
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 255 (Haney) - The Supportive-Recovery Residence Program

Version: June 26, 2025

Urgency: No

Hearing Date: July 14, 2025

Policy Vote: HOUSING 11 - 0

Mandate: No

Consultant: Mark McKenzie

Bill Summary: AB 255 would require the Department of Housing and Community Development (HCD) to establish a certification process for “supportive recovery residences” (SRRs), that provide abstinence-based housing for individuals with substance abuse disorders who are experiencing homelessness, as specified. The bill would also revise the components of Housing First and allow SRRs to qualify for up to 10% of state homelessness funding.

Fiscal Impact:

- HCD estimates first year costs of approximately \$4.12 million, which includes \$1 million for one-time contracting and IT systems to set up the program, and ongoing annual costs of approximately \$3.12 million for 14.0 PY of full time staff to implement and administer an SRR certification and monitoring program. Specific duties include identifying eligible programs, updating regulations and contracts, training grantees, developing compliance and monitoring systems, and providing technical assistance. (primarily General Fund, with some support from the SRR Program Fund, established by this bill)
- Unknown certification fee revenues, likely in the low hundreds of thousands of dollars annually, which would be charged to SRRs seeking certification. These revenues would partially offset HCD's ongoing administrative costs. (SRR Program Fund)
- The California Interagency Council on Homelessness (Cal-ICH) estimates costs in the mid-hundreds of thousands of dollars annually in staff workload, including updating program guidelines and regulations, conducting periodic compliance monitoring of SRRs, and conducting interventions when violations occur. (General Fund)
- The California Department of Corrections and Rehabilitation (CDCR) anticipates costs of at least \$500,000 that would be added as paid reimbursements to CDCR's contracts with service providers for their certification fee and staffing cost increases resulting from the bill. CDCR also anticipates notes the potential for additional cost pressures, potentially in the low millions, to the extent that new certification requirements result in fewer available sub-contractor facilities and increases in waiting lists for program availability. (General Fund)
- The California Department of Social Services (CDSS) estimates ongoing costs of approximately \$200,000 annually for 1.0 PY of staff to establish new tracking mechanisms for utilization of CDSS funding on SRR programs, provide formal

guidance and technical assistance to grantees, and monitor compliance and data collection to track implementation and outcomes. (General Fund)

Background: Current law grants the Department of Health Care Services (DHCS) the sole authority in state government to administer, license, certify, and regulate all substance use disorder (SUD) functions and programs, including licensing adult alcoholism or drug abuse recovery or treatment facilities (RTFs). Current law defines “recovery residence” (RR) as a residential dwelling that provides primary housing for individuals who seek a cooperative living arrangement that supports personal recovery from an SUD and that does not require DHCS licensure or does not provide RTF licensable services. RRs may include residential dwellings commonly referred to as “sober living homes,” “sober living environments,” or “unlicensed alcohol and drug free residences.” If a RR provides any licensable services, it must obtain a valid RTF license from DHCS.

Current law establishes the Cal-ICH with the purpose of coordinating the state’s response to homelessness by utilizing Housing First practices. Agencies and departments administering state programs created on or after July 1, 2017 must incorporate the core components of Housing First. Current law outlines the core components of Housing First, including that “services are informed by a harm-reduction philosophy that recognizes drug and alcohol use and addiction as a part of tenants’ lives, where tenants are engaged in nonjudgmental communication regarding drug and alcohol use, and where tenants are offered education regarding how to avoid risky behaviors and engage in safer practices, as well as connected to evidence-based treatment if the tenant so chooses.” Under existing law, a RR is not required to comply with Housing First, and as a result, does not qualify for state funding under state homelessness programs.

Proposed Law: AB 255 would require HCD to establish a process to certify SRRs, and revise the components of Housing First to allow SRRs to qualify for up to 10% of funding available for state homelessness programs. Specifically, this bill would:

- Define an SRR as housing in a residence that serves individuals experiencing, or who are at risk of experiencing, homelessness and who have substance use disorders and that does all of the following:
 - Satisfies the core components of Housing First.
 - Uses substance-use-specific, peer support, and physical design features supporting individuals and families on a path to recovery from SUDs.
 - Emphasizes abstinence.
 - Offers tenants permanent housing only.
- Require HCD to adopt the most recent standards approved by the National Alliance for Recovery Residences (NARR), the Substance Abuse and Mental Health Services Administration, or other equivalent standards as the minimum standard for SRRs that receive public funding, as specified.
- Authorize an SRR certified by an organization currently recognized as an affiliate of NARR, and has adopted the standards approved by NARR, to be presumed to have met the minimum best practices operating requirement adopted by HCD.
- Require HCD to establish a separate process for determining whether the SRR complies with the core components of Housing First.

- Authorize HCD to charge a fee of up to \$1,000 for certification of an SRR.
- Establish the SRR Program Fund, require certification fees to be deposited in the fund, and require the revenues to be available to support HCD's certification activities, upon appropriation by the Legislature.
- Specify that the bill would not prohibit a county from requiring quality and performance standards that are similar or exceed the standards adopted by HCD when contracting for recovery residence services.
- Authorize a certifying organization that provides recognition, recognition, registration, or certification for SRRs to enter into a memorandum of understanding with a county to determine if the county's requirements meet or exceed minimum requirements.
- Add to the definition of "core components of Housing First" the authorization for state departments or agencies to allow programs to fund SRRs that have been certified and use substance-use-specific, peer support, and physical design features supporting individuals and families on a path to recovery from addiction that emphasizes abstinence and promotes self-determination in the recovery process, if the program meets all of the following requirements:
 - At least 90% of program funds awarded to each jurisdiction are used for housing or housing-based services using a harm-reduction model.
 - The state program must require a grantee, prior to awarding sub-grants, to confirm that the sub-grantee has achieved successful outcomes in promoting housing retention at a similar rate to harm-reduction programs, as specified.
 - The state performs periodic monitoring of select recovery housing programs to ensure compliance with specified requirements.

Related Legislation: AB 2893 (Ward), which was held on this Committee's Suspense File last year, was substantially similar to this bill, but would have required the Department of Health Care Services to administer the certification off SRRs, rather than HCD.

SB 1380 (Mitchell), Chap. 847/2016, required the state to adopt a Housing First approach and required all state-funded programs to comply with Housing First.

Staff Comments: This bill creates a new category of SRR for people who are experiencing homelessness and have substance abuse issues, and allows SRRs to qualify for state homelessness funding. The bill requires an SRR to comply with Housing First, which means maintenance of sobriety is not a requirement to reside at the residence. While a provider of SRR may emphasize abstinence, relapse is not cause for eviction. Tenants may instead receive relapse support and uninterrupted access to housing.

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