

Senate Budget and Fiscal Review—Scott Wiener, Chair

SUBCOMMITTEE NO. 4

Agenda

Senator Christopher L. Cabaldon, Chair
Senator Roger W. Niello
Senator Lola Smallwood-Cuevas



Thursday, March 13, 2025
9:30 a.m. or Upon Adjournment of Session
State Capitol, Room 113

Consultants: Timothy Griffiths

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Public Comment

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ITEMS FOR DISCUSSION

Item 1: The Status of Homelessness in California – Current Data and Trends

Issue. To make good decisions about the investment and deployment of state resources to address homelessness, a solid, data-driven understanding of the nature and scale of the challenge is fundamental. To that end, today’s hearing begins with an independent report on the status of homelessness in California: where we stand today, whether any trends can be observed, how California’s performance on addressing homelessness compares with the rest of the nation, and what budget and policy lessons can be drawn as a result.

Background. [Marc Dones](#) is the Policy Director at the [University of California at San Francisco’s Benioff Homelessness and Housing Initiative \(UCSF-BHHI\)](#). Marc’s background includes extensive experience studying and administering initiatives to address homeless. Prior to joining UCSF-BHHI, Marc served as the Chief Executive Officer of the King County Regional Homelessness Authority.

The UCSF-BHHI describes itself as “a trusted, non-partisan research group that conducts evidence-based research to inform policies and programs.” Financial contributions from Marc and Lynne Benioff are the primary source of funding for the UCSF-BHHI. It is directed by Dr. Margot Kushel. In 2023, UCSF-BHHI published [The California Statewide Study of People Experiencing Homelessness](#), a seminal report based on surveys and interviews with over 3,000 unhoused Californians across eight counties.

Key Questions: In listening to this introductory presentation, the Subcommittee may wish to consider some of the following lines of inquiry:

- On a recent, typical California night, how many of our residents are homeless? Of those, how many do not have a place to sleep that is meant for that purpose? Are these numbers increasing or decreasing compared over time? Is there any change in the rate at which these numbers are increasing or decreasing? What, if anything, do these statistics tell us about the performance of our efforts and investments to address homelessness to date?
- How does California’s performance on addressing homelessness compare with the rest of the nation? Can we draw any policy or budgetary conclusions from this comparison?
- Are there any noteworthy trends – positive or negative – in the homelessness data overall or among subpopulations? If so, what are they and can we draw any lessons from them?

Staff Recommendation. Information only.

**0515 BUSINESS, CONSUMER SERVICES, AND HOUSING AGENCY (BCSH)
2240 HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT (HCD)****Item 2: Update on Homelessness Data Collection, Integration, Presentation, and Analysis**

Issue. As California’s state programs to address homelessness have evolved over recent years, so has its methodology for collecting, analyzing, and presenting homelessness data. The California Interagency Council on Homelessness (Cal-ICH) plays a key role in promoting and coordinating that effort. This agenda item is intended to:

- highlight the most recent developments in how Cal-ICH and other state entities gather and track information about homelessness and service to unhoused Californians;
- provide Subcommittee members, staff, and the public with an orientation to some of the key, publicly available sources of homelessness-related data that California now maintains; and
- inquire whether additional improvements are needed.

Background. Data regarding the unhoused population in California and the performance of our major programs for addressing homelessness come from three main sources:

- *Homeless Management Information System (HMIS).* HMIS is a collection of databases used by federally-funded homeless service providers to collect information about unhoused individuals, to keep a record of interactions, and to track the provision of services.
- *Point-in-Time (PIT) Counts.* The PIT Count is literally a count of the nation’s unhoused population conducted over the course of a few nights each year, usually in January. The result is an annual rough gage of the number of unhoused individuals, both sheltered and unsheltered on any given night.
- *Program Reporting by Grantees.* State programs to address homelessness generally require grantees to report on how much they have spent, what the money was spent for, what services they provided, and what outcomes they achieved as a result. Reporting of the latter two data points can often be done through HMIS.

The state uses these three sources of data, sometimes in combination, to present information about the state of homelessness in California and the performance of our efforts to address it, in a variety of different ways. Through its [Homeless Data Integration System \(HDIS\)](#), the California Interagency Council on Homelessness gathers together the HMIS data from across the state, rolling it up into a single location where policy-makers and the public can examine it. The Housing and Community Development Department (HCD) has developed both fiscal and outcome performance

dashboards for each of its major programs that address homelessness,¹ the Homeless Housing, Assistance, and Prevention program (HHAP) and the Encampment Resolution Funding program (ERF), both of which are covered in further detail later in this agenda. Most recently, in late February 2025, Governor Newsom launched a new website – accountability.ca.gov – that integrates data from a number of the sources already mentioned as well as information about local jurisdiction’s progress on meeting housing planning requirements and production goals.

Key Questions.

- How much confidence can we have in these sources of data? Are there data sets that are more reliable than others?
- What additional data sets and/or presentational features can we expect to see in relation to these programs in the future?
- Where are there still gaps in our knowledge about the performance of our systems to address homelessness? What can be done to fill them?

Staff Recommendation. Information only.

¹ In the case of the Encampment Resolution Fund, the outcomes performance “dashboard” currently comes in the form of a spreadsheet of results reported by grantees.

0515 BUSINESS, CONSUMER SERVICES, AND HOUSING AGENCY (BCSH)**Item 3: Implementation of Recently Enacted Legislation**

Issue. The Governor’s January 2025 budget requests a General Fund appropriation of \$665,000 in 2025-26 and \$349,000 annually after that to pay for two staff positions and contract-based services at the California Interagency Council on Homelessness (Cal-ICH) for the purpose of implementing AB 799 (L. Rivas, Ch. 263, Stats. 2024).

Background. AB 799 directs Cal-ICH to undertake several new initiatives. Two of those initiatives are intended to increase awareness of, and access to, funding opportunities. Specifically, AB 799:

- requires state agencies and departments administering homelessness-related programs to provide Cal-ICH updated information on new or existing funding opportunities on a quarterly basis; and
- instructs Cal-ICH staff to develop and maintain a funding guide and a calendar of new or existing funding opportunities.

AB 799 also mandates new Cal-ICH initiatives to improve how the state gathers, tracks, and presents data about our programs to address homelessness. These initiatives:

- require Cal-ICH to collect the fiscal and outcome data that state grantees and other entities operating state homelessness programs must submit regarding the individuals and families they serve; and
- instruct Cal-ICH, in consultation with the respective administering state agencies or departments, to specify the data elements, entry format, and disclosure frequency of the fiscal and outcome data; and
- direct Cal-ICH to aggregate the resulting data and make it available publicly each year beginning in 2027.

Finally, AB 799 added the Governor’s Tribal Advisor to the membership of the Interagency Council.

Comments: The amount requested closely aligns with the anticipated cost during legislative consideration of the bill as set forth by the Senate Appropriations Committee.

Staff Recommendation. Approve the request as budgeted.

2240 HOUSING & COMMUNITY DEVELOPMENT DEPARTMENT (HCD)

Item 4: Homeless Housing, Assistance & Prevention Program (HHAP) Status Report

Issue. Since 2019, the Homeless Housing, Assistance, and Prevention (HHAP) Program has been one of California’s largest initiatives directed at addressing the homelessness crisis. HHAP provides formula-based funding to the large cities, counties, and continuums of care² to support a wide variety of strategies for addressing homelessness. More recent HHAP rounds have also offered financial support to Tribal entities for the same purpose.

The Governor’s January 2025 Budget does not include any further investments in HHAP.

Background.

HHAP

Each round of HHAP has provided relatively flexible funding to the state’s largest cities, its counties, and its continuums of care to support a wide variety of strategies for addressing homelessness. The program first emerged in 2019 as a new incarnation of the Homeless Emergency Aid Program (HEAP) program. Since that time, there have been six rounds of HHAP funding:

Budget Act	HHAP Round	Initial Appropriation	Initial Disbursal to Final Expenditure Window
2019	1	\$650 million	Spring 2020 – June 30, 2025
2020	2	\$300 million	Fall 2021 – June 30, 2026
2021	3	\$1 billion	Winter/Spring 2022 – June 30, 2026
2022	4	\$1 billion	Winter/Spring 2023 – June 30, 2027
2023	5	\$1 billion	Summer/Fall 2024 – June 30, 2028
2024	6	\$1 billion	Summer/Fall 2025 – June 30, 2029

As between the large cities, the counties, and the continuums of care, the statutes governing HHAP divide funding according to the jurisdiction’s most recent Point-in-Time count of homeless individuals in comparison to its overall population.

OBLIGATION & EXPENDITURE TO DATE

The Housing and Community Development Department (HCD), which has administered HHAP since 2024, maintains a [“HHAP Fiscal Dashboard”](#) tracking how much of their HHAP funding grantees have obligated and spent as well as a breakdown of how HHAP grantees are using the funds by eligible use category. This data is updated monthly.

² Continuums of Care, or CoCs, are federally-mandated regional systems for coordinating homeless services.

Here is what the HHAP fiscal dashboard looks like for Rounds 1 through 5, inclusive:

Aggregate HHAP Funding across Rounds				
HHAP Round	Awarded	Unobligated	Obligated	Expended
HHAP1	\$618,000,000.00	\$3,506,388.88	\$614,493,611.12	\$573,301,635.76
HHAP2	\$284,999,998.00	\$4,045,920.92	\$280,954,077.08	\$243,395,691.11
HHAP3	\$760,000,000.04	\$31,484,551.90	\$728,515,448.14	\$495,723,082.74
HHAP4	\$760,000,000.00	\$104,090,107.68	\$655,909,892.32	\$348,338,474.07
HHAP5	\$869,500,000.00	\$517,716,062.34	\$351,783,937.66	\$73,825,979.64
TOTAL	\$3,292,499,998.04	\$660,843,031.72	\$2,631,656,966.32	\$1,734,584,863.32

The dashboard shows that HHAP grantees have spent the vast majority of their awards from the early rounds of HHAP. For the later rounds of HHAP, grantees still have significant time left – between 1 and 4 years, depending on the round – to utilize their HHAP funds before the respective deadlines.

Round 6 of HHAP has not yet been awarded and does not yet appear in the fiscal dashboard. HCD issued the [Notice of Funds Available \(NOFA\) for Round 6](#) in February. Applications are due by August 29, 2025.

TRIBAL HHAP

Since Round 3 of the program, HHAP has also included a set aside for Tribal HHAP. For Rounds 3-5, that set-aside was \$20 million per round. The Tribal HHAP set-aside for Round 6 is \$30 million. Unlike the HHAP allocations to large cities, counties, and continuums of care, Tribal HHAP grants are awarded based on the applications received. If the total request for funds exceeds the amount available, HCD makes awards based on each tribal applicant’s proportionate share of need relative to all the Tribes that applied. HCD will administer Round 4 of Tribal HHAP over the course of 2025.

TRANSITION AGE YOUTH SET ASIDE:

Both HHAP and Tribal HHAP include a percentage set-aside for transition age youth (TAY) services. The TAY set aside for Rounds 1 and 2 was 8 percent. For Rounds 3-6, the TAY set aside has been 10 percent.

ELIGIBLE USES

HHAP funding is often described as flexible, meaning that HHAP awardees may utilize the funds for a broad array of strategies to address homelessness from street outreach to the construction of permanent housing. This was especially true of the earlier rounds of HHAP. Rounds 5 and 6 of HHAP maintain this spending flexibility generally, but both place a greater emphasis on prioritizing permanent housing solutions. As a result, the proportion of overall HHAP spending that goes toward permanent housing solutions has increased compared with earlier HHAP rounds.

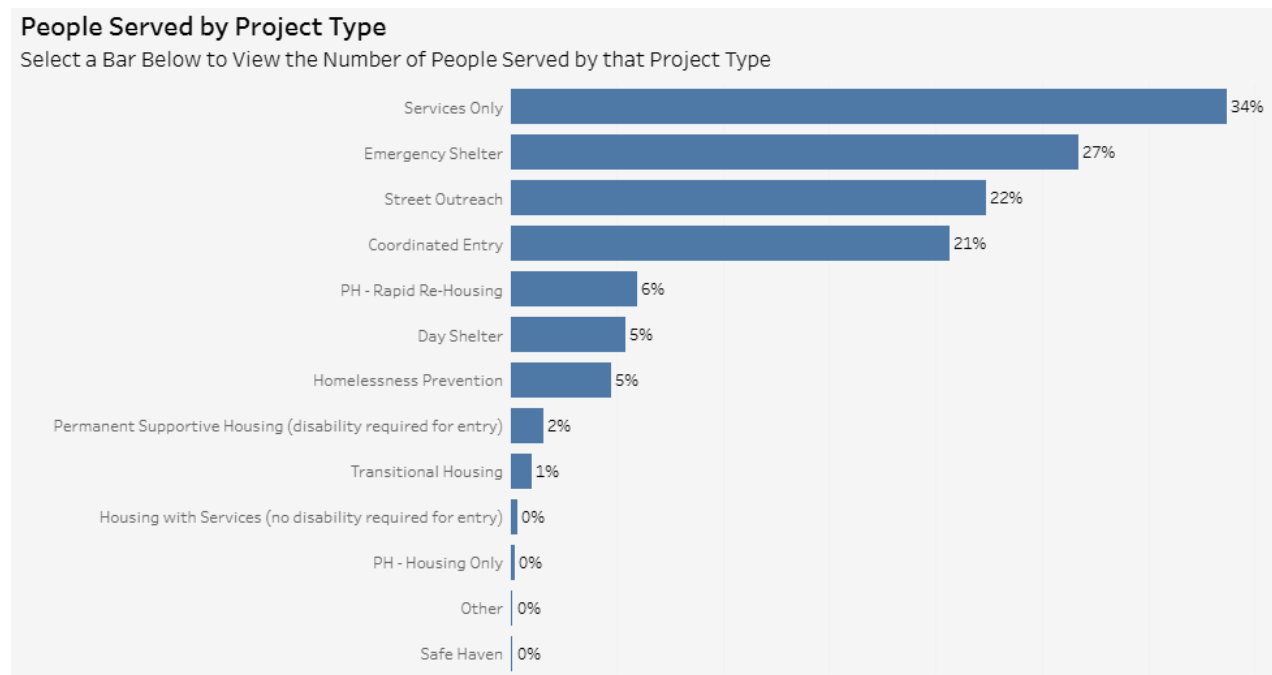
Here is the breakdown of all HHAP spending to date by eligible use category:

Eligible Use	Obligated	Expended
Operating Subsidies	\$514,614,428.30	\$403,548,675.92
Permanent Housing and Innovative Solutions	\$313,326,145.66	\$229,580,034.76
Interim Sheltering	\$337,250,939.76	\$204,586,646.58
New Navigation Centers and Emergency	\$217,196,294.45	\$200,157,109.07
Rapid Rehousing	\$223,871,412.26	\$128,813,446.45
Street Outreach	\$202,634,021.11	\$106,179,941.97
Prevention and Diversion	\$120,450,654.10	\$88,747,905.48
Administrative Costs	\$128,388,839.78	\$70,474,003.07
Total	\$2,631,656,966.32	\$1,734,584,863.32

SERVICES AND OUTCOMES TO DATE

The HHAP statutes require grantees to track the services they provide through the Homeless Management Information System (HMIS) for eventual inclusion in the statewide Homeless Data Integration System (HDIS). Using this data, the California Interagency Council on Homelessness (Cal-ICH) maintains a [HHAP HDIS Reported Program Outcomes Dashboard](#).

According to the dashboard, from the beginning of January 2023 to the end of June 2024, HHAP grantees served 225,820 people statewide. These services broke down as follows:



Although these figures mostly correspond to activities funded by earlier rounds of HHAP, they appear to suggest that, however much HHAP grantees are spending on permanent housing solutions, permanent housing still amounted to a relatively small proportion of the services that have been provided, at least as of June 2024.

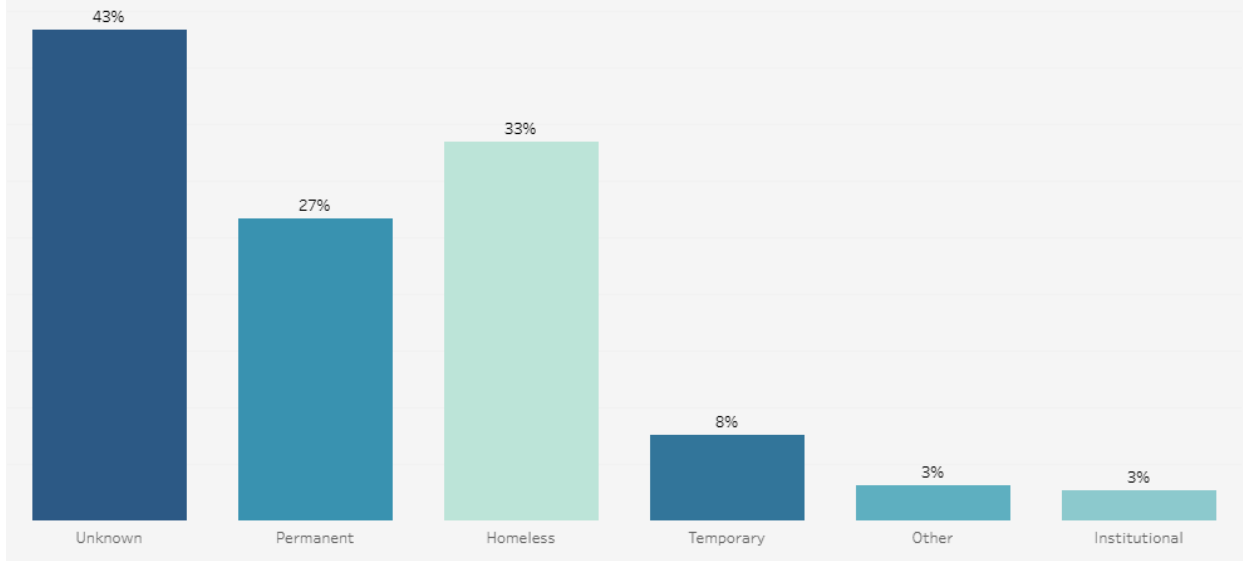
Outcome data for homeless individuals is difficult to track, because many unhoused people are reluctant to provide information about their circumstances and because the nature of homelessness makes it challenging to maintain communication. In spite of these challenges, the Cal-ICH HHAP Outcomes Dashboard indicates that between January 1, 2023 and June 30, 2024 about 27 percent of people exiting HHAP-funded projects were known to have gone on to permanent housing, a total of 45,530 formerly homeless individuals.

Here is the Dashboard's full destinations-after-exit breakdown:

During the selected time period, **170,529** people in the specified population exited HHAP projects.

Destinations After Exiting Service from HHAP Projects

To View Detailed Destinations, Click or Drag to Select the Bars Below (Press Esc. to Deselect)



ADDITIONAL INFORMATION

Further details about the basic HHAP program are available [here](#).

Further details about Tribal HHAP can be found [here](#).

Key Questions. In evaluating the performance of the HHAP program to date and contemplating its future, the Subcommittee may wish to consider:

- In light of the expenditure, use, and outcome data available thus far, how would you characterize the performance of the HHAP program overall?
- In 2024, the State Auditor examined the HHAP program and concluded that the state was gathering insufficient data about the program to enable the Auditor to determine whether it was cost efficient. Assuming that assessment was fair then, does it still hold true today?
- Going forward, should the HHAP grant distribution formula be modified to smooth the impacts from annual PIT count fluctuations and/or to avoid situations in which jurisdictions with improving PIT count numbers lose funding as a result?

- Going forward, how should the HHAP program balance the desire to maintain flexibility in eligible uses of HHAP funding against the need to engage in evidence-based, long-term solutions, such as the provision of permanent housing?

Staff Recommendation. Information only.

Item 5: Homeless Housing, Assistance, and Prevention Program (HHAP) Accountability Review and Discussion

Issue. The Governor’s January 2025 Budget does not propose any further investments in the Homeless Housing, Assistance, and Prevention program (HHAP). However, the Governor did indicate an openness to discussing new funding contingent on the inclusion of further accountability mechanisms.

Background.**SUMMARY OF EXISTING HHAP ACCOUNTABILITY MECHANISMS**

As described in Agenda Item 4, above, the HHAP program has provided relatively flexible, formula-based funding to California’s counties, continuums of care, and the state’s largest cities to address homelessness over six rounds of awards since 2019. During that time, new accountability mechanisms have steadily been added to the program. Those mechanisms include, among other things:

- Tracking of specified system performance metrics with threshold improvement requirements that jurisdictions must achieve to remain eligible for further disbursements.
- Regional coordination requirements, including specific actions that grantees agree to undertake, memorialized in Memorandums of Understanding to which the grantees can be held accountable.
- Establishment of procedures for placing under-performing grantees on corrective action plans under state supervision until threshold performance standards are met.
- More frequent and more detailed reporting requirements.

To lend teeth to these accountability measures, the 2024 Budget Act gave new powers to the Housing and Community Development Department (HCD) to push grantees to obtain better results in a variety of ways. Specifically, the 2024 Budget Act expanded the authority of HCD’s Housing Accountability Unit to encompass oversight of HHAP and the other homelessness programs administered by HCD. To reflect the change, the HAU is now known as the Housing and Homelessness Accountability Results and Partnership (HHARP) Unit. HHARP’s role is to ensure that HHAP grantees are complying with program requirements and meeting performance targets. This includes scrutinizing whether or not grantees have carried out the obligations they agreed to in the MOUs that make up their regionally-coordinated HHAP action plan. When grantees are not carrying out their commitments, HHARP is designed to respond by offering technical assistance and/or collaborating with the grantee to develop correction action plans. If necessary, HHARP can pause disbursement of HHAP funds until it is satisfied that the grantee is meeting program requirements. As an example, HCD recently held the initial disbursements of Round 5 HHAP funding totaling \$42 million from several grantees until they made revisions to their HHAP regional action plans to comply with program requirements.

GOVERNOR’S REQUEST FOR FURTHER HHAP ACCOUNTABILITY MEASURES

In his January 2025 Budget Proposal, the Governor indicated that “[t]he Administration is open to working with the Legislature on additional funding to continue to drive progress on [homelessness].” As a prerequisite to any future HHAP funding, however, the Governor stated that the following additional accountability features must be incorporated:

- a requirement that local governments to have a compliant Housing Element and a local encampment policy consistent with state guidance, to be eligible for the funding;
- prioritization of funding for local governments with Pro-Housing Designations where appropriate; and
- a mechanism that allows for the reallocation of funding from local governments that fail to meet program requirements or show progress on key metrics to those that are acting with the necessary urgency.

Key Questions. In assessing the existing accountability mechanisms within the HHAP program and weighing the Governor’s request for specific additional accountability policies, the Subcommittee may wish to ask:

- Even if there is agreement that Housing Element compliance is an important policy aim, does attaching that requirement to HHAP funding risk punishing unhoused individuals for what is effectively a failure on the part of their local government?
- Can HCD or the Department of Finance elaborate at all on the concept of “prioritizing” HHAP funding for local governments with Pro-Housing designations?
- Beyond temporarily withholding initial Round 5 disbursements from some HHAP grantees, has the HHARP unit or HCD more generally taken any other specific actions to enforce program compliance or demand performance improvements from HHAP grantees thus far?
- With respect to its reallocation proposal, does the Administration have any concerns that pushing HHAP funding away from under-performing regions and towards regions where need is decreasing would result in a misallocation of resources?
- How would the Administration’s proposed reallocation mechanism account for factors – unprecedented firestorms, for example – that could exacerbate homelessness but are beyond the HHAP grantee’s control?
- Could the Governor’s desired reallocation mechanism be achieved through a modification of the HHAP distribution formula so that decreasing PIT count result in modest funding increases and vice versa?

Staff Recommendation. Information only.

***Item 6: Homeless Housing, Assistance, and Prevention (HHAP) Program Recipients' Perspective**

Issue. To assist the Subcommittee to evaluate the performance of the HHAP and Tribal HHAP program to date and to help frame the significance of the decision about whether or not to include funding for a Round 7 of HHAP funding in the 2025 Budget, this Agenda Item focuses on the experience and perspective of each category of HHAP grantee: counties, continuums of care, large cities, and Tribal entities.

Witnesses:

- *Tanya Torno*, Director, Riverside County Continuum of Care
- *Todd Gloria*, Mayor, City of San Diego (appearing remotely)
- *Chevon Kothari*, Deputy County Executive for Social Services, County of Sacramento
- *Moriah McGill*, Deputy Director, Northern Circle Indian Housing Authority

Key Questions. In listening to the experience and perspectives of current HHAP recipients, the Subcommittee may wish to bear in mind some of the following questions:

- How has your jurisdiction or Tribe chosen to utilize its HHAP funding?
- Recent rounds of HHAP have mandated coordination as a prerequisite for HHAP funding – except in the case of Tribal HHAP grantees. Has that resulted in any changes to the way that your region addresses homelessness collectively?
- What outcomes have you been able to achieve using HHAP resources?
- What challenges have you faced in utilizing HHAP resources effectively?
- The last six state budgets have each included funding for HHAP, but always on a one-time basis and without any assurance that HHAP funding will continue. How does this uncertainty impact the way that your jurisdiction or tribe deploys resources now and how you plan for the future?
- If the 2025 Budget does not ultimately include funding for a Round 7 of HHAP, what short-term and long-term effects do you think that would have on homelessness in your region or among your Tribal membership?

Staff Recommendation. Information only.

Item 7: Homeless Housing, Assistance, and Prevention (HHAP) Program Reporting Timing Adjustment for Rounds 1 and 2

Issue. The Governor’s January 2025 Budget proposes the enactment of budget trailer bill language that would require Homeless Housing, Assistance, and Prevention (HHAP) program recipients to report fiscal and system performance data on Rounds 1 & 2 at the same frequency as they must do for subsequent rounds.

Background. The HHAP program provides relatively flexible, formula-based funding to California’s Counties, Continuums of Care, and the state’s fourteen largest cities to address homelessness. It also offers financial support to Tribal entities for the same purpose. There have been six rounds of HHAP to date.

As detailed in Item 2 of this Agenda, the reporting requirements associated with the HHAP program have become more stringent over the life of the program. Of particular relevance to this Agenda Item, the statutes governing HHAP require recipients from Rounds 3 and higher to report annually on their system performance metrics and to provide fiscal obligation and expenditure reports monthly. Technically, therefore, these reporting requirements do not apply to HHAP Rounds 1 and 2.

The proposed budget trailer bill language would amend the statutes governing HHAP to apply the same reporting requirements to HHAP Rounds 1 and 2 as currently apply to the subsequent rounds.

Staff Comment: In practice, HCD already requests some this data from HHAP recipients in relation to Rounds 1 and 2.

Key Questions:

- Does this proposed trailer bill language require grantees to gather any data that they are not already collecting and reporting? If not, why is the language needed? If so, would collecting and reporting this data impose any significant new administrative burdens?
- What does the Department intend to do with the additional data that it would collect under this proposed trailer bill language? How does it advance our collective understanding of the program?

Staff Recommendation. Adopt the proposed budget trailer bill language.

<p>Item 8: Encampment Resolution Funding (ERF) Program Status Report and Accountability Review</p>

Issue. Since the inception of the program in 2021, California has appropriated a grand total of \$1 billion in General Fund to the Encampment Resolution Program (ERF), including a \$100 million allocation in the 2025 budget that was already agreed upon during negotiations over the 2024 Budget Act.

Background.

ERF

ERF provides grant funding to counties, continuums of care, and cities of any size on a competitive basis for the purpose of assisting them to address specific homeless encampments within their jurisdictions. As part of the process of removing the targeted encampments, ERF grant recipients are supposed to transition encampment residents to alternative housing. In this way, ERF is theoretically distinct from mere “encampment sweeps” that are unconnected from any promise of housing. Later rounds of ERF grants prioritize addressing encampments located in state right-of-ways and incentivizes applicants to collaborate with the California Department of Transportation (Caltrans).

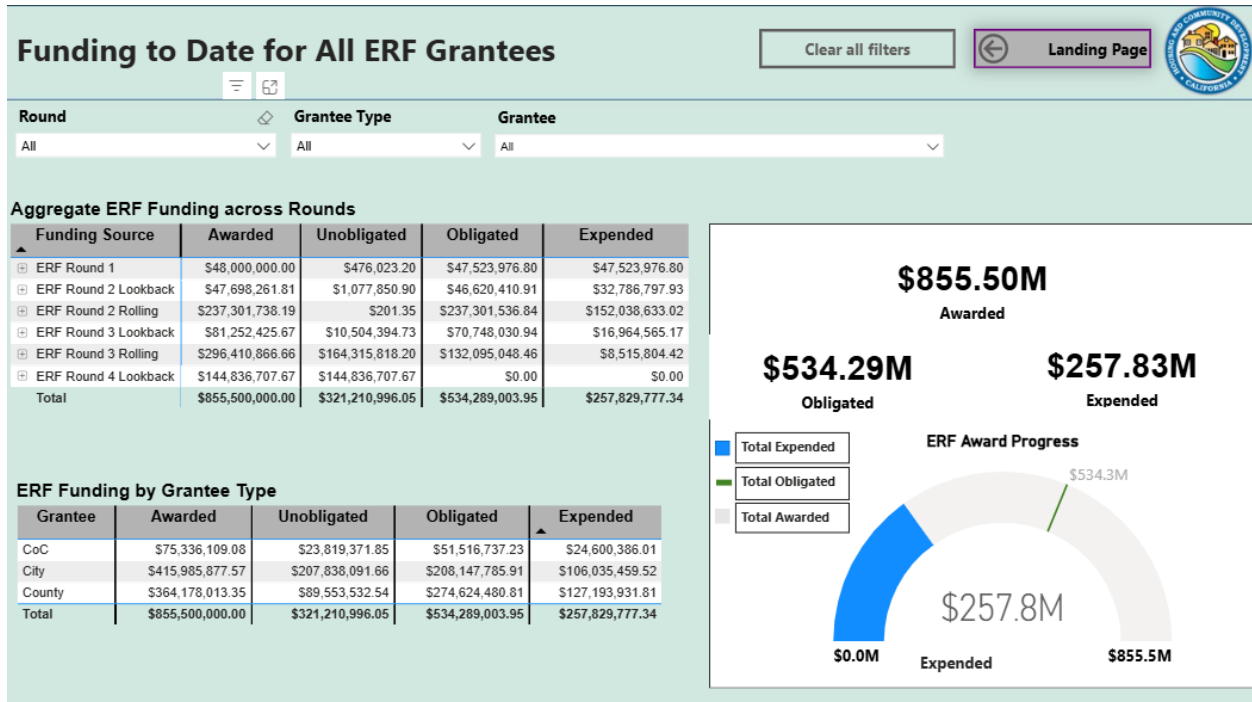
As set forth in the following table, there have now been four rounds of ERF grants to date, some with multiple funding “windows” (indicated with a W, below). Because each round has been oversubscribed, Rounds 2-4 include with “lookback” awards that picked up qualifying applications from the previous round. Such “lookback” awards are indicated by an “L” below.

ERF Round	Amount Awarded	Number of Awards	Award to Deadline for Expenditure Window
1R	\$48 million	19	Spring 2022 - June 30, 2024
2L	\$48 million	8	Fall 2022 - June 30, 2025
2RW1	\$199 million	23	Early Summer 2023 - June 30, 2026
2RW2&3	\$38 million	7	Late Summer 2023 – June 30, 2026
3L	\$81 million	12	Fall 2023 - June 30, 2026
3RW1	\$192 million	20	Spring 2024 -- June 30, 2027
3RW2	\$107 million	18	Fall 2024– June 30, 2027
4L	\$24 million	3	Fall 2024– June 30, 2027
4L	\$119 million	14	Spring 2025 – June 30, 2027

Note that the proposed budget trailer bill language discussed in Agenda Item 10, below, would, if adopted, push each expenditure deadline back by several months by starting the timeline based on the date of award of funding, rather than the date of appropriation.

ERF EXPENDITURE AND OBLIGATION TO DATE

As in the case of the HHAP program, HCD now maintains an [ERF Fiscal Dashboard](#) that tracks ERF grantees’ obligation and expenditure of their ERF awards. Here is how that dashboard appeared as of early March 2025:



In general, the data show ERF grantees obligating and spending their awards over the span of time they have to conduct their ERF-funded activities.

USE OF ERF FUNDS

ERF grants can support a wide variety of eligible uses, provided these all relate to the central goal of “resolving” the target encampments. HCD’s Fiscal Dashboard for ERF tracks grantee’s use of their ERF funds by category. Here is how that part of the ERF Dashboard looked as of early March 2025:

Round	Grantee Type	Grantee
All	All	All
Eligible Uses	Obligated	Expended
<input type="checkbox"/> Interim Sheltering	\$172,764,941.84	\$86,753,095.08
<input type="checkbox"/> Delivery of Permanent Housing	\$94,125,405.23	\$42,585,947.31
<input type="checkbox"/> Direct Services and Housing Options	\$82,194,601.77	\$68,898,700.24
<input type="checkbox"/> Street Outreach	\$45,226,855.41	\$11,201,069.45
<input type="checkbox"/> Operating Subsidies	\$34,919,225.84	\$11,931,006.39
<input type="checkbox"/> Services Coordination	\$33,982,931.75	\$8,447,210.31
<input type="checkbox"/> Rapid Rehousing	\$28,152,507.30	\$7,656,071.62
<input type="checkbox"/> Administrative Costs	\$20,565,026.72	\$8,562,110.03
<input type="checkbox"/> Systems Support	\$8,594,226.43	\$2,124,066.59
<input type="checkbox"/> Improvements to Existing Emergency Shelters	\$4,959,123.94	\$1,063,556.25
<input type="checkbox"/> Sustainable Outcomes	\$4,614,756.19	\$4,534,888.15
<input type="checkbox"/> Capacity Building	\$4,053,900.99	\$4,044,805.38
<input type="checkbox"/> Prevention and Shelter Diversion	\$135,500.54	\$27,250.54
Total	\$534,289,003.95	\$257,829,777.34

The data indicates that ERF recipients spend significantly more on interim sheltering than any other use. This suggests that many ERF grantees are moving encampment residents into interim shelter as a first step and also raises the question of where former encampment residents are going after that.

ERF OUTCOMES

Ultimately, the core aim of the ERF program is to “resolve” homeless encampments. HCD defines an encampment as resolved if there are no longer any unhoused individual residing at the site and that the location has been restored to its intended public use. On this score, the program seems to have had some success so far, but more often than not, the encampments remain partly or completely, unresolved. According to reports from the ERF grantees themselves, only 23 percent of the targeted encampments had been fully resolved by the end of 2024.

	Total
How many encampments have been:	
Not Resolved	113
Partially Resolved	13
Resolved	43
Other	16
Total Encampments' Statuses Reported (1-3R):	185
Total Contracts with Active ERF Awards (1-3R):	106
Total Reports Received through 12/31/24:	104
Reports not Received:	2

Definitions:

Resolved: "people no longer reside at the site (fully moved into shelter/interim/perm, OR connected to housing solution and no longer reside there) and it's been fully restored to its intended public use."
 Partially Resolved: "people no longer reside at the site (fully moved into shelter/interim/perm, OR connected to housing solution and no longer reside there), but it has not been fully restored to its intended public use."
 Not Resolved: "people still reside at the site." Narrative update on progress provided.
 Other: Narrative update on progress provided.

Encampment Status Data Source (Tabs ERF 1-3R):

Grantee submitted ERF Quarterly Reports for ERF Round 1-3R on activity through December 31, 2024; submitted by grantees as of February 15, 2024.

In many cases, the awardees still have months or even years left to conduct ERF-funded activities, so some of these results may eventually improve over time. However, Round 1 grantees, whose ERF-funded activities are already complete, reported that only five of the 19 encampments targeted that round were fully resolved.

ERF ACCOUNTABILITY MECHANISMS

Until recently, the ERF program included relatively little in the way of accountability mechanisms. Since the beginning of the program, statute has required ERF grantees to submit information regarding the ERF-funded services they provide into HMIS for inclusion in the statewide HDIS database. This information has been made available to the Legislature. Beginning in 2021, budget trailer bill language also directed the ERF administrator (Cal-ICH and later HCD) to provide an assessment of this data and a report on ERF outcomes, learnings, and best practice models. The state did not specify a deadline, however, and no such report has been issued to date.

To gain better insight into ERF’s performance, the 2024 Budget Act added new reporting requirements to ERF. Grantees must now provide annual progress reports each April with information about, among other things:

- their program expenditures, broken down by eligible use category;
- the number and size of encampments that have been addressed; and
- a comparison of the planned activities and outcomes in the grantee’s applicant against actual activities undertaken and outcomes achieved.

In addition to these new reporting requirements, the 2024 Budget Act expanded the authority of the Housing and Community Development Department’s Housing Accountability Unit – now known as the Housing and Homelessness Accountability and Partnership (HHARP) unit – to enforce compliance with the homelessness programs that HCD administers, including ERF.

ADDITIONAL INFORMATION

Additional details about ERF can be found [here](#).

LAO Comment. In early March 2025, the California Legislative Analyst’s Office (LAO) issued a report about the ERF program: [“Oversight of Encampment Resolution Funding.”](#) After reviewing the program’s history to date, the LAO concludes that there is insufficient data about what ERF has been able to achieve to date, much as a [State Auditor report](#) found one year ago. More data about ERF’s performance should be available soon. The 2024 Budget Act imposed new annual reporting requirements on ERF projects and many of those reports are due in April 2025. In addition, HCD indicates that an ERF dashboard linking Homeless Data Integration System (HDIS) to ERF activity is “coming soon.” In the meantime, the LAO recommends that the Legislature “wait to decide on funding another ERF round until it receives compelling evidence that program goals are being met.”

Key Questions:

- Are you satisfied with the rate – 23 percent overall – of successful encampment resolution as reflected in the encampment resolution status report data posted on HCD’s website? Why do you think this rate is so low? Do you expect it to improve? If so, what gives you that confidence?
- How does the definition of a “resolved” encampment account for the possibility that an encampment simply moves from one location to another? Does the ERF program have a way of tracking that possibility?
- What additional information can we expect to obtain from the reports that ERF grantees will be submitting in April?

- Has HCD's HHARP unit taken any action to enforce ERF program requirements to date? If so, can you provide examples?

Staff Recommendation. Information only. (The \$100 million appropriation referenced in this Item was already approved as part of the 2024 Budget agreement.)

Item 9: Encampment Resolution Funding (ERF) Program Recipient Perspective

Issue. To help illuminate how the Encampment Resolution Funding program (ERF) works, what outcomes are possible, and what difficulties ERF recipients confront, this Agenda Item focuses on the experience of one ERF grantee, the City of Napa.

Background. In summer 2023, the City of Napa received a \$15 million ERF grant to address three of its homeless encampments: two on Caltrans properties in the city (Highway 29) and a third located within a large riverside park (Kennedy Park).

The City's plan for addressing these encampments centered around the establishment of a non-congregate, transitional housing facility, the North Napa Center. Using ERF resources, the City took out a three year lease for 54 units at what had formerly been a Motel 6. The City then moved encampment residents out of the encampments and into the Center in a phased process that it is still underway. ERF funding supports meals, security, and other services for residents, including storage of resident's belongings. While the former encampment residents stay at the Center, staff work to connect them with permanent housing. According to the City, it has been able to place 60 percent of the people exiting the Center, or 40 individuals, in permanent housing funded by non-ERF sources such as federal housing vouchers or the county's Homeless Housing and Assistance Program (HHAP) funds. Other individuals leave the Center for other destinations, including a few who return to living on the streets. As these departures create new vacancies at the Center, the City offers these spots to the remaining encampment residents.

The City reports that, while work to clear the encampment from Kennedy Park continues, the ERF-funded operations have succeeded in removing the two encampments from the Caltrans site, though regular monitoring and sweeps are required to prevent new unhoused individuals from taking up residence in the same locations.

Witness: Molly Rattigan, Deputy City Manager, City of Napa

Key Questions. As the Subcommittee hears about the City of Napa's experience with the ERF program, it may wish to think about some of the following:

- Why did the City of Napa choose to apply for an ERF grant?
- What aspects of the City's application most helped it to be selected for funding?
- How did the City approach closing the encampments and what challenges did it encounter?
- Why did the City choose to devote nearly all of its ERF funding to setting up a transitional housing facility?
- What will the City do when the three year lease for the North Napa Center expires?
- If the North Napa Center closes, will the encampments targeted by ERF return?

- How do the City's ERF-funded activities interact with other local efforts to address homelessness?
- Based on its experience to date, what adjustments, if any, would the City suggest that the Legislature consider making to the ERF program?

Staff Recommendation. Information only.

Item 10: Encampment Resolution Funding (ERF) Program Expenditure Deadline Adjustment

Issue. The Governor’s January 2025 Budget proposes budget trailer bill language that would extend how long Encampment Resolution Funding (ERF) program grantees have to obligate and expend their ERF funds by having the respective timelines start on the date of award, rather than the date of appropriation.

Background. ERF provides grant funding to local entities on a competitive basis for the purpose of addressing specific homeless encampment sites within their jurisdictions. As part of the process of removing the targeted encampments, ERF grant recipients are supposed to transition encampment residents to alternative housing.

The statutes governing ERF set forth timelines in which grantees must obligate and expend the ERF funding they receive. ERF grantees who receive awards under the program’s so-called “lookback” phases have two years to obligate all of their funding and another year in which to spend it. “Lookback” grantees are those that applied to a prior ERF round, but did not receive funding because of oversubscription. ERF grantees who receive awards under the program’s “rolling” phases also have two years to obligate their funding, but can use up to four years to expend it.

As the ERF governing statutes are currently written, these obligation and expenditure timelines begin to run when the Legislature *appropriates* funding for ERF, not when the grantees actually learn that they have been awarded an ERF grant or when they actually receive the money. It can take several months from the time the Legislature appropriates money to ERF until HCD announces awards. Though ERF grantees may be able to turn in rolling applications sooner, much of the rest of timeline between legislative appropriation and award of funds is not in the grantees’ control.

The proposed budget trailer bill modifies the ERF obligation and expenditure timelines. Under the proposed budget trailer bill language, ERF grantees still have the same number of years to obligate and expend their ERF awards, but the clock does not start running against them until the date of their ERF award. In effect, this extends ERF grantees’ obligation and expenditure deadlines.

Key Questions: In considering whether to adopt the proposed budget trailer bill language, the Subcommittee may wish to consider the following questions:

- The existing deadlines provide three or four years for expenditure. Have the existing deadlines proven to be problematic for grantees? If so, why?
- Does extending the timelines risk reducing the degree of urgency behind deployment of these resources?

Staff Recommendation. Hold open.