



CITY OF LONG BEACH

DEPARTMENT OF DEVELOPMENT SERVICES

R-2

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January 18, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Amend the Agreement for Services between the City of Long Beach and The Long Beach Housing Development Company and authorize the City Manager to encumber approximately \$138,500,000 in current and future redevelopment housing set-aside to support affordable housing activities through Fiscal Year 21.
(Citywide)

DISCUSSION

The Long Beach Housing Development Company (LBHDC) was reestablished by the City Council in January 1988 in order to plan, perform and assist in meeting the housing needs of the low- and moderate-income residents and to meet the specialized housing needs of senior citizens and disabled persons in the City of Long Beach. The LBHDC implements the affordable housing goals, policies and objectives of the City's Housing Element. The City is the only member of the LBHDC.

On November 15, 1989, the City and the LBHDC entered into an Agreement for Services whereby the City agreed to provide services and funding to the LBHDC in order for the LBHDC to carry out its mission. Specifically, the City agreed to provide all necessary City employees, facilities and other services of the City that the LBHDC needs. The City also agreed to fund the LBHDC's activities based on a request of the LBHDC's President of the estimated cost to support LBHDC's activities. In the past, the funding request came to the City as part of the annual budget process and the City Council approved the LBHDC's total annual budget.

Redevelopment housing set-aside is the main source of revenue in the City's Housing Development Fund, which funds the LBHDC's projects and required City support services. As such, the LBHDC is the entity that accomplishes the Long Beach Redevelopment Agency's affordable housing production goals laid out in the State-mandated Affordable Housing Compliance Plan Five-Year Implementation Plan, the most recent of which is for the period October 1, 2010 to September 30, 2014. Because of this responsibility, the LBHDC has been active in negotiating and partnering with affordable housing developers in the construction of new units or rehabilitation of existing units, a process that could take from three to five years from conception to completion. Due to the nature of the development process, the LBHDC currently has several projects in various stages of development, as shown in Exhibit A.

If Governor Jerry Brown's recently proposed budget is passed, the City's ability to receive housing set-aside from the Redevelopment Agency may be severely limited. Unless the City has a contractual obligation for the use of housing set-aside, its ability to fund the LBHDC's activities and support services will be in jeopardy. In order to safeguard the City's ability to receive housing set-aside and allow the LBHDC to complete its projects, staff recommends that the City encumber approximately \$138,500,000 in redevelopment housing set-aside to support affordable housing activities through FY 21 and pledge this amount to the LBHDC.

This letter was reviewed by Assistant City Attorney Heather Mahood on January 16, 2011 and Budget and Performance Management Bureau Manager Lou Palmer on January 16, 2011.

TIMING CONSIDERATIONS

City Council action is requested on January 18, 2011 in order to encumber the funds needed by the LBHDC to complete and manage ongoing and proposed projects.

FISCAL IMPACT

The funds to be encumbered are from redevelopment housing set-aside to be deposited by the Redevelopment Agency into the City's Housing Development Fund (SR 135) between now and September 30, 2016. The funds will be appropriated in the Housing Development Fund through the annual budget process. There will be no impact to the General Fund. Approval of the proposed recommendation will result in a large number of construction jobs, but the number cannot be estimated at this time.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

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Exhibit A - List of LBHDC Projects

APPROVED:



PATRICK H. WEST
CITY MANAGER

EXHIBIT A

LBHDC Projects (1/14/11)		Total Units	Affo'ble Units	Development Costs	Consultant Costs	Total Costs
Recently Completed						
Habitat Homes		2	2	267,350		267,350
						-
Under Construction						
						-
Coronado Townhomes		48	48	11,267,000	70,000	11,337,000
Palace Hotel		14	13	2,650,000	50,000	2,700,000
Habitat Homes		2	2	267,350	50,000	317,350
						-
Near Construction						
						-
Meta Housing at LB Bvd & Anaheim (Ph I)		200	198	7,993,000	50,000	8,043,000
- Potential Liability				2,500,000		2,500,000
						-
Predevelopment						
						-
Ramona Park Apartments		61	60	9,500,000	50,000	9,550,000
Evergreen Apartments		81	81	1,920,000	50,000	1,970,000
City Hall East		90	10	1,891,000	50,000	1,941,000
Scattered sites for Habitat		3	3	537,200	30,000	567,200
						-
	Subtotal	501	417	38,792,900	400,000	39,192,900
						-
Owned sites awaiting development / rehabilitation						
						-
3361 Andy St.		4	4	300,000	50,000	350,000
Scattered sites for Habitat		2	2	267,350	25,000	292,350
						-
Development/Rehab Proposals in the pipeline						
						-
Ramona Park Apts (additional request)				3,500,000	50,000	3,550,000
1893-1911 Pine Ave rehab		14	14	4,500,000	50,000	4,550,000

EXHIBIT A

LBHDC Projects (1/14/11)		Total	Affo'ble	Development	Consultant	Total
		Units	Units	Costs	Costs	Costs
12-unit Rehabilitation		13	13	1,052,500	10,000	1,062,500
Acquisition / Rehabilitation		34	34	6,000,000	40,000	6,040,000
Villages IV		100	100	25,000,000	75,000	25,075,000
Meta Housing at LB Bvd & Anaheim (Ph II)		156	31	8,525,000	50,000	8,575,000
Central HAP new rental construction				9,950,000	50,000	10,000,000
	Subtotal	323	198	59,094,850	400,000	59,494,850
Total for Projects		824	615	97,887,750	800,000	98,687,750
Other Contractual Obligations						
City HOME Loan for Grisham				3,819,000		3,819,000
State CHRP Loan for Lois Apartments				1,579,442		1,579,442
HELP Loan for Northpointe Apartments				1,500,000		1,500,000
Pacific City Lights				360,000		360,000
City Staff & Overhead Costs						32,360,895
Total Other Obligations				7,258,442	-	39,619,337
Total						138,307,087