

Date of Hearing: August 3, 2022

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Chris Holden, Chair

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

Policy Committee: Housing and Community Development Vote: 5 - 2

Urgency: No State Mandated Local Program: Yes Reimbursable: Yes

SUMMARY:

This bill establishes the Los Angeles County Affordable Housing Solutions Agency (LACAHSa) to increase the supply of affordable housing through enhanced regional funding and technical assistance for renter protections, affordable housing preservation, and new affordable housing production.

Specifically, this bill:

- 1) Establishes LACAHSa for the purpose of increasing 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 production of 100% affordable housing for households earning 80% of the appropriate area median income or below, with financing priority on the lowest levels of affordability.
- 2) Requires LACAHSa to be governed by a board with 19 voting members from Los Angeles County, representative of the diverse cities and unincorporated communities across the county. Authorizes board members to receive per diem of up to \$100 per meeting for up to two meetings per month, and to enact resolutions necessary to govern the authority, the conduct of meetings, and the transaction of business. Requires the board to form a citizens' oversight committee of 11 members with knowledge and experience in affordable housing finance and development, tenant protection, and housing preservation to provide consultation and make recommendations to the LACAHSa board.
- 3) Authorizes LACAHSa to place a revenue measure on the ballot, including a parcel tax, a gross receipts business license tax, and a document transfer tax, and to issue bonds, including but not limited to, general obligation bonds, revenue bonds, mortgage revenue bonds, and private activity bonds. Specifies allowable uses of and requirements for expenditures of revenues generated, in line with the goals of LACAHSa.

For a detailed discussion of the powers, duties and responsibilities of LACAHSa, see the analysis provided by the Assembly Housing and Community Development Committee.

- 4) Exempts certain actions of LACAHSa from the California Environmental Quality Act (CEQA), including actions taken to finance, fund, or issue grants, loans or bonds, and actions taken to purchase or lease real property for the preservation of existing housing and development of residential housing for persons of low or moderate income.

- 5) Provides any construction or rehabilitation project receiving funding or financing from either LACAHSa, a measure proposed by LACAHSa, or a joint powers authority of which LACAHSa is a member constitutes a public work and must pay prevailing wages, is subject to the City of Los Angeles Department of Public Works Project Labor Agreement as applicable, or must comply with the specific countywide project labor agreement, as specified.
- 6) Requires the Los Angeles County Board of Supervisors to hold a special election, as specified, if LACAHSa or a qualified voter initiative proposes a measure consistent with this bill that will generate revenues.

FISCAL EFFECT:

- 1) 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, initial administrative costs would be borne by the General Fund. 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.
- 2) Local costs related to elections procedures on behalf of the LACAHSa are potentially reimbursable by the state, subject to a determination by the Commission on State Mandates.

COMMENTS:

- 1) **Purpose.** This bill seeks to provide a comprehensive regional approach to increase the supply of affordable housing in Los Angeles County. 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. 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.

- 2) **Background.** In Los Angeles County only 25% of households can afford to purchase the median priced single-family home – more than 50% less than the national average. Over half of renters – more than one million households – are rent-burdened, meaning they pay over 30% of their income towards rent. At last count, there were over 66,000 homeless persons in the county.

A contributing 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 the governments within Los Angeles County need to plan for 341,000 homes by 2029 that are affordable to lower income households. However, at the current production rate, Los Angeles County would create just 25,000 of these units in the next eight years.

- 3) **Regional Housing Model.** In 2019, AB 1487 (Chiu), Chapter 598, Statutes of 2019, created the Bay Area Housing Finance Authority (BAHFA), in the nine-county San Francisco Bay Area, 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. The Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) govern BAHFA and provide region-wide housing planning. 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 creates a similar entity, LACAHSa, which encompasses all of Los Angeles County, including 88 incorporated cities and the unincorporated area, and includes approximately 10 million people.

- 4) **Necessary?** In the San Francisco 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 LACAHSa with existing programs, this bill prohibits LACAHSa from taking over any local responsibilities; allows it to only supplement existing local programs, and prohibits it from undertaking 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.
- 5) **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 this bill is necessary to address the housing crisis in Los Angeles because existing resources are insufficient. Other supporters include labor groups who support the labor standards recently added to the bill.
- 6) **Arguments in Opposition.** Opponents of this bill include business and property ownership organizations opposed to increases in taxes. Other opponents of the bill include contractors that oppose the labor standards in this bill.
- 7) **Related Legislation.** SB 1105 (Hueso) is similar to this bill, 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. SB 1105 is pending hearing in this committee.

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