AMENDED IN ASSEMBLY AUGUST 23, 1999

AMENDED IN ASSEMBLY JULY 8, 1999

AMENDED IN SENATE JUNE 15, 1999

AMENDED IN SENATE JUNE 9, 1999

AMENDED IN SENATE APRIL 26, 1999

AMENDED IN SENATE APRIL 12, 1999

SENATE BILL No. 781

Introduced by Senator Speier
(Coauthors: Assembly Members Bock and Shelley)

February 25, 1999

An act to add Chapter 16 (commencing with Section 18998) to Part 6 of Division 9 of the Welfare and Institutions Code, relating to housing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 781, as amended, Speier. Housing subsidies: counties.

Existing law sets forth the duties of the State Department of Social Services in administering various public assistance programs in the state.

This bill would require the department to oversee a rental housing subsidy program to be administered by counties, 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 receiving 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. It would provide that counties implementing the program and meeting its requirements would receive funds necessary to operate the program within their CalWORKs single allocation.

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.

The bill would appropriate $5,000,000 from federal Temporary Assistance for Needy Families (TANF) block grant funds to the department for funding the rental housing subsidy program.

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

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

SECTION 1. The Legislature finds and declares the following:

(a) According to nationwide research, California has the greatest number of low-income renters facing unaffordable rents, substandard conditions, or both.

(b) The average monthly rents in high-cost areas of the state are as much as 60 percent or more above the statewide median.

(c) The average rents in high-cost counties are almost double the maximum aid payment for CalWORKs families.

(d) Families in high-cost areas are increasingly at risk of homelessness as they struggle month to month to meet their basic needs.

(e) Research studies have proven that subsidized housing stabilizes families at risk of homelessness and helps families move toward self-sufficiency.

(f) Thousands of low-income California families will be required to participate in work activities for a minimum of 32 hours per week beginning July 1999 and must find self-sustaining employment within five years or face losing their CalWORKs benefits.

(g) Counties are finding that families who face housing crises have more difficulty meeting the CalWORKs participation requirements and progressing toward self-sufficiency.

(h) High housing costs and long waiting lists are rendering current federal housing programs ineffective. Section 8 waiting lists in high-cost counties are either closed or are so long that it takes a family more than five years to move to the top of the list to receive a subsidy. Low-income families in high-cost counties have extreme difficulty using Section 8 certificates because the United States Department of Housing and Urban Development fair market rents (FMRs) on which federal Section 8 certificates are based do not accurately reflect the extremely high rents.

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

SEC. 2. Chapter 16 (commencing with Section 18998) is added to Part 6 of Division 9 of the Welfare and Institutions Code, to read:

Chapter 16. Housing Subsidies for Counties

18998. (a) The State Department of Social Services shall oversee a rental housing subsidy program to be administered by counties, at their option.

(b) (1) The subsidy provided under this section shall be applied for the benefit of families who are successfully meeting participation requirements under the welfare-to-work component of the CalWORKs program pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, or former CalWORKs recipients who are receiving retention services within one year of receipt of aid and whose income level is less than 150 percent of the federal poverty level.

(2) To be eligible for a subsidy under this section, a family must be paying 50 percent or more of its grant and income for rent or be homeless or at risk of homelessness due to shared or temporary living conditions. Counties may establish additional eligibility criteria, at their option.

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

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

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

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

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

(e) In order to receive funds under this section, a county shall demonstrate an urgent need for housing assistance for its families receiving CalWORKs assistance. Counties shall submit to the department documentation that includes the number and percentage of CalWORKs families paying more than 50 percent of their grant and income in rent, the number and percentage of CalWORKs families living in shared housing, the average rents by unit size broken down by subcounty region, the vacancy rate among units whose rental cost is at or below 100 percent of the United States Department of Housing and Urban Development (HUD) fair market rent levels for the county, and the incidence of homelessness among CalWORKs families in the county. Only counties that provide sufficient documentation demonstrating a need for housing assistance for its CalWORKs families shall receive funding under this section.

(f) A county that receives funds pursuant to this section shall provide a 15-percent match, which may include funds from the county's CalWORKs single allocation, county maintenance-of-effort funds under the CalWORKs program, county CalWORKs incentive funds, or other county funds to the extent not in conflict with federal law. County funds expended on housing case management linked to this program shall count toward the required match.

(g) Eligible counties shall be allocated a dollar amount based on a formula that takes into account the size of the county CalWORKs population, the number of CalWORKs families paying more than 50 percent of their grant and income in rent, and the HUD fair market rent levels. The formula shall be determined by a work group comprised of representatives from ~~the~~ county welfare departments and the State Department of Social Services.

(h) A county may designate a local agency, including the county welfare department or the local public housing agency, or a community-based organization to implement the program. All counties that choose to participate in the program shall develop, as an addendum to the CalWORKs county plan, a county CalWORKs housing stabilization plan that outlines the program design and includes the criteria for family selection, the amount and source of the local matching funds, a description of how housing quality standards will be met, and evidence of consultation with local stakeholders. If the local agency designated to implement the program is not the county welfare department, the county welfare department shall participate in the development of the plan. The county CalWORKs housing stabilization plan shall be approved by the board of supervisors *or chief local elected official* in each county and shall be submitted to the department for certification. In overseeing the county operated programs, the department shall ensure that each county fulfills its responsibilities as outlined in its housing stabilization plan.

(i) Beginning in the 2000–01 fiscal year, counties that elect to implement this program and that meet all of the requirements under this section shall receive funds necessary to operate the program within their CalWORKs single allocation provided under Section 15204.2 and as prescribed by Section 15204.3.

(j) Each participating county shall provide to the department by March 1, 2003, a status report on its specific subsidy program to enable the department to complete its report to the Legislature required by subdivision (k).

(k) Notwithstanding Section 7550.5 of the Government Code, the department by September 1, 2003, shall submit to the Legislature a report on the status of the subsidy program.

SEC. 3. The sum of five million dollars ($5,000,000) is hereby appropriated from federal Temporary Assistance for Needy Families (TANF) block grant funds to the State Department of Social Services for funding the rental housing subsidy program established pursuant to Chapter 16 (commencing with Section 18998) of Part 6 of Division 9 of the Welfare and Institutions Code, as added by Section 2 of this act.

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