

Overview

Transitional Rent is the newest Community Support, covering up to six months of rental assistance in permanent or interim housing for Medi-Cal Members who are experiencing or at risk of homelessness and meet additional service eligibility criteria.¹ Beginning on January 1, 2026, Medi-Cal managed care plans (MCPs) must cover Transitional Rent for the Behavioral Health Population of Focus (POF); MCPs may also optionally cover one or more additional Transitional Rent POF.²

The Department of Health Care Services (DHCS) will make non-risk payments to MCPs for Transitional Rent that are separate from, and in addition to, usual capitation payments. These separate payments are intended to cover the cost of rent or temporary housing (i.e., within interim settings) as well as administration of the new Transitional Rent service.

This document contains the maximum reimbursable amounts (“reimbursable ceilings”) and the fees to cover the administration of the Transitional Rent service payable by DHCS to MCPs.³ The reimbursable ceilings were developed to reflect local rental or occupancy costs of permanent and interim settings across California.

¹ For detailed information and policies for the Transitional Rent benefit, including the eligibility criteria, refer to the [Community Supports Policy Guide Volume 2](#).

² See the list of all Transitional Rent POFs, and the definition of each sub-population within the overall Transitional Rent-eligible population in Section VII.B of the [Community Supports Policy Guide Volume 2](#).

³ DHCS will review the schedule at least annually and may revise the schedule based on additional considerations such as, but not limited to, more current or alternative data sources.

Background on Payment Structure

DHCS payments to MCPs for Transitional Rent will consist of two separate components:

- (1) Cost of rent or temporary housing.** DHCS will reimburse MCPs the actual cost of rent or temporary housing paid to landlords or property owners (which may include the costs of storage fees, amenity fees, and landlord-paid utilities that are charged as part of the rent payment) up to the applicable reimbursable ceilings.⁴
- (2) Administrative fee.** DHCS will pay MCPs administrative fees to cover the reasonable costs associated with delivering the Transitional Rent service. The administrative fee amounts were designed to cover the administrative costs of the MCP and the Transitional Rent Provider. DHCS is not specifying a fixed, targeted amount or percentage of this fee that MCPs should allocate to the Transitional Rent Provider, recognizing that the respective allocation of activities between the MCP and the Provider will vary by MCP and Provider. DHCS expects MCPs and Transitional Rent Providers to negotiate rates that reflect the administrative costs borne by each of the parties.

The Transitional Rent payment is designed to cover the cost of rent or temporary housing for the Member for the full time in which the Member is receiving Transitional Rent (which may be up to six months). MCPs and Transitional Rent Providers must not require Members receiving Transitional Rent to cover a share of the rent. MCPs and Transitional Rent Providers should place Members in settings where the payment provided by the Transitional Rent Provider to the landlord or property owner is sufficient.

DHCS recognizes that county agencies and other housing providers may use various methods to pay for interim settings (e.g., bundled payments). In alignment with the Community Supports Policy Guide, Transitional Rent will only cover the cost of housing the Member in the interim setting (e.g., supportive services are not coverable and, in many cases, are separately billable Medi-Cal services).

⁴ DHCS will provide MCPs with provisional reimbursement for rent/temporary housing provided by the MCP. DHCS will subsequently reconcile the sum of the provisional payments provided to the MCP to the lesser of the aggregated cost of rent/temporary housing provided by the MCP and the aggregated applicable reimbursable ceilings for the rent/temporary housing provided by the MCP.

Payment for Cost of Rent or Temporary Housing

Table 1 below details the reimbursable ceiling by setting type. As noted in the previous section, **DHCS will reimburse MCPs the actual cost of rent or temporary housing paid to the landlords or property owners up to a specified reimbursable ceiling**, subject to an annual reconciliation process. MCPs may not retain any portion of the reconciled payment received from DHCS for the cost of rent or temporary housing.

The reimbursable ceilings are tied to a percentage of the U.S. Housing and Urban Development (HUD) Small Area Fair Market Rents (SAFMR).⁵

HUD SAFMRs serve as a basis for establishing payment standards for tenant-based Housing Choice Vouchers and help inform standards for other HUD administered voucher programs.⁶ SAFMR, which are established at the zip code level, can capture locally specific rental cost differences and are designed to allow access to housing in higher-opportunity neighborhoods. This means that the reimbursable ceiling varies depending on the zip code where the Member is housed. SAFMRs also vary by unit size, with different rates for efficiency,⁷ one-bedroom, two-bedroom, three-bedroom, and four-bedroom units, which means that the use of SAFMR allows a Member to be housed in a unit or setting that is appropriate for the size of the Member's household.⁸ HUD updates SAFMR annually.

The reimbursable ceilings are not the fixed rates of payment. DHCS expects that actual rent or temporary housing costs will vary from case to case and, typically, will be below the reimbursable ceilings.⁹

In exceptional circumstances, MCPs have discretion to reimburse Transitional Rent Providers for rent or temporary housing costs that exceed the applicable reimbursable ceiling. The payment model accommodates such exceptions because it provides for

⁵ See HUD's SAFMR available here:

https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2025_code/select_Geography_sa.odn.

⁶ U.S. Housing and Urban Development, "[Small Area Fair Market Rents \(SAFMRs\)](#)".

⁷ Efficiency unit is also referred to as a zero-bedroom unit (see 24 CFR section 982.604).

⁸ See additional information on family housing in Section VII.C of the [Community Supports Policy Guide Volume 2](#).

⁹ SAFMRs are estimates of combined rent and utility expenses for an area. This increases the effective rate of the reimbursable ceiling for the large swath of the rental market without landlord-paid utilities. Moreover, all of the reimbursable ceilings exceed 100 percent of SAFMR, or the applicable HUD payment standard, providing an adequate rate for placement across the state, including in units with landlord-paid utilities.

application of the reimbursable ceilings at the aggregate rather than individual service level. MCPs will not be reimbursed for any costs incurred that exceed the combined sum of the applicable reimbursable ceilings. Moreover, DHCS encourages MCPs and Transitional Rent Providers to negotiate the cost of rent or temporary housing paid to landlords or property managers that align with the payment standards used by public housing authorities and county behavioral health delivery systems, subject to the reimbursable ceilings, to support a seamless transition to other housing supports after the expiration of Transitional Rent.

Table 1 includes the reimbursable ceilings for allowable permanent and interim settings (as laid out in the list below and detailed in the [Community Supports Policy Guide Volume 2](#)). Per the Community Supports Policy Guide Volume 2, DHCS defines “permanent” settings as those with a renewable lease agreement with a term of at least one month. A setting that can be permanent or interim is considered permanent if the Member has a renewable lease agreement. Where there is no lease agreement, or the lease term is not renewable, the setting is considered interim.

Allowable Permanent Settings

- » Single-family and multi-family homes (e.g., duplexes)
- » Apartments
- » Housing in mobile home communities
- » Accessory dwelling units (ADUs)
- » Shared housing—where two or more people live in one rental unit
- » Project-based or scattered site permanent supportive housing
- » Single room occupancy (SRO) units
- » Tiny homes
- » Recovery housing
- » License-exempt room and board

Allowable Interim Settings

- » Single room occupancy (SRO) units
- » Tiny homes
- » Hotels/motels when serving as the Member’s primary residence
- » Interim settings with a small number of individuals per room (not large dormitory sleeping halls)

- » Transitional and recovery housing with no lease agreement, including:
 - Bridge, site-based, population-specific, and community living programs that may or may not offer supportive services and programming
 - License-exempt room and board*
 - Peer respite

Additional details on these allowable settings are included in the [Community Supports Policy Guide Volume 2](#).

Table 1. Reimbursable Ceilings for Rent or Temporary Housing

Table 1 displays the reimbursable ceilings for a per-month unit of service. Payments can be made on a per-diem basis. The per-diem reimbursable ceiling for a given setting is equal to the monthly rate divided by 28. Per-diem payments will be reserved for stays of less than a full month. Month-long stays will be required to be paid on a per-month basis. Total payments in a month will not exceed the per-month reimbursable ceiling.¹⁰

Setting	Per-Month Reimbursable Ceiling
Permanent Settings	
Allowable permanent setting (not SRO)	110% of SAFMR for the applicable unit size (i.e., efficiency, one-bedroom, two-bedroom, three-bedroom, or four-bedroom)
Allowable permanent setting meeting the definition of a single room occupancy (SRO) unit¹¹	82.5% of SAFMR for an efficiency unit ¹²
Shared housing—where two or more people live in one rental unit	Prorated share of 110% of SAFMR for the applicable unit size, with the share determined by the number of bedrooms occupied by the Member’s household relative to the total bedrooms in the unit ¹³
Interim Settings	
Allowable interim setting when Member has their own	110% of SAFMR for the applicable unit size

¹⁰ DHCS will provide additional guidance on encounter data submissions and supplemental reporting standards and specifications.

¹¹ As defined in [24 CFR section 982.4\(b\)](#), an SRO is a “unit that contains no sanitary facilities or food preparation facilities [for the exclusive use of the occupant], or contains either, but not both, types of facilities.”

¹² HUD defines SROs as a “special housing type” and sets the payment standard at 75% of the efficiency unit payment standard (see [24 CFR section 982.604](#)). The reimbursable ceiling of 82.5% of SAFMR reflects the application to HUD’s SRO methodology (i.e., 75% x 110% = 82.5%).

¹³ For example, if a Member’s household is placed in a four-bedroom rental unit in which the Member’s household occupies two of the bedrooms, then the reimbursable ceiling is 110% of SAFMR for a four-bedroom unit divided by four and multiplied by two. This is consistent with HUD’s methodology for shared housing (see [24 CFR section 982.617](#)).

Setting	Per-Month Reimbursable Ceiling
room (including converted hotels/motels now serving individuals experiencing homelessness)	
Interim setting with a small number of individuals per room	Prorated share of 110% of SAFMR for an efficiency unit, with the share determined by the number of beds in the room occupied by the Member's household relative to the total number of beds in the room
Hotels/motels (i.e., commercial lodging) when serving as the Member's primary residence	150% of SAFMR for an efficiency unit

Administrative Fee

Table 2 below provides the administrative fees that DHCS will pay to MCPs. The fee is intended to cover the costs associated with delivering the Transitional Rent service across **both** the MCP and the Transitional Rent Provider. As noted above, DHCS is not directing MCPs how to allocate the administrative fee but expects MCPs to allocate the fee reasonably relative to the overall division of responsibilities between the MCP and the Transitional Rent Provider.

The activities that this administrative fee is designed to cover include, but are not limited to:

- » Confirming an appropriate setting/unit.
- » Ensuring the housing unit is habitable (e.g., coordinating a housing quality inspection).
- » Helping the Member to review, understand, and execute the lease agreement, ensuring the lease agreement is compliant, legal, and reflects the needs of the Member, and confirming the rent payment due date.
- » Structuring rent payment agreement with landlord or property owner.
- » Issuing timely payments to the landlord or other housing provider.
- » Coordinating with the supportive services providers, which may include HTNS Provider, Housing Deposits Provider, HTSS Provider, ECM Provider, and/or other Medi-Cal or non-Medi-Cal funded providers who may be involved in service delivery for the Member.

These activities are generally landlord- or property owner-facing functions. These are distinct from those activities performed under Housing Transition Navigation Services (HTNS) or Housing Tenancy and Sustaining Services (HTSS), which are generally more Member-facing functions (e.g., developing the housing support plan, assisting with move-in, addressing issues that could jeopardize housing stability). DHCS strongly encourages a Member to receive Transitional Rent concurrently with HTNS or HTSS (depending on where a Member is on their housing journey). A provider may receive payment for HTNS or HTSS and Transitional Rent as these are distinct and not duplicative services.

Administrative fees that DHCS will pay to MCPs are paid on a per-month or per-diem basis. In alignment with DHCS' goal of advancing Members' long-term housing stability and seeking out placements in permanent housing—and to account for the higher administrative costs associated with these placements—the administrative fee for the

month in which a Member is initially placed in a permanent setting is higher than the standard Transitional Rent administrative fee.

The administrative fees vary based on region to account for differences in wages and other costs, and for challenges unique to rural areas, including travel costs for field-based providers and scarcity of housing. Each county is assigned to a region.

Table 2. Administrative Fee

Table 2 displays the administrative fee for a per-month unit of service.¹⁴ The standard administrative fee can be paid on a per-diem basis when the cost of rent or temporary housing is reimbursed on a per-diem basis. The per-diem administrative fee is equal to the applicable monthly rate divided by 28. Total administrative fees in a month will not exceed the per-month fee amount.

Administrative Fee	Fee by Region								
	Region A	Region B	Region C	Region D	Region E	Region F	Region G	Region H	Region I
Standard administrative fee, per month	\$167.86	\$175.31	\$205.40	\$209.08	\$224.04	\$229.21	\$243.55	\$266.60	\$279.25
Administrative fee for the <u>first month</u> that a Member is placed in a permanent setting¹⁵	\$1,153.22	\$1,225.71	\$1,443.61	\$1,471.00	\$1,587.44	\$1,657.57	\$1,749.51	\$1,969.76	\$2,042.48

¹⁴ DHCS will review this schedule at least annually and may revise the administrative fee amounts.

¹⁵ The administrative fee will apply to the first month a Member receives Transitional Rent in a permanent setting, regardless of whether they previously received Transitional Rent in an interim setting. This higher administrative fee may only be claimed once per Member.

Region A: Colusa, Del Norte, Glenn, Lake, Lassen, Modoc, Plumas, Siskiyou, Tehama, Trinity, Calaveras, Imperial, Kern, and Tulare

Region B: Butte, Humboldt, Mendocino, Nevada, Shasta, Sierra, Sutter, Yuba, Alpine, Amador, Fresno, Inyo, Kings, Madera, Mariposa, Merced, Mono, San Joaquin, Stanislaus, and Tuolumne

Region C: El Dorado, Placer, Sacramento, San Luis Obispo, Sonoma, and Yolo

Region D: San Benito, Solano, Riverside, and San Bernardino

Region E: Los Angeles

Region F: Napa, Alameda, Contra Costa, and Ventura

Region G: Orange, San Diego, Monterey, and Santa Barbara

Region H: Marin, San Francisco, and San Mateo

Region I: Santa Clara and Santa Cruz