

# CAPITOL-TO-CAPITOL

SACRAMENTO, CA WASHINGTON, D.C.

## COMMUNITY RESOURCES

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## COMMUNITY RESILIENCE IN ACTION: EXPANDING FLEXIBILITY AND FUNDING TO PREVENT HOMELESSNESS AND MEET HOUSING NEEDS

### Requested Actions

- Enact the provisions of the [Affordable Housing Credit Improvement Act](#) to increase and expand the 9 percent Low-Income Housing Tax Credit (LIHTC) by 12.5 percent for three years, and increase access to 4 percent LIHTC for two years by reducing the financing threshold from 50 percent to 30 percent for tax-exempt bonds.
- Increase funding levels for homeless and housing programs to help keep up with higher rents and costs of living, increase voucher assistance to eligible applicants, and remove administrative burdens on Continuums of Care (CoCs).
- Enact legislation such as The Housing Alignment and Coordination of Critical and Effective Supportive Health Services (ACCESS) Act ([S. 2932](#)) to connect beneficiaries experiencing chronic homelessness with housing-related services to better align, streamline, and improve coordination of federal and state housing resources
- Increase funding and flexibility to prevent homelessness and keep people stably housed with continued expansion of housing choice vouchers, eviction prevention resources, and tenancy supports available through Medi Cal (CalAim).
- Include Sacramento County as a recipient of Biden Housing Accelerator Program technical assistance to further integrate medical resources with housing investments serving chronically homeless individuals.

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## **Business Nexus**

A community thrives when there are comprehensive and nimble systems to address individual needs. As the COVID-19 pandemic revealed, leaders must be able to rapidly use existing federal housing and homeless service programs to address economic and housing market shocks. In California, like other states across the country, the continued crises of limited housing supply, growing homelessness, and increasing climate-related disasters validate the imperative to build and retain safe, affordable housing. These multiple emergencies are a call to action for us all to secure a brighter and resilient future for the next generations of Californians.

## **Background**

### **Low-Income Housing Tax Credits**

Changes to the LIHTC thresholds have the potential to unlock 10,000 more housing units in California. Virtually all affordable housing is funded with LIHTC and local grants. The Capital Region has a shortage of 80,000 affordable housing units for very low-income households (NLIHC, 2023), and a need for 5,000 more permanent supportive housing units in Sacramento County to create the system capacity needed to end homelessness (SSF, 2022).

The Mather Veterans Village in Rancho Cordova is an example of the challenges to build permanent supportive housing. This project concept came together in 2010 but the 100 units weren't completed until 2019 due to the significant demand for the LIHTC program and the necessity of securing other funding sources before applying for LIHTC to be competitive.

### **Cost of Living and Funding Levels**

From 2019 to 2022 rental rates increased 31 percent in Sacramento County, which contributed to a 67 percent increase in homelessness. Without increases in homeless program funding, currently funded housing units available to those unhoused will be reduced given the escalating housing costs and the needed wage adjustments for community-based organizations providing these critical homeless service programs.

### **Funding and Program Flexibility**

Vouchers are one of the most effective way to prevent homelessness and support the necessary safety net for unstably housed families on the brink of homelessness. Continuing waivers, such as presumptive eligibility, allow nimble placement of homeless clients into available housing, which avoids processing times that risk losing communication with the client and wasting efforts. Similarly effective strategies like eviction prevention and modest investments of funding can help reduce the inflow of persons needing deeper and more costly homeless resources. In Sacramento County, a recent investment of \$2.4 million in prevention funding, coupled with extensive provider training on problem solving, has caused over 780 households to divert or rapidly exit from homelessness.

*2024 Capitol-to-Capitol*

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Of these, 85 percent remaining stably housed after one year of targeted one-time financial assistance, which averaged \$3,100 per household (SSF, 2024).

Cal-AIM is an innovative transformation of California’s Medi-Cal program that integrates health care services more seamlessly with other social services, such as housing supports. Housing supports include navigation services, deposits, and sustaining services. However, expanded resources are needed to connect persons experiencing homelessness to new benefits offered through the CalAim waiver in California. Uptake on critical benefits has been slow and confusing to new providers and the inability to fully cover costs because of inadequate reimbursement rates is a challenge. We believe a cost study will help support the need for increased reimbursement rates for such services and support that will allow providers of such services and support to pay living wages, reduce staff turnover, and ensure a maximum case manager-to-client ratio of 1:15, which aligns with the evidence for strong supportive housing outcomes.

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## Sources

- National Low Income Housing Coalition. **The Gap: A Shortage of Affordable Homes, 2023**. Available at [The GAP | National Low Income Housing Coalition \(nlihc.org\)](https://www.nlihc.org/gap)
- Sacramento Steps Forward. **Sacramento Continuum of Care Needs Assessment Gaps Analysis Summary, 2022**. Available at [SacCoC Needs-Assessment-Gaps-Analysis Summary 08-10-2022.pdf \(sacramentostepsforward.org\)](https://www.sacramentocontinuumofcare.org/needs-assessment-gaps-analysis-summary-08-10-2022.pdf)
- Sacramento Steps Forward. **Coordinated Access System Report, 2024**. Available at [CAS Overview - Sacramento Steps Forward \(sacramentostepsforward.org\)](https://www.sacramentocontinuumofcare.org/cas-overview)