

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: January 20, 2017

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

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

Assignment No: 17-01-0019
Council File No: 17-0002-S6

SUBJECT: County Measure H Sales Tax To Fund Homeless Services

CLA RECOMMENDATION: Adopt the attached revised Resolution to include in the City's 2017-18 State Legislative Program SUPPORT for Los Angeles County's Ballot Measure H to increase the Sales Tax one-quarter cent to fund essential homeless services.

SUMMARY

Resolution (Harris-Dawson / Bonin - Wesson) was introduced on January 10, 2017 and states the following:

- Homelessness is a crisis in Los Angeles that threatens the health and safety of over 40,000 individuals in the County and stresses public institutions throughout the region;
- On February 9th, 2016, the City and County adopted strategic plans to help prevent and end homelessness in Los Angeles over the next ten years. The City's plan includes 64 strategies and the County's Homeless Initiative plan includes 47 strategies that focus on the following interventions: Prevention; Subsidized Housing; Increasing Income; Case Management and Services; Creating a Coordinated System; and Increasing Affordable/Homeless Housing; and
- The County has proposed Measure H which is a quarter-cent Sales Tax to raise much of the \$450 million needed annually to provide services and programs to address and prevent homelessness within the County.

The Resolution recommends support of the County's proposed quarter-cent Sales Tax to fund essential homeless related services in the City and County as those funds will compliment Measure HHH funds which are dedicated to developing homeless and affordable housing in the City.

BACKGROUND

Homelessness has historically been a significant issue in the Los Angeles region and continues to be prominent today. Current counts of homeless individuals by the Los Angeles Homeless Services Authority have estimated approximately 47,000 homeless individuals in the County, of which approximately 28,000 are in the City. LAHSA advises that homelessness has grown over the last few years, including amongst women, encampment dwellers, and those living in their vehicles.

In 2015, to address this problem both the City and County of Los Angeles prioritized homelessness as a matter of policy. The City created the Homelessness and Poverty Committee and the County established the Homeless Initiative. On February 9, 2016, after months of extensive planning, both entities released formal reports with strategies to end and prevent homelessness. The City's Comprehensive Homeless Strategy includes 64 strategies and the County's Homeless Initiative plan includes 47 strategies focusing on the following policy areas:

- Preventing Homelessness;
- Subsidized Housing;
- Increasing Income;
- Providing Case Management and Services;
- Creating a Coordinated System; and
- Increasing Affordable/Homeless Housing.

Homeless Funding

To supplement their commitment to the issue, both the City and County each dedicated over \$100 million to address homelessness in the current 2016-17 Fiscal Year, the first year of their intervention strategies. Despite this allocation of funding, both plans advised that to make real and significant progress to end and prevent homelessness, a long-term and dedicated funding source would need to be identified. For example:

- The City advised that approximately \$1.865 billion would be needed over the next 10 years to develop up to 13,000 units of homeless housing, including permanent supportive housing (PSH) to provide shelter. An additional \$113 million a year is needed to provide services, rental subsidies, and numerous other homeless interventions; and
- The County has identified the annual need of approximately \$450 million to provide essential services to its approximately 47,000 homeless individuals.

Homeless Housing Bond

To address its funding needs, the City placed Measure HHH on the November Ballot. Measure HHH was subsequently approved by the voters and will provide up to \$1.2 billion in bonds to fund the development of approximately 8,000 to 10,000 units of homeless (including PSH) and affordable housing as well as homeless service facilities in the City. Bond proceeds may only be used for "bricks and mortar," not operations or services.

County Sales Tax

To address the County's funding need, the Board of Supervisors placed Measure H, a quarter-cent Sales Tax, on the March 2017 ballot to fund homeless services throughout the County. Measure H would be levied for 10 years and would help to generate approximately \$355 million of the \$450 million annually needed to fully fund the County's Homeless Initiative strategic plan. Specific Homeless Initiative interventions to be funded with revenues generated under Measure H, are as follows: mental health and substance abuse treatment; health care; education; job training; rental subsidies; emergency and affordable housing; transportation; outreach; prevention; and supportive services for homeless children, families, foster youth, veterans, battered women, seniors, disabled persons, and other homeless adults.

County staff advises that the quarter-cent Sales Tax's impact to consumers would be 10 cents levied on a \$40 sweater or one dollar (\$1) on a \$400 television. The Coalition "Vote Yes on H" (additional information attached and provided below) advises that the average consumer will spend approximately \$1/month to help end homeless in Los Angeles County.

Similar to the City's Measure HHH oversight committee, the County's Measure H will have a Citizen's Oversight Advisory Board to review all expenditures and submit periodic evaluations of homeless related programs.

Memorandum of Understanding (MOU)

As stated in the Resolution, it should be noted that the City, the Housing Authority of the City of Los Angeles (HACLA), and the County are considering developing a MOU to formally establish a partnership to help address homelessness. The MOU will ensure strategic cooperation, as follows: The City will develop homeless housing; HACLA will provide rental subsidies for homeless persons; and the County will provide the essential services in order for homeless individuals to stabilize their lives and to achieve self-sufficiency.

"Vote Yes on H"

A fact sheet, attached to this report, from the "Vote Yes on H" coalition lists numerous homeless service organizations and other entities that are in support of the program. The County Registrar-Recorder / County Clerk advises that as of January 20, 2017 no official position against Measure H has been filed for inclusion in the Voter Information Book.

Measure H will be on the March 7, 2017 ballot.



Jack Reef
Analyst

RESOLUTION

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, homelessness is a crisis in Los Angeles that threatens the health and safety of over 40,000 individuals in the County and stresses public institutions throughout the region; and

WHEREAS, in August 2015, the County of Los Angeles established the Homeless Initiative (County HI) to address the homeless crisis in Los Angeles; and

WHEREAS, with an unprecedented spirit of cooperation, the County HI convened 18 policy summits with participation from 25 County Departments, over 100 community organizations, and 30 cities, including the City of Los Angeles to develop a strategic plan to address homelessness, and

WHEREAS, on February 9th, 2016, the City and County adopted strategic plans to help prevent and end homelessness in Los Angeles over the next ten years. The City's plan includes 64 strategies and the County HI plan includes 47 strategies that focus on the following interventions: Prevention; Subsidized Housing; Increasing Income; Case Management and Services; Creating a Coordinated System; and Increasing Affordable/Homeless Housing; and

WHEREAS, both the City and County pledged over \$100 million to address homelessness in the current fiscal year, however, both strategies advised that significant additional revenue would be needed to make meaningful progress in ending and preventing homelessness over the coming years; and

WHEREAS, currently, the City, the Housing Authority of Los Angeles (HACLA), and the County are considering developing a formal partnership to assist homeless individuals where the City will help facilitate the development of housing, HACLA will provide homeless residents rental subsidies, and the County will provide essential homeless related services; and

WHEREAS, to help fund the City's commitment, voters approved Measure HHH on the November 2016 ballot that may generate up to \$1.2 billion to develop homeless and affordable housing over the next 10 years; and

WHEREAS, the County has proposed Measure H which is a quarter-cent Sales Tax to raise much of the \$450 million needed annually to provide services and programs to address and prevent homelessness within the County; and

WHEREAS, Measure H will generate ongoing funding to address homelessness, including funding for the following: mental health and substance abuse treatment; health care; education; job training; rental subsidies; emergency and affordable housing; transportation; outreach; prevention; and supportive services for homeless children, families, foster youth, veterans, battered women, seniors, disabled persons, and other homeless adults, and

WHEREAS, the City should support the County's proposed quarter-cent Sales Tax, Measure H, to fund essential homeless related services in the City and County as those funds will compliment Measure HHH's funds which are dedicated to developing homeless and affordable housing in the City;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2017-18 State Legislative Program SUPPORT for Los Angeles County's Ballot Measure H to increase the Sales Tax one-quarter cent to fund essential homeless services.



www.VoteYesOnH.com



Measure H Fact Sheet

VOTE YES ON MARCH 7th!

What is Measure H?

Measure H, the “Los Angeles County Plan to Prevent and Combat Homelessness” is the **March 7 ballot measure** that will end homelessness for 45,000 people across Los Angeles County, including **women and children, veterans, seniors, foster youth, and the disabled.**

The average consumer would pay a little more than a dollar a month to help end homelessness in Los Angeles County.

Why Do We Need Measure H?

The number of individuals and families estimated to be experiencing homelessness in LA County in January 2016 was 46,874, an overall increase of 2,515 people (6%) from 2015 (44,359) and **19% more than in 2013.** The number of people living in encampments, tents and vehicles increased by 20% from 2015 to 2016 and a staggering 123% from 2013 to 2016.

How Will Measure H Work?

Measure H will invest **\$350 million a year for 10 years** in the solutions that have been **proven** to prevent and end homelessness, including:

- Homelessness prevention services
- Comprehensive supportive services, like mental health care and **job training**
- Long term solutions like **permanent housing**

How is This Different than Proposition HHH?

Proposition HHH passed in the City of Los Angeles in November 2016 and builds housing for chronically homeless people. Measure H will primarily fund services—and cover the entire County of Los Angeles.

Paid for by Yes on H - Communities United to End Homelessness, a Coalition of Supervisor Mark Ridley-Thomas, Nonprofit Organizations, Businesses and Labor Organizations. Major funding by Mark Ridley-Thomas Committee for a Better L.A. and NextGen CA Committee.