

COMMITTEE MEMBERS
JIM NIELSEN, VICE CHAIR
JIM BEALL
ANNA M. CABALLERO
BRIAN DAHLE
MELISSA HURTADO
BRIAN W. JONES
CONNIE M. LEYVA
MIKE MCGUIRE
WILLIAM W. MONNING
JOHN M.W. MOORLACH
DR. RICHARD PAN
RICHARD D. ROTH
NANCY SKINNER
HENRY STERN
THOMAS J. UMBERG
BOB WIECKOWSKI

CALIFORNIA STATE SENATE

COMMITTEE ON BUDGET AND FISCAL REVIEW

STATE CAPITOL – ROOM 5019
SACRAMENTO, CA 95814



Holly J. Mitchell, Chair

STAFF DIRECTOR
JOE STEPHENSHAW

DEPUTY STAFF DIRECTOR
ELISA WYNNE

CONSULTANTS
CHRISTOPHER FRANCIS
JAMES HACKER
ANITA LEE
SCOTT OGUS
RENITA POLK
JOANNE ROY
YONG SALAS

COMMITTEE SECRETARY
SANDY PEREZ

COMMITTEE ASSISTANT
SAMUEL LANCHESTER

(916) 651-4103
FAX (916) 668-7004

INFORMATIONAL HEARING: HOMELESSNESS AND HOUSING

Thursday, February 27, 2020
John L. Burton Hearing Room (4203)
9:30 a.m. or Upon Adjournment of Session

AGENDA

- I. Context and Update on Recent Investments
 - Lourdes Morales, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
 - Ali Sutton, Deputy Secretary for Homelessness, Business, Consumer Services, and Housing Agency
- II. Governor's 2020-21 Proposal
 - Mark Ghaly, Secretary, California Health and Human Services Agency
 - Kim Johnson, Director, California Department of Social Services
 - Jacey Cooper, State Medicaid Director and Chief Deputy Director of Health Care Programs, California Department of Healthcare Services
 - Stephanie Clendenin, Director, California Department of State Hospitals
 - Vivek Viswanathan, Chief Deputy Director, Department of Finance
- III. Local Context and Perspectives
 - Andrew Guerink, Homelessness Program Analyst, City of Sacramento
 - Heidi Marston, Executive Director, Los Angeles Homeless Services Authority
 - Dena Fuentes, Deputy Executive Director, San Bernardino County Community Development and Housing Agency
 - Chevon Kothari, Director, Mariposa County Health and Human Services Agency
 - William F. Pickel, Chief Executive Officer, Brilliant Corners
- IV. Public Comment

Housing and Homelessness

BACKGROUND

Homelessness in California is no longer confined to urban corridors. It pervades both urban and rural communities across the state and puts stress on local resources, from emergency rooms to mental health and social services programs to jails. Recent federal data estimates the state's homeless population at 151,278 in 2017, or 27 percent of the nation's homeless population.

Continuums of Care and Point in Time Counts. The number of people experiencing homelessness each year is determined by a point in time count (PIT) conducted on one night in January, by local community Continuums of Care (CoCs - local collaborative bodies led by a county or non-profit organization, and in a few cases a city). The PIT includes people experiencing homelessness who are “sheltered” –living in temporary shelters –and those who are “unsheltered,” or living out in the open. The PIT is required by the U.S. Department of Housing and Urban Development (HUD) as a condition of receiving federal funding. The PIT has limitations: it is conducted on one night of the year, so it does not capture those people who cycle in and out of homelessness; it does not include people who are staying in a temporary situation; and, CoCs use different methodology to conduct their PIT, making it harder to compare data across the state.

The chart below summarizes the current California homeless PIT counts by sub-population:

Breakdown of Homeless PIT by Sub-Population (January 2019)	
Total People Experiencing Homelessness	151,278
Unsheltered	108,432
Families with Children	22,501
Unaccompanied Youth	11,993
Chronic Individuals	41,557
Veterans	10,980

Homelessness Across Sub-Populations. While certain populations, including veterans, families, and unaccompanied youth, often face higher rates of homelessness compared to the population at large, the conditions and circumstances of homelessness can vary for each of these groups, as can the services and supports that are most useful to them.

- Veterans - Veterans experiencing homelessness, according to HUD's January 2019 point-in-time count, accounted for 37,085 individuals experiencing homelessness nationwide on a single night in January 2019. Of those individuals, 29 percent (10,980 veterans) resided in California. According to the National Coalition for Homeless Veterans, the nation's veterans who experience homelessness are predominantly male (approximately 91 percent of the population), single, living in urban settings, and often suffering from mental illness, alcohol, and/or substance use disorders. While homelessness is caused by multiple, complex factors, veterans who have experienced post-traumatic stress disorder and/or substance use disorders have been found to be more at risk of experiencing homelessness, especially when those individuals lack a support network, or have difficulty obtaining employment in the civilian workforce. According to the

2019 PIT count, 70 percent of veterans experiencing homelessness in California were unsheltered.

- **Families - Homelessness** looks different when it affects families with children, often consisting of young, single mothers with young children. Families with children experience homelessness for a number of reasons, including an inability to afford housing or conflicts with other family members. Nationwide, 53,692 families with children were homeless during the 2019 PIT count. In California, 7,044 families were homeless during the 2019 PIT count. According to the 2019 PIT count, 22 percent of families with children experiencing homelessness in California were unsheltered.
- **Survivors of Domestic Violence -** For many, domestic violence can be an immediate cause of homelessness. Oftentimes the primary concern of an individual fleeing domestic violence is safety; as such, survivors of domestic violence frequently seek refuge in transitional housing programs or even emergency shelters. According to the 2019 PIT count, 44,752 survivors of domestic assault were homeless nationwide. 9,016 of these were in California. Depending on the nature of the domestic violence, survivors may be in need of short-or long-term rental assistance, as well as supportive services to address trauma.
- **Seniors -** Studies have shown that the number of seniors experiencing homelessness is also on the rise, with the number of sheltered elderly individuals experiencing homelessness increasing by 48.2 percent between 2007 and 2016. Though Social Security, Medicare, and Medicaid provide supports and services to seniors, not all seniors are able to access social safety net programs for which they may be eligible. Seniors often live on fixed incomes; faced with rising costs of housing and medical care, many seniors are forced onto the streets. And while shelters exist to serve individuals experiencing homelessness, facilities are often not equipped to provide the specialized care that seniors in need of medical care often require. Due to increased vulnerability as a result of their age and accompanying medical conditions, seniors experiencing homelessness are often susceptible to victimization.
- **Unaccompanied Youth -** A youth experiencing homelessness is defined as a minor younger than 18 or a young adult between 18 and 24 years old who is living independently without shelter. According to the 2019 PIT count, there were 35,038 homeless unaccompanied youth nationwide, with 11,993 in California. Homelessness among youth differs from homelessness among adults and families with children, and can often include sleeping on the streets, living in cars, living in shelters, or couch surfing, which refers to the practice of moving between temporary living arrangements, often a friend or family member's couch, without a secure place to live. One in 30 adolescent minors between ages 13 and 17 experiences homelessness in a year, and roughly 25 percent of this involves couch surfing only. Due to increased susceptibility to exploitation and violence, youth experiencing homelessness may develop substance use issues or engage in survival sex in order to find shelter or food.
- **Students -** Additionally, students, particularly those working towards obtaining higher education, face similar issues of housing insecurity. According to a 2018 study, 10.9 percent of California State University students reported experiencing homelessness one or more times over the course of the preceding 12 months. Of those students surveyed, 18 percent of those who had experienced homelessness identified as Black/African-American and first-generation college attendees. Reports also indicate that 45 percent of students throughout the nation reported housing insecurity.

- **LGBTQ Youth** - Recent studies have also demonstrated that youth who identify as lesbian, gay, bisexual, transgender, and queer/questioning (LGBTQ) are 120 percent more likely to experience homelessness than non-LGBTQ youth, and data show that up to 40 percent of the population of youth experiencing homelessness identifies as LGBTQ. While familial conflict has been reported as the most common cause of all youth homelessness, LGBTQ youth cite familial rejection of their gender identity as a primary cause of homelessness. As a result, services and supports for LGBTQ youth tend to focus on housing and identity-related supports to address the trauma of familial rejection and homelessness.
- **Urban vs Rural Homelessness** - Perceptions of homelessness often involve individuals living on the streets, beneath freeway overpasses, or in temporary or emergency shelters. However, the conditions and characteristics of homelessness not only vary across subpopulations, they also vary geographically, particularly when contrasting urban settings to rural ones. Individuals and families in rural areas often do not experience homelessness in the same way that their counterparts located in urban and suburban areas do. Rather than living on the streets or in shelters, rural homelessness can frequently take the form of individuals or families moving between substandard, overcrowded, and/or cost-burdened housing situations, or moving in with friends or relatives. This may primarily be due to the presence of familial networks, and a lack of service providers and supports, such as a shortage of affordable housing, inadequate mental health and substance abuse services, and a lack of support for victims of domestic violence.

Impacts of Homelessness. Homelessness has been correlated with a number of negative effects, including high rates of chronic disease and acute illnesses, a broad range of mental health and substance use issues, greater exposure to violence, malnutrition, extreme weather, and criminal charges. The conditions of homelessness can themselves make it more difficult to exit homelessness by creating barriers to the resources often necessary to obtaining income through training, education, and employment (barriers can include limited access to transportation, computers and printers, work-appropriate clothing, facilities for showering or bathing, and the like). Lack of recent and consistent rental or other housing history can make it more difficult to obtain housing. Additionally, a number of local jurisdictions have adopted laws that create crimes related to homelessness. These laws—including bans on camping in public, panhandling in public, loitering, sitting or lying down in certain public locations, and sleeping in cars—can make individuals experiencing homelessness more vulnerable to arrest, and therefore more susceptible to fines, jail time, and possession of a criminal record. Some of the sub-populations discussed above can be at particular risk of certain negative impacts of homelessness. For example, youth experiencing homelessness have been found to be at greater risk of commercial sexual exploitation and other forms of victimization, with LGBTQ youth facing higher rates of these instances than their heterosexual and cisgender counterparts.

Approaches to Addressing Homelessness. Efforts to address homelessness can be broadly sorted into a handful of categories. These include:

- **Housing First** - Housing First is an approach to homelessness that prioritizes moving people quickly into permanent, affordable housing without precondition and then providing supportive services in order to help people avoid returning to homelessness. Housing First is premised on the idea that housing should not be denied to anyone, even if they are abusing alcohol or other substances. Supportive services are offered to maximize housing stability and prevent returns to homelessness, as opposed to addressing predetermined treatment goals prior to providing

housing. Housing First has been shown to reduce the overall local costs incurred when localities provide social services to people where they are, rather than allowing them to continue to cycle through emergency rooms, jails, and treatment centers. The federal government has moved to a Housing First model over the last decade that prioritizes permanent supportive housing. Chronic homelessness in the nation decreased by 27 percent between 2010 and 2016 as the federal government adopted the Housing First model. California embraced a Housing First model in 2015. SB 1380 (Mitchell), Chapter 847, Statutes of 2016, created the Homeless Coordinating and Financing Council to coordinate the state's response to homelessness and required all state agencies or departments that operate programs that provide housing or housing-related services to people experiencing homelessness or at risk of homelessness to adopt guidelines and regulations to include Housing First policies.

- Emergency shelters, crisis services and navigation centers - Emergency shelters and crisis services help people meet immediate survival needs by providing food, shelter, clothing, and hygiene services while connecting them to stable housing. In recent years, some local jurisdictions have opened navigation centers as a response to homelessness. In San Francisco, the navigation centers are designed to shelter residents experiencing long-term homelessness and differ from a traditional shelter in that they have few barriers to entry and intensive case management services.
- Rapid re-housing - Rapid re-housing is a housing model designed to provide temporary housing assistance to people experiencing homelessness by moving them quickly out of homelessness and into permanent housing. Rapid re-housing is provided through short-term intervention to pay housing expenses (including rental arrears, ongoing rent, and moving costs) and case management focused on housing stability. Rapid re-housing is a relatively new response to homelessness that became more prominent during the Great Recession. A study conducted by the Urban Institute found that rapid re-housing is a successful intervention for families. It has low barriers to entry, high placement rates, and low rates of return to shelter. However, rapid re-housing does not solve long-term housing affordability problems. After families exit rapid re-housing, many experience high rates of residential instability. Many move again or double up within a year and face challenges paying for rent and household necessities.
- Permanent supportive housing - Decades of research show that supportive housing with a Housing First requirement—a stable, affordable place to live with no limit on that stay, along with services that promote housing stability—ends homelessness among people who experience chronic homelessness. Supportive housing can lower public health costs and improve property values, and decreases recidivism in our local jails and state prisons. For these reasons, the state has invested millions of dollars in leveraging federal and local dollars to create more supportive housing.
- Capacity building - Capacity building at the local level is an important activity that helps to coordinate and improve the local response to homelessness. State funding can be used to improve local coordinated entry systems, develop plans to address homelessness, and collect and analyze data.

Key Federal Programs. Federal programs for those experiencing or at risk of homelessness generally are designed to provide housing assistance and other services such as health care, job training, or substance abuse treatment. The Departments of Health and Human Services (HHS), HUD, and Veterans

Affairs (VA) are responsible for the majority of programs. HUD is the primary agency providing funding for housing, such as emergency shelters, permanent housing, and transitional housing. In addition, HUD collects data on homelessness in part to assist with service planning on the federal level. The Homeless Management Information System (HMIS) is a computerized data collection tool specifically designed to capture client-level, system-wide information over time on the characteristics and services needs of men, women and children experiencing homelessness. HMIS allows the aggregation of individual-level data across homeless service agencies to generate unduplicated counts and service patterns of individuals served. CoCs are required to have an HMIS system with the capacity to collect unduplicated counts of individuals and families experiencing homelessness.

The U.S. Interagency Council on Homelessness is required to coordinate the federal response to homelessness and has taken several steps to coordinate efforts and promote initiatives across federal agencies, including developing a strategic plan and criteria and benchmarks for ending homelessness, including veteran homelessness and chronic homelessness.

State Level Efforts to Address Homelessness. A number of efforts aimed at preventing and addressing homelessness are already underway in California. These efforts vary widely, with differing characteristics related to their administering department/agency; eligibility requirements; populations served; focus on prevention, amelioration, and/or long-term supports and services; types of supports and services offered; and others. A document compiled by the California Homeless Coordinating and Financing Council, entitled “California State Homelessness Funding Programs” (see accompanying document), provides a table describing state homelessness programs. These programs include:

- **Whole Person Care Pilots.** The Whole Person Care (WPC) Pilots, administered by the Department of Health Care Services (DHCS), coordinate health, behavioral health, and social services in a patient-centered manner with the goals of improved beneficiary health and well-being through more efficient and effective use of resources. WPC Pilots allow individual public entities or a consortium of public entities to integrate care for a particularly vulnerable group of Medi-Cal beneficiaries who have been identified as high users of multiple systems and continue to have poor health outcomes. WPC Pilot entities identify target populations, share data between systems, coordinate care in real time, and evaluate individual and population progress. WPC Pilots provide eight categories of services including: 1) outreach to identify prospective enrollees and assess their eligibility in the field or in clinical and other settings; 2) coordination of medical, behavioral health, and social services to improve health and reduce unnecessary utilization; 3) financial and other assistance in accessing and obtaining sustainable housing solutions to maintain and/or achieve healthy, stable living situations; 4) peer support staff with lived experience similar to the target populations; 5) assistance with applying for, obtaining, and/or appealing for public benefits; 6) employment assistance including training on resume building, interview skills, and/or other supports necessary in order to obtain a job; 7) sobering center services providing a safe environment for intoxicated individuals to receive detoxification services; and 8) post-acute medical respite services for enrollees discharged from the hospital and other inpatient settings, which allow enrollees to recuperate in a safe environment until they have the resources to care for themselves.
- **Homeless Emergency Aid Program (HEAP).** HEAP provided block grants directly to federally-designated Continuums of Care (CoCs) and large cities with populations over 330,000, so they may provide immediate emergency assistance to people experiencing homelessness or those at imminent risk of homelessness. The parameters of the program are intentionally broad

to allow local communities to be creative and to craft programs that meet the specific needs they have identified. Eligible uses included, but were not limited to, the following:

- Homelessness prevention activities.
 - Criminal justice diversion programs for homeless individuals with mental health needs.
 - Establishing or expanding services meeting the needs of homeless youth or youth at risk of homelessness.
 - Emergency aid.
- **Homeless Housing Assistance and Prevention Program (HHAPP).** HHAPP built on HEAP and provided funds to help local jurisdictions to combat homelessness. The program funded activities that prevent homelessness, provide support to homeless individuals, and help move homeless individuals to permanent housing, and required applicants for funds to demonstrate efforts at regional coordination in their application, and to demonstrate how the requested funds would close existing gaps in addressing homelessness.

The California Department of Social Services (CDSS) currently oversees five different housing programs designed to assist recipients of its other programs (such as CalWORKs and Adult Protective Services) that are homeless or are at risk of becoming homeless. All programs following a Housing First model.

- **CalWORKs Housing Support Program (HSP).** The CalWORKs HSP assists homeless CalWORKs families in obtaining permanent housing. The program defines "homeless" as lacking a permanent and regular nighttime residence and either living in a shelter or place not meant for human habitation or in receipt of a judgment for eviction as ordered by the court. Counties administer the program and are required to collaborate with local CoCs. Counties have flexibility within these parameters to design their program, based on the needs of their community and individual clients. The program's design helps families quickly secure permanent housing, without preconditions, to help achieve self-sufficiency and increase overall child well-being. Provided services include rental assistance, moving costs, landlord recruitment, case management, legal services, and credit repair. Since the establishment of the program in 2014, it has permanently housed 14,500 families.
- **CalWORKs Homeless Assistance (HA) Program.** The HA program was established to help CalWORKs families meet the reasonable costs of securing housing. HA offers both temporary and permanent homeless assistance payments to eligible CalWORKs families once every 12 months, with exceptions. Eligible families are either lacking a fixed or regular nighttime residence, residing in a shelter or place not designed as regular sleeping accommodation, or have received a "pay rent or quit" notice. Families must also have less than \$100 in resources.

Temporary assistance provides \$85 a day for a family of up to four members, with each additional family member receiving an additional \$15 a day, up to a daily maximum of \$145. Permanent assistance provides security deposit costs, including last month's rent, or helps families maintain housing by providing up to two months of outstanding rent payments.

- **Bringing Families Home (BFH) Program.** The state established the BFH program to reduce the number of families in the child welfare system experiencing or at risk of experiencing homelessness, increase family reunification, and prevent foster care placement. Participating

counties provide housing and case management services. The type of housing intervention provided is determined by the family's level of need.

To be eligible, families must be homeless or have housing instability and have an open family maintenance or family reunification case with Child Welfare Services. Amongst those who are eligible, funded programs should first prioritize child welfare-involved families who are homeless followed by those who will imminently lose their housing. From July 2017 to November 2018, 1,111 families were approved; 642 families were provided temporary housing; 440 families were permanently housed.

- **Housing and Disability Advocacy Program (HDAP).** The HDAP assists homeless, disabled individuals in applying for disability benefit programs, while also providing housing supports. Counties administer the program and are required to offer outreach, case management, disability advocacy, and housing assistance. Individuals who are disabled or likely disabled and who are experiencing homelessness are eligible, giving the highest priority to those who are chronically homeless and rely most heavily on state and county-funded services. There are currently 39 counties receiving HDAP funding. Between January and November 2018, 1,153 participants engaged in HDAP services. The 2017-18 Budget Act appropriated \$45 million General Fund (one-time) for the program. The program requires a dollar-for-dollar county match bringing the total program budget to \$90 million over three years, from July 1, 2017, through June 30, 2020. Beginning in 2019-20, the state budget funds the program at \$25 million on an ongoing basis.
- **Home Safe Program.** The Home Safe Program supports the safety and housing stability of individuals involved in Adult Protective Services (APS) by providing housing-related assistance. Home Safe assists APS clients who are experiencing, or at imminent risk of experiencing, homelessness due to elder or dependent adult abuse, neglect, self-neglect, or financial exploitation. A range of services, including short-term financial assistance, legal services, eviction prevention, and landlord mediation, are available to eligible individuals.

Recent Investments

The Legislature has made several investments in addressing the state's affordable housing and homelessness crisis over the last several years.

2018-19 Investments. SB 2 (Atkins), Chapter 364, Statutes of 2017, provided an ongoing source of revenue for affordable housing and homelessness programs, providing an estimated \$289 million per year for a variety of programs. The 2018 budget included roughly \$250 million in funds from SB 2. The 2018 budget included \$500 million in one-time General Fund resources for the Homeless Emergency Aid Program, which provides funds to address homelessness directly to the state's 11-largest cities and 43 Federally-designated CoCs. In 2018, voters also approved a \$4 billion bond issuance for affordable housing and homelessness issues. Additionally, 20 percent of state cap-and-trade revenues are continuously appropriated to the Affordable Housing and Sustainable Communities program. These investments are summarized below.

This package included \$500 million for the Homeless Emergency Aid Program (HEAP), which provided block grants directly to federally-designated CoCs and large cities with populations over 330,000, so they may provide immediate emergency assistance to people experiencing homelessness or those at imminent risk of homelessness.

\$62.5 million in SB 2 funding was provided to the Housing for a Healthy California program (HHC), which creates supportive housing for individuals who are recipients of, or eligible for, health care provided through the California Department of Health Care Services' Medi-Cal program. The goal of the HHC program is to reduce the financial burden on local and state resources due to the overutilization of emergency departments, inpatient care, nursing home stays, and use of the corrections systems and law enforcement resources as the point of health care provision for people who are chronically homeless or homeless and high-cost health care users. An additional \$62.5 million in SB 2 funds were provided for the California Emergency Solutions and Housing program (CESH), which funds five primary activities: housing relocation and stabilization services (including rental assistance), operating subsidies for permanent housing, flexible housing subsidy funds, operating support for emergency housing interventions, and systems support for homelessness housing delivery systems.

The 2018 Budget Act also included General Fund expenditure authority of \$50 million for the Department of Health Care Services (DHCS) to provide counties with targeted funding for multi-disciplinary teams to support intensive outreach, treatment, and related services for homeless persons with mental illness. These interventions were intended to result in earlier identification of mental health needs, prevention of criminal justice involvement, and improved coordination of care for this population at the local level.

2019-20 Investments. The 2019-20 budget included significant new investments in both combating homelessness and spurring the development of affordable housing. This included:

- \$250 million in one-time funds for planning grants to help local jurisdictions with the 6th cycle of the Regional Housing Needs Assessment. This funding is split 50/50 between regional bodies and local governments.
- \$500 million in one-time funds for housing-related infrastructure, provided through the Infill Infrastructure Grant Program at the Department of Housing and Community Development. Funding is divided as follows:
 - \$410 million in competitive funding available to all jurisdictions.
 - \$90 million available over-the-counter to small jurisdictions.
- \$640 million in one-time funds for the Homeless Housing Assistance and Prevention Program to help local jurisdictions combat homelessness. Funding is divided as follows:
 - \$275 million for cities with populations larger than 300,000.
 - \$175 million for counties.
 - \$190 million to CoCs.
- \$500 million in one-time funds for loan programs through the California Housing Finance Agency (CalHFA) to support low, moderate, and mixed-income developments.
- \$500 million in one-time funds to expand the state's Low-Income Housing Tax Credit program.
- \$100 million, available until June 30, 2025, for Whole Person Care pilots to provide funding for supportive housing services for individuals who are homeless or are at risk of becoming homeless, with a focus on individuals with mental illness.

- \$14.7 million in 2019-20, and \$27.6 million ongoing for the CalWORKs HA program to eliminate the requirement that allowable days of assistance be used consecutively within a 12-month period.
- \$25 million in one-time funds for the BFH program, and another \$25 million for the HDAP.
- \$95.3 million for the CalWORKs HSP.

GOVERNOR'S PROPOSAL

The budget includes a broad and far reaching homelessness package. This package includes:

- **California Access to Housing and Services Fund.** The budget provides \$750 million one-time General Fund to establish a new fund (administered by the Department of Social Services), with the goal of reducing street-based homelessness and increasing the number of stable housing units. The fund will be used to develop new housing, provide housing vouchers, and to stabilize board and care facilities. The fund will be administered via contracts between the department and regional administrators. The Administration is asking for early action to establish this fund and begin the work of developing the required contracting and administrative mechanisms.
- **Medi-Cal Healthier California for All.** The budget includes \$582.5 million (\$291.3 million General Fund and \$291.3 million federal funds) in 2020-21 and \$1.2 billion (\$582.5 million General Fund and \$582.5 million federal funds) in 2021-22 and 2022-23 to expand capacity for enhanced care management and in-lieu-of services (ILOS) delivered by Medi-Cal managed care plans under the Administration's Medi-Cal Healthier California for All proposal. Of these funds, \$225 million (\$112.5 million General Fund and \$112.5 million federal funds) are for the implementation of the new, statewide mandatory enhanced care management benefit beginning January 1, 2021. \$357.5 million (\$178.8 million General Fund and \$178.8 million federal funds) are for sustaining and transitioning existing in-lieu-of services currently offered under Whole Person Care or the Health Homes Program, as well as expanding capacity and infrastructure for ILOS in counties in which they currently do not exist. ILOS are benefits that may be offered by a Medi-Cal managed care plan and include: housing transition navigation services, housing deposits, housing tenancy and sustaining services, short-term post-hospitalization housing, respite, recuperative care, day habilitation programs, Skilled Nursing Facility (SNF) transition/diversion to assisted living facilities, SNF transition to a home, environmental accessibility adaptations (home modifications), medically-tailored meals, supplemental personal care services, and sobering centers.

According to DHCS, these investments would be structured as incentive payments to Medi-Cal managed care plans and are allowable under federal regulations to be provided in addition to the actuarially sound capitation payment plans would otherwise receive. These payments are meant to be passed through to ILOS providers to build capacity and infrastructure to allow for sustainable delivery of these services to the plan's beneficiaries. Plans would be required to include an ILOS in its population health management plan and offer the service to beneficiaries prior to receiving any incentive payments.

- **Behavioral Health Task Force.** The budget establishes a Behavioral Health Task Force that will bring together relevant state departments, counties, advocates, health plans, providers, and other stakeholders to review existing policies and programs and coordinate system changes to prevent and respond to the impacts of mental illness and substance use disorders in California communities. The Administration intends to work to reform the Mental Health Services Act (Proposition 63) to better focus on people with mental illness who are also experiencing homelessness, who are involved in the criminal justice system, and for early intervention for children.

- **Community Care Collaborative Pilot.** The budget includes three positions and General Fund expenditure authority of \$457.3 million over six years to implement a Community Care Collaborative Pilot program in three counties to provide incentives to treat and serve individuals deemed incompetent to stand trial (IST) in the community. The goals of the pilot include: 1) significantly reducing the overall rate of felony defendants declared IST, 2) demonstrating effective strategies to treat and house individuals with complex behavioral health issues who are often homeless or at risk of homelessness, 3) building a full and appropriate CoCs in the community to break the cycle between homelessness and jail or prison, 4) invest in effective pre-arrest and pre-booking programs to reduce the rate of arrests and re-arrests, and 5) promote increased funding flexibility to reduce a siloed approach to service and treatment delivery for this population.

ISSUES TO CONSIDER

Administration's Request for Early Action Raises Concerns. The Administration has requested early action from the Legislature on language to allow CDSS to begin the process of implementing the California Access to Housing and Services Fund. This includes authorizing DSS to begin defining the regions and drafting the Request for Applications to select the regional administrators. This is intended to allow the Administration to complete much of the work required to execute the contracts prior to funding being appropriated for the program, accelerating the deployment of funds once the new fiscal year begins.

While there is merit to finding ways to speed the distribution of funds, this approach raises serious implementation and oversight questions. Specifically, providing early authority to begin the contracting process limits the Legislature's ability to weigh in on the design of the program. There are still a number of outstanding questions about the Administration's proposal, including how the regions will be defined, how funding will be allocated between the regions, who would act as regional administrators, and how they would work with local governments within their region. These are important questions that are crucial to the overall design of the program and its success in reducing homelessness. As such, the Legislature should ensure that they are comfortable with the overall shape, scope, and design of the program prior to taking any action to authorize the Administration to begin the contracting process.

Overall Approach and The State's Long-Term Strategy. As discussed earlier, recent state investments in combating homelessness have been focused on emergency measures - shelter construction, service expansion, capacity building, and the like. This has been a response to the critical nature of the issue and the desire for flexibility amongst local actors, with the understanding that local actors best understood their needs and capabilities.

However, it is clear that the state cannot remain on an emergency footing with regards to homelessness indefinitely. A long-term approach to combating and managing the issue, one that balances state priorities with local flexibility, is essential. Such an approach will, by necessity, prioritize different interventions and populations than the current emergency approach.

A truly comprehensive strategy will require several things:

- Determining which populations to target, and why.
- Determining which interventions are most appropriate and effective, and why.

- Determining the role of the state, local government, and other actors in the given interventions.
- Determining how to pay for a chosen strategy.

The Administration's proposal implicitly answers some of these questions by focusing on prevention and connection to services. These priorities are in-line with long-term solutions to the issue, and could help prevent new individuals from falling into homelessness while addressing the needs of those already experiencing homelessness.

However, it is unclear what the Administration's long-term homelessness strategy is, and how this proposal fits into it. For example, it is unclear which sub-populations are being targeted, and why, or how (or whether) the Administration plans to support this approach in the long-term.

The Legislature should seek to define their overall strategy prior to making any decisions on the Administration's proposal, and should ensure that any action taken on this proposal supports the chosen strategy.

Role of the State, Local Governments, and Community-Based Organizations. Over the past several years, the state has provided funds to local governments and CoCs to combat homelessness. These actors have then typically contracted with direct service providers - whether private actors, community-based organizations, or others - to deliver services or projects that address homelessness.

The Administration's proposal takes a different approach by having the state contract directly with undefined regional administrators, who will be responsible for the delivery of services within their jurisdiction. While the Administration has not provided details on who the regional administrators are, they have indicated that they may not be local governments.

While there are valid arguments for taking the Administration's approach, turning away from the historical approach raises questions about the appropriate role of the state, local government, and other stakeholders in addressing homelessness. Each actor brings different capabilities to the table - cities control land use and are therefore well-suited to capital projects, siting and (with private or non-profit developers) constructing new shelters and supportive housing; counties are responsible for the delivery of most social services, and are therefore well-suited to playing this role in homeless populations; and community-based organizations have deep knowledge of homeless populations in their communities, uniquely positioning them to connect individuals with needed services and solutions. The Legislature should consider how these varying capabilities should be utilized in combating homelessness, and how the Administration's proposal does or does not make use of these capabilities, prior to taking action.

Connection to Other Programs. As previously mentioned, California currently has several programs aimed at reducing homelessness, administered by different departments and agencies. These programs often exist in separate silos and it is unclear whether there is much or any collaboration among them. Homelessness is a complex, multilayered issue that requires a multipronged approach. In the development of a long-term strategy, the Legislature should consider current programs and how to foster collaboration among them. With its focus on supportive services, the Administration's proposal does have value. However, the Legislature should consider incorporating the Administration's priorities into its current programs, including both these programs and the Administration's priorities in the aforementioned multipronged approach.

By placing this fund in CDSS, the assumption is that the proposed funding will focus on making connections between homeless supportive services and existing safety net services. The Administration has stated in public hearings that is the intent of the proposal; however, the language proposed by the Administration does not provide explicit detail on how these two types of services would be connected. The Legislature should inquire as to whether that is indeed the intent of the proposal, and exactly how the Administration envisions that process happening using the provided funds.

One-time Versus Ongoing Funding. As noted above, one of the primary considerations of any long-term state strategy for addressing homelessness should be how to pay for it. To date, the state has predominantly taken a year-by-year approach, with multiple years of one-time funding. While this has granted the state financial flexibility, it has made it more difficult for local governments, service providers, and other stakeholders to effectively plan for the future. If the state is planning to take a longer-term approach to the issue, it is reasonable to consider whether one-time resources are the appropriate approach, or if an ongoing commitment to the issue would be more effective.

Building Off of Previous Investments. Recent state investments in combating homelessness have been made either on an emergency basis, and therefore with maximum flexibility and focus on immediate impact, or targeted at specific sub-populations of the homeless, such as CalWORKs recipients or victims of domestic violence. The Administration's proposal folds in health and social services and focuses on homelessness prevention. While there is merit in broadening the state's approach in this way, it raises questions of implementation.

Most of the work of combating homelessness is done at the local level, by cities, counties, CoCs, and community-based organizations. The state funding provided over the last two years has supported efforts by these actors at the local level, including shelter construction and operation, service expansion, and capacity building. While state investments have predominantly been in the form of one-time funds, these funds are spent down over multiple years, giving local governments and community based organizations a multi-year pipeline of projects and programs.

The Administration's proposal marks a departure from this approach. In refocusing state funds towards prevention and social services, it creates a potential planning issue for local jurisdictions and organizations. These stakeholders, in following the uses of state funds defined in the enacting statute, focused their investments on shelters, connection to services, and capacity building. The Administration's new proposal, in changing these priorities, forces local jurisdictions to reprioritize programs and projects in the out years. While the Administration's priorities have merit, care needs to be taken to ensure that redirecting local efforts in this manner doesn't limit or undo progress made over the last several years.

Integration of Medi-Cal Healthier California for All Efforts with Broader Housing Strategies. While the Whole Person Care Pilots have demonstrated success in identifying and treating individuals who are homeless or at risk of homelessness, a recent evaluation of the projects identified the inability to move individuals from temporary to stable, permanent housing as a continuing challenge. The evaluation identified a lack of direct expenditure on housing provision, as well as lack of housing supply, as the primary barriers to transitioning Whole Person Care clients to permanent housing. As part of its overall homelessness strategy, the Administration proposes to expand the Whole Person Care Pilots statewide through expanding enhanced care management and in-lieu-of services under Medi-Cal Healthier California for All, with a particular focus on the homeless population. However, Whole Person

Care and the proposed Medi-Cal Healthier California for All are not be permitted to make direct expenditures on permanent housing options, which makes completing the transition from homelessness to permanent, stable housing difficult without an investment from non-Medi-Cal entities or programs. The Legislature should consider whether a stronger linkage needs to be forged between the Administration's proposed Medi-Cal Healthier California for All programs, which have been successful in identifying and stabilizing individuals that are homeless or are at risk of homelessness, and its non-Medi-Cal proposals for direct expenditures to expand options for permanent housing.