



**ALL
HOME**

January 3, 2022

The Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

Re: Budget Requests to Address Homelessness and Increase Housing Options

Dear Governor Newsom,

Thank you for your continued leadership in putting forward innovative ideas and bold investments to help our state recover from the pandemic and house the increasing number of Californians who experience homelessness every year. As you propose your fiscal year 2022 budget, we ask that you build on the framework that the Legislature approved in 2021 and use the majority of the projected \$31 billion surplus to provide a roof over their heads and life-saving services to those who are suffering on the streets, living in vehicles and in places not meant for habitation.

Although there are signs of economic recovery, we know that those who had the lowest incomes prior to the pandemic also have seen the slowest returns to employment and that while unprecedented rental assistance resources have been available in 2021, household evictions are expected to rise in 2022. We need sustainable investments to scale our response and to support a strong, thriving, equitable California ahead, for every community member no matter their race or income.

As the Bay Area seeks to recover from the COVID-19 pandemic that has exacerbated our region's existing racial and class inequities and worsened our homelessness crisis, it is critical that the state continue to make smart investments that support the work that is already underway:

\$2 billion annually for Rental Subsidies and Emergency Rental Assistance. As part of our broader Regional Homelessness Prevention efforts, All Home has been closely involved in the Emergency Rental Assistance Programs in the Bay Area. We stood ready with recommendations as the State ERA program rolled out and were encouraged that some of those program refinements reduced barriers for applicants and increased the rate at which households

received assistance. What is very clear is that the demand for rental relief far exceeds the funds that are currently available from the American Rescue Plan Act. While future assistance via the U.S. Treasury may be possible from its reallocation process, Californians who needed rental assistance on a regular basis existed before the pandemic and will continue to need it once U.S. Treasury funds are exhausted. The infrastructure that has been created for ERAP is vital and must not be dismantled at either the state or local levels. In order to create an adequate supply of affordable housing and help people maintain housing stability, we need:

- project based rental assistance to reduce rents in affordable housing projects
- emergency funds that households can seek in a housing crisis to avoid homelessness
- vouchers for rental subsidies that can be used in the private market (especially if the Build Back Better Act fails to progress and provide additional HUD vouchers for eligible households
- shallow rent subsidies that can help families, seniors and other sub-populations maintain housing stability.

\$2 billion for HHAP. We believe this flexible funding source is critical for cities and counties to address gaps in their homelessness response system. Although it is already budgeted for 2023, we recommend that the surplus be applied to ensure that this appropriation can continue in 2024. We fully support the additional planning and accountability requirements that were included in the program in last year's trailer bill, but in order for plans to be implementable and strategically executed, jurisdictions need funding assurance that goes beyond one-time allocations. These flexible funds can also support the implementation and lead to the success of other key state initiatives like Project Homekey.

\$550 million annually for Homekey Supportive Services. We have seen the rapid and incredible impact that the Homekey Initiative has made in creating thousands of housing units for people experiencing homelessness. To unlock even more potential from this transformational initiative, the State must help to solve the "ongoing service obligation cliff" that is inherent in the current financing structure. Developers and jurisdictions that are willing to take the risk to get a Homekey project up and running are exposed to at least a 10-year funding obligation for ongoing operations and rental subsidies. Rounds 1 and 2 will produce nearly 20,000 units. Each unit will require \$12,000-\$24,000 per unit operating/service subsidy in years 5-15 until the projects can be refinanced. We recommend that the State create a creative, flexible matching fund that Homekey projects can draw on to maintain rents and supportive services. Cities and counties on their own have no dedicated source to draw on for these funds. In the alternative, the State could consider ongoing annual allocations to HHAP with a specific portion of HHAP funds reserved for this purpose.

Invest \$5 billion to fully fund all stalled affordable housing projects that have an HCD funding allocation and to expand the Multifamily Housing Program. In this moment, we cannot afford to leave any shovel-ready affordable housing project in limbo. Californians need affordable homes now and the State must do everything in its power to clear the path and get this construction underway quickly. We recommend that any project receiving these funds guarantee that at least 30% of its units are affordable to households with incomes at or below 30% of Area Median Income.

\$150 million for Right to Counsel in Eviction Defense. We fully support the reintroduction of a Right to Counsel legislation and the inclusion of \$150 million investment in this year's budget to assure that households facing eviction have access to legal representation. The playing field between landlords and tenants has been unequal in California for too long and the situation must be rectified.

\$150 million for Connection to Benefits. In our regional work with cities and counties, we find time and again that lack of coordination and information is hindering efficiency. While County, State and Local resources and benefits exist many households are unaware of them. We recommend a state-wide effort that ensures that eligible households are made aware of and assisted to access things like the federal EITC and CTC, CalEITC. This might include free tax prep and education about access to tax credit programs; education and support from deeply rooted community organizations working with undocumented or mixed status households to assure that they are aware of benefits for which they are eligible; better connection between the homelessness response system and the county Departments of Social Services, so that the historic investments made in last year's budget through the CalWorks Housing Support Program, Bringing Families Home Program, Housing and Disability Advocacy Program, and Home Safe Program are better equipped and actively serving people who are vulnerable to homelessness.

Thank you for your leadership and we look forward to continuing to work with you to ensure that all Californians have an affordable place to call home.

Sincerely,

Tomiquia Moss

Tomiquia Moss
All Home,
Founder/CEO