

Date of Hearing: March 24, 2021

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 687 (Seyarto) – As Introduced February 16, 2021

**SUBJECT:** Joint powers authorities: Riverside County Housing Finance Trust.

**SUMMARY:** Allows Riverside County and specified cities within western Riverside County to create the Western Riverside County Housing Finance Trust. **Specifically, this bill:**

- 1) Authorizes Riverside County and any of the cities located within western Riverside County that are members of the Western Riverside Council of Governments (WRCOG) to enter into a joint powers agreement pursuant to joint powers law to create and operate a joint powers agency (JPA) to fund housing to assist the homeless population and persons and families of extremely low, very low, and low income, as defined in existing law, within the County of Riverside.
- 2) Designates the JPA created pursuant to this bill as the Western Riverside County Housing Finance Trust (Trust).
- 3) Requires the Trust to be governed by a board consisting of elected officials representing the Riverside County and representative cities that are party to the JPA.
- 4) Authorizes the Trust to do any of the following:
  - a) Fund the planning and construction of housing of all types and tenures for the homeless population and persons and families of extremely low, very low, and low income, as defined in Section 50093 of the Health and Safety Code, including, but not limited to, permanent supportive housing.
  - b) Receive public and private financing and funds.
  - c) Authorize and issue bonds, certificates of participation, or any other debt instrument repayable from funds and financing received pursuant to paragraph (2) and pledged by the Western Riverside County Housing Finance Trust.
- 5) Requires the Trust to incorporate into its joint powers agreement annual financial reporting and auditing requirements that shall maximize transparency and public information as to the receipt and use of funds by the agency. The annual financial report shall show how the funds have furthered the purposes of the Trust.
- 6) Requires the Trust to comply with the regulatory guidelines of each specific state funding source received.
- 7) Finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique challenges faced by Riverside County and the specified cities located within the county in addressing the housing needs of extremely low, very low, and low-income households and the homeless within the county.

**EXISTING LAW:**

- 1) Enacts the Joint Exercise of Powers Act, which allows two or more public agencies to use their powers in common if they sign a JPA.
- 2) Allows agencies that include federal agencies, state departments, counties, cities, special districts, school districts, federally recognized Indian tribes, and even other joint powers authorities to enter into JPAs.
- 3) Permits public agencies to use the JPA law and the related Marks-Roos Local Bond Pooling Act to form bond pools to finance public works, working capital, insurance needs, and other public benefit projects.

**FISCAL EFFECT:** None.

**COMMENTS:**

- 1) **Bill Summary.** This bill allows Riverside County and any of the cities in western Riverside County that are members of WRCOG to create, through a JPA, the Western Riverside County Housing Finance Trust. The purpose of the Trust is to fund the planning and construction of housing of all types and tenures for the homeless population and persons and families of extremely low, very low, and low income, including permanent supportive housing. The Trust can also receive public and private financing or funds and authorize and issue bonds, certificates of participation, or other debt instruments, as specified. The board of directors of the Trust will consist of elected officials representing Riverside County or representative cities that are parties to the agreement.
- 2) **Author's Statement.** According to the author, "In just a four-year span, Riverside County showed more than a 35% increase in homelessness. The Western Riverside County Housing Trust will create the necessary tool to foster a partnership between local government, community based charities and for profit builders. By giving the region the tools to uplift their community, AB 687 will create the first step for prolonged success for the cities and residents in Western Riverside County."
- 3) **Background.** The Joint Exercise of Powers Act allows two or more public agencies to use their powers in common if they sign a joint powers agreement. Sometimes an agreement creates a new, separate government called a joint powers agency or joint powers authority (JPA). Agencies that can exercise joint powers include federal agencies, state departments, counties, cities, special districts, school districts, federally recognized Indian tribes, and even other joint powers authorities.

Public agencies can also use the JPA law and the related Marks-Roos Local Bond Pooling Act to form bond pools to finance public works, working capital, insurance needs, and other public benefit projects. JPAs can issue one large Marks-Roos Act bond and then loan the capital to local agencies, thus creating a "bond pool." Bond pooling saves money on interest rates and finance charges. It also lets smaller local agencies enter the bond market. Because JPAs are entities separate from its members, voters need not approve bonds issued by JPAs.

- 4) **Previous Legislation.** SB 751 (Rubio), Chapter 670, Statutes of 2019, established the San Gabriel Valley Regional Housing trust, a joint power authority, for the purposes of funding housing specifically assisting the homeless population and persons and families of extremely low, very low, and low income within the San Gabriel Valley.

AB 448 (Daly, Quirk Silva), Chapter 336, Statutes of 2018, established the Orange County Housing Trust, a joint power authority, for the purposes of funding housing specifically assisting the homeless population and persons and families of extremely low, very low, and low income within the County of Orange.

- 5) **Arguments in Support.** WRCOG, in support, states, “Western Riverside County faces a significant housing supply and affordability crisis spurred by high land costs, rising construction costs, and limited financing options. The ability for residents to purchase homes continue to decline and creative solutions that address funding limitations are urgently needed. Housing trusts offer benefits to communities by providing safe affordable homes for all income levels, including extremely low- or no-income households. In addition, Housing Trusts ensure long-term investment in affordable housing as well as addressing increasing homelessness, gentrification, and displacement...”

“Housing is a designated Priority Area in WRCOG’s Legislative Platform, including the establishment of a funding program to fill the void created by the elimination of redevelopment housing set-asides. Housing Trusts have proven to be effective models for permanent affordable housing revenue streams. AB 687 would address the challenges faced with affordable housing and homeless assistance services and programs by providing a funding mechanism for local agencies that can also leverage additional state and federal funds.”

- 6) **Arguments in Opposition.** None on file.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

City of Menifee

Western Riverside Council of Governments

##### **Opposition**

None on file.

**Analysis Prepared by:** Brooke Pritchard / L. GOV. / (916) 319-3958