AMENDED IN ASSEMBLY JUNE 4, 2020

AMENDED IN ASSEMBLY MAY 4, 2020

california legislature—2019–20 regular session

ASSEMBLY BILL No. 3300

Introduced by Assembly Members Santiago, Bloom, Bonta, Gipson, Quirk-Silva, and Wicks
(Principal coauthors: Assembly Members Carrillo, Gloria, Kalra, and Nazarian)
(Coauthors: Assembly Members Chu, Friedman, Jones-Sawyer, Voepel, and Waldron)

February 21, 2020

An act to add Chapter 5.2 (commencing with Section 13050) to Part 3 of Division 9 of the Welfare and Institutions Code, relating to homelessness, and making an appropriation therefor.

legislative counsel's digest

AB 3300, as amended, Santiago. Homelessness: California Access to Housing and Services Act.

Existing law establishes the Homeless Housing, Assistance, and Prevention program for the purpose of providing jurisdictions with one-time grant funds to support regional coordination and expand or develop local capacity to address their immediate homelessness challenges informed by a best-practices framework focused on moving homeless individuals and families into permanent housing and supporting the efforts of those individuals and families to maintain their permanent housing. Upon appropriation, existing law requires the Business, Consumer Services, and Housing Agency to distribute

$650,000,000 among continuums of care, cities, and counties pursuant to the program.

By executive order, the Governor required the Department of Finance to establish the California Access to Housing and Services Fund, administered by the State Department of Social Services, to provide funding for additional affordable housing units, providing rental and operating subsidies, and stabilizing board and care homes.

This bill, the California Access to Housing and Services Act, would establish the California Access to Housing and Services Fund in the State Treasury and continuously appropriate moneys in the fund solely for the purpose of implementing and administering the bill's provisions. The bill, for the 2020–21 fiscal year and each fiscal year thereafter, would ~~require~~ *require, upon appropriation by the Legislature,* the Controller to transfer *up to* $2,000,000,000 from the General Fund to the fund and require the Department of Housing and Community Development and the State Department of Social Services to jointly administer the fund pursuant to a memorandum of understanding, as provided. *The bill would provide that deposits into the fund may also include, but are not limited to, other state funds; private, nonprofit, or philanthropic donations; local government contributions; and any recoveries or reversions resulting from activities pursuant to the act.* The bill would require the departments, in collaboration with the California Health and Human Services Agency and after deduction for administrative costs and certain allocations to the Governor's Office to End Homelessness, if the bill establishing that office is enacted, to allocate 55% of the moneys in the fund to counties and continuums of care that apply jointly, 45% to large cities, and 5% to developers operating in unincorporated areas and cities that are not eligible for an allocation. The bill would define various terms for these purposes. The bill would require that recipients and subrecipients ensure that any expenditure of moneys allocated to them serve the eligible population, as defined, unless otherwise expressly provided in the bill.

The bill would require eligible recipients to apply for allocations and require the departments to evaluate those applications based on specified criteria and make annual allocations, as provided. The bill would require recipients to contractually obligate 100% of the amount allocated to them under the bill within 4 years, and expend the entirety of that amount within 5 years, of entering into a grant agreement with the departments, except for moneys used to provide a capitalized operating subsidy reserve, which the bill would require to be expended over a period of at least 17 years. If a developer awarded moneys under the bill does not comply with these time periods, the bill would require that the allocation revert to the fund. If a county and continuum of care or a large city does not comply with these time periods, is otherwise not in compliance with specified requirements under the bill, or does not apply for an allocation, the bill would require the departments to designate an alternate entity to administer the allocation until the departments approve a compliance plan submitted by the recipient, as provided. The bill would require the departments to evaluate the outcomes of the program and submit a report to specified committees of the Legislature every 5 years, beginning on January 1, 2023, as provided.

The bill would specify various requirements for counties and continuums of care to jointly apply, and for a large ~~city, to apply~~ *city to apply,* for allocations from the fund. The bill would also specify various eligible activities for which moneys allocated to counties and continuums of care that apply jointly or to large cities may ~~expend moneys allocated to them,~~ *be expended,* which generally include services offered in connection with providing permanent housing and supportive housing, in the case of joint allocations to counties and continuums of care, and capital expenditures to fund the creation of affordable housing and supportive housing, in the case of allocations to large cities. The bill would require recipients under these provisions to comply with specified requirements, including a requirement that the recipient match 25% of the amount allocated to it, and quality standards for housing units assisted under the bill. The bill would require the departments to establish a process for awarding grants to these recipients in subsequent years. The bill would also require the Department of Housing and Community Development to provide grants to eligible developers based on a competitive application process and require the recipient to use that grant for development, acquisition, rehabilitation, preservation, motel conversion, and capitalized operating subsidy reserves in accordance with specified requirements.

The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. If a local agency determines that a project is not subject to CEQA and approves or determines to carry out the project, CEQA authorizes the local agency to file a notice of exemption with the county clerk of each county in which the project will be located in a specified manner.

This bill would exempt from CEQA specified actions taken by a large city in connection with making land available or approving the development of low barrier interim interventions, affordable housing, or supportive housing funded under the bill. The bill would require the large city to file a notice of exemption with the clerk of the county in which the large city is located and the Office of Planning and Research in the manner specified above.

Vote: ⅔-*majority*. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Chapter 5.2 (commencing with Section 13050) is added to Part 3 of Division 9 of the Welfare and Institutions Code, to read:

CHAPTER 5.2. CALIFORNIA ACCESS TO HOUSING AND SERVICES ACT

13050. This chapter shall be known, and may be cited, as the California Access to Housing and Services Act.

13051. The Legislature finds and declares as follows:

(a) Almost 30 years of studies have consistently proved that housing without limits on the length of stay, known as permanent housing, allows people to exit homelessness and remain stably housed. Evidence further shows that people cannot recover from a serious mental illness, substance use disorder, or chronic mental condition or reduce their rate or incidence of incarceration, hospitalization, or institutionalization unless and until they are housed.

(b) Moving people from homelessness to permanent affordable housing reduces the costs of homelessness and the overall cost of public services. Randomized control group studies, including studies published in the Journal of the American Medical Association, show that housing with services allows formerly homeless people with serious mental illness to reduce their Medicaid and justice system costs, often equivalent to the costs of providing housing and services. Providing housing to people experiencing homelessness is also shown to reduce local and state jurisdictions' expenditures on public safety, health care, and sanitation.

(c) In creating the California Access to Housing and Services Fund, it is the intent of the Legislature to do all of the following:

(1) Create a subsidy program to fill gaps in the state's response to homelessness.

(2) Scale evidence-based solutions while promoting innovation to move people quickly into permanent housing.

(3) Establish greater flexibility and a more nimble process for implementing a comprehensive response to homelessness.

(4) Facilitate critically-needed collaboration between different levels of government.

(5) Foster a streamlined process at the local and state levels to fund and build housing opportunities more quickly.

(6) Standardize to focus on evidence-based housing and housing-based services solutions and long-term state and local structural changes.

13052. (a) The California Access to Housing Fund is hereby created in the State Treasury.

(b) (1) For the 2020–21 fiscal year and each fiscal year thereafter, *upon appropriation by the Legislature in the annual Budget Act or in another statute,* the Controller shall transfer ~~the sum of~~ *up to* two billion dollars ($2,000,000,000) from the General Fund to the fund.

(2) In addition to the moneys made available pursuant to paragraph (1), deposits into the fund may include, but are not limited to, other state funds; private, nonprofit, or philanthropic donations; local government contributions; and any recoveries or reversions resulting from activities pursuant to this chapter.

(c) Notwithstanding Section 13340 of the Government Code, moneys in the fund are continuously appropriated to the State Department of Social Services and the Department of Housing and Community Development solely for the purpose of implementing and administering this chapter.

(d) (1) The State Department of Social Services and the Department of Housing and Community Development shall work collaboratively pursuant to a memorandum of understanding to carry out the functions and duties of this chapter and to address their respective and shared responsibilities in implementing, overseeing, and evaluating this chapter. The departments shall leverage the programmatic and administrative expertise of relevant state agencies, as that term is defined in Section 11000 of the Government Code, in implementing the program.

(2) No later than ____, 2021, the departments shall submit a copy of the final memorandum of understanding to the Senate Committee on Budget and Fiscal Review, the Assembly Committee on Budget, and the Homeless Coordinating and Financing Council. The copy of the final memorandum of understanding required to be submitted to committees of the Legislature pursuant to this paragraph shall be submitted in compliance with Section 9795 of the Government Code.

(e) Notwithstanding any other law, nonstate moneys appropriated from the fund that are not encumbered or liquidated shall revert to the fund.

13053. For purposes of this chapter:

(a) "Affordable housing" means multifamily rental housing receiving public subsidy that allows extremely, extremely low income households, extremely low income households, and very low income households occupying that housing to pay no more than 30 percent of their household income on rent.

(b) "Agency" means the California Health and Human Services Agency.

(c) "Area median income" means the median family income of a geographic area of this state, determined in accordance with Section 50093 of the Health and Safety Code.

(d) "Continuum of care" has the same meaning as defined by the United States Department of Housing and Urban Development at Section 578.3 of Title 24 of the Code of Federal Regulations.

(e) "Coordinated entry system" means a centralized or coordinated process developed pursuant to Section 576.400 or 578.7, as applicable, of Title 24 of the Code of Federal Regulations, as that section read on January 1, 2020, designed to coordinate program participant access, assessment, prioritization, and referrals. For purposes of this chapter, a centralized or coordinated assessment system shall cover the geographic area, be easily accessed by individuals and families seeking housing or services, be well advertised, and include a comprehensive and standardized assessment tool. However, the assessment tool may vary to assess the specific needs of an identified population. The centralized or coordinated assessment system shall also specify how it will address the needs of individuals or families who are fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, or stalking.

(f) "Departments" means the State Department of Social Services and the Department of Housing and Community Development collaboratively implementing and administering this chapter pursuant to a memorandum of understanding entered into pursuant to subdivision (d) of Section 13052.

(g) "Diversion" means services to connect individuals and families to alternate housing arrangements, case management services, and financial assistance to divert the household from shelter use and into permanent housing, including, but not limited to, housing arrangements with friends or family.

(h) "Eligible population" means extremely, extremely low income households experiencing homelessness and persons exiting rapid rehousing, transitional housing, or an institutional setting who are homeless or were homeless before their entry and have no other housing options upon exit without assistance.

(i) "Extremely, extremely low income households" means persons and families whose household income does not exceed 20 percent of the area median income, as adjusted for family size and revised annually.

(j) "Extremely low income households" has the same meaning as defined in Section 50106 of the Health and Safety Code.

(k) "Fund" means the California Access to Housing and Services Fund created pursuant to Section 13052.

(*l*) "Homeless," "homelessness," "imminent risk of homelessness," and "chronically homeless" have the same meanings as those terms are each defined in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on January 1, 2020.

(m) "Homeless Management Information System" or "HMIS" means the information system designated by a continuum of care to comply with federal reporting requirements as defined in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on January 1, 2020. The term "Homeless Management Information System" or "HMIS" also includes the use of a comparable database by a victim services provider or legal services provider that is permitted by the federal Department of Housing and Urban Development under Part 576 of Title 24 of the Code of Federal Regulations, as that part read on January 1, 2020.

(n) "Housing First" has the same meaning as in Section 8255 of the Welfare and Institutions Code, including all of the core components listed therein.

(o) "Housing navigation" means services that assist program participants with locating permanent housing with private market landlords or property managers who are willing to accept rental assistance or operating subsidies for the program participants to assist those program participants in obtaining local, state, or federal assistance or subsidies; completing housing applications for permanent housing and, when applicable, move-in assistance; and obtaining documentation needed to access permanent housing and rental assistance or subsidies.

(p) "Interim intervention" means a safe place to live that is low barrier but does not qualify as permanent housing and includes, but is not limited to, emergency shelters, navigation centers, motel vouchers, recovery bridge housing, and recuperative or respite care, as those terms may be defined under any other applicable local, state, or federal program. For purposes of this subdivision, an interim intervention shall be deemed to be "low barrier" if all of the following apply:

(1) The interim intervention is a Housing First, service-enriched intervention focused on moving people into permanent housing that provides temporary living facilities while case managers connect individuals experiencing homelessness to permanent housing, income, public benefits, and health services.

(2) The interim intervention utilizes best practices to reduce barriers to entry, including, but not limited to, allowing partners and older minors, unless the interim intervention is a population-specific site; allowing pets; allowing storage of possessions; offering services to connect persons to permanent housing; providing privacy; and providing linkage to a coordinated entry system.

(3) The interim intervention has a system for entering information regarding client stays, demographics, income, and exit destination though a local HMIS or similar system.

(q) “Large city” means a city or city and county, whether general law or chartered, with a population of 300,000 or greater based on the 2018 American Communities Survey.

(r) “Master leasing” means that a single lease covers multiple properties leased from a landlord or property manager to a recipient or subrecipient that the recipient or subrecipient sublets to program participants. The single lease shall comply with all applicable provisions of this chapter and be subject to the rights and responsibilities of tenancy under the laws of this state.

(s) “Multifamily rental housing” means an improvement on real estate consisting of one or more buildings that contain five or more residential rental units.

(t) “Operating subsidy” means a subsidy that allows an individual or household to occupy a new or existing permanent housing or supportive housing project while paying no more than 30 percent of their income on rent. An “operating subsidy” may include a capitalized operating subsidy reserve for at least 17 years.

(u) “Participant” means a person or household that is a member of the eligible population and receives assistance under this chapter.

(v) “Permanent housing” means a structure or set of structures with no limit on length of stay, even if accompanied by time-limited rental subsidy, that is subject to applicable landlord-tenant law and has no requirement to participate in supportive services as a condition of access to or continued occupancy in the housing.

(w) “Point-in-time count” has the same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on January 1, 2020.

(x) “Program” means the system of financial assistance provided by the departments from the fund in accordance with this chapter.

(y) “Reasonable rent” means an amount of rental payments that does not exceed two times the fair market rent and is consistent with the market rent in the community in which the multifamily rental housing is located. For purposes of this subdivision, “fair market rent” means the rent, including the cost of utilities, as established by the United States Department of Housing and Urban Development pursuant to Parts 888 and 982 of Title 24 of the Code of Federal Regulations, as those parts read on January 1, 2020, for units by number of bedrooms, that must be paid in the market area to rent privately owned, existing, decent, safe, and sanitary rental housing of nonluxury nature with suitable amenities.

(z) "Recipient" means a large city, developer, or county that applies jointly with a continuum of care and receives funds under the program.

(aa) "Rental assistance" means a tenant-based rental subsidy provided to a landlord or property manager to assist a tenant in paying the difference between 30 percent of the tenant's household income and the reasonable rent for the multifamily rental housing unit, as determined by the recipient.

(ab) "Severe rent burden" means a condition in which a person or family pays more than 50 percent of their total household income, as reported by the American Communities Survey.

(ac) "Shared housing" means a type of permanent housing in which tenants have their own lease, with all of the rights and responsibilities of tenancy under the laws of this state, and may share occupancy of that permanent housing with one or more other tenants, or share use of either or both a kitchen and a bathroom with one or more other tenants, subject to the applicable conditions specified in this chapter.

(ad) "Subrecipient" means a unit of local government or a private nonprofit or for-profit organization that the recipient determines is qualified to undertake the eligible activities for which the recipient seeks funds under the program, and that enters into a contract with the recipient to undertake those eligible activities in accordance with the requirements of the program.

(ae) "Supportive housing" means permanent housing that is occupied by a program participant and that is linked to onsite or offsite tenancy transition services and tenancy sustaining services that assist the supportive housing residents in retaining housing, improving residents' health status, and maximizing residents' ability to live and, when possible, work in the community. "Supportive housing" includes associated facilities if used to provide services to housing residents.

(af) "Tenancy sustaining services" means, using evidence-based service models, any of the following:

(1) Early identification and intervention of behaviors that may jeopardize housing security.

(2) Education and training on the rights and responsibilities of the tenant and the landlord.

(3) Coaching on developing and maintaining key relationships with landlords or property managers.

(4) Assistance in resolving disputes with landlords and neighbors to reduce the risk of eviction.

(5) Advocacy and linkage with community resources to prevent eviction when housing may become jeopardized.

(6) Care coordination and advocacy with health care professionals.

(7) Assistance with a housing recertification process.

(8) Coordinating with the tenant to review and update a housing support and crisis plan.

(9) Training in being a good tenant and lease compliance.

(10) Benefits advocacy.

(11) Evidence-employment services.

(12) Services connecting individuals to education.

(13) Any other service that supports individuals and families to promote housing stability, foster community integration and inclusion, and develop natural support networks and that are offered through a trauma-informed, culturally-competent approach.

(ag) "Tenancy transition services" means, using evidence-based service models, any of the following:

(1) Screening and assessing the tenant's preferences and barriers to successful tenancy.

(2) Developing an individualized housing support plan that includes motivational interviewing and goal setting.

(3) Assistance with the housing application and search process.

(4) Identifying resources to cover expenses for move-in and furniture costs.

(5) Ensuring that the living environment is safe and ready for move-in.

(6) Assisting and arranging for the details of the move.

(7) Developing a housing support crisis plan that includes prevention and early intervention when housing is jeopardized.

(8) Engagement services.

(9) Any other evidence-based services that an individual tenant may require to move into permanent housing.

(ah) "Very low income households" has the same meaning as defined in Section 50105 of the Health and Safety Code.

13054. (a) This chapter does not create an entitlement to assistance or services for any person. Assistance and services provided under this chapter are intended to be provided to eligible individuals and families at the discretion of the applicable recipient, consistent with local needs identified in collaboration with partners and consistent with the requirements of this chapter and the contract between the departments and the recipient.

(b) Notwithstanding any other law and to the extent allowable under federal law, assistance, services, or supports received pursuant to this chapter are not income of the participant for purposes of determining eligibility for, or benefits pursuant to, any public assistance program. Participation in other benefits or housing or housing-based services programs shall not disqualify a person or household from being a participant for purposes of housing or services funded pursuant to this chapter.

(c) The provisions of this chapter are severable. If any provision of this chapter or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

13055. (a) The departments, in consultation with the agency, shall administer the fund and allocate the moneys in the fund as follows:

(1) The departments may set aside and expend up to 5 percent of the moneys available in the fund in any calendar year for purposes of administering this chapter.

(2) If Assembly Bill 1845 of the 2019–20 Regular Session is enacted and takes effect, the departments may provide up to 1 percent of the moneys in the fund to the Governor's Office to End Homelessness, to be used to carry out its duties under Section 12095.3 of the Government Code.

(3) The departments shall allocate the remaining amount in the fund after the allocations, if any, made pursuant to paragraphs (1) and (2) as follows:

(A) Fifty-five percent of the amount described in this paragraph to counties and continuums of care applying jointly through flexible pools or other mechanisms for coordinating existing and new funding for housing and services, pursuant to Section 13056.

(B) Forty percent of the amount described in this paragraph to large cities, pursuant to Section 13057.

(C) Five percent of the amount described in this paragraph to developers operating in unincorporated areas and cities that are ineligible for an allocation under subparagraph (B), pursuant to Section 13058.

(4) The departments shall allocate funding to eligible recipients in accordance with paragraph (3) that apply and meet the applicable threshold requirements, based on an evaluation of each application according to the following formula, without a cap on the amount allocated to any recipient:

(A) The departments shall afford 70 percent weight based on the most recent homeless point-in-time count conducted by the United States Department of Housing and Urban Development for the relevant jurisdiction at the time of the application.

(B) The departments shall afford 30 percent weight based on the number of extremely low income households in the relevant jurisdiction, based on the most recent American Communities Survey at the time of the application.

(5) Each recipient and subrecipient shall comply with the core components of Housing First described in subdivision (b) of Section 8255.

(b) The Legislature finds and declares that homelessness is an evolving challenge and that the state must be flexible in ensuring that strategies are based on data and that the funding formula reflects the needs as accurately as possible. Therefore, the departments may develop recommendations for revisions to the funding formula described in subdivision (a) no later than five years after the issuance of the first notice of funding availability or request for proposal pursuant to paragraph (2) of subdivision (d). If Assembly Bill No. 1845 of the 2019–20 Regular Session is enacted and takes effect, the departments shall base any recommendations developed pursuant to this subdivision on statewide planning efforts convened by the Governor's Office to End Homelessness in order to ensure that the fund remains continuously aligned with relevant data and outcomes. The departments shall submit any recommendations developed pursuant to this subdivision to the Legislature in accordance with Section 9795 of the Government Code.

(c) Each recipient and subrecipient shall ensure that any expenditure of moneys allocated to it pursuant to this chapter serves the eligible population, unless otherwise expressly provided in this chapter.

(d) In allocating moneys pursuant to this section, the departments shall comply with the following:

(1) No later than ____, 2021, the departments shall develop guidelines and draft notices of funding availability or requests for proposal in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(2) No later than ___ , 2021, and at least annually thereafter, the departments shall issue a notice of funding availability or request for proposal, as applicable, for the applicable year, based on the draft notice of funding availability or request for proposal developed pursuant to paragraph (1).

(3) No later than ____, 2021, and each ____ thereafter, complete an initial round of allocation in accordance with this section.

(4) Issue a notice of funding availability or request for proposal, as applicable, on a consistent, annual basis.

(e) (1) The departments shall develop a simple application that an entity eligible to receive an allocation under this chapter may use to apply for that allocation and, consistent with the requirements of this chapter, common standards for recipients to monitor, report, and ensure accountability, provide services, and subsidize housing. The departments shall, to the extent feasible and consistent with the requirements of this chapter, ensure that the common standards are the same or similar for each applicant.

(2) To the extent feasible, the departments shall work with the agency to connect services available under other programs, including, but not limited to, services provided under the Medi-Cal Act (Chapter 7 (commencing with Section 14000)), to housing opportunities created through the fund.

(f) Each recipient shall annually report the following information to the departments, in the form and manner prescribed by the departments:

(1) The amount of fund moneys expended on each eligible activity under Section 13056, 13057, or 13058, as applicable.

(2) The number of individuals and households served by each funded activity described in paragraph (1).

(3) The number of unsheltered and sheltered persons served by the expenditures described in paragraph (1), the average length of time that each person described in this paragraph was homeless

during their most recent episode of homelessness before being permanently housed, and the average length of time that each person described in this paragraph spent receiving an interim intervention in each episode of homelessness.

(4) The number of persons moved from homelessness to permanent housing through the fund.

(5) The number of persons exiting the program and the reason for each exit, specifically including any returns to homelessness or exits to other social safety net programs, including, but not limited to, programs that fund permanent housing.

(6) The total number of participants currently residing in permanent housing at the time the report is submitted.

(7) Whether, and how many, participants were referred to permanent housing from a coordinated entry system and any training or capacity building programs that the recipient is using to improve the coordinated entry system.

(8) The demographics of participants served by the recipient, including, but not limited to, age, race, ethnicity, sexual orientation, gender, chronically homeless status, and family status.

(g) (1) Before entering into grant agreements for the first allocation of moneys from the fund, the departments shall, in consultation with the Homeless Coordinating and Financing Council and stakeholders working to solve homelessness, develop metrics that recipients shall be required to meet in order to continue to receive funding. The metrics developed for each class of recipients may differ from the metrics developed for other classes of recipients. Recipients shall meet the metrics developed pursuant to this subdivision within three years of entering into a grant agreement under this chapter.

(2) The departments shall base the metrics developed pursuant to this subdivision on data that includes the following framework:

(A) The number of new permanent housing placements resulting from moneys allocated under this chapter and any local match.

(B) The number of new affordable housing and supportive housing units that have been rehabilitated, converted, or built as a result of moneys allocated under this chapter and any local match.

(C) The number of private market housing units that have been leased, including units that have been master leased, through rental assistance provided as a result of moneys allocated under this chapter and any local match.

(D) Any funds from mainstream systems, other programs, and services funded from other sources that are used in combination with moneys allocated under this chapter and any local match.

(E) Any other relevant metric developed by the departments in consultation with the Homeless Coordinating and Financing Council and other stakeholders, including, but not limited to, potential recipients and the Assembly Committee on Housing and Community Development, the Assembly Committee on Human Services, the Senate Committee on Housing, the Senate Committee on Human Services, or any successor to those committees.

(h) (1) Each recipient shall contractually obligate 100 percent of the amount allocated to it pursuant to this chapter within four years, and expend the entirety of that amount within five years, of entering into a grant agreement. Notwithstanding the previous sentence, moneys used to provide a capitalized operating subsidy reserve for permanent housing shall be expended over a period of at least 17 years.

(2) In the case of a recipient that is a developer receiving an allocation pursuant to Section 13058, if the recipient fails to obligate or expend that allocation within the time periods specified in paragraph (1), any moneys awarded to the recipient shall revert to the fund.

(3) In the case of a recipient or entity eligible to be a recipient that is either a county and continuum of care receiving or eligible for a joint allocation pursuant to Section 13056 or a large city receiving or eligible for an allocation pursuant to Section 13057, the following shall apply:

(A) The departments shall select an alternative entity, which may either be another public agency or a nonprofit organization with experience administering moneys awarded under a grant program, operating within the jurisdiction of the eligible recipient through a competitive application process to administer moneys allocated under this chapter on behalf of the recipient or entity eligible to be a recipient if either of the following conditions apply:

(i) The recipient has received an allocation of moneys under this chapter and both of the following apply:

(I) The recipient is not in compliance with this chapter based on any of the following for more than one consecutive round of funding pursuant to subdivision (d):

(ia) The recipient fails to obligate or expend its allocation within the time periods specified in paragraph (1).

(ib) The recipient expends moneys allocated under this chapter for a purpose other than the eligible activities identified in Sections 13056 or 13057, as applicable.

(ic) The recipient fails to meet the benchmarks for exits to permanent housing or other performance standards based on the metrics developed by the departments pursuant to subdivision (g), consistent with the terms of the recipient's application.

(II) The departments and the recipient have engaged in repeated attempts to mitigate the recipient's lack of compliance but have failed to reach a mutually agreeable solution.

(ii) The entity is eligible to be a recipient but has failed to submit an application for the first two rounds of funding pursuant to subdivision (d).

(B) An alternative entity selected to administer moneys allocated under this chapter on behalf of a recipient or entity eligible to be a recipient shall administer those moneys for a term of at least three years subsequent to entering into a grant agreement with the departments.

(C) (i) If the departments select an alternative entity pursuant to this paragraph, and after a waiting period determined by the departments, the relevant recipient or entity eligible to be a recipient may seek to administer the allocation for which it is eligible under Section 13056 or 13057, as applicable, by submitting a compliance plan to the departments demonstrating that the recipient or entity eligible to be a recipient has built sufficient capacity to obligate and expend that allocation in alignment with program requirements.

(ii) The departments shall review a compliance plan submitted pursuant to this subparagraph and issue a decision approving or rejecting the plan within 60 days of receipt.

(iii) If the departments approve a compliance plan submitted pursuant to this subparagraph, administration of the allocation shall revert to the recipient or entity eligible to be a recipient, which shall administer the allocation in accordance with the requirements of this chapter and the compliance plan. If the departments reject a compliance plan submitted pursuant to this subparagraph, the alternative entity selected pursuant to this paragraph shall continue to administer the allocation until the departments approve a subsequent compliance plan for the recipient or entity eligible to be a recipient, if any.

(i) In carrying out their duties under this chapter, the departments and the agency shall do all of the following:

(1) Provide technical and capacity building assistance to recipients and subrecipients to implement this chapter.

(2) Conduct regular monitoring and audits of program outcomes.

(3) Monitor the expenditures of recipients to ensure compliance with this chapter and any implementing guidelines.

(4) Issue applications for allocations to counties and continuums of care, pursuant to Section 13056, and to large cities, pursuant to Section 13057, on the same date and subject to the same deadlines.

(5) If deemed appropriate or necessary, request the repayment of funds from a recipient or pursue any other remedies available by law for failure to comply with the requirements of this chapter.

(6) Seek private, philanthropic funding to finance an evaluation of the program.

(7) Notwithstanding Section 10231.5 of the Government Code, no later than January 1, 2023, and every fifth January 1 thereafter, evaluate the outcomes of the program and submit a report documenting that evaluation to the Assembly Committee on Housing and Community Development and the Senate Committee on Housing in compliance with Section 9795 of the Government Code. The evaluation shall include, but not be limited to, the following:

(A) Data reported by recipients pursuant to subdivision (f).

(B) The status of coordinated entry systems and training or capacity building programs across a sample of geographically diverse communities.

(C) Innovations developed to reduce exits from institutional settings to homelessness and the outcomes of these innovations.

(D) The progress of recipient coordination and collaboration and housing stability outcomes.

(E) To the extent feasible, impacts on other state programs, including, but not limited to, the utilization of acute care or skilled nursing facilities funded through the Medi-Cal Act (Chapter 7 (commencing with Section 14000)), recidivism to prison, and avoidance of foster care placements.

13056. (a) A county and continuum of care that submit a joint application and meet the requirements of this section shall be eligible to receive an allocation of moneys from the fund.

(b) A county and continuum of care that jointly receive an allocation pursuant to this chapter may use up to 10 percent of the amount of that allocation for the costs of administering the allocation. For purposes of this subdivision, “costs of administering” do not include costs associated with staffing to provide services, data collection, or reporting.

(c) A county and continuum of care applying jointly for an allocation shall provide the following evidence of collaboration to the departments:

(1) Either of the following:

(A) Evidence that the board of supervisors of the county and the governing body of the continuum of care each approved the joint funding plan before the submission of the application.

(B) A memorandum of understanding between the chief executive officer, or equivalent officer, of the county and of the continuum of care that establishes the allocation plan for the use of the moneys allocated under this chapter.

(2) Evidence of collaborative planning between the county and the continuum of care, which may include, but is not limited to, meeting agenda or minutes of the board of supervisors of the county and the governing body of the continuum of care.

(d) Recipients under this section shall use the allocation of moneys provided under this chapter for one or more of the following eligible activities:

(1) Rental assistance and master leasing for permanent housing.

(2) Operating subsidies for permanent housing and for transitional housing projects serving persons under 25 years of age that comply with the core components of Housing First described in subdivision (b) of Section 8255.

(3) Incentives to landlords to provide permanent housing, including, but not limited to, payment of security deposits, repairs made in advance of occupancy to ensure compliance with habitability standards, and technical assistance in the form of contractors to assist the landlord in making repairs.

(4) Move-in assistance, including, but not limited to, security deposits, utility assistance, and furniture.

(5) Housing navigation, housing transition, and tenancy support services to help participants move into housing and remain stably housed, housing-based employment services, and, for persons at imminent risk of homelessness, homelessness prevention, problem solving, and other rapid resolution programs to assist these persons in becoming or remaining stably housed.

(6) (A) Subject to subparagraph (B), systems improvement, including, but not limited to, strengthening coordinated entry systems and assessment systems, collaboration between city and county agencies to coordinate resources and prevent discharges from institutional settings into homelessness, and HMIS system and data matching advances.

(B) Subject to the limitation specified in paragraph (8), the recipient shall use no more than 15 percent of its allocation in the first two years for the activities described in this paragraph.

(7) (A) Subject to subparagraph (B), either or both of the following:

(i) Shelter diversion and operating support for interim interventions, including, but not limited to, emergency shelters, navigation centers, motel vouchers, recuperative or respite care, safe parking programs, and cabin communities.

(ii) Innovations funding to finance permanent housing for the eligible population not otherwise described in this chapter.

(B) Subject to the limitation specified in paragraph (8), the recipient shall use no more than 30 percent of its allocation in the first two years for the activities described in this paragraph.

(8) The total aggregate amount expended for activities described in paragraphs (6) and (7) shall not exceed 30 percent of the amount allocated to the recipient under this chapter.

(e) Applicants under this section shall provide the departments with the following information:

(1) Outcomes expected, numeric goals, and performance measures established by the applicant.

(2) The source of the local match required by paragraph (8) of subdivision (g).

(3) A demonstrated commitment to the core components of Housing First described in subdivision (b) of Section 8255 in both housing and housing-based services programs.

(4) Goals for cross-agency collaboration, including, but not limited to, a description of how the county and the continuum of

care applying jointly intend to collaborate with each other and with any large cities within the geographic area of the county or the continuum of care that receive an allocation pursuant to Section 13057, including specificity around the work that the county and continuum of care, and any large city, will do in coordination to foster evidence-based solutions to homelessness. The county and continuum of care applying jointly shall provide, at minimum, the following information:

(A) How the region will align and leverage state funding with existing resources to maximize leveraging toward creating a flexible pool of funds.

(B) Plans to prevent returns to homelessness once the allocation of state moneys from the fund has ended.

(C) Plans to prevent exits to homelessness from institutional settings, including plans to scale multisystem leadership.

(f) An applicant under this section may request flexibility with regard to, or waiver of, specific guidelines developed by the departments to implement innovations if it can demonstrate that it is within a high-performing region, as defined by the departments.

(g) During the term of any allocation provided to a county and continuum of care that apply jointly pursuant to this section, the recipient shall do all of the following:

(1) Offer robust services in supportive housing, as well as housing navigation and housing transition services, through a standardized contract that the county and the continuum of care develop in collaboration with a nonprofit service provider using evidence-based standards.

(2) Funnel resources through a mechanism or develop a mechanism within 180 days of entering into a grant agreement to combine moneys allocated under this chapter with local private and existing local and federal public moneys across the continuum of care, the county, or a multicounty region toward common standards to fund permanent housing, services, and, if necessary, interim interventions.

(3) Allocate funding for rental assistance and operating subsidies through an agency with experience administering housing subsidies and recruiting landlords. The agency may be a housing authority formed pursuant to the Housing Authorities Law (Chapter 1 (commencing with Section 34200) of Part 2 of Division 24 of the

Health and Safety Code), a nonprofit organization, or another public entity that administers other moneys for purposes similar to those described in this chapter.

(4) Adopt, and require any subrecipients to adopt, the core components of Housing First described in subdivision (b) of Section 8255 for purposes of administering moneys allocated pursuant to this chapter and implement low-barrier policies for interim interventions funded under this chapter.

(5) Utilize a process for referral of participants to housing through a coordinated entry system, or an alternative process that ensures that persons and areas with the greatest vulnerabilities receive priority for supportive housing, or, in the absence of an established process, develop a plan for funding systems improvements to create a system in compliance with this paragraph within one year of receiving the allocation.

(6) Use HMIS data for all outcomes reporting.

(7) Establish or use an existing process for training services and property management staff in evidence-based best practices.

(8) Match 25 percent of the amount allocated under this chapter, to be used for the same eligible activities identified in subdivision (d). The recipient may use any of the following sources to provide matching funds:

(A) An in-kind match.

(B) An allocation from the Building Homes and Jobs Trust Fund pursuant to Section 50470 of the Health and Safety Code.

(C) Other local or federal sources of funding for services.

(D) Funding provided under the Mental Health Services Act, enacted by Proposition 63 at the November 2, 2004, statewide general election, as amended, that is set aside for moving persons from homelessness to a home, provided that any moneys provided under the Mental Health Services Act are expended in accordance with the requirements of that act.

(E) Private funding.

(F) Federal grant funds, including, but not limited to, the following:

(i) The HOME Investment Partnership Program (42 U.S.C. Sec. 12721 et seq.).

(ii) The Emergency Solutions Grants Program (42 U.S.C. Sec. 11371 et seq.).

(iii) The Community Development Block Grant Program (42 U.S.C. 5301 et seq.).

(iv) Any other federal program providing funding for any of the eligible activities described in subdivision (d).

(G) The monetary value of Housing Choice Vouchers (42 U.S.C. Sec. 1437f(o)) that a partnering housing authority has prioritized for the eligible population.

(H) (i) Funding from other jurisdictions, including, but not limited to, cities other than large cities and other counties, if the other jurisdiction coordinates resources, eligibility criteria, uses, and processes through a regional coordinated entry system, coordinated funding, or other coordinated processes approved by the departments.

(ii) A recipient shall not use moneys allocated under this chapter to replace or supplant any local funds committed under this subparagraph to an existing or developing program, but may use those moneys to augment or enhance an existing program and, in the event that funding previously supporting a program are reduced for reasons beyond the control of the recipient and the loss of funding will result in a loss of housing or services, to maintain the program or the level of funding.

(9) Ensure that at least 25 percent of the amount of allocation it receives under this chapter serves participants within one or more of the following populations:

(A) Survivors of domestic violence or sexual violence experiencing homelessness or exiting transitional housing.

(B) Older adults experiencing homelessness or exiting nursing care with no other housing options upon exit.

(C) Persons who are chronically homeless.

(D) Persons with either or both high-acuity chronic medical conditions or behavioral health conditions who are experiencing homelessness or who were homeless when admitted to an institutional setting.

(E) Persons exiting justice settings who were homeless when incarcerated or who have a history of homelessness before incarceration and have no other housing options upon discharge.

(10) Ensure that at least 10 percent of the amount of allocation it receives under this chapter serves participants who are youth experiencing homelessness, in accordance with the following requirements:

(A) The continuum of care applying jointly with the county shall either create or participate in the development of a local, youth-centered coordinated entry system and use this system to assess and refer youth to housing created with funding provided under the program.

(B) Recipients and subrecipients shall offer supportive services designed to meet the unique needs of youth experiencing homelessness, which may include, but is not limited to, the following:

(i) Problem-solving services to maintain existing housing.

(ii) Housing navigation.

(iii) Substance use disorder education, prevention, or treatment services, including group supports.

(iv) Access to education and employment assistance, including, but not limited to, literacy and graduation equivalent diploma programs, vocational training, and supports to enroll and participate in institutions providing secondary or postsecondary education.

(v) Independent living skill development, economic stability, and mobility services.

(vi) Counseling, tenancy support, and case management services.

(vii) Screening, assessment, and treatment or referral of behavioral and physical health care services.

(viii) Services for pregnant and parenting youth.

(ix) Services for lesbian, gay, bisexual, transgender, and questioning youth.

(x) Family support, including family reunification, when safe and appropriate, and engagement and intervention, when appropriate.

(xi) Family finding services to identify appropriate family members.

(xii) Outreach to youth who are experiencing homelessness.

(C) Providers with which a recipient contracts to provide services to youth in accordance with this paragraph shall proactively engage youth experiencing homelessness to determine which supportive services meet the needs of each participant and, if appropriate, the participant’s family.

(h) In administering moneys allocated pursuant to this chapter, each recipient under this section shall use the following quality standards:

(1) Each unit of housing provided through operating subsidies shall include a bathroom and a kitchen within the unit.

(2) For rental assistance provided to private market or nonprofit landlords, if the participant resides in a single-room occupancy setting with multiple discrete single-room units, each housing unit shall either:

(A) Be equipped with a bathroom.

(B) Be equipped with both one shared bathroom that is located on the same floor as the unit and one reasonably accessible shared kitchen facility and not require the participant to go outdoors to access the bathroom or kitchen.

(3) Shared housing units shall be subject to the following restrictions:

(A) (i) Except as otherwise provided in clause (ii), of the amount allocated to a recipient under this chapter that the recipient will use to provide rental assistance payments to private market or nonprofit landlords for individual units, the recipient shall not expend more than 45 percent on shared housing units.

(ii) A recipient may exceed the 45-percent limitation described in clause (i), upon approval by the departments, if the recipient demonstrates that local market conditions dictate that the use of shared housing is necessary to ensure housing placements and to fully expend rental assistance funds.

(B) A recipient shall not expend more than 30 percent of the amount allocated to it under this chapter that the recipient will use for operating subsidies to support the creation of new permanent housing and supportive housing to fund the creation of shared housing units.

(C) For all shared housing units, each participant, other than a participant who is a minor accompanied by an adult or two adult participants who constitute a single household, shall be offered their own bedroom with a door that has a functioning lock, be required to sign a lease, and have all the rights and responsibilities of tenancy under the laws of this state.

(D) Agencies conducting referrals by contract with the recipient shall take into consideration any disabilities or functional limitations of the participant before placing the participant in shared housing.

(E) In accordance with the core components of Housing First described in subdivision (b) of Section 8255, a person providing shared housing shall not require participants to participate in services as a condition of tenancy.

(F) Interim interventions, including bridge housing and navigation centers, may provide shared or congregate living facilities.

(4) Services provided in connection with supportive housing shall comply with the following:

(A) A majority of the services shall be provided onsite and any offsite services shall be easily accessible to participants.

(B) Each participant shall have a tenancy support specialist who meets the following criteria:

(i) The participant knows the tenancy support specialist.

(ii) The tenant support specialist has the capacity to provide services promoting housing stability.

(iii) The tenant support specialist is responsible for helping the participant access community-based services and make connections within the participant's community.

(C) The ratio of tenant support specialists to participants shall be consistent with best practices for the population services, and, in any event, shall not exceed one tenant support specialist for every 20 participant households in the first year.

(5) All projects, including interim interventions, funded shall comply with all applicable state laws governing building safety and habitability.

(6) (A) In a county that includes a large city receiving an allocation pursuant to Section 13057, the county recipient shall, upon the request of that large city, allocate a portion of the moneys allocated to it under this chapter for support services and operating subsidies for supportive housing units that the large city develops, provided that the county recipient obligates and uses the moneys allocated to it within the time periods specified in subdivision (h) of Section 13055. The amount provided to a large city pursuant to this paragraph shall not exceed 40 percent of the large city's proportionate share of the county's most recent homeless point-in-time count, unless the recipient county, in its discretion, determines that greater amount is appropriate.

(B) The recipient county's obligation to fund support services and operating subsidies pursuant to this paragraph shall be proportionate to the share of capital funding used for those purposes from the total amount allocated to the recipient under this chapter.

(C) Nothing in this paragraph shall be construed to require a county or continuum of care to allocate moneys provided under this chapter to a large city to fund services provided at a new interim intervention funded by the large city.

(D) Notwithstanding any other provision of this chapter, in committing operating subsidies to a supportive housing project funded by a large city pursuant to this paragraph, a recipient may commit a capitalized operating subsidy reserve that includes at least 17 years for those operating subsidies.

(i) The departments shall establish a process for awarding recipients under this section grants in subsequent years. To the extent feasible, continued allocations pursuant to this subdivision shall be on an annual basis on a date that aligns favorably with other, similar allocations of state moneys.

13057. (a) A large city that submits an application and meets the requirements of this section shall be eligible to receive an allocation from the fund.

(b) Recipients under this section shall use the allocation of moneys provided under this chapter for one or more of the following eligible activities:

(1) Operating subsidy reserves, capitalized over at least 17 years, for affordable housing projects that serve the eligible population.

(2) (A) Subject to subparagraph (B), capital funds for development, acquisition, preservation, or motel conversion to create either affordable housing or supportive housing for the eligible population.

(B) The recipient shall use at least 50 percent of the moneys expended for the purposes described in this paragraph to create supportive housing, unless the departments waive this requirement based upon a showing by the recipient that the need for supportive housing does not warrant expending 50 percent of the amount used for capital funds under this paragraph.

(3) Rental assistance in permanent housing.

(4) (A) Subject to subparagraph (B), one or more of the following:

(i) Interim interventions based on an annual needs assessment and taking into consideration commitments made over the five years prior to the date of the recipient's application to shelter beds that have not yet been constructed.

(ii) An innovation fund for the creation of permanent housing not otherwise described in this chapter.

(iii) Outreach, engagement, and other services to assist persons in connecting to permanent housing.

(iv) Health interventions, including, but not limited to, hygiene centers.

(v) Storage of belongings.

(vi) Safe parking and overnight, warm places where persons can sleep.

(B) The recipient shall not expend more than 35 percent of its allocation for the activities described in this paragraph.

(c) Any activity approved or carried out or action taken by a large city to lease, convey, or encumber land that the large city owns, any action taken by a large city to facilitate the lease, conveyance, or encumbrance of land that the large city owns, or any action taken by a large city to provide financial assistance in furtherance of providing, or to otherwise approve or construct, a low barrier interim intervention, affordable housing project, or supportive housing project in the large city using moneys allocated under this chapter shall not not be subject to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code). If the large city takes any action that is exempt from Division 13 (commencing with Section 21000) of the Public Resources Code, it shall file a notice of exemption with the Office of Planning and Research and the clerk of the county in which the large city is located in the manner specified in subdivisions (b) and (c) of Section 21152 of the Public Resources Code, except that the notice of determination required by that section shall instead specify that the project is not subject to Division 13 (commencing with Section 21000) of the Public Resources Code pursuant to this subdivision.

(d) Applicants under this section shall provide the departments with the following information:

(1) Outcomes expected, numeric goals, and performance measures established by the applicant.

(2) The source of the local match required by paragraph (5) of subdivision (f).

(3) A demonstrated commitment to the core components of Housing First described in subdivision (b) of Section 8255 in both housing and housing-based services programs.

(4) Goals for cross-agency collaboration to make capital projects viable, including, but not limited to, a description of how the large city intends to collaborate with counties and continuums of care that receive a joint allocation pursuant to Section 13056, including specificity around the work that the large city, the county, and the continuum of care will do in coordination to foster evidence-based solutions to homelessness.

(5) Identification of the agency of the large city or a partner local agency that will administer the allocation, which shall have demonstrated experience in administering capital funds.

(6) If the large city intends to use a portion of the allocation for rental assistance, the criteria that it will use to select subrecipients that have substantial experience in providing rental assistance.

(e) An applicant under this section may request flexibility with regard to, or waiver of, specific guidelines developed by the departments to implement innovations if it can demonstrate that it is within a high-performing region, as defined by the departments.

(f) During the term of any allocation provided to a large city that applies pursuant to this section, the recipient shall do all of the following:

(1) Refer participants to supportive housing units created with capital dollars provided under this chapter through a coordinated entry system, or an alternative process that ensures that persons and areas with the greatest vulnerabilities receive priority. To the extent feasible, referrals shall take into account participant choice, and referral services shall include efforts to place persons in a community in which they choose to reside and have access to community-based services and natural supports.

(2) Notwithstanding any inconsistent provision of the Permit Streamlining Act (Chapter 4.5 (commencing with Section 65920) of Division 1 of Title 7 of the Government Code), streamline permitting for projects developed with moneys allocated under this chapter to expedite the permitting and approval process to no more than 180 days and provide other incentives for development.

(3) Allocate funding through a local competitive application process based on development, leveraging, and experience requirements for subrecipients.

(4) Either of the following:

(A) Use HMIS data for all outcomes reporting.

(B) Use a coordinated entry system to enter and share data across the homelessness system.

(5) Match 25 percent of the amount allocated under this chapter, to be used for the same eligible activities identified in subdivision (b). The recipient may use any of the following sources to provide matching funds:

(A) An in-kind match.

(B) An allocation from the Building Homes and Jobs Trust Fund pursuant to Section 50470 of the Health and Safety Code.

(C) Other local or federal sources of funding for capital or operating subsidies.

(D) Private funding.

(E) Federal grant funds, including, but not limited to, the following:

(i) The HOME Investment Partnership Program (42 U.S.C. Sec. 12721 et seq.).

(ii) The Community Development Block Grant Program (42 U.S.C. 5301 et seq.).

(iii) Any other federal program providing funding for any of the eligible activities described in subdivision (b).

(F) The monetary value of Housing Choice Vouchers (42 U.S.C. Sec. 1437f(o)) committed by a housing authority, either created within the large city and activated by an ordinance or resolution of the large city in accordance with Article 2 (commencing with Section 34240) of Chapter 1 of Part 2 of Division 24 of the Health and Safety Code or, if the housing authority has agreed to partner with the large city, created within another jurisdiction in accordance with those provisions, if the housing authority has agreed, to the extent consistent with applicable federal law, to prioritize vouchers for the eligible population.

(6) Ensure that at least 25 percent of the amount of allocation it receives under this chapter serves participants within one or more of the following populations:

(A) Survivors of domestic violence or sexual violence experiencing homelessness or exiting transitional housing.

(B) Older adults experiencing homelessness or exiting nursing care with no other housing options upon exit.

(C) Persons who are chronically homeless.

(D) Persons with either or both high-acuity chronic medical conditions or behavioral health conditions who are experiencing homelessness or who were homeless when admitted to an institutional setting.

(E) Persons exiting justice settings who were homeless when incarcerated or who have a history of homelessness before incarceration and have no other housing options upon discharge.

(7) Ensure that at least 10 percent of the amount of allocation it receives under this chapter serves participants who are youth experiencing homelessness, in accordance with the following requirements:

(A) If available, referrals to housing shall be made through a youth-centered coordinated entry system.

(B) Within housing or interim interventions created with the moneys described in this paragraph, the housing or interim intervention shall include any or all of the services identified as meeting the unique needs of youth experiencing homelessness in subparagraph (B) of paragraph (10) of subdivision (g) of Section 13056.

(C) The recipient and any subrecipients shall proactively engage youth experiencing homelessness to determine which supportive services meet the needs of each participant and, if appropriate, the participant's family.

(g) In administering moneys allocated pursuant to this chapter, each recipient under this section shall use the following quality standards:

(1) Each unit of housing created with moneys allocated to the recipient shall include a bathroom and a kitchen within the unit.

(2) Shared housing units shall be subject to the following restrictions:

(A) (i) Except as otherwise provided in clause (ii), of the amount allocated to a recipient under this chapter that the recipient will use to provide rental assistance payments to private market or nonprofit landlords for individual units, the recipient shall not expend more than 45 percent on shared housing units.

(ii) A recipient may exceed the 45-percent limitation described in clause (i), upon approval by the departments, if the recipient demonstrates that local market conditions dictate that the use of shared housing is necessary to ensure housing placements and to fully expend rental assistance funds.

(B) A recipient shall not expend more than 30 percent of the amount allocated to it under this chapter that the recipient will use for operating subsidies to support the creation of new permanent housing and supportive housing to fund the creation of shared housing units.

(C) For all shared housing units, each participant, other than a participant who is a minor accompanied by an adult or two adult participants who constitute a single household, shall be offered their own bedroom with a door that has a functioning lock, be required to sign a lease, and have all the rights and responsibilities of tenancy under the laws of this state.

(D) Agencies conducting referrals by contract with the recipient shall take into consideration any disabilities or functional limitations of the participant before placing the participant in shared housing.

(E) Interim interventions, including bridge housing and navigation centers, may provide shared or congregate living facilities.

(3) Services provided in connection with supportive housing shall comply with the following:

(A) A majority of the services shall be provided onsite and any offsite services shall be easily accessible to participants.

(B) Each participant shall have a tenancy support specialist who meets the following criteria:

(i) The participant knows the tenancy support specialist.

(ii) The tenant support specialist has the capacity to provide services promoting housing stability.

(iii) The tenant support specialist is responsible for helping the participant access community-based services and make connections within the participant's community.

(C) The ratio of tenant support specialists to participants shall be consistent with best practices for the population services, and, in any event, shall not exceed one tenant support specialist for every 20 participant households in the first year.

(4) All projects, including interim interventions, funded shall comply with all applicable state laws governing building safety and habitability.

(h) The departments shall establish a process for awarding recipients under this section grants in subsequent years in accordance with the following:

(1) Each recipient shall continue to receive allocations on a consistent date selected by the departments that aligns favorably

with other, similar allocations of state moneys, including, but not limited to, allocations of tax credits by the California Tax Credit Allocation Committee.

(2) If a city meets the threshold criteria established in this section after the first year of allocations pursuant to this chapter, the departments shall revise the amount of annual allocations to recipients under this section at least 180 days, but no more than one year, after the date on which the city establishes eligibility under this section. Consistent with the requirements of this chapter, the departments may establish a revised formula that minimizes the impact on existing recipients.

13058. (a) In unincorporated areas and cities that are not large cities, the Department of Housing and Community Development shall provide grants through a competitive application process to developers in accordance with this section.

(b) Moneys distributed pursuant to this section shall be available for development, acquisition, rehabilitation, preservation, motel conversion, and capitalized operating subsidy reserves, in accordance with the following:

(1) The moneys described in this section shall be allocated in the same manner as deferred payment loans provided under the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). For purposes of distributing grants under this section, to the extent that there is any conflict between the provisions of this chapter and Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code, the provisions of this chapter shall prevail.

(2) A developer that receives a grant under this section shall use at least 50 percent of the amount of that grant for supportive housing units.

(3) A developer that receives a grant under this section shall use a portion of the amount of that grant to provide affordable housing for the eligible population.

(4) The Department of Housing and Community Development shall issue funding in rounds at least semiannually on a consistent date that aligns favorably with other, similar allocations of state moneys, including, but not limited to, allocations of tax credits by the California Tax Credit Allocation Committee.

(c) In distributing grants under this section, the Department of Housing and Community Development shall ensure compliance with all of the following:

(1) The recipient shall comply with the following quality standards:

(A) Each unit of affordable housing and supportive housing funded under this section shall include a bathroom and a kitchen within the unit.

(B) The majority of services provided in supportive housing shall be offered onsite.

(2) Grants awarded under this section shall include leverage requirements that promote sufficient funding for operation and services, require at least one source of local funding, and promote the rapid development of quality housing.

(3) All projects funded through a grant under this section shall comply with all applicable state laws governing building safety and habitability.

(4) Any affordable housing or supportive housing units funded through a grant under this section that are shared among unrelated tenants shall comply with the following standards:

(A) Participants shall have a choice in the unrelated tenants who will share the unit.

(B) Each household in a shared unit shall have its own bedroom with a door that has a functioning lock.

(C) Each tenant or household shall be required to sign their own lease.

(D) Shared units shall only be offered if appropriate for each potential tenant, taking into consideration any disabilities or functional limitations of the participant.

(5) Referrals to affordable housing or supportive housing units funded through a grant under this section that are reserved for persons experiencing homelessness shall be made through a coordinated entry system, or an alternative process that ensures that persons with the greatest vulnerabilities receive priority.

(6) The Department of Housing and Community Development shall enter data through the applicable HMIS.

O