

# HOUSING AND HOMELESSNESS

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## HOUSING

Prior to the COVID-19 Pandemic, California's housing stock fell short of demand. In recent years, the state has invested billions in incentives for housing production, including \$10.3 billion in the 2021 Budget Act. However, the development of affordable housing also takes commitment from local governments and developers to plan, zone, and build housing in locations throughout the state to support the needs of the communities that can benefit from affordable housing the most.

With the significant state investments over the last three years, more housing will come online. To support individuals during the worst of the economic impacts associated with the COVID-19 Pandemic, the state rapidly launched the nation's largest emergency rental assistance program, serving over 275,000 households across the state, with the majority of funds provided to the very lowest-income households. The state has also deployed new programs for homeowner mortgage forbearance relief, housing counseling, expanded local and regional planning grants to assist local governments prepare for the upcoming Regional Housing Needs Allocation (RHNA) cycle, and provided additional resources to build and preserve affordable housing.

The May Revision adds \$500 million to accelerate affordable housing production aligned with the state's climate agenda. The May Revision builds upon the \$1.5 billion in investments proposed in the Governor's Budget.

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## EQUITABLE HOUSING PRODUCTION AND CLIMATE RESILIENCY

The May Revision proposes an additional \$500 million one-time General Fund over 2023-24 and 2024-25 to remove barriers to build more downtown-oriented and affordable housing through funding adaptive reuse—namely, converting existing infrastructure, underutilized retail space, and commercial buildings into residential uses. When added to the \$100 million one-time General Fund included in the Governor's Budget, total adaptive reuse investments total \$600 million over three years.

The pandemic has changed the way we work, including the use of office space, providing opportunities for innovative adaptive reuse. Many commercial sites are in infill areas and downtown-oriented places, which are already well-served by public transit and are closer to daily destinations like jobs, schools, and healthcare for new residents. Encouraging infill and adaptive reuse furthers several key Administration objectives, including combating climate change, accelerating housing production, and promoting equitable and affordable access to housing.

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## HOMELESSNESS

The COVID-19 Pandemic highlighted the vulnerability of California's homeless population and the complexity in solving this crisis. The 2021 Budget Act included a historic level of investments to address homelessness—\$12 billion over two years—that invested in a comprehensive approach toward services and supports to provide shelter, housing, long-term supportive services, and help prevent individuals from becoming homeless.

The Governor's Budget included \$2 billion General Fund over two years to expand access to housing for individuals with complex behavioral health needs and grants to local governments to address encampments.

The May Revision builds on those investments by providing additional interim bridge housing solutions and includes funding to support the administration of the Community Assistance, Recovery and Empowerment (CARE) Court framework—a new process for local courts to deliver supports for individuals with specific behavioral health needs. The May Revision also continues to invest in community restoration and diversion placements and services for individuals deemed incompetent to stand trial. See the Health and Human Services Chapter for more details.

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## INTERIM TO PERMANENT HOUSING PLACEMENTS

Through partnerships with local governments, the Homekey Program has been a critical cornerstone of the state's approach to address homelessness. Awards from Homekey 2.0 continue to be announced and cumulatively have already helped to facilitate more than 10,000 new units of housing for Californians experiencing homelessness. Local governments have requested approximately \$2.3 billion in funding out of the \$1.3 billion available in 2021-22. The May Revision proposes an additional \$150 million in the current year, for a total of \$2.9 billion in Homekey funding over two years.

The May Revision also includes \$500 million over two years to house unsheltered individuals on state-owned land through grants to local governments for interim housing and site preparation. Interim housing placements will provide bridge housing for unsheltered individuals who can be transitioned into long-term housing placements that will be created over the next few years through the Behavioral Health Continuum Infrastructure Program, the Community Care Expansion Program, and additional rounds of the Homekey Program.

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## TRANSITIONAL HOUSING

One of the challenges formerly incarcerated individuals face upon reentry is finding housing. This challenge is particularly acute for individuals who did not have stable housing prior to entering prison. The inability to secure housing can impede successful community reintegration upon release and lead to increased recidivism.

The California Department of Corrections and Community Rehabilitation (CDCR) established the Returning Home Well Program during the pandemic to provide emergency transitional housing services to individuals who would otherwise be at risk of being unhoused at the time of their release. The Governor's Budget included \$10.6 million General Fund annually for three years to continue Returning Home Well while providing the opportunity to assess the ongoing needs of the released population.

The May Revision builds on this investment by adding \$3 million one-time General Fund to provide transitional housing to youth discharged from CDCR's Division of Juvenile Justice by the Board of Juvenile Hearings in 2022-23. Transitional housing will be available to youth who are at risk of homelessness upon their release to support them in successfully reentering their communities. For more information, see the Criminal Justice Chapter.

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## **LOCAL HOMELESSNESS PLANS AND ACCOUNTABILITY**

The California Interagency Council on Homelessness (Cal-ICH) is responsible for advancing California's coordinated response to the homelessness crisis and for holding local jurisdictions accountable for effectively expending state homelessness resources. The Secretary of the Business, Consumer Services and Housing Agency and the Secretary of the California Health and Human Services Agency serve as co-chairs of Cal-ICH, both responsible for implementing cohesive, integrated approaches to administering state resources through existing programs and also budget investments.

As a condition of receiving funding through the Homeless Housing, Assistance and Prevention (HHAP) Program, local governments are required, by June 30, 2022, to submit local homelessness action plans to Cal-ICH. These local homelessness plans will provide the baseline information to measure the progress of local jurisdictions as they outline the steps that will be taken to achieve outcomes. In addition, the state will employ local homelessness action plans submitted by overlapping cities, counties, and Continuums of Care as a tool to create stronger regional coordination, aligned goals, and joint opportunities for impact and accountability.

As part of the 2021 Budget Act, \$1 billion is currently available for HHAP in 2022-23. The Administration is committed to extending HHAP at current levels for additional years beyond 2022-23, pending further discussion with the Legislature to meaningfully increase outcomes and accountability on local HHAP spending to focus on highest priority needs, such as encampment resolution, Homekey operating sustainability, and CARE Court housing supports.

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## **TOTAL HOUSING AND HOMELESSNESS INVESTMENTS**

The May Revision reflects the Administration's ongoing commitment to equitably build more affordable and climate-smart housing for Californians and expand access to housing for vulnerable populations, including individuals with complex behavioral health conditions and people living in unsheltered settings. In total, the Budget includes \$9.1 billion for housing resources and \$9.4 billion for homelessness resources in 2022-23, as detailed below.

## 2022-23 Affordable Housing Funding at May Revision

(Dollars in Millions)

Department	Program	Total Funding
Department of Housing and Community Development <sup>1/</sup>	Veterans and Affordable Housing Bond Act Programs (Prop 1)	\$431.9
	No Place Like Home Program	\$400.0
	Building Homes and Jobs Fund Programs (SB 2)	\$233.8
	Federal Funded Programs for Housing	\$260.2 <sup>2/</sup>
	Infill Infrastructure Grant Program	\$225.0 <sup>3/</sup>
	Adaptive Reuse	\$50.0 <sup>3/</sup>
	Veterans Housing and Homelessness Prevention	\$75.0
	Affordable Housing and Sustainable Communities Program (General Fund)	\$75.0 <sup>3/</sup>
	Portfolio Reinvestment Program (Preservation) (General Fund)	\$50.0 <sup>3/</sup>
	Various	\$13.0
	State Excess Sites (General Fund)	\$25.0 <sup>3/</sup>
Mobilehome Park Rehabilitation and Resident Ownership Program (General Fund)	\$25.0 <sup>3/</sup>	
Office of Migrant Services	\$5.6	
California Housing Finance Agency <sup>4/</sup>	Low-Moderate Income Housing	\$50.0
	Single Family First Mortgage Lending	\$2,500.0
	Homeowner Assistance Fund (American Rescue Plan Act)	\$1,055.0
	Multifamily Conduit Lending	\$1,300.0
	Multifamily Permanent Lending	\$350.0
	Single Family Down Payment Assistance/Homebuyer Assistance	\$140.0 <sup>5/</sup>
	Mixed-Income Loan Program	\$93.4 <sup>3/</sup>
Tax Credit Allocation Committee	Low Income Housing Tax Credits (State)	\$641.4 <sup>6/</sup>
	Low Income Housing Tax Credits (Federal)	457.9 <sup>7/</sup>
	Farmworker Housing Assistance Tax Credits	\$4.6
Strategic Growth Council	Affordable Housing and Sustainable Communities (GGRF)	\$407.0 <sup>8/</sup>
Department of Veterans Affairs	CalVet Fam and Home Loan Program (Prop 1)	\$150.0
Judicial Council	Legal Assistance for Renters and Homeowners	\$20.0
Office of Emergency Services	Domestic Violence Housing First Program	\$23.0
	Transitional Housing Program	\$17.0
	Specialized Emergency Housing	\$10.0
	Domestic Violence Assistance, Equality in Prevention and Services, Human Trafficking Victim Assistance, North American Domestic Violence and Sexual Assault	- <sup>9/</sup>
	Returning Home Well	\$10.6
California Department of Corrections and Rehabilitation	Specialized Treatment of Optimized Programming, Parolee Service Center, Day Reporting Center, Female Offender Treatment and Employment Program, Proposition 47 Grant Program	- <sup>9/</sup>
Board of State and Community Corrections	Transitional Housing for Division of Juvenile Justice Youth	\$3.0
Department of Public Health	Housing Opportunities for Persons with AIDS (HOPWA)	\$5.0
	Housing Plus Program	\$1.0
	HIV Care Program	- <sup>9/</sup>
California Community Colleges		<sup>10/</sup>
California State University	Higher Education Student Housing Grant Program	\$750.0
University of California		
<b>Total</b>		<b>\$9,108.4</b>

1/ Notwithstanding multiyear or continuous appropriations, these estimates depict HCD's appropriations for the 2022 Budget Act.

2/ This amount reflects programs that receive federal funds, such as the Community Development Block Grant program.

3/ Note the Governor's Budget proposes an outyear appropriation for this program in 2023-24.

4/ CalHFA is self-supporting and its single family and conduit lending programs do not rely on the state General Fund. Funding estimates are based on lending activities from 2020-21, market demand for homeownership, available program resources, volume cap allocation, and multifamily lending pipeline projections.

5/ This program receives no General Fund allocation and is continuously financed based on market demand. This estimate is based on last year's lending activities and market demand for the first mortgage homeownership product.

6/ This includes \$500 million state tax credits allocated in the 2021 Budget Act.

7/ This represents the estimated 9 percent and 4 percent tax credits available in 2022 and the remaining 9% federal disaster credits from 2021.

8/ The Affordable Housing and Sustainable Communities program amount reflects 20 percent of projected Cap and Trade revenues and \$22 million that is proposed to be reappropriated from the 2014 Budget Act.

9/ The state provides a number of wrap-around supportive services through these programs including housing, which cannot be separated from the program's overall budget.

10/ The 2022-23 Governor's Budget funds for the Higher Education Student Housing Grant Program represent the second year of a total \$2 billion investment planned over a three-year period. The 2021 Budget Act provided \$500 million for this purpose to increase availability of affordable student housing.

**Homelessness Funding at 2022-23 May Revision**  
(Dollars in Millions)

Department	Program	Total Funding
Department of Housing and Community Development	Continued Homekey Acquisitions	\$1,300.0
	Interim Housing	\$500.0 <sup>1/</sup>
	Federal Funded Programs for Homelessness	\$148.0 <sup>2/</sup>
	Foster Youth Housing Navigators	\$5.0
	Transitional Housing Program	\$17.0
California Interagency Council of Homelessness	Flexible Aid	\$1,000.0
	Homeless Landscape Assessment	\$0.6
	Encampment Resolution Efforts	\$500.3
Office of Emergency Services	Various Homeless Youth Programs	\$1.0
	Youth Emergency Telephone Network	\$0.6
Department of Social Services	CalWORKS Housing Support Program	\$285.0
	Housing and Disability Advocacy Program	\$175.0
	Bringing Families Home	\$92.5
	Home Safe Program	\$92.5
Department of Health Care Services	Behavioral Health Continuum Infrastructure Program	\$1,724.7 <sup>3/</sup>
	Behavioral Health Bridge Housing	\$1,500.0 <sup>4/</sup>
	Naloxone Distribution Project for Individuals Experiencing Homelessness	\$15.0
	Housing and Homelessness Incentive Program	\$1,299.6 <sup>5/</sup>
	Project for Assistance in the Transition from Homelessness	\$8.8
Department of State Hospitals	IST Sub-Acute Bed Capacity Expansion	\$88.5 <sup>6/</sup>
	Community-Based Restoration (CBR)	\$78.4 <sup>6/</sup>
	IST Solutions	\$398.2 <sup>6/</sup>
Department of Transportation	Encampment Relocation Coordinators and Homeless Services Liaisons	\$2.7
	Clean California - additional Hazardous Material Removal	\$25.0
	Hazardous Material Removal at Encampments	\$20.6
California Community Colleges	Basic Needs Funding - Student Hunger and Homelessness Programs	\$30.0 <sup>7/</sup>
	Rapid Rehousing	\$9.0 <sup>7/</sup>
California State University	Basic Needs Funding - Student Hunger and Homelessness Programs	\$15.0 <sup>7/</sup>
	Rapid Rehousing	\$6.5 <sup>7/</sup>
University of California	Basic Needs Funding - Student Hunger and Homelessness Programs	\$15.0 <sup>7/</sup>
	Rapid Rehousing	\$3.5 <sup>7/</sup>
<b>Total</b>		<b>\$9,358.0</b>

1/ This amount includes \$250 million General Fund in 2022-23 and \$250 million General Fund in 2023-24.

2/ This amount reflects programs that receive federal funds, such as the Emergency Solutions Grant and the National Housing Trust Fund programs.

3/ Of the \$2.2 billion total funds over 2021-22 and 2022-23, \$1.7 billion is General Fund and \$530 million is CFRF. 2022-23 includes \$277.5 million carried over from 2021-22.

4/ The proposal includes \$1 billion General Fund in 2022-23 and \$500 million General Fund in 2023-24.

5/ This program is part of the Home and Community-Based Services Spending Plan. This proposal includes \$650.2 million (\$325.1 million Federal Fund) in 2022-23 and \$649.4 million (\$324.7 million in Federal Fund) in 2023-24.

6/ The state provides a number of wrap-around supportive services through these programs, which cannot be separated from the balance of the program's general budget.

7/ These Basic Needs funding programs support basic needs partnerships for low-income students facing housing or food insecurity. These amounts exclude basic needs funding provided in the 2019 and 2021 Budget Acts to address student mental health. Program funding reflected for UC Basic Needs and UC/CSU/CCC Rapid Rehousing was provided on an ongoing basis in the 2019 Budget Act. Program funding reflected for CCC and CSU Basic Needs was provided on an ongoing basis in the 2021 Budget Act.