

Frequently Asked Questions



Why is it necessary to split the Business, Consumer Services and Housing Agency (BCSH)? Why can't this all be done with the current structure?

Since BCSH was created, both the housing and homelessness and the consumer protection portfolios have greatly expanded to address urgent and emerging needs that impact all Californians. Housing affordability and homelessness are two of California's most pressing challenges – the state needs a dedicated Housing and Homelessness Agency with the mission and vision to create and sustain more housing and deepen coordination throughout the housing continuum.

The Little Hoover Commission has highlighted the necessity for significant improvements to the State's housing system in multiple reports over the years such as promoting the consolidation of housing functions. The California Housing and Homelessness Agency (CHHA) will provide a foundation to further align and integrate the state's housing functions. There have also been various reports by independent researchers, such as the San Francisco Bay Area Planning and Urban Research Association (SPUR), and UC Berkeley's Turner Center for Housing Innovation, that highlight the need for this split.

The creation of the Business and Consumer Services Agency (BCSA) will enhance focus, leadership, and efficiency in safeguarding California's consumers while supporting professionals providing essential services.

All BCSA departments navigate complex, evolving industries and emerging challenges that demand proactive, adaptive regulation.

A standalone Business and Consumer Services Agency will enhance oversight and responsiveness and reinforce California's national leadership in consumer protection—ensuring stronger safeguards and opportunities for all Californians.

How would/does this affect current programs and services?

All current programs and services will continue for the foreseeable future during the reorganization process. The goal is to implement this reorganization with minimal disruption to the many essential services BCSH departments provide.

What will this cost? Will it divert money from programs?

Given the significant outcomes the Administration is seeking to achieve around boosting housing production, especially affordable housing, and improving



services to consumers, there will be some costs. However, the Administration is working to keep any additional costs as close to minor and absorbable as possible and will be considered through the regular budget process. Ultimately, the Administration expects that costs will be minimal relative to the outcomes being achieved and the overall benefits for Californians.

California has a complicated housing finance system. Will these changes increase fragmentation?

CHHA will provide a path toward further integration of the State's housing finance system.

Currently, housing developers must navigate a complex process to receive state investment, including grants, loans, bonds, and tax credits. The State has made efforts to simplify and harmonize this system, but more must be done.

CHHA will maintain focus and establish a foundation for further integration of the State's housing finance system, which will simplify the process for developers and help build more homes faster.

CHHA's work will enhance the work already underway to study the creation of a single application and funding process for all state affordable housing funding "the One Stop Shop" as required by AB 519 (Schiavo, 2020) and to create a single process and point of contact for monitoring and managing properties funded by the state as required by AB 2006 (Berman, 2022).

The development of housing requires interagency coordination. How will CHHA enhance existing efforts?

CHHA will:

- Provide targeted focus and dedicated coordination with other cabinet-level entities to foster strategic alignment across related issue areas. Build on the Governor's all-of-government approach to solving California's housing and homelessness crises.
- Foster greater strategic alignment across state government by coordinating the State's housing efforts with complementary policy areas such as transportation, health, behavioral health, public social services, child welfare, justice systems, energy, and climate.
- Coordinate within the Administration to leverage federal resources and innovative funding strategies within and outside of government.

- While splitting the agencies, this reorganization will maintain the strong connections between housing and consumer protections and continue enhancing links created by prior reorganizations:
 - This includes maintaining the state's leadership in protecting the civil rights of all Californians including in employment, and anti-discrimination laws including the Fair Employment and Housing Act.
 - Maintaining existing connections between the Department of Financial Protection and Innovation and other parts of the agency.
 - Continuing the work of linking transportation and housing investments.

What about the non-housing/homelessness departments, what happens to the consumer side of BCSH?

The consumer protection functions currently within BCSH will remain and the agency will be renamed the Business and Consumer Services Agency (BCSA).

What about special-funded departments? Will this raise licensing fees?

We are mindful of the special funded departments that will be under BCSA and are working to minimize costs as much as possible. Consideration is being made towards maintaining special-funded departments' existing fee schedules with the proposed Agency structure.

Now that the reorganization plan was submitted to the Little Hoover Commission, what are the next steps?

The Commission reviews the plan and submits a report to the Governor and the Legislature within 30 days of the plan being submitted to the Little Hoover Commission.

The Commission conducts one or more public hearings, providing a forum for affected agencies, constituencies, and interest groups.

The Commission's report offers a recommendation to the Governor and the Legislature as to whether it believes the reorganization plan should go into effect. The Commission sometimes offers recommendations for how the plan could be strengthened, either through administrative actions or subsequent legislation.

A reorganization plan may be delivered to the Legislature at any time during a regular session. The Legislature will have 60 days to review and consider the plan. The Governor's plan becomes effective on the 61st day after it has been



given to the Legislature unless either the Senate or the Assembly adopts by majority vote a resolution rejecting the plan.

Who will be the members of the Housing Development and Finance Committee (HDFC) and how will it be staffed?

The Housing Development and Finance Committee will be chaired by the Secretary of the California Housing and Homelessness Agency and have, as its members, the Executive Director of the Housing Development and Finance Committee, and the Executive Director of CalHFA.

Will adding the Housing Development and Finance Committee to the awards process make the process longer?

The establishment of the Housing Development and Finance Committee will promote greater transparency, accountability, and interagency coordination in the allocation of state resources. By streamlining and aligning funding processes, the Committee will help ensure that once an affordable housing project receives initial funding, it is positioned to move forward to completion—transforming awarded dollars into actual housing outcomes.

What is the timing?

The implementation of the reorganization plan will begin by Summer of 2025. By July 2026, BCSH will be dissolved, and the new CHHA and BCSEA will become operational. The phased transfer of staff and programs from HCD to the Housing Development and Finance Committee will take place over multiple fiscal years, with position and funding transfers subject to appropriation in future budget change proposals.

What will the increased costs to each department be to support two Agencies?

Any associated cost impacts would be evaluated through the normal budget process. We are working to minimize costs as much as possible and if there is a budget proposal related to the plan, it would be put forth in the May Revision.

The January budget does not include additional funding for Housing or Homelessness. Does creating a new agency without additional funding investments make sense?

With a tight state budget, it's more important than ever to look at ways to streamline and maximize the use of existing dollars. This proposal sets up a framework and infrastructure to promote the effectiveness of housing and



homelessness policies and investments and enhances the state's focus on consumer protections, so that California can continue to be structured for success for the long term.

Does the California Civil Rights Department still fit well in the new CHHA structure? Are there new challenges that may face CRD under this structure?

The Civil Rights Department will continue to enforce all civil rights and anti-discrimination laws including leading on the CA vs. Hate work. We see protections against all forms of discrimination as critical for ensuring housing access and serving the full spectrum of California's housing needs. Fair Housing at the federal level is nested within HUD and creating a housing and homelessness agency at the state level without fair housing is a missed opportunity.

Will the role of the Interagency Council on Homelessness change under the Reorganization Plan? If so, how?

Cal ICH will continue to staff the Cal ICH Executive Council, implement the three-year statewide Action Plan to Prevent and End Homelessness, operate the pioneering Homeless Data Integration System (HDIS) to support the collection and analysis of System Performance Measure data from state agencies, state departments and local regions, and coordinate interagency policy frameworks.