Helping Chicagoans Stay Stably Housed

Stable housing allows people to live with dignity. It also provides the foundational stability necessary to access economic opportunities, keep children engaged in school, and promote healthy development. Helping people stay housed benefits families and communities, particularly when an unexpected crisis or financial setback may temporarily put someone at risk of missing a housing payment.[1] Short-term rental assistance or one-time cash transfer programs funded by the federal and state governments provide resources to people in these situations and have been available across the nation for over a decade. However, these programs took on increased prominence during the pandemic when they had to scale to meet unprecedented levels of need, underscoring the critical role they play in promoting housing stability in our communities.

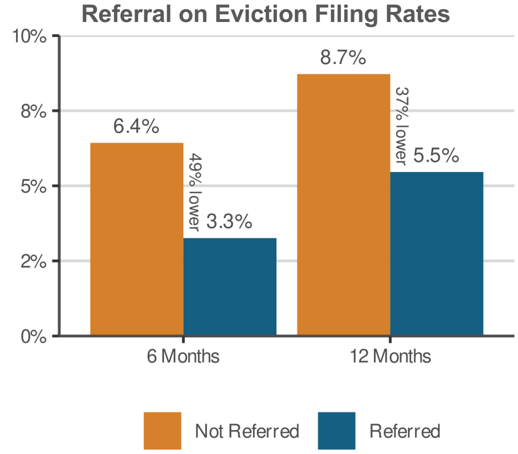
Research is still limited on the most effective ways to design, target, and fund these programs to help keep as many of our neighbors stably housed as possible.[2] For the past five years, the Inclusive Economy Lab (IEL) has partnered with Catholic Charities of the Archdiocese of Chicago, All Chicago Making Homelessness History, Chicago's Department of Family and Support Services, and the Chicago Coalition for the Homeless to learn more about how to better support Chicagoans who seek short-term help to stay stably housed. Focusing on people who call Chicago's Homelessness Prevention Call Center (HPCC), which screens and refers callers to various cash or rental assistance programs, this research-practice partnership is expanding our understanding of the positive effects of short-term cash assistance and referrals to case managers – even when funds are not available. It is also identifying opportunities for improving the client experience to help ensure that callers are connected to resources as quickly as possible.

Below are key findings from this research-practice partnership, as well as an overview of some of the ways that our partners are using these insights to improve and expand access to these critically important supports. A technical appendix provides additional detail on the analysis that IEL conducted to reach these conclusions.

REFERRALS TO SHORT-TERM FINANCIAL ASSISTANCE HELP PREVENT EVICTIONS

Our research suggests that being referred to short-term financial assistance reduces eviction filings. HPCC callers referred to financial assistance are nearly 50 percent less likely to face an eviction over the next six months, when compared to likely eligible callers who would have been referred had they been connected with a more lenient call specialist (see *Figure 1*).[3] These effects persist even twelve months after referral – referred callers remain 37 percent less likely to face an eviction filing at the same address after a full year. This is the first rigorous evidence nationally of a program that successfully prevents eviction

Figure 1: Estimated Impact of Fund Referral on Eviction Filing Rates



[1] Evans et al. (2016). *The impact of homelessness prevention programs on homelessness.* Science; Vol. 353, Issue 6300; Palmer et a. (2019). *Does emergency financial assistance reduce crime?* Journal of Public Economics. Volume 169, pp. 34 – 51.

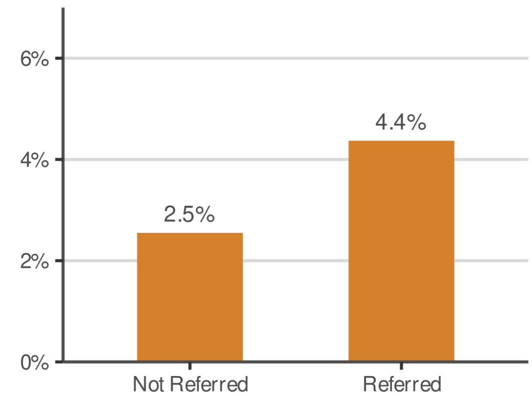
[2] Center for Evidence-Based Solutions to Homelessness (2019). *Homelessness Prevention: A Review of the Literature.*

[3] Our model compares callers who are randomly connected to call specialists with higher versus lower rates of screening callers as preliminarily eligible for funds (or higher versus lower rates of referring eligible callers) to estimate the impacts of those referrals. This method is commonly referred to as a random judge instrument, see Humphries et al. (2019). *Does eviction cause poverty? Quasi-experimental evidence from Cook County, IL.* National Bureau of Economic Research, No. 26139.

filings – a policy priority of increasing national focus during and beyond the pandemic.[4]

Referrals to case management also increase engagement with the CoC

Figure 2: Estimated Impact of Fund Referral on Six-Month CoC Usage Rates

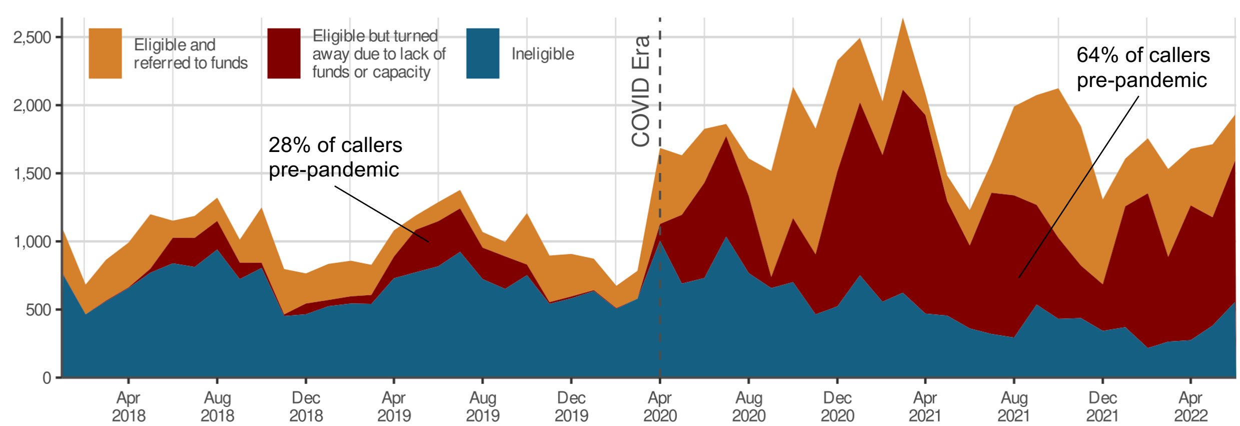


Very few people who call the HPCC eventually access homeless services in Chicago's Continuum of Care (CoC) while experiencing literal homelessness (only 2-3 percent of all callers). However, HPCC callers referred to financial assistance access CoC services at higher rates compared to those who are not referred (see *Figure 2*).[5] While available data do not explain why we see this pattern, one possible explanation is that case managers think that for some callers, referrals to cash or rental assistance alone are not enough to solve their housing instability. Instead, they may also point these callers toward the fuller set of supports the CoC services offers, potentially making them more likely to use these options such as shelter, as recorded in CoC data. The researchers involved in this project are continuing to explore this potential explanation and will update key stakeholders as more information is available.

Current funding levels do not meet the demand for short-term help

All available funding for short-term financial and rental assistance in Chicago is expended each year. This includes funds set aside for program administration and case management to help clients collect documentation and apply. However, these funding levels fall well short of the demonstrated need, particularly since the start of the pandemic. As a result, not all eligible callers receive a referral to a case manager for application assistance – either because funds for the financial assistance have already run out or because case managers do not have sufficient capacity to help them apply (see *Figure 3*).

Figure 3: HPCC Monthly Caller Volume by Eligibility Determination



[4] Biden-Harris Administration (2022). *All In: The Federal Strategic Plan to Prevent and End Homelessness*.

[5] Similar to the previous result, this is compared to callers who are not referred but would have been referred had they been connected with a more lenient call specialist. See technical appendix for more methodological details.

In the years leading up to the pandemic, 28 percent of callers who met initial HPCC screening criteria were not able to be referred to case managers (represented in red above). Since the start of the pandemic, this rate significantly increased to 64 percent of eligible HPCC callers being turned away.[6] This finding reflects the following trends:

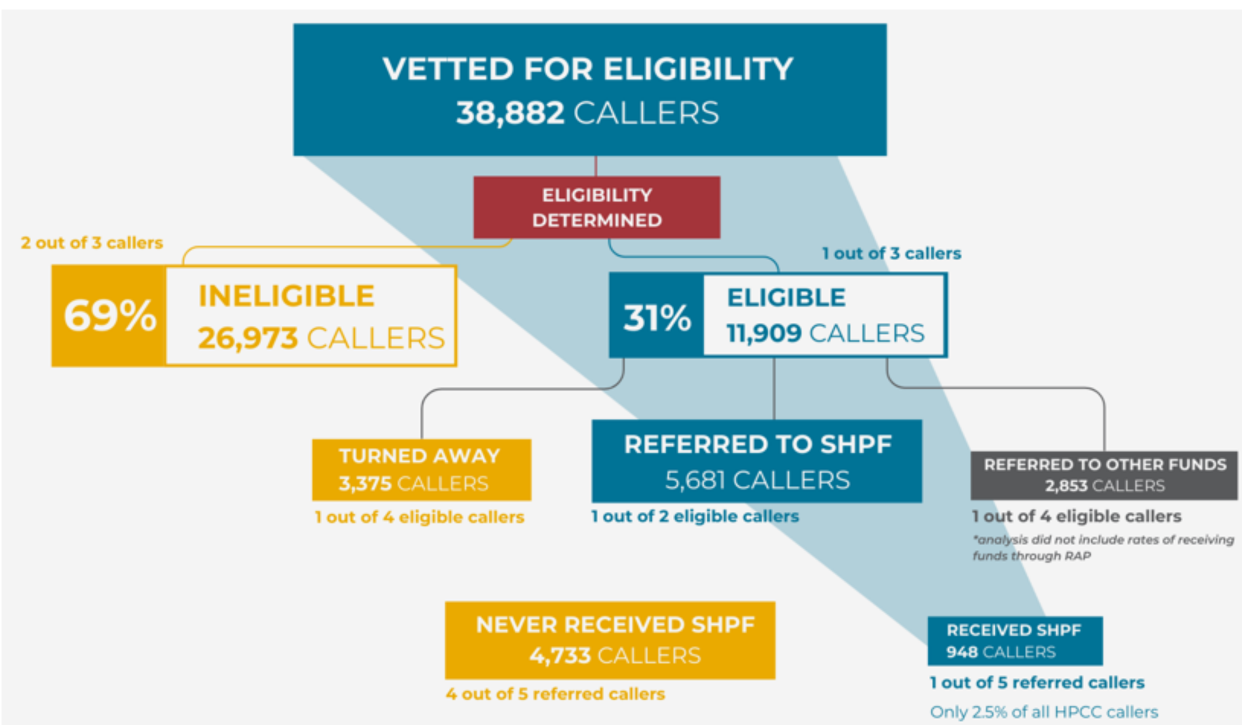
- Call volume more than doubled during the pandemic.
- A significantly higher portion of callers was deemed eligible for funding, as federal- and state-level guidance relaxed eligibility criteria and documentation requirements.
- The increase in caller need surpassed the increase in available funding and case manager capacity.

The ongoing gap in funding for financial assistance and system capacity to support referrals has a real impact on callers' housing stability, as our research suggests that a case management referral reduces likelihood of facing an eviction by roughly half in the next six months.

A COMPLEX APPLICATION AND REFERRAL SYSTEM PRESENTS BARRIERS TO ACCESS

The HPCC refers callers who meet initial screening criteria to case managers located at roughly a dozen partnering service providers around the city. These case managers then help clients apply for local programs for which they may qualify, like State Homeless Prevention (SHP) funding, the Rental Assistance Program (RAP), or local Flex Funds.[7] Each of these programs has different eligibility criteria, application processes, and levels of funds available at any given time.[8]

Figure 4: HPCC Monthly Caller Volume by Eligibility Determination (2017-2019)



[6] We can only track fund referrals and receipts recorded in HMIS in these years. There were many other sources of funding for short-term financial and rental assistance during the COVID-19 pandemic outside of those provided by the HPCC referral network. Some of the callers who were turned away may have been served by those programs.
[7] This study focuses on State Homelessness Prevention Funding.
[8] There is no centralized source of updated data on the availability of funds in real-time, which limits the visibility that the HPCC and partnering service providers have into which funds are available.

When following clients through this complex referral and application process, we find that most clients who are referred to case managers for help applying do not end up receiving short-term rental assistance. Before the pandemic (2017 – 2019), only 17 percent of all callers who met the HPCC's initial screening criteria and were referred to SHPF case managers (948 callers out of 5,681 referred) ended up accessing SHP funds within three months (see *Figure 4*).

In addition to the limited available funding, interviews with case managers suggest that additional possible barriers to clients accessing funds include:

- The logistical challenges of getting in contact with referred clients and meeting virtually or in person – sometimes multiple times – to support them in the application process.
- Determining that some clients may not be eligible for programs, despite meeting initial screening criteria.
- Overcoming the administrative burden of collecting sufficient documentation to address all application requirements.
- A lack of cooperation from the landlord, if required to access funds for that program.

AMBIGUOUS SCREENING CRITERIA SOMETIMES RESULT IN DIFFERENT ELIGIBILITY DETERMINATIONS

Interpreting complex eligibility criteria for different programs is a common challenge facing rental assistance programs around the nation.[9] These eligibility criteria – many of which are set at the state or federal level – can seem ambiguous when trying to apply them in a local context, particularly given the many varied reasons a caller may be at risk of missing a housing payment. In addition to job loss or work hours reductions, callers may have to cover unanticipated expenses that put them at risk of missing a housing payment, such as funeral expenses, car repairs, or medical costs, among myriad other possibilities.

Within this context, call specialists are given the difficult task of quickly interpreting eligibility criteria and screening whether each caller's unique crisis is eligible. Seasoned call specialists vary in the rate with which they determine whether callers meet initial screening criteria and are referred for application help – some are a little more lenient in their interpretation and refer a higher percent of callers for application help, and some are a little more restrictive in their interpretation and refer a lower percent of callers for application help.[10] However, evidence suggests that call specialists who have a more restrictive interpretation of preliminary screening criteria might unintentionally screen out callers too early in the process. Callers who happen to talk to call specialists who are more lenient in their preliminary screening are more likely to be referred for application help, yet are no less likely to ultimately receive assistance, conditional on being referred. Therefore, increasing the consistency with which call specialists interpret screening criteria would help ensure all callers have an equitable chance at receiving a referral and are not screened out too early in the process.

[9] National Low-Income Housing Coalition (2022*). Learning from Emergency Rental Assistance Programs: Lessons from Fifteen Case Studies.*

[10] Among call specialists who have completed at least 50 calls in a year, call specialists vary in the percentage of callers they deem eligible for funding over the course of a year, even after accounting for seasonal variations in funding availability and caller volume. Before the pandemic, some call specialists screened as many as 32 percent of all calls as preliminarily eligible accounting for seasonal variation, versus others who screened only 8 percent of all calls as preliminarily eligible (a variation of almost 24 percentage points). Similarly, since the start of the pandemic, some specialists referred as many as 41 percent of eligible callers to case managers for application help, while others only refer 24 percent of eligible callers (a variation of 17 percentage points).

Next steps

In light of these findings, local and state agency partners are considering the following steps to increase access to this important source of stability for many Chicagoans:

- Securing additional funding to support these programs, both for the financial assistance itself and the program administration and case management support.
- Streamlining the complex process to apply for funding, such as minimizing the amount of required documentation and landlord involvement, where funding sources allow.
- Increasing clarity around program screening and eligibility requirements, and when possible, using the same criteria across similar short-term financial assistance programs.

Technical Appendix

In this brief, we estimate the impact of short-term financial assistance on eviction filings and literal homelessness using an instrumental variable approach tailored to the operational environment of the HPCC in our study period. The instrumental variable method is a rigorous research design used commonly by economists and other academics to study the causal effect of policies or interventions. The instrumental variables method uses effectively random variation in the allocation of an intervention that affect outcomes of interest only through changes in the policy or program being studied, making it possible to isolate the causal relationship between the intervention and the outcomes of interest.

In our context, callers are randomly assigned to the next available specialist when calling in,[11] but ambiguous screening criteria result in variation of both eligibility determination and fund referral rates among the call specialists operating the HPCC at any given time. This variation creates an opportunity to employ a popular modeling approach used in settings where a set of people decide whether individuals receive treatment commonly known as a "random judge instrument." The concept is that some call specialists ("judges") exhibit more leniency in their decisions regarding eligibility or referrals to funds, irrespective of the characteristics of the callers. Therefore, one is more likely to be deemed eligible or referred to funds when assigned to specialists with higher overall referral rates as opposed to being assigned to more stringent specialists. By leveraging this, along with the assumptions that callers are randomly assigned to specialists with different stringency and that specialist stringency only affects housing stability outcomes through the receipt of a referral, we can determine the causal impact of financial assistance referral.

This approach involves the calculation of stringency instrument[12] $Z_{j(i)}$for judge j assigned to a caller i's case and estimates the following two-stage least squares model:

$$D_i = \alpha Z_{j(i)} + \delta X_i' + \epsilon_i$$
$$Y_i = \beta D_i + \gamma X_i' + \mu_i$$

where, D_i is whether a caller is referred to a funding delegate agency and Y_i is our observed housing stability outcome (shelter entry or eviction filing). X_i' is a set of controls for individual and case characteristics that may impact the likelihood of a referral, including age, presence of dependents in the household, and the number of previous calls to the HPCC. To account for time-related factors that may impact a caller's chance of receiving a referral, we also control for year-month, day-of-week, and call rank fixed effects.[13] Finally, our model incorporates controls to account for housing stability immediately prior to the date of call, including shelter usage and any eviction filing on record from the past three months.

The stringency instrument $Z_{j(i)}$ is the leave-one-out mean referral rate for each specialist within a given fiscal year.[14] There is substantial variation of this metrics across our sample.

If instrumental variable assumptions are satisfied, β will estimate the average treatment effect among callers who would have received a different referral outcome had they been randomly

[11] The exception to this random assignment of callers is Spanish-speaking callers from the 3-1-1 hotline, who are put in a queue for bilingual call specialists. We account for this by including a fixed effect when we residualize our instrument.
[12] At its simplest, this instrument is a leave-one-out mean of referral rate for this judge for every case other than caller i.
[13] Notably, available funds are depleted over the course of the year, and available referral slots at delegate agencies are filled up over the course of the week.
[14] In calculating the stringency instrument, we retain any specialist-year with over 100 calls to reduce statistical noise. This threshold is selected arbitrarily; the number of observations omitted at differing thresholds around this number is stable.

assigned to a different call specialist. We take several steps to validate the assumptions under this research design: instrument relevance, exogeneity, and exclusion assumptions. We also assess monotonicity to ensure estimates may be interpreted as local average treatment effects.

To ensure our referral stringency instrument estimate is relevant – or sufficiently correlated with the likelihood of referral – we review first-stage estimates. Stringency measures have a large and statistically significant impact on referral, and we confirm robustness of this relationship both with and without fixed effects and controls. In terms of exogeneity, call characteristics are uncorrelated with stringency of the specialist assigned to the call.

	(1)	(2)	(3)
	Referral Stringency		
Estimate	1.0892***	1.0832***	1.0837***
Std. Error	(0.0325)	(0.0352)	(0.0357)
Est. × sd(Z)	0.117	0.117	0.117
Fstat	1124.99	949.43	919.82
n	33414	33414	33414
FE	No	Yes	Yes
Controls	No	No	Yes

This modeling approach also relies on the exclusion assumption that specialist stringency only affects outcomes through the receipt of a referral. This is difficult to validate, given call specialists may provide information about broader Continuum of Care services over the course of a call, and callers may call back with strategic information impacting future perceived eligibility. To address the latter concern, we first affirm specialist stringency is uncorrelated with future referral among ineligible callers. We also examine the relationship between stringency and the successful receipt of assistance among those referred to funds and confirm a weak negative correlation as expected. Finally, we build a stringency measure for calls deemed eligible but <u>not</u> referred to examine whether the likelihood of receiving funding among non-referred callers is affected by specialist stringency. While controlling for this measure and fixed effects does reduce the likelihood of fund receipt, the difference between eligible and ineligible calls remains consistent, further supporting specialist discretion is unlikely to violate the exclusion restriction in our setting.

Finally, we validate monotonicity by testing whether referred calls would still have been referred had they been assigned to a less stringent specialist, and the inverse relationship for non-referred calls. In similar "random judge" settings this condition can remain unmet if judges are relatively lenient for select types of cases or otherwise differ in either ability or preference when making decisions. We include two tests: (1) affirming non-negative first stage estimates of similar magnitude across various caller characteristics and (2) calculating referral stringency on a particular sub-sample (e.g. women) and running first stage for the complementary group (e.g. non-women) to confirm non-negative, similar-magnitude estimates. Both tests provide no evidence monotonicity is violated.

	Referral		
Sample	Coef	SE	n
Rent request	1.0981***	0.0408	39959
No rent request	0.7281***	0.1063	7032
Males	1.0265***	0.0497	10258
Females	1.052***	0.0364	36733
Black	1.0626***	0.0366	38804
Non-black	0.9812***	0.0579	7624
Any dependent	1.1253***	0.0377	25843
No dependent	0.9763***	0.0406	21148
Request amount above median	0.8886***	0.0444	25359
Request amount below median	1.3276***	0.0886	21231
Reason: other non job loss	0.9514***	0.0347	35931
Reason: job loss	1.183***	0.0689	11060

Full test and treatment estimate outcomes across a suite of outcomes can be found in an upcoming working paper, which additionally explores potential mechanisms through a decomposition of our estimates and the point identification of treatment effects.