

COMMUNITY RESOURCES

Team Leaders: Lisa Bates, Sacramento Steps Forward: lbates@sacstepsforward.org
Donald Terry, City of Rancho Cordova: dterry@ranchocordova.org
Ben Avey, Wellspace Health: bavey@wellspacehealth.org

Issue Expert: Donald Terry, City of Rancho Cordova: dterry@ranchocordova.org

EXPANDING FLEXIBILITY AND INCREASING FUNDING TO ADDRESS HOMELESSNESS AND BUILD AFFORDABLE HOUSING

A community thrives when there are comprehensive and flexible systems to address individual needs. As illustrated throughout the COVID-19 pandemic, one person experiencing homelessness is a call to action for us all, because our physical, social and economic well-being is interdependent. In California, as in states across the country, solving the crisis of increasing housing costs, against the backdrop of record inflation and stagnant wages, is a call for government, business, medical care providers, and community-based organizations to act strategically and help individuals and families find and retain safe, affordable housing.

In Sacramento County, the number of people experiencing homelessness increased by 67% from 2019 to 2022. Sacramento, along with one in four communities in California, reported about a doubling in unsheltered homelessness. Specifically, places with the largest increases in rent reported the largest increases in individuals experiencing homelessness between 2015 and 2019. Exacerbated by the COVID-19 pandemic and job losses that dominated our landscape from 2020-2022, we are just now beginning to see the positive impacts of some of the funding that was distributed during that time.

Congress and the Administration must increase funding and maintain streamlining opportunities and flexibility in delivering federal homeless and housing programs. It often takes several funding sources, including Low Income Housing Tax Credits (LIHTC), Home Investment Partnership Grants (HOME), Community Development Block Grants (CDBG), and Emergency Solutions Grants (ESG), to finance the development of affordable housing in the Sacramento region. Examples include:

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- Sacramento County Mirasol Village, a new 116 unit mixed-income housing development, was funded by various sources including \$28,000,000 in Tax Credit Equity, \$5,000,000 in Sacramento County ARPA dollars, \$10,000,000 in City Housing funds, and other funding sources. This project includes 47 Extremely Low-Income Units (30% AMI) and 43 low-income units (60% of AMI).
- Greater flexibility with ARPA funds allowed the City of Davis and Yolo County to come together to build Paul's Place, a one-of-a-kind housing site with 10 transitional housing units and 18 permanent supportive housing apartments on the third and fourth floors. Each floor of the building provides different services, so people enter through the first floor, move into the second, and then to permanent supportive housing on the third and fourth floors. They then move on from the building once they are matched to the wrap-around services they need. When the pandemic hit, the construction and labor costs for Paul's Place rose dramatically, by \$2 million dollars. The City of Davis and Yolo County closed the funding gap by each contributing \$1 million in federal American Rescue Plan funds to complete construction.

This current fiscal year, [The Consolidated Appropriations Act of 2023](#), (P.L. 117-328) allocated 1.7 trillion dollars including:

- \$30.3 billion for Tenant-based Rental Assistance to continue to serve more than 2.3 million very low- and extremely low-income households nationwide. This level of funding also includes \$50 million to expand housing assistance to nearly 12,000 low-income families, including individuals and families experiencing or at risk of homelessness, including survivors of domestic violence and veterans.
- \$12.3 billion for Community Planning and Development, which is an increase of \$2.3 billion above fiscal year 2022, including \$3.3 billion for Community Development Block Grants. This also includes \$1.5 billion for the HOME Investment Partnerships Program which has helped preserve approximately 1.35 million affordable homes nationally.
- More than 18,000 new housing options for people at risk of, or experiencing, homelessness while also continuing assistance to over 750,000 people experiencing homelessness and more than 350,000 individuals in emergency shelters, by including \$3.6 billion for Homeless

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Assistance Grants, an increase of \$420 million above fiscal year 2022. This also includes \$75 million for new construction, acquisition or rehabilitation of new permanent supportive housing to expand housing options for people experiencing homelessness.

- \$57.5 million for Housing Counseling assistance for renters, homeowners, and those considering homeownership and \$145.4 million for Policy Development and Research, including \$20 million to continue legal aid assistance for eviction prevention.

For Fiscal year (FY) 2024, The President has released his [proposed budget](#) which includes:

- Expansion of the HCV program. Currently, the HCV program provides 2.3 million low-income families with rental assistance to obtain housing in the private market. The Budget provides \$32.7 billion, an increase of \$2.4 billion (including emergency funding) over the 2023 enacted level, to maintain services for all currently assisted families and to expand assistance to an additional 50,000 households, particularly those who are experiencing homelessness or fleeing domestic violence.
- The budget further expands assistance to another 130,000 households with funding from HCV program reserves. To further ensure that more households have access to safe and affordable housing, the Budget includes mandatory funding to support two populations that are particularly vulnerable to homelessness: youth aging out of foster care and extremely low-income (ELI) veterans. The Budget provides \$9 billion to establish a housing voucher program for all 20,000 youth aging out of foster care annually, and provides \$13 billion to incrementally expand rental assistance for 450,000 ELI veteran families, paving a path to guaranteed assistance for all who have served the Nation and are in need.
- \$1.8 billion for the HOME Investment Partnerships Program (HOME), an increase of \$300 million over the 2023 enacted level, to construct and rehabilitate affordable rental housing and provide homeownership opportunities.
- \$258 million to support 2,200 units of new permanently affordable housing specifically for the elderly and persons with disabilities, supporting the Administration's priority to maximize independent living for people with disabilities.

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- \$51 billion in additional Low-Income Housing Tax Credits, a new Neighborhood Homes Tax Credit, and mandatory funding for new project-based rental assistance contracts to increase the development of affordable rental and owner-occupied housing, including units affordable to extremely low-income families. By expanding the supply of housing, the Budget would help curb cost growth across the broader rental market.

Requested Action

Support the President's proposed budget.

Tax Incentives

- Increase and expand the Low-Income Housing Tax Credit (LIHTC), including provisions to increase state allocations of the 9% credit and temporarily reduce the tax-exempt bond financing requirement from 50% to 25% to unlock more than 4% credits in housing deals through 2028.
- Permanently extend the New Markets Tax Credit (NMTC) and provide additional allocations of funding annually.

Affordable Housing

- Support more funding for Homeless Assistance Grants to address need, as renewal costs and inflation have eroded the impact of the program.
- Expand Continuum of Care (CoC) resources including Planning Grants funding to enable critical homeless response system-level improvements.
- Provide a separate funding competition, like CoC Planning Grants for Coordinated Entry System operations, so that communities do not have to choose between direct services and ensuring the success of this HUD mandated program.
- Expand flexibility and service-funding-like provisions in the Emergency Housing Voucher program to Housing Choice Vouchers and Housing Assistance Grants Program, including

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providing increased payment standards, assistance with deposits and damages, and housing navigation. In Sacramento's extremely occupied housing market (2.5% rental vacancy rate), providers struggle to obtain housing and find landlords willing to accept clients experiencing homelessness.

- Standardize flexibility across rental assistance programs to ensure Continuum of Care programs are equally competitive to other new programs and Housing Choice Vouchers.
- Expand rental assistance, including supporting the President's proposals to increase Housing Choice Vouchers.

There are drastic proposed cuts to federal spending in fiscal year 2024 – including funding for vital housing and homelessness resources – in exchange for raising the debt ceiling or avoiding a government shutdown. But we must maintain and strengthen the affordable housing pipeline by increasing funding and expanding flexibility in housing choice vouchers, affordable housing, and supportive housing services programs.

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