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| **Housing and Homelessness** |

The Budget package approved by the Legislature and signed by Governor includes more than $700 million in funding to address homelessness. The centerpiece of the homelessness package, most of which is embodied in SB 850/AB 1816, consists of $500 million for Homeless Emergency Aid to local governments, but the budget also includes more than $200 million in additional investments to address and prevent homelessness and provide supportive services for vulnerable populations.

**HOMELESS EMERGENCY AID PROGRAM (HEAP)**

The Homeless Emergency Aid Program, at $500 million total, includes three pots of funding:

* $250 million to Continuums of Care (CoC) divided into nine “groupings” based on their 2017 Point-in-Time (PIT) homeless count (see attachment II for groupings)
* $100 million to each CoC based purely on their 2017 PIT,
* $150 million based on PIT count to large cities with a population of more than 330,000 residents.

Estimates of funding available to each Continuum of Care are included in attachment I.

Additional details of the three funding programs include:

* $250 Million to CoCs by Point-In-Time Count “Groupings”: Funding will flow from the California Business, Consumer Services, and Housing Agency to local CoCs, who would then distribute the funding to cities and counties who have declared a shelter crisis, demonstrated collaboration, and submit an application to the CoC by December 31 of this year. For smaller cities and counties within CoCs with a 2017 PIT of fewer than 1,000 individuals, the provision to declare a shelter emergency could be waived on approval of the Agency. Each entity in a single grouping would receive an equal amount of the funding allocated to that grouping (see attachment I with estimates).
* $100 Million to CoCs by Point-in-Time Count: Funding will be allocated to each CoC based on their share of the statewide 2017 PIT (see attachment I with estimates).
* $150 Million to Large Cities: Funding will be directly allocated to cities with more than 330,000 residents based on 2018 Department of Finance estimates. This includes the cities of Los Angeles, San Francisco, San Diego, San Jose, Oakland, Long Beach, Sacramento, Fresno, Santa Ana, Anaheim, and Bakersfield.

The Homeless Emergency Aid Program is designed to provide extremely flexible funding to local entities and includes the following requirement for entities receiving any part of the $500 million in funding:

* Entities must use at least 5 percent of their total award to establish or expand services to homeless youth or youth at risk of homelessness.
* Entities must spend 50 percent of the funding by January 1, 2020
* Entities must spend 100 percent of the funding by June 30, 2021.
* Limits administrative costs to 5 percent and does not allow overhead costs or planning activities to be classified as administrative costs.
* Entities must report their contract expenditures, the number of persons served, and any progress toward state or local goals to the Agency by January 2020.

**No Place Like Home on the Ballot**

The Governor’s plan to place the “No Place Like Home” (NPLH) Program on the November 2018 ballot is included in the final budget agreement (SB 861/AB 1827) and will be known as Proposition 2. If approved by the voters, Proposition 2 would authorize up to $140 million in Mental Health Services Act funding to be diverted in 2018-19 to “jump-start” NPLH, and allow the issuance starting in January of 2019 of up to $2 billion in bonds to assist counties in creating permanent supportive housing units.

**SB 2 FUNDING: CALIFORNIA EMERGENCY SOLUTIONS AND HOUSING PROGRAM (CESH)**   
  
Local governments may access up to $57.5 million through Continuums of Care for rapid rehousing, rental assistance, landlord incentives, other uses. This one-time funding may be used for up to 48 months of rental assistance and housing relocation and stabilization services (rent payments may not exceed two times the current HUD fair market rent for the local area), operating subsidies in the form of 15-year capitalized operating reserves for new and existing affordable permanent housing units for homeless individuals and families, flexible housing subsidy funds, and operating support for emergency housing interventions, including, but not limited to, navigation centers, case managers, street outreach services, shelter diversion and homelessness prevention activities, systems support for activities necessary to maintain a comprehensive homeless services and housing delivery system, including developing or updating a CES system, data collection, and HMIS reporting, and homelessness planning activities.

Funds will be distributed based on three factors:

1. 2017 point-in-time CoC homeless count, including both sheltered and unsheltered homeless persons
2. The number of extremely low income households in rental housing that pay more than 50 percent of household income on rent, based on HUD’s most recent Comprehensive Housing Affordability Strategy dataset
3. The number of persons below the federal poverty line divided by the total population within the Continuum of Care service area, based on data from the United States Census Bureau. This factor shall be double-weighted within the formula.

Counties must apply to their local CoC, which will coordinate with the Department of Housing and Community Development. There is no matching requirement and funbding must be spent according to federal Housing First practices.

**SB 2 FUNDING: HOUSING FOR A HEALTHY CALIFORNIA PROGRAM**   
  
Local Governments may access up to $57.5 million for supportive housing through a competitive grant process under the Housing for a Healthy California Program (SB 74, Chapter 777, Statutes of 2017). It is funded with 50 percent of the first year of SB 2 document recording fee revenue. The one-time funding may be used to acquire, construct, or rehabilitate housing, and for project-based operating assistance such as rental assistance for up to five years or a capitalized operating reserve for at least 15 years to pay for operating costs. Housing may also be created through operating reserve grants and capital loans to developers. HCD is in the process of developing guidelines and requirements for this program.

**Mental Health and Social Services Programs to Address Homelessness**

The budget supplements existing programs with revenues from the General Fund to address homelessness, as well as authorizing additional one-time revenues for new programs targeted at vulnerable populations. Specific allocations, spread among several trailer bills, are as follows:

* CalWORKs Housing Support Program: The Legislature approved the May Revision proposal to provide $24.2 million in additional funding in 2018-19 for the Housing Support Program, which helps CalWORKs families secure permanent housing by allowing counties to provide move-in assistance, temporary rental subsidies and case management. The budget also includes an additional augmentation in 2019-20 to increase total funding for the program from $47 million to $95 million annually moving forward.
* CalWORKs Homeless Assistance Program: The budget includes $8.1 million in 2018-19 and $15.3 million in 2019-20 to increase the daily payment rate for temporary assistance to families experiencing homelessness or facing imminent eviction from $65 to $85 dollars per day for up to 16 days per year.
* Adult Protective Services Home Safe Pilot Program: The budget provides $15 million in one-time General Fund to establish the Home Safe Pilot Program, a homelessness prevention demonstration grant program for victims of elder and dependent adult abuse and neglect served by county-run Adult Protective Services (APS). The Legislature adopted the Governor’s May Revision proposal with some modifications to expand eligibility for the services to include those at risk of homelessness. Participating counties can use the funding for housing-related supports and services and will be required to match the funding on a dollar-for-dollar basis (cash or in-kind).
* Homeless Mentally Ill Outreach and Treatment Program: The budget agreement includes the Governor’s proposed Homeless Mentally Ill Outreach and Treatment Program, with SB 850/AB 1816 providing $50 million to the Department of Health Care Services for allocation to counties to provide multi-disciplinary teams for supporting intensive outreach, treatment and other services for homeless persons living with mental illness. Counties would be encouraged to match this one-time funding with local and federal matching funds, where appropriate. An allocation schedule will be released July 31. Counties must pass a resolution opting into the program and send a letter of interest to DHCS by September 25, 2018.
* Domestic Violence Shelters and Services: The homelessness package includes $10 million to assist victims of domestic violence with shelter, both short and long-term. This funding will be administered through the Office of Emergency Services.
* Homeless Youth and Exploitation Program: The budget agreement includes $10 million in 2018-19 to continue to fund the Homeless Youth and Exploitation Program through the Office of Emergency Services. The grant program in up to six counties helps provide for the immediate needs of homeless youth, including shelter, drop-in services, physical and behavioral health services, and support for those who are victims of sexual exploitation.

**ATTACHMENTS**

CSAC Estimate of HEAP funding for CoC’s   
CSAC Estimate of $150 million HEAP funding for cities  
HEAP County Groupings   
Declaration of Shelter Crisis Code Section

*CSAC will be producing additional materials, including sample resolutions and further guidance, for counties.*