
SENATE COMMITTEE ON PUBLIC SAFETY

Senator Jesse Arreguín, Chair
2025 - 2026 Regular

Bill No: AB 1229 **Hearing Date:** July 15, 2025
Author: Schultz
Version: July 2, 2025
Urgency: No **Fiscal:** Yes
Consultant: SJ

Subject: *Adult Reentry Grant Program*

HISTORY

Source: Corporation for Supportive Housing
Housing California

Prior Legislation: AB 107 (Ting), Ch. 22, Stats. of 2024
AB 102 (Ting), Ch. 38, Stats. of 2023
SB 154 (Skinner), Ch. 43, Stats. of 2022
AB 128 (Ting), Ch. 21, Stats. of 2021
AB 89 (Ting), Ch. 7, Stats. of 2020
SB 840 (Mitchell), Ch. 29, Stats. of 2018

Support: A New Way of Life Re-Entry Project; Abode Services; All of Us or None; Alliance of Californians for Community Empowerment; Asian Americans Advancing Justice Southern California; Brilliant Corners; California Alliance for Youth and Community Justice; California Catholic Conference; California Housing Partnership; California Innocence Coalition; California Public Defenders Association; Communities United for Restorative Youth Justice; County Behavioral Health Directors Association; Courage California; Destination: Home; Disability Rights California; Drug Policy Alliance; EAH Housing; East Bay Housing Organizations; Ella Baker Center for Human Rights; Fair Chance Project; Friends Committee on Legislation of California; Housing Action Coalition; Housing is a Human Right - Orange County; Initiate Justice; Initiate Justice Action; Justice in Aging; Justice2Jobs Coalition; La Defensa; Legal Services for Prisoners With Children; Los Angeles Homeless Services Authority; Multi-Faith Action Coalition; National Alliance to End Homelessness; Non-Profit Housing Association of Northern California; Orange County Equality Coalition; PATH; Rubicon Programs; San Francisco Public Defender; Smart Justice California; Steinberg Institute; The Bride's Chamber; The W. Haywood Burns Institute; Third Sector; Transitions Clinic Network; Vera California; Vera Institute of Justice; Viet Voices; Western Center on Law and Poverty

Opposition: None known

Assembly Floor Vote:

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PURPOSE

The purpose of this bill is to codify the Adult Reentry Grant (ARG) Program, move the administration of the program from the Board of State and Community Corrections (BSCC) to the Department of Housing and Community Development (HCD), and make specified changes to the program.

Existing law establishes the BSCC to provide statewide leadership, coordination, and technical assistance to promote effective state and local efforts and partnerships in California's adult and juvenile criminal justice system. (Pen. Code, § 6024.)

Existing law requires the BSCC to develop comprehensive, unified, and orderly procedures to ensure that applications for grants are processed fairly, efficiently, and in a manner consistent with its mission. (Pen. Code, § 6027, subd. (b)(5).)

Existing law requires that the California Department of Corrections and Rehabilitation (CDCR) make every effort to ensure that releases to homelessness are extremely rare. (Welf. & Inst. Code, § 8256, subd. (v)(1).)

Existing law requires that CDCR make efforts to reduce recidivism by offering participation to formerly incarcerated persons in recovery housing programs. Defines "recovery housing" as "sober living facilities and programs that provide housing in a recovery-focused and peer-supported community for people recovering from substance use issues." Specifies that participation is voluntary unless required by a court order or a condition of release. (Welf. & Inst. Code, § 8256, subd. (v)(2) & (3).)

Existing law requires agencies and departments administering state programs created on or after July 1, 2017, to collaborate with the California Interagency Council on Homelessness to adopt guidelines and regulations to incorporate core components of Housing First. (Welf. & Inst. Code, § 8256, subd. (a).)

Existing law outlines requirements for CDCR programs pertaining to parolee housing and includes exemptions to the core components of Housing First for recovery housing. (Welf. & Inst. Code, § 8256, subd. (c)(1).)

This bill requires HCD, upon an appropriation, to begin administering the ARG Program beginning July 1, 2026.

This bill requires HCD, on or before December 1, 2026, to modify ARG to provide grants to up to geographically diverse regional administrators responsible for funding permanent supportive housing and reentry services for eligible people.

This bill requires HCD to issue proposed guidelines establishing the grant program to select regional administrators for five-year renewable grants.

This bill requires regional administrator applicants to demonstrate all of the following:

- At least three years of experience administering a rental subsidy program, master leasing to tenants with a history of homelessness, or subcontracting to administer rental subsidies in permanent housing that follows evidence-based practices;

- Experience administering requests for proposals or a similar competitive process for selecting subrecipients meeting the criteria of the program and a viable plan for judging applications based on an assessment of subrecipient applicants' ability to offer supportive services using evidence-based practices;
- A relationship with a public housing authority to connect people to federal vouchers as they turn over;
- Experience working with a homelessness continuum of care (CoC) and, if the regional administrator is different from the CoC in the region, a coordinated entry system administrator;
- A relationship with at least one managed care plan or at least two community supports providers, or a direct contract with a managed care plan contracted provider;
- A viable plan to administer or contract with subrecipients to administer rental subsidies for permanent housing to connect participants to permanent housing as quickly as possible;
- A viable plan to connect participants, as needed and eligible, to community supports, Justice-Involved Reentry Initiative in-reach services, and behavioral health treatment and services for so long as medically necessary; and
- A viable plan to meet reporting requirements, as required by this bill.
- A viable strategy to assess participants' ability to move on from the program, including through relationships with housing authorities.

This bill requires HCD to establish criteria to competitively score applicants applying for grants as regional administrators. Specifies what must be included in the scoring criteria such as need in the region; viability of plans; the applicant's proposed use of funds; the extent to which the proposed use of funds will lead to overall reductions in homelessness and recidivism based on evidence; and the applicant's documented partnerships with affordable and supportive housing providers in the jurisdiction, among other things.

This bill requires HCD to work collaboratively with the State Department of Health Care Services, CDCR, and homeless CoC, and seek to work collaboratively with county probation departments, to establish a process for referrals of people eligible to participate in the program through the Justice-Involved Reentry Initiative, parole or probation agents under postrelease community supervision (PRCS), or other avenues of referrals.

This bill requires HCD to establish benchmarks to promote and track ideal outcomes from the program, including the percentage of participants currently residing in permanent housing; the housing retention rates at 12 and 24 months; and the rate of increase in employment and access to benefits that participants are receiving, among others. Requires HCD to offer support to regional administrators failing to meet outcome benchmarks.

This bill requires the BSCC to continue to oversee and administer existing grants that have not yet expired, using resources allocated to the board, including funds allocated by Budget Act of 2025.

This bill establishes criteria for a person eligible to participate in ARG:

- The individual voluntarily chooses to participate; and
- A person has either:

- Been assigned a date of release from prison within 30 to 180 days and is likely to become homeless upon release; or
- The person is currently experiencing homelessness while on parole or PRCS and has been incarcerated in prison within the last five years.

This bill specifies that a participant may remain eligible and continue to receive housing and services funded under ARG after discharge from parole or PRCS if the participant continues to need assistance from the program.

This bill specifies eligible uses for funds, including rental subsidies, operating subsidies, incentives to landlords, services assisting participants in transitioning from prison to the community, and evidence-based supported employment services, among others.

This bill requires the regional administrator or subrecipient provider, upon receipt of the referral of a participant identified prior to release from prison, to collaborate with the parole agent or probation officer, and when possible, to do all of the following:

- Draft a plan for the participant's transition into permanent housing in collaboration with the participant.
- Engage the participant to actively participate in services upon release on a voluntary basis.
- Assist the participant in obtaining identification and other documentation the participant may need to access housing and services.
- Assist the participant in applying for any benefits for which the participant is eligible.

This bill specifies the actions a regional administrator or subrecipient must undertake in providing reentry services, housing, community supports, and supported employment.

This bill requires regional administrators or subrecipients to identify housing opportunities for participants prior to release from prison or as quickly upon release from prison as possible, or as quickly as possible when participants are identified during parole or PRCS. Specifies the criteria the housing must meet.

This bill requires HCD to distribute funds by executing contracts with awarded regional administrators for a term of five years, subject to automatic renewal, provided the regional administrator complies with the provisions of this bill and has achieved the benchmarks identified by HCD. Requires that unexpended funds revert to HCD one year after a contract has expired.

This bill requires a regional administrator to submit an annual report to HCD, pertaining to the recipient's program, provider selection process, contract expenditures, and progress toward meeting state goals. Specifies the disaggregated data regional administrators must report.

This bill requires HCD to design an evaluation and hire an independent evaluator to assess outcomes from the program on or before July 1, 2030.

This bill requires CDCR to establish a process for engaging an individual scheduled for discharge, within at least 210 days of the scheduled release date, for the purpose of assessing the

individual's risk of homelessness upon discharge. Requires the process to include the following questions:

- Do you have a plan for where you will live when you get out?
- If you have a plan, where do you plan to sleep after returning to your community?
- Where were you living when you were arrested, prior to your conviction?
- Have you ever slept in a place not meant to be a place to live long-term, such as a shelter, transitional housing, a bus or train station, on the streets, or a motel or hotel?

This bill prohibits CDCR from using any of the answers provided to lengthen an individual's term or to otherwise punish or discipline the individual.

This bill includes a list of defined terms.

This bill includes legislative findings and declarations.

COMMENTS

1. Need For This Bill

According to the author:

People on parole in California are 17 times more likely to experience homelessness than Californians overall, and individuals who have been incarcerated and are experiencing homelessness are seven times more likely to be re-arrested than those who are housed. Successful programs across the country have demonstrated that people with incarceration histories can become stably housed and avoid reoffending when they have access to longer term rental subsidies and the services they need to build a solid foundation for their lives. These successes rely on implementation of evidence-based practices administered by housing agencies.

Building on learnings from those programs, AB 1229 restructures the Adult Reentry Grant Program to become a more targeted program that provides longer term rental subsidies to individuals who need assistance the most and promotes alignment with state healthcare and behavioral health programs that prioritize the justice-involved reentry population, like the CalAIM Justice-Involved Reentry Initiative, CalAIM Enhanced Care Management, CalAIM Community Supports, BH-CONNECT, and the Behavioral Health Services Act. Thus, AB 1229 will use existing ARG funds more effectively, while also leveraging other programs the state is already funding, to reduce people's risk of reoffending.

2. Homelessness Following Incarceration

Homelessness continues to be a crisis in California. According to a 2023 report on homelessness, more than 171,000 people experience homelessness daily in the state—two times more than the next highest state. (Kushel et al., *Toward a New Understanding: The California Statewide Study of People Experiencing Homelessness* (Jun. 2023), p. 11 available at <https://homelessness.ucsf.edu/sites/default/files/2023-06/CASPEH_Report_62023.pdf>.) While

only home to 12% of the nation's population, California is home to 30% of the nation's overall homeless population and half of the nation's unsheltered population. (*Ibid.*)

Formerly incarcerated individuals are approximately ten times more likely to experience homelessness relative to the general public, and are most likely to be homeless in the period shortly after release. (Lucius Couloute, *Nowhere to Go: Homelessness among formerly incarcerated people* (Aug. 2018) available at <<https://www.prisonpolicy.org/reports/housing.html>>.) In a survey of adults experiencing homelessness in California, six percent of all participants entered homelessness directly from prison. (Kushel et al., *supra*, at p. 35.) The same survey reported that most participants had not received support obtaining housing upon leaving prison, with only 14% indicating that they had received that type of support. (*Ibid.*)

This bill requires CDCR to establish a process for engaging an individual scheduled for discharge, within at least 210 days of their expected release date, for the purpose of assessing the individual's risk of homelessness. The bill requires the department to inquire about the person's housing plans following release as well as the person's history of homelessness or housing instability prior to incarceration.

3. Adult Reentry Grant Program

The 2018 Budget Act established the Adult Reentry Grant (ARG) Program which is administered by the BSCC and provides funding for community-based organizations to deliver reentry services for individuals who were formerly incarcerated in state prison. The ARG program has been funded annually through the Budget Act or related legislation. Permissible uses of ARG grants include, but are not limited to, case management, reentry and barrier removal support, housing and service navigation, and transitional and permanent housing. (BSCC, *Adult Reentry Grant Program* available at <https://www.bscc.ca.gov/s_argrant/#rehab>.)

There have been four ARG Program grant cohorts. The grants in each cohort are separated by category: rental assistance grants and warm hand-off reentry services grants. The first cohort grant period ran from July 2019 to February 2023. Sixty-nine grantees were awarded \$65.7 million, more than half of which funded rental assistance grants. (BSCC, *Cohort I – Adult Reentry Grant List of Awards* available at <<https://www.bscc.ca.gov/wp-content/uploads/Adult-Reentry-Grant-List-of-Awards.pdf>>.) The grants for the second cohort ran for different periods because the rental assistance grants for Cohort 2 were expedited to aid early prison releases during the COVID-19 pandemic. The grant period for rental assistance grantees ran from September 2020 to February 2023, and eight community-based organizations from the ranked list of unfunded applicants in the previous round of grant recipients were awarded \$17.5 million. (BSCC, *Grant Proposals Recommended for Funding* available at <<https://www.bscc.ca.gov/wp-content/uploads/Attachment-E-7-List-of-awards-with-2020-Budget-Act.pdf>>.) Thirty-nine warm hand-off grantees were awarded \$17.5 million, and the grant period ran from July 2021 to February 2025. (BSCC, *Adult Reentry Grant Program—Warm Handoff Reentry Services Cohort II Project Summaries* available at <<https://www.bscc.ca.gov/wp-content/uploads/ARG-WHO-Cohort-II-Project-Summaries-REVISED-6-9-21.pdf>>.)

Data on the outcomes of Cohort 2 warm hand-off project participants indicated that more than 7,500 participants enrolled, half of whom had been released from prison within the six months prior to enrollment. (BSCC, *ARG-Cohort II Warm Handoff & Reentry Services Participant and Outcome Dashboard* available at

<<https://public.tableau.com/app/profile/kstevens/viz/ARGWHOCohort2ParticipantsOutcomesDashboard/AboutARGWHOCohort2>>.) Of participants who successfully completed a program, 31.1% were placed into housing, 35% experienced improved employment, and 42.5% experienced improved protective factors. (*Ibid.*)

Twenty-three rental assistance grantees were awarded over \$58 million and 79 warm hand-off grantees were awarded over \$58 million in Cohort 3 which runs from October 2022 to April 2026. (BSCC, *Adult Reentry Grant Program—Cohort III Project Summaries* available at <<https://www.bscc.ca.gov/wp-content/uploads/Attachment-G-3-ARG-III-Project-Summaries.pdf>>.) Over \$108 million was available, to be divided evenly between rental assistance grantees and warm hand-off grantees, for Cohort 4 which runs from July 2025 to December 2028.

Proponents of this bill assert that the ARG Program should be codified and that program grants should be administered by HCD given the department's expertise in housing and homelessness. Proponents also argue that the program should be modified so that grants are awarded for longer periods of time and renewed if the grantee satisfies specified criteria, serve a broader population of justice-involved individuals, and maximize efficiency by improving coordination of services provided.

This bill makes a number of changes to the ARG Program. First, the bill provides that grants are awarded to regional administrators responsible for funding permanent supportive housing and reentry services. The bill specifies the types of experience and other criteria that would qualify an organization—either local government or a community-based organization—to serve in that role. The regional administrators are required to provide specified services, housing, and supports, or to contract with community-based organizations to do so.

The bill additionally provides that the following individuals are eligible to receive services from a regional administrator: a person who is going to be released from prison within 30 to 180 days and likely to become homeless upon release; or a person who is currently experiencing homelessness while on parole or PRCS and who has been incarcerated in prison within the last five years. Finally, the bill includes provisions pertaining to program benchmarks for the regional administrators to meet, reporting requirements by the regional administrators to HCD, and an evaluation of the entire program.

4. Role of HCD in Addressing Homelessness

HCD administers many of the state's affordable housing and homelessness programs. In 2024, the Homeless Housing, Assistance, and Prevention Program (HHAPP) and the Encampment Resolution Program (ERP) were moved from the Interagency Council on Homelessness to HCD. HCD also administered COVID-19 rental assistance, the California Emergency Services Grant (ESG) program, and Housing for a Healthy California—all of which provided rental assistance to individuals at risk of or experiencing homelessness.

In October 2024, Governor Newsom announced a partnership between HCD and CDCR to create long-term supportive housing and comprehensive wrap-around services for individuals leaving prison. (HCD, *California launches new program to improve public safety by reducing homelessness and recidivism* (Oct. 31, 2024) available at <<https://www.hcd.ca.gov/about-hcd/newsroom/reentry-housing-pilot-project-nofa>>.) The federally-funded Reentry Housing Pilot

Project (RHPP) accepted applications through the end of last year. The program is administered by HCD, and awards are expected to be announced this summer.

This bill moves the administration of the ARG Program from the BSCC, a corrections-focused government agency, to HCD.

5. Argument in Support

A coalition of organizations, including the bill's co-sponsors, Housing California and the Corporation for Supportive Housing writes:

As of November 2024, 15% of people on parole were unhoused, nearly all unsheltered. People formerly incarcerated and experiencing homelessness are seven more times likely to recidivate than people who are housed.

AB 1229 will restructure the existing Adult Reentry Grant program (ARG), which currently receives ongoing funding to pay for rental assistance and warm hand-off reentry services to individuals who have existed state prison. Restructuring will implement four key changes:

- Moving the program from the Board of State and Community Corrections to the Housing and Community Development department (HCD) to take advantage of HCD's housing specialists who understand the intricacies of rental assistance.
- Connecting all participants to housing and rental assistance to ensure a greater share of participants exit homelessness for good.
- Dedicating program resources to individuals who are at risk of or experiencing homelessness.
- Similar to successful programs in other states, funding regional administrators that are regionally-based organizations, and to promote a holistic approach that coordinates existing programs, such as the Justice-Involved Reentry Initiative services, Behavioral Health-CONNECT, CalAIM Community Supports and Enhanced Care Management, and other support programs that did not exist when ARG was created.

With these changes, AB 1229 would allow roughly 1,200 individuals – about one-third of Californians currently on parole experiencing homelessness – to exit to housing and health stability and reduce their risk of recidivating, without the need for new funding.

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