

**THE LONG BEACH HOUSING DEVELOPMENT COMPANY
SPECIAL EXECUTIVE REVIEW COMMITTEE MEETING
January 12, 2010 at 9:00 a.m.**

DRAFT

MINUTES

Members Present: Patrick Brown, Chair (Non-Voting Member)
Stacy McDaniel, Vice Chair
Anna Ulaszewski, Projects Committee Chair
Michael McCarthy, Programs Committee Chair
Kevin Cwayna, Legislative/Advocacy Committee Chair

Staff Present: Dennis Thys, President
Ellie Tolentino, Vice President
Patrick Ure, Housing Development Officer
Dale Hutchinson, Housing Operations Officer
Meggan Sorensen, Development Project Manager
Pat Parga, Bureau Secretary

Prepared by: Pat Parga

1. Call to Order

Chair Brown called the meeting to order at 9:06 a.m.

2. Roll Call

All Committee members were present at roll call.

3. Minutes

The minutes from the November 10, 2009 meeting were approved by consensus.

4. Second Mortgage Assistance for Olive Villas Homebuyers (CD 6)

President Thys reviewed the staff report.

Committee member Cwayna asked if staff knew how many applicants might qualify using each option.

President Thys stated that six units have been sold without subsidy, which offsets the LBHDC's obligation. He stated the number of qualified applicants would depend on homebuyers' applications.

Committee member McCarthy asked how many units remain unsold.

Vice President Tolentino stated that there were 26 units unsold.

Vice Chair McDaniel asked if a list of buyers who didn't make the cut off for the Neighborhood Stabilization Program was made available to the developer.

AGENDA ITEM NO. 8A

President Thys stated that staff did market to individuals who were already qualified for the Second Mortgage Assistance Program (SMAP).

Staff Sorensen stated that some individuals from the SMAP list would now be qualified to purchase with acceptance of low-income households.

Committee member Ulaszewski asked if income was the only reason people were not qualifying.

Staff Sorensen stated that there were other reasons, for example, some had too much debt. She stated that according to the first lender approximately ten individuals could qualify if the program switched from moderate- to low-income.

Committee member Cwayna asked if these changes would be enough to sell the remaining 26 units. He asked how many applicants would qualify based on location issues.

Staff Ure stated that half the people who came through the sales office were from the SMAP list, so they would qualify as Long Beach residents.

President Thys stated that at least two individuals who pre-qualified did not meet the residency requirement.

Committee member Cwayna requested more data on the number of individuals who may qualify per each option.

Staff Ure stated that this project has been open to Long Beach residents for a long time and not enough applicants have qualified.

Chair Brown stated that these units should be sold soon because security problems develop when units are left vacant for too long.

Vice Chair McDaniel stated that the list of outreach organizations was quite long.

Staff Sorensen stated that the sales agent stated that about half the people walking through the door are from Long Beach and half are from the South Bay.

Committee member McCarthy asked why the project was moderate only.

President Thys stated that the SMAP was used and is usually only for moderate-income individuals.

Vice Chair McDaniel asked if the RHNA numbers would improve.

President Thys stated that the RHNA numbers would improve, but the focus for rental units is to meet the needs of the low-income. The focus of ownership is for moderate-income.

Board member Ulaszewski asked how the second owner of Olive Villas is doing in comparison to the first owner.

Staff Ure stated that the situations are completely different. The first owner was a brand new developer, plus the market crashed. The new owner is much more savvy and understood what he was getting into.

Board member Ulaszewski stated that the new owner probably has some reserves.

Vice Chair McDaniel stated that he probably has a Performa to sell more than two units a month. She would like to have more information from staff's meeting with the developer.

President Thys stated that he would have Mr. Wong attend the Board meeting to answer any questions from the Board.

Recommended Action:

Recommend that the Board:

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.

MOTION TO APPROVE:

SECONDED:

UNANIMOUSLY APPROVED

Stacy McDaniel

Michael McCarthy

5. **Agreements for Real Estate Acquisition and Related Services**

Vice President Tolentino reviewed the staff report.

Chair Brown stated he was familiar with Overland, Pacific and Cutler, Inc. (OPC), but wanted a brief background on the other companies.

Staff Hutchinson gave a brief background on Shober Consulting (Shober) and Equity North Investments (ENI).

Chair Brown asked where they were located.

Vice President Tolentino stated that all of the companies are based in Long Beach.

Vice Chair McDaniel asked if Shober and ENI were doing only site clearance consulting and not doing any physical work.

Staff Hutchinson stated that they could do some physical work if requested, such as boarding up, property maintenance, etc.

Further discussion ensued.

Vice Chair McDaniel stated that prior to the Board meeting she would like to see what the insurance requirements are and specifically the environmental requirements. She stated that some small and minority owned firms tend to be lightly insured.

Further discussion ensued.

President Thys stated that most of the work these companies do has nothing to do with environmental services. He stated that he would work with the City Attorney's office to add a paragraph that states that should they do sub-surface or hazardous material work they would have to have the LBHDC as an additional insured.

Staff Ure asked if OPC's related services includes relocation.

Staff Hutchinson stated that it did.

Recommended Action:

Recommend that the Board:

1. Authorize the President or designee to enter into an agreement for real estate acquisition and related services with Overland, Pacific, and Cutler, Inc. (OPC) in an amount not to exceed \$600,000 for a three-year period;
2. Authorize the President or designee to enter into an agreement for relocation, property management and site clearance consulting services with Shober Consulting in an amount not to exceed \$100,000 for a three-year period; and
3. Authorize the President or designee to enter into an agreement for relocation, property management and site clearance consulting services with Equity North Investments (ENI) in an amount not to exceed \$100,000 for a three-year period.

MOTION TO APPROVE:
SECONDED:
UNANIMOUSLY APPROVED

Anna Ulaszewski
Michael McCarthy

6. Meta Housing

President Thys stated that staff would be bringing to the Board an item regarding the Meta Housing project, however, staff did not have specifics for the ERC. Staff is working with the developer to get updated proforma information. Meta received State grants and has a deadline of the end of March to submit their development plan to the State to secure the funding. He stated that he met with the City Manager, staff from Development Services and staff from Community Development about the possibility of losing the entire project if it does not move forward soon.

President Thys stated they would be recommending the project be done in phases. The first phase will be the two rental senior components. The second phase will be the corner condominium/retail site, which will be pushed out until the market stabilizes. He stated that Keyser Marston (KMA) is working with Meta on a gap analysis to determine the warranted level of LBHDC participation.

Vice Chair McDaniel asked if the lack of financing capacity has slowed down the ability to finance the DDA and move forward.

Staff Ure stated that Meta actually found some favorable financing for phase one that allows it to move forward, however, regarding phase two, no one is currently lending on for-sale projects. He stated that the LBHDC has \$5 million in the land and Century has \$25 million in the land and the interest is ticking away.

Vice Chair McDaniel asked if it was abnormal to do a big project in a phased approach.

Staff Ure stated that it was not abnormal and that a project of this size would probably have to be phased anyway. He stated that it was a complicated project with many financial components. There is always a risk of losing financing if you do not move forward.

Further discussion ensued.

Vice Chair McDaniel suggested that staff provide a wide range of information with a more specific number provided later.

Further discussion ensued.

Board member Ulaszewski asked whether any funding was at risk.

Staff Ure stated that Meta was awarded of \$26 million from HCD for both the Transit Oriented Development program and the Infill Infrastructure Grant program.

Committee member Ulaszewski asked if this funding was for phase 1 or for the whole project.

Staff Ure stated that it was for the whole project

Further discussion ensued.

Committee member McCarthy asked if it would be worth changing the second phase to rental.

President Thys stated the idea was to blend rental and ownership and that removing the ownership portion would change the whole flavor of the project.

Staff Ure stated that a portion of the funds received from the State was for ownership.

Further discussion ensued.

Committee member Cwayna asked about the consistency of the neighborhood, parking and environmental issues between phases.

President Thys stated that Meta would be doing some redesign to ensure that the project does not look like the back of buildings. He stated that the City Manager asked about interim uses for the land for phase 2.

Further discussion ensued.

7. Project Updates

Vice President Tolentino gave an update on the Coronado project. She stated that Brookfield Homes applied for a construction loan with Century Housing, but Century currently has a large investment in the Meta project.

President Thys stated that there are several options that staff is looking at, including providing the construction financing or having Meta become the developer for a fee.

8. Review Agenda for the next LBHDC Board Meeting – January 20, 2010

Vice President Tolentino stated that in addition to the items reviewed in today's ERC meeting, the Ramona Park project and an item from the Programs Committee would be presented to the Board in January.

Committee member McCarthy stated that he has a concern with the loss of the bank at the Ramona Park project site. He stated that it was the only bank within one to two miles of that site.

Further discussion ensued.

Vice President Tolentino stated that the study session on Local Housing Preference would take place prior to the January Board meeting in the Council

Chambers; however, no action would be taken until the policy is presented to the Board.

9. Upcoming Meetings, Conferences and Workshops

President Thys stated that at the January Board meeting more information would be provided regarding the February Habitat event, the Henderson Ave. Celebration on January 23, and the Palace Hotel Open House on January 28.

Chair Brown asked for a Board member to cover for him at the Henderson Ave. Celebration on January 23. Committee member Ulaszewski and Vice Chair McDaniel stated that they would attend.

Vice President Tolentino stated the study session would be at 3 p.m. in the Council Chambers and the Board will meet immediately after at 4 p.m. in the Council Chambers.

Committee member Ulaszewski stated that the Programs Committee meeting for January was changed to the 14th.

10. New Business

Vice Chair McDaniel asked what was being done to bring new developers to the City.

President Thys stated that it was not really necessary as developers are continually coming to staff.

Vice President Tolentino stated that if the Board knew of any developers they would like staff to send RFP's, they should let staff know.

Further discussion ensued.

11. Public Participation

No members of the public were present.

12. Adjournment

The meeting was adjourned at 10:00 a.m.