


M E M O R A N D U M

DATE: January 4, 2022

TO: Board of Directors
The Long Beach Community Investment Company

FROM: Oscar W. Orci, President 

SUBJECT: Award of up to \$5 Million in Funding and Authorization to Execute an Agreement to Negotiate Exclusively with Gundry Partners, LP for Adaptive Reuse and New Construction of Affordable Rental Housing Units (District 1)

RECOMMENDATION:

1. Approve the selection of Gundry Partners, LP for an award of up to \$5 Million in LMIHAF and/or PLHA funds; and,
2. Authorize the President or designee to enter into an Agreement to Negotiate Exclusively with Gundry Partners for the adaptive reuse and new construction of affordable rental housing units (District 1).

DISCUSSION

The City of Long Beach (City) is the Housing Successor to the Long Beach Redevelopment Agency. In accordance with California Health and Safety Code (HS&C) Section 34176 (d), the Housing Successor established a Low- and Moderate-Income Housing Asset Fund (LMIHAF). Eligible activities for the use of these funds include new construction of rental units, and the acquisition and rehabilitation of existing apartment projects for low-and-moderate income households. The Housing Successor has delegated the responsibility for allocating monies in the LMIHAF to the Long Beach Community Investment Company.

The Permanent Local Housing Allocation (PLHA) program was created in 2017 by Senate Bill 2 (SB 2), part of a 15-bill housing package aimed at addressing the state's housing shortage by establishing a permanent source of funding intended to increase the affordable housing stock in California. The legislation (SB 2) created a dedicated revenue source and directs the California Department of Housing and Community Development to use revenue from SB 2 to provide financial assistance to local governments for eligible housing-related projects. Eligible activities include development of new affordable multifamily rental housing, or substantial rehabilitation of multifamily rental housing, serving households at or below 60 percent of AMI. The use of PHLA funds may require City Council approval.

On May 27, 2021, staff published a Notice of Funding Availability (NOFA) announcing the availability of \$5 Million in LMIHAF and/or PLHA funds available to qualified housing development companies (Attachment A – Notice of Funding Availability) for the development of new family affordable rental units in Long Beach serving households earning at or below 60 percent of AMI. Two excellent proposals were received by the July 30, 2021 deadline. There are sufficient LMIHAF and PHLA funds available to select both proposals. The remaining proposal is discussed under separate cover.

The proposal submitted by Gundry Partners will create 63 new affordable rental housing units and one unrestricted managers unit at 854 E. 7th Street, commonly known as the former Long Beach Armory (Site) (Attachment B – Site Map). The project includes rehabilitation and restoration of the existing Armory building to create six new dwelling units and a performing arts space, gallery, and amenity space for the residents, and construction of a new five-story residential building with 58 dwelling units and one manager's unit located on the existing surface parking lot.

Staff recommends that the LBCIC enter into a six-month Exclusive Negotiating Agreement (ENA) with Gundry Partners to allow the LBCIC and developer time to work exclusively to determine whether the project is physically and financially feasible. If approved, the ENA will allow the President to extend the term for two additional 90-day periods, if necessary, to allow the developer to obtain entitlements and assemble financing.

The proposed project supports the implementation of the City's Certified Housing Element Program 4.1 (Affordable Housing Development Assistance), therefore, staff supports the approval of an award of LMIHAF and/or PLHA funds of up to \$5 million and an ENA with Gundry Partners.

SUGGESTED ACTION:

Approve Recommendations.

OWO:PU:MS:KS

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Attachments:

Attachment A – Notice of Funding Availability

Attachment B - Site Map