

Date of Hearing: April 17, 2013

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT  
Norma Torres, Chair

AB 639 (John A. Pérez) – As Introduced: February 20, 2012

SUBJECT: Veterans Housing and Homeless Prevention Act of 2014

SUMMARY: Authorizes the issuance of \$600,000,000 in general obligation bonds for the constructions, rehabilitation, and preservation of affordable multifamily, supportive, and transitional housing for veterans, if approved by the voters at the November, 2014, general election. Specifically, this bill:

- 1) Authorizes the issuance of \$600 million in general obligation bonds, the proceeds of which are to be made available to the Department of Housing and Community Development (HCD) for the purpose of constructing, rehabilitating, and preserving affordable multifamily, supportive, and transitional housing for veterans.
- 2) Restricts the use of bond proceeds to only those housing units designated for veterans and their families.
- 3) Requires the program to be administered by HCD in collaboration with the California Department of Veterans Affairs (CalVet).
- 4) Requires HCD to establish a program to focus on veterans at risk of homelessness or experiencing temporary or chronic homelessness.
- 5) Requires HCD, to the extent feasible, to establish and implement programs that, among other things:
  - a) Leverage public, private, and nonprofit program and fiscal resources;
  - b) Prioritize projects that combine housing and supportive services, such as job training, mental health and drug treatment, or physical rehabilitation;
  - c) Promote public and private partnerships; and
  - d) Foster innovative financing opportunities.
- 6) Allows the Legislature, by majority vote, to amend the provisions of the act for the purpose of improving program efficiency, effectiveness, and accountability, or for the purpose of furthering overall program goals.
- 7) Creates the Housing for Veterans Fund and requires the proceeds of bonds issued and sold pursuant to the bill to be deposited in the fund.
- 8) Subjects bonds deposited in Housing for Veterans Fund to annual appropriation, as determined by the Legislature.

- 9) Requires the measure to be submitted to the voters at the November 4, 2014, general election.
- 10) Contains an urgency clause.

EXISTING LAW:

- 1) Provides for farm and home purchase benefits for qualifying veterans under the Veterans Farm and Home Purchase Act of 1974 and subsequent acts, which are collectively referred to as the CalVet Home Loan Program (Military & Veterans Code Section 987.50, et seq.).
- 2) Defines "home" as a parcel of real estate upon which there is a dwelling house or other buildings that will, in the opinion of CalVet, suit the needs of the purchaser and the purchaser's dependents as a place of abode; a condominium; a mobilehome; and cooperative housing (Military & Veterans Code Section 987.51).
- 3) Authorizes the Veterans Bond Act of 2008 for the purpose of creating a fund to provide farm and home aid for veterans in the amount of \$900 million (Military and Veterans Code Section 998.400, et seq.).
- 4) Authorizes the Veterans Bond Act of 2000 for the purpose of creating a fund to provide farm and home aid for veterans in the amount of \$500 million (Military and Veterans Code Section 998.300, et seq.).

FISCAL EFFECT: Unknown

COMMENTS:

Background: In 2009, the federal government announced a five-year plan to end homelessness among veterans as part of an overall federal plan to end homelessness. The Five-Year Initiative to End Homelessness among U.S. Veterans is a comprehensive plan that includes preventive measures like discharge planning for incarcerated veterans re-entering society, supportive services for low-income veterans and their families, and a national referral center to link veterans to local service providers. Additionally, the plan calls for expanded efforts for education, jobs, health care, and housing. Implementation has required unprecedented collaboration among federal agencies, local governments, and private sector partners. Now in its third year, the initiative has seen positive results. From 2010 to 2012, the number of veterans experiencing homelessness on a single night in the U.S. decreased 18 percent, from 76,329 to 62,619.

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% of the U.S. population, they make up approximately 15% to 20% of the homeless population. While veterans experience homelessness throughout the country, the problem is particularly acute in certain areas, including California, which is home to 25%, or about 19,000, of the nation's homeless veterans. Los Angeles alone is home to over 8,000 homeless veterans. With respect to the nation's homeless veterans who are unsheltered, nearly 44%, or just under 12,000, are located in California.

Although a substantial percentage of California's homeless veterans served during the Vietnam era, the ranks of homeless veterans from Operation Iraqi Freedom and Operation Enduring

Freedom (OIF/OEF) are growing. Service providers report that they have seen a sharp increase in OIF/OEF veterans seeking shelter and other services, and there is growing concern that veterans from these recent conflicts are falling into homelessness more quickly than veterans from previous conflicts.

Female veterans are another growing portion of the homeless veterans' population. While still making up less than 10% of the total homeless veterans' population, service providers report that the number of homeless women veterans has been rising steadily in recent years. Studies indicate that female veterans are at a far greater risk of homelessness than male veterans. While they face many of the same challenges as their male counterparts, they are far more likely to have been victims of sexual trauma either before or during the military service, experience unemployment at a higher rate than male veterans, and are often single mothers caring for young children.

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% reduction in public costs. In short, public costs go down when people are no longer homeless.

Overview of current state programs: Despite California's high number of homeless veterans, the state does not have any programs that are directly targeted at serving this population, or at serving lower-income veterans who are at risk of homelessness. HCD offers various programs that support the development of multifamily rental housing for low income Californians, including supportive and transitional housing, but none are veteran-specific. HCD's programs have been funded since 2002 from two voter-approved housing bonds, Proposition 46 of 2002 and Proposition 1C of 2006. These funds are nearly gone and it is unclear when additional funds will be available for these programs. In addition, the elimination of redevelopment agencies meant a loss of around \$1 billion per year in affordable housing funding, funds that generally worked in concert with state dollars and other sources of funding to produce affordable units to serve low-income Californians.

CalVet runs the California Veteran Farm and Home Purchase Program, often referred to as the CalVet Home Loan Program, which was established in 1921 and reauthorized in 1943 and again in 1974. The program provides loans to veterans for single-family residences, including condominiums and planned unit developments; farms; units in cooperative developments; and mobilehomes in rental parks or on land owned by the veteran. While the program has assisted over 420,000 veterans over the years, it has seen a sharp decline in activity over the last decade. In 2003, the program issued 1,130 new loans; in 2012 it issued just 83. In the same time period, the program's portfolio of outstanding loans declined from 20,169 to 7,913.

CalVet's Home Loan Program is funded primarily by veterans' bonds, a type of tax-exempt general obligation bond. The program is fully self-supporting and does not have a cost to the General Fund. The principal and interest on the bonds and the administrative costs are repaid from interest charged to the veteran loan holders. The Legislature has placed on the ballot and California voters have approved 23 veterans' bonds since 1943 to provide funding for the program. The most recent was Proposition 12 in 2008, which authorized \$900 million in bonding authority. The prior bond, Proposition 32 of 2000, authorized \$500 million in bonding authority. To date, CalVet has not issued any of the bonds approved under Proposition 12, and has about \$230 million in bonding authority left under Proposition 32.

Purpose of the bill: AB 639 establishes the Veterans Housing and Homeless Prevention Act to restructure \$600 million of the \$900 million in bonds approved by the voters for the CalVet Home Loan Program in 2008 and use them instead to fund the construction and rehabilitation of affordable multifamily, supportive, and transitional housing for veterans. The move would leave CalVet with \$530 million in bonds for its home loan program. The bill tasks HCD with administering the new funding program in collaboration with CalVet and explicitly restricts the use of bond proceeds to those housing units designated for veterans and their families. The focus of the program would be on housing for veterans who are homeless or at risk for homelessness and in need of services such as mental health counseling, substance abuse treatment, job training, and physical therapy to address injuries. Restructuring the bonds requires voter approval, which would be sought at the 2014 general election.

According to the author, "The Legislature must advance a comprehensive, coordinated, and cost-effective approach to respond to the housing and services needs of our veterans. The Veterans Housing and Homeless Prevention Act of 2014 will expand housing and service options for veterans, cost-effectively leverage public dollars, reduce the number of homeless veterans and the attendant public costs, and place California at the forefront of our nation's efforts to end veterans' homelessness by 2016."

Arguments in support: New Directions, which provides housing and supportive services to veterans in the Los Angeles area, argues: "There is a national effort to end homelessness among veterans and the creation of affordable housing with support services is a key part of that effort. Veterans who remain homeless, or are on the edge of homelessness, utilize a disproportionate amount of public services such as emergency rooms, jails, and treatment centers. The creation of more affordable housing will not only save money by stabilizing the lives of tens of thousands of veterans, it is the honorable thing to do for a population that has put their lives on the line for our country."

Double-referred: AB 639 was also referred to the Committee on Veteran's Affairs, where it will be heard should it pass out of this committee.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Veteran Service Agencies (sponsor)

Corporation for Supportive Housing (sponsor)

AFSCME

Affirmed Housing Group

American Legion-Department of California  
AMVETS-Department of California  
Association for Los Angeles Deputy Sheriffs  
Burbank Housing Development Corporation  
California Building Industry Association  
California Conference of Carpenters  
California Labor Federation  
California Professional Firefighters  
California Rural Legal Assistance Foundation  
California Hospital Association  
California Special Districts Association  
Century Housing  
Cities of Murietta and Oakland  
Counties of Butte, Del Norte, Los Angeles, and Solano  
Hospital Corporation of America  
Housing California  
League of California Cities  
Los Angeles Police Protective League  
Los Angeles Probation Officers Union  
Los Angeles Regional Reentry Partnership  
New Directions, Inc.  
Non-Profit Housing Association of Northern California  
Riverside Sheriffs' Association  
Salvation Army Haven  
San Diego Housing Federation  
SEIU California  
State Building and Construction Trades Council  
Swords to Plowshares  
United Native Housing Development Corporation  
United Way of Greater Los Angeles  
U.S. VETS  
VFW-Department of California  
Vietnam Veterans of America-California State Council  
Western Center on Law and Poverty

Opposition

None on file

Analysis Prepared by: Anya Lawler / H. & C.D. / (916) 319-2085