
SENATE COMMITTEE ON HOUSING
Senator Scott Wiener, Chair
2021 - 2022 Regular

Bill No:	SB 1177	Hearing Date:	4/27/2022
Author:	Portantino		
Version:	4/4/2022		
Urgency:	No	Fiscal:	No
Consultant:	Mehgie Tabar		

SUBJECT: Joint powers authorities: Cities of Burbank, Glendale, and Pasadena

DIGEST: This bill authorizes the cities of Burbank, Glendale, and Pasadena to enter into a joint powers agreement to create the Burbank-Glendale-Pasadena Regional Housing Trust and fund the development of affordable housing.

ANALYSIS:

Existing law:

- 1) Authorizes, under the Joint Exercise of Powers Act, two or more public agencies to use their powers in common if they sign a joint powers agreement. Such an agreement may create a new, separate government called a joint powers agency or joint powers authority (JPA). Agencies that may exercise joint powers include federal agencies, state departments, counties, cities, special districts, school districts, federally recognized Indian tribes, and even other JPAs.
- 2) Authorizes 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. Bond pooling saves money on interest rates and finance charges, and allows smaller local agencies to enter the bond market. Because a JPA is an entity separate from its members, bonds issued by JPAs do not have to be approved by voters.
- 3) Establishes the Local Housing Trust Fund (LHTF) Program under the state Department of Housing and Community Development (HCD). The LHTF program provides matching grants (dollar for dollar) to local housing trust funds that are funded on an ongoing basis from private or public sources. Cities and counties with adopted, compliant housing elements, as well as charitable non-profit organizations, are eligible to apply for LHTF program funding. Eligible activities include loans for construction of rental housing projects with units

restricted for at least 55 years to households earning less than 60% AMI and down payment assistance to qualified first-time homebuyers.

This bill:

- 1) Authorizes the cities of Burbank, Glendale, and Pasadena to enter into a JPA to create and operate the Burbank-Glendale-Pasadena Regional Housing Trust (Housing Trust) with the objective of funding housing for the homeless and persons and families of extremely low, very low, low, and moderate income.
- 2) Requires the Housing Trust to be governed by a board of directors made up of elected officials representing the cities that are party to the JPA.
- 3) Authorizes the Housing Trust to:
 - a) Receive public and private financing and funds.
 - b) 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, low, and moderate income.
 - c) Authorize and issue bonds, certificates of participation or any other debt instrument repayable from funds and financing received by and pledged by the Housing Trust.
- 4) Requires the Housing Trust to include annual financial reporting and auditing requirements into its joint powers agreement.
- 5) Requires the Housing Trust to comply with the regulatory guidelines of each state funding source received.

COMMENTS:

- 1) *Purpose of the bill.* According to the author, “Senator Portantino's legislative action follows two previous legislative actions establishing similar joint powers authorities for the purpose of developing affordable housing on a regional basis. This legislation will create of a regional housing trust fund that would be administered by a JPA comprised of the cities of Burbank, Glendale, and Pasadena. The JPA would be allowed to request and receive private and state funding allocations, as well as authorize and issue bonds, to help finance affordable housing projects for persons and families of extremely low, very low, low, and moderate-income households to help address the local affordable housing crisis.”

- 2) *High housing costs and homelessness in the Arroyo Verdugo region.* California has an affordable housing crisis, which is especially acute in the Arroyo Verdugo region of Burbank, Glendale, and Pasadena due to the high cost of housing in those areas. The Cities of Burbank (103,969), Glendale (203,834), and Pasadena (145,306) collectively make up approximately 4.5% of Los Angeles County’s 10 million plus residents.

	Median Rent (2020: ACS 5-Year Estimate)
Burbank	\$1,763
Glendale	\$1,711
Pasadena	\$1,787
Los Angeles County	\$1,534
California	\$1,586

From October 1, 2020, to September 20, 2021, the average Fair Market Rent for a two-bedroom apartment in the Los Angeles County was \$2,058¹. To afford this rent and utilities without being cost-burdened (paying more than 30% of income on housing costs), a household must earn \$39.58 per hour or \$82,320 per year.² In comparison, rent that is affordable to a minimum wage worker (i.e., making \$15.00 per hour) is \$780 per month in Los Angeles County.³

A lack of affordable housing is the biggest contributor to homelessness.⁴ On a single night in January 2020, 161,548 Californians experienced homelessness, highlighting the direness of the state’s housing affordability and homelessness crises.⁵

- 3) *Can’t they form a JPA on their own?* SB 1177 creates the fourth housing finance trust JPA through the Legislature. Similar to the other three JPAs, the authority within SB 1177 that its members lack is the ability to issue bonds repayable from public and private financing and funds received by the trust, which adds to the current authorities its members have to issue debt, such as general obligation bonds, or the specific Marks-Roos bond issuance authority only possessed by JPAs. Up to this point, existing housing trust JPAs have mostly relied upon state

¹ National Low Income Housing Coalition, “Out of Reach: The High Cost of Housing” (National Low Income Housing Coalition, 2021), https://nlihc.org/sites/default/files/oor/2021/Out-of-Reach_2021.pdf

² Ibid.

³ Ibid.

⁴ Thomas H. Byrne, Benjamin F. Henwood, and Anthony W. Orlando, “A Rising Tide Drowns Unstable Boats: How Inequality Creates Homelessness,” (The ANNALS of the American Academy of Political and Social Science 693, no. 1, 2021): 28-45, <https://doi.org/10.1177/0002716220981864/>

⁵ U.S. Department of Housing and Urban Development, “The 2020 Annual Homeless Assessment Report (AHAR) to Congress Part 1: Point-in-Time Estimates of Homelessness” (U.S. Department of Housing and Urban Development, January 2021), <https://www.huduser.gov/portal/sites/default/files/pdf/2020-AHAR-Part-1.pdf>

LHTF matching grants to finance projects, which are available to any local housing trust, not just these JPAs. They have yet not exercised the authority to issue bonds from public and private financing, meaning the member agencies could have created the JPA locally without legislation.

Regardless, the cities that plan to create the trust believe they would collectively be more competitive when they apply for other housing funds with a legislatively-approved JPA.

One difference from prior housing finance trust JPAs is the addition of moderate-income households as eligible household types for affordable housing financing. While all housing types and price ranges are needed in California, Burbank, Glendale, and Pasadena are not meeting their lower-income RHNA as well as their higher income targets:

Percent of 5th Cycle RHNA Attained

	Very Low Income	Low Income	Moderate Income	Above Moderate Income
Burbank	0%	28%	7%	49%
Glendale	20%	52%	3%	430%
Pasadena	51%	35%	63%	466%

In addition to the need to meet lower income RHNA, most state housing finance programs do not allow for moderate-income units to be eligible for public funding; therefore, moderate-income units within a housing development will likely be ineligible for state or federal funding programs.

- 4) *Local housing trust funds.* Housing trust funds are distinct funds established by city, county, or state governments that receive ongoing dedicated sources of public funding to support the preservation and production of affordable housing, as well as increasing opportunities for families and individuals to access decent affordable homes. Housing trust funds shift affordable housing funds from budget allocations to the commitment of dedicated public revenue. While housing trust funds can also accept private donations, they are not public/private partnerships, nor are they endowed funds operating from interest and other earnings. According to the Center for Community Change, there are more than 700 state and local housing trust funds in 47 states and the District of Columbia, including 40 in California (29 city and 11 county trust funds). Housing trust funds dedicate over \$1 billion each year to help address critical housing needs throughout the country.

- 5) *LHTF program.* In November 2006, California voters approved Proposition 1C, the Housing and Emergency Shelter Trust Fund of 2006. Proposition 1C authorized \$2.85 billion in general obligation bonds for various housing programs, including \$100 million for the Affordable Housing Innovation Fund. Subsequently, SB 586 (Dutton, 2007) allocated this \$100 million to four separate programs, including \$35 million for the LHTF program.

Under existing law, the LHTF program matches contributions to local housing trust funds. If an awardee fails to continue funding and operating the local housing trust fund for at least five years, then it must repay HCD's award to the extent that the funds have not yet been legally encumbered to specific projects. Under SB 586, half of the \$35 million allocated to the LHTF program from Proposition 1C is reserved for newly established housing trust funds. Within this set-aside is an additional 36-month set-aside for trust funds in counties with a population of less than 425,000 persons.

The 2014 Notice of Funding Availability (NOFA) for the LHTF program resulted in \$8.8 million in awards to seven local housing trust funds, cities and counties. That NOFA was significantly oversubscribed, with requests totaling \$19.3 million. The LHTF program went years without funding until Proposition 1, approved by the voters in November 2018 with 56% approval, allocated \$300 million to the LHTF program. The latest NOFA of \$57 million was released on April 5, 2022.

- 6) *Local structure and development pipeline.* The Cities of Burbank, Glendale, and Pasadena each operate their own respective housing authority, which enables each city to provide a full spectrum of affordable housing opportunities ranging from rental subsidies for projects targeting very and extremely low-income households to large affordable housing project development. The Cities of Glendale and Pasadena are two of only three cities in the state to have their own homeless continuum of care and both cities have greatly outperformed their surrounding larger continuums of care in reducing homelessness.

Collectively, the Cities of Burbank, Glendale, and Pasadena have nearly 3,000 affordable housing units in the combined development pipeline, including permanent supportive housing, senior housing, missing middle housing, and affordable home ownership units, with insufficient funding to bring all their pipeline affordable housing projects to completion. Moreover, the insufficient funding hinders the ability of these cities to grow the pipeline to meet the affordable housing need.

7) *Double referral.* This bill passed out of the Governance and Finance Committee on March 31, 2022 with a 5-0 vote.

RELATED LEGISLATION:

SB 1212 (Rubio, Chapter 206, Statutes of 2020) — made changes to the San Gabriel Valley Housing Trust’s board of director membership and term requirements.

SB 751 (Rubio, Chapter 670, Statutes of 2019) — authorized cities within the San Gabriel Valley Council of Governments to enter into a joint powers agreement (JPA) to fund housing.

AB 448 (Daly, Chapter 336, Statutes of 2018) — authorized the creation of the Orange County Housing Finance Trust to fund for housing specifically assisting the homeless population and persons and families of extremely low, very low and low income within Orange County.

SB 3 (Beall, Chapter 365, Statutes of 2017) — authorized the issuance of \$4 billion in general obligation bonds for affordable housing programs and a veterans’ homeownership program, including \$300 million for the LHTF program.

AB 532 (Gordon, Chapter 769, Statutes of 2013) — deleted the requirement for funds in the LHTF program to revert to the Self-Help Housing Fund; made a number of changes to the LHTF program; specified that LHTF funds will be continuously available for encumbrance and disbursement to housing trust funds; and required HCD to issue a NOFA for new housing trust funds by June 30, 2014.

SB 586 (Dutton, Chapter 652, Statutes of 2007) — programmed the \$100 million available from the Proposition 1C Affordable Housing Innovation Fund as follows: \$50 million for the Affordable Housing Revolving Development and Acquisition Program, \$35 million for the LHTF program, \$5 million for the Construction Liability Insurance Reform Pilot Program, and \$10 million to the Innovative Homeownership Program.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

POSITIONS: (Communicated to the committee before noon on Thursday, April 21, 2022.)

SUPPORT:

City of Burbank (Co-Sponsor)
City of Glendale (Co-Sponsor)
City of Pasadena (Co-Sponsor)
Abode Communities
Ascencia
Boys and Girls Club of Burbank
Burbank Chamber of Commerce
Burbank Community YMCA
Burbank Housing Corporation
CA NAACP State Conference Office
Clergy Community Coalition
County of Los Angeles
Family Service Agency of Burbank
Friends in Deed
Home Again Los Angeles
Human Good
Linc Housing
Making Housing and Community Happen
NAACP Pasadena
Pasadena City College
Pasadena Community Foundation
Pasadena Partnership to End Homelessness
Providence St. Joseph Health
San Fernando Valley Council of Governments
San Gabriel Valley Council of Governments
Union Station Homeless Services

OPPOSITION:

None received.

-- END --