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## SELECT COMMITTEE ON THE SOCIAL DETERMINANTS OF CHILDREN'S WELL-BEING

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### *An Informational Hearing about Housing Challenges and Their Impact on the Well-Being of Children*

#### **The Social Determinants of Health and Wellness as a Framework**

The social determinants of health and well-being provide a guiding framework for how we as a society and a state should implement a broader view of health by understanding the links that drive particular health outcomes. This framework recognizes individual factors such as behavior, age, gender, and genetics and the roles they play in a person's health, while connecting these to societal factors such as social and community networks, socioeconomic levels, environmental conditions, and sociocultural influences such as racism and gender norms. Simply stated, conditions in the environments in which people are born, live, learn, work, play, worship and age affect a wide range of health and quality-of-life outcomes and risks.

Viewing health through the social determinants framework raises the question of whether our efforts to improve health should start or end at a hospital or clinic, or instead in the social and economic environment where we find ourselves. Access to social and economic opportunities; the resources and supports available in our homes, neighborhoods, and communities; the quality of our schooling; the cleanliness of our water and air; the availability and accessibility of housing; immigration policies; and access to jobs and other factors impact our health and well-being. These components make it clear that systemic inequalities negatively affect the health of individuals and communities that do not have the same level of capital and access as others. Delving into these social determinants also forces us to contemplate the nature of our social interactions and relationships with one another and how they impact our well-being individually, as a state, and as a nation.

For the purposes of the Select Committee's work, we will be focusing on housing and homelessness, health access, immigration, education, environment, land use, and poverty in our hearings over the next two years. If we can lift the tides for children and families as they pertain to these issues, then we can improve people's health outcomes and quality of life. We start by learning about the issues; raising questions; and putting forth ideas combed from conversations, studies, literature, newspaper reporting, legislation, budget proposals, and experts in their field of work.

## Sleep Deprivation and its Impact on the Developing Child

Sleep is a physiological necessity or the main physical requirement for human survival in psychologist Abraham Maslow's Hierarchy of Needs. Sleep is needed in the same vein as breathing, food, water, sex, excretion, and homeostasis<sup>1</sup>. The triangle of Maslow's Hierarchy of Needs (Figure 1) from bottom to top is physiological, safety, love and belonging, esteem, and self-actualization.

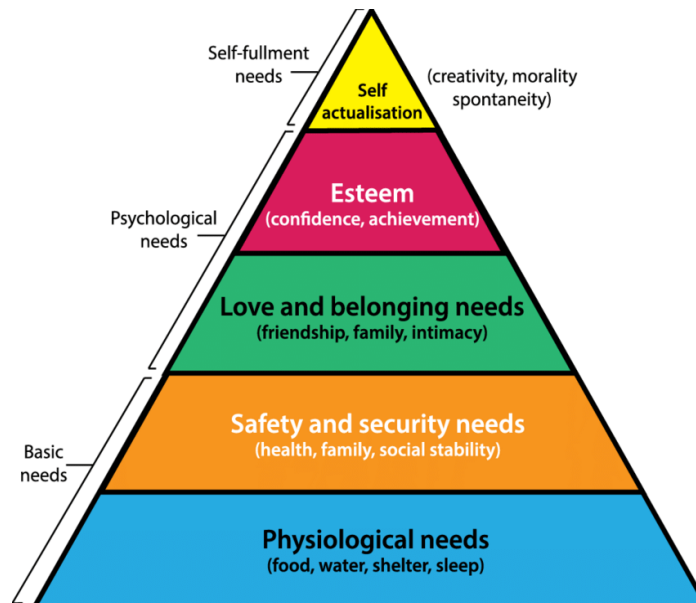


Figure 1

This classification system reflects the universal needs of society as its base before the higher order needs closer to the top of the triangle can be accessed per Maslow. The goal of Maslow's Theory is to get to the fifth level or stage of self-actualization. Today, some scholars prefer to think that these levels are continuously overlapping each other and not as consecutive as Maslow had hypothesized. They say the human brain is a complex system and has parallel processes running at the same time, thus many different motivations from various levels of Maslow's hierarchy can occur simultaneously.

Beyond Maslow, scientists now know that sleep is fundamental to human beings because it is important for the development of the nervous system and the maintenance of physical health. According to the Center for Disease Control, insufficient sleep is a public health epidemic for both adults and children. Lack of restorative sleep can compromise the physical and emotional

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<sup>1</sup> Homeostasis refers to the ability of an organism or environment to maintain stability in spite of changes. Examples include the body's temperature, glucose level in the body, the lymphatic systems ability to operate an optimal level fight infections from bacteria and viruses, blood pressure, and the proper balance between the acids and bases in the lungs and kidneys.

health of children and interfere with normal growth and development. The American Academy of Pediatrics recommends the following amount of sleep for various age groups:

- 12 to 16 hours per day (including naps) between ages 4 months and 12 months
- 11 to 14 hours per day (including naps) between ages 1 and 2
- 10 to 13 hours per day (including naps) between ages 3 and 5
- 9 to 12 hours per day between ages 6 and 12
- 8 to 10 hours per day between ages 13 and 18

Studies show that a good night's sleep improves learning whether it is learning math, playing the piano, or how to drive a car. Lack of sleep in children leads to daytime sleepiness, inattention, school tardiness and absenteeism, and can cause children to experience hyperactivity, depression, impatience, impulse control problems, and aggressive behavior. A study from Harvard University revealed that parents and teachers both say that executive functions such as attention, working memory, reasoning, problem solving, and behavior problems are exhibited in 7-year-old children if they do not get enough sleep. The study of 1,046 children revealed that African-American children, lower household income children, and children whose mothers had lower education levels sleep less than their counterparts.<sup>2</sup>

Sleep plays an important role in physical health. For example, sleep is needed to heal and repair the heart and blood vessels in the body. Lack of sleep can lead to increased heart disease, kidney disease, high blood pressure, diabetes, and stroke. Lack of sleep can also increase obesity. One study of teenagers showed that with each hour of sleep lost, the odds of obesity went up. This is true of other age groups as well.

Children who are more rested contract fewer infections because restorative sleep strengthens the immune system.<sup>3</sup> Sleep deprivation has also been linked to an increase in mental illness, drug abuse among teenagers, and higher rates of violence and aggression.<sup>4</sup>

Dr. Mona El-Sheikh, a professor of child development at Auburn University, states, "Children, especially those who live in poor neighborhoods and come from economically disadvantaged homes, tend to benefit more when they sleep better and tend to suffer more when their sleep is poor."<sup>5</sup>

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<sup>2</sup> <https://news.harvard.edu/gazette/story/2017/03/study-flags-later-risks-for-sleep-deprived-kids/>

<sup>3</sup> [https://www.nursingcenter.com/cearticle?an=00006247-201408000-00005&Journal\\_ID=54013&Issue\\_ID=2525901](https://www.nursingcenter.com/cearticle?an=00006247-201408000-00005&Journal_ID=54013&Issue_ID=2525901)

<sup>4</sup> <https://www.theatlantic.com/health/archive/2014/08/homelessness-and-the-impossibility-of-a-good-nights-sleep/375671/>

<sup>5</sup> <https://medicalxpress.com/news/2010-11-impact-deprivation-children.html>

Among the working age population, the U.S. Department of Health and Human Services estimates that chronic sleepiness has cost the nation \$16B in healthcare expenses each year. Poor sleep costs an estimated \$50B in lost productivity annually.<sup>6</sup>

### **Homeless Children Have More Health Problems**

Homeless families do not have permanent places to sleep or do many other things like eat, do homework, play, and be. Even if a family finds a shelter for the evening, sufficient sleep can be hard to come by. According to Bobby Watts, CEO of the National Health Care for the Homeless Council, “Having to live without a place that is home is tiring – physically, mentally, emotionally, in every way. Your need for sleep is greater, but your ability to get sleep is even less than if you were living in a home.”<sup>7</sup>

Overcrowded conditions connected to homelessness or near homeless can expose babies to disease and illness, maternal stress, lack of sanitation, and lack of routine. A 1999 report from the Housing Fund found that homelessness inhibits physical, emotional, cognitive, social and behavioral development of children. This impact is experienced even while babies are in the womb as their mothers encounter homelessness; the homelessness is layered on top of other problems like substance abuse, chronic and acute health problems, and lack of prenatal care. Children born into homelessness are more likely to have low birth weights and are at greater risk of death. Many infants who are homeless lack immunizations because of poor healthcare access. At around 18 months of age, many homeless children exhibit developmental delays in reaction to stress. Children may become insecure, tearful, distrusting, and irritable, and may regress in speech and toilet training. Young children who are homeless are often separated from their parents, which can cause long-term negative effects. In school, homeless children are behind – not just academically, but socially, physically, and emotionally.

In short, homeless children have more health problems. They are four times more likely to need extended health care immediately post-birth, and 16 percent of homeless children have one or more chronic health problems such as cardiac diseases, peripheral vascular disease, endocrine dysfunction, or neurological disorders, compared to 9 percent of housed children. Homeless children are at greater risk for asthma and lead poisoning. Because of poor nutrition, homeless children are six times more likely than housed children to experience stunted growth and seven time more like to experience anemia. Tragically, homelessness also makes it harder to access consistent health care, which can lead to greater severity of illness.<sup>8</sup>

Homelessness itself is stressful and traumatic, causing emotional distress in children as they are constantly dealing with change. The stress leads to higher incidences of mental disorders, which are then manifested in behavior.

### **Homelessness in California...**

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<sup>6</sup> <https://www.takingcharge.csh.umn.edu/enhance-your-wellbeing/health/sleep/why-sleep-important>

<sup>7</sup> <https://rewire.news/article/2018/09/27/sleep-deprivation-is-an-unrecognized-problem-for-homeless-people/>

<sup>8</sup> [http://www.fhfund.org/wp-content/uploads/2014/10/Homlessness\\_Effects\\_Children.pdf](http://www.fhfund.org/wp-content/uploads/2014/10/Homlessness_Effects_Children.pdf)

Homelessness is pervasive in California and “knows no boundaries.”<sup>9</sup> It exists in urban, suburban, and rural communities, in heavily forested areas as well as along our rivers and under our freeways. In 2017, the California homeless count as reported by the Continuums of Care to the Housing and Urban Development (HUD) was at 134,278 people. However, per the Homelessness Task Force, “experts agree that the number of people without housing is 3 to 4 times higher than the point-in-time count.”<sup>10</sup> The 134,278 figure constitutes 25 percent of the nation’s homeless population, and it includes 21,522 people in families with kids and 15,458 unaccompanied homeless youth.

### ... by Geography

Los Angeles County has the highest population of homeless individuals in all of California at roughly 55,000 in 2017, and was second only to New York for the city with the largest population of homeless people in the nation. CalMatters has reported that while 95 percent of New York’s homeless were sheltered, only 25 percent of those in Los Angeles were sheltered. In 2018, the homelessness rate in Los Angeles actually dropped to 52,765 because the County managed to house 16,519 people through new supportive and rapid re-housing resources, expanded landlord incentive programs, and expanded move-in financial assistance, among other strategies. Los Angeles approved Proposition HHH in November 2016 and Measure H in March 2017 to invest in addressing homelessness over the next 10 years, and that money in conjunction with the strategic planning process has had positive impacts.

The other California cities with the largest homeless populations include: San Diego (9,160), San Jose (7,394), and San Francisco (6,858).

Small towns like Patterson in the Central Valley are also facing problems with homelessness. The population of Patterson more than doubled between 1990 and 2013 to about 65,000 people. In 2014, the average rent was \$900; in 2017, it was \$1,600, according to an apartment database. In an article in the Guardian, the flight of people leaving the high-priced Bay Area is the cause of the population influx and rise in housing prices.<sup>11</sup> People can live in Patterson and go to higher paying jobs in the Bay Area. The Deputy Director of the local housing authority has said that the families who live and work in Patterson cannot compete with the commuters. In Patterson, the government housing waitlist has 10,000 people on it.<sup>12</sup> Patterson has a homeless population of 60 to 80 a night, up from 20 people just three years ago. In the 2017 homeless count, about 1,400 people were tallied as being homeless while another 18,000 were considered imminently

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<sup>9</sup> From Co-Chairs Jan Arbuckle and Oscar Villegas in the letter in the Homeless Task Force Report from of the Leagues of California Cities and California State Association of Counties found at: <https://www.cacities.org/Resources-Documents/Policy-Advocacy-Section/Hot-Issues/Homeless-Resources/League-CSAC-Task-Force/HTF-Homeless-2018-Web.aspx>

<sup>10</sup> <https://www.cacities.org/Resources-Documents/Policy-Advocacy-Section/Hot-Issues/Homeless-Resources/League-CSAC-Task-Force/HTF-Homeless-2018-Web.aspx>

<sup>11</sup> The City of Turlock is seeing the same sort of immigration and housing pattern. The Guardian reports of buses with free wifi going from Turlock to Bay Area Stations. The San Francisco Bay Area Council was reported promoting proposals to expand rail service between the Central Valley and the Silicon Valley.

<sup>12</sup> <https://www.theguardian.com/us-news/2017/apr/13/california-homelessness-silicon-valley-tech-commuters>

homeless, sleeping in cars, motels, or couch surfing. Kevin Carroll, executive director of a shelter in Modesto 20 miles away, says he has had to turn away dozens of women and children a month due to lack of beds.

The 2018 count from the Continuum of Care in Fresno showed that the homeless population was at 1,834, a 5 percent increase from the year before. This is the case despite Fresno's ordinance to make it illegal to camp in private or public areas.<sup>13</sup>

El Dorado, Sonoma, Monterey, San Benito, Yuba, Sutter, Placer and Nevada counties all saw increases in highest to lowest from 330 to 74 percent.

### **...by the Proportion of Families and Young Adults, and other Demographic Factors**

California has the distinction of having the highest percentage of unsheltered homeless individuals in the country, with 70 percent of the total California homeless population being unsheltered.<sup>14</sup> These are Californians who do not have temporary shelter.

Per the federal Department of Housing and Urban Development (HUD), of 134,278 people experiencing homelessness, 7,168 were family households. California constitutes 12 percent of the nation's population of homeless families with children.<sup>15</sup> Here, it is worth noting that the HUD data is just one data point, and it might not be adequate in providing a full scope of the problem. For example, U.S. Department of Education data shows that there were 246,296 estimated children and youth who were homeless, with 7,533 of those students unsheltered. School data also shows that of the students who had nighttime residences, 17,071 were in shelters, 10,095 were in hotels/motels, and 211,607 were "doubled up."<sup>16</sup> Data from CalWORKs shows that in fiscal year 2017-18, 63,890 families were approved either for temporary or permanent housing assistance - not to mention the number of families that requested assistance, but were denied. Additionally, CalWORKs' separate Housing Support program received over 46,000 requests for assistance from eligible families since its inception in 2014. Many of the families impacted here are single-headed households lead by women.

HUD reports that of the 134,278 total homeless people, 15,458 were unaccompanied young adults, ages 18-24. Unaccompanied youth do not live with a family member and are not sheltered. At 58 percent of the nation's total homeless population, this the largest number of unaccompanied homeless youth. This homeless subgroup often sleep on the streets, live in cars

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<sup>13</sup> <https://www.yourcentralvalley.com/news/fresno-homeless-population-continues-to-grow-officials-say-funding-s-are-needed-to-tackle-problem/1197501589>

<sup>14</sup> <https://calmatters.org/articles/homeless-in-california-what-the-data-reveals/>

<sup>15</sup> From 2016 to 2017, the state experienced one of the largest increases of homeless families in the nation, leaving 1,000 more families.

<sup>16</sup> <https://www.usich.gov/homelessness-statistics/ca/>



or shelters, or couch surfing – the practice of moving from one temporary arrangement to another, often on a friend or family’s couch.

Data on foster youth in California show that as many exit the foster care system, they frequently live with relatives and significant others. However, several studies have documented disproportionately high rates of homelessness and housing instability among foster youth after they exit the foster care system. A study from Chapin Hall looking at the California foster youth and former foster youth population documented a 25 percent homelessness rate. The study defined homelessness as sleeping in a homeless shelter or in a place where they could not stay for one night or longer. The study showed that the level of homelessness varied for the cohort studied: 5 percent were homeless for 1 night, 29 percent for 2 to 7 nights, 24 percent for 8 to 300 nights, 21 percent for 31 to 90 nights, and 21 percent for more than 90 days. Couch surfing is also a prevalent practice in this community with over 36 percent of the systems-involved youth reported couch surfing with over 40 percent indicating they had couched surfed on five or more occasions.<sup>17</sup>

Lesbian, gay, bi-sexual, transgender, and queer/questioning (LGBTQ) youth are also 120 percent more likely to experience homelessness than non-LGBTQ youth. Data shows that of the youth experiencing homelessness, 40 percent identified as LGBTQ. Some of these youth state their family’s rejection of their gender identity as a primary cause of their homelessness.<sup>18</sup>

Students in higher education also experience homelessness, which is of concern to the higher education institutions. One in four community college students experienced homelessness. Eleven percent of California State University students experience homelessness one or more times over the past 12 months. Five percent or 13,000 UC students experience homelessness.<sup>19</sup>

The mentally and developmentally disabled also face a homelessness problem. Many live with aging caregivers and as their parents become incapacitated. Adult children are often at risk of institutionalization or homelessness because of housing shortages. This population experience housing discrimination because of their disabilities. They also need accommodations for these disabilities, which frequently do not exist.

The California Department of Finance provides that of the homeless in California, 26 percent are severely mentally ill, 24 percent are victims of domestic violence, 13 percent are youth, and 9 percent are veterans.

The Los Angeles Homeless Services Authority (LAHSA) reports that the African-American population is overrepresented in the homelessness population in Los Angeles, at 35 percent,

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<sup>17</sup> [https://www.chapinhall.org/wp-content/uploads/CY\\_YT\\_RE0518\\_1.pdf](https://www.chapinhall.org/wp-content/uploads/CY_YT_RE0518_1.pdf) from pages 18-26.

<sup>18</sup>

[https://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/Final\\_February\\_21\\_2019\\_Hearing\\_Agenda\\_Affordable\\_HousingandHomelessness.pdf](https://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/Final_February_21_2019_Hearing_Agenda_Affordable_HousingandHomelessness.pdf)

<sup>19</sup>

[https://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/Final\\_February\\_21\\_2019\\_Hearing\\_Agenda\\_Affordable\\_HousingandHomelessness.pdf](https://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/Final_February_21_2019_Hearing_Agenda_Affordable_HousingandHomelessness.pdf); see also <https://www.sacbee.com/news/politics-government/capitol-alert/article215360060.html>

while constituting only 9 percent of the population of the county. Among other racial/ethnic groups in Los Angeles, 35 percent of the homelessness population is Hispanic or Latino, 25 percent is White, 1 percent Asian, 1 percent American Indian/Native, and 1 percent Multi-racial/Other.<sup>20</sup>

## **The Great Recession**

### **A. The Housing Crisis and its Racial Impact**

The Great Recession and the mortgage crises that led up to it disproportionately and negatively impacted black and brown families. The ACLU compared total wealth for median black and white households in 2007, with and without factoring home equity. Prior to the crash, the median wealth for a white household, excluding a home, was \$92,950. For black households, that figure was \$14,200. When factoring home equity, the wealth of a black household grew to \$63,060. For white households, including home equity increased their wealth to \$244,000.

During the mortgage crisis, predatory lenders targeted communities of color. Nationally, the Department of Treasury found that black families living in upper-income neighborhoods were two times more likely than white households in lower-income neighborhoods to refinance their homes with subprime loans that lead to defaults. Black and Latino households were nearly 50 percent more likely to face foreclosure than their white counterparts.

In 2014, University of California's Hass Institute for Fair and Inclusive Housing reported that of the 100 cities with the highest rates of "underwater mortgages nationally," 71 were metropolitan areas in which blacks and Latinos made up 40 percent of the population. The list included 18 California cities, including Sacramento. According to the California Reinvestment Coalition, in 2007, Sacramento residents lost \$54 million collectively in addition to their home because of the mortgage crisis.

Nationally, the gap between homeownership rates of whites and blacks has remained relatively unchanged for more than 100 years.<sup>21</sup> A Zillow report from 2014 showed that black individuals make up only 3 percent of conventional mortgage applicants – the lowest rate of any racial/ethnic group – and face the highest denial rate at 25 percent, compared to just 10 percent for white applicants. With limited access to loans, black families face less favorable mortgage options, increasing financial hardship or forcing families to rent, which increases financial hardship because renting is sometimes more expensive than owning.<sup>22</sup>

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<sup>20</sup> <https://www.lahsa.org/documents?id=2059-2018-greater-los-angeles-homeless-count-presentation.pdf>

<sup>21</sup> The racial nature of housing practices and policy is not new. Examples include racial covenants as a requirement for new home building, as established by the National Association of Real Estate Brokers in the 1920s. In the 1930s, the Home Owners Loan Corporation and the FHA institutionalized the idea that homogenous white neighborhoods represented the safest investment in housing.

<sup>22</sup> <https://www.theatlantic.com/business/archive/2015/06/black-recession-housing-race/396725/>



## **B. The Great Recession and the Conversion of Foreclosed Units into Rentals as a Market Practice from Firms**

During and after the recession, many of the homes that were foreclosed were taken out of the home purchasing market and was instead bought up to be rented out as investments. This practice further increased the cost of housing. Real Estate Investment firms like Waypoint Real Estate, Carrington, Oaktree Capital Management, and Colony Capital saw an opportunity in the market to make money from bank-owned homes or homes in serious state of delinquency and distress. They touted the “REO-to-rental” model as a practice that can help avoid dislocation and negative societal consequences of foreclosures.<sup>23</sup>

The firms intended to change the mom-and-pop operation of rental units into an institutional investment class and its owners predicted, correctly, that those who could not afford their mortgages will still want to live in the same communities as renters. About one-third of Waypoint’s homes were occupied by the former homeowners themselves, with 25 percent staying on as tenants. Many of the occupants leave because they can no longer afford the rent, while others refused to go unless evicted.<sup>24</sup>

In 2012, Waypoint owned more than 2,200 houses in California (Bay Area and Inland Empire) and other locations such as Phoenix, Chicago, Atlanta, and other cities.<sup>25</sup> In the same year, Carrington rented out more than 3,000 houses in California and other states. By 2013, Colony Capital owned 142 homes in the Oakland-Fremont metropolitan area and 114 in Sacramento.<sup>26</sup> Landsmith, a San Francisco based firm, was reportedly pursuing the same strategy in California, Arizona and Nevada as with other investment firms nationally.<sup>27</sup> A recent visit to their website reveals that they are managing about 1,000 homes covering 25 markets from 7 regional offices and are acquiring over 100 homes a month.<sup>28</sup>

In California, the home ownership rate has declined to its lowest rate since the 1940s. Today, 54.1 percent of Californians own their homes as compared to 64 percent of U.S. households.<sup>27<sup>29</sup></sup>

## **C. Reduction in Federal Investments in Housing**

At the same time that Californians were experiencing increased financial hardships, federal investments in critical housing development programs were declining. From 2005-15, the federal government made the following reductions:

- 77 percent reduction in the U.S. Department of Agriculture’s Section 515 program (Rural Rental Housing Loans),

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<sup>29</sup> <https://lao.ca.gov/reports/2015/finance/housing-costs/housing-costs.aspx>

- 55 percent reduction in the U.S. Department of Housing and Urban Development (HUD) Section 202 program (Supportive Housing for the Elderly),
- 62 percent reduction in the Home Investment Partnership Program, and a
- 50 percent reduction in the Community Development Block Grant.

The reduction in federal funding, combined with the Great Recession and the housing market crash, has prevented local governments from having the resources to address homelessness. Per the cities and counties, the State’s 2012 dissolution of the 60-year-old redevelopment program lead to a loss of \$1B a year to fund housing. Moreover, while various bonds were passed in 2002, 2006, and 2014, much of the money for affordable housing construction has already been spent, up to the November 2018 election when additional propositions were passed.

### **Affordability (or Lack Thereof) of Housing**

California is home to 21 of the 30 most expensive rental markets in the nation, and the state does not have enough housing supply to match the demand, especially of low-income housing. The state’s 2.2 million extremely low income and very low-income renters compete for just 664,000 affordable rental homes.

The average fair market rent for a two-bedroom apartment in California is \$1,386. To afford this level of rent without paying more than 30 percent of a family’s income on housing, a family must earn \$4,619 a month or \$55,433 a year. California renters pay 40 percent more than the national mean, while the state’s median household income is only 18 percent higher than the national average per the Public Policy Institute of California. More than 50 percent of renters in California are rent cost-burdened, paying more than 30 percent of their household income on rent. More than 25 percent of renters in California are severely cost burdened, paying 50 percent or more of their income on rent.<sup>30</sup>

Broadly, the cost of living in California is extremely high. California has more than 1.7 million low-income households spending more than one-half of their income in housing costs. “When you are paying that much for housing, with so little left over, even a minor shock can start a cycle of homelessness,” according to Ben Metcalf, Director of the State Department of Housing and Community Development. Moreover, while housing costs have increased for homeowners and renters, the median income has not kept up for homeowners or renters. The median monthly housing costs of homeowners with mortgages in California is 47 percent higher than the national average. Of homeowners with mortgages, 40 percent pay more than 30 percent of their household income on their mortgages, while 17 percent pay more than 50 percent.<sup>31</sup>

### **The Role of the Government within the Private Market**

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<sup>30</sup> [https://calbudgetcenter.org/wp-content/uploads/Esi-Hutchful\\_Jewish-Family-and-Childrens-Services-Public-Issues-Committee\\_04.30.2018-1.pdf](https://calbudgetcenter.org/wp-content/uploads/Esi-Hutchful_Jewish-Family-and-Childrens-Services-Public-Issues-Committee_04.30.2018-1.pdf); the California Budget and Policy Center suggests investing in child care and preschool to help families make ends meet given the financial constraints families are in.

<sup>31</sup> [https://calbudgetcenter.org/wp-content/uploads/Esi-Hutchful\\_Jewish-Family-and-Childrens-Services-Public-Issues-Committee\\_04.30.2018-1.pdf](https://calbudgetcenter.org/wp-content/uploads/Esi-Hutchful_Jewish-Family-and-Childrens-Services-Public-Issues-Committee_04.30.2018-1.pdf)

The prevailing consensus is that California is in the midst of a housing crisis due, in part, to decades of underbuilding in relation to demand. While 200,000 units of housing are needed each year to just keep up with the population growth, only 113,000 units were permitted in 2017. Since 2007, fewer than 750,000 units have been permitted in California, providing for only 40 percent of the overall need.

Housing generally operates within a private market framework. Very few jurisdictions at any level of government seems capable of providing all the resources needed to solve the housing problem, and so the private market continues to dictate many issues related to housing, including whether there will be enough of it. Private developers and non-profits alike say that the cost to develop housing is very high. From 2011 through 2015, the average cost to produce an affordable housing unit that received an affordable tax credit was \$332,000 per unit if newly constructed. Developers often cite the following barriers to building: that the review process is too lengthy and onerous, and that design changes, local opposition to building, and planning services and impact fees can significantly increase costs. These fees can run between \$75,000 for a multi-family housing unit or \$150,000 for a single-family home.

Government interventions that do exist include inducing the development of affordable housing, providing federally owned and government subsidized units for low-income people as a cost share, and providing vouchers to Section 8 tenants to rent from private landlords.

### **California’s Planned Investments in Building Housing, Preventing Homelessness, and Alleviating Harm**

For fiscal year 2019-20, the Administration proposes to spend \$7.7 billion across multiple departments and programs to address housing and homelessness throughout the state.

The Legislative Analyst’s Office (LAO) has created the following chart (Figure 2) to help explain the State’s proposed investments in housing through issue-area “buckets.” Per the graphic, it would be helpful to think about funding not so much through departments, but rather through each bucket or objective.

Figure 2

**2019-20 Affordable Housing and Homelessness Funding**

<i>Department</i>	<i>Program</i>	<i>Amount</i>
Department of Housing and Community Development	Housing Planning and Production Grants	\$750
	Veterans and Affordable Housing Bond Act Programs (SB 3)	\$526
	No Place Like Home Program	\$400
	Building Homes and Jobs Fund Programs (SB 2)	\$277
	Federal Funds	\$228
	Housing for Veterans Funds	\$75
	Office of Migrant Services	\$6
California Housing Finance Agency <sup>1/</sup>	Various	\$15
	Single Family First Mortgage Lending	\$2,000
	Mixed-Income Loan Program	\$500
	Multifamily Conduit Lending	\$300
	Multifamily Lending	\$120
	Single Family Down Payment Assistance	\$113
Homeless Coordinating and Financing Council	Special Needs Housing Program	\$20 <sup>2/</sup>
	Planning and Progress Grants to Address Homelessness	\$500
Strategic Growth Council <sup>3/</sup>	Affordable Housing and Sustainable Communities	\$395
Tax Credit Allocation Committee	Low Income Housing Tax Credits (State)	\$600
	Low Income Housing Tax Credits (Federal)	\$299 <sup>4/</sup>
	Farmworker Housing Assistance Tax Credits	\$1
Department of Veterans Affairs	CalVet Farm and Home Loan Program	\$220
Department of Social Services	CalWORKS Housing Support Program	\$95
	Housing and Disability Advocacy Program	\$25
	CalWORKS Homeless Assistance Program	\$16
	CalWORKS Family Stabilization, Housing Component	\$4 <sup>5/</sup>
Department of Health Care Services	Whole Person Care Pilots - Housing Investment	\$100
	Project for Assistance in the Transition from Homelessness	\$9
	Whole Person Care Pilots Program, Health Homes Program, Mental Health Services Act Community Services and Supports, California Community Transitions Program	N/A <sup>6/</sup>
Office of Emergency Services	Domestic Violence Shelters and Services	\$54
	Domestic Violence Housing First Program	\$19
	Transitional Housing Program	\$19
	Specialized Emergency Housing	\$10
	Homeless Youth and Exploitation Program	\$1
California State University	Youth Emergency Telephone Network	\$1
California State University	Basic Needs Funding - Student Hunger and Homelessness Programs	\$15 <sup>7/</sup>
University of California	Basic Needs Funding - Student Hunger and Homelessness Programs	\$15 <sup>7/</sup>
Department of Public Health	HIV Care Program	\$6
	Housing Opportunities for Persons with AIDS (HOPWA)	\$4
	Housing Plus Program	\$1
California Department of Corrections and Rehabilitation	Integrated Services for Mentally-Ill Parolees	\$4
	Specialized Treatment of Optimized Programming, Parolee Service Center, Day Reporting Center, Female Offender Treatment and Employment Program, Proposition 47 Grant Program	N/A <sup>6/</sup>
	<b>Total</b>	<b>\$7,743</b>

<sup>1/</sup> Amounts are based on lending activities from 2018-19 trends.

<sup>2/</sup> This amount represents a voluntary allocation of Proposition 63 funds from 16 participating counties.

<sup>3/</sup> The Affordable Housing and Sustainable Communities program amount reflects 20 percent of projected Cap and Trade revenues. The Transformative Climate Communities program (\$40 million for 2019-20) funds various activities, including housing as an eligible capital component; however, the investment in housing will not be determined until awards are made.

<sup>4/</sup> This amount represents the 9 percent tax credits allocated in 2019 and an estimated figure for 4 percent credits to be awarded in 2019 based on 2016-2018 averages. This figure does not include the approximately \$4 billion of tax-exempt bond debt allocation that is available for award from the California Debt Limit Allocation Committee.

<sup>5/</sup> This amount represents an estimate of the portion of the program associated with housing and homelessness activities.

<sup>6/</sup> The state provides a number of wrap-around supportive services through these programs, including housing support and application assistance, which cannot be separated from the Department of Health Care Services' and Department of Corrections and Rehabilitation's general budgets.

<sup>7/</sup> This program supports basic needs partnerships for low-income students facing housing or food insecurity.

Figure 3

**Housing and Homelessness Funding Impacting Children**

(In Millions)

Program	2018-19 Total	2019-20 Total	Difference	State Share	One-Time Funding
<b>Indirect Housing Assistance</b>					
<b>Building Housing and Shelter</b>					
Building Homes and Job Fund Program (SB 2)					
SB 2: California Emergency Solutions Housing Program	\$123	—	-\$123	None	
SB 2: Mixed-Income Loan Program	—	\$40	40	None	
SB 2: Permanent Local Housing Allocation Program	—	193	193	None	
SB 2: Planning and Zoning Grant Program	123	—	-123	None	X
SB 2: Other	10	70	60	None	
Subtotals	(\$256)	(\$303)	(\$47)		
Emergency Solutions Grant Program	\$23	—	\$23	None	
Expanded Mixed-Income Loan Program <sup>a</sup>	—	\$500	500	All	X
Expanded State Housing Tax Credit <sup>a,b</sup>	—	300	300	All	X
Homeless Emergency Aid Program	\$500	500	—	All	X
Housing Planning and Production Grants <sup>a</sup>	—	750	750	All	X
Middle-Income State Housing Tax Credit <sup>a,b</sup>	—	200	200	All	X
Multifamily Conduit Lending	429	300	-129	None	
Multifamily Lending	159	120	-39	None	
Office of Migrant Services	9	12	3	Most	
Planning and Progress Grants to Address Homelessness <sup>a</sup>	—	500	500	All	X
Proposition 1 (2018)					
Infill Infrastructure Grant Program	—	57	57	All	X
Joe Serna, Jr. Farmworker Housing Grant Program	—	41	41	All	X
Local Housing Trust Fund Program	—	57	57	All	X
Multifamily Housing Program	277	277	—	All	X
Transit-Oriented Development Program	—	37	37	All	X
Subtotals	(\$277)	(\$469)	(\$192)		
Proposition 2 (2018): No Place Like Home	\$400	\$400	—	None	X
State Low-Income Housing Tax Credit	100	103	\$3	All	
Special Needs Housing Program	24	20	-4	None	
Subtotals	(\$2,710)	(\$5,248)	(\$2,538)		
<b>Direct Housing Assistance</b>					
<b>Homeownership Assistance<sup>c</sup></b>					
Proposition 1 (2018)					
CalHome	\$55	\$57	\$2	All	X
Farm and Home Loan Program	56	56	—	All	X
MyHome Assistance Program	37	107	70	All	X
Subtotals	(\$148)	(\$220)	(\$72)		
School Teacher and Employee Assistance Program	\$6	\$6	—	None	
Single Family Down Payment Assistance	53	—	-\$53	None	
Subtotals	(\$354)	(\$445)	(\$91)		
<b>Paying for Housing</b>					
Bringing Families Home	\$7	—	-\$7	All	X
CalWORKs Family Stabilization, Housing Component	4	\$4	—	Some	
CalWORKs Homeless Assistance Program	57	57	—	Some	
CalWORKs Housing Support Program	71	95	24	Some	
Housing and Disability Advocacy Program <sup>a</sup>	—	25	25	All	
Subtotals	(\$139)	(\$181)	(\$42)		
<b>Totals</b>	<b>\$3,203</b>	<b>\$5,875</b>	<b>\$2,672</b>		

<sup>a</sup> Proposal included in Governor's 2019-20 budget.

<sup>b</sup> While the credits could be awarded in 2019-20, the credit could not be claimed until the housing has been built.

<sup>c</sup> Excludes a recurring loan program available for homeownership assistance.

The LAO recommends parsing out the housing and homelessness problems in various buckets or pathways as the housing and homelessness problem needs to be addressed with different approaches:

- 1) Build out the supply for housing, especially for affordable units,
- 2) Provide homeownership assistance to those who can purchase or construct homes,
- 3) Maintain homeownership and housing for people who might lose either and become homeless,
- 4) House people who are already homeless, especially the chronically homeless, and
- 5) Reduce the harm for people who are homeless by providing navigation centers, shelters and support like mental health and substance abuse treatment.<sup>32</sup>

While the state has many housing and homelessness programs across state departments and provides aid to local jurisdictions, it is difficult to get a good grasp of all the programs in place. And while we can focus on each practice to better understand how the program works or how funding is implemented, doing so is not the same as having a comprehensive plan addressing housing and homeless (something the state does not have at this time). In the long term, we recommend that such a plan be created with contemplation as to how various parts within a bucket fit together and how the parts of each bucket connect across the spectrum of homelessness and housing.

As portrayed earlier in this document, homelessness exists for numerous reasons, thus there is no silver bullet to fix California's massive and complicated problem. Of the current practices and funding around housing and homelessness, what should be expanded? What might be tweaked in any given area or system to meet the goals within the buckets described above? What innovative ideas and new ways of thinking might need to be deployed given the pervasive and unrelenting nature of the problem at hand? Which additional sources of funding can we draw on to meet the goals within the various buckets? What can be done about the Californians who do not want certain types of developments or people in their neighborhoods? These questions and their answers, which we do not purport to have, will be relevant for years to come.

A note: in the interest of brevity, we will not restate the recent investments and Governor's Proposed January Budget details here. Instead, we refer you to both the Senate Budget and Fiscal Review Committee Hearing held on February 21, 2019 and the background write-up that accompanied the hearing. Budget staff's write-up on the topic compliments the information we provide, and having a grasp of the current and proposed investments in this area would allow for

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<sup>32</sup> We have not discussed habitability and other housing challenges beyond homelessness in this write-up, but these types of problems also have an impact on health and could be considered as part of a bigger health and housing analysis. This could be in another bucket as expressed by some experts in the field who work with families living in sub-standard conditions.



better understanding of the landscape, without having to reinvent the wheel. The link to the write-up and the recording of the hearing can both be found in the footnote below.<sup>33</sup>

### **Bucket 1 - Building Out Housing Supply.**

Bucket one increases the housing stock. This bucket would include the No Place Like Home Act; the Veterans and Affordable Housing Bond Act; the Veterans Bond Fund from 2008; the proposed tax credit expansion to build supportive housing, shelters and navigation centers; loans to developers to build middle-class housing at 60 to 80 percent of the median income; technical assistance for general purpose funding to make housing production more efficient; revamping of the Regional Housing Need Assessment, transportation fund withholding as a stick unless housing production increases; expansion of the Enhanced Infrastructure Financing Districts (EIFDs); identification of excess state properties as potential development sites; and streamlining the California Environmental Quality Act. As this list demonstrates, there are quite a few approaches to take to increase the supply of housing in the long term.

To aid understanding, we provide a glossary of these programs at the end of this document.

### **Bucket 2- Provide Homeownership and Pathways to Homeownership.**

Bucket two increases homeownership. Homeownership can be a challenge in California given the cost of purchasing and the down payment sometimes needed to purchase a home. Bucket two would include many of the programs under The California Housing Finance Agency (CalHFA), which offers various homebuyer assistance programs mostly targeted toward first-time homebuyers with low or moderate incomes.

CalHFA provides:

- Conventional loans with fixed rates and government insured loans such as the CalHFA FHA Loan Program at a fixed 30-year rate and the CalPLUS FHA Loan Program also with a 30 year fixed interest rate (but is combined with another program for closing costs).
- Home Purchase Assistance Program, which offers loans to low-income and moderate-income homebuyers.
- Loan ups to 3.5 percent of the purchase price or appraised value to assist with down payment and/or closing costs via the MyHome Assistance Program.
- The School Teacher and Employee Assistance Program, which helps teachers, administrators, school district employees and staff members working for any California K-12 public, charter, and continuation schools obtain money for down payment or closing cost as a first time homebuyer.

Other funding in Bucket two include Proposition 1, passed in November 2018, which expended revenue in the following ways to encourage home ownership:

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<sup>33</sup> The Senate Budget and Fiscal review write-up can be found at: [https://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/Final\\_February\\_21\\_2019\\_Hearing\\_Agenda\\_Affordable\\_HousingandHomelessness.pdf](https://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/Final_February_21_2019_Hearing_Agenda_Affordable_HousingandHomelessness.pdf); the hearing can be watched at: <https://www.senate.ca.gov/media-archive>

- \$1 billion of revenue from general obligation bonds for the CalVet Home Loan Program, which offers loans to veterans for the purchases of homes, farms, and mobile homes.
- \$300M for the California Self-Help Housing Program (CSHHP), which funds programs that assist low and moderate income families to build their homes with their own labor. Funding goes to sponsor organizations that will train and supervise low and moderate income self-help homebuilders.

There does not appear to be any proposal from the Administration that would encourage increased home ownership at this time.

### **Bucket 3 – Maintain Housing and Homeownership for People who Might Become Homeless**

Bucket three prevents more people from slipping into homelessness. Here, the role of cash aid and the other social safety net programs should be considered as a tool to prevent homelessness. Cash aid from these programs are generally used to pay for the cost of housing. In addition, safety-nets programs, like Medi-Cal or CalFresh while not directly subsidizing housing, allows money to be freed up from other basic needs such as food or medical cost so that housing might be paid for.

**CalWORKs** is the state welfare-to-work program for families with a child under the age of 18. It is intended to provide for the basic needs of children via education and pathways to work for parents. Currently, the maximum grant for a family of three is \$714 a month, with the average grant being \$568 a month. On April 1, per an agreement made in the 2018 Budget Act, the CalWORKs grant will increase by 10 percent as prioritized by Sen. Mitchell and the Senate Democratic Caucus. At that point, the maximum grant for a family of three would go up to \$785. The full cost of this increase for 2019-20 is \$320 million. Governor Newsom proposed an additional 13.1 percent grant increase, effective October 2019. This would bring a family of three up to the 50 percent of the federal poverty level (FPL), at a cost of \$348 million in fiscal year 2019-20, with an annualized cost of \$455 million in 2020-21. Data shows that many CalWORKs families are facing homelessness and the increase in the grant amount could offer some relief for some. Though for many others, the grant amount would still be far less than what families need in California's high cost climate.

**Supplemental Security Income/State Supplementary Payment (SSI/SSP)** is another form of cash assistance to eligible individuals who are aged 65 or older, blind, or disabled. Children under 18 can receive benefits if they are blind or disabled. The state augments the federal aid with the state share, known as the State Supplementary Payment. For a disabled adult, the grant is \$932 and for a minor, it is \$836. For most SSI/SSP recipients, most of their aid goes towards paying rent, and anecdotally, advocates say that this amount is not sufficient to keep some people housed in the context of rent increases. Advocates have been encouraging increasing the state's portion of the grant for years.

The 2016 Budget Act funded the Housing Disability Advocacy Program (HDAP) by \$45 million one-time with county one-to-one match to help homeless people apply for disability benefits. The idea behind the program is that with cash assistance, some homeless individuals will become housed. The program is grounded on outreach, case management, disability advocacy, and housing assistance. Before the state started its program, counties like Los Angeles, San Francisco, and Alameda were hiring legal aid attorneys and county caseworkers to assist their

disabled adult populations in obtaining SSI/SSP, sometimes with housing support services leveraged by the reimbursement of retroactive aid if an SSI application is approved. Thirty-nine counties are participating in the program. This year's Budget proposes an annual appropriation of \$25M GF funding beginning in 2019-20 to continue this program.

To our understanding, in the program's current structure, young adults over 18 and under 26 would receive assistance, but likely only if they are on General Assistance or General Relief (GA or GR). However, the program does not seem to extend to disabled children – in a CalWORKs family or otherwise. This is likely because SSI/SSP assistance is provided to people who are also on a county's public benefits program for adults. GA or GR is generally provided as a loan, and when a county assists disabled people in this program, the jurisdiction receives a financial return on their investment, especially because the chronically homeless are so expensive in their use of hospital emergency rooms and other social safety net programs. At the same time, SSI/SSP infuses money into the economy in a trickle-up economic effect, given that the poor usually spend much of their money just to get by.

In considering this program, the Legislature should determine whether HDAP could be extended to assist families with a disabled child in applying for SSI/SSP. The financial situation of a family with a disabled child could greatly increase with additional resources from SSI/SSP, with the reality that some of that assistance would go towards paying for housing and other basic needs. However, extending this type of legal and case management assistance to those under 18 does not provide counties with an immediate financial return, as these children could also be receiving CalWORKs assistance, which is a grant-based program and not a loan-based program.

**The California Earned Income Tax Credit** is a tax credit provided to families with wage or self-employment earnings up to \$24,950. Credits can be claimed by filing a tax return. For the 2018 Tax Year, the highest amount of credit for a family of three or more is \$2,879. The federal EITC provides up to \$6,431 for families and thus, the two credits combined can be helpful to families. There has been ongoing proposals to increase the amount of the California EITC, allow undocumented individuals with Taxpayer Identification Numbers (TIN) to claim the credit, and expand unpaid caretaking work of parents to their child and adult children to their parents as labor deserving of a credit given the financial sacrifices generally involved. There is criticism of the credit being distributed only once a year in a lump sum making it unreliable for some families. Conversations are afoot as to how the credit can be distributed on a monthly basis.

**Cash, Food, and Medical Assistance Can Offset Housing Costs<sup>a</sup>**

(In Millions)

Program	2018-19 Total	2019-20 Total	Difference	State Share	One-Time Funding
CalFresh	\$6,291	\$6,830	\$539	None	
CalWORKs Cash Grants	2,685	3,068	383	Some	
Earned Income Tax Credit <sup>b</sup>	6,948	7,600	652	Some	
Free and reduced price lunch	2,838	2,936	98	Some	
Medi-Cal <sup>c</sup>	98,500	100,700	2,200	Some	
SSI/SSP	9,806	9,931	125	Some	
Whole Person Care Pilots <sup>d</sup>	—	100	100	All	X
<b>Totals</b>	<b>\$127,068</b>	<b>\$131,165</b>	<b>\$4,097</b>		

<sup>a</sup> Where possible, we tried to identify funding targeting children and families.

<sup>b</sup> Earned Income Tax Credit amounts reflect combination of federal tax year data and state fiscal year data. Tax year 2018 EITC data are not yet available. As such, 2019-20 is estimated.

<sup>c</sup> Represents entire Medi-Cal budget amount, some of which includes assistance for individuals other than children and families. Due to data limitations, the amount attributable to children and families specifically is not available.

<sup>d</sup> Proposal included in the 2019-20 Governor's Budget.

LAOA

Figure 4

**The State Controller's Property Tax Postponement Program** allows seniors, the blind, and disabled to defer current year property taxes on their principal residence at a 7 percent interest rate a year. A lien is placed on the home until: the account is paid in full; title is transferred; there is a default on a senior lien; the house is refinanced; or the owners moves, sells, or dies. To qualify, homeowners must have at least 40 percent equity on their home and an annual household income of 35,500 or less.

The Legislative Analyst Office will present more information about the Property Tax Postponement Program and the ways it might be expanded at the hearing today.

**Bucket 4 – Provide Permanent and Rapid Rehousing to Homeless Individuals and Families.**

There are varieties of housing options into which homeless individuals can transition so long as slots are available. Permanent supportive housing is an intervention that combines affordable housing assistance with voluntary supportive services with no time limit. Supportive services can range from independent living, health care services, mental health treatment, and employment services. This intervention is generally needed for the chronically homeless and disabled population and is needed to provide housing stability and improve health outcomes. Studies show that this intervention lowers cost to tax payers by reducing the use of publicly funded crisis services, including shelters, hospitals, psychiatric centers, jails, and prisons.

Rapid rehousing is an intervention designed to help individuals and families that do not need intensive and on-going support to exit homelessness and return to permanent housing. They are generally offered without pre-conditions to the tenant. Components of rapid rehousing include:

- Engaging with landlords to persuade them to rent to homeless individuals and families
- Helping individuals and families find units
- Providing assistance to cover move-in cost, deposits, and rental or utility assistance
- Helping households through case management and intervention as needed, but limited in duration

In the child welfare system, a parent’s lack of housing can prevent reunification with their children. The 2016 Budget Act, created Bringing Families Home and funded the program at \$10 million one-time to be spend over three years to reduce the number of children in the child welfare system and to increase family reunification. This program requires a county match and 12 counties currently participate. Evidence based housing models and practices such as rapid rehousing and permanent supportive services housing are encouraged. CDSS reports that from July 2017 through November 2018: 1,380 families were referred to BFH; 1,111 families have been approved; 642 families have been provided temporary housing; and 440 families have been permanently housed. Further evaluation is underway but county staff report that the program is helping families become unified and stay unified.<sup>34</sup> The expiration of Bringing Families Home at the end of the current fiscal year raises the question of whether this program should be continued. The Lifting Children and Families Out of Poverty Task Force recommends expanding the program to cover all counties that want to participate. It is worth questioning is working and not working in the program to consider how the program should function moving forward.

CalWORKs Housing Support (CHS) and CalWORKs Permanent Housing Assistance are both forms of rapid rehousing in that they can offer relatively quick ways for families to obtain permanent housing if they qualify. The HSP was created to increase overall child well-being by helping families exit homelessness and secure permanent housing as quickly as possible. State money flows to the counties and they get to determine how to use the money within a Housing First framework. Generally, counties use the funds for rental assistance, security deposits, utility payments, move in costs, hotel or motel vouchers, landlord recruitment, case management, housing outreach and navigation, legal services, and credit repair. Counties are required to participate in their local Continuums of Care. Thus far, the program has managed to place 14,500 families into permanent housing. The Governor has proposed \$95 million annual funding in fiscal year 2019-20. The California Department of Social Services has expressed some concerns that families in the program might not be able to sustain permanent housing on their own without long-term subsidy.

The permanent CalWORKs Homeless Assistance Program offers security deposit coverage and first month’s rent to help people get into housing or pay arrears of up to 2 months to prevent homelessness. This assistance is limited to once a year, subject to exceptions like domestic violence, and only available to those who have less than \$100 in asset. The biggest challenge to getting help is a provision that says monthly rent cannot exceed 80 percent of the total monthly income and must be paid to a landlord in the business of renting property. This means that a family receiving the maximum grant for a family of three (\$714) and who have no other source

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<sup>34</sup> <http://www.cdss.ca.gov/Portals/9/Housing/BFH%20Fact%20Sheet.1.22.19.FINAL.pdf?ver=2019-01-24-170631-917>

of income, would have to find a professional landlord to rent to them for no more than \$571 to qualify for the assistance. Most professional landlords do not rent units at that rate, and the reality is those that are willing to rent at this rate are generally friends and families that are trying to help a loved one from becoming homeless by renting out one room. These two limitations could explain why the uptake rate for Permanent Homeless Assistance was only 6,276 when compared to the 57,614 families that received temporary homeless assistance in the same year. It is worth considering whether these policy and budgetary limitations should continue to exist in the program in light of the obstacles they pose to families becoming and staying housed. Also worth considering is whether the state should subsidize families who cannot cover the long-term cost of the rent on their own in the totality of a cost-benefit analysis, one that includes the impact of homelessness on children and the average \$28,000 cost associated with providing shelter to a homeless person nationally.

### **Bucket 5 – Reducing Harm to the Homeless by Providing Navigation Centers, Shelters, Hotel and Motel Vouchers, and Supportive Services like Mental Health and Substance Abuse Treatment.**

The challenges of unsheltered people, especially children, living on the street are numerous, with sleep being one of them. Cities like San Francisco have created three navigation centers to provide the unhoused with room and board, case management to connect them to public benefits, health services, shelter, and housing. Navigation centers are different from shelters in that they have fewer barriers to entry and offer intensive case management. The capacity is 75 for the Mission Navigation Center, 93 for the Civic Center Navigation Center, and 70 for the Central Waterfront Navigation Center. San Francisco touts that its Navigation Center has brought over 1,150 vulnerable people off the streets and 72 percent of their “guests” have exited the center housed since it opened in June 2016.<sup>35</sup>

The 2018 Budget Act provided a \$500M flexible block grant in the form of the Homeless Emergency Aid Program to the Continuums of Care (CoCs) and the 11 largest cities. In addition, \$123M of the Building Homes and Jobs Act (SB 2) of 2017 was provided. To get the grant, the city, county, or joint power must declare an emergency shelter crises. The grant could be used for emergency housing vouchers, rapid rehousing, emergency shelter construction, and temporary shelters. Cities and CoCs have begun to receive these funds and are using them to make capital improvements for housing and shelters, and to direct delivery of services such as health education and rental assistance. However, the demand for short-term homelessness assistance remains.

This year, the Governor’s Proposed Budget includes a \$500 million one-time General Fund expenditure for jurisdictions that site and build emergency shelters, navigation centers, or supportive housing. Of that amount, \$300M is intended for planning across jurisdictions and to develop shelters and navigation centers. The remaining \$200M will act as a further incentive for jurisdictions that show progress in constructing new supportive housing units, emergency shelters, and navigation centers, with the extra money provided without use or purpose restrictions.

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<sup>35</sup> <http://hsh.sfgov.org/services/emergencyshester/navigation-centers/>



The Governor's January Budget also proposed a \$100M one-time General Fund expenditure for the Whole Person Care Pilot program that can go in bucket five. The Whole Person Care Pilot program coordinates health, mental health, drug treatment, and social services in a patient-centered way to improve a person's health and well-being. The pilot programs are intended to target people who are homeless, at risk of homelessness, or have demonstrated medical need for housing and/or supportive services. The Department of Health Care Services will be developing a funding methodology that includes prevalence of homelessness, cost of living, and "performance." The counties are supposed to match state funding to serve the homeless and mentally ill.

The CalWORKs Homeless Assistance Program has both temporary housing and permanent housing features. For the purpose of bucket five, families can stay in a hotel or motel for up to 16 days at \$85 a day for families up to four. Families must be homeless or at risk of homelessness and must have no more than \$100 in asset to qualify for the assistance, which can be accessed only once a year. As previously stated, 57,614 families on CalWORKs were approved for temporary housing assistance in fiscal year 2017-2018 at a cost of \$45 million.<sup>36</sup> Some challenges to access for families in the program include not having credit to use the hotel or motel because these entities require credit cards and other forms of credit that the impoverished families do not have. We recommend that counties or other government entities explore methods to act as a guarantor to these families. In addition, the 16 "consecutive" day requirement is an issue for families who are able to get in but who might need these services at different inconsecutive times in a year, and where alternatives like staying with friends and families are not available.

### **Additional Recommendations**

In our review of the literature and in conversations about housing and homelessness, some other recommendations came up within and outside of the buckets that are worth noting:

- Advocates should continue lobbying the state and federal government for affordable housing and homelessness services
- Cities and counties should have a plan to address homelessness per the Homelessness Task Force Report
- Local governments should consider key partners when addressing homelessness, including the private sector, non-profits, the faith-based community, and philanthropic organizations.
- Localities should increase public engagement efforts in the planning process to avoid pitfalls, reduce costs, and generate resident buy-in, per the League of Cities and California State Association of Counties
- Enhance the emergency shelter system
- Create Lived Experience Advisory Group to seek input from them about how to improve the housing and homelessness delivery system
- Homeless families should receive priority access to services

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<sup>36</sup>

[http://www.cdss.ca.gov/Portals/9/Housing/Homeless%20Assistance%20\(HA\)%20Fact%20Sheet.FINAL.pdf?ver=2019-01-24-170634-140](http://www.cdss.ca.gov/Portals/9/Housing/Homeless%20Assistance%20(HA)%20Fact%20Sheet.FINAL.pdf?ver=2019-01-24-170634-140)

- Supportive housing should be linked with health screenings, drug and alcohol treatment, early child care, and prenatal care for women
- Provide more criminal record clearing services
- The state and local government should invest more in long-term housing subsidies, per the HUD Family Options Study
- Protection and Landlord incentives for families using Section 8
- Fund shallow rental subsidies
- Implement state rent control upon jurisdictions that fall short of their low-income housing goals and experience rent increases in excess of inflation
- Develop capacity to co-sign for youth who may not have sufficient credit to rent
- Build Tiny Home communities for the homeless
- “Average” citizens should volunteer more at their local homeless service agencies, with the 2019 Street Count, or with parallel counts that exist locally

## Glossary of Housing and Homelessness Programs

Programs are supported by state resources and administered by the state unless otherwise noted.

- **Building Homes and Job Fund Program (SB 2)**
  - **California Emergency Solutions Housing Program.** Provides funds for a variety of activities to assist persons experiencing or at risk of homelessness.
  - **Permanent Local Housing Allocation Program.** Provides funds for eligible housing-related projects and programs to assist in addressing the unmet housing needs of local communities.
  - **Planning and Zoning Grant Program.** Provides funding and technical assistance to all eligible local governments to adopt, and implement plans and process improvements that streamline housing approvals and accelerate housing production.
- **Bringing Families Home.** Grants to county child welfare agencies to provide housing assistance to families involved in the child welfare system who are homeless or at risk of becoming homeless.
- **CalFresh.** Counties administer monthly food benefits, formerly known as food stamps, for about 2 million low-income families and individuals. Food benefit amounts vary based on household earnings and household size.
- **CalWORKs.** Counties administer monthly cash grants for about 400,000 low-income families with children. Grant amounts vary based on earnings and family size. Grants are funded with a combination of federal funds, state General Fund, and county realignment funds.
- **CalWORKs Family Stabilization.** Grants to county CalWORKs offices to provide specialized services to CalWORKs families with significant barriers to employment. Services may include mental health treatment, substance use counseling, and some housing assistance.
- **CalWORKs Homeless Assistance Program.** Counties provides homeless families (or families at-risk of becoming homeless) with nightly hotel vouchers for a limited duration.
- **CalWORKs Housing Support Program.** Grants to county CalWORKs offices to provide short-term housing assistance, such as housing vouchers, and longer-term rental assistance.
- **Earned Income Tax Credit.** A state and federal income tax credit for low-income working families and individuals, which reduces the tax amount owed by the tax-filer and, in some cases, may provide eligible filers with a refundable income amount.
- **Emergency Solutions Grant Program.** Provides grants for projects serving homeless individuals and families through eligible nonprofit organizations or local governments. Grants can be used for supportive services, emergency shelter/transitional housing, homelessness prevention assistance, and providing permanent housing.
- **Free and Reduced Price Meals.** School district provide free and low-cost school meals to low-income pupils.
- **Homeless Emergency Aid Program.** Provides funding to eligible cities and Continuums of Care for a variety of short-term housing solutions for the homeless, such as shelters and rapid rehousing.
- **Housing and Disability Advocacy Program.** Grants to counties to help disabled homeless individuals apply for disability benefit programs. During that process, counties provide housing assistance and help clients secure permanent housing.
- **Housing Planning and Production Grants.** Provides grants to local governments meant to accelerate meeting new housing production goals.
- **Low-Income Housing Tax Credit.** A federal and state program that encourages the investment of private equity in the development of affordable rental housing for low-income households. The Governors' budget proposes to expand the state tax credit program and establish a new state tax credit program that targets households with relatively higher income.
- **Medi-Cal.** The state's Medicaid program, which provides health care coverage to over 13 million of the state's low-income residents. Counties determine eligibility. Coverage is cost-free for most Medi-Cal enrollees. Instead, Medi-Cal costs are generally shared between the federal and state governments.
- **Mixed-Income Loan Program.** Provides loans to developers for housing developments that include housing for low- to middle-income households.

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LAOA

- **Multifamily Conduit Lending.** Provides financing for eligible projects that provide affordable multifamily rental housing for individuals, families, seniors, veterans or special needs tenants.
- **Multifamily Lending.** Provides long-term financing for affordable multifamily rental housing projects.
- **Office of Migrant Services.** Provides affordable seasonal rental housing and support services for migrant farmworker families during the peak harvest season.
- **Planning and Progress Grants to Address Homelessness.** Provides grants to communities to expand or develop emergency shelters, navigation centers, and supportive housing.
- **Proposition 1 (2018)**
  - **CalHome.** Provides grants to local public agencies and nonprofits to assist first-time homebuyers become or remain homeowners through deferred-payment loans. Funds can also be used to assist in the development of multiple-unit ownership projects.
  - **Farm and Home Loan Program.** Provides home loans to eligible veterans, including veterans who may not otherwise qualify for a home loan.
  - **Infill Infrastructure Grant Program.** Provides grant funding for infrastructure improvements for new infill housing in residential and/or mixed-use projects.
  - **Joe Serna, Jr. Farmworker Housing Grant Program.** Provides grants and loans for development or rehabilitation of rental and owner-occupied housing for agricultural workers with priority for lower-income households.
  - **Local Housing Trust Fund Program.** Lends money for construction of rental housing projects with units restricted for at least 55 years to households earning less than 60 percent of area median income.
  - **Multifamily Housing Program.** Provides low-interest, long-term deferred-payment permanent loans for new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower-income households.
  - **MyHome Assistance Program.** Provides a deferred-payment junior loan for down payment and/or closing costs.
  - **Transit-Oriented Development Program.** Provides low-interest loans and grants for rental housing that includes affordable units that are located within one-quarter mile of a transit station.
- **Proposition 2 (2018): No Place Like Home.** Provides funding to counties for the development of permanent supportive housing for persons who are in need of mental health services and are experiencing homelessness, chronic homelessness, or who are at risk of chronic homelessness.
- **School Teacher and Employee Assistance Program.** Provides teachers, administrators, and school district employees with loans used for down payment assistance and/or closing costs of first homes.
- **Single Family Down Payment Assistance.** Provides loans for down payment assistance. Loans are deferred until home is sold, refinanced, or paid in full.
- **Special Needs Housing Program.** Allows local governments to use Mental Health Services Act and other local funds to provide financing for the development of permanent supportive rental housing that includes units dedicated for individuals with serious mental illness, and their families, who are homeless or at risk of homelessness
- **Supplemental Security Income/State Supplementary Payment.** Monthly cash benefits for about 1.3 million low-income aged, blind, and disabled individuals. The state's General Fund provides the SSP portion of the grant while federal funds pay for the SSI portion of the grant.