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AB-1165 California Housing Justice Act of 2025. (2025-2026)

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AMENDED IN ASSEMBLY MARCH 24, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 1165

Introduced by Assembly Member Gipson

February 21, 2025

An act to ~~amend Section 50001~~ *add Chapter 4 (commencing with Section 50570) to Part 2 of Division 31* of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1165, as amended, Gipson. ~~Housing~~ *California Housing Justice Act of 2025.*

Existing law establishes the Homeless Housing, Assistance, and Prevention Program administered by the Business, Consumer Services, and Housing Agency for the purpose of providing jurisdictions, as defined, with one-time grant funds to support regional coordination and expand or develop local capacity to address homelessness challenges, as specified. Existing law also establishes the Department of Housing and Community Development in the agency and makes the department responsible for administering various housing programs throughout the state, including, among others, the Multifamily Housing Program, the Housing for a Healthy California Program, and the California Emergency Solutions Grants Program.

This bill would enact the California Housing Justice Act of 2025, which would create the California Housing Justice Fund in the General Fund and would require the Legislature to invest an ongoing annual allocation into that fund in an amount needed to solve homelessness and housing unaffordability, as specified. The bill would require moneys in the fund to be appropriated by the Legislature annually to the department and to be expended by the agency to fund, among other things, the development, acquisition, rehabilitation, and preservation of affordable and supportive housing that is affordable to acutely low, extremely low, very low, and lower income households, as provided. The bill would also require the department to create, by no later than January 1, 2027, and in collaboration with specified entities, including local entities, finance plans to solve homelessness and to solve the housing unaffordability crisis, and related statewide annual performance metrics. By imposing additional duties on local entities, this bill would impose a state-mandated local program.

This bill would require the agency, on or before October 1 of each year, beginning in 2027, to report to the Legislature on its progress in meeting the performance measures and benchmarks contained in the finance plans and annual performance metrics

described above, and to publish goals on its internet website and update progress toward the goals at least annually. The bill would also make related findings and declarations.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

~~Existing law, the Zenovich-Moscone-Chacon Housing and Home Finance Act, states that the Legislature finds and declares that the subject of housing is of vital statewide importance to the health, safety, and welfare of the residents of the state for specified reasons:~~

~~This bill would make nonsubstantive changes to those provisions:~~

Vote: majority Appropriation: no Fiscal Committee: ~~no~~yes Local Program: ~~no~~yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Chapter 4 (commencing with Section 50570) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

CHAPTER 4. California Housing Justice Act of 2025

50570. This act shall be known, and may be cited as, the California Housing Justice Act of 2025.

50570.1. The Legislature finds and declares all of the following:

(a) Housing unaffordability impacts all Californians and is the leading driver of homelessness in our state. Over 339,000 Californians experienced homelessness in 2024, resulting from well over 1,000,000 extremely low income households paying over one-half of their incomes in rent. The crisis is expected to expand exponentially in response to the wildfires in the Counties of Los Angeles and Ventura, as well as rent increases from a decreased supply of housing stock during a time of increased demand. At the same time, California braces for cuts to federal housing programs, expected to force many more households into houselessness.

(b) The housing and homelessness crisis is a result of many decades of discrimination and racism, policy choices, massive decreases in federal investments in affordable housing, and state disinvestment in the wake of the Great Recession. Beginning in 2019, state leaders began passing significant one-time investments to reduce unsheltered homelessness and promote housing affordability. To truly solve this crisis, we must next scale investments and identify sustainable, ongoing revenue streams to fully fund solutions that work.

(c) Survey after survey reveals voters name housing unaffordability and homelessness as the top issue in our state; despite that, California's ongoing investments in housing and homelessness account for less than 0.5 percent of the state's annual budget.

(d) In March 2022, the Department of Housing and Community Development released a plan for progress needed to solve the affordable housing crisis, which identified a need for approximately 1,000,000 homes affordable to people with lower incomes and below. However, the state has failed to pass funding necessary to meet the state's own goals in this plan. In fact, the state lacks a multiyear sustainable funding strategy for how funding should be invested. Without a long-term strategy to fund moving people off the streets and into housing and preventing future homelessness by creating more affordable housing, the state cannot fully respond to this crisis.

(e) Recent investments have prevented California from reaching the scale of increases in homelessness felt nationwide post-COVID-19. Yet, more Californians are pushed into homelessness than ever before for one reason: Californians in poverty cannot afford the growing chasm between increasing rent and stagnant incomes.

(f) Homelessness and housing unaffordability are solvable. Ongoing investment at scale, following a long-term plan to implement evidence-based practices, is a proven intervention. Ongoing federal investments at scale in Housing First programs made possible massive progress toward ending veteran homelessness, decreasing the number of veterans who are unhoused by 55 percent from 2010 to 2022. Research and policy organizations have developed blueprints for solutions in California. These plans 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.

(g) It is the intent of the Legislature to scale the level of ongoing public investment needed, with reforms necessary to ensure accountability and collaboration across jurisdictions, to enact solutions to the homelessness and housing unaffordability crisis statewide. At the core of the program is a new culture of multilateral accountability, requiring local governments and grantees to

be accountable to state oversight, state funding to be transparent to public review, and the entire system, first and foremost, to hold itself accountable to Californians experiencing or who previously experienced homelessness, and who have been failed by decades of policy choices that have contributed to this crisis. This new accountability culture recognizes the state's obligation to respect, protect, and fulfill the right of all Californians to live in safe, decent, and affordable housing.

50570.2. For purposes of this chapter, the following definitions shall apply:

- (a) "Acutely low income households" has the same meaning as Section 50063.5.
- (b) "Affordable housing" is permanent housing where households with acutely low, extremely low, very low, lower, and moderate incomes do not pay more than 30 percent of their income in rent, that meets habitability requirements in California law, and that does not require a license under California law.
- (c) "Continuum of care" has the same meaning as that term is defined in Section 578.3 of Title 24 of the Code of Federal Regulations.
- (d) "County" includes a city and county or a city that is working with one or more counties to apply for grant funds.
- (e) "Department" means the Department of Housing and Community Development.
- (f) "Extremely low income households" has the same meaning as Section 50106.
- (g) "Homelessness" has the same meaning as "homeless" in Section 91.5 of Subpart A of Part 91 of Subtitle A of Title 24 of the Code of Federal Regulations, except that a person who is exiting an institutional setting, including, but not limited to, a prison or jail, hospital, nursing home, group home, or residential treatment, who was homeless before the admission, and who does not have a fixed, regular, and adequate nighttime residence upon discharge, is also "homeless," regardless of their length of stay in the institutional setting or their place of residence before entering the institution.
- (h) "Housing First" has the same meaning as in Section 8255 of the Welfare and Institutions Code.
- (i) "Lower income households" has the same meaning as in Section 50079.5.
- (j) "Permanent housing" means a structure or set of structures with subsidized or unsubsidized rental housing units subject to applicable landlord-tenant law, without a limit on the length of stay and without a requirement to participate in supportive services as a condition of access to or continued occupancy of the housing. "Permanent housing" shall include supportive housing.
- (k) "Permanent supportive housing" or "supportive housing" means permanent housing without a limit on the length of stay that is linked to onsite and offsite voluntary services that are easily accessible to tenants and assist participants in maintaining housing stability, improving the participant's health status, and maximizing the participant's ability to live and, when possible, work in the community. "Permanent supportive housing" shall include associated facilities if those facilities are used to provide services to tenants.
- (l) "Rental subsidies" means a subsidy provided to a permanent housing provider, including a developer that has received government subsidies to build affordable or supportive housing or a private market landlord, or to an assisted tenant, to assist a tenant to pay the difference between 30 percent of the tenant's income and reasonable market rent as determined by the grant recipient and approved by the department.
- (m) "Very low income households" has the same meaning as in Section 50105.
- (n) "Voluntary service" means a service offered in conjunction with housing that is not contingent on participation in the service, from which tenants are not evicted based on failure to participate in the service, where the service provider engages the tenant to voluntarily participate in the service using evidence-based engagement models, and the service is flexible, accountable, and tenant-centered.

50570.3. (a) The California Housing Justice Fund is hereby created in the General Fund.

(1) The Legislature shall invest an ongoing annual allocation in the California Housing Justice Fund in an amount needed to solve homelessness and housing unaffordability, pursuant to the finance plans identified in subdivision (b), for the purpose of solving the state's homelessness and housing unaffordability crisis.

(2) Moneys in the California Housing Justice Fund shall be appropriated by the Legislature annually to the department and shall be expended by the agency to fund the following:

(A) Evidence-based practices for solving homelessness, including, but not limited to, rental subsidies for permanent housing, homeless services, and flexible housing subsidy pools.

(B) The development, acquisition, rehabilitation, and preservation of affordable and supportive housing that is affordable to acutely low, extremely low, very low, and lower income households, including necessary operating subsidies.

(C) Social housing and other alternative models to traditional affordable housing development.

(D) Tenant stability programs.

(E) Other uses the finance plans identify as necessary to solve homelessness and housing unaffordability.

(b) In collaboration with affordable housing and homeless experts and advocates, nonprofit developers, housing justice organizations, county housing agencies, housing authorities, continuums of care, counties, cities, people with lived experiences of homelessness and housing instability, and participants on the Interagency Council on Homelessness' State Funding and Programs Working Group, Racial Equity Working Group, and Youth and Young Adults Working Group, the department shall create, by no later than January 1, 2027, all of the following:

(1) Finance plans that take into account anticipated federal, local, and existing state investments to achieve the following:

(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, in accordance with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(2) Statewide annual performance metrics through all of the following:

(A) Updating annually the "Statewide Action Plan for Preventing and Ending Homelessness in California," to include annual metrics to achieve goals established in the finance plan to solve homelessness, pursuant to subparagraph (A) of paragraph (1). Metrics and goals shall include reducing the number of individuals experiencing, the length of time those individuals experience, and the number of returns to homelessness, reducing racial and ethnic disparities in who experiences homelessness, increasing the number of households in California who, after having experienced homelessness, are accessing housing that they can afford, and decreasing the racial and ethnic disparities among these households.

(B) Identifying and regularly updating annual metrics to achieve goals established in the finance plan to solve the housing unaffordability crisis, pursuant to subparagraph (B) of paragraph (1), including appropriate annual levels of funding necessary, further identifying annual metrics to reduce the number of households paying more than they can afford and living unstably housed, and reducing racial and ethnic disparities in Californians accessing affordable housing created through state and federal funding.

(c) On or before October 1 of each year, beginning in 2027, the Business, Consumer Services, and Housing Agency shall report to the Legislature, in compliance with Section 9795 of the Government Code, on its progress in meeting the performance measures and benchmarks contained in the finance plans and annual performance metrics. The agency shall publish goals on its internet website and update progress toward the goals at least annually.

SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

~~SECTION 1. Section 50001 of the Health and Safety Code is amended to read:~~

~~50001. The Legislature finds and declares that the subject of housing is of vital statewide importance to the health, safety, and welfare of the residents of this state, for all of the following reasons:~~

~~(a) Decent housing is an essential motivating force in helping people achieve self-fulfillment in a free and democratic society.~~

~~(b) Unsanitary, unsafe, overcrowded, or congested dwelling accommodations or lack of decent housing constitute conditions that cause an increase in, and spread of, disease and crime.~~

~~(c) A healthy housing market is one in which residents of this state have a choice of housing opportunities and one in which the housing consumer may effectively choose within the free marketplace.~~

~~(d) A healthy housing market is necessary both to achieve a healthy state economy and to avoid an unacceptable level of unemployment.~~