




Date: December 15, 2009

To: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

From: Dee Andrews, Councilmember Sixth District 

Subject: **AGENDA ITEM:** Assistance for Olive Villas Homebuyers

DISCUSSION

Olive Court property requires bold action to bring this development to a successful conclusion. The new ownership has taken aggressive steps to make this project a win-win for the existing homeowners, the City of Long Beach, and new purchasers.

At the request of the LBHDC the new developer has improved the unit finish, enhanced project security, reinitiated full-time sales activity, conducted a marketing campaign, joined the Chamber of Commerce and conducted extensive community outreach. All the while promoting the city's Second Mortgage Assistance Program (SMAP). The developer has spent over \$638,000 on making it possible to sell the remaining properties.

Over \$252,000 has been spent on upgrading the floor, bath and security of the property. This was done to make the property more attractive to purchase. Over \$150,000 has been spent on marketing and promotion.

The Long Beach Development Company has approved a SMAP program for this property up to \$2,350,000. The current SMAP requirement for this new developer is restrictive to only include moderate income and Long Beach resident only. To date no moderate income purchaser has been found. However, the developer has identified over four low income potential purchasers that would be ready to go should the eligibility be changed.

In a memorandum dated August 19, 2009 the Housing Development memo states that, "... (the) staff feels the least complicated option is to provide assistance only to moderate income homebuyers..."

From inception, Olive Court has been a very complicated project. Under the initial SMAP, and due to a multitude of factors, the sales were very slow which in part led to the first developer's bankruptcy. The original developer who went bankrupt had both low and moderate income qualifier, with no residency requirement. The first developer who went bankrupt never sold any units at market rate. The new developer has sold four (4) units at market rate. We would like to build the same flexibility that was present when this project first became available. The request for flexibility is only directed at this specific project. Of the four units sold the money that was available for moderate income can and should be used for low income purchasers.

Although the new developer made four sales at market value in the past four months, none of the purchasers used the City's assistance program. It is our opinion that unless the Long Beach Housing Development Company changes the program back to what it was before, the new developer will not be successful.

The status quo will leave the developer no options but to auction off the units, which will create a free fall in the home price of Olive Court.

If all of the remaining properties are auctioned off this will wipe out whatever is left in the home equity, not just for the 28 existing owners', but the City's as well (all 28 condos sold have more than \$180,000 second loan each on them).

In the interest of all parties, it is abundantly clear that modifications to the Olive Court SMAP must be made in order to meet the mission of the City of Long Beach and the Long Beach Housing Development Company. These modifications include removing the residency requirements and opening up assistance to lower income purchasers. Should these restrictions be removed the new developer has the confidence that as many as ten or more new sales would occur within a few months bringing Olive Court that much closer to a successful conclusion.

RECOMMENDATION

1) City Council to respectfully request the Long Beach Housing Development Company to consider the following:

- a. To allow the funds already allocated for homeowners assistance to include low income applicants
- b. To change the requirements of Long Beach residents only to preferred Long Beach residents. The owner would demonstrate good faith best efforts to attract Long Beach residents

2) All city resources, with zero net general fund cost, should be utilized to attract new home ownership opportunities in Long Beach which would include but not limited to:

Email Blasts Neighborhood Newsletters Community Meetings Section 8 Housing Materials Utility Bills & Public Mailers Printed Materials at City Facilities On Hold Messages Electronic Message Boards	Port Newsletters Heart of the City Program Segment Weed and Seed Outreach Workforce Development Outreach Community Health Worker Outreach City website City Council Meeting "Crawlers" Printed Materials at City Facilities
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BACKGROUND & FACTS

. According to Patty Gadd at Western Mutual Home Loans, they have spoken to nearly 100 potential buyers that are moderate income or below and not one individual qualifies under the present qualifying criteria. There are approximately 10 potentials that would buy if the criteria included low-income. The developer has contacted over 200 groups through the community since re-opening.

MODERATE INCOME RESTRICTIONS

The current SMAP is available only to moderate income families and is not provided to very low and low income purchasers.

Issues:

1. The initial Olive Court assistance program was available to all income levels.
2. All of the existing homeowners have SMAP and it is believed that many were below moderate income at the time of their purchase.
3. This restriction is contrary to the Long Beach Housing Development Company's Mission which states "...very low-income, low-income and moderate-income...(Source: www.lbhdc.gov)."
4. Excluding very low to low-income could be viewed as unfair and/or discriminatory.

RESIDENCY REQUIREMENT

The current SMAP requires that the purchaser already live and/or work in the city of Long Beach.

Issues:

1. Long Beach residency was not a requirement of the initial Olive Court assistance program. All of the existing homeowners have SMAP and it is believed that many resided outside of Long Beach at the time of their purchase.
4. Residency restrictions may violate some rules if the source of funds are state and/or federal and could possibly be viewed as unfair and/or discriminatory.
5. Upon purchasing at Olive Court, new residents benefit the city of Long Beach by becoming active members of the community.

Marketing Timeline:

August 5 – Escrow closed – onsite project work begins
August 19 – Board approves allocation
Sept 10 – DRE issue Preliminary Report
Sept 10 – Commence community outreach in Vietnamese and Cambodian communities
Sept 10 – www.1880LongBeach.com is launched promoting the city of Long Beach
SMAP
Sept 16 – Housing bureau provides SMAP guidelines, application and approved lenders
Sept 17 – Seller engages Western Mutual Home Loans to do buyer financing
Sept 17 – Signs installed on the Project
Sept 18 – Housing bureau mails invitations to 12-moderate income participants
Sept 18 – Seller mails approximately 400 invitations to Long Beach residents
Sept 24 – Seller holds a meet and greet dinner with residents in friends in the sales office and offers a 1% resident/buyer referral program
Sept 26 – Seller conducts Homebuyer Seminar. There are 10 participants – none qualify for SMAP
Sept 26 – Sales office opens
Sept 26 – Dayman Estates LP joins the Long Beach Chamber of Commerce
Sept 28 – Update sent to Housing Bureau asking for assistance in outreach to city employees, school district employees, co-interaction with the Chamber of Commerce
Sept 30 – Properties inserted into the MLS
Sept 30 – List of local business and organizations compiled and outreach commenced including site visits, flyers and follow up. We have reached out and/or made contact with the following community and business organizations:

Neighborhood Associations
Central Neighborhood Advisory Committee (CNAC)
Central Long Beach Project Area Committee (CPAC)
Wrigley Village Neighborhood Advisory Group (NAG)
Wrigley Association
Wrigley Area Neighborhood Alliance (WANA).
Business Organizations
Union Bank
Hope Financial (a non-profit)
Bank of America - Anaheim Banking Center
Long Beach Memorial Hospital
Long Beach Community Hospital
Pacific Hospital of Long Beach
Long Beach Chamber of Commerce
Churches in the 6th District:
White Rose Church of God In Christ
Holy Innocents Church
New Beginnings Church of Deliverance
New Jerusalem Christian Fellowship

New Liberty Baptist Church
Antioch Church of Long Beach
Christ Second Baptist Church
Christian Faith Ministry
Church of Deliverance of All People
Church of Jesus Christ Apostolic
Faithful Christian Fellowship
First Providence Baptist Church
Golgotha Trinity Baptist Church
Goodwill Church of God In Christ
Gospel Memorial Church of God
Grant AME Church
Great Deliverance COGIC
Greater Harvest COGIC
Hashaway Community CME Church
Living Word Missionary Baptist Church
Long Beach Islamic Center
Masjid Al-Shareef of Long Beach
Mount Carmel Cambodian Center
Myrtle Avenue Church of Christ
New Hope Baptist Church
New Hope Church of Christ Holiness
Spiritual Baptist Church
Spiritual True Holiness Church
Springs of Hope Christian Ministries
St. Johns Missionary Baptist Church
St. Marks Baptist Church
St. Mary Medical /Spiritual Care
Straight Not Narrow Ministries
True Gospel Church of God In Christ
Unity Fellowship Church
Vision Misionera
Walk With Me COGIC
Other Organizations
Centro Shalom
Latino American Community Center (LACC),

Oct 1 – The housing bureau rejects the first applicant due to low income of \$46,200 (\$50,750 needed)

Oct 5 – The first sale is made at full price to a “market buyer” – No SMAP

Oct 9 – The second sale is made at full price to a “market buyer”

Oct 12 – An eBlast is sent to 1000 market leads
Oct 16 – Commence advertising in Long Beach Press Telegram – program halted due to no response
Oct 27 – The third sale is made at full price to a “market buyer”
Oct 19 – Meeting with Victor Itiniano at Union Bank
Oct 20 – Grand opening set for Nov. 14th. Housing Bureau notified but no response in regards to participation and support.
Nov 7 – The fourth sale is made at full price to a “market buyer”
Nov 8 – A mailing list of 5000 employees of the LBUSD acquired at considerable expense to receive post cards in the coming days
Nov 14 – Commence LA Times and Long Beach Press Telegram advertising

Olive Court

Lordon Managemnet Co.

1275 Center Court Dr Covina, Ca. 91724

1880 Long Beach Blvd

Long Beach, CA 90806

September 22, 2009

Dear Councilman Dee Andrews,

On behalf of the Olive Court homeowners at 1880 Long Beach Blvd., we are asking you to reconsider the current restrictions for qualifying perspective homebuyers. A majority of the current homeowners were not residents of Long Beach nor were they working in Long Beach at the time of qualification. Upon becoming Long Beach residents, the city now has a greater resource pool of teachers, electricians, film/ media production members, and retail sales personnel.

These hard-working class individuals are extremely passionate about improving the immediate surrounding area. We are a strong community of people and wish for our future neighbors to be of the same caliber. It is strongly believed that strict guidelines will greatly reduce the number of quality people being able to qualify for homeownership in our community.

It is our ultimate goal to build strong communities. We are excited to hear and see that there will be new working class housing developments in our area. We hope that looser restriction guidelines will bring quality homeowners to the 6th district. It would be wonderful to see our district draw more positive attention by improving the neighborhood and the people.

Sincerely,

Rommel Dalena

HOA President

James Bigalow

HOA Vice President/
Treasurer

Stephanie Cooper

HOA Secretary

[illegible]

PLEASE JOIN US IN CELEBRATING THE GRAND OPENING OF OLIVE COURT SAT, NOV 14TH, 1:00 PM

Unique Urban Living Condos in Long Beach
PRICED FROM LOW \$200's



- One, Two, Three and Four Bedroom Townhomes or Flats • ± 750 to 1,565 square feet • Private patios and balconies • 1-block from blue line station • Eco-friendly
- FHA Financing • Mortgage Assistance†
- Furnished model

323 E. Dayman Street • (562) 591-3781
Open 11 to 5 PM Friday to Monday

Financing Provided By:
WESTERN MUTUAL
Home Loans

Together with Bank of America

KENNEDY WILSON

DRE License No. 00746768



www.1880LongBeach.com

†In cooperation with the nonprofit corporation, The Long Beach Housing Development Company (www.lbhdc.org), the developer and the City of Long Beach are Offering first-time home-buyer Second Mortgage Assistance to qualified families.

New Condominiums in Long Beach

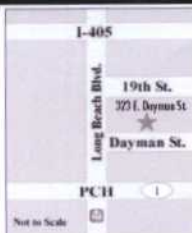
Take Advantage of
\$8,000 Tax Credit*



Priced from the low \$200s Excellent FHA Financing

Olive Court is designed to make homeownership affordable and convenient. Located one block from the Blue Line, the eco-friendly development features for sale residences, surrounding three landscaped courtyards and offering a wide range of floor plans:

- One, Two, Three and Four Bedroom Townhomes or Flats
- #750 to 1,565 square feet
- Private patios and balconies
- Pacific Coast Highway Blue Line Station
- FHA Financing • Mortgage Assistance[†]
- Furnished Model • Eco-friendly
- Gated Community • Broker Cooperation



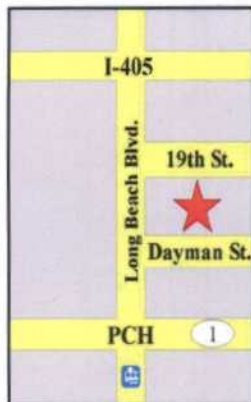
Open 11 AM to 5 PM
Friday to Monday
For more information, please go to
www.1680LongBeach.com
(562) 591-3781

*In cooperation with the mortgage corporation, The Long Beach Housing Development Company (LHDC, Inc.), the developer and the City of Long Beach are offering first-time homebuyers and mortgage assistance to qualified families. Homebuyers must meet income, job, and credit requirements. [†]Subject to government approval. Consult tax advisor. Price and availability subject to change.



NEW CONDOMINIUMS IN LONG BEACH

TAKE ADVANTAGE OF
\$8,000 TAX CREDIT*



**IF YOU LIVE OR WORK IN LONG BEACH
...ASK ABOUT MORTGAGE ASSISTANCE†**

- Up to Four Bedrooms • up to $\pm 1,565$ sq. ft.
- Private patios and balconies • FHA Financing
- Furnished model • Broker's welcome

**323 E. Dayman Street
(562) 591-3781
Open 11 to 5 PM
Friday to Monday**

www.1880LongBeach.com

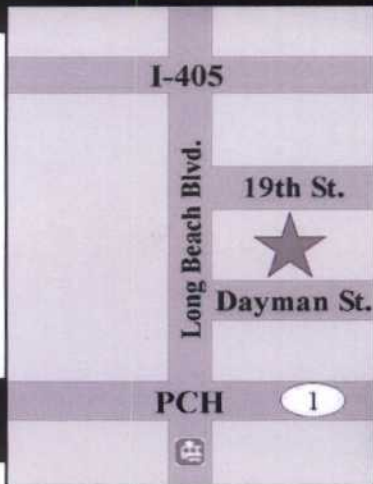
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