

Date of Hearing: June 29, 2022

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Buffy Wicks, Chair

SB 679 (Kamlager) – As Amended June 20, 2022

SENATE VOTE: 29-7

SUBJECT: Los Angeles County: affordable housing

SUMMARY: Establishes the Los Angeles County Affordable Housing Solutions Agency (LACAHSAs), and authorizes LACAHSAs to utilize specified local financing tools to fund renter protections and the preservation and production of housing units affordable to households earning up to 80 percent of the area median income (AMI). Specifically, **this bill:**

- 1) Establishes LACAHSAs as a public agency, as follows:
 - a) The jurisdiction of the agency includes all of the County of Los Angeles, except that:
 - i) LACAHSAs will only have jurisdiction to act in a supplemental capacity when a municipality has, as of January 1, 2022, an existing program that provides similar supports and services;
 - ii) No functions of existing programs may be transferred to or undertaken by LACAHSAs; and
 - iii) LACAHSAs may not perform or undertake any functions related to supports and services provided to people experiencing homelessness, unless such supports and services are explicitly authorized by this bill or are directly related to the provision of other supports and services authorized explicitly by this bill.
 - b) Its purpose is to increase the supply of affordable housing in Los Angeles County by providing for significantly enhanced funding and technical assistance at a regional level for renter protections, affordable housing preservation, and new affordable housing production of 100 percent affordable housing for households earning 80 percent of the appropriate area median income or below, with financing priority on the lowest levels of affordability;
 - c) It must complement and supplement existing efforts by cities, counties, districts, and other local, regional, and state entities, related to addressing the goals described in this title; and
 - d) It cannot have powers, duties, or responsibilities until April 1, 2023.
- 2) Establishes the governance and administrative structure for LACAHSAs, as follows:
 - a) A governing board consisting of 21 voting members and one non-voting member comprised of the following:
 - i) Five members from the Los Angeles County Board of Supervisors;

- ii) The Mayor of the City of Los Angeles;
 - iii) Three members appointed by the Mayor of the City of Los Angeles, each of whom must be either a member of the Los Angeles City Council or a housing expert or advocate, as specified;
 - iv) One member who is a city council member or a housing expert or advocate appointed by the President of the Los Angeles City Council;
 - v) The Mayor of the City of Long Beach or the Vice Mayor of the City of Long Beach, as determined by the Mayor of the City of Long Beach;
 - vi) Five members, each of whom must be a mayor or city council member, appointed by Los Angeles County City Selection Committee, as specified;
 - vii) One member from an eligible small city, as specified;
 - viii) The chair of the agency's citizens' oversight committee described in 4), with the interim chair holding that position until the chair is elected, as specified;
 - ix) Three experts in affordable housing, including an expert in affordable housing production, and expert in affordable housing preservation, and an expert in renter protections and supports, as specified; and
 - x) The Executive Director of the Southern California Association of Governments, as a nonvoting member.
- b) Board members may serve up to two four-year terms, as specified, or longer if their seat is based on their elected position; and
 - c) The board must appoint specified staff, including a full-time chief executive officer, general counsel, Inspector General, and board secretary.
- 3) Established a citizens' oversight committee for LACAHSAs as follows:
- a) The oversight committee consists of eleven voting members and one non-voting member representing a range of backgrounds and experience, as specified;
 - b) The oversight committee responsibilities include:
 - i) To review and approve the regional expenditure plan and projects before review, approval, and allocation by the board; and
 - ii) To review the results of the audits prepared pursuant to (4)(c) and prepare an annual report on the audits.
 - c) The oversight committee is selected by the Inspector General, as specified.
- 4) Establishes the duties and responsibilities of LACAHSAs, including the following:

- a) Develop an annual expenditure plan that sets forth the share of revenue and funding to be spent on each of the categories specified in (6)(c), indicate the household income levels served within each category, and an estimate of the number of affordable housing units to be built or preserved and the number of tenants to be protected. The expenditure plan must also include a description of any specific project or program proposed to receive funding, including the location, amount of funding, and anticipated outcomes project-specific data;
 - b) Engage in specified public participation processes;
 - c) Contract for annual audits of LACAHSAs accounts and records, maintain accounting records, and report accounting transactions, as specified;
 - d) Review implementation of the initial voter-approved ballot measure five years after its approval, as specified;
 - e) Conduct a comprehensive review of all projects and programs implemented under the expenditure plan every five years, as led by the Office of the Inspector General;
 - f) 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; and
 - g) Submit an annual report to the Legislature to ensure oversight and accountability of the agency.
- 5) Establishes LACAHSAs powers, including:
- a) Authorization 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. Specifies the parameters regarding the placement of the funding measure on the ballot, include the timing of the election, reimbursement to the county for the costs of the election, and the publicly available materials;
 - b) Authorization to raise and allocate new revenue through all the following funding mechanisms:
 - i) A parcel tax, as specified;
 - ii) A gross receipts business license tax, as specified;
 - iii) A document transfer tax, as specified; and
 - iv) The issuance of bonds, including but not limited to, general obligation bonds, revenue bonds, mortgage revenue bonds, and private activity bonds, as specified.
 - c) Authorization to carry out specified financial, legal, and administrative powers necessary to carry out the intent and purpose of the measure, including:
 - i) Applying for and receiving grants from federal and state agencies.

- ii) Incurring and issuing indebtedness and assess fees on the purchaser of any debt issuance and agency loan products for reinvestment of those fees and loan repayments in affordable housing production and preservation in accordance with applicable constitutional requirements;
- iii) Incurring debt and issuing bonds and otherwise incur liabilities or obligations;
- iv) Soliciting and accepting gifts, fees, grants, and other allocations from public and private entities;
- v) Depositing or investing moneys of the agency in banks or financial institutions in the state;
- vi) Suing and being sued, except as otherwise provided by law, in all actions and proceedings, in all courts and tribunals of competent jurisdiction;
- vii) Engaging counsel and other professional services;
- viii) Entering into and performing all necessary contracts;
- ix) Entering into joint powers agreements pursuant to the Joint Exercise of Powers Act;
- x) Hiring staff, defining their qualifications and duties, and providing a schedule of compensation for the performance of their duties;
- xi) Land banking, assembling parcels, and leasing, purchasing, or otherwise acquiring land for housing development;
- xii) Selling or disposing of land or assets consistent with the agency's purpose and eligible activities or where a parcel under the agency's control is deemed to be inappropriate for housing development;
- xiii) Collecting data on housing production and monitoring progress on meeting regional and state housing goals;
- xiv) Providing support and technical assistance to local governments in relation to producing and preserving affordable housing;
- xv) Providing public information about the agency's housing programs and policies;
- xvi) Acting in compliance with the Marks-Roos Local Bond Pooling Act of 1985;
- xvii) Allocating and deploying capital and generated fees or income in the form of grants, loans, equity, interest rate subsidies, and other financing tools to the cities and other public agencies within the Los Angeles County area, and private affordable housing developers to finance affordable housing development, preserve and enhance existing affordable housing, and fund tenant protection programs, pursuant to this title, in accordance with applicable constitutional requirements;
- xviii) Collaborating with staff employed by the Los Angeles Metropolitan Transportation Authority with shared planning and services; and

- xix) Any other express or implied powers necessary to carry out the intent and purposes of this title.
- d) Provides that LACAHSa is prohibited from regulating or enforcing land use decisions and acquiring property by eminent domain.
- 6) Establishes parameters for expenditure of revenues generated, as follows:
 - a) Requires LACAHSa to use revenues it generates for the construction of new affordable housing, affordable housing preservation, tenant protection programs, planning and technical assistance, and other purposes, as specified;
 - b) Requires allocations to be approved by the LACAHSa board;
 - c) Requires LACAHSa to distribute regional housing revenue in the form of a grant, loan, or other financing tool over five year periods as follows:
 - i) A minimum of 40 percent of the annual programmatic budget must be spent on affordable housing creation, preservation, and ownership, as specified. Of the funding available for affordable housing production:
 - (1) 30 percent must be allocated to LACAHSa;
 - (2) 70 percent must be allocated based on very low income and low-income regional housing needs assessment goals to the four largest cities in Los Angeles County (Los Angeles, Long Beach, Santa Clarita, and Glendale), councils of government in Los Angeles County, and unincorporated Los Angeles County; and
 - (3) At least five percent of LACAHSa's allocation must utilized for technical assistance grants to cities with less than 50,000 residents;
 - ii) A minimum of 30 percent of the total annual programmatic budget must be spent on renter protection and support programs as specified. Provides that, of the funding available for renter protections:
 - (1) 30 percent must be allocated to LACAHSa;
 - (2) 70 percent must be allocated on a per low-income renter household basis to the four largest cities in Los Angeles County (Los Angeles, Long Beach, Santa Clarita, and Glendale), councils of government in Los Angeles County, and unincorporated Los Angeles County; and
 - (3) At least five percent of LACAHSa's allocation must utilized for technical assistance grants to cities with less than 50,000 residents.
 - iii) Fifteen percent of the total annual programmatic budget must be allocated as "annual priorities," and these funds may be used for any eligible activity outlined in this bill as part of the annual expenditure plan;

- iv) At least five percent of the total annual programmatic budget, excluding any bond indebtedness, must be used for technical assistance, research, and policy development, as specified;
 - v) Not more than 10 percent of the total annual programmatic budget may be used for administrative and operations expenses associated with LACAHSAs; and
 - vi) No earlier than five years after approval of any funding measures, the board, subject to consultation with the citizens' oversight committee, may change any of the minimum requirements above if both allocated funding has been unspent in a given category across multiple years and 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.
- d) Provides that each city within a council of government may have its own set aside, which must be based on its pro rata lower income housing need, as specified. The council of government and its members may develop policies to allocate set-aside funds.
- 7) Specifies that both of the following are exempt from the California Environmental Quality Act (CEQA):
- a) Any action taken by the agency to finance, fund, or issue grants, loans, or bonds; and
 - b) Any action taken by the agency to purchase or lease real property for the purpose of any of the following:
 - i) The preservation of existing housing that involves negligible or no expansion of use;
 - ii) The development of residential housing for persons and families of low or moderate income; and
 - iii) The provision of technical assistance to local jurisdictions to promote affordable housing, including, but not limited to, drafting model affordable housing land use ordinances and policies.
- 8) Establishes the following labor standards:
- a) Any construction or rehabilitation project receiving funding or financing from the agency, a measure proposed by the agency, or a joint powers authority of which the agency is a member, constitutes a public work for which prevailing wages must be paid;
 - b) Any construction or rehabilitation on a project with 40 units or greater that receives funding or financing from the agency, a measure proposed by the agency, or a joint powers authority of which the agency is a member is subject to the City of Los Angeles Department of Public Works Project Labor Agreement, as specified; and
 - c) If a specific countywide project labor agreement is negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing and approved by the agency, then a contractor performing construction or rehabilitation work on a project that receives funding or financing from the agency, a measure proposed by the agency

pursuant to subdivision, or a joint powers authority of which the agency is a member will be required to comply with the specific countywide project labor agreement rather than the Department of Public Works Project Labor Agreement.

- 9) Requires the board of supervisors of Los Angeles County to hold a special election, as specified, if LACAHSAs or a qualified voter initiative proposes a measure consistent with this bill that will generate revenues.
- 10) Includes a severability clause stating that the provisions of this bill are severable, such that if any provision of this bill or its application is held invalid, that invalidity does not affect other provisions or applications that can be given effect without the invalid provision or application.
- 11) Provides that the Legislature finds and declares that providing a regional financing mechanism for affordable housing development, preservation, and renter protections in Los Angeles County is a matter of statewide concern and is not a municipal. Therefore, this bill applies to all cities within Los Angeles County, including charter cities.
- 12) Provides that no reimbursement is required by this bill for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, or changes the definition of a crime. However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs must be made.

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. Sets forth the governing structure and powers of the BAHFA Board, allowable financing activities, and allowable expenditures of the revenues generated (Government Code Section 64500 et seq).
- 2) Establishes the Los Angeles County Metropolitan Transportation Authority and establishes its governance, administrative structure, and powers (Public Utilities Code Sections 130050.2 – 130051.28).

FISCAL EFFECT: Unknown

COMMENTS:

Author's Statement: According to the author, "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.”

Housing Crisis in Los Angeles County: Like most of California, there is an acute housing crisis in Los Angeles County. Only 25 percent of households can afford to purchase the median priced single-family home – more than 50 percent less than the national average. Over half of renters – more than 1 million households – are rent-burdened, meaning they pay over 30 percent of their income towards rent. At last count, there were over 66,000 homeless persons in the County.

A major cause of the housing crisis is the mismatch between the supply and demand of affordable housing. Through the Regional Housing Needs Assessment process (RHNA), the Southern California Association of Governments (SCAG) has determined that the governments within Los Angeles County need to plan for 341,000 homes by 2029 that are affordable to lower income households. However, if current production rates continue, Los Angeles County would create just 25,000 of these units in the next eight years.

Regional Housing Agencies: In 2019, AB 1487 (Chiu) created the Bay Area Housing Finance Authority (BAHFA) made up of the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) to raise funds for the production, preservation, and protection of affordable housing. BAHFA’s purpose is 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. AB 1487 created the governing structure and powers of BAHFA, its allowable financing activities, and allowable uses of the revenues generated. BAHFA became operative in 2020, and in 2021 received an allocation of \$20 million in the State budget to enable it to begin implementing its mission while preparing to raise revenues through a regional ballot measure. BAHFA has not yet placed a funding initiative before the voters.

This bill would create a similar entity as BAFHA, called the Los Angeles County Affordable Housing Solutions Agency (LACAHSAs). LACAHSAs’s jurisdiction is all of Los Angeles County, which encompasses 88 incorporated cities and the unincorporated area, and includes approximately 10 million people. LACAHSAs’s stated purpose would be to “increase the supply of affordable housing in Los Angeles County by providing for significantly enhanced funding and technical assistance at a regional level for renter protections, affordable housing preservation, and new affordable housing production of 100 percent affordable housing for households earning 80 percent of the appropriate area median income or below, with financing priority on the lowest levels of affordability.” LACAHSAs would have authority to place a revenue measure on the ballot, including a parcel tax, a gross receipts business license tax, a document transfer tax, and the issuance of bonds, including but not limited to, general obligation bonds, revenue bonds, mortgage revenue bonds, and private activity bonds.

LACAHSAs would be required to expend any revenues generated according to the following formula:

- A minimum of 50 percent of the annual budget must be spent on affordable housing creation, preservation, and ownership;
- Between 30 and 40 percent of the total annual programmatic budget must be spent on renter protection and support programs as specified; and
- Not more than 10 percent of the total annual programmatic budget can be used for administrative and operations expenses.

This bill specifies the governance and administrative structure for LACAHSAs, including the precise composition of its 21-member board. This bill also includes additional layers of independent oversight, through an Inspector General and a citizens' oversight committee, modeled after the Los Angeles County Metropolitan Transportation Authority.

Duplication of Powers: In the Bay Area, BAHFA creates a fundraising and revenue sharing mechanism that did not previously exist for the nine-county region. In Los Angeles, such powers and capacities already exist within the County government. To avoid duplication or competition by LACAHSAs with existing programs, this bill prohibits LACAHSAs from taking over any local responsibilities, it may only supplement existing local programs, and it cannot undertake any functions related to supports and services provided to people experiencing homelessness, unless specifically authorized by the bill. Since Los Angeles County governs all 88 cities, unlike the Bay Area which is made up of nine counties, it is unclear whether a new bureaucracy is needed to undertake actions that can already be carried out by Los Angeles County in conjunction with its cities. In addition, Los Angeles County and any number of the 88 cities in the county could form a joint powers authority (JPA) to exercise powers these local governments share. Local agencies do not need legislative authority for a JPA unless it requires powers not common to all its members, or when statutory certainty and specificity is preferable to the agreement's details.

Arguments in Support: Supporters of this bill include a wide range of civic-minded and social justice-oriented community groups located within Los Angeles County, as well as some municipalities and elected officials. They argue that this bill is necessary to address the housing crisis in Los Angeles, because existing resources are insufficient. According to the United Way of Greater Los Angeles (the sponsor of the bill), "SB 679 will provide Los Angeles County with a single countywide affordable housing solutions agency that has the ability to raise its own revenue and fund systemic solutions to the countywide affordable housing crisis."

Other supporters of the bill appreciate its labor standards. For example, the State Building and Construction Trades Council of California support that this bill will "require any housing production that occurs because of SB 679 to be done under either an existing project labor agreement (PLA) or a newly negotiated PLA."

Arguments in Opposition: Opponents of this bill include business and property ownership organizations opposed to increases in taxes. According to the Los Angeles Business Federation (BizFed), "SB 679 would add a bureaucratic layer and excessive new taxes and fees that will make housing more expensive. We fear that this bill will make it easier to enact more rent

control-tenant protection policies in other cities making our current housing scarcity even worse.”

Other opponents of the bill include contractors that oppose the labor standards in this bill. Citing a recent Los Angeles Times story that describes how affordable housing can cost over \$1 million per unit to build, the Western Electrical Contractors Association says “your bill is filled with labor standards the LATimes highlighted (including overlapping PLA mandates) that will make the work of LACAHSa equally or more costly than the projects described by the Times.”

Related Legislation:

AB 1487 (Chiu, Chapter 598, Statutes of 2019): This bill is the precursor to SB 697. It 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.

SB 1105 (Hueso) (2022): This bill is similar to SB 679, except focused on San Diego County. It would establish the San Diego Regional Equitable and Environmentally Friendly Affordable Housing Agency (Agency) in San Diego County to facilitate increased funding for new production, preservation, and renter protections. It sets forth the governing structure and powers of the Agency, allowable financing activities, allowable expenditures of the revenues generated, and labor standards. It is pending hearing in this Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

United Way of Greater Los Angeles (Sponsor)
AARP
Abundant Housing LA
ACT -la
Active San Gabriel Valley
Alliance for Community Transit - Los Angeles
Alliance of Californians for Community Empowerment
Alliance of Californians for Community Empowerment (ACCE) Action
Ascencia
Bell Gardens; City of
Black Women for Wellness Action Project
California State Council of Service Employees International Union
Center for Biological Diversity
Central City Association of Los Angeles
Chrysalis Center, the
City of Bell Gardens
City of Beverly Hills
City of Culver City
City of Long Beach
City of Los Angeles
City of Lynwood

City of Maywood
City of Paramount
City of Santa Monica
City of West Hollywood
Climate Resolve
Communities for a Better Environment
Community Clinic Association of Los Angeles County (CCALAC)
Councilmember Mike Bonin, Eleventh District, City of Los Angeles
Councilwoman Nury Martinez, Sixth District, City of Los Angeles
County of Los Angeles Board of Supervisors
Dignity and Power Now
Disability Community Resource Center
Downtown Women's Center
East LA Community Corporation
Everyone in La
Fathers and Mothers Who Care
Fusion Community Empowerment
Gateway Cities Council of Governments
Ground Game LA
Housing Now! CA
I Did Something Good Today Foundation
IKAR
Imagine LA
Inclusive Action for the City
Inner City Law Center
InnerCity Struggle
Interfaith Solidarity Network
John and Marilyn Wells Family Foundation, Stories from the Frontline
Justice LA
Koreatown Immigrant Workers Alliance
LA Defensa
LA Family Housing
LA Forward
LA Voice
Long Beach Forward
Long Beach Gray Panthers
Long Beach Residents Empowered
Long Beach; City of
Los Angeles Christian Health Centers
Los Angeles Community Action Network
Los Angeles County Young Democrats
Los Angeles LGBT Center
Los Angeles Regional Open Space and Affordable Housing Collaborative
Mayor Eric Garcetti, City of Los Angeles
Mayor Jed Leano, City of Claremont
Mayor of City of Long Beach Robert Garcia
Move LA
Move La, a Project of Community Partners
Natural Resources Defense Council

NoHo Home Alliance
Pacific Urbanism
Path
Presbytery of the Pacific
Procovery Institute
Public Counsel
S.P.E.A.K. OUT LOUD FOUNDATION
Safe Place for Youth
SAJE
San Pedro United Methodist Church
SEIU California
Skid Row Housing Trust
Social Justice Learning Institute
Southwest Regional Council of Carpenters
St. Joseph Center
State Building and Construction Trades Council of CA
Strategic Actions for a Just Economy
T.R.U.S.T. South LA
Tenemos Que Reclamar Y Unidos Salvar LA Tierra - South LA
The Art of Runway
The Center in Hollywood
The LGBTQ Center Long Beach
The People Concern
The United Way of Greater Los Angeles
Union Station Homeless Services
Unite Here Local 11
Valley Beth Shalom Homelessness Task Force
Valley Beth Shalom- Homelessness Task Force
Venice Community Housing Corporation
Venice Family Clinic
Westside for Everyone

Support If Amended

State Building & Construction Trades Council of California

Opposition

Affordable Housing Management Association -pacific Southwest
Affordable Housing Management Association-northern CA Hawaii
Apartment Association of Orange County
Apartment Association, California Southern Cities
California Rental Housing Association
City of Santa Clarita
East Bay Rental Housing Association
Los Angeles County Business Federation (BIZ-FED)
Santa Clarita; City of
Western Electrical Contractors Association

Oppose Unless Amended

California Association of Realtors
San Gabriel Valley Regional Housing Trust

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