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Councilmembers,

The staff report for the August 15, 2014 Budget Oversight Committee for item #5, regarding Boomerang Funds, paints an inaccurate and misleading picture of housing resources available for housing creation in Long Beach. We thank staff for their time; however, the staff report is misleading and diverts the conversation from addressing the topic at hand.

- In last year's Housing Element, the Southern California Association of Governments (SCAG) instructed the City that it needs to produce **4,009 new affordable units by 2021 to meet the existing housing needs of Long Beach residents**. Housing development is more expensive than many people realize; it costs approximately \$350,000.00 to produce a single unit of affordable housing, for land and development costs. Typically, the City will pay 1/3 of this cost and affordable developers will obtain the remaining money from other funding sources, such as tax credits. **Therefore, in order to meet the existing housing needs of our residents by 2021 (4,009 units), the City needs to identify \$468,000,000.00 in local revenues for affordable housing creation. While this number may seem out of reach, the City should still make every effort to meet this need.** It is clear from the staff report that the City is not making this effort.
- Housing Long Beach has been advocating for over ten years for the City to identify a *permanent, local source of funds* for the creation of new, quality affordable housing, but staff consistently makes negative recommendations to the Council regarding this issue. During last year's Housing Element adoption process, housing advocates asked the City to make an ongoing commitment to dedicate 20% of Boomerang Funds towards affordable housing for the next 8 years, through 2021. We received general support from the Council, but were instructed that we should instead make this ask during the FY 2015 budget process. Now, here we are in the budget process and staff has recommended against this request. **Other cities throughout California have acknowledged that they have a housing crisis and are working towards addressing it. At last week's BOC hearing, we shared a list of California cities and counties, with similar budget challenges as LB, that are dedicating Boomerang Funds towards affordable housing. Why is it that Long Beach is unable to admit that a housing crisis exists so that we can work together toward identifying solutions? Today's staff report is a perfect example of the failure to acknowledge our housing crisis.** The staff report identifies misleading revenue sources, entirely fails to mention the housing needs of Long Beach residents and fails to identify any creative solutions. While the dedication of





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20% of Boomerang Funds does not solve our housing crisis, it is a critical first step for the City to take to find creative and equitable ways to meet the needs of all its residents.

Below is an explanation as to why the resources listed in the staff report are misleading and wholly insufficient to meet the housing needs of our existing residents:

- **Redevelopment-Related Housing Funds:** Found on pages 2 and 3 of the staff report, these monies coming into the Low- and Moderate-Income Housing Asset Fund (LMIHAF) **are debt obligations that the City owes to itself because it deferred payment of legally required redevelopment housing set aside monies years ago.** Money was borrowed from the legally protected housing set-aside fund and is now due to be paid back. While we are glad that the City is paying its debt obligations, this cannot be considered new funds for affordable housing. Moreover, some of this debt will not be paid back until FY 2017 and some of it is uncertain.
- Towards the bottom of page 2 of the staff report, the bulleted income levels describe “**workforce housing**” as housing for residents who earn above 80% of area median income. **This statement is indicative of the City’s attitude towards housing for lower income people,** as it implies that the City’s low income residents, earning below 80% of area median income, do not work. **The City couldn’t be more incorrect in its assumptions. Most low income residents work multiple low wage jobs to piece together money for their families and are the backbone of our local economy.**
- **Housing Trust Fund:** The monies in the HTF are too few to generate even one unit of housing, and this fund has sat nearly-empty for 8 years and had not produced a single unit of housing.
- **CalHome and HOME Funds.** The respective \$4 million and \$5.4 million in these funds are very misleading, as **neither are used for housing construction and will result in no new affordable home development.** Page 4 attests to this fact, noting that the funds are for rehabilitation, first time homebuyer assistance and other assistance programs. Though HOME funds are able to be used for housing construction, the City of Long Beach has not elected to do so.
- **AB 1484 Funds:** The staff report acknowledges that this money is entirely uncertain and an estimate of these monies is not even possible for five years.
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- **Other Resources/New Resources:**

- Pages 4-6 of the staff report **merely list potential revenue streams that affordable housing developers may apply for in a very competitive market. None of these are local sources of revenue from LB for affordable housing. Projects cannot get off the ground without a local source of revenue.** A local source of funds for housing is necessary for developers in Long Beach to leverage State and federal funding opportunities and bring more investment into Long Beach.
- Also included in this list is **the Housing Authority Fund** for Section 8 rental assistance vouchers. These are **federal funds for rental assistance**, and though Section 8 is an important program, it will *not lead to any housing creation*. It should also be noted that the Section 8 waiting list is closed, and due to federal cuts the program is taking on no new clients.
- The staff report also lists potential new resources, such as **bonds and cap and trade dollars**, but, once again, these are not local revenue sources. These are merely possible revenue streams for developers who will need a local LB revenue source to get their project off the ground.

Though the staff report includes interesting information, it is non-responsive in two ways. **First, it fails to acknowledge our housing crisis and our need to produce 4,009 affordable units by 2021. We cannot have an honest and productive housing discussion until our housing needs are included in the dialogue. Second, the staff report includes a list of debt obligations and housing programs that do not create new affordable housing for our working families.** The City must seize opportunities to identify local sources for the investment in affordable housing creation. Utilizing a portion of the Boomerang Funds, or tax increment dollars, is the first step that the City can take in investing in this valuable community resource.

Sincerely,

A handwritten signature in blue ink that reads "Kerry Gallagher".

Kerry Gallagher
Executive Director
Housing Long Beach

