



## Seven Strategies to Address Homelessness in California

Author: Zack Olmstead, Housing California  
Editor: Karen C. Naungayan, Housing California

### Introduction

Homelessness is a complicated issue; however, one fact is certain: ***California has the most homeless persons in the United States.*** These numbers are multiplying amid a stagnant economy, widespread unemployment, and cuts to state safety-net programs.

One of the challenges in addressing homelessness is that the tributaries towards homelessness are many, and understanding how all the contributing factors interrelate can be overwhelming. Traditionally, approaches to help people who have become homeless have focused on addressing the *cause* of their homelessness first, often through services or treatment. While services and treatment have been shown to help people *remain stable* once they *have* a home, all the services and treatment in the world won't make a dent in homelessness if there isn't an adequate supply of affordable places to live.

Another challenge is posed by our current disjointed approach to tackling homelessness. With so many state departments, community-based organizations, and local governments all attempting to address the issue, it is no surprise that the synthesizing of a comprehensive set of solutions is rarely discussed. Strangely, instead of collaborating, departments are extremely isolated in their efforts. This results in our state expending significant divergent resources without getting good enough outcomes in return.

All the services and treatment in the world won't make a dent in homelessness if there isn't an adequate supply of affordable places to live.

Many of California's current policies and programs take a reactive approach that only serves to "manage" the problem and drive long-term costs to communities and the state to higher levels. With enough political will, the state could implement myriad solutions that have been proven to *reduce* homelessness and, by extension, *reduce numerous costs* that currently burden our already beleaguered state budget.

The purpose of this white paper is to outline potential solutions and actions the state can take to reduce homelessness among Californians. California should embrace the following seven strategies — many of which would *not* cost the state additional money and some of which would *save* the state money. These strategies were developed with input gathered during listening sessions with homeless advocates throughout the state and from conversations with experts on homelessness and other related subject areas.

## Seven Strategies to Address Homelessness

### 1. Establish a Permanent Funding Source for California's Housing Trust Fund

The number one factor homeless persons in California cite as the reason they're homeless is the "lack of affordable options in the housing market." Overwhelmingly, persons who are homeless say that having more affordable options in the rental market would be the biggest help to ending homelessness.

California can create more affordable-home options (both for rental and homeownership) by establishing a permanent funding source for California's housing trust fund. The 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 programs creates several benefits for California.

The housing trust fund is the primary vehicle the state uses to incentivize *the private market* to build affordable places to live.

First, it would reduce the boom-and-bust cycles of affordable-home production that result from reliance on uncertain bond passage and sales. Second, it would help reduce the debt-repayment burden on the state's general fund, which is needed to repay the bonds. Third, investment in home construction creates well-paying construction jobs. Finally, a permanent stream of funding would not be subject to the restrictive

parameters of bonds that only allow for programs that fund construction of homes. This restriction forces nonprofit developers (who not only build the properties, but also manage them once they are built) to look for other funding sources to help operate their properties, keep rents affordable, and provide tenant services that are often integral in helping individuals and families end the cycle of homelessness.

### 2. Apply for More Federal Resources

Even while California is cutting billions in state funding for safety-net programs and services, the state is neglecting to apply for many federal grants and other assistance. Examples of these federal sources include McKinney-Vento Homeless Assistance<sup>1</sup> "Balance of State" funds, resources for parolees under the Second Chance Act,<sup>2</sup> and the Substance Abuse and Mental Health Services Administration (SAMHSA)<sup>3</sup> funds, just to name a few.

Given California's dire economic state, and the fact that funding for vital services continues to get cut, the state is in no position to ignore federal funds that could significantly help. Applying for these resources could potentially bring millions of California taxpayer dollars back to the state and reduce the burden on our general fund.

Even while California is cutting billions in state funding for safety-net programs and services, the state is neglecting to apply for many federal grants and other assistance.

---

1. <http://www.hud.gov/offices/cpd/homeless/lawsandregs/laws/index.cfm?title=t4>  
2. [http://reentrypolicy.org/government\\_affairs/second\\_chance\\_act](http://reentrypolicy.org/government_affairs/second_chance_act)  
3. <http://www.samhsa.gov/>

Additionally, many programs within the U.S. Department of Housing and Urban Development (HUD) use funding formulas that leave California at a disadvantage, because they emphasize public housing stock (of which California has very little). California must become more proactive in seeking out other federal resources to make up for this disadvantage. Doing so would help ease the pressure on our local communities, which are facing deep cuts at both the state and local levels.

### 3. Emphasize *Prevention*

It is far more inexpensive to prevent homelessness than to intervene after people have lost their homes. Nearly all of our assistance for homelessness is *reactive*; it requires that an individual or family “fail first” before receiving help. Once that failure occurs, individuals and families are in crisis, and costs immediately increase as people enter shelters, healthcare facilities, and criminal justice systems. For these reasons, federal assistance is now focusing more on prevention with the Homeless Assistance and Rapid Re-housing Program (HPRP).<sup>4</sup> Existing state resources should do the same.

### 4. Open the Lines of Communication Between All State Departments That Focus on Homelessness

**Surprisingly, California is one of the few states *not* to have an interagency council on homelessness, despite having 25% of the nation’s homeless population.**

More than a dozen state departments have programs that serve homeless persons or target them as a population. However, these departments rarely (if ever) communicate, resulting in duplication of services, conflicting programmatic requirements, and an inefficient use of California’s limited resources.

Mechanisms should be created to allow for more regular interaction between state agencies, local governments, and stakeholders. Surprisingly, California is one of the few states *not* to have an interagency council on homelessness, despite having 25% of the nation’s homeless population.<sup>5</sup> 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 \(Fong\)](#). Other options include creating select committees within the state legislature or assigning a lead staff person in the governor’s office to concentrate solely on homelessness.

### 5. Encourage More Regional Collaborations on Homelessness Through Targeted Funding

In some cases, distributing funding directly to existing programs already in place or proven to work is a far more-efficient use of resources than sending money to cities/counties that either operate as a “pass-through” for funds or have to establish their own new programs, even though ones that are working may already exist in their community. By distributing funds directly to existing, successful programs in regions throughout California, we cut down “pass through” administrative costs and get more resources to those in need more quickly. Driving funding programmatically also encourages more regional collaboration on homelessness by rewarding programs that blend funding streams.

4. <http://www.hudhre.info/HPRP/>

5. Supported by data in interactive map at <http://www.endhomelessness.org/section/data/homelessmap>.

Another way to incentivize regional collaborations is to combine the funding opportunities offered by various state departments into larger pots of money. Doing so would reduce conflicting regulations that often arise between state departments and help achieve cost savings through economies of scale. California has already seen success with these types of state-department partnerships. For example, the Mental Health Services Act Housing Program, was a collaborative effort between the California Department of Mental Health, California Housing Finance Agency, and California Department of Housing and Community Development. These departments worked together both to develop the program and offer funding.

## 6. Renew Funding for Outcome-Based Programs That Have Been Proven to Work

Over the past several years, budget shortfalls have led to the elimination or reduction of many programs that have been proven to produce significant positive outcomes for communities. Examples include AB 34/2034<sup>6</sup> funding for mentally ill homeless persons, mental health and homeless courts,<sup>7</sup> and Serial Inebriate Programs<sup>8</sup> that help reduce cost burdens on our criminal justice systems.

## 7. Weigh the Higher Costs of Increased Homelessness that Result from Cuts to Safety-Net Programs

Over the past two years, demand for homeless services and emergency shelters has significantly increased. As the demand has gone up, funding for safety-net programs has plummeted, including funding for programs such as the Emergency Housing and Assistance Program,<sup>9</sup> In-Home Support Services, Supplemental Security Income (SSI) Cost of Living Adjustments (COLA), and Healthy Families.<sup>10</sup> Increased demand for emergency services amid these cuts is not a coincidence. Many of these cuts have had additional negative impacts on community-based providers who were using state investment as required “matches” for federal sources, resulting in even deeper cuts to already overburdened programs.

## Next Steps for California

Lack of affordable options in the housing market remains one of the principal reasons for homelessness in California and will continue to pose a problem until we *increase the supply of affordable homes in our state*.

The seven strategies above provide a framework for significantly improving the lives of hundreds of

thousands of Californians who become homeless each year. Now is the time to take action and implement solutions to the broad-based and catastrophic problem of homelessness. Left unaddressed, it will continue destroying the lives of more Californians and their families with each passing year.

*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).*

**Lack of affordable options in the housing market remains one of the principal reasons for homelessness in California and will continue to be a problem until we increase the supply of affordable homes in our state.**

6. [http://www.dmh.ca.gov/prop\\_63/MHSA/docs/resource\\_listings/AB2034\\_may2003.pdf](http://www.dmh.ca.gov/prop_63/MHSA/docs/resource_listings/AB2034_may2003.pdf)

7. <http://www.courtinfo.ca.gov/programs/collab/homeless.htm>

8. <http://www.sandiego.gov/sip/>

9. <http://www.hcd.ca.gov/fa/ehap/>

10. <http://www.healthyfamilies.ca.gov/>