

**ASSEMBLY BUDGET SUBCOMMITTEE NO. 6
ON BUDGET PROCESS, OVERSIGHT, AND PROGRAM EVALUATION**

ASSEMBLYMEMBER PHIL TING, CHAIR

WEDNESDAY, FEBRUARY 22, 2023

2:30 PM – STATE CAPITOL, ROOM 447

INFORMATIONAL HEARING

**State Homelessness Funding Programs: Roles and Responsibilities at the
State and Local Levels**

BACKGROUND

ISSUE 1: HOMELESSNESS HOUSING PROGRAMS

The Subcommittee will explore the following:

- What is State role in homelessness? How do we know if we are performing our role well?
- What is the locals' role in homelessness? How do we measure if they are performing their role well?
- How do we define accountability when discussing homelessness programs?

BACKGROUND

Governor's Budget. The 2023-24 budget proposes an additional \$1 billion for the 5th round of the Homeless Housing, Assistance and Prevention (HHAP) Program, which provides flexible funding for local jurisdictions to address homelessness. With the release of these funds, the Governor's budget states its intent to work with the Legislature to pursue additional statutory provisions to increase outcomes and accountability.

Additionally, the Governor's budget proposes to pursue statutory language to prioritize HHAP spending on the following:

1. Operating Subsidies to support permanent and supportive housing sites including Homekey.
2. Operating Subsidies to support new or existing residential care facilities funded by Behavioral Health Continuum Infrastructure Program and/or Community Care Expansion program.
3. Sustaining interim and permanent housing funded by previous allocations of HHAP and various programs like Project Roomkey.
4. Supplementing resources to address housing placements and/or direct client services for eligible participants in CARE Court.
5. Street outreach to assist persons experiencing homelessness, including but not limited to persons experiencing homelessness from encampments sites and those transitioning out of encampment sites funded by Encampment Resolution Grant program.

The Governor's budget proposes expanded housing streamlining provisions as part of their accountability proposal. The Legislature has created various streamlining options [SB 35 (Wiener) (2017), AB 2162 (Chiu) (2018), AB 101(Committee on Budget) (2019), AB 2011 (Wicks) (2022)] to expedite the production of navigations. The budget process should evaluate how the HHAP program is working as well as the other homelessness programs that are proposed to evaluate the outcomes achieved by each program and how they are reducing homelessness.

Homeless Housing, Assistance and Prevention (HHAP Program)

As mentioned above, the HHAP Program 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 4th round of the HHAP Program included the first accountability provisions in the any of the housing homelessness programs created in the last four years.

The HHAP Program requires applicants to submit a Local Action Plans that includes outcome goals that prevent and reduce homelessness over a three-year period, informed by the findings from the local landscape analysis and the jurisdiction's base system performance measure from 2020 calendar year data in the Homeless Data Integration System. The outcome goals included metrics, based on the United States Department of Housing and Urban Development's system performance measures to do the following:

- Requires that each applicant determine its outcome goals in consultation with the council, and shall not submit its final outcome goals before consulting with the council.
- Requires the council to assess outcome goals and determine whether the outcome goals adequately further the objectives of reducing and preventing homelessness.
- Requires that initial outcome goals be met no later than June 30, 2024, and requires outcome goals to be updated regularly, as funding continues.

Encampment Resolution Grants

Encampment Resolution Funding Program was created to assist cities, counties, and Continuums of Care (CoCs) in ensuring the safety and wellness of people experiencing homelessness in encampments to do the following:

- Provide encampment resolution grants to resolve critical encampment concerns and transition individuals into safe and stable housing.
- Encourage a data-informed, coordinated approach to address encampment concerns.
- Included a set-aside for encampments on the state's right-of-ways.

There are no statutory metrics used to evaluate the effectiveness of this program.

Family Homelessness Challenge Grants and Technical Assistance

The Family Homelessness Challenge Grants were created to provide one-time grants and technical assistance to local jurisdictions in order to address and end family homelessness. The Program provides that preference be given to proposals that promote rapid innovation, accelerate nascent programs, expand promising practices, and meet new demands and conditions for solutions targeted towards ending family homelessness. Program funding shall be prioritized for jurisdictions that can demonstrate cross-systems collaboration, multi-funder initiatives, and innovative efforts that coordinate across funding streams and systems.

There are no statutory metrics used to evaluate the effectiveness of this program.

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.

The Homekey program required applicants to demonstrate a five-year commitment to provide operating funds for the proposed project. The Homekey Program is housed at the Department of Housing and Community Development (HCD).

HCD publishes a dashboard that shows HomeKey's outcomes.

Role of Cal-ICH and HCD in Homelessness

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 (Cal-ICH), to coordinate the state's response to homelessness. Cal-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.

Cal-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.

CA-ICH also administers the Homeless Emergency Aid Program (HEAP) and the HHAP Program, Tribal HHAP Grants Program, Encampment Resolution Funding Program, and Family Homeless Challenge Grants.

Housing and Community Development (HCD)

HCD helps to provide stable, safe homes affordable to veterans, seniors, young families, farmworkers, tribes, people with disabilities, and individuals experiencing homelessness.

In the homelessness arena, HCD administers the following programs: Emergency Solutions Grants, Housing for Healthy California, No Place like Home, HOME American Rescue Plan, MultiFamily Housing Program, Permanent Local Housing Allocation, Pet Assistance and Support Program, Prohousing Incentive Pilot Program, Transitional Age Youth Program, Veterans Housing and Homelessness Prevention Program, and

Homekey. For more information on these programs visit: ([Programs: Active | California Department of Housing and Community Development](#))

STAFF COMMENTS

1. The Governor's budget proposes changes to the HHAP program and additional accountability measures to prioritize how HHAP program funding can be spent. This is the first significant change to the program which included maximum flexibility for locals to solve homeless at the local level.

The Legislature should consider the following when evaluating the Governor's proposal:

- What outcome metrics has the State created around any of the homelessness programs mentioned above? How can the Legislature rank them to determine which program is best to reduce homelessness?
 - How do we define accountability? What does it mean for the State? What does it mean for locals?
2. Homelessness funding at the state level is a relatively new funding investment and it is taking time to be awarded at the state level and then expended at the local level. For example, the HHAP program takes this into account by its deadlines. It requires locals to create local action plans but provides them two years to demonstrate that their outcome goals have been met. If locals meet their program goals, there is a bonus pot of funding to be awarded.

The bonus pot of funding is \$180 million set aside for both Rounds 3 and 4; and absent any changes could also include \$180 million for Round 5.

- Should the legislature leave \$540 million set aside for bonus to be awarded in 2024, 2025, and 2026?
 - Are we creating too much bureaucracy in the administration of our programs?
 - Are our programs housed in the correct place? Who has the expertise to administer these programs?
3. In the last few years, the State has been operating quickly to house the unsheltered population through different innovative programs. Now that there is time to pause and evaluate these programs, the Legislature should consider the following:
 - Do we have criteria to evaluate the effectiveness of these programs? Should the criteria be the same for all programs?