

Date of Hearing: April 3, 2019

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

David Chiu, Chair

AB 694 (Irwin) – As Introduced February 19, 2019

SUBJECT: Veterans Housing and Homeless Prevention Bond Act of 2019

SUMMARY: Authorizes an unspecified amount of general obligations (GO) bonds for the Veterans Housing and Homeless Prevention Bond Act of 2019 (the Act). Specifically, **this bill:**

- 1) Includes the following definitions:
 - a) “Board” means the Department of Veterans Affairs (DVA);
 - b) “Bond” means a veterans bond and a state general obligation bond;
 - c) “Committee” means the Housing for Veterans Finance Committee made up of the Controller, Treasurer, Director of Finance, Secretary of Business, Consumer Services, and Housing, and Secretary of Veterans Affairs, or their designated representatives; and
 - d) “Fund” means the Housing for Veterans Fund.
- 2) Authorizes an unspecified amount of bonds to be issued and sold to provide housing for veterans and their families pursuant to the Veteran Housing and Homeless Prevention Act of 2014.
- 3) Allows the Legislature from time to time to amend, by majority vote, the Act, for the purpose of improving the Veterans Housing and Homeless Prevention (VHHP) program efficiency, effectiveness, and accountability, and to further the overall program goals.
- 4) Requires the bond proceeds issued and sold pursuant to this Act to be deposited in the Housing for Veterans Fund.
- 5) Requires the bonds authorized by this Act to be prepared, executed, issued, sold, paid and redeemed as provided in the State General Obligation Bond Law (Government Code Section 16720 et. al.)

EXISTING LAW:

- 1) Establishes the VHHP program to fund the acquisition, construction, rehabilitation, and preservation of multi-family supportive housing, transitional housing, and affordable housing and related facilities for veterans and their families.
- 2) Required the DVA, California Housing Finance Agency (CalHFA), and the Department of Housing and Community Development (HCD) to work collaborate subject to a Memorandum of Understanding to development the VHHP program.
- 3) Requires that at least 50 percent of the VHHP program funds go to fund construction of housing for veteran households with extremely low-incomes and 60 percent of those funds must go to supportive housing.

FISCAL EFFECT: Unknown.

COMMENTS:

Background: Various studies indicate that veterans are more likely than the general population to become homeless, and make up a disproportionate share of the homeless population. Although veterans are only about 8 percent of the U.S. population, they make up approximately 15 percent to 20 percent of the homeless population. Veterans' homelessness is particularly acute in certain parts of the country, including California, which is home to 30 percent or about 10,800, of the nation's homeless veterans. Los Angeles alone is home to over 3,500 homeless veterans. In 2017, homeless veterans decreased nationwide; California saw a reduction of 600 veterans experiencing homeless. With respect to the nation's homeless veterans who are unsheltered, nearly 44% are located in California.

In addition to the veterans who are already experiencing homelessness, there are many more veterans who have unstable housing situations that place them at risk of homelessness. For some, remaining housed may be as basic as having more affordable housing options. For others, the challenges are more complex and may involve a range of issues from lack of job training to needing ongoing treatment for substance abuse or mental health issues.

Numerous studies have shown that providing housing along with the supportive services individuals need to address mental health, substance abuse, and other issues has a net benefit in terms of public costs. For example, in 2009, the Los Angeles Economic Roundtable compared the public costs for individuals in supportive housing compared to similar individuals who were homeless. The study concluded that the typical public cost for a homeless person is \$2,897 per month, compared with just \$605 per month in public cost for a resident in supportive housing. The stabilizing effect of housing plus supportive services is demonstrated by a 79 percent reduction in public costs. In short, public costs go down when people are no longer homeless.

Proposition 41: In 2014, the voters approved the Veterans Housing and Homeless Prevention Bond Act of 2014 which restructured \$600 million of the \$900 million in bonds approved by the voters for the CalVet Home Loan Program in 2008 and used them to fund the acquisition, construction, rehabilitation, and preservation of multifamily supportive housing, affordable transitional housing, affordable rental housing, and related facilities for veterans and their families. The Department of Housing and Community Development, California Housing Finance Agency (CalHFA), and the Department of Veterans Affairs developed and administers the Veterans Housing and Homeless Prevention Program (VHHP). VHHP is structured as long-term permanent financing.

Veterans Housing and Homeless Prevention Program (VHHP): Over four rounds of funding, VHHP has provided 2,432 total housing units to veterans, of 4,432 total project units. The cost to the VHHP to build those 2,432 veterans units was \$309.7 million, for an average per-unit cost of \$127,343.75. The units created through VHHP fall into the following categories:

- Chronically Homeless Veterans: 879 units (36%)
- Homeless Veterans with a disability: 550 units (23%)
- Homeless: 457 units (19%)
- Affordable: 546 units (22%)
- Multi-family units (2+bedrooms): 362 (15%)

In 2014, when the voters approved Proposition 41, local point in time counts (PIT) reported 19,000 veterans experiencing homelessness in the state. This year's PIT identified 12,000 homeless veterans in California, more numerous, but harder to quantify, are the number who are experiencing housing insecurity, or just struggling to make ends meet in transition. According to HCD, approximately 79% of California veterans who rent are spending more than 50% of their income on housing.

Purpose of this bill: According to the author, there is approximately \$290 million remaining in VHHP. At a rate of about \$75 million per round, that funding will run out in 2022. To place a bond on the 2020 ballot, it would have to pass this year or, with an urgency clause, next year. There would appear to be enough time to get a bond on the 2020 ballot, but development decisions are made much further out than year-to-year, and it may therefore be advisable to make sure more funding for veterans' housing is teed up well in advance for local governments and affordable housing developers to take that into account in their planning for the future.

Staff comments: This bill does not include a dollar figure for the amount of GO bonds that would be issued under the new bond. The committee may wish to ask the author the anticipated dollar amount for the bond.

Double referred: This bill was also referred to the Assembly Committee on Veterans Affairs where it will be heard should it pass out of this committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Veteran Service Agencies.

Opposition

None on file

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