

HOUSING AND HOMELESSNESS

California has implemented a comprehensive set of housing and homelessness reforms that have accelerated housing production, reduced development timelines and costs, and strengthened accountability. Through streamlined approvals, modernized review processes, and targeted enforcement of state housing laws, the state is enabling faster housing delivery, while enabling efforts to address homelessness. Collectively, these efforts have resulted in increased planning, permitting, and production across the state, helping more Californians access stable, affordable homes.

Building on this progress, the Budget includes policies that reduce development costs and accelerate construction over the long term—an approach that is critical to maximizing the use of both existing and future resources for affordable housing.

Housing is paramount to the lives of all Californians. Through the Governor's Reorganization Plan (2025), the state continues to build a structure for a more streamlined, responsive housing finance system to more efficiently and effectively use state dollars.

HOUSING

CALIFORNIA HOUSING AND HOMELESSNESS AGENCY IMPLEMENTATION

In furtherance of the Governor's Reorganization Plan, the Administration continues to make housing more affordable by streamlining and aligning state housing finance programs through a new "one-stop shop" for affordable housing production under the new Housing Development and Finance Committee (HDFC). Streamlining access to state financing and reducing development costs will support the state's efforts to improve efficiency and accelerate affordable housing construction.

INVESTING IN AND MODERNIZING AFFORDABLE HOUSING FINANCE PROGRAMS

The Budget modernizes and brings greater coherence to the multifamily affordable housing finance system by securing a predictable share of tax-exempt bonds for affordable housing, with a portion of those bonds reserved for HDFC to pair with its subsidies under its one-stop shop. The Budget also expands membership on the HDFC Executive Committee to strengthen oversight and accountability.

The Budget also creates the Affordable Housing and Sustainable Communities (AHSC)—Housing Allocation, which moves AHSC housing capital funding into HDFC's one-stop shop to better combine subsidies, reduce administrative steps, and speed up project delivery while maintaining climate standards. The AHSC—Sustainable Communities Allocation will continue to be administered by the Strategic Growth Council (SGC) for transportation, community infrastructure investments, and agricultural land preservation. HDFC and SGC are required to coordinate to align housing, land use, transportation, and climate goals. The current AHSC round will conclude under SGC, and funding available after July 1, 2026, will transition to HDFC's consolidated process.

ALIGNING LOCAL POLICIES TO LOWER COSTS FOR STATE-FUNDED HOUSING PROGRAMS

To better leverage state dollars and promote the production of affordable housing, the Budget includes policies that align local actions with efforts to reduce development costs. Local governments are encouraged to waive some development fees—which can lower costs by \$20,000–\$30,000 per unit, on average—by allowing these waivers to count as local contributions in state housing programs. If a local government applies for state funding but does not provide a waiver, its award will be reduced by the same amount. This approach does not require changes to local fee structures but sets clear expectations for how state funds are used, ensuring that investments support housing

construction rather than covering locally imposed costs, which will ultimately lower overall development costs.

RESOURCES IN SUPPORT OF THE GOVERNOR'S REORGANIZATION PLAN (2025)

The establishment of the California Housing and Homelessness Agency (CHHA) under the Governor's Reorganization Plan requires strategic alignment across multiple departments to maintain continuity of operations and strengthen statewide coordination. The Budget reflects the transfer of additional necessary positions and associated resources to support that realignment, including information technology, administrative support for the Department of Housing and Community Development (HCD), and leadership for HDHC.

DISASTER REBUILDING ASSISTANCE

Consistent with actions taken over the past year to clear debris at a record pace, expedite permitting, and support the development of affordable housing, the state continues to prioritize helping homeowners affected by wildfires to recover and rebuild as quickly as possible, including in communities impacted by the 2025 Los Angeles wildfires.

To further help stabilize finances for impacted homeowners, the state has provided mortgage payment assistance through the CalAssist program, which has already delivered relief to more than 1,300 homeowners. Despite these efforts, many survivors continue to face a significant gap between insurance proceeds and the cost to rebuild, compounded by limited access to affordable financing.

To help address this challenge, the Budget includes the creation of a Disaster Rebuilding Assistance Program to expand access to construction and renovation financing for disaster-impacted homeowners. The Budget includes a \$100 million investment, including \$56 million General Fund and \$44 million in existing National Mortgage Settlement funds. This investment will be used to reduce borrowing costs and facilitate access to private financing through a combination of a loan loss guarantee program, an interest rate buydown program, and additional mortgage assistance or lending programs, as may be appropriate. Together, these tools will lower monthly construction and mortgage loan costs and expand loan eligibility.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Low-Income Housing Tax Credit**—\$500 million for an additional year of enhanced state low-income housing tax credits to support the financing of affordable rental housing. See the General Government and Statewide Issues Chapter for more information.
- **Multifamily Housing Program**—\$200 million one-time General Fund in 2026-27 for the Multifamily Housing Program administered by HDfC, with ten percent set aside for California Tribes pursuant to Chapter 295, Statutes of 2024 (SB 1187).
- **Reappropriation of Infill Infrastructure Grant Program Funds**—The Budget includes a reappropriation that is estimated to make approximately \$7 million of previously awarded and currently uncommitted funds available for HCD to assist in the construction of additional infill infrastructure and housing projects.

HOMELESSNESS

In 2021, the California Interagency Council on Homelessness (Cal ICH) was restructured to serve as the state's central coordinator for homelessness policy, data, and performance. Cal ICH has since developed a coordinated, equitable, and accountable response to homelessness. From 2024 to 2025, the number of people experiencing unsheltered homelessness in California decreased by 8,391 people, or 6.8 percent—more than any other state. In addition, California saw an overall decrease of 2.8 percent, significantly reducing veteran homelessness and making meaningful progress in reducing youth homelessness.

To date, the state has allocated \$859 million to 2,471 affordable homes through Proposition 1 Homekey+ funds, with \$1.4 billion expected to be made available over the coming year to support housing and services for people experiencing homelessness. Beginning in July 2026, implementation of the Behavioral Health Services Act will further strengthen this continuum by establishing a dedicated ongoing 30-percent allocation for housing intervention programs—providing counties with a significant and sustained infusion of resources to support housing stability for individuals experiencing homelessness or who are at risk of homelessness and have behavioral health needs. Together, these investments reflect the state's continued commitment to pairing scale with accountability, aligning housing and behavioral health systems, and demonstrating durable progress in addressing homelessness statewide.

HOMELESS HOUSING, ASSISTANCE AND PREVENTION ACCOUNTABILITY

The state continues to deploy significant resources to prevent and reduce homelessness. In addition to the fully awarded sixth round of Homeless Housing, Assistance and Prevention (HHAP) Program, available to grantees through June 30, 2029, the Budget establishes a seventh round of HHAP, totaling \$900 million, available to eligible grantees beginning September 1, 2026, with final expenditures due by December 31, 2033.

As required by Chapter 650, Statutes of 2025 (SB 158), HHAP Round 7 includes strengthened accountability and performance measures. The 14 largest HHAP-eligible cities and the 11 counties in which these cities are located must provide at least a 35-percent match for both HHAP Round 7 first and second disbursements, for a total match requirement of at least 70 percent of overall HHAP Round 7 awards. HHAP Round 7 also requires the 14 largest HHAP-eligible cities and the counties in which they are located to obtain and maintain a Prohousing Designation. These conditions ensure state funds support jurisdictions aligning local housing policies with efforts to prevent homelessness, increase exits from homelessness, and expand permanent housing placements.

CIVIL RIGHTS DEPARTMENT

The Civil Rights Department (CRD) is the largest state civil rights agency in the country. It enforces many of California's civil rights laws, including in the areas of housing, employment, business and public accommodations, state-funded programs and activities, professional relationships, hate violence, and human trafficking.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Resources for Enforcement Investigation and Conciliation Workload**—The Budget includes permanent position authority for six positions and \$838,000 in 2026-27, 2027-28, and 2028-29 for CRD to reduce complainant wait time and increase settlements of employment and housing complaints.
- **Permanent Support for Bureau for Descendants of American Slavery**—The 2025 Budget included \$6 million one-time General Fund to establish the Bureau. The 2026 Budget includes permanent position authority, \$991,000 General Fund in 2028-29, and \$2 million in 2029-30 and ongoing, to maintain funding at existing operational levels.