

Date of Hearing: May 15, 2024

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2893 (Ward) – As Amended April 17, 2024

Policy Committee:	Housing and Community Development	Vote:	7 - 0
	Health		14 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill requires the Department of Health Care Services (DHCS) to establish a certification process for recovery homes and adds a standard for recovery homes that meets the state’s Housing First requirements.

Specifically, this bill:

- 1) Requires DHCS to oversee certification of recovery houses by establishing criteria for the certification of recovery housing.
- 2) Defines “recovery house” as a residence that serves individuals experiencing, or who are at risk of experiencing, homelessness or who are experiencing serious mental illness or substance use disorders (SUDs) and that does all of the following:
 - a) Satisfies the core components of Housing First pursuant to existing law.
 - b) Uses substance-use-specific services, peer support, and physical design features supporting individuals and families on a path to recovery from addiction.
 - c) Emphasizes abstinence.
- 3) Authorizes DHCS to charge a fee of not more than \$1,000 for certifying a recovery house.
- 4) Establishes the Shared Recovery Housing Residency Program Fund to receive all funds collected for certifying recovery housing.
- 5) Authorizes recovery houses certified by DHCS to receive referrals from DHCS, its agencies, or contractors as housing available for persons experiencing or at risk of experiencing homelessness or who are experiencing serious mental illness or SUDs.
- 6) Prohibits recovery housing from providing services on-site, including, but not limited to, incidental medical services, as defined.
- 7) Adds provisions regarding recovery housing to existing law governing Housing First.

FISCAL EFFECT:

- 1) Estimated costs to DHCS of an unknown, but likely significant amount, offset to an unknown extent by certification fee revenue, to establish and oversee a certification process for recovery houses. The bill authorizes DHCS to charge a certification fee of up to \$1,000. DHCS is still developing its estimate and was unable to respond to the committee's request for fiscal information.
- 2) The California Interagency Council on Homelessness (Cal ICH) estimates General Fund costs of \$705, 000 in the first year and \$673,000 in the second year, for four staff positions to receive reports and periodically monitor select recovery housing programs, report results, and intervene when statute is violated. This cost estimate assumes Cal ICH will be the agency conducting "periodic monitoring" of recovery houses, although the bill does not clearly specify the agency that is to conduct the periodic monitoring.

According to the Legislative Analyst's Office, the General Fund faces a structural deficit in the tens of billions of dollars over the next several fiscal years.

COMMENTS:

- 1) **Purpose.** According to the author:

[This bill] would direct the California Department of Healthcare Services (DHCS) to create a statewide certification program for recovery houses that would be in compliance with housing first policies under the federal Department of Housing and Urban Development (HUD) definition. This bill would instruct DHCS to create a certification program for these homes at a state level to standardize their care as well as reign in bad actors. This is a working model that the state can use housing funds for to solve its acute homelessness and addiction crisis.

- 2) **Background.** Extensive research demonstrates evidence-based approaches like supportive housing – affordable housing coupled with wrap-around services – resolves homelessness for most individuals. Housing First is a state policy that prioritizes providing permanent housing to people experiencing homelessness, thus ending their homelessness and serving as a platform from which they can pursue personal goals and improve their quality of life.

Under existing law, "recovery housing" or "sober living homes" are residential dwellings that provide cooperative living and support an individual's personal recovery from a substance use disorder. The state laws and licensing requirements that govern treatment and care facilities do not include recovery houses. Therefore, the state does not keep a list of recovery houses, conduct inspections, or perform any of the other activities associated with licensing facilities. The tenants of a recovery house pay rent and abide by house rules, which always include maintenance of sobriety and participation in a self-help program. The California Research Bureau estimates there are at least 12,000 sober living beds in the state to serve an eligible population of between 25,000 and 35,000 individuals. If a recovery house provides licensable services it must obtain a valid recovery or treatment facility (RTF) license from DHCS.

This bill creates a new category of "recovery home" for people who are homeless or at risk of experiencing homelessness or mental health or substance abuse issues. Recovery housing,

as defined under existing law, is not required to comply with Housing First requirements and, thus, doesn't qualify for state funding under state homelessness programs. The author seeks to remedy this by adding recovery housing to the Housing First definition in statute. Under this bill, a provider of recovery housing may emphasize abstinence, but relapse would not be a cause for eviction as is required under existing law. Instead tenants could receive relapse support and uninterrupted access to housing.

- 3) **Related Legislation.** AB 2479 (Haney), of this legislative session, is similar to this bill and allows recovery housing, as defined, to qualify for state funding related to homelessness under the Housing First definition, if certain conditions are met. AB 2479 is pending in this committee.

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