

FEBRUARY 16, 2022

# Major Recent Housing and Homelessness Spending Augmentations

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PRESENTED TO:

Senate Budget and Fiscal Review Subcommittee No. 4  
On State Administration and General Government  
Hon. Sydney Kamlager, Chair

Senate Housing Committee  
Hon. Scott D. Wiener, Chair



LEGISLATIVE ANALYST'S OFFICE

# Housing in California

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***Housing Affordability Is a Serious and Widespread Challenge in California.*** Californians spend a larger share of their income on rent than households in the rest of the nation at every income quartile. Households with the lowest income face the highest cost pressures. In California, around 2.5 million low-income households are cost burdened (spending more than 30 percent of their incomes on housing). Over 1.5 million low-income renters face even more dire cost pressures—spending more than half of their income on housing. Additionally, an average California home costs 2.3 times the national average. California’s average monthly rent is about 50 percent higher than the rest of the country.

***Building Less Housing Than People Demand Drives High Housing Costs.*** While many factors have a role in driving California’s high housing costs, the most important is the significant shortage of housing, particularly within urban coastal communities. A shortage of housing along California’s coast means households wishing to live there compete for limited housing. This competition increases home prices and rents. Some people who find California’s coast unaffordable turn instead to California’s inland communities, causing prices there to rise as well.



# Homelessness in California

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***Homelessness in California.*** While homelessness is a complex problem with many causes, the high costs of housing is a significant factor in the state’s homelessness crisis. More people experienced homelessness in California than any other state.

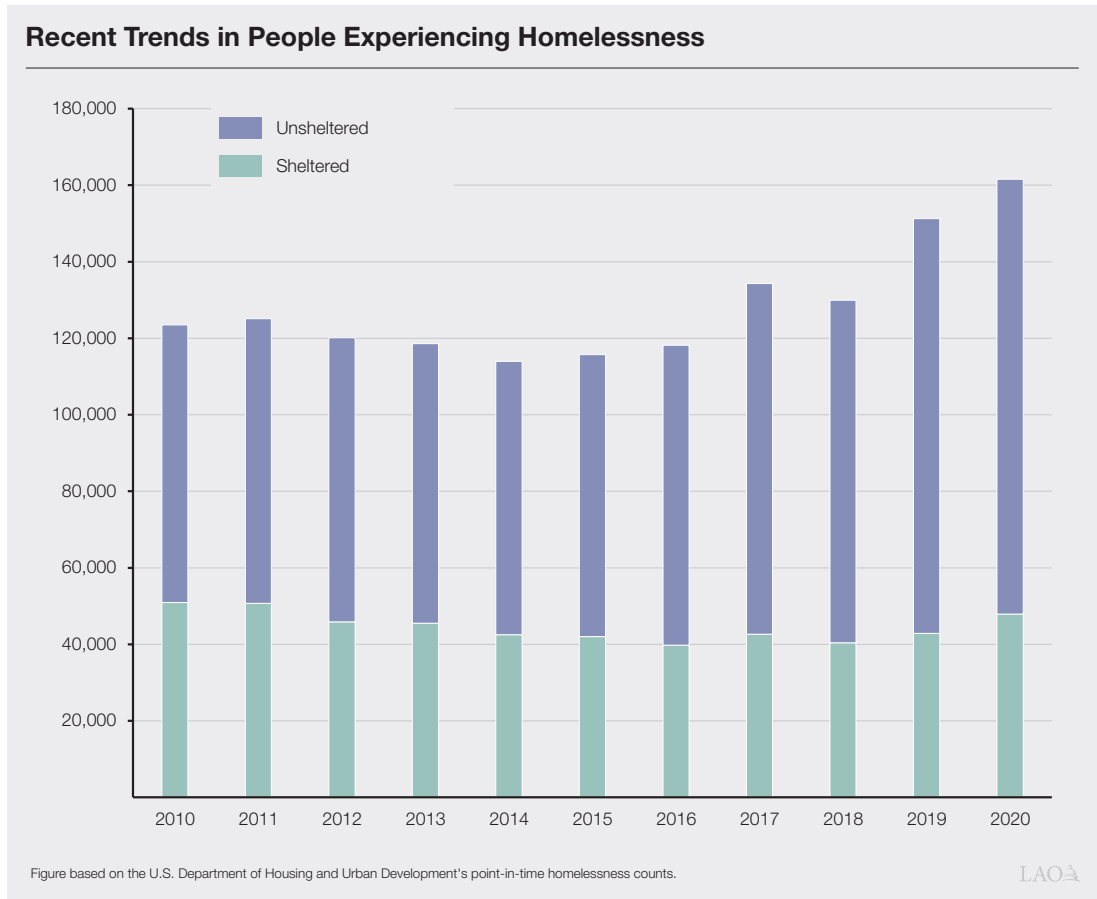
- ***2020 Point-in-Time Count.*** In January 2020—the most recent year complete federal data is available—California had about 161,500 individuals experiencing homelessness, which represented about 28 percent of the total homeless population in the nation. About 70 percent of people experiencing homelessness in the state at the time were unsheltered.
- ***2021 Point-in-Time Count.*** Recently, the Department of Housing and Urban Development released 2021 data for sheltered people experiencing homelessness. California had 51,400 people living in shelters in 2021, a 5 percent increase from 2020. Challenges associated with the COVID-19 pandemic means national data on unsheltered people experiencing homelessness will not be available for 2021.



# Homelessness in California

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- **Recent Trends in People Experiencing Homelessness.** The figure depicts how the state's sheltered and unsheltered homeless populations have changed between 2010 and 2020.



## Shifting State-Local Relationship

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**State Actions to Address Homelessness.** Historically, local entities have provided most of the homelessness assistance in their jurisdiction, relying in part on federal and state funding. As the homelessness crisis has become more acute, the state has taken a larger role in funding and supporting local governments' efforts to address homelessness. Overall, the state has increased its role in addressing homelessness by providing significant, albeit one-time and temporary, funding towards infrastructure and flexible aid to local governments in recent years.

**State Actions to Address Housing Affordability.** Historically, federal, state, and local governments have implemented a variety of programs aimed at helping Californians, particularly low-income Californians, afford housing. These programs generally work in one of three ways: (1) increasing the supply of moderately priced housing, (2) paying a portion of households' rent costs, or (3) limiting the prices and rents property owners may charge for housing. As the housing affordability crisis has become more acute over time, the state has significantly increased its fiscal role by largely expanding existing programs and establishing some new programs that help subsidize housing development at the local level using one-time and temporary resources.



# Major Recent Housing and Homelessness Spending Augmentations

Recent budget actions reflect the increased fiscal role of the state in addressing housing and homelessness.

## Major Recent Discretionary Housing and Homelessness Spending Augmentations<sup>a</sup>

(In Millions)

Program	2018-19	2019-20	2020-21	2021-22	2022-23 <sup>b</sup>	Program Total
<b>Housing and Community Development (HCD)</b>						
Homekey Program	—	—	\$800	\$1,450	\$1,300	\$3,550
Affordable Housing Backlog (Housing Accelerator)	—	—	—	1,750	—	1,750
Local Planning Grants	—	\$250	—	600	—	850
Infill Infrastructure Grant (IIG) Program <sup>c</sup>	—	300	—	250	—	550
Foreclosure Prevention and Preservation	—	—	—	500	—	500
Affordable Housing Preservation	—	—	—	300	—	300
Farmworker Housing (Joe Serna Jr. Farmworker Housing Grant Program) <sup>d</sup>	—	—	—	50	—	50
Golden State Acquisition Fund	—	—	—	50	—	50
Scaling Excess State Lands Development	—	—	—	45	—	45
Migrant Farmworker Housing Deferred Maintenance	—	—	—	30	—	30
Transitional Housing Program	—	—	—	13	17	30
Foster Youth Housing Navigators	—	—	—	5	5	10
Subtotals	(—)	(\$550)	(\$800)	(\$5,043)	(\$1,322)	(\$7,715)
<b>California Interagency Council on Homelessness (Cal ICH)</b>						
Homeless Housing, Assistance and Prevention Program (HHAPP)	—	\$650	\$300	\$1,000	\$1,000	\$2,950
Homeless Emergency Aid Program (HEAP)	\$500	—	—	—	—	500
COVID-19 Emergency Funding	—	100	—	—	—	100
Encampment Resolution Program	—	—	—	50	—	50
Family Homelessness Challenge Grants	—	—	—	40	—	40
Homeless Landscape Assessment	—	—	—	6	—	6
Homeless Data Integration System	—	—	—	4	—	4
Subtotals	(\$500)	(\$750)	(\$300)	(\$1,100)	(\$1,000)	(\$3,650)
<b>California Tax Credit Allocation Committee (CTCAC)</b>						
Low-Income Housing Tax Credit Program (LIHTC) <sup>e</sup>	—	\$500	\$500	\$500	—	\$1,500
Subtotals	(—)	(\$500)	(\$500)	(\$500)	(—)	(\$1,500)

(Continued)



# Major Recent Housing and Homelessness Spending Augmentations

(Continued)

Program	2018-19	2019-20	2020-21	2021-22	2022-23 <sup>b</sup>	Program Total
<b>California Housing Finance Agency (CalHFA)</b>						
Homebuyer Assistance	—	—	—	\$100	—	\$100
Accessory Dwelling Unit Financing	—	—	—	81	—	81
Mixed-Income Program (MIP) <sup>f</sup>	—	\$200	\$50	45	—	545
Subtotals	(—)	(\$200)	(\$50)	(\$226)	(—)	(\$726)
<b>Grand Totals</b>	<b>\$500</b>	<b>\$2,000</b>	<b>\$1,650</b>	<b>\$6,869</b>	<b>\$2,322</b>	<b>\$13,591</b>

<sup>a</sup> This table generally captures the major discretionary spending actions within the state entities principally responsible for administering housing and homelessness programs. The table does not include augmentations within departments that have other primary missions, for example health and human services. The table also does not include the No Place Like Home Program, which was authorized by voters (Proposition 2, 2018). The table reflects all fund sources.

<sup>b</sup> The 2021-22 budget authorized some spending actions in 2022-23. The Governor's 2022-23 budget proposes additional augmentations in the budget year, which are not reflected in this table.

<sup>c</sup> Bond proceeds have also supported the IIG Program—\$850 million from Proposition 1C (2006) and \$300 million from Proposition 1 (2018).

<sup>d</sup> Bond proceeds from Proposition 1 (2018)—\$300 million—have also supported farmworker housing.

<sup>e</sup> Does not include the annual \$100 million available for LIHTC from the state.

<sup>f</sup> Revenue from Chapter 91 of 2017 (SB 2, Atkins) also supports MIP, \$87 million in 2021. Additionally, the \$500 million provided in 2019-20 includes a \$19 million set aside to support ADU development.



# Key Takeaways

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## Key Takeaways From Housing and Homelessness Spending Augmentations Table

- The state's recent fiscal actions on housing and homelessness have been large and spread across multiple state entities and programs.
- Most major state spending in these areas started relatively recently.
- Much of the new state spending has been one time or temporary.
- Funding increased even further in 2021-22, largely supported by federal funds. (Most of the funding provided in 2021-22 is federal American Rescue Plan Act fiscal relief funds [61 percent]).
- For housing, the focus has been on expanding existing and establishing new programs that help subsidize the costs of housing development.
- For homelessness, the focus has been on securing infrastructure and providing flexible aid to local entities.

