

California Legislature



JOINT OVERSIGHT HEARING HOUSING AND COMMUNITY DEVELOPMENT AND HEALTH AND HUMAN SERVICES WICKS, WOOD, JACKSON, Chairs

Wednesday, February 15, 2023 -- 9:30 a.m. -- 1021 O Street, Room 1100

Coordinating California's Homelessness Services: 2023 Landscape

BACKGROUND

Goal of the hearing: This hearing is a joint hearing of the Assembly Housing and Community Development Committee, Human Services Committee, Health Committee, and Accountability and Administrative Review Committee because each of our policy areas play a role in the homelessness response system. The goal of this hearing is to understand the full scope of the state's investments in homelessness across our siloed universes to understand what is working and what needs improvement.

Policy questions:

- 1) How are the state's programs working to address homelessness? What is working and what could be improved or expanded upon?
- 2) How do the state's programs to address homelessness align? Are there areas where coordination could be improved?
- 3) Are the state's investments sufficient to address the root cause of a lack of affordable housing on the scale needed to make progress?
- 4) What programs does the state have that prevent homelessness by increasing an individual or family's income and/or paying their rent? Can those be improved, or can we increase spending on programs to achieve more results?
- 5) Are local governments equipped to respond to homelessness through their existing resources?

Background

Over 173,000 individuals in California experience homelessness on any given night, based on the most recent annual point in time (PIT) count conducted in January 2022. This is largely considered an undercount of the actual number of people experiencing homelessness because it does not consider those that are couch-surfing or temporarily housed in non-traditional shelters. Of those individuals, over 115,000 are unsheltered, meaning they live on the streets, sleep in

cars, camp in parks, or are otherwise staying in places not meant for human habitation. California accounted for 30 percent of the country's homeless population in 2022, despite our state making up less than 12 percent of the nation's total population. In addition, California is home to 50 percent of the country's unsheltered people. Significant racial disproportionality exists among those experiencing homelessness. People who identify as Black/African American are overrepresented in California's population of people experiencing homelessness. According to the 2022 PIT count, 30 percent of the homeless population are Black/African American, while only comprising 6 percent of the state's overall population.

The causes and duration of homelessness are varied. Some individuals experiencing homelessness are chronically homeless, meaning they have experienced homelessness for at least a year — or repeatedly — while struggling with a disabling condition such as a serious mental illness, substance use disorder, or physical disability. Based on the 2022 PIT count, 60,905 people in the state are chronically homeless and of those 45,132 are unsheltered. An individual is considered chronically homeless if they have a disability as defined under federal law; are living in a place not meant for human habitation, safe haven or an emergency shelter; and have been homeless for at least 12 months or on at least four separate occasions in the last three years. In addition, an individual who has been residing in an institutional care facility, including jail, substance abuse or mental health treatment facility, hospital, or another similar facility, for fewer than 90 days and met all of the criteria previously stated is also considered chronically homeless.

Although some individuals struggle with substance abuse or mental illness, a growing group of people fall into homelessness due to a mismatch between wages and housing costs. One in three households in the state does not earn enough money to meet their basic needs. From October 1, 2020, to September 20, 2021, the average Fair Market Rent (FMR) for a two-bedroom apartment in the state was \$2,030. To afford rent and utilities without being rent-burdened (paying more than 30 percent of income toward rent), a household must earn \$6,766 per month or \$81,191 per year. This translates into an hourly wage of \$39.03 for a full-time worker. The top five most common occupations in California – home health care workers, fast food workers, cashiers, laborers, and retail salespersons – pay less than the wage needed to afford a home. Over 89 percent of extremely low-income renter households in California are rent-burdened and over 64 percent of lower-income households are rent-burdened currently.

According to the Statewide Housing Plan, to meet California's unmet housing needs, the state needs an additional 2.5 million housing units, including 1.2 million for lower-income households. Decades of underbuilding have led to a lack of housing overall, particularly housing that is affordable to lower-income households. The state needs an additional 180,000 new units of housing a year to keep up with demand – including about 80,000 units of housing affordable to lower-income households. By contrast, production in the past decade has been under 100,000 units per year – including less than 20,000 units of affordable housing.

Despite recent investments over the last few years, state and local governments have not significantly invested in affordable housing production in decades, leading to a lack of supply. In addition, local governments have failed to adequately zone or plan for affordable housing for decades. In the last seven years, the state has taken major steps to increase the supply of housing by requiring local governments to plan and zone for 2.5 million new housing units, holding local governments accountable for approving housing, and streamlining both affordable housing and mixed-income housing.

Despite increased financial investments from the state and some local governments, communities

face a basic inflow/outflow challenge: as people experiencing homelessness are successfully housed, more individuals fall into homelessness. In San Diego last year, for every 10 homeless people who found housing, 13 more became homeless; in 2018 in Los Angeles County, for every 133 individuals moved into housing, another 150 became homeless each day.

What works to reduce homelessness

Decades of research demonstrate that evidence-based approaches like supportive housing – affordable housing coupled with wrap-around services – resolves homelessness for most individuals. In addition, the state has a policy of Housing First, which is an approach that prioritizes providing permanent housing to people experiencing homelessness, thus ending their homelessness and serving as a platform from which they can pursue personal goals and improve their quality of life. Many state and local programs effectively utilize these evidence-based approaches to address homelessness, however, the number of people falling into homelessness continues to overwhelm the response system and surpasses the affordable housing stock in many communities. These factors lead to persistently high rates of homelessness despite recent state and local investments. Other strategies, such as rental assistance and help with identifying and securing housing (housing navigation) can also help with those individuals who need prevention tools to avoid homelessness.

Local homeless response system

Historically, local governments have been responsible for managing the response to homelessness.

The homeless response system is coordinated by local continuums of care (CoCs). There are 44 CoCs in the state, 14 of which are organized as collaborative nonprofit boards; 23 that are housed in the county; three joint powers authorities; three cities; and one city and county. CoCs provide a community-wide response to homelessness. Funding for CoCs is limited and historically comes from the federal government. Beginning in 2018, the state began providing funding to CoCs, counties, and cities with populations over 300,000 through the Homeless Emergency Aid Program (2018) and then subsequently the Homelessness Housing Assistance and Prevention Program (2019-2024).

Counties are also responsible for providing mental health services and other safety net programs that can be used to help those facing homelessness or at risk of homelessness. Specialty mental health services (SMHS) are delivered through county mental health plans (MHPs). MHPs provide a broad range of SMHS to individuals with more severe mental illnesses. MHPs are responsible for providing SMHS to Medi-Cal beneficiaries who meet SMHS medical necessity criteria. SMHS are delivered through 56 county MHPs (Placer and Sierra Counties and Yuba and Sutter Counties operate two separate dual-county combined MHPs). Medi-Cal beneficiaries that meet medical necessity criteria for SMHS are entitled to receive medically necessary SMHS from their county MHP, regardless of whether or not they are enrolled in a Medi-Cal managed care plan.

In a 2019 study, The California Policy Lab and the University of Chicago Poverty Lab used county data on multi-system service use to predict homelessness among single adults receiving mainstream County services (CalFresh, General Relief, clients of the Department of Mental Health, and Department of Health Care Services) in Los Angeles County. The majority of single

adults who will experience first-time homelessness or a return to homelessness are already clients of mainstream county agencies, which presents opportunities for intervention.

California Interagency Council on Homelessness (Cal-ICH)

In 2016, SB 1380 (Mitchell), Chapter 847, Statutes of 2016, created the Homeless Coordinating and Financing Council, which was later renamed the California Interagency Council on Homelessness (CA-ICH), to coordinate the state's response to homelessness. CA-ICH is tasked with moving all state agencies and departments that provide funding for housing to the Housing First model. As previously mentioned, Housing First is an evidence-based model that prioritizes providing permanent housing to people experiencing homelessness, thus ending their homelessness and serving as a platform from which they can pursue personal goals and improve their quality of life. This approach is guided by the belief that people require basic necessities like food and a place to live before attending to anything else, such as getting a job, budgeting properly, or addressing substance use issues.

CA-ICH is also required to meet goals designed to achieve better coordination across state agencies and departments to reduce homelessness. The Secretary of the Business, Consumer Services, and Housing Agency (BCSH) and the Secretary of the Health and Human Services Agency (CalHHS) chair the Council. The joint chair structure is intended to lead to greater coordination and outcomes between the housing, health, and human services policy areas.

There are 19 members of the Council, including 16 departments and agencies, a representative of the University of California, and a stakeholder appointed by both the Speaker of the Assembly and the Senate President Pro Tempore. Cal-ICH holds public meetings every quarter. The Chairs of the Council are required to appoint an Advisory Board that reflects broad racial and gender diversity and includes individuals with lived experience of homelessness. The Council meets with the advisory board twice a year. The body is also authorized to establish working groups, task forces, and other coordinated efforts to assist in their work. Agencies and departments that administer homelessness programs are required to participate in working groups or task forces at the request of the Council and to provide any data the Council requests on homelessness programs.

The statutory goals of the CA-ICH include the following:

- 1) To identify mainstream resources, benefits, and services that can be accessed to prevent and end homelessness in California;
- 2) To create partnerships among state agencies and departments, local government agencies, CoCs, federal agencies, the United States Interagency Council on Homelessness, nonprofit entities working to end homelessness, homeless services providers, and the private sector to arrive at specific strategies to end homelessness;
- 3) To promote systems integration to increase efficiency and effectiveness while focusing on designing systems to address the needs of people experiencing homelessness, including unaccompanied youth under 25 years of age;
- 4) To coordinate existing funding and applications for competitive funding, as specified;
- 5) To broker agreements between state agencies and departments and between state agencies and departments and local jurisdictions to align and coordinate resources, reduce administrative burdens of accessing existing resources, and foster common applications for

- services, operating, and capital funding;
- 6) To serve as a statewide facilitator, coordinator, and policy development resource on ending homelessness in California;
 - 7) To report to the Governor, federal Cabinet members, and the Legislature on homelessness and work to reduce homelessness; and,
 - 8) To create a statewide data system or warehouse, which shall be known as the Homeless Data Integration System, which collects local data through Homeless Management Information Systems, with the ultimate goal of matching data on homelessness to programs impacting homeless recipients of state programs, such as the Medi-Cal program. Upon creation of the Homeless Data Integration System, all CoCs that are operating in California shall provide collected data elements, in a manner consistent with federal law, to the Homeless Data Integration System.

In March 2021, CA-ICH adopted an action plan that lays out the major goals of the state in reducing homelessness. The Action Plan will be implemented through existing teams and structures, and also through the planned formation of five interagency Working Groups, including State staff and external stakeholders and partners, focused on:

- Maximizing the Impact of State Funding and Programs Addressing Homelessness
- Racial Equity in Responses to Homelessness and Housing Instability
- Tailoring Strategies for Preventing and Ending Homelessness for Youth and Young Adults
- Strengthening Employment Opportunities and Outcomes for People with Experiences of Homelessness
- Preventing Homelessness Among People Transitioning Back into Communities from Corrections Settings

State Homelessness Data Information System (HDIS)

As a condition of receiving federal funds, all 44 CoCs in the state are required to enter data into a local Homelessness Management Information System (HMIS). HMIS are local information technology systems used to collect client-level data and data on the provision of housing and services to homeless individuals and families and persons at risk of homelessness. The state created the Homelessness Data Information System (HDIS) and required CoCs to share the data from local HMIS with the state. The goal of the HDIS is to provide the state a more accurate picture of homelessness and inform the state's response to homelessness. All recipients of state funded programs that address homelessness are required to enter data into the local HMIS.

State Homelessness Landscape Assessment

AB 140 (Committee on Budget), Statutes of 2021, Chapter 111, required BCSH to conduct or contract with an entity to develop a state homelessness landscape assessment. The purpose of the landscape assessment is to evaluate the existing funding allocated within the various state departments to prevent and end homelessness and link the funds to the actual services and resources state agencies utilize them to provide. The assessment, the first of its kind done in California, will allow for more accurate data collection for targeting future investments more effectively. The final assessment was due by December 31, 2022, to the Assembly Housing and Community Development Committee, the Assembly Committee on Budget, Senate Committee

on Housing, and Senate Committee on Budget and Fiscal Review.

State Programs Addressing Homelessness

The state has multiple programs that address the needs of people experiencing homelessness or at-risk of homelessness. These programs are all administered by CA-ICH, the Department of Health Care Services (DHCS), the Department of Housing and Community Development (HCD), the Department of Social Services (DSS), and the State Treasurer's Office.

CA-ICH Programs:

Homelessness Housing, Assistance and Prevention Program: HHAP provides funding to CoCs, counties, and cities over 300,000 in population to fund evidence-based approaches to end and prevent homelessness. HHAP can be used for various purposes, including rental assistance and rapid rehousing, operating subsidies for affordable housing, shelters, supportive housing, incentives for landlords, and supports to improve the local homelessness services and housing delivery system.

The Legislature changed the HHAP program last year to create greater accountability for outcomes and encourage greater collaboration among CoCs, cities, and counties. The goal of these changes is to build coordination within the local response system that extends beyond HHAP funding. Applicants were required to submit a homelessness action plan that identified the number of individuals and families served, including demographic information and intervention types provided, and demographic subpopulations that are underserved relative to their proportion of individuals experiencing homelessness in the jurisdiction. The plans also had to identify all funds, including state, federal and local funds currently being used, and budgeted to be used, to provide housing and homelessness-related services to persons experiencing homelessness or at imminent risk of homelessness, how this funding served subpopulations, and what intervention types are funded through these resources. In addition, CoCs, cities, and counties were required to set three-year performance goals that demonstrate progress toward reducing the number of people experiencing homelessness and the number of people who become homeless for the first time, in addition to other metrics. The metrics are the same goals that the federal Department of Housing and Urban Development (HUD) uses to evaluate CoCs progress toward reducing homelessness and are data points that can be extrapolated from the HMIS that CoCs enter data into at the local level.

Encampment Resolution Program: This program provided grants to counties, CoCs, and cities to transition individuals living in encampments into stable housing. It also included a set-aside for encampments on the state's right-of-ways.

Family Reunification Program: This program provided grants and technical assistance to counties, CoCs, and cities to promote rapid innovation, accelerate nascent programs, and expand promising practices to create scalable solutions that can be shared across the state to address and ultimately end family homelessness. This program provided one-time funds that were awarded in June 2022.

CDSS Programs:

CalWORKs Homeless Assistance Program: This program provides housing assistance to CalWORKS families who are homeless or at-risk of homelessness as an entitlement benefit. Families may receive either temporary or permanent housing, or both, once in a twelve-month period. Temporary housing provides \$85 a day for a family of four and up to \$15 for each additional family member, not to exceed \$145 a day. Permanent housing helps families by providing security deposits and first and last month's rent, or maintain housing by providing up to two months of rent. In 2021-22, 44,550 families received temporary housing assistance and 47,255 received permanent housing assistance.

CalWORKs Housing Support Program (HSP): This program provides funding to counties to provide housing-related supports to families receiving CalWORKs who are at risk of or experiencing homelessness. Assistance includes housing navigation services, rental assistance, case management, security payments, move-in costs, utility payments, interim shelter services, legal services and credit repair, and connection to local services providers including the CoC. Fifty-five counties participated in HSP and from 2014 to 2022, and 30,500 families received assistance through the program.

Bringing Families Home (BFH) Program: This program provides funding to participating counties and tribes to provide housing-related services including rental assistance, housing navigation, case management, security deposits, utility payments, moving costs, hotel vouchers, legal services, and credit repair to families experiencing homelessness or at risk of homelessness involved in the child welfare system. As of 2022, 51 counties and one tribe operate BFH within the state and over 3,900 families have been served and 2,000 families have been permanently housed.

Housing and Disability Advocacy Program: This program provides outreach, case management, benefits advocacy, and housing support to people who are likely eligible for disability services who are experiencing homelessness. As of 2022, 57 counties and two tribal entities have participated in the program with the following outcomes: 5,300 people enrolled and 2,300 permanently housed.

Home Safe Program: This program serves Adult Protective Services clients who are experiencing or at risk of homelessness due to abuse, neglect, self-neglect, or financial exploitation. It provides housing-related services to help individuals secure permanent housing. All 58 counties operate an HSP, and 4,300 people have received assistance with more than 1,900 instances of housing financial assistance.

Community Care Expansion Program: This program funds the acquisition, rehabilitation, and construction of adult and senior facilities that serve applicants and recipients of Supplemental Security Income/State Supplemental Payment (SSI/SSP) or Cash Assistance Program for Immigrants (CAPI) experiencing or at-risk of homelessness. As of October 2022, CDSS had awarded a total of \$100 million to 17 organizations for 19 projects.

Project Roomkey: This program was established in March 2020 as part of the state's response to the COVID-19 pandemic. The purpose of Project Roomkey was to provide non-congregate shelter options, such as hotels and motels, for people experiencing homelessness, to protect human life and to minimize strain on health care system capacity. Project Roomkey gave people who were experiencing homelessness and recovering from COVID-19, or had been

exposed to COVID-19, a place to recuperate and properly quarantine outside of a hospital. It also provided a safe place for isolation for people who were experiencing homelessness and at high risk for medical complications were they to become infected. Project Roomkey was designed to quickly provide dedicated resources to ensure units remained online through the continued public health emergency and that homelessness was non-recurring. In November 2020, a new phase of Project Roomkey began, called Project Roomkey and Rehousing Strategy. This new phase of the program built on existing emergency shelter efforts while supporting permanent transitions to safe and stable housing to ensure homelessness is non-recurring. Project Roomkey units were intended to be temporary emergency shelter options, while the Rehousing Strategy was designed to ensure no Project Roomkey occupant would be forced to exit into unsheltered homelessness. Over the lifetime of the program, 16,000 rooms were secured, and over 60,000 individuals have been sheltered. To date, eight communities reported successfully transitioning over 80 percent of Roomkey participants to permanent housing or other interim housing on a path to permanent housing; 19 communities reported a 70-79 percent success rate; and 15 communities reported a 60-69 percent success rate.

DHCS Programs:

Medi-Cal Community Supports: As part of a broader reimagining of the Medi-Cal service structure via California Advancing and Innovating Medi-Cal (CalAIM), the 2022 Budget Act included expenditure authority for DHCS to implement community supports services. Community supports are services or service settings that Medi-Cal managed care plans may offer as a medically appropriate, cost-effective alternative to Medi-Cal eligible services or settings. Provision of community supports is voluntary for Medi-Cal managed care plans to provide and voluntary for Medi-Cal beneficiaries to receive. Plans may change their election of which community supports they provide every six months. The community supports related to housing and homelessness that plans may include the following:

- 1) Housing Transition Navigation Services – The services assist beneficiaries with obtaining housing.
- 2) Housing Deposits – These services assist beneficiaries with securing or funding one-time housing services that do not constitute room and board.
- 3) Housing Tenancy and Sustaining Services – These services assist beneficiaries in maintaining safe and stable tenancy after housing is secured.
- 4) Short-Term Post-Hospitalization Housing – These services may include supported housing in an individual or shared interim housing setting and are designed to assist homeless beneficiaries with high medical or behavioral health needs.
- 5) Recuperative Care (Medical Respite) – These services provide short-term residential care for beneficiaries who no longer require hospitalization but still need to heal from an injury or illness and whose condition would be exacerbated by an unstable living environment.
- 6) Nursing Facility Transition/Diversion to Assisted Living Facilities – These services assist beneficiaries to live in the community or avoid institutionalization by transitioning to a

Residential Care Facility for the Elderly (RCFE) and Adult Residential Facilities (ARF).

- 7) Nursing Facility Transition to a Home – These services assist beneficiaries to live in the community and avoid institutionalization by transitioning to a private residence.

Six Months Transitional Rent Payments: In addition to the community supports benefits already implemented under CalAIM, the Governor’s January Budget includes expenditure authority of \$17.9 million in 2025-26, increasing to \$116.6 million when fully implemented, to allow up to six months of rent or temporary housing for individuals experiencing or at risk of homelessness and transitioning out of institutional care and at risk of inpatient hospitalization or emergency department visits. This benefit would be delivered through Medi-Cal managed care plans that elect to offer it as a community support.

HCD Programs:

Project Homekey: This program provides grant funding to local public entities to quickly acquire, rehabilitate, or master-lease a broad range of housing types for people experiencing homelessness, including hotels, motels, hostels, single-family homes and multifamily apartments, adult residential facilities, and manufactured housing, and to convert commercial properties and other existing buildings to permanent or interim housing. This program has housed 8,264 people, converted 6,050 units, and created 5,911 new housing units.

Multifamily Super Notice of Funding Availability (NOFA): The state funds affordable multifamily housing for low-income households. In 2020, AB 434 (Daly), Chapter 192, Statutes of 2020, consolidated the following programs into a single NOFA with a coordinated single application and award process:

- 1) Multifamily Housing Program (MHP)
- 2) Housing for a Healthy California (HHC)
- 3) Infill Infrastructure Grant Program (IIG)
- 4) Joe Serna, Jr. Farmworker Grant Program (Serna or FWHG)
- 5) Veterans Housing and Homelessness Prevention Program (VHHP)

No Place Like Home (NPLH): The No Place Like Home program dedicated up to \$2 billion in bond proceeds to invest in the development of permanent supportive housing for persons who are in need of mental health services and are experiencing homelessness, chronic homelessness, or who are at risk of chronic homelessness. The bonds were repaid by funding from the Mental Health Services Act (MHSA) enacted by Proposition 63. All of the funds from NPLH have been exhausted. Key features of the program included:

- 1) Counties will be eligible applicants (either solely or with a housing development sponsor).
- 2) Funding for permanent supportive housing must utilize low-barrier tenant selection practices that prioritize vulnerable populations and offer flexible, voluntary, and individualized supportive services.
- 3) Counties must commit to provide mental health services and help coordinate access to other community-based supportive services.

State Treasurer's Office Programs:

Low-Income Housing Tax Credits: Under the State Treasurer's Office, the California Tax Credit Advisory Committee (CTCAC) administers the federal and state Low-Income Housing Tax Credit Programs. Both programs were created to promote private investment in affordable rental housing for low-income Californians. CTCAC allocates federal and state tax credits to the developers of these projects. The state tax credits finance the new construction of multifamily housing projects that receive federal four percent tax credits. Corporations provide equity to build the projects in return for the tax credits. CTCAC verifies that the developers have met all the requirements of the program and ensures the continued affordability and habitability of the developments for the succeeding 55 years. In addition to the \$100 million annually that the state makes available for housing tax credits, the 2022-23 budget makes available an additional \$500 million in 2022-23; \$500 million was also made available for each of 2019-20, 2020-21, and 2021-22, for a total of \$2 billion in tax credits.

California Debt Limit Allocation Committee (CDLAC): Under the State Treasurer's Office, the CDLAC administers the state's tax-exempt bond program and awards tax-exempt bonds to allocate debt authority under federal law. CDLAC's programs are used to finance affordable housing developments for low-income Californians, build solid waste disposal and waste recycling facilities, and to finance industrial development projects.

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