

California State Assembly



Agenda

Assembly Budget Subcommittee No. 7 on Accountability and Oversight

Assemblymember Gregg Hart, Chair

Wednesday, February 18, 2026
9:00 A.M., State Capitol, Room 126

OVERSIGHT HEARING

HOMELESS HOUSING, ASSISTANCE AND PREVENTION (HHAP) PROGRAM FUNDING ACCOUNTABILITY

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Item To Be Heard

Homeless Housing, Assistance and Prevention Program Funding Accountability

This panel will focus on the improved accountability provisions within the Homeless Housing, Assistance, and Prevention (HHAP) program, evaluate their effectiveness, and discuss additional accountability measures to ensure that critical state funding is working to reduce the number of people experiencing homelessness in California.

Panel

- Dr. Margot Kushel, Professor of Medicine UCSF, Director UCSF Center for Vulnerable Populations and UCSF Benioff Homelessness and Housing Initiative
- Paul Steenhausen, Principal Fiscal & Policy Analyst, Legislative Analyst's Office
- Megan Kirkeby, Deputy Director, Housing Policy Development, Department of Housing and Community Development
- Sasha Hauswald, Interim Chief Homelessness Solutions Officer, City of Oakland
- Jonathan Russel, Director, Housing and Homelessness, Alameda County Health
- Heidi Marshall, Director, Housing and Workforce Solutions, County of Riverside

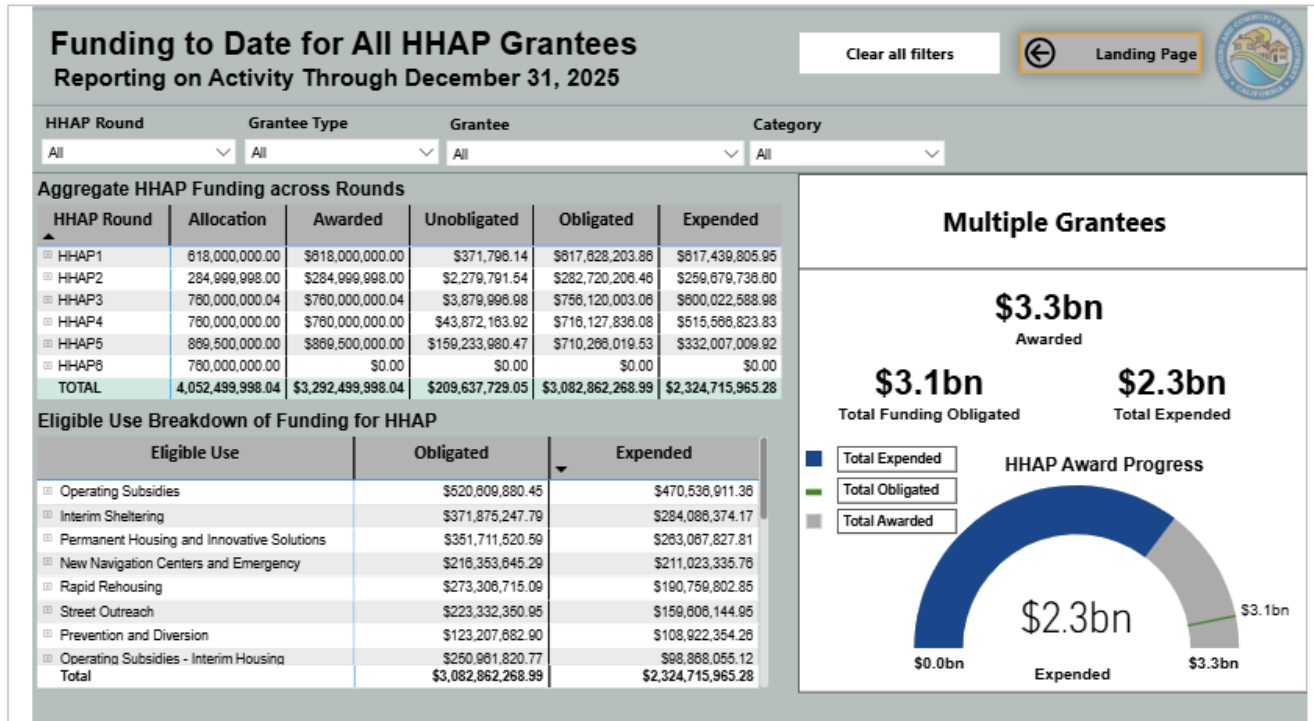
Background

From 2019-2020 to 2025-26, the state invested \$5.45 billion in one-time, flexible funding into the Homeless Housing, Assistance and Prevention (HHAP) program to prevent and end homelessness in California.

The first round of HHAP funding was allocated to large cities (with a population over 300,000), counties, and continuums of care (COCs). Of that \$5.45 billion, \$4.06 billion was allocated as base funding through non-competitive grants to local governments and COCs. The remaining \$1.39 billion helped fund the tribal HHAP program, HomeKey program, and the administrative fees associated with implementing HHAP projects. As part of the State's efforts to improve accountability, some of the remaining funds were reappropriated to require cities and counties to have a compliant housing element to receive their proportionate share of funding.

The chart below shows the base funding awarded for each round of HHAP.

Note: The total funding included on the right does not reflect the inclusion of HHAP Round 6 funding since it just recently became available.

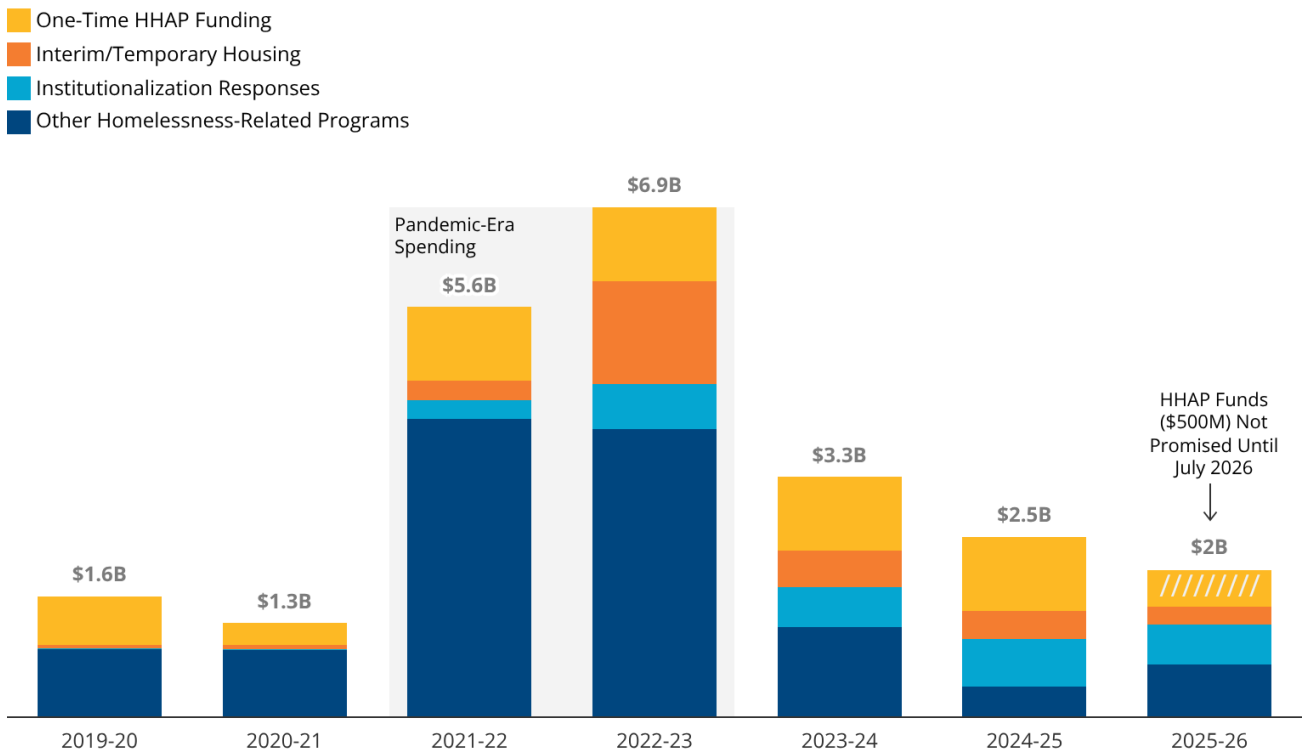


The following diagram from the California Budget & Policy Center illustrates the state’s full portfolio of homelessness investments in addition to the HHAP program. The chart shows two key points:

- HHAP is a one-time funding source that has been deployed over multiple budget years as part of the State’s response to homelessness.
- The state’s overall investment in homelessness have declined over time, with the largest investments occurring during the pandemic.

California Investments to Solve Homelessness Continue to Decline

Total Homelessness-Related Spending from 2019-20 to 2025-26 Exceeds \$22 Billion



Note: HHAP = Homeless Housing, Assistance and Prevention Grant Program. The 2025-26 budget promised \$500M for HHAP in the 2026-27 budget. Totals include funding from over 40 homelessness-related programs, many of which received one-time funding. Totals do not include Proposition 1 (2024) BHCIP funds allocated in calendar years 2024 and 2025.

Source: Governor’s Office and California Department of Finance



Accountability Provisions in the 2025-26 Budget. As part of the 2025-26 Budget, SB 158 (Committee on Budget and Fiscal Review) was enacted to make \$500 million available by September 2026 to the base recipients with the following requirements:

- A compliant housing element.
- A local encampment policy consistent with guidance from the Administration.
- A prohousing designation.
- Leveraged local resources to match and scale state investments.
- Demonstrated progress on key housing performance metrics.
- Demonstrated urgency and measurable results in housing and homelessness prevention.

Round 6 Accountability Measures.

HHAP Round 6 included several reforms to strengthen oversight, improve performance, and tie funding to measurable progress.

1. Stronger Oversight by HCD.

The Department of Housing and Community Development (HCD) was given the authority to:

- Monitor HHAP grantee expenditures and track outcomes.
- Support underperforming grants with corrective action plans.
- Enforce compliance to ensure effective fund usage.

2. Stricter Conditions for Initial Disbursements

To receive the first 50% of the HHAP 6 funds, grantees must:

- Fully obligate HHAP Rounds 1-3 funds.
- Expend all HHAP Round 1 funds.
- Expend at least 50% and obligate 75% of the initial disbursement (first half) from HHAP Round 4.
- Be in good standing on all reporting requirements (including HMIS reporting) for prior rounds.

3. Conditions for Second Disbursements

To receive the second half of Round 6 funds, grantees must have:

- Obligated not less than 75% and expend not less than 50% of their initial Round 6 allocation no later than June 30, 2027.
- A compliant housing element if the grantee is a city or county (does not apply to COCs).
- Submitted a mid-award update and Corrective Action Plans.

4. Encampment Response Plan Requirement (Round 6 NOFA)

While not included in statute, the Round 6 Notice of Funding Availability (NOFA) required applicants to submit an encampment response plan that included:

- The number of encampments identified within the region, with outlined plans to address them.
- Information indicating whether each Eligible Applicant in the region has a current and formal policy to address encampments and if so, confirm it complies with the California Interagency Council on Homelessness (Cal ICH) Encampment Guidance.
- A link to the encampment policy. If no formal policy exists, describe existing efforts and provide an active commitment to follow the Cal ICH's Encampment Guidance.

- An updated policy if HCD and Cal ICH finds that the policies are noncompliant.

5. Transparency and Accountability

Round 5 reinforced transparency through:

- HHAP HCD Website
- HHAP Fiscal Dashboard – Updated with monthly reports from grantees
- HHAP-HDIS Dashboard – Persons Served Outcomes
- HMIS/HDIS Compliance for HHAP, ERF, and FHC
- California System Performance Measures

Staff Comments

Homelessness funding is complex. One source of funding cannot solve all of homelessness but changes in just one funding source can impact the full network of programs, making reducing homelessness even more difficult. For the past seven years, HHAP funding has been a critical funding source and the first to include accountability measures.

With additional accountability provisions being considered by the Legislature, this Committee's role is to evaluate the existing accountability measures, the effectiveness of the current framework, and consider whether reforms are needed to strengthen oversight and outcomes.

The Subcommittee may consider the following:

1. Does having an application process that creates a plan on a yearly basis make sense? Would planning work better if it was for a longer than one year at a time?
2. Why does it take so long to get through the application process? If we speed up the application process, would funding get deployed faster?
3. What system performance metrics are jurisdictions meeting? Which ones are they not meeting and why?
4. Do all the reporting requirements and frequency make sense to ensure accountability?
5. How do we streamline the process without losing transparency?

The Subcommittee may wish to ask the following:

HCD:

1. For the priorities outlined in SB 158, how are those priorities different from what is required under the NOFA for Round 6 of the application?
2. Can you walk through the System Performance Metrics and how HCD measures whether a jurisdiction is meeting those requirements?

For Grantees:

1. Of the accountability provisions included in statute, what works best and what could be improved?
2. How does a grantee adjust to every accountability layer that is added in statute? Do these changes result in a direct reduction in homelessness?
3. Of the additional conditions outlined in SB 158, is there any concept that might be difficult to achieve?
4. Which accountability provisions demonstrate to the public that you are reducing homelessness?
5. When you contract with an entity to provide services, what sort of agreement do you put in place, and how long does it take to execute those contracts?

Staff Recommendation: This item is presented for information only.

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