



## Legislation Details (With Text)

<b>File #:</b>	05-2603	<b>Version:</b>	1	<b>Name:</b>	Housing Trust Fund
<b>Type:</b>	Agenda Item	<b>Status:</b>		<b>Status:</b>	Withdrawn
<b>File created:</b>	4/6/2005	<b>In control:</b>		<b>In control:</b>	City Council
<b>On agenda:</b>	4/12/2005	<b>Final action:</b>		<b>Final action:</b>	4/12/2005
<b>Title:</b>	WITHDRAWN Recommendation to establish a Housing Trust Fund for the City of Long Beach; authorize City Attorney to prepare an ordinance establishing the terms and conditions for administering the Housing Trust Fund; and Direct the Planning Commission to prepare an inclusionary housing ordinance.				
<b>Sponsors:</b>	Community Development				
<b>Indexes:</b>					
<b>Code sections:</b>					
<b>Attachments:</b>	1. R-31att.pdf, 2. R-31sr.pdf				

Date	Ver.	Action By	Action	Result
4/12/2005	1	City Council	withdrawn	

### WITHDRAWN

~~Recommendation to establish a Housing Trust Fund for the City of Long Beach; authorize City Attorney to prepare an ordinance establishing the terms and conditions for administering the Housing Trust Fund; and Direct the Planning Commission to prepare an inclusionary housing ordinance.~~

On June 11 , 2002, the City Council requested the City Manager to prepare a report regarding the feasibility of establishing a housing trust fund (HTF) for the City of Long Beach, including identification of potential funding sources. A Housing Trust Fund would provide a continuing source of funds to improve and/or increase the supply of affordable rental and ownership housing. Attachment 1 lists the jurisdictions that have established HTFs, including those in California. Attachment 2 lists the revenue sources and eligible uses of the HTFs established in major and selected California cities. On September 10, 2002, City Council authorized the City Manager to enter into a contract with David Rosen & Associates (DRA) to conduct the study. Preliminary findings were presented to the City's senior management team and, individually, to the Mayor and available City Councilmembers. The preliminary findings were also shared with developers to validate the consultant's assumptions. DRAs final report was completed in October 2003 and concluded that an HTF could be established in Long Beach. The report further recommended adopting an inclusionary housing ordinance.

Any in-lieu fees generated would go into the HTF. Another source of funds recommended is a commercial linkage fee, which staff is not proposing at this time. An inclusionary housing ordinance would require residential developers to provide a percentage of new units at affordable rents or purchase price. The inclusionary units can be provided on site or offsite, or in case of financial infeasibility to provide units, an inclusionary housing in-lieu fee can be paid by the developer and deposited into the Housing Trust Fund. Attachment 3 lists jurisdictions. in California that have adopted

inclusionary housing policies. A commercial linkage fee is a development fee based on findings that new non- residential developments create a need for affordable housing. Attachment 4 is a 2003

survey of cities in California with commercial linkage fee ordinances. Consultant Findings and Conclusions For inclusionary housing, the study concluded that imposing the following requirements on new residential construction are feasible for most housing prototypes in Long Beach: for rental developments - 10% of the units must be rented at amounts affordable to those earning at or below \$25,000 (2003, family of four); and for ownership developments - 15% of the units must be sold at prices affordable to households earning at or below \$50,000 (2003, family of four). If the developer chooses not to build the units, the inclusionary in-lieu fee equals approximately \$14,000 per unit on all rental units and \$12,000 per unit on all units for ownership housing. Using an average unit size of 1,000 sq. ft., this translates to an in-lieu fee of \$14 per sq. ft. for rental units and \$12 per sq ft. for ownership units. For commercial development linkage fee, the study concluded that linkage fees in the range of \$10 to \$15 per sq. ft., on top of current Long Beach fees, are supportable while maintaining residual land values in recent market sales comparables and appraised values (typically \$15 to \$25 per sq. ft., 1998 -2003 data).

Community Outreach Over the following months, the consultant findings and conclusions on HTF were shared in group or individual meetings with developers, business associations and housing advocates. The reaction regarding the Housing Trust Fund has been positive; almost everyone recognizes the need for more affordable housing. However, there has been mixed reaction concerning the proposed HTF revenue sources, the target population to be served by the HTF, and the proposed fees. Attachment 5 is a matrix showing the recommendations from staff, The Long Beach Housing Development Company (LBHDC), and the Long Beach Housing Trust Fund Coalition (LBHTFC). Attachment 6 is the LBHDC's position statement on the HTF. Attachment 7 lists the recommendations from the LBHTFC. The LBHDC, LBHTFC, and other groups have strongly suggested other revenue sources that could fund the HTF. Some recommended sources include a percentage of any increase in current real property transfer tax, a percentage of any increase in transient occupancy tax, and an increase of redevelopment housing set-aside over the 20% currently required by law. In their view, looking at other funding sources would mean that the housing development community is not being singled out for these proposed new fees. Attachment 8 is staffs analysis of these other funding sources.

[Timing Considerations]

[Fiscal Impact]

Approve recommendation.

[Enter Body Here]

[Respectfully Submitted,]