

HOUSING AND HOMELESSNESS

HOUSING

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

CREATING THE CALIFORNIA HOUSING AND HOMELESSNESS AGENCY

Over the past six years, California has made significant progress to address its housing and homelessness crises by financing the construction of tens of thousands of new affordable homes, providing technical assistance to cities and counties, and holding accountable cities and counties that have created barriers to housing production—all of which has helped unlock thousands of housing units. As a result, housing production has increased significantly in the state from just over 70,000 homes per year before 2018 to over 115,000 in 2023. These efforts have yielded meaningful results and reflect the Administration's effort to coordinate an all-of-state government approach to addressing housing and homelessness.

Building on this momentum, the Administration is proposing to establish a new California Housing and Homelessness Agency to create a more integrated and effective administrative framework for addressing the state's housing and homelessness challenges. This new agency will strengthen California's ability to plan, produce, and preserve housing while enhancing the state's homelessness response now and over the long term by aligning housing initiatives with complementary policy areas—such as transportation, health, climate, energy, and community planning. As a result, the agency will foster greater coordination and strategic alignment across state government.

More details will be provided in the spring through a Reorganization Plan submitted to the Little Hoover Commission. See the General Government and Statewide Issues Chapter for information on the proposed Consumer Protection Agency.

HOUSING PROPOSALS

The Administration is committed to working with the Legislature to advance policies that reduce housing costs and enhance accountability for jurisdictions to meet their state housing obligations. Additionally, the Administration is focused on policies to promote efficient land use practices that integrate housing and transportation, including removing barriers to infill housing and supporting transit-oriented development, to help achieve the state's housing and environmental goals while reducing costs for communities across California.

Accordingly, the Administration puts forth the following policy principles:

- **Reduce Costs**—The state should help lower housing construction costs by streamlining processes and removing unnecessary barriers to development, including addressing delays in project approvals and permitting. Additionally, the state should pursue policies to reduce costs associated with existing laws that hinder housing production and increase costs and development risks.
- **Enhanced Accountability**—The state should strengthen mechanisms to ensure jurisdictions meet their state housing obligations and comply with existing laws, including the Housing Accountability Act and Permit Streamlining Act.
- **Housing and Transportation**—The state should advance policies that remove barriers to infill housing near transit, including efforts to align long-term housing and transportation planning, and further the ability to utilize housing as a mitigation strategy for infrastructure projects.

To further these principles, the Administration will propose policies to enhance the Department of Housing and Community Development's (HCD) ability to recycle funding, update housing programs to promote affordability, and expand existing California Environmental Quality Act streamlining tools to accelerate infill housing production.

HOMELESSNESS

Although recent federal data shows that the state has made progress on combating homelessness, the issue remains a priority for the Administration. The Budget continues to include \$100 million General Fund for Encampment Resolution Fund grants as committed to in the 2024-25 Budget. The Administration is open to working with the Legislature on additional funding to continue to drive progress on this critical issue; however, any future homelessness funding for local governments must incorporate stronger accountability policies, including:

- Requiring local governments to have a compliant Housing Element and a local encampment policy, consistent with state guidance, to be eligible for funding.
- Prioritizing funding for local governments with Pro-Housing Designations where appropriate.
- Allowing the reallocation of funding from local governments that fail to meet program requirements or show progress on key metrics to those that are acting with the necessary urgency.

The Administration also continues to implement billions in homelessness funding appropriated over the last several years and deployed in local communities across California. Recent rounds of homeless funding included expanded reporting and accountability requirements, such as monthly reporting of fiscal and outcome data to evaluate grantees' progress. The Administration will be increasing accountability efforts around the implementation of these funds through a number of policies including:

- **Additional Accountability on Existing Funds**—HCD will increase scrutiny of local governments' fiscal and outcome reporting through the Homeless Data Integration System so that local grantees stay up to date on those reports and will take remedial action as necessary. HCD will continue to enforce requirements that local governments show progress on implementing activities funded by the Homeless

Housing, Assistance, and Prevention Program (HHAP) before releasing additional disbursements of funds.

- **In-Depth Local Reviews**—Although the state plays a major role in setting policy and providing resources to combat homelessness, much of the work ultimately falls on local governments. To drive continued local progress, the state will partner with select local governments to review their full suite of housing and homelessness programs to identify best practices and address opportunities for growth.
- **Regional Convenings**—To help local grantees continue to make progress against homelessness, HCD will hold regional convenings with the various HHAP regions to:
 - Strengthen data and reporting programs and policies,
 - Improve the construction and implementation of regional Memoranda of Understanding (MOUs), and
 - Challenge each region to reach their goals to reduce homelessness.
- **Increased Enforcement**—The Housing and Homelessness Accountability, Results, and Partnership Unit will review HHAP Rounds 5 and 6 regional MOUs and plans to ensure local governments are following through on the commitments they have made to act regionally and in a coordinated manner across their spectrum of homelessness programs.