

Date of Hearing: April 27, 2011

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Norma Torres, Chair

AB 505 (Harkey) – As Amended: April 25, 2011

SUBJECT: Housing programs: audits

SUMMARY: Requires on or before January 1, 2013, and every two years after, the Bureau of State Audits (BSA) to conduct a performance audit of special fund and General Fund programs administered by the Department of Housing and Community Development (HCD).

EXISTING LAW (Health & Safety Code 53545):

- 1) Requires the BSA to conduct periodic audits to ensure that bond proceeds from Proposition 1C are awarded in a timely fashion, in a manner consistent with the requirements of the bond, and that awardees of bond proceeds are using funds in compliance Proposition 1C. Requires the first audit to be conducted no later than one year from when the bond was approved by the voters.
- 2) Requires HCD in its annual report to the Legislature to report how Proposition 1C funds were expended in the prior year. Requires HCD to make the report available the public on its Internet Web site.

FISCAL EFFECT: Unknown

COMMENTS:

HCD administers programs that receiving funding from federal, state housing bond, special fund and the General Fund. HCD administers federal programs for non-entitlement jurisdictions that are typically smaller and do not have the capacity to receive the funds directly from the Department of Housing & Urban Development (HUD). These federal programs are audited by HUD on a regular basis.

HCD also administered housing bond programs funded by Proposition 1C and 46. The voter-approved bonds required that the BSA conduct period audits to ensure that the proceeds are spent according to the requirements of the bonds. The only programs that are not audit on a regular basis by an outside entity like the BSA or HUD are the special fund and General Fund programs. The Mobilehome Parks Inspection Program, the Enterprise Zone Program, and Mobilehome Park Resident Ownership Program (MPROP), Predevelopment Loan Fund, Codes and Standards are funded through fees which are deposited into a special fund. The Emergency Housing & Assistance Program (EHAP), which will likely not get funding this year, and Office and Migrant Services, and the Housing Policy Development Division are funded through the General Fund.

This bill would require the BSA to audit the special fund and General Fund programs operated by HCD in the next two years and would require an audit every two years after that.

Staff comments: The committee may wish to consider whether the special fund and General Fund programs have enough of a financial investment to require an audit every two years.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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