

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: February 19, 2020

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso *ST*
Chief Legislative Analyst

Council File No.: 20-0002-S8
Assignment No.: 20-02-0122

SUBJECT: Resolution (O'Farrell – Blumenfield et al) to Support Governor's Proposed FY 2020-21 State Budget for Homelessness.

CLA RECOMMENDATION: That the City Council ADOPT the attached Resolution (O'Farrell – Blumenfield et al) to include in its 2019-20 State Legislative Program SUPPORT for the Governor's Proposed FY 2020-21 State Budget allocation of \$750 million to reduce homelessness; SPONSOR legislation to include an ongoing funding source of \$2 billion a year to cities, commensurate with need, to sustain and greatly expand homeless programs, interim housing, and permanent supportive housing; and INSTRUCT the Chief Legislative Analyst to monitor the State Budget and legislation on this matter and report on developments related to funding allocated to local services, and all related matters.

SUMMARY

Resolution (O'Farrell – Blumenfield et al) was introduced on January 22, 2020 and states that, according to the 2019 Point-in-Time Count, there were approximately 36,165 homeless individuals in the City of Los Angeles and to address this issue, the City established A Bridge Home (ABH) program which provides interim housing for unsheltered homeless. There are 31 ABH projects Citywide resulting in over 2,300 beds. These projects have been largely funded by State's Homeless Emergency Aid Program grant and the City's General Fund. There is a need for funding to cover the cost of operating these approximately 2,300 beds.

The Resolution states that the Governor's Proposed Budget for FY 2020-21 has \$1.4 billion in funding for homelessness which includes \$750 million to reduce homelessness by providing funding to develop housing, rental subsidies, and subsidies to board and care facilities. There is still a significant need for additional funding to provide adequate emergency and long-term assistance to homeless individuals and families.

Councilmembers Mitch O'Farrell et al introduced the Resolution to support the State's proposed budget and additionally sponsor legislation to include an ongoing funding source of \$2 billion from the State to the cities, commensurate with need, to sustain and expand homeless programs.

The Resolution recommends that the State support the City's efforts such as ABH and permanent supportive housing development through Proposition HHH as the homeless population of Los Angeles makes up approximately half of the State's homeless population.

BACKGROUND

The Governor’s Budget proposes an allocation of \$750 million to reduce homelessness. This would be one-time funding to establish the California Access to Housing and Services Fund within the Department of Social Services. The funds would be provided to regional administrators to finance development of affordable housing, provide rental subsidies to people facing homelessness, and provide subsidies to operators of board and care facilities. The Governor’s efforts to address homelessness also include reforms to Medi-Cal, the State’s behavioral health system, and State hospitals. In addition, an Executive Order was recently issued that directs State agencies to prepare an inventory of State properties that could be used for shelters.

The Resolution recommends support of the proposed funding allocation and encourages the State to establish a permanent long-term strategy and funding to address homelessness. The increase in the homeless population will require a long-term Statewide effort to increase affordable housing and permanent supportive housing, ensure that households are able to remain housed, provide services to people living on the streets, and rehouse the homeless. Rather than funding for homeless services and permanent supportive housing that is subject to annual allocations of varying amounts, a long-term dedicated source would allow cities, counties, and the State to develop an effective long-term strategy to resolve this issue.

For context, according to the Department of Housing and Urban Development, the following shows the number of persons experiencing homelessness in the nation, state of California, County of Los Angeles, and the City:

United States	567,715
California	151,278
County of Los Angeles	58,936
City of Los Angeles	36,165

Based on these numbers, the City of Los Angeles accounts for 61 percent of the homeless population in the County, and 24 percent of the homeless population in the State. Los Angeles County accounts for 39 percent of the State’s homeless population.

DISCUSSION

In the last few years, the City of Los Angeles has experienced an increase in homeless population which is approximately a quarter of the State’s homeless population. To address the needs of this large population, the City has dedicated various sources of funding. In 2016, the City passed Proposition HHH which is a \$1.2 billion bond that provides funding to develop permanent supportive housing. Additionally, the City allocates General Fund dollars to various services for homeless individuals through the Los Angeles Homeless Services Authority, as well as through various City departments. For example, In the FY 2019-20, the City allocated approximately \$65 million in General Funds. These efforts alone however, are insufficient to address the existing need and additional funds are required to implement the City’s homelessness strategies and programs.

Today, the City lacks funding to fully fund its A Bridge Home program. The County of Los Angeles limits its funding to the City’s A Bridge Home program to 600 beds. This is problematic inasmuch as the City anticipates over 2,300 beds coming online. An ongoing source of funding for services is required not only for permanent supportive housing, but also for interim housing and shelters.

The City is limited to influencing policy within its City limits, whereas addressing homelessness needs to be a statewide effort. To address this Statewide, a joint effort between the State and local governments is essential. Working together with the State, the cities can approach this issue holistically by addressing

all facets of the problem. In order to house homeless individuals and ensure that more people do not fall into homelessness, there has to be a multiple pronged approach that includes prevention, housing, rehousing, and street management.

Legislative Analyst's Office Analysis

On February 11, 2020, the State's Legislative Analyst's Office (LAO) released an analysis of the Governor's Proposed Homelessness Plan in the FY 2020-21 Budget. The report reviews the recent State efforts to address homelessness and states that the Governor's budget proposal falls short of articulating a clear strategy and that the investments would likely be less impactful. The report urges the State Legislature to develop a strategy for addressing homelessness that aligns with defined goals and delineates responsibilities between state and local governments. The report also recommends that if a strategy cannot be developed over the next few months, that the State should continue to provide one-time grants to local governments similar to prior years instead of committing to a new system. The State strategy should be built on the strong efforts made by cities and counties, such as the Comprehensive Homeless Strategy approved by the City and County of Los Angeles. The League of California Cities and the California State Associate of Counties jointly developed guidelines to develop integrated city/county strategies, which should also inform the development of a State strategy.

Presented below is a discussion of the City's priorities and solutions on addressing homelessness and a description of the four-pronged approach.

Priorities and Solutions

The four-pronged approach of prevention, housing, rehousing, and outreach is a system that is recognized nationwide as a holistic approach to solving homelessness:

- Prevention refers to capturing and supporting those populations who are not unhoused yet, but are at a high risk of becoming homeless. Prevention strategies include: social services that the State and counties provide housing stability and income security, and preservation of affordable housing.
- Housing strategies include building housing in all income levels, particularly moderate, low, and very low income housing, to increase the supply of housing unit so that demand is met. Of particular importance is construction of supportive housing for those who have fallen into homelessness.
- Rehousing strategy includes placing unhoused individuals into housing through various methods such as Section 8, rapid re-housing, and others.
- Street Management strategy includes strategies for unsheltered homeless who are living on the streets. Specialists engage persons experiencing homelessness to assess their needs, Coordinated Entry System (CES), and enroll them in service programs. It also includes provision of services such as hygiene, storage, and others.

Inasmuch as a permanent source of State funding is necessary to address the scope of the demand in the State, and particularly in the City and County of Los Angeles, at this time, the following areas should be priorities for funding:

Prevention

1. Eviction prevention to provide support to households at risk of losing their housing.

2. Eviction data to support identification of households at risk of losing their housing and rapid response to prevent or address the event of homelessness.
3. Increase funding for Board and Care to preserve existing beds and encourage the establishment of new beds.
4. Family crisis support that can provide one-time support for medical, housing, or other crises that allow a household to stabilize and remain in their housing.
5. Mental health services and facilities should be expanded.

Housing

1. Permanent funding source for covenanted affordable housing at all levels.
2. Ensure all cities and counties construct affordable housing at all levels, with benefits to those cities that have adopted and implemented Pro Housing policies.
3. Coordinate, streamline, and facilitate funding approvals at all levels of government to expedite affordable housing decisions and reduce holding costs for developers.
4. Fund research and infrastructure for innovative housing construction techniques that result in lower costs for construction.

Rehousing

1. Funding for rapid rehousing and interim housing to ensure that newly homeless households are placed into housing as quickly as possible.
2. Funding for emergency shelter, including both hard costs and service costs, to provide shelter for the homeless currently living on the streets.

Street Management

1. Funding for hygiene and storage facilities.

Prevention

The California Policy Lab recently released a report concerning new analytical models that increase the success in identifying individuals at risk of becoming homeless. This research has resulted in both the City and the County allocating funds to pilot programs aimed at providing one-time or short-term financial and service assistance to households at risk of becoming homeless to ensure that they can remain in their housing.

Additionally, both the City and the County have initiated eviction prevention programs to provide assistance to households at risk of losing their housing through the eviction process. One critical element of this program would be access to data identifying where evictions are occurring. This data is not currently available and State legislation is needed to ensure that such information is available from the courts. This could be particularly helpful as a component of the model developed by the California Policy Lab as another indicator of risk of becoming homeless.

Additional funding for prevention programs would ensure greater stability for families, mitigate the effects of one-time crises that lead to homelessness, and prevent the long-term impacts of becoming homeless.

Housing

State law and regulation define affordable housing as having a covenant or contract that restricts rents. Therefore, in order to develop affordable housing, State funding and legislation should be focused on efforts that encourage the development of covenanted affordable housing at all levels.

In addition, the State should partner with local governments to streamline funding review and allocation processes. Developers face high costs in holding land while they assemble funding from local, State and federal sources. The City and the County recently developed a single application for local funding to facilitate the funding process locally. A streamlined approach that aligns funding availability and application materials at the local and State levels might reduce the time that Developers are incurring holding costs and allow for a faster start to construction.

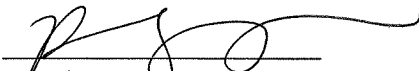
Finally, a July 2019 report from the Joint Center for Housing Studies of Harvard University identified a lack of innovation in the housing construction as a constraint on the development of new housing. Construction techniques currently in use were developed in the 1950s. New technologies and materials may be helpful in reducing the time needed to complete construction or reduce costs. The City's Housing Innovation Challenge, funded with \$120 million, is seeking to find new ways to build housing at lower costs. The State should similarly invest in housing innovation solutions to expand the housing stock.

Rehousing

The Governor's Council of Homelessness Advisors recently released a Comprehensive Crisis Response Strategy that includes 17 strategies to address and prevent street homelessness. Of particular importance is Number 7 in the report which would establish a framework in California ensuring a focus on the right of individuals to access permanent housing. Until an adequate number of housing units are available, shelters and interim housing will be needed to ensure that all persons experiencing homelessness are under a roof. With 151,278 homeless persons in the State of California, significant funding will be needed to create facilities that provide adequate shelter for all persons living on the streets.

Street Management

Los Angeles County Measure H has provided significant funding to increase programs to engage the homeless living on the streets. At this stage, a high priority is to provide hygiene and storage facilities for the homeless. Funding is required to provide full access to these services across the region, including funds for the installation and servicing of these facilities.


Pranita Amatya
Analyst

Attachment: 1. Resolution

RESOLUTION **RULES, ELECTIONS & INTERGOVERNMENTAL RELATION**

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, according to the Los Angeles Homeless Services Authority (LAHSA) Point-In-Time Count in 2019, there were approximately 36,165 individuals experiencing homelessness in the City of Los Angeles; and

WHEREAS, the City has provided capital funding for the establishment of 31 A Bridge Home projects Citywide, resulting in over 2,300 interim housing beds, through the Homeless Emergency Aid Program and Homeless Housing, Assistance, and Prevention grants; and

WHEREAS, the County of Los Angeles has imposed a ceiling of funding that provides funding for only 600 of the approximately 2,340 beds resulting in the City covering for the operational costs of the remaining beds; and

WHEREAS, the Governor's Proposed Budget for FY 2020-21 has \$1.4 billion in funding for homelessness which includes \$750 million to reduce homelessness by providing funding to develop housing, rental subsidies, and subsidies to operators of board and care facilities, there is still a significant need for additional funding to provide adequate emergency and long-term assistance to homeless individuals and families; and

WHEREAS, the City concurs with the Governor's Proposed Budget which focuses on supporting board and care facilities; and

WHEREAS, there should be a dedicated ongoing funding source available to cities in California of \$2 billion a year to implement this mandate that is determined through a need-based formula which does not have artificial limitations that place caps on regions or cities; and

WHEREAS, distribution of the ongoing funding should take into consideration local efforts of the cities' policies and funding, such as State matches to local contributions, as well as other sources of homeless population counts such as the American Community Survey; and

WHEREAS, the State should support the City's efforts such as A Bridge Home Program and Permanent Supportive Housing development through Proposition HHH as the homeless population of Los Angeles makes up half of the homeless population of the State, and should provide funding commensurate with the need to ensure that programs are successful and are able to help as many homeless individuals as possible in an area with the most acute conditions;

NOW, THEREFORE, BE IT RESOLVED, with concurrence of the Mayor, that the Council of the City of Los Angeles, by the adoption of this Resolution, hereby includes in its 2019-20 State Legislative Program, SUPPORT for the Governor's Proposed FY 2020-21 State Budget allocation of \$750 million to reduce homelessness and SPONSOR legislation to include an ongoing funding source of \$2 billion a year to cities, commensurate with need, to sustain and greatly expand homeless programs, interim housing, and permanent supportive housing.

Paul Reborena

PRESENTED BY:

Mitch O'Farrell
MITCH O'FARRELL
Councilmember, 13th District

JAN 22 2020

SECONDED BY:

Monica Rodriguez

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