

SB 912 (Beall & Skinner)
Homelessness and Affordable Housing Funding
Fact Sheet

ISSUE

This bill allocates \$2 billion in one-time general fund revenues for cities, counties, and non-profits to immediately house and help the homeless, as well as hard working low-income families most at risk of homelessness.

BACKGROUND

California is home to 21 of the 30 most expensive rental housing markets in the country, which has had a disproportionate impact on the middle class and the working poor. A person earning minimum wage must work three jobs on average to pay the rent for a two-bedroom unit. Housing units affordable to low-income earners, if available, are often in serious states of disrepair.

California also faces a housing shortage. Since the 1980s, California has failed to produce the estimated 180,000 necessary new housing units per year, which has had a disproportionate impact on lower-income families. According to HCD, California has a 3.5 million unit shortage of housing available to our lowest income households, who are most at risk of becoming homeless.

As a result, low-income families are forced to spend more and more of their income on rent, which leaves little else for other basic necessities. Even more devastating is that high housing costs are a major driver for the increase in homelessness across California.

The housing crisis is also impacting middle-income families as housing costs skyrocket and threaten our future and economy. Many young families must postpone or forego homeownership, live in more crowded housing, commute further to work, or, in some cases, choose to live and work elsewhere.

In the last two years, the Legislature has taken several steps to address the housing and homelessness crisis by passing the No Place Like Home Initiative and the 2017 housing package. Two bills in the housing package, namely SB 2 and SB 3, confronted California's housing crisis by increasing funding to existing and successful housing programs for the homeless, lower-income families, seniors, and people with disabilities. Despite these efforts, California has not been able to fill the funding gap from the loss of redevelopment funds and statewide housing bonds passed in the 2000s.

The crisis will likely only get worse due to draconian actions taken by the federal government. Congress passed a tax plan will result in an annual loss of \$540 million to

California due to the reduced value of the low-income housing tax credit; this means California will lose 4,000-5,000 units per year. In addition, over the last 10 years, CA has experienced a 34% reduction in federal housing funds.

These funding cuts are exacerbating the homelessness crisis. From 2016 to 2017, California experienced the largest increase in the number of people experiencing homelessness (14%). Its homeless population accounts for 25% of the homeless population in the US.

Research shows that permanent housing solutions make good economic sense and saves taxpayers money. According to the most comprehensive homelessness cost study in the US, the average pre-housing public cost was \$62,000 and the average post-housing cost was \$20,000, or nearly \$43,000 or 68% annual reduction.

THIS BILL

SB 912 seeks to off-set actions taken at the federal level, as well as fill existing state funding gaps at the state level by allocates \$2 billion in one-time general fund revenues for cities, counties, and non-profits to immediately house and help the homeless, as well as hard working low-income families most at risk of homelessness.

More specifically, SB 912 proposes the following investments to get the money out the door fast by investing in existing affordable housing programs:

-\$1 billion to the Multifamily Housing Program, and

-\$1 billion for long-term investments to prevent and end homelessness among vulnerable populations, including:

- \$700 million in flexible funds to cities and counties providing a local match, for rental assistance, flexible housing subsidy pool investments, operating subsidies, capital grants, affordable housing construction with housing for the chronically homeless, interim housing solutions, shelters, navigation centers, and rapid rehousing
- \$200 million for the Housing for a Healthy California Program
- \$50 million for housing for homeless youth
- \$50 million for housing for domestic and sexual violence survivors

STATUS/VOTES

Introduced January 18, 2018

Amended February 20, 2018

Amended March 8, 2018

SUPPORT

OPPOSITION

None received.

FOR MORE INFORMATION

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