

in a living situation that cannot accommodate the child or multiple children in the home with financial assistance, housing stabilization, and relocation.

- 4) Establishes the State Emergency Rental Assistance Program (ERAP) within Department of Housing and Community Development (HCD) for the provision of federal rental assistance funds in response to the COVID-19 pandemic.

This bill:

- 1) Defines the following terms, for purposes of the Program:
 - a) “Adult with a disability” means an individual or head of household who is 18 years of age or older and is experiencing a condition that limits a major life activity, as specified.
 - b) “Eligible population” means a low-income person that meets at least one of the following criteria:
 - i. A former foster youth who qualifies for the Independent Living Program, as specified;
 - ii. A former foster youth, who is 18 to 24 years of age, inclusive, as specified;
 - iii. An older adult, as defined;
 - iv. An adult with disabilities;
 - v. A person experiencing unemployment;
 - vi. An incarcerated person with a scheduled release date within 60 to 180 days and who is likely to experience homelessness upon release;
 - vii. A person experiencing homelessness, including a homeless youth as specified; or
 - viii. A “veteran,” as specified.
 - c) “Grantee” means a city, a city and a county, a housing authority, or a nonprofit, as specified.
- 2) Requires HCD, upon appropriation by the Legislature, to establish the Program to provide counties with funding to administer a housing subsidy to persons who meet the definition of eligible population to reduce housing insecurity and help Californians meet their basic housing needs.
- 3) Requires HCD to do all of the following by January 1, 2026:
 - a) Establish a two-year pilot program by creating an application for counties to apply to the pilot program and review these applications;

- b) If eight or fewer counties apply to the pilot program, the department shall select each county that applied;
 - c) If more than eight counties apply to the pilot program, to the extent allowed by the pool of counties that applied, HCD will select two counties from the northern, four counties from the southern, including the counties of Los Angeles, San Diego, and Orange, and two counties from the central regions of the state to participate in the pilot program and shall take into account representation of urban, rural, and suburban areas;
 - d) Issue suggested guidelines establishing the program, which must include criteria for program eligibility, the duration of the subsidy, and the amount of the subsidy, which shall be the amount necessary to cover the portion of a person's rent to prevent homelessness, but which shall not exceed a total amount of \$2,000 per month or as a one-time subsidy during the period of the pilot program, or for two years, whichever is longer; and
 - e) Provide each county selected to participate in the pilot program with funding for the purposes of administering the housing subsidies in an amount equal to the county's proportionate share of the total population of the counties participating in the pilot program.
- 4) Requires a county participating in the pilot program to perform both of the following duties by July 1, 2026, and in consultation with the cities located in the county and any nonprofit organizations or housing authorities partnering with the county or those cities for purposes of administering the housing subsidies:
- a) Review HCD's suggested guidelines and develop final guidelines for administering the housing subsidies based on the needs of the county, which must address all of the information described in HCD's suggested guidelines and be subject to the subsidy amount requirements and
 - b) Develop program applications for persons who meet the definition of eligible population to apply for a housing subsidy.
- 5) Requires a county participating in the pilot program to administer housing subsidies through the county and the two or more grantees, as defined, to persons who meet the definition of eligible population subject to geographic equity requirements, as specified, beginning January 1, 2027.
- 6) Allows a county participating in the pilot program to administer housing subsidies through a grantee, as defined, or through an existing housing program that is operated by the county or the two or more grantees that has the same or similar purpose as the pilot program, and which must be subject to the final guidelines in 4).

- 7) Allows HCD to require a county to pay back program funds that are administered in a manner inconsistent with the bill's requirements and to reallocate any of these program funds paid back for purposes of administering the bill.
- 8) Requires HCD, beginning January 1, 2028 and annually thereafter for the duration of the program, to include programmatic performance metrics for program funds administered under the Program within HCD's existing annual report, as specified.

COMMENTS:

- 1) *Author's Statement.* "One key to reducing the number of Californians experiencing homelessness is to empower people who are currently housed to stay in their homes. This bill will reduce housing insecurity by providing housing subsidies to some of California's most vulnerable communities: low income, former foster youth, older adults, adults with disabilities, veterans, people experiencing unemployment or homelessness, and recently incarcerated individuals. It requires the California Department of Housing and Community Development to establish a pilot program to do this in up to eight counties in different geographic regions across the state."
- 2) *California's Housing Crisis.* California is in the midst of a severe housing crisis. Over two-thirds of low-income renters are paying more than 30% of their income toward housing, a "rent burden" that means they have to sacrifice other essentials such as food, transportation, and health care.¹ In 2023, over 181,000 Californians experienced homelessness on a given night, with a sharp increase in the number of people who became homeless for the first time.² The crisis is driven in large part by the lack of affordable rental housing for lower income people. According to the California Housing Partnership Corporation's (CHPC) Housing Need Dashboard, in the current market, nearly 2 million extremely low-income and very low-income renter households are competing for roughly 687,000 available and affordable rental units in the state. Over three-quarters of the state's extremely low-income households and over half of the state's very low-income households are severely rent burdened, paying more than 50% of their income toward rent each month. CHPC estimates that the state needs an additional 1.2 million housing units affordable to very low-income Californians to eliminate the shortfall.³ By contrast, production in the

¹ <https://chpc.net/housingneeds/>

² <https://www.huduser.gov/portal/datasets/ahar/2023-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html>

³ <https://chpc.net/housingneeds/>

past decade has been under 100,000 housing units per year – including less than 10,000 units of affordable housing per year.⁴

- 3) *Homelessness Prevention.* Housing subsidies are effective in both preventing and reducing homelessness. Studies show low-income renters accessing “shallow” housing subsidies of \$200-\$500 per month, or larger one-time infusions of emergency cash, are able to remain stably housed. Moreover, people experiencing homelessness are able to move into permanent housing quickly, and remain stably housed, with a housing subsidy and the right services interventions. The state has focused homelessness prevention on those who are receiving benefits through safety net programs like CalWORKS and the foster care system, as well as through the ERAP program which was intended to stem evictions for nonpayment of rent due to COVID-19 related hardships.
- 4) *Housing Assistance Programs.* The state offers several programs that provide rental assistance and housing navigation services targeted at vulnerable populations that are homeless or housing insecure. The Department of Social Services operates two programs, CalWORKs HSP and BFH. HSP provides families who are receiving CalWORKs benefits financial assistance, including rental assistance, security deposits, utility payments, moving cost assistance, and motel and hotel vouchers, landlord recruitment, case management, housing search and placement, legal services, and credit repair. In addition, the Homeless Housing, Assistance, and Prevention Program (HHAPP) has provided roughly \$1 billion annually for the last few years to large cities, counties, and Continuums of Care to address homelessness in their communities. Rental subsidies are an allowable use of HHAPP funds.
- 5) *HCVs.* The federal HCV program provides households at or below 80% of area median income with vouchers that can be used in the private rental market or in subsidized affordable housing. Voucher holders generally pay 30% of their income towards the fair market rent and the voucher covers the remaining amount. PHAs administer the program. According to the 2022 Statewide Housing Plan, federal support and funding for addressing housing need has not kept up with demand and is a contributing factor to the state’s housing crisis. Despite modest increases in the amount of money allocated by the federal government for rental housing assistance in the form of deep-subsidy programs, an increase in the total number of renter households and mounting rental costs render these federal subsidies insufficient to meet demand. Only a fraction of renters that need assistance receive it, and this housing assistance gap is expected to worsen.

⁴ <https://www.hcd.ca.gov/policy-research/housing-challenges.shtml>

- 6) *The Program.* This bill would create a pilot grant program within HCD to provide rental subsidies for qualifying low-income individuals in eight counties to reduce housing insecurity. The bill's definition of "eligible population" include low-income individuals (who may be undocumented) including former foster youth, older adults, adults with disabilities, veterans, people experiencing unemployment or homelessness, or an incarcerated person with a scheduled release date within 60 to 180 days who is likely to experience homelessness upon release.

The program would allow for counties, cities, housing authorities, and nonprofits to provide a subsidy to any eligible individuals in an amount necessary to cover the portion of the person's rent to prevent them from falling into homelessness, not to exceed either \$2,000 as a one-time subsidy or \$2,000 per month for the duration of the pilot, or two years, whichever is longer. Any subsidy would be prohibited from being considered as "income" for purposes of other public benefit programs. HCD would have to establish the program and associated guidelines and provide appropriated funds to counties by January 1, 2026, counties would have to establish their local program criteria by July 1, 2026, and would have to begin administering subsidies by January 1, 2027. Counties could choose to administer the funding through a city, a local housing authority, or a nonprofit corporation, in the event that these entities have similar programs and infrastructure that could be utilized or are better equipped to handle program administration.

- 7) *Show me the money.* This program is subject to appropriation by the Legislature.
- 8) *Opposition.* The bill is opposed by two individuals who question if it addresses "root" causes or uses sufficient "common sense" for homelessness issues.

RELATED LEGISLATION:

SB 37 (Caballero, 2022) — establishes the Older Adults and Adults with Disabilities Housing Stability Pilot Program, administered by HCD, to provide housing subsidies to older adults and adults with disabilities who either are experiencing or at risk of experiencing homelessness, in up to five geographic regions or counties. *This bill is currently pending in the Assembly Appropriations Committee.*

AB 1431 (Zbur, 2023) — was substantially similar to this bill. *This bill died pending a hearing in the Assembly Housing and Community Development Committee.*

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

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2024.)

SUPPORT:

Los Angeles County (Sponsor)
California Apartment Association
California Coalition for Youth
California State Council of Service Employees International Union (SEIU California)
CalPace
City of Thousand Oaks
Community Clinic Association of Los Angeles County (CCALAC)
Dolores Huerta Foundation
Ella Baker Center for Human Rights
Equality California
Initiate Justice Action
Jewish Family Service of Los Angeles (UNREG)
League of California Cities
Livable California
Los Angeles County Democratic Party
Mission Street Neighbors
PowerCA Action
Santa Monica Democratic Club
Santa Monicans for Renters' Rights
Southern California Rental Housing Association
UDW/AFSCME Local 3930
Union Station Homeless Services

OPPOSITION:

2 Individuals