

AMENDED IN SENATE APRIL 26, 1999

AMENDED IN SENATE APRIL 12, 1999

SENATE BILL

No. 781

Introduced by Senator Speier

February 25, 1999

An act to add Chapter 18 (commencing with Section 50898) to Part 2 of Division 31 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 781, as amended, Speier. Housing subsidies: ~~high-cost~~ counties.

Existing law sets forth the duties of the Department of Housing and Community Development in administering various housing programs in the state.

This bill would require the department to implement a housing subsidy program to be administered by ~~high-cost~~ counties, ~~as defined~~, at their option, pursuant to which families who are successfully meeting participation requirements under the welfare-to-work component of the CalWORKs program, or who are certain former CalWORKs recipients whose income is less than 150% of the federal poverty level, would receive subsidies for rent for up to 3 years, at specified levels. It would require a county applying to provide subsidies to provide a 15% match, and would authorize the county to develop criteria for eligibility for the program in addition to that set forth in the bill, and to

designate a local agency or community-based organization to implement the program.

The bill would require participating counties to provide a status report to the department by March 1, 2003, and would require the department to report to the Legislature by September 1, 2003, on 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. The Legislature finds and declares the
- 2 following:
- 3 (a) According to nationwide research, California has
- 4 the greatest number of low-income renters facing
- 5 unaffordable rents, substandard conditions, or both.
- 6 (b) The average monthly rents in high-cost areas of
- 7 the state are as much as 60 percent or more above the
- 8 statewide median.
- 9 (c) The average rents in high-cost counties are almost
- 10 double the maximum aid payment for CalWORKs
- 11 families.
- 12 (d) Families in high-cost areas are increasingly at risk
- 13 of homelessness as they struggle month to month to meet
- 14 their basic needs.
- 15 (e) Research studies have proven that subsidized
- 16 housing stabilizes families at risk of homelessness and
- 17 helps families move toward self-sufficiency.
- 18 (f) Thousands of low-income California families will
- 19 be required to participate in work activities for a
- 20 minimum of 32 hours per week beginning July 1999 and
- 21 must find self-sustaining employment within five years or
- 22 face losing their CalWORKs benefits.
- 23 (g) Counties are finding that families who face
- 24 housing crises have more difficulty meeting the
- 25 CalWORKs participation requirements and progressing
- 26 toward self-sufficiency.
- 27 (h) High housing costs and long waiting lists are
- 28 rendering current federal housing programs ineffective.
- 29 Section 8 waiting lists in high-cost counties are either



1 closed or are so long that it takes a family more than five
2 years to move to the top of the list to receive a subsidy.
3 Low-income families in high-cost counties have extreme
4 difficulty using Section 8 certificates because the HUD
5 fair market rents (FMRs) on which federal Section 8
6 certificates are based do not accurately reflect the
7 extremely high rents.

8 (i) It is therefore the intent of the Legislature to
9 establish a transitional and time-limited housing subsidy
10 program for CalWORKs families living in high-cost
11 counties that encourages work and provides CalWORKs
12 families with a cash rental subsidy to help them meet
13 their basic needs and progress toward self-sufficiency.

14 SEC. 2. Chapter 18 (commencing with Section 50898)
15 is added to Part 2 of Division 31 of the Health and Safety
16 Code, to read:

17
18 CHAPTER 18. HOUSING SUBSIDIES FOR ~~HIGH-COST~~
19 COUNTRIES
20

21 50898. (a) ~~(1)~~The Department of Housing and
22 Community Development shall implement a housing
23 subsidy program to be administered by ~~high-cost~~
24 counties, at their option.

25 ~~(2) For purposes of this section, a “high-cost county”~~
26 ~~is a county in which the United States Department of~~
27 ~~Housing and Urban Development Fair Market Rent~~
28 ~~(FMR) for a two bedroom apartment is 50 percent or~~
29 ~~higher above the statewide median for regions defined by~~
30 ~~the federal department. The definition of “high-cost~~
31 ~~county” should be reexamined annually to ensure that~~
32 ~~counties who experience housing shortages for~~
33 ~~low-income families are included in this program.~~

34 (b) (1) The subsidy provided under this section shall
35 be applied for the benefit of families who are successfully
36 meeting participation requirements under the
37 welfare-to-work component of the CalWORKs program
38 pursuant to Article 3.2 (commencing with Section 11320)
39 of Chapter 2 of Part 3 of Division 9 of the Welfare and
40 Institutions Code, or former CalWORKs recipients who



1 are receiving retention services within one year of
2 receipt of aid and whose income level is less than 150
3 percent of the federal poverty level.

4 (2) *To be eligible for a subsidy under this section, a*
5 *family must be paying 50 percent or more of their income*
6 *for rent.*

7 (c) Individual subsidies under this section shall be
8 limited to the fair market rents in the local area, as
9 defined by an acceptable market study, and shall be
10 applied for no longer than a total of three years, as follows:

11 (1) In the first year, 50 percent of the family's rent shall
12 be subsidized.

13 (2) In the second year, 40 percent of the family's rent
14 shall be subsidized.

15 (3) In the third year, 30 percent of the family's rent
16 shall be subsidized.

17 (d) Rental units subsidized under this program shall
18 meet acceptable housing quality standards.

19 (e) A county applying to provide subsidies pursuant to
20 this section shall provide a 15-percent match, which may
21 include funds from the county's CalWORKs single
22 allocation or county maintenance-of-effort funds under
23 the CalWORKs program, or other county funds to the
24 extent not in conflict with federal law. County funds
25 expended on housing case management linked to this
26 program shall count toward the required match. County
27 funds currently being expended on housing assistance
28 programs for needy adults may also be counted toward
29 the 15-percent match requirement.

30 (f) Eligible counties shall be allocated a dollar amount
31 based on a formula that takes into account the size of the
32 county CalWORKs population, the number of
33 CalWORKs families paying more than ~~60~~ 50 percent of
34 their grant and income in rent, and the HUD Fair Market
35 Rent levels. The formula shall be determined by a work
36 group comprised of representatives from the county
37 welfare department and the Department of Housing and
38 Community Development.

39 (g) A county providing subsidies pursuant to this
40 section may develop criteria for eligibility for the



1 program in addition to that set forth in this section, and
2 may designate a local agency, including the county
3 welfare department, or community-based organization
4 to implement the program. All counties that choose to
5 participate in the program shall develop a county
6 CalWORKs housing stabilization plan that outlines the
7 program design and includes details about the population
8 to be served, the amount and source of the local matching
9 funds, a description of how housing quality standards will
10 be met, and evidence of consultation with local
11 stakeholders. If the local agency designated to implement
12 the program is not the county welfare department, the
13 county welfare department shall participate in the
14 development of the plan. The County CalWORKs
15 Housing Stabilization Plan shall be approved by the board
16 of supervisors in each county.

17 *(h) Each participating county shall provide to the*
18 *department by March 1, 2003, a status report on its*
19 *specific subsidy program to enable the department to*
20 *complete its report to the Legislature required by*
21 *subdivision (i).*

22 *(i) Notwithstanding Section 7550.5 of the Government*
23 *Code, the department by September 1, 2003, shall submit*
24 *to the Legislature a report on the status of the subsidy*
25 *program.*

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