

R-20

July 14, 2020

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution authorizing the submission of an application to the California State Department of Housing and Community Development for up to \$13,350,000 in loan and grant funds available through the Transit-Oriented Development Housing Program; and,

Authorize the City Manager, or designee, to execute all documents and agreements necessary to apply for and utilize these funds for the construction of the affordable senior housing project proposed for development at 901-945 East Pacific Coast Highway, and related public infrastructure improvements. (District 6)

DISCUSSION

On August 13, 2019, Mercy Housing California (MHC), was selected in connection with a City of Long Beach (City) Request for Proposals (RFP) to purchase and develop the City-owned property at 925-945 East Pacific Coast Highway (Property). MHC subsequently entered into a Purchase and Sale Agreement with the City for the Property, and in January 2020 MHC purchased an adjacent property at 901-917 East Pacific Coast Highway. The combined properties comprise the proposed 31,590-square-foot development site (Site). A site map is attached for your reference (Attachment A). Over the past 10 months, MHC has prepared plans and identified funding for the development of a 68-unit senior affordable rental housing project on the Site. The Long Beach Community Investment Company (LBCIC) awarded \$3,000,000 in financial support to the project on March 18, 2020. It is anticipated that MHC will receive project entitlements by the end of 2020. MHC is now assembling the remaining financing for the project, which includes Transit-Oriented Development Housing Program (TOD Program) funds available from the California State Department of Housing and Community Development.

The TOD Program is funded by Proposition 1, the Veterans and Affordable Housing Bond Act of 2018. Its primary objectives are to increase the overall supply of housing, increase the supply of affordable housing, increase public transit ridership, and minimize automobile trips. The program seeks to accomplish these objectives by providing financial assistance for the development of housing and related infrastructure near public transit stations. Under the TOD Program, low-interest permanent loans are available as gap financing for rental housing developments that include affordable housing units. In addition, grants are available for infrastructure improvements necessary for the development of affordable housing, or to facilitate connections between these developments and transit stations.

HONORABLE MAYOR AND CITY COUNCIL

July 14, 2020

Page 2 of 3

The TOD Program application guidelines require housing developers to apply jointly with local jurisdictions if a request for infrastructure improvement grant funds is included in the application. If approved, MHC and the City will apply for up to \$13,350,000 in funding for the Project, which will include a 68-unit, mixed use building serving extremely low- to low-income seniors, including 33 senior and senior veteran households that have experienced homelessness. In addition to 68 studio and one-bedroom apartment units, this four-story building will contain 4,000 square feet of ground floor community-serving commercial space. Residential amenities will include an onsite resident manager, supportive services office space, a resident lounge, laundry facilities, a large community room, bicycle storage, and a private courtyard with a community garden, fireplace, and outdoor seating.

If the application is successful, funds of up to \$10,000,000 will be awarded to MHC as a low-interest loan and will be used to help finance the senior housing portion of the proposed development. The loan will be secured by the property, and MHC will be responsible for repayment of the loan with rental revenue generated by the project. In addition, up to \$3,350,000 in grant funds will be awarded to the City for infrastructure improvements and transportation amenities surrounding the project. These improvements include alley repair and widening, a new bus shelter, new short-term bike parking racks, public art, and street trees. The grant funds do not need to be repaid provided that the project is completed.

MHC and the City will be jointly liable for ensuring that the project is completed, and will be liable for the repayment of disbursed grant funds if the project is not completed. MHC has agreed to provide the City with an Indemnification Agreement that will cause MHC to be solely responsible for the repayment of grant funds. In addition, the City will require a Payment and Performance Guarantee, and payment and performance bonds, which will ensure the project is completed.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on June 17, 2020 and by Budget Analysis Officer Julissa José-Murray on June 26, 2020.

TIMING CONSIDERATIONS

City Council action is requested on July 21, 2020, as the application is due on July 30, 2020. A Resolution authorizing the submittal of the application is required in the application package.

FISCAL IMPACT

The joint application will be submitted for an amount of up to \$13,350,000, the maximum amount allowed under the TOD Program funding announcement. Matching grant funds are not required, and the agreed-upon Indemnification Agreement will exempt the City from any obligation to repay the funds, if awarded. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no fiscal or local job impact associated with this recommendation.

HONORABLE MAYOR AND CITY COUNCIL
July 14, 2020
Page 3 of 3

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



OSCAR W. ORCI
DIRECTOR OF DEVELOPMENT SERVICES

ATTACHMENTS: RESOLUTION
ATTACHMENT A – SITE MAP

APPROVED:



THOMAS B. MODICA
CITY MANAGER

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH AUTHORIZING AN APPLICATION
5 TO THE TRANSIT-ORIENTED DEVELOPMENT HOUSING
6 PROGRAM

7
8 WHEREAS, the California Department of Housing and Community
9 Development ("Department") has issued a Notice of Funding Availability ("NOFA") dated
10 April 30, 2020, under the Transit-Oriented Development ("TOD") Housing Program; and

11 WHEREAS, the City of Long Beach ("City" or "Agency") wishes to apply for
12 and receive an allocation of funds through the TOD Program for the Long Beach Senior
13 Housing project located at 925 E. Pacific Coast Highway; and

14 WHEREAS the City is an Eligible Applicant under the TOD Program and
15 wishes to apply for a TOD Program Grant in an amount not to exceed \$3,350,000 ("TOD
16 Grant") to develop infrastructure in support of affordable housing ("TOD Project") under the
17 above described NOFA;

18 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
19 follows:

20 Section 1. The above recitals are true and correct and are incorporated
21 herein by this reference.

22 Section 2. The City is hereby authorized and directed to act in connection
23 with the Department's TOD Grant pursuant to the above mentioned NOFA.

24 Section 3. In connection with the City's TOD Grant, the City is authorized
25 and directed to enter into, execute, and deliver a State of California Standard Agreement,
26 and any and all other documents required or deemed necessary or appropriate to carry
27 into effect the full intent and purpose of the above resolution, in order to evidence the TOD
28 Grant, the City's obligations related thereto, and the Department's security therefore;

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802-4664

1 including, but not limited to, an affordable housing covenant, a performance deed of trust,
2 a disbursement agreement, and certain other documents required by the Department as
3 security for, evidence of or pertaining to the TOD Grant, and all amendments thereto
4 (collectively, the "TOD Grant Documents").

5 Section 4. The City Manager of the City of Long Beach is hereby
6 authorized to execute the TOD Grant Documents, and any amendments or modifications
7 thereto, on behalf of the City.

8 Section 5. This resolution shall take effect immediately upon its adoption
9 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

10 I hereby certify that the foregoing resolution was adopted by the City Council
11 of the City of Long Beach at its meeting of _____, 2020 by the
12 following vote:

13
14 Ayes: Councilmembers: _____
15 _____
16 _____
17 _____

18 Noes: Councilmembers: _____
19 _____

20 Absent: Councilmembers: _____
21 _____

22 Recusal(s): Councilmembers: _____
23 _____

24
25
26 _____
City Clerk

28

