CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES

VIDEO TRANSCRIPT

FLEXIBLE HOUSING SUBSIDY POOL ("FLEX POOLS") MODELS TECHNICAL ASSISTANCE RESOURCE: EXAMPLE MODELS FOR OPERATIONALIZING A FLEX POOL

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Speakers:

- **WHITNEY LAWRENCE**
- **ALISON KLURFELD**
- **DANIELLE WILDKRESS**

TRANSCRIPT:

00:00:00— WHITNEY LAWRENCE —Slide 1

Hey there! Welcome to our Flex Pools Models Resource Guide. We are excited that you're here today. As many of you already know, Alison, Danielle, and I have been working with communities throughout California to support their launch of Flexible Housing Subsidy Pools.

In that work, we are learning a lot right alongside the communities we are working with. And we're here to share some of that with you today.

00:00:24— WHITNEY LAWRENCE —Slide 2

The goal of our time together today is to share our learnings about the different Flex Pool models that we see emerging from our work across California. Our hope is that these models can generate some ideas on your end about how a Flex Pool could benefit your community, and which kind of Flex Pool structure might be right for your community. An important note before we sort of dive in is that these models are just examples. The best Flex Pool model for your community is the one that is actually responsive to the local environment, and the one that you can actually get off the ground.

00:00:57— WHITNEY LAWRENCE —Slide 3

This slide is our panel today, and you'll be hearing from each of us.

00:01:02— ALISON KLURFELD —Slide 4

Alright, I get to hop in here. So... I'm excited to talk about the Flex Pool core functions and what is a Flex Pool, right? This will be a refresher for some of you who are very familiar with Flex Pools, and for others, it might be new.

00:01:15— ALISON KLURFELD —Slide 5

Alright, so first thing is, like, what is a Flex Pool, right? A Flex Pool is not a term of, like, licensing, it's not something you have to get a HUD [Department of Housing and Urban Development] or CMS [Centers for Medicare and Medicaid Services] designation for. It's not defined in statute. It's more about what does a Flex Pool do? It's a kind of infrastructure that helps people who are experiencing or are at risk of homelessness. By doing these four things, right?

So, the first thing it does is to coordinate and braid funding streams. So, one of the biggest challenges that many housing programs and housing systems face is that there are so many different funding sources, so many different programs, each of which has its own kind of, you know, this rules over here, and this contract over there, and it feels like [this] in communities, local California counties, and continuums of care and managed care plans. You're doing a whole new set of contracts and agreements, a whole new set of program staff, whole new software every time you do a new funding source, right? So, what's really different with the Flex Pools is to try to break up that money coming *in* from lots of different categorical programs and funding streams from the money that goes *out* to landlords and housing supportive service providers. So, kind of, no matter what money comes in, what that color of the money is, whether it's federal money, whether it's Medicaid money, whether it's HUD money, whether it's something else, you're still going to be able to have the same kind of contract, the same payment structure, the same bank account paying a landlord, no matter which funding source you're using on the back end. And the same thing in terms of housing supportive service providers, [Flex Pools] try and make all that funding work and braiding invisible to those landlords and supportive service providers.

So, the next thing that a Flex Pool does is, number two, acting as a fiscal intermediary between funders and landlords on behalf of participants. Or, you know, in more plain terms, paying rent on time, every time. So, this is really important because it can actually be really hard for a lot of government entities—whether they're counties, cities, others—to pay a security deposit quickly before you lose a private market unit, or to cut a rent check within 24 hours, but often by working with a nonprofit intermediary, a Flex Pool can do that, and they're able to get better outcomes because of that.

Function number 3 is about identifying, securing, and supporting a portfolio of units for participants. So, this one is really about changing how housing systems do acquisition. For most housing programs, once a participant gets assigned a subsidy, then they and their case manager—who's probably a person with a background like social work and probably not real estate, not business, not working with landlords. That individual client and their case manager are doing a housing search amongst a lot of local landlords, and then one desk over, another case manager with another client is searching and talking to the same landlords about the same set of apartments. It's just a lot of individualized work, and so what's different about a Flex Pool is that, really, what you want to be doing is saying, okay, how many new units, how many housing placements do we think we need to do this month? Is it 10? Is it 20? Is it 100? Just depending on the size of the scale of your system. Let's go out and get 10 or 20 or 100 apartments ready for us. In the right places, with the right kinds of mix of units—that's great. And then, it's a much easier matching [process]. Instead of having to do a housing search among the entire market for everybody, you're matching your 10 people who are going to be housed that month to the 10 apartments you have in your portfolio. The other nice thing about kind of securing units and supporting them as a portfolio is that then, for landlords, you don't have to sell them so much on this individual client to get them to sign up and be part of the Flex Pool. Instead, you're selling them on the Flex Pool program—we have lots of different subsidies, we come with supportive services, and we pay rent on time. That's a much nicer sell than this person or that person who may be clients, or Medi-Cal members with histories that have different kind of conditions that are a little more challenging for landlords to accept.

The last core function—and these all work together—is coordinating with providers of housing supportive services to support participants. One thing that we know is for most people experiencing homelessness, they really need strong case management support to get actually into housing and stay and be retained in that housing, to keep that housing for the long term. So that client-facing work, which is really about building trust, helping someone build stability in their own life and learn how to be a good tenant, work, and be able to exist effectively and successfully in that new unit—that's work you really need to coordinate closely with the work of getting units and engaging with landlords. So really, this is about making sure there's always that person to call when it’s midnight and the client has left the water running, or whatever it is, so that there are case managers who are ready to help and support that the clients trust.

So those are the four things that a Flex Pool does.

00:06:21— ALISON KLURFELD —Slide 6

Another thing to understand about these Flex Pool core functions is who does what. This is the high level, and then later in the presentation, we're going to dive into the detail of it. So, you'll see right at the center in this orange box is the flexible administration and operation. There's the Lead Entity and the Operator, and they have to work together very closely. Generally, the Lead Entity is the one who's kind of the instigator, the convener, the driver. They're really seeing the big picture and making all the different Flex Pool funding sources, funders, landlords, making everything work together. Another key thing the Lead Entity usually does is Flex Pool core function one on braiding funding. Many times, the Lead Entity, which is, often, but not always, a county, is also a funder themselves, putting in one of the funding sources they control. Usually, the Lead Entity will contract with an external Operator, usually a nonprofit entity, to do kind Flex Pool core function two, fiscal intermediaries, so actually paying rent and other expenses. And then three, getting a portfolio of units. So that's kind of what's happening at the center, is this kind of bigger picture visioning, bringing funding sources together, and then actually that day-to-day work of getting the units, paying out the rent, getting people housed.

Off to the left side, you'll see that the Lead Entity is usually the one coordinating really closely with funders. So, generally, there's a lot of relationship management, explaining to the funders what to expect from the Flex Pool, negotiating, okay, how much is the budget for this program, this number of people housed, whatever it is. The Lead Entity is really taking the lead on that, and often you're starting with one, maybe two external funders, maybe three, but you can add more over time.

This funder work is kind of behind the curtain. Usually, the Operator isn't doing it, because the Operator, in contrast, is the one that the landlords work with, and in the best-case scenario, the landlords aren't even aware of everything going on with the funders and the funding sources. The last piece over to the right is the housing supportive service providers. So, both the Lead Entity and the Operator might be coordinating or contracting with housing supportive service providers. Whether that's a provider, a nonprofit, maybe homeless service or housing organization doing housing-focused case management, maybe it's a behavioral health or mental health agency, maybe it's an Enhanced Care Management Provider, there's lots of different options for what that looks like. And of course, all of this work is happening behind the scenes to get the outcomes we want *(down in the bottom right)*: housing and supportive services for participants.

00:09:03— ALISON KLURFELD —Slide 7

Some of you might be thinking, hey, this Flex Pool thing sounds like a lot of work, and that's true! It is a lot of work, right? So, why would you bother with this work? Why would you take it on? What's the value? The biggest thing is that you're effectively and efficiently administering the rental subsidies; you're trying to create a seamless experience for the landlords, the participants, and the supportive service providers. Not necessarily for the Lead Entity, Operator, or funders, right? But the Lead Entity, Operator, and funders are interested because *(right at the top here)* Flex Pools increase the number of participants you can house and improve housing retention—much better outcomes and the thing you care about the most. Another benefit is Flex Pools, through centralization, can provide consistency and clarity for landlords, so you don't accidentally have [the situation where], “Well, Housing Program A will pay me more money; Housing Program B, will you pay me more?” And landlords kind of creating bidding wars among programs and different kind of funders in a community. Another thing, as I mentioned earlier, on that Flex Pool Core Function 3: getting a unit inventory—kind of a pool of units—reduces a lot of unnecessary time spent on individual housing search, and it increases the number of people who go from having a subsidy in hand to actually being placed. That's really important because it can maximize the value of the limited housing resources in communities, especially right now, where we're seeing a lot of different kinds of cuts or reductions in housing resources. It's really important to actually use every resource that's available in your community. Another nice thing is that centralizing the functions can serve many different housing programs and populations. You're not just building a new staffing pattern, a new contract, a new program, or a set of policies for every funding source. Instead, you're just centralizing it all under one. And then, hopefully, that's also giving you some flexibility to meet participants' needs. “Okay, this person isn't well served by Funding Source A or Program Model A, can I try them out on Program Model B without having to go outside of my entity?” So that's some of the value of a Flex Pool.

00:11:06— ALISON KLURFELD —Slide 8

The last slide was about “Why Flex Pools; why bother?” This slide is “Why now?” Right now, there are a lot of benefits of Flex Pools for counties and Medi-Cal Managed Care Plans, or MCPs, because the launch of Transitional Rent and BHSA [Behavioral Health

Services Act] Housing Interventions provide a lot of important new supports that can really benefit from a Flex Pool. So, you can see, counties can use the Flex Pools to administer new rental subsidies through BHSA. They can ensure that the county is actually compliant with mandates under BHSA and Behavioral Health Bridge Housing [BHBH] to maximize coverage and funding under Medi-Cal, and then also [Flex Pools enable counties] to administer other state-funded programs, as well as to support uptake of the federal vouchers that are available. On the other side, MCPs (managed care plans) can more easily connect members who are eligible for Transitional Rent with the long-term subsidies through other Flex Pool funders. So, there's really symbiosis here.

Alright, I'm going to turn it over now to Danielle to talk a little bit about what we've been doing in our Flexible TA Academy.

00:12:06— DANIELLE WILDKRESS —Slide 9

So, as Alison mentioned, the Department of Health Care Services [DHCS] launched the Flex Pool TA Academy.

00:12:12— DANIELLE WILDKRESS —Slide 10

The Flex Pool TA Academy was an opportunity that the Department of Healthcare Services [DHCS] launched in August 2025, with the goal of really seeding and helping local communities launch Flex Pools in anticipation of the Behavioral Health Services Act [BHSA] implementation [and Transitional Rent]. Through the grant, communities were able to have county behavioral health agencies participate, through a competitive planning grant. And the grants are there to help for: the cost of staff or consultants that the county or the Lead Entity can hire directly; supplies and materials; meeting costs; community and provider engagement (on-site or virtual). We've had some in-person gatherings, and so the grant is also available to help with the travel related to that, as well as technology and other sort of one-time startup costs for doing a Flex Pool.

But more importantly, what is the Flex Pool TA Academy focused on? The resources have been really set up to provide a venue, a structure, for participating communities to do visioning related to developing a new Flex Pool or strengthening an existing Flex Pool. It's also there to help folks identify potential funding sources—there's obviously Transitional Rent and BHSA, but [also] thinking more broadly than that. There's been a lot of support in funder and partner relationship development, as well as procuring a Flex Pool Operator. And finally, [the Academy provides] just a lot of intentionality, expert guidance, and creates space for folks to come together to work through some of the nitty security operational processes, really with an eye of building a Flex Pool that has a foundation that then can be leveraged as new resources become available, or other resources go away—which we know is the real sort of magic of having a Flex Pool, is its ability to absorb and let go of resources as they are available.

00:14:12— DANIELLE WILDKRESS —Slide 11

Flex Pools are not a new concept in California. This map very quickly goes over the places where we have already had a Flex Pool in place. Probably most well-known is Los Angeles, but also Solano, San Francisco, Santa Cruz, and Trinity counties. And then this is [also] the state of play as of June 2026, in terms of other counties that are participating in the Flex Pool Academy, and therefore well on their way.

00:14:41— WHITNEY LAWRENCE —Slide 12

Alison and I are going to walk you through the three most prominent Flex Pool models that we are seeing develop. This section is structured to first describe the model with a beautiful graphic, and then we're going to talk through the advantages and the disadvantages of each model.

00:14:57— WHITNEY LAWRENCE —Slide 13

There are three main models that we see emerging. This doesn't mean that these are the only ways that Flex Pools can get built, but these are the three models that we are seeing in our work. The first is what we think of as sort of, like, the gold standard of Flex Pool models—this is the way that Los Angeles and Alameda's models are built. They are fully “Integrated”, where the Lead Entity braids the funding and holds the contract with funders and the Flex Pool Operator. The second model is what we are calling the “Housing-Only” Flex Pool Model, where the Operator takes on a heavier role and braids the funding and holds contracts directly with funders. The third model is the In-House Model—we are mainly seeing this model emerge in smaller communities. In this model, the government entity, or the Lead Entity, is holding all of the pieces, and there is not a community-based Operator in place. Now, we're going to dive into each model.

00:15:58— WHITNEY LAWRENCE —Slide 14

Flex Pools, in general, I always like to say, are built on two key ingredients, and that's trust and communication. And within every Flex Pool model, there are a handful of key roles, no matter how it is structured. Alison walked us through some of these key roles, but I'm going to reiterate them for you now. No matter how these roles get mixed up, there are always funders, landlords, housing services providers, and finally, the Lead Entity and the Operator.

Funders provide the money needed to run the Flex Pool. They come in a variety of shapes and sizes, and many want, or actually really need, to set the terms around what the target population will be for their funding. Flex Pools are funded by a variety of entities, sister county departments who are holding local or state dollars, managed care plans who are kicking in, something like HIP [Homelessness Incentive Program] money, HHIP [Housing and Homelessness Incentive Program] money, and philanthropy. Those are all common funders. In some counties, the Lead Entity is not the major funder, and in others, the Lead Entity is the main source of funding. Ideally, there's more than one funder, and ideally there will be more funders as a Flex Pool matures, so we are always counseling people to build it so that it can grow.

Landlords, of course, provide the housing. Housing service providers provide what we think of as sort of classic housing case management services, supporting the program participant to reach their housing and other goals. Some counties directly fund housing supportive services through their Flex Pool, while others coordinate with these services without funding the work through direct contracts.

Finally, there's the Lead Entity. It is the Lead Entity's job to run this whole circus. And importantly, very importantly, it's the Lead Entity's job to protect the Operator and ensure that the Operator has all the tools that they need to do their job. The Operator role really exists on a continuum, and Operators fill a variety of roles. While all act as a fiscal intermediary between funders and landlords, and all of them identify and secure housing units, they may or may not braid the funding or coordinate the supportive services. You're going to see when we get to the In-House example that sometimes there is no separate Operator. The Flex Pool teams have adapted the basic Flex Pool model to meet their needs and goals, blending old and new structures. In all but one Academy community, the Lead Entity is the county.

I'm going to pass it to Alison now, who's going to walk us through the integrated Flex Pool model.

00:18:41— ALISON KLURFELD —Slide 15

Okay, so Model 1 is what many people think of when they think of a Flex Pool, right? This is something you see in Los Angeles, and a number of other large areas, but also I've seen it in small areas as well. So, in Model 1, the Lead Entity is the one that's braiding funds, and then the Lead Entity is also the one who's subcontracting the landlord and participant-facing roles out to the Operator and housing supportive service providers. So right in the center, you will see the Lead Entity is at the center of this model. They are doing that flexible administration and operation, kind of ringleading the circus, as Whitney just said. Here—even though the Lead Entity is the one who is kind of coordinating and braiding the funding streams, and actually contracting to the Operator, and often to housing supportive service providers as well—it's really important that the Lead Entity and the Operator kind of get rid of the hierarchy in certain ways to focus together on what am I doing and what are you doing to make our outcomes the best they possibly can be to get the best possible housing placements, the best retention, the best experience for our landlords and our clients, right? One thing is that even though the Lead Entity is the one leading, they are making important programmatic decisions in real partnership with the Operator. So, the Lead Entity, they contract with the Operator and with housing supportive service providers. Sometimes the Operator also happens to do housing supportive services themselves; sometimes it's separate nonprofits.

Another thing that the Lead Entity does is hold those funder relationships. Right now, as Transitional Rent and Behavioral Health Services Act [BHSA] Housing Interventions are really rolling out, we're seeing a lot of [Flex Pool Lead Entities] are contracting first with Medi-Cal managed care plans—often, as the only county contract, or sometimes one of a few county contracts for Transitional Rent, and often for the housing Community Supports Housing Trio as well(so that's Housing Navigation, Housing Deposits, Tenancy Services). So that's a really central role they're able to play and braid those services into their existing housing funding, including funding that might be new or old from their county behavioral health department.

Often the Lead Entity here is a county housing and homelessness services department, that's what we're seeing, but we're also seeing county behavioral health departments who are themselves acting as the Lead Entity, not only for behavioral health clients, but potentially for other types of clients as well. One really important thing about this Lead Entity relationship with the funders is that the Lead Entity is really kind of setting the terms and negotiating to help the funders work together with the infrastructure. Funders get a lot of say, as they should about what their funding sources are for, what the sort of housing priorities are, what kinds of reporting they need. But the Lead Entity is also explaining to them what's possible and what's not if they want to see the great outcomes that the Flex Pool offers. So, funders may have to really understand there's a negotiation coming in that the Lead Entity will set some terms around —"if you want to be part of our Flex Pool and have our great outcomes, then it's also important for you to understand we're going to expect for example, unit holds from you. We're going to expect appropriate administrative funding because actually a lot of our work is administrative, and that's what goes and gets the service outcomes you see." So, really managing those funder relationships actively is absolutely very important; the Lead Entity sees the whole budget for the whole Flex Pool, and helps each funder see their piece of that pie, their piece of that budget.

One of the things that's also kind of important here is: what is the Operator doing instead? [In] this model where the Lead Entity is focusing on the funder relationships and coordinating and braiding funding streams, it lets the Operator focus much more on that landlord-facing work and coordinating with housing supportive services providers so that they can, sort of not be worried about, "where do I go get my funding, what is my funder asking me for?" Funders always go through the Lead Entity here, not straight to the Operator—that preserves the Operator's bandwidth to focus so much more on the housing outcomes and the really intricate and involved work of actually engaging those landlords and getting units available and keeping folks housed.

One thing to think about is also: what does that relationship look like with housing supportive service providers? In this model, the Lead Entity is contracting with them directly, so the housing supportive service provider doesn't know when they're providing housing case management is the dollar that's paying me coming from the MCP for the Community Supports Housing Trio, or is it coming from county behavioral health? Is it coming from CoC [Continuum of Care] grants or local administrative funds? The color of the money—the housing supportive service provider doesn't have to worry about it. Instead, they're able to free up bandwidth. They don't have to build a whole in-house infrastructure at these 20 different nonprofits to do Medi-Cal billing. Instead, they're providing the housing-focused case management and coordinating services with the Operator. This model also, again, takes a lot of work off of the housing supportive service providers, because finding the landlords and engaging them [is hard work], and they don't have to do it on their own like they do for other contracts. Instead, the Operator's really doing that work, and they have a much easier experience for their participants.

00:24:15 ALISON KLURFELD —Slide 16

In this slide, we're going to talk about what are the advantages and disadvantages, and I talked about some of these already. This model is a lot of work, but it has some big advantages. I think one thing that's really important is that it is standardizing the housing processes across the funding sources, facilitating easier coordination across funders. You don't have to have Funder A negotiate with Funder B, negotiate with Funder C, D. You could go to 30 or 40 funding streams in a large Flex Pool. Here, the Lead Entity is really holding that central vision and coordination and standardizing the processes so that things work the same in terms of supportive services and, in terms of, what's expected for a landlord contract no matter what the funding source is. This also makes things easier to scale. It's easier to add new funding sources in when there's just the Lead Entity to take them on and make that decision and incorporate it into the administrative infrastructure and the Operator to figure out how to track them and report for them in a new way. The client experience is more seamless here, because there's kind of one infrastructure doing the whole housing intervention—case management, housing search, rental subsidy—it's all coming from the same place. It's coming as a package, instead of the client potentially getting lost with different funders or different programs providing those three things. As I mentioned, this really improves the relationships with supportive services providers. They often feel much more financially secure, because they don't have to go get a new contract every time there's a new state or federal program. Instead, the funding braiding is done by the Lead Entity, and they can just kind of keep serving more folks.

The last thing that's an advantage I mentioned before is that the Lead Entity kind of acts almost as a heat shield between the funders and the politics and the Operator. The Lead Entity is understanding what the funders' needs are, meeting those needs, understanding the local board of supervisors and other concerns. They take that work on, and they kind of protect the Operator from it so that the Operator can stay laser-focused on, "let me get units, let me keep my landlords engaged, let me bring more landlords in so we can place more people."

So there are a lot of great advantages to this model. Why not do this if there are so many advantages? There's two main disadvantages that folks have to really think about. The first is that the Lead Entity has to have a tolerance for financial risk and the disposition to manage multiple funding streams and differing expenditure deadlines. You have to have the willingness to say, "I've got my funding package set up. I really feel good about my next 2 years, I'm hazier on my 3 to 5 years, and who knows what my 10 years are, but I'm going to keep working it through. We're going to keep bringing funding sources in. I don't have a 10-year guarantee all the time when I start." Additionally, there is a lot of work to being a Lead Entity. There's a lot of administrative work, usually for a county department. In this Model, it means taking that on, it means taking it off of your landlords, taking it off of your Operator, taking it off of your supportive services providers, who are not as well positioned often as a county to take it on. But it does mean the county has to staff for it, has to have the technology for it, has to make sure it's appropriately resourced to get the outcomes they want to get.

00:27:28— WHITNEY LAWRENCE —Slide 17

I am going to walk us through the housing-only Flex Pool model. What is different about this model is that the Lead Entity does not sort of sit in the middle of the model. Responsibility is more dispersed. So, you're going to notice on this graphic, there are a lot more arrows than were on the Model 1 graphic, where everyone is sort of running through the Lead Entity. In this model, the Operator, not the Lead Entity, is braiding the funding. Funders are contracting directly with the Operator to secure and manage units and usually, are also contracting directly with housing supportive service providers. You can see, in Model 2, the Operator is really holding a lot more relationships, and they're holding multiple contracts. On the next slide, I'm going to talk about the advantages and disadvantages, so we'll get to that.

On this graphic, in the funder box, you can see that MCPs are contracting with Operators directly for Transitional Rent and housing deposits. They're contracting with community-based organizations (CBOs) directly for housing supportive services, and they're coordinating with the Lead Entity. Any other funders are also going to be contracting directly with the Operator and coordinating with the Lead Entity. The Lead Entity is contracting with the CBO to serve as the Operator. They're coordinating with MCPs and all the other funders on the program model, the operations, and the funding. And they are also providing or contracting for county-funded housing supportive services.

The Operator's job is a much bigger lift in this model than in Model 1. The Operator is coordinating and braiding funding. They are contracting with all these different entities, including the Lead Entity, MCPs, and any other funders that come along. And they're recruiting and supporting the landlords. Of course, the Operator is still responsible for reporting on aggregate and client-level data to funders. They're doing that coordination piece with housing supportive services providers. Very importantly, they're paying housing deposits, and they're paying that rent on time, every time. In this model, housing supportive services providers are contracting directly with MCPs and/or the county. They provide housing-focused case management support, and they're coordinating services with the Operator. So, again, just to point out, responsibility is a lot more dispersed in this model, and when we get to the advantages and disadvantages, we're going to talk a little bit about governance, because you can see a lot more arrows, and a lot more moving parts in Model 2.

00:30:10— WHITNEY LAWRENCE —Slide 18

Okay, what are the advantages and disadvantages of this model? I think one huge advantage, and it is not to be discounted, is that this model is a lower barrier to launch. It requires less upfront work and organizing from the Lead Entity, and it sort of more easily integrates into the pre-existing local environment and government infrastructure without the need for getting a bunch of delegated authority and getting a bunch of front-end contractual organizing in place. Another advantage is that it splits financial risk between Lead Entity and funders, as opposed to the Lead Entity and the Operator holding a lot of that financial risk. And this model also works well in scenarios where a CBO in the community is already braiding funding and can be elevated to serve as the Operator.

Disadvantages to this model: this model requires a lot of communication and a lot of intentionality around governance, because there are so many players, there are so many arrows going back and forth. It requires a really strong partner commitment to achieve two of the Flex Pool core functions, which are coordinating and braiding funding streams and coordinating with those housing supportive services providers.

Another disadvantage is that in many, many ways, the Operator is a lot more vulnerable in this model. Because the Lead Entity is not sitting in the middle, and is not serving as the holder of funds, or as the heat shield from funders, this also introduces a lot more financial risk, potentially, for the entity that is serving as the Operator. At the client level, clients potentially have to navigate a more decentralized system for housing and supportive services. That's true of clients, it's also true of folks who are sort of serving those clients. And importantly, the Operators just have less power than counties to negotiate with funders. They are in less of a position of power when they're walking into some of those conversations with funders than a county or a typical Lead Entity would have in those negotiations.

I think what will be most important for communities who are pursuing this model is to really spend some time and energy on the front end and throughout the project lifecycle, really thinking about governance and how to protect against some of these disadvantages. They are not insurmountable disadvantages; they just take some thought and some planning around. Some key questions to ask are: what are ways that decision-making can be streamlined amongst the funders and Lead Entity? How can the funders and the Lead Entity work together to develop role clarity around decision making?

00:32:57— ALISON KLURFELD —Slide 19

I’m going to talk about Model 3, which is the In-House model that's often seen. We're seeing this for many of our smaller-scale communities, our frontier, our rural communities. In this model, the small community, usually a county entity that's a department of health and human services, or sometimes a behavioral health and housing department or team, is going to retain both the Lead Entity and the Operator function in-house. Because of the small number of participants served and the limited availability of entities locally to serve as an Operator, it may be that it's just kind of not financially feasible. There's not enough people to make a whole contract with an external partner worth it. And it may be that actually it's thin on the ground. There aren't that many community-based organizations [CBOs] in that area. Those that are, are not willing to, or ready to take on the financial risk or the new programs or maybe aren't able to staff it. So sometimes the county is stepping up because it just makes sense, financially, and sometimes because there's nobody else. But when the county steps up, they can really centralize flexible administration and operation. A lot of the work here is about coordinating and braiding their funding streams and thinking about they are recruiting landlords maybe a little bit more intentionally than they have in the past, even at a small scale, thinking intentionally about, "are there things we can do with master rental subsidy agreements, even if it's for 5 units? Are there things we can do on new construction? How can we [find] interesting ways to bring more units into our portfolio?"

Often, but not always in this model, the actual staff providing the housing supportive services, the housing case management to participants, are actually county staff. But what's kind of interesting, what can be different in a flexible orientation, is that instead of having, say, 4 or 5 case managers, each of whom has a caseload of 20 clients that they are working with on their housing plans, and each of whom is doing a housing search, maybe you take that 5-person staff and make one person our housing acquisition expert, our landlord whisperer, and really actually work to empower that person and have them develop the relationships to go and help their colleagues on that housing search process. Kind of a little bit of role specialization.

Here, what we're seeing is that often the county is coordinating and contracting with funders such as the Medi-Cal managed care plans, so usually what we've been seeing so far is that the counties doing this model are contracting for Transitional Rent. Then, they're considering maybe adding on Housing Deposits or the Housing Trio for Community Supports—A few already are. But, that's the idea, is really taking on that often as the sole contractor for Transitional Rent, the only one available in that county. And, because of that, they're also able to braid in the other smaller funding sources, whether they're, you know, HHAP, whether that's HDAP, HSP, or other funding sources.

If it's not the county behavioral health department who's actually acting as the Lead Entity and Operator, there's probably going to be some sort of an MOU [Memorandum of Understanding] on how to get the Behavioral Health Bridge Housing and Behavioral Health Services Act Housing Interventions Fund over to the Flex Pool. But more so than in the other models, those tend to be smaller allocations, so it's really important to not just braid in Transitional Rent and BHSA, but to also think about those other funding sources I mentioned, and be strategic about sequencing them.

Often the county here is contracting directly with landlords in terms of cutting checks, paying rent. There's some disadvantages to that in terms of the county moves at the speed of government. It can also be challenging if, say, all the landlords in your community also happen to be county staff. How do you avoid the appearance of conflict of interest when that's actually just what's locally available? So, the counties pursuing this model really have to be thoughtful about that approach. But it really can work when they're thoughtful about how to do that braiding and role specialization to get the best outcomes for their clients.

00:37:05— ALISON KLURFELD —Slide 20

So, last thing, the advantages and disadvantages: The advantages are there's one team, often it's very highly centralized in terms of who is doing this flexible work, who is the housing team managing the budget, the processes, the referrals, the outcomes. It's all one team, and it's designed to meet the needs of small counties—small number of clients, less private provider capacity—it kind of meets the local needs.

On the disadvantages side, I did mention the administrative constraints of government. You might not be able to cut checks quickly, you might not be as nimble with leases, with landlord incentives, and because you're in small spaces, it's hard to scale because the size is small. Some things that are really important for counties thinking about how to use this model effectively are: really thinking about the staffing—enough staff to support role specialization and enough training and support for those staff to actually do their work to the fullest of their skills; and as mentioned, [communities pursuing this model] can do all four flexible core functions, but most of the active work has been around rethinking coordinating and braiding funding streams. That's been a big area of work we're seeing with our counties in this model, and also thinking differently about housing acquisition, trying, even at the scale of [adding] 2 units a month, 4 units a month. [They are thinking about] how to support a portfolio of units.

00:38:24— DANIELLE WILDKRESS —Slide 21

So, you've been hearing a lot about how the Flex Pool is an excellent model to bring in a lot of funders, and Whitney mentioned very early in the presentation that the philanthropy can, and I would even say should, potentially be one of those funders in your community. In my day job, I actually work in philanthropy, and so I'm going to talk a little bit about generally what good investments from philanthropy might be, and I do actually think there's a bit of a hierarchy. Then this slide is intended to give each model a little bit of color in terms of what that might look like, or some examples at the ground level. You're intended to be able to take this slide, along with the ones that were just presented by Whitney and Alison, when you're prospecting with philanthropy and doing some outreach with them.

Philanthropy is really well positioned to offer flexible funding in some core ways, and I would put top of that list is core operating, particularly for your Operator. In order to do this work well, you're really going to need to invest in your nonprofit partners, particularly for Models 1 and 2, and core operating grants provide flexible resources for an organization to do something new and also grow.

The second resource that can be really great for philanthropy would be working capital for the Operator. Since rent roll is a core function of a Flex Pool, managing cash flow can be a big problem for nonprofits. Of course, having an advance structure with your government partner is the most ideal situation, but even with an advance, having a large working capital fund for your nonprofit can make sure that they're able to do that very important thing of cutting the rent check on time, every time.

Number 3 is capacity building with all the partners. We've seen models where philanthropy will fund a position in government—it's like a fellowship, with the hope that government will eventually take on that role after they see the value of it. So it could be at a nonprofit, but it could be at government, but definitely making sure that people have the capacity, the bandwidth, and the expertise in order to fulfill the functions of doing the Flex Pool.

Philanthropy often really likes to fund program costs, and I would sort of put those at the bottom of the hierarchy. So, if you're going to take on philanthropic dollars for program costs, I would encourage people to really put them on costs otherwise not funded by government. So, for example, using philanthropic dollars to pay for rent when that is already something that you have a state or federal source for is less useful than some flexible one-time costs that maybe are pretty explicitly not allowed by your government sources.

A creative thing that I've seen with philanthropy when it comes to Flex Pools is having philanthropy create a matching fund for new funders to come into the pool. This can create an incentive for a different county department, or part of government, or managed care plan who is interested, but needs a little extra push in order to participate. If philanthropy comes and says that they'll match that funder's initial investment, that can often be what sort of creates the little bit of incentive for a new funder to come into the pool in a more long-term way.

So, what does [philanthropy] look like at the local level, if you're doing models 1, 2, or 3? So, for example, Model 1, integrated flexible with the Lead Entity, as I said before, really investing in the Operator's capacity, as well as the Lead Entity—maybe funding a role within government, and then always supporting training, and figuring out how to integrate all those funding sources.

Model 2, [the] Housing-Only model: I would say for this one, I would especially be focused on making sure that your Operator is shored up. As you heard earlier in the presentation, Model 2 makes an Operator particularly vulnerable, and so ensuring that your Operator is well equipped. You won't be able to get over their kind of lack of power in the same way as a government entity would have, but ensuring that [Operators] have flexible resources to navigate the different funding sources would be an excellent place for a philanthropy to show up.

And then, last but not least, as I said, building staff capacity in Model 3. That would probably be, as Alison pointed out, when you have specialization within that small team within government, it can really help. And so, it might be that philanthropy pays for a role. Maybe it's the housing acquisition manager, or it's some administrative, special kind of grant capacity in order to help the Flex Pool get off the ground.

00:43:44— ALISON KLURFELD —Slide 22

So, we hope that this webinar resource was really helpful to you in thinking about some of the details of how a Flex Pool might look in your community. We hope it inspired some “aha” moments and thoughts.

00:43:56— ALISON KLURFELD —Slide 23

If you have more questions, please feel free to reach out to us directly as Flex Pool Consultants, also through the DHCS FlexPools@dhcs.ca.gov email inbox. We're happy to provide spot TA to other communities that are working on developing their Flex Pools, even if they're not in the Academy. Then, the other things that are available to you are the Flexible Housing Subsidy Pools TA Resource. That has, you know, 20-plus pages on all the nitty-gritty details of Flex Pools, as well as links to other writings about specific Flex Pools, Flex Pools in general, things that might be helpful. And, of course, the DHCS Housing for Health website has additional resources and webinar recordings about other housing-focused programs coming out of the California Department of Health Care Services.

00:44:42— ALISON KLURFELD —Slide 24

For our last slide, we just want to say a big thank you. We hope that this was helpful to you, and we hope to hear from you as well. Bye.