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Agenda

February 25, 2016
Upon adjournment of Session - Room 4203

Challenges and Opportunities: Homelessness in California's Local Communities

- I. Opening Remarks
- II. Perspectives on Homelessness
 - Cynthia Nagendra, Director, Center for Capacity Building, National Alliance to End Homelessness
 - Margot Kushel, MD, Professor, University of California, San Francisco, School of Medicine
 - Emily Halcon, Homeless Services Coordinator, Office of the City Manager, City of Sacramento
 - George Ehrlick, individual perspective
- III. Overview of State and Local Services that Address Homelessness
 - Brian Uhler, Senior Fiscal and Policy Analyst, Legislative Analyst's Office
 - Oscar E. Villegas, Supervisor from Yolo County representing California State Association of Counties

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- IV. Presentation of the Senate's "No Place Like Home" Initiative
 - Kevin de León, Senate President pro Tempore
 - Darrell Steinberg, founder of the Steinberg Institute, former Senate pro Tempore

- V. Public Comment

CHALLENGES AND OPPORTUNITIES: HOMELESSNESS IN CALIFORNIA'S LOCAL COMMUNITIES

INTRODUCTION

Today's hearing will provide perspectives on how people become and remain homeless, examine the economic costs of homelessness, explore state and local roles, and consider potential state-level policies to address homelessness. The U.S. Department of Housing and Urban Development (HUD) defines homelessness as the absence of "a fixed, regular and adequate nighttime residence." According to the HUD definition, homeless individuals include those who sleep or live in places not designed for accommodation of human beings, such as the streets or parks; individuals living in shelters and other transitional housing; and individuals and families who are at imminent risk of losing their housing. Poverty and homelessness are almost inextricably tied. Approximately sixteen percent of Californians live in poverty according to the federal standard, with another twenty percent living close to the poverty line. Over 100,000 of these Californians are considered homeless. The combination of significant cuts in federal spending on programs that affect the poor and the homeless, reductions to California social safety net programs, and the lack of a permanent source of funding for affordable housing for low-income people, has led to an acute homelessness problem in many areas of the state.

CALIFORNIA'S HOMELESSNESS ISSUE

California's Homeless Population

According to a 2015 HUD report, California had 115,738 homeless people, accounting for 21 percent of the nation's homeless population. In addition, among all the states, California had the second largest number of individuals (29,178) with *chronic* patterns of homelessness, characterized by extensive periods of homelessness coupled with attendant health issues.¹ California also reported the largest number of unaccompanied homeless children and youth (10,416), representing 28 percent of the national total. Of these, 7,952 were unsheltered, representing 76 percent, the second highest rate of unsheltered homeless children among the states. Veterans of the armed forces represent a significant subset of the homeless population. Twenty-four percent of the nation's homeless veteran population can be found in California. Of the 11,311 homeless veterans in California, 62 percent or 7,002 were unsheltered. A more detailed fact sheet containing the numbers and characteristics of homeless subpopulations can be found at the end of this background paper.

Causes of Homelessness

Homelessness is a complex problem, with numerous and interlocking origins, but a crucial cause of homelessness in California—and nationwide—is the lack of affordable housing. In the U.S. Conference of Mayors' 2014 annual report on hunger and homelessness, city officials identified

¹ Chronically homeless individuals are those with a diagnosed disability, such as severe mental illness, substance use disorder, developmental disorder, or other ongoing medical condition, and has been homeless for at least one continuous year or has experienced at least four episodes of homelessness in the past three years.

the lack of affordable housing as the leading cause of homelessness among families with children, followed by unemployment, poverty, and low-paying jobs. Lack of affordable housing also topped the list of causes of homelessness among unaccompanied individuals, followed by unemployment, poverty, the lack of needed services for mental illnesses and substance abuse.

Additional information regarding the primary cause of homelessness in California—housing affordability—is presented in the section below. Secondary reasons for homeless are important contributors to the problem—including mental illness. Deinstitutionalization of persons with mental illness in past decades has contributed significantly to the homelessness problem. With fewer patients in public hospitals, fewer facilities to permanently house and treat persons with mental illness, and a scarcity of community-based care for low-income persons with mental illness, many individuals end up on the streets or in the criminal justice system.

Regarding other secondary causes, economic changes have had an impact on the types of jobs available to low- and semiskilled workers in California, and many jobs that provided income sufficient to maintain stable housing are no longer available. In addition, changes in labor market patterns have resulted in longer periods of unemployment and minimum wage standards have failed to keep pace with housing costs. As a result, working families and individuals also find themselves without permanent housing.

Affordable Housing in California

The low supply of affordable housing in California is a significant contributor to the homelessness problem. According to a 2015 study by the California Housing Partnership Corporation, California has a shortfall of 1.5 million affordable homes and 13 of the 14 least affordable metropolitan areas in the country. Not a single county in the state has an adequate supply of affordable homes, and while median incomes have dropped by eight percent since 2000, rental prices have soared by 21 percent.

California's 2.2 million extremely low-income (ELI) and very-low income (VLI) renter households are competing for only 664,000 affordable rental homes. (VLI households are those that earn less than 50 percent of the area median income, while ELI households earn less than 30 percent.) The housing gap leaves more than 1.54 million of California's lowest income households without access to affordable housing in a state with 21 of the 30 most expensive rental housing markets in the country. Moreover, there isn't a single county in California that has a sufficient number of affordable rental homes for these households.

California requires the third-highest wage in the country to assure access to housing, ahead of just Hawaii and Washington D.C. In California, the fair market rent for a two-bedroom apartment averages \$1,386. In order to afford this level of rent and utilities—without paying more than 30 percent of income on housing—a household must earn \$4,619 monthly or \$55,433 annually. Assuming a 40-hour work week, 52 weeks per year, this annual income level translates into an hourly wage of \$26.65. This means that a person earning minimum wage must work an average of three full-time jobs to pay the rent for a two-bedroom unit.

Homeless people in California also face difficulty finding emergency or transitional housing. According to the 2015 Annual Homeless Assessment Report to Congress released by the U.S.

Department of Housing and Urban Development, while most homeless people across the country lived in emergency shelters or transitional housing programs, 63.7 percent of homeless people in California were unsheltered. California's high housing costs and shortage of shelters leave many homeless people with no choice but to rest and sleep in public spaces.

ADDITIONAL RELATED BACKGROUND

Poverty in California and Existing Programs

California has one of the highest rates of poverty in the nation. In 2013, the U.S. Census Bureau and the Bureau of Labor Statistics released its estimates of poverty based on the Supplemental Poverty Measure (SPM), which takes into account the effects of government programs designed to assist low-income families, including refundable tax credits and other in-kind public benefit programs, like Supplemental Nutrition Assistance Program (SNAP); necessary expenses that may affect family resources, such as commuting costs, out-of-pocket medical expenses, and childcare costs; and, geographic differences in housing costs.² According to the 2013 U.S. Census Bureau figure, California's current official poverty measure is 16 percent; under the SPM, its poverty rate over 2011-2013 averaged 23.4 percent—the highest of any state in the nation.

Poverty rates vary significantly across California's counties, due to differences in the cost of living. One of the main contributing factors to these geographic differences in poverty is the lack of affordable housing in California. Using the California Poverty Measure (CPM), which accounts for the cost-of-living and a range of family resources, including social safety net benefits, the table below shows the poverty rates across counties. In 2013, Placer County had the lowest poverty rate (13 percent), and Los Angeles had the highest (26 percent).³

County	Poverty rate	County	Poverty rate	County	Poverty rate
Alameda	17.6%	Madera	21.1%	San Mateo	17.0%
Alpine, Amador, Calaveras, Inyo, Mariposa, Mono, Tuolumne	16.5	Marin	16.6	Santa Barbara	24.1
Butte	21.6	Merced	21.4	Santa Clara	18.0
Colusa, Glenn, Tehama, Trinity	15.9	Monterey, San Benito	24.0	Santa Cruz	21.8
Contra Costa	16.9	Napa	18.1	Shasta	18.0
Del Norte, Lassen, Modoc, Siskiyou, Plumas, Nevada, Sierra	18.3	Orange	21.8	Solano	16.9
El Dorado	14.0	Placer	13.3	Sonoma	17.2
Fresno	21.2	Riverside	20.1	Stanislaus	21.5
Humboldt	19.7	Sacramento	18.2	Sutter, Yuba	16.6
Imperial	17.3	San Bernardino	19.4	Tulare	22.1
Kern	18.2	San Diego	21.5	Ventura	19.6
Kings	17.7	San Francisco	22.6	Yolo	21.4
Lake, Mendocino	22.8	San Joaquin	18.3		
Los Angeles	25.7	San Luis Obispo	19.1		

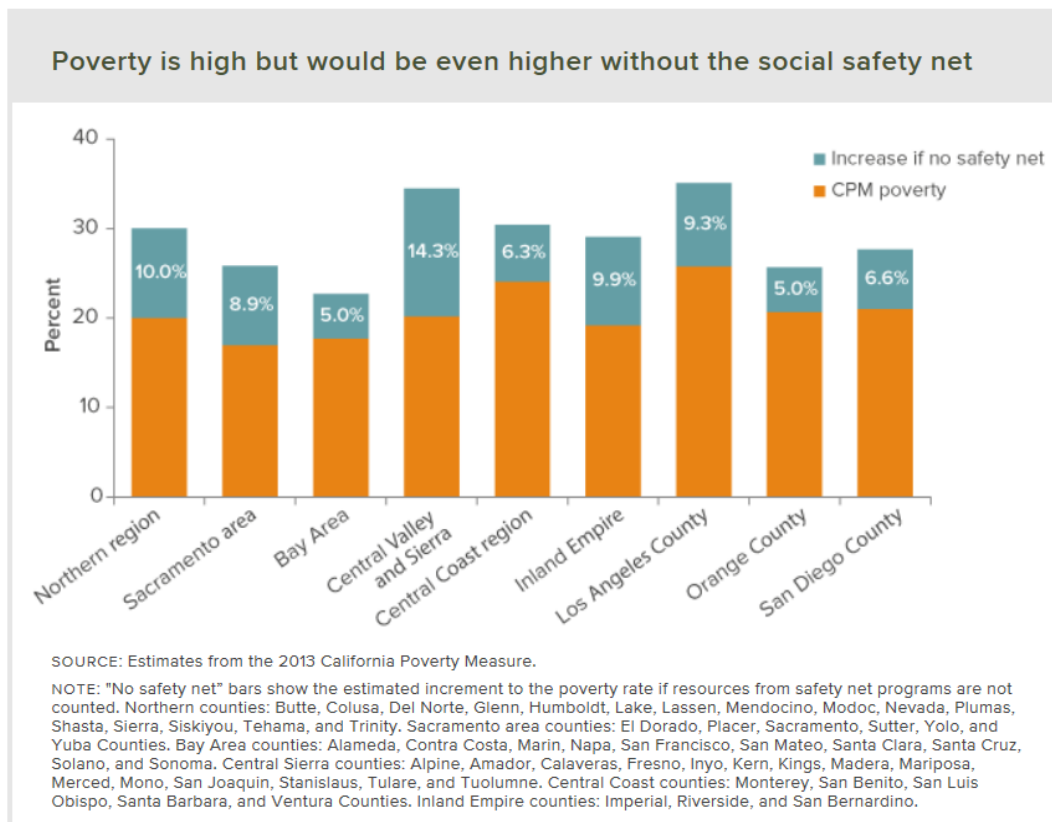
² Kathleen Short. "The Supplemental Poverty Measure: 2013." *U.S. Census Bureau, Economics and Statistics Administration*. October 2014.

<<http://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-251.pdf>>

³ Public Policy Institute of California. "Just the Facts: Poverty in California." December 2015.

http://www.ppic.org/main/publication_show.asp?i=261

Social safety net programs in California (discussed below), play an important role in keeping individuals out of poverty and deal with issues that may lead to homelessness. The table below shows, by region, the estimated percentage of individuals who would be in poverty if it weren't for these programs. For example, in Los Angeles County, the poverty rate was at approximately 25.7 percent in 2013. However, if it weren't for existing social safety net programs, the poverty rate would be significantly higher at 35 percent.



Major programs in California designed to assist low-income families include CalWORKs, which provides temporary cash assistance to help families meet basic needs such as rent, and provides education, employment, and training programs to assist families in moving toward self-sufficiency; CalFresh, an entitlement program that provides monthly benefits to assist low-income households in purchasing food; the CalWORKs Housing Support Program, which provides housing and support services for CalWORKs families in danger of homelessness; and Supplemental Security Income/State Supplemental Payment (SSI/SSP), which provides a monthly cash benefit to enable recipients who are aged, blind or have disabilities and who cannot work to meet basic living expenses for food, clothing, and shelter.

In the past decade; however, funding for several of these programs has decreased significantly and has fallen further below the federal poverty line (FPL). For example, the Cost-of-Living Adjustment (COLA) for the state portion of the grant has been permanently suspended since 2011, and the last SSP COLA was in 2005. Grant levels established in 2015-16 place individuals receiving SSI/SSP at 90.6 percent of the FPL, whereas in 2007-08 grant levels for individuals were at 102.3 percent of FPL. The CalWORKs program also saw the elimination of its annual

COLA in 2007, and has seen several maximum aid payment (MAP) reductions between 2007 and 2011. Time limits for adults were also reduced from 60 months to 48 months, and a 24-month time clock was introduced for Welfare-to-Work activities.

The state also invests in mental health services for low-income Californians through the Mental Health Services Act (MHSA) (Proposition 63, Statutes of 2004), which imposes a one percent income tax on personal income in excess of \$1 million. The purpose of the MHSA is to expand mental health services to Californians who have severe mental illnesses or severe mental health disorders and whose service needs are not being met through other funding sources. These services are particularly aimed at unserved and underserved populations, with 20 percent of annual revenues going towards prevention and early intervention. Most of the act's funding is to be expended by county mental health departments.

Local Impacts of Homelessness

Numerous cities, in response to the increase of activity on the streets, have enacted ordinances that individually target and punish homeless individuals for performing “life-sustaining activities.” Some of these activities include: sleeping/camping, eating, sitting, and begging in the streets. A recent study from the University of California, Berkeley found that in a sample of 58 California cities, 59 percent had enacted anti-homeless laws since 1990. Such criminalization of the homeless restricts and redirects local budgets to the justice system rather than to homeless services designed to combat and prevent homelessness. In addition, many laws have been struck down as constitutional violations, resulting in wasted money that could be used for more positive and productive solutions.

In 2010, the U.S. Interagency Council on Homelessness released its Strategic Plan to Prevent and End Homelessness, which set a target of ending chronic and veteran homelessness by 2015 and youth homelessness by 2020. The plan recognizes that the lack of affordable housing is one of the major contributors to homelessness. Many local jurisdictions in the United States and in California have invested in permanent supportive housing, created work programs, and established systems of collaboration among homeless service providers to ensure that the homeless have access to adequate, safe, and affordable housing. Through positive and sustainable investments such as these, families are more likely to achieve economic stability, obtain and maintain stable employment, receive education, and lead healthier and more productive lives. In addition, these measures prove to be less costly than using the criminal justice system, according to data compiled by the National Alliance to End Homelessness.

Federal Housing Programs

Modern housing and homelessness policy can be traced back to the 1970s and '80s as national social and economic policies towards housing began to change. At that time, public housing, created to provide safe and affordable rental housing for low-income families, the elderly, and people with disabilities under the National Housing Acts of 1934 and 1937, began to deteriorate due to poor maintenance. In 1974, the Housing Community and Development Act ended most new construction of public housing and the Housing Choice Voucher Program (Section 8) was created in its place. This new program allowed eligible tenants to pay only a portion of their rent (based on their income) and shifted funds from public housing authorities to the private sector. The goal was to eliminate concentrations of low-income people in housing developments.

In 1981, the Reagan administration dismantled federal affordable housing funding. From 1978 to 1983, the funding for low- to moderate-income housing decreased by 77 percent. Social policies contributing to the rise of homelessness included the deinstitutionalization of persons with mental illness during the mid-1980s. Additionally, in the 1980s, the proportion of the eligible poor who received federal housing subsidies declined. In 1970, there were 300,000 more low-cost rental units (6.5 million) than low-income renter households (6.2 million). By 1985, however, the number of low-cost units had fallen to 5.6 million, and the number of low-income renter households had grown to 8.9 million, a disparity of 3.3 million units.

Economic and social policies continue to contribute to homelessness. For instance, the federal Budget Control Act of 2011 initiated automatic federal spending cuts of \$85 billion (also referred to as “sequestration”). These cuts, which went into effect in March 2013, adversely impacted homeless services and affordable housing programs. For example, the Center of Budget and Policy Priorities estimated that between 125,000 and 185,000 low-income families would lose housing assistance nationally by the end of 2014 as a result. Additionally, as of July 2014, sequestration had cost California’s low-income families nearly 15,000 housing vouchers.

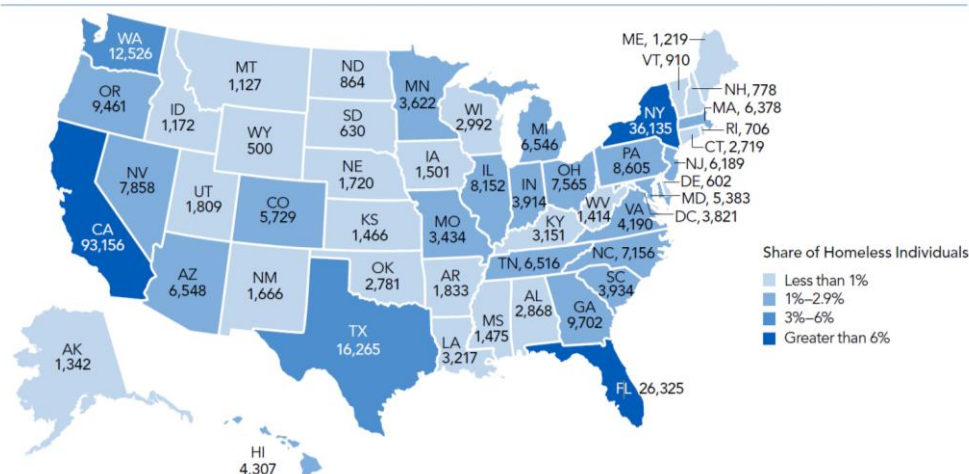
ISSUES FOR CONSIDERATION

- What is the appropriate balance between state and local entities in addressing the problem of homelessness?
- What are ways that currently existing structures and programs can be utilized to address the problem of homelessness?
- How can local, state and federal funding for both housing and poverty best be leveraged to reduce homelessness?
- In what other ways, besides housing, can state and local governments help?
- How can we prevent homelessness for individuals and families?
- What are successful models currently being used that could be applied to California as a whole in addressing homelessness?

Fact Sheet: Homelessness in California

Percent of Households Homeless. The map shown below provides an estimate of the homeless households as a percent of the total number of households in each state.

EXHIBIT 2.6: Estimates of Homeless Individuals
By State, 2015



Total Homeless People on a Single Night in January 2015.

- California had 93,156 homeless people, which accounted for 26 percent of the nation’s homeless population. California also had the highest rate of unsheltered people at 73 percent.
- California experienced the largest decline in the number of people experiencing homelessness, with 17,796 fewer since 2007.
- Seventeen percent of homeless individuals were counted in either Los Angeles (nine percent or 33,669 people) or New York City (eight percent or 29,612 people). The five major city Continuums of Care (CoCs)⁴

Major City CoCs	
CoC	Total Individuals
Los Angeles City & County, CA	33,669
New York City, NY	29,612
Seattle/King County, WA	7,053
Las Vegas/Clark County, NV	6,878
San Diego City and County, CA	6,761
San Francisco, CA	6,175
San Jose/Santa Clara City & County, CA	5,648

Major City CoCs		
CoC	Total Individuals	% Unsheltered
Highest Rates		
Fresno/Madera County, CA	1,410	83.4
San Jose/Santa Clara City & County, CA	5,648	80.8
Los Angeles City & County, CA	33,669	77.4
Oakland/Alameda County, CA	3,055	70.5
Long Beach, CA	1,937	70.3

Total Homeless Individuals on a Single Night in January 2015.

- Nine percent of homeless individuals (33,669 people) were counted in Los Angeles or New York City.
- Fresno, San Jose, and Los Angeles, CA all had rates of unsheltered individuals that exceeded 75 percent.
- Los Angeles had the largest increase in the number of homeless individuals among major city CoCs, reporting 5,505 additional individuals (a 20 percent increase) between 2014 and 2015.

⁴ Continuums of Care (CoC) are local planning bodies responsible for coordinating the full range of homelessness services in a geographic area, which may cover a city, county, metropolitan area, or an entire state.

Major City CoCs		
CoC	Total Homeless People in Families	% Unsheltered
Highest Rates		
Los Angeles City & County, CA	7,505	38.6
Long Beach, CA	408	37.3
Oakland/Alameda County, CA	985	24.8
Portland-Gresham-Multnomah County, OR	669	23.6
San Diego City and County, CA	1,981	12.3

Total Homeless Families on a Single Night in January 2015.

- California had one of the largest number of people in families with chronic patterns of homelessness, at 22,582. This accounts for 11 percent of the state's homeless family population.
- California experienced a decline of 5,452 fewer homeless people in families (19.5 percent) since 2007.

Major City CoCs	
CoC	Total Unaccompanied Children and Youth
Los Angeles City & County, CA	2,670
Las Vegas/Clark County, NV	2,233
New York City, NY	1,706
San Francisco, CA	1,473
San Jose/Santa Clara City & County, CA	882
Seattle/King County, WA	701
San Diego City and County, CA	625

Total Homeless

Unaccompanied Children and Youth on a Single Night in January 2015.

- California reported the largest numbers of unaccompanied homeless children and youth, at 10,416 people or 28 percent of the national total. It also had the second highest rate of unsheltered homeless children at 76 percent.
- Los Angeles reported the largest decrease with 1653 fewer unaccompanied children and youth; however, Los Angeles still had the largest number of unaccompanied children and youth or seven percent of the national total.

Major City CoCs		
CoC	Total Homeless Veterans	% Unsheltered
Highest Rates		
Los Angeles City & County, CA	4,016	68.8
San Jose/Santa Clara City & County, CA	703	63.4
San Francisco, CA	557	63.2
Fresno/Madera County, CA	227	61.7
Oakland/Alameda County, CA	388	59.5

Total Homeless Veterans on a Single Night in January 2015.

- California had the largest number of veterans experiencing homelessness at 11,311. Homeless veterans in California represented 24 percent of the national homeless veteran population. California also had the second highest rate of unsheltered veterans at 62 percent (7,002 were unsheltered).
- Homelessness among veterans has declined in California, where the number fell by 6,662 people (37 percent) since 2009.
- Los Angeles had the largest number of homeless veterans in the nation, more than twice as many as the CoC with the next largest number.

Total Chronically Homeless On a Single Night in January 2015.

- One-third of the nation's chronically homeless population was located in California, at 29,178. California also had a high rate of unsheltered chronically homeless, at 75 percent (25,009 were unsheltered).
- California had the largest decrease, with 11,163 fewer chronically homeless individuals (27.7 percent) since 2007.
- Los Angeles had the largest number of chronically homeless individuals in the nation, more than four times as many as the CoC with the next largest number.

Major City CoCs		
CoC	Total Chronically Homeless	% Unsheltered
Highest Rates		
Fresno/Madera County, CA	366	94.3
Las Vegas/Clark County, NV	455	92.3
City of Houston/Harris County, TX	591	91.9
San Jose/Santa Clara City & County, CA	2,169	91.5
Los Angeles City & County, CA	12,356	88.9