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California Assembly Committee on Housing and Community Development
Informational Hearing
“Coordinating state and federal resources to address homelessness”
February 9, 2010

Assembly Member Torres and members of the Assembly Committee on Housing and Community Development - thank you for the opportunity to speak to the Committee today regarding the Department’s role in addressing homelessness through the State and Federal programs the Department administers.

The mission of the Department of Housing and Community Development is to provide leadership, policies and programs to preserve and expand safe and affordable housing opportunities and promote strong communities for all Californians. Consistent with this mission, a number of the programs administered by the Department specifically serve the homeless or provide safe and affordable housing opportunities for individuals and families at risk of homelessness or transitioning out of homelessness. In general, the Department’s programs that aid the homeless do so by providing loans or grants to local public and private entities, both for profit and nonprofit organizations to develop, rehabilitate or preserve both permanent and housing and emergency shelters for homeless persons and families. These programs include those funded by Proposition 46 and 1C, the Housing Bonds of 2002 and 2006 and federal programs;

Bond Programs: The Multifamily Housing Program, that provides loans for the development of affordable rental housing. The competitive rating criteria used in the program provides extra scoring points for those housing developments that serve the lowest incomes and special needs populations including households with and those transitioning out of homelessness. Approximately \$35 million remains available in this program.

- The Multifamily Housing Program- Supportive Housing component offers loans for the development of rental housing that serves households and individuals who require support services to become or remain stably housed, including the homeless and homeless mentally ill. Approximately \$20 million remains uncommitted, although all of these funds are expected to be used by applications currently under review within the Department.
- The Multifamily Governor’s Homeless Initiative Program provides loans to create affordable rental housing for the homeless mentally ill, in coordination with the California Housing Finance Agency and Department of Mental Health, as this program combines housing bond and Mental Health Services Act funding. Approximately \$13 million remains uncommitted, although all of these funds are expected to be used by applications currently under review in the Department.

- The Multifamily Housing Program-Homeless Youth component provides funding for development of rental housing affordable to youth transitioning out of foster care who are homeless or at risk of homelessness. HCD has made awards to 10 projects for approximately \$22 million; \$23 million remains available.
- The Emergency Housing Assistance Program for Capital Development provides loans to develop, expand or rehabilitate emergency shelters of last resort and transitional housing for the homeless. Approximately \$59 million remains available from Prop 46 and 1C.

To date, the Department has awarded funds through the above bond programs for more than \$1.578 billion that has or will produce 22,000 affordable rental housing units and 9,800 emergency shelter or transitional housing opportunities. However, due to Budget Letter 08-33 dated 12/18/08, Departments currently can not make new awards or issue Notices of Funding Availability (NOFA).

While bond funds have been the largest source of funding for housing that families transitioning out of homelessness can afford, most bond funds will be depleted by the end of 2010. To address the ongoing need for affordable housing the Department is continuing its work with a broad coalition of business, housing, public and private groups to identify and establish a permanent source of funds for affordable housing and remains committed to that goal

Federal Programs: HCD also administers federal housing programs, generally for local communities that do not receive federal funding directly:

- The Department administers the federal Home Investment Partnerships Act (HOME) Program for smaller localities that do not receive a direct allocation of funding from the U.S Department of Housing and Urban Development (HUD). HOME provides loans and grants to local governments and non profit agencies to fund a variety of housing opportunities including affordable rental housing. HOME competitive criteria encourages applicants to provide housing opportunities to the lowest income households and those at risk of or transitioning out of homelessness. Approximately \$63 million is available annually.
- The Community Development Block Grant program provides grants to local government for community and economic development projects, which may include homeless shelter facilities or affordable housing. Approximately \$40 million is available annually.
- The Federal Emergency Shelter Grant program provides grants for the operation of local homeless shelters and transitional housing programs that offer self-improvement classes and assistance with transitioning into permanent housing. Approximately \$7 million is available annually.
- The Homeless and Rapid Re-Housing Assistance Program provides for financial assistance and housing stabilization services to the homeless and also those persons at risk of becoming homeless. Last fall the Department awarded \$42.6 million homeless and housing services. This program is an ARRA funded program ending Sept. 10, 2012.

In addition to funding, the Department ensures communities plan adequately to address the needs of the homeless. Specifically, state law requires every local government to prepare a housing element as a part of their general plan. The Department is mandated to review housing elements for compliance with State law which, among other things, requires analyses of special housing needs including the needs of the homeless and persons and families in need of emergency shelters. Each city and county must quantify and analyze their existing homeless need and identify sites and zoning to permit the development of emergency shelters. In addition to address those households at risk of homelessness, the law also requires local governments to encourage and facilitate the development of transitional and supportive housing.

To more effectively address the continuing homeless need, housing element law was amended (Chapter 633, Statutes of 2007 [SB 2]) to strengthen the requirements related to zoning for emergency shelters and transitional and supportive housing. Housing element law now requires local governments to identify a zone where emergency shelters will be permitted without a conditional use permit (CUP) or other discretionary review. SB 2 also requires transitional housing and supportive housing to be considered residential uses and only subject to the same requirements that apply to other residential uses of the same type in the same zone.

California is a leader in the nation, in addressing homelessness by not only providing innovative funding resources to shelter the homeless and provide affordable housing but also ensuring adequate planning and reducing regulatory barriers to the provision of emergency shelters and transitional and supportive housing..

The Department has also prepared reports and conducted research on homelessness including the Statewide Housing Plan and in the Federal Consolidated Plan.

The Department has a long history of coordination with other agencies to address a variety of housing issues. This is particularly the case with homelessness, where services are integral to homeless individuals and families being able to maintain a stable living situation. For example:

- The Department jointly operates the Governor's Homeless Initiative with the Department of Mental Health and the California Housing Finance Agency.
- The Supportive Housing Component of the Multifamily Housing Program described above is frequently used with Mental Health Services Act Funding administered by the Department of Mental Health and the California Housing Finance Agency. HCD coordinates application review with the agencies and participates in the Mental Health Housing workgroup organized by the County Mental Health Directors Association.
- HCD coordinates with the Department of Social Services in the administration of the Multifamily Homeless Youth Housing Program and has started to participate in an advisory group formed by HUD and the Casey Family Programs to provide guidance on how to improve the coordination of housing and child welfare services, including those for youth who are homeless or at risk of homelessness.

HCD has also participated in the Governor's Interagency Council to Address Long Term Homelessness and continues its efforts to carry out the goals established for HCD in the 10 Year Chronic Homeless Action Plan.

The lead agency on the integration of housing opportunities and other services is the Governor's Office which established the Interagency Council and tasked the Council to develop the 10 Year Chronic Homelessness Action Plan dedicated to reducing the incidence of long term homelessness, ensuring coordination of efforts and maximizing the use of resources.