Report on Homeless Housing Gaps in the County of Los Angeles

Prepared by

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Housing Gaps Analysis Objective

This model is intended to inform resource allocation decisions by providing a proposed best case system model for the Los Angeles region. The model is intended to provide a resource map necessary to achieve the functional end to homelessness in Los Angeles; that is, it is designed to answer the question "what additional subsidized housing and shelter do we need to end homelessness in LA, and what is the resulting cost?" The model assumes a number of best practices, including for example that the Emergency Shelter infrastructure is primarily used as bridge housing to navigate people into permanent housing outcomes.

Housing Gaps Analysis Methodology

The methodology for this analysis uses key population statistics and demographics to project the need for different kinds of housing interventions for the entire homeless population, and contrasts those needs with the current inventory of housing and shelter, to identify system gaps. The chart does not imply a recommendation to shift funding from current programs. To this end, the column titled "LA County Housing Gap (Exc. City) shows a 0 in areas where the City need is higher than the overall County need. Each data source is explained in Appendix A. The homeless population is provided by the annual Point-In-Time (PIT) count of homeless individuals and families. Since the count is a one-day number, not the total number of people who will experience homelessness over the course of a year, we use data from the local Annual Homelessness Assessment Report (AHAR), to extrapolate the annual population served. The AHAR data covers both those programs that are publically funded and for which there is data about service utilization in the Homeless Management Information System (HMIS), and those that are privately funded and that do not participate in HMIS. The HMIS service utilization data, such as average shelter bed stays, and retention rates for permanent supportive housing, provides key expected values for the types of programs operated locally, and is much richer than the AHAR data alone. So, for example, HMIS data show the percentage of shelter occupants who appear for less than 30 days and do not reappear in the data, and are therefore considered 'self-resolvers', and the model does not include a housing type for them. Finally, the model includes our Housing Inventory Count (HIC), which details the resources currently deployed in the County. The model also includes national best practices that are drawn from the national AHAR set of data, which is used to fill in data gaps from the local HMIS data; for example, there is limited data in the LA CoC HMIS on local Prevention programs, but other CoCs have such programs, so national data is used to refine the estimates.

Using data from PIT Homeless Count, HMIS and AHAR, the model estimates the housing resource needs for the homeless population, and what percentage of the population will likely require each specific resource. Turnover in each program is factored into the model, and reduces the overall gap in that resource. The shelter inventory of Transitional Housing is expected to serve youth and domestic violence survivors primarily, with some beds for those with substance abuse issues. The Emergency Shelter bed inventory is modeled to be connected to the housing outcomes above, so the length of time it takes for a permanent housing outcome in each program type drives the need for crisis housing. System improvements that reduce the time for permanent housing placements would increase shelter bed turnover and therefore reduce system need. Additional details of the methodology for each housing type are detailed in Appendix B.

Table 1: LA County Homeless Housing Gap Results

LA County Homeless Housing Gap Results					
Programs for Single Adults (Point-in-Time Unit/Bed Count)	Current System for Individuals (Units[1])	Proposed System for Individuals (Units[1])	**LA Countywide Housing Gap**	**City of LA Housing Gap**	**LA County Housing Gap (Excl. City)**
Permanent Supportive Housing	9,023	23,731	-14,708	-9,049	-5,658
Rapid Re-Housing[2]	157	8,536	-8,379	-3,324	-5,055
Transitional Housing	2,946	1,463	1,483	1,626	-143
Emergency Shelter	3,629	6,310	-2,681	-552	-2,129
Prevention	0	1,505	-1,505	-600	-905
TOTAL	15,755	41,545	-25,790	-11,899	-13,890
Programs for Families (Point-in-Time Unit Count)	Current System for Families (Units)	Proposed System for Families (Units)	**LA Countywide Housing Gap**	**City of LA Housing Gap**	**LA County Housing Gap (Excl. City)**
Permanent Supportive Housing	1,482	2,115	-633	-845	0[3]
Rapid Re-Housing	640	490	0[3]	-110	0[3]
Transitional Housing	794	377	417	218	199
Emergency Shelter	1,093	691	402	180	221[4]
Prevention	0	1,050	-1,050	-630	-420
TOTAL	4,009	4,723	-714	-1,187	0

General Note: negative values indicate a resource gap relative to the proposed system allocation; positive values indicate a resource surplus.

Cost Implications

In analyzing the cost to fully fund the housing gaps detailed in Table 1, the following assumes incremental ramp-up toward fully implementation over five fiscal years at 20% per year. Table 2 details the aggregate number of additional units which would become available each year in LA County under a 5-year model. Transitional Housing has been excluded from the cost analysis, as the model shows a surplus for both individuals and families. Under this model, the unit totals in FY 2020-21 and associated cost represent the *increase* in housing and on-going annual funding that will be required following the ramp-up period. This cost would be in addition to the resources that are currently funded, represented in the *Current System* columns of Table 1.

[1] For Emergency Shelter and Transitional Housing programs serving single adults, the terms units and beds are used interchangeably.
[2] Rapid Re-Housing (RRH) units are able to support two unique households over a 12-month period, so the number of households permanently housed in a year is estimated to be twice the number of the RRH units.
[3] The housing gap for the City exceeds the housing gap for the County.
[4] The proposed system would require fewer emergency shelter units due to better overall resource utilization, faster crisis housing throughput and increased use of prevention.

Table 2: Additional Units of Housing Needed (Cumulative)

	Total Gap (Units)	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Permanent Supportive Housing	15,341	3,068	6,136	9,204	12,272	15,341
Rapid Re-Housing	8,376	1,675	3,350	5,025	6,700	8,376
Emergency Shelter	2,279	456	912	1,368	1,824	2,279
Prevention	2,555	511	1,022	1,533	2,044	2,555

The associated costs to meet the homeless housing need are based upon an average cost/unit in LA County, using a combination of housing provider surveys, historic financial assistance data, historic LA County shelter and transitional housing bed costs, and projected lengths of assistance (length of assistance estimates are detailed in Appendix B). Table 3 below provides the annual and aggregate cost for additional units needed in LA County. The specific per unit cost inputs are detailed in Appendix C. Note that the new construction and any associated costs have been excluded from this model, as the amount of needed new construction is unknown and the funding sources for such construction would likely be distinct from the funding sources for the costs included in this report.

As previously stated, the housing gaps represent the proposed size and configuration for a homeless housing system that will allow LA County to quickly house anyone who falls into homelessness or will imminently become homeless with the most appropriate and cost -effective intervention. A system ramp-up of this magnitude demands additional one-time resources to facilitate implementation. In particular, there are three, one-time funding categories that will be critical to the success of the effort:

1. Supplemental Outreach – With the majority of the LA County homeless currently living without shelter, more outreach funding is needed to identify, assess, and build connections with the future residents of this additional housing
2. Supplemental Housing Navigation – Housing navigators play a critical role in providing a single point of contact for someone as they work through the process of moving from the streets into housing. Gathering required personal documents, completing a housing application, and finding a housing unit are critical steps in successfully assisting someone to end her homelessness, and without the proper guide they are often insurmountable.
3. Supplemental Emergency Shelter – Shelter, and in particular 24-hour shelter, is also critical to achieving success. It provides a safe, secure location, off of the streets, where people can be connected to additional services and are accessible to case managers and housing navigators. It provides a temporary “home base” for a collaborative housing process and holistic supplemental supports.

Table 4 provides estimates of one-time funding required for these supplemental supports as well as the total funding required over five years, including the totals from Table 3.

Table 3: Annual, Cumulative Funding Required to Meet Gaps (in addition to current annual funding)

	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	Cost Over Five-Year Ramp-Up	Annual Ongoing Cost (Post-FY2020-21)
Permanent Supportive Housing (Leasing)	$37,110,528	$74,221,056	$111,331,584	$148,442,112	$185,564,736	$556,670,016	$185,564,736
Permanent Supportive Housing (Services)	$16,326,538	$32,653,076	$48,979,614	$65,306,152	$81,638,011	$244,903,390	$81,638,011
Rapid Re-Housing	$24,052,234	$48,104,469	$72,156,703	$96,208,937	$120,275,531	$360,797,874	$120,275,531
Emergency Shelter	$5,825,400	$11,650,800	$17,476,200	$23,301,600	$29,114,225	$87,368,225	$29,114,225
Prevention	$1,336,776	$2,673,552	$4,010,328	$5,347,104	$6,683,880	$20,051,640	$6,683,880
CES Outreach and Navigation	$5,500,000	$5,500,000	$5,500,000	$5,500,000	$5,500,000	$27,500,000	$5,500,000
	$84,651,476	$169,302,952	$253,954,429	$338,605,905	$423,276,383	$1,269,791,145	$428,776,383

Table 4: Supplemental Shelter and Services to Facilitate Ramp-Up (One-Time Costs)

		FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	Cost Over Five-Year Ramp-Up
CES Outreach, Navigators and Regional Coordinators	Staff Needed	165	165	165	165	165	
	Cost	$8,250,000	$8,250,000	$8,250,000	$8,250,000	$8,250,000	$41,250,000
Shelter	Beds Needed	1186	1186	1186	1186	1186	
	Cost	$15,147,956	$15,147,956	$15,147,956	$15,147,956	$15,147,956	$75,739,781
Total Cost		$23,399,307	$23,399,307	$23,399,307	$23,399,307	$23,399,307	$116,989,781

Grand Total	$108,050,783	$192,702,259	$277,353,736	$362,005,212	$446,675,690	$1,386,780,926

Using Federal Funding Sources to Offset Local Permanent Supportive Housing Cost

Approximately 4,000 Section 8 Housing Choice Vouchers turn over through attrition across the 20 public housing authorities within the County, each year. As a best practice, the US Interagency Council on Homelessness urges local jurisdictions to pair these vouchers with supportive services to create additional permanent supportive housing opportunities for homeless residents.[5] This has the potential to offset a large portion of the local cost detailed in Tables 3 and 4, dependent upon the degree to which local housing authorities are willing to implement this strategy, by utilizing long-term federal housing subsidies to help address chronic homelessness. Table 5 below projects the potential local cost offset through this strategy both in terms of dollars and as a percent of the total potential 5-year leasing cost as detailed in Table 3. These projections and the cost assumptions in the prior tables exclude any new construction cost and examine only the rental assistance and supportive services to support additional permanent supportive housing.

Table 5: Potential Permanent Supportive Housing Leasing Cost Offset through Dedication of Section 8 Turn-over

Vouchers Dedicated	1st Year Cost Offset	2nd Year Cost Offset (Aggr.)	3rd Year Cost Offset (Aggr.)	4th Year Cost Offset (Aggr.)	5th Year Cost Offset (Aggr.)	% of Total Leasing Cost Offset
0	$-	$-	$-	$-	$-	0%
1000	$12,096,000	$36,288,000	$72,576,000	$120,960,000	$181,440,000	33%
2000	$24,192,000	$72,576,000	$145,152,000	$241,920,000	$362,880,000	65%
3000	$36,288,000	$108,864,000	$217,728,000	$362,880,000	$544,320,000	98%

As Table 5 demonstrates, over $544M (98%) of the five-year projected local leasing cost for permanent supportive housing could be addressed through the strategic utilization of 75% of the existing federal housing subsidies which become available through routine turnover. In year 5 and each year thereafter, the annual local savings would be $181M, which is 98% of the total leasing cost for an additional 15,341 units of permanent supportive housing.

There is also potential to offset a portion of the service costs associated with those additional permanent supportive housing units through the Affordable Care Act and potential Medi-Cal reimbursement leveraged with other existing programs administered by DMH, DHS, DPH and other County departments.[6]

[5] https://www.usich.gov/resources/uploads/asset_library/PHA_Guidebook_Final.pdf
[6] https://aspe.hhs.gov/sites/default/files/pdf/77116/EmergPrac.pdf

Table 6: Potential Permanent Supportive Housing Services Cost Offset through Medi-Cal

% of Supportive Services Cost Billed to Medi-Cal	1st Year Cost Offset	2nd Year Cost Offset (Aggr.)	3rd Year Cost Offset (Aggr.)	4th Year Cost Offset (Aggr.)	5th Year Cost Offset (Aggr.)
0%	$-	$-	$-	$-	$-
10%	$1,632,654	$4,897,961	$9,795,923	$16,326,538	$24,489,807
20%	$3,265,308	$9,795,923	$19,591,845	$32,653,076	$48,979,614
30%	$4,897,961	$14,693,884	$29,387,768	$48,979,614	$73,469,421

Table 6 provides estimates of the cost offset of Medi-Cal billing for services provided in permanent supportive housing programs. Over a 5-year period, approximately $24.5M in services cost projected in this model could be avoided for each 10% increment of those services that are able to be reimbursed under Medi-Cal.

Projected Impact and Reductions in the Point-In-Time Homeless Count

The annual Greater Los Angeles Homeless Count provides the best tool we have to measure success in the goal of reducing and ending homelessness in Los Angeles. Concrete, substantial decreases in the point-in-time count are the end goal of the strategies proposed. Based upon historic success and utilization rates of the housing interventions, Table 7 details the potential impact to future point in time counts under this 5-year model. At the time of this report, the 2016 results are unknown. These projections assume no change in the total PIT enumeration from 2015 to 2106. With that in mind, these projections will need to be revised subsequent to the release of 2016 PIT count results.

Table 7: Projected Impact on Future PIT Counts[7]

	PIT 2017	PIT 2018	PIT 2019	PIT 2020	PIT 2021	PIT 2022
Decrease in PIT Count (Aggr.)	-3,036	-9,109	-15,181	-21,253	-27,326	-30,362
% Decrease from 2015 PIT	-7%	-21%	-34%	-48%	-62%	-68%
New PIT Total	41,323	35,250	29,178	23,106	17,033	13,997

The additional housing detailed in Table 2 has the potential to decrease the PIT count by about 14% each year. Those decreases have been staggered across six PIT counts because the PIT count occurs about half-way through the fiscal year.

From a systems perspective, the biggest challenges to decreasing the PIT count, aside from available housing subsidies, is the availability of affordable rental units and landlords willing to rent to individuals and families who are often perceived as financially riskier tenants. Currently, it's taking at least three months for people with long and short term subsidies alike to find a vacant unit and move in.

[7] Based upon 2015 PIT data, assumes no change in the rate of new homelessness

Consequently, a point-in-time snapshot would capture a quarter of the annual population who become homeless each year and utilize housing subsidies, based on the assumption that they will remain homeless for an average of 3 months. This means that with all other conditions remaining equal, fully meeting the housing gaps detailed in this report would only be able to lower the PIT count below 15,000. Until the external constraint of limited affordable housing stock is addressed, this will be the optimal equilibrium.

This does not imply that LA County's PIT count is bound to this constraint. A future where 15,000 residents are homeless every day is unacceptable and should not be the end goal. A few concrete strategies to shift that equilibrium are detailed below:

1. Aggressive development of new affordable housing to shorten the time to move-in, and consequently shorten the length of time people are homeless
2. Investments in shared housing program models to mitigate tightening rental vacancy rates across the County
3. Greater integration of other County Programs, as detailed in the LA County strategies report, to provide benefits and services to prevent low-income households from becoming homeless, decreasing the number of households becoming homeless
4. Increased funding in retention services for existing permanent housing programs to minimize returns to homelessness

With the primary solutions being time-limited and long-term rental subsidies, we are going to need more places for people to live that are actually affordable. The trend has been in the opposite direction, and that has kept people homeless for longer periods of time than necessary. Under this model, every additional day that the average homeless household spends looking for an affordable apartment increases the PIT count by more than 60. Not only does this increase the PIT count, but it also increases the shelter need, because more bridge housing is needed when more homeless households are looking for housing. Although the cost models employed in this report do not consider additional development, it must be acknowledged that heavy investment in additional affordable and homeless housing development is needed in order for even this less than perfect equilibrium to be achieved.

Appendix A: Data Sources

Annual Point-in-Time Count (PIT Count)

A PIT count is an unduplicated count on a single night of the people in a community who are experiencing homelessness that includes both sheltered and unsheltered populations. The PIT Count is the starting point in determining the overall need and determining the proposed system inventory.

Housing Inventory Chart (HIC)

The HIC is an annual inventory of beds and units for homeless persons. The HIC is used to populate the *current inventory* portion of the gaps analysis.

Homeless Management Information System (HMIS)

The HMIS is a database structure used by local jurisdictions to collect information about homeless individuals and homeless assistance programs. For this analysis, Los Angeles, Glendale and Pasadena HMIS was used to assess length of time individuals and families access different types of housing, service utilization patterns, levels of acuity, and permanent housing turnover rates (the Long Beach Continuum of Care maintains a separate HMIS database).

Annual Homeless Assessment Report (AHAR)

The AHAR documents the annual number of people who access homeless assistance programs as documented in the HMIS, as well as the proportion of beds and units that are documented in the HIC that are also represented in the HMIS data set. This information is used to extrapolate client numbers and patterns of service utilization for those beds and units that do not report in the HMIS and to estimate an annual unduplicated count of unique individuals and families who present for services over a twelve- month period.

Appendix B: Detailed Housing Gap Methodology

Permanent Supportive Housing

The Permanent Supportive Housing gap reflects the need for supportive housing options for homeless persons with disabling conditions who have often been homeless for long periods of time. The proposed system inventory takes into account:

1) The projected number of chronically homeless individuals and families who present at homeless assistance programs during the year and who require long-term supportive services and housing assistance (we assume that 75% of chronically homeless individuals and 100% of chronically homeless families fall into this category based upon acuity)
2) The portion of the current permanent supportive housing units that will remain occupied throughout the year (we assume that 85% of units for individuals and 92% of units for families do not turnover in the course of a year based upon historic data)
3) The number of chronically homeless individuals and families that do not present at homeless assistance programs during the year, based upon the PIT count

Rapid Re Housing

The Rapid Re-Housing gap reflects the need for time-limited rental assistance and supportive services, with the understanding that individuals and families will be able to stabilize in fair market housing and take over responsibility for the unit in the short to medium term. This gap assumes that the average length of assistance is 6 months, which implies that the average point-in-time "slot" will serve two households over a 12-month period. The proposed system inventory takes into account:

1) The projected number of chronically homeless individuals and families who present at homeless assistance programs during the year and who likely requires short to medium term supportive services and housing assistance (we assume that 25% of individuals and 0% of families fall into this category based upon acuity)
2) The projected number of non-chronically homeless individuals and families who present at homeless assistance programs during the year and who likely requires short-to-medium term supportive services and housing assistance (based upon historic data and acuity, we assume that 55% of individuals and 28% of families fall into this category)

Transitional Housing

The Transitional Housing gap reflects the need for intensive supportive services in a sheltered environment for 6-24 months. Best practices suggest that this type of housing can be effective for households fleeing domestic violence, transition age youth (18-24 year olds), and individuals with intense substance abuse challenges. The proposed system inventory takes into account the projected number of non-chronically homeless individuals and families who present at homeless assistance programs during the year and require this type of housing support (we assume that 10% of the

individual population and 16% of the family population fall into this category based upon historic data and acuity).

Emergency Shelter

The Emergency Shelter gap reflects the need for crisis shelter for individuals experiencing temporary housing instability, and for some, a longer stay while they search for a market rate unit or wait for a specific project-based supportive housing unit to become available. The proposed system inventory is designed to cover:

1) The projected number of non-chronically homeless individuals and families *who present at homeless assistance programs during the year* and who only need shelter while they resolve their own housing crisis; on average, these households stay in shelter for about one month (we assume that 30% of individuals and 26% of families fall into this category based upon historic data and acuity)
2) The projected number of homeless individuals and families who, over the course of the year, will need shelter temporarily while they are in the process of identifying a unit in rapid re-housing or permanent supportive housing programs; on average, these households stay in shelter for about three months
3) The projected number of homeless individuals and families who, over the course of the year, will need shelter temporarily while they are in the process of identifying a unit in a transitional housing program as detailed above; on average, these households stay in shelter for about two months

Note: The shelter gap assumes that the permanent supportive housing and rapid re-housing gaps have already been met. This is the amount of shelter required for on-going support of the remainder of the system and addresses annual in-flow into the homeless system. In the absence of those permanent housing options, additional shelter would be needed to prevent increases in the unsheltered population. Further, large scale implementation of additional permanent housing will require a temporary increase in shelter to provide the additional bridge housing required to facilitate move-in, as described in Table 4. The proposed system inventory reflects a "steady-state" need for shelter need in a County-Wide system.

Prevention

The Prevention gap reflects the need for one-time financial assistance to individuals and families who, but for this assistance, will most likely become homeless. The proposed system inventory takes into account the projected number of non-chronically homeless individuals and families who present at homeless assistance programs during the year and require this type of housing support; in most cases, this support will only last for one month (we assume that 5% of individuals and 30% of families fall into this category based upon historic data and acuity).

Appendix C: Housing Cost Inputs

The charts below detail the cost assumptions that were used for Table 3 and Table 4 in this report. The first set of estimates were provided by the Corporation for Supportive Housing, and utilize a combination of historic local data, surveys of permanent housing providers, and local fair market rental rates for LA County. The second set of estimates were created by LAHSA by analyzing historic budget amounts and projecting additional need for outreach and housing navigation to meet the need of the additional resources proposed in this report.

	Studio/1BR	2 BR+
Annual PSH Services Cost per HH	$ 5,322	$ 5,677
Annual PSH – Leasing per HH	$ 12,096	$ 20,100
Prevention Cost per HH	$ 2,616	$ 4,022
RRH Cost per HH	$ 7,180	N/A

Emergency Shelter	$	35	per unit/per day
Regional Coordinators	$	125,000	per Service Planning Area
Outreach/Housing Navigators	$	50,000	per FTE

None of the estimates in this report assume capital costs associated with new housing development.