

Date of Hearing: May 18, 2022

**ASSEMBLY COMMITTEE ON APPROPRIATIONS**

Chris Holden, Chair

AB 1978 (Ward) – As Amended May 2, 2022

Policy Committee: Housing and Community Development      Vote: 7 - 0

Urgency: No      State Mandated Local Program: No      Reimbursable: No

**SUMMARY:**

This bill authorizes various activities by the Department of Housing and Community Development (HCD). Specifically, this bill:

- 1) Authorizes HCD to do any of the following in administering the Federal Housing Trust Fund, the Community Development Block Grant Program (CDGB) Funds, the HOME Investment Partnerships Act (HOME) or the California Emergency Solutions Grants (ESG) Program, unless specifically prohibited by other applicable law:
  - a) Publish a notice of funding availability and application deadlines ahead of, and contingent upon, the availability of funding.
  - b) Issue funding to an award recipient up-front rather than as a reimbursement, provided HCD provides ongoing support and monitoring of the funding.
  - c) Provide technical assistance to applicants that meet program submission deadlines to correct technical errors or provide missing information, so applications are not rejected because of a minor error or oversight.
- 2) Requires HCD to establish a tracking system for all programs that, at a minimum, includes deadlines for each step of a program application. Requires the tracking system to be on HCD's internet website.

**FISCAL EFFECT:**

Estimated ongoing costs to HCD of \$371,000 (General Fund (GF)) annually, for two staff positions to update guidelines more frequently on select federal programs, provide additional technical assistance to applicants to those programs, update databases to conform to the standards of the bill and perform ongoing reporting and publishing work related to making these tracking systems publicly accessible.

**COMMENTS:**

- 1) **Purpose.** This bill seeks to reduce administrative delays in allocating federal housing funds to local programs. According to the author:

Continuum of Care (CoC) programs increasingly depended on by the State to provide critical services which address wide-ranging support needed to resolve homelessness. Unfortunately, existing administrative processes present unnecessary delays and limitations in delivering appropriations to CoCs so they may turn resources into action faster to meet the crisis in the moment.

[This bill] will support CoCs by providing HCD with the legislative direction and allowances to publish timelines for grants, issue funds up-front, provide applicants with technical assistance during the application review process, and expand the authority of certain departmental leaders to expedite decisions.

- 2) **Background.** HCD administers federal housing funding for the state for programs, including CDBG, HOME, ESG Program and the National Housing Trust Fund. Cities and counties must sign a contract with HCD before they can receive federal funds. Some jurisdictions have complained HCD is slow to provide contracts and release funding once the contracts are executed. This bill requires HCD establish a tracking system for program applicants so they can follow the progression of their program application. The bill requires the tracking system to be on the department's internet website.

In addition, this bill allows HCD to publish a notice of funding availability (NOFA) and application deadlines ahead of, and contingent upon, the availability of funding and makes other administrative improvements to ensure program applications are not rejected due to minor errors or oversights.

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