

Date of Hearing: January 22, 2026

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 pursuant to the finance plans described in item 3, below.
- 2) Requires moneys in the Fund be appropriated annually to the Department of Housing and Community Development (HCD) 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 (Cal ICH) and other specified 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.
- 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.

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 by HCD pursuant to the bill. This bill requires an ongoing allocation to the Fund, which will reduce available funding for other state programs and services.

- 2) HCD estimates GF costs of \$1.11 million in fiscal year (FY) 2026-27, and \$1.05 million in FY 2027-28 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. The costs to HCD for additional personnel may be offset by an administrative portion of the annual allocation to the Fund.
- 3) Costs of an unknown, but likely minor amount to Cal ICH to coordinate with HCD in the development of the finance plans.
- 4) Local costs to cities and counties of an unknown, but potentially significant amount statewide to collaborate with HCD to create finance plans to solve homelessness and the housing unaffordability crisis. These costs are potentially reimbursable by the state, subject to a determination by the Commission on State Mandates.

COMMENTS:

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

[This bill], the Housing Justice Act, gives us a strategic roadmap to end homelessness and California's housing affordability 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) **Background.** The Legislature has passed major legislation in recent years to encourage greater production of affordable housing. However, the lack of housing overall, particularly, the lack of sufficient affordable housing, persists.

This bill requires HCD in consultation with CA ICH to develop finance plans to 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. The Legislature must then provide an ongoing annual allocation to a newly created fund 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 (Jackson) 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, created by ACA 4, 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 on the suspense file in this committee.