
THIRD READING

Bill No: SB 492
Author: Menjivar (D)
Amended: 1/22/26
Vote: 27 - Urgency

SENATE HOUSING COMMITTEE: 9-1, 1/6/26

AYES: Wahab, Arreguín, Cabaldon, Caballero, Cortese, Durazo, Grayson, Ochoa
Bogh, Padilla

NOES: Seyarto

NO VOTE RECORDED: Reyes

SENATE APPROPRIATIONS COMMITTEE: 5-2, 1/22/26

AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto, Dahle

SUBJECT: Youth Housing Bond Act of 2025

SOURCE: Alliance for Children's Rights (co-source)
California Coalition for Youth (co-source)
Children Now (co-source)

DIGEST: This urgency bill creates the Youth Housing Bond Act of 2025, which would propose the sale of \$1 billion of general obligations bonds at the next statewide election for purposes of funding youth housing programs.

ANALYSIS:

Existing law:

- 1) Establishes a number of housing assistance programs for affordable housing at the Department of Housing and Community Development (HCD).

- 2) Authorized, upon approval by the voters as Proposition 1 in the November 6, 2018 general election, the issuance of \$3 billion in general obligation (GO) bonds for several affordable housing construction programs at HCD.
- 3) Authorized, upon approval by the voters as Proposition 2 in the November 6, 2018 general election, the issuance of \$2 billion in GO bonds for the No Place Like Home Program at HCD.
- 4) Authorized, upon approval by the voters as Proposition 1 in the March 5, 2024 general election, the issuance of \$6.380 billion in GO bonds for people experiencing mental health and substance abuse issues, of which over \$2 billion was allocated to HCD for the following purposes:
 - a) \$1.05 billion for loans or grants to develop supportive housing for veterans experiencing or at risk of homelessness with behavioral health challenges, administered by the HCD and the Department of Veterans Affairs (CalVet); and
 - b) \$922 million for loans or grants to develop supportive housing for people experiencing or at risk of homelessness with behavioral health challenges, administered by HCD through the Homekey Program.

This bill:

- 1) Defines “services” as the services provided in a youth center or youth housing, including, but not limited to, all of the following: food, shelter, counseling, outreach, basic health screening, referral and linkage to other services, long-term planning for reunification with the family or in a suitable home where family reunification is not possible, supportive services, and aftercare and follow-up services.
- 2) Defines “youth center” as a facility that is equipped to meet the needs of youth, including mental and behavioral health needs, housing, education and employment support, and linkage to other services, where youth ages 12 to 25 years of age, inclusive, gather for programs and services.
- 3) Defines “youth housing” as a facility that provides a variety of services to current or former foster youth, homeless minors or youth, or minors or youth at risk of homelessness to assist them with their immediate basic needs and to help reunite them with their parents, if appropriate, or, find a suitable home. “Youth housing” may include, but is not limited to, any of the following:

- a) A licensed transitional housing placement provider, as specified.
 - b) A transitional living setting, as specified.
 - c) A Transitional Housing Program-Plus that serves only eligible former foster youth over 18 years of age who have exited from the foster care system on or after their 18th birthday, and that has obtained certification from the applicable county as specified.
 - d) A specified transitional housing program for homeless youth under 25 years of age.
- 4) Creates the Youth Housing Program at HCD, and authorizes \$1 billion to be available for youth centers (\$100 million) and youth housing (\$900 million). The program shall make awards to local agencies, nonprofit organizations, or joint ventures, for the purpose of acquiring, renovating, constructing, and purchasing equipment for youth housing.
- 5) Requires proposals for both youth centers and youth housing funding to, at a minimum, do all of the following:
- a) Document the need for the applicant's proposal.
 - b) Contain a written commitment and a plan for the delivery of programs and services designed to meet the needs of the youth of the targeted community.
 - c) Include a match for funding consistent with the following, as applicable:
 - i) When the applicant is a local agency or joint venture involving a local agency, a match equal to 25% of the total amount requested.
 - ii) When the applicant is a nonprofit organization, a match equal to 15% of the total amount requested.
 - d) Document the cost-effectiveness of the proposal.
 - e) Contain a written commitment and plan to develop and implement a process to receive and consider feedback and suggestions from the community served, including a separate mechanism for the youth it serves.
 - f) Document plans to utilize and coordinate with other organizations serving the same youth population, including making the facilities available where possible.
- 6) Requires funding for youth housing to be awarded as follows:
- a) At least 50% to housing for homeless youth.

- b) A maximum of 50% to housing for current or former foster youth.
- 7) Requires HCD to establish a priority for considering and ranking proposals based on all of the following:
- a) The greatest need in the most heavily populated areas.
 - b) The most underserved areas.
 - c) The most economically disadvantaged areas, both in urban and rural counties.
 - d) The number of youth to be served.
 - e) The cost effectiveness of the proposal.
 - f) The utilization of, and coordination with, other agencies serving youth.
 - g) The applicant's experience in program management, particularly in programs serving the needs of youth.
 - h) The applicant's experience in programs serving youth.
- 8) Requires the funds to be awarded in the following order of priority: nonprofit organizations, joint ventures between local agencies and nonprofit organizations, and local agencies.
- 9) Prohibits an eligible applicant from using more than 5% of the funds allocated for the program to pay the administrative costs of that program.

Background

State programs for homeless youth and recent housing investments. Recently, California has invested heavily to address homelessness, and two key HCD homelessness programs have established set-asides specifically for homeless youth. First, the Homeless Housing, Assistance, and Prevention (HHAPP) Grant Program provides funding to CoCs, counties, tribal governments, and large cities. HHAPP funds support regional coordination and expand or develop local capacity to address their immediate homelessness challenges. HHAPP recipients, beginning in Round 3, are required as part of their application for funds, to submit a local homeless action plan, which includes specified outcome goals aimed at preventing and reducing homelessness over a three-year period. Applicants are required to engage with the California Interagency Council on Homelessness (Cal-ICH), which administers the program, and encouraged to coordinate plans on a regional basis. HHAPP requires grantees to use at least 10% of their allocation for services for homeless youth.

The second program with a homeless youth set-aside is the Homekey program, which provides grants to local agencies to quickly buy and convert underused properties (like motels, hotels, and apartments) into permanent or interim housing for people experiencing or at risk of homelessness. California Statute requires that HCD allocate not less than eight percent of the total Homekey funding to projects serving Homeless Youth, or Youth at Risk of Homelessness. Round 3 awarded 10% of the funds to this population. Through the passage of the Behavioral Health Services Act (Proposition 1, 2024) the Homekey program received an additional \$922 million, with the continued set-aside of 8% for homeless youth.

Additionally, the Office of Emergency Services (OES) provides around \$1 million annually for the Homeless Youth and Exploitation program. This program has also benefited from at least 2 one-time general fund investments of \$10 million.

Comments

- 1) *Author's statement.* In 2024, California counted 9,052 youth experiencing homelessness on their own and another 1,890 who were homeless and parenting on their own. Yet, in the first six months of 2025, 38,496 youth experiencing homelessness were served by California's homeless response system. (Source: HDIS) Homelessness among some groups of youth is significantly disproportionate with up to 40% of homeless youth identifying as LGBTQ+. Among racial and ethnic groups, African American youth were especially overrepresented, with an 83% increased risk of having experienced homelessness over youth of other races. Furthermore, data has shown that 50% of the chronically homeless population had their first experience of homelessness when they were under the age of 25. SB 492 will address the ongoing need to support current and former foster youth along with youth experiencing, or at risk of, homelessness by creating a dedicated funding source to combat homelessness through the Youth Housing Bond Fund. This bill will also allow both public and community-based organizations with expertise in youth homelessness to apply for funds, which will significantly increase the housing opportunities for this population. SB 492 is essential in battling the heart-breaking reality of youth homelessness in California.
- 2) *Who are California's homeless youth?* A homeless youth is defined as a minor younger than 18 or a young adult between 18 and 24 years old who is living individually without shelter. According to the US Department of Housing and Urban Development (HUD), 9,052 unaccompanied youth experienced homelessness, 60% of whom were unsheltered. These numbers likely

undercount the actual homeless youth population; the National Alliance to End Homelessness notes that homeless youth are particularly difficult to count as they may be afraid or unwilling to enter shelters, and communities typically have few resources, beds, and units dedicated to youth. In addition, youth are often not engaged in traditional homeless assistance programs and congregate in different areas than older individuals experiencing homelessness.

While between 5% and 10% of the general population identify as LGBTQ, LGBTQ youth comprise up to 40% of the homeless youth population. In addition, 33.9% of all homeless youth are African American and 24.4% are Hispanic. Studies by the US Administration on Children, Youth, and Families found that nearly 78% of homeless youth had at least one prior interaction with law enforcement, 62% of homeless youth had been arrested at least once, and nearly 44% had been in a juvenile detention center.

Youth who experience homelessness are at a higher risk for poorer health outcomes, including hepatitis, diabetes, sexually transmitted infections, influenza, and dental problems, among others. Fear of interaction with law enforcement, lack of health insurance, difficulties maintaining necessary personal possessions and an address, and concerns about confidentiality exacerbate these issues for young people experiencing homelessness. Homeless youth also experience mental health issues such as post-traumatic stress, depression, anxiety, and psychosis resulting from the stress of living and surviving on the streets. Studies show that between 70% and 90% of homeless youth engage in substance use, and many youth on the streets engage in “survival sex” in exchange for shelter and food; nearly one in five homeless youth have participated in survival sex activities.

- 3) *Progress in reducing youth homelessness.* Nationwide, the number of people experiencing homelessness on a given night increased by 18% from 2023 to 2024. In California, however, the overall growth increased by only 3%. During the same period, California had the largest reduction in the number of veterans experiencing homelessness in the nation, with 1,279 fewer veterans experiencing homelessness on a single night in January in 2024 than in 2023 (8% reduction year over year). Furthermore, California had the largest reduction in the number of unaccompanied youths experiencing homelessness in the nation, with 1,121 fewer unaccompanied youth experiencing homelessness on a single night in January 2024 than in January 2023. Preliminary point-in-time (PIT) count data for 2025 show some

communities are seeing substantial decreases in overall unsheltered homelessness.

According to the UCSF Benioff Homelessness and Housing Initiative (UCSF Benioff), the reason for the reduction in veteran homelessness is because California has adequately scaled the evidence-based responses which include Housing First, or housing subsidies paired with appropriate services. The same can likely be said for homeless youth, given consistent set asides with specific state funds (*e.g.*, HHAPP the Homekey Program) for this population.

- 4) *New funds for youth programs.* This bill would create a new program at HCD to provide targeted awards for youth housing and youth centers. The funds would be generated from \$1 billion in general obligation bonds, upon approval of the voters at the next general election.
- 5) *Senate Appropriations Amendments.* Amendments taken in Senate Appropriations by the author do the following: (a) fill in the blanks in the bill, authorizing the sale of \$1 billion in general obligation bonds, and specifying that \$100 million would be available for youth centers and \$900 million would be available for youth housing, and (b) delete provisions requiring HCD to create and consult with a specified advisory committee.

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

According to the Senate Appropriations Committee:

- Bond costs: Total principal and interest costs to pay off the bonds would be approximately \$1.739 billion (\$1 billion in principal and \$739 million in interest), with average annual debt service payments of \$58 million (General Fund), when all bonds are sold, and assuming a 30-year maturity and an interest rate of 4.02% (the average weighted interest rate secured by the State Treasurer over several general obligation bond sales in 2025). If interest rates increase to 5% in the near future, annual debt service would be approximately \$65 million (General Fund) and total principal and interest costs over the repayment period would be approximately \$1.952 billion.
- Administrative costs: The Department of Housing and Community Development (HCD) would incur significant increased staffing and operations costs, likely in the low- to mid-millions annually, and up to \$50 million in the aggregate over the life of the bonds, to administer the new Youth Housing Program established by this measure (2026 Youth Housing Bond Fund). This measure authorizes HCD to use up to 5% of bond proceeds appropriated to the

department for its administrative costs, which the department indicates is sufficient to cover their administrative costs.

- Ballot costs: One-time Secretary of State (SOS) costs in the range of \$784,000 to \$984,000 (General Fund) in the 2026-27 fiscal year for printing and mailing costs to place the measure in the Voter Information Guide ballot pamphlet for the November 3, 2026 statewide general election. To the extent that it is not possible for the SOS to include this measure in the main Voter Information Guide ballot pamphlet for the November general election, costs for the SOS to generate and mail a supplemental pamphlet to the voters would be significantly higher. Preliminary estimates indicate that these one-time costs could be in the range of \$4 million. (General Fund)

SUPPORT: (Verified 1/23/26)

Alliance for Children's Rights (co-source)
 California Coalition for Youth (co-source)
 Children Now (co-source)
 Aspiranet
 Bill Wilson Center
 California Alliance of Child and Family Services
 California Youth Empowerment Network
 Children's Law Center of California
 Community Solutions
 Covenant House California
 First Place for Youth
 Hollywood Homeless Youth Partnership
 Home Start INC.
 Home Start, INC
 Homeless Prenatal Program
 Homeward Bound of Marin
 John Burton Advocates for Youth
 Larkin Street Youth Services
 Loyola Law School, the Sunita Jain Anti-trafficking Initiative
 Nasw California
 National Network for Youth
 Orangewood Foundation
 Ready for Life Host Homes
 Redwood Community Action Agency's Youth Service Bureau
 Restorative Pathways
 Sacramento LGBT Community Center

Safe Place for Youth
San Diego Youth Services
San Jose Conservation Corps & Charter School
Schoolhouse Connection
Sycamores
YMCA of San Diego County
Youth Employment Partnership, INC.
Youth Law Center

OPPOSITION: (Verified 1/23/26)

None received

Prepared by: Alison Hughes / HOUSING / (916) 651-4124
1/26/26 13:22:02

**** **END** ****