

REVENUE TOOLS AND INCENTIVES FOR THE PRODUCTION OF AFFORDABLE AND WORKFORCE HOUSING

UPDATE ON POLICY DEVELOPMENT AND IMPLEMENTATION

LONG BEACH DEVELOPMENT SERVICES
HOUSING AND NEIGHBORHOOD SERVICES BUREAU

MARCH 13, 2018

POLICIES TO IMPLEMENT IMMEDIATELY

POLICY

1.1 Encourage Housing Preservation

CURRENT STATUS

Ongoing.

- Since 2014 – 1,376 at-risk units were preserved
- FY 17 – Beachwood Apartments (45 units)
- FY 18 – Sara’s Apartments (29 units)



Beachwood Apartments – 475 W. 5th Street & 505 W. 6th Street

POLICIES TO IMPLEMENT IMMEDIATELY

POLICY

1.2 Encourage the Use of Project-Based Vouchers (PBV)

CURRENT STATUS

Ongoing. Vouchers recently awarded to:

- **The Beacon (160 units/158 PBVs)**
- The Spark at Midtown (95 units/40 PBVs)
- Las Ventanas Apartments (101 units/40 PBVs)
- Sara's Apartments (29 units/29 PBVs)



The Beacon - 1235 Long Beach Blvd.

POLICIES TO IMPLEMENT IMMEDIATELY

POLICY

1.2 Encourage the Use of Project-Based Vouchers (PBV)

CURRENT STATUS

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- The Beacon (160 units/158 PBVs)
- **The Spark at Midtown (95 units/40 PBVs)**
- Las Ventanas Apartments (101 units/40 PBVs)
- Sara's Apartments (29 units/29 PBVs)



The Spark at Midtown - 1900 Long Beach Blvd.

POLICIES TO IMPLEMENT IMMEDIATELY

POLICY

1.2 Encourage the Use of Project-Based Vouchers (PBV)

CURRENT STATUS

Ongoing. Vouchers recently awarded to:

- The Beacon (160 units/158 PBVs)
- The Spark at Midtown (95 units/40 PBVs)
- **Las Ventanas Apartments (101 units/40 PBVs)**
- Sara's Apartments (29 units/29 PBVs)



Las Ventanas Apartments - 1795 Long Beach Blvd.

POLICIES TO IMPLEMENT IMMEDIATELY

POLICY

1.3 Continue to Waive Developer Impact Fees for Affordable Housing

CURRENT STATUS

Ongoing. Recent fee waivers include:

- Immanuel Place: \$134,467
- Anchor Place: \$666,731
- The Beacon: \$885,239
- The Spark at Midtown: \$526,661
- Las Ventanas Apartments: \$565,881
- Vistas Del Puerto: \$263,331
- **TOTAL: \$3,024,310 (552 units)**



Vistas Del Puerto – 1836-1852 Locust Ave.

POLICIES TO IMPLEMENT IMMEDIATELY

POLICY

CURRENT STATUS

1.4 Promote the City's Density Bonus Program to all Multi-Family Housing Developers

Ongoing.

The program is regularly promoted to housing developers by Planning and Economic Development Department staff.

1.5 Continue to Partner with Developers in the Pursuit of Housing Funding

Ongoing.

In FY17, staff assisted with funding applications for:

- The Beacon - \$70.4 million.

In FY18, staff assisted with funding applications for:

- Las Ventanas Apartments - \$38.4 million
- The Spark at Midtown - \$48.8 million
- Vistas Del Puerto Apartments - \$16.6 million

These projects include \$174.2 million in leveraged funds and \$19.5 million in City funds.

POLICIES TO IMPLEMENT IMMEDIATELY

POLICY

CURRENT STATUS

1.6 Explore the Potential Development of Student and Workforce Housing

Ongoing.

- Housing and Economic Development staff coordinate these efforts as they meet with developers.
- Broadway Block project to include potential housing for CSULB graduate students & faculty.

1.7 Track Federal and State Housing Legislation

Ongoing.

Legislative tracking is coordinated through the City Manager's Office.

In FY17, support was provided for:

- Preserving funding for Federal CDBG and HOME Programs
- SB2 (Atkins), Building Homes and Jobs Act
 - \$75 to \$225 fee on specified real estate documents
- SB3 (Beall) Veterans and Affordable Housing Bond Act of 2018
 - \$4 billion general obligation bond on Nov. 2018 ballot to fund affordable housing programs and CalVet homeownership programs
 - Requires voter approval

POLICIES TO IMPLEMENT IMMEDIATELY

POLICY

CURRENT STATUS

1.8 Support CEQA Reform

Ongoing.

- Coordinated through City Manager's Office through the City's Legislative Agenda process.

1.9 Create and Maintain a Database of Publicly Held Land That May Provide for Housing Opportunities

In Process/Ongoing.

Economic Development staff is preparing a comprehensive list of potential development opportunity sites throughout the City, including government-owned and privately-held sites.

The City notifies affordable housing developers of development opportunities that arise when the City disposes of land.

EXISTING REQUIREMENTS AND INITIATIVES IN PROCESS

POLICY

CURRENT STATUS

2.1 Accessory Dwelling Unit Ordinance

Completed.

A zoning code amendment was approved by the Planning Commission on July 6, 2017. The ordinance was approved by City Council on December 19, 2017.

2.2 Implement State Requirements for Reduced Parking for Affordable Housing

Ongoing.

Staff is implementing the State requirement. All proposed affordable housing projects in process have received parking reductions allowed under AB 744, passed in 2015.

SB 35, approved in 2017 as part of a package of housing bills, is designed to streamline qualifying multi-family housing projects. These projects:

- Must meet rigorous standards to include affordable housing and pay prevailing wage
- Are limited to heights listed in the LUE PlaceType maps
- Must be approved by the City ministerially
- Are not required to provide parking, but it may still be included

EXISTING REQUIREMENTS AND INITIATIVES IN PROCESS

POLICY

CURRENT STATUS

2.3 Conduct Financial Analysis and Nexus Study to Update the Coastal Zone In-Lieu Fee (LBMC 21.61)

In Process.

- Financial analysis and nexus study are complete.
- Staff conducted an outreach meeting with stakeholders.
- City Attorney's Office is preparing draft Ordinance revisions.
- The final ordinance is estimated to be brought before the Council in September 2018.

2.4 Update the Condominium Conversion Ordinance (LBMC 20.32)

In Process.

- Potential changes to the ordinance have been identified.
- Staff conducted an outreach meeting with stakeholders.
- City Attorney's Office is preparing draft Ordinance revisions.
- The final ordinance is estimated to be brought before the Council in September 2018.

NEW INITIATIVES FOR DEVELOPMENT AND IMPLEMENTATION

POLICY

CURRENT STATUS

3.1 Explore a Local Bond Measure as a One-Time Source to Capitalize the Housing Trust Fund

In Process.

- A memorandum containing information on bond types and estimated costs was forwarded to the Mayor and City Council on September 25, 2017.
- Staff estimated that a bond of about \$126 million was needed to produce 1,000 affordable units.
- Should City Council wish to proceed with a bond measure, staff will conduct further analysis.

3.2 Begin the Development of an Inclusionary Housing Policy

In Process.

- AB 1505 was adopted in 2017 allowing cities to adopt inclusionary policies.
- An RFP to select a consultant to assist with this effort was released October 9, 2017.
- A consultant will be selected in March 2018.
- Policy recommendations will be brought to Council in Feb/Mar 2019.

3.3 Investigate the Possibility of Establishing a Local Document Recording Fee to Fund Affordable Housing

Ongoing.

- In 2017, the State Legislature adopted SB 2, which will implement this program at the State level.
- A memorandum providing program information was forwarded to the City Council on December 1, 2017.

NEW INITIATIVES FOR DEVELOPMENT AND IMPLEMENTATION

POLICY

CURRENT STATUS

3.4 Investigate the Possibility of Dedicating City Resources for Affordable Housing

Ongoing.

Staff investigated the potential for additional City resources for affordable housing during the FY 18 budget process, but no General Fund dollars were available for this purpose for FY 18.

Funds deposited into the Housing Fund from Successor Agency loan repayments and housing activities are estimated at approximately \$5 million for FY 18.

Other City resources for affordable housing:

- *Federal HOME Funds* \$2.1 million
- *Housing Authority* \$75.6 million

3.5 Modify the Housing Trust Fund Ordinance

Pending.

This will be done in conjunction with any new source of funding that is identified.

NEW INITIATIVES FOR DEVELOPMENT AND IMPLEMENTATION

POLICY

CURRENT STATUS

3.6 Modify the Moderate-Income Definition to Include up to 150% AMI

Pending.

This will be considered in conjunction with any new source of funding that is identified, as well as with an inclusionary housing policy.

3.7 Encourage the Adoption of Specific Plans to Encourage a More Rapid Entitlement Process

Ongoing.

- Proposed General Plan Land Use and Urban Design Element PlaceType and Heights Maps were approved by the City Council on March 6, 2018.
- The Southeast Area Specific Plan (SEASP) was adopted by the City Council on September 19, 2017.
- The Midtown Specific Plan was adopted in 2016.

3.8 Consider Expanding One-for-One Replacement in Areas Outside of the Coastal Zone

Pending.

This item will follow after item 2.3 (Updating the Coastal Zone In-Lieu Fee) is completed.

NEW INITIATIVES FOR DEVELOPMENT AND IMPLEMENTATION

POLICY

CURRENT STATUS

3.9 Develop and Offer First-Time Homebuyer Programs

In Process.

- Research on the cost to offer homebuyer programs is in process.
- Staff is also researching lending practices, partnerships, and homebuyer education programs.

3.10 Encourage the Adoption of Regulations to Allow and Incentivize Shipping Container Construction for Housing

Ongoing.

- A memorandum on this item was prepared and forwarded to the Mayor and City Council on August 2, 2017.
- The memorandum outlined the suitability, advantages, and requirements associated with the use of shipping containers as housing units.
- Staff is working with local and regional groups to establish development standards.

3.11 Develop a Plan to Include Micro-Units as a Method for Encouraging Housing Production

Ongoing.

Staff has begun investigating opportunities for the development of micro-units – additional work is needed.

NEW INITIATIVES FOR DEVELOPMENT AND IMPLEMENTATION

POLICY

CURRENT STATUS

3.12 Study Short-Term Rental Regulations (Vacation Rentals)

In Process.

- In February 2018, staff selected Lisa Wise Consulting to provide consulting service, community outreach, economic feasibility assessment, case study research, and drafting of an Ordinance establishing a STR program.
- The project is expected to take six months to complete.
- Community outreach is expected to begin in March 2018, with final City Council action anticipated in Fall 2018.

3.13 Ensure that Sufficient Resources are Available to Implement the City's Proactive Rental Housing Inspection Program (PRHIP)

Ongoing.

- For FY 18, fees on existing services were increased by 2.23 percent based on the City's Cost Index resulting in a five-dollar increase to each of the three tiers of fees for the program
- No new fees or services were included in the FY 18 budget.

NEW INITIATIVES FOR DEVELOPMENT AND IMPLEMENTATION

POLICY

CURRENT STATUS

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|-------------|---|--|
| 3.14 | Explore the Feasibility of Using New Structures Such as the EIFD to Capitalize the Housing Trust Fund | Pending. |
| 3.15 | Explore and Propose an Article 34 Referendum to Ensure Maximum Leveraging of State Resources for Affordable Housing Developments | Pending. |
| 3.16 | Provide the Necessary City Staffing Resources to Manage Increased Housing Production Contemplated by these Policies | Ongoing. <ul style="list-style-type: none">• This will be done as part of the annual budget process and in conjunction with any new source of funding that is achieved. |

CONCLUSION & NEXT STEPS

- A great deal of work has been undertaken to further develop and implement the policies adopted in May 2017.
- Expected Accomplishments for 2018 include:
 - Additional housing preservation
 - Additional Project-Based Vouchers
 - Continue and begin construction on 403 new units
 - Develop a Citywide Inclusionary Housing Policy
 - Develop Short-Term Rental Regulations
 - Complete update to Coastal Zone In-Lieu Fee
 - Complete update to Condominium Conversion Ordinance

ADDITIONAL HOUSING INITIATIVES

On January 16, 2018, the City Council directed the City Manager, through the Department of Development Services and the Housing Authority to prepare research and findings on:

- Tenant protection programs
- Senior rental assistance programs
- Homeownership programs
- Additional code enforcement tools
- Housing preservation strategies

On February 6, 2018, the City Council adopted the Everyone In on Homeownership Initiative, including the following action items:

- Work with partners to establish a HUD-certified Homebuyer Counseling Center
- Explore the rise of non-bank lenders in Long Beach to develop a path to a community benefits participation plan
- Retool the City's soft second mortgage programs
- Evaluate the feasibility of alternative forms of homeownership

These items have been added to the City's housing policy implementation work plan.