

FEBRUARY 22, 2023

# Recent Homelessness Augmentations and Oversight

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PRESENTED TO:

Assembly Budget Subcommittee No. 6 on Budget  
Process, Oversight, and Program Evaluation  
Hon. Philip Y. Ting, Chair



LEGISLATIVE ANALYST'S OFFICE

# Overview of Select Homelessness Programs

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

## Update on Recent Major Homelessness Spending Actions

Program	Total Amount Approved <sup>a</sup>	Total Amount Awarded	Total Remaining Funding	Next Funding Release Date	Reporting Requirement
<b>Department of Housing and Community Development (HCD)</b>					
Homekey	\$3.7 billion <ul style="list-style-type: none"> <li>\$800 million in 2020-21 (Round 1)</li> <li>\$1.6 billion in 2021-22 (Round 2)</li> <li>\$1.3 billion in 2022-23 (Round 3)</li> </ul>	\$2.8 billion	\$900 million <sup>b</sup>	Applications for the remaining Round 3 funding will be available in March 2023.	Annual report due January 31 to HCD with fiscal and programmatic data. HCD last packaged this data into a public report released April 2021. However, a public on-line dashboard also makes information readily available.
<b>California Interagency Council on Homelessness (Cal ICH)</b>					
Homeless Housing, Assistance and Prevention Program (HHAPP)	\$3.95 billion <ul style="list-style-type: none"> <li>\$650 million in 2019-20 (Round 1)</li> <li>\$300 million in 2020-21 (Round 2)</li> <li>\$1 billion in 2021-22 (Round 3)</li> <li>\$1 billion in 2022-23 (Round 4)</li> <li>\$1 billion in 2023-24 (Round 5)</li> </ul>	\$1.7 billion	\$2.3 billion <sup>c</sup>	HHAPP Round 3 bonus disbursement expected Fall 2024. HHAPP Round 4 applications are currently being reviewed and awards are expected Spring 2023.	Annual report due December 31 to Cal ICH with monitoring of goals and performance objective beginning with Round 3 funding. Cal ICH last packaged this data into a public report released February 2021.
Encampment Resolution Funding (ERF) Program	\$750 million <ul style="list-style-type: none"> <li>\$50 million in 2021-22 (Round 1)</li> <li>\$300 million in 2022-23 (Round 2)</li> <li>\$400 million in 2023-24 (Round 3)</li> </ul>	\$96 million	\$654 million <sup>d</sup>	Applications for remaining ERF Round 2 funding are being accepted on a rolling basis until June 30, 2023, or until all funds are exhausted, whichever comes first.	Round 1. Annual report due December 31 to Cal ICH with fiscal and programmatic data, and quarterly expenditure reports. Round 2. Quarterly reports to Cal ICH with fiscal and programmatic data.
Family Homelessness Challenge (FHC) Grants and Technical Assistance Program	\$40 million in 2021-22	\$17 million	\$23 million <sup>e</sup>	FHC Round 2 applications will be available by December 31, 2023. Only awardees that remain compliant with FHC Round 1 requirements and demonstrate progress towards their objectives may apply for FHC Round 2.	Annual report due September 30 to Cal ICH with fiscal and programmatic data. The first report to Cal ICH is due September 30, 2023.

<sup>a</sup> All fund sources.

<sup>b</sup> Reflects remaining Homekey Round 3 funding, as some was accelerated for use in 2021-22 given high demand for funding.

<sup>c</sup> Reflects HHAPP Round 3 bonus funding, HHAPP Round 4, HHAPP Round 5, and unspent administrative funding.

<sup>d</sup> Reflects remaining ERF Round 2 funding and ERF Round 3 funding.

<sup>e</sup> Reflects the final disbursement of FHC Grants, technical assistance funding, and unspent administrative funding.

# Homekey Program

**Program Description.** Homekey provides grants to local public agencies and tribes in order to acquire and rehabilitate properties like motels, multifamily housing buildings, and commercial properties, to expand housing for persons experiencing or at risk of homelessness, who are especially impacted by the COVID-19 pandemic.

## **Awarding of Homekey Grants.**

### Homekey Awards

(Dollars in Millions)

Regions	Round 1 Awards		Round 2 Awards		Totals Across Round 1 and Round 2	
	Funding	Units Created	Funding	Units Created	Total Funding	Total Units Created
Los Angeles County	\$268	1,814	\$679	2,218	\$947	4,032
Bay Area	275	1,627	609	2,106	883	3,733
San Joaquin Valley	63	765	195	825	258	1,590
Southern California	66	592	189	688	255	1,280
Sacramento Area	39	331	92	353	131	684
Central Coast	23	217	101	348	124	565
San Diego County	38	332	12	41	50	373
Balance of State	26	233	78	284	104	517
<b>Totals</b>	<b>\$798</b>	<b>5,911</b>	<b>\$1,955</b>	<b>6,863</b>	<b>\$2,753</b>	<b>12,774</b>



# Homekey Program

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## Status and Preliminary Findings.

- Overall Accomplishments.** Since its inception in 2020, Homekey has awarded \$2.8 billion to 210 projects across the state, which are expected to create 12,800 units of housing, many of which are already in use, and house 211,600 people over the projects' 55-year affordability term.

Homekey Overall Accomplishments <sup>a</sup>			
	Round 1	Round 2	Total
Projects Funded	94	116	210
Total Units	5,911	6,863 <sup>b</sup>	12,774
Permanent Units	2,320	4,147	6,467
Interim Units	1,049	1,671	2,720
Interim-to-Permanent Units	2,542	960	3,502
Total Awards	\$798 million	\$1.96 billion	\$2.75 billion
Cost Per Unit <sup>c</sup>	\$129,254	\$243,751	\$189,672

<sup>a</sup> Reflects project impact from Homekey as of February 1, 2023. Projects can receive multiple sources of funding.

<sup>b</sup> Includes 85 manager units that are not represented in unit type breakout below.

<sup>c</sup> Reflects the Homekey contribution per unit.

- Homekey Round 1.** The vast majority of Round 1 funding (91 percent) was spent on rehabilitation and acquisition of motels and hotels. Additionally, 7 percent of funds were spent on acquisition of other types of sites and 2 percent of funds were spent on other eligible categories, including master leasing, conversion from nonresidential to residential purposes, purchase of existing affordable covenants, and relocation costs.
- Homekey Round 2.** Due to demand for Homekey funding in 2021-22, the Department of Housing and Community Development exhausted funding from Round 2 and accelerated some Round 3 funding into 2021-22. Funding all eligible applications in 2021-22 prevented these applicants from having to reapply in the subsequent round of funding release. Of the \$1.9 billion awarded in Round 2, \$1.67 billion was towards capital costs and \$282 million was towards operating costs.
- Homekey Round 3.** The remaining funding from 2022-23—about \$900 million—will be awarded in 2023. There is no additional funding authorized or proposed for Homekey.



# Homelessness Housing, Assistance and Prevention Program (HHAPP)

**Program Description.** HHAPP provides flexible funding to large cities, counties, continuums of care (CoC), and tribes in order to address homelessness in their communities.

## Overview of HHAPP.

### Homeless Housing, Assistance and Prevention Program<sup>a</sup>

(In Millions)

	2019-20 Round 1	2020-21 Round 2	2021-22 Round 3	2022-23 Round 4
<b>Total State Budget Allocation</b>	\$650	\$300	\$1,000	\$1,000
<b>Bonus Set Aside<sup>b</sup></b>	N/A	N/A	\$180	\$180
<b>Funds Locally Encumbered</b>	\$604	\$219	Awarded December 2022	Expected spring 2023
<b>Funds Locally Spent</b>	\$405	\$91	N/A	N/A
<b>Remaining Unobligated Funding</b>	\$46	\$81	N/A	N/A
<b>Expenditure Deadline</b>	June 30, 2025	June 30, 2026	June 30, 2026	June 30, 2027
<b>Reporting Requirements to Cal ICH</b>	Annual progress report due December 31. Final report due December 31, 2025.	Annual progress report due December 31. Final report due December 31, 2026.	Annual progress report due December 31. Final report due October 1, 2026.	Annual progress report due December 31. Final report due October 1, 2027.
<b>Goals and Performance Evaluation</b>	N/A	N/A	Each applicant determines its own outcome goals in consultation with Cal ICH through local homelessness action plans. Cal ICH determines whether a grantee met its outcome goals, making the grantee eligible for "bonus" funding.	Same as Round 3

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# Homelessness Housing, Assistance and Prevention Program (HHAPP)

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	2019-20 Round 1	2020-21 Round 2	2021-22 Round 3	2022-23 Round 4
<b>Reporting and Accountability Metrics</b>	<ul style="list-style-type: none"> <li>Expenditures by eligible uses.</li> <li>Number of people served.</li> <li>Demographic information of people served.</li> <li>Types of housing assistance provided.</li> <li>Housing exits.</li> <li>Identification of partnerships among local entities.</li> </ul>	Same as Round 1	Same as Round 1 and Round 2. And: (1) reducing the number of persons experiencing homelessness, (2) reducing the number of persons who become homeless for the first time, (3) increasing the number of people exiting homelessness into permanent housing, (4) reducing the length of time persons remain homeless, (5) reducing the number of persons who return to homelessness after exiting homelessness to permanent housing, and (6) increasing successful placements from street outreach.	Same as Round 3
<p><sup>a</sup> The 2022-23 budget authorized an additional \$1 billion for a fifth round of HHAPP. The administration is proposing budget-related legislation for the 2023-24 budget to establish the HHAPP Round 5 in statute. We are at the initial stage of evaluating the proposed budget-related legislation.</p> <p><sup>b</sup> Potential "bonus" disbursement available dependent on meeting performance conditions. Amount will vary depending on number of eligible recipients.</p> <p>Cal ICH = California Interagency Council on Homelessness.</p>				

## Status and Preliminary Findings.

- People Served.** As of September 2021, awarded HHAPP funding has served 74,300 individuals and 17,500 families with dependent children. Among other services, people served by HHAPP funding have received both emergency shelter (24,000) and permanent supportive housing (13,400). Additionally, 15,100 people have exited homelessness to permanent destinations while 15,200 have exited to temporary destinations.
- HHAPP Round 1 (\$650 million in 2019-20).** As of September 2022, navigation centers and emergency shelters are the largest eligible use category at 37 percent of the \$405 million expended to date.



# Homelessness Housing, Assistance and Prevention Program (HHAPP)

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- **HHAPP Round 2 (\$300 million in 2020-21).** As of September 2022, operating subsidies is the largest eligible use category at 26 percent of the \$91 expended to date.
- **HAPPP Round 3 (\$1 billion in 2021-22).** Eligible cities, counties, and CoCs received funding in December 2022. The bonus disbursements are expected in Fall 2024.
- **HAPPP Round 4 (\$1 billion in 2022-23).** Applications are currently being reviewed and awards are expected in Spring 2023.
- **HAPPP Round 5 (\$1 billion in 2023-24).** The 2022-23 budget authorized additional spending in 2023-24. California Interagency Council on Homelessness (Cal ICH) will continue to administer this funding in the upcoming fiscal year. There is no additional funding authorized or proposed for HHAPP.
- **Increase in Regional Partnerships.** From HHAPP Round 1 to HHAPP Round 4, there was a 24-percentage point increase of cities, counties, and CoCs redirecting or jointly seeking funds (11 percent to 35 percent).
- **Funding for Tribes.** For HHAPP Round 3, Cal ICH has awarded \$20 million across 16 federally recognized tribes.
- **Oversight and Accountability.** The state has strengthened oversight and accountability measures for HHAPP over time. In particular, the inclusion of local action plans help to set clearer expectations upfront. However, whether local goals align with legislative priorities is unclear. Furthermore, significant lag in reporting makes it difficult for the Legislature to use recent information in its decision-making.



# Encampment Resolution Funding (ERF) Program

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**Program Description.** The ERF Program provides competitive grants to cities, counties, and CoCs in order to address unsheltered homelessness for people living in encampments. Eligible uses include (1) direct services and housing options such as outreach and engagement, crisis services, interim housing, and permanent housing; (2) capacity building such as systems partnerships, service coordination, and workforce development; and (3) activities to ensure sustained outcomes for people served and that the encampments remain cleared after initial interventions.

**Awarding of ERF Grants.**

<b>ERF Grants Round 1 Awards</b>	
(In Millions)	
<b>Jurisdiction</b>	<b>Award Amount</b>
City of Fresno	\$5.0
City of Richmond	4.9
City of Oakland	4.7
City of Berkeley	4.7
City of Salinas	4.1
Orange County	3.7
Santa Barbara County	2.5
Santa Cruz County	2.4
City of San Jose	2.1
City of Redwood City	1.8
City of Vista	1.8
San Bernardino County	1.8
City of Los Angeles, Council District 4	1.7
City of Eureka	1.7
City of Tulare	1.6
City of Long Beach	1.3
City of Petaluma	1.3
City of San Rafael	0.5
Marin County	0.3
	<b>\$47.9</b>

ERF = Encampment Resolution Funding.





# Encampment Resolution Funding (ERF) Program

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## ERF Grants Round 2 Awards—First Disbursement

(In Millions)

Jurisdiction	Award Amount
Los Angeles City and County CoC	\$15.0
Riverside County	11.0
San Francisco County	10.9
City of Oakland	3.6
City of Oroville	2.7
City of San Diego	2.4
City of Montebello	1.2
City of Redding	1.0
	<b>\$47.8</b>

ERF = Encampment Resolution Funding and CoC = continuum of care.

### Status and Preliminary Findings.

- **ERF Round 1 (\$50 million in 2021-22).** Per awarded applications, grantees anticipated serving/interacting with 1,400 people experiencing homelessness within encampments. However, as of December 2022, grantees have exceeded that goal, serving 1,500 people. Of the 1,500 people served, 53 people exited the encampment directly into permanent housing and 365 people exited the encampment directly into emergency shelter or transitional housing. At this time, it is unclear how the other 1,100 individuals experiencing homelessness were served with this funding, but services range from outreach and assistance identifying safety net programs to helping to secure housing.
- **ERF Round 2 (\$300 million in 2022-23).** ERF Round 2 funding will be awarded in two disbursements. The first disbursement (almost \$50 million) was provided to ERF Round 1 applicants that met program requirements but were not funded because funds had been exhausted. The application for the second disbursement of ERF Round 2 is open.
- **ERF Round 3 (\$400 million in 2023-24).** The 2022-23 budget authorized additional spending in 2023-24. Cal ICH will continue to administer this funding in the upcoming fiscal year. There is no additional funding authorized or proposed for the ERF Program.



# Family Homelessness Challenge (FHC) Grants and Technical Assistance Program

**Program Description.** The FHC Grants and Technical Assistance Program provides one-time competitive grants and technical assistance to cities, counties, and CoCs in order to address and end *family* homelessness (eligible usages include a variety of supports and services—from outreach to permanent housing—all aimed at assisting those families who have dependent children and are experiencing homelessness). The 2021-22 budget allocated a total of \$40 million one-time funding for the program as follows: \$30 million towards two rounds of competitively awarded FHC grants, \$8 million towards technical assistance, and \$2 million towards administration of the program. These funds must be expended by June 30, 2026.

## Awarding of FHC Grants.

### FHC Grants Round 1 Awards— First Disbursement

(In Millions)

Jurisdiction	Award Amount
City of Los Angeles	\$3.5
City of Fontana	2.7
City of Salinas	2.7
County of Santa Clara	2.5
City of Oakland	2.0
Mendocino County	1.0
Sacramento City and County CoC	0.9
Pasadena CoC	0.6
City of Livermore	0.6
City of San Diego	0.4
<b>Total</b>	<b>\$16.9</b>

FHC = Family Homelessness Challenge and CoC = continuum of care.

## Status and Preliminary Finding.

- Per awarded applications, grantees anticipate serving 1,850 families with dependent children (in total, 4,900 individuals). The first report on these funds is due to Cal ICH in September 2023.
- Only awardees that remain compliant with FHC Grants Round 1 requirements and demonstrate progress towards their objectives may apply for FHC Grants Round 2. Applications for the remaining funding will open by December 31, 2023.

