
SENATE COMMITTEE ON APPROPRIATIONS

**Senator Anthony Portantino, Chair
2021 - 2022 Regular Session**

SB 679 (Kamlager) - Los Angeles County: affordable housing

Version: April 19, 2021

Policy Vote: HOUSING 6 - 1, GOV. & F. 4
- 0

Urgency: No

Mandate: No

Hearing Date: May 20, 2021

Consultant: Mark McKenzie

Bill Summary: SB 679 would establish the Los Angeles County Affordable Housing Solutions Agency (LACAHSA) to increase affordable housing through enhanced regional funding and technical assistance for renter protections, as well as affordable housing preservation and production.

******* ANALYSIS ADDENDUM – SUSPENSE FILE *******

**The following information is revised to reflect amendments
adopted by the committee on May 20, 2021**

Fiscal Impact: Estimated initial costs of over \$1 million annually, at a minimum, to provide staffing and resources to establish and support LACAHSA until it places a revenue generating proposal on the ballot that is passed by the voters and the agency becomes self-sufficient. These costs would increase as the agency hires more staff to support its functions. Since the bill does not specify a revenue source or mechanism for startup costs, staff assumes that any initial administrative costs would be borne by the General Fund. Staff notes that the LACAHSA is modeled after the Bay Area Housing Finance Authority (BAHFA), but the statute establishing BAHFA required the authority to be governed by the Metropolitan Transportation Commission (MTC) governing board and staffed by MTC's existing staff. This bill does not specify how LACAHSA will be initially staffed.

Local costs to establish and administer the LACAHSA could be subject to state-reimbursement from the General Fund, to the extent a successful claim is filed with the Commission on State Mandates.

Author Amendments: Among other things, author amendments would:

- Increase the size of the governing board from 13 to 19 voting members, add a nonvoting member, specify the membership of the board, and require board members to be appointed by April 1, 2022, as specified.
- Require the board to appoint a full-time chief executive officer, a general counsel, an inspector general, and board secretary, with specified responsibilities.
- Require the board to form a citizens' oversight committee, as specified, to review and approve the regional expenditure plan and projects before review, approval, and allocation by the board.
- Require the board to contract for annual audits of LACAHSA's accounts and records, maintain accounting records, and report accounting transactions, as specified.
- Authorize LACAHSA to 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, and to carry out other specified powers consistent with the bill's intent and purpose.
- Authorize the board to raise and allocate new revenue through the following funding mechanisms, as specified: (1) a parcel tax; (2) a gross receipts business license tax; (3) a document transfer tax; (4) and the issuance of bonds, including general obligation bonds, revenue bonds, mortgage revenue bonds, and private activity bonds.
 - Require LACAHSA to reimburse Los Angeles County with any revenues transferred to LACAHSA for any election-related costs incurred by county elections officials as a result of placing any revenue generating proposal on the ballot.
 - Require revenues generated by LACAHSA 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 must be approved by the LACAHSA board.
 - Require LACAHSA to distribute regional housing revenue in the form of a grant, loan, or other financing tool over five year periods as follows:
 - At least 50% of annual revenues must be spent on affordable housing creation, preservation, and ownership, as specified.
 - Between 30% and 40% of annual revenues must be spent on renter protection and support programs, as specified.
 - Up to 10% of the annual revenues must be used for administrative and operations expenses.
 - Require the board to develop a regional expenditure plan that sets forth the share of revenue and funding to be spent on each of the specified categories, 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.
 - Require revenues to be allocated according to a geographic distribution schedule, with 70% of available funding allocated to the four largest cities in Los Angeles County (Los Angeles, Long Beach, Santa Clarita, and Glendale), as specified.
 - Require any construction project receiving funding or financing from LACAHSA must constitute a public work for which prevailing wages must be paid. All contractors and subcontractors must use a skilled and trained workforce to perform all work on the project, as specified.
 - Require the board to monitor expenditures in coordination with local jurisdictions, and at least every five years, conduct a review of revenues and adopt any necessary guidelines to ensure they are spent in a timely manner and consistent with the measure's requirements.
 - Require LACAHSA to submit an annual report to the Legislature on allocations and expenditures, including a description of projects funded and their statue, the households served by income level, and the extent to which minimum targets were achieved, as specified.
 - Specify that the bill imposes a state-mandated local program.