

**ASSEMBLY BILL**

**No. 702**

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**Introduced by Assembly Member Salas**

February 26, 2009

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An act to add Chapter 11.7 (commencing with Section 50810) to Part 2 of Division 31 of the Health and Safety Code, relating to housing and community development.

LEGISLATIVE COUNSEL'S DIGEST

AB 702, as introduced, Salas. Veterans Housing and Assistance Program.

Under existing law, the Emergency Housing and Assistance Program, the Department of Housing and Community Development is authorized to make grants from the continuously appropriated Emergency Housing and Assistance Fund to local governments and nonprofit organizations to provide emergency or temporary housing for the homeless, as specified.

This bill would establish the Veterans Housing and Assistance Program, under which the Department of Housing and Community Development would be authorized to make grants from the Veterans Housing and Assistance Fund, upon appropriation by the Legislature, to local governments and nonprofit organization to provide emergency or temporary housing for homeless veterans, as specified. The bill would authorize the department to adopt regulations, including emergency regulations, for the administration of the program.

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

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

1 SECTION 1. Chapter 11.7 (commencing with Section 50810)  
2 is added to Part 2 of Division 31 of the Health and Safety Code,  
3 to read:

4  
5 CHAPTER 11.7. VETERANS HOUSING AND ASSISTANCE PROGRAM  
6

7 50810. (a) It is the intent of the Legislature to encourage the  
8 provision of shelter, with effective personal rehabilitation and  
9 self-sufficiency development services, to homeless veterans at as  
10 low a cost and as quickly as possible, without compromising the  
11 health and safety of shelter occupants. It is also the intent of the  
12 Legislature to encourage the move of homeless veterans from  
13 shelters to a self-supporting environment as soon as possible, to  
14 encourage provision of services for as many veterans at risk of  
15 homelessness as possible, to encourage compatible and effective  
16 funding of homeless services, and to encourage coordination among  
17 public agencies that fund or provide services to homeless veterans.  
18 Because many communities currently provide shelter and limited  
19 services only during cold and wet weather to veterans who are  
20 unable or unwilling to comply with traditional housing programs  
21 and because year-round shelter will encourage these individuals  
22 to accept services and move toward permanent housing, it is also  
23 the intent of the Legislature to increase the availability of  
24 year-round shelter to meet the special needs of those veterans,  
25 including a Safe Haven that provides supportive housing for  
26 seriously mentally ill homeless veterans.

27 (b) There is hereby created the Veterans Housing and Assistance  
28 Program.

29 (c) To the extent possible, the Veterans Housing and Assistance  
30 Program shall not conflict with the federal Stewart B. McKinney  
31 Homeless Assistance Act, as approved on July 22, 1987, cited as  
32 Public Law 100-77, as it is, from time to time, amended, and  
33 regulations promulgated thereunder by the United States  
34 Department of Housing and Urban Development, or its successor.

35 50810.1. (a) There is hereby created in the State Treasury the  
36 Veterans Housing and Assistance Fund. All moneys in the fund  
37 shall, upon appropriation by the Legislature, be used by the  
38 department to carry out the purposes of this chapter. Any

1 repayments, interest, or new appropriations shall be deposited in  
2 the fund, notwithstanding Section 16305.7 of the Government  
3 Code. Money in the fund shall not be subject to transfer to any  
4 other fund pursuant to any provision of Part 2 (commencing with  
5 Section 16300) of Division 4 of Title 2 of the Government Code,  
6 except to the Surplus Money Investment Fund.

7 (b) The department may require the transfer of moneys in the  
8 Veterans Housing and Assistance Fund to the Surplus Money  
9 Investment Fund for investment pursuant to Article 4 (commencing  
10 with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title  
11 2 of the Government Code. All interest, dividends, and pecuniary  
12 gains from these investments shall accrue to the Veterans Housing  
13 and Assistance Fund, notwithstanding Section 16305.7 of the  
14 Government Code.

15 50810.3. As used in this chapter:

16 (a) “Department” means the Department of Housing and  
17 Community Development.

18 (b) “Designated local board” means a group, including social  
19 service providers and a representative of local government, that  
20 has met department requirements for distribution of grants allocated  
21 by the department pursuant to this chapter.

22 (c) “Director” means the Director of Housing and Community  
23 Development.

24 (d) “Eligible organization” means an agency of local government  
25 or a nonprofit corporation that provides, or contracts with  
26 community organizations to provide, emergency shelter or  
27 transitional housing for veterans, or both.

28 (e) “Emergency shelter” means housing with minimal supportive  
29 services for homeless veterans that is limited to occupancy of six  
30 months or less by a homeless veteran. No individual or household  
31 may be denied emergency shelter because of an inability to pay.

32 (f) “Nonurban county” means any county with a population of  
33 less than 200,000, as published in the most recent edition of  
34 Population Estimates of California Cities and Counties, E-1,  
35 prepared by the Department of Finance, Population Research Unit.

36 (g) “Region” means a county or a consortium of counties  
37 voluntarily banding together by action of a designated local board.

38 (h) “Safe Haven” means supportive housing for seriously  
39 mentally ill homeless veterans, many of whom have cooccurring

1 substance abuse problems, that have been unable or unwilling to  
2 participate in high-demand housing programs.

3 (i) “Transitional housing” means housing with supportive  
4 services for up to 24 months that is exclusively designated and  
5 targeted for recently homeless veterans. Transitional housing  
6 includes self-sufficiency development services, with the ultimate  
7 goal of moving recently homeless veterans to permanent housing  
8 as quickly as possible, and limits rents and service fees to an  
9 ability-to-pay formula reasonably consistent with the United States  
10 Department of Housing and Urban Development’s requirements  
11 for subsidized housing for low-income persons. Rents and service  
12 fees paid for transitional housing may be reserved, in whole or in  
13 part, to assist residents in moving to permanent housing.

14 (j) “Urban county” means any county that is not a nonurban  
15 county.

16 (k) “Veteran” shall have the same meaning as provided in  
17 Section 980 of the Military and Veterans Code.

18 50810.5. (a) The department shall adopt regulations for the  
19 administration of the Veterans Housing and Assistance Program.  
20 The regulations shall govern the equitable distribution of funds in  
21 accordance with the intent and provisions of this chapter, and shall  
22 ensure that the program is administered in an effective and efficient  
23 manner. The regulations shall provide for reasonable delegation  
24 of authority to designated local boards, ensure that local priorities  
25 and criteria are reasonably designed to address the needs of  
26 homeless veterans, and ensure that designated local boards meet  
27 reasonable standards of inclusiveness, accountability,  
28 nondiscrimination, and integrity.

29 (b) The regulations adopted pursuant to this section shall ensure  
30 that emergency shelter and services will be provided on a  
31 first-come-first-served basis for whatever time periods are  
32 established by the shelter. No individual or household may be  
33 denied shelter or services because of an inability to pay. Nothing  
34 in this provision shall be construed to preclude a shelter from  
35 accepting payment vouchers provided through any other public or  
36 private program so long as no shelter beds are reserved beyond  
37 sundown for that purpose. Notwithstanding Section 11135 of the  
38 Government Code or any other provision of law, nothing in this  
39 section shall be construed to preclude a provider of emergency

1 shelter or transitional housing from restricting occupancy on the  
2 basis of any of the following:

3 (1) Sex.

4 (2) In the case of an emergency shelter or transitional housing  
5 offered exclusively to veterans 24 years of age or younger pursuant  
6 to Section 11139.3 of the Government Code, on the basis of age.

7 However, in the case of families, providers of emergency shelter  
8 or transitional housing shall provide, to the greatest extent feasible,  
9 adequate facilities within their range of services so that all members  
10 of a family may be housed together, regardless of age and gender.

11 50810.7. (a) The department shall ensure that not less than 20  
12 percent of the moneys in the Veterans Housing and Assistance  
13 Fund shall be allocated to nonurban counties during any given  
14 fiscal year. If the funds designated for facilities operation that are  
15 allocated to nonurban counties are not awarded by the end of that  
16 fiscal year, then those unencumbered funds shall be allocated in  
17 the next fiscal year to urban counties. Funds for capital  
18 development that are not awarded by the end of the second fiscal  
19 year shall be awarded in the subsequent fiscal year to urban  
20 counties.

21 (b) The amount of funds that the department allocates from the  
22 Veterans Housing and Assistance Fund to each region, excluding  
23 funds allocated pursuant to subdivision (a), shall be based upon a  
24 formula that accords at least 20 percent weight to each of the  
25 following factors:

26 (1) The relative number of persons in the region below the  
27 poverty line according to the most recent federal census, updated,  
28 if possible, with an estimate by the Department of Finance,  
29 compared to the total of the urban counties.

30 (2) The relative number of persons unemployed within each  
31 region, based on the most recent one-year period for which data  
32 is available, compared to the total of the urban counties.

33 (c) Grant funds shall be disbursed as expeditiously as possible  
34 by the department.

35 (d) The department shall use not more than 5 percent of the  
36 amount available for funds pursuant to this chapter to defray the  
37 department's administrative costs pursuant to this chapter.

38 (e) Notwithstanding any other provision of this chapter, the  
39 department shall distribute funds appropriated for purposes of the  
40 activities specified in paragraph (2) of subdivision (a) of Section

1 50810.13 as grants in the form of forgivable deferred loans, subject  
2 to all of the following:

3 (1) Funding shall be made available to each project as a loan  
4 with a term of five years for rehabilitation, seven years for  
5 substantial rehabilitation, or 10 years for acquisition and  
6 rehabilitation or new construction. Each deferred loan shall be  
7 secured by a deed of trust and promissory note. Repayment of the  
8 loan shall be deferred as long as the project is used as an emergency  
9 shelter or transitional housing. At the completion of the specified  
10 year term, the loan shall be forgiven. If a transfer or conveyance  
11 of the project property, however, occurs prior to that time that  
12 results in the property no longer being used as an emergency shelter  
13 or transitional housing, the department shall terminate the grant  
14 and require the repayment of the deferred loan in full.

15 (2) Applications for funding shall be made pursuant to  
16 department-issued statewide “Notices of Funding Availability”  
17 without the need for additional regulations.

18 (3) The department shall set forth the criteria for evaluating  
19 applications in the “Notices of Funding Availability” and shall  
20 make deferred loans based on those applications that best meet the  
21 criteria.

22 (4) The department shall specify in the “Notice of Funding  
23 Availability” both maximum and minimum grant amounts that  
24 may be varied for urban and nonurban counties.

25 (5) Contracts for projects that have not begun construction  
26 within the initial 12-month period shall be terminated and funds  
27 reallocated. The department, however, may extend this period by  
28 a period not to exceed 12 months.

29 50810.9. (a) A designated local board or a county shall be  
30 eligible for its specified allotment by submitting to the department  
31 a one-page application requesting the funding. The application  
32 shall briefly state how the county’s proposed use of the funds is  
33 consistent with Section 50809.11 and shall designate the grant  
34 recipient or recipients for the funds.

35 (b) The department shall disburse the specified allotments to  
36 the grant recipient or recipients no later than 30 days after receipt  
37 of the application, if the department determines that the application  
38 is consistent with subdivision (a).

1 (c) The department shall allocate these additional Emergency  
2 Housing and Assistance Program funds above the base year amount  
3 consistent with Section 50810.7.

4 (d) The department's administrative costs shall not exceed the  
5 amount provided for in subdivision (d) of Section 50810.7.

6 50810.11. (a) The department shall issue a notice or notices  
7 of funding availability to potential applicants and designated local  
8 boards, as applicable, as soon as possible after funding becomes  
9 available for the Veterans Housing and Assistance Program. Each  
10 notice of funding availability shall indicate the amounts and types  
11 of funds available under this program.

12 (b) A designated local board, or the department in the absence  
13 of a designated local board, shall solicit, receive, and select among  
14 applications for grants pursuant to this chapter from eligible  
15 organizations through an open, fair, and competitive process. These  
16 applications shall be ranked and selected by a designated local  
17 board, or by the department in the absence of a designated local  
18 board.

19 (c) Notwithstanding subdivision (b), the department may restrict  
20 a designated local board from selecting any application requesting  
21 a grant for capital developments if the amount requested by the  
22 application exceeds the limits determined by the department, and  
23 the department determines that the designated local board is not  
24 qualified to evaluate the application. The department shall establish  
25 criteria for distinguishing between a designated local board that  
26 may be so restricted and a designated local board that would not  
27 be so restricted. A designated local board may appeal to the  
28 director, or to the director's designee, any decision made by the  
29 department pursuant to this subdivision. The department, by June  
30 30, \_\_\_\_\_, shall consider increasing the maximum grant limits to  
31 \_\_\_\_\_ dollars (\$\_\_\_\_\_) for operating grants and \_\_\_\_\_ dollars (\$\_\_\_\_\_) for capital grants.

33 (d) The department, or the designated local board, as applicable,  
34 shall not grant more than \_\_\_\_\_ dollars (\$\_\_\_\_\_) to any eligible  
35 organization within a region in a funding round even if the eligible  
36 organization has filed multiple applications.

37 (e) The department shall determine requirements of the grant  
38 contract and shall contract directly with the grant recipient. The  
39 department shall not delegate this function to the designated local  
40 boards. Eligible designated local boards may use a percentage of

1 the regional award funds to defray administrative costs. The  
2 department shall establish this percentage, which shall not exceed  
3 2 percent.

4 (f) The designated local board shall regulate the performance  
5 of any grant contract within their region, subject to department  
6 oversight and requirements established by the department.

7 (g) The department shall not perform a secondary rating or  
8 ranking review on those grant applications that have been solicited,  
9 received, and selected by a designated local board according to a  
10 local ranking criterion that has been approved by the department.

11 (h) In addition, the funding limitations contained in this section  
12 shall not apply to the appropriation in that budget item.

13 50810.13. (a) Grants awarded by the department pursuant to  
14 this chapter shall be used by a grant recipient to defray costs of  
15 eligible activities defined in department regulations, including, but  
16 not limited to, any of the following activities:

17 (1) Operating facilities, including, but not limited to, operations  
18 staff salaries, maintenance, repair, utilities, equipment, and debt  
19 reduction.

20 (2) Providing for capital development programs, such as  
21 acquisition, leasing, construction, and rehabilitation of sites for  
22 emergency shelter and transitional housing for homeless veterans.

23 (3) Administrative costs.

24 (4) Operating expenses relating to supervising and counseling  
25 clients.

26 (5) Providing residential rental assistance.

27 (6) Leasing or renting rooms for provision of temporary shelter.

28 (b) Funds allocated to a nonurban county pursuant to subdivision  
29 (a) of Section 50810.7 may be used to pay the cost of leasing or  
30 renting individual units, hotel rooms, or motel rooms for use as  
31 emergency shelters. No more than 15 percent of the funds allocated  
32 to a region other than a nonurban county shall be expended for  
33 this purpose.

34 (c) By regulation, the department shall establish a level, not to  
35 exceed 5 percent of a grant award, which any eligible recipient  
36 may use to defray administrative costs.

37 50810.15. Each designated local board shall provide a process  
38 for appeal of its decisions and comply with the requirements of  
39 this chapter and the regulations promulgated hereunder.

1 50810.17. (a) Each designated local board shall submit a local  
2 emergency shelter strategy for its region to the department for  
3 approval describing the procedures for complying with  
4 requirements pursuant to this chapter and the regulations  
5 promulgated thereunder. The department shall establish, by  
6 regulation, the types of information that each designated local  
7 board shall include in the strategy, including, but not limited to,  
8 each of the following:

9 (1) A statement of goals and how goals will be achieved.

10 (2) A statement of priorities and how the priorities complement  
11 the local continuum of care planning process.

12 (3) A description of the application process and ranking criteria  
13 for the Veterans Housing and Assistance Program.

14 (4) Copies of application forms for the Veterans Housing and  
15 Assistance Program that the designated local board will use to  
16 evaluate requests for grants.

17 (5) A statement of how grant recipients shall be encouraged to  
18 develop year-round emergency shelters and transitional housing  
19 to meet the diverse needs of the homeless veterans population that  
20 include families, youth, and persons with physical and mental  
21 disabilities, people who are addicted to alcohol and drugs, people  
22 living with HIV/AIDS, the elderly, and pregnant women. Also, a  
23 description of how the local plan serves the needs of veterans and  
24 their families at risk of homelessness as a result of eviction.

25 (b) The department shall establish a deadline, by which date the  
26 designated local board shall be required to submit a strategy for  
27 the department's review.

28 (c) Upon the department's approval of a strategy, the designated  
29 local board shall make the strategy broadly available to shelter and  
30 service providers and to other interested persons in its region.

31 50810.19. (a) Project budgets may be changed, within limits  
32 established by the department.

33 (b) Funds allocated to a region shall remain available for funding  
34 applications within the region for a time period or dollar limit to  
35 be specified by department regulations. The department may  
36 designate a time period or dollar limit for the distribution of capital  
37 development funds that is different from the time period or dollar  
38 limit for the distribution of noncapital development funds. When  
39 the designated local board is unable to distribute funds during the

1 time period designated by the department, the funds shall revert  
2 to the fund for distribution.

3 50810.21. (a) The director shall establish a statewide advisory  
4 body on emergency and transitional housing. The department shall  
5 consult with the advisory body in the development of regulations  
6 and guidelines for certification of designated local boards,  
7 requirements for the local emergency shelter strategies, assessment  
8 of statewide needs of homeless veterans and providers of services  
9 to homeless veterans, coordination of services and funds of state  
10 agencies, and general guidance and direction related to this chapter.  
11 The director shall establish, and the department shall begin  
12 consulting with, the advisory body within 30 days of the operative  
13 date of the act that adds this chapter.

14 (b) The advisory body established pursuant to this section shall  
15 be appointed by, and serve at the pleasure of, the director and shall  
16 represent a broad range of representatives of designated local  
17 boards, emergency shelter providers, and transitional housing  
18 providers from throughout the state. There shall be at least one  
19 member who is a homeless or formerly homeless veteran; at least  
20 one member who represents a statewide nonprofit advocacy  
21 organization concerned with veterans; at least one member who  
22 represents a statewide nonprofit advocacy organization concerned  
23 with homelessness and low-cost affordable housing; one member  
24 who represents a designated local board; one member who  
25 represents a federal interagency council concerned with veterans'  
26 issues; one member who represents a federal interagency council  
27 concerned with homeless issues; one member representing state  
28 services for homeless persons; one member representing state  
29 services for veterans; one member who is a residential building  
30 owner or manager; one member who is a commercial building  
31 owner or manager; and one member of the public. The department  
32 shall not use funds made available pursuant to this chapter to fund  
33 the activities of the advisory body.

34 50810.23. The department may adopt emergency regulations  
35 to implement this chapter, with respect to award of funds and the  
36 administration of the program, to the extent necessary before the  
37 department issues the first notice of funding availability pursuant  
38 to Section 50810.11. The adoption of emergency regulations shall  
39 be conclusively presumed to be necessary for the immediate  
40 preservation of the public peace, health, safety, or general welfare

1 within the meaning, or purposes, of Section 11346.1 of the  
2 Government Code. Any changes in regulations made by the  
3 department pursuant to this section shall be identified in the notice  
4 of funding availability published by the department pursuant to  
5 Section 50810.11.

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