JOHN BURTON Advocates for Youth

FACT SHEET

2022-23 State Budget:
Investment in Youth Homelessness

The 2022-23 California state budget includes funding for two mainstream homelessness programs with specified funding to address homelessness among youth: The Homekey Program (page 1) and the Homeless Housing, Assistance and Prevention (HHAP) Program (page 2). Information about these investments is included in budget bills SB 154, AB 178, and AB 180. Governing language is included in 2022 budget trailer bill on housing, SB 197, as well as the 2021 budget trailer bill on housing, AB 140.

What is Homekey?

Homekey was established in 2020 as a state response to protecting Californians experiencing homelessness who are at high risk for serious illness and are impacted by COVID-19. Homekey provides funding to purchase and rehabilitate housing and convert it into interim or permanent, long-term housing.

How much funding was included for Homekey and how much is set aside for youth?

The state budget provides $1.45 billion in 2022-23 for Homekey. The majority of this funding ($1.3 billion) will go toward Homekey Round 3, administered over 2022-2023. The remaining $150 million will supplement Homekey Round 2, administered over 2021-2022. This funding for Homekey comes with a "youth set-aside." A minimum of 8% of funds must be available for projects serving homeless youth, or youth at risk of homelessness, amounting to $116 million in 2022-23.

How is Homekey administered?

Homekey is administered by the Department of Housing and Community Development (HCD) within the California Business, Consumer Services and Housing Agency. Homekey funding is awarded competitively. Eligible applicants are cities, counties, and all other state, regional, and local public entities. Fund allocation, where possible, will take into consideration:

- Need geographically across the state;
- The demonstrated ability of the applicant to fund ongoing operating reserves;
- The creation of new permanent housing options; and
- The potential for state, federal, or local funding for capitalized operating reserves to make additional housing units financially viable through Homekey.

What are the eligible uses for Homekey?

Awarded funds must be used to provide housing for individuals and families who are experiencing homelessness or at risk of experiencing homelessness and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic. A complete list of eligible uses follows:

1) Acquisition and/or rehabilitation of motels, hotels, hostels, or other sites and assets, including apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, commercial properties, and other buildings with existing uses that could be converted to permanent or interim housing.
2) Master leasing of properties for noncongregant housing.
3) Conversion of units from nonresidential to residential.
4) New construction of dwelling units.
5) The purchase of affordability covenants and restrictions for units.
6) Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.
7) Capitalized operating subsidies for units purchased, converted, or altered with Homekey funds.

What is the timeline for administering Homekey?

HCD may accept funding applications and issue awards on a continuous, over-the-counter basis until the funding has been exhausted or as otherwise required by law. Each Homekey award must be expended within eight months of the date of the award. Applicants may ask HCD for an extension.

For more information, contact Simone Tureck Lee at simone@jbay.org

What is HHAP?

HHAP was established in 2019 and provides local jurisdictions with one-time grant funds to support regional coordination and expand or develop local capacity to address immediate homelessness challenges.

How much funding was included for HHAP and how much is set aside for youth?

The state budget provides $1 billion in both 2022-23 and 2023-24 for HHAP. HHAP has a dedicated "youth set-aside," requiring jurisdictions to invest a minimum of 10% of their total HHAP funding to addressing youth homelessness, which is $100 million in both 2022-23 and 2023-24.

How is HHAP funding administered?

HHAP is administered by the California Interagency Council on Homelessness (Cal ICH) within the California Business, Consumer Services and Housing Agency. Eligible HHAP applicants are homeless Continuums of Care (CoCs), cities, counties and tribes. These entities then grant their HHAP funds to local service providers. Funding will be made available based on a regional proportionate share of the total homeless population based on the most recent Homeless Point-in-Time Count:

- 30% or $300 million available to CoCs
- 42% or $420 million available to the 13 large cities (populations of 300,000 or more)
- 28% or $280 million available to counties
- Up to 2% or $20 million available to tribes

HHAP requires jurisdictions accepting funds to complete a local homelessness action plan. Up to 18% or $180 million will be set aside for awarding bonus funds to jurisdictions that have met their outcome goals as outlined in their plan. Up to 5% or $50 million may be retained by Cal ICH for administering HHAP.

What is the timeline for administering HHAP?

- Future HHAP rounds will be administered incrementally, based on the development of local homelessness action plans, meeting goals set in the plan and timely expenditure of funds. Intermediate expenditure benchmarks range depending on applicant type (CoC, city, county).
- Cal ICH will issue a standard agreement for applicants to apply for round 4 funds by September 30, 2022, due within 60 days. Any remaining round 4 funds, including bonus funds, not expended by June 30, 2027, will revert to the State General Fund.

What are the eligible uses for HHAP?

HHAP must be used for evidence-based solutions to homelessness. Eligible uses are:

1) Rapid rehousing, including rental subsidies and incentives to landlords, such as security deposits and holding fees.
2) Operating subsidies in new and existing affordable or supportive housing units, emergency shelters and navigation centers. (May include operating reserves).
3) Street outreach to assist persons experiencing homelessness to access permanent housing and services.
4) Services coordination; may include access to workforce, education, and training programs, or other services needed to promote housing stability in supportive housing.
5) Systems support for activities necessary to create regional partnerships and maintain a homeless services and housing delivery system, particularly for vulnerable populations including families and homeless youth.
6) Delivery of permanent housing and innovative solutions, such as hotel and motel conversions.
7) Prevention and shelter diversion to permanent housing, including rental subsidies.
8) Interim sheltering and navigation centers with some limitations and based on demonstrated need.

Jurisdictions may use the initial funds awarded to them to complete the local homelessness plan required under HHAP. Priority for initial funds, above the costs of completing the HHAP application, will be for systems improvement.

Additional stipulations include:

- As specified above, a minimum of 10% of the funds must be used for services for homeless youth populations.
- No more than 7% of funds may be used for administrative costs incurred by the city, county or CoC to administer its program allocation. (This *does not* include staff or other costs directly related to implementing activities funded by the program allocation).

For more information, contact Simone Tureck Lee at simone@jbay.org