

JANUARY 21, 2021

# California's Homelessness Challenges in Context

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PRESENTED TO:

Assembly Budget Subcommittee No. 4  
On State Administration  
Hon. Wendy Carrillo, Chair

and

Assembly Committee on Housing and  
Community Development  
Hon. David Chiu, Chair

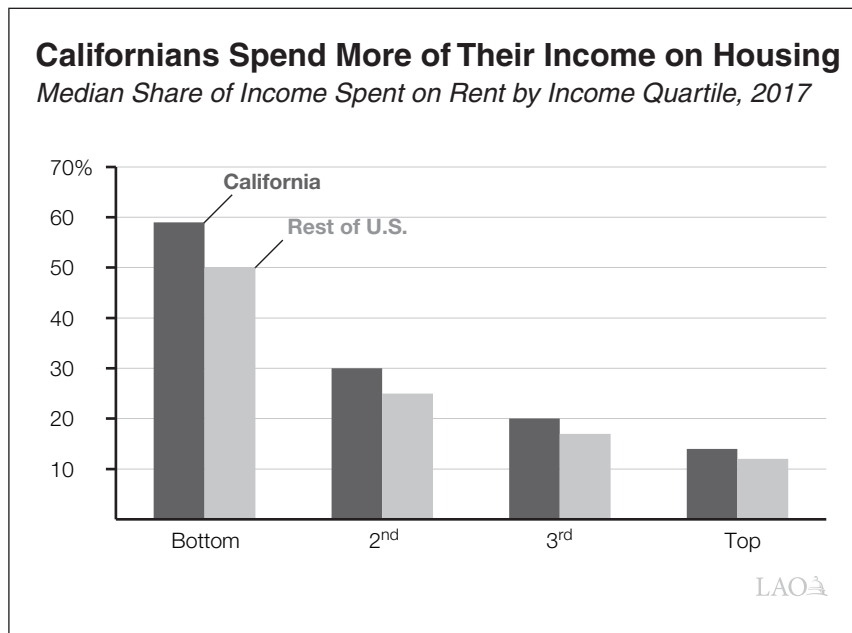


LEGISLATIVE ANALYST'S OFFICE

# Many Households Have Difficulty Affording Housing in California

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- **Housing Affordability Affects Homelessness.** While homelessness is a complex problem with many causes, the high cost of housing is a significant contributor. Rising housing costs that have exceeded growth in wages, particularly for low-income households, put Californians at risk of housing instability and homelessness.
- **Californians Spend More on Housing Than Rest of Nation.** Californians spend a larger share of their income on rent than households in the rest of the nation at every income quartile.



- **Low-Income Households Face Highest Risk of Housing Instability and Homelessness.** In California, around 2.5 million low-income households are cost burdened (spend more than 30 percent of their incomes on housing). Over 1.5 million low-income renters face even more dire cost pressures—spending more than half of their income on housing.



# Many Households Have Difficulty Affording Housing in California

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- ***Need for Low-Income Housing Assistance Outstrips Resources.***  
The amount of resources supporting existing federal, state, and local affordable housing programs is not sufficient to assist all households in need of assistance. Prior to the pandemic, our office estimated the state would need to provide roughly \$10 billion per year in renter assistance to ensure no low-income renter paid more than 50 percent of their monthly income in rent (a threshold often used to distinguish those who are severely rent burdened).



# California's Homeless Population

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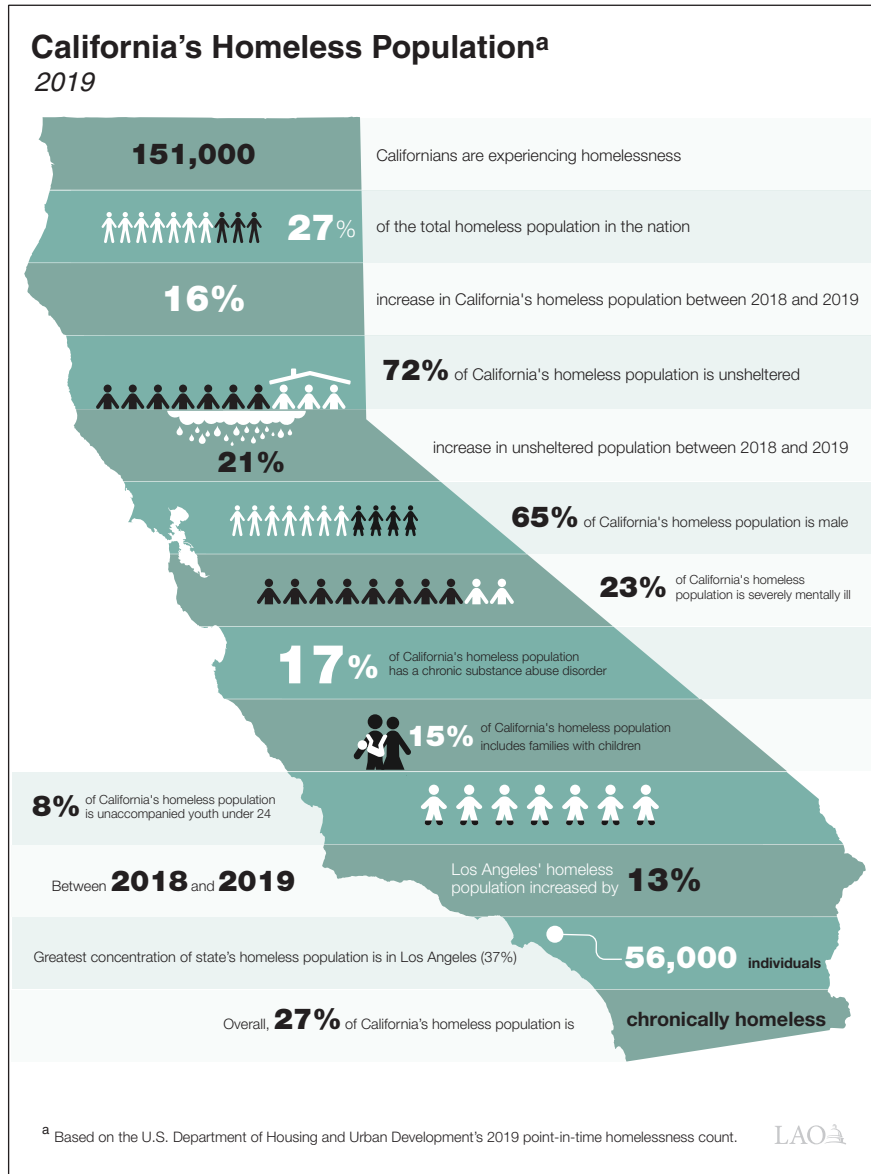
- **Significant Challenges Collecting Accurate and Timely Data.**
  - **Historically, States Have Relied on Point-in-Time Counts.** The U.S. Department of Housing and Urban Development (HUD) requires point-in-time counts of sheltered and unsheltered people experiencing homelessness on a single night in January.
  - **Homeless Population Likely Larger Than Available Data Reveals.** Various factors, including the transitory nature of the individuals experiencing homelessness and limitations on counting all forms of homelessness, complicate efforts to produce an accurate count.
  - **Coronavirus Disease 2019 (COVID-19) Further Complicates Data Availability and Accuracy.** Federal reporting about the January 2020 (before the onset of COVID-19) point-in-time count has been delayed. Further, availability of federal waivers for the 2021 count of unsheltered populations means data about the effect of COVID-19 on homelessness will be further delayed and less accurate than usual.
  - **State In Process of Implementing New Data System.** The Homeless Data Integration System (HDIS), which is expected to become operational in the spring, would allow the state to access and compile standardized data collected by Continuums of Care (CoCs). While this data would not replace the point-in-time count data, it would provide more information about the delivery of homeless services in the state.



# California's Homeless Population

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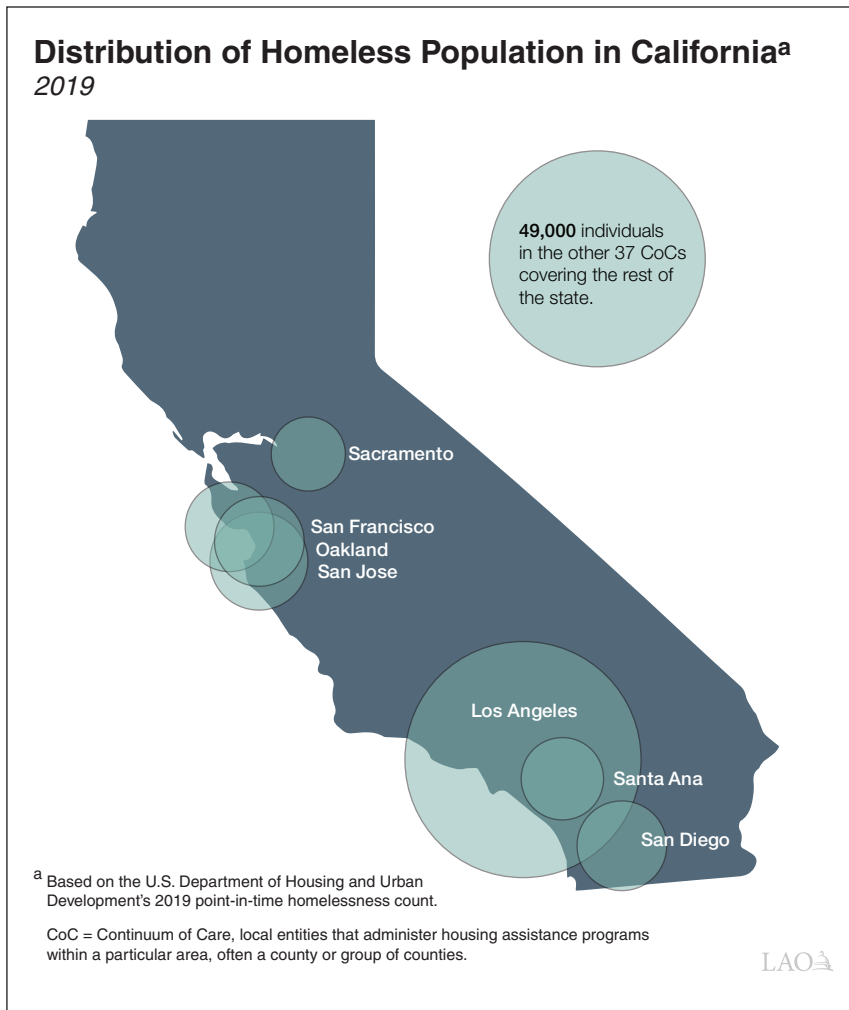
- **In 2019, More People Experienced Homelessness in California Than Any Other State.**



# California's Homeless Population

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- **In 2019, Highest Concentration of People Experiencing Homelessness in Most Populated Areas.**



- **Homeless Population in Los Angeles Continues to Increase.** Although statewide homelessness data is not available for 2020 from HUD, some local entities have published data on their counts. In January 2020, over 66,000 people in Los Angeles County were experiencing homelessness, a nearly 13 percent increase from 2019. The City of Los Angeles experienced over a 16 percent increase in its homeless population, rising to over 41,000 individuals.



# Historical State and Local Efforts to Address Homelessness

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## Various State Programs Historically Have Helped Address Homelessness...

- ***State Homelessness-Related Programs.*** California, in partnership with the federal government, administers and funds a variety of programs that assist individuals experiencing homelessness or at risk of becoming homeless.
  - Programs that support building new affordably priced housing.
  - Programs that help households afford housing.
  - Health and human services programs that may assist with preventing or overcoming homelessness.
- ***Multiple State Departments Involved in Addressing Homelessness.***
  - Some of the state’s longest standing and/or largest housing and homelessness programs are administered by the Department of Housing and Community Development, California Housing Finance Agency, California Tax Credit Allocation Committee, and the Homeless Coordinating and Financing Council.
  - Other departments either administer the state’s safety net programs and/or have other, more limited, roles in addressing housing and homelessness.
- ***Multiple Funding Sources for Addressing Homelessness.*** Funding for these housing and homelessness programs comes from a variety of state and federal sources.



# Historical State and Local Efforts to Address Homelessness

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## **...But Most Homelessness Assistance Has Been Provided at Local Level**

- Local governments are most knowledgeable about the specific homelessness-related challenges facing their communities and are well positioned to implement the combination of strategies that will work best for them.
  - Historically, cities and counties have provided most of the homelessness assistance in their jurisdiction, relying in part on federal and state funding.
  - Local governments set their own policies that aim to alleviate homelessness in their communities. For example, passing inclusionary housing and rent stabilization ordinances.





# Major Recent State Budget Actions Addressing Homelessness

As the homelessness crisis has become more acute, the state has taken a larger role in funding and supporting local governments' efforts to address homelessness. The state also expanded its support for homelessness programs following the emergence of the COVID-19 pandemic, in response to concerns that the pandemic would place more people at risk of homelessness or further harm people experiencing homelessness.

(In Millions)

Program	Amount <sup>a</sup>	Year	Funding Type	Eligible Entities	State Oversight Entity
<b>Before COVID-19</b>					
<b>HEAP</b>	\$500	2018-19	One-time	<ul style="list-style-type: none"> <li>• 11 most populous cities</li> <li>• CoCs</li> </ul>	HCFC
<b>HHAP Program</b>	650	2019-10	One-time	<ul style="list-style-type: none"> <li>• 13 most populous cities</li> <li>• Counties</li> <li>• CoCs</li> </ul>	HCFC
<b>In Response to COVID-19</b>					
<b>COVID-19 Emergency Homelessness Funding</b>	100	2019-20	One-time	<ul style="list-style-type: none"> <li>• 13 most populous cities</li> <li>• Counties</li> <li>• CoCs</li> </ul>	HCFC
<b>Project Roomkey</b>	112	2019-20 2020-21	One-time	<ul style="list-style-type: none"> <li>• Cities</li> <li>• Counties</li> <li>• Other public entities</li> </ul>	DSS
<b>Homekey Program</b>	800	2020-21	One-time	<ul style="list-style-type: none"> <li>• Cities</li> <li>• Counties</li> <li>• Other public entities</li> </ul>	HCD
<b>HHAP Continuation</b>	300	2020-21	One-time	<ul style="list-style-type: none"> <li>• 13 most populous cities</li> <li>• Counties</li> <li>• CoCs</li> </ul>	HCFC

<sup>a</sup> All fund sources.  
 COVID-19 = coronavirus disease 2019; HEAP = Homeless Emergency Aid Program; CoCs = Continuums of Care; HCFC = Homeless Coordinating and Financing Council; HHAP = Homeless Housing, Assistance and Prevention; DSS = Department of Social Services; and HCD = Housing and Community Development Department.



# Major Recent State Budget Actions Addressing Homelessness

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**Major Recent Actions Before COVID-19.** These large, one-time allocations to local governments and CoCs—local entities that administer housing assistance programs within a particular area—offered flexible funding to address local homelessness needs.

- **Homeless Emergency Aid Program (HEAP).** The 2018-19 budget included a one-time allocation of \$500 million for block grants to the 11 most populous cities and CoCs. The parameters of the program were intentionally broad to provide local entities the flexibility to address their own immediate challenges with homelessness.
  - **Status.** HEAP funding has been disbursed to qualifying cities and CoCs. HEAP funds must be expended by June 30, 2021.
- **Homeless Housing, Assistance and Prevention (HHAP) Program.** The 2019-20 budget included a one-time allocation of \$650 million to the 13 most populous cities, counties, and CoCs to fund a variety of programs and services that address homelessness. The HHAP Program was intended to provide local jurisdictions with funds to support regional coordination and expand or develop local capacity to address their homelessness challenges. Funds should be used on evidence-based solutions that address and prevent homelessness.
  - **Status.** HHAP funding has been disbursed to qualifying cities, counties, and CoCs. HHAP funds must be expended by June 30, 2025.



# Major Recent State Budget Actions Addressing Homelessness

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**Emergence of COVID-19 Significantly Altered State’s Approach in 2020-21.** In March 2020, the state’s public health and economic situations began to change dramatically because of the emergence of COVID-19. The strategies to address homelessness evolved given the immediate needs of people experiencing homelessness and at risk of homelessness.

- **Project Roomkey.** At the outset of the COVID-19 public health emergency, the state provided \$50 million General Fund (later offset by federal funds) for the newly established Project Roomkey to help local governments lease hotels and motels to provide for the immediate housing needs of vulnerable individuals experiencing homelessness that were at risk of contracting COVID-19. Overall, the goal of this effort was to provide non-congregate shelter options for people experiencing homelessness, to protect human life, and minimize strain on the state’s health care system.
  - **Status.** In November 2020, the state authorized an additional \$62 million in one-time funding from its Disaster Response Emergency Operations Account to continue operating the program while transitioning people to permanent housing. The funding has been nearly fully awarded. Statewide, 14,700 rooms are secured by Roomkey and 70 percent are occupied. Most of the rooms are in Los Angeles County, where over 55 percent of the available 4,500 rooms are occupied. Overall, the program has provided short-term housing for 23,000 people in 42 counties.
- **COVID-19 Emergency Homelessness Funding.** At the outset of the COVID-19 public health emergency, the state also provided \$100 million General Fund (later offset by federal funds) to cities, counties, and CoCs for shelter support and emergency housing to prevent and contain the spread of COVID-19 among the homeless population.
  - **Status.** The funding has been disbursed to qualifying cities, counties, and CoCs and must be fully expended by December 31, 2021.



# Major Recent State Budget Actions Addressing Homelessness

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- **Homekey Program.** The 2020-21 budget allocated \$800 million in one-time federal funding for the newly established Homekey Program. The program provides for the acquisition of hotels, motels, residential care facilities, and other housing that can be converted and rehabilitated to provide permanent housing for persons experiencing homelessness or at risk of homelessness, and who also are impacted by COVID-19. The program also provides some exemptions to the California Environmental Quality Act and local zoning restrictions to expedite the acquisition of Homekey sites.
  - **Status.** The funding has been fully disbursed through 94 awards to local entities (some entities acquired more than one site). The administration indicates that the existing Homekey funding will create over 6,000 housing units for individuals and families.
- **One-time Continuation of HHAP Program.** The 2020-21 budget provides an additional \$300 million General Fund for a one-time continuation of HHAP to fund a variety of programs and services that address homelessness. To receive funds, the eligible entities must demonstrate they have coordinated, and will continue to coordinate, with other local agencies to address homelessness in their region. The funding could be used to operate Homekey sites and for evidence-based housing solutions, including rapid rehousing, rental subsidies, and subsidies for new and existing housing and emergency shelters.
  - **Status.** This funding has not been awarded. Applications are due by the end of January. Awarded funds must be expended by June 30, 2026.



## Framework for Homelessness Plan

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- Over the last several years, the Legislature has demonstrated an interest in increasing the state’s role in addressing homelessness. These funding efforts largely have been one time in nature and, while largely administered at the local level, have been overseen by a variety of state entities.
- The state acted quickly to establish new programs and expand funding, using one-time resources, to help people experiencing or at risk of homelessness through the COVID-19 crisis. Beyond this pandemic, continued work and resources will be necessary to address the state’s homelessness challenges.
- The scale of the homelessness crisis in California is significant and even substantial resources could quickly dissipate without demonstrating much progress if investments are made without a clear plan. Given the Legislature’s interest in addressing homelessness in California, this section outlines issues to consider that could increase the likelihood that the state’s resources are used in a way that results in meaningful reductions in homelessness.
  - **Identify Goals.** Setting clear goals would help to structure programs and funding in a way that steadily moves the state towards curbing homelessness.
  - **Identify Solutions That Align With Goals.** The structure of the state’s homelessness programs should work towards achieving the identified goals.
  - **Set Clear State and Local Responsibilities.** Having clear state and local responsibilities will deter inefficiencies and foster accountability among all of the entities involved in addressing homelessness statewide.
  - **Identify State Governance Structure.** An effective governance model will provide clear leadership and guidance towards accomplishing the identified goals.



## Framework for Homelessness Plan

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- ***Establish Funding Strategy.*** Identify the revenue sources for the homelessness programs and determine whether funding should be one time or ongoing in nature.
- ***Develop Rigorous Oversight Mechanism.*** Oversight efforts should assess the performance of state entities that administer homelessness programs and local partners.

