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**SENATE COMMITTEE ON HOUSING**  
**Senator Nancy Skinner, Chair**  
**2023 - 2024 Regular**

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| <b>Bill No:</b>    | AB 2570       | <b>Hearing Date:</b> | 6/4/2024 |
| <b>Author:</b>     | Joe Patterson |                      |          |
| <b>Version:</b>    | 5/9/2024      |                      |          |
| <b>Urgency:</b>    | No            | <b>Fiscal:</b>       | Yes      |
| <b>Consultant:</b> | Alison Hughes |                      |          |

**SUBJECT:** Department of Housing and Community Development: annual report: Homeless Housing, Assistance, and Prevention program

**DIGEST:** This bill requires the Department of Housing and Community Development (HCD) as part of its annual report to the Legislature and Governor on specified programs to include an evaluation of the Homeless Housing, Assistance, and Prevention (HHAP) program.

**ANALYSIS:**

*Existing law:*

- 1) Requires HCD, on or before December 31 of each year, to submit an annual report to the Governor and both houses of the Legislature on the operations and accomplishments during the previous fiscal year of the housing programs administered by the department, including, but not limited to, the Emergency Housing and Assistance Program and Community Development Block Grant activity.
- 2) Requires the report to include all of the following information:
  - a) The number of units assisted by those programs;
  - b) The number of individuals and households served and their income levels;
  - c) The distribution of units among various areas of the state;
  - d) The amount of other public and private funds leveraged by the assistance provided by those programs;
  - e) Information detailing the assistance provided to various groups of persons by programs that are targeted to assist those groups;
  - f) The information required to be reported pursuant to specified law; and
  - g) An evaluation, in collaboration with the Department of Veterans Affairs (DVA), of any program established by DVA, including information relating to the effectiveness of assisted projects in helping veterans occupying any

supportive housing or transitional housing development that was issued funds pursuant to that article. (Health and Safety Code (HSC) 50408)

- 3) Established HHAP to provide jurisdictions with one-time grant funds to support regional coordination and expand or develop local capacity to address their immediate homelessness challenges informed by a best-practices framework focused on moving homeless individuals and families into permanent housing and supporting the efforts of those individuals and families to maintain their permanent housing. Directs HCD to administer HHAP.
- 4) Requires HHAP to be used for evidence-based solutions that address and prevent homelessness among eligible populations, including any of the following:
  - a) Rapid rehousing, including rental subsidies and incentives to landlords, such as security deposits and holding fees;
  - b) Operating subsidies in new and existing affordable or supportive housing units, emergency shelters, and navigation centers. Operating subsidies may include operating reserves;
  - c) Street outreach to assist persons experiencing homelessness to access permanent housing and services;
  - d) Services coordination, which may include access to workforce, education, and training programs, or other services needed to promote housing stability in supportive housing;
  - e) Systems support for activities necessary to create regional partnerships and maintain a homeless services and housing delivery system, particularly for vulnerable populations, including families and homeless youth;
  - f) Delivery of permanent housing and innovative housing solutions, such as hotel and motel conversions;
  - g) Prevention and shelter diversion to permanent housing, including rental subsidies; and
  - h) Interim sheltering, limited to newly developed clinically enhanced congregate shelters, new or existing noncongregate shelters, and operations of existing navigation centers and shelters based on demonstrated need. Demonstrated need for purposes of this paragraph shall be based on the following:
    - i) The number of available shelter beds in the city, county, or region served by a continuum of care;
    - ii) The number of people experiencing unsheltered homelessness in the homeless point-in-time count;
    - iii) Shelter vacancy rate in the summer and winter months;

- iv) Percentage of exits from emergency shelters to permanent housing solutions; and
  - v) A plan to connect residents to permanent housing.
- 5) Requires, beginning with the third round of HHAP, applicants to provide the following information for all rounds of program allocations through a data collection, reporting, performance monitoring, and accountability framework, as established by CA-ICH:
- a) Data on the applicant's progress towards meeting their outcome goals, which must be submitted annually on December 31 of each year through the duration of the program;
  - b) If the applicant has not made significant progress toward their outcome goals, the applicant must submit a description of barriers and possible solutions to those barriers;
  - c) Applicants that do not demonstrate significant progress towards meeting outcome goals must accept technical assistance from the council and may also be required to limit the allowable uses of these program funds, as determined by the council;
  - d) A quarterly fiscal report of program funds expended and obligated in each allowable budget category approved in their application for program funds; and
  - e) If the applicant has not made significant progress toward their outcome goals, then the applicant must report on their outcome goals in their quarterly report.
- 6) Requires CA-ICH to post a statewide report that aggregates each applicant's outcome goals into a single statewide set of metrics.
- 7) Require each recipient that receives a round three program allocation to submit to CA-ICH a final report, as well as detailed uses of all program funds, no later than October 1, 2026.
- 8) Requires each recipient that receives a round four program allocation to submit to CA-ICH a final report, as well as detailed uses of all program funds, no later than October 1, 2027.

This bill requires HCD, as part of its annual report to the Legislature and Governor on specified programs, to include an evaluation of the HHAP program.

**COMMENTS:**

- 1) *Author's statement.* "Accounting for nearly 30% of the nation's homeless population, California continues to face a growing homelessness epidemic. In response to this staggering reality, state leaders have tackled the issue through the development of varying programs and funding sources. While the effort possesses altruistic intentions, the Homeless Housing, Assistance, and Prevention program has failed to address the ever-intensifying homelessness crisis in California, with the state experiencing the second largest increase in homeless population in the nation from 2022-2023. It is crucial for state leaders to become informed of the problems plaguing our homelessness efforts, of which are funded by taxpayer dollars. I believe that by requiring a status update and review of the Homeless Housing, Assistance, and Prevention program in the Department of Housing and Community Development annual report to the Governor and both houses of the Legislature, we will be able to shed light on the flaws in our plan of action in addressing the overwhelming homelessness issue in our state."
- 2) *CA-ICH.* In 2016, SB 1380 (Mitchell), Chapter 847, created the Homelessness Coordinating and Financing Council, which was renamed the California Interagency Council on Homelessness (CA-ICH) in 2021 (AB 1220 (L. Rivas), Chapter 398) to coordinate the state's response to homelessness. SB 1380 set out a list of list of "goals" for CA-ICH to focus on, but no clear authority to make changes to state policy or programs that address homelessness. CA-ICH is also responsible for ensuring that all state housing and homelessness programs follow Housing First principles. As the state's homelessness crisis has worsened, the role of the CA-ICH has significantly increased. The council was responsible for administering several programs dedicated to addressing homelessness, including HHAP and the Encampment Resolution Program.
- 3) *HHAP.* The HHAP Program was created to provide jurisdictions with one-time grant funds expand or develop local capacity to address immediate homelessness challenges informed by a best-practices framework focused on moving homeless individuals and families into permanent housing and supporting the efforts of those individuals and families to maintain their permanent housing. Program funds can be used for services for those experiencing homelessness or at risk of homelessness, such as rapid rehousing, operating subsidies, street outreach, services coordination, delivery of permanent and innovative housing solutions, and homelessness prevention. HHAP replaced a prior program, the Homeless Emergency Aid Program (HEAP), which also provided block grants to large cities and CoCs for a variety of solutions addressing homelessness. Large cities (with a population of 300,000 or more), counties, Continuums of Care (CoCs), and tribes can apply for HHAP funding. HHAP has received \$3.95 billion in funding from 2019-24. Round four of the HHAP Program included robust accountability provisions,

including the requirement that applicants develop a Local Action Plan and performance goals. Round five requires regions to submit a joint applicant and plan for addressing homelessness.

Local Action Plans required HHAP recipients to set outcome goals that prevent and reduce homelessness over a three-year period, informed by the findings from a local landscape analysis and the jurisdiction's base system performance measure from 2020 calendar year data in the Homeless Data Integration System. The outcome goals included definite metrics, based on the United States Department of Housing and Urban Development's system performance measures, to do the following:

- a) Reduce the number of persons experiencing homelessness;
- b) Reduce the number of persons who become homeless for the first time;
- c) Increase the number of people exiting homelessness into permanent housing;
- d) Reduce the length of time persons remain homeless;
- e) Reduce the number of persons who return to homelessness after exiting homelessness to permanent housing; and
- f) Increase successful placements from street outreach.

Applicants recently submitted applications for round five of HHAP and are currently receiving funds.

- 4) *HCD Reports.* HCD completes an annual report of programs that they administer, including how many people served by income level and the number of units created. This bill would add an evaluation of the HHAP program to the report. In the 2022-23 Budget, the HHAP program and the Encampment Resolution Program, the two programs previously administered by Cal-ICH, were moved to HCD.

**FISCAL EFFECT:** Appropriation: No    Fiscal Com.: Yes    Local: No

**POSITIONS:** (Communicated to the committee before noon on Wednesday, May 29, 2024.)

**SUPPORT:**

None received.

**OPPOSITION:**

None received.

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