



LEAGUE OF
CALIFORNIA
CITIES



August 15, 2025

The Honorable Gavin Newsom
Governor of California
1021 O St., Ste. 9000
Sacramento, CA 95814

Senate President Pro Tempore Mike McGuire
1021 O Street, Ste. 8518
Sacramento, CA 95814

Assembly Speaker Robert Rivas
1021 O Street, Ste. 8330
Sacramento, CA 95814

Senate Budget Chair Scott Wiener
1021 O Street, Ste. 8630
Sacramento, CA 95814

Assembly Budget Chair Jesse Gabriel
1021 O Street, Ste. 8230
Sacramento, CA 95814

Senate Budget Subcommittee 4 Chair
Chris Cabaldon
1021 O Street, Ste. 7320
Sacramento, CA 95814

Assembly Budget Subcommittee 5 Chair
Sharon Quirk-Silva
1021 O Street, Ste. 4210
Sacramento, CA 95814

**RE: Homeless Housing, Assistance, and Prevention Program Round 7 Trailer Bill
Language**

Dear Governor Newsom, Senate President pro Tempore McGuire, Assembly Speaker Rivas, Senate Budget Chair Wiener, Assembly Budget Chair Gabriel, Senate Sub 4 Chair Cabaldon, and Assembly Sub 5 Chair Quirk-Silva:

Thank you for your continued leadership of our collective efforts to reduce homelessness in California. Our organizations are committed to ensuring that the Round 7 of the Homeless Housing, Assistance, and Prevention (HHAP) program, established in SB 131 (Chapter 24, Statutes of 2025), can effectively combat the homelessness crisis. While we continue to believe that ongoing HHAP funding of at least \$1 billion per year is needed to sustain the progress we have made in housing and serving more Californians than ever before, we are eager to partner on the implementation of the \$500 million for a Round 7 of HHAP so that this funding can go out as quickly as possible to meet critical homelessness funding priorities. To that end, we are writing to share our recommendations for implementing trailer bill language.

SB 131 established a Round 7 of the HHAP program while outlining intent to pass future trailer bill language to implement that funding. The implementation would contain additional prerequisites to Round 7 funding, including substantial completion of disbursement of Round 6 funding by the Department of Housing and Community Development (HCD). SB 131 further requires trailer bill language to impose additional requirements on applicants of Round 7 funding. These provisions would require the applicant to have achieved the following to secure Round 7 funds:

- Obligation of at least 50% of their Round 6 award,
- Having a compliant housing element,
- Enacting a local encampment policy consistent with administration guidance,
- Receiving a designation of “pro-housing,”
- Leveraging local resources to scale state investments,
- Demonstrating progress on key housing performance metrics, and
- Demonstrating urgency and measurable results in housing and homelessness prevention.

In drafting legislation to incorporate the provisions of SB 131, we recommend adhering to the following principles:

(1) Avoid a funding gap and ensure that Round 7 funding is distributed early in the 2026-27 budget year. Many of the expenses HHAP funds, like rental assistance, services, and interim and permanent housing operating costs, require an ongoing commitment of funds. Due to the one-time nature of each HHAP round, where 50% of each round follows a protracted application process, grantees struggle to plan for HHAP funds, knowing future HHAP rounds (or even the next 50% tranche) may be significantly delayed or not materialize. For example, the Governor and Legislature appropriated HHAP Round 6 on June 30, 2024, but grantees do not expect to receive their first 50% disbursement until 2026, potentially two years later. HHAP grantees take risks in committing funding to subgrantees with little certainty of when the state will allocate HHAP dollars. Without a reliable, quicker HHAP Round 7 disbursement, many local jurisdictions will ramp down HHAP-funded services, impacting service provider staffing and disrupting each region’s rehousing systems, at a time of great budget and political uncertainty. To achieve a goal of quicker disbursement, we recommend HCD release the HHAP Round 7 application early in 2026 and begin disbursement by September 2026.

(2) Distribute the entire grant in one tranche of funding for Round 7. Issuing the full Round 7 allocation in one tranche will give grantees the certainty needed to commit funds fully to ongoing contracts, avoid service reductions, and prevent the administrative and operational disruptions that occur when funding is delayed or distributed in partial payments.

(3) Promote accountability without adding onerous application requirements. We propose allowing applicants to revise and update their Round 6 applications, given applicants will have submitted lengthy, complicated applications for Round 6 less than a year before. This process would maintain accountability while reducing the lengthy application process (which currently takes six

months). It would ensure funds are deployed more quickly and prevent uncertainty and gaps in funding.

(4) Allow applicants the opportunity to secure Round 7 funds while substantially complying with the intent of SB 131. Some of the new requirements require lengthy actions by applicants and lengthy approval processes by the state. For example, many applicants would not be able to feasibly obtain pro-housing designation between the period of trailer bill passage and the application deadline. Because this requirement is new and applicants could not have anticipated having to comply with a designation largely focused on housing production, bogging down grantees in complexity and delaying applications will fail to improve HHAP outcomes and may worsen outcomes for Californians experiencing homelessness. An approach that enacts these new conditions in a manner that allows a grantee to demonstrate they are on the path toward meeting them will still achieve accountability while avoiding further delays in funding.

(5) Keep funding in the region. Households experiencing homelessness should not lose access to vital programs and services because a jurisdiction is unable to comply with a Round 7 condition. Compliance should never be a reason for withholding or redirecting funding away from the region. We further recommend allowing applicants who fall short of a requirement to work quickly to address the issue.

We share the goals of ensuring accountability, particularly accountability to Californians experiencing homelessness on our streets and in our shelters. However, with uncertainty around future federal funding and a projected multiyear state budget deficit, communities across California are bracing for increased housing instability and homelessness. We look forward to working with you to achieve accountability, while also ensuring our communities are sustaining rental assistance, services, and operating grants for shelter and permanent housing that HHAP has successfully advanced.

Thank you for your continued leadership and collaboration.

Sincerely,



Graham Knaus
Chief Executive Officer
California State Association of Counties (CSAC)



Carolyn M. Coleman
Executive Director & CEO
League of California Cities



Patricia Lock Dawson
Mayor, City of Riverside
Chair, Big City Mayors



Sharon Rapport
CSH, on behalf of
Bring California Home