



# Assemblywoman Pilar Schiavo

## 40<sup>th</sup> Assembly District

### AB 963 – The End the Foster Care-to-Homelessness Pipeline Act

#### Summary

AB 963 will expand the number of affordable units available to former foster youth struggling with housing security. AB 963 does so by establishing an unfunded loan guarantee program to provide security to qualified lenders financing the development and acquisition of housing for current and former foster youth ages 18 to 25.

#### Background

In a recent survey of California foster youth, one quarter of former foster youth experienced homelessness in California between the ages of 21-23, with an additional 28% reporting that they had “couch surfed,” according to seminal research.<sup>1</sup> More broadly, nearly one in three transition-age foster youth in California experience homelessness.<sup>2</sup> Stable housing impacts virtually all aspects of life and is a critical social determinant of health.

Both federal and state government have invested in ensuring foster youth and those transitioning out of the system can access affordable housing. These include programs like the Independent Living Program, Transitional Housing Placement Program for Non-Minor Dependent, HUD’s Foster Youth to Independence Initiative, and the Transitional Housing Program-Plus. Some of these programs use housing rented or controlled by nonprofits, and others provide vouchers that can be used by the foster youth for rental assistance. Regardless of program, an essential need is adequate affordable housing dedicated to these young people.

While California has both grant and tax credit programs that support affordable housing, the opportunity here is to draw commercial debt and equity investments from the private and philanthropic sectors to develop and acquire affordable housing designed to support transition-aged foster youth. Despite low default rates across the affordable housing sector, the nature of foster youth rental subsidies, which are portable, has impeded private financing models. However,

<sup>1</sup> [The California Youth Transitions to Adulthood Study](#)

<sup>2</sup> [Predictors of Homelessness at Age 21](#)

loan guarantees are a proven model to boost investment confidence while minimizing state liabilities. Both the federal and state departments have existing loan guarantee programs. For example, IBank’s Small Business Loan Guarantee Program has provided guarantees on \$1.7 billion in loans since FY 13-14, while paying only a fraction of that amount to service loan defaults.<sup>3</sup> By leveraging the backing of the state for low-risk loans to affordable housing serving foster youth, California will be able to accelerate housing construction while supporting thousands of foster youth with the goal of forestalling homelessness.

#### Existing Law

(Stats. 2010. Chpt 559) Extended qualification for multiple foster care programs to age 21.

(GOV § 63089.70) Establishes and continues the small business expansion fund which supports the Small Business Loan Guarantee Program.

(HSC § 50820) Establishes the Transitional Housing Program-Plus.

(42 USC § 677) Outlines federal voucher support services for the federal program for successful transition to adulthood.

#### This bill

AB 963 will:

- 1) Require IBank to establish one or more programs to guarantee qualified loans for construction of housing for current or former foster youth.
- 2) Provides guidance for prioritizing loan guarantees.
- 3) Outline the extent to which the State guarantees loan reimbursement in the event of default.
- 4) Allows IBank to adopt regulations to administer the programs.

#### Support

Children Now (co-sponsor)

<sup>3</sup> [IBank Annual Report Fiscal Year 2020-2021](#)



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Coalition for Responsible Community Development (co-sponsor)

The Rightway Foundation (co-sponsor)

Alliance of Child and Family Services

Aspiranet

California Youth Connection

Children's Law Center of California

County of Los Angeles Board of Supervisors

First Place for youth

Foster Care Counts

Hollywood Homeless Youth Partnership

Social Change Partners

Steinberg Institute

Sycamores

The United Way of Greater Los Angeles

### **For More Information**

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