



Building A Better Long Beach

October 6, 2008

Item 3

REDEVELOPMENT AGENCY BOARD MEMBERS

City of Long Beach
California

RECOMMENDATION:

Approve and adopt a resolution for a Replacement Housing Plan for 120 East 3rd Street. (Downtown – District 2)

DISCUSSION

On April 7, 2008, the Redevelopment Agency (Agency) authorized the purchase of the property located at 120 East 3rd Street (Property). The Property is a 1,250-square-foot lot improved with a two-story, 2,400-square-foot building with a lower level commercial space and an upper level residential unit (Exhibit A – Site Map).

Under California State law, a redevelopment agency which is removing housing units occupied by low- and moderate-income households must prepare a replacement housing plan that demonstrates the availability of housing for displaced households. The replacement housing plan discusses how these housing units will be replaced within the community.

Attached is a resolution that adopts the Replacement Housing Plan prepared for the Property. The Replacement Housing Plan contains the following items:

- The number of dwelling units housing persons and families of low- or moderate-income to be removed and replaced by construction or rehabilitation;
- The general location of housing to be rehabilitated, developed, or constructed pursuant to California Health and Safety Code 33413;
- An adequate means of financing such rehabilitation, development or construction;
- The timetable for meeting the relocation, rehabilitation and replacement housing objectives; and
- A finding that the replacement housing does not require the approval of the voters pursuant to Article XXXIV of the California Constitution.



120 East 3rd Street Site Map



Disclaimer

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EXHIBIT B



RESOLUTION NO. R.A.

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF
THE CITY OF LONG BEACH, CALIFORNIA, ADOPTING A
REPLACEMENT HOUSING PLAN FOR THE 120 EAST 3RD
STREET PROJECT

WHEREAS, the Redevelopment Agency of the City of Long Beach,
California ("Agency"), is negotiating the redevelopment of property located at 120 East
3rd Street (the "120 East 3rd Street Project"); and

WHEREAS, the 120 East 3rd Street Project will result in displacement of
existing housing units; and

WHEREAS, California Health and Safety Code Section 33413.5 requires
that the Agency adopt a housing replacement plan for the 120 East 3rd Street Project;

NOW, THEREFORE, the Redevelopment Agency of the City of Long
Beach, California, resolves as follows:

The Agency hereby adopts the Replacement Housing Plan for the 120 East 3rd
Street Project, which is attached as Exhibit "A" to this resolution.

APPROVED AND ADOPTED by the Redevelopment Agency of the City of
Long Beach, California this _____ day of _____, 2008.

Executive Director/Secretary

APPROVED:

Chair

EXHIBIT A

**REPLACEMENT HOUSING PLAN FOR THE
120 EAST 3RD STREET PROPERTY**

**DOWNTOWN LONG BEACH
REDEVELOPMENT PROJECT AREA**



OCTOBER 6, 2008

LONG BEACH REDEVELOPMENT AGENCY
333 WEST OCEAN BLVD., 3RD FLOOR
LONG BEACH, CA 90802

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	DEFINITIONS.....	1
III.	REPLACEMENT HOUSING REQUIREMENTS	3
IV.	PROJECT DESCRIPTION.....	4
V.	RESIDENTIAL UNITS TO BE REMOVED AND REPLACED.....	4
VI.	GENERAL LOCATION OF HOUSING TO BE REHABILITATED, DEVELOPED OR CONSTRUCTED.....	5
VII.	FINANCING OF REPLACEMENT HOUSING.....	5
VIII.	TIMETABLE FOR DEVELOPMENT OF REPLACEMENT HOUSING..	6
IX.	COMPLIANCE WITH ARTICLE XXXIV OF THE CALIFORNIA CONSTITUTION.....	6
X.	PROVISION FOR PUBLIC REVIEW AND COMMENT.....	6

I. INTRODUCTION

This Replacement Housing Plan (Plan) for the 120 East 3rd Street property ("Project") has been prepared pursuant to Section 33413.5 of the California Health and Safety Code for the Long Beach Redevelopment Agency ("Agency"). Section 33413.5 requires that, not less than 30 days prior to the execution of an agreement for acquisition of real property, or the execution of an agreement for the disposition and development of property, or the execution of an owner participation agreement, which agreement would lead to the destruction or removal of dwelling units from the low and moderate-income housing market, the Agency shall adopt by resolution a replacement housing plan.

In addition, Section 33413.5 mandates that the Plan shall include the following components:

- The number of dwelling units housing persons and families of low- or moderate-income to be removed and replaced by construction or rehabilitation;
- The general location of housing to be rehabilitated, developed or constructed pursuant to Section 33413;
- An adequate means of financing such rehabilitation, development, or construction;
- The timetable for meeting the Plan's relocation, rehabilitation, and replacement housing objectives; and
- A finding that the replacement housing does not require the approval of the voters pursuant to Article XXXIV of the California Constitution, or that such approval has been obtained;

II. DEFINITIONS

Very-Low-Income Household

Persons and families whose gross incomes do not exceed 50 percent of the area median income adjusted for family size.

Low-Income Household

Persons and families whose gross incomes exceed 50 percent but do not exceed 80 percent of the area median income adjusted for family size.

Moderate-Income Household

Persons and families whose gross incomes exceed 80 percent but do not exceed 120 percent of the area median income adjusted for family size.

Affordable Owner-Occupied Housing Cost

Section 50052.5 of the California Health and Safety Code states that for any owner-occupied housing, "affordable housing costs" shall not exceed the following:

- (1) For very-low-income households the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.
- (2) For lower-income households whose gross incomes exceed the maximum income for very-low-income households and do not exceed 70 percent of the area median income adjusted for family size, the product of 30 percent times 70 percent of the area median income adjusted for family size. In addition, for any lower-income household that has a gross income that equals or exceeds 70 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 30 percent of the gross income of the household.
- (3) For moderate-income households whose gross incomes exceed the maximum income for lower-income households and do not exceed the 110 percent of the area median income adjusted for family size, the product of 35 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for any moderate-income household that has a gross income that equals or exceeds 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 35 percent of the gross income of the household.

Affordable Renter-Occupied Housing Cost

Section 50053 of the California Health and Safety code states that for any rental housing development, "affordable rent," including a reasonable utility allowance, shall not exceed:

- (1) For very-low-income households, the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.
- (2) For lower-income households whose gross incomes exceed the maximum income for very-low-income households, the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those lower-income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent

be established at a level not to exceed 30 percent of gross income of the household.

- (3) For moderate-income households, the product of 30 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those moderate-income households whose gross incomes exceed 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

Replacement Dwelling Unit

For this Plan, "Replacement Dwelling Unit" means a dwelling unit developed or constructed in the City of Long Beach pursuant to Section 33413 in replacement of a dwelling unit destroyed or removed from the low- and moderate-income housing market by the Agency and which is decent, safe, and sanitary, contains at least the same number of bedrooms and other living areas as the dwelling unit destroyed or removed, and is available at affordable housing cost to low- and moderate-income households.

III. REPLACEMENT HOUSING REQUIREMENTS

Section 33413(a) of the California Health and Safety Code requires that whenever low- or moderate-income household dwelling units are destroyed or removed from the housing market as part of a redevelopment project which is subject to a written agreement with a redevelopment agency or where financial assistance has been provided by the agency, the agency shall, within four years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of low- or moderate-income, an equal number of replacement dwelling units which have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the agency.

When dwelling units are destroyed or removed on or after January 1, 2002, 100 percent of the replacement dwelling units shall be available at affordable housing cost to persons in the same or lower income category (low, very low, or moderate), as the persons displaced from those destroyed or removed units.

Section 33413(f) of the California Health and Safety Code modifies these requirements as follows:

Notwithstanding subdivision (a), the Agency may replace destroyed or removed dwelling units with a fewer number of replacement dwelling units if the replacement dwelling units meet both of the following criteria:

- (1) The total number of bedrooms in the replacement dwelling units equals or exceeds the number of bedrooms in the destroyed or removed units. Destroyed or removed units having one or no bedroom are deemed for this purpose to have one bedroom.
- (2) The replacement units are affordable to the same income level of households as the destroyed or removed units.

IV. PROJECT DESCRIPTION

On April 7, 2008, the Agency authorized the purchase of property located at 120 E. 3rd Street (Project). The long-term plan is to convert the residential space to retail or office and re-tenant the commercial property. The Project Site is approximately 1,250 square feet.

The Project's primary activities will include the following:

A. Acquisition and Relocation

The Agency will acquire the parcel on the Project Site, relocate the existing occupants in accordance with state relocation law and convert the residential space to commercial office space.

B. New Construction and/or Substantial Rehabilitation

The existing residential structure will not be rehabilitated, as the site will be converted as stated above.

The assemblage of property and all new construction and rehabilitation will be in accordance with the City of Long Beach General Plan, the Downtown Long Beach Redevelopment Plan, and current City zoning requirements.

V. RESIDENTIAL UNITS TO BE REMOVED AND REPLACED

The Project contains a single mixed-use building that includes one three-bedroom residential unit. This household qualifies as Low income. The three bedrooms will be replaced in no more than four years with a unit that will be made available to a low-income household as required by Section 33413, based upon the actual income level of the household displaced from this unit.

VI. GENERAL LOCATION OF HOUSING TO BE REHABILITATED, OR CONSTRUCTED

Pursuant to California Health and Safety Code Section 33413, the Agency will, within four years, rehabilitate, develop or construct, or cause to be rehabilitated, developed or constructed, for rental or sale to persons and families of very-low-, low- or moderate-income an equal number of dwelling units which have an equal number of bedrooms as those removed dwelling units, or a fewer number of replacement dwelling units if the replacement dwelling units collectively contain an equal or greater number of bedrooms than the combined bedrooms destroyed or removed and are available at affordable housing cost to households of the same income category as the displaced households.

It is not anticipated that the replacement dwelling units will be within the Project site, as allowed by Section 33413.

VII. FINANCING OF REPLACEMENT HOUSING

The Agency transfers all of the 20% set-aside funds from each redevelopment project area into the City's Housing Development Fund (LBHDC). This money is used by the LBHDC to assist in the production of affordable housing as required by Law. Current LBHDC programs funded by set-aside tax increment revenues include the following:

- First-time Home Buyer Down Payment Assistance Program;
- Interest Rate Reduction Program
- Moderate-Income Rehabilitation Loan Program
- Developer Assistance Program

Should the LBHDC build or otherwise assist in the creation of affordable housing in the territorial jurisdiction of the Agency, it will do so in accordance with California Health and Safety Code Section 33413(b). In addition, the creation or rehabilitation of replacement dwelling units can be financed through a variety of means other than set-aside tax increment revenues, including:

- State of California Cal Home Program Funds;
- State of California HELP Program Funds;
- State of California CHFA Tax-Exempt Mortgage Revenue Bond Program Funds;
- Federal HOME Program Funds;
- Mortgage Credit Certificate Program; and
- Conventional bank loans

VIII. **TIMETABLE FOR DEVELOPMENT OF REPLACEMENT HOUSING**

Within four years of the destruction or removal of any low- or moderate-income housing, the Agency will rehabilitate, develop or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to low- or moderate-income families replacement dwellings for those units lost as a result of the Project's implementation.

At this time, possible replacement complexes for very-low income housing units include Pacific Apartments at 1601 Pacific Avenue, Puerto Del Sol Apartments on 3rd Street between Golden and Maine Avenues, and Cabrillo Family Housing located at the Villages at Cabrillo campus in west Long Beach. Pacific Apartments will include 31 affordable residences with a total of 94 bedrooms available to very-low income households, including one four-bedroom unit and 30 three-bedroom units. Puerto del Sol Apartments will provide 63 affordable residences with a total of 166 bedrooms available to very-low income households, including 11 four-bedroom units and 16 three-bedroom units. The Cabrillo Family Housing development will encompass 81 residences with a total of 149 bedrooms available to very-low income households and 63 bedrooms available to low-income households, including 8 four-bedroom units and 43 three-bedroom units. Low-income and moderate-income housing units can also be replaced within Olive Court, being developed at 1856 Long Beach Boulevard. In no event will replacement housing be available later than four years from the adoption of this Replacement Housing Plan.

IX. **COMPLIANCE WITH ARTICLE XXXIV OF THE CALIFORNIA CONSTITUTION**

Article XXXIV of the California Constitution requires voter approval of all low-rent housing projects that are developed, constructed, or acquired by a public entity. Under Section 37001 of the California Health and Safety Code, the Project is not a "low-rent housing project" as defined in Section 2 of Article XXXIV of the California Constitution because the housing units are being developed to replace dwelling units previously or currently occupied by lower-income households. Therefore, the proposed replacement housing does not require the approval of voters pursuant to Article XXXIV of the California Constitution.

X. **PROVISION FOR PUBLIC REVIEW AND COMMENT**

In accordance with Section 33413.5, a draft of the Replacement Housing Plan has been made available for review and comment by the general public and other public agencies.

REPLACEMENT HOUSING STATUS SUMMARY

	Very Low Income					Low Income					Moderate Income				
	Bedroom Size					Bedroom Size					Bedroom Size				
	0	1	2	3	4	0	1	2	3	4	0	1	2	3	4
Housing Removed	144	118	86	30	4	11	33	36	21	0	7	9	10	0	0
Total: 514 units with 763 BRs	387 units with 548 bedrooms					101 units with 179 bedrooms					26 units with 36 bedrooms				
Housing Produced	42	97	374	333	56	4	31	688	264	32	0	6	94	51	4
Total: 2076 units w/4,804 BRs	902 units with 2,110 bedrooms					1,019 units with 2,331 bedrooms					155 units with 363 bedrooms				