6.5% to 2.5% over the last decadeⁱⁱⁱ), which makes it very difficult for most individuals to secure housing, especially those that are experiencing homelessness.
- **The lack of affordable housing in Sacramento is a crisis.** Approximately 36,014 additional units of affordable housing for very low-income to low-income individuals are required over the next 8 years to meet the housing needs across Sacramento County.ⁱⁱⁱ
- **There is a wide disparity between wages and rental costs in Sacramento County.** The current California minimum wage is \$15/hour and the average fair market rent for a one-bedroom unit is \$1,188, meaning an individual making minimum wage would have to work 65 hours every week in one or more jobs to afford a one-bedroom apartment.^{iv} This does not consider additional mandatory costs needed to secure and rent a unit. Those costs include security deposits, application fees, holding fees background and credit checks fees, etc. These costs bundled together are prohibitive for many experiencing homelessness, particularly those that are zero-income, very low-income, or low-income.
- **Severe mental illness (SMI), substance use disorders (SUD), and traumatic events contribute to the likelihood that an individual will experience homelessness and can add challenges to overcoming homelessness without comprehensive supports.** In 2020, 35% of participants enrolled in a Sacramento County Homeless Management Information System (HMIS) participating program self-reported mental health illness, SUD, intimate partner violence, or loss of support by family/friends as their primary reason for experiencing homelessness.^v

In response to the increase in housing costs, rising demand for affordable housing, and stark increase in individuals experiencing homelessness, the City of Sacramento has integrated many different types of housing programming as part of an overarching strategy to reduce homelessness in the city. One such program, The City of Sacramento's Whole Person Care (WPC) 1115 waiver pilot, Pathways to Health + Home ("Pathways"), connected eligible individuals to a coordinated system of care and service providers who worked together to stabilize vulnerable individuals in their health and housing needs between November 2017 and December 2021. The target population for the program included vulnerable individuals experiencing, or at-risk of experiencing, homelessness who had the highest health care utilization and costs associated with emergency management services (including ambulance rides, fire

Pathways to Health + Home Housing Services

As a WPC pilot, Pathways provided a full spectrum of housing transition, navigation, and tenancy sustaining support services intended to address barriers to housing and improve housing retention, including the following:

Housing Navigation and Transition

Services: These services assist enrollees with housing access, such as housing search assistance, landlord engagement and housing navigation, security deposits, rent/utility arrears, help obtaining documentation to verify eligibility, move-in assistance, and home furnishings.

Housing and Tenancy Sustaining

Supports: These services assist enrollees in being successful tenants with ongoing individualized case management, skills to prevent lease violations, and care coordination with health and behavioral health systems.

Housing Stabilization Services: These services assist enrollees in stabilizing their housing needs, which may include connections and referrals to community-based services.

and police department encounters, health emergencies, and hospitalizations). To be enrolled in the program, individuals experiencing homelessness or at risk of experiencing homelessness had to meet the following criteria.^{vi}

1. Eligible or enrolled in Medi-Cal; AND
2. One or more inpatient hospital stays within the previous 12 months; OR
3. Four or more emergency department visits within the previous 12 months; OR
4. Four or more crisis interventions within the previous 12 months.

Untreated chronic health disease, disability, mental health, and SUD issues made it extremely difficult for Pathways enrollees to access and maintain housing. Compounding these difficulties were multi-faceted financial barriers that often prevented this client population from accessing housing, as well as retaining housing.

Enrollee Financial Barriers and Initiation of One-Time Housing Fund (OTHF) in Pathways

As a population experiencing homelessness, or at-risk of homelessness, the majority of Pathways enrollees had either no income or very little income and were not able to afford many of the fees and expenses needed to apply, rent, and outfit a home, particularly in Sacramento's housing market where housing affordability is rapidly declining and competition is high. To address the issue of financial barriers in the Pathways program and to further support and stabilize enrollees in their housing needs, The City of Sacramento created the One-Time Housing Fund (OTHF) in May 2018. Allowable OTHF expenses fell into the Pathways housing navigation and transition services (complete housing services are outlined in sidebar to the left). It is important to note this was one strategy in a multi-pronged approach used to address Pathways enrollees' financial barriers to securing housing. Other strategies included the Pathways care coordination team assessing enrollees' eligibility for General Assistance (GA),

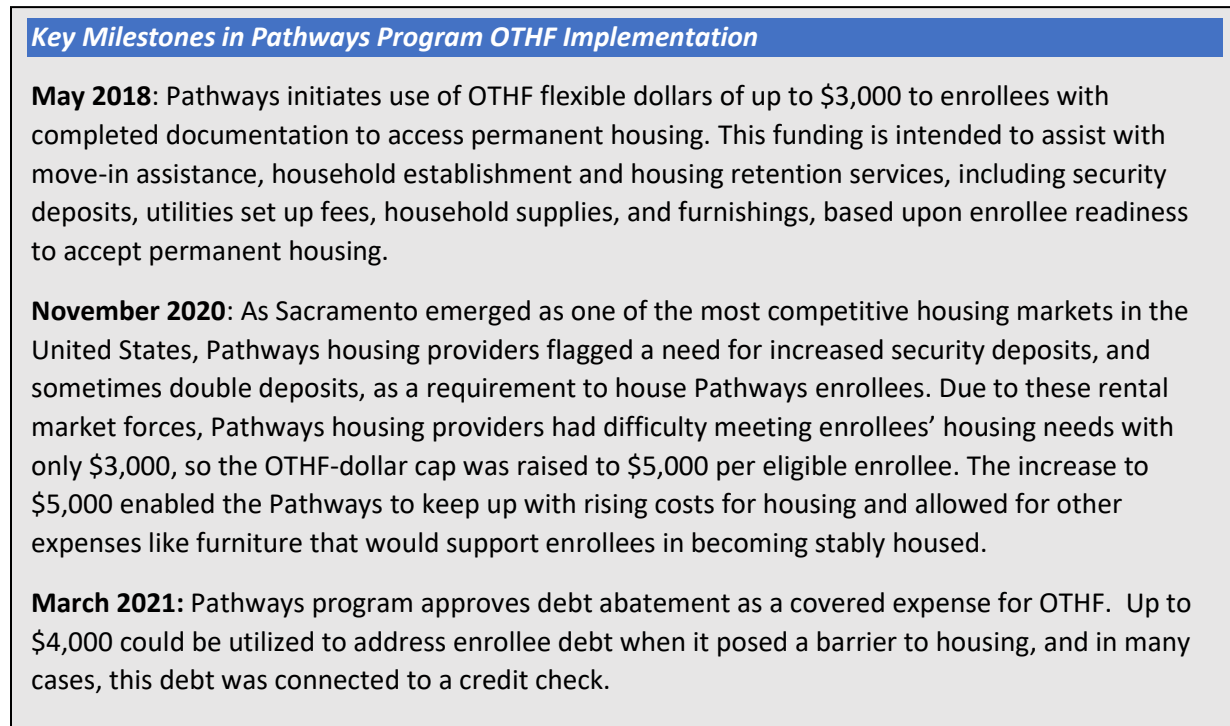
Supplemental Security Income (SSI) or disability benefits; connecting enrollees to local employment agencies; and referring enrollees to local Continuum of Care (CoC) financial or problem-solving resources.

The City of Sacramento funded the OTHF through WPC dollars and funds that could be utilized for eligible housing support services provisioned by Pathways housing providers.^{vii} These flexible funds are not to be confused with Governor Newsom's One-Time Housing Funds, which paid for rehousing

expenses such as hotel vouchers and rental subsidies for eligible California housing programs. These funds were also utilized in the Pathways program.

At the beginning of the OTHF Program, enrollees could access up to \$3,000 through the fund in order to help them access permanent housing. Later, this amount was increased to \$5,000 per eligible enrollee in order to account for rising housing costs. See Figure 1 below for a timeline of important milestones in the OTHF Program within Pathways.

Figure 1. Key Milestones in Pathways Program OTHF Implementation



OTHF eligible housing support services expenses were itemized by providers alongside their housing services per member per month (PMPM) monthly invoices, and invoices and monitored through the OTHF invoice tracker kept by the Pathways Support Team. Allowable one-time expenses included application fees, cleaning/pest control fees, credit check/background check, debt abatement (beginning in March 2021), first month’s rent, furniture/supplies, holding fee, miscellaneous costs, move-in fees, mover/moving company costs, rental insurance, repairs/maintenance, security deposits, and back utilities or utility deposits. Definitions for each of these expense categories are provided below in Table 1.

Table 1. Definitions and Types of Expenses Covered by the One-Time Housing Fund^{viii}

OTHF Covered Housing Expense Type	Definition
Application Fee	Fee to cover potential application screening costs. May include credit/background check.
Cleaning Fee/Pest Control	Fee to cover one-time cleaning or pest control to ensure safety and health of tenant prior to occupancy.

Credit check/Background check	Fee to cover credit or background check including credit score, ability to pay rent, employment, and criminal history.
Debt Abatement	Costs covering enrollee debt when it was a barrier to housing.
First Month's Rent	OTHF will only cover first month's rent.
Furniture/Supplies	Costs for furniture (i.e., bed, mattress, etc.) and home goods like dishes, toilet paper, cleaning supplies, or other expenses required to occupy a domicile.
Holding Fee	Non-refundable fee for holding units as application/credit/background screenings are being performed.
Miscellaneous	Small group of expenses that could not be easily categorized.
Move-In Fees	Discretionary, non-refundable fee incurred when tenant moves into property. For instance, some landlords charge new tenants to cover the costs of touch-ups and small changes made to a unit (i.e., paint).
Movers/Moving Company	Costs for hiring moving company or moving assistance.
Rental insurance	Renter's insurance covers a tenant's personal property from loss due to theft, fire, and other types of disastrous loss events. Only reimbursable when required by landlords.
Repairs/Maintenance	One-time cost for potentially reimbursable (by landlord) repairs and maintenance made to unit.
Security Deposit	Protects the landlord if the tenant breaks or violates the terms of the lease or rental agreement. It may be used to cover damage to the property, cleaning, key replacement, or back rent. Double deposits were often required by landlords.
Utilities	One-time cost covering utility deposit or utility arrears.

Key Findings

Total OTHF Expenses by Year and Month

Between May 2018 and December 2021, a total of \$1,049,762 was spent on 681 unique enrollees, out of a total 2,331 Pathways enrollees. It is important to note that many enrollees utilized the OTHF multiple times for a range of expenses. Across the program period, the average cost of an individual submitted expense was \$556. The total yearly expense amount ranged from \$35,904 in 2018 (n=42) to \$521,594 in 2021 (n=537) (See Figure 2). Monthly expenses (Figure 2) ranged from a low of \$560 utilized in December 2018 (n=4) to a high of \$109,645 utilized in November 2021 (n=92).

Figure 2. OTHF Expenses by Year and Month

Year, month	Total expenses	# of enrollees
2018	\$ 35,904	42
May	\$ 6,258	7
Jun	\$ 985	2
Jul	\$ 6,867	9
Aug	\$ 6,840	7
Sep	\$ 3,000	2
Oct	\$ 4,470	4
Nov	\$ 6,924	7
Dec	\$ 560	4
2019	\$ 184,143	224
Jan	\$ 2,984	4
Feb	\$ 7,166	9
Mar	\$ 15,155	14
Apr	\$ 13,394	18
May	\$ 16,520	29
Jun	\$ 20,283	24
Jul	\$ 22,169	25
Aug	\$ 14,469	18
Sep	\$ 15,913	18
Oct	\$ 26,000	23
Nov	\$ 13,954	26
Dec	\$ 16,137	16
2020	\$ 308,120	402
Jan	\$ 27,129	37
Feb	\$ 24,479	33
Mar	\$ 29,759	39
Apr	\$ 26,403	35
May	\$ 36,929	40
Jun	\$ 27,588	33
Jul	\$ 16,903	31
Aug	\$ 22,930	25
Sep	\$ 17,418	27
Oct	\$ 30,533	33
Nov	\$ 23,232	41
Dec	\$ 24,817	28
2021	\$ 521,594	537
Jan	\$ 31,933	35
Feb	\$ 38,375	42
Mar	\$ 53,422	57
Apr	\$ 36,207	43
May	\$ 20,762	41
Jun	\$ 33,963	36
Jul	\$ 21,312	26
Aug	\$ 25,834	25
Sep	\$ 46,841	41
Oct	\$ 58,847	56
Nov	\$ 109,645	92
Dec	\$ 44,454	43

Types of Expenses

Expenditures differed across categories of spending. Security deposits, move-in costs, and furniture and supplies each comprised approximately one-quarter of total OTHF expenditures and first month’s rent comprised an additional 12% of total expenses (Figure 3).

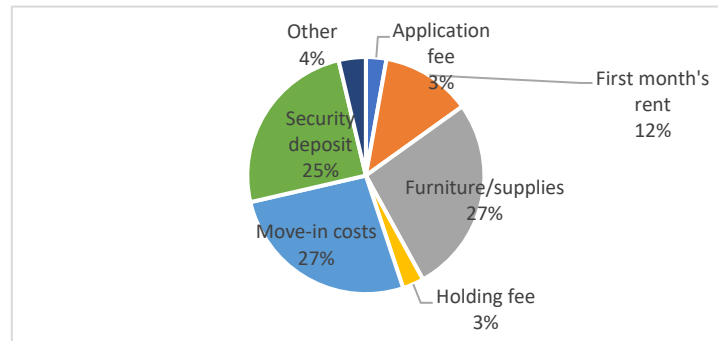


Figure 3. Percent of total expenditures, by category

Debt abatement (1%), Movers/moving company (0.4%), rental insurance (0.3%), and repairs/maintenance (0.2%) were the least frequently used expenses categories. (See Appendix A.)

By category, the standard average cost of a submitted expense was highest for move-in costs (\$1,189), security deposits (\$1,044) and first month’s rent (\$717). The average cost of a submitted expense was lowest for insurance (\$33), background checks (\$40), and application fees (\$64).

Enrollee-specific expenses

On average, each of the 681 enrollees who accessed the OTHF submitted approximately three expenses over the course of two months and spent a total of \$1,542. One-third of enrollees (n=244) spent a total of \$2,000 or more. By quarter, the total amount spent per enrollee ranged

from an average of \$805 in Q2 2018 to an average of \$1,459 in Q4 2021.

Discussion

The City of Sacramento has emerged as one of the most competitive housing markets in the United States. This has had devastating effects on the availability of affordable housing and rising rates of people experiencing homelessness and housing insecurity throughout the city. The Pathways program felt this strain in seeking permanent housing solutions for its enrollees. According to Pathways housing partners, access to the flexible OTHF was critical because it mitigated enrollees' fears around the numerous costs and fees associated with becoming successfully housed. This is especially helpful for enrollees with lower credit scores or no credit history at all, as they often have to pay more money up front to address negative credit history.

Addressing Landlord Stigma Against Pathways Enrollees. Landlords were often reluctant to rent to Pathways' enrollees because of stigma around individuals experiencing homelessness, especially those with SMI or SUD. Pathways housing providers worked hard to build relationships with landlords and continually engaged them to better facilitate housing placements for Pathways enrollees through crisis intervention, education, budgeting support for enrollees, and problem resolution supports. The OTHF was critical in covering double security deposits required by landlords as part of a holistic landlord engagement approach.

Security deposits, move-in costs, and application fees are not optional costs.

These fees are core components of an application package for many potential renter and when bundled together become cost-prohibitive for individuals who are experiencing, or at-risk of experiencing, homelessness and often do not have sufficient income to pay these costs. Thus, it should not be surprising that these categories ranked high in how the OTHF was used.

Enrollee self-determination is an important factor in housing retention. Furniture and supplies also ranked high in OTHF utilization. Many housing programs rely on donated furniture and supplies to support enrollees. However, Pathways providers have noted allowing an enrollee to select and buy brand new furniture (i.e., mattress, table, chairs) and home goods (i.e., sheets and pillows) that fit their personal tastes and support a safe and healthy environment is an important factor in housing retention.

“When the opportunity comes for someone to have housing, the OTHFs were life changing. Most of the people we serve have fixed or zero income and the additional financial support reduces not only the mental stress of the client, but also the stress of the provider trying to find housing (related to debts and other housing barriers). Also, the additional things these funds gave were sometimes even more meaningful than providing safety within an apartment. What makes a house a “home” are the things you find comforting there--A bed, a sofa, towels, and or bedding in a color you love. These are things we take for granted and HUGE for someone who may have never even owned their own bed in their entire life.”

*Samantha Earnshaw
Program Manager
Lutheran Social Services*

“I don’t think it’s an understatement to say that the OTHF literally changed people’s lives. With the housing market as competitive as it is, most – if not all – of our clients would not have been able to secure apartments without help of the OTHF to put down security deposits. In addition, clients were able to use it for furniture and move-in items, allowing them to put personal touches on their new homes and start the new phase of their lives with dignity and joy.”

*Kyle Stefano
Vice President of Clinical Programs
Sacramento Covered*

OTHF was crucial in efforts to house enrollees during last quarter of program.

Pathways housing providers made a concerted effort in 2021, and particularly in Q4, to house as many enrollees as possible before the program’s sunset in December 2021. Nearly fifty percent (\$521,594) of all Pathways OTHF dollars were utilized in 2021, with the highest number of expenses utilized in November 2021. Over time, these providers built strong relationships with their enrollees, understood their complex and nuanced housing needs, and grasped the multi-faceted spectrum of housing barriers for this population. Over the course of the program, the Pathways program was able to develop and access resources to better facilitate housing placement for enrollees, including the OTHF.

Other important initiatives included:

- Securing an allotment of Housing Choice Vouchers (HCV) specifically for Pathways enrollees. HCVs are one of the most common paths to permanent housing for this population. Without this targeted allotment, the standard wait time for HCVs is often years in Sacramento.
- Leveraging relationships between housing providers with years of housing expertise and deep knowledge of the Sacramento housing landscape and existing landlords to expedite housing placements for Pathways enrollees.

As Whole Person Care ended in December 2021, it was not clear if its successor programs of Enhanced Care Management (ECM) and Community Supports (CS), which launched in January 2022 through the new California Advancing and Innovating Medi-Cal (CalAIM) initiative, would have access to funding resources similar to OTHF. Without such funding resources, provisioning housing services and placements will be difficult. In particular, the three housing Community Supports categories (housing transition navigation services, housing deposits, housing tenancy and sustaining supports) do not capture the full spectrum of housing services provided under Pathways and have more limitations (i.e., once in a lifetime benefits). As a result, Pathways housing providers tried to find housing placements for enrollees, ensure the majority of enrollees had

“Funds for ‘other housing expenses’ is a critical piece in successfully housing and stabilizing individuals and families. We can not expect individuals and families who are trying to survive on the streets to be able save thousands of dollars to pay for deposits and basic household supplies. I have worked in many programs and have seen failure due to the lack of the financial support. The funding that Pathways provided made it a success and unique from any other program.”

*Tahirih Kraft
Director of Housing Services
Sacramento Self-Help Housing*

begun the HCV application process, and cover housing costs or other expenses through the OTHF, in order to stabilize and meet enrollees' housing needs prior to the end of Pathways and launch of ECM/CS under CalAIM. The City also provided gap funding for Pathways clients not transitioning into CalAIM or facing delayed benefits. Additionally, in partnership with the Housing Authority, the City ensured that HCV applications would continue to be processed. Without access to the OTHF, individuals experiencing, or at risk of experiencing homelessness, may remain unhoused and face additional barriers to housing, or it may take substantially longer for enrollees to become successfully housed as other community resources are limited and often have long waitlists.

Conclusion

There is no single solution to ending homelessness or even mitigating the risk of experiencing homelessness to a single individual. It is crucial that multi-pronged strategies aimed at holistically addressing the full spectrum of individual needs are integrated into housing and homeless response programming.

In terms of strategies, the One-Time Housing Fund was one of the biggest successes of the Pathways program. As we end the WPC chapter and look ahead to CalAIM, it's critical that we learn from the OTHF's success and leverage this promising practice. California must continue to discuss supporting funding for a range of housing expenses that are not addressed through the current CS services. It is not realistic to expect that CS housing services will be truly effective in facilitating housing placements and housing success without a funding mechanism to address these one-time costs, particularly for the most vulnerable enrollee populations who have little to no income and are in a housing market with rapidly increasing costs and low unit supply. Many local housing units have high barriers in the application process, including costs. These funds are critical and necessary to successfully housing members of our communities who are experiencing, or at-risk of experiencing, homelessness.

Housing issues are complicated and engagement across multiple sectors is needed to fully understand and address the wide-range of interrelated issues. It is imperative for all stakeholders, including Medi-Cal managed care plans, local, state, and federal policymakers, housing providers, and other community-based organizations to engage with each other in order to better understand issues on the ground and to create housing strategies that are both sustainable and impactful, with greatest focus on the long-term success of each client household.

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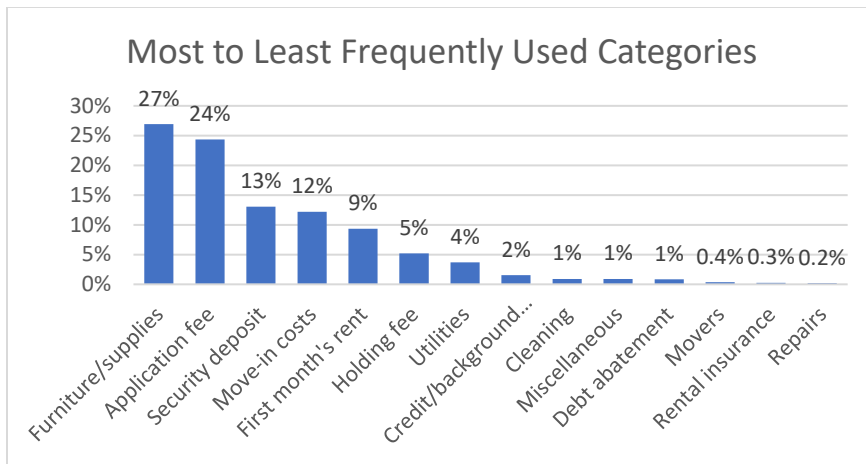
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About Transform Health

Transform Health is a nationally certified women and minority-owned consulting firm focused on solutions that improve the quality of care and health outcomes for the most vulnerable. We work with leaders in the public and private sectors to drive solutions that promote efficiency, value, and access to care and address the key social determinants of health to improve health outcomes. For more information, visit www.transformhc.com. Transform Health served as the Support Team overseeing daily program operations for the City of Sacramento's Pathways to Health + Home program.

Appendix A.



Endnotes

ⁱ National Alliance to End Homelessness. *State of Homelessness: 2021 Edition*.

ⁱⁱ California State University, Sacramento, Division of Social Work and the Center for Health Practice, Policy & Research (Prepared for Sacramento Steps Forward and the Sacramento Continuum of Care). Homelessness In Sacramento County: Results from the 2022 Point-In-Time Count. June 2022.

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