

Funding Options

As a city or county is deciding on the best course of action to address homelessness in its community, the question of how to pay for the action will undoubtedly arise. This section focuses on how cities and counties fund these activities through:

- Federal funding sources;
- State funding sources; and
- Local funding activities.

Federal and State Funding Sources

Both the state and federal governments offer multiple funding sources that cities and counties can use to address homelessness in their jurisdictions. The table in this section highlights the funding sources most used by California local governments and an indication of the targeted population and service type, if applicable.

Though cities and counties may not be eligible recipients for every funding source in this table, knowing what is available is important as you collaborate with other community partners. In addition, city and county leadership often have opportunities to encourage participation in underutilized programs, such as school meal programs.

ITEM	FUNDING SOURCE	ELIGIBLE RECIPIENTS
Shelters and Prevention	Emergency Solutions Grant (ESG): ESG is a HUD program grant administered by the California Department of Housing and Community Development (HCD). ESG provides funding to help improve the quality of existing emergency shelters for the homeless, make additional shelters available, meet the costs of operating shelters and help prevent homelessness. The program also provides short-term homelessness prevention assistance to persons at imminent risk of losing their housing due to eviction, foreclosure or utility shutoffs. The State of California runs an Emergency Solutions Grant Program .	Metropolitan cities, urban counties, territories and state
Housing	HOME Investment Partnerships Program (HOME): HOME is a HUD program that provides formula grants to states and units of local government used by communities – often in partnership with local nonprofit groups – to fund a wide range of activities that build, buy and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.	State and local and communities, including cities and counties
Housing Case Management	HUD Continuum of Care Program: This program is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers and state and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.	State and local governments, nonprofit organizations
Housing	Community Development Block Grants (CDBG): CDBG is a flexible program that provides communities with resources to address a wide range of unique community development needs. Among these needs is housing.	Counties with fewer than 200,000 residents in unincorporated areas and cities with fewer than 50,000 residents that do not participate in the U.S. (HUD) Community Development Block Grant (CDBG) entitlement program

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Housing, Families, Seniors and Disabilities	Section 8 Housing Choice Vouchers: This housing program targets low-income families, seniors and those with disabilities by providing a direct housing subsidy to landlords, with the enrollee paying any difference in cost.	Local public housing agencies
Veterans Case Management Housing	HUD-Veterans Affairs Supportive Housing (VASH) vouchers: This program combines Housing Choice Voucher (HCV) rental assistance with case management and clinical services provided by the U.S. Department of Veteran Affairs (VA).	Local public housing agencies
Veterans, Families and Prevention	U.S. Department of Veterans Affairs' Supportive Services for Veteran Families (SSVF): This nationwide program is intended primarily to serve individuals experiencing crisis homelessness. It provides temporary financial assistance and a range of other flexible services geared toward preventing homelessness among those at risk and rapidly stabilizing in permanent housing those who do become homeless. It is important to note that, despite its name, the program serves both families with children and individual veterans.	Private nonprofit organizations and consumer cooperatives who can provide supportive services to eligible populations
Veterans Prevention Housing	Veterans Housing and Homelessness Prevention Program (VHHP): The purpose of VHHP is the acquisition, construction, rehabilitation and preservation of affordable multifamily housing for veterans and their families to allow veterans to access and maintain housing stability.	Sponsors and borrowing entities may be organized on a for-profit or not-for-profit basis. Any public agency or private entity capable of entering into a contract is eligible to apply.
Behavioral Health	Substance Abuse and Mental Health Services Administration (SAMHSA) Grants: These are federal block grant funds available through the Center for Substance Abuse Prevention, the Center for Substance Abuse Treatment and the Center for Mental Health Services to support local programs for substance use disorders and mental illness.	County mental health plans
Behavioral Health Housing	<p>No Place Like Home: Dedicates \$2 billion in bond proceeds to invest in the development of permanent supportive housing for persons who are in need of mental health services and are experiencing homelessness, chronic homelessness or who are at risk for chronic homelessness. The bonds are repaid by funding from the Mental Health Services Act (MHSA). Key features of the program include:</p> <ul style="list-style-type: none"> • Funding for permanent supportive housing must utilize low-barrier tenant selection practices that prioritize vulnerable populations and offer flexible, voluntary and individualized supportive services. • Counties must commit to providing mental health services and helping coordinate access to other community-based supportive services. <p>Applications for NPLH technical assistance (TA) were due on Sep. 30, 2017. Counties that applied should be seeing the funds soon. Funds will be awarded in the form of a grant as follows:</p> <ul style="list-style-type: none"> • \$150,000 to LA County and large counties (population over 750,000); • \$100,000 to medium counties (population between 200,000 and 750,000); and • \$75,000 to small counties (population under 200,000). <p>The funds cover costs associated with planning, design and implementation of NPLH projects, which includes eligible costs such as:</p> <ul style="list-style-type: none"> • Assistance in applying for NPLH funds; • Assistance in implementing NPLH activities (developing permanent supportive housing that uses Housing First principles for target population); • Coordinating funded activities with local homelessness systems, such as Coordinated Entry Systems; • Collecting data, data sharing among multiple systems, program evaluation and implementing regulatory and homelessness systems; and • Planning for delivering support services to tenants. 	Counties (either solely or with a housing development sponsor)

ITEM	FUNDING SOURCE	ELIGIBLE RECIPIENTS
<p>Behavioral Health</p> <p>Housing <i>continued</i></p>	<p>Counties can provide TA activities directly or subcontract for them. Some examples of activities NPLH TA grants can fund include those that:</p> <ul style="list-style-type: none"> • Promote evidence-based service delivery, including soliciting consumer feedback; • Develop or implement community acceptance strategies; • Hire staff or consultants to: <ul style="list-style-type: none"> • Identify potential sites; • Develop a process to identify potential developers or development sponsors; • Monitor activities of developers or development sponsors to ensure adherence to NPLH requirements; • Broker relationships and coordinating activities among parties involved in providing housing and/or services to members of the target population including the county, affordable housing developers/housing authorities, service providers and local Coordinated Entry Systems; and • Identify and apply for additional resources for capital, supportive services and operating costs. • Coordinate and communicate with other county and community providers to increase understanding of intersecting/overlapping needs of shared clientele; • Coordinate and communicate with HCD, DHCS and other state agencies to support learning, identification of additional training and other TA needs, and regional collaboration; • Implement other capacity-building activities related to creating housing models; and • Develop or update a county homelessness plan. 	<p>Counties (either solely or with a housing development sponsor)</p>
<p>Health</p>	<p>Medicaid/Medi-Cal: Medi-Cal is California’s Medicaid program. Medi-Cal is a public health insurance program financed by the state and federal governments that provides health care services for low-income individuals, including:</p> <ul style="list-style-type: none"> • Families with children; • Seniors; • Persons with disabilities; • Foster youth; • Pregnant women; and • Low-income people with specific diseases such as tuberculosis, breast cancer or HIV/AIDS. <p>In California, counties have a unique perspective on the Medi-Cal program. County welfare departments determine eligibility for the Medi-Cal program, and county behavioral health departments act as the health plan provider for Medi-Cal. California counties do not, however, have a share of cost for the Medi-Cal program. Counties can leverage their unique position within the Medi-Cal program to conduct outreach to help eligible homeless individuals receive Medi-Cal services.</p>	<p>California Department of Health Care Services (administered by counties in California)</p>
<p>Families Prevention Employment</p>	<p>Temporary Assistance for Needy Families (TANF)/CalWORKs: Operated by local county welfare departments, CalWORKs provides families in need with a combination of financial assistance and work opportunities to help them become more financially independent.</p>	<p>State and tribal agencies (administered by counties in California)</p>

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Families Food	CalFRESH: CalFRESH, formerly known as Supplemental Nutrition Assistance Program (SNAP), is a federally mandated, state-supervised, and county-operated government program that provides monthly food benefits to help low-income households purchase the food they need to maintain adequate nutritional levels. While CalFresh benefits generally cannot be used to purchase hot or prepared food, the CalFresh Restaurant Meals Program allows homeless, disabled and adults age 60 and older to use their Electronic Benefits Transfer (EBT) at select restaurants in some counties. Some individuals also qualify for SNAP employment and training benefits.	State and tribal agencies (administered by counties in California)
Families	Promoting Safe and Stable Families (PSSF): Funded through Title IV-B funding, PSSF is a program to develop a coordinated and integrated service system that builds on the strengths of families and communities.	Child welfare agencies and eligible Indian tribes
Families, Housing and Case Management	CalWORKs Housing Support Program: This program targets CalWORKS homeless families or those at risk for homelessness. Major components include housing identification, rent and moving assistance, and case management and services.	Counties
Seniors and Housing	Section 202: Supportive Housing for Elderly: This program provides grants for supportive housing for the elderly who are very low-income and at least 62 years old.	Private nonprofit organizations and nonprofit consumer cooperatives
Youth	McKinney-Vento grants: The State of California receives a limited amount of federal funding to support efforts to address the needs of homeless students, which is sub-granted to local education agencies (LEAs) such as school districts and can support collaborative projects. Each school district is required to have a McKinney-Vento liaison. LEAs are also mandated to comply with objectives outlined in the State of California's Every Student Succeeds Act (ESSA) plan , www.cde.ca.gov/re/es/ .	Local education agencies
Youth	Local Control Funding Formula/Local Control Accountability Plans (LCFF/LCAP): The State of California's funding formula for local school districts to meet outlined objectives, particularly related to priority populations (i.e., English-language learners, foster youth and low-income youth) must now also specifically address the needs of homeless students. LCAPs are developed by school districts but may present opportunities for collaboration. Some school districts combine their objectives to serve homeless students with those designed to serve foster youth. LCAPs are available on school district websites.	School districts
Youth and Food	CalFresh: Homeless youth not living with parents/guardians or "under parental control" may be eligible for CalFresh benefits. There is no age requirement to apply for benefits, no need to supply a permanent address, and a school identification card is sufficient for identification requirements.	Individuals
Youth and Food	USDA school nutrition programs: These programs include school breakfast, school lunch, summer meals and after-school meal programs and provide free meals to students with income below the federal poverty level. Homeless students may be easily enrolled into the school lunch and breakfast programs through McKinney-Vento liaisons. In areas with significant numbers of homeless students and challenges getting to school, cities and counties can encourage school districts to implement or expand Breakfast in the Classroom or other Second Chance Breakfast programs. Summer meal and after-school meal programs are drop-in programs that present opportunities to avoid any stigma associated with accessing school meal programs. These programs also provide jobs to community members. Many high-poverty schools are eligible to participate in the Community Eligibility Provision , www.frac.org/community-eligibility , which enables schools to provide free breakfast and lunch to all students without requiring household applications.	Individuals

ITEM	FUNDING SOURCE	ELIGIBLE RECIPIENTS
Youth	Homeless Youth and Exploitation Program: This program, administered by the Governor’s Office of Emergency Services, addresses the various needs of homeless youth including housing, outreach, signing up for available public benefits, employment training and educational support.	Nonprofit organizations
Law Enforcement Behavioral Health Housing	Proposition 47 (Year): Prop. 47 was a voter-approved initiative to enact the Safe Neighborhoods and Schools Act that is administered by the Board of State and Community Corrections (BSCC). The act includes a grant program aimed at supporting mental health treatment, substance abuse treatment and diversion programs for people in the criminal justice system, with an emphasis on programs that reduce recidivism of people convicted of less serious crimes.	Local public agencies
Law Enforcement Prevention Housing Behavioral Health	Law Enforcement Assisted Diversion (LEAD) Grant: This \$15 million grant, administered by BSCC, allows law enforcement officers to redirect people suspected of committing low-level offenses to community-based services rather than to jail, addressing underlying factors that drive criminal justice contact. The program focuses on providing substance use and mental health treatment and housing.	Cities and counties
Law Enforcement	AB 109 Funding: Police officers may often serve as an initial point of contact with homeless individuals and families. Law enforcement agencies are implementing many new tools to help reduce incarceration of homeless individuals and connect them to services. Counties have used their AB 109 public safety realignment funding to help provide temporary and transitional housing for AB 109 offenders and individuals involved in the local criminal justice system. This typically is part of a comprehensive case management plan for the offender.	Counties
Case Management	Medi-Cal Whole Person Care Pilots: In 2016, Medi-Cal began funding 25 Whole Person Care Pilots designed to improve coordination of health, behavioral health and social services at the local level. The Whole Person Care Pilots are being conducted as part of the Medi-Cal 2020 Waiver, which will allow participating counties and the City of Sacramento to coordinate health, behavioral health and social services in a patient-centered manner aiming to improve beneficiary health and well-being through a more effective and efficient use of resources. The pilots will work toward supporting the integration of care for a vulnerable group of Medi-Cal beneficiaries — who have been identified as high-frequency users of multiple systems and continue to have poor health outcomes — with the goal of providing comprehensive coordinated care for the beneficiary, leading to better health outcomes. Some counties view these pilots as a way to help more homeless individuals achieve better health outcomes.	Counties and one city

In addition to the sources outlined here, additional state funding is on the horizon. In 2017, the Legislature passed and Gov. Jerry Brown signed SB 2 (Atkins, Chapter 364, statutes of 2017) and SB 3 (Beall, Chapter 365, Statutes of 2017), which both have the potential to provide additional housing to persons experiencing or at risk for homelessness. While details on these funding sources are still emerging, cities and counties should begin to think about how they will invest this new funding in their jurisdictions.

SB 2 establishes a permanent source of funding for affordable housing. Fifty percent of the first year of funding is allocated to the California Housing and Community Development Department to assist persons experiencing or at risk for homelessness. After the first year, 70 percent of funding will be allocated to local governments for a variety of uses including development of affordable housing, matching funds for programs with similar goals and assisting persons experiencing or at risk for homelessness.

SB 3 places a \$4 billion affordable housing and veterans housing bond on the statewide ballot in November 2018. Cities and counties are eligible to apply for various programs valued at \$2.85 billion, including the Multifamily Housing Program, Infill Infrastructure Grant Program, Joe Serna Jr. Farmworker Housing Fund, Local Housing Trust Fund Matching Grant Program, CalHome/Self Help Housing and Transit Oriented Development Implementation Fund.

Local Funding Sources

In addition to federal and state funding sources, cities and counties are using local funds for homelessness response, programs and services. A survey of the League and CSAC indicated that local governments are using local funds from the following sources:

- Public safety funding and resources;
- Local sales and use tax;
- Animal care and regulation fees;
- Transit or transportation assistance;
- Development fees;
- Transient occupancy taxes;
- Bond proceeds; and
- General Fund.

Because local funding is not always earmarked directly for homelessness programs, it has been difficult to estimate exactly how much local governments are contributing; however, that is changing. Recently, cities and counties have begun tracking the costs of homelessness in their communities (see more on this in the Assessing the Cost of Homelessness section on page 7). In addition, several jurisdictions have passed voter-approved local initiatives that provide direct funding for homelessness programs.

Marin County Landlord Partnership Program

The Housing Choice Voucher Program (Section 8) is a huge investment of federal funds into Marin County. Previously, some people in Marin with vouchers could not use them. Landlords were hesitant to accept vouchers due to a perception that voucher holders were bad tenants and would damage units. The Marin Housing Authority knew that the clear majority of voucher holders were good, hard-working tenants. The Landlord Partnership was established to incentivize landlords to accept vouchers. As a result, the community overcame the negative perceptions about voucher holders, and more landlords began accepting vouchers.

LOCAL INITIATIVES

to Combat Homelessness

Since 2016, at least three local jurisdictions have passed voter-approved initiatives that provide direct funding to reduce homelessness.

- **City of Los Angeles:** As part of the city's three-pillared approach to reduce homelessness, voters in the City of Los Angeles passed Proposition HHH (November 2016), a \$1.2 billion general obligation bond measure expected to build 10,000 units of permanent supportive housing for people experiencing homelessness or at risk for becoming homeless. Bonds will be repaid through an increase in property taxes. The measure passed with 76 percent of voter support, well beyond the two-thirds support needed to pass. To build support for this ambitious approach, the city first developed homelessness strategies — with community input that includes a focus on housing, prevention and street outreach. For more information, visit www.lamayor.org/homelessness.
- **Los Angeles County:** Voters in Los Angeles County approved Measure H (March 2017), a one-quarter cent sales tax increase to fund measures to prevent and combat homelessness. The local measure is expected to raise about \$355 million per year over ten years that will be used for subsidized housing, coordinated outreach and shelters, case management and services, homelessness prevention and services to increase income. The initial allocation of revenues from Measure H was developed by a panel of 50 people appointed from county government, cities, local nonprofit and faith organizations and approved by the board of supervisors. The measure passed with 69 percent of the vote. For more information, visit www.homeless.lacounty.gov.
- **Santa Clara County:** In November 2016, voters in Santa Clara County approved Measure A, a \$950 million bond measure to fund housing for homeless, low- and moderate-income residents and first-time homebuyers. The bond will be repaid with an increase in property taxes. The measure passed with 68 percent of voter support. For more information, visit destinationhomesc.org.

The incentives for landlords to accept housing choice vouchers are:

- Up to \$2,500 for a security deposit;
- Loss mitigation up to \$3,500;
- Up to one month of rent to a property owner while repairing excessive damage;
- Waiver of building permit fees; and
- A 24-hour hotline for landlords to call with immediate issues.

The Landlord Partnership Program is exceeding its initial goals. As of late 2017, the program has an additional 71 landlords accepting Section 8 vouchers. Significant goodwill has also been built with the landlords.

Marin County entered into a contract in 2016 with the Marin Housing Authority in the amount of \$404,000 to fund the program. Federal funds can be tapped to offer property owners renting more than half of their units to voucher-holders interest-free loans of up to \$25,000 for rehabilitation or repair of their units. Marin Housing Authority set up and administers the partnership.

Streamlined Temporary and Incidental Shelter Program in San José

To address the homeless crisis, the City of San José adopted a new ordinance in August 2017 that created a streamlined process to allow temporary and incidental shelters without the requirement of an approved development permit.

To be approved, the shelter must be registered with the city Housing Department and meet specific performance standards and other requirements.

The program defines an incidental shelter use as: a shelter use incidental to the primary assembly use on the site if the usage occupies less than 50 percent of the usable square footage of the building(s) that are primarily dedicated to assembly use on the parcel. The maximum occupancy is 50 persons or as set forth by the Fire Code, whichever is more restrictive. A primary assembly use includes but is not limited to all religious assemblies and other places such as gymnasiums, libraries, movie theaters, nightclubs, schools and community centers.

LA County Landlord Incentives

Federal housing subsidies play a critical role in combatting homelessness. However, the very low vacancy rate in Los Angeles County's rental housing market makes it difficult for families and individuals with federal subsidies to secure housing. To address this problem, Los Angeles County's Homeless Incentive Program (HIP) actively recruits landlords to rent to homeless families/adults with a federal housing subsidy who need permanent supportive housing by offering the following incentives:

- **Vacancy payments:** provide landlords with payments to hold a rental unit for one to two months after a tenant with a subsidy has been accepted by the landlord and while the landlord is going through the HUD approval process.
- **Move-In assistance:** provides homeless families and individuals with a listing of available units, transportation to visit units, preparation for the rental process and financial assistance to cover the security deposit, utilities and other move-in costs.
- **Tenant assistance with credit checks and rental application fees:** provides funding directly to the property owner to cover the cost of credit checks and application fees.
- **Damage claims:** provides financial assistance to landlords to mitigate damage caused by tenants during their occupancy under the voucher programs.

The Housing Authority of Los Angeles County (HACoLA) administers the HIP throughout the county by working with other public housing authorities (PHAs). Through these partnerships, local PHAs establish their own HIP with county funding administered by HACoLA.

The HIP is funded by Measure H, a quarter-cent tax for 10 years that will raise approximately \$355 million annually to combat and prevent homelessness.