

house all residents of the state in standard, uncrowded units in suitable locations.

- d) Goals for the provision of housing assistance for the Plan period, established as the minimum number of households to be assisted to result in a substantial reduction in the number of moderate-income, low-income, and very low-income households considered cost-burdened.
 - e) Recommendations for actions by federal, state, and local governments and the private sector that will contribute to the attainment of the housing goals established for California.
 - f) A housing strategy that coordinates the housing assistance and activities of state and local agencies, including the provision of housing assistance for various population groups including, but not limited to, elderly persons, persons with disabilities, large families, families where a female is the head of the household, farmworker households, and other specific population groups as deemed appropriate by HCD.
- 3) Establishes Cal-ICH to coordinate the State's response to homelessness using Housing First practices with a number of goals including, but not limited to:
- a) Creating partnerships among state agencies and departments;
 - b) Promoting systems integration to increase efficiency and effectiveness;
 - c) Coordinating existing funding and application for competitive funding.
- 4) Requires Cal-ICH to, among other things, set specific, measurable goals aimed at preventing and ending homelessness among domestic violence survivors and their children, and among unaccompanied women in the state, as follows:
- a) Requires these goals to include but not be limited to decreasing the rate, duration, and frequency of homelessness among domestic violence survivors and their children and unaccompanied women, as well as decreasing barriers to services through cross-systems partnerships to expedite access to specified services.
 - b) Requires Cal-ICH to define outcome measures and gather data related to the goals.
 - c) Requires Cal-ICH, when funding is available, to provide technical assistance to cities, counties, and continuums of care to support the development of local programs and plans to address the needs of domestic violence survivors and their children and unaccompanied women. Also requires Cal-ICH to work with the US Department of Housing and Urban Development (HUD) to provide this assistance.

- 5) Requires Cal-ICH to establish initial goals by January 1, 2025, and evaluate these goals at least every two years to determine whether updated goals are needed.

This bill:

- 1) Requires HCD, in coordination with Cal-ICH and other stakeholders, to create the following no later than January 1, 2028:
 - a) A finance plan to solve homelessness. This finance plan shall determine the funding necessary to create enough housing to meet the unmet housing needs of people experiencing homelessness, and the unmet housing needs of people expected to fall into homelessness based on the most recent statistics of rates of Californians falling into homelessness;
 - b) A finance plan to solve the housing unaffordability crisis. This finance plan shall identify funding necessary to meet the affordable housing needs the department identified in the most recent regional housing needs assessment and take into consideration the data used in the Statewide Housing Plan; and
 - c) Statewide annual performance metrics through all of the following:
 - i) Updating the "Statewide Action Plan for Preventing and Ending Homelessness in California," to include annual metrics to solve homelessness, as specified; and
 - ii) Identifying and updating annual metrics to achieve goals established in the finance plan to solve the housing unaffordability crisis, as specified.
- 2) Requires the California Housing and Homelessness Agency to report to the Legislature, on or before October 1 of each year, beginning in 2028, on its progress on the finance plans and performance metrics. The agency shall publish goals on its website and update any progress toward the goals.

Background

Homelessness: stats and causes. According to the most recent Point-in-Time (PIT) count, 187,084 people were experiencing homelessness in California—representing 24% of the nation’s homeless population. Two-thirds of the homelessness population in California is unsheltered. Over half (51%) of all unsheltered people in the United States were in California. A lack of affordable housing is the biggest contributor to homelessness. As housing costs continue to rise, rent becomes less affordable for lower-income households, who are forced to

live beyond their means (paying more than 30% of income on housing costs) or are pushed out of their homes, leading to rapid increases in homelessness. Cities with higher rents and lower rental vacancy rates (i.e., tighter housing markets) *are* directly linked to higher per capita rates of homelessness.

The lack of affordable housing plays a significant role in causing individuals to become homeless and creates obstacles for individuals experiencing homeless to transition into stable housing. The need for and costs of housing have consistently outpaced the development of affordable housing for over 30 years. As of 2022, working at the minimum wage of \$15/hour, a renter has to work 83 hours each week to afford a modest one-bedroom rental home at fair market rent in California.

The lack of supply is the primary factor underlying California's housing crunch. To keep up with demand, HCD estimates that California must plan for the development of more than 2.5 million homes over the next eight years, and no less than one million of those homes must meet the needs of lower-income households (more than 640,000 VLI and 385,000 LI units are needed). For decades, not enough housing was constructed, resulting in a severe undersupply of housing. New construction of housing, both single family homes and apartments, continues to lag behind historical averages, and lags further behind the number of new units needed to meet housing demand.

Comments

- 1) *Author's statement.* "AB 1165, the California Housing Justice Act, requires the Housing and Community Development Department (HCD) to create plans to finance solutions to our affordable housing and homelessness crisis. California's homelessness and housing affordability crisis demands coordinated, data-driven, and strategic financial planning. AB 1165 would require the state to develop a roadmap for identifying what it would take to solve this crisis and plan to coordinate resources to meet the need. By developing comprehensive finance plans and measurable performance goals to solve the homelessness and housing affordability crisis, AB 1165 will equip California to be prepared to implement a sustainable funding strategy that invests resources effectively to move people off the streets, into stable housing they can afford, and prevent future homelessness. This bill establishes a long-term framework to promote accountability, transparency, and collaboration across state and local governments, housing experts, advocates, and individuals with lived experience to address homelessness and housing affordability at the scale this crisis requires. Housing is the foundation of economic stability, public health, and community safety. AB 1165 is an opportunity to plan for a California where every person

has access to affordable housing and coordinated resources proven to match the urgency of the crisis.”

- 2) *How to Solve California’s Homelessness Crisis*. Evidence shows that the solution to homelessness is providing more habitable, stable, and permanent housing at all income levels, and in particular, more housing affordable to the lowest income earners. While increasing the supply of affordable housing is the priority solution to the homelessness crisis, there can be a spectrum of housing interventions that different levels of governments could offer, depending on the specific needs of the individual or family experiencing homelessness. These interventions range from short-term and interim interventions (such as emergency shelters, tiny home communities, and LBNCs), to long-term, permanent housing interventions (such as housing choice vouchers, rental subsidies, landlord incentives, and permanent housing), to homelessness prevention altogether (such as rapid rehousing and diversion programs). These interventions all play a role in the homelessness response system.

Many families merely require temporary rental assistance to maintain or reconnect to permanent housing. Some populations require more intensive services in conjunction with permanent housing options. For those living on the streets or in encampments, emergency shelter can provide short-term respite. However, shelters can impose requirements that present barriers to entry (such as restrictive hours, only offering congregate settings, or disallowing pets), which mean working families and marginalized community members may not be able to use them. Shelters also have demonstrated low success rates at connecting people to permanent housing (in California from 2018-2024, the rate was 22%).¹ Interim solutions, such as bridge housing communities, LBNCs, and tiny home communities typically offer non-congregate housing and healthcare services, particularly to marginalized communities, families, and those with pets. These interventions may play a stabilizing role before a more permanent solution (such as rental assistance or the construction of a new unit) can be attained. However, interim housing interventions similarly have high rates of returns to homelessness without access to permanent housing.

Every jurisdiction or region must evaluate existing resources and identify the appropriate means to address unique needs. Research shows that creating more shelter beds and interim beds *alone* does not decrease the number of people experiencing homelessness. In fact, people residing in emergency shelters or interim housing (including LBNCs or tiny homes) are still considered homeless by HUD. Effective homelessness response systems

¹ Lauren Helper. *Cal matters: A Volunteer Jail: Inside the Scandals and Abuse Pushing Californians Homeless Out of Shelters*. Accessible here: <https://calmatters.org/housing/2025/02/california-homeless-shelters-purgatory/>

maximize every shelter or interim bed as a means to connect a homeless individual or family to permanent housing. To do so, communities must typically invest far more in permanent housing and homelessness prevention than in short-term and interim interventions.

- 3) *Affordable housing funding needs.* Until the 1980's, public subsidies for affordable housing construction were largely provided at the federal level. In the 1970s and 1980's, "public housing" – created to provide safe and affordable rental housing for low-income families, the elderly, and people with disabilities under the National Housing Acts of 1934 and 1937 – began to physically deteriorate due to federal disinvestment and prevailing attitudes toward such housing. In 1973, President Nixon issued an 18-month moratorium on federal funding for public housing projects, which worsened conditions within such projects and stymied further construction. A year later, the Housing Community and Development Act ended most new construction of public housing and the Housing Choice Voucher (HCV) Program (formerly referred to as "Section 8" vouchers) was created in its place. This new program allowed eligible tenants to pay only a portion of their rent (based on their income) and shifted funds from public housing authorities to the private sector. The goal was to eliminate concentrations of low-income people in housing developments.

In 1981, the Reagan administration dismantled federal affordable housing funding. From 1978 to 1983, the funding for low- to moderate-income housing *decreased by 78%*. Additionally, between 1976 - 1982, the proportion of the eligible low-income families who received federal housing subsidies declined; specifically, Section 8 vouchers dropped 71% (517,000 to 150,000). In 1970, there were 300,000 more low-cost rental units (6.5 million) than low-income renter households (6.2 million). By 1985, however, the number of low-cost units had fallen to 5.6 million, and the number of low-income renter households had grown to 8.9 million, a disparity of 3.3 million units. If subsidized housing construction maintained their 1973 levels, there would have been 5.7 million more units nationwide in 2020.

In response to decades of federal disinvestment, California took up the mantle by way of investment in affordable housing construction and rehabilitation in three significant ways: (1) creating the state low income housing tax credit program in 1987 to pair with the existing federal program, (2) requiring 20% of redevelopment agency funding to be expended on affordable housing (AB 3674 (Montoya, Chapter 1337, Statutes of 1976)), and (3) proposing and passing statewide housing general obligation bond measures.

Despite state investments, the overall decline in government support for housing development in California has contributed to the current shortage of 1.3 million affordable housing units, according to the California Housing Partnership.² Additionally, historically, the largest state investment in housing has been in homeownership. The state provides approximately \$5 billion in subsidy each year to homeowners through the mortgage interest deduction. The lack of permanent ongoing funding to construct affordable housing has contributed to the severe affordability crisis particularly for lower-income households and a growing number of people experiencing homelessness.

- 4) *Financing plans to address the homelessness and affordability crises.* This bill would require HCD in consultation with Cal-ICH to develop a finance plan to solve homelessness. This finance plan would determine the funding necessary to create enough housing to meet the unmet housing needs of people experiencing homelessness, and the unmet housing needs of people expected to fall into homelessness based on the most recent statistics of rates of Californians falling into homelessness. The plan would have metrics tied to outcomes to determine success.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

POSITIONS: (Communicated to the committee before noon on Wednesday, June 3rd, 2026.)

SUPPORT:

Abode Services

Acce

Access Reproductive Justice

ACLU California Action

Aids Healthcare Foundation

All Home

Brilliant Corners

Bring California Home

California Alliance for Retired Americans

California Alliance of Caregivers

California Association of Black Lawyers

California Center for Movement Legal Services

California Coalition for Rural Housing

California Collaborative for Long-term Services and Supports (CCLTSS)

² California Housing Partnership Corporation. *California Housing Needs Dashboard*. Accessible here: <https://chpc.net/housingneeds/>

California Community Land Trust Network
California Democratic Renters Council
California Housing Partnership
California Women's Law Center
Calpace
Center on Policy Initiatives
Compass Family Services
Congregations Organized for Prophetic Engagement (COPE)
Corporation for Supportive Housing
Council of Community Housing Organizations
Destination: Home
Disability Rights California
Disability Rights Education and Defense Fund
Downtown Women's Center
Elder Law and Disability Rights Center
Environmental Health Coalition
Episcopal Community Services of San Francisco
Eviction Defense Collaborative
Evolve California
Friends Committee on Legislation of California
Healing and Justice Center
Housing and Economic Rights Advocates (HERA)
Housing California
Housing Is a Human Right - Orange County
Housing Matters
Housing Now!
Human Impact Partners
Imperial Valley Equity & Justice Coalition
Inland Equity Community Land Trusts
Inner City Law Center
John Burton Advocates for Youth
Justice in Aging
LA Progressive
Lawyers Committee for Civil Rights of the San Francisco Bay Area
Leadingage California
Legal Aid of Sonoma County
Little Tokyo Service Center
My Friend's Place
National Alliance to End Homelessness
National Homelessness Law Center
Noho Home Alliance
Our Time to ACT

Path
Policylink
Power California Action
Public Advocates
Public Advocates, INC.
Queercasa
Reclaim Our Power Utility Justice Campaign
Resources for Community Development
Sacramento Homeless Union
Sacred Heart Community Service
San Francisco Community Land Trust
Shields for Families
Silicon Valley Community Foundation
South Tower Community Land Trust
Southern California Association of Non-profit Housing (SCANPH)
Ssg-hopics
Strategic Actions for a Just Economy (SAJE)
Supportive Housing Alliance
Tenants Together
Thai Community Development Center
The Big Tent San Leandro
The Center in Hollywood
The People Concern
The Poverty Project: Uprooting Class & Racial Injustice in Housing
Venice Justice Committee
Viet Voices
Western Center on Law & Poverty
Wood Street Commons
Youth Will

OPPOSITION:

None Received.

-- END --