

Date of Hearing: May 1, 2013

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Norma Torres, Chair

AB 1109 (Bonilla) – As Amended: March 21, 2013

SUBJECT: Emergency housing and assistance.

SUMMARY: Allows a loan recipient under the capital development component of the Emergency Housing and Assistance Program (EHAP-CD) to transition the property from an emergency shelter or transitional housing to permanent affordable housing, including permanent supportive housing and rapid rehousing, that serves people who are homeless or at risk of homelessness. Specifically, this bill:

- 1) Allows a loan recipient under the EHAP-CD program to transition the property from an emergency shelter or transitional housing to permanent affordable housing, including permanent supportive housing and rapid rehousing, that serves people who are homeless or at risk of homelessness and still have the loan deferred and forgiven at the end of the loan term.
- 2) Defines "permanent supportive housing" as having the same meaning as the term "supportive housing," as defined in paragraph (2) of subdivision (b) of Section 50675.14.
- 3) Defines "rapid rehousing" as housing that focuses on moving homeless individuals and families into appropriate housing as quickly as possible.
- 4) Defines "people who are homeless" includes individuals described in Section 11302 of Title 42 of the United States Code, and paragraph (2) of subdivision (e) of Section 11139.3 of the Government Code.

EXISTING LAW

- 1) Establishes the Emergency Housing and Assistance Program (EHAP) to fund capital development activities for emergency shelters, transitional housing, and safe havens that provide shelter and supportive services for homeless individuals and families and to provide operating grants for emergency shelters, transitional housing, and supportive services for homeless individuals and families (Health and Safety Code Section 50800, et seq.).
- 2) Pursuant to Proposition 46, the Housing and Emergency Shelter Trust Fund Act of 2002, authorizes the issuance of \$2.1 billion in general obligation bonds to finance various affordable housing programs, including \$195 million for EHAP (Health and Safety Code Section 53500, et seq.).
- 3) Pursuant to Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006, authorizes the issuance of \$2.85 billion in GO bonds to finance various affordable housing programs, including \$50 million for EHAP (Health and Safety Code Section 53540, et seq.).

- 4) Defines “emergency shelter” as housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person (Health and Safety Code Section 50801).
- 5) Defines “transitional housing” as housing with supportive services for up to 24 months that is exclusively designated and targeted for recently homeless person and that has the ultimate goal of moving recently homeless persons to permanent housing as quickly as possible (Health and Safety Code Section 50801).

FISCAL EFFECT: Unknown

COMMENTS:

The Emergency Housing Assistance Program Capitol Development (EHAP-CD) provides funding for the construction, rehabilitation, expansion, and site acquisition of emergency shelters and transitional housing for homeless individuals and families. The program offers deferred payment loans at 3% simple interest to local government agencies and nonprofit corporations that construct or operate emergency shelters and transitional housing. Loan terms range from 5 to 10 years based on the type of development activity and are forgiven when the loan term is complete. During the term of the loan, use of the property for anything other than an emergency shelter or transitional housing triggers automatic loan repayment.

Under EHAP, emergency shelters can provide housing for homeless individuals and families for up to six months, while transitional housing may provide shelter for up to 24 months. Transitional housing provides supportive services and is designed to move recently homeless persons to permanent housing as quickly as possible.

EHAP has been funded in recent years with funds from the last two housing bonds, Proposition 46 of 2002 and Proposition 1C of 2006. Proposition 46 provided \$195 million for EHAP and Proposition 1C provided an additional \$50 million. Most of these funds have been expended. Currently there is just over \$1 million remaining in the program.

In recent years, the focus of efforts to combat homelessness have shifted from simply providing shelter to getting people into permanent housing that does not limit their length of stay. At the federal level, this “housing first” model is driving new funding decisions for homeless assistance dollars. Federal McKinney-Vento Homeless Assistance Grants fund local, regional, and state homeless assistance programs through the Continuum of Care (CoC) process. A CoC is a geographical administrative unit through which homeless assistance providers in a specific area work together to apply for federal funding. HUD ranks applications and provides funding based on the quality of the application, the performance of the local homeless assistance system, the need for homeless assistance, and the local rankings of individual programs. Currently, all new funding is being directed to permanent housing rather than transitional housing. In general, transitional housing providers have been able to renew their previous grants thus far, but they are not competitive for new monies nor do they increase the competitiveness of the CoC as a whole.

Unfortunately, providers who accepted money under EHAP cannot transition their service model to compete for these new funds because state law locks them in to the emergency shelter and

transitional housing model until the term of their loan ends. This is true even if modifying their service model would allow them to better serve the target population or keep their doors open.

AB 1109 addresses this issue by allowing California providers to modernize their program models to stay in step with current federal policy, and therefore access more federal money. Providers would be allowed to transition facilities to provide permanent affordable housing, including permanent supportive housing, for those individuals and families who are homeless or at risk of being homeless.

According to the author, if facilities that received awards under EHAP-CD can continue to serve the same population, yet do so under a permanent housing model, they should be allowed to transition their facilities in order to access additional federal funds.

Previous legislation: AB 221 (Carter), Chapter 546, Statutes of 2011, allowed HCD to use EHAP funds for supportive housing projects. However, the bill only applied to new loans and did not give existing loan recipients the ability to convert to permanent supportive housing.

Proposed amendments:

1. On page 3, lines 34-35, delete "and rapid rehousing"
2. On page 4, delete lines 4-6.

REGISTERED SUPPORT / OPPOSITION:

Support

Housing California (sponsor)
Corporation for Supportive Housing

Opposition

None on file

Analysis Prepared by: Anya Lawler / H. & C.D. / (916) 319-2085