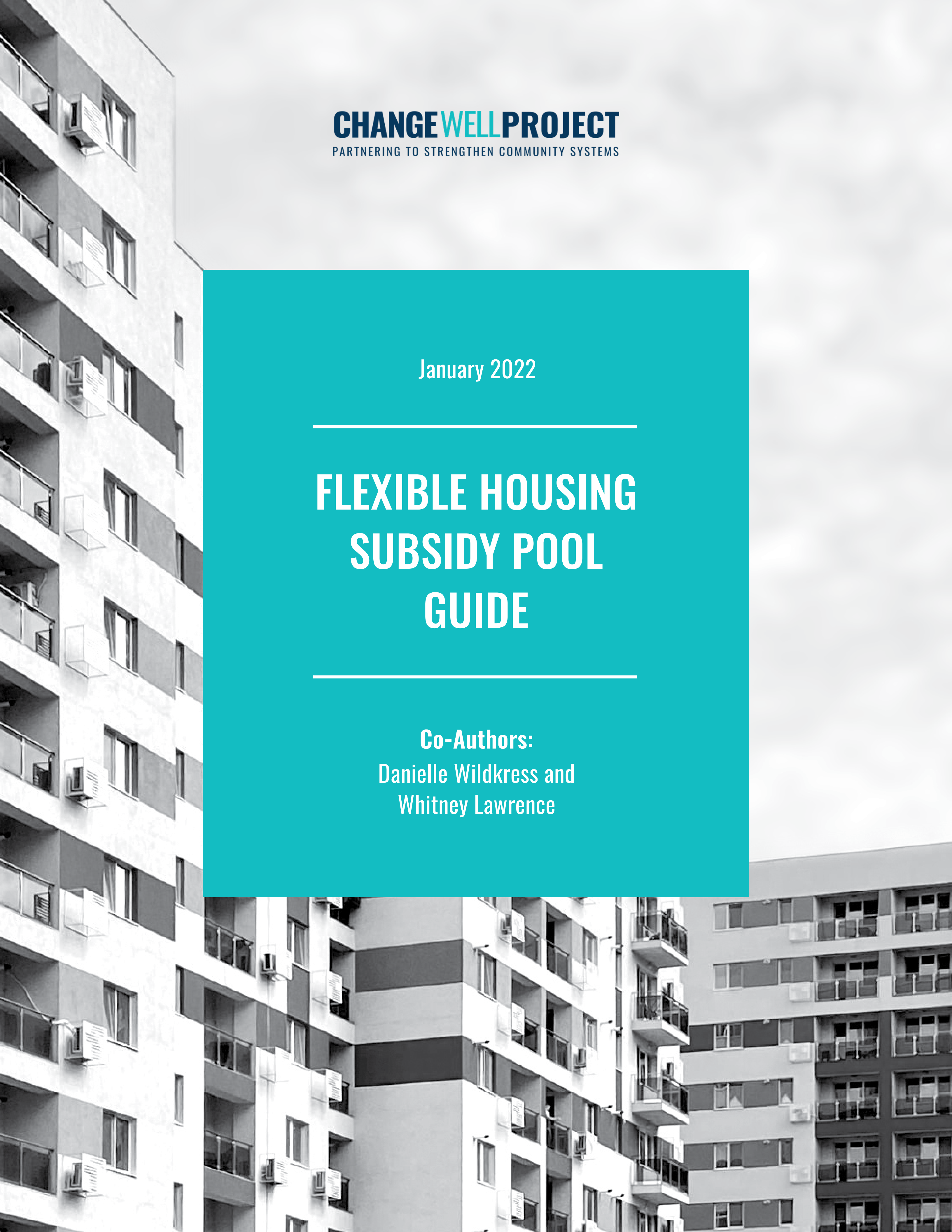

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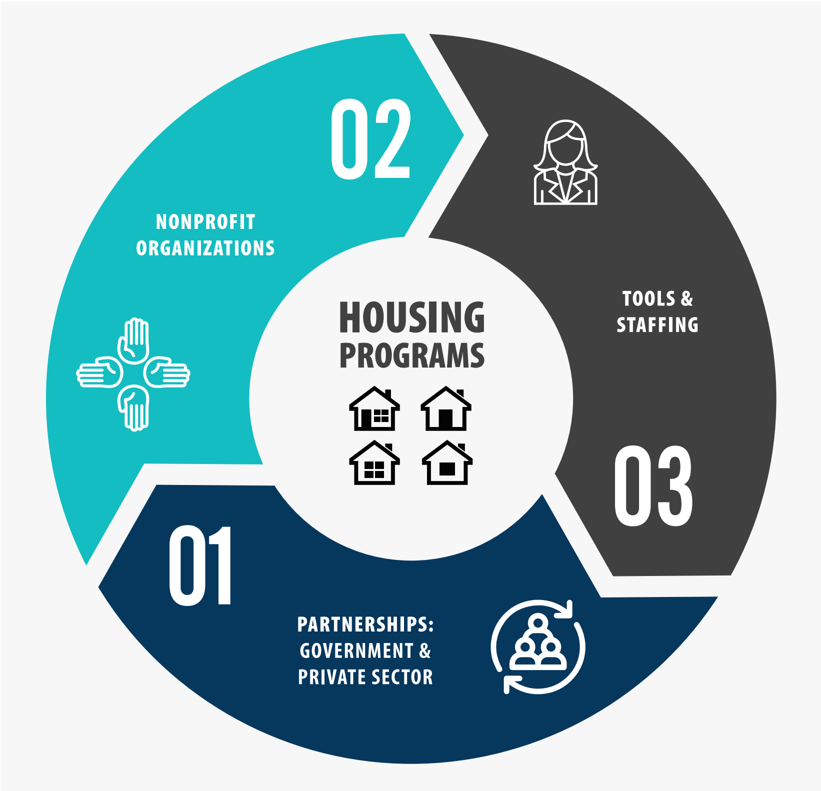
FLEXIBLE HOUSING SUBSIDY POOL GUIDE

Co-Authors:
Danielle Wildkress and
Whitney Lawrence

CONTENTS

1. OVERVIEW

The Flexible Housing Subsidy Pool (Flex Pool) is a nationally-recognized model for scaling supportive housing that helps thousands of people exit homelessness and institutionalization each year. In the most robust version of the model, the Flex Pool combines, streamlines, and maximizes government and private investments, leverages existing housing stock, and spurs the development and construction of new supportive housing units. By design, the model supports a variety of service programs and populations through a diverse pool of funder and provider partnerships. The Flex Pool is rooted in principles of Housing First and harm reduction. Over the past eight years, over 10,000 households, most with long histories of homelessness, successfully accessed and sustained housing through Flex Pool models across California.



While theoretically helpful to anyone interested in the Flex Pool model, this guide aims to help funders, especially governments, working to scale supportive housing. Nonprofits across the country often remark that the program model is similar to many scattered-site supportive housing programs across the country, yet the Flex Pool model revolutionized the ability to scale supportive housing in Los Angeles County, where it started. What's the secret sauce? While the synergy of the various program components is essential to success, the real backbone of the Flex Pool is the contract structure and funder ethos. In other words, government and other funding partners must establish a set of agreements and a specific work culture as the platform for nonprofits to succeed. Much attention has been paid to educating nonprofits on how to find units, for example. This guide shifts the lens to government, philanthropic, and managed-care organizations to embrace a more flexible framework for budgets, contracts, partnership, and holistic systems solutions. This shift of focus to support stakeholders who administer funding is the secret ingredient to the Flex Pool's success. Provider agencies cannot build a Flex Pool alone, no matter how great their capacity or how deep their property provider networks. A Flex Pool requires stakeholders at government agencies to provide the funding and to build partnerships with providers based in trust and collaboration.

As the name suggests, the Flex Pool maximizes flexibility, both in terms of the way money flows and the orientation of its partners, allowing it to scale while serving participants in multiple housing and care settings, in alignment with local coordinated entry systems. Breaking down silos across agencies to pool and deploy funds more effectively, the Flex Pool can support the creation of and access to multifamily permanent supportive housing, scattered-site housing units in the private rental market, and Enriched Residential Care for high-acuity participants. A Flex Pool operationalizes Housing First by reducing barriers to supportive housing at multiple touch points in a system of care.

PROGRAMMATIC COMPONENTS

At its core, the Flex Pool is a contracting structure and set of partnerships that can support a variety of housing programs. It is not a housing program unto itself. That said, housing programs within the Flex Pool model have a consistent set of tools and staffing. Most notably, a Flex Pool implementation will always include the following programmatic components:

1. Rental subsidies
2. Flexible resources and dedicated staff to identify, secure, and match clients to units
3. Support services, minimally including case management and tenancy supports
4. Administrative capacity to move quickly

LANGUAGE

There is ongoing dialogue about the appropriate language and jargon within the supportive housing space. Even the term supportive housing is up for debate! For clarity, this guide will use the following definitions.

Supportive housing is defined here as permanent housing enriched with case management. This may include permanent supportive housing, which uses an indefinite rental subsidy and may be scattered-site or project-based. For this guide, supportive housing also includes rapid re-housing with a time-limited rental subsidy (six to 36 months) and case management; rapid re-housing is generally scattered-site. Supportive housing may also refer to Enriched Residential Care, which encompasses Adult Residential Facilities and similar permanent, service-enriched housing. Within this guide, supportive housing excludes transitional housing, respite care, emergency shelter, and interim housing.

Practitioners in the Flex Pool space often use the word "client" to refer to any number of people and relationships, depending on their particular role and how they relate to the other person. Are people who access supportive housing referred to as clients or participants or something different? What about landlords, developers, and property management companies? To mitigate confusion, this guide will use the following framework to describe the various actors.

Participants are people enrolled in a supportive housing program. They may be currently experiencing homelessness or institutionalization, in the process of accessing housing, or stably housed for several years.

Property providers are people who own, develop, and/or manage housing in the community. The term includes people who work for property management companies, private landlords, and affordable and for-profit housing developers. The terms can refer to mom-and-pop entities with a few units as well as large corporations with many units to lease.

Funders are people who provide grants or pay for contracts for supportive housing and/or similar activities. While this guide most often refers to government actors when describing funders, the term also includes managed-care organizations, philanthropy, and funder collaborative bodies such as the San Diego Regional Task Force on Homelessness.

HISTORY AND REPLICATION

Initially launched in Los Angeles in 2014 as a public-private partnership led by the Los Angeles County Department of Health Services (DHS) Housing For Health division, the Los Angeles model is still the best-known and most robust Flex Pool in the country. Los Angeles's unique contracting infrastructure and the long-term vision of its policy makers continue to keep it in a league of its own, the specifics of which will be addressed in the Contract Structure section.

Inspired by the Los Angeles success, leaders in California have replicated and modified the model in the following places:

Inland Empire: The Inland Empire Health Plan (IEHP), a managed-care organization with a large Medi-Cal population, launched a Flex Pool to serve their members who frequently visit emergency rooms and who are also experiencing homelessness or living unnecessarily in higher-levels of care. The supportive housing programs serve both San Bernardino and Riverside counties. To date, IEHP is the only funder but is currently negotiating with local public housing authorities (PHA) to leverage federal vouchers.

San Francisco: Spearheaded by Tipping Point Community Partners (Tipping Point), a philanthropic organization, and the San Francisco Department of Homelessness and Supportive Housing (HSH), the San Francisco Flex Pool is known locally as a scattered-site supportive housing program. The San Francisco model replicates the essential programmatic pieces of the two earlier models, but lacks the flexible contracting structure.

San Diego: Led by the San Diego Regional Task Force on Homelessness (RTFH), a multi-funder collaborative and Continuum of Care (CoC) lead agency, the San Diego Flex Pool most closely replicates the Los Angeles model, despite lacking a locally-funded rental subsidy and longer-term commitments.

Additionally, Santa Clara County, Sacramento County, Napa County, and Chicago, Illinois all have Flex Pool-style programs. Stakeholders from Portland, Oregon, Las Vegas, Nevada and many others have spent considerable time studying the model and intend to launch replications soon.

When starting a Flex Pool, a community should set ambitious but attainable goals and trust that, with the right stakeholders engaged, the model can grow with scale and complexity. In particular, it is important to remember that the Flex Pool in Los Angeles is nearly a decade in the making, but started with just a few funding sources and only one referral pathway. San Diego started its Flex Pool in the middle of a global pandemic and was still able to pick up several dozen units within the first few months of launch. Start where it makes sense for your community. No community will immediately have several funding streams, multiple built-out referral pathways for participants, nor hundreds of units recruited. Every community will need to right size their approach. Truly, just start somewhere.

FLEX POOL STYLE PROGRAMS IN CA

Chicago also has a Flex Pool-style program. As well, Portland, Oregon, Las Vegas and others intend to launch replications soon.

2. PROGRAM MODEL AND STAFFING STRUCTURE

The fundamental goal of a Flex Pool is to scale supportive housing. In Los Angeles, the County uses the Flex Pool infrastructure to deliver an entire continuum of care from interim housing, respite care, rapid re-housing, project-based and tenant-based permanent supportive housing, and a whole portfolio of additional services and interventions. In most places, however, the Flex Pool is synonymous with a particular program model of supportive housing. In fact, most people who have heard of the Flex Pool tend to conflate it with scattered-site supportive housing or imagine a line-item of one-time flexible funding for participant needs. This guide differentiates the Flex Pool contracting structure, which is primarily in Los Angeles, from the more widely understood programmatic aspects. This section will focus on the general program structure within a Flex Pool, which is arguably the only thing that is consistent across iterations and replications.

CORE COMPONENTS

As noted earlier, all Flex Pool iterations have a similar set of programmatic components, which include:

1. Rental subsidy

These are dollars paid to property providers on behalf of participants. They can be administered by a third party contracted to act as a fiscal intermediary (i.e., a Flex Pool Operator) or by a Public Housing Authority (PHA). The subsidy works best when valued at a "rent reasonableness" standard, although PHAs generally use Fair Market Rent (FMR) standards established by the U.S. Department of Housing and Urban Development (HUD).

2. Flexible resources and dedicated staff to secure units

In addition to an appropriately valued rental subsidy, program implementers need a portfolio of financial tools (e.g., security deposits, property provider incentives, etc.) and specialized staffing with housing expertise to effectively work with property providers.

3. Support services including both case management and tenancy supports

Fundamentally, the difference between affordable housing and supportive housing is that supportive housing includes services designed to promote tenancy. To effectively serve certain populations, including ending cycles of homelessness and institutionalization, support services need to be participant-centered, fully funded, and meet the unique challenges of accessing and sustaining housing.

4. Administrative capacity to move quickly

Historically, the government is not always nimble enough to successfully navigate the housing market. The Flex Pool model invests in key staffing and streamlines processes, especially within the Flex Pool Operator, to make re-housing more competitive in the private market. For example, the Operator needs the financial and staffing ability to quickly deploy unit holds. These investments significantly reduce the time required for participants to access housing.

UNIT ACQUISITION

Most folks who have heard about the Flex Pool tend to imagine that it is primarily about finding housing units, especially in the private market.

In reality, the innovation of the Flex Pool is a contracting infrastructure and funder-orientation that allows communities to scale supportive housing. While important to overall success, unit acquisition is merely a program component. That said, no guide about the Flex Pool would be complete without a description of the resources, practices, and staffing that allows implementers to bring dozens, if not hundreds, of units online each month.

THREE COMPONENTS

Programmatically, unit acquisition requires three major components:

1 Resources

A specific set of financial tools to acquire units

2 Practices

A set of legal instruments and a cost-sharing methodology across funders to manage the portfolio of units

3 Staffing

Dedicated, specialized staff to implement the various pieces of work. This includes but is not limited to housing acquisition teams, which will be discussed in the Program Staffing section

HOUSING ACQUISITION RESOURCES

To compete in the housing market, whether it is private or the affordable housing sector, implementers need a set of financial tools at their disposal. **Below is a list of recommended tools.** There is a tendency for funders who are new to the Flex Pool model to want to fund some of these tools, but not all of them. In practice, it is the synergy of having all the tools fully funded and on demand that nets consistent, positive results. It is important to remember that the Flex Pool is not a program. The Flex Pool sets up an infrastructure—in other words, a system—to scale supportive housing. Please refer to the Blending Funding Streams section to better understand what can and cannot be customized for a particular funder or subpopulation.

Most of these resources need to be readily and quickly available rather than requiring lengthy paperwork processes and/or many layers of approval. The resources need to be consistent across sub-programs within a Flex Pool. For example, a Flex Pool may have a program serving transition-age youth, one serving people exiting chronic homelessness, and one serving families. All three programs need a security deposit and the security deposit value must be calibrated to rent reasonableness. Further guidance on what needs to be consistent versus what can be modified for a specific funder

RECOMMENDED TOOLS

Rental subsidy: This can be time-limited or permanent, but it is essential. Subsidies should meet rent reasonableness standards with flexibility to increase the monthly rate for units with wheelchair accessibility or other key features to meet the specific needs of participants. Also note that it is important that a critical mass of the subsidies within a portfolio include permanent subsidies, especially at the beginning. This empowers housing acquisition teams to make long-standing relationships with property providers.

Flexible funding: One-time funding for miscellaneous expenses to bring a unit online. For example, this can include upfit repairs like installing grab bars or a wheelchair ramp to make a unit accessible. To be effective, the uses need to be extremely broad. Empowering staff with quick, easy resources can significantly streamline the transactions for the relatively small and often unforeseen costs that may occur.

Holding fees: This allows housing acquisition teams to take units off the market and bring them into the Flex Pool housing portfolio immediately. In general, implementers should budget two to four months of rent reasonableness per unit, depending on the market conditions and type of subsidies being used. This process will be described in greater detail in the Pooling Units section.

Furniture and other basic necessities: Participants generally need a basic set of household items to make their unit a home. Practitioners find that consistently making these items available increases housing retention. By extension, reduced unit turnover engenders positive working relationships with property providers.

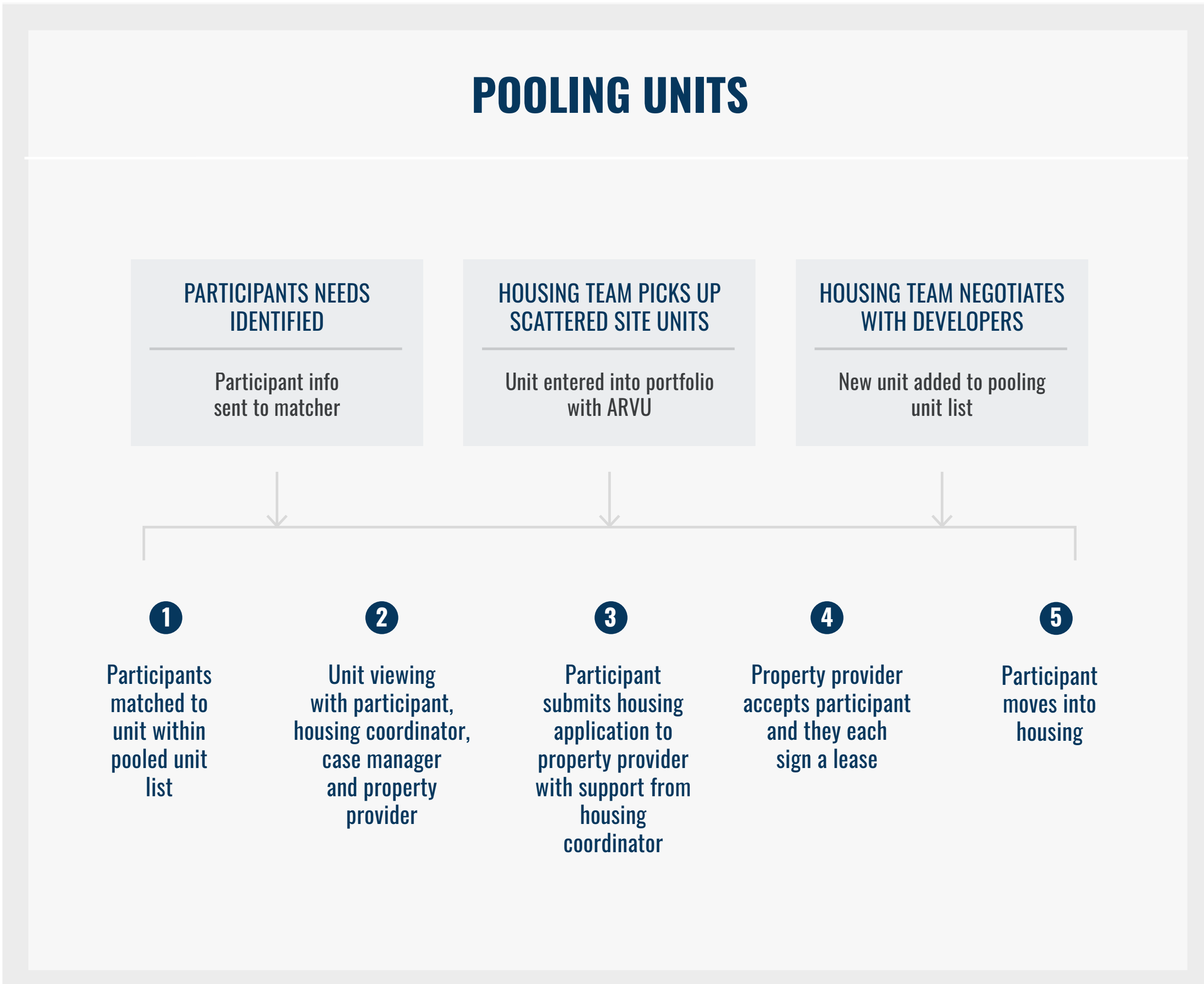
Background check, housing application, and similar fees: One-time costs associated with applying for housing for which most participants cannot reasonably be expected to pay.

Eviction prevention, back rent, utility payments and similar costs: Funds needed either to clear a participant's record (e.g., unpaid utility bills at a prior home) or to prevent a participant from losing a current unit (i.e., where a participant has not paid their portion of the rent).

Security deposit: A one-time payment paid to a property provider, generally valued at one or two months' rent.

Signing Bonus: A one-time incentive payment for property providers to lease units to participants.

Risk Mitigation Funds: Resources to make repairs to a unit if a participant damages a property with costs that exceed the value of the security deposit.



Pooling Units

One of the most impactful innovations of the Flex Pool program model is pooling units. How does it work? And how is it different from more common approaches to securing housing?

In most scattered-site, tenant-based housing programs, the participant and non-profit staff work together to find a specific unit that meets the needs of the individual participant household. In more robust programs, a housing acquisition specialist will help with this process. The search process generally focuses on pitching a particular program or even a particular participant to a property provider.

In addition to creating an undue burden on participants and case management staff, historically, rehousing systems across the country have asked a lot of property providers, especially those in the private market. Savvy property providers can often describe the specific details and program requirements of various subsidy funding streams, revealing a deep knowledge of the bureaucratic reality they navigate. A Flex Pool shifts that paradigm to allow property providers to participate without needing a comprehensive understanding of the funding and program landscape. Instead of selling the merits of a specific subsidy to a property provider, a Flex Pool allows housing specialists to offer a holistic structure and contractual agreement with timely rental payments and a trusted partner who consistently answers the phone.

Flex Pool housing acquisition teams follow these steps to secure housing:

1. Hitting the Pavement: The housing acquisition team is always cultivating property provider relationships and proactively seeking out units within a particular price range. For example, one-bedroom apartments that are near public transportation and meet rent reasonableness standards would almost always be desirable. If the Flex Pool includes project-based subsidies, the team also works with developers to establish set-asides for Flex Pool participants. Housing acquisition teams spend minimal to no time on targeted searches for a specific participant; instead, they constantly search for units that are good fits for the Flex Pool in general.

2. Bringing Units into the Portfolio

A) When a desired market-rate unit becomes available, the housing acquisition team member executes an Agreement to Rent a Vacant Unit (ARVU), colloquially known as a holding agreement, with the property provider. The ARVU takes the unit off the market and brings it into the pooled housing portfolio. The Flex Pool Operator immediately begins to pay rent on the unit, often called a "holding fee." Depending on the market and whether a Flex Pool is significantly leveraging federal vouchers, ARVUs tend to hold units from two to six months; longer periods are necessary when working with a PHA. Importantly, not all units will be held for the entire contracted period. In fact, most units will be vacant for a few weeks before they are matched and leased (described in further detail below).

B) Where a community also leverages project-based housing within the Flex Pool, the Flex Pool Operator and the developer execute a Master Rent Subsidy Agreement (MRSA) to dedicate units to the Flex Pool, often months or years before the building comes online. Despite the name, the MRSA does NOT create a master leasing arrangement. When these units are nearly available, the Flex Pool team enters the units into the pooled housing portfolio.

3. Identifying and Prioritizing Participants: On a parallel track, case managers work with participants to submit a simple application to identify housing needs. For example, the participant identifies the number of bedrooms, preferred community, and accessibility needs or other requirements for the unit. This work is often done as part of the community's coordinated entry process.

4. Matching: Reviewing the list of prioritized participants and assessing the portfolio of pooled units, a dedicated staff member(s) matches participants with available units. Note: Some communities, such as Atlanta, Georgia, are known to "open-source" the portfolio of units. Unfortunately, this replicates the problems of the larger housing market, often leaving participants with higher barriers to housing with no options. A dedicated staff person who does the matching is better positioned to ensure that participants with accessibility requirements or extensive histories of incarceration are consistently able to access housing.

5. Unit Viewing: A housing coordinator contacts the participant and the property provider to schedule a unit viewing. If the participant likes the unit, they submit a traditional housing application with the property provider. The property provider can reject the application. However, a property provider who routinely rejects applications will likely be removed as a "client" of the housing acquisition team. In most cases, the property provider accepts the participant's application because the Flex Pool Operator or PHA guarantees rent, and the case management agency as well as the tenancy support team commit to supporting the participant's tenancy. All units will need to pass a Housing Quality Standard (HQS) inspection.

6. Signing the Lease: Once the participant's housing application is accepted, the participant enters into a traditional lease agreement directly with the property provider. Even in an MRSA building, the participant has a traditional lease with all the usual rights and responsibilities of tenancy.

This pooled housing strategy allows housing acquisition teams to pick up all units that are likely to be beneficial to participants in active housing search across the community. Cultivating a network of property provider and developer partners and securing units on an ongoing basis creates an inventory of units that can be quickly matched to any participants currently experiencing homelessness or institutionalization, thereby reducing the time it takes to access housing. When equipped with a consistent set of the right tools, housing acquisition teams cultivate ongoing relationships with property providers. Practitioners attest that the majority of new units are "repeat customers," meaning existing property provider partners with new units to offer.

Viewed in isolation, a pooled housing approach might seem more expensive because of the vacancy costs. Viewed at the system-level, however, pooled housing facilitates the move from expensive interim housing to more cost-effective permanent housing that nets better outcomes. Federal vouchers can be leased up more quickly, ending homelessness for participants and bringing sustainable federal resources into the community. Additionally, the pooled housing approach deduplicates efforts across providers. By consolidating housing acquisition into a single pool at the system level, most provider partners can focus their staff and resources on supporting participants with lease up through the matching process instead of property provider engagement strategies and activities.

The pooled housing approach raises several questions about portfolio management. First, the Operator needs good data about participant preferences and needs. Participant referrals need to be timely and include accessibility requirements, geographic parameters, and other important information to inform where the housing acquisition team should focus their efforts. Second, all partners must be accountable for leasing up units quickly. Where the Flex Pool partners with PHAs, housing quality inspections, rent determinations, and similar processes need dedicated PHA staff committed to a streamlined process. Otherwise, units will sit vacant for months, participants will remain unhoused, and holding fee costs will accumulate. Third, partners need to understand that the matching process is often more art than science. Some participant needs are simply more difficult to meet. For example, participants with long histories of incarceration and/or wheelchair accessibility requirements and living in high-cost rental markets make finding the "perfect" unit particularly vexing. The person/people managing the matching process need to anticipate these needs and be empowered to hold or set aside units as appropriate. For example, if a participant with the above needs is expected to be released from jail within a week, the matcher needs the authority to hold that "perfect" unit for the participant. This is what it means to operationalize a "whatever it takes" approach. Again, flexibility is not merely how funds can be used. It is a whole ethos of how the system works.

THE "YES AND" MODEL TO PICKING UP UNITS[1]

For practitioners outside of Los Angeles, the Flex Pool is primarily known as a private-market, scattered-site program model. In layman's

[1] *Flexible Housing Subsidy Pool: An Innovative Supportive Housing Solution* courtesy of Brilliant Corners, brilliantcorners.org.

terms, that means existing units are sourced from market-rate property providers across the community. There is no construction of new units. There are no commitments longer than the regular yearly leasing agreement.

Within Los Angeles, however, the Flex Pool is widely understood as more robust and multi-faceted. At its peak, this "yes and" approach allowed Los Angeles to consistently add 200 units to the housing portfolio each month for over two years. Crucial to this success is a locally-funded operating subsidy with a 15-year commitment. While a community could implement a Flex Pool using only scattered-site units, the unprecedented results seen in the first five years of the Los Angeles Flex Pool inspire a discussion of the many ways that teams there have been empowered to operate in new ways and creatively spur development. It also underscores the power of longer-term financial commitments to make a true impact on homelessness and over-institutionalization.

There are four major mechanisms by which the Los Angeles Flex Pool brings units into the housing portfolio:

1. Locally-Funded, Tenant-Based Subsidy: This is the classic scattered-site, private-market rental strategy most often associated with the Flex Pool model. As described in earlier sections, equipped with streamlined legal tools and financial incentives, a dedicated housing acquisition team engages private property owners to consistently secure units. By creating a pool

of available units and matching tenants to that inventory, a locally-funded rental subsidy can reduce lease-up time, increase the overall number of units, and broaden the available options for participants. A tenant-based, locally-funded operating subsidy is especially helpful to launch a Flex Pool because it allows housing acquisition teams to show proof of concept to property providers. Once these providers have a positive experience working with the Flex Pool Operator, they tend to be more inclined to work with the Flex Pool Operator in partnership with PHA subsidies. To make any future transition to PHA vouchers easier and mitigate competition across subsidy funding streams, the locally-funded operating subsidy should align with rent reasonableness and Housing Quality Standards (HQS) within the community.

2. Maximizing the Low-Income Housing Tax Credit for Supportive Housing: The affordable housing development community struggles to achieve the deep income targeting required for supportive housing. With a locally-funded operating subsidy, the Flex Pool provides the deeper operating subsidies developers need to achieve extremely low-income targeting for more projects and more units within each project. As an added benefit, Flex Pool operating subsidies allow developers to leverage 4% credits, which—in contrast to the highly competitive, limited 9% credits—are available over the counter, with no annual cap.

3. Spurring Non-Traditional Supportive Housing Development: The Flex Pool expands the supportive housing development pipeline, bringing new developers into the supportive housing field and incentivizing creative projects outside the traditional low-income housing tax credit system. Operating subsidy and service provision commitments position innovative nonprofits and non-traditional partners to secure non-competitive financing to build or renovate projects. Working outside of the traditional tax credit system brings three wins: 1) The development process moves faster because there are fewer compliance-related issues; 2) The per-unit cost can be slightly less expensive because private capital does not trigger the same regulations; and 3) The utilization of capital financing increases beyond limited government sources.

4. Leveraging Federal Vouchers: Flexible resources permit increased utilization of federal vouchers. Through the deployment of a housing acquisition team, property provider incentives, and tenancy supports, more private property providers will accept HUD-funded tenant-based vouchers. In some communities, like San Diego, this is the primary structure of the Flex Pool. Los Angeles has also experimented with doing "swap outs" of federal vouchers once a tenant is stabilized with a locally-funded subsidy. In general, scaffolding Flex Pool resources and staffing around PHA subsidies can net faster lease-up and maximize voucher utilization.

For clarity, starting a Flex Pool with only a tenant-based rental subsidy is a solid strategy. Utilizing 15-year commitments and similar tools will allow a community to scale and diversify the portfolio of units, but it can be built over time. Throughout California, even in the most expensive rental markets, there are multiple vacant units for every person experiencing homelessness and institutionalization. Using the Flex Pool program model to show proof-of-concept within the private market can generate important momentum and political support to then advocate for the other robust tools described above.

PROGRAM STAFFING

Many Flex Pool practitioners have jokingly noted that you don't hire your plumber to teach you yoga, nor ask your yoga teacher to fix your sink. Yet, historically, housing programs designed to support people exiting homelessness and institutionalization have collapsed disparate functions into the singular role of case management. The basic logic of the program model for the Flex Pool is that case managers do social work and housing acquisition teams find housing. Similarly, many funders characterize the payment of monthly rental subsidies and/or administering one-time and ongoing costs as administration rather than program activities. Essential to the scaling of a Flex Pool, the program staffing model requires specialization and dedicated resources of each function.

SPECIALIZED ROLES

Case Management: Participant-centered. Background in social work or similar experience. Support participant connections to services.

Housing Acquisition: Property-provider centered. Background and/or aptitude for real estate and business. Bring units into the housing portfolio.

Tenancy Supports / Housing Navigation: Liaison between participant, property provider & case manager. Strong project management and interpersonal skills. Support participants with accessing & sustaining housing.

Administration / Operations: Specialized, programmatic administrative & financial capacity. Diligent, efficient and comfortable with data and financial information. Process money and paperwork.

Essential roles that must specialize include case management, housing acquisition, tenancy supports or housing navigation, and administration (also called program operations). Some of the program functions are best handled by one or two entities. For example, it likely makes sense to consolidate the administration of one-time payments and locally-funded rental subsidies. Inversely, in order to scale, government leaders will want to leverage the capacity of several non-profits to provide case management services.

CASE MANAGEMENT

Given the history, case management needs to be defined as much by what it is as what it is not. There is a long practice in the supportive housing sector of continually adding responsibilities for case managers in ways that neither align with their skill set nor establish realistic goals. Consistent, positive working relationships between case managers and participants are essential for overall program success. Systematically overburdening case managers with high caseloads and non-case management functions leads to staff turnover and burnout that undercuts everyone's success. Fundamentally, case management is a participant-centered role that focuses on supporting people exiting homelessness or institutionalization with accessing services like benefits, healthcare, behavioral health treatment, and/or employment resources. While case managers generally have educational and/or professional backgrounds in social work, they do not usually provide services themselves, such as one-on-one therapy. Instead, they are the primary point of contact for a participant to navigate the landscape of support towards stability and wellness. For example, using a "whatever it takes approach," a case manager might help a participant set up a doctor's appointment, and even take the participant to the clinic, if the participant welcomes the support. Obviously, the case manager does not administer medical advice or prescribe medication, but for participants with negative experiences of the healthcare system, this kind of case management can be transformational. Moreover, case management ratios need to align with best practices for the given population. For example, a case ratio of 1:20, or more realistically 1:15, is essential when serving people with long histories of homelessness.

Case managers might work with participants to find and secure housing, but, crucially, this is not their primary role. Case managers should not be expected to independently cultivate property provider relationships. Instead, case managers act as part of a team with the participant and the housing coordinator/housing navigator. It is appropriate for a case manager to help participants secure necessary documents, like identification, and join participants at unit viewings. The case manager will support the participant with housing stability and generally act as an advocate for the participant through the life of the program. Last but not least, it is essential that case managers practice harm reduction and operationalize principles of Housing First by never requiring sobriety to access or maintain housing.

For scaling purposes, funders in medium and large communities should contract with multiple agencies to provide case management services. The benefits include leveraging the full capacity of the community, the ability to specialize in sub-populations, and diversifying the portfolio of organizations, which will help mitigate the effect if one organization struggles with growth or other challenges. Small communities may have only one or two providers equipped to do supportive housing-specific case management. Regardless of size and depending on community needs, funders likely need to develop a strategy and invest in provider capacity to bring in new provider partners and/or help existing providers grow effectively. Case management contracts can be within or in parallel to the overall Flex Pool contracting structure. The important takeaway is that case management is fully funded, tailored to the participant, and lasts the duration of the program.

In the Inland Empire and Los Angeles, funders opted to structure case management budgets as per member/per month (PM/PM). This structure creates consistency across the portfolio, ease of administration for both the funder and the nonprofit, and scalability. In both communities, the funder contracts directly with multiple case management provider agencies. As will be discussed in the Contract Structure section, simplicity in budgets and contracts allows partners to focus valuable time on program quality and scaling.

HOUSING ACQUISITION

Housing acquisition is a property provider-centered role that focuses on bringing units into the housing pool. Housing acquisition specialists cultivate property provider relationships, negotiate rental rates, and execute holding agreements (also known as the Agreement to Rent a Vacant Unit or an ARVU) to bring units into the portfolio. The specialists tend to have backgrounds in sales or real estate, but these professional qualifications are not essential. The biggest driver of success is an orientation towards sales and real estate and an aptitude for working with business people.

Housing acquisition staff must embrace the Housing First philosophy, despite having minimal program participant engagement. They cannot promote a particular participant's "worthiness" or sobriety when working with property providers. Housing acquisition clients include property management companies, mom-and-pop property owners, developers, and other partners who can make units available to the Flex Pool housing portfolio (see Pooling Units). Housing acquisition specialists "sell" the Flex Pool—not the merits of specific participants or sub-programs—to developers and other property providers. To do so, the team needs tangible tools, like the offer of ongoing rental subsidies, an ability to quickly pay for security deposits, and occasionally, one-time incentives.

For scaling purposes, funders in small- and medium-sized communities should likely contract with one entity or a singular housing acquisition team, which could include staff from multiple agencies. For example, in the Inland Empire, the Flex Pool Operators contracted with a smaller nonprofit who had a strong housing acquisition specialist on staff. That staff member had full access to property provider information in the Operator's data system, joined regular team meetings, and was equipped with the same materials and resources as other housing acquisition specialists. The key is that all people whose dedicated jobs are to engage property providers will be integrated into a single team, not merely coordinating efforts.

In larger communities, more providers will already have specialized teams dedicated to housing acquisition. Since larger non-profits often manage housing acquisition across many funders, it may be unrealistic and/or undesirable to consolidate housing acquisition into a single entity. That said, larger communities should focus on building housing acquisition capacity within a small subset of providers who are funded to do the work on behalf of participants, regardless of whether the partic-

ipant receives their case management services from that same provider.

The guiding principle is that system leaders should not fund every organization to do housing acquisition, as this duplicates efforts, inhibits the community's ability to operate at scale (which brings new benefits, such as a pool of units), and frequently causes inter-organizational conflict and competition that benefits property providers rather than funders, participants, and/or nonprofits. If many organizations are expected to cultivate property provider relationships as part of their contract outcomes, funders will quickly hear complaints about property providers pitting organizations against each other to increase rental rates. Instead, funders should build capacity within a single provider or a multi-agency team or as close to it as possible. Importantly, if multiple agencies are funded to do housing acquisition, it is essential to create equity in the available tools and resources.

TENANCY SUPPORTS/HOUSING NAVIGATION

The specific responsibilities of tenancy supports and/or housing navigation vary tremendously across communities working to end homelessness. These roles may be called housing coordinators, housing navigators, or similar-sounding titles. For simplicity, we will use the term "tenancy supports" and refer to the role as a housing coordinator. Similar to case management, tenancy supports contracts can be within or parallel to the overall Flex Pool contracting structure. The important takeaway is that they are consistent, fully funded, and distinct from case management.

Housing coordinators are the bridge between the units picked up by the housing acquisition team and case management and participants. Once a participant is matched to a unit, the housing coordinator liaises with the participant, the case manager, and the property provider to set up a unit showing and, if all goes well, starts the participant's rental application to lease the unit. The housing coordinator project manages the lease-up process, ensuring that each party understands what they need to do and is supported with follow-up or technical assistance to facilitate progress. Housing coordinators work with participants to order furniture, ensure that property providers make necessary repairs, and, in the case of federal vouchers, work with the PHA on paperwork and inspections. Housing coordinator caseloads are higher than case managers, perhaps 1:50, but, similarly, it depends on the nature of the sub-program. Sub-programs that utilize PHA rental subsidies must have lower housing coordinator case ratios to account for the additional administrative tasks.

Once a participant moves into a unit, tenancy support staff continue to support all parties with ongoing success, acting as broker between property management, case management, and participants. Good case managers advocate for participants. Property managers focus on the property itself. There can be an inherent, appropriate tension in these roles. The housing coordinator is a neutral third-party tasked with mitigating conflict before it escalates. For example, if a property provider continues to ignore a participant's maintenance requests, the housing coordinator will follow up. In the unfortunate event that the maintenance is still not addressed, the housing coordinator might make clear that rental payments will be reduced until the issues are addressed. Inversely, if other tenants continually complain of noise disturbances from the participant's unit, the housing coordinator will partner with the case manager and participant to address the behavior to avoid eviction. The housing coordinator does not advocate for one party or perspective; instead, they focus on facilitating dialogue and creating workable solutions. Housing coordinators might also support the annual recertification process for federal vouchers.

For scaling purposes, funders need to understand their local landscape, particularly their coordinated entry systems, to decide whether to fund one or multiple agencies for tenancy support services. In cases where there is a single administrator of rental subsidies and/or one-time costs, it can be helpful to consolidate tenancy support services within the same agency. If so, the housing coordinator becomes a primary point of contact for the property provider, which is extremely helpful for all parties. In some coordinated-entry systems, however, the tenancy support and/or housing navigation function is staffed in a fundamentally different way and lives within multiple organizations.

PROGRAM OPERATIONS/ADMINISTRATION

In the context of the Flex Pool, there are several financial and administrative functions that are fundamentally programmatic. For example, while administering monthly rental payments or quickly cutting checks for security deposits will require a finance team, these activities are distinct from other financial nonprofit operations, like running payroll, which are more about the organization's operations than the program functioning. In reality, an extended exercise in differentiating program operations versus organization operations is not fruitful because many activities overlap. More important, it is essential that financial and administrative capacity is fully staffed and funded. All of these roles cannot be covered in the flat 10% administration line item. Instead, it is necessary to bring roles "above the line." This means that some finance and other administrative roles should be included as specific staffing line items in the program budget itself. Additionally, for certain activities, building out specialized program roles are the keys to scaling successfully. For example, early on, it will be good to hire someone to manage the housing portfolio (as described in the Pooling Units section). At scale, dedicated staff for processing furniture orders or participant applications will engender efficiency, consistency, and, ultimately, better and faster outcomes for participants.

For scaling purposes, to the extent possible, funders in all-sized communities should consolidate the administration/operations functions. While some PHAs may be nimble enough to quickly administer all funding, it is more likely that government funders will contract with a single nonprofit to be the primary fiscal intermediary. Whoever fulfills this role must be able to cut checks within 24 hours and generally have a swift mechanism for approving and administering agreements and funding. Ideally, the intermediary also has the capacity to create and deploy data integrations to streamline practices. Minimally, the intermediary includes dedicated customer service staff who are responsive to case manager and property provider needs and requests. In practice, most localities will contract with a nonprofit as the Flex Pool Operator, whose essential functions will include financial intermediary and locally-funded subsidy administration, customer service activities, and partnering with PHAs who administer federal vouchers.

3. CONTRACT STRUCTURE

Los Angeles's Flexible Housing Subsidy Pool has achieved unprecedented success by utilizing an innovative, flexible framework for contracting, creatively blending different funding streams, serving diverse vulnerable populations, and bringing new partners into the supportive housing fold. Since its launch in 2014, at least 10,000 Angelenos have accessed supportive housing through the Flex Pool. Those deeply involved in the creation and continuation of the Los Angeles model will attest that the contract structure and partnerships, more than the program model, are the innovations and keys to scaling.

While other jurisdictions have adopted parts of the contract structuring, none has done so as holistically as Los Angeles. As such, except where otherwise noted, this section will refer to the Los Angeles Flex Pool, which is spearheaded by the Los Angeles County Department of Health Services (DHS) Housing for Health team. Some readers may be tempted to write off the contracting innovations as Los Angeles exceptionalism. Others may feel daunted by the systems change required to replicate the success. At this juncture, it is important to remember that Los Angeles created and refined the contracting and partnership model for the Flex Pool for nearly a decade.

In 2012, key stakeholders designed the Flex Pool and began to socialize the idea with the Los Angeles County Board of Supervisor offices. Transparently, no one knows how long the idea had been discussed before that time—only that the stars began to align with the right leaders in place at various government, philanthropic, and intermediary agencies. In 2013, the County released a request for proposals and similar contracting pieces. Yet the work of leasing up units did not start in earnest until 2014.

In that first year, the County set a goal to support 300 participant move-ins. Implementers will candidly reflect that they harbored doubts about meeting even that first benchmark. At inception, there was no funding for furniture or other participant household items. Ultimately, a philanthropic partner stepped up to fund a pilot. Eventually, seeing the benefits, the County funded furniture as standard protocol. At the beginning, DHS, one Board Supervisor, and the Conrad N. Hilton Foundation made what in retrospect was a relatively modest but symbolic investment. It was years before Los Angeles voters passed Measure H[2] . There was no promise of other County departments, philanthropy, or managed-care organizations investing in the Flex Pool. In fact, practitioners barely mentioned that kind of additional investment, consumed instead with building and launching the proof-of-concept of the Flex Pool. There was no methodology for sharing costs for unit holding fees because DHS referred and paid for all participants. That level of complexity simply was not needed in the first few years. There are endless examples of how the Flex Pool model evolved. Yes, today it is a highly sophisticated set of agreements and processes. In the beginning, however, it was a simplified contracting structure and a group of stakeholders willing to learn and grow together.

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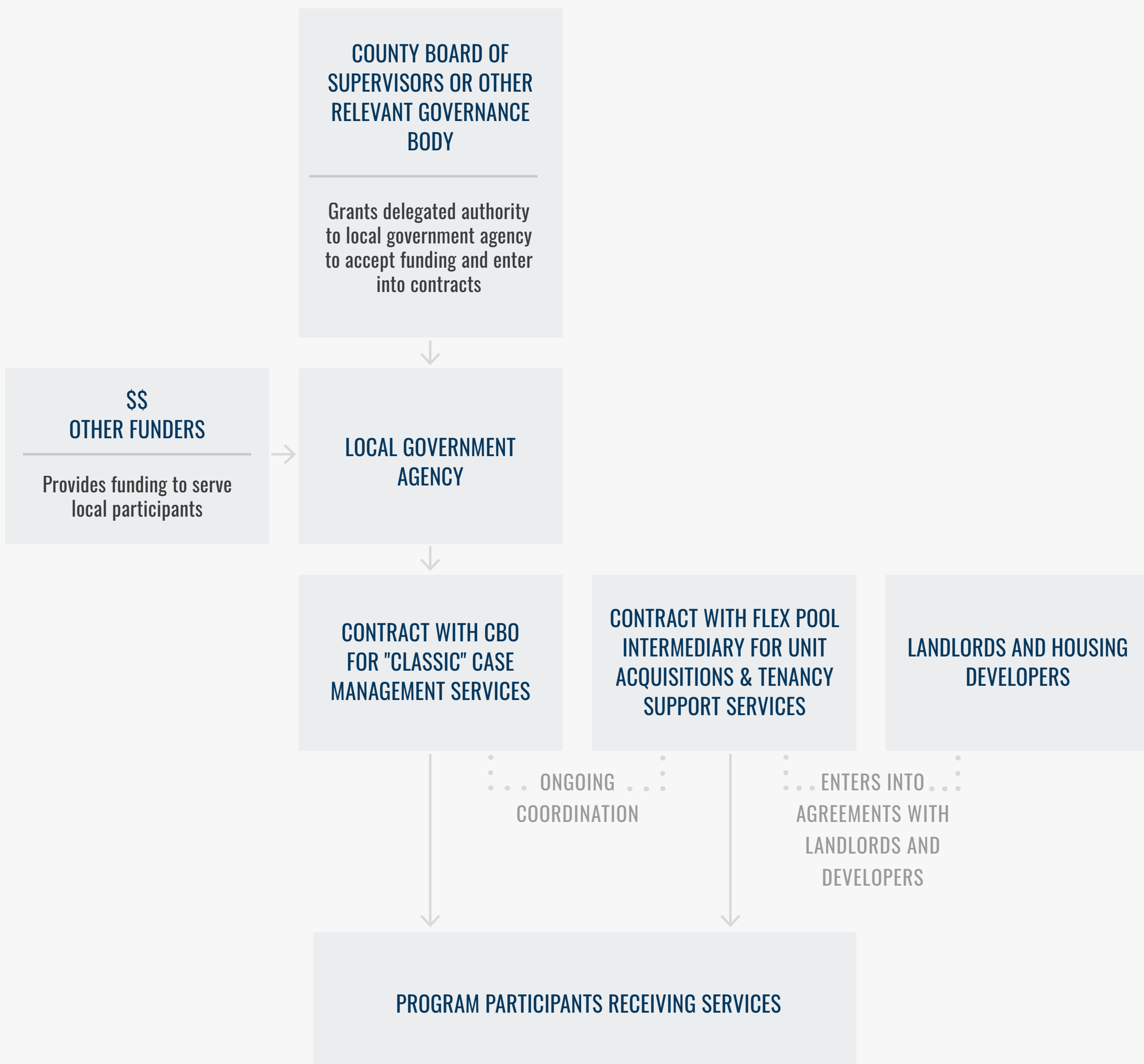
[2] *Los Angeles County voters passed Measure H in 2017. The quarter cent sales tax generates an estimated $355 million per year for ten years to fund services, rental subsidies and housing. See: https://homeless.lacounty.gov/history/*

THE CONTRACTUAL ANATOMY OF A FLEX POOL



FUNDER ETHOS AND COMMITMENTS

The Flex Pool is centered on the County of Los Angeles's commitment to make lasting investments in people in need of housing and in the nonprofit organizations working in the community to facilitate exits from homelessness and institutionalization.

COMMITMENTS

Key County leaders tasked with implementing the Flex Pool regularly make explicit their commitment to:

1. Keep people stably housed with the support needed to prevent them from returning to homelessness;

2. Tailor interventions—from lighter-touch to higher levels of care—across the spectrum of participants needs;

3. Ensure that nonprofits delivering resources and services can sustainably implement and scale programs on an ongoing basis.

Historically, this work is done with a high degree of power-sharing and an emphasis on flexibility and collaboration, particularly between DHS staff and their nonprofit partners. To ensure accountability, the County takes a hands-on approach of monitoring and working with the Flex Pool Operator and case management providers to ensure that participants access housing and receive high-quality services. County staff members have a track record of proactively addressing barriers within their own system. For example, if a County payment delay or glitch in a County system is causing strife for a provider(s), staff members have a reputation of owning responsibility and working quickly to resolve the problem. This may sound obvious, but in reality, it is fundamentally different than how many funders engage with contractors and grantees.

Many funders ascribe to Housing First principles. The Flex Pool operationalizes Housing First principles by removing barriers at all levels: participant, provider, and system. Flexible resources and contracts, appropriate staffing and commitments, and full cost coverage for critical nonprofit administrative capacity transform Housing First from a case management framework into a system-wide practice .
Los Angeles County conducts regular program audits, but the audits are part of a continuous quality improvement process, not the only time that the County interacts with its nonprofit partners. County staff members case conference with providers on a weekly basis with the goal of identifying and removing barriers that are preventing successful housing placement and retention. The constant communication between funders and nonprofits allows space for agility, experimentation, and creative problem-solving, both at the participant level and the system level. The result is an innovative partnership based on trust and shared investment.

This partnership is a departure from prior approaches to housing unsheltered and institutionalized households. By comparison, the traditional framework—in which funders manage the deployment of dollars with little flexibility to adapt or change to meet emerging needs in real time—often results in a mismatch to the actual needs of the community, operating more from a scarcity mindset. What realistically works is a trust-based, abundance mindset with human-centered solutions designed to respond to the reality of the homelessness crisis.

FUNDER STAFFING AND CAPACITY

In addition to appropriately resourcing nonprofit partners, it is essential that funders invest in their own capacity to responsibly manage the programs, systems, and partnerships touching a Flex Pool. While the program staffing model for nonprofits is relatively consistent, funder staffing will vary in each jurisdiction. Below are recommendations gleaned from Los Angeles, San Francisco, the Inland Empire, and San Diego. Each locality has a unique approach to funder staffing, yet the lessons learned are remarkably consistent.

First, build a team that can scale. In the early days of a Flex Pool, there are many pieces to build. Once there is momentum, there are many pieces to manage and refine. This will require more person-power than can be anticipated from the outset. It helps to build the team early so that staff members can grow into their roles as the Flex Pool increases in scale and complexity. Where government hiring processes can be slow, philanthropy can be well-positioned to fund key positions for the first year. The Conrad N. Hilton Foundation, Tipping Point, and the San Diego chapter of Funders Together to End Homelessness all funded positions within government or within the primary funding agency that were instrumental to the launch of a Flex Pool.

When building a team to scale, it can be helpful to think in terms of three core skill sets: program implementation expertise, budgeting and planning, and leadership. While a single staff person might be able to handle all of these tasks, the goal is to create a system that does not rely entirely on one or two people.

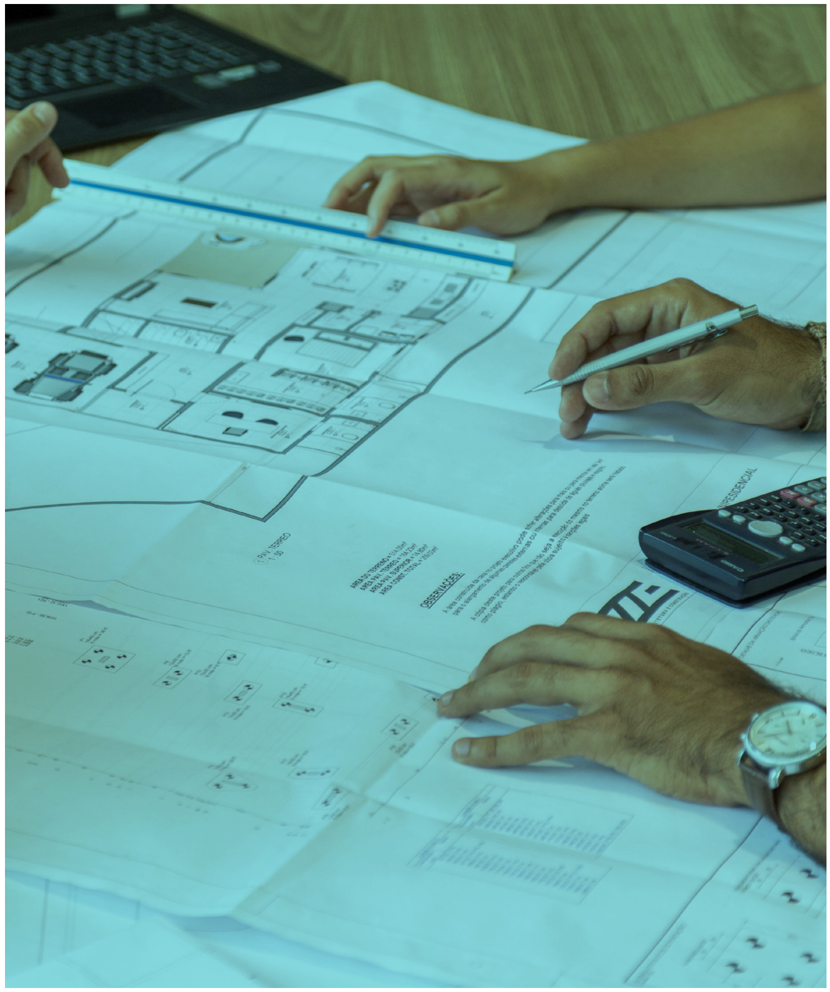
Program Implementation Expertise: A person or team should be on point to oversee all service contracts. This person or team should include supportive housing expertise, particularly with a Housing First lens, and bring a deep knowledge of the homeless system within the community. They will need to develop program policies and procedures and cultivate positive working relationships with providers. When at scale, an appropriate ratio could be as high as one staff person to 1,000 housing slots. However, as the Flex Pool is first launching or in an initial growth phase, it may be more appropriate to develop a staff to provider agency ratio.

Budgeting and Planning: A person or team should separately oversee the budgets, and in particular the fiscal intermediary function of the Flex Pool. The person or team should understand the jurisdiction's budgeting processes, and, equally important, also be able to translate between program and finance stakeholders. In other words, the budgeting person needs to understand the inner workings of the Flex Pool and the operational realities of programmatic service delivery to be effective.

Leadership: A person or team should oversee the successful integration of contracts, programming, budgeting, etc., as well as manage relationships with co-investors. As described below, it is essential that the primary funder, meaning the entity that holds contracts with nonprofit organizations, leads conversations with other funders. Additionally, leadership communicates goals and priorities for the Flex Pool, focuses on sustainability, and sets a tone of collaboration and humility.

The second major recommendation related to funder staffing is that the primary funder must centralize and proactively manage relationships with other funders. As will be described in the Blending Funding Streams section, funders must align around a basic package of housing supports, financial tools, and staffing, most or all of which is controlled by a contract with one funder. For example, in San Diego, the Regional Task Force on Homelessness (RTFH) blends several sources of funding into a single contract with their Flex Pool Operator. It is important that the lead entity, in this case RTFH, have the appropriate staff to negotiate with new and existing funding partners, understand how to effectively blend resources, and generally ensure that nonprofit implementers have a single source of authority. Bluntly, nonprofits cannot consistently implement the Flex Pool if multiple funders give competing direction. Funding leadership needs the finesse and capacity to drive solutions that work for all stakeholders.

Last but not least, establish clear communication structures across various stakeholders. This concept is highlighted in funder capacity because transparency and good communication practices require time. When funding entity staff are stretched too thin, inevitably implementation becomes disjointed and issues cannot be resolved in a timely manner. Creating, staffing, and maintaining good feedback loops means investing in a team whose size, skill set, and authority appropriately match the real world dynamic of scaling supportive housing.



DELEGATED AUTHORITY AND SIMPLICITY

Architects of the Los Angeles Flex Pool contract structure used and continue to leverage delegated authority to empower DHS to effectively manage resources. Arguably, the most impactful innovation of the Flex Pool is the simple Supportive Housing Services Master Agreement (shorthanded to Master Services Agreement or MSA) and related Work Orders. At the outset, the Los Angeles Board of Supervisors formally approved these structures. The language in the Board motions that established and periodically expand and/or streamline this structure is simple and broad. The DHS Director has the authority to accept future funding, execute and amend agreements, and advance resources to nonprofits. The motions include a maximum obligation, which is a simple cap on the amount of funding that staff can commit. Periodically, DHS requests to expand service categories and increase the maximum obligation.

Part of what makes these Board motions powerful is that they remain high-level, giving County staff sufficient flexibility. The Board motion and the contracts themselves do not reference specific outcome targets, painstaking details on how the work shall be accomplished, nor granular budget information. Instead, all of those components are active conversations between the implementing County staff, other Flex Pool funders, the Flex Pool Operator, and case management agencies. The need for flexibility is inherent in the structure because as new funding sources come into the pool, the desired outcome targets change. In other words, the various agreements reflect the dynamic nature of the work. Implicit in this architecture is a high degree of trust and the need for close working relationships. The open-ended structure mitigates the number of amendments or new approvals that County staff might need to seek from the Board in order to scale. Importantly, County departments can mimic or pass down this flexibility to its contractors, as will be discussed later in this section. In its totality, Los Angeles can easily absorb new resources, bring on new partners, and expand existing agreements as opportunities emerge.

In addition to delegated authority and the MSA structure, the Los Angeles Flex Pool regularly leverages another tool, namely the Departmental Service Order (DSO). The DSO is a simple process for transferring resources from one department to another department. One department can DSO millions of dollars using a straightforward two-page form. While the actual program co-design and related negotiations might take several weeks, the DSO process itself takes about two days.

For example, when the Probation Department decided to leverage rather than replicate DHS's supportive housing program model, Probation completed the DSO form to wire over $4 million to the Flex Pool. Initially, Probation used SB678 resources, which is a California funding stream controlled by county probation departments. The Probation Department and DHS co-managed implementation of the program. Importantly, however, resources funneled through existing DHS Flex Pool contracts. In other words, nonprofit contractors do not enter into agreements with different County departments even though the County deploys resources from multiple departments. The County, not the providers, are tasked with blending funding streams. From the nonprofit perspective, this streamlines billing and mitigates conflicting contract terms, which commonly plague nonprofits working with several agencies within a single jurisdiction. For the County, the departments are able to co-invest in ways that streamline housing acquisition and leverage the supportive housing expertise within one lead entity. The effective management of this structure is discussed further in the Blending Funding Streams section.

PROVIDER CONTRACTS, BUDGETS, AND ADVANCE

With delegated authority, County staff were able to establish a large portfolio of contracts with nonprofits across Los Angeles County.

With the growth and evolution of the Los Angeles Flex Pool, DHS, County Counsel, and their partners developed a range of agreements to meet emerging needs. This guide focuses on the two primary foundational apparatuses established at Flex Pool inception: the Flex Pool Operator agreement and the Intensive Case Management Services (ICMS) structure. These are separate but complementary structures.

THE FLEX POOL OPERATOR

In 2013, Los Angeles released a competitive solicitation for the operation of the Flex Pool. The core idea of the Operator is that the County needs a nonprofit organization to act as a fiscal intermediary and provide a range of services[3] for the successful operation of the Flex Pool. The Operator has a unique relationship with the County, deploying millions of dollars and entering into dozens of agreements at the direction of County staff. At its core, however, the structure allowed Los Angeles County to scale supportive housing at an unprecedented rate, particularly after the passage of Measure H, which added a local, quarter-cent sales tax to address homelessness.

OPERATOR CONTRACT

After a robust competitive process, Los Angeles awarded Brilliant Corners a 15-year commitment to act as the Flex Pool Operator. Technically, it is three 5-year contracts, but the Operator does not need to re-apply at the five- and ten-year benchmarks. This allows Brilliant Corners as the Flex Pool Operator to make financial commitments to property providers and developers, including multi-year set-asides in new construction. The long-term commitment also allows Brilliant Corners to confidently tell property providers that they will support tenants going into units sourced by the housing acquisition team not just for the first year or two, but for the foreseeable future.

Less tangible but equally important, the 15-year commitment allows the Flex Pool Operator to build teams and crucial infrastructure that allow for scaling. For example, using Salesforce as their customer relationship management system (CRM), Brilliant Corners's data team built customized portals for case managers to submit housing applications. The team also created dashboards and other tools to manage units in the housing portfolio, allowing the team to use data to pivot its property provider outreach to meet the geographic preferences of participants. While it is tempting to imagine that these infrastructure investments are one-time costs, in reality, they require ongoing staffing to maintain the data system, improve functionality, and manage the applications. Similarly, instead of the usual "boom and bust" of grant funding, Brilliant Corners can hire and retain talent, knowing that positions are likely to be sustained over multiple years.

OPERATOR BUDGET

The Flex Pool Operator budget is negotiated annually, usually with a 6-month amendment in the middle of the annual cycle. That means Brilliant Corners receives a newly-approved budget every six months to meet changing demands. Even so, if a new opportunity emerges, the Flex Pool Operator contract allows Los Angeles County to commit new resources immediately. For example, if the County secures a new grant from the state or federal government, or if a different County department wants to utilize the Flex Pool, County staff notify the Operator of the increase, effective immediately.

The structure allows all parties to be nimble enough to maximize funds outside of DHS's own budget. One of the major successes of the Los Angeles model is that County departments

[3] The Board motions reference Property Related Tenant Services (PRTS), which is still the jargon used by Los Angeles and its Operator but is often confusing to outside stakeholders. To avoid confusion, this guide references specific services as needed, such as housing acquisition or administrative functions, which are captured under the broad PRTS umbrella.

can leverage rather than replicate the Flex Pool. The Probation Department, the Office of Diversion and Reentry (ODR), the Department of Mental Health (DMH), and even the City of Los Angeles have all invested into the Flex Pool using relatively simple County budget processes. Importantly, all funding funnels through the singular contract and budgeting structure. Brilliant Corners holds a contract with only DHS, even as they manage funding and implementation for over a dozen sub-programs representing a half-dozen different funding entities. The exception is when the Flex Pool Operator acts as a fiscal intermediary on behalf of the County where non-profit status is required or significantly streamlines granting. For example, philanthropic entities, like the Conrad N. Hilton Foundation, and managed-care organizations, like LA Care, contract directly with Brilliant Corners to co-fund projects with Probation, DMH, and ODR. Even in this capacity, DHS is deeply involved in directing resources to ensure all funding streams complement one another.

OPERATOR ADVANCE

Crucial to the Operator's ability to act as a fiscal intermediary, Los Angeles provides Brilliant Corners with an advance of funds. As the Flex Pool Operator, Brilliant Corners processes a large portfolio of monthly rental payments and a significant amount of other one-time and ongoing hard costs. A non-profit organization's cash flow simply could not sustain these pass-through funds without an advance structure. Even with the County reimbursing invoices within 30-45 days, the magnitude and regularity of the payments, particularly in the wake of the unprecedented growth, requires the County to provide the Operator with an upfront installment of cash which is then reconciled each month as part of the billing process. The size of the advance is based on the approved budget, which is negotiated regularly. In other words, the advance grows in proportion to the Flex Pool forecasted investments.

A government-funded advance like the one in Los Angeles is ideal. Where the government has not yet made the necessary contracting reforms to establish the structure, however, an investment of working capital into the Flex Pool Operator is an excellent opportunity for philanthropic partnering. In such a structure, philanthropy provides no-interest, completely flexible funding to the Operator as a buffer to weather the ebb and flow of the government's reimbursement process.

CASE MANAGEMENT SERVICE CONTRACTS

On a parallel, complementary track, DHS contracts with 80+ Intensive Case Management Services (ICMS) providers. Contracts are with agencies of all sizes that specialize in serving a range of populations. Interested nonprofits can apply “over the counter” to be on the Master Services Agreement (MSA). The process is relatively simple and does not require a nonprofit to scramble to meet a particular deadline or write a lengthy proposal.

Once on the MSA, County staff works with each contracted entity to execute a Work Order, which mostly articulates a rate for a particular case ratio. For example, a Work Order for ODR ICMS services is one case manager for every fifteen participants (1:15). The total number of participants to be served is determined by the organization’s capacity and desire for growth as well as the County’s needs and resources at a given moment. If the County and the ICMS contractor want to increase the number of participants, the County simply contacts the ICMS contractor to increase slot capacity. This process frequently takes less than a week. Again, the negotiation is done with a high degree of trust and transparency.

Los Angeles Flex Pool funders use a set per member/per month (PM/PM) rate schedule to fund case management services, creating equity throughout the system. When first created, the County calculated these rates based on the average costs for providers. Admittedly, most providers now agree that they need to be increased to adjust for inflation. That said, once Los Angeles commits to working with a particular participant, the PM/PM rate is paid for the entirety of that participant’s engagement with the Flex Pool. For permanent housing participants, who are the vast majority of Flex Pool participants, this means that the County commits to funding case management services indefinitely. For rapid re-housing participants, case management engagement mirrors the length of the rental subsidy, which is time-limited but sized according to participant needs. Again, this structure allows case managers to confidently tell participants that their agency will support them as needed. It creates a higher degree of certainty for nonprofit leadership to hire and retain talent, invest in people and infrastructure, and escape the taxing process of constantly reapplying for funding for existing participants whose lives and homes otherwise feel in constant jeopardy.

CASE MANAGEMENT SERVICES PAYMENT RATES

POPULATION + PROGRAM	FIXED MONTHLY RATE PER PROGRAM SLOT	CASE MANAGEMENT RATIO
Families – Permanent Supportive Housing	$600	1:20
Single Adults – Permanent Supportive Housing	$450	1:20
Families – Rapid Rehousing Single Adults – Rapid Rehousing	$525	1:40
Families – Rapid Rehousing Single Adults – Rapid Rehousing	$450	1:40

BLENDING FUNDING STREAMS

By design, the Flex Pool can steward the resources of multiple funding sources. Through its public-private partnership structure and cross-sector funding, the Flex Pool has removed silos across agencies and streamlined the referral structure for the homeless response system, bringing together increased resources, galvanizing collaboration, and uniting stakeholders working to address this issue.

As described earlier, Los Angeles County's Departmental Service Order (DSO) structure allows sister departments to seamlessly wire funding that DHS helps to manage. The process takes less than a week, which allows funders to quickly leverage the power of the Flex Pool rather than duplicating efforts. Additionally, by collectively building the capacity of the housing acquisition team, funders begin to mitigate competition across community-wide housing programs. The process also reduces administrative burdens for nonprofit organizations who otherwise often have individual contracts with multiple County departments, frequently with competing or disjointed contract and funding terms.

BUILDING FOR SCALE

As described in the Provider Contracts, Budgets, and Advance section, while most government contracts are overly prescriptive, the Flex Pool Operator's scope of work with Los Angeles County is relatively broad—encompassing housing acquisition, tenancy support, operations, and administration. As a result, staff can be creative as challenges arise. Because the scope of work is already in place, they can apply this framework and philosophy to capitalize on new funding streams when new opportunities arise. Each time new investments come into the Flex Pool, these resources are infused directly into the existing contract and suite of housing services.

All of this flexibility does require some guardrails, of course. Some elements may be modified, but others must be consistent in order to both scale and mitigate confusion with partners, especially but not limited to property providers. Remember, in the pooled housing approach, property providers engage with the Flex Pool generally, not a specific sub-program. Housing acquisition teams offer a set package of benefits, which often nets repeat customers.

In the context of co-investment across multiple government, philanthropic, and/or healthcare funders, it is critical to note that funders must align around a basic package of housing supports, financial tools, and staffing. Funders often want to fund only certain aspects of the integrated Flex Pool model; however, it is the synergy and full funding of all components of the model—housing acquisition and subsidy administration, unit holds, a sufficient supply of flexible rental subsidies, move-in assistance, ongoing tenancy support services, and dedicated case management—that have made it possible to quickly provide supportive housing to thousands of people, across many different subpopulations, utilizing over a dozen different funding streams.

The Flex Pool Model allows for customization on the funder side such that they can identify target populations, subsidy durations, and intensities of case management services that align with their priority areas. Requiring all funders to make a commitment to the various program components listed below ensures equitable adherence to a Housing First framework for all participants served by the Flex Pool, regardless of the source that funds their services package.

THE FLEX POOL MODEL

MUST REMAIN CONSISTENT	POSSIBLE MODIFICATIONS FOR SPECIFIC FUNDERS AND POPULATIONS
Rental subsidy. It sounds obvious, but you MUST have a rental subsidy to scale supportive housing.	Length of subsidy can be permanent or time-limited based on population. *Note that it is essential for a significant portion of the subsidies to be indefinite (such as a VASH voucher) for housing acquisition teams to work effectively. This is especially true at launch when the Flex Pool Operator is building a portfolio of property provider partners.*
Dedicated, fully-funded case management separate of tenancy supports. Using a PM/PM model can help create consistency and streamline administration.	Specific case ratios and duration of case management should be tailored to sub-population being served (i.e. TAY vs chronically homeless)
Standardized property provider engagement tools and one-time investments, regardless of population or program. For example, all sub-programs need a fully-funded security deposit. All funders MUST pay a pro-rata share of holding fee costs. Remember that the housing acquisition team is not pitching a particular program or participant to property providers.	For the holding fees, there are different methodologies for distributing the expense equitably and still ensuring this essential tool is consistently available. See below for a few examples.
Commitment to Housing First. Implementers need a consistent set of principles to work through the inevitable conflicts that arise when working with highly vulnerable populations. The entire supportive housing infrastructure needs to be rooted in Housing First and create equity for participants regardless of sub-program.	Criminal justice investors may need to articulate a difference with how their teams engage with participants who are actively using substances in violation of community-supervision. This will likely be different than how case management and tenancy supports operationalize harm reduction. Partners will need to establish boundaries on what participant information can be shared.

Unlike rental subsidies and most one-time costs that staff can easily tag to a specific participant and, by extension, specific funder, some costs require funders to "fund the pot," usually with some kind of proportional methodology. For example, rather than parsing budgets at the staffing line item level, the Flex Pool works best when each funder pays a proportional share of the overall staffing and administrative costs. It is in everyone's interest to avoid budgets in which each funder pays a specific percentage of a housing acquisition specialist or housing coordinator's salary. Similarly, the pooled housing approach necessitates that funders establish a methodology for sharing the costs of holding fees.

Examples of methodologies for holding fees:

1) Each month the collective cost of the holding fees is shared across funders proportionally based on the number of placements that each funder received in the month. For example, if the monthly amount was $50,000 for October with 5 placements made, 2 for HSP, 3 for BFH, and 0 for HDAP, then HSP would pay $20k, BFH would pay $30k, and HDAP would pay nothing.

2) Each month the collective cost of the holding fees is shared across funders regardless of specific placements. For example, if the monthly amount was $50,000 for October with 5 placements made, 2 for HSP, 3 for BFH, and 0 for HDAP, then each funder pays $16,667.

Most replications of the Flex Pool include multiple investors, which is overall very positive. In one community, funders made a flat $10,000 per participant one-time investment to support holding fees and similar costs. Unfortunately, this methodology shifts the risk too singularly onto the nonprofit Operator. As described in the Pooling Units section, all partners need to share accountability for quickly leasing units. A flat per participant rate does not establish the right incentives for PHAs and government partners to move quickly with referrals and lease-up paperwork.

ROLE OF PHILANTHROPY

One of the great successes of the Flex Pool model is that the structure encourages public-private partnership. With the exception of the Inland Empire, all replications of the model have included philanthropic investments. In the Flex Pool structure, philanthropy is most impactful when leveraged as seed funding and capacity building. By committing capacity building support to nonprofit and government partners, philanthropic investment ensures the necessary infrastructure and operating strength at launch, while government funding can provide more sustainable funding over the long term.

Good examples of philanthropic investments include:

- Funding government positions for the first few years of the Flex Pool to show proof of concept, move quickly, and ensure key stakeholders have adequate capacity for success

- Incentivising the government to create a Flex Pool by making a one-time, initial program investment. For example, Tipping Point offered to pay rental subsidies for the first 18 months of the Flex Pool under the condition that San Francisco HSH would support tenants beyond that time, either with local dollars or federal subsidies. Similarly, the Conrad N. Hilton Foundation made an initial investment to encourage Los Angeles County to launch the Flex Pool. They subsequently invested another one-time program grant to encourage the Probation Department to leverage the Flex Pool for a new rapid rehousing program for probationers.

- Capacity building for nonprofits should not be used as a substitute for full-cost recovery, government contracts; however, one-time philanthropic investments can help organizations scale. For example, Battery Powered gave a capacity building grant to support the further buildout of Salesforce to effectively manage property provider engagement and housing portfolio management in San Francisco.

- Working capital grants. As described in the Provider Contracts, Budgets, and Advance section, where the government has not made the necessary reforms to establish a cash-advance structure for non-profits, especially but not only for those administering monthly rental subsidies, philanthropy could make working capital grants. These grants are "recycled" with government-funded reimbursement contracts. Unlike traditional program grants with specific line items and related outcomes, the budget must be open-ended, more like core operating grants.

A philanthropic investment can inspire other philanthropic funders and encourage non-traditional public sector partnerships, but it is essential that government entities embrace the reality that housing is a crucial form of healthcare for people experiencing homelessness and over-institutionalization and, therefore, commit to long-term investment of supportive housing.

COMMUNITY EXAMPLES OF MULTI-PARTY INVESTMENT

From the earliest days of the Flex Pool development, practitioners frequently highlighted the benefits of the multi-funder structure. As a result, unlike the nuanced, rather technical aspects of the overall contracting structure, most Flex Pools successfully replicated the more straight-forward multi-party funder aspect of the model. In fact, it was when new jurisdictions combined resources from multiple funders without the Los Angeles contracting structure that practitioners began to more fully appreciate the importance of the single contract and other key features described above. That said, the ability to coordinate resources across funders is still so instrumental that no guide of Flex Pool infrastructure would be complete without sharing examples from the local level.

- San Francisco has been particularly successful with blending resources managed by the Department of Homelessness and Supportive Housing (HSH) with philanthropic investments. Similar to the Conrad N. Hilton Foundation in Los Angeles, Tipping Point made multiple investments into the San Francisco model in addition to mobilizing their political power, staff resources, and communications efforts. Additionally, Google, Battery-Powered, and multiple private donors invested into the model. Importantly, San Francisco has been particularly diligent with leveraging federal resources, including federal vouchers. In fact, the first iteration of the model was a "moving on" strategy in which Flex Pool resources helped project-based supportive housing tenants with new Housing Choice Vouchers to find and lease market-rate units across the community.

- The success and scale of the Los Angeles Flex Pool is a testament to the collaboration of the County and its philanthropic partners, particularly the Conrad N. Hilton Foundation, as both leveraged each other's experience, reputation, and political capital. The Hilton Foundation's initial capital investment catalyzed support for the effort and galvanized participation by other private and public funders. The Los Angeles Flex Pool now manages resources for the Los Angeles County Department of Mental Health, the Los Angeles County Probation Department, the Office of Diversion and Reentry, L.A. Care (the largest MediCal provider in LA), and multiple sub-programs within the Los Angeles County Department of Health Services Housing for Health division. The California Community Foundation, the Jewish Community Foundation, the Weingart Foundation, and the United Way of Greater Los Angeles have all made investments since its inception. Moreover, Los Angeles has been able to deploy multiple resources from California state and federal programs either with Brilliant Corners as the direct grantee or with DHS as the pass-through entity. The partners were even able to leverage the Flex Pool for a Pay for Success investment by United Healthcare and the Hilton Foundation.

- Despite a global pandemic, San Diego launched their Flex Pool in the summer of 2020. Spearheaded by the Regional Task Force on Homelessness (RTFH), stakeholders were able to leverage many lessons learned from other jurisdictions. Similar to DHS in Los Angeles, RTFH funnels resources from multiple government and philanthropic funders into a single contract and budget with the Flex Pool Operator. While not quite as flexible as the Los Angeles contract structure, RTFH's own non-profit status allows for greater than average flexibility in making amendments. Similar to San Francisco, San Diego relies heavily on partnerships with PHAs and other government entities who already administer rental subsidies.

4. CONCLUSION

In its most robust form, the Flex Pool is systems change. The contracting, procurement, and budgeting reforms required to truly implement the model have the power to transform the supportive housing sector in a community. Like all systems change, stakeholders can feel daunted, particularly at the beginning. The Flex Pool successes documented in this guide were earned over several years with hundreds of stakeholders helping to shape and grow the model. At initial launch, each set of Flex Pool funders and providers felt pretty good if a hundred participants successfully accessed housing in the first year. For many in Los Angeles in 2013, the idea that the County would scale to 10,000 participants in such a short time seemed laughable. While the plague of pilot programs that never scale is a problem within the supportive housing space, it is important to conceptualize that building a Flex Pool will be an evolution. With the right mindset, leaders can start the thousand-mile journey with the proverbial first step.

5. REPORTS AND SOURCE DOCUMENTS

FLEXIBLE HOUSING SUBSIDY POOL REPORTS & RELATED EVALUATIONS

History and Takeaways from Los Angeles County's Flexible Housing Subsidy Pool
Abt Associates (2017)

Evaluation of Housing for Health Permanent Supportive Housing Program
RAND Corporation (2017)

Moving On Initiative, Second Annual Report
Urban Institute (2019)

Pay for Success Fact Sheet about Los Angeles Just in Reach
Urban Institute (2017)

LANDLORD ENGAGEMENT

Landlord Engagement Guide
Population Change Institute (2021)

KEY DOCUMENT EXAMPLES (FISCAL INTERMEDIARY CONTRACTS FOR UNIT ACQUISITIONS)

Agreement to Rent Vacant Unit (ARVU)
Document provided by Brilliant Corners and developed in partnership with Goldfarb & Lipman LLP.

Master Rent Subsidy Agreement (MRSA)
Document provided by Brilliant Corners and developed in partnership with Goldfarb & Lipman LLP.

KEY DOCUMENT EXAMPLES (LOCAL GOVERNMENT BOARD MOTIONS)

Motion Establishing Delegated Authority to Take Various Contract Actions Related to the Supportive Housing Services Master Agreement and Work Orders in Order to Facilitate Implementation of Current and Future Initiatives Aimed at Reducing and Ending Homelessness and Support Community Re-Entry Programs in Los Angeles County
Los Angeles County Board of Supervisors, February 2017

Request for Approval and Award of Professional and Technical Services Master Agreements
Los Angeles County Board of Supervisors, January 2020

KEY DOCUMENT EXAMPLES (GOVERNMENT CONTRACTS WITH COMMUNITY BASED PROVIDERS)

Supportive Housing Services Master Agreement and Work Orders
Los Angeles County Department of Health Services