

Date of Hearing: March 8, 2017

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

David Chiu, Chair

AB 74 (Chiu) – As Introduced December 16, 2016

SUBJECT: Housing

SUMMARY: Creates the Housing for a Healthy California Program (Program) to provide rental assistance to individuals who are homeless and receive services from the Whole Person Care pilot program, Health Homes, or another locally controlled funding source. Specifically, **this bill:**

- 1) Makes legislative findings.
- 2) Defines an "applicant" to mean a county or a city that collaborate with a county to secure services funding.
- 3) Defines "fair market value" to mean the rent, including utilities, as determined by the United States Department of Housing and Urban Development (HUD) for units by bedroom that must be paid in the market area to rent privately owned, existing, decent safe, and sanitary rental housing of nonluxury nature.
- 4) Defines "homelessness" to mean the federal definition in the Code of Federal Regulations Title 24 Section 578.3.
- 5) Defines "interim housing" to mean a safe place for a participant to live temporarily while waiting to move into a permanent apartment affordable to the participant with rental assistance, where the participant is not required to pay more than 30% of his or her income toward the costs of interim housing. Interim housing may include recuperative or respite care and shall not be funded for longer than nine months.
- 6) Defines "long-term rental assistance" to mean a rental subsidy provided to a housing provider, including a landlord renting in the private market or developers or developer creating affordable housing, to assist a tenant to pay the difference between 30% of the tenant's income and fair market rent or reasonable market rent as determined by the Department of Housing and Community Development (HCD).
- 7) Defines "permanent housing" to mean an apartment where the landlord does not limit stay in the apartment, the landlord does not restrict the movements of the tenant, and the tenant has a lease that is subject to Civil Code Section 1940 et.al.
- 8) Defines "Program" to mean the Housing for a Healthy California Program.
- 9) Defines "supportive housing" to mean housing with no limit on length of stay, occupied by the target population, and that is linked to onsite or offsite services that assist the resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.
- 10) Requires the HCD to do all of the following:

- a) On or before October 1, 2018, create the Program;
 - b) On or before October 1, 2018, draft guidelines for stakeholder comment to fund competitive grants to eligible counties to pay for interim and long-term rental assistance under the Program;
 - c) On or before April 1, 2019 and every year thereafter, subject to appropriation by the Legislature, award grants on a competitive basis to eligible counties and regions participating in a Whole Person Care pilot or counties and regions with Medi-Cal managed care plans administering the Health home Program;
 - d) Collect data mid-year and annually from Medi-Cal managed care plans partnering with participating counties and regions receiving grants awarded under the Program.
 - e) No later than April 1, 2019, contract with an independent evaluator or an evaluator contracted with the Department of Health Care Services (DHCS), to analyze data collected to determine potential costs avoided or saved due to the Medi-Cal Housing Program.
 - f) By October 1, 2020, and every year thereafter, in which the Program receives funding, report data collected to the Assembly Budget Committee, the Senate Budget and Fiscal Review Committee, the Assembly and Senate Health committees, the Assembly Housing and Community Development Committee, and the Senate Transportation and Housing Committee.
- 11) Encourages HCD to consult with DHCS where appropriate to create the Program, draft guidelines, award grants, and contract with an independent evaluator.
- 12) Requires the guidelines to include a competitive scoring criteria that includes but is not limited to scoring that awards points based on the following:
- a) Need which includes consideration of the number of individuals experiencing homelessness and the impact of housing costs in the applicants geographic area;
 - b) Ability of the applicant to administer a program offering interim and long-term rental assistance of people experiencing homelessness;
 - c) The applicant's documented partnerships with affordable and supportive housing in the applicants geographic area;
 - d) A comprehensive plan to connect interim housing, long-term rental assistance and project based supportive housing resources; and
 - e) Coordination with a community based housing and homeless service providers, behavioral health providers, and safety net providers, including community health centers.
- 13) Provides that an applicant is eligible for the Program if the applicants meets the following requirements:
- a) Identifies a source of funding for housing transition services and tenancy sustain services including but not limited to one or more of the following:
 - i) County general funds;

- ii) Whole Person Care program funds;
 - iii) The Health Home Program; and
 - iv) Other county-controlled funding to provide these services to eligible participants.
- b) Agrees to contribute funding for interim and long-term rental assistance from an identified source.
 - c) Has designated a process for administering grant funds through agencies administering housing programs;
 - d) Agrees to collect and report data to HCD.
- 14) Requires HCD to coordinate with DHCS to match program participant data, consistent with state and federal privacy law, to Medi-Cal data to identify outcomes among participants as well as changes in health care costs associated with housing and services provided under the Program to the extent that information is available up to 12 months prior to each participants move into permanent housing as well as changes in costs after each participant move into permanent housing.
- 15) Requires an applicant awarded grant funds to annually and at midyear intervals report the following data to HCD:
- a) Data specified by HCD necessary to measure the costs and outcomes of the program;
 - a) The number of participants and the type of interventions offered through grant funds.
 - b) The number of participants living in supportive housing other housing.
- 16) Requires a county or region to use grants awarded through the Program for one or more of the following, which may be administered through a housing pool:
- a) Long-term rental assistance for period up to five years;
 - b) A capitalized operating reserve for up to 15 years to pay for operating costs of an apartment or apartments within a development receiving public funding to provide supportive housing to people experiencing homeless.
 - c) Interim housing; or
 - d) A county's administrative costs for up to 5% of the total grant awarded.
- 17) Provides that a county resident is eligible to receive assistance under the Program if he or she meets all of the following requirements:
- a) Is homeless upon initial eligibility;
 - b) Is a Medi-Cal beneficiary;
 - c) Is eligible for Supplemental Security Income;

- d) Is assessed likely to improve his or her health conditions with supportive housing; and
- e) Is eligible to receive services under a program providing services promoting housing stability, including, but not limited to the following:
 - i. The Whole Person Care pilot program;
 - ii. Health Home Program, whichever is relevant to the participating county or region; and
 - iii. A locally controlled services program funding or providing services in supportive housing.

18) Provide that the Program is subject to an appropriation of the Legislature.

19) Requires the Legislature to consider the impact housing and supportive services have in changing the utilization and health care cost in determining future appropriations.

20) Requires HCD to reimburse DHCS for their costs of collaborating and matching and providing relevant data.

21) Allow HCD to use no more than 5% of funds from the Program for purpose of administering the program.

22) Provide guidelines adopted, amended, or repealed related to the Program are not subject to review by the Office of Administrative Law.

FISCAL EFFECT: Unknown.

COMMENTS: Homelessness often creates an institutional circuit, where those experiencing it long enough cycle through living on the streets, emergency department visits, inpatient admissions, incarceration, and often nursing home stays. This circuit is expensive to our public systems. Homeless individuals cost our public systems an average of \$2,897 per month, two-thirds incurred through the health system. Half of all homeless people have a history of incarceration. If homeless when discharged from prison or jail, parolees and probationers are seven times more likely to recidivate than people who are housed. Homeless Californians incur disproportionate Medi-Cal costs and achieve poor health outcomes. Many experience a combination of chronic medical, mental health, and substance abuse conditions, as well as social determinants that negatively impact their ability to access care.

Homeless frequent users continue to increase their inpatient costs despite high Medi-Cal costs because they cannot obtain sufficient rest, follow a healthy diet, store medications, or regularly attend appointments so long as they are unhoused. Two-thirds of frequent users have both medical and behavioral health conditions, are homeless, and die 30 years younger than average.

In March 2015, the DHCS proposed using Medi-Cal to fund services and housing assistance—supportive housing—acknowledging decades of research demonstrating supportive housing decreases Medicaid costs among homeless beneficiaries. The Federal Centers for Medicare & Medicaid Services (CMS) approved use of federal Medicaid dollars to fund services in supportive housing. Though CMS rejected using federal Medicaid dollars to pay for housing, CMS stated the State could use its own State dollars (through Medi-Cal or otherwise) to fund

housing subsidies. In fact, a number of other states and jurisdictions within California, including the State of New York and the County of Los Angeles, pay for housing costs through health systems.

The final 1115 Medicaid Waiver in California includes the Whole Person Care pilot program, which allows counties to tap into federal funds to pay for care management supports, services helping people find housing, and services promoting housing stability DHCS is also working to implement a new Health Home Program that would fund services for high-cost homeless beneficiaries.

Supportive housing, which is affordable housing with intensive services, allows people experiencing significant barriers to housing stability to improve their health and decrease their Medicaid costs. National studies comparing formerly homeless Medicaid beneficiaries living in supportive housing with homeless beneficiaries receiving usual care demonstrate Medicaid cost savings of almost \$9,000 per year after the costs of services. This bill would create the Housing for a Healthy California Program to provide rental assistance for homeless individuals who receive Social Security Income and receive funding for wrap-around services to help them stay housed through the Whole Person Care pilot program, Health Homes, or other service funding.

Related legislation: This bill is the same as AB 2821 (Chiu) from last year which was approved by this committee 6-1.

Governor's veto message:

"I am returning Assembly Bill 2821 without my signature.

This bill establishes a new program to provide rental assistance to homeless Medi-Cal beneficiaries.

While the goal of this bill is laudable and the policy could lead to savings in the health care system, codifying a program without an identified funding source raises false expectations. This grant program, like any new expenditure, is best left to budget discussions."

Double referred: If AB 74 passes out of this committee, the bill will be referred to the Committee on Health.

REGISTERED SUPPORT / OPPOSITION:

Support

Corporation for Supportive Housing (co-sponsor)
Housing California (co-sponsor)
California Commission on Aging
County of San Bernardino
Dignity Health
Housing Authority of the County of Santa Barbara
Non-Profit Housing Association of Northern California

ONYX Architects
PATH Ventures
Project Inform
Resources for Community Development

Opposition

None on file

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