

California State Assembly



AGENDA

Subcommittee No. 5 on State Administration and Committee on Housing and Community Development

Assemblymembers Sharon Quirk-Silva and Chris Ward, Chairs

Tuesday, February 20, 2024

Upon Adjournment of Session – State Capitol, Room 447

Informational Hearing

Evidence-Based Strategies to Reduce and Prevent Homelessness

- I. **Welcome, Introductions and Opening Statements**
- II. **Overview of Homelessness Data**
 - Margot Kushel MD, Professor of Medicine UCSF, Director UCSF Center for Vulnerable Populations and UCSF Benioff Homelessness and Housing Initiative
 - Dhakshike Wickrema, Deputy Secretary of Homelessness, Business, Consumer Services, and Housing Agency
- III. **Overview of Local Government's Response**
 - Roxanne V. Wilson, County Homelessness Services Director, Monterey County
 - Bill Huang, Housing Director, City of Pasadena
- IV. **Overview of Prevention Efforts**
 - Consuelo Hernandez, Director, Office of Supportive Housing, County of Santa Clara
 - Chad Bojorquez, Chief Program Officer, Destination: Home
 - Mary Kate Johnson, Director of Regional Homelessness Prevention, ALL HOME
- V. **Public Comment**
- VI. **Adjournment**

Issue 1: Evidence-Based Strategies to Reduce and Prevent Homelessness

This hearing will focus on evidence-based solutions to reduce and prevent homelessness that utilize funding administered by the California Interagency Council on Homelessness (Cal-ICH) housed under the Business, Consumer Services and Housing Agency (BCSH).

Background

The 2023 Budget Act dedicated \$3.485 billion (see Chart on page 6, titled *Homelessness Funding in 2023-24 Enactment*) in homelessness funds distributed to 11 departments to address a wide array of homelessness needs. Of this amount \$1.4 billion or 40 percent of these funds were directed to Cal-ICH for two programs the Homeless Housing, Assistance and Prevention (HHAP) Program and the Encampment Resolution Funding (ERF) Program, which fall under the jurisdiction of Subcommittee No. 5 and the Housing Community and Development Committee.

Flexible Funding. The Homeless Emergency Aid Program (HEAP) was the first flexible block grant designed to provide direct, one-time funding and assistance to cities and CoCs to address the homelessness crisis throughout California with a focus on the unsheltered population. In 2019-2020, the HHAP program expanded on the HEAP program to provide flexible funding to large cities, counties, continuums of care and (CoCs) to address homelessness in their communities. Over the past six years \$4.3 billion has been provided to localities to address homelessness through HEAP and HHAP. Over time the program has evolved to narrow the eligible expenditures toward permanent housing outcomes, strengthen accountability and coordination within the homeless response system.

Flexible Funding for Locals through HEAP and HHAP

	2018-19 HEAP*	2019-20 (Round 1)	2020-21 (Round 2)	2021-22 (Round 3)	2022-23 (Round 4)	2023-24 (Round 5)	Total
Total State Budget Appropriation	\$500 M	\$650 M	\$300 M	\$1 B	\$1 B	\$1 B	\$4.3 B
Amount Awarded	\$499 M	\$618 M	\$285 M	\$780 M*	\$400 M **	\$0	\$2.582 B
Remaining Funding	\$0	\$0	\$0	\$180 M (bonus funds)	\$380 plus \$180 M (bonus funds)	\$0	\$1.74 B
Expenditure Deadline	June 30, 2021	June 30, 2025	June 30, 2026	June 30, 2026	June 30, 2027	June 30, 2028	

*Includes \$20 million for tribal HHAP -1

**Includes \$20 million for tribal HHAP -2

HEAP Expenditures

Budget Categories	City	CoC	Total
Capital Improvements	\$64,139,296.52	\$108,082,212.99	\$172,221,509.51
Services	\$55,169,032.88	\$166,172,058.63	\$221,341,091.51
Rental Assistance or Subsidies	\$17,648,593.68	\$35,498,198.76	\$53,146,792.44
Homeless Youth Set-Aside	\$8,599,833.54	\$25,115,940.28	\$33,715,773.82
Administrative Costs	\$4,443,243.37	\$12,050,746.89	\$16,493,990.26
Other	\$0.00	\$2,080,842.46	\$2,080,842.46
Grand Total	\$149,999,999.99	\$349,000,000.01	\$499,000,000.00

HEAP Funding Program Outcomes. Expanded local shelter capacity and program services to people experiencing homelessness.

Type of housing capacity added	Beds	Units	Total
Emergency Shelter	5,703	-	5,703
Transitional Housing	278	92	370
Permanent Housing	365	494	859
Grand Total	6,346	586	6,932

Accountability Provisions. HEAP did not require coordination among the applicants or accountability. Rounds 1 and 2 of the HHAP program required the following reporting and accountability metrics:

- Expenditures by eligible uses
- Number of people served
- Demographic information of people served
- Types of housing assistance provided.
- Housing exits
- Identification of partnerships among local entities.

Rounds 3 and 4 of HHAP added new elements to the program. The HHAP funding under Rounds 3 and 4 required each applicant to determine its own goals in consultation with Cal ICH through local homelessness action plans. Recipients were encouraged but not required to submit local homelessness action plans jointly. Cal ICH determines whether a grantee met its outcome goals, making the grantee eligible for “bonus” funding.

Rounds 3 and 4 included the following additional reporting and accountability metrics, in addition to those required by Rounds 1 and 2:

- Reducing the number of persons experiencing homelessness.
- Reducing the number of persons who become homeless for the first time.
- Increasing the number of people exiting homelessness into permanent housing.
- Reducing the length of time persons remain homeless.
- Reducing the number of persons who return to homelessness after exiting homelessness to permanent housing, and
- Increasing successful placements from street outreach.

Round 5 included the most significant accountability changes to the HHAP program, including:

- Required recipients to apply for funds on a regional basis.
- Required a regionally coordinated homelessness action plans.
- Eliminated the bonus rounds to deploy funding sooner. Tied Round 3 Bonus rounds to submitting their regional plan while tying Round 4 Bonus funds to submitting a regional plan and having a compliant Housing Element.
- Maintained flexibility of HHAP funds while ensuring that each regional prioritizes resources for permanent housing solutions before directing HHAP resources to interim housing solutions.

Encampment Resolution Funding (ERF) Program. The ERF Program provides competitive grants to cities, counties, and CoCs in order to address unsheltered homelessness for people living in encampments. Eligible uses include (1) direct services and housing options such as outreach and engagement, crisis services, interim housing, and permanent housing; (2) capacity building such as systems partnerships, service coordination, and workforce development; and (3) activities to ensure sustained outcomes for people served and that the encampments remain cleared after initial interventions.

Encampment Resolution Funding

	ERF Round 1	ERF Round 2 (Includes a split between Lookback and Rolling)		ERF Round 3 Includes a split between Lookback and Rolling)		Total
Total State Budget Appropriation	\$50 M	\$300 M		\$400 M		\$750 M
Amount Awarded	\$48 M	\$285 M		\$81.2 M		\$414.2 M
Remaining Funds	\$0	\$0		\$298.7 M		\$298.7 M
Expenditure Deadline	June 30, 2024	ERF-2-L June 30, 2025	ERF -2-R June 30, 2026	ERF-3-L June 30, 2026	ERF-3-R June 30, 2027	
Total Clients Served	2,948	965	N/A	N/A	N/A	
Total Clients Still in ERF – Designated Encampment	970	484	N/A	N/A	N/A	
Share of Clients Served Still in ERF – Designated Encampments	32.9 %	50.2%	N/A	N/A	N/A	
Total Encampments	20	9	28	N/A	N/A	
Total Encampments Reported as Resolved	3	1	2	N/A	N/A	
Share of Encampments Resolved	15 %	11.1%	N/A	N/A	N/A	

The ERF Accountability Provisions. The ERF program did not include accountability provisions in statute similar to the HHAP program. The programs does collect data on total client served and total encampments addressed as outlined in the table above.

Homelessness Funding at 2023-24 Enactment

(Dollars in Millions)

Department	Program	Total Funding ^{1/}
Department of Housing and Community Development	Federal Funded Programs for Homelessness	\$15.0
	Foster Youth Housing Navigators	\$13.7
	Transitional Housing Program	\$42.3
California Interagency Council on Homelessness	Homeless Housing, Assistance and Prevention Grant Program	\$1,000.0
	Encampment Resolution Efforts	\$400.0
Office of Emergency Services	Various Homeless Youth Programs	\$0.7 ^{2/}
	Youth Emergency Telephone Network	\$0.6
	Domestic Violence Housing First Program	\$21.0
	Transitional Housing Program	\$17.0
	Specialized Emergency Housing	\$10.0
Department of Social Services	CalWORKs Housing Support Program	\$95.0
	CalWORKs Homeless Assistance Program	\$76.4
	Housing and Disability Advocacy Program	\$25.0
Department of Health Care Services	Behavioral Health Bridge Housing Program	\$265.0 ^{3/}
	Housing and Homelessness Incentive Program	\$644.0 ^{4/}
	Project for Assistance in the Transition from Homelessness	\$9.1
Department of State Hospitals	Incompetent to Stand Trial (IST) Solutions	\$482.2 ^{2/}
	Acute Bed Capacity Expansion	\$146.0 ^{2/}
	Community-Based Restoration (CBR)	\$28.9 ^{2/}
Department of Transportation	Encampment Relocation Coordinators and Homeless Services Liaisons	\$5.8
	Clean California Hazmat	\$15.0
	Other Costs (Encampment Clearing, Damage Repair, Maintenance Zone Enforcement)	\$25.1
	Hazardous Material Removal at Encampments	\$20.6
Department of Corrections and Rehabilitation	Returning Home Well	\$10.6
California Community Colleges	Basic Needs Funding - Student Hunger and Homelessness Programs	\$43.3 ^{5/}
	Rapid Rehousing	\$20.6 ^{5/}
California State University	Basic Needs Funding - Student Hunger and Homelessness Programs	\$26.3 ^{5/}
	Rapid Rehousing	\$6.8 ^{5/}
University of California	Basic Needs Funding - Student Hunger and Homelessness Programs	\$15.8 ^{5/}
	Rapid Rehousing	\$3.7 ^{5/}
TOTAL		\$3,485.5

Notes:

1/ Does not reflect carryover or multi-year funding appropriated in prior fiscal years, unless specified. Funding includes General Fund, Special Funds, Federal Funds, and Bond Funds.

2/ The state provides a number of wrap-around supportive services through these programs, which cannot be separated from the balance of the program's general budget.

3/ This program includes \$1 billion General Fund in 2022-23 available until June 30, 2027, \$265 million Mental Health Services Fund in 2023-24 available until June 30, 2027, and \$235 million General Fund in 2024-25. Of the \$1.5 billion total funds, \$42.1 million is for state operations.

4/ A total of \$1.3 billion (\$583.8 million Home and Community-Based Services American Rescue Plan Fund and \$712.4 million Federal Funds) was appropriated in the 2021 Budget Act and is available to spend until December 31, 2023. The 2023-24 funding indicated for this program is planned funding from the 2021 Budget Act appropriation.

5/ These Basic Needs funding programs support basic needs partnerships for low-income students facing housing or food insecurity, and eligible expenditures in some cases may also include operational expenses for basic needs resource centers and hygiene products. These amounts exclude basic needs funding provided to address student mental health.

Staff Comment

First Major Investment in Homelessness. Prior to 2018-19, and the creation of the HEAP and HHAP programs there was no funding directed from the state to locals to coordinate the homeless response system. There is also no uniform local homelessness response system across the state. CoCs, counties, and cities all play a role. In some cases, the county is the lead entity, in others the CoC, and in a few the city. As a result, the response to address homelessness is siloed and can be slow and inefficient. HHAP is the only source of funding at the state, local, or federal level that requires coordination on a regional level. Standing up the HHAP program was also a challenge and took Cal-ICH time. Initially, the program was created to maintain a siloed approach to address homelessness. But actions at the local level started to promote working with partners and then in Round 5, the state mandated this approach to ensure that locals were using their resources collectively instead of duplicating efforts.

From the state level, homelessness funding is also siloed. Although the state has a body to coordinate the state's response to homelessness, California Interagency Council on Homelessness (Cal ICH), there are still 11 departments that operate programs that address homelessness in various ways (see chart on page 6). It should be noted that the 2023 Budget Act began the process of transferring the HHAP program to HCD to utilize their grant administration expertise and allow Cal-ICH to focus on coordination of state agencies homelessness polices.

Funding Challenges. Homelessness funding at the state level is a relatively new funding investment and it is taking time to be awarded at the state level and then expended at the local level. For example, the HHAP program takes this into account by its deadlines. It requires locals to create local action plans but provides them two years to demonstrate that their outcome goals have been met.

With any new state program, it takes time to staff up and stand up a program. The nature of the one-time funding of the HHAP program also creates challenges for jurisdictions in funding permanent housing solutions. Additionally, the size of the HHAP program and increased accountability provisions, while necessary have taken time to develop and implement.

From a local perspective, the additional accountability and the coordination required by the HHAP program also takes time to implement. Local governments have had to move from a siloed approach to addressing homelessness to a regional one. With the mandated approach to submit regional plans, the State provided additional time for locals to comply. This has significantly slowed the allocation of funds in order to promote regional cooperation and accountability.

In comparison, funding for the Encampment grants have been distributed more quickly than the HHAP program. However, the requirements and accountability on the ERF are significantly different.

The Subcommittee may wish to ask the following questions:

- How are locals spending their funding according to the Homelessness Action Plans?
- How much technical assistance is being provided to locals for their Regional Action Plans?
- How is the HHAP funding helping at the local level?
- What are the barriers to accessing HHAP funding for locals? How do locals deal with the delay in funds reaching their jurisdictions?
- Have uses of HHAP shifted over time? Are more funds moving from interim housing to permanent housing and prevention strategies?

Staff Recommendation: This items is presented for information only.