

February 5, 2013

Re: City Council Agenda Item R-24—FY 12 Year-end Budget Review

Councilmembers:

“The General Fund ended the fiscal year with a small funds available balance of approximately \$500,000,” according to today’s staff report.

You created a Housing Trust Fund in 2006. Its balance today is only \$161,505.

You recognized the Transient Occupancy Tax as an appropriate funding source, if available.

**The money is available now.**

The loss of the RDA leaves the Housing Trust Fund as the only Extremely-Low Income local resource, fundable only by Housing Trust Fund dollars General Fund set-aside.

Your obligation is to assure this set-aside and to direct the City Manager to transfer it to the Housing Trust Fund.

Accept your obligation.

**Today... Put this action on the next available City Council Agenda;  
REQUEST CITY MANAGER IDENTIFY \$500,000 IN CITY’S GENERAL FUND  
AND TRANSFER IT INTO THE LONG BEACH HOUSING TRUST FUND.**

The people are counting on you

Gary Shelton – 240 Chestnut Avenue #908 – Long Beach, CA 90802

Housing Long Beach, Board Member

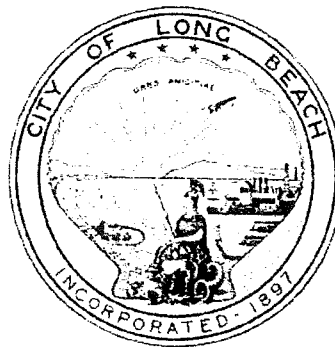
Long Beach Area Coalition for the Homeless, Advocacy Committee Chair

Greater Long Beach Interfaith Community Organizations, Board Member

# **Draft 2008-2014 Housing Element**

**City of Long Beach,  
California**

## **General Plan**



## HOUSING RESOURCES

FY 2008	\$19,874,000
FY 2009	\$20,400,000
FY 2010	\$20,938,000
FY 2011	\$21,485,000
FY 2012	\$22,042,000
FY 2013	\$22,612,000
Total	\$127,351,000

The set-aside funds will be used primarily for supporting new construction of affordable housing and for first time homebuyer assistance.

### 5. Housing Trust Fund

The City has established a Housing Trust Fund (HTF) to assist in the delivery of affordable housing. As of June 30, 2008, the HTF has a balance of \$250,000. The purpose of the HTF is to complement funding sources such as HOME and redevelopment housing set-aside. As such, the HTF will be used to provide affordable housing for extremely low income households (with incomes at or below 30% AMI) and middle income households (with incomes between 120 and 150% AMI). Extremely low income households are not specifically identified in the regulations that govern HOME or set-aside funds. Middle income households in Los Angeles County do not earn adequate incomes to afford homeownership but they are not eligible for any State and federal housing programs. Therefore, the HTF is used to augment State and federal programs to expand affordable housing opportunities for these underserved groups.

### C. Administrative Resources

Described below are public and non-profit agencies that have been actively involved in housing activities in the City of Long Beach. These agencies play important roles in meeting the housing needs of the City. In particular, they are critical in the improvement of the housing stock and the preservation of at-risk housing units in Long Beach.

**Long Beach Housing Development Company (LBHDC):** The LBHDC is a non-profit, public benefit corporation created by the City of Long Beach to aid in the support, financing and development of affordable housing based on needs identified, in part, by the Housing Element. The City advances money to the LBHDC from its Housing Development Fund for the production, improvement, or preservation of affordable housing throughout Long Beach.

**Long Beach Housing Authority:** The Housing Authority of the City of Long Beach receives funds from the federal Department of Housing and Urban Development (HUD) to provide Section 8 rental assistance to low income

## HOUSING RESOURCES

individuals and families so that they can afford to rent decent, safe, and sanitary housing.

**Long Beach Affordable Housing Coalition, Inc. (LBAHC):** The LBAHC is a regional, community-based, non-profit provider of affordable housing. The Coalition develops and preserves single and multi-family housing through the use of tax credits, conventional financing and public/private grants.

In addition, many nonprofit developers have expressed interested in providing affordable housing in Los Angeles County. These include:

- Bridge Housing
- Century Housing Corporation
- Habitat for Humanity
- Jamboree Housing
- Menorah Housing
- National Community Renaissance (National CORE)
- TELACU
- LINC Housing
- Decro

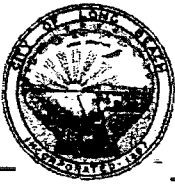
### D. Opportunities for Energy Conservation

Utility-related costs can directly impact housing affordability. However, California's Energy Efficiency Standards (Title 24, Part 6 of the California Code of Regulations) provides energy saving recommendations for residential and nonresidential buildings. These standards are updated periodically to allow for consideration and possible incorporation of new energy efficiency technologies and methods. The California Home Energy Guide, published by the California Energy Commission, satisfies the requirements under the Energy Efficiency Standards for builders to give new homeowners information on how to efficiently operate their new homes.

General residential energy conservation opportunities include: replacing standard incandescent light bulbs with compact fluorescent light bulbs; reducing water usage by installing faucet aerators, low-flow showerheads, and low-flush toilets; reducing use of air conditioners; using ENERGY STAR qualified appliances and equipment; turning off all unnecessary lighting; washing clothes in cold water; and testing for air leaks next to windows, doors and where there is a possible air path to the outside.

Southern California Edison offers the following Income Qualified Programs for payment assistance:

- California Alternate Rates for Energy (CARE) Program, providing eligible low-income customers with discounts in monthly electric bills.



# CITY OF LONG BEACH

# R-34

THE DEPARTMENT OF PLANNING AND BUILDING

333 W. Ocean Boulevard

Long Beach, California 90802

562-570-6194 FAX 562-570-6068

January 23, 2007

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to: (1) adjust Housing Trust Fund to include all existing City affordable housing funding sources except Housing Authority Funding, and (2) request The Long Beach Housing Development Company to annually review the need for potential Housing Trust Fund sources and report out to the City Council as necessary. (Citywide)

## DISCUSSION

### Background

On September 19, 2006, the City Council considered the adoption of a condominium conversion fee to provide funding for the Housing Trust Fund (HTF). After public testimony and Council discussion, Council requested staff to return to Council with a summary of the options available to fund the HTF.

This report presents a summary of the HTF funding options and an outline of the proposal and funding currently available to support the efforts to increase the availability of affordable housing within Long Beach.

### Funding Options

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) and to identify potential revenue sources. The City contracted with David Paul Rosen and Associates (DRA) to prepare the report, which was completed in July 2003.

In conducting the study, staff instructed DRA to investigate only new revenue sources that did not take away funds from the General Fund, inasmuch as that was the time when the City's General Fund account was in dire need of revenue. The report concluded that a commercial linkage fee (\$10-15 per square foot) for new non-residential development, and inclusionary housing requirements for new residential development of 10% for rental housing and 15% for ownership housing was feasible. In lieu fees, for projects that did not provide the on-site housing, \$14,000 per rental unit and \$12,000 per ownership unit were suggested in the study.

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 \$3 million from the Douglas Park project mitigation fund (to be transferred over time), and annual transfers of \$500,000 of transient occupancy taxes (TOT), if funds are available. In addition, the City Council also requested the City Attorney to prepare an ordinance to establish an on-going funding source through a new condominium conversion fee to be reviewed by the Planning Commission and return with a recommendation to City Council.

On June 15 and July 20, 2006, the Planning Commission discussed the creation of the new condominium conversion fee as a component of on-going funding for the HTF. Fees of approximately \$4,000 per unit in either a flat fee or as a percentage of sales prices were considered. The Planning Commission recommended that a fee of 1.5% of the sales price of converted condominiums be set as a fee.

On September 19, 2006, the City Council considered a series of zoning code and related amendments, including the condominium conversion fee funding for a portion of the HTF. At that time, the funding anticipated from the condominium conversion fee was estimated to total approximately \$1 million per year. The City Council deferred action on the ordinance and requested staff to reexamine the breadth of possible funding sources available for the HTF, and come back with an evaluation of the relative feasibility of these revenue sources.

#### Potential Funding Sources for the Housing Trust Fund

A number of funding options exist to support the HTF. These include both new revenue sources and earmarking of existing funds available for affordable housing programs or other purposes. These sources include:

- **Redevelopment Housing Set-Aside** – State law requires the Redevelopment Agency (RDA) to set-aside 20 percent of the tax increment revenues it receives to use for affordable housing purposes. The RDA currently transfers this money to the City's Housing Development Fund. Over the last several years this source of funding has been as follows:
  - FY 2002: \$ 4,550,774
  - FY 2003: \$ 6,457,675
  - FY 2004: \$10,429,604
  - FY 2005: \$12,744,239
  - FY 2006: \$15,851,560
  - FY 2007: \$16,879,000 (estimate)

This represents a substantial source of funding for affordable housing and is approximately one-third of the total funding for the Housing Services Bureau (HSB).

- **Douglas Park** – As part of the November 2004 development agreement between the City of Long Beach and the McDonnell Douglas Corporation (AKA Boeing) (General Provision 8.30), Boeing Realty is required to contribute \$3 million to the Housing Development Fund (HDF). The initial funding was \$250,000 at the execution of the agreement. The remainder of the funding is required when milestones of residential and infrastructure

improvements are undertaken. At the initial inception of the HTF last year, \$250,000 of HDF revenue from the Boeing Mitigation fee was identified and a source for the HTF and was transferred into the HTF. As development progresses at Douglas Park, funds collected from future phases are scheduled to be transferred to the HTF.

- **Real Property Transfer Tax (RPTT)** – The RPTT is a tax of \$0.275 per \$500 on the selling price of any real property assessed over \$100 under provisions of the California Revenue and Taxation Code (Section 11901). Revenue generated and deposited into the General Fund by the RPTT has been as follows:
  - FY 2002: \$1,463,541
  - FY 2003: \$1,686,109
  - FY 2004: \$2,288,974
  - FY 2005: \$2,898,321
  - FY 2006: \$2,330,140
  - FY 2007: \$1,180,000 (estimate)

Options for the RPTT include establishing a baseline funding level, and transfer all or a portion of the revenues over that baseline amount into the HTF. However, this would negatively impact the General Fund. An increase in the RPTT taxation rate would require a 2/3 vote of the electorate.

- **Transient Occupancy Tax (TOT)** – The TOT is a tax of 12 percent charged on occupancy of hotel guest rooms.
  - FY 2002: \$12,446,746
  - FY 2003: \$13,133,441
  - FY 2004: \$14,088,242
  - FY 2005: \$15,527,753
  - FY 2006: \$16,547,963
  - FY 2007: \$17,289,661 (estimate)

One-half of the tax is deposited into the General Fund, and the other half is split between the Redevelopment Agency (RDA) and the Special Advertising and Promotions (SAP) Fund. The non-General Fund portion is restricted as to use, with the RDA portion committed to the Aquarium bonds and the SAP portion only available for promoting and marketing the City.

The General Fund contributed \$500,000 in FY05 and again in FY06, because it was determined at the end of each fiscal year that funds were available. The FY07 General Fund budget does not include a transfer; determination of available funds cannot be made until the end of the fiscal year.

Some low-cost motels serve as transitional or long-term housing at affordable rates for lower income residents. TOT is not allowed to be collected for extended stays of over 30 days.

- **Condominium Conversion Fee** – The Planning Commission discussed a condominium conversion fee in June and July 2006. Discussion focused on the level and mechanism (percentage versus fixed amount) for the fee. Upon deliberation, the Planning Commission recommended a 1.5% fee on the sales price of individual converted condominiums.
- **Commercial Linkage Fee** – A commercial linkage fee has not been established by the City Council. The DRA Study (July 2003) concluded that a fee in the range of \$10-15 per square foot of new non-residential development to fund affordable housing projects and programs could be supported. However, since that time development costs and other fees applied to new development have increased. Therefore, if this approach is considered, new analysis to establish the appropriate fee is required.
- **Inclusionary Housing Requirement** – A requirement for affordable housing to be included in residential development of a certain size is an effective way to ensure that affordable rental and ownership units are being produced within a community. The DRA Study (July 2003) concluded an inclusionary housing requirement for residential development of 10% for new rental housing and 15% for new ownership housing is feasible. In lieu fees for projects that did not provide the on-site housing units of \$14,000 per rental unit and \$12,000 per ownership unit were suggested in the study.

#### Current Support for Affordable Housing Programs

The City of Long Beach has two separate but related programs in place to provide affordable housing. The Community Development Department includes two bureaus that are committed to providing housing opportunities for low to moderate-income families. A council memorandum dated September 18, 2006 highlighting the existing programs is attached.

Affordable housing programs target subsidies and other programs based on the percentage of income compared to the Area Median Income (AMI) or Median Family Income (MFI). Very low income is defined as below 50% of AMI, with moderate income defined as 120% of AMI, and low income in between.

The Housing Authority Bureau is wholly funded by Federal Housing and Urban Development funds. In FY2007, \$65 million in funding is earmarked for the programs including Housing Choice Voucher (formerly known as Section 8), helping 6,250 households, and Family Self-Sufficiency serving 1,150 participants with referrals for training, job development, childcare, and transportation assistance, among other programs.

The Housing Services Bureau has FY2007 funding of nearly \$124 million, which includes carryover revenues from prior fiscal years. The larger components of the revenues include redevelopment set-aside (\$44.3 million), Housing Bond Proceeds (\$49.9 million), and HOME Grants (\$23 million). These funds are targeted toward providing affordable housing opportunities through new construction or rehabilitation of affordable housing units and assistance to qualified homeowners for home improvement loans and to qualified first-time buyers for home purchase. At present, there are four projects providing 158 affordable units under construction, 320 rental apartment units under rehabilitation, and 248 additional affordable units in pre-construction or pre-rehabilitation stage. The Bureau is also in the process of acquiring 16 individual sites for new housing opportunities.





ORDINANCE NO. ORD-06-0021

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 City Council of the City of Long Beach ("City Council")  
has determined that there exists within the City of Long Beach ("City") a serious  
shortage of decent, safe and sanitary housing affordable to extremely low, very low,  
low, and moderate income households, that such shortage is inimical to the health,  
safety and welfare of the residents of the City, and that it is an economic benefit to the  
City, and a public purpose to encourage the availability of adequate housing for  
extremely low, very low, low, and moderate income households; and

WHEREAS, extremely low, very low, low, and moderate income  
households find it difficult to secure safe, decent or affordable rental or ownership  
housing in the City; and

WHEREAS, if current trends in housing supply continue, extremely low,  
very low, low, and 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, and 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, the City Council has also determined that there also exists a  
shortage of housing in the City of Long Beach, that such shortage is preventing

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333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 I hereby certify that the foregoing Ordinance was adopted by the City  
2 Council of the City of Long Beach and its meeting of June 20, 2006, by the  
3 following vote:

4 Ayes: Councilmembers: Lowenthal, Kell, Richardson,  
5 Reyes Uranga, Lerch.

8 Noes: Councilmembers: None.

10 Absent: Councilmembers: Colonna, O'Donnell, Gabelich.

13 *Lay Heron*  
14 City Clerk

16 Approved: 6-21-06 *Henry Speil*  
17 Mayor

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

File #:

Type: Ordinance

Mover: Bonnie Lowenthal                      Second: Tonia Reyes Uranga

Result: Pass

Agenda note:

Minutes note:

Action: approve recommendation and adopt

Action text: Motion to Approve recommendation and adopt Ordinance No. ORD-06-0021. Moved by Lowenthal, seconded by Reyes Uranga.

- Votes (5:0)

- 8 records

<u>Person Name</u>	<u>Vote</u>
<u>Bonnie Lowenthal</u>	Yes
<u>Frank Colonna</u>	Absent
<u>Patrick O'Donnell</u>	Absent
<u>Jackie Kell</u>	Yes
<u>Laura Richardson</u>	Yes
<u>Tonia Reyes Uranga</u>	Yes
<u>Rae Gabelich</u>	Absent
<u>Val Lerch</u>	Yes