


M E M O R A N D U M

DATE: May 25, 2017

TO: Board of Directors
The Long Beach Community Investment Company

FROM: 
Amy J. Bodek, President

SUBJECT: Approval of a Loan to AMCAL Multi-Housing, Inc. for the Acquisition of the Property at 1795 Long Beach Boulevard (CD 1)

RECOMMENDATION:

1. Approve a loan in the amount of \$4,000,000 to AMCAL Multi-Housing, Inc. for the acquisition of the property located at 1795 Long Beach Boulevard;
2. Authorize the President to negotiate an Affordable Housing Loan Agreement with AMCAL Multi-Housing, Inc.; and,
3. Authorize the President to execute any and all documents necessary to implement the Loan Agreement and the project.

DISCUSSION

On August 17, 2016, The Board authorized an Agreement to Negotiate Exclusively (ENA) with AMCAL Multi-Housing, Inc. (AMCAL) for the purchase and development of the key transit-oriented development site at 1795 Long Beach Boulevard. A site map (Attachment A) and a copy of the staff report (Attachment B) are attached for reference. Since execution of the ENA, AMCAL has further developed its conceptual and financial plan for the site, has entered into a Purchase and Sale Agreement for acquisition of the property, and has submitted an application to the City's Planning Bureau for project approval/entitlement.

AMCAL has 35 years of residential development and construction experience in California across the complete spectrum of affordability, including custom homes, workforce condominiums and affordable apartments. The organization is experienced with the development of urban infill developments that are built in conjunction with transit stations and urban centers, including mixed-use. AMCAL is in the planning and construction phases of 520 market-rate and affordable units, and has completed 4,500 housing units, including the Urban Village located at 1081 Long Beach Boulevard in Long Beach. All AMCAL developments are designed to LEED silver standards, and many include solar panels as "green" elements. Additionally, social services are provided at affordable developments to enrich the lives of residents, improve career options, and empower homeownership.

AMCAL is currently proposing to purchase the property at 1795 Long Beach Boulevard and construct a 101-unit affordable apartment project with approximately 4,000 square feet of ground floor retail space (Project). A Project rendering is attached (Attachment C). The Project will include 50 one-bedroom units, 25 two-bedroom units and 26 three-bedroom units. The units will be 100% affordable, targeted to families earning between 30% and 60% of Area Median Income, with 18 units reserved for residents with special needs who lack stable housing. The Project is also proposed to include an on-site resident manager, laundry facilities, a community room with a kitchen, an outdoor courtyard and tot lot, bicycle storage, and a barbeque area. Moreover, the ground floor retail will activate the pedestrian environment and offer new services to local residents and visitors.

AMCAL submitted a request for LBCIC financial assistance to acquire the Project site. Staff requested Keyser Marston Associates (KMA) to review the request. KMA's analysis (Attachment D) indicates that the total project development cost is estimated at \$41,978,000, potential available funding sources at \$38,080,000 and a financial gap at approximately \$4,000,000, or \$39,604 per unit. The appraisal prepared by R.P. Laurain & Associates, Inc. on June 1, 2016 substantiates the proposed purchase price for the property.

The Project has been awarded 40 Project Based Section 8 Vouchers, which will help finance the Project and also help the Housing Authority increase its lease-up rate. In addition to 4% Federal Low Income Housing Tax Credits (4% Tax Credits), AMCAL intends to apply for Affordable Housing and Sustainable Communities (AHSC) funds managed by the California Department of Housing and Community Development (HCD). The award process for AHSC funds is highly competitive and it is necessary for AMCAL to show a committed source of local Project funding, as well as site control and entitlement.

Staff recommends approval of a loan in the amount of \$4,000,000 to help purchase the Project site. If approved, the loan will be structured as an acquisition loan with a 3% simple interest rate that will be converted to a permanent residual receipts loan upon completion of construction. The permanent loan will have a 55-year term.

The proposed project will enhance a critical intersection along Long Beach Boulevard. In addition, the proposed project supports the implementation of Housing Element Program 4.1 (Affordable Housing Development Assistance), and is therefore supported by staff.

SUGGESTED ACTION:

Approve Recommendation.

Attachments:

- A. Site Map
- B. August 17, 2016 Staff Report
- C. Project 43 Rendering
- D. KMA Analysis