

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 606 (Becker) – As Amended July 17, 2025

Policy Committee:	Housing and Community Development	Vote:	10 - 0
	Human Services		7 - 0

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

**SUMMARY:**

This bill requires an applicant for the Homeless Housing, Assistance, and Prevention (HHAP) Grant Program to report additional information to the Department of Housing and Community Development (HCD), including an assessment of how to achieve both “functional zero” and “functional zero unsheltered,” as defined by this bill, and other information regarding implementation of local homeless housing incentives.

Specifically, this bill:

- 1) Defines “functional zero” to mean a milestone indicating a community has measurably solved homelessness, when homelessness becomes rare and brief and people falling into homelessness are able to be rehoused quickly in housing without limits on length of stay or in permanent housing.
- 2) Defines “functional zero unsheltered” to mean a necessary milestone in the effort to achieve functional zero indicating that sufficient housing options of all types to accommodate a jurisdiction’s unsheltered, chronically homeless population based on its most recent homeless point-in-time count.
- 3) Requires HHAP applicants, beginning with the next round of program applications or when updates to the regionally coordinated homelessness action plan are due, to additionally provide all of the following information:
  - a) An assessment of what would be required for the applicant to achieve functional zero, including, at a minimum, an analysis of the number of housing units of all types needed to achieve functional zero in a jurisdiction.
  - b) An assessment of what would be required for the applicant to achieve functional zero unsheltered. This assessment must include all of the following:
    - i) A financial model that will assess needs for investments in capital, operating supports, and rental assistance, as specified.
    - ii) Identification of federal, state, and local funding programs that provide housing or services to persons experiencing homelessness, as specified.

- iii) The total number and types of permanent housing beds, units, or opportunities available to persons experiencing homelessness statewide and in geographically diverse regions across the state.
- iv) An analysis of the need for permanent housing opportunities and services.
- v) The number and types of interim interventions available to persons experiencing homelessness in geographically diverse regions across the state, as specified.
- c) Information regarding the applicant's implementation of local homeless housing incentives, including, among other information, whether the applicant has a valid shelter crisis declaration in effect, as specified.
- d) A demonstration of the applicant's efforts to include "small cities," as defined, in its regionally coordinated homeless action plan.

**FISCAL EFFECT:**

HCD estimates General Fund costs of \$624,000 annually for three positions for a limited term to support significant workload increase in future fiscal years in which funding is provided for the program. The additional staff would provide technical assistance to a high volume of regional and local entities, develop forms, processes, and procedures for HHAP applicants to submit specified assessments and information, conduct review and analysis of information received from applicants, and conduct monitoring of HHAP applicants' progress in addressing homelessness.

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

Research shows that the longer unhoused residents go without shelter, the less likely they'll be able to return to self-sufficiency. As California invests in more permanent housing, and interim housing, more must be done to bring unsheltered people indoors and save lives. [This bill] will codify the goal of functional zero unsheltered in State statute and require municipalities to assess what would be required in order to end unsheltered homelessness in their municipalities. Rather than chipping away at the problem, one shelter at a time, the Functional Zero Unsheltered Act would ensure that regions are working toward strategic and practical frameworks that address the crisis in its entirety.

**2) Background.** Existing law establishes the HHAP program to provide jurisdictions with one-time grant funds to support regional coordination and expand or develop local capacity to address their immediate homelessness challenges. HHAP funding criteria are informed by a best-practices framework focused on moving homeless individuals and families into permanent housing, and supporting those individuals and families in maintaining their permanent housing. Established in 2019, the program receives General Fund appropriations in the annual Budget Act, including \$950 million provided over the first two rounds of funding, and \$1 billion each year through round six in fiscal year 2024-25. The 2025-26

Budget Act includes \$500 million for a seventh round. The Interagency Council on Homelessness administered rounds one through five. HCD begin administering the program with round six.

Existing law allows large cities (population of 300,000 or more), counties, continuums of care (COCs), and tribal entities to apply for HHAP funding. Beginning with round four, HHAP applicants must develop a regionally coordinated homelessness action plan and performance goals. Beginning with round five, HHAP applicants must submit a regional joint application and set outcome goals that prevent and reduce homelessness over a three-year period, informed by findings from a local landscape analysis and other data. Round five criteria also made funding contingent upon HCD's approval of an applicants' regionally coordinated homelessness action plan.

HCD is currently administering round six funding, and issued the 2025 Notice of Funding Availability in February. Round six prioritizes the use of HHAP funds for homelessness prevention, permanent housing, and operational support for existing interim housing over uses that do not directly provide housing.

This bill, beginning with the next round of HHAP program applications or when updates to the regionally coordinated homelessness action plan are next due, requires HHAP applicants to additionally provide an assessment of how the applicant could achieve and maintain functional zero and functional zero unsheltered standards, which this bill defines. The bill requires these assessments include extensive data and financial analyses, some of which are duplicative of existing requirements.

The bill also requires an applicant to submit information on its implementation of local homeless housing incentives and a demonstration of the applicant's efforts to include small cities in its regionally coordinated homelessness action plan.

Advocates assert this bill, by requiring regions to plan for functional zero unsheltered, will send a strong statement that the state's most urgent priority is ending unsheltered homelessness.

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