

Homelessness Program Spending

Have Multibillion-Dollar Allocations to Date Reduced Crisis?

Homelessness in California is a humanitarian crisis. While the problem consistently worsens, leaders from across the state have wide-ranging opinions regarding what will solve this human tragedy. Although the proposed solutions vary, there is something all Californians can agree on — state and local governments have allocated an epic amount of money toward solving homelessness.

STATE SPENDING ON HOMELESSNESS

California's homelessness issue is chronic, daunting, and requires a strong humanitarian effort. According to a 2022 poll conducted by the California Chamber of Commerce, homelessness remains an issue of great concern to voters. Nearly 75% of Californians believe homelessness has gotten worse since the start of the COVID-19 pandemic, with voters in Los Angeles, the Inland Empire and Central Valley reporting severe worsening in their regions.

According to recent reports, the total number of unsheltered Californians varies. One report stated that the number of people staying in tents, tarps, cars and other spaces unfit for human habitation grew by about 7% in California between 2019 and 2022, to 116,600 people. In February 2022, the Legislative Analyst's Office (LAO) stated that, according to federal data, as of January 2020 California had about 161,500 individuals experiencing homelessness, which represents about 28% of the total homeless population in the nation.

While the problem worsens, it's important to remember that California state and local agencies have been attempting to address this issue for many, many years. Since 2018, \$1.45 billion has been provided to local governments for the Homeless Emergency Aid Program and the Homeless Housing, Assistance and Prevention Program (HHAPP) to support

regional coordination and immediate homelessness challenges.

Over the last five years, four of the largest and most impacted counties in the state — Los Angeles, Santa Clara, Alameda and San Francisco — have approved billions in new taxes to address homelessness. In addition, the cities of Los Angeles, San Jose, Oakland and Richmond, and Sonoma County each have passed billions of dollars in tax increases for homelessness and housing programs. Furthermore, California voters approved a \$2 billion bond issue in 2018 to provide housing for mentally ill homeless.

Since 2019–20, the state budget has authorized \$2.95 billion in flexible aid to large cities (populations greater than 300,000), counties, Continuums of Care (CoCs) — local entities that administer housing assistance programs within a particular area, often a county or group of counties — and more recently to tribal governments through HHAPP to fund a variety of programs and services that address homelessness.

The LAO stated that California's 2021–22 budget allocated \$9 billion for housing and homelessness programs. This budget provided the California Interagency Council on Homelessness (Cal ICH) (formerly the Homelessness Coordinating and Financing Council) \$1 billion for HHAPP for two consecutive years. The 2022–23 budget continues this practice by providing \$1 billion in 2023–24 for HHAPP. Prior budgets have provided one-time and temporary discretionary augmentations for this program since 2019–20 for a total of \$3.95 billion over five years.

The LAO indicated that amendments to the 2021–22 budget provide the California Department of Housing and Community Development (HCD) with an additional \$150 million for the Homekey program. This is in addition to \$3.55 billion authorized previously since 2020–21 to Homekey. This program allows properties, such as hotels and motels, to be converted and rehabilitated to provide permanent housing for persons experiencing homelessness and who also are at risk of COVID-19 or other communicable diseases. The 2020–21 budget allocated \$800 million in one-time federal funding for the Homekey program. As of December 2020, HCD had

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Major



TAXATION

awarded \$846 million to 51 local agencies for 94 projects, which housed 6,000 people experiencing homelessness. The 2021–22 budget provided Cal ICH a one-time allocation of \$50 million to establish a competitive grant program for cities, counties and CoCs to support encampment resolutions.

The LAO reported that the 2022–23 budget authorized an additional \$4.8 billion over three years to nearly 20 major housing and homelessness programs within the Business, Consumer Services and Housing Agency and HCD. The vast majority of funding is one-time or temporary. However, the budget does provide \$34 million in ongoing funding beginning in 2023–24 for housing assistance for foster youth and former foster youth. Most of the funding — \$2.9 billion — is primarily for housing-related proposals, while \$1.9 billion is allocated primarily toward homelessness-related programs.

The 2022–23 State budget provides Cal ICH \$700 million from 2022 through 2024 for a competitive grant program for cities, counties and CoCs to support encampment resolution and the transition of individuals into housing. This program was established in the 2021–22 budget with a \$50 million appropriation at the time.

Clearly, funding is not an issue when it comes to this crisis.

HIGHER TAXES WILL NOT FIX HOMELESSNESS

Between state and local spending, over the last several years, tens of billions of dollars have been directed toward solving homelessness, including dedicated local sales tax and parcel tax increases. Clearly, funding isn't the issue, since many of these agencies and programs have large reserves of unspent funds.

Before the Legislature considers imposing even more taxes to address homelessness, they should consider how Los Angeles, San Francisco, San Jose and Oakland, not to mention state agencies, and the others have used the billions in new spending authority and whether the spending has made homelessness rare, brief and nonrecurrent.

CALCHAMBER POSITION

Increasing taxes on entrepreneurs and corporations will continue to communicate that businesses are not valued in this state — ultimately harming California's economy and the beneficiaries of these tax revenues. It also is irresponsible to increase taxes for homelessness programs that already are allocated billions of dollars from state and local sources, without an understanding of whether these programs are even effective.



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