

# HOMELESSNESS AND LOCAL GOVERNMENT

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## HOMELESSNESS AND LOCAL GOVERNMENT

The Budget continues California's commitment to resolve the state's homelessness crisis. California has experienced significant increases in the number of unsheltered individuals in recent years, a problem inextricably linked to the state's underproduction of affordable housing. The state's approach has been to simultaneously focus on preservation and new affordable housing production while also investing in comprehensive solutions to address homelessness.

The unprecedented COVID-19 pandemic has significantly impacted state finances, but the state's broad goals to reduce homelessness remain unchanged—moving individuals and families experiencing homelessness into stable housing and providing support to help stabilize and prevent homelessness. However, the strategy to achieve these goals has evolved given the state's fiscal constraints and immediate needs.

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## PROJECT ROOMKEY AND HOMEKEY

At the outset of the COVID-19 pandemic, the state acted quickly to prioritize vulnerable populations by initiating Project Roomkey, a multi-agency state effort to provide safe isolation hotel and motel rooms for vulnerable individuals experiencing homelessness.

Chapter 2, Statutes of 2020 (SB 89), provides emergency expenditure authority of up to \$1 billion for COVID-19 relief. In March, the Administration issued \$150 million for

COVID-19-related emergency assistance, including \$100 million for local governments and Continuums of Care to help protect Californians experiencing homelessness, administered through the Homeless Coordinating and Financing Council within the Business, Consumer Services and Housing Agency (BCSH) using the existing Homeless Housing Assistance Prevention (HHAP) allocation formulas. It also included \$50 million to the Department of Social Services to secure hotel and motel rooms and acquire trailers to safely house the most at-risk homeless populations.

As of late June, Project Roomkey and its county partners had secured over 15,700 hotel and motel units, of which more than 10,600 are occupied, providing safe shelter for an estimated 13,000 individuals in total. In addition, the state purchased and distributed over 1,300 trailers to local governments for the same purposes.

This housing provides short-term emergency shelter for homeless individuals to mitigate the spread of COVID-19 among this vulnerable population and were intended to keep hospitals and emergency rooms available for a surge in treating critically ill COVID-19 patients. The opportunity now is to acquire as many of these hotels and motels as possible, together with other appropriate residential settings, and convert them into permanent and affordable housing opportunities for Californians experiencing homelessness.

Building off the success of the state's short-term emergency solution, Project Roomkey, the Budget includes \$550 million of the state's direct allocation of federal Coronavirus Relief Fund (CRF) for *Homekey*—a statewide effort to acquire hotels, motels, residential care facilities, and other housing that can be converted and rehabilitated to provide permanent housing for persons experiencing homelessness, and who are also at risk of COVID-19. Through the Department of Housing and Community Development (HCD), the state will provide grants to local jurisdictions to acquire these facilities, which will be owned and operated at the local level. This funding must be expended by December 30, 2020, per federal requirements. The Budget also includes an additional \$50 million General Fund for the acquisition of and to provide initial operating subsidies for *Homekey* sites. These funds will provide a critical supplement to allow cities and counties to support interim needs of these facilities and their residents.

HCD will accept applications from cities and counties that choose to participate in *Homekey*, and will distribute resources in a way that considers the needs of areas throughout the state, including the number of unsheltered persons, the incidence of COVID-19 infection rates, and the ability of applicants to support projects on an ongoing basis. The state will also provide significant technical assistance to local jurisdictions seeking to purchase and operate former Project Roomkey hotels and

motels to address homelessness in their localities. In addition to CRF funds, the state will use future eligible federal stimulus funds and existing state housing/homeless program funds to further encourage local jurisdictions to invest their dollars toward the same goal—acquiring properties to house people experiencing homelessness.

The Budget also provides exemptions to the California Environmental Quality Act and local zoning restrictions to expedite the acquisition of these units prior to the December 30, 2020 deadline to expend CRF funds.

In light of COVID-19, the Budget also allows certain hotel and motel unit conversions and the preservation of certain mobile homes to count toward local agencies' Regional Housing Needs Allocation and help keep Californians in their homes.

Additionally, to build upon Executive Order N-06-19 on developing innovative affordable housing projects on excess state lands, the Budget allows the Department of General Services to conduct land swaps with local governments. This will allow the state to further bolster affordable housing development, as well as permanent supportive or transitional housing and emergency shelters.

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## **HOMELESS HOUSING, ASSISTANCE, AND PREVENTION PROGRAM**

Cities, counties, and Continuums of Care are key to solving the homelessness challenge by coordinating to provide homeless individuals and families with the necessary housing and services. The Budget builds onto the framework of supporting local action on homelessness that began with the \$500 million provided in 2018-19 for the Homeless Emergency Aid Program (HEAP) and the \$650 million provided in 2019-20 for the HHAP.

The Budget provides \$300 million General Fund for additional HHAP grants to be distributed based on the 2019 homelessness point-in-time counts, of which \$130 million is for cities with populations of 300,000 or more, \$90 million is for Continuums of Care, and \$80 million is for counties. These funds will build on the regional collaboration that began with HEAP and with Round 1 of HHAP to develop unified regional responses to homelessness. To receive funds, eligible entities will apply to the Homeless Coordinating and Financing Council (HCFC) demonstrating how they have coordinated, and will continue to coordinate, with other local agencies in resolving homelessness on a regional level. The \$300 million may be used for operating costs for Homekey facilities and for evidence-based solutions that include rapid rehousing; rental subsidies; subsidies for new and existing housing and emergency shelters; services such as workforce, education, and training programs to support housing stability; and increasing permanent housing through efforts that include hotel and motel conversions.

With strategic funding to maintain fiscal sustainability while continuing to make investments, the Budget includes \$1.2 billion across multiple departments and programs to aid local governments addressing homelessness:

### 2020-21 Homelessness Funding

(Dollars in Millions)

<i>Department</i>	<i>Program</i>	<i>Amount</i>
State/Local Governments	CARES Act - Coronavirus Relief Fund: Homekey	\$550.0
	Federal Funded Programs for Homelessness	\$45.0 <sup>1/</sup>
Department of Housing and Community Development	Local Aid for Homelessness	\$300.0
	Homekey Operating Subsidies	\$50.0
	Various	\$6.0
Office of Emergency Services	Various Homeless Youth Programs	\$6.0
	Youth Emergency Telephone Network	\$0.6
Department of Social Services	CalWORKS Homeless Assistance Program	\$154.3 <sup>2/</sup>
	Housing and Disability Advocacy Program	\$25.0
Department of Health Care Services	Project for Assistance in the Transition from Homelessness	\$8.8
University of California	Basic Needs Funding - Student Hunger and Homelessness Programs	\$15.0 <sup>3/</sup>
	Rapid Rehousing	\$3.5
California Community Colleges	Rapid Rehousing	\$9.0
California State University	Rapid Rehousing	\$6.5
<b>Total</b>		<b>\$1,179.7</b>

1/ This amount reflects programs that receive federal funds, such as the Emergency Solutions Grant program. Unawarded COVID-19 related relief funds (e.g., CARES Act) are not reflected.

2/ Amount is dependent on caseload and utilization.

3/ This program supports basic needs partnerships for low-income students facing housing or food insecurity.

## LOCAL GOVERNMENT

### DIRECT CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT) ALLOCATIONS FOR CITIES AND COUNTIES

The Budget provides a portion of the state's CARES Act funding to local governments—\$500 million to cities and \$1.3 billion to counties—to combat the COVID-19 pandemic.

- **Cities**—The Budget provides \$225 million to cities with populations greater than 300,000 that did not receive a direct CARES Act allocation from the federal government, with the funds distributed according to their relative populations. Another \$275 million is provided to cities with populations less than 300,000, with the funds distributed according to their relative populations, with each city guaranteed

a minimum of \$50,000. Recipients must use the funds according to federal law, and are encouraged to prioritize these funds to support efforts by counties and Continuums of Care to address the impact of the COVID-19 pandemic on people experiencing homelessness.

- **Counties**—The Budget provides \$1.3 billion to counties, with the funds distributed according to their relative populations. Recipients must use the funds according to federal law, and are encouraged to prioritize these funds to address the public health, behavioral health, and other health and human services needs that have arisen as a result of the COVID-19 pandemic.

Funding is contingent on adherence to federal guidance, the state's stay-at-home and other health requirements as directed in executive orders, statutes, and all State Department of Public Health orders, directives, and guidance issued in response to the COVID-19 pandemic. To receive funds, cities and counties must submit an application to the Department of Finance certifying their agreement to comply with these requirements. This certification form can be found on Finance's website and must be submitted by July 10.

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## REALIGNMENT BACKFILL FOR COUNTIES

The Budget includes \$750 million General Fund to provide support for counties experiencing revenue losses for realigned programs. Counties will prioritize support for health and human services, entitlement programs, and programs that serve vulnerable populations. In using these funds, counties will adhere to federal guidance and state health requirements related to the COVID-19 pandemic. To the extent the federal government provides sufficient eligible funding by October 15, 2020, an additional \$250 million may be provided to counties for the aforementioned purposes.

### Other Significant Adjustments

- **Homeless Coordinating and Financing Council Administrative Resources**—The Budget includes \$1.5 million General Fund ongoing and 10 permanent positions to effectively carry out statutory mandates and strengthen its strategic coordination of the state's efforts to address homelessness.
- **Homeless Data Integration System**—The Budget includes statutory changes to allow the HCFC to establish a statewide Homeless Data Integration System. The system will consolidate existing homelessness data from the individual Continuums of Care

throughout the state and allow the state to understand the demographics and shared characteristics of the homeless population.