



March 15, 2018

The Honorable Edmund G. Brown, Jr.
Governor, State of California
State Capitol
Sacramento, CA 95814

RE: Opportunities to Invest in Affordable Housing and Combat Homelessness

Dear Governor Brown,

The California State Association of Counties (CSAC), California Welfare Directors Association (CWDA) and Urban Counties of California (UCC), is pleased to present a comprehensive package to invest in affordable housing and combat homelessness in our communities. Affordable housing and homelessness issues are the number one priority for our members, and counties around the state are not only working to address the growing number of homeless individuals in parks, on the streets, and along our rivers, but also to prevent homelessness in one of the most expensive states in the nation.

CSAC joined with the League of California Cities in 2016 to form a first of its kind Joint Task Force on Homelessness and was pleased to release our final report on March 1, 2018 highlighting best and promising practices local governments are developing to address homelessness. The Task Force's work highlights the importance of cities and counties working together to address homelessness in our communities. Unfortunately, during that collaboration, which proved that counties and cities are both facing many of the same challenges surrounding homelessness, the number of unsheltered persons continued to rise.

California's significant supply and demand problem when it comes to affordable housing is a substantial contributing factor to homelessness. Right now, 2.2 million extremely low-income and very low-income renter households are competing for only 664,000 affordable rental units. Our comprehensive package will help create over 10,000 affordable housing units and provide wide-ranging services to Californians who have lost shelter or are on the verge of becoming homeless.

However, providing more affordable housing is not the only solution. Counties, as partners of the state in administering critical human, health, and behavioral health services, also recognize the key role of integrated services and supports for the range of populations who are homeless or facing homelessness. Our members have experience with groundbreaking programs such as the Housing Support Program in CalWORKs and Whole Person Care – programs developed by counties to encourage rapid rehousing and provide integrated case management for individuals who are living with a complex mix of health and behavioral health diagnoses.

While counties are working to address the affordable housing crisis and prevent and decrease homelessness every day, we are requesting additional assistance to combat these statewide problems. To that end, we are

proposing a comprehensive funding and policy package to address the critical need for affordable housing as well as integrated services. By working with our cities, community organizations, and the state, counties believe that it is possible to create accessible housing and comprehensive programs within our communities, and ensure that all residents have a safe place to live.

CSAC, CWDA and UCC BUDGET PROPOSALS ON HOMELESSNESS

Jump Start No Place Like Home: Counties worked closely with the Legislature in the design of the No Place Like Home Program (NPLH) in 2016. This innovative framework will incentivize counties to construct or refurbish permanent supportive housing units by using up to \$2 billion in Mental Health Services Act-backed bonds. However, the program is currently stalled by a lengthy lawsuit.

Counties are eager to provide permanent supportive housing units and the need for this type of services-based housing is at critical levels. All that is needed is the funding. CSAC is asking the Legislature and Governor to provide an augmentation of at least **\$300 million** to begin implementing NPLH. This will ensure that counties begin work on permanent supportive housing units as soon as possible. By simply taking the first step to fund NPLH now, the Legislature will ensure new supportive housing units become a reality. Based on Proposition 1C data, we estimate that this funding could support the creation of up to 3,500 supportive housing units.

Build New Affordable Rental Units: SB 2 (Atkins, 2017) will provide ongoing funding for the development of affordable homes beginning in 2019 and SB 3 (Beall, 2017) will generate \$3 billion for a variety of housing programs if approved by the voters in November 2018. Unfortunately for the growing number of rent-burdened Californians, these gains will be offset by recent federal actions. The federal tax bill immediately reduced the value of low income housing tax credits for investors, resulting in a loss of potentially hundreds of millions in tax credit equity in 2018.

California can mitigate this year's loss and get started on building new affordable homes now by making a one-time allocation of **\$700 million** to the Multifamily Housing Program within the Department of Housing and Community Development. Based on Proposition 1C data, we estimate that this single augmentation could result in the creation of up to 10,000 multifamily housing units.

Supplement SB 2 Homelessness Funding: Counties are grateful to Senate President pro Tempore Elect Toni Atkins and the Legislature for recognizing the critical need for affordable housing in our communities as well as the need for immediate funding for related homelessness services in the first

year of the SB 2 program. Counties can leverage numerous systems to offer a comprehensive menu of services, all in an effort to improve the long-term shelter and health opportunities for people in our communities. Many counties are already well underway in their efforts to reduce homelessness. SB 2's infusion of one-time funding in this calendar year could be a game changer for many of these efforts, but SB 2 should be supplemented with additional targeted investments in homeless services and prevention:

- Provide Housing Subsidies/Vouchers: Provide counties **\$25 million** in housing subsidies and/or vouchers to be administered at the county level for extremely low-income persons. Counties can partner with Continuums of Care and cities to undertake outreach and navigator activities aimed at identifying those at risk of homelessness, such as families, those who are released from a health care or psychiatric facility, reentry candidates, and foster youth. For those who qualify, funding would be

available for a specified period of time to subsidize their rent or assist with security deposit costs, which will allow participants to qualify for fair market housing.

- Landlord Liaison Program: Counties can create “new” affordable housing units with **\$25 million** in funding for a landlord outreach and liaison grant program. County liaisons contact landlords, and coupled with the housing subsidies and vouchers as well as deposit assistance outlined above, guarantee that participating tenants can afford the rent. The liaison would also be available to contact 24 hours a day and specialize in addressing any tenant/landlord issues that might arise. Several counties have found significant success with this innovative model, which creates more units without the capital costs associated with procurement, design, construction, and maintenance.
- Seniors at Risk of Homelessness: Counties support the current **\$15 million** budget proposal for Home Safe, a homelessness prevention demonstration grant program for victims of elder and dependent adult abuse and neglect served by county-run Adult Protective Services. Home Safe counties would identify clients at risk of losing their homes and provide services including short-term rental and utility assistance, immediate mental health treatment, and intensive case management to ensure clients are able to maintain their homes.
- Survivors of Domestic Violence: Survivors of domestic violence often require rapid rehousing services. Counties support Senator Beall’s proposal to allocate **\$50 million** to a new Domestic and Sexual Violence Prevention Complementary Services Fund within the California Office of Emergency Services to provide housing and services for survivors of domestic violence.
- Chronically Homeless: Innovative programs like Whole Person Care seek to identify and serve the most chronically homeless population, many of which also frequently access public safety, emergency, and hospital systems. There is no single solution to serving this hardest-to-serve population, but counties are seeking **\$25 million** for grants to assist with data management, personnel, and case management services to continue their ongoing work. This grant funding for tackling the chronically homeless issue is critical for all 58 counties. Each county, no matter how large or small, needs assistance in developing and operating a long-term effort to house the chronically homeless.
- Youth Experiencing Homelessness: Counties support the current **\$50 million** budget proposal to work towards providing additional housing opportunities for homeless youth. Providing an additional \$50 million in funding for the Homeless Youth Multifamily Housing Program which provides low interest loans to developers of affordable housing that contain units for homeless youth.
- Residents Affected by Natural Disasters: Counties support an allocation of **\$25 million** to address impacts to housing for thousands of residents affected by disasters. Thousands of homes were destroyed or damaged by the 2017 wildfires and mudslides. Initial data indicates that up to 20% of homeowners are uninsured and up to 40% of homeowners are underinsured. The scale of these disasters has strained the supply of construction workers and materials throughout California, creating localized shortages and escalating costs to rebuild. Insurance settlements based on normal recovery costs are woefully inadequate, and the cost to rebuild will far exceed insurance coverage due to labor and material shortages and increased building codes. To help property owners rebuild, low or no interest loans are needed to normalize the cost of construction and to rebuild up to current California standards. In some counties, approximately 40% of the household displaced by recent disasters were

renters. With vacancy rates of less than 2% prior to the fires, renters have few long-term housing options. Rebuilding, supplementing and subsidizing affordable housing stock for renters is critically and immediately needed.

SUPPORT FOR COMPLEMENTARY LEGISLATIVE EFFORTS

Streamlining Permitting Process for Supportive Housing: There are several measures that seek to streamline local activities for the development of affordable and supportive housing projects. Counties are ready to engage to ensure that the development process for much-needed supportive housing units is as expeditious as possible.

Counties also strongly support efforts to ease the siting of the whole continuum of housing, from facilities such as hospitals and psychiatric hospitals to criminal justice reentry centers, substance use disorder treatment centers, short term residential treatment programs, supportive housing, and board and care facilities.

In closing, California's counties are uniquely positioned to leverage public safety, health and human services, behavioral health, housing, transportation, code enforcement, and even parks and recreation, and animal control resources to tackle this problem in a comprehensive way. Our package of solutions is designed to address the needs of the continuum of those living with housing insecurity: the chronically homeless, the recently homeless, and those teetering on the edge of living without shelter.

We appreciate your attention to this urgent issue and stand ready to collaborate with your Administration and the Legislature to enact and fund a comprehensive array of homelessness and affordable housing solutions. We also appreciate your willingness to partner with counties to overcome significant challenges, and look forward to working together to address the homelessness crisis in our communities.

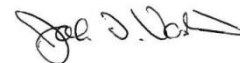
Sincerely,



Matthew Cate
CSAC Executive Director



Frank Mecca
CWDA Executive Director



Jolena Voorhis
UCC Executive Director