2024-25 State Budget:

Investment in Reducing Youth Homelessness

The 2024-25 California state budget includes $1 billion for round 6 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 bills, AB 107 and SB 108 and budget trailer bill, AB 166.

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WHAT IS HHAP?

HHAP was established in 2019 as part of California's response to homelessness. HHAP round 6 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 2024-25 for HHAP round 6. HHAP has a dedicated "youth set-aside," requiring HHAP grantees to invest a minimum of 10% of their total HHAP funding to addressing youth homelessness. In 2024-25, once administrative and supplemental funding is subtracted from the total, the 10% youth set-aside will be no less than $78.85 million.

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 6 HHAP funding for state administration, up to 17% of remaining funding will be available as supplemental Homekey funding, up to 3% available to tribes, and up to 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%, a total of 30% will be available to CoCs, 42% for cities; and 28% for counties.

CHANGES TO HHAP

Building on changes initiated in 2023 in SB 129, SB 166 (2024) provides additional direction on changes to how HHAP is administered:

1) **Transition in Administering Entity:** Fiscal Year 2024-25 is the first year that the California Department of Housing and Community Development (HCD) will take over administration of HHAP from the California Interagency Council on Homelessness (Cal ICH). Both departments are located within the California Business, Consumer Services and Housing Agency.

2) **Regional Coordination:** Beginning with round 5, eligible applicants were required to apply for HHAP as part of a region. To be eligible for round 6, an applicant must be signatory to a round 6 regionally coordinated homelessness action plan that has been approved by HCD, which may be satisfied by updating the round 5 plan. Development of the plan must incorporate a public input process that includes at least three public meetings of stakeholders, including youth with lived experience of homelessness.

3) **Local Accountability:** Starting with round 5, HHAP contains provisions to foster local accountability for how funding is used to reduce homelessness:

   - Withholding of Funds: Upon approval of their application and homelessness action plan, CoCs, cities, and counties receive 50% of their total HHAP allocation. HCD may withhold the remaining 50% of funds from a grantee that fails to make sufficient progress on their action plan or fails to improve on at least one-half of the region's system performance measures, via a corrective action plan.

   - Supplemental Homekey Funding: Cities and counties eligible for HHAP round 6 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 6 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.

4) Prioritization of Permanent Housing Solutions:

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.

5) Reorganization of Eligible Uses:

Permanent housing solutions include:

- Rental subsidies;
- Landlord incentives;
- Move-in expenses;
- Operating subsidies in affordable or supportive housing;
- Services in permanent housing;
- Capital for permanent housing; and
- Services coordination.

Homelessness prevention includes but isn't limited to:

- Rental assistance, rapid rehousing, and other programs prioritizing households ≤30% AMI; and
- Homelessness diversion support programs.

Interim Housing Solutions Include:

- Low-barrier navigation centers;
- Operating expenses for existing congregate shelter;*
- Operating expenses in new/existing non-congregate shelter and transitional housing for youth;*
- Motel or hotel vouchers;
- Services in interim housing;
- Capital funding to build new non-congregate shelter and transitional housing for homeless youth;
- Capital funding for clinically enhanced congregate or non-congregate shelter;
- Youth-focused services in transitional housing; and
- Improvements to existing emergency shelters to lower barriers and increase privacy.

*Any new interim sheltering funded by round 6 must be low-barrier, comply with Housing First, and prioritize

interventions other than congregate shelters except clinically enhanced congregate shelters.

Non-housing solutions include:

- Street outreach, evidence-based engagement services, intensive case management, assertive community treatment, housing navigation, harm reduction services, coordination with street-based health care services, and hygiene services.

Other stipulations on eligible uses:

- HHAP grantees may use up to 7% of their allocation for administrative costs.
- With authorization from HCD, HHAP grantees may use up 1% of their allocation for costs related to the Homeless Management Information System (HMIS).
- HHAP funded interventions must be Housing First.

HHAP TIMELINE

- By 1/31/25, the round 6 application for base HHAP allocations will be available, due within 180 days, then approved by HCD or returned with requested amendments within 30 days.
- HCD will disburse 50% of a HHAP grantee's allocation upon approval of their application and determination that the grantee has contractually obligated all funding from HHAP rounds 1-3, expended all HHAP round 1 funding, and expended at least 50% and contractually obligated 75% of the first disbursement of HHAP round 4.
- On or after 1/1/26, the supplemental Homekey funding application will be available.
- By 1/31/27, HHAP grantees must submit updated regionally coordinated homelessness action plans.
- By 6/30/27, HHAP grantees must contractually obligate at least 75% and expend at least 50% of base round 6 allocations. Once these conditions are met, the homelessness action plan is approved, and (if a city or county) the grantee has a compliant Housing Element, the remaining 50% will be disbursed.
- Any round 6 base HHAP allocation funds not expended by 6/30/29 will revert to the state.

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