

March 7, 2023

R-19

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve the submission of an application to the California State Department of Housing and Community Development for up to \$50,000,000 in loan and grant funds available through the Affordable Housing and Sustainable Communities 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 a proposed affordable housing project, and surrounding infrastructure and transportation improvements, at 946 Linden Avenue. (District 1)

DISCUSSION

AMCAL Multi-Housing, Inc. (AMCAL), has entered into a purchase agreement to acquire the 1.1 acre site located at 946 Linden Avenue (Site) (Attachment A). On January 4, 2022, the Long Beach Community Investment Company (LBCIC) approved an award of up to \$5,000,000 in loan funds to AMCAL for the development of an affordable housing project on the Site. Over the last 14 months AMCAL has prepared design plans and identified funding for the development of a 100-unit affordable rental housing project (Project). It is expected that Project entitlements will be approved on or before March 21, 2023. AMCAL is now assembling the remaining financing for the Project, which includes Affordable Housing and Sustainable Community (AHSC) Program funds available from the California Strategic Growth Council and the Department of Housing and Community Development (HCD). Pursuing this funding is consistent with the City of Long Beach's (City) overall housing policy and necessary to create permanent housing for persons experiencing homelessness and to prevent others for falling into homelessness.

Funding for the AHSC Program is provided from the Greenhouse Gas Reduction Fund, an account established to receive Cap-and-Trade auction proceeds. Its primary objective is to reduce greenhouse gas (GHG) emissions by supporting more compact, infill development projects, encouraging active transportation and transit usage, and protecting agricultural land from sprawl development. The AHSC Program seeks to accomplish these objectives by providing financial assistance to projects that will achieve GHG emission reductions and benefit disadvantaged communities through increased accessibility to affordable housing, employment centers, and key destinations, resulting in fewer vehicle miles traveled and increased use of public transit, bicycling or walking. Under the AHSC Program, low-interest loans are available as gap financing for rental housing developments that include affordable housing units. In addition, grants are

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available for both infrastructure improvements and transportation amenities related to affordable housing developments.

The AHSC Program application guidelines highly encourage housing developers to apply jointly with local jurisdictions to demonstrate the requisite experience in the completion of infrastructure improvements and transportation amenities. The AHSC Program is extremely competitive, and AMCAL has requested that the City jointly apply with them to increase the chances of receiving an award. The application will be eligible to receive additional points if the City submits an application to receive a Prohousing Designation from HCD prior to the AHSC Program application. Staff is currently preparing an application for the Prohousing Designation.

If approved by the City Council, AMCAL and the City will jointly apply for up to \$50,000,000 in funding for the Project, which will include 99 affordable units serving extremely low- to low-income households, plus one manager's unit. In addition to 100 one-, two- and three-bedroom units, the Project will include 125 subterranean parking spaces, a community room, fitness area, computer center, tot lot, courtyard, and BBQ area. Residents will also benefit from the Site's adjacency to the Metro A Line and bus lines that operate along Long Beach Boulevard.

If the application is successful, loan funds of up to \$35,000,000 will be awarded to a limited partnership to be formed by AMCAL for the financing of the Project. The City will not be a part of the limited partnership. The loan will be secured by the property, and the limited partnership will be responsible for repayment of the loan with rental revenue generated by the Project.

In addition, up to \$15,000,000 in grant funds will be awarded and distributed to the limited partnership, or a related entity, for infrastructure improvements and transportation amenities surrounding the Project. These improvements include construction of a new Class IV bike path on Pacific Avenue from Ocean Boulevard to Pacific Coast Highway, sidewalk improvements including Americans with Disabilities Act compliant curbs, bus stop improvements along Atlantic Avenue, installation of transit signal priority software to reduce commute times, and the purchase of three new fully electric buses in partnership with Long Beach Transit (LBT). LBT will be a non-applicant partner in the application and will be responsible for a portion of the new transportation amenities if funds are awarded. The City has received two prior AHSC awards and is familiar and experienced in partnering on these projects and related public infrastructure improvements.

AMCAL 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. AMCAL has agreed to provide the City with an Indemnification Agreement that will cause AMCAL to be solely responsible for the repayment of grant funds in that scenario. In addition, the City will require a Payment and Performance Guarantee, which will ensure the Project is completed.

There are no match funds required from the City. However, the application scores points for local financial support. The \$5,000,000 in loan funds awarded to AMCAL by the LBCIC and approximately \$554,675 in Development Impact Fee exemptions from the City,

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consistent with Title 18 of the Long Beach Municipal Code (LBMC), will count toward local financial support, and will further increase the chances of a successful application. Development Impact Fee exemptions for low-income housing development projects are provided for in LBMC Sections 18.17.30.B.5, 18.18.120.E, 18.23.110.A.2.e, and 18.22.110.A.2.e.

This matter was reviewed by Principal Deputy City Attorney Rich Anthony on January 31, 2023 and by Revenue Management Officer Geraldine Alejo on February 15, 2023.

TIMING CONSIDERATIONS

City Council action is requested on March 7, 2023, as the application is due to HCD on April 6, 2023.

FISCAL IMPACT

If the AHSC application is approved, loan funds of up to \$35,000,000 will be awarded to AMCAL to assist in financing the Project. AMCAL will be solely responsible for repayment of the loan. In addition, up to \$15,000,000 in grant funds will be awarded to AMCAL for infrastructure improvements and transportation amenities. AMCAL has agreed to enter into an Indemnification Agreement, also making AMCAL solely responsible for any repayment of the grant funds if the Project is not completed. The grant has no match requirement from the City. In accordance with the City's Municipal Code, low-income housing development projects are exempt from Development Impact Fees. Impact fees in the amount of \$554,675 is estimated to be exempt for the Project. 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.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER KOONTZ
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:



THOMAS B. MODICA
CITY MANAGER

ATTACHMENTS: A – SITE MAP

Site Map

946 Linden Ave

