INTERIM REPORT FROM THE **GOVERNOR'S COUNCIL OF REGIONAL HOMELESS ADVISORS**

January 13, 2020

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The Honorable Gavin Newsom
Governor of California
State Capitol, Suite 1114
Sacramento, CA 95814

Dear Governor Newsom:

When you appointed us to lead your Council of Regional Homeless Advisors (Council) in 2019, you asked us to focus on three goals: dramatically reducing street homelessness; breaking down barriers keeping homeless people from accessing mental health and substance abuse services; and finding ways to both reduce the cost and boost the supply of housing options for those experiencing homelessness. Our short-term charge did not include more fully exploring how to prevent people from becoming homeless. We recommend making homelessness prevention, targeted to those most likely to fall into homelessness, a major focus as we continue our work in 2020. Prevention should focus particularly on the growing number of Californians becoming homeless due to economic displacement, as well as those discharging from our institutional settings into homelessness.

Our work is far from complete. We are submitting this interim set of recommendations to guide specific budget and policy actions for the beginning of the 2020 legislative session.

A Greater Sense of Urgency Should Drive Our Response

Homelessness is undeniably complicated, but our task force seeks to identify critical dimensions and answer the key question: In a context in which the federal government has drastically reduced housing investments and may be departing from evidence-based approaches to addressing homelessness, how can we best use state public policy and resources to incentivize and require our state and local governments to scale the evidence-based practices and make this intolerable condition dramatically better?

As you stated in your letter to the Council on September 26, 2019, “We first have to acknowledge that for decades, it has been tacitly acceptable for people to sleep on the streets.” That current approach in California is unacceptable. We must move beyond state and local governments accepting that approach.

Our initial recommendations center on a key principle. The state, in partnership with local governments, can no longer accept tens of thousands of fellow Californians living in the most unsafe and unhealthy manner. The evidence makes clear that experiencing homelessness for any appreciable length of time shortens life spans by an average of

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25 years. Further, for individuals without a behavioral health condition, the trauma of experiencing homelessness can precipitate either mental illness and/or addiction. Additionally, homelessness disproportionately affects Californians of color. For example, African Americans comprise 40% of the homeless population while only 6.5% of the general population.

The state must establish in law that it is not morally or legally acceptable to deny housing for people on the streets and create the legal mandates and funding mechanisms necessary to dramatically improve this unacceptable condition.

All levels of government responsible for and impacted by this crisis must demonstrate a greater sense of urgency. Governor Newsom, you have forcefully articulated why reducing homelessness must be the priority for every level of government, including the state. You have budgeted unprecedented resources to begin a statewide effort.

Homelessness, especially unsheltered homelessness, must be viewed as a humanitarian crisis tantamount to any sustained natural disaster. State government must deploy even more funding, expertise, personnel and authority in its response to the current reality. Data demonstrates that the vast majority of homeless individuals in California are from our state and became homeless in the same communities where they are now unhoused. We know too that thousands of veterans remain on our streets, an intolerable situation that demands remedy.

California must have a set of clear public policies that scale up what we know works to prevent and end homelessness to a level required to abate this mounting catastrophe, that rationally prioritize housing and services based on need, and that prevent the dramatic spike in homelessness from ever happening again.

We recommend the following:

Adopt a Comprehensive Crisis Response Strategy

We believe it is important to chart a vision for a Comprehensive Crisis Response that provides the public with a cohesive picture of where California has been, where we need to go, and how we will get there. The draft Comprehensive Crisis Response working document shared on November 4, revised with input from Council members on Dec. 20, provides preliminary ideas about how the state could act with even greater urgency.

The Comprehensive crisis response strategy must begin with an honest admission that we lack clarity regarding which levels of government are or should be responsible for funding and implementing various aspects of a response to the crisis of homelessness and the lack of housing for extremely low-income people. In California, almost all public social services programs are delegated to counties, with state/county cost-sharing relationships, but only a limited number of homeless services have been included in that suite of social services. Health and mental health services are contracted by the state

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through counties to a mix of private and public providers. In most parts of the state, cities are responsible for housing, land use, and facility siting, but not for provision of social and health services. The state has made a major recent investment in support of homeless interventions and services, but the investments are largely time limited. The state agencies with funding and policy jurisdiction over homelessness have not pooled resources or strategies to present a single, comprehensive state response.

A necessary precondition of moving forward with our recommendations is assigning responsibility for both the resources needed and the responsibilities for implementation.

Create an Enforceable, Results-Based Accountability Mandate to End Homelessness

There are few other areas of important public policy where government efforts to achieve a compelling societal objective are purely voluntary. We have a renewable energy mandate in California that requires public agencies to achieve a quantifiable increase of renewable energy sources according to specific timetables. This requirement is changing California's energy use in dramatic fashion. California mandates free public education for all of its children and subsidized health insurance for its low-income residents. It requires its subdivisions to provide services to people with developmental disabilities and foster children.

Homelessness is a crisis of epic and increasing magnitude. Yet everything that state, county and city governments do to alleviate this crisis is voluntary. There is no mandate to ensure people can live indoors, no legal accountability for failing to do so, no enforceable housing production standard and no requirement to consolidate and coordinate funding streams across jurisdictions. The results speak for themselves.

Advocates, providers, and government have attempted to use moral persuasion and economic incentives to change the current reality. Neither has had the essential impact to bring all of our neighbors inside. It is past time to now REQUIRE what we all know is fair, compassionate, and necessary to save lives.

We propose that both state and local governments be held legally accountable to achieve the aims of dramatically reducing homelessness and creating avenues to rapid resolution. A legally enforceable, results-based, accountability mandate will require state and local governments to provide resources for, and reduce barriers to, the creation of both interim and permanent housing that is high quality, low barrier and complies with fair housing rules.

In order to create genuine accountability, the legal mandate must be enforceable through a public right of action that requires state and local governments to create the capacity to bring unsheltered homeless people under a roof, including both funding and rapid approval and siting of interim housing, permanent housing, supportive services, and targeted prevention to reduce homelessness by the tens of thousands. Sweeps and

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criminalization have been shown not to work in this effort. Strategies that explicitly or implicitly encourage these actions will be unacceptable.

The mandate must include strict and regular reporting by the state, cities, and counties on the number of homeless people; the jurisdiction's capacity and rapid progress to both house them and address the underlying issues which caused or exacerbated their homelessness; respective efforts to prevent them re-entering or becoming newly homeless; steps taken to ensure that exits from jails, hospitals, and foster care do not result in homelessness; and the steps being taken to close deficits in these areas.

Enacting a legally enforceable, results-based accountability mandate will require a constitutional amendment because of its fiscal impact relating to state mandate laws. The task force recommends the constitutional amendment creating the enforceable mandate be placed on the ballot by the Legislature in 2020.

Here is how the enforceable accountability mandate could work under law: Within one year of establishing the mandate, the responsible governments would be required to develop an enforceable plan to house the vast majority of their homeless populations within an aggressive but reasonable period of time, based on the jurisdiction's last Point-In-Time Count.

To be clear, the obligation lies with government to strategize, plan, and implement. Homeless people will be the beneficiaries of that government action.

These plans would include specific benchmarks and timelines that jurisdictions would have to meet for moving people into permanent housing through both services offered in interim interventions and creation of housing opportunities. One year after enactment, designated public officials as identified by the legislation would have the authority to file a public right of action requesting the Superior Court in any non-compliant jurisdiction to either appropriate existing resources, consolidate resources with neighboring jurisdictions, override any siting restrictions, and/or effectuate any actions that would move the jurisdiction toward compliance. Any appeals would be heard by higher courts on an expedited basis.

While more state resources will undoubtedly be required, the state must first assess the existing funding available for homelessness, housing, mental health and substance abuse treatment, and the extent to which these resources could be reprioritized to end street homelessness. The Governor and Legislature, with the guidance of this task force, should spend the first months of 2020 developing a better integration of existing and additional funding sources to meet this mandate. The state should reserve the right, and enforce through the courts, the right to require remedial reprioritization of existing resources by cities, counties and the state to ensure a commitment to the mandate.

In order to expand access to mental health and substance abuse treatment for individuals experiencing homelessness, the state should work in tandem with counties to ensure that existing funding, funding proposed in the Governor's budget, and

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proposed Medi-Cal reforms align with the state's goals to improve access to treatment for the estimated 25% of homeless individuals living with a serious mental illness or substance use disorder while at the same time not reducing the levels of funding directed at core prevention and Medi-Cal behavioral health services.

There is still much work to be done to negotiate the parameters of an enforceable obligation, shared by the state and local governments, including identifying the responsibilities of the respective stakeholders and timelines for action, in addition to how the obligation would be enforced. The task force proposes to work with you, the Legislature and relevant stakeholders over the next months to design the specific elements of the legally enforceable, results-based accountability mandate.

The elected leaders of the task force commit to working with the Administration to establish as many local enforceable mandate pilots in their own jurisdictions as possible prior to the eventual constitutional amendment taking effect.

Create a Single Point of Authority for Homelessness in State Government

Since homelessness crosses multiple state agencies and jurisdictions, we strongly recommend a single high-level official and team be established to coordinate housing, health and human services and other state responsibilities relating to homelessness. This person should report directly to the Governor, have authority over other departments and agencies, oversee the Homeless Coordinating and Financing Council, and run a funders collaborative that would coordinate and standardize state funding toward evidence-based housing and services interventions as well as attract philanthropic investment.

Strategic Funding Investments

The state also should consider several strategic investments to build on your previous accomplishments, as further described below.

Use the Federal Waiver Process to Ensure Medi-Cal Invests in Solutions Through the CalAIM Process.

If approved by the federal government, the CalAIM proposal could strengthen California's response to homelessness.

- Providing new opportunities to build upon the lessons learned under Whole Person Care pilots through new requested Medicaid funding for enhanced care management, and in lieu of services such as housing services and supports.
- Preventing homelessness through investments in transitions that can cause vulnerable populations to fall into homelessness, e.g. transitions from jail, emergency departments, hospitals, and skilled nursing facilities.

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- Resourcing navigation funding and supports for individuals who require Board and Care levels of care.
- Revising medical necessity criteria to allow for individuals to seek specialty mental health substance use disorder treatment services prior to diagnosis.
- The administrative and financial integration of mental health and substance use disorder services.
- The proposal should create a new benefit that would fund housing-based services, such as housing navigation, tenancy transition and sustaining services

Encourage Medi-Cal Managed Care Providers to Make Targeted Investments in Homeless Beneficiaries.

- Given the size of Medi-Cal Managed Care Plan reserves, engage health plans in developing an initiative to invest more in targeting homeless beneficiary populations, both within Medi-Cal Healthy California for All's proposals, and beyond.
- These resources will support federal, state, and county resources in moving people off the street and in the support of ensuring stable transitions to housing.

Scale Up Funding through an Ongoing Annual Allocation for a State Pool of Flexible Housing Funds Which Would be Matched by Eligible Counties and Cities, in Partnership with the Private Sector and Philanthropy.

The state should invest in flexible housing pools to scale up successes of local jurisdictions:

- Pooled Flexible Housing Funds, including rent subsidies, have been successfully piloted in Los Angeles County and are being piloted in a number of other counties. They are responsible for housing thousands of households with over 90% housing retention rates.
- Flexible Housing Funds have also been unlocked under-utilized properties in the faith sector and private sector through rental assistance, and fund landlord incentives and flexible funding to rehabilitate property.
- Flexible Housing Pools further allow communities to "buy into" affordable housing projects to create more affordable and supportive housing opportunities.
- Flexible Housing Subsidies may also be used for shallow subsidies for General Relief participants, including participants who have applied for SSI. They allow local jurisdictions to rent units in affordable housing projects, and to stretch rapid rehousing resources further by avoiding a "cliff" of ending rent subsidies. In these ways, they create housing opportunities not currently in existence: affordable housing for people experiencing homelessness who do not need supportive housing.
- Flexible Housing Funds, including one-time back payments of rent and utilities, have been used to prevent individuals and families from falling into homelessness.

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- Finally, Flexible Housing Pools have standardized housing and services funding to focus on evidence-based interventions, while promoting private and philanthropic funding to seed innovations in getting people housed as quickly as possible.

Jurisdictions should have some level of flexibility in designing how to strategically allocate such funds based on their regional context and the particularities of their homeless population, while again being held accountable to meet their obligation to house their residents.

Provide Annual Allocation to Fund HHAPP Over its Five-Year Cycle.

- Applications should focus on the three challenge areas outlined in your September 27th letter to the Governor's Council.

Provide Augmentations to SSI, SSP, Cal-EITC, and Adult Protective Services Specifically Targeted to Those at Highest Risk of Becoming Homeless and Those Newly Homeless.

- Research demonstrates that a significant percentage of people falling into homelessness are over 50 and homeless for the first time, primarily due to economic factors.
- Studies also indicate augmentations to current benefits open the door to housing for many people experiencing homelessness and to people at greatest risk of falling into homelessness. Additionally, persons on SSI who are paying a disproportionate portion of their SSI on housing need shallow rent subsidies to maintain their housing and not add to the number of homeless individuals.
- The State's Adult Protective Services Program is encountering an increasing number of victims of abuse, neglect and self-neglect who become or are at very high risk of homelessness.
- We recommend investment in this successful program to prevent homelessness to intervene early for those at high risk by: lowering the eligibility age to 60 (from 65), providing longer term and more intensive case-management for homeless and at-risk clients, expanding the Home Safe Program and providing opportunities for more counties to establish multi-agency Financial Abuse Specialist Teams and Forensic Centers.

Fund, Streamline, and Incentivize Permanent Supportive Housing and Housing for Extremely Low-Income Households

- Explore ways to fund housing for extremely low-income households, both through better targeting of existing housing resources and through additional funding.

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Resources could fund construction of new ELI housing, acquisition of existing units that could be reserved for ELI households, preservation of existing sources of deeply affordable housing, ongoing rental subsidies, operating reserves to allow for deeper targeting of affordable housing units, etc.

- Exempt from CEQA all actions taken in furtherance of creating high-quality housing opportunities for people at risk of or experiencing homelessness
- Consolidate state housing-related functions and funding programs to create more efficiencies and reduce the timeframes for financing projects.
- Support legislation, potentially including an increase to the welfare tax exemption, to spur the development of more deeply affordable housing Explore opportunities to work with local governments to stimulate private sector investment in the scaling of innovative deeply affordable housing production, including cost effective and timely hotel/motel conversions, ADUs, and modular prefab micro units.
- The State should offer local jurisdictions some flexibility over a percentage of existing state affordable housing dollars to invest in other high-quality housing prototypes which require less of a per unit subsidy or create more deeply affordable housing opportunities more quickly. The state has a unique opportunity to catalyze a new ‘Silicon Valley moment’ and launch new industries for high volume, lower cost housing throughout California.
- A portion of homeless funding should be set aside as a competitive resource to stimulate innovative initiatives that would scale deeply affordable housing production and employment opportunities. These innovative ideas would be funded directly, and recipients would work with communities to implement these innovations. Given that deeply affordable housing production and access are essential to the overall mandate, acceleration of access to units is critical.

Governor, you have demonstrated the vision, will, and unprecedented resources to change the commonly held belief that homelessness is beyond repair. Homelessness need not be hopelessness.

We applaud you for your January 8th announcement that you will use your unique authority to facilitate Executive Orders that will harness the State’s real estate and human capital in ways never proposed before to confront this humanitarian crisis – along with proposed funding allocations for next year’s budget to further increase the State’s investment.

We trust that with your leadership, these initial and complimentary set of recommendations which are further articulated in the attached Comprehensive Crisis Response Strategy will lead to a new and better day for California’s most vulnerable citizens. We look forward to continuing our work together.

With hope,

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The Honorable Gavin Newsom
January 13, 2020

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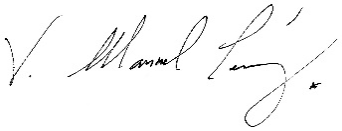

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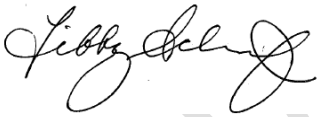

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