

## **SB 2 Homelessness Funding Implementation Proposed Trailer Bill Language**

**Section XXXXX** of the Health and Safety Code is added, to read:

As used in this part, the following definitions shall apply:

(a) "Administrative Entity" means a unit of general purpose local government, a nonprofit organization that has previously administered Department of Housing and Urban Development Continuum of Care funds as the collaborative applicant pursuant to Section 578.3 of Title 24 of the Code of Federal Regulations, or a unified funding agency as defined under Section 578.3 of Title 24 of the Code of Federal Regulations that has been designated by the Continuum of Care to administer California Emergency Solutions and Housing Program funds.

(b) "Applicant" means the Administrative Entity.

(c) "At-risk of homelessness" means the same as defined in Section 578.2 of Title 24 of the Code of Federal Regulations or Section 578.3 of Title 24 of the Code of Federal Regulations.

(d) "Continuum of Care" means the same as defined in Section 578.2 of Title 24 of the Code of Federal Regulations or Section 578.3 of Title 24 of the Code of Federal Regulations.

(e) Continuum of Care service area means the entire geographic area within the boundaries of a Continuum of Care.

(f) "Coordinated Entry System" or "CES" means a centralized or coordinated process developed pursuant to Section 576.400 (d) of Title 24 of the Code of Federal Regulations or Section 578.7

(a) (8) of Title 24 of the Code of Federal Regulations, and related requirements, designed to coordinate program participant intake, assessment, and provision of referrals. A centralized or coordinated assessment system covers the geographic area, is easily accessed by individuals and families seeking housing or services, is well advertised, and includes a comprehensive and standardized assessment tool.

(g) "Department" means the California Department of Housing and Community Development.

(h) "HMIS" means Homeless Management Information System as defined under Section 578.2 of Title 24 of the Code of Federal Regulations or Section 578.3 of Title 24 of the Code of Federal Regulations. Use of the term "HMIS" shall also include use of a comparable database, as permitted by HUD under Part 576 of Title 24 of the Code of Federal Regulations.

(i) "HUD" means the federal Department of Housing and Urban Development.

(j) "Homeless" means the same as defined in Section 578.2 of Title 24 of the Code of Federal Regulations or Section 578.3 of Title 24 of the Code of Federal Regulations.

(k) "Permanent housing" means a structure or set of structures with subsidized or unsubsidized rental housing units subject to applicable landlord-tenant law, with no limit on length of stay and no requirement to participate in supportive services as a condition of access to or continued occupancy in the housing. This term includes permanent supportive housing.

(l) "Permanent supportive housing" means permanent housing with no limit on length of stay, that is occupied by the target population, and that is linked to onsite or offsite services that assist the supportive housing 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. "Permanent supportive housing" shall include associated facilities if used to provide services to housing residents.

(m) "Program" means the California Emergency Solutions and Housing program.

(n) "Subrecipient" means a unit of local government or private nonprofit or for-profit organization that the Administrative Entity determines is qualified to undertake eligible activities, and that enters into a contract with an Administrative Entity to implement eligible activities pursuant to the requirements of the California Emergency Solutions and Housing Program.

(o) "Temporary housing" means housing that does not qualify as permanent housing as defined under subsection (k) including, but not limited to, emergency shelters, transitional housing, or navigation centers as defined under other federal, state, or local programs. All programs

providing temporary housing funded pursuant to this chapter must have limited barriers to entry and partnerships or other linkages to case management services to connect homeless individuals and families to income, public benefits, health services, and permanent housing.

#### **Section XXXXX.1**

The Department may carry out the provisions of this part through the issuance of one or more notices of funding availability as necessary to exercise the powers and perform the duties conferred or imposed on it by this part. Any notices of funding availability issued pursuant to this Section shall not be subject to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

#### **Section XXXXX.2**

(a) The Department shall allocate all moneys available for the purposes of Health and Safety Code 50470(b) (1) (B), in addition to any unobligated funds as of June 30, 2018, appropriated in Chapter 23, Statutes of 2016, for the purposes of Health and Safety Code 50899.1, to each Continuum of Care service area using the most recent data available within the Continuum of Care service area. The formula shall be based on the formula currently used within the California Emergency Solutions Grants program authorized under Chapter 19 (commencing with Section 50899.1) of the Health and Safety Code, utilizing the following formula components:

(1) The 2017 point-in-time count published by HUD that includes both sheltered and unsheltered homeless;

(2) The number of extremely low-income renter households paying more than 50 percent of their income for rent using HUD's most recent Comprehensive Housing Affordability Strategy dataset;

(3) The number of persons below the federal poverty line divided by the total population within the Continuum of Care service area. This factor shall be double-weighted. Data for this factor will be obtained from the Census Bureau.

(4) The amounts available to each Continuum of Care service area shall include the threshold amounts available to each county pursuant to the requirements of Section 50470 (b) (1) (B) of the Health and Safety Code. Adjustments may be made to the amounts available to each Continuum of Care service area as necessary to ensure that the requirements of Section 50470 (b) (1) (B) of the Health and Safety Code are met.

(b) The Administrative Entity within each Continuum of Care service area shall use no more than five percent of the allocation received under this section for administrative costs related to planning and execution of eligible activities. This does not include staff and overhead costs directly related to carrying out eligible activities under Section XXXXX.4. An Administrative Entity may share its funds for administrative costs with its Subrecipients.

(c) Any funds not distributed by the Continuum of Care service area, or otherwise returned to the Department, shall be reallocated in the following manner to re-award the funds as soon as possible:

(1) Any funds not distributed after the initial round of awards shall be reallocated to all participating Continuum of Care service areas in accordance with the formula above pursuant to the requirements of this section in the next notice of funding availability released under the Program.

(2) Any funds not distributed after the second round of awards shall revert to the Multifamily Housing Program (Health and Safety Code Chapter 6.7 commencing with Section 50675).

(d) Funds made available pursuant to this chapter are not required to be matched.

### **Section XXXXX.3**

Applications submitted in response to the Department's notice of funding availability shall meet all of the following minimum requirements:

- (a) The application requests funds to carry out one or more eligible activities within the Continuum of Care service area;
- (b) The Applicant shall be an Administrative Entity with prior experience administering the eligible activities proposed in the application. If the Administrative Entity does not have prior experience administering the eligible activities proposed in the application, the Administrative Entity shall partner in the administration of these funds with one or more units of local government or other entities with this prior experience in the Continuum of Care service area.
- (c) The application documents that the Continuum of Care service area has a functioning Coordinated Entry System and HMIS meeting HUD requirements as set forth in the Department's notice of funding availability, or if the Continuum of Care does not have systems in place that meet these requirements, a minimum of 20 percent of the allocation to the Continuum of Care service area under Section XXXXX is requested for eligible activities under Section XXXXX.4 to bring these systems into compliance with HUD requirements;
- (d) The application contains the most current plan addressing actions to be taken within the Continuum of Care service area to address homelessness, or if no plan exists, funds allocated to the Continuum of Care service area under Section XXXXX are requested to be used to develop a plan, and that plan is submitted to the Department prior to expiration of the contract pursuant to subdivision (a) of Section XXXXX.5;
- (e) The application describes or provides documentation of the local program or project selection process anticipated to be used to allocate the available funds to Subrecipients qualified to carry out the eligible activities. This process must avoid conflicts of interest in program or project selection, and must be easily accessible to the public;
- (f) The application identifies anticipated estimated amounts to be used for specified eligible activities, and numerical goals and performance measures established by the Administrative Entity in collaboration with the Continuum of Care to be used to evaluate success in implementing the specified eligible activities for the anticipated term of the agreement with the Department under Section XXXXX.5. A goal of zero is not acceptable. At a minimum, the following project or system performance measures shall be evaluated based on HMIS data from the Continuum of Care service area as set forth in the Department's notice of funding availability:
  - (1) The number of homeless persons served;
  - (2) The number of unsheltered homeless persons served, and the average length of time spent homeless prior to program or project entry;
  - (3) The number of homeless persons exiting to permanent housing;
  - (4) The number of persons that return to homelessness after exiting the funded activity.

### **Section XXXXX.4**

- (a) Funds shall be used for one or more of the following eligible activities:
  - (1) Rental assistance, including temporary rental assistance, and housing relocation and stabilization services to help homeless individuals or individuals at-risk of homelessness. Rental assistance provided under this subsection shall not exceed 48 months for each assisted household. Rent payments shall not exceed two times the current HUD fair market rent for the local area established under 24 CFR part 888;
  - (2) Operating subsidies in the form of 15-year capitalized operating reserves for new and existing affordable permanent housing units for homeless individuals and families;
  - (3) Flexible housing subsidy funds for local programs that establish or support the provision of rental subsidies in permanent housing to assist individuals and families who are homeless. Funds for this activity can support temporary or ongoing rental assistance, bridge subsidies to

property owners waiting for approval from another permanent rental subsidy source, vacancy payments, or project-based rent or operating reserves;

(4) Operating support for short term, emergency housing interventions including, but not limited to, the following:

(i) Navigation centers, which provide temporary room and board with limited barriers to entry while case managers work to connect homeless individuals and families to income, public benefits, health services, permanent housing, or other shelter;

(ii) Street outreach services to connect unsheltered homeless individuals and families to temporary housing or permanent housing;

(iii) Shelter diversion, including but not limited to homeless prevention activities, and other necessary service integration activities to connect individuals and families to alternate housing arrangements, services, and financial assistance.

(5) Systems support for activities necessary to maintain a comprehensive homeless services and housing delivery system, including Coordinated Entry Systems, data and HMIS reporting, and homelessness planning activities.

(b) The Administrative Entities or their Subrecipients shall establish the specific duration, amount, and other terms of the assistance provided, consistent with the requirements of this chapter and other reasonable limitations established by the Department in the notice of funding availability or in the contract with the Department under Section XXXXX.5.

(c) Unless exempted by federal rules, all assisted programs or projects shall utilize a Coordinated Entry System meeting the requirements of Section 576.400 (d) of Title 24 of the Code of Federal Regulations or Section 578.7 (a) (8) of Title 24 of the Code of Federal Regulations, and related HUD requirements. With the exception of homeless prevention activities permitted as part of shelter diversion activities under Section XXXXX.4, homeless individuals and families shall be prioritized over individuals at-risk of homelessness in programs and projects assisted through this chapter.

(d) Permanent housing activities shall comply with the core components of "housing first" as required pursuant to Welfare and Institutions Code 8255 (b).

(e) Temporary housing and street outreach activities shall be provided in a manner consistent with housing first practices as reflected in 25 California Code of Regulations Section 8409 subsections (b) (1) through (b) (6).

### **Section XXXXX.5**

(a) Funds allocated to an Administrative Entity under Section XXXXX shall be disbursed to the Administrative Entity by the Department following execution of a contract with a term of five years. After the contract has expired, any funds not expended and documented pursuant to subdivision (c) shall revert to the Multifamily Housing Program (Health and Safety Code Chapter 6.7 commencing with Section 50675).

(b) The Administrative Entity shall submit an annual report on a form issued by the Department providing information pertaining to the Administrative Entity's program or project selection process performed in collaboration with the Continuum of Care, contract expenditures, and progress toward meeting state and local goals through the performance measures set forth in the application for funds under Section XXXXX.3. Additional information may be requested by the Department as needed to meet other applicable reporting or audit requirements.

(c) It is the responsibility of the Administrative Entity to provide that funds are expended pursuant to the uses prescribed by Section XXXXX.4. The Administrative Entity shall monitor the activities and expenditures of its Subrecipients at least annually to ensure that Program requirements are being satisfied.

(1) As part of the annual report pursuant to subdivision (b), the Administrative Entity shall report to the Department on the expenditures and activities of each of its Subrecipients at least once

annually for the term of the contract with the Department until all funds awarded to its Subrecipient have been expended pursuant to Program requirements.

(d) The Department may monitor the expenditures and activities of the Administrative Entity, as it deems necessary during the term of the contract. The Department may monitor the activities of individual Subrecipients, as it deems necessary to ensure compliance with Program requirements.

(e) The Department may, as it deems appropriate or necessary, impose sanctions or pursue any remedies available to it under law against an Administrative Entity or its Subrecipients for failure to abide by Program requirements.