

## Rapid Re-Housing Components

### Rapid Re-Housing: Financial Assistance

## Overview: Financial Assistance

Two primary activities:

1. Financial assistance for housing **start-up/  
move-in costs**
2. Time-limited financial assistance for **housing  
costs after move-in**

## Why?

- If you lost your previous housing because you were \$500 short on the rent, it's not likely you will have \$2-3000 for the start-up expenses of obtaining new housing.
- If you lost a significant source of income, it will probably take some time to replace it and you'll need some help to cover the gap while housing is stabilized.

## 1. Financial Assistance for Housing Start-Up/Move-In Costs

### Potential Costs

- Application Fee
- Arrears for utilities or rent -- when justified/necessary
- Utility connect fee
- Transportation for housing search
- Security Deposit -- doubled only when necessary
- First Month's Rent -- and Last Month, if necessary
- Storage and moving costs, if applicable
- Basic furnishings, supplies, food -- if needed

## Program Planning/Design

- **Eligible Expenses and Criteria:** What costs will you pay and under what circumstances? What documentation do you need?
- **Approval Process:** What level of approval will you require for particular cost types or costs exceeding a specific level?
- **Flexibility:** How can you assure that assistance is individualized? That it can flex up or down for changes?
- **Progressive Assistance:** How will you pay only for essential expenses that the household/individual cannot pay or secure by other means.
- **Avoid delays in payment to landlords!** What will it take to cut a check as soon as a lease is offered?

Note: Certain costs might not be eligible for some funding sources (e.g., ESG, HSP). Providers should look at funding limitations and consider obtaining and braiding other public and private funding.

## Housing Start-Up Costs: To Pay or Not to Pay

1. Virtually everyone will need help with security deposits and first month's rent
2. Ask yourself what else is needed and be creative
3. If your partner landlord insists, you need to find a way to pay: your partner landlords are a long-term investment!
4. Bargain for a lower cost where possible: utility fees? Arrears if necessary? Tenant Screening company fees?
5. Solicit cash or material donations from local or chain stores, faith communities, clubs/associations: furniture, kitchen equipment, bedding, a week's worth of groceries...

## 2. Time-Limited Financial Assistance After Move-In

### Potential Costs:

- Rent: subsidy range from 0 to 100%
- Utilities: subsidy range from 0 to 100%
- Other financial assistance needed to increase income and/or stabilize housing

## Program Planning/Design

- **Program Participant Payments:** How do you decide how much the household will contribute to rent and utilities?
- **Ending Financial Assistance:** How do you transition a household off financial assistance without jeopardizing their housing ("Cliff Effect")?
- Are these policies and procedures consistent with **individualized, flexible, progressive assistance**?

### Rental Subsidy Strategies: Pros and Cons

**Defined Amount**

Advantages	Disadvantages
Incentive to select lower-cost housing	Doesn't allow flexibility if HH income changes
If amount is equivalent to deep subsidy, HH could pay off arrears and debts with own income, freeing more income for rent	If amount is equivalent to deep subsidy, ending subsidy risks Cliff Effect
Simplifies agency budgeting	If amount is too low, HH may not be able to pay rent
	Can program assist HHs with zero income?

### Rental Subsidy Strategies: Pros and Cons

**HH pays only 30%--Subsidy pays balance**

Advantages	Disadvantages
HH may be able to pay off some debts or arrears with own income	HH may want to select higher-priced unit
Inherently flexible since subsidy is based on HH income	HH may not have opportunity to develop and practice a budget based on more realistic rent burden
Allows up to 100% subsidy when needed	Could result in Cliff Effect: HH may be unable to sustain rent without subsidy
	May over-subsidize some HHs

### Rental Subsidy Strategies: Pros and Cons

**Declining/Step Level Subsidy**

Advantages	Disadvantages
Predictability of rent subsidy	HH's income may not increase in lock-step with declines in subsidy
	May over-subsidize some HHs or under subsidize others
	How can agency assist zero income HHs?
	Lacks flexibility, individualization

### Other Options?

- Blended Model?
- Select subsidy that is progressive—only as much subsidy as needed by *this* HH at this time
- Build in re-negotiation of subsidy amount as HH circumstances change

**QUESTIONS?**