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AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AMENDING THE LONG BEACH MUNICIPAL CODE BY ADDING CHAPTER 3.92 RELATING TO THE ESTABLISHMENT OF A HOUSING TRUST FUND

WHEREAS, the City Council of the City of Long Beach ("City Council") has determined that there exists within the City of Long Beach ("City") a serious shortage of decent, safe and sanitary housing affordable to extremely low, very low, low, and moderate income households, that such shortage is inimical to the health, safety and welfare of the residents of the City, and that it is an economic benefit to the City, and a public purpose to encourage the availability of adequate housing for extremely low, very low, low, and moderate income households; and

WHEREAS, extremely low, very low, low, and moderate income households find it difficult to secure safe, decent or affordable rental or ownership housing in the City; and

WHEREAS, if current trends in housing supply continue, extremely low, very low, low, and moderate income households will continue to be forced to pay higher and higher percentages of their household income on housing, causing stress and related social problems, and resulting in less available income for other purchases within the local economy; and

WHEREAS, extremely low, very low, low, and moderate income households will also be forced to live at greater distances from their place of employment, causing greater traffic congestion, increased air pollution and more rapid degradation of existing infrastructure; and

WHEREAS, the City Council has also determined that there also exists a shortage of housing for above-moderate income households, that such shortage is

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

1 preventing employers from attracting good quality applicants, and that it is an economic
2 benefit to the City, and a public purpose to encourage the availability of adequate
3 housing for above-moderate income households; and

4 WHEREAS, State and federal funding sources exist to assist extremely
5 low to moderate income households achieve homeownership and there is no public
6 funding to address the housing needs of above moderate income households; and

7 WHEREAS, the establishment of a Housing Trust Fund carries out the
8 provisions of the Long Beach Housing Element ("Housing Element") which provides, in
9 part, that the City should make special efforts to encourage an increased supply of
10 housing affordable to all income households.

11 NOW, THEREFORE, the City Council of the City of Long Beach ordains
12 as follows:

13 Section 1. Chapter 3.92 is hereby added to the Long Beach Municipal
14 Code to read as follows:

15 Chapter 3.92
16 Housing Trust Fund

17
18 3.92.010 Purpose and Intent.

19 It is the intent of the City Council to create a Housing Trust Fund as
20 a source of revenue to meet, in part, the housing needs of the City's
21 extremely low and above moderate income households.

22 The Housing Trust Fund will serve as a vehicle for addressing the
23 housing needs of extremely low and above moderate income households
24 through a combination of funds as provided for in this Chapter.

25 It is further the intent of the Council to increase ownership
26 opportunities available to extremely low and above moderate income
27 households throughout the City.

28 It is the purpose and intent of this Chapter to preserve and increase

1 renter and ownership housing units which are affordable to extremely low
2 and above moderate income households which are located within the
3 City, including federally assisted units.

4 It is the further intent of the City Council to foster and encourage
5 the private sector to join with the public sector to further the goals of this
6 Chapter.

7
8 3.92.020 Definitions.

9 Unless the context requires otherwise, the words and phrases used
10 in this Chapter shall have the meanings as defined below:

11 A. "Above Moderate Income Household" shall mean a household
12 whose income is greater than 120% of area median income but less than
13 150% of area median income, both as adjusted for family size.

14 B. "Affordable" shall mean a housing unit that has an affordable
15 housing or rental cost.

16 C. "Affordable Housing Cost" shall have the meaning ascribed to
17 that term in Section 50052.5 of the California Health & Safety Code
18 ("Code"), or any successor section thereto.

19 D. "Affordable Rent" shall have the meaning ascribed to that term
20 in Section 50053(a) of the Code, or any successor section thereto.

21 E. "Area Median Income" shall mean the median income in the
22 Long Beach Standard Metropolitan Statistical Area adjusted for family
23 size, as published by the United States Department of Housing and Urban
24 Development.

25 F. "Assisted Unit" shall mean a housing unit that is affordable
26 because of assistance from the Fund.

27 G. "Extremely Low Income Household" shall have the meaning
28 ascribed to that term in Section 50106 of the Code, or any successor

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section thereto.

H. "Housing Trust Fund" shall mean the Long Beach Housing Trust Fund account maintained by the City to fund the activities authorized by this Chapter.

I. "Recipient" shall mean a person or legal entity which receives funds from the Housing Trust Fund other than the Company.

3.92.030 Establishment of the Long Beach Housing Trust Fund and Trust Fund Account.

A. There is hereby established a fund to be known and denominated as the Long Beach Housing Trust Fund ("Housing Trust Fund"). The Housing Trust Fund shall consist of such sums as are directed to the fund by ordinance of the City Council and any other appropriations as determined from time to time by action of the City Council. The Housing Trust Fund shall be administered by The Long Beach Housing Development Company ("Company") pursuant to the provisions of this Chapter, the Program Plan (defined below), the appropriation ordinances and Council policies applicable thereto.

B. All funds received by the Housing Trust Fund, either from special funds or general fund appropriations, shall be deposited in an account to be known and denominated as the Housing Trust Fund Account. Principal and interest from loan repayments, proceeds from grant repayments, forfeitures, reimbursements, and all other income from Housing Trust Fund activities, shall be deposited in the Housing Trust Fund Account unless required otherwise by funding regulations. All funds shall earn interest at least at the same rate as pooled investments managed by the City Treasurer. All interest earnings from the Housing Trust Fund Account shall be reinvested and dedicated to the account. All

1 appropriated funds in the Housing Trust Fund Account shall be available
2 for program expenditures as directed by the Company. The City's annual
3 appropriation ordinance shall provide for the transfer of designated funds
4 to the Housing Trust Fund. Transfers shall be made quarterly or upon
5 direction of the City Manager. Designated funds shall accrue interest from
6 the time of transfer to the Housing Trust Fund Account.

7
8 3.92.040 Purpose and Use of Housing Trust Fund Monies.

9 Funds in the Housing Trust Fund shall be used solely for programs
10 and administrative support approved by the City Council in the Program
11 Plan to meet the housing needs of extremely low and above moderate
12 income households. Funds in the Housing Trust Fund Account shall be
13 allocated according to the following guidelines, to the extent possible:

14 A. Not less than eighty percent (80%) of the funds in the Housing
15 Trust Fund Account shall be expended to provide housing assistance and
16 homeownership opportunities for above moderate income households at
17 affordable costs; and

18 B. Not less than twenty percent (20%) of the funds in the Housing
19 Trust Fund Account shall be expended to provide housing assistance and
20 homeownership opportunities to extremely low income households at
21 affordable housing costs.

22
23 3.92.050 Term of Affordability.

24 A. Whenever funds from the Housing Trust Fund Account are
25 used for the acquisition, construction or substantial rehabilitation of
26 affordable housing, the Company shall impose enforceable requirements
27 on the owner of the housing unit requiring that the unit remain affordable
28 for a minimum of fifty-five (55) years for rental housing and thirty (30)

1 years for ownership housing.

2 B. For programs funded with funds from the Housing Trust Fund
3 which are not described in Subsection A above, the Company shall
4 develop appropriate mechanisms to ensure the continued affordability of
5 the involved units.

6 C. The affordability restriction requirements described in this
7 section shall run with the land and the Company shall develop appropriate
8 procedures and documentation to enforce these requirements and shall
9 record such documentation in the Official Records of the Recorder of Los
10 Angeles County.

11

12 3.92.060 Program Plan.

13 Prior to the commencement of the fiscal year, the Company shall
14 adopt a plan ("Program Plan") and present it to the City Council for action.
15 The Program Plan shall include:

16 A. A description of all programs and projects to be funded with
17 funds from the Housing Trust Fund; and

18 B. The amount of funds budgeted for the programs and projects
19 administered by the Company.

20

21 3.92.070 Funding of Supporting Services.

22 Funds from the Housing Trust Fund may be used in any manner
23 consistent with this Chapter, through loans, grants, or indirect assistance,
24 for the production and maintenance of assisted units and related facilities.
25 Funds shall not be used for the operation of supporting services such as
26 childcare or social services unless:

27 A. The funds are used in connection with affordable housing; and

28 B. The recipient can demonstrate to the satisfaction of the

1 Company that other funds are not available.

2

3 3.92.080 Publication of Program Documents.

4 The Company shall publish such administrative rules and
5 guidelines as are necessary and desirable to implement the programs
6 approved by the City Council in the Program Plan.

7

8 3.92.090 Semi-Annual Report.

9 The Company shall twice each year, at approximate six (6) month
10 intervals, prepare and submit a report to the City Council on the activities
11 undertaken with funds from the Housing Trust Fund. The report shall
12 contain the information necessary to support the findings specified in
13 Section 66001 of the California Government Code.

14

15 3.92.100 Financial Management.

16 The City Treasurer shall maintain and report within the City's
17 accounts a separate Housing Trust Fund Account and any required
18 related subsidiary funds for all related financing transferred from the City
19 and any related income. Such funds shall be accounted for and reported
20 separately on the Company's annual financial report, and such funds shall
21 be audited for compliance with this Chapter and related policies and
22 regulations. The Company shall prepare any other reports legally
23 mandated for financing sources of the Housing Trust Fund.

24

25 Sec. 2. The City Clerk shall certify to the passage of this Ordinance by
26 the City Council and cause it to be posted in three conspicuous places in the City of
27 Long Beach, and it shall take effect on the thirty-first day after it is approved by the
28 Mayor.

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

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I hereby certify that the foregoing Ordinance was adopted by the City Council of the City of Long Beach and its meeting of _____, 2006, by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

Approved: _____

Mayor