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M E M O R A N D U M

DATE: February 21, 2018

TO: Board of Directors
The Long Beach Community Investment Company

FROM: Patrick Ure, President 

SUBJECT: Approval of Additional Loan Funds to Clifford Beers Housing, Inc.
for the Development of 1836-1852 Locust Avenue (CD 6)

RECOMMENDATION:

1. Approve additional funding in the amount of \$200,000 to provide a total loan of \$3,025,000 to Clifford Beers Housing, Inc. to provide gap financing for the development of the properties at 1836-1852 Locust Avenue; and
2. Authorize the President or designee to execute any and all documents necessary to implement the amended Disposition and Development and Loan Agreements.

DISCUSSION

On September 20, 2017, the Board authorized a Disposition and Development Agreement and approved a loan in the amount of \$2,825,000 to Clifford Beers Housing, Inc. (CBH) to provide gap financing for the development of a 48-unit affordable apartment project located at 1836-1852 Locust Avenue (Project). A site map (Attachment A) and a copy of the staff report (Attachment B) are attached for your reference. Since Board approval, the Project entitlement and related General Plan Amendment have been approved by both the Planning Commission and City Council, and the Project has received a funding recommendation in the amount of \$3,360,000 from the Community Development Commission of the County of Los Angeles, with an official award letter expected on February 22, 2018.

CBH is currently preparing an application for 9% Federal Low Income Housing Tax Credits (Tax Credits) which is due by February 28, 2018. As required for the Tax Credit application, CBH ordered an updated appraisal for the Project site. The current appraised value for the site has increased by \$200,000 to \$1,680,000 since the Keyser Marston Associates' (KMA) financial analysis for the project was completed in August 2017.

Staff conferred with KMA to confirm that an updated financial analysis is not necessary at this time. The \$200,000 increase in value of the Project site simply increases the Project's estimated development cost, financial gap, and supportable LBCIC loan by \$200,000, for a total loan amount of \$3,025,000, including \$1,680,000 for acquisition of the Project site.

Staff recommends approval of a loan in the amount of \$3,025,000, contingent upon award of the proposed funding and staff approval of an independent project cost estimate and three general contractor bids as originally agreed. In addition, the development of the project supports the implementation of Housing Element Program 4.1 (Affordable Housing Development Assistance), and is therefore supported by staff. If approved, the loan will still be structured as a residual receipts note with a 3% interest rate and a 55-year term.

SUGGESTED ACTION:

Approve Recommendation.

PU:LF:MS

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Attachments:

- A. Site Map
- B. March 15, 2017 Staff Report
- C. Updated Project Rendering