

California Legislature

February 10, 2020

The Honorable Senator Holly Mitchell
Chair, Senate Budget & Fiscal Review Committee
State Capitol, Room 5019
Sacramento, CA 95814

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

RE: \$2 Billion Funding to Address California's Homelessness Crisis

Dear Chairpersons Mitchell and Ting,

The undersigned Legislators, along with a broad coalition of local jurisdictions, Homeless Continuums of Care (CoCs), and housing and homelessness advocates, respectfully request the Senate and Assembly Budget Committees include an on-going investment of \$2 billion to address California's homelessness crisis in the 2020-21 State Budget.

For the last two years, California has made some of its largest one-time investments in combatting homelessness in state history. Two state programs, the Homeless Emergency Aid Program (HEAP) and the Homeless Housing, Assistance and Prevention (HHAP) program, have successfully provided flexible funds to local governments to deliver interim and permanent housing, rental assistance and wrap-around services to our homeless population. We applaud and commend Governor Newsom for his continual investment of significant resources towards our housing and homelessness crisis, including his most recent \$750 million commitment in the new California Access to Housing and Services Fund. While state investments such as HEAP and HHAP enabled local governments to fund worthy projects, the one-time nature of these investments make long-term strategies to end homelessness difficult to achieve.

By establishing a statewide permanent funding source to assist local programs in ending homelessness, this proposal will build upon recent state investments and echo the proposed recommendations in the Comprehensive Crisis Response Strategy. Because California is facing a homelessness crisis that requires urgent action and bold solutions, we propose the following framework:

- **Appropriate \$2 billion in on-going funding** with 17 years of a capitalized operating reserve to "buy into" affordable and supportive housing projects, and at least a five-year contract for rental assistance.

- **Support and incentivize a coordinated local response** that builds upon the allocation methodologies developed in HHAP. The funding would be distributed as follows:
 - **55 percent to counties and CoCs** to deploy local flexible pools for housing and services, which would fund rental assistance, services, operating subsidies, and housing navigation and outreach. Counties with one or more large cities would use a portion of their dollars to provide supportive housing services.
 - **40 percent to the largest 13 cities in the state** where our homelessness crisis is most acute, with a focus on capital deployment to fund interim and permanent housing, including an immediate deployment of emergency resources for unsheltered persons.
 - **5 percent to non-profit housing developers** to use capital resources in unincorporated areas and cities not eligible for direct allocations.

Local governments would be required to match a percentage of their grants on an annual basis, and counties and CoCs would be required to develop a mechanism to pool resources from multiple county agencies impacted by homelessness and be encouraged to augment their allocations with private and philanthropic funding sources.

- **Establish a needs-based formula** that would distribute funds to regions that face high levels of homelessness. The distribution formula would determine grant allocations based on a jurisdiction's proportionate share of the most recent Point-in-Time count and of severely cost-burdened households under the American Community Survey.
- **Require collaboration and accountability** of funding recipients and of programs. To encourage collaboration, cities, counties, and CoCs will be required to jointly approve the application and funding plan of the County Board of Supervisors and the governing board of the CoCs. Counties would also have to meet obligations to fund services at certain city-funded supportive housing projects. To enforce accountability, recipients would be required to annually report to the state on funding commitments and evidence-based outcomes with a focus on moving individuals into permanent supportive housing. The state would oversee this funding and hold local governments accountable for meeting standards.
- **Focus on vulnerable populations** by requiring at least 10 percent of grant funds be committed and spent on youth experiencing homelessness, and at least 25 percent be focused on survivors of domestic violence/sexual assault, older adults, chronically homeless individuals, and/or persons exiting prison or jail.

Additionally, to decrease board and care closures, establish a separate fund that would allow flexibility to move people into interim interventions and potentially board and care, as well as help pay for evidenced-based solutions on homelessness. This will be independent of the Governor's California Access to Housing and Services Fund.

The California Legislature recognizes the state is facing a crisis that can no longer be ignored or addressed with piecemeal solutions. It is time to act with urgency and deliver bold solutions to the thousands of families and individuals facing homelessness. In order to truly end homelessness in our state, we must deliver historic levels of funding while we simultaneously push to build more affordable housing.

We respectfully request the Senate and Assembly Budget Committees appropriate \$2 billion in on-going funding to end homelessness in our state. Thank you for your consideration of this request. Should you have any questions, please contact Assemblymember Miguel Santiago at (916) 319-2053.

Sincerely,

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Ron Barber AD 50

Sharon Quirk-Silva AD 65th

Bob Bonta AD 18

Mark DeSesa AD 64

Bob Dornier AD 76

Janice Hanover Carson AD 80

Jim Jones AD 43

Buffy Wengert AD 15

Reginald Byron Jones-Jarvis L. AD 59

Quinn Kopp AD 62

Stephan Lippert AD 54

Walter L. Hill AD 51

Paul Heltzer AD 27

Adam Harper AD 46

Kansas Chu AD 25

Ed Hernandez AD 56

Walter L. Hill AD 30

Debra Bowen AD 47

Mary Jo Taylor AD 29

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