SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2146 (Stefani) - Supportive housing: prospective tenants: barriers to access

Version: June 22, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: HOUSING 8 - 1
Mandate: Yes
Consultant: Mark McKenzie

Bill Summary: AB 2146 would establish a Direct Access to Supportive Housing (DASH) designation for certain supportive housing units and create a process for housing developments funded through specified state affordable housing programs to fill vacancies for those housing units outside of a coordinated entry system (CES) with if a project sponsor requests a tenant referral and does not receive an applicant within 180 days, as specified.

Fiscal Impact:
- The California Housing and Homelessness Agency (CHHA) estimates costs in the low hundreds of thousands of dollars for a contract to complete the comprehensive review of compliance documentation and identifying compliance requirements, alternative methods of compliance, and opportunities to streamline documentation, as well as implementing revised compliance requirements based on the review. (General Fund)

- The Department of Housing and Community Development (HCD) would incur minor workload costs in excess of $50,000 to amend program guidelines to incorporate changes specified in the bill and to conduct ongoing oversight and other activities to verify that units qualify for a DASH designation, as well as respond to technical assistance requests from developers and other interested parties. HCD indicates that these costs are likely absorbable within existing resources. (General Fund)

- The California Tax Credit Allocation Committee (TCAC) would incur unknown one-time workload costs, potentially in the low hundreds of thousands of dollars, for workload associated with the comprehensive review of compliance documentation required for DASH units and associated report, as well as implementation of revised compliance requirements, as specified. TCAC costs to update program guidelines would be minor and absorbable. (General Fund, Tax Credit Allocation Fee Account)

Background: Existing law establishes the Multifamily Housing Program (MHP), which is administered by HCD to assist the new construction, rehabilitation, and preservation of permanent and transitional rental housing, including supportive housing, for lower income households through loans to local governments and non- and for-profit developers. Existing law specifies particular requirements for supportive housing projects funded through the MHP, including that supportive housing projects provide or demonstrate collaboration with programs that provide services that meet the needs of the supportive housing residents.

Existing law establishes the Homekey Program to provide permanent housing for individuals and families who are experiencing homelessness or who are at risk of homelessness. Under the program, HCD provides grants to cities, counties, and all other state, regional, and local public entities, in accordance with the requirements of the MHP, for specified uses, including acquisition and/or rehabilitation of motels, hotels, hostels, and other sites, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings that can be converted to permanent or interim housing. Existing law requires HCD to allocate at least 8% of Homekey funding for projects that serve homeless youth or youth at risk of homelessness. Proposition 1 of 2024 provided $922 million for loans and grants administered by HCD through the Homekey Program to develop supportive housing for people experiencing or at risk of homelessness with behavioral health challenges.

Existing law establishes the No Place Like Home Program, which provides funding and tools that allow HCD to address affordability issues associated with creating housing units that are specifically set aside for persons with serious mental illness who are chronically homeless, homeless, or at-risk of being chronically homeless. Existing law, approved by the voters as Proposition 2 in 2018, requires HCD to award $2 billion in revenue bonds over four rounds among counties to finance capital costs of permanent supportive housing development, including acquisition, design, construction, rehabilitation, or preservation, and to capitalize operating reserves. The revenue bonds that fund the NPLH Program have been fully allocated and they are repaid by funding from the Mental Health Services Act.

Existing law establishes both a state and federal Low Income Housing Tax Credit (LIHTC) program to incentivize private development of affordable rental housing. The tax credit enables low-income housing sponsors and developers to raise project equity through the allocation of tax benefits to investors. The state program is generally patterned after the federal program, but project developers or housing sponsors that receive a state credit allocation must agree to specified terms, including a minimum of 55 years of rent and tenant income restrictions. Existing law designates TCAC as the entity responsible for administering both the federal and state LIHTC programs, including the allocation of tax credits to housing sponsors through a competitive application process. TCAC must submit an annual report to the Legislature on its activities related to the allocation of tax credits and the projects and units that benefit from those credits.

Existing law establishes a network of local Continuums of Care (CoCs), which are local groups organized to carry out the responsibilities of the federal McKinney-Vento Homeless Assistance Act. CoCs are responsible for administering federal funding to address homelessness, collecting data that is input into the Homelessness Management Information System (HMIS), and managing the CES. A CES is a system-wide process to quickly and equitably coordinate the access, assessment, prioritization, and referrals to housing and services for people experiencing or at imminent risk of homelessness. CES prioritizes individuals for housing based on the length of time they have experienced homelessness. As of 2017, the federal Department of Housing and Urban Development (HUD) requires CoCs to use a CES for referrals as a condition of receiving federal funds.

The LIHTC and MHP both include set-asides that fund housing specifically for people experiencing homelessness. Both programs require that a developer use CES to fill a vacancy when a tenant moves out of a supportive housing unit.

Proposed Law: AB 2146 would establish a process for certain supportive housing units to receive a DASH designation for the purpose of facilitating quick and accountable access to supportive housing units, and allow a housing development serving people experiencing homelessness to accept self-certification that an individual is homeless. Specifically, this bill would:

- Establish a process, beginning July 1, 2027, for housing developments that receive a tax credit allocation from TCAC or funding from the MHP, NPLH program, or Homekey to fill supportive housing unit vacancies outside the CES referral process if a project sponsor requests a tenant referral from a CES and does not receive an applicant within 180 days, as specified.
- Require a housing unit that meets all of the following criteria to be designated as DASH:
  - The unit did not or does not receive any federal capital or operating subsidy that requires compliance with federal HUD standards.
  - The unit is restricted to occupancy by those at risk of homelessness or experiencing homelessness or chronic homelessness.
  - The unit receives referrals through a CES or an equivalent referral system (ERF) for the first 180 days per vacancy.
- Require, as of July 1, 2027, a housing credit applicant to notify TCAC, or a development sponsor to notify HCD, if a unit meets the criteria for a DASH designation, as specified. The bill prescribes a process for providing additional evidence to support a DASH designation if TCAC or HCD disagrees with an initial determination that a unit qualifies for that designation.
- Require TCAC and HCD, beginning on July 1, 2027 and to the extent not prohibited by federal law, to apply the following expedited compliance documentation standards:
  - TCAC and HCD may not require a funding or tax credit applicant to obtain third-party documentation of a person's status as chronically homeless, homeless, or at risk of homelessness to establish tenant eligibility.
  - TCAC and HCD must accept self-certification of homelessness from the prospective tenant.
  - TCAC may not require housing history for prospective tenants.
  - A housing credit applicant may not request or require housing history or landlord or personal references for prospective tenants.
- Authorize an applicant for funding or a tax credit allocation who receives referrals through a CES or ERF, to the extent not prohibited by federal law, to receive and process referrals of prospective tenants from sources outside of a CES or ERF 180 days from the day the applicant notifies the CES or ERF of a vacant unit, if certain conditions are met.
- Require CHHA and TCAC, by January 1, 2028 and in consultation with sponsors of housing units designated as DASH, to complete a comprehensive review of compliance, as specified, and submit a report to the Legislature by April 1, 2028.
- Require CHHA and TCAC to implement revised compliance requirements based on the completed review.

Staff Comments: Existing law prohibits the denial of supportive housing for homeless applicants due to poor or inconsistent housing history. However, federal funding for CoCs requires applicants for housing to provide documentation related to their housing history, including third-party verification of homelessness, two years of rental history, and, in some cases, landlord or personal references. State law has mirrored this requirement in guidelines for certain programs that provide funding for supportive housing.

This bill allows a developer to fill a vacancy in a DASH-designated unit if they request a tenant from CES and the referral is not made within 180 days. The bill would also require TCAC and HCD to accept self-certification from a prospective tenant that they are homeless for DASH-designated units in housing development projects that receive state funding or tax credit awards under the LIHTC, MHP, NPLH, and Homekey programs, but do not receive federal support, as specified. In these instances, affordable housing developers would not be required to obtain third party documentation of a person's status as homeless, any housing history, or landlord or personal references.

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