

HOUSING AND HOMELESSNESS

HOMELESSNESS

Since 2019, the state has invested over \$17 billion to aid local governments in addressing homelessness, such as funding that financed approximately 60,000 units of permanent affordable housing and an additional 24,000 units currently in the construction pipeline. These long-term capital investments have been complemented by flexible homelessness aid that provides services and supports to result in an effective model of housing and services.

The state continues to focus on strengthening local collaboration between cities, counties, and service providers to prevent and address homelessness given the state's substantial investments. Consistent with the approach taken at the Governor's Budget, the May Revision continues to include \$3.7 billion in funding for homelessness programs, as committed in previous budgets. Despite the decrease in state revenue, investments in homelessness continue to be prioritized, preserving the allocations made in the 2022 Budget Act to allow the planned efforts and investments to make a meaningful impact.

ACCOUNTABILITY AND REGIONAL COORDINATION

Homelessness impacts both cities and counties. Cities, counties, and continuums of care must coordinate their efforts to provide persons experiencing homelessness with

the services they need and linkage to affordable, permanent housing. Meaningfully addressing homelessness takes a three-part approach:

- Creating mechanisms for local efforts to address homelessness,
- Increasing regional coordination on homelessness solutions, and
- Holding local governments accountable for their respective roles in achieving outcomes that lead unhoused and unsheltered persons to access affordable, permanent housing and the services (for example, social services, behavioral health programs, and job training) they need to stay housed.

As part of the \$1 billion one-time General Fund proposed in the Governor's Budget for the Homeless Housing, Assistance and Prevention Program (HHAP), the Administration proposed statutory language to focus that funding allocation on the highest priority needs, with a specific focus on reducing unsheltered homelessness. This includes prioritizing spending on supporting permanent housing and activities such as Homekey operating sustainability and Community Assistance, Recovery and Empowerment Act housing supports.

Local jurisdictions must continue to make progress toward meeting their state housing obligations, as progress on reducing homelessness is linked to affordable housing for low-income and low-wage households. The Administration is continuing to engage the Legislature in discussions about enhancing local accountability around homeless services and enhancing regional coordination on homelessness strategies.

SIGNIFICANT ADJUSTMENT

- The May Revision includes \$500 million one-time Mental Health Services Fund in 2023-24 in lieu of General Fund for the Behavioral Health Bridge Housing Program, effectively eliminating the Governor's Budget proposed delay of \$250 million General Fund to 2024-25. With this proposal, the May Revision maintains the \$1.5 billion funded in the 2022 Budget Act for the Behavioral Health Bridge Housing Program. (See the Health and Human Services Chapter for additional information.)

HOUSING

Decades of underproduction created housing shortfalls that continue to challenge communities across the state. More recently, the 2021 and 2022 Budget Acts invested substantial funding toward housing planning and production that directly complemented recent changes to state law that facilitate housing development. For these investments and laws to work, local governments must do their part—not just to comply with their state housing obligations, but to accelerate their efforts to enable the development of equitable and affordable housing in their communities.

California continues to set requirements for local governments to meet their obligation to plan for and develop housing. The state remains committed to providing technical assistance to communities throughout the state, enabling them to leverage available tools to accelerate and streamline housing development. The state also continues to find ways to accelerate housing development by providing financing and enforcing state housing laws.

To address the budget problem, the May Revision includes \$17.5 million in General Fund reductions and \$345 million in deferrals related to housing programs. Including the \$350 million proposed in the Governor's Budget, there are a total of \$367.5 million in proposed housing reductions and \$345 million in deferrals. Even with these reductions, funding for housing programs remains at approximately 88 percent of the allocations made in 2022-23 and proposed for 2023-24 (\$2.85 billion). As proposed in the Governor's Budget, if there is sufficient General Fund in January 2024, \$350 million of these reductions will be restored.

SIGNIFICANT ADJUSTMENTS

- **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 2023-24 May Revision proposes to defer \$345 million of the \$500 million one-time General Fund over four fiscal years—for a revised allocation of: \$50 million in 2023-24, \$100 million in 2024-25, \$100 million in 2025-26, and \$95 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 May Revision proposes to revert \$17.5 million in unexpended funding that remained in this program after the Notice of Funding Availability.