

THE CALIFORNIA HOUSING STABILITY BENEFIT

Housing and Racial Equity for Unhoused and Extremely Low-Income Households

INTRODUCTION

The semi-conductor was developed in California. It can accomplish millions of calculations per second. Why is it that in California policy circles, we've forgotten about basic math when it comes to our housing problem?

**INCOME
– RENT**

= CAN I LIVE INDOORS?

Ensuring that people can live indoors is simply the price we must pay to call ourselves a humane state. A stable place to live is the most basic foundation for economic stability, safety, and good health. Without it, investments in social services, healthcare, and economic supports are greatly undermined. **California has an enormous disparity between income and housing cost. This has resulted in over 150,000 people currently homeless and hundreds of thousands of additional Californians on the verge of losing their housing.**

In California, there is a basic math problem. A person experiencing homelessness or someone with an extremely low income (ELI) earns between \$0-\$1,000 per month. Yet, the least expensive studio in many areas of California is between \$1,000-\$1,500. Unfortunately, changes in zoning policies, housing bonds, or other bureaucratic tinkering are insufficient to meaningfully assist a person living under a bridge or worrying about next month's rent. Fundamentally, thousands of Californians need a simple way to access immediate funding to either secure an apartment or hold on to their current one. For some households, this may be as little as \$300 per month for six months; for others, it could be an ongoing \$1,000 per month subsidy to complement disability benefits which have not kept pace with inflation.

Amidst the 2020 pandemic, a group of housing experts convened to talk candidly about what it would take to finally address California's homelessness crisis. The workgroup included members from philanthropy, advocacy/intermediary organizations, academia, non-profit supportive housing, and government, representing decades of housing expertise and tackling the issue from a shared approach: *"What we have been doing is not working to truly solve the problem. How do we operationalize a housing justice framework?"*

After months of dialogue, the informal workgroup proposed the **California Housing Stability Benefit**—a simple but powerful tool that builds on our past successes, like the Los Angeles Flexible Housing Subsidy Pool, while at the same time pushing past structural barriers to achieve meaningful and large scale improvement in the lives of ELI households. A key improvement is that, unlike local "flex pool" models, the Benefit will address the problem of inflow into the homeless-response system.

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Studying the history of social justice movements, we can identify critical moments where current assumptions and practices are questioned. In hindsight, these inflection points are clear. The California Housing Stability Benefit presents an opportunity to seize one of those moments in real time and fundamentally shift California's approach to the "housing problem."






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The California Housing Stability Benefit (CHSB) is a proposed solution that recognizes two fundamental facts:

1. The California rental market is monumentally unaffordable to unhoused and extremely low income (ELI) households.
2. The substantial affordability gap disproportionately impacts people of color and perpetuates this country's shameful history of racism and housing discrimination.

The CHSB is a rental assistance program designed to ensure that every household in California has an effective level of housing financial support to exit homelessness or, in the case of ELI, to maintain current housing.

The core of the program includes these elements:

-  A simplified, state-wide housing benefit for all households earning below a specified income level regardless of past criminal justice involvement, credit history, or similarly racist restrictions.
 -  A variable rental subsidy level that provides an effective amount of housing financial support to achieve housing stability and avoid "benefits cliff." (*"Benefits cliff" refers to the sudden, often substantial decrease of a benefit due to slight increases in income.*)
 -  Flexibility regarding eligible housing solutions, including shared housing or other permanent options, to encourage creative access to the entire California housing market and to honor different cultural approaches to household makeup and housing configurations.
 -  A streamlined eligibility and payment system similar to other established benefit programs such as Covered California, CalWorks, and CalFresh.
 -  Simplified rent subsidy payments made directly to property owners to encourage maximum participation.
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POTENTIAL DEPTH & TARGETING

Based on a preliminary data from the Homeless Policy Research Institute (below), the CHSB working group identified scenarios to guide discussions about the depth and breadth of a potential statewide benefit.

At this juncture, the group advocates for the most robust benefit, arguing that even the largest estimated yearly investment (\$16.85B) dwarfs what California currently spends each year on prisons, jails, law enforcement, and the larger carceral infrastructure (i.e. community supervision, court system, etc.).

In other words, these investments could easily be offset by divesting in the current status quo of structural racism.





Scenario	Income Limit	Rent Burden	Unit Rent Cap	Estimated # Eligible People	Estimated Annual Cost	Avg. Annual Cost per Household	Avg. Monthly Cost per Household
1	30% AMI	Above 30%	100% FMR	1,120,000	\$9.99 billion	\$8,906	\$742
2	30% AMI	Above 50%	100% FMR	940,000	\$7.09 billion	\$7,535	\$628
3	50% AMI	Above 30%	100% FMR	1,870,000	\$14.81 billion	\$7,905	\$659
4	50% AMI	Above 50%	100% FMR	1,290,000	\$8.52 billion	\$6,581	\$548
5	30% AMI	Above 30%	150% FMR	1,120,000	\$11.09 billion	\$9,881	\$823
6	30% AMI	Above 50%	150% FMR	950,000	\$8.19 billion	\$8,652	\$721
7	50% AMI	Above 30%	150% FMR	1,880,000	\$16.85 billion	\$8,977	\$748
8	50% AMI	Above 50%	150% FMR	1,360,000	\$10.41 billion	\$7,668	\$639

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OUTCOMES

A California Housing Stability Benefit would net the following outcomes:

-  Replacement of limited, rigid and outmoded rental assistance programs that have failed to meet the scale and urgency of the moment.
-  Reduction of waste and inefficiency of having hundreds of boutique housing assistance programs when the essential need is a monthly check to help cover the cost of housing. Rather than each system of care (i.e. child welfare, healthcare, homeless response system, etc.) administering over-subscribed housing programs, the CHSB would both consolidate and scale housing assistance for all Californians experiencing housing insecurity or literal homelessness.
-  Unfiltered financial resources to communities who have faced housing and economic discrimination for generations to make their own housing choices.
-  Tapping into the collective wealth, creativity, and social activism of California to create a state in which no one lives on the streets or faces the daily stress of losing their housing.

Additionally, numerous studies that have been conducted in California and nationally make it clear that assisting households to stay housed is less expensive than the over reliance on oppressive criminal justice interventions and costly emergency health interventions. Current examples of this type of flexible rent subsidy, including those with which we have deep experience, demonstrated that when the money is there, units will be found.

Yes, there is a housing shortage in California, but **there are enough units in the state to end homelessness**. Equipping unhoused people and ELI households with enough money to pay rent incentivizes non-profit and for-profit developers to building housing affordable to ELI renters.

CONCLUSION

None of what is presented above suggests that any of the other effort to alleviate California's housing shortage should necessarily be discontinued. What it does suggest, however, is that we collectively remove our blinders and acknowledge that our current set of tools will not help people who currently wake up each day outside or those who are desperately trying to hold on to their current housing. A California Housing Stability Benefit could fundamentally change the equation.
