

Date of Hearing: July 2, 2012

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Norma Torres, Chair

SB 1039 (Steinberg) – As Amended: July 2, 2012

SENATE VOTE: Not relevant

SUBJECT: Governor's Reorganization Plan

SUMMARY: Revises the Governor's Reorganization Plan No. 2 of 2012 (GRP). Specifically, this bill:

- 1) Changes the name of the Business and Consumer Services Agency to the Business, Consumer Services, and Housing Agency.
- 2) Requires the Department of Housing and Community Development (HCD), the Department of Transportation, and the California Transportation Commission (CTC) to coordinate state housing and transportation policies and programs to help achieve state and regional planning priorities and to maximize co-benefits of infrastructure investments.
- 3) Makes other technical changes.

EXISTING LAW: The GRP No. 2 of 2012 will reorganize the executive branch of the state government and will take effect on July 1, 2013.

FISCAL EFFECT: Unknown.

COMMENTS: The GRP proposes to transfer the housing departments which are currently located in the Business, Transportation, and Housing Agency into the new Business and Consumer Services Agency. The GRP also proposes to place the California Housing Finance Agency (CalHFA) under the Department of Housing and Community Development (HCD).

The newly created Business and Consumer Services Agency would be made up of the following state entities:

1. Department of Consumer Affairs (DCA);
2. Department of Housing and Community Development (HCD);
3. Department of Fair Employment and Housing (DFEH);
4. Department of Business Oversight;
5. Department of Alcoholic Beverage Control;
6. Alcohol Beverage Control Appeals Board;
7. California Horse Racing Board; and,
8. Seismic Safety Commission.

The mission of HCD and CalHFA is to finance affordable housing in the state by making loans and grants to support the construction of housing as well as infrastructure. HCD also has a housing policy division that reviews and approves the housing element of cities and assists in setting policy goals for the state.

In order to review and evaluate the GRP, the Assembly set up a special committee. The special committee heard several critiques of the plan to combine HCD and CalHFA into the Business and Consumer Services Agency:

- The name of the agency does not include "housing" which will create confusion for consumers who use HCD and CalHFA programs and diminish the importance of "housing" as an important function of the state;
- The core function and mission of the other agencies in the Business and Consumer Services Agency are regulatory and licensing which HCD and CalHFA are not. CalHFA and HCD are more closely aligned to the Transportation Department because they finance the construction of infrastructure and housing.
- Transportation and housing agencies should be housed in the same agency to ensure efficient expenditure of state funds, integration of planning for interrelated issues and to achieve the goals of SB 375 (Steinberg) in 2008, which requires the coordination of transportation and housing at the regional level to reduce greenhouse gas emissions.

In an effort to respond to the concerns raised at the hearing, that not including "housing" in the title of the newly formed agency, would diminished status of housing in the newly formed agency, this bill would add "Housing" to the title of the newly created Business and Consumer Services Agency. This would elevate housing to the level of the other agencies.

This bill will require HCD, the Department of Transportation, and the CTC to coordinate state housing and transportation policies and programs to help achieve state and regional planning priorities and to maximize co-benefits of infrastructure investments. The intent of this provision is to require the departments and the CTC to work together to evaluate and identify areas where state and local policies might conflict and/or may diminish the value of the fiscal investments being made at the local and state level.

This bill provides flexibility on how that coordination will occur and what metrics will be used to measure coordination. The leveraging and efficient use of fiscal resources would be an important area for coordination among the departments and CTC. Additionally, one likely area where efficiencies could be achieved is through the better coordination of policies that support transit oriented and infill development.

#### REGISTERED SUPPORT / OPPOSITION:

##### Support

None on file.

##### Opposition

None on file.

Analysis Prepared by: Lisa Engel / H. & C.D. / (916) 319-2085

