

HOMELESSNESS AND LOCAL GOVERNMENT

Local governments deliver important services directly to people. County governments are primarily responsible for delivering health, public health, and social services programs like indigent health, behavioral health, CalWORKs, nutritional assistance eligibility, and child welfare services, among others. Many of these programs are entitlement programs and the COVID-19 Recession is causing a significant increase in caseloads. Counties also manage jails and supervise offenders on probation at the direction of the courts. Many of these programs are supported through 2011 and 1991 Realignment revenues (sales tax and vehicle license fee revenues). These revenues are being impacted significantly by the COVID-19 Recession. City governments are responsible for zoning and land use, parks, animal control, police and fire. In addition to their distinct responsibilities, cities and counties have also made considerable efforts in recent years to coordinate services and plan for housing to address homelessness.

HOMELESSNESS

California has experienced significant increases in the number of unsheltered individuals in recent years, a problem inextricably linked to the state's underproduction of affordable housing. The Administration's response has simultaneously focused on preservation and production of new affordable housing while also investing in comprehensive solutions to address homelessness. The Governor's State of the State address in February 2020 laid out a clear, comprehensive agenda on homelessness: greater investment in solutions, more accountability at all levels of government, and streamlining to facilitate the implementation of innovative approaches.

Over the past two years, the Budget has included over \$1.15 billion General Fund in direct homelessness funding to local governments and Continuums of Care, including \$500 million for the Homeless Emergency Aid Program (HEAP) and \$650 million for the Homeless Housing, Assistance and Prevention Program (HHAP).

The Governor's Budget proposed another substantial infusion of funding for homelessness, including \$750 million General Fund to establish the California Access to Housing Fund. The Governor's Budget also included \$695 million (\$348 million General Fund) for California Advancing and Innovating Medi-Cal, which would have expanded the whole person care model statewide among other changes to address social determinants of health in the state's Medi-Cal system.

The COVID-19 Recession has substantially altered the state's fiscal outlook. Nevertheless, the Administration's broad goals to reduce homelessness have not changed; moving individuals and families experiencing homelessness into stable housing and providing support to help stabilize and prevent homelessness. But, given the state's current fiscal constraints, the strategy to achieve those goals has needed to evolve.

PROJECT ROOMKEY

At the outset of the COVID-19 pandemic, the Administration acted quickly to prioritize protecting the spread of the virus in the homeless population. Project Roomkey is a multi-agency state effort to provide safe isolation motel rooms for vulnerable individuals experiencing homelessness. This occupancy program is currently supported by the Federal Emergency Management Agency (FEMA) through May 31, 2020. The state will request 30-day extensions as necessary.

Early in the COVID-19 pandemic, \$100 million was allocated to local governments and Continuums of Care to help reduce the spread of COVID-19 among Californians experiencing homelessness using the existing HHAP allocation formulas. This funding was provided to implement social distancing and increased sanitation at shelters and to support Project Roomkey. In addition, \$50 million was provided to the Department of Social Services to secure hotel and motel rooms and acquire trailers to safely house homeless populations most at risk due to COVID-19.

As of mid-May, Project Roomkey and its county partners have secured over 15,000 hotel and motel units, of which more than 7,200 are occupied, and purchased and disbursed 1,305 trailers to local governments for the same purpose. Local governments are paying

only for the occupied motel rooms, and these expenditures will leverage federal reimbursements through FEMA.

These units are providing short-term emergency shelter for homeless individuals to mitigate the spread of COVID-19 among this vulnerable population and maintain hospital and emergency room capacity in the event a surge of critically ill COVID-19 patients.

LEVERAGING FEDERAL FUNDS TO CREATE A PERMANENT SOLUTION

The state is not in a fiscal position to expand programs given the drastic budget impacts of the COVID-19 Recession. Instead of General Fund, the May Revision proposes \$750 million in federal funding and directs the use of these funds to purchase hotels and motels secured through Project Roomkey, to be owned and operated by local governments or non-profit providers. The state will also use these funds to provide significant technical assistance to local jurisdictions or other parties seeking to purchase and operate former Project Roomkey hotels and motels to address homelessness in their localities. The state has worked with local governments to include purchase options where feasible. These purchases are necessary to protect public health and stop the spread of COVID-19 in the homeless population. These efforts also help to maintain hospital and emergency room capacity in the event of a surge of critically ill COVID-19 patients.

In addition to Project Roomkey, the state will continue to work with local governments and service providers to maximize federal funding to provide safe interim housing options, rapid rehousing opportunities and rental subsidies for individuals and families experiencing homelessness.

The May Revision includes:

- Homeless Coordinating and Financing Council Administrative Resources—\$1.5 million General Fund ongoing and 10 permanent Homeless Coordinating and Financing Council positions to effectively carry out statutory mandates and strengthen its strategic coordination of the state's efforts to address homelessness.

LOCAL GOVERNMENT

The CARES Act provides a direct allocation of \$9.5 billion to California and \$5.8 billion to cities and counties with populations over 500,000 (includes 15 counties, 5 cities, and the

city and county of San Francisco). CARES Act funding provides relief to states and local governments for expenditures incurred between March 1 and December 30, 2020, in response to the COVID-19 pandemic. According to federal guidance, this funding must be used for expenditures incurred for COVID-19 related activities before December 30, 2020, and cannot be used to backfill lost revenues.

The May Revision allocates a portion of the state's CARES Act funding to local governments—\$450 million to cities and \$1.3 billion to counties—to be used toward homelessness, public health, public safety, and other services to combat the COVID-19 pandemic.

- **Cities**—Six California cities received a direct CARES Act allocation as a result of their size—for a total of \$1.5 billion direct from the federal government. The May Revision supplements this by providing \$450 million to all cities that did not receive a direct allocation. Of these recipients, cities with populations above 300,000 will receive a direct state allocation while all other cities will be provided funding through their counties. Recipient jurisdictions must spend these funds consistent with federal law and are advised to prioritize these dollars to supplement existing efforts by counties and Continuums of Care to address the impacts of COVID-19 on people experiencing homelessness, including but not limited to outreach and hygiene efforts, shelter and housing supports, public safety, and rental subsidies.
- **Counties**—The state is allocating \$1.3 billion of its CARES Act funding directly to counties based on population size to address the public health, behavioral health, and other health and human services needs that have arisen as a result of the COVID-19 pandemic.

Funding is contingent on adherence to federal guidance and the state's stay-at-home orders and will be released upon jurisdictions' certification of both.