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AB-1607 Los Angeles County Affordable Housing Solutions Agency. (2023-2024)

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Assembly Bill No. 1607

CHAPTER 730

An act to amend Sections 64710, 64717, and 64830 of the Government Code, relating to local government.

[Approved by Governor October 10, 2023. Filed with Secretary of State October 10, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1607, Wendy Carrillo. Los Angeles County Affordable Housing Solutions Agency.

Existing law, the Los Angeles County Regional Housing Finance Act (act), establishes the Los Angeles County Affordable Housing Solutions Agency (agency) to increase the supply of affordable housing in the County of Los Angeles. The act authorizes the agency to place funding measures on the ballot in the County of Los Angeles to raise and allocate funds to the County of Los Angeles, the cities in the county, and other public agencies and affordable housing projects within its jurisdiction for purposes of preserving and enhancing existing housing, funding renter protection programs, and financing new construction of affordable housing developments, as specified. The act limits the agency's jurisdiction to acting in a supplemental capacity when a municipality has, as of January 1, 2022, an existing program that provides similar supports and services, and prohibits any functions of existing programs from being transferred to or undertaken by the agency. The act also prohibits the agency from performing or undertaking any functions related to supports and services provided to people experiencing homelessness, except as specified.

The act requires the governing board of the agency to adopt an annual expenditure plan for the use of housing revenue that sets forth the share of revenue and estimated funding amount to be spent on certain categories within the annual programmatic budget, as specified.

This bill would authorize the agency to transfer a portion of the revenue raised by a tax measure adopted pursuant to the act to the County of Los Angeles for programs that provide supports and services to prevent and combat homelessness. The bill would exclude those transferred revenues from the annual expenditure plan and the annual programmatic budget and make other conforming changes.

This bill would make legislative findings and declarations as to the necessity of a special statute for the County of Los Angeles.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 64710 of the Government Code is amended to read:

64710. (a) (1) The Los Angeles County Affordable Housing Solutions Agency is hereby established with jurisdiction extending throughout Los Angeles County, except that the agency shall only have jurisdiction to act in a supplemental capacity when a

municipality has, as of January 1, 2022, an existing program that provides similar supports and services, and in no circumstances shall any functions of existing programs be transferred to or undertaken by the agency, nor shall the agency perform or undertake any functions related to supports and services provided to people experiencing homelessness, unless such supports and services are explicitly authorized by this chapter or are directly related to the provision of other supports and services authorized explicitly by this chapter.

(2) Notwithstanding paragraph (1), the agency may transfer a portion of the revenue raised by a tax measure adopted pursuant to this title to the County of Los Angeles for programs that provide supports and services to prevent and combat homelessness.

(b) The formation and jurisdictional boundaries of the agency are not subject to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5).

(c) The agency's purpose is to increase the supply of affordable housing in Los Angeles County by providing for significantly enhanced funding and technical assistance at a regional level for renter protections, affordable housing preservation, and new affordable housing production of 100 percent affordable housing for households earning 80 percent of the appropriate area median income or below, with financing priority on the lowest levels of affordability.

(d) The agency shall complement and supplement existing efforts by cities, counties, districts, and other local, regional, and state entities, related to addressing the goals described in this title.

SEC. 2. Section 64717 of the Government Code is amended to read:

64717. (a) Five years after the voters approve an initial ballot measure proposed pursuant to Section 64721, the board shall review the implementation of the measure. The review shall include the following:

(1) An analysis of the expenditures to date.

(2) The number of affordable housing units produced and preserved at different household income levels.

(3) The tenant protection services provided, and the role of the agency.

(b) No earlier than five years after approval of a funding measure under Chapter 2 (commencing with Section 64810) and subject to consultation with the agreement of the citizens' oversight committee by a two-thirds vote, the board may change any of the minimum requirements in subdivision (d) of Section 64830 if the board adopts a finding that both allocated funding has been unspent in a given category across multiple years and the region's needs in a given category differ from those requirements. The board is required to approve the finding by a two-thirds vote. Approval of the finding shall be subject to the public participation requirements provided in subdivision (f) of Section 64711.

(c) (1) The board shall, after the citizens' oversight committee approves the annual expenditure plan, adopt the annual expenditure plan for the use of housing revenue by July 1 of each year, except the board shall select the deadline to adopt the first annual expenditure plan. To support long-term planning, the annual expenditure plan may cover multiple years, as determined by the board. In the event any of the planned annual expenditures do not correspond to actual expenditures that meet the minimum annual expenditure requirements set forth in this chapter, the board shall ensure subsequent expenditure plans account for previous underspending so that the average spending over at least a three-year budget period achieves the minimum annual expenditure set forth in this chapter.

(2) The annual expenditure plan shall set forth the share of revenue and estimated funding amount to be spent on each of the categories established in subdivision (d) of Section 64830, indicate the household income levels to be served within each category of expenditures, and estimate the number of affordable housing units to be built or preserved and the number of tenants to be protected. To the extent feasible, the annual expenditure plan shall include a description of any specific project or program proposed to receive funding, including the location, amount of funding, and anticipated outcomes. If a tax measure is adopted pursuant to subdivision (a) of Section 64720 and the agency transfers a portion of the revenue raised by such measure to the County of Los Angeles for programs that provide supports and services to prevent and combat homelessness, the portion of revenue transferred shall be excluded from the annual expenditure plan.

SEC. 3. Section 64830 of the Government Code is amended to read:

64830. (a) (1) Revenue generated pursuant to this part shall be used for the construction of new affordable housing, affordable housing preservation, tenant protection programs, planning and technical assistance related to affordable housing, and for other purposes, as provided for in this section.

(2) Notwithstanding paragraph (1), the agency may transfer a portion of the revenue raised by a tax measure adopted pursuant to this title to the County of Los Angeles for programs that provide supports and services to prevent and combat homelessness.

(b) (1) For purposes of this section, "regional housing revenues" are those revenues generated pursuant to Chapter 2 (commencing with Section 64810) except as provided in paragraph (2).

(2) If a tax measure is adopted pursuant to this title and the agency transfers a portion of the revenue raised by the measure to the County of Los Angeles for programs that provide supports and services to prevent and combat homelessness, the portion of revenue transferred shall not be included in "regional housing revenues" or the annual programmatic budget and shall not be subject to this chapter.

(c) The allocation of regional housing revenues to projects and programs shall be approved by the board.

(d) Subject to funding eligibility and adjustment pursuant to subdivision (b) of Section 64717, the agency shall distribute regional housing revenue in the form of a grant, loan, or other financing tool pursuant to subdivision (q) of Section 64720 in a manner that achieves the following shares in the annual expenditure plan:

(1) A minimum of 40 percent of the annual programmatic budget, excluding any bond indebtedness, shall be spent on affordable housing creation, preservation, and ownership as follows:

(A) The following conditions shall apply with regard to affordable housing creation:

(i) Funding pursuant to this subparagraph may be used for the following purposes, including, but not limited to, land acquisition, housing acquisition, financing, and ownership programs, including the agency serving as a single source of financing as appropriate, income assistance for extremely low income households, and project-based rental assistance contracts with no time limit that are restricted to the support of extremely low income households.

(ii) Financing for any development costs associated with a project or funding grant that is for housing that is 100 percent affordable, which means restricted to any household that earns less than 80 percent of the area median income (AMI), including permanent supportive housing that includes onsite supportive services. An eligible project may also include a subset of at least 50 units, or 50 percent of the total units, whichever is greater, in a larger development that includes units targeted up to 120 percent of AMI, in which case the agency may only fund units that are designated for extremely low and very low income households, and agency funds shall not be used in connection with any unit that is income restricted due to development incentives, density bonuses, or similar programs.

(I) For each of the eligible jurisdictions, as defined in paragraph (1) of subdivision (a) of Section 64830.5, 25 percent of all funded units shall be reserved for extremely low income households, as defined in Section 50106 of the Health and Safety Code, and 25 percent shall be reserved for very low income households, as defined in Section 50105 of the Health and Safety Code, over any two-year period, with regular monitoring by the citizens' oversight committee and board of units funded and constructed during that two-year period.

(II) For each project, 10 percent of the units in the project shall be reserved for extremely low income households and 10 percent of the units shall be reserved for very low income households.

(B) Funding pursuant to this paragraph for affordable housing preservation programs may be used to acquire, rehabilitate, place affordability restrictions on, and preserve existing housing units, housing from the private market, and units in residential hotels as defined in paragraph (1) of subdivision (b) of Section 50519 of the Health and Safety Code for affordability, in order to prevent the loss of affordability and expand permanent affordability. Funding provided pursuant to this subparagraph shall be subject to both of the following conditions:

(i) Existing residents of buildings acquired for the purpose of affordable housing preservation shall not be permanently displaced, even if the resident's household income exceeds the moderate-income limits in Section 50093 of the Health and Safety Code.

(ii) Buildings acquired for the purpose of affordable housing preservation shall achieve 100 percent occupancy by extremely low or very low income households over time through unit turnover.

Grants, loans or other financing provided to Community land trusts and other similarly structured nonprofit entities to acquire, rehabilitate, and preserve existing housing units are an eligible use pursuant to this subparagraph.

Programs to enable low- or moderate-income households to become or remain homeowners, including, but not limited to, below market rate ownership programs, down payment assistance programs, residential rehabilitation loan programs, and grants or loans to assist in the rehabilitation or replacement of existing mobilehomes located in a mobilehome or manufactured home are eligible uses pursuant to this subparagraph.

(C) Funding provided pursuant to this paragraph shall be subject to the following conditions in the event that demolition or rehabilitation of housing units is required:

(i) (I) Any funded development or affordable housing grant on any property that includes a parcel or parcels that currently have residential uses, or within the five years preceding the grant have had residential uses that have been vacated or demolished, that are or were subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of low- or very low income, subject to any other form of rent or price control through a public entity's valid exercise of its police power, or occupied by low- or very low income households, shall be subject to a policy requiring the replacement of all those units to be made available at affordable rent or affordable housing cost to, and occupied by, persons and families in the same or lower income category as those households in occupancy.

(II) Replacement requirements shall be consistent with those set forth in paragraph (3) of subdivision (c) of Section 65915, provided that any dwelling unit that is or was, within the five-year period preceding the grant, subject to a form of rent or price control through a local government's valid exercise of its police power and that is or was occupied by persons or families above lower income shall be replaced with units made available at affordable rent or affordable housing cost to, and occupied by, low-income persons or families.

(ii) If existing residents are required to be relocated due to demolition or rehabilitation needs, the developer is required to provide relocation benefits to the occupants of those housing rental units subject to Chapter 16 (commencing with Section 7260) of Division 7 of Title 1. The developer shall comply with either the local government requirements for relocation assistance to displaced households or the policy set by the agency for relocation assistance to displaced households, whichever provides a greater benefit to the relocated or displaced households.

(iii) If existing occupants who are lower income households are required to vacate their units due to demolition or rehabilitation needs, the developer shall provide a right of first refusal for a comparable unit available in the new or rehabilitated housing development that is affordable to the household at an affordable rent, as defined in Section 50053 of the Health and Safety Code, or an affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code.

(2) (A) At least 30 percent of the total annual programmatic budget, excluding any bond indebtedness, shall be spent on countywide renter protection and support programs.

(B) These programs include any effort that helps renters of lower income households, as defined in Section 50079.5 of the Health and Safety Code.

(C) Eligible uses of the funds include, but are not limited to, all of the following:

(i) Preeviction and eviction legal services, counseling, advice and consultation, training, renter education and representation, and services to improve habitability that protect against displacement of tenants.

(ii) Providing rental assistance for lower income households. Rental assistance shall be provided to a specific household for a reasonable amount of time not to exceed six months, and shall be paired with supportive services, such as eviction prevention and defense, to the greatest extent possible.

(iii) Providing relocation assistance for lower income households beyond what is legally required of landlords according to local or state law.

(3) Fifteen percent of the total annual programmatic budget shall be allocated as "annual priorities," and these funds may be used for any eligible activity outlined in this chapter as part of the annual expenditure plan.

(4) At least 5 percent of the total annual programmatic budget, excluding any bond indebtedness, shall be used for technical assistance, research, and policy development. Eligible uses for these funds include, but are not limited to, all of the following:

(A) Collecting and tracking information related to displacement and displacement risk, rents, and evictions in the region.

(B) Drafting model affordable housing land use ordinances that may be adopted by any jurisdiction in Los Angeles County.

(5) Not more than 10 percent of the total annual programmatic budget, excluding any bond indebtedness, shall be used for the agencies administrative and operations expenses.

SEC. 4. The Legislature finds and declares 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 uniquely severe shortage of available funding and resources for the development and preservation of affordable housing and the particularly acute nature of the housing crisis within the County of Los Angeles. To address the housing crisis, the Legislature has established the Los Angeles County Affordable Housing Solutions Agency, which has limited staff and administrative capacity. The act would allow the Los Angeles County Affordable Housing Solutions Agency to address the housing crisis by expediting the construction of housing and meeting the housing needs of the County of Los Angeles.