



MEMORANDUM

Date: January 20, 2010
To: Board of Directors
The Long Beach Housing Development Company
From: Executive Review Committee
Prepared by: Meggan Sorensen, Development Project Manager
Subject: **Second Mortgage Assistance for Olive Villas Homebuyers**

RECOMMENDATIONS:

1. Approve the use of \$2,350,000 in second mortgage assistance for both low- and moderate-income first time homebuyers at Olive Villas;
2. Approve removal of the requirement that recipients must currently live or work in Long Beach to be qualified for second mortgage assistance to purchase at Olive Villas; and
3. Authorize the President or designee to sign any and all documents necessary to provide this assistance.

BACKGROUND:

On August 19, 2009, the LBHDC Board approved second mortgage assistance of up to \$2,350,000 to moderate-income first time homebuyers of the remaining 32 units at Olive Villas, under the same terms and conditions of the existing LBHDC Second Mortgage Assistance Program (see attached staff report). Since that date, the new owner of Olive Villas, Dayman Estates, LP (Dayman Estates), whose members include National Security Construction and Kennedy Wilson Corporate, has spent approximately \$252,000 upgrading the flooring, bathrooms and security of the property to increase marketability. Further, Dayman Estates has spent approximately \$150,000 to set up the sales office and promote sales of the remaining units. Six units have sold at market rate, but no potential buyers have qualified for the second mortgage assistance as moderate-income homebuyers. However, according to the first mortgage lender, approximately 10 interested buyers qualified as low-income homebuyers.

**MAKING
AFFORDABLE
HOUSING
HAPPEN**

AGENDA ITEM NO. 5

On December 15, 2009, Councilmember Dee Andrews presented the current Olive Villas circumstances to City Council (see attached Council Letter). City Council approved his recommendation to request that the LBHDC consider the following:

- Allow the previously approved \$2,350,000 to be used to assist both low- and moderate-income homebuyers.
- Remove the live or work in Long Beach policy, as currently required by the Second Mortgage Assistance Program, for low- and moderate-income homebuyers at Olive Villas.

If the LBHDC were to approve the aforementioned requests, no additional funds would be required. The assistance would simply be available to low- or moderate-income homebuyers on a "first come, first served" basis until the funds are depleted. The subsidies will range from \$29,700 to \$263,200, versus \$29,700 - \$112,200 for moderate-income homebuyers only. With such a wide range of assistance, it is difficult to predict the total number of households that will be assisted. However, Dayman Estates has sold six market rate units and with every market rate sale, fewer units will be available and in need of subsidy.

This item was discussed at the Executive Review Committee meeting on January 12. The ERC recommends that the Board approve the recommended actions.

ET:PU:MS

Attachments:

- A – August 19, 2009 LBHDC Staff Report
- B – December 15, 2009 City Council Letter
- C – KMA Affordability Gap Calculations

ATTACHMENT A



The
**Long Beach
Housing
Development
Company**

MEMORANDUM

Date: August 19, 2009
To: Board of Directors
The Long Beach Housing Development Company
From: *Ellie Tolentino*
Ellie Tolentino, Vice President
Prepared by: Patrick Ure, Housing Development Officer
Subject: **Second Mortgage Assistance for Olive Villas
Homebuyers**

RECOMMENDATIONS:

- 1) Approve second mortgage assistance of up to \$2,350,000 to moderate-income first time homebuyers of the remaining 32 units at Olive Villas, under the same terms and conditions of the existing LBHDC Second Mortgage Assistance Program; and
- 2) Authorize the President or designee to sign any and all documents necessary to provide this assistance.

BACKGROUND:

On January 21, 2009, the LBHDC Board authorized the President to negotiate with Bank of America (BoFA) for the acquisition of Olive Villas in an amount not to exceed \$5,500,000 plus closing costs, and approved a budget of \$7,282,000 to complete the acquisition, management, and sale of the remaining 32 units. A copy of the staff report is attached as Attachment A for your reference. Staff subsequently offered BoFA \$4.9 million to acquire the site. BoFA did not accept the offer and opted to list the property for sale in the open market.

BoFA has now sold the property to Dayman Estates, LP (Dayman Estates), whose members include National Security Construction and Kennedy Willson Corporate. Dayman Estates plans to make cosmetic improvements to the remaining units prior to selling them, and has budgeted \$240,000 for construction costs. A copy of Dayman Estates acquisition, operating and sales budget, and company profiles of National Security Construction and Kennedy Wilson Corporate are attached as Attachment B.

**MAKING
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AGENDA ITEM NO. 5A

Mailing Address:
110 Pine Avenue
Suite 1200
Long Beach, CA 90802
Tel 562/570-6949
Fax 562/570-5921

With the assistance of Keyser Marston Associates, Inc. (KMA), staff has calculated the cost for providing second mortgage assistance to both low- and moderate-income homebuyers of the remaining 32 Olive Villas units. The cost for providing assistance only to moderate-income buyers is \$2,302,000, with subsidies ranging from \$29,700 to \$112,200 per unit. The cost for providing assistance only to low-income buyers is \$6,287,000, with subsidies ranging from \$150,400 to \$263,200 per unit. A copy of the KMA Affordability Gap Calculations is attached as Attachment C. Staff considered providing assistance to a mix of both low- and moderate-income homebuyers, but found that it would still be too costly. After evaluating different alternatives, staff feels that the most cost effective and least complicated option is to provide assistance only to moderate-income homebuyers, and recommends providing up to \$2,350,000 in funding, under the same terms and conditions of the existing LBHDC Second Mortgage Assistance Program.

ET:PU:sm

Attachments:

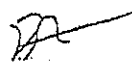
- A – January 21, 2009 LBHDC Staff Report
- B – Project Budget and Developer Biographies
- C – KMA Affordability Gap Calculations



City of Long Beach
Working Together to Serve

ATTACHMENT B

Memorandum

Date: December 15, 2009
To: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
From: Dee Andrews, Councilmember Sixth District 
Subject: AGENDA ITEM: Assistance for Olive Villas Homebuyers

DISCUSSION

Olive Court property requires bold action to bring this development to a successful conclusion. The new ownership has taken aggressive steps to make this project a win-win for the existing homeowners, the City of Long Beach, and new purchasers.

At the request of the LBHDC the new developer has improved the unit finish, enhanced project security, reinitiated full-time sales activity, conducted a marketing campaign, joined the Chamber of Commerce and conducted extensive community outreach. All the while promoting the city's Second Mortgage Assistance Program (SMAP). The developer has spent over \$638,000 on making it possible to sell the remaining properties.

Over \$252,000 has been spent on upgrading the floor, bath and security of the property. This was done to make the property more attractive to purchase. Over \$150,000 has been spent on marketing and promotion.

The Long Beach Development Company has approved a SMAP program for this property up to \$2,350,000. The current SMAP requirement for this new developer is restrictive to only include moderate income and Long Beach resident only. To date no moderate income purchaser has been found. However, the developer has identified over four low income potential purchasers that would be ready to go should the eligibility be changed.

In a memorandum dated August 19, 2009 the Housing Development memo states that, "... (the) staff feels the least complicated option is to provide assistance only to moderate income homebuyers..."

From inception, Olive Court has been a very complicated project. Under the initial SMAP, and due to a multitude of factors, the sales were very slow which in part led to the first developer's bankruptcy. The original developer who went bankrupt had both low and moderate income qualifier, with no residency requirement. The first developer who went bankrupt never sold any units at market rate. The new developer has sold four (4) units at market rate. We would like to build the same flexibility that was present when this project first became available. The request for flexibility is only directed at this specific project. Of the four units sold the money that was available for moderate income can and should be used for low income purchasers.

Although the new developer made four sales at market value in the past four months, none of the purchasers used the City's assistance program. It is our opinion that unless the Long Beach Housing Development Company changes the program back to what it was before, the new developer will not be successful.

The status quo will leave the developer no options but to auction off the units, which will create a free fall in the home price of Olive Court.

If all of the remaining properties are auctioned off this will wipe out whatever is left in the home equity, not just for the 28 existing owners', but the City's as well (all 28 condos sold have more than \$180,000 second loan each on them).

In the interest of all parties, it is abundantly clear that modifications to the Olive Court SMAP must be made in order to meet the mission of the City of Long Beach and the Long Beach Housing Development Company. These modifications include removing the residency requirements and opening up assistance to lower income purchasers. Should these restrictions be removed the new developer has the confidence that as many as ten or more new sales would occur within a few months bringing Olive Court that much closer to a successful conclusion.

RECOMMENDATION

1) City Council to respectfully request the Long Beach Housing Development Company to consider the following:

- a. To allow the funds already allocated for homeowners assistance to include low income applicants
- b. To change the requirements of Long Beach residents only to preferred Long Beach residents. The owner would demonstrate good faith best efforts to attract Long Beach residents

2) All city resources, with zero net general fund cost, should be utilized to attract new home ownership opportunities in Long Beach which would include but not limited to:

Email Blasts	Port Newsletters
Neighborhood Newsletters	Heart of the City Program Segment
Community Meetings	Weed and Seed Outreach
Section 8 Housing Materials	Workforce Development Outreach
Utility Bills & Public Mailers	Community Health Worker Outreach
Printed Materials at City Facilities	City website
On Hold Messages	City Council Meeting "Crawlers"
Electronic Message Boards	Printed Materials at City Facilities

BACKGROUND & FACTS

According to Patty Gadd at Western Mutual Home Loans, they have spoken to nearly 100 potential buyers that are moderate income or below and not one individual qualifies under the present qualifying criteria. There are approximately 10 potentials that would buy if the criteria included low-income. The developer has contacted over 200 groups through the community since re-opening.

MODERATE INCOME RESTRICTIONS

The current SMAP is available only to moderate income families and is not provided to very low and low income purchasers.

Issues:

1. The initial Olive Court assistance program was available to all income levels.
2. All of the existing homeowners have SMAP and it is believed that many were below moderate income at the time of their purchase.
3. This restriction is contrary to the Long Beach Housing Development Company's Mission which states "...very low-income, low-income and moderate-income..." (Source: www.lbhdc.gov).
4. Excluding very low to low-income could be viewed as unfair and/or discriminatory.

RESIDENCY REQUIREMENT

The current SMAP requires that the purchaser already live and/or work in the city of Long Beach.

Issues:

1. Long Beach residency was not a requirement of the initial Olive Court assistance program. All of the existing homeowners have SMAP and it is believed that many resided outside of Long Beach at the time of their purchase.
4. Residency restrictions may violate some rules if the source of funds are state and/or federal and could possibly be viewed as unfair and/or discriminatory.
5. Upon purchasing at Olive Court, new residents benefit the city of Long Beach by becoming active members of the community.

Marketing Timeline:

August 5 – Escrow closed – onsite project work begins
 August 19 – Board approves allocation
 Sept 10 – DRE issue Preliminary Report
 Sept 10 – Commence community outreach in Vietnamese and Cambodian communities
 Sept 10 – www.1880LongBeach.com is launched promoting the city of Long Beach
 SMAP
 Sept 16 – Housing bureau provides SMAP guidelines, application and approved lenders
 Sept 17 – Seller engages Western Mutual Home Loans to do buyer financing
 Sept 17 – Signs installed on the Project
 Sept 18 – Housing bureau mails invitations to 12-moderate income participants
 Sept 18 – Seller mails approximately 400 invitations to Long Beach residents
 Sept 24 – Seller holds a meet and greet dinner with residents in friends in the sales office and offers a 1% resident/buyer referral program
 Sept 26 – Seller conducts Homebuyer Seminar. There are 10 participants – none qualify for SMAP
 Sept 26 – Sales office opens
 Sept 26 – Dayman Estates LP joins the Long Beach Chamber of Commerce
 Sept 28 – Update sent to Housing Bureau asking for assistance in outreach to city employees, school district employees, co-interaction with the Chamber of Commerce
 Sept 30 – Properties inserted into the MLS
 Sept 30 – List of local business and organizations compiled and outreach commenced including site visits, flyers and follow up. We have reached out and/or made contact with the following community and business organizations:

Neighborhood Associations
Central Neighborhood Advisory Committee (CNAC)
Central Long Beach Project Area Committee (CPAC)
Wrigley Village Neighborhood Advisory Group (NAG)
Wrigley Association
Wrigley Area Neighborhood Alliance (WANA).
Business Organizations
Union Bank
Hope Financial (a non-profit)
Bank of America - Anaheim Banking Center
Long Beach Memorial Hospital
Long Beach Community Hospital
Pacific Hospital of Long Beach
Long Beach Chamber of Commerce
Churches in the 6 th District:
White Rose Church of God In Christ
Holy Innocents Church
New Beginnings Church of Deliverance
New Jerusalem Christian Fellowship

New Liberty Baptist Church
Antioch Church of Long Beach
Christ Second Baptist Church
Christian Faith Ministry
Church of Deliverance of All People
Church of Jesus Christ Apostolic
Faithful Christian Fellowship
First Providence Baptist Church
Golgotha Trinity Baptist Church
Goodwill Church of God In Christ
Gospel Memorial Church of God
Grant AME Church
Great Deliverance COGIC
Greater Harvest COGIC
Hashaway Community CME Church
Living Word Missionary Baptist Church
Long Beach Islamic Center
Masjid Al-Shareef of Long Beach
Mount Carmel Cambodian Center
Myrtle Avenue Church of Christ
New Hope Baptist Church
New Hope Church of Christ Holiness
Spiritual Baptist Church
Spiritual True Holiness Church
Springs of Hope Christian Ministries
St. Johns Missionary Baptist Church
St. Marks Baptist Church
St. Mary Medical /Spiritual Care
Straight Not Narrow Ministries
True Gospel Church of God In Christ
Unity Fellowship Church
Vision Misionera
Walk With Me COGIC
Other Organizations
Centro Shalom
Latino American Community Center (LACC),

Oct 1 – The housing bureau rejects the first applicant due to low income of \$46,200 (\$50,750 needed)

Oct 5 – The first sale is made at full price to a "market buyer" – No SMAP

Oct 9 – The second sale is made at full price to a "market buyer"

Oct 12 – An eBlast is sent to 1000 market leads

Oct 16 – Commence advertising in Long Beach Press Telegram – program halted due to no response

Oct 27 – The third sale is made at full price to a "market buyer"

Oct 19 – Meeting with Victor Itiniano at Union Bank

Oct 20 – Grand opening set for Nov. 14th. Housing Bureau notified but no response in regards to participation and support.

Nov 7 – The fourth sale is made at full price to a "market buyer"

Nov 8 – A mailing list of 5000 employees of the LBUSD acquired at considerable expense to receive post cards in the coming days.

Nov 14 – Commence LA Times and Long Beach Press Telegram advertising

Olive Court

Lordon Managemnet Co.

1275 Center Court Dr Cowana, Ca 91724

1880 Long Beach Blvd

Long Beach, CA 90806

September 22, 2009

Dear Councilman Dee Andrews,

On behalf of the Olive Court homeowners at 1880 Long Beach Blvd., we are asking you to reconsider the current restrictions for qualifying perspective homebuyers. A majority of the current homeowners were not residents of Long Beach nor were they working in Long Beach at the time of qualification. Upon becoming Long Beach residents, the city now has a greater resource pool of teachers, electricians, film/ media production members, and retail sales personnel.

These hard-working class individuals are extremely passionate about improving the immediate surrounding area. We are a strong community of people and wish for our future neighbors to be of the same caliber. It is strongly believed that strict guidelines will greatly reduce the number of quality people being able to qualify for homeownership in our community.

It is our ultimate goal to build strong communities. We are excited to hear and see that there will be new working class housing developments in our area. We hope that looser restriction guidelines will bring quality homeowners to the 6th district. It would be wonderful to see our district draw more positive attention by improving the neighborhood and the people.

Sincerely,

Rommel Dalena

HOA President

James Bigalow

HOA Vice President/
Treasurer

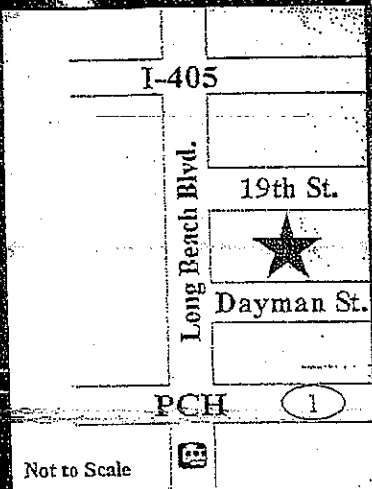
Stephanie Cooper

HOA Secretary

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**PLEASE JOIN US IN CELEBRATING THE
GRAND OPENING OF OLIVE COURT
SAT, NOV 14TH, 1:00 PM**

**Unique Urban Living Condos in Long Beach
PRICED FROM LOW \$200'S**



- One, Two, Three and Four Bedroom Townhomes or Flats • ± 750 to 1,565 square feet • Private patios and balconies • 1-block from blue line station • Eco-friendly • FHA Financing • Mortgage Assistance† • Furnished model

**323 E. Dayman Street • (562) 591-3781
Open 11 to 5 PM Friday to Monday**

Financing Provided By:
WESTERN MUTUAL
Home Loans

in partnership with Bank of America

KENNEDY WILSON

DRE License No. 00746768



www.1880LongBeach.com

†In cooperation with the nonprofit corporation, The Long Beach Housing Development Company (www.lbhdc.org), the developer and the City of Long Beach are Offering first-time home-buyer Second Mortgage Assistance to qualified families.

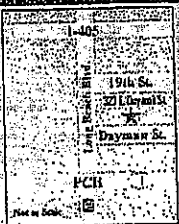
New Condominiums in Long Beach

Take Advantage of
\$8,000 Tax Credit*

Priced from the low \$200s
Excellent FHA Financing

Olive Court is designed to make homeownership affordable and convenient. Located one block from the Blue Line, the eco-friendly development features for sale residences surrounding three landscaped courtyards and offering a wide range of floor plans.

- One, Two, Three and Four Bedroom Townhomes or Flats
- ~750 to 1,555 square feet
- Private patios and balconies
- Pacific Coast Highway Blue Line Station
- FHA Financing • Mortgage Assistance
- Furnished Model • Eco-friendly
- Gated Community • Broker Cooperation

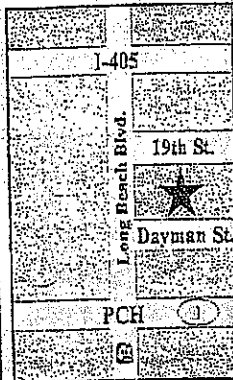
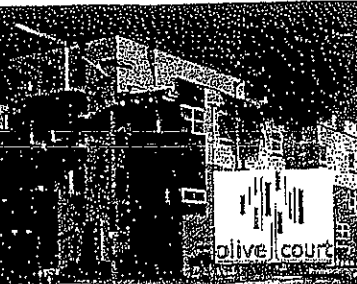


Open: 11 AM to 5 PM
Friday to Monday
For more information, please go to
www.1888longbeach.com
(562) 591-3781

*For more information on the \$8,000 tax credit, please visit www.irs.gov. The credit is available for new homes built after 1989. The credit is available for new homes built after 1989. The credit is available for new homes built after 1989.

NEW CONDOMINIUMS IN LONG BEACH

TAKE ADVANTAGE OF
\$8,000 TAX CREDIT*



IF YOU LIVE OR WORK IN LONG BEACH
...ASK ABOUT MORTGAGE ASSISTANCE*

- Up to Four Bedrooms • up to ±1,565 sq. ft.
- Private patios and balconies • FHA Financing
- Furnished model • Broker's welcome

323 E. Dayman Street
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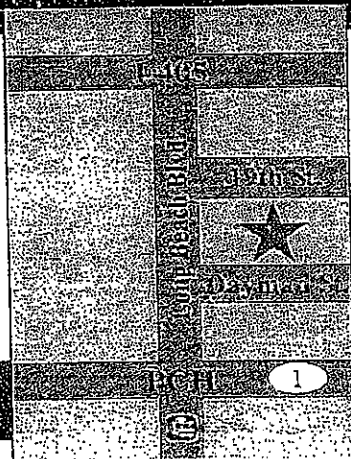
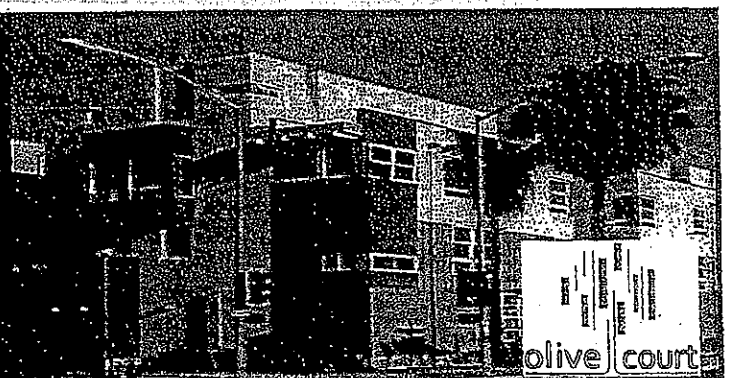
*In cooperation with the nonprofit corporation, The Long Beach Housing Development Company (www.LBHDC.org), the developer and the City of Long Beach are offering first-time home-buyer Second Mortgage Assistance to qualified families. Prices and availability are subject to change.

KENNEDY WILSON

DRE License No.
00746768



NEW CONDOMINIUMS IN LONG BEACH TAKE ADVANTAGE OF \$8,000 TAX CREDIT*



IF YOU LIVE OR WORK IN LONG BEACH...ASK ABOUT MORTGAGE ASSISTANCE†

- Up to Four Bedrooms • up to ±1,565 sq. ft.
- Private patios and balconies • FHA Financing
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KENNEDY WILSON

DRE License No.
00746768



ATTACHMENT C

TABLE 1
AFFORDABILITY CALCULATIONS - 2009 LA COUNTY INCOMES
MOD INCOME - REDEVELOPMENT STDS - 45 YEAR COVENANTS
32 REMAINING UNITS
OLIVE COURT - 1856-90 LONG BEACH BOULEVARD
LONG BEACH, CALIFORNIA

I.	Market Rate Price	Flat 4: 1 Bd/1 Ba - 751 sf	Flat 3: 1 Bd/1 Ba - 822 sf	TH 1: 1 Bd/1.5 Ba - 860 sf	TH 6: 2 Bd/1.5 Ba - 926 sf	TH 8: 1.2 Bd/1.5 Ba - 968 sf	TH 3: 2 Bd/1.5 Ba - 1,028 sf	TH 5: 2 Bd/1.5 Ba - 1,170 sf
		\$221,000	\$221,000	\$240,000	\$249,000	\$263,000	\$278,000	\$296,000
II.	Income							
	Household Income @ 110% Median	\$54,670	\$54,670	\$54,670	\$61,490	\$61,490	\$61,490	\$61,490
	Income Allotted to Housing @ 35% of Income	\$19,130	\$19,130	\$19,130	\$21,520	\$21,520	\$21,520	\$21,520
III.	Ongoing Expenses							
	HOA (Per Developer)	\$1,836	\$1,884	\$1,920	\$1,968	\$1,992	\$2,040	\$2,136
	Utilities (LB Eff)	1,272	1,272	1,272	1,536	1,536	1,536	1,536
	Maintenance	300	300	300	420	420	420	420
	Property Taxes @ 1.1% of Market Rate Price	2,430	2,430	2,640	2,740	2,890	3,060	3,260
	Total Ongoing Expenses	\$5,838	\$5,886	\$6,132	\$6,664	\$6,838	\$7,056	\$7,352
IV.	Income Available for Mortgage	\$13,292	\$13,244	\$12,998	\$14,856	\$14,682	\$14,464	\$14,168
V.	Affordable Housing Price							
	Interest Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
	Supportable Mortgage	\$184,700	\$184,100	\$180,700	\$206,500	\$204,100	\$201,000	\$196,900
	Home Buyer Down Payment @ 3% Mkt Rate Price	6,600	6,600	7,200	7,500	7,900	8,300	8,900
	Maximum Affordable Housing Price	\$191,300	\$190,700	\$187,900	\$214,000	\$212,000	\$209,300	\$205,800
VI.	Affordability Gap / Unit	\$29,700	\$30,300	\$52,100	\$35,000	\$51,000	\$68,700	\$90,200
VII.	Number of Units by Unit Type	1	1	2	1	4	5	2
VIII.	Total Affordability Gap by Unit Type	\$29,700	\$30,300	\$104,200	\$35,000	\$204,000	\$343,500	\$180,400
IX.	Total Gap	\$2,302,000						

TABLE 1
AFFORDABILITY CALCULATIONS - 2009 LA COUNTY INCOMES
MOD INCOME - REDEVELOPMENT STDS - 45 YEAR COVENANTS
32 REMAINING UNITS
OLIVE COURT - 1856-90 LONG BEACH BOULEVARD
LONG BEACH, CALIFORNIA

I. Market Rate Price	TH 2: 2 Bd/1.5 Ba - 1,155 sf	TH 11: 2 Bd/1.5 Ba - 1,088 sf	TH 4.1: 3 Bd/2.5 Ba - 1,412 sf	TH 10: 3 Bd/2.5 Ba - 1,436 sf	TH 4: 3 Bd/2.5 Ba - 1,565 sf	Flat 1: 4 Bd/2 Ba - 1,483 sf
	\$296,000	\$285,000	\$300,000	\$319,000	\$338,000	\$315,000
II. Income						
Household Income @ 110% Median	\$61,490	\$61,490	\$68,310	\$68,310	\$68,310	\$73,760
Income Allotted to Housing @ 35% of Income	\$21,520	\$21,520	\$23,910	\$23,910	\$23,910	\$25,820
III. Ongoing Expenses						
HOA (Per Developer)	\$2,124	\$2,076	\$2,304	\$2,328	\$2,412	\$2,352
Utilities (LB Eff)	1,536	1,536	1,716	1,716	1,716	1,968
Maintenance	420	420	540	540	540	660
Property Taxes @ 1.1% of Market Rate Price	3,260	3,140	3,300	3,510	3,720	3,470
Total Ongoing Expenses	\$7,340	\$7,172	\$7,860	\$8,094	\$8,388	\$8,450
IV. Income Available for Mortgage	\$14,180	\$14,348	\$16,050	\$15,816	\$15,522	\$17,370
V. Affordable Housing Price						
Interest Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Supportable Mortgage	\$197,100	\$199,400	\$223,100	\$219,800	\$215,700	\$241,400
Home Buyer Down Payment @ 3% Mkt Rate Price	8,900	8,600	9,000	9,600	10,100	9,500
Maximum Affordable Housing Price	\$206,000	\$208,000	\$232,100	\$229,400	\$225,800	\$250,900
VI. Affordability Gap / Unit	\$90,000	\$77,000	\$67,900	\$89,600	\$112,200	\$64,100
VII. Number of Units by Unit Type	1	1	5	2	5	2
VIII. Total Affordability Gap by Unit Type	\$90,000	\$77,000	\$339,500	\$179,200	\$561,000	\$128,200
IX. Total Gap						

TABLE 2
AFFORDABILITY CALCULATIONS - 2009 LA COUNTY INCOMES
LOW INCOME - REDEVELOPMENT STDS - 45 YEAR COVENANTS
32 REMAINING UNITS
OLIVE COURT - 1856-90 LONG BEACH BOULEVARD
LONG BEACH, CALIFORNIA

I.	Market Rate Price	Flat 4: 1 Bd/1 Ba - 751 sf	Flat 3: 1 Bd/1 Ba - 822 sf	TH 1: 1 Bd/1.5 Ba - 860 sf	TH 6: 2 Bd/1.5 Ba - 926 sf	TH 8.1: 2 Bd/1.5 Ba - 968 sf	TH 3: 2 Bd/1.5 Ba - 1,028 sf	TH 5: 2 Bd/1.5 Ba - 1,170 sf
		\$221,000	\$221,000	\$240,000	\$249,000	\$263,000	\$278,000	\$296,000
II.	Income							
	Household Income @ 70% Median	\$34,790	\$34,790	\$34,790	\$39,130	\$39,130	\$39,130	\$39,130
	Income Allotted to Housing @ 30% of Income	\$10,440	\$10,440	\$10,440	\$11,740	\$11,740	\$11,740	\$11,740
III.	Ongoing Expenses							
	HOA (Per Developer)	\$1,836	\$1,884	\$1,920	\$1,968	\$1,992	\$2,040	\$2,136
	Utilities (LB Eff)	1,272	1,272	1,272	1,536	1,536	1,536	1,536
	Maintenance	300	300	300	420	420	420	420
	Property Taxes @ 1.1% of Market Rate Price	2,430	2,430	2,640	2,740	2,890	3,060	3,260
	Total Ongoing Expenses	\$5,838	\$5,886	\$6,132	\$6,664	\$6,838	\$7,056	\$7,352
IV.	Income Available for Mortgage	\$4,602	\$4,554	\$4,308	\$5,076	\$4,902	\$4,684	\$4,388
V.	Affordable Housing Price							
	Interest Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
	Supportable Mortgage	\$64,000	\$63,300	\$59,900	\$70,600	\$68,100	\$65,100	\$61,000
	Home Buyer Down Payment @ 3% Mkt Rate Price	6,600	6,600	7,200	7,500	7,900	8,300	8,900
	Maximum Affordable Housing Price	\$70,600	\$69,900	\$67,100	\$78,100	\$76,000	\$73,400	\$69,900
VI.	Affordability Gap / Unit	\$150,400	\$151,100	\$172,900	\$170,900	\$187,000	\$204,600	\$226,100
VII.	Number of Units by Unit Type	1	1	2	1	4	5	2
VIII.	Total Affordability Gap by Unit Type	\$150,400	\$151,100	\$345,800	\$170,900	\$748,000	\$1,023,000	\$452,200
IX.	Total Gap	\$6,827,000						

TABLE 2

AFFORDABILITY CALCULATIONS - 2009 LA COUNTY INCOMES
LOW INCOME - REDEVELOPMENT STDS - 45 YEAR COVENANTS
32 REMAINING UNITS
OLIVE COURT - 1856-90 LONG BEACH BOULEVARD
LONG BEACH, CALIFORNIA

I. Market Rate Price	TH 2:2 Bd/1.5 Ba - 1,155 sf	TH 11:2 Bd/1.5 Ba - 1,086 sf	TH 4:1:3 Bd/2.5 Ba - 1,412 sf	TH 10:3 Bd/2.5 Ba - 1,436 sf	TH 4:3 Bd/2.5 Ba - 1,565 sf	Flat 1: 4 Bd/2 Ba - 1,483 sf
	\$296,000	\$285,000	\$300,000	\$319,000	\$338,000	\$315,000
II. Income						
Household Income @ 70% Median	\$39,130	\$39,130	\$43,470	\$43,470	\$43,470	\$46,940
Income Allotted to Housing @ 30% of Income	\$11,740	\$11,740	\$13,040	\$13,040	\$13,040	\$14,080
III. Ongoing Expenses						
HOA (Per Developer)	\$2,124	\$2,076	\$2,304	\$2,328	\$2,412	\$2,352
Utilities (LB Eff)	1,536	1,536	1,716	1,716	1,716	1,968
Maintenance	420	420	540	540	540	660
Property Taxes @ 1.1% of Market Rate Price	3,260	3,140	3,300	3,510	3,720	3,470
Total Ongoing Expenses	\$7,340	\$7,172	\$7,860	\$8,094	\$8,388	\$8,450
IV. Income Available for Mortgage	\$4,400	\$4,568	\$5,180	\$4,946	\$4,652	\$5,630
V. Affordable Housing Price						
Interest Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Supportable Mortgage	\$61,200	\$63,500	\$72,000	\$68,700	\$64,700	\$78,300
Home Buyer Down Payment @ 3% Mkt Rate Price	8,900	8,600	9,900	9,600	10,100	9,500
Maximum Affordable Housing Price	\$70,100	\$72,100	\$81,000	\$78,300	\$74,800	\$87,800
VI. Affordability Gap / Unit	\$225,900	\$212,900	\$219,000	\$240,700	\$263,200	\$227,200
VII. Number of Units by Unit Type	1	1	5	2	5	2
VIII. Total Affordability Gap by Unit Type	\$225,900	\$212,900	\$1,095,000	\$481,400	\$1,316,000	\$454,400
IX. Total Gap						