



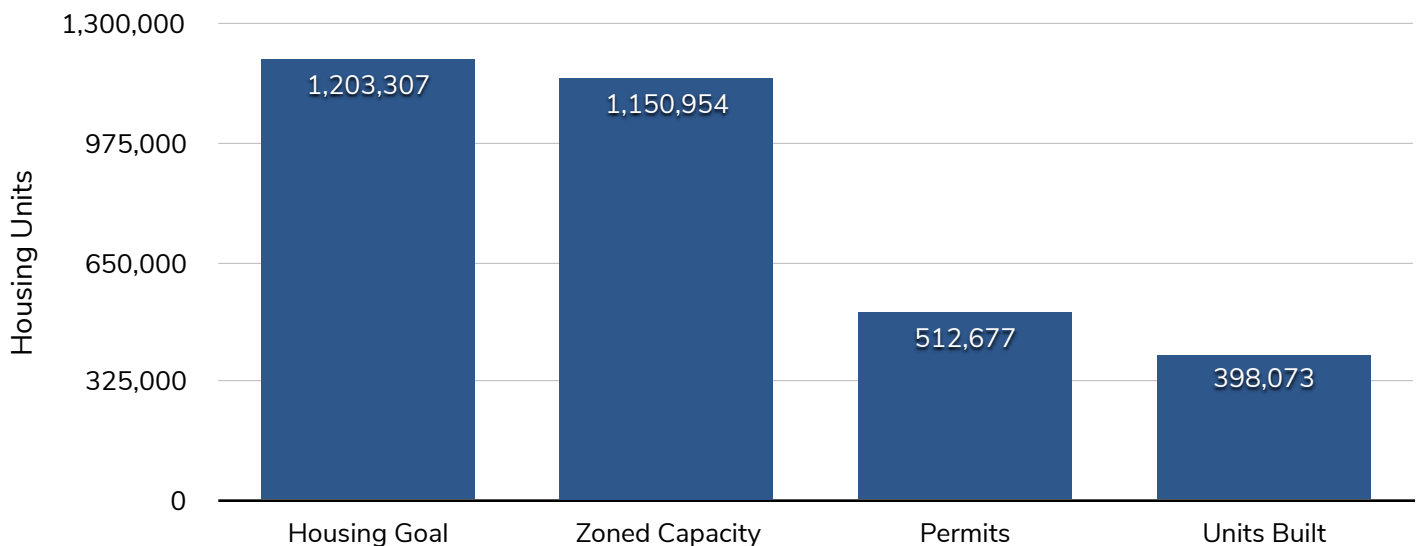
## Housing & Homelessness

After decades of underproduction, California faces a staggering housing crisis. Fewer than 750,000 units were permitted between 2007 and 2019, accounting for only 40% of the projected need. Half of all renters are rent-burdened, meaning they spend more than 30% of their income toward housing, and nearly a third of all renters are severely rent-burdened (spending more than 50% of their income on housing). When housing costs are accounted for, California has one of the highest poverty rates in the nation. And the lack of affordable housing has directly contributed to the increased homelessness across the state. Local governments are ultimately responsible for land use decisions, and a lack of adequate planning for housing, lengthy local review processes, and other local decisions have created barriers to building more housing.

To help address these challenges, the state has dedicated new funding for affordable housing and to combat homelessness in recent years (\$1.5 billion total to combat homelessness in 2018-19 and 2019-20; \$1.75 billion for housing in 2019-20), and voters approved a \$4 billion bond for affordable housing in 2018 (Prop 1). The enacted 2020-21 budget includes a total of \$8.3 billion across multiple departments and programs to address the housing shortage in the state.

Even with the significant investments in housing made by the state to date, statewide, there is a significant gap between adequate zoning and adequate permitting of new housing units, with the number of units actually constructed falling even further short of need. According to the most recent numbers, local jurisdictions have permitted only 43% of the units needed to meet their housing needs, and only 33% of needed units have actually been constructed.

Gap Between Regional Housing Goals & Units Built



Data from the California Department of Finance

## WHAT'S IN THE 2020-21 BUDGET

The enacted budget prioritizes funds to mitigate homelessness through a new approach of allocating \$600 million to the Department of Housing and Community Development for a program called **HomeKey**, which will acquire permanent housing through the purchase and renovation of hotel and motel properties throughout the state. The majority of the funds for this program—\$550 million—will be made available through federal funds from the Coronavirus Relief Fund (CRF), with the remaining \$50 million coming from the state's General Fund. The budget also provides exemptions to environmental review and local zoning restrictions to expedite the acquisition of these units prior to the December 30, 2020 deadline to expend CRF funds.

The HomeKey program, previously called Project Roomkey, was initiated at the start of the pandemic to provide emergency shelter for homeless Californians most vulnerable to COVID-19 in hotel/motel rooms and trailers, and it is currently supported by the federal government through FEMA. Early in the pandemic, \$100 million was allocated to local governments for this project. As of late June, Project Roomkey and its county partners had secured over 15,700 hotel and motel units, of which more than 10,600 were occupied, providing safe shelter for an estimated 13,000 individuals in total. In addition, the state purchased and distributed over 1,300 trailers to local governments for the same purposes.

The 2020-21 budget also maintains up to \$500 million in additional low-income housing tax credits in 2021, provided that the committees involved in the allocation projects adopt regulations that further align their programs to continue to increase production, contain costs, and maximize the efficient use of public subsidies and benefits that would be created. Lastly, the budget includes \$300 million for cities and counties to address homelessness. All together, the budget includes **nearly \$1.2 billion** across multiple departments and programs—using a mix of state, local, and federal funds— to aid local governments in addressing homelessness.

### HOUSING & HOMELESSNESS KEY FACTS

- ➔ **Affordable Rental Shortage:** About 1.3 million California renter households are “extremely low-income,” making less than \$25k per year
  - ▶ There is a shortage of approximately 1.4 million affordable and available rental homes—currently only 378,000 for very low-income and 287,000 for extremely low-income
- ➔ **Preventing Loss of Home:** LA placed an estimated 20,000 homeless people into housing last year, but the homelessness rate grew because even more people lost their place to live
  - ▶ San Francisco officials say for every homeless person they house, another 3 fall into homelessness — helping people remain in their homes is a key part of addressing the homelessness crisis
- ➔ **Homeless Population:** Of California’s homeless population of approximately 150,000, 23% have a severe mental illness, 17% have a substance abuse disorder, 15% are families with children, & 8% are veterans
- ➔ **Permanent Supportive Housing:** Providing a highly subsidized apartment paired with supportive services is considered the only long-term homelessness solution by experts, but it’s the most expensive to build
  - ▶ While emergency shelters cost an average of \$75k per bed, the median cost of one supportive housing unit in LA is \$530k and a new project in San Jose is estimated at \$470k per unit

\*Data from the 2020-21 enacted budget, LAO, and [CalMatters](#) unless specified otherwise.