

---

## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair  
2021 - 2022 Regular Session

---

### AB 1978 (Ward) - Department of Housing and Community Development: powers

**Version:** May 2, 2022

**Urgency:** No

**Hearing Date:** August 1, 2022

**Policy Vote:** HOUSING 8 - 0

**Mandate:** No

**Consultant:** Mark McKenzie

**Bill Summary:** AB 1978 would authorize the Department of Housing and Community Development (HCD) to provide technical assistance and take specified actions in advance of publishing notices and issuing funding for specified programs. The bill would also require HCD to establish a tracking system for programs it administers, as specified.

#### **Fiscal Impact:**

- HCD estimates ongoing costs of approximately \$371,000 annually for 2.0 PY of staff to regularly update guidelines for specified federal programs, provide additional technical assistance to funding applicants, update databases, and make tracking systems publicly accessible. (General Fund)

**Background:** HCD administers the following programs that provide federal funding to local entities and others for affordable housing:

- The National Housing Trust Fund (NHTF) Program, which provides financing in the form of deferred payment or forgivable loans for the preservation and construction of permanent housing for extremely low-income households. Eligible applicants include individuals, joint ventures, partnerships, corporations, trusts, local public entities, or any combination of those entities that meet program requirements.
- The Community Development Block Grant (CDBG) Program, which provides grant funding to rural cities and counties that don't receive direct entitlement funds for various eligible projects that provide community benefits and economic development opportunities, primarily for persons of low- and moderate-income.
- The HOME Investment Partnerships Program (HOME), which provides grants to cities and counties and low-interest loans to developers to create and retain affordable housing that benefits low-income renters, homebuyers, or homeowners. Eligible activities include housing rehabilitation and new construction of multifamily projects, new construction and down payment assistance for single-family projects, first-time homebuyer down payment assistance, owner-occupied rehabilitation, and rental assistance.
- The California Emergency Solutions Grants (ESG) Program, which provides funding to subrecipients in Continuum of Care (CoC) service areas, including local government entities that don't receive direct funding, who in turn select homeless service providers to receive funds. ESG funds may be used for four primary activities: street outreach, rapid re-housing assistance, emergency shelters, and homelessness prevention. In addition, ESG funds may be used for associated Homeless Management Information System (HMIS) costs and administrative activities for some subrecipients.

**Proposed Law:** AB 1978 would authorize HCD to do any of the following in administering the NHTF, CDBG, HOME, and ESG programs, unless specifically prohibited:

- Publish a notice of funding availability (NOFA) and application deadlines ahead of, and contingent upon, the availability of funding.
- Issue funding to an award recipient up-front, rather than as a reimbursement, provided HCD provides ongoing support and monitoring of the funding.
- Provide technical assistance to applicants that meet program submission deadlines to correct technical errors or provide missing information, as specified.

The bill would also require HCD to establish a tracking system for all programs it administers that includes, at a minimum, deadlines for each step of a program application. The tracking system must be published HCD's website.

**Staff Comments:** Staff notes that a previous version of this bill authorized HCD to publish notices, issue funding, and provide technical assistance for any program administered by the department (within Part 2 of Division 1 of the Health and Safety Code), but it was amended on May 2, to limit HCD's authority provided in the bill to the four specified programs that provide federal funding for affordable housing purposes. Those amendments, however, did not limit the requirement for HCD to establish a specified tracking system for only the four federal programs.

**Recommended Amendments:** Staff recommends an amendment to limit the requirement to establish a tracking system for only those programs specified in Section 1 of the bill.

-- END --