
SENATE COMMITTEE ON HOUSING
Senator Jesse Arreguín, Chair
2025 - 2026 Regular

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Urgency: **Fiscal:** No
Consultant: Alison Hughes

SUBJECT: Housing: functional zero unsheltered homelessness

DIGEST: This resolution urges the Governor, relevant state agencies, and all local governments to adopt an urgent and coordinated approach to both end and prevent unsheltered homelessness statewide through the full activation of interim and permanent strategies, as well as interventions to prevent individuals and families from falling into unsheltered homelessness, and fund all interventions and reforms that prioritize housing unsheltered Californians.

ANALYSIS:

Existing law:

- 1) Creates the California Interagency Council on Homelessness (Cal-ICH) and requires it to set and measure progress toward goals to prevent and end homelessness in California.
- 2) Establishes the Homeless Housing, Assistance, and Prevention Program (HHAPP) to provide jurisdictions with one-time grant funds to support regional coordination and expand or develop local capacity to address their immediate homelessness challenges informed by a best-practices framework focused on moving homeless individuals and families into permanent housing and supporting the efforts of those individuals and families to maintain their permanent housing. Directs the Department of Housing and Community Development (HCD) to administer HHAPP.
- 3) Empowers the recently formed Housing and Homelessness Accountability, Results, and Partnership Unit at HCD to monitor HHAPP expenditures, track outcomes, provide technical assistance and work with underperforming grantees on corrective action plans.

- 4) Requires that a regionally coordinated homelessness action plan (Regional Plan) include:
 - a) Identification and analysis of the specific roles and responsibilities of each participating jurisdiction in the region as specified.
 - b) A list of the most recent system performance measures for the region, which shall include age, racial, and ethnic disparities, as specified.
 - c) A system performance and improvement plan (Improvement Plan) with a description of key actions the region intends to take to improve system performance measures. May include key actions from small jurisdictions in the region that elect to engage in the regionally coordinated homelessness action plan.

- 5) Requires HHAPP applicants to demonstrate how the region will use available resources to sustain all existing and proposed interim housing investments within the region, as specified.

- 6) Requires HCD to approve a plan when it determines that the plan includes specified components, including certain performance measures (SPMs) for the region as well as age, racial, and ethnic disparities for specified information, and a system performance and improvement plan.

- 7) Requires HHAPP to be used for evidence-based solutions that address and prevent homelessness among eligible populations, including any of the following:
 - a) Permanent housing solutions that can prevent or serve those experiencing unsheltered homelessness, including rental subsidies, landlord incentives, move-in expenses, operating subsidies, supportive services for those in permanent housing, capital for permanent housing, and services coordination, as specified.
 - b) Homelessness prevention, including: rental assistance, rapid rehousing, and diversion support programs that prevent people from entering homelessness, as specified.
 - c) Interim housing solutions that provide shelter for those experiencing unsheltered homelessness including: low barrier navigation centers, operating subsidies for existing congregate shelter sites, operating expenses in new or existing non-congregate shelter sites, hotel or motel vouchers, services, capital funding to build new non-congregate shelter sites, capital funding for enhanced congregate or non-congregate shelters, youth focused services in transitional housing, and improvements to shelters to lower barriers and increase privacy. New interim shelters must be low-barrier and comply with housing first principles.

- d) Non-housing solutions such as street outreach, evidence-based engagement services, intensive care management services, harm reduction services, and housing navigation centers.
- 8) Requires applicants, beginning with the third round of HHAPP, to provide specified information for all rounds of program allocations through a data collection, reporting, performance monitoring, and accountability framework, including demonstrating progress on meeting their outcome goals and SPMs.
- 9) Requires HCD to post a statewide report that aggregates each applicant's outcome goals into a single statewide set of metrics.

This resolution urges the Governor, relevant state agencies, and all local governments to adopt an urgent and coordinated approach to both end and prevent unsheltered homelessness statewide through the full activation of interim and permanent strategies, as well as interventions to prevent individuals and families from falling into unsheltered homelessness, and fund all interventions and reforms that prioritize housing unsheltered Californians.

Background

Homelessness: stats and causes. According to the most recent point in time (PIT) count, 187,084 people were experiencing homelessness in California—representing 24% of the nation's homeless population. Two-thirds of the homeless population in California is unsheltered. Over half (51%) of all unsheltered people in the United States were in California. A lack of affordable housing is the biggest contributor to homelessness. As housing costs continue to rise, rent becomes less affordable for lower-income households, who are forced to live beyond their means (paying more than 30% of income on housing costs) or are pushed out of their homes, leading to rapid increases in homelessness. Variation in rates of homelessness cannot be explained by variation in rates of individual factors such as poverty or mental illness; conversely, cities with higher rents and lower rental vacancy rates (i.e., tighter housing markets) *are* directly linked to higher per capita rates of homelessness.

The lack of affordable housing plays a significant role in causing individuals to become homeless and creates obstacles for individuals experiencing homeless to transition into stable housing. The need for and costs of housing have consistently outpaced the development of affordable housing for over 30 years. As of 2022, working at the minimum wage of \$15/hour, a renter has to work 83 hours each week to afford a modest one-bedroom rental home at Fair Market Rent in California. The lack of supply is the primary factor underlying California's

housing crunch. To keep up with demand, HCD estimates that California must plan for the development of more than 2.5 million homes over the next eight years, and no less than one million of those homes must meet the needs of lower-income households (more than 640,000 very low-income and 385,000 low-income units are needed). For decades, not enough housing was constructed to meet need, resulting in a severe undersupply of housing. New construction of housing, both single family homes and apartments, continues to lag behind historical averages, and lags further behind the number of new units needed to meet housing demand.

Comments

- 1) *Author's statement.* "It is the duty of the State of California to protect the health and welfare of all its residents, including those experiencing homelessness. More than 123,000 Californians sleep unsheltered each night on sidewalks, in public parks, under freeway overpasses, and in riverbeds with no access to privacy, safety, or sanitation. The longer a person remains unsheltered, the more difficult it becomes for them to stabilize and enter permanent housing, and the more likely they are to suffer preventable illness, trauma, or death. The Interagency Council on Homelessness set a goal to increase the share of unsheltered individuals entering shelter or housing from 42% to 70% by 2027, with the aim of ensuring all unsheltered people access housing pathways. This goal cannot be reached without scaling up state investments for flexible funding, such as the Homeless Housing, Assistance, and Prevention program, to pair with other state, federal, and local funding that serves people experiencing unsheltered homelessness. State, regional, and local governments must coordinate limited resources to fund long-term and interim solutions to ensure that our streets are no longer the landing place for people experiencing housing insecurity."
- 2) *How to Solve California's Homelessness Crisis.* The overwhelming evidence shows that the solution to homelessness is providing more habitable, stable, and permanent housing at all income levels, and in particular, more housing affordable to the lowest income earners. While increasing the supply of affordable housing is the priority solution to the homelessness crisis, there can be a spectrum of housing interventions that different levels of governments could offer, depending on the specific needs of the individual or family experiencing homelessness. These interventions range from short-term and interim interventions (such as emergency shelters, tiny home communities, and low barrier navigation centers), to long-term, permanent housing interventions (such as housing choice vouchers, rental subsidies and rapid rehousing, landlord incentives, and permanent housing), to homelessness prevention altogether

(such as rapid rehousing and diversion programs). All of these interventions play a role in a homeless response system.

For example, many families merely require temporary rental assistance to maintain their housing or rapid rehousing to reconnect to permanent housing. Some populations require more intensive services in conjunction with permanent housing options. For those living on the streets or in encampments, emergency shelter can provide short-term, temporary respite. However, shelters can impose requirements that present barriers to entry (such as restrictive hours, only offering congregate settings, or disallowing pets), which mean working families and marginalized community members may not be able to or feel comfortable using them. Shelters also have very low success rates at connecting people to permanent housing (in California from 2018-2024, the rate was 22%¹). Interim solutions, such as bridge housing communities, low barrier navigation centers, and tiny home communities typically offer non-congregate housing and healthcare services, particularly to marginalized communities, families, and those with pets. These interventions may play a stabilizing role before a more permanent solution (such as rental assistance or the construction of a new unit) can be attained. However, interim housing interventions similarly have high rates of returns to homelessness without access to permanent housing.

While each jurisdiction or region must evaluate existing resources and identify the appropriate means to address unique needs, research shows that creating more shelter beds and interim beds *alone* do not decrease the number of people experiencing homelessness. In fact, people residing in emergency shelters or interim housing (including low barrier navigation centers or tiny homes) are still considered homeless by the US Department of Housing and Urban Development (HUD).

The goal of any effective homelessness response system should be to maximize every shelter or interim bed as a means to connect a homeless individual or family to permanent housing. To do so, communities must typically invest far more in permanent housing and homelessness prevention than in short-term and interim interventions. Here's why:

- If a homeless response system creates far more housing than shelter beds, people can exit emergency shelters and interim housing more quickly, freeing up that bed for another resident.
- The more housing the response system funds, the more people can cycle through the same interim bed, creating effective flow from interim

¹ Lauren Helper. *Calmatters: A Volunteer Jail: Inside the Scandals and Abuse Pushing Californians Homeless Out of Shelters*. Accessible here: <https://calmatters.org/housing/2025/02/california-homeless-shelters-purgatory/>

intervention to permanent housing, thereby allowing a greater number of people to exit homelessness.

- As a homeless response system builds up housing inventory through sustained, ongoing funding at scale, it can begin to ramp down the number of interim beds it operates, saving funding from decreasing investment in more expensive interim beds to invest in permanent housing.

- 3) *Recent state investments.* Traditionally, homelessness responses in California were considered the responsibility of the federal and local governments (cities, counties, and CoCs). This included financing, land use policies, tenant protections, physical and behavioral health services, social services, and more. Within the past decade, the State began playing a more active role in the homelessness response system by investing more heavily in prevention and response programs, streamlining the production of affordable housing, and facilitating greater coordination across state and local/regional sectors. California operates several programs that provide loans, grants, and tax credits to developers and local governments for the creation, rehabilitation, and preservation of affordable housing. The State also has several homeless assistance programs that have been updated, expanded, and streamlined over the past decade or longer—many of which receive funds or supplement funds from the federal government.

Between Fiscal Years 2018-19 and 2020-21, California increased its investment in affordable housing and homelessness-focused programs by more than \$1.5 billion; between Fiscal Years 2018-19 and 2020-21, the state directed \$9.6 billion in affordable housing and homelessness programs. The state did so by funding, administering, and/or implementing 35 programs administered by nine state agencies and departments aimed at expanding access to housing, health, and social services for people experiencing or at risk of homelessness. More recently, however, California has reduced its one-time investments due to challenging budget years. In 2024-25, the state provided over \$1 billion for homelessness, and in 2025-26, this was reduced to about \$650 million.

- 4) *HHAPP: Overview, Accountability, and Coordination.* The HHAP Program was created to provide jurisdictions with one-time grant funds to expand or develop local capacity to address immediate homelessness challenges informed by a best-practices framework focused on moving homeless individuals and families into permanent housing and supporting the efforts of those individuals and families to maintain their permanent housing. Program funds can be used for services for those experiencing homelessness or at risk of homelessness, such as rapid rehousing, operating subsidies, street outreach, services coordination, delivery of permanent and innovative housing solutions, and

homelessness prevention. HHAPP replaced a prior program, the Homeless Emergency Aid Program (HEAP), which also provided block grants to large cities and Continuums of Care (CoCs) for a variety of solutions addressing homelessness. Large cities (with a population of 300,000 or more), counties, CoCs, and tribes can apply for HHAPP funding. HCD recently made the applications for HHAPP round six available to eligible applicants.

Beginning with round four, HHAPP included robust accountability provisions, including the requirement that applicants develop a Regional Plan and performance goals. In addition, beginning with HHAPP round five, regions must submit a joint application and Regional Plan, and set outcome goals that prevent and reduce homelessness over a three-year period, informed by the findings from a local landscape analysis and the jurisdiction's base system performance measure from 2020 calendar year data in the state Homeless Data Integration System (HDIS).

The Regional Plan includes all of the following:

- a) Identification and analysis of the specific roles and responsibilities of each participating jurisdiction in the region, as specified.
- b) A list of the most recent system performance measures for the region, which shall include age, racial, and ethnic disparities for specified information.
- c) A system performance and improvement plan with a description of key actions the region intends to take to improve system performance measures. May include key actions from small jurisdictions in the region that elect to engage in the regionally coordinated homelessness action plan.
- d) All applicants must demonstrate how the region will use available resources to sustain all existing and proposed interim housing investments within the region.

The outcome goals include metrics, based on the United States Department of Housing and Urban Development's System Performance Metrics (SPMs), to do the following:

- a) Reduce the number of persons experiencing homelessness;
- b) Reduce the number of persons who become homeless for the first time;
- c) Increase the number of people exiting homelessness into permanent housing;
- d) Reduce the length of time persons remain homeless;
- e) Reduce the number of persons who return to homelessness after exiting homelessness to permanent housing; and,
- f) Increase successful placements from street outreach.

Further, round six prioritizes homelessness prevention, permanent housing, and operational support for existing interim housing over uses of HHAPP funds that do not directly provide housing.

5) *Seeing results.* Despite the sobering data, California's state investments and policy decisions are working. From 2023-2024, the nation as a whole experienced an increase in homelessness eight times larger than the increase in California. 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.

Individual jurisdictions also reported decreases in homelessness numbers:

- Riverside County: 19% decrease in unsheltered homelessness
- Los Angeles County: 9.5% decrease in unsheltered homelessness, 4% decrease total
- San Bernadino County: 10.2% decrease in total homelessness
- San Diego County: 7% decrease in total homelessness
- City of Los Angeles: 7.9% decrease in unsheltered homelessness, 3.4% decrease total
- Bakersfield's Continuum of Care: 2.3% decrease in total homelessness

According to the UCSF Benioff Homelessness and Housing Initiative (UCSF Benioff), the reason for the reduction in veteran homelessness in California is because California has adequately scaled the evidence-based responses which include Housing First and housing subsidies paired with appropriate services. The same conclusion can be reached for the reduction in homeless youth numbers, given consistent youth set asides in key programs (HHAPP and Homekey) for this population. UCSF Benioff notes that while the overall increase in homelessness numbers is lower than the national trend, the enormous number of people experiencing homelessness in California reflects the ongoing crisis caused by the lack of affordable housing in California.

That said, state funds have allowed California's homeless response providers to serve more people than ever before.

- In 2024, providers served 356,660 Californians, over 20,000 more Californians than in 2023.
- In the first half of 2025, providers served 265,716 Californians, including: 176,101 individuals and 88,373 people in families with children, of which 38,496 were unaccompanied youth.

- 6) *No ongoing funding.* Homelessness is not static: as people exit homelessness, additional Californians become homeless. Between 2023 and 2024, over 185,000 Californians fell into homelessness for the first time. Similarly, people transition in and out of shelters frequently. For most communities, people exit shelter beds/interim housing most commonly through returns to the streets/unsheltered homelessness. For this reason, homelessness policy must include a spectrum of interventions that include not only housing for those currently experiencing homelessness, but also programs and policies to prevent homelessness from occurring. Advocates, providers, and local governments have long advocated for ongoing funding at a greater scale from the state. California generally provides one-time investments in housing and homelessness programs with a few exceptions.⁵³ Unlike capital funding, which can be offered one-time to build housing, housing for people who are experiencing homelessness requires ongoing funding to pay for the operating costs of capital projects after they are built and to pay for the costs of the services people need if they live in supportive housing. Operating funding is necessary in these projects because, among other reasons, formerly homeless tenants cannot afford to pay sufficient rent for maintenance and utility costs. Many tenants who are formerly homeless do not live in “single site projects” built with state, federal and local dollars, but rather live in “scattered site” market rate units of housing owned by private landlords. For these tenants, government subsidies in the form of rental assistance enable them to remain stably housed, either through time-limited subsidies from rapid rehousing (for people without disabilities who are not living on fixed incomes) or through supportive housing (for people with disabilities or other barriers to housing stability).

Operating costs, services, and rental assistance to private-market landlords require ongoing commitments of funds. One-time funding for homelessness programs either incentivizes local grantees to build shelters or outreach services only, or requires local governments receiving state funds to make risky ongoing funding commitments when the state often cuts funding in bad budget years, or cutting subsidies for formerly homeless tenants who have moved into housing. One-time funding also results in precarity for nonprofit service providers who struggle to create budgets from year to year, not knowing whether they will receive funding in the future and be able to fund longer-term programs.

- 7) *Doubling down.* This resolution urges the Governor, relevant state agencies, and all local governments to adopt an urgent and coordinated approach to both end and prevent unsheltered homelessness statewide through the full activation

of interim and permanent strategies, as well as interventions to prevent individuals and families from falling into unsheltered homelessness, and fund all interventions and reforms that prioritize housing unsheltered Californians. California has demonstrated that its investments and policies are working to not only reverse the trends in increasing homelessness rates, but even reduce homelessness, including unsheltered homelessness. Continued and ongoing investments and greater coordination between regions and between the state and local governments to fill gaps in housing and homelessness service delivery will create greater certainty for locals and service providers to not only connect unsheltered populations to housing quickly, but prevent the inflow into homelessness in the first place.

Related/Prior Legislation

SB 866 (Blakespear, 2026) --- would expand the data local governments provide in the housing element specific to homeless populations. *This bill is pending before the Senate Housing Committee.*

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

POSITIONS: (Communicated to the committee before noon on Wednesday, April 8th, 2026.)

SUPPORT:

LeadingAge California

OPPOSITION:

None received.

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