

HOUSING AND HOMELESSNESS

HOUSING

Given the scale of California's housing shortfall, the state has taken a variety of actions in recent years, to address the issue. This includes investing billions of state and federal dollars in a variety of affordable housing programs since 2019, passing legislation to streamline the approval of much-needed housing, and taking executive action to make excess state properties available for housing development.

Despite the budget shortfall, this work will continue. The Administration is identifying opportunities to pursue additional federal funding that supports housing development, as well as opportunities to streamline and rationalize the process by which the state and local governments plan for housing. Additionally, the Administration is advancing and developing strategies to facilitate housing construction and adaptive reuse in infill areas, as well as strategies to reduce the cost of housing construction overall. The Administration will continue to engage with tribal partners and the Legislature to help address tribal housing needs.

ADDRESSING THE BUDGET PROBLEM

Since 2019, the state has invested approximately \$5.2 billion General Fund into affordable housing and homeownership programs. The Governor's Budget includes

over \$1.2 billion General Fund in reductions over the multiyear period for various housing programs that received recent investments, leaving the total General Fund investment in affordable housing and homeownership programs at approximately \$4 billion since 2019. To address the projected budget shortfall, the Budget proposes General Fund solutions to achieve a balanced budget. These include:

- **Regional Early Action Planning Grants 2.0 (REAP 2.0)**—A reversion of \$300 million General Fund for REAP 2.0.
- **Multifamily Housing Program**—A reversion of \$250 million General Fund for the Multifamily Housing Program, which leaves \$75 million in 2023-24 for this purpose.
- **Foreclosure Intervention Housing Preservation Program**—A reduction of \$247.5 million General Fund for the Foreclosure Intervention Housing Preservation Program over the next three years (\$85 million in 2024-25, \$100 million in 2025-26, and \$62.5 million in 2026-27).
- **Infill Infrastructure Grant Program**—A reversion of \$200 million General Fund for the Infill Infrastructure Grant Program, which leaves \$25 million in 2023-24 for this purpose.
- **CalHome Program**—A reversion of \$152.5 million General Fund for the CalHome Program.
- **Veteran Housing and Homelessness Prevention Program**—A reversion of \$50 million General Fund for the Veteran Housing and Homelessness Prevention Program.
- **Housing Navigators**—A reduction of \$13.7 million General Fund ongoing for Housing Navigators.

HOMELESSNESS

California continues to face the consequences of persistent increases in the number of people experiencing homelessness, particularly unsheltered individuals. As part of the state's continued focus on homelessness, the Budget maintains \$3.4 billion General Fund in 2023-24 to continue the state's efforts, as committed to in prior budgets. This includes previously budgeted amounts of \$400 million for a third round of encampment resolution grants and \$1 billion for a fifth round of Homeless Housing, Assistance, and Prevention (HHAP) grants.

SIGNIFICANT BUDGET ADJUSTMENT

The Budget includes the transition of specified homelessness grant programs from the California Interagency Council on Homelessness to the Department of Housing and Community Development, per Chapter 40, Statutes of 2023 (AB 129).

ADDRESSING THE BUDGET PROBLEM

To address the projected budget shortfall, the Budget proposes General Fund solutions to achieve a balanced budget. These include:

- **Homeless Housing, Assistance and Prevention Program:**

- A delay from 2023-24 to 2025-26 of \$260 million General Fund HHAP funding, to more appropriately align with when those funds will be available to eligible applicants. The Budget maintains a total of \$1.1 billion General Fund for HHAP 5 across 2023-24 and 2024-25 to provide local jurisdictions, including federally recognized tribal governments, with flexible funding to continue efforts to prevent and end homelessness in their communities.

With few limited exceptions, the Governor's Budget defers all new, discretionary spending discussions to this spring, for discussion with the Legislature, based on actual revenues. That said, addressing the homelessness crisis remains a top priority of the Administration.

As part of the spring budget process, the Administration will commit to working closely with the Legislature on additional funding to support local governments' response to the homeless crisis—assuming local governments deliver on the performance commitments made under HHAP 3 and HHAP 4, and on the regional planning and coordination requirements of HHAP 5.

- A reversion of \$100.6 million General Fund in HHAP administrative set asides as General Fund savings, leaving \$51.1 million for program administration. This amount matches the resources required to administer HHAP.
- **Behavioral Health Bridge Housing**—A shift of \$265 million from the Mental Health Services Fund appropriated in the 2023 Budget Act to the General Fund in 2024-25 due to lower-than-projected Mental Health Services Act revenues and a delay of \$235 million General Fund originally planned for 2024-25 to 2025-26. (See the Health and Human Services Chapter for more information.)

- **Behavioral Health Continuum Infrastructure Program**—A delay of \$140.4 million General Fund from 2024-25 to 2025-26, for a total of \$380.7 million for the final round of grants in 2025-26. (See the Health and Human Services Chapter for more information.)
- **Bringing Families Home Program**—A delay of \$80 million General Fund for the Bringing Families Home Program to 2025-26. (See Health and Human Services Chapter for more information.)
- **Home Safe Program**—A delay of \$65 million General Fund for the Home Safe Program to 2025-26. (See the Health and Human Services Chapter for more information.)
- **Housing and Disability Advocacy Program**—A delay of \$50 million General Fund for the Housing and Disability Advocacy Program to 2025-26. (See the Health and Human Services Chapter for more information.)