



Bay Area Homelessness

New Urgency, New Solutions

June 2021

Acknowledgments

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Report Sponsor



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About this Report

This report is the Bay Area Council Economic Institute's second look at homelessness in the San Francisco Bay Area. In our first report, *Bay Area Homelessness: A Regional View of a Regional Crisis*, released in 2019, we used interviews with local service providers and data from the U.S. Department of Housing and Urban Development to capture the true scale and regional nature of the Bay Area's homeless crisis. In this report, we examine the potential for using shelter mandates, also known as right to shelter policies, to help solve the Bay Area's homelessness crisis.

The U.S. Department of Housing and Urban Development's (HUD) Point-in-Time (PIT) and Housing Inventory Counts (HIC) are the primary quantitative sources for this study. For the PIT count, HUD mandates that each recipient of federal funding related to homelessness (i.e., counties) conduct a count during one night in January. Due to its snapshot methodology, the PIT count only estimates the size the homeless population at one point in the year, and therefore is widely believed to significantly undercount the total number of people who will experience homelessness over the course of a single year. HUD allows for regions to apply a multiplying factor in order to account for this (e.g., between 2-3x in San Francisco). However, because the PIT and HIC methodologies are consistent across years and regions, they are still one of, if not the, best source for comparisons beyond one county or period. Additional data for this report came from reports and interviews from officials and advocates representing shelter mandate jurisdictions, including the Washington, D.C. Interagency Council on Homelessness, the New York Coalition for the Homeless, New York City Department of Homeless Services, and the Massachusetts Department of Housing and Community Development.

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Executive Summary

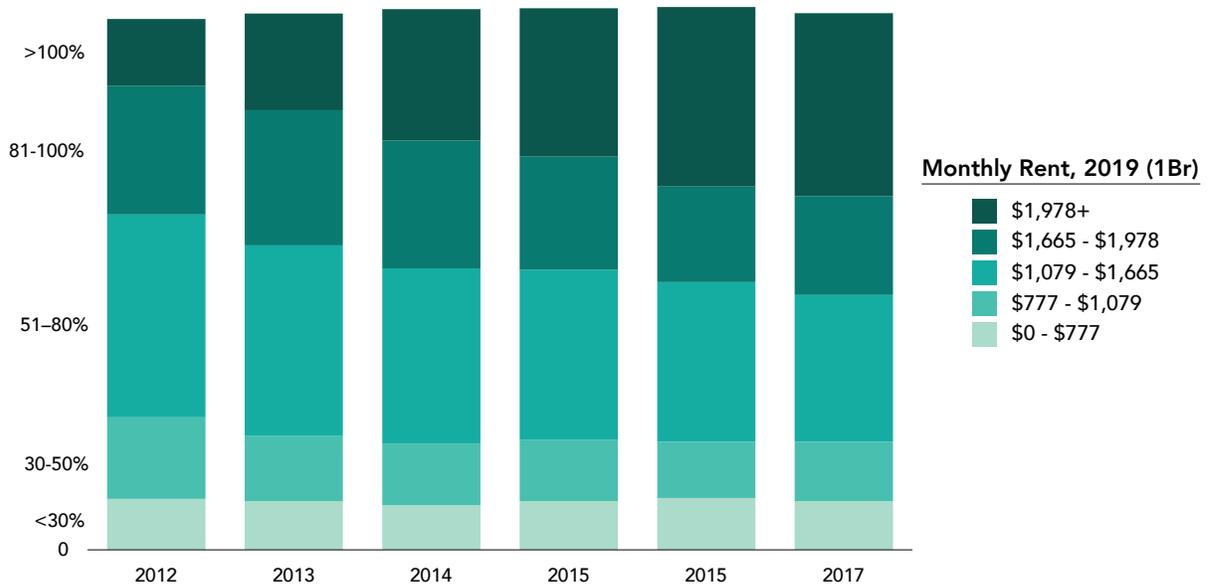
The Bay Area's homeless population today is larger, less sheltered, and growing faster than ever before. Between 2017 and 2020, the Bay Area's homeless population grew by 6,878 individuals to a total of 35,118—accounting for more than a quarter of the growth in the total U.S. homeless population. During that time, the share of the Bay Area's homeless population without access to basic shelter increased from 67 percent to 73 percent, the highest rate in the U.S.

Amidst a growing body of research showing the devastating health and safety consequences of homelessness, especially unsheltered homelessness, the COVID-19 pandemic and recession has added new urgency to stabilize and resolve the Bay Area's homelessness crisis.

The Bay Area's high rate of homelessness is inextricably tied to its housing shortage. Between 2011 and 2017, the Bay Area created 531,400 new jobs but approved only 123,801 new housing units, a ratio of 4.3 jobs

for every unit of housing, far above the 1.5 ratio recommended by the U.S. Environmental Protection Agency (EPA) to avoid displacement and congestion. The resulting shortage has increased competition for available units and inflated the region's housing market beyond the reach of an increasing share of total households. Between 2012 and 2017 the Bay Area's stock of rental units affordable to households earning below 100 percent of area median income declined by 24 percent between 2012 and 2017, and the region lost 5,000 units of housing affordable for households

Figure 8: Bay Area Supply of Rental Units by AMI Tier (thousands)



Source : American Community Survey; 2017 PUMS data
Analysis : Bay Area Council Economic Institute

earning below 30 percent of area median income (FIGURE 8).

Across the U.S., high rents strongly correlate with high rates of homelessness as high costs push larger numbers of households on the margins into the streets.

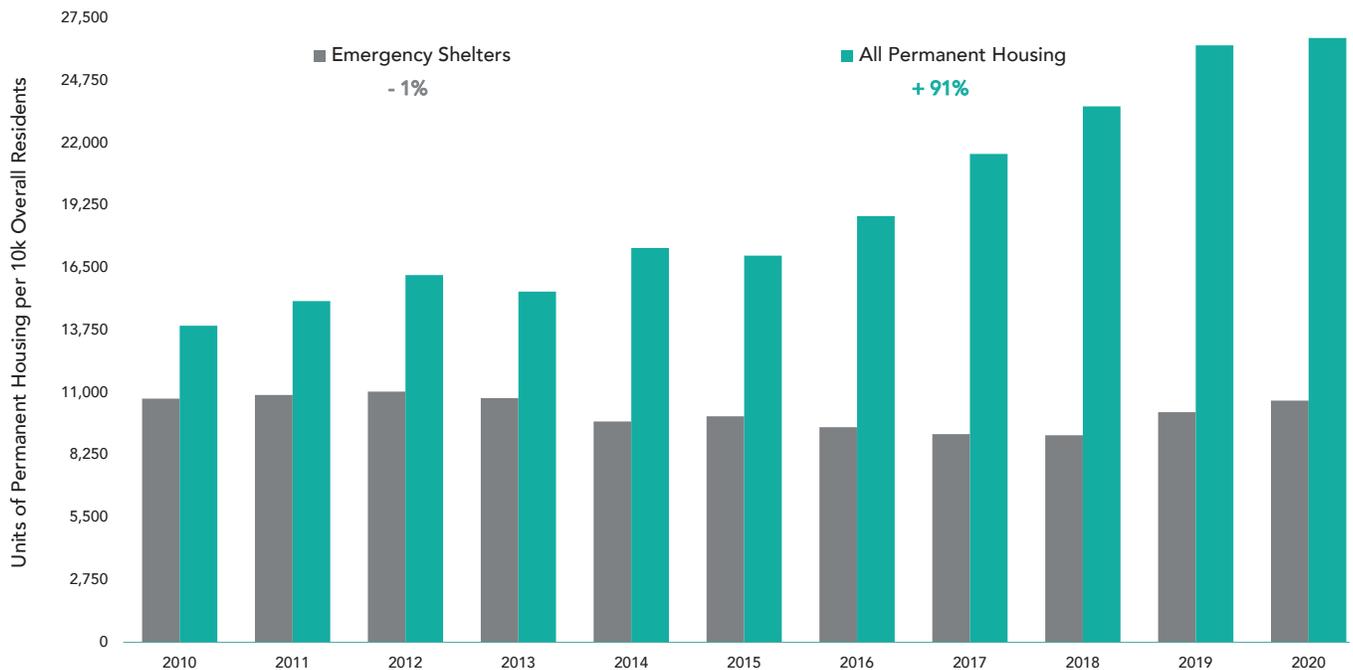
The housing shortage also contributes to homelessness by increasing land and construction costs, which make solutions to homelessness more expensive. In 2018, the average unit of new or rehabilitated affordable housing in the Bay Area cost over \$529,000. In San Francisco, a single unit of subsidized affordable housing costs \$730,000. High prices make traditional interventions extremely expensive and difficult to scale. Using traditional construction methods, a new or rehabilitated unit of permanent housing for every Bay Area homeless resident would cost nearly \$17 billion.

Meanwhile, most of the Bay Area has been defunding emergency shelters to increase permanent housing production (FIGURE 15). While this reprioritization is consistent with national trends and numerous studies on the long-term effectiveness of permanent housing, the high-cost Bay Area has been unable to scale permanent

housing faster than the rate at which residents are becoming homeless. The result has been the de facto warehousing of increasing numbers of homeless residents on Bay Area streets, cars, and RVs along with the intraregional shifting of shelter burden to the City of San Francisco, which was the only Bay Area County to have increased its shelter inventory over the past decade despite already providing far more permanent housing and shelter per capita than other Bay Area Counties.

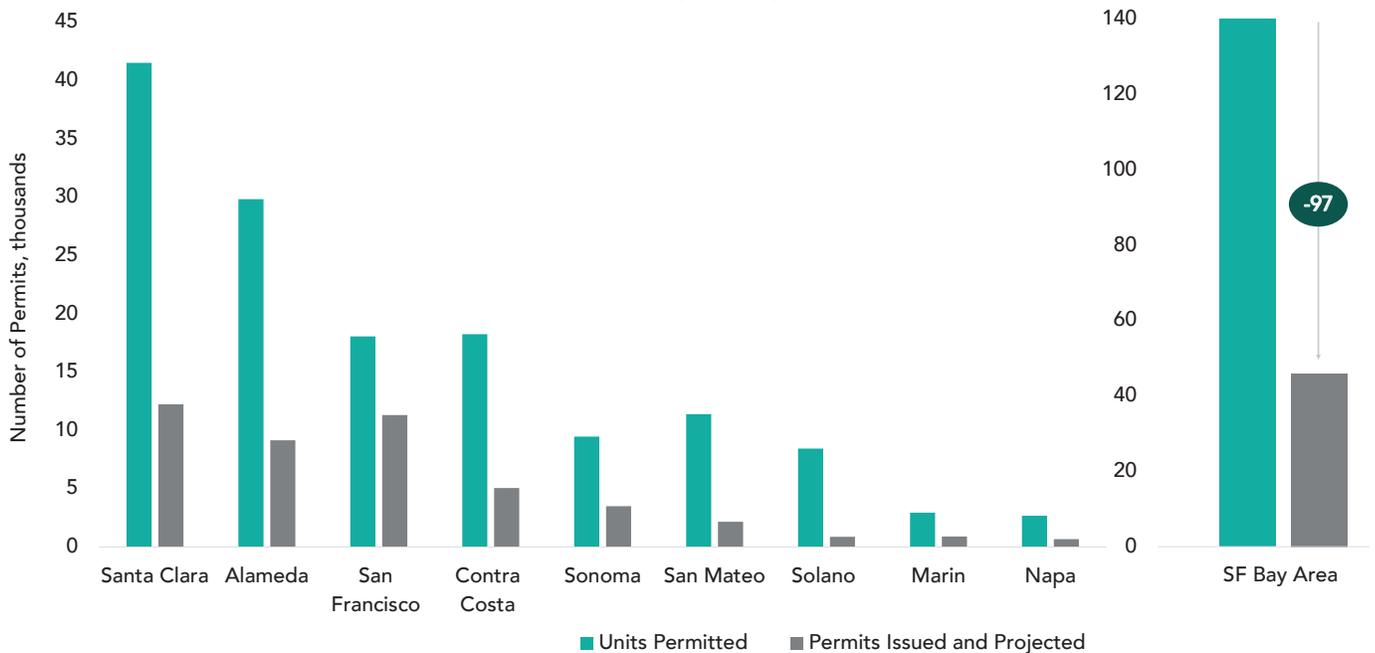
The Bay Area arrived at this point through more than a generation of housing and homelessness policy failures at all levels of government. The U.S. government provides approximately one-third the level of support for affordable housing as it did in the 1960s. The State of California doesn't adequately prioritize affordable housing programs for the households at highest risk of becoming homeless, and it lacks coordination over the state's 41 different anti-homelessness programs. Local governments still have far too many powers to block housing construction: Between 1999 and 2023, the Bay Area will have built 97,000 fewer units of affordable housing than recommended by the state

Figure 15: SF Bay Area Inventory of Permanent Housing and Emergency Shelters (2010-2020)



Source: HUD Housing Inventory Counts. Includes all Permanent Supportive Housing, Rapid Rehousing, and Other Permanent Housing
 Analysis: Bay Area Council Economic Institute

Figure 9: Very Low-Income Regional Housing Needs Allocation and Permits Issued by County (1999-2023)



Source: Association of Bay Area Governments
 Analysis: Bay Area Council Economic Institute

(FIGURE 9), and communities routinely find ways to avoid providing homeless individuals with shelter and housing. Faced with over 100,000 unsheltered homeless residents, California cities in the Bay Area and beyond are grappling with a shifting and often contradictory legal environment for how to manage the de facto privatization of public spaces by homeless residents.

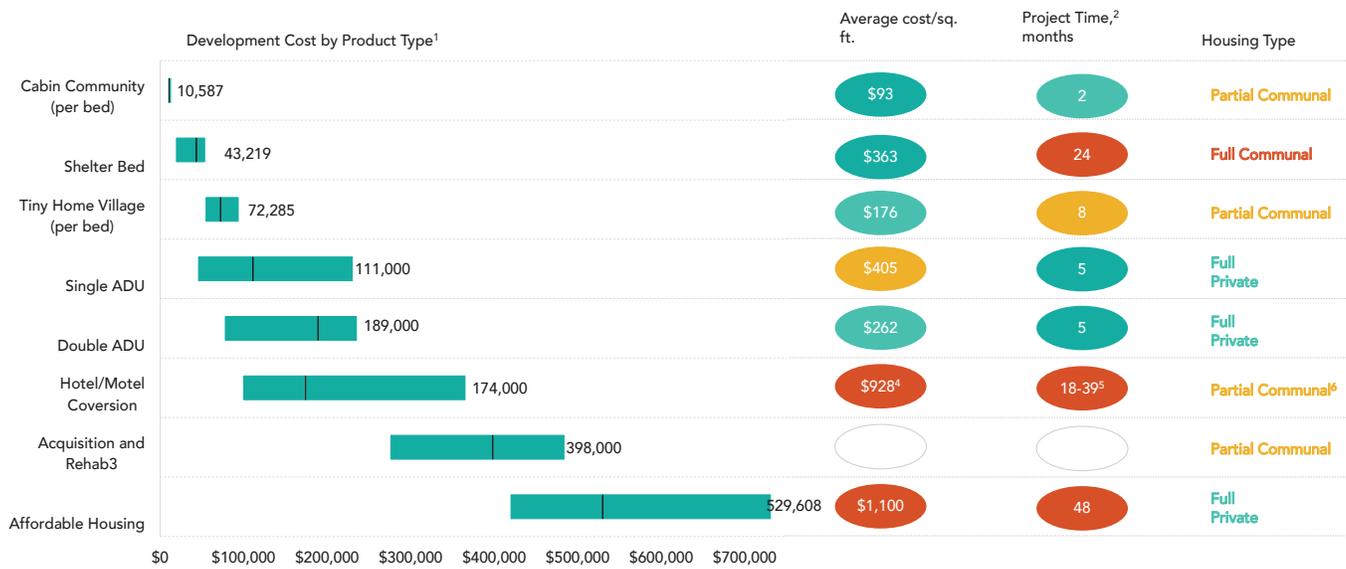
The growing homelessness crisis in the Bay Area and elsewhere in California has led to renewed interest in shelter mandate policies such as those in New York City, Massachusetts, and the District of Columbia. Creating a shelter mandate for the Bay Area would require state legislation to design a mandate, create an enforcement agency, craft a funding mechanism, and win approval from at least 2/3 of Bay Area voters. If the mandate proposal could survive the numerous veto-points along that path, including attacks that mandates come at the expense of permanent housing, the experience of other shelter mandate jurisdictions in the U.S. strongly suggest a regional mandate could dramatically reduce unsheltered homelessness in the Bay Area. We estimate a regional shelter mandate that used the cabin community model could be scaled for approximately

\$245 million in one-time capital expenditures and \$481 million in annual spending on services and management.

However, under a shelter mandate the Bay Area’s shelter system would steadily increase in size and cost unless the region took additional measures to prevent homelessness from occurring in the first place, and to expand its inventory of permanent housing to create exits from the shelter system. While a New York City-style shelter mandate alone would improve conditions for the Bay Area’s homeless by providing access to basic sanitation services, the Bay Area has an opportunity, through its deficit of shelter and housing products of all types, to improve upon existing models in New York City and elsewhere. We estimate approximately \$9.3 billion in one-time capital expenditures and \$2.5 billion in annual spending on services and management will right-size the Bay Area’s inventory of shelter, housing, and prevention services for (FIGURE 22).

The Bay Area’s homelessness crisis was created by policy failures at all levels of government; interventions at all levels of government are needed to solve it.

Figure 22: Supportive Housing Cost and Scalability Breakdown



¹ The range in blue reflects the minimum and maximum price for the given product. Median price is denoted in black.

² The duration between a proposal to build, convert, or install a unit and the date that said unit is opened

³ Bay Area only

⁴ Assumes 250 square foot room

⁵ 2-3 months for sale negotiation; 12-24 months for local approvals; 6-12 months for construction. Lower range includes depressed market values resulting from COVID-19 and expedited project approvals under pending legislation

⁶ When converted into transitional housing. Hotels and Motels may also be converted into permanent supportive housing, although this is less common.

Rather than pursuing a shelter mandate, the Bay Area should use existing but unused tools at its disposal to raise \$10 billion in new regional revenue to expand its inventory of emergency shelters and permanent housing. The region should pair this investment with new additional state and federal support for affordable housing and homelessness prevention, especially via proven programs like Project Homekey and Section 8. These investments should be paired with state policy reforms to boost housing production and reduce pressure on low-income renters, and to reduce local powers to halt shelter production. Although the Bay Area is a wealthy region, it cannot solve homelessness by itself.

Recommendations:

- **\$20 billion state investment to extend Project Homekey and help regions scale inventories of shelters, housing, and prevention programs.**

In less than one year, California’s Project Homekey has produced the single largest expansion of homeless housing in California history. California should dedicate

at least \$20 billion of its record \$76 billion FY 2021-2022 budget surplus to expand Project Homekey, make one-time investments in capitalized operating reserves for homeless services, and to help local-governments right-size inventories of emergency shelters, permanent housing, and prevention services.

- **\$10 billion regional expansion of affordable housing and emergency shelters using the Bay Area Regional Housing Finance Authority (BAHFA).**

A regional \$10 billion BAHFA measure could address housing needs across the housing-insecurity spectrum by providing up to \$200 million to expand regional shelters, and at least \$5 billion for the production of extremely-low-income, very-low-income, and low-income housing.

- **State policy changes to boost supply and reduce pressure (and costs) on renters**

High rates of homelessness strongly correlate with expensive rental markets across the U.S., and expensive rental markets are a symptom of market shortages. Additional funding for homeless shelters and housing

must be paired with policy changes to allow vastly increased housing production across the Bay Area to reduce pressure in the rental market and lower costs. While state policy is calling on the Bay Area to build 441,176 new housing units over the next seven years through the Regional Housing Needs Allocation (RHNA), production is stymied by local anti-housing regulation. California should pass current legislative proposals to allow duplexes on single-family lots (SB 9, Atkins); allow cities to up-zone areas around transit and employment centers (SB 10, Wiener); guarantee loans to homeowners to install accessory dwelling units (AB 561, Ting); and make it easier for developers to convert empty strip malls and big box stores into affordable housing (SB 6, Caballero).

■ Reduce local barriers to building and expanding shelters

Recently passed state laws have allowed willing cities to expand shelter inventories more expeditiously. However, cities that do not want shelters within their jurisdictions are under no obligation to build them, and can furthermore thwart efforts by third parties, including non-profit organizations or the state, to open and manage shelters. California should declare that any city whose homeless population is over 10 percent unsheltered to be in a state of Shelter Crisis, and that shelters proposed by third parties within those cities be approved “by-right” provided they meet certain health and safety requirements.

■ Focus limited subsidies on the most housing-burdened populations

State and local housing policies should focus on making moderate-income housing affordable through increases in supply and reserve scarce public dollars for subsidies to deeply affordable housing products that are beyond the reach of market development. Eighty-eight percent of extremely-low-income Bay Area residents are severely rent burdened, meaning they spend over 50 percent of their income on housing. California should ensure at least 20 percent of tax credit financing for affordable housing is dedicated to producing units set aside for households earning below 30 percent of area median income, and 20 percent for households earning below 50 percent of area median income.

■ Fully Fund Section 8

Even with increased regional funding, the Bay Area will be unable to solve homelessness without additional federal support. Yet today, the U.S. government spends approximately one-third the level of support for affordable housing as it did in the 1960s. The biggest immediate-term way for the federal government to reduce homelessness in the Bay Area and nationally would be to fully fund Section 8 housing vouchers so that all Americans who qualify (households earning below 50 percent of area median income) can begin receiving them. Today, of the 16 million Americans who qualify for Section 8 housing vouchers, Congress has appropriated funding only for 5 million.

■ Innovative State and Local Approaches to Land Use Regulation & Enforcement

Existing law and planning codes did not anticipate the de facto privatization of public spaces by tens of thousands of individuals, for whom federal courts have recently upheld a Constitutional right to sleep and live somewhere when they lack any access to housing, shelter, or private space to call their own. While attempting to regulate and manage this burgeoning situation, California cities may be held liable for damages caused by unsafe conditions at homeless encampments, but also liable not only for damages for attempting to improve health and safety standards for homeless residents residing in encampments or enforce against encampments in high-impact locations. Consequently, the result is often paralysis. The State should consider expanding recently created provisions to the building code to expedite shelter construction (AB 932) to create and expand sanctioned campsites and safe sites for homeless individuals and families living in cars, and RVs. Cities should be encouraged to experiment with innovative approaches to shelter and enforcement to help clarify existing legal ambiguity in the aftermath of *Martin v. Boise*.



New Urgency

Recent Trends

California had an estimated 161,548 homeless individuals in 2020, the largest number of any state in the United States (FIGURE 1). Despite having just 12 percent of the total U.S. population, California is home to 28 percent of all homeless Americans. California's homeless population is also growing much more quickly than most other states. Between 2010 and 2020, California's homeless population increased 31 percent, the third biggest jump in the U.S. and one of only 12 states to post increases over the previous decade (FIGURE 2). Nationally, homelessness decreased nine percent between 2010 and 2020.

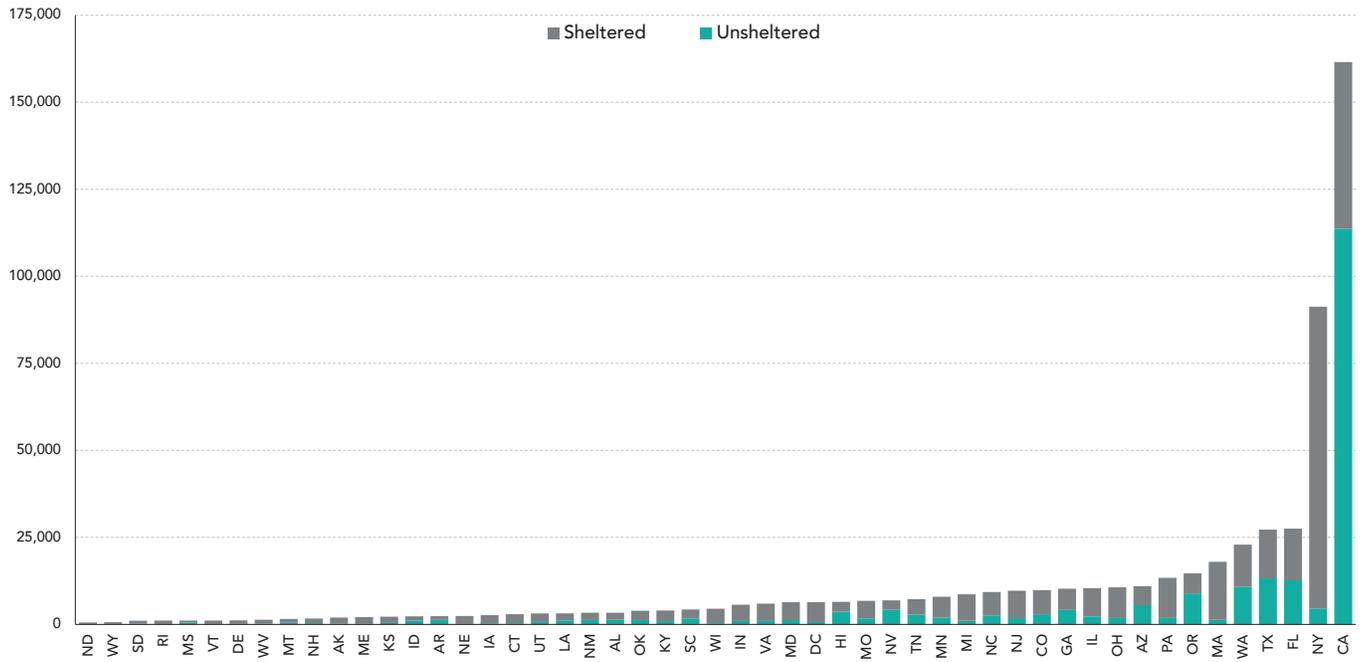
Over two-thirds of homeless Californians live in Los Angeles County, San Diego County, and the nine-county San Francisco Bay Area. Despite being home to six percent of the total U.S. population, these three California regions contain 19 percent of all homeless Americans. Between 2010 and 2020, the growth of homeless populations in Los Angeles County, San Diego County, and the Bay Area accounted for over 100 percent of the rise in homelessness statewide over the last decade, overwhelming modest declines in homelessness elsewhere in the state.

In recent years, the growth of homelessness in the United States has largely been driven by the San Francisco Bay Area and Los Angeles County. Between 2017 and 2020 the Bay Area's homeless

population increased 22 percent to reach a record 35,118 individuals, while Los Angeles County's increased 15 percent to 66,436. Fueled by the growth of homelessness in the Bay Area and Los Angeles, California's overall homeless population grew by over 20 percent between 2017 and 2020, overwhelming declines in homelessness elsewhere in the U.S. and driving in a four percent growth in homelessness nationwide: sixty eight percent of the growth in the total U.S. homeless population between 2017 and 2020 can be attributed to the growth in homelessness in Los Angeles County and the San Francisco Bay Area. Roughly 30 percent of the growth in homelessness occurring in the U.S. since 2017 can be attributed to the growth in the Bay Area alone.

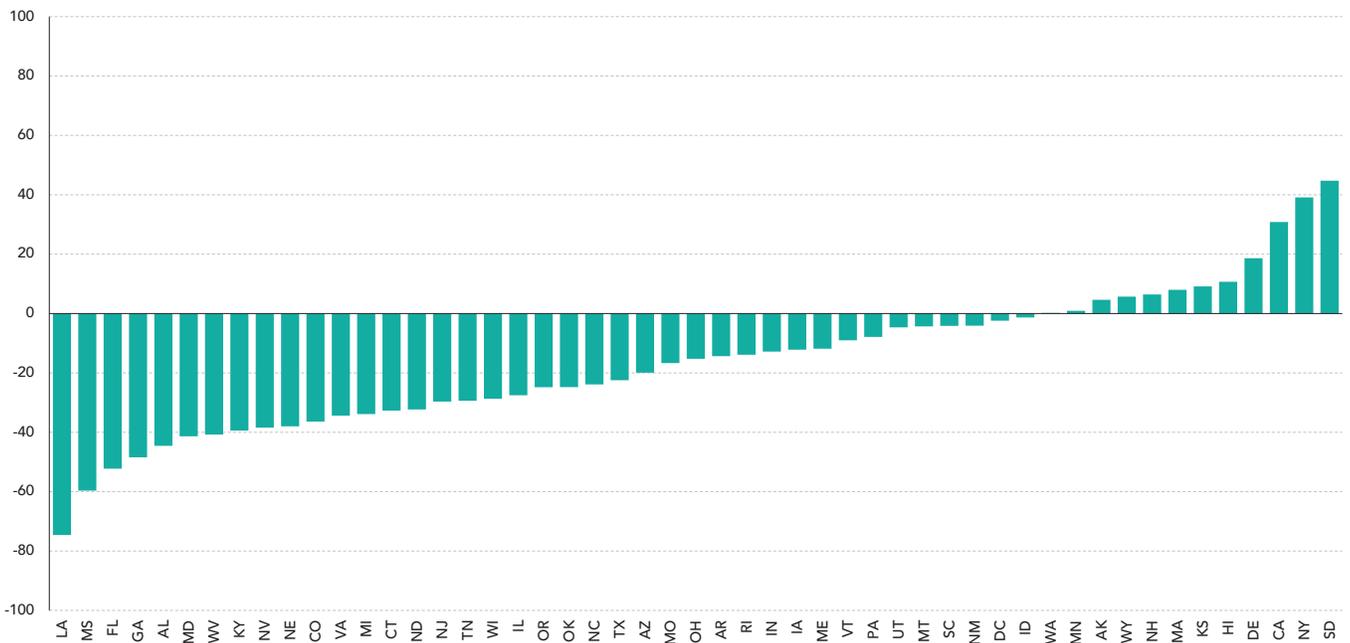
The Bay Area had an estimated 35,118 homeless individuals in 2020, the third highest of any region in the United States behind only New York City and Los Angeles County (FIGURE 3). Within the Bay Area, 74 percent of the homeless population is located in Alameda, San Francisco, and Santa Clara counties. The Bay Area's homeless population is also growing faster than the general population. Between 2010-2020, homelessness in the Bay Area grew by 30 percent, about 3.75 times faster than the general population. Yet the growth of homelessness within the Bay Area was sharply uneven, including an 87 percent spike in Alameda County and an 18 percent drop in Sonoma County (FIGURE 4).

Figure 1: Total U.S. Homeless Population (2020)



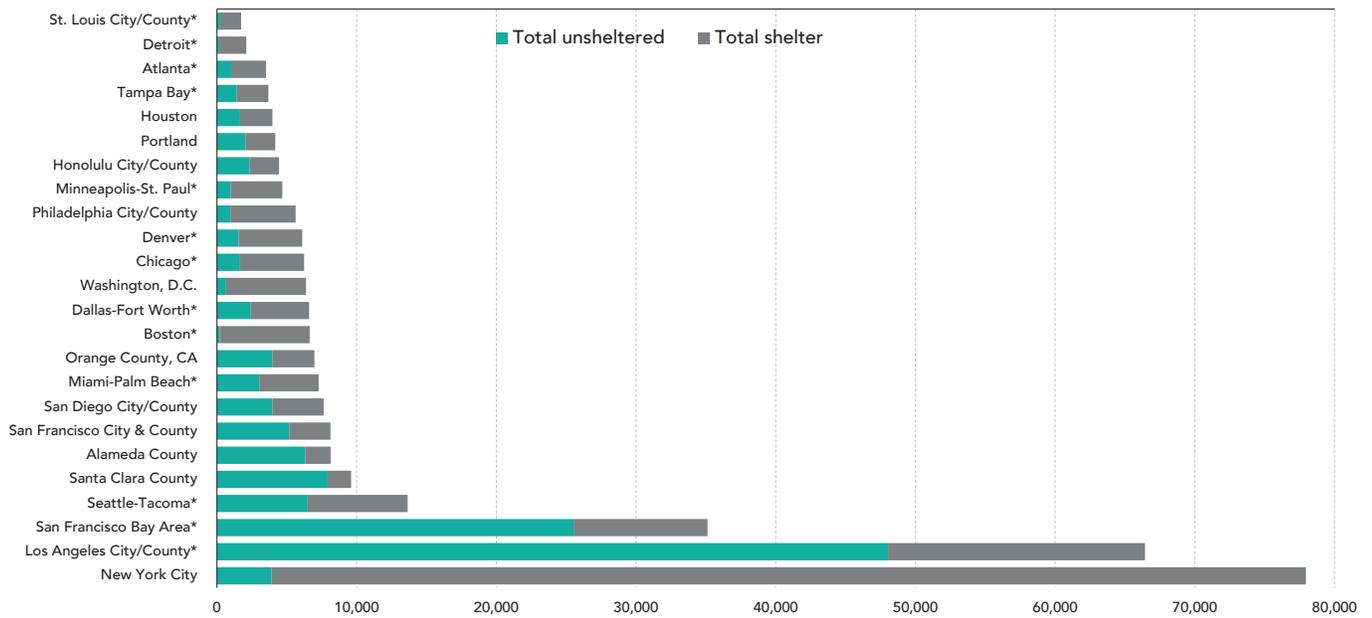
Source: HUD Point-in-Time Count 2020
 Analysis: Bay Area Council Economic Institute

Figure 2: Percent Change in Size of Homeless Population 2010-2020



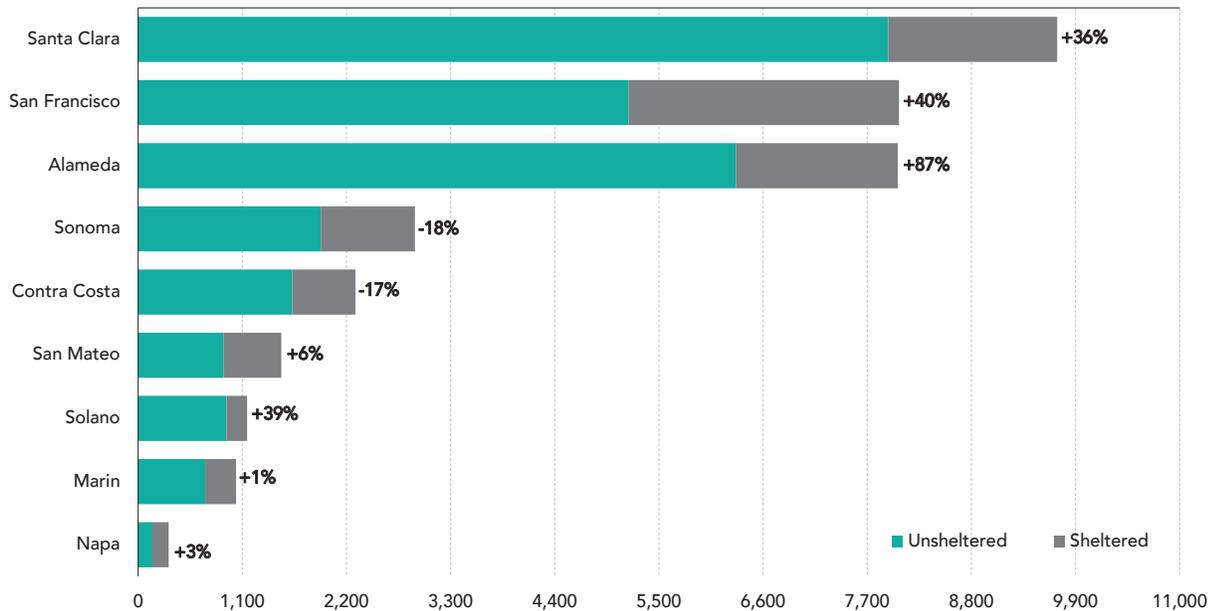
Source: HUD Point-in-Time Count 2020
 Analysis: Bay Area Council Economic Institute

Figure 3: Total Homeless by City/Region (2020)



*Indicates more than one Continuum of Care
 Source: HUD Point-in-Time Count 2020 (Sheltered & Unsheltered)
 Analysis: Bay Area Council Economic Institute

Figure 4: Sheltered and Unsheltered Homelessness in the SF Bay Area (2020) with Percent Change Since 2010



Source: HUD Point-in-Time Count 2020
 Analysis: Bay Area Council Economic Institute

California and its metro areas have some of the highest concentrations of homelessness even after controlling for population. Among U.S. states, California has the third largest number of homeless individuals per 10,000 overall residents (rate of homelessness), and the largest concentration of homeless individuals without shelter (FIGURE 5). Among U.S. cities and regions, San Francisco is virtually tied with New York City and the District of Columbia for the highest concentration of homelessness in the nation, with Santa Clara and Alameda counties also struggling with high concentrations of homelessness relative to other U.S. regions (FIGURE 6).

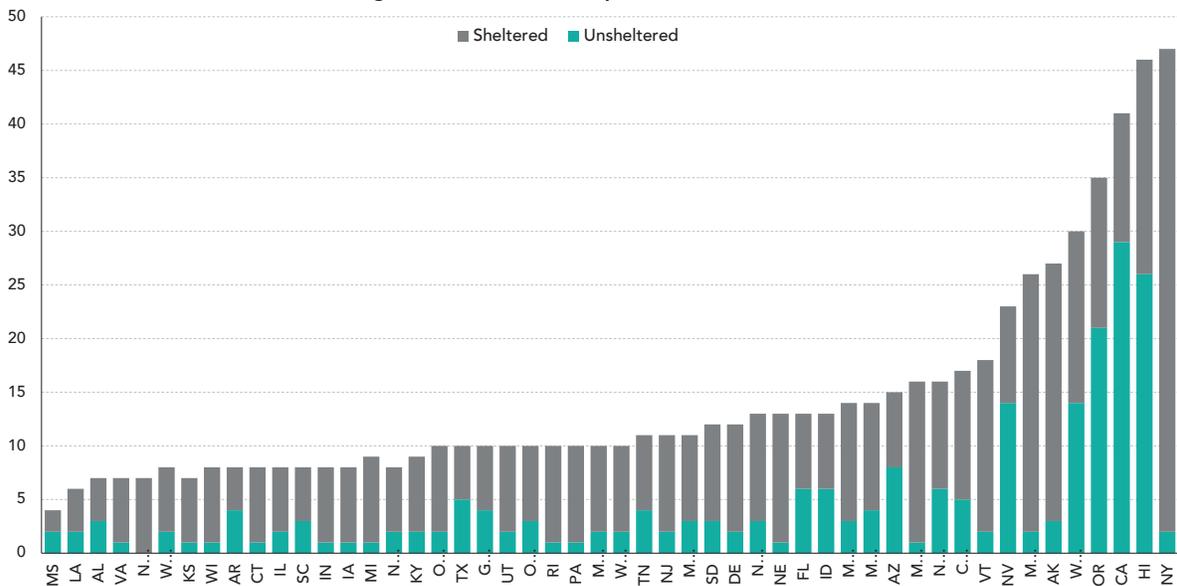
The recent rise in Bay Area homelessness is especially alarming due to the proliferation of unsheltered homelessness. An unsheltered homeless individual is anyone who resides in a place not meant for human habitation, such as a tent, car, park, sidewalk, or abandoned building. Between 2010 and 2020, the number of unsheltered homeless Bay Area residents increased 63 percent from 15,768 to 25,530 individuals, including a 59 percent increase in Santa Clara County, a 76 percent increase in San Francisco County, and 222 percent jump in Alameda County (FIGURE 7). Similar increases in unsheltered homelessness were found elsewhere in California during that same time period,

including a 121 percent increase in Los Angeles County and a 94 percent in San Diego County.

Vehicular homelessness represents the growing population of unsheltered people in the Bay Area. There were an estimated 8,405 people living in vehicles across the Bay Area in 2019, representing 32 percent of the total unsheltered population, or 24 percent of the total homeless population. A vehicle is the most common form of shelter for people who inhabit public space in every Bay Area county except for Santa Clara County where vehicle residency is the second most common reported form of unsheltered homelessness. The majority of Bay Area counties report that vehicle residents represent at least 1/3 of their unsheltered communities, with San Mateo documenting that 75% of people who sleep outdoors inhabit vehicles.¹ As of 2020, the Bay Area sheltered 27 percent of its homeless population, the lowest rate among U.S. regions.

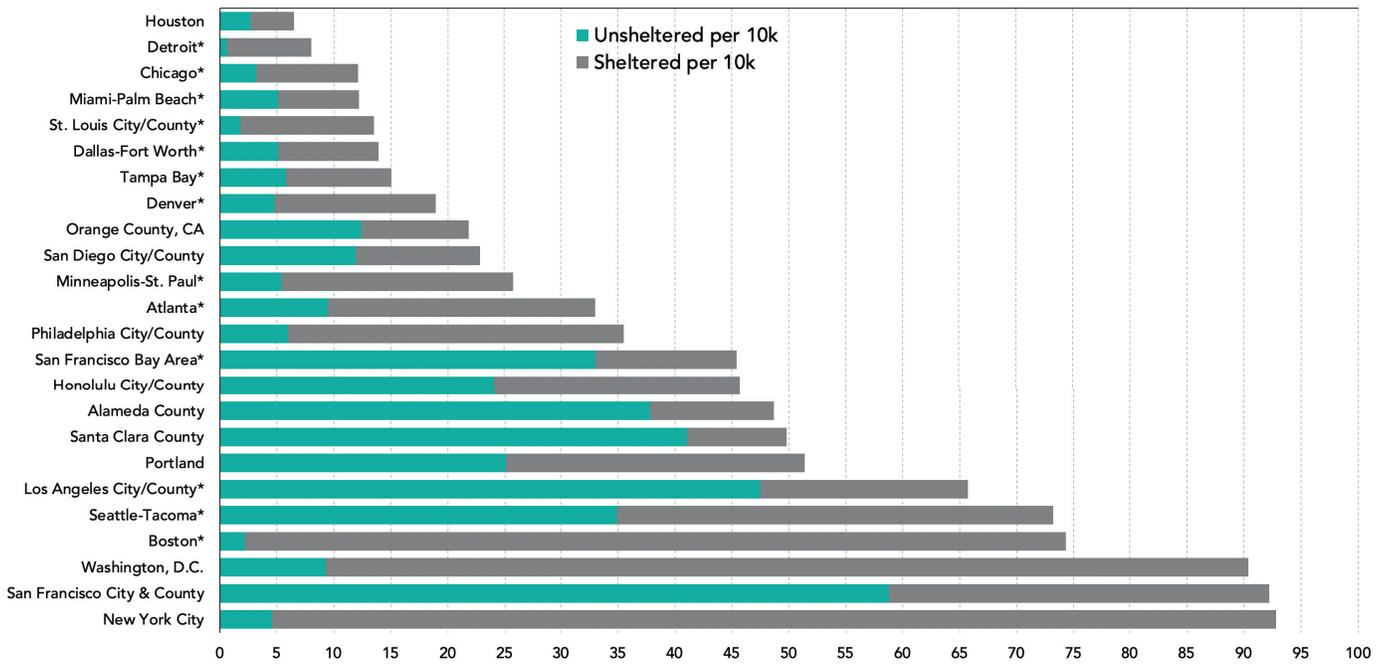
While rates of unsheltered homelessness vary widely across the U.S., California and its cities and regions stand out for providing far fewer shelter options than found in other states. Just 30 percent of homeless Californians have access to emergency shelters, last among the 50 states and far below the average 74 percent nationwide outside California. Notably, California’s inability to provide shelter to its homeless

Figure 5: Total Homeless per 10k Residents (2020)



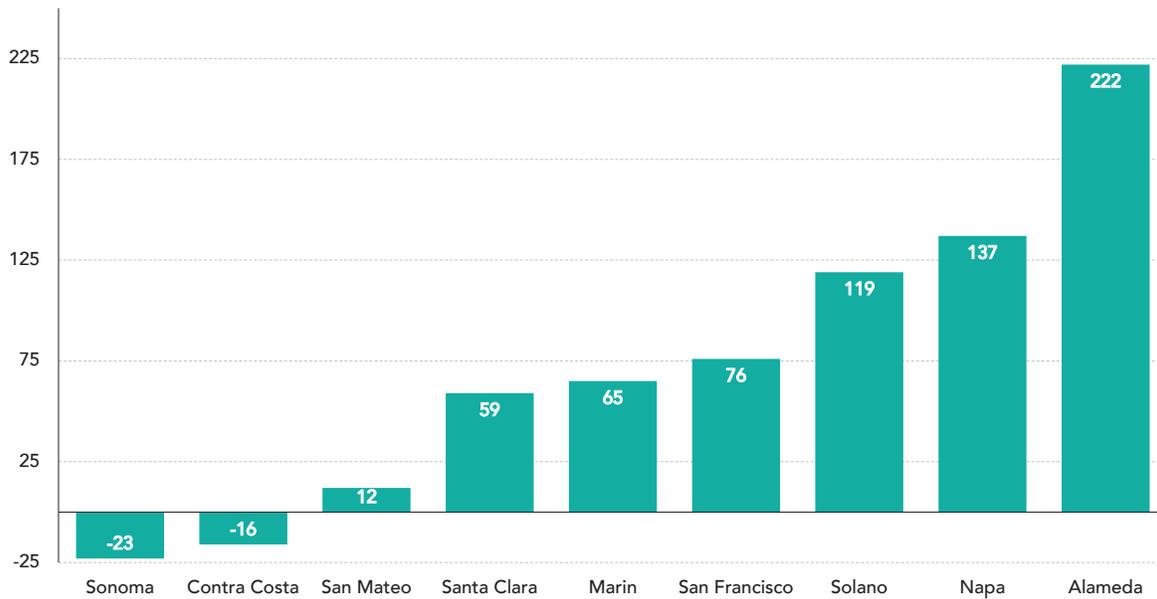
Source: HUD Point-in-Time Count 2019
 Analysis: Bay Area Council Economic Institute

Figure 6: Total Homeless per 10k Residents (2020)



* Includes multiple continuums of care
 Source: HUD Point-in-Time Count 2020 (Sheltered & Unsheltered)
 Analysis: Bay Area Council Economic Institute

Figure 7: Percent Change in Unsheltered Homeless Population 2010-2020



Source: HUD Point-in-Time Count 2020
 Analysis: Bay Area Council Economic Institute

residents cannot be entirely explained by the large number of homeless residents. For example, New York State’s homeless population is 15 percent larger than California’s relative to overall population size, yet New York’s inventory of emergency shelters is capable of serving over 95 percent of its homeless population compared to just 30 percent in California. The lack of shelter provided in California is also seen when comparing cities. Despite having nearly identical rates of homelessness relative to overall population, San Francisco’s inventory of emergency shelters meets only 36 percent of demand whereas New York City and the District of Columbia each shelter at least 90 percent. To put a finer point on it, no California region shelters more than half its homeless residents while no U.S. region outside of California shelters less than half.

Why Homelessness is More Common in California

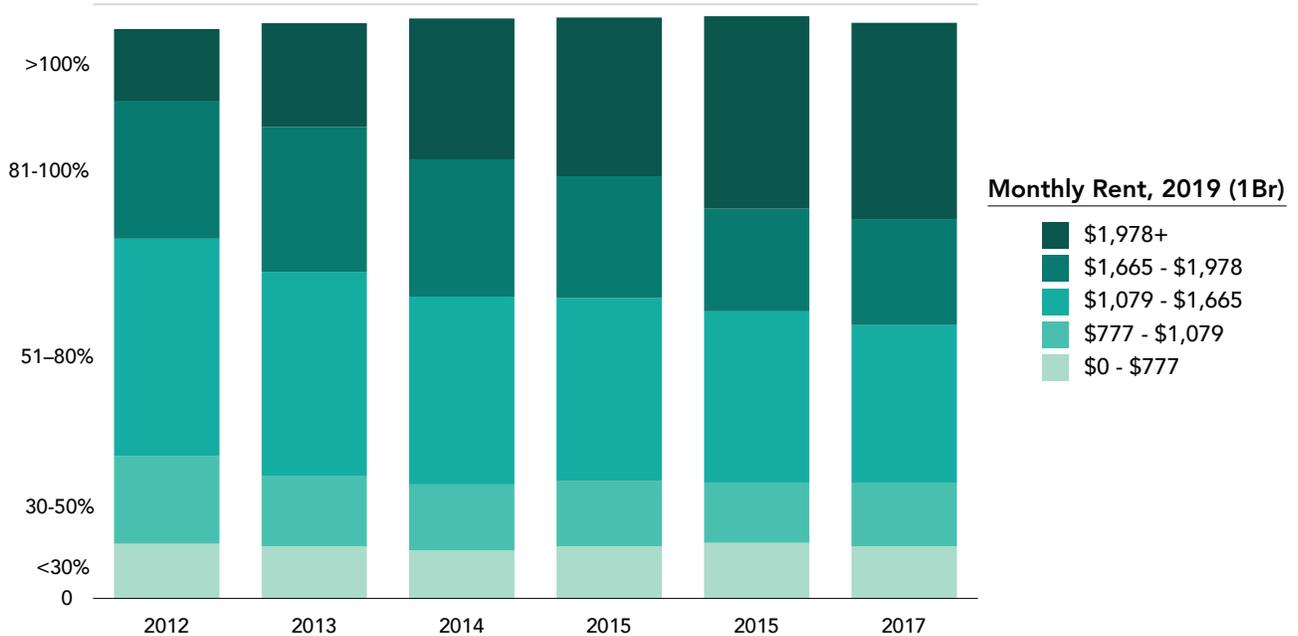
Homelessness in the United States is attributable to numerous factors, including the declining federal support for affordable housing, substance abuse and mental health related problems, and systemic racism. In California, including the Bay Area, these forces

are exacerbated by unique state and local policies, including insufficient housing production and disjointed and unfocused services. Furthermore, the prioritization of permanent housing, local hostility to homeless services, and a temperate climate have contributed to California having the smallest inventory of emergency shelters in the U.S. and leading to the proliferation of sprawling homeless encampments.

Insufficient housing production

California has built far fewer homes over the past decade than it should have. According to the non-partisan Legislative Analyst Office (LAO), housing production in California’s coastal regions grew by just 32 percent between 1980 and 2010, just 59 percent of the national average and far below the 200 percent growth seen in these regions during the previous 30-year period.² The housing shortage has grown particularly acute in the Bay Area. Between 2011 and 2017, the Bay Area created 531,400 new jobs but approved only 123,801 new housing units, a ratio of 4.3 jobs for every unit of housing.³ According to the U.S. Environmental Protection Agency, a Jobs-to-Housing Ratio higher than 1.5 indicates a shortage of housing which creates longer commutes, increased traffic congestion, loss of job

Figure 8: Bay Area Supply of Rental Units by AMI Tier (thousands)



Source : American Community Survey: 2017 PUMS data
 Analysis : Bay Area Council Economic Institute

opportunities for workers without vehicles, and poor air quality.⁴ McKinsey Global Institute estimates California has a statewide housing shortage of 3.5 million homes.⁵ Market shortages leads to increased competition and inflated prices for the limited supply. Between 2012 and 2017, the Bay Area’s stock of rental units affordable to households earning below 100 percent of area median income declined by 24 percent and the region lost 5,000 units of housing affordable for households earning below 30 percent of area median income (FIGURE 8).

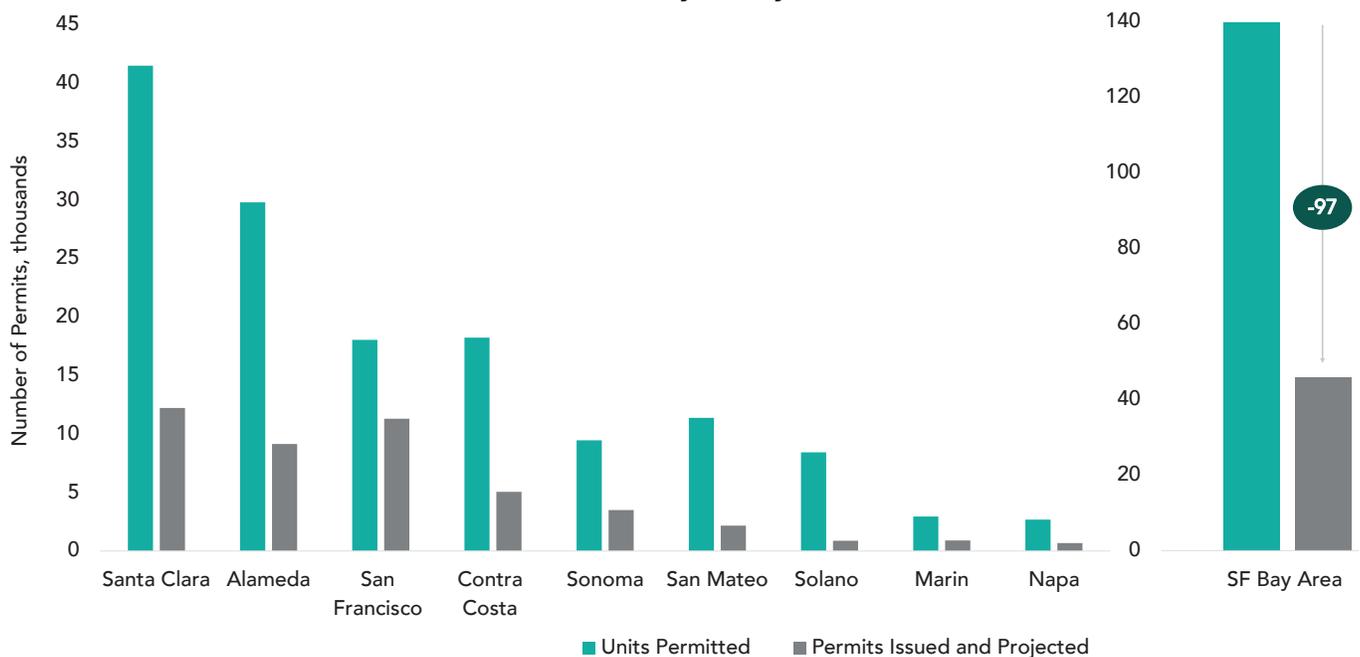
The shortage of affordable housing in California is perhaps best observed through data from California’s Regional Housing Needs Allocation (RHNA). RHNA is a state process in which cities are provided rough targets for future housing growth at various income levels over a seven-year cycle. Importantly, RHNA targets are completely voluntary: there are no penalties for failing to meet RHNA targets and no benefits for meeting them. Between 1999 and 2023, the Bay Area is projected to have built 97,000 fewer units of affordable housing than recommended by RHNA (FIGURE 9). Statewide, the gap is 209,000 units. Not a single Bay Area County is projected to meet its affordable

housing production goals under the current RHNA cycle, continuing a chronic shortage stretching back two decades. A study conducted by nonprofit think tank Next 10 and Beacon Economics found that at the current pace of development, certain jurisdictions in California will not meet low-income housing production targets under RHNA for more than 1,000 years.⁶

The chronic shortage of housing in the Bay Area and California contributes to homelessness by increasing housing prices beyond the reach of households that would most likely have remained housed elsewhere. Across the U.S., high rents strongly correlate with high rates of homelessness: rates of homelessness in the combined 25 higher rent states are more than double those of the 25 lower rent states (FIGURE 10). At the city and regional scale, average rates of homeless are two-and-a-half times greater in the higher rent regions than in their lower rent counterparts (FIGURE 11).

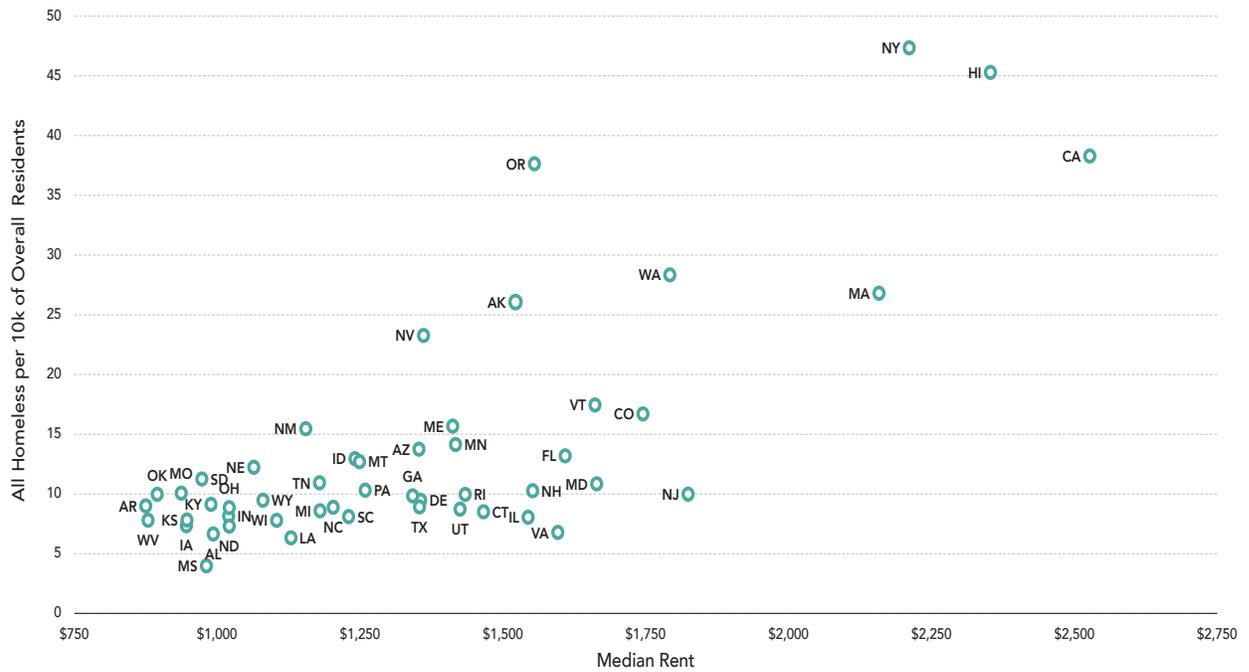
The housing shortage also contributes to homelessness by increasing land and construction costs, which make solutions to homelessness more expensive. An analysis by the Los Angeles Times found that the average cost of building affordable housing in California was \$500,000

Figure 9: Very Low-Income Regional Housing Needs Allocation and Permits Issued by County (1999-2023)



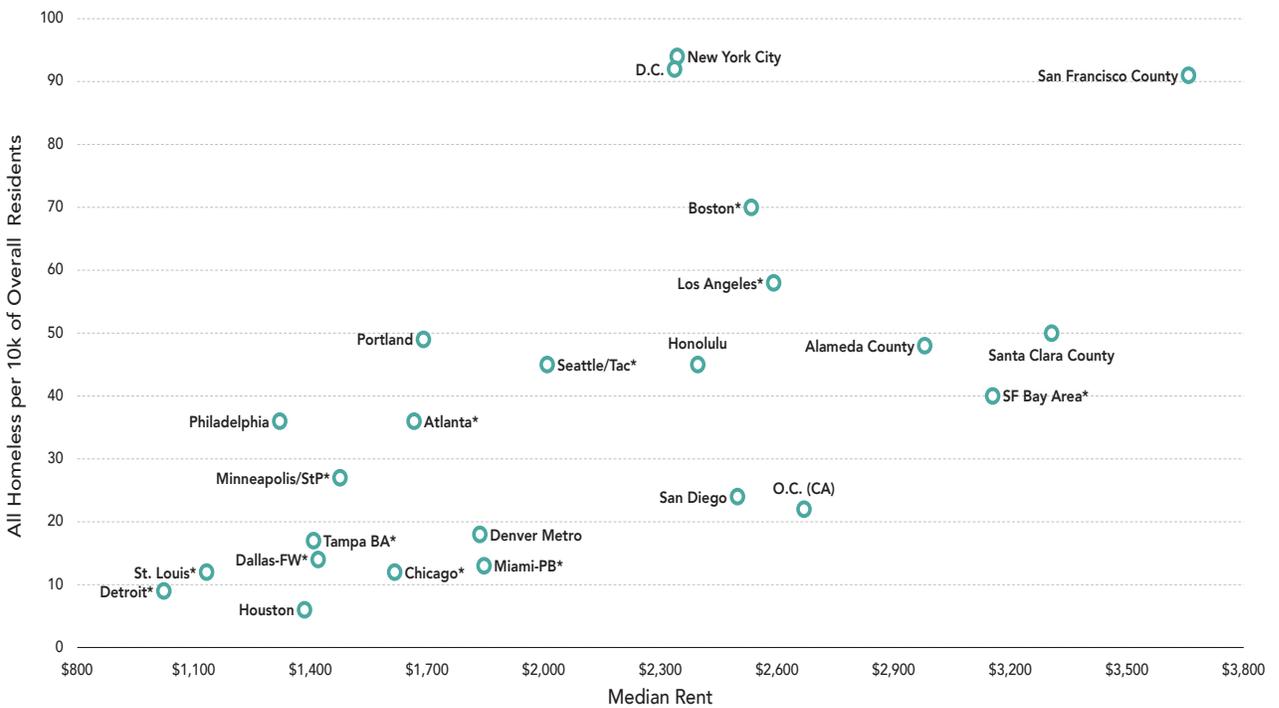
Source: Association of Bay Area Governments
 Analysis: Bay Area Council Economic Institute

Figure 10: Rates of Homelessness by State and Median Rent (2019)



Source: HUD Point in Time Count (2019), Zillow rents all homes plus multi-family (2019 average).
 Analysis: Bay Area Council Economic Institute

Figure 11: Rate of Homelessness by Region and Median Rent (2019)



*Indicates multiple CoCs
 Source: HUD Point in Time Count (2019), Zillow Median Rents. All Homes Plus Multi-Family (2019).
 Analysis: Bay Area Council Economic Institute

per unit in 2018.⁷ In 2018, the average unit of new or rehabilitated affordable housing in the Bay Area cost over \$529,000. In San Francisco, which in 2019 became the most expensive city on earth to build, a single unit of subsidized affordable housing costs \$730,000.⁸ Recent advancements in modular construction are estimated to reduce the per unit costs of traditional construction by an average 30 percent, yet these methods have also come under political attack. The modular permanent supportive housing project at 833 Bryant Street in San Francisco, which is under contract with the Carpenter's Union of Northern California and is on schedule to be completed in roughly half the time and cost of traditional construction methods, has been denounced by the San Francisco Building Construction Trades Council. Furthermore, these are just capital costs. Shelter and housing products for people who have experienced homelessness often require annual subsidies ranging from \$20,000-\$40,000 per person, depending on the level of tenancy-sustaining services required. Such prices make traditional interventions extremely expensive to scale; using traditional construction methods, building a unit of Permanent Supportive Housing for every Bay Area homeless resident would cost nearly \$17 billion. Fortunately, most people who experience an episode of homelessness do not require an exit to supportive housing or they may only need those extra supportive services for a limited period and can relatively quickly move to receiving a rental subsidy without extra services.

Federal disinvestment in housing affordability

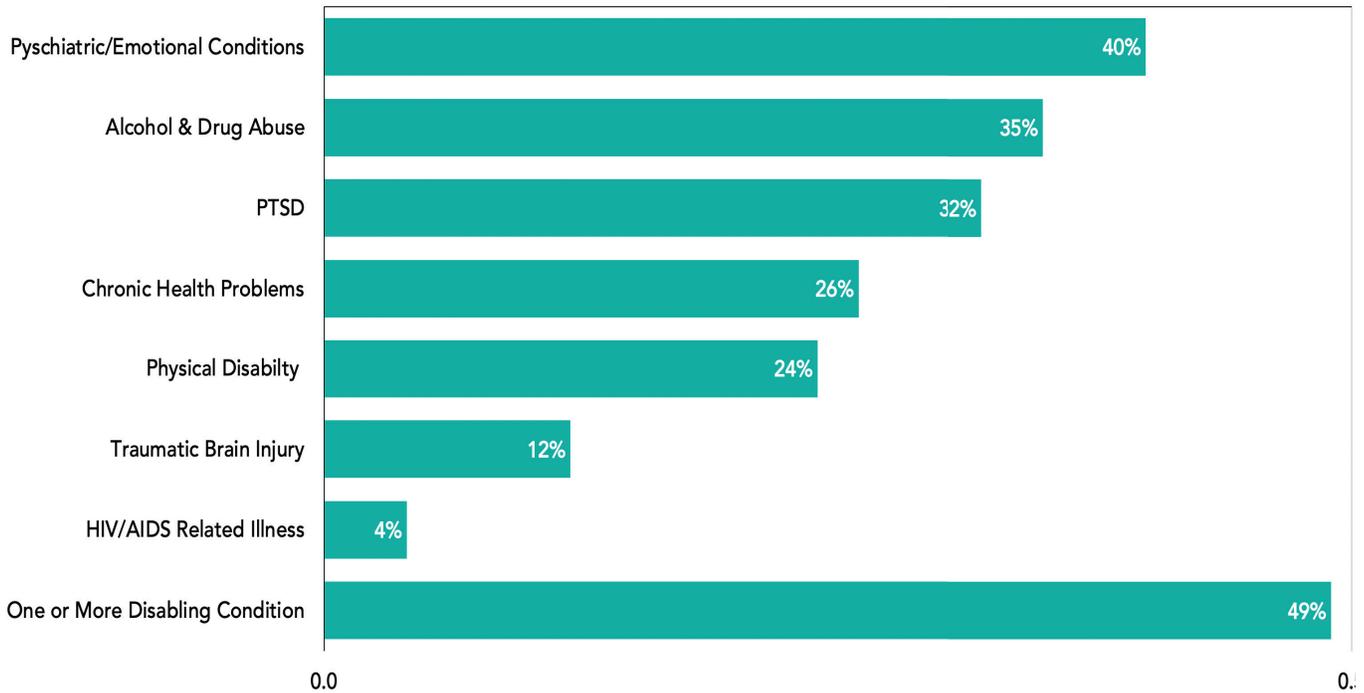
The U.S. government's involvement in housing assistance dates back to the 1930s and has been in steady decline since its peak in the 1960s. In the early stages of housing assistance, the federal government mainly supported the mortgage market and promoted the development of affordable housing through local public housing authorities.⁹ Over time, federal programs shifted away from construction-based subsidies and moved toward providing rental subsidies.¹⁰ Recent caps on non-defense discretionary programs enacted as part of the Budget Control Act (BCA) of 2011, have further accelerated these and other housing subsidies.¹¹ Under BCA caps, policymakers face the difficult decision of

reducing the amount of rental assistance available to low-income people or sustaining assistance for these families while deepening cuts in other programs, including housing and community development programs administered by HUD.¹² Efforts beyond sustaining current levels of assistance have required even deeper cuts in other essential support areas. Today, the U.S. government spends approximately one-third the level of support for affordable housing as it did in the 1960s.¹³

Substance abuse and mental health

Substance abuse and untreated mental and physical health ailments contribute to homelessness in the U.S. and in California. An individual suffering mental illness is more likely to withdraw from friends and family and to face unique difficulties maintaining employment.¹⁴ Once homeless, individuals suffering mental illness are more likely to abuse alcohol and illicit drugs as a coping mechanism to alleviate anxiety and trauma.¹⁵ Substance Abuse and Mental Health Services Administration estimates 26 percent of sheltered homeless Americans suffer a severe mental illness and 35 percent suffered a chronic substance abuse disorder.¹⁶ The California Legislative Analyst Office estimates 23 percent of homeless Californians are severely mentally ill and 17 percent suffer from a chronic substance abuse disorder. Other diseases and impairments can also negatively impact a person's ability to obtain and remain housed, including PTSD, traumatic brain injuries, and HIV/AIDS related illnesses. The relationship between mental health and homelessness often forms a negative feedback loop whereby an individual suffering a relatively treatable mental illness loses housing then, once homeless, suffers severe mental and physical decline that makes re-housing more difficult. In the Bay Area, nearly half (49 percent) of homeless residents self-report having at least one current health condition that may affect their housing stability (FIGURE 12). Many of these individuals are unable to seek or retain housing without intensive treatment and case management.

Figure 12: Current Health Conditions that may Affect the Housing Stability of Those Experiencing Homelessness (2019)



Source: HUD Point in Time Counts (2019) for Santa Clara, San Francisco, Alameda, Sonoma, Marin, and Solano Counties (~88.2% of Bay Area Homeless population).
 Analysis: Bay Area Council Economic Institute

Systemic Racism

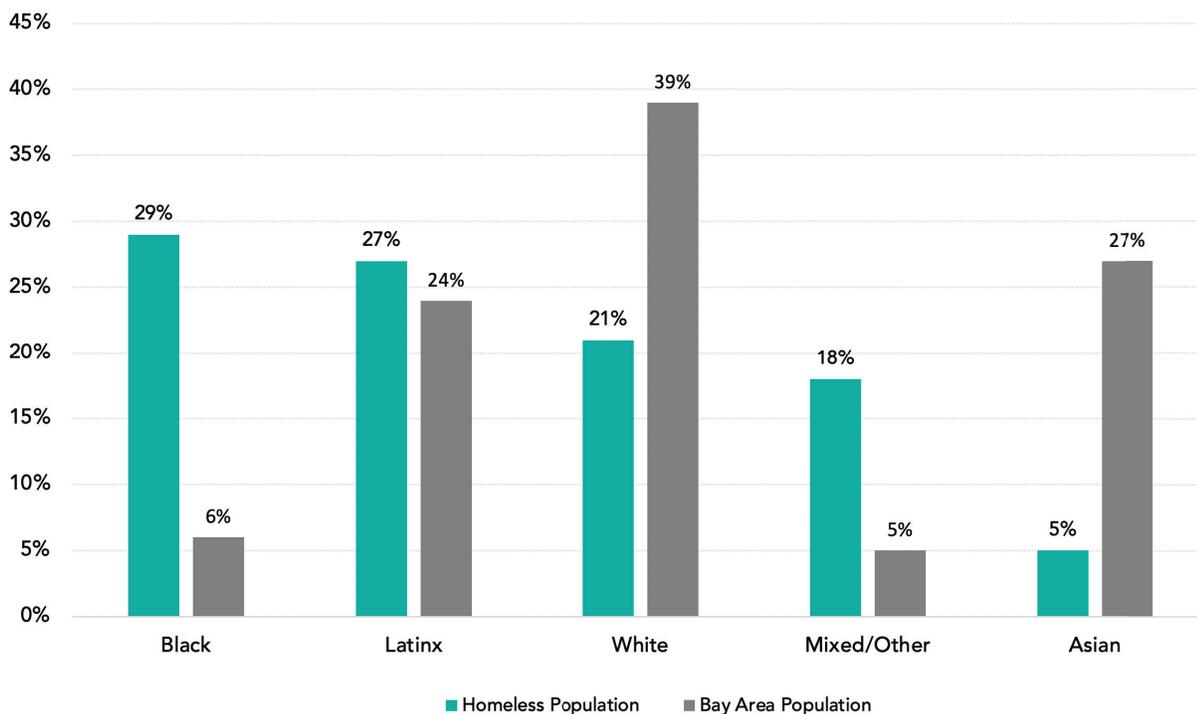
People of color in the U.S. are far more likely to experience homelessness than white Americans. A recent study conducted by Destination: Home and SPARC (Supporting Partnerships for Anti-Racist Communities) found the persistent wealth gap and the lack of economic opportunity put communities of color at higher risk of homelessness, people of color are disproportionately impacted by housing affordability, and that high rates of homelessness among people of color in the U.S. mirrors disproportionality in other safety net systems.¹⁷ Furthermore, the study found homeless people of color were less likely to receive the same level of support as homeless white Americans. Despite comprising less than seven percent of the Bay Area’s population, African Americans make up nearly 30 percent of the region’s homeless population (FIGURE 13). Bay Area residents identifying as American Indian, Alaska Native, Native Hawaiian, Pacific Islander, and multi-race are also disproportionately

likely to experience homelessness in the Bay Area compared to white and Asian residents, and the level of disproportionality vary across the region. In Santa Clara County, Latinx households make up only 25% of the general population, but account for 43% of the homeless population.

Disjointed and Unfocused State and Local Services

Not only have existing state and local incentives for affordable housing production failed to scale to meet demand, they also don’t focus on the households at highest risk of becoming homeless. Extremely-low-income (ELI) households are defined by HUD as those earning below 30 percent of area median income, meaning they spend a much larger portion of their income on housing than households higher up the income scale and are considered at highest risk for homelessness. Seventy-seven percent of California’s ELI

Figure 13: Racial and Ethnic Over and Under Representation in Bay Area Homeless Population (2019)



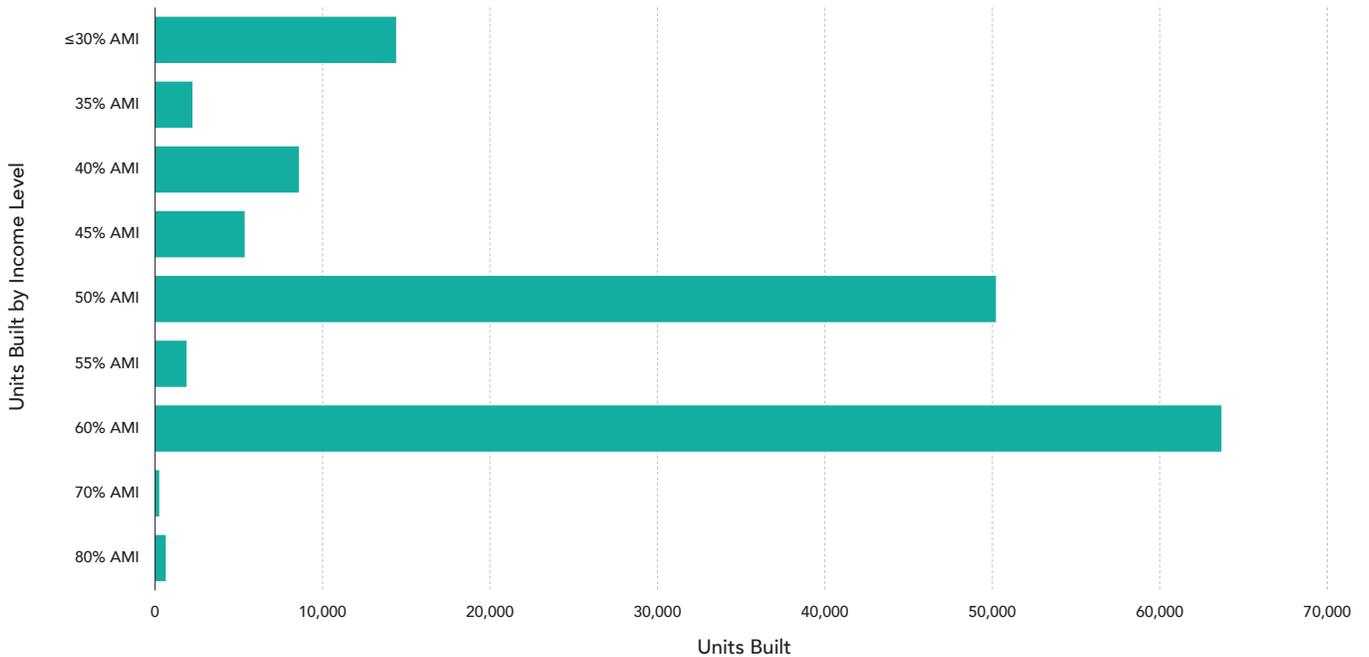
Source: HUD Point-in-Time Count 2019, U.S. Census Bureau
 Analysis: Bay Area Council Economic Institute

households are severely-rent-burdened, meaning they spend over 50 percent of household income on rent, the highest rate in the U.S.¹⁸ An even greater number of the Bay Area's ELI households, 88 percent, are severely-rent-burdened.¹⁹ As a result, ELI households are less likely to be able to afford minor economic disruptions such as medical emergencies or job loss, and are widely seen by experts as being one of the highest-risk groups for becoming homeless. Yet state and local housing subsidies in California consistently prioritize housing for higher income households at less risk. For instance, the U.S. Government incentivizes the production of affordable housing with the Low-Income Housing Tax Credit (LIHTC). State housing agencies award these tax credits to private developers of affordable rental housing projects through a competitive process, which are then sold to private investors to obtain funding. Once the housing project is made available to tenants, investors can claim the LIHTC over a 10-year period. The LIHTC program allocates approximately \$8 billion

for states to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing for low-income households. However, between 2011 and 2019, less than 10 percent of homes developed using the California LIHTC were built for ELI households (FIGURE 14). Local and regional low-income housing bonds also tend to benefit the upper range of low-income households. Over the past ten years, at least seven affordable housing bonds have been approved by Bay Area voters. Yet only Santa Clara County's 2016 Measure A set aside more than 20 percent of revenues (74 percent) for the highest-risk households at the bottom of the income bracket.

Faced with these challenges, even a well-managed anti-homelessness program would face enormous difficulties. Yet California's affordable housing and homelessness programs have come under increased scrutiny for their bureaucratic inefficiencies. A 2020 analysis from the State Auditor revealed that the state's "cumbersome" and "ineffective" housing bureaucracy resulted in the

Figure 14: New Multi-Family Units Receiving California Low-Income Housing Tax Credits (2011-2019)



Source: California State Treasurer. California Tax Credit Allocation Committee. Project Mapping. List of Projects
Analysis: Bay Area Council Economic Institute

expiration of \$2.7 billion in bond funding that had been available for affordable housing projects.²⁰ In a February 2021 report, the State Auditor also criticized California’s “disjointed” approach to homelessness, including the lack of coordination between the state’s 41 different anti-homelessness programs administered by nine different state agencies.

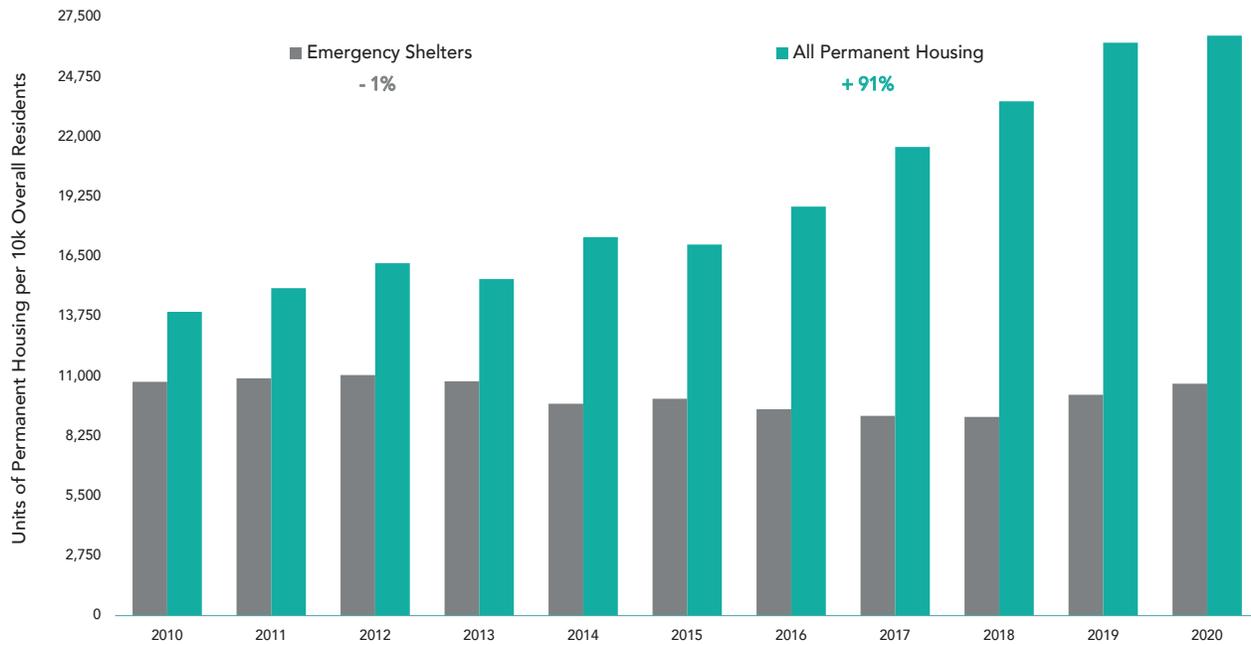
Why Unsheltered Homelessness is More Common in California

California provides fewer emergency shelter beds relative to the size of its homeless population than any other state in the U.S. As a result, homeless Californians are far more likely to resort to sleeping on sidewalks, in parks, in tents, and in cars. California’s inability to shelter its homeless residents can be traced to several factors, including the local prioritization of permanent housing, local opposition to providing emergency shelters, and even its temperate climate.

Prioritization of permanent housing

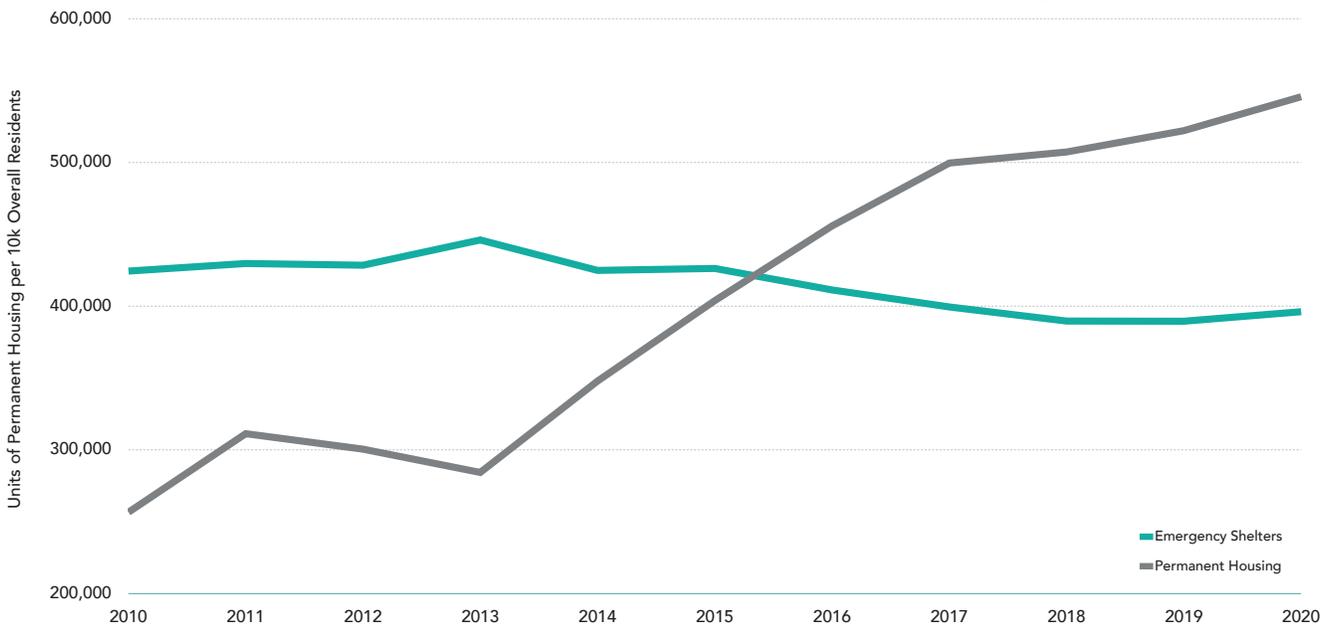
Between 2010 and 2020, the San Francisco Bay Area’s inventory of emergency shelter beds declined one percent while its inventory of permanent supportive housing and other permanent housing options increased 91 percent (FIGURE 15). The Bay Area’s prioritization of permanent housing is consistent with national trends: the number of emergency shelter beds declined seven percent nationally between 2010 and 2020 while the number of permanent housing options increased 114 percent (FIGURE 16). However, the Bay Area and other California cities have been unable to scale permanent housing options faster than people are becoming homeless. The City of San Francisco estimates that for every 50 people it helps exit homelessness, another 150 people become homeless.²¹ The City of Los Angeles estimates that 227 residents become homeless for every 207 people that exit homelessness.²²

Figure 15: SF Bay Area Inventory of Permanent Housing and Emergency Shelters (2010-2020)



Source: HUD Housing Inventory Counts. Includes all Permanent Supportive Housing, Rapid Rehousing, and Other Permanent Housing
 Analysis: Bay Area Council Economic Institute

Figure 16: U.S. Total Inventory of all Emergency Shelters and Permanent Housing (2010-2020)



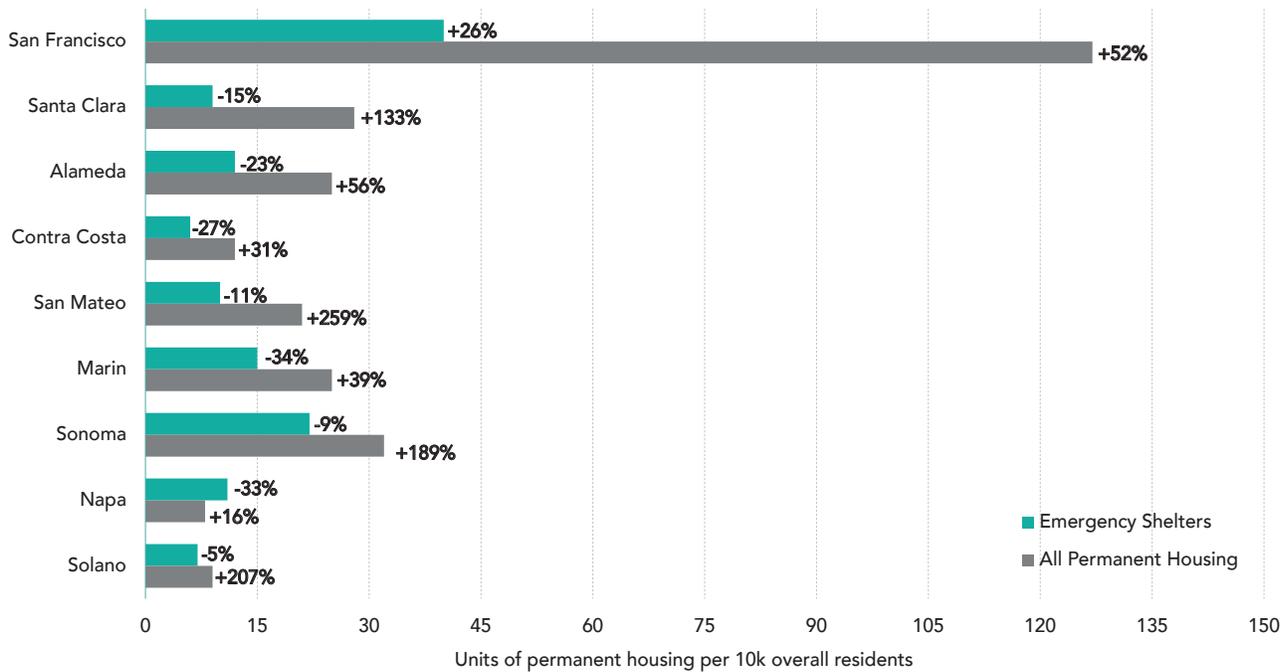
Source: HUD Housing Inventory Count. Includes all states, territories, Puerto Rico, and DC
 Analysis: Bay Area Council Economic Institute

The Bay Area’s aggregate inventory of emergency shelters and permanent housing hide stark intraregional differences, particularly with regard to the outsized role San Francisco plays in providing homeless services in the region. For example, San Francisco provides 42 percent of the region’s permanent supportive housing and 33 percent of its emergency shelters despite only having 11 percent of the region’s overall population. Furthermore, San Francisco was the only Bay Area county to expand its inventory of emergency shelters over the past decade, adding nearly 1,000 beds even as the rest of the region reduced its inventory by nearly the exact same amount (FIGURE 17). The Bay Area’s unequal and distribution of homeless services likely contributes to the concentration of homelessness in relatively service-rich (for the Bay Area) places like San Francisco, where a higher proportion (30 percent) of homeless residents say they first became homeless elsewhere than any other Bay Area County.²³

Local opposition to emergency shelters

Unlike some cities and states in the U.S., California cities are not legally required to provide shelter to people experiencing homelessness and enjoy broad discretion whether or not to do so. The voluntary nature of providing housing and homeless services in California allows housed residents to mobilize political pressure to delay, and sometimes altogether halt, the construction of affordable housing and homeless shelters. In 2019, residents in Venice Beach raised \$220,000 to sue the City of Los Angeles to halt construction of a 154-bed homeless shelter, and residents along San Francisco’s Embarcadero raised over \$100,000 to sue the city to prevent the construction of a 200-bed Navigation Center.²⁴ In April 2020, the City of Laguna Beach sued Orange County to prevent the conversion of a 76-bed hotel to quarantine homeless residents who either had, or were at high risk of contracting, COVID-19.²⁵ In October 2020, the Milpitas city council voted unanimously to sue the state of California to halt a fully

Figure 17: Shelter and Housing Solutions Provided per 10,000 Residents (2020) with Percent Change Since 2010



Source: HUD Housing Inventory Counts. Includes all Permanent Supportive Housing, Rapid Rehousing, and Other Permanent Housing
 Analysis: Bay Area Council Economic Institute

funded conversion project to transform local hotel into 132 studio apartments for homeless people, including onsite support services.²⁶ Following vocal neighborhood opposition, the City of Berkeley in 2020 denied a request by Covenant House California to change the use permit for an existing transitional housing project to expand its capacity. Several new California laws, including AB 101 (Wiener) and AB 2553 (Ting), have streamlined the approval process for new and expanded emergency shelters supported by local governments; these laws work by reducing the ability of residents and bureaucratic processes to stall projects. However, when local governments themselves are opposed to expanding emergency shelters within their jurisdictions or concede when faced with public opposition, there remain few legal remedies.

Shifting Legal Environment

Faced with over 100,000 unsheltered homeless residents, California cities are grappling with the legal implications of the de facto privatization of public spaces by homeless residents. People who lack any access to shelter, housing, or privately-owned space to call their own must be able to sleep and live somewhere. However, California Penal Code section 647(e) makes it a misdemeanor to “[lodge] in any building, structure, vehicle, or place, whether public or private, without the permission of the owner or person entitled to the possession or in control of it.”²⁷ Violators of 647(e) may be subject to penalties up to one-year jailtime and/or \$1,000 in fines. Local governments may have additional ordinances against sleeping on public or private property without permission. Many Bay Area cities are seeking policy solutions that balance the needs and rights of unsheltered residents with nowhere else to go, against the needs and rights of surrounding neighbors and businesses who are subjected to encampment-related impacts. But in the course of attempting to strike this balance, the power of state and local authorities to enforce laws against public encampments have come under increased scrutiny in recent years, perhaps most of all from the case of *Martin v. City of Boise*.

Martin v. Boise was brought by a group of homeless individuals who had received citations from the City of Boise for violating local ordinances against camping

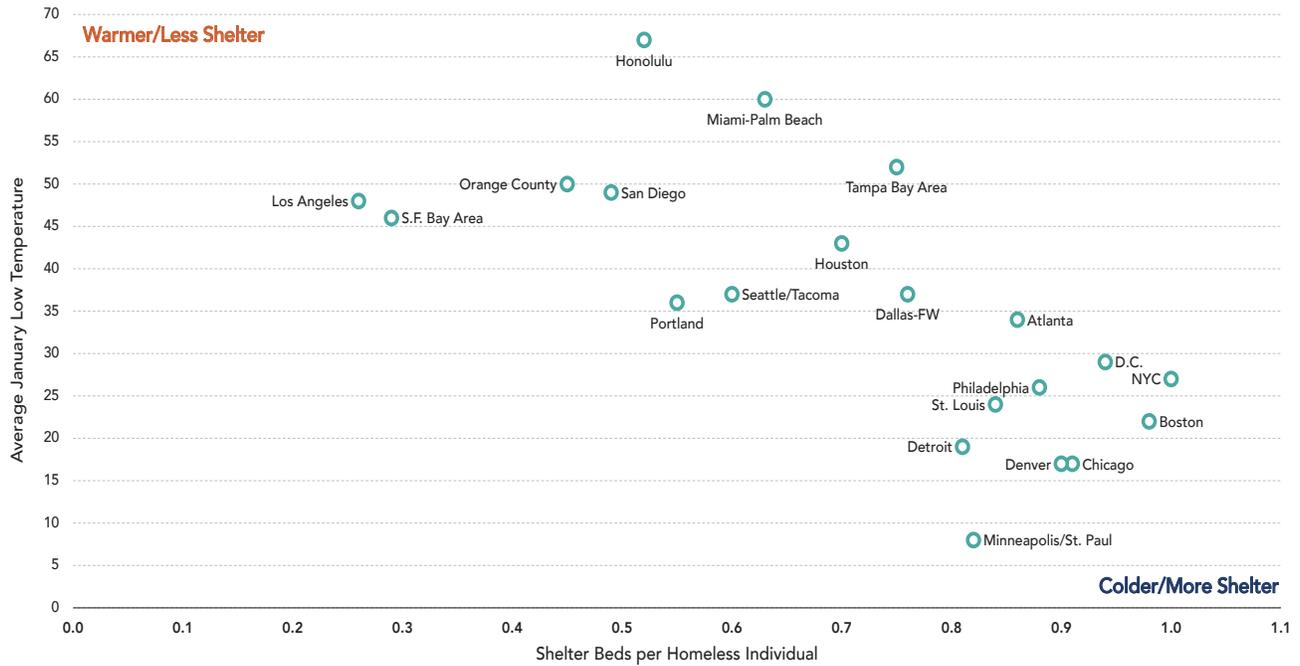
on public property. In 2018, the U.S. Ninth Circuit Court of Appeals ruled that “the Eighth Amendment’s prohibition on cruel and unusual punishment bars a city from prosecuting people criminally for sleeping outside on public property when those people have no home or other shelter to go to.” In December 2019, the U.S. Supreme Court upheld the Ninth Circuit ruling in the case. The *Martin* ruling is broadly interpreted to mean cities cannot sanction homeless residents for violating 647(e) or other local ordinances without first offering shelter that is adequate and available. However, these terms remain undefined. What type of shelter is considered “adequate” under *Martin*? When, and for what length of time, must shelter be offered to be considered “available”? Cities that enforce state and local ordinances against illegal public encampments without meeting these undefined standards, which can vary from one judge to another who is hearing the case, risk expensive litigation. The City of Oakland, for example, has been sued seven times in recent years for its encampment interventions.

Meanwhile, cities are also obligated to enforce health and safety standards of structures within their jurisdictions, including structures used, but not permitted for, human habitation. In other words, cities may be held liable for damages caused by unsafe conditions at homeless encampments, but also liable for damages for attempting to improve health and safety standards for homeless residents residing in encampments. The result is often paralysis, with cities having limited options to respond to encampments--and the public often misinterpreting that lack of action as a lack of concern on the part of local officials.

Climate

The temperate climate found in most of California, including the Bay Area, may also act as a disincentive for state and local governments to invest in emergency shelter. U.S. cities and regions with average January low temperatures below freezing maintain inventories of emergency shelter beds capable of sheltering an average 92 percent of their homeless populations compared with just 37 percent for warmer regions (FIGURE 18). Notably, colder regions shelter a greater share of people experiencing homelessness despite having more homeless residents relative to their overall

Figure 18: Shelter Inventory by Average January Low Temperature (2019)



Source: HUD Point in Time Count (2019), [CurrentResults.com](https://www.hud.gov/pointintime), data pulled from 1981-2010 NOAA Climatic Data Center.
 Analysis: Bay Area Council Economic Institute

populations: on a per capita basis, homelessness is 33 percent more common in colder regions than the warmer ones. Rather than incentivize homelessness, as warm weather is sometimes suspected of doing, temperate climates instead appear to weaken local and state political will to ensure shelter is available for all who need it.

Consequences: Health, Safety, and COVID-19

The prevalence of large and unsheltered homeless populations in the Bay Area and elsewhere in California threatens public health and safety. Between 2016 and 2018, 27 percent of all homeless deaths in San Francisco were attributed to violence and traumatic injury, including stabbings and gunshot wounds.²⁸ In 2016, 10 percent of all homeless deaths in Santa Clara County were due to vehicle related accidents.²⁹ Homeless Los Angelenos are 26 times more likely to

die from alcohol and drug abuse, 11 times more likely to die from transportation-related injuries, 10 times more likely from homicide, and five times more likely to die from suicide than their housed counterparts.³⁰ The average age at death for homeless San Franciscans and Los Angelenos is just 51 years, 37 percent below the housed population (81 years).³¹ Deaths among California’s homeless population are also increasing. In 2015, 835 homeless people died in Los Angeles, San Francisco, and Santa Clara counties, a rate of 145 per 100,000. By 2019, the number of homeless deaths in those same counties increased to 1,477, or 193 deaths per 100,000 after accounting for population growth.³² Presumably, some of these deaths could have been avoided with increased shelter access: Of the 135 homeless residents to have died in San Francisco in 2018, 68 percent hadn’t spent a single night in a homeless shelter within the past year.³³

Many of the illnesses commonly associated with chronic homelessness, including chronic pulmonary disease, diabetes, and coronary artery disease, are recognized by the Centers for Disease Control as comorbidities for COVID-19.³⁴ According to researchers from the University of Pennsylvania, University of California Los Angeles, and Boston University, homeless Americans are twice as likely to be hospitalized by COVID-19 infections, two to four times more likely to require critical care, and two to three times more likely to die.³⁵ The New York City Coalition for the Homeless estimates COVID-19 mortality rates were 61 percent higher for homeless residents than the general population.³⁶

Not only are people experiencing homelessness more likely to become seriously ill or die from COVID-19, they are also less able to prevent its spread. Unsheltered

homeless individuals lack access to basic amenities needed to regularly wash hands, disinfect surroundings, and store food for extended periods of self-quarantine. While these risks can be reduced by expanded access to emergency shelters, the shelters themselves introduce other risks. Most shelters in the Bay Area and elsewhere in the U.S. are congregate, meaning services are provided in a communal setting where social distancing may be difficult or impossible.³⁷ Most shelters operate at or near capacity. A four-city study of COVID-19 spread at homeless shelters conducted by the CDC in April 2020 discovered an outbreak at MSC South, the largest homeless shelter in San Francisco, that had infected 95 residents and 10 staff members with COVID-19.



2



Shelter Mandates

Shelter mandates, also known as right-to-shelter policies, are laws requiring jurisdictions to provide emergency shelter to homeless residents. Shelter mandate jurisdictions that fail to provide shelter to those covered by the mandate can be held liable to penalties and other court actions. The relative absence of unsheltered homeless in cities with some form of shelter mandate, including New York City, Boston, and the District of Columbia, has created interest among some local California officials in implementing a mandate in the Golden State.³⁸ In this chapter we analyze the experience of shelter mandate jurisdictions, including their strengths, weaknesses, alternatives.

Shelter mandates and unsheltered homelessness

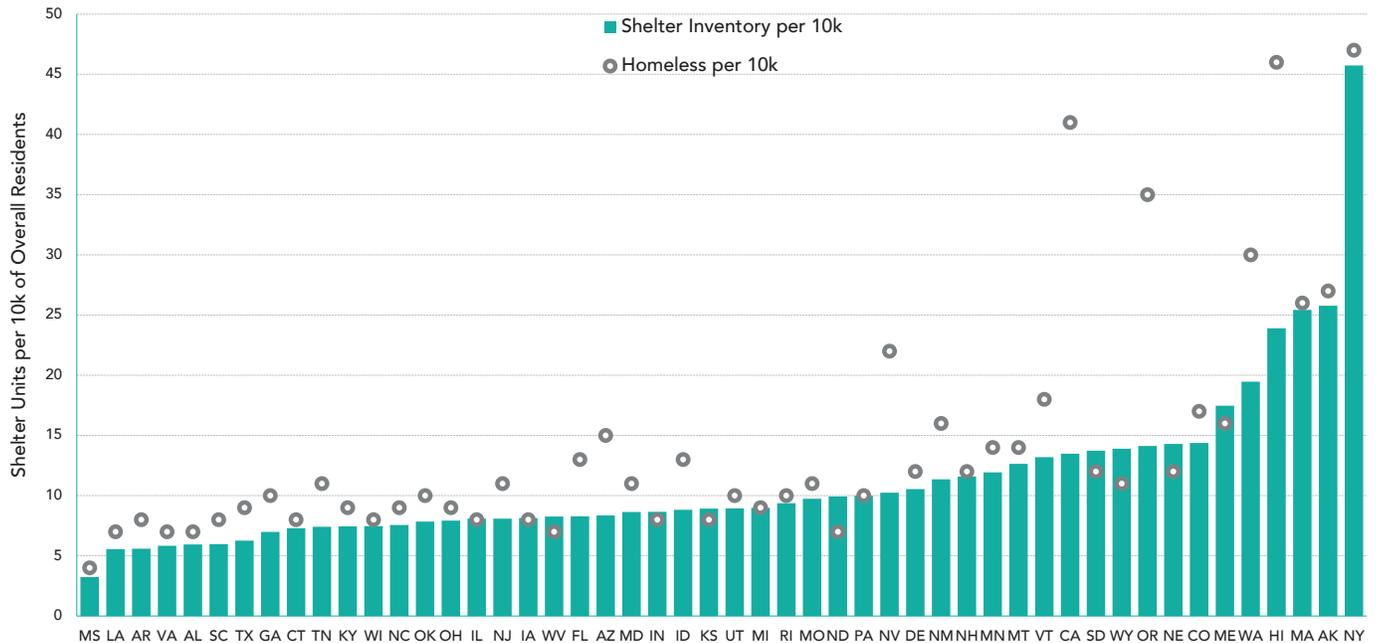
Shelter mandates are designed to ensure homeless individuals are guaranteed access to basic shelter. They largely succeed. The District of Columbia, New York City, and Boston (the largest city in the Massachusetts shelter mandate jurisdiction) provided shelter to 90, 95, and 97 percent of their respective homeless populations in 2020. These three cities are able to provide shelter to nearly all homeless residents despite having three of the four largest homeless populations in the U.S., relative to their overall size (FIGURE 6). While many U.S. cities and states with low rates of unsheltered homelessness do not have shelter mandates, these jurisdictions tend to have inexpensive housing markets and relatively small homeless populations. For example, St. Louis,

Detroit, and the greater Denver area shelter 95, 86, and 84 percent of their homeless residents, respectively. However, median rents in St. Louis, Detroit, and the greater Denver area are just 34, 37, and 60 percent of those in the Bay Area, and their homeless populations are just 26 percent, 21 percent, and 39 percent the size of the Bay Area's homeless population. Shelter mandate jurisdictions demonstrate how even the highest-cost jurisdictions with the largest homeless populations can provide near-universal shelter if they choose to do so.

Shelter mandates and high rates of homelessness

Shelter mandates are sometimes accused of perversely incentivizing homelessness. If the shelter-causation hypothesis were true, one would expect to see the rate of homelessness closely mirror shelter inventories across the U.S., as empty shelters fill with people taking advantage of free accommodations, and level-off once capacity was reached and opportunistic people choose instead to remain housed. The data does not support this hypothesis. The vast majority of states have more homeless individuals than available shelter beds, and several states—Hawaii, Washington, Oregon, and California in particular—have far more homeless residents than beds (FIGURE 19). Among cities, San Francisco has nearly the identical rate of homelessness as New York City and the District of Columbia with barely one-third of the shelter capacity.

Figure 19: All Homeless and Emergency Shelters per 10k Overall Residents



Source: HUD Housing Inventory Count, U.S. Census Bureau
 Analysis: Bay Area Council Economic Institute

One recent and prominent attempt to portray a causal relationship between shelters and homelessness was a 2019 report from President Trump’s Council of Economic Advisors.³⁹ The report cited a 1999 study by Michael Cragg and Brendan O’Flaherty on the surge in the number of families served by the New York City homeless shelter system between 1990 and 1993, shortly after the city began prioritizing homeless families residing in city shelters to jump the queue for subsidized housing.⁴⁰ Yet Cragg and O’Flaherty rejected this hypothesis and instead identified other major factors driving the increase. The Trump Administration also claimed that improving shelter quality increases homelessness, again citing Cragg and O’Flaherty. While improved shelter “quality” was responsible for some of the rise in family homelessness seen in New York City in the early 1990s, “quality” must not be confused with “luxury.” New York City’s family homelessness increased only after the city began shifting families away from hotel placements into more “highly regimented” Tier II shelters with greater access to counseling and regulated surroundings. The authors concluded that the attractiveness of Tier II shelters relative to hotels

indicated the shelters were being used as intended rather than being abused.

Shelter mandates and permanent housing

Shelter mandates are sometimes criticized as forcing jurisdictions to invest resources into emergency shelters at the expense of permanent housing programs.⁴¹ While there is no law or policy that requires a zero-sum relationship between funding for emergency shelters and permanent housing, legally mandated spending on any program will, by definition, affect resources available for many other programs—not just homelessness. States and cities have broad authority to prioritize funding for shelters and permanent housing however they choose. Yet despite the fiscal burden of managing right-sized shelter systems, shelter mandate jurisdictions tend to provide more permanent housing than the Bay Area or California (FIGURE 20).

One possible explanation for this paradox is that shelter mandates create a powerful incentive for expanding permanent housing. This is because shelters are completely free at point-of-service whereas permanent

housing projects receive operating support equal to 1/3 of tenant income, typically in the form of Social Security or tenant rent contribution. Although permanent housing is much more expensive to build, emergency shelters can be just as expensive to operate. San Francisco's Navigation Centers cost approximately \$40,000 per bed per year to operate, nearly identical to its permanent supportive housing projects. Citing the costs of operating the city's shelter mandate, a 2019 report from the D.C. Interagency Council on Homelessness said "helping people exit [shelters] quickly back to permanent housing is not only good for households experiencing homelessness, it's economically more efficient."⁴²

New York City's shelter mandate is the contentious outlier. Between 2010 and 2020, the U.S. inventory of permanent housing doubled while its shelter inventory declined 12 percent (FIGURE 16). The national prioritization of permanent housing over shelter is largely credited to the 10 percent decline in homelessness in the U.S. since 2010: studies show that 75 to 85 percent of single adults, and 80 to 90 percent of families, that receive permanent housing support stay housed, including high-need individuals.⁴³ New York City bucked this trend. Over the past decade, the city's shelter inventory expanded by 47 percent while its permanent housing inventory expanded by just 41 percent. At the same time its homeless population grew 44 percent, one of the largest jumps in the U.S. To skeptics of shelter mandates, New York City is a cautionary tale of a jurisdiction so burdened by its shelter system that it lacks the resources to get people out of shelters and into permanent housing. The result is an ever-expanding shelter complex full of semi-permanent residences.

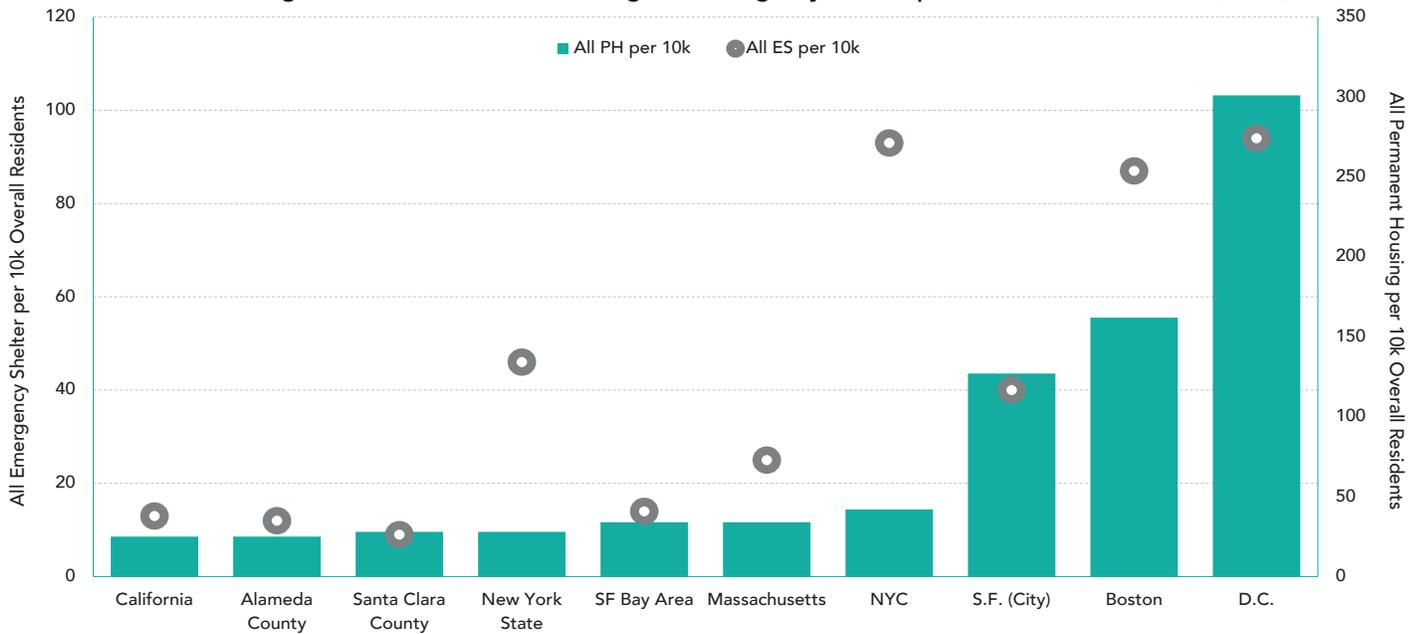
There are several problems with this critique. First, Boston and the District of Columbia also manage comparably large shelter systems yet have two of largest and fastest growing permanent housing inventories in the U.S. Second, while the Bay Area and other regions are expanding their inventories more quickly than New York City, they are still mostly playing catch up to investments New York City has already made: New York City still provides more permanent housing than the Bay Area (though not as much as the City of San Francisco) (FIGURE 20). Third, the Bay Area has followed

national trends to prioritize permanent housing over shelter, yet saw its homeless populations grow even faster (45 percent) than New York City's over the past decade. Finally, New York City has one of the most expensive rental markets in the U.S. and saw the fastest increase in median rents over the past decade outside the Bay Area (FIGURE 16). Rather than contributing to a homeless crisis, New York's shelter system appears to be responding as designed to a housing affordability crisis exacerbated, like in California, by a supply shortage. The difference is that whereas New York guarantees homeless residents basic shelter and sanitation services, California warehouses its homeless families and individuals outdoors among the elements, and their numbers continue to grow while we slowly add housing to our stock, nowhere near the scale that is required.

Based on the experience of other regions, a shelter mandate could greatly reduce unsheltered street homelessness in the San Francisco Bay Area. A mandate would also create political pressure, through humanitarian and fiscal demands, to expand regional support for permanent housing exits from the shelter system. If the Bay Area were to adopt a shelter mandate, it would have an opportunity to improve upon New York City's experience by reducing pressures on the shelter system at both the point of entry and exit by building more homes to reduce rental market pressures on low-income households, increasing homelessness prevention programs, and by investing in more permanent housing pathways for people to exit the shelter system.



Figure 20: All Permanent Housing and Emergency Shelter per 10k Overall Residents (2020)



Source: HUD Housing Inventory Count. Includes all Emergency Shelters
 Analysis: Bay Area Council Economic Institute

Legal pathways to a Bay Area shelter mandate

The biggest obstacle to adopting a shelter mandate in the Bay Area may be the unique legal and political challenges of California regionalism. Shelter mandates in the U.S. have been implemented in different ways. New York City’s mandate was imposed via judicial consent decree; Washington, D.C.’s was enacted by the Mayor and District Council; Massachusetts’ was created by the governor and state legislature. In this section we briefly examine several paths and considerations a regional shelter mandate in the San Francisco Bay Area could take (FIGURE 21).

■ **Geography:** A shelter mandate could be created to cover all or a portion of the San Francisco Bay Area’s nine-counties and 101 cities. If done sub-regionally, the mandate would likely have to cover at least Alameda, San Francisco, and Santa Clara counties—which together comprise about 74 percent of the Bay Area’s homeless population—to have a

noticeable impact, and possibly the adjacent counties of San Mateo and Contra Costa as well. Covered jurisdictions should consider residency requirements to prioritize shelter for local homeless residents and to discourage the jurisdiction from becoming the de facto service provider for neighboring cities and counties who aren’t contributing to the mandate’s operations and maintenance.⁴⁴

■ **Scope:** The Bay Area would have to decide which segments of its homeless population are covered by the mandate. New York City’s shelter mandate covers everyone in need; Massachusetts’ covers families; and the District of Columbia’s guarantees families shelters during extremely hot or cold weather events (although it operates a smaller inventory of shelters year-round). Like most cities and regions on the west coast, the Bay Area’s homeless population mostly comprises of single adults, about 28 percent of whom are considered chronically homeless. Any regional shelter mandate would likely have to cover this population to have a noticeable impact.

Figure 21: Different Paths to Shelter

	BARRIERS			BENEFITS		
	Permitted under state constitution	State legislation required	Voter approval required	Able to fund capex	Able to fund operations	Able to fund shelters and housing
Unfunded state mandate	NO	-	-	-	-	-
Funded state mandate	YES	YES	YES (2/3)	YES	YES	NO
Unfunded regional mandate	YES	YES	YES (50%)	NO	NO	NO
Funded regional mandate	YES	YES	YES (2/3)	YES	YES	NO
State bond funding	YES	YES	YES (50%)	YES	NO	YES
SFBAHFA	YES	NO	YES (2/3)	YES	YES	YES

Analysis: Bay Area Council Economic Institute

Lead agency:

The region would also have to determine which level of government was best suited to implement the mandate. Counties have been the traditional level of government for implementing many public welfare programs. These currently include Temporary Assistance for Needy Families (which replaced Aid to Families with Dependent Children), General Assistance or General Relief, and Supplemental Nutrition Assistance Program (previously known as food stamps). Counties are experienced in applying means-based qualifications for social programs, should that be part of a shelter program. However, many existing shelter programs are administered by cities, particularly those in large cities such as San Francisco, Oakland, and San Jose. Cities are more likely to have access to existing land available that could be used for shelter functions, such as safe parking lots or lots for siting temporary structures. However, cities may be more susceptible to NIMBY (not-in-my-backyard) organizations seeking to block the construction of homeless facilities whereas counties can

implement their projects in cities without obtaining local land use approvals. A successful mandate would require cities and counties to scale, in tandem, the physical and supportive services infrastructure necessary to make shelters operate successfully.

Funding:

A shelter mandate would require considerable additional public resources which could be secured through several means. Below we consider several options.

- **Unfunded state mandate:** California could attempt to require local or regional governments to bear the costs of a shelter mandate, yet such an effort would likely run afoul of state constitutional requirements that the state bear the costs of any state-imposed mandates.
- **Funded state mandate:** The state could instead pass a statewide shelter mandate and provide financial support from the general fund, as is done

in Massachusetts for homeless families. However, California's volatile and highly competitive general fund would likely result in a system plagued by chronic underfunding, poor services, and litigation, while also negatively impacting competing public priorities such as education, health, and transportation.

- **Unfunded regional mandate:** Bay Area voters could, via ballot measure, require jurisdictions to adopt a shelter mandate and to pay for the mandate using existing municipal budgets without additional revenues. New York City and the District of Columbia each pay for their shelter system from their general funds without a dedicated revenue source (although New York City receives state support equivalent to about 10 percent of its shelter costs). However, the lack of a dedicated funding source would create ripe conditions for chronic underfunding, poor services, and litigation, as well as negatively impact competing public priorities such as health care, transportation, public safety and other services.
- **Funded regional mandate:** Bay Area voters could approve a shelter mandate with dedicated new tax revenues via ballot measure, either as an add-on to existing taxes (such as was done with the mental health tax added to the state's income tax) or an entirely new levy, as was done with the parcel tax for the San Francisco Bay Restoration Authority approved by over 70 percent of voters via Measure AA in June, 2016. Since housing is intimately related to property, a logical type of tax might also involve property. Proposition 13 expressly limits the imposition of any ad valorem property tax, but parcel taxes are often imposed, as are property transfer taxes, which are collected by the recorder's office when a property is sold or transferred. Sales taxes, while commonly used to finance regional priorities, are regressive and also subject to multiple proposals and caps on the total amount that can be imposed by local governments. As with all tax measures proposed by a public entity, this method would require approval by an aggregate two-thirds of Bay Area voters.
- **State bond funding:** California voters could pass a general obligation bond to pay for homeless infrastructure. Bonds can provide large amounts

of capital quickly and reliably over a period of 5 to 10 years, depending on the size of the bond. However, bond funds are generally limited by law to capital projects and wouldn't be available for operational budgets, a major cost driver of shelter and supportive housing projects. Bonds are also expensive and politically unreliable. Additionally, the single-subject rule for state ballot initiatives would require a separate ballot measure to impose a shelter mandate.

Alternative to a Shelter Mandate - Bay Area Housing Finance Authority

Unlike residents in many other states, California voters can—and often do—approve new tax measures for specific funding priorities. The Bay Area has a successful track-record of approving funding measures for housing and homelessness, unrelated to a shelter mandate. Since 2015, the Bay Area has raised over \$3 billion through successful local measures (below). These funding sources have provided resources for transitional housing, permanent affordable housing, and homelessness and prevention services.

- **San Francisco:** \$310 million (2015); \$300 million (2018); \$600 million (2019)
- **San Mateo County:** \$85 million (2016)
- **Alameda County:** \$580 million (2016);
- **Santa Clara County:** \$950 million (2016)
- **Oakland:** \$100 million (2016)
- **Emeryville:** \$50 million (2018)
- **Napa County and Select Cities:** \$5 million (2018)
- **Berkeley:** \$135 million (2018)
- **Sonoma County:** \$25 million/year (2020)
- **San Jose:** \$70 million/year (2020)

While these local efforts have been essential to supporting Bay Area residents and preventing a still worsening of the homelessness crisis, they have not been sufficient to meet the scale of the problem. In response, the Bay Area Housing Finance Authority

(BAHFA) was created to meet the regional scale of the crisis, rather than continuing to let the region be held back by 109 jurisdictions each trying to solve the region's housing and homelessness crisis on their own. In 2019, Governor Gavin Newsom signed legislation by San Francisco Assemblymember David Chiu, AB 1487, that created BAHFA through a historic partnership between local and regional Bay Area elected leaders and the California Legislature. Jointly governed by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC), BAHFA is designed to advance the "Three Ps": protect current residents from displacement, preserve existing affordable housing, and produce new affordable housing. BAHFA is equipped with a powerful set of funding and finance tools, including the ability to place on the ballot new tax measures to create reliable

funding streams for affordable housing and programs to reduce homelessness in the Bay Area. To account for variations in need across the region, one portion (80 percent) of revenues generated would remain in the counties of origin while the other portion (20 percent) would go into a regional pool. While BAHFA's enabling legislation provides a fair amount of flexibility, it does specify a set of eligible uses for revenues raised at the ballot and minimum expenditures for the "Three P's," – at least 52 percent for new affordable housing production, at least 15 percent for affordable housing preservation, and at least 5 percent for tenant protections, including rental assistance. It also allows for a local government incentive program (10 percent of the region's allocation), that can be allocated for additional uses, including infrastructure, down-payment assistance programs, and homeless shelters.

Bay Area Housing for All

In 2020, Bay Area Housing for All, a coalition of non-profit organizations, elected officials, and private sector partners, began working with ABAG and MTC to explore an ad valorem property tax whose revenues would support a \$10 billion general obligation bond. While these plans were delayed due to the COVID pandemic, this proposal demonstrates what a future BAHFA funding measure could look like for the region. Under a \$10 billion bond, \$8 billion would be administered by the region's counties and major cities, while \$2 billion would be administered regionally by BAHFA; up to \$200 million could be available to expand the region's inventory of emergency shelters and at least \$5 billion would be available to expand the region's inventory of extremely-low-income, very-low-income, and low-income housing. A portion of remaining funds would be used for preserving affordable housing units and expanding tenant protection programs. By raising new regional funding for capital expansion, the Bay Area would also place itself at a competitive advantage to leverage additional state and federal funding for operational expenses.



3

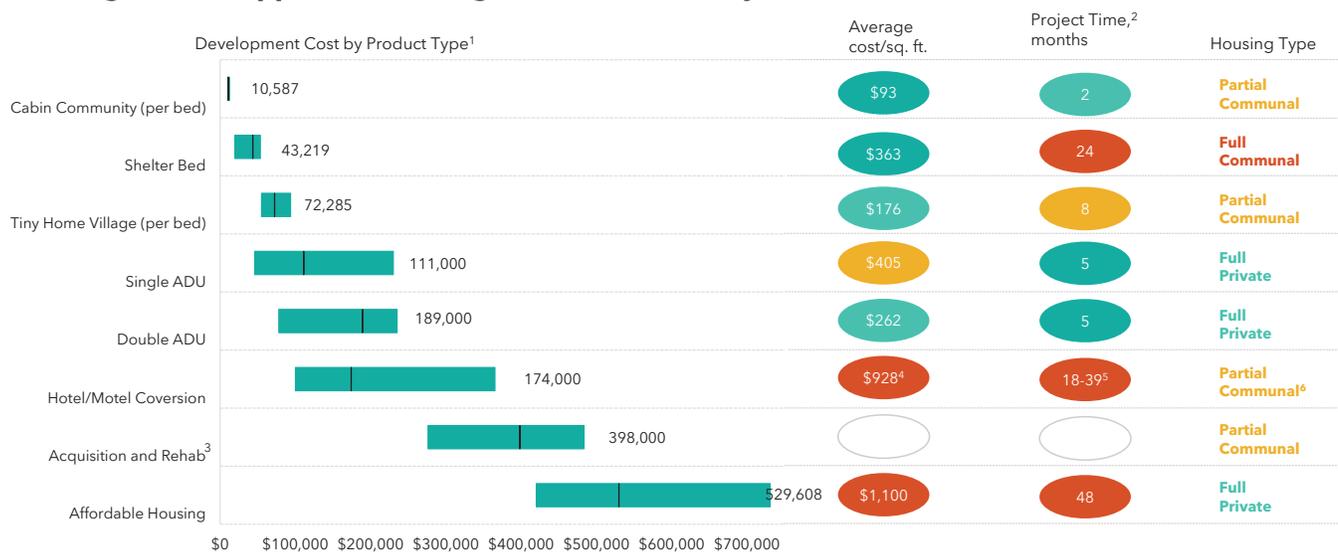


Cost Estimates for Ending Homelessness in the Bay Area

An expanded shelter inventory can help solve the Bay Area’s unsheltered homeless crisis. However, solving the broader problem of homelessness in the Bay Area requires scaling a portfolio of shelter, housing, and homelessness prevention programs to address needs

across the spectrum of housing insecurity. In this chapter we’ll look at the cost of right-sizing the region’s shelter inventory as well as its inventory of permanent housing and prevention programs. For this analysis we’ll be using the 1:2:4 ratio developed by All Home, a regional.

Figure 22: Supportive Housing Cost and Scalability Breakdown



¹ The range in blue reflects the minimum and maximum price for the given product. Median price is denoted in black.

² The duration between a proposal to build, convert, or install a unit and the date that said unit is opened

³ Bay Area only. From Enterprise Community Partners: *Preserving Affordability, Preventing Displacement. Acquisition-rehabilitation of unsubsidized affordable housing in the Bay Area*

⁴ Assumes 250 square foot room

⁵ 2-3 months for sale negotiation; 12-24 months for local approvals; 6-12 months for construction. Lower range includes depressed market values resulting from COVID-19 and expedited project approvals under pending legislation

⁶ When converted into transitional housing. Hotels and Motels may also be converted into permanent supportive housing, although this is less common.

homeless advocacy organization in the Bay Area. This ratio is not a prescribed methodology, but an investment strategy that underscores the need for concurrent investment in interim housing of differing types (e.g., non-congregate shelter, safe parking, community cabins, tiny homes), flexible permanent housing exits and homelessness prevention all at the same time. All Home recommends for every new interim housing option, the region provide two new permanent housing exits (e.g., through production, acquisition or flexible rental subsidies) and four homeless prevention interventions (FIGURE 22)

Shelters - Units Needed: 22,644

HUD defines shelter as any facility whose primary purpose is to provide a temporary shelter for people experiencing homelessness in general, or for specific populations, and which does not require occupants to sign leases or occupancy agreements. Nationally, shelters are lumped into three categories, including Emergency Shelter, Transitional Housing, and Safe Havens (Navigation Centers). Shelter in the Bay Area comes in a wide variety of models and services. For this analysis we chose to scale Cabin Communities for their economy, successful implementation in Oakland, and ability to provide greater privacy than traditional congregate shelters. For our cost analysis, we use the per unit capital costs and annual operations costs of Oakland Cabin Communities.

Cabin Communities: \$10,831 per unit

Cabin communities are clusters of temporary shelters that provide insulated lodging, meals, portable restroom facilities, on-site security, and the security of a double occupancy unit with a locking door. Each cabin community includes around 20 cabins, each accommodating two people with beds, blankets, storage boxes, and other basic amenities. The cabin community model also includes flexible funds that can be used to pay for family reunification, transportation, move-in costs, and new clothing for job interviews. A low barrier to entry model allows people to live with pets, partners, and personal possessions. The sites include case workers and other services that help residents find jobs and move into permanent housing. First pioneered in Oakland under Mayor Libby Schaaf

with the support of private donors, businesses, and nonprofit organizations, cabin communities can now also be found in Sacramento, San Diego, and Riverside. Relative to other shelter options, cabin communities are inexpensive, quick to build, and accessible to a wide population of homeless individuals. Cost estimate assumes public/donated land.

Permanent Housing - Units Needed: 56,028

Permanent housing is defined by HUD as community-based housing without a designated length of stay in which formerly homeless individuals and families live as independently as possible. Permanent housing programs require the tenant lease (or sublease) a unit for an initial term of at least one year that is renewable and is terminable only for cause. The federal government funds, through local Continuums of Care, two types of permanent housing: permanent supportive housing for persons with disabilities and rapid re-housing, which provides housing search and relocation services and medium-term rental assistance to move homeless persons and families (with or without a disability) as rapidly as possible into permanent housing. Note: the number of estimated units needed is more than double the estimated shelter beds needed to account for homeless residents currently sheltered.

For our cost analysis, we use the surveys of Bay Area homeless residents to estimate 50 percent are candidates for permanent supportive housing (FIGURE 22). We assume these new permanent supportive housing units will be provided using, for simplicity's sake, equal amounts of three different project types: new modular construction, hotel/motel conversions, and acquisition and rehab projects. For annual costs, we use the annual average of permanent supportive housing in the City of San Francisco, or \$39,134.⁴⁵ For the remaining 50 percent, we assume these residents can remain housed using \$15,000 in annual flexible housing vouchers to subsidize rental expenses. Using All Home projections, we further estimate that one-third of this population will require support services totaling an additional \$15,000 annually to remain housed.

Traditional Affordable Housing: \$529,608 per unit

As a housing product, permanent supportive housing is similar to affordable housing, except tenants are provided with wraparound services. Due to the larger sample size available, we use actual cost data for building affordable housing projects receiving tax credit finance in the Bay Area in 2019 to estimate the cost of building a new unit of permanent supportive housing. Recent examples of modular housing construction (whereby housing components are manufactured offsite and assembled on-location) have been shown to reduce these costs an average 30 percent compared to traditional construction methods. Using modular construction methods, we estimate the per unit cost of affordable housing could be reduced to \$401,990.

Hotel/Motel Conversion: \$174,000 per unit

In response to the COVID-19 pandemic, Governor Newsom unveiled Project Homekey—a state, federal, and philanthropic partnership to permanently acquire and convert hotels and motels into housing for homeless residents. Within 90 days of its launch, Homekey successfully acquired 6,000 rooms capable of serving over 9,000 Californians in the single largest expansion of homeless housing in state history. Hotels and motels have a long history of being converted into housing for people experiencing homelessness. Pre-COVID-19 conversion projects typically involved distressed properties in need of extensive renovation, but Homekey projects have reduced costs by acquiring newer, better functioning properties that require relatively little rehabilitation. It is unclear whether or not the state will be able to continue acquiring and converting hotels at these low costs. However, given the large number of successful conversions recently created under Project Homekey, we use the average cost of Bay Area Homekey projects announced as of November 6, 2020 to estimate the costs of conversion projects going forward.

Acquisition and Rehabilitation: \$389,000

Acquisition and rehabilitation refers to the restoration of existing structures, usually for extremely-low and very-low-income households that are either homeless or

housing insecure. Rehabilitation projects help preserve neighborhood features and reuse existing structures which can reduce political obstacles and community resistance. However, retrofitting old structures to current regulations make acquisition and rehab expensive, while California's limited housing stock limits the ability of this method to scale.⁴⁷

Prevention Programs - \$4,000 per intervention

Prevention programs typically involve low-barrier cash and/or rent assistance equivalent to about \$4,000 per homeless household to stabilize households at risk of losing their housing. Destination: Home, a homeless services provider in Santa Clara County, estimates 95 percent of families receiving such assistance remain housed while receiving support, and 94 percent of families who received assistance remain housed one year after leaving the program.⁴⁸ We estimate the Bay Area needs 90,576 additional prevention services.

Other Housing Products

The above housing and shelter products are meant to serve as bookends for a reasonable cost estimate to solve homelessness in the Bay Area. However, other low-cost housing and shelter products can, and in many cases are, being used today to provide various services and interventions across the Bay Area.

Tiny Home Villages - \$72,285 per unit

Tiny home villages are clusters of small homes paired with communal services that serve as transitional housing for homeless individuals. Unlike cabin community units, which are temporary, tiny home village units are permanent housing structures generally less than 100 square feet. The tiny home village model typically provides residents with a bed, storage space, electrical outlets, and a locking door for security and privacy. In February 2019, San Jose Mayor Sam Liccardo opened the region's first tiny home village to 40 individuals. Permitted on public Caltrans land, each unit is approximately 80 square feet with a bed, storage space, heating and cooling system, and a lockable door. To encourage residents to find employment and eventually more permanent housing, they are required

to pay 10 percent of their income, or \$20 if they are unemployed for the first six months of their stay. After six months, rent increases by 10 percent every six months, capping at 30 percent.⁴⁹ Shared amenities are available onsite including bathrooms, showers, laundry facilities, kitchen space, and a common area with computers, internet access, and job boards. The village is also protected by 24/7 security.

Accessory Dwelling Units - \$111,000 per unit

Accessory dwelling units (ADUs) are housing products added to developed parcels, typically as an additional backyard unit or through the conversion of existing non-residential structures like garages. Unlike Cabins or Tiny Homes, ADUs are built to the same standards as other permanent housing types and have their own kitchens, bathrooms, and living areas.⁵⁰ While ADUs are typically marketed to owners of single and multi-family housing units, they could also be used to provide extremely-low-income housing on a private parcel, permanent supportive housing on a public parcel much like a Tiny

Home Village. The Bay Area Council Surveyed 13 ADU manufacturers and design consultants to assess the scalability of single ADUs (150 square feet to 600 square feet) and double ADUs (600 square feet to 800 square feet).

Conclusion

A Bay Area shelter mandate could shelter the vast majority of the region’s homeless population for approximately \$245 million in one-time capital expenditures and \$481 million in annual spending on services and management. This shelter network would gradually expand, and its costs gradually rise, unless the Bay Area took additional measures to prevent homelessness and expand exits into permanent housing. According to the 1:2:4 model developed by All Home, right-sizing the Bay Area’s shelter, housing, and prevention services would cost approximately \$9.3 billion in one-time capital expenditures and \$2.5 billion in annual spending on services and management (FIGURE 23).

Figure 23: Cost of Solving Homelessness in the Bay Area Under 1:2:4 Model

	Units Required	Cost/Unit (Capital)	Cost/Unit (Annual)	Total Capital	Total Annual
Transitional Shelters (1x all unsheltered homeless households)					
Cabin Communities	22,644	\$10,831	\$21,250	\$245,257,164	\$481,185,000
Homeless Prevention (4x new transitional shelters)					
Emergency Cash Assistance	90,576	-	\$4,000	-	\$362,304,000
Permanent Housing (2x all homeless households)					
Permanent Housing Solutions (50%)					
New Modular (1/3)	9,338	\$401,990	\$40,000	\$3,753,782,620	\$373,520,000
Hotel/Motel Conversion (1/3)	9,338	\$174,000	\$40,000	\$1,624,812,000	\$373,520,000
Acquisition & Rehab (1/3)	9,338	\$389,000	\$40,000	\$3,632,482,000	\$373,520,000
Other Permanent Housing (50%)					
Flexible Housing Vouchers (\$15k per homeless households + \$15k for all 1/3 homeless households for supportive services)	28,014	-	\$20,000	-	\$560,280,000
TOTAL				\$9,256,333,784	\$2,524,329,000

- Cabin Community estimates from City of Oakland
- Homeless Prevention estimates from AllHome
- Modular estimates represents regional average. Assumes 30% cost saving from current per/unit costs of subsidized housing.
- Hotel/Motel Conversion estimates from Bay Area Project Homekey projects
- Acquisition & Rehab estimates from Enterprise Community Partners

Recommendations

Creating a shelter mandate for the Bay Area would require state legislation to design a mandate, create an enforcement agency, craft a funding mechanism, and win approval from at least 2/3 of Bay Area voters. If the mandate proposal could survive the numerous veto-points along that path, the experience of other shelter mandate jurisdictions in the U.S. strongly suggest the mandate could dramatically reduce unsheltered homelessness in the Bay Area. However, under a shelter mandate, the Bay Area's shelter system would gradually increase in size and cost unless the region took additional measures to prevent homelessness from occurring in the first place, and to expand its inventory of permanent housing to create exits from the shelter system. While a New York City-style shelter mandate alone would improve conditions for people experiencing homelessness in the Bay Area by providing access to a roof over their heads and access to some services, the Bay Area has an opportunity, due to its deficit of shelter and housing products of all types, to improve upon existing models in New York City and elsewhere. Below we recommend a suite of regional, state, and federal actions to prevent homelessness, and to more quickly resolve homelessness where it occurs.

Recommendation #1: \$20 billion state investment to extend Project Homekey and help regions scale inventories of shelters, housing, and prevention programs. In less than one year, California's Project Homekey has housed over 6,000 homeless individuals in the single largest expansion of homeless housing in California history. California should dedicate at least \$20 billion of its record \$76 billion FY 2021-2022 budget surplus to expand Project Homekey, make one-time investments in capitalized operating reserves for homeless services, and to help local-governments right-size inventories of emergency shelters, permanent housing, and prevention services along the 1:2:4 model.

Recommendation #2: \$10 billion regional expansion of affordable housing and emergency shelters using the Bay Area

Regional Housing Finance Authority (BAHFA). Rather than pursuing a shelter mandate, the Bay Area should use the tools already at its disposal to raise significant new revenue and support regional coordination to address our housing and homelessness crises at scale, such as the Bay Area Regional Housing Finance Authority (BAHFA). BAHFA, jointly governed by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC), had been exploring a \$10 billion general obligation bond to place on the 2020 ballot. While these plans were delayed due to the COVID-19 pandemic, this proposal demonstrates what a future BAHFA funding measure could look like for the region. Under a \$10 billion bond, up to \$200 million could be available to expand the region's inventory of emergency shelters and at least \$5 billion would be available to expand the region's inventory of extremely-low-income, very-low-income, and low-income housing. A portion of remaining funds would be used for preserving affordable housing units and expanding tenant protection programs. The authority already exists, has established its own political support, and doesn't need to be created by the legislature. Shelter mandates work by forcing jurisdictions to invest in shelters when they otherwise would not do so voluntarily. Although the BAFHA is not empowered to create or enforce a shelter mandate, it can accomplish a similar goal by providing a new funding source for the many different housing and shelter types needed to address the broad spectrum of homelessness and housing insecurity, including shelters.

Recommendation #3: State policy changes to boost supply and reduce pressure (and costs) on renters High rates of homelessness strongly correlate with expensive rental markets across the U.S., and expensive rental markets are a symptom of market shortages. Additional funding for homeless shelters and housing should be paired with policy changes to facilitate vastly increased housing production across the Bay Area to reduce pressure in the rental market and lower costs. While state policy is calling on the Bay Area to build 441,176 new housing units over

over the next seven years through the Regional Needs Allocation (RHNA), production is stymied by local anti-housing regulation. California should pass proposals like SB 9 (Atkins) which would allow duplexes on single-family lots statewide; SB 478 (Wiener), that would eliminate local barriers to building small apartments in areas where they're currently zoned; SB 10 (Wiener) would allow cities to up-zone areas around transit and employment centers to allow up to 10 units per parcel; AB 561 (Ting) would guarantee loans to homeowners to install accessory dwelling units; and SB 6 (Caballero) which would make it easier for developers to convert empty strip malls and big box stores into affordable housing, to make it easier for cities to add supply.

Recommendation #4: Reduce local barriers to building and expanding shelters Recently passed state laws have allowed willing cities to expand shelter inventories more expeditiously. These include AB 932 (Ting), which allows cities to waive certain environmental inspections for shelters, and AB 101 (Wiener) which allows cities to approve navigation centers without being subjected to environmental litigation. However, cities that do not want shelters within their jurisdictions are under no obligation to build them and can furthermore thwart efforts by non-profit organizations to open and manage shelters. California should declare that any city whose homeless population is over 10 percent unsheltered to be in a state of Shelter Crisis, and that shelters proposed by non-profit entities within those cities be approved "by-right" provided they meet certain health, safety, and location requirements.

Recommendation #5: Focus limited subsidies on the most housing-burdened populations Recently passed state laws have allowed willing cities to more expeditiously expand shelter inventories. These include AB 932 (Ting), which allows cities to waive certain environmental inspections for shelters, and AB 101 (Wiener) which allows cities to approve navigation centers without being subjected to environmental litigation. However, cities who do not want shelters within their jurisdictions are under no obligation to build them, and can furthermore thwart efforts by non-profit organizations to open and manage shelters.

California should declare that any city whose homeless population is over 10 percent unsheltered to be in a state of Shelter Crisis, and that shelters proposed by non-profit entities within those cities be approved "by-right" provided they meet certain health, safety, and location requirements. Recommendation #2: State policy changes to boost supply and reduce pressure (and costs) on renters.

Recommendation #6: Fully Fund Section 8

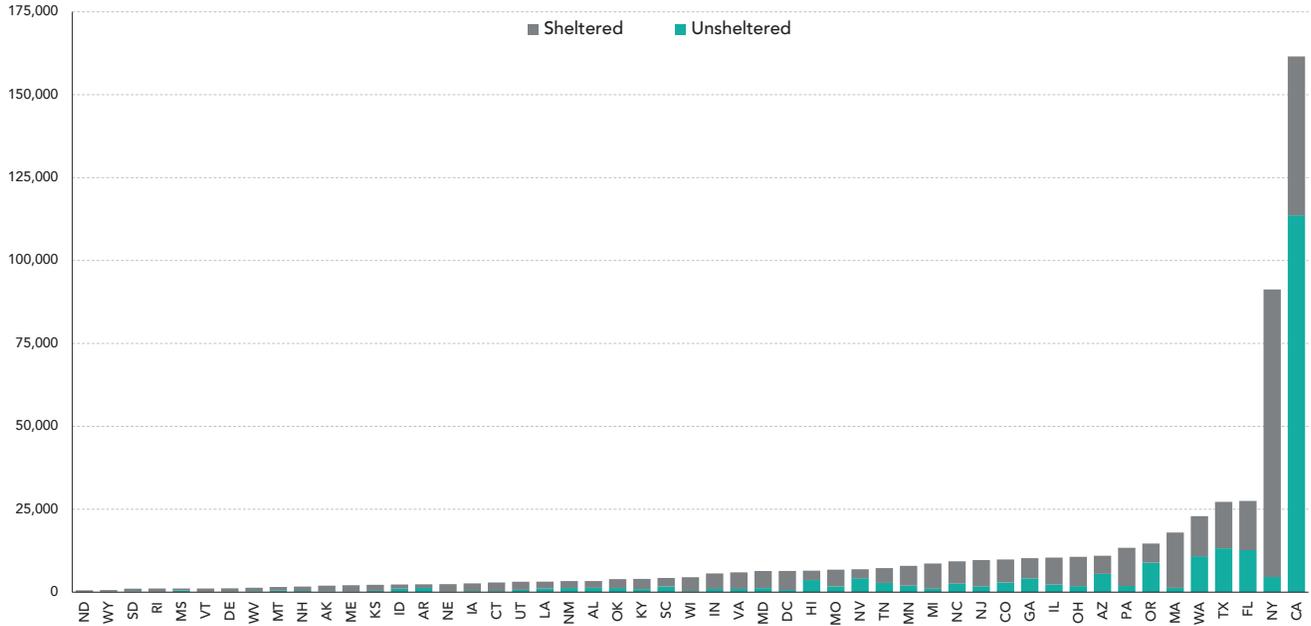
Even with increased regional funding, the Bay Area will unlikely be able to solve homelessness without additional federal support. Yet today, the U.S. government spends approximately one-third the level of support for affordable housing as it did in the 1960s. The biggest, immediate-term way for the federal government to reduce homelessness in the Bay Area and nationally, would be to fully fund Section 8 housing vouchers so that all Americans who qualify (households earning below 50 percent of area median income) can begin receiving them. Today, of the 16 million Americans who qualify for Section 8 housing vouchers, Congress has appropriated funding only for 5 million.

Recommendation #7: Innovative State and Local Approaches to Land Use Regulation & Enforcement

Existing law and planning codes did not anticipate the de facto privatization of public spaces by tens of thousands of individuals, for whom federal courts have recently upheld a Constitutional right to sleep and live somewhere when they lack any access to housing, shelter, or private space to call their own. In the course of attempting to manage unsheltered homeless encampments, California cities may be held liable for damages (e.g. fires) caused by unsafe street encampments, but also liable for damages for attempting to improve health and safety standards for homeless residents residing in encampments, or by enforcing against encampments in high-impact locations. The result is often paralysis. The State should consider expanding recently created provisions to the building code to expedite shelter construction (AB 932) to create and expand sanctioned Safe Car and RV Parks. Cities should be encouraged to experiment with innovative approaches to shelter and enforcement to help clarify existing legal ambiguity in the aftermath of *Martin v. Boise*.

Appendix A

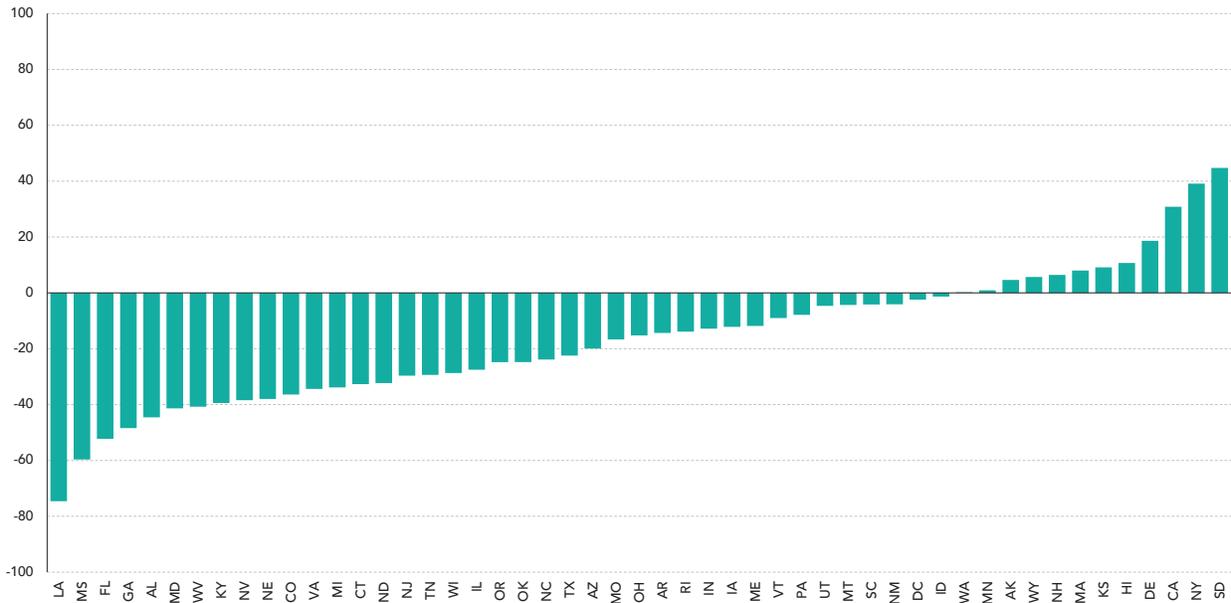
Figure 1: Total U.S. Homeless Population (2020)



Source: HUD Point-in-Time Count 2020
 Analysis: Bay Area Council Economic Institute

Appendix B

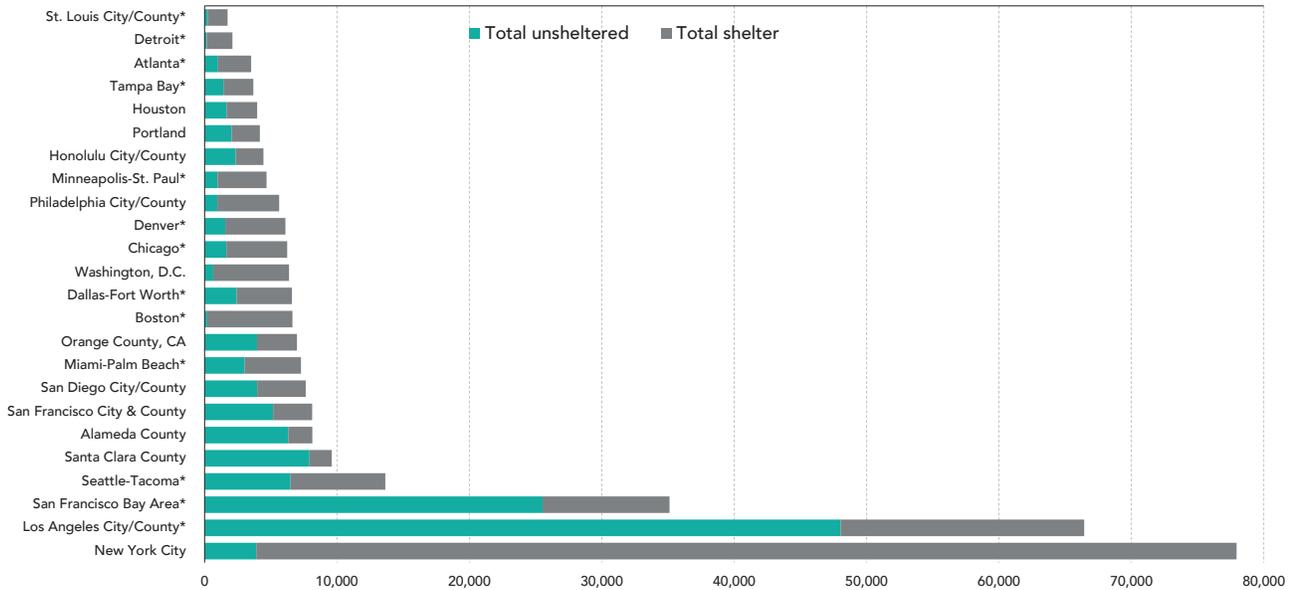
Figure 2: Percent Change in Size of Homeless Population 2010-2020



Source: HUD Point-in-Time Count 2020
 Analysis: Bay Area Council Economic Institute

Appendix C

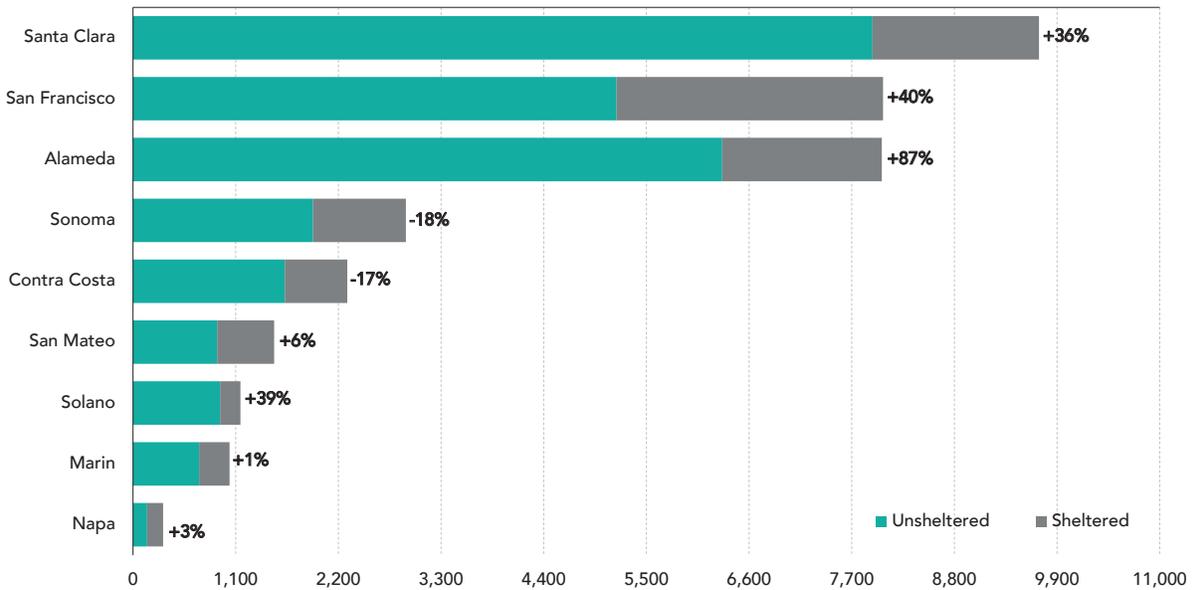
Figure 3: Total Homeless by City/Region (2020)



*Indicates more than one Continuum of Care
 Source: HUD Point-in-Time Count 2020 (Sheltered & Unsheltered)
 Analysis: Bay Area Council Economic Institute

Appendix D

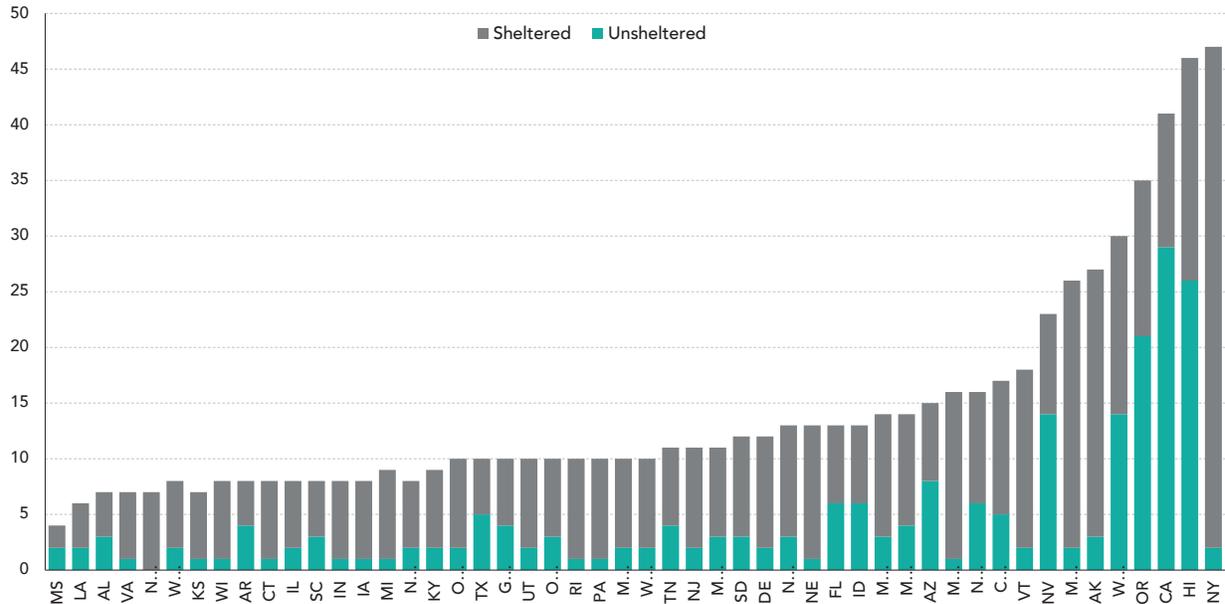
Figure 4: Sheltered and Unsheltered Homelessness in the SF Bay Area (2020) with Percent Change Since 2010



Source: HUD Point-in-Time Count 2020
 Analysis: Bay Area Council Economic Institute

Appendix E

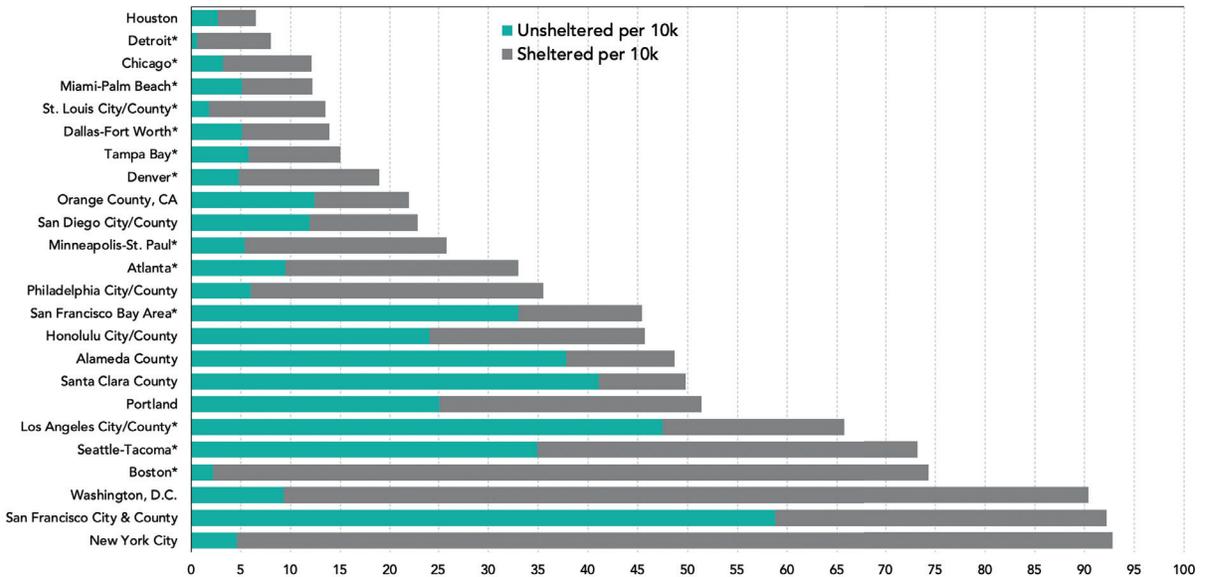
Figure 5: Total Homeless per 10k Residents (2020)



Source: HUD Point-in-Time Count 2019
 Analysis: Bay Area Council Economic Institute

Appendix F

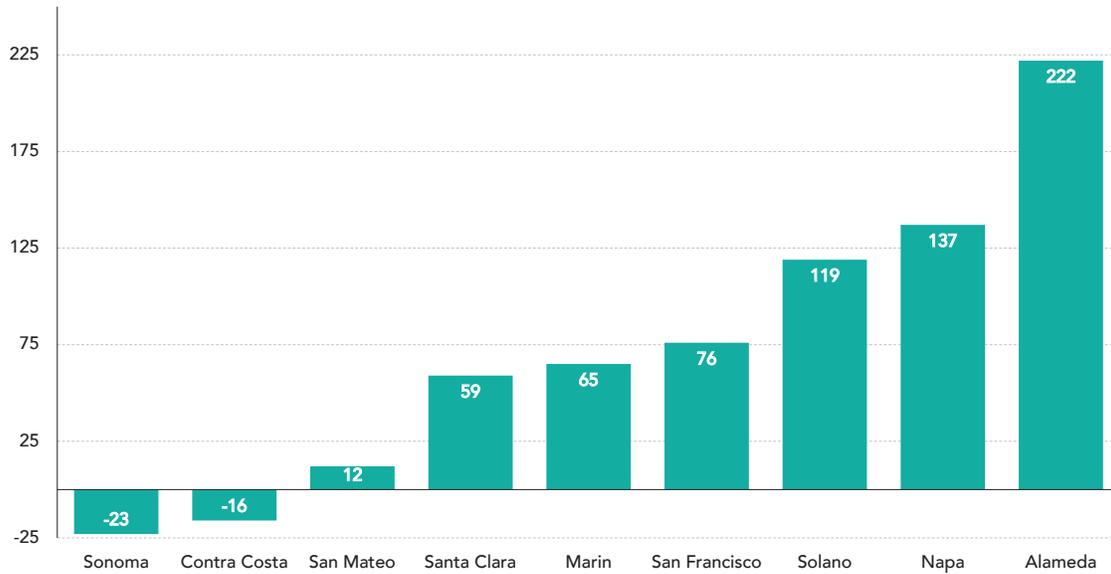
Figure 6: Total Homeless per 10k Residents (2020)



* Includes multiple continuums of care
 Source: HUD Point-in-Time Count 2020 (Sheltered & Unsheltered)
 Analysis: Bay Area Council Economic Institute

Appendix G

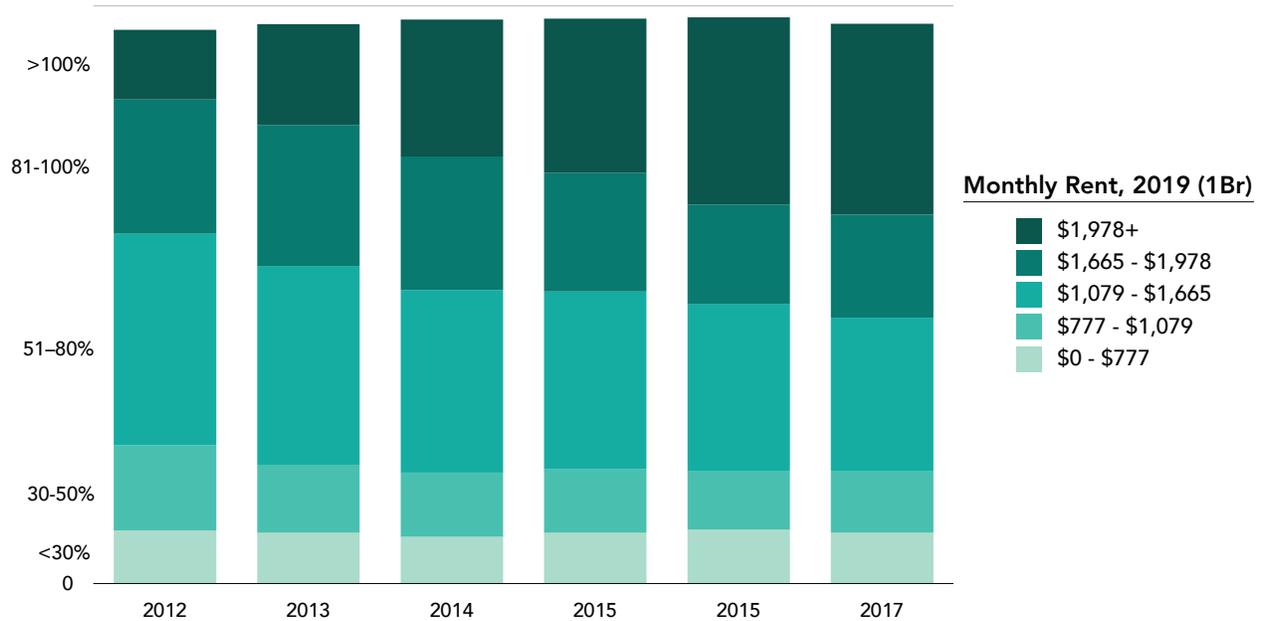
Figure 7: Percent Change in Unsheltered Homeless Population 2010-2020



Source: HUD Point-in-Time Count 2020
 Analysis: Bay Area Council Economic Institute

Appendix H

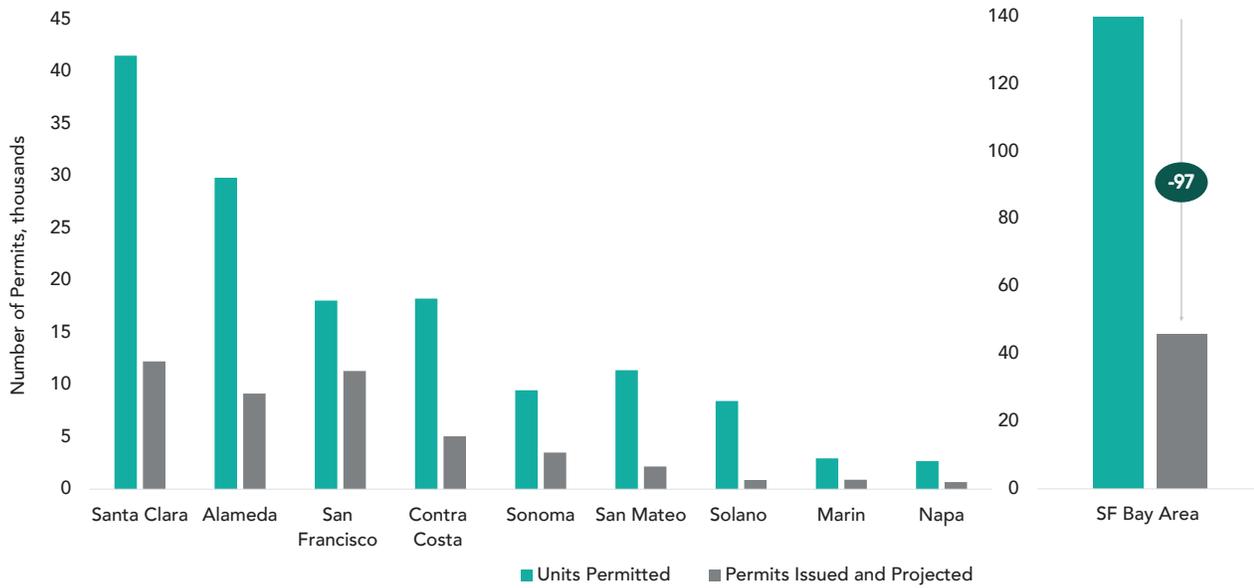
Figure 8: Bay Area Supply of Rental Units by AMI Tier (thousands)



Source: American Community Survey: 2017 PUMS data
 Analysis: Bay Area Council Economic Institute

Appendix I

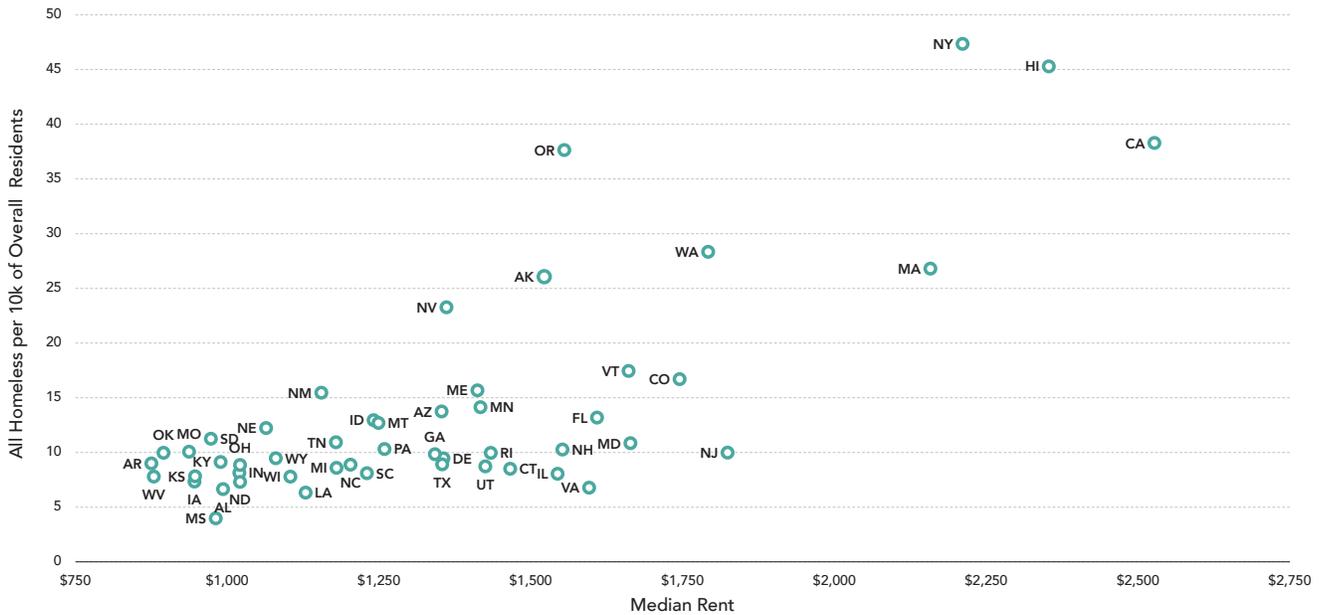
Figure 9: Very Low-Income Regional Housing Needs Allocation and Permits Issued by County (1999-2023)



Source: Association of Bay Area Governments
 Analysis: Bay Area Council Economic Institute

Appendix J

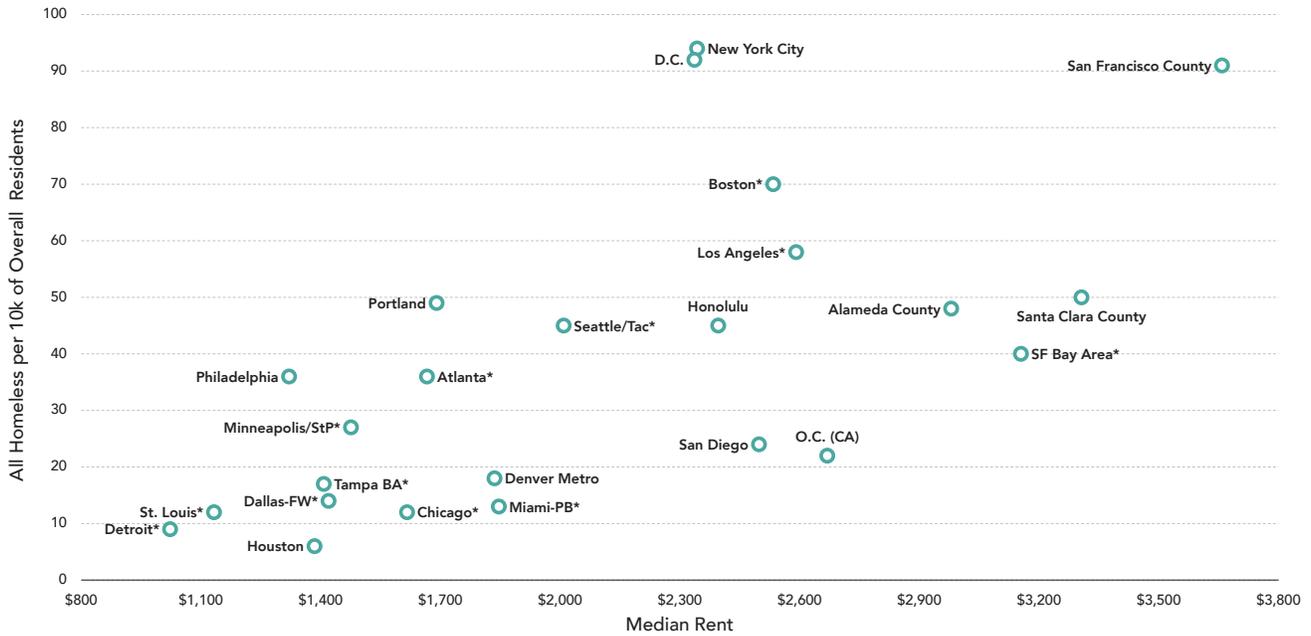
Figure 10: Rates of Homelessness by State and Median Rent (2019)



Source: HUD Point in Time Count (2019), Zillow rents all homes plus multi-family (2019 average).
 Analysis: Bay Area Council Economic Institute

Appendix L

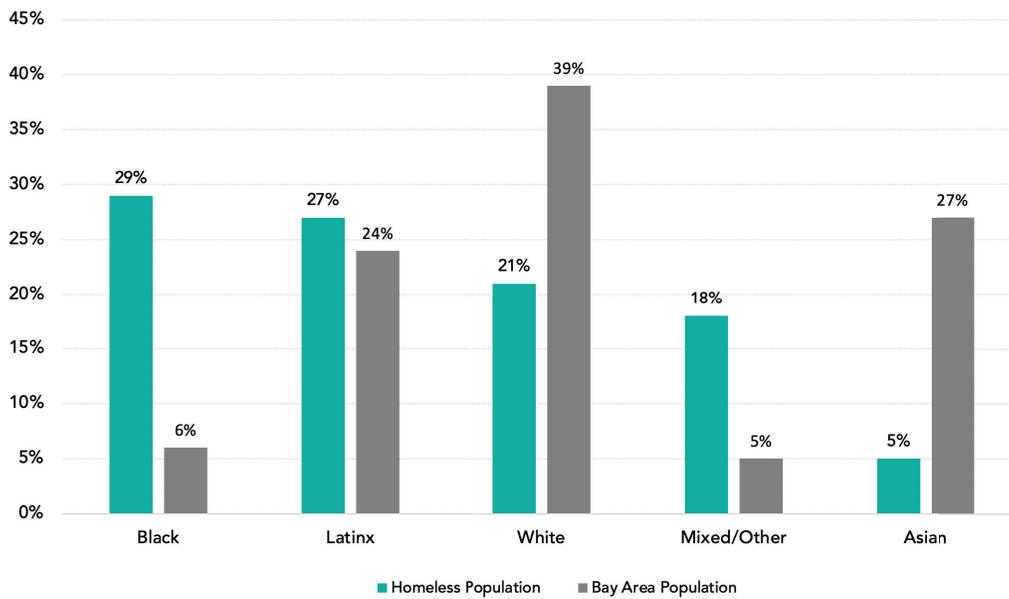
Figure 11: Rate of Homelessness by Region and Median Rent (2019)



*Indicates multiple CoCs
 Source: HUD Point in Time Count (2019), Zillow Median Rents. All Homes Plus Multi-Family (2019).
 Analysis: Bay Area Council Economic Institute

Appendix M

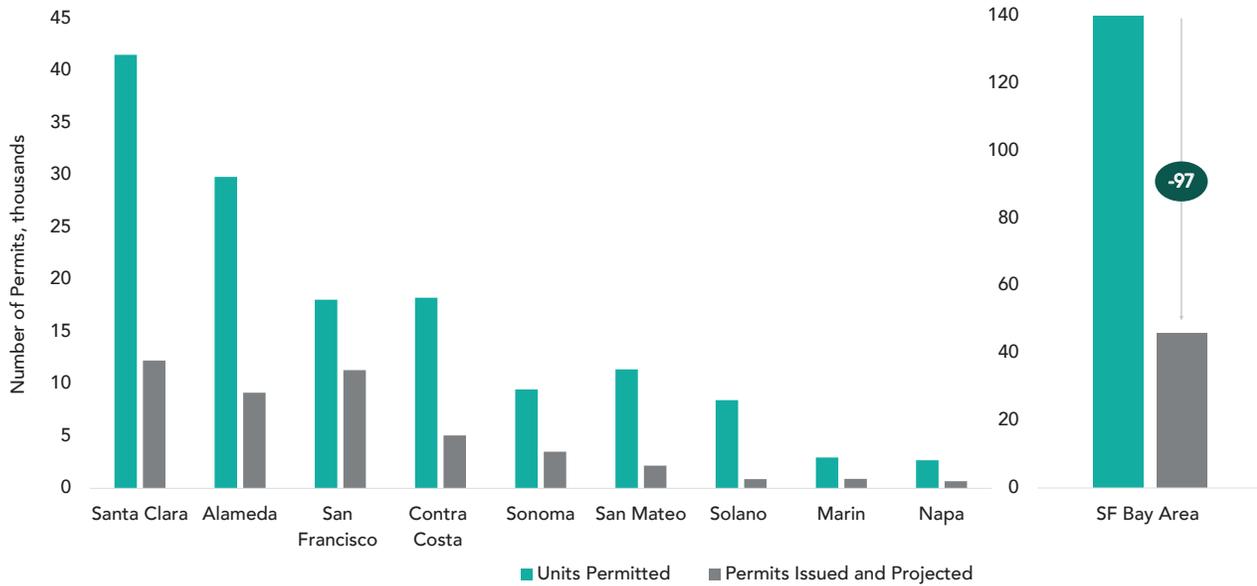
Figure 13: Racial and Ethnic Over and Under Representation in Bay Area Homeless Population (2019)



Source: HUD Point-in-Time Count 2019, U.S. Census Bureau
 Analysis: Bay Area Council Economic Institute

Appendix N

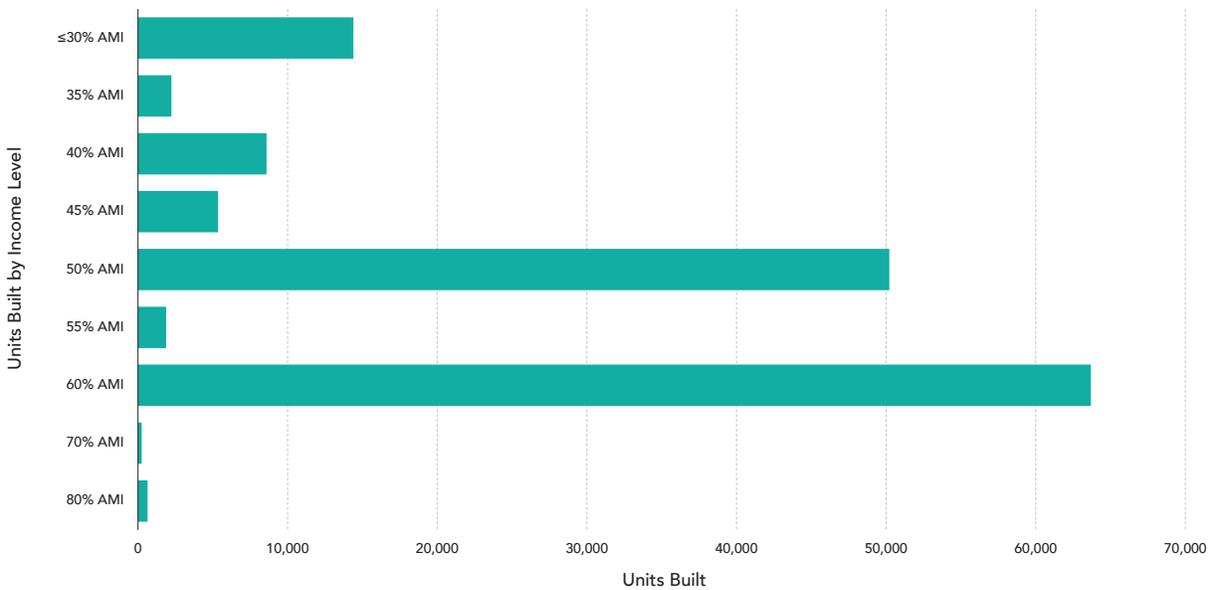
Figure 9: Very Low-Income Regional Housing Needs Allocation and Permits Issued by County (1999-2023)



Source: Association of Bay Area Governments
 Analysis: Bay Area Council Economic Institute

Appendix O

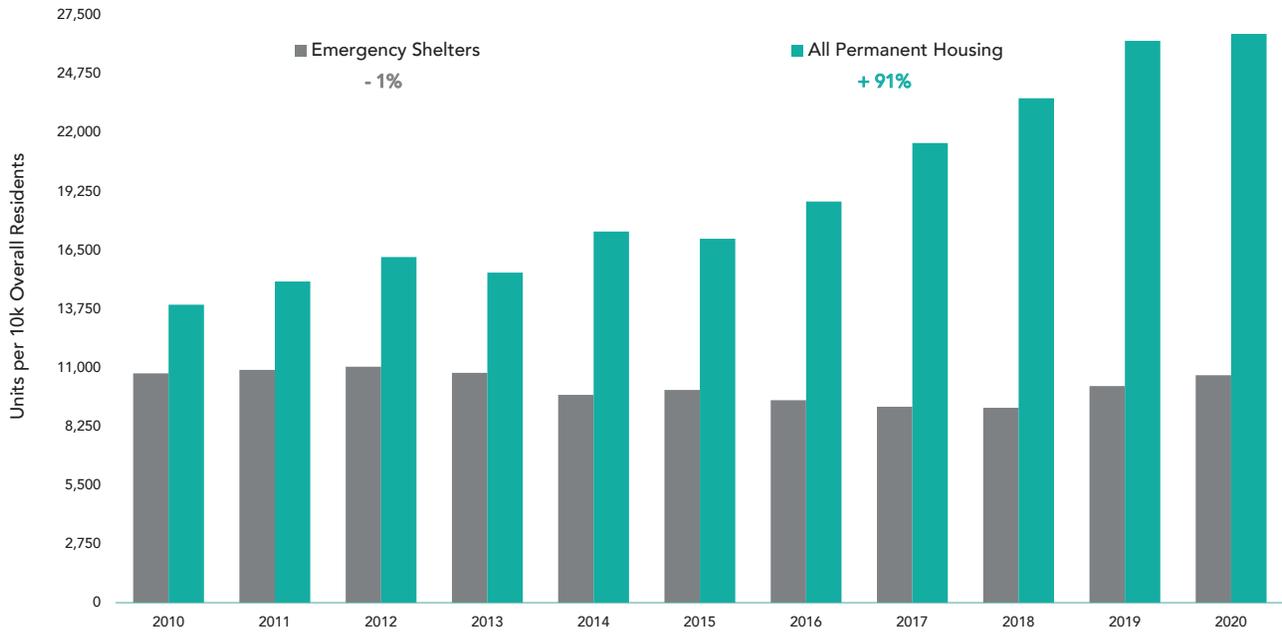
Figure 14: New Multi-Family Units Receiving California Low-Income Housing Tax Credits (2011-2019)



Source: California State Treasurer. California Tax Credit Allocation Committee. Project Mapping. List of Projects
 Analysis: Bay Area Council Economic Institute

Appendix P

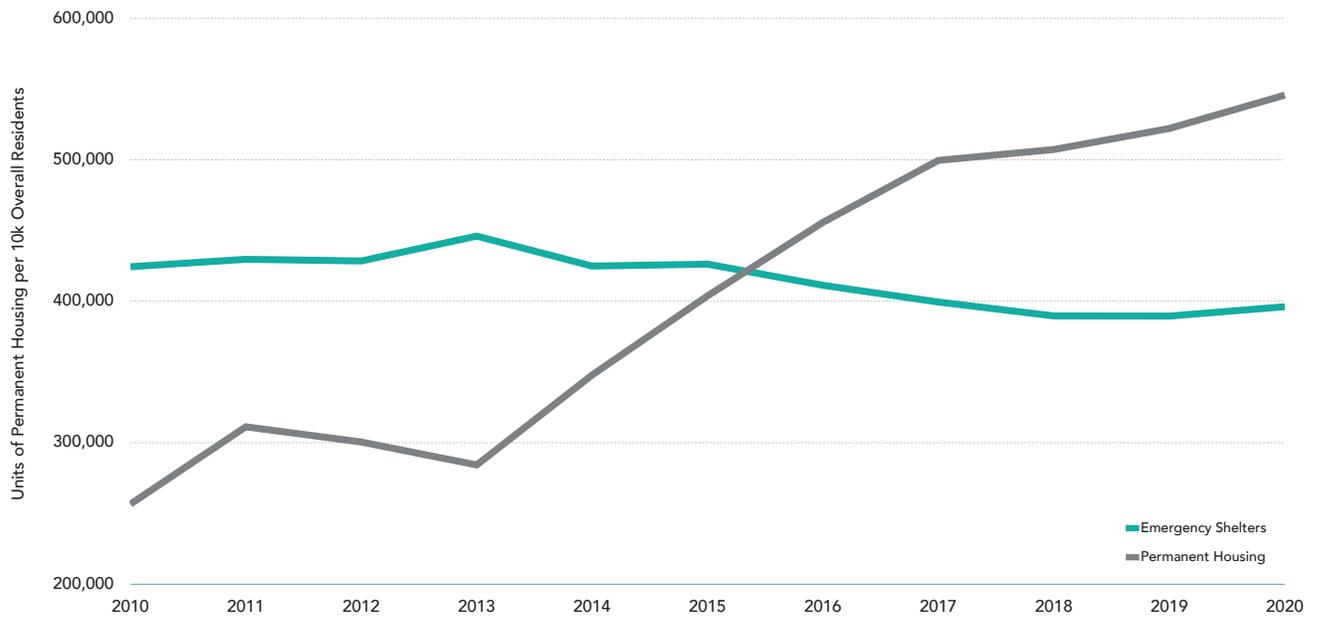
Figure 15: SF Bay Area Inventory of Permanent Housing and Emergency Shelters (2010-2020)



Source: HUD Housing Inventory Counts. Includes all Permanent Supportive Housing, Rapid Rehousing, and Other Permanent Housing
 Analysis: Bay Area Council Economic Institute

Appendix Q

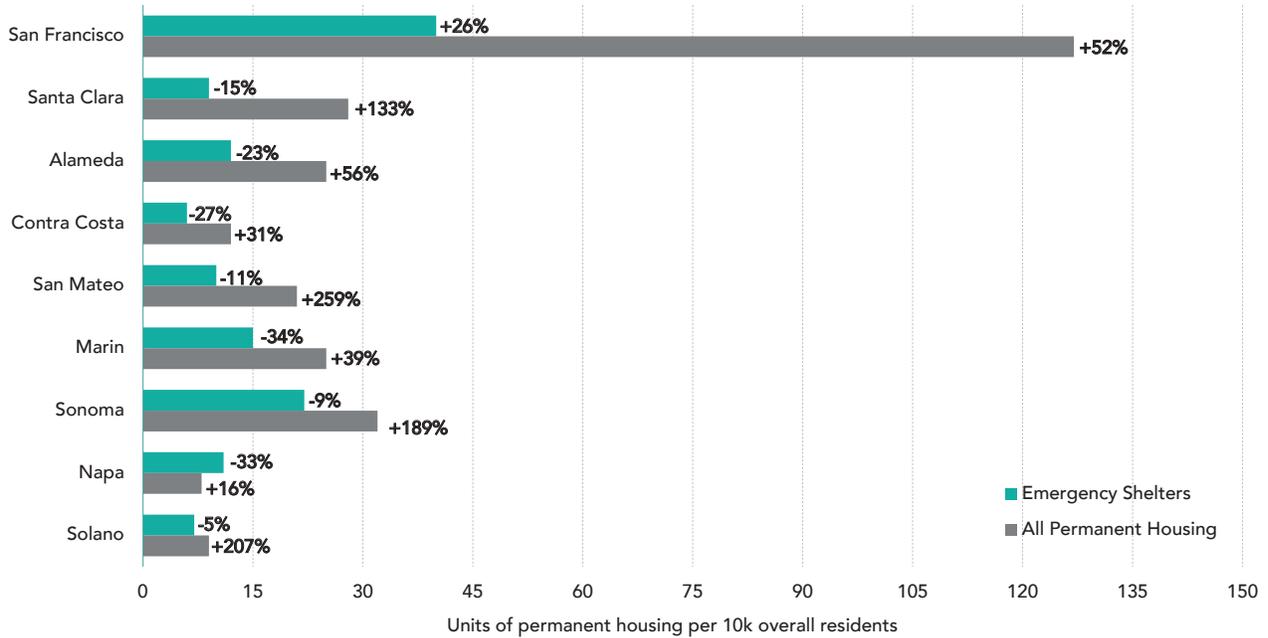
Figure 16: U.S. Total Inventory of all Emergency Shelters and Permanent Housing (2010-2020)



Source: HUD Housing Inventory Count. Includes all states, territories, Puerto Rico, and DC
 Analysis: Bay Area Council Economic Institute

Appendix R

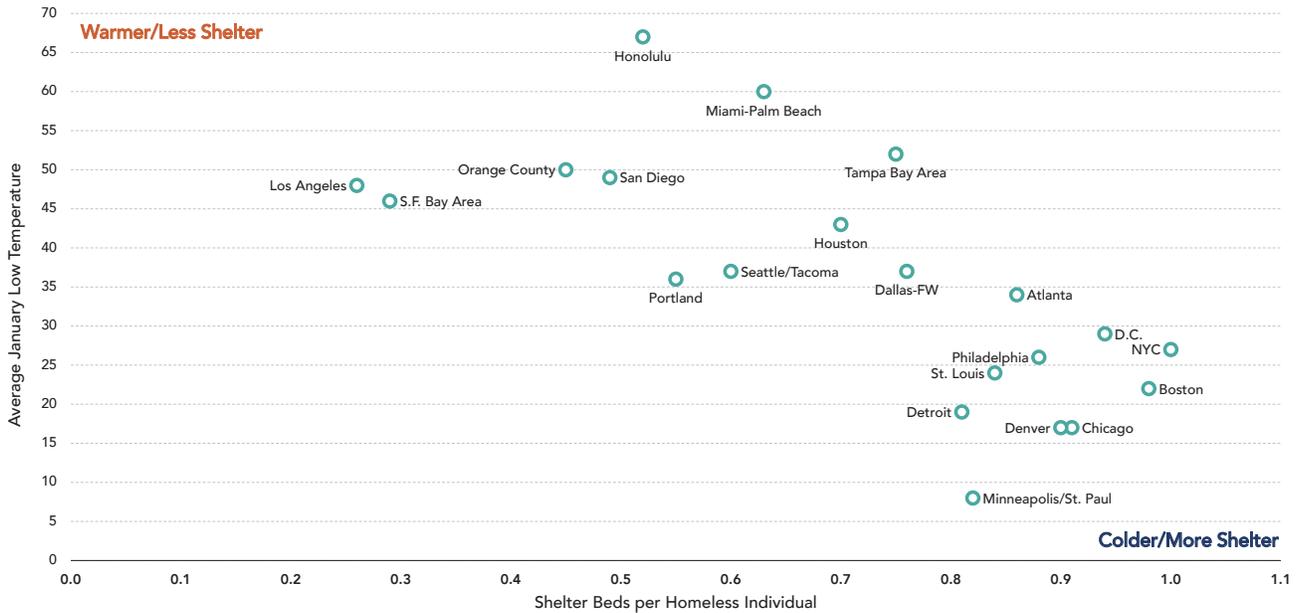
Figure 17: Shelter and Housing Solutions Provided per 10,000 Residents (2020) with Percent Change Since 2010



Source: HUD Housing Inventory Counts. Includes all Permanent Supportive Housing, Rapid Rehousing, and Other Permanent Housing
 Analysis: Bay Area Council Economic Institute

Appendix S

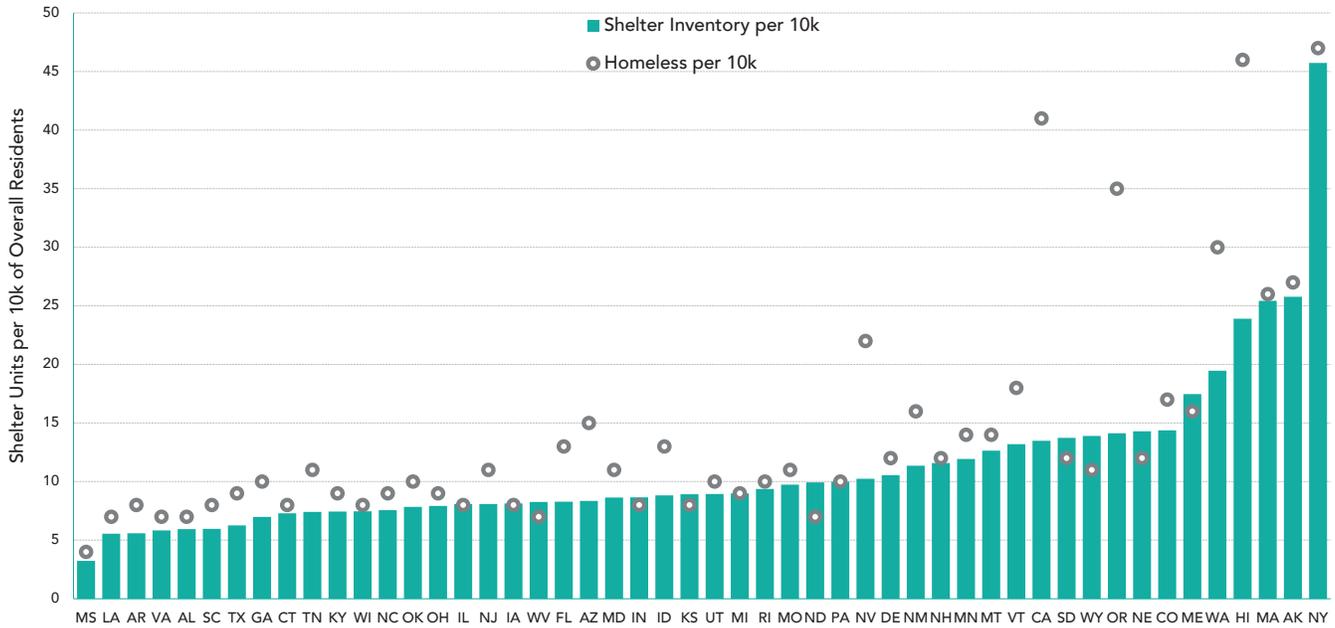
Figure 18: Shelter Inventory by Average January Low Temperature (2019)



Source: HUD Point in Time Count (2019), CurrentResults.com, data pulled from 1981-2010 NOAA Climatic Data Center.
 Analysis: Bay Area Council Economic Institute

Appendix T

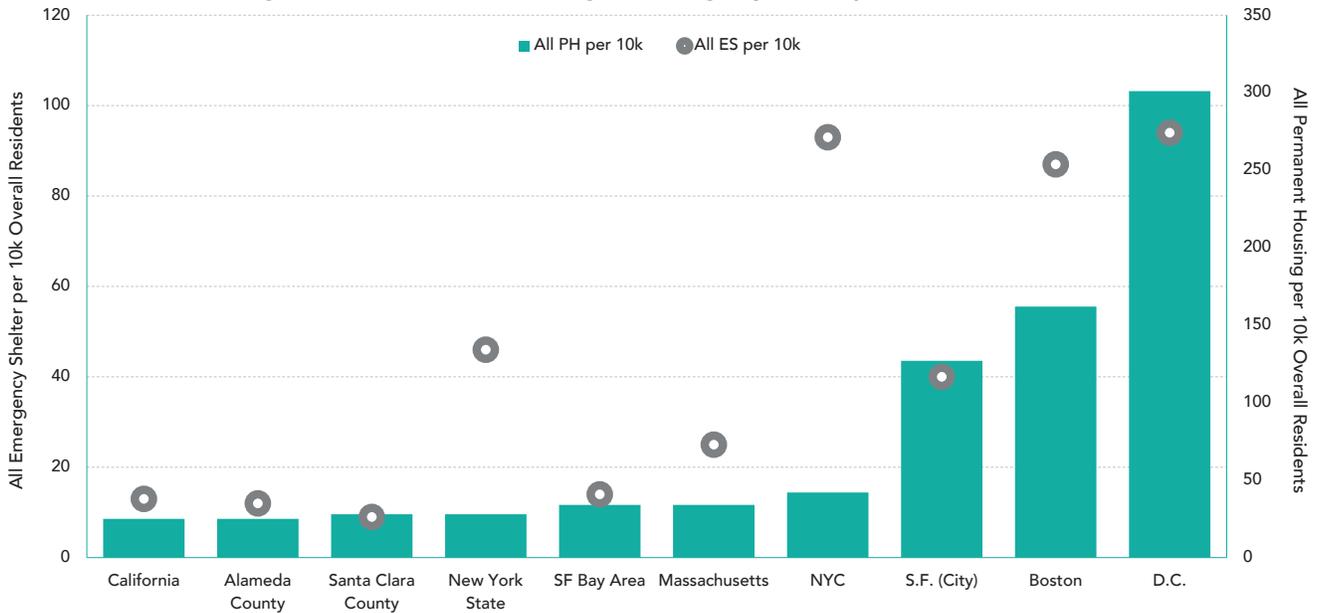
Figure 19: All Homeless and Emergency Shelters per 10k Overall Residents



Source: HUD Housing Inventory Count, U.S. Census Bureau
 Analysis: Bay Area Council Economic Institute

Appendix U

Figure 20: All Permanent Housing and Emergency Shelter per 10k Overall Residents (2020)



Source: HUD Housing Inventory Count. Includes all Emergency Shelters
 Analysis: Bay Area Council Economic Institute

Appendix V

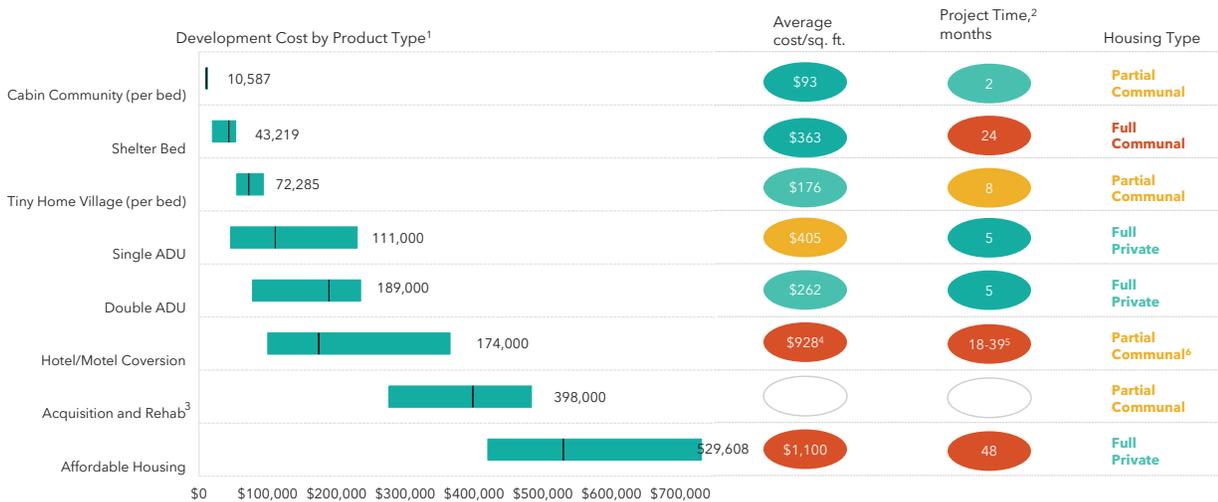
Figure 21: Different Paths to Shelter

	BARRIERS			BENEFITS		
	Permitted under state constitution	State legislation required	Voter approval required	Able to fund capex	Able to fund operations	Able to fund shelters and housing
Unfunded state mandate	NO	-	-	-	-	-
Funded state mandate	YES	YES	YES (2/3)	YES	YES	NO
Unfunded regional mandate	YES	YES	YES (50%)	NO	NO	NO
Funded regional mandate	YES	YES	YES (2/3)	YES	YES	NO
State bond funding	YES	YES	YES (50%)	YES	NO	YES
SFBAHFA	YES	NO	YES (2/3)	YES	YES	YES

Analysis: Bay Area Council Economic Institute

Appendix W

Figure 22: Supportive Housing Cost and Scalability Breakdown



¹ The range in blue reflects the minimum and maximum price for the given product. Median price is denoted in black.

² The duration between a proposal to build, convert, or install a unit and the date that said unit is opened

³ Bay Area only. From Enterprise Community Partners: *Preserving Affordability, Preventing Displacement. Acquisition-rehabilitation of unsubsidized affordable housing in the Bay Area*

⁴ Assumes 250 square foot room

⁵ 2-3 months for sale negotiation; 12-24 months for local approvals; 6-12 months for construction. Lower range includes depressed market values resulting from COVID-19 and expedited project approvals under pending legislation

⁶ When converted into transitional housing. Hotels and Motels may also be converted into permanent supportive housing, although this is less common.

Appendix X

Figure 23: Cost of Solving Homelessness in the Bay Area Under 1:2:4 Model

	Units Required	Cost/Unit (Capital)	Cost/Unit (Annual)	Total Capital	Total Annual
Transitional Shelters (1x all unsheltered homeless households)					
Cabin Communities	22,644	\$10,831	\$21,250	\$245,257,164	\$481,185,000
Homeless Prevention (4x new transitional shelters)					
Emergency Cash Assistance	90,576	-	\$4,000	-	\$362,304,000
Permanent Housing (2x all homeless households)					
Permanent Housing Solutions (50%)					
New Modular (1/3)	9,338	\$401,990	\$40,000	\$3,753,782,620	\$373,520,000
Hotel/Motel Conversion (1/3)	9,338	\$174,000	\$40,000	\$1,624,812,000	\$373,520,000
Acquisition & Rehab (1/3)	9,338	\$389,000	\$40,000	\$3,632,482,000	\$373,520,000
Other Permanent Housing (50%)					
Flexible Housing Vouchers (\$15k per homeless households + \$15k for all 1/3 homeless households for supportive services)	28,014	-	\$20,000	-	\$560,280,000
TOTAL				\$9,256,333,784	\$2,524,329,000

- Cabin Community estimates from City of Oakland
- Homeless Prevention estimates from AllHome
- Modular estimates represents regional average. Assumes 30% cost saving from current per/unit costs of subsidized housing.
- Hotel/Motel Conversion estimates from Bay Area Project Homekey projects
- Acquisition & Rehab estimates from Enterprise Community Partners
- PSH annual estimates are from San Francisco, compiled by the Urban Institute
- Flexible Housing Vouchers and annual service estimates are from AllHome

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