



## Budget Summary

June 24, 2020

### ***\$550m for Project "Homekey"***

- Funded by the federal Coronavirus Relief Fund
- Provides grants to cities, counties, and other local entities
- For:
  1. Acquisition or rehabilitation of motels, hotels, or hostels.
  2. Master leasing of properties.
  3. Acquisition of other sites and assets, including purchase of apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses that could be converted to permanent or interim housing.
  4. Conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel.
  5. The purchase of affordability covenants and restrictions for units.
  6. Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.
  7. Capitalized operating subsidies for units purchased, converted, or altered with funds provided by this section.
- Any project using these funds is a use by-right
- Must be spent by September 1, 2020 or Director of Finance can reallocate

### ***\$50m Project "Homekey"***

- Funded through the General Fund
- For acquisition, conversion, rehabilitation, and operating subsidies for hotels, motels, and other properties for people experiencing homelessness
- Must be encumbered by June 30, 2022

### ***CEQA Exemption for Project "Homekey"***

- Exemption from CEQA if these requirements are met:
  1. No units were acquired by eminent domain.
  2. The units will be in decent, safe, and sanitary condition at the time of their occupancy.
  3. The project proponent shall require all contractors and subcontractors performing work on the project to **pay prevailing wages** for any rehabilitation, construction, or alterations.
  4. The project proponent obtains an enforceable commitment that all contractors and subcontractor performing work on the project will use a **skilled and trained workforce** for any rehabilitation, construction, or alterations.
  5. The project proponent submits to the **lead agency a letter of support** from a county, city, or other local public entity for any rehabilitation, construction, or alteration work.

6. Any acquisition is paid for exclusively by public funds.
  7. The project provides housing units for individuals and families who are experiencing homelessness or who are at risk of homelessness.
  8. The units are restricted to persons experiencing homelessness or who are at risk of homelessness, which may include lower income, and very low income households, for no fewer than 55 years.
  9. The project does not increase the original footprint of the project structure or structures by more than 10 percent. Any increase to the footprint of the original project structure or structures shall be exclusively to support the conversion to housing for the designated population, including:
    - A. Achieving compliance with local, state, and federal requirements.
    - B. Providing sufficient space for the provision of services and amenities.
- If the lead agency determines that a project is not subject to CEQA pursuant to this section, and the lead agency determines to approve or to carry out that project, the lead agency shall file a notice of exemption with the Office of Planning and Research and the county clerk of the county in which the project is located.
  - Only applies to a project for which the initial application to the city, county, or city and county where the project is located was submitted on or before April 30, 2021.
  - Sunsets on July 1, 2021.

### ***300m from General Fund for Homelessness***

- Available for encumbrance/must be spent by June 30, 2025
- Split Homeless Housing, Assistance, and Prevention Program into two “rounds”
  - Round 1 was last year’s allocation (\$650m from 2019-20 budget), round 2 this year’s (\$300m from 2020-21 budget)
  - Round 1 has already been allocated.
- \$90m to continuums of care statewide
- \$130m to cities with population over 300,000 (Big 13)
- \$80m to counties
- Proportional based on 2019 Point in Time (PIT) Count
- Cannot supplant existing dollars
- At least 8% for homeless youth
- Timeline:
  - Application released by Council by November 30, 2020
  - Must apply within 60 days
  - Council responds in 30 days
  - Must expend 50% of funds on or before May 30, 2023 jurisdiction. Counties must fully obligate funds by this time
  - 100% expended for cities and COCs by June 30, 2026
- For evidence-based solutions, including:
  1. Rapid rehousing, including rental subsidies and incentives to landlords, such as security deposits and holding fees.

2. Operating subsidies in new and existing affordable or supportive housing units, emergency shelters, and navigation centers. Operating subsidies may include operating reserves.
3. Street outreach to assist persons experiencing homelessness to access permanent housing and services.
4. Services coordination, which may include access to workforce, education, and training programs, or other services needed to promote housing stability in supportive housing.
5. Systems support for activities necessary to create regional partnerships and maintain a homeless services and housing delivery system, particularly for vulnerable populations including families and homeless youth.
6. Delivery of permanent housing and innovative housing solutions, such as hotel and motel conversions.
7. Prevention and shelter diversion to permanent housing, including rental subsidies.
8. New navigation centers and emergency shelters based on demonstrated need.  
Demonstrated need shall be based on the following:
  - i. The number of available shelter beds in the city, county, or region served by a continuum of care.
  - ii. The number of people experiencing unsheltered homelessness in the homeless PIT count.
  - iii. Shelter vacancy rate in the summer and winter months.
  - iv. Percentage of exits from emergency shelters to permanent housing solutions.
  - v. A plan to connect residents to permanent housing
9. 7% admin

***Coronavirus Relief Fund to Locals***

- \$500m to cities to be used for Public Health, Public Safety, or Homelessness
  - \$225m to cities with populations greater than 300,000 that did not receive direct allocation from feds
  - \$275m to cities with population less than 300,000, no allocation less than \$50k
- \$1.289B to counties for Public Health, Public Safety, and Homelessness, taking into account counties that did receive direct allocations
- The money must be spent by September 1, 2020

***\$500m for Low Income Housing Tax Credits***

- Requires the California Debt Limit Allocation Committee (CDLAC) and the California Tax Credit Allocation Committee (TCAC) to adopt new regulations to “align the programs of both committees with the objective of increasing production and containing costs.”
- TCAC shall accept applications for the 2021 calendar year not sooner than 30 days after these regulations, rules, or guidelines have been adopted. CDLAC shall not accept applications for the 2021 calendar year for bond allocations for an eligible project prior to issuing, reviewing, and publishing a new tax-exempt private activity bond demand survey.
- Containing Costs:
  - TCAC and the CDLAC shall develop and prescribe regulations, rules, guidelines, or procedures or guidelines necessary to implement a new allocation methodology that is

aimed at increasing production and containing costs, which would include a scoring system that maximizes the efficient use of public subsidy and benefit created through the private activity bond and LIHTC programs. The factors for determining the efficient use of public subsidy and benefit shall include all of the following:

- The number and size of units developed including local incentives provided to increase density.
  - The proximity to amenities, jobs, and public transportation.
  - The location of the development.
  - The delivery of housing affordable to very low- and extremely low-income households by the development.
- The efficient use of public subsidy and benefit criteria shall take into account the total state subsidy provided and prioritize cost containment and increased unit production.
  - For bond allocations for the 2021 calendar year to eligible projects, CDLAC may adopt emergency regulations.

### ***Housing First***

- Requires Departments administering recovery housing program to consult with Business Consumer Services and Housing Agency, Homeless Coordinating and Financing Council, the U.S. Housing and Urban Development Department, and other stakeholders to identify ways to improve the provision of housing to individuals who receive funding from that agency or department, consistent with the applicable requirements of state law.
- Must comply with all components of housing first by July 1, 2022
- Must meet certain requirements for definition of recovery housing:
  - A recovery housing program participant shall sign an agreement upon entry that outlines the roles and responsibilities of both the participant and the program administrator to ensure individuals are aware of actions that could result in removal from the recovery housing program.
  - If a recovery housing program participant chooses to stop living in a housing setting with an abstinence focus, is discharged from the program, or is evicted from housing, the program administrator shall offer assistance in accessing other housing and services options, including options operated with harm-reduction principles. To the extent practicable, this assistance shall include connecting the individual with alternative housing providers, supportive services, and the local coordinated entry system, if applicable. This clause does not apply to an individual who leaves the program without notifying the program administrator.
  - The recovery housing program administrator shall track and report annually to the program's state funding source the housing outcome for each program participant who is discharged.
  - "Recovery housing" means sober living facilities and programs that provide housing in an abstinence-focused and peer-supported community for people recovering from substance use issues. Participation is voluntary unless that participation is pursuant to a court order or is a condition of release for individuals under the jurisdiction of a county probation department or the Department of Corrections and Rehabilitation.

### **Reversion Funds**

- Both of these are trigger cuts that depend on whether feds pass another relief package for states
  - Mixed Income Loan Program (MIP)
    - Funded at \$500m in 2019-20 budget
    - \$250m remaining funds reverted to general fund
  - Infill Infrastructure Grant Program (IIG)
    - Funded at \$500m in 2019-20 budget
    - \$200m reverted to General Fund

**College Students (Schedule 5440)** – *These were allocations that started last year, meant to be on-going, and survived the cuts*

- \$3.5m for UC rapid rehousing for homeless or housing insecure
- \$6.5m for CSU rapid rehousing for homeless or housing insecure
- \$9m for Community College rapid rehousing for homeless or housing insecure