

AGENDA

**ASSEMBLY BUDGET SUBCOMMITTEE NO. 4 ON STATE ADMINISTRATION
AND
ASSEMBLY HOUSING AND COMMUNITY DEVELOPMENT COMMITTEE
ASSEMBLYMEMBERS WENDY CARRILLO, DAVID CHIU, CHAIRS**

THURSDAY, JANUARY 21, 2021

UPON ADJOURNMENT – STATE CAPITOL, ROOM 4202

Due to the regional stay-at-home order and guidance on physical distancing, seating for this hearing will be very limited for the press and public. All are encouraged to watch the hearing from its live stream on the Assembly's website at: <https://www.assembly.ca.gov/todaysevents>.

We encourage the public to provide written testimony before the hearing. Please send your written testimony to: BudgetSub4@asm.ca.gov. Please note that any written testimony submitted to the committee is considered public comment and may be read into the record or reprinted.

*A moderated telephone line will be available to assist with public participation. The public may provide comment by calling the following toll-free number: **877-692-8957, Access Code: 131 54 202.***

Informational Hearing

State Role on Homelessness

I. Introduction from Chairs and Members

II. Overview of the State's Role on Homelessness

- Lourdes Morales, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Lourdes Castro Ramirez, Secretary, Business, Consumer Services, and Housing Agency

III. Local Perspective

- Heidi Marston, Executive Director, Los Angeles Homelessness Services Authority
- Peter Radu, Homeless Policy Director, Office of the Mayor, City of Oakland
- Jody Ketcheside, Regional Director, Turning Point of Central California

IV. *Recommendations from Experts*

- Dr. Va Lecia Adams-Kellum, President and CEO, St. Joseph's Center
- Janey Rountree, Executive Director, California Policy Lab at UCLA
- Dr. Jonathon Sherin, Director of Public Health, Los Angeles County

V. *Member Questions and Comments*

VI. *Public Comment*

INFORMATION ONLY

0515 SECRETARY FOR BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
2240 HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT

ISSUE 1: STATE ROLE ON HOMELESSNESS

This joint hearing will examine past funding investments for homelessness with the goal of developing a long-term strategy for the state in homelessness funding. Through this joint hearing, the committees will explore what coordination is currently occurring with state agencies, best practices of past investments, ongoing needs at the local levels, and expert testimony about where investments should be directed to end homelessness.

BACKGROUND

Over the past years, the state has made various one-time funding allocations to locals in an effort to help locals combat homelessness. These programs are summarized below:

2020-21

Project HomeKey

Provided \$600 million in 2020-21 for Project HomeKey. Of the \$600 million in HomeKey grant funds, \$550 million is derived from the State's direct allocation of the federal Coronavirus Aid Relief Funds (CRF), and \$50 million is derived from the State's General Fund.

Key Program Requirements. Funding for acquisition or acquisition and rehabilitation of motels, hotels, or hostels; master leasing of properties; acquisition of other sites and assets; conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel; purchase of affordability covenants and restrictions for units; and the relocation costs for individuals who are being displaced as a result of rehabilitation of existing units. Requires funding to be in compliance with Housing First Principles.

Program Administration. The program is administered by the Department of Housing and Community Development.

Homeless Housing, Assistance and Prevention (HHAP) Program Round 2

Provided an additional \$300 million for Round 2 of the HHAP program.

Key Program Requirements. Includes a more robust application process than the 2019-20 HHAP program as well as additional reporting requirements.

Program Administration. The program is administered by the Homeless Coordinating Financing Council (HCFC).

Allocations.

- \$90 million to Continuums of Care (CoC).
- \$130 million to each city, or city that is also a county that has a population of 300,000 or more as of January 1, 2020.
- \$80 million to counties.

2019-20

Homeless Housing, Assistance and Prevention (HHAP) Program

The 2019-20 budget included \$650 million for one-time grants to local governments to fund a variety of programs and services that address homelessness. The HAAP Program is intended to provide local jurisdictions with funds to support regional coordination and expand or develop local capacity to address their immediate homelessness challenges.

Key Program Requirements. To access the grants, local entities were required to demonstrate they were working collaboratively to address homelessness in their communities. The program mandated that at least 5 percent of grant funds be used on strategic homelessness planning.

Program Administration. The program is administered by HCFC.

Allocations. Allocations are calculated based on each applicant's proportionate share of the state's homeless population based on the 2019 homelessness point-in time count. HHAP allocates grants as follows:

- \$275 million is available to the cities or a city that is also a county, with populations of 300,000 or more, as of January 1, 2019 (Anaheim, Bakersfield, Fresno, Long Beach, Los Angeles, Oakland, Riverside, Sacramento, San Diego, San Francisco, San Jose, Santa Ana, and Stockton).
- \$190 million is available to CoCs.
- \$175 million is available to counties.

Eligible Activities. The HHAP program requires grantees to expend funds on evidence-based solutions that address and prevent homelessness.

Expanded Low- Income Housing Tax Credit.

In addition, the 2019- 20 budget package increased, by \$500 million, the state's low- income housing tax credit program which provides tax credits to builders of rental housing affordable to low- income households. Of this amount, \$200 million was set aside for developments that include affordable units for both low- and lower- middle- income households. This increase in the low- income housing tax credit had no budgetary costs in 2019- 20 because the credits will be claimed on future tax returns, once housing units are built and in use.

2018-19

Homeless Emergency Aid Program (HEAP)

The 2018-19 budget included a one-time allocation of \$500 million for block grants to cities and Continuums of Care (CoCs) - local entities that administer housing assistance programs within a particular area, often a county or group of counties. HEAP was intended to provide local entities with flexible funding to address their immediate homelessness challenges until additional resources became available through programs like NPLH.

Key Program Requirements. To access the grants, local entities were required to declare an emergency shelter—facilities that provide temporary shelter for the homeless—crisis and demonstrate they were working collaboratively to address homelessness in their communities. In addition, the program mandated that at least 5 percent of grant funds be used towards addressing the needs of homeless youth.

Program Administration. The program is administered by HCFC. Refer to the box below for a description of HCFC.

Allocations. HEAP allocated grants as follows:

- \$350 million was provided to CoCs based on the 2017 homeless point-in-time count.
- \$150 million was provided to cities or a city that is also a county with a population of 330,000 or more as of January 1, 2018 (Anaheim, Bakersfield, Fresno, Long Beach, Los Angeles, Oakland, Sacramento, San Diego, San Francisco, San Jose, and Santa Ana).

Eligible Activities. The parameters of the program were intentionally broad to allow local entities to address their own challenges with homelessness. Annual progress reports will track how much has been spent and what has been accomplished, including the number of people served. Figure 5 depicts how the funds are being used.

No Place Like Home (NPLH) Program

In November 2018, voters approved Proposition 2, authorizing the sale of up to \$2 billion of revenue bonds and the use of a portion of revenues from MHSA (also known as Proposition 63 of 2004) for the NPLH program. The program is meant to construct new and rehabilitate existing permanent supportive housing for those with mental illness who are homeless or are at risk of becoming homeless.

Key Program Requirements. The housing developed using NPLH funding must be set aside for persons with serious mental illness who are chronically homeless, homeless, or at risk of becoming chronically homeless. (Chronic homelessness generally is used to describe people who have experienced homelessness for at least a year—or recurrently—while struggling with a disabling condition, such mental illness, substance use disorder, or physical disability.) In addition, counties must commit to provide mental health services and help coordinate access to other community-based supportive services.

Program Administration. The program is administered by HCD.

Allocations. Counties (either solely or in partnership with a developer of affordable housing) are eligible applicants for up to \$2 billion in total NPLH funding.

- Noncompetitive Allocation (\$190 Million). All counties are eligible to receive a noncompetitive allocation based on their 2017 homeless point-in-time count. All counties will receive a minimum allocation of \$500,000.
- Competitive Allocation (up to \$1.8 Billion). Counties can compete for the remaining funding with counties of similar size (large counties [population greater than 750,000]; medium counties [population between 200,000 to 750,000]; and small counties [population less than 200,000]).

Eligible Activities. The NPLH funding can be used to acquire, design, construct, rehabilitate, or preserve permanent supportive housing, which pairs housing with case management and supportive services.

2017-18

Housing for a Healthy California (HHC)

In September of 2017, Governor Jerry Brown signed AB 74 into law directing the Department of Housing and Community Development (HCD) to develop HHC Program. The HHC program creates supportive housing for individuals who are recipients of or eligible for health care provided through the California Department of Health Care Services, Medi-Cal program. The goal of the HHC program is to reduce the financial

burden on local and state resources due to the overutilization of emergency departments, inpatient care, nursing home stays and use of corrections systems and law enforcement resources as the point of health care provision for people who are chronically homeless or homeless and a high-cost health user.

Key Program Requirements. This program has ongoing funding from the National Housing Trust Fund (NHTF) and one-time funding from SB 2: The Building Homes and Jobs Act of 2017 (SB 2). The NHTF can be used for acquisition, new construction rehabilitation and reconstruction of supportive housing. In addition to these uses, the SB 2 funds can be used for administrative costs, capitalized operating subsidy reserves (COSR) and rental subsidies for supportive housing.

Program Administration. The program is administered by Department of Housing and Community Development

Eligible Activities. Developers can apply for the NHTF portion of the program for acquisition, new construction rehabilitation and reconstruction of supportive housing. Counties and developers may use the SB 2 portion of the program for acquisition, new construction or reconstruction and rehabilitation, administrative costs, capitalized operating subsidy reserves (COSR) and rental subsidies.

California Emergency Services Solution Program (CESH)

CESH provides grant funds to eligible applicants for eligible activities to assist persons experiencing or at-risk of homelessness. Eligible applicants are Administrative Entities (AEs) (local governments, non-profit organizations, or unified funding agencies) designated by the Continuum of Care (CoC) to administer CESH funds in their service area. The California Department of Housing and Community Development (HCD) administers the CESH Program with funding from SB 2: the Building Homes and Jobs Act Trust Fund (SB 2, Chapter 364, Statutes of 2017).

Key Program Requirements. Funding is available to designated CoCs to assist people experiencing homelessness. .

Program Administration. The program is administered by Department of Housing and Community Development

Eligible Activities. CESH funds may be used for five primary activities: housing relocation and stabilization services (including rental assistance), operating subsidies for permanent housing, flexible housing subsidy funds, operating support for emergency housing interventions, and systems support for homelessness services and housing delivery systems. In addition, some administrative entities may use CESH funds to develop or update a Coordinated Entry System (CES), Homeless Management Information System

(HMIS), or Homelessness Plan. Refer to the current Notice of Funding Availability (NOFA) for any limitations on these activities.

STAFF COMMENTS

The Subcommittee may wish to consider the following questions:

Panel 1.

- Is there an overall state coordinating effort for addressing homelessness?
- Is there an overall strategy for coordinating efforts to address homelessness within the BCSH Agency?
- Does state funding successfully leverage over sources of funding?
- What gaps exist in the state's funding strategy?
- What accountability metrics are applied to state funding?
- Has the state completed an assessment of available resources to address homelessness to identify the gaps in resources?

Panel 2

- The state has made a number of one-time investments over the past years in various programs, what funding program elements have been the most successful in community, what has not been successful?
- Do locals have strategic plans to address homelessness in their community? What metrics do locals use to measure success in combatting homelessness?
- What guidance do locals look for from the state to help combat homelessness?
- What gaps exist in funding to address homelessness?
- How can the state be most effective in targeting limited resources?
- How has your locality addressed homeless youth?
- What barriers exist at the local level to addressing homelessness?'
- Is there adequate funding for the services and operating cost needed to make Project HomeKey developments permanent housing?

Panel 3

- What specific strategies can the state promote to address race inequity among people experiencing homelessness or at-risk of falling into homelessness?
- How can different, potentially siloed systems, like health care, child welfare, criminal justice and housing be aligned to prevent homelessness?
- How can the homeless response system effectively address homelessness for single adults versus families?

- What strategies should the state consider to prevent homelessness?
- What strategies can the state implement to reduce homelessness among individuals leaving institutions, like jails, prisons, the foster care system?

Staff Recommendation: This item was presented for information only.
