

# P R I O R I T Y

Date: November 10, 2008

To: Mayor & City Council

From: Patrick H. West  
City Manager

Subject: Issues and Responses  
to the Draft Housing Element

Comments: Supplemental  
information related to Agenda  
Item #19



**Date:** November 10, 2008  
**To:** Patrick H. West, City Manager  
**From:** Craig Beck, Director of Development Services  
**For:** Honorable Mayor and Members of the City Council  
**Subject:** **Issues and Responses to the Draft Housing Element**

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On October 14, 2008, a presentation was made to City Council outlining the Draft Housing Element. The presentation was part of an extensive community process designed to garner input and support for policies related to the City's plan for addressing the state Regional Housing Needs Assessment (RHNA) allocation. During the item, several community members spoke on topics related to emergency shelters, housing for very low-income residents, and the Housing Trust Fund. In response, Council laid the item over to November 11. Since that time, staff received written comments from Legal Aid Foundation (letter dated and received November 4) and met to discuss comments/concerns last week. The following provides further clarification of a number of policy recommendations:

1. Emergency Shelters

- a. Under the City's current zoning requirements, emergency shelters are allowed within the following zones, with approval of a conditional use permit:
  - Light Industrial (IL)
  - Planned Development Area-31 (PD-31)
  - Higher Density Residential Areas (All R-4)
  - Mixed Use Commercial Areas (CCR and CCN)
- b. New legislation (SB-2) requires cities to provide zoning that allows for the development of emergency shelters by right. To address this, staff recommends the Draft Housing Element include a new policy that would allow emergency shelters in Light Industrial Zones (IL) and PD-31 (Villages at Cabrillo) **without** a conditional use permit (CUP). The attached map (Exhibit A – Map 1) shows areas in the city with IL zones and PD-31. In addition, emergency shelters would still be allowed in other zones with a conditional use permit (all R-4, CCR and CCN).
- c. It was requested that the Housing Element recommendations be changed to expand the zones within the City allowing the development of emergency shelters by right. Staff does not support adding additional areas without review. The attached map

shows the distribution of other zones requested by the community (Exhibit B – Map 2).

2. Efficiency / SRO Housing

- a. The current Zoning Code does not make special provisions for the development of efficiency or single-room occupancy (SRO) units, which is often used as transition housing.
  - b. State housing law requires localities to develop land use controls and incentives to encourage the development of a variety of housing types for all income levels. In response, the Draft Housing Element proposes that the City amend the Zoning Code to incorporate efficiency/SRO housing with a CUP in higher density residential and mixed use commercial/residential zones (Exhibit C – Map 3).
  - c. It was requested the City create an SRO zone or SRO Ordinance allowing the construction of this type of housing by right, without a CUP. In addition, it was requested the area be expanded to include all high-density, multi-family residential zones, or commercial/light industrial/industrial zones (refer to Map 2). Staff is not supportive of allowing efficiency/SRO housing to be built without a CUP. These are dense projects with very small room sizes, and a review is necessary to ensure proper placement and function.
3. Housing Trust Fund – The Draft Housing Element includes a reference to the City's Housing Trust Fund under the program section, but it is not a state requirement. The document also lists other funding sources available to the City for development of low- and moderate-income housing. The City receives about **\$87 million** annually.

On November 18, 2008, staff is bringing an item forward to Council recommending funding from the Federal Neighborhood Stabilization Program (NSP) be allocated to the Housing Trust Fund. The City is receiving a total of \$5,070,310 of which 25% must be used to serve residents earning less than 50% of median income. It is recommended the Housing Element be amended with the following additional language:

*\$1.3 million will be deposited into the Housing Trust Fund from the Federal Neighborhood Stabilization Program (NSP) to purchase vacant/foreclosed multi-family property that will be rehabilitated and then maintained as affordable rental housing for residents earning less than 50% of median.*

Honorable Mayor and Members of the City Council  
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While additional comments related to housing were provided (commercial linkage fees, condo conversion fees, increased RDA set-aside, community land trusts, inclusionary zoning), staff is not prepared to make additional recommendations at this time. Included as an attachment, please find public comments on the Draft Housing Element received since the October 14 Council meeting (Exhibit D).

For further information regarding the Draft Housing Element, please contact Craig Beck, Director of Development Services, at ext. 86428.

CB:jg  
11.10.08 Housing Element ResponsesV7.doc

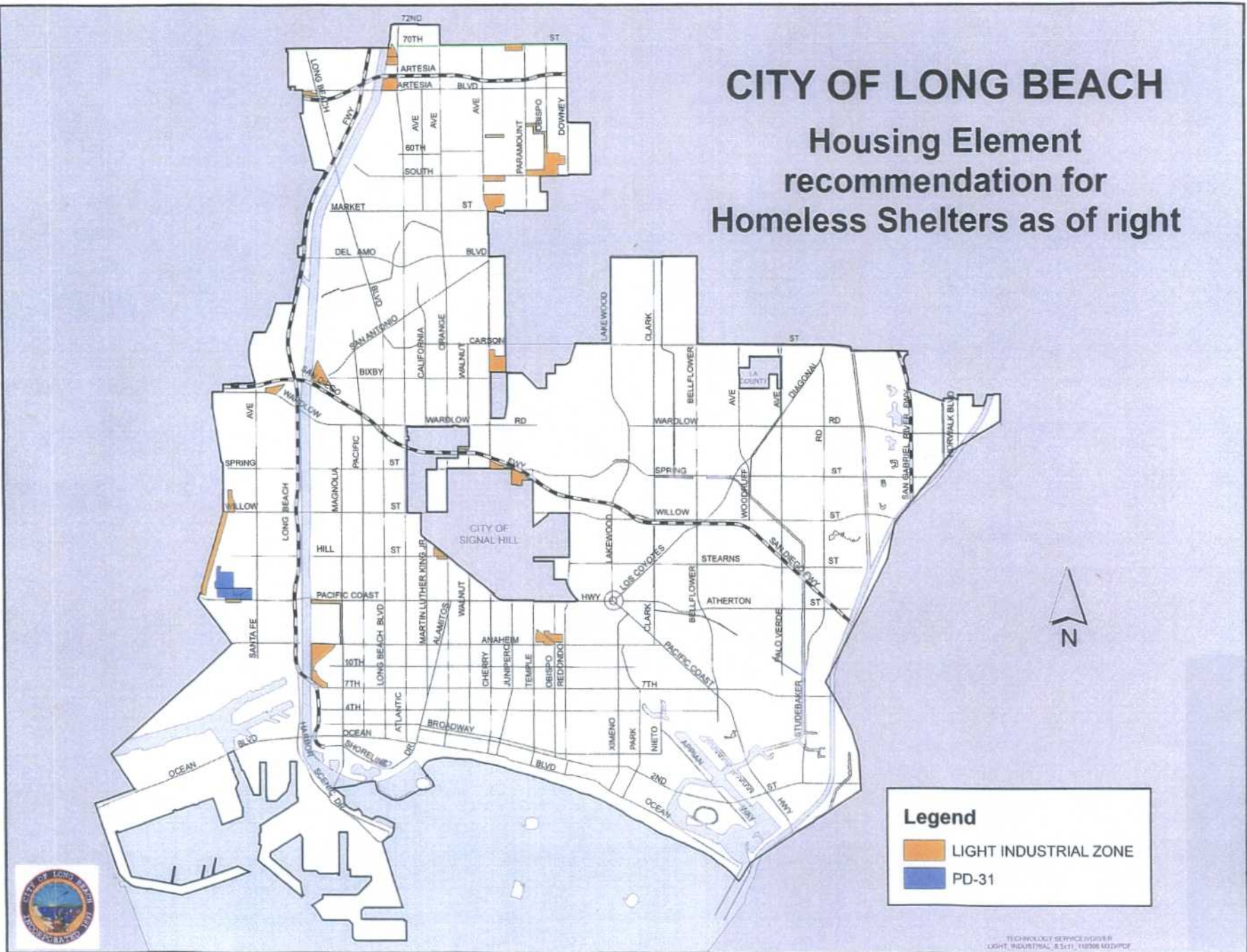
Exhibit A: Map 1  
Exhibit B: Map 2  
Exhibit C: Map 3  
Exhibit D: Letter from Dr. Christine L. Jacoy, Ph.D., Received 10/29/08  
Letter from Susanne Browne, Legal Aid Foundation, Received 11/4/08  
Letter from Gary Shelton, Received 11/5/08  
Letter from Alex Bellehumeur, Received 11/5/08

CC: Suzanne Frick, Assistant City Manager  
Reginald I. Harrison, Deputy City Manager  
Dennis Thys, Director of Community Development



# CITY OF LONG BEACH

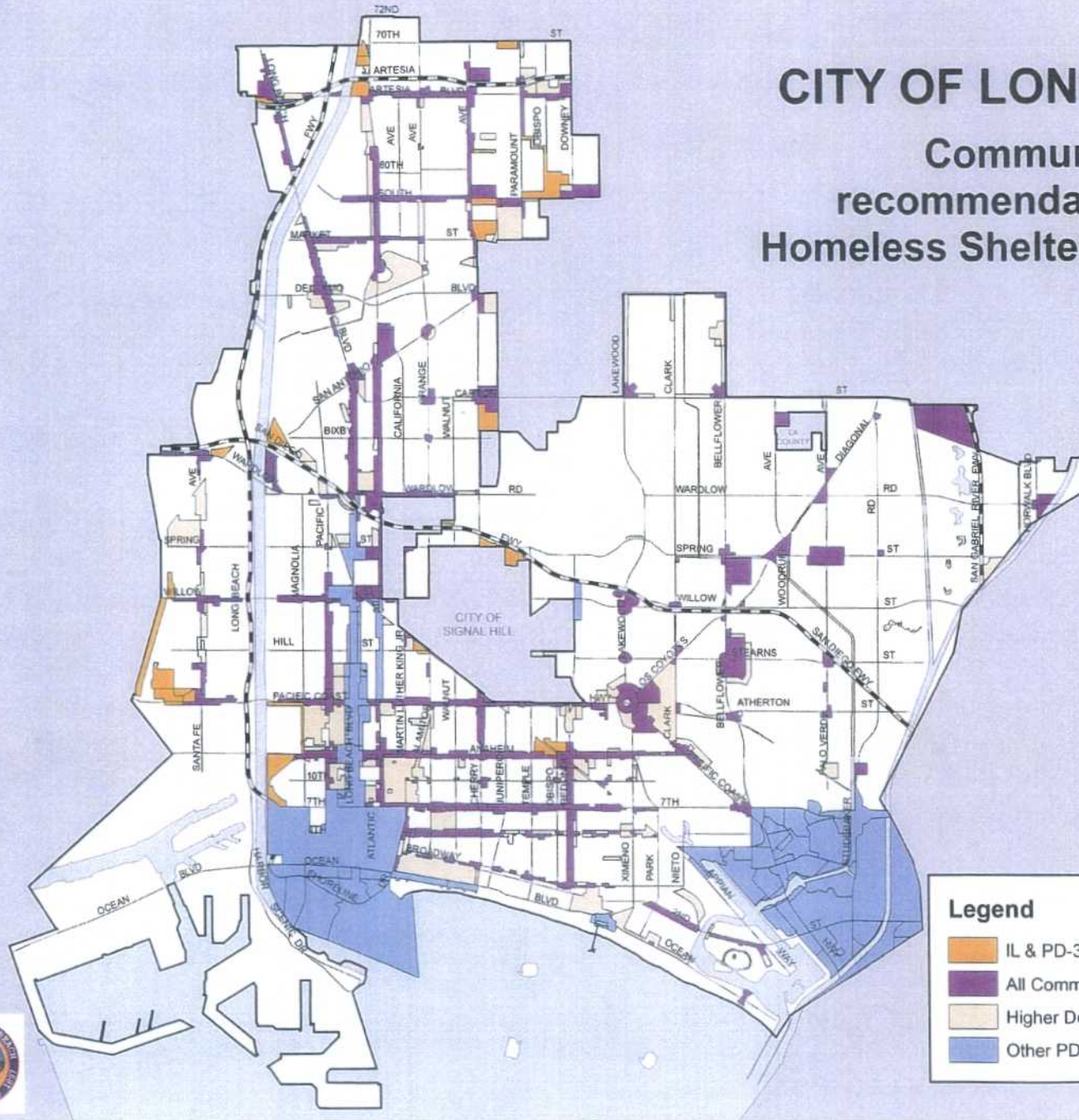
## Housing Element recommendation for Homeless Shelters as of right





# CITY OF LONG BEACH

## Community recommendations for Homeless Shelters as of right



### Legend

- IL & PD-31 Zone
- All Commerical Zones
- Higher Density Residential Zones
- Other PDs that allow higher density residential

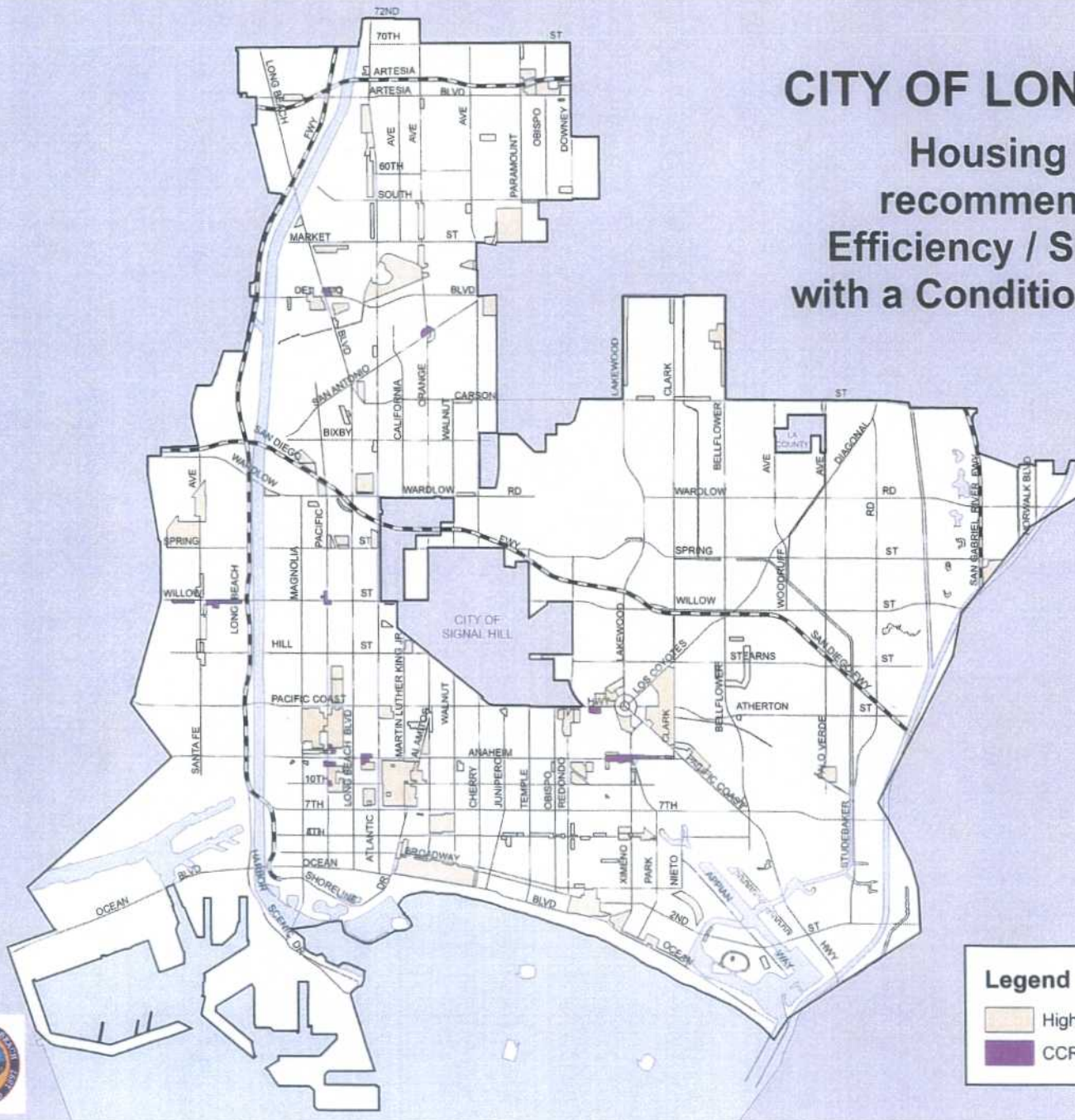


TECHNOLOGY SERVICES/OWNER  
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# CITY OF LONG BEACH

## Housing Element recommendation for Efficiency / SRO Housing with a Conditional Use Permit



### Legend

- Higher Density Residential Zones
- CCR and CCN Commercial Zones



**Comments on  
Draft 2008-2014 Housing Element  
City of Long Beach, CA, General Plan  
Released 8/22/08**

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Cc: Long Beach City Council members, Mayor Bob Foster  
California Department of Housing and Community Development

October 27, 2008

Dear Ms. Garrow:

Thank you for the opportunity to comment on the Draft 2008-2014 Housing Element. This document expands on my testimony presented at the Long Beach City Council Meeting on October 14, 2008. At the conclusion of the discussion of the Housing Element, the Council requested that City staff address the issues raised by community members during the public comment period and revise the document accordingly. I respectfully submit these comments to assist in that process.

**Housing Needs Assessment for Homeless Persons and Senate Bill (SB) 2**

1. Government Code Section 65583(a)(7) (see Chapter 633, Statutes of 2007 Senate Bill 2) requires a housing needs assessment for homeless persons and families. The components of this assessment should include an analysis of existing shelter, transitional and supportive housing beds/units by type and a measure of unmet homeless needs. The Housing Element (HE) reports statistics on the unmet shelter/housing needs for the homeless in Long Beach specifically on p. II-22 in Chart 14. The figures are called the "Unmet need/gap" in the document. The calculations used to obtain the figures are not clear. Specifically, it is not clear how the 380, 339, and 906 figures are derived and how they are related to the numbers for emergency and transitional sheltered and unsheltered homeless persons in 1a and 2a of Chart 14.



- a. Request: Include an explanation in the HE of how these numbers were calculated.
2. "SB 2 clarifies existing law by requiring zoning identified for emergency shelters to include sufficient capacity *to accommodate the need*. The identified zone(s) must have sufficient capacity, when taken as a whole, *to meet the need for shelters identified in the housing element*, and have a realistic potential for development or reuse opportunities in the planning period" (emphasis added, p. 9, Chapter 633, Statutes of 2007). It is not clear how City staff used the unmet need/gap analysis figures in identifying zones with sufficient capacity for emergency shelters.

In addition, the HE states on the bottom of p. III-16 and 17: "Site inventories show that opportunities exist in the City for both the conversion of existing buildings into shelters and for the construction of new facilities on underutilized properties." However, there is no evidence provided to demonstrate capacity in the designated zones (Light Industrial and Planned Development 31 – see p. III-16 of HE), such as available sufficient acreage or enumerations of the buildings or square feet of space that could be reused as or converted to emergency shelters. SB 2 states that "the element should also address available acreage (vacant or underutilized) and the realistic capacity for emergency shelter in the zone" (p. 9, Chapter 633, Statutes of 2007).

- a. Request: Include an explanation in the HE of how the unmet need/gap figures are addressed and resolved by the capacity in the zones identified for emergency shelters.
  - b. Request: Add specific evidence to show that designated zones have suitable and sufficient capacity to address the unmet need for homeless shelters.
  - c. Request: Expand the number of zoning areas available for emergency shelter in order to ensure capacity.

Clarification for point 2.c. During the City Council Meeting on 14 October, there was discussion about the general resistance by some community members to the siting of homeless services and shelters and that City staff are hesitant to expand the number of designated zones for the locating of shelters due to this known resistance. Staff indicated that they would need to canvas for community buy-in before adding additional zones, a request that the City Council declined. Community support for designated zones is not required under SB 2. The City is not required to obtain conditional use permits

for siting these emergency shelters and therefore is not required to obtain community approval. Such community NIMBYism is precisely the issue that SB 2 was meant to address.

3. The distribution of the zoning areas designated for homeless shelters (Light Industrial (IL) and Planned Development 31 (PD 31)) are disproportionately in the northern and western parts of the city (see attached map). Bullet one on p. III-14 discusses the approval process for such Special Group Residences. It reads: "Standard conditions are that no similar facility can be operate[d] within ½ mile from [one] another, thus furthering state law and fair housing goals to reduce the impact of lower-income households in any one area." If state law also requires this goal of homeless shelters, does this affect the suitability of IL and PD 31 as designated zones for shelters that do not require a conditional use permit?
  - a. Request: Clarify in the HE whether state law and fair housing goals apply conditions affecting impact (such as the ½ mile buffer) to the location of emergency shelters zoned under SB 2 requirements.
  - b. Request: Expand the number of zoning areas available for emergency shelter in order to ensure an equitable distribution of sites across the city.
4. "SB 2 provides that transitional and supportive housing constitute a residential use" (p. 14, Chapter 633, Statutes of 2007). Transitional housing "can take several forms, including group housing or multifamily units..." (p. 13, Chapter 633, Statutes of 2007). The HE proposes to comply with SB 2 by differentiating between "transitional and supportive housing that operates as group residence versus transitional and supportive housing that is regular rental apartments" (p. III-17) and applying different zoning requirements, specifically conditional use permits, for housing that operates as group residence. SB 2 does not seem to make a distinction between types of transitional or supportive housing. Does SB 2 allow for distinguishing between transitional and supportive housing in this manner? In addition 1) What is meant by regular rental apartments and are not some special group residences also regular rental apartments?
  - a. Request: Please clarify how SB 2 allows for transitional and supportive housing to be categorized into different classes and treated differently in terms of zoning.
5. The HE plans to amend the zoning code to accommodate single-room occupancy (SRO) units as Special Group Residence (p. III-17). This type of affordable private housing could serve as transitional or supportive housing that is regular rental

housing, so it should have at least one zone designation by right, especially if it constitutes an adaptive reuse of former group residence or hotel/motel property.

- a. Request: Create an SRO zone designation by right that is separate from Special Group Residence to facilitate the use of SROs as transitional or supportive rental housing.
6. Project Achieve is described as a transitional shelter on p. V-5. My understanding from conversations with the director of the shelter and the City's homeless services officer is that Project Achieve is classified as an emergency shelter under CA state law.
  - a. Request: Clarify the legal categorization of Project Achieve and change point 25 in Chart 49 on p. V-5 accordingly.

#### **Evaluation of the 2000-2005 Housing Element**

7. The summary of accomplishments for the 2000-2005 HE (Chart 49 p. V-3) states in #13 that "adequate sites, zoned for housing to meet the City's RHNA targets, were provided." However, Chart 50 (p. V-8) states that "only the higher income targets were achieved" in meeting RHNA construction targets. The HE does not provide evidence to demonstrate the adequacy of the sites zoned for housing to meet the 2000-2005 RHNA targets. Such evidence should include sufficient acreage (vacant or underutilized), enumerations of the existing buildings or square feet of space with appropriate densities, adequate access to public services, and an assessment of the realistic capacity for development of housing within these zones. The HE should provide an assessment of whether developers took advantage of these sites to produce housing and if they did not, whether it was a reflection on the lack of capacity of the sites. While meeting RHNA housing production targets is not required of the City, an assessment of the realistic capacity of the zoned sites in hindsight is appropriate for determining the extent to which the suitability of sites plays a role in preventing housing development.
  - a. Request: Create a program to systematically evaluate, with quantitative performance benchmark measures, the achievements accomplished toward meeting RHNA targets in order to learn from past plans and revise new plans to address past inadequacies accordingly.
8. There are several statements within the HE like this one: "In summary, the City's list of housing incentives has historically had mixed success, largely due to market forces" (p. V-10). The HE should provide more specifics about what exactly is it about market forces and the city's options to address market conditions (p. III-1) that did not work for moderate, low, and very low income housing, while it worked for above



moderate housing. For example, what is the cost of 1 unit of low income housing or land values in 2000 versus the cost in 2005 and how does that compare to inflation?

- a. Request: Provide evidence to demonstrate quantitatively how "market forces precluded achievement of the 2000-2005 RHNA construction targets" (p. V-8). Using quantitative measurement, demonstrate the increased costs of land, labor, and construction materials and how competing "with construction and energy demands from China, India, and other emerging nations" (p. V-9) has an impact on housing production in Long Beach.

#### **2008-2014 Plan Goals, Policies, and Programs**

9. Given the City's modest success with housing incentives (as stated in the HE), the HE should include a program to research and implement more incentive options and other methods to increase housing production. The program should include a plan for establishing a system for evaluating how well the current incentive programs are working with performance measures such as how many developers have taken advantage of such incentives and what kind of housing has been build with it. The program should encourage consultation with developers to determine what kinds of incentives would work for them, so that the City can facilitate more cooperation with private and non-profit developers to actually build affordable and mixed income housing. Such cooperation should facilitate meeting RHNA targets, not just by providing adequate zoning, but with actual housing.

In addition, the City's 10-year plan to end homelessness includes in Appendix E (see *Within our Reach*, p. 79-80) information about the 170 cities and counties in California that use inclusionary zoning ordinances including Lakewood, Huntington Beach, Laguna Beach, and San Diego County. San Diego County has seen growth in residential building permit activity since the adoption of the ordinance.

- a. Request: Create a program to actively explore and establish more incentive programs with the assistance of developers.
- b. Request: Create a program to evaluate inclusionary zoning ordinances.

Thank you again for the opportunity to participate in reviewing the housing plan for Long Beach. Please include these comments as part of the Draft 2008-2014 Housing Element and submittal process to the Long Beach City Council and California Department of Housing and Community Development.

Sincerely,



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November 4, 2008

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### **RE: COMMENTS RE: CITY OF LONG BEACH'S DRAFT 2008-2014 HOUSING ELEMENT**

Ms. Creswell, Mr. Beck and Ms. Garrow,

The Legal Aid Foundation of Los Angeles offers the following comments and recommendations regarding the City of Long Beach's Draft 2008-2014 Housing Element.

1. **Quantifying the Number of Extremely Low Income Households and the Extremely Low Income RHNA Number** (Draft HE Pages II-12 and V-38)

The City has not accurately quantified the number of extremely low income households in Long Beach in the Draft Housing Element. The Draft Housing Element states that

extremely low income households comprise 16% of the City's population based upon 2000 census data. Such data, however, is extremely outdated, as it is 8 years old and does not reflect rising poverty rates and rent levels in the City. The City, instead, should use 2006 American Community Survey Census data to calculate the number of extremely low income households and the corresponding extremely low income RHNA number, as this data is much more current.

According to 2006 American Community Survey census data, extremely low income ("ELI") residents comprise 19% of the City's households. This translates into a RHNA of 1,342 units. The methodology used to obtain the number of ELI households and the ELI RHNA number was devised by a U.C. Irvine Graduate Planning student and is set forth below.

Step 1: Locate HUD's data on the Area Median Income (AMI) for the Los Angeles-Long Beach Metro Area, which is estimated to be \$59,800 (this estimate is based on the 2000 Census median income adjusted for local inflation and annual trending).

Step 2: Define the income bracket for ELI and very low income households. This is done using HUD's definitions for extremely low income (30% or less of the AMI) and very low income (50% or less of the AMI). You can then identify the upper income limit of the ELI bracket as \$17,941 and the upper income limit of the very low income bracket as \$29,900 annually. These upper income limits can be used to calculate the exact number of households that fall at or below that annual income level.

Step 3: Determine the total number of households that that fall within the ELI bracket. Using 2006 American Community Survey data on income - reported by the Department of Finance - (refer to Table A) you can establish the number of households that fall within the ELI bracket as 33,013, or 19% of the total number of households. This is done using the data in the Table A and with the following calculations:

<b>Table A</b>	
<b>2006 Annual Median Income by Household</b>	
<b>Income Group</b>	<b>Households</b>
Less than \$10,000	14,807
\$10,000 - \$14,999	12,368
\$15,000 - \$24,999	19,858
\$25,000 - \$34,999	20,555
\$35,000 - \$49,999	25,606
\$50,000 - \$74,999	30,136
\$75,000 - \$100,000	18,639
\$100,000 or more	32,226
<b>TOTAL</b>	<b>174,195</b>
Source:	



American Community Survey 2006; Department of Finance 2006
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Add up the number of households that fall below the \$17,941 upper income limit (calculated in Step 2 above):

Less than \$10,000	14,807	
\$10,000 - \$14,999	12,368	
\$15,000 - \$17,941	<u>5,838</u>	(These are 29.4% of the total households in this category)
TOTAL		33,013 households

Step 4: Determine the number of households that fall within the very low income bracket. You once more use the data in Table A and determine the number of households that fall within the very low income bracket as 57,105. This is done with the following calculations:

Add up the number of households that fall below the \$29,900 upper income limit for very low income households (calculated in Step 2):

Less than \$10,000	14,807	
\$10,000 - \$14,999	12,368	
\$15,000 - \$24,999	19,858	
\$25,000 - \$29,900	<u>10,072</u>	(These are 49% of the total households in this category)
TOTAL		57,105 households

Step 5: Calculate the percentage of very low income households that are ELI households using the numbers obtained in Step 3 and Step 4. The calculations are as follows:

$$\begin{aligned} 57,105 &= 100\% \\ 33,013 &= 57.8\% \end{aligned}$$

Step 6: Calculate the portion of RHNA units dedicated to very low income households (2,321) that should be allocated to ELI households (57.8%). This is done with the following calculations:

$$\begin{aligned} 2,321 &= 100\% \\ 1,342 &= 57.8\% \end{aligned}$$

In conclusion, using the methodology described above, the number of RHNA units that should be allocated to ELI households is 1,342 units.

The City should revise the Housing Element to reflect that ELI households comprise 19% of the City's households, not 16%. The City should also revise the Housing Element to reflect that the extremely low income RHNA number is 1,342.

## **2. Inadequate Analysis of Projected Housing Needs**

State law provides that the Housing Element shall contain: "An analysis of population and employment trends and documentation of projections and a quantification of the locality's existing and projected housing needs for all income levels, including extremely low income households ..." California Government Code §65583(a)(1).

In the Draft Housing Element, the City fails to identify and analyze the housing needs of extremely low-income households. The City should describe the housing needs of extremely low-income households and provide information on the availability and suitability of housing appropriate for these households. As stated in HCD's Building Blocks regarding extremely low-income housing needs, a thorough analysis includes an estimate of the number of: (1) existing households with extremely low-incomes; and (2) projected households with extremely low-incomes. Furthermore, "the analysis should assess the kind of housing available and suitable for extremely low-income households (including supportive housing and Single-Room Occupancy [SROs] units and whether existing zoning permits those housing types." The Draft should be revised to include this analysis.

## **3. Failure to use 2006/2007 American Community Survey Census Data in Analysis of Current and Projected Housing Needs**

The City should have utilized 2006 and 2007 American Community Survey ("ACS") census data to update 2000 Census data. ACS includes updated information, for example, regarding the total number of households, housing tenure and vacancy rates. 2006 and 2007 ACS census data is much more current than 2000 census data and is more relevant in light of increased housing costs, increased overcrowding and decreased rental housing vacancy rates.

The Draft Housing Element should be revised to include 2006 and 2007 ACS census data in the analysis of current and projected housing needs.

## **4. Extremely Low Income Households as a Special Needs Group**

Based upon the high number of extremely low income households in the City (33,013 households, or 19% of the City's population) and the incredibly difficult time they have finding affordable housing, the City should identify extremely low income households as a special needs group in the Housing Element. This would allow the City to develop specific programs to address their housing needs, which includes permanent supportive housing, deeper income targeting and SRO's.

The City should revise the Housing Element to identify extremely low income households as a special needs group and identify specific programs to address their housing needs.

## 5. **Governmental and Nongovernmental Constraints (Draft HE Section III)**

State law provides that the Housing Element shall contain: "An analysis of potential and actual governmental constraints upon the maintenance, improvement, or development of housing for all income levels, [...] and for persons with disabilities [...], including land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, and local processing and permit procedures. The analysis shall also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need in accordance with Section 65584 and from meeting the need for housing for persons with disabilities..." California Government Code §65583(a)(5).

The Housing Element shall also contain: "An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, and the cost of construction." California Government Code §65583(a)(6).

### A. **Inadequate Analysis of Constraints**

The Draft fails to conclude whether most of the discussed potential constraints function as actual constraints to the maintenance, improvement and development of housing in the City. In particular, the discussion of land use controls needs to be strengthened to include more analysis regarding: (1) how residential development standards and zoning constrain affordable housing development; (2) how conditional use permits and site plan review requirements for multifamily housing developments constrain housing; and (3) the effectiveness of the City's second unit and density bonus ordinances.

### B. **Housing for Persons with Disabilities**

#### 1. Siting of Housing for Persons with Disabilities

The Draft fails to sufficiently analyze constraints to the development of housing for persons with disabilities, including how local land use and zoning regulations impact the siting and development of housing for persons with special needs. The Draft should also include an analysis of the impacts of conditional use permit requirements in the City's zoning code on housing for persons with disabilities.

#### 2. Definition of Family

The Draft Housing Element should contain an analysis of the definition of "family" in the City's Zoning Code. The definition of "family" excludes residential care facilities, indicating that a residential care facility cannot function as a family. This singles out housing for people with disabilities and treats such housing differently than housing for groups of persons without disabilities who might reside together. The element of a treatment component in a residential care facility does not take away from the family-like



functioning of such a household. The effect of the definition of “family” is to prohibit residential care facilities from siting by right in single family residential zones, which are great locations for many of these licensed facilities. The definition of “family” is also vague and problematic because the term “large” is not defined. See below.

#### **21.15.1010 Family.**

“Family” means any group of individuals living together based on personal relationships. Family does not include larger institutional group living situations such as dormitories, fraternities, sororities, monasteries, nunneries, residential care facilities or military barracks, nor does it include such commercial group living arrangements as boardinghouses, lodginghouses and the like.

### **3. Definition of Medical Office**

The definition of “medical office” copied below, while not addressing housing directly, is also important, as it excludes mental health from the definition of medical office and there should be no such distinction. Additionally, this provision violates CA Welfare & Institutions Code Sec. 5120, which pre-empts certain local regulation of mental health treatment programs. This state law indicates that in any zone in which hospitals and nursing homes are permitted, mental health treatment programs are also permitted. This speaks to parity. This definition impacts housing because services should be able to locate near housing.

#### **21.15.1740 Medical office.**

“Medical office” means a commercial land use involved in the practice of medicine (not including psychiatric medicine or psychology services), but not including the overnight care of a patient.

### **C. Replacement Housing Policies (Draft HE Pages III-9, III-23 and III-24)**

The Draft Housing Element states that the City requires one-for-one replacement of affordable units demolished or converted in the coastal zone. This requirement is a state law requirement, which comes from the Mello Act, CA Gov’t Code Sec. 65590. The Draft Housing Element states that developers can satisfy the Mello Act’s replacement housing obligations through new construction, rehabilitation of substandard units, subsidy of existing units or payment of an in lieu fee. There are problems with some of these options. First, three of these options constitute a barrier to the production of affordable housing because they will not result in net, new units that add to the City’s housing stock and they will not result in one-for-one replacement of units demolished or converted in the coastal zone, as required by the Mello Act. Rehabilitation of substandard units, subsidy of existing units and payment of very low in lieu fees<sup>1</sup>,

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<sup>1</sup> The fee for replacement of a one bedroom unit occupied by a low income tenant, for example, is set at \$15,000.00. This is much too low to result in the production of an affordable unit.

therefore, should not be permitted. The City should only allow developers to satisfy their replacement housing obligations through: (1) new construction; (2) adaptive re-use; and (3) payment of in lieu fees set high enough to result in one-for-one replacement. The City should commit in its Housing Element to reviewing and revising its local ordinance implementing the Mello Act, which is located at LBMC Sec. 21.61, to ensure that affordable units demolished or converted in the coastal zone are actually replaced on a one-for-one basis, as is required by State law. The City should also select replacement options that result in net, new units.

#### **D. Reverse Inclusionary Housing**

Another barrier to the development of affordable housing that the City fails to discuss in the Draft Housing Element is the City's new policy of requiring affordable housing developers to include 20% market rate units in their developments. While this is not a written policy, developers are consistently told by the City's Housing Department when they come in to propose affordable housing developments that the City will not provide monetary assistance to 100% affordable multi-family housing projects. This policy, which has been labeled by housing advocates as "reverse inclusionary housing," is an enormous barrier to the development of affordable housing because such projects will not be competitive for tax credits with 20% market rate units. Affordable housing developers have consistently told Legal Aid that the City's 80/20 reverse inclusionary housing policy will prevent them from developing affordable housing in the City of Long Beach.

I met with the City's Director of Community Development, Dennis Thys, on August 27, 2008, to discuss this policy. Mr. Thys confirmed in this meeting that the City no longer looked favorably upon dense multi-family 100% affordable housing projects and that it was not likely to assist in the development of such projects. Mr. Thys explained that the one exception to this general policy was that the City would assist in the development of 100% affordable multi-family housing projects for special needs groups.

The Draft Housing Element should be revised to include an analysis of this policy and its impacts on the development of affordable housing. If the City concludes, as it should, that this policy acts as a constraint, the City should discontinue its use of this policy.

#### **E. Impact of Condominium Conversions**

Every time a rental unit is converted to a condominium, the City permanently loses one unit of rental housing. The loss of rental units to conversion is severely impacting the City's rental housing vacancy rate, which is at 3%-4%. (A healthy vacancy rate is 5%.) When Long Beach renters are displaced from their units as a result of conversions, they are unable to locate units to which they can move. This is resulting in increased doubling and tripling up of families, as well as homelessness. Since 2002, *the City has lost over 2,133 rental units to conversion:*

- In 2002, 4 units were approved for conversion
- In 2003, 18 units were approved for conversion
- In 2004, 426 units were approved for conversion
- In 2005, 262 units were approved for conversion
- In 2006, 1,073 units were approved for conversion
- In 2007, 350 units were approved for conversion as of 6-07

The City can adopt protections, as many other jurisdictions have done, to curb the negative impacts of conversions. When such protections are adopted, Cities allow for balanced development. Examples of such protections include:

- Imposing a limit on the number of conversions permitted per year
- Permitting conversions only when the City's rental vacancy rate has been at 5% or higher for the previous 12 months
- Denying a conversion application if it would result in the City's vacancy rate dropping below 5%
- Requiring converters to set aside low income units in converted buildings.
- Requiring converters to pay a condo conversion fee to the City to assist in the production of replacement rental housing
- Requiring life-time leases for tenants who cannot afford to purchase their units if the tenants are seniors, disabled or of low income. Life-time leases are typically coupled with reasonable limits on rent increases to prevent increases aimed at displacing tenants.
- Requiring converters to replace converted rental units on a one-for-one basis.
- Providing discretion to City agencies to disapprove conversions based upon the impact they will have on the supply of low and moderate income rental housing

The City has taken the position that the impacts of condominium conversions have not been felt in Long Beach because many converters have not obtained their final maps. This is not a tenable position for three reasons. First, conversions take up to 3 years to obtain all of their needed approvals. Many units are still in the process of obtaining their approvals. (Notably, 1,073 units were approved for conversion by the Planning Commission in 2006 and they are still in the conversion process.) As soon as these units obtain their remaining approvals, they will be permanently depleted from our rental housing stock. Second, and more importantly, based on our experience working closely with tenants in converted buildings, converters typically force tenants out of their units very early on in the conversion process, usually around the time they obtain their tentative map from the City. This means that these rental units are actually removed from the rental housing stock long before they are converted. Finally, while it may be true that many converters will hold onto their converted units and wait to sell them at a time when the housing market is on the rise again, this will not help the City's low income renters because these units will be offered as high end, expensive rentals as a result of the improvements required as part of the conversion process.

The Draft Housing Element should be revised to include an analysis of the impacts of condominium conversion on the City's rental housing stock and how this has impacted the ability of low income residents to find affordable rental housing.

**6. RHNA Credits for Units Built Since 2006** (Draft HE Pages IV-2 and IV-3)

According to HCD, jurisdictions may credit units constructed between the base year of the RHNA period and the beginning of the new planning period if the jurisdiction "demonstrate[s] the unit's affordability for lower- and moderate-income households based upon: Actual rents; Subsidies, financing, or other mechanisms that ensure affordability... [;or] Actual sales prices." (HCD "Housing Element Questions and Answers" #17).

The City has wrongfully taken credits towards its RHNA numbers by counting units built since 2006 without demonstrating that they are affordable with information regarding income targeting, rent levels, sales prices and funding streams. The Draft Housing Element should include proof of affordability based upon: (1) actual rents; (2) subsidies, financing, or other mechanisms that ensure affordability; and/or (3) actual sales prices, as required by HCD.

The City should revise the Housing Element to include information regarding rent levels, sales prices, funding streams and mechanisms to ensure affordability for affordable units built since 2006 if they are counted towards meeting the City's RHNA numbers.

**7. RHNA Credits for Units Not Yet Built** (Draft HE Pages IV-3 and IV-4).

The City has wrongfully taken credits towards its RHNA numbers by counting affordable units that are part of development applications that have been submitted, but have not received any entitlements. This is not permissible because there is no evidence that these developments will be approved.

The Draft Housing Element, accordingly, should be revised to remove RHNA credits taken for units that are part of development applications that have not received any entitlements.

**8. Inadequate Land Inventory and Identification of Sites**

State law provides that the Housing Element shall contain: "An inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites." California Government Code §65583(a)(3). For nonvacant sites identified in the inventory, the city: "shall specify the additional development potential for each site within the planning period and shall provide an explanation of the methodology used to determine the development potential. The methodology shall consider factors including the extent to which existing uses may constitute an impediment to additional residential development, development trends, market conditions, and



regulatory or other incentives or standards to encourage additional residential development on these sites.” California Government Code §65583.2(g)

**A. Capacity**

To establish the number of housing units that can potentially be accommodated on each site in the City’s site inventory, the analysis should include a description of how capacity of the sites has been established and should show that the inventory can provide for a variety of types of housing. The Draft fails to include any analysis regarding whether the inventory can provide for a variety of types of housing. The Draft should be revised to include an analysis of site suitability for such types of housing as multifamily rental housing, factory-built housing, mobilehomes, emergency shelters and transitional housing. (Govt. Code §65583.2(c))

**B. Suitability Analysis for Non-Vacant Sites (Draft HE Pages IV-6 and IV-7)**

Pursuant to Govt. Code §65583.2(g), the Draft must specifically describe the methodology used to establish the development potential of non-vacant sites. This analysis must include: (1) the extent to which existing uses may constitute an impediment to additional residential development; (2) development trends; (3) market conditions; and (4) the availability of regulatory and/or other incentives (e.g., expedited permit processing, fee waivers/deferrals) that encourage additional residential development on these sites. The Draft fails to include an analysis of these factors. For example, all but two of the sites proposed by the City currently have existing uses such as a parking lot, office building, restaurant or retail store. The Draft Housing Element includes *no discussion* as to why the City believes these existing uses are likely to cease. The Draft Housing Element further includes *no discussion* as to why the City believes future uses of these sites are likely to be residential as opposed to other uses. The Draft Housing Element also fails to consider the impact of the current down housing market in the future development of these sites. Finally, it appears that the City is relying solely on the base zoned density to establish development potential on these sites. Therefore, the land inventory and identification of sites is inadequate and must be modified to include further analysis.

**C. Restrict Some Sites to Low Income Multifamily Housing**

A percentage of the multifamily sites should be reserved for low and very low income affordable multifamily housing so that all sites are not taken for high cost rental housing. At a minimum, 50% of sites zoned for multifamily should be reserved for predominantly low income affordable housing developments. (Such areas are often referred to as “affordable housing opportunity zones.”)

**9. Housing Trust Fund Statements (Draft HE Page IV-11)**

The City cannot contend as it does in the Draft Housing Element that the Housing Trust Fund augments State and Federal programs to provide housing for extremely low income households. The Housing Trust Fund is essentially unfunded and has not produced one unit of affordable housing since it was created in 2005.

The City should revise the Housing Element to reflect that the Housing Trust Fund is essentially unfunded and that it has not produced one unit of affordable housing. The City should also revise the programs section of the Housing Element to commit to identifying stable funding sources for the Housing Trust Fund within the next 6 months. (See Comment #15 A for further discussion regarding the Housing Trust Fund)

**10. Commercial Linkage Fee statements (Draft HE Page V-4)**

The Housing Element states that a commercial linkage fee was evaluated by the City and it was determined that the commercial market would not support such a fee. This is not true. Two separate consultants hired by the City, David Rosen and Associates (2003) and Muni Financial (2008), both concluded in their respective studies that such a fee was economically feasible and both recommended appropriate fee levels.

Staff should revise the Housing Element to state that two separate consultants hired by the City concluded that a commercial linkage fee was economically feasible. The Housing Element should also be revised to state that such a fee has not been voted on by the City Council. Finally, the programs section of the Housing Element should be revised to state that the City Council will consider adopting a commercial linkage fee within the next 6 months.

**11. Inadequate Analysis Regarding Progress Towards Meeting 2000-2005 RHNA Numbers (Draft HE Page V-8)**

The Draft Housing Element, at page V-8, credits units rehabbed towards meeting its 2000-2005 RHNA numbers without demonstrating that it has met the required criteria to take such RHNA credits. Pursuant to HCD Questions & Answers #50, local governments may satisfy *up to 25%* of their RHNA numbers through substantial rehabilitation only if: (a) the rehabilitated units resulted in a net increase in the stock of housing affordable to low and very low income households; (b) the rehabilitated units were at imminent risk of loss to the housing stock; (c) displaced tenants who were not eligible for relocation assistance under state law received relocation assistance consistent with that required under H&S Code Section 17975, including a minimum of four months rent, moving expenses and comparable replacement housing; (d) displaced occupants had the right to re-occupy the rehabilitated units; and (e) the rehabilitated units have long term affordability covenants of not less than 20 years or any other term required by federal or state funding or law.

Accordingly, the Draft Housing Element should be revised to indicate what percent of RHNA credits came from substantially rehabbed units. It should additionally be revised to indicate whether the rehabbed units for which RHNA credits were taken meet the following requirements: (a) the rehabbed units resulted in a net increase in the stock of housing affordable to low and very low income households; (b) the rehabbed units were at imminent risk of loss to the housing stock; (c) displaced tenants who were not eligible for relocation assistance under state law received relocation assistance consistent with that required under H&S Code Section 17975, including a minimum of four months rent, moving expenses and comparable replacement housing; (d) displaced occupants had the right to re-occupy the rehabilitated units; and (e) the rehabbed units have long term affordability covenants of not less than 20 years or any other term required by federal or state funding or law.

## **12. Inadequate Statement of Goals and Quantified Objectives**

State law provides that the Housing Element shall contain: "A statement of the community's goals, quantified objectives, and policies relative to the maintenance, preservation, improvement, and development of housing." California Government Code §65583(b).

There should be a corresponding goal and policy in the Housing Element for each housing need, resource inadequacy and constraint identified in the Housing Needs Assessment section of the Draft. In addition, there must be a quantified objective for each housing need identified. Failing to include an adequate analysis of the City's housing needs, resources, and constraints, the Draft also fails to contain both a complete statement of goals and policies as well as a complete statement of the City's quantified objectives. Furthermore, since the constraints analysis is inadequate, an analysis of the adequacy of the goals and policies section with regards to addressing constraints is impossible. The City should also revise its quantified objectives to include extremely low-income objectives.

## **13. SRO Ordinance (Draft HE Page V-23)**

The City should create an SRO ordinance that permits SRO's in any high density multi-family residential zone or commercial/light/industrial zone. SRO housing should not require a conditional use permit and it should not be grouped with Special Group Residences as it currently is in the Draft Housing Element. SRO's are a form of multi-family housing and they should be treated as such in the City's zoning code.

Staff should revise the Housing Element to include the creation of an SRO ordinance that permits SRO's in any high density multi-family residential zone or commercial/light/industrial zone where multi-family housing is permitted.

14. **Inadequate Programs and Five-Year Schedule of Actions** (Draft HE Pages V-19 through V-37)

The Housing Element shall contain: "A program which sets forth a five-year schedule of actions the local government is undertaking or intends to undertake to implement the policies and achieve the goals and objectives of the housing element...to make adequate provision for the housing needs of all economic segments of the community..." California Government Code §65583(c).

As stated above, the Draft's goals, policies, and quantified objectives are deficient, thereby making it difficult to adequately analyze the program of actions upon which these policies and objectives is based. Additionally, without an adequate analysis of constraints, it is difficult to recommend programs to remove these constraints as required by Govt. Code §65583(c)(3). For these and the following reasons, the program of actions fails to comply with the requirements of the law.

An effective housing program section should include quantified objectives and proposed measurable outcomes, as well as definite time frames for implementation. (HCD "Questions and Answers" #36) Additionally, the programs section must demonstrate the City's firm commitment to implement specific programs and actions. Many of the programs fail to include sufficiently specific language by which to guide the City over the planning period to carry out the programs' intentions. Many of the programs are written with such loose and vague language that they do not commit the City to undertaking any real actions. The following programs contain loose and/or vague commitments and should be revised to include specific and meaningful objectives:

- **Preservation of at Risk Units:** The City commits to doing little more than monitor the status of units and provide information. This will not preserve at risk units.
- **Section 8:** The City does not explain how it will encourage property owners to accept Sec. 8, nor does it state how or when the Housing Authority will raise the payment standard.
- **Universal Design:** The City only commits to evaluating the feasibility of additional incentives. This is meaningless.
- **HOME Security Deposits:** The City commits to providing assistance to only 50 households per year in a City with 500,000 residents. This is not enough in light of the housing crisis faced by the City's low income renters. The City should expand this program to provide assistance to at least 500 households per year.
- **Multi-family Housing Inspection:** The City does not commit to monitoring or enforcing inspection orders to ensure that repairs are actually made. Sending an inspector out to inspect a unit will not lead to repairs being made without monitoring and enforcement of the repair order. Low income residents continually complain that inspections do not result in repairs because the City does not do anything beyond issuing a repair letter, which landlords ignore because they know there is no penalty for failing to comply.
- **Housing Production:** The City does not commit to any programs that will significantly increase housing production in the City. The City is not eligible for



Prop 1C money because its Housing Trust Fund (HTF) does not have any dedicated sources of local revenue and because one-half of the HTF is targeted to households earning 120%-150% of area median income (nearly \$90,000 per year). The City does not have adequate sites as it alleges in this Section because the City has inappropriately taken RHNA credits. (See earlier discussion above re: this in #6 and #7.) The City's identification of sites is also faulty because the City did not include an analysis regarding the suitability of non-vacant sites. (See earlier discussion above re: this in #8.) To truly increase housing production, the City should adopt the programs discussed below in #15.

- Constraints: The City must amend this section to include a discussion of the following constraints, which the City failed to identify in the Draft Housing Element: (a) conditional use permits and site plan reviews; (b) housing for persons with disabilities; (c) reverse inclusionary housing; and (d) condominium conversions. (See discussion above in #5 re: each of these constraints.)
- E-Government: The City fails to state how it will improve E-government.
- Development Incentives (density bonus and relaxed standards): Many jurisdictions around the state have adopted local ordinances implementing state density bonus law. The Housing Element does not address how the City of Long Beach's failure to adopt a local ordinance has impacted the use of density bonuses. With respect to relaxed standards for affordable developments, the Housing Element fails to state how often the Planning Commission exercises its discretion to relax standards for affordable developments. Having discretion to do something is meaningless if the discretion is not exercised when appropriate.

The programs section must be revised to address the inadequacies described above.

#### **15. Programs to Increase Affordable Housing Production**

The City has not demonstrated in the Draft Housing Element that it has sufficient sites to accommodate housing for its low income residents. The City, moreover, did not come close to meeting its affordable RHNA numbers for the last planning period. The City has not committed in the Draft Housing Element to any programs that will significantly increase housing production in the City. The City must produce a total of 5,440 affordable units in the next planning period to meet the housing needs of its low and moderate income residents. The City has an annual housing budget (from redevelopment housing set aside money and HOME dollars) of \$25 million. When you consider that it costs approximately \$400,000 to produce one unit of affordable housing, it becomes clear that the City must find ways to supplement its housing budget to meet the housing needs of its low income residents.<sup>2</sup> The City should commit to creating new programs to encourage the production of affordable housing in the Housing Element.

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<sup>2</sup> The City leverages housing dollars, on average, at a rate of 3 to 1. This means that for every \$100,000.00 the City commits to housing development, it can leverage \$300,000.00 from other funding sources. Accordingly, if the City has an annual housing budget of \$25 million and it funds affordable units at a rate of \$100,000 per unit, the City will produce only 250 affordable units per year. While 250 affordable units per year will help some Long Beach families, this will not come close to meeting the City's affordable RHNA number of 5,440 units by 2014. The City, accordingly, should adopt policies to encourage the production of affordable housing.

The City should revise the Programs Section of the Housing Element to include the following programs to encourage the production of affordable housing:

**A. Comprehensive Funding Plan for the Housing Trust Fund, with Dedicated Diversified Local Sources of Funding**

At its October 2, 2008 hearing regarding the Draft Housing Element, the Long Beach Planning Commission recommended that the City Council identify stable funding for the Housing Trust Fund in the Draft Housing Element. The City Council should follow the Planning Commission's recommendation and include funding for the Housing Trust Fund in the programs section of the Housing Element.

The City created a Housing Trust Fund in 2005. Since its creation, the Housing Trust Fund has remained essentially unfunded and has never produced one unit of affordable housing. The City should commit in the Housing Element to identifying local dedicated revenue sources for the Housing Trust Fund in the amount of at least \$10 million within the next 6 months. The first step in this process is for the City to release the Housing Trust Fund Revenue Source Study, which was completed earlier this year by Muni Financial. To date, City Staff has refused to release this Study to the public. This Study should be released immediately and the City should commit in the Housing Element to adopting dedicated, diversified local sources of revenue for the Housing Trust Fund within six months.

**B. Mixed Income Housing Ordinance**

The City should adopt a mixed income housing ordinance, which would require developers of new apartment and condominium developments to include a percent of units (typically 10-15%) as affordable to low and moderate income households. There are 170 jurisdictions in California with mixed income housing ordinances. Such ordinances create equitable distribution of affordable housing and prevent the concentration of affordable units in one area.

**C. Commercial linkage Fee**

The City should adopt a commercial linkage fee to support a housing/jobs balance in the City. With a commercial linkage fee, developers of new commercial developments are charged a fee per square foot of new development. These fees are then be used to create new housing targeted to the income levels of those who would work in the new developments. Such fees, therefore, create a balance between housing and jobs. Nearly 20 cities in California have adopted commercial linkage fees.

#### **D. Condominium Conversion Fee**

As discussed in #5 above, condominium conversions are rapidly depleting the City's rental housing stock and making it even more difficult for low income families to find to affordable rental housing. The City should require converters to include affordable units in converted buildings or pay a condominium conversion fee that can be used to build replacement rental units. Such a policy would support balanced development in the City.

#### **E. Increase the Redevelopment Housing Set Aside**

The City should increase the redevelopment housing set aside from the minimum 20% to 30% to create additional funds for affordable housing development. By increasing the redevelopment housing set aside from the minimum required amount of 20% to 30%, this would create approximately \$8 million in additional revenue for housing development. Many redevelopment agencies in California have increased their redevelopment housing set asides above the legally required minimum of 20% to address local housing needs (E.g., the cities of L.A., Folsom and Buellton set aside 25%; Anaheim sets aside 30%; and San Francisco sets aside 50%.)

#### **F. Community Land Trusts**

The City should create a community land trust, which would allow for the development of *permanent* affordable housing. With a community land trust, Long Beach could avoid the problems associated with expiring affordability covenants.

Thank you for your consideration of our comments. Please feel free to contact me if you have any questions. I can be reached at (562) 304-2520.

Sincerely,

Susanne Browne  
Attorney-at-Law

cc: Mayor Bob Foster  
Council Member Bonnie Lowenthal  
Council Member Suja Lowenthal  
Council Member Gary DeLong  
Council Member Patrick O'Donnell  
Council Member Gerrie Schipske  
Council Member Dee Andrews  
Council Member Tonia Reyes Uranga  
Council Member Rac Gabelich  
Vice-Mayor Val Lerch

Long Beach, CA 90802  
November 5, 2008

Cathy Creswell, Director  
Department of Housing and  
Community Development  
Division of Housing Policy Development  
1800 Third Street, Suite 430  
Sacramento, CA 95811

I appreciate this opportunity to present my thoughts related to the Draft 2008-2014 Housing Element of the General Plan of the City of Long Beach prior to its being forwarded to the California Department of Housing and Community Development. Below please find the text of my remarks prepared for delivery to the Long Beach City Council meeting held October 14, 2008, at which it considered the Draft and sent it back for inclusion of certain elements which it had recognized as important enough to warrant a delay in the document's transmittal to the HCD for approval.

Respectfully submitted,



Gary Shelton  
1243 East Ocean Boulevard  
Long Beach, California 90802  
(562) 590-9520

cc: Craig Beck, Department of Development Services, City of Long Beach  
Pat Garrow, Department of Development Services, City of Long Beach  
City of Long Beach, Mayor and Members of the City Council

[Text of my comments follows]

**At City Council, Long Beach, California  
October 14, 2008**

**Honorable Councilmembers:**

**I wish to address THREE specific points in the Housing Element as it relates to conformance with the Housing Accountability Act of 2007**



(SB 2-Cedillo, et al). The three points are “capacity, feasibility and suitability.” The Housing Element update must incorporate a by-right

The Housing Accountability Act of 2007 (SB 2, Cedillo) put into place a requirement that this Housing Element update “identify a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit.” This has become known as “by right” permitting of emergency shelters. My comments will focus on THREE points where I feel that, in terms of its conformance with the mandates of the Act, this Housing Element falls short, even to the point of its being insufficient and non-compliant.

First, capacity: Pursuant § 65583(a)(4)(A) of the Act, “[t]he identified zone or zones shall include sufficient capacity to accommodate the need for emergency shelter...”). Chart 14 at page II-21-22 shows this need to be 1,625 “unsheltered” persons, but fails to demonstrate that the PD-31 and IL zones which have been identified (p. III-16) include sufficient capacity to accommodate this need. In fact, the reality on the ground would indicate that the identified zones fall far short of sufficient capacity.

PD-31 is the Villages at Cabrillo, a U.S. Navy housing reuse project which is currently houses over 500 homeless men, women and children and is adding capacity for 80 homeless families. But it realistically has no additional capacity for homeless shelter facilities due to limited developable acreage, economic constraints and especially due to its secure and sober operations model, situations which are unlikely to change between now and 2014.

Neither can the IL (light industrial) zone be shown to have capacity for sufficient emergency shelters to meet the identified need. Comprised of some 17 separate sites, all of which are located west of Redondo Avenue, a significant portion of this zone presently is occupied by stable and long-term uses: the row of auto dealerships on Cherry Avenue south of Carson Street; the former Home Depot site and present Long Beach Unified School District facility at South and Cherry; Rancho Suspension-Tenneco on Atlantic Avenue near the 91-710 interchange; occupied residential housing near 70<sup>th</sup> and Paramount; the driving range on Atlantic Avenue near the 710-405 interchange and the headquarters of Long Beach Gas & Oil at Spring and Junipero. These six uses alone reduce the acreage and reasonable capacity of the IL zone by well over half.

Second, suitability: Pursuant Paragraph 1 and § 65589.5(d)(5)(A) of the Act, the Legislature has recognized the importance of the suitability of the zone for emergency shelter use. A site visit to the IL zone areas readily shows serious lack of suitability from several points of view. Given the unlikelihood that a significant portion of the 1,625 unsheltered people will access an emergency shelter by any method of transport other than public transportation, walking or both, the distance from nearby bus stops to the shelter becomes a key factor in the sites' suitability. Of the remaining 9 IL-zoned areas, 7 of them are within ½ mile of a Long Beach Transit stop. One of the other two is as far as 2½ miles from a bus stop (the strip of land between Pacific Coast Highway and Willow Avenue along the west side of the railroad tracks fronting the I-103 Terminal Island freeway; the other is the driving range site which is about ¾ of a mile from the Blueline Wardlow Station. Other barriers to suitability of the IL-zone sites include over-head high tension lines (south of the Tennico site), low-lying flood zones (below Drake Park), and undersize parcels (Spring/405 off-ramp landscaped area).

Finally, feasibility: There is a conundrum at Goal: Address the Unique Housing Needs of Special Needs Residents—Policy 2.2 (p. V-14), "Implement the feasible components Within Our Reach: A Community Partnership to Prevent and End Homelessness, Long Beach's 10-Year Plan Report. The "10-Year Plan" is currently in the Council's Housing and Neighborhoods Committee and on the City Manager's desk awaiting some decisions as to which components of it are feasible. This creates the dilemma that, until such time as any of the 10-Year Plan's 400+ recommendations are determined to be feasible, the 2008-2014 Housing Element is constrained from moving forward in respect to its full compliance with the Housing Accountability Act of 2007 and putting a roof over the heads of 1,625 of our neighbors who are unsheltered every night.

Thank you very much for your attention to these issues.

Respectfully,  
Gary Shelton  
1243 E. Ocean Blvd.  
Long Beach, CA 90802  
562-590-9520

# State-wide Developers, Inc.

6242 Napoli Court,  
Long Beach, California 90803  
Off: 562/597-6801 Cell: 682.7882 Fax: 562/498-3621  
Email: [wald.erd@verizon.net](mailto:wald.erd@verizon.net)

11/5/08

To: Planning Director Craig Beck

Dear Craig:

Please find the enclosed package for your review, which was prompted by the recent article in the Long Beach Business Journal that contained the following heading: **"City Council to Discuss Housing Element, Low Income Units on November 11"**.

I believe you will find the information quite timely in addressing one of the article's concerns that dealt with **"workforce housing"** needs. The Converta-Belle housing concept clearly contributes towards fulfilling this need.

Therefore, my associate, Roger Peter Porter (AIA) and I, would ask that you consider adding this important tool as part of the upcoming **draft 2008-2014 Housing Element of the General Plan**. At the very least, we would ask that you recommend provisions be added to the draft HEGP adding the Converta-Belle as an option in the process.

As you will see within the attached package, the Converta-Belle concept has already been unanimously and conditionally approved by the Long Beach Planning Commission for the development of a demonstration project, and a search for a proper site is in process.

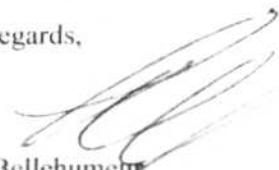
Once the demonstration project has been constructed and sold, its success will motivate developers to take full advantage of the Converta-Belle's innate market safety and profitability, and they will not require anywhere close to the financial assistance presently provided by the City for **"workforce housing"** development.

With regard to the current economic conditions in the Country, if some of the recent buyers of homes in Long Beach would have instead purchased the Converta-Belle, all those owners would have had to do was convert a portion of their residence to a rental, which would have provided them the extra income to honor their loan obligations until the crisis passed – avoiding foreclosure.

Please contact me if you have any questions prior to the Nov. 11<sup>th</sup> Council hearing.

Best regards,

Alex

  
Alex Bellehumer  
State-Developers, Inc.  
President



**CONVERTA-BELLE™**

**An Innovative Housing Concept**

FOR

Work Force Housing Ownership

**STOP THE EXODUS OF OUR MOST  
PRODUCTIVE CITIZENS  
AND  
ATTRACT NEW AND VITAL MIDDLELEVEL  
WAGE EARNERS TO OUR COMMUNITY**

The Converta-belle is specifically designed to motivate developers in full-filling the “work force” housing needs – with limited government assistance.

These would include our Police, Fireman, young executives and so many others that are vital to the well-being of our community.





# **CONVERTA-BELLE™**

**An Innovative Housing Concept**

FOR

Work Force Housing Ownership

**THE CONVERTA-BELLE HOUSING  
CONCEPT HAS BEEN  
UNANIMOUSLY AND  
CONDITIONALLY APPROVED BY  
THE LONG BEACH PLANNING  
COMMISSION TO PROCEED WITH A  
“DEMONSTRATION PROJECT”  
SITE LOCATION IN PROCESS**

# CONVERTA-BELLE™

An Innovative Housing Concept

FOR

## Work Force Housing Ownership



**Presented by:**

**State-Wide Developers, Inc.**

Founded in 1964

6242 Napoli Court, Long Beach, CA. 90803

(562)597-6801 Fax: (562)498-3621 Cell: (562)682-7882

wyld.crd@verizon.net

**Three Gold Nugget Awards**

**as**

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\*\*\*\*\*

### **SPECIAL ACKNOWLEDGMENTS**

ROGER PETER PORTER—AIA

ANDY KINCAID & KIM HUNTLEY

LONG BEACH AFFORDABLE HOUSING COALITION

ART LEVINE- (FACULTY HOUSING)

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# CONVERTA-BELLE™

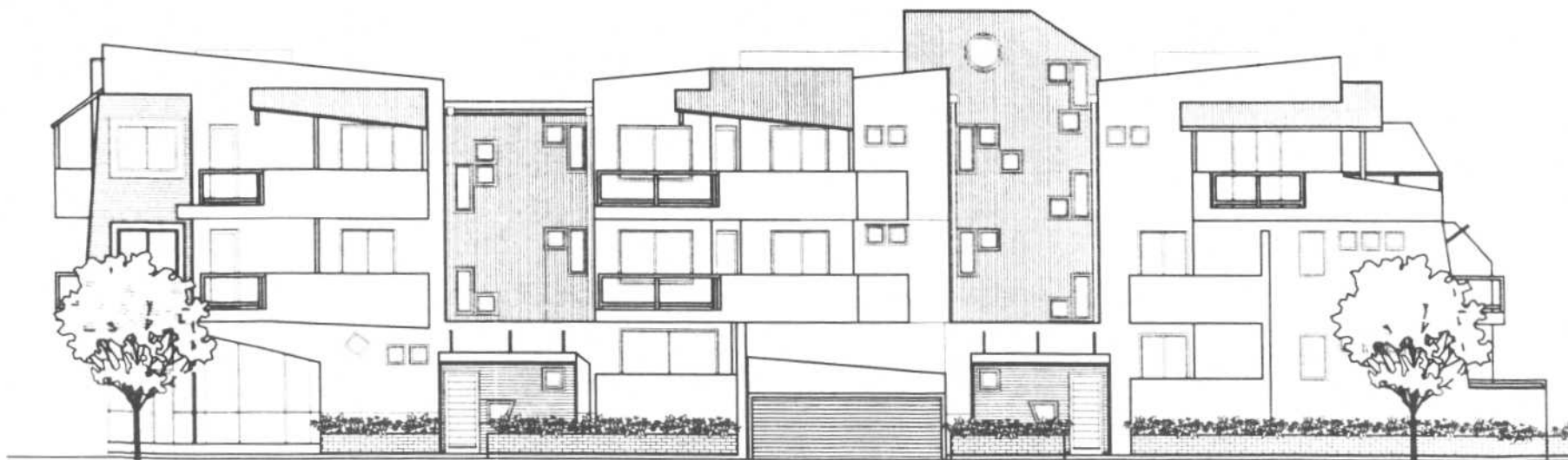
An Innovative Housing Concept

FOR

Work Force Housing Ownership



Front-Street Elevation Conceptual Period Design



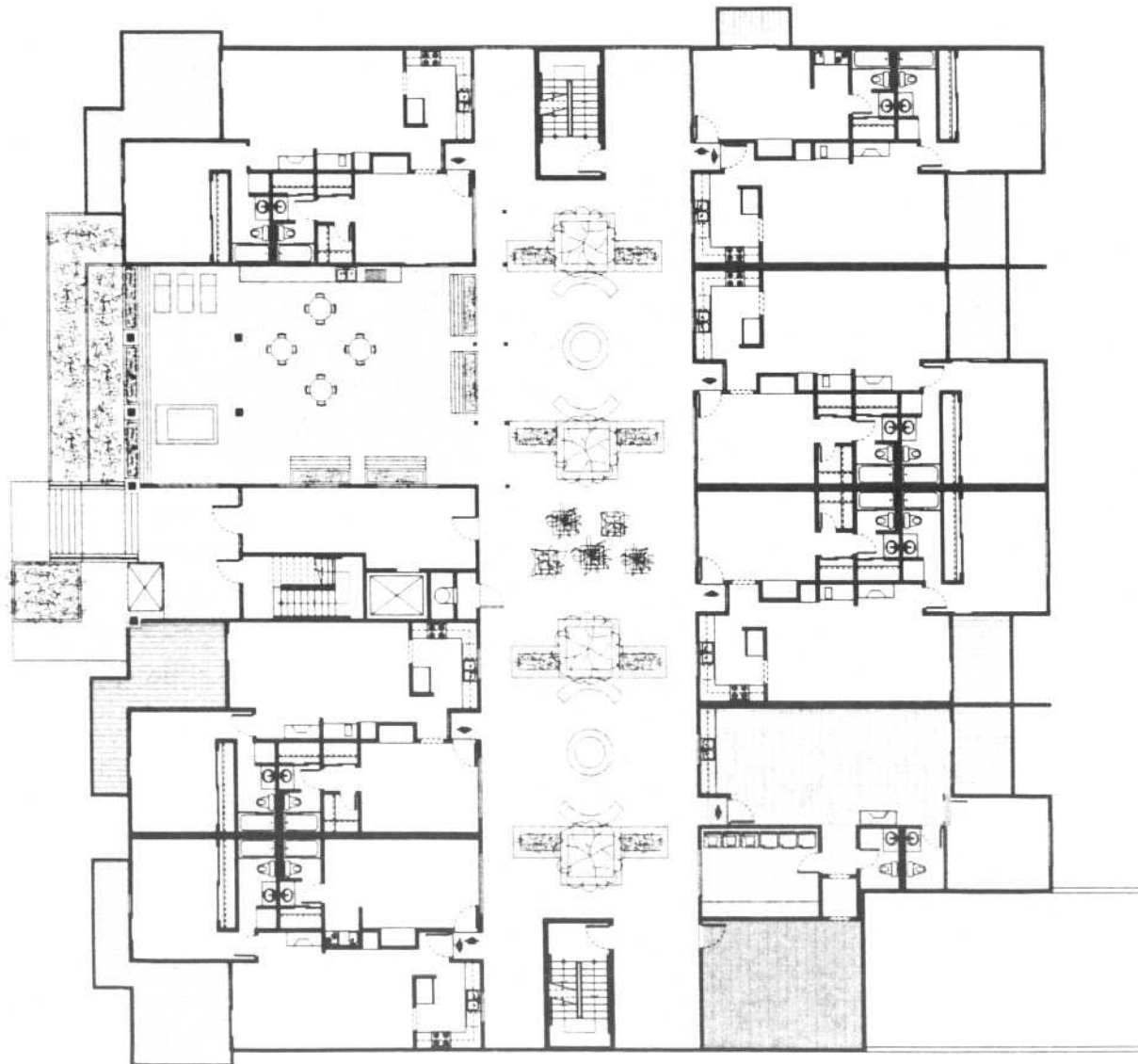
Front-Street Elevation Conceptual Contemporary Design

# CONVERTA-BELLE™

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FOR

Work Force Housing Ownership



## Amenities

Recreation Area  
open to Court

Court Area

Social room

Laundry Service

Computer Room

Physical Fitness Room

Private Balcony



# **CONVERTA-BELLE™**

**An Innovative Housing Concept**

FOR

**Work Force Housing Ownership**

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## **Mission Statement**

**Our indispensable work force, whose incomes ranges from \$50K to \$100K annually, remain severely challenged in sharing the American dream of home ownership.**

**A major obstacle is the high cost, lending criteria and unavailability of quality housing. The Converta-Belle is designed to overcome these barriers.**

**With Converta-Belle, work force housing needs can be met, even for those applicants that are at the lower level of compensation.**

**The Converta-Belle is designed to provide pride of ownership and will include special amenities to best serve the needs of both the homeowner and those that would become their tenants.**





# **CONVERTA-BELLE™**

**An Innovative Housing Concept**

FOR

**Work Force Housing Ownership**

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## **Financial Benefits**

**Unlike conventional housing, if tough times occur, owner need only to convert to the rental mode and receive added income – possibly preventing foreclosure**

**Purchase ability of Convert-Belle is vastly improved due to the income from the rental option.**

**The net monthly cost for the owner's residence will be less than paying rent for a comparable residence**

**Converta-Belle will provide the homeowner a sense of pride and belonging to the community, while at the same time creating equity.**

**Savings due to living near their place of employment**

**Available ownership housing removes a barrier that has contributed greatly to preventing our work force from living within their community**

**The community will be greatly benefited**

**If purchased as a young person and held to retirement, the accrued savings as compared to conventional housing will exceed the original purchase price**

**Retire seniors could receive income from the rental section greater than social security benefits.**

# CONVERTA-BELLE™

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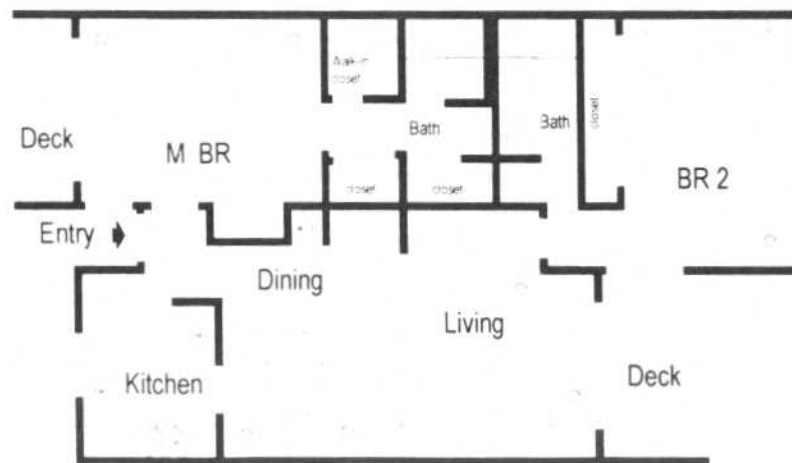
FOR

## Work Force Housing Ownership

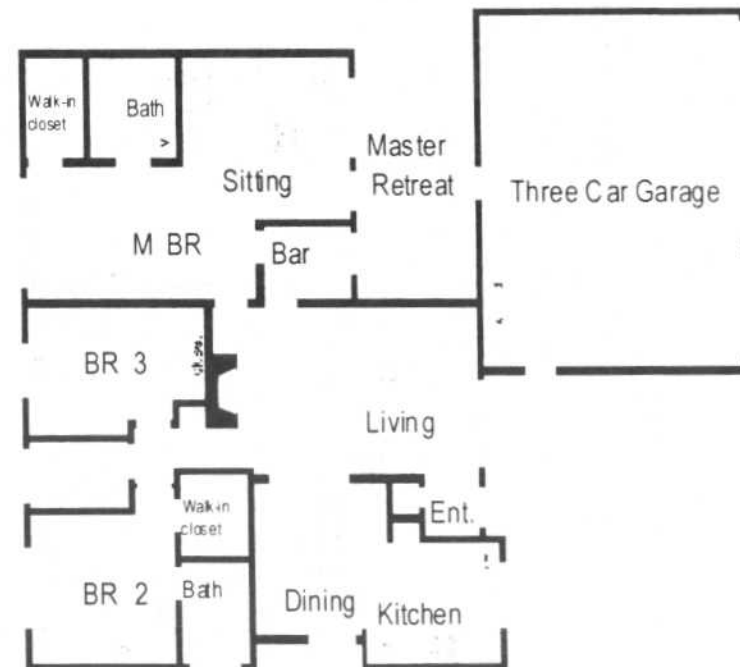
### Floor Plans

Prior to Conversion

#### Condominium Residence



#### Single Family Residence



Conversion takes less than 72 hours, at an estimated cost of \$1,000  
(Unit is pre-equipped for the conversion)

# CONVERTA-BELLE™

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## Work Force Housing Ownership

### YOUNG AND SINGLE

Owner converts Master Suite to a rental. Owner lives in conversion and rents balance of residence.  
Income increases lending opportunities.

#### Condominium Residence



RENTAL

- Owner rents  
1 bedroom section
- Owner lives in  
Master Suite

#### Single Family Residence



Three Car Garage

Wall A  
(stored in garage  
2-4X8 panels)

Pantry B  
(stored in garage)

RENTAL

- Owner rents  
2 bedroom section
- Owner lives in  
Master Suite

# CONVERTA-BELLE™

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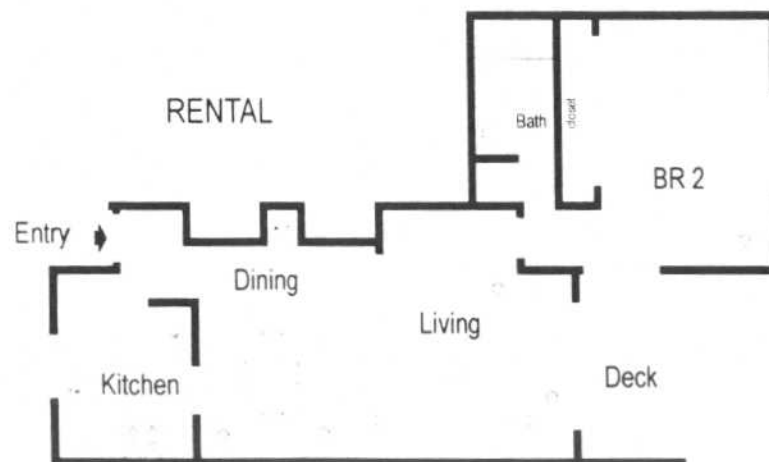
FOR

## Work Force Housing Ownership

### OWNER MARRIES

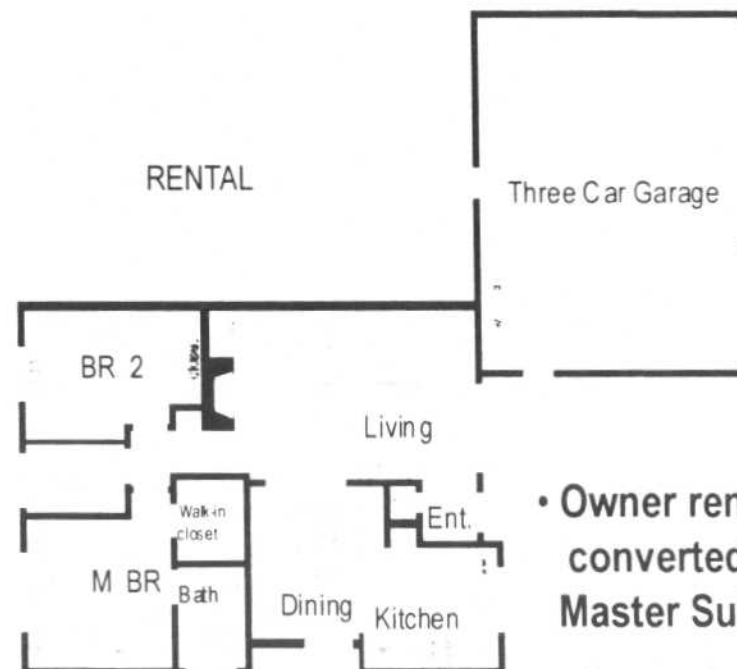
The couple moves into the larger section of the residence and rents out the converted master suite to student/s.

#### Condominium Residence



- Owner rents converted Master Suite
- Owner lives in 1 bedroom section

#### Single Family Residence



- Owner rents converted Master Suite
- Owner lives in 2 bedroom section

# CONVERTA-BELLE™

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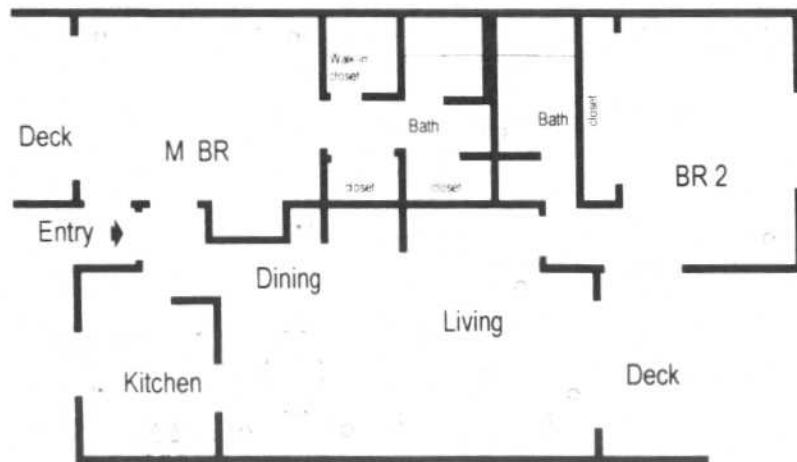
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Work Force Housing Ownership

## CHILDREN ARRIVE

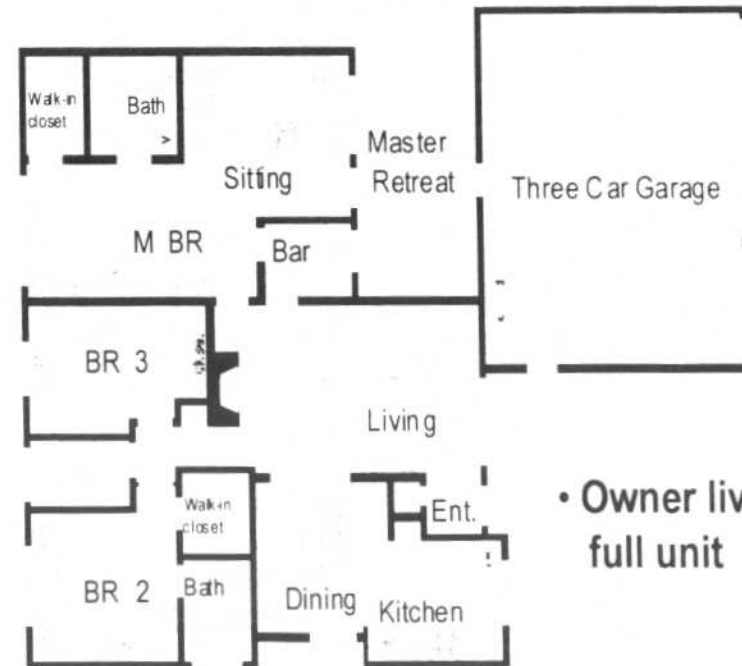
Rental unit will be re-converted to the Master Suite.

### Condominium Residence



• Owner lives in full unit

### Single Family Residence



• Owner lives in full unit



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### EMPTY NESTERS

Couple then has option to re-convert Master Suite to a rental.

#### Condominium Residence



RENTAL

- Owner rents  
1 bedroom section
- Owner lives in  
Master Suite

#### Single Family Residence



Three Car Garage

Wall A  
(stored in garage  
2-4X8 panels)

Pantry B  
(stored in garage)

RENTAL

- Owner rents  
2 bedroom section
- Owner lives in  
Master Suite



# **CONVERTA-BELLE™**

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## **Incentive Zoning Conditions**

**Twenty-five percent bonus density—required to help offset extra cost of parking and housing amenities to Developer**

**Condominium parking requirements based on an average of 50% conversion over the life of the dwelling**

**Special consideration on parking requirement provided projects are at or near public transportation**

**Converted master (studio) suite allows for a kitchen.**



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## **Home Ownership Conditions**

**Owner must be a full-time resident if renting a portion of dwelling,**

**All rental activity of condominiums are required to be processed  
through a selected body of the Homeowners Association**

**“For Rent” signs prohibited**

**Private entry required to rented unit**

**Property must be properly maintained as an  
enhancement to the surrounding community**

**Certain consequences will be imposed by the respective Cities in the  
event the homeowner violates any of these conditions; and, as further  
described within the Deed of Trust, page 3, paragraph number 7.**

**All other terms and conditions normally applying to zoning will apply to the Converta-Belle.**

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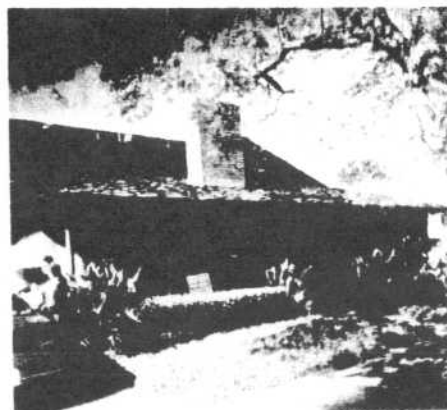
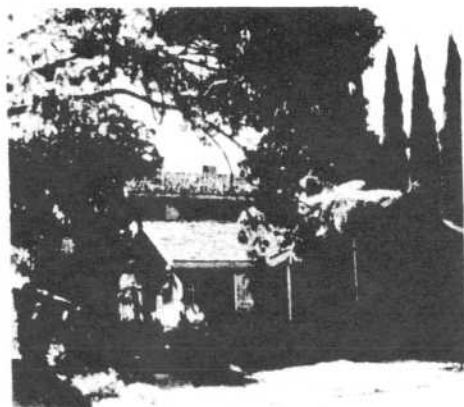
FOR

## Work Force Housing Ownership

### State-Wides

Pride of ownership maintained for 40 years.

**STATE-WIDES**  
**The Grandfather of the**  
**Converta-Belle.**  
**Originated and Constructed**  
**1964 in Long Beach,**



Above buildings can be seen at the following addresses:  
316, 318, 507, 515, 531 and 611 Coronado, Long Beach

Three of the buildings are located at  
2114, 2136 and 3820 2nd St.  
Many dozens are in Long Beach and hundreds  
outside of City

## CONVERTA-BELLE™ THE NEW STATE-WIDE

# CONVERTA-BELLE™

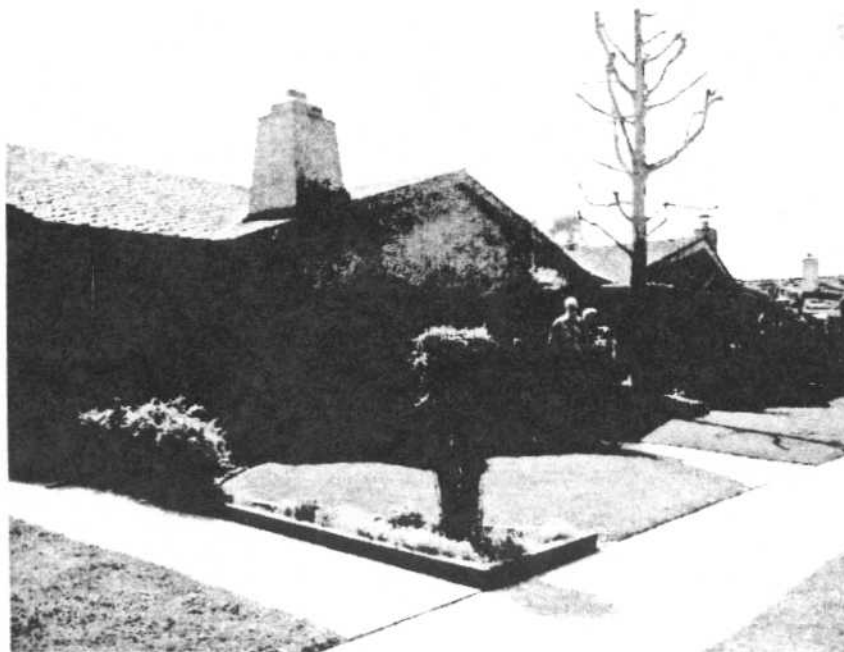
An Innovative Housing Concept

FOR

## Work Force Housing Ownership

### State-Wides

The grandfather of the Converta-Belle.  
Pride of ownership maintained for 40 years.



Left: Present Owners, Jesse and Cheryl Skater - Purchased 1976 - 1140 32nd, Signal Hill

Right: Present Owner, Candi Pool, With Pierre Elskamp - Purchased 1969 - 1129 3rd, Signal Hill

## CONVERTA-BELLE™ THE NEW STATE-WIDE





**CONVERTA-BELLE™**

**An Innovative Housing Concept**

FOR

Work Force Housing Ownership

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**“CONCEPT DESIGNED  
TO MEET THE NEEDS  
OF OUR TIMES”**

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