

Date of Hearing: July 11, 2023

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Corey A. Jackson, Chair

SB 456 (Menjivar) – As Amended June 30, 2023

SENATE VOTE: 40-0

SUBJECT: Multifamily Housing Program: nonprofit corporations: homeless or at-risk youth

SUMMARY: Permits nonprofit corporations that provide emergency shelter or transitional housing to receive [Homekey] grants for housing projects solely serving homeless youth, youth at risk of experiencing homelessness, or current or former foster youth. Specifically, **this bill:**

- 1) Allows nonprofit corporations to be eligible to receive grants disbursed in accordance with the Multifamily Housing Program (MHP) for housing projects solely serving homeless youth, youth at risk of experiencing homelessness, or current or former foster youth if the nonprofit corporation meets both of the following criteria:
 - a) Provides emergency shelter or transitional housing; and,
 - b) Submits to the Department of Housing and Community Development (HCD) a letter of support from a county, city, or other local public entity that has jurisdiction over the housing project.
- 2) Requires HCD to give preference to applications from nonprofit corporations that have experience providing direct services to homeless youth, youth at risk of experiencing homelessness, or current or former foster youth, and organizations working in partnership with those providers.
- 3) Requires that at least eight percent of [Homekey] funds disbursed by the MHP be available for units, rather than projects, serving homeless youth or youth at risk of homelessness.
- 4) Requires at least one-half of these [Homekey] funds to be prioritized for units to house current foster youth between 18 to 21 years of age.
- 5) Prohibits units that house current or former foster youth between 18 to 21 years of age to require a referral through the coordinated entry system for a person under juvenile court jurisdiction.

EXISTING LAW:

- 1) Establishes the MHP at HCD to assist the new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower-income households through loans to local government, non-profit developers, and for-profit developers. (Health and Safety Code Section [HSC] 50675.1.1)
- 2) Establishes the “Homekey” program at HCD, disbursed in accordance with MHP, to acquire, convert, rehabilitate, or capitalize operating subsidies for housing for individuals and families who are experiencing homelessness or who are at risk of homelessness. (HSC 50675.1.3(a)(1-7))

- 3) Creates an eight percent set aside of funding in the Homekey program for projects serving youth experiencing homelessness or at risk of homelessness, including youth currently and formerly in foster care through the age of 25. (HSC 50675.1.3(c))
- 4) Defines “homeless youth or youth at risk of homelessness” to mean unaccompanied youth under the age of 25, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:
 - a) Are homeless under the Runaway and Homeless Youth Act, the Head Start Act, the Violence Against Women Act of 1994, the Public Health Service Act, the Food and Nutrition Act of 2008, the Child Nutrition Act of 1966 or the McKinney-Vento Homeless Assistance Act;
 - b) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;
 - c) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and,
 - d) Can be expected to continue in such status for an extended period of time because of chronic disabilities; chronic physical health or mental health conditions; substance use disorders; histories of domestic violence or childhood abuse (including neglect); the presence of a child or youth with a disability; or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment. (24 Code of Federal Regulations 578.3)
- 5) Establishes a system of juvenile dependency for children for specified reasons, and designates that a child who meets certain criteria is within the jurisdiction of the juvenile court and may be adjudged as a dependent child of the court, as specified. (Welfare and Institutions Code [WIC] 300 *et seq.*)
- 6) Permits the court to retain jurisdiction over any person who is found to be a ward or a dependent child of the juvenile court until the ward or dependent child attains 21 years of age. Permits a nonminor who has not yet attained 21 years of age and who exited foster care at or after the age of majority, to petition the court to resume dependency jurisdiction over themselves or to assume transition jurisdiction over themselves. (WIC 303(a),(c))
- 7) Establishes the “California Interagency Council on Homelessness” (Cal ICH; formerly known as the Homelessness Financing and Coordinating Council) and requires Cal ICH to set and measure progress towards goals to prevent and end homelessness among youth in California by setting specific, measurable goals aimed at preventing and ending homelessness among youth in the state and defining outcome measures and gathering data related to their goals. (WIC 8255 *et seq.*)
- 8) Establishes the Homeless Emergency Aid Program (HEAP) block grant to be administered by Business, Consumer Services and Housing Agency (BCSHA), in consultation with Cal ICH, to

provide localities with one-time flexible funds to address their immediate homelessness challenges. (HSC 50211)

- 9) Establishes the Homeless Housing, Assistance, and Prevention (HHAP) grant program 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. (HSC 50217)

FISCAL EFFECT: According to the Senate Appropriations Committee Analysis on May 8, 2023, for a prior version of the bill:

- HCD estimates additional ongoing administrative costs of about \$1.1 million annually for 6.0 new PY of staff to administer the Homekey Program, to the extent an additional \$750 million is appropriated for the program. New workload includes updating program guidelines, providing increased technical assistance to an expanded applicant pool of nonprofit entities, and increased compliance monitoring to ensure half of the homeless youth set-aside funding is restricted to current foster youth aged 18-21. Staff notes that these costs would only be incurred to the extent that new funding is provided for the Homekey Program (General Fund).
- Staff estimates this bill could result in additional unknown future cost pressures related to provisions that require at least 8% of Homekey funding to be dedicated to housing units for homeless and at-risk youth, rather than dedicating at least 8% of funding to projects that include those units. To the extent the bill requires more Homekey funds to be dedicated to units for homeless youth and youth at risk of homelessness in future allocations for the program, there would be less funding available to support housing for other homeless populations (GF).

COMMENTS:

Background: *Homelessness Among Youth in California.* Under federal law, homeless children and youth are defined in the McKinney-Vento Homeless Assistance Act of 2011 as individuals under 25 years of age who “lacked a fixed, regular, and adequate nighttime residence.” The United States (U.S.) Department of Housing and Urban Development (HUD) conducts an annual report regarding the number of individuals experiencing homelessness on any given night, including individuals experiencing homelessness who are “sheltered” and living in temporary shelters and those who are “unsheltered” or living out in the open.

In the 2022 Annual Homelessness Assessment Report (Report), HUD found that 30% of all people in the U.S. experiencing homelessness resided in California. Specifically, 145,983 individuals experiencing homelessness lived in California, and of those, 111,206 were also unsheltered. Families with children experiencing homelessness accounted for 16% (25,538) of people in California, which is less than for people experiencing homelessness as individuals at 35%. The 2022 Report also found that 9,950 unaccompanied youth resided in California, representing 32% of the nationwide total. At 52%, California also had the largest share of unsheltered unaccompanied youth (6,762 people). About 50% of all unaccompanied youth were counted in major cities, with Los Angeles being one of the cities with the largest numbers of unaccompanied youth in the country and reporting 3,098 people under the age of 25 and homeless on their own.

These numbers are likely an underestimate, given that young people experiencing homelessness cycle through informal living arrangements which may make them invisible to traditional point-in-time counts.

Youth pathways into homelessness are often rooted in part from issues related to family conflict, family instability, and involvement in the child welfare system. These family struggles take place in the context of ongoing economic and racial inequality, reflected in the disproportionate rates of homelessness among English learners, youth from low-income households, and communities of color. Discrimination related to gender identity and sexual orientation can also play a role in youth homelessness. A 2021 study conducted by the Trevor Project on homelessness and housing instability among LGBTQ+ youth ages 13 to 24 across the country found that 28% of LGBTQ+ youth reported experiencing homelessness or housing instability at some point in their lives, which nearly doubled for Native or Indigenous LGBTQ youth. LGBTQ+ youth who reported experiencing homelessness or housing instability also had higher rates of victimization, being in foster care, and food insecurity, compared to their stably housed LGBTQ+ peers. In a Chapin Hall's CalYouth Study, over 35% of youth ages 18 to 21 reported experiencing homelessness while actively enrolled in extended foster care. Additional data points out that 50% of the chronically homeless population had their first experience of homelessness when they were under the age of 25.

The impacts of homelessness on youth can be particularly damaging to their development. Youth who experience homelessness are more likely to have poorer educational outcomes, including chronic absenteeism, have not completed high school, less likely to enroll in college, higher rates of receiving disciplinary action, and lower educational achievement. Youth experiencing homelessness are also at a greater risk for poorer health outcomes, such as influenza, hepatitis, sexually transmitted infections, diabetes, and dental problems, among others. Concerns related to confidentiality, lack of health insurance, and fears of police or social services involvement exacerbate these issues for youth experiencing homeless. Due to increased stress levels resulting from living on the streets, homeless youth also experience mental health issues such as post-traumatic stress, depression, anxiety, and psychosis. Studies demonstrate that the presence of psychiatric disorders is twice as high among homeless youth as it is among youth who are stably housed. Research also indicates that alcohol consumption and drug use among homeless youth is prevalent. Studies indicate that between 70-90% of homeless youth engage in substance use. Youth who are experiencing homelessness are also more vulnerable to violence and exploitation, and there is a significant overlap between homelessness and commercial sexual exploitation. The term "survival sex" refers to trading sexual activity in exchange for shelter and food, and studies indicate that nearly one-in-five homeless youth have participated in survival sex activities. Furthermore, research indicates that prolonged instability and homelessness during childhood can be precursors to chronic periods of housing instability later on in life.

State Investments to Address Youth Homelessness. Significant one-time investments have been made in the last five years targeting youth homelessness prevention:

- In 2018, SB 850 (Committee on Budget and Fiscal Review), Chapter 48, Statutes of 2018, established HEAP as an emergency aid block grant administered by BCSHA to distribute \$500 million to California's Continuums of Care (CoCs) and large cities to address the homelessness crisis throughout the state. HEAP included a minimum youth set-aside of 5% (\$25 million) to address youth homelessness.

- In 2019, AB 101 (Committee on Budget), Chapter 159, Statutes of 2019, established the HHAP grant program administered by Cal ICH to distribute \$650 million in one-time funds to assist cities, counties, CoCs and tribes in addressing homelessness.
- In 2020, AB 83 (Committee on Budget), Chapter 15, Statutes of 2020, provided \$300 million in grant funding through the Homekey Program to support regional coordination and expand or develop local capacity to address immediate homelessness challenges.
- In 2021, AB 140 (Committee on Budget), Chapter 111, Statutes of 2021, provided an eight percent set-aside for homeless youth through the HHAP Program, representing \$220 million available statewide for projects serving youth, and an additional \$150 million for the Homekey 1.0 program.
- In 2022, SB 154 (Committee on Budget and Fiscal Review), Chapter 43, Statutes of 2022, allocated \$325 million over two years for the MHP. As of November 30, 2022, the HCD has awarded 116 projects, of which 25 intend to serve 535 youth. An additional \$1.45 billion was allocated for a second round of funding for the Homekey 2.0 Program.
- In 2023, Governor Newsom’s proposed budget includes \$3.4 billion to prevent and end homelessness, including \$1 billion for a fifth round of HHAP grants. An additional \$736 million was allocated for a third round of funding for the Homekey 3.0 Program.

Homekey Program. Launched in 2020 and administered by HCD, the Homekey 1.0 program provided grants to cities, counties, and all other state, regional, and local public entities to acquire, convert, and rehabilitate properties, including motels, hotels, hostels, and other buildings, to provide permanent housing for persons experiencing homelessness. It also provided funds for master leasing of properties for non-congregant housing, conversions of units from nonresidential to residential, new construction of units, purchasing affordability covenants and restrictions for units, relocation costs for displaced individuals as a result of rehabilitation of existing units, and capital operating subsidies for units purchased, converted, or altered with Homekey funds.

By December 2020, the program had resulted in the acquisition of 94 projects, representing 5,911 useable units of permanent housing for individuals experiencing homelessness. While Homekey 1.0 did not include a specific set aside for youth, as many as 24 of the awarded projects (25% of the total number projects) have or intended to house transitional age youth residents between the ages of 18 to 24 who are at risk of or experiencing homelessness. In 2022, an additional one-time \$1.45 billion in grant funds was allocated to expand Homekey 2.0, and specifically set-aside 8% for projects serving youth experiencing homelessness or youth at risk of homelessness. In March 2023, the Homekey Program had been allocated an additional \$736 million for a third round of funding to supplement the acquisition of, and to provide initial operating subsidies, to sustain the statewide effort to expand housing for people experiencing homelessness or at risk of homelessness. This bill seeks to rename “projects” to “unit” to ensure more usable housing units are allocated for homeless youth.

While the Homekey Program aims to increase the number of housing units available for homeless individuals, it also requires a public entity to be the lead applicant for projects, which has made the program limiting for youth housing. In the spring of 2022, the California Coalition for Youth (CCY) conducted a survey of nonprofits that were eligible to access the Homekey 2.0 funds to meet the needs of youth in their service territories. The nonprofits surveyed serve 23 counties

across the state in their service territories. Of those surveyed, 80% of the nonprofits were interested in pursuing interim housing (or transitional housing) followed by just over half of respondents seeking to create permanent supportive housing. Most were interested in rehabilitation projects (66.7%), followed closely by acquisition (53.3%). This study found that the biggest barrier to accessing the Homekey 2.0 funds was the requirement to work with a local government partner.

Currently, a nonprofit or for-profit corporation may be listed as a co-applicant, but it is not required. This bill would add nonprofit corporations that provide emergency shelter or transitional housing to the list of applicants eligible to receive Homekey grants for housing projects that solely serve homeless youth, youth at risk of experiencing homelessness, or current or former foster youth. This bill would require HCD to allow at least half of these Homekey funds to be prioritized for units to house current or former foster youth between 18 and 21 years of age, inclusive. This bill would also clarify that these youth do not need to go through the coordinated entry system to be placed in a Homekey-funded unit.

Author’s Statement: According to the author, “[This bill] will work to combat homelessness and housing instability for California’s most vulnerable youth. We know that LGBTQ+ youth and youth of color are significantly overrepresented in youth homeless populations – up to 40% of unhoused youth identify as LGBTQ+, and African American youth are 83% more likely to experience homelessness than their peers. Current and former foster youth are also at an increased risk for experiencing homelessness.”

The author continues, “[This bill] will ensure that this population will be prioritized in the creation of new housing. Additionally, even though current law directs the California Interagency Council on Homelessness (formerly the Homeless Coordinating and Financing Council) to establish goals to prevent youth homelessness as well as support increasing the capacity of new and existing service providers, programs like Homekey 2.0 currently only allow public agencies to be the lead applicant for projects. This bill will expand program eligibility by allowing community-based organizations to directly apply for Homekey youth set aside funds.”

Need for this bill: To combat homelessness and housing instability for California’s most vulnerable youth, this bill aims to support the development of youth-only housing by adding nonprofit corporations that provide emergency shelter or transitional housing and submit a letter of support from a public entity to receive Homekey grants for housing projects solely serving homeless youth, youth at risk of experiencing homelessness, or current or former foster youth. By expanding grant eligibility to nonprofit corporations that serve homeless youth, this bill aims to prevent and address youth homelessness, which is critical to reduce rates of, and protect youth from, experiencing unsheltered and chronic homelessness as adults. By securing housing for youth experiencing homelessness or at risk of homelessness, including current and former foster youth, this bill also aims to curb the negative impacts of being unstably housed, including poorer educational and health outcomes.

Equity Implications: The provisions of this bill seek to address equity by addressing the needs of youth experiencing homelessness, who often face greater hardships compared to their stably housed peers, are more vulnerable to substance use disorders, violence, and exploitation, and have a higher likelihood of experiencing chronic homelessness as an adult.

Research shows that LGBTQ+ youth and youth of color are significantly overrepresented in youth homeless populations. Up to 40% of unhoused youth identify as LGBTQ+, and African American

youth are 83% more likely to experience homelessness than their peers. Current and former foster youth are also at an increased risk for experiencing homelessness, and are similarly overrepresented of LGBTQ+ youth and youth of color. This bill seeks to ensure that this population will be prioritized in the creation of new housing.

Double referral: The bill passed out of the Assembly Housing & Community Development Committee on June 28, 2023, with an 8-0 vote.

RELATED AND PRIOR LEGISLATION:

AB 140 (Budget Committee), Chapter 111, Statutes of 2022, included additional one-time funds to be used over two years for Homekey 2.0, and established an eight percent set aside for youth housing, as specified.

SB 234 (Wiener) of 2021, would have created the TAY Housing Program under the Homelessness Financing and Coordinating Council (HCFC) to provide grants for the development of housing for TAY in the form of forgivable loans. *SB 234 was held on the Assembly Appropriations Committee suspense file.*

SB 918 (Wiener), Chapter 841, Statutes of 2018, established the “Homeless Youth Act of 2018” and requires the HCFC to take on additional related responsibilities focused on addressing the needs of youth experiencing homelessness.

AB 824 (Lackey) of 2018, would have created the “Transitional Housing for Homeless Youth Grant Program” in the Office of Emergency Services to award grants to nonprofit entities providing specified services to homeless youth aged 18 to 24, and allocated \$15 million General Fund to the program. *AB 824 was held on the Assembly Appropriations Committee suspense file.*

REGISTERED SUPPORT / OPPOSITION:

Support

Alliance for Children's Rights (Co-Sponsor)
California Coalition for Youth (Co-Sponsor)
Children Now (Co-Sponsor)
Aspiranet
California Alliance of Caregivers
California Apartment Association
California Faculty Association
Children's Law Center of California
Family Assistance Program
First Place for Youth
National Association of Social Workers, California Chapter
Public Counsel

Opposition

None on file

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