


M E M O R A N D U M

DATE: August 21, 2019

TO: Board of Directors
The Long Beach Community Investment Company

FROM: Linda F. Tatum, President 

SUBJECT: Approval of a HOME Loan to Century Affordable Development Inc.
for the Acquisition, Rehabilitation, and Preservation of 1117 Elm
Avenue and 421 West 33rd Street (CD 1 & CD 7)

RECOMMENDATION:

1. Approve a HOME loan in the amount of \$1.1 million to Century Affordable Development Inc. for the acquisition, rehabilitation, and preservation of 1117 Elm Avenue and 421 West 33rd Street;
2. Authorize the President to negotiate an Affordable Housing Loan Agreement with Century Affordable Development Inc.; and,
3. Authorize the President or designee to execute any and all documents necessary to implement the Loan Agreement and the project.

DISCUSSION

On February 20, 2019, the Board authorized an Agreement to Negotiate Exclusively (ENA) with Century Affordable Development Inc. (Century) for the purchase, rehabilitation, and preservation of 49 affordable housing units located in two buildings at 1117 Elm Avenue (Beachwood Terrace) and 421 West 33rd Street (Cambridge Place) (Project). A site map (Attachment A) and a copy of the staff report (Attachment B) are attached for reference. Since the execution of the ENA, Century has further developed its financial plan for the Project and is preparing applications to apply for the proposed funding.

Founded in 1995, Century develops and manages affordable and mixed-income apartment communities throughout California. Century has a strong sense of social advocacy, and an interest in innovation to sustain strong relationships with both private and public partners. Since their inception, Century has developed more than 33,000 residential units with investments of over \$1.5 billion. Century owns and operates several successful projects in Long Beach including Family Commons at Cabrillo, Anchor Place and Beachwood Apartments, and is currently constructing The Beacon Apartments.

The proposal submitted by Century is designed to rehabilitate and preserve the affordability of 49 housing units that serve households earning between 50% and 60% of Area Median Income. The existing Low Income Housing Tax Credit Regulatory Agreements will expire by 2025. Under the current ownership, the Project will convert to unrestricted, market rate apartments. Century plans to purchase the Project and extend the affordability for an additional 55 years, while continuing to serve the current residents and maintain the existing rent levels. The two properties, located approximately 3 miles apart, will be consolidated into a single legal ownership entity and collectively referred to as Woodbridge Apartments (Woodbridge). A site plan and rendering are attached (Attachment C). The two buildings contain 2 one-bedroom units, 31 two-bedroom units and 16 three-bedroom units. The Project will include an onsite manager in each building and will provide community amenities such as barbecue and picnic areas, courtyards, on-site laundry facilities, gated access, and elevators. There are subterranean parking garages on both properties with a total of 106 parking spaces. Century will upgrade major building systems to meet the latest sustainability standards, including mechanical and HVAC equipment and gas boilers. All windows will be replaced with a dual pane low-e type system. The exteriors of both buildings will be repainted, and the community room will be completely renovated. Twelve units will be upgraded during the first year of ownership and the remaining units will be upgraded on an as-needed basis.

Century submitted a request for LBCIC financial assistance in the amount of \$1.1 Million to cover the proposed financial gap. Staff requested Keyser Marston Associates (KMA) to review the request and prepare a HOME Underwriting & Subsidy Layering Review, which is attached for your reference (Attachment D). KMA's analysis indicates that the total project development cost is estimated at \$14,055,000, potential available funding sources at \$12,960,000 and determined a financial gap at approximately \$1,100,000. The LBCIC has HOME funds available for the proposed project.

Century intends to apply for 4% Federal Low Income Housing Tax Credits (4% Tax Credits) and 15 Project-Based Vouchers from the Long Beach Housing Authority by October 2019.

Based on KMA's analysis, staff recommends approval of a \$1.1 million HOME loan. The proposed project will preserve critical at-risk affordable housing in Long Beach. In addition, the Project supports the implementation of the City's Certified Housing Element Program 1.1 (Preservation of At-Risk Units) and is therefore supported by staff. Though HOME program regulations require that 5 units must be restricted to very low and low-income households for a minimum of 15 years, staff recommends an additional restriction on all 49 units for the entire term of the loan. If approved, the loan will be structured as a residual receipt note with a 3% interest rate and a 55-year term.

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SUGGESTED ACTION:

Approve Recommendation.

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Attachments:

- A. Site Map
- B. February 20, 2019 Staff Report
- C. Site Plan & Rendering
- D. KMA Analysis