



# CALIFORNIA STATE AUDITOR

Elaine M. Howle, State Auditor

# FACT SHEET

Date: November 10, 2009

Report: 2009-037

**The California State Auditor released the following report today:**

## **Department of Housing and Community Development**

*Housing Bond Funds Generally Have Been Awarded Promptly and in Compliance With Law, but Monitoring Continues to Need Improvement*

### **BACKGROUND**

In an effort to aid low- to moderate-income and homeless populations in securing housing and shelter, the Legislature proposed and voters approved, nearly \$5 billion in housing bonds—Housing and Emergency Shelter Trust Fund Act bonds. These bond funds provide for the development of affordable rental housing, emergency housing shelters, and down-payment assistance to low- to moderate-income home buyers. The Department of Housing and Community Development (HCD) has final responsibility for the housing bond funds and directly administers the majority of the housing bond programs. The California Housing Finance Agency (Finance Agency) also manages some of the programs funded by the housing bonds.

### **KEY FINDINGS**

During our review of the Housing and Emergency Shelter Trust Fund acts of November 2002 and 2006, we noted the following:

- As of December 2008 HCD and the Finance Agency had awarded nearly all of the November 2002 bond funds. Although HCD and the Finance Agency awarded housing bond funds authorized in November 2006 for eight programs, it has not issued any awards for two other programs.
- Both agencies generally have processes in place to ensure that recipients, primarily individuals and local entities that ultimately receive the funds awarded, meet legal requirements before disbursing housing bond awards to them. However, as we reported in September 2007, HCD continues to advance funds to recipients at amounts greater than the established limit for this program.
- Because of state budget difficulties, HCD restricted the amount of travel for performing on-site visits beginning in July 2008; thus, it has not met the goals it established for conducting on-site visits for its CalHome, Emergency Housing and Assistance, and Supportive Housing programs.
- Finally, HCD has not yet completed its verification of data transferred to its new Consolidated Automated Program Enterprise System (CAPES), which it uses to administer and manage the housing bond programs.

### **KEY RECOMMENDATIONS**

We made several recommendations to HCD, including that it follow its procedures on restrictions of advances and ensure that it receives and reviews required status reports for its CalHome Program. In addition, we recommended that HCD adopt a risk-based, on-site monitoring approach for two of its programs. We also recommended that HCD complete its review of the accuracy of the data transferred to CAPES.

