

FEBRUARY 27, 2020

California's Homelessness Challenges in Context

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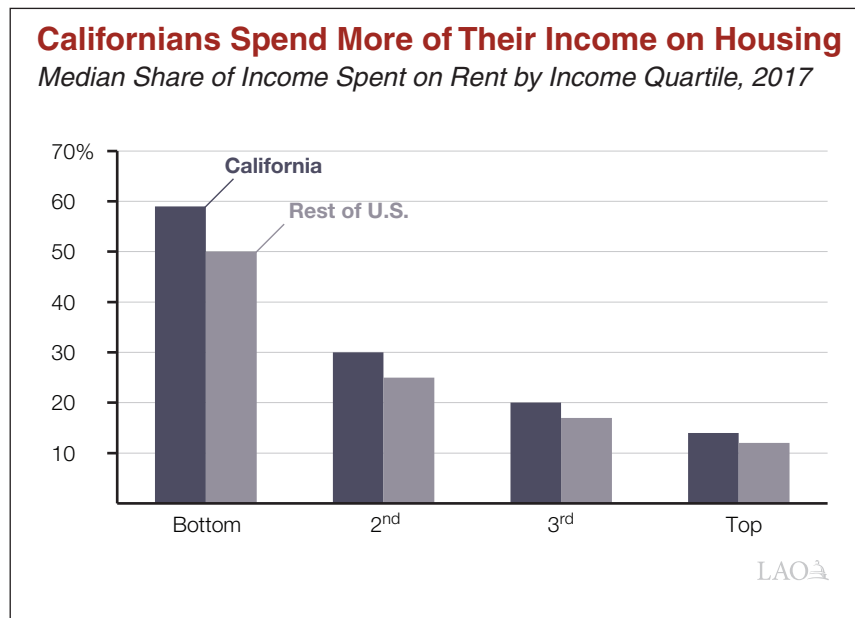
Senate Budget and Fiscal Review Committee
Hon. Holly J. Mitchell, Chair



LEGISLATIVE ANALYST'S OFFICE

Housing Affordability Affects Homelessness

- While homelessness is a complex problem with many causes, the high costs of housing is a significant contributor.
- Californians spend a larger share of their income on rent.

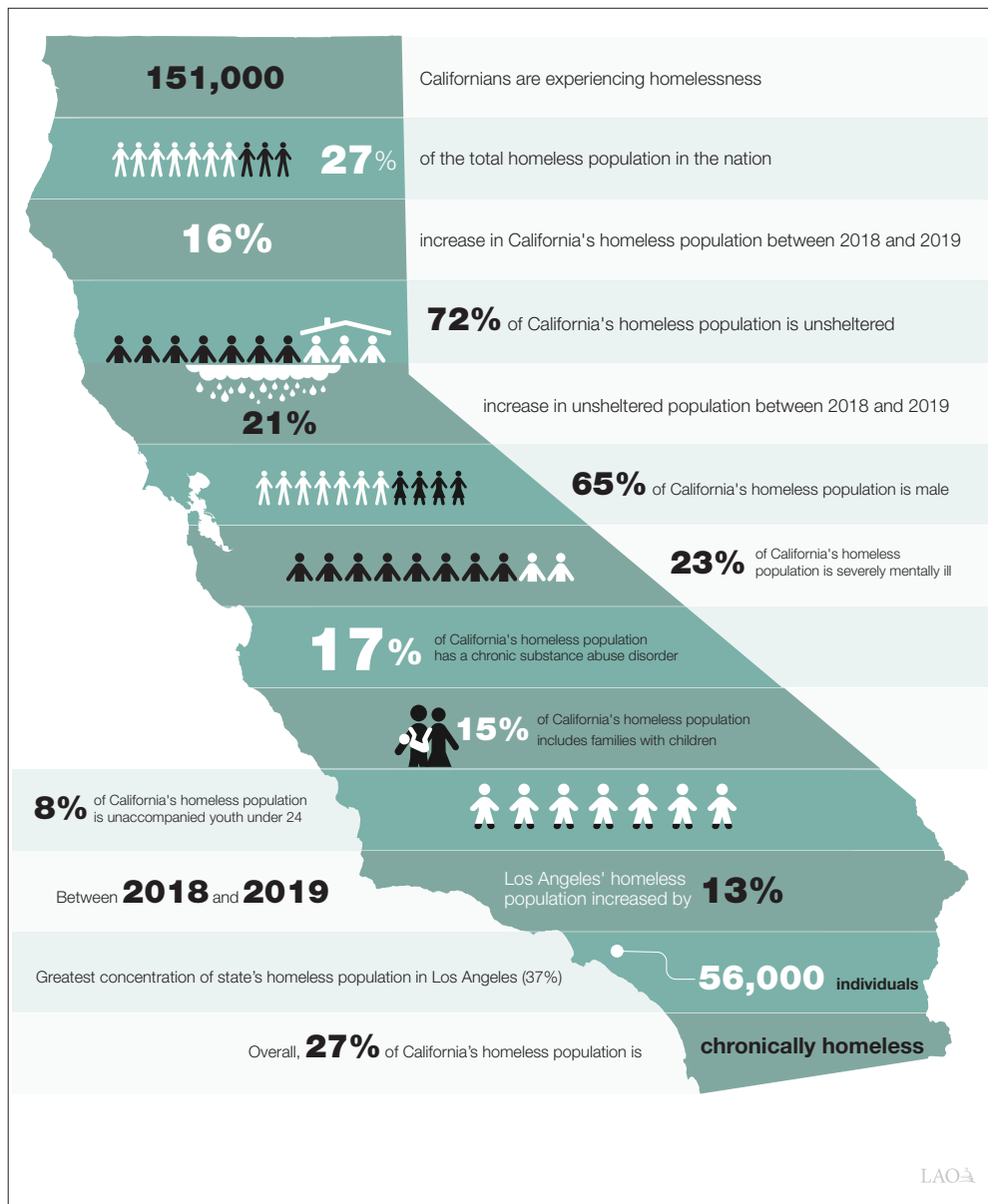


- Rising housing costs have exceeded growth in wages, particularly for low-income households.
- 1.5 million low-income households pay at least half of their income toward rent.



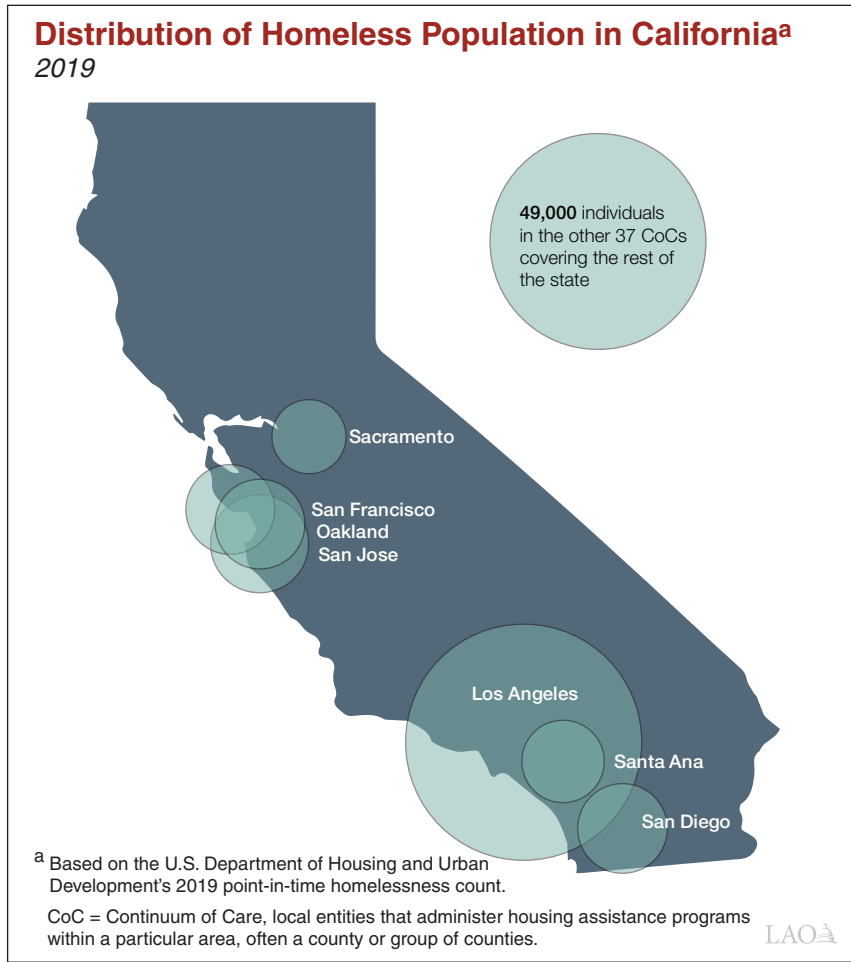
California's Homeless Population

- An estimated 151,000 people experience homelessness in California.
- More people experience homelessness in California than any other state in the nation.



California's Homeless Population

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- **Homeless Population Likely Larger.** Efforts to produce an accurate and complete count are hindered by various factors, including:
 - The transitory nature of the homeless population.
 - Limitations on counting all forms of homelessness.



Historical State and Local Efforts to Address Homelessness

Various State Programs Historically Have Helped Address Homelessness...

- ***State Homelessness-Related Programs.*** California, in partnership with the federal government, administers and funds a variety of programs that assist individuals experiencing homelessness or at-risk of becoming homeless.
 - Programs that support building new affordably priced housing.
 - Programs that help households afford housing.
 - Health and human services programs that may assist with preventing homelessness.
- ***Multiple State Departments Involved in Addressing Homelessness.***
 - Some of the state’s longest standing and/or largest housing and homelessness programs are administered by the Department of Housing and Community Development, California Housing Finance Agency, California Tax Credit Allocation Committee, and the Homeless Coordinating and Financing Council (HCFC).
 - Other departments either administer the state’s safety net programs and/or have other, more limited roles in addressing housing and homelessness.
- ***Multiple Funding Sources for Addressing Homelessness.*** Funding for these housing and homelessness programs comes from a variety of state and federal sources.



Historical State and Local Efforts to Address Homelessness

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...But Most Homelessness Assistance Has Been Provided at Local Level

- Local governments are most knowledgeable about the specific homelessness-related challenges facing their communities and are well positioned to implement the combination of strategies that will work best for them.
- Historically, cities and counties have provided most of the homelessness assistance in their jurisdiction, relying in part on federal and state funding.
- Local governments set their own policies that aim to alleviate homelessness in their communities. For example, passing inclusionary housing and rent stabilization ordinances.



Major Recent State Actions Addressing Homelessness

As the homelessness crisis has become more acute, the state has taken a larger role in funding and supporting local governments' efforts to address homelessness.

Major State Homelessness Spending Actions in 2018-19 and 2019-20^a <i>(In Millions)</i>	
Program	Funding
No Place Like Home ^b	\$2,000
Homeless Emergency Aid Program ^c	500
Homeless Housing, Assistance, and Prevention Program ^c	650
Total	\$3,150

^a Authorization of \$500 million in Low-Income Housing Tax Credits are not reflected in this figure.
^b Revenue bond from the Mental Health Services Act, also known as Proposition 63 of 2004.
^c General Fund.



Framework for Homelessness Plan

- Over the last several years, the Legislature has demonstrated an interest in increasing the state’s role in addressing homelessness.
- The scale of the homelessness crisis in California is significant and even substantial resources could quickly dissipate without demonstrating much progress if investments are made without a clear plan. This section outlines issues to consider that could increase the likelihood that the state’s resources are used in a way that results in meaningful reductions in homelessness.
 - **Identify Goals.** Setting clear goals would help to structure programs and funding in a way that steadily moves the state towards curbing homelessness.
 - **Identify Solutions That Align With Goals.** The structure of the state’s homelessness programs should work towards achieving the identified goals.
 - **Set Clear State and Local Responsibilities.** Having clear state and local responsibilities will deter inefficiencies and foster accountability among all of the entities involved in addressing homelessness statewide.
 - **Identify State Governance Structure.** An effective governance model will provide clear leadership and guidance towards accomplishing the identified goals.
 - **Establish Funding Strategy.** Identify the revenue sources for the homelessness programs and determine whether funding should be one time or ongoing in nature.
 - **Develop Rigorous Oversight Mechanism.** Oversight efforts should assess the performance of state entities that administer homelessness programs and local partners.

