

FEBRUARY 27, 2023

# California's Housing and Homelessness Challenges in Context

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PRESENTED TO:

Senate Committee on Budget and Fiscal Review  
Hon. Nancy Skinner, Chair

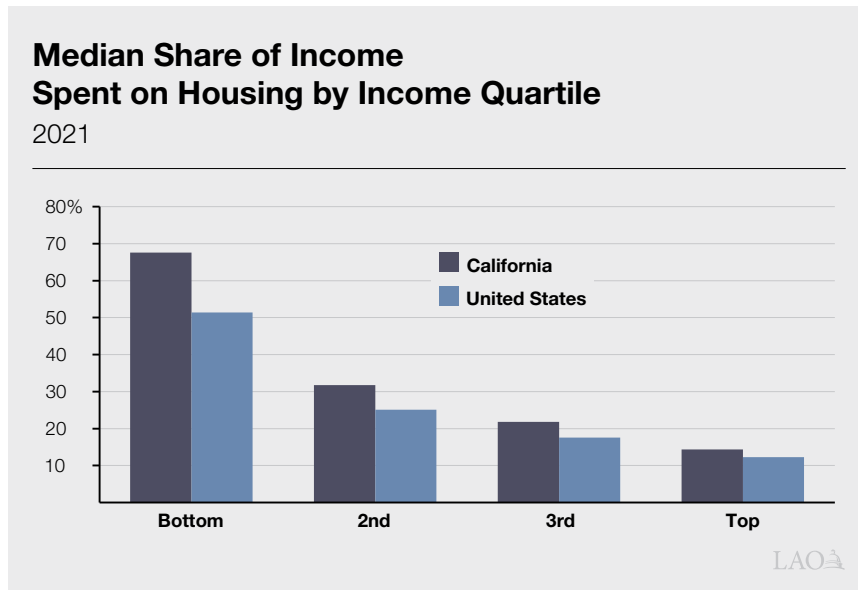


LEGISLATIVE ANALYST'S OFFICE

# Housing in California

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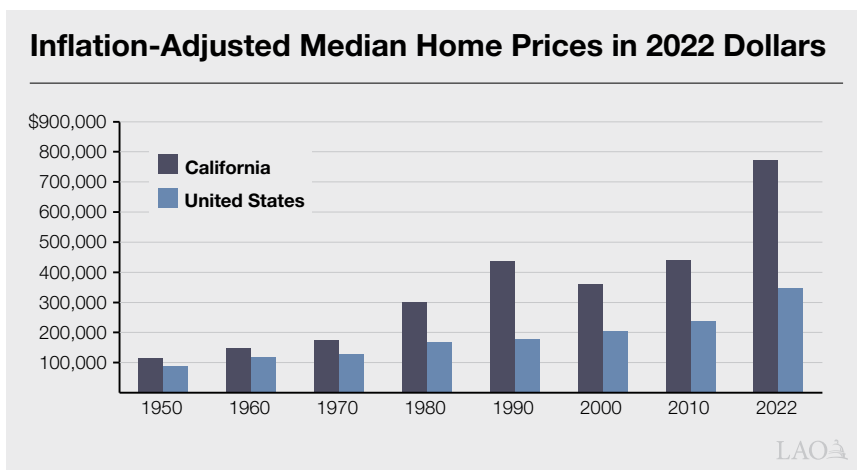
***Housing Affordability Is a Serious and Widespread Challenge in California.*** Californians spend a larger share of their income on rent than households in the rest of the nation at every income quartile. Households with the lowest income face the highest cost pressures. In California, around 2.5 million 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 2.2 times the national average. California’s average monthly rent is about 50 percent higher than the rest of the country.



# Housing in California

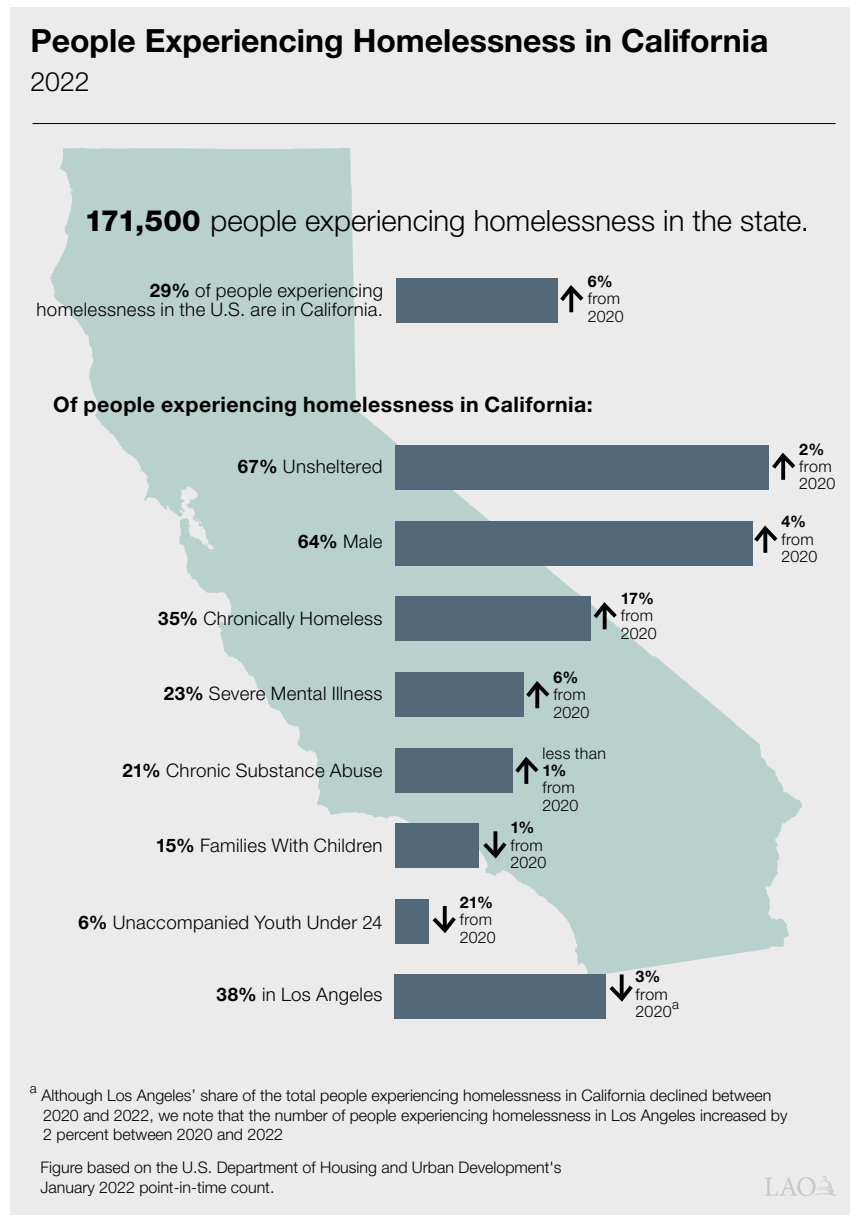
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***Building Less Housing Than People Demand Drives High Housing Costs.*** While many factors have a role in driving California’s high housing costs, the most important is the significant shortage of housing, particularly within urban coastal communities. 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.



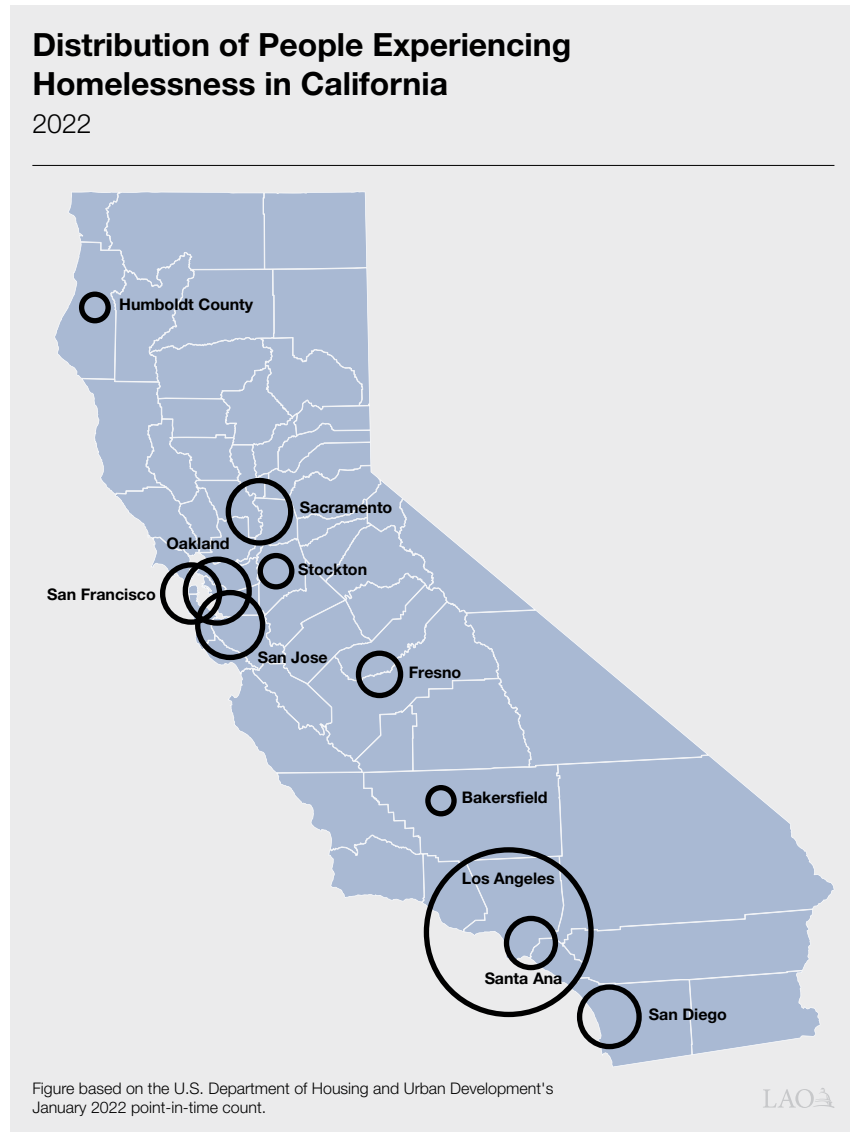
# Homelessness in California

**People Experiencing 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 experience homelessness in California than any other state.



# People Experiencing Homelessness in California

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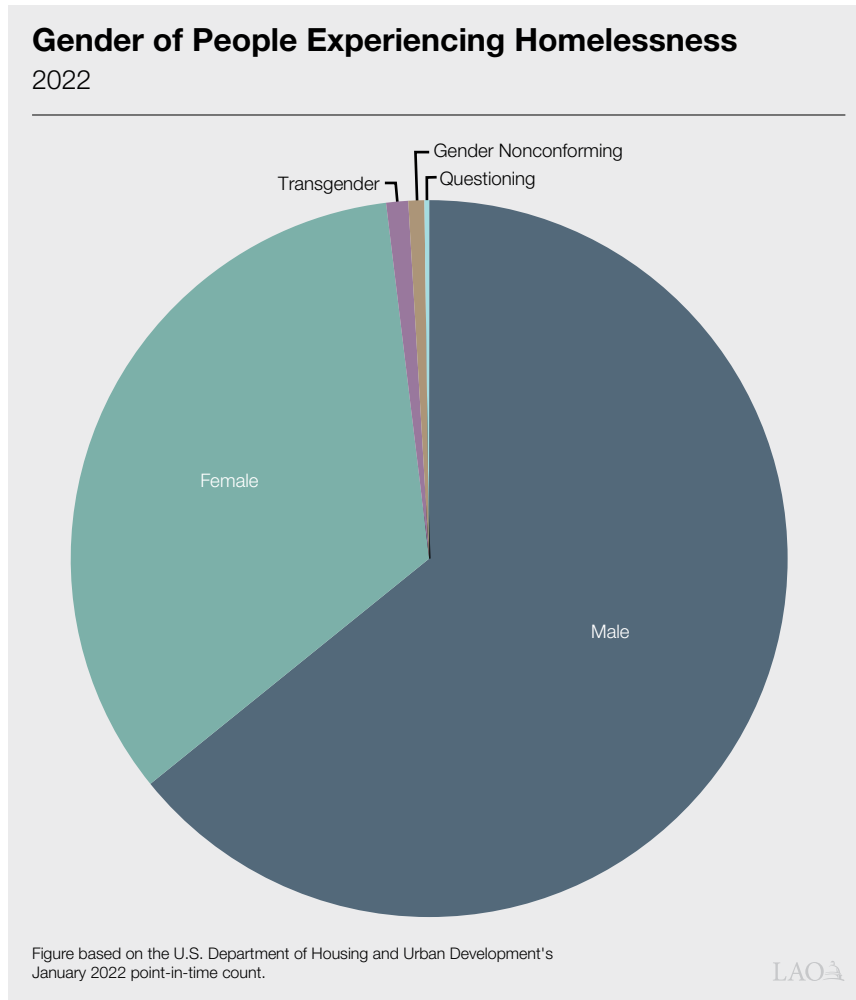


- The largest concentration of people experiencing homelessness is in Los Angeles.



# People Experiencing Homelessness in California

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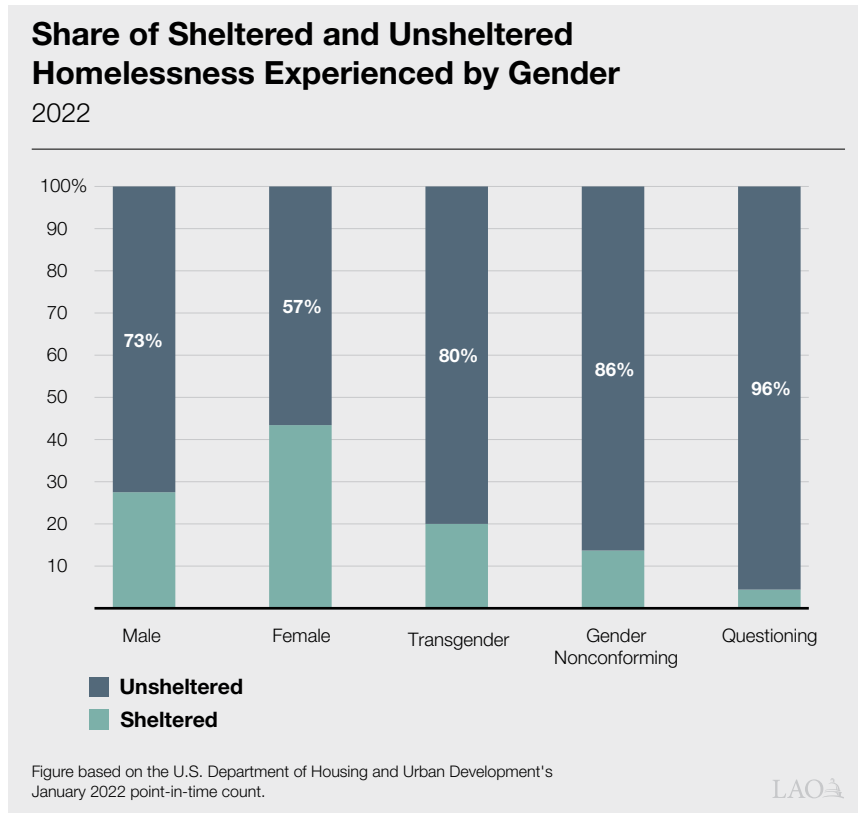


- Most people experiencing homelessness are male.



# People Experiencing Homelessness in California

(Continued)



- Women experiencing homelessness are the most likely to be *sheltered*. The vast majority of transgender, gender nonconforming, and questioning people experience *unsheltered* homelessness.



# People Experiencing Homelessness in California

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## Race and Ethnicity of People Experiencing Homelessness

2022

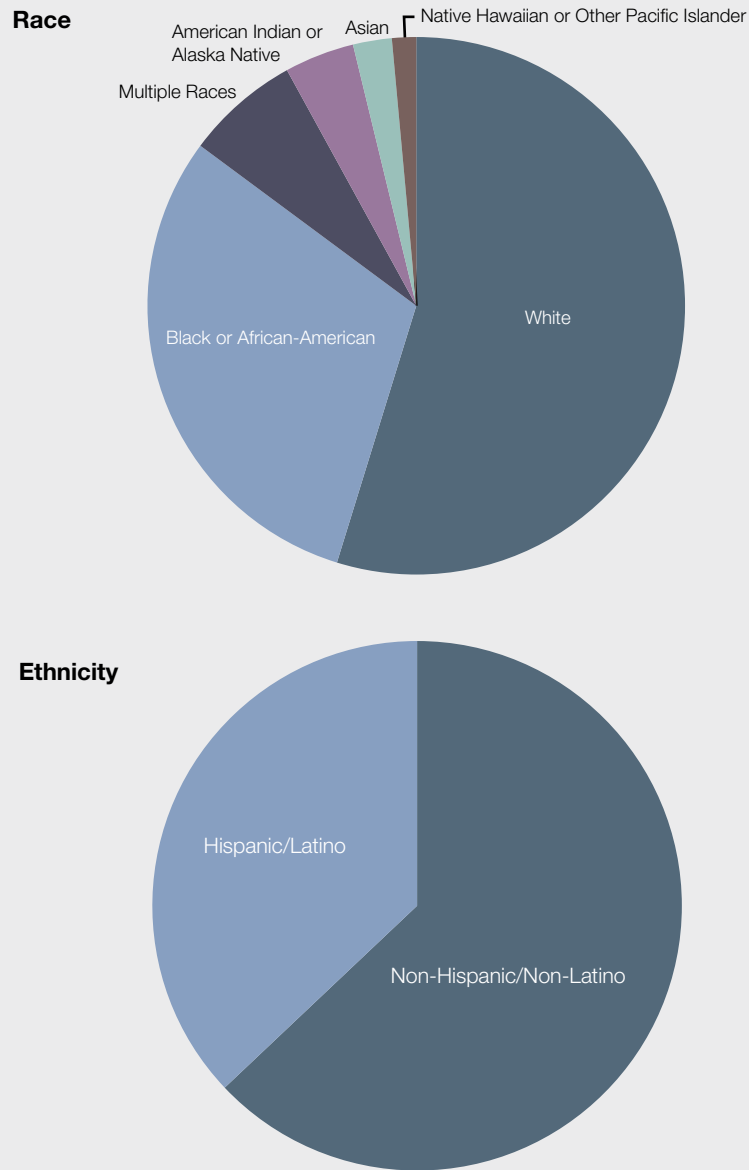


Figure based on the U.S. Department of Housing and Urban Development's January 2022 point-in-time count.

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## People Experiencing Homelessness in California

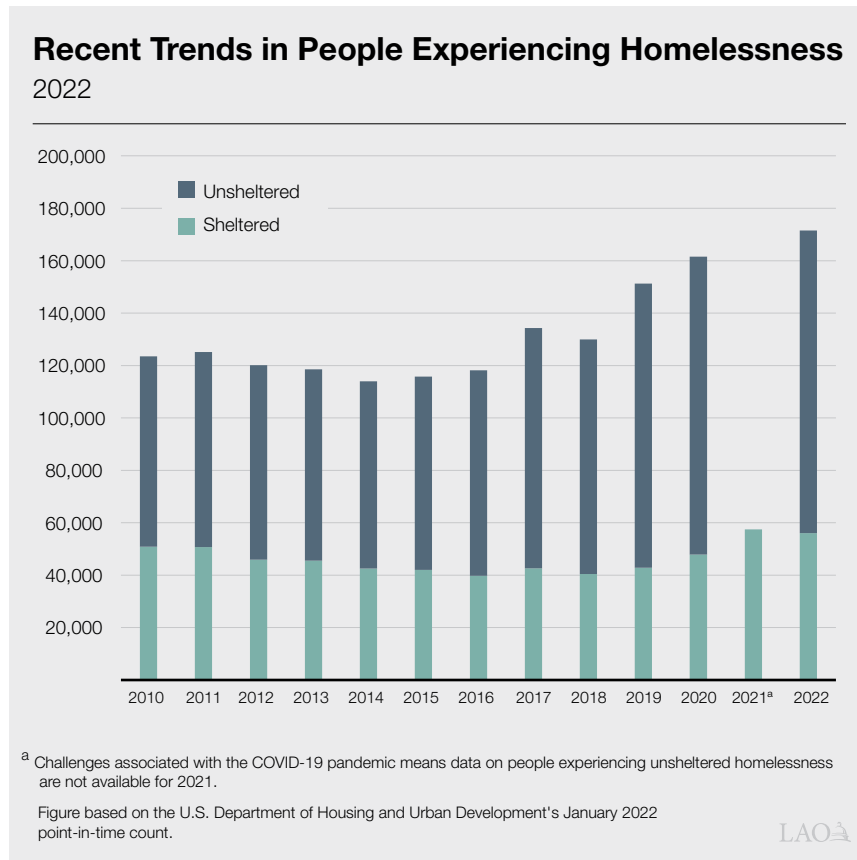
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- Certain populations disproportionately experience homelessness. For example, while Black and African-American individuals make up about 7 percent of the state's total population, they comprise 30 percent of the people experiencing homelessness.
- While we do not know the share of people that identify as Hispanic or Latino by race, 37 percent of all people experiencing homelessness identify as Hispanic or Latino.



# Recent Trends in People Experiencing Homelessness



- The figure depicts how the number of people experiencing sheltered and unsheltered homelessness in the state has changed between 2010 and 2022.



# Challenges Collecting Accurate and Timely Homelessness Data

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***Federal Government and States Rely on PIT Counts.*** HUD requires Continuums of Care (CoCs) to conduct PIT counts of people experiencing homelessness, generally on a single night in January. CoCs are required to conduct a PIT count of homeless individuals who are sheltered annually and a PIT count of individuals who are unsheltered at least once every two years, though CoCs may choose to conduct an unsheltered count annually. HUD requires CoCs to conduct PIT counts as a condition of receiving federal funding and uses the data to determine allocations of federal funds. States and local entities also rely on PIT data to inform their response to homelessness.

***Population of Individuals Experiencing Homelessness Likely Larger Than Available Data Reveals.*** Efforts to produce an accurate and complete count are hindered by various factors, including:

- ***Difficulty Conducting PIT Count.*** Various factors, including difficulty reaching all unsheltered individuals, limitations on counting all forms of homelessness, and capacity constraints of CoCs complicate efforts to produce an accurate count. The expert consensus is that the HUD PIT count underrepresents the homeless population.
- ***Limitation of “Snapshot” Approach.*** The PIT count features snapshot data for one night, but there are many people who cycle in and out of episodes of homelessness throughout the year that might not be counted on that specific night.
- ***COVID-19 Further Complicated Data Availability and Accuracy.*** Until recently, the January 2020 PIT count—before the onset of the COVID-19 pandemic—was the most recent year complete federal data were available. Due to public health concerns associated with the pandemic, a federal waiver for the January 2021 PIT count means data are not available for unsheltered homelessness that year. While HUD required the full January 2022 PIT count to move forward, many jurisdictions delayed their count to the end of February 2022 to allow time for the Omicron surge in COVID-19 cases to subside. This means that the first federal PIT count data reflecting the impact of COVID-19 on homelessness only became available in December 2022.



# Homelessness Data Integration System

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***State’s New Homelessness Data Integration System (HDIS) Offers Some More Information.*** HDIS, administered by the California Interagency Council on Homelessness (Cal ICH), which became operational in 2021, allows the state to access and compile standardized data collected by CoCs about the people they serve. Cal ICH anticipates updating the system to focus more on the outcomes of people accessing services to help the state and local entities better assess their progress toward preventing, reducing, and ending homelessness. While this data does not replace the PIT count data, it can complement PIT count data by providing more information about the delivery of homelessness services in the state and captures a broader population of people experiencing housing instability. Below, we summarize some of the information available through HDIS.

- ***Expanded Capacity to Serve People Experiencing Homelessness.*** Between 2017 and 2020, CoCs across California have increased their service capacity by 40 percent (183,250 in 2017 compared to 254,990 people served by CoCs in 2020). Services take on many forms ranging from outreach to placement in permanent supportive housing.
- ***People Accessed Homelessness Services Locally.*** Between 2020 and the first half of 2022, very few people accessed homelessness services in more than one California CoC. Of the people who did access services in multiple jurisdictions, most did so in adjacent or neighboring CoCs, suggesting that those experiencing homelessness in California do not tend to migrate to other regions.
  - 96 percent of people accessed services in one CoC.
  - 3 percent of people accessed services in two CoCs.
  - Less than 1 percent people accessed services in three or more CoCs.



# Homelessness Data Integration System

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■ ***Subpopulations of People Accessing Homelessness Services.***

During the first six months of 2022, of those who experienced homelessness and accessed services in California:

- 143,250 people were adults living alone or in the company of other adults (referred to as individuals).
- 78,100 were people in families with children.
- Within those subpopulations, there were 20,350 unaccompanied youth (up to age 24) who experienced homelessness and accessed services in California.



## Various Entities Help Address Housing and Homelessness

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Federal, state, and local governments fund a variety of programs aimed at helping Californians, particularly low-income Californians, afford housing and assist those who are experiencing homeless or are at risk of becoming homeless.

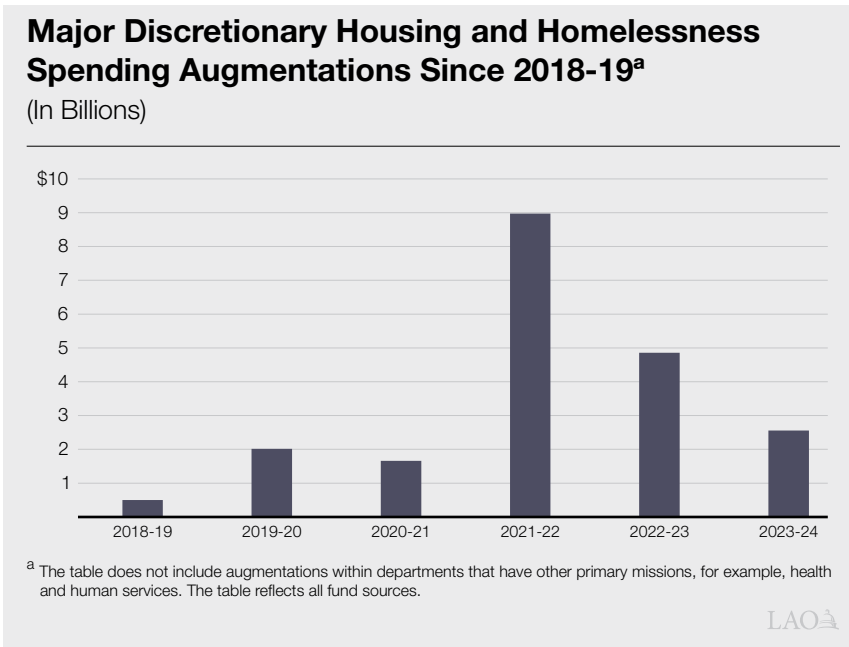
- **Federal Government.** HUD administers a series of programs that help spur housing development, aim to make housing more affordable, and address homelessness, including the CoC program discussed below.
- **State.** Multiple state departments are involved in addressing housing and homelessness.
  - Some of the state’s longest standing and/or largest housing and homelessness programs are administered by Cal ICH, Department of Housing and Community Development, California Housing Finance Agency, and California Tax Credit Allocation Committee.
  - Other departments either administer the state’s safety net programs and/or have other, more limited roles in addressing housing and homelessness.
- **Local Entities.**
  - **Continuums of Care.** HUD established CoCs to coordinate and administer homelessness programs within a particular area, often a county or group of counties. California is divided into 44 CoCs. Each CoC can be led by a county, city, or a nonprofit and includes a wide range of representatives from public and private entities that include civic groups, educational institutions, faith-based organizations, health and mental health care providers, local government, and nonprofit agencies.
  - **Cities and Counties.** Cities and counties make land use decisions in their communities. While some cities and counties operate their own housing and homelessness programs, often times, they rely on federal and state funding to support their programs. Cities and counties can lead a CoC, collaborate with their local CoC, or spearhead their own efforts to address housing affordability and homelessness in their communities.



# Shifting State-Local Fiscal Relationship

**Shifting State-Local Relationship.** As the housing affordability and homelessness crisis has become more acute, the state has taken a larger *fiscal* role in funding and supporting local governments. Additionally, the Legislature has adopted major *legislation* aimed at addressing the high cost of housing in California.

**Major Discretionary Housing and Homelessness Spending Augmentations Since 2018-19.** This figure shows the total for major discretionary spending actions within the state entities principally responsible for administering housing and homelessness programs.



# Major Recent Homelessness Spending Augmentations

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

## Major Discretionary Homelessness-Related Spending Augmentations Since 2018-19<sup>a</sup>

(In Millions)

Program	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 <sup>b</sup>	Program Total
<b>California Interagency Council on Homelessness</b>							
HHAPP	—	\$650	\$300	\$1,000	\$1,000	\$1,000	\$3,950
Encampment Resolution Grants	—	—	—	50	300	400	750
Homeless Emergency Aid Program (HEAP)	\$500	—	—	—	—	—	500
COVID-19 Emergency Funding	—	100	—	—	—	—	100
Family Homelessness Challenge Grants	—	—	—	40	—	—	40
Homeless Landscape Assessment	—	—	—	6	—	—	6
Homeless Data Integration System	—	—	—	4	—	—	4
Subtotals	(\$500)	(\$750)	(\$300)	(\$1,100)	(\$1,300)	(\$1,400)	(\$5,350)
<b>Department of Social Services</b>							
Community Care Expansion Program	—	—	—	\$805	\$55	—	\$860
CalWORKs Housing Support Program	—	—	—	190	190	—	380
Housing and Disability Advocacy Program	—	\$25	\$25	175	175	\$25	425
Bringing Families Home Program	—	—	—	93	93	—	185
Home Safe Program	\$15	—	—	93	93	—	200
Project Roomkey	—	50	62	150	—	—	262
Subtotals	(\$15)	(\$75)	(\$87)	(\$1,505)	(\$605)	(\$25)	(\$2,312)
<b>Department of Health Care Services</b>							
Behavioral Health Continuum Infrastructure Program <sup>c</sup>	—	—	—	\$756	\$1,400	\$2.1	\$2,158
Behavioral Health Bridge Housing Program <sup>d</sup>	—	—	—	—	1,000	500	1,500
CARE Court <sup>e</sup>	—	—	—	—	77	23	100
CalAIM—Enhanced Care Management <sup>f</sup>	—	—	—	61	224	374	660
CalAIM—Community Supports <sup>f</sup>	—	—	—	25	58	74	157
Subtotals	(—)	(—)	(—)	(\$842)	(\$2,759)	(\$973)	(\$4,574)
<b>Grand Total</b>	<b>\$515</b>	<b>\$825</b>	<b>\$387</b>	<b>\$3,447</b>	<b>\$4,664</b>	<b>\$2,398</b>	<b>\$12,236</b>

<sup>a</sup> This table captures the major discretionary spending actions related to homelessness programs for select departments since 2018-19. In some cases, programs have ongoing base funding appropriated before 2018-19 that is not reflected on this table. The table reflects all fund sources.

<sup>b</sup> Prior budgets have authorized some spending actions in 2023-24.

<sup>c</sup> 2023-24 Governor's Budget proposes delaying \$480.7 million from 2022-23 to 2024-25 (\$240.4 million) and 2025-26 (\$240.3 million).

<sup>d</sup> 2023-24 Governor's Budget proposes delaying \$50 million from 2022-23 and \$200 million from 2023-24 to 2024-25.

<sup>e</sup> Budget actions have also provided funding to the Health and Human Services Agency and Judicial Branch to implement CARE Court. Funding shown is for staffing and assessments, it does not include any costs associated with the provision of services.

<sup>f</sup> CalAIM Enhanced Care Management and Community Supports include care coordination to individuals experiencing homelessness and direct housing services such as housing transition navigation services and housing deposits. Funding information is inclusive of all services, not just those related to housing and homelessness.

HHAPP = Homeless Housing, Assistance and Prevention Program; CARE = Community Assistance, Recovery and Empowerment; and CalAIM = California Advancing and Innovating Medi-Cal.



## Key Takeaways From Recent Homelessness Actions

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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.



# Major Recent Housing Spending Augmentations

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

## Major Discretionary Housing Spending Augmentations Since 2019-20<sup>a</sup>

(In Millions)

Program	2019-20	2020-21	2021-22	2022-23	2023-24 <sup>b</sup>	Program Total
<b>Housing and Community Development</b>						
Homekey Program	—	\$800	\$1,600	\$1,300	—	\$3,700
Housing Accelerator Program	—	—	1,750	250	—	2,000
Emergency Rental Assistance	—	—	1,950	—	—	1,950
Infill Infrastructure Grant Program	\$300	—	250	200	\$225	975
Local Planning Grants	250	—	600	—	—	850
Foreclosure Prevention and Preservation	—	—	500	—	—	500
Portfolio Reinvestment Program	—	—	300	50	100	450
Adaptive Reuse	—	—	—	150	250	400
CalHome <sup>c</sup>	—	—	—	250	100	350
Multifamily Housing Program	—	—	—	100	225	325
State Excess Sites Development	3	—	45	25	75	148
Transitional Housing Program <sup>d</sup>	8	8	17	43	43	118
Joe Serna Jr. Farmworker Housing Grant Program	—	—	50	50	—	100
Manufactured Housing Opportunity and Revitalization Program	—	—	—	25	75	100
Veteran Housing and Homeless Prevention Program	—	—	—	50	50	100
Golden State Acquisition Fund	—	—	50	—	—	50
Migrant Farmworker Housing Deferred Maintenance	—	—	30	—	—	30
Housing Navigators Program <sup>d</sup>	5	—	5	14	14	37
Subtotals	(\$566)	(\$808)	(\$7,147)	(\$2,506)	(\$1,156)	(\$12,184)
<b>California Tax Credit Allocation Committee</b>						
State Low Income Housing Tax Credit Program	\$500	\$500	\$500	\$500	—	\$2,000
Subtotals	(\$500)	(\$500)	(\$500)	(\$500)	(—)	(\$2,000)
<b>California Housing Finance Agency</b>						
California Dream for All Program <sup>e</sup>	—	—	—	\$500	—	\$500
Mixed-Income Program (MIP)	\$200	\$50	\$45	—	—	295
Accessory Dwelling Unit Financing <sup>f</sup>	—	—	81	50	—	131
Homebuyer Assistance	—	—	100	—	—	100
Subtotals	(\$200)	(\$50)	(\$226)	(\$550)	(—)	(\$1,026)
<b>Grand Totals</b>	<b>\$1,266</b>	<b>\$1,358</b>	<b>\$7,873</b>	<b>\$3,556</b>	<b>\$1,156</b>	<b>\$15,210</b>

<sup>a</sup> This table generally captures the major discretionary spending actions within the state entities principally responsible for administering housing programs. The table does not include previously authorized base funding for some of these programs, such as funding from the Veterans and Affordable Housing Bond Act of 2018 and SB 2. The table reflects all fund sources.

<sup>b</sup> The 2022-23 budget authorized some spending actions in 2023-24.

<sup>c</sup> 2023-24 Governor's Budget proposes withdrawing \$100 million from 2023-24 and making it subject to a trigger restoration.

<sup>d</sup> The 2022-23 funding is ongoing.

<sup>e</sup> 2023-24 Governor's Budget proposes withdrawing \$200 million from 2022-23 and making it subject to a trigger restoration.

<sup>f</sup> 2023-24 Governor's Budget proposes withdrawing \$50 million from 2022-23 and making it subject to a trigger restoration.

## Key Takeaways From Recent Housing Actions

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***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 a few ways: (1) increasing the supply of moderately priced housing, (2) paying a portion of households' rent costs, (3) limiting the prices and rents property owners may charge for housing, and (4) assisting with homeownership. 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.

