

**Assembly Bill No. 2821**

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Passed the Assembly August 29, 2016

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*Chief Clerk of the Assembly*

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Passed the Senate August 23, 2016

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2016, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to add Part 14.2 (commencing with Section 53590) to Division 31 of the Health and Safety Code, relating to housing.

## LEGISLATIVE COUNSEL'S DIGEST

AB 2821, Chiu. Housing for a Healthy California Program.

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, 2017, establish the Housing for a Healthy California Program and on or before April 1, 2018, and every year thereafter, subject to 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, 2019, and subsequently as the program may be funded, to report program data to certain legislative committees, as specified. The bill would condition implementation of these provisions upon an appropriation provided for this purpose.

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

SECTION 1. The Legislature finds and declares all of the following:

(a) Homeless beneficiaries incur disproportionate Medi-Cal costs, particularly people experiencing chronic homelessness and people who cycle between homelessness, emergency departments, inpatient care, and nursing home stays. Supportive housing, which is affordable housing with intensive services, allows people experiencing significant barriers to housing stability to improve their health and decrease their Medicaid costs. National studies comparing formerly homeless Medicaid beneficiaries living in supportive housing with homeless beneficiaries receiving usual care demonstrate Medicaid cost savings of almost \$9,000 per year after the costs of services.

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

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

PART 14.2. HOUSING FOR A HEALTHY CALIFORNIA  
PROGRAM

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

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

(b) “DHCS” means the State Department of Health Care Services.

(c) “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, 2017, 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.

(d) “HCD” means the Department of Housing and Community Development.

(e) “Homeless” has the same meaning as in Section 578.3 of Title 24 of the Code of Federal Regulations, as that section read on January 1, 2017.

(f) “Interim housing” means a safe place for a participant to live temporarily while the participant is waiting to move into a permanent apartment affordable to the participant with rental assistance, and where the participant is not required to pay more than 30 percent of his or her income toward the cost of the interim housing. “Interim housing” may include recuperative or respite care and shall not be funded for longer than a period of nine months.

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

(h) “Permanent housing” means a housing unit where the landlord does not limit length of stay in the housing unit, the

landlord does not restrict the movements of the tenant, and the tenant has a lease and is subject to the rights and responsibilities of tenancy, pursuant to Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code.

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

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

53591. HCD shall do all of the following:

(a) On or before October 1, 2017, establish the Housing for a Healthy California Program.

(b) On or before October 1, 2017, draft guidelines for stakeholder comment to fund competitive grants to pay for interim and long-term rental assistance under the program. The guidelines shall detail competitive scoring criteria that includes, but is not limited to, scoring that awards points based upon all of the following:

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

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

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

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

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

(c) On or before April 1, 2018, and every year thereafter, subject to appropriation by the Legislature, award grants on a competitive basis to eligible grant applicants. If appropriations are made available in future years, applicants shall compete for each round of five-year grants.

(d) Midyear and annually, collect data from the program grantees.

(e) No later than April 1, 2018, contract with an independent evaluator or work with an evaluator who is contracted with DHCS

to analyze data collected pursuant to Section 53573 to determine changes in health care costs associated with services provided under the program. HCD shall provide, on a regular basis as needed, collected data to the evaluator.

(f) (1) On or before October 1, 2019, for grants awarded in 2018, and in subsequent years thereafter in which the program is allocated additional funds, report data collected to the Assembly Committee on Budget, the Senate Committee on Budget and Fiscal Review, the Assembly and Senate committees on health, the Assembly Committee on Housing and Community Development, and the Senate Committee on Transportation and Housing.

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

(g) HCD is encouraged to consult with DHCS where appropriate to carry out the intent of this section.

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

(a) Identify a source of funding for Housing Transition Services and Tenancy Sustaining Services, as defined in the Centers for Medicare and Medicaid Services' Informational Bulletin regarding Housing-Related Activities and Services for People with Disabilities, issued June 26, 2015. Funding for these services may include, but are not limited to, one or more of the following:

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

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

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

(d) Agree to collect and report data, as described in Section 53593, to HCD.

53593. (a) HCD shall coordinate with DHCS to match program participant data, consistent with state and federal privacy law, to

Medi-Cal data to identify outcomes among participants as well as changes in health care costs associated with housing and services provided under the program to the extent that information is available, up to 12 months prior to each participant's move into permanent housing, as well as changes in costs after each participant's move into permanent housing.

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

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

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

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

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

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

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

(c) Interim housing.

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

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

(a) Is homeless upon initial eligibility.

(b) Is a Medi-Cal beneficiary.

(c) Is eligible for Supplemental Security Income.

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

(1) The Whole Person Care pilot program.

(2) Health Home Program.

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

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

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

53597. HCD shall reimburse DHCS for the costs of collaborating in matching and providing relevant data. HCD shall use no more than 5 percent of the funds appropriated for the program for purposes of administering the program.

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

(b) Any guidelines that are adopted, amended, or repealed to implement this chapter shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

53599. Implementation of this part shall be contingent on an appropriation provided for this purpose in the annual Budget Act or other measure.

















Approved \_\_\_\_\_, 2016

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*Governor*