

## 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 encampment policies consistent with the Governor's [Model Encampment Ordinance](#) 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.