



Legislation Text

File #: 16-0476, **Version:** 1

Recommendation to adopt resolution authorizing the submission of an application to the California State Department of Housing and Community Development for up to \$17,723,734 in loan and grant funds available through the Affordable Housing and Sustainable Communities Program, and authorize City Manager to execute all documents and agreements necessary to apply for and utilize these funds for the construction of the Beacon Point affordable housing project proposed for development at 1201-1235 Long Beach Boulevard. (District 1)

Century Housing Corporation (Century) owns the vacant 1.6-acre site located at 1201-1235 Long Beach Boulevard (Site), which it purchased with a combination of its own funds and a \$2,276,000 loan from The Long Beach Community Investment Company (LBCIC). The Site is adjacent to the Senior Arts Colony (Exhibit A - Site Map). Over the past 18 months, Century has prepared plans and identified funding for the development of a 160-unit affordable rental housing project on the Site, which Century has named Beacon Point. The LBCIC approved a loan of up to \$12,276,000 (including the existing loan) for the project on November 8, 2015. The Planning Commission approved project entitlements on April 7, 2016. Century is now assembling the remaining financing for the project, which includes Low-Income Housing Tax Credits, and Affordable Housing and Sustainable Communities Program (AHSC Program) funds available from the California Department of Housing and Community Development (HCD).

Funding for the AHSC Program is provided from the Greenhouse Gas Reduction Fund, an account established to receive Cap-and-Trade auction proceeds. Its primary objective is to reduce greenhouse gas (GHG) emissions by supporting more compact, infill development patterns, encouraging active transportation and transit usage, and protecting agricultural land from sprawl development. The AHSC Program seeks to accomplish these objectives by providing financial assistance to projects that will achieve GHG emissions reductions and benefit disadvantaged communities through increased accessibility to affordable housing, employment centers and key destinations, resulting in fewer vehicle miles traveled and increased use of public transit, bicycling or walking. Under the AHSC Program, low-interest loans are available as gap financing for rental housing developments that include affordable housing units. In addition, grants are available for both infrastructure improvements and transportation amenities related to affordable housing developments.

The AHSC Program requires applicants to first submit a concept proposal, and if that is approved by HCD, applicants are invited to submit a full application. Century submitted a concept proposal on March 16, 2016, and on April 28, 2016, HCD invited Century to submit a full application (Exhibit B - HCD Invitation Letter). The AHSC Program FY 2015-16 Notice of

Funding Availability offered \$320 million in funding. HCD received 130 concept proposals requesting over \$1.1 billion.

The scoring system for the full application encourages developers to apply jointly with local jurisdictions by awarding bonus points for joint applications. Century has requested that the City apply jointly with them in order to maximize its score, and increase its chances of receiving an award. The AHSC Program is extremely competitive, and not all full applications will be awarded funding.

If approved, Century and the City will apply for up to \$17,723,734 in funding for the Beacon Point development, which will include a 121-unit building serving extremely low- to low-income seniors (62+), and a 39-unit supportive housing building serving extremely low-income veterans. The larger building will stand at the north end of the site, with frontage on both Long Beach Boulevard and East Anaheim Street. In addition to 121 one- and two-bedroom apartment units, this seven-story building will contain 6,184 square feet of commercial leasing area along its Long Beach Boulevard frontage. The smaller five-story apartment building containing 39 one- and two-bedroom units will sit at the southern end of the site, with frontage on both Long Beach Boulevard and East 12th Street.

Both buildings will be built over a shared, two-level parking garage that will contain 200 vehicle parking stalls, a drop-off area to accommodate van services, and access to a secured 72-stall bicycle parking area. The two buildings will be connected at their third levels by an attractively designed 23,735-square-foot courtyard. Within the courtyard area will stand a 1,311-square-foot community room, one of two enclosed community rooms included in the project. Other residential amenities include a 1,100-square-foot library, two media rooms (one per building), supportive services space, a 1,400-square-foot fitness center, and large building lobby areas.

The development will activate a key site on the northern edge of downtown, and will provide affordable housing to our more vulnerable populations while complementing the adjacent senior housing uses in both form and function. Residents of the development will benefit from the site's adjacency to the Metro Blue Line light rail service and bus lines that operate along both Long Beach Boulevard and East Anaheim Street, as well as its proximity to concentrations of employment.

If the application is successful, loan funds of up to \$14,196,749 will be awarded to a limited partnership to be formed by Century for the financing of the project. The loan will be secured by the property, and the limited partnership will be responsible for repayment of the loan with rental revenue generated by the project. In addition, up to \$3,526,985 in grant funds will be awarded to Century and distributed to the limited partnership for infrastructure improvements and transportation amenities surrounding the project to include widening of sidewalks, new crosswalks, street trees, a new bus shelter and street furniture. The grant funds do not need to be repaid provided that the project is completed.

Century and the City will be jointly liable for ensuring that the project is completed, and will be liable for the repayment of disbursed grant funds if the project is not completed. Century has agreed to provide the City with an Indemnification Agreement that will cause Century to be solely responsible for the repayment of grant funds. In addition, the City will require a Payment and Performance Guarantee, and payment and performance bonds, which will ensure that the project is completed.

There are no matching funds required from the City. However, the application scores points for local financial support. The \$12,276,000 in loan funds committed to the project by the LBCIC will count towards local financial support, and will further increase the chances of a successful application.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on May 2, 2016 and by Budget Management Officer Victoria Bell on May 4, 2016.

City Council action is requested on May 24, 2016, as the application is due to HCD on June 20, 2016. A Resolution authorizing the submittal of the application is required in the application package.

As mentioned previously, the grant funds will be awarded to Century. Century has agreed to enter into an Indemnification Agreement, making Century solely responsible for repayment of the grant funds. Matching funds are not required, but the LBCIC has already committed \$12,276,000 to the project, which will come from the Housing Development Fund (SR135) in the Development Services Department (DV). This local financial commitment will provide additional points towards the application's score. There is no local job impact associated with this recommendation.

Approve recommendation.

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AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

PATRICK H. WEST
CITY MANAGER