

ASSEMBLY THIRD READING  
AB 195 (Patterson)  
As Introduced January 10, 2019  
Majority vote

## SUMMARY:

Adds reporting requirements for the Department of Housing and Community Development (HCD) grant programs.

### Major Provisions

- 1) Requires HCD to report the following information in its annual report for each grant based program it administers:
  - a) The amount of original awards to recipients, the portions not yet disbursed to recipients, and an estimate of how many individuals could benefit from the remaining balance;
  - b) Any extensions HCD granted to the standard agreement and the number of, and reason for, those extensions;
  - c) The total balance of all recipients' reuse accounts, detailing the loan payments recipients are required to reissue for program purposes and an estimate of how many households could benefit from the balance; and,
  - d) A description of HCD's monitoring efforts, including the collection of performance reports and the results of the risk assessments and on-site monitoring.
- 2) Requires, through December 31, 2023, that the Business, Consumer Services, and Housing Agency (BCSH) must monitor HCD's efforts, and annually report to the Legislature on or before December 31 of each year on those efforts.

## COMMENTS:

HCD currently administers 13 active grant-based programs. These programs award housing bond funds to recipients such as cities, nonprofit housing developers, for-profit developers, housing development groups, and agricultural employees, depending on the nature of the specific program. The housing bond programs are designed to help target populations afford housing in California. These populations include very low-income to moderate-income households, homeless, homeless youth, and agricultural workers.

In the September 2018 report, *[HCD's] Oversight of Housing Bond Funds Remains Inconsistent*, the California State Auditor (BSA) noted that "since 2007 our office has performed five required audits, including this one, of HCD's housing bond program management. In each audit, we found similar problems related to HCD's monitoring of certain housing bond programs. We also identified concerns related to HCD's implementation of its housing bond database and its adherence to administrative spending limits. To ensure HCD addressed the problems we identified, we made a total of 28 recommendations in the first four reports, which HCD previously asserted that it implemented. However, during this review, we determined that HCD had not followed through on half of these recommendations."

The BSA's recommendations include that:

- 1) The Legislature should require HCD to annually report to it in detail on its monitoring of CalHome and BEGIN awards and to include performance metrics to demonstrate that recipients have issued loans to eligible homeowners;
- 2) The Legislature should require the BCSH to annually report to it on the status of HCD's implementation of the BSA's recommendations;

In its report, the BSA noted that BCSH agreed with the report's recommendations and indicated that HCD has begun implementing them.

This bill would fulfill both of BSA's recommended actions for the Legislature. First, it would require HCD to provide the Legislature annual reports on HCD's monitoring of the CalHome and BEGIN grant programs and would expand this oversight requirement to all grant-based programs administered by HCD. Second, the bill would require BCSH to annually monitor and report to the Legislature on HCD's implementation of BSA's recommendations.

**According to the Author:**

In the September 2018 report, *[HCD's] Oversight of Housing Bond Funds Remains Inconsistent*, the California State Auditor (BSA) determined that HCD had a long-standing history of inadequate monitoring for some of its programs and, given the additional funds HCD received for CalHome under the November 2018 ballot measure, the Legislature should require HCD to disclose information about such monitoring in its annual report.

**Arguments in Support:**

According to the California Alliance for Retired Americans (CARA), "AB 195 is an important and long-awaited accountability check on the California Department of Housing and Community Development (HCD), which will protect millions of taxpayer dollars for years to come. For these reasons CARA supports AB 195 and looks forward to working with you on its passage."

**Arguments in Opposition:**

None on file

**FISCAL COMMENTS:**

According to the Assembly Appropriations Committee:

- 1) One-time costs to HCD of \$500,000 (General Fund (GF)) to upgrade the grants management system to integrate the new tracking requirements.
- 2) Ongoing costs to HCD of approximately \$1 million (GF) annually for six staff positions to collect additional required tracking information from all loan and grant programs as well as program, update, maintain and manage the requisite data systems.
- 3) Unknown costs to HCD for administrative support for the new workload.
- 4) Minor and absorbable costs to the Agency to monitor HCD's efforts.

**VOTES:**

**ASM HOUSING AND COMMUNITY DEVELOPMENT: 8-0-0**

**YES:** Chiu, Diep, Gabriel, Gloria, Kiley, Limón, Maienschein, Quirk-Silva

**ASM APPROPRIATIONS: 18-0-0**

**YES:** Gonzalez, Bigelow, Bloom, Bonta, Brough, Calderon, Carrillo, Chau, Diep, Eggman, Fong, Gabriel, Eduardo Garcia, Maienschein, Obernolte, Petrie-Norris, Quirk, Robert Rivas

**UPDATED:**

VERSION: January 10, 2019

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