

CAPITAL NEEDS: THE CHALLENGES OF SERVING HOMELESS YOUTH THROUGH HOMEKEY

In the Budget Act of 2021, the Governor and Legislature provided an historic one-time investment over two years for the Homekey 2.0 program, which included an 8% set aside of funding for youth. In total, this represents \$220 million available statewide for projects serving youth.

As of February 17, 2022, the Housing and Community Development Department (HCD) has awarded 15 projects, of which four intend to serve youth. These four projects will serve just 94 youth. According to HCD's User Guide on Project Metrics, a project qualifies as serving homeless youth if there is at least one unit dedicated for unhoused youth or youth at risk of homelessness.

The California Coalition for Youth (CCY) conducted a survey of nonprofits that were eligible to access the Homekey 2.0 funds to meet the needs of youth in their service territories. The nonprofits surveyed serve 23 counties across the state in their service territories. Eighty percent of the nonprofits surveyed were interested in pursuing interim housing (aka transitional housing) followed by just over half of respondents seeking to create permanent supportive housing. Most were interested in rehabilitation projects (66.7%), followed closely by acquisition (53.3%).

Barriers to Accessing Funds:

Many challenges with Homekey 2.0 were identified by interested nonprofits, with the most pressing barrier being the program requirement to work with a local government partner - whether a county, city or housing authority. In addition, other challenges or barriers identified and experienced by nonprofits included:

- No capital development dollars available
- No developer interest or willingness to partner
- No experience or limited experience with owning or rehabbing a housing project
- No available operating funds to support ongoing costs
- Program timelines are too quick
- Real estate market is too hot resulting in soaring acquisition costs or inability to identify and secure properties
- Challenges getting real estate "comps" to qualify for financing
- No interest in a youth project

BARRIERS TO ACCESSING FUNDS (CONT.):

As one survey respondent shared: “The local government does not have the time or desire to do this [partner on a project]. Some have just said no. Others are receptive, but do not have the time and this adds layers of bureaucracy and time. This is also a barrier with property owners who have had negative experience with government agencies unwilling to sell to us because of the government involvement.” The Homekey requirement that the lead applicant must be a local government entity is unnecessarily limiting projects that could serve youth and further delaying creation of additional youth housing units. These barriers can be addressed simply and effectively. Examples of successful past state programs that allowed nonprofits to apply directly include Prop. 86 of 1988, the Youth Center and Youth Shelter Bond Act, and the Emergency Housing Assistance Program - Capital Development Funds (EHAP-CD).

Homeless Youth Basic Needs Unaddressed:

Further, during September of 2020, CCY conducted a survey on the needs of youth experiencing homelessness across California during the pandemic. The survey noted that COVID-19 has exacerbated the daily fight young people endure to address even their most basic needs with 66% of youth indicating they were in need of more than five resources during the pandemic. Survey respondents most frequently identified eight needed resources which is nearly half of all the resources listed. Employment was the number one resource young people indicated they were in need of, closely followed by physical health and housing. Without operating funds for services that will address the employment and health needs of youth, housing only solves one piece of the puzzle needed to support unhoused youths’ long-term stability and independence.

Supporting Homeless Youth Needs to Prevent a Slow Slide Into Chronic Homelessness - Recommendations:

The State’s commitment to increasing the housing inventory count of beds/units serving youth is commendable, and the dollars dedicated for youth must be preserved and barriers eliminated so they can achieve their original intention. Any funds not encumbered by May 2022 should be redirected to fund SB 234 (Wiener), the SUPPORT Act (Supporting Underserved Young People for Positive Resets and Transitions), whose structure will address the identified barriers in Homekey 2.0 and is supported by numerous nonprofits across the state. Further, the State should make an ongoing funding commitment to the Homeless Housing, Assistance, and Prevention (HHAP) grant program (the fourth and final round of funding is only scheduled through FY 22-23) to address concerns raised by nonprofits about the lack of ongoing operating funds.

