

South Bay Cities Council of Governments

April 23, 2026

TO: SBCCOG Board of Directors

FROM: SBCCOG Steering Committee

SUBJECT: Update on SB 799 (South Bay Regional Housing Trust legislation)

BACKGROUND

The SBCCOG has been working with Senator Allen's office to introduce amendments to the South Bay Regional Housing Trust (SBRHT) authorizing legislation. The amendments being sought include:

- Governance Changes
 - o Removing the SBCCOG Board from involvement in determining the number of SBRHT board members and their appointment (including vacancies);
 - o The ability for non-elected alternates to be selected by SBRHT member agencies for appointment to the SBRHT Board;
 - o Other minor changes dealing with the calendar
- Program Changes
 - o The authority for the SBRHT to fund workforce (moderate income) housing programs (120% AMI) currently allowed by LACAHS

SB 799 was introduced by Senator Allen as a gut and amend bill earlier this year. His staff suggested only including the governance changes at introduction to avoid requiring a special double-referral process for gut and amend bills at the onset of the new legislative year. There was also more concern about inclusion of moderate-income language which requires more discussion with committee staff.

Governance Changes: The Senate Local Government Committee agreed to include language to allow for non-elected alternates with limitations. Although not ideal, the SBCCOG agreed to the limitations. Current language restricts non-elected alternates to serving as their city's voting delegate in no more than 75% of all meetings in the year. The other governance changes regarding the number of SBRHT board members, appointment of board members, and filling of vacancies were accepted by the Committee and now tie back to processes established in the SBRHT Joint Powers Agreement.

Program Changes: Now that the bill has made it to the Assembly, SBCCOG staff has been working with Senator Allen's staff to explore adding the ability to fund programs that address

workforce (moderate-income) housing programs. The formation legislation currently restricts the SBRHT to funding extremely-, very-, and low-income programs. The SBCCOG, its SBRHT consultant, and city stakeholders believe that funding moderate-income programs would be very beneficial to addressing housing affordability issues for the “missing middle” – individuals who make too much money to qualify for other programs but not enough to afford a home on their own.

ANALYSIS

Assembly committees will soon take up SB 799. There are a couple key issues still at hand.

Governance Changes: SBCCOG staff is evaluating options to try and amend out the current language in SB 799 that limits non-elected alternates to representing their city on 75% of the time. Trusts formed through existing joint powers authority law would not be subject to such a restriction unless their Joint Powers Agreement had this language. As far as we know, the legislature has not added this restriction to other trusts either. In discussions with Senator Allen’s staff, they do not recommend trying to remove this language as it would be seen as a deal break with the committee staff and could jeopardize all the amendments being sought.

Program Changes: As expected, inclusion of moderate-income programs is proving to be challenging. Senator Allen’s staff is still in discussion with committee staff, but it seems to be a difficult negotiation. Senator Allen’s staff understands the need for these programs in the context of the South Bay, but committee staff is pushing back on the precedent they believe it will set. His staff is working to explore more granular language that would address this type of housing without “opening up the floodgates for future funding”. SBCCOG staff has submitted a written response clarifying that the language would only provide *authority* and there is no request for *funding* moderate-income programs. Once again, the amendment is seeking parity with trusts who were not formed through legislation – the Gateways Cities trust for example can fund moderate-income programs. The SBCCOG’s response also includes high-level data that shows that many professions – such as teachers, healthcare workers, police, and firefighters – qualify for moderate-income programs based on the housing prices and their average incomes in the South Bay.

Next Steps: SBCCOG staff previously explored the possibility of bringing on a lobbyist to support this effort. After evaluating a few estimates from firms as well as partnering with LACAHSAs own lobbyist, SBCCOG staff felt it was too expensive to move forward with a minimum cost of \$3,000 per month (through September/October). Not only would lobbyist support be needed to shepherd the bill through the Legislature, it would also be critical to ensuring the bill has a chance at being signed by the Governor. Even if all changes being asked for by the SBCCOG were to make it through the Legislature, there is still no guarantee it would be signed by the Governor. This could mean that all changes – governance and program – would be vetoed.

If the program changes were to be dropped this year – voluntarily or involuntarily by the SBCCOG – they could be proposed again next session. The South Bay will have a new Senator and two new Assemblymembers.

RECOMMENDATION

Provide direction to staff.

~\$215K/yr

Income needed to buy
median LA home

\$90K–\$128K

Moderate-income
households earn
Up to 120% AMI (1–4 person HH)

\$45K–\$70K

Minimum cash needed at
closing
Down payment + closing costs on
~\$900K home

1. Why Moderate-Income Housing Programs Are Needed

The 'Missing Middle' Crisis

- Essential workers — teachers, nurses, first responders, firefighters, and public employees — are being priced out of the communities they serve.
- Moderate-income households (up to 120% AMI, earning ~\$90K–\$128K/year) earn roughly half of what is required to purchase a median-priced home in LA County (~\$879K).
- These households earn too much to qualify for traditional low-income affordable housing programs, yet far too little to buy in today's market.

The Numbers Are Clear

- **~\$215,000/yr** Income needed to buy median LA County home.
- **~\$128,000/yr** Moderate-income ceiling (120% AMI, 4-person household).
- LA home values exceed local incomes by more than 10-to-1 — vs. ~4-to-1 nationally.
- Even if monthly payments were somehow achievable, buyers still face \$45,000–\$70,000 in upfront down payment and closing costs.

The Consequence of Inaction

- Workforce displacement from high-cost regions.
- Longer commutes, reduced economic stability, and hollowed-out local service capacity.
- Without targeted tools, regional housing trusts cannot address this documented gap.

2. We Are Only Asking for Authority — Not Money

This amendment does not request, appropriate, or obligate any state funds. It is purely an authorization question.

- No new state funding is required or requested.
- No existing funding streams are redirected.
- All programs would comply fully with applicable state and federal funding restrictions.
- Moderate-income programs would be funded through local, flexible, or non-restricted sources only.

The amendment simply clarifies that the Trust has the legal authority to design and administer such programs — it creates no fiscal obligation for the state whatsoever.

To address concerns about scope, this authority can be narrowly tailored to:

- Limit eligibility strictly to households at or below 120% AMI.
- Explicitly state that no new state funding is being requested in this bill.

3. We Are Not Asking for a Special Exception

This amendment does not seek preferential treatment. It asks that the South Bay Regional Housing Trust be treated the same as other trusts that were not formed by legislation.

The Inequity Under Current Law

- Regional housing trusts formed under the Joint Exercise of Powers (JEP) Act — before SB 20 imposed additional restrictions — retain the full authority of their member agencies.
- Member cities and counties already have statutory authority to provide housing assistance to households up to 120% AMI.
- The Gateway Cities Affordable Housing Trust, established before SB 20, retains this broader authority because SB 20 did not retroactively restrict pre-existing JPAs.
- The South Bay Regional Housing Trust, formed after SB 20, is now operating under more constrained authority — even though the underlying policy need is identical.

The Ask: Parity, Not Privilege

- The amendment would not create a new power — it would clarify and align authority so the South Bay Regional Housing Trust can address the workforce housing need of its communities, just as those formed prior to SB 20 can.
- LA County's Measure A already explicitly authorizes programs for low- and moderate-income homeownership, including down payment assistance. This confirms a concept that is already embedded in California's statutory and policy framework.
- The JEP Act itself grants JPAs the power to exercise any authority common to their member agencies — the proposed amendment simply removes an inadvertent asymmetry created by SB 20's prospective application.

Summary: Three Core Points

1. **The need is real.** Moderate-income essential workers are structurally locked out of homeownership in LA County.
2. **This costs the state nothing.** We are asking for legal authority only — no state funds are involved.
3. **This is not an exception — it is equal treatment.** Other pre-SB 20 trusts already have this authority. We ask only for parity.

<City Letterhead>

<DATE>

Honorable Ben Allen
Senator, 24th District
1021 O Street, Suite 7610
Sacramento, CA 95814

Re: Workforce Housing Amendments to SB 799 – SUPPORT

Dear Senator Allen,

On behalf of <ORGANIZATION>, I strongly support amending SB 799 to allow the South Bay Regional Housing Trust to fund housing programs that support people and families of moderate-income. Programs supporting moderate-income residents, frequently referred to as workforce housing programs, are a critical piece of the affordable housing puzzle the South Bay is trying to address.

Workforce housing would assist people and families making up to 120% of area median income. Essential workers including teachers, nurses, first responders, firefighters, military service members, and public employees are being priced out of the communities they serve. An income of \$215,000 per year is needed to buy a median home in LA County where home values exceed local incomes by more than 10-to-1, as compared to 4-to-1 nationally. Even if a buyer's monthly payments are achievable, they still face tens of thousands of dollars in upfront payment and closing costs.

INCLUDE SOMETHING SPECIFIC THAT AFFECTS YOUR CITY

The consequences of not addressing the needs of workforce housing will result in even greater workforce displacement from high-cost regions like the South Bay. This results in longer commutes, greater GHG/VMT levels, reduced economic stability, and hollowed-out local service capacity. Without the authority to address this income threshold, the South Bay Regional Housing Trust cannot address this documented gap.

The amendments to SB 799 being sought by the South Bay Cities Council of Governments do not require or request any funding from the state and do not ask for existing funding streams to be redirected towards workforce housing. It solely asks for the **authority** to do these programs – an authority that other trusts already have. The South Bay Regional Housing Trust should be allowed to address the range of affordable housing needs its member cities face.

For these reasons, we strongly urge you to work with your colleagues in the Legislature to incorporate this authority into SB 799.

Sincerely,

<NAME>

CC: <YOUR OTHER LEGISLATIVE REPS>