

Date of Hearing: June 2, 2020

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 2377 (Chiu) – As Amended May 4, 2020

Policy Committee: Human Services

Vote: 6 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill establishes closure requirements and procedures for adult residential facilities (ARFs) similar to the existing requirements for residential care facilities for the elderly (RCFEs).

Among its provisions, this bill:

- 1) Requires an ARF to provide written notice to affected residents at least 180 days prior to a facility closure.
- 2) Requires an ARF to prepare an evaluation of the relocation needs of each resident.
- 3) Establishes provisions for refunding preadmission fees.
- 4) Requires an ARF to submit a closure plan to the California Department of Social Services (CDSS) if seven or more residents require transfer as a result of facility closure.
- 5) Requires CDSS to approve the closure plan prior to an ARF issuing notices to residents.
- 6) Requires CDSS to take any necessary action to minimize trauma for the residents if an ARF fails to comply with the requirements of this bill, or if the director determines it is necessary to protect residents from abuse, abandonment or a threat to health or safety.
- 7) Requires an ARF to inform the city and county in which the facility is located at least 180 days prior to the proposed closure. If there is intent to sell the property, the city or county must be given the right of first refusal to purchase the property, at a fair market value, and continue the operation of the ARF.
- 8) Provides for civil penalties and license forfeiture for an ARF that fails to comply with the requirements of this bill and allows a resident of an ARF to bring civil action for violations.
- 9) Defines “adult residential facility” as a facility of any capacity that provides 24-hour-a-day non-medical care and supervision to persons 18 to 59 years of age.

FISCAL EFFECT:

- 1) Minor and absorbable costs to CDSS to review relocation plans.
- 2) Possible cost pressures in the low hundreds of thousands of dollars annually (Trial Court Trust Fund/GF) to the trial courts in increased workload given this bill allows residents to

bring civil actions against owners and operators of ARFs. The estimated cost of one eight hour court day is approximately \$7,644. Although it is unknown how many claims may be filed, if five cases are filed in civil court requiring 48 total hours (six days) of workload, the cost would be approximately \$229,320.

Although courts are not funded on the basis of workload, increased pressure on the courts and staff may create a need for increased funding for staff and infrastructure. This is particularly true given that courts have delayed hundreds of trials and civil motion during the COVID-19 pandemic, resulting in a serious backlog that must be resolved.

COMMENTS:

- 1) **Purpose.** This bill seeks to minimize trauma and reduce the risk of homelessness to residents of ARFs by strengthening the closure requirements for ARFs, including mandating advanced notice of a facility closure to residents and local governments. This bill is modeled, in part, after current requirements for the closure of RCFEs. According to the author:

Throughout the state, these facilities are closing at an alarming rate, with San Francisco alone having lost 43 facilities between 2012 and 2019. In 2019, Los Angeles lost more than 200 beds for low-income people with serious mental illness. To ensure the growing vulnerable ARF resident population is provided similar protections that residents of RCFEs have when a facility closes, this bill will align ARF closure requirements with those of RCFEs.

- 2) **Background.** ARFs are established under the California Community Care Facilities Act (CCFA) and administered through CDSS. ARFs are board and care homes that provide non-medical, 24-hour supportive residential living to residents 18-59 years of age with a mental, physical, or developmental disability. Residents of ARFs receive assistance with a variety of daily living tasks such as housekeeping, bathing, dressing, distribution of medication, and general supervision.

RCFEs, also created under the CCFA and commonly known as assisted living facilities, provide non-medical care and supervision to individuals 60 years or older who can no longer live independently. Existing law contains several closure requirements for licensees of RCFEs, enacted to preserve services and protect the residents.

Current closing requirements for ARFs are less protective of residents than those of RCFEs. This bill aligns ARF closure requirements with those of RCFEs.

- 3) **Implementations issues.** CDSS has identified several implementation issues with this bill, including, among other issues, the right of first refusal for local agencies to purchase property being sold by a closing ARF. These issues should continue to be addressed if the bill moves forward.
- 4) **Prior Legislation.** AB 949 (Krekorian), Chapter 686, Statutes of 2007, established procedures for RCFEs to transfer residents as the result of a change in facility use or license forfeiture.