

JOINT HEARING
ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT AND
ASSEMBLY COMMITTEE ON VETERANS AFFAIRS
CHAU AND QUIRK SILVA, CHAIRS

***Ending Veteran Homelessness by 2015:
Oversight Hearing on Implementation of the
Veterans Housing and Homeless Prevention Bond Act of 2014. (John A. Pérez)***

INTRODUCTION:

The purpose of this hearing is to assess the readiness of the Department of Housing and Community Development, CalVET, and the California Housing Finance Agency (CalHFA) to implement Proposition 41: Veterans Housing and Homeless Prevention Act of 2014, contingent upon voter approval. In addition, the hearing will explore the process for financing and developing veteran-specific supportive housing from the developers' and service providers' perspective. Service providers will discuss best practices for meeting the needs of special veteran populations, including women with children and severely disabled veterans.

CALIFORNIA LEADS THE NATION IN HOMELESS VETERANS

California is home to nearly 1.8 million veterans as of September 30, 2013, the largest veteran population in the nation according to the VA's National Center for Veterans Analysis and Statistics. The U.S. Department of Housing and Urban Development (HUD) also reported that California has the highest number of homeless veterans with 15,179 in 2013, of which 10,293, or 67.8 percent, were unsheltered on a given night. To serve the needs of these veterans, California needs significantly more housing for extremely low-income and homeless veterans.

While veterans as a whole have higher median incomes, greater rates of employment and educational attainment, the November 2013 publication (Housing Instability Among Our Nation's Veterans) by the National Low Income Housing Coalition reports that 79 percent of California's extremely low-income veteran renter households have a severe cost burden, spending more than 50 percent of their income on housing.

The face of the nation's homeless veteran population is changing as more Operation Iraqi Freedom and Operation Enduring Freedom veterans find themselves in a downward spiral towards homelessness. Increasingly, female veterans and their children comprise a higher proportion of the homeless veteran demographic. While still making up less than 10 percent of the total homeless veteran population, service providers report that the number of homeless women veterans has been rising steadily in recent years. Female veterans in poverty are 2.7 times more likely to experience homelessness than other adults living in poverty. In addition, younger veterans living in poverty (ages 18-30) are 3.4 times as likely to become

homeless.

CALVET CALIFORNIA VETERAN FARM AND HOME PURCHASE PROGRAM

In 2008, California voters approved Proposition 12, the Veteran's Bond Act of 2008, a nine hundred million dollar (\$900,000,000) general obligation bond intended to help veterans purchase single family homes, farms, and mobile homes through the CalVet California Veteran Farm and Home Purchase Program, often referred to as the CalVet Home Loan Program.

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. The restrictions on the program do not permit development of affordable multifamily, supportive, and transitional housing of the kind contemplated by this bill.

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 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. 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, the previous authorization.

AB 639 (CHAPTER 727, STATUTES OF 2013, PÉREZ): VETERANS HOUSING AND HOMELESS PREVENTION BOND ACT OF 2014: VETERANS HOUSING AND HOMELESS PREVENTION ACT OF 2014

In 2013, AB 639 (Chapter 727, Statutes of 2013, Pérez) restructured the Veteran's Bond Act of 2008 authorizing \$600 million in existing veterans bond authority to fund multifamily housing for veterans with 50 percent serving extremely low-income of which 60 percent is for supportive housing.

It is important to note that the existing CalVet Home Loan Program retains approximately \$300 million dollars in bond authority and continues to function. According to CalVet staff, as interest rates rise in the open market, the CalVet Home Loan product will become increasingly attractive. AB 639 left a substantial amount of money for the existing program to continue and expand as the state and national economies recover from recession.

Housing opportunities for the homeless create savings in public services costs. Safe, affordable, and stable housing, especially when targeted to the most vulnerable populations and coupled with voluntary supportive services, has been shown to improve health outcomes, as well as reduce healthcare and related public services costs. For example, a 2009 Economic Roundtable study of 10,193 homeless people in Los Angeles County found that supportive housing residents ended up

costing the public 79% less than those who remained homeless.

AB 639 is intended to provide for the acquisition, construction, rehabilitation, and preservation of affordable multifamily supportive housing, affordable transitional housing, affordable rental housing, or related facilities for veterans and their families to allow veterans to access and maintain housing stability. Many of the programs developed and administered by HCD and CalHFA already target the extremely low-income and homeless populations, similar to the proposed VHF-IPA program.

As a final matter, although bond authority is being repurposed from the CalVet Home Loan program, it will still provide housing exclusively for veterans and their families. According to the bill, "The bond proceeds shall only be used for units designated for veterans and their families."

Main Provisions of AB 639 (John A. Pérez)

- 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 the Housing for Veterans Fund to annual appropriation, as determined by the Legislature.
- 9) Requires the measure to be submitted to the voters at the June 3, 2014 general election.

TIMELINE FOR INITIAL STEPS FOR IMPLEMENTING AB 639 (JOHN A. PÉREZ)

December 2013-June 2, 2014	Research veterans' housing needs and supplemental funding programs, interview key stakeholders, analyze past program models, begin drafting program guidelines and perform other preliminary tasks
June 2, 2014	Public votes on ballot measure authorizing funding
June 2014-October 2014	Conduct public stakeholder workshops to receive input on draft program design
August 15, 2014(no later than)	Deadline by which CalVET, HCD, and CalHFA must enter into a Memorandum of Understanding (MOU) outlining the shared responsibilities in implementing, overseeing, and evaluating this article
November 2014	Issue Initial Notice of Funding (NOFA)

ENDING VETERAN HOMELESSNESS

In 2009, President Barack Obama and United States Secretary of Veterans Affairs Eric K. Shinseki announced the goal of ending Veteran homelessness by the end of 2015. Together with partners and supporters nationwide, the US Department of Veterans Affairs (VA) is determined to meet that challenge through the Homeless Veterans Outreach Initiative, an unprecedented commitment to veterans who served our nation but lack safe, secure housing.

The year 2015 is fast approaching. Great strides have been and are being made toward the goal of eliminating veteran homelessness. However, there is still much work to be done and it remains to be seen whether the rate of veteran homelessness might increase once again after a decade of conflict, continuing economic uncertainty, and the specter of sequestration continuing for several more years.