

**Assembly Committee on Housing & Community Development**  
**Tuesday, February 9, 2010**  
**1:30 p.m., Room 126**

**Oversight Hearing: Coordinating State & Federal Resources to Address Homelessness**

***Introduction:***

California has the largest population of homeless persons of any state in the country. The Department of Housing and Urban Development (HUD) reported that on a single night in 2008, California communities counting people living on the streets or in shelters reported a total of 157,277 homeless persons.<sup>1</sup> Over 380,000 people are homeless for some period of time during the course of each year in California. The state has one of the highest rates of homelessness, with one in every 230 residents homeless at any point in time, and one in every 95 residents homeless at some point during the course of a year.<sup>2</sup> HUD estimated the total number of homeless adults in the nation on one night as 1,283,272. In the rest of the country, most homeless people are sheltered, temporarily living in shelters or transitional housing. In California, 70 percent of homeless people live unsheltered, the largest percentage in the nation.<sup>3</sup>

The homeless population includes both chronically and episodically homeless adults, families, and unaccompanied youth. Most people who are homeless are homeless once or twice during their lifetime, or experience multiple short episodes of homelessness after long struggles with housing instability. These individuals and families typically suffer a job loss or a reduction in income, live with family or friends who can no longer house them, age out of the foster care system, are discharged from hospitals or prisons, or experience an increase in rent they cannot afford and cannot find other housing, forcing them on to the street. Nationwide, homeless people, on average, spend less than a month living in shelters. About one-third spend less than one week in a shelter.<sup>4</sup>

For most people who are homeless or at risk of homelessness, sufficient availability of housing affordable to those in low income brackets would prevent or end homelessness. Even small, temporary rental subsidies can avert homelessness for most in this population. A five-year federally funded study showed a 74 percent decreased risk of homelessness when households received rental subsidies, as compared to a control group, after four years.<sup>5</sup>

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<sup>1</sup> See pages 7-8 for a fuller discussion about whether this figure represents an undercount of homeless people living in California.

<sup>2</sup> U.S. Department of Housing and Urban Development, Office of Community Planning and Development. *The 2008 Annual Homeless Assessment Report to Congress*. Jul. 2009. pp 12-13.

<sup>3</sup> California is one of only eight states to have higher rates of unsheltered homeless people than sheltered. U.S. Department of Housing and Urban Development, Office of Community Planning and Development. *The 2008 Annual Homeless Assessment Report to Congress*. Jul. 2009. p. 13.

<sup>4</sup> U.S. Department of Housing and Urban Development, Office of Community Planning and Development. *The 2008 Annual Homeless Assessment Report to Congress*. Jul. 2009. pp 12-13.

<sup>5</sup> Wood, Michelle, Turnham, Jennifer, Mills, Gregory. "Housing Affordability and Family Well-Being: Results from the Housing Voucher Evaluation." *Housing Policy Debate* (19:2, 2008). pp. 367-412.

High unemployment has made it harder for families to pay their monthly bills. An increasing number of Californians who never would have been homeless before are joining the ranks of homeless people in shelters and on the streets. Homelessness among families with children in the U.S. has been on the rise, up nine percent in 2008. According to the California Department of Education, nearly 150,000 school-aged children experienced homelessness in the 2008-2009 school year. People also are staying in shelters and transitional housing longer than in previous years.<sup>6</sup>

At the same time, California continues to have a segment of the population that is chronically homeless, often due to severe medical conditions, mental illness, or substance abuse (or a combination of these). People fall under the federal definition of chronic homelessness if they are homeless at least one year or for at least four episodes within the last three years. Chronically homeless people can cycle in and out of emergency shelters if they are not able to find permanent supportive housing. They also cycle in and out of jails and prisons, hospitals, emergency rooms, and detox facilities, making them a very expensive population for California's local and state governments.

For the chronically homeless, rental subsidies alone are insufficient to end homelessness. This population generally needs permanent supportive housing. Supportive housing is housing that does not limit the length of a person's stay, is affordable to the tenant, and includes supportive services that help address the root causes of homelessness. Services offered depend on the individual's or family's needs, but often include case management to help coordinate health care and mental health needs, life skills training, transportation, and vocational training.<sup>7</sup>

Research indicates that persons who are chronically homeless who are able to be placed in supportive housing experience a reduction in shelter use, hospitalization, length of stay in the hospital, and time incarcerated. Preliminary findings from a Chicago program indicate that chronically homeless patients offered supportive housing spent 45 percent fewer days in nursing homes than patients in a control group.<sup>8</sup> Similarly, a recent *Journal of the American Medical Association* article documented decreases of 41 percent in medical expenses and 87 percent in sobering center expenses among tenants of a Seattle supportive housing program that served chronically homeless people with severe alcohol addiction.<sup>9</sup> Finally, a study of California's AB 2034 program revealed that mentally ill homeless Californians were able to reduce their number

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<sup>6</sup> U.S. Department of Housing and Urban Development, Office of Community Planning and Development. *The 2008 Annual Homeless Assessment Report to Congress: A Summary of Findings*. Jul. 2009. p. 3.

<sup>7</sup> US Dept. of Health and Human Services. *Making a Difference: Report of the McKinney Research Demonstration Program for Homeless Mentally Ill Adults*. 1994.

<sup>8</sup> National AIDS Housing Coalition. "Examining the Evidence: The Impact of Housing on HIV Prevention and Care." *Presented at the Third Housing and HIV/AIDS Research Summit*. 2008.

<http://documents.csh.org/documents/ResourceCenter/SysChgToolkit/CredibileData/NAHCSummitIIIPolicyPaper.pdf>

<sup>9</sup> Larimer, Mary, et. al. "Health Care and Public Service Use and Costs Before and After Provision of Housing for Chronically Homeless Persons With Severe Alcohol Problems." *Journal of the American Medical Association*. April 2009 (examining outcomes of a "Housing First" program that provides expedited housing placement, no "readiness" or abstinence requirements, and assertive engagement in health and recovery support services for chronically homeless people).

of emergency room visits by 56 percent and their number of hospital admissions by 45 percent with supportive housing.<sup>10</sup>

The majority of federal funding available to address homelessness comes through the McKinney Vento Homeless Assistance Act. In May 2009, President Obama signed the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act into law, which will allow more funding for homeless prevention and rapid re-housing of homeless persons. The HEARTH Act will require a shift at both the local and state level in how homeless prevention is approached and services are delivered.

Several state departments and agencies operate programs that serve homeless people by providing funds to build shelters and supportive housing, for rental assistance, and for services families and individuals with serious mental illness rely upon to end the cycle of homelessness. The state lacks a formally adopted and coordinated approach to providing services to people who are homeless.

The purpose of this hearing to do the following:

1. Identify who constitutes the homeless population and what strategies have worked to reduce homelessness.
2. Identify current and future opportunities to leverage federal programs to reduce homelessness.
3. Identify opportunities to leverage and coordinate state programs that serve homeless people.
4. Identify local models that work to reduce homelessness.

***Background:***

State Approach to Coordinating Programs to Address Homelessness

Previous administrations have taken different approaches to coordinating state programs and resources to address and prevent homelessness. Governor Gray Davis established an Interagency Task Force on Homelessness in January 2002 that included the Health and Human Services Agency and the Business, Transportation and Housing Agency. The Task Force developed an assessment of the number of homeless people in the state, identified the programs funded by the state that provide services to homeless people or those at risk of homelessness, and identified strategies for reducing the number of homeless people in the state.

In 2005, Governor Schwarzenegger introduced the Governor's Initiative on Chronic Homelessness as part of the May 2005 budget revision. The Governor's Initiative included

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<sup>10</sup> Eighty-one percent of chronically homeless participants remained stably housed after a year. Participants experienced even greater declines in emergency room visits and inpatient admissions after living in supportive housing for two years. Burt, Martha, Martinez, T. "Impact of Permanent Supportive Housing on the Use of Acute Care Health Services by Homeless Adults." *Psychiatric Services*. Vol. 57. No. 7. July 2006.

\$250,000 to support interagency coordination and develop strategies between the state, local governments, and non-profit corporations to address chronic homelessness. On October 21, 2005, the Governor's Interagency Council, comprised of the heads of eleven agencies and department involved in chronic homelessness issues, met to initiate the development of California's Ten Year Action Plan on Chronic Homelessness.

The Governor's Interagency Council decided to convene stakeholder meetings to determine what issues should be addressed by the state, what actions should be taken within state government, and what actions the state should take to support local efforts to address chronic homelessness. At the end of June 2006, HomeBase Center for Common Concerns convened 150 stakeholders at Asilomar in Monterey to discuss data about homelessness in the state and to develop a state 10-year plan to end homelessness. The plan was never adopted by the Administration. The Governor's Interagency Council never met following the Asilomar conference.

#### State Programs That Provide Services to the Homeless or Those at Risk of Homelessness

##### **Department of Housing & Community Development:**

*Emergency Housing & Assistance Program (EHAP):* Provides grants for operating emergency shelters and transitional housing projects for homeless individuals and families.

*Emergency Housing & Assistance Program-CD (EHAP-CD):* Provides funding for capitol development activities for emergency shelters, transitional housing, and safe havens that provide shelter and supportive services for homeless individuals and families.

*Permanent Supportive Housing Program:* Provides funding for construction or rehabilitation of housing for special needs populations, provided the housing does not limit the length of time participants can remain in the housing.

*Homeless Youth Program:* Provides funding for the capitol development costs of supportive housing with services for homeless youth between the ages of 18 and 24. Projects may either be limited to homeless youth or mixed with other units not specifically set aside for homeless youth.

##### **California Housing Finance Agency (CalHFA):**

*Mental Health Services Program (Proposition 630):* Jointly administered by the California Department of Mental Health and the California Housing Finance Agency on behalf of counties, the Mental Health Services Act (MHSA) Housing Program offers permanent financing and capitalized operating subsidies for the development of permanent supportive housing, including rental and shared housing, to serve persons with serious mental illness and their families who are homeless or at risk of homelessness. MHSA Housing Program funds may be used for the development, acquisition, construction, and/or rehabilitation of permanent supportive housing.

## **Department of Mental Health (DMH):**

*Mental Health Services Act (Proposition 63):* Provides funding, personnel, and other resources to support county mental health programs and monitor progress toward statewide goals for children, transition-age youth, adults, older adults, and families. The Act addresses a continuum of prevention, early intervention, and service needs, and funds the necessary infrastructure, technology, and training elements that will effectively support this system. The funding is provided to county mental health programs to fund programs consistent with their local plans.

## **Department of Social Services (DSS):**

*Transitional Housing Placement for Foster Youth-Plus Program (THP-Plus):* Provides housing placement and supportive services for youth between the ages of 18 and 24 who have aged out of the foster care system. Assistance is limited to two years. The goal of the program is to provide a safe living environment while helping youth achieve self-sufficiency upon leaving the foster care system. Counties electing to participate in the program provide independent living housing and support services. Participants may live alone, with departmental approval, or with roommates in apartments and single-family dwellings with regular support provided by THP-Plus agency staff, county social workers, and ILP coordinators. Support services include regular visits to participants' residences, educational guidance, employment counseling, and assistance reaching emancipation goals outlined in participants' Transitional Independent Living Plan (TILP). More than half of California's counties have approved plans and are implementing THP-Plus.

*CalWORKS Homeless Assistance Grants:* Provides homeless prevention funds. The program offers money for back rent because of a one-time crisis, or to make up rental shortfalls after a family receives a three-day notice to pay rent or move. This fund is not restricted to specific populations, so single individuals who have been in their current housing for 12 months or longer, as well as non-disabled couples, families with minor children, seniors, and disabled people can apply.

### Federal Approach to Addressing Homelessness

Enacted in 1987, the Stuart B. McKinney Homeless Assistance Act (McKinney-Vento Act) represents the most comprehensive federal legislation on homelessness. It authorized funding for homeless assistance programs administered by several federal agencies, including the U.S. departments of Housing and Urban Development (HUD), Health and Human Services (HHS), Labor (DOL), Education (ED), and Veterans Affairs (VA).

HUD operates two programs through the McKinney-Vento Homeless Assistance Grants Program: the *Federal Emergency Shelters Grant* and the *Continuum of Care Program*.

*Federal Emergency Shelters Grant (FESG):* Provides funding for emergency and transitional shelters for people experiencing homelessness. The program is a block grant distributed by formula to cities, counties, and states that then make grants to eligible applicants. The grants may be used for renovation, construction, or conversion of buildings for use as emergency shelters or transitional housing, as well as shelter operating costs. Up to 30% of the total grant can be used

for homeless prevention such as short-term and first-month's rent, eviction or foreclosure assistance, utility payments, security deposits, landlord-tenant mediation, and tenant legal services. Congress enacted changes to this program in 2009, changing the name to the Emergency Solutions Grant and allowing the funding appropriated to be used for prevention and rapid re-housing activities. The California Department of Housing and Community Development administers the FESG program for smaller counties that are not entitled to receive funding directly from HUD. HCD will continue to fulfill this role under the Emergency Solutions Grant program.

*Continuum of Care (CoC) Program:* In 1994, HUD introduced the Continuum of Care planning process, a competitive program designed to encourage communities to address the problems of housing and homelessness in a more coordinated and strategic fashion. This comprehensive approach encourages communities to identify and prioritize gaps in housing and services available for people who are homeless. It also enables communities to develop long-term strategies and action plans to address these gaps using McKinney-Vento Homeless Assistance funds and other federal, state, and local resources. The strategic planning conducted through this process also forms the basis of a state's or community's Continuum of Care plan and application to HUD for McKinney-Vento Homeless Assistance funds.

The fundamental components of a CoC program include prevention, outreach, emergency shelter, transitional housing, permanent housing, permanent supportive housing, and supportive services. HUD funds three competitive programs through the CoC program:

- The **Supportive Housing Program (SHP)** provides supportive housing and/or supportive services for people who are homeless.
- The **Shelter Plus Care Program (S+C)** provides rental assistance for people with disabilities who are homeless.
- The **Single-Room-Occupancy Moderate Rehabilitation Program (SRO)** provides rental assistance in connection with moderate rehabilitation of single-room-occupancy dwellings for people who are homeless.

Communities that receive funding for these three programs must develop a Continuum of Care. CoCs include local agencies, stakeholders, and consumers, and can encompass a single city or county, multiple cities and/or counties, or a state. Forty-four counties in California participated in a CoC that received an award from HUD in 2009. Two CoCs did not receive any funding for housing or services for homeless people, but were awarded funding to update their data systems. HUD estimates that 14 counties in California have unclaimed geography that is currently not included in a CoC. Because of this unclaimed geography, California missed out on approximately \$900,000 in federal funds to address homelessness in 2008. Most states receive "balance of state" Continuum of Care funding from HUD for areas that do not have a local CoC, but California has not taken the steps necessary to do this. Also, several rural counties have banded together to form one CoC and could potentially receive more revenue through "balance of state" funding. The table below shows the unclaimed geography that was not included in a CoC in 2008 and the available HUD funds that did not come to California as a result.

JURISDICTION NAME	2008 NEED AMOUNT
EL CENTRO	86,092.00
Alpine County	8,368.00
Del Norte County	47,086.00
Inyo County	35,926.00
Lake County	106,669.00
Lassen County	65,083.00
Mariposa County	29,234.00
Modoc County	33,818.00
Mono County	19,280.00
Nevada County	146,878.00
Plumas County	50,143.00
San Benito County	83,739.00
Sierra County	18,605.00
Siskiyou County	140,447.00
<b>TOTAL</b>	<b>871,368</b>

CoCs are required as a condition of funding to make a point in time count of the homeless population every two years. The point in time count is made in a single night in which volunteers canvass the community to count the number of people on the street who are homeless. The point in time count also includes the number of shelter beds available for homeless people. The box below reflects the number of people the CoCs in California reported to HUD in 2008.

<b>HUD's 2008 Continuum of Care Homeless Assistance Program Homeless Population and Subpopulation for California</b>				
<b>Summary by households type reported aggregated to the state level:</b>				
	<u>Sheltered</u>		<u>Unsheltered</u>	<u>Total</u>
	Emergency shelter	Transitional housing		
Households without children	16,233	12,272	88,325	116,830
Households with children	6,684	11,776	21,987	40,447
<b>Total Homeless Persons in Household</b>	<b>22,917</b>	<b>24,048</b>	<b>110,312</b>	<b>157,277</b>

In addition to the fact that the above chart does not include the homeless population in the 14 counties that are not covered by a CoC, some would say that the numbers reflect an undercount of the state's homeless population for a few other reasons. HUD's definition of homelessness includes people living in places not meant for human habitation, living in an emergency shelter or transitional housing facility, and facing the loss of housing within the next seven days with no other place to go and no resources or support networks to obtain housing. This definition does not include a person who is at imminent risk of homelessness or where a family or

unaccompanied youth is living unstably. The point in time count takes place in a twenty-four hour period and therefore misses some individuals who are not easily identified as a homeless person. For example, a person walking on the street at midnight may be homeless, but may not be counted as a homeless person. Communities, in fact, use different methodologies to do counts, so consistency is difficult across a state. Typically, CoCs rely upon volunteers to do the count and, depending on the number of people volunteering, the results may vary and affect the quality of the count.

*Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act:* In May 2009, the Obama Administration signed into law the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, which reauthorized the McKinney-Vento Homeless Assistance Program. The HEARTH Act makes some significant changes to McKinney-Vento, including the following:

- Increases priority on homeless families with children.
- Significantly increases resources to prevent homelessness.
- Continues to provide incentives for developing permanent supportive housing.
- Grants rural communities greater flexibility.
- Authorizes a nationwide funding level of \$2.2 billion.
- Eliminates the distinction between the various Continuum of Care programs, consolidating the Supportive Housing Program, the Shelter Plus Care Program, and the SRO Moderate Rehabilitation Program into one program with multiple eligible allocations of funding.

Changes under this Act will take effect in 2011.