

South Bay Cities Council of Governments

January 27, 2022

TO: SBCCOG Board of Directors
FROM: SBCCOG Legislative Committee
RE: Status of Regional Housing Trust Fund Research

Adherence to Strategic Plan:

Goal B: Regional Advocacy. Advocate for the interests of the South Bay.

Since the last Legislative Committee meeting in December, there have been several additional meetings to learn more about housing trust funds and land trust funds.

On December 10, Chair Armato, SBCCOG staff Bacharach and Chu met with Tim Roth from RMG – a developer from Hermosa Beach who build Section 8 housing with services on the site. He discussed his ability to do this using existing programs. He also discussed opportunities for cities to earn revenue from these projects – i.e. paid parking on the bottom floor.

On December 15, the same group including Jonathan Pacheco Bell (SBCCOG land use planner) met with David Grunwald from SDS Capital which is the firm that works with RMG to provide the funding. They partner with cities that have the land to provide and they rely on tenant-based project vouchers. They can deliver projects in 18 months. Public subsidies could help them but aren't necessary.

After these meetings, the question was posed as to whether we should consider not just a housing trust fund which lends money over grants but also a land trust. Cities and developers would come to the trust after talking to the involved city. The trust wouldn't go to them.

It was agreed to ask SGVCOG about their model of lending vs. grants and JPA over non-profit. Their response was as follows:

"We are actually predominantly using a lending model. All of the funds that have been awarded so far have been funds that have been matched as a part of the Local Housing Trust Fund (LHTF) grant program, so the funds were lent with the same terms required through that program. We officially received an award as part of the first round of LHTF and I believe have closed on loans for 2 projects ... and are awaiting the final award announcements for the second round of LHTF funding. ...With the \$20 million in budget earmark funding that the SGVRHT received, a portion of those funds will be used as grant funds (for homeless housing interim housing projects), but the remainder will be lent (as part of a revolving loan fund that'll focus on shorter-term loans and a more standard lending process to those projects currently on the SGVRHT's project pipeline.

“We utilized a JPA model because of the State legislation (SB 751) that established the ability of San Gabriel Valley cities to establish a SGV Regional Housing Trust. With the state legislation, the RHT had some additional abilities that it wouldn't otherwise have had. We are currently looking into establishing a complementary non-profit to better solicit private funds. Some of the other trusts that we've talked to (namely the Orange County Housing Finance Trust) recommended that we consider that approach.”

RECOMMENDATION:

1. Request BBK look at the different housing and land trust models and develop a pros and cons document for board consideration
2. Develop a list of questions that members would like answered in order to develop consensus on moving forward
3. Request City Manager and Finance Director participation along with SBCCOG Legal Counsel and members of the Legislative Committee to develop a recommendation which should include soliciting opinions from members that are not a part of this subcommittee.
4. Review recommendation at the February Legislative Committee and if there is agreement to moving forward, request that the SBCCOG legal counsel develop the steps and a timetable for establishing a South Bay Housing Trust Fund.

UPDATE

Hermosa Beach City Manager Suja Lowenthal and Manhattan Beach City Manager Bruce Moe have agreed to participate on developing a recommendation.