SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1165 (Gipson) - California Housing Justice Act of 2025

Version: January 22, 2026
Urgency: No
Hearing Date: June 22, 2026

Policy Vote: HOUSING 8 - 0
Mandate: Yes
Consultant: Mark McKenzie

Bill Summary: AB 1165, the California Housing Justice Act of 2025, would require the Department of Housing and Community Development (HCD) in collaboration with specified stakeholders, to create finance plans to solve homelessness and the housing unaffordability crisis, as well as statewide performance metrics to achieve the goals identified in the finance plans, by January 1, 2028. The bill would also require the Housing and Homelessness Agency to report to the Legislature by October 1, 2028 on the finance plans and performance metrics.

Fiscal Impact:
- HCD estimates annual ongoing costs of $236,000 for 1.0 PY of staff, and one-time contracting costs of approximately $1.3 million split over three years to create the two finance plans and identify statewide performance metrics to track progress toward meeting the plans' goals and report to the Legislature. Taken together, these costs would be approximately $670,000 annually over three fiscal years (through 2029-30), and $236,000 annually thereafter. (General Fund)

- Unknown future annual General Fund cost pressures, likely at least in the high hundreds of millions of dollars annually, depending upon the identified annual funding necessary to solve homelessness and housing unaffordability, as specified in the finance plans developed by HCD.

Background: Existing law requires HCD to develop a Statewide Housing Plan that includes specified information, including:

- A statement of housing goals, policies, and objectives.
- An evaluation and summary of housing conditions in the state, including availability of housing for all economic segments of the state. The evaluation must include: (1) summary statistics for all counties, all multicounty metropolitan areas, and rural areas, as specified; (2) the existing distribution of housing by type, size, gross rent, value, and, to the extent data is available, condition; and (3) the existing distribution of households by gross income, size, and ethnic character for each of those areas.
- A determination of the statewide need for the year the Plan is revised and the subsequent four years. "Need" is defined as the minimum number of units necessary to be built or rehabilitated in order to provide sufficient housing to house all residents of the state in standard, uncrowded units in suitable locations.
- 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.

- Recommendations for actions by federal, state, and local governments and the private sector that will contribute to the attainment of the state's housing goals.
- 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 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.

Existing law establishes Cal-ICH to coordinate the State's response to homelessness using Housing First practices with a number of goals including: (1) creating partnerships among state agencies and departments; (2) promoting systems integration to increase efficiency and effectiveness; (3) coordinating existing funding and applications for competitive funding. Cal-ICH adopted the most recent "Statewide Action Plan for Preventing and Ending Homelessness in California" in December of 2024. This document is a three-year roadmap for addressing homelessness in California between 2025 and 2027. It is designed to serve as a tool the Council will use to organize and assess its investments, ensuring that efforts are strategic, measurable, and aligned with the vision of preventing and ending homelessness. To achieve this vision, the plan includes specified measurable goals, strategic investments, action areas that detail additional work by state entities to enhance homelessness response, a racial equity framework, guiding principles and commitments, and an implementation plan that outlines steps for executing the Action Plan, including annual performance measurement.

Proposed Law: AB 1165 would require HCD to collaborate with specified stakeholders to create finance plans to solve homelessness and the housing unaffordability crisis, and to create performance metrics to achieve goals identified in the finance plans by January 1, 2028. Specifically, this bill would:

- Require HCD, in coordination with affordable housing and homelessness experts and advocates, nonprofit developers, housing justice organizations, county housing agencies, housing authorities, continuums of care, people with lived experiences of homelessness and housing instability, and participants on Interagency Council on Homelessness' working groups, to create all of the following by January 1, 2028:
    - Finance plans that take into account anticipated federal, local, and existing state investments, as well as investments needed to achieve the following:
        - A finance plan to solve homelessness, which must 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. This plan may consider existing recent plans or data analyses assessing costs of solving homelessness.
        - A finance plan to solve the housing unaffordability crisis, which must identify funding necessary to meet the affordable housing needs the department identified in the most recent regional housing needs assessment. This plan may consider the data used in the Statewide

Housing Plan to build 1 million affordable homes by 2030.

- Statewide performance metrics through all of the following:

  - Updating the "Statewide Action Plan for Preventing and Ending Homelessness in California," as needed, to include annual metrics to achieve goals established in the finance plan to solve homelessness, as specified.
  - Identifying and updating, as needed, annual metrics to achieve goals established in the finance plan to solve the housing unaffordability crisis, including appropriate levels of funding necessary, as specified.

- Require the California Housing and Homelessness Agency to report to the Legislature by October 1, 2028, on the finance plans and performance metrics. The agency must publish goals on its website and update any progress toward the goals.

Related Legislation: ACA 4 (Jackson), which was held on the Assembly Appropriations Committee's Suspense File on January 22, 2026, would have , if approved by the voters, amended the California Constitution to require at least 5% of General Fund revenues be transferred to the Housing Opportunities Made Equal Fund in each year for the next 10 years, 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, as specified.

Staff Comments: According to the most recent Point-in-Time 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, and 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 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.

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.

AB 1165 is intended to provide a baseline assessment of the annual funding necessary to create sufficient housing to both meet the unmet housing needs of those experiencing, or expected to fall into, homelessness, as well as the affordable housing needs in general throughout the state. These finance plans would presumably be used to guide future legislative actions to appropriate funds, including General Fund revenues, to make measurable progress towards ending homelessness and housing unaffordability in the state. Staff notes that the bill requires HCD to create those specified finance plans, as well as performance metrics, by January 1, 2028, within one year of the bill's enactment. HCD's fiscal estimate noted above indicates, however, that it would require contract expenditures over three fiscal years to conduct the modeling and analysis necessary to complete the finance plans. The Committee may wish to consider whether the January 1, 2028 deadline should be extended to allow sufficient time for HCD to complete the work necessary to develop robust finance plans.

The bill includes specified legislative findings and declarations, including a provision that indicates plans developed by research and policy organizations "detail an annual need for investment of 6 percent of the state's budget in affordable housing production and preservation, rental subsidies, homelessness assistance, and renter protections." Staff notes that 6 percent of the 2026-27 Budget (including General Fund, special fund, and bond fund expenditures) would equate to an annual need of over $20 billion.

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