

HOUSING AND HOMELESSNESS

HOUSING

California's housing shortage is one of the most daunting challenges facing the state. To address this need, the 2021 Budget Act supported affordable housing production and also provided relief for struggling renters and homeowners affected by the pandemic. The state rapidly launched a federally funded emergency rental assistance program for more than 100,000 low-income households. Additionally, the state deployed new programs for homeowner forbearance relief, housing counseling, expanded local and regional planning grants to prepare for the upcoming Regional Housing Needs Allocation (RHNA) cycle, and provided additional resources to build and preserve affordable housing.

RECENT ACTIONS AND INVESTMENTS

Through the RHNA process, the state is setting ambitious housing targets for every region in the state. In early 2022, the Department of Housing and Community Development (HCD) plans to release the Statewide Housing Plan identifying the number of new units local governments are required to build between now and 2030, which is based on these RHNA targets.

In order to increase housing options, every community must continue to remove barriers and follow new land-use laws. So California stays on track to meet its housing goals, the state will remain focused on accountability—first by stepping in with technical

assistance to local governments, and then with enforcement measures. The goal is to ensure local governments are planning and permitting the housing needed to meet their legally-required targets.

In anticipation of these increased housing targets, the 2021 Budget Act included a \$10.3 billion housing package, providing significant resources to: increase mixed-income construction loans and infill infrastructure grants, provide local government planning grants and continued technical assistance, establish new programs for innovative housing development on state excess lands, provide down payment assistance for first-time homebuyers, assist with foreclosure prevention, provide preservation loans and grants, and provide developer loans for affordable housing acquisition and preservation. The 2021 Budget also included statutory changes to bolster production through the RHNA process. In addition to the housing investments noted above, the state has also provided funding for homeowners mortgage counseling, mortgage assistance, and renter legal aid.

The state also leveraged federal funds to make one-time investments to further plan, produce, and preserve the state's long-term affordable housing stock. This included: expanded grants to finance accessory dwelling unit construction, loans and grants to preserve affordable housing units at risk of converting to market-rate housing, funding to help shovel-ready projects proceed to construction in lieu of waiting for state tax credits, brownfield remediation and local matching grants to scale up excess lands development, and regional grants to facilitate transformative smart housing development.

EQUITABLE HOUSING PRODUCTION AND CLIMATE RESILIENCY

California's housing and climate goals must be intertwined. The state is committed to developing and preserving housing in areas closer to neighborhood-serving amenities. Building housing in these locations supports the reduction of greenhouse gas (GHG) emissions and reduces the exposure of low-income Californians to the impacts of climate change.

Currently, California lacks enough affordable housing options near the places where most Californians need to be every day—jobs, schools, and services. This lack of housing results in both economic and societal costs, including longer commutes, fewer opportunities for alternative forms of transportation like walking and bicycling, and higher GHG emissions. Building housing within or adjacent to existing communities and the infrastructure that supports them will help lower-income households that were

struggling even before the pandemic. The state also remains focused on affordability and reducing segregation.

Overall, this approach also protects the state's natural and working lands, and reduces exposure to hazards that are often present in the wildland-urban interface, such as wildfire, flooding, and other climate-related impacts.

PARTNERSHIPS WITH LOCAL GOVERNMENTS

If California is to be successful in building more downtown-oriented housing, local governments will need to continue partnering on solutions. Too often, it is the infill development proposals that are not successful in the local approval process. The result is that the state does not achieve the greenhouse gas reductions needed to meet climate goals, and housing development is pushed out to areas further from jobs and services, which exacerbates climate problems.

In partnership with local governments, the Administration will work to identify land across California that is well situated for diverse, new downtown-oriented housing types—from single family to large multi-story buildings—most of which could take advantage of existing or forthcoming infill housing funding and/or streamlining in these areas. Areas for accelerated development will be identified throughout the state near downtowns and main streets in urban, suburban, and rural communities.

Over the past several years, dozens of state laws and funding programs have been passed, providing tools for local governments to expedite housing development, especially in areas within or adjacent to existing urbanized areas. These tools can reduce the time it takes to permit and build housing, which helps reduce the cost of development and can encourage building in places that are near the types of amenities that support household affordability and healthy communities. The Administration will look for additional streamlining opportunities to support housing development in places that are close to jobs, schools, transit, services, and other daily destinations.

Identifying these locations will help cities and counties plan for and reach their legally mandated housing and climate goals. State housing programs already focus on proximity to transit and amenities as a means to increase affordable housing supply. The Budget builds on those successes by providing that all 58 counties have a pathway to achieve their housing and climate goals.

HOUSING AS A CLIMATE STRATEGY

To continue the momentum of previous investments and foster a comprehensive and integrated climate and housing planning framework, the Budget proposes \$1 billion one-time General Fund over two years, primarily focused on accelerated development in downtown-oriented areas across California. This investment will foster targeted development in infill areas and create sustainable and affordable housing, as well as fund state tax credit and bond financing programs, as follows:

- **Infill Infrastructure Grant Program**—\$500 million one-time General Fund (\$225 million in 2022-23, and \$275 million in 2023-24) for the Infill Infrastructure Grant program, which prioritizes prime infill parcels in downtown-oriented areas and brownfields.
- **Affordable Housing and Sustainable Communities**—\$300 million one-time General Fund (\$75 million in 2022-23, and \$225 million in 2023-24) for the Affordable Housing and Sustainable Communities program to support land-use, housing, transportation, and land preservation projects for infill and compact development that reduce greenhouse gas emissions. This supplements the existing annual Cap and Trade auction proceeds available for this program.
- **State Excess Sites Development**—\$100 million one-time General Fund (\$25 million in 2022-23, and \$75 million in 2023-24) to expand affordable housing development and adaptive reuse opportunities on state excess land sites. This will leverage state land as an asset to expedite housing opportunities by offering low-cost, long-term ground leases in exchange for affordable and mixed-income housing.
- **Adaptive Reuse**—\$100 million one-time General Fund (\$50 million in 2022-23, and \$50 million in 2023-24) for adaptive reuse incentive grants. These grants will help remove cost impediments to adaptive reuse (e.g., structural improvements, plumbing/electrical design, exiting) and help accelerate residential conversions, with a priority on projects located in downtown-oriented areas. These per-unit grants will be paired with other HCD awards to remove impediments in delivering adaptive reuse projects.

INCREASING AFFORDABLE HOUSING OPTIONS

In addition to another allocation of \$500 million in Low-Income Housing Tax Credits, the Budget also includes an additional \$500 million one-time General Fund over two years to increase affordable housing options and help local governments meet their RHNA goals, as follows:

- **Mixed-Income Housing**—\$200 million one-time General Fund (\$50 million in 2022-23, and \$150 million in 2023-24) for the California Housing Finance Agency to provide loans to developers for mixed-income rental housing, specifically for households with incomes between 30 percent and 120 percent of the Area Median Income.
- **Portfolio Reinvestment Program**—\$200 million one-time General Fund (\$50 million in 2022-23, and \$150 million in 2023-24) for the Portfolio Reinvestment Program to further preserve targeted units in downtown-oriented areas and continue increasing the state's affordable housing stock.
- **Mobilehome Park Rehabilitation and Resident Ownership Program**—\$100 million one-time General Fund (\$25 million in 2022-23, and \$75 million in 2023-24) for HCD's Mobilehome Park Rehabilitation and Resident Ownership Program. These funds will finance the preservation and development of affordable mobilehome parks, assisting one of the communities disproportionately and negatively impacted by the state's affordability and climate challenges.

HOMELESSNESS

The 2021 Budget Act included a historic \$12 billion over two years to address homelessness—creating new units and treatment beds for individuals exiting homelessness and supporting local government efforts. These investments expanded the work accomplished through Project Roomkey and Homekey, which provided shelter to avoid COVID-19 exposure for over 50,000 homeless Californians and created 6,000 new homes for Californians exiting homelessness. The 2021 Budget Act expanded the Homekey effort to include the Behavioral Health Continuum Infrastructure Program and Community Care Expansion, which will provide additional homes and treatment beds when fully implemented over the next several years. The Budget reflects \$5.8 billion for 2022-23 included in the 2021 Budget Act.

While long-term housing solutions are being rapidly deployed through Homekey and other programs, the resources in the Budget are focused on the immediate need to quickly rehouse unsheltered individuals as new units come online. The Budget proposes an additional \$2 billion over the next two years to expand access to housing for vulnerable populations with complex behavioral health conditions and people living in encampments and complements the funding included in the 2021 Budget.

HOUSING SUPPORTS TO INDIVIDUALS WITH BEHAVIORAL HEALTH NEEDS

Many Californians experiencing homelessness also have a serious mental illness. While \$5.8 billion for Homekey in the 2021 Budget Act provided an unprecedented investment in long-term housing and treatment solutions for people experiencing unsheltered homelessness who have serious behavioral health conditions, there is a need for immediate bridge solutions as these new units come online.

The Budget includes an additional \$1.5 billion General Fund over two years in dedicated resources to address immediate housing and treatment needs. Funding will be administered through DHCS' Behavioral Health Continuum Infrastructure Program and can be used to purchase and install tiny homes and to provide time-limited operational supports in these tiny homes or in other bridge housing settings including existing assisted living settings.

County governments and Medi-Cal managed care must improve coordination to better serve people with acute behavioral health challenges and those needing housing, treatment, and services, including medication, peer and family supports. Strategies within the recently approved California Advancing and Innovating Medi-Cal (CalAIM) federal waiver will help with this, including coordinating pre-release and post release services for incarcerated individuals. The Budget also proposes a new multi-disciplinary mobile crisis services benefit to Medi-Cal.

The Administration will also develop a strategy that addresses the stabilization and treatment of this extremely vulnerable population of Californians with the most severe and untreated behavioral health conditions. The strategy will provide community-based care aimed at preventing institutionalization and incarceration. In designing effective and sustainable treatment programs for these individuals, a connection to safe and supportive housing is a critical priority.

A lack of community behavioral health services has also led to a rapidly growing number of individuals found Incompetent to Stand Trial (IST). Informed by the deliberations of the IST Workgroup, the Budget includes spending of \$93 million General Fund in 2021-22 and \$571 million General Fund ongoing. These funds will support both early stabilization and community care coordination and the expansion of diversion and community-based restoration capacity. For more information, see the Health and Human Services Chapter.

ENCAMPMENTS AND UNSHELTERED SETTINGS

The Budget prioritizes funding to reduce the number of people who live in public spaces not intended for human habitation in communities throughout the state, including under or along freeway overpasses and vacant lots.

Building on the \$50 million of Encampment Resolution Grants to local jurisdictions that will be awarded in Spring 2022, the Budget includes an additional \$500 million one-time General Fund to deploy a substantially expanded program for jurisdictions to invest in short- and long-term rehousing strategies for people experiencing homelessness in encampments around the state.

TRANSITIONAL HOUSING FOR JUSTICE INVOLVED INDIVIDUALS

The Budget includes \$10.6 million General Fund annually for three years to continue the Returning Home Well Program, which provides transitional housing services to individuals who would otherwise be at risk of being unhoused at the time of their release. This program, initiated during the COVID-19 Pandemic, has served nearly 5,300 individuals to date. For more information, see the Criminal Justice Chapter.

STRENGTHENING ACCOUNTABILITY FOR IMPACT

The California Interagency Council on Homelessness (Cal-ICH), formerly named the Homeless Coordinating and Financing Council, is responsible for advancing California's coordinated response to the homelessness crisis and for holding local jurisdictions accountable for effectively expending state homelessness resources. Cal-ICH is comprised of directors and agency secretaries from various state departments. 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. Leadership from these two agencies is responsible for implementing cohesive, integrated approaches to administering state resources through existing programs and budget investments.

Local governments are required to submit local homeless action plans to Cal-ICH as a condition of receiving funding through the Homeless Housing and Assistance Program. This \$2 billion one-time General Fund, multi-year, flexible grant program is available to counties, large cities, and Continuums of Care. Cal-ICH will work with local grantees on their accountability plans so that local governments begin taking immediate steps towards implementation.

TOTAL HOUSING AND HOMELESSNESS INVESTMENTS

The Budget reflects the Administration's commitment to equitably build more affordable 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 billion for housing resources and \$8 billion for homelessness resources in 2022-23, as detailed below.

2022-23 Affordable Housing Funding at Governor's Budget
(Dollars in Millions)

Department	Program	Total Funding
Department of Housing and Community Development ^{1/}	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	\$228.0 ^{2/}
	Infill Infrastructure Grant Program	\$225.0 ^{3/}
	Veterans Housing and Homelessness Prevention	\$75.0
	Affordable Housing and Sustainable Communities Program (General Fund)	\$75.0 ^{3/}
	Adaptive Reuse	\$50.0 ^{3/}
	Portfolio Reinvestment Program (Preservation) (General Fund)	\$50.0 ^{3/}
	Various	\$13.0
	State Excess Sites (General Fund)	\$25.0 ^{3/}
	Mobilehome Park Rehabilitation and Resident Ownership Program (General Fund)	\$25.0 ^{3/}
	Office of Migrant Services	\$5.6
California Housing Finance Agency ^{4/}	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 ^{5/}
Mixed-Income Housing Program	\$93.4 ^{3/}	
Tax Credit Allocation Committee	Low Income Housing Tax Credits (State)	\$606.6 ^{6/}
	Low Income Housing Tax Credits (Federal)	\$458.6 ^{7/}
	Farmworker Housing Assistance Tax Credits	\$4.6
Strategic Growth Council	Affordable Housing and Sustainable Communities (GGRF)	\$389.0 ^{8/}
Department of Veterans Affairs	CalVet Farm and Home Loan Program (Prop 1)	\$150.0
Judicial Council	Legal Assistance for Renters and Homeowners	\$40.0
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	- ^{9/}
California Department of Corrections and Rehabilitation	Returning Home Well	\$10.6
	Specialized Treatment of Optimized Programming, Parolee Service Center, Day Reporting Center, Female Offender Treatment and Employment Program, Proposition 47 Grant Program	- ^{9/}
Department of Public Health	Housing Opportunities for Persons with AIDS (HOPWA)	\$5.0
	Housing Plus Program	\$1.0
	HIV Care Program	- ^{9/}
California Community Colleges		^{10/}
California State University	Higher Education Student Housing Grant Program	\$750.0
University of California		
Total		\$8,991.1

1/ Notwithstanding multiyear or continuous appropriations, these estimates depict HCD's appropriations for the 2022-23 Governor's Budget.

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 proposed to be allocated in the 2022-23 Governor's Budget.

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

8/ The Affordable Housing and Sustainable Communities program amount reflects 20 percent of projected Cap and Trade revenues.

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.

2022-23 Homelessness Funding at Governor's Budget

(Dollars in Millions)

Department	Program	Total Funding
Department of Housing and Community Development	Continued Homekey Acquisitions	\$1,300.0
	Federal Funded Programs for Homelessness	\$43.0 ^{1/}
	Foster Youth Housing Navigators	\$5.0
	Transitional Housing Program	\$17.0
California Interagency Council on 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 ^{2/}
	Behavioral Health Bridge Housing	\$1,500.0 ^{3/}
	Community Based Residential Continuum Pilots for Vulnerable, Aging and Disabled Populations	\$287.2 ^{4/}
	Housing and Homelessness Incentive Program	\$644.2 ^{4/}
	Project for Assistance in the Transition from Homelessness	\$8.8
Department of State Hospitals	Acute Bed Capacity Expansion	\$88.5 ^{5/}
	Community-Based Restoration (CBR)	\$78.4 ^{5/}
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 ^{6/}
	Rapid Rehousing	\$9.0 ^{6/}
California State University	Basic Needs Funding - Student Hunger and Homelessness Programs	\$15.0 ^{6/}
	Rapid Rehousing	\$6.5 ^{6/}
University of California	Basic Needs Funding - Student Hunger and Homelessness Programs	\$15.0 ^{6/}
	Rapid Rehousing	\$3.5 ^{6/}
Total		\$7,971.6

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

2/ 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.

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

4/ Both of these programs are part of the Home and Community-Based Services Spending Plan. The Community Based Residential Continuum Pilots targets various populations, including the homelessness population.

5/ 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.

6/ 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 2021-22 Budget Act 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.