

October 9, 2024

Honorable Scott D. Wiener, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review
Committee

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Honorable Anna M. Caballero, Chair
Senate Appropriations Committee

Honorable Buffy Wicks, Chair
Assembly Appropriations Committee

Section 28.00—Department of Housing and Community Development—Federal Trust Fund

Pursuant to the provisions of Section 28.00, Budget Act of 2024, the following report is respectfully submitted.

The Department of Finance has received the attached Section 28.00 application from the Department of Housing and Community Development (HCD), to augment its federal expenditure authority for fiscal year 2024-25 to administer the federal Community Development Block Grant-Disaster Recovery (CDBG-DR) program. Under this program, the CDBG-DR Unit within HCD will assist in long-term recovery efforts following California's severe 2022-23 winter storms, flooding, landslides, and mudslides. The U.S. Department of Housing and Urban Development (HUD) allocated \$115 million in CDBG-DR funding to support these long-term recovery efforts, which will be used to implement three new programs to support long-term recovery efforts: the Manufactured Home Preplacement and Elevation program, the Disaster Recovery Multifamily Housing Accelerator Program, and the Migrant Resiliency Center Program.

HCD requests an augmentation of federal expenditure authority of \$97.8 million (from \$225 million to a revised total of \$322.8 million) in 2024-25. HCD received official notification of the availability of additional, unanticipated funds on July 15, 2024 and notified Finance within 45 days of this date.

This request meets the following criteria, as required in subdivision (b) of Section 28.00:

- The funds will be expended for the administration of the federal CDBG-DR program which is consistent with state law.
- The funds are made available to the state under conditions permitting their use only for the specified purpose, and the additional expenditure proposed would apply to this specified funding purpose. One-time expenditure.
- The need exists to expend the additional funding during the current fiscal year in order to meet HUD's expenditure deadline for the grant.

Finance concurs with the necessity of this change to the approved budget and will be approving the Section 28.00 application not sooner than 30 days from the above date.

If you have any questions or need additional information regarding this matter, please call Wendy Cramer, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:



ERIKA LI
Chief Deputy Director

cc: Honorable Sharon Quirk-Silva, Chair, Assembly Budget Subcommittee No. 5
Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee
No. 4
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review
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