

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: May 15, 2019

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

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No: 19-0002-S72
Assignment No: 19-04-0407

SUBJECT: Governor's FY 2019-20 State Budget Proposal - \$1 Billion Dedicated to Homelessness

CLA RECOMMENDATION: Adopt the attached REVISED Resolution to include in the City's 2019-20 State Legislative Program SUPPORT for the Governor's FY 2019-20 Budget Proposal (May Revise) to dedicate \$1 Billion for homeless programs, which includes an allocation directly to cities.

SUMMARY

On April 17, 2019 Resolution (O'Farrell - Rodriguez) was introduced and states the following:

- As of 2018, according to the Federal Department of Housing and Urban Development there are approximately 130,000 homeless individuals in the State of California, of which the Los Angeles Homeless Services Authority has estimated that approximately 31,000 (24%) are in the City of Los Angeles;
- Last year, the State of California created the \$500M Homeless Emergency Aid Program (HEAP) to provide direct financial assistance to cities, and Continuums of Care to address the homelessness crisis statewide;
- The City of Los Angeles received approximately \$85M in HEAP funds, of which \$44M has already been committed and an additional \$24.5M has been reserved by the City for homeless services, as well as for potentially developing more than 20 navigation centers citywide, also known as A Bridge Home Program sites, with the goal of providing at least 50-100 shelter beds in each Council District; and
- The Governor has recently proposed an additional \$1 Billion in the State's FY 2019-20 Budget to address the homeless crisis to encourage local governments to site and build emergency shelters, navigation centers, and supportive housing as well as to address the mental health care needs of the States homeless population.

The Resolution recommends support for homeless services funding in the Governor's FY 2019-20 Budget that continues to provide funding directly to cities for homeless services, shelters, and housing that builds off of Los Angeles' successful implementation of the HEAP grant.

BACKGROUND

Since the introduction of Resolution (O'Farrell - Rodriguez) the Governor has released his revised 2019-2020 State budget. That budget has increased funding for homeless programs from \$500M to \$1 Billion (details set forth below). Therefore, we have prepared a Revised Resolution for Council's adoption.

City Funded Efforts to Address Homelessness

The City has taken multiple significant steps to address homelessness. In 2015, the City established the Comprehensive Homeless Strategy, and then in 2016 voters passed the \$1.2 Billion Proposition HHH homeless housing bond to primarily develop permanent supportive housing for homeless individuals. In addition to these efforts, for the past few years, the City has set aside tens of millions of General Fund and Special Fund dollars in the City's Budget for homeless services.

Homeless Emergency Aid Program (HEAP)

In 2018, the State of California established the \$500M HEAP program. Locally, the City received approximately \$85M of the funds, and the Los Angeles Continuum of Care (Continuum), managed by the Los Angeles Homeless Services Authority (LAHSA), received approximately \$81M. The majority of City HEAP funds, approximately \$55M, is appropriated or set-aside for the City's A Bridge Home Program (ABH). Additionally, \$13M has been programmed for various other homeless services. ABH was established during the FY 2018-19 Budget with the goal of developing 50-100 shelter beds in each Council District. HEAP requires that 50 percent of the funds must be obligated by January 1, 2020 and that 100 percent must be expended by June 20, 2021. Note that the City Administrative Officer has reported that the City has met the obligation requirement.

State Budget

In January 2019, the Governor released the Proposed FY 2019-20 State Budget. In the Budget, the Governor states that there are approximately 135,000 homeless individuals throughout the state, and he stresses the importance of providing shelter and connecting individuals to supportive services. To address these concerns, the Governor's original Proposed Budget set aside \$500M in one-time State General Funds for jurisdictions that site and build emergency shelters, navigation centers, or supportive housing. The funding was separated into two categories. One category, Regional Planning includes \$300M to jurisdictions with regional plans to address homelessness jointly developed by cities and counties. The second category, entitled Meeting Milestones, sets aside \$200M for jurisdictions that show progress developing housing and shelters, including new permanent supportive housing. The Budget provides that the \$200M would be set aside for general purposes.

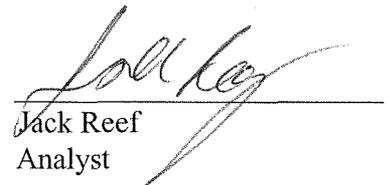
On May 9, 2019, the Governor released a revised State budget. The proposed State budget now includes up to \$1 Billion to address homelessness. Note that the Budget increases the \$500M homeless emergency funding to \$650M and allocates the funding to local jurisdictions based on the 2019 Point-In-Time (PIT) Count of homeless individuals, as follows: \$275M to the 13 most populous cities; \$275M to Counties; and \$100M to Continuums. LAHSA has advised that the results of the 2019 PIT Count will be released at the end of May 2019.

The May revision states that to ensure regional collaboration, funds are contingent on cities and counties submitting regional plans to their Continuums that must be approved by the State. Additionally, the May revision expands eligible uses for the funds to one-time uses including the following: hotel/motel conversions; traditional and non-traditional permanent supportive housing; rapid rehousing; and jobs programs. A summary of the Homeless Budget May revision is set forth below.

- \$650M to local governments for homelessness emergency aid;
- \$120M for expanded Whole Person Care services;
- \$150M for strategies to address the shortage of mental health professionals in the public mental health system;
- \$25M for Supplemental Security Income advocacy;
- \$40M for student rapid rehousing and basic needs initiatives for students in the University of California and California State University systems; and
- \$20M in legal assistance for eviction prevention.

Additional detail and program requirements have not been released.

The Legislature's deadline to pass the budget is June 15, 2019. Support of this bill is consistent with the City's efforts to address homelessness.



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, as of 2018, according to the Federal Department of Housing and Urban Development there are approximately 130,000 homeless individuals in the State of California, of which the Los Angeles Homeless Services Authority has estimated that approximately 31,000 (24%) are in the City of Los Angeles; and

WHEREAS, the City has taken unprecedented action to address homelessness in recent years with the establishment of the Homelessness and Poverty Committee, drafting the City's first ever Comprehensive Homeless Strategy, establishing and funding homeless services as part of the City's annual Budget, and passing the \$1.2B Proposition HHH bond measure to develop homeless housing and facilities; and

WHEREAS, despite Los Angeles' noteworthy efforts to provide services, shelter, and housing to homeless residents, the City cannot adequately address homelessness on its own, let alone solve the problem, given the magnitude of the crisis and the dedication of resources needed; and

WHEREAS, last year, the State of California created the \$500M Homeless Emergency Aid Program (HEAP) to provide direct financial assistance to cities, counties, and Continuums of Care to address the homelessness crisis statewide; and

WHEREAS, the City of Los Angeles received approximately \$85M in HEAP funds, of which \$44M has already been committed and an additional \$24.5M has been reserved by the City for homeless services, as well as for potentially developing more than 20 navigation centers citywide, also known as A Bridge Home Program sites, with the goal of providing at least 50-100 shelter beds in each Council District; and

WHEREAS, the Governor has recently proposed an additional \$1 Billion in the State's FY 2019-20 Budget to address the homeless crisis to encourage local governments to site and build emergency shelters, navigation centers, supportive housing as well as to address the mental health care needs of the States homeless population; and

WHEREAS, the City should request the State to leverage Los Angeles' successful implementation of HEAP funds and ensure that the State's FY 2019-20 Budget continues to provide funding directly to cities for homeless services, shelters, and housing;

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 2019-20 State Legislative Program SUPPORT for the Governor's FY 2019-20 Budget Proposal to provide \$1 Billion dedicated to homelessness, which includes an allocation directly to cities.