



May 21, 2020

The Honorable Anna Caballero, Chair
Senate Budget Subcommittee No. 4
State Capitol, Room, Room 5052
Sacramento, CA 95814

The Honorable Jim Cooper, Chair
Assembly Budget Subcommittee No. 4
State Capitol, Room, 6025
Sacramento, CA 95814

Dear Senator Caballero and Assembly Member Cooper:

On behalf of the California State Association of Counties (CSAC), the Urban Counties of California (UCC), and the Rural County Representatives of California (RCRC) we write to express our conceptual support for the Governor's May Revision proposal to dedicate \$600 million to purchase hotels and motels being leased by counties as part of "Project Roomkey." We appreciate the Governor directing state-level Coronavirus Relief Fund (CRF) to aid counties in our homelessness emergency response efforts. This proposal recognizes the important role of counties in reducing unsheltered homeless individuals in our communities.

If the state were designing an ongoing program to address homelessness with robust resources for multi-faceted approaches, the proposal outlined in the Governor's May Revision would not be the county preference. However, we understand and appreciate the precarious nature of state and local budgets due to the impacts of COVID-19 and want to partner with the Administration and Legislature to ensure California makes maximum use of CRF federal funds that currently have limited flexibility attached.

As presented, this proposal builds upon Project Roomkey, which is a multi-agency state and local effort to provide safe isolation motel rooms for vulnerable individuals experiencing homelessness. This occupancy program is currently supported by the Federal Emergency Management Agency (FEMA) through May 31, 2020. Project Roomkey has been successful in a number of counties and extending that program through purchase of hotel properties may be the best solution in many communities. However, you have undoubtedly read media reports as to the challenges counties face with staffing to support homeless individuals under Project Roomkey. Further, as indicated in the County Variance applications submitted to the Department of Public Health, counties have employed a wide array of solutions to provide immediate shelter to homeless individuals in response to the COVID-19 pandemic. Counties would respectfully request the flexibility to build upon all of these solutions through a broader range of timely one-time expenditures that meet the criteria for use of CRF funds.

Specifically, counties suggest clarifying that the \$600 million may also be used by counties to acquire, expand, or improve facilities used to provide shelter to homeless individuals that do not have an existing Project Roomkey lease agreement, if the county can demonstrate it is able to meet the appropriate timelines and federal eligibility criteria for expenditure of the funds. Similarly, some hotel/motel agreements under Project Roomkey may have been viable leases, but are not suitable for purchase and ongoing ownership and operation. Counties encountering those circumstances should be offered the opportunity to acquire another

property or expand/upgrade an existing facility for a consistent use within applicable timeframes. For instance:

- In a large urban or medium suburban county, this may include a property or building that was not well-suited for Project Roomkey but remains a viable option for immediate acquisition or remodeling for the housing of unsheltered individuals.
- In a small or rural county, this may include a duplex or four-plex that is more likely available and better suited for the needs of the homeless individuals in their community, or upgrading an existing shelter to provide for COVID related hygiene, space and service requirements.

To expeditiously capitalize on existing expertise and partnerships, some counties may wish to direct funding to non-profit housing services providers for like purposes, and the program should include enough flexibility to allow for this alternative ownership model.

In moving forward with this proposal, counties seek to ensure the \$600 million is equitably disbursed among counties throughout the state as homelessness, and the economic impacts of COVID-19, have spared no county in California. Given the condensed timeline associated with the May Revision, and the need to disburse and expend these funds quickly (by December 30, 2020), counties suggest an existing allocation methodology should be used as a guide. In reviewing existing mechanisms, the No Place Like Home program, also administered by the California Department of Housing and Community Development, may contain a workable framework. Counties would suggest that similar allocation tiers should be established for large counties, medium counties, and small counties (as specified in the existing program). However, rather than a lengthy application and review process, counties should be offered opportunities to quickly attest to the planned use of their funds prior to receipt and any funds that remain could be utilized where they may be expended quickly and meet the greatest community needs.

The collective memberships of our associations also urge that to the extent future federal legislation increases the flexibility of CRF expenditures, that the flexibility is passed through to this funding and program as well. We recognize that with additional flexibility or funding, there is significant value in dedicating funds to homelessness programs focused on rental assistance, landlord incentives, and capital improvements to create more transitional housing.

Lastly, counties believe this proposal must be accompanied by statutory clarification related to tenancy issues. Counties have prioritized bringing the most vulnerable Californians indoors during the COVID-19 pandemic above all concerns. However, to continue to build on the gains of Project Roomkey and purchase these properties for ongoing operation, counties need clarification that residency laws do not apply. This clarification will allow counties to provide continuity of housing to unsheltered individuals.

Again, we sincerely appreciate the investment of additional federal funds toward Project Roomkey that allow for the purchase of assets that are critically needed across the state and look forward to an ongoing dialogue with the Administration and Legislature to ensure these resources are utilized to their maximum benefit.

Sincerely,



Darby Kernan
California State Association of Counties



Jean Kinney Hurst
Urban Counties of California



Tracy Rhine
Rural County Representatives of California

cc: The Honorable Holly Mitchell, Chair, Senate Budget and Fiscal Review Committee
The Honorable Phil Ting, Chair, Assembly Budget Committee
Honorable Members, Senate Budget and Fiscal Review Committee
Honorable Members, Assembly Budget Committee
Chris Woods, Office of the Senate President pro Tempore
Jason Sisney, Office of the Assembly Speaker
Joe Stephenshaw, Senate Budget and Fiscal Review Committee
Christian Griffith, Assembly Budget Committee
Ana Matosantos, Cabinet Secretary, Office of the Governor
Jason Elliott, Senior Counselor for Housing and Homelessness, Office of the Governor
Mark Tollefson, Deputy Cabinet Secretary, Office of the Governor
Keely Bosler, Director, Department of Finance
Vivek Viswanathan, Chief Deputy Director for Budget, Department of Finance
Erika Li, Program Budget Manager, Department of Finance
Mark Ghaly MD, MPH, Secretary, California Health and Human Services Agency