



The California Homeless Housing Needs Assessment Methodology

PART 1: NEEDS

A. Local & Regional Data to Inform State-Wide Need

Regional analysis

CSH and the California Housing Partnership (The Partnership) assessed regional data according to the nine geographic regions the California Department of Housing and Community Development (HCD) uses in the Homekey and other housing programs to provide regional breakdowns of people experiencing homelessness, new entrants, units in the development pipeline, existing units for turnover projections, and capital and operating costs. CSH aggregated data by matching counties to local homeless Continuums of Care (CoCs), and CoCs to HCD regions.

Local homeless needs assessments

CSH has supported a number of local communities in completing local homeless needs assessments, and some have conducted them on their own. Whenever possible, CSH worked with local leaders to reconcile differences and intentionally address differences in methodologies and data sources. In some cases, CSH included data and findings from local assessments in this statewide needs assessment.

B. Households Experiencing and Likely to Experience Homelessness

Table 1.1: Summary of Households in Need of Housing

Households Currently Experiencing Homelessness	206,679
Projected New Entrants into Homelessness	33,287
Total Households in Need	239,963

Households currently experiencing homelessness

CSH derived the number of households currently experiencing homelessness, 206,679 from publicly available data from the state's [Homeless Data Integration System](#) (HDIS) for individuals and families who at least minimally connected to services offered locally through a local CoC during 2021. This number does not include Californians who never received any outreach, services, or housing from their CoC. For example, those who have experienced racism or other forms of discrimination and chose not to engage with the homeless response system, those who were socially isolated and no one reached, and those who may have received services, but not from entities that use a local homeless management information system (HMIS).

Projected new entrants into homelessness

CSH estimated the number of households in California projected to fall into homelessness over the next 12 years, 33,284, using HMIS System Performance Measure data. CSH based our estimate on annual first-time homeless households, and reduced that number by the annual count of successful exits, both

through housing placement and self-resolution. We defined a successful exit as an exit with no subsequent return to homelessness within 24 months. While more than one million of the lowest-income renter households—households whose incomes are 30 percent or below their area’s median income (AMI)—need affordable housing, this Needs Assessment focused only on households most likely to experience homelessness.

Incomes of households experiencing or likely to experience homelessness who do not need supportive housing

Because the majority of people experiencing homelessness have incomes below 15% of AMI across the state, with some people without any income or receiving only minimal county general relief, CSH assumed people experiencing or likely to experience homelessness who need affordable housing, but not supportive housing, will have incomes of 10 percent of AMI. CSH researched the AMI for each region. Rather than averaging all of the counties’ AMIs across a region, CSH weighted each county’s AMI according to density of each county’s number of people experiencing homelessness to arrive at weighted annual incomes of 10% of AMI.

Table 1.2: Weighted Annual Incomes of Households with Incomes at 10% AMI

Region	Individual 10% Weighted AMI	Family 10% Weighted AMI
Bay Area	\$ 11,174	\$ 14,579
Sacramento Area	\$ 6,968	\$ 8,876
Central Coast	\$ 9,091	\$ 11,589
Northern California	\$ 5,634	\$ 7,157
San Joaquin Valley	\$ 5,517	\$ 7,152
Los Angeles County	\$ 8,350	\$ 10,733
San Diego County	\$ 9,117	\$ 11,717
Southern California	\$ 7,641	\$ 9,508
Central Sierra	\$ 5,917	\$ 7,609

Incomes and service needs of households who have needs consistent with Supportive Housing

Supportive housing, also referred to as permanent supportive housing or “PSH,” is deeply affordable housing paired with services for a subset of renters with disabilities and other complex health challenges. Housing support services allow supportive housing tenants to access housing, remain stably housed, and thrive in their communities. The majority of people with needs consistent with supportive housing are eligible for supplemental security income (SSI) based on disability or age. SSI benefits plus the California state supplement in 2023 will be \$10,970.44 annually for individuals, and \$16,453.84 annually for eligible couples.

CSH used national research to estimate the rate of supportive housing need among people experiencing homelessness, which included chronicity, age, household composition, and shelter status. Based on these data, CSH concluded that 90 percent of individual households experiencing chronic homelessness (long-term homelessness among people with one or more disabling conditions)¹ and 10 percent of other

¹ [Homeless Emergency Assistance and Rapid Transition to Housing \(HEARTH\): Defining Chronically Homeless Final Rule - HUD Exchange](#)

households experiencing homelessness whose homelessness is likely to become chronic, will need supportive housing. Again based on national data, CSH also estimated that 16 percent of homeless families with children have needs consistent with supportive housing.

To identify chronicity rates among individuals, CSH calculated CoC-level chronicity rates for homeless individuals based on 2021 Point-in-Time count data, then applied those chronicity rates to the number of annual unduplicated homeless individuals HDIS reported in 2021. CSH acknowledges these rates may be higher in California, since they are higher among individuals experiencing homelessness, but was unable to identify reliable CoC- or state-specific data on rates of chronicity among families with children experiencing homelessness in California, so applied national estimates.

HDIS reports the annual counts of homeless persons in families, but does not currently provide the total count of homeless family households. Consequently, CSH calculated average family size for homeless families with children at the CoC-level based on 2021 Point-in-Time data. CSH applied these calculations to HDIS 2021 counts of homeless people in families to estimate the annual number of homeless family households living in each CoC.

As clarification, CSH did not take into account the assessments CoCs use in their coordinated entry systems to determine rates of need for supportive housing. Many communities with established coordinated entry systems chose an assessment tool intended to analyze “vulnerability” to early mortality, based partly on chronicity, but also based on other health risk factors. Using outcomes from this tool, those communities prioritize people who score highest for supportive housing. However, this Needs Assessment is not suggesting communities identify need for supportive housing based on chronicity alone and is not attempting to identify an individual’s or family’s supportive housing need based on factors in this Needs Assessment. Instead, this Needs Assessment is offering macro-level data on factors consistent with supportive housing need to provide estimates of how many more supportive housing units California needs to solve homelessness among those who need integrated services in affordable housing.

Total housing need

The total estimated households in need of housing to end their homelessness, 239,963, is the sum of households experiencing homelessness plus those expected to experience homelessness over 12 years. To clarify, it includes the total number of households, rather than the total number of people, since each household will occupy a single unit of housing.

CSH delineated these households into those needing supportive housing and those needing other housing affordable to people experiencing homelessness, and we segregated each by region.

Table 1.3: Housing Need by Region for People Experiencing or Expected to Experience Homelessness

Region	Currently Homeless Households				New Household Entrants into Homelessness	
	Individual PSH Need (Units)	Family PSH Need (Units)	Individual AH Need (Units)	Family AH Need (Units)	Individual AH Need (Units)	Family AH Need (Units)
Bay Area	17,657	1,011	18,736	5,311	4,766	801
Sacramento Area	4,237	297	5,092	1,559	1,817	383
Central Coast	3,227	204	3,632	1,064	1,539	290
Northern California	2,307	124	3,444	649	1,415	175
San Joaquin Valley	4,987	748	12,635	3,922	4,535	1,169
Los Angeles County	23,923	1,154	42,724	6,060	6,530	720
San Diego County	4,779	356	10,784	1,869	3,846	550
Southern California	5,895	706	13,197	3,709	3,719	910
Central Sierra	143	25	383	130	90	27
Total	67,155	4,625	110,627	24,272	28,257	5,026

C. Racial Demographics of People Experiencing Homelessness

Currently experiencing homelessness

To determine the racial and ethnic characteristics of people currently experiencing homelessness in California, CSH analyzed data from the 2021 Point in Time counts of people temporarily residing in shelters. CSH collected total homeless counts and counts broken out by race and ethnicity at the CoC level, and then aggregated these data into the HCD regions used in the rest of the analysis. Of note, the U.S. Department of Housing and Urban Development (HUD) data treats Hispanic/Latinx as an ethnic category, separate from racial categories.

Table 1.4: Currently Homeless Population by Race/Ethnicity and by Region

Region	White	Black	Asian	American Indian or Alaska Native	Native Hawaiian / Other Pacific Islander	Multiple Races	Non-Hispanic/ Non-Latinx	Hispanic /Latinx
Bay Area	46%	35%	4%	5%	3%	7%	72%	28%
Sacramento Area	55%	28%	1%	3%	1%	11%	81%	19%
Central Coast	82%	8%	1%	3%	1%	4%	55%	45%
Northern California	80%	3%	1%	9%	1%	7%	84%	16%
San Joaquin Valley	71%	18%	2%	3%	1%	5%	58%	42%
Los Angeles County	46%	47%	1%	2%	1%	3%	62%	38%
San Diego County	65%	25%	2%	2%	1%	5%	67%	33%

Southern California	74%	16%	2%	2%	1%	6%	56%	44%
Central Sierra	85%	3%	0%	5%	0%	6%	81%	19%
Statewide	57%	32%	2%	3%	1%	5%	65%	35%

A comparison of Californians experiencing homelessness to the racial and ethnic group representation in California in general, according to recent census figures, shows significant disparities in racial and ethnic groups experiencing homelessness. Black people are almost five times more likely to experience homelessness than their representation in California. American Indian or Alaskan Natives are almost two times more likely to experience homelessness, and Native Hawaiians and other Pacific Islanders almost three times more likely.

Table 1.5: Currently Homeless Population Race/Ethnicity Comparison to State Population

Population	White	Black	Asian	American Indian or Alaska Native	Native Hawaiian / Other Pacific Islander	Multiple Races	Non-Hispanic / Non-Latinx	Hispanic /Latinx
CA General Population	71.0%	6.5%	15.9%	1.7%	0.5%	4.2%	59.8%	40.2%
CA Homeless Population	56.5%	31.8%	2.1%	3.0%	1.4%	5.2%	6.45%	34.6%

D. Unmet Housing Need

Households with unmet housing need: 225,053

The unmet housing need is the number of total households experiencing homelessness and new entrants, less housing units in the pipeline (described further below) and existing units expected to become available upon turnover.

Table 1.6: Total Housing Need Less Units in Pipeline and Through Unit Turnover

Total Households in Need	239,963
Funded Housing Pipeline	(6,032)
Housing Available on Turnover	(8,878)
Unmet Housing Need	225,053

Number of units “in the pipeline” but not yet operational: 6,032

Based on federal and state Low-Income Housing Tax Credit data, The Partnership estimated 4,387 units of supportive housing are currently in “the pipeline” of projects that will open prior to December 31, 2027, and an additional 1,645 affordable housing units that could house people experiencing homelessness are in the pipeline and will open prior to the end of 2027. CSH subtracted the sum of these estimates, 6,032 from the total housing need.

Regionally-known “pipeline units,” apartments receiving public subsidies currently under development that The Partnership expects to come online within the next five years are in Table 1.7, below.

Table 1.7: PSH and AH Units in Pipeline by Region

Region	Individual PSH Need (Units)	Family PSH Need (Units)	Individual AH Need (Units)	Family AH Need (Units)
Bay Area	969	56	361	102
Sacramento Area	113	8	128	39
Central Coast	65	4	68	20
Northern California	102	5	102	19
San Joaquin Valley	275	41	121	37
Los Angeles County	2,062	99	112	16
San Diego County	97	7	122	21
Southern California	432	52	294	83
Central Sierra	0	0	0	0
Total	4,144	273	1,307	338

These estimates may be missing projects that received local capital investment and no state investment or federal Low-Income Housing Tax Credit investment (LIHTC). While far less common, no consistent, quality data exists on how many units are solely in local pipelines and not reflected in state LIHTC allocation data. Therefore, CSH and The Partnership believe the majority of the local projects are reflected because they have received state allocations of federal or state LIHTC.

Existing housing expected to become available from unit turnover: 8,878

CSH estimated five percent of existing affordable and supportive housing units that received public capital subsidies will turn over per year based on estimates from HCD. CSH also subtracted these units from the total housing need.

Whereas we were able to estimate turnover in capital developments, CSH and The Partnership were unable to estimate how many Californians experiencing homelessness may be able to access federally- or locally-funded rental subsidies that become available through turnover of existing rental subsidies, as data do not exist statewide that would allow us to accurately reflect that number, and waitlists for this assistance are often many years long.

Unmet regional supportive and affordable housing need by unit size

CSH further delineated the unmet housing need by region and family size for supportive housing and additional housing affordable to people experiencing homelessness.

Table 1.8: Total unmet Housing Need by Region

Region	Individual PSH Need (Units)	Family PSH Need (Units)	Individual AH Need (Units)	Family AH Need (Units)
Bay Area	15,164	662	21,794	5,656
Sacramento Area	3,989	209	6,672	1,800
Central Coast	3,074	179	5,025	1,267
Northern California	2,174	92	4,655	757
San Joaquin Valley	4,539	602	16,747	4,776
Los Angeles County	20,891	715	48,788	6,421
San Diego County	4,442	273	14,271	2,269
Southern California	5,272	524	16,375	4,288
Central Sierra	141	24	400	126
Total	59,687	3,280	134,727	27,360
	Unmet Supportive Housing Need		Unmet Need for Affordable Housing	
	62,966		162,087	

E. Housing Type

Balancing the need for housing development and rental assistance

No quality data exists to estimate how many people experiencing homelessness in California could exit homelessness through publicly-funded new affordable housing versus how many could exit through tenant-based rental subsidies. Because building new housing can take years to complete, requires more one-time funding upfront, and faces “Not-in-My-Backyard” (NIMBY) and developer capacity challenges, the state could not reasonably meet all housing needs of Californians experiencing homelessness through capital projects alone. Conversely, with low vacancy rates in many of our state’s communities and due to landlord resistance to housing people experiencing homelessness, housing all experiencing homelessness through rental subsidies is not feasible. For this reason, CSH assumed California could meet unmet housing needs for people experiencing homelessness through a 50/50 split: 50 percent through capital development and 50 percent through rental subsidies.

CSH assumed most households in need of housing will require long-term subsidies, given the high costs of housing in California, and based on research finding long-term rental subsidies are an evidence-based approach that have effectively prevented or ended homelessness for hundreds of thousands of Americans.² However, our report does not preclude funding shorter-term rental subsidy models, like rapid re-housing, where they are shown to have long-term impact.

Housing development: 112,527 units

The State of California has long invested in developing housing affordable to people with low incomes, including supportive housing. Developing new housing for people who have experienced homelessness requires--

² Will Fischer, Erik Gartland. “Housing Vouchers in Economic Recovery Bill Would Sharply Cut Homelessness, Housing Instability.” Center for Budget & Policy Priorities. Sep. 23, 2021. [Housing Vouchers in Economic Recovery Bill Would Sharply Cut Homelessness, Housing Instability | Center on Budget and Policy Priorities \(cbpp.org\)](https://www.cbpp.org/housing-vouchers-in-economic-recovery-bill-would-sharply-cut-homelessness-housing-instability).

- Capital funding to acquire, rehabilitate, or build housing and
- Operating subsidies to make rents affordable while paying the costs of maintaining an apartment building.

CSH modeled half of the unmet housing need to be created through the development of new housing.

Rental subsidies: 112,527

A number of communities in California and the federal government also invest in rental subsidies, where a local entity pays a landlord the difference between 30 percent of the tenant’s rent and the costs of the rent. In most cases, the lease with the landlord is in the tenant’s name. Some of these programs work with community-based organizations to “master lease” a number of apartments from a single landlord, and then sublet those apartments to tenants. CSH modeled that California could meet half of the unmet housing need through rental subsidies.

F. Supportive Housing Services Need

Tenants with supportive housing services needs: 62,996

As homeless response systems have recently adopted processes to refer people who have the most acute health conditions to supportive housing, CSH based service models on evidence-based practices in service delivery. Based on the number of Californians who self-identify as having a disability, CSH assumed 40 percent of those needing supportive housing would benefit most from multidisciplinary service teams like the Assertive Community Treatment (ACT) for people with serious mental illness.³³ ACT offers provider-to-tenant ratios of 1:10, often through a culturally responsive team that includes a case manager, a peer specialist with lived experience of homelessness, an outreach worker, sometimes a nurse, and a psychiatrist. Among Californians needing supportive housing without this high level of need, CSH estimates 60 percent can regain housing stability and thrive in their communities with the Tenancy Support Services (TSS) service model. The TSS model provides one tenancy support specialist for every 15 households.

G. Interim Intervention Need

Current additional interim intervention annual need: 32,235 slots

Interim interventions are designed to help keep people safe while they wait for housing and can offer services to help people get connected to services. They are referred to as shelter, emergency shelter, bridge housing, interim housing, emergency housing, navigation centers, motel vouchers, and other short-term supports. Ideally, interim interventions are part of the solutions to homelessness when helping people access housing, and the interim slots turn over as people leave to move into housing. The more housing available and affordable to people experiencing homelessness in a shelter, the shorter the shelter stay.

To determine need for additional interim interventions--

- Whereas the total households in need are based on the number of households experiencing homelessness (totaling 239,963), interim/shelter interventions are provided on a per-person basis to individuals and persons in families. The number of people in need is 314,155.
- CSH then estimated the number of people who would likely choose to access an interim intervention. A [Rand Corporation study](#) recently found that around one-half of all offered

interim housing, motel vouchers, or bridge housing would choose it if they could access a private room with access to services while they waited for affordable housing to become available. CSH assumed this study is consistent with statewide experiences of people who are homeless, as many shelter beds go unused every night after people have had negative experiences in shelter settings. For this reason, we subtracted half of the total number of people in need, and estimated that 157,078 people will seek an interim intervention.

- The HUD Housing Inventory Count shows California currently has available 60,582 interim intervention slots, for which CSH calculated annual turnover rates based on average length of stay in those interventions at the CoC level (taken from System Performance Measure data), resulting in an effective annual inventory of 124,843 interim slots. CSH subtracted this number from the total need, resulting in a remaining current need of 32,235 annual slots on top of the interventions already available in each CoC.
- To reflect the impact of bringing new units of supportive and affordable housing for homeless households online, CSH calculated a 12-year model wherein the need for *additional* interim interventions is reduced as households move out of homelessness and into newly available permanent housing. The model assumes that one third of the 32,235 additional interim slots can come online in each of the first three years, and that for each region, communities would continue to fund those additional interim slots until the state is able to add enough permanent housing to reduce that additional need for interim interventions. (Permanent supportive housing and affordable housing are modeled to come online at an even rate over the 12 years of the model.)
- The results show that California can effectively reduce the current annual need of 32,235 additional interim interventions when adding permanent supportive and affordable housing, thereby allowing for more frequent turnover of existing interim interventions as people move more quickly into housing.
- At the modeled rate of development, CSH estimates a total cost of \$630.4 million for interim interventions.

PART 2: COSTS

A. Total Costs to Meet the Unmet Housing Needs of Californians Experiencing and Likely to Experience Homelessness

CSH estimates the costs to meet the unmet housing and services needs of people experiencing homelessness will total \$97 billion over 12 years. This total is based on the following:

Table 2.1: Total Statewide Costs to Meet Unmet Housing Needs

One-time capital costs to develop new housing	\$ 67,911,271,507
Operating costs for new housing developments	\$ 7,342,092,692
Rental Assistance for private market rentals	\$ 14,779,237,752
One-time costs associated with securing and maintaining rental housing	\$ 473,390,214
Supportive housing services	\$ 5,850,730,149
Interim intervention costs	\$ 630,355,590
Total Cost to Meet Unmet Needs	\$ 96,987,077,904

The average costs over 12 years is \$8.1 billion. However, CSH estimates California is likely to fill a portion of this gap based on funding for capital likely to continue, leaving a total unfilled gap of \$6.9. Actual costs will vary year-to-year based on ramp-up timelines and available sources, as noted in Part 3.

B. Housing Development Costs

Capital costs: \$67.9 billion

The Partnership estimated the per-unit capital costs for each of the nine regions based on tax credit application data.

Table 2.2: Per-Unit Capital Costs by Region

Region	Studio/1 Bedroom Units	2+ Bedroom Units
Bay Area	\$ 722,148	\$ 949,672
Sacramento Area	\$ 427,327	\$ 561,963
Central Coast	\$ 607,937	\$ 799,478
Northern California	\$ 426,008	\$ 560,229
San Joaquin Valley	\$ 425,269	\$ 559,257
Los Angeles County	\$ 609,027	\$ 800,910
San Diego County	\$ 488,223	\$ 642,046
Southern California	\$ 596,611	\$ 784,583
Central Sierra	\$ 425,269	\$ 559,257

The Partnership estimated total capital costs by multiplying regional per-unit costs by regional unmet housing need and applying a 2.5% escalator each year of the model, based on an HCD escalator. The

statewide capital cost to address unmet housing need is \$67.9 billion. On average, the cost is \$5.7 billion annually.

Operating subsidies for capital housing projects: \$7.3 billion

The Partnership estimated per-unit operating subsidy costs to keep rents affordable in newly developed housing based on tax credit application data, and CSH applied a 2.5% increase annually in its model, consistent with the HCD escalator. (Tenant rent contributions were already accounted for when calculating operating subsidy gaps.) Based on these data, the total operating subsidy costs to meet unmet housing need through newly developed housing statewide total \$7.3 billion. On average, the costs total \$611.8 million annually for the first 12 years.

C. Private Market Rental Assistance Costs

Rental subsidy costs: \$14.8 billion

CSH calculated the need for rental subsidies for leasing apartments in the private market according to average Fair Market Rents (FMR) for each region by unit type. CSH weighted the FMRs, based on the density of people experiencing homelessness in each region. We then subtracted estimated tenant rent contributions (see Part 1B) from the FMRs to arrive at an estimate of total rent subsidy needed. The model assumes rents will increase over time and includes an escalator of 2.5 percent each year, based on HCD estimates. Table 2.3 delineates this calculation.

Table 2.4: Private Market Rental Subsidy Per Unit Per Year Calculations by Household Size and Region
Individuals:

Region	Annual Weighted FMR	PSH Tenant Rent	PSH Rental Subsidy	AH Tenant Rent	AH Rental Subsidy
Bay Area	\$24,480	\$3,291	\$21,189	\$3,352	\$21,128
Sacramento Area	\$13,884	\$3,291	\$10,593	\$2,090	\$11,794
Central Coast	\$21,623	\$3,291	\$18,332	\$2,727	\$18,896
Northern California	\$9,900	\$3,291	\$6,609	\$1,690	\$8,210
San Joaquin Valley	\$10,477	\$3,291	\$7,186	\$1,655	\$8,822
Los Angeles County	\$17,928	\$3,291	\$14,637	\$2,505	\$15,423
San Diego County	\$19,872	\$3,291	\$16,581	\$2,735	\$17,137
Southern California	\$17,474	\$3,291	\$14,183	\$2,292	\$15,182
Central Sierra	\$9,995	\$3,291	\$6,704	\$1,775	\$8,220

Families:

Region	Annual Weighted FMR	PSH Tenant Rent	PSH Rental Subsidy	AH Tenant Rent	AH Rent Subsidy
Bay Area	\$39,683	\$4,936	\$34,747	\$4,374	\$35,309
Sacramento Area	\$23,736	\$4,936	\$18,800	\$2,663	\$21,073
Central Coast	\$34,999	\$4,936	\$30,063	\$3,477	\$31,522
Northern California	\$16,979	\$4,936	\$12,043	\$2,147	\$14,832
San Joaquin Valley	\$18,179	\$4,936	\$13,243	\$2,145	\$16,034
Los Angeles County	\$29,777	\$4,936	\$24,841	\$3,220	\$26,557
San Diego County	\$34,697	\$4,936	\$29,761	\$3,515	\$31,182
Southern California	\$27,466	\$4,936	\$22,530	\$2,853	\$24,613
Central Sierra	\$17,364	\$4,936	\$12,428	\$2,283	\$15,081

Based on these data, CSH estimated the costs of rental subsidies to meet unmet housing need statewide totals \$14.8 billion. On average, costs will total \$1.2 billion annually for the first 12 years.

Based on today’s costs and the 2.5% HCD escalator, costs for operating and rental subsidies will total \$3.7 billion annually after year 12.

While the federal government provides Housing Choice Voucher subsidies to local public housing agencies for use in the private rental market, the waitlists for these subsidies are long, and turnover estimates were not reliable enough to suggest a significant impact on the Needs Assessment’s financial model. CSH and The Partnership found no reliable or quality data on either turnover of vouchers or how many vouchers agencies provide to people experiencing homelessness. For this reason, we did not assume Housing Choice Vouchers could meet unmet housing need.

One-time costs associated with securing and maintaining private market rental units: \$403.4 million

While most households will not need housing support services in supportive housing, many households will need short-term services to help them navigate their way back into an apartment when housing becomes available. In consultation with Brilliant Corners, who manages large-scale private-market rental assistance programs across six counties in California, CSH included with the costs of rental subsidies the costs of securing and maintaining rental units, including offering housing navigation services to help people fill out housing and subsidy applications, paying for furniture and other household essentials, recruiting landlords, and paying for security deposits and any repair costs needed to meet subsidy program standards. Service providers like Brilliant Corners also pay holding fees to keep an apartment vacant until the tenant can move in; CSH included these costs in our estimates of the overall rental subsidy costs. Drawing on Brilliant Corners’ estimates (minus holding fees, built into our rental subsidy models), CSH estimated average per-household costs for moving into a subsidized private-market apartment, by region as follows:

Table 2.5: Per-household Costs Associated with Securing and Maintaining Private Market Units

Region	Individual Households	Family Households
Bay Area	\$5,406	\$8,763
Sacramento Area	\$3,066	\$5,242
Central Coast	\$4,775	\$7,729
Northern California	\$2,186	\$3,749
San Joaquin Valley	\$2,314	\$4,015
Los Angeles County	\$3,959	\$6,576
San Diego County	\$4,388	\$7,662
Southern California	\$3,859	\$6,065
Central Sierra	\$2,207	\$3,834

The California Advancing and Innovating in Medi-Cal (CalAIM) program offers Medi-Cal enrollees experiencing homelessness housing navigation and transition services, along with housing deposits to pay for move-in costs, with estimated contributions for move-in costs of about \$5,000, based on state guidance. California has yet to publish the current number of people experiencing homelessness who are currently able to access these Community Supports through CalAIM. Based on anecdotal data from managed care plans administering these Community Support services, CSH estimated about three percent of people experiencing homelessness will be able to access housing navigation and transition services or housing deposits through this program. This total was subtracted from total one-time costs to arrive at the unmet need for this assistance in the model.

The total of costs associated with securing and maintaining rental units to meet unmet housing need is \$403.4 million. On average, this cost is \$39.4 million annually.

D. Supportive Housing Services Costs

Assertive Community Treatment service costs: \$17,000 per household

CSH used San Diego County-funded ACT services costs of \$17,000 per person, per year to estimate total costs for services for supportive housing tenants with high levels of services needs (see Part 1F).

Tenancy support services costs: \$10,000 per household

The CSH [Supportive Housing Services Budgeting Tool](#) identifies the costs of supportive housing services based on service models, staff-to-client ratios, actual services costs CSH collected from multiple providers, and staffing and program costs that assume livable wages for service providers. CSH and providers across the country use this tool to estimate their costs of delivering services in supportive housing. Based on data regarding staff for tenancy support services (TSS) models, CSH assumed a cost of \$10,000 annually for tenants living in supportive housing who do not need a high level of services. Based on the budgeting tool, CSH estimated supportive housing services for families would average \$15,000 per household, per year, using the TSS model.

CSH calculated supportive housing services costs by multiplying the cost per service model by the number of households estimated to benefit from that model, as noted in Part 1F. The total supportive housing services costs to address unmet housing need is \$5.9 billion. On average, this cost is \$488 million per year for each of the 12 years of the model. The costs for services after 12 years, when all who need supportive housing will be receiving them, will total \$947.8 million per year.

California has indicated intent to create a Medi-Cal benefit to fund housing support services in supportive housing. Should California decide to pursue a Medi-Cal benefit for all consumers experiencing homelessness, federal reimbursement for services could significantly decrease the total costs of services, potentially lowering the costs by at least 50 percent.

E. Interim/Shelter Intervention Costs

Total costs of new interim interventions: \$630.4 million

CSH assumed a per-slot cost of \$14,778 for interim interventions and that the state would begin funding the additional interim interventions needed in year one, and continue for each year for three years and that, as more housing becomes available, fewer people would need interim interventions, as people will move more quickly into housing, interim beds will turn over more quickly, and people will eventually not require as many interim interventions. We assumed that, by year six, the halfway point of the model, the state could begin winding down the number of interim interventions funded, by the rate of additional housing being made available and affordable to people with unmet housing need. At that point, the state and local communities should avoid building any new interim interventions unless they can be converted to permanent housing.

The total cost of additional interim intervention slots in the model is \$630.4 million.

California recently invested \$1.5 billion in the [Behavioral Health Bridge Housing](#) program, which the state expects to create 20,300 additional interim interventions (with funding through 2027), at an annual cost of \$14,778 per slot.

PART 3: FUNDING SOURCES AND GAP

A. Tenant Rent

Total tenant contributions toward rent: \$5.1 billion

CSH's financial model assumes that tenants will contribute 30% of their income towards rent and utilities.

Tenant contributions to rent for supportive housing

For tenants in supportive housing receiving SSI, a 30 percent tenant rent contribution will total an annual tenant rent contribution of \$3,291 for individuals, and \$4,936 for families. CSH estimated annual increases in tenant rent of 2.5 percent annually.

Tenant contributions to rent for housing affordable for people experiencing homelessness

To calculate anticipated tenant contributions in housing affordable to households experiencing homelessness, CSH estimated household income for individuals and family households. CSH collected one-person and three-person household AMIs for every county as stand-ins for individual and family households respectively. For every CoC, CSH calculated an average AMI for individual and family households based on the one- and three-person household AMIs for the counties falling under its jurisdiction. Then, CSH generated weighted regional AMIs for each HCD region by calculating the share of a region's individual and family affordable housing need by the CoCs falling within each region. CSH estimated that tenants would contribute 30 percent of this estimated household income.

Table 3.1: Estimated Rent Contribution by Household Size and Region

Region	Individual Weighted Rent Contribution	Family Weighted Rent Contribution
Bay Area	\$3,333	\$4,352
Sacramento Area	\$2,077	\$2,645
Central Coast	\$2,715	\$3,449
Northern California	\$1,695	\$2,151
San Joaquin Valley	\$1,657	\$2,149
Los Angeles County	\$2,505	\$3,220
San Diego County	\$2,735	\$3,515
Southern California	\$2,288	\$2,827
Central Sierra	\$1,775	\$2,283

While research shows people are able to increase their incomes once they move into housing, either through employment or by accessing benefits to which they are entitled, CSH has little reliable data on average incomes of formerly homeless households living in affordable or supportive housing. We therefore did not assume any specific income increases.

Total tenant rent contributions included in the model total \$5.1 billion. On average, this contribution is \$413.6 million annually.

B. California’s Past Investments in housing and interim interventions

Past Investments in housing and interim interventions

California has invested taxpayer resources in recent years in interim/shelter interventions, housing, and homeless services. State leaders reported a \$12 billion investment in homelessness in the 2021-22 budget year, with a significant percentage funding programs through the 2022-23 budget year as well. The Legislature passed and the Governor signed an additional \$2 billion invested in the 2022-23 budget year, with \$1 billion already invested for the 2023-24 budget year. The state allocated much of this funding already, prior to the beginning of the 12-year model, which starts in 2023. Much of the funding will provide ongoing support for interim/shelter interventions, housing, and services costs local governments rely on to continue to shelter or house people. CSH did not include this funding because it will fund existing interventions. CSH assumed in this model that funding for existing interventions will continue.

Table 3.2: Recent State Sources of Funding for Affordable and Supportive Housing

Major Programs Investments Impacting Homelessness	Year(s) Invested (not yet expended)	Amount Invested	Eligible Use(s)
State Low-Income Housing Tax Credit Program (Treasury)	2019-20	\$500M	Capital for affordable and supportive housing
	2020-21	\$500M	
	2021-22	\$500M	
	2022-23	\$500M	
	2022-23	\$500M	
Multifamily Housing Program (HCD)	2022-23	\$100M	Capital and operating for supportive and affordable housing
	2023-24	\$225M	
Veterans Housing & Homeless Prevention Program (HCD)	2022-23	\$50M	Capital and operating for supportive and affordable housing for veterans
	2023-24	\$50M	
Homekey Program (HCD)	2020-21	\$800M (state & federal)	Capital and small match of operating funds to acquire and rehabilitate properties for interim/shelter interventions and supportive housing
	2021-22	\$1.45B (state & federal) + \$150M	
	2022-23	\$1.3B	
Homeless, Housing, Assistance, Prevention Program (Cal ICH)	2019-20	\$650M	Interim/shelter interventions, services, rental assistance, capital for housing or shelters
	2020-21	\$300M	
	2021-22	\$1B	
	2022-23	\$1B	
	2023-24	\$1B	
Encampment Resolution Grants (Cal ICH)	2021-22	\$50M	Flexible funding to help people move out of encampments
	2022-23	\$300M	
	2023-24	\$400M	
Housing Disability and Advocacy Program (DSS) (ongoing at \$25M, boost in 2021-23)	2021-22	\$150M	Grants to counties for rental assistance while people applying for SSI, legal services funding for benefits advocacy
	2022-23	\$150M	
	2021-22	\$190M	

Housing Support Program (DSS): ongoing at \$90M (boost in 2021-23)	2022-23	\$190M	Grants to counties for rapid re-housing for CalWORKS families experiencing or at risk of homelessness
Bringing Families Home (DSS)	2021-22	\$92.5M	Grants to counties for rental assistance and services to child-welfare-involved families experiencing homelessness
	2022-23	\$92.5M	
Home Safe (DSS)	2021-22	\$92.5M	Grants to counties for rapid re-housing and services for older adults who are homeless or at risk, identified by Adult Protective Services
	2022-23	\$92.5M	
Community Care Expansion (DSS)	2021-22	\$805M	Grants to counties for capital to create or rehabilitate board and care facilities, but may be used for supportive housing (includes up to \$55M for operating subsidy reserves)
Behavioral Health Bridge Housing Program (DHCS)	2022-23	\$1.5B	Interim/shelter interventions for people with serious behavioral health disorders
Mental Health Services Act (MHSA)	Ongoing Funding from 1% Tax on Millionaires	\$2.5B/year	Mental health treatment and services to people with serious mental illness, can also be used for rental subsidies

Lack of clarity about how California funding addresses unmet housing needs

California appropriated significant investments to create more affordable and supportive housing units for people experiencing homelessness, such as \$500 million in state Low-Income Housing Tax Credits (LIHTCs) (each year since Governor Newsom assumed office in 2019), and the state administers billions in federal LIHTCs. However, the state directs only a portion of these funds to people experiencing homelessness, and CSH was unable to delineate the exact amount.

The state’s Homekey program allows local jurisdictions use Homekey to offer interim/shelter interventions or supportive housing for people experiencing homelessness or risk of homelessness. To date, about 2,600 of the 8,264 units acquired with Homekey funding are interim/shelter interventions; about half of these will convert to permanent housing.³

The State has similarly dedicated homelessness funding flexibly to local jurisdictions through programs like the Homeless, Housing, Assistance, and Prevention (HHAP) program. Of the HHAP program funds, most of the big cities, which receive 43 percent of HHAP funding, plan to spend on interim/shelter interventions or outreach services to people experiencing homelessness, though specific allocations for eligible uses are unclear and the state has yet to report on how many people received an interim intervention, services, or housing with HHAP.⁴ With California’s large unsheltered population, jurisdictions understandably use flexible funding to move people off the streets and into safety. And, largely due to state and federal investment in recent years, the proportion of people living unsheltered

³ California Dept. of Housing & Community Dev. “Homekey Awards Dashboard.” Updated Nov. 22, 2022. [Awards Dashboard | California Department of Housing and Community Development](#).

⁴ California Interagency Council on Homelessness. “HHAP Round 3 Applications & Local Homelessness Action Plans.” Sep. 30, 2022. [HHAP Round 3 Applications & Local Homelessness Action Plans as of September 30, 2022 - California Interagency Council on Homelessness](#).

in comparison to people living sheltered decreased.⁵ We have no current information on how many people will be able to exit homelessness through HHAP, as shelter alone does not reduce homelessness, as most people accessing shelter/interim interventions return to the streets without adequate available and affordable housing.

While a state auditor report included an appendix indicating the state spends over \$4 billion annually to reduce homelessness, state ongoing funding for homelessness totals less than \$200 million. Most of the programs the auditor identified were funded with one-time or multi-year funds, were funded through federal allocations to the state, or the state ended programs listed.⁶ So, accurate data on how much money the state is currently investing in solutions to homelessness are unclear.

Because much state funding has been one-time, funding already allocated will be unavailable to additional households in the future. Some program funds, like the Mental Health Services Act programs, are already paying for housing or providing services to people who may need these services in the future. For this reason, CSH and The Partnership were unable to find adequate data on how a number of state programs could be used in the future to fund solutions to homelessness.

C. Projected Investments in Housing for People Experiencing Homelessness

Projected funding commitments

CSH and The Partnership identified state and federal capital funding sources that could offset the total costs of unmet housing needs. Fortunately, California and the federal government have made funding commitments to meet capital costs of housing for people experiencing homelessness that CSH projects will continue over the next 12 years. Specifically, CSH estimates the state to allocate \$11.9 billion in federal and state Low-Income Housing Tax Credit equity and bond proceeds toward the goal of solving homelessness (if the state maintains current prioritization for credits and pricing through 2035); the state has yet to allocate \$856 million in Homekey funds; and the state has invested for several years in additional resources, which CSH projects could continue, which would provide an additional \$2 billion to house people experiencing homelessness, as follows:

⁵ Joe Colletti, "California's Continuums of Care 2022 Homeless Counts Reveal a Total Homeless Count Increase." *Policy Insights*. Sep. 2022. [California's Continuums of Care 2022 Homeless Counts Reveal a Total Homeless Count Increase - Homeless and Housing Strategies for California \(homelessstrategy.com\)](https://homelessstrategy.com).

⁶ California State Auditor Elaine Howle. "The State's Uncoordinated Approach to Addressing Homelessness Has Hampered the Effectiveness of Its Efforts: Appendix A." Auditor Reports. Feb. 11, 2021. [Report 2020-112 \(ca.gov\)](https://www.csa.ca.gov/reports/2020-112).

Table 3.3: Projected sources for Housing for People Experiencing or Likely to Experience Homelessness

Funding Source	Estimated percentage of total funding dedicated to housing for people experiencing homelessness	Projected annual funding dedicated to housing people experiencing homelessness (averaged over 12 years)*
California Housing Accelerator Program (Accelerator)	100%	\$ 44,356,190
HHC /National Housing Trust Fund (HTF) (federal) (biannual)	100%	\$ 31,000,000
Affordable Housing and Sustainable Communities (AHSC)	10%	\$ 6,121,426
Veterans Housing and Homeless Prevention (VHHP)	50%	\$ 67,453,638
Infill Infrastructure Grant (IIG)	20%	\$ 6,312,109
Multifamily Housing Program (MHP)	20%	\$ 9,277,741
		\$ 164,521,104
Years in model		12
Total projected funding		\$ 1,974,253,248

*CSH averaged these sources over 12 years for the purpose of modeling average annual costs, but some will be allocated at the beginning of the 12-year period.

CSH added these investments, projected LIHTC investments,** and Homekey funding, which totaled \$14.7 billion, and then subtracted this total from the total cost of almost \$97 billion, arriving at a funding gap of \$82.2 billion.

Table 3.4: Projected Sources and Funding Gap

Total Cost	\$ 96,966,942,757
Projected LIHTC equity and bond proceeds	\$ (11,911,431,352)
Homekey	\$ (856,000,000)
Other Projected sources	\$ (1,974,253,248)
Gap	\$ 82,225,258,157
Annualized gap over 12 years	\$ 6,852,104,846

**CSH derived this total from the LIHTC equity and private activity bond proceeds estimated in the permanent financing budgets of projects awarded in the state’s 2022 funding rounds. We calculated per-unit funding amounts and multiplied them by the number of units dedicated to households with incomes at or below 30 percent of AMI. For 9% LIHTCs, we counted these units in all set-aside categories. For 4% and bond projects, we counted these units in projects qualifying for the “special needs” and “senior” set-asides.

D. Contributions to the analysis and report

CSH and The Partnership held two large convenings for stakeholder feedback on our methodology and assumptions we made in arriving at the total unmet housing need and related costs. We further held one-on-one meetings regarding the methodology and findings with local and state government leaders, nonprofit provider and advocate staff, and people with lived experience. We worked with an advisory committee of people with lived experience to lead focus group discussions among others with lived experience. Thanks to these partners, we gathered critical understanding of local needs, of questions

people may ask when seeing the data, and of assumptions we should change. We appreciate the following people who took part in contributing to the analysis:

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Bill Pickel	Brilliant Corners
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Sonja Fitz	Building Opportunities for Self Sufficiency
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Sara Kimberlin	California Budget Policy Center
Victor Duron	California Business, Consumer Services, & Housing Agency
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Cody Zeger	California Business, Consumer Services, and Housing Agency
Paul Hughes	California Department of Developmental Services
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Lourdes Morales	California Legislative Analyst's Office
Janey Rountree	California Policy Lab
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Danielle Bradley	California State Association of Counties
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Vanessa Bustos	Department of Mental Health of Los Angeles County
Maria Funk	Department of Mental Health, Los Angeles County
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Jennifer Loving	Destination Home
Amy Turk	Downtown Women's Center
Kathleen Rosow	Disability Rights California
Patrick Burns	Economic Roundtable
Serena Callaway	Equity Community Builders
Patzi Joseph	Exodus Recovery
Chuck Flacks	Flacks Seed Consulting
Jocelyn Vera	Hope Solutions
Veronica Lewis	HOPICS
Milagros Lopez	HOPICS
Mari Castaldi	Housing California
Christopher Martin	Housing California
Simon Tureck	John Burton Advocates for Youth
Kerry Landry	Kerry Landry Health Care Consulting
Linda Scott	Kingdom Builders Christian Fellowship
Sylvia Williams	Los Angeles Homeless Services Agency
Jenny Farrell	Mental Health Advocacy Services
Marjorie Solorzano	Mental Health America of Los Angeles
Derrick Young	MidPen Housing

Patricia Alcocer	Monterey County
Alex Visotzky	National Alliance to End Homelessness
Abram Diaz	Nonprofit Housing Association
Marcy Kovacevich	Orange County Health Care Agency
Jennifer Lee	PATH
Zeke Sandoval	PATH
Zachary Schlegal	PATH
Sarah McClellan	Pathways of Hope
Arnie Corlin	Peelian Consulting
Tamera Kohler	Regional Task Force on Homelessness
Abbie Velasco	RH Community Builders
Lileana Lopez	San Bernadino Department of Behavioral Health
Lisa Jones	San Diego Housing Commission
Richard Villavicencio	San Fernando Valley Center of Mental Health
Erica Lutterbein	Self Help Enterprises
Imelda B	Share Ourselves
Monjia Belizaire	Simply Sustainability
Wallace Richardson	Speak Up!
Dennis King	Speak Up!
Lindsay Dennis	Speak Up!
Gloria Johnson	Speak Up!
Theodore Patton	Speak Up!
Anthony Haynes	Speak Up!
Tiffany Duvernay-Smith	Speak Up!
Vicki Vickers	Speak Up!
Zondre Johnson	Speak Up!
Detra Harris	Strive Real Estate
Meg Heisler	Tenderloin Neighborhood Development Corporation
Dilnoza Yusupova	The Help Group
Danielle Mazzella	The California Housing Partnership
Anthony Vega	The California Housing Partnership
Ray McPherson	The California Housing Partnership
Nicole Kristy	Third Sector Capital
Lara Tannenbaum	Tipping Point
Melissa Peterman	Townspeople
Shelia Young	Union Rescue Mission
Helene Schneider	United States Interagency Council on Homelessness
Tommy Newman	United Way of Los Angeles
Jordan Wynne	United Way of Los Angeles
Mike Dennis	United Way of Los Angeles
Becks Heyhpe	United Way of Orange County
Joe Coletti	Urban Initiatives
Cynthia Castillo	West Lynn Community Preschool

Appendix A: Details on The Partnership's Methodology for Determining Costs

Data Source:

- The data source for our sample was CDLAC 4% and TCAC 9% tax credit funding applications. The Partnership collected data for applications received in 2021 and 2022. This includes five rounds of 4% tax credits (three in 2021 and two in 2022), as well as five rounds of 9% credits (two in 2022 and three in 2021, including the Disaster Credits allocation).
- The Partnership collected data from application files as received and posted to the State Treasurer's Office website.
- Tax credit applications represent the most comprehensive dataset since nearly all affordable housing developments utilize tax credits in California. One potential exception are projects funded using the new HomeKey program. The Partnership negated other exceptions for inclusionary requirement units (as these are unlikely to be PSH), as well as projects funded by the California Housing Accelerator Program (which were required to initially apply for tax credits).
- The Partnership included only new construction projects in the sample, including adaptive reuse. Acquisition/rehab projects were removed from the sample.

Data Source Caveats:

- Data in applications can be inaccurate or differ from final cost figures at construction close, but The Partnership used these data because the data were the most reliable database with projects across regions and other studies examining costs have leveraged application data as well. Another approach would have been to find projects that have recently closed their construction loans and begun construction, but no standard source of this data exists.
- Some projects have to apply for 9% and/or 4% tax credits multiple times. The Partnership searched for duplicate applications by name and removed all duplicates except for the most recent application, for projects that won an award in a prior round. Projects may have submitted applications while prior applications were pending. However, the Partnership assumed the awarded project budget is the most likely set of figures to move forward.
- The Partnership used the submitted application workbooks posted to the TCAC website as of September 2022. If workbooks were updated subsequently, changes may not be reflected. Some workbooks were missing or broken, in which case they were removed from the sample.

Affordable Housing for People Experiencing Homelessness as Defined in Funding Applications:

- To build a cost model for "deeply affordable housing for people experiencing homelessness," The Partnership believed the best definition of housing for people experiencing homelessness to be the Tax Credit Allocation Committee (TCAC) definition for homeless housing, as described in the non-profit set-aside Section 10315(b) of the [TCAC Regulations](#). Each project indicates how many units meet the definition of serving homeless households.
- We began collecting data for any projects with housing units for homeless households. Upon further consideration, The Partnership further narrowed the sample to projects that more meaningfully served households experiencing homelessness by adding a threshold of designated homeless units.
- The threshold we used was units serving 30% AMI and below. If a project had under 30% AMI of low-income units designated for homeless households, they were removed from the sample. CDLAC used a priority threshold of 45% in determining which projects receive preference in the homelessness set-aside competition. We lowered the threshold to capture more projects that still serve a substantial homeless population, without having to include additional applications from prior years where the funding landscape is outdated.

Total Development Cost (TDC) by Small/Large Units

- We divided the sample into projects with studio and one-bedroom (smaller) units and two-bedroom and more (larger) units. We realized no projects had only larger units - but about half of projects only had smaller units.

- The Partnership derived the TDC from the average of TDC per low-income unit within each region, using a blended square footage and unit proportion methodology. The weighted average square footage method was applied as a 50% factor, and the unit proportion method was applied as a 50% factor.
- Rather than showing the numbers within each region for larger unit projects, given the sample size issues, The Partnership instead applied a statewide average increase factor to the smaller unit numbers for all regions.

Inflation Factor

- Our sample uses projects from two different years of data (2021 and 2022). To normalize the cost figures, we inflated 2021 datapoints to 2022 datapoints on a county-by-county basis.
- We used the TCAC Threshold Basis Limits (TBLs) year over year increases as our inflation figures. The TBLs are published annually by TCAC in a memo that details their methodology. The basis for the figures are RS Means Data that TCAC staff have adjusted.
- The TCAC TBLs were used because they were the most up to date, reliable source available.

Sample Size Limitations

- The data set was robust with 157 unique projects across the two years and ten funding rounds of data.
- However, the data was presented across nine distinct regions. Some regions have very little PSH development.
- Some regions had only a few projects with 2+ bedroom units, with only two in the Greater Sacramento region. These numbers are presented as is, with the caveat that these regions may be subject to sample size bias.
- One region, Central Sierra, had no PSH developments represented in the sample. For this region, we have shown the figures for the San Joaquin region. These regions are made up of similarly rural counties in the inland part of the state as well as having similar average TDC per unit across all developments.

Operating Expenses

- The Partnership presented operating expense figures using a subset of the sample. The projects used for the operating expense figures reflect only those projects with 100% of units dedicated to homeless housing per the TCAC definition referenced above.
- While the sample size is limited to one project for four of the regions, we believe the operating expense figures are more representative by limiting the sample to 100% homeless unit projects. We note that these regions may be subject to sample size bias.
- The numbers presented reflect the average operating expenses per unit according to the TCAC application file, averaged across projects in the sample. These numbers had an inflation factor applied to the 2021 data, according to inflation factor methodology noted above.

Replacement Reserves

- The Partnership presented replacement reserve figures from the TCAC application files, divided by the number of total units in the project (including managers' units).
- Unlike the capital cost and operating expense figures, these numbers were not indexed from 2021 to 2022 using an inflation factor. The replacement reserve figures are almost always round numbers driven by industry standards or public agency minimum requirements. Increasing the 2021 figures was not representative of the likely replacement reserve figures going forward.
- While most of the replacement reserve figures reflected HCD's required amount of \$500 per unit, it is noteworthy that few of the sample projects reflected the TCAC minimum of \$250 and a handful of projects included \$600 per unit.
- The replacement reserve figures are presented across the entire sample, with averages of all projects within each region.