

California State Assembly



Assembly Budget Agenda

Subcommittee No. 5 on State Administration

Assemblymember Sharon Quirk-Silva, Chair

Tuesday, March 25, 2025

1:30 P.M. – State Capitol, Room 447

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Items To Be Heard

2240 Department of Housing and Community Development

Issue 1: Overview

This item will provide an overview of the California housing landscape and the funding pipeline for housing and homelessness programs.

Background. Since the 2019-20 Budget Act, the Legislature has provided a total of about \$12 billion for various one-time discretionary housing initiatives. The 2024-25 Budget Act invested additional funding as well as reprioritized various pots of funding in the Budget. The 2025-26 budget does not include additional one-time General Fund investments.

The State has funded Affordable Housing in three ways: voter-approved bonds, statutorily required programs, and various one time investments mainly through the General Fund. Examining funding for 2025-26 and beyond shows that there is very little limited funding dedicated to affordable housing in the pipeline. The 2018 bonds that included \$4 billion for the Veterans and Affordable Housing Bond Act of 2018 and the \$2 billion for the No Place Like Home Act of 2018 have all their funding committed to projects and there is no additional bond dollars available. The 2025-26 budget does not dedicate any General Fund dollars toward building housing.

The three sources of Affordable Housing Funding available currently total about \$1 billion and include:

- Tax Credit Allocation Committee's Low-Income Housing Tax Credits (since 1987)
- Revenue from a \$75 fee on certain real estate documents, per Chapter 364 of 2017 (SB 2, Atkins).
- Affordable Housing and Sustainable Communities program (administered by the Strategic Growth Council and funded by the Greenhouse Gas Reduction Fund).

Planning: In addition to funding, the Legislature has enacted numerous bills aimed at streamlining the planning process and removing barriers to building affordable housing. HCD is responsible for implementing the enacted Legislation. A list of those bills are listed below.

WE'VE DONE A LOT ALREADY...

2014 - 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
AB-744 (Chau) SB 628 (Beall)	AB-1934 (Santiago) AB-2299 (Bloom) AB-2406 (Thurmond) AB-2584 (Daly) SB-1069 (Wieckowski)	AB-72 (Santiago) AB-73 (Chiu) AB-494 (Bloom) AB-571 (E. Garcia) AB-678 (Bocanegra) AB-932 (Ting) AB-1397 (Low) AB-1505 (Bloom) AB-1515 (Daly) AB-1521 ((Bloom) SB-2 (Atkins) SB-35 (Wiener) SB-166 (Skinner) SB-167 (Skinner) SB-540 (Roth)	AB-686 (Santiago) AB-1771 (Bloom) AB-2162 (Chiu) AB-2923 (Chiu) AB-3194 (Daly) SB-826 (Wiener) SB-1226 (Bates) SB-1227 (Skinner) SB-1380 (Mitchell)	AB-68 (Ting) AB-101 (Comm. on Budget) AB-430 (Gallagher) AB-587 (Friedman) AB-670 (Friedman) AB-671 (Friedman) AB-881 (Bloom) AB-1010 (E. Garcia) AB-1197 (Santiago) AB 1482 (Chiu) AB-1485 (Wicks) AB-1486 (Ting) AB-1487 (Chiu) AB-1763 (Chiu) AB-1783 (Robert Rivas) SB-13 (Wieckowski) SB-329 (Mitchell) SB-330 (Skinner) SB-744 (Caballero)	AB-83 (Comm. on Budget) AB 434 (Daly) AB-725 (Wicks) AB-2345 (Gonzalez) AB-2553 (Ting) AB-3088 (Chiu)	AB-215 (Chiu) AB-345 (Quirk-Silva) AB 434 (Daly) AB-725 (Wicks) AB-2345 (Gonzalez) AB-2553 (Ting) AB-3088 (Chiu) AB-491 (Ward) AB-571 (Mayes) AB-721 (Bloom) AB-816 (Chiu) AB-832 (Chiu) AB-977 (Gabriel) AB 1220 (L. Rivas) AB-1398 (Bloom) AB-2179 (Grayson) SB-8 (Skinner) SB-9 (Atkins) SB-10 (Wiener) SB-290 (Skinner) SB-478 (Wiener) SB-791 (Cortese)	AB-682 (Bloom) AB-2011 (Wicks) AB-2097 (Friedman) AB-2221 (Quirk-Silva) AB-2234 (Robert Rivas) AB-2295 (Bloom) AB-2334 (Wicks) AB-2339 (Bloom) AB 2843 (Malenschein) AB-2653 (Santiago) SB-6 (Caballero) SB-897 (Wieckowski) SCA-2 (Allen)	SB-4 (Wiener) SB-423 (Wiener) SB-684 (Caballero) AB-976 (Ting) AB-1033 (Ting) AB-1287 (Alvarez) AB-1332 (J. Carillo) AB-1485 (Haney) AB-1633 (Ting)	SB-7 (Blakespear) SB-440 (Skinner) SB-450 (Atkins) SB-937 (Wiener) SB-1037 (Wiener) SB-1123 (Caballero) SB-1211 (Skinner) AB-1413 (Ting) AB-1886 (Alvarez) AB-1893 (Wicks) AB-2023 (Quirk-Silva) AB-2712 (Friedman) AB-2430 (Alvarez) AB-2488 (Ting) AB-2553 (Friedman) AB-3093 (Ward) AB-3117 (W. Carillo)

Production. With the changes to both production and the investment in resources, according to HCD, the Housing Development Pipeline since 2019, shows that over 1 million units have been submitted and of those 417,372 total units have been completed.

Panel

- Matt Schueller, Deputy Director, Administration and Management, HCD
- Jennifer Seeger, Deputy Director, Financial Assistance – State Programs, HCD
- Megan Kirkeby, Deputy Director, Housing Policy Development, HCD
- Paul Steenhausen, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Allison Hewitt, Principal Program Budget Analyst, Department of Finance
- Blair Huxman, Finance Budget Analyst, Department of Finance

Staff Comments

The Subcommittee may wish to ask the following:

1. Has HCD issued its last NOFA for the 2024-25 fiscal year? When will those funding decisions be announced? Once the dollars are awarded from this current NOFA will there be any additional funding, either General Fund or bond dollars, that are available based on what has currently been budgeted?
2. When was the last time there was no funding in the pipeline for affordable housing? What impact did that have on housing production?

3. Can you provide an update on how you track the progress of state housing laws such as SB 4 (affordable housing on church lands)?
4. If a state housing law that was passed is not working how it should, does HCD ever propose changes to make these laws stronger?
5. Can you provide more information on the AHSC program and the type of projects that are created with this dedicated funding?
6. There is talk about production, but preserving all types of affordable housing also is important. Specifically, can you provide more information on mobile homes? How many parks does HCD oversee and what are ways to keep them affordable?
7. Housing advocates identified 40,000 units of affordable housing that are entitled and need additional funding to move forward. The Governor has no money in the budget for the low income housing tax credits or the Multi-family Program – the two programs that could be used to fund these developments. If the Assembly were to put money in the budget this year to move these projects forward what would be the best place to put the money?

Staff Recommendation: This item is for information only.

Issue 2: Accessing Equity to Facilitate Housing Production Trailer Bill Language

The Governor's January 2025 budget proposes the enactment of budget trailer bill language that would permit affordable housing developers, with HCD approval, to take out loans against the equity on HCD-funded projects to pay for preservation, rehabilitation, and/or development of other affordable housing initiatives.

Background. Affordable housing developers typically combine a variety of sources of funding to make a project financially viable. This may include gifts of land, philanthropic contributions, government grants, loans, tax credits, and private investment, among other things. In some instances, successful projects may develop equity as the value of the property appreciates and/or the developer is able to pay down debt.

This equity represents a potential source of security to back further financing for the developer. Under current law, however, this equity is inaccessible to any project funded by HCD, as the department lacks the statutory authority to allow the project owner to borrow against such equity. The proposed trailer bill language would provide this authority in specified circumstances intended to ensure that the borrowing furthers affordable housing goals and does not create unacceptable financial risk.

Specifically, the proposed trailer bill language sets forth the following as being acceptable purposes for which HCD could approve borrowing against equity:

- Projects that will increase or improve the supply of deed-restricted affordable housing serving low-income households in the state;
- Purchase of a limited partner interest of a tax credit investor in the project, with specified guidelines;
- Payment of any unpaid deferred developer fee for the project;
- Payment for necessary repairs and rehabilitation of the project; or
- Establishment or replenishment of department-approved project reserves.

As for financial safeguards, the proposed trailer bill provides that the following financial safeguards must be in place before HCD can authorize borrowing against equity:

- All hard debt associated with the project providing the equity, including the new debt that will be taken on, is underwritten with a debt service coverage ratio of at a minimum 1.15 and is projected to have positive cash flow for 15 consecutive years.

- Any new debt is subordinate to the department's lien and regulatory agreement, as applicable, unless the department reasonably determines that subordination of the department's lien is necessary for the feasibility of a project.

In addition, the proposed trailer bill language makes clear that HCD must not approve borrowing against equity if it will result in higher rents than those allowed under the project's affordability requirements.

Panel

- Jennifer Seeger, Deputy Director, Financial Assistance – State Programs, HCD
- Paul Steenhausen, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Allison Hewitt, Principal Program Budget Analyst, Department of Finance
- Blair Huxman, Finance Budget Analyst, Department of Finance

Staff Comments

Related legislation has been proposed in the Legislature that would achieve the same concepts included in the trailer bill. The most recent bills were held in Senate Appropriations:

- AB 2638 (Ward, 2024), which was held in Senate Appropriations, authorized the Department of Housing and Community Development (HCD) to approve the payoff of a department loan prior to the end of its term, and the extraction of equity from a development for purposes approved by the department, as specified
- AB 515 (Ward), which was held in Senate Appropriations in 2023, was substantially similar to AB 2638.
- AB 1699 (Torres, Chapter 780, Statutes of 2012), established the LPR Program and authorized HCD to approve an extension of a department loan, the subordination of a loan to new debt, or an investment of tax credit equity under older rental housing finance programs, as specified.

The Subcommittee may wish to ask the following:

- How will these changes lead to more affordable housing projects?
- How will these guardrails be outlined in statute or through regulations? Does the Legislature want to delegate that much authority to HCD?

Staff Recommendation: Hold Open.

Issue 3: Encampment Resolution Funding Program Expenditure Deadline Fix Trailer Bill Language

The Governor’s budget includes trailer bill language to change the timelines for the expending of the funding for the Encampment Resolution Fund to be from the date of the award instead of the date of the appropriation.

Background. Since 2021-22, the Legislature has provided a total of \$900 million (General Fund) for the Encampment Resolution Funding (ERF) program, with an additional \$100 million in the Governor’s budget planned for 2025-26. ERF is a grant program intended to help local communities address homeless encampments by funding housing and other services to the people living there.

Statute Gives Grantees Several Years to Spend ERF Funds. The figure below summarizes the timing of when grantees must spend their funds. Per current law, the spending “clock” for grantees is based on when the date the Legislature appropriates the funds. Statute specifies that applications which met minimum requirements but were not funded due to insufficient funding in a given round are to be giving priority in a subsequent funded round. This is known as “lookback” grant funding. Any remaining funds after these lookback grants are to be awarded on a rolling basis throughout the year.

ERF Expenditure Deadlines

Current Law

Fiscal Year	Round Number	Date of Appropriation	Deadline for Spending Grant Monies
2021-22	1	June 30, 2021	June 30, 2024
2022-23	2—Lookback	June 30, 2022	June 30, 2025
	2—Rolling		June 30, 2026
2023-24	3—Lookback	June 30, 2023	June 30, 2026
	3—Rolling		June 30, 2027
2024-25	4—Lookback	June 30, 2024	June 30, 2027

ERF = Encampment Resolution Funding.

ERF Grant Awards and Expenditures

Spending Through December 31, 2024 (Dollars In Millions)

Fiscal Year	Round Number	Number of Grants Awarded	Amount Awarded	Amount Expended	Amount Unspent	Percent of Award Amount Unspent
2021-22	1	19	\$48	\$48	— ^a	1.0%
2022-23	2	38	285	185	\$100	35.1
2023-24	3	49	378	25	352	93.3
2024-25	4	17	145 ^b	—	145	100.0
Totals		123	\$856^c	\$258	\$598	69.9%

^aReflects less than \$500,000.

^bAll of these Round 4 funds were recently awarded as "lookback" grants, meaning the awardees had initially applied for a Round 3 grant but were unsuccessful due to the large number of other qualified applications.

^cAn additional \$44 million was originally provided to the California Interagency Council on Homelessness for statewide administration of the program. The 2024-25 budget identified \$34 million in savings from these administrative set asides and reverted the funds.

ERF = Encampment Resolution Funding.

Panel

- Megan Kirkeby, Deputy Director, Housing Policy Development, HCD
- Paul Steenhausen, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Allison Hewitt, Principal Program Budget Analyst, Department of Finance
- Blair Huxman, Finance Budget Analyst, Department of Finance

Staff Comments

The Subcommittee may wish to ask HCD the following:

1. After a budget appropriation in June, what has been the typical time that the encampment resolution grants have been awarded?
2. Why did it take HCD so long to award the encampment grants?

Staff notes that several jurisdictions in the Los Angeles area reached out to discuss their concerns with the ERF grant timelines and have requested amendments to allow more time to expend funds because the current timeline is too short.

Staff Recommendation: Hold Open.

Issue 4: Other HCD Trailer Bill Proposals

The Governor’s budget includes two additional HCD trailer bill proposals.

Background

1. **Default Reserve Fund TBL.** The Governor’s budget includes trailer bill language to establish the Affordable Housing Default Reserve Account that would provide that all money in the account is continuously appropriated to the department for the purpose of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department’s security in the rental housing development assisted by the department. Additionally, the language would authorize the department to use the funds in the account to repair or maintain specified rental housing developments.
2. **HHAP Monthly Fiscal Reporting TBL.** The Governor’s budget includes trailer bill language to specify that the monthly reporting requirements apply to all rounds of the HHAP program and makes conforming changes to reflect the transfer of responsibility for the reporting framework from the council to HCD.

Panel

- Matt Schueller, Deputy Director, Administration and Management, HCD
- Paul Steenhausen, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Allison Hewitt, Principal Program Budget Analyst, Department of Finance
- Blair Huxman, Finance Budget Analyst, Department of Finance

Staff Comments

The Subcommittee may wish to ask the following:

1. How will the creation of one default reserve account lead to greater tracking and accountability? What can HCD do with the funds when they are in one account, versus separate accounts? Will the one fund be moved to cover all programs – could that make programs vulnerable?
2. How will HCD keep the Legislature informed about the decisions at HCD?

3. With regard to the HHAP monthly reporting, did all the rounds capture the same data that had to be reported on a monthly basis? Did Rounds 1 and 2 capture different data than Rounds 3 and beyond?
4. Additionally, how are COCs required to report their monthly data and what has HCD done to hold the COCs accountable since they are different than a big city or county?

Staff Recommendation: Hold Open.

Issue 5: HCD Chaptered Legislation

The Governor's budget proposes \$7,081,000 (General Fund) in 2025-26 and \$1,638,000 ongoing, \$578,000 (Special Fund) in 2025-26 and \$189,000 ongoing, and 9.0 positions in 2025-26, and ongoing for resources to implement statutory requirements associated with eight bills chaptered in 2024.

Background

1. AB 653 (Chapter 672, Statutes of 2024) Public housing authorities: reports, and AB 2667 (Chapter 277, Statutes of 2024) Affirmatively furthering fair housing: housing element: reporting. HCD requests four positions to handle the workload by these two bills.

AB 653 requires all public housing authorities (PHAs) to report their monthly housing voucher leasing success rates, current payment standards, average inspection wait times for initial lease-up, and voucher search times to the Department of Housing and Community Development (HCD) and requires HCD to convene a group of PHAs to discuss the factors that impact success rates and recommendations for state and local intervention, with a report to be published by July 1, 2026..

AB 2667 makes changes to the housing element and Annual Progress Report (APR) related to the requirement to affirmatively further fair housing (AFFH).

2. AB 1878 (Chapter 266, Statutes of 2024) Housing programs: tribal housing program. HCD requests a General Fund augmentation of \$378,000 for 2.0 positions in 2025-26 and ongoing to manage the increased workload associated with AB 1878.

AB 1878 expands Chapter 660, Statutes of 2024 (AB 1010), which authorizes HCD to waive program requirements for tribes "if the provisions of tribal law, tribal governance, tribal charter, or differences in tribal entity legal structure or agency create minor inconsistencies," and allows modifications if the provisions would cause a violation of any state financing requirements. Many tribes have been prevented from participating in several affordable housing programs by the inability to waive or modify statutory requirements to make affordable housing programs compatible with tribal law and sovereignty.

3. AB 2240 (Chapter 523, Statutes of 2024) Farm labor centers: migratory agricultural workers. HCD requests \$5.4 million one-time General Fund in 2025-26, and \$443,000 General Fund in 2026-27 and 2027-28, to utilize a consultant who will develop the Report, assess the condition of 1,885 housing units, and assist with the physical needs assessment of the 24 migrant farmworker centers.

AB 2240 requires HCD to submit a report (Report) on permanent housing opportunities for farmworkers to the Legislature by July 1, 2027. This bill requires the Report to include an analysis of the feasibility and impact of transitioning seasonal housing units at the 24 Office of Migrant Services Centers (OMS Center) into year-round housing. This bill authorizes HCD to give residents of OMS Centers first opportunity to occupy farmworker-restricted units in properties funded by the Joe Serna, Jr. Farmworker Housing Grant Program (Serna).

4. AB 2387 (Chapter 396, Statutes of 2024) Mobilehome parks: additional lots: exemption from additional fees or charges. AB 2387 would authorize the owner of an existing mobilehome park to add new lots to the park, not to exceed 10% of the previously approved number of lots, under a streamlined process and without paying certain fees, if specified conditions are met.
5. SB 450 (Chapter 286, Statutes of 2024) Housing development: approvals. This bill amends the process established by SB 9 (Atkins, Chapter 162, Statutes of 2021) for the ministerial approval by a local agency of a duplex in a single-family zone and the lot split of a parcel zoned for residential use into two parcels. To handle the anticipated increase in workload, HCD is requesting one Housing and Community Development Specialist II (HCDS II).
6. SB 597 (Chapter 861, Statutes of 2024) Building standards: rainwater catchment systems. SB 597 requires the Department of Housing and Community Development (HCD) to develop and propose the development of building standards for the installation of rainwater catchment systems in newly constructed residential dwellings.
7. SB 1123 (Chapter 294, Statutes of 2024) Planning and zoning: subdivisions: ministerial review. SB 1123 requires local agencies to ministerially approve the subdivision of vacant, single-family lots to allow for up to 10 units as specified and makes other changes to SB 684 (Caballero), Chapter 783, Statutes of 2023. HCD requests a General Fund augmentation of \$205,000 in 2025-26 ongoing to provide TA related to SB 1123.

Panel

- Matt Schueller, Deputy Director, Administration and Management, HCD
- Paul Steenhausen, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Allison Hewitt, Principal Program Budget Analyst, Department of Finance
- Blair Huxman, Finance Budget Analyst, Department of Finance

Staff Comments

The resources for most of the BCPs are consistent with the resources included in the appropriation analysis as these measures moved through the Legislative process. However, there are some resources where the Subcommittee may wish to ask additional information.

The Subcommittee may wish to ask HCD to explain the resources allocated for the following chaptered legislation:

1. AB 1878 – Can HCD explain why they need 1 less PY than what was outlined in the appropriations analysis?
2. AB 2387 – Can you explain the information technology contract and the associated costs?
3. SB 597 – Can HCD explain why they are using a consultant versus a PY?

Staff Recommendation: Hold Open.

Issue 6: Other HCD Budget Change Proposals

The Governor's budget includes three other HCD related BCPs for the 2025-26 fiscal year. The requests are summarized below:

1. **2023 Community Development Block Grant – Disaster Recovery.** The Governor's budget includes 6 positions in 2025-26 and ongoing to implement federal CDBG-DR funds for long-term recovery efforts following 2022-23 winter storms, flooding, landslides and mudslides.
2. **May Lee State Office Complex Relocation Support.** Five departments request increases for rent at the May Lee State Office Complex (MLSOC), and incremental increases thereafter. HCD requests \$5,678,000 (General Fund) for 2025-26.
3. **Technical Adjustments: Reappropriation.** HCD requests to extend the liquidation deadlines for the Homekey General Fund appropriation of 2022, from June 30, 2025 to June 30, 2026, to allow grantees sufficient time to meet the expenditure and liquidation requirements in the Homekey Round 3 Notices of Funding Availability (NOFAs).

Additionally, HCD requests an extension of the encumbrance and liquidation deadlines for three United States Department of Housing and Urban Development (HUD) Community Development Block Grant-Disaster Recovery (CDBG-DR) grants to align with the deadlines provided by HUD.

Background.

1. **2023 Community Development Block Grant – Disaster Recovery.** On January 14, 2023, President Biden approved the declaration of Federal Emergency Management Agency Disaster Recovery (FEMA DR)-4683 for administration through HCD. The Disaster Relief Supplemental Appropriations Act of 2023 made this allocation available and allocates remaining funding available through Public Law 117-32.

The FEMA DR-4683 intends to support long-term recovery efforts related to flood damage, which is a disaster type that HCD has not responded to in the past. As a result of the unique nature of flooding disasters, staff requires additional time to develop program guidelines. Additionally, there were two jurisdictions impacted by the disaster in San Joaquin and Merced Counties that have not previously been a subrecipient to CDBG-DR/Mitigation (MIT) grants and will require additional technical assistance (TA) to successfully implement the grant programs.

Funds from the 2023 CDBG-DR Grant will be used to implement three new programs:

- Manufactured Home Preplacement and Elevation Program
- Disaster Recovery Multifamily Housing Accelerator Program
- Migrant Resiliency Center Program

2. **May Lee State Office Complex Relocation Support.** HCD HQ was located at 2020 W El Camino Avenue, Sacramento, CA 95833, leasing 119,148 square feet of private office space at a rate of \$4.3 million for 2023-24. HCD HQ has relocated to MLSOC, leasing 225,769 square feet of office space through the Department of General Services (DGS) at an annual rate of \$10 million for 2025-26. HCD is not currently funded to accommodate the higher leased-space costs at MLSOC. As a result of this significant increase, HCD requests a General Fund increase of \$5,678,000 General Fund and incremental increases thereafter.
3. **Technical Adjustments: Reappropriation.** HCD currently administers three U.S. Department of Housing and Urban Development (HUD)-funded CDBG-DR grants that require budget bill language to extend the encumbrance and liquidation deadlines to align with the HUD-approved deadlines.

In response to the COVID-19 pandemic, HUD provided a one-year extension of the previously established expenditure deadline for certain CDBG-DR allocations. The notice also provided HCD an opportunity to request an additional year beyond the one-year extension, for a total extension of two years. On November 16, 2020, HUD approved HCD's expenditure deadline extension requests for the additional one-year extension (two years total) for CDBG-DR Grant Agreements B-18-DP-06-0001 (\$124.2 million) and B-19-DP-06-0001 (\$38 million). Therefore, HCD requests to extend the encumbrance deadlines for these two grants in alignment with the HUD-approved deadlines—from June 30, 2025 to August 20, 2027 for B-18-DP-06-0001 (\$124.2 million) and from June 30, 2027 to August 18, 2028 for B-19-DP-06-0001 (\$38 million).

Additionally, the HUD Grant Agreement B-18-DP-06-0002 for \$88.2 million was executed on August 14, 2020 with an August 14, 2032 expenditure deadline. Therefore, HCD requests to extend the encumbrance deadline from June 30, 2025 to August 14, 2032 in alignment with the executed grant agreement with HUD.

Homekey 2022 General Fund. As a result of the combined state and federal funding sources, the Notices of Funding Availability (NOFAs) for the Homekey Program were published with a June 30, 2026, expenditure deadline, in alignment with the expenditure and liquidation deadline required by the federal portion of funds. However, the 2022 Homekey General Fund appropriation has an encumbrance and liquidation deadline of June 30, 2025.

Panel

- Matt Schueller, Deputy Director, Administration and Management, HCD
- Paul Steenhausen, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Allison Hewitt, Principal Program Budget Analyst, Department of Finance
- Blair Huxman, Finance Budget Analyst, Department of Finance

Staff Comments

With regard to technical adjustments, the Subcommittee may wish to consider including a technical adjustment to the REAP 2.0 program. The REAP 2.0 program was stopped at the beginning of last year, when funding was proposed to be cut by the Governor. After the reapproval of the program in the budget, the time to expend and be reimbursed for the 2.0 program was shortened. The Subcommittee should explore a solution with stakeholders and HCD to ensure that projects and funding can move quickly with a more flexible reimbursement process.

Staff Recommendation: Hold Open.

0515 Business, Consumer Services and Housing Agency**Issue 7: Governor's Reorganization Plan**

The Governor's budget proposes reorganizing the Business, Consumer Services, and Housing Agency (BCSH) into two separate agencies. The proposed agencies would be the California Housing and Homelessness Agency (CHHA) and the California Consumer Protection Agency (CCPA). The Governor's budget states that the proposal will be submitted to the Little Hoover Commission in the spring.

Background. The BCSH was established in 2012 under Governor Jerry Brown's Reorganization Plan No. 2 (GRP2). The Agency is comprised of the Departments of Alcoholic Beverage Control, Cannabis Control, Consumer Affairs, Financial Protection and Innovation, Housing and Community Development, and Real Estate; the Civil Rights Department; the California Housing Finance Agency; the Alcoholic Beverage Control Appeals Board; the Cannabis Control Appeals Panel, the California Horse Racing Board, and the California Interagency Council on Homelessness, previously named the Homeless Coordinating and Financing Council.

BCSH has a total budget of \$3.026 billion with \$2.4 billion state funds only with a staff of 8,172.5 positions.

The Governor's budget proposes to reorganize the BCSH Agency into two new agencies. Additional details will be available once the Governor submits his proposal to the Little Hoover Commission. The high level details of how the Governor proposes to reorganize the Agency into two new Agencies were provided by BCSH below:

The California Housing and Homelessness Agency (CHHA) will focus on housing production, preservation, and homelessness solutions. The reorganization will sharpen focus, streamline housing finance, and improve the administrative efficiencies in addressing California's housing crisis.

CHAA Structure consists of 4 existing departments and two new ones.

- Department of Housing and Community Development
- California Housing Finance Agency
- California Interagency Council on Homelessness
- Civil Rights Department
- Department of Housing Development and Finance (New) – (Centralizing housing finance programs)
- Housing Development and Finance Committee (New) - Coordinating funding decisions across agencies)

The California Consumer Protection Agency (CCPA) will oversee consumer affairs, licensing, and regulatory enforcement. The reorganization streamlines oversight, improves responsiveness, and reinforces California’s national leadership in consumer protection – ensuring stronger safeguards and opportunities for all.

CCPA Structure would include the remaining 8 entities below:

- Department of Alcoholic Beverage Control
- Alcoholic Beverage Control Appeals Board
- Cannabis Control Appeals Panel
- California Horse Racing Board
- Department of Consumer Affairs
- Department of Cannabis Control
- Department of Financial Protection and Innovation
- Department of Real Estate

Reorganization Timeline. Below is a chart of the reorganization timeline, what is unknown at this time is when the clock starts.



Panel

- Melinda Grant, Undersecretary, Business, Consumer Services and Housing Agency
- Pedro Galvao, Strategic Initiatives and Policy Advisor, Business, Consumer Services and Housing Agency
- Paul Steenhausen, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Heather Gonzalez, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Paul Steenhausen, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Allison Hewitt, Principal Program Budget Analyst, Department of Finance
- Blair Huxman, Finance Budget Analyst, Department of Finance

Staff Comments

The Subcommittee may wish to ask the following:

1. The January budget does not include additionally funding for Housing or Homelessness. Does creating a new agency without additional funding investments make sense?
2. Governor’s Reorganization Plans (GRPs) may take effect 90 days after the executive branch submits the plan to the Milton Marks (“Little Hoover”) Commission on California State Government Organization and Economy and generally are reviewed by the Assembly’s policy committees. This proposed GRP will be heard in Assembly policy committees, not the Budget Committee. The Assembly or Senate must reject the plan in its entirety prior to the deadline or else it takes effect. In the past, budget changes for GRPs have been enacted after the GRPs take effect. When does the Administration anticipate submitting Finance Letters to conform the budget to the proposed GRP?

The Subcommittee respectfully requests that the Administration submit draft budget changes related to the GRP, consistent with budgeted state operations amounts in the Governor’s Budget, no later than April 15 if it wishes to request their adoption during the June budget process.

Staff Recommendation: The full reorganization will be heard through the policy process. This item is presented for information only.

Issue 8: California Interagency Council on Homelessness: State Programs (AB 799)

The California Interagency Council on Homelessness (Cal ICH), within the Business, Consumer Services and Housing Agency (Agency), requests \$665,000 General Fund in 2025-26 and \$349,000 ongoing for 2.0 positions and contract funding to implement the provisions of AB 799 (Chapter 263, Statutes of 2024).

Background. AB 799 authorizes Cal ICH to do the following:

1. Requires Cal-ICH staff to develop and regularly maintain a strategic funding guide and a calendar of new or existing funding opportunities.
2. Requires agencies and departments administering state programs to provide Cal-ICH updated information on new or existing funding opportunities on a quarterly basis.
3. Requires, beginning with fiscal year 2025-26, Cal-ICH to collect fiscal and outcome data from grantees or entities operating state programs that are required to enter data elements on individuals and families it serves for state homelessness programs, as specified, by February 1, 2027 and annually thereafter.
4. Requires Cal-ICH, in consultation with the respective administering state agencies or departments, to specify the data elements, entry format, and disclosure frequency of the fiscal and outcome data. Also requires this data to be aggregated and made publically available on or before June 1, 2027, and annually thereafter. Specifies that the fiscal and outcome data collected by Cal-ICH from administering state entities is limited to the data authorized to be collected or requested from a grantee by an administering entity based on the specific program's authority or grant agreement.
5. Adds the Governor's Tribal Advisor to Cal-ICH membership.

According to the Cal ICH, the positions will develop the system for collection, compilation, analysis of fiscal and outcome data and make the data available to the public. Both positions will sit within Cal ICH's Division of Data and Research, which serves the state's subject matter expert on homelessness data and is comprised of two separate units: Homeless Data Integration System (HDIS) and Research and Data Analytics.

Panel

- Meaghan Marshall, Executive Officer, California Interagency Council on Homelessness
- Paul Steenhausen, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Chris Hill, Principal Program Budget Analyst, Department of Finance

- Kaily Yap, Finance Budget Analyst, Department of Finance

Staff Comments

The Subcommittee may wish to ask the following:

1. During the Subcommittee No. 7 on Accountability and Oversight hearing, there was a lot of discussion about the information captured by the HDIS. What is Cal ICH doing with the data collected? How is that data being utilized to analyze how jurisdictions are successfully or unsuccessfully addressing homelessness?

Staff Recommendation: Hold Open.

0968 Tax Credit Allocation Committee**Issue 9: Overview**

This item will provide an overview of the California Tax Credit Allocation Committee (CTCAC). The Governor's budget does not propose additional funding for the low income housing tax credit.

Background

CTCAC administers the federal and state low-income housing tax credit (LIHTC) program. The LIHTC program, which was created by the Tax Reform Act of 1986, is the federal government's primary policy tool for the development of affordable rental housing. In 1987, the state added an additional \$70 million, adjusted for inflation, of state credits to augment the federal program.

LIHTCs are awarded to developers to offset the cost of constructing rental housing in exchange for agreeing to reserve a portion of rent-restricted units for lower income households.

By bringing private capital to the table through the credits, developers can take on less debt, which in turn translates into lower rents. However, the equity generated from the tax credit is rarely sufficient to fully close the gap and typically multiple sources of funding are "stacked" to make a deal financially feasible.

There are 2 types of LIHTCs – 9% and 4%, which refers to the amount of credits a project can receive.

In total, the program has produced or preserved over 450,000 affordable homes in California, serving over 1 million low-income households, supporting nearly 300,000 jobs per year, and generating over \$12 billion in tax revenue and \$3.5 billion in wages and business income per year.

9% Program. The amount of federal 9% LIHTCs the state receives is based on a per capita formula and is always oversubscribed. While credit amounts are referred to in "annual" amounts, they are taken for 10 years, so the total amount a project receives is 10x the amount allocated. Historically, the 9% Program has always been highly competitive. In 2020 and 2021, CTCAC received an additional allocation of Disaster Credits, which allowed the program to award significantly more projects in disaster-affected areas.

	2019	2020	2021	2022	2023	2024
Bonds Requested	\$5,112,152,118	\$7,721,472,251	\$9,820,926,079	\$6,354,845,534	\$7,747,119,569	\$13,435,976,025
Bonds Awarded	\$4,518,673,045	\$4,407,917,423	\$3,834,220,056	\$3,716,171,960	\$4,878,725,159	\$5,060,551,739
4% Credits Allocated	\$241,573,050	\$301,706,282	\$358,991,060	\$280,130,462	\$387,010,316	\$435,481,645
Applicants	184	313	354	196	224	355
Projects Awarded	155	181	164	101	127	138
4% Low-Income Units Produced	16,619	16,908	16,518	11,151	14,796	15,272

4% Program. The federal 4% LIHTCs derive from a project’s use of tax-exempt private activity bond financing allocated by the California Debt Limit Allocation Committee (CDLAC) and are limited by the amount of bond cap available to California.

Similar to CTCAC, the amount of bond cap a state receives is based on a per capita formula. In addition to financing affordable housing developments for low-income Californians, CDLAC’s programs are also used to help single family homebuyers through the use of MCCs and MRBs, to build solid waste disposal and waste recycling facilities, and to finance industrial development projects. Tax-exempt bonds are issued by government agencies for private projects and provide lower the interest rates because of their tax-exempt status.

Since 2020, CDLAC has been highly competitive and has allocated the vast majority of its volume cap to affordable rental housing production.

	2019	2020	2021	2022	2023	2024
Bonds Requested	\$5,112,152,118	\$7,721,472,251	\$9,820,926,079	\$6,354,845,534	\$7,747,119,569	\$13,435,976,025
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State “Enhanced” LIHTCs. Since 2020, the state budget has provided an additional \$500 million in state LIHTCs to be combined with federal 4% LIHTCs for new construction multifamily projects (included in the above totals). These credits are highly competitive.

	2019	2020	2021	2022	2023	2024
“Enhanced” LIHTCs Requested	n/a	\$789,085,860	\$1,622,652,655	\$1,446,619,783	\$1,367,098,128	\$2,175,822,461
“Enhanced” LIHTCs Awarded	n/a	\$477,834,783	\$487,737,219	\$517,692,871	\$514,161,512	\$501,464,633
Projects Awarded	n/a	71	69	49	38	37
Units Produced	n/a	6,632	7,190	6,026	4,804	4,495

Compliance. As required by federal law, CTCAC monitors a tax credit project for progress in meeting milestones and reservation requirements up until it is completed and placed in service. Additionally, Internal Revenue Code (IRC) Section 42 and state statutes require CTCAC to monitor compliance throughout the entire term of the project’s regulatory period. CTCAC is required to monitor projects after they have been “placed-in-service” and every three years thereafter during the year federal credit compliance period. For the remaining term of the regulatory agreement, ranging from 30 years for older projects to 55 years for current projects, CTCAC is solely responsible for enforcement and monitors projects on a five-year schedule. When CTCAC monitors a project, it inspects and reviews at least 20% of the files and residential units.

CTCAC’s compliance monitoring program must determine, among other requirements, whether the income of families residing in low-income units and the rents they are charged are within agreed upon limits stated in the regulatory agreement. CTCAC staff must conduct physical inspections of units and buildings in each development to ensure they are in safe, sanitary, and habitable condition and also review files. Project owners are also required to report complete and accurate project information to CTCAC annually. All non-compliance to federal requirements or reporting failures during the federal credit compliance period, whether corrected or not, is required to be reported to the Internal Revenue Service (IRS). TCAC also issues fines or negative points for noncompliance.

Panel

- Marina Wiant, Executive Director, California Tax Credit Allocation Committee
- Paul Steenhausen, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Allison Hewitt, Principal Program Budget Analyst, Department of Finance
- Blair Huxman, Finance Budget Analyst, Department of Finance

Staff Comments

Last year, the Governor vetoed AB 3160 (Gabriel), which would have appropriated \$500 million annually to enhance the Low Income Housing Tax Credit for calendar years 2026-2030.

This bill would have appropriated \$500 million annually to the enhanced Low-Income Housing Tax Credit (LIHTC) for calendar years 2026 through 2030. This bill was contingent upon the enactment of Assembly Bill 3190 (Haney). In his message, the Governor stated, “Such decisions should be considered within the broader context of the state budget to ensure our collective priorities and financial commitments are balanced over both the short and long term. Additionally, without the ability to review this allocation annually through the Budget Act, the state would lose the flexibility to adjust expenditures in response to changing fiscal conditions, highlighting the importance of evaluating multi-year funding commitments during the budget process.”

The Subcommittee may wish to ask the following:

1. How many affordable housing units will not get built if the 2025 Budget Act does not ultimately include \$500 million in supplemental state LIHTC?
2. What is the approximate value of the federal affordable housing tax credits that California will forgo in the absence of supplemental state LIHTC in the 2025 Budget?
3. How does the one-time nature of recent supplemental state LIHTC funding impact affordable housing developers?
4. Housing advocates identified 40,000 units of affordable housing that are entitled and need additional funding to move forward. The Governor has no money in the budget for the low income housing tax credits or the Multi-family Program – the two programs that could be used to fund these developments. If the Assembly were to put money in the budget this year to move these projects forward, what would be the best place to put the money?

Staff Recommendation: This item is presented for information only.

Issue 10: Development and Compliance Sections Workload

The Governor's budget requests an increase in the amount of \$619,000 to hire two (2) Staff Services Manager II (SSMII) positions and one (1) Development Associate Governmental Program Analyst (AGPA) position to accommodate the ongoing workload created by the operation of the programs and by an expansion of duties created by recently adopted legislation. All positions requested are permanent and ongoing.

Background. CTCAC administers both the federal and state Low-Income Housing Tax Credit (LIHTC) Programs. From 1987 through 2023, CTCAC allocated more than \$67 billion federal and state tax credits, helping fund the construction of over 567,000 total housing units. With additional federal and state resources made available in 2020-2025, CTCAC has increased the number of projects awarded compared to years prior to 2020. With that comes additional workload for project application reviews and subsequent placed-in-service reviews and compliance monitoring.

CTCAC must accurately review and issue final tax forms for each completed development. CTCAC is also responsible for assuring that every tax credit project in California is monitored every three years. This monitoring must be conducted on-site and include both physical inspections and file reviews. The current CTCAC portfolio consists of more than 5,350 projects and with the increased tax credit authority grows by approximately 275-300 projects annually. The number of placed-in-service reviews has increased the analyst review workload in both the Development and Compliance Sections. Furthermore, this requires additional oversight by management to ensure the analysts are reviewing the final documentation in accordance with all federal and state laws.

AB 2873 was signed into law in 2022 requiring housing sponsors who receive an allocation of LIHTCs to annually report specified data and plans for the use of women, minority, disabled veteran, and LGBT business enterprise contractors and subcontractors to CTCAC. CTCAC is required to include aggregated information submitted by housing sponsors in its annual report to the Legislature.

Panel

- Marina Wiant, Executive Director, California Tax Credit Allocation Committee
- Paul Steenhausen, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Paul Steenhausen, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
- Allison Hewitt, Principal Program Budget Analyst, Department of Finance
- Blair Huxman, Finance Budget Analyst, Department of Finance

Staff Comments

CTAC reports that all of its 78 positions are currently filled and the two additional manager positions are needed to support the full staff.

The Subcommittee may wish to ask:

1. Do the staffing needs change if CTCAC does not receive an additional \$500 million in tax credits for 2025-26?

Staff Recommendation:

1700 Civil Rights Department

Issue 11: California vs Hate Resource Line

The Governor’s budget includes \$2.383 million in 2025-26 to operate the California vs. Hate Resource Line (CA vs Hate) for an additional year.

Background. AB 1126 (Bloom, Chapter 712, Statutes of 2021) established the Commission on the State of Hate to provide policy recommendations and public resources to respond to and reduce hate crimes. The 2021 Budget Act included a \$10 million one-time General Fund investment over three years for Civil Rights Department (CRD) to administer and implement a statewide hate crime hotline. CA vs Hate launched in May 2023 to help individuals and communities report acts of hate and obtain support. CA vs Hate is currently funded through June 30, 2025.

CA vs Hate is a centralized hub for individuals and organizations to report hate crimes and incidents. People are not required to connect with law enforcement when contacting CA vs Hate if they do not want to, and they can report confidentially and anonymously, with exceptions for reports of child abuse, elder abuse, or imminent violence.

When a victim of hate violence or someone on their behalf reports an act of hate, CA vs Hate’s trained operators help the person making the report understand their options after experiencing an act of hate, such as filing a police report, filing a civil complaint with CRD, filing a claim with the California Victim Compensation Board, and/or getting connected to CA vs Hate’s network of culturally competent service providers, community groups, and other types of resources. CA vs Hate’s operators are trained to provide trauma-informed services. If requested, CA vs Hate provides “care coordination” to help reporters navigate systems and access services and resources they feel are right for them in the language they are comfortable using. CRD contracted with 211LA and the statewide network of 211 service providers to serve as the CA vs Hate operators and care coordinators, working in coordination with and under the guidance of CRD and the CA vs Hate network.

According to CRD, the requested resources will allow CRD to operate CA vs hate for additional year as a resource for Californians targeted for hate. Part of the requested funding will be used for positions that are dedicated to CA vs Hate. The funding will be used to contract with vendors who will operate CA vs Hate on daily basis.

Panel

2. Kevin Kish, Director, Civil Rights Department
3. Paul Steenhausen, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
4. Allison Hewitt, Principal Program Budget Analyst, Department of Finance
5. Blair Huxman, Finance Budget Analyst, Department of Finance

Staff Comments

The Subcommittee may wish to ask the following:

1. Does the Civil Rights Department anticipate the number of contacts to increase over the next year?
2. The resources for CA vs Hate are for one additional year, what will happen to the program after next year?

Staff Recommendation: Hold Open.

Issue 12: Other Civil Rights Department Budget Change Proposals

The Governor's budget includes two budget change proposals for the Civil Rights Department.

Background

1. Civil Rights Department Chaptered Legislation. The Governor's budget includes resources \$1.219 million (General Fund) and 5 positions in 2025-26, and \$1.203 million (General Fund) in 2026-27, and ongoing to implement AB 2499 (Chapter 967, Statutes of 2024) and SB 1340 (Chapter 626, Statutes of 2024).
2. May Lee State Office Complex Relocation Support. Five departments request increases for rent at the May Lee State Office Complex (MLSOC), and incremental increases thereafter. The Civil Rights Department requests \$2.266 (General Fund) as part of this proposal.
1. AB 2499 entitles an employee of an employer with 25 or more employees who is a victim or who has a family member who is a victim of a crime to job protected leave to attend to their or their family member's needs and ensure their safety. Additionally permits both an employee victim and an employee who has a family member who is a victim to use sick leave for time off to obtain victim services. The total leave taken may be capped at 12 weeks.

AB 1340 authorized local entities to enforce the employment components of California's state civil rights laws.

2. The Civil Rights Department (CRD) relocated its Headquarters facility to the May Lee State Office Complex (MLSOC) in July 2024. The 2024 Budget included one year of funding for CRD's significantly higher leased space costs at MLSOC. Previously, CRD's Headquarters facility had been physically located in a leased office space in Elk Grove for nineteen years. CRD requests \$2,266,000 from the General Fund in 2025-26, and incremental increases thereafter, to fund CRD's permanent relocation to MLSOC.

Resource History
(Dollars in thousands)

Program Budget	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 (Projected)
Authorized Expenditures	\$36,621	\$40,303	\$50,006	\$66,936*	\$67,200**	\$65,984
Actual Expenditures	\$34,070	\$39,541	\$48,694	\$63,226	\$66,076	\$65,984
Revenues	\$556	\$412	\$58	\$7,520	\$385	\$500
Authorized Positions	238.8	275.5	302.5	316.5	325.5	336.5
Filled Positions	210.8	216.5	255.5	276.5	296.5	303.5
Vacancies	28.0	59.0	47.0	40.0	29.0	25.0

*\$2,855 carryovers in FY 2023-24

**\$374 carryovers in FY 2024-25

Panel

- Kevin Kish, Director, Civil Rights Department
- Paul Steenhausen, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office
- Allison Hewitt, Principal Program Budget Analyst, Department of Finance
- Blair Huxman, Finance Budget Analyst, Department of Finance

Staff Comments

1. The resources requested for the chaptered legislation are consistent with the appropriation analysis as the bills moved through the Legislature.
2. The resources requested are necessary to move the CRD back to the MLSOC. The Subcommittee may wish to consider how the proposed reorganization will impact the departments moving to MLSOC and whether there will be additional moving costs after the reorganization is complete.

Non-Presentation Items

8885 Commission on State Mandates

Issue 13: Funded and Suspended Mandates

This item reflects the Governor’s January proposal to fund and suspend mandates for the 2025-26 budget.

Background. The budget proposes \$89.5 million to fund mandates as listed in the chart below.

2025-26 Funded Local Government Mandates	Proposed Funding Levels
Accounting for Local Revenue Realignment	0
Allocation of Property Tax Revenues	774,000
California Public Records Act	0
Crime Victims’ Domestic Violence Incident Reports	217,000
Custody of Minors-Child Abduction and Recovery	9,819,000
Domestic Violence Arrest Policies	10,825,000
Domestic Violence Arrests and Victims Assistance	2,608,000
Domestic Violence Treatment Services	2,378,000
Health Benefits for Survivors of Peace Officers and Firefighters	2,145,000
Local Agency Ethics	11,000
Medi-Cal Beneficiary Death Notices	13,000
Medi-Cal Eligibility of Juvenile Offenders	0
Peace Officer Personnel Records: Unfounded Complaints and Discovery	899,000
Rape Victim Counseling	616,000
Sexually Violent Predators	17,064,000
State Authorized Risk Assessment Tool for Sex Offenders	591,000
Threats Against Peace Officers	25,000
Tuberculosis Control	115,000
Unitary Countywide Tax Rates	443,000
Post Election Manual Tally	0
Sheriffs Court Security Services	0
U Visa Form 918, Victims of Crime: Non-Immigrant Status	2,243,000
Local Agency Employee Organizations, Impasse Procedures II	31,000
Peace Officer Training: Mental Health Crisis Intervention	531,000
Municipal Storm Water and Urban Runoff Discharges	0

Vote by Mail Ballots: Prepaid Postage	2,287,000
Sexual Assault Evidence Kits: Testing Mandate	11,455,000
Racial and Identity Profiling Mandate	23,886,000
Juveniles Custodial Interrogation	474,000
Total General Fund	\$89,450,000
Fund 0044	
Administrative License Suspension	1,931,000
Fund 0106	
Pesticide Use Reports	75,000
Totals	\$91,456,000

Suspended Mandates. The budget proposes to suspend 57 mandates with a cost estimate of \$549.3 million. In addition to the mandates proposes in the prior year, the Governor’s budget proposes to suspend the California Regional Water Quality Control Board, Santa Ana Region mandate.

2025-26 Suspended Local Government Mandates for Governor's Budget	August 31, 2024 Balance (AB 3000 Report)
Absentee Ballots	49,538,762
Absentee Ballots: Tabulation by Precinct	67,700
AIDS/ Search Warrant	1,582,315
Airport Land Use Commission/Plan	0
Animal Adoption	38,413,266
Brendon Maguire	0
Conservatorship: Developmentally Disabled Adults	348,847
Coroner's Costs	221,667
Crime Statistics Reports for the Department of Justice	130,535,764
Crime Victims' Domestic Violence Incident Reports II	2,009,608
Developmentally Disabled: Attorneys' Services	1,200,934
DNA Database & Amendments to Postmortem Examinations	309,814
Domestic Violence Background Checks	11,927,294
Domestic Violence Information	0
Elder Abuse, Law Enforcement Training	0
Extended Commitment, Youth Authority	0
False Reports of Police Misconduct	10,085
Firearm Hearings for Discharged Inpatients	157,256
Grand Jury Proceedings	0
Interagency Child Abuse and Neglect Investigation Reports	66,442,238
Identity Theft	85,989,291
In-Home Supportive Services II	442,854

Inmate AIDS Testing	0
Judicial Proceedings	273,882
Law Enforcement Sexual Harassment Training	0
Local Coastal Plans	0
Mandate Reimbursement Process I	6,842,170
Mandate Reimbursement Process II	0
Mentally Disordered Offenders: Treatment as a Condition of Parole	4,909,840
Mentally Disordered Offenders' Extended Commitment Proceedings	7,221,996
Mentally Disordered Sex Offenders'	339,541
Mentally Retarded Defendants Representation	35,905
Missing Persons Report	0
Modified Primary Election	1,816,619
Not Guilty by Reason of Insanity	5,214,032
Open Meetings Act/Brown Act Reform	103,603,500
Pacific Beach Safety: Water Quality and Closures	343,927
Perinatal Services	2,251,785
Permanent Absent Voters II	11,906,707
Personal Safety Alarm Devices	(2,253)
Photographic Record of Evidence	290,594
Pocket Masks	0
Post Conviction: DNA Court Proceedings	410,230
Postmortem Examinations: Unidentified Bodies, Human Remains	5,460
Prisoner Parental Rights	0
Senior Citizens Property Tax Postponement	480,794
Sex Crime Confidentiality	0
Sex Offenders: Disclosure by Law Enforcement Officers	0
SIDS Autopsies	0
SIDS Contacts by Local Health Officers	0
SIDS Training for Firefighters	(981)
Stolen Vehicle Notification	1,116,840
Structural and Wildland Firefighter Safety Clothing and Equipment	(8,722)
Very High Fire Hazard Severity Zones	0
Voter Identification Procedures	10,075,391
Voter Registration Procedures	2,481,096
California Regional Water Quality Control Board, Santa Ana Region	453,993
Total Suspended Mandates	\$ 549,260,041

Deferred Mandates. The budget proposes to defer 3 mandates with a cost estimate of \$165.9 million.

2025-26 Deferred Local Government Mandates for Governor's Budget	August 31, 2024 Balance (AB 3000 Report)
Local Government Employee Relations	29,499,509
Peace Officers Procedural Bill of Rights	126,436,289
Peace Officers Procedural Bill of Rights II	10,030,715
Total	\$165,966,513

Staff Comments

1. The Governor’s budget proposes to suspend a new mandate, the California Regional Water Quality Control Board, Santa Ana Region. This test claim is related to Order No. R8-2009-0030, issued by the Santa Ana Regional Water Quality Control Board on May 22, 2009, which limited the discharge of certain specified constituent pollutants into the waters within the jurisdiction of the Regional Board.

The Commission on State Mandates found this test claim created reimbursable, state-mandated costs from June 1, 2009, to December 31, 2017. The Santa Ana test claim is for several activities including developing a Cooperative Watershed Program to address selenium, developing a constituent-specific source control plan for copper, lead, and zinc, to do specified public outreach, and to develop a pilot program to limit pollutant discharges from common interest developments and similar areas.

The suspension would not suspend the entire order. Beginning January 1, 2018, the Commission determined the claimant had sufficient fee authority for the specified activities, and denied any state reimbursement after that date. The proposed suspension does not relieve local agencies of the need to perform applicable and ongoing services where costs can be covered with fee authority.

2. The other mandates that are proposed to be funded and suspended are consistent with prior year.

Staff Recommendation: Hold Open.

This agenda and other publications are available on the Assembly Budget Committee’s website at: [Sub 5 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Genevieve Morelos.