

# Recommended Strategies for Solving Homelessness

## Overview of Homelessness in California

Almost 130,000 Californians are homeless on any given night in California. Two to three times that number are homeless during the course of a year. California has 24% of the nation’s homeless population, though only 10% of the nation’s population. And California has one of the highest *rates* of homelessness in the nation, with over 33 people out of every 10,000 sleeping on the streets, in cars, or on a shelter bed—double the national rate.<sup>1</sup>

About 33,000 Californians are chronically homeless—people with disabilities experiencing homelessness for at least one year or repeatedly over three years. We have the highest number of Americans experiencing chronic homelessness and the highest rate of chronic homelessness of any other state—28% of Californians experiencing chronic homelessness vs. a national average of 15%. We have 30% of the nation’s population of people experiencing chronic homelessness.<sup>2</sup>

California leads the nation in the rate of youth, age 18-24, experiencing homelessness—54 youth experiencing homelessness per every 10,000. The total number of young adults and minors experiencing homelessness in California is more than double the number of any other state and totals one-third of the nation’s. Where we have made gains in decreasing homelessness among families and veterans, thanks to resources directed at solving homelessness among these populations, we lead the nation in unsheltered unaccompanied youth—50% of the nation’s total.<sup>3</sup>

As California prepares for a new Governor and a new Legislature, the State should work to address homelessness as one of our state’s most complex and morally challenging issues. This document offers specific strategies for putting California on the path toward solving homelessness over the next four years. The document contains five specific strategies:

- I. Invest in permanent housing,**
- II. Reform the healthcare system’s efforts toward ending homelessness,**
- III. Reduce recidivism among people on parole experiencing homelessness,**
- IV. Dedicate resource to address the needs of specific vulnerable populations, and**
- V. Create administrative efficiencies in State efforts to solve homelessness.**

Each strategy includes a list of specific actions, in order of greatest urgency.

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<sup>1</sup> U.S. Dept. of Housing & Urban Dev., Office of Comm. Planning & Dev. *The 2018 Annual Homeless Assessment Report (AHAR) to Congress: Point-in-Time Estimates of Homelessness*. Dec. 2018.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

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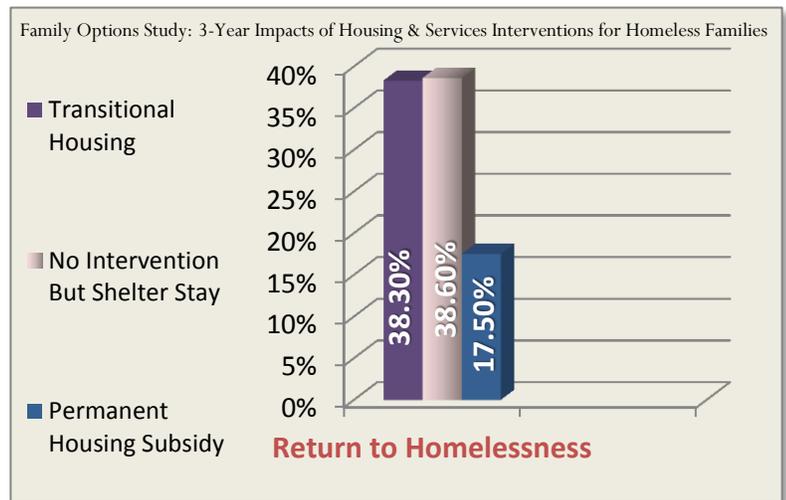
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## I. Invest in Permanent Housing

**Description of Housing Interventions.** Housing that is affordable to people experiencing homelessness and that does not limit length of stay (“permanent housing”) is *the* evidence-based solution to homelessness. Study after study shows capital grants or loans to non-profit developers or rental assistance to private-market landlords allows

people to exit homelessness and remain stably housed. A recent RAND study, for example, showed Los Angeles County’s Department of Health Services’ Housing for Health program, which funds rental assistance, operating subsidies, and services to people experiencing homelessness, allowed over 90% of tenants to remain stably housed a year after they moved into supportive housing.<sup>4</sup>

Traditional transitional housing is not an effective intervention. Transitional housing traditionally limits length of stay to six to 24 months, and excludes some of the most vulnerable people experiencing homelessness, like people who are using drugs or alcohol, are non-compliant with treatment, or are wary of participating in a program. For this reason, transitional housing providers screen out many of the most vulnerable people experiencing homelessness. Moreover, those who live in transitional housing return to homelessness at high rates. In fact, transitional housing residents return to homelessness at rates equivalent to those who receive no intervention other than a short-term shelter stay. At the same time, transitional housing is more expensive than permanent housing. Housing without limits on length of stay allows the vast majority of tenants to exit homelessness permanently.<sup>5</sup>



Between the elimination of redevelopment agencies, federal sequestration, and ongoing cuts to federal programs, funding available for affordable and supportive housing in California has decreased by over \$1.5 billion per year.

**Only 21% of households with extremely low incomes can find affordable and available housing in California.**

Over one million of California’s lowest-income households in California pay well over 50% of their income on rent.<sup>6</sup> Only one in five households with extremely low incomes paying over 50% of their incomes on rent is able to obtain any form of subsidized housing.

Given the scale of homelessness in California, even if the production of market-rate and affordable housing accelerates, capital for housing production alone cannot meet the needs of people experiencing homelessness or of people at risk of homelessness.<sup>7</sup> Creating new affordable housing projects for people with extremely low incomes typically requires both capital grants/loans and monthly subsidies to

operate the building. People experiencing homelessness can also escape homelessness through rental assistance subsidies provided to private-market landlords.

**Supportive Housing.** Supportive housing is an evidence-based intervention, proven effective for people experiencing chronic homelessness and others with significant barriers to housing stability. Supportive housing is an affordable place to live paired with intensive services promoting housing stability. Supportive housing tenants are able to decrease significantly their use of emergency rooms, inpatient hospitalization, nursing home care, days incarcerated, and emergency services and, as such, significantly reduce public costs they incurred while homeless. Studies find people experiencing chronic homelessness have been able to reduce their public costs sufficiently to offset all or almost all of the costs of housing and services once housed.<sup>8</sup>

**Affordable Housing.** Most people experiencing homelessness are homeless for economic reasons and do not need supportive housing to exit homelessness; rather, these families and individuals simply need an affordable place to

<sup>4</sup> Sarah B. Hunter, Melody Harvey, et. al. "Evaluation of Housing for Health Permanent Supportive Housing Program." *RAND Corp.* 2017.  
<sup>5</sup> Daniel Gubits, Marybeth Shinn. "Family Options Study: 3-Year Impacts of Housing & Services Interventions for Homeless Families." *U.S. Dept. of Housing & Urban Dev. Office of Policy Dev. & Research.* Oct. 2016.  
<sup>6</sup> California Housing Partnership. *How California’s Housing Market is Failing to Meet the Needs of Low-Income Families.* Feb. 2014.  
<sup>7</sup> G. Thomas Kingsley. "Trends in Housing Problems & Federal Housing Assistance." *Urban Institute.* Oct. 2017.  
<sup>8</sup> Sarah B. Hunter, Melody Harvey, et. al. "Evaluation of Housing for Health Permanent Supportive Housing Program." *RAND Corp.* 2017; Daniel Flaming, Patrick Burns, et. al. "Where We Sleep: Costs When Homeless and Housed." *Economic Roundtable.* 2009; see also below for further studies.

live to exit. Studies show rental assistance or capital projects plus operating subsidies allow households to exit homelessness permanently.

In addition to capital projects with operating subsidies that allow developers to offer publicly-funded units to people experiencing homelessness, people experiencing homelessness can also exit homelessness through rental assistance to private-market landlords. The challenge is that many people offered Housing Choice Vouchers (“Section 8”) cannot find a landlord willing to accept the voucher. They often need assistance to find landlords and/or offer landlords incentives willing to accept a housing subsidy. More and more communities now offer housing navigation services that establish relationships with landlords willing to accept Housing Choice Vouchers, and help potential tenants complete the paperwork and obtain the documentation necessary to use the vouchers. Many communities also offer landlord incentives to entice landlords to accept vouchers, in the form of additional payment for security deposits and help for landlords to make repairs to units.

Despite the success of housing navigation and landlord incentive programs, the number of apartments available to people who need an affordable place to live is limited, particularly in California’s cities with low rental housing vacancy rates. For this reason, opening affordable housing to tenants experiencing homelessness makes sense.

**Rapid Re-Housing.** Rapid re-housing is a form of permanent housing intended to allow people to stay in a private-market assisted rental unit once the rental assistance, which lasts for six to 24 months, ends. Tenants receive services to increase their income sufficiently to stay in their apartment and take over their rent. Evidence suggests this model has been successful nationwide in allowing families to exit homelessness (though not housing instability).<sup>9</sup> However, because housing costs are high in California, many households are unable to pay rent in their apartments after the rental assistance ends. People working full-time at minimum wage would need to work 119 hours per week to afford an average two-bedroom apartment in California, and 93 hours per week to afford a one-bedroom apartment.<sup>10</sup> Because of the unavailability of housing affordable to people with lower incomes across the State, rapid re-housing programs in California have mixed success. Current programs in California should be evaluated before the state spends additional funding on rapid re-housing. Ongoing rental assistance, already proven to help tenants exit homelessness permanently, may be a better investment.<sup>11</sup>

**Interim Housing.** Local policymakers often look to interim interventions, like shelters or “tiny homes,” to reduce health risks of homelessness, as well as visibility of people experiencing homelessness. Interim interventions, however, have no impact on the number of people experiencing homelessness. In fact, people living in shelters or publicly-funded motels are still considered homeless. And, without pathways to permanent housing, an interim intervention alone is likely to result in people experiencing homelessness simply cycling between the streets and shelters. Additionally, shelters typically exclude people with the greatest vulnerabilities, and these individuals often avoid shelters.<sup>12</sup> Interim interventions are, however, necessary for people to access safety and connect to services while waiting for permanent housing.

**Homelessness Prevention.** Given the short supply of federal subsidies, and no state subsidy to allow these households access to affordable rentals, these households are at risk of falling into homelessness. In fact, though many communities are housing more people experiencing homelessness than ever before, more Californians are falling into homelessness than ever before due to California’s high housing costs.<sup>13</sup> However, the vast majority of people with extremely low incomes do not fall into homelessness. Homeless prevention programs typically do not work, either to identify people who would fall into homelessness without help, or to prevent any households from becoming homeless. Though several risk factors can help these programs better identify people experiencing homelessness, such as young adults with children, targeting specific enough to identify families at greatest risk is difficult, at best, and ineffective, at worst.<sup>14</sup>

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<sup>9</sup> Meryl Finkel, Meghan Henry, et. al. “Rapid Re-Housing for Homeless Families Demonstration Programs Evaluation Report.” U.S. Dept. of Housing & Urban Dev. Office of Pol’y Dev. & Research. Apr. 2016.

<sup>10</sup> National Low-Income Housing Coalition. “Out of Reach 2018: California.” *Out of Reach*. <https://nlihc.org/oor/california>.

<sup>11</sup> Daniel Gubits, Marybeth Shinn. “Family Options Study: 3-Year Impacts of Housing & Services Interventions for Homeless Families.” *U.S. Dept. of Housing & Urban Dev. Office of Policy Dev. & Research*. Oct. 2016.

<sup>12</sup> *Id.*

<sup>13</sup> See, for example, Los Angeles Homeless Services Administration. *2018 Homeless Point-in-Time Count for Los Angeles County*. Jul. 2018.

<sup>14</sup> William Evans, James Sullivan, Melanie Wallskog. “The Impact of Homeless Prevention Programs on Homelessness.” *Science*. Vol. 353, Issue 6300. Aug. 12, 2016.

## A. Invest in Supportive Housing to Solve Chronic Homelessness & Costly Public System Use Among People Experiencing Homelessness

**Challenge: Insufficient Funding for Supportive Housing, Lack of Resources that Align.** California has funded supportive housing through bond measures in the past, and some General Funds committed in recent years. No Place Like Home, a revenue bond, passed on the November ballot (Proposition 2, which Governor-Elect Newsom endorsed), commits \$2 billion to create supportive housing for the one-third of homeless people who experience a serious mental illness. Proposition 1 similarly promises to fund \$3 billion in capital development of affordable and supportive housing.

Despite voters passing an infusion of capital dollars, the State has no rental assistance program to get people off the streets quickly or in communities without developer capacity, or to provide operating subsidies to supportive and affordable housing projects built with capital dollars. To serve any population with little to no income, a project must rely on operating subsidies.

One program receiving one-time funding this year, the Housing for a Healthy California program, will provide \$57 million in a competitive grant program to counties to generate supportive housing opportunities for chronically homeless Medi-Cal beneficiaries through grants to counties. Counties could use the grant funds for either capital for supportive housing, operating support in new or existing supportive housing projects, or rental assistance to private-market landlords. The program is designed to solve chronic homelessness in California, but its funding levels are insufficient to align with the infusion of capital dollars now available to build or renovate housing. Counties must commit funding services for each housing opportunity the State funds. The program fosters a partnership between the State housing agency—the Department of Housing & Community Development (HCD)—and the State health care agency—the Department of Health Care Services (DHCS). DHCS will share data with HCD on Medi-Cal utilization among participants before and after supportive housing placement, which will allow State policymakers to evaluate successes and challenges of serving this complex population.

### Recommendation:

#### **1. Establish Ongoing Funding of at Least \$450 Million Per Year to Pay for Permanent Housing Through a New Flexible Subsidy Pool Program that Consolidates Existing Programs**

Per recommendations in Section V, the State should consolidate existing programs funding housing for people experiencing homelessness into a single Flexible Housing Subsidy Pool receiving ongoing funding for—

- Rental assistance for private-market landlords,
- Operating subsidies for affordable and supportive housing developments,
- Flexible services,
- Landlord incentives, and
- Interim interventions, like shelters and motel vouchers, limited to 20% of funds.

To allow for ease of application, cities, counties, and homeless Continuums of Care could apply for funding from this single program. State requirements would fund only evidence-based interventions, and track and report outcomes in reducing homelessness. The program would set aside funds for specific populations, based on State data around need. For example, given the high percentage of Californians experiencing chronic homelessness, the State should ensure at least 30% of funding is dedicated to addressing the needs of Californians experiencing chronic homelessness. With this level of commitment, the State could end chronic homelessness for 5,000-7,500 Californians.

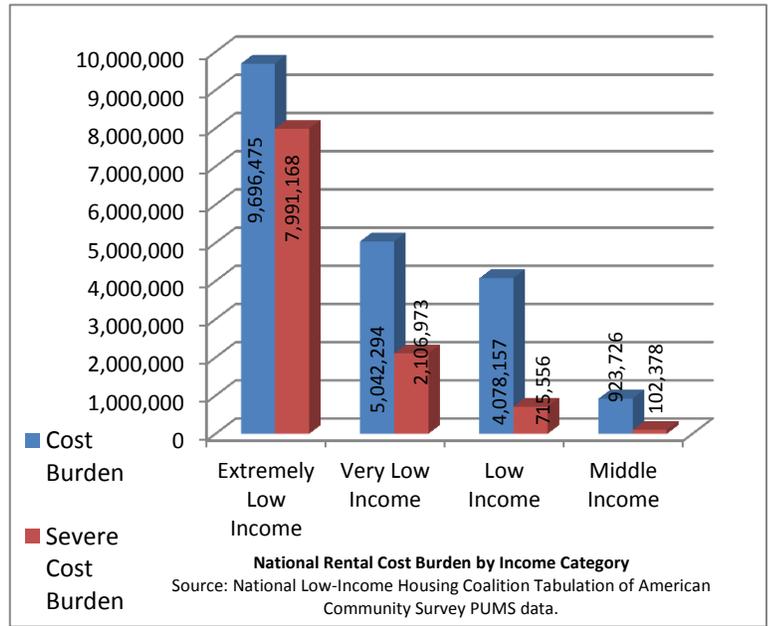
Ongoing funding would—

- Foster State agency collaboration to coordinate housing and services resources at a program level,
- Allow counties to use private-market rental assistance to move people off the streets quickly,

- Ease the path of capital projects by providing operating subsidies in affordable and supportive housing projects,
- Generate Local-State and public-private partnerships, and
- Make a real dent in reducing homelessness.

## B. Create Affordable Housing for People Experiencing Homelessness Who Do Not Need Supportive Housing

**Challenge:** Affordable housing is often unaffordable to people experiencing homelessness. In addition to Proposition 1, the State recently passed a document recording fee (Senate Bill 2 (Atkins)). The fee revenue will pay for affordable housing. It is expected to generate about \$250 million per year, the majority of which will be allocated to cities and counties to create affordable housing opportunities statewide. Both SB 2 and Proposition 1 provide affordable housing to the large population of Californians who cannot afford decent housing on their incomes. Local jurisdictions have great flexibility in using the document recording fee proceeds, and are likely to use a variety of tools to address the state’s affordable and homeless crises, without consistency across the state. While the legislation creating the fee included a requirement to use 20% of funds for moderate-income households—people earning 80-120% of an area’s median income—the legislation includes no set aside for people with incomes in the category facing the fewest housing opportunities: people with extremely low incomes, at 30% or below of area median incomes.



Several affordable housing programs the State administers offer incentives to set income eligibility low enough to capture potential tenants living in poverty. However, in general, State-funded affordable housing is not affordable to people experiencing or at risk of homelessness.

### Recommendation:

#### 1. Increase State LIHTC by \$300-500 Million Per Year, Include Apartments for People Experiencing Homelessness

The State could generate additional federal tax credit dollars through investment in State tax credits of at least \$300 million per year. This funding is expected to generate thousands of affordable apartments each year, which would advance the Governor-Elect’s goals for new housing production.

With this infusion of new resources, the State could require developers using state or federal tax credits to set aside 5-7% of new units for people experiencing homelessness. Rather than requiring these units to offer the intensive services supportive housing requires, affordable developers could partner with local coordinated entry systems to receive referrals of people in affordable housing units set aside for the population. In this way, tenants would receive light-touch services rapid re-housing offers to help them increase their incomes, along with short- to medium-term rental assistance. If living in affordable housing, rapid re-housing resources could be more effective in ensuring households can remain stably housed once a rapid re-housing subsidy ends. In combination with this strategy, the Tax Credit Allocation Committee should set a housing goal of 40% for special needs populations (see recommendation below).

## C. Calibrate Need for Rapid Re-Housing and Interim Housing with Current & Future Investment

**Challenge:** Recently, the State’s investment in addressing homelessness has focused more on rapid re-housing and interim interventions, rather than long-term, evidence-based interventions. One recent program which received \$57 million in one-time funding in the FY 2018-19 budget, is the California Emergency Solutions Housing (CESH) program. CESH offers grants to homeless Continuums of Care for a range of interventions, including—

- Rental assistance for up to five years,
- Operating subsidies for up to 15 years,
- Housing-based services,
- Local systems improvements,
- Rapid re-housing, and
- Operating costs of interim interventions (limited to 40% of each grant).

The State’s largest investment in homelessness in 2018 was the Homeless Emergency Aid Program (HEAP), which provided \$350 million to homeless Continuums of Care and \$150 million to 11 large cities to address homelessness. Because of the short period for grant recipients to plan for how to use the funds, the short period for using the money, and the one-time nature of the funding, cities and homeless Continuums of Care are using the funding largely for interim housing and rapid re-housing.

*Though almost 80% of Californians experiencing homelessness are single adults, non-capital investment is largely focused on rapid re-housing designed to solve family homelessness.*

Other State programs also fund rapid re-housing. The CalWORKS Housing Support Program (which has received funding every year over the last several years ranging from \$25 to \$45 million) and Bringing Families Home (which received a total of \$10 million in FY 2016-17) fund rapid re-housing for homeless families. These resources have helped families exit homelessness and California to decrease families experiencing homelessness.<sup>15</sup>

Little data currently exists on the success of rapid re-housing in California. Anecdotal evidence suggests single adults (non-youth)—who make up 80% of the homeless population in California—as well as many families struggle to maintain housing once a rapid re-housing subsidy ends.

### Recommendation:

#### 1. Ensure Funding for Interim & Rapid Re-Housing Meets Need

Considering single adults make up the largest population of Californians experiencing homelessness,<sup>16</sup> and early evidence indicates rapid re-housing may not be effective in ending homelessness among single adults, the State should match rapid re-housing investment to actual need, and then require locally-administered funding track the long-term outcomes of rapid re-housing recipients and make provisions to ensure no one exits rapid re-housing into homelessness.

Interim housing can keep people safe while waiting for permanent housing. However, data clearly establish interim interventions that do not provide pathways to permanent housing are ineffective at solving homelessness or even keeping people safe over the short- to medium-term.<sup>17</sup> The State should restrict locally-administered funding for interim interventions, including shelters, to 15-20% of grant funds. The State should require any community receiving funding to show how shelter dwellers will exit interim to permanent housing, and that any funding used

<sup>15</sup> U.S. Dept. of Housing & Urban Dev., Office of Comm. Planning & Dev. *The 2018 Annual Homeless Assessment Report (AHAR) to Congress: Point-in-Time Estimates of Homelessness*. Dec. 2018.

<sup>16</sup> U.S. Dept. of Housing & Urban Dev., Office of Comm. Planning & Dev. *The 2018 Annual Homeless Assessment Report (AHAR) to Congress: Point-in-Time Estimates of Homelessness*. Dec. 2018.

<sup>17</sup> Daniel Gubits, Marybeth Shinn. "Family Options Study: 3-Year Impacts of Housing & Services Interventions for Homeless Families." *U.S. Dept. of Housing & Urban Dev. Office of Policy Dev. & Research*. Oct. 2016.

for interim housing is based on a financial model demonstrating need. Finally, the State should require interim interventions to be—

- Low-barrier and culturally competent,
- Focused on moving people out of crisis and into permanent housing, with strong supports to help residents move into permanent housing affordable to them as quickly as possible,
- Accessible to people with physical and behavioral health disabilities, and
- Flexible, to include motel vouchers and recuperative care for people exiting hospitals.

## **D. Remove Barriers to Using Existing Resources to House People Experiencing Homelessness**

**Challenge:** Due to the stigma against people experiencing homelessness and against people receiving housing subsidies, many landlords do not accept publicly-funded rental assistance or vouchers, even if those vouchers offer a secure, ongoing source of rent from a reliable source. At the same time, our state erects barriers to vulnerable Californian’s ability to access housing.

### **Recommendations:**

#### **1. Prohibit Landlords from Discriminating Based on Source of Rental Assistance**

Stigma surrounding a source of a tenant’s rent payment has disproportionately impacted people of color. Legislation to disallow landlords from discriminating against tenants based on source of rental payment could reduce this inequitable homeless policy. This legislation should apply to federal-, local-, and state-funded subsidies.

#### **2. Offer Landlord Financial Incentives**

The State should also fund landlord incentives and housing navigation to ensure every Californian experiencing homelessness can take advantage of existing rental assistance. Several jurisdictions, including Los Angeles and San Diego Counties, are now offering incentives to landlords, such as security deposits and funding to make repairs, to motivate landlords to accept voucher holders. Jurisdictions began this program to address 25% or more of vouchers going unused because voucher holders experience challenges in identifying landlords willing to accept vouchers.

#### **3. Increase the Low-Income Housing Tax Credit Goal for Special Needs Housing to 40%**

Almost all supportive housing and most affordable housing projects receive funding from the federal and state Low-Income Housing Tax Credit programs. The Tax Credit Allocation Committee (TCAC) sets a goal of using up to 30% of funding for the “special needs housing type” for these populations: people experiencing homelessness, people with intellectual and developmental disorders, survivors of domestic violence, people with disabilities exiting institutional settings, people experiencing serious mental illness or chronic medical conditions, homeless youth, and families in the child welfare system who cannot be reunited without a safe, decent home. Once TCAC staff award a sufficient number of developer applicants to meet the current 30% goal, they often decline other developers creating housing within this category.

The special needs category is the most oversubscribed of any of the housing types. With No Place Like Home funding, bond funding for the Multifamily Housing Program for Supportive Housing, and numerous local bonds to create supportive housing, demand and capacity for tax credit resources within this special needs category will increase significantly in the coming years, as these programs are intended to supplement tax credit financing.

Legislators and local officials recognize the affordable housing crisis is hitting special needs populations the hardest. As one example, people experiencing intellectual and developmental disabilities (I/DD) are no longer able to access group homes as the State is closing these homes, increasing the number of people with I/DD who need an

affordable home with services. At the same time, the number of homeless youth and homeless unaccompanied minors has reached alarming rates. The number of people displaced by recent fires in California has only exacerbated the need for housing for these special needs populations. For these reasons, the special needs housing type should reflect the urgency the affordable housing crisis poses to vulnerable Californians. A 40% goal would accurately demonstrate commitment to address the very real need among our most vulnerable populations and the availability of resources.

#### **4. Promote Opportunities for People Experiencing Homelessness to Share Housing in State-Funded Affordable Housing Programs**

For people who do not need supportive housing, shared housing for youth, older adults, and single adults is a growing innovation, as it ensures people can share living expenses and overcome the social isolation of homelessness. The State can promote shared living arrangements through state-funded affordable housing programs by allowing affordable housing property managers to rent multi-bedroom units to people who are not family members. The State should ensure shared housing adheres to the following protections:

- Property managers should not force any tenant to share housing;
- Tenants should be allowed to choose their roommates;
- Each tenant should have their own room, and each tenant should have a separate lease; and
- Property managers should track outcomes from shared housing.

## **II. Reform the State’s Health Care System Toward Ending Homelessness**

**Challenge:** People experiencing homelessness incur, on average, Medi-Cal costs that are two times the average costs of all beneficiaries. People experiencing chronic homelessness are particularly expensive, incurring an average of five times the average costs due to disproportionate use of acute care. Despite this high level of spending, people experiencing homelessness die, on average, 25-30 years younger than housed people with similar health conditions.<sup>18</sup>

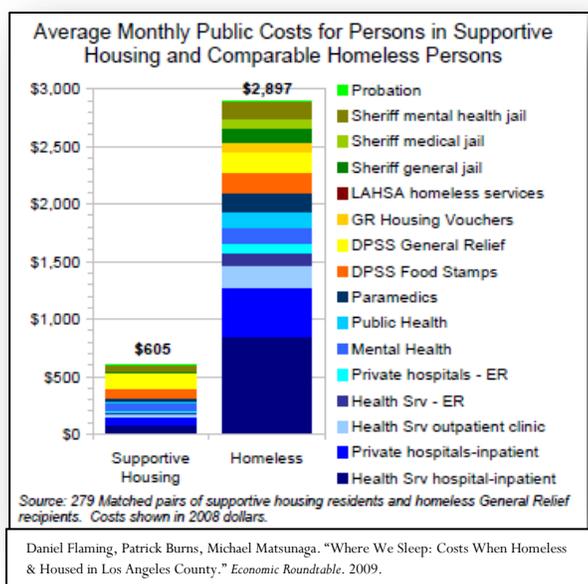
Other states, like New York, and some local jurisdictions, like San Francisco and Los Angeles County, use health care dollars to fund rental assistance and services for people experiencing homelessness, acknowledging housing is health care. Our county mental health systems, in fact, have successfully created housing opportunities for people with serious mental illnesses since the passage of Proposition 63, the Mental Health Services Act. A recent RAND study found significantly reduced health costs among residents of the Los Angeles County’s “Housing for Health” program, concluding tenants were able to reduce County-funded health costs they incurred, and that these reduced costs more than made up for the costs of housing and services the County invested.<sup>19</sup> Other studies show formerly homeless tenants are able to reduce health care costs in jails and prisons, also resulting in significant savings to county and state health costs, as people incarcerated are ineligible for federally-funded programs. Study after study reveals cost savings to health systems from housing people experiencing homelessness:

***Even though people experiencing chronic homelessness incur five times the average spending of Medi-Cal beneficiaries, they die 25-30 years younger than housed beneficiaries.***

<sup>18</sup>Carol Caton Et Al., Nati'l Symposium On Homelessness Research, Characteristics and Interventions for People Who Experience Long-Term Homelessness (2007), available at <http://aspe.hhs.gov/hsp/homelessness/symposium07/caton/index.htm>; Margot Kushel, M.D., Associate Professor of Medicine in Residence, UC San Francisco, Testimony to Legislative Forum on Homelessness in California, Jul. 18, 2007, available at [http://www.housingca.org/resources/Joint\\_Ctte\\_on\\_Homelessness\\_Testimony\\_Kushel.pdf](http://www.housingca.org/resources/Joint_Ctte_on_Homelessness_Testimony_Kushel.pdf).

<sup>19</sup>Sarah B. Hunter, Melody Harvey, et. al. "Evaluation of Housing for Health Permanent Supportive Housing Program." RAND Corp. 2017.

- Medi-Cal beneficiaries participating in foundation-funded frequent user programs reduced Medi-Cal hospital costs by \$3,841 per beneficiary after one year and \$7,519 per beneficiary per year after two years over and above the costs of these programs.<sup>20</sup>
- A Washington study showed people with chronic alcohol use disorders experiencing homelessness connected to intensive case management incurred \$2,449 less in Medicaid costs per person, per month than control group participants after six months beyond the costs of the program.<sup>21</sup>
- Two randomized studies of chronically homeless frequent users receiving health home services showed participants decreased hospital days by a third within a year and 46% after 18 months, and decreased nursing home days by over 60% within a year compared to groups getting usual care.<sup>22</sup>
- The Massachusetts Office of Medicaid reported decreased costs of over \$17,500 per member from a state program offering comprehensive case management in housing.<sup>23</sup>
- Formerly homeless people who are stably housed are able to decrease their nursing home days by over 60%, compared to a control group of participants with chronic health conditions who remained homeless.<sup>24</sup>



## A. Use Medi-Cal to Pay for Tenancy Supports & Supported Employment

**Challenge:** One of the biggest obstacles to creating supportive housing is a lack of funding for housing-based services, as well as housing navigation services that help people experiencing homelessness access housing. The federal Centers for Medicare and Medicaid Services issued guidance on tools states can use to fund these services.<sup>25</sup>

**Existing Funding for Services:** The State funds services in supportive housing through Medi-Cal mental health, and the Mental Health Services Act/Proposition 63. Counties use Proposition 63 to match federal contributions to Medi-Cal mental health treatment. This mental health spending funds a variety of interventions that promote mental health recovery, including services promoting housing stability. Neither can fund services to help people experiencing mental illness access housing.

The programs also exclude Californians who have not been diagnosed with a serious mental illness.

California has attempted to use Medi-Cal to fund some housing navigation and housing-based services for beneficiaries experiencing homelessness. California used an 1115 Medicaid Waiver, finalized in December 2015, to create the Whole Person Care pilot in 25 counties. The federal government made available \$1.5 billion over five years to implement this pilot, and counties are paying matching costs to provide flexible funding to improve systems and provide services for high-cost Medi-Cal beneficiaries, including people experiencing homelessness.

<sup>20</sup> Linkins, *supra*. The calculated costs avoided are based on average reductions in ED visits and inpatient days for Medi-Cal patients at rates the Office of Statewide Health Planning and Development (OSHPD) reported as costs for hospitals connected to frequent user programs. Rates averaged \$305 per ED visit and \$2,161 per inpatient day. OSHPD 2006 data. [www.OSHPD.gov](http://www.OSHPD.gov).

<sup>21</sup> Mary Larimer, Daniel Malone. "Health Care and Public Service Use and Costs Before and After Provision of Housing for Chronically Homeless Persons with Severe Alcohol Problems." *Journal Am. Medical Assoc.* 2009; 301(13):1349-1357 (2009).

<sup>22</sup> David Buchanan, Romina Kee. "The Health Impact of Supportive Housing for HIV-Positive Homeless Patients: A Randomized Controlled Trial." *Journal Am. Medical Assoc.* (June 2009) 99;6; David Buchanan, Romina Kee, Lisa Sadowski, et. al. "Effect of a Housing & Case Management Program on Emergency Department visits and Hospitalizations Among Chronically Ill Homeless Adults: A Randomized Controlled Trial." *Am. Journal Public Health.* (May 2009) 301;17.

<sup>23</sup> Massachusetts Housing & Shelter Alliance. Home & Healthy for Good: Progress Report. Mar. 2012.

<sup>24</sup> David Buchanan, Romina Kee, Lisa Sadowski, et. al. "Effect of a Housing & Case Management Program on Emergency Department visits and Hospitalizations Among Chronically Ill Homeless Adults: A Randomized Controlled Trial." *Am. Journal Public Health.* (May 2009) 301;17.

<sup>25</sup> Mike Smith, Martha Egan, et. al. "CMS Informational Bulletin: Coverage of Housing-Related Activities & Services for Individuals with Disabilities." *Centers for Medicare & Medicaid Servs.* Jun. 26, 2015.

The Whole Person Care pilot will expire in December 2020. The Department of Health Care Services also recently began implementing the Health Homes Program, a new Medi-Cal benefit that funds care coordination and care management services, in San Francisco. It will eventually be implemented in 29 counties. One of the goals of the program is to serve beneficiaries experiencing homelessness, along with thousands of other beneficiaries with chronic conditions who have difficulties managing their illness. Governor Brown signed Assembly Bill 361 (Mitchell) in 2013 to require a California Health Homes Program serve Californians experiencing homelessness through services that help beneficiaries connect to housing, and that help these beneficiaries stay housed. Unlike the Whole Person Care pilot, which counties administer, managed care health plans administer the Health Home Program. Counties and managed care health plans expect that neither the Whole Person Care pilot nor the Health Homes Program are an ongoing source of funding for services.

## **Recommendations:**

### **1. Pass Statutory Changes to Strengthen the Health Home Program**

The Health Homes Program has potential to provide an ongoing, sustainable funding source for outreach, housing navigation, and supportive housing tenancy sustaining services. As services are often the most difficult component of supportive housing to fund, particularly for the two-thirds of homeless Californians without a serious mental illness, a Health Homes Program could expand supportive housing availability statewide. DHCS could make the benefit more meaningful for homeless beneficiaries through the following:

- Ensure funding for the program beyond the first two years. Though the State has not committed any resources to create, fund, or evaluate the Health Home Program in the first two years—the federal government and The California Endowment are paying these costs—federal financial participation in this program will remain robust, at between 50-90% of the total costs of the services. The State would attract more health plans to implement the program and more providers to offer services, if the State worked with the Legislature to remove barriers to making this benefit longer-term.
- Remove barriers to implementation by easing requirements to track and report services through encounter reporting in 15-minute increments.
- Require managed care health plans to—
  - Tier payment rates to address the needs of vulnerable populations, particularly people experiencing homelessness and
  - Partner with local homeless systems to identify and refer potentially-eligible participants, as well as link participants to coordinated entry systems for access to housing.

### **2. Include Tenancy Supports & Supported Employment as a Benefit Through a Medicaid 1915(i) State Plan Amendment**

After California implemented Whole Person Care, Washington State negotiated a Foundational Community Supports program with the federal Centers for Medicare & Medicaid Services (finalized under the Trump Administration) to pay for pre-tenancy services and tenancy supports in supportive housing through their 1115 Medicaid Waiver. The Foundational Community Supports program funds services in supportive housing and has focused resources to ensure this new benefit serves homeless people effectively.<sup>26</sup> This new program is expected to establish an ongoing funding source for services linked to housing. Washington is using a third-party administrator, Amerigroup, to administer the program. Amerigroup has contracted with 85 providers statewide to offer services. If the program proves successful after five years, the State plans on creating a new benefit, likely through a 1915(i) State Plan Amendment.

The State of California should fund flexible, person-centered, evidence-based services in supportive housing on an ongoing basis to bridge the gap in funding services. Both tenancy services and supported employment services are

<sup>26</sup> Amerigroup. Washington Foundational Community Supports. <https://providers.amerigroup.com/pages/wa-foundational-community-supports.aspx>.

evidence-based and have been documented to improve significantly the health and income of people formerly experiencing homelessness. Medi-Cal is a sustainable funding source, and draws federal funding to the State. Through a 1915(i) Medicaid State Plan Amendment, Medi-Cal can serve as the primary source of funding for tenancy supports and supported employment services in supportive housing. Using lessons learned through our own Whole Person Care pilot and Washington’s Foundational Community Supports, the State could create a new benefit that would pay specifically for housing-based services at a rate high enough to give Medi-Cal beneficiaries who qualify meaningful access to appropriate care once housed.

## B. Coordinate Services Funding with Housing Funding

**Challenge:** Developers struggle to underwrite services for supportive housing projects. Providers offering evidence-based services in supportive housing are not typically accessing programs like the Health Homes Program, as they are not customary contractors under managed care health plans, and they often lack the administrative infrastructure to bill Medi-Cal (even when mental health providers under county Medi-Cal mental health programs). Complicating alignment of services and housing resources, housing funding is “project-based,” whereas services funding through Medi-Cal is “person-based” or “tenant-based,” creating a mismatch of resources.

### Recommendations:

#### 1. Align Eligibility Criteria of the Health Homes Program and State Housing Funding

The State can take steps to ensure Medi-Cal benefits funding services are accessible to tenants living in State-funded supportive housing. HCD, in administering No Place Like Home and Housing for a Healthy California, and DHCS could provide guidance to developers and health plans on aligning eligibility criteria for the Health Homes Program. In this way, services would attach to tenants in supportive housing. For services funding to align with housing, HCD and DHCS would need to work together to ensure requirements for both services offered through the Health Homes Program and services required in housing programs align. DHCS staff could work with managed care health plans to contract with homeless service providers offering services in supportive housing projects funded through No Place Like Home, and HCD could fund incentives, like technical assistance or capacity-building grants, to developers and service providers to access the Health Homes Program.

#### 2. Provide Technical Assistance Grants to Boost the Number of Homeless Service Providers That Can Bill Medi-Cal

While Medi-Cal now funds programs that can pay for case management and other services to help people access housing and remain stably housed homeless service providers who have cultural competency to address the unique needs of populations who most need these services typically do not have the administrative infrastructure to access Medi-Cal, or only access Medi-Cal through county mental health programs. The State could offer seed money specifically to community-based organizations to develop the technical and administrative infrastructure necessary to serve homeless and formerly homeless beneficiaries through Medi-Cal. Medically-oriented clinics and large institutions do not have the cultural competency or experience providing evidence-based housing-related services to beneficiaries experiencing homelessness.

## C. Promote Housing Opportunities for People with Disabilities & Older Adults

**Challenge:** DHCS reports that over 11,000 current skilled nursing facility residents do not need skilled nursing care, but that nursing homes cannot discharge them because these residents would have nowhere to go upon

discharge, due to the unavailability of lower-level care facilities and independent housing.<sup>27</sup> Medi-Cal pays about \$209 per day for skilled nursing care, and could spend far less if more options were available for people who could live in a residential setting.<sup>28</sup>

Our State is, in fact, losing housing options for people who could avoid or exit skilled nursing care. Medi-Cal-funded Assisted Living Waiver slots are now full. People who could otherwise live in supportive housing with Assisted Living Waiver services are forced instead into nursing facilities. Similarly, as licensed board and care facilities are closing across the State, the State loses housing options for people who cannot live independently, but could live stably.<sup>29</sup> Adult Residential Facilities (also referred to as “Board and Care Facilities”), which provide housing and intensive services, including personal care and help with activities of daily living, in a licensed facility, are closing at a record pace. The State Behavioral Health Planning Council estimated in 2016 that the State has a shortfall of over 900 beds, and that many existing beds have been closing due to inadequate funding.<sup>30</sup>

*Over 11,000 skilled nursing facility residents do not need skilled nursing care, but cannot be discharged because they have*

## Recommendations:

### 1. Provide a Higher Rate for PACE to Serve Formerly Homeless Beneficiaries Living in Affordable & Supportive Housing

The Program for All-Inclusive Care for the Elderly (PACE) is a Medicaid optional benefit that provides care coordination services through an interdisciplinary team of health professionals to beneficiaries who are 55 and older and who are eligible for nursing home care based on medical necessity. PACE is designed to allow people to live independently, and avoid nursing home care. Medi-Cal pays for PACE through a per person, per month rate.

A number of supportive and affordable housing projects for seniors provide PACE services, as PACE can provide services promoting housing stability, as well as a full range of services to keep someone living in the community. PACE is currently available in only 11 counties in California due to limited availability of PACE providers.

The State could expand PACE in affordable and supportive housing by supplementing the PACE rate in supportive and affordable housing programs serving formerly homeless tenants. The State could conduct an actuarial analysis that would take into account services for this high-need population, considering formerly homeless older adults are likely to require a higher-level of services, need services promoting housing stability, and are at greater risk of nursing home placement. If the State receives approval for a supplemental rate, this rate would provide PACE providers incentives to serve people experiencing homelessness and to work with housing providers to meet the needs of this vulnerable population.

### 2. Increase the Number of Assisted Living Waiver Slots to at Least 18,500 & Make Available in More Counties

The Assisted Living Waiver provides services to Medi-Cal beneficiaries whose care needs qualify them for skilled nursing care, but who could live independently in a residential setting or subsidized housing. The Waiver funds services to help older adults or people with disabilities with activities of daily living, intermittent skilled nursing care, and transportation. Few housing projects serving formerly homeless tenants access the Assisted Living Waiver, and the State met its available number of “slots” (people able to access the program) of 3,700 in March

<sup>27</sup>Susan Reinhard, Jean Accius, et. al. “Long-Term Services & Supports State Scorecard: Picking Up the Pace of Change (2017 Edition).” *AARP Public Policy Institute*; Department of Health Care Services (John Shen). *Presentation to 1115 Medicaid Waiver Stakeholder Committee: Housing & Services Subcommittee*. January 2015.

<sup>28</sup> California Association of Health Facilities. “Facts & Statistics on Long-Term Care Providers.” <https://www.cahf.org/About/Consumer-Help/Facts-and-Statistics>.

<sup>29</sup> A board and care facility, also known as an Adult Residential Facility, provides a licensed home with 24-hour/day nonmedical care and supervision to adults with a serious mental illness or developmental disability or to people who are age 60 or older. Community Care Licensing Division (CCLD) report presented by Claire Matsushita, Asst. Program Administrator, to LA County Mental Health Commission on April 27, 2017.

<sup>30</sup> California Behavioral Health Planning Council. *Highlighting the Critical Need for Adult Residential Facilities for Adults with Serious Mental Illness in California*. March 1, 2018. <https://www.dhcs.ca.gov/services/MH/Documents/Advocacy%20Committee/March%202018%20ARF%20Draft%20Final.pdf>.

2017. The Waiver exists only in 15 counties. The FY 2018-19 Budget includes funding for an additional 2,000 slots, contingent upon the federal government’s approval. However, over 2,500 people were on the waiting list by early 2018. To expand this proven program, the State and federal Medicaid agencies would need to increase the available slots well beyond the 2,000 already available.<sup>31</sup> The State should request an increase in the number of slots and the geographic availability of services, as well as promote using the Assisted Living Waiver in affordable and supportive housing.

### **3. Increase & Tier the State Supplemental Payment for SSI to Keep Board and Care/Adult Residential Facilities Open**

While many people could avoid nursing home care with greater availability of supportive housing connected to PACE and Assisted Living Waiver services, Adult Residential Facilities typically survive through recouping tenant’s income, often SSI/SSP income, and returning a small portion of the payment to a resident to pay for the resident’s costs. Counties often provide a “patch” to cover the gap in costs. Increasing the State Supplemental Payment, and tiering this payment based on the care needs of the individual, could allow these facilities to remain open.<sup>32</sup>

## **D. Promote Clinical Care**

**Challenge:** Homeless Medi-Cal beneficiaries incur more frequent and longer hospital stays than housed beneficiaries and are at a higher risk of nursing home care. Yet, the Medi-Cal program includes barriers to receiving comprehensive clinical care that could prevent our most vulnerable residents from accessing preventive and clinical care. One example is that Medi-Cal does not fund nurses or other health care professionals to operate recuperative care. Another is that Medi-Cal currently disallows federally-qualified health centers (FQHC) and rural health clinics (RHC) from billing Medi-Cal for two separate visits in the same facility, even if the patient is seeing two different health care professionals—a medical doctor and mental health care professional—and even though federal Medicaid rules allow for billing two separate visits. As a result, clinics usually require patients to return for mental health or medical visits on a different day. People experiencing homelessness are focused on survival, making it difficult for them, at best, to attend multiple visits. The overall effect of this rule is to discourage some of the most vulnerable Californians from receiving preventive or routine medical or behavioral health care through FQHCs or RHCs.

### **Recommendations:**

#### **1. Fund Recuperative/Respite Care Through Medi-Cal**

Recuperative care (often also called “respite care”) can play a critical role in allowing hospitals to discharge patients who no longer have a medical need for hospitalization, but who are too ill to return to homelessness. Recuperative care also reduces hospital readmission. Indeed, hospitals avoid \$1.81 in hospital costs for every \$1 invested in recuperative care.<sup>33</sup> Recuperative care programs use existing shelter, hospital, or transitional housing beds to provide interim housing and nurse care to patients. Recuperative care is effective in reducing hospital readmissions over the long-term if paired with housing navigation services. These services identify available housing opportunities for patients upon discharge, assist residents in completing housing and voucher applications, and help beneficiaries move into permanent housing. The State could include funding for recuperative care facilities and staff, including housing navigation staff, in California’s 1115 Medicaid Waiver renewal.

#### **2. Seek Federal Approval to Allow for Same-Day Billing**

<sup>31</sup> California Advocates for Nursing Home Reform. Assisted Living Waiver Fact Sheet. Aug. 2018.

<sup>32</sup> California Behavioral Health Planning Council. *Highlighting the Critical Need for Adult Residential Facilities for Adults with Serious Mental Illness in California*. March 1, 2018. <https://www.dhcs.ca.gov/services/MH/Documents/Advocacy%20Committee/March%201%202018%20ARF%20Draft%20Final.pdf>.

<sup>33</sup> Dan Shetler, Donald Shepard, et. al. “Medical Respite for People Experiencing Homelessness: Financial Impacts with Alternative Levels of Medicaid Coverage.” *J. of Health Care for the Poor & Underserved*. Vol. 29, No. 2. May 2018.

The State could seek federal approval for a change to California’s rule against same-day billing, to authorize FQHCs and RHCs to seek reimbursement for up to three visits on the same day at a single location. This change would allow a Medi-Cal beneficiary experiencing homelessness to receive medical, mental health, and dental care in one visit.

## E. Expand Capacity to Provide Homeless Services

**Challenge:** A number of counties are expanding resources to serve Californians experiencing homelessness through local initiatives or Whole Person Care pilots. As these resources have expanded, the number of people working in the homeless service system has not. The State could partner with local communities to expand opportunities for people experiencing homelessness to receive outreach, housing navigation, and housing-based services.

### Recommendations:

#### 1. Pass and Sign Legislation to Create a Peer Certification Program

California is behind other states in creating a State certification program to train and establish a body of paraprofessionals with lived experience. A certification program would add Californians to the workforce who have cultural competency and skills to serve people experiencing homelessness, people experiencing serious mental illness, and people experiencing substance use disorders. A peer certification program would allow Medi-Cal to fund services offered through peers, grow the number of skilled staff with cultural competency in serving vulnerable populations, and offer a source of income to thousands of formerly-homeless tenants.

#### 2. Provide Funding Incentives to Expand the Number of Social Workers Serving Californians Experiencing Homelessness

Schools of Social Work promote careers in the child welfare system. As opportunities expand for professional-level staff to work in the homeless system, social workers are unavailable. Based on other model programs, State funding could—

- Offer stipends to students in schools of social work to intern with homeless service providers, so long as students agree to work for the provider for two years following graduation, and
- Fund schools to provide supervision of students while interning with homeless service providers.

## III. Reduce Recidivism Among People on Parole Experiencing Homelessness

**Challenge:** Incarceration and homelessness are closely linked: about half of all people experiencing homelessness report a history of incarceration. Conversely, formerly incarcerated people are almost 10 times more likely to experience homelessness as the general public.<sup>34</sup> Parolees and probationers experiencing homelessness are also seven times more likely to recidivate than those who are housed.<sup>35</sup>

Racial inequities in incarceration contribute to racial inequities in homelessness. African-Americans in poverty are significantly more likely to become homeless and remain homeless longer than whites in poverty.<sup>36</sup> African-Americans in San Francisco, for example, make up 5.5% of the general population, but comprise more than 40% of the homeless population.<sup>37</sup>

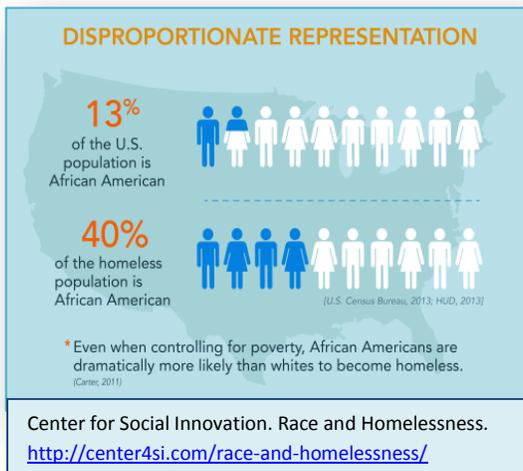
<sup>34</sup> Lucius Couloute. “No Where to Go: Homelessness Among Formerly Incarcerated People.” *Prison Policy Initiative*. Aug. 2018.

<sup>35</sup> Marta Nelson, Perry Deess, et. al. “The First Month Out.” *Vera Institute of Justice*. Sept. 1999.

<sup>36</sup> Center for Social Innovation. “Race and Homelessness.” <http://center4si.com/race-and-homelessness/>.

<sup>37</sup> Mayor London Breed. “Uprooting a Cause of Homelessness: Racism.” *San Francisco Chronicle*. Dec. 12, 2018.

**Current State Programs.** California’s State corrections system currently funds several programs originally intended to serve people experiencing or at risk of homelessness upon discharge from prison. The State system, though, has funded only transitional housing programs, some with documented poor outcomes.<sup>38</sup> It has no current programs funding permanent housing interventions. People exiting some State-funded programs are falling into homelessness. One example is that the State funds, at 100% of the costs, mental health treatment for some parolees with serious mental illness through the Integrated Services for Mentally-Ill Parolees (ISMIP) program and the Parole Outpatient Clinic (POC) program. Even though parolees are typically eligible for and receiving Medi-Cal, participants of these State-funded programs do not receive mental health treatment through county Medi-Cal mental health systems. As a result, once these parolees transition off of parole, they must reestablish mental health treatment, usually with a different provider, through county Medi-Cal mental health programs, sometimes after delay in treatment. Further, the State is leaving millions of dollars in federal funding for mental health treatment on the table when it pays 100% of the costs of treatment.



## A. Redirect Existing Funding to Serve Homeless Parolees More Effectively

Decades of research reveals providing homeless parolees supportive housing is an evidence-based intervention that reduces recidivism:

- An evaluation of an Ohio program for parolees proved formerly homeless supportive housing residents have a 60% lower recidivism rate than parolees still homeless;<sup>39</sup>
- New York supportive housing programs showed lower recidivism rates, lower Medicaid costs, and lower arrest rates among supportive housing tenants;<sup>40</sup> and
- California data demonstrated supportive housing tenants decrease their days incarcerated by over 60%.<sup>41</sup>

### Recommendation:

#### 1. Use Existing Funding & Expand Resources to Offer Evidence-Based Housing & Services to Parolees

Existing programs, like the Specialized Treatment for Optimized Programming (STOP) and Day Reporting Center programs should allow regional administrators to contract with county and community-based providers to use funding for rental assistance and operating subsidies in supportive and affordable housing. The program should further extend the period of eligibility for housing and services. Participants should receive these services for as long as they need them, rather than being subject to an artificial deadline of six to 12 months (current deadlines). With augmented funding, these programs should also provide housing navigation services to participants immediately upon enrollment, allowing participants to connect to permanent housing as soon as possible.

<sup>38</sup> See, for example, David Farabee, Elizabeth Hall. "Evaluation of the Integrated Services for Mentally-Ill Parolees Program." *UCLA Dept. of Psychiatry & Biobehavioral Sciences*. Apr. 2017.

<sup>39</sup> Jocelyn Fontaine, Douglas Gilchrist-Scott, et. al. "Supportive Housing for Returning Prisoners: Outcomes & Impacts of the Returning Home Ohio Pilot Project." *Urban Institute Justice Policy Center*. Aug. 2012.

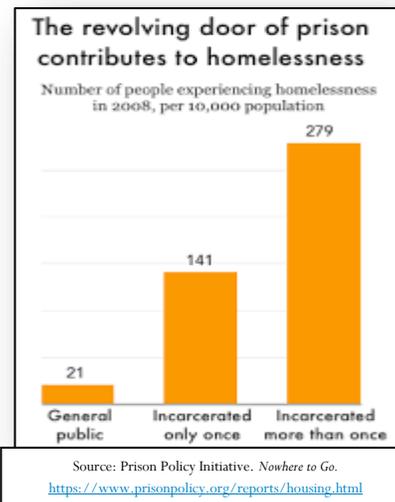
<sup>40</sup> Angela Aidala, William McAllister, et. al. "Frequent User System Enhancement Initiative: New York FUSE II Evaluation Report." *Columbia Univ. Mailman School of Pub. Health*. Mar. 2017.

<sup>41</sup> Martha Burt, Jacquelyn Anderson. "AB 2034 Program Experiences in Housing Homeless People with Serious Mental Illness." *Corporation for Supportive Housing*. Dec. 2005.

The State should redirect significant resources now funding mental health treatment and day center services to pay for supportive housing for parolees with serious mental illness. A revised program could redirect funding for housing and services from ISMIP to housing authorities or housing agencies within counties willing to link parolees to existing Medi-Cal mental health programs.

The Department of Corrections and Rehabilitation (CDCR) should partner with HCD, for HCD to administer grants to counties to house people on parole experiencing homelessness and people leaving prison at risk of homelessness. In funding local agencies, the State should fund only the following:

- An implementing agency with capacity and expertise in administering or overseeing supportive housing programs;
- Contractors providing housing and services that—
  - Have experience and a mission to use a Housing First approach,
  - Demonstrate success in keeping at least 85% of participants housed after 12 months and at least 70% of participants housed after 24 months,
  - Link participants to behavioral health treatment through county Medi-Cal mental health and substance use disorder treatment programs,
  - Serve the most vulnerable parolees in independent settings, and
  - Participate in an evaluation of the outcomes.



The State should also expand funding for housing and services specifically targeted to people on parole experiencing homelessness. In expanding resources, the State could prioritize local homeless systems or counties that are already working to reduce the cycle of incarceration and homelessness. Funding should be substantial enough to fund interim housing while the participant is waiting for an apartment, as well as long-term rental assistance and services for parolees with significant barriers to housing stability.

## B. Prohibit Landlords from Excluding Applicants for Tenancy Based on Blanket Bans of People with a History of Incarceration

**Challenge:** People with a history of incarceration experience significant barriers to accessing housing, putting these individuals and families at risk of homelessness. Evidence shows that a history of incarceration has no impact on the ability of an applicant to make a good tenant.<sup>42</sup> Yet, landlords routinely screen for and exclude people with a criminal record. HUD, in fact, issued guidance to all landlords that screening people out for tenancy based on blanket bans on applicants with criminal records has a disproportionate impact on people of color, and is therefore a violation of federal Fair Housing laws.<sup>43</sup> California is not currently enforcing this Guidance.

### Recommendation:

#### 1. Explicitly Prohibit Landlords from Excluding Applicants for Tenancy Based on History of Incarceration or Arrest

California should follow the HUD Guidance, and specify that landlords cannot exclude any applicant for tenancy based on criminal history, unless that history specifically indicates problematic issues with tenancy, such as arson of the applicant’s apartment building. California’s housing programs should also specify that no developer receiving State funding may exclude an applicant for affordable or supportive housing based on a history of incarceration.

<sup>42</sup> Merf Ehman, Anna Reosti. “Tenant Screening in an Era of Mass Incarceration: A Criminal Record is No Crystal Ball.” *NYU J. of Legislation & Pub. Pol’y*. Mar. 2015.

<sup>43</sup> U.S. Dept. of Housing & Urban Dev. *Office of General Counsel Guidance on Application of Fair Housing Act Standards to the Use of Criminal Records by Providers of Housing & Real Estate-Related Transactions*. Apr. 4, 2016.

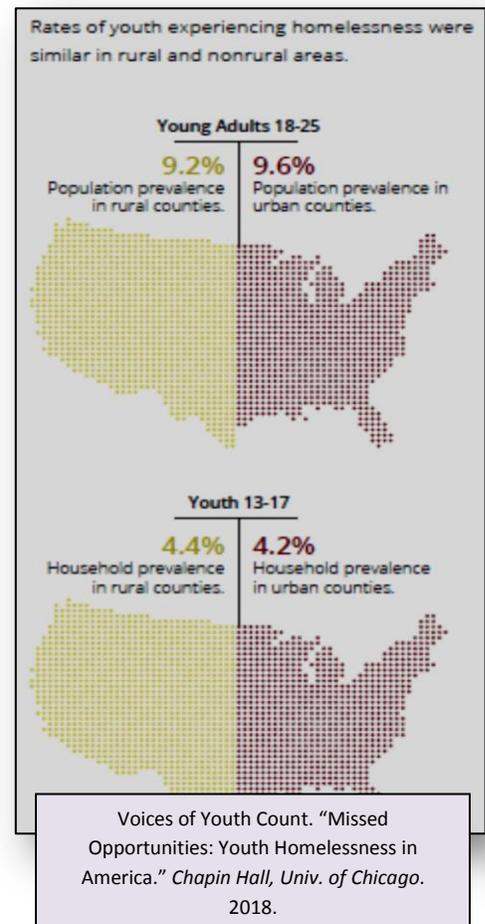
## IV. Dedicate Resources to Address the Needs of Specific Populations

### A. Create a Grant Program to Address the Needs of California's Youth Experiencing Homelessness

**Challenge:** Young adults and unaccompanied minors experiencing homelessness are at significant risk of exploitation, chronic illness, and chronic homelessness. Despite the vulnerability of this population, only 20 counties in California have any process for addressing the unique needs of youth experiencing homelessness. Several communities are developing or have developed systems to assess the needs of youth and help them move into housing. HUD is currently providing funding to San Francisco, Santa Cruz, and San Diego counties to transform how homeless systems in those communities address homelessness among youth. Youth Homelessness Demonstration Projects are intended to transform the community-wide response to homeless youth. Through these demonstrations, California will obtain better data on what works to address the needs of this unique population. These grants end within two years, though, and are dedicated to improving youth-focused systems only within these few counties.

**Existing Funding.** California's only homeless youth program has changed little since it was created in 1987. Funded through the California Office of Emergency Services, the Legislature dedicates \$1 million per year, allocated equally among one provider in each of four counties (San Francisco, Santa Clara, Los Angeles, and San Diego) to pay for shelter, services, and transitional housing to youth experiencing homelessness. The program has expanded through one-time increases in funding in various years. The Legislature allocated an additional \$1 million in 2018.

The Homeless Emergency Aid Program (HEAP), a \$500 million program the Legislature created in the FY 2018-19 Budget to the State's 43 homeless Continuums of Care and the State's largest 11 cities, requires all grant recipients to spend at least 5% of grant funds to serve youth experiencing homelessness.



#### Recommendation:

##### 1. Dedicate \$100 Million Per Year in Grant Funds to Advance Youth-Specific Responses

To support the ongoing work of counties who have undertaken specific efforts to solve youth homelessness, and to provide incentives to other counties and homeless Continuums of Care to create coordinated, youth-specific efforts, the State should invest \$100 million per year to homeless Continuums of Care or providers working with homeless Continuums of Care to—

- Link unaccompanied minors experiencing homelessness to child welfare systems;
- Offer a continuum of housing options and evidence-based services to young adults experiencing homelessness;
- Coordinate systems to ensure young adults experiencing homelessness are able to access mainstream systems, like Medi-Cal and homeless assistance;
- Fund rapid re-housing, transitional, supportive housing, and services to address needs of youth.

## B. Boost Funding for Supportive Housing for Seniors

**Challenge:** Our homeless population in California is aging. Recent data indicate that the average age of people experiencing homelessness is over 50.<sup>44</sup> Data also show people experiencing homelessness at 50 or older suffer from the same physical conditions as a housed person who is 25 years their senior.<sup>45</sup> Given this growing population of aging homeless adults, along with recent news of California fires being particularly devastating to older adults already at risk of homelessness, the State is woefully unprepared to tackle the housing needs of our aging population.<sup>46</sup>

### Recommendations:

#### 1. Invest in Funding Housing Specifically for Older Adults Experiencing or at Risk of Homelessness

The State should invest in housing for older adults experiencing homelessness. In addition to new funding, the State should ensure a portion of recently-passed bond funds provides incentives for housing seniors experiencing or at risk of homelessness. Housing for this population should include accommodations for physical and sensory disabilities older adults experiencing homelessness typically face.

#### 2. Lower Age Threshold for Senior Housing in Tax Credit Projects

TCAC currently sets the age threshold for senior housing at 62. Given that seniors experiencing homelessness age much faster than housed seniors, this age limit could be excluding many people with the same conditions as older housed seniors. In fact, older adults experiencing homelessness have a great risk of early mortality by age 62. For this reason, TCAC and other housing programs promoting housing for older adults should allow senior housing to serve people who are 55 or older, currently allowed under California law.<sup>47</sup>

## C. Fund Rental Assistance for Domestic Violence/Sexual Abuse Survivors

**Challenge:** Over half of women experiencing homelessness report a history of abuse. Similarly, children of abuse are far more likely to become homeless as adults.<sup>48</sup> Survivors of domestic violence also report finding an affordable place to live as the most pressing concern when leaving an abuser.<sup>49</sup>

Few domestic violence shelters offer pathways to permanent housing, and many housing programs for people experiencing homelessness exclude survivors over fear of violence. Some communities are developing partnerships that allow survivors seeking safety in domestic violence shelters to obtain housing navigation services, with the goal of moving survivors with nowhere to go into permanent housing.

*Survivors of domestic violence report one of the biggest barriers to leaving an abuser is their inability to afford housing.*

**Existing Funding.** The California Office of Emergency Services (OES) administers two programs to address domestic violence. One program, funded in the FY 2018-19 Budget, provides \$10 million per year to pay for the costs of operating shelters

<sup>44</sup> Dennis P. Culhane, Stephen Metraux, et. al. "The Age Structure of Contemporary Homelessness: Evidence and Implications for Public Policy." *Analyses of Social Issues and Public Policy*. 13.1: 1-17. 2013.

<sup>45</sup> Margot Kushel. "Homelessness in Older Adults: An Emerging Crisis." UC San Francisco. 2016.

<sup>46</sup> Alexandra Levine. "After a Wildfire, Rebuilding a Life Can Be Hardest for the Oldest." *New York Times*. Nov. 25, 2018.

<sup>47</sup> California Civil Code § 51.3.

<sup>48</sup> Y. Aratani. "Homeless Children and Youth, Causes and Consequences." *National Center for Children in Poverty*. 2009.

<sup>49</sup> A. Clough, J. E. Draughon, et. al. "Having Housing Made Everything Else Possible: Affordable, Safe and Stable Housing for Women Survivors of Violence." *Qualitative Social Work*, 13(5), 671-688. 2014.

for survivors of domestic violence. Another program receives federal grant money to offer rapid re-housing to homeless survivors of domestic violence (“Housing First Program”).

## **Recommendation:**

### **1. Create a Rental Assistance Program with Trauma-Informed Services for Homeless Survivors of Domestic Violence or Sexual Assault**

The State could address the needs of this vulnerable population by creating and overseeing a grant to public housing authorities, cities, or counties to administer rental assistance. The California Department of Housing & Community Development (HCD) should administer this grant. The rental subsidies should be coupled with culturally-competent services that promote housing stability, along with trauma-informed services. Both OES and HCD should work together to coordinate this program.

## **D. Support Child-Welfare-Involved Families**

**Challenge:** About one-third of all children in foster care cannot reunite for the sole reason that the parent(s) do not have a safe home. Similarly, mothers experiencing homelessness are seven times more likely to experience child-welfare involvement.<sup>50</sup> Foster care makes children more likely to become homeless as adults. In fact, one in four exiting foster care will become homeless as adults.<sup>51</sup>

Supportive housing programs throughout the country have demonstrated successful child welfare outcomes. The Keeping Families Together program showed children of supportive housing tenants experienced six months fewer days of foster care than a comparison group of families who remained homeless. All supportive housing participants were reunited with their families.<sup>52</sup>

**Existing Funding.** The California Department of Social Services received \$10 million from the FY 2016-17 Budget to fund housing and services for child-welfare-involved families experiencing homelessness through a three-year project, Bringing Families Home. This program is largely funding rapid re-housing and relied on child welfare systems to create new housing and services programs from scratch.

## **Recommendation:**

### **1. Reinvest in Partnerships Between Homeless Continuums of Care & Child-Welfare Systems**

Considering the recently-passed federal Families First Prevention Act includes funding for evidence-based services interventions, the State could leverage these resources through a revised Bringing Families Home program, funded at \$10 million every year. The HCD should work with the current administering agency, the California Department of Social Services, to allocate funding to homeless systems working in collaboration with child welfare agencies. Funding should be used to—

- Match data between homeless Continuums of Care and child welfare agencies to identify families,
- Hire liaisons between homeless and child welfare systems, and
- Fund supportive housing for families experiencing child-welfare involvement.

<sup>50</sup> Dennis Culhane, Steven Metraux, et. al. *Prevalence of Child Welfare Services Involvement Among Homeless and Low-Income Mothers: A Five-Year Birth Cohort Study*. Sept. 2003; Mark Courtney, Steven McMurtry. “Housing Problems Experienced by Recipients of Child Welfare Services.” *Child Welfare*. 2004.

<sup>51</sup> Mark Courtney, et al., “Midwest Evaluation of the Adult Functioning of Former Foster Youth: Outcomes at Ages 23 and 24.” *Chaplin Hall*. 2010.

<sup>52</sup> Rebecca Swann-Jackson, Donna Tapper, et. al. “Keeping Families Together: An Evaluation of the Implementation & Outcomes of a Pilot Supportive Housing Model for Families Involved in the Child Welfare System.” *Mettis Assoc*. 2011.

## V. Create Administrative Efficiencies in Efforts to Solve Homelessness

### A. Reform State Administration of Housing Programs

**Challenge:** The State has a lack of consistency and expertise around housing through programs administered in non-housing departments. In 2018, the California Legislature funded more than 18 different programs specifically targeting people experiencing homelessness, in addition to funding at the Department of Housing and Community Development (HCD) for existing programs like the Multifamily Housing Program (MHP). These 18 programs sit at six different state departments, each of which has different goals, cultures, and knowledge of housing-related or homeless issues, such as the Department of Corrections and Rehabilitation, Department of Social Services, and the Office of Emergency Services.

The Homeless Coordinating and Financing Council (HCFC) was created in 2016 to foster better coordination between these departments. Since its inception the council has been focused, with limited resources, on the transition of programs to a Housing First approach required in Senate Bill 1380 for all state housing programs. In the FY 2018-19 budget, the Legislature allocated money to the HCFC for staffing, including the appointment of an executive officer. The budget process also elevated the HCFC out of HCD and into the Business, Consumer Services, and Housing Agency.

Funding departments that do not have a history or knowledge of housing and have insufficient staff expertise on administering housing-related grants or contracts raises multiple challenges, and often results in barriers to grantees using the program effectively. In more cases than not, it also results in programs that promote housing interventions that are not evidence-based. Simply hiring a few staff with some experience working in housing projects or programs in the past has failed to overcome cultural and institutional barriers in effective implementation of programs, and people working at the local level report several State-funded programs as ineffective in achieving their mission.

Elevating state agency coordination around homelessness was promising. However, HCFC outside of a housing department or agency significantly delayed progress the HCFC was making.

#### **Recommendations:**

##### **1. Move Housing Programs Under a New Secretary of Homelessness**

Toward the goal of elevating both interagency collaboration around homelessness, and the State's leadership around housing and homelessness, we recommend appointing a Secretary of Homelessness as a Cabinet-Level position reporting to the Governor. This person would oversee programs administering housing, including those currently in other departments. HCD or the Homeless Coordinating and Financing Council would administer these programs in consultation with related departments running services programs impacting the population served. For example, the Integrated Services for Mentally Ill Parolees Program would be moved from CDCR to HCD and HCD staff would consult with CDCR in the process of administering this grant to ensure cultural competency in serving people on parole. In doing so, HCD could create one consolidated, flexible program that offers a menu of services and housing that cities, counties, and homeless Continuums of Care could apply for through a single application multiple times a year.

##### **2. Determine How Much Affordable and Supportive Housing is Needed, the Cost of Creating It, Existing and Resources that Can Begin Addressing It**

Many communities in California are using data to identify need among specific populations and gaps in funding to solve homelessness. Data plays an essential role in establishing the right strategies to solve homelessness. Without data regarding gaps in funding, the State advances policies and programs blindly, with little hope of establishing an

effective, balanced strategy to solve homelessness. In California, we rely on HUD data to estimate the number of people experiencing homelessness as single adults, as families, as young adults, and as people experiencing chronic homelessness. We have no estimates of the number of apartments available for people experiencing homelessness in our local communities, the public costs people experiencing homelessness incur through Medi-Cal, CalWORKS, child welfare, or other State-funded programs, or gaps in resources for interim housing, permanent housing, and services. A number of jurisdictions in California, including the Cities and Counties of Los Angeles and Napa, identified data on specific populations and estimated housing and services needs along with costs for housing interventions.

### **3. Fund a Multi-Departmental Integrated Data Warehouse**

California has been considering creating a data warehouse to gather information about people experiencing homelessness. The State would collect local Homeless Management Information System data into one centralized statewide database. Eventually, these data would be matched to data from State public benefits systems to identify Medi-Cal, CalWORKS, Employment Development Department, and CalFRESH recipients experiencing homelessness. Michigan uses this integrated data approach to arrive at strategies to effectuate inter-agency collaboration around homelessness.

### **4. Assess Statewide Need**

In the meantime, the State should conduct a needs assessment to help State policymakers determine need for additional resources and priorities for allocating existing resources. The State could use existing data, along with data local communities have gathered, to arrive at the needs assessment. A needs assessment could estimate specific needs for interim housing, affordable housing, rapid re-housing, and supportive housing, and recommend priorities for funding, as well as opportunities to coordinate housing and services funding.

## **B. Fund Local Systems Improvements to Create & Strengthen Coordinated Entry Systems in Smaller Communities**

**Challenge: Burdens on Local Governments to Solve Homelessness.** While other states have a “balance of state,” which allows a state to coordinate federal funding in small counties with little administrative infrastructure, California instead urged smaller counties to form their own homeless Continuums of Care to receive federal funding directly. Some of these counties struggle to meet the requirements of federal funding, let alone plan for a more effective response to homelessness.

HUD now requires local homeless Continuums of Care to implement “coordinated entry systems” (CES). CES assesses the type of intervention someone experiencing homelessness needs to exit homelessness, prioritizes housing existing in the community for people with the greatest vulnerabilities, and assigns existing funding to refer people experiencing homelessness to the appropriate housing interventions. Many communities across the State are yet to refer individuals or families to housing existing in the community through a CES. As these local systems struggle to meet HUD requirements, they also struggle to integrate other, larger systems that feed into homelessness, such as hospitals and public health, criminal and juvenile justice, employment, child welfare, and emergency services.

### **Recommendations:**

#### **1. Provide Capacity Building, Technical Assistance, and Seed Funding to Create Local Coordinated Entry Systems & Connection of Health, Corrections, & Child Welfare Systems to Coordinated Entry Systems**

Improvements to local systems could lead to a more effective response to homelessness statewide. State funding could spur the creation and effective use of these coordinated entry systems through a modest grant program. These

grants could also provide support for promoting innovation in connecting coordinated entry to larger, mainstream systems as well.

## ***2. Create a Balance of State Homeless Continuum of Care***

If the State administered a homeless Continuum of Care for small counties that agree to give up their own Continuums of Care, the State could receive administrative funding to foster better outcomes. Through one coordinated system, rather than multiple small systems across Northern and Central California, the State could eliminate administrative duplication, remove silos that exist between State and local systems, design a more accurate point-in-time count methodology, and apply for grants on behalf of multiple counties. More importantly, it would help local communities solve homelessness.

## **Conclusion**

Homelessness is one of the State's greatest moral crises. It touches multiple systems, and multiple systems feed people into homelessness, in ways that perpetuate inequities. Homelessness is solvable through a long-term, strategic approach. Assessing need, planning to address the need, dedicating resources to permanent housing, and ensuring systems discharging people into homelessness become instead responsive to homelessness, are all critical to solving California's crisis.

## **Contact Information**

For more information on these or other strategies to solve homelessness, contact the following:

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