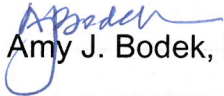


M E M O R A N D U M

DATE: April 20, 2016

TO: Board of Directors
The Long Beach Community Investment Company

FROM: 
Amy J. Bodek, President

SUBJECT: Approval of a Loan Increase of up to \$11,056 to Home Ownership for Personal Empowerment for the project located at 4410 N. Banner Drive (CD 7)

RECOMMENDATION:

1. Approve a loan increase of up to \$11,056 in HOME CHDO funds to Home Ownership for Personal Empowerment for the acquisition and rehabilitation of the property located at 4410 N. Banner Drive;
2. Authorize the President to execute any and all documents necessary to implement the loan increase.

DISCUSSION

On January 20, 2016, the Long Beach Community Investment Company (LBCIC) approved a loan in the amount of \$547,000 in HOME CHDO funds to Home Ownership for Personal Empowerment (HOPE) for the acquisition and rehabilitation of eight 1-bedroom units. Seven units will be made affordable to special needs individuals, and one unit will serve as the office for the on-site supportive services. A copy of the January 20, 2016 staff report is attached for reference (Attachment A).

The LBCIC loan requires a Construction Payment and Performance Bond (Bond) in an amount equal to the construction costs. The cost of the Bond, which is estimated at \$8,556, was not included in the original budget.

In addition, a title report for the property indicates that a Condominium Plan was recorded in 1981 but was never completed. In order to clear title, HOPE needs to obtain a Certificate of Compliance from the Planning Bureau to dissolve the condominium plan. The planning fees associated with this process, which are estimated at \$2,500, were not included in the original budget.

Staff recommends increasing the LBCIC loan by \$11,056 to cover the cost of the Bond and planning fees. If approved, the total loan amount will increase to \$558,056.

HOPE provides essential housing opportunities for an extremely vulnerable population. In addition, partnerships with CHDOs support the implementation of Housing Element Program 4.1 (Affordable Housing Development Assistance). For those reasons, staff supports the approval of a loan increase to \$558,056.

SUGGESTED ACTION:

Approve Recommendation.

Attachment:

A. Staff report dated January 20, 2016


AJB:PU:sm

R:\LBCIC\Staff Reports\2016\April\4410 Banner Drive.doc

M E M O R A N D U M

DATE: January 20, 2016

TO: Board of Directors
The Long Beach Community Investment Company

FROM: 
Amy J. Bodek, President

SUBJECT: Loan Agreement between The Long Beach Community Investment Company and Home Ownership for Personal Empowerment for the Acquisition and Rehabilitation of Housing for Special Needs Individuals (CD 7)

RECOMMENDATION:

1. Approve a loan in the amount of \$547,000 in HOME CHDO funds to Home Ownership for Personal Empowerment for the acquisition and rehabilitation of the property located at 4410 N. Banner Drive;
2. Authorize the President to negotiate an Affordable Housing Loan Agreement with Home Ownership for Personal Empowerment; and,
3. Authorize the President to execute any and all documents necessary to implement the Loan Agreement and the project.

DISCUSSION

On October 21, 2015, the Long Beach Community Investment Company (LBCIC) approved the selection of Home Ownership for Personal Empowerment (HOPE) for an award of Community Housing Development Organization (CHDO) funds in the amount of \$1,047,000, and authorized the President to enter into an Agreement to Negotiate Exclusively (ENA) with HOPE for the acquisition and rehabilitation of housing for special needs individuals.

On November 18, 2015, the LBCIC approved a loan in the amount of \$500,000 in HOME CHDO funds to HOPE for the acquisition and rehabilitation of five units located at 817 Daisy Avenue.

HOPE has submitted an additional proposal for the acquisition and rehabilitation of eight units located at 4410 N. Banner Drive (Property). The Property includes eight 1-Bedroom units. Seven units will be made affordable to special needs individuals, and one unit will serve as the office for the on-site supportive services (Attachment A – Site Map / Photographs).

The HOME Program requires that in projects with five or more HOME-assisted units, at least 20% of the units must be rented at or below the Low HOME rent to households earning 50% AMI. Since the project contains seven HOME-assisted units, this rule applies. Therefore, two units must be restricted at the Low HOME rent (very low income), and the remaining five will be restricted at the High HOME rent (low-income). The following chart provides a summary of the proposed rents:

No. of Units	Bedrooms	Requirements	Proposed Rents
2	1	Low HOME	\$791
5	1	High HOME	\$1,034
Total Units: 7		Total Bedrooms: 7	

Tenant incomes are expected to be in the extremely low-income category of 30%AMI, with SSI often being their only source of income. The tenant's share of rent will be based on 30% of their income. Rent subsidies and on-site supportive services to assist residents with daily living skills will be provided by California Mentor. California Mentor is a contracted provider of the Harbor Regional Center, a non-profit service organization operating under contract with the California Department of Developmental Services. The Regional Center also provides intensive services and case management to the residents. Total ongoing expenses for the project, as well as reserve set asides, will be captured through a lease agreement between HOPE and California Mentor, ensuring positive cash flow as well as long term operational and capital reserves. The Regional Center will also ensure that there is a long-term service provider in place to maintain the program.

The Development costs are estimated at \$1,914,919. This amount includes property acquisition costs of \$1,650,375, and estimated hard and soft costs of \$264,544. All units will be rehabilitated to include new flooring, A/C units, interior/exterior paint, appliances, and updated bathrooms and kitchens. Funding for the project includes HOME CHDO funds; a mortgage with a local lender with which HOPE has a well-established relationship; and funding from California Mentor for specialty renovations including accessibility features, a small staff office, and safety features as required or needed. The following chart details the breakdown of the funding sources and uses:

Sources	
HOME CHDO Funds	\$547,000
HOPE Mortgage	\$1,059,500
Other Acquisition: HOPE Contribution	\$43,875
Deferred Developer Fee	\$16,504
Foundation Contribution	\$100,000
HOPE Contribution	\$148,040
Total Sources	\$1,914,919
Uses	
Property Acquisition	\$1,630,000
Closing Costs and Fees	\$20,375
Developer Fee	\$31,504
Predevelopment	\$48,040
Renovation	\$150,000
Relocation	\$35,000
Total Uses	\$1,914,919

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 a HOME loan in the amount of \$547,000.

SUGGESTED ACTION:

Approve Recommendation.

Attachment:

A. Site Map and Photographs

AJB:PU:sm

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Attachment A

4410 N. Banner Drive

