



Audit slams California for wasting billions in bonds

By Jennifer Wadsworth, San Jose Inside, November 19, 2020

“In [a report released earlier this week](#), State Auditor Elaine Howle cites a particularly egregious instance in which one agency squandered \$2.7 billion in bonds that could have funded thousands of below-market-rate homes.

“‘The state does not currently have a sound, well-coordinated strategy or plan for how to most effectively use its financial resources to support affordable housing,’ the audit reads. And the agencies in charge of addressing the issue have no ‘clear plan describing how or where its billions of dollars for housing will have the most impact.’

“One of the most alarming findings in the audit involves the state’s Debt Limit Allocation Committee, which works with three other agencies to issue loans, tax credits, and bonds to affordable housing developers.

“From 2015 to 2017, however, Howle found that the committee let \$2.7 billion in tax-exempt federal bond revenue simply evaporate. The debt allocation agency, a subsidiary of the State Treasurer’s Office, then tried to cover its tracks.

“The committee came under new leadership once California Treasurer Fiona Ma took office in 2019 — two years after the bonds expired. Since then, Ma has reportedly instituted a policy of redirecting leftover bond funds to other uses.”

In the audit report, Howle suggests a number of solutions for the state’s multifamily housing development process, such as creating a new workgroup to steer funding to multifamily housing projects from the debt limit committee and its tax-credit-reviewing counterpart.

Read the full article [here](#). (~5 min.)

Related: After meeting on November 19, California’s Debt Limit Allocation Committee, which controls the allotment of bonds, voted to allocate all \$600 million of private activity bonds formerly awarded to Fortress Investment Group’s Las Vegas tourist train to affordable housing needs. Read Romy Varghese’s coverage of the decision in *Bloomberg* [here](#). (~1.5 min.)

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