



## COMMUNITY RESOURCES

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## INCREASE FUNDING AND FLEXIBILITY TO FIGHT HOMELESSNESS

### Business Nexus

It is in everyone's best interest to end homelessness. In addition to the personal struggle for the individual or family in housing crisis, the larger community – businesses, neighborhoods, local government, and community organizations – feel the impacts when people have no where safe to sleep or access a washroom and cannot access care for their physical and mental health needs.

In Sacramento, the number of people experiencing homelessness increased 19% between 2017 and 2019, and the ongoing pandemic places additional pressure on the entire region. While the COVID-19 response created new one-time resources, a need remains for continued resources. Additional resources will be utilized to increase flexible housing assistance and develop homeless response systems to successfully plan and respond to an increasingly complex environment. In an era of extreme weather events, economic uncertainty, decreased housing affordability, and health disparity, accessibility for all federal funding is needed for communities to respond and adapt in efforts to end homelessness.

### Requested Action

Increase and improve investments in housing vouchers, affordable housing, supportive housing services, and coordination of funding and access to housing.

- Support the Biden Administration's proposal for a \$500 million increase in funding for Homeless Assistance Grants as renewal costs and inflation have eroded the impact of the program.
- Expand CoC Planning Grants funding to enable critical homeless response system-level improvements.
- Provide a separate funding competition similar to Planning Grants for Coordinated Entry System operations, so that communities do not have to choose between direct services and ensuring the success this HUD mandated program.

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- Support the Biden Administration’s proposal for a \$400 billion expansion of Medicaid’s Home and Community-Based Services (HCBS) program and ensure that homeless families and individuals are eligible.
- Expand flexibility and service funding similar to provisions in the Emergency Housing Voucher program to Housing Choice Vouchers and Housing Assistance Grants Program.
- Standardize flexibility across rental assistance programs to ensure Continuum of Care programs are equally competitive to other new programs and Housing Choice Vouchers.

## **Brief Background**

The homeless response system requires both additional flexibility and increased funding in order to successfully plan and respond to an evolving need for shelter, housing, and services.

### Increased Funding

Additional investments are needed for Homeless Assistance Grants (HAG), which provide Continuum of Care (CoC) and Emergency Solution Grants funding that serve vulnerable individuals and families who are homeless or at risk of homelessness. These programs are impacted by increasing costs to provide shelter, housing, and services, which the proposed additional \$500 million will help offset.

The amount available for CoC Planning Grants must be increased. Planning Grants make system improvements possible and help ensure that community priorities, planning, and evaluation can respond to changing needs, evidence, and technology. For example, responding to COVID-19 was incredibly demanding and involved rapidly standing up major efforts with little to no funding to build sustained operations and evaluate performance. Additional direct service resources have been made possible as part of the COVID-19 response, but they have not come with funding to support system-wide integration and coordination required to ensure success.

Separate funding is requested for Coordinated Entry System (CES) operations, which will eliminate communities having to choose between direct services and investing in HUD’s mandates. A process similar to funding Planning Grants may be established to eliminate the funding tension that currently exists. In addition, recent funding programs such as Emergency Housing Vouchers increased CoC’s workload without additional funding to support the work, but rather an assumption that the community’s CES was robust and able to accommodate the unfunded mandate to quickly process a large influx of new vouchers. Opportunities exist to increase and improve CES participation and resources to assess and navigate individuals to appropriate resources with the establishment of a separate funding stream.

Expansion of Medicaid’s Home and Community-Based Services (HCBS) program to include homeless families and individuals is critical. HCBS provides home health care to the elderly and the disabled, and including homeless families and individuals would make a big impact for those at highest-risk for poor health outcomes. Some people experiencing homelessness, i.e., those with mental illness and/or

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substance abuse issues, have acute needs which often require supportive housing services, including health care and casework, to find and stay in assisted housing. Capacity to perform services, coordinate health care and housing services, and to cover the cost of services not paid for by Medicaid is needed for addressing the homeless population.

### Increased Flexibility

Expanded flexibility of federal funding is also critical. When the Emergency Housing Voucher (EHV) program was released this year, it included provisions not found in other voucher and housing programs, such as flexibility to provide closer to market rents, assistance with deposits and damages, and housing navigation. These elements need to be included in future Housing Choice Vouchers (HCV) and Housing Assistance Grant supported programs to level the playing field among different HUD rental assistance programs. In Sacramento's extremely limited housing market (2.5% rental vacancy rate), providers struggle to obtain housing and find landlords willing to accept clients experiencing homelessness in general. New programs that are more flexible outcompete similar programs burdened with more restrictions.

Additional kinds of flexibility would be helpful. For example, allowing CoC to use funding to supplement vouchers, and new programs, such as evolving Medicaid programs could increase the potential impact. Another modification is to consider multi-year competitions to allow for time to build programs and performance each year.