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**SENATE COMMITTEE ON HOUSING**  
**Senator Scott Wiener, Chair**  
**2021 - 2022 Regular**

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**Bill No:** SB 679 **Hearing Date:** 4/15/2021  
**Author:** Kamlager  
**Version:** 4/5/2021  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Alison Hughes

**SUBJECT:** Los Angeles County: housing development: financing

**DIGEST:** This bill establishes the Los Angeles County Affordable Housing Solutions Agency (LACAHSAs), and authorizes LACAHSAs to utilize specified local financing tools for the purpose of funding renter protections, and the preservation and production of housing units affordable to households earning up to 80% of the area median income (AMI).

**ANALYSIS:**

*Existing law:*

- 1) Establishes the Bay Area Housing Finance Authority (BAHFA) to raise, administer, and allocate funding for affordable housing in the San Francisco Bay Area, and provide technical assistance at a regional level for tenant protection, affordable housing preservation, and new affordable housing production.
- 2) Sets forth the governing structure and powers of the BAHFA Board, allowable financing activities, and allowable expenditures of the revenues generated.

**This bill:**

- 1) Establishes the LACAHSAs, for the purpose of increasing affordable housing in Los Angeles County through renter protections, preservation of affordable housing, and producing new housing units affordable to households earning up to 80% AMI, with financing priority on the lowest levels of affordability.

*Governance/Board*

- 2) Requires the LACAHSAs to be governed by a board of 13 voting members from cities in and unincorporated areas of Los Angeles County. The board shall

review and approve a regional expenditure plan and projects before review, approval, and allocation by the LACAHSAs.

- 3) Requires a summary of the regional expenditure plan to be prepared by the board and to contain all of the following:
  - a) A description of the purpose and goals of the measure.
  - b) A description of the categories of eligible expenditures to be funded.
  - c) An estimate of the number of affordable housing units to be built or preserved by household income category served, and a description of any specific projects planned to be funded.
  - d) An estimate of minimum funding levels to be provided to different expenditure categories.
  - e) An overview of decision-making and oversight provisions applicable to the funds.
- 4) Requires the regional expenditure plan to set forth the share of revenue and funding to be spent on each of the categories in (16) below, indicate the household income levels served within each category, and estimate of the number of affordable housing units to be built or preserved and the number of tenants to be protected. The regional expenditure plan shall also include project specific data.
- 5) Prohibits the board and LACAHSAs from the following:
  - a) Regulating or enforcing land use decisions.
  - b) Acquiring property by eminent domain.
- 6) Requires the board to provide for regular audits of the LACAHSAs' accounts and records, maintain accounting records, and shall report accounting transactions as specified.
- 7) Requires the board to form an advisory committee composed of nine representatives with knowledge and experience in the areas of affordable housing finance and development, tenant protection, and housing preservation. The advisory committee shall assist in the development of funding guidelines and the overall implementation of the program.

- 8) Requires LACAHSa to engage in public participation process, which shall include the following:
  - a) Outreach efforts to encourage public participation of a broad range of stakeholders;
  - b) Holding at least one public meeting regarding any relevant plan or proposals being considered by LACAHSa;
  - c) A process for enabling members of the public to provide a single request to receive LACAHSa notices, information and updates.
  
- 9) Authorizes the LACAHSa to:
  - a) Place funding measures on the ballot for purposes of preserving and enhancing existing housing, funding renter protection programs and financing new construction of housing developments, as specified.
  - b) Apply for and receive grants from federal and state agencies.
  - c) Incur and issue indebtedness and assess fees on any debt issuance and loan products for reinvestment of fees and loan repayments in affordable housing production and preservation.
  - d) Incur and issue bonds and otherwise incur liabilities or obligations.
  - e) Solicit and accept gifts, fees, grants, and other allocations from public and private entities.
  - f) Deposit or invest money in banks or financial institutions in the state.
  - g) Sue and be sued.
  - h) Engage counsel and other professional services.
  - i) Enter into and perform all necessary contracts.
  - j) Enter into joint powers agreements.
  - k) Hire staff, define their qualifications and duties, and provide a schedule of compensation for those duties.

- l) Assemble parcels and lease, purchase, and otherwise acquire land for housing development.
  - m) Collect data on housing production and monitor progress on meeting regional and state housing goals.
  - n) Provide support and technical assistance to local governments in relation to producing and preserving affordable housing.
  - o) Provide public information about LACAHSAs housing programs and policies.
  - p) Any other express or implied powers necessary to carry out the intent and purpose of this bill.
  - q) Allocate and deploy capital and generated fees or income in the form of grants, loans, equity, interest rate subsidies, and other financing tools.
  - r) Collaborate with staff employed by the Los Angeles Metropolitan Transportation Authority with shared planning services.
- 10) Provides that any construction project receiving funding or financing from LACAHSAs shall constitute a public work for which prevailing wages shall be paid. All contractors and subcontractors shall use a skilled and trained workforce to perform all work on the project, as specified.
- 11) Requires LACAHSAs to prepare and submit an annual report to the Legislature.

### *Revenues*

- 12) Authorizes the board to raise and allocate new revenue through all the following funding mechanisms:
- a) A parcel tax, as specified.
  - b) A gross receipts business license tax, as specified.
  - c) A document transfer tax, as specified.

- d) The issuance of bonds, including but not limited to, general obligation bonds, revenue bonds, mortgage revenue bonds, and private activity bonds, as specified.
- 13) Requires LACAHSAs, if it proposes a measure that will generate revenue, to call a special election of the measure, as specified.
- 14) Requires the board, five years after the voters approve an initial ballot measure, to review the implementation of the measure. The review shall include the following:
  - a) An analysis of expenditures to date.
  - b) The number of affordable units produced and preserved at different household income levels.
  - c) The tenant protection services provided, and role of LACAHSAs.

### *Expenditures*

- 15) Requires revenues generated by LACAHSAs to be used for the construction of new affordable housing, affordable housing preservation, tenant protection programs, planning and technical assistance, and other purposes, as specified. Allocations shall be approved by the LACAHSAs board.
- 16) Requires LACAHSAs to distribute regional housing revenue in the form of a grant, loan, or other financing tool over five year periods as follows:
  - a) A minimum of 50% of the annual programmatic budget shall be spent on affordable housing creation, preservation, and ownership as follows:
    - i. The following conditions shall apply with regard to affordable housing creation:
      - (1) Funding may be used for the following purposes, including, but not limited to, land acquisition, housing acquisition, financing, and ownership programs.
      - (2) Financing for any development costs associated with a project.

- (3) In any funded development or affordable housing grant, at least 25% of the units in an awarded project or grant shall be reserved for extremely low-income (ELI) households.
  - (4) In any funded development or affordable housing grant, at least 25% of the units in an awarded project or grant shall be reserved for very low-income (VLI) households.
- ii. Funding pursuant to this subparagraph for preservation programs may be used to acquire, rehabilitate, and preserve existing housing units for affordability, as well as housing from the private market, including residential hotels to prevent the loss of affordability as well as expand permanent affordability.
  - iii. Programs to enable low- or moderate-income households to become or remain homeowners, including, but not limited to, below market rate ownership programs, down payment assistance programs, residential rehabilitation loan programs, and grants or loans to assist in the rehabilitation or replacement of existing mobilehomes located in a mobilehome or manufactured home community.
- b) Between 30 and 40% of the total annual programmatic budget shall be spent on renter protection and support programs. Eligible uses of the funds, include, but are not limited to, all of the following:
- i. Preeviction and eviction legal services, counseling, advice and consultation, training, renter education and representation, and services to improve habitability that protect against displacement of tenants.
  - ii. Providing rental assistance for lower-income households. Rental assistance shall be paired with supportive services, such as eviction prevention and defense, to the greatest extent possible.
  - iii. Providing relocation assistance for lower-income households beyond what is legally required of landlords according to local or state law.
  - iv. Collection and tracking of information related to displacement and displacement risk, rents, and evictions in the region.
- c) Not more than 10% of the total annual programmatic budget shall be used for administrative and operations expenses associated with LACAHSAs.

- 17) Authorizes, no earlier than five years after approval of any funding measures, the board may change any of the minimum requirements in in (16) above if the board adopts a finding that the region's needs in a given category differ from those requirements. The board is required to approve the finding by a two-thirds vote.

## COMMENTS

- 1) *Author's Statement.* "Housing for low-income people across L.A. County is severely overcrowded, racially segregated, and often not linked to high quality resources like transit, jobs, schools or parks. The COVID-19 pandemic has made even clearer what we already knew to be true: our Black, Latino, and low-income communities are being forced to make untenable choices in where and how they live. 79% of Extremely Low-Income households in L.A. County are paying more than half of their income on housing costs compared to just 3% of moderate-income households. SB 679 creates the L.A. County Affordable Housing Solutions Agency: a single, unified approach to addressing housing instability in our county. This bill offers a comprehensive way forward for creating housing affordability across the county, focusing on households that make an average salary or below, in particular extremely and deeply low-income people. These are the people who are most impacted by the housing crisis. With a large-scale countywide affordable housing production strategy, combined with proven renter support programs—like an emergency rent relief funding source and establishing a robust countywide right to counsel— SB 679 represents a transformative opportunity to change the trajectory of L.A. County's future."
- 2) *BAHFA.* In 2019, the Legislature passed and the Governor signed AB 1487 (Chiu, Chapter 598), which created a new regional option to address the lack of affordable housing in the San Francisco Bay Area. Specifically, that bill provided the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) – acting as the BAHFA – with new tools to raise billions of dollars to fund the production, preservation, and protection of affordable housing. It enabled the region to support local jurisdictions by providing additional funding to address infrastructure and other needs associated with new residents. That bill was formulated in partnership with the Bay Area's local elected leaders and other regional leaders to collectively ensure that the entire Bay Area is on track to provide affordable housing efficiently and effectively to all residents. That bill set forth the governing structure and powers of the board, allowable financing activities, and allowable uses of the revenues generated. Its purpose was to raise, administer, and allocate funding and provide technical assistance at a regional level for

tenant protection, affordable housing preservation, and new affordable housing production. It also established MTC as the board of the authority, and ABAG as the executive board, making ABAG the lead agency.

- 3) *The need for housing funding in LA County.* According to the sponsors, for decades, only redevelopment agencies (RDAs) provided a local source of funding for affordable housing preservation and production. When RDAs were eliminated, LA County lost nearly \$275 million annually for affordable housing. Several local city and regional efforts in the LA region have sought to raise money to replace the funds lost from RDAs, but have been unsuccessful in meeting local and regional demands. It became apparent to local elected leaders and affordable housing advocates that the County required a coordinated, sustainable, and regional effort to tackle the County's growing housing needs.

In 2019, a group of roughly 20 organizations came together to establish a countywide coalition, with the intention of identifying a structure to fund renter protections, housing production, and housing preservation; this coalition, now called Our Future Los Angeles, ultimately decided to model their regional housing funding effort similar to BAHFA.

Should this bill pass this year, it will take effect on January 1, 2022. The coalition will begin signature gathering immediately to meet the May 2022 deadline for collecting signatures to qualify a local ballot initiative. If successful, the coalition will seek to place the measure on the November 2022 ballot.

- 4) *LACAHSAs expenditures.* This bill establishes the LACAHSAs, and authorizes LACAHSAs to utilize specified local financing tools for the purpose of funding renter protections, and the preservation and production of housing units affordable to households earning up to 80% AMI, with financing priority on the lowest levels of affordability. Specifically this bill authorizes LACAHSAs to raise revenues through a parcel tax, gross receipts business license tax, a document transfer tax, or the issuance of bonds. At least 50% of the annual programmatic budget shall be spent on affordable housing creation, preservation, and ownership; between 30 and 40% shall be spent on renter protections; and up to 10% may be used for administrative purposes. The LACAHSAs board is required to adopt an expenditure plan demonstrating how the funds are being used with project specific data.

5) *Double-referral*. This bill was also referred to the Senate Governance and Finance Committee, which has jurisdiction over local governance structures and local financing authorities.

**RELATED LEGISLATION:**

**AB 1487 (Chiu, Chapter 598, Statutes of 2019)** — established BAHFA throughout the San Francisco Bay Area and sets forth the governing structure and powers of the BAHFA Board, allowable financing activities, and allowable expenditures of the revenues generated.

**FISCAL EFFECT:** Appropriation: No    Fiscal Com.: Yes    Local: Yes

**POSITIONS:** (Communicated to the committee before noon on Friday, April 9, 2021.)

**SUPPORT:**

United Way of Greater Los Angeles (Sponsor)  
Abundant Housing LA  
Alliance for Community Transit - Los Angeles  
Alliance of Californians for Community Empowerment (ACCE) Action  
Ascencia  
Chrysalis Center, the  
Climate Resolve  
Dignity and Power Now  
Disability Community Resource Center  
Downtown Women's Center  
Ground Game LA  
I Did Something Good Today Foundation  
Imagine LA  
Inclusive Action for The City  
Inner City Law Center  
Interfaith Solidarity Network  
Justice LA  
Koreatown Immigrant Workers Alliance  
LA Forward  
LA Voice  
Los Angeles Christian Health Centers  
Los Angeles Community Action Network  
Pacific Urbanism  
PATH

Public Counsel  
SEIU California  
Skid Row Housing Trust  
St. Joseph Center  
State Building and Construction Trades Council of CA  
T.R.U.S.T. South LA  
The Center in Hollywood  
The People Concern  
Union Station Homeless Services  
Valley Beth Shalom- Homelessness Task Force  
Venice Community Housing Corporation

**OPPOSITION:**

None received

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