



# SENATE CALIFORNIA LEGISLATURE

STATE CAPITOL  
SACRAMENTO, CALIFORNIA  
95814

## SENATE TRANSPORTATION AND HOUSING COMMITTEE AND SENATE VETERANS AFFAIRS COMMITTEE

JOINT OVERSIGHT HEARING

### Implementation of the Veterans Housing and Homeless Prevention (VHHP) Program

1:30 p.m. - Tuesday, January 5, 2016  
John L. Burton Hearing Room (4203)

### Background Paper

#### Purpose of the Hearing

The purpose of this hearing is to assess the implementation of the Veterans Housing and Homeless Prevention (VHHP) Program, which is overseen by the Department of Housing and Community Development (HCD), California Housing Finance Agency (CalHFA), and California Department of Veterans Affairs (CalVet). This hearing will also discuss the second Notice of Funding Availability (NOFA), for which applications were due on December 14, 2015. This hearing will explore the impact on the client population and the kinds of projects that have been funded thus far. Additionally, this hearing seeks to evaluate the process for financing and developing supportive housing for veterans from the developers' and service providers' perspectives. Finally, at least five bills were introduced in 2015 that impact the VHHP; this hearing will provide an opportunity to explore the policy issues raised by those bills in light of the completion of the first round of funding.

#### Program Background

In 2008, California voters approved Proposition 12, the Veteran's Bond Act of 2008, a \$900 million general-obligation bond intended to help veterans specifically purchase single-family homes, farms, and mobile homes through the CalVet California Veteran Farm and Home Purchase Program, often referred to as the CalVet Home Loan Program.

The program provides loans to veterans for single-family residences, including condominiums and planned unit developments; farms; units in cooperative developments; and mobilehomes in rental parks or on land owned by the veteran. The restrictions on the program do not permit development of affordable multifamily, supportive, and transitional housing of the kind contemplated by the VHHP.

In 2013, AB 639 (Pérez, Chapter 727, Statutes of 2013) restructured the Veteran's Bond Act of 2008, authorizing \$600 million in existing veteran's bond authority to fund multifamily housing for veterans, with 50% serving extremely low-income families, of which 60% is for supportive housing. In November 2014, voters approved the VHHP Bond Act of 2014 (the Act), also known as Proposition 41, which authorized the issuance of \$600 million under AB 639.

### **VHHP Program Purpose**

The VHHP requires CalHFA, HCD, and CalVet to establish and implement a program that focuses on veterans at risk of homelessness or experiencing temporary or chronic homelessness. This program will fund the acquisition, construction, rehabilitation, and preservation of affordable multifamily supportive housing, affordable transitional housing, affordable rental housing, or related facilities for veterans and their families to allow veterans to access and maintain housing stability.

More specifically, the Act requires the program to:

- 1) Leverage public, private, and nonprofit funding sources;
- 2) Prioritize projects that combine housing and supportive services, including but not limited to: job training, mental health, drug treatment, case management, care coordination, or physical rehabilitation; and
- 3) Ensure that program guidelines and terms provide requirements or scoring criteria to advance applicants that combine permanent or transitional housing, or both, with supportive services for veterans, or for partnering with housing developers or service providers that offer housing or services to veterans.

### **The First Round of VHHP Funding Awards**

The VHHP program guidelines, which establish terms, conditions, and procedures for funds awarded under the VHHP, were released on February 18, 2015. These guidelines were drafted following a public process in which HCD, CalVet, and CalHFA received input from veterans and housing stakeholders across the state. The NOFA for the first \$75 million of the bond money was released shortly thereafter, and required applicants to submit applications by April 27, 2015. The awards were made in June 2015.

Here are some highlights of the applications received:

- A total of 32 applications were received, requesting approximately \$125 million.
- Twelve applications were for projects in Los Angeles County, six in the Orange County/Inland Empire region, three in the San Francisco Bay Area, one in San Diego, and 10 scattered around the state.
- Twenty-five applications were for projects with supportive housing units for veterans. One was for transitional housing. Many applications proposed mixed populations. In 21 projects, fewer than 60% of the units were proposed as VHHP-assisted.
- Twenty-eight applications listed tax credits as a funding source and 11 listed other HCD programs. Many also were counting on local government funding.

Here are some highlights of the projects that were approved:

- HCD, CalVet, and CalHFA awarded approximately \$63 million to 17 projects. These projects will have 1,221 units, 566 of which will be VHHP-assisted.
- Eight of the approved projects are in Los Angeles County, four are in the Orange County/Inland Empire region, one in the San Francisco Bay Area, one in San Diego, and three in other locations.
- Thirteen approved projects have VHHP supportive housing units (often along with general veteran and non-VHHP units); one will be operated as transitional housing; and three will target the general veteran population.
- Out of 566 VHHP units, 371 (66%) are supportive housing. Of the supportive housing units, 146 (39%) and all 23 transitional housing units will target the chronically homeless.
- Seventy-two percent of VHHP funds will go to 359 extremely low-income units, with 81% of those units being supportive housing.
- Twenty-two percent of the VHHP units have two or more bedrooms, indicating availability to veteran families.
- Development funding sources include tax credits (for all projects except the one transitional housing facility), other HCD programs (for seven projects), locality funds, and private bank loans.
- Eight projects have external rental/operating subsidies. Sources include Veterans Affairs Supportive Housing (VASH) vouchers (four projects, 183 units), Section 8 Housing Choice Vouchers, L.A. County Department of Health Services, Mental Health Services Act (MHSA), and U.S. Department of Housing and Urban Development (HUD) Shelter + Care. Four projects will capitalize on operating subsidy reserves, made possible through receipt of supplemental VHHP funds.
- Supportive services funding is being provided from a wide variety of sources, including VASH, SSVF, and other VA programs; project operating income; and L.A. County Department of Health Services. Many service providers are also providing in-kind services. On average, nearly 60% of budgeted services funding was committed at time of application.

### **Second round of VHHP Awards**

In July and August of 2015, following the first round of awards, HCD, CalVet, and CalHFA held public workshops with interested veterans and housing stakeholders across the state. On October 13, 2015, in response to the feedback received during those workshops, the departments released revised guidelines for the second round of funding. Also on October 13, 2015, the departments concurrently released a NOFA for the second round of funding for \$75 million. The departments jointly held four public application workshops in October and November in various regions across the state. These applications were due December 14, 2015.

### **Program Goals**

Based upon the first NOFA award, the departments have set the following outcome goals:

- Fund 4,800 new veteran housing units, including 2,880 to 3,300 permanent supportive housing units for homeless veterans. Of the permanent supportive housing units, 1,200 to 1,400 will be for chronically homeless veterans.

- Provide stable and affordable housing for veterans, as well as their families, for approximately 7,000 people.

### **Veterans' Nontraditional Housing Needs**

According to a federal agency report to Congress:

- A veteran is 50% more likely to be homeless than a non-veteran. Although only 8% of adults in the United States are veterans, federal surveys suggest that veterans represent up to 16% of America's homeless population.
- Rates of homelessness among veterans living in poverty are particularly high for veterans identifying as Hispanic/Latino (1:4) or African-American (1:4).
- Two groups of homeless veterans — women and people between ages 18 and 30 — are small in number. However, female veterans and young veterans are at high risk of becoming homeless, and both groups are growing within the overall veteran population.
- According to a major point-in-time survey, nearly half of homeless veterans on a given night were located in four states: California, Florida, Texas, and New York. Only 28% of all veterans were located in those same four states.

*(Source: "Veteran Homelessness: A Supplemental Report to the 2009 Annual Homeless Assessment Report to Congress," U.S. Department of Housing and Urban Development/U.S. Department of Veterans Affairs.)*

### **Federal Programs**

The federal government also provides housing assistance and supportive services to veterans.

HUD partners with the U.S. Department of Veterans Affairs' (USDVA) Supportive Housing Program to manage the HUD-VASH program, which serves the most vulnerable veterans, and provides special services for women veterans, those recently returning from combat zones, and veterans with disabilities.

According to the USDVA website, as of September 30, 2013, HUD has allocated more than 58,000 Housing Choice vouchers across the country, which allows veterans and their families to live in market-rate rental housing, while receiving USDVA-provided case management for clinical and supportive services. A housing subsidy is paid to the landlord directly by the local public housing authority on behalf of the participating veteran. The veteran then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

### **Supportive Services and Housing**

Supportive housing is permanent rental housing linked to a range of onsite or offsite support services, including mental and physical health care, drug and alcohol abuse counseling, and job training programs, designed to enable residents to maintain stable lives. There is no limit on length of stay.

Transitional housing is a type of supportive housing used to facilitate the movement of homeless individuals and families to permanent housing. A homeless person may live in a transitional apartment for a specified period of time, while receiving supportive services that enable

independent living. These are buildings configured and operated as rental housing developments, but are operated under program requirements that call for the termination of assistance and recirculation of the housing unit to another eligible program participant at some predetermined future point in time — which shall be no less than six months and is often capped at two years. The intent is to provide extended shelter and supportive services for homeless individuals and/or families with the goal of helping them live independently and transition into permanent housing.

A relatively recent innovation in serving homeless populations, “Housing First,” provides an alternative to progressive systems based on the emergency shelter/transitional housing model. Rather than moving homeless individuals or households through different “levels” of housing and eventually to “independent housing,” the Housing First approach immediately moves the homeless from the streets or shelters into their own apartments. Housing First programs share critical elements:

- A focus on helping individuals and families access and sustain permanent rental housing as quickly as possible without time limits.
- A variety of services delivered to promote housing stability and individual well-being on an as-needed basis.
- A standard lease agreement for housing — as opposed to mandated therapy or services compliance.

While all Housing First programs share these critical elements, specific models vary significantly depending upon the population served.

### **Veterans’ Stakeholder Community**

When military service members transition back to the civilian world, their lives can be turned upside-down. They have been immersed in and transformed by a military culture, which is radically different from civilian culture. The military experience provides identity, purpose, and an overriding code of values and ethics. It demands individuals simultaneously be both effective leaders and followers. It builds a sense of family in which fellow service members become brothers and sisters with powerful emotional bonds built on mutual trust, teamwork, and self-sacrifice.

The perceived loss of identity, purpose, and community upon leaving the military challenges many veterans and complicates their readjustment to society. The veteran can go through periods of irritability, depression, and judgmentalism about the “purposelessness,” “irresponsibility,” and “immaturity” of the civilian world.

The adjustment challenges are magnified greatly if the veteran also incurred physical and mental wounds on the battlefield. Depression is compounded by isolation and hyper-vigilance. Rates of post-traumatic stress, traumatic brain injury, and suicide among those returning from service in Iraq and Afghanistan are extremely high.

For the most part, supportive services to veterans are fundamentally similar to those provided to nonveterans; however, many veterans tend to respond more productively to service approaches that recognize their unique veteran identity and incorporate approaches that utilize some of the values and ways of thinking that the military inculcated within them.

Finally, despite the needs of the most challenged veterans, it also is important to dispel the common myth that most veterans are victims hampered for life by negative consequences of their military experience. The vast majority of veterans readjust successfully to civilian life. After the readjustment period, veterans generally tend to outperform nonveteran peers in comparable socioeconomic cohorts, largely due to the training, experiences, and perspectives gained during military service.

### **Questions to Consider**

- 1) What are the key lessons learned from the first round?
- 2) We know that the three executive departments collaborated on shaping the initial program. Can you tell us the extent to which the three departments continue to work in real time as the program is being implemented?
- 3) Regarding the first round of awards, what kind of feedback have you been receiving from various stakeholder groups on how they see things are being implemented?
- 4) What efforts have the departments made since the first round of funding to receive feedback from stakeholders?
- 5) What steps have the departments taken to provide feedback to unsuccessful applicants to help improve their applications for the next round?
- 6) Please discuss the recent changes to the VHHP guidelines and how they incorporate feedback from the workshops held over the summer.
- 7) What, if any, additional changes to the guidelines do you foresee?
- 8) How has the program sought to meet the needs of sub-populations such as female veterans?
- 9) Did any of the applications that were approved include dedicated housing for women veterans? If so, please explain how those projects are intended to meet those specific needs.
- 10) Can you provide an example of the kinds of projects that are funded?
- 11) Does the program require statutory changes to ensure the legislative intent is met, and, if so, how?