
SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2023 - 2024 Regular

Bill No: AB 799 **Hearing Date:** 7/10/2023
Author: Luz Rivas
Version: 7/3/2023 Amended
Urgency: No **Fiscal:** Yes
Consultant: Alison Hughes

SUBJECT: Homelessness: financing plan

DIGEST: This bill requires the California Interagency Council on Homelessness (Cal-ICH) to: (1) develop a financing plan to solve homelessness by the year 2035, (2) establish and update statewide performance metrics by January 1, 2025, and (3) create a streamlined funding application for specified state housing and homelessness programs.

ANALYSIS:

Existing law:

- 1) Establishes the Cal-ICH to oversee and coordinate the implementation of Housing First guidelines and regulations in California, and to identify resources and services that can be accessed to prevent and end homelessness in California.
- 2) Sets the goals for the Cal-ICH including, but not limited to, identification of resources and services to prevent and end homelessness; creating partnerships among local, state, federal entities to arrive at strategies to end homelessness; coordinating existing homelessness funding; making policy and procedural recommendations to the Legislature; and, creating a Homeless Data Integration System, as provided.
- 3) Establishes the Homeless Housing, Assistance and Prevention (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 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.

- 4) Requires HHAP to be used for evidenced-based solutions that address and prevent homelessness among eligible populations, as specified.
- 5) Requires Cal-ICH to determine whether a recipient has met its outcome goals, as approved by the council in the recipient's application. Further requires Cal-ICH, if the recipient has failed to meet half of its goals following the three-year grant period, to place the recipient on a one-year corrective action plan, as specified.
- 6) Provides that jurisdictions that meet their outcome goals are eligible for bonus funding.

This bill:

- 1) Requires Cal-ICH, through specified working groups, to establish and regularly update a financing plan to solve homelessness by 2035, including funding necessary to create enough housing to meet the unmet housing needs of people experiencing homelessness.
- 2) Requires the financing plan in (1) to include anticipated state and local investments and incorporate an analysis of state funding necessary to ensure contracts provide for the full cost of delivering required services and projects, as specified.
- 3) Requires Cal-ICH, no later than January 1, 2025, in collaboration with continuums of Care (COCs), counties, big cities, and other stakeholders, to establish and update statewide performance metrics to reduce racial and ethnic disparities in homelessness and to increase successful exits from homelessness to permanent housing by updating the Statewide Action Plan for Preventing and Ending Homelessness in California. The metrics shall be based upon what is achievable with current and expected state, federal, and local investments.
- 4) Requires the goals in (3) to be published on its web site annually.
- 5) Requires specified working groups at Cal-ICH to create a unified funding application aligning the timeline and the application requirements for specified state housing and homelessness funding allocated to local governments no later than January 1, 2026. Cal-ICH shall report to specified Assembly and Senate committees by December 31, 2024 on any statutory changes necessary to enact the unified funding application.

COMMENTS:

- 1) *Author's statement.* “With the mantle of the nation’s highest homelessness population, the state must respond with funding local governments at the scale needed to meet the scope of the crisis. However, in order to provide that level of stable funding, the state must ensure local governments take a data-driven, evidence-based approach moving forward, and local jurisdictions must invest in comprehensive and strategic solutions proven to reduce homelessness. The lack of accountability, coupled with inconsistent funding, has resulted in homelessness response systems unable to fully meet the challenges of rising housing costs and insufficient supply of housing.”
- 2) *Housing needs and homelessness.* The lack of affordable housing plays a significant role in causing individuals to become homeless or 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 would have 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.
- 3) *Prioritizing housing strategies in California.* 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. 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.”¹

While increasing the supply of affordable housing is the priority solution to the homelessness crisis, there is a spectrum of housing solutions that different levels of governments should prioritize, depending on the specific needs of the individual or family experiencing homelessness. For example, many families merely require temporary rental assistance to maintain housing or rapid rehousing to connect to permanent housing. Some populations require more intensive services in conjunction with permanent housing options. For those living on the streets or in encampments, a shelter can provide short-term, temporary respite; for others, interim solutions such as bridge housing communities and low barrier navigation centers that provide a spectrum of housing and healthcare services, particularly to marginalized communities and those with pets, may be necessary while a more permanent solution (such as rental assistance or the construction of a new unit) can be attained. The end goal should always be, however, connections to housing that is truly affordable, low barrier, permanent, safe, and habitable as quickly as possible.

Beginning largely in 2017, 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.² The Legislature has also created streamlined development approval processes and reduced opportunities for local governments to disapprove of quality housing projects and homeless shelters, which have sped-up the approval of these processes, and reduced costs associated with unreasonable project delays.³ Further, the state has increased planning requirements so that local governments create an environment to facilitate the creation of housing, and in particular, affordable housing construction⁴, and provided grants directly to local governments for these purposes.

- 4) *Cal-ICH*. AB 1220 (L. Rivas, Chapter 398, Statutes of 2021) renamed the Homeless Coordinating and Financing Council (HCFC) to Cal-ICH, named the

¹ *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

² “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>

³ “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>

⁴ “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>

secretaries of BCSH and CHHS as co-chairs of the council, and changed the membership composition from one that included a mix of state and local agencies, persons who previously experienced homelessness, and homeless advocacy groups to one composed of state departments' and offices' directorate.

SB 1220 also added an advisory committee that meets twice a year with the Cal-ICH. The advisory committee is composed of the following members: a survivor of gender-based violence who formerly experienced homelessness; a person with a disability who formerly experienced homelessness; representatives of local agencies or organizations that participate in HUD's Continuum of Care Program; stakeholders with expertise in solutions to homelessness and best practices from other states; representatives of committees on African Americans, youth, and survivors of gender-based violence; a current or formerly homeless person who lives in California; an individual with a developmental disability who currently or formerly experienced homelessness; and a current or formerly homeless youth who lives in California. One advisory committee member will be chosen to participate in the quarterly council meetings to report their committee's activities to the Cal-ICH.

The Cal-ICH is tasked to continue the work it began as the HCFC such as coordinating the state's response to homelessness, and creating partnerships among state departments, local government agencies, nonprofits, and federal agencies, among others. The Cal-ICH is also responsible for administering and distributing funding associated with the HHAP program, for which \$2.95 billion dollars has been allocated through the state budget process from 2019 to 2023 to provide local governments and CoCs to address immediate, local homelessness challenges. The Cal-ICH also administers the Encampment Resolution Program and the Family Homelessness Challenge Grants and Technical Assistance Program.

- 5) *State accountability and goals.* This bill would require Cal-ICH to develop a financing plan to solve homelessness by the year 2035, and by January 1, 2025, to establish and update statewide performance metrics by updating the Statewide Action Plan for Preventing and Ending Homelessness in California. The performance metrics should seek to reduce racial and ethnic disparities in homelessness and to increase successful exits from homelessness into permanent housing based on what is achievable with current federal, state, and local investments. This bill would also require Cal-ICH to create a streamlined funding application for specified state housing and homelessness programs.

These requirements would require Cal-ICH to take on a more proactive role in leading a coordinated state effort to reduce homelessness.

- 6) *Here, there, and everywhere.* This bill was heard in the Human Services Committee on June 20 and passed on a 5-0 vote.

RELATED LEGISLATION:

AB 1220 (L. Rivas, Chapter 398, Statutes of 2021) — renamed the Homeless Coordinating and Financing Council (HCFC) to Cal-ICH, named the secretaries of BCSH and CHHS as co-chairs of the council, and changed the membership composition from one that included a mix of state and local agencies, persons who previously experienced homelessness, and homeless advocacy groups to one composed of state departments’ and offices’ directorate.

SB 1380 (Mitchell, Chapter 847, Statutes of 2016) — created the HCFC to coordinate the state’s response to homelessness and required California to adopt the Housing First model, as provided.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, July 5, 2023.)

SUPPORT:

Corporation for Supportive Housing (Co-Sponsor)
Housing California (Co-Sponsor)
John Burton Advocates for Youth (Co-Sponsor)
National Alliance to End Homelessness (Co-Sponsor)
San Diego Regional Task Force on Homelessness (Co-Sponsor)
Silicon Valley Leadership Group (Co-Sponsor)
Aids Healthcare Foundation
All Home
California Alliance of Caregivers
California Apartment Association
California Housing Partnership
Children Now
City of Pleasanton
City of Thousand Oaks
County of Monterey
Downtown Women's Center

East Bay Housing Organizations
East Bay YIMBY
Enterprise Community Partners, INC.
Episcopal Communities Services (ECS)
Grow the Richmond
Hollywood Homeless Youth Partnership
Homebase
How to ADU
Inner City Law Center
Justice in Aging
LA Family Housing
Leadingage California
Los Angeles Business Council
Mountain View YIMBY
Napa-Solano for Everyone
National Association of Social Workers, California Chapter
Orange County United Way
Our Future Los Angeles
Pallet Shelter
Path (People Assisting the Homeless)
Peninsula for Everyone
People for Housing Orange County
Progress Noe Valley
Safe Place for Youth
San Diego Housing Federation
San Francisco YIMBY
Santa Cruz YIMBY
Santa Rosa YIMBY
Slo County YIMBY
South Bay YIMBY
Southside Forward
Steinberg Institute
Supervisor Rich Desmond, County of Sacramento District 3
Swords to Plowshares - Vets Helping Vets
Sycamores
The People Concern
The United Way of Greater Los Angeles
Union Station Homeless Services
United Ways of California (UWCA)
Urban Environmentalists
Ventura County YIMBY
YIMBY Action

OPPOSITION:

None received.

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