

## MEMORANDUM



The  
Long Beach  
Housing  
Development  
Company

DATE: January 20, 2010

TO: Board of Directors  
The Long Beach Housing Development Company

FROM: Ellie Tolentino, Vice President

PREPARED BY: Patrick Ure, Housing Development Officer

SUBJECT: Local Housing Preference Policy (Citywide))

**RECOMMENDATIONS:**

1. Approve the attached Local Housing Preference policy guidelines; and
2. Authorize the President or designee to apply and implement the Policy to all future developments for which a development agreement is executed or amended after this date.

**BACKGROUND**

On October 6, 2009, the City Council approved a recommendation made by Councilmembers Robert Garcia and Gary DeLong to request the City Attorney and City Manager to return to the City Council in 90 days with a report on approaches to strengthen the local housing preference program in new and existing residential developments and request that the process include discussions with community stakeholders. A copy of the City Council staff report dated October 6, 2009 is attached for your information.

On October 21, 2009, the LBHDC Board approved staff's recommendation to hold a study session regarding local housing preference in new and existing residential developments assisted by the LBHDC. Consequently, a study session was scheduled for January 20, 2010 at 3:00 p.m.

Although the LBHDC has not previously adopted a formal policy, current LBHDC development and loan agreements contain provisions that require developers to submit a lease-up and management plan that must be approved by the LBHDC President. That plan must include provisions for outreach to Long Beach residents. Specifically, outreach must first occur in the neighborhood immediately surrounding an LBHDC-assisted development project, and then to residents of the City at large. While the current practice has not resulted in 100% of available units being rented or sold to Long Beach residents, the percentage of Long Beach residents in LBHDC-assisted developments is impressive and exceeds the percentage

**MAKING  
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HOUSING  
HAPPEN**

AGENDA ITEM NO. 2

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of LBHDC funds invested in the developments. A chart showing the percent of LBHDC funds invested in several projects versus the number of Long Beach residents that initially occupied the units is presented below.

Project	% of LBHDC Assistance to Total Development Cost	% of Units Occupied by LB Residents/ Workers
Pacific City Lights	30%	63%
Puerto Del Sol	45%	64%
Family Commons	36%	63%
Menorah Housing	29%	60%
Neo Zoe	51%	65%
Olive Villas	20%	58%

Staff conducted research on local preference policies, if any, of other neighboring and/or comparable cities in California. A total of 9 cities responded, and of them 6 have existing policies giving a selection preference to persons either living or working in that jurisdiction. In addition, the Los Angeles City Council has recently directed staff to prepare a local preference policy for consideration. The chart below provides the results of staff's research.

Existing Preference Policy		
City	Yes	No
Anaheim	X	
Burbank	X	
Compton	X	
Los Angeles		X
Oakland	X	
Pasadena	X	
San Jose		X
Santa Ana		X
Santa Monica	X	

In conjunction with the City Attorney's Office, staff has prepared a draft local housing preference policy for the Board's consideration. The comprehensive policy, which also

provides guidelines for implementing the policy, is attached for your review. The preferences included in the policy are as follows:

- a. First priority is given to eligible households that have been involuntarily displaced from the City of Long Beach or its agencies due to activities or actions of the City or other public agencies, including homeless individuals / families referred by the City's Multi Service Center for the Homeless;
- b. Second priority is given to eligible households that reside and work within the City of Long Beach;
- c. Third priority is given to eligible households that reside within the City of Long Beach;
- d. Fourth priority is given to eligible households that work within the City of Long Beach.

A policy designed to strengthen the local housing preference program would be beneficial to the residents of the City for the following reasons:

- It would provide greater access to affordable housing to lower income families who currently live or work in Long Beach, and to homeless individuals / families in Long Beach.
- It would encourage neighborhood stability by allowing existing residents to remain in the community and avoid displacement in the face of increasing market rate rents and housing prices.
- It would enable households living or working in Long Beach to live near their workplaces, avoiding the negative environmental and traffic impacts of commuters traveling long distances to find affordable housing.

Staff recommends approval and adoption of the attached Local Housing Preference and Priority System Guidelines.

Attachments:

- October 6, 2009 City Council Staff Report
- Draft Local Housing Preference Policy

ET:PU





*City of Long Beach*

**R-20**

**Date:** October 6, 2009  
**To:** Honorable Mayor and Members of the City Council  
**From:** Councilmember Robert Garcia, First District  
Councilmember Gary DeLong, Third District

A handwritten signature in black ink, appearing to be "RG" and "GD" combined, is written over the "From:" line.

**Subject:** Local Preference in Housing

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**Background:**

Per state law, 20% of all Redevelopment dollars are set aside to fund affordable or workforce housing.

When these housing developments open, the city conducts an outreach effort to local residents before opening up the new housing to applicants who do not live in Long Beach. The city estimates that approximately 60% of new affordable units go to people who live or work in Long Beach at the time of application.

That means that approximately 40% of our affordable or workforce housing stock goes to residents who do not live or work in Long Beach.

Creating a stronger local preference for our residents and workers would ensure that we are addressing our local housing needs and that city resources are serving our residents first, recognizing that a combination of local, state and federal money is used to fund new developments.

**Recommendation:**

Request the City Attorney and City Manager to return to the Council in 90 days a report on approaches to strengthen the local housing preference program in new and existing residential developments. Additionally, request this 90-day process include discussions with community stakeholders, such as LBHDC, Legal Aid and developers.



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## THE LONG BEACH HOUSING DEVELOPMENT COMPANY

## PROPOSED LOCAL HOUSING PREFERENCE AND PRIORITY SYSTEM GUIDELINES

To the extent permissible under applicable state and federal law, people who live and/or work in the City of Long Beach shall have priority over other persons to rent or purchase affordable housing units which are assisted or supported by the City of Long Beach or The Long Beach Housing Development Company (LBHDC). The Local Preference and Priority System Guidelines presented herewith shall apply to all developers, owners and their agents, successors and assigns proposing affordable housing assisted or supported by the City/LBHDC in whole or part. The policy applies to all housing programs except the LBHDC Second Mortgage Assistance Program (SMAP), which mandates that participants either live or work in Long Beach. The SMAP program has a goal of providing home ownership opportunities to Long Beach residents, and is funded with local housing funds.

**1. PREFERENCES**

The City of Long Beach and the LBHDC shall utilize the following priority order whenever ownership or rental housing units are made available to applicants who are income eligible households:

- a. First priority is given to eligible households that have been involuntarily displaced from the City of Long Beach or its agencies due to activities or actions of the City or other public agencies, including homeless individuals / families referred by the City's Multi Service Center for the Homeless;
- b. Second priority is given to eligible households that reside and work within the City of Long Beach;
- c. Third priority is given to eligible households that reside within the City of Long Beach;
- d. Fourth priority is given to eligible households that work within the City of Long Beach.

**2. INVOLUNTARY DISPLACEMENT**

- a. Definition of involuntary displacement. To qualify as an applicant who has been involuntarily displaced from the City of Long Beach, the applicant responsible for renting or purchasing the affordable housing unit must demonstrate that, by no fault of the applicant, one of the following criteria has been met including the submission of the appropriate documentation to the developer/owner as cited below:
  - i. Disaster or Government Action. Written verification by the displacing unit or agency of government (i.e., HUD, City Departments, etc.) or by a service agency such as the Red Cross.

- ii. Termination of tenancy. Written notification by the property owner/agent to the applicant of the termination of the applicant tenancy for no fault (i.e., sales agreements, foreclosure notices, condominium conversion, building permits, etc.).
- iii. Domestic Violence. Written verification from police, social service agency, court, clergy person, physician, and/or public or private facility giving shelter and/or counseling to victims.
- iv. Witness Protection Program. Certification by a law enforcement agency of the applicant's participation in the Witness Protection Program.
- v. Hate Crimes. Written statement from law enforcement agency, HUD, Housing Rights Center or other agencies responsible for non-discrimination advocacy. Statement should contain approximate number of occurrences and date of last occurrence.
- vi. Inaccessibility of Unit. Statement from the property owner of the critical elements that are inaccessible, and that the owner is not going to make the needed modifications, or permit the family to make the modifications.
- vii. Substandard Housing. Written verification from a reliable, knowledgeable professional familiar with residential construction and possessing skills and professional licenses and/or certifications consistent with those of a City of Long Beach Code Enforcement Officer.
- viii. Homelessness. Written verification by a public or private facility providing shelter, the police, or a social services agency certifying that the applicant lacks a fixed, regular, and adequate nighttime residence.

### **3. RESIDENCY**

- a. Definition of residency. To qualify as an applicant who is a resident of the City of Long Beach, the applicant responsible for renting or purchasing the affordable housing unit must have their principal place of residence within the City of Long Beach as of the date of application.
- b. Evidence of residency. The developer/owner shall require the applicant to submit a driver's license, voter registration, utility bill, or other evidence as proof of residency in Long Beach.

### **4. EMPLOYMENT**

- a. Definition of employment. To qualify as an applicant who is employed within the City of Long Beach, the applicant responsible for renting or purchasing the



affordable housing unit must demonstrate that both of the following criteria have been met:

- i. Location of Work. At least one of the signators of the tenant lease or purchase agreement for the applicant's household must be employed within the City of Long Beach as of the date of application.
  - ii. Hours of Work. At least one signators of the tenant lease or purchase agreement for the applicant's household must have been employed within the City of Long Beach an average of at least 20 hours per week over the 90 day period prior to the date of application.
- b. Evidence of employment. The developer/owner shall require applicants to submit pay stubs, W-2 forms, tax returns, employer certification, or other evidence as proof of employment at a business location within the City of Long Beach.

## 5. MARKETING AND SELECTION PLAN

The developer/owner and/or its agent shall affirmatively market the affordable housing units to ensure that all applicants, regardless of eligibility for the preference, are aware of the housing opportunity.

- a. Marketing Plan. Prior to the developer/owner's publication of the availability of affordable units, developer/owner shall prepare a Marketing Plan and Selection Plan for approval by the President of the LBHDC or his designee (President) for both attracting and selecting qualified applicants. Upon approval by the President, the developer/owner shall be responsible for implementing the marketing plan. The marketing plan shall include the initial sales prices or rents of each unit, and the preference and priority system. The plan shall initially target advertising and marketing efforts within a one-mile radius of the project site for a minimum 30-day period, and then within the City of Long Beach. City/LBHDC may assist the developer/owner in the marketing of the affordable units to qualified applicants under any program that City/LBHDC may offer and may provide names of prospective qualified applicants to developer/owner.
- b. Notification to City. Whenever an affordable unit becomes available, the developer shall immediately notify the President in writing.
- c. Publication requirement. Whenever an affordable housing unit becomes available during the first year after the receipt of a City certificate of occupancy, the developer/owner shall publish notices of the availability of the units in newspapers circulated widely in the City of Long Beach, including newspapers that reach minority communities, and the notices shall be published in English, Spanish, and Khmer. At least one notice shall be published in a Spanish language newspaper of general circulation. The notice should briefly explain what affordable housing is,

state the applicable income requirements, indicate where applications are available, state when the application period opens and closes, and provide a telephone number for questions. Applications may require the name, address, and telephone number of the applicant; the number of persons to occupy the household; and any other information relevant to determine whether the applicant is eligible for local preferences and to occupy unit. The developer/owner shall submit proof of publication to the President.

- d. **Selection Plan.** Prior to the developer/owner's acceptance of the first application for an affordable housing unit and no later than six months before issuance of a certificate of occupancy, the developer/owner shall prepare a Selection Plan for approval by the President which shall set forth the process for selection of qualified applicants. The Selection Plan shall contain, but is not limited to, the following information:
  - i. **Unit Description.** A brief description of the affordable unit(s) including the unit-mix, location, structure, size and whether the unit(s) is for ownership or rental.
  - ii. **Income Criteria.** The eligible income range for rent or purchase affordable units.
  - iii. **Priority System.** The preference and priority system to be utilized by the developer/owner based primarily on an applicant's residence and employment location, with higher priority allocated to persons who live and/or work within the City of Long Beach.
  - iv. **Application Submission.** Description of the application requirements. The conditions by which interested parties must submit a completed application to the developer/owner, including form of application, the stipulated date and time for application, number of applications to be submitted, disqualifications, etc.
  - v. **Selection Criteria.** Explanation of the developer's selection criteria and process based on the review of information submitted on the applications. Identification of corrective actions if a review of an application results in a determination that the City preferences assigned to the applicant was inaccurate.

## 6. DETERMINATION OF ELIGIBILITY

- a. **Verification of Preference.** As part of the review process, applicants will be contacted directly to provide verification of their residence and employment history and evidence supporting any of the preferences identified. For persons who are retired at the time of application, the applicant's work history immediately prior to retirement can be considered.
- b. **Verification of Income.** The developer/owner of affordable housing units, which are offered for rent, sale, or lease, shall require the applicant to provide proof that

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he/she meets the occupancy and income criteria set forth by the applicable City or LBHDC program(s).

## 7. PRIORITY RANKING; SELECTION OF QUALIFIED APPLICANT

a. Priority System. The priority order for categories are as follows:

- i. Applicant where at least one of the signators of the tenant lease or purchase agreement had been involuntarily displaced from the City of Long Beach at the time of application but had previously lived and worked within the City of Long Beach.
- ii. Applicant where at least one of the signators of the tenant lease or purchase agreement had been involuntarily displaced from the City of Long Beach at the time of application but had previously lived within the City of Long Beach.
- iii. Applicant where at least one of the signators of the tenant lease or purchase agreement is a Long Beach resident and employed within the City of Long Beach at the time of application.
- iv. Applicant where at least one of the signators of the tenant lease or purchase agreement is a Long Beach resident at the time of application.
- v. Applicant where at least one of the signators of the tenant lease or purchase agreement is employed within the City of Long Beach at the time of application.
- vi. All other applicants.

b. Priority List. Applicants for affordable housing units shall be maintained on a priority list. Applicants shall be listed in order of total preferences. Applicants equal in preferences shall be prioritized by date and time of receipt of their applications. All applicants must meet income eligibility requirements as established for the applicable affordable housing units.

The priority list shall be utilized to select applicant for the sale or rent of available affordable housing units for one year after receipt of a City certificate of occupancy for the designated unit. For rental affordable units, developer/owner shall annually update the priority list in accord with the priority order.

c. Applicant Selection. The developer/owner of affordable housing units is required to fill vacant units by:

- i. Selecting Income-Eligible applicants themselves as long as the developer/owner complies with the local preferences and priority ranking

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system and publication requirements set forth herein. The following selection processes are permissible:

- Selection from the Priority List in rank order, or
  - Lottery of the top candidates on Priority List.
- d. Unit Sale or Rental. The actual sale or rental of a unit will be based on the ability of the qualified applicant(s) to meet applicable eligibility guidelines and/or obtain financing within a time frame established by the developer/owner.

## 8. COMPLIANCE MONITORING

- a. Compliance Report. The developer/owner shall provide a written compliance report to the President upon selection of the qualified applicants. The report shall include, but is not limited to, the following information:
- i. Summary of Selection Process including the Marketing and Selection Plan; and
  - ii. Name, Address, Telephone and Preference Category and ranking of Selected Applicants.
- b. Certification of Compliance. The developer/owner of affordable units shall certify the local preferences awarded to applicants were consistent with these guidelines. A certification form approved by the City shall be completed and submitted with the Compliance Report.
- c. Record Retention. The developer/owner shall retain records of the evidence and documents utilized to select applicant(s) for the sale or rent of available affordable and/or workforce housing units in accordance with these guidelines for two year after the date of occupancy by the first applicant.
- d. Compliance Monitoring. City/LBHDC shall monitor the developer/owner's compliance with these guidelines, which may include an on-site monitoring visit to review the developer/owner's records, interviews with selected applicant(s), and/or other methods deemed appropriate.

## 9. PENALTIES FOR NON-COMPLIANCE

- a. Notice of Non-compliance. Except as otherwise provided herein, if it is determined that a violation of these guidelines has occurred, the President shall issue a notice of non-compliance and require the developer, owner or tenant (as applicable) to cure the violation within 30 days, unless a different period is provided at the President's discretion.

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- b. Monetary Penalty. Any party who sells or rents an affordable housing unit in violation of these guidelines shall be required to forfeit all monetary amounts so obtained. Recovered funds shall be deposited into the LBHDC's Housing Trust Fund.
- c. Litigation. The City may institute any appropriate legal actions or proceedings necessary to ensure compliance with these guidelines, including but not limited to: (1) actions to revoke, deny, suspend or refuse to issue any permit, including a building permit, certificate of occupancy, or discretionary approval; and (2) actions for injunctive relief or damages.
- d. Legal Costs. In any action to enforce these guidelines, the City shall be entitled to recover its reasonable attorney's fees and costs.