

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

SB 802 (Ashby) – As Amended June 23, 2025

SENATE VOTE: 36-0

SUBJECT: Housing finance and development: Sacramento Area Housing and Homelessness Agency; Multifamily Housing Program; Homekey; Homeless Housing, Assistance, and Prevention program.

SUMMARY: Restructures, expands, and amends the joint powers authority (JPA) known as the Sacramento Housing and Redevelopment Agency (SHRA) and renames it the Sacramento Housing and Homelessness Agency (SHHA); moves the Sacramento Continuum of Care (CoC) to the new SHHA; moves all homelessness funding from the federal and state government that would go to the impacted cities and county to SHHA; transfers fees collected by the County of Sacramento (Sacramento County) and specified cities in Sacramento County to SHHA; changes the process for distributing the Regional Housing Needs Allocation (RHNA) in Sacramento County; and, makes a number of additional changes. Specifically, **this bill:**

- 1) Provides the following definitions for the purposes of the provisions of this bill that apply to the Sacramento SHHA:
 - a) “Agency” means the Sacramento SHHA.
 - b) “Governing board” means the governing board of the agency.
 - c) “Qualified local agency” means any city within the County of Sacramento that has a population of at least 50,000, based on the most recent federal decennial census or a subsequent estimate prepared by the Demographic Research Unit of the Department of Finance. “Qualified local agency” includes, but is not limited to, the Cities of Citrus Heights, Elk Grove, Folsom, Rancho Cordova, and Sacramento.
- 2) Requires the JPA currently operating as the SHRA, created pursuant to a 1973 agreement between the City of Sacramento and the County of Sacramento, to be restructured, expanded, amended, and renamed as the SHHA as provided in this bill. Finds and declares that the purpose of the restructuring of the agency is to modernize and expand the agency’s scope and governance to address regional housing and homelessness needs, while preserving the agency’s legal status, contracts, funding eligibility, and programmatic history.
- 3) Requires the SHHA to include as members Sacramento County and each qualified local agency, and to operate under a new joint powers agreement entered into pursuant to this bill.
- 4) Requires the SHHA to serve as the regional authority to do all of the following:
 - a) Develop and preserve affordable housing

- b) Coordinate and administer homelessness prevention and response services including the Coordinated Entry System
 - c) Serve as the federally-designated Continuum of Care (CoC).
 - d) Apply for, receive, and administer federal, state, and local funding for housing and homelessness.
 - e) Manage and implement a comprehensive strategic plan to address and reduce homelessness in the County of Sacramento.
- 5) Requires the updated joint powers agreement pursuant to 2), above, to provide for a governing board as follows:
- a) Requires the governing board to be composed of at least one elected official from each qualified local agency that is party to the agreement, with full delegated powers and duties transferred from the cities and county.
 - b) Requires the initial board under the amended joint powers agreement to consist of 11 members appointed by the legislative bodies of Sacramento County and each qualified local agency, in accordance with the following:
 - i) Three members shall be selected from, and appointed by, the City Council of the City of Sacramento.
 - ii) Three members shall be selected from, and appointed by, the Board of Supervisors of the Sacramento County.
 - iii) Two members shall be selected from, and appointed by, the City Council of the City of Elk Grove.
 - iv) One member each shall be selected from, and appointed by, the city councils of the Cities of Citrus Heights, Folsom, and Rancho Cordova.
 - c) Allows the board to increase the number of members if a qualified local agency enters into an agreement to join the joint powers agreement. That qualified local agency shall be entitled to make one appointment to the board.
 - d) Allows each member on the governing board to select an alternate, as specified, to serve on the board when the primary member or members are not available. Each alternate shall be appointed to serve for a specific member. The alternate shall be subject to the same restrictions and shall have the same powers, when serving on the board, as the primary member. The legislative body of any voting entity appointing an alternate shall provide written notification to the secretary of the governing board of each appointment of an alternate in order for the appointment to be effective.
 - e) Provides that a member of the governing board shall serve without compensation but may be reimbursed for actual expenses approved by the board.

- f) Provides that each governing board member is entitled to one vote on each matter submitted for a vote.
 - g) Provides that, if a vacancy occurs on the governing board because of death, resignation, illness, or for other reason, the secretary of the governing board shall immediately provide written notice to Sacramento County or the qualified local agency appointing the board member, as specified, of the need to appoint a replacement, and the replacement shall be appointed within 60 days of the transmittal of the notice.
- 6) Requires the updated joint powers agreement pursuant to 2), above, to provide for an executive director of the agency, as follows:
- a) The initial executive director of the agency under the amended joint powers agreement shall be the current executive director of the SHRA.
 - b) The governing board shall establish a removal and replacement process for the executive director.
- 7) Requires the updated joint powers agreement pursuant to 2), above, to provide for bylaws, to be established by the governing board, which shall include, at a minimum, all of the following:
- a) A regular meeting schedule for the governing board, in accordance with the following:
 - i) The schedule, location, time, and agenda of all regular and special governing board meetings shall be publicly noticed.
 - ii) All meetings shall be open to the public, unless the matter is a proper one for closed session. All meetings shall comply with the provisions of the Ralph M. Brown Act, as specified.
 - b) A code of ethics, as follows:
 - i) The key expectations of the code of ethics shall include all of the following:
 - (1) Act in the best interest of the agency.
 - (2) Do not use official positions for private gain.
 - (3) Abstain from decisions where personal or financial interests conflict with Agency interests.
 - ii) Each member of the governing board and each employee shall uphold high standards of integrity, fairness, and transparency.
 - iii) Each member of the governing board shall comply with the requirements of the Political Reform Act of 1974 (Title 9 (commencing with Section 81000)), and shall file statements of economic interests, as required by law.

- iv) The governing board shall establish process to address any ethics violations.
 - c) A reimbursement process, including designating what qualifies as a reimbursable expense and establishing procedure for making payments.
- 8) Requires the Sacramento Local Agency Formation Commission (Sacramento LAFCO) to form and appoint members to an independent task force, with the following provisions:
- a) Staff of existing entities shall not be appointed to the task force.
 - b) Staff of the SHRA shall provide administrative support to the task force.
 - c) The duties of the independent task force shall be to consolidate all entities for purposes of establishing the SHHA.
 - d) The task force shall dissolve 60 days after the establishment of the governing board of the SHHA.
- 9) Requires the SHHA to adopt a comprehensive strategic plan (strategic plan) to address housing and homelessness no later than three years from the date the restructured agreement takes effect.
- 10) Requires the strategic plan to align with all relevant state and federal requirements.
- 11) Requires the SHHA to submit the strategic plan to the Legislature in compliance with existing law governing reports to the Legislature.
- 12) Requires the SHHA to retain its legal identity as the public housing authority and redevelopment successor entity formerly known as the SHRA and to continue to administer all existing housing, homelessness, and redevelopment programs in compliance with applicable law.
- 13) Prohibits an entity from being created that negates the duties of the SHHA.
- 14) Requires the SHHA to assume or continue responsibility for the administration and oversight of programs for all participating entities in the joint powers agreement pursuant to this bill, including, but not limited to, all of the following:
- a) Section 8 Housing Choice Voucher (HCV) Program.
 - b) United States Department of Housing and Urban Development (HUD) Veterans Affairs Supportive Housing.
 - c) Public housing.
 - d) Community Development Block Grant Program (CDBG).
 - e) HOME Investment Partnerships Program (HOME).

- f) Emergency Solutions Grants (ESG).
 - g) CoC Program.
 - h) Housing Opportunities for Persons With AIDS Program (HOPA).
 - i) State homelessness programs.
 - j) Homeless Housing, Assistance, and Prevention (HHAP) program.
 - k) Homekey program.
 - l) Coordinated Entry System (CES).
 - m) CoC governance, data, and performance standards mandated by HUD (HMIS).
- 15) Requires the SHHA to comply with civil rights laws, including the federal Fair Housing Act, the mandate to affirmatively further fair housing, the Federal Americans with Disabilities Act of 1990, and Title VI of the federal Civil Rights Act of 1964.
- 16) Requires the SHHA to maintain eligibility for all funding programs for which the SHRA or Sacramento Steps Forward previously qualified.
- 17) Requires the SHHA to be the designated recipient of all local housing trust funds and local housing ordinance fees collected by each participating entity within the joint powers agreement pursuant to this bill. These funds shall include, but are not limited to, the affordable housing ordinance fee collected by Sacramento County and the mixed income housing ordinance fee collected by the City of Sacramento.
- 18) Requires the RHNA for all participating entities within the joint powers agreement pursuant to this bill to be consolidated into a single regional goal to be administered by the SHHA. The total RHNA for the joint powers agreement shall be reduced by 20% from the aggregate of the allocations that would otherwise apply to the participating entities individually.
- 19) Requires the SHHA to be deemed a regional entity for the purposes of statewide housing and homelessness funding programs and to be granted priority consideration for all applicable state housing and homelessness funding sources.
- 20) Requires all housing tax increment revenues derived from former redevelopment areas and allocated to participating cities or to Sacramento County to be transferred to the SHHA and used exclusively for the development, preservation, and administration of affordable housing projects.
- 21) Allows the SHHA to issue bonds secured by housing tax increment revenues referenced in 20), above, to finance current and future housing initiatives.
- 22) Requires the SHHA to coordinate its operations with the housing and homelessness departments of each participating jurisdiction to ensure alignment of local priorities and

effective delivery of services. These departments include, but are not limited to, all of the following:

- a) The Department of Homeless Services and Housing of Sacramento County.
 - b) The Department of Community Response of the City of Sacramento.
 - c) The Housing Division of the City of Elk Grove.
 - d) The Housing Division of the City of Rancho Cordova.
 - e) The Housing and Grants Division of the City of Citrus Heights.
- 23) Allows the SHHA to consult with additional local departments, advisory bodies, or nonprofit partners as needed to fulfill its mission.
- 24) Requires the SHHA to establish and maintain a standing advisory board to ensure compliance with federal and state requirements for public participation in housing authority and CoC governance, and specifies the following for the advisory board:
- a) Requires the advisory board to be appointed by a majority vote of the governing board and to adopt bylaws for appointments, terms, and procedures.
 - b) Requires the advisory board to include, but not be limited to, all of the following:
 - i) At least one individual currently or formerly experiencing homelessness, as specified, and at least one individual who is a current resident of public housing or low-income housing.
 - ii) Representatives from community-based organizations, service providers, and housing developers.
 - iii) Experts in behavioral health, public housing, and program implementation.
 - c) Requires the advisory board to do all of the following:
 - i) Meet at least quarterly in publicly noticed meetings.
 - ii) Provide recommendations on funding, programs, planning, and performance.
 - iii) Fulfill United States Department of Housing and Urban Development and state consultation requirements for funding and compliance.
 - iv) Assist in development of the Sacramento SHHA's strategic plan and annual updates.
 - d) Prohibits the advisory board from having voting authority over governing board decisions.

- e) Requires the advisory board to consist of seven members, appointed as provided in a) and b), above.
- 25) Requires the department of Housing and Community Development (HCD), for future rounds of HHAPP, Multi-family Housing Program (MHP), and Homekey funding, to give consideration to the following populations:
- a) Former foster youth.
 - b) Homeless persons.
 - c) Extremely low-income households, very-low-income households, and lower-income households who need safe and stable housing and are experiencing traumatic homelessness, street violence, domestic violence and abuse, sexual abuse and assault, or human trafficking.
- 26) Finds and declares, with respect to the provisions of this bill regarding the SHHA, 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 and urgent housing and homelessness conditions in Sacramento County and its major cities.
- 27) Contains a number of additional findings and declarations regarding its purpose.
- 28) Provides that, if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to current law governing state-mandated local costs.

FISCAL EFFECT: This bill is keyed fiscal and contains a state-mandated local program.

COMMENTS:

- 1) **Author's Statement.** According to the author, "For over a decade, multiple Sacramento County Grand Jury reports, including in 2019 and again in 2023, have warned that the absence of a regional authority and coherent organizational structure makes it virtually impossible to use valuable resources effectively. The 2023 report described Sacramento's homelessness response as 'disjointed, lacking accountability, and often reactive rather than proactive,' highlighting how eight separate government-funded entities operate with siloed data, conflicting goals, and inconsistent planning.

"SB 802 responds to this long-standing call for change by establishing the Sacramento Area Housing and Homelessness Agency, a new Joint Powers Authority. This single, coordinated agency will ensure shared decision-making, strengthen accountability, and better leverage local, state, and federal resources to address homelessness and housing insecurity across Sacramento County. All cities in the county will have the opportunity to participate and weigh in through representation on the agency's governing board. Importantly, the agency will also include people with lived experience of homelessness, along with technical experts, on its Advisory Committee, ensuring that the voices of those directly impacted help guide local solutions.

“By creating a regional structure with clear governance, broad city participation, community representation, and oversight, SB 802 delivers the accountability, collaboration, and leadership we need to address homelessness and housing more effectively and efficiently.”

- 2) **Joint Exercise of Powers Act.** Joint powers are exercised when public officials of two or more agencies agree to establish a joint approach or create another legal entity to work on a common problem, fund a project, or act as a representative body for a specific activity. All manner of federal, state and local public agencies can agree to exercise joint powers. A California agency can even share joint powers with an agency in another state. The common thread is that a confederation of governments work together and share resources for mutual support or common actions. The government agencies that participate in joint powers are called member agencies, and a JPA can only exercise powers that each member agency independently possesses.

A joint powers agreement is a formal, legal agreement between two or more public agencies that wish to exercise joint powers. Some joint powers agreements are administered by one of the participating agencies. Others are administered by a new, legally independent government entity (called a joint powers agency or a joint powers authority – both referred to as a JPA) that the member agencies create. The new entity need not even call itself a JPA. JPAs are not special districts, although such agencies can enter into joint powers agreements.

As tools for collaboration, JPAs are used for a variety of purposes. By sharing resources and combining services, the member agencies – and their taxpayers – save time and money. There are no official categories for the types of JPAs, but their services generally fall into five broad groups: general public services, financial services, insurance pooling and purchasing discounts, planning services, and regulatory enforcement.

Public agencies authorized to enter into joint powers agreements include "the federal government or any federal department or agency, this state, another state or any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission of this state or another state, a federally recognized Indian tribe, or any joint powers authority..."

Given JPA's inherent design as voluntary agreements among participating agencies, and the existence of JPA law that already authorizes interested agencies to create JPAs, the Legislature has not generally authorized or required the creation or alteration of specific JPAs. However, in recent years, the Legislature has reviewed and/or approved the creation of JPAs for specific purposes, some to address the ongoing housing crisis in the state. For example:

- a) AB 2593 (McCarty) of 2024 would have authorized a local agency within the County of Sacramento to enter into a joint powers agreement with any other local agency to operate a joint powers authority to assist the homeless. AB 2593 died on Senate inactive file.
- b) AB 1086 (McCarty) of 2023 was similar to AB 2593. AB 1086 was referred to Assembly Local Government Committee but never heard.

- c) SB 20 (Rubio), Chapter 147, Statutes of 2023, allowed all local agencies to create regional housing trusts to fund housing to assist the homeless population and persons and families of extremely low-, very low-, and low-income within their jurisdictions.
- d) SB 1177 (Portantino) Chapter 173, Statutes of 2022, authorized the creation of the Burbank-Glendale-Pasadena Regional Housing Trust; SB 1444 (Allen) Chapter 672, Statutes of 2022, authorized the creation of the South Bay Regional Housing Trust; AB 687 (Seyarto) Chapter 120, Statutes of 2021, authorized the creation of the Western Riverside County Housing Finance Trust.; SB 751 (Rubio) Chapter 670, Statutes of 2019, authorized local agencies within the San Gabriel Valley Council of Governments to enter into a JPA to fund housing; and, AB 448 (Daly) Chapter 336, Statutes of 2018, authorized the creation of the Orange County Housing Finance Trust.
- e) SB 1403 (Maienschein), Chapter 188, Statutes of 2015, allowed one or more private, non-profit 501(c)(3) corporations that provide services to homeless persons to form a JPA, or enter into a joint powers agreement, with one or more public agencies to encourage and ease information sharing between public agencies and nonprofit corporations to identify the most costly and frequent users of publicly-funded emergency services, provide frequent user coordinated care housing services, and prevent homelessness.

Notably, all of the aforementioned bills authorized – but did not require – the creation of a JPA to address housing or homeless needs.

- 3) **SHRA**. SHRA is a JPA of the City and County of Sacramento, formed in 1973. It was originally formed to combine the Housing Authorities for both the city and county and became the redevelopment agency for the city and county before redevelopment agencies were dissolved. It serves as the successor agency to the redevelopment agency and is responsible for winding down the activities of redevelopment, including paying down any obligations of the redevelopment agency.

SHRA owns and manages thousands of residential units in the county, develops new housing, and administers federal housing choice vouchers. SHRA has a seat on Sacramento's CoC – Sacramento Steps Forward. The city's housing authority meets on city decisions, while the county's housing authority meets on county matters. A separate Sacramento Housing Commission with delegated approvals from both the city and county make decisions so they do not have to go back to the board of supervisors or city council. The county has become disillusioned with SHRA over the years and has been moving funding and policy decisions out of SHRA's control.

- 4) **Sacramento Steps Forward (SSF)**. SSF is Sacramento County's CoC. The CoC is a federally created entity that is responsible for administering federal funding to address homelessness, collect data that is input into the HMIS, and managing the Coordinated Entry System (CES). HMIS is a shared localized database used by organizations that provide services to people who are homeless or at risk of becoming homeless. As the local HMIS lead, SSF manages the database for Sacramento and Yolo Counties, granting access to the system, maintaining data quality, and providing regular reports to HUD.

The use of an HMIS is mandated by Congress for any CoCs who receive federal funding to address homelessness in their communities. Access to HMIS is strictly monitored, requiring background checks and security measures to protect the confidential client data stored in the system. One of the main functions of the HMIS is to connect community agencies with one another, allowing direct service staff to know more about what is happening with their clients and where else they are obtaining services. SSF also manages the CES. Coordinated entry is a CoC-established system-wide process to quickly and equitably coordinate the access, assessment, prioritization and referrals to housing and services for people experiencing or at imminent risk of homelessness.

CoCs are federally-created entities subject to federal regulations. Federal regulations require a CoC to have a two-tiered governance structure – a CoC board and a CoC membership. The board is responsible for day-to-day operations. HUD does not dictate the board membership except it must be representative of the community and have at least one person with lived experience of homelessness. SSF has over 30 members including the County of Sacramento, the Cities of Sacramento, Elk Grove, Rancho Cordova, and Citrus Heights, and multiple other local service providers. SSF does not have a board, but has been working with a technical advisor since January to address this issue. It is unclear why SSF does not have a board but the CoC membership must vote on the board members. The membership must vote every five years to elect the board.

The makeup of the membership and the board are key to the CoCs competitiveness for federal funding. Despite not having a board, SSF has increased its funding this past year, which is a sign that it is competing well. Federal funding is tied to how the CoC board and membership are structured, meaning decisions regarding board makeup will impact the competitiveness of the community for funding. This bill would move the CoC to the SHHA without a vote of the CoC and would appear to make the board of the SHHA the board of the CoC. This would violate federal regulations and make the CoC ineligible for federal funding under the McKinney-Vento Act.

- 5) **RHNA.** The RHNA process is used to determine how many new homes, and the affordability level of those homes, each local government must plan for in its housing element to cover the duration of the next eight-year planning cycle. The state is currently in the sixth housing element cycle. The regional housing needs designation is assigned at the COG level, while RHNA is suballocated to subregions of the COG or directly to local governments. RHNA is currently assigned via six income categories: very low-income (0-50% of AMI), low-income (50-80% of AMI), moderate income (80-120% of AMI), and above moderate income (120% or more of AMI). Beginning with the seventh cycle, two new income categories will be incorporated for acutely low-income (0-15% of AMI) and extremely low-income (15-30% of AMI).

This bill would consolidate the RHNA for Sacramento County into one single regional goal and have SHHA allocate it to cities in the county. The total RHNA would be reduced by 20% from the aggregate of the allocation that would otherwise apply to the participating entities individually. There has been a multi-year effort by the Legislature to reform the RHNA process to make it more equitable and affirmatively further fair housing. Also, a process by which various contiguous cities or counties within a COG can choose to form a subregional entity to sub-allocate the RHNA in those jurisdictions already exists.

- 6) **State and Federal Funding Grab?** This bill would have SHHA assume or continue responsibility for the administration and oversight of a list of programs for all participating entities in the joint powers agreement. The list includes federal and state funding programs that fund affordable housing and homelessness programs that currently go directly to the cities and the county impacted by the bill.

The Federal government provides funding to local communities through the CDBG and HOME programs. CDBG provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. Cities can choose to receive these funds directly as an entitlement or have HCD administer the funds as non-entitlement jurisdictions. Funding for unincorporated areas are administered by SHRA. All of the cities in the county impacted by this bill receive direct entitlements of CDBG.

This bill would also direct “all state homelessness program funding” to SHHA. Although the bill specifies some programs – like HHAP, which SSF, the City of Sacramento, and the County all currently can apply for, and HomeKey which is a competitive program – there are other programs the state administers through counties. These include the Bringing Families Home Program and CalWORKs Housing Support Program, which the Department of Social Services (DSS) administers as grants to counties. All of these funds could be swept into this new agency. This could create challenges in complying with the program requirements. The CalWORKs Housing Support Program provides rental assistance to CalWORKs recipients and CalWORKs is administered by the county. Bringing Families Homes provides rental assistance to families who have been able to reunite with a child in foster care, except they cannot secure affordable housing. The county administers the foster care system.

As previously discussed, this bill would also move the CoC to the new entity, including the function of managing the CES and the HMIS system – these are the core functions of the CoC as the designated Lead Agency. Federal regulations require the CoC membership to vote to designate the lead agency.

- 7) **Why is it Hard to Solve Homelessness?** Homelessness is the top issue among voters and one of the hardest policy issues to address. In most communities, the resources needed to solve homelessness – the homeless response system – are siloed among three major parties – cities, counties, and CoCs.

Cities tend to be home to more people experiencing homelessness because people have easier access to amenities and resources. Yet, cities do not control much of the funding that is needed to get people into housing, including vouchers, mental health services, and connections to health care. Cities have land use authority and can site more housing, particularly affordable housing and permanent supportive housing, but they still have to seek help from their county to get project-based vouchers and funding for wrap-around services for people living in supportive housing that need extra help to stay housed.

Counties have funding for mental health services through the Behavioral Health Services Act – recent legislation requires that 30% of those funds go to support people accessing and maintain housing through rental assistance and other supports. CoCs have funding to address homelessness and maintain the CES, which matches people experiencing homelessness with

services and hopefully a permanent housing unit. While the CoC is responsible for collecting and maintaining the data around homelessness and is the entry point for many people experiencing homelessness into services and connecting to housing, they lack any ability to direct County, SHRA, or city resources. SHRA, the City of Rancho Cordova, the City of Elk Grove, the City of Citrus Heights, the City of Sacramento, and Sacramento County currently sit on the CoC. This entire system lacks adequate resources to house the people who are currently homeless and the resources to help people who are falling into homelessness to stay housed.

Sacramento is not unique in its inability to figure out a structure that resolves all of these challenges and aligns resources. Los Angeles County and the City of Los Angeles have a JPA, but are in the process of dissolving that entity to create a new structure. Communities around the state are struggling to figure out how to coordinate resources.

The state has provided funds through HHAP program over the last seven years to help big cities, counties, and CoCs respond to homelessness, with a focus on unsheltered homelessness, but this funding is inadequate to resolve the problem. HHAP has evolved over the last few years to push applicants to develop a coordinated strategy to address homelessness. HHAP requires applicants – CoCs, big cities, and counties – to develop a Regional Plan to address homelessness. SSF developed the plan and, although all of the cities within the county participated, none of the cities not receiving funding from HHAP brought the plan before their City Councils to be ratified.

- 8) **Other Options and Efforts Underway.** A 2022-23 Sacramento County Grand Jury Report lays out past efforts to create a coordinated response to homelessness in the county. In December 2019, the County Board of Supervisors and Sacramento City Council passed resolutions to form a JPA intended to resolve homelessness, but no JPA was established. In 2011, the Board of Supervisors and Sacramento City Council passed a resolution endorsing SSF as the Lead Agency to monitor and coordinate homelessness in the county. In November 2022, Sacramento County voters passed Measure O to require the city and county of Sacramento to approve a legally binding partnership agreement to improve the homelessness crisis. The Grand Jury Report laid out the challenges of addressing homelessness through the siloed system in Sacramento and recommended the creation of a JPA governed by elected officials in the county.

In December 2023, a consulting firm commissioned by SSF and the county identified ways to better align and engage local partners and researched national governance models to develop a report that includes local and national landscape assessments and provides options for alternative organizational approaches to shared governance. The consultants provided several options, based on models that have worked in other communities, which will help to inform what the county presents to the BOS in August. These include:

“Collective Impact Model – A revision of the current structure to advance regional goals by establishing an overarching and revised Partnership Agreement to redefine roles and restructure board under a revised collective impact framework with SSF functioning as the backbone agency.

“Regional Governance – This redefines the governance structure under a JPA which designates a distinct entity the JPA responsible for acting as a single representative for

ending homelessness in the region. The JPA defines the scope of the JPA and the roles and authority. The JPA can be developed as a new, independent entity or within an existing government body.”

In October there is a planned meeting of all the county supervisors and the mayors of all of the cities in the county for a discussion of homelessness. This bill appears to disrupt this local shared governance evaluation process in favor of state-level intervention.

- 9) **State Authorized Regional Entities.** In 2019, AB 1487 (Chiu, Chapter 598), 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 Bay Area Housing Finance Agency (BAHFA) – with new tools to raise billions of dollars to fund the production, preservation, and protection of affordable housing. That bill was formulated in partnership with the Bay Area’s local elected leaders and other regional leaders and 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.

In 2022, the Legislature authorized the County of Los Angeles to establish the Los Angeles County Affordable Housing Solutions Agency (LACAHSAs) through the passage of SB 679 (Kamlager, Chapter 661). That bill, similar to AB 1487, authorized LACAHSAs to utilize specified local financing tools (taxes and bonds) to fund renter protections and the preservation and production of housing units affordable to households earning up to 80% of area median income.

In 2024, in an effort to create a roadmap for other communities to create regional housing entities without having to come to the Legislature, SB 440 (Skinner), Chapter 767 empowered communities to address their own affordable and missing middle housing shortages by allowing regions to create finance agencies that can fund the construction and preservation of affordable housing. SB 440 allowed two or more local governments to establish an Authority for purposes of raising, administering, and allocating funding and providing technical assistance at a regional level for affordable housing development. The Authority is granted specific powers, and the bill established a governance structure and imposed reporting and auditing requirements. It also spelled out the specific types of funding streams that may be collected, and that they may be used for affordable housing development and preservation, and infrastructure necessary for those developments.

While SB 440 was modeled on BAHFA and LACAHSAs, that bill granted new Authorities additional powers not bestowed on those existing entities. These Authorities, in addition to the ability to managing existing buildings, could hold and acquire existing buildings for purposes of attaching affordability requirements. For any property acquired, these Authorities, unlike BAHFA and LACAHSAs, have the power to set the land use and development parameters for such property, including setting the request for proposal criteria and selection process for a development partner. Lastly, these Authorities are focused on the preservation and construction of housing. BAHFA and LACAHSAs also authorized funds to be used for renter protections and renter supports.

The SB 440 Authority model is now available should other communities, such as Sacramento, wish to form or consolidate regional efforts to address affordable housing needs in their communities. The difference between these entities and what is proposed in this bill is these proposals were initiated through a collaborative process at the local level.

- 10) **Redevelopment.** Article XVI, Section 16 of the California Constitution authorizes the Legislature to provide for the formation of RDAs to eliminate blight in an area by means of a self-financing schedule that pays for the redevelopment project with tax increment derived from any increase in the assessed value of property within the redevelopment project area (or tax increment). Generally, property tax increment financing involves a local government forming a tax increment financing district to issue bonds and use the bond proceeds to pay project costs within the boundaries of a specified project area. To repay the bonds, the district captures increased property tax revenues that are generated when projects financed by the bonds increase assessed property values within the project area.

To calculate the increased property tax revenues captured by the district, the amount of property tax revenues received by any local government participating in the district is “frozen” at the amount it received from property within a project area prior to the project area’s formation. In future years, as the project area’s assessed valuation grows above the frozen base, the resulting additional property tax revenues — the so-called property tax “increment” revenues — flow to the tax increment financing district instead of other local governments. After the bonds have been fully repaid using the incremental property tax revenues, the district is dissolved, ending the diversion of tax increment revenues from participating local governments.

Prior to Proposition 13, very few RDAs existed; however, after its passage, RDAs became a source of funding for a variety of local infrastructure activities. At the time RDAs were dissolved, the Controller estimated that statewide, RDAs were obligated to spend \$1 billion on affordable housing. At the time of dissolution, over 400 RDAs statewide were diverting 12% of property taxes, over \$5.6 billion yearly.

In 2011, facing a severe budget shortfall, the Governor proposed eliminating RDAs in order to deliver more property taxes to other local agencies. Ultimately, the Legislature approved and the Governor signed two measures, ABX1 26 (Blumenfield), Chapter 5 and ABX1 27 (Blumenfield), Chapter 6 that together dissolved RDAs as they existed at the time and created a voluntary redevelopment program on a smaller scale. In response, the California Redevelopment Association (CRA) and the League of California Cities, along with other parties, filed suit challenging the two measures. The Supreme Court denied the petition for peremptory writ of mandate with respect to ABX1 26. However, the Court did grant CRA's petition with respect to ABX1 27. As a result, all RDAs were required to dissolve as of February 1, 2012.

- 11) **Housing Successors.** RDAs were required to dedicate 20% of the tax increment to be used to increase, improve, and preserve the community’s supply of low- and moderate-income housing available at an affordable housing cost. When RDAs were dissolved, successor agencies were established to wind down the RDAs' obligations. Successor agencies were required to effectuate the transfer of an RDA's housing functions and assets to a "housing successor." Cities and counties were given the option of acting as housing successors and taking over the housing assets of their jurisdiction's RDA. If they did not wish to take on this

role, the local housing authority was required to act as housing successor. If there was no local housing authority, HCD was required to act as housing successor.

Housing successors are required to maintain any funds generated from housing assets in the Low and Moderate Income Housing Asset Fund (LMIHAF) and use them in accordance with the housing related provisions of the Community Redevelopment Law (CRL). The LMIHAF includes real property and other physical assets, funds encumbered for enforceable obligations, any loan or grant receivable, any funds revised from rents or operation of properties, rents or other payments from housing tenants or operators, and repayment of loans or deferrals owed to the LMIHAF. Funding available to a housing successor in the post-redevelopment world is limited to program dollars repaid from loans or investments made by the former RDA. This is a much smaller amount than was generated by RDAs, which produced more than \$1 billion in tax increment for housing activities statewide each year.

- 12) **SB 341 (DeSaulnier), AB 346 (Daly) and AB 1782 (Ta).** SB 341 (DeSaulnier), Chapter 796, Statutes of 2014, revised the rules governing the activities and expenditures of housing successors. RDAs were required to expend funds to improve, increase, or preserve housing affordable to low- and moderate-income families. Housing successors have far less money than RDAs, so the law generally requires them to prioritize that limited funding toward monitoring and maintaining the housing assets that were created or financed by the former RDA.

SB 341 allowed, among other provisions, housing successors to spend up to \$250,000 in LMIHAF funds toward homelessness prevention and rapid re-housing. SB 341 also allowed housing successors to transfer funds among themselves under certain conditions for the purpose of developing affordable units in transit priority projects, permanent supportive housing, farmworker housing, or special needs housing. AB 346 (Daly), Chapter 35, Statutes of 2017, expanded the types of activities housing successors can spend LMIHAF funds on by adding regional homeless shelters. AB 1782 (Ta), Chapter 85, Statutes of 2024, made further changes including, increasing from \$250,000 to \$500,000, adjusted for inflation, the amount a successor agency may expend per fiscal year for homeless prevention and rapid rehousing services, among other provisions.

- 13) **Inclusionary Housing.** Inclusionary housing is a policy tool that encompasses both inclusionary zoning and the payment of inclusionary housing in-lieu fees, aimed at increasing the supply of deed-restricted affordable homes in new residential developments. Inclusionary zoning requires developers to allocate a certain percentage of units in new housing development as affordable to low- and moderate-income households, promoting socioeconomic diversity and equitable access to housing. In-lieu fees offer developers the flexibility to contribute financially to local affordable housing funds instead of integrating affordable units directly into their developments. These fees are then used by local jurisdictions to finance the development of affordable housing elsewhere in the community.
- 14) **The Mitigation Fee Act.** When approving development projects, cities and counties can require the applicants to mitigate the project's effects by paying fees – known as impact fees, mitigation fees, or developer fees. Impact fees stem from a straightforward principle: new developments should pay for the impacts that they have on the community and the burden they impose on public services.

Prior to establishing, increasing, or imposing a fee as a condition of approving a development project, the Mitigation Fee Act requires local officials to:

- a) Identify the fee's purpose.
- b) Identify the fee's use, including the public facilities to be financed.
- c) Determine a reasonable relationship between the fee's use and the development.
- d) Determine a reasonable relationship between the public facility's need and the development.
- e) Determine a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

The developer is typically required to pay multiple impact fees, each corresponding to different public services or infrastructure needs that the development will affect, such as roadways, schools, water and sewer infrastructure, public facilities, affordable housing, and parks.

- 15) **“Essential Nexus” and “Rough Proportionality.”** The U.S. Supreme Court and the California Supreme Court issued a series of decisions in the 1980s and 1990s that affected the scope and application of impact fees. In its 1987 *Nollan* decision, the U.S. Supreme Court said there must be an "essential nexus" between a project's impacts and the conditions for approval. In the 1994 *Dolan* decision, the U.S. Supreme Court opined that conditions placed on development must have a "rough proportionality" to a project's impacts.

In the 1996 *Ehrlich* decision, the California Supreme Court distinguished between "legislatively enacted" conditions that apply to all projects and "ad hoc" conditions imposed on a project-by-project basis. *Ehrlich* applied the "essential nexus" test from *Nollan* and the "rough proportionality" test from *Dolan* to "ad hoc" conditions. The Court did not apply the *Nollan* and *Dolan* tests to the conditions that were "legislatively enacted." In other words, local officials face greater scrutiny when they impose conditions on a project-by-project basis. In the 2024 U.S. Supreme Court decision *Sheetz vs. County of El Dorado*, the Supreme Court opined that that the U.S. Constitution does not distinguish between legislatively enacted and ad-hoc conditions.

As a result of these decisions and the Mitigation Fee Act, local agencies must conduct a nexus study to ensure that any proposed impact fees meet these legal tests. Other requirements in the Mitigation Fee Act ensure that impact fees are appropriately levied and spent, including that a local agency must:

- a) Hold at least one open and public meeting prior to levying a new fee or increasing an existing one.
- b) Deposit and spend the fees within five years of collecting them.

- c) Refund fees or make specific findings on when and how the fees will be spent for construction, if the fees are not spent within five years of collection.

If a local agency levies an impact fee to fund a capital improvement associated with a development, it must deposit the fees with any other fees for that improvement in a separate account or fund. Any person may request an independent audit of how the impact fees have been collected and spent, including an assessment of whether the fees exceed the amount reasonably necessary to cover the costs of the stated projects or services.

16) **Existing Fees in Sacramento.** Affordable housing fees and other residential development requirements can differ greatly from jurisdiction to jurisdiction. Other cities that are included in this bill have affordable housing fee programs, but two existing affordable housing fees are specifically mentioned: one collected by the City of Sacramento and another collected by Sacramento County. Sacramento County's current affordable housing requirement states that development projects, with some exceptions, must either:

- a) Pay an affordability fee on all newly constructed market rate units.
- b) Comply with the development project's approved affordable housing plan, if one exists.
- c) Enter into a development agreement or other form of agreement with the County which provides for a fee credit for land dedication, construction of affordable dwelling units, or other mechanism which leads to the production of affordable housing, in an amount at least equivalent to the affordability fee.

The current affordability fee for Sacramento County is an amount equal to \$2.50 per habitable square foot of each market rate unit. In order to manage these fees, the County created a special fund entitled the Fund for Affordability Fees. It is the duty of the County Board of Supervisors to establish the priorities for the use of the Fund, and the County's Housing Administrator is required to report biennially on the performance of the affordable housing program, including the number of units produced, the amount of funds collected and the amount of funds expended, among other details.

The City of Sacramento's housing impact fee applies to developments differently than the county. If a residential project does not exceed 100 gross acres in size the owner must pay a housing impact fee on all newly constructed market rate units. If the residential project exceeds 100 gross acres in size, the owner must pay the impact fee and obtain city council approval of a mixed income housing strategy that demonstrates how the project provides housing for a variety of income and family types consistent with housing element policy.

Certain project types are exempt from paying the housing impact fee. All fees are collected and placed in the citywide low income housing fund where the SHRA director and planning director are required to report to the city council, the planning and design commission, and the Sacramento housing and redevelopment commission on the status of activities undertaken with the housing fund.

17) **LAFCOs.** The Legislature has the authority to create, dissolve, or otherwise modify the boundaries and services of local governments. Beginning in 1963, the Legislature delegated the ongoing responsibility to control the boundaries of cities, county service areas, and most

special districts to local agency formation commissions (LAFCOs) in each county. The responsibilities and authority of LAFCOs have been modified in subsequent legislation, including a major revision of the LAFCO statutes in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 [AB 2838 (Hertzberg), Chapter 761, Statutes of 2000]. The courts often refer to LAFCOs as the Legislature’s watchdog over boundary changes. LAFCOs statutory purposes to, among other things, encourage the efficient provision of government services and the orderly formation and development of local agencies.

Local governments can only exercise their powers and provide services where LAFCO allows them to. LAFCOs’ boundary decisions must be consistent with spheres of influence (SOIs) that LAFCOs adopt to show the future boundaries and service areas of the cities and special districts. Before LAFCOs can adopt their SOIs, they must prepare Municipal Service Reviews (MSRs) which analyze population growth, public facilities, and service demands. LAFCOs may also conduct special studies of local governments. While LAFCOs study, deliberate, and approve or deny boundary changes of cities and special districts, they do not have land use authority and are generally prohibited from engaging in land use decisions, including imposing conditions that would directly regulate land use density or intensity, property development, or subdivision requirements.

Most boundary changes begin when a city or special district applies to a LAFCO, or when registered voters or landowners file petitions with a LAFCO. In limited circumstances, LAFCOs can initiate some special district boundary changes: consolidations, dissolutions, mergers, subsidiary districts, or reorganizations. Formations of special districts are generally conducted as authorized in the principal act of the special district, except that the LAFCO typically serves as the conducting authority.

18) **Bill Summary.** This bill reconstructs, expands, amends, and renames the SHRA into the SHHA, and requires the restructured agency to include Sacramento County and each “qualified local agency” under a new joint powers agreement.

Powers and Duties. This bill requires the SHHA to serve as the regional authority to do all of the following:

- a) Develop and preserve affordable housing.
- b) Coordinate and homelessness prevention and response services.
- c) Serve as the CoC.
- d) Apply for, and administer, federal, state, and local funding for housing and homelessness.
- e) Manage and implement a strategic plan to address and reduce homelessness in Sacramento County.

The SHHA must retain its legal identity as the public housing authority and redevelopment successor entity formerly known as the SHRA and continue to administer all existing housing, homelessness, and redevelopment programs in compliance with applicable law. This bill requires the SHHA to assume or continue responsibility for the administration and

oversight of numerous programs for all member agencies in the joint powers agreement. This bill requires the SHHA to coordinate its operations with the housing and homelessness departments of each member agency to ensure alignment of local priorities and effective delivery services.

This bill requires the SHHA to adopt a comprehensive strategic plan to address housing and homelessness no later than three years from the date the new joint powers agreements takes effect. The plan must align with all relevant state and federal requirements and be submitted to the Legislature in compliance with existing law.

Governance. This bill requires the Governing board to be composed of at least one elected official from each qualified agency that is party to the agreement, with full delegated powers and duties transferred from the cities and the county. The initial board must consist of 11 members appointed by the legislative bodies of the member agencies: three selected from the Sacramento City Council, three selected from the Board of Supervisors of Sacramento County, two members selected from the Elk Grove City Council, and one member each selected from the city councils of Citrus Heights, Folsom, and Rancho Cordova. This bill also provides for the addition of additional members from additional qualified local agencies that enter into the agreement, the designation of alternate board members, board member compensation and reimbursement, board member vacancy procedures and voting procedures.

The SHHA must also establish and maintain an advisory board. The advisory board must be comprised of 7 members, as specified, and must conduct quarterly meetings, provide recommendations, and assist in the development of the SHHA's strategic plan and annual updates.

Staff and Bylaws. This bill specifies that the initial executive director of the SHHA must be the current executive director of the SHRA, and requires the SHHA board to establish removal and replacement procedures for the executive director. This bill also requires the SHHA board to establish bylaws to include certain information, including a regular meeting schedule, a code of ethics, and a process to address any ethics violations.

Sacramento LAFCO and Task Force. This bill requires the Sacramento LAFCO to form and appoint members to an independent task force. The task force must consolidate all entities for the purposes of establishing the SHHA and must dissolve 60 days after the establishment of the governing board of the SHHA.

Revenues and Allocations. The SHHA must be the designated recipient for all local housing trust funds and local housing ordinance fees collected by each member agency and all housing tax increment revenues derived from former redevelopment areas and allocated to participating cities or to Sacramento County.

RHNA. This bill provides that the RHNA allocations for all member agencies must be consolidated into a single regional goal to be administered by the SHHA and that the total RHNA allocation for the joint powers agreement be reduced by 20% from the aggregate of the allocations that would otherwise apply to the member agencies individually.

Additional Provisions. This bill Requires HCD, for future rounds of HHAP, Multi-family Housing Program (MHP), and Homekey funding, to give consideration to specified populations.

This bill is sponsored by the author.

19) **Policy Considerations.** The Committee may wish to consider the following:

- a) **Who's In and Who's Out.** This bill requires Sacramento County and each qualified local agency to operate under a new joint powers agreement, and defines "qualified local agency" as any city within Sacramento County that has a population of at least 50,000. According to the 2020 Federal Census, the cities of Citrus Heights, Elk Grove, Folsom, Rancho Cordova, and Sacramento all meet this threshold; however, the cities of Galt (approximately 26,000) and Isleton (less than 1,000) do not. While Galt and Isleton may not be as large as the other cities in the county, it is not clear why they do not also have a seat on the newly-created JPA.
- b) **Will There Still be a Nexus?** As explained above, existing law places many requirements on a local agency's ability to impose and collect development fees. As a result of these requirements, local agencies must conduct a nexus study to ensure that any proposed impact fees meet the essential nexus and rough proportionality legal tests. This bill designates the SHHA as the recipient of all local housing trust funds and local housing ordinance fees collected by each participating entity within the joint powers agreement. However, it is unclear how these fees may ultimately be spent. Will the fees from the different entities be separated into distinct accounts? If a fee that was based off of the local conditions specific to Elk Grove is spent in Rancho Cordova, how is the SHHA going to ensure the use of that fee does not violate Mitigation Fee Act or either the essential nexus or rough proportionality requirements? Could one city's fee be used to supplement another city's housing development?

Moreover, the provisions related to locally-adopted fees raise a few additional questions:

- i) This bill would transfer local fees that have already been adopted by one local community's elected officials to be administered by a different set of individuals that were not elected by that same community. Should a previously-adopted fee be administered by officials that represent other member agencies?
 - ii) Each local fee ordinance is different and contains disparate requirements and restrictions. How would the SHHA ensure that those existing requirements and restrictions are honored?
 - iii) While this bill transfers certain fees collected under a local ordinance, local agencies would still have the authority to adopt new, or amend existing, ordinances. What happens if that local ordinance is changed?
- c) **Tax Increment Revenues.** RDAs, prior to dissolution, were required to allocate at least 20% of their property tax increment revenue to increase, improve, and preserve the community's supply of low- and moderate-income housing available at an affordable housing cost; however, it is not clear what is meant by "housing tax increment revenues."

Generally, former RDA tax increment primarily is used for paying off approved enforceable obligations like bonds and loans. Some agencies have completed payments on these obligations, while others will be making payments for many years to come. As the enforceable obligations decrease, the leftover property tax increment is then allocated to the agencies in which it derives, including schools and special districts. Housing successors are required to maintain any funds generated from housing assets in the LMIHAF and use them in accordance with the housing-related provisions of RDA law. These assets could include funds encumbered for enforceable obligations. Would this bill's requirement that all housing increment tax revenues derived from former redevelopment areas be transferred to the SHHA include those in the LMIHAF? If so, would this requirement conflict with long-standing RDA dissolution law?

Moreover, property taxes are distinctly a local resource for cities, counties, special districts, and school districts to utilize for providing the core services and infrastructure an individual community needs. Property taxes also differ greatly between local agencies, since they are based off of property values. As currently written, this bill would potentially transfer property taxes from within one city to hypothetically be used in another or in an incorporated area of the County. While it is unclear how much property tax revenue may ultimately be captured by this bill, should these resources be utilized outside of the communities in which they were collected?

- d) **Why LAFCO?** LAFCOs have been delegated the ongoing responsibility to control the boundaries of cities, county service areas, and most special districts. However, LAFCOs have almost no authority over JPAs. The main task for LAFCOs is to promote orderly development and to help manage the competing interests that development often brings to the forefront, such as discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services. LAFCOs do not have land use authority, approve developments, or directly address homelessness. LAFCOs are specifically prohibited from imposing any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements.

Additionally, city incorporation and the formation of special districts are strictly dictated by existing law and provide LAFCOs little ability to make decisions on such things as governance structure. Furthermore, LAFCOs do not have the authority to prescribe the formation or structure of JPAs. Given the general duties that LAFCOs typically undertake, does the Sacramento LAFCO have the expertise to be in the best position to form and choose which individuals to appoint to the task force as required in this bill?

- e) **Task Force.** This bill requires the formation of a task force to consolidate all entities for purposes of establishing the SHHA. However, a number of details regarding the task force are not apparent, such as:
- i) This bill requires the task force to consolidate the "entities" for the purposes of establishing the SHHA; however, this bill does not define "entities". It is not immediately clear which entities the task force would be consolidating.
 - ii) This bill does not specify who can be appointed to the task force, except that they cannot be staff of existing entities. As "entities" is not defined, it is not apparent who

- can or cannot participate on the task force.
- iii) One timeline in the bill is for the SHHA to adopt a comprehensive strategic plan within three years of when the restructured agreement takes effect; however, no timeline is provided for how quickly the task force must establish the SHHA.
 - f) **Who Gets Priority?** This bill states that, “The [SHHA] shall be deemed a regional entity for the purposes of statewide housing and homelessness funding programs and shall be granted priority consideration for all applicable state housing and homelessness funding sources.” Does this provision mean that the SHHA is granted priority consideration for funds only within Sacramento County or within the entire state, potentially placing certain areas at a competitive disadvantage?
 - g) **What’s Left?** This bill requires the SHHA to serve as the regional authority to develop and preserve affordable housing, coordinate and administer homelessness prevention and response services, apply for, receive, and administer federal, state, and local funding for housing and homelessness, and manage and implement the comprehensive strategic plan to address and reduce homelessness in Sacramento County.

However, this bill also requires the SHHA to coordinate its operations with the housing and homelessness departments of each member agency. While this bill contemplates the continued operation of individual housing and homelessness departments, given the different authorities this bill affords the SHHA to provide services countywide, it is not clear what function existing departments will have outside of an advisory role to the SHHA.

- h) **Appropriate Structure?** As noted in comment 3), above, JPA law authorizes a variety of entities to enter into joint powers agreements to achieve a common goal. A joint powers agreement is a legally-binding agreement that establishes the details of the agreement, including which agency or agencies are responsible for administering the JPA, the specified purposes and activities of the JPA, the process any party to the agreement must follow if it wishes to exit the agreement, and other matters. It does not require these actions – they are voluntary, pursuant to the goals of each party to the agreement. In addition, when the Legislature has exercised its authority to change JPA law, it has generally done so in order to authorize specific types of JPAs, specific activities a JPA may pursue, or specific agencies or parties that may participate in a JPA.

This bill restructures an existing JPA – the SHRA – into a new entity and significantly alters the members, governance, powers and duties of that JPA. It is unclear how this action will affect the existing joint powers agreement that formed the SHRA. Questions have arisen regarding the legality of such a “restructured” arrangement and how it might affect the current signatories to the existing agreement – the City of Sacramento and the County of Sacramento. To what degree could this bill affect the ability of the county or the city to exit the agreement if either decides to do so? For other affected agencies that do not wish to participate in the restructured JPA, how might this bill affect their legal status? Would it still compel them to participate in the JPA? Or will they have legal standing to successfully challenge their required participation under this bill? It is unclear whether the Legislature has the authority to alter an existing joint powers agreement and

the extent to which this bill could successfully be challenged in court by any of the affected agencies (or others) if is signed into law.

20) **Committee Amendments.** The author submitted amendments to the Housing and Community Development Committee to address several issues raised in that committee's analysis. Staff recommends the committee accept these amendments as committee amendments. The amendments would:

- a) Specify that the governing board shall create a plan to ensure equitable distribution of funding and resources across all participating jurisdictions:

(B) The governing board shall establish a removal and replacement process for the executive director.

(3) The governing board shall determine a plan to ensure equitable distribution of funding and resources across all participating jurisdictions.

- b) Require any funds collected in a local housing trust fund and local housing ordinance fees to be spent in the jurisdictions in which they were originally collected for the purpose they were originally imposed:

The agency shall be the designated recipient of all local housing trust funds and local housing ordinance fees collected by each participating entity within the joint powers agreement pursuant to Section 6539.9.6. These funds shall include, but are not limited to, the affordable housing ordinance fee collected by the County of Sacramento (Section 22.35.010 et seq. of the Sacramento County Code) and the mixed income housing ordinance fee collected by the City of Sacramento (Section 17.712.010 et seq. of the Sacramento City Code). **These funds shall only be spent within the jurisdiction from which they were originally collected and for purposes for which they were originally imposed.**

- c) Delete the requirement to the transfer of "housing tax increment revenues" to SHHA:

~~*(h) All housing tax increment revenues derived from former redevelopment areas and allocated to participating cities or to the County of Sacramento shall be transferred to the agency. These revenues shall be used exclusively for the development, preservation, and administration of affordable housing projects. The agency may issue bonds secured by these revenues to finance current and future housing initiatives.*~~

- d) Delete the language that changes the RHNA process:

~~*(f) Notwithstanding any other law, the regional housing needs allocations pursuant to Section 65584 for all participating entities within the joint powers agreement pursuant to Section 6539.9.6 shall be consolidated into a single regional goal to be administered by the agency. The total regional housing needs assessment allocation for the joint powers agreement shall be reduced by 20 percent from the aggregate of the allocations that would otherwise apply to the participating entities individually.*~~

21) **Previous Legislation.** SB 679 (Kamlager), Chapter 661, Statutes of 2022, established LACAHSa and authorized it 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 percent of the area median income.

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

22) **Arguments in Support.** Several members of the Sacramento City Council submitted letters in support of this bill, including Councilmembers Caitly Maple and Mai Vang. Councilmember Maple writes, “Sacramento is one of the most impacted cities in California when it comes to both homelessness and rising housing costs. The 2024 Point-in-Time Count shows that more than 6,600 people remain unhoused in our county. In my district, I meet families, seniors, and young people sleeping outside without access to basic shelter or services. This is not due to a lack of will or resources, but because our response remains fragmented and uncoordinated across jurisdictions. SB 802 would create a regional public agency focused on housing and homelessness that can coordinate across systems to meet the needs of our most vulnerable neighbors. It would allow jurisdictions to pool resources, reduce duplication, and use economies of scale to build the shelter and housing capacity our region desperately needs. A 2023 Sacramento County Grand Jury identified this lack of coordination as our most pressing challenge and made the creation of a Joint Powers Authority its top recommendation. SB 802 answers that call.”

Councilmember Mai Vang writes, “In District 8, we have long recognized that addressing homelessness requires collective responsibility and regional alignment. Since 2020, our district has been home to the Meadowview Navigation Center – a dedicated women’s shelter that has provided safety, stability, and pathways to short-term and long-term housing for unhoused women. SB 802 has the potential to not only strengthen centers like this, but also expand access to services for individuals who are often left behind in outreach efforts due to existing gaps between systems. While our city and partners remain deeply committed to addressing homelessness, we know that a more regional approach is essential. A streamlined framework would allow jurisdictions to better coordinate care, align resources, and develop long-term strategies that truly center our most vulnerable residents. Homelessness knows no boundaries, and this effort is ultimately about people. It’s about ensuring every individual has the opportunity to access stable housing and services. It’s about public health, community well-being, and doing what we can—together—to support our most vulnerable neighbors. Sacramento deserves a housing and homelessness response that works collectively, with shared goals and shared success. SB 802 is a meaningful step towards that vision.”

23) **Arguments in Opposition.** Mayors from all of the cities impacted by this bill, the Sacramento County Board of Supervisors, and City of Sacramento Mayor Kevin McCarty write in opposition of this bill. They state, “The County values partnerships, collaboration, and shared responsibility as evidenced by our success in addressing the needs of the unhoused in our region. In just the last two years, Sacramento County blended State funding and a variety of local and federal funding sources to:

- Successfully launch three Safe Stay Shelter Communities adding 356 new beds that include intensive, wrap around behavioral health services in non-congregate setting. An

additional site that will include 225 beds is currently under construction, to open early 2026.

- Expand outreach in the unincorporated County and along the Parkway from a team of 3.5 staff to 23 contracted staff along with County social workers and County behavioral health clinicians and peers who provide proactive encampment response, respond to crisis calls alongside law enforcement and offer an ‘office hour’ approach to outreach to serve the suburban parts of the County.
- Lead the development and expansion of rehousing programs, providing one-time housing funds and on-going rental subsidies to both prevent families from becoming homeless and quickly re-housing them. We are currently working with all four Managed Care Plans to support implementation of a ‘Flex Housing Pool’ to integrate Medi-Cal transitional rent benefits into these programs and creating a consolidated landlord network.

“SB 802 disrupts this good work that is on an upward trajectory to giving our very cared-for community members a strong foundation to succeed. As mentioned in our meeting with Senator Ashby on May 22, 2025, the County is also working on the best governance model for our region, which is scheduled for a public hearing in August so that all voices can be heard and considered. In the spirit of partnership and collaboration, we ask that the Senator reconsider her proposal by working with the jurisdictions who take care of the community members on the streets, face-to-face, day and night.”

REGISTERED SUPPORT / OPPOSITION:

Support

Black Women Revolt Against Domestic Violence
California Apartment Association
California YIMBY
Center on Juvenile and Criminal Justice
Community Forward SF
Councilmember Caity Maple, City of Sacramento
Councilmember Mai Vang, City of Sacramento
Downtown Women's Center
Freedom Forward
La Casa De Las Madres
Mary Elizabeth Inn
National Council of Jewish Women San Francisco
People Working Together
Race & Equity in All Planning Coalition (REP-SF)
San Francisco Domestic Violence Consortium
San Francisco SafeHouse
The Women's Building
Youth Forward
Seven individuals

Support If Amended

House Sacramento

Concerns

California State Association of Counties (CSAC)
Sacramento Area Council of Governments

Oppose

California (UN)incorporated
California Association of Realtors
Camp Resolution
City of Citrus Heights
City of Folsom
City of Elk Grove
City of Rancho Cordova
Community Lead Advocacy Program Clap
County of Sacramento
Izaya Michael Foundation
Mayor Bobbie Singh-Allen, City of Elk Grove
Mayor Dr. Jayna Karpinski-Costa, City of Citrus Heights
Mayor Kevin McCarty, City of Sacramento
Mayor Sarah Aquino, City of Folsom
Mayor Siri Pulipati, City of Rancho Cordova
Phil Serna, Sacramento County Board of Supervisors, Chair
Sacramento Area Congregations Together
Sacramento Environmental Justice Coalition
Sacramento Homeless Organizing Committee
Sacramento Homeless Union
Sacramento Housing Alliance
Sacramento Poor People's Campaign
Sacramento Region Business Association
Tai Leadership
Urban Counties of California (UCC)

Oppose Unless Amended

Fieldstead and Company, INC.
International Brotherhood of Electrical Workers Local 340

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