

Date of Hearing: September 10, 2021

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

David Chiu, Chair

AB 816 (Chiu) – As Amended July 16, 2021

SUBJECT: Homelessness: Housing Trust Fund: housing projects

SUMMARY: Requires Department of Housing and Community Development (HCD) to allocate National Housing Trust Fund (NHTF) monies to projects serving individuals experiencing homelessness, to the extent that a sufficient number of projects exist. Specifically, **this bill:** Authorizes HCD to prioritize funding for projects serving people experiencing homelessness that use Medi-Cal benefits to fund services.

EXISTING LAW:

- 1) Establishes the Homeless Coordinating and Financing Council (HCFC), with the purpose of coordinating the state’s response to homelessness by utilizing Housing First practices.
- 2) Requires agencies and departments administering state programs created on or after July 1, 2017, to incorporate the core components of Housing First.
- 3) Defines “Housing First” to mean the evidence-based model that uses housing as a tool, rather than a reward, for recovery and that centers on providing or connecting homeless people to permanent housing as quickly as possible. Housing First providers offer services as needed and requested on a voluntary basis and that do not make housing contingent on participation in services.
- 4) Establishes the Homeless Emergency Aid Program (HEAP) to provide one-time grant funds to address the immediate homelessness challenges of local cities and counties. HEAP is administered by the HCFC.
- 5) Establishes the Homeless Housing Assistance and Prevention Program (HHAPP) to build on HEAP and provide funds to help local jurisdictions combat homelessness. HHAPP is also administered by the HCFC.
- 6) Establishes the Housing for a Healthy California (HHC) program under the state Department of Housing and Community Development (HCD) to fund supportive housing for individuals who are recipients of or are eligible for Medi-Cal benefits.

FISCAL EFFECT:

According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

COMMENTS:

Author’s statement: According to the author, “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. 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. Study after study show supportive housing decreases emergency department visits, hospital inpatient stays, nursing home days, and psychiatric inpatient admissions, saving between \$3,841 and \$24,000 per beneficiary above the costs of housing and services. To house the most vulnerable Californians who incur disproportion health care costs, this bill requires HCD to prioritize NHTF monies for projects that serve individuals experiencing homelessness and allows HCD to alter funding priority to align eligibility for existing benefits such as Medi-Cal.”

Background: On any given night, over 160,000 Californians are homeless, and California has the highest rate of unsheltered homeless individuals in the nation. Even as people are housed, more fall into homelessness. In Los Angeles County, for every 133 people housed, 150 fall into homelessness; in Oakland, for one person housed, two more become homeless; and in San Francisco, for one person housed, three become homeless. African Americans rank disproportionately high among California’s homeless population. While 6.5 percent of Californians identify as African American almost 40 percent of the state’s homeless population are African American, far outpacing the rates of poverty among African Americans in general.

NHTF: The NHTF is a permanent federal funding source for affordable housing and the funds must be used to produce, preserve, rehabilitate, or support the operation of rental housing for extremely low- and very low-income families, including homeless families, and for homeownership for extremely low- and very low-income families. Currently, 90 percent of funding from the NHTF must be used toward rental housing and up to 10 percent may be used toward homeownership. Additionally, seventy-five percent of funding must go toward extremely low-income families. California received \$50 million in NHTF funds in 2020, and is projected to receive approximately \$130 million in 2021.

Housing for a Healthy California (HHC): In 2017, AB 74 (Chiu) created the Housing for a Healthy California (HHC) program to fund construction of supportive housing for people experiencing homelessness who were also on Medi-Cal. HHC was funded from National Housing Trust Fund (NHTF) for three years, but unfortunately that earmark ends this year. AB 816 seeks to continue the work of HHC by prioritizing future funding from the NHTF for housing developments that serve people experiencing homelessness who receive a health benefit. Three rounds of funding have been awarded from the HHC program: \$22.4 million for four projects in February 2020; \$60.1 million for six projects in March 2020; and \$39.6 million for eight projects in June 2020. Although the NHTF is the primary funding source for the HHC program, the March 2020 awards were funded through one-time monies generated by SB 2, the Building Homes and Jobs Act (Atkins, Chapter 364, Statutes of 2017).

In order to ensure that NHTF monies can continue to be allocated to HHC type projects, this bill requires HCD to prioritize projects that serve individuals experiencing homelessness and allows HCD to alter funding priority to align eligibility for existing benefits such as Medi-Cal.

Arguments in support: According to supporters, this bill will continue the successful policies of the HHC while giving HCD the flexibility to distribute the funds equitably and quickly.

REGISTERED SUPPORT / OPPOSITION:

Support

Corporation for Supportive Housing (Sponsor)
Darrell Steinberg, Mayor, City of Sacramento Co-chair of Governor's Council of Regional Homeless Advisors (Sponsor)
Housing California (Sponsor)
Steinberg Institute (Sponsor)
Autism Deserves Equal Coverage Foundation
Bay Area Rapid Transit
Brilliant Corners
California Access Coalition
California Apartment Association
California Association of Marriage and Family Therapists
California Downtown Association
California Housing Partnership Corporation
City and County of San Francisco, Board of Supervisors
City of Berkeley
City of San Diego
Clifford Beers Housing
Enterprise Community Partners
Episcopal Community Services of San Francisco
Govern for California
Jewish Family and Children's Services of San Francisco, the Peninsula, Marin and Sonoma Counties
Los Angeles Business Council
National Association of Social Workers, California Chapter
Public Health Advocates
The California Association of Local Behavioral Health Boards and Commissions

Opposition

None on file that pertain to the current version of the bill.

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