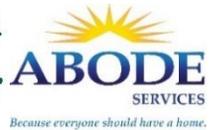




Los Angeles, San Diego, San Jose, San Francisco, Fresno, Sacramento, Long Beach, Oakland, Bakersfield, Anaheim, Santa Ana, Riverside, Stockton





May 8, 2019

Governor Gavin Newsom
 Governor, State of California
 State Capitol
 Sacramento, CA 95814

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 to Address Homelessness

Dear Governor Newsom, Senator Mitchell, & Assemblymember Ting:

Thank you for your leadership in California’s homelessness response. As mayors of large cities and advocates working to end homelessness, we appreciate your focus on the state’s homelessness crisis and are encouraged by your commitment to address it. Together, we respectfully request a state investment in the 2019-20 budget to address and solve homelessness through the following:

- A \$1 billion one-time investment to cities, counties, and homeless Continuums of Care;
- \$300 million for additional investments, including funding for youth experiencing homelessness, people experiencing homelessness incurring high costs, and people at risk of eviction; and
- Ongoing funding of \$500 million per year for state low-income housing tax credits.

\$1 Billion One-Time Investment in a Flexible Pool for Housing & Services Program

To address the immediate moral crisis of homelessness, the Big City Mayors and a broad coalition of homeless advocates support a one-time investment of \$1 billion in a Flexible Pool for Housing & Services program, in place of the \$500 million the Governor proposed in his January budget. This funding is intended to provide both the flexibility local jurisdictions require to accommodate the needs of their residents experiencing homelessness, and the local government accountability and collaboration the Governor prioritized. Mayors and advocates will share proposed trailer bill language following these basic tenets:

Allocations: A Flexible Pool for Housing & Services balances allocating state funding quickly while also rewarding communities taking the most collaborative, evidence-based, and groundbreaking approaches to reduce the number of underserved populations experiencing homelessness:

- 50% of the funding will be allocated to the 13 largest cities with populations over 300,000, based on the 2019 homeless point-in-time count.
- 50% of the funding will be allocated to counties and homeless Continuums of Care (CoCs) applying together (or a county or CoC applying on behalf of both) through a single application that would award 50% of the county/CoC funding to applicants meeting threshold criteria by the homeless count formula, and remaining funds as a “bonus” to applicants competing well.

Trailer bill legislation will identify factors for the competitive allocation to counties/CoCs and will include an emphasis on evidence-based interventions, regional collaboration, plans for systems collaboration, and targeting of specific underserved populations (including youth experiencing homelessness, people exiting criminal justice or other institutional settings, families experiencing child-welfare involvement, survivors of domestic violence or sexual assault, single adults, and older adults). Formula allocations will promote a “fair share” approach based on point-in-time count, without restrictions on the amount of funding to the City, County, or CoC of Los Angeles, given that over 40% of Californians experiencing homelessness live in Los Angeles County.

Getting the Money Out Quickly Through the Homeless Coordinating & Financing Council: The Homeless Coordinating & Financing Council (HCFC) will implement the program through five-year grants, with sufficient administrative costs to implement the Flexible Pool for Housing & Services in a way that ensures stakeholder input and continuing inter-agency collaborative activities envisioned in Senate Bill 1380 (Mitchell, Chapter 847, Statutes of 2016). Specific legislative language will call for administrative costs sufficient for the HCFC to hire adequate permanent staff to administer the program, while allowing other HCFC staff to continue the HCFC’s collaborative interagency work.

The HCFC would be required to follow an aggressive timeline to issue guidelines, notices of funding availability, and awards to ensure jurisdictions can immediately begin using funding. Finally, the HCFC would monitor program compliance, engage in program evaluation, and report regularly to the Legislature.

Local Government Collaboration, Accountability, & Investment: Recipients will commit to match 25% of the state investment through a flexible range of sources, including incentives for regional collaboration, without supplanting existing local investment. Counties and CoCs will jointly plan for the use of the funds between the CoC board or commission and the county. Local jurisdictions will also be responsible for using the local Homeless Management Information Systems and existing or new systems to assess the housing and services needs of participants and prioritize referrals to housing based on participant need.

Eligible Uses of Grant Funding: HCFC will administer five-year grants to serve people experiencing homelessness through the following eligible uses:

- Rental assistance;
- Move-in assistance, such as security deposits, utility assistance, and arrears payments;
- 15-year operating subsidy reserves for existing or new affordable and supportive housing;
- Private-market landlord incentives to accept rental assistance;
- Services, including outreach, housing navigation, and services promoting housing stability;
- Systems improvements identified in the California Emergency Solutions & Housing program (which jurisdictions can use in an unlimited way in the first year, and up to 20% in the second year and thereafter); and
- Capital & operating support for interim interventions, including emergency shelters, navigation centers, motel vouchers, recuperative/respite care, safe parking programs, and shelter diversion (which will be unlimited for the Big City allocations, and have a limitation of 20% for counties/CoCs).

As part of an administrative fee of 10% that will allow recipients to subcontract with housing and services providers, grant recipients would be required to report uses of the funds each year of their grants, along with other information CoCs typically already report. All funded projects would have to meet applicable state laws regarding building safety and habitability, including interim housing.

Additional Investments of \$300 Million to Address Homelessness

The Big City Mayors and homeless advocates support the creating of a grant program to address the unique needs of youth experiencing homelessness through passage of and funding for Assembly Bill 307 (Reyes).

We further support an investment in grants to counties or cities with existing Whole Person Care pilots to serve high-cost homeless Californians. The grants will fund uses similar to those identified above.

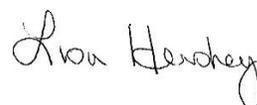
Finally, our coalition supports the eviction prevention and legal aid measures incorporated into the version of Senate Bill 18 (Skinner) the Senate Judiciary Committee passed. Eviction prevention is a critical strategy in advancing affordable housing opportunities for many vulnerable Californians.

\$500 Million in Ongoing Investment in State Low-Income Housing Tax Credits

The Governor's budget proposes expanding the state tax credit program in 2019-20. Increasing the existing state tax credit program by \$500 million per year, ongoing, 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% or below the area median income and allowing many individuals with extremely low incomes to exit homelessness, or avoid it altogether. The expansion of this program should include addressing the lack of affordable housing for extremely low-income households, which contributes to increases in homelessness we see across the state, including allowing for the preservation and rehabilitation of existing affordable housing.

The above recommendations will have a significant impact on addressing California's homeless crisis. For more information, please contact Jaycob Bytel at jbytel@cityofsacramento.org, Sharon Rapport at sharon.rapport@csh.org, or Chris Martin at cmartin@housingca.org.

Sincerely,

Darrell Steinberg,
Chair, California Big City Mayors
Mayor, City of Sacramento



Sharon Rapport
Corporation for Supportive Housing



Anya Lawler
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