

Senate Budget and Fiscal Review—John Laird, Chair

SUBCOMMITTEE NO. 4

Agenda

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Senator Lola Smallwood-Cuevas



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9:30 a.m. or Upon Adjournment of Session
State Capitol, Room 113

Consultant: Timothy Griffiths

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ITEMS FOR DISCUSSION

0515 BUSINESS, CONSUMER SERVICES, & HOUSING AGENCY (BCSH)
0516 CALIFORNIA HOUSING & HOMELESSNESS AGENCY (CHHA)
2240 HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT (HCD)
2245 CALIFORNIA HOUSING FINANCE AGENCY (CALHFA)
2250 HOUSING DEVELOPMENT FINANCE COMMITTEE (HDFC)

Item 1: Proposal to Restructure the State’s Affordable Housing Funding System

Issue. The Governor’s January 2026 Budget includes budget trailer bill proposals and a budget change proposal that together would significantly restructure how the state awards its affordable housing funding. The main impact of the proposals would be to:

- Codify the Governor’s Reorganization Plan, approved last year, which splits the Business, Consumer Services, and Housing Agency (BCSH) into the California Housing and Homelessness Agency (CHHA) and the Consumer Services Agency and the Business and Consumer Services Agency (BCSA).
- Establish the Housing Development Finance Committee (HDFC) within the CHHA, consolidate authority for making multifamily affordable housing program funding awards under it, and reserve at least half of the annual affordable housing bond and tax credit pools from the State Treasurer’s Office (STO) to pair with the HDFC awards on a ministerial basis so that affordable housing projects awarded funding from HDFC would be guaranteed the full set of resources needed to begin construction.
- Split the Affordable Housing and Sustainable Communities (AHSC) program into its component parts, with responsibility for the award of affordable housing projects to be integrated into the HDFC process described above and the award of sustainable communities projects to remain under the purview of the Strategic Growth Council (SGC) at the Governor’s Office of Land Use and Climate Innovation (GO-LCI).
- Transfer staff and resources from the Housing and Community Development Department (HCD) to HDFC to support the transitions outline above, effective July 1, 2026,

Background.

How Affordable Housing Gets Funded:

When developers build market-rate housing, they generally rely on the anticipated stream of future rental income to make the financing work. By contrast, developers who set out to construct affordable housing must obtain funding from other sources because their rental income, by definition, will be lower.

Affordable housing developers often refer to the collection of funding sources they line up behind a project as the “capital stack.” There are many potential sources for a capital stack: bank loans, land donations, local government contributions, federal government grants, philanthropic support, and the subject of this agenda item: affordable housing awards from the state.

State Affordable Housing Funding Programs in California

In California, state funding for the construction of affordable housing can come from several different departments and multiple different programs. HCD awards funding under the Multifamily Housing Program (MHP), the Joe Serna Farmworker Housing Grant Program, the Veterans Housing and Homelessness Prevention Program, among others. The California Housing Finance Agency awards funding under its Mixed Income Program (MIP). The Strategic Growth Council awards funding under the Affordable Housing and Sustainable Communities (AHSC) program. To add to the complexity, the last layer in nearly every affordable housing capital stack consists of tax-exempt private activity bonds and tax credits awarded by the California Debt Limit Allocation Committee (CDLAC) and the Tax Credit Allocation Committee (TCAC), respectively both of which are part of the State Treasurer’s Office. Such tax credit and bond awards are typically the last pieces to be added to a project’s capital stack because an award from these sources usually comes with the requirement to start construction within six months.

The Problem

A longstanding problem in California affordable housing finance is that most of the state’s affordable housing funding programs operate on varied timelines, with unique applications, different eligibility requirements, and distinct scoring rubrics. As a result, affordable housing developers have to go from source to source, building the layers of their capital stack. This process can take months even if a project obtains funding from every source on the first try. When projects do not obtain funding on their first try, the process can drag out for years. These delays increase developers’ costs. A [2025 analysis by the Turner Center](#) concluded that “the inclusion of one additional public funding source adds, on average, four months to the timeline of being able to start construction, and is associated with an increase of approximately \$20,460 in per-unit total development costs.” The fragmented process also means that the money from a state affordable housing award sometimes sits idle while the developer is chasing the remaining money needed to complete its capital stack.

There have been efforts to address this issue before. HCD has consolidated some of its main affordable housing funding program applications into a single, “SuperNOFA” process, for example. And in response to legislative demands in the form of AB 519 (Schiavo, Ch. 742, Stats. 2023), a working group of affordable housing stakeholders and state government affordable housing administrators has been convening to develop recommendations for streamlining the system even further. Nonetheless, as it currently operates, California’s affordable housing finance system remains fragmented and disjointed.

The Proposal

The budget trailer bill and budget change proposals addressed by this agenda item are intended to take a major step toward consolidating and streamlining the state system. Combined, the proposals codify and build on the reorganization of BCHS proposed by the Governor last year and eventually approved by Legislature.

Boiled down to a single sentence, the combined trailer bills and budget change proposal move California closer to a one-stop shop for affordable housing finance.

In simplified detail, the proposal:

- Codifies the dissolution of the Business, Consumer Services and Housing Agency and its replacement with two new agencies: the California Housing and Homelessness Agency (CHHA) and the Business and Consumer Services Agency (BCSA).
- Establishes a new Housing Development Finance Committee within CHHA and consolidate most of the authority to award state affording housing funding under it.
- Splits the Affordable Housing and Sustainable Communities (AHSC) program into two component parts, with 70 percent of future AHSC funds going to affordable housing projects to be awarded through the HDFC process and 30 percent going to sustainable communities projects still awarded by the Strategic Growth Council.
- Sets aside 90 percent of the state’s annual private equity tax-exempt bond allocation for affordable housing for the next ten years (with an option to lower the set aside to 80 percent upon a unanimous vote).
- Reserves a minimum of 50 percent of these affordable housing private equity bonds and the four percent Low Income Housing Tax Credits that come with them to be paired automatically (“ministerially”) with HDFC awards so that projects approved for HDFC awards emerge from the process fully funded without the need to submit further applications.
- Establishes an HDFC Executive Committee consisting of the CHHA Secretary, the Director of HCD, and the Director of CalHFA, and establish the framework for this Committee to develop guidelines and make decisions regarding HDFC funding awards.

Key Questions: There is widespread and longstanding agreement that California’s affordable housing finance system needs streamlining and consolidation. Beyond this conceptual consensus, however, numerous questions remain about the details of this specific proposal and how it would play out in practice.

As it considers whether to approve, seek modification of, or reject these proposals, the Subcommittee may wish to explore some of the following lines of inquiry:

Lack of Funding:

- The Governor’s January 2026 Budget proposes no new General Fund appropriations for the state’s affordable housing system. Whether the AHSC program will have any funding to award depends on greenhouse gas emission auction sales and regulatory decisions about the distribution of the proceeds. Guidelines currently under consideration by the California Air Resources Board (CARB) would likely result in little or no funding at all for AHSC. How will the proposed restructuring of the state’s affordable housing funding system lead to the construction of affordable housing if there is little or no money entering the system to begin with?

Bond and Tax Credit Set-Asides:

- In recent years, California has set aside between 86 and 93 percent of its tax-exempt private activity bond cap for affordable housing. This proposal pegs that set-aside at 90 percent for the next 10 years. Is that the right amount? Does the possibility of adjusting to 80 percent give the state enough flexibility in this regard?
- Is the reservation of at least 50 percent of the affordable housing bonds for pairing with HDFC awards the correct threshold to maximize system efficiency? What process should be used to determine any reservation level over 50 percent? What should happen if it is obvious to everyone at the beginning of the year that the total HDFC awards will be too low to utilize 50 percent of the bonds?
- The proposal calls for the release of the bonds and tax credits reserved for pairing with HDFC awards on November 1st. Is that soon enough to enable CDLAC/TCAC to get those bonds and tax credits out to other projects efficiently? Is an earlier date feasible? If so, how much earlier?
- The proposal only addresses how private activity bonds and four percent federal tax credits will be handled within the new system. How should federal nine percent tax credits, farmworker housing tax credits, and enhanced state tax credits be handled within the proposed system? Should some of them be set aside to match with HDFC awards as well? Should they be targeted to support more deeply affordable housing projects even when not matched with HDFC awards?

The HDFC Executive Committee:

- The proposed HDFC Executive Committee consists of the CHHA Secretary, the HCD Director, and the CalHFA Executive Director. Should the State Treasurer’s Office have representation on the HDFC Executive Committee? What about other agencies, departments, or stakeholders?
- The proposal exempts the HDFC Executive Committee from aspects of the state’s open meetings laws. Why is this necessary? Is it appropriate? Could the exemptions undermine transparency into how HDFC will make its affordable housing award decisions?
- The proposal authorizes the HDFC Executive Committee to promulgate regulations through an alternative process. Why is the proposed Administrative Procedures Act bypass necessary? Does the alternative process set forth in the trailer bills still allow for sufficient stakeholder input?

The AHSC Split:

- AHSC’s purpose is to fund projects that integrate affordable housing and sustainable elements into a single community. Would splitting AHSC’s affordable housing component from its sustainable communities component undermine this function?
- What other aspects of the AHSC program would change under this proposal? How would the proposed split affect geographic distribution, investments in disadvantaged communities, and rural set-asides, for example? How will the sustainable communities component of AHSC change under this proposal, specifically? Will the eligible uses of this funding change at all, apart from an end to the requirement that the project be linked to affordable housing? Will the affordable housing component of the AHSC program continue to prioritize climate goals when it is moved to HDFC? If so, how?
- What percentage of AHSC’s annual Greenhouse Gas Reduction Fund allocation will go to the Sustainable Agricultural Lands Conservation (SALC) program under this proposal? 10 percent of the overall allocation? 10 percent of the 30 percent directed to sustainable communities? Something else?

Other Questions:

- The proposal states that “it is the intent of the Legislature to designate the Multifamily Housing Program as the state’s primary omnibus affordable housing subsidy program to fundamentally simplify access to state housing resources, replacing today’s patchwork of overlapping programs with a clearer pathway to complete financing.” What does the Administration envision for this change? When would it happen and how will the Administration engage the Legislature in the process? What would happen to existing programs like the Joe Serna Farmworker Housing and the Veterans Housing and Homelessness Prevention Program?

- How will asset management and monitoring work under the proposed system?
- Some of the trailer bill language requires the HDFC Executive Committee to take actions by July 1, 2026. How is that timeline possible if the trailer bills have not yet been enacted?
- The overall goal for this proposal is to create a coordinated access point for housing funding and help developments receive funding more efficiently and more quickly. How will the administration be monitoring progress towards meeting those goals? What specific metrics will the administration use to evaluate success? How will progress be shared with the Legislature?

Legislative Analyst’s Commentary: The LAO generally finds “merit with the Governor’s overall approach,” but identifies “opportunities for refinement and improvement” as to some aspect of the trailer bills. Specifically, the LAO recommends that the Legislature:

- Retain the option for developers to submit a single application to the AHSC program for an integrated housing-transportation project (rather than requiring them to submit two separate proposals, which would run contrary to the state’s streamlining efforts).
- Remove the annual 50 percent minimum on reservation for HDFC of private activity bonds and four percent tax credits. Instead, the threshold should be determined using a three step process that builds off existing practices: (1) CDLAC conducts its annual “demand survey” of developers about projects in their funding pipeline and their intent to seek private activity bonds in the coming year; (2) HDFC provides CDLAC with HDFC’s assessment of how much money it will have available to make awards that year; and (3) an estimate of what proportion of overall private activity bonds will be needed for HDFC projects.[...] Alternatively, the LAO suggests, the Legislature could specify a minimum set-aside but allow CDLAC to reallocate unused private activity bonds to the general pool earlier in the year than the November 1 date currently proposed.
- Direct HDFC and TCAC to prioritize awarding nine percent federal tax credits and state enhanced tax credits to HDFC-funded projects targeting the lowest-income residents.
- Add reporting requirements to help the Legislature to assess the impact of the proposed reforms.

The full LAO report is available [here](#).

Stakeholder Perspectives: A large number of stakeholders have weighed in with the Subcommittee on these proposals. Stakeholders universally favored the concept of streamlining the state’s affordable housing system and many applauded the Administration for undertaking this effort. At the same time, stakeholders took a variety of positions with respect to details of the proposals. Of particular note:

- Stakeholders split on the question of how much of the annual bond and tax credit pool should be reserved for matching with HDFC awards. Some lauded the 50 percent floor that appears in the language posted by the Administration. Others felt that a 50 percent threshold was likely too high and risked tying up bonds and four percent tax credits unnecessarily. Regardless of their view on how many tax credits and bonds are reserved initially, however, nearly all stakeholders suggested moving up the annual date on which reserved but unused bonds and four percent tax credits are released for award to other projects.
- Stakeholders similarly split on whether nine percent federal tax credits, farmworker housing tax credits, and enhanced state tax credits should also be reserved for pairing with HDFC projects. Some stakeholders prefer the current proposal's approach, which appears to limit the resources reserved for pairing with HDFC awards to private activity bonds and federal four percent tax credits. Others urged inclusion of at least some of the other tax credit pools in the HDFC set-aside.

Staff Recommendation. Hold open.

0959 CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE (CDLAC)
0968 CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE (CTCAC)**Item 2: Overview, H.R. 1 Impact Oversight, and Significance of Excluding/Including Enhanced State Low Income Housing Tax Credits in the 2026 Budget**

Issue. Within California’s affordable housing finance system, the Debt Limit Allocation Committee (CDLAC) and the Tax Credit Allocation Committee (CTCAC) play the role of managing and awarding tax-exempt private activity bonds and Low Income Housing Tax Credits (LIHTC) to affordable housing development projects. This agenda item provides the Subcommittee with an opportunity to review those roles, conduct oversight on CDLAC and CTCAC’s response to recent federal changes in the availability of LIHTC awards, and to explore the likely effects of inclusion or exclusion of an enhanced state LIHTC allocation in the 2026 budget.

Background. CDLAC oversees the use of the state’s annual allocation of tax-exempt private activity bonds for a variety of programs. The largest such use is the Qualified Residential Rental Project Program, which authorizes the issuance of these bonds to finance the development of multifamily rental housing, to acquire land and construct new housing, or purchase and rehabilitate existing housing. Affordable housing projects that obtain a private activity bond award also receive a matching award of four percent federal LIHTC credits from TCAC. In exchange for the tax credits, the project developers must agree to rent the units at affordable rates. These bonds and tax credits are a key final source of funding for many affordable housing projects. Upon receiving them, the affordable housing developers are generally required to begin construction within six months. In addition to awarding the four percent federal tax credits as described above, CTCAC also awards tax credits under the federal nine percent LIHTC program, the state’s LIHTC program, and the Farmworker Housing Assistance Tax Credit program.

CTCAC and CDLAC’s role in administering affordable housing funding continues throughout the lifespan of an affordable housing project. On the front end, CTCAC and CDLAC receive applications from developers, evaluate those applications against the scoring criteria, and select the projects to which they will make awards. Once the development is complete, CTCAC and CDLAC must review the project and issue the final tax forms necessary for investors to issue the private activity bonds and redeem their tax credits. Thereafter, CTCAC and CDLAC must monitor the project every three years to ensure physical upkeep and compliance with the affordability covenants.

Changes to the Availability of Federal Low Income Housing Tax Credits Under H.R. 1.

H.R. 1, the federal legislation enacted last summer, slashed federal support many state initiatives, particularly in health and human services. With respect to funding for affordable housing, by contrast, H.R. 1 offers new resources to California. Prior to the enactment of H.R. 1, affordable housing developers needed to finance at least 50 percent of their projects with private activity bonds in order gain access to four percent tax credits. H.R. 1, reduced this threshold to 25 percent, thereby effectively doubling how many four percent tax credits California projects can draw down each year using the same amount of private activity bonds. This could yield as much as \$4 billion

in additional four percent affordable housing tax credits in California every year. Additionally, H.R. 1 increased the size of the nine percent tax credit program by 12 percent indefinitely, which translates to about \$150 million more in nine percent tax credits for California annually.

Enhanced State Low Income Housing Tax Credits

By statute, the California budget includes a baseline allocation to support the state LIHTC program each year. (Rev. & Tax Code § 17058). Set initially at \$70 million per year in 2001, the baseline statutory LIHTC allocation grows each year in to reflect inflation. The 2025 allocation was around \$130 million.

To spur further affordable housing construction and leverage additional federal LIHTC funds, California has augmented the baseline statutory LIHTC appropriation in each of the past five budgets with \$500 million in “enhanced” state LIHTC tax credits. The Governor’s January 2026 Budget, by contrast, does not include any enhanced state LIHTC funding.

Key Questions: In delve deeper into this issue, the Subcommittee may wish to consider some of the following lines of inquiry:

- CTCAC and CDLAC made swift operational adjustments to enable California to benefit from the federal affordable housing financing changes contained in H.R. 1. Do CTCAC and CDLAC have the necessary resources to sustain these operational adjustments and the resulting increase in project volume? Is there anything else that CDLAC, CTCAC, or other parts of state government can be doing to maximize the benefit of H.R. 1 for the state?
- What impact would it have on affordable housing production in California if enhanced state LIHTC credits were left out of the final budget this year? What difference would the inclusion of a \$500 million enhanced state LIHTC allocation make?

Staff Comments: Should the Subcommittee wish to do so, the presence of CDLAC and CTCAC staff for this agenda offers the opportunity to inquire about the roles those entities would assume under the proposed restructuring of the state’s affordable housing funding system, as described in Item 1 of this agenda.

Staff Recommendation. Information only.

1700 CIVIL RIGHTS DEPARTMENT (CRD)**Item 3: Department Updates and Impact of Federal Policies and Funding Withdrawal on Civil Rights Enforcement in California**

Issue. California’s Civil Rights Division (CRD) is the primary state government entity responsible for preventing and addressing unlawful discrimination, particularly though not exclusively in the areas of employment, housing, and public accommodation. This agenda item is intended to provide the Subcommittee with an update on CRD’s activities and any challenges the CRD may face as a result from recent federal withdrawals from civil rights enforcement.

Background. As described by CRD, in accordance with its statutory mandate to “eliminate discrimination” in California:

CRD receives, investigates, conciliates, mediates, and prosecutes complaints of alleged violations of numerous civil rights laws. Among other duties and initiatives, CRD promulgates regulations implementing these statutes, as well as conducts outreach and education to ensure Californians know their rights and obligations. The laws enforced by CRD include the Fair Employment and Housing Act (FEHA), the Equal Pay Act, the Unruh Civil Rights Act, the Disabled Persons Act, the California Trafficking Victims Protection Act, the Ralph Civil Rights Act, and others.

Both the state and federal governments play a role in civil rights enforcement. Where the respective state and federal civil rights laws overlap, the two levels of government often work together. California law has long taken a more expansive view of civil rights than federal law, however, protecting characteristics that federal law does not.

Key Questions:

- What have been the most significant recent changes in the federal approach to civil rights enforcement and how have these federal changes impacted civil rights enforcement in California? Which Californians are most affected? How have CRD’s mission and operations been impacted, if at all? What steps has CRD taken in response to date? Are there other measures that CRD anticipates taking?
- Has CRD’s caseload changed? Does CRD have sufficient resources to protect Californians against discrimination given the federal withdrawal? If not, what other resources are needed? Are other state actions needed?
- The federal government has also withdrawn significant financial support for the work of local fair housing commissions and organizations. Has this impacted CRD’s work? How has it affected efforts to combat discrimination in California overall?

Staff Recommendation. Information only.

Item 4: Oversight Over Highlighted Programs

Issue. The past two budgets have extended funding on a one-time basis for three Civil Rights Department (CRD) initiatives: the California v. Hate Hotline; the Community Conflict Resolution Unit; and the Enforcement, Investigation and Conciliation Enhancement effort.

The Governor’s January 2026 Budget does not include any further funding for these programs. This agenda item is intended to provide an opportunity for the Subcommittee to conduct oversight on these programs, obtain updates on outcomes, and assess the impact if these programs cease.

Background.*California v. Hate Hotline*

The CA vs. Hate hotline is a system that allows individuals and organizations in California to report hate crimes and incidents over the phone or online. In response to these reports, trained operators offer the person making the report follow-up options such as filing a police report, submitting a complaint to CRD, or filing a claim with the California Victims of Crime Compensation Board. CA vs. Hate operators can also provide the person making the report with help carrying out these follow-up steps.

Since its launch in May 2023, the CA v. Hate hotline has responded to 6,800 requests for help. During 2025, CRD reports:

- 992 reports of hate were made to the hotline, including reports made online and over the phone.
- Of those reports, roughly 7 out of 10 agreed to follow up services, including legal aid or counseling.
- Racial or ethnicity bias was mentioned in 47% of reports, followed by gender identity, sex, or sexual orientation (19%), religion (18%), and disability status (9%).
- Some of the most reported locations were residential (36%), public facilities or businesses (16%), and at work (9%).
- Some of the most reported incident types were verbal harassment (68%), discriminatory treatment (48%), and intimidation or threats of violence (40%).

To date, the CA vs. Hate hotline has been funded through a combination of state general fund appropriations and a federal grant. Most recently, the 2025 Budget Act extended the program for one year through a \$2.4 million General Fund appropriation.

Community Conflict Resolution Unit (CCRU)

Much of CRD’s core civil rights enforcement work involves receiving and investigating complaints, a process that usually unfolds in an adversarial manner pitting the complainant against the individual or entity accused of discrimination. By contrast, the CCRU has conducted

innovative reconciliation efforts to resolve community conflicts regarding discrimination and the application of civil rights law in California.

CCRU describes its mission as follows:

We work with communities and/or local and state public bodies to constructively manage or resolve conflict, minimize or eliminate the potential for violence, reduce or eliminate antagonism within communities, or help them reach mutually acceptable outcomes. We work closely with stakeholder groups affected by conflict to ensure that solutions include community-driven input. We believe that community collaboration is most effective in addressing concerns related to hate and discrimination-based community conflict.

In concrete terms, the CCRU carries out this function by designing customized conflict resolution processes, facilitating community engagement processes, mediating community disputes, and providing civil rights-related conflict resolution education, consultation, and training.

Through the end of 2024, the CCRU had conducted 124 community engagement sessions focused on addressing community conflict, explored 44 conciliation opportunities with community partners, facilitated 22 conciliation sessions, and delivered 12 trainings to city officials, students, community organizations, human resources professionals, employees, and employers. CRD will present CCRU's most recent outcomes at the hearing.

The CCRU has operated since 2022 using limited term appropriations of just under \$900,000 annually. The 2025 Budget Act extended funding for the program for an additional year but no further funding was included in the Governor's January 2026 Budget, meaning that the program may cease to operate after June 30, 2026.

Enforcement, Investigation and Conciliation Enhancement

In 2022, CRD sought and received \$1.4 million annually for three years to enhance its enforcement, investigation, and conciliation efforts, with a particular eye toward driving down the time that a person making an allegation of discrimination must wait before CRD staff conducts its initial interview with that person. While that delay does not impact CRD's statutory deadlines for investigating cases because those deadlines only begin to run after the intake interview, having to wait can be disillusioning for victims of civil rights violations and may jeopardize the availability of witnesses or evidence. In addition, CRD hoped that temporarily supplementing intake resources would free up capacity for CRD to resolve more of the discrimination complaints it receives through mediation.

Outcome data appears to indicate that the initiative was a success. Prior to the enhancement effort, the wait times from submission to initial interview for employment and housing discrimination complaints were 120 and 113 days respectively. By February 2025, those respective wait times were 92 and 65 days. CRD also saw significant increases in the number of cases it resolved through conciliation. CRD will present its most recent performance data at the hearing.

The 2025 Budget Act extended the enhancement appropriation for another year, but no further funding was proposed in the Governor's January 2026 Budget, so support for the initiative will expire as of June 30, 2026.

Key Questions: In considering the issues raised by this item, the Subcommittee may wish to explore some of the following lines of inquiry:

- Much of CRD's statutorily mandated activities are complaint driven and often involve an adversarial process. How is the Community Conflict Resolution Unit different? Does that materially contribute to CRD's overall enforcement mission? If so, how?
- How does the length of time that a person has to wait between filing a complaint and initial interviews impact the effectiveness of CRD's investigations? How does it impact public perception of CRD and the state's commitment to enforcing our civil rights laws?
- Will CRD be able to sustain any of these programs in the absence of further budget appropriations for them?

Staff Recommendation. Information only.

2240 DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT (HCD)

Item 5: Mobilehome-Related Fee Adjustments

Issue. Through proposed budget trailer bill language, the Governor’s January Budget 2026 Budget seeks to empower the Housing and Community Development Department (HCD) to raise a variety of mobilehome-related fees using a formula that includes the rate of inflation plus rounding to the nearest dollar.

Background. HCD’s Codes and Standards Division is responsible for most of the state’s regulation of mobilehome parks and residences. This work includes issuing operating permits, registering mobilehomes, and conducting park inspections, among other duties.

Codes and Standards’ work is largely funded through the assessment of a variety of fees that the department charges to mobilehome park operators and owners. Some of these fees are based in statute; others are regulatory. Some of them have not been raised in many years; anywhere from two to as much as 36 years. As a result, HCD states the accounts supporting Codes and Standards’ work will become insolvent within the next five years. Absent new revenue, HCD asserts cost-cutting measures – leaving vacancies unfilled, reducing position authority, and/or reducing services – would be necessary.

To address these fiscal concerns, the proposed budget trailer bill language would authorize HCD to raise a variety of mobilehome related fees. For fees set in statute, the proposal would permit HCD to increase fees each year administratively based on inflation plus rounding up to the next full dollar. Such statutory fees include:

Health & Safety Code Section	Fee Name	Current Fee
18116(d)	Commercial Modular Penalty	\$200
18502(c)	Mobilehome Park Permit Fee	\$140
18116(c)	Manufactured Home Penalty	\$50
18080.5(f)	Disposal Processing Fee	\$45
18114(c)	Floating Home Registration Fee	\$42
18870.2(c)(d)	RV Park Permit Fee	\$25
18114(a)(b)	Unit Registration Fee	\$23
18555(b)(4)	433C – Unit as Real Property Resident-owned Parks Fee	\$22
18551(a)(1)(F)	433A - Unit as Real Property Fee	\$11
18502(d)(e)	Mobilehome Park Permit to Operate Amendment Fee	\$10
18870.2(e)(f)	RV Park Permit to Operate Amendment Fee	\$10
18502(c)	Manufactured Home Lot Fee	\$7
18502(c)(2)(A)	Mobilehome Park Maintenance Inspection Lot Fee	\$4
18114(e)	Unit Registration Penalty	\$3
18870.2(c)	RV Park Lot Fee	\$2

In the case of regulatory fees, the proposal would give HCD the authority to raise the fees each year by inflation plus rounding up to the next dollar without following the current rule-making process. Instead, HCD would use a streamlined “file and print” regulatory process from the Office of Administrative Law (OAL) that does not appear to provide an opportunity for public input. Some examples of the many regulatory fees in question include:

California Code of Regulations Section	Fee Name	Current Fee
25 CCR 1020.7	Mobilehome Park Construction or Alteration Permit First Hour	\$238
25 CCR 1020.7	Mobilehome Park Construction or Alteration Permit Second Hour	\$102
25 CCR 1020.7	Mobilehome Park Construction or Alteration Permit Additional 30 Minutes	\$51
25 CCR 2004.5	Special Occupancy Park Complaint Investigation First Hour	\$238
25 CCR 2004.5	Special Occupancy Park Complaint Investigation Second Hour	\$102
25 CCR 2004.5	Special Occupancy Park Complaint Investigation Additional 30 Minutes	\$51
25 CCR 5660	Ownership Transfer Registration Fee	\$35
25 CCR 5660	Penalty for Late Registration of Ownership Transfer	\$25
25 CCR 5660	Home Address Confidentiality Fee	\$7

Summary of Stakeholder Input: The Subcommittee received strongly negative feedback regarding this proposal from groups representing both mobilehome residents and mobilehome park operators alike. These stakeholders stressed that California’s mobilehome residents are among the state’s most economically vulnerable. Moreover, the stakeholders point out that because of the nature of mobilehomes – assets that are rarely in fact mobile – each additional operating costs diminishes the value of the asset itself. Finally, these stakeholders note that the proposed adjustment formula would permit HCD to raise fees well beyond the rate of inflation because of the formula’s built-in rounding feature. These critics assert that such a rounding factor is not typical of state cost of living adjustments and is not built into inflation-based income adjustment for things like Social Security.

HCD responds to these concerns in two ways. As an overall matter, HCD emphasizes that it is prohibited from accumulating more than one year’s worth of operating expenses in the accounts in question. To HCD, this represents a guardrail against rapid or excessive fee increases. Regarding the rounding factor specifically, HCD asserts that its existing processes require rounding to the nearest dollar. Hence, if the proposed formula did not always round up, the smaller fees would never adjust because the rate of inflation would never be enough to push the fee up to the 50 cent threshold needed for the fee to round up to the next dollar.

Key Questions:

- What efforts has HCD made to have these fees adjusted using existing legislative and regulatory processes? What was the outcome?

- If the proposed fee adjustment mechanisms are not approved, how long would it be until the funds supporting Codes and Standards' work become insolvent? What practical impact would it have if these funds become insolvent?
- What is the size of the projected Codes and Standards' deficits? Apart from raising fees on mobilehome park owners and residents, what alternative sources of revenue has the Administration considered for closing this deficit?

Staff Recommendation. Hold open.

ITEMS FOR VOTE ONLY

1700 CIVIL RIGHTS DEPARTMENT (CRD)

Item 6: Resources for Implementation of Recently Enacted Legislation

Issue. The Governor’s January 3036 Budget seeks General Fund resources and position authority totaling \$2,395,000 and 19.0 positions in 2026-27, \$3,177,000 in 2027-28, \$4,168,000 in 2028-29, \$5,154,000 in 2029-30, \$4,254,000 in 2030-31, and \$3,354,000 annually after that for CRD to implement statutory requirements associated with legislation chaptered in 2025.

Background. The request breaks down as follows:

- *Legislation:* SB 464 (Smallwood-Cuevas, Ch. 760, Stats. 2025)

Description: Since 2020, California has required employers of 100 or more employees to report data about pay and hours-worked to CRD annually broken down by establishment, pay band, job category, sex, race, and ethnicity. SB 464 modified this pay data reporting system by y 1) changing the job categories that private employers must use to report employees from the existing 10 to 23 new categories; 2) requiring a court to impose penalties, upon CRD’s request, on a private employer who fails to comply with the Pay Data Reporting Program; and 3) requiring private employers and labor contractors to collect and store demographic data gathered pursuant to the Pay Data Reporting Program separately from employees’ personnel records.

Implementation Resources Sought: \$845,000 in General Fund in 2026-27 and \$736,000 annually after that, plus authority for 3 additional positions.

Comparison to Senate Appropriations Fiscal Impact Estimate: The resources requested here are close to the anticipated implementation costs that CRD reported to the Senate Appropriations Committee during legislative consideration of the bill, which were “\$790,000 in 2026-27, and \$781,000 annually thereafter.”

- *Legislation:* AB 822 (Elhawary, Ch. 714, Stats. 2025)

Description: Since 2022, California’s Commission on the State of Hate has researched hate in the state, created anti-hate resources, and recommended policy solutions. The Budget Act of 2022 funded the Commission’s operations through its original sunset date with appropriations totaling \$1.8 million per year through 2025-26 and \$900,000 in 2026-27. AB 822 extends the sunset date of the Commission to January 1, 2031. This request extends the funding for the Commission accordingly.

Implementation Resources Sought: \$900,000 in 2026-27, \$1.8 million in 2027-28 through 2029-30, and \$900,000 in 2030-31.

Comparison to Senate Appropriations Fiscal Impact Estimate: The requested funding aligns with the amount anticipated in the Senate Appropriations Committee’s analysis of the fiscal impact of the bill.

- *Legislation:* AB 935 (Ransom, Ch. 717, Stats. 2025)

Description: For every complaint of unlawful discrimination CRD receives, AB 935 requires the department to collect (1) demographic information about the complainant; (2) any final action taken by CRD in response to the complaint; (3) the timeline between the date the complaint was filed with CRD and the final action taken by the department. AB 935 further directs CRD to publish an annual report with this data on its website beginning in 2027.

Implementation Resources Sought: Authority for three positions, \$650,000 in General Fund in 2026-27, and \$641,000 annually after that.

Comparison to Senate Appropriations Fiscal Impact Estimate: The amount requested matches with the Senate Appropriations Committee fiscal impact analysis of AB 935 during legislative consideration of the bill.

- *Legislation:* SB 518 (Weber Pierson, Ch. 755, Stats. 2025)

Description: SB 518 establishes the Bureau for Descendants of American Slavery (bureau) within CRD, including a deputy director position and three divisions: (1) Genealogy; (2) Outreach and Education; and (3) Legal Affairs. The Outreach and Education and Legal Affairs Divisions become operative immediately upon approval of the necessary appropriation, which this request would provide. The Genealogy Division is not included in this request as its work does not begin until California State University (CSU) completes specified research. The 2025 Budget Act included \$6 million for CRD for the initial establishment of the Bureau over three years. This request extends funding for the Bureau at existing operational levels.

Implementation Resources Sought: Authority for 12 positions, \$991,000 General Fund in 2028-29, and \$2 million annually after that.

Comparison to Senate Appropriations Fiscal Impact Estimate: Comparison of the amount requested here to the Senate Appropriation Committee’s fiscal impact analysis of SB 518 is mostly unhelpful in this instance because the bill had not yet been amended into its final form. Among other things, the Appropriations Committee estimates assumed that the Bureau would be run under the auspices of the California Department of Justice, rather than CRD. To the degree the comparison is relevant, however, the amount requested is well below the fiscal impact estimated by the Appropriations Committees, which was “likely in the tens of millions of dollars annually at a minimum” As noted above, however, the current request does not include any future costs associated with establishment of the Genealogy Division.

Staff Recommendation. Approve as budgeted.

Item 7: Resources to Address Cannabis Discrimination Workload

Issue. The Governor’s January 2026 Budget seeks an appropriation of \$2,103,000 in General Fund in 2026-27 and \$2,070,000 annually after that as well as authority for 12 positions to support the implementation of AB 2188 (Quirk, Ch. 392, Stats. 2022) as amended by SB 700 (Bradford, Ch. 408, Stats. 2023), relating to employment discrimination based on cannabis use.

Background. AB 2188 made it unlawful for private employers (of five or more employees) and California public employers to “discriminate against a person in hiring, termination, or any term or condition of employment, or otherwise penalize a person,” based on either (1) “[t]he person’s use of cannabis off the job and away from the workplace” or (2) “[a]n employer-required drug screening test that has found the person to have non-psychoactive cannabis metabolites in their hair, blood, urine, or other bodily fluids.” SB 700 went on to prohibit employers from requesting information from an applicant relating to their use of cannabis off the job and away from the workplace.

Because AB 2188 and SB 700’s provisions are nested within the Fair Employment and Housing Act (FEHA), CRD has responsibility for enforcing them.

The Budget Act of 2023 provided CRD with an initial, limited-term appropriation of \$1.7 million in General Fund annually in 2023-24, 2024-25, and 2025-26 through June 30, 2026, to begin enforcement of AB 2188. CRD utilized these funds for 12 positions. AB 2188 became operative in 2024.

The following table shows CRD’s actual AB 2188 workload to date and projected workload into the future.

Additional Workload Related to AB 2188

Workload Measure	2024-25	2025-26*	2026-27*	2027-28*	2028-29*	2029-30*	2030-31*
Additional Intakes Received	347	+100	+125	+150	+175	+200	+225
Requests for Right-to-Sue	213	+125	+150	+175	+200	+225	+250
Additional Investigations – Intakes Evaluated for an Investigation	134	+50	+55	+60	+65	+70	+75
Additional Complaints Investigated	25	+35	+35	+40	+40	+45	+50
Additional Cases Referred to Mediation	3	+5	+7	+9	+11	+13	+15
Additional Cases Mediated	0	+7	+7	+8	+10	+12	+18

* Projected.

CRD states that the current funding request would enable CRD to retain the 12 position assigned to AB 2188 enforcement and continue to respond effectively to the projected AB 2188 violation caseload increase going forward.

Staff Recommendation. Approve as budgeted.

Item 8: Resources for Enforcement of Family and Sick Leave Laws

Issue. The Governor’s January 2026 Budget requests \$1,278,000 in General Fund and authority to fill 8.0 positions in 2026-27, as well as \$1,255,000 in General Fund each year after that for the Civil Rights Department (CRD) to continue enforcement of AB 1041 (Wicks, Ch. 748, Stats. 2022) and AB 1949 (Low, Ch. 767, Stats. 2022), which updated the state’s family, sick, and bereavement leave laws.

Background. AB 1041 expanded eligibility for family leave under the California Family Rights Act (CFRA) and paid sick leave under the Healthy Families Act of 2014, to allow employees to take job-protected time-off to care for designated individuals beyond traditional family members. AB 1949 amended CFRA to require employers to let eligible workers take up to five days of job-protected bereavement leave.

These laws empower workers to file a complaint with CRD if they believe their job-protected leave rights have been violated. CRD then investigates the complaints and can take enforcement action if it finds that the complaint has merit.

CRD initially estimated that the volume of additional intakes corresponding to AB 1401 and AB 1949 would be approximately 250 additional cases. Based on that estimate, the 2023 Budget Act provided CRD with \$1.2 million in limited-term funding in 2023-24, 2024-25, and 2025-26 to begin enforcement these new leave laws.

CRD reports that actual case volume has exceeded its initial estimates. Still, CRD asserts that the amount requested in this item would enable CRD to continue to fulfill its mandate to enforce AB 1041 and AB 1949 without interruption.

Staff Comments: The requested amounts are roughly consistent with the estimated costs of implementing these two bills as reported by the Senate Appropriations Committee while they were under legislative consideration. According to that Committee’s analysis, the total cost of investigating and adjudicating complaints pursuant to AB 1041 “would likely be in the hundreds of thousands of dollars annually,” while investigating and enforcing complaints under AB 1949 would likely cost \$470,000 in the first year, and \$464,000 annually after that.

Staff Recommendation. Approve as budgeted.

Item 9: Resources for Public Counter Security

Issue. The Governor’s January 2026 Budget seeks an annual appropriation of \$502,000 in General Fund starting in 2026-27 for the Civil Rights Department (CRD) to pay for posting security guards at CRD’s five public counters statewide.

Background. CRD operates public counters at five of its regional offices: Fresno, Los Angeles, Oakland, Riverside, and Bakersfield. At these counters, members of the public can obtain information about their rights, file complaints when they believe they have been discriminated against unlawfully, and obtain updates on the status of civil rights investigations.

CRD reports a rise in threats against the employees who operate these counters.

Since July 2024, 14 complainants have made threats to harm employees, creating serious safety concerns. Individuals on-site have become hostile in several cases and have had to be physically escorted out of CRD buildings. Multiple complainants have been banned from visiting in person to protect staff from further risk.

To protect the safety of its staff while still serving the public openly, CRD began contracting for security guard patrols around two years ago. To date, CRD has paid for these security services through other departmental savings. It now seeks an ongoing appropriation to cover this expense.

Staff Recommendation. Approve as budgeted.

2240 DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT (HCD)**Item 10: Staffing for HCD Connect System Support**

Issue. The Governor’s January 2026 Budget seeks authority for seven ongoing positions beginning in 2026-27 for the Housing and Community Development Department (HCD) to implement and operate its new information technology solution, HCD Connect, for improved monitoring and management of loan and grant programs.

Background. Since 2007, HCD has relied on the Consolidated Automated Program Enterprise System (CAPES) to input and analyze data from its more than 80 grant and loan programs. As the California State Auditor’s Office has concluded and HCD acknowledges, CAPES suffers from a number of functional shortcomings. Among other inadequacies, HCD reports it difficult or impossible to run the sort of program reports that the department needs to evaluate program performance and respond to stakeholder inquiries.

To address these problems, HCD sought and received funding in 2022 to procure and transition to a new grant and loan data management platform: Consolidated Housing Accountability Application Procurement Project (CHAAPP), a system that the department now calls “HCD Connect.” According HCD, this new system:

will provide an internal application/case management portal, an external application portal, eligibility determination, workflow functions, loans and grants management functions, analytics and performance reports, and interfaces to multiple federal and state systems including the Integrated Disbursement and Information System, Disaster Recover Grant Reporting System, and FI\$Cal.

Pursuant to the 2022 appropriation, seven staff in HCD’s Information Technology Branch (ITB) have been working alongside the contracted system integrator on the transition to the HCD Connect system, but only on a temporary basis. HCD states that it now needs permanent authority for these seven positions in order to maintain the staffing level necessary to complete the transition and enter into the maintenance and operation phase of the HCD Connect project. HCD asserts that “[i]t is critical to have state resources work alongside system integrators during system implementation to provide legacy system knowledge necessary for data migration and transition activities and to validate the scope and quality of new system functionality and deliverables.” Without the request position authority, HCD indicates, it would lose the chance to transfer knowledge from the system integrator will be lost and HCD would be forced to continue to rely on consulting resources to maintain the HCD Connect system.

This budget request seeks position authority only; there is no associated request for further General Fund resources.

Staff Recommendation. Approve as budgeted.

Item 11: Resources for Implementation of Legislation Enacted in 2025

Issue. The Governor’s January 2026 Budget requests authority for 16 positions overall, a one-time appropriation of \$470,000 in General Fund in 2026-27, and total appropriations of \$4.2 million in General Fund annually beginning in 2026-27, for the Housing and Community Development Department (HCD) to implement the statutes enacted in 2025 and described in more detail in the Background that follows.

Background.

- *Legislation:* AB 1296 (Bonta, Ch. 508, Stats. 2025)

Description: Requires HCD to advise Local Educational Agencies (LEAs) across the state about developing workforce housing on surplus public land.

Implementation Resources Sought: \$743,000 in 2026-27 General Fund and ongoing for three staff positions, and a \$1 million consulting contract in 2026-27 and ongoing.

Comparison to Senate Appropriations Fiscal Impact Estimate: The requested resources mostly align with estimates reported to the Senate Appropriations Committee during legislative consideration of the bill, except that the estimate also included “one-time IT costs of approximately \$750,000 in 2026-27 to support data collection, outreach, and program administration.”

- *Legislation:* AB 413 (Fong, Ch. 489, Stats. 2025)

Description: Requires HCD to review all adopted and amended guidelines which explain rights or services available to the public and to translate those guidelines into any non-English languages spoken by a “substantial number of non-English-speaking people,” as defined.

Implementation Resources Sought: \$300,000 General Fund one-time in 2026-27 for a translation contract.

Comparison to Senate Appropriations Fiscal Impact Estimate: The requested resources match the estimate reported to the Senate Appropriations Committee during legislative consideration of the bill for the coming year. However, the estimate also acknowledges that “HCD would also incur unknown ongoing costs to translate additional guidelines and documents that are adopted in the future [...]” with costs that “would depend on the volume of documents that require translation each year.” Thus, while the request before the Subcommittee is for a one-time appropriation, the Subcommittee should assume that HCD will seek further funding for implementation of AB 413 in the future.

- *Legislation:* AB 507 (Haney, Ch. 493, Stats. 2025)

Description: AB 507 establishes a new, streamlined ministerial approval process for development projects that convert non-residential buildings into housing if the projects meet specified conditions relating to site eligibility, affordability, historical resource protection, and labor standards, among other things. AB 507 empowers HCD's Housing Accountability Unit (HAU) to enforce these provisions. Typical HAU enforcement activities include reviewing, researching, and investigating complaints; providing written or verbal technical assistance; and, in extreme cases, referring cases to the Attorney General's Office and associated work duties.

Implementation Resources Sought: \$211,000 in General Fund annually beginning in 2026-27 for one new HAU position to manage the projected AB 507 enforcement workload.

Comparison to Senate Appropriations Fiscal Impact Estimate: The requested amount align precisely with fiscal impact anticipated by HCD and reported in the Senate Appropriations Committee analysis during legislative consideration of AB 507.

- *Legislation:* AB 518 (Ward, Ch. 157, Stats. 2025)

Description: HCD regulates Special Occupancy Parks (SOPs), either directly or through HCD-approved Local Enforcement Agencies (LEA). AB 518 establishes and defines a new category of SOPs: low-impact camping areas. HCD will be responsible for reviewing proposed local low-impact camping ordinances, maintaining official records of low-impact camping areas, and responding low-impact related complaints and inquiries. HCD also states that it must amend its regulations and update its record-keeping systems to account for this new kind of SOP.

Implementation Resources Sought: Authority for four positions, a one-time appropriation of \$70,000 of General Fund in 2026-27 for information technology enhancements, and an annual appropriation of \$780,000 in General Fund beginning in 2026-27.

Comparison to Senate Appropriations Fiscal Impact Estimate: The requested amount aligns closely with fiscal impact anticipated by HCD and reported in the Senate Appropriations Committee analysis during legislative consideration of AB 507.

- *Legislation:* AB 610 (Alvarez, Ch. 494, Stats. 2025)

Description: AB 610 requires local jurisdictions to include a disclosure statement as part of their housing element update identifying any new or revised regulations that could constrain the development of housing, as specified beginning with the 7th Housing Element revision cycle. Examples of these kinds of constraints include development fees, affordability requirements, and new historic designations, among others. HCD's Division of Housing Policy Development is responsible for reviewing housing elements, offering technical assistance, providing statutory interpretations, and assisting with applications for 539 local jurisdictions.

Implementation Resources Sought: An annual appropriation of \$211,000 in General Fund beginning in 2026-27 to support an additional position to assist with the additional workload associated with implementation of AB 610.

Comparison to Senate Appropriations Fiscal Impact Estimate: The amount requested is identical to HCD's anticipated costs as reported in the Senate Appropriations Committee fiscal impact analysis during legislative consideration of the bill.

- *Legislation:* AB 670 (Quirk-Silva, Ch. 701, Stats. 2025) and AB 726 (Author, Ch.704, Stats. 2025)

Description: AB 670 and AB 726 require local jurisdictions to report new categories of data in their Annual Progress Reports (APRs) toward implementation of their housing elements. AB 670 requires the inclusion of data about the demolition of housing units for each reporting year. AB 726 requires the inclusion of data regarding the rehabilitation of deed-restricted affordable units that the jurisdiction is counting towards its Regional Housing Needs Allocation (RHNA) targets.

Implementation Resources Sought: HCD seeks a one-time \$100,000 General Fund appropriation in 2026-27 to pay for an informational technology contract to collect, process, and report the new categories of data and an annual \$229,000 General Fund appropriation beginning in 2026-27 to pay for one additional position to assist with data collection design, policy analysis, and technical assistance to jurisdictions , in light of the expanded information that will now be contained in all APRs.

Comparison to Senate Appropriations Fiscal Impact Estimate: The requested amounts are consistent with HCD's anticipated implementation costs as reported in the Senate Appropriations Committee fiscal analysis of the two bills, when taken in combination. At the time, HCD observed that it would likely be able to absorb the costs of implementing AB 726 provided that it received what it perceived to be the necessary funds for implementing other APR-related bills, like AB 670. The amount requested here reflects that approach.

- *Legislation:* SB 79 (Wiener, Ch. 512, Stats. 2025)

Description: Among other things, SB 79 requires a housing development within one-quarter or one-half mile of a transit stop served by rail or bus rapid transit to be an "allowed use" as a transit-oriented housing development if the site is zoned for residential, mixed, or commercial use and the development complies with specified standards and affordability requirements. The bill establishes pathways for local jurisdictions to enact ordinances to carry out its terms. Finally, SB 79 also permits local governments in 197 jurisdictions across the state to count SB 79-eligible sites in their housing element sites inventories. The bill empowers HCD's Housing Accountability Unit (HAU) to enforce its provisions. Typical HAU enforcement activities include reviewing, researching, and investigating

complaints; providing written or verbal technical assistance; and, in extreme cases, referring cases to the Attorney General’s Office with associated work duties.

Implementation Resources Sought: HCD requests an annual General Fund appropriation of \$1.1 million to support six positions beginning in 2026-27. Of these, four positions will augment the HAU to respond to its increased workload due to SB 79; one position will accrue to the Legal Affairs Division to support SB 79 work; and one position corresponds to overall HCD support operations within the Business and Contract Services Branch. The latter position appears to respond to HCD overall workload expansion due to recently enacted legislation rather than just implementation of SB 79.

Comparison to Appropriations Committees’ Fiscal Impact Estimates: The amount requested is generally consistent, though slightly higher, than the fiscal impact anticipated and reported to the legislative appropriations committees during legislative consideration of SB 79. That estimate was “costs of at least \$955,000 annually,” but it was acknowledged that costs could potentially be higher depending on the number of jurisdictions that end up utilizing SB 79.

Staff Recommendation. Approve as budgeted.

2255 CALIFORNIA INTERAGENCY COUNCIL ON HOMELESSNESS (CAL-ICH)**Item 12: Resources for Implementation of Recently Enacted Legislation (AB 678)**

Issue. As part of the Governor’s January 2026 Budget proposal, the California Interagency Council on Homelessness (Cal-ICH) requests a one-time, \$339,000 General Fund appropriation in 2026-27 for the purpose of implementing the provisions of AB 678 (Lee, Ch. 495, Stats. 2025).

Background. AB 678 requires Cal-ICH to coordinate with representatives of LGBTQ+ groups to identify best practices, develop recommendations for serving LGBTQ+ people experiencing homelessness, and report back to the Legislature on those recommendations by July 1, 2027. Cal-ICH indicates that it intends to carry out this mandate through a one-time contract with a “qualified vendor or vendor team possessing expertise in LGBTQ+ equity, trauma-informed engagement, culturally competent service design, research and evaluation, and systems policy.” Cal-ICH indicates that no new state staff will be hired for this work.

Staff Comments: During Legislative consideration of AB 678, the Senate Appropriations Committee reported a cost estimate of \$1.5 million in General Fund for implementation of the bill. The appropriation requested here falls substantially below that estimate while still purporting to fulfill all the statutory requirements of AB 678.

Staff Recommendation. Approve as budgeted.