

May 18, 2021

R-29

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution authorizing the submission of an application to the California State Department of Housing and Community Development for up to \$30,000,000 in loan and grant funds available through the Affordable Housing and Sustainable Communities Program; and,

Authorize the City Manager, or designee, to execute all documents and agreements necessary to apply for and utilize these funds for the construction of the Union affordable housing project proposed for development at 1401 Long Beach Boulevard. (District 1)

DISCUSSION

Skid Row Housing Trust (SRHT) owns the 1.1-acre site located at 1401 Long Beach Boulevard (Site) (Attachment A – Site Map). On March 18, 2020, the Long Beach Community Investment Company (LBCIC) approved an award of \$3 million in HOME Investment Partnerships Program (HOME) funds, to SRHT for construction of the project, which SRHT has named Union. Over the past 14 months SRHT has prepared plans and identified funding for the development of a 160-unit affordable rental housing project on the Site. It is expected that project entitlements will be approved by the Planning Bureau on or before June 3, 2021. SRHT is now assembling the remaining financing for the project, which includes Affordable Housing and Sustainable Community (AHSC) Program funds available from the California Strategic Growth Council and the Department of Housing and Community Development.

Funding for the AHSC Program is provided from the Greenhouse Gas Reduction Fund, an account established to receive Cap-and-Trade auction proceeds. Its primary objective is to reduce greenhouse gas (GHG) emissions by supporting more compact, infill development projects, encouraging active transportation and transit usage, and protecting agricultural land from sprawl development. The AHSC Program seeks to accomplish these objectives by providing financial assistance to projects that will achieve GHG emission reductions and benefit disadvantaged communities through increased accessibility to affordable housing, employment centers, and key destinations, resulting in fewer vehicle miles traveled and increased use of public transit, bicycling, or walking. Under the AHSC Program, low-interest loans are available as gap financing for rental housing developments that include affordable housing units. In addition, grants are available for both infrastructure improvements and transportation amenities related to affordable housing developments.

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The AHSC Program application guidelines highly encourage housing developers to apply jointly with local jurisdictions to demonstrate the requisite experience in the completion of infrastructure improvements and transportation amenities. The AHSC Program is extremely competitive, and SRHT has requested that the City apply jointly with them to increase the chances of receiving an award.

If approved by the City Council, SRHT and the City will jointly apply for up to \$30 million in funding for the Union development, which will include 159 affordable units plus one manager's unit in two mixed-use buildings serving extremely low- to low-income households, with at least 20 units set aside for veterans experiencing homelessness. In addition to 160 one-, two- and three-bedroom apartment units, the development will feature 4,000 square feet of ground floor community serving space and over 20,000 square feet of common open space for residents. Other residential amenities include an onsite resident manager, two community lounge areas with a kitchen, a game room, a greenhouse, laundry facilities in both buildings, rooftop deck space, bicycle storage, and garage parking.

The development will activate a key site in the Midtown Specific Plan area and will provide much needed affordable housing while complementing the adjacent residential and commercial uses. Residents of the development will benefit from the site's adjacency to the Metro A Line (Blue) and bus lines that operate along Long Beach Boulevard.

If the application is successful, loan funds of up to \$20 million will be awarded to a limited partnership to be formed by SRHT for the financing of the project. The City will not be a part of the limited partnership. The loan will be secured by the property, and the limited partnership will be responsible for repayment of the loan with rental revenue generated by the project. In addition, up to \$10 million in grant funds will be awarded and distributed to the limited partnership, or a related entity, for infrastructure improvements and transportation amenities surrounding the project. These improvements include a new Class III Bike Route connecting Pacific Coast Highway to Ocean Boulevard; landscaping and pedestrian improvements, including Americans with Disabilities Act (ADA) curb ramps on 14th Street from Daisy Avenue to Alamo Court; major improvements to the transit stop on the corner of 14th Street and Long Beach Boulevard; as well as three new electric buses, transit service improvements, and a Transit Pass Program to be provided in partnership with Long Beach Transit (LBT).

SRHT and the City will be jointly responsible for ensuring the project is completed and will be responsible for the repayment of disbursed grant funds if the project is not completed. SRHT has agreed to provide the City with an Indemnification Agreement that will cause SRHT to be solely responsible for the repayment of grant funds. In addition, the City will require a Payment and Performance Guarantee, and payment and performance bonds, which will ensure the project is completed. LBT will be a non-applicant partner in the application and will be responsible for a portion of the transportation amenities, if funds are awarded. LBT has also agreed to provide an Indemnification Agreement to the City.

There are no match funds required from the City. However, the application scores points for local financial support. The \$3 million in loan funds awarded to SRHT by the LBCIC and approximately \$890,842 in Developer Impact fee Waivers from the City, consistent with Title 18 of the Long Beach Municipal Code, will count toward local financial support, and will further

increase the chances of a successful application. Development Impact Fee Waivers for low-income housing development projects are provided for in Long Beach Municipal Code Sections 18.17.130.B.5, 18.18.120.E, 18.23.110.A.2.e, and 18.22.110.A.2.e

This matter was reviewed by Deputy City Attorney Richard F. Anthony on April 21, 2021 and by Budget Management Officer Rhutu Amin Gharib on April 27, 2021.

TIMING CONSIDERATIONS

City Council action is requested on May 18, 2021, as the application is due on June 8, 2021. A Resolution authorizing the submittal of the application is required in the application package.

FISCAL IMPACT

With the approval of this recommendation, SRHT and the City will jointly apply for up to \$30 million in funding for the Union development. If the application is approved, loan funds of up to \$20 million will be awarded to a limited partnership to be formed by SRHT for the financing of the project. The City will not be a part of the limited partnership. The loan will be secured by the property, and the limited partnership will be responsible for repayment of the loan with rental revenue generated by the project. In addition, up to \$10 million in grant funds will be awarded to SRHT and distributed to the limited partnership, or a related entity, for infrastructure improvements and transportation amenities surrounding the project. SRHT has agreed to provide the City with an Indemnification Agreement that will cause SRHT to be solely responsible for the repayment of grant funds. In addition, the City will require a Payment and Performance Guarantee, and payment and performance bonds, which will ensure the project is completed. LBT will be a non-applicant partner in the application and will be responsible for a portion of the transportation amenities if funds are awarded. LBT has also agreed to provide an Indemnification Agreement to the City. There are no match funds required from the City. However, the application scores points for local financial support. The \$3 million in loan funds awarded to SRHT by the LBCIC and approximately \$890,842 in Developer Impact Fee Waivers from the City, will count toward local financial support. This recommendation has no staffing impacts beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



OSCAR W. ORCI
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:



THOMAS B. MODICA
CITY MANAGER

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH AUTHORIZING AN APPLICATION
FOR THE AFFORDABLE HOUSING AND SUSTAINABLE
COMMUNITIES PROGRAM

WHEREAS, the State of California, the Strategic Growth Council (SGC) and the Department of Housing and Community Development (Department) have issued a Notice of Funding Availability dated February 26, 2021 (NOFA), under the Affordable Housing and Sustainable Communities (AHSC) Program established under Division 44, Part 1 of the Public Resources Code commencing with Section 75200; and

WHEREAS, the City of Long Beach desires to apply for the AHSC Program funds and submit the application package released by the Department for the AHSC Program; and

WHEREAS, the SGC is authorized to approve funding allocations for the AHSC Program, subject to the terms and conditions of the NOFA, AHSC Program guidelines, application package, and standard agreement; and

WHEREAS, the Department is authorized to administer the approved funding allocations of the AHSC Program;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as follows:

Section 1. The City of Long Beach (Applicant) is hereby authorized and directed to apply for and submit to the Department the AHSC Program Application as detailed in the NOFA dated February 26, 2021, for Round 6 in a total amount not to exceed \$30,000,000 of which \$20,000,000 is requested as a loan for an Affordable Housing Development (AHD) (“AHSC Loan”) and \$10,000,000 is requested for a grant for Housing-Related Infrastructure (HRI), Sustainable Transportation Infrastructure (STI), Transit-

1 Related Amenities(TRA) or Program (PGM) activities (“AHSC Grant”) as defined the AHSC
2 Program Guidelines adopted by SGC on February 24, 2021. If the application is approved,
3 the Applicant is hereby authorized and directed to enter into, execute, and deliver a State
4 of California Standard Agreement (Standard Agreement) in a total amount not to exceed
5 \$30,000,000 (\$20,000,000 for the AHSC Loan and \$10,000,000 for the AHSC Grant), and
6 any and all other documents required or deemed necessary or appropriate to secure the
7 AHSC Program funds from the Department, and all amendments thereto (collectively, the
8 “AHSC Documents”).

9 Section 2. Applicant shall be subject to the terms and conditions as
10 specified in the Standard Agreement. Funds are to be used for allowable capital asset
11 project expenditures to be identified in Exhibit “A” of the Standard Agreement. The
12 application in full is incorporated as part of the Standard Agreement. Any and all activities
13 funded, information provided, and timelines represented in the application are enforceable
14 through the Standard Agreement. Applicant hereby agrees to use the funds for eligible
15 capital asset(s) in the manner presented in the application as approved by the Department
16 and in accordance with the NOFA and Program Guidelines and Application Package.

17 Section 3. The City Manager or his designee is authorized to execute in
18 the name of the Applicant the AHSC Program Application Package and the AHSC Program
19 Documents as required by the Department for participation in the AHSC Program.

20 Section 4. This resolution shall take effect immediately upon its adoption
21 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802-4664

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I hereby certify that the foregoing resolution was adopted by the City Council
of the City of Long Beach at its meeting of _____, 2021
by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

Recusal(s): Councilmembers: _____

City Clerk

Site Map
1401 Long Beach Blvd

