

M E M O R A N D U M

DATE: November 15, 2023

TO: Board of Directors
The Long Beach Community Investment Company

FROM: Christopher Koontz, President *CK*

SUBJECT: Award of up to \$7 Million in Funding and Authorization to Execute an Agreement to Negotiate Exclusively with West Hollywood Community Housing Corporation for New Construction of Affordable Housing Units (District 5)

RECOMMENDATION:

Recommendation to approve the selection of West Hollywood Community Housing Corporation (WHCHC) for an award of up to \$7 Million in Permanent Local Housing Allocation (PLHA) and/or Community Development Block Grant (CDBG) funds; and

Authorize the President or designee to enter into an Agreement to Negotiate Exclusively with West Hollywood Community Housing Corporation for the development of new affordable rental housing units.

DISCUSSION

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. 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 multifamily rental housing, or substantial rehabilitation of multifamily rental housing serving households at or below 80 percent of Area Median Income (AMI).

The Community Development Block Grant (CDBG) is a flexible program that was created by the U.S. Department of Housing and Urban Development (HUD) to provide communities with resources to address a wide range of unique community development needs. It is one of the longest continuously run programs that works to ensure decent affordable housing, a suitable living environment, creates jobs through the expansion and retention of businesses and provides services to the most vulnerable in our communities, primarily for low-and moderate- income persons.

On July 17, 2023, City staff published a Notice of Funding Availability (NOFA) announcing the availability of \$12.7 million in funds (\$10 million in PLHA, \$2 million in CDBG, and \$700 thousand in Community Housing Development Organization funds). Eligible uses of these funds include the construction of new affordable housing units,

acquisition, and/or the rehabilitation of previously unrestricted units by qualified housing development companies (Attachment A – Notice of Funding Availability). Six proposals were received by the September 18, 2023 deadline:

1. *West Hollywood Community Housing Corporation*
 - Proposal for 100 affordable family units at 1131 E. Wardlow Road
2. *New Philly Family Housing*
 - Proposal for rehab/adaptive reuse of a vacant church building at 6380 Orange Avenue into 9 affordable units
3. *Second Samoan Congregational Church*
 - Proposal for acquisition/conversion of Travelodge Motel at 80 Atlantic Avenue into 64 units
4. *Innovative Housing Opportunities, Inc., Community Economic Development Corporation, and Clearinghouse CDFI*
 - Proposal for 70 affordable family units at 737 Pine Avenue
5. *Century Affordable Development, Inc.*
 - Proposal for 109 units affordable to families and persons experiencing homelessness at 6801 Atlantic Avenue
6. *Century Affordable Development, Inc.*
 - Proposal for 153 affordable family units at 1401 Long Beach Boulevard

A selection committee (Committee) was formed to review and evaluate the proposals in accordance with the criteria detailed in the NOFA. The Committee was comprised of four key City staff members from the Economic Development Department's Real Estate Development Bureau and the Community Development Department's Planning and Housing and Neighborhood Services Bureaus. The proposals were reviewed, discussed, and ranked by the Committee. The proposals were consistently evaluated based upon the following criteria:

- Experience and Qualifications (maximum 20 points)
- Project Budget (maximum 10 points)
- Sources and Uses of Funds (maximum 20 points)
- High Resource Area and/or Family Project (maximum 15 points)
- Project Readiness (maximum 15 points)
- Scope of Development (maximum 20 points)

The proposal submitted by West Hollywood Community Housing Corporation (WHCHC) is for the development of a 100-unit project (Project) at 1131 E. Wardlow Road (Site) (Attachment B – Site Map). The Project will be 100 percent affordable, serving families earning between 30 percent and 80 percent of AMI. As currently proposed, it will provide a combination of one-bedroom (42 total), two-bedroom (30 total), and three-bedroom (28 total) apartment homes, inclusive of two manager's units. The development will also include a fitness studio, community room, tot lot, and sixty parking stalls.

The Project is in a "High Resource" region on the Tax Credit Allocation Committee Opportunity Map, meaning it has been identified as an area most likely to support positive economic, educational, and health outcomes for low-income families. If constructed, this Project will bring the California Heights community its first Low Income

Housing Tax Credit development. Although this would be their first project in Long Beach, WHCHC has over 37 years of experience developing affordable rental projects throughout the greater Los Angeles area. WHCHC focuses on affordable family projects and will provide residential services to all households via their Family Programs Initiative (FPI). The FPI program empowers limited income working families to help maintain stable housing and access essential resources, paving the way to greater self-sufficiency.

The Project received high scores as creating new affordable family units in high resource areas meets City goals found in the Consolidated Plan, Housing Element and other regulatory documents. The Committee also recognized the very long positive track record of WHCHC, the cost effective nature of the proposal, the leverage of other non-City funds, the ability to execute the project in a time-effective manner and the overall size and impact of the project.

Staff recommends that the Long Beach Community Investment Company (LBCIC) enter into a six-month Exclusive Negotiating Agreement (ENA) with WHCHC 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 exact allocation of specific funding sources will be determined upon further consideration of the Project timeline and funding regulations.

The proposed project supports the implementation of the City's Certified Housing Element Program 1.6 (Affordable Housing Development Assistance); therefore, City staff supports the approval of an award of PLHA and/or CDBG funds of up to \$7 million and an ENA with WHCHC.

SUGGESTED ACTION:

Approve Recommendations.

CK:MS:SM:ks

R:\LBCIC\Staff Reports\2023\November\WHCHC Affordable Development\DRAFT Staff Report WHCHC.doc

Attachment: A – Notice of Funding Availability
B – Site Map