

California State Assembly



Agenda

Assembly Budget Subcommittee No. 7 on Accountability and Oversight

Assemblymember Avelino Valencia, Chair

Monday, May 6, 2024

11:00 A.M. – 1021 O Street, Room 1100

Oversight of State Homelessness Efforts: Interagency Council, Grants, and Local Implementation

I. Welcome and Opening Remarks

- Assemblymember Valencia, Chair
- Members of the Committee

II. State Homelessness Efforts: Interagency Council, Grants, and Local Implementation

- Todd Gloria, Mayor, City of San Diego, Big City Mayors, Chair
- Lindsey P. Horvath, Chair, Los Angeles County Board of Supervisors, Chair, Los Angeles Homeless Services Authority
- Cheri Todoroff, Executive Director, County of Los Angeles Homeless Initiative
- Emily Cohen, Deputy Director for Communications & Legislative Affairs, San Francisco Department of Homelessness and Supportive Housing
- Annalee Trujillo, Director, Pala Band of Mission Indians/Pala Housing Resource Center
- Megan Kirkeby, Deputy Director of Housing Policy Development, Housing and Community Development Department
- Meghan Marshall, Executive Officer, California Interagency Council on Homelessness

III. Member Questions and Comments

IV. Adjournment

Issue 1: Oversight of State Homelessness Efforts: Interagency Council, Grants, and Local Implementation

This hearing will focus on the oversight and accountability of state homelessness funding programs administered by the California Interagency Council on Homelessness (Cal-ICH) including the Homeless Housing, Assistance and Prevention (HHAP) program and the Encampment Resolution Funding (ERF) Programs.

Background**Defining the Roles of the California Interagency Council on Homelessness and Housing and Community Development Department in administering grant funding**

In 2017, SB 1380 (Mitchell, Chapter 847), created the Homelessness Coordinating and Financing Council (HCFC) [recently renamed the California Interagency Council on Homelessness (Cal-ICH)] to coordinate the state's response to homelessness. Cal-ICH is responsible for working with all state agencies or departments, which operate programs that provide housing or housing-related services to people experiencing homelessness, to adopt guidelines and regulations to include Housing First policies. Housing First is an evidence-based housing model that centers on providing people experiencing homelessness with housing as quickly as possible and then providing services as needed. The Cal-ICH was given a list of "goals" to focus on but no clear authority to make changes to state policy or programs that address homelessness.

In 2018, Cal-ICH was tasked with administering the Homeless Emergency Aid Program (HEAP) to provide direct assistance to local governments for homelessness. As additional investments were made, Cal-ICH continued to administer the homelessness grants funding. Beginning in 2019, three additional grant programs were placed under Cal-ICH's authority:

1. the Homeless Housing, Assistance and Prevention (HHAP) program,
2. the Encampment Resolution Fund (ERF) program; and
3. the Family Homelessness Challenge Grant (FHCG) program.

In 2021, AB 140 was signed, which tasked Cal-ICH with assessing the current landscape of programs funded, implemented, and administered by state entities across California to provide a holistic understanding of the state's homelessness response system that can guide policy decisions as the state works to prevent and end homelessness.

In 2021, Cal ICH launched the State's Homeless Data Integration System (HDIS) that captures the data from local Homeless Management Information Systems (HMIS). All 44 Continuums of Care (CoCs) in the state have entered into contracts to provide their HMIS data to HCFC. HDIS is intended to give the state a more accurate picture of the local homelessness response system and inform the

state’s response to homelessness. Some state programs that serve people experiencing homelessness including CalWORKs Housing Support Program, the Housing and Disability Advocacy Program, and Bringing Families Home require counties and child welfare agencies to enter data into the local HMIS system. AB 977 (Gabriel, Chapter 397, Statutes of 2021), expanded the programs required to submit data to the state HDIS to all programs that provide housing and services to people experiencing homelessness.

Future Role of HCD in Administering the Grants.

The Governor’s 2024 January budget includes a proposal to transfer the grant programs from Cal-ICH to HCD pursuant to the 2023 Budget Act. The proposal to transfer these programs to HCD will allow HCD to administer the grants and provide necessary oversight of the programs, while allowing Cal-ICH to focus on developing statewide policy development and coordination across all state departments.

The Evolution of the Homeless Housing Assistance, and Prevention (HHAP) Program Accountability

The HHAP program provides large cities, counties, continuums of care, and tribal entities with formula-based funding through which they can address homelessness using a broad variety of strategies and services.

HHAP was created in 2019 as a follow up to the HEAP program mentioned above. Since that time, there have been five rounds of HHAP program funding as follows:

Budget Year	HHAP Round	Amount	Initial Disbursal to Final Expenditure Window
2019	1	\$650 million	Spring 2020 – June 30, 2025
2020	2	\$300 million	Fall 2021 – June 30, 2026
2021	3	\$1 billion	Winter/Spring 2022 – June 30, 2026
2022	4	\$1 billion	Winter/Spring 2023 – June 30, 2027
2023	5	\$1 billion	Summer/Fall 2024 – June 30, 2028

Only large cities, counties, and continuums of care were eligible to receive grants from HHAP Rounds 1 and 2. Rounds 3, 4, and 5 have also set aside \$20 million for Tribal HHAP program. Unlike the HHAP program allocations to large cities, counties, and continuums of care, Tribal HHAP grants are awarded on a competitive basis. HHAP also includes an overall percentage set aside for transition age youth (TAY) services. The TAY set aside for Rounds 1 and 2 was 8 percent. For Rounds 3-5, the TAY set aside was increased to 10 percent.

HHAP Accountability, Metrics and Outcomes

The accountability, metrics and outcomes provisions included in the HHAP program changed over time as additional rounds of funding were approved. Although the funding was programmed as one-time, the multiple years of funding warranted more accountability.

Rounds 1 and 2 of the HHAP program had very little data collection required. Subsequent rounds of HHAP (Rounds 3-5) have been adjusted each year to ensure that the data collected is showing that the program is creating a system to move homeless individuals into temporary housing and ultimately permanent housing, while grappling with and addressing how to include substantive accountability with a one-time funding model.

HHAP Rounds 1 and 2 developed metrics on who was being served and types of housing provided, which includes:

1. Number of people served, total number of served in all years of the program, and the homeless population served.
2. Types of housing assistance provided broken out by the number of people.
3. Outcome data for individuals served with program funds, including the type of housing an individual exited to, percentage of successful housing exits, and exit types for unsuccessful housing exits.
4. Data collection including demographic information regarding individuals and families served, partnerships among entities and participant and regional outcomes.
5. Clear metrics, including number of exits to permanent housing from unsheltered environments, and interim housing, racial equity, and any other metrics deemed appropriate by Cal-ICH.

The Legislature made changes to the HHAP program after Rounds 1 and 2 to create greater accountability for outcomes and to encourage greater collaboration among CoCs, cities, and counties. The goal of these changes was to build coordination within the local response system that extends beyond HHAP funding.

For these reasons, HHAP Rounds 3 and 4 required recipients to use all of the following:

1. Metrics required under Rounds 1 and 2 above.
2. Metrics based on the United States Department of Housing and Urban Development's system performance measures and local homelessness action plans over a three year period including:
 - a. Reducing the number of persons experiencing homelessness;
 - b. Reducing the number of persons who become homeless for the first time;
 - c. Increasing the number of people exiting homelessness into permanent housing;
 - d. Reducing the length of time people remain homeless;

- e. Reducing the number of people who return to homelessness after exiting homelessness to permanent housing;
- f. Increasing successful placements from street outreach; and
- g. Homelessness Management Information System trackable data goals related to the outcome goals as they apply to underserved populations and over-represented populations disproportionately impacted by homelessness.

HHAP Rounds 3 and 4 encouraged recipients in the same geographic area to coordinate and collaborate to ensure that recipients were not duplicating efforts. Rounds 3 and 4 also included bonus funding for jurisdictions who met their goals. The Legislature made more changes to the HHAP program in Round 5 to require coordination instead of allowing recipients to choose to coordinate. The legislation made the receipt of HHAP funding contingent on the creation of a regionally coordinated homelessness action plan. It required each plan to coordinate homelessness funding and services across the region, assign specific roles and responsibilities to each member of the regional plan, and set forth key actions that each member will take to reduce and prevent homelessness. Additionally, the legislation required updated regional plans by January 31, 2026, including updates on the metrics and corresponding key actions carried out. The changes allowed the state to withhold additional HHAP funds for failure to comply with regional action plans.

The HHAP Round 5 applications were submitted at the end of March 2024 and are currently in the review process by HCD/Cal-ICH. HHAP Round 5 recipients were required to do the following:

1. Metrics required under Rounds 1 and 2.
2. Improvements to each System Performance Measure
3. Memorandum of Understanding (MOU)
 - a. Signed by each participating Eligible Applicant committing them to participate in and comply with the Regionally Coordinated Homelessness Action Plan, of which the finalized version must be reflected in the MOU.
4. Report on progress on actions to improve the system performance measures
5. Requirement to have a compliant housing element to receive additional disbursements of HHAP.

Encampment Resolution Funding Program. The state has dedicated \$750 million for the ERF program to be dispersed over three Rounds. The program is available to assist local jurisdictions with people experiencing homelessness in encampments by providing services and support that address their immediate physical and mental wellness and result in meaningful paths to safe and stable housing. Eligible applicants include counties, CoCs, and cities of any size.

Unlike the HHAP program, the Encampment Resolution Funding Program does not include accountability provisions defined in statute. Instead, statute allows Cal-ICH to set the requirements. Cal-ICH requires quarterly fiscal reports and annual programmatic outcomes reports from all funding

recipients. Cal-ICH anticipates collecting information emerging from the grantees across the state to identify, disseminate, and coordinate resources and services to prevent and end unsheltered homelessness in collaboration with other state agencies.

State Auditor’s Report

On April 9, 2024, the State Auditor released a report on Homelessness Programs including an examination of the HHAP program Round 1 funding and the Encampment Resolution Funding program. With respect of the HHAP program, the State Auditor concluded that it did not have sufficient information to evaluate the cost-effectiveness of the program due to limited and inconsistent data collection. The Auditor’s report only looked at HHAP Round 1. The Auditor’s report acknowledges that “the Legislature made significant changes to the program that began in with Round 3.” The report also states that “grantees have until 2026 to spend funds from HHAP Rounds 2 and 3 and until June 2027 for Round 4. Consequently, the state will likely be unable to fully assess the effects for years.”

Staff Comments

The Subcommittee may wish to consider asking the following questions:

For Cal-ICH and HCD

1. What is the role of Cal-ICH and HCD in administering grants, providing technical assistance, analyzing data, and overseeing the expenditure of the funds?
2. Both the HHAP program and the ERF program require a lot of reporting data. What has Cal-ICH done with this information and how does HCD plan to work in the future?
3. Can you explain the differences in accountability measures between the HHAP program and the encampment resolution grants? Should reporting be the same across the programs administered by Cal-ICH?
4. The Governor announced an expansion of the Housing Accountability Unit to cover Homelessness – Can HCD provide any more information on this expansion?
5. Can HCD provide an update on the HHAP Round 5 applications? How much technical assistance was provided during the application process and how much will be provided after the approval?
6. Now that the administration of HHAP is transferring to HCD, what is Cal-ICH’s vision for its coordinating and oversight role? What is Cal-ICH not able to do now that it will be able to do in the future?

7. Without a Round 6 of HHAP funding, what does the administration view to be a local incentive to continue to coordinate and submit MOUs to the state? What role does the state play in oversight if there is no longer any state funding for programs?

For HHAP and ERF recipients

8. How do the accountability provisions provide measureable outcomes? Are there any changes that need to be made to future funding? What is the appropriate level of oversight on one-time funding?
9. Once you receive your funds from the state? Is there any additional follow up or contact by Cal-ICH to ensure that the recipient is meeting its goals?
10. What is your process for ensuring that sub-grantee recipients (i.e. service / housing providers) are providing outcome driven data to ensure the funds provided are leading to individuals being housed?
11. What do local recipients view as the most valuable feature of the HHAP program? Which parts would they request changing in future rounds?
12. What do the local recipients think would be the best measurement of program effectiveness?

All Panelists

13. How are recipients accounting for their homelessness funds?
14. What are the barriers to expending the funding quickly? Do recipients spend their funding quickly or programmed over time?
15. The HHAP program has always had the challenge of the need to get homelessness funding out as quickly as possible but also have rules that provide longer time frames for recipients to spend funding over time. Can the recipients talk about what would happen if HHAP funding was reduced in Round 5? What effect will that have?