

Date of Hearing: June 21, 2023

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT
Cecilia Aguiar-Curry, Chair
SB 20 (Rubio) – As Amended May 16, 2023

SENATE VOTE: 36-0

SUBJECT: Joint powers agreements: regional housing trusts.

SUMMARY: Allows local agencies to create regional housing trusts. Specifically, **this bill:**

- 1) Authorizes the creation of a regional housing trust (trust) between two or more local agencies by entering into a joint powers agreement (JPA).
- 2) Authorizes a federally recognized tribal government to enter into a JPA forming a trust, as specified.
- 3) Requires that a trust created pursuant to this bill must operate to fund housing to assist the homeless population and persons and families of extremely low-, very low-, and low-income within their jurisdictions, as defined.
- 4) Requires the trust to be governed by a board of directors (board) composed as follows:
 - a) A minimum of five directors.
 - b) At least three members shall be elected members from a local agency party to the JPA, as specified.
 - c) At least two members shall be experts in homeless or housing policy that are not elected officials of a local agency, to be selected by majority vote of the other members of the board.
- 5) Allows for the trust to include additional members of the board subject to the following:
 - a) Additional members of the board must be one of the following:
 - i) A locally elected official that is party to the JPA.
 - ii) A non-elected expert in homeless or housing policy, as specified above.
 - iii) A member of a federally recognized tribal government.
 - b) At least a majority of the board must remain elected officials from the local agencies that are a party to the JPA.
- 6) Requires that members of the board must:
 - a) Elect a chairperson and a vice chairperson from among its members at the first meeting held in each calendar year.

- b) Serve without compensation.
 - c) Receive reimbursements only for approved expenses.
 - d) Serve two-year terms.
 - e) Appoint a replacement to fill any vacancy for the remainder of the term.
- 7) Allows the trust to:
- a) Fund the planning and construction of housing of all types and tenures for the homeless population and persons and families of extremely low-, very-low, and low-income.
 - b) Fund the acquisition of:
 - i) Housing of five or more units for the homeless population and persons and families of extremely low, very low, and low income.
 - ii) Housing of any number of units for the purpose of assisting a nonprofit corporation, as specified.
 - c) Receive public and private financing and funds.
 - d) Authorize and issue bonds, certificates of participation, or any other debt instrument repayable from funds and financing received and pledged by the trust.
- 8) Requires the trust to establish annual financial reporting and auditing requirements to maximize transparency and show how the funds have furthered the purposes of the trust.
- 9) Requires the trust to comply with regulatory guidelines of each state funding source received.
- 10) Clarifies that this bill does not prohibit a local agency from requesting a special statute that provides exemptions from the bill's requirements if unique local circumstances exist.
- 11) Defines local agency to mean a city, county, or council of governments.
- 12) Makes Legislative findings relative to the state's housing crisis and the virtues of the formation of trusts to address the housing crisis.

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 (Government Code (GC) (6500-6539.9)).
- 2) Requires each city and county to prepare, adopt, and administer a general plan for their jurisdiction, which must include a housing element, to shape the future growth of its community (GC § 65300 – 65404).

FISCAL EFFECT: None.

COMMENTS:

- 1) **Bill Summary.** This bill allows local agencies to create trusts by forming JPAs for the purposes of funding the planning and construction of housing for the homeless and low-income persons. The bill establishes a governing structure, and auditing and transparency requirements for the JPAs created pursuant to this bill. This bill allows federally recognized tribal governments to join JPAs formed under the authority granted by this bill.

This bill is sponsored by the author.

- 2) **Author's Statement.** According to the author, "We have an affordable housing crisis across California. The high cost of housing and the low production of units affect all areas of the state, even in formerly affordable communities. According to the PPIC, we have experienced decades of undersupply throughout the state and new housing construction fails to keep up with current demand. Furthermore, the lack of housing stock has been identified as a factor exacerbating the homelessness crisis in many localities. SB 20 will provide local governments with an important tool to speed up the construction of new housing. Modeled after the successful San Gabriel Valley Regional Housing Trust that has supported the construction of hundreds of new units in a relative[ly] short period of time, SB 20 will establish a statewide standard to allow interested localities to collaborate and create their own regional housing trusts, eliminating the need for legislation to approve each regional housing trust. Additionally, a statewide standard will provide consistency across California as more regional housing trusts are created and provide needed clarity between neighboring regional housing trust efforts."
- 3) **Joint Powers Agencies.** JPA Law allows two or more public agencies to use their powers in common if they sign a JPA. 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 tribal governments, and even other joint powers authorities.

Public agencies can also use 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 authorized the creation of five new JPAs for funding the development of housing for homeless and low-income individuals and families. The statutorily authorized agencies include the following:
 - a) The Orange County Housing Finance Trust (2018).
 - b) The San Gabriel Valley Regional Housing Trust (2019)
 - c) The Western Riverside County Housing Finance Trust (2021).
 - d) The Burbank-Glendale-Pasadena Regional Housing Trust (2022).

e) The South Bay Regional Housing Trust (2022).

The authorizing statutes creating each of these trusts include standards and operating conditions substantially similar to the standards and conditions that would apply to trusts formed under the authority proposed in this bill.

- 5) **Arguments in Support.** The San Gabriel Valley Council of Governments writes in support, “SB 20 will provide local communities with clarity and guidance by establishing a state framework for regional housing trusts. While the San Gabriel Valley Regional Housing Trust was established independently through special legislation, the establishment of statewide standards for regional housing trusts will allow other communities to form regional housing trusts as quickly as possible and replicate the success that our Trust has achieved. We strongly believe that all communities should have the opportunity and support they need to implement regional housing trusts like ours, which has been so impactful for our residents.”
- 6) **Arguments in Opposition.** None on file.
- 7) **Double-Referral.** This bill is double-referred to the Housing and Community Development Committee.
- 8) **Previous Legislation.** 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.

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

California Contract Cities Association
Civicwell (formally the Local Government Commission)
East Bay Yimby
Grow the Richmond
How to Adu
Humboldt County Board of Supervisors
Mountain View Yimby
Napa-solano for Everyone
New Livable California Db a Livable California
Northern Neighbors
Peninsula for Everyone

People for Housing Orange County
Progress Noe Valley
San Francisco Yimby
San Gabriel Valley Council of Governments (SGVCOG)
San Gabriel Valley Regional Housing Trust
San Luis Obispo Yimby
Santa Cruz Yimby
Santa Rosa Yimby
South Bay Yimby
Southside Forward
Ventura County Yimby
Yimby Action

Opposition

None on file

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