

**DRAFT**

**PROJECTS COMMITTEE MEETING MINUTES  
THE LONG BEACH HOUSING DEVELOPMENT COMPANY**

**CITY HALL  
333 W. OCEAN BLVD., LONG BEACH, CA 90802  
3rd FLOOR LARGE CONFERENCE ROOM**

**Tuesday, September 8, 2009**

**Members Present:** Stacy McDaniel, Chair  
Patrick Brown  
Jonathan Gotz

**Staff Present:** Ellie Tolentino, Bureau Manager, Housing Services  
Patrick Ure, Housing Development Officer  
Norma Lopez, Development Project Manager  
Silvia Medina, Community Development Analyst  
Maria Pangelinan, Community Development Analyst

**Guests:** Jim Bonar, Executive Director, Clifford Beers Housing  
Sarah White, Project Manager, Clifford Beers Housing  
John Egan, Principal, JS Egan Design  
Jim Howell, Architect, JS Egan Design

- I. Call to Order – Meeting called to order at 9:01 A.M. by Chair McDaniel.
- II. Roll Call – See members present above.
- III. Approval of Stages I, II and III Design Review for the Courtyards Apartments Project

Clifford Beers Housing (CBH) representatives presented the Courtyards' Apartments Project. Architectural drawings, renderings, and sample material boards were used to describe the rehabilitation of a 46-unit project. The project consists of four scattered sites. Studio units will be renovated into efficient, well-built, well-lighted and landscaped, energy efficient homes for the mentally ill/disabled and low-income families. Only half the units will be targeted to special needs individuals. Two units will be for property managers.

Projects Committee members and staff had several questions and concerns including parking accommodations for the residents, handicap lifts, funding, and the construction start date. Clifford Beers representatives stated that parking was not a concern based on experience. Most residents do not own cars and street parking is available. Handicap lifts will remain operable because there is funding in the budget to repair them immediately should they become inoperable. In addition, there's access to the properties via alternative ways, such as the alley at the Stanley property. Other properties, such as the Esther location, have no alley but

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will be made accessible by removing the side stairs to allow for handicap access. The LBHDC is covering a gap of \$49,000 per unit. The entire project will cost \$13 million to develop. Construction on the project was supposed to start in March. However, the start was delayed because of the economy and the failure to find a tax credit investor. The developer applied to receive Tax Credit Exchange Program funds, which it eventually received. Because of the program's newness, the process has been slow. This issue delayed the project for approximately 8-9 months and added about \$20,000 a month in expenses. Because the project has tenants and cashflow from rents, these expenses have been covered by CBH. CBH expects to begin construction in November, as they need to begin the relocation process with the current tenants as soon as they can.

Projects Committee members expressed satisfaction with the proposed designs and said the project will greatly improve the neighborhood.

There was a motion to approve the design for Courtyards and to send the item to the full board for review. The motion was approved with a 3-0 vote.

#### IV. Discussion of Construction Loan to Brookfield Homes for the Coronado Townhome Project

Staff Ure stated that Brookfield Homes has been unsuccessful in securing a construction lender for the for sale condo project and has submitted a proposal to obtain a \$6 million construction loan from the LBHDC. Staff has not had sufficient time to evaluate the request, but it will be forthcoming.

Projects Committee Chair McDaniel had several questions and concerns. She is extremely concerned with the new request and doesn't understand how this multi-billion dollar organization (or at least the parent company) is unable to self-finance the proposed project. She is mostly concerned with getting answers from Brookfield. Specifically, she wants Brookfield to answer how Brookfield plans to finance the project, should the LBHDC deny the request. Will Brookfield walk away from the project? She believes that these huge companies have lines of credit that can finance projects and added that having no money defies logic and that if that were the case, more than likely Brookfield would be out of business. She added that this doesn't have to be all or nothing; however, Brookfield has reached a point of no risk sharing. She also remains concerned about the high developer fee, which she raised at earlier meetings. Projects Committee Chair McDaniel urged staff Ure to pass along the fact that when Brookfield comes to the Board it will be questioned thoroughly and be asked if it's possible to split the construction loan or asked to give up some of the developer fee, etc.

Projects Committee member Gotz also stated that he is having a hard time dealing with this project altogether. He believes this is not a good time to construct this for sale project (he thinks it will take years for the market to get better) and he wants Brookfield's CFO to attend the LBHDC meeting and tell the Board directly why they are unable to fund this project. He asked staff what the unit sale price is projected for the units and what would be the worse case scenario if the LBHDC says no to their requests. P. Ure stated that if the LBHDC pulls out, there may be political pushback, and the LBHDC may have to pay Brookfield about \$1 million that it has

invested in the project thus far. The LBHDC will get the plans and own the land. J. Gotz requested for staff to ask Rich Anthony if the LBHDC is obligated to pay the developer back for any expenses it has incurred. Projects Committee member Gotz asked where the LBHDC would get the money to consider a \$6 million construction loan given that the LBHDC had just voted to delay the \$20 million in redevelopment set-aside until October 2010. He would be glad if the project could be delayed for 2 years (at least 1 year) to allow time for the market to improve. He also wanted to know if there was any other developer interested in this land. He reiterated that he thinks the LBHDC needs to extend this project out until the current financial situation is solved.

Staff Ure stated that the affordable prices would be in the low- to mid- \$200,000's and the market prices would be in the \$300,000's (\$75,000-\$100,000 more than the affordable units). He also reminded the Committee, that although challenging, Brookfield has worked with the LBHDC for years to develop the project scope and design of the project and that there is political will pushing for this project. In regards to another developer, Vice President Tolentino stated that a close second bid for the project was from The Olson Company a few years ago, but in all fairness, the issue right now boils down to construction financing and the fact that banks are not lending to for-sale projects no matter who the developer is.

Projects Committee member Brown asked what exactly Brookfield Homes is looking for. Staff Ure stated that it seeks a construction loan, covenant changes, and a guarantee of payment should the absorption schedule take longer than anticipated. He asked if there is anything else that we can do or suggest to make this deal more appealing to the LBHDC, for example consider a splitting the construction loan.

In regards to where the LBHDC would obtain \$6 million, Vice President Tolentino stated that the loan (if approved) would come from existing available carryover fund balance.

Staff Ure stated that he will do homework and find out more details about Brookfield's intentions. Brookfield is not ready to come before the full LBHDC Board until it has answered some additional questions.

#### V. Upcoming Projects

- Staff Ure shared how the Meta housing LB/Anaheim project is coming along.
- Staff Lopez shared the good news that the Palace Hotel project has been preliminary approved for the 2009 tax credit application and we will get the final letter of approval by September 10.

#### VI. Public Comment

-None

#### VII. Adjournment – The meeting adjourned at 10:25 A.M.