JBAY JOHN BURTON Advocates for Youth

FACT SHEET

2023-24 State Budget:
Investment in Reducing Youth Homelessness

The 2023-24 California state budget includes $1 billion, including $100 million for youth, for round 5 of the Homeless Housing, Assistance and Prevention (HHAP) Program. Information about this investment is included in budget bill, SB 101. With this investment came policy changes to HHAP, included in the 2023 budget trailer bill on housing, AB 129.

WHAT IS HHAP?

HHAP was established in 2019 as part of California's response to homelessness and youth homelessness. HHAP round 5 provides local jurisdictions with one-time grant funds to create and 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 $1 billion in 2023-24 for HHAP round 5. SB 129 states it is the intent of the Legislature to provide additional funding for HHAP in 2024-25, however no funding amount is specified. 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 2023-24.

CHANGES TO HHAP

SB 129 made changes to how HHAP is administered:

1) **Transition in Administering Entity:** HHAP is administered by the California Interagency Council on Homelessness (Cal ICH) within the California Business, Consumer Services and Housing Agency. SB 129 indicates it is the intent of the Legislature to transfer HHAP grant administration from Cal ICH to the California Department of Housing and Community Development (HCD) in a phased-in manner starting in 2023-24, with additional statutory changes forthcoming in 2024.

2) **New Regional Coordination:** HHAP is administered by the state to homeless Continuums of Care (CoCs), the state's 13 largest cities (pop ≥ 300,000), counties and tribes. Previously, each CoC, large city, and county applied for HHAP separately. Starting with round 5, CoCs, cities, and counties must apply for HHAP as part of a region and must be part of a state-approved regionally coordinated homelessness action plan. The plan will identify and analyze the specific roles and responsibilities of each jurisdiction in the region and must engage in a public stakeholder process that includes at least three public meetings of stakeholders, including youth with lived experience of homelessness. After subtracting up to 5% of round 5 HHAP funding for state administration, 1% of remaining funds will be available for planning and preparing for the homelessness action plans.

3) **New Local Accountability:** Starting with round 5, HHAP contains provisions to foster local accountability for how funding is used to reduce homelessness, as follows:
   - Withholding of Funds: Upon approval of their application and homelessness action plan, CoCs, cities, and counties receive 50% of their total HHAP allocation. Cal ICH may withhold the remaining 50% of funds from a jurisdiction that repeatedly failed to take action as specified in its action plan, or that took actions adverse to achieving the plan objectives, until they demonstrate compliance.
   - Supplemental Homekey Funding: Cities and counties eligible for HHAP round 5 funding are eligible, separately, for supplemental Homekey funding if they have a compliant Housing Element and an approved regionally coordinated homelessness action plan. After subtracting 5% of round 5 HHAP funding state administration, up to 17% will be available as supplemental Homekey funding. ***"Homekey"*** *provides capital development funding. Like HHAP, Homekey contains a youth set-aside. A* ***"Housing Element"*** *is a part of a General Plan adopted by California's local governments that directs decision-making around housing.*

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

- Supplemental HHAP Funding: In 2023-24, $100 million in supplemental HHAP funding will be available to CoCs, cities, and counties, upon approval of their homelessness action plan. In 2024-25, $260 million will be available to them upon approval of their action plan as well as demonstration of a compliant Housing Element.

4) Prioritization of Permanent Housing Solutions:

Starting with round 5, jurisdictions must 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.

5) Reorganization of Eligible Uses:

Permanent Housing Solutions Include:

- Rental subsidies;
- Landlord incentives;
- Move-in expenses;
- Operating subsidies in affordable or supportive housing
- Homelessness prevention including rental assistance, rapid rehousing;
- Problem-solving and diversion support programs;
- Services in permanent housing; and
- Capital for permanent housing.

Interim Housing Solutions Include:

- Navigation centers that are low-barrier;
- Operating expenses in existing congregate shelter;*
- Operating expenses in new/existing non-congregate shelter sites and transitional housing for youth;*
- Motel or hotel vouchers;
- Services in interim housing;
- Capital funding to build new non-congregate shelter;
- Capital funding for clinically enhanced congregate or non-congregate shelter; and
- Youth-focused services in transitional housing.

**Any new interim sheltering funded by round 5 must be low-barrier, comply with Housing First, and prioritize interventions other than congregate shelters.*

Other Eligible Uses Include:

- Services for people experiencing unsheltered homelessness;
- Services coordination (e.g., access to workforce, education, training programs, etc.);
- Systems support for creating regional partnerships and maintaining a homeless services and housing delivery system, particularly for vulnerable populations, including families / homeless youth; and
- Improvements to existing emergency shelters to lower barriers and increase privacy.

HHAP TIMELINE

- By 9/30/23, the round 5 application for base HHAP allocations will be available, due within 180 days, then approved by Cal ICH or returned with requested amendments within 30 days.
- By 7/1/24, the supplemental Homekey funding application will be available.
- By 11/1/24, the supplemental HHAP funding application will be available.
- By 1/31/26, HHAP grantees must submit updated regionally coordinated homelessness action plans.
- By 6/30/26, HHAP grantees must contractually obligate at least 75% and expend at least 50% of the base round 5 program allocations. Once these conditions are met and the homelessness action plan is approved, the remaining 50% will be disbursed.
- Any round 5 base HHAP allocation funds not expended by 6/30/28 will revert to the state.

HHAP ELIGIBLE APPLICANTS

Eligible HHAP applicants are CoCs, the state's 13 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 5 HHAP funding for state administration, up to 2% of remaining funding will be available to tribes, and 80% to CoCs, cities, and counties, based on a proportionate share of the homeless population according to the Homeless Point-in-Time Count. Of that 80%:

- 30% will be available to CoCs;
- 42% will be available for cities; and
- 28% will be available for counties.