

Date of Hearing: June 8, 2022

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

SB 1444 (Allen) – As Amended May 17, 2022

SENATE VOTE: 37-0

SUBJECT: Joint powers authorities: South Bay Regional Housing Trust.

SUMMARY: Authorizes the County of Los Angeles and specified cities within the county to form a Regional Housing Trust. Specifically, **this bill:**

- 1) Permits the County of Los Angeles and any or all of the cities within the jurisdiction of the South Bay Cities Council of Governments (SBCCOG) to enter into a joint powers agreement (JPA) to create and operate a joint powers agency to fund housing to assist the homeless population and persons and families of extremely low, very low, and low income within the South Bay Cities region.
- 2) Entitles the joint powers agency the South Bay Regional Housing Trust (RHT).
- 3) Provides the following regarding the South Bay RHT board of directors:
 - a) Requires the SBCCOG to appoint the board of directors and determine the appropriate number of directors.
 - b) Requires the board of directors to include mayors, councilmembers, or County of Los Angeles supervisors that represent either:
 - i) A city that is a party to the JPA.
 - ii) A County of Los Angeles Board of Supervisors district that is located wholly or partially within the territory of the SBCCOG, if the county is a party to the JPA.
 - c) Requires that two members of the board of directors be experts in homeless or housing policy.
 - d) Requires the board of directors to elect a chairperson and vice chairperson from among its members at the first meeting held in each calendar year.
 - e) Requires members of the board of directors to serve without compensation.
 - f) Authorizes the South Bay RHT to reimburse directors for pre-approved actual expenses.
 - g) Requires the governing Board of the SBCCOG to appoint a qualified individual to fill a vacancy on the board of directors within 60 days of the vacancy.
- 4) Allows the South Bay RHT to do any of the following:

- a) Fund the planning and construction of housing of all types and tenures for the homeless populations and persons and families of extremely low, very low, and low income including, but not limited to, permanent supportive housing.
 - b) Receive public and private financing and funds.
 - c) Authorize and issue bonds, certificates of participation, or any other debt instrument repayable from funds and financing received and pledged by the South Bay RHT.
- 5) Requires the South Bay RHT to incorporate into its JPA annual financial reporting and auditing requirements that maximize transparency and public information related to the receipt and use of funds by the agency. States that the annual financial report shall show how the funds have furthered the purposes of the South Bay RHT.
 - 6) Specifies that the South Bay RHT must comply with the regulatory guidelines associated with each specific state funding source it receives.
 - 7) Makes findings and declarations regarding the need for this bill, including the necessity for special statute because of the unique circumstances regarding homelessness, low-income populations, and the need for affordable housing in the South Bay Cities region of the County of Los Angeles.

EXISTING LAW:

- 1) Enacts the Joint Exercise of Powers Act (JPA law), which allows two or more public agencies to use their powers in common if they sign a JPA.
- 2) Allows entities that include federal agencies, state departments, counties, cities, special districts, school districts, federally recognized Indian tribes, and other joint powers authorities to enter into JPAs.
- 3) Permits public agencies to use the JPA law and the related Marks-Roos Local Bond Pooling Act to form bond pools to finance public works, working capital, insurance needs, and other public benefit projects.

FISCAL EFFECT: None.

COMMENTS:

- 1) **Bill Summary.** This bill creates the South Bay RHT for the purposes of funding the planning and construction of housing for the homeless and low-income persons and families in the South Bay cities region. The bill establishes a governing structure for the South Bay RHT and requires that its governing agreement include requirements that maximize transparency with respect to public funds administered by the South Bay RHT.

This bill is sponsored by the SBCCOG.

- 2) **Author's Statement.** According to the author, "California is in the midst of a relentless housing crisis. As rising rents and home prices continue to outpace wage growth and housing availability across the state, struggling families employed in economic epicenters like the

South Bay region of Los Angeles County have had fewer and farther permanent housing options that have placed them beyond the span of the transit-rich infrastructure designed to serve them. If the South Bay cities are to meaningfully address the deep need for affordable housing, particularly for extremely low, very low, and low-income households, they must have the tools they need to pursue all of the collaborative and innovative solutions local leaders have to offer.

“SB1444 establishes the South Bay Regional Housing Trust through a joint powers authority between the County of Los Angeles and participating cities within the South Bay Cities Councils of Governments. Through this housing trust, South Bay cities will be able to pool funding and resources to support the planning and construction of housing, receive public and private financing and funds, and authorize and issue bonds.

“By convening the leaders and stakeholders of the South Bay cities, this joint powers authority will help ensure our region has a broader spectrum of funding and planning options to combat the local impacts of the housing crisis head on.”

- 3) **Joint Powers Agencies.** The Joint Exercise of Powers Act allows two or more public agencies to use their powers in common if they sign a joint powers agreement. Sometimes an agreement creates a new, separate public entity called a joint powers agency or joint powers authority. Entities that can exercise joint powers include federal agencies, state departments, counties, cities, special districts, school districts, federally recognized Indian tribes, and even other joint powers authorities.

Public agencies can also use the JPA law and the related Marks-Roos Local Bond Pooling Act to form bond pools to finance public works, working capital, insurance needs, and other public benefit projects. JPAs can issue one large Marks-Roos Act bond and then loan the capital to local agencies, thus creating a “bond pool.” Bond pooling saves money on interest rates and finance charges. It also lets smaller local agencies enter the bond market. Because JPAs are entities separate from its members, and so are not bound by the same limitations on debt issuance, voters need not approve bonds JPAs issue.

- 4) **Housing Trusts.** The Legislature recently created three new JPAs for the purpose of funding the development of housing for homeless and low income individuals and families.

AB 448 (Daly) Chapter 336, Statutes of 2018, authorized the creation of the Orange County Housing Finance Trust (OCHFT) as a JPA among the County of Orange and cities located in the county. To date, 23 of the 34 cities in the county are members of the JPA. According to the OCHFT, its members share the goal of creating 2,700 permanent supportive housing and affordable housing units by June 30, 2025. As of January 2022, OCHFT completed or began construction of 1,676 units, with another 961 awaiting sufficient funding. OCHFT funded these units by leveraging matching grant funds from the state’s Local Housing Trust Fund (LHTF) program to issue deferred payment loans to developers.

SB 751 (Rubio) Chapter 670, Statutes of 2019, authorized the creation of the San Gabriel Valley Regional Housing Trust (SGVRHT) as a JPA among some of the cities throughout the San Gabriel Valley. According to the SGVRHT, the Trust received \$1 million in matching grant funds from the LHTF Program for the construction of 71 affordable housing units across two projects in the cities of Claremont and Pomona scheduled for completion in 2022. Additionally, SGVRHT funded a non-congregate emergency shelter pilot program.

AB 687 (Seyarto) Chapter 120, Statutes of 2021, authorized the creation of the Western Riverside County Housing Finance Trust (WRCHF). So far, the potential WRCHF member agencies have not signed on to an agreement to create the agency.

- 5) **Arguments in Support.** The SBCCOG writes in support, “The SBCCOG is exploring methods to increase affordable housing development in the South Bay, one of which is the concept of a regional housing trust.

“SB 1444 would authorize the establishment of the South Bay Regional Housing Trust within the jurisdiction of the SBCCOG and could fund the development of affordable housing to assist homeless populations and people and families of extremely low, very low, and low income within the South Bay. As the SBCCOG continues to work with its member cities on the development of the South Bay Regional Housing Trust, SB 1444 is critical step in the process.”

- 6) **Arguments in Opposition.** None on file.
- 7) **Related Legislation.** SB 1177 (Portantino) would allow for the creation of the Burbank-Glendale-Pasadena Regional Housing Trust. SB 1177 is currently pending in this Committee.
- 8) **Previous Legislation.** 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 cities within the San Gabriel Valley Council of Governments to enter into a JPA to fund housing.

AB 448 (Daly) Chapter 336, Statutes of 2018, authorized the creation of the Orange County Housing Finance Trust as a JPA in the County of Orange.

REGISTERED SUPPORT / OPPOSITION:

Support

South Bay Cities Council of Governments [SPONSOR]

Opposition

None on file

Analysis Prepared by: Rainer Apostol / L. GOV. / (916) 319-3958