



CITY OF LONG BEACH

R-10

DEPARTMENT OF DEVELOPMENT SERVICES

333 West Ocean Blvd., 3rd Floor, Long Beach, CA 90802 (562) 570-5237

March 10, 2015

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve the First Substantial Amendment to the Fiscal Year 2015 Annual Action Plan to obligate new Program Income in the HOME Investment Partnership program for activities that create affordable housing for low-income households;

Authorize the City Manager to execute all necessary documents with the United States Department of Housing and Urban Development related to the First Substantial Amendment; and

Increase appropriations in the Community Development Grants Fund (SR 150) in the Development Services Department (DV) by \$4,000,000. (Citywide)

DISCUSSION

The City of Long Beach (City) receives federal funds from the United States Department of Housing and Urban Development (HUD) through the Community Development Block Grant (CDBG), HOME Investment Partnership Act (HOME) and Emergency Solution Grant (ESG) entitlement programs. The HOME program is designed exclusively to create affordable housing for low-income households. In order to receive CDBG, HOME and ESG funds, the City is required to submit a Five-year Consolidated Plan (Consolidated Plan) to HUD. For each year of the Consolidated Plan, the City is also required to adopt an annual Action Plan for the use of these entitlement funds. The current Consolidated Plan was approved by the City Council and HUD in 2012, and is valid from October 1, 2012 through September 30, 2017. On June 10, 2014, the City Council approved submission of the Fiscal Year 2015 (FY 15) Annual Action Plan (Action Plan) based on two public hearings conducted by the Long Beach Community Investment Company (LBCIC).

After the Action Plan was approved by the City Council and HUD, the City received an unanticipated loan repayment, in the amount of \$3,930,412, resulting from the sale of the Northpointe Apartments, requiring amendment of the Action Plan. Other loan repayments have been received, bringing HOME loan revenue to \$4 million. Federal regulation 24 CFR 91.505 and the City's Citizen Participation Plan requires that City Council approve any amendments to the current approved Action Plan if there is a change in the use of CDBG, HOME and ESG funds from one activity to another activity in excess of 25 percent of the total grant allocations for the program year, a change in allocation priorities or a change in the purpose, scope, location or beneficiaries of an activity.

On February 18, 2015, the LBCIC conducted a public hearing to solicit public comment on the Amendment to the Action Plan. Notices regarding the public hearing and the availability of the draft Amendment to the Action Plan were posted on the City's website for public review 30 days prior to the public hearing. An advertisement was published in the *Press-Telegram* announcing the availability of the draft Amendment to the Action Plan and details of the public hearing. At the conclusion of the public hearing, the LBCIC voted unanimously to recommend that the City Council approve the attached draft Amendment to the Action Plan (Exhibit A).

The Amendment to the City's Action Plan includes the following changes, which are aligned with the City's Consolidated Plan priorities:

- Receive and obligate an additional \$4,000,000 in HOME program income funds resulting from an unanticipated HOME-funded loan repayment toward affordable housing activities.
- Add a new affordable housing activity (new housing construction) not previously described in the Action Plan.

This matter was reviewed by Deputy City Attorney Richard Anthony on February 12, 2015, and by Budget Management Officer Victoria Bell on February 24, 2015.

TIMING CONSIDERATIONS

City Council action is requested on March 10, 2015, to ensure that the City meets its regulatory commitment and expenditure deadlines for the HOME Grant.

FISCAL IMPACT

The proposed changes to the Action Plan will not affect funding for previously approved HOME activities and will result in the commitment of additional funds for a new affordable housing activity not previously described in the Action Plan. An appropriation increase is requested in the Community Development Grants Fund (SR 150) in the Development Services Department (DV) for \$4,000,000. The appropriation increase will be offset by the revenue from HOME loan repayments, including the sale of Northpointe Apartments and other projects. There will be no local job impact as a result of the recommended action.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:



PATRICK H. WEST
CITY MANAGER



Substantial Amendment
To the 2015 Annual Action Plan

(Consolidated Plan FY 2013-2017, Year 3: Amendment #1: Addition of New Activity)

Web address where the substantial amendment is posted:
<http://www.longbeach.gov/>

Contact: Alem Hagos
Grants Administrator, City of Long Beach
333 W Ocean Blvd, Long Beach, CA 90802
Telephone 562-570-7403
Fax 562-570-5072
Email: Alem.Hagos@longbeach.gov

SUMMARY

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The following changes that comprise the Substantial Amendment to the City’s 2015 Action Plan are within the Priority Housing Needs section of the 2013-2017 Consolidated Plan:

- Receive and obligate additional HOME Program Income funds for Affordable Housing Activities in line with the City’s Five-year Consolidated Plan priority.
- Add a new affordable housing activity, not previously described in FY 2015 Action Plan, in line with the City’s Five-year Con Plan priority.

PROPOSED PROJECT

Consolidated Plan Listing of Proposed Projects		
City of Long Beach		
H-6: Construction of Rental Housing		
<input checked="" type="checkbox"/> High Priority <input type="checkbox"/> Medium Priority <input type="checkbox"/> Low Priority		
Affordable New Construction		
Develop and construct a 120-unit rental housing project on a 130,500 square foot site.		
<input type="checkbox"/> Suitable Living Environment <input checked="" type="checkbox"/> Decent Housing <input type="checkbox"/> Economic Opportunity <input checked="" type="checkbox"/> Availability/ Accessibility <input type="checkbox"/> Affordability <input type="checkbox"/> Sustainability		
Community Wide		
4	Funding Sources: CDBG: HOME: ESG: HOPWA: Carryover and Est. FY 2015 PI: Total:	\$0 \$4,000,000 \$4,000,000
CDHOME-14		
12		
Affordable New Construction of Rental		
570.202		
570.208(a)(3) – Low/Mod Housing (LMH)		
Local Government		
10/1/2014	Completion Date:	9/30/2016
120 Housing Units		
<input type="checkbox"/> Homeless <input type="checkbox"/> Persons with HIV/AIDS <input type="checkbox"/> Persons with Disabilities <input type="checkbox"/> Public Housing Needs		

Activity Description: Develop and construct a 120-unit apartment project on a 130,500 square foot site. The proposed project will be the most recent development phase of the Villages at Cabrillo master plan area. A total of 119 units will be subject to long-term

income and affordability covenants. The project will include 95 one-bedroom units, 20 two-bedroom units, and 5 three-bedroom units. A total of 111 units will be restricted to very low-income households, 8 to low-income households, and one un-restricted unit will be reserved for an on-site manager. Further, 75 units will be reserved for veterans and 18 units will be reserved for tenants that exhibit mental health issues as defined by the Mental Health Services Act. The project will include space for supportive services such as case management, physical and mental health services, employment/vocational services, life skills classes, benefits counseling, and general linkages to other community-based services, both on and off-site.

FISCAL IMPACT

There is no fiscal impact. The proposed change to the Plan will not affect the total amount of funding to existing HOME funded projects under the 2015 Action Plan.

Table 1: Amended FY15 Action Plan Available Resources

Source	CDBG	ESG	HOME	Total
New Entitlement	\$5,711,037	\$492,796	\$2,305,625	\$8,509,458
Prior Year Uncommitted	\$2,937,957	\$0	\$2,109,283	\$5,047,240
Program Income	\$120,000	\$0	*\$5,000,000	\$1,120,000
Total Available Funds	\$8,768,994	\$492,796	\$9,414,908	\$18,676,698

***Program Income:** Prior Program Income was estimated at \$1,000,000. As a result of an unanticipated loan repayment, the estimated PI has increased to \$5,000,000. Please note total available funds for the FY15 Action Plan have also increased.

CITIZEN PARTICIPATION

Notice regarding the Public Hearing and the availability of the 2015 Action Plan Amendment was published in the Press Telegram 30 days prior to this public hearing (see below). In its February 18, 2015 meeting, the Long Beach Community Investment Company (LBCIC) will consider public comments for the FY 2015 Action Plan Amendment. The 2015 Action Plan Amendment will include all public comments received at the Public Hearing.

At the conclusion of the Public Hearing, the LBCIC recommended approval of the FY 2015 Action Plan Amendment to the City Council. Once the City Council approves the Plan, it will be submitted to the United States Department of Housing and Urban Development (HUD).

PUBLIC COMMENTS

No public comments were received.

NOTICE OF PUBLIC HEARING AND NOTICE OF DOCUMENT AVAILABILITY

NOTICE OF PUBLIC HEARING: On Wednesday, February 18, 2015, at 4:00 p.m., The Long Beach Community Investment Company (CIC) will conduct a public hearing in the 3rd Floor Large Conference Room, City Hall, 333 West Ocean Blvd., Long Beach.

The purpose of the public hearing will be to receive public comments on the Substantial Amendment to the 2015 Action Plan (Plan). The Plan, which covers program funding for Community Development Block Grant (CDBG) funds, HOME Investment Partnership Act (HOME) funds, and Emergency Solutions Grant (ESG) funds, was approved by the U.S. Department of Housing and Urban Planning (HUD) in late 2014. The Substantial Amendment to the Plan is to include unanticipated HOME Program Income, not previously described in the Plan, and allocate these funds toward a new affordable housing construction project.

Draft copies of the Substantial Amendment to the Plan will be made available starting January 15, 2015, at the Long Beach Main Library, 101 Pacific Ave.; the Neighborhood Resource Center, 100 W. Broadway, Suite 550; and can be downloaded from the "Latest News" section of the Development Services web page at <http://www.lbds.info/>.

The City of Long Beach intends to provide reasonable accommodation for the Public Hearing in accordance with the Americans with Disabilities Act (ADA) of 1990. If you require this document in an alternate format, or require special accommodations to participate in the public hearing, please contact Alem Hagos at (562) 570-7403 or alem.hagos@longbeach.gov at least 48 hours prior to the February 18 hearing. Written comments must be received by February 17, 2015, and addressed to Alem Hagos, Development Services Department, 333 W. Ocean Blvd., 3rd Floor, Long Beach, CA 90802.