



## FOCUSING ON SOLUTIONS: Decreasing Homelessness by Increasing the Variety and Supply of Homes to Meet the Needs of All Californians

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California's housing market was broken long before foreclosures skyrocketed. Each year, the housing demand in California grows by an average of 220,000 homes. Even in the most productive years, supply has not met demand. The gap between the number of homes built and the number needed by people at lower- and middle-income levels has grown annually since the 1980s. Each year as the gap increases, so too does the demand for the limited number of homes available to rent, which in turn increases rental costs. For families, the fastest growing segment of our homeless population, there simply aren't enough affordable options available, forcing families to spend exorbitant percentages of their income on their homes and placing too many families one paycheck away from homelessness.

Surveys of those who are homeless in California reinforce this reality. When asked, the top two responses to "Why are you homeless?" were (1) Not enough affordable places to live and (2) Unable to pay rent due to unemployment.<sup>1</sup> While the drastic increase in foreclosures may create the impression that homes are becoming affordable, *foreclosures have actually reduced supply in the rental marketplace* (which was already extremely competitive), because those in foreclosed homes must now find homes to rent. Even in areas where rents are falling, they are still out of reach for far too many struggling Californians.

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State investment in existing affordable-home production programs creates several benefits. Every \$1 billion in new state investment will:

- Put more than 46,000 people to work in construction trades and other related, well-paying jobs.
- Increase local government's property tax receipts by \$295 million in the first year and \$122 million annually, thereafter.
- Leverage about \$7.1 billion in private investment, by providing banks and other lenders the confidence they need to reenter a more-stable housing market.<sup>2</sup>

<sup>1</sup> [http://www.housingca.org/resources/report\\_summary\\_homeless-count\\_2009\\_FINAL](http://www.housingca.org/resources/report_summary_homeless-count_2009_FINAL)

<sup>2</sup> [http://www.housingca.org/resources/execsumm\\_econ-stimulus\\_2009.pdf](http://www.housingca.org/resources/execsumm_econ-stimulus_2009.pdf)

### What California Can Do About It:

1. Establish a permanent funding source for California's housing trust fund.<sup>2</sup>
2. Restore funding for the Emergency Housing and Assistance Program (EHAP).<sup>3</sup>
3. Fully staff positions at the California Department of Housing and Community Development and positions that enforce laws preventing local governments from disproving affordable-home projects for reasons other than those identified by state law.<sup>4</sup>
4. Allow some of Emergency Housing and Assistance Program Capital Development (EHAP-CD) funding to be used to construct new permanent supportive homes.<sup>5</sup>
5. Lift restrictive covenants on shelters, so shelters can generate revenue streams to fund their operations.
6. Establish a state interagency council on homelessness.<sup>6</sup>

*For a list of Top 10 Solutions to Reduce Homelessness in 2010, more-detailed homeless solutions for specific sub-populations (including families, people living in rural areas, California's youth, veterans, and persons with mental illness), and California's 2009 Homeless Count Summary, visit [www.housingca.org/nr/resource/reports](http://www.housingca.org/nr/resource/reports).*

<sup>2</sup> California's housing trust fund is the primary vehicle the state uses to incentivize the private market to build affordable places to live. For the past decade, funding for the trust has come from bond proceeds. Moving from bond financing to permanent funding for existing state housing programs would reduce boom-and-bust cycles of affordable-home production, reduce the debt-repayment burden on the state's general fund, and create well-paying construction jobs for Californians.

<sup>3</sup> The declining economy has created a growing demand for emergency shelters in an already overburdened shelter system. Some shelters have closed and are listed for sale because there are no operating funds available to run the shelters. Despite these realities, the state has not invested in emergency shelter operations since 2008, when the funds were cut all together. In 2010, it has been proposed that the remaining \$4.2 million for emergency shelter operations be transferred to the state's general fund; however, this remaining funding must be retained for desperately needed shelter operations. For more information, visit <http://www.hcd.ca.gov/fa/ehap/>.

<sup>4</sup> California's "Anti-NIMBY" ("Not in My Backyard") Law prohibits local governments from disapproving an affordable-home project unless the project has an adverse impact on the health and safety, is being placed in a low-income area, or the project is inconsistent with the general plan.

<sup>5</sup> Although \$50 million in funds for the Emergency Housing and Assistance Program Capital Development (EHAP-CD) are still available to fund the construction of emergency shelters, there is very little funding available to *operate* the shelters. As a result, EHAP-CD funds are not moving as quickly as funds to build permanent homes with supportive services ("supportive homes"). Investment in building permanent supportive homes helps to solve the problem of homelessness, rather than manage it, and would also create much-needed construction jobs for Californians.

<sup>6</sup> Despite having the largest homeless population in the United States, California is one of the few states not to have an interagency council on homelessness. Establishing an interagency council is the vital first step in identifying and applying for more federal resources (in order to qualify for these funds, states are usually required to have a coordinating statewide body). California can establish an interagency council via governor Executive Order or through legislation, such as [AB 1177 \(Fong\)](#).

