

M E M O R A N D U M

DATE: February 20, 2019

TO: Board of Directors
The Long Beach Community Investment Company

FROM: Linda F. Tatum, President

SUBJECT: **Award of HOME Funds and Authorization to Execute an Agreement to Negotiate Exclusively with MRK Partners Inc. for the Acquisition and Rehabilitation of 3799 East Willow Street.**

RECOMMENDATION:

1. Approve the selection of MRK Partners Inc (MRK) for an award of HOME funds in the amount of \$750,000; and,
2. Authorize the President or designee to enter into an Agreement to Negotiate Exclusively with MRK for the acquisition and rehabilitation of 3799 East Willow Street.

DISCUSSION

The HOME Investment Partnership Program (HOME) was created by the National Affordable Housing Act of 1990. It is the largest federal block grant to state and local governments designed to expand the supply of decent, safe, affordable housing for low-income households. Under the HOME program, the U.S. Department of Housing and Urban Development (HUD) provides formula grants to eligible state and local governments annually to fund a wide range of activities, including building, buying, and/or rehabilitating housing for rent or sale to qualified lower-income households.

On December 24, 2018, staff published a Notice of Funding Availability (NOFA) announcing the availability of approximately \$1.1 Million in HOME funds available to qualified housing development companies (Attachment A) for the acquisition and rehabilitation of existing apartment projects in the City of Long Beach. Two proposals were received by the January 25, 2019 deadline.

Although the NOFA was for \$1.1 million, and staff recommended an award of \$1.1 million to Century Affordable Development, Inc. there are sufficient HOME funds in the budget to support the approval of a second proposal.

The proposal submitted by MRK is designed to preserve and rehabilitate Federation Tower, a 50-unit, 4 story multifamily building located at 3799 East Willow Street (Site) (Attachment B) that currently houses elderly and disabled residents who only pay 30% of their income for rent. This Site is 100% subsidized by a Project Based Section 8 HAP contract that is in danger of expiring in June 2019. The Site consists of 12 studio units, and 38 one-bedroom units.

Due to the strength of their proposal, staff recommends that the LBCIC enter into a six-month Exclusive Negotiating Agreement (ENA) with MRK for the development of the Site. An ENA will give the LBCIC and developer time to work exclusively to determine whether the project is physically and financially feasible. If approved, the ENA will allow the President to extend the term for two additional 90-day periods, if necessary.

The proposed project will preserve critical at-risk affordable housing in Long Beach. In addition, the proposed project supports the implementation of Housing Element Program 4.1 (Affordable Housing Development Assistance), and for those reasons, staff supports the approval of an award of HOME funds in the amount of \$750,000 and to enter into an ENA with MRK.

SUGGESTED ACTION:

Approve Recommendation.

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Attachment:

- A. NOFA
- B. Site Map