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

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**Bill No:** AB 1413 **Hearing Date:** 7/10/2023  
**Author:** Ting  
**Version:** 4/18/2023  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Alison Hughes

**SUBJECT:** Homelessness prevention programs: Department of Housing and Community Development: funding

**DIGEST:** This bill transfers, on November 1, 2023, the Homeless Housing, Assistance, and Prevention (HHAP) program, the Encampment Resolution Program (ERP), and the Family Homelessness Challenge Grants and Technical Assistance Program (Family Challenge Grants) from the California Interagency Council on Homelessness (Cal-ICH) to the Department of Housing and Community Development (HCD). This bill also eliminates the “bonus pot” funding made available in HHAP and instead makes these funds available for rounds five of HHAP.

**ANALYSIS:**

*Existing law:*

- 1) Establishes the HHAP program, administered by Cal-ICH 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.
- 2) Establishes the Family Challenge Grants administered by the Cal-ICH, for the purpose of providing one-time grants and technical assistance to local jurisdictions in order to address and end family homelessness.
- 3) Establishes the ERP program to increase collaboration between the Cal-ICH, local jurisdictions and Continuums of Care (CoCs) to assist local jurisdictions in ensuring the safety and wellness of people experiencing homelessness in encampments, to provide encampment resolution grants to resolve critical encampment concerns and transition individuals into safe and stable housing,

and to encourage a data-informed, coordinated approach to address encampment concerns.

**This bill:**

- 1) Provides that HCD, beginning on November 1, 2023 shall administer HHAP, ERP, and the Family Challenge Grants.
- 2) Requires that any program awards or approvals issued by the Cal-ICH that are in effect on October 31, 2023 be deemed on and after November 1, 2023 to be a program award or approval of HCD.
- 3) Provides, notwithstanding any other law, that these changes will not limit the authority of and expressly authorizes HCD and Cal-ICH to delegate, share, provide assistance for, or transfer between themselves administrative responsibilities for the program within the department's and the board's respective duties, powers, and responsibilities pursuant to an agreement.
- 4) Eliminates the bonus fund and the requirements to reach certain outcome goals to obtain the bonus fund from round three and four of HHAP, and instead requires the \$180 million from the bonus funding to be made available in round five of the program.
- 5) Requires, beginning in round five of HHAP and round two of ERP and round two of the Family Challenge Grants, each applicant to provide the following information with their grant application:
  - a) An analysis of outcomes from the previous round of the program that includes both: the number of people experiencing homelessness that were sheltered during the program round and the number of people experiencing homelessness that were transitioned into permanent housing during the program round.
  - b) The expected number of people experiencing homelessness that will be transitioned into permanent housing for the program round.

**COMMENTS:**

- 1) *Author's statement.* "California is facing a devastating homelessness crisis, as our state accounts for half of the nation's unsheltered homeless population. As a state, we have invested millions in preventing homelessness, moving people off the street, and creating supportive housing for our neighbors experiencing homelessness. However, these programs lack standardized metrics to evaluate

the success and efficacy of public investments. AB 1413 holds local agencies accountable to ensure that people are getting off the streets, into housing, and staying housed. By leveraging HCD's expertise to effectively administer grant programs, AB 1413 allows Cal ICH to both focus on developing best practices for the deployment of homelessness dollars and return as the lead interagency coordinator to tackle homelessness".

- 2) *Homelessness: Stats and Causes.* According to the most recent point in time (PIT) count, 171,521 people were experiencing homelessness in California—representing 30% 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 US were in California. California has the largest concentration of severely unaffordable housing markets in the nation and the statewide average home value reached a new record in June 2022 at \$793,300. Over three quarters (78%) of extremely low-income households in California are paying more than half of their income on housing costs compared to just 6% of moderate-income households.

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, however, cities with higher rents and lower rental vacancy rates (*i.e.*, tighter housing markets) are directly linked to higher per capita rates of homelessness. Additionally, the data show that many people experiencing homelessness are employed; the problem is that their income alone often isn't enough to maintain stable housing. This can result in financial insecurity, which is both a main cause and a prolonging factor of homelessness.

- 3) *Housing needs in California.* 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 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.

- 4) *Encampment Resolution Program (ERP)*. ERP is a competitive grant program administered by the Cal ICH that provides funds to CoCs, cities, and counties to fund actionable, person-centered local proposals that resolve the experience of unsheltered homelessness for people residing in encampments. Applicants of ERP grants may apply for ERP funds to mitigate homeless encampments. ERP requires cities to demonstrate how they intend to use the funds to connect all of the individuals living in an encampment to services, supports, and housing and also demonstrate how they will coordinate with local partners to transition those living in encampments into permanent housing solutions.
- 5) *Family Challenge Grants*. AB 140 (Committee on Budget, Chapter 111, Statutes of 2021) authorized \$40 million in general fund to provide one-time, competitive grants and technical assistance to local jurisdictions to promote rapid innovation, accelerate nascent programs, and expand promising practices to create scalable solutions that can be shared across the state to address and ultimately end family homelessness. The Grant Program is administered by Cal ICH and counties, CoCs, and cities of any size were eligible to apply for the funding, with 10 grants being awarded in June 2022 for round one. The program is currently budgeted to have at least two rounds.
- 6) *HHAPP*. Created by AB 101 (Committee on Budget, Chapter 159, Statutes of 2019) and administered by the Cal-ICH, HHAP is a one-time, state funded, block grant program designed to provide jurisdictions with funding to support regional coordination and expand or develop local capacity to address their immediate homelessness challenges. HHAP's flexible funding is 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." To date, the state has awarded four rounds of totaling \$2.95 billion in funding allocated throughout the state to cities, counties, and CoCs to address the homeless crisis. Under current law, Cal-ICH must award bonus funding, if an eligible recipient has met their HHAP outcome goals as outlined in their approved HHAP application. Grantees goals are based on the local landscape analysis they submitted as part of the application process for HHAP.

This bill seeks to eliminate the “bonus pot” and instead use \$180 million of these funds available to allocate to jurisdictions in round five of HHAP.

- 7) *2023-24 Budget Changes.* The recently adopted 2023-24 budget made several changes to existing homelessness programs, including intent language to transfer the grant administration from Cal-ICH to HCD in a phased manner, beginning with the transfer of the administration of the HHAPP grants beginning in the 2023–24 fiscal year. The Budget also moved up deployment of the remaining \$260 million in “bonus” funding from HHAPP Rounds 3 and 4 to 2024-25 and requires disbursement of it to each HHAP recipient upon submission of their regional plan.
  
- 8) *Here, there, everywhere.* This bill was heard in the Senate Human Services Committee on June 19 with a vote of 5-0.

**RELATED LEGISLATION:**

**AB 129 (Committee on Budget and Fiscal Review, 2023)** — provides statutory changes to facilitate implementation of the 2023 Budget Act as it relates to housing and homelessness.

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

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

**SUPPORT:**

None received.

**OPPOSITION:**

None received.

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