

**City of Long Beach**  
**Housing Action Plan (2016-2021)**

**City of Long Beach**  
**Development Services Department**  
**Housing & Community Improvement Bureau**  
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## I. Background

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This Housing Action Plan (HAP) is prepared as part of the City of Long Beach's 2013-2021 Housing Element implementation (Program 4.1). As outlined in the Housing Element, the HAP covers the following topics:

- Address the potential uses of a variety of funding sources available to the City. Specifically, establish a priority in which the City should use available funds to assist in the rehabilitation of existing housing stock or for investing in new construction projects.
- Establish a strategy for the development of sites currently owned by the Long Beach Community Investment Company (LBCIC), particularly those in transit-oriented neighborhoods.
- Establish target populations for various programs, i.e. senior, disabled, veterans, families, etc.

The Long Beach HAP covers the planning period of January 1, 2016 through October 15, 2021, aligning with the City's 2013-2021 Housing Element timeframe.

## II. Funding Sources

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The HAP addresses the uses of key affordable housing funds available to the City. It is not intended as a process to identify or explore additional local housing funds. The funding sources covered by this HAP are:

- Housing Asset Funds
- HOME Investment Partnership Act Program
- Potential State and Federal Funds

On a parallel track, City staff is working on revising the Coastal Replacement Housing requirements and the associated in-lieu fee, and the Citywide Condominium Conversion requirements and fee. The intent is to preserve existing affordable housing while allowing opportunities for new construction and condominium conversion. However, in the event of a demolition or conversion, a reasonable level of funds would be generated to assist the displaced households and to replenish the affordable housing inventory.

### 1. Housing Asset Funds

#### A. Funds Available

With the dissolution of redevelopment in California, local jurisdictions no longer have the ability to generate funding for housing and community development through tax increment financing. The "dissolution" bills do allow jurisdictions to recapture or retain certain assets under the oversight of a Successor Agency. AB 1484 provides for the following regarding affordable housing:

- **SERAF:** Supplemental Education Revenue Augmentation Fund (SERAF) was authorized by AB x4 26, requiring former redevelopment agencies to shift tax increment

revenues to augment the State education funds. In order to meet the payment schedule mandated by AB x4 26, the former Long Beach Redevelopment Agency borrowed \$8,360,439 from the Low and Moderate Income Housing Fund in 2010. With the dissolution of redevelopment agencies in California, advances from the Low and Moderate Income Housing Fund must be paid back under the oversight of the Successor Agencies in accordance with AB 1484. The outstanding balance of \$8,360,439 was repaid in Fiscal Year (FY) 2014.

- **Downtown Project Area Deferred Set-Aside:** In accordance with AB 1484, the City established an amortization schedule to repay approximately \$16.3 million in debt owed to the Low and Moderate Income Housing Fund from the former Downtown Project Area due to deferred set-aside payments. A total of \$5,030,890 was repaid in FY 2015, and the final payment of \$10,842,868 will be paid in FY 2016 (July 2016). With that payment, the total SERAF and Downtown set-aside debt of \$24,721,890 will be fully repaid.
- **Twenty Percent of Agency Debt Owed to the City:** AB 1484 allows a former redevelopment agency to repay loans received from its host city. Under AB 1484, when this debt is reestablished and payments begin, a portion of the loan repayment, no less than 20 percent, must be used for low income housing purposes. In January 26, 2016, the Successor Agency requested the Oversight Board to approve the City's loans to the former Redevelopment Agency as legitimate for redevelopment purposes. On January 27, the Oversight Board adopted a resolution finding the loans to be for legitimate redevelopment purposes. The amount of the debt owed to the City from the former Redevelopment Agency is estimated at \$41 million, but that number is subject to the approval of the State Department of Finance, and may be decreased. Twenty percent of the repayment, or approximately 8.2 million of this debt, which is estimated to be repaid over the next five years, must be deposited into the Low-Income Housing Fund.

Overall, approximately \$24.7 million in Housing Asset Funds will be available for affordable housing activities from SERAF and Downtown Project Area deferrals, and approximately 8.2 million is estimated to be generated from City/Agency loan repayments, bringing the total available for affordable housing activities to approximately 32.9 million.

## **B. Income Targets**

Pursuant to SB 341, Housing Asset Funds must be used to provide affordable housing for households earning 80 percent or less of the Area Median Income (AMI), with the following specific provisions:

- A minimum of 30 percent of the units must be restricted for occupancy by extremely low income households earning 30 percent or less of the AMI;
- A maximum of 20 percent of the units may be restricted for occupancy by low income households earning between 60 and 80 percent of the AMI;
- The remaining 50 percent of the units must be restricted for occupancy by very low or extremely low income households earning less than 50 percent of the AMI; and
- All affordable units must be restricted for a minimum of 45 years for ownership units or 55 years for rental units.

### C. Household Types

SB 341 also makes stipulations regarding household type. If more than 50 percent of the total deed restricted affordable units in the former redevelopment project area(s) are reserved for seniors, no more senior housing can be assisted with the Housing Asset Funds until the percentage of restricted senior units falls below 50 percent.

Based on existing projects in the former redevelopment project areas, the City’s inventory of affordable units consists of 37 percent senior units and 63 percent non-senior units. When the proposed 160-unit Long Beach and Anaheim project and 119-unit Anchor Place are included, the ratio is projected at 38 percent senior units versus 62 percent non-senior units. A senior housing test must be included in the annual report submitted to HCD following the end of each fiscal year.

**Table 1: Senior Housing Test - 2015**

<b>Existing Projects</b>	<b>Senior</b>	<b>Non-Senior</b>	<b>Total</b>
Belwood	---	33	33
Collage	---	13	13
Courtyards	---	44	44
Decro	59	249	308
530 Elm	---	16	16
Evergreen Apts.	---	78	78
Immanuel Senior	23	---	23
LB Senior (Menorah)	65	---	65
Family Commons	---	80	80
Gallery 421	---	26	26
Meta 2114 LB	---	36	36
Meta Senior Arts Colony	198	---	198
Pacific City Lights	---	41	41
Palace Hotel	---	14	14
Puerto del Sol	---	63	63
Ramona Park Apts.	60	---	60
<b>Total Units</b>	<b>405</b>	<b>693</b>	<b>1098</b>
<b>Percent of Total</b>	<b>37%</b>	<b>63%</b>	<b>100%</b>
<b>Proposed Projects</b>	<b>Senior</b>	<b>Non-Senior</b>	<b>Total</b>
LB & Anaheim Phase II	120	40	160
Anchor Place	---	119	119
<b>Projected Total Units</b>	<b>525</b>	<b>852</b>	<b>1377</b>
<b>Projected Percent of Total</b>	<b>38%</b>	<b>62%</b>	<b>100%</b>

Given the State restrictions on the total percentage of units compared to overall unit counts, it is necessary for uncommitted Housing Asset Funds to be used for a broader population mix. This HAP recommends that, to the extent possible, uncommitted Housing Asset Funds be used for the following population categories:

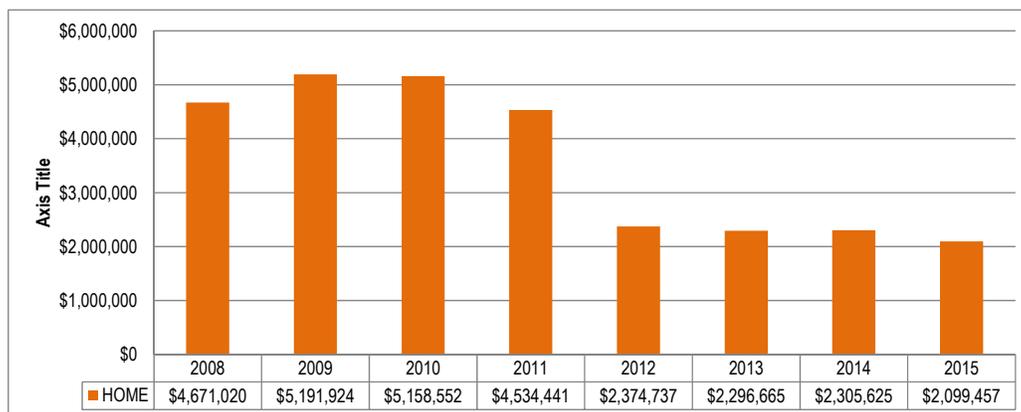
- Special Needs/Supportive Housing
- Households Experiencing Homelessness
- Veteran Households
- Disabled Households
- Large Family Households

## 2. HOME Investment Partnership Act (HOME)

### A. Funds Available

The City of Long Beach is an entitlement jurisdiction eligible to receive HOME funds directly from the U. S. Department of Housing and Urban Development (HUD). In 2014, the City received approximately \$2.3 million in HOME funds. This figure includes annual entitlement and program income, less administration and program delivery costs. In addition 15 percent of these funds will need to be set aside for Community Housing Development Organization (CHDO) projects/programs. It is important to note that this figure can change annually based on actual entitlement and program income amounts (Figure 1). The HOME funds will be used primarily for the multi-family rehabilitation loan program, but may also be used for acquisition/rehabilitation or new construction activities. The use of these funds is subject to the Consolidated Plan/Annual Action Plan planning process.

**Figure 1: HOME Program Entitlement Funding Trend**



Source: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/about/budget](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/about/budget)

### B. Eligible Activities

A broad range of activities may be funded with HOME funds. These include:

- Providing home purchase or rehabilitation financing assistance to eligible homeowners and new homebuyers;
- Building or rehabilitating housing for rent or ownership; or
- "Other reasonable and necessary expenses related to the development of non-luxury housing," such as site acquisition or improvement, demolition of dilapidated housing to make way for a HOME-assisted development, and payment of relocation expenses.

### C. Income Targets

As a federal funding program, HOME funds can only be used to benefit households with incomes up to 80 percent of AMI. However, for rental housing assisted with HOME funds, HUD sets the maximum income limit is set at 60 percent of the AMI.

### D. Long Beach Consolidated Plan Priority

The use of HOME funds must be consistent with the City's five-year Consolidated Plan (CP), and Annual Action Plan (AP). The CP is the City's HUD-required strategic plan for addressing Long Beach's low- and moderate- income housing and community development needs, and the AP describes the resources, programs, and activities the City will undertake in each of the five years of the CP. The current Consolidated Plan (CP) for Long Beach was adopted in July 2012 and covers the planning period of October 1, 2012 through September 30, 2017. The CP established the following priorities for the use of HOME funds:

- Single-Family Residential (Owner-Occupied) Rehabilitation Loan Program
- Multi-Family Residential Rehabilitation Loan Program
- Acquisition and Rehabilitation Program
- Security Deposit/Utility Deposit Assistance

However, with the significant reductions in HOME funds in recent years, and changes in the HOME regulations, the City has suspended using HOME funds for the Single-Family Residential Rehabilitation Loan Program. CalHome funds from the State Department of Housing and Community Development (HCD) are used to provide assistance to homeowners in making improvements to their homes.

Table 2 illustrates the funding allocations and objectives included in the FY 2015-2016 Annual Action Plan covering the period from October 1, 2015 through September 30, 2016, which was approved by the City Council on June 23, 2015. Similar funding allocation is anticipated for FY 2016-2017 (through September 30, 2017), consistent with the City's currently adopted CP. The City will be developing a new CP by August 2017 to cover a new five-year period starting October 1, 2017.

<b>Program</b>	<b>Funding</b>	<b>Objective</b>	<b>Income Target</b>	<b>Tenure Target</b>	<b>Household Type</b>
CHDO Acquisition/Rehabilitation	\$314,918.55	10 units	60-80% AMI	Owner/ Renter	Households
Multi-Family Residential New Construction/Acquisition/Rehabilitation	\$1,379,592.75	40 units	60% AMI	Renter	Households
Security/Utility Deposit Assistance	\$195,000.00	70 households	50% AMI	Renter	Homeless Families

### 3. Other State and Federal Funds

Pursuant to Housing Element Program 4.4, the City will annually monitor the availability of State and Federal funding and pursue additional funding as appropriate. This includes funding that may be available directly to the City or to developers, or both. The City will continue to partner with affordable housing developers and other supportive service providers in funding applications, and may support developer funding applications, even if no City funds are needed to develop a project. Please see Section V of this HAP for additional information.

## III. Opportunity Sites

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### 1. Housing Opportunity Sites

The LBCIC owns six sites with potential for residential development (“Housing Opportunity Sites”) (see Table 3 and Figure 2). These sites were previously purchased with redevelopment housing set-aside funds and therefore are subject to the income and household target requirements per SB 341 as outlined earlier.

#### A. Requests for Proposal

In April 2015, LBCIC released Requests for Proposals (RFP) for three of the Housing Opportunity Sites to solicit residential development proposals:

- **1950-1960 Henderson:** Based on the zoning and location of the site in a moderate density residential neighborhood, the RFP offered the property for sale and development into affordable for-sale housing.
- **14<sup>th</sup> Street (Pine Avenue to Pacific Avenue):** Based on the zoning and location of the site in a moderate density residential neighborhood abutting a commercial area and an active park, the RFP offered the property for sale and development into affordable for-sale housing.
- **1836-1852 Locust Avenue:** Based on the zoning and location of the site in a moderate density residential neighborhood abutting a commercial area, the RFP offered the property for sale and development into affordable rental housing.

Habitat for Humanity was the only respondent to the 1950-1960 Henderson and 14<sup>th</sup> Street (Pine to Pacific) RFPs. The City awarded these proposals in the fall of 2015. The City received seven responses to the Locust RFP and after evaluating the proposals, the City awarded this proposal to Clifford Beers Housing, Inc. for the construction of 37 units.

LBCIC anticipates issuing RFPs for the remaining three sites in the spring of 2016:

- **Long Beach Boulevard:** This vacant site of almost one acre presents the opportunity for rental affordable housing.
- **Magnolia/Henderson:** This long and narrow site would be appropriate for development into rental or for-sale affordable housing.
- **Fifteenth Street/Long Beach Boulevard:** This small site would be appropriate for development into for-sale affordable housing.

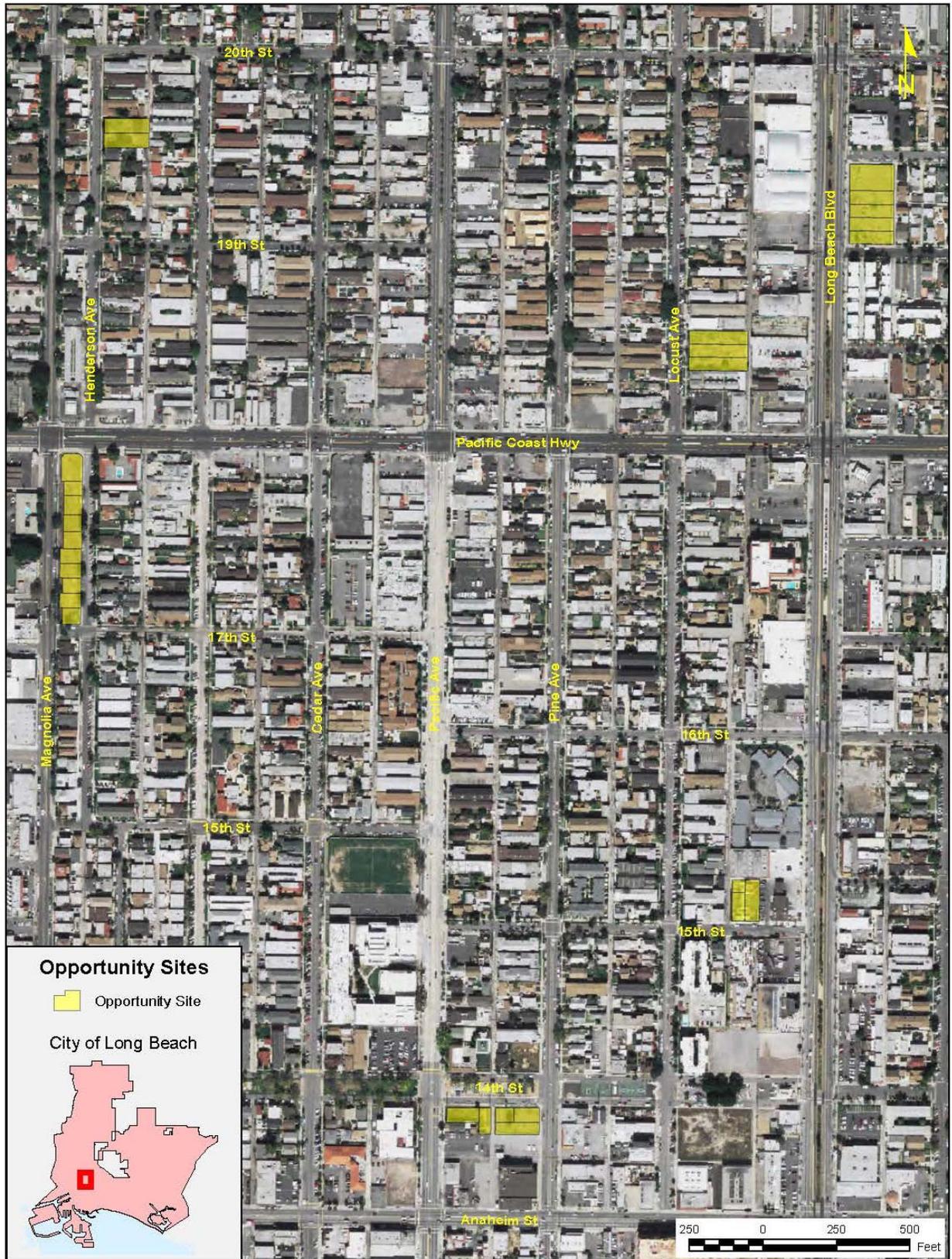
The City is in the process of developing the Midtown Specific Plan to provide a framework for the development and improvement of a 353-acre corridor along Long Beach Boulevard. The Specific Plan is intended to be more flexible than conventional zoning to encourage new investment and development along the corridor. The Specific Plan establishes a land use plan and regulations, infrastructure requirements, design guidelines, and implementation strategies necessary to achieve the vision.

Three of the Housing Opportunity Sites (Locust Avenue, Long Beach Blvd., and Fifteenth Street) are located within the Corridor District of the Midtown Specific Plan area. The Corridor District is applied to properties along Long Beach Boulevard between Blue Line stations and is intended to provide housing options and neighborhood-serving uses within walking distance of a transit node. Typical residential density in the Corridor District is expected to be between 15 and 40 units per acre.

Table 3: LBCIC-Owned Properties							
Site	Address	APN	Zoning	Tenure Target	Household Type	Income Target - % of Units	Potential Units
<b>Locust Avenue</b> Total Size - 27,050 Sq. Ft. Vacant Land	1836 Locust Ave	7209-015-018	PD-29 (Planned Development) with and R-4-R (Moderate Density Multiple Residential) Overlay	Rental	Family	30-60% AMI – 36 units	37 (15 studios 6 1-bdrm 10 2-bdrm 6 3-bdrm)
	1842 Locust Ave	7209-015-900				Unrestricted (Manager's Unit) – 1 unit	
	1850 Locust Ave	7209-015-013	Midtown SP – Corridor District				
<b>14<sup>th</sup> Street Park</b> Total Size - 22,856 Sq. Ft. Vacant Land	116 West 14th Street	7269-005-019	CCR (Community R-4R Commercial) and R-4-R (Moderate Density Multiple Residential)	For-Sale	Family – First-Time Homebuyers	≤80% AMI – 6 units	11 (11 3-bdrm)
	124 West 14th Street	7269-005-018				≤120% AMI – 5 units	
	1348 Pacific Ave	7269-005-907					
	1339 Pine Ave	7269-005-906					
	1347 Pine Ave	7269-005-905					
<b>1950-1960 Henderson</b> Total Size - 15,323 Sq. Ft. Vacant Land	1950 Henderson Ave	7209-029-011	R-2N	For-Sale	Family – First-Time Homebuyers	≤80% AMI – 2 units	4 (4 3-bdrm)
	1960 Henderson Ave	7209-029-009				≤120% AMI – 2 units	

Table 3: LBCIC-Owned Properties								
Site	Address	APN	Zoning	Tenure Target	Household Type	Income Target - % of Units	Potential Units	
<b>Long Beach Blvd.</b> Total Size - 40,621 Sq. Ft. Vacant Land	1900 Long Beach Blvd	7209-009-902	PD-29 (Planned Development)	Rental	Family	30% AMI – Min. 30% 60-80% AMI – Max. 20% <50% AMI – 50%	30	
	1908 Long Beach Blvd	7209-009-004						
	1910 Long Beach Blvd	7209-009-003	Midtown SP – Corridor District					
	1940 Long Beach Blvd	7209-009-025						
	1940 Long Beach Blvd	7209-009-026						
<b>Magnolia/Henderson</b> Total Size - 38,883 Sq. Ft. Vacant Land	469 West 17th St.	7269-037-902	R-4-N	For-Sale	Family – First-Time Homebuyers	50-80% AMI – 100%	32	
	1718 Magnolia Ave	7269-037-901						
	1730 Magnolia Ave	7269-037-903						
	1732 Magnolia Ave	7269-037-900						
	1736 Magnolia Ave	7269-037-032						
	1746 Magnolia Ave	7269-037-014						
	1752 Magnolia Ave	7269-037-033						
	1760 Magnolia Ave	7269-037-012						
	1770 Magnolia Ave	7269-037-011						
	460 West Pacific Coast Highway	7269-037-010						
<b>Fifteenth Street/Long Beach Blvd.</b> Total Size - 13,185 Sq. Ft. Lease terminated 5/19/15	225 East 15th Street	7269-017-035	PD-29 (Planned Development)	For-Sale	Family – First-Time Homebuyers	50-80% AMI – 100%	10	
	227 East 15th Street	7269-017-037						
	Parcel Adjacent to 225-227 E.15th St	7269-017-036	Midtown SP – Corridor District					

Figure 2: Housing Opportunity Sites



## B. Criteria for Evaluating Proposals

When evaluating the proposals for the Opportunity Sites, staff focuses on several key criteria (in addition to the experience and qualifications of the proposer). Specifically, these are:

- **Viability of the Development Concept:** How the project would enhance the neighborhood, and compatibility with surrounding uses.
- **Population Served:** Whether the project serves a specific population and whether social services would be provided.
- **Income/Affordability:** Compliance with the income targeting requirements imposed by SB 341.
- **Financial:** Reasonableness of the land purchase price and/or requested LBCIC subsidy; reasonableness of the project pro forma.
- **Development Experience:** Experience and quality of previous projects.
- **Sustainability:** Inclusion of sustainability/green building elements.

## 2. Former RDA Sites

In addition to six Housing Opportunity Sites described earlier, other sites acquired by the former Redevelopment Agency (RDA) will be made available for development in the future. However, since these sites were not purchased with the 20 percent Low and Moderate Income Housing Set-Aside funds, they are not subject to the same income and housing type restrictions under SB 341. These sites are identified in Table 4 below and on page 19.

<b>Table 4: Additional Former RDA Sites</b>				
<b>Site</b>	<b>APN</b>	<b>Size (Acres)</b>	<b>Zoning</b>	<b>Potential Units</b>
<b>Central Long Beach</b>				
Art Deco Hotel Development East Anaheim Street at Lime Avenue	7274-002-904 7274-002-905 7274-002-906 7274-002-907	19,557 Sq. Ft.	C.HW - Regional Highway Commercial; R-4-R - Moderate- Density Multiple Residential	11
Locust Avenue Development  1112-1130 Locust	7273-007-900 7273-007-901 7273-007-902	22,200 Sq. Ft.	PD-30	13
Anaheim & Walnut Development	7267-001-900 7267-001-901 7267-001-902 7267-001-903 7267-001-904 7267-001-905 7267-001-906	67,237 Sq. Ft.	R-2-N - Two-family Residential, standard lot; CCP - Community Commercial Pedestrian-Oriented	18
Atlantic & Vernon  Atlantic Avenue at Vernon Street	7208-006-908 7208-006-912 7208-006-913 7208-006-914 7208-006-915 7208-006-916 7208-006-917 7208-006-919 7208-006-920	36,652 Sq. Ft.	PD-25	10
<b>Downtown Long Beach</b>				
3 <sup>rd</sup> & Pacific Development  Pacific Ave. between 3 <sup>rd</sup> & 4 <sup>th</sup> Streets	7280-016-900 7280-016-901 7280-016-902 7280-016-903 7280-016-904 7280-016-905	51,211 Sq. Ft.	PD-30	29
<b>North Long Beach</b>				
5100 Long Beach Boulevard	7131-032-900 7131-032-905 7131-032-908 7131-032-909 7131-032-910 7131-032-911 7131-032-912 7131-032-913	75,198 Sq. Ft.	R-1-N - Single-family Residential, standard lot; CCA - Community Commercial Automobile-Oriented	10

## IV. Funding Strategy

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As previously indicated, this HAP covers only the Housing Asset Funds and HOME funds, which are targeted funds for affordable housing opportunities. Between these two funding sources, an estimated \$35 million may be available between 2016 and 2021, assuming HOME funding allocation remains stable at about \$2 million annually.

### 1. Housing Asset Funds

For the Housing Asset Funds, the focus would be on new construction of affordable housing, primarily rental housing along Long Beach Boulevard. Based on a review of the most recent affordable projects, the average per affordable unit subsidy is estimated at \$70,000. Conservatively, the \$32.9 million in Housing Asset Funds could achieve 470 affordable units, at an income distribution that meets SB 341 requirements.

To maximize the potential of these funds, staff intends to utilize a competitive Notice of Funding Availability (NOFA) process to make funds available and solicit development proposals from qualified developers who are able to maximize the leveraging of the funds with other sources while proposing a project that is compatible with the surrounding neighborhood. Funding will be made in small increments, requiring applicants to leverage the Housing Asset Funds with other funding sources. In 2015, the LBCIC adopted a policy to make future funds available only through a NOFA process.

Housing Asset Funds will be focused on new construction, but may also be used for acquisition/rehabilitation or adaptive reuse projects. It is anticipated that the funds will be used primarily to assist projects proposed in the Midtown Specific Plan area given its proximity to transit and services, but sites in other transit-rich areas, or service-rich areas, such as Villages at Cabrillo, may also be given priority. Development sites will largely be driven by economics and available land, as well as their ability to achieve points for funding applications such as Low Income Housing Tax Credits.

Table 5 provides a summary of quantified objectives using Housing Assets and HOME funds over the next five years.

#### A. Criteria for Evaluating Proposals

- **Viability of the Development Concept:** How the project would enhance the neighborhood, and compatibility with surrounding uses.
- **Population Served:** Whether the project serves a specific population and whether social services would be provided.
- **Income/Affordability:** Compliance with the income targeting requirements imposed by SB 341.
- **Financial:** Reasonableness of the land purchase price and/or requested LBCIC subsidy; reasonableness of the project pro forma, and leveraging of other financial resources.
- **Development Experience:** Experience and quality of previous projects.
- **Sustainability:** Inclusion of sustainability/green building elements.

## 2. HOME Funds

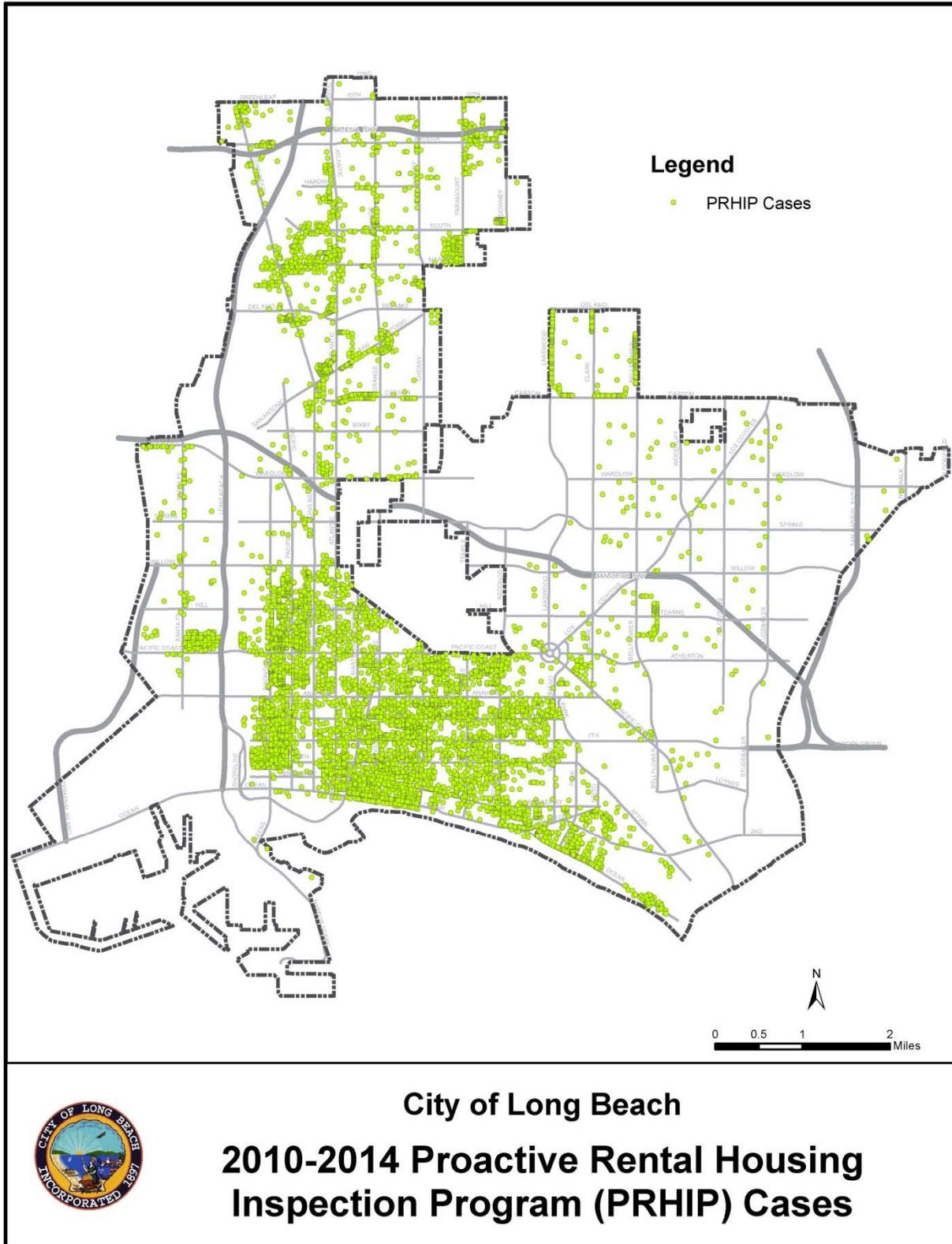
For the remaining years of the current Consolidated Plan, uses of HOME funds will focus on multi-family rehabilitation activities and the continuation of Security/Utility Deposit Assistance. The FY 2015-2016 Action Plan outlines the following activities for HOME funds:

- Multi-Family Rehabilitation and Acquisition/Rehabilitation Loan Program: Approximately \$1.7 million with an objective to assist 50 lower income units at approximately \$35,000 per unit.
- Security/Utility Deposit Assistance: Approximately \$195,000 with an objective to assist 70 households.

These activities are expected to continue into the future, with an increased emphasis on providing rehabilitation assistance to multi-family rental properties where possible. The Code Enforcement Division in Development Services operates a Proactive Rental Housing Inspection Program for properties consisting of four or more residential rental units. This program was designed to ensure that the City's rental housing complies with the minimum standards for health, safety, and welfare of the public, in compliance with California Health and Safety Code Section 17920. The City intends to utilize HOME funds citywide, but will focus rental rehabilitation marketing efforts to coordinate with the Proactive Rental Housing Inspection Program by providing loans to rental property owners in making the necessary repairs in exchange for deed restrictions of units as affordable to lower income households. See Figure 3 for locations of PRHIP cases during the past five years.

	Potential Units/ Households	0-30% AMI	<50% AMI	<60% AMI	60-80% AMI	≤120% AMI
Opportunity Sites <sup>1, 2</sup>	124 units					
Awarded Sites	52 units			36	8	8
Not Yet Awarded Sites	72 units	30%	50%		20%	
Housing Assets Funds	470 units	30%	50%		20%	
HOME – Security/Utility Deposit	350 households	60%	40%			
HOME – Multi-Family Rehabilitation and Acquisition/Rehabilitation Loan Program	250 units	50%	30%	20%		
Notes:						
1. The number of units may represent a duplicated count with a portion of the units achievable with the Housing Assets Funds, if development proposals on the Opportunity Sites also request funding from the Housing Assets Funds.						
2. The Fifteenth Street/Long Beach Boulevard site was not acquired with the former redevelopment agency funds and therefore, not subject to the income/affordability requirements of SB 341.						

Figure 3: Proactive Rental Housing Inspection Program Cases



## VI. Leveraging Opportunities

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With the dissolution of redevelopment in California and diminished state and federal funds for affordable housing, the City of Long Beach has limited funding capacity to expand affordable housing opportunities in the community. Use of HOME and Housing Assets Funds must be leveraged with other sources. Two funding programs offer the greatest potential: Low Income Housing Tax Credits (LIHTC) and Affordable Housing and Sustainable Communities (AHSC) program. Figure 4 displays sites from the 2013-2021 Housing Element residential sites inventory and the LBCIC Opportunity Sites, as they relate to funding potential through the AHSC Program and LIHTC. Figure 4 also displays the additional sites acquired by the former Redevelopment Agency which will be made available for development and also illustrates the location of community amenities that would enhance a project's competitiveness in applying for LIHTC and AHSC funding.

### 1. Low Income Housing Tax Credits (LIHTC)

Low-Income Housing Tax Credits (LIHTC) are incentives provided as dollar-for-dollar tax credits to private developers and investors in the rehabilitation or new construction of affordable housing. In California, the LIHTC program is administered by the California Tax Credit Allocation Committee ("Committee" or "TCAC").

The program has both a requirement enforcing the long-term affordability of project units and also rent and income restrictions on said units. Developers must elect one of the following minimum federal set-aside requirements:

- A minimum of 40 percent of the units must be both rent-restricted and occupied by households whose incomes are 60 percent or less of the area median gross income, adjusted for family size, or
- A minimum of 20 percent of the units must be both rent-restricted and occupied by households whose incomes are 50 percent or less of the area median gross income, adjusted for family size.

Each state agency must develop and implement its housing tax credit program to meet requirements of the Internal Revenue Code and also to address their particular state housing needs. The following selection criteria must be considered by each state in awarding credit: project location, housing needs characteristics, project characteristics, tenant populations with special housing needs, public housing waiting lists, tenant populations of individuals with children, and projects intended for eventual tenant ownership.

TCAC implemented a point system to rank the applications of eligible projects. The available point distributions help highlight an application's advantages. These advantages potentially include a project's capacity to leverage private and public funds, a project's owner or management company that show experience in the development of affordable housing, a project's capacity to serve the lowest income tenants, "mixed-income" projects, projects that attain energy efficiencies, projects that contribute to neighborhood revitalization and project sites that provide amenities and services for its residents. Project site amenities and services specifically refer to those particularly accessible and appropriate to the tenant population served (for example, access to public transit, after-school programs etc.).

Allocation of these points is based on the sites locational access to the following amenities:

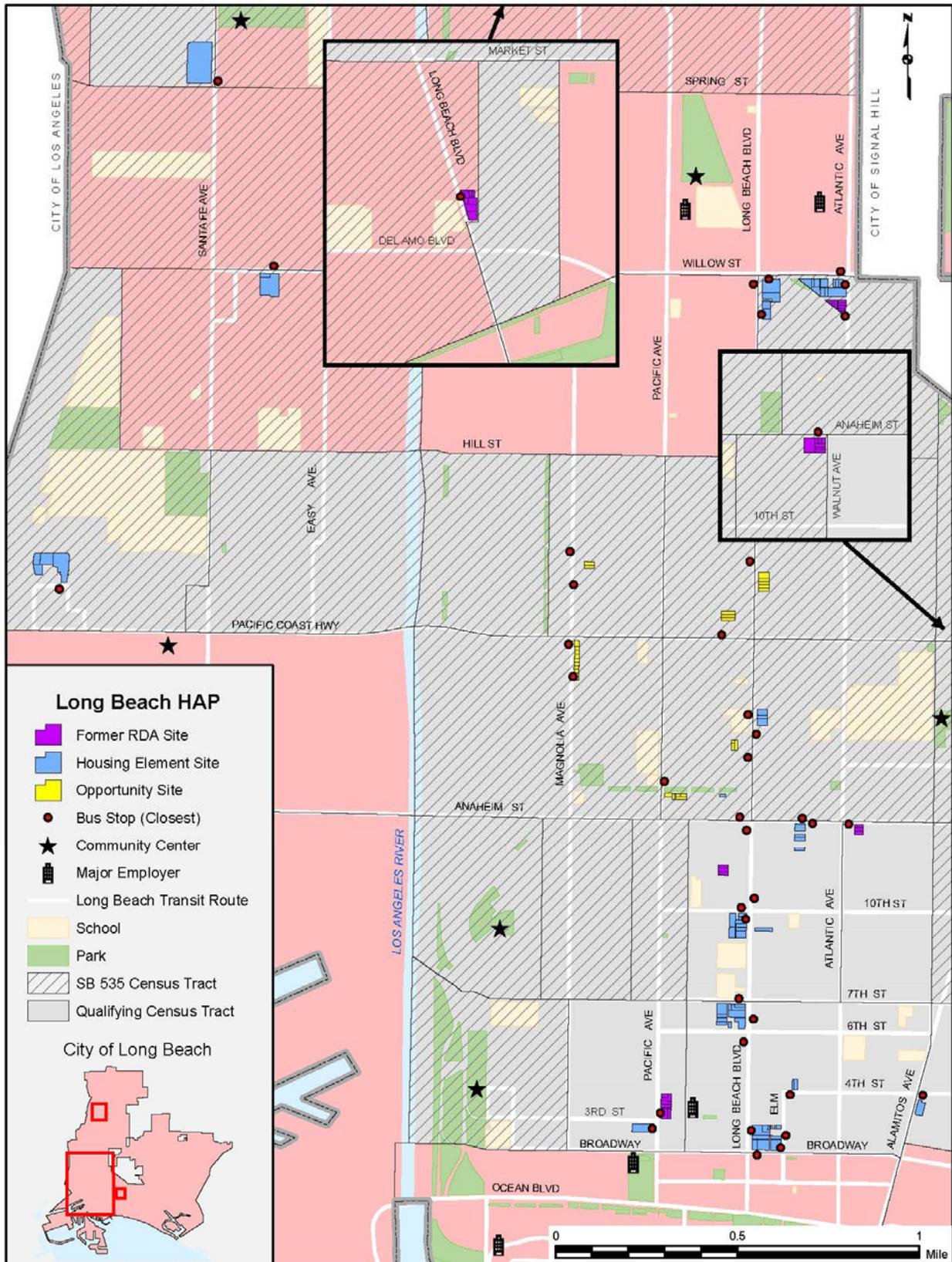
- Transit (located  $\frac{1}{3}$  to  $\frac{1}{4}$  mile from project site)
- Public Parks (located  $\frac{1}{4}$  mile from project site)
- Public Library (located  $\frac{1}{4}$  mile from project site)
- Full-Scale Grocery Store (located  $\frac{1}{4}$  mile from project site)
- Neighborhood Market (located  $\frac{1}{4}$  mile from project site)
- Public School (Elementary, Middle or High School; location varies between  $\frac{1}{4}$  to 1 mile from project site)
- Qualifying Medical Clinic (located  $\frac{1}{2}$  mile from project site)
- Pharmacy (located  $\frac{1}{4}$  mile from project site)
- Senior Center (if project development is a Senior Development; located  $\frac{1}{4}$  mile from project site)
- Facility that operates to serve a Special Needs population (if project development is an Special Needs or SRO Development; located  $\frac{1}{2}$  mile from project site )

And for providing the following on-site services to its tenants:

- Health and wellness services
- Licensed child care
- Afterschool program for school age children
- Case Manager
- Service Coordinator or Other Service Specialist
- Adult educational, health and wellness, or skill building classes
- Internet Access (made available to each unit for a minimum of 10 years, free of charge to the tenants)

Additional tax credits are available for sites that fall within the Qualified Census Tracts (QTC) and Difficult Development Areas (DDA). The Los Angeles-Long Beach, HUD Metro Fair Market Rent Areas (HMFA) is considered a DDA. Qualified Census Tracts are identified in Figure 4.

Figure 4: Housing Opportunity, Former RDA, and Housing Element Sites



## 2. Affordable Housing and Sustainable Communities (AHSC)

The Affordable Housing and Sustainable Communities (AHSC) Program, developed and administered by the Strategic Growth Council, is funded by the Greenhouse Gas Reduction Fund (GGRF).<sup>1</sup> Funds received by the State, from the distribution of emissions allowances as part of the market based Cap-and-Trade program, are deposited in the GGRF and are used to develop programs that further reduce greenhouse gas emissions (GHGs). The AHSC Program promotes the purposes of State of California law SB 375 (targeting greenhouse gas emissions from passenger vehicles) and AB 32 (requiring California to reduce its GHG emissions to 1990 levels by 2020).

AHSC applicable projects include infill and compact, transit-oriented development and infrastructure projects which assist in the reduction of GHGs by fostering the development of affordable housing near transit. In the distribution of AHSC Program funds, at least 50 percent must be utilized to provide housing opportunities for lower income households and at least 50 percent of funds must benefit disadvantaged communities (those census tracts designated as *disadvantaged communities* under SB 535).<sup>2</sup> See Figure 4 for census tracts in Long Beach that are designated “disadvantaged communities under SB 535.

The application process for funding through the AHSC Program includes a points system to determine qualification of applicants and whether the Project Area is applying as a Transit Oriented Development (TOD) or an Integrated Connectivity Project (ICP). The defined Project Area may not exceed a one-mile radius and the application scoring criteria include the following:

- 55 percent of the total score evaluates the estimated GHG emissions reductions;
- 15 percent gauges the project feasibility and readiness; and
- 30 percent evaluates how the proposed Project meets AHSC policy objectives.

The policy objectives include, but are not limited to, the inclusion of an affordable housing project and it’s accessibility to transit (transit stop within a ½ mile radius from affordable housing development), access to Qualified Employment Areas (relating to the area’s employee density) and access to key destinations (which include community amenities such as schools, community centers, employment centers, retail, services, parks and other destinations). A breakdown of the policy objectives criteria is as follows:

- Accessibility to Qualified Employment Areas (*5.5 points*)
- Extent to which the Project Area incorporates walkable corridors (*5.5 points*)
- Extent to which the Project Area incorporates features that encourage bicycling (*3 points*)

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<sup>1</sup> Authorized by the California Global Warming Solutions Act of 2006 (AB 32), the cap-and-trade program is one of several strategies that California uses to reduce greenhouse gas emissions that cause climate change. Funds received from the program are deposited into the Greenhouse Gas Reduction Fund and appropriated by the Legislature. They must be used for programs that further reduce emissions of greenhouse gases.

<sup>2</sup> In 2012, the Legislature passed Senate Bill 535 (De León) directing that, in addition to reducing greenhouse gas emissions, a quarter of the proceeds from the Greenhouse Gas Reduction Fund must also go to projects that provide a benefit to disadvantaged communities. The legislation gives the California Environmental Protection Agency responsibility for identifying those communities. CalEPA relies on the California Communities Environmental Health Screening Tool (CalEnviroScreen), a tool that assesses all census tracts in California to identify the areas disproportionately burdened by and vulnerable to multiple sources of pollution. - See more at: <http://www.calepa.ca.gov/EnvJustice/GHGInvest/#sthash.aJy5Kc5l.NxCsgnPD.dpuf>

- Extent to which the Housing Development serves lower- and moderate-income<sup>3</sup> households (6.5 points)
- Extent to which the Project addresses co-benefits (6.5 points)
- Anti-displacement strategies (1 point)
- Community engagement (2 points)

Figure 5 illustrates the Opportunity and Housing Element Sites and Figure 6 illustrates the additional Former RDA sites in relation to frequent transit routes and stops.

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<sup>3</sup> Moderate income households under state law are those with incomes up to 120 percent of AMI.

Figure 5: Opportunity and Housing Element Sites – Proximity to Transit Routes and Stops

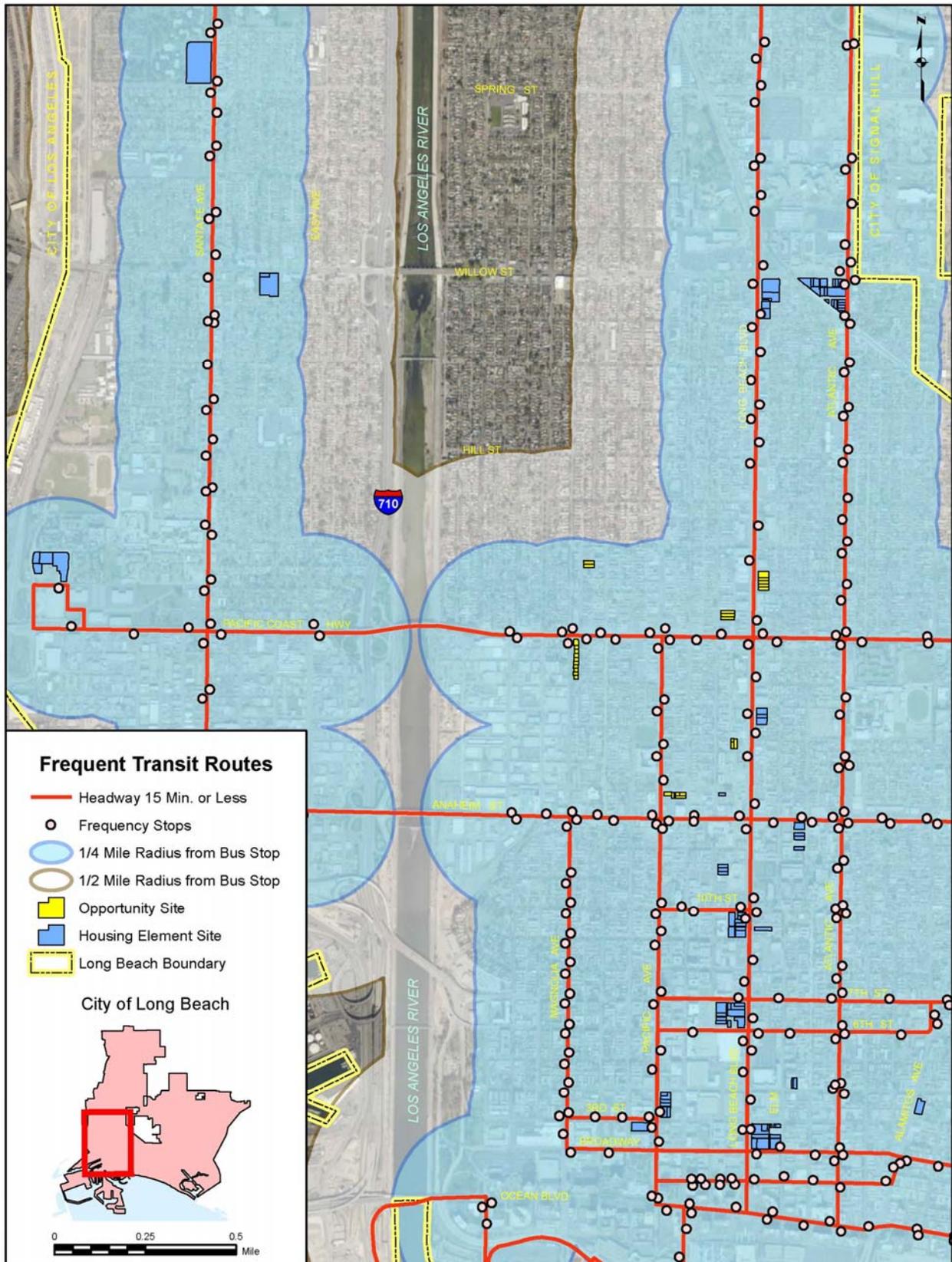


Figure 6: Additional Former RDA Sites – Proximity to Transit Routes and Stops

