The Long Beach
COMMUNITY
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MEMORANDUM

DATE: February 21, 2018

TO: Board of Directors
The Long Beach Community Investment Company

FROM: Patrick Ure, President

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

RECOMMENDATION:

1. Approve a predevelopment loan in the amount of $250,000 to AMCAL Multi-Housing, Inc. for the property located at 1795 Long Beach Boulevard;

2. Authorize the President to negotiate a Predevelopment Loan Agreement with AMCAL Multi-Housing, Inc.; and,

3. Authorize the President to execute any and all documents necessary to implement the Loan Agreement.

DISCUSSION

On May 25, 2017, The Board approved an acquisition loan in the amount of $4,000,000 to AMCAL Multi-Housing, Inc. (AMCAL) for the purchase and subsequent development of the property at 1795 Long Beach Boulevard. A site map (Attachment A) and a copy of the staff report (Attachment B) are attached for reference. The negotiated purchase price for the property was $4,000,000 at the time of Board approval. AMCAL was later able to reduce its negotiated purchase price to $3,750,000 as a result of the environmental assessments conducted on the property, which indicated that extensive environmental remediation is necessary. Hence, the LBCIC negotiated the loan agreement and disbursed funds in the amount of $3,750,000.

AMCAL has since acquired the site, obtained project approval from the Planning Commission, submitted a funding application for Affordable Housing and Sustainable Communities (AHSC) funds, and is preparing to submit an application for Low Income Housing Tax Credits in summer 2018.

The development site, which is directly across from the PCH Blue Line stop, currently contains a blighted commercial building. This vacant structure requires constant graffiti and debris removal, police assisted removal of homeless encampments, and replacement of security fencing/boarding. Demolition of the existing structure would typically occur after the close of escrow for construction financing, but because the building is a nuisance

and the continuous security and maintenance issues are adding to the project cost, AMCAL has requested that the LBCIC disburse the additional $250,000 in previously approved funds as a predevelopment loan. The funds will be used as follows:

Budget for Site Remediation	
Demolition	$125,000
Construction Fencing and Screening (Per City requirements)	$ 21,400
Environmental Remediation	$103,600

Staff recommends approval of a predevelopment loan in the amount of $250,000 so that demolition can begin immediately and the site can be prepared for development. If approved, the loan will be structured as a predevelopment loan with a 3% simple interest rate that will be due in full upon the close of construction financing.

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. May 25, 2017 Staff Report

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