Date of Hearing: July 2, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
SB 606 (Becker) – As Amended June 23, 2025

SENATE VOTE: 38-0

SUBJECT: Homeless Housing, Assistance, and Prevention program: reporting requirements: functional zero unsheltered

SUMMARY: Creates the Functional Zero Shelter Act which requires applicants for the Homeless Housing, Assistance, and Prevention (HHAP) program to report to the Department of Housing and Community Development (HCD) specified data regarding the applicant's ability to achieve the functional zero unsheltered benchmark and its implementation of local homeless housing incentives like shelter crisis declarations. Specifically, **this bill**:

1) Defines "functional zero unsheltered" to mean there are sufficient housing options of all types to accommodate a jurisdiction's unsheltered, chronically homeless population based on its most recent homeless point-in-time count.

2) Defines "small cities" to mean the cities in a jurisdiction that are not HHAP applicants.

3) Requires applicants for HHAP Round 7 funding to report specified data, in addition to the data already required to be reported for all rounds of program allocations. The data reporting required includes an assessment of what would be required for the applicant to achieve functional zero unsheltered, including the following information:

    a) A financial model that will assess needs for specified investments.

    b) Identified funding programs that provide housing or services to persons experiencing homelessness and a description of all of the following for each program to the extent that data is available:

        i) The amount of funding the program receives each year and funding sources for the program;

        ii) The number of persons the program serves each year, disaggregated by race and gender;

        iii) The types of housing and services provided to the persons the program serves each year, disaggregated by race and gender;

        iv) Limitations, if any, on the length of stay for housing programs and length of provision of services for service programs; and

        v) If applicable, reasons for the unavailability of data.

c) The total number and type of permanent housing beds, units, or opportunities available to persons experiencing homelessness statewide and in geographically diverse regions across the state.

d) An analysis of the need for permanent housing opportunities and services.

e) The number and types of interim interventions available to persons experiencing homelessness in geographically diverse regions across the state, as specified.

f) Information about the applicant's implementation of the following housing policies:

   i) A shelter crisis declaration with or without adoption of California Building Code Appendix P or other local variations;

   ii) Reduced discretionary approvals of interim and permanent housing projects;

   iii) Whether the applicant has waived applicable zoning requirements;

   iv) Whether the applicant has waived local fees charged to affordable housing projects serving low-income and homeless populations;

   v) Whether the applicant allows affordable housing project appeals to be heard, despite "by right" ministerial authority;

   vi) Requires applicants to show efforts to include small cities in its regionally coordinated homeless action plan; and

   vii) Requires the report to include the most recent HUD point-in-time count data for small cities in the applicant's jurisdiction.

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. (Welfare and Institutions Code (WIC) 8255)

2) Establishes HHAP 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. (Health and Safety Code (HSC) 50217)

3) Requires, for a Continuum of Care (CoC) to receive HHAP funding, the CoC to provide the Cal-ICH data on the demographics and characteristics of the homeless populations in the jurisdiction and on current programs providing housing and homeless services, as reported to the federal government through the Homeless Management Integration System (HMIS) and HUD point-in-time counts. (HSC 50219)

4) Describes the eligibility requirements for HHAP Round 6 funding, which includes requiring a jurisdiction to participate in a regionally coordinated homelessness action plan that has been approved by HCD. (HSC 50240)

5) Requires the HHAP Round 6 regionally coordinated homelessness action plan to include the most recent performance measures for the region of:

   a) The number of people experiencing homelessness;

   b) The average length of time people experience homelessness;

   c) The percentage and number of people exiting homelessness into permanent housing;

   d) The number of people who return to homelessness after exiting homelessness into permanent housing;

   e) The number of people falling into homelessness for the first time; and

   f) The number of people who return to homelessness after exiting institutional settings, including, but not limited to, jails, prisons, and hospitals. (HSC 50240)

6) Allows a governing body to declare a shelter crisis proclaiming the existence of a situation in which a significant number of persons are without the ability to obtain shelter, resulting in a threat to their health and safety. (Government Code 8698)

FISCAL EFFECT: Unknown

COMMENTS:

***Author's Statement*:** According to the author, "Today in California we have approximately 1 bed available for every 3-4 people who are experiencing homelessness. Research shows that the longer unhoused residents go without shelter, the less likely they'll be able to return to self-sufficiency. As California invests in more permanent housing, and interim housing, more must be done to bring unsheltered people indoors and save lives. SB 606 will codify the goal of functional zero unsheltered in State statute and require municipalities to assess what would be required in order to end unsheltered homelessness in their municipalities. It is time that California puts an end to the humanitarian crisis on our streets. Rather than chipping away at the problem, one shelter at a time, the Functional Zero Unsheltered Act would ensure that regions are working toward strategic and practical frameworks that address the crisis in its entirety."

Homelessness in California: According to the 2024 point in time count, over 187,000 people experienced homelessness in California, which is a 3.1% increase from 2023 and represents almost 25% of the nation's homeless population. Sheltered homelessness is when a person is living in a temporary place, such as a temporary shelter, and unsheltered homelessness is living out in the open or in places not designated for, or ordinarily used as, a regular sleeping accommodation for people (i.e. the streets, vehicles, or parks). The point in time count is required by HUD as a condition of receiving federal funding. Of that population, 123,974 were experiencing unsheltered homelessness in the state.

The High Cost of Housing: Although some point to drug use as the cause of homelessness, it is the high cost of housing that is the cause of homelessness in California. Other states with higher rates of overdose but lower costs of housing report much lower rates of homelessness. West Virginia leads overdose deaths per capita but has one of the lowest homelessness rates in the country. A study by the National Low Income Housing Coalition found that West Virginia has

50 affordable and available rental homes for every 100 extremely-low-income households, more than double the number that California has. A family in West Virginia can afford a two-bedroom rental on less than $17 an hour – the second-lowest figure in the nation. In California a family would need more than $40 per hour to be able to afford an average two-bedroom rental.

California needs an additional 2.5 million units of housing to meet the state's need, including 643,352 for very low-income households and 394,910 for lower income households. Since 2018, California has permitted 890,000 units of new housing, with 126,000 of those being low- and very low-income units. The Legislature has passed major legislation in recent years to allow affordable housing to be built on almost any site in the state. However, the lack of housing overall and in particular the continued lack of sufficient affordable housing is a problem that is decades in the making.

Millions of Californians, who are disproportionately lower income and people of color, must make hard decisions about paying for housing at the expense of food, health care, child care, and transportation—one in three households in the state doesn't earn enough money to meet their basic needs**.** Currently, according to HDIS data, for every five individuals who access homelessness services in California, only one is housed each year, leaving four unhoused.

Grants Pass: On June 28, 2024, in a 6-3 decision the Supreme Court ruled in the case of City of Grants Pass v. Johnson that cities can enforce camping regulations against homeless individuals without violating the Eighth Amendment's ban on cruel and unusual punishment. This means cities can penalize individuals for sleeping outside, even if they have no other safe place to go, according to the Supreme Court. This has led to many cities sweeping encampments of homeless people and pushing them out into less populated areas. At least one city proposed an ordinance to criminalize anyone who offers water or other aid to a homeless person. The Mayor of San Jose has proposed to arrest people experiencing homelessness while acknowledging there are not enough mental health beds, permanent supportive housing, or affordable housing units to accommodate people.

Encampment sweeps that do not connect people to housing are ineffective and a waste of money. Los Angeles adopted an ordinance allowing city council members to designate areas in their district where unhoused people cannot sit, lie down, sleep, or keep belongings on sidewalks or other public areas. People are supposed to receive advanced warning and get help finding shelter before encampments are cleared. A report by the Los Angeles Homeless Services Authority (LAHSA) found that these designations and subsequent sweeps failed to keep the areas free of encampments and people largely returned. The report found that the city of Los Angeles spent millions on enforcement and 81% of people who were removed were ticketed, arrested, and later returned to where police cited them. As a result of the sweeps, service providers working to get people indoors lost contact with their clients, making it harder to connect people to shelter. People's belongings are often thrown away or destroyed in sweeps, including identification documents and vital records that they or service providers need in order to receive housing vouchers or permanent housing. Ninety-four percent of people forced to leave their location stated they wanted shelter, but only 18% were actually connected to shelter. A recent study in Seattle showed that fines and tickets prolonged people's homelessness by nearly two years.[1]

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[1] Court-imposed fines as a feature of the homelessness-incarceration nexus: a cross-sectional study of the relationship between legal debt and duration of homelessness in Seattle, Washington, USA | Journal of Public Health | Oxford Academic

Research supports encampment resolution when it is done in a coordinated fashion as part of a multi-system strategy to address the impacts of unsheltered homelessness. Shelter should only be an option when a more permanent housing placement is not available.

California Statewide Study of People Experiencing Homelessness (CASPEH): The University of California San Francisco Benioff Housing and Homelessness Institute conducted the CASPEH, the largest representative study of homelessness since the mid-1990s and the first large-scale representative study to use mixed methods (surveys and in-depth interviews). They administered questionnaires to nearly 3,200 participants and conducted in-depth interviews with 365 participants. Their report provides evidence to help shape the state's policy response to homelessness. The median age of participants was 47 (range 18-89). Participants who report a Black (26%) or Native American or Indigenous identity (12%) were overrepresented compared to the overall California population. Thirty-five percent of participants identified as Latino/x The report found that people experiencing homelessness in California are Californians. Nine out of ten participants lost their last housing in California; 75% of participants lived in the same county as their last housing.

The median monthly household income in the six months prior to homelessness across all CASPEH participants was $960. Almost all participants met criteria to be considered "extremely low-income" or making less than 30% of the Area Median Income. Participants' inability to afford housing was both the underlying cause of homelessness and the primary barrier to their returning to housing. Evidence and interviews with people who are experiencing homelessness shows that a small amount of shallow subsidy could keep people from falling into homelessness. This finding was true throughout California, not only in the high-cost coastal regions.

Of those interviewed, 41% noted that, during their current episode of homelessness, there was a time that they wanted shelter but could not access it, showing unmet need (and desire) for shelter. Those participants that did not report wanting to use a shelter during this episode of homelessness both said they wanted to and did not want to. Participants residing in congregate shelters reported being satisfied, generally, with their living arrangements. They appreciated having access to a place to bathe, hot food, and case management services. Some participants living in encampments reported negative views of shelters including concerns with COVID, other health risks of sleeping in close quarters, burdensome rules about securing a bed, curfews and having to leave during day as reasons not to stay in a shelter. Participants perceived the case management services in shelters to be ineffective at securing permanent housing.

Shelters: Shelters are a stopgap measure and cannot fully resolve homelessness. According to a recent investigative report by CalMatters, local governments have spent nearly $1 billion on shelters since 2018. The number of shelter beds more than doubled since 2018, from 27,000 to 61,000. Between 2018 and 2024, annual shelter death rates tripled – a total of 2,007 people died in that time period, which is nearly twice as many deaths as in California jails during the same period. Shelters are often unsafe and dirty places to stay. Many shelters have barriers to entry and prevent people from bringing their possessions, partners, and pets. According to HDIS data collected on shelter exits, fewer than one in four people, about 22%, are able to find housing when they leave a shelter.

Shelters are a costly and ineffective solution to homelessness. The City of New York, the City of Portland and Multnomah County, and the state of Massachusetts have adopted a right to shelter.

A right to shelter is a legal mandate that requires local governments to provide emergency shelter to anyone experiencing homelessness. This approach to homelessness has had decidedly mixed results. In the City of New York, the unsheltered population is 4,294 out of 91,897 homeless people. Although many people are housed in New York, they are still homeless because they are living in temporary shelters or transitional housing. Some people have been living in shelters for years with no solution for permanent housing. This approach is also expensive and requires that resources for affordable housing go toward maintaining emergency shelters and not toward building supportive housing or for affordable housing. New York City spends $1.7 billion a year to maintain its shelter system, which is $30,000 per individual per year.

HHAP: Beginning in 2018, in response to a growing unsheltered homelessness count, the state begin investing significantly in the local homelessness response system. One-time funding for the Homelessness Emergency Assistance Program (HEAP) which evolved into the Homelessness Housing, Assistance, and Prevention Program (HHAP) has provided $3.95 billion to cities with populations over 300,000, counties, and CoCs. One billion is available for a 6th round of HHAP funding and this year's budget will likely include $500 million for a Round 7 which would be available July 2026.

What began as a block grant program to local governments now has significant accountability attached to it. Applicants must submit monthly fiscal reports and regular reporting on metrics designed to move people experiencing homelessness into permanent housing. Applicants must develop regional plans that identify how multiple sources of funds can be used to support a best-practices framework to move homeless individuals and families into permanent housing. Local Action Plans required HHAP recipients to 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 HDIS. The outcome goals included definite metrics, based on HUD's system performance measures, to do the following:

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

Interim housing/shelters are an allowable use of HHAP funds. Below is the snapshot of the HHAP Dashboard on HCD's website – it is hard to distill definitively how much funding went to shelter because the list of eligible uses has changed over the multiple rounds. The dashboard includes data from rounds 3, 4, and 5. The state did not collect data on Rounds 1 and 2 because at the time HHAP expenditures were viewed as one-time allocations by the Legislature, but the bulk of funding in those rounds likely went to shelter because the initial focus was much more heavily on shelter and less on connecting people to permanent housing. Adding up the eligible uses below that likely went to shelter (interim sheltering, new navigation centers and emergency, interim housing, operating subsidies – interim housing, shelter improvements, improvements of existing interim housing) the total obligated for shelter/interim housing is $774 million out $2.7 billion expended.

Eligible Use Breakdown of Funding for HHAP

Eligible Use	Obligated	Expended
Operating Subsidies	$498,036,209.38	$408,838,421.02
Interim Sheltering	$356,889,161.98	$251,660,410.04
Permanent Housing and Innovative Solutions	$325,852,487.65	$246,055,924.53
New Navigation Centers and Emergency	$219,633,839.46	$210,707,348.64
Rapid Rehousing	$231,747,343.80	$148,938,159.74
Street Outreach	$183,587,694.52	$121,453,097.53
Prevention and Diversion	$123,632,593.76	$99,314,495.58
Administrative Costs	$137,046,053.81	$79,147,044.98
Outreach and Coordination	$76,795,452.13	$74,260,430.64
Rental Assistance and Rapid Rehousing	$72,329,162.22	$70,604,742.64
Services Coordination	$95,839,574.28	$66,034,333.65
Delivery of Permanent Housing and Innovative Housing Solutions	$93,378,504.20	$49,501,324.93
Systems Support	$76,334,409.92	$38,418,471.83
Interim Housing	$76,689,758.04	$15,402,737.37
Strategic Planning and Infrastructure Development	$10,411,834.70	$9,494,330.01
Prevention and Shelter Diversion	$38,470,551.12	$8,954,189.12
Operating Subsidies - Interim Housing	$82,247,748.41	$6,442,623.51
Shelter Improvements	$8,563,523.05	$4,096,866.26
Landlord Incentives	$2,942,057.54	$2,669,269.37
Operating Subsidies -Permanent Housing	$3,744,503.72	$18,985.08
Additional 1% for HMIS	$928,004.19	$0.00
Improvements to Existing Interim Housing	$838,437.66	$0.00
Total	**$2,715,938,905.54**	**$1,912,013,206.47**

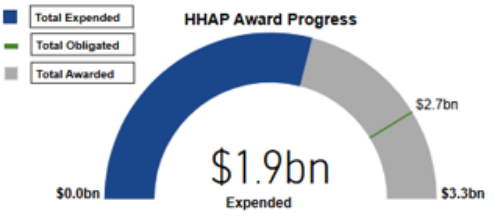
Funding to Date for All HHAP Grantees
Reporting on Activity Through April 30, 2025

Multiple Grantees

$3.3bn
Awarded

$2.7bn
Total Funding Obligated

$1.9bn
Total Expended



This Bill: This bill would create the Functional Zero Shelter Act which requires applicants for HHAP to report to HCD specified data regarding its ability to achieve the functional zero unsheltered benchmark and its implementation of local homeless housing initiatives like shelter crisis declarations. While moving unsheltered people off the street is the goal of HHAP, the larger goal is moving people into permanent housing rather than interim solutions. Building and maintaining shelters are expensive and not a permanent solution to homelessness. Rental assistance and rapid rehousing can help to rehouse people quickly into permanent housing or prevent people from falling into homelessness by providing people small amounts of money to maintain their current housing. Although this bill does not require that a percentage of HHAP funding go to shelters, the inclusion of an assessment in HHAP of unsheltered homelessness risks shifting the focus of applicants to the short term goal of ending street homelessness rather than the long term focus of both moving people off the street and into permanent housing.

Added Complexity at What Cost: HHAP applicants are required to develop multiple plans and reports that are duplicative of the data required by this bill. Each application already must include a local homelessness action plan with many data components. The HHAP application already includes information and data required in SB 606, including identifying existing funding sources and an analysis of the need for permanent and interim housing. In addition to these plans, HHAP applicants must submit a regional coordinated action plan with extensive data.

Arguments in Support: According to one of the sponsors, Dignity Moves, "by requiring regions to plan for functional zero unsheltered, this bill will send a strong statement that our most urgent priority is ending the suffering on our streets. Unsheltered homelessness in California is a crisis, and with nearly half of the nation's unsheltered in our state, it is uniquely a California problem. While permanent housing is the ultimate long-term goal, our streets cannot be the waiting room." Leaving people to languish on our streets is not only cruel and inhumane, but also fiscally devastating. Unnecessary costs such as emergency room visits, encampment sweeps, police

interactions, or waterway pollution removal total twice what it would cost to provide them with a safe, dignified place to sleep, intensive case management, and a hope of returning to stability. Providing enough beds so that no one needs to resort to sleeping on the streets would cost far less than most people assume. It will quickly become apparent that this problem is indeed solvable."

Arguments in Opposition: Statewide groups that advocate for homeless individuals raise various concerns with this bill. They are concerned about codifying the definition of the term "functional zero unsheltered" – the term is contrary to the intent of functional zero, as functional zero is intended to reflect a milestone in solving homelessness for all, not one specific population. They are also concerned with the additional burden this new data will place on HHAP applicants, many of which are receiving limited funding from HHAP and already provide data that is redundant to what is included in this bill. According to the Corporation for Supportive Housing, "we share the goal of seeking to address unsheltered homelessness and are deeply concerned about the health, safety, and many other risks posed to individuals living in unsheltered settings. However, people in sheltered settings are still homeless, and face many related and similarly acute risks, including potential return to the streets. Moreover, the best way to address unsheltered homelessness is by providing solutions for the entire population experiencing homelessness. In narrowly focusing on Californians experiencing homelessness in unsheltered settings, SB 606 will make the tasks laid out in the bill far more difficult, if not impossible, for HHAP applicants to follow. This is because experiences of homelessness are not static, since people move between unsheltered and sheltered settings frequently."

***Related Legislation*:**

SB 16 (Blakespear) would as proposed to be amended require HHAP applicants in Round 7 to set annual goals to reach functional zero for homelessness over 8 years. Requires city and county applicants for Round 7 HHAP to enter into an MOU outlining roles and responsibilities to reach functional zero. This bill will be heard in Housing and Community Development Committee on July 2, the same day as SB 606.

Double-referred: This bill was also referred to the Assembly Committee on Human Services where it will be heard should it pass out of this committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Bay Area Council (Co-Sponsor)
Dignity Moves (Co-Sponsor)
21st Century Alliance
AIDS Healthcare Foundation

Opposition

Corporation for Supportive Housing (Oppose Unless Amended)
Housing California (Oppose Unless Amended)
National Alliance to End Homelessness (Oppose Unless Amended)

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