



Special Legislative Update ■ February 20, 2020

Governor Newsom's State of the State

Governor Newsom Finally Presents State of the State... And It Was All Devoted to Homelessness

Yesterday morning, Governor Gavin Newsom focused his State of the State address on the state's urgent housing and homeless crisis. In a relatively short speech, the Governor urged the Legislature to take quick action to implement a broad range of policies to assist those experiencing homelessness and support those on the brink of homelessness.

In summary:

Emergency Response: A second round of state-owned trailers are headed to Santa Clara, Riverside, Contra Costa, and Sonoma Counties and the City of Stockton. (This is after the first round were sent to Los Angeles and Oakland earlier this month.) The state is offering 286 properties – vacant lots, armories, fairgrounds, and other state buildings – that will be made available to local governments to be used (for free) to address homelessness. (An interactive map of these properties is available [here](#).)

CEQA Exemption: Last year, the Governor signed [AB 1197](#) (Santiago), which provided a CEQA exemption for shelters and supportive housing in the City of Los Angeles. Today, the Governor asked the Legislature to send him a bill to provide the same exemption on a statewide basis.

CalAIM: The Governor touted his proposed \$695 million investment in the state's proposed Medi-Cal reforms and focused on the integration of physical and behavioral health, targeting social determinants of health, and expanding Whole Person Care statewide.

Behavioral Health: Laying out historical investments and disinvestments in the public mental health system, the Governor shared his view that decades-old policies were not relevant nor helpful to our current world. To that end, he proposes to (1) remove some of the conditions that make the implementation of Laura's Law a challenge in some counties and (2) expand the counties authorized to utilize Housing Conservatorships (currently limited to Los Angeles, San Diego, and San Francisco) under the provisions of [SB 1045](#) (Wiener) from 2018. The Governor reiterated his interest in reforming the Mental Health Services Act (MHSA), directing funding to street homeless, at-risk and foster youth, and those involved in the criminal justice system, as well as expanding

MHSA to substance use disorder treatment. He also called out counties' MHSA reserves, indicating his interest in reducing the 33 percent reserve cap since, according to the Governor, 40 of 58 counties maintain reserves above that amount. "My message is this" said the Governor; "spend your mental health dollars by June 30th, or we'll make sure they get spent for you." (Recall that 2018's [SB 192](#) (Beall) set the prudent reserve rate at 33% and set a deadline of July 1, 2020 for counties to expend reserve funds to meet that cap or face reversion.)

Consequences: Governor Newsom spent a good amount of time discussing consequences, specifically calling out previous allocations of funding to locals, noting "the problem has gotten worse." Reiterating his 2020-21 budget proposal to provide \$750 million to a new fund, the Governor touted his plan's capacity for breaking down silos and incentivizing innovation. He noted specific metrics to enable evaluation that he feels is currently lacking from existing programs: number of new leases signed, number of new housing units converted or built, number of people stabilized with rent subsidies, and number of people moved off the streets. While he specifically did not embrace the "right to shelter," the Governor is instead relying on "strict accountability, comprehensive audits, and a "do-it-or-lose-it" policy for accountability.

Housing Production: With the recent defeat of [SB 50](#) (Wiener), the Governor called for the Legislature to approve measures that will result in a massive increase in housing production. Governor Newsom wants California to "say yes to housing" and to hold local governments accountable to increase housing density and to ensure certainty that "units planned" become "units built."

If you're interested in the word-by-word, the Governor's speech can be found [here](#).