

May 15, 2018



CALIFORNIA STATE
ASSOCIATION OF COUNTIES

The Honorable Jim Cooper
Chair, Assembly Budget Subcommittee No. 4
On State Administration
State Capitol, Room 6025
Sacramento, CA 95814



URBAN COUNTIES OF
CALIFORNIA

**Re: May Revision Proposal for Distribution of SB 2 Initial Year Funding –
SUPPORT IN CONCEPT**

Dear Assembly Member Cooper:

On behalf of the California State Association of Counties (CSAC), Urban Counties of California (UCC), Rural County Representatives of California (RCRC), County Behavioral Health Directors Association (CBHDA), County Welfare Directors Association (CWDA) and the County Health Executive Association of California (CHEAC) we write to express our SUPPORT IN CONCEPT position for the May Revision proposal to distribute the first year of SB 2 (Chapter 364, Statutes of 2017) funding to counties to combat homelessness. We are pleased to see a rational formula laid out for the allocations of this critical funding for counties.



RURAL COUNTY
REPRESENTATIVES OF
CALIFORNIA

When SB 2 (Chapter 364, Statutes of 2017) passed last year, the Governor and Legislature recognized the critical need for flexible funding for local governments to combat homelessness. The first year of revenue from SB 2's new document recording fee was earmarked for this purpose. Now, after several confusing proposals, the Governor has proposed in his May Revision Budget to distribute the first year of SB 2 revenues using a formula similar to how the Department of Housing and Community Development (HCD) distributes the Emergency Solutions Grant (ESG) funding.



COUNTY BEHAVIORAL
HEALTH DIRECTORS
ASSOCIATION

The ESG program is undergoing a reorganization, but funding in the past has been distributed to local governments based on three factors:

- The most recent homeless point-in-time count published by the U.S. Department Housing and Urban Development (HUD);
- The number of extremely low-income renter households that are paying more than percent of their income for rent using HUD's Comprehensive Housing Affordability Strategy dataset;
- And the number of persons below the federal poverty line within a defined area divided by the total population within that area. This factor is currently double-weighted.



COUNTY WELFARE
DIRECTORS ASSOCIATION



COUNTY HEALTH
EXECUTIVE ASSOCIATION OF
CALIFORNIA

The use of the factors above to distribute the first year of SB 2 revenues is efficient. By using a varied set of factors, the proposal ensures that differing jurisdictions with unique homeless counts and housing prices will receive a reasonable allocation. Formulas that rely on only one factor, such as the homeless count, are not designed to truly meet the need for new and refurbished housing units in disparate jurisdictions. Further, HCD has experience with using these factors and there will be little ramp-up needed for the Department to distribute the first two quarters of SB 2 funding.

With the state's homeless population at all-time highs – more than 134,000 people each night – and many families and vulnerable populations at high risk of homelessness, the Governor's proposal to distribute the first year of SB 2 revenues according to a modified ESG model makes sense. CSAC stands ready to work with the Legislature and HCD to ensure the rapid distribution of this critical one-time funding to counties. Should you have any questions about our position, please do not hesitate to contact us. Thank you.

Sincerely,



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cc: Honorable Members, Assembly Budget Subcommittee No. 4
The Honorable Phil Ting, Chair, Assembly Budget Committee
Genevieve Morelos, Consultant, Assembly Budget Subcommittee
Cyndi Hillery, Assembly Republican Fiscal Office
Katie Kolitsos, Office of the Assembly Speaker
Michelle Baass, Health and Human Services Agency
Julie Souliere, Health and Human Services Agency
Kristin Shelton, Department of Finance
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