

Dear Intensive Case Management Services Providers,

The following programmatic changes to the Department of Homeless Services and Housing (HSH)–funded Flexible Housing Subsidy Pool (FHSP) are required to ensure alignment with the budgeted funding levels for permanent housing programs in the Fiscal Year (FY) 2026–2027 spending plan.

These changes do not apply to participants funded by Office of Diversion and Reentry (ODR), Department of Mental Health (DMH), or Justice, Care, and Opportunities Department (JCOD).

01 Termination of Subsidy Upon Unit Exit

- Effective immediately, when an Intensive Case Management Services (ICMS) participant housed in a tenant-based unit exits their housing unit, the associated FHSP housing subsidy shall be terminated and shall no longer be eligible to utilize for rehousing.
- ICMS associated with the placement shall also be discontinued after the housing subsidy is terminated.

02 Voluntary Unit Relinquishment with Eviction Notice

ICMS participants who are in the eviction process and have received a written eviction notice, and who elect to voluntarily relinquish their unit prior to the incurrence of any eviction-related costs, shall remain eligible for rehousing. However, ICMS participants for whom a Judgment of Possession has been issued shall not be eligible for rehousing.

03 Relocation Limitations

Effective immediately, FHSP-funded relocation requests for ICMS participants may only be approved under the following circumstances:

- Domestic violence or intimate partner violence (VAWA-related transfers)
- Verified health or safety concerns
- Changes in household composition
- Approved reasonable accommodation
- Relocation required by applicable law
- Other reasons approved by HSH

Prioritization of Vacant Project-Based Units:

All ICMS participants approved for relocation must first be referred to available project-based units reserved for participants with tenant-based subsidies in the HSH portfolio. Only in cases where the participant declines such units may alternate housing options be pursued.

04 Expiration of Unleased FHSP Vouchers

Unhoused ICMS participants holding FHSP tenant-based vouchers (TBVs) funded through the following funding sources must execute a lease-up no later than July 1, 2026. Vouchers not utilized by this date shall expire.

American Rescue Plan Act (ARPA) FHSP Housing for a Healthy California (H4HC) DHS D7 SRAP SAM

05 Exit from Brilliant Corners Tenancy Support Service for Federal Voucher Holders

Brilliant Corners (BC) shall transition all ICMS participants with Federal vouchers out of BC Tenancy Support Services (TSS) as expeditiously as possible, and no later than June 30, 2026, with the exception of participants residing in HHIP funded projects.

06 Transition to Horizon Status

BC shall prioritize transitioning eligible ICMS participants to Horizon status under their FHSP housing subsidy, with the goal of achieving this designation for as many participants as feasible by July 2026. Participants transitioned to Horizon status are considered stably housed and will no longer require quarterly retention visits from BC. Instead, Horizon participants will receive an annual recertification visit from BC and will remain eligible for re-enrollment in BC's TSS program should increased tenancy support needs arise.

07 Transfer of Subsidy Upon Death or Incarceration

FHSP subsidies may be transferred to remaining household members upon the death or incarceration of the primary tenant only if the remaining household member's Housing Assessment Index (HAI) score indicates eligibility for Permanent Supportive Housing (PSH).

If the newly designated head of household does not meet PSH eligibility criteria, the subsidy shall convert to a Time-Limited Subsidy (TLS), and the 24-month assistance period shall commence immediately in tenant-based settings. If the participant is residing in project-based housing, the participant shall be required to transition to a tenant-based unit and exit the program within 24 months.

Housing subsidy transfers to the newly designated head of household under these circumstances, both for PSH and TLS, will require the newly designated head of household to be enrolled in ICMS in connection to utilization of these housing subsidies.

08 Housing Deposits

ICMS participants who do not have an FHSP or TLS housing subsidy shall only be eligible for Housing Deposit Assistance through the FHSP upon receipt of an approved authorization for CalAIM Housing Deposits. Participants who are not successfully authorized for CalAIM Housing Deposits will not be eligible for move-in assistance through Brilliant Corners or the FHSP.