

2026-27 State Budget: Investment in Reducing Youth Homelessness

The 2026-27 California state budget includes \$900 million for round 7 of the Homeless Housing, Assistance and Prevention (HHAP) Program, of which at least 10% must be used to address youth homelessness. Information about this investment is included in budget bill [AB 109](#) and budget trailer bill [AB 179](#).

WHAT IS HHAP?

HHAP was established in 2019 as part of California's response to homelessness. HHAP round 7 provides local jurisdictions with one-time grant funds to implement regionally coordinated plans that organize and deploy the full array of homelessness programs and resources comprehensively and effectively.

OVERALL HHAP FUNDING & YOUTH SET-ASIDE

The state budget provides \$900 billion in 2026-27 for HHAP round 7. HHAP has a dedicated "youth set-aside," requiring HHAP grantees to dedicate a minimum of 10% of their total HHAP funding to addressing youth homelessness. In 2026-27, once administrative and tribal funding is subtracted from the total, the 10% youth set-aside will be no less than \$89.2 million.

HHAP ELIGIBLE APPLICANTS & ALLOCATIONS

Eligible HHAP applicants are Continuums of Care (CoCs), the state's 14 largest cities (pop ≥ 300,000), counties and tribes. These entities then grant their HHAP funds to local service providers.

After subtracting up to 5% of round 7 HHAP funding for state administration, the remaining funds are allocated as follows:

- Up to 3% of remaining funds for tribes
- Up to 97% to CoCs, cities, and counties, based on a proportionate share of the homeless population according to the Homeless Point-in-Time Count. Of this total:
 - 30% will be available to CoCs
 - 42% will be available for cities
 - 28% will be available for counties

ROUND 7 FUNDING DISBURSEMENT RULES

New rules were built into round 7 with the goal of increasing accountability. Recipients must demonstrate compliance with each of these provisions—which differ across recipient type—to receive the first and second half of their disbursements.

HHAP Round 7 funding requires all HHAP recipients to:

- 1. Complete Round 5 and Round 6 Key Actions and Demonstrate Improvement:** To receive the first half of HHAP round 7 funding, recipients must provide a detailed proposal of how the funds will be used, meet all requirements of the second disbursement of round 5 funds including an update to the round 5 regionally coordinated homelessness action plan, and have obligated 50% or more of the total round 6 funds.

To receive the second half of HHAP round 7 funding, recipients must complete key actions from their round 6 application and their regionally coordinated homeless action plan. They must also demonstrate improvement in at least half of the region's most recent system performance data measures.
- 2. Align with State Guidance to Address Encampments:** HHAP round 7 requires communities to adopt policies consistent with the California Interagency Council on Homelessness' (CalICH) [guidance on encampments](#) including assessing sites before removal, providing reasonable advance notice, coordinating outreach services, and storing personal property that is not a health or safety hazard.
- 3. Complete All Reporting Requirements:** HHAP round 7 recipients must report all HHAP round information into the Homeless Management Information System including fiscal, demographic, and outcome data. Recipients may use up to 7% of their local allocation for this purpose.

HHAP Round 7 funding requires **recipients that are cities or counties** to:

4. Maintain a Compliant General Housing Plan Element:

The California Department of Housing and Community Development (HCD) will determine if eligible city and county recipients have a compliant housing element under [State Housing Element Law](#). Round 7 funding will be held by HCD from any recipient without a compliant housing element, until they become compliant.

A “Housing Element” is a part of a General Plan adopted by California’s cities or counties that includes the plans, accommodation, and development of housing across all income-levels.

HHAP Round 7 funding requires **recipients that are cities, and the counties in which those cities are located** to:

5. Advancing Pro-Housing Policies: HHAP round 7 requires cities and the counties they are in to obtain and maintain a Pro-Housing designation from HCD at the time of fund disbursement.

A “Pro-housing Designation” indicates a city or county is taking meaningful steps to remove barriers to housing production and to adopt policies that support housing growth.

6. Commitment of Local Matching Funds: To receive the first half of round 7 funding, cities and the counties they are in must demonstrate they will provide a 35% local match of funds. To receive the remaining half of round 7 funds they must demonstrate a 70% local match. Eligible local matching funds include local, regional, state-originated, philanthropic, land, fee waiver, rental assistance, housing, and supportive service contributions that expand affordable housing for people experiencing or at risk of homelessness or help prevent and end homelessness.

ELIGIBLE USES

HHAP round 7 makes no changes to eligible uses, which include permanent housing solutions, homelessness prevention, interim housing solutions, and non-housing solutions. View JBAY’s [HHAP round 6 fact sheet](#) for a detailed list of eligible uses under each category.

Consistent with round 6, the following stipulations apply to eligible uses:

- Starting with round 5, jurisdictions were required to first demonstrate that the region has dedicated sufficient resources from other sources to long-term permanent housing solutions before proposing to use HHAP to fund new interim housing solutions *other than transitional housing for youth* and before proposing to use HHAP for non-housing solutions.
- HHAP grantees may use up to 7% of their allocation for administrative costs.
- With authorization from HCD, HHAP grantees may use up to 1% of their allocation for costs related to the Homeless Management Information System (HMIS).
- HHAP-funded interventions must be Housing First compliant.

HHAP TIMELINE

- By September 1, 2026, HCD must post instructions for how CoCs, cities, and counties can demonstrate compliance to receive their first round 7 disbursement. HCD may disburse the funding once they have determined the recipient is compliant.
- Initial round 7 funds must be spent by December 31, 2032, and all remaining round 7 funds must be spent by December 31, 2033.
- Any round 7 funds not expended will revert to the state.
- By April 1, 2034, each round 7 recipient must submit a final report as well as detailed uses of all program funds.