



California Rural
Legal Assistance
Foundation



HOUSING
CALIFORNIA



WESTERN
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ON LAW & POVERTY



COMMENTS ON YEAR 1 SENATE BILL 2 HOMELESSNESS FUNDING

NEED

Among the 134,278 Californians experiencing homelessness on any given night in 2017, over 72% were single adults, 36,000 of whom were chronically homeless. California now has 42% of the nation's population of people experiencing chronic homelessness.

Similarly, our homeless youth population is 38% of the nation's total population of young adults and unaccompanied minors experiencing homelessness. With 15,458 unaccompanied young adults and minors on any given night, California has, by far, the largest population of homeless youth in the nation, surpassing New York (with the second highest homeless youth population) by 12,500. Over 82% of this population is unsheltered and is at high risk of exploitation.

Emerging evidence shows rapid re-housing is ineffective for single adults in general, and is particularly ineffective for people experiencing chronic homelessness. And one of the populations who need rapid re-housing the most, homeless youth, are excluded from local systems providing rapid re-housing resources, referred instead to youth shelters or transitional housing. Though rapid re-housing is successful for youth and families experiencing homelessness in many communities, homeless Continuums of Care (CoCs) and county agencies report mixed success with spending rapid re-housing dollars they are already receiving.

The State is currently investing in rapid re-housing through—

- HCD's California Emergency Solutions Grant program, funded at \$35 million,
- DSS' CalWORKS Housing Support Program, funded at \$45 million each year, and
- DSS' Bringing Families Home Program, funded at \$10 million.

Because the State is already significantly investing in rapid re-housing, many communities are unable to spend the rapid re-housing they are already receiving, and greater need exists to serve the almost three-fourths of homeless people who cannot exit homelessness through rapid re-housing, we do not support significant investment from the Year 1 Senate Bill 2 (Y1-SB2) funds into the California Emergency Solutions Grant program. Y1-SB2 funding should focus instead on filling gaps in funding, rather than duplicating existing programs or significantly expanding ESG.

Greater need exists to move Californians with the highest vulnerabilities to housing stability as quickly as possible. While other states have invested heavily in targeting these vulnerable populations, no California-funded program currently provides housing specifically for

Californians experiencing chronic homelessness, and little funding exists to address the emerging crisis in youth homelessness.

RECOMMENDATIONS FOR MAXIMIZING THE ONE-TIME Y1-SB 2 FUNDS

1. ***Addressing homelessness among youth through California ESG:*** Given the rise in homelessness among youth, and their vulnerability to victimization, we recommend ensuring this population receives outreach services, housing navigation, and rapid re-housing that is culturally competent. We recommend investing 5% of Y1-SB2 funding toward the California ESG program, tailoring this portion of the program to homeless youth to meet their unique needs.
2. ***Ensuring funding is prioritized to Californians with the greatest vulnerabilities:*** To ensure communities are prioritizing those with the greatest needs, we recommend a small one-time investment of no more than 5% in communities' coordinated entry systems. As HUD is requiring implementation of these programs by January 2018, and is not providing additional funding to ensure providers and homeless CoCs have capacity to implement this complex system, we recommend a small percentage go to grants to CoC applicants to pay for the following:
 - Providers to hire consultants or staff and/or to beef up administrative capabilities to meet the demands of a new system;
 - CoCs to hire consultants or staff to design system improvements;
 - CoCs to involve stakeholders in coordinated entry/assessment system design; and
 - Providers to offer housing navigation.CoCs who apply should describe plans for sustaining or maintaining systems improvements made possible through the grants.
3. ***Moving vulnerable populations into housing as quickly as possible:*** Over 90% of Y1-SB2 funding should focus on sustainable strategies that provide long-term housing affordability to individuals exiting homelessness. To house highly vulnerable homeless populations as quickly as possible, remaining funds should provide competitive grants to local governments that invest in rental assistance and operating subsidies to house extremely low-income households exiting homelessness. Grants under this proposed program would fund one or more of the following:
 - Rental assistance;
 - Operating subsidies in the form of 15-year capitalized operating reserves in new and existing affordable housing units to deeply target those units to Californians exiting homelessness;
 - Matching funds for local programs that establish "flexible housing subsidy pools" that pool available local dollars to commit rental subsidies to private landlords and supportive and affordable housing providers;
 - Small capital grants of \$1 million or less for gap financing of supportive housing projects in the pipeline; and

- Landlord incentives, such as subsidies for landlords while waiting for Housing Choice Voucher approval and reserves for unexpected vacancies.

Funding would be targeted to people experiencing homelessness who have significant barriers to housing stability:

- Individuals and families experiencing chronic homelessness;
- People with repeated episodes of homeless who are frequent users of hospitals or incarceration;
- Transition-age youth who are homeless, have long or repeated episodes of homelessness as children or young adults, have a disability, and have a history of juvenile justice involvement; and
- Families with at least four repeated episodes of homelessness over the last three years, have a head of household with a disability, and who are involved in the child-welfare system and are at risk of losing or have already lost children to foster care.

The State should make an effort to ensure the majority of funding is providing subsidies to people experiencing chronic homelessness, among the eligible populations.

To be eligible for funding, local governments would have to identify and commit additional new funding for at least 5 consecutive years to one of the eligible uses, including some portion of their SB dollars collected in Year 2 and beyond . The program could provide a match equal to 1/5 of the total amount committed over the 5-year period (i.e. equivalent to one year), could create a threshold requirement of local government commitment of future funds, and/or base competitive scoring on commitments beyond the 5-year period.

- The State should provide additional points for regional or multijurisdictional pools of funds for smaller jurisdictions.
- Counties must also commit services funding for each tenant receiving rental assistance over the proposed life of the program.
- If a local jurisdiction is not compliant with their 5-year commitment, HCD could recapture any Y1-SB2 funding based on the jurisdiction's plan to expend their allocation of SB 2 funds or reject the jurisdiction's plan to expend their allocation of SB 2 funds.

We recommend adding this program to the existing Housing for a Healthy California program (created through Assembly Bill 74), so that the State can track Medi-Cal outcomes for people moving from streets to housing stability. These data would inform legislators on programs working to reduce the costs of homelessness, while also allowing meaningful targeting of future State programs.