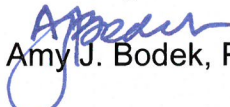


## M E M O R A N D U M

**DATE:** January 18, 2017

**TO:** Board of Directors  
The Long Beach Community Investment Company

**FROM:**  Amy J. Bodek, President

**SUBJECT:** Authorization to Enter into a Disposition and Development Agreement and Loan Agreement with Habitat for Humanity for the Development of 1950-1960 Henderson Avenue. (CD 6)

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### RECOMMENDATION:

1. Authorize the President or designee to negotiate and enter into a Disposition and Development Agreement for the conveyance of the properties at 1950-1960 Henderson Avenue to Habitat for Humanity Greater Los Angeles;
2. Approve a loan in the amount of \$382,000 to Habitat for Humanity Greater Los Angeles to provide gap financing for the development of the properties at 1950-1960 Henderson Avenue; and
3. Authorize the President or designee to execute any and all documents necessary to implement the Disposition and Development and Loan Agreements.

### DISCUSSION

On October 19, 2016, the Board authorized an extension to the Agreement to Negotiate Exclusively (ENA) with Habitat for Humanity of Greater Los Angeles (Habitat LA) for the development of 1950-1960 Henderson Avenue, which is currently owned by the LBCIC. A site map (Attachment A) and a copy of the staff report (Attachment B) are attached for your reference. The purpose of the ENA was to give the LBCIC and Habitat LA time to work exclusively to determine whether the project is physically and financially feasible. The development and finance plans have now been finalized.

Habitat LA is proposing to construct four single family homes on the two vacant lots, with private yards and common greenspace throughout. A site plan and rendering are attached (Attachment C). The four new homes will aesthetically enhance the neighborhood while also adding four new stakeholders to the community. Each home will be 1,304 square feet with 3 bedrooms and 2 bathrooms. All four homes will be two-story craftsman-style houses, with two-car detached garages. The homes will be

constructed using sustainable materials and environmentally friendly building and landscaping practices, as well as LEED energy efficient standards.

All of the homes will be sold to low-income first-time homebuyers earning less than 80% of Area Median Income. The common areas would be owned by the homeowner's association (HOA) and the HOA would be managed by Habitat LA.

The project development costs are estimated at \$1,514,027, including a land cost of \$382,000. Habitat anticipates providing a construction loan in the amount of \$472,027 and receiving \$660,000 in outside assistance, including corporate sponsorships and in-kind donations. The gap between the estimated development costs and the available funding totals \$382,000, the land acquisition cost. The proforma is attached for your information (Attachment D).

Habitat LA is requesting that the LBCIC provide a zero-interest acquisition and development loan in the amount of \$382,000 during construction. Habitat LA is also requesting that the LBCIC accept a partial loan repayment in the amount of \$140,000 upon sale of the homes, and that the additional \$242,000 be converted into silent second mortgage loans that will be assumed by each new homeowner. The LBCIC second mortgage loans will be structured as a zero-interest loan with a 45-year term.

Based on an analysis of the proforma, staff recommends approval of a loan in the amount of \$382,000. In addition, the development of the project supports the implementation of the City's Certified Housing Element Program 4.1 (Affordable Housing Development Assistance) and Program 5.1 (First-Time Homebuyer Assistance), and is therefore supported by staff.

**SUGGESTED ACTION:**

Approve Recommendation.

AJB:PU:MS

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**Attachments:**

- A. Site Map
- B. October 19, 2016 Staff Report
- C. Site Plan and Rendering
- D. Proforma