

# Joint Legislative Budget Committee

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November 6, 2024

Mr. Joe Stephenshaw, Director  
Department of Finance  
1021 O Street, Suite 3110  
Sacramento, California 95814

Dear Mr. Stephenshaw:

In a letter dated October 9, 2024, you notified the Joint Legislative Budget Committee (JLBC), pursuant to Control Section 28.00 in the *Budget Act of 2024*, of a request from the Department of Housing and Community Development (HCD) to increase its local assistance expenditure authority by \$97.8 million in order to administer the federal Community Development Block Grant-Disaster Recovery (CDBG-DR) program.

CDBG-DR funding is critical in helping communities recover from disasters and mitigate future losses by providing long-term recovery assistance for housing, infrastructure and economic revitalization.

In November 2023, following the severe winter storms of 2022-23, HCD received a Federal Register Notice from the U.S. Department of Housing and Urban Development (HUD) of available CDBG-DR funding that included the specific grant amount, as well as programmatic responsibilities. According to your staff, to comply with HUD's requirements and submit the mandated Action Plan, HCD gathered data for an unmet needs analysis, met with local jurisdictions and disaster case management providers, and conducted outreach to impacted jurisdictions and communities. As a result, HCD plans to implement three new local programs to support long-term recovery efforts that include the Manufactured Home Preplacement and Elevation Program, the Disaster Recovery Multifamily Housing Accelerator Program, and the Migrant Resiliency Center

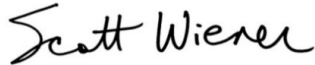
1020 N STREET, SUITE 553  
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Program. HCD submitted the proposed Action Plan to HUD in April 2024 and received approval and the final grant agreement in July 2024. Ultimately, the Administration must request an increase in expenditure authority from the Legislature for any additional or unanticipated federal funding.

While I appreciate the time and effort that went into the development of the Action Plan, I believe there was ample time between November 2023 and April 2024 to inform the Legislature of the potential for additional funding and seek the Legislature's input in preparing the plan. In the future, when the department is tasked with formulating an Action Plan for the expenditure of a large amount of discretionary federal funding, the Legislature would appreciate the opportunity to participate in the creation and review of the plan prior to its submission to HUD. To that end, I will recommend that we include language in future budget acts that requires HCD to provide notification to the JLBC when a Federal Register Notice of funding is issued for CDBG-DR.

Because I don't want to further delay funding for those impacted by the floods of 2023, I concur with the proposed augmentation—with the understanding, however, that provisional language will be included in next year's budget to provide the Legislature with notification when initial award amounts are announced by HUD.

Sincerely,

A handwritten signature in cursive script that reads "Scott Wiener".

Scott Wiener  
Chair

cc: Members of the Joint Legislative Budget Committee