



September 28, 2020

Honorable Holly Mitchell, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review Committee

Honorable Phil Ting, Chair
Assembly Budget Committee

Honorable Anthony Portantino, Chair
Senate Appropriations Committee

Honorable Lorena Gonzalez, Chair
Assembly Appropriations Committee

Section 11.90—Department of Housing and Community Development—Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding

Pursuant to the provisions of Control Section (CS) 11.90, 2020 Budget Act, the following report is respectfully submitted.

The Department of Finance has received a request from the Department of Housing and Community Development (HCD) to increase its Multifamily Housing Program appropriation for the Homekey initiative by up to \$200,000,000 Coronavirus Relief Fund (CRF).

Pursuant to the provisions of Section 11.90 of the 2020 Budget Act, \$550,000,000 CRF was proposed for HCD, and approved by the Joint Legislative Budget Committee on July 21, 2020, to be allocated for a grant program commonly known as Homekey. Homekey provides funding to local public entities for the acquisition of hotels, motels, and other properties to support housing for individuals and families who are experiencing homelessness or who are at risk of homelessness due to COVID-19. Due to unprecedented demand by local jurisdictions, the existing level of funding is insufficient to fund all viable applications and a waitlist has been created. Based on applications received to date, HCD requests an additional \$200,000,000 CRF to fund the waitlisted projects.

The 2020 Budget Act set aside \$2.7 billion CRF to offset state emergency response costs and programs that received General Fund to provide support to various vulnerable populations due to COVID-19. After accounting for these costs, there is funding available to meet the demand for Homekey.

Given the need to respond to this public health crisis expeditiously and meet the federal Coronavirus Aid, Relief, and Economic Security Act expenditure deadline of

December 30, 2020 for CRF, Finance recommends a change to the CRF expenditure plan.

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

KEELY MARTIN BOSLER

Director

By:



RICHARD GILLIHAN

Chief Operating Officer

cc: Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
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