



January 31, 2023

The Honorable Gavin Newsom
Governor of California
1021 O St., Ste. 9000
Sacramento, CA 95814

Senate President Pro Tempore Toni Atkins
1021 O Street, Ste. 8518
Sacramento, CA 95814

Senate Budget Chair Nancy Skinner
1021 O Street, Ste. 8630
Sacramento, CA 9581

Assembly Speaker Anthony Rendon
1021 O Street, Ste. 8330
Sacramento, CA 95814

Assembly Budget Chair Philip Ting
1021 O Street, Ste. 8230
Sacramento, CA 95814

Re: Budget Requests to Address Homelessness, Housing and Economic Insecurity

Dear Governor Newsom, President Pro Tempore Atkins, Speaker Rendon, Budget Chairs Skinner and Ting,

Thank you for your continued leadership in putting forward innovative ideas and bold investments around the most pressing issue for Californians: housing the increasing number of residents who experience homelessness every year.

Because of the leadership of the legislature and Governor Newsom and the historic investments of the last several years, California avoided the catastrophic impacts many feared that COVID-19 could bring upon our state's unsheltered residents and those most vulnerable to homelessness. We provided unprecedented levels of emergency rental assistance, acquired buildings to house over 8,000 people, and dedicated resources to provide more housing navigation and services – while preventing evictions and sending assistance directly to low-income households across the state. As a result, increases to homelessness were blunted, and in some communities, homelessness declined for the first time in years. But now, protections and assistance have ended and [evictions are on the rise](#); we face a reversal in our hard-won progress without sustained investment.

The state faces a different economic reality than in recent years, and we are grateful that Governor Newsom's budget proposal maintains most of the prior commitments to homelessness and housing programs. History has shown that budget deficits and downturns are disastrous for

those living at the margins, and we applaud the work to maintain essential and life-saving services for the most vulnerable Californians. And yet, now is the time to double down on that commitment, not only to protect our hard-won progress but to further advance the interim housing, permanent housing and homelessness prevention solutions we know work.

Over 1 million households with extremely low incomes (ELI) live in California: Older adults, single workers, children, and families who have less than a third of the income that a typical household earns in their community. To end homelessness in California, we must focus on investments that increase the housing and economic security of these community members, whom our housing system doesn't adequately serve and our social safety net too often fails.

We support the budget requests by housing advocates that advance our collective goals around affordable housing and tenant protections, and several of those priorities are reflected here. And as you propose your fiscal year 2023 budget, we ask that you include these strategic investments, targeted toward high-impact interventions and transformative long-term commitments to end homelessness. Specifically:

- 1. Housing Assistance for ELI tenants:** It will take time to address the severe undersupply of affordable housing that is at the root of homelessness in California. But nearly 80% of extremely low-income households are currently renting on the private market without any assistance, and are spending more than half their income on rent. ELI renters across California—whether they are an older adult living on a fixed income or a single parent working several part-time jobs—face a gap between their income and the cost of housing. Our state cannot solve homelessness without stabilizing these households, who are often one unexpected crisis away from losing their home. Housing assistance that is flexible and paid directly to tenants is a critical homelessness prevention tool and a necessary complement to rapidly boosting the supply of affordable housing. We request a \$2 billion annual budget allocation over the next ten years to increase the housing security of 1.3 million ELI renter households in California and could be delivered through the tax code as a tax credit of significant enough size to improve housing security or administered through local rental assistance programs.
- 2. Project Homekey:** We cannot take our foot off the gas in delivering housing options for people in our communities experiencing and at risk of homelessness. Project Homekey is a signature achievement of the Legislature and the Governor that has created housing at the speed and scale the homelessness crisis demands. Importantly, this program has been positioned to create a range of housing for people with extremely low income—including interim housing, supportive, and deeply affordable housing. These neighbors are poorly served by the state's other housing production programs, but Homekey provides the efficiency, speed and flexibility that local jurisdictions need to meet their own housing needs. This year, we ask for an additional \$250 million investment in Project Homekey to continue its success. These funds could be deployed in

some communities to eliminate their interim housing gap

3. Homeless Housing, Assistance, and Prevention Program (HHAP): We are grateful for the historic investments made by the Legislature and the Newsom Administration in the last several years. We agree that continued investment demands strong accountability, and support reforms to HHAP that maintain local flexibility but ensure all partners are working toward the same goal: population-level reductions in unsheltered homelessness. And yet, cities and counties cannot make sustained progress without sustainable support. Ongoing funding would provide local jurisdictions and Continuums of Care with adequate resources to rehouse tens of thousands of households experiencing homelessness and importantly, allow for budgeting beyond one-off contracts, stabilize the workforce and make needed reforms to local homelessness response systems. It also would provide essential operating funding to close operating gaps for deeply affordable housing – including Project Homekey sites, which otherwise face a financial cliff in the next several years.

Homelessness is a policy choice. We appreciate your leadership and vision that demonstrate our state is committed to ending homelessness, rather than merely managing its devastating effects. This year, we ask you to build on our recent investments to bring about a future where all Californians have a safe and stable place to call home.

Sincerely,



Tomiquia Moss

All Home,
Founder/CEO

Partner Organizations

Destination Home
End Poverty in California
(EPIC)