

HOUSING AND HOMELESSNESS

HOUSING

Decades of housing underproduction have contributed to a supply and demand imbalance, resulting in limited housing options available for renters and homeowners, and contributing to millions of households paying a disproportionate share of their income toward housing. These issues contribute to growing numbers of people who are either experiencing or are at risk of homelessness. While there are many causes of homelessness, a consistent and notable factor is the lack of available and affordable housing.

The Budget commits to investments in housing strategies, improving community resiliency, contributing to achieving the state's housing and climate goals, and promoting racial and economic equity. The 2021 and 2022 Budget Acts invested a combined \$21.5 billion over multiple years to advance the greater availability of housing throughout California. The 2023 Budget largely maintains these commitments and includes a housing package of \$14.7 billion for 2023-24.

AFFORDABLE HOUSING PRODUCTION AND HOMEOWNERSHIP

Affordable housing continues to be a priority for the Administration. Despite budgetary constraints, the Budget continues to make investments in affordable housing production and homeownership.

Multifamily Housing Program—The Budget includes an additional \$100 million in 2023-24 for the Multifamily Housing Program for a total of \$325 million in 2023-24.

Dream For All—The 2022 Budget Act included \$500 million one-time General Fund to the California Housing Finance Agency for the Dream for All program, which provides shared-appreciation loans to help low- and moderate-income first-time homebuyers achieve homeownership. The Budget maintains this investment of \$500 million one-time General Fund.

CalHome—The 2022 Budget Act included \$350 million one-time General Fund (\$250 million in the 2022 Budget Act and \$100 million committed for 2023-24) for the Department of Housing and Community Development's CalHome program, to provide local agencies and nonprofit agencies with grants to assist low- and very-low-income first-time homebuyers with housing assistance, counseling and technical assistance. The Budget withdraws \$50 million one-time General Fund in 2023-24, leaving \$300 million for this program.

Foreclosure Intervention Housing Prevention Program—The 2021 Budget Act included \$500 million one-time General Fund for the Foreclosure Intervention Housing Prevention Program, which provides funds to various non-profit organizations to acquire foreclosed property and operate as affordable housing. The Budget defers \$330 million of the \$500 million one-time General Fund over four fiscal years—for a revised allocation of: \$82.5 million in 2023-24, \$85 million in 2024-25, \$100 million in 2025-26, and \$62.5 million in 2026-27.

Downtown Rebound Program—The 2000 Budget Act included \$25 million one-time General Fund for the Department of Housing and Community Development to provide funding for adaptive reuse of commercial and industrial structures to residential housing. The Budget reverts \$17.5 million in unexpended funding that remained in this program after the Notice of Funding Availability.

HOMELESSNESS

Since 2019, the state has invested more than \$17 billion to aid local governments in addressing homelessness. This funding has had far-reaching impacts, including financing tens of thousands of units of permanent affordable housing. These long-term capital investments have been complemented by flexible homelessness aid that provides services and supports that result in effective, long-term housing outcomes.

The 2023 Budget builds on these prior investments with \$3.5 billion in new funding for homelessness programs. These funds will supplement allocations made in prior years to allow ongoing and planned efforts and investments to make a meaningful impact.

HOMELESS HOUSING, ASSISTANCE AND PREVENTION PROGRAM

The Homeless Housing, Assistance, and Prevention (HHAP) Program was created in 2019 and has since provided large cities, counties, and continuums of care (CoCs) with \$2.95 billion General Fund in one-time flexible aid, through several rounds of multi-year grants, to address homelessness in their communities. The 2023 Budget includes an additional \$1 billion in one-time General Fund for a fifth round of HHAP grants.

Because homelessness is cross-jurisdictional, it can be most effectively addressed by strengthening collaboration between cities, counties, tribal communities and CoCs. The legislation authorizing the fifth round of HHAP grants also includes new statutory language focusing on regional coordination and accountability—requiring counties, large cities, and CoCs to develop and submit regionally coordinated plans that identify their respective roles and responsibilities, and outline the key actions each entity will undertake to collectively deploy their federal, state, and local resources to reduce homelessness.

The first half of the fifth round of HHAP grants will be released in mid-2024, after regional plans have been submitted and approved. The second half will be released in early 2026, after the regions report on their progress in carrying out the respective actions outlined in their regional plans. For planning purposes, each county constitutes a region. The fifth round of HHAP grants will also include supplemental Homekey funding to support the production of permanent supportive housing, including the requirement that HHAP-eligible cities and counties must have a compliant housing element at the time of application.

The 2023 Budget also supplements the fifth round of HHAP with \$360 million General Fund in reappropriated funds from prior (third and fourth) HHAP rounds. These funds, which were not previously obligated or awarded, were initially intended as bonus funds to supplement the base HHAP grants of local agencies that achieved specified outcome goals. Of the reappropriated funds, \$100 million will be provided in 2023-24, and \$260 million will be provided in 2024-25 to HHAP grantees, including a requirement that cities and counties must have a compliant Housing Elements to receive their proportionate share of funding.

ENCAMPMENT RESOLUTION FUNDING GRANTS

The 2023 Budget includes \$400 million in one-time General Fund for a third round of Encampment Resolution Funding grants. These grants are awarded on a competitive basis to counties, cities of any size, and CoCs to assist in moving persons from homeless encampments into safe and stable housing. These competitive grants were first available in 2021, and have so far provided over \$350 million in one-time General Fund to local jurisdictions.

SIGNIFICANT ADJUSTMENTS

- **Behavioral Health Continuum Infrastructure Program**—The Budget maintains \$2.2 billion total funds, over five years, for the Behavioral Health Continuum Infrastructure Program, of which \$50 million in 2022-23, appropriated in the 2022 Budget Act, is for the Department of General Services, with short-term statutory exemption, to deploy an estimated 1,200 small homes in the City of Los Angeles, County of Sacramento, City of San Jose, and County of San Diego as rapidly as possible. See the Health and Human Services Chapter for additional information.
- **Behavioral Health Bridge Housing Program**—The Budget maintains \$1.5 billion total funds, over three years, for the Behavioral Health Bridge Housing Program. See the Health and Human Services Chapter for additional information.
- **CalAIM Transitional Rent**—The Budget includes \$175.3 million (\$40.8 million General Fund, \$114.9 million federal funds, and \$19.6 million Medi-Cal County Behavioral Health Fund) at full implementation to allow up to six months of rent or temporary housing to eligible individuals experiencing homelessness or at risk of homelessness. See the Health and Human Services Chapter for additional information.

Affordable Housing Funding at 2023-24 Enactment

(Dollars in Millions)

Department	Program	Total Funding ^{1/}
Department of Housing and Community Development	Permanent Local Housing Allocation Program	\$193.0
	Housing Investment Program	\$14.0
	Farmworker Housing Program	\$28.0
	Infill Infrastructure Grant Program	\$225.0
	Veterans Housing and Homelessness Prevention	\$125.0
	Affordable Housing and Sustainable Communities Program	\$711.0 ^{2/}
	Adaptive Reuse	\$250.0
	Portfolio Reinvestment Program	\$100.0
	Excess Sites - Local Government Matching Grants Program	\$75.0
	Foreclosure Intervention Housing Preservation Program	\$82.5
	Community Development Block Grant Program	\$30.0
	HOME Investment Partnerships Program	\$47.0
	National Housing Trust Fund	\$131.0
	Multifamily Housing Program	\$643.0
	Mobilehome Park Rehabilitation and Resident Ownership Program	\$75.0
Office of Migrant Services	\$6.0	
California Housing Finance Agency	Single Family First Mortgage Lending	\$1,750.0
	Multifamily Conduit Lending	\$1,410.0
	Multifamily Permanent Lending	\$430.0
	Single Family Down Payment Assistance/Homeowner buyer Assistance	\$42.0
	Mixed Income Loan Program	\$50.0
California Tax Credit Allocation Committee	Low Income Housing Tax Credit	\$1,004.9 ^{3/}
California Debt Limit Allocation Committee	Qualified Tax-Exempt Private Activity Bonds	\$4,684.0 ^{4/}
Department of Veterans Affairs	CalVet Home Loans	\$150.0
Judicial Council	Legal Assistance for Renters and Homeowners	\$20.0
Department of Public Health	Housing Opportunities for Persons with AIDS	\$5.0
	Housing Plus Program	\$1.0
California Community Colleges	Higher Education Student Housing Grant Program	\$2,237.3 ^{5/}
California State University	California Student Housing Revolving Loan Fund	\$200.0 ^{6/}
University of California		
TOTAL		\$14,719.7

Notes:

1/ Does not reflect carryover or multi-year funding appropriated in prior fiscal years, unless specified. Funding includes General Fund, Special Funds, Federal Funds, and Bond Funds.

2/ The Affordable Housing and Sustainable Communities Program amount reflects 20 percent of the projected Cap and Trade revenues.

3/ Includes Federal Low Income Housing Tax Credit estimated for the 2023 calendar year.

4/ The amount reflects amount available for Qualified Residential Rental Projects for the 2023 calendar year; however, some amount may be awarded to exempt facilities.

5/ The 2023-24 funding for the Higher Education Student Housing Grant Program shifts the prior and planned General Fund support for UC, CSU, and CCC affordable student housing grants from General Fund to UC-, CSU-, and CCC-issued bonds. The UC-, CSU- and CCC-issued bonds reflect roughly \$2.2 billion of funding for these student housing projects.

6/ The 2023-24 funding for the California Student Housing Revolving Loan Fund reflects \$200 million one-time General Fund for zero-interest loans for the UC, CSU, and CCC to construct affordable student housing and affordable faculty and staff housing.

Homelessness Funding at 2023-24 Enactment
(Dollars in Millions)

Department	Program	Total Funding ^{1/}
Department of Housing and Community Development	Federal Funded Programs for Homelessness	\$15.0
	Foster Youth Housing Navigators	\$13.7
	Transitional Housing Program	\$42.3
California Interagency Council on Homelessness	Homeless Housing, Assistance and Prevention Grant Program	\$1,000.0
	Encampment Resolution Efforts	\$400.0
Office of Emergency Services	Various Homeless Youth Programs	\$0.7 ^{2/}
	Youth Emergency Telephone Network	\$0.6
	Domestic Violence Housing First Program	\$21.0
	Transitional Housing Program	\$17.0
	Specialized Emergency Housing	\$10.0
Department of Social Services	CalWORKs Housing Support Program	\$95.0
	CalWORKs Homeless Assistance Program	\$76.4
	Housing and Disability Advocacy Program	\$25.0
Department of Health Care Services	Behavioral Health Bridge Housing Program	\$265.0 ^{3/}
	Housing and Homelessness Incentive Program	\$644.0 ^{4/}
	Project for Assistance in the Transition from Homelessness	\$9.1
Department of State Hospitals	Incompetent to Stand Trial (IST) Solutions	\$482.2 ^{2/}
	Acute Bed Capacity Expansion	\$146.0 ^{2/}
	Community-Based Restoration (CBR)	\$28.9 ^{2/}
Department of Transportation	Encampment Relocation Coordinators and Homeless Services Liaisons	\$5.8
	Clean California Hazmat	\$15.0
	Other Costs (Encampment Clearing, Damage Repair, Maintenance Zone Enforcement)	\$25.1
	Hazardous Material Removal at Encampments	\$20.6
Department of Corrections and Rehabilitation	Returning Home Well	\$10.6
California Community Colleges	Basic Needs Funding - Student Hunger and Homelessness Programs	\$43.3 ^{5/}
	Rapid Rehousing	\$20.6 ^{5/}
California State University	Basic Needs Funding - Student Hunger and Homelessness Programs	\$26.3 ^{5/}
	Rapid Rehousing	\$6.8 ^{5/}
University of California	Basic Needs Funding - Student Hunger and Homelessness Programs	\$15.8 ^{5/}
	Rapid Rehousing	\$3.7 ^{5/}
TOTAL		\$3,485.5

Notes:

1/ Does not reflect carryover or multi-year funding appropriated in prior fiscal years, unless specified. Funding includes General Fund, Special Funds, Federal Funds, and Bond Funds.

2/ 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.

3/ This program includes \$1 billion General Fund in 2022-23 available until June 30, 2027, \$265 million Mental Health Services Fund in 2023-24 available until June 30, 2027, and \$235 million General Fund in 2024-25. Of the \$1.5 billion total funds, \$42.1 million is for state operations.

4/ A total of \$1.3 billion (\$583.8 million Home and Community-Based Services American Rescue Plan Fund and \$712.4 million Federal Funds) was appropriated in the 2021 Budget Act and is available to spend until December 31, 2023. The 2023-24 funding indicated for this program is planned funding from the 2021 Budget Act appropriation.

5/ These Basic Needs funding programs support basic needs partnerships for low-income students facing housing or food insecurity, and eligible expenditures in some cases may also include operational expenses for basic needs resource centers and hygiene products. These amounts exclude basic needs funding provided to address student mental health.