

August 12, 2013

Honorable Mayor and City Council
City of Long Beach
333 W. Ocean Boulevard, 14th floor
Long Beach, CA 90802

Chair and Members of the Planning Commission
City of Long Beach
c/o Development Services Department
333 W. Ocean Boulevard, 5th floor
Long Beach, CA 90802

Patrick H. West, City Manager
City of Long Beach
333 W. Ocean Boulevard, 13th floor
Long Beach, CA 90802

RE: Use of Redirected Property Tax Revenue

Dear Messieurs and Mesdames:

On July 24, 2013, the Board of Directors for the Long Beach Housing Development Company (LBHDC) held a special meeting to discuss the use of redirected property tax revenue (formerly tax increment) received by the City of Long Beach as a result of the dissolution of the Redevelopment Agency. As you know, the mission of the LBHDC is to support the cause of affordable housing, whether that takes the form of rehabilitation of existing units, construction of new units or mortgage assistance to first-time homebuyers. Since 2003 the LBHDC has invested \$80 million of Low-Mod Housing tax increment funds in direct loans to developers and property owners for the construction and preservation of affordable housing. We are proud of the accomplishments the LBHDC and its staff have made in improving the quality of life for residents through its projects.

The LBHDC has been the recipient of at least 20 percent of the tax increment revenue received through redevelopment activities and has had its budget decimated as a result of the dissolution of the Redevelopment Agency. However, the need for affordable housing remains. Access to quality affordable housing is one of the major solutions to end chronic homelessness and is a critical part of the infrastructure associated with the continuum of care. In addition, stable, mixed-income neighborhoods that contain a range of housing options for all income levels is the best deterrent to crime and contributes to safe neighborhoods.

As you know, the City of Long Beach is in the process of updating its Housing Element for the 2014-2021 timeframe. As part of that process, the City has been assigned a Regional Housing Needs Assessment (RHNA), which provides for the proportional share of housing units needed to support projected population growth. For the 2014-2021 time frame, the RHNA allocation directs the City to identify available sites to accommodate 1773 very-low, 1066 low-, 1170 moderate-income and 3039 above-moderate-income units.

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Without a dedicated, local funding source, the City of Long Beach will not be able to participate in the construction of affordable units to meet this projected population growth, thereby contributing to the widening of the affordability gap. Since the Redevelopment Agency's dissolution in February 2012, the City of Long Beach has received approximately \$31.5 million in residual tax receipts that would have otherwise been available to the Redevelopment Agency. Of this amount, 20 percent, or approximately \$6.3 million, would have been utilized for affordable housing if the Redevelopment Agency were still in existence.

As such, the LBHDC, by unanimous vote, respectfully requests that the City of Long Beach, through its Planning Commission and the City Council, commit at least 20 percent of all property tax receipts, on an ongoing basis, towards the development of affordable housing. This commitment would be demonstrated by including a policy requirement in the 2014-2021 Housing Element. The LBHDC Board of Directors further requests that the Mayor and the City Council dedicate at least 20 percent of the residual property tax receipts the City has received since February 2012 towards affordable housing as part of its Fiscal Year 2014 budget deliberations. The decisions made by the Mayor and City Council in the Fiscal Year 2014 budget cycle will be instrumental in demonstrating the City's overall commitment to the production and preservation of affordable housing to future generations.

Sincerely,

THE LONG BEACH HOUSING DEVELOPMENT COMPANY,
a California nonprofit public benefit corporation

BY: "PATRICK BROWN"
Patrick Brown, Chair *by/for*

BY: *Stacy W. McDaniel*
Stacy W. McDaniel, Vice Chair

List of Cities and Counties Dedicating Boomerang Funds for Affordable Housing (7-9-13)

Many cities and counties in California have already dedicated Boomerang Funds for affordable housing, including the following:

1. Santa Clara County

As part of its budget adoption process, Santa Clara County's Board of Supervisors voted unanimously to dedicate 20% of Boomerang Funds, on an on-going basis, for affordable housing. This is in addition to other one time funds (\$706,000) that the Board just dedicated to affordable housing.

2. San Mateo County

San Mateo County's Board of Supervisors voted unanimously to dedicate 100% of its Boomerang Funds (\$13.4 million) for affordable housing.

3. City of Los Angeles

The City of L.A. voted to dedicate 20% of its Boomerang Funds (\$9.4 million) for affordable housing.

4. County of Los Angeles

LA County's Board of Supervisors voted unanimously to dedicate 20% of its Boomerang Funds (\$15 million) for affordable housing. The County is also considering dedicating its remaining \$60 million in Boomerang Funds for affordable housing.

5. Fremont, Foster City and San Francisco

These jurisdictions have dedicated part of their Boomerang Funds for affordable housing. (We do not have specific details yet re: the amounts dedicated.)

6. Lynwood, Culver City and Beverly Hills

We have informally heard that these cities have dedicated part of their Boomerang Funds for affordable housing, but we do not have details.