Budget Proposal
Preventing Homelessness Among Foster Youth in California

Proposal Summary: California is in the midst of both a housing and homelessness crisis, reaching record levels in 2019. This crisis extends to youth in care, who live in the Transitional Housing Placement for Non-Minor Dependents (THP-NMD). This budget proposal would provide funding to establish a THP-NMD housing supplement to prevent and reduce youth homelessness.

Amount: $3.99 million (General Fund)

Background: When California extended foster care to age 21 in 2010, it created the THP-NMD placement. THP-NMD is operated by state-licensed social service agencies, which lease rental units on the open market, and provide them to foster youth. Agencies also provide a range of services that enable them to live semi-independently make a safe supported transition from care. County child welfare agencies pay THP-NMD providers a rate, set by the California Department of Social Services, which is adjusted annually based on the California Necessities Index.

Problem: In California, the cost of housing has increased by 64% since 2012, while the monthly THP-NMD rate has increased just 24%. The failure of the THP-NMD rate to keep pace with the cost of housing has had the following negative impacts on foster youth:

- **Increased homelessness:** 341 youth were placed on a waiting list to participate in THP-NMD as of June 30, 2019, a 64% increase since 2018. Many of these youth are currently homeless, putting them at risk of trauma and victimization. Additionally, youth must exit the program once they turn 21 years old, so the longer they spend on the waiting list, the less time they have in the program to work toward their goals in a supportive, stable setting.

- **Exclusion of young parents and youth with disabilities:** Nearly one in three THP-NMD providers reported limiting the number of high-need youth they serve to pay housing costs. This includes serving fewer custodial parents and youth with disabilities. Both populations are at disproportionate risk of homelessness.

- **Fewer supportive services:** As an increasing share of the THP-NMD rate is being diverted away from support services to pay for the cost of housing in higher-cost parts of the state, this leaves youth without the support they require and less prepared to make a safe, supported transition out of the foster care system. Nearly one in five THP-NMD providers reported reducing the level of supportive services to ensure adequate funds are available to cover housing costs.

- **Geographic displacement:** High-cost counties place young people away from their communities of origin and their family members, even though proximity to community supports positive outcomes for youth. One in four providers reported renting housing in areas that are lower-cost as a strategy to offset cost.

Proposal Details: This proposal would prevent California’s foster care system from contributing to the growing homelessness crisis by establishing a THP-NMD Housing Supplement. The Housing Supplement would augment the rate paid for THP-NMD based on Fair Market Rent (FMR), a system developed by the U.S. Department of Housing and Urban Development.

The THP-NMD Housing Supplement would vary based on the cost of housing in each county. Using 2019-20 FMR, 18 counties would qualify to receive a supplement for non-parents and 47 would qualify to receive a supplement for custodial parents.

Supporters: John Burton Advocates for Youth, the California Alliance of Child and Family Services, Children Now, Children’s Law Center, and a coalition of over 100 community-based organizations.

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