



MEMORANDUM

DATE: September 16, 2009

TO: Board of Directors
The Long Beach Housing Development Company

FROM: Ellie Tolentino, Vice-President *Ellie Tolentino*

PREPARED BY: Dale Hutchinson, Housing Operations Officer

SUBJECT: Revised Housing Services Bureau Proposed Budget for Fiscal Year 2010

RECOMMENDATION

Receive and file the revised Housing Services Bureau Proposed Budget for Fiscal Year 2010.

BACKGROUND

On April 15, 2009, the Board adopted the LBHDC's proposed budget for Fiscal Year 2010 (FY10). The LBHDC's budget was presented as part of the Housing Services Bureau's proposed budget for FY10, which included a projected revenue of \$19,355,486 in redevelopment housing set-aside.

In July 2009, the Governor approved the State budget that included a taking of \$2.05 billion in FY10 and FY11 from California redevelopment agencies. For the Long Beach Redevelopment Agency (RDA), this taking translated to a payment of \$29.5 million in FY10 and another \$6 million in FY11 into the County's Supplemental Education Revenue Augmentation Fund (SERAF).

At a special meeting on August 5, 2009, staff presented the Board with options to assist the RDA with their \$30 million payment in FY10 to SERAF. Staff's recommended option was to defer the transfer of FY10 set-aside from the RDA to the Housing Fund (which funds the Housing Services Bureau), with the condition that it be repaid in equal installments over a five-year period beginning October 1, 2010. The Board approved this recommendation and also requested that the RDA enter into a Memorandum of Understanding (MOU) with the LBHDC to formalize the loan of the housing set-aside dollars and its subsequent repayment.

At their meeting on August 24, 2009, the RDA Board authorized the Executive Director to execute an MOU with the LBHDC regarding the housing set-aside loan and repayment. A copy of the MOU is attached.

**MAKING
AFFORDABLE
HOUSING
HAPPEN**

AGENDA ITEM NO. 5

Although this one-time set-aside deferral does not affect the LBHDC's FY10 expenditure budget or its ability to fund current project commitments, staff would like the Board to be informed of the deferral's overall effects to the Housing Fund. As a result of the set-aside deferral, the FY10 LBHDC and City expenditures will be paid from the Housing Fund's carryover cash balance, which is estimated to be \$56.9 million on September 30, 2009 (\$36.6 million of set-aside and \$20.6 million of 2005 Housing Bond proceeds). As an additional measure to maintain a positive fund balance through this next fiscal year, staff will not recommend any new affordable housing development that would require LBHDC cash disbursement prior to October 2010.

To better understand the proposed budget, attached is the budget of the Housing Services Bureau as a whole, as well as other documents that provide further financial details of projects and programs.

Attachments:

- Exhibit A – LBHDC Fiscal Year 2010 Budget (Summary)
- Exhibit B – Housing Services Bureau Fiscal Year 2010 Proposed Budget Detail
(Lines 15-70 are details of the LBHDC's Fiscal Year 2010 Proposed Budget)
- Exhibit C – List of Projects and Programs Prior Year's Commitments
- Exhibit D – Fiscal Year 2010 Proposed Budget Funding Sources
- Exhibit E – Memorandum of Understanding with RDA

The Long Beach Housing Development Company
FY 2009-2010 Proposed Budget

Exhibit A

A	B	C ¹	D ²	E ³	F
		FY 2008-2009 Adjusted Budget	FY 2008-2009 ETC's	FY 2009-2010 Proposed Budget	% of Budget
	Expenditures				
	Ownership				
(1)	New Construction	\$ -	\$ 1,277,504	\$ -	
(2)	Rehabilitation - Single-Family	\$ 1,103,850	\$ 1,453,800	\$ 2,691,073	
(3)	1st Time Homebuyers Assistance	\$ 8,031,800	\$ 12,284,063	\$ 2,000,000	
(4)	Home Improvement Rebate Program	\$ 100,000	\$ 50,000	\$ 100,000	
(5)	Housing Action Plan Implementation	\$ 300,000	\$ 377,000	\$ 2,075,000	
(6)	Total Ownership	\$ 9,535,650	\$ 15,442,367	\$ 6,866,073	46.48%
(7)	Rental				
(8)					
(9)	New Construction	\$ 5,100,000	\$ 10,073,711	\$ 5,000,000	
(10)	Rehabilitation - Multi Family	\$ 4,444,602	\$ 3,646,060	\$ 2,543,078	
(11)	Total Rental	\$ 9,544,602	\$ 13,719,771	\$ 7,543,078	51.07%
(12)	Property Operation/Management				
(13)	Lois Apts - 321 W. 7th St	\$ 70,002	\$ 69,774	\$ 72,000	
(14)	3361 Andy Street	\$ 40,000	\$ 49,226	\$ 40,000	
(15)	Total Property Operation/Management	\$ 110,002	\$ 119,000	\$ 112,000	0.76%
(16)	LBHDC Operating & Administrative Costs				
(17)	Non-Personal/Internal Services	\$ 424,991	\$ 150,000	\$ 250,000	
(18)	Total LBHDC Op & Admin costs	\$ 424,991	\$ 150,000	\$ 250,000	1.69%
(19)	Total LBHDC Expenditures	\$ 19,615,245	\$ 29,431,138	\$ 14,771,151	100.00%

The Long Beach Housing Development Company
FY 2009-2010 Proposed Budget

Exhibit A

A	B	C ¹		D ²		E ³		F
		FY 2008-2009 Adjusted Budget		FY 2008-2009 ETC's		FY 2009-2010 Proposed Budget		% of Budget
(20)		Summary						
(21)	Total Resources Available	\$	88,537,416	\$	95,065,536	\$	40,658,037	
(22)	LBHDC Expenditures	\$	19,615,245	\$	29,431,138	\$	14,771,151	
(23)	City Expenditures	\$	8,389,018	\$	7,379,871	\$	9,534,102	
(24)	Total LBHDC/City Expenditures	\$	28,004,263	\$	36,811,009	\$	24,305,253	
(25)	Subtotal Resources Available	\$	60,533,154	\$	58,254,527	\$	16,352,784	
(26)	Prior Years' Commitments (Exhibit C)			\$	26,827,221			
(27)	Resources Available for Appropriation			\$	31,427,306			

¹ LBHDC approved expenditures for the period 10-1-08 through 9-30-09

² Estimated expenditures for the period 10-1-08 through 9-30-09

³ Proposed expenditures for the period 10-1-09 through 9-30-10

**Housing Services Bureau
FY 2009-2010 Proposed Budget**

Exhibit B

A	B	C	D	E	F
		FY 2008-2009 Adjusted Budget	FY 2008-2009 ETC's	FY 2009-2010 Proposed Budget	% of Budget
	Resources				
(1)	Housing Set-Aside	\$ 16,855,046	\$ 23,190,000	\$ -	
(2)	Bond-2005 Series B Transfer from RDA	\$ -	\$ -	\$ 5,000,000	
(3)	Developer Contributions		\$ -	\$ -	
(4)	Grants - CalHOME/BEGIN/Workforce Housing		\$ -	\$ -	
(5)	Fees	\$ -	\$ -	\$ -	
(6)	Loan Repayments	\$ 70,000	\$ 107,000	\$ 30,000	
(7)	Interest	\$ 1,223,650	\$ 762,000	\$ 55,000	
(8)	Land Sales Proceeds		\$ 215,000	\$ -	
(9)	Rental Income	\$ 83,000	\$ 113,586	\$ 120,580	
(10)	Miscellaneous Revenue	\$ 149,500	\$ 512,000	\$ 71,000	
(11)	Transfer from HOME	\$ 6,879,602	\$ 4,733,045	\$ 3,954,151	
(12)	Subtotal Available Resources	\$ 25,260,798	\$ 29,632,631	\$ 9,230,731	
(13)	Prior Years' Resources Available	\$ 63,276,618	\$ 65,432,905	\$ 31,427,306	
(14)	Total Available Resources	\$ 88,537,416	\$ 95,065,536	\$ 40,658,037	
		FY 2008-2009 Adjusted Budget	FY 2008-2009 ETC's	FY 2009-2010 Proposed Budget	% of Budget
	LBHDC Expenditures				
	Ownership				
(15)	New Construction:		\$ -		
(16)	Coronado - 2000/2100 Atlantic Ave	\$ -	\$ 170,504	\$ -	
(17)	Barcelona - 1900 Long Beach Blvd	\$ -	\$ 954,000	\$ -	
(18)	Olive Villas - 1856 Long Beach Blvd	\$ -	\$ 153,000	\$ -	
(19)	Total New Construction - Ownership	\$ -	\$ 1,277,504	\$ -	
(20)	Rehabilitation				
(21)	Single Family	\$ 1,000,000	\$ 1,400,000	\$ 2,691,073	
(22)	3113 Atlantic Avenue #14	\$ 103,850	\$ 53,800	\$ -	
(23)	Total Rehabilitation	\$ 1,103,850	\$ 1,453,800	\$ 2,691,073	
(24)	1st Time Homebuyers Assistance:				
(25)	Administrative	\$ 31,800	\$ 22,000	\$ -	
(26)	Second Mortgage Assistance:				
(27)	Olive Villas - 1856 LB Blvd				
(28)	-BEGIN	\$ -	\$ -	\$ -	
(29)	-CalHome	\$ -	\$ -	\$ -	
(30)	-HOME		\$ -	\$ -	
(31)	-Set-Aside	\$ -	\$ -		
(32)	Total Olive Villas	\$ -	\$ -	\$ -	
(33)	Neo Zoe - 1500 Pine Avenue				
(34)	-CalHome		\$ -	\$ -	
(35)	-Bonds		\$ 418,400		
(36)	Total Neo Zoe	\$ -	\$ 418,400	\$ -	
(37)	New Second Mortgage Assistance Program				
(38)	-Low Income Households	\$ 3,000,000	\$ 7,355,663	\$ 1,000,000	
(39)	-Moderate Income Households	\$ 5,000,000	\$ 4,488,000	\$ 1,000,000	
(40)	Total Second Mortgage Assist-Own	\$ 8,000,000	\$ 12,262,063	\$ 2,000,000	
(41)	Total 1st Time Homebuyers Assistance	\$ 8,031,800	\$ 12,284,063	\$ 2,000,000	
(42)	Home Improvement Rebate Program	\$ 100,000	\$ 50,000	\$ 100,000	
(43)	Housing Action Plan Implementation:				
(44)	Central Hap Focus Area	\$ 100,000	\$ 180,000	\$ -	
(45)	North King School HAP Focus Area	\$ 100,000	\$ 50,000	\$ 2,000,000	
(46)	Washington School HAP Focus Area	\$ 100,000	\$ 147,000	\$ 75,000	
(47)	Total Housing Action Plan Implementation	\$ 300,000	\$ 377,000	\$ 2,075,000	
(48)	Total Ownership	\$ 9,535,650	\$ 15,442,367	\$ 6,866,073	46.48%
(49)	Rental				
(50)	New Construction:				
(50)	2355 LB Blvd - Meta	\$ -	\$ 6,060,000	\$ -	
(51)	LB Blvd/Anaheim - Meta	\$ 5,000,000	\$ -	\$ 5,000,000	
(52)	Pacific City Lights - 1643 Pacific Ave	\$ -	\$ 377,500	\$ -	
(53)	Puerto Del Sol - Golden/3rd St	\$ -	\$ 126,800	\$ -	
(54)	Lyon Westgateway - Broadway		\$ 15,300		
(55)	Villages At Cabrillo	\$ 100,000	\$ 3,494,111	\$ -	
(56)	Total New Construction - Rental	\$ 5,100,000	\$ 10,073,711	\$ 5,000,000	
(57)	Rehabilitation - Multi-Family:				
(58)	Various locations - 2+ Units	\$ 4,319,602	\$ 770,200	\$ 2,043,078	

**Housing Services Bureau
FY 2009-2010 Proposed Budget**

Exhibit B

A	B	C	D	E	F
		FY 2008-2009 Adjusted Budget	FY 2008-2009 ETC's	FY 2009-2010 Proposed Budget	% of Budget
(60)	530 Elm Avenue	\$ -	\$ -	\$ -	
(51)	Courtyard Apartments	\$ 50,000	\$ 2,305,050	\$ -	
(59)	Gateway Apts 6889-6975 LB Blvd	\$ -	\$ -	\$ -	
(61)	Palace Hotel - 2642 E. Anaheim St	\$ 75,000	\$ 570,810	\$ 500,000	
(62)	Total Rehab Multi Family - Rental	\$ 4,444,602	\$ 3,646,060	\$ 2,543,078	
(63)	Total Rental	\$ 9,544,602	\$ 13,719,771	\$ 7,543,078	51.07%
(64)	Property Operation/Management				
(65)	Lois Apts - 321 W. 7th St	\$ 70,002	\$ 69,774	\$ 72,000	
(66)	3361 Andy Street	\$ 40,000	\$ 49,226	\$ 40,000	
(67)	Total Property Operation/Management	\$ 110,002	\$ 119,000	\$ 112,000	0.76%
(68)	LBHDC Operating & Administrative Costs				
(69)	Non-Personal/Internal Services	\$ 424,991	\$ 150,000	\$ 250,000	
(70)	Total LBHDC Op & Admin costs	\$ 424,991	\$ 150,000	\$ 250,000	1.69%
(71)	Subtotal LBHDC Expenditures	\$ 19,615,245	\$ 29,431,138	\$ 14,771,151	100.00%
	City Expenditures				
(72)	Operating & Administrative Costs				
(73)	Personal Services (HSB)	\$ 2,531,494	\$ 1,977,000	\$ 2,683,145	
(74)	Non-Personal/Internal Services (HSB)	\$ 1,109,864	\$ 718,810	\$ 1,181,625	
(75)	Indirect Costs (HSB)	\$ 249,750	\$ 249,750	\$ 250,000	
(76)	Personal Services - NSB-Rehab	\$ 768,107	\$ 768,107	\$ 772,776	
(77)	Personal Services (Financial Mgmt)	\$ 72,680	\$ 72,680	\$ 80,000	
(78)	Non-Personal/Internal Services (Financial Mgmt)	\$ 14,503	\$ 14,503	\$ 15,000	
(79)	Personal/Non-Personal (Prop Services)	\$ 38,827	\$ 47,871	\$ 50,000	
(80)	Loan Servicing - Rehab Loans	\$ 150	\$ 150	\$ 150	
(81)	Fiscal Agent Fees	\$ 14,000	\$ 14,000	\$ 14,000	
(82)	Total City Op & Admin Costs	\$ 4,799,376	\$ 3,862,871	\$ 5,046,696	52.93%
(83)	Debt Service				
(84)	Parwood HELP Loan	\$ 266,747	\$ -	\$ -	
(85)	Grisham HELP Loan	\$ 405,303	\$ -	\$ 969,461	
(86)	Bond Amortization Payment	\$ 3,517,945	\$ 3,517,000	\$ 3,517,945	
(87)	Total Debt Service	\$ 4,189,995	\$ 3,517,000	\$ 4,487,406	47.07%
(88)	Subtotal City Expenditures	\$ 8,989,370	\$ 7,379,871	\$ 9,534,102	100.00%
(89)	Total LBHDC/City Expenditures	\$ 28,604,615	\$ 36,811,009	\$ 24,305,253	
(90)	Projected Ending Funds Available	\$ 59,932,801	\$ 58,254,527	\$ 16,352,784	
(91)	Prior Years' Commitments				
	Unrestricted Balance Available for Appropriation			\$ 16,352,784	
(92)	Summary				
(93)	Total Resources Available	\$ 88,537,416	\$ 95,065,536	\$ 40,658,037	
(94)	LBHDC Expenditures	\$ 19,615,245	\$ 29,431,138	\$ 14,771,151	
(95)	City Expenditures	\$ 8,989,370	\$ 7,379,871	\$ 9,534,102	
(96)	Subtotal LBHDC/City Expenditures	\$ 28,604,615	\$ 36,811,009	\$ 24,305,253	
(97)	Subtotal Resources Available	\$ 59,932,801	\$ 58,254,527	\$ 16,352,784	
(98)	Prior Years' Commitments		\$ 26,827,221		
(99)	Resources Available for Appropriation		\$ 31,427,306		

(For Information Only)
HOUSING SERVICES BUREAU
 Prior Years' Commitments
 FY 2009-2010
 Proposed Budget

Exhibit C

A	B	C	D
	Projects/Programs	Commitment	Funding Source
(1)	Coronado	\$ 6,996,000	Bonds
(2)	Meta - 2355 Long Beach Blvd	\$ 3,826,000	Set-Aside
(3)	Meta - Long Beach/Anaheim	\$ 110,000	Set-Aside
(4)	Olive Court SMAP	\$ 1,688,000	Set-Aside
(5)	Olive Court SMAP	\$ 562,600	BEGIN
(6)	Palace Hotel	\$ 1,992,190	Set-Aside
(7)	Central HAP Focus Area	\$ 100,000	Bonds
(8)	Washington HAP Focus Area	\$ 3,747,323	Bonds
(9)	North HAP Focus Area *	\$ 7,000,000	Set-Aside
(10)	Workforce Housing Reward Grant	\$ 227,128	Other
(11)	CalHome Program Income	\$ -	Other
(12)	Property Operation/Maintenance	\$ 300,000	Set-Aside
(13)	Housing Trust Fund - Habitat	\$ 277,980	Other/HTF
(14)	Total	\$ 26,827,221	

* Appropriation will be transferred if and when Board approves

**Housing Services Bureau
FY 2009-2010 Proposed Budget
Funding Sources**

Exhibit D

A	B	C	D	E	F	G	H
		FY 2009-2010 Proposed Budget					% of Budget
		Set-Aside	HOME	Bonds	Other	Total	
	Expenditures						
	Ownership						
(1)	New Construction - Ownership	\$ -	\$ -	\$ -	\$ -	\$ -	
(2)	Rehabilitation - Single-Family	\$ 230,000	\$ 2,461,073	\$ -	\$ -	\$ 2,691,073	
(3)	1st Time Homebuyers Assistance	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000	
(4)	Home Improvement Rebate Program	\$ 100,000				\$ 100,000	
(5)	Housing Action Plan Implementation	\$ 75,000	\$ -	\$ 2,000,000	\$ -	\$ 2,075,000	
(6)	Total Ownership	\$ 2,405,000	\$ 2,461,073	\$ 2,000,000	\$ -	\$ 6,866,073	46.48%
(7)	Rental						
(8)	New Construction - Rental	\$ 5,000,000	\$ -	\$ -	\$ -	\$ 5,000,000	
(9)	Rehabilitation - Multi-Family:					\$ -	
(9)	Rehab Multi Family	\$ 1,050,000	\$ 1,493,078	\$ -	\$ -	\$ 2,543,078	
(10)	Total Rental	\$ 6,050,000	\$ 1,493,078	\$ -	\$ -	\$ 7,543,078	51.07%
(11)	Property Operation/Management	\$ 112,000	\$ -	\$ -	\$ -	\$ 112,000	0.76%
(12)	LBHDC Operating & Administrative Costs	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000	
(13)	Subtotal LBHDC Expenditures	\$ 8,817,000	\$ 3,954,151	\$ 2,000,000	\$ -	\$ 14,771,151	100.00%

MEMORANDUM OF UNDERSTANDING BETWEEN THE LONG BEACH HOUSING DEVELOPMENT COMPANY AND THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH REGARDING ALLOCATION OF HOUSING SET-ASIDE FUNDS

THIS MEMORANDUM OF UNDERSTANDING (this "MOU") is made and entered into by and between THE LONG BEACH HOUSING DEVELOPMENT COMPANY, a non-profit corporation wholly-owned by the City of Long Beach ("LBHDC"), and the REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, a public agency ("RDA").

RECITALS

WHEREAS, historically the RDA has transferred a significant portion of the Housing Set-Aside Funds the RDA receives to the LBHDC in order to, among other things, develop and preserve affordable housing in the City of Long Beach;

WHEREAS, the RDA was scheduled to transfer \$19,355,486, subject to adjustment in accordance with applicable rules and regulations (the "FY 10 Housing Set-Aside Amount"), in Housing Set-Aside Funds to the LBHDC in Fiscal Year 2009-2010 ("FY 10");

WHEREAS, due to the recent budget crisis, the Legislature of the State of California has enacted Assembly Bill AB26 xxxx ("AB26 4X") which reduces funds originally slated for the RDA in FY 10 by approximately \$30 million; and

WHEREAS, the parties desire to reduce the impact of the AB26 budget cut to the operations of the RDA as much as possible in FY 10.

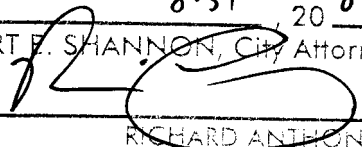
AGREEMENT

NOW, THEREFORE, the parties agree as follows:

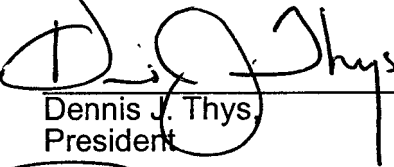
1. FY 10 Housing Set-Aside Amount Transfer. The RDA shall keep the FY 10 Housing Set-Aside Amount to cover its expenses during FY 10, and shall not otherwise make any transfer of funds to the LBHDC in FY 10.
2. FY 10 Housing Set-Aside Amount Repayment. Beginning with Fiscal Year 2011 and continuing for five fiscal years through Fiscal Year 2015, the RDA

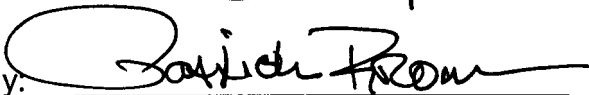
shall repay the FY 10 Housing Set-Aside Amount, subject to adjustment as provided by AB26 4X or any other applicable law, rule or regulation, without interest, to the LBHDC in five equal annual installments, or in such other manner as provided by AB26 4X or any other applicable law. The repayment of the FY 10 Housing Set-Aside Amount shall be in addition to, and not in lieu of, whatever other amounts are budgeted to be transferred to the LBHDC from the RDA in future fiscal years.

3. RDA Board Findings. The effectiveness of this MOU is expressly contingent upon the RDA Board (i) making a formal finding that insufficient general tax increment is available to pay make the transfer of Housing Set-Aside Funds, and (ii) otherwise complying with all applicable provisions of AB26 4X.

APPROVED AS TO FORM
8-31, 20 09
ROBERT E. SHANNON, City Attorney
By 
RICHARD ANTHONY
DEPUTY CITY ATTORNEY


THE LONG BEACH HOUSING
DEVELOPMENT COMPANY, a non-profit
corporation

By: 
Dennis J. Thys,
President

By: 
Patrick Brown,
Chairman of the Board of Directors

THE REDEVELOPMENT AGENCY OF THE
CITY OF LONG BEACH, a public agency

By: 
Craig Beck,
Asst. Executive Director

By: 
William Baker
Chairman of the Board