



detoxification services without first obtaining a current valid license from DHCS.

- 5) Establishes the California Interagency Council on Homelessness (Cal-ICH) with the purpose of coordinating the state's response to homelessness by utilizing Housing First practices.
- 6) Requires agencies and departments administering state programs created on or after July 1, 2017 to incorporate the core components of Housing First.
- 7) Defines "Housing First" to mean the evidence-based model that uses housing as a tool, rather than a reward, for recovery and that centers on providing or connecting homeless people to permanent housing as quickly as possible.
- 8) Defines, among other things, the "core components of Housing First" to mean:
  - a) Acceptance of referrals directly from shelters, street outreach, drop-in centers, and other parts of crisis response systems frequented by vulnerable people experiencing homelessness.
  - b) Supportive services that emphasize engagement and problem-solving over therapeutic goals and service plans that are highly tenant-driven without predetermined goals.
  - c) Participation in services or program compliance is not a condition of permanent housing tenancy.
  - d) Tenants have a lease and all the rights and responsibilities of tenancy, as outlined in California's Civil, Health and Safety, and Government codes.
  - e) The use of alcohol or drugs in and of itself, without other lease violations, is not a reason for eviction.
- 9) Establishes the Homeless Housing Assistance and Prevention Program (HHAPP) to provide funds to help local jurisdictions combat homelessness.

**This bill:**

- 1) Defines "supportive community residence" as a residence that serves individuals experiencing, or who are at risk of experiencing, homelessness or SUD and that does all of the following:
  - a) Satisfies the core components of Housing First;
  - b) Uses substance use-specific services, peer support, and physical design features supporting individuals and families on a path to recovery from addiction,

- c) Emphasizes abstinence, and
  - d) Offers tenants interim or permanent housing only.
- 2) Requires DHCS to oversee certification of supportive community residences by establishing criteria for conditions under which a supportive community residence may be certified and regain certification.
  - 3) Authorizes DHCS to charge a fee of not more than \$1,000 for certifying supportive community residence.
  - 4) Establishes the Supportive Community Residency Program Fund to receive all funds collected for certifying supportive community residence.
  - 5) Authorizes supportive community residence that are certified by DHCS to receive referrals from the department, its agencies, or contractors as housing available for persons experiencing or at risk of experiencing homelessness.
  - 6) Prohibits supportive community residence from providing services on-site, including, but not limited to, incidental medical services, as defined.
  - 7) Allows state departments and agencies to fund r supportive community residence if the state program uses at least 90% percent of funds for housing or housing-based services using a harm-reduction model, and the supportive community residence complies with all of the following:
    - a) The individual or family is offered at least one harm-reduction housing placement option and the individual or family chooses a supportive community residence over housing that provides a harm-reduction approach;
    - b) The supportive community residence otherwise complies with all other components of Housing First;
    - c) Participation in a program is self-initiated;
    - d) Core outcomes emphasize long-term housing stability and minimize returns to homelessness;
    - e) Policies and operations ensure individual rights of privacy, dignity, and respect; freedom from coercion and restraint; and continuous, uninterrupted access to the housing;
    - f) Holistic services and peer-based recovery supports are available and directly communicated to all program participants along with services that align with participants' choice and prioritization of personal goals of sustained recovery and abstinence from substance use;
    - g) The housing abides by local and state landlord-tenant laws governing grounds for eviction; and
    - h) Relapse is not a cause for eviction from housing and, instead, tenants receive relapse support.

- i) Eviction from supportive community residence should only occur when a tenant's behavior substantially disrupts or impacts the welfare of the supportive community residence in which the tenant resides. A tenant may apply to reenter the housing program if expressing a renewed commitment to living in a housing setting targeted to people in recovery with an abstinence focus. Presence of a roommate or roommates shall not be a valid basis for eviction.
  - j) If an eviction proceeding is initiated for an alleged violation of a lease provision agreement, the subgrantee shall submit documentation of the alleged lease violation to the local continuum of care and any other grantor.
  - k) If a tenant is no longer interested in living in a recovery-housing model or the tenant is at risk of eviction, the housing program must provide assistance in accessing permanent housing operated with harm-reduction principles that is permanent housing.
- 8) Requires the state program, prior to awarding subgrants, to require the subgrantee to confirm that it has achieved successful outcomes in promoting housing retention, at a similar to rate as harm reduction programs.

**COMMENTS:**

- 1) *Author's statement.* "As California continues to navigate the mental health needs of our unhoused population along with the state housing crisis, we have learned these issues are often intertwined. AB 2893 establishes a state certification process for recovery houses through the Department of Health Care Services. This housing model has proven very successful and pairing it with Housing First principles ensures that people are placed into housing as an early step so they can have a safe environment to move forward in addressing their issues. This bill standardizes care and requirements for all recovery houses in California, while also making it available as a tool the state can use to address treating our unhoused population."
- 2) *Why are so many experiencing homelessness in California?* In recent years, an increasing number of people, including unaccompanied youth, older adults, and families, have found themselves living on the street, in shelters, or in other transitional housing arrangements, such as living with friends and family, for the first time. The causes of homelessness are varied and complicated. Economic hardship, high cost of housing, separation from the family, domestic violence, death of the family breadwinner, mental or behavioral health, and substance use disorders can all contribute to a person experiencing homelessness.

While there may be a perception that people experience homelessness due to inability or disinterest in sustaining employment because of mental health or substance use issues, many individuals and families experiencing homelessness have, or recently had, jobs. A study by the California Policy Lab found that 74% of homeless individuals in Los Angeles County had a record of employment between 1995 and 2018 prior to becoming homeless; 47% were employed within four years before their first experience of homelessness; and 19% were employed in the quarter in which they became homeless<sup>1</sup>. However, the average annual earnings of study participants was only \$9,970 in the year prior to experiencing homelessness.

So what are the primary drivers leading to increases in homelessness?

- a) *Available housing is not affordable.* The lack of affordable housing plays a significant role in causing individuals to become homeless or creating obstacles for individuals experiencing homeless to transition into stable housing. The median home price in California was \$771,270 in 2022, double the nationwide median. In addition, almost three million renter households, almost half of rental households in California, are low-income (50-80% of the Area Median Income, or AMI), very low-income (30-50% AMI), or extremely low-income (0-30% AMI). As a result, many Californians are rent burdened (spend more than 30% of their income on rent). By income level, almost 90% of extremely low-income, 85% of very low-income, and 63% of low-income households are rent burdened.
- b) *There is not enough housing.* The lack of supply is the primary factor underlying California's housing crunch. The state Department of Housing and Community Development (HCD) estimates that California needs to build 180,000 new homes a year to keep up with population growth<sup>2</sup>. More recently, HCD noted in its statewide housing plan that California must plan for **more than 2.5 million homes** over the next eight-year cycle, and no less than one million of those homes must meet the needs of lower-income households. This represents **more than double the housing planned** for in the last eight-year cycle.<sup>3</sup>

### 3) *What are the primary solutions to ending and preventing homelessness?*

Simply put, we need more housing; more housing at all income levels, and in

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<sup>1</sup> Till Von Wachter, Geoffrey Schnorr, and Nefara Riesch. *Employment and Earnings Among LA County Residents Experiencing Homelessness*. (California Policy Lab, February 2020). <https://www.capolicylab.org/wp-content/uploads/2020/02/Employment-Among-the-Homeless-in-Los-Angeles.pdf>

<sup>2</sup> *California's Housing Future: Challenges and Opportunities*. (California Department of Housing and Community Development, February 2018). [https://www.hcd.ca.gov/policy-research/plans-reports/docs/sha\\_final\\_combined.pdf](https://www.hcd.ca.gov/policy-research/plans-reports/docs/sha_final_combined.pdf)

<sup>3</sup> *A home for every Californian*. (Department of Housing and Community Development, March 2022). <https://statewide-housing-plan-cahcd.hub.arcgis.com/>

particular, more housing affordable to the lowest income earners. According to the United States Interagency Council on Homelessness, in a May 2019 report, “when housing costs are more affordable and housing opportunities are more readily available, there is a lower likelihood of households becoming homeless, and households who do become homeless can exit homelessness more quickly and with greater likelihood of sustaining that housing long-term. To reduce the negative impacts of housing instability, and to end homelessness as quickly and efficiently as possible, communities are increasingly focused on expanding the supply of housing that is affordable to renter households at lower income levels, as well as ensuring that people experiencing and exiting homelessness have access to such housing.”<sup>4</sup>

- 4) *What is the state doing to end and prevent homelessness?* Beginning largely in 2017<sup>5</sup>, the State of California and the voters have taken significant steps to invest billions of dollars for affordable housing construction, homeownership opportunities, and flexible homelessness solutions, as well as investments in infrastructure necessary to support these projects.<sup>6</sup> The Legislature has also created streamlined development approval processes and reduced opportunities for local governments to disapprove of quality permanent housing projects and homeless shelters, which have sped-up the approval of these processes, and reduced costs associated with unreasonable project delays.<sup>7</sup> Further, the state has increased planning requirements to ensure that local governments create an environment to facilitate the creation of housing, and in particular, affordable housing construction<sup>8</sup>, and has provided grants directly to local governments for these purposes.

According to Cal-ICH, between 2017 and 2020, Continuums of Care (CoCs) across California have increased efforts to address the homelessness crisis by serving 40% more people experiencing homelessness (176,412 in 2017 compared to 246,142 in 2020)<sup>9</sup>. In many areas of the state, despite these efforts, for every person housed, another two fall into homelessness.

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<sup>4</sup> *The Importance of Housing Affordability and Stability for Preventing and Ending Homelessness*. (US Interagency Council on Homelessness, May 2019). [https://www.usich.gov/resources/uploads/asset\\_library/Housing-Affordability-and-Stability-Brief.pdf](https://www.usich.gov/resources/uploads/asset_library/Housing-Affordability-and-Stability-Brief.pdf)

<sup>5</sup> “2017 Legislative Housing Package”. (Senate Housing Committee, October 2017).

<https://shou.senate.ca.gov/sites/shou.senate.ca.gov/files/2017%20Housing%20Legislative%20Package.pdf>

<sup>6</sup> “Background on Financing Programs for Affordable Housing”. (Senate Housing Committee, October 2021).

<https://shou.senate.ca.gov/sites/shou.senate.ca.gov/files/Housing%20Finance%2010.2021.pdf>

<sup>7</sup> “Overview of Housing Issues in California”. (Senate Housing Committee, October 2021).

<https://shou.senate.ca.gov/sites/shou.senate.ca.gov/files/Overview%20of%20housing%20issues%20-%2010.2021.pdf>

<sup>8</sup> “Housing Element and RHNA Law: Recent Reforms”. (Senate Housing Committee, October 2021).

<https://shou.senate.ca.gov/sites/shou.senate.ca.gov/files/RHNA%20reform%20fact%20sheet%20-%2010.2021.pdf>

<sup>9</sup> California Interagency Council on Homelessness. “Homeless Data Integration System”. (2021)

<https://besh.ca.gov/calich/hdis.html>

There is no denying more can and should be done; however, with limited resources and looming budgetary challenges, the state should focus limited investments on evidence-based programs that ensure housing stability.

- 5) *What is Housing First?* Housing First approaches homelessness by providing permanent, affordable housing for families and individuals as quickly as possible, then providing supportive services to prevent their return to homelessness. This strategy is the evidence-based model that focuses on the idea that homeless individuals should be provided shelter and stability before underlying issues can be successfully addressed. Under the Housing First approach, anyone experiencing homelessness should be connected to a permanent home as quickly as possible, and programs should remove barriers to accessing the housing, like requirements for sobriety or absence of criminal history. It is based on the “hierarchy of need;” people must access basic necessities—like a safe place to live and food to eat—before being able to achieve quality of life or pursue personal goals. Housing First values choice in not only where to live, but whether to participate in services. This approach contrasts to the “housing readiness” model where people are required to address predetermined goals before obtaining housing. In other words, housing readiness means housing is “earned” and can also be taken away, thus returning to homelessness.

Housing First was embraced by California in 2015 through SB 1380 (Mitchell, Chapter 847, Statutes of 2016), which requires all housing programs in the state to adopt this model.

- 6) *What type of housing is considered Housing First?* Programs using Housing First generally fall into two categories:
- a) Supportive housing, which is a home made affordable through long-term rental assistance, paired with intensive services promoting housing stability.
  - b) Rapid re-housing, which connects a family or individual to a home affordable through short-to medium-term rental assistance, along with moderate services designed to allow that household to increase their income sufficiently to be able to afford the apartment over the long-term.
- 7) *Housing First fact-checks.* Those who criticize Housing First tend to argue three main points: (a) Housing First is “one size fits all”, (b) Housing First does not provide adequate treatment to clients, and (c) Housing First is not effective.
- a) *Housing First is the flexible, low-barrier homelessness solution.* Housing First is not housing only, nor does it preclude financing emergency shelters

or other interim housing solutions. Rather, it recognizes that the needs of people experiencing homelessness vary person by person, family by family. To that end, some people merely need stable, affordable housing while struggling with economic hardships, while others need wraparound services to address physical, behavioral, or substance abuse challenges.

- b) *Housing First does not mean housing only – it means housing “first”.* Housing First means that a person does not have to earn housing, whether interim or permanent; rather people are provided housing first, in addition to any additional supports specific to their individual or familial needs.
- c) *Housing First does not preclude evictions of disruptive tenants.* Those opposed to Housing First falsely allege that tenants cannot be evicted under state law. However, state law governing Housing First specifically provides that landlord/tenant right and responsibilities extend to these programs; Housing First provides that “the use of drugs or alcohol in and of itself, without other lease violations, is not a reason for eviction.” In other words, a tenant that is otherwise disruptive to other residents or engaging in other lease violations may be evicted.
- d) *Housing First does not preclude court ordered sobriety.* Some seeking to fund non-Housing First programs falsely claim that those who are serving a court order to maintain sobriety cannot comply with Housing First principles; this is of particular importance for mothers seeking custody of their children. Housing First does not hinder a court order, and bears no relationship to a person’s housing situation. Should a person violate a court order, specified court sanctions will occur (such as penalties related to child custody). This would be no different from anyone living in a non-state subsidized housing unit who is subject to a court order.
- e) *Housing First is the data driven solution keeping people housed, longer.* According to the National Alliance to End Homelessness, Housing First has been tested again and again, and the overwhelming volume of research supports Housing First; this is why federal and state homelessness programs currently require applicants to comply with Housing First principles. For example, the Benioff Homelessness and Housing Initiative at the University of California San Francisco conducted a randomized control trial of a permanent supportive housing intervention in Santa Clara County on a Housing First basis for those with the highest needs. Of those who received treatment, 86% were successfully housed and remained housed for three years. There was also a sharp drop in utilization of emergency psychiatric services among the treatment group. Further, providing people experiencing homelessness with housing and wrap around services is incredibly cost

effective and reduces burdens on the taxpayer, who pay for emergency services and jails<sup>10</sup>.

- f) *Housing First does not hinder homeless shelters or navigation centers from receiving state funds.* For example, awardees for both HHAPP have utilized funds for homeless shelters.
- g) *Housing First saves the taxpayers money.* According to the most comprehensive homelessness cost study conducted in the United States released in 2015, by prioritizing housing opportunities for persistently homeless individuals with the highest costs, it is possible to obtain savings that more than offset the cost of housing. In Santa Clara County, the average pre-housing public cost was \$62,000 and the average post-housing cost was \$20,000, or a nearly \$43,000 annual reduction<sup>11</sup>. Another cost study, conducted in Los Angeles in 2009 found that public costs are overall reduced by 79% when homeless individuals are provided with permanent supportive housing<sup>12</sup>.
- 8) *What is the recovery housing model?* Recovery housing is a model that is abstinence-focused and offers peer supports for people recovering from substance abuse issues. These homes are not licensed or regulated by DHCS or any other state or local government. After treatment for substance abuse, whether by prison, hospital-based treatment programs, or therapeutic communities, many patients return to former high-risk environments or stressful family situations. Returning to these settings without a network of people to support abstinence increases chances of relapse. As a consequence, alcohol and substance use recidivism following treatment is high for both men and women. Recovery housing offers participants an option to live with other abstinence-focused residents while being offered supports through the recovery process.
- 9) *Federal guidance regarding recovery housing.* The US Department of Housing and Urban Development (HUD) guidance for recovery housing or “sober living environment” (e.g., the supportive community residences contemplated in this bill) emphasizes the housing first approach, but also recognizes the importance of providing “individual choice to support various paths towards recovery.” Some people pursuing recovery from addiction express a preference for an abstinence-focused residential or housing program where they can live among

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<sup>10</sup> Maria C. Raven, Margot Kushel, Matthew J. Niedzwiecki. *A randomized trial of permanent supportive housing for chronically homeless persons with high use of publicly funded services.* (University of California San Francisco, September 2020). <https://onlinelibrary.wiley.com/doi/full/10.1111/1475-6773.13553>

<sup>11</sup> Daniel Flaming, Halil Toros, and Patrick Burns. *Home Not Found: The Cost of Homelessness in Silicon Valley* (Economic Roundtable, 2015). [http://economicrt.org/wp-content/uploads/2015/05/Home\\_Not\\_Found\\_2015.pdf](http://economicrt.org/wp-content/uploads/2015/05/Home_Not_Found_2015.pdf)

<sup>12</sup> Daniel Flaming, Patrick Burns, and Michael Matsunaga. *Where we Sleep: Costs when Homeless and Housed in Los Angeles.* (Economic Roundtable, 2009). [http://economicrt.org/wp-content/uploads/2009/11/Where\\_We\\_Sleep\\_2009.pdf](http://economicrt.org/wp-content/uploads/2009/11/Where_We_Sleep_2009.pdf)

and be supported by a community of peers who are also focused on pursuing recovery from addiction – environments that are provided by recovery housing programs. However, this guidance states that supporting individual choice must also mean that a community is ensuring that housing options are available for people at all stages of recovery, including people who continue to use drugs or alcohol.<sup>13</sup> In other words, if a person chooses an abstinence-focused/sober living program and relapses, in order to comply with Housing First principles, the relapse alone should not be treated as an automatic cause for eviction or termination.

This bill seeks to create a new category of "supportive community residences" for people who are homeless or at risk of experiencing homelessness and are experiencing mental health or substance abuse issues. Supportive community residences or recovery housing programs, as currently defined under existing law, is not required to comply with Housing First requirements, although some may do so. This bill would require a "supportive community residences" to comply with Housing First, which means that although the provider of the housing could emphasize abstinence, an individual would be offered options and would choose recovery housing over housing offering a harm-reduction approach; participation would be self-initiated; relapse is not a cause for eviction from housing and tenants receive relapse support; and policies and operations must ensure individual rights of privacy, dignity and respect, and freedom from coercion and restraint, as well as continuous, uninterrupted access to housing. This bill also seeks to allow state funding for homelessness programs to be used for supportive community residences by adding supportive community residences to the existing Housing First definition in statute.

The state should be focusing its limited resources on solutions that are evidence-based and data driven, reduce barriers to maintaining and accessing housing, and are least likely to return people to the streets. In order to strike a balance between offering homeless individuals and families more choice in their housing options and with investing in evidence-based practices, the author recently amended the bill in the following ways:

- a) Increased the percentage of funds that should go to housing first compliant programs, over that of supportive community residences, from each state program from 75% to 90%;
- b) Clarified that if a tenant has a roommate and relapses, the presence of the roommate shall not be the basis for eviction;

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<sup>13</sup> "Recovery Housing Policy Brief". (United States Department of Housing and Urban Development, December 2015). <https://files.hudexchange.info/resources/documents/Recovery-Housing-Policy-Brief.pdf>

- c) Required a recovery housing program funding recipient to submit documentation to the appropriate CoC and other grantee documentation indicating the lease violation that results in an eviction proceeding.
- d) Clarifying that an individual or family shall be offered at least one harm-reduction placement option with a recovery housing option.
- e) Funding for recovery housing shall only be available to interim and permanent housing programs.
- f) Removes people experiencing serious mental illness from eligibility for residence in a supportive community residence program, given this would significantly increase the population eligible for residence.

**In order to guarantee that a resident of a supportive community residence maintains their housing should they face possible eviction or they change their mind and wish to instead utilize a harm reduction model, the committee may wish to consider only funding supportive community residence programs that directly connect the tenant to a partner housing program that operates a harm reduction model with permanent housing. Additionally, the supportive community residence must continue to house the tenant until such time as the supportive community residence has secured alternative housing for the tenant with a housing first program.**

**Amendment:**

(XI) If a tenant is no longer interested in living in a supportive community residence model or the tenant is at risk of eviction, **the supportive community residence housing program will secure the tenant with a permanent housing unit at provides assistance in accessing a partner or other housing program operated with harm-reduction principles. The supportive community residence shall continue to house the tenant until the tenant is successfully housed with another permanent housing program operated with harm reduction principles.**

- 10) *Certification: alcoholism or drug abuse recovery or treatment facilities (RTFs) vs. recovery residences (RRs).* DHCS has sole authority to license RTFs in the state. Licensure is required when at least one of the following services is provided: detoxification; group sessions; individual sessions; educational sessions; or, alcoholism or other drug abuse recovery or treatment planning. Additionally, facilities may be subject to other types of permits, clearances, business taxes, or local fees that may be required by the cities or counties in which the facilities are located.

As part of their licensing function, DHCS conducts reviews of RTF operations every two years, or as necessary. DHCS's SUD Compliance Division checks for compliance with statute and regulations to ensure the health and safety of RTF residents and investigates all complaints related to RTFs, including deaths, complaints against staff, and allegations of operating without a license. DHCS has the authority to suspend or revoke a license for conduct in the operation of an RTF that is inimical to the health, morals, welfare, or safety of either an individual in, or receiving services from, the facility or to the people of the State of California. AB 118 (Committee on Budget, Chapter 42, Statutes of 2023), requires other non-residential, outpatient alcohol or other drug programs be certified by DHCS. Certification is required when at least one of the following is provided: outpatient treatment services; recovery services; detoxification; or medications for addiction treatment.

On the other hand, DHCS does not license alcohol and drug RRs with six or fewer beds that don't provide licensable services, known as RRs. An RR is a residence for people in recovery from substance abuse. It may serve as support for individuals undergoing treatment but it does not provide treatment or care, whether medical or nonmedical. The state laws and licensing requirements that govern treatment and care facilities do not currently include RRs. Therefore, the state does not keep any list of registered RRs, conduct inspections of RRs, or perform any of the other activities associated with licensing facilities. An RR may be completely self-governed or have formal on-site management, but in the latter case, the managers' duties relate to the administration of the house rather than the tenants or their recovery (as in "case management"). The tenants of an RR pay rent and abide by house rules, which always include maintenance of sobriety and participation in a self-help program.

This bill would require DHCS to oversee the certification of that serve people experiencing homelessness with a Housing First model. DHCS would be required to establish criteria for certification for a supportive community residence to receive referrals from DHCS.

- 11) *Department of corrections.* Recent amendments intended to narrow the population eligible for supportive community residences, but were drafted incorrectly. **The author will accept a technical amendment to correct that error so that the bill applies to people with a substance use disorder and are either experiencing or at risk of homelessness.** Additionally, the amendments were intended to increase funding for housing first in *each county* throughout the state. The requirement that each county have a specific amount for housing first was intentional to ensure that there is sufficient housing first options throughout the state, and not inadvertently result in housing first

“deserts” in certain areas of the state. **The author has agreed to add back in the provision that this requirement occur in “each county.”**

12)*Opposition.* Advocates for Responsible Treatment are opposed to the bill, which they state is not implementable regardless of the intentions. They note that the language in the bill presents ambiguities in the law, including what category of housing would be funded, in what structures and conditions would tenants live, and what services are provided and by whom.

13)*Double-referral.* This bill was also referred to the Health Committee, which has jurisdiction over DHCS programs.

**RELATED LEGISLATION:**

**SB 1380 (Mitchell, Chapter 847, Statutes of 2016)** — required the state to adopt a Housing First approach and required all state-funded programs to comply with Housing First.

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

**POSITIONS:** (Communicated to the committee before noon on Wednesday, June 12, 2024.)

**SUPPORT:**

- Share! Collaborative Housing (Sponsor)
- Awakening Recovery
- Ibar Special Needs Trust Advisors
- Los Angeles Recovery Connect
- Safe Place for Youth
- Satyagraha Alliance
- Share! the Self-help and Recovery Exchange
- 1 Individual

**OPPOSITION:**

- Advocates for Responsible Treatment