

February 12, 2019

Senator Holly Mitchell
Chair, Senate Committee on Budget & Fiscal Review
State Capitol, Room 5080
Sacramento, CA 95814

Assemblymember Phil Ting
Chair, Assembly Committee on Budget
State Capitol, Room 6026
Sacramento, CA 95814

Re: Budget Requests for Housing & Homelessness

Building on efforts last session to address the housing and homelessness crisis, we are pleased to see the Governor's Proposed Budget includes \$1.3 billion General Fund investments plus \$500 million in state tax credits. We urge the Legislature to continue its leadership and focus on this crisis and respectfully request the Legislature continue to recognize the *ongoing* need for new housing opportunities by investing funding toward housing opportunities for people experiencing and at risk of homelessness. Below are our three specific priority recommendations for this investment:

- Increasing State Low-Income Housing Tax Credits by \$500 million per year, ongoing,
- \$100 million per year, ongoing, to end homelessness among youth, and
- \$2 billion in one-time funding for a Flexible Housing Subsidy Program for rental assistance, services, and more to address homelessness.

1. **Curb the Affordable Housing Crisis through an Increase of \$500 Million Per Year, Ongoing, in State Low-Income Housing Tax Credits:** The Governor's budget proposes expands the state tax credit program in 2019-20 up to \$500 million. Increasing existing state tax credit program by \$500 million per year, ongoing, per AB 10 (Chiu) will create thousands of new affordable homes every year and leverage federal and private resources for affordable housing development. The current program serves a broad range of populations, creating permanent housing for households earning 80% and below the area median income and allowing many individuals with extremely low incomes to exit homelessness, or avoid it altogether. The lack of affordable housing for extremely low-income households directly contributes to the increased homelessness we see across the state.

2. **Provide \$100 Million Per Year, Ongoing, to Fund Housing & Services and System Improvements to Address Homelessness among Youth:** The Governor's budget identifies youth as a population particularly vulnerable to homelessness. In fact, California has the largest number of unaccompanied young adults and minors experiencing homelessness in the country, with over 12,000 young people experiencing homelessness at any point in time. Little funding exists to address the growing crisis of youth homelessness. To have a significant impact on the number of young people experiencing homelessness across the state, the state must adopt a continuum of approaches, including:

- Creating more opportunities to fund transitional housing, supportive housing, and rapid re-housing for youth,
- Working with local governments to fund evidence-based and promising interventions for youth, like rapid re-housing, and
- Referring unaccompanied minors to child welfare services, when appropriate and to which they are already entitled.

Funding for a grant program for homeless Continuums of Care and non-profit providers to address the needs of unaccompanied young adults and minors experiencing homelessness should be included in any homelessness package. This will allow the state to work with communities to establish or improve community-wide approaches for addressing homelessness among youth and young adults. Proposition 64's Youth Education, Prevention, Early Intervention and Treatment Account could also be used to fund this effort. Senator Wiener introduced legislation in 2018 that would have created such a program (SB 918). While this did not make it into the final version of the bill, Assemblymember Reyes, with Senator Wiener as a principal co-author, plans to reintroduce this proposal in 2019.

3. **One-time Funding of \$2 Billion to Reduce Homelessness through a Flexible Housing Subsidy**

Program: In his proposed budget, Governor Newsom notes that California leads the nation in the percentage of people experiencing homelessness who are unsheltered and proposes funds for two programs, one of which would fund emergency shelters and navigation centers, and another to provide incentive payments to jurisdictions that site and build shelters and supportive housing. Without a comprehensive approach that includes permanent housing, however, shelter funding alone will not reduce homelessness. Most shelter residents return to our streets upon exit, and many of our state's most vulnerable residents are among the least likely to access shelters.

A state Flexible Housing Subsidy Pool will offer a crisis response to unsheltered homelessness through a Housing First approach. Through a Flexible Housing Subsidy Pool, the state will help cities, counties, and homeless Continuums of Care (CoCs) get people off the streets quickly with rental assistance for apartments in the private market, as well as operating subsidies for affordable projects leasing up or existing projects with available apartments. Both interventions move people from the streets to permanent housing quickly, preserving California's focus on the evidence-based Housing First approach.

Applicants for funding will choose from a menu of interventions to fund with state dollars, including:

- Rental assistance to private-market landlords,
- Operating subsidies in existing or new affordable and supportive housing projects,
- Services to expand local investment for services not covered through other sources to help people access housing,
- Systems improvements, and
- Up to 20% in interim interventions with services focused on moving people out of crisis and into permanent housing.

Local governments will be able to use funding for interim interventions, **including shelters, navigation centers**, motel vouchers, and respite care, so long as each grant focuses on moving people into permanent housing. If local governments have already invested in creating housing opportunities that allow shelter residents a pathway to permanent housing, recipients could use funds even more flexibly.

A California Flexible Housing Subsidy Pool will form and strengthen state and regional partnerships to end homelessness. The Governor called out the state's critical role in fostering cross-jurisdictional and cross-system collaboration. We agree with a collaborative approach, but think that approach must happen *at the state and* local levels. A Housing Subsidy Pool will require local

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applicants to collaborate across jurisdictions and promote cross-system contributions to fund housing and services.

- At the local level, governments will form and strengthen regional collaborations to allow people to access housing through health care, social services, or shelter systems, scale multi-sector leadership and investment, and commit local dollars to ensure sustainability of their state-funded programs.
- At the state level, housing staff will work with multiple departments to integrate housing and services seamlessly and ensure people leaving state-funded programs, like domestic violence and youth shelters, and institutional facilities, like nursing homes and prisons, do not exit to homelessness. State staff from multiple departments would work together to address homelessness among our most vulnerable and high-risk populations.

For more information on a state flexible housing subsidy pool, please see the attached fact sheet.

The above recommendations will have a significant impact on addressing California's homeless and housing affordability crisis. For more information, please contact Sharon Rapport at the Corporation for Supportive Housing (sharon.rapport@csh.org) or Chris Martin at Housing California (cmartin@housingca.org).



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ATTACHMENT: FLEXIBLE HOUSING SUBSIDY POOL

CHALLENGES OF THE CURRENT STRUCTURE OF HOMELESSNESS PROGRAMMING

- Cities, counties and homeless Continuums of Care in the same region often silo their programs and compete, instead of collaborate, to receive state funding.
- Homeless programs often fail to cross boundaries of health, criminal justice, and child welfare systems to prevent people who are exiting these systems from falling into homelessness.
- In 2018, California funded over 18 different programs, sitting at 6 different departments. **These programs require separate applications with different criteria and fund various local agencies, thereby reinforcing silos.**

THE SOLUTION: A FLEXIBLE HOUSING SUBSIDY POOL THAT ADVANCES HOUSING FIRST

- Innovative counties across the state are creating flexible housing subsidy pools to address the varied needs of their most vulnerable residents, while bridging the housing and homeless, health care, criminal justice, and child welfare systems, and the public and private sectors.
- The state should do the same by providing incentives for forming regional approaches to homelessness and consolidating existing state homeless housing programs toward a Housing First approach.
- A state pool would (a) draw private investment, (b) pool local resources, (c) facilitate regional collaboration, (d) address systems failures, and (e) ensure highly vulnerable Californians get housed through spending goals.

HOW IT WORKS

- The state would allocate the funding to cities, counties, and homeless Continuums of Care (CoCs) and collaborate across agencies to facilitate funding for services and housing.
- To obtain funding, local government applicants must (1) demonstrate regional coordination, (2) commit service dollars and ensure sustainability, (3) allow people to walk through any door to access housing and housing-based services, and (4) scale multi-sector leadership through a collaborative approach.
- Cities and counties would use funding in collaboration with the CoC and in alignment with established homeless strategy plans that the CoC and/or jurisdictions have adopted.
- Jurisdictions would use a single application with uniform reporting requirements and quality standards.

ELIGIBLE USES AND POPULATIONS SERVED

- Rental assistance to private-market landlords.
- Operating subsidies in existing or new affordable and supportive housing developments.
- Services to get people housed and help them maintain housing stability.
- Systems improvements, such as forming and strengthening regional partnerships and plans, strengthening coordinated entry systems, and collaboration across local agencies.
- Up to 20% in interim interventions, such as shelters, navigation centers, motel vouchers, and respite care, that are low-barrier, culturally competent, and adopt a Housing First approach.

% of Pool	Systems/Populations
30%	People experiencing chronic homelessness and people who are frequent hospital users.
20%	Families and single adults, with at least half of this pot going to single adults.
10%	Survivors of domestic violence, sexual assault, and human trafficking experiencing homelessness
10%	People on parole
10%	Older adults
20%	Flexible, to address other needs

CONTACT

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