$4 Million Budget Proposal: Preventing Homelessness Among Foster Youth in California

FREQUENTLY ASKED QUESTIONS

1. **What is the goal of this budget proposal?**
   This proposal aims to reduce and prevent homelessness among California’s youth eligible for extended foster care and strengthen the available services and supports in the Transitional Housing Placement for Non-Minor Dependents (NMD).

2. **What would the funding in this proposal be used for?**
   This funding would be used to establish a supplement to the current THP-NMD rate using Fair Market Rent (FMR) for non-parenting and parenting youth. The supplement would be valued at the difference between the local area FMR and the housing portion of the statewide THP-NMD rate, which is currently $745.23 (21.45% of the $3,474 base THP-NMD rate). This supplement would allow THP-NMD providers to secure non-substandard units in areas where housing costs have outpaced the annual statewide THP-NMD rate. It will also allow the correct portion of the base rate to be used for service provision.

3. **What is THP-NMD and what services does it provide?**
   When California extended foster care to age 21 in 2010, it created a new placement option: the Transitional Housing Placement for Non-Minor Dependents (THP-NMD). This placement was created to provide foster youth ages 18 to 21 with the opportunity to live semi-independently, where they can learn and practice the skills to make a safe, supported transition from foster care. As of July 1, 2019, there were 2,023 youth in care living in THP-NMD, 190 of whom were young parents. The rate is intended to cover the full cost of housing and attendant services—including program administration, social work, social services, and supports.

4. **How many organizations provide THP-NMD and how many youth are placed in THP-NMD?**
   Of the 70 organizations licensed to provide THP-NMD, over 2018-19, a total of 59 were operating THP-NMD programs across 49 counties. As of July 1, 2019, there were 2,023 youth in foster care living in THP-NMD, 190 of whom were young parents. This is relatively consistent with the year prior.

**Figure A: THP-NMD at a Glance**

<table>
<thead>
<tr>
<th></th>
<th>2017-18</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of youth placed in THP-NMD as of July 1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>1,942</td>
<td>2,023</td>
</tr>
<tr>
<td>Number of licensed THP-NMD providers</td>
<td>68</td>
<td>70</td>
</tr>
<tr>
<td>Number of licensed THP-NMD providers operating the program</td>
<td>59</td>
<td>59</td>
</tr>
<tr>
<td>Number of counties that placed youth in THP-NMD as of July 1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>51</td>
<td>46</td>
</tr>
<tr>
<td>Number of counties with THP-NMD housing located within their county</td>
<td>50</td>
<td>49</td>
</tr>
</tbody>
</table>
5. Is THP-NMD effective?

Yes. Youth enter the program with challenges such as homelessness, zero income, lack of high school credentials, and parenting responsibilities. From entrance to exit, THP-NMD participants in aggregate, experience improvements in their employment and incomes, educational status, and almost all exit into stable housing.

6. How many THP-NMDs exit involuntarily? Why are youth exiting involuntarily?

As illustrated in the 2018-19 THP-NMD & THP-Plus Annual Report, of youth who exited a THP-NMD program over FY 2018-19, more than one in three (35%) exited the program on an involuntary basis. This rate has slightly increased from 32% the previous year. An involuntary exit is an exit based on program noncompliance.

Program noncompliance can be linked to a reduction in supportive services for the youth that impact their education, career training and readiness, employment, parenting and independent living skills program participation. Programs may have participation criteria that are more stringent than the federal government requirements which can lead to higher involuntary exits among those programs.

Beyond these reasons, some landlords in the market are turning over tenants faster for any lease violations and evicting at higher rates in order to charge higher rent, creating program strains on providers. Supportive services are critical to ensure youth are building the skills and knowledge necessary to remain on good terms with landlords and abide by their lease agreement.

7. How was the THP-NMD rate developed? What portion of it is intended to go towards housing?

County child welfare agencies pay THP-NMD providers a rate, set by the California Department of Social Services (CDSS), which is adjusted annually based on the California Necessities Index. This rate was developed in 2012 by a workgroup convened by the CDSS Foster Care Audits and Rates Branch during the Assembly Bill 12 implementation phase. The housing portion of the rate was determined to be 21.45% of the THP-NMD rate. In 2019-20, this is $745.23 (21.45% of this year’s $3,474 base rate).

8. How was this approach developed?

The California State Legislature adopted Senate Bill 612 (Mitchell), which required the California Department of Social Services to “convene a workgroup to establish a new rate structure for the Title IV-E funded Transitional Housing Placement for Nonminor Dependents (THP-NMD).” The CDSS workgroup first convened in August 2019 and met four times, with the last meeting on November 1, 2019. The statewide workgroup consisted of 30 representatives from county child welfare agencies, THP-NMD providers, advocates and state representatives. On November 1, 2019 workgroup members were asked to endorse one of four options presented. The approach taken by this budget request was selected unanimously.

9. How many youth are on a waiting list for THP-NMD and why?

The number of youth waiting for THP-NMD has increased 64% since the previous fiscal year, with 341 youth on waiting lists statewide as of June 30, 2019. The growth in the cost of housing in counties serving most
youth in THP-NMD has quickly outpaced the growth of the statewide THP-NMD rate. Since 2012 when the THP-NMD rate was first developed, it has increased 24%, while the cost of renting a two-bedroom apartment has increased by 64% statewide. The increased cost of housing has put a significant strain on providers’ ability to expand capacity to meet need in those high-cost counties, compromising services and supports while dedicating more of the base rate on housing. Competition for affordable, adequate units makes securing housing units more difficult for providers, particularly given the low portion of $745 per month intended for rent.

Figure B: Number of Youth on Waiting Lists for THP-NMD as of June 30th

10. Where are youth on the THP-NMD waiting list living? Other placements, homeless?

Homelessness remains a significant problem for youth in extended foster care: nearly one in four youth experienced homelessness while in foster care prior to entering THP-NMD. The other most common settings youth enter THP-NMD from are other types of foster care placements, or from living with a relative or other person, rent-free.

Figure C: Experience of Homelessness: Youth Who Entered THP-NMD During Fiscal Year

11. How has the rising cost of housing in California negatively affected youth in THP-NMD?

Increased homelessness: 341 youth were placed on a waiting list to participate in THP-NMD as of June 30, 2019, a 64 percent increase since the year prior. Many of these youth are currently homeless, putting them at risk of trauma and victimization. Additionally, youth must exit the program once they turn 21 years old, so the longer they spend on the waiting list, the less time they have in the program to work toward their goals in a supportive, stable setting.

Exclusion of young parents, youth with disabilities, and other vulnerable populations: More than one in four
THP-NMD providers reported limiting the number of high-need youth they serve to pay housing costs. This includes serving fewer custodial parents and youth with disabilities. Both populations are at disproportionate risk of experiencing homelessness.

**Fewer supportive services:** As an increasing share of the THP-NMD rate is being diverted away from support services to pay for the cost of housing in higher-cost parts of the state, this leaves youth without the support they require and less prepared to make a safe, supported transition out of the foster care system. This disproportionately harms youth in high-cost counties, young parents, youth with disabilities and youth of color. Nearly one in five THP-NMD providers reported reducing the level of supportive services to ensure adequate funds are available to cover housing costs.

**Geographic displacement:** High-cost counties place young people away from their communities of origin and their family members, even though proximity to community supports positive outcomes for youth. One in four providers reported renting housing in areas that are lower-cost as a strategy to offset cost.

<table>
<thead>
<tr>
<th>Strategies to Manage or Offset Cost</th>
<th>% of Providers that Report Utilizing these Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Privately fundraise</td>
<td>27%</td>
</tr>
<tr>
<td>Offset cost using other contractual resources</td>
<td>27%</td>
</tr>
<tr>
<td>Reduce the level of supportive services</td>
<td>19%</td>
</tr>
<tr>
<td>Limit the number of higher-needs youth</td>
<td>27%</td>
</tr>
<tr>
<td>Rent housing in areas that are lower-cost</td>
<td>25%</td>
</tr>
<tr>
<td>At least one of the above strategies</td>
<td>64%</td>
</tr>
</tbody>
</table>

12. **What is Fair Market Rent (FMR)?**

Fair Market Rent is defined by Congress as the 40th percentile of gross rents for typical, non-substandard rental units occupied by recent movers in a local housing market. Fair Market Rent is calculated annually for each of California’s 58 counties and released at the start of each fiscal year by the United States Department of Housing and Urban Development (HUD) to determine the allowable rent level for individuals who participate in their Housing Choice Voucher program. Fair Market Rents include the cost of housing and utilities, apart from phone, cable and internet.

2020 and previous year FMRs can be found here: [https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2020_code/2020state_summary.odn](https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2020_code/2020state_summary.odn)

13. **The cost of housing is making it hard for all foster care placements. What is unique about THP-NMD that justifies it getting a housing supplement?**

THP-NMD is operated by state-licensed social service agencies, which lease rental units then contract them to participating foster youth. THP-NMD providers are required to provide supportive services and maintain a client to case manager ratio no greater than 12 to 1. This placement type is unique as providers must find apartments in the local housing market.

Most foster care placements involve a youth being placed in a family-based setting (i.e. foster home, relative, etc.) or Short-Term Residential Therapeutic Program (STRTP) where the rent has already been
secured and paid for by the caregiver. Youth placed in Supervised Independent Living Placements (SILPs)—the other new placement type developed for NMDs—are predominantly joining the home of a friend, supportive adult or other existing relationship, while just a small portion are securing rental units on the open market.

In THP-NMD, 99% of youth in the placement are being placed in units rented on the open market. (1% are placed in host families).

14. How many parenting youth are in THP-NMD?

According to the California Child Welfare Indicators Project, as of July 1, 2019, there were 2,023 youth in care living in THP-NMD. A total of 9.39% of NMDs are parenting, which equates to 190 parenting youth in THP-NMD.

15. What challenges do parenting youth in foster care face?

Youth in extended foster care are typically placed in a one-bedroom apartment, with the bedroom shared by the NMD and their child. The current housing portion of the rate is not adequate to rent the average one-bedroom apartment statewide. Providers struggle to identify viable housing or are left with inadequate funding to provide supportive services to parents. Lack of housing and supportive services can stress vulnerable young families in foster care. This may lead to more frequent experiences in doubled-up housing, couch surfing or in shelters, exposing young parents and their children to greater risk for victimization. It may also lead to the NMD and their child being placed out of county where housing is less costly, disrupting their connection and stability to employment, education, and health providers. Lastly, by failing to provide an adequate rate for serving parenting youth in THP-NMD, some providers limit the number of parenting youth they serve. This results in limited access to a supported placement for parenting youth.

16. Why do youth in THP-NMD require a special housing supplement?

The rate set for THP-NMD is built off of a shared two-bedroom apartment where the youth lives with another youth. Parenting youth require housing sufficient for themselves and their child or children. This is essential to ensure adequate privacy for the young family, and also to protect the minor children from potential safety threats. This amounts to, at minimum, a one-bedroom unit acquired on the local housing market. In many counties in California, the housing portion of the statewide THP-NMD rate does not cover the cost of half of a two-bedroom apartment, and in most counties, it does not cover the cost of a one-bedroom apartment.

17. How is the housing supplement different than the infant supplement?

The housing supplement will be given to the provider of THP-NMD to help secure housing units on the open market for parenting youth. The supplement is used financially by the provider. The infant supplement is provided to the parent directly for care and expenses for their child.

18. If a NMD has a second child while in foster care, would they receive a second housing supplement?

No. The current proposed budget is based off of a one-bedroom unit. If the parenting youth needs a larger
unit, the THP-NMD provider would be responsible for working to secure the unit using the existing funding.

19. **How many counties would qualify for the THP-NMD housing supplement, for parents and non-parents?**

In 2019-20, 18 counties would qualify for a housing supplement for non-parents: Alameda, Contra Costa, Los Angeles, Marin, Monterey, Napa, Orange, San Benito, San Diego, San Francisco, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Solano, Sonoma, and Ventura. As of July 1, 2019, 2,023 NMDs were placed in THP-NMD. Of this total, 60% (1,199) were placed in these 18 counties.

47 counties would qualify for a housing supplement for parents: Alameda, Alpine, Amador, Butte, Calaveras, Contra Costa, Del Norte, El Dorado, Fresno, Humboldt, Imperial, Inyo, Kings, Lake, Los Angeles, Madera, Marin, Mariposa, Mendocino, Merced, Mono, Monterey, Napa, Nevada, Orange, Placer, Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Sierra, Solano, Sonoma, Stanislaus, Sutter, Tuolumne, Ventura, Yolo, and Yuba. Of the 2,023 NMDs placed in THP-NMD as of July 1, 2019, a total of 94% of parenting youth were placed in these 47 counties.

20. **The cost of housing constantly changes. How would the THP-NMD Housing Supplement operate in practice?**

Fair Market Rent is calculated annually. An annual All County Letter (ACL) would be sent to counties confirming the updated annual supplement amounts. A county would become eligible for the housing supplement when their FMR is higher than 21.45% of the base THP-NMD rate. Eligible counties would receive state funding and provide the additional housing supplement per youth in THP-NMD. As housing costs change, the supplement amount will adjust with increases and decreases in the rental market on an annual basis.

21. **Would this state investment draw down any federal funding?**

Yes. As the THP-NMD is a Title IV-E-reimbursable foster care placement, the supplement would draw down federal funding. The cost to the state would be $3.99 million annually, drawing down approximately $2.35 million annually. This is based on the number of parenting and non-parenting NMDs placed in counties with FMR housing costs that would qualify them for a housing supplement as of July 1, 2019.

**Contact Information:**
Anna Johnson
Senior Project Manager, Housing & Health
anna@jbay.org
O: (415) 693-1321
C: (920) 471-8177

1 See 24 CFR 888 for regulations governing FMRs.
2 https://www.huduser.gov/periodicals/USHMC/winter98/summary-2.html#end3