



STAFF REPORT

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3/28/2023

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**AGENDA ITEM**

**TO:**  
**HONORABLE MAYOR  
AND MEMBERS OF THE CITY COUNCIL**

**FROM:**  
**CARLO TOMAINO  
CITY MANAGER**

**SUBJECT:**  
**RESOLUTION ACCEPTING MEMBERSHIP IN THE GATEWAY CITIES  
AFFORDABLE HOUSING TRUST, A JOINT POWERS AUTHORITY, AND  
AUTHORIZING THE MAYOR TO EXECUTE THE JOINT EXERCISE OF POWERS  
AGREEMENT**

Summary:

Staff recommends the City join the Gateway Cities Affordable Housing Trust (Housing Trust), a Joint Powers Authority (JPA) formed among the municipalities within the Gateway Cities region. The Housing Trust provides funding to preserve and produce affordable housing by increasing each project's competitiveness for state and federal funding. Additionally, the Housing Trust works with a variety of government and philanthropy groups to attract other housing funds. Joining the Housing Trust would support the City's efforts to build workforce developments identified in the Housing Element. To become a member, the City Council is required to adopt a resolution and authorize the Mayor to execute the Joint Exercise of Powers Agreement with the Housing Trust.

Recommendations:

1. Adopt a resolution, entitled:  
  
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIGNAL HILL, CALIFORNIA, APPROVING, AUTHORIZING, AND DIRECTING CITY EXECUTION OF THE JOINT EXERCISE OF POWERS AGREEMENT RELATING TO MEMBERSHIP IN THE GATEWAY CITIES AFFORDABLE HOUSING TRUST
2. Authorize the Mayor to execute the Gateway Cities Affordable Housing Trust Joint Exercise of Powers Agreement.

Fiscal Impact:

The City is required to fund a pro-rata share of the annual administrative costs of the Housing Trust starting July 1, 2024. The estimated annual administrative expenses for the first year of operations for the Housing Trust are \$7,500, with a projected annual increase based on the Consumer Price Index for the Los Angeles-Long Beach-Anaheim area. The City Council would have the opportunity to consider this ongoing expenditure as part of the budget adoption process. Staff proposes utilizing funding from the Housing Authority for these projected costs.

Strategic Plan Objectives:

- Goal No. 1: Ensure long-term fiscal stability.
- Goal No. 5: Ensure an enhanced quality of life for residents.
- Goal No. 6: Promote a transparent and open government.

Background and Analysis:

The purpose of the Housing Trust is to help cities address their Regional Housing Needs Assessment (RHNA) which is mandated by State Housing Law as part of the periodic process of updating local housing elements of the General Plan for each city. RHNA quantifies the need for housing within each jurisdiction during an eight year planning period. The City's certified Housing Element allows for the development of up to 380 workforce housing units. The development costs associated with site acquisition, remediation, and construction of any residential development are significant. In the specific case of workforce housing, rents generated by these developments are below market-rate which results in reduced cash flow and creates a funding gap. Additional funding including tax credits, low-interest loans, and other sources are necessary to ensure workforce housing projects are financially feasible. The purpose of a Housing Trust is to improve the success rate of securing additional funding for a specific region; thereby increasing development of these units.

**Housing Trust Development Process**

In the past eight-year planning period, from 2013 through 2021, the Gateway Cities Council of Governments (COG) subregion received tax credit funding for 58 projects totaling nearly 6,000 housing units. The Gateway Cities COG reports there are approximately 38 affordable housing projects currently in the pipeline that have not yet started construction. Most of these projects require a gap funding subsidy funding to start construction. Such projects, including the two proposed workforce housing projects in the City's adopted Housing Element, would benefit from additional funding provided by the Housing Trust.

The Gateway Cities region of Los Angeles County includes 27 cities located along the I-710 corridor in eastern Los Angeles County. Early in 2021, the Gateway Cities COG obtained State funding from the Southern California Association of Governments (SCAG) to explore the formation of an affordable housing trust within the region. As noted, the Housing Trust provides funding to preserve and produce affordable housing. Funds provided as a result of the Housing Trust improve the financial viability of individual housing projects and programs.

The Gateway Cities COG and its consultant engaged in a number of activities to understand the needs of the region, create a sustainable framework for the Housing Trust, and develop an actionable program. The process included interviewing Gateway Cities COG cities, housing developers, and

financing entities to determine housing needs and priorities, explain the concept of the Housing Trust, and investigate general interest in being a member. The Gateway Cities COG also researched best practices from other local housing trusts and prepared a comparative review of organizational and governance structures.

The formation process also include a Steering Committee of Gateway Cities COG City Managers and others to work with the Gateway Cities COG and the consultants to make the initial recommendations regarding how a Housing Trust might be formed and explore the initial sources of funding to support this effort. Based on its research and dialogue with the Housing Trust Steering Committee, the Gateway Cities COG advanced negotiations of a Joint Exercise of Powers Agreement, developed an Administrative Plan, identified Governance Structure, and prepared bylaws for the Housing Trust.

The Gateway Cities COG is currently working on a strategic plan for the Housing Trust which will be presented for review by the Gateway Cities COG Board and final adoption by the new Board of Directors of the Housing Trust Board when it is in place. The Housing Trust will also develop an operating plan, including a capital and administrative budget for its first year operations which is expected to begin July 1, 2023.

## **Membership Structure**

As outlined in the Joint Exercise of Powers Agreement, the Housing Trust does not build, own, or manage housing projects. The Housing Trust cannot require that housing projects be located in specific cities, require member cities to take an allocation of supportive housing units, or require that cities provide a local funding match. The Housing Trust Board of Directors determines whether a funding application meets the Notice of Funding Availability (NOFA) criteria. Each local jurisdiction maintains land use control and processes the entitlement consistent within its zoning, municipal code requirements, and development standards.

The Joint Exercise of Powers Agreement contains a provision that requires members to contribute towards annual administrative expenses. Member cities are not required to contribute funding until July 1, 2024. Prior to this period, the Gateway Cities COG secured administrative formation funding for the Housing Trust. The administrative expenses are based upon city population as shown below:

- Up to 30,000 = \$7,500
- 30,001 to 60,000 = \$15,000
- 60,001 to 100,000 = \$32,500
- Greater than 100,000 = \$47,500

Based on the population distribution above, the pro-rata share of the City's administrative expenses is \$7,500. This amount is expected to increase annually in an amount equal to the U.S. Bureau of Labor Statistics Consumer Price Index for the Los Angeles-Long Beach-Anaheim area. The adjustment is calculated based on the 12-month period preceding the year the fees are assessed. The City would maintain the right to withdraw from the JPA subject to an approved resolution and by providing a six-month notice.

## **Governance Structure**

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As noted, the Housing Trust will be a public government entity established by joint powers authority and in accordance with the Joint Exercise of Powers Act, as codified by the California Government Code. The Housing Trust will be organized to receive public and private capital and administrative funds to address local housing needs. The Housing Trust is governed by a nine-member Board of Directors. Pursuant to the JPA bylaws the Board is comprised of seven elected officials whose governing body is a member of Housing Trust and appointed by the Gateway Cities COG Board. A Housing Trust member city will be represented on the Board by each population category specified in the Housing Trust Membership fee calculation. Two additional Board members are experts in homelessness or housing policy and approved by the Gateway Cities COG City Managers Committee.

### **Recommended Action**

In summary, joining the Housing Trust would support the City's Housing Element goals of encouraging workforce housing. Joining the Housing Trust would also enable the Gateway cities region to be more competitive for state and federal funding. To become a member, the City Council would adopt a resolution (Attachment A) and authorize the Mayor to execute the Joint Exercise of Powers Agreement with the Housing Trust (Attachment B). Staff has also attached the Housing Trust bylaws for the City Council's information (Attachment C).

Reviewed:

Sharon del Rosario

Attachments:

- A. Resolution
- B. Housing Trust Joint Exercise of Powers Agreement
- C. Housing Trust JPA By-Laws