



Legislation Details (With Text)

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**File created:** 8/1/2007      **In control:** City Council

**On agenda:** 8/7/2007      **Final action:** 8/7/2007

**Title:** Recommendation to authorize City Manager to execute a Declaration of Covenants, Conditions and Restrictions Relating to the Homeless Housing Programs for the Phase III Tax Credit Parcel; and Third Amendment to Covenants, Conditions and Restrictions Relating to the Homeless Housing Program for Century Villages at Cabrillo, located at the former Cabrillo Navy Housing Property. (District 7)

**Sponsors:** Community Development

**Indexes:** Contracts

**Code sections:**

**Attachments:** 1. 080707-C-10sr.pdf

Date	Ver.	Action By	Action	Result
8/7/2007	1	City Council	approve recommendation	Pass

Recommendation to authorize City Manager to execute a Declaration of Covenants, Conditions and Restrictions Relating to the Homeless Housing Programs for the Phase III Tax Credit Parcel; and Third Amendment to Covenants, Conditions and Restrictions Relating to the Homeless Housing Program for Century Villages at Cabrillo, located at the former Cabrillo Navy Housing Property. (District 7)

In connection with the closure of the former Long Beach Naval Station in September 1997, the U.S. Department of the Navy (Navy) transferred fee title to the City for approximately 26 acres of property, formerly used by the Navy for housing (26-Acre Site). In accordance with the "Base Closure Community Redevelopment and Homeless Assistance Act of 1994", the City conveyed the property to L.A. Veterans Initiative, Inc. (LA Vets), and simultaneously executed several documents, including a Declaration of Covenants, Conditions and Restrictions (CC&Rs) relating to the use of the property under the Homeless Housing Program for affordable housing. These CC&Rs required that the equivalent of 688 residential dwelling units be provided on the 26-Acre Site. Shortly thereafter, LA Vets conveyed the property to Century Village at Cabrillo, Inc. (CVC), a California nonprofit entity.

The financing structure for these housing units include both tax credit and non-tax credit alternatives. Of the 688 entitled residential dwelling units, 145 are provided through non-tax credit financing. The remaining 543 residential dwelling units are provided through tax credit financing which requires a separate set of CC&Rs.

In 1999, CVC processed a parcel map for their proposed project, the Villages at Cabrillo. The parcel map subdivided the property into four parcels for tax credit financing. In early 2000, in order to effectuate the development of the first phase of the project, CVC entered into a Ground Lease for

approximately five acres of the 26-Acre Site (Phase I Tax Credit Parcel) with Long Beach Savannah Housing, L.P., a California limited partnership (Savannah) to rehabilitate and construct 196 of the 543 tax credit residential dwelling units.

In connection with the Phase I Tax Credit Parcel, on December 12, 2000, the City Council authorized the City Manager to execute (i) a First Amendment to the original CC&Rs to remove the Phase I Tax Credit Parcel from the original CC&Rs, and (ii) new CC&Rs for the Phase I Tax Credit Parcel (Phase I CC&Rs) which allocated 196 of the 543 tax credit residential dwelling units to the Phase I Tax Credit Parcel. Savannah has since completed the rehabilitation and construction of the 196 tax credit residential dwelling units.

In early 2003, in order to effectuate the development of the second phase of the project, CVC entered into a Ground Lease for approximately two acres of the 26-Acre Site (the "Phase II Tax Credit Parcel") with Casa de Cabrillo, L.P, a California limited partnership (Casa de Cabrillo). As with the Savannah partnership, CVC is the general partner of Casa de Cabrillo.

In connection with the Phase II Tax Credit Parcel, on April 22, 2003, the City Council authorized the City Manager to execute (i) a Second Amendment to the original CC&Rs to remove the Phase II Tax Credit Parcel from the original CC&Rs, and (ii) new CC&Rs for the Phase II Tax Credit Parcel (Phase II CC&Rs) which allocated 200 of the 543 tax credit residential dwelling units to the Phase II Tax Credit Parcel. Casa de Cabrillo has since completed the construction of the 200 new tax credit residential dwelling units.

In 2006, in order to effectuate the development of the third phase of the project, CVC entered into a Ground Lease for approximately 1.45 acres of the 26-Acres Site (Phase III Tax Credit Parcel) to a new limited partnership, The Family Commons at Cabrillo, L.P. (Family Commons at Cabrillo). As with the Savannah partnership (Phase I) and the Casa de Cabrillo partnership (Phase II), CVC is the general partner of Family Commons at Cabrillo.

The California Tax Credit Allocation Committee awarded an allocation of affordable housing tax credits for the Phase III Tax Credit Parcel as it did with the Phase I Tax Credit Parcel and Phase II Tax Credit Parcel. To utilize these tax credits, John Hancock Family Commons, L.P., a Delaware limited partnership and John Hancock Realty Management, Inc., a Delaware corporation (Hancock) will acquire limited partnership interests in Family Commons at Cabrillo.

As a condition to entering into this limited partnership, and consistent with the affordable housing projects for Phase I and Phase II, Hancock is requiring the execution of (i) a Third Amendment to the original CC&Rs to remove the Phase III Tax Credit Parcel from the original CC&Rs and (ii) new CC&Rs for the Phase III Tax Credit Parcel (Phase III CC&Rs) which allocate 81 of the 543 tax credit residential dwelling units to the Phase III Tax Credit Parcel.

There remains approximately 6.8 acres of the 26-Acre Site, upon which 66 tax credit residential dwelling units are to be provided in the future.

This letter was reviewed by Assistant City Attorney Heather A. Mahood on July 18, 2007, and Budget and Performance Management Bureau Manager David Wodynski on July 23, 2007.

City Council action on this item on August 7, 2007 is critical to the timely acquisition of tax credits by Hancock.

There is no fiscal impact associated with the recommended action.

Approve recommendation.

PATRICK H. WEST  
DIRECTOR OF COMMUNITY DEVELOPMENT

APPROVED:

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ANTHONY W. BATTS  
CITY MANAGER