



Legislation Details (With Text)

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Title: Recommendation to adopt resolution approving City of Long Beach execution of the Joint Exercise of Powers Agreement relating to membership in the Gateway Cities Affordable Housing Trust; and

Authorize City Manager, or designee, to execute the Gateway Cities Affordable Housing Trust Joint Powers Authority (JPA) Agreement. (Citywide)

Sponsors: City Manager

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Attachments: 1. 030723-R-18sr&att.pdf, 2. 030723-R-18.PowerPoint.pdf, 3. RES-23-0033.pdf

Date	Ver.	Action By	Action	Result
3/7/2023	1	City Council	approve recommendation and adopt	Pass

Recommendation to adopt resolution approving City of Long Beach execution of the Joint Exercise of Powers Agreement relating to membership in the Gateway Cities Affordable Housing Trust; and

Authorize City Manager, or designee, to execute the Gateway Cities Affordable Housing Trust Joint Powers Authority (JPA) Agreement. (Citywide)

City staff recommend that the City of Long Beach (City) join the Gateway Cities Affordable Housing Trust (Trust), a Joint Powers Authority (JPA) formed among the cities within the Gateway Cities region. The Trust secures and provides funding to preserve and produce affordable housing. These funds improve the financial viability of individual housing projects and programs. This funding can also increase each project’s competitiveness for additional state and federal funding sources. Additionally, the Trust will work with a variety of government and philanthropy groups to attract more housing funds to the Gateway Cities region. Joining the Trust would support achievement of the stated goals and objectives of the 6th Cycle Housing Element and support the region to bring new dollars to help fund more affordable housing development. To become a member, the City Council must adopt a Resolution and authorize the City Manager to execute the JPA with the Trust.

Background

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 Council of Governments (GCCOG) obtained funding from the Southern California Association of Governments (SCAG) to explore the formation of an affordable housing trust within the region.

Since then, GCCOG and their consultant conducted the following activities:

- Interview the GCCOG cities to determine their housing needs and priorities, explain the concept of the Trust, and investigate their interest in being a member.
- Interview other stakeholders in the region in the same fashion, including the County of Los Angeles, affordable housing developers, financing entities, advocates, research organizations, and other related entities to gain their perspectives.
- Provide an overview of best practices from other local housing trust fund studies, as well as a comparative review of the range of organizational and governance structures.
- Conduct a study of the overall housing needs in the region, determine the existing sources of support to meet these needs, and estimate how much additional funding support will be needed for cities to meet these needs and satisfy their Regional Housing Needs Assessment obligations.
- Identify affordable and homeless housing developments planned within the Gateway Cities, including those in construction and those in the entitlement and pre-development phases. Compare the number of units to be provided and the populations to be served by these units to the housing need report.
- Form a Steering Committee of GCCOG City Managers and others to work with the GCCOG and consultants to make the initial recommendations for how a Trust might be formed and explore the initial sources of funding to support this effort.
- Based on dialogue with the Trust Steering Committee, create and support the negotiation of a Joint Powers Agreement for the Trust, develop an Administrative Plan, Governance Structure, and Bylaws for the Trust.
- Prepare a draft strategic plan for the new Trust, for review and acceptance by the GCCOG Board and final adoption by the new Board of Directors of the Trust when that Board is in place.
- Develop an operational plan for the first full year of operations of the Trust, proposed as fiscal year July 1, 2023, to June 30th, 2024.
- Create a draft capital and administrative budget for the first year of Trust operations.

In late summer 2022, a Trust Steering Committee was formed including representatives from GCCOG member cities, Los Angeles County, developers, and financing entities. The Trust Steering Committee met on three occasions and reviewed other housing trusts best practices, examined potential funding sources for capital and administrative funding, discussed potential housing programs/projects, identified the key components to the Trust Strategic Plan, and helped draft the Joint Powers Agreement.

The Steering Committee unanimously recommended the formation of an affordable housing trust for the Gateway Cities sub-region. In addition, presentations were made to the GCCOG Committee on Homelessness, Gateway Cities City Managers, and the Planning Directors

Committee. All groups expressed unanimous support for the formation of a Trust. The GCCOG Board of Directors voted to support the formation of the Trust on January 4, 2023.

Trust Membership

As outlined in the JPA, the Trust does not build, own, or manage housing projects. The 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 Trust Board of Directors determines whether a funding application meets the Notice of Funding Availability criteria. Each local jurisdiction maintains land use control and processes the entitlement consistent with its zoning and municipal code requirements. The City would maintain the right to withdraw from the JPA subject to a City Council approved Resolution and by providing a six-month advance notice.

The JPA contains a provision that requires members to contribute towards administrative expenses of the Trust. Member cities are not required to contribute funding until July 1, 2024. Prior to this period, the GCCOG has secured administrative formation funding for the Trust. The annual membership fees are based upon city population:

- 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

This amount will increase annually in an amount equal to the U.S. Bureau of Labor Statistics consumer price index for Los Angeles-Long Beach-Anaheim area for the 12-month period preceding the year the fees are assessed.

Governance

The Trust will be a public government entity established by joint powers authority and in accordance with the Joint Exercise of Powers Act, as codified in California Government Code section 6500 *et seq.* The Trust will be organized to receive public and private capital and administrative funds to address local housing needs. The Trust will have an ongoing administrative revenue source from city membership fees as specified in the Trust Joint Powers Agreement (JPA) (see Attachment A) to be signed by each city that is a member of the Trust.

The Trust will be governed by a nine-member Board of Directors (Board). Pursuant to the JPA By-Laws (Attachment B), the Board will be comprised of seven elected officials whose governing body is a member of the Trust and appointed by the GCCOG Board. Two additional Board members are experts in homelessness or housing policy and approved by the GCCOG City Managers Committee. Long Beach is not guaranteed a seat on the Trust Board; however, the earlier the City demonstrates support for creating the Trust, the more

effectively the City can advocate to have a representative on the Board. Cities that join by the end of March will be eligible to have their elected officials apply to serve on the first Trust Board of Directors.

Past and Pipeline of Affordable Housing Projects

The Trust will help cities in the Trust subregion 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 specified planning periods. In the past eight-year planning period, from 2013 through 2021, the GCCOG subregion received tax credit funding for 58 projects totaling nearly 6,000 housing units.

It is anticipated that if the JPA receives a requisite number of cities opting-in and is able to secure funding resources, Long Beach would be highly competitive in accessing funding. In recent years, one in every two affordable units built in the Gateway region has been built in Long Beach although Long Beach only represents a quarter of the Gateway region's populations. Long Beach currently has a pipeline of more than 500 units of affordable housing, and the City expects to approve several hundred new units each year. Each of these projects, even when limited City funding is offered, require outside funding to fill the funding gap and this proposed JPA is one way to fill that gap.

The City is required to pursue new sources of funding for affordable housing as part of Program 3.4 of the certified housing element. On average, when leveraged against other sources, such as tax credits and conventional construction loans, each \$50,000 to \$60,000 in added funding can yield an additional unit of affordable housing. It is speculative at this time to estimate what amount of funding would be secured by the JPA. Depending on interpretations by the state, the securing of funding by the JPA may also assist Long Beach in accessing up to \$5,000,000 in state housing trust fund matching funds that we currently cannot access due to a lack of a local source of funds for affordable housing. This issue is detailed in a [December 30, 2020 memorandum <https://longbeach.gov/globalassets/city-manager/media-library/documents/memos-to-the-mayor-tabbed-file-list-folders/2020/december-30--2020---report-on-external-funding-for-affordable-housing>](https://longbeach.gov/globalassets/city-manager/media-library/documents/memos-to-the-mayor-tabbed-file-list-folders/2020/december-30--2020---report-on-external-funding-for-affordable-housing).

A 2022 survey of GCCOG cities revealed that there are 38 affordable housing projects throughout the region currently in the pipeline that have not yet started construction. Most of these projects need critical gap subsidy funding to start construction. These 38 pipeline projects would benefit from additional funding provided by the Trust, which could accelerate and facilitate the creation of an additional 4,000 affordable housing units in the COG subregion.

Recommended Action

In summary, joining the Trust would support the City's Housing Element goals of encouraging more affordable housing, as well as the objective to secure state, federal, and local affordable

housing funds and to assist developers in finding funding sources. To become a member, the City Council must adopt a Resolution and authorize the City Manager to execute the Joint Powers Agreement with the Trust (Attached).

This matter was reviewed by Principal Deputy City Attorney Richard Anthony and Budget Analyst Fiahna Cabana on February 6, 2023.

There is no fiscal or local job impact associated with this recommendation. Beginning July 1, 2024, when annual administrative fees are assessed, it is estimated that it will cost \$47,500 annually (and change annually based on consumer price index) for the City to participate in the Affordable Housing Trust. The Development Services Department is identifying funding sources to offset these costs moving forward and will include this as part of the budget development process or will return to City Council for approval prior to spending. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities.

Approve recommendation.

THOMAS B. MODICA
CITY MANAGER

APPROVED:

THOMAS B. MODICA
CITY MANAGER