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Overview of Homeless Housing, Assistance, and Prevention Program Funding and Accountability

PRESENTED TO:

Assembly Budget Subcommittee No. 7 on
Accountability and Oversight
Hon. Gregg Hart, Chair



LEGISLATIVE ANALYST'S OFFICE

Overview of Homeless Housing, Assistance, and Prevention (HHAP) Program

HHAP Has Been the State's Main Homelessness Program

- HHAP consists of one-time flexible grant funds (provided by the state in most years since 2019-20) to support regional coordination and the development or expansion of local capacity to address their homelessness challenges.
- Eligible recipients of HHAP funds have been cities with a population over 300,000 (currently 14 cities), plus counties, continuums of care, and (since 2021-22) tribes.
- Beginning with round 5 (2023-24), the state has required (non-tribe) applicants to apply as part of a region (generally defined as a county).
 - Individual allocation to grantees is based on their proportionate share of the state's homeless population (as measured by the federally required point-in-time count).
 - While grants are made available as non-competitive allocations to jurisdictions, applicants must meet certain requirements to obtain funding (described below).
- Rounds 1 through 5 (2019-20 through 2023-24) were administered by a state-level homelessness council (now known as the California Interagency Council on Homelessness). Since then, the Department of Housing and Community Development (HCD) has administered the program.



Overview of Homeless Housing, Assistance, and Prevention (HHAP) Program

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State Funding for HHAP

- Since 2019-20, Legislature has committed a total of about \$5 billion for HHAP, as the figure below shows.
 - Some of these funds are used for state-level administration of the program and, in more recent rounds, as a separate allocation for tribes and a new state housing program (Homekey+).

Funding for Homeless Housing, Assistance, and Prevention (HHAP) Program

(Dollars in Millions)

Fiscal Year	Round #	State Funding
2019-20	1	\$650
2020-21	2	300
2021-22	3	820
2022-23	4	820
2023-24	5	993
2024-25	6	1,000 ^a
2025-26	—	—
2026-27	7	500 ^b
Total		\$5,083

^a As of February 11, 2026, \$420 million of these funds had been awarded to grant recipients (all in the Los Angeles, San Diego, and San Francisco regions).

^b Funds for 2026-27 were approved by the Legislature as part of the 2025-26 budget package. The 2026-27 allocation is contingent on the enactment of future legislation addressing accountability requirements for round 7 grantees.



Overview of Homeless Housing, Assistance, and Prevention (HHAP) Program

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Grantee Spending

- Though fiscal deadlines have changed somewhat over the years, grantees generally have had five years from the date of appropriation to spend their full allocation amount.
- Grantees have nearly \$1 billion (29 percent) left to spend from pre-2024-25 rounds, as the figure below details.
 - Applications for round 6 were due by August 2025 and grants are in the process of being awarded by HCD. (In January 2026, the Governor announced the first batch of round 6 awards—a total of \$420 million to the Los Angeles, San Diego, and San Francisco regions.)

HHAP Program Allocations and Expenditures Through Round 5^a

Through December 31, 2025 (In Millions)

Fiscal Year	Round	Amount Allocated to Grantees ^b	Expended	Amount Unspent	Percent Unspent Allocations	Expenditure Deadline ^c
2019-20	1	\$618	\$617	\$1	0.1%	June 30, 2025
2020-21	2	285	260	25	8.9	June 30, 2026
2021-22	3	760	600	160	21.0	June 30, 2026
2022-23	4	760	516	244	32.2	June 30, 2027
2023-24	5	870	332	537	61.8	June 30, 2028
Totals		\$3,293	\$2,325	\$968	29.4%	

^a Does not include round 6 grants (2024-25 budget appropriation) because they are in the process of being awarded as of February 2026.

^b Amounts allocated to grantees in each round are less than amounts appropriated because some funds are used for state-level HHAP administration and, in more recent rounds, for tribes and a new state housing program (Homekey+).

^c Date by which grantees must spend full award amount.

HHAP = Homeless Housing, Assistance, and Prevention.



Overview of Homeless Housing, Assistance, and Prevention (HHAP) Program

(Continued)

- Statute lays out allowable uses of the funds. At least 10 percent of a grantee's allocation amount must be used for services for homeless youth.
- Grantees have spent their \$2.3 billion in various ways, as the figure below summarizes.

Grantees Have Spent HHAP Funds on Various Purposes

As of December 31, 2025 (In Millions)

Spending Category	Amount
Operating expenses ^a	\$570
Shelters ^b	502
Permanent housing	357
Rapid rehousing ^c	264
Street outreach	234
Prevention and diversion	127
Administrative costs	155
Services coordination ^d	78
Other interim housing	38
Total	\$2,325

^a Funding for housing operations costs (such as staffing, utilities, and facilities maintenance) for shelters and other interim housing, as well as permanent housing.

^b Includes navigation centers, a type of "service-enriched" shelter.

^c Model that provides short- and medium-term rental assistance and support services.

^d Includes connecting people to services such as training programs and mental and primary care treatment.

HHAP = Homeless Housing, Assistance, and Prevention.



Reporting and Accountability Requirements

HHAP's Accountability Framework Has Evolved Over Time

- Application process has shifted from local jurisdictions generally applying individually in early application rounds to (beginning in round 5) needing to apply as part of a region and submitting a regional homelessness action plan.
- Though HHAP's long-term policy goal has always centered on moving individuals and families into permanent housing, round 6 added reducing unsheltered homelessness as an explicit program priority.
- While annual reports have been required since round 1, later rounds added much more regular and comprehensive reporting on fiscal and programmatic data.
 - Various reports and dashboards are available on HCD's HHAP webpage.
- Early rounds identified only a handful of performance measures. Beginning in round 4, the state added seven new metrics to track regional outcomes (known as System Performance Measures [SPMs]). The figure below summarizes these SPMs.

State Has Adopted a Number of System Performance Measures

Each Measure Must Be Disaggregated by Racial/Ethnic and Other Demographic Groups

- Point-in-time count of people experiencing unsheltered homelessness.
- Number of people experiencing homelessness who are accessing services.
- Number of people accessing services who are newly homeless.
- Number of successful placements from street outreach to a shelter or other type of housing.
- Average length of time people engage with services while homeless.
- Number of people exiting homelessness into permanent housing.
- Percent of people returning to homelessness after exiting to permanent housing.



Reporting and Accountability Requirements

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- Earlier rounds initially attempted to create positive performance incentives by setting aside “bonus” HHAP funding for grantees meeting specified outcomes. Due to the state’s fiscal condition, however, these funds were never used for that purpose and instead were swept as budget solution in 2024-25.
- In recent rounds, the state has tied HHAP funding or spending to certain policies it wants to incentivize locals to adopt (such as cities and counties needing a compliant housing element as a condition of receiving their second disbursement).
- For round 6, grantees are being required to meet about two dozen requirements, as shown in the figure on the next page.
- As the state has added requirements, HHAP’s application and award time line has increased significantly.



Reporting and Accountability Requirements

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State Has Many Requirements for Grantees to Receive Round 6 Funding

All Requirements Identified in Statute Unless Otherwise Noted

Required Plans	<ul style="list-style-type: none">• Be a signatory to a regional homelessness action plan that identifies the roles and responsibilities of regional partners. (Can be an updated round 5 plan.) Regional partners must invite specified groups to engage in public stakeholder process and hold at least three public meetings.• Include a system performance and improvement plan that provides “most recent” data on region’s seven SPMs (disaggregated by demographic groups) and describes key actions and other funding sources (local, state, and federal) to be used by regional partners to better SPM outcomes.• Adopt a funding plan detailing how grantee plans to use the grant monies (consistent with allowable spending categories) to improve region’s SPMs.• By January 31, 2027, region must provide an update to its regional homelessness action plan activities that describes key actions, progress on SPMs, and spending activities.
Policy Requirements	<ul style="list-style-type: none">• Have a compliant housing element.^a• Provide status updates and time lines on (1) housing element compliance, (2) housing element implementation, (3) any intention to seek prohousing designation, (4) resolving any housing law violations, (5) creating an inventory of surplus land, and (6) submission of annual progress report.^b• Identify the number of encampments within the region. Specify plans to address them using a formal or informal encampment policy that is consistent with Cal ICH’s guidance.^b
Spending Conditions	<ul style="list-style-type: none">• Grant funds must be spent on defined eligible uses.• Must allocate at least 50 percent of round 6 grant to housing.^b• Must demonstrate how region will sustain all existing interim housing through grant period.• Document the region is able to sustain its current supply of permanent housing.^c
Performance Measures	<ul style="list-style-type: none">• Total number of people served by the program and their demographic information.• Types and amount of housing assistance provided.• Percent of successful exits to housing (by type of housing) and exit types for unsuccessful housing exits.• Seven SPMs, disaggregated by demographic group.
Data/Reporting Requirements	<ul style="list-style-type: none">• Provide monthly fiscal reports to HCD on spending activities.• Report client-level data into local data management system, and that data must be shared quarterly with the statewide data warehouse.• Submit annual reports every April 1 on activities and outcomes through the prior calendar year, with a final April report submitted at the end of the grant period.
Accountability Consequences	<ul style="list-style-type: none">• Grantees cannot receive their initial round 6 disbursement until they have met obligation and expenditure milestones for previously disbursed HHAP round funds. Each grantee also must be in good standing with all reporting requirements for rounds 1 through 5, including fiscal reporting and reporting into local and statewide data systems.• Grantees cannot receive their second round 6 disbursement until they have met obligation and expenditure milestones and have an HCD-approved update to their regional homelessness action plan. If grantee fails to improve on at least half of the region’s SPMs or makes insufficient progress on key actions, HCD may require grantees to provide a corrective action plan to the updated regional homelessness action plan (or funding plans) as a condition of receiving second disbursement.• Grantees that fail by December 31, 2028 to meet expenditure deadlines (or other requirements necessary to receive their second disbursement) must forfeit their second disbursement and return any unspent funds from the first disbursement to be reallocated to other grantees.• Grantees that do not demonstrate in their April reports “significant progress” on regional SPMs must accept technical assistance from HCD, submit a “description of barriers and possible solutions to those barriers,” and “may also be required” by HCD to limit how they spend their HHAP funds.

^a Condition of receiving second disbursement of round 6 funding for cities and counties.

^b Requirements added administratively by HCD (as opposed to by statute). Apply to cities and counties.

^c Requirement applies only to applicants proposing to use round 6 funds to support nonhousing solutions or new interim housing (except new interim housing for youth).

Reporting and Accountability Requirements

(Continued)

Legislature Has Expressed Intent to Modify Accountability Framework for HHAP

- The 2025-26 budget package provides \$500 million one-time General Fund in 2026-27 for a seventh round of HHAP.
- Chapter 650 of 2025 (SB 158, Committee on Budget and Fiscal Review) made allocation of round 7 HHAP funding contingent on enactment of subsequent legislation specifying accountability requirements for grantees, which may include the following:
 - Having a compliant housing element.
 - Having a local encampment policy consistent with administration guidance.
 - Having a prohousing designation.
 - Leveraging local resources to scale state investments.
 - Demonstrating process on “key housing performance metrics.”
 - Demonstrating “urgency and measurable results in housing and homelessness prevention.”
- In addition, before a grantee can receive any round 7 funds, Chapter 650 requires the Director of HCD, in consultation with the Director of the Department of Finance, to declare that (1) HCD has “substantially completed its initial disbursement of round 6 funds” to the grantee and that (2) the grantee has obligated at least 50 percent of its “total round 6 award.”
- Chapter 650 expresses a goal for HCD to disburse HHAP funds to grantees meeting the statutory provisions beginning September 1, 2026.



Issues for Legislative Consideration

- **Accountability Has Evolved Significantly Since Round 1.** The state has strengthened oversight and accountability measures for HHAP over time. In particular, the inclusion of regional action plans helps to set clearer expectations upfront.
- **Are Accountability Requirements Still Missing?** Given that (1) round 6 already has an extensive number of accountability requirements and (2) aspects of the six potential requirements for round 7 (as identified in Chapter 650) are already incorporated in round 6, what other accountability priorities are important to the Legislature? Reporting lags make this difficult to assess.
- **Speedy Distribution Versus Adding New Requirements.** Consider the inherent timing tension in Chapter 650 between (1) potentially modifying/adding to the current accountability framework for round 7 (which could add time for application/disbursement) and (2) the Legislature's stated desire for round 7 funds to be distributed later this summer.
- **Frequency of Regional Plan Submission.** Given that applicants just completed a set of regional and funding plans for round 6, are there opportunities to expedite the application process for round 7?
- **Future of HHAP in Light of Structural Budget Deficits.** Beyond round 7, consider the future of HHAP in light of the state's fiscal challenges (structural deficit).
 - If the Legislature had additional one-time funds, would it want to add to HHAP? What can the state learn from the rate at which funds are being spent? What are the trade-offs of considering a lower amount of annual funding than what the state has been providing?

