



Administrative Report

N.1., File # 26-0094

Meeting Date: 2/3/2026

To: MAYOR AND CITY COUNCIL
From: JANE CHUNG, ASSISTANT TO THE CITY MANAGER

TITLE

DISCUSSION AND POSSIBLE ACTION REGARDING THE FORMATION OF A SOUTH BAY REGIONAL HOUSING TRUST FUND (SBRHT)

DISCUSSION AND POSSIBLE ACTION REGARDING APPROVAL OF THE FIFTH AMENDED AND RESTATED JOINT POWERS AGREEMENT FOR THE SOUTH BAY CITIES COUNCIL OF GOVERNMENTS (SBCCOG) TO ALLOW THE CITY OF LOS ANGELES TO DESIGNATE A NON-ELECTED ALTERNATE REPRESENTATIVE TO THE SBCCOG GOVERNING BOARD

EXECUTIVE SUMMARY

The South Bay Cities Council of Governments (SBCCOG) Board of Directors voted to recommend that member agencies form a South Bay Regional Housing Trust (SBRHT), a new joint powers authority intended to support the development and construction of affordable housing in the South Bay. This item provides the City Council an opportunity to discuss the concept and evaluate Redondo Beach's possible participation in the SBRHT. A staff representative from SBCCOG will provide a presentation on the proposed housing trust and be available to answer questions at the February 3, 2026 City Council Meeting.

Separately, but related to the SBCCOG, is the recommended approval of a proposed Fifth Amended and Restated Joint Powers Agreement for the SBCCOG that would allow the City of Los Angeles to designate a non elected senior staff member to serve as an alternate representative on the Governing Board.

BACKGROUND

The South Bay Cities Council of Governments (SBCCOG) is a joint powers authority composed of 16 cities and the County of Los Angeles that collaborate on regional and subregional issues such as transportation, land use, and homelessness. Formed in 1995, the SBCCOG Joint Powers Agreement (JPA) has been amended four times to reflect evolving membership and governance needs.

Fifth Amended and Restated Joint Powers Agreement

On August 21, 2025, Los Angeles City Councilmember Tim McOsker (Council District 15) requested an amendment to the JPA to allow the City of Los Angeles to designate a non-elected alternate representative. Under the current JPA, only another elected official may serve as an alternate, which has presented challenges because Council District 15 is the only Los Angeles district located within the SBCCOG's jurisdiction. The SBCCOG Steering Committee recommended approval of the amendment with language consistent with the provision for Los Angeles County, which allows either

a chief of staff or senior staff member to serve as an alternate. On October 23, 2025, the SBCCOG Board of Directors voted to recommend that member agencies adopt the Fifth Amended and Restated JPA incorporating this change.

The proposed amendment updates Section 5(a)(2) of the JPA to state: "The 15th Council District Representative of the City of Los Angeles shall designate their chief of staff or a senior staff person from their office as the City of Los Angeles's Alternate Governing Board Representative." This revision is intended to ensure consistent representation for the City of Los Angeles on the SBCCOG Governing Board and to maintain alignment with the County's alternate designation process. In accordance with the JPA, amendments must be approved by two thirds of all SBCCOG member agencies before taking effect, requiring formal action by each member city's governing body.

South Bay Regional Housing Trust Fund (SBRHT)

In September 2024, the Southern California Association of Governments (SCAG) awarded the SBCCOG approximately \$570,000 in Regional Early Action Planning Grants 2.0 (REAP 2.0) funding. REAP 2.0 is a state initiative designed to accelerate progress toward housing and climate goals by supporting stronger coordination among state, regional, and local partners. Using these funds, the SBCCOG has conducted a feasibility analysis for the potential formation of a South Bay Regional Housing Trust (SBRHT), which would operate as an independent joint powers authority to support affordable housing projects endorsed by participating member cities.

Over the past year, SBCCOG's consultant, CivicHome, developed a strategic plan, draft JPA, staffing model, budget, and program framework with input from an advisory committee of SBCCOG Board members, city staff, and affordable housing practitioners. Updates were presented to the SBCCOG Board in October 2025 and to the South Bay City Managers group in November 2025. On November 20, 2025, the SBCCOG Board voted to recommend that member agencies move forward with forming the SBRHT.

As the feasibility study progressed, additional information became available regarding Measure A funding allocated to the South Bay. SBCCOG is expected to receive approximately \$7.3 million annually through the LA County Affordable Housing Solutions Agency (LACAHSAs) Production, Preservation, and Ownership (PPO) program, with potential matching funds that could increase the total to approximately \$14 million. While SBCCOG is limited to issuing grants with these funds, the SBRHT would have lending authority and could offer a broader range of financing tools, such as development and construction loans, preservation and acquisition financing, master leasing, and homebuyer assistance, which would allow the funds to revolve and be reused over time. Administrative costs associated with establishing and operating the SBRHT could be offset through LACAHSAs administrative funding, enabling low or no membership fees during the initial formation period. However, longer term administrative expenses and the obligations of member cities to cover these costs is not yet fully determined.

SBCCOG staff, legal counsel, and Senator Ben Allen's office are also exploring amendments to the enabling legislation for the SBRHT (SB 1444) to address issues identified during the feasibility process. Proposed revisions include removing SBCCOG from determining the size and composition of the SBRHT Board, allowing the Board flexibility in selecting its leadership, expanding eligibility to include moderate income housing, and permitting member agencies to appoint non elected alternates. Once draft legislation is prepared, SBCCOG will seek support letters from South Bay

cities. The SBCCOG Board has indicated that member agencies may adopt the currently proposed Housing Trust JPA and consider future amendments if SB 1444 is revised.

Staff from the City Attorney's Office and City Manager's Office met with SBCCOG staff and legal counsel to discuss several concerns identified by the City Attorney's Office with the Draft Joint Powers Housing Trust Agreement (see attached). While some changes have been incorporated by SBCCOG's legal counsel, the following issues remain outstanding or are only partially resolved:

- Section 3. Powers and Duties of SBRHT

- *Section 3(b)(11) Specific Powers:* One of the SBRHT's functions is to provide loans to affordable housing developers. The authority to acquire or sell property is to support that lending role, such as enforcing affordability covenants or recovering loan collateral if a developer defaults. Under the draft JPA, City Council approval is required for projects within the City at the front end before funds are committed. That approval does not address what happens later if the SBHRT acquires title to property and then sells it.

The City Attorney's Office proposed requiring governing body approval before the SBHRT could acquire fee title to property located within a Party's jurisdiction. The City Attorney's Office also proposed limiting any sale after acquisition to another housing developer. SBCCOG rejected the governing body approval requirement. SBCCOG has also indicated it will likely not accept the housing developer limitation, as it needs flexibility to recover its security interest if a developer defaults. This creates a risk that property could be transferred to an entity whose interests do not align with the City's housing objectives.

- *Section 3(c)(5) Limitation on Powers:* While the draft JPA always requires City Council approval before funding a housing project within the City, it did not address predevelopment work. SBCCOG agreed to revise this section to retain the approval requirement, while allowing staff requested expenditures of potentially significant funds prior to City Council action. This could potentially create pressure to approve a project once those funds have been expended.

- Section 7. Financial Provisions

- *Section 7(c)(1) Contributions by the Parties; Administrative Cost Contributions:* Under the draft JPA, the SBRHT approves its budget by a vote of at least a majority of the total membership. The SBRHT may also establish fees in an amount the Board of Directors deems financially prudent. The draft JPA does not tie administrative fees to actual operating costs or require governing body approval by each Party. The City Attorney's Office proposed limiting administrative fees to operating costs and making them subject to annual appropriation by the City. The SBCCOG's legal counsel rejected this revision. This creates a risk that the administrative fees may increase from year to year without being based on actual operating costs (e.g., legal counsel, consultants, insurance, and staff), resulting in uncapped financial obligations.

- Section 9. Non-Liability for Obligations of SBRHT

- *Section 9(a)(1) Indemnification:* The draft JPA allows the SBRHT to deny its duty to

defend or indemnify a City if a claim alleges the City of active negligence, willful misconduct, or omissions. This means the SBRHT could avoid indemnification whenever a lawsuit was alleged the City failed to act, supervise, or prevent harm, even if the SBRHT's actions contributed to the cause of the claim. The City Attorney's Office proposed including City officials, removing omissions, and requiring a final court determination of fault before the City would be required to fund its own defense. This would ensure that defense obligations are based on what actually happened, not how a lawsuit or a complaint is written.

SBCCOG agreed to include City officials and remove omissions, but did not agree to require a final court determination of fault. If a claim alleges City active negligence or willful misconduct, the City may be required to pay for its own defense from the outset, even if those allegations are later disproven. This leaves the City exposed to defense costs based solely on allegations.

- *Section 9(a)(2) Assignment:* Under the draft JPA, the City is required to assign its recovery rights to the SBRHT, which raised concerns about losing control over litigation, settlement decisions, and insurance subrogation. This could have required the City to give up its own claims or defer to the SBRHT on how a matter was pursued. The City Attorney's Office proposed removing the assignment requirement and replacing it with a reasonable duty to cooperate, so the SBRHT could pursue recovery from third parties without the City giving up its legal or insurance rights.

SBCCOG agreed to remove the assignment requirement, but declined to limit the cooperation obligation. The City must cooperate with the SBRHT's recovery efforts in all circumstances. While this does not require the City to waive its rights, it could limit the City's flexibility in managing litigation, insurance claims, or settlement strategy if the City's interests differ from SBRHT.

COORDINATION

The City Manager's Office prepared this report. The City Attorney's Office approved the Fifth Amended and Restated Joint Powers Agreement as to form, and provided a preliminary legal assessment of the Draft South Bay Regional Housing Trust Joint Powers Agreement.

FISCAL IMPACT

There is no fiscal impact associated with approving the Fifth Amended and Restated Joint Powers Agreement for the SBCCOG.

There is no immediate fiscal impact associated with the City's participation in the South Bay Regional Housing Trust. However, membership dues may be required in the future depending on future Trust activities and SBRHT Board of Directors approval and policy direction.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Letter from Councilmember Tim McOske (August 21, 2025)

- Fifth Amendment and Restated Joint Powers Agreement for the South Bay Cities Council of Governments
- South Bay Regional Housing Trust Joint Powers Draft Agreement (as of January 27, 2026)