



**Honorable Mayor and Members of the Hermosa Beach City Council**

**ADOPT A RESOLUTION APPROVING THE JOINT POWERS AGREEMENT TO JOIN THE SOUTH BAY REGIONAL HOUSING TRUST.**

**CEQA:** Determine the action is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines.  
(Community Development Director Alison Becker)

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**Recommended Action:**

Staff recommends City Council:

1. Determine the action is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines;
2. Adopt a resolution (**Attachment 1**) approving and authorizing the execution of the Joint Powers Authority Agreement joining the South Bay Regional Housing Trust (SBRHT);
3. Authorize the Mayor to execute the SBRHT Joint Powers Authority Agreement (JPA) (**Attachment 2**); and
4. Appoint a City Council member to represent the City on the South Bay Regional Housing Trust Board.

**Executive Summary:**

The South Bay Cities Council of Governments (SBCCOG) aims to create a South Bay Regional Housing Trust (“Trust”). The purpose of the Trust is to finance the creation of affordable housing and assist unhoused individuals. Establishing the Housing Trust would allow the SBCCOG to more effectively manage and disburse funding, primarily through lending power, in addition to allowing the issuance of housing-related bonds, which are powers that SBCCOG does not possess. The City’s continued participation in the South Bay Housing Trust Fund is contemplated in our certified 6<sup>th</sup> Cycle Housing Element. Staff recommend the City Council approve participation in the Trust and authorize the Joint Powers Authority (JPA) Agreement.

**Background:**

In September 2022, Governor Newsom signed Senate Bill 1444, allowing Los Angeles County and cities within the South Bay Cities Council of Governments’ jurisdiction to form the South Bay Regional Housing Trust (SBRHT) and enter into a Joint Powers Agreement to fund affordable housing and assist unhoused individuals.

As part of the Regional Early Action Planning Grants (REAP) 2.0, funded by the Southern California Association of Governments (SCAG), the South Bay Cities Council of Governments (SBCCOG) has been working to develop the South Bay Regional Housing Trust (SBRHT). The purpose of the trust is to fund the development and construction of affordable housing units in cities that are members of the trust and supported by the city in which they are proposed. Although the SBCCOG is leading the early feasibility work, the SBRHT would be a separate joint powers authority with its own Board of Directors. At least four member cities would have to approve the JPA for the SBRHT to form.

The City Council voted on August 8, 2023, in favor of adopting revisions to the City’s Housing Element. Included in these revisions was Program 8, where the City made a commitment to “investigate opportunities to either establish a new housing trust fund or participate in existing trust fund programs in order to expand the availability of financial assistance for affordable housing.” The metric established by the City Council for measuring progress in this program is the City’s contribution to the development of five affordable housing units in the region, with a focus on housing intended for special needs populations.

***Past Commission and Council Actions***

| Meeting Date                             | Description  |
|--|--|
| <a href="#"><u>November 16, 2021</u></a> | Planning Commission votes in favor of adopting language endorsing Land Value Recapture and Housing Trust participation in the City’s Housing Element.                              |
| <a href="#"><u>December 21, 2021</u></a> | City Council adopted a comprehensive amendment to the Housing Element for the 2021–2029 period.  |
| <a href="#"><u>August 8, 2023</u></a>    | City Council adopted revisions to the Housing Element for the 2021–2029 Housing Element which includes revisions to Program 8 pertaining to the Housing Trust Fund.                |
| <a href="#"><u>February 25, 2025</u></a> | City Council adopted Resolution No. 25-7475 approving participation in the Urban Permanent Local Housing Allocation Form and designating funding to the Housing Trust if approved. |

At its February 25, 2025 meeting, City Council approved the City’s participation in the Permanent Local Housing Allocation Program (PLHA) and, in anticipation of the formation of the Trust, designated those grant funds towards the Housing Trust (**Attachment 3**).

The SBCCOG’s consultant, CivicHome, has prepared a SBRHT strategic plan, joint powers agreement, staffing plan, budget, and programs for the SBRHT Board to consider adopting when formed. A strategic plan advisory committee consisting of SBCCOG Board members, city staff, and housing experts/affordable housing developers provided input over a series of four meetings throughout the process. The consultant presented an update on the status of the Trust’s development to the SBCCOG Board in October 2025.

The same presentation was then given to the South Bay City Managers' group on November 19, 2025 (**Attachment 4 and 5**).

At its meeting on November 20, 2025, the SBCCOG Board of Directors voted to recommend that member agencies move forward with the formation of the SBRHT. A minimum of four member cities would have to approve the JPA for the SBRHT to form. At the time this report was written, nine cities had already voted to participate: El Segundo, Hawthorne, Inglewood, Lawndale, Lomita, Manhattan Beach, Rancho Palos Verdes, Redondo Beach, and Torrance. The following four cities, Carson, Gardena, Palos Verdes Estates, and Rolling Hills, elected not to join the Trust at this time. The decision of two cities, Rolling Hills Estates and Hermosa Beach, is still pending. The first SBRHT meeting is expected to take place on Thursday, April 23, 2026.

### **Discussion:**

Due to the influx of funds from Los Angeles County Measure A, the Los Angeles County Affordable Housing Solutions Agency (LACAHSAs) will be giving the SBCCOG approximately \$7.3 million per year in the interest of furthering affordable housing development in the South Bay through the "Production, Preservation, and Ownership" (PPO) program. LACAHSAs also has agency matching funds available to it, meaning the potential revenue for affordable housing to SBCCOG could amount to \$14 million annually. However, while SBCCOG staff were pursuing avenues to utilize this funding, a function roadblock was discovered. Specifically, SBCCOG is not allowed to originate loans, so all allocations of PPO funds would have to take the form of either grants or subsidies, meaning that those funds would never return for additional use.

The SBRHT, in contrast, will possess lending authority, and be capable of granting soft development loans, construction and pre-development loans, preservation and acquisition stakes, and master leasing, in addition to direct service/homebuyer assistance programs. Rather than only giving funds away, the SBRHT will be able to generate additional revenue with these funds, thereby increasing their usefulness to our community. For example, the San Gabriel Valley's regional housing trust, which was formed several years ago, currently takes in \$230,000 annually in interest and loan fee revenue.

While administrative costs may be significant, the impact will be offset by additional LACAHSAs grants designated to cover such fees. One example is the need for consultants that will arise to evaluate housing developments seeking funding. The first year of SBRHT operations will carry no membership fees. After that period, the SBRHT Board will establish annual fees for administrative costs and future increases will be adjusted based on the Consumer Price Index.

### **Policy Considerations:**

The proposed project has been reviewed for consistency with the City's General Plan, Plan which includes the certified Housing Element. Approving the creation of a South Bay Regional Housing Trust is consistent with the following programs of the Housing Element:

- **Affirmatively Furthering Fair Housing** – As a SCAG-funded project, the Trust must Affirmatively Further Fair Housing in order to receive funds. This aligns with the goals set forth in Program 13 of our Housing Element Policy Plan.
- **Funding Local Housing Projects** – In Table 11-2 of the Housing Element Policy Plan, the City committed to pursuing funding available for affordable housing development. Funds from the SBCCOG relating to housing would not be made available to non-member cities once the Trust is established.
- **Establishing a Housing Trust Fund** – In Program 8 of the Housing Element Policy Plan, the City committed to “continue participation in the South Bay Housing Trust Fund.”

Participation in the Housing Trust is consistent with the City's certified Housing Element. The Element includes an established metric for progress made on the implementation of Program 8; the City must contribute to the development of five affordable housing units in the region.

### **Options for Council Consideration:**

The following actions are available to City Council:

- (1) Approve staff's recommended action and direct the Mayor to execute all necessary agreements for Hermosa to join the Trust, or
- (2) Do not approve the staff's recommended action and decline for Hermosa's participation in the Trust.

### **Legal Review:**

The City Attorney has reviewed the Trust agreement and did not request modifications.

### **Environmental Determination:**

Pursuant to the California Environmental Quality Act Guidelines Section 15061(b)(3), it can be seen with certainty that there is no possibility that the activity contemplated by this action may have a significant effect on the environment.

### **Fiscal Impact:**

There is no immediate fiscal impact associated with approving the creation of the South Bay Regional Housing Trust Joint Powers Agreement. No fees will be assessed during the initial year of operations. After that, the SBRHT board will establish annual fees for

administrative expenses and future increases would be tied to the Consumer Price Index for Los Angeles County.

**Attachments:**

1. Draft South Bay Regional Housing Trust Adoption Resolution
2. Housing Trust JPA Agreement
3. City Resolution RES-25-7475: Participation in PLHA
4. South Bay Housing Trust Strategic Plan Summary
5. South Bay Housing Trust Funding Presentation

**Respectfully Submitted by:** Jake Whitney, Associate Planner and Aryan Ray, Intern

**Concur:** Alexis Oropeza, Planning Manager

**Concur:** Alison Becker, AICP, Community Development Director

**Noted for Fiscal Impact:** Henry Chao, Finance Manager

**Concur:** Brandon Walker, Administrative Services Director

**Legal Review:** Sarah Locklin, Interim Assistant City Attorney

**Legal Review:** Jason Baltimore, Interim City Attorney

**Approved:** Steve Napolitano, City Manager