

ASSEMBLY BILL

No. 74

**Introduced by Assembly Members Chiu and Santiago
(Coauthor: Assembly Member Mullin)**

December 16, 2016

An act to add Part 14.2 (commencing with Section 53590) to Division 31 of the Health and Safety Code, relating to housing, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

AB 74, as introduced, Chiu. Housing.

Existing law establishes various housing programs directed by the Department of Housing and Community Development (HCD), including special housing programs to provide housing assistance for persons with developmental and physical disabilities and persons with mental health disorders. Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services (DHCS), under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid program provisions.

This bill would require HCD to, on or before October 1, 2018, establish the Housing for a Healthy California Program and on or before April 1, 2019, and every year thereafter, subject to on appropriation by the Legislature, award grants on a competitive basis to eligible grant applicants based on guidelines that HCD would draft, as prescribed, and other requirements. The bill would provide that an applicant is eligible for a grant under the program if the applicant meets specified requirements, including that the applicant identify a source of funding,

as specified, agree to contribute funding for interim and long-term rental assistance, and agree to collect and report data, as specified.

The bill would require an applicant awarded a grant to use the funds for specified purposes, including long-term rental assistance and interim housing. The bill would provide that a county resident is eligible to receive assistance pursuant to a grant awarded under the program if he or she meets specified requirements, including that the person is homeless, is a Medi-Cal beneficiary, is eligible for Supplemental Security Income, is eligible to receive certain services, and is likely to improve his or her health with supportive services. The bill would provide that the program shall be funded upon appropriation by the Legislature. The bill would also authorize HCD, for purposes of implementing these provisions, to enter into exclusive or nonexclusive contracts on a bid or negotiated basis, exempt from specified small business procurement, personal service, and public contracting provisions, and exempt from the review or approval of any division of the Department of General Services. The bill would exempt the program guidelines created by the department from requirements prescribed for administrative regulations. The bill would require HCD to analyze data collected pursuant to the program, as specified, and by October 1, 2020, and subsequently as the program may be funded, to report program data to certain legislative committees, as specified. The bill would appropriate an unspecified amount from the General Fund to the Department of Housing and Community Development for these purposes.

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

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

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

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Homeless beneficiaries incur disproportionate Medi-Cal
- 4 costs, particularly people experiencing chronic homelessness and
- 5 people who cycle between homelessness, emergency departments,
- 6 inpatient care, and nursing home stays. Supportive housing, which
- 7 is affordable housing with intensive services, allows people
- 8 experiencing significant barriers to housing stability to improve
- 9 their health and decrease their Medicaid costs. National studies

1 comparing formerly homeless Medicaid beneficiaries living in
2 supportive housing with homeless beneficiaries receiving usual
3 care demonstrate Medicaid cost savings of almost \$9,000 per year
4 after the costs of services.

5 (b) In most communities in California, a lack of housing
6 affordable to people experiencing homelessness is one of the
7 greatest barriers to exiting homelessness. Housing resources would
8 equip Whole Person Care counties choosing to target homeless
9 people with the resources to achieve the goals of the Whole Person
10 Care Waiver provisions, during the course of the pilot and after
11 the pilot ends. “Whole Person Care pilot” has the meaning as
12 described in the Medi-Cal 2020 Waiver Special Terms and
13 Conditions (STCs), Sections 110-126, as approved by the federal
14 Centers for Medicare and Medicaid Services on December 30,
15 2015, or in any subsequent amendment to the STCs.

16 SEC. 2. Part 14.2 (commencing with Section 53590) is added
17 to Division 31 of the Health and Safety Code, to read:

18

19 PART 14.2. HOUSING FOR A HEALTHY CALIFORNIA
20 PROGRAM

21

22 53590. For purposes of this part, all of the following definitions
23 shall apply:

24 (a) “Applicant” means a county or a city collaborating with a
25 county to secure services funding.

26 (b) “Department” means the Department of Housing and
27 Community Development.

28 (c) “Fair market rent” means the rent, including the cost of
29 utilities, as established by the United States Department of Housing
30 and Urban Development pursuant to Parts 888 and 982 of Title 24
31 of the Code of Federal Regulations, as those parts read on January
32 1, 2018, for units by number of bedrooms, that must be paid in the
33 market area to rent privately owned, existing, decent, safe, and
34 sanitary rental housing of nonluxury nature with suitable amenities.

35 (d) “Homeless” has the same meaning as in Section 578.3 of
36 Title 24 of the Code of Federal Regulations, as that section read
37 on January 1, 2018.

38 (f) “Interim housing” means a safe place for a participant to live
39 temporarily while the participant is waiting to move into a
40 permanent apartment affordable to the participant with rental

1 assistance, and where the participant is not required to pay more
2 than 30 percent of his or her income toward the cost of the interim
3 housing. “Interim housing” may include recuperative or respite
4 care and shall not be funded for longer than a period of nine
5 months.

6 (g) “Long-term rental assistance” means a rental subsidy
7 provided to a housing provider, including a landlord renting in the
8 private market or a developer leasing affordable housing, to assist
9 a tenant to pay the difference between 30 percent of the tenant’s
10 income and fair market rent or reasonable market rent as
11 determined by the department.

12 (h) “Permanent housing” means a housing unit where the
13 landlord does not limit length of stay in the housing unit, the
14 landlord does not restrict the movements of the tenant, and the
15 tenant has a lease and is subject to the rights and responsibilities
16 of tenancy, pursuant to Chapter 2 (commencing with Section 1940)
17 of Title 5 of Part 4 of Division 3 of the Civil Code.

18 (i) “Program” means the Housing for a Healthy California
19 Program created by this part.

20 (j) “Supportive housing” has the same meaning as in Section
21 50675.14.

22 53591. The department shall do all of the following:

23 (a) On or before October 1, 2018, establish the Housing for a
24 Healthy California Program.

25 (b) On or before October 1, 2018, draft guidelines for
26 stakeholder comment to fund competitive grants to pay for interim
27 and long-term rental assistance under the program. The guidelines
28 shall detail competitive scoring criteria that includes, but is not
29 limited to, scoring that awards points based upon all of the
30 following:

31 (1) Need, which includes consideration of the number of
32 individuals experiencing homelessness and the impact of housing
33 costs in the applicant’s geographic area.

34 (2) Ability of the applicant to administer a program offering
35 interim and long-term rental assistance to people experiencing
36 homelessness.

37 (3) The applicant’s documented partnerships with affordable
38 and supportive housing providers in the applicant’s geographic
39 area.

1 (4) A comprehensive plan to connect interim housing, long-term
2 rental assistance, and project-based supportive housing resources.

3 (5) Coordination with (A) community-based housing and
4 homeless service providers, (B) behavioral health providers, and
5 (C), safety net providers, including community health centers.

6 (c) On or before April 1, 2019, and every year thereafter, subject
7 to appropriation by the Legislature, award grants on a competitive
8 basis to eligible grant applicants. If appropriations are made
9 available in future years, applicants shall compete for each round
10 of five-year grants.

11 (d) Midyear and annually, collect data from the Medi-Cal
12 Housing Program grantees.

13 (e) No later than April 1, 2019, contract with an independent
14 evaluator or work with an evaluator who is contracted with the
15 State Department of Health Care Services to analyze data collected
16 pursuant to Section 53593 to determine changes in health care
17 costs associated with services provided under the program. The
18 department shall provide, on a regular basis as needed, collected
19 data to the evaluator.

20 (f) (1) On or before October 1, 2020, for grants awarded in
21 2019, and in subsequent years thereafter in which the program is
22 allocated additional funds, report data collected to the Assembly
23 Committee on Budget, the Senate Committee on Budget and Fiscal
24 Review, the Assembly and Senate committees on health, the
25 Assembly Committee on Housing and Community Development,
26 and the Senate Committee on Transportation and Housing.

27 (2) A report to be submitted pursuant to paragraph (1) shall be
28 submitted in compliance with Section 9795 of the Government
29 Code.

30 (g) The department is encouraged to consult with the State
31 Department of Health Care Services where appropriate to carry
32 out the intent of this section.

33 53592. An applicant shall be eligible for a program grant if the
34 applicant meets the requirements of this section. Eligibility does
35 not create an entitlement to grant funds and is subject to availability
36 of funds. The applicant shall meet all of the following
37 requirements:

38 (a) Identify a source of funding for Housing Transition Services
39 and Tenancy Sustaining Services, as defined in the Centers for
40 Medicare and Medicaid Services' Informational Bulletin regarding

1 Housing-Related Activities and Services for People with
2 Disabilities, issued June 26, 2015. Funding for these services may
3 include, but are not limited to, one or more of the following:

- 4 (1) County general funds.
- 5 (2) Whole Person Care pilot program funds.
- 6 (3) The Health Home Program.
- 7 (4) Other county-controlled funding to provide these services
8 to eligible participants.

9 (b) Agree to contribute funding for interim and long-term rental
10 assistance through an identified source.

11 (c) Has designated a process for administering grant funds
12 through agencies administering housing programs.

13 (d) Agree to collect and report data, as described in Section
14 53593, to the department.

15 53593. (a) The department shall coordinate with the State
16 Department of Health Care Services to match program participant
17 data, consistent with state and federal privacy law, to Medi-Cal
18 data to identify outcomes among participants as well as changes
19 in health care costs associated with housing and services provided
20 under the program to the extent that information is available, up
21 to 12 months prior to each participant's move into permanent
22 housing, as well as changes in costs after each participant's move
23 into permanent housing.

24 (b) An applicant awarded grant funds shall, at annual and
25 midyear intervals, report all of the following data to the department:

26 (1) Data specified by the department necessary to measure the
27 costs and outcomes of the program.

28 (2) The number of participants and the type of interventions
29 offered through grant funds.

30 (3) The number of participants living in supportive housing or
31 other permanent housing.

32 53594. An applicant shall use grants awarded pursuant to this
33 part for one or more of the following, which may be administered
34 through a housing pool:

35 (a) Long-term rental assistance for periods of up to five years.

36 (b) A capitalized operating reserve for up to 15 years to pay for
37 operating costs of an apartment or apartments within a development
38 receiving public funding to provide supportive housing to people
39 experiencing homelessness.

40 (c) Interim housing.

1 (d) A county's administrative costs for up to 3 percent of the
2 total grant awarded.

3 53595. A county resident is eligible to receive assistance
4 pursuant to a grant awarded under the program if he or she meets
5 all of the following requirements:

6 (a) Is homeless upon initial eligibility.

7 (b) Is a Medi-Cal beneficiary.

8 (c) Is eligible for Supplemental Security Income.

9 (d) Is eligible to receive services under a program providing
10 services promoting housing stability, including, but not limited to,
11 the following:

12 (1) The Whole Person Care pilot program.

13 (2) Health Home Program.

14 (3) A locally controlled services program funding or providing
15 services in supportive housing.

16 (e) Is likely to improve his or her health conditions with
17 supportive housing.

18 53596. The program shall be funded upon appropriation by
19 the Legislature. The Legislature shall consider the impact that
20 housing and supportive services have had in changing utilization
21 and health care costs, as identified in the evaluation described in
22 Section 53591, of moving eligible participants into supportive
23 housing.

24 53597. The department shall reimburse the State Department
25 of Health Care Services for the costs of collaborating in matching
26 and providing relevant data. The department shall use no more
27 than 5 percent of the funds appropriated for the program for
28 purposes of administering the program.

29 53598. (a) For purposes of implementing this part, the
30 department may enter into exclusive or nonexclusive contracts on
31 a bid or negotiated basis. Contracts entered into or amended
32 pursuant to this subdivision shall be exempt from Chapter 6
33 (commencing with Section 14825) of Part 5.5 of Division 3 of
34 Title 2 of the Government Code, Section 19130 of the Government
35 Code, and Part 2 (commencing with Section 10100) of Division
36 2 of the Public Contract Code and shall be exempt from the review
37 or approval of any division of the Department of General Services.

38 (b) Any guidelines that are adopted, amended, or repealed to
39 implement this chapter shall not be subject to Chapter 3.5

1 (commencing with Section 11340) of Part 1 of Division 3 of Title
2 2 of the Government Code.

3 SEC. 3. The sum of ____ dollars (\$____) is hereby appropriated
4 from the General Fund to the Department of Housing and
5 Community Development to carry out the purposes of the Housing
6 for a Healthy California Program (Part 14.2 (commencing with
7 Section 53590) of Division 31 of the Health and Safety Code).

8 SEC. 4. This act is a bill providing for appropriations related
9 to the Budget Bill within the meaning of subdivision (e) of Section
10 12 of Article IV of the California Constitution, has been identified
11 as related to the budget in the Budget Bill, and shall take effect
12 immediately.

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