



The State Bar of California

OPEN SESSION

AGENDA ITEM 4.1

JULY 2023

LSTFC HOMELESSNESS PREVENTION FUNDS COMMITTEE

DATE: July 26, 2023

TO: Members, LSTFC Homelessness Prevention Funds Committee

FROM: Jennifer Zelnick, Senior Program Analyst, Office of Access & Inclusion

SUBJECT: Recommend 2021/2022–2024 Homelessness Prevention (HP 3) Grant Reallocation Process

EXECUTIVE SUMMARY

The Budget Act of 2021 (the Budget Act) allocated \$40 million and the Budget Acts of 2022 and 2023 each allocated an additional \$20 million for a total of \$80 million dollars over three years for grants to qualified legal services projects (QLSPs) and support centers to provide homelessness prevention legal services.¹ In 2021, the Legal Services Trust Fund Commission (LSTFC) made 98 2021/2022–2024 Homelessness Prevention (HP 3) grants, 75 formula grants and 23 competitive grants. Spending data from year one of the HP 3 grants, anecdotal reports from grantees about spend down challenges, and Public Council's voluntary reduction of both its HP 3 formula and competitive grants, led State Bar staff (staff) to recommend a reallocation of some HP 3 funds to promote their use for homelessness prevention legal aid before the end of the grant period on December 31, 2024. This memo describes staff's recommendations for the Committee meeting on July 26, 2023, regarding the reallocation of some HP 3 funds.

BACKGROUND

The Budget Acts of 2021, 2022, and 2023 allocated \$80 million in federal Coronavirus State Fiscal Recovery Funds for homelessness prevention legal aid grants to QLSPs and support

¹ See the Budget Act of 2021, available at https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB129. See also the Budget Act of 2022, available at https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB1624, and the Budget Act of 2023, available at https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB101.

centers for HP 3 formula and competitive grants.² In 2021, the LSTFC made 75 HP 3 formula and 23 HP 3 competitive grants. Formula grants started on December 1, 2021, and end on December 31, 2024. Competitive grants started on January 1, 2022, and end on December 31, 2024.

HP 3 awards must fund:

[E]viction defense, other tenant defense assistance in landlord-tenant rental disputes, or services to prevent foreclosure for homeowners, including pre-eviction and eviction legal services, counseling, advice and consultation, mediation, training, renter education, and representation, and legal services to improve habitability, increasing affordable housing, ensuring receipt of eligible income or benefits to improve housing stability, legal help for persons displaced because of domestic violence, and homelessness prevention.

The Budget Acts of 2021, 2022, and 2023.

On March 24, 2023, the LSTFC approved Public Counsel's request to voluntarily reduce its HP 3 formula award from \$2,600,319 to \$1,433,183 (a reduction of \$1,167,136) and its HP 3 competitive award from \$1,100,000 to \$537,397 (a reduction of \$562,603).³ In reviewing HP 3 data reported for year one of the grant (through December 31, 2022), grantees left 23 percent (\$6,070,420) of their first year of funds unspent, and 14 grantees spent under 50 percent of their grants. In addition to the spending data from year one, grantees reported challenges related to hiring and other delays. For these reasons, staff anticipate that some organizations may have difficulty spending down their HP 3 awards by the end of the three-year grant period.

To assess whether grantees might underspend their HP 3 grant(s), the second annual HP 3 evaluation asked grantees to project their spending for the remainder of the grant period. Specifically, the evaluation instructed grantees:

Enter the amount of HP 3 funding for this grant that you anticipate remaining unspent on December 31, 2024 (the last day of the grant). If you anticipate spending your entire grant, enter \$0... If you enter a number that is greater than \$0, the Legal Services Trust Fund Commission may require your organization to reallocate that amount to other HP 3 grant recipients this summer or fall. That would promote the full use of HP 3 funds for homelessness prevention legal aid by the end of the grant period.

² See footnote 1, *supra*.

³ On March 24, 2023, the LSTFC passed the following resolution:

RESOLVED, that the Legal Services Trust Fund Commission (Commission) approves the recommendations for 2021–2023 Homelessness Prevention (HP 2) and 2021/2022–2024 Homelessness Prevention (HP 3) grant budget revisions, including that the total amount of Public Counsel's HP 3 Formula funds will be reduced from \$2,600,319 to \$1,433,183, and Public Counsel's HP 3 Competitive funds will be reduced from \$1,100,000 to \$537,397 as described herein.

Five HP 3 formula grantees projected underspending a combined \$889,512, and one HP 3 competitive grantee projected underspending \$85,000. Together with Public Counsel’s reduced HP 3 awards, a total of \$2,056,648 in HP 3 formula funds (see Attachment A) and \$647,603 of HP 3 competitive funds (see Attachment B) would be available for reallocation.

DISCUSSION

The HP 3 grantees must spend these federal Coronavirus State Fiscal Recovery Funds by the time the grant period ends on December 31, 2024. Given that Public Counsel has returned some HP 3 funds, six grantees have reported that they will be unable to spend down, and that additional grantees are also experiencing spend down challenges, staff recommends reallocating some HP 3 funds to promote their use for homelessness prevention legal aid. Conversely, some grantees have inquired about when additional homelessness prevention legal aid funds will become available and have expressed the need for this work. Reallocating these \$2,056,648 of HP 3 formula funds and \$647,603 of HP 3 competitive funds would give grantees the opportunity to opt in to receive additional funds.

Staff recommends that all current HP 3 grantees—excluding those who relinquish unspent funds—be eligible to opt in to receive additional HP 3 funds through the reallocation process. All relinquished funds would be reallocated to existing grantees via formula. Staff would run two separate formulas—one for HP 3 formula funds and one for HP 3 competitive funds—to reallocate those funds to eligible grantees who opt in to participate.

Reallocation Timeline for HP 3 Grants

Staff recommends modeling the timeline for reallocating HP 3 funds on the timeline used for HP 2 formula reallocations:

Table 1: 2023 HP 3 Reallocation Timeline

Date(s)*	Activity
July 26, 2023	Committee recommends the reallocation process.
August 10, 2023	LSTFC approves the reallocation process and requires HP 3 grantees to relinquish their projected unspent funds (if any).
August 14, 2023	Grantees opt in to voluntarily relinquish additional HP 3 funds.
August 18, 2023	Eligible grantees opt in to receive additional HP 3 funds.
August 31, 2023	Staff runs the reallocation formulas with only those grantees that opted in to receive additional HP 3 funds.
September 8, 2023	Grantees affirm they opt in to receive additional funds.
October 20, 2023	Committee recommends reallocation amounts and budgets.
November 9, 2023	LSTFC approves reallocation amounts and budgets.
November 24, 2023	Grantees receiving additional funds and sign amended grant agreements.

*Dates are approximate to accommodate grantee, commissioner, and staff availability.

CONCLUSION

The reallocation of some HP 3 funds would ensure that these funds can be spent to provide homelessness prevention civil legal services within the parameters of the Budget Acts of 2021, 2022, and 2023. Requiring grantees that project underspending to relinquish those funds helps maximize the impact of the HP 3 grants.

RECOMMENDATIONS

Should the Committee concur with staff's proposal, passage of the following resolution is recommended:

RESOLVED, that the Legal Services Trust Fund Commission (LSTFC) Homelessness Prevention Funds Committee recommends that the LSTFC approve the 2021/2022–2024 homelessness prevention (HP 3) formula and competitive grant reallocation process as described in State Bar staff's memo dated July 26, 2023; and it is

FURTHER RESOLVED, that the LSTFC Homelessness Prevention Funds Committee recommends that the LSTFC require the organizations listed in Attachments A and B of State Bar staff's memo dated July 26, 2023, to relinquish their projected unspent funds.

ATTACHMENTS LIST

- A.** Preliminary Projections of HP 3 Formula Funds for Reallocation
- B.** Preliminary Projections of HP 3 Competitive Funds for Reallocation

Attachment A

Preliminary Projections of HP 3 Formula Funds for Reallocation

Grantee	Total HP 3 formula award	HP 3 Formula reallocation amount
California Women's Law Center	\$ 442,044	\$ 205,345
Child Care Law Center	\$ 442,044	\$ 40,000
Family Violence Law Center	\$ 150,000	\$ 8,000
Greater Bakersfield Legal Aid	\$ 1,059,054	\$ 100,000
Legal Services of Northern California	\$ 2,612,379	\$ 536,167
Public Counsel	\$ 2,600,319	\$ 1,167,136
Total reallocation amount		\$ 2,056,648

Preliminary Projections of HP 3 Competitive Funds for Reallocation

Grantee	Total HP 3 formula award	HP 3 Formula reallocation amount
Public Counsel	\$ 1,100,000	\$ 562,603
San Luis Obispo Legal Aid Foundation	\$ 575,000	\$ 85,000
Total reallocation amount		\$ 647,603