



**Joint Meeting of the Health and Human Services
Policy Committee and the Housing, Land Use and
Transportation Policy Committee**

Wednesday, June 1, 2016 — 12:00 - 1:30 p.m.

**Peterson/Wall Conference Room
1100 K Street, First Floor, Sacramento, CA 95814**

Or call-in at: 1-800-867-2581; Passcode 7500559#

- 12:00 p.m. I. **Welcome and Introductions**
Supervisor Ken Yeager, Santa Clara County, Chair, HHS
Supervisor David Rabbitt, Sonoma County, Chair, HLT
- 12:10 p.m. II. **“No Place Like Home” Proposal**
Farrah McDaid Ting, Legislative Representative, CSAC
Elizabeth Marsolais, Legislative Analyst, CSAC
- 12:40 p.m. III. **“By-Right” Multifamily Housing Approval Proposal**
Kiana Valentine, Legislative Representative, CSAC
Chris Lee, Legislative Analyst, CSAC
- 1:25 p.m. IV. **Closing Comments and Adjournment**
Supervisor David Rabbitt, Sonoma County, Chair, HLT
Supervisor Ken Yeager, Santa Clara County, Chair, HHS

*If calling in to the meeting, please place your line on **MUTE** until you wish to speak.
Please also **DO NOT PLACE THE LINE ON HOLD**. Thank you.*

**Joint Meeting of the Health and Human Services Policy Committee and the
Housing, Land Use and Transportation Policy Committee**

June 1, 2016

BACKGROUND MATERIALS

1. “No Place Like Home” Proposal

- a. CSAC “No Place Like Home” Memo
- b. Senate Budget Committee Agenda
- c. Assembly Democrats Affordable Housing Letter
- d. Los Angeles County Assembly Budget Committee Letter re: Matching Funds to Combat Homelessness
- e. Local “Millionaires Tax” for Homelessness Programs Fact Sheet

2. “By-Right” Housing Proposal

- a. CSAC “By-Right” Housing Proposal Memo
- b. Policy Questions Regarding “By-Right” Housing Proposal
- c. Relevant CSAC Platform Language



May 31, 2016

1100 K Street
Suite 101
Sacramento
California
95814

Telephone
916.327.7500

Facsimile
916.441.5507

To: CSAC Health and Human Services Policy Committee
CSAC Housing, Land Use, and Transportation Policy Committee

From: Farrah McDaid Ting, CSAC Legislative Representative
Kiana Valentine, CSAC Legislative Representative
Chris Lee, CSAC Legislative Analyst
Elizabeth Marsolais, CSAC Legislative Analyst

RE: No Place Like Home – DISCUSSION ITEM

Overview. Communities throughout California are grappling with significant challenges related to an estimated 115,000 homeless persons in California. State legislators are also determined to combat homelessness, making it a focus in 2016.

The Senate and Assembly, as well as Los Angeles County, have developed and promoted packages to address the issue of homelessness. Most of the packages require fiscal investments by the state and are being discussed in the context of the 2016-17 budget process. CSAC does not have a position on the proposals at this time and includes information on each to foster discussion about possible strategy and positions.

Senate “No Place Like Home” Proposal: In January, Senate leaders released their “No Place Like Home” proposal. Senate President pro Tempore Kevin de León and former Senator Darrell Steinberg crafted the plan to redirect a portion of Mental Health Services Act (MHSA, or Proposition 63) funding from counties to help securitize up to \$2 billion in affordable housing bonds. Under the Senate’s proposal, only counties would compete with each other for the housing bond funds.

The Governor has endorsed the No Place Like Home proposal. However, his Department of Finance has worked with the Senate to reduce the proportion of the \$2 billion in bonds that would be distributed on a competitive basis. Instead, the Governor is asking for up to \$500 million in noncompetitive funding for counties to use for rental subsidies and other innovative housing efforts. Of that \$500 million, a portion would also be available for technical assistance to counties. Lastly, the Governor agrees that leveraging MHSA funding is the best route to kick-starting construction or rehabilitation at the local level.

It should be noted that the Senate’s original proposal also included an increase in the state’s Supplemental Security Income/State Supplementary Payment (SSI/SSP) rates, which provide monthly funding to those who are aged, blind, or disabled. Further, it would have supported the existing Housing Support Program, which is administered by counties within the CalWORKs program, and a new “Bringing Families Home” program to provide family housing. None of these proposals are in the current Senate-Governor No Place Like Home concept.

Further, the County Behavioral Health Directors Association has developed a response to No Place Like Home to dedicate a larger portion of any MHSA diversion to each county on a noncompetitive basis. Their proposal includes:

- \$1 billion investment over 35 years to finance tax-exempt municipal bond debt service payments for capital projects serving individuals with serious mental illness who are homeless or at risk of homelessness;

And

- \$1 billion in either lease revenue bonds or local MHSA expenditures to finance housing assistance investments for individuals with serious mental illness who are homeless or at risk of homelessness.

CBHDA expounds on the benefits of their suggestion:

- *The MHSA investment in housing still totals \$2 billion.*
- *The proportional impact on each county's MHSA resources – which they need for sustaining existing services, program and population growth, and pay for supportive housing services -- will be substantially lessened by using \$1 billion (rather than \$1.8 or \$2 billion) toward a competitive capital grant program.*
- *Tax exempt bond proceeds are limited to capital expenditures (land, buildings, renovation, equipment), so housing assistance investments must be financed with another mechanism. Lease revenue bonds or local MHSA expenditures (see below) are appropriate alternative mechanisms for the other \$1 billion.*
- *The costs of making this housing investment will be reduced since interest will only need to be paid on \$1 billion in debt service (rather than on \$1.8 or \$2 billion). This could result in substantial savings. The other \$1 billion for housing assistance can be expended without the payment of interest.*
- *Housing assistance expenditures can begin immediately in FY 2016-17, whereas the initial round of capital projects may take a minimum of 5-8 years to be built. When the bonds go to market, 85% of project expenditures must be completed within three years. This requirement is likely to mean many years before the bond proceeds will general tangible results to the public. However, with a portion of the \$1 billion investment in housing assistance beginning immediately, voters in every county will rapidly see an immediate investment to reduce the homelessness of individuals with serious mental illness.*
- *Increased MHSA housing investments for persons with mental illness will occur in every county of California, including in the many small counties for whom investments in housing assistance or property purchase -- rather than development and construction of new housing units – have much more utility.*
- *Local county Boards of Supervisors, consumers, family members, and other stakeholders would have the opportunity to determine which types of housing assistance investments a larger portion of the diverted funding.*

CSAC has not yet developed a position on the “No Place Like Home” proposal, largely because, to date, no written materials have been released. We expect trailer bill language at any minute, but it is premature to develop a position until we can adequately assess the proposal.

Assembly Affordable Housing Package: Democrats in the Assembly, led by new Speaker Anthony Rendon, released a one-time \$1.3 billion proposal to help Californians secure and maintain housing on April 25. The plan would make one-time investments in five areas:

- **Increasing Rental Housing:** \$300 million for housing tax credits and \$200 million for multifamily housing production programs for lower income working families;
- **Assisting Homeownership:** \$200 million in funding grants to local agencies for assistance with workforce housing and \$200 million for the existing CalHome program;

- **Farmworker Housing:** \$50 million for the Joe Serna Farmworker Housing Grant Program, \$25 million for farmworker housing tax credits and \$250,000 for the Napa County Farmworker Housing Centers;
- **Homeless Assistance:** \$200 million for multifamily supportive housing, \$60 million for the new Whole Person Care pilot program specifically for housing high-need Medi-Cal beneficiaries, and \$40 million for the statewide Emergency Shelter Grant Program; and
- **Seismic Retrofitting:** \$60 million in income tax credits for seismic retrofitting of “soft-story” buildings.

More details are included in the attached letter to the Assembly Budget Committee.

Los Angeles County State Matching Fund Program to Combat Homelessness. Los Angeles County is sponsoring a proposal to secure \$100 million in state matching funds for local efforts to reduce homelessness. The County has adopted a comprehensive plan to combat homelessness and committed \$100 million in county funds toward that goal. Collaboration, coordination, and integration of services are the cornerstones of the county’s efforts, and additional state matching funds will allow the county and other jurisdictions, including counties and cities, to leverage existing housing funding.

The County identifies five areas or services that could receive state matching funds under their proposal:

- Subsidized housing for homeless disabled individuals pursuing Supplemental Security Income (SSI)
- Rapid re-housing
- Housing Choice vouchers for permanent supportive housing
- Interim/Bridge housing for those exiting institutions
- Enhancing the emergency shelter system

More details are included in the attached Los Angeles County letter to the Assembly regarding this proposal.

Los Angeles County Proposal for Local Personal Income Tax to Fund Homeless Programs. The Los Angeles County Board of Supervisors is pursuing budget trailer bill language to change State law to grant counties the authority to seek voter approval of a tax on personal income above \$1,000,000 per year to combat homelessness.

More details are included in the attached Los Angeles County letter to the Assembly regarding this proposal.

Attachments:

- Senate No Place Like Home Proposal (January 4, 2016)
- Assembly Affordable Housing Proposal (April 14, 2016)
- Los Angeles State Matching Fund Program to Combat Homelessness (April 11, 2016)
- Los Angeles Personal Income Tax to Combat Homelessness (May XX, 2016)

CSAC Staff Contacts:

Farrah McDaid Ting, CSAC Legislative Representative: fmcdaid@counties.org, (916) 650-8110
Kiana Valentine, CSAC Legislative Representative: kvalentine@counties.org, (916) 327-7500 Ext. 566
Elizabeth Marsolais, CSAC Legislative Analyst: emarsolais@counties.org, (916) 327-7500 Ext. 524
Christ Lee, CSAC Legislative Analyst: cle@counties.org, (916) 327-7500 Ext. 521

2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
5180 DEPARTMENT OF SOCIAL SERVICES**Issue 18: No Place Like Home Initiative**

Legislative Proposal. The Senate proposes the No Place Like Home (NPLH) initiative to help address homelessness. The initiative provides funding for a grant program to develop supportive housing for individuals with mental illness who are chronically homeless in addition to funding other programs to help address homelessness in California. (See the handout for details of the NPLH initiative.)

The Administration, in its May Revision, endorsed the Senate's concept of a \$2 billion bond from a portion of future Proposition 63 mental health revenues. The Administration also proposes 10.4 positions in 2016-17 (32 positions on an ongoing basis) to implement a competitive, multiyear program. In addition to providing funding for capital projects, some of the \$267 million annually in bond proceeds would be used for tenant-based rental assistance and direct technical assistance to localities.

Subcommittee Action. No action.

Staff Comments. California has the nation's largest homeless population that is disproportionately comprised of women with children, veterans, and the chronically homeless. Mental illness is the third largest cause of homelessness for single adults. Housing is the key factor for stabilization and recovery to occur and results in the most successful outcomes for those living with a mental illness. Investing Proposition 63 bond funds in permanent supportive housing can help the state leverage a significant amount of additional dollars through tax credits, Medi-Cal funding, and other housing development funds. In addition, the other funding augmentations included in the Senate's plan will help to address the state's overall homeless problem.

Attachment A

Issue 18 – No Place Like Home Initiative – Page 21

The No Place Like Home (NPLH) initiative includes the following.

Trailer bill language to establish the NPLH grant program which would authorize the Department of Housing and Community Development (HCD) to issue revenue bonds, funded by the Mental Health Services Fund, in the amount of \$2 billion. This fund receives revenues from a one percent tax on that portion of a taxpayer's taxable income that exceeds \$1 million, as required by the Mental Health Services Act enacted by the voters as Proposition 63 in November 2004. This program would include the following.

- \$1.8 billion awarded by HCD to counties through a competitive grant program to finance the acquisition, design, construction, or reconstruction of permanent supportive housing for individuals with mental illness who are chronically homeless. Funds would be divided into categories based on county size and would be distributed in at least four separate grant rounds over several years.
- California Housing Finance Agency would allocate \$200 million to all counties in an amount that is proportionate to the number of homeless persons in each county.
- A committee comprised of Administration officials, county officials, behavioral health directors and housing and mental health advocates, would sign off on HCD's guidelines and advise the department throughout the process.
- \$6.2 million from the Mental Health Services Fund (state administration) to counties for technical assistance.

The other key elements of the Senate plan are as follows.

- \$43 million General Fund to provide a total \$10 monthly increase, when combined with the Governor's budget proposal, in Supplemental Security Income/State Supplementary Payment (SSI/SSP) program grants to low-income persons who are aged, blind, or have a disability.
- \$50 million General Fund annually (for two years) for SSI outreach to increase participation among homeless persons with disabilities who may be eligible for disability benefits programs.
- \$50 million General Fund annually (for four years) for temporary housing for homeless persons.
- \$15 million General Fund ongoing for the CalWORKs Housing Support Program which provides housing and supportive services for CalWORKs families in danger of homelessness.
- \$10 million General Fund ongoing for the Bringing Families Home program, a county matching grant program to reduce homelessness among families that are part of the child welfare system.



ASSEMBLY COMMITTEE ON
HOUSING AND COMMUNITY DEVELOPMENT
DAVID CHIU, CHAIR
邱信福
ASSEMBLYMEMBER, SEVENTEENTH DISTRICT

April 14, 2016

Honorable Adrin Nazarian
Assemblymember Forty-sixth District
Chair, Assembly Budget Sub-4 Committee
State Capitol, Room 4146
Sacramento, CA 95814

Dear Assemblymember Nazarian,

As you know, California faces an affordable housing crisis that tarnishes the promise of our great state. When the costs of our record high rents and home prices are factored in we have the highest poverty rate in the nation. Since 2008, median rents in California have increased by over 20 percent, as median incomes have dropped by 8 percent. Over 1.5 million low-income families lack access to an affordable rental home, and our state includes 20 percent of our country's homeless population. As affordable housing production by the private sector has significantly diminished, and the state has significantly reduced its investment in affordable housing, now more than ever we need to prioritize the production of new affordable units.

California's homeownership rate is at a record low of 54 percent, as skyrocketing home prices have outpaced median incomes. In high cost areas, teachers, nurses, firefighters, police officers and other middle class public servants can no longer afford to live in the communities they serve. The imbalance of affordable housing near jobs has far-reaching negative impacts, exacerbating traffic congestion, climate change, and income inequality.

A precipitous drop in state and federal divestment in affordable housing has intensified these problems. With the elimination of California's redevelopment agencies and the exhaustion of state housing bonds, California has reduced its funding for the development and preservation of affordable homes by 79 percent - approximately \$1.7 billion a year. No permanent or sustainable source of funding has been created to compensate for this loss. The housing crisis has contributed to a growing homeless population, increased pressure on local social safety nets, created an unstable development and construction marketplace, and has led to the departure of tens of thousands of long-time Californians.

While we continue work on a permanent funding source for affordable housing in the state, Californians cannot wait. Immediate action is needed. We need to make a strategic investment in this budget year to address our housing crisis.

Investing one-time surplus funding in affordable housing production makes sense. Housing does not require ongoing state maintenance or investment, but creates long term benefits: our state programs require state-funded housing to be provided to lower-income families for 55 years. Investment in many state programs results in significant leverage of private, federal, and local investment. Furthermore:

- Affordable housing saves money -- on average, a single homeless Californian incurs \$2,897 per month in county costs for emergency room visits and in-patient hospital stays as well as the costs of arrests and incarceration. Roughly 79 percent of these costs are cut when that person has an affordable home.
- Development creates jobs -- an estimated 29,000 jobs are created for every \$500 million spent on affordable housing production.
- Affordable housing alleviates poverty -- California households with the lowest 25 percent of incomes spend 67 percent of their income on housing, leaving little left over for other essential needs.

As our state economy continues to rebound, we have begun restoring some of the cuts made to many of our state's critical programs, but unfortunately, housing was not one of these areas. Affordable housing resources that were reduced to zero when redevelopment was eliminated must be among these restorations.

For these reasons, we request the following investment into the following key areas to address our housing affordability crisis:

Rental Housing for Lower Income Working Families

- \$300 million for the Low income Housing Tax Credit (LIHTC). This program funds the construction, rehabilitation, acquisition of multi-family rental housing for families and individuals at 60 percent of area median income (AMI) or below. This one time investment will leverage \$550 million in federal 4% LIHTC and at least \$400 million in federal tax-exempt bond authority.
- \$200 million for the Multi-family Housing Program (MHP). This program funds the construction, rehabilitation, and acquisition of multi-family rental housing for families and individuals at 60 percent of AMI or below.

Homeownership Opportunities and Rental Housing for Working Families

- \$200 million for the Local Funding Grants for Workforce Housing. This new program will provide funding to local governments for down payment assistance, homeownership assistance, rental housing, and to address displacement for individuals

and families. In high cost areas local governments could serve families that make up to 120 percent of AMI. The program would require local jurisdictions to provide a funding match.

- \$200 million for CalHome. This program provides for grants and loans to local governments and nonprofit organizations for rehabilitation of existing homes, mortgage assistance, real property acquisition, site development, predevelopment, and construction period expenses of homeownership development projects, or permanent financing for mutual housing and cooperative developments. Within this program is the Self-Help Housing Program that provides grants to nonprofit organizations for construction supervision of groups of families building their own homes.

Housing for Farmworkers and their Families

- \$50 million Joe Serna Farmworker Housing Grant Program. This program finances the new construction, rehabilitation, and acquisition of owner-occupied and rental units for agricultural workers, with a priority for lower income households.
- \$25 million increase to the Farmworker Housing Tax Credit. This program funds the construction, rehabilitation, and acquisition of multi-family rental housing for farmworkers and their families who make up to 60 percent of AMI.
- \$250,000 for the Napa County Farmworker Housing Centers. Napa County is not eligible for funding from the Office of Migrant Services program; however, to maintain the County's three farmworker housing centers, additional funding is needed.

Seismic Retrofit of Soft-Story Homes

- \$60 million for Personal Income Tax Credit for Seismic Retrofit of Soft Story buildings. This program allows a credit equal to 30 percent of a qualified taxpayer's qualified costs incurred for seismic retrofit construction.

Housing Assistance and Production for Homeless Individuals and Families

- \$200 million for Multi-Family Housing Program – Supportive Housing. This program funds the construction, rehabilitation, acquisition of rental housing with supportive services for families and individuals who are homeless or at-risk of homelessness whose incomes do not exceed 30 percent of AMI.
- \$60 million for the Medi-Cal Housing Program. This new program would provide rental assistance for people who are homeless and enrolled in Medi-Cal served through a county's 1115 Waiver Whole Person Care Pilot Program. The federal government has authorized \$1.5 billion in funding for funding for services for the Whole Person Care

Pilot Program. Ongoing funding for the program would come from future savings by Medi-Cal due to housing high-risk homeless clients.

- \$40 million for the Emergency Shelter Grant Program. This program assists persons at risk of becoming homeless with homelessness prevention assistance and rapid rehousing.

We appreciate your consideration of this request and look forward to working with you to ensure that California's families are served through these vital housing programs.

Sincerely,



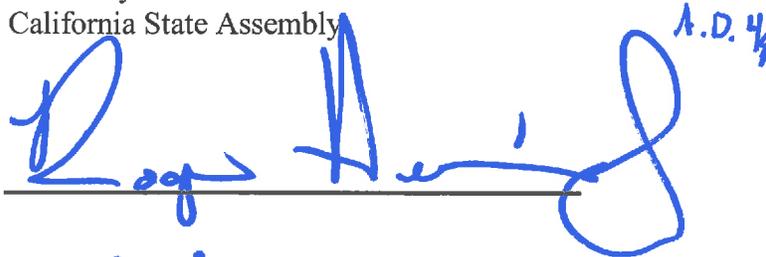
David Chiu, Chair
Housing and Community Development
Committee



Tony Thurmond,
Assemblymember Fifteenth District
California State Assembly



Ed Lee AD #18



Doug Hering AD #4



Rob Bonta AD #18



Kevin Muller AD #22



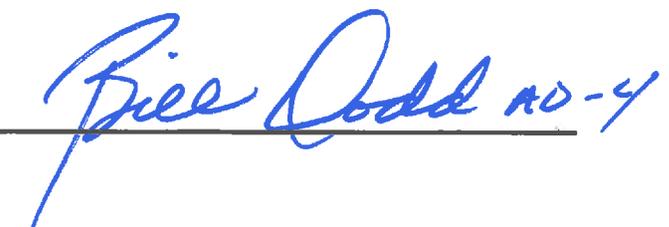
Gregoire AD #62



Now Campo AD #27



Susana Bonilla AD #14



Bill Dodd AD #4

Jonie H. Atkins AV78

Cc: Speaker Anthony Rendon
Assemblymember Philip Y. Ting



COUNTY OF LOS ANGELES

Sacramento Legislative Office

1100 K Street, Suite 400, Sacramento, California 95814
(916) 441-7888 • Fax (916) 445-1424
<http://ceo.lacounty.gov>

SACHI A. HAMAI
Chief Executive Officer

DONNA SEITZ
Acting Chief Legislative
Representative

April 11, 2016

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

The Honorable Adrin Nazarian, Chair
Assembly Budget Subcommittee #4
State Capitol, Room 4146
Sacramento, California 95814

**RE: Housing: Budget Proposal - \$100 Million State Matching Fund Program
to Combat Homelessness for Fiscal Year 2016-17 - SPONSOR**

Dear Assembly Member Nazarian,

The Los Angeles County Board of Supervisors sponsors a State Budget proposal to request \$100 million in one-time State General Fund in FY 2016-17, to establish a new State Matching Fund Program to Combat Homelessness. The Program would provide 50/50 matching funds for counties and cities that commit their own funds, and/or federal housing subsidies that they administer. Counties and cities could use the funding for a combination of highly-effective strategies as referenced in the attached document.

In Los Angeles County, there has been a significant increase in homelessness, especially those living in tents, makeshift shelters, and vehicles. According to the Los Angeles Homeless Services Authority, the County's homeless population was 39,461 in 2013 and 44,359 in 2015; an increase of 12.4 percent. The homeless population in tents, makeshift shelters, and vehicles increased by 85 percent from 2013 (5,335) to 2015 (9,335).

On February 9, 2016, the Board unanimously approved a comprehensive plan comprised of 47 strategies to combat homelessness throughout the County. These strategies were developed by the Chief Executive Office's County Homeless Initiative, in collaboration with 25 County departments, 30 cities and more than 100 community organizations. To launch the implementation of these strategies, the Board approved \$100 million in new one-time funding. Additionally, the Board directed the Housing Authority of the County of Los Angeles to dedicate an estimated 850 Housing Choice Vouchers for permanent supportive housing for the chronically homeless in FY 2016-17 and FY 2017-18. The County is prepared to leverage these funds to access State matching funds if this proposal is enacted.

Therefore, we urge your support of this proposal, which would strengthen local governments' efforts to combat homelessness.

Sincerely,

Donna Seitz
Acting Chief Legislative Representative

Martha Guerrero
Legislative Representative

**c: Each Member and Consultant,
Assembly Budget Subcommittee #4**

STATE MATCHING FUND PROGRAM TO COMBAT HOMELESSNESS FY 2016-17 BUDGET PROPOSAL

The State can make a critical contribution to helping homeless individuals and families by establishing a new State Matching Fund Program to Combat Homelessness, which would be funded with \$100 million in one-time State General Fund in FY 2016-17. The proposal would provide 50/50 matching funds for counties and cities that commit their own funds, and/or federal housing subsidies they administer.

Counties and cities could use the funding for any combination of the following five highly-effective strategies.

Five Key Strategies to Combat Homelessness

- **Subsidized Housing for Homeless Disabled Individuals Pursuing Supplemental Security Income (SSI).** Providing housing for homeless disabled individuals significantly increases the likelihood that they will qualify for SSI and sustain housing without a subsidy (or with a modest subsidy) upon approval for SSI. For individuals approved for SSI, housing subsidies can be recouped through Interim Assistance Reimbursement, and the recouped funding can be used to provide a housing subsidy for additional homeless disabled individuals pursuing SSI. The State would match county and city contributions for housing subsidies, and could recover its contribution for individuals approved for SSI and use the recovered funding for subsidies for other disabled homeless individuals.
- **Rapid Re-Housing.** These programs target homeless families and individuals who have low- to moderate- barriers to maintaining permanent housing. Rapid re-housing is the most effective and efficient intervention for more than 50 percent of homeless individuals and families based on available data. With short-term financial assistance, case management and targeted supportive services, homeless families and individuals are likely to secure an income adequate to maintain unsubsidized permanent housing. The State would match county and city contributions for rapid re-housing for homeless families and individuals who have a good chance of being able to pay their own rent in six to twelve months, typically through employment.
- **Housing Choice Vouchers for Permanent Supportive Housing.** Federal Section 8 Housing Choice Vouchers (HCV) are the primary source of permanent housing for chronically homeless adults, the homeless population most in need of permanent supportive housing. Supportive housing combines a permanent housing subsidy with case management, health, mental health, substance use disorder treatment, and other services. Public housing authorities can dedicate HCVs that become available through routine turnover for this population; however, funding is needed for the associated services. The State can incentivize public housing authorities to dedicate Section 8 vouchers to chronically homeless adults by providing \$500 per month per person or household for supportive services for three years.

- **Interim/Bridge Housing for those Exiting Institutions.** Institutions and major systems, including hospitals, jails, prisons, and foster care, need to discharge people with appropriate planning and sufficient resources to ensure that they have housing upon discharge. Various forms of interim/bridge housing need to be available to promote successful reintegration into the community and to avoid recidivism. These housing options include shelter beds, stabilization beds, shared recovery housing, recuperative care beds, and board and care. The State would match county and city contributions for up to three months of bridge housing for individuals exiting jails, hospitals, prison, foster care, juvenile probation, and the military.
- **Enhance the Emergency Shelter System.** The emergency shelter system should be an effective point-of-access to and component of an integrated homeless services system. An adequate crisis housing system ensures that individuals, families, and youth have a safe place to stay in the short-term, with access to resources and services that will help them exit homelessness quickly. Emergency shelters must operate 24 hours a day, seven days a week to effectively triage, assess, and connect clients to housing, health and social services. The State would match county and city contributions to enable emergency shelters to remain open 24/7 and function as an effective platform for access to ongoing housing and services.

How the State Matching Fund Program Would Work

Specifically, cities and counties throughout the State would be able to submit applications for this funding through September 30, 2016, and could use the funding for any combination of any of the above five authorized strategies. City and county applications would be required to document approval of the local funding and/or Housing Choice Vouchers which would be matched by the State.

Conclusion

The State has an unprecedented opportunity to support and partner with counties and cities in combatting homelessness statewide. The provision of State matching funds will assist and incentivize localities to respond effectively to the crisis of homelessness which is significantly impacting communities across California.

Trailer Bill Proposal to Help Counties Combat Homelessness

The Request

The County of Los Angeles is seeking the enactment of trailer bill language to grant counties the authority to seek voter approval to impose a special tax on personal annual income above \$1 million to combat homelessness.

What is the Problem?

The homeless crisis in Los Angeles County has been worsening and demands an urgent, coordinated response from the State, County, cities, and community partners throughout the region. The overall number of homeless people in Los Angeles County on a given night increased to 46,874 in 2016, which is 6% more than in 2015 and 19% more than in 2013. The subset of homeless people living in encampments, tents and vehicles increased by 20% from 2015 to 2016 and a staggering 123% from 2013 to 2016¹.

The Need for New Resources

The Los Angeles Homeless Services Authority estimates that \$450 million in additional, ongoing funding is needed to address the current gap in homeless housing and services, excluding any costs associated with housing construction.

What the County of Los Angeles Has Done

In August 2015, in response to the homelessness crisis which pervades Los Angeles County, the County launched the Homeless Initiative, a countywide effort to develop a comprehensive set of County strategies to combat homelessness. The inclusive, collaborative planning process brought together 25 County departments, 30 cities and over 100 community organizations, service providers and advocates.

On February 9, 2016, the Board of Supervisors unanimously approved the coordinated set of 47 strategies in 6 categories: Prevent Homelessness; Subsidize Housing; Increase Income; Provide Case Management and Services; Create a Coordinated System; and Increase Affordable/Homeless Housing. These strategies strengthen and build on current County efforts and leverage mainstream criminal justice, health, and social services. To launch initial implementation of these strategies, the Board allocated \$100 million in one-time funding, while emphasizing the critical need for ongoing revenue to sustain the strategies.

Why We Need Ongoing Revenue

It is impossible to solve an ongoing problem with one-time funding. The County conducted a poll to determine voter support for potential revenue-raising measures. The most popular option is a tax on personal income above \$1 million/year which is supported by 76% of likely voters in the November 2016 election. A one-half percent millionaires' tax is estimated to generate \$243 million per year in Los Angeles County.

¹ 2016 Greater Los Angeles Homeless Count, Los Angeles Homeless Services Authority



® May 31, 2016

1100 K Street
Suite 101
Sacramento
California
95814

Telephone
916.327.7500

Facsimile
916.441.5507

TO: CSAC Housing, Land Use and Transportation Policy Committee

FROM: Kiana Valentine, Legislative Representative
Chris Lee, Legislative Analyst

RE: **Governor's May Revision "By-Right" Multifamily Housing Proposal**

The Governor proposed budget trailer bill language (TBL) that would seek to streamline the development of attached multifamily housing projects that include a specified percentage of units affordable to households with lower incomes. Unlike AB 2522 (Bloom), which was limited in application to cities and unincorporated areas with higher population densities, the TBL would apply to any attached housing project that is located on a site designated and zoned for housing in the local government's general plan or zoning ordinance and that is surrounded on at least 75% of its perimeter by urban uses. Given the fact that the Bloom proposal stalled in the Assembly prior to its first policy committee hearing, it is unclear whether the Governor's broader proposal will be able to gain any political traction.

Key elements of the Governor's "by-right" housing approval proposal include:

Projects Eligible for By-Right Approval. As defined in the TBL, an attached housing development projects can include multifamily residential projects, vertical mixed use projects with neighborhood commercial on the first floor, or transitional and supportive housing. Projects consistent with the affordability criteria in the TBL as well as the objective general plan and zoning standards at the time of submitting the application must be approved by-right. For the purposes of the TBL, by right means that a conditional use permit, a planned development permit, or another discretionary local government review or approval that would constitute a project for the purposes of CEQA cannot be required. Design review is allowed to the extent that it does not constitute a discretionary project for the purposes of CEQA.

Affordability Requirements. In transit priority areas (TPAs)¹ the development must include either ten percent of units affordable to low income households or five percent of units for very-low income households in order to be eligible for by-right approval. Outside of TPAs, a project must include at least twenty percent of the units affordable for households making eighty percent or less of the median area income. The affordability provisions prescribed by the TBL must be recorded against the development's property for a term of 30 years or more and be enforceable by a public agency or any member of the public.

Site Restrictions. Unless a project is located on a designated housing site (i.e. already identified for housing in the general plan and zoning ordinance for housing), the TBL "by-right" provisions are not applicable to housing projects on sites that are located on prime farmland or farmland of statewide significance, certain sites with hazardous waste issues, certain areas with very high fire hazard severity zones, wetlands, earthquake fault zones, floodplains or floodways.

¹ TPAs are defined as areas within one-half mile of an existing or planned transit stop with rail transit service, a ferry terminal also served by bus or rail, or a bus transit stop with at least 15-minute peak-hour headways.

Problematic Timeframes for Local Review. The TBL unfortunately includes timeframes whereby local governments would have to make a written determination as to whether a proposed housing development was consistent with objective general plan and zoning standards for the site. If the local government fails to provide an explanation why a project is inconsistent within thirty days or fails to respond, then the project is deemed consistent with the standards and eligible for by-right approval. The TBL also places a time limit of ninety days on local government design review of an eligible housing development. CSAC has consistently opposed such review timeframes and remedies, especially given the pre-existing authority afforded project proponents under the Permit Streamlining Act.

Enforcement and Reporting. The TBL would allow a court to enforce the law by a writ of mandate, thereby a local government to approve a project by-right when the project is entitled to such approval under this proposal. The bill would also allow project proponents or applicants to submit information on performance of local governments under the “by-right” approval provisions, which would be compiled by the Office of Planning and Research along with local agency’s annual reports on their progress in meeting their share of the Regional Housing Needs Allocation. The information would be annually review and reported on the Department of Housing and Community Development website.

Policy Considerations. CSAC staff is seeking policy guidance from the committee to determine what the association’s stance should be on the potential streamlining opportunities for housing developments under the proposed TBL. While the proposal would limit local discretion and impose arbitrary timelines for local government review, it would also facilitate more expeditious development of affordable and market rate housing that is consistent with both objective standards in adopted local plans and in non-discretionary design review processes. Recall that CSAC’s platform recognizes the a statewide affordable housing crisis and the HLT Policy Committee adopted priorities that included direction to staff to find ways for counties to proactively partner with cities and the state to address a variety of housing issues.

Policy Questions Regarding “By-Right” Housing Proposal

1. Does your county require a use permit or some other discretionary permit for the construction of attached multifamily housing projects within zones that are designated to accommodate multifamily attached housing?
 - a. If so, would you be concerned that qualified projects would only be subject to non-discretionary review?
 - b. If not, do you have concerns related to non-discretionary processes your county has in place (e.g. design review, etc.) that should be listed in the bill as applicable to eligible projects?
2. The Administration asserts that thoughtful upfront planning through the General Plan and specific plans and associated public outreach and participation and CEQA review are sufficient to capture community input and potential environmental impacts at the project level. Do you agree, disagree, and why?
3. Are the affordability standards too high or too low for a given project context? I.E. 10% low or 5% very-low in areas with high-quality transit¹, or 20% affordable to households making less than 80% of the “median area income” everywhere else.
 - a. Too low in TPAs?
 - b. Too high outside of TPAs?
4. Are you concerned with timeframes for local agency review? CSAC has typically opposed such requirements.
 - a. 30 days to determine consistency with “objective” zoning/general plan standards; deemed consistent if agency fails to respond.
 - b. 90 days for design review.

¹ Areas within one-half mile of an existing or planned transit stop with rail transit service, a ferry terminal also served by bus or rail, or a bus transit stop with at least 15-minute peak-hour headways.

Relevant CSAC Platform Language

Section 1: GENERAL PRINCIPLES

- Counties have and must retain a primary responsibility for basic land use decisions.

Section 2: THE COUNTY ROLE IN LAND USE

C. Environmental Analysis

- The environmental review process under the California Environmental Quality Act (CEQA) provides essential information to be constructively used in local decision-making processes. Unfortunately, the CEQA process is too often used as a legal tool to delay or stop reasonable development projects.
- The CEQA process and requirements should be simplified wherever possible including the preparation of master environmental documents and use of tiered EIRs and negative declarations, including Climate Action Plans and associated environmental impact reports for tiering under CEQA. The length of environmental reports should be minimized without impairing the quality. Further, California Counties 48 other public agencies (federal, state, regional, affected local jurisdictions, special districts, etc.) should participate in the environmental review process for plans and projects in order to provide a thorough review and analysis up front and avoid conflicts in future discretionary actions.

Section 3: STATE ROLE IN LAND USE

- Local government recognizes that state government has a legitimate interest in proper land use planning and utilization of those lands which are of critical statewide concern. The state interest shall be statutorily and precisely defined and strictly limited to those lands designated to be critical statewide concern in concert with attainable and specified state goals and policies. The state's participation in land use decisions in those designated areas shall be strictly limited to insuring the defined state interest is protected at the local level. Any regulatory activity necessary to protect the state's interest, as defined in statute, shall be carried out by local government.
- Adequate financial resources shall be provided, before a state-mandate is activated, to insure local government has the ability to carry out state-mandated planning requirements.

Section 6: HOUSING

- Housing is an important element of economic development and essential for the health and wellbeing of our communities. The responsibility to meet the state's housing needs must be borne by all levels of government and the private sector. CSAC supports a role by the state Department of Housing and Community Development that focuses on assisting local governments in financing efforts and California Counties advising them on planning policies-- both of which strive to meet the state's housing needs. HCD's role should focus on facilitating

the production of housing, rather than an onerous and unpredictable housing element compliance process that detracts from local governments' efforts to seek funding and actually facilitate housing production.

- Promote a full range of housing in all communities. Local governments, builders, the real estate industry, financial institutions and other concerned stakeholders should recognize their joint opportunities to encourage a full range of housing and should work together to achieve this goal. This will require a cooperative effort from the beginning of the planning and approval process as well as creatively applying incentives and development standards, minimizing regulations and generating adequate financing. Using this approach, housing will become more affordable and available to all income groups.