

**Testimony**

**Tia Boatman Patterson, Executive Director, CalHFA  
Implementation of the Veterans Housing and Homeless Prevention (VHHP) Program**

- **Thank you** for the opportunity to present to you today our stakeholder engagement process and the collaborative efforts of CalVet, HCD and CalHFA to administer this program.
- **As can be seen from Susan and Theresa's** remarks this has been a successful launch of the program that could not have been realized without the legislature's vision, strong sponsor commitments, significant stakeholder involvement in program development and the deep collaboration between our three agencies to implement the program.
- **The success of the program** relies on an integrated approach which is built from the foundation of successful existing state housing program models (including the Mental Health Service Act (MHSA) Housing Program administered by CalHFA, and the Multifamily Housing Program Supportive Housing Program (MHP-SP) administered by HCD). Each of these permanent supportive housing programs specifically address housing with services, and the need to expand the State's partnership with localities, public housing agencies, the development community, and service providers.
- Together we collectively built lasting infrastructure to serve our most vulnerable veterans.
- **The inter-agency collaboration** continues to strengthen as we approach the 2<sup>nd</sup> round awards and we consider future funding strategies. We think it is worth highlighting our work and each of our respective roles:

**TOGETHER** we were able to design and implement a program in record time. AB 639, the bill authorizing the use of funds for this purpose, was signed by the Governor in October of 2013. It was approved by the voters in June of 2014. The initial guidelines were adopted and released in February of 2015, and the first round of funds were awarded in June of that year - just eight (8) months after being approved by the voters. Based on the experiences of that first round and significant stakeholder input, the Guidelines were revised in October of 2015 and a second notice of funding availability was issued. Applications from that round are currently under review and will be announced in the spring of this year.

- **CalVet**, using its extensive knowledge of veteran needs and services has strengthened the program's approach to supportive services and actively engaged in the application review process.
- **CalHFA** has years of experience administering various affordable and special needs housing loan programs. Part of the expertise we provide is based on the state's MHSA Housing Loan Program that we began developing in 2006 in partnership with the State Department of Health Care Services (DHCS).

- CalHFA's MHSA loan program was created using an initial allocation of \$400 Million of Prop 63 funding to finance the development of rental housing for the mentally ill who are homeless, or at risk of homelessness.
- In order to analyze the complex development proposals and establish MHSA funding levels and the need for capitalized operating subsidies, CalHFA staff developed a bifurcated cash flow analysis model that is the foundation for the current VHHP financial analysis.
- The existing MHSA Housing Loan Program will end in May 2016 when the memorandum of understanding with DHCS expires, but we anticipate exceeding the partnership's stated goal of developing over 2500 MHSA units by 2019.
- The success of the program prompted CalHFA staff to reach out to localities to find out whether there was sufficient interest for CalHFA to create a new program that would allow counties to contract directly with CalHFA to administer their MHSA funds set aside for housing.
- The feedback was swift and positive as many counties indicated they lack the housing development and loan underwriting expertise that CalHFA brings to the table.
- With verbal advance commitments of over \$30 million dollars in MHSA funding for 2016-2017, CalHFA intends to move forward with the development of the "Local Government Special Needs Housing Program." This program will not need any legislation to implement and takes advantage of state local partnerships to provide additional housing and supportive service opportunities, including housing opportunities for mentally-ill veterans at risk of homelessness.
- **HCD**, drawing upon the Policy Academy to Reduce Chronic Homelessness and the MHP-Supportive Housing Program, has ensured that best practices in services and supportive housing serve and reach vulnerable populations experiencing homelessness.

**MHP-SH** funds apartments for tenants who are disabled and who also were either homeless or at-risk of homelessness.

- MHP-SH was funded with \$195 million from each Prop 46 and Prop 1C, for a total of \$390 million.
- Over 3,000 supportive housing units have been funded using the state's MHP-Supportive Housing program.
- Statistics also show that these households were surprisingly stable, as 66.6 percent lived in their unit for more than two years. A total of 87.1 percent of households lived in their unit for more than one year.
- **HCD is administering** the VHHP program, and all three agencies continue to collaborate on the Program's implementation through monthly program review meetings, service plan collaboration, and review of recommended projects.
- **In addition to ongoing meetings with staff dedicated to the day-to-day administration of this program, we have established monthly high-level policy check-ins** to allow us to share information from our diverse stakeholders and to monitor external trends and opportunities.
  - For example, after the first VHHP round, CalHFA received feedback from County MHSA Program administrators that they did not want to restrict occupancy of their MHSA regulated units to only veterans because it did not give them the flexibility to serve potential MHSA tenants that may not be veterans. Mentally-ill homeless veterans are eligible for occupancy of

- MHSA regulated units, and they will have access to county services if they don't have VA benefits.
- The VHHP program allows projects to fund case management to coordinate efforts to connect veterans to services that are funded in a variety of ways - including state, federal, and county-funded community-based services.
- **We recognize that the program cannot be successful** without the engagement of the many and diverse stakeholders involved in serving and housing veterans.
  - **During the fall of 2013**, the state agencies began engaging with stakeholders to develop the VHHP program. Handout #6 provides an overview of our extensive outreach process which included:
    - Drawing from the 2013 Policy Academy process looking at successful models and elements to incorporate into the guiding framework and final program design.
    - Over 20 in-person and phone interviews with federal agencies, localities, PHAs and housing providers with experience providing housing for high-need veterans.
    - Over 10 formal public workshops and numerous presentations at conferences and nonprofit housing group meetings.
  - **We continue to use an extensive** and diverse stakeholder engagement process to thoughtfully and deliberately work through necessary changes and to ensure we are delivering responsive and impactful solutions.
  - **Prior to the Round 3 NOFA**, we intend to more formally engage stakeholders to determine whether program changes are warranted. This group includes veteran services agencies, local government, affordable housing developers, and the federal Veterans Affairs Agency.
  - **We anticipate awarding** around \$75 million annually for the next five to six years.
  - **As currently drafted, the VHHP statutes provide the flexibility needed** to allow us to consider alternative methods to deliver funds to a broad array of programs specifically designed to reach hard-to-serve areas, such as rural communities, and underserved veterans, such as those that have experienced military sexual trauma or domestic violence.
  - **We will continue to look** for ways to improve VHHP. We are on track to meet and even exceed priorities identified in the statute.
  - **We understand that part of this hearing's purpose was to consider the need for any legislative changes.** The current legislation has provided the state agencies with broad authority and we don't believe legislative changes are necessary at this time. We are confident that any programmatic adjustments can be achieved administratively and quickly if needed.
  - **Going forward**, the VHHP program will contribute significantly to ending veteran homelessness and preventing veterans from experiencing the trauma of homelessness.

We know we are stronger working together and thank you for your continued leadership