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May 14, 2019

The Honorable Gavin Newsom
Governor, State of California
State Capitol Building, 1st Floor
Sacramento, CA 95814

RE: 2019-20 May Revision – Homeless Aid for Planning and Shelter Program

Dear Governor Newsom,

The California State Association of Counties (CSAC), Urban Counties of California (UCC), and the Rural County Representatives of California (RCRC) are pleased to partner with you on combatting the homelessness crisis in our communities.

We would like to express our sincere appreciation and support for the May Revision budget proposal related to the Homeless Aid for Planning and Shelter Program. We not only appreciate the increase of \$150 million over the January proposal and the direct allocation of \$275 million to counties, but also the flexibility attached to the proposal.

In our March 27, 2019 letter, we explained that flexibility is the key to addressing the needs of the homeless population with targeted, specific responses to local needs. The May Revision proposal provides this flexibility by including funding directly for counties, cities, and Continuums of Care and also expanding the eligible uses of funds beyond shelters and navigation centers. We support the expanded uses identified in the May Revision—rapid rehousing, prevention, permanent supportive housing, innovative job programs, and innovative housing projects such as hotel/motel conversions. We also commend the reprioritization of these one-time funds to focus on front-end allocations for regional planning and implementation rather than back-end milestone accomplishment funding.

With an increased emphasis on more accurate data collection at the local level, we support the May Revision's proposed use of 2019 point-in-time counts as the underlying data for each allocation. Lastly, we agree with the provision requiring each applicant to submit a joint regional plan to receive funding as it is clear that this local collaboration will yield better outcomes.

Counties serve in a regional, collaborative role and specialize in bringing multiple government jurisdictions together with community based organizations to implement programs that have a lasting impact. Accordingly, we want to reiterate that a direct allocation of \$275 million to counties for the Homeless Aid for Planning and Shelter Program is an investment in system-level, collaborative approaches to meaningfully address the homelessness crisis in our communities—not just an investment in county projects.

We appreciate the continuing discussions surrounding this important issue.

Respectfully,



Graham Knaus
CSAC Executive Director



Jean Kinney Hurst
UCC Legislative Representative



Paul Smith
RCRC Vice President, Governmental Affairs

cc: The Honorable Holly Mitchell, Chair, Senate Budget and Fiscal Review Committee
The Honorable Phil Ting, Chair, Assembly Budget Committee
Ana Matosantos, Cabinet Secretary, Office of the Governor
Tam Ma, Deputy Legislative Secretary, Office of Governor Newsom
Keely Bosler, Director, Department of Finance
Adam Dorsey, Program Budget Manager, Department of Finance
Erika Li, Program Budget Manager, Department of Finance
Danielle Brandon, Principal Program Budget Analyst, Department of Finance
Stephanie Park, Consultant, Office of Senate pro Tempore
Marjorie Swartz, Office of the Senate pro Tempore
Misa Lennox, Consultant, Office of the Senate pro Tempore
James Hacker, Policy Consultant, Senate Budget and Fiscal Review Committee
Christian Griffith, Chief Consultant, Assembly Budget Committee
Katie Kolitsos, Office of the Assembly Speaker
Genevieve Morelos, Consultant, Assembly Budget Committee
Andrea Margolis, Policy Consultant, Assembly Budget Committee
Joe Parra, Senate Republican Caucus
Anthony Archie, Senate Republican Caucus
Cyndi Hillery, Assembly Republican Caucus
William Weber, Assembly Republican Caucus
Ginni Bella Navarre, Legislative Analyst's Office
Ginny Puddefoot, Homeless Coordinating and Financing Council
County Caucus

CSAC Comparison of Housing & Homelessness Budget Proposals

May 21, 2019

	Governor's May Revision	Assembly's Framework	Senate's Framework
Homelessness Emergency Aid Program	<ul style="list-style-type: none">* \$650 million for local government responses to homelessness.<ul style="list-style-type: none">▪ \$275 million to 13 largest cities.▪ \$275 million to counties.▪ \$100 million to Continuums of Care (CoCs)* Allocations based on 2019 Point-in-Time Counts.* Eligible uses expanded from shelters and navigation centers to include motel conversions, traditional and non-traditional permanent supportive housing, rapid rehousing and jobs programs.	<ul style="list-style-type: none">* \$600 million for local responses to homelessness using a modified Homeless Emergency Aid Program.<ul style="list-style-type: none">▪ \$300 million to CoCs.▪ \$300 million to the 13 largest cities.* Maintains flexibility from HEAP program.* Includes additional reporting requirements to gather more data on the effectiveness of the program.* Considers a higher percentage to be used on homeless youth.* Removes HEAP emergency declaration but requires an agency to show that the funding from the previous year has been allocated.	<ul style="list-style-type: none">• \$650 million for local government responses to homelessness through an expanded Homeless Emergency Aid Program.*• 10 percent of this funding will be directed to homeless youth.• Includes statutory changes to ensure that local jurisdictions are adequately addressing the full spectrum of services required along the homeless-to-housed continuum. <p>* <i>The Subcommittee adopted \$650 million for the Senate homelessness package on 5/16. The prior version of the Senate package allocated \$400 million for Continuums of Care and \$200 million for the 13 largest cities.</i></p>

	Governor's May Revision	Assembly's Framework	Senate's Framework
Planning and Production Grants	<ul style="list-style-type: none"> * \$250 million in planning and technical assistance support to local governments <ul style="list-style-type: none"> ▪ Funding split evenly between Councils of Government (COGs) and direct allocations to local governments. ▪ School districts and county offices of education are eligible for a portion of this funding for teacher housing on surplus property. * \$500 million for the general purpose incentive payments for the Infill Infrastructure Grant Program administered by the Department of Housing and Community Development (HCD). 	<ul style="list-style-type: none"> * \$250 million to Council of Governments (COGS) and local jurisdictions to plan for the upcoming Regional Housing Need Allocation (RHNA) cycle. Funding will be split 50/50 for COGs and focused on planning for 5th and 6th housing element cycle. * \$500 million to an over-the-counter housing grant program modeled after the Infill Infrastructure Grant program. 	<ul style="list-style-type: none"> * \$250 million in planning assistance funding to be shared equally amongst COGs and local jurisdictions for the 6th cycle housing element implementation and planning for increased housing at the local and regional level. This will be provided through an expanded version of the existing HCD SB 2 Planning Grant Program. * \$500 million ongoing for housing and housing-related infrastructure. In 2019-20, this will be provided through an expanded Infill Infrastructure Grant Program at HCD, with future years' funding to be provided through a new statutory structure agreed upon by the Legislature and Governor.

	Governor's May Revision	Assembly's Framework	Senate's Framework
Long-term Housing Production Strategy	<ul style="list-style-type: none"> Ties SB 1 Funding to Housing Planning Requirements: SB 1 local formula funding will be withheld from jurisdictions without a compliant housing element or that have not zoned or entitled to meet RHNA. Creates a RHNA Working Group: HCD will continue to develop long-term regional housing production targets through a new RHNA process by no later than 2022. 	<ul style="list-style-type: none"> * Rejects language tying housing element compliance to SB 1 funding * Creates a RHNA Working Group: Creates an advisory panel consisting of HCD, OPR, and stakeholders to provide recommendations on improving the RHNA process. The advisory panel must meet after HCD implements RHNA changes from 2018 and information is available to evaluate next steps. 	<ul style="list-style-type: none"> * Rejects language tying housing element compliance to SB 1 funding. * Supports creating a RHNA Working Group: Develops a working group to examine the state's regional housing need allocation process has merit. This group should be led by HCD, and include OPR and the Strategic Growth Council.
Housing Tax Credits	<ul style="list-style-type: none"> * \$500 million for the expansion of the state tax credit program. • Allows for state tax credits to be used for preservation projects and repeals 2020 sunset date for certificated state tax credits. 	<ul style="list-style-type: none"> * \$500 million increase to the state tax credit program. <ul style="list-style-type: none"> ▪ \$200 million will be available for a mixed-income set aside. * Lifts the \$75,000 cap on the state tax credit allowed to be claimed per calendar year. 	<ul style="list-style-type: none"> • \$500 million increase to the state tax credit program. ▪ \$200 million will be reserved to finance low-income units within mixed-income developments.
CalHFA Loan Programs	<ul style="list-style-type: none"> * \$500 million in one-time funding to the CalHFA mixed-income loan program. 	<ul style="list-style-type: none"> * \$500 million in one-time funding to the CalHFA mixed-income loan program. 	<ul style="list-style-type: none"> • \$500 million for CalHFA Mixed-Income Loan Program. • \$50 million for CalHFA to expand ADU pilot loan program.

	Governor's May Revision	Assembly's Framework	Senate's Framework
State Surplus Property for Housing	<ul style="list-style-type: none"> * \$2.5 million in one-time funding for real estate consultants for HCD and the California Department of General Services. * \$780,000 in ongoing funding for HCD to help develop proposals and monitor housing projects. 	<ul style="list-style-type: none"> * No proposal. 	<ul style="list-style-type: none"> * No proposal.
Other Proposals	<ul style="list-style-type: none"> * Proposes making the Director of the California Housing Finance Authority and the HCD Director voting members of the California Tax Credit Allocation Committee. 		<ul style="list-style-type: none"> * \$60 million in brownfields redevelopment funding to the Pollution Control Financing Authority for the California Recycle Underutilized Sites Program. * \$5 million in down payment assistance to purchase properties related to the SR 710 project.