

CITY OF LONG BEACH

NOTICE OF FUNDING AVAILABILITY (NOFA)

Deadline: March 21, 2023, 4 p.m.



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- Attachment 2: Pro Forma Template
- Attachment 3: Utilities Allowances
- Attachment 4: LBCIC Local Housing Preference Policy and Priority System Guidelines

NOFA OVERVIEW AND GENERAL INFORMATION

Opportunity

The City of Long Beach Department of Development Services (City) announces the availability of \$5 million in funds to be awarded to qualified housing development companies. Eligible activities under the NOFA are limited to the development/creation of affordable rental units in the City of Long Beach serving households earning at or below 80% of the Los Angeles County median income. The majority of units in proposed projects must serve households earning at or below 60% Area Median Income (AMI). Both new construction and acquisition/rehabilitation projects will be considered. Family housing projects are strongly preferred but not required.

A combination of Permanent Local Housing Allocation (PLHA) funds and the Low and Moderate Income Housing Asset Funds (LMIHAF) will be used to fund selected rental projects. As such, 25% (minimum) of the units in all projects are subject to the LMIHAF requirements/rents imposed by California Health and Safety Code (H&SC) Sections 50470, 34176.1, and other pertinent State statutes identified in this NOFA.

As appropriate, financial assistance to selected projects will be made in the form of residual receipts loans. The rates and terms of the loans shall be subject to negotiation on a project-by-project basis. All loans will be secured by a lien on the property. Applicants who previously received a funding commitment from the City are not eligible to apply, with the exception of Section 8 Project Based Vouchers (PBV).

The deadline for submitting proposals in response to the NOFA is 4:00 P.M. on March 21, 2023. Proposals will be reviewed for compliance with the terms of this NOFA and evaluated according to the established NOFA Evaluation Criteria.

The project(s) determined to be the most competitive will be presented to the Long Beach Community Investment Company (LBCIC) for confirmation and loan approval. The City reserves the right to request additional information and/or to reject any or all proposals.

The amount of financial assistance allocated to eligible projects under this NOFA will be limited to \$5 million. More than one project may be awarded funds. These funds must be expended over a two-to four-year period. Proposals for Section 8 PBV may be submitted separately in response to the City of Long Beach Housing Authority Request for Proposals (RFP). PBV should not be requested for more than half of the total units in the proposed project.

Questions related to this NOFA must be submitted by email to kiell.stava@longbeach.gov by 5:00 P.M. on February 1, 2023.

PROPOSAL SUBMISSIONS PROCESS

The City has developed a comprehensive process to evaluate responses to this NOFA against specific evaluation criteria. The principal steps in the submission and evaluation process are:

1. Applicants must submit: one (1) original printed version of the proposal and required exhibits. In addition, please submit three (3) printed copies and one (1) PDF format copy on a flash drive of the proposal and required exhibits. Proposals must include sufficient information to allow the comprehensive review and analysis of the proposed project.
2. The City will evaluate Program proposals in accordance with the established Evaluation Criteria.
3. Applicants will be ranked in accordance with the score received using the Evaluation Criteria.
4. Applicants will be notified of the results of the evaluation no later than April 11, 2023.
5. The top scoring application(s) will be presented to the LBCIC for confirmation and loan approval.
6. Completed Program Proposals should be mailed or delivered to:

Kjell Stava
Real Estate Project Coordinator
City of Long Beach
411 W. Ocean Blvd., 3rd floor
Long Beach, California 90802

THRESHOLD REQUIREMENTS

Eligible Projects

This NOFA is for the development/creation of affordable rental housing projects serving households earning up to 80% AMI, but the majority of units in proposed projects must serve households earning at or below 60% AMI. **Family housing projects are strongly preferred but not required.** Both new construction and acquisition/rehabilitation projects will be considered. In an effort to affirmatively further fair housing, projects located in a “High Resource” region in the TCAC/HCD Opportunity Map are preferred.

Maximum Subsidy per Unit

The maximum subsidy allowed per unit is \$100,000. Proposals must identify the total amount of funding being requested.

Income and affordability covenants are required for a minimum 55-year term.

Household Income Standards

The availability and use of LMIHAF are subject to the requirements imposed by H&SC Section 34176.1 and the other pertinent State statutes identified in this NOFA.

Specific requirements that are imposed on the use of LMIHAF are:

1. H&SC Section 34176.1 (a) (3) requires that LMIHAF must be allocated in a manner that achieves the following income standards:
 - a. At least 30% of the funds must be allocated to households that earn less than 30% of the Los Angeles County median income (Median);
 - b. No more than 20% of the funds may be allocated to households that earn between 60% and 80% of the Median; and
 - c. The remaining 50% of the funds may be allocated to households that earn between 0% and 60% of the Median.
2. The household income standards are defined in the following statutes:
 - a. Extremely low income households: H&SC Section 50106.
 - b. Very low income households: H&SC Section 50105.
 - c. Low income households: H&SC Section 50079.5.

THRESHOLD REQUIREMENTS

*Note that approximately half of the available funding will be PLHA funds and all of those funds may be allocated to households that earn anywhere between 0% and 80% of AMI, though it is strongly preferred that 50% or more of the PLHA units serve households earning at or below 60% AMI.

The maximum household incomes for extremely low, very low and low income households are presented in the following table. These household income standards are applicable as of May 2022, and are adjusted annually by the California Department of Housing and Community Development (HCD):

Household Size	Extremely Low Income	Very Low Income	Low Income
1	\$25,050	\$41,700	\$66,750
2	\$28,600	\$47,650	\$76,250
3	\$32,200	\$53,600	\$85,800
4	\$35,700	\$59,550	\$95,300
5	\$38,650	\$64,350	\$102,950
6	\$41,500	\$69,100	\$110,550
7	\$44,350	\$73,850	\$118,200
8	\$47,200	\$78,650	\$125,800

Affordable Housing Cost Calculations for LMIHAF Units

H&SC Section 50053 establishes the methodology for calculating the maximum gross affordable rents for extremely low income, very low income and low income households. As of May 2022, the maximum gross rents are presented in the following tables:

THRESHOLD REQUIREMENTS

Federal Funding Assistance is not Provided to the Project			
Number of Bedrooms	Extremely Low Income	Very Low Income	Low Income
0	\$478	\$797	\$956
1	\$547	\$911	\$1,094
2	\$615	\$1,025	\$1,230
3	\$683	\$1,139	\$1,367
4	\$738	\$1,230	\$1,476

Federal Funding Assistance is Provided to the Project			
Number of Bedrooms	Extremely Low Income	Very Low Income	Low Income
0	\$478	\$797	\$956
1	\$512	\$854	\$1,025
2	\$615	\$1,025	\$1,230
3	\$711	\$1,184	\$1,421
4	\$793	\$1,321	\$1,586

The City will update the household income standards and the gross affordable rents each year when the information is published by HCD. In addition, the City will calculate the utilities allowances that must be deducted from the gross affordable rents. The 2022 utility allowances are presented in Attachment 3.

Affordable Housing Monitoring Fee

The City will be imposing a \$170 per unit annual monitoring fee on all units in the development (except for any unrestricted manager's unit) on any project that receives an award of funds. This fee should be included with operating expenses on the project pro forma analysis.

Lender Fee

The City will be imposing a lender fee sufficient to reimburse the City for its consultant and legal fees incurred in connection with the preparation and finalization of the City loan documents for the selected project(s). The fee shall be deposited into escrow and disbursed to the City at the close of construction financing.

THRESHOLD REQUIREMENTS

Site Control

All proposals for funding must have site control in the form of current ownership; an option to purchase; a purchase and sale agreement; an exclusive negotiating agreement, or a letter of intent.

EVALUATION CRITERIA

Proposed projects will be reviewed and scored on a competitive basis relative to the six evaluation criteria identified below. The maximum possible score is 100 points. Proposed projects must receive a minimum score of 70 points to be considered eligible for funding. A score above the minimum score does not guarantee funding.

1. EXPERIENCE AND QUALIFICATIONS (maximum 20 points)
Applicant has successfully completed a project similar in size and scope and within two years of project's closing. **20**
2. PROJECT BUDGET (maximum 10 points)
Project budget is complete and anticipated development costs are reasonable. **10**
3. SOURCES & USES OF FUNDS (maximum 20 points)
All sources and uses of funds are clearly indicated and sufficient evidence of funding availability and/or commitments are included. Leveraging of project funding from federal, state, and private sources is identified and maximized. **20**
4. AFFORDABILITY (maximum 15 points)
All units will be affordable to lower income households. **15**
5. PROJECT READINESS (maximum 15 points)
Applicant has site control, and the project is anticipated to receive entitlements no later than July 31, 2024. **15**
6. SCOPE OF DEVELOPMENT (maximum 20 points)
Scope of proposed development, including maximizing the number of housing units provided, provision of high quality service-enriched housing, adequate open space and community serving areas, and a building design appropriate to the surrounding residential neighborhood. **20**

SUBMITTAL REQUIREMENTS

Transmittal Letter

The proposal must include a transmittal letter, limited to two pages, on official letterhead that provides a narrative description of the proposed project. The letter must also provide contact information for the person with authority to negotiate on behalf of the development team. The Applicant must certify that the proposal response and exhibits are true and correct. An unsigned and/or undated submission will not be considered.

Application

An application is provided in Attachment 1 to this NOFA. The application is provided in a Word format. The Applicant may either complete the attached form, or the form can be recreated and submitted in PDF form. Instructions for filling out the Application follow:

Applicant Information

If the Applicant is not acting as the developer, please provide all of the requested information for the developer as well as for the Applicant. If the developer involves multiple entities, please provide all the requested information for each entity, and identify the entity that will serve as the “lead” organization.

Development Team

Identify the entities anticipated to be involved in implementing the project. If known, identify the lenders, attorneys, accountants, architects, engineers, general contractor, subcontractors, and consultants.

Site Control and Demonstration of Value

Include evidence of site control and provide a real estate appraisal or current tax documentation that substantiates the value of the property.

Tenant Relocation

If the project is occupied at the time of proposal submission, include a Tenant Relocation Plan. The developer is responsible for providing tenant relocation assistance should the proposed project require or result in the temporary or permanent displacement of current tenants. The Plan must include, at a minimum, the following:

1. Total number of households in the project and number to be permanently or temporarily displaced.
2. A list and description of all households to be temporarily or permanently displaced (include current address, name, household size, and ages of the household members).

SUBMITTAL REQUIREMENTS

3. Circumstances under which the displacement is necessary.
4. Description of assistance to be provided and a schedule for assistance.
5. Source(s) of funds to be used for relocation assistance.
6. Procedures/methods by which those being displaced will be advised of their rights and available assistance.

Other Funding Sources

Identify the other funding sources proposed to be used to pay for the project costs. Identify any funding sources that have already been committed to the project, funds for which applications have been submitted, and funds for which applications are anticipated to be submitted. Applicants should maximize the use of available state and county funding to reduce the subsidy needs from the city. The total funding sources, including the proposed loan, must equal the estimated development costs for the proposed project.

Development Timing

If the development timing is anticipated to vary across several properties to be involved in the project, provide a development timing schedule for each property.

Location Map / Conceptual Site Plan

One of the goals of the City's Assessment of Fair Housing is to expand affordable housing opportunities citywide. Provide a map illustrating the location of the proposed development site. Provide a conceptual site plan for a new construction project. Proposed project should include adequate open space and community serving areas.

Project Pro Forma Analysis

A pro forma template is provided in an Excel format in Attachment 2. The Applicant may either complete the attached template, or the pro forma tables can be recreated and submitted in PDF form. The pro forma analysis includes the following tables:

1. Estimated Development Costs
2. Estimated Annual Net Operating Income
3. Sources of Funds Statement

Applicants may include project base vouchers in the pro forma but the number of vouchers may not exceed 25% of the total number of units.

SUBMITTAL REQUIREMENTS

Marketing Plan

Describe your process and timing for marketing the units, in adherence with the LBCIC Local Housing Preference Policy and Priority System Guidelines (Attachment 4), including the following information:

1. If your organization maintains a waiting list of individuals interested in renting a unit from your organization, indicate how many persons or families are on the waiting list and how many of those persons or families are prequalified.
2. Provide a summary description of the market rate units in the area and the difference between the prevailing market rents and the established affordable rents.
3. Indicate who will be responsible for marketing the homes. If you plan to engage a Realtor to market the units, provide a history of the relationship, indicating how many units the Realtor has marketed on behalf of the Applicant over what time period.

Neighborhood and Local Government Support

Include letters of support from local organizations and governmental entities within the area of the proposed project. The City cannot provide a letter of support.

Experience and References

Provide descriptions of at least three projects and no more than five projects that are directly analogous to the project being proposed in the response to this NOFA. If this is the Applicant's first project of this type, please provide a detailed description of the experience of the other members of the development team with similar projects.

The following information should be provided for each project:

1. Site location;
2. A narrative description of the project's characteristics;
3. Number of units in the project;
4. The total project costs;
5. The income and affordability restrictions that were imposed on the project;
6. Identification of any public financial assistance that was provided to the project;
7. The role the Applicant played in the project; and
8. Contact information for a representative of the jurisdiction in which the project is located.

SUBMITTAL REQUIREMENTS

Financial Statements / Capacity

Provide audited financial statements for the development team for the past two years. If audited financial statements are not available, please submit evidence of the development team's financial capacity to develop the proposed project.

ATTACHMENT 1

NOFA APPLICATION



CITY OF LONG BEACH NOFA APPLICATION

APPLICANT INFORMATION			
Development Team Name:		Application Date:	
Contact Person:		Phone:	
Address:			
City:	State:	Zip Code:	
Development Team Structure: Partnership _____ Corporation _____ LLC _____ Other (Specify) _____			
Developer:		Architect:	
Contractor:		Management Company:	
SITE INFORMATION			
Site Location:			
Site Address:			
City: Long Beach	State: CA	Zip Code:	
Description of Existing Conditions:			
Environmental Issues:			
Site Size:	# of Existing Units:	Site Control: Yes _____ No _____	
Form of Site Control: Purchase & Sale Agreement _____ Option to Purchase _____ Letter of Intent _____			
Purchase Price:	Appraised Value:	Appraisal Date:	
Tenant Relocation:	Temporary: Yes _____ No: _____	Permanent: Yes _____ No _____	
ASSISTANCE REQUEST			
Amount of Funds Requested:			
Proposed Loan Terms Description:			
Loan Term: _____ Years	Interest Rate: _____%	Interest Type: Simple _____ Compounded _____	
Subordination Required: Yes _____ No _____			
Method of Repayment:			
OTHER FUNDING SOURCES			
Source Name	Amount	Repayment Terms	Application / Award Dates

**CITY OF LONG BEACH
NOFA APPLICATION**

ACQUISITION TIMING				
				Proposed Date Month & Year
City Loan Approval				
All Funding Sources Awarded				
Acquisition Date				
PROPOSAL EXHIBITS				
	Yes	No	Not Applicable	Comments
Transmittal Letter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Application	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Evidence of Site Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Location Map / Conceptual Plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Support Letters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Experience and References	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial Statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

ATTACHMENT 2

PRO FORMA TEMPLATE



TABLE 1

ESTIMATED DEVELOPMENT COSTS
RENTAL DEVELOPMENT
AFFORDABLE HOUSING LONG
BEACH, CALIFORNIA

I. Property Acquisition Costs		\$ _____
II. <u>Direct Costs</u>		
On-Site Improvements		\$ _____
Parking Costs		
Surface	_____ Spaces	\$ _____
Above-Ground Structure	_____ Spaces	\$ _____
Subterranean	_____ Spaces	\$ _____
Building or Rehabilitation Costs	_____ Sf GBA ¹	\$ _____ Sf GBA
Contractor Costs		\$ _____
Direct Cost Contingency Allowance		\$ _____
Total Direct Costs		\$ _____
III. <u>Indirect Costs</u>		
Architecture, Engineering & Consulting		\$ _____
Public Permits & Fees		\$ _____
Taxes, Insurance, Legal & Accounting		\$ _____
Marketing & Leasing		\$ _____
Developer Fee		\$ _____
Soft Cost Contingency Allowance		\$ _____
Total Indirect Costs		\$ _____
IV. <u>Financing Costs</u>		
Land Carry Cost	\$ _____ Financed @ _____ % Interest	\$ _____
	_____ Month Development Period	
Construction Financing	\$ _____ Financed @ _____ % Interest	\$ _____
	_____ % Loan to Cost Ratio	
	_____ % Average Outstanding Balance	
Loan Origination Fees	\$ _____ Loan _____ Points	\$ _____
Total Financing Costs		\$ _____
V. Total Development Cost	\$ _____	

¹ GBA = Gross Building Area

TABLE 2

ESTIMATED ANNUAL NET OPERATING INCOME
RENTAL DEVELOPMENT
AFFORDABLE HOUSING
LONG BEACH, CALIFORNIA

I. <u>Annual Revenue</u>		Monthly	Annual
A. Rent - Extremely Low Income Units			
_____ # of Bdrms @ _____ Sf/Unit	_____ Unit(s) @	\$ _____ /Unit	\$ _____
_____ # of Bdrms @ _____ Sf/Unit	_____ Unit(s) @	\$ _____ /Unit	\$ _____
_____ # of Bdrms @ _____ Sf/Unit	_____ Unit(s) @	\$ _____ /Unit	\$ _____
_____ # of Bdrms @ _____ Sf/Unit	_____ Unit(s) @	\$ _____ /Unit	\$ _____
_____ # of Bdrms @ _____ Sf/Unit	_____ Unit(s) @	\$ _____ /Unit	\$ _____
B. Rent - Very Low Income Units			
_____ # of Bdrms @ _____ Sf/Unit	_____ Unit(s) @	\$ _____ /Unit	\$ _____
_____ # of Bdrms @ _____ Sf/Unit	_____ Unit(s) @	\$ _____ /Unit	\$ _____
_____ # of Bdrms @ _____ Sf/Unit	_____ Unit(s) @	\$ _____ /Unit	\$ _____
_____ # of Bdrms @ _____ Sf/Unit	_____ Unit(s) @	\$ _____ /Unit	\$ _____
_____ # of Bdrms @ _____ Sf/Unit	_____ Unit(s) @	\$ _____ /Unit	\$ _____
C. Rent - Low Income Units			
_____ # of Bdrms @ _____ Sf/Unit	_____ Unit(s) @	\$ _____ /Unit	\$ _____
_____ # of Bdrms @ _____ Sf/Unit	_____ Unit(s) @	\$ _____ /Unit	\$ _____
_____ # of Bdrms @ _____ Sf/Unit	_____ Unit(s) @	\$ _____ /Unit	\$ _____
_____ # of Bdrms @ _____ Sf/Unit	_____ Unit(s) @	\$ _____ /Unit	\$ _____
_____ # of Bdrms @ _____ Sf/Unit	_____ Unit(s) @	\$ _____ /Unit	\$ _____
D. Miscellaneous Apartment Income			\$ _____
Total Annual Revenue			\$ _____
II. <u>Annual Expenses</u>			
General Operating Expenses			\$ _____
Property Tax Expense			\$ _____
Reserves Deposits			\$ _____
Total Annual Expenses			\$ _____
III. <u>Net Annual Operating Income</u>	(Total Annual Revenue - Total Annual Expenses)		\$ _____

TABLE 3

SOURCES OF FUNDS
RENTAL DEVELOPMENT
AFFORDABLE HOUSING LONG
BEACH, CALIFORNIA

Construction Period Financing Sources

I. Construction Loan

Loan Amount

Loan Term

Loan to Cost Ratio

Interest Rate

Months

%

%

\$

II. Equity Contribution

\$

III. Other Sources (Identify)

\$

\$

\$

\$

IV. City of Long Beach

V. Total Construction Period Financing Sources

\$

Permanent Financing Sources

I. Permanent Loan

Loan Amount

Loan Term

Loan to Cost Ratio

Interest Rate

Years

%

%

\$

II. Equity Contribution

\$

III. Other Sources (Identify)

\$

\$

\$

\$

IV. City of Long Beach

V. Total Permanent Financing Sources

\$

ATTACHMENT 3
UTILITIES
ALLOWANCES



Allowances for Tenant-Furnished Utilities and Other Services

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing



Locality		Green Discount		Unit Type			Weather Code	Date (mm/dd/yyyy)
HACLB - Section 8		None		Large Apartment (5+ units)			90810	10/1/2022
Utility or Service		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Space Heating	Natural Gas	\$16	\$19	\$21	\$23	\$25	\$27	\$29
	Bottled Gas							
	Electric Resistance	\$20	\$26	\$32	\$37	\$42	\$47	\$52
	Electric Heat Pump	\$17	\$22	\$27	\$30	\$34	\$37	\$41
	Fuel Oil							
Cooking	Natural Gas	\$4	\$5	\$7	\$10	\$12	\$14	\$17
	Bottled Gas							
	Electric	\$11	\$13	\$19	\$30	\$40	\$47	\$57
	Other							
Other Electric		\$43	\$50	\$70	\$90	\$113	\$138	\$158
Air Conditioning		\$14	\$19	\$26	\$34	\$41	\$48	\$56
Water Heating	Natural Gas	\$9	\$11	\$15	\$21	\$26	\$32	\$37
	Bottled Gas							
	Electric	\$25	\$30	\$46	\$59	\$69	\$79	\$93
	Fuel Oil							
Water		\$32	\$37	\$47	\$58	\$69	\$84	\$101
Sewer		\$9	\$10	\$11	\$12	\$12	\$13	\$14
Electric Fee		(\$9)	(\$9)	(\$9)	(\$9)	(\$9)	(\$9)	(\$9)
Natural Gas Fee		\$5	\$5	\$5	\$5	\$5	\$5	\$5
Trash Collection		\$29	\$29	\$29	\$29	\$29	\$29	\$29
Range/Microwave		\$20	\$20	\$20	\$20	\$20	\$20	\$20
Refrigerator		\$25	\$25	\$25	\$25	\$25	\$25	\$25
Other - specify								

ATTACHMENT 4

LOCAL HOUSING PREFERENCE POLICY



THE LONG BEACH COMMUNITY INVESTMENT COMPANY

LOCAL HOUSING PREFERENCE POLICY AND PRIORITY SYSTEM GUIDELINES

Adopted March 17, 2010

To the extent permissible under applicable state and federal law, people who live and/or work in the City of Long Beach shall have priority over other persons to rent or purchase affordable housing units which are assisted or supported by the City of Long Beach or the LBHDC. The Local Preference and Priority System Guidelines presented herewith shall apply to all developers, owners and their agents, successors and assigns proposing affordable housing assisted or supported by the City/LBCIC in whole or part. The policy shall apply to newly assisted projects (projects for which a Management Plan, and Marketing Plan have not been approved by the LBCIC as required by an LBCIC Development Agreement or Loan Agreement). The policy applies to all housing programs except the LBCIC Second Mortgage Assistance Program (SMAP), which mandates that participants either live or work in Long Beach. The SMAP program has a goal of providing home ownership opportunities to Long Beach residents, and is funded with local housing funds.

1. PREFERENCES

The City of Long Beach and the LBCIC shall utilize the following priority order whenever ownership or rental housing units are made available to applicants who are income eligible households:

- a. First priority is given to eligible households that have been involuntarily displaced from the City of Long Beach or its agencies due to activities or actions of the City or other public agencies, including homeless individuals / families referred by the City's Multi Service Center for the Homeless;
- b. Second priority is given to eligible households that reside within the City of Long Beach;
- c. Third priority is given to eligible households that work, or are enrolled and are active participants in an educational or job training program within the City of Long Beach.

2. INVOLUNTARY DISPLACEMENT

- a. To qualify as an applicant who has been involuntarily displaced from the City of Long Beach, the applicant must have been involuntarily displaced at any time and not found permanent replacement housing. The applicant responsible for renting or purchasing the affordable housing unit must demonstrate that, at the time of application one of the following criteria has been met including the submission of the appropriate documentation to the developer/owner as cited below:

- i. Disaster or Government Action. Written verification or notice by the displacing unit or agency of government (i.e., code enforcement, discretionary approval or permit, or government acquisition or demolition, etc.) or by a service agency such as the Red Cross.
- ii. Homelessness. Written verification from the City's Multi Service Center for the Homeless certifying that the applicant lacks a fixed, regular, and adequate nighttime residence.

3. RESIDENCY

- a. Definition of residency. To qualify as an applicant who is a resident of the City of Long Beach, the applicant responsible for renting or purchasing the affordable housing unit must have their principal place of residence within the City of Long Beach as of the date of application.
- b. Evidence of residency. The developer/owner shall require the applicant to submit a driver's license, voter registration, utility bill, or other evidence as proof of residency in Long Beach.

4. EMPLOYMENT

- a. Definition of employment. To qualify as an applicant who is employed within the City of Long Beach, the applicant responsible for renting or purchasing the affordable housing unit must demonstrate that at least one of the signators of the tenant lease or purchase agreement for the applicant's household must be employed within the City of Long Beach, notified that they are hired to work in Long Beach, or are actively enrolled in an educational or job training program in Long Beach as of the date of application. A student will not qualify for this preference if they are living with their parents at the time of application or selection.
- b. Evidence of employment. The developer/owner shall require applicants to submit pay stubs, W-2 forms, tax returns, employer certification, job offer letter, adequate evidence from an educational or job training facility of active enrollment in an educational or job training program, or other evidence as proof of employment at a business location or educational / job training facility within the City of Long Beach.

5. MARKETING AND SELECTION PLAN

The developer/owner and/or its agent shall affirmatively market the affordable housing units to ensure that all applicants, regardless of eligibility for the preference, are aware of the housing opportunity.

- a. Marketing Plan. Prior to the developer/owner's publication of the availability of affordable units, developer/owner shall prepare a Marketing Plan and Selection Plan for approval by the President of the LBCIC or his designee (President) for both

attracting and selecting qualified applicants. Upon approval by the President, the developer/owner shall be responsible for implementing the marketing plan. The marketing plan shall include the initial sales prices or rents of each unit, and the preference and priority system. The plan shall initially target advertising and marketing efforts within a one-mile radius of the project site for a minimum 30-day period, and then within the City of Long Beach. City/LBCIC may assist the developer/owner in the marketing of the affordable units to qualified applicants under any program that City/LBCIC may offer and may provide names of prospective qualified applicants to developer/owner.

- b. Notification to City. Whenever an affordable unit becomes available, the developer shall immediately notify the President in writing.
- c. Publication requirement. Whenever an affordable housing unit becomes available during the first year after the receipt of a City certificate of occupancy, the developer/owner shall publish notices of the availability of the units in newspapers circulated widely in the City of Long Beach, including newspapers that reach minority communities, and the notices shall be published in English, Spanish, and Khmer. At least one notice shall be published in a Spanish language newspaper of general circulation. The notice should briefly explain what affordable housing is, state the applicable income requirements, indicate where applications are available, state when the application period opens and closes, and provide a telephone number for questions. Applications may require the name, address, and telephone number of the applicant; the number of persons to occupy the household; and any other information relevant to determine whether the applicant is eligible for local preferences and to occupy unit. The developer/owner shall submit proof of publication to the President.
- d. Selection Plan. Prior to the developer/owner's acceptance of the first application for an affordable housing unit and no later than six months before issuance of a certificate of occupancy, the developer/owner shall prepare a Selection Plan for approval by the President which shall set forth the process for selection of qualified applicants. The Selection Plan shall contain, but is not limited to, the following information:
 - i. Unit Description. A brief description of the affordable unit(s) including the unit-mix, location, structure, size and whether the unit(s) is for ownership or rental.
 - ii. Income Criteria. The eligible income range for rent or purchase of affordable units.
 - iii. Priority System. The preference and priority system to be utilized by the developer/owner shall be based primarily on an applicant's residence and employment location, with higher priority allocated to persons who live and/or work within the City of Long Beach.

- iv. Application Submission. Description of the application requirements. The conditions by which interested parties must submit a completed application to the developer/owner, including form of application, the stipulated date and time for application, number of applications to be submitted, disqualifications, etc.
- v. Selection Criteria. Explanation of the developer's selection criteria and process based on the review of information submitted on the applications. Identification of corrective actions if a review of an application results in a determination that the City preferences assigned to the applicant was inaccurate.

6. DETERMINATION OF ELIGIBILITY

- a. Verification of Preference. As part of the review process, applicants will be contacted directly to provide verification of their residence and employment history and evidence supporting any of the preferences identified. For persons who are retired at the time of application, the applicant's work history immediately prior to retirement can be considered.
- b. Verification of Income. The developer/owner of affordable housing units, which are offered for rent, sale, or lease, shall require the applicant to provide proof that he/she meets the occupancy and income criteria set forth by the applicable City or LBHDC program(s).

7. PRIORITY RANKING; SELECTION OF QUALIFIED APPLICANT

- a. Priority System. The priority order for categories are as follows:
 - i. Applicant where at least one of the signators of the tenant lease or purchase agreement had been involuntarily displaced from the City of Long Beach and had not found permanent replacement housing at the time of application, but had previously lived within the City of Long Beach, including homeless individuals / families referred by the City's Multi Service Center for the Homeless.
 - ii. Applicant where at least one of the signators of the tenant lease or purchase agreement is a Long Beach resident at the time of application.
 - iii. Applicant where at least one of the signators of the tenant lease or purchase agreement is employed within the City of Long Beach at the time of application.
 - iv. All other applicants.
- b. Priority List. Applicants for affordable housing units shall be maintained on a priority list. Applicants shall be listed in order of total preferences. Applicants equal in preferences shall be prioritized by date and time of receipt of their applications. All

applicants must meet income eligibility requirements as established for the applicable affordable housing units.

The priority list shall be utilized to select applicant for the sale or rent of available affordable housing units for one year after receipt of a City certificate of occupancy for the designated unit. For rental affordable units, developer/owner shall annually update the priority list in accord with the priority order.

- c. **Applicant Selection.** The developer/owner of affordable housing units is required to fill vacant units by selecting Income-Eligible applicants themselves as long as the developer/owner complies with the local preferences and priority ranking system and publication requirements set forth herein. The following selection processes are permissible:
 - Selection from the Priority List in rank order, or
 - Lottery of equally eligible candidates on a priority list when there are more equally eligible candidates than available units.
- d. **Unit Sale or Rental.** The actual sale or rental of a unit will be based on the ability of the qualified applicant(s) to meet applicable eligibility guidelines and/or obtain financing within a time frame established by the developer/owner.

8. COMPLIANCE MONITORING

- a. **Compliance Report.** The developer/owner shall provide a written compliance report to the President upon selection of the qualified applicants. The report shall include, but is not limited to, the following information:
 - i. Summary of Selection Process including the Marketing and Selection Plan; and
 - ii. Name, Address, Telephone and Preference Category and ranking of Selected Applicants.
- b. **Certification of Compliance.** The developer/owner of affordable units shall certify the local preferences awarded to applicants were consistent with these guidelines. A certification form approved by the City/LBCIC shall be completed and submitted with the Compliance Report.
- c. **Record Retention.** The developer/owner shall retain records of the evidence and documents utilized to select applicant(s) for the sale or rent of available affordable and/or workforce housing units in accordance with these guidelines for two years after the date of occupancy by the first applicant.

- d. Compliance Monitoring. City/LBCIC shall monitor the developer/owner's compliance with these guidelines, which may include an on-site monitoring visit to review the developer/owner's records, interviews with selected applicant(s), and/or other methods deemed appropriate.

9. PENALTIES FOR NON-COMPLIANCE

- a. Notice of Non-compliance. Except as otherwise provided herein, if it is determined that a violation of these guidelines has occurred, the President shall issue a notice of non-compliance and require the developer, owner or tenant (as applicable) to cure the violation within 30 days, unless a different period is provided at the President's discretion.
- b. Monetary Penalty. Any party who sells or rents an affordable housing unit in violation of these guidelines shall be required to forfeit all monetary amounts so obtained. Recovered funds shall be deposited into the LBCIC's Housing Trust Fund.
- c. Litigation. The City/LBCIC may institute any appropriate legal actions or proceedings necessary to ensure compliance with these guidelines, including but not limited to: (1) actions to revoke, deny, suspend or refuse to issue any permit, including a building permit, certificate of occupancy, or discretionary approval; and (2) actions for injunctive relief or damages.
- d. Legal Costs. In any action to enforce these guidelines, the City/LBCIC shall be entitled to recover its reasonable attorney's fees and costs.

DISPARATE IMPACT

As a matter of legal due diligence, City/LBCIC staff conducted a preliminary demographic analysis (including race/ethnicity, gender, and disability, etc.) of waiting lists for recently completed affordable housing projects in Long Beach to see if the racial, ethnic, gender, etc. breakdown of Long Beach residents on the lists are significantly different from the breakdown of non-residents. The results of that analysis showed no disparate impacts to any protected class if a residency preference is applied. First, an average of 67% of households on the waiting lists and about 62% of households selected for units are already Long Beach residents. Thus the impact of instituting a residency preference would be relatively limited, since the majority of households selected for new units are already Long Beach residents. Second, the composition of Long Beach residents on the lists compared to the non-residents is actually more diverse. Third, when the demographic composition of Long Beach residents is compared to Los Angeles County residents, Long Beach is more diverse. Therefore, based on data from recent projects and the US Census, there is no evidence that imposing a Long Beach resident and worker local housing preference policy would have a significant disparate impact on any class protected by the US Constitution or federal fair housing laws.

Staff also compared the demographics presented in the 2009 homeless count completed by the Long Beach Health Department to the demographics contained in the US Census information for Long Beach and the County of Los Angeles. Staff found that the homeless Hispanic and Asian populations in Long Beach were less than the general population of both the City and the County. In addition, staff found that the percentage of homeless men is greater than the percent of men in the City and County. However, staff feels that the homeless population is one with the greatest need for housing assistance, and the likelihood of causing a discriminatory impact on groups protected by fair housing laws for providing a preference for homeless persons is not significant.



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