
THIRD READING

Bill No: AB 255
Author: Haney (D), et al.
Amended: 8/29/25 in Senate
Vote: 21

SENATE HOUSING COMMITTEE: 11-0, 6/24/25
AYES: Wahab, Seyarto, Arreguín, Cabaldon, Caballero, Cortese, Durazo,
Gonzalez, Grayson, Ochoa Bogh, Padilla

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/29/25
AYES: Caballero, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 79-0, 6/3/25 - See last page for vote

SUBJECT: The Supportive-Recovery Residence Program

SOURCE: Mayor Daniel Lurie of San Francisco
City and County of San Francisco

DIGEST: This bill creates a process for abstinence-based housing for people experiencing homelessness to comply with the Core Components of Housing First and receive up to 10% of state homelessness funding.

ANALYSIS:

Existing law:

- 1) Defines a “recovery residence” (RR) as a residential dwelling that provides primary housing for individuals who seek a cooperative living arrangement that supports personal recovery from a substance use disorder and that does not require licensure by the Department of Health Care Services (DHCS) or does not provide licensable services, as specified, including residential dwellings commonly referred to as “sober living homes,” “sober living environments,” or “unlicensed alcohol and drug free residences.”

- 2) Prohibits any person, firm, partnership, association, corporation, or local governmental entity from operating, establishing, managing, conducting, or maintaining an alcoholism or drug abuse residential treatment facility to provide recovery, treatment, or detoxification services without first obtaining a current valid license from DHCS.
- 3) Establishes the California Interagency Council on Homelessness with the purpose of coordinating the state's response to homelessness by utilizing Housing First practices. Requires agencies and departments administering state programs created on or after July 1, 2017 to incorporate the core components of Housing First. Defines "Housing First" to mean the evidence-based model that uses housing as a tool, rather than a reward, for recovery and that centers on providing or connecting homeless people to permanent housing as quickly as possible.
- 4) Defines, among other things, the "core components of Housing First" to mean:
 - a) Acceptance of referrals directly from shelters, street outreach, drop-in centers, and other parts of crisis response systems frequented by vulnerable people experiencing homelessness.
 - b) Supportive services that emphasize engagement and problem-solving over therapeutic goals and service plans that are highly tenant-driven without predetermined goals.
 - c) Participation in services or program compliance is not a condition of permanent housing tenancy.
 - d) Tenants have a lease and all the rights and responsibilities of tenancy, as specified.
 - e) The use of alcohol or drugs in and of itself, without other lease violations, is not a reason for eviction.
- 5) Establishes the Homeless Housing Assistance and Prevention Program to provide funds to help local jurisdictions combat homelessness.

This bill:

- 1) Includes the following definitions:
 - a) "Supportive-recovery residence" (SRR) means 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:

- i) Satisfies the core components of Housing First.
 - ii) Uses substance-use-specific, peer support, and physical design features supporting individuals and families on a path to recovery from substance use disorders;
 - iii) Emphasizes abstinence; and
 - iv) Offers tenants permanent housing only.
- b) “Housing first model” means housing that satisfies the core components of Housing First.
- 2) Requires the Department of Housing and Community Development (HCD) to adopt the most recent standards approved by the National Alliance for Recovery Residences (NARR) or other broadly recognized national standards as the minimum standard for SRR that receive public funding.
 - 3) Provides that an SRR that is certified by an organization currently recognized as an affiliate of NARR and has adopted the standards approved by NARR, including a requirement that a federally approved opioid overdose reversal medication be readily available in case of an onsite opioid overdose emergency, may be presumed to have met the minimum best practices operating requirement adopted by HCD.
 - 4) Requires HCD to establish a process for determining if the SRR complies with the core components of Housing First.
 - 5) Requires HCD to verify that the NARR affiliate ensures compliance with (4) above for residences seeking housing first certification by the NARR affiliate. Authorizes HCD to charge a fee to the NARR affiliate for verifying the SRRs meet the requirements of (4) not to exceed the reasonable cost of administering the program, not to exceed \$100 per unit approved as housing-first certified.
 - 6) Provides that a county is not prohibited from requiring quality and performance standards that are similar or exceed the standards adopted by HCD when contracting for SRRs.

- 7) Allows a certifying organization that provides recognition, registration, or certification for SRRs to enter into a memorandum of understanding with a county for the purpose of determining if the county's requirements meet or exceed its minimum requirements.
- 8) Authorizes a state department or agency to allow programs to fund certified SRR, so long as the state program meets all of the following requirements:
 - a) At least 90% of program funds awarded to each jurisdiction from a notice of funding availability is used for housing or housing-based services using a harm-reduction model;
 - b) A grantee under the program, prior to awarding sub grants, to confirm that the subgrantee has achieved successful outcomes in promoting housing retention, similar to rates of housing retention as harm-reduction programs;
 - c) Require a grantee, prior to awarding subgrants to confirm that the subgrantees services support, and do not prevent or restrict, access to prescribed medications, including for mental health and substance abuse disorders;
 - d) The state performs periodic monitoring of select SRRs to ensure that they comply with the following:
 - i) The SRR otherwise complies with all other components of Housing First in this section, including low barrier to entry;
 - ii) Participation in a program is self-initiated;
 - iii) Core outcomes emphasize long-term housing stability and minimize returns to homelessness;
 - iv) Policies and operations ensure individual rights of privacy, dignity and respect, and freedom from coercion and restraint, as well as continuous, uninterrupted access to the housing;
 - v) Holistic services and peer-based recovery supports are available and directly communicated to all program participants along with services that align with participants' choice and prioritization of personal goals of sustained recovery and abstinence from substance use;
 - vi) The housing abides by local and state landlord-tenant laws governing grounds for eviction;
 - vii) Relapse is not a cause for eviction from housing and tenants receive relapse support;
 - viii) Eviction from a SSR shall only occur when a tenant's behavior substantially disrupts or impacts the welfare of the recovery community

- in which the tenant resides. A tenant may apply to reenter the housing program if expressing a renewed commitment to living in a housing setting targeted to people in recovery with an abstinence focus. Presence of a roommate or roommates shall not be a valid basis for eviction;
- ix) If a tenant is no longer interested in living in a supportive-recovery residence with an abstinence focus, is at risk of eviction, or is discharged from the program, the tenant shall reside in the supportive recovery residence until the operator secures the tenant a new permanent housing placement option operated with harm-reduction principals that is also permanent housing. If an eviction proceeding is initiated for an alleged violation of a lease provision agreement as described under (viii) above, the sub grantee shall submit documentation of the alleged lease violation to the local continuum of care (CoC) and any other grantor; and
 - x) The individual or family is also offered at least one harm-reduction housing placement option and the individual or family chooses a SRR over housing offering a harm-reduction approach. The harm-reduction housing placement option and SRR do not have to be available for move-in at the same time.
 - xi) Supportive housing and services shall support, and not prevent or restrict, a recipients access to and use of medications, as specified.
 - xii) Supportive housing and services shall provide overdose prevention and response training to staff and residents and shall make overdose reversal medication available and readily accessible to staff and residents on site.

Background

Why are so many experiencing homelessness in California? The causes of homelessness are varied and complicated. Economic hardship, high cost of housing, separation from the family, domestic violence, death of the family breadwinner, mental or behavioral health, and substance use disorders can all contribute to a person experiencing homelessness. So what are the primary drivers leading to increases in homelessness?

- *Available housing is not affordable.* The lack of affordable housing plays a significant role in causing individuals to become homeless or creating obstacles for individuals experiencing homeless to transition into stable housing. The median home price in California was \$771,270 in 2022, double the nationwide median. In addition, almost three million renter households, nearly half of rental households in California, are low-income (50-80% of the Area Median Income, or AMI), very low-income (30-50% AMI), or extremely low-income (0-30% AMI). As a result, many

Californians are rent burdened (spend more than 30% of their income on rent). By income level, almost 90% of extremely low-income, 85% of very low-income, and 63% of low-income households are rent burdened.

- *There is not enough housing.* The lack of supply is the primary factor underlying California’s housing crunch. The state Department of Housing and Community Development (HCD) estimates that California needs to build 180,000 new homes a year to keep up with population growth¹. More recently, HCD noted in its statewide housing plan that California must plan for more than 2.5 million homes over the next eight-year cycle, and no less than one million of those homes must meet the needs of lower-income households. This represents more than double the housing planned for in the last eight-year cycle.²

Comments

- 1) *Author’s statement.* “Although housing that does not require sobriety works for thousands of people who aren’t yet ready to enter drug free housing, it doesn’t work for everyone. There are thousands of people who want, and need, to live in a strictly sober living arrangement, but they can’t access it because this type of housing is limited and hard to find. This causes people to live in housing that is not best suited for their sobriety journey and puts them at a higher risk of falling back into homelessness. AB 255 aligns California policy with federal policy briefs by recognizing that drug free housing is a component of the housing first model and should get some statewide funding.”
- 2) *What are the primary solutions to ending and preventing homelessness?*
Simply put, we need more housing; more housing at all income levels, and in particular, more housing affordable to the lowest income earners. According to the United States Interagency Council on Homelessness, in a May 2019 report, “when housing costs are more affordable and housing opportunities are more readily available, there is a lower likelihood of households becoming homeless, and households who do become homeless can exit homelessness more quickly and with greater likelihood of sustaining that housing long-term. To reduce the negative impacts of housing instability, and to end homelessness as quickly and efficiently as possible, communities are increasingly focused on expanding the

¹ *California’s Housing Future: Challenges and Opportunities.* (California Department of Housing and Community Development, February 2018). https://www.hcd.ca.gov/policy-research/plans-reports/docs/sha_final_combined.pdf

² *A home for every Californian.* (Department of Housing and Community Development, March 2022). <https://statewide-housing-plan-cahcd.hub.arcgis.com/>

supply of housing that is affordable to renter households at lower income levels, as well as ensuring that people experiencing and exiting homelessness have access to such housing.”³

- 3) *What is Housing First?* Housing First approaches homelessness by providing permanent, affordable housing for families and individuals as quickly as possible, then providing supportive services to prevent their return to homelessness. This strategy is the evidence-based model that focuses on the idea that homeless individuals should be provided shelter and stability before underlying issues can be successfully addressed. Under the Housing First approach, anyone experiencing homelessness should be connected to a permanent home as quickly as possible, and programs should remove barriers to accessing the housing, like requirements for sobriety or absence of criminal history. It is based on the “hierarchy of need;” people must access basic necessities—like a safe place to live and food to eat—before being able to achieve quality of life or pursue personal goals. Housing First values choice in not only where to live, but whether to participate in services. This approach contrasts to the “housing readiness” model, which requires people to address predetermined goals before obtaining housing. In other words, housing readiness means housing is “earned” and can also be taken away, thus returning to homelessness. Housing First was embraced by California in 2015 through SB 1380 (Mitchell, Chapter 847, Statutes of 2016), which requires all housing programs in the state to adopt this model.
- 4) *What is the recovery housing model?* Recovery housing is a model that is abstinence-focused and offers peer supports for people recovering from substance abuse issues. These homes are not licensed or regulated by DHCS or any other state or local government. After treatment for substance abuse, whether by prison, hospital-based treatment programs, or therapeutic communities, many patients return to former high-risk environments or stressful family situations. Returning to these settings without a network of people to support abstinence increases chances of relapse. As a consequence, alcohol and substance use recidivism following treatment is high for both men and women. Recovery housing offers participants an option to live with other abstinence-focused residents while being offered supports through the recovery process.

³ *The Importance of Housing Affordability and Stability for Preventing and Ending Homelessness*. (US Interagency Council on Homelessness, May 2019). https://www.usich.gov/resources/uploads/asset_library/Housing-Affordability-and-Stability-Brief.pdf

- 5) *Federal guidance regarding recovery housing.* The US Department of Housing and Urban Development (HUD) guidance for recovery housing or “sober living environment” (e.g., the supportive community residences contemplated in this bill) emphasizes the Housing First approach, but also recognizes the importance of providing “individual choice to support various paths towards recovery.” Some people pursuing recovery from addiction express a preference for an abstinence-focused residential or housing program where they can live among and be supported by a community of peers who are also focused on pursuing recovery from addiction – environments that are provided by recovery housing programs. However, the HUD guidance states that supporting individual choice must also mean that a community is ensuring that housing options are available for people at all stages of recovery, including people who continue to use drugs or alcohol.⁴ In other words, if a person chooses an abstinence-focused/sober living program and relapses, in order to comply with Housing First principles, the relapse alone should not be treated as an automatic cause for eviction or termination.

This bill incorporates the major components of HUD’s guidance and allows up to 10% of homelessness funds to be awarded to recovery housing programs so long as those programs provide layers of protection to provide tenants with choice, while also providing flexibility for a tenant to relapse without losing their housing and returning to the streets. Specifically, this bill requires tenants to have a lease and comply with landlord-tenant law, consistent with permanent supportive housing units. At the time of entering housing, people experiencing homelessness would have to be offered a choice between an SRR – which emphasizes sobriety – and harm-reduction housing (e.g., permanent supportive housing). Eviction from an SRR may only occur when a tenant’s behavior substantially disrupts or impacts the welfare of the SRR in which the tenant resides. If an eviction is initiated, the operator must submit documentation to the local CoC or other grantee. Alternatively, if a tenant is no longer interested in living in a sober living facility, or is at risk of eviction, or is discharged from the program, the tenant shall reside in the residence until the operator secures the tenant a new permanent supportive housing unit with harm reduction principles.

Lastly, this bill requires periodic state monitoring and that grantees confirm that they are meeting successful outcomes in promoting housing retention rates analogous with housing first models.

⁴ “Recovery Housing Policy Brief”. (United States Department of Housing and Urban Development, December 2015). <https://files.hudexchange.info/resources/documents/Recovery-Housing-Policy-Brief.pdf>

- 6) *Senate Appropriations Amendments.* Author's amendments taken in the Senate Appropriations Committee make the following changes:
- a) Authorize HCD, in addition to recent standards approved by the National Alliance for Recovery Residences (NARR), to adopt other broadly recognized national standards as the minimum standard for SRRs that receive public funding under the bill.
 - b) Require HCD to verify that the NARR affiliate certifying SRRs ensures compliance with the core components of Housing First, as specified.
 - c) Authorize HCD to charge a NARR affiliate an annual fee for verifying that SRRs comply with the core components of Housing First in an amount not to exceed the reasonable cost of administering the program, up to \$100 per unit approved as Housing First-certified.
 - d) Require a grantee under the state program, prior to awarding subgrants, to confirm that the grantee's services support, and do not prevent or restrict, access to prescribed medications, including for mental health and substance abuse disorders.
 - e) Require supportive housing and services to support a resident's access to and use of medications prescribed for behavioral or physical health conditions, as specified.
 - f) Require supporting housing and services to provide overdose prevention and response training to staff and residents, and to make overdose reversal medication available and readily accessible to staff and residents on site.

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

According to the Senate Appropriations Committee:

- HCD estimates first year costs of approximately \$4.12 million, which includes \$1 million for one-time contracting and IT systems improvements 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 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)

SUPPORT: (Verified 8/29/25)

Mayor Daniel Lurie of San Francisco (Co-source)
City and County of San Francisco (Co-source)
Bay Area Council
California Big City Mayors Coalition
County Behavioral Health Directors Association
Mayor Matt Mahan, City of San Jose
North Bay Leadership Council
San Francisco Board of Supervisors
San Francisco Marin Medical Society
The Salvation Army
Union Rescue Mission

OPPOSITION: (Verified 8/29/25)

None received

ASSEMBLY FLOOR: 79-0, 6/3/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

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