

Date of Hearing: May 14, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1165 (Gipson) – As Amended March 24, 2025

Policy Committee: Housing and Community Development Vote: 9 - 1

Urgency: No State Mandated Local Program: Yes Reimbursable: Yes

SUMMARY:

This bill establishes the California Housing Justice Fund (Fund) and requires the Legislature to invest an ongoing annual allocation in the Fund in an amount needed to solve homelessness and housing unaffordability.

Specifically, this bill:

- 1) Establishes the Fund in the state General Fund (GF) and requires the Legislature to invest an ongoing annual allocation in the Fund in an amount needed to solve homelessness and housing unaffordability.
- 2) Requires moneys in the Fund to be provided to the Department of Housing and Community Development (HCD) and expended to fund (a) evidence-based practices for solving homelessness, (b) the development, acquisition, rehabilitation, and preservation of affordable and supportive housing affordable to acutely low, extremely low, very low, and lower income households, (c) social housing and other alternative models to traditional affordable housing, (d) tenant stability programs, and (e) other uses the finance plan identifies as necessary to solve homelessness and housing unaffordability.
- 3) Requires HCD, by January 1, 2027, in coordination with the California Interagency Council on Homelessness (CA ICH) and other stakeholders, to create (a) finance plans that take into account anticipated federal, local, and existing state investments, including a finance plan to solve homelessness, and a finance plan to solve the housing unaffordability crisis, as specified, and (b) statewide annual performance metrics, as specified.
- 4) Beginning in 2027, requires the Business, Consumer Services, and Housing Agency to report to the Legislature by October 1 of each year on its progress in meeting the performance measures and benchmarks contained in the finance plans and annual performance metrics. The agency must publish goals on its website and update progress toward the goals at least annually.

FISCAL EFFECT:

- 1) GF cost pressures of an unknown amount, likely in the high-hundreds of millions of dollars or more annually to provide funding sufficient to solve homelessness and housing unaffordability, per the finance plans developed pursuant to the bill. This bill requires an

ongoing allocation to the Fund, which will potentially reduce available funding for other state programs and services.

- 2) HCD estimates GF costs of \$1.11 million in fiscal year (FY) 2025-26, and \$1.05 million in FY 2026-27 and ongoing for five positions to create and evaluate the finance plan, collect data, coordinate with state and local agencies, and provide ongoing support for data reporting requirements. One-time software costs of \$60,000 (GF) to make enhancements to the HCD Connect system are included in the first year costs.
- 3) Costs to Cal ICH to coordinate with HCD in the development of the finance plans. The amount of these costs is unknown, but likely minor.

COMMENTS:

- 1) **Purpose.** According to the author:

More Californians are falling into homelessness than ever before, and we must act with urgency to pass measures that will create more housing affordable to people with the greatest need. [This bill], the Housing Justice Act, gives us a strategic roadmap to end homelessness and California's housing affordability crisis. The Act also gives direction on ongoing funding and calls for accountability. And it calls for California to invest in what it takes to solve our homelessness and housing crisis. Simply put, it calls on our state to lead on housing the way we've led on climate and the environment, on technology, on medical research. We can no longer wait for the federal government to do the right thing or continue to expect local governments to carry all of the burden. [This bill] is the right way to tackle this crisis in an upfront, accountable, and ongoing way.

- 2) **Homelessness and the High Cost of Housing.** Based on the 2024 point in time count, California has the largest homeless population in the nation with nearly 185,000 people experiencing homelessness on any given night. Many of those people (78% or 143,900) are unsheltered, meaning they are living outdoors and not in temporary shelters. Nearly half of all unsheltered people in the country were in California during the 2024 count.

In the current market, 2.2 million extremely low-income and very low-income renter households are competing for 664,000 affordable rental units. Of the six million renter households in the state, 1.7 million are paying more than 50% of their income toward rent. The National Low Income Housing Coalition estimates the state needs an additional 1.5 million housing units affordable to very low-income Californians. According to the California Housing Partnership, although the state has doubled production of new affordable rental homes in the past five years, the state funded only 15% of what is needed to meet its goals.

The Legislature has passed major legislation in recent years to encourage greater production of affordable housing. However, the lack of housing overall and, in particular, the lack of sufficient affordable housing, persists.

This bill requires HCD in consultation with CA ICH to develop finance plans to solve homelessness and housing affordability. The finance plans must determine the funding necessary to create enough housing to meet the unmet housing needs of people experiencing homelessness, and necessary to meet the affordable housing needs identified by HCD in the most recent regional housing needs assessment.

This bill also requires the Legislature to provide an ongoing annual General Fund allocation to the Fund, established for this purpose, in an amount needed to solve homelessness and housing unaffordability, as identified pursuant to the finance plans. Because this bill does not include an appropriation, future action by the Legislature is needed to appropriate money to the Fund.

- 3) **Related Legislation.** ACA 4 amends the California Constitution to require at least 5% of GF revenues each year for the next 10 years be placed in the Housing Opportunities Made Equal (HOME) Fund to support the creation of affordable housing, fund housing and services to prevent and end homelessness, and support homeownership opportunities for low- and moderate-income households. ACA 4 is pending in this committee.

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