



Building A Better Long Beach

March 2, 2009

REDEVELOPMENT AGENCY BOARD MEMBERS

City of Long Beach
California

RECOMMENDATION:

Approve and authorize the Executive Director to adopt and execute a resolution for a Replacement Housing Plan for the Proposed Washington School Housing Action Plan Project. (Central – District 1)

DISCUSSION

On June 1, 2004, the City Council adopted a five-year Housing Action Plan (HAP) for Fiscal Years 2005-2009 to serve as the framework for developing affordable housing in the City of Long Beach. The HAP allocated at least \$69 million over a five-year period for affordable housing programs, primarily in three focus areas: Washington School, Central, and North King School.

The primary goal of the HAP is to maximize investment towards providing quality affordable housing while revitalizing and stabilizing Long Beach neighborhoods. Following the adoption of the HAP, a detailed needs assessment of the selected neighborhoods was undertaken. Based on the assessments, preliminary strategies were developed to address the specific needs of each neighborhood.

One of the recommended strategies is the acquisition of vacant or substandard properties for rehabilitation or assembly to allow for new development. On April 18, 2007, the Long Beach Housing Development Company (LBHDC) authorized the purchase of three parcels (Site) (Exhibit A) for future housing development projects in the Washington School HAP (Exhibit B). The LBHDC has since gained ownership of the Site.

The Site contains two single-family homes and one duplex (Exhibit C). While the rehabilitation of the homes was originally planned, it has since been determined to be cost prohibitive. One of the single-family homes (116 W. 14th Street) caught fire since it was acquired by the LBHDC, and because it posed potential dangers it was demolished immediately after being assessed by the insurance company. The LBHDC also plans to demolish the other two structures to prepare the Site for new development. All properties were acquired voluntarily utilizing redevelopment set-aside funds. As such, redevelopment laws are applicable.

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Under California Redevelopment Law, a redevelopment agency removing housing units occupied by very-low, low- and moderate-income households must adopt a Replacement Housing Plan (Plan) that discusses how these housing units will be replaced within the community. The Plan prepared for the Site contains the following items:

- The number of dwelling units housing persons and families of very-low, low- or moderate-income to be removed and replaced by construction or rehabilitation;
- The general location of housing to be rehabilitated, developed or constructed pursuant to California Health and Safety Code Section 33413;
- An adequate means of financing such rehabilitation, development or construction;
- The timetable for meeting the Plan's relocation, rehabilitation and replacement housing objectives; and
- A finding that the replacement housing does not require the approval of the voters pursuant to Article XXXIV of the California Constitution.

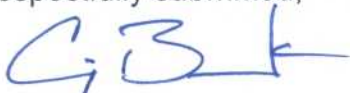
The Plan, which is attached to the resolution, has been available for public review and comment for the past four weeks on the LBHDC website and at the Office of the City Clerk within City Hall. A notice referencing the availability of the Plan was also published in the Long Beach Press-Telegram on February 2 and February 16, 2009.

Adopting a resolution approving the Plan for the Site will provide a development site to accommodate this area's need for quality affordable housing, while encouraging neighborhood revitalization and stability.

SUGGESTED ACTION:

Adopt recommendation.

Respectfully submitted,



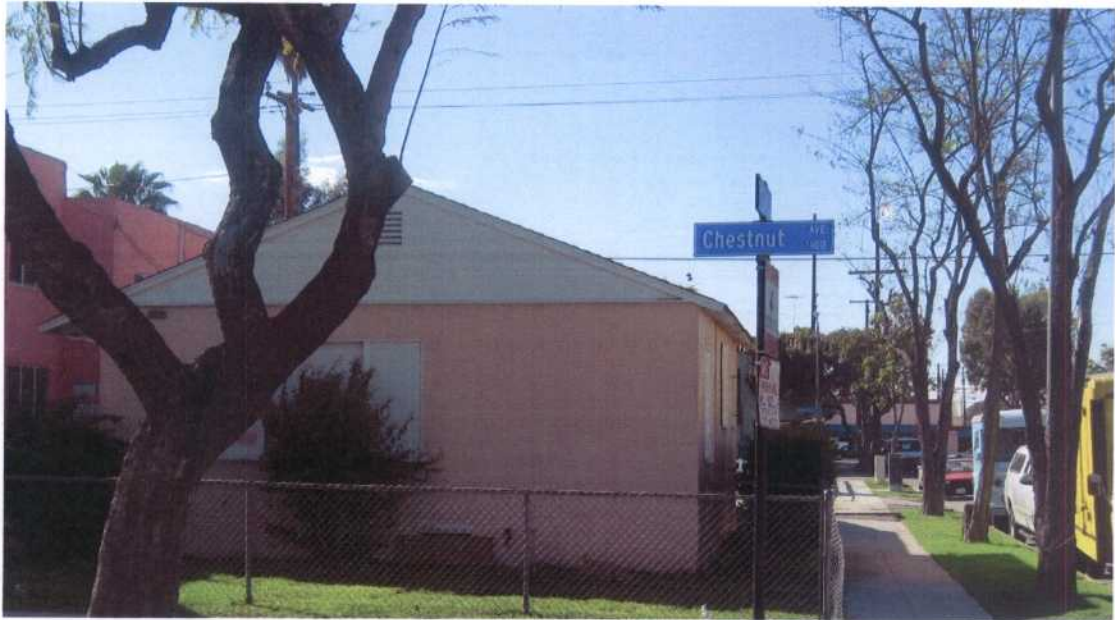
CRAIG BECK
EXECUTIVE DIRECTOR

CB:AJB:DSW:MS

Attachments: Exhibit A – Site Maps
Exhibit B – Washington School HAP Area Map
Exhibit C – Site Photographs
Redevelopment Agency Resolution







116 W. 14th Street



228 W. 14th Street



RESOLUTION NO. R.A.

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF
THE CITY OF LONG BEACH, CALIFORNIA, ADOPTING A
REPLACEMENT HOUSING PLAN FOR THE
WASHINGTON SCHOOL HOUSING ACTION PLAN
PROJECT

WHEREAS, the Redevelopment Agency of the City of Long Beach, California ("Agency"), is negotiating the redevelopment of property located at the area bounded by Pacific Coast Highway, Anaheim Street, Long Beach Boulevard and Magnolia Avenue (the "Washington School Housing Action Plan") ("Project"); and

WHEREAS, the "Washington School Housing Action Plan" will result in displacement of existing housing units; and

WHEREAS, California Health and Safety Code Section 33413.5 requires that the Agency adopt a housing replacement plan for the Washington School Housing Action Plan Project;

NOW, THEREFORE, the Redevelopment Agency of the City of Long Beach, California, resolves as follows:

The Agency hereby adopts the Replacement Housing Plan for the Washington School Housing Action Plan Project, which is attached as Exhibit "A" to this resolution.

APPROVED AND ADOPTED by the Redevelopment Agency of the City of Long Beach, California this _____ day of _____, 2009.

Executive Director/Secretary

APPROVED:

Chair

Exhibit "A"

REPLACEMENT HOUSING PLAN

Washington School
Housing Action Plan Project

CENTRAL LONG BEACH
REDEVELOPMENT PROJECT AREA



MARCH 2, 2009

LONG BEACH REDEVELOPMENT AGENCY
333 WEST OCEAN BLVD., 3RD FLOOR
LONG BEACH, CA 90802

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I. INTRODUCTION

This Replacement Housing Plan (the "Replacement Housing Plan") for the proposed Washington School Housing Action Plan Project ("Project") has been prepared pursuant to Section 33413.5 of the California Health and Safety Code for the Redevelopment Agency of the City of Long Beach ("Agency"). Section 33413.5 requires that, not less than 30 days prior to the execution of an agreement for acquisition of real property, or the execution of an agreement for the disposition and development of property, or the execution of an owner participation agreement, which agreement would lead to the destruction or removal of dwelling units from the low- and moderate-income housing market, the Agency shall adopt by resolution a replacement housing plan.

In addition, Section 33413.5 mandates that the Replacement Housing Plan shall include the following components:

- The number of dwelling units housing persons and families of low- or moderate-income to be removed and replaced by construction or rehabilitation;
- The general location of housing to be rehabilitated, developed or constructed pursuant to Section 33413;
- An adequate means of financing such rehabilitation, development, or construction;
- The timetable for meeting the Replacement Housing Plan's relocation, rehabilitation, and replacement housing objectives; and
- A finding that the replacement housing does not require the approval of the voters pursuant to Article XXXIV of the California Constitution, or that such approval has been obtained;

II. DEFINITIONS

Very-Low-Income Household

Persons and families whose gross incomes do not exceed 50 percent of the area median income adjusted for family size.

Low-Income Household

Persons and families whose gross incomes exceed 50 percent but do not exceed 80 percent of the area median income adjusted for family size.

Moderate-Income Household

Persons and families whose gross incomes exceed 80 percent but do not exceed 120 percent of the area median income adjusted for family size.

Affordable Owner-Occupied Housing Cost

Section 50052.5 of the California Health and Safety Code states that for any owner-occupied housing, "affordable housing costs" shall not exceed the following:

- (1) For very-low-income households the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.
- (2) For lower-income households whose gross incomes exceed the maximum income for very-low-income households and do not exceed 70 percent of the area median income adjusted for family size, the product of 30 percent times 70 percent of the area median income adjusted for family size. In addition, for any lower-income household that has a gross income that equals or exceeds 70 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 30 percent of the gross income of the household.
- (3) For moderate-income households whose gross incomes exceed the maximum income for lower-income households and do not exceed the 110 percent of the area median income adjusted for family size, the product of 35 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for any moderate-income household that has a gross income that equals or exceeds 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 35 percent of the gross income of the household.

Affordable Renter-Occupied Housing Cost

Section 50053 of the California Health and Safety code states that for any rental housing development, "affordable rent," including a reasonable utility allowance, shall not exceed:

- (1) For very-low-income households, the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.
- (2) For lower-income households whose gross incomes exceed the maximum income for very-low-income households, the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those lower-income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.
- (3) For moderate-income households, the product of 30 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those moderate-income households whose gross incomes exceed 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

Replacement Dwelling Unit

For this Replacement Housing Plan, "Replacement Dwelling Unit" means a dwelling unit developed or constructed in the City of Long Beach pursuant to Section 33413 in replacement of a dwelling unit destroyed or removed from the low- and moderate-income housing market by the LBHDC and which is decent, safe, and sanitary, contains at least the same number of bedrooms and other living areas as the dwelling unit destroyed or removed, and is available at affordable housing cost to low- and moderate-income households.

III. REPLACEMENT HOUSING REQUIREMENTS

Section 33413(a) of the California Health and Safety Code requires that whenever low- or moderate-income household dwelling units are destroyed or removed from the housing market as part of a redevelopment project which is subject to a written agreement with a redevelopment agency or where financial assistance has been provided by the agency, the agency shall, within four years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of low- or moderate-income, an equal number of replacement dwelling units which

have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the agency.

When dwelling units are destroyed or removed on or after January 1, 2002, 100 percent of the replacement dwelling units shall be available at affordable housing cost to persons in the same or lower income category (low, very low, or moderate), as the persons displaced from those destroyed or removed units.

Section 33413(f) of the California Health and Safety Code modifies these requirements as follows:

Notwithstanding subdivision (a), the agency may replace destroyed or removed dwelling units with a fewer number of replacement dwelling units if the replacement dwelling units meet both of the following criteria:

- (1) The total number of bedrooms in the replacement dwelling units equals or exceeds the number of bedrooms in the destroyed or removed units. Destroyed or removed units having one or no bedroom are deemed for this purpose to have one bedroom.
- (2) The replacement units are affordable to the same income level of households as the destroyed or removed units.

IV. PROJECT DESCRIPTION

On June 1, 2004, the City Council adopted a five-year Housing Action Plan (HAP) for Fiscal Years 2005-2009 to serve as the framework for developing affordable housing in the City of Long Beach. The HAP allocated a total of at least \$69 million over a five-year period for affordable housing programs. Sixty-five percent (65%) of these funds were earmarked for three focus areas - Washington School, Central, and North King School.

After the adoption of the HAP, a detailed needs assessment of the selected neighborhoods was undertaken in order to determine strategies to address the specific needs of each neighborhood. The assessment involved field surveys of property and neighborhood conditions, a review of existing City plans affecting these areas, and meetings with other City department management staff, as well as the Long Beach Unified School District, to ensure proposed strategies were congruent with other existing plans and programs. Based on this assessment, preliminary strategies for each neighborhood were developed.

One of the recommended strategies was to acquire parcels that are currently

vacant or have substandard improvements and, in certain instances, some properties adjacent to these parcels. The Long Beach Housing Development Company (LBHDC), the City of Long Beach's non-profit housing development company, has since purchased several residential properties in the Washington School Focus Area (Area). The Area is within the Central Long Beach Redevelopment Project Area. More specifically, the Washington School Focus Area is bound by Pacific Coast Highway to the north, Anaheim Boulevard to the south, Long Beach Boulevard to the east, and Magnolia Avenue to the west.

The Project's primary activities will include the following:

A. Acquisition, Relocation and Demolition

On April 18, 2007, the LBHDC Board authorized the purchase of three parcels for future housing development projects in the Washington HAP. While rehabilitations of the homes were planned, the LBHDC now plans to demolish the existing structures to prepare sites for new development. The properties are composed of four total housing units, as detailed in the table below. All tenants were relocated in accordance with state relocation law.

APN	Address	Type of Dwelling	Number of Units and Buildings
7269-040-027	1495 Chestnut	Duplex	1 Building, 2 Units
7269-005-002	116 W. 14 th St.	SFR	1
7269-004-012	228 W. 14 th St.	SFR	1

B. New Construction and/or Substantial Rehabilitation

The existing housing units on these properties will be demolished to facilitate site assembly for future development.

The assemblage of property and all new construction will be in accordance with the City of Long Beach General Plan, the HAP, the Washington School Neighborhood Improvement Strategy Area (NIS), the Central Long Beach Redevelopment Plan, the Central Long Beach Design Guidelines, and current City zoning requirements.

V. RESIDENTIAL UNITS TO BE REMOVED AND REPLACED

The Project contains 3 buildings, which include two single-family residences and one duplex. The following table illustrates the units by the number of bedrooms contained therein.

	SRO/ One BR	Two BR	Three BR	Four BR	Five BR	Total Bedrooms
Very-Low Income	2	0	1	1	0	9
Low Income	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0
Total Bedrooms	2	0	3	4	0	9

In summary, four residences with nine bedrooms in three total buildings will be removed from the Project. Since the housing units were all vacant at the time of purchase, and income level of the previous households unknown, all units are assumed to be very-low income for the purposes of this Replacement Housing Plan. The four residences will be replaced in no more than four years. These units will be made available to very-low income households as required by Section 33413.

VI. GENERAL LOCATION OF HOUSING TO BE REHABILITATED, DEVELOPED OR CONSTRUCTED

Pursuant to California Health and Safety Code Section 33413, the LBHDC will, within four years, rehabilitate, develop or construct, or cause to be rehabilitated, developed or constructed, for rental or sale to persons and families of very-low-, low- or moderate-income an equal number of dwelling units which have an equal number of bedrooms as those removed dwelling units, or a fewer number of replacement dwelling units if the replacement dwelling units collectively contain an equal or greater number of bedrooms than the combined bedrooms destroyed or removed and are available at affordable housing cost to households of the same income category as the displaced households.

It is not anticipated that all replacement dwelling units will be within the Project site, as allowed by Section 33413.

VII. FINANCING OF REPLACEMENT HOUSING

The Redevelopment Agency transfers all of the 20% set-aside funds from each redevelopment project area into the City's Housing Development Fund. This money is used by the LBHDC to assist in the production of affordable housing as required by Law. Current LBHDC programs funded by set-aside tax increment revenues include the following:

- First-Time Home Buyer Down Payment Assistance Program;
- Interest Rate Reduction Program
- Moderate-Income Rehabilitation Loan Program;
- Developer Assistance Program

The LBHDC will build or otherwise assist in the creation of affordable housing in accordance with California Health and Safety Code Section 33413(b). In addition, the creation or rehabilitation of replacement dwelling units can be financed through a variety of means other than set-aside tax increment revenues, including:

- State of California Cal Home Program funds;
- State of California HELP Program funds;
- State of California CHFA Tax-Exempt Mortgage Revenue Bond Program funds;
- Federal HOME Program Funds;
- Mortgage Credit Certificate Program; and
- Conventional bank loans

VIII. TIMETABLE FOR DEVELOPMENT OF REPLACEMENT HOUSING

Within four years of the destruction or removal of any low- or moderate income housing, the Agency will rehabilitate, develop or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to low- or moderate-income families replacement dwellings for those units lost as a result of the Project's implementation.

At this time the replacement housing units are anticipated to be within the complex known as Puerto Del Sol Apartments on 3rd Street between Golden and Maine Avenues. However, Cabrillo Family Housing located at the Villages at Cabrillo campus in west Long Beach could also provide for the replacement units. Puerto Del Sol Apartments will provide 63 residences with a total of 166 bedrooms available to very-low income households, including 11 four-bedroom units and 16 three-bedroom units. The Cabrillo Family Housing development will encompass 81 residences with a total of 17 bedrooms available to very-low income households, including 1 four-bedroom unit and 3 three-bedroom units. In no event will

replacement housing be available later than four years from the adoption of this Replacement Housing Plan.

IX. COMPLIANCE WITH ARTICLE XXXIV OF THE CALIFORNIA CONSTITUTION

Article XXXIV of the California Constitution requires voter approval of all low-rent housing projects that are developed, constructed, or acquired by a public entity. Under Section 37001 of the California Health and Safety Code, the Project is not a "low-rent housing project" as defined in Section 2 of Article XXXIV of the California Constitution because the housing units are being developed to replace dwelling units previously or currently occupied by lower-income households. Therefore, the proposed replacement housing does not require the approval of voters pursuant to Article XXXIV of the California Constitution.

X. PROVISION FOR PUBLIC REVIEW AND COMMENT

In accordance with Section 33413.5, a draft of the Replacement Housing Plan has been made available for review and comment by the general public and other public agencies.