

Transitioning from Transitional Housing

A guide for Grant and Per Diem providers
and other transitional housing operators



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I. Introduction

The Homeless Providers Grant and Per Diem (GPD) Program, funded by the U.S. Department of Veterans Affairs (VA), has been a critical resource for serving homeless veterans since 1994, enabling providers to offer community-based transitional housing and services. In December 2016 and 2017 VA took steps to align the program with the goal of moving veterans more quickly into permanent housing by ending existing grant awards and asking providers to reapply in a competitive cycle for programs using one or more of five housing models. These models, detailed in the Notice of Funding Availability released in 2016¹ include: Bridge Housing, Low Demand, Hospital-to-Housing, Clinical Treatment, and Service-Intensive Transitional Housing and Service Centers. Providers whose applications were not selected were given one-time extensions on their grant awards and allowed to apply under a new Notice of Funding Availability in late 2017². In the coming years, changes to the program, increased competition, and the continuing shift toward housing first and systematic community approaches to ending homelessness may result in realignment of funding, and possibly a decreased need for transitional housing in some communities. Providers who do not receive funding through the new Notice of Funding Availability will need to plan for the transition once their current funding ends. This guide, developed by CSH for the National Coalition for Homeless Veterans and funded through the generosity of The Home Depot Foundation, is meant to support providers who will no longer receive GPD funding or who are opting out of the program. It offers guidance on the options providers can pursue to ensure that they address the needs of veterans they are currently serving and strategically transition their remaining resources to a programmatic structure that fits in with their community's plan to address the needs of veterans who are experiencing homelessness and/or have low incomes.

The guide is written for providers and walks through key considerations for making changes to programs, three scenarios that a current GPD provider may be facing, and recommendations for how to move forward in each. The guide concludes with a list of resources that will help providers create and implement a transition plan for each program.

II. Key Considerations

Regardless of what kind of conversion you are undertaking, there are three key items to account for in your planning: the local housing/homelessness context, ensuring that veterans are supported through the change by connecting them to the housing resources and services they need to obtain and remain in permanent housing, and understanding GPD capital grant consequences.

A. Consider the local context of housing and homelessness.

Communities across the country are working to address homelessness and housing crises by responding with a continuum of housing solutions scaled appropriately to meet local need. Any shift in your program model will have an impact on your community's capacity to address homelessness. If you are pursuing conversion to different type of housing, it would be helpful to coordinate with community partners and consult local data to ensure that the option you pursue is needed by the community in the scale you are proposing, and designed in a way that responds to local needs.³ Your local Continuum of Care (CoC), the body that coordinates housing and services funding for individuals and families experiencing homelessness, can help you understand the scale of homelessness in your community, the types of housing available, and where there are gaps that you could potentially help address by converting to affordable or supportive housing. These conversations can help you determine not only the best type of housing to convert to, but also the target population you want to serve – although you may want to continue to serve veterans, you may also

consider options such as a wider target population with a preference for veterans, or a different target population altogether, depending on the needs of your community.

B. Ensure that veterans are supported through the change.

Ending your GPD program will necessitate thorough planning to ensure your current tenants are supported through the transition and you are compliant with Uniform Relocation Act (URA) requirements, if applicable.⁴ You will need to help each veteran currently in your program understand the timeframe for the transition and the housing options available to them, and support them with the option they choose to pursue. You should also be sure to include your local GPD Liaison and the GPD National Program Office in your planning discussions as early as possible.



Regardless of what your plan for the building is, every participant should have a housing plan. You will need to help the client understand the variety of housing options available to them, what might be the best option and why, and then support them in implementing the housing plan once it is developed. If the client wishes to remain in the building, you should help them understand what will be changing, and assist with the completion of any necessary paperwork. If the client is pursuing another housing option, you should work to quickly connect them to the housing and service providers and community resources they need to achieve their plan. There are a few areas to focus on as you help your clients with the transition:

- i. *Housing:* Your staff should help each client consider the variety of housing options available and pursue the most appropriate option for them. Your organization should connect with your local Continuum of Care, Public Housing Agency, and other relevant groups to ensure that you fully understand the range of housing options available in your community, the eligibility criteria, and the application processes. Key factors to consider with clients when helping them explore options include their income and if they will likely need short or long-term services in order to maintain housing stability. If clients are stable, have regular income, and have no need for services, other than what they can access on their own in the community, they may be able to find market rate housing in the private rental market. If they don't need services and are unable to afford rent in the private market, they could consider applying for a unit in an affordable housing building, or for a tenant-based rental assistance voucher. Rapid re-housing is another housing option for your clients; with this model they will have access to temporary rental supports and time-limited services to help them make the transition into the community. Rapid re-housing may be available to your clients through your local Continuum of Care and/or local Supportive Services for Veteran Families (SSVF) program, administered by your local VA Homeless Program. Clients with complex needs that will likely need long-term, ongoing services and support in order to maintain housing are best suited for referral to supportive housing, which is available through your local CoC and/or the Veterans Affairs Supportive Housing (VASH) program administered by your local VA Homeless Program.

ii. *Veteran-specific services and resources.* Helping your clients connect to the local VA Medical Center, Vet Center and/or other VA facilities and local groups that serve veterans will ensure that they have access to a wide variety of services and resources that can help meet their needs. Local veteran service organization posts, including Veterans of Foreign Wars of the US (VFW)⁵, American Legion⁶, AMVETS, and Disabled American Veterans (DAV) often serve as hubs for social support as well as resources and assistance for eligible veterans. Local VA staff may also be able to help you identify local veteran-serving organizations and resources to connect your clients to.

iii. *Employment.* Providing support to help veterans explore and obtain either full-time or part-time employment can help to set them up for greater financial stability and an increased ability to maintain their housing, whichever housing path they go down. If you are in an area with a local Homeless Veterans' Reintegration Program (HVRP) grantee, you should connect your clients with them for employment assistance. The Career One Stop Veteran and Military Transition Center⁷ provides information on employment, training, benefits, and other assistance for veterans, including job listings, and you can find information there on local job centers that your clients can go to for resources and support. There are a number of webinars related to employment available at: <https://www.heartlandalliance.org/nationalinitiatives/field-building/field-buildingwebinars/> that may be helpful as your organization thinks about how to connect clients to employment resources and opportunities.

iv. *Other Community Services and Resources.* When preparing clients to transition to new housing situations, you should ensure that they are connected to the services and resources they will need. If the client will be served by a rapid re-housing or supportive housing provider, that agency will be able to help them settle in and connect to services and resources in their new community, but those clients moving to affordable or market rate settings on their own will need additional transition support. Staff should help these clients identify health, mental health, substance use, and/or other key service providers in the community. Staff should help clients get a sense for transportation options, grocery stores, pharmacies, laundry facilities, and other essentials.



C. Understand GPD capital grants penalties.

If you have a capital grant through the GPD program, it is critical that you understand the two types of consequences built into these funds – recapture and real property disposition – and how their provisions could impact your program.

i. *Recapture provisions* are a part of each GPD capital grant agreement. The amount of money a provider may owe VA is based on how much of the capital grant was executed and the amount of time operating, as described in 38 CFR 61.67. To determine the amount owed, providers must contact the GPD office. The penalties lessen over time and do not apply after the expiration of the required period of operation. If your program has been in operation longer than the required period, the recapture rules will not apply. To understand the implications of recapture provisions as they

apply to your program, and situations in which they may be satisfied or waived, contact the GPD National Program Office.

ii. *Real Property Disposition* requirements from the Office of Management and Budget (OMB)⁸ restrict the use of property bought with a Federal award to its originally authorized purpose for as long as it is needed for such. These provisions detail the options for compensating the Federal awarding agency or transferring the title to it when the property is no longer needed and can be found at 2CFR 200.311(c) .

All programs should speak with the GPD National Program Office for further details on their particular situation related to potential consequences and next steps.

III. Scenarios

Following are scenarios your program may be facing, and suggestions for considerations and next steps in each case.

A. You have a GPD capital award, and none of your program funding was awarded, or you are opting out.

Within this scenario, you have a few options; read the guidance for each and consider which option is the best fit for your program at this time.

i. *Convert an apartment building into affordable housing that you or another entity will own and manage.* When pursuing this option, consider the following:

a. *Funding restrictions.* Determine if any of your other capital funding streams have specific requirements that you will need to seek changes to in order to move forward with conversion to permanent housing. These could include requirements related to serving people in a transitional/time-limited model (although this would be rare), affordability, population served, and/or use as housing. *Transitional Housing Conversion: A Building Owner's Toolkit⁴* will be a helpful resource for you to consult. The guide contains a section on the types of use requirements you may come across, as well as how to approach your building's funders with the proposal to convert transitional units to permanent housing .

b. *Operating funding.* You may need to secure other sources of operating funding to keep the building running. See Section IV, Additional Funding, for more information.

c. *Organizational shifts.* Operating an affordable housing building is different in many important ways from administering transitional housing, and you will need to make both operational and cultural changes in order to make the transition successfully. Following are four key areas of operation you will need to address:

i. **Staffing.** If you are converting to affordable housing without any services, you will need to shift from a staffing model that includes social services personnel to one focused on property management.

ii. **Tenants and leases.** Each client in your building will now be a tenant with their own lease, which you will need to generate and abide by. This will present a change in culture in that your building staff must understand that they are now serving clients in permanent housing, where residents have full rights of tenancy.

iii. **Income.** The conversion of the building will change your income stream, and most likely

at least some portion of the rent each month will now come directly from tenants. This may have implications on your budget and staffing. It will also require you to put procedures in place to collect rent from tenants and address issues of non-payment if they arise.

iv. **Policies and procedures.** You will need to develop a range of new policies and procedures for your housing on topics including eligibility criteria, filling vacancies, making repairs, complying with funder requirements, and addressing lease violations.

v. **Community connections.** Even if you are not planning to provide any supportive services, you may want to explore ways to partner with local nonprofits that can provide supports for your tenants. For example, connecting with a local organization that can offer employment and education supports may help your tenants increase their financial stability. You can help connect veteran tenants to local VA facilities and resources, if eligible, for access to health care and education, training and employment services, and other resources. See section II.B for more information.

Ensure that veterans are supported through the change to permanent housing (see section II.B). You may have tenants that are eligible to stay in the building once it becomes affordable housing. Staff should help clients understand the other housing options available if they still need services, such as rapid re-housing (where services and financial assistance will taper off after a period) or supportive housing, where they will have ongoing access to wrap-around support services, and how their living situation and responsibilities will be different if they choose to stay. Key differences to highlight for tenants include the new target population (their neighbors will now be other low-income individuals or families, who may or may not be veterans), that there will no longer have access to onsite or other program services, outside of what is available in the community, and that they will be signing a lease that details how much they will be expected to pay each month. Staff should also help clients understand what, if any, form of operating subsidy you will be using for the building, such as Project Based Vouchers, what they will need to do to apply, and what rules they will have to follow to comply with that program. If they have a tenant based voucher that they can use in the new building, they should understand how that will work, and also what their options are for taking that voucher elsewhere. If clients fully understand the changes that will occur, do not need services, meet the eligibility requirements for the converted building/operating funding you are using and want to stay, staff should help clients complete applications related to the new operating funding and walk clients through the lease they will be signing to help them understand their rights and responsibilities as a tenant and the amount they will have to pay each month for rent and utilities.

ii. *Convert an apartment building into supportive housing that you or another entity will own and manage.*

Operating and delivering services in supportive housing is different in many ways than doing so in a transitional housing setting. If you decide that you would like to pursue the option of converting your building to supportive housing, consult CSH's Supportive Housing Quality Toolkit for useful tools, templates, and project profiles. Some of the most important areas for you to consider are:

a. *Ensure that veterans are supported through the change to permanent housing (see section II.B).* Although there may be some veterans who want to and are eligible to stay in your new supportive housing project, you should not assume that all of your current participants would be appropriate tenants for the new model. Keep in mind that supportive housing is for clients

who need wraparound support services in order to maintain stable housing. If clients need only light touch services for a short period to stabilize, rapid re-housing may be a better option; if they are stable now and do not want and need any services (outside those available in the community) they can be referred to affordable housing. Those who need long-term supports and are a good fit for supportive housing are often facing multiple challenges, including mental health issues, substance use, and/or chronic medical issues. Staff should work with clients who plan to stay in your building after it has been converted to supportive housing to help them understand the lease they will be signing, their rights and responsibilities as a tenant, and the array of services and supports that will be available to them. They should also help clients complete any applications related to the new funding that will be used for operating and services.



- b. *Funding restrictions.* As with conversion to affordable housing, you will need to determine if any of your funding sources will require you to seek changes before moving forward. See section III.i.a. for more details.
- c. *Financing.* You will need to secure both operating and services funding in order to convert your GPD units to supportive housing residences. See Section IV, Additional Funding, for some options.
- d. *Target Population.* As you think about the target population for your new project, be sure to consider the local context (see section II.A). You may want to continue to serve veterans exclusively, or may want to consider expanding or changing the target population, based on the current needs of your community. You will also need to take into account any restrictions/guidance around target population related to any new funding sources you are applying for.
- e. *Quality Standards.* High quality supportive housing programs design their projects, operations, services, and community relationships in ways that are tenant-centered, accessible, coordinated, integrated, and sustainable. CSH's Dimensions of Quality Supportive Housing Guidebook⁹ and Toolkit¹⁰ provide guidance on how to achieve quality in each of your project components. Some of the project elements you will need to design as you develop a new supportive housing program are:
- i. Program design, including target population, eligibility criteria, and service plan.
 - ii. Staffing structure, including job descriptions, case management ratios, and a training/re-training plan.
 - iii. Policies and procedures



iv. Budget

v. Outcomes measures and goals

f. *Organizational and culture shifts.* Many of the items discussed above, under converting to affordable housing, apply. In addition, you will need to focus on the following:

i. *Housing First.* To adhere to a housing first approach, your program staff will need to work to reduce barriers to enter and maintain housing to the maximum extent possible. Staff and organizational leaders should all understand that housing is not conditioned on following restrictive program requirements; rather, it is dependent only on the tenant's ability to maintain a lease. Housing stability supports should be in place to ensure that clients are supported in maintaining their housing. This may necessitate additional training.

ii. *Serving people with significant needs.* Your

organization should be prepared to serve clients with high needs, including individuals who have experienced long and/or multiple episodes of homelessness and have a number of factors related to vulnerability and multi-systems use. Although your program may be serving clients with high needs, doing so in supportive housing, in which services are voluntary, will require a different approach. This will require planning around possible new hiring, training, and supporting staff.

iii. *Cultural shift from a transitional to a long-term mentality.* With the focus shifted from placement to housing stability, staff must understand how to work with clients over a long period of time and how to dial the intensity of services up and down based on client need at a particular time. Staff can do this effectively by providing high-quality case management; you can enhance their ability to do so by equipping them to utilize evidence-based practices including Motivational Interviewing and Trauma Informed Care. All service staff need to shift to a long-term focus. For example, if you have an employment specialist, they will need to work on not only connecting clients to a job, but also supporting them over time in keeping it, growing into new responsibilities and roles, and working towards long-term employment goals. Client needs will change over time, and staff must be prepared to provide flexible, varied supports to help with housing stability, wellness, and recovery. Engagement and building strong relationships with clients will be important in this work.

iii. *Convert a congregate facility that you will own or manage to another use.*

As with all of the scenarios, you will need to speak with your GPD liaison about the real property disposition and recapture requirements (see section II.C.) that may impact your program and the changes you are able to make.

In addition, it is critical that you consult the agreements with your funders to determine what use restrictions are in place and what uses would be acceptable. *Transitional Housing Conversion: A Building Owner's Toolkit* provides a helpful overview of some common building funding sources

and how to approach your funders with proposed changes.

The most important item to focus on as you make plans to convert the building for a use other than housing is how to ensure that veterans are supported through the change to permanent housing (see section II.B). Staff should work with clients to help them understand the time frame for the change and to identify and pursue the most appropriate housing option.

iv. *Sell the building for a purpose not related to affordable or supportive housing for veterans.*

As with all scenarios, you will need to speak with the GPD National Program Office about the real property disposition and recapture requirements (see section II.C) that may impact your program and the changes you are able to make.

In addition, you will need to consider funding restrictions (see Section III.A.I.1) that may impact your ability to pursue the option of selling the building for a purpose not related to housing veterans.

The most important item to focus on as you make plans to sell the building is to ensure that veterans are supported through the change to permanent housing (see section II.B).

B. You have a GPD capital award, and only part of your program was funded.

Programs are given the option to submit applications for more than one funding model, but since the applications were separate, it is possible that you were awarded program funding for only part of the project you were seeking to implement. If this is case, you will need to transition the portion of your program which was not funded.

Financial Analysis. At this time, it will be important to determine if operating your building is financially feasible with the reduction in program funding. Consult with your finance staff or a local development consultant to run an operating Pro Forma without the GPD operating support to determine if other sources in the building will generate enough cash-flow to keep the building operating at the current affordability level or if an additional source is needed. In some cases local housing authorities may be able to provide project-based Section 8 or state or local operating subsidies may be available through competitive processes. When additional subsidies are needed but not available, it may be necessary to raise tenant rents. Be sure this is done in a way that fulfills the obligations of other capital financing and attempts to maintain the highest level of affordability possible.

If it is not financially feasible to operate the building with the current funding scenario, you may consider:

- i. Securing other funding to continue to support your current housing model. See Section IV.
- ii. Converting the unfunded units in your building to affordable or supportive housing. See Scenario A, options i. and ii.
- iii. Opting out of the new funding. In this case, it is critical that you consult with your GPD program office to discuss your options and how the GPD capital funding penalties may impact your program.

Before selecting, consider the local context of housing and homelessness to see if there is an option you can pursue that will work for your organization as well as towards your community's efforts to end homelessness.

C. You have a Per Diem Only award (no capital agreement) and the program was not funded, or you are opting out.

As with the scenarios above, you will need to determine how best to move forward with the resources you have. Before proceeding with any changes, check with your GPD National Program Officer to ensure that there was no capital grant involved in the program in the past.

If you own a building but do not have any GPD capital funding, the recapture and real property dispositions requirements discussed in the Key Considerations sections do not apply. You may, however, have restrictions from other capital, operating and services sources that will impact your ability to make changes to the program. See Scenario A above for options, and NAEH's Transitional Housing Conversion: A Building Owner's Toolkit Section III.A. for more information on common use restrictions.

If you do not own a building and were serving veterans in private, scattered-site units, you can:

- i. Look to secure other operating and services funding for your current program model, or a new model, such as supportive housing. See Section IV.
- ii. Transition veterans out of your program and close out lease agreements with your private market landlords.

Whichever option you pursue, you can find information on how to ensure that veterans are supported through the change to permanent housing in section II.B. In addition to the options listed, you may be able to help some veterans who wish to stay in their apartment to take over the lease themselves or by assisting them in securing additional rental assistance through one of the scenarios below.

IV. Additional Funding

If you are looking for rental assistance and/or services funding to support the conversion of your building or program to a new purpose, consider the following:

Have a conversation with your local Public Housing Authority (PHA). PHAs have the ability to convert a portion of their Housing Choice Vouchers to project-based vouchers, attached to a housing unit instead of a tenant. If your housing authority is willing to allocate Project Based Vouchers (PBVs), and your building meets the requirements for this program, you may be able to use this subsidy to convert some or all of the units in the building to affordable housing, or HUD-Veterans Affairs Supportive Housing (HUD-VASH) units. They may also have tenant-based Housing Choice Vouchers available that clients can apply for and utilize in your building (or elsewhere in the community).

Meet with your local Continuum of Care (CoC). Your local CoC understands the capacity of the local continuum of housing options to meet the needs of persons experiencing homelessness in the area, and where there are gaps. If you are able to convert your building to a use that aligns with what it is looking for, you may be able to apply for operating and services funding through an application to the CoC competition. Resources are available through the CoC competition for a wide variety of programs, including transitional housing, rapid re-housing, and supportive housing.

Explore exiting tenant-based subsidies in the building. Determine if any of your clients, who would like to and are eligible to stay in the building with whatever model you choose to convert to, have tenant-based rental subsidies that could be applied to a unit in your new project. If they would like to stay, this could help cover your operating costs, but you will also need to have a plan in place

for how to replace that revenue if the tenant(s) decide to move at some point.

Understand State or local resources, if available. Some states and localities have funding available for affordable and supportive housing that you may be able to apply for. Resources may be available for capital costs related to rehabilitation, operating costs and/or services.

V. Resources

¹ United States Department of Veterans Affairs. Funding Availability: Homeless Providers Grant and Per Diem Program. Federal Register, Dec. 23, 2016. Available at: <https://www.federalregister.gov/documents/2016/12/23/2016-30957/funding-availability-homeless-providers-grant-and-per-diem-program>

² United States Department of Veterans Affairs. Funding Availability: Homeless Providers Grant and Per Diem Program. Federal Register, November 2, 2017. Available at: <https://www.gpo.gov/fdsys/pkg/FR-2017-11-02/pdf/2017-23906.pdf>

³ United States Interagency Council on Homelessness. Using Homelessness and Housing Needs Data to Tailor and Drive Local Solutions. March 2017. https://www.usich.gov/resources/uploads/asset_library/using-homelessness-and-housing-needs-data-to-tailor-and-drive-local-solutions.pdf

⁴ National Alliance to End Homelessness. Transitional Housing Conversion: A Building Owner's Toolkit, June 2016. (<http://endhomelessness.org/wp-content/uploads/2016/06/transitional-housing-conversion-toolkit.pdf>).

⁵ The Veterans of Foreign Wars of the US. <https://www.vfw.org/>

⁶ American Legion. <https://www.legion.org/>

⁷ Career One Stop Veteran and Military Transition Center. US Department of Labor. <https://www.careeronestop.org/Veterans/default.aspx>

⁸ CFR Title 2 – Grants and Agreements. Subtitle A, Chapter II, Part 200, Subpart D, Section 200.311 – Real property. Available at: <https://www.law.cornell.edu/cfr/text/2/200.311>

⁹ CSH. Supportive Housing Quality Toolkit. http://www.csh.org/qualitytoolkit_TOC

¹⁰ CSH. Dimensions of Quality Supportive Housing. 2013. http://www.csh.org/wp-content/uploads/2013/07/CSH_Dimensions_of_Quality_Supportive_Housing_guidebook.pdf

CFR Title 38 – Pensions, Bonuses, and Veterans' Relief. Chapter I, Part 61 – VA Homeless Providers Grant and Per Diem Program. Available at: <https://www.law.cornell.edu/cfr/text/38/part-61>

National Alliance to End Homelessness. Retooling Transitional Housing Checklist, August 2013. <https://endhomelessness.org/resource/retooling-transitional-housing-checklist/>

United States Department of Veterans Affairs. Homeless Providers Grant and Per Diem Program Frequently Asked Questions. Available here: <https://www.va.gov/HOMELESS/docs/GPD/GPD-FAQ-508.pdf>