
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

SB 234 (Wiener) - Transition Aged Youth Housing Program

Version: April 26, 2021

Policy Vote: HUMAN S. 4 - 0, HOUSING
9 - 0

Urgency: No

Mandate: No

Hearing Date: May 3, 2021

Consultant: Mark McKenzie

Bill Summary: SB 234 would establish the Transition Aged Youth Housing Program to provide grants in the form of forgivable loans for the development of housing for homeless youth and current or former foster youth, as specified. The bill would require the Housing Coordinating and Financing Council (HCFC) to develop, implement, and administer the program.

Fiscal Impact:

- Up to \$100 million in General Fund cost pressures to provide funding for the new program.
- HCFC estimates ongoing costs of \$470,000 in the first year funding is made available and \$446,000 ongoing for 3 PY of staff to develop program guidelines and application criteria, advertise and award funding, track allocations, update and post annual data, and conduct ongoing oversight and monitoring activities over the term of the forgivable loans. (Transition Aged Youth Housing Program Fund / General Fund)

Background: Existing law establishes the HCFC within the Business, Consumer Services, and Housing Agency to coordinate the state's response to homelessness. The HCFC was created to identify mainstream resources, benefits, and services that can be accessed to prevent and end homelessness in California. Existing law requires the HCFC to set and measure progress toward goals to prevent and end homelessness among youth in California, as well as coordinate a spectrum of funding, policy, and practice efforts related to young people experiencing homelessness, as specified.

Existing law establishes the Homeless Emergency Aid Program (HEAP) under the HCFC to provide \$500 million in one-time grant funds to address the immediate homelessness challenges of local cities and counties. Recipients of HEAP funding were required to designate a minimum of 5% of their HEAP allocation to establish or expand services meeting the needs of youth at risk of experiencing homelessness. The HCFC reports through their Annual Funding Report, released in February 2021, that spending on youth-specific interventions continues to increase, with services being the largest category of spending. Youth-specific capital improvement, on the other hand, was found to be "significant early in the program but has plateaued recently." A total of \$4.4 million in HEAP funding has been spent on youth capital development as of September 30, 2020. Additionally, 17 percent of grantees continue to show no youth expenditures.

Existing law establishes the Homeless Housing Assistance and Prevention Program (HHAPP) under the HCFC to build on HEAP and provide an additional \$650 million in funds to help local jurisdictions combat homelessness, as specified. The HHAP program was initially a one-time block grant that provides local jurisdictions with funds to support regional coordination and expand or develop local capacity to address their immediate homelessness challenges. In 2020, however, an additional \$300 million was provided in the state budget for a second round of HHAP funding. Program recipients must use at least 8% of the funds for services for homeless youth populations. The HCFC's most recent Annual Funding Report found that CoCs have obligated significantly more of their HHAP funding toward youth set-asides than large cities and counties. The Annual Funding Report shows that as of September 30, 2020 the majority of youth set aside HHAP funds that have thus far been spent have been used on new navigation centers and emergency shelters (a total of \$65,460.49), with much smaller portions having been spent on permanent housing (\$7,362.57) and outreach and coordination (\$2,619.98). However, these data points should change as HHAP spending progresses and will continue to be tracked by the HCFC.

Proposed Law: SB 234 would establish the Transition Aged Youth Housing Program (TAYH Program) to create housing for youth under 26 years of age who have been removed from their homes, are experiencing homelessness unaccompanied by a parent or legal guardian, or are under the jurisdiction of a dependency court. The bill would require HCFC to develop, implement, and administer the TAYH Program. Specifically, this bill would:

- Create the Transition Aged Youth Housing Fund in the State Treasury and make moneys in the Fund, upon appropriation by the Legislature, available to HCFC for purposes of the TAYH Program.
- Define “eligible organization” as a local government agency or a nonprofit corporation that provides, or contracts with community organizations to provide, emergency shelter or transitional housing or both.
- Define “eligible activities” as including but not limited to:
 - Funding capital development programs such as acquisition, leasing, construction, and rehabilitation of sites for emergency shelter, transitional housing, and permanent supportive housing for transition aged youth.
 - Capital development loans for the conversion of emergency shelter or transitional housing to permanent supportive housing for transition aged youth.
- Require HCFC to award grants to eligible organizations for the development of housing for transition aged youth in the form of forgivable deferred loans, as follows: loans with a five year term for rehabilitation, a term of seven years for substantial rehabilitation, 10 years for acquisition and rehabilitation or new construction; or 20 years for conversion to permanent supportive housing for transition aged youth. Each loan would be secured by a deed of trust or promissory note with payment deferred while the project is used for its required purpose, and forgiven at the completion of the specified term.
- Require HCFC to distribute up to \$100 million for purposes of the Program, consistent with the following:

- At least 47.5% of funds to eligible organizations for projects to house current foster youth between 18-21 years of age. If the HCFC is unable to meet this requirement, it may distribute funds for other eligible activities, as specified.
- No more than 5% for program administration, including state operations and technical assistance.
- HCFC must make remaining funds available to eligible organizations for eligible activities pursuant to this bill.
- Require HCFC to develop criteria for evaluating applications in a notice of funding availability (NOFA). The HCFC shall give preference to applications from organizations that have experience providing direct services to transition aged youth and organizations working in partnership with those that provide services to transition aged youth.
- Require HCFC to terminate a grant award and reallocate the funds if a project has not begun construction within 12 months of the award, and authorize HCFC to extend this period by an additional 12 months.
- Require HCFC to maintain records and make the following information available on its website:
 - The number of applications for program funding received.
 - The number of applications for funding that were denied.
 - The name of each recipient of program funds, and any sub-recipients.
 - The number of new and converted unites created for transition aged youth each year.
- Exempt HCFC from the rulemaking provisions of the Administrative Procedures Act, as specified.

Related Legislation: SB 678 (Rubio), which is pending in this Committee, would establish “unaccompanied women” as a sub-population of the state’s homelessness population and require the HCFC to set goals to prevent and end homelessness among unaccompanied women in the state.

SB 918 (Wiener), Chap. 841/2018, established the Homeless Youth Act of 2018 and required the HCFC to take on additional related responsibilities focused on addressing the needs of youth experiencing homelessness.

AB 824 (Lackey, 2018), which was held on the Assembly Appropriations Committee’s Suspense File, would have created the Transitional Housing for Homeless Youth Grant Program in the Office of Emergency Services to award grants to nonprofit entities providing specified services to homeless youth aged 18 to 24, and appropriated \$15 million from the General Fund to fund the program.

Staff Comments: This bill is intended to provide a stand-alone program that dedicates capital improvement funding for the acquisition, rehabilitation, and construction of emergency shelter, transitional housing, and permanent supportive housing, as well as conversions of emergency shelters or transitional housing to permanent supportive housing for transition aged youth. Staff notes that funding for the program is subject to an appropriation by the Legislature, and that up to \$100 million is to be distributed by the HCFC for the specified purposes of the bill, creating a General Fund cost pressure of a commensurate amount.

Recommended Amendments: On Page 2, line 15, delete “paragraph (2)” and insert “paragraph (3)” to clarify that funds are available for other eligible activities, rather than program administration.

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