



CITY OF LONG BEACH

H-1

DEPARTMENT OF DEVELOPMENT SERVICES

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June 7, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive supporting documentation into the record and conclude the public hearing; adopt a Resolution making certain findings; approve and authorize the execution of the Disposition and Development Agreement between The Long Beach Housing Development Company and JHC Acquisitions, LLC; find that the consideration for the sale of certain real property in the Central Long Beach Redevelopment Project Area is not less than fair market value in accordance with covenants and conditions governing such sale; and approve the sale of the property and the Disposition and Development Agreement. (District 6)

DISCUSSION

The Redevelopment Plan for the Central Long Beach Redevelopment Project Area (Project Area) sets goals to ensure a diversity of housing stock for the growing population; expand, improve, and preserve the community's supply of housing available to low- and moderate-income persons; remove blighting influences; and assure high design standards for the entire Project Area.

The City Council, the Redevelopment Agency (Agency), and The Long Beach Housing Development Company (LBHDC) have also adopted a Housing Action Plan (HAP) for Fiscal Years 2005-2009 to systematically address the critical housing needs of the City and to serve as the framework for the allocation of scarce City housing resources. The HAP allocated \$69 million over a five-year period for affordable housing programs. Sixty-five percent (65%) of these funds were allocated to three focus areas: Washington School, Central, and North King School. Both the Washington School and Central HAP areas are within the Central Long Beach Redevelopment Project Area. One of the recommended strategies included in the HAP is to acquire parcels that are currently vacant or have substandard improvements and, in certain instances, properties adjacent to such parcels.

Pursuant to the HAP, the LBHDC acquired three properties in the Central HAP focus area, located at 1893-1911 Pine Avenue. The properties contain 17 multifamily apartment units

in five buildings. The units are severely blighted and currently unsafe for occupancy. Acquisition costs for the site totaled approximately \$2,531,880 including land, buildings, relocation, escrow and other related costs. These costs were paid with redevelopment housing set-aside funds and federal Neighborhood Stabilization Program 1 Funds (NSP1).

On March 16, 2011, the LBHDC approved a proposal from Jamboree Housing Corporation (Jamboree) to purchase the site for \$2,531,880, for which the LBHDC will provide an acquisition loan, and an additional \$3,182,800 in construction financing to rehabilitate and reconfigure the existing substandard structures. The \$5,714,680 in assistance will be structured as a residual receipts loan with a 55-year term. Jamboree subsequently created JHC Acquisitions, LLC, a wholly-owned subsidiary, to act as the developer for this project.

The proposal includes a reconfiguration of the existing 17 units into 14 apartment units, consisting of 12 two-bedroom and 2 three-bedroom units. Each unit will be fully renovated and modernized, including new windows, drywall, fixtures, kitchens, bathrooms and appliances. The proposal also includes 11 garage and two surface parking spaces, which is an increase from the existing 11 spaces; a new 480-square-foot community room, with a kitchen and bathroom; new laundry facilities; bike racks; a tot-lot; community garden; and an outdoor seating area. All units, except one on-site manager unit, will be affordable to very-low and low-income households for 55 years. A map of the site and photographs are attached (Exhibit A – Site Map and Photographs).

Although the City and the Agency are not parties to the Disposition and Development Agreement (DDA), Section 33433 of the California Health and Safety Code requires that if a property is acquired in whole or in part with tax increment funds, City Council is required to hold a Public Hearing and adopt a Resolution approving the proposed sale or transfer of the property. Pursuant to Section 33433, the Agency has made available for public inspection and reproduction a copy of the DDA and a Summary Report that contains the following:

- The estimated value of the interest to be conveyed determined at the highest and best use permitted under the Redevelopment Plan;
- The estimated value of the interest to be conveyed, determined at the use and with the conditions, covenants and development costs required by the Agreement;
- The purchase price;
- The cost of the Agreement to the Agency/LBHDC;
- An explanation of why the transfer of the Site will assist in the elimination of blight; and
- An explanation of why the sale of the Site is consistent with the Agency's AB 1290 Implementation Plan.

Summary of Disposition and Development Agreement

- The proposed Disposition and Development Agreement is between the LBHDC and JHC Acquisitions, LLC (Developer).
- The LBHDC will sell the property to the Developer for \$2,531,880.
- The LBHDC will loan the Developer up to \$5,714,680, of which \$2,531,880 will be applied to the purchase price, and the remaining \$3,182,800 will be applied to the rehabilitation costs.
- The Developer will rehabilitate the property and operate 13 income-restricted apartments, a manager's unit, a community room, open space and parking on the Site.
- The Developer will also provide social services to the residents of the units.

The Summary Report provides a more detailed description of the proposed transaction, including the responsibilities of the LBHDC and the Developer (Exhibit B – 33433 Summary Report).

In accordance with the National Environmental Protection Act, a Determination of Categorical Exclusion was issued for the proposed project on April 20, 2011 (Exhibit C – Categorical Exclusion). In accordance with the California Environmental Quality Act, a Categorical Exemption was issued on May 17, 2011 (Exhibit D – Categorical Exemption).

This letter was reviewed by Deputy City Attorney Richard Anthony on May 16, 2011, and by Budget Management Officer Victoria Bell on May 19, 2011.

TIMING CONSIDERATIONS

City Council action on June 7, 2011 will allow the LBHDC and the Developer to proceed with the sale and subsequent rehabilitation of the apartment buildings.

FISCAL IMPACT

The proposed action will not have any impact to the General Fund. The proposed development will be assisted with funds from the Housing Development Fund (SR – 135). It is unknown at this time if any new jobs will be created as a result of the development project.

HONORABLE MAYOR AND CITY COUNCIL

June 7, 2011

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

AJB:ET:PU:ms

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Attachments: Exhibit A – Site Map and Site Photographs
Exhibit B – 33433 Summary Report
Exhibit C – Categorical Exclusion – NEPA
Exhibit D – Categorical Exemption - CEQA
Resolution

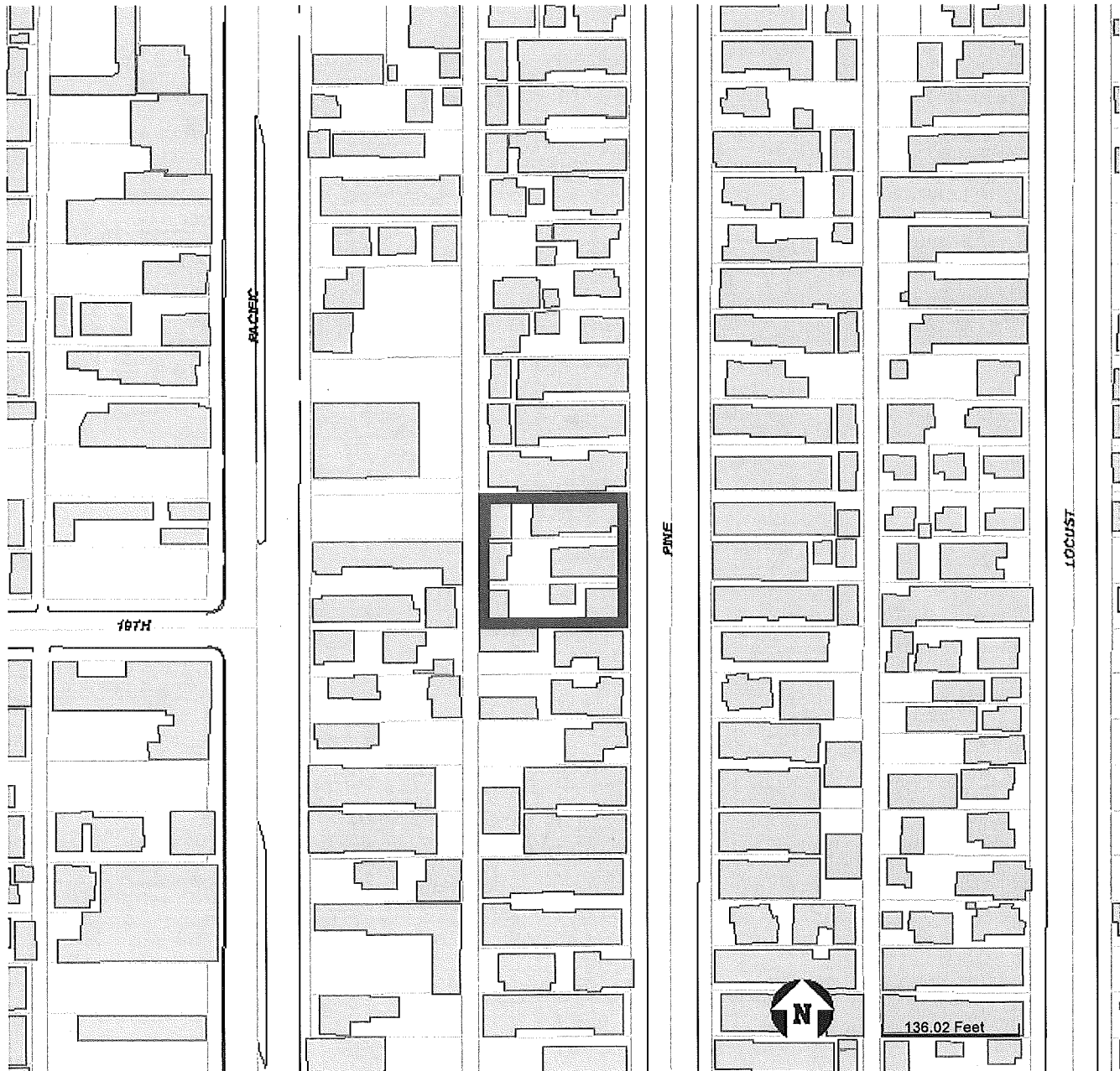
APPROVED:



PATRICK H. WEST
CITY MANAGER

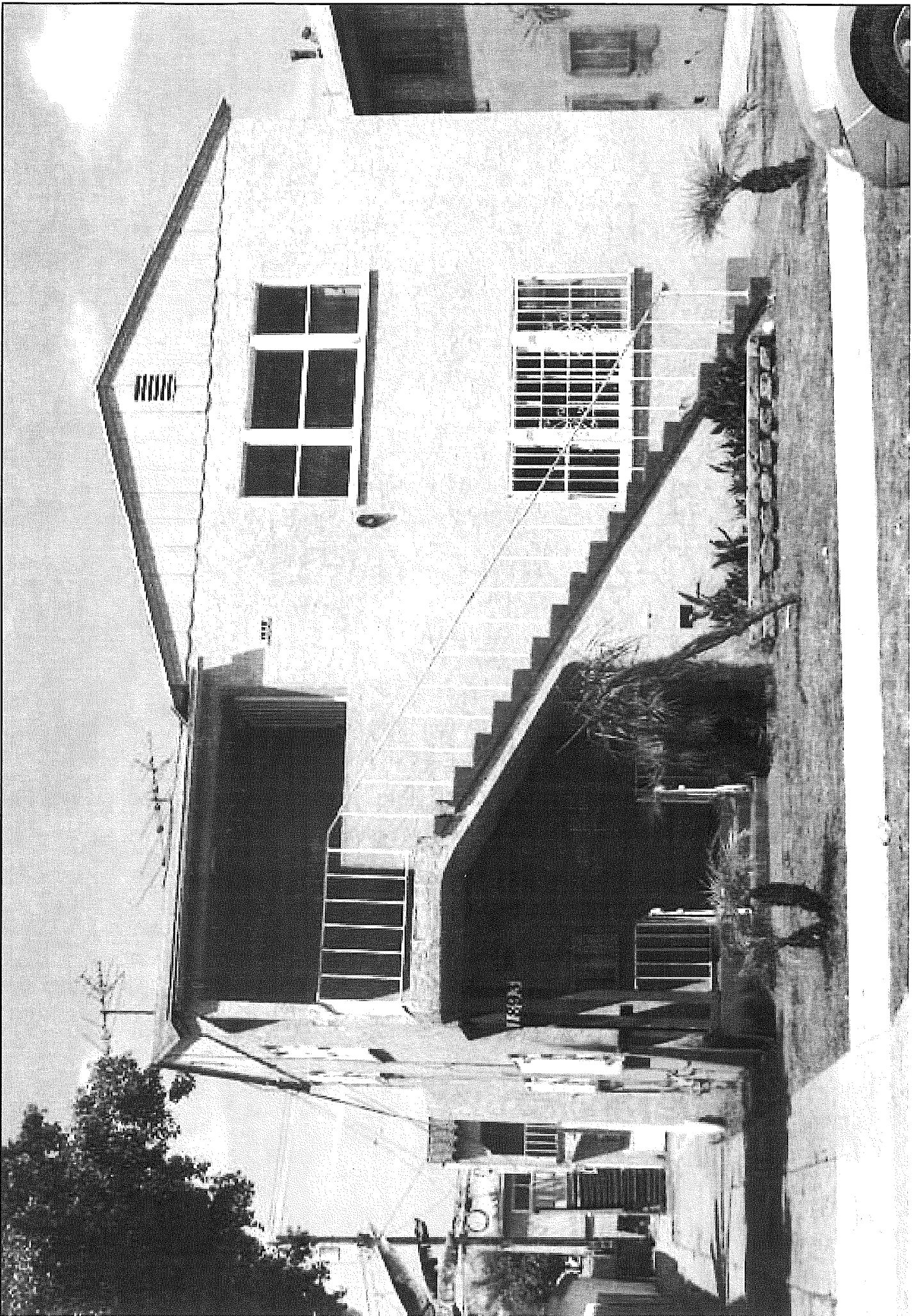


1893-1911 Pine Avenue



Disclaimer

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1905 - 1911 PINE



**SUMMARY REPORT PURSUANT TO
SECTION 33433
OF THE
CALIFORNIA HEALTH AND SAFETY CODE
ON AN
DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT
BY AND BETWEEN
THE LONG BEACH HOUSING DEVELOPMENT COMPANY
AND
JHC ACQUISITIONS, LLC**

The following Summary Report has been prepared pursuant to California Health and Safety Code Section 33433 (Section 33433). The report sets forth certain details of the proposed Disposition, Development and Loan Agreement (Agreement) between the Long Beach Housing Development Company (LBHDC) and JHC Acquisitions, LLC (Developer). The purpose of the Agreement is to effectuate the Redevelopment Plan for the Central Long Beach Redevelopment Project Area (Redevelopment Plan).

LBHDC receives funds from the City of Long Beach (City) Housing Development Fund. The Housing Development Fund consists of monies deposited by the Redevelopment Agency of the City of Long Beach (Agency) from its Low and Moderate Income Housing Set-Aside Fund (Set-Aside) for the purposes of increasing, improving and preserving the communities supply of affordable housing for occupancy at affordable rent to low and moderate income households in the City.

LBHDC owns three apartment buildings located at 1911 Pine Avenue, 1905 and 1907 Pine Avenue and 1893 Pine Avenue (Property). 1911 Pine Avenue, 1905 and 1907 Pine Avenue were acquired with Set-Aside funds and 1893 Pine Avenue was acquired with Neighborhood Stabilization Program 1 (NSP) funds. The existing improvements consist of three vacant substandard structures housing 17 apartment units.

The Agreement requires the LBHDC to convey the Property to the Developer. In turn, the Developer is required to rehabilitate and reconfigure the existing structures from 17 units into 14 apartment units, of which 13 will be restricted to very-low and low income households and one will be set-aside for the on-site manager; provide 11 garage and two surface parking spaces; and build a new 480 square foot community room (Project).

The following Summary Report is based upon the information contained within the Agreement, and is organized into the following seven sections:

- I. **Salient Points of the Agreement:** This Section summarizes the major responsibilities imposed on the Developer and the LBHDC by the Agreement.

- II. **Cost of the Agreement to the LBHDC:** This section details the total cost to the LBHDC associated with implementing the Agreement.
- III. **Estimated Value of the Interests to be Conveyed Determined at the Highest Use Permitted under the Redevelopment Plan:** This section estimates the value of the interests to be conveyed determined at the highest use permitted under the Redevelopment Plan.
- IV. **Estimated Reuse Value of the Interests to be Conveyed:** This section summarizes the valuation estimate for the Site based on the required scope of development, and the other conditions and covenants required by the Agreement.
- V. **Consideration Received and Comparison with the Established Value:** This section describes the compensation to be received by the LBHDC, and explains any difference between the compensation to be received and the established value of the Site.
- VI. **Blight Elimination:** This section explains how the Agreement will assist in alleviating blight in the Project Area.
- VII. **Conformance with the AB1290 Implementation Plan:** This section describes how the Agreement achieves goals identified in the Agency's adopted AB1290 Implementation Plan.

This report and the Agreement are to be made available for public inspection prior to the approval of the Agreement.

I. SALIENT POINTS OF THE AGREEMENT

Project Description

The scope of development required by the Agreement includes the rehabilitation of the Property. The LBHDC currently holds title to the Property, and the LBHDC is proposing to enter into this transaction in accordance with the Community Redevelopment Law. The Project will be completed in one phase that can be described as follows:

1. The Property includes approximately 20,250 square feet of land area and is improved with 12,767 square feet of existing building area.
2. The Property is currently zoned as R-4-N, which is a high density, multi-family residential district and implements land use district No. 4 of the General Plan.

3. The Project includes the rehabilitation of 17 units into 14 units, which equates to a density of 30 units per acre. The proposed rehabilitation will include the following:
 - a. Exterior Improvements:
 - i. Reconfiguration of all parking into an alley fed system;
 - ii. Removal of all hardscape areas;
 - iii. Linkage of all properties into one;
 - iv. Creation of a themed fencing and amenity area; and
 - v. Undergrounding of all utilities.
 - b. Interior Improvements:
 - i. Each unit will be fully renovated and modernized, including new drywall, fixtures, kitchens, bathrooms and appliances;
 - ii. Replace windows, garage doors and exterior stucco throughout; and
 - iii. Four units will be combined to create larger floor plans for families.
 - c. The proposed unit mix is as follows:
 - i. 12 two-bedroom units and
 - ii. Two three-bedroom units.
 - d. A 480 square foot community room, including a kitchen and bathrooms, will be constructed on the Property.
 - e. The gross building area (GBA) for the Property will be 12,280 square feet, which equates to a 0.606 FAR.
4. Thirteen (13) apartment units will be subject to the following income and affordability restrictions for California Redevelopment Law (CRL) purposes:
 - a. Five (5) two-bedroom units will be restricted to very-low income households;
 - b. Six (6) two-bedroom units and two (2) three-bedroom units will be restricted to low income households; and
 - c. One two-bedroom unit will be unrestricted and set-aside for the on-site manager.

5. Furthermore, the three two-bedroom units located at 1893 Pine Avenue, which were purchased with NSP 1 funds, will also be restricted to the applicable rules and regulations pursuant to the HOME Program as follows:
 - a. Two (2) units will be restricted to Low HOME as well as very-low income for CRL purposes; and
 - b. One (1) unit will be restricted to High HOME as well as low income for CRL purposes.
6. The Project will be served by a total of 13 parking spaces, which equates to a 0.93 spaces per unit parking ratio.
7. The following amenities will be provided on-site:
 - a. A tot-lot;
 - b. A pocket park;
 - c. Laundry facilities;
 - d. A garden plot;
 - e. Bike racks; and
 - f. An outdoor seating area.
8. The Developer will also provide Housing with a Heart activities and social services on-site through a sister property in the City.

The Agreement requires the LBHDC to provide a \$5,714,680 loan to the Developer for acquisition and rehabilitation of the Property (LBHDC Loan). The terms of the LBHDC Loan are as follows:

1. The LBHDC Loan will first be considered as a Construction Loan with a 24-month term. Once the Project is completed, the LBHDC Loan will convert into a Permanent Loan with a 55-year term (Maturity Date).
2. The following describes the disbursements outlined in the Agreement:
 - a. At closing, the entire amount of the Purchase Price (\$2,531,880) will be deemed disbursed;
 - b. A total of \$320,000 of the LBHDC Loan proceeds will only be disbursed upon satisfactory establishment of a Multi-Family Improvement District (MID) by the City prior to the completion of the Project;

- c. Proceeds for eligible costs will be disbursed in accordance with the LBHDC Loan Documents; and
 - d. As to each Draw Request, LBHDC will withhold 10% of the total costs of all hard construction costs properly incurred and substantiated by the Developer in connection with such Draw Request (Retention). The definition of hard costs does not include general conditions, bond costs and insurance. The Retention will be disbursed when the LBHDC Loan is converted to a Permanent Loan and upon completion of certain conditions.
3. The loan will bear no interest unless the Developer defaults and then the rate will be set at the lesser of a 10% simple interest rate or the maximum interest rate allowed per the law.
 4. The initial loan term is 24 months from the close of escrow. Upon conversion to a permanent loan, the loan will be due 55 years from the completion of construction.
 5. No payments of interest and principal will be due until the Maturity Date;
 6. The LBHDC Loan will be evidenced by the following Promissory Notes:
 - a. NSP Promissory Note – the amount of the NSP funds used to purchase 1893 Pine Avenue, or \$377,900;
 - b. Set-Aside Promissory Note – the amount of Set-Aside funds used to purchase the other Properties and fund construction costs, or \$5,336,780.
 7. Developer will make deposits into the Operating Reserve for the Project annually in an amount equal to 50% of the Residual Receipts, which is the LBHDC Share of the Residual Receipts.
 8. In the event of a Refinancing or Transfer of the Property, all Net Refinancing Proceeds will be payable to the LBHDC and applied to the outstanding balance of the LBHDC Loan.
 9. If the Agreement is terminated, the outstanding principal and interest payments will become due and payable immediately.

Developer Responsibilities

The Agreement requires the Developer to accept the following responsibilities:

1. The Developer will purchase the Property from the LBHDC for \$2,531,880 (Purchase Price). The Purchase Price will be deemed paid with proceeds of the LBHDC Loan upon closing.

2. The Developer will abide by the Regulatory Agreement, Schedule of Performance and Scope of Work.
3. Following the conveyance, the Developer agrees to indemnify the LBHDC.
4. Without cost to LBHDC, the Developer will ensure that zoning of the Property and all applicable City land use requirements will be such as to permit development of the Project and the use, operation and maintenance of the improvements in accordance with the Agreement.
5. The Developer will comply with the City of Long Beach Developer / Contractor HUD Section 3 Project Compliance Guidelines.
6. The Developer will initially contract with Housing with HEART, an affiliate of the Developer, to perform services pursuant to the Social Services Plan.
7. Prior to occupancy, the following deposits will be made into separate interest-bearing accounts:
 - a. At least \$30,000 must be deposited into a Replacement Reserve and at least \$4,900 per year thereafter;
 - b. At least \$30,000 must be deposited into an Operating Reserve; and
 - c. A \$320,000 deposit into an Operating Reserve-MID Fee plus \$14,180 per year thereafter if an MID is established by the City.

LBHDC Responsibilities

The Agreement imposes the following responsibilities on the LBHDC:

1. The LBHDC agrees to convey the Property, in an 'as is' condition, to the Developer for \$2,531,880.
2. LBHDC is responsible for real and personal property taxes and assessments for the Property occurring prior to the Close of Escrow.
3. The LBHDC will loan the Developer up to \$5,714,680, of which \$2,531,880 will be applied to the Purchase Price and the remaining \$3,182,800 will be applied to the rehabilitation costs.
4. LBHDC will continue to manage, operate and maintain the Property in the same manner as existed prior to the Agreement through the Close of Escrow.
5. The Promissory Notes will be secured by Deeds of Trust which will not be subordinated to any other sources of financing unless LBHDC approves such financing.

6. The LBHDC Regulatory Agreement will also not be subordinated to any sources of financing unless approved by the LBHDC.
7. The LBHDC Loan will be disbursed as follows:
 - a. Immediately upon Closing, the funds necessary to pay the Purchase Price will be deemed disbursed from the LBHDC Loan.
8. The Developer Fee is limited to \$250,000, and the Agreement permits the Developer Fee to be disbursed to the Developer in accordance to the following schedule:
 - a. At Close of Escrow, \$50,000 will be disbursed to the Developer; and
 - b. During construction the remaining \$200,000 will be disbursed in \$25,000 per month increments.
 - c. There will be no deferred Developer Fee unless the actual costs exceed the Construction Budget.

II. COST OF THE AGREEMENT TO THE LBHDC

The Set-Aside costs incurred by the LBHDC to implement the Agreement are estimated as follows:

Acquisition Cost	
1905-1907 Pine Avenue	\$945,000
1911 Pine Avenue	815,000
1893 Pine Avenue	0
Property Maintenance	255,982
Relocation Costs	115,164
Consultants	45,500
Loss Rents	7,334
Rehabilitation Costs	3,182,800
Total LBHDC Cost	\$5,336,780

The LBHDC costs are anticipated to be offset by a portion of the repayment of the \$5,714,680 LBHDC Loan to be made by the Developer. It is anticipated that no payments will be made to the LBHDC until the end of the loan term, or 55 years, when the loan will be due and payable in full. Therefore, in nominal terms, the \$5.34 million in LBHDC costs will be completely repaid but in present value terms, assuming an 8% discount rate, the \$5.34 million LBHDC costs will be off-set by \$77,400.

The LBHDC Loan will also include \$377,900 that is attributable to the NSP 1 funds that were used to purchase the 1893 Pine Avenue parcel. Any payments allocated to these funds must

be repaid to the federal government per the NSP 1 guidelines. As such, it is expected that the NSP 1 funds will not be returned to the federal government until Year 55.

III. ESTIMATED VALUE OF THE INTERESTS TO BE CONVEYED DETERMINED AT THE HIGHEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN

Section 33433 requires the LBHDC to identify the value of the interests being conveyed at the highest use allowed by the requirements imposed by the Redevelopment Plan. The valuation must be based on the assumption that near-term development is required, but the valuation does not take into consideration any extraordinary use or quality restrictions that are being imposed on the development by the LBHDC.

In a land value study dated March 9, 2011, Lidgard & Associates, Inc. set the fair market value of the Property at \$760,000, or \$44,700 per existing unit.

IV. ESTIMATED REUSE VALUE OF THE INTERESTS TO BE CONVEYED

The Agreement imposes extraordinary controls on the Project. Specifically, the Developer must reduce the number of units from 17 to 14; restrict thirteen units to low and very-low income households and pay prevailing wages to contractors and subcontractors as required by the Agreement. The impacts created by these requirements reduce the \$760,000 value of the Property at the highest use allowed by the Redevelopment Plan.

Keyser Marston Associates, Inc. (KMA) prepared a reuse analysis based on the Scope of Development and Affordability Restrictions required by the Agreement. This analysis set the value of the Project at negative \$3.18 million. Therefore, the fair reuse value of the Project is negative \$3.18 million.

V. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE

The Agreement imposes extraordinary controls on the Project. Specifically, the Developer must reduce the number of units from 17 to 14; impose income and affordability restrictions on 13 of the 14 units in the Project; and pay prevailing wages to all the contractors and subcontractors employed to construct the Project. The impacts created by these requirements reduces the value of the Property from \$760,000 at the highest use allowed by the Site's zoning and the requirements imposed by the Redevelopment Plan, to the established fair reuse value of negative \$3,182,800.

The Agreement requires that LBHDC to convey the Property to the Developer for a Purchase Price of \$2,531,880, which equates to the assemblage costs incurred by the LBHDC. The Agreement requires the LBHDC to also provide a \$5,714,680 residual receipts loan, of which \$2,531,880 will be applied to the Purchase Price and the remaining \$3.18 million will be disbursed towards rehabilitation costs.

It is anticipated that no payments will be made on the LBHDC Loan until the end of the 55-year loan term. Assuming an 8% discount rate, the \$5.71 million payment in year 55 has a present value of approximately \$83,000, of which approximately \$5,500 must be paid to the federal government due to the NSP 1 fund regulations. Given that the reuse value is negative, any proceeds from the repayment of the LBHDC Loan will be higher than the reuse value. Thus, it can be concluded that the consideration received by the LBHDC for the Site being conveyed to the Developer is greater than the established fair reuse value of negative \$3.18 million.

VI. BLIGHT ELIMINATION

The Agreement requires the Developer to provide an affordable housing project restricted to very-low income households on the Site. In accordance with California Redevelopment Law, as portrayed in the California Health and Safety Code Section 33433, the conveyance of property that results in the provision of housing for low or moderate income persons satisfies the blight elimination criteria imposed by Section 33433. Thus, the Project fulfills the blight elimination requirement.

VII. CONFORMANCE WITH THE AB1290 IMPLEMENTATION PLAN

The Project conforms to several objectives defined in the Agency's adopted Five Year Implementation Plan for 2010 – 2014. In addition, the Project is specifically listed in the Plan. The pertinent goals and objectives that are satisfied by the Project are:

1. The implementation of the Agreement will eliminate the blighting influence created by the existing structure; and
2. The anticipated rehabilitation project will increase the affordable housing stock within the Project Area.



Determination of Categorical Exclusion (subject to 58.5)

Determination of activities per 24 CFR 58.35(a)
 May be subject to provisions of Sec 58.6, as applicable

Project Name: Pine Avenue Rehab Project
 Project Description: Rehabilitation & interior reconfiguration of 3 multifamily buildings. Total unit count will be reduced from 17 to 14. All units will be fully renovated, including new windows, drywall, kitchens & bathrooms. The project will also include construction of a new community room, laundry facilities and a tot-lot.
 Address: 1893-1911 Pine Avenue
 Funding Source: CDBG HOME ESG HOPWA EDI Other: NSP1 & Redevelopment Set-aside funds
 Funding Amount: NSP1: \$379,931 (1893 Pine Ave.) Redevelopment Set-Aside: \$5,714,560 (1905-1911 Pine Ave.)
 Grant Number: B-08-MN060511 (NSP1)

I hereby certify that the abovementioned project has been reviewed and determined to be a Categorical Excluded activity (subject to 58.5) per 24 CFR 58.35(a) as follows:

	1. Acquisition, repair, improvement, reconstruction, or rehabilitation of public facilities and improvements (other than buildings) when the facilities and improvements are in place and will be retained in the same use without change in size or capacity of more than 20 percent (e.g., replacement of water or sewer lines, reconstruction of curbs and sidewalks, repaving of streets);
	2. Special projects directed to the removal of material and architectural barriers that restrict the mobility of and accessibility to elderly and handicapped persons;
X	3. Rehabilitation of buildings and improvements when the following conditions are met: i. In the case of a building for residential use (with one to four units), the density is not increased beyond four units, the land use is not changed, and the footprint of the building is not increased in a floodplain or in a wetland; or, ii. In the case of multifamily residential buildings: A. Unit density is not changed more than 20 percent; B. The project does not involve changes in land use from residential to non-residential; and C. The estimated cost of rehabilitation is less than 75 percent of the total estimated cost of replacement after rehabilitation; or, iii. In the case of non-residential structures, including commercial, industrial, and public buildings: A. The facilities and improvements are in place and will not be changed in size or capacity by more than 20 percent; and B. The activity does not involve a change in land use, such as from non-residential to residential, commercial to industrial, or from one industrial use to another.
	4. i. An individual action on up to four dwelling units where there is a maximum of four units on any one site. The units can be four one-unit buildings or one four-unit building or any combination in between; or, ii. An individual action on a project of five or more housing units developed on scattered sites when the sites are more than 2,000 feet apart and there are not more than four housing units on any one site; or, iii. Paragraphs (a)(4)(i) and (ii) of this section do not apply to rehabilitation of a building for residential use (with one to four units) (see paragraph (a)(3)(i) of this section).
	5. Acquisition (including leasing) or disposition of, or equity loans on an existing structure, or acquisition (including leasing) of vacant land provided that the structure or land acquired, financed, or disposed of will be retained for the same use.
	6. Combinations of the above activities.

The responsible entity must also complete and attach a **Statutory Worksheet**. By signing below the Responsible Entity certifies in writing that each activity or project is Categorical Excluded (subject to 58.5) and meets the conditions specified for such exemption under section 24 CFR 58.35(a). Please keep a copy of this determination in your project files.

Craig Chalfant, Planner
 Responsible Entity Certifying Official Name & Title (please print)

[Signature]
 Responsible Entity Certifying Official Signature

April 20, 2011
 Date

STATUTORY WORKSHEET

[HUD Region IX Recommended Format - Revised December 2003 - previous versions are obsolete]

Use this worksheet only for projects that are Categorical Excluded per 24 CFR Section 58.35(a).

(Note: Compliance with the laws and statutes listed at 24 CFR §58.6 must also be documented).

24 CFR §58.5 STATUTES, EXECUTIVE ORDERS & REGULATIONS

PROJECT NAME and DESCRIPTION - Include all contemplated actions that logically are either geographically or functionally part of the project:

Pine Avenue Rehab Project: Rehabilitation & interior reconfiguration of 3 multifamily buildings. Total unit count will be reduced from 17 to 14. All units will be fully renovated, including new windows, drywall, kitchens & bathrooms. The project will also include construction of a new community room, laundry facilities and a tot-lot.

This proposal is determined to be categorically excluded according to: [Cite section(s)] 24 CFR 58.35 (a)(3)

DIRECTIONS - Write "A" in the Status Column when the proposal, by its scope and nature, does not affect the resources under consideration; OR write "B" if the project triggers formal compliance consultation procedures with the oversight agency, or requires mitigation (see Statutory Worksheet Instructions). Compliance documentation must contain verifiable source documents and relevant base data.

Compliance Factors:

Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5

Status
A / B

Compliance Determination & Documentation

Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5	Status A / B	Compliance Determination & Documentation
Historic Preservation [36 CFR Part 800]	A	The project is not located in a designated Historic District and there are no designated Historic Buildings in the project site.
Floodplain Management [24 CFR 55, Executive Order 11988]	A	The project site is located in Zone X, which is outside of any 100 Year Flood Hazard Area. (Source: FIRM PANEL No. 0601360010)
Wetland Protection [Executive Order 11990]	A	The project does not involve construction within or adjacent to any wetlands area. The project site and surrounding neighborhoods are fully urbanized.
Coastal Zone Management Act [Sections 307(c), (d)]	A	The project site is not in the Coastal Zone and is located approximately one-half mile north of the coastline.
Sole Source Aquifers [40 CFR 149]	A	There are no Sole Source Aquifers within the City of Long Beach (Source: Long Beach Water Department).
Endangered Species Act [50 CFR 402]	A	The project site is located in a fully urbanized downtown area which has been developed for over 50 years. The project would not affect any federally listed Threatened or Endangered Species.
Wild and Scenic Rivers Act [Sections 7(b), and (c)]	A	There are no designated wild or scenic rivers in the City of Long Beach; neither the Los Angeles River or Coyote Creek are designated.
Clean Air Act - [Sections 176(c), (d), and 40 CFR 6, 51, 93]	A	The project is limited to facade improvement activities that would be below SCAQMD

		threshold limits (Source: SCAQMD CEQA Handbook).
Farmland Protection Policy Act [7 CFR 658]	A	The project site is located in a fully urbanized downtown area. There are no farm lands in the City of Long Beach.
Environmental Justice [Executive Order 12898]	A	The project is limited to facade improvements to existing commercial land uses. The project would not change any land uses or adversely impact the surrounding downtown area.
HUD ENVIRONMENTAL STANDARDS Noise Abatement and Control [24 CFR 51B]	A	The project is limited to facade improvements to existing commercial land uses and will comply with the City of Long Beach Noise Ordinance (LBMC Section 8.80).
Explosive and Flammable Operations [24 CFR 51C]	A	The project site is not located within one mile of a NPL (Superfund) site nor is it within 2,000 feet of a CERCLIS site or any other known toxic site (Source: City of Long Beach General Plan Seismic and Public Safety Elements).
Hazardous, Toxic or Radioactive Materials & Substances [24 CFR 58.5(l)(2)]	A	The project site is not located near any hazardous operations (Source: City of Long Beach General Plan Public Safety Element). The surrounding downtown area is fully urbanized with commercial and residential uses.
Airport Clear Zones and Accident Potential Zones [24 CFR 51D]	A	The project site is located approximately four miles southwest of the Long Beach Airport and is not within any Runway Clear Zones or Approach Safety Zones.

DETERMINATION:

- (X) This project converts to EXEMPT, per Section 58.34(a)(12), because it does not require any mitigation for compliance with any listed statutes or authorities, nor requires any formal permit or license (Status "A" has been determined in the status column for all authorities); Funds may be committed and drawn down for this (now) EXEMPT project; OR
- () This project cannot convert to Exempt status because one or more statutes or authorities require formal consultation or mitigation. Complete consultation/mitigation protocol requirements, publish NOI/RROF and obtain Authority to Use Grant Funds (HUD 7015.16) per Section 58.70 and 58.71 before committing or drawing down funds; OR
- () The unusual circumstances of this project may result in a significant environmental impact. This project requires preparation of an Environmental Assessment (EA). Prepare the EA according to 24 CFR Part 58 Subpart E.

PREPARER SIGNATURE: *[Signature]* DATE: April 19, 2011

PREPARER NAME, COMPANY: Craig Chaffant, City of Long Beach

RESPONSIBLE ENTITY AGENCY OFFICIAL / SIGNATURE: *[Signature]*

NAME, TITLE: Craig Chaffant, Planner DATE: April 19, 2011



CITY OF LONG BEACH NOTICE OF EXEMPTION

DEPARTMENT OF DEVELOPMENT SERVICES
333 W. OCEAN BLVD., 5TH FLOOR, LONG BEACH, CA 90802
(562) 570-6194 FAX: (562) 570-6068
lbds.longbeach.gov

TO: Office of Planning & Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

FROM: Department of Development Services
333 W. Ocean Blvd, 5th Floor
Long Beach, CA 90802

L.A. County Clerk
Environmental Filings
12400 E. Imperial Hwy. 2nd Floor, Room 2001
Norwalk, CA 90650

Categorical Exemption CE- 94-11

Project Location/Address: 1893-1911 Pine Avenue - Pine Avenue Rehab Project
Project/Activity Description: Approval of Disposition and Development Agreement and sale of site from The Long Beach Housing Development Company to JHC Acquisitions, LLC (Jamboree Housing Corporation). The project includes a reduction in units from 17 to 14 and a complete rehabilitation, construction of a community room, laundry facilities, and open space.

Public Agency Approving Project: City of Long Beach, Los Angeles County, California
Applicant Name: The Long Beach Housing Development Company
Mailing Address: 110 Pine Avenue, Long Beach, CA 90802
Phone Number: (562) 570-6026 Applicant Signature: [Signature]

BELOW THIS LINE FOR STAFF USE ONLY

Application Number: _____ Planner's Initials: _____
Required Permits: _____

THE ABOVE PROJECT HAS BEEN FOUND TO BE EXEMPT FROM CEQA IN ACCORDANCE WITH STATE GUIDELINES SECTION 15301 and 15308

Statement of support for this finding: This activity qualifies for a Categorical Exemption with Class 1 and Class 8 as the appropriate exemptions per Article 19.

Contact Person: Craig Chalfant Contact Phone: 562-570-6368
Signature: [Signature] Date: 5/12/11

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 RESOLUTION NO.
2

3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH APPROVING THE PROPOSED
5 DISPOSITION AND DEVELOPMENT AGREEMENT
6 BETWEEN THE LONG BEACH HOUSING DEVELOPMENT
7 COMPANY, AND JHC ACQUISITIONS, LLC; FINDING THAT
8 THE CONSIDERATION FOR THE SALE OF CERTAIN REAL
9 PROPERTY IN THE CENTRAL LONG BEACH
10 REDEVELOPMENT PROJECT AREA IS NOT LESS THAN
11 FAIR MARKET VALUE IN ACCORDANCE WITH
12 COVENANTS AND CONDITIONS GOVERNING SUCH
13 SALE; AND APPROVING THE SALE OF THE PROPERTY
14 AND THE DISPOSITION AND DEVELOPMENT
15 AGREEMENT
16

17 WHEREAS, the Long Beach Housing Development Company (the
18 "Company"), is engaged in activities necessary to execute and implement the
19 Redevelopment Plan for the Central Long Beach Redevelopment Project Area (the
20 "Project"); and

21 WHEREAS, in order to implement the Redevelopment Plan, the Company
22 proposes to sell certain real property (the "Property") in the Project pursuant to the terms
23 and provisions of the Disposition and Development Agreement and which Property is
24 described in Exhibit "A" which is attached and incorporated by reference; and

25 WHEREAS, JHC ACQUISITIONS, LLC (the "Developer") has submitted to
26 the Company a written offer in the form of a Disposition and Development Agreement to
27 purchase the Property for not less than fair market value for uses in accordance with the
28 Redevelopment Plan and the covenants and conditions of the Disposition and

1 Development Agreement; and

2 WHEREAS, the proposed Disposition and Development Agreement
3 contains all the provisions, terms and conditions and obligations required by Federal,
4 State and local law; and

5 WHEREAS, Developer possesses the qualifications and financial resources
6 necessary to acquire and insure development of the Property in accordance with the
7 purposes and objectives of the Redevelopment Plan; and

8 WHEREAS, the Company has prepared a summary setting forth the cost of
9 the Disposition and Development Agreement to the Company, the estimated value of the
10 interest to be conveyed, determined at the highest uses permitted under the
11 Redevelopment Plan and the purchase price and has made the summary available for
12 public inspection in accordance with the California Redevelopment Law; and

13 WHEREAS, the Company has determined that the development of the
14 Property is categorically exempt under the California Environmental Quality Act; and

15 WHEREAS, pursuant to the provisions of the California Community
16 Redevelopment Law, the City Council of the City of Long Beach held a public hearing on
17 the proposed sale of the Property and the proposed Disposition and Development
18 Agreement after publication of notice as required by law; and

19 WHEREAS, the City Council has duly considered all terms and conditions
20 of the proposed sale and believes that the redevelopment of the Property pursuant to the
21 proposed Disposition and Development Agreement is in the best interests of the City and
22 the health, safety, morals and welfare of its residents and in accord with the public
23 purposes and provisions of applicable Federal, State and local law;

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

26 Section 1. The City Council finds and determines that the consideration
27 for sale of the Property pursuant to the Disposition and Development Agreement is not
28 less than fair market value in accordance with covenants and conditions governing the

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
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1 sale, and the Council further finds and determines that the consideration for the sale of
2 the Property, determined at the highest and best use under the Redevelopment Plan, is
3 necessary to effectuate the purposes of the Redevelopment Plan for the Project.

4 Section 2. The sale of the Property by the Company to Developer and
5 the Disposition and Development Agreement which establish the terms and conditions for
6 the sale and development of the Property are approved.

7 Section 3. The sale and development of the Property shall eliminate
8 blight within the Project Area and is consistent with the implementation plan for the
9 Project adopted pursuant to Health and Safety Code Section 33490.

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

12 I hereby certify that the foregoing resolution was adopted by the City
13 Council of the City of Long Beach at its meeting of _____, 2011 by the
14 following vote:

15
16 Ayes: Councilmembers: _____
17 _____
18 _____
19 _____

20 Noes: Councilmembers: _____
21 _____

22 Absent: Councilmembers: _____
23 _____

24
25
26 _____
27 City Clerk

28

EXHIBIT "A"

LEGAL DESCRIPTION

Real property in the City of Long Beach, County of LOS ANGELES, State of California, described as follows:

LOTS 24, 26 AND 28 IN BLOCK "A", OF THE CLAGUE TRACT, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 6, PAGE(S) 73, OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 7209-020-025, 7209-020-900 and 7209-020-028

END OF LEGAL DESCRIPTION