



April 12, 2017

The Honorable David Chiu
California State Assembly
State Capitol, Room 2196
Sacramento, CA 95814

RE: SUPPORT AB 74 (Chiu)

Dear Assemblyman Chiu:

The California Housing Consortium (CHC) is pleased to support AB 74, which would provide the rental assistance component that is necessary to the Whole Person Care pilot and the Health Home Program, decreasing Medi-Cal costs and dramatically improving the health outcomes of participants.

CHC is a non-partisan advocate for the production and preservation of housing affordable to low- and moderate-income Californians. We represent the development, building, financial, and public sectors united in their goal that every Californian has a safe, affordable place to call home.

California families are facing a harder time finding a place to live than at any point in our history. California's broken and backward housing policies have contributed to the worsening crisis:

- A decade of disinvestment has starved local communities of the seed dollars they need to bring affordable homes to struggling neighborhoods. A new report from the state's own Department of Housing and Community Development finds "unstable funding for affordable-home development is impeding our ability to meet California's housing needs, particularly for lower-income households."
- California spends \$300 million in tax dollars every year to subsidize purchases of second homes for some Californians when millions more struggle to have a roof over their head at all.
- Existing laws that require local governments to plan to accommodate jobs and growth haven't resulted in the promised affordable development.

Californians experiencing homelessness incur disproportionate costs to local and state programs, acquiring, on average, \$2,897 per month in public costs. Two-thirds are Medi-Cal costs. Despite these high health costs, people experiencing homelessness have poor health outcomes and are at significant risk for early mortality. Providing services to homeless people, no matter how effective these

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same services may be for housed people, does not improve the health or decrease the costs of our homeless residents. In fact, homeless frequent hospital users continually increase their inpatient costs the longer they remain homeless.

The Department of Health Care Services (DHCS) recognized housing as health care in proposing using Medi-Cal to fund rental assistance in their 1115 Medicaid Waiver proposal. DHCS acknowledged decades of research demonstrating supportive housing decreases Medicaid costs among homeless beneficiaries. Though the Federal Centers for Medicare & Medicaid Services (CMS) did not approve using federal Medicaid funds for rental assistance, CMS did approve an 1115 Medicaid Waiver that includes the Whole Person Care pilot program, allowing counties to match federal funds to pay for services helping people find housing, and services promoting housing stability. DHCS is also working to implement a new Health Home Program that would fund these services for high-cost homeless beneficiaries. Though Whole Person Care pilots and the Health Home Program allow for funding through Medi-Cal for services in supportive housing, services alone will not reduce Medi-Cal spending on homeless beneficiaries unless service providers are able to link participants to rental subsidies as a way for these beneficiaries to afford a decent place to live.

AB 74 would complete the “Whole Person Care” nature of the 1115 pilots and the Health Home Program by creating a “Housing for a Healthy California” Program. The Program would fund rental assistance tied to services dollars included programs like the Whole Person Care pilot and the Health Home Program. AB 74 is a one-time investment that would decrease Medi-Cal costs resulting from dramatic improvements in clinical outcomes. A rigorous evaluation would determine any changes to Medi-Cal costs from moving homeless participants into housing, providing the Legislature with the data to determine whether future investments are warranted.

Thank you for your leadership on this important issue and your ongoing commitment to ensuring the availability of housing affordable to all Californians. If you have any questions, don't hesitate to contact our Policy Director, Marina Wiant, at (916) 272-2325 or mwiant@calhsng.org.

Sincerely,

A handwritten signature in black ink that reads "Ray Pearl". The signature is written in a cursive, flowing style.

Ray Pearl
Executive Director

CC: Assembly Committee on Appropriations