



Bridging Medicaid Short-Term Rental Assistance to Permanent Housing Resources

The Housing and Services Partnership Accelerator (HSPA) provides opportunities for states with a Centers for Medicare & Medicaid Services (CMS) approved section 1115 demonstration or 1915(i) state plan benefit covering housing-related services and supports for individuals experiencing or at risk of homelessness to:

- accelerate effective implementation, expansion, and improvement of the delivery of these services; and
- strengthen the state and local agency and community-based organization partnerships across health, housing, homelessness, aging, and disability.

This brief is part of a series highlighting lessons learned from states¹ who received intensive technical assistance and peer learning opportunities during the first Housing and Services Partnership Accelerator (HSPA) cohort.

Recognizing that housing stability helps individuals stay connected to health care coverage and access needed services and supports that improve health outcomes, the Centers for Medicare & Medicaid Services (CMS) released guidance² outlining new flexibilities and opportunities for state Medicaid programs to cover certain services that address certain health-related social needs (HRSN). This includes housing, which can include the provision of up to six months of short-term rental assistance for eligible Medicaid beneficiaries with specific clinical conditions who are at risk of or experiencing homelessness. Successful implementation of this new benefit requires state Medicaid agencies to develop and/or strengthen partnerships with state and local housing entities who administer federal, state and/or local rent assistance resources. These entities work together to ensure a successful transition from Medicaid short-term housing assistance to permanent rental assistance thus avoiding a “cliff” which could

Keys to Success:

- Establish rent administration
- Create a consistent payment strategy
- Coordinate transitional rent assistance
- Identify availability of permanent subsidized housing opportunities
- Build partnerships with housing entities
- Develop processes to ensure seamless transition from temporary to permanent affordable housing

¹ The first HSPA cohort, initiated in 2024, includes eight states (Arizona, California, Hawaii, Maryland, Massachusetts, Minnesota, North Carolina, Washington) and the District of Columbia.

² [Coverage of Services & Supports to Address Health-Related Social Needs in Medicaid & the Children’s Health Insurance Program](#)

jeopardize individual level housing stability and health outcomes for those needing longer-term assistance as well as potentially place state Medicaid programs at risk of incurring additional, unintended costs.

In addition to having the mechanics in place to operationalize the benefit and ensure the transition is seamless for each individual, states must ensure the availability of sufficient long-term rental assistance resources to facilitate this transition for the universe of Medicaid beneficiaries it plans to offer short-term rental assistance. States must consider pursuing access to an array of federal, state and locally-funded programs so that an adequate amount of permanent housing assistance is available to bridge those receiving short-term Medicaid rental assistance, while structuring administration of the benefit to mirror the requirements of permanent rental assistance programs.

This brief will explore the operational strategies, housing resources and related partnerships states should consider as they prepare to implement the up to six months of short-term rental assistance benefit in order to inform other states' strategies for successfully bridging people with disabilities and older adults who are experiencing or at risk of homelessness to permanent housing options. The strategies discussed build on early lessons learned from states who participated in the HSPA initiative.

Operational Strategies: Rent Administration, Payment & Service Coordination

Rent Administration

States seeking to provide the up to six months of Medicaid short-term rental assistance must develop a strategy and infrastructure to administer this benefit. States should consider having in place one or more administering entities who can perform specific key functions, most importantly, ensuring timely and accurate payment of the short-term rental assistance to landlords. States should also consider other key functions needing to be performed such as the coordination of eligibility verification and the identification of new and expanded permanent housing options.

Arizona, for example, has contracted with a single Statewide Housing Administrator (SHA) – Arizona Behavioral Health Corporation (ABC) and HOM, Inc. – to administer its benefit statewide. ABC is a supportive housing provider for people with behavioral health needs who contracts with HOM, Inc. to administer rent payments and perform day-to-day housing program operations. ABC and HOM Inc., as Arizona's SHA for its temporary rental assistance benefit, are responsible for a broad range of activities such as:

- Identifying eligible members who will have access to a permanent subsidy within 6 months and referring them to the temporary rental assistance
- Completing verification of eligibility for the benefit

- Managing “Bridge to Permanency” agreements with homeless Continuum of Care (CoC) and Public Housing Authority (PHA) subsidy programs
- Managing wait list and voucher utilization for partnership subsidy programs
- Tracking member’s time in housing under temporary rental assistance to ensure the member is transitioned to a permanent housing subsidy as soon as possible within the six-month cap
- Completing Housing Quality Standard inspections using certified inspectors
- Establishing rental unit and payment standards
- Establishing and maintaining a system for determining rent reasonableness
- Supporting landlord relations and identifying additional landlords to work with the program

Payment approaches/considerations

Strategies states are considering to support effective implementation of short-term rental assistance involve creating a consistent payment strategy across administering entities such as MCPs, considering factors such as different allowable settings (e.g., apartments, interim housing, motels or hotels, etc.) as well as geographic location. States may utilize options like a per-utilizer-per-month (PUPM) rate structure based on HUD Fair Market Rents (FMRs)³ or cost reimbursement up to a certain cap. Additionally, states should consider how to compensate providers for the administrative costs associated with providing short-term rental assistance. Ultimately, states need to identify mechanisms that maximize participation in the program while minimizing administrative burdens for both providers and individuals.

Coordination of short-term rental assistance with other housing-related services and supports

Another important consideration is how states are building a connection between their short-term rental assistance benefit and other approved housing-related services and supports, such as pre-tenancy and tenancy sustaining services, and one-time transition and moving costs. For instance, Arizona’s Statewide Housing Administrator for its temporary rental assistance benefit is also responsible to coordinate transition and moving costs, and members are required to engage in tenancy sustaining services, as determined medically appropriate, while receiving temporary rental assistance.

Successfully Bridging to Permanency: Strategies for States to Consider

Existing temporary or bridge subsidy programs, such as those under CMS’ [Money Follows the Person Demonstration](#), state-funded bridge rental assistance programs, rapid rehousing programs serving people experiencing homelessness, and other similar types of programs, have helped to identify key elements of a successful bridging strategy. These include:

³ See: <https://hudgis-hud.opendata.arcgis.com/datasets/HUD::fair-market-rents-1/explore>

- Availability of sufficient permanent subsidized housing opportunities
- Partnerships with the housing entities who have these resources, and
- Mechanics in place to ensure a seamless transition from temporary to permanent affordable housing.

Availability of permanent subsidized housing opportunities

States seeking to secure permanent rental assistance resources or other subsidized housing opportunities to transition those receiving temporary Medicaid rent assistance will want to maximizing opportunities for clients by seeking multiple pathways to longer-term rental assistance, including federal, state and local tenant-, project- and sponsor-based programs. Tenant-, project- and sponsor-based rental assistance each provide affordability by limiting the tenant’s rent and utilities cost to 30%-40% of their monthly income but function differently:

- Tenant-based rental assistance provides a voucher which the individual tenant can use to select a private market unit in their preferred community.
- Project-based rental assistance is attached to housing units in specific properties; the rental assistance can only be accessed in those properties.
- Providers use sponsor-based rental assistance to rent a unit on the private market and sublease it to the tenant; this model is often used to house individuals with difficult tenancy histories and/or criminal records.

Table 1 provides an overview of some of the types of permanent rental assistance opportunities that are available across states. States should consider identifying permanent housing programs with eligibility requirements that are aligned with their state’s target population(s) for Medicaid-funded short-term rental assistance. Ideally, a state’s short-term rental assistance would bridge directly to permanent tenant-based rental assistance such as the Housing Choice Voucher (HCV) or Continuum of Care (CoC) rental assistance programs, “swapping out” the Medicaid benefit for one of these federal vouchers without the individual having to move from their housing unit to provide a seamless transition for the tenant. Many states have one or more state-funded tenant-based rental assistance programs which provide longer-term rental assistance, either as the tenant’s final housing program, or as an interim step to federally-funded permanent rental assistance. States will want to consider whether such programs have adequate capacity to serve the total number of beneficiaries who will need to transition from their temporary rental assistance benefit and examine other available options including permanent federal or other programs that may be available.

Table 1: Examples of Permanent Rental Assistance Opportunities

Programs Providing Permanent Rental Assistance	Recipient/Administrator	Tenant Based	Project Based	Sponsor Based	Target Populations Allowed/Required
Housing Choice Voucher	State (30) and local public housing agencies (<u>3,000+</u>)	X	X		Special Purpose Vouchers available that target disability, youth, veterans, homeless or exiting institution or at risk of either (Project-based is optional)
Continuum of Care	Balance of State (50), regional, local CoC (400+)	X	X	X	Permanent supportive housing targeted to individuals with a disability, experiencing chronic homelessness ⁴
Public Housing	State (30) and local public housing agencies (<u>3,000+</u>)		X		PHAs can provide preferences for older adults, individuals experiencing homelessness
Project Based Rental Assistance	Private and non-profit developers		X		Housing can be targeted to older adults, disability specific populations, individuals

⁴ To be eligible for PSH funded by the CoC program, a participant must also meet additional eligibility as determined by the Fiscal Year Notice of Funding Opportunity the project was funded under: [CoC Program Components - Permanent Supportive Housing \(PSH\) - HUD Exchange](#)

Programs Providing Permanent Rental Assistance	Recipient/Administrator	Tenant Based	Project Based	Sponsor Based	Target Populations Allowed/Required
					experiencing or at risk of homelessness, and individuals exiting institutions or at risk of institutionalization
HOME and HOME-American Rescue Plan (ARP)	State housing agencies (30), some municipal agencies (640)	X			HOME-ARP targets individuals experiencing or at risk of homelessness. Tenant-based is optional
State-funded rental assistance	Many states have state programs (353)	X	X	X	States have broad discretion in design but are often population specific

States who intend to serve a larger number of beneficiaries than the available federal, state or local tenant-based permanent rental assistance programs can serve may consider supplementing with other housing options. Examples include the [Section 202 program](#), a project-based housing program for older adults age 62 or older, or [Section 811 Project Rental Assistance](#), a project-based housing program for people with disabilities ages 18 to 61. While these options are project-based and would require an individual to move, these may also be advantageous in some instances. For example, a Section 202 housing development for older adults may offer on-site formal and/or informal supports such as social activities or a meal program to supplement an individual’s other services and supports. In housing markets experiencing rapid rent increases, project-based assistance ensures the tenant can remain in their preferred community, whereas an individual who has tenant-based rental assistance may have to move at the end of the lease term if the landlord increases the rent more than the program allows.

Aligning the state’s target populations with the appropriate program will likely improve the chances of securing permanent housing resources for those receiving Medicaid short-term rental assistance. Some HUD regulations, including for the HCV and CoC programs, prohibit housing providers from providing a preference for specific disabilities (e.g., individuals with

serious mental illness) or taking referrals from programs that serve a single disability only. Where the state's target population for the short-term rental assistance benefit is not limited to a single disability population, these housing programs can choose to provide a preference specifically for persons bridging from that benefit.

Further, states may consider identifying and pursuing housing program resources that may be underutilized, especially where Medicaid can offer the program assistance in the form of housing navigators, security deposits and/or ongoing tenancy supports to help address the underutilization. States can identify PHAs in their states with low utilization of vouchers using [HUD's HCV Data Dashboard](#) or [PH public dashboard](#). States can also stay abreast of new state or federal housing opportunities, e.g. in FY24, HUD issued Notice of Funding Opportunities for [Foster Youth to Independence](#) vouchers, [Family Unification Program](#) (FUP) vouchers and new permanent supportive housing units through [CoCBuilds](#), in addition to the annual [CoC Program](#) competition.

Partnerships with entities who control access to housing resources

The national evaluation of the MFP Demonstration identified partnerships with housing entities as a best practice that leads to an increase in affordable and accessible housing for persons served. State Medicaid agencies may find partnerships with their state housing partners more expedient to navigate than partnerships with many individual regional or local housing partners. Thirty (30) states have state PHAs administering the [HCV program](#), generally including vouchers targeted to Medicaid populations such as in the [Veterans Affairs Supportive Housing](#), [FUP](#) or [Mainstream voucher](#) programs. Another (overlapping) 30 states administer the Section 811 PRA program, which requires a partnership and MOU between the state Medicaid and housing agencies. Many state housing agencies administer CoC program resources for the "[Balance of State](#)", i.e., smaller cities, suburban and rural areas not covered by other regional or local CoCs in the state.

States also have a broad variety of local housing entities with which to consider partnering including local/regional PHAs, CoCs, and housing development/ management companies. Arizona anticipates having maximized use of its state rental assistance program and is working to expand permanent housing options through agreements with several local PHAs to set-aside a limited number of HCVs for individuals bridging from Medicaid short-term rental assistance. Additionally, states may request from their HUD Field Office a list of HUD-funded project-based housing opportunities that can serve their target populations for Medicaid short-term rental assistance in order to identify property management companies with multiple sites as potential partners.

Mechanics for ensuring a successful bridge to permanent affordable housing

Aligning a state's temporary tenant-based rental assistance with a permanent rental assistance program requires intentional design in order to ensure a seamless transition. Because each permanent rental assistance program has its own regulatory requirements (and in some cases local options), state Medicaid agencies must understand the requirements for the particular

state or federal programs to which they hope tenants can permanently bridge. Considerations include whether:

- Eligibility is fully aligned across programs, e.g., income eligibility limitations or homeless definitions are aligned
- Maximum allowable unit rents for the temporary program are equal to or less than the maximum allowed under the permanent program
- Utility allowances are aligned
- Tenant units are inspected to meet the housing quality or conditions requirements of both the temporary and permanent rental assistance programs
- Owner/managers of current housing units have agreed to transition the lease and payment to the permanent rental assistance program identified for each tenant

Another critical issue is the ability to secure timely access to permanent rental assistance in order to bridge individuals before the maximum rent term, i.e., not more than six months, is reached. The housing programs in Table 1 are required to use a waiting list to allocate housing assistance. These waiting lists are initially established either on a first-come first-served basis or through a lottery system. Once established, however, programs are allowed the option of adding “preferences” for certain target populations; applicants eligible for one of the waiting list preferences move higher up the waiting list more quickly. PHAs, for example, can provide a preference for people who are experiencing homelessness, exiting institutions, have disabilities, are veterans and others. Preferences are optional, and PHAs and other housing providers do not have to provide them unless specifically required by a particular program.

States partnering with PHAs or other housing providers may want to request a preference for their target population for Medicaid short-term rental assistance when there is alignment between the agency goals/target populations (see Table 1) and/or the housing provider is interested in the resources available through the state Medicaid program. Examples of resources that may provide incentives for partnering include security deposits, accessibility modifications, housing navigation and tenancy sustaining services – any of which are likely to improve a housing program by increasing utilization and/or housing stability of tenants. The short-term rental assistance itself may be of interest to housing entities with underutilized vouchers as tenants can “lease in place”, increasing utilization quickly and with minimal effort.

Recent [HUD guidance](#) on its [Mainstream Voucher](#) program provides new flexibilities that support referral partnerships to help states’ target populations with disabilities in transitioning from institutions or homelessness to community-based housing and services or to avoid institutionalization. Among other new flexibilities, the guidance allows PHAs to establish a separate waiting list for Mainstream vouchers and to accept direct referrals from Centers for Independent Living, CoCs, Area Agencies on Aging, state No Wrong Door systems, and in some circumstances, the state Medicaid agency, facilitating faster access to housing and improved coordination of housing assistance with tenancy and other wraparound services and supports. PHAs with low utilization of their Mainstream vouchers may be especially interested in partnering to increase referrals.

Conclusion/Final Considerations

This brief offers considerations for states seeking to effectively design, implement and scale Medicaid-funded short-term rental assistance and increase the likelihood of success using these resources as a bridge to permanent housing stability for individuals with disabilities and older adults who are experiencing or at risk of homelessness. It builds on early lessons learned from states who participated in the federal [Housing and Services Partnership Accelerator](#) (HSPA). For more information, visit the [Housing and Services Resource Center](#) (HSRC) Accelerator page.

Useful Resources

- Relevant CMS guidance:
 - [Coverage of Services and Supports to Address Health-Related Social Needs in Medicaid and the Children’s Health Insurance Program](#)
 - [MFP Supplemental Services Notice](#)
- Relevant HUD guidance & resources:
 - August 27, 2024 [Notice PIH 2024-30](#) Statutory and regulatory waiver for Mainstream Vouchers
 - June 8, 2023 [Notice PIH 2023-13, CPD 2023-05](#) Housing individuals and families experiencing homelessness through the Public Housing and Housing Choice Voucher Programs
 - July 25, 2013 [Notice H 2013-21](#) Implementation and approval of owner-adopted admissions preferences for individuals or families experiencing homelessness
 - [Homelessness Assistance Resources for Multifamily Housing Owners and Managers](#)

Links for more information on state/local housing agency partners ([NCSHA](#), [PHA contacts](#), [CoCs by state](#))