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M E M O R A N D U M

DATE: January 4, 2022

TO: Board of Directors
The Long Beach Community Investment Company

FROM: Oscar W. Orci, President 

SUBJECT: **Award of Community Housing Development Organization (CHDO) Funds and Authorization to Execute an Agreement to Negotiate Exclusively with Home Ownership for Personal Empowerment (HOPE) for the Acquisition and Rehabilitation of Housing for Special Needs Individuals (Citywide).**

RECOMMENDATION:

1. Approve the selection of Home Ownership for Personal Empowerment (HOPE) for an award of Community Housing Development Organization (CHDO) funds in the amount of \$859,051; and,
2. Authorize the President or designee to enter into an Agreement to Negotiate Exclusively with HOPE for the acquisition and rehabilitation of housing for special needs individuals. (Citywide)

DISCUSSION

The HOME Investment Partnership Program (HOME) was created by the National Affordable Housing Act of 1990. It is the largest federal block grant to state and local governments designed to expand the supply of decent, safe, affordable housing for low-income households. Under the HOME program, the U.S. Department of Housing and Urban Development (HUD) provides formula grants to eligible state and local governments annually to fund a wide range of activities, including building, buying, and/or rehabilitating housing for rent or sale to qualified lower-income households.

Among other things, HOME requires Participating Jurisdictions (PJs) to set-aside at least 15 percent of its annual HOME allocation for eligible HOME activities to be undertaken by a special type of non-profit community-based service organization called a Community Housing Development Organization (CHDO). CHDOs must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience. Eligible activities for CHDOs include new construction of rental housing, acquisition and/or rehabilitation of rental housing, new construction of owner-occupied housing, acquisition and/or rehabilitation of owner-occupied housing, and direct financial assistance to homebuyers of HOME-assisted housing that has been developed with HOME funds by the CHDO. It is the PJs responsibility

to qualify these organizations with CHDO designation and ensure that they meet certain requirements pertaining to their organizational structure, legal status, capacity and experience. CHDOs must serve as owners, developers or sponsors and must have the staff capacity to develop affordable housing for the community they serve.

On May 7, 2021, staff published a Notice of Funding Availability (NOFA) announcing the availability of approximately \$859,051 in HOME funds available to established CHDOs (Attachment A - Notice of Funding Availability) for the acquisition and/or rehabilitation of rental housing units serving individuals or households with developmental disabilities. The deadline for submitting proposals was June 11, 2021. One proposal from Home Ownership for Personal Empowerment (HOPE) was received.

HOPE is a non-profit housing developer whose mission is to create stable affordable housing options for individuals with developmental disabilities. For over 20 years, HOPE has demonstrated the ability to form effective partnerships and collaborations; work inclusively with municipalities; and, acquire, finance, rehabilitate, and maintain housing to fulfill their mission. Residents that live in HOPE properties are provided with case management and social services. They discover a new sense of independence by living without restraints and controlling their own lives. With this new independence, residents feel an increased sense of self-esteem, which encourages them to excel in other areas of their lives such as education, employment, and social development.

The original proposal submitted by HOPE was for the acquisition and rehabilitation of a multi-family property to provide four units of affordable housing for people with developmental disabilities. Unfortunately, negotiations for the property were unsuccessful. HOPE is currently looking for a replacement property. Staff is recommending approval of a 90-day Exclusive Negotiating Agreement (ENA), which will provide HOPE with time to submit a revised proposal and financial pro forma for a new site or sites. If approved, the ENA will allow the President to extend the term for two additional 90-day periods if necessary. When a property is identified, staff will return to the Long Beach Community Investment Company with a request to approve a loan to HOPE for the acquisition and/or rehabilitation of the property.

HOPE provides essential housing opportunities for an extremely vulnerable population. In addition, partnerships with CHDOs supports the implementation of Housing Element Program 4.1 (Affordable Housing Development Assistance), and for those reasons, staff supports the approval of an ENA with HOPE.

SUGGESTED ACTION:

Approve Recommendation.

OWO:PU:MS:SM