

Joint Oversight Hearing of the  
Assembly Veterans Affairs Committee and the  
Assembly Housing and Community Development Committee

**Housing California's Veterans: Opportunities and Challenges**

Wednesday, March 20, 2013, 9:30 am  
State Capitol Room 126

The purpose of this hearing is to examine current state and federal programs and initiatives that assist veterans with housing and determine what, if any, changes could be made at the state level to improve housing outcomes for California's veterans.

Questions that the committees may wish to consider as they listen to the testimony include:

- What is the appropriate role of the state with respect to housing veterans?
- Are the state's current programs and resources related to housing veterans being utilized and targeted effectively? Are they providing the things the veterans need to achieve housing stability?
- What changes in state law or regulation may be needed to enable the state to more effectively serve homeless and low-income veterans?
- Could the existing CalVet Home Loan Program be expanded to include a multifamily and/or supportive housing component to serve veterans?
- Could the state better utilize existing space at the Veterans Homes of California? For example, could the state partner with non-profit service providers to utilize empty beds? Could land be provided at low or no cost for the construction of multifamily rental housing or supportive housing for veterans? If there are barriers to better utilizing the Veterans Homes, can they be overcome?
- Are there opportunities for state departments and agencies to better coordinate housing programs that serve veterans?
- How can the state be a more active partner in achieving the federal government's goal of ending homelessness among veterans within five years?

**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. Half of the nation's homeless veterans are located in just four states—California, Florida, New York, and Texas. With respect to homeless veterans who are unsheltered, nearly 44%, or 11,949, are located to 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 did.

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.

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. The California Department of Veterans Affairs (CalVet) runs the Veterans Homes of California, which serve aged and disabled veterans, and the CalVet Home Loan Program, which offers veterans mortgages on single-family homes, farms, and mobilehomes. The Department of Housing and Community Development (HCD) offers various programs that support the development of multifamily rental housing for low income Californians, emergency shelters and transitional housing facilities, and supportive 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 not clear 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.

## State Programs that Assist Veterans with Housing

### **Veterans Homes of California:**

The Veterans Homes of California (VHC), operated by CalVet, are long-term residential care facilities that provide California's aged or disabled veterans with rehabilitative, residential, medical, and support services in a home-like environment. Spouses of veterans also are eligible for membership in the homes. About 68% of CalVet's budget is spent on operating the homes.

CalVet currently operates homes in Barstow, Chula Vista, Lancaster, Ventura, West Los Angeles, and Yountville. The West Los Angeles facility is on the grounds of the VA's Los Angeles Medical Center. The Lancaster, Ventura, and West Los Angeles homes are new and admitted their first residents in 2010. VHC-Yountville was established in 1884 and is the largest geriatric facility in the United States. Newly constructed homes in Redding and Fresno are scheduled to begin admitting residents in July 2013.

VHC operations are funded by the General Fund, but CalVet receives revenue for the homes from several sources, including member fees, federal per diem, Medicare, and Medi-Cal. The chart below describes the projected VHC budget for 2012-13, including VHC administration costs at the homes and in Sacramento:

General Fund Expenditure	\$246 million
Federal Per Diem Revenue	\$41.6 million
Member Fees Revenue	\$21.3 million
Aid & Attendance Revenue	\$4 million
Medicare Revenue	\$5 million
Medi-Cal Revenue	\$6.2 million
Other Revenue	\$289,390
<b>Net General Fund Expenditure</b>	<b>\$167.7 million</b>

Due in part to budget constraints, none of the VHC are currently filled to capacity. The projected number of residents in 2012-13 is 1,790.7 for a system that has a total of 3,432 beds, including the unopened Fresno and Redding facilities. The chart below shows the capacity for each home and the projected number of residents and staff for the 2012-13 fiscal year:

Facility	Beds	Projected Residents	Projected Staff
Yountville	1,568	994.1	901.6
Barstow	400	212	190.9
Chula Vista	400	290.6	326.6
West L.A.	396	174	584*
Lancaster	109	60	584*
Ventura	109	60	584*
Redding	150	0	10
Fresno	300	0	11
<b>Totals</b>	<b>3,432</b>	<b>1790.7</b>	<b>2,024.10</b>

*\*The three homes in the Los Angeles area—West Los Angeles, Lancaster, and Ventura—have been budgeted as one entity, so the number of projected staff listed for each of these homes is the combined total for all three.*

The new homes in Redding and Fresno were constructed using \$142.2 million in federal funds and \$104.6 million in state bond funds to address demand in these areas. The construction phase of both facilities is complete and both were originally scheduled to open in the 2011-12 fiscal year, but the openings were delayed in the 2011 Budget Act to provide General Fund savings. The Governor proposed delaying the opening again in his 2012-13 budget, but negotiations led to the inclusion of \$4 million for CalVet to begin hiring staff in January 2013 and admitting residents in July 2013.

The Bureau of State Audits is currently working on an audit of the VHC program, with the results expected in May. The audit will take a comprehensive look at the program model and its implementation.

### **CalVet Home Loan Program:**

The CalVet Home Loan Program was established through the Farm and Home Purchase act of 1921 and assisted over 420,000 veterans in purchasing homes and farms since its inception. The program provides loans 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. Properties purchased with a CalVet home loan must be owner-occupied and located in the state. The program only provides new loans and cannot refinance an existing loan on a property that the veteran already owns. The program also offers home improvement loans on a limited basis.

The home loan program has experienced a dramatic drop in utilization since 2000, when the total loan portfolio was nearly 35,000. Currently the portfolio has about 10,000 loans, and if the current rate of decline continues that number will drop to 1600 loans by 2017. Although mortgage activity in general declined significantly during the recession, it is not clear that is the sole reason for the decline in activity. In 2011, while the CalVet loan program did under 100 new loans, the VA's home loan program did 23,000 loans in California, indicating that there is still demand among veterans for home loans. One likely reason for the decline is that CalVet loans are not offered at a rate that is competitive with the current market rate. For example, the current best APR from CalVet is 4.63% as compared to 3.67% from Wells Fargo Bank. Another is that restrictions on the use of the bonds that capitalize the program prohibit refinancing. In addition, prior to a change in federal tax law in 2008, the program was only open to veterans from the Vietnam era and older, so the pool of eligible applicants was far smaller than it is now.

Funding for the Home Loan program comes primarily from general obligation bonds that are repaid through monthly mortgage payments. The voters have passed 23 veterans bonds since 1943 to provide funding for the program. The last veterans' bond to pass was Proposition 12 in 2008, which authorized \$900,000,000 in bonds. CalVet has yet to issue any bonds under the 2008 bond act, and still has \$230 million worth of bonding authority remaining of the \$500 million that was authorized by the voters for the program in 2000. The program has never had any General Fund costs.

### **Cooperative Housing Program:**

Under existing law, CalVet has authority to run a cooperative housing program as a means to expand the housing options it offers to veterans. It is not clear when the department intends to launch the program. Co-op housing is a form of home ownership in which a corporation owns residential property, typically a condominium style property. Owners purchase a share in the

corporation, which gives them an exclusive right to occupy a particular unit owned by the corporation.

A shared equity co-op is similar to a regular co-op except that a portion of the corporation is owned by a non-profit that "shares" the unit with the buyer/homeowner. Purchase of the shared equity units is limited to defined low-income buyers. When the homeowner sells, a portion of the equity gain is shared with the non-profit partner. The shared equity model provides low-income individuals and families the opportunity to become homeowners and could benefit those veterans for whom the purchase of a traditional single family home or farm is difficult or not possible.

**EHAP, EHAP-CD, and MHP Programs:**

The Department of Housing and Community Development (HCD) operates three programs that fund rental housing for lower-income households, homeless shelters, and transitional and supportive housing: the Multi-Family Housing Program (MHP), the Emergency Housing and Assistance Program (EHAP), and the Emergency Housing and Assistance Capital Development Program (EHAP-CD).

The MHP program funds the construction, rehabilitation, and preservation of permanent and transitional rental homes for lower-income households by providing loans to local government, nonprofit, and for-profit developers. In 2009, AB 1459 (Davis, 2009 Chaptered 94) allowed supportive housing developments that are restricted to veterans to compete for MHP funding regardless of where the project is located. Prior to that, it was unclear if veterans-only developments were eligible regardless of their location or only if they were located on veteran-owned land.

MHP received \$910 million from Proposition 46 and \$345 million from Proposition 1C. Those funds have been expended. AB 1951 (Atkins, Chapter 784, Statutes of 2012) moved \$30 million into MHP from two HCD programs that had been funded under Proposition 1C but that had not yet used the funds. The bill required HCD to grant bonus points to affordable housing developments that serve homeless veterans when awarding funding from the \$30 million.

EHAP-CD provides funding to acquire, build, and convert or rehabilitate emergency shelters, transitional housing, and safe havens that provide shelter and supportive services for homeless families and individuals. Funds are made available as deferred payment loans at 3% simple interest for terms ranging from five to ten years based on the type of development activity. Proposition 46 of 2002 included \$195 million for EHAP-CD, and Proposition 1C of 2006 included an additional \$50 million in funding for the program.

EHAP provides operational grants for emergency shelters, transitional housing projects, and supportive services for homeless individuals and families. Local jurisdictions can use EHAP grants as a match to federal dollars available in the Federal Emergency Shelter Program (FESG). This program has been funded by the General Fund in the past. In 2009, the Governor vetoed the \$4 million in funding for the program, but in 2010, the Legislature prioritized this funding and reinstated it at approximately \$4 million. EHAP is the only state-funded program that supports the operational costs of emergency shelters and transitional housing.

Veterans' specific shelters are eligible for funding from both EHAP-CD and EHAP. Health and Safety Code Section 50801.5(b) permits emergency shelter and transitional housing providers to restrict occupancy exclusively to military veterans if the veterans served possess significant

barriers to social reintegration and employment due to a physical or mental disability, substance abuse, or the effects of long-term homelessness that require specialized treatment and services. The provider of emergency shelter or transitional housing must also provide the specialized treatment and services. From Proposition 46, seven shelters received \$6.9 million in program dollars, resulting in 342 beds statewide. This number reflects only the veteran-specific shelters that received funding through HCD; it does not account for the beds that are available to veterans in non-veterans specific shelters. HCD does not collect information on the number of veterans who are served in those shelters.

### **HUD-Veterans Affairs Supportive Housing Voucher Program (HUD-VASH)**

One of the key elements of the federal Five Year Initiative to End Homelessness among U.S. Veterans is the HUD-VASH Voucher Program. HUD-VASH is a partnership between the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Veterans Affairs (VA) to move veterans out of homelessness and into permanent housing. The program combines Housing Choice (formerly known as Section 8) Voucher rental assistance with case management and supportive services provided by the VA. The program is administered at the local level by public housing authorities in cooperation with VA Medical Centers.

In order to participate in HUD-VASH, veterans must be currently homeless, must be eligible for VA medical care, and must have an identified clinical need for case management. Veterans in transitional housing or residential treatment programs may also be considered for admission. HUD-VASH is designed to help veterans living with a disability, mental illness, addiction, chronic homelessness, or other issues who can be helped by participating in ongoing case management. Veterans who have spouses and dependent children are eligible to participate.

HUD-VASH vouchers can be used to subsidize rental units from any landlord willing to accept a Housing Choice housing voucher. Veterans are responsible for paying approximately 30 percent of their gross monthly income directly to their landlords. The housing authority pays the remaining portion of the rent.

Veteran participation in ongoing, long-term case management is a core requirement of the VASH program. Case managers work with voucher recipients to develop individualized treatment plans, assist with the voucher application process and housing search, coordinate access to needed services and supports, and monitor progress and follow up as needed. After demonstrating appropriate progress, the case manager may decide to discontinue case management. Veterans may graduate, but can continue to receive rental assistance as long as it is needed.

HUD has awarded funding for approximately 10,000 HUD-VASH vouchers each year in 2008, 2009, 2010, and 2012. There is at least one site in each of the 50 states, in the District of Columbia, Puerto Rico, and Guam. In 2011, \$50 million was appropriated to serve approximately 7,000 voucher families. In addition, HUD set aside \$5.4 million from its 2010 allocation to competitively award over 600 project-based vouchers to existing HUD-VASH sites. Since 2008, a total of 48,385 vouchers have been awarded nationwide. The chart in Appendix B shows how vouchers have been allocated in California.

## **Appendix A: Statistical Information about California Veterans**

### **California's Veterans: Estimates About the Population: March 2013**

Total Number of Veterans:	1,900,000
Total Number of Female Veterans:	185,000
Projected Number of Veteran Serving in Either Gulf War or OIF/OEF Returning to CA by 2018:	79,000

#### **HOMELESSNESS**

Number of Homeless Veterans:	16,461
Sheltered	4,512
Unsheltered	11,949

#### Primary Locations of Homeless Veterans:

Los Angeles	8,544
Riverside	2,445
San Diego	2,329
San Jose/Santa Clara	2,295
Santa Ana/Anaheim/Orange Co.	1,585
San Francisco	1,110

#### **UNEMPLOYMENT AND SALARY**

National Unemployment Rate:	9.0%
Unemployment Rate for Male Veterans:	7.6%
Unemployment Rate for Male Veterans Aged 18-24:	20.4%
Unemployment Rate for Female Veterans:	11.6%
Unemployment Rate for Women Returning from OEF/OIF:	12.5%

Number of Single Women Veterans with a Child 13 Years Old or Younger: 10,790

Percentage of Single Women Veterans with 1+ Child(ren) 13 Years or younger with a Salary <\$40,000/year: 94%

#### **HEALTH/DISABILITY**

Percentage of Veterans with a Disability Rating: 26.2%

Of Veterans with a Disability Rating, Percentage of Male Veterans with a Disability Rating of 70% or more: 24.6%

Of Veterans with a Disability Rating, Percentage of Female Veterans with a Disability Rating of 70% or More: 39.2%

Percentage of Disabled Veterans Who Say Disability Impacts Ability to Get/Keep a Job: 32.1%

**Appendix B: HUD-VASH Vouchers Awarded in California, 2008-2012**

<b>Public Housing Authority (HA)</b>	<b>VA Medical Center/CBOC</b>	<b>Location of high need where veterans should be identified for participation</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>Project-Based Voucher Set-Aside Award</b>	<b>2012</b>	<b>TOTAL</b>
HA of the City & County of San Francisco	San Francisco VAMC/ Downtown CBOC	San Francisco	105	70	100	25	0	200	500
HA of the County of Los Angeles	VA Greater Los Angeles HCS/West Los Angeles Campus	Los Angeles	0	280	0	100	50	200	630
HA of the County of Los Angeles	VA Greater Los Angeles HCS/Sepulveda Campus	Los Angeles	0	0	200	0	0	0	200
HA of the County of Los Angeles	VA Greater Los Angeles HCS/ Pasadena CBOC	Los Angeles	0	0	25	0	0	0	25
Oakland HA	Northern CA HCS/Sacramento VAMC/Oakland BHC	Oakland	0	105	0	50	0	50	205
HA of the City of Los Angeles	VA Greater Los Angeles HCS/West Los Angeles Campus	Los Angeles	840	105	0	200	0	600	1745
HA of the City of Los Angeles	VA Greater Los Angeles HCS/Sepulveda Campus	Los Angeles	0	0	200	0	50	0	250
HA City of Fresno	VA Central CA HCS/Fresno VAMC	Fresno	35	35	0	25	0	50	145
County of Sacramento HA	Northern CA HCS/Sacramento VAMC	Sacramento	0	70	75	25	0	75	245
HA of the County of Kern	VA Greater L.A. HCS/ Bakersfield CBOC	Bakersfield	0	35	25	25	0	25	110
HA of the County of San Mateo	San Francisco VAMC/San Bruno CBOC	Belmont	0	0	25	25	0	0	50

HA of the County of San Mateo	San Francisco VAMC	San Francisco	0	0	0	25	0	0	25
HA of the County of San Bernardino	Loma Linda HCS	San Bernardino	35	0	25	25	0	50	135
HA of the County of Santa Barbara	VA Greater Los Angeles HCS/Santa Barbara CBOC	Santa Barbara	0	35	25	50	0	25	135
County of Merced HA	VA Central CA HCS/Merced CBOC	Merced	0	0	0	0	0	25	25
County of San Joaquin HA	Palo Alto HCS/Stockton CBOC	Stockton	0	35	0	0	0	25	60
County of San Joaquin HA	Palo Alto HCS Livermore Division	Livermore	0	0	25	0	0	0	25
County of Stanislaus HA	Palo Alto HCS/Modesto CBOC	Modesto	0	0	0	0	0	25	25
HA of the County of Riverside	Loma Linda HCS	Riverside	0	105	50	25	0	125	305
Tulare County HA	VA Central CA HCS/South Valley CBOC	Tulare	0	35	0	0	0	0	35
HA of the City of Oxnard	VA Greater Los Angeles HCS/Oxnard CBOC	Oxnard	0	0	25	0	0	0	25
County of Monterey HA	Palo Alto HCS/Seaside CBOC	Monterey	0	35	50	25	0	25	135
HA of the City of San Buenaventura	VA Greater Los Angeles HCS/Oxnard CBOC	Ventura	0	0	25	25	0	25	75
County of Butte HA	Northern CA HCS/Chico CBOC	Chico	0	35	0	0	0	25	60
HA of County of Marin	San Francisco VAMC/ Downtown CBOC	San Rafael	0	35	0	0	0	0	35
HA of the City of Vallejo	Northern CA HCS/Fairfield CBOC	Vallejo	0	0	25	0	0	0	25

HA of the County Santa Clara	Palo Alto HCS Menlo Park Division	Menlo Park and San Jose	70	140	125	100	0	100	535
City of Pittsburg HA	Northern CA HCS/Martinez CBOC	Pittsburg, Martinez, and Richmond	35	0	50	25	0	50	160
San Diego Housing Commission	San Diego VAMC	San Diego	105	105	75	75	0	75	435
HA of the City of San Luis Obispo	VA Greater Los Angeles HCS/San Luis Obispo CBOC	San Luis Obispo	0	0	25	25	0	50	100
Alameda County HA	Northern CA HCS/Oakland BHC	Oakland	0	0	50	0	0	0	50
Alameda County HA	Palo Alto VAMC/Fremont CBOC	Fremont and Dublin	0	0	25	0	0	25	50
City of Long Beach HA	Long Beach HCS	Long Beach	70	105	100	50	0	50	375
HA of the City of Madera	VA Central CA HCS/Fresno VAMC	Madera	0	0	50	0	0	0	50
Santa Cruz County HA	Palo Alto HCS/San Jose CBOC	San Jose	0	0	25	25	0	50	100
HA of the City of Pasadena	Greater LA HCS/Pasadena CBOC	Pasadena	0	0	0	0	0	25	25
Mendocino County	San Francisco VAMC/Ukiah CBOC	Ukiah	0	35	25	0	0	25	85
County of Humboldt HA	San Francisco VAMC/Eureka CBOC	Eureka	0	0	0	25	0	25	50
City of Santa Rosa	San Francisco VAMC/Santa Rosa CBOC	Santa Rosa	0	35	75	25	0	50	185
Orange County HA	Long Beach HCS	Santa Ana	0	70	150	75	0	75	370
HA of the County of San Diego	San Diego VAMC	San Diego	0	105	75	50	0	75	305
Placer County HA	Sierra Nevada HCS/Sierra Foothills CBOC	Auburn	0	0	25	0	0	10	35
<b>STATEWIDE TOTALS</b>			<b>1295</b>	<b>1610</b>	<b>1775</b>	<b>1125</b>	<b>100</b>	<b>2235</b>	<b>8140</b>