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MEMO

To: Honorable Members of the Los Angeles City Council
From: Nathaniel VerGow, Deputy Chief Program Officer *NV*
Date: December 2, 2024
CC: Paul Rubenstein, Deputy Chief External Relations Officer
Re: Report on Strategies for Time Limited Subsidies (Council File No. 24-0996)

I. SUMMARY

On September 11, 2024, the Los Angeles (LA) City Council adopted the amended motion under [Council File No. 24-0996](#), which instructs LAHSA, in consultation with service providers, to report back to the Council within 30 days with strategies for improved utilization and/or reallocation for more efficient mechanisms to permanently house individuals, including:

- Existing pathways to match people experiencing homelessness with Time Limited Subsidies (TLS);
- How County funding is applied toward TLS utilized by people experiencing homelessness in the City of Los Angeles;
- Barriers to full utilization of funded TLS slots;
- A strategy to hire, train and retain case managers to support Housing Navigation and TLS programming across the City;
- A large-scale strategy to find TLS-friendly landlords, removing the burden of unit identification from individual case managers/people experiencing homelessness.

With input from Homeless Health Care Los Angeles (HHCLA), this report seeks to provide an overview of pathways to TLS, barriers to full utilization, and strategies for optimizing TLS utilization in the City of Los Angeles.

The Time-Limited Subsidy (TLS) program is a LAHSA-administered voucher program that assists people experiencing homelessness with both rental assistance and case management. The program, which consolidated several other time-based rental assistance programs, can be accessed by primary entry points to the homeless services system (i.e., access centers, outreach, housing navigation, and interim housing). There are certain criteria that individuals seeking this rental assistance must meet to qualify for these programs. The Los Angeles County's investment in the program for FY 24-25 is \$106,819,919, and slots funded by the County can be and are accessed by any resident from the City of Los Angeles.

The full utilization of TLS in Los Angeles faces several barriers. A primary issue is the severe shortage of affordable housing, with many households unable to access suitable rental units. Additionally, service



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providers are often understaffed due to low wages making it difficult to attract and retain qualified staff for efficient system throughput. Funding uncertainty also presents challenges, as TLS funding is allocated annually, creating hesitancy among providers to fully commit to new referrals or hire staff without knowing future funding availability. The time-limited nature of TLS adds another layer of complexity, as case managers may hesitate to refer individuals who may struggle to secure long-term housing within the subsidy period.

LAHSA acknowledges these obstacles and takes seriously stakeholder feedback that program implementation is unclear. To address this, several strategies are being implemented by LAHSA to increase TLS utilization. LAHSA is restructuring the program by separating rental assistance and housing stabilization case management, centralizing rental assistance with a third-party fiscal agent to streamline payment processes and provide better stability for providers' budgets. Efforts are also underway to increase provider staffing through higher wages, targeted workforce development, and expedited recruitment processes, including job fairs and one-on-one hiring assistance. Standardizing service delivery and developing clear guidelines for cost-sharing and operational procedures will improve consistency across providers, ensuring better service and efficient use of resources. Furthermore, LAHSA is working on expanding housing options through initiatives such as the Padmission database, which tracks landlords willing to accept TLS clients, and the Residential and Property Support Services (RPSS) program, which incentivizes landlords to offer affordable housing units. The master leasing strategy is also being expanded to secure more units and eliminate common barriers to housing, such as credit checks and rental history requirements. These efforts, combined with anti-discrimination initiatives and educational campaigns for landlords, aim to increase TLS participation and provide more stable housing solutions for those in need.

II. PATHWAYS TO TLS

LAHSA has developed pathways for referrals into Time-Limited Subsidy (TLS) to any program serving unhoused participants hosted within HMIS. Virtually all programs in HMIS (e.g., outreach, access centers, interim housing, and housing navigation) have an entry point that allows referrals into TLS, and they all have the same opportunity to an available program slot.

The pathways for people experiencing homelessness to be matched to a TLS slot and any unique eligibility criteria for that program include the following:

- Outreach
 - An unhoused individual enrolled in an outreach program (i.e., actively engaged by an outreach worker with HMIS access) can be referred directly to TLS by outreach personnel, but only if they have already applied for a unit and received landlord approval.



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- **Housing Navigation**
 - An IH case manager can refer their client to be enrolled in an open Housing Navigation program slot. A Housing Navigator is assigned to that client, helping them develop a housing plan, identify housing units to view, negotiate lease terms with the landlord, and assist with lease signing. Once enrolled, the Housing Navigator can then make a referral to TLS once they have applied for a unit.
- **Interim Housing**
 - Clients do not always need to be enrolled in Housing Navigation while in IH to be referred to TLS. For an individual living in Interim Housing to be referred to TLS must be done so by their IH case manager. This bypasses the Housing Navigation slot and would be better suited for those already in the process of applying for rental units and may not need Housing Navigation assistance. This pathway would only be suitable however if they have already applied for a unit and received landlord approval.
- **Access Centers**
 - A person experiencing homelessness can be connected to Housing Navigation from the designated Access Center in the SPA they are currently residing in. There is currently one Access Center in each SPA with 20 designated HN slots. Once the unhoused person is enrolled in the Housing Navigation program, the Housing Navigator can refer to TLS once they begin applying for units. An approval from the landlord is not needed in this case.

If a specific program does not have an electronic TLS referral pathway built in HMIS, the case manager can directly contact LAHSA's TLS matcher to manually refer them.

III. COUNTY FUNDING FOR TLS

Time-Limited Subsidies are funded using a braided funding model, which means multiple funding streams are combined to support TLS. This approach combines resources from various local and state funding sources, including County Measure H, City funding, and State Homeless Housing, Assistance, and Prevention Program (HHAP) funding. TLS is allocated on a 1:20 ratio, with one staff member for every twenty participant slots. Due to the braided funding model, different TLS programs use various combinations of funding sources. LAHSA utilizes the braided funding model to maximize effectiveness of funds and ensure contracts are allocated efficiently. This approach reduces the burden on agencies by eliminating the need to manage multiple contracts to cover a full caseload.

In terms of the County's previous investment in TLS from FY 24-25, \$106,819,919 is allocated for a total of 4,241 slots. Measure H accounts for \$56,230,333 (52% of overall funding) and 2,159 of these slots. Other funding sources include Los Angeles County's Aging & Disabilities Department (\$9,962,649 and 659 slots), Department of Public Social Services (\$39,593,560 and 1,379 slots), and State of California's



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Emergency Solutions Grant (\$1,033,377 and 43 slots). Of the full slot allotment, 120 are reserved for youth and 115 are for individuals fleeing domestic violence or intimate partner violence.

City of Los Angeles residents that are enrolled in TLS may have a portion or all of their rental assistance funded by the County of Los Angeles.

IV. BARRIERS TO FULL TLS UTILIZATION

Affordable Housing Shortage

The primary factor contributing to TLS underutilization continues to be the lack of affordable units available to rent. In 2023, there were 494,446 households that did not have access to an affordable home.¹ The low stock of available housing units must be factored in when considering TLS utilization. TLS cannot be successful as a long-term strategy if there is not commiserate housing to place individuals exiting homelessness. Additionally, those searching for housing that are experiencing homelessness are competing with the general population for the same affordable units, and in some cases against others possessing different types of tenant-based vouchers. Full utilization success will be hindered until the Los Angeles region increases its affordable housing stock to match demand.

Utilizing TLS in the City of LA is particularly challenging due to the severe shortage of affordable housing. In 2024, the LA Business Journal noted that although the apartment vacancy rate had risen to nearly five percent, average rents were also at record highs. Many landlords will prefer to charge market rates for their rental units. As a result, housing navigators often struggle to find properties that meet TLS rent reasonableness and fair market rate requirements. Further complicating the issue is the rapid fluctuation of rental prices throughout the City. Units that were once affordable may exceed what is available for TLS rental assistance.

Service Provider Staffing Shortages

TLS and Housing Navigation providers are understaffed, making it difficult to implement services efficiently and thus causing delays in placing clients into permanent housing. Low salaries for staff make it difficult for providers to attract qualified candidates, particularly those possessing the lived experience, educational backgrounds in social work and/or cultural competency necessary to build trust with clients. The reason that providers are not able to offer high wages to case management staff is because currently the budgeted amount per TLS slot does not reflect full program operating costs.

¹ *California Housing Partnership*. Los Angeles County 2024 Affordable Housing Needs Report, May 2024, https://chpc.net/wp-content/uploads/2024/05/Los-Angeles_Housing_Report.pdf.



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To illustrate, the allocated rate for a single adult TLS slot in FY 24-25 is \$24,309. If the participant utilizing this slot were to rent a market rate studio unit, their rent would cost on average \$1,777 per month.² That would equate to \$21,324 annually, leaving \$2,985 to cover staff salaries and any other program expenses for that slot. Multiplying that by 20, a provider sees a budget for staff and expenses besides rental assistance of \$59,700.

Of course, under TLS, not every participant receives the full rent amount as a subsidy from the provider because some receive some form of income (e.g., General Relief, SSI, etc.). It is more common that the rent cost is shared, and the proportion paid by the provider decreases over time as the participant stabilizes.

Uncertain Annual Funding

Funding for TLS is allocated on an annual cycle, whereas TLS is a multi-year assistance program. Providers are challenged with decisions about filling staff vacancies and taking on new client referrals when there are no guarantees about funding from one year to the next. This mismatch has traditionally led to underspend because the allocated slots are not fully used, as providers are hesitant to overcommit themselves from a budgetary standpoint.

TLS Operational Challenges

Another barrier is operational by nature. LAHSA has learned that some service providers enroll participants into the TLS program *before* a lease is signed. The risk with this approach is that some rental applications can be denied, thereby leaving the participant without a permanent housing resource. As a result, TLS slots can be occupied while no rental assistance is being disbursed, preventing other participants from enrolling who may have an approved rental application in hand. More on how LAHSA addressed this issue will be explored in Section V of the report.

Landlord Hesitancy

Processing security deposits and other payments take time but can create obstacles to securing housing. Providers have different guidelines and timeframes for how to provide financial assistance to landlords, making it difficult to secure units when landlords would like to move participants into units quicker than fiscal processes allow. Another challenge to approval is establishing proof of income. Landlords are hesitant to accept tenants with a subsidy for multiple reasons, some of which can be classified as source of income discrimination, but a common legitimate reason for landlords' hesitancy is that they do not have a guarantee from the TLS service provider at time of application. To support providers in addressing

² HUD Fair Market Rent Documentation System: [FY 2024 Fair Market Rent Documentation System — Calculation for Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area](#).



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this challenge, LAHSA staff are preparing a sample advocacy letter explaining the TLS program to landlords that any case manager operating within the Coordinated Entry System can utilize. The advocacy letter is meant to help landlords understand the program more fully and encourage voucher acceptance.

Cost Sharing Challenges Between Providers and Participants

The main point of confusion is the guideline for cost sharing when the participant is paying a portion of the rent. Most landlords would like to receive payments from one entity rather than two. Cost sharing guidelines at most providers allow the participant to contribute various amounts of rent each month, making it difficult for the landlord to monitor how much they will be paid from various entities. Many housing navigation providers serve 10 to 12 different sites and work with a variety of TLS providers who may not have aligned procedures for rent payment.

Time Limited Nature of TLS

TLS is exactly as the name implies: time limited. After two years, the subsidy expires, and another strategy must be leveraged for clients to remain permanently housed. Because TLS does not provide a long-term solution to housing, case managers can be hesitant to submit TLS referrals for individuals who may struggle to obtain and then maintain a steady income within two years.

LAHSA uses all resources at its disposal, including leveraging mainstream programs, to prevent anyone enrolled in TLS from losing that subsidy and risk falling back into the streets, including extending the TLS program duration. To provide more long-term stability, LAHSA implemented a pathway for housed individuals in TLS to be connected to other long-term vouchers that they can utilize to lease-in-place. Still, this pathway is not a guarantee, and some providers are hesitant to refer to TLS without absolute certainty of a long-term plan, especially due to budgetary restraints discussed previously in this report. Until the number of PSH and tenant-based vouchers is right-sized to fit the crisis through increased funding, this will be a challenge for the system.

V. STRATEGIES FOR INCREASING TLS UTILIZATION

As outlined in this report, the barriers to full utilization of TLS throughout the City of Los Angeles are multifaceted and stem from a combination of staffing challenges, lack of affordable housing, program budgeting, and operational hurdles. Ongoing collaboration between LAHSA, service providers, landlords, and our funders is essential to address these barriers moving forward and develop innovative solutions to reduce underspend.

Standardization of Rental Payments

For FY 25-26, LAHSA is restructuring TLS by separating out rental assistance and housing stabilization case management. LAHSA will be contracting with providers for the case management services and centralizing



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the rental assistance services with a third-party fiscal agent. This separation aims to create stability for providers' staffing budgets, enabling providers to offer better wages and fully staff their teams to ensure clients receive comprehensive care. Meanwhile, the standardization of rental payments and rental assistance schedules will incentivize landlords to participate in the program, as they will experience the same move-in and payment regardless of where their tenants are being referred from. LAHSA's new role in streamlining rental assistance will alleviate the burden on both providers and clients by eliminating the need to negotiate the client's share of the rental payment. It will also remove ambiguity in provider budgeting related to staff salaries.

Support and Expand Provider Staffing

Increasing salaries for case managers could potentially improve service delivery by reducing turnover, distributing workloads more evenly, and increasing the capacity for thorough case management. Additional funding for providers to offer more targeted services around workforce development and skills training could improve outcomes for clients by ensuring they receive the support necessary to transition successfully from TLS to self-sustaining their housing. By revisiting the TLS slot budgeting model to more comprehensively include the costs of necessary staffing, LAHSA is already working to ensure funds will be allocated both for slot requirements and provider capacity. This could prevent underspending and ensure the slots are utilized.

LAHSA also funds two recruiter positions, both of which offer providers one-on-one hiring assistance. These positions are designed to expedite the provider hiring process. As of July 1, 2024, LAHSA's Capacity Building unit has supported providers in hiring 50 candidates. LAHSA also recently hosted a Housing Navigation and TLS job fair this past October, finding qualified candidates for critical vacancies in the system.

Improve Service Delivery

Standardizing service delivery between providers is another improvement LAHSA is working on. LAHSA currently supports Housing Navigation and TLS programming throughout the City by offering trainings that equip case managers across program components with essential skills and resources. These trainings assist case managers with understanding the Housing Navigation and TLS referral process, how to navigate HMIS, and how to continually improve their skills. These trainings are typically recorded, and an archive of these sessions can be accessed via LAHSA's YouTube channel, and/or the Centralized Training Academy (CTA) to which all providers have access. LAHSA also provides Technical Assistance (TA) to build service provider capacity by enhancing the capabilities of their case managers and ensuring program consistency and effectiveness.



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Additionally, LAHSA's strategy will include engaging providers in Active System Management, where LAHSA meets with providers monthly, at minimum, to review progress and address any roadblocks to full slot utilization. The rollout of LAHSA's new dashboards were designed to give providers the ability to track their TLS utilization in real time, providing better visibility and enabling timely adjustments for improved service delivery.

LAHSA will develop standardized operating procedures for both providers and landlords on application of TLS. This will enable consistent program application, ensuring equitable access to resources and services for all clients.

Padmission – A Centralized Database

Despite Fair Housing laws that prohibit landlords from discriminating against applicants based on their source of income, in practice, discrimination persists and makes securing a housing unit difficult for individuals using TLS. Both public awareness and enforcement of housing rights are lacking, making it nearly impossible for providers and clients to avoid being impacted by source of income discrimination. However, providers have found they can more consistently secure housing units for individuals using TLS by building relationships with certain landlords that they know are willing to accept subsidies. LAHSA's Housing Location teams are engaging with landlords to identify those who are open to leasing their units to all types of housing programs.

LAHSA tracks TLS-friendly landlords through Padmission, which serves as a continuously updated master list of landlords that have historically accepted TLS. Padmission migrated the existing database of landlords from PATH's former LeaseUp program. It is currently available now in all SPAs. LAHSA formally kicked off the program in SPAs 2, 4, and 6, and is currently scheduling launches in SPAs 1, 3, 5, 7, and 8. LAHSA also has a specific referral form for landlords to refer their units directly to the agency for dissemination to TLS providers. LAHSA has used this program to engage with the Department of Mental Health, Department of Health Services, Inside Safe, and Pathway Home. The agency will continue to encourage providers to utilize this resource to ensure effective utilization of TLS.

Anti-Discrimination Initiatives

The City Council should explore leveraging the City Attorney's Office to investigate cases where landlords are found to reject or delay applications from TLS clients based on their subsidy status. It should respond to reports of landlords denying housing to TLS clients or imposing additional conditions, such as restrictive lease terms, on TLS participants. An anti-discrimination hotline would allow tenants and housing providers to report such complaints, creating the ability for the City Attorney's Office to investigate and act. The City Council could also consider launching an education campaign informing landlords of their legal obligations and the penalties for non-compliance, clarifying the rights of TLS clients and discouraging landlords from



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engaging in biased practices. Additionally, the expansion of landlord education programs could increase trust in TLS and increase the overall availability of housing units for potential tenants using subsidies.

Residential and Property Support Services (RPSS) Program

The RPSS program is a landlord incentive program for owners to offer their entire multifamily building and/or scattered site units at affordable rents. By having landlords agree to reduced screening criteria for participants and implement Low-Barrier, Trauma-Informed Care, Harm Reduction, and Housing First practices, this program facilitates easier entry into permanent housing and addresses historic barriers participants have faced in the application process. RPSS is available to any tenant-based subsidy holder. In exchange, owners enter into a multi-year partnership with financial incentive bonuses, risk mitigation funds, and assigned support staff.

Master Leasing

LAHSA developed the master leasing strategy to bring more affordable units online and eliminate the discriminatory barriers clients have historically faced with traditional landlords. In a master lease agreement, LAHSA operates as the de facto landlord for specific property units. This removes many common barriers for applicants such as credit checks, rental history requirements, and upfront deposits. Master leasing also eliminates the barrier of landlord discrimination, as the discretion of who to rent to is up to LAHSA. By securing immediate housing options, streamlining move-ins, and minimizing leasing barriers, expansion of master leasing can improve the efficiency and utilization of TLS and federal resources. As of the writing of this report, 540 units have been master leased. LAHSA is working on securing a batch of approximately 480 more units in the coming months, as the agency's ability to master lease additional units depends on available service slots and service provider capacity. The City Council has graciously approved funding to support these efforts.






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Final Audit Report

2024-12-02

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