

October 17, 2023

R-22

Honorable Mayor and City Council
City of Long Beach
California

RECOMMENDATION:

Direct the City Attorney to prepare an Ordinance amending the provisions of the Housing Trust Fund to comply with the regulations of the California Department of Housing and Community Development's Local Housing Trust Fund Program. (Citywide)

DISCUSSION

On June 11, 2002, the City Council requested the City Manager to prepare a report regarding the feasibility of establishing a Housing Trust Fund (HTF) for the City of Long Beach (City), including identification of potential funding sources. On September 10, 2002, the City Council authorized the City Manager to enter into a contract with David Rosen & Associates (DRA) to conduct the study. After confirmation of assumptions and extensive presentations of the preliminary findings, DRA's final report was completed in October 2003 and concluded that it was appropriate to establish a City HTF.

On October 11, 2005, the City Council approved the creation of a HTF and requested the City Attorney to prepare an Ordinance to establish, fund, and administer the HTF. The initial funding for the HTF included \$250,000 from the Douglas Park project mitigation fund and \$500,000 from transient occupancy taxes available in Fiscal Year (FY) 2005 and FY 2006. City staff continues to seek funding and grant opportunities for the HTF.

The goals of the HTF have been to meet, in part, the housing needs of the City's extremely low and above moderate-income households as well as to increase home ownership opportunities available to extremely low and above moderate-income households throughout the City. As it is written, no less than 50 percent of funds in the HTF are to be expended to provide housing assistance and homeownership opportunities for above moderate-income households at affordable costs, and no less than 50 percent are to be expended to provide housing and homeownership opportunities to extremely low-income households at affordable housing costs.

The California Department of Housing and Community Development's (HCD) Local Housing Trust Fund (LHTF) Program provides matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing and emergency shelters. LHTF Program Funds shall be used to make construction loans and/or permanent financing loans to pay for predevelopment costs, acquisition costs, and other costs associated with development or rehabilitation of affordable rental housing projects, emergency shelters, permanent supportive housing, transitional housing, and affordable homebuyer/homeowner projects, including assistance to income-eligible households to purchase for-sale units. Funds may also be used for the construction, conversion, repair, reconstruction, or rehabilitation of Accessory Dwelling Units (ADUs) or Junior ADUs.

The LHTF Program objective is to expand sources of funding for housing, and to expand the supply of affordable housing through the creation of new LHTFs, and to support the on-going operation of existing LHTFs. HCD will release a Notice of Funding Availability (NOFA) as funds are available. Thus far, a NOFA has been released annually since 2019.

To comply with LHTF Program requirements and qualify for matching funds, the City must amend language in its HTF to provide that:

- At least 30 percent of the program funds, after deducting administrative expenses, and the matching funds shall be expended on assistance to extremely low-income households. To comply with this requirement, dwelling units or shelter beds must be affordable to, and restricted for, extremely low-income households with a household income of no more than 30 percent of Area Median Income (AMI).
- No more than 20 percent of the program funds, after deducting administrative expense, and the matching funds shall be expended on assistance to moderate income households. To comply with this requirement, dwelling units must be affordable to, and restricted for, moderate-income households with household income of no more than 120 percent of AMI.
- The remaining program funds and matching funds shall be expended on assistance to lower-income households. To comply with this requirement, dwelling units must be affordable to, and restricted for, lower-income households with household income of no more than 80 percent of AMI.

This matter was reviewed by Principal Deputy City Attorney Richard Anthony on September 20, 2023 and by Revenue Management Officer Geraldine Alejo on September 23, 2023.

TIMING CONSIDERATIONS

City Council action to direct the City Attorney to prepare an Ordinance to amend the provisions of the HTF is requested on October 17, 2023 to comply with HCD's LHTF Program requirements and ensure readiness to apply for the LHTF Program when NOFAs are released by HCD.

FISCAL IMPACT

There is no fiscal impact associated with this recommendation. The amendments to the Housing Trust Fund provisions will ensure that the City is compliant with LHTF Program requirements and eligible to receive matching funds from the HCD LHTF Program. This recommendation has no staffing impacts beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER KOONTZ
COMMUNITY DEVELOPMENT DIRECTOR

APPROVED:



THOMAS B. MODICA
CITY MANAGER