



CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

ORD-27

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

May 2, 2006

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Declare ordinance adding Chapter 3.92 to the Long Beach Municipal Code relating to the establishment of a Housing Trust Fund read the first time and laid over to the next regular meeting of the City Council for final reading.

DISCUSSION

On October 11, 2005, the City Council requested the City Attorney to prepare an ordinance establishing a Housing Trust Fund (HTF) for the City of Long Beach (see Attachment) in accordance with the following parameters:

A. Target Population and Uses

- 80 percent of funds for above moderate-income households, those with incomes not exceeding 150 percent of area median income (workforce housing), to be used for homeownership programs and projects
- 20 percent of funds for extremely low-income households, those with incomes not exceeding 30 percent of area median income, to be used for rental or ownership programs and projects

B. Length of Affordability Restrictions on HTF-Assisted Units

- Rental - 55 years
- Ownership - 30 years

C. Potential Funding Sources

- General Fund transient occupancy taxes (TOT) in the amount of \$500,000 per year
- Condominium conversion fee of 1 percent of sales price of unit being converted from rental to homeownership (assuming an average condominium sales price of \$322,000 in July 2005 multiplied by an average of 300 converted units, this could generate an estimated revenue of about \$950,000 per year)
- Boeing Realty contribution for Douglas Park (\$3,000,000 over 5 years)
- Other contributions and donations – could include potential contributions from major employers, charitable organizations, foundations, or other sources, if any

D. Administration

- The Long Beach Housing Development Company will administer the HTF pursuant to established parameters and will submit a semi-annual report to City Council to apprise them of the status of the HTF.

At the October 11, 2005 meeting, City Council also requested the City Attorney to prepare a condominium conversion fee ordinance and to refer the ordinance to the Planning Commission for review and recommendation to City Council. This matter is anticipated to be brought before the Planning Commission on May 18, 2006.

This letter was reviewed by Deputy City Attorney Everett Glenn on April 27, 2006, and Budget Management Officer David Wodynski on April 26, 2006.

TIMING CONSIDERATIONS

Council action is requested on May 2, 2006 in order to establish the HTF and deposit monies into the HTF Account.


FISCAL IMPACT

City Council's adoption of the proposed ordinance will result in the creation of a Housing Trust Fund. As proposed, \$500,000 of General Fund TOT revenue, if available, or other funding sources as appropriate will be deposited into the HTF annually.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,


for PATRICK H. WEST

DIRECTOR OF COMMUNITY DEVELOPMENT

PHW:ES:ET

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APPROVED:


for GERALD R. MILLER
CITY MANAGER

Attachment: Ordinance, Housing Trust Fund

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ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH AMENDING THE LONG BEACH
MUNICIPAL CODE BY ADDING CHAPTER 3.92 RELATING
TO THE ESTABLISHMENT OF A HOUSING TRUST FUND

WHEREAS, the California State Legislature has declared that there exists a severe shortage of housing affordable to extremely low, very low, low, moderate and above moderate income households, that such shortage is inimical to the health, safety and welfare of the residents of the State, and that it is an economic benefit to the State, and a public purpose to encourage the availability of adequate housing for extremely low, very low, low, moderate and above moderate income households; and

WHEREAS, extremely low, very low, low, moderate and above moderate income households find it difficult to secure safe, decent or affordable rental and ownership housing in the City of Long Beach ("City"); and

WHEREAS, if current trends in housing supply continue, extremely low, very low, low, moderate and above moderate income households will continue to be forced to pay higher and higher percentages of their household income on housing, causing stress and related social problems, and resulting in less available income for other purchases within the local economy; and

WHEREAS, extremely low, very low, low, moderate and above moderate income households will also be forced to live at greater distances from their place of employment, causing greater traffic congestion, increased air pollution and more rapid degradation of existing infrastructure; and

WHEREAS, State and federal funding sources exist to assist extremely low to moderate income households and there is no public funding to address the housing needs of above moderate income households; and

1 WHEREAS, the establishment of a Housing Trust Fund carries out the
2 provisions of the Long Beach Housing Element ("Housing Element") which provides, in
3 part, that the City should make special efforts to encourage an increased supply of
4 housing affordable to extremely low and above moderate income households.

5 NOW, THEREFORE, the City Council of the City of Long Beach ordains
6 as follows:

7 Section 1. Chapter 3.92 is hereby added to the Long Beach Municipal
8 Code to read as follows:

9 Chapter 3.92
10 Housing Trust Fund

11
12 3.92.010 Purpose and Intent.

13 It is the intent of the City Council to create a Housing Trust Fund as
14 a source of revenue to meet, in part, the housing needs of the City's
15 extremely low and above moderate income households.

16 The Housing Trust Fund will serve as a vehicle for addressing the
17 housing needs of extremely low and above moderate income households
18 through a combination of funds as provided for in this Chapter.

19 It is further the intent of the Council to increase ownership
20 opportunities available to extremely low and above moderate income
21 households throughout the City.

22 It is the purpose and intent of this Chapter to preserve and increase
23 renter and ownership housing units which are affordable to extremely low
24 and above moderate income households which are located within the
25 City, including federally assisted units.

26 It is the further intent of the City Council to foster and encourage
27 the private sector to join with the public sector to further the goals of this
28 Chapter.

1 3.92.020 Definitions.

2 Unless the context requires otherwise, the words and phrases used
3 in this Chapter shall have the meanings as defined below:

4 A. "Above Moderate Income Household" shall mean a household
5 whose income is greater than 120% of area median income but less than
6 150% of area median income, both as adjusted for family size.

7 B. "Affordable" shall mean a housing unit that has an affordable
8 housing or rental cost.

9 C. "Affordable Housing Cost" shall have the meaning ascribed to
10 that term in Section 50052.5 of the California Health & Safety Code
11 ("Code"), or any successor section thereto.

12 D. "Affordable Rent" shall have the meaning ascribed to that term
13 in Section 50053(a) of the Code, or any successor section thereto.

14 E. "Area Median Income" shall mean the median income in the
15 Long Beach Standard Metropolitan Statistical Area adjusted for family
16 size, as published by the United States Department of Housing and Urban
17 Development.

18 F. "Assisted Unit" shall mean a housing unit that is affordable
19 because of assistance from the Fund.

20 G. "Extremely Low Income Household" shall have the meaning
21 ascribed to that term in Section 50106 of the Code, or any successor
22 section thereto.

23 H. "Housing Trust Fund" shall mean the Long Beach Housing
24 Trust Fund account maintained by the City to fund the activities authorized
25 by this Chapter.

26 I. "Low Income Household" shall have the meaning ascribed to
27 that term in Section 50079.5 of the Code, or any successor section
28 thereto.

1 J. "Moderate Income" shall have the meaning ascribed to that term
2 in Section 50093 of the Code, or any successor section thereto.

3 K. "Recipient" shall mean a person or legal entity which receives
4 funds from the Housing Trust Fund other than the Company.

5 L. "Very Low Income Household" shall have the meaning ascribed
6 to that term in Section 50105 of the Code, or any successor section
7 thereto.

8
9 3.92.030 Establishment of the Long Beach Housing
10 Trust Fund and Trust Fund Account.

11 A. There is hereby established a fund to be known and
12 denominated as the Long Beach Housing Trust Fund ("Housing Trust
13 Fund"). The Housing Trust Fund shall consist of such sums as are
14 directed to the fund by ordinance of the City Council and any other
15 appropriations as determined from time to time by legislative action of the
16 City Council. The Housing Trust Fund shall be administered by The Long
17 Beach Housing Development Company ("Company") pursuant to the
18 provisions of this Chapter, the Program Plan (defined below), the
19 appropriation ordinances and Council policies applicable thereto.

20 B. All funds received by the Housing Trust Fund, either from
21 special funds or general fund appropriations, shall be deposited in an
22 account to be known and denominated as the Housing Trust Fund
23 Account. Principal and interest from loan repayments, proceeds from
24 grant repayments, forfeitures, reimbursements, and all other income from
25 Housing Trust Fund activities, shall be deposited in the Housing Trust
26 Fund Account unless required otherwise by funding regulations. All funds
27 shall earn interest at least at the same rate as pooled investments
28 managed by the City Treasurer. All interest earnings from the Housing

1 Trust Fund Account shall be reinvested and dedicated to the account. All
2 appropriated funds in the Housing Trust Fund Account shall be available
3 for program expenditures as directed by the Company. The City's annual
4 appropriation ordinance shall provide for the transfer of designated funds
5 to the Housing Trust Fund. Transfers shall be made quarterly or upon
6 direction of the City Manager. Designated funds shall accrue interest from
7 the time of transfer to the Housing Trust Fund Account.

8
9 3.92.040 Purpose and Use of Housing Trust Fund Monies.

10 Funds in the Housing Trust Fund shall be used solely for programs
11 and administrative support approved by the City Council in the Program
12 Plan to meet the housing needs of extremely low and above moderate
13 income households. Funds in the Housing Trust Fund Account shall be
14 allocated according to the following guidelines, to the extent possible:

15 A. Not less than eighty percent (80%) of the funds in the Housing
16 Trust Fund Account shall be expended to provide housing assistance and
17 homeownership opportunities for above moderate income households at
18 affordable costs; and

19 B. Not less than twenty percent (20%) of the funds in the Housing
20 Trust Fund Account shall be expended to provide housing assistance and
21 homeownership opportunities to extremely low income households at
22 affordable housing costs.

23
24 3.92.050 Term of Affordability.

25 A. Whenever funds from the Housing Trust Fund Account are
26 used for the acquisition, construction or substantial rehabilitation of
27 affordable housing, the Company shall impose enforceable requirements
28 on the owner of the housing unit requiring that the unit remain affordable

1 for a minimum of fifty-five (55) years for rental housing and thirty (30)
2 years for ownership housing.

3 B. For programs funded with funds from the Housing Trust Fund
4 which are not described in Subsection A above, the Company shall
5 develop appropriate mechanisms to ensure the continued affordability of
6 the involved units.

7 C. The affordability restriction requirements described in this
8 section shall run with the land and the Company shall develop appropriate
9 procedures and documentation to enforce these requirements and shall
10 record such documentation in the Official Records of the Recorder of Los
11 Angeles County.

12 3.92.060 Program Plan.

13 Prior to the commencement of the fiscal year, the Company shall
14 adopt a plan ("Program Plan") and present it to the City Council for action.

15 The Program Plan shall include:

16 A. A description of all programs and projects to be funded with
17 funds from the Housing Trust Fund; and

18 B. The amount of funds budgeted for the programs and projects
19 administered by the Company.
20

21 3.92.070 Funding of Supporting Services.

22 Funds from the Housing Trust Fund may be used in any manner
23 consistent with this Chapter, through loans, grants, or indirect assistance,
24 for the production and maintenance of assisted units and related facilities.
25 Funds shall not be used for the operation of supporting services such as
26 childcare or social services unless:
27

28 A. The funds are used in connection with affordable housing; and

1 B. The recipient can demonstrate to the satisfaction of the
2 Company that other funds are not available.

3
4 3.92.080 Publication of Program Documents.

5 The Company shall publish such administrative rules and
6 guidelines as are necessary and desirable to implement the programs
7 approved by the City Council in the Program Plan.

8
9 3.92.090 Semi-Annual Report.

10 The Company shall twice each year, at approximate six (6) month
11 intervals, prepare and submit a report to the City Council on the activities
12 undertaken with funds from the Housing Trust Fund. The report shall
13 contain the information necessary to support the findings specified in
14 Section 66001 of the California Government Code.

15
16 3.92.100 Financial Management.

17 The City Treasurer shall maintain and report within the City's
18 accounts a separate Housing Trust Fund Account and any required
19 related subsidiary funds for all related financing transferred from the City
20 and any related income. Such funds shall be accounted for and reported
21 separately on the Company's annual financial report, and such funds shall
22 be audited for compliance with this Chapter and related policies and
23 regulations. The Company shall prepare any other reports legally
24 mandated for financing sources of the Housing Trust Fund.

25
26 Sec. 2. The City Clerk shall certify to the passage of this Ordinance by
27 the City Council and cause it to be posted in three conspicuous places in the City of
28 Long Beach, and it shall take effect on the thirty-first day after it is approved by the

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1 Mayor.

2 I hereby certify that the foregoing Ordinance was adopted by the City
3 Council of the City of Long Beach and its meeting of _____, 2006, by the
4 following vote:

5 Ayes: Councilmembers: _____

6 _____

7 _____

8 _____

9 Noes: Councilmembers: _____

10 _____

11 Absent: Councilmembers: _____

12 _____

13 _____

14 _____

City Clerk

15 _____

16 _____

17 Approved: _____

Mayor

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28 ELG:dfe/MJM:kjm 4/13/06 4/25/06 4/28/06 #05-01355
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