

SENATE OFFICE OF OVERSIGHT AND OUTCOMES

FOR IMMEDIATE RELEASE
May 3, 2010

Contact: John Adkisson
916-803-1215

www.sen.ca.gov/oversight

Discrepancies Cast Doubt on Redevelopment Housing Data

SACRAMENTO—A billion-dollar discrepancy undermines the trustworthiness of the data-reporting system that serves as California’s primary method of overseeing redevelopment agencies, according to a new report by the Senate Office of Oversight and Outcomes. The report finds that the state must improve the way it collects information to achieve a clear, accurate picture of how much money the agencies have available to spend on affordable housing.

The report, “Redevelopment Fund Estimates Create Billion-Dollar Confusion for Policymakers,” is available [here](#).

Each year, two separate state agencies collect data from local redevelopment agencies about the property tax revenue that they must, by law, use to pay for building, replacing, preserving and rehabilitating homes for people of limited financial means. Each redevelopment agency must set aside at least 20% of its revenue into a so-called “low- and moderate-income housing fund.”

For many years, annual reports by the State Controller’s Office and the Department of Housing and Community Development have differed by hundreds of millions of dollars in their tally of the uncommitted money held in those funds set aside for housing.

The gap totaled \$1.3 billion in fiscal year 2007-08, the latest year for which information is available. Asked by Senate fiscal staff to explain the discrepancy, the oversight office found many possible factors:

- Error and misunderstanding on the part of city and county workers filling out the complex, overlapping questionnaires of two state agencies.
- The Department of Housing and Community Development’s online reporting system, which automatically fills out some information for people entering data, does not prompt them to fill out other lines and does not force them to explain any inconsistencies with data submitted to the state Controller.
- Differences in the terms and definitions used to account for money in each report.
- The different structural and philosophical approaches taken by each reporting system.
- Lack of verification of data.

- Lack of penalty for submitting incomplete or inaccurate information.

People familiar with the reporting systems suggested to the oversight office many ways to achieve accuracy and consistency. Among them:

- Revamp the housing department's online reporting system.
- Revise both forms so that data from one report flows to the other.
- Redouble efforts to teach local officials how to properly report their finances and housing activities.
- Collapse the two annual reports into a single volume.
- Streamline laws and instructions that guide reporting.
- Impose a penalty for submission of incorrect information.
- Correct errors in the reports periodically and publicly.
- Give a state agency the task of monitoring and enforcing the many laws that govern use of low- and moderate-income housing funds.

In future reports, the Senate Office of Oversight and Outcomes will examine other aspects of these affordable housing funds, including planning and administration costs and the independent audits that each agency must have performed each year.

The non-partisan office was created in 2008 by Senate President pro Tempore Darrell Steinberg (D-Sacramento) to bolster the Senate's ability to gauge government performance.