



Legislation Text

File #: 17-1159, **Version:** 1

Recommendation to adopt resolution authorizing the submission of an application to the California State Department of Housing and Community Development for up to \$15,750,000 in loan and grant funds available through the Affordable Housing and Sustainable Communities Program; and, authorize City Manager, or designee, to execute all documents and agreements necessary to apply for and utilize these funds for the construction of The Spark at Midtown affordable housing project proposed for development at 1900-1940 Long Beach Boulevard. (District 6)

The Long Beach Community Investment Company (LBCIC) authorized a Disposition and Development Agreement (Agreement) and approved a \$3,000,000 loan to LINC Housing Corporation (LINC) for the development of the 0.88-acre site located at 1900-1940 Long Beach Boulevard (Site). A site map is attached for your reference (Exhibit A). Over the past 14 months, LINC has prepared plans and identified funding for the development of a 95-unit affordable rental housing project on the Site, which LINC has named The Spark at Midtown. The LBCIC approved the aforementioned Agreement and loan for the project on October 18, 2017. The Planning Commission approved project entitlements on October 19, 2017. LINC is now assembling the remaining financing for the project, which includes Affordable Housing and Sustainable Communities Program (AHSC Program) funds available from the California Strategic Growth Council and the Department of Housing and Community Development.

Funding for the AHSC Program is provided from the Greenhouse Gas Reduction Fund, an account established to receive Cap-and-Trade auction proceeds. Its primary objective is to reduce greenhouse gas (GHG) emissions by supporting more compact, infill development patterns, encouraging active transportation and transit usage, and protecting agricultural land from sprawl development. The AHSC Program seeks to accomplish these objectives by providing financial assistance to projects that will achieve GHG emission reductions and benefit disadvantaged communities through increased accessibility to affordable housing, employment centers and key destinations, resulting in fewer vehicle miles traveled and increased use of public transit, bicycling or walking. Under the AHSC Program, low-interest loans are available as gap financing for rental housing developments that include affordable housing units. In addition, grants are available for both infrastructure improvements and transportation amenities related to affordable housing developments.

The AHSC application guidelines highly encourage housing developers to apply jointly with local jurisdictions to demonstrate the requisite experience in the completion of infrastructure improvements and transportation amenities. The AHSC Program is extremely competitive, and LINC has requested that the City apply jointly with them to increase the chances of receiving an award.

If approved, LINC and the City will apply for up to \$15,750,000 in funding for The Spark at Midtown development, which will include a 95-unit, mixed-use building serving extremely low- to low-income families, as well as 47 households experiencing homelessness. In addition to 95 one-, two- and three-bedroom apartment units, this five-story building will contain 12,388 square feet of ground floor commercial space fronting Long Beach Boulevard and 19th Street, and will include a YMCA facility. The development will feature a 1,247-square-foot plaza area located adjacent to Rhea Street, and over 11,000 square feet of common open space for residents. Other residential amenities include a 3,710 square-foot community room with a kitchen and dining area, supportive services space, a television and game room, laundry facilities, community garden planters, bicycle storage, 140 parking spaces, and a dedicated space for an after-school program for school-age residents. Additionally, the project plans for the development of a public on-street parklet north of the project site on Rhea Street that both residents of the project and the community at large can use.

The development will activate a key site in the Midtown Specific Plan Area, and will provide much needed affordable housing while complementing the adjacent residential and commercial uses. Residents of the development will benefit from the site's adjacency to the Metro Blue Line light rail service and bus lines that operate along both Long Beach Boulevard and Pacific Coast Highway.

If the application is successful, loan funds of up to \$10,450,000 will be awarded to a limited partnership to be formed by LINC for the financing of the project. The loan will be secured by the property, and the limited partnership will be responsible for repayment of the loan with rental revenue generated by the project. In addition, up to \$5,300,000 in grant funds will be awarded and distributed to the limited partnership, or a related entity, for infrastructure improvements and transportation amenities surrounding the project. These improvements include sidewalk repair and widening, new crosswalks and bulb outs to improve pedestrian safety, pedestrian lights, street trees, a new parklet on Rhea Street, and offsite improvements immediately adjacent to the development. The grant funds do not need to be repaid provided that the project is completed.

LINC and the City will be jointly liable for ensuring that the project is completed, and will be liable for the repayment of disbursed grant funds if the project is not completed. LINC has agreed to provide the City with an Indemnification Agreement that will cause LINC to be solely responsible for the repayment of grant funds. In addition, the City will require a Payment and Performance Guarantee, and payment and performance bonds, which will ensure the project is completed.

There are no match funds required from the City. However, the application scores points for local financial support. The \$3,000,000 in loan funds committed to the project by the LBCIC and \$526,661 in Developer Impact Fee Waivers from the City, consistent with Title 18 of the Long Beach Municipal Code, will count towards local financial support, and will further increase the chances of a successful application.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on November 30, 2017 and by Budget Management Officer Rhutu Amin Gharib on December 4, 2017.

City Council action is requested on December 19, 2017, as the application is due on January 16, 2017. A Resolution authorizing the submittal of the application is required in the application package.

The grant funds will be awarded to LINC, which has agreed to enter into an Indemnification Agreement, making LINC solely responsible for repayment of the loan and grant funds. Matching grant funds are not required. The development impact fee waivers for low-income housing development projects provided for in Long Beach Municipal Code Sections 18.17.130.B.2, 18.18.120.B, 18.23.110.A.5, and 18.22.110.A.5 will result in a loss of \$526,661 in impact fees regardless of the proposed recommendation. There is no local job impact associated with this recommendation.

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AUTHORIZING
AN APPLICATION FOR THE AFFORDABLE HOUSING AND SUSTAINABLE
COMMUNITIES PROGRAM

AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

PATRICK H. WEST
CITY MANAGER