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# California Department of Housing and Community Development

## Its Oversight of Housing Bond Funds Remains Inconsistent

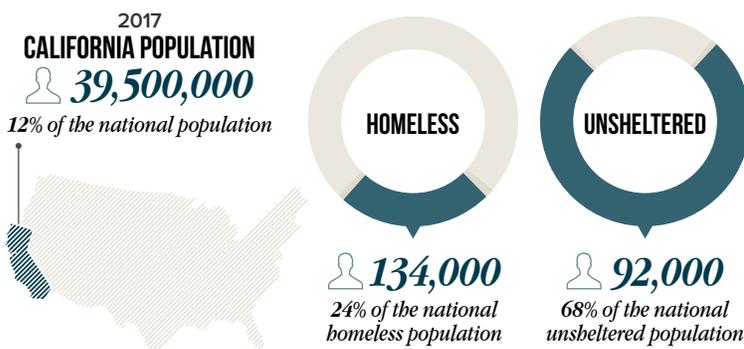
### Background

In 2002 and 2006, voters approved nearly \$5 billion in housing bonds to be used in financing affordable housing. The California Department of Housing and Community Development (HCD) oversees the majority of housing bond programs for the State and is responsible for ensuring that target populations receive bond-funded housing. Since 2007 our office has performed five required audits, including this one, of HCD's housing bond program management in which we have reported on issues related to HCD's monitoring of certain housing bond programs—particularly two, which generally enable low-income and very low-income households to become or remain homeowners.

### Key Findings

- Although HCD previously asserted to us that it implemented all 28 recommendations we made in our first four reports, it has not followed through on half of the recommendations.
- It continues to monitor its housing bond programs inconsistently and, for years, it inadequately monitored four of the eight housing bond programs we reviewed—it did not obtain required performance reports or perform on-site monitoring for grant-based programs. As a result, HCD cannot be sure if the bond funds benefited the target populations.
- Although HCD put into service a centralized database, it has not ensured the system has the necessary functionality for it to monitor its housing bond programs.
- HCD has exceeded the 5 percent statutory administrative spending limit for at least two of its programs and expects to exceed the limit for another program before it can complete its monitoring obligations.

## California's Deficit of 1.5 Million Affordable and Available Units



### 2016 CALIFORNIA'S AFFORDABLE HOUSING DEFICIT

California had a deficit of 1.5 million affordable and available units for very low-income and extremely low-income residents.



### Key Recommendations

Given HCD's long-standing history of inadequate monitoring of some of its programs, the Legislature should do the following:

- Require HCD to annually report to it in detail on its monitoring of certain programs and to include performance metrics to demonstrate that recipients have issued loans to eligible homeowners.
- Require the Business, Consumer Services and Housing Agency to monitor HCD's efforts and report HCD's progress to it.

HCD should do the following:

- Immediately obtain all required performance reports for its grant-based programs and develop a plan to perform on-site visits of program recipients.
- Determine if its database system is feasible for its housing bond programs, if its staff should use it, and whether it should continue to develop it.
- Develop a plan that addresses how it will deal with exceeding its administrative spending limits and how to avoid doing so in the future.