

HOUSING AND HOMELESSNESS

CREATING THE NEW CALIFORNIA HOUSING AND HOMELESSNESS AGENCY

The Administration has proposed to establish a new California Housing and Homelessness Agency (CHHA) to create a more integrated and effective administrative framework for addressing the state's housing and homelessness challenges. CHHA will be responsible for coordinating state housing and homelessness efforts, which includes addressing the full spectrum of Californians' housing needs, from efforts to prevent and end homelessness, to supporting low-income renters and first-time homebuyers. The agency will also be responsible for safeguarding civil rights, including efforts to advance and enforce fair housing and equal employment protections.

The May Revision includes \$4.2 million (\$4 million General Fund) in 2025-26, \$6.4 million (\$6.2 million General Fund) in 2026-27, and \$6.2 million (\$6.1 million General Fund) in 2027-28 and ongoing to support the reorganization of the Business, Consumer Services, and Housing Agency, which includes resources for CHHA and the creation of the Housing Development and Finance Committee (HDFC) in addition to the Business and Consumer Services Agency. See the General Government and Statewide Issues Chapter for information on the related Business and Consumer Services Agency

proposal. By streamlining state operations, making more efficient use of limited state resources, and reducing costs to develop housing, this reorganization will create a more sustainable housing system and deliver better outcomes. This proposal aligns with the Governor's Reorganization Plan submitted to the Little Hoover Commission on April 4, 2025.

The new CHHA will integrate housing programs, streamline policies, and simplify the administration of state affordable housing programs. Creating a state agency focused on overseeing policy development and the administration of state housing and homelessness resources will provide clear authority and accountability for addressing statewide priorities. The agency will include the following entities:

- Department of Housing and Community Development
- California Interagency Council on Homelessness
- California Housing Finance Agency
- Civil Rights Department
- Housing Development and Finance Committee

The new HDFC will promote transparency, coordination, and alignment of state affordable housing resources. Specifically, the creation of HDFC to administer multifamily affordable housing programs will streamline the administration and oversight of housing funding across the state, improving efficiency and reducing the administrative burden for housing developers. By consolidating these programs under one entity, HDFC will align programmatic requirements across related initiatives and enhance long-term monitoring and compliance. This centralized approach will improve accountability and support data-driven decision-making.

CLIMATE-ALIGNED HOUSING AND ECONOMIC DEVELOPMENT

As outlined in the Governor's Budget, the Administration remains committed to advancing policies that support California's climate and economic goals, including through accelerating housing production. A focus will be proposals that hold all permitting entities accountable to existing statutory processes and timelines to reduce delays, alongside targeted improvements to existing streamlining tools and innovative financing strategies that reduce vehicle miles traveled by supporting affordable, transit-oriented housing.

The Administration is also committed to partnering with the Legislature to include key legislation into the budget that advances these goals, which are essential to accelerating infill development. In today's constrained fiscal environment, these cost-effective, high-impact solutions are more important than ever.

BUILDING FOR THE FUTURE

Even amid current fiscal constraints, the Administration is committed to advancing solutions that support long-term progress and is open to working with the Legislature on a potential statewide bond measure to fund critical investments in housing and infrastructure. Such a measure could help sustain momentum in the years ahead and deliver transformative resources to communities across California.

SIGNIFICANT BUDGET ADJUSTMENTS

- Business, Consumer Services, and Housing Agency Governor's Reorganization Plan**—An increase of \$3.7 million General Fund in 2025-26, \$4 million in 2026-27, and \$3.8 million in 2027-28 and ongoing for CHHA, as well as \$322,000 in 2025-26 and \$2.3 million in 2026-27 and ongoing for HDFC. The May Revision includes budget adjustments necessary to begin implementation of the reorganization in 2025-26, with further staffing and program transfers subject to future budget proposals.
- Community Development Block Grant – Disaster Recovery**—An increase of \$416.6 million one-time Federal Trust Fund to reflect federal resources that will be available to the Department of Housing and Community Development beginning in 2025-26 to support long-term recovery efforts related to 2023 and 2024 natural disasters.
- Proposition 35 Flexible Housing Subsidy Pools**—The May Revision reflects \$200 million Proposition 35 funds over two years for Flexible Housing Pool rental assistance and housing supports to help individuals with significant behavioral health conditions who are experiencing, or at risk of, homelessness, enter and maintain stable long-term housing. See the Health and Human Services Chapter for more information on Proposition 35.

ADDRESSING THE BUDGET PROBLEM

To address the projected budget shortfall, the May Revision includes a General Fund solution to achieve a balanced budget. This includes:

- **Reversions of Unexpended Affordable Housing Program Funding**—A reversion of \$31.7 million unexpended General Fund that was previously appropriated for the Infill Infrastructure Grant Catalytic Program, the Commercial Property Pilot Program, and the 2021 Infill Infrastructure Grant Program. A total of \$506.4 million was appropriated for projects in the 2021, 2022, and 2023 Budget Acts for these three programs and \$474.7 million has been awarded for projects to date. The amount identified for reversion represents the unused balance of funds that have not been awarded to date.