

ELM



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410-7000

OFFICE OF THE ASSISTANT SECRETARY  
FOR COMMUNITY PLANNING AND DEVELOPMENT

SEP 7 2001

Mr. Henry Taboada  
City Manager  
333 West Ocean Boulevard  
Long Beach, CA 90802

Dear Mr. Taboada,

Thank you for your August 8, 2001, letter outlining the City's proposal to re-evaluate its current Homeownership Zone plan, as approved by HUD on March 27, 1998, and amended on August 6, 1998.

I enjoyed the opportunity to meet with you on July 18, 2001, to discuss our mutual concerns about the future of Long Beach's approved Homeownership Zone and to view the recently completed Renaissance Walk Townhouse project. The Renaissance Walk project reflects the type of creative design and new homeownership development we hope to see throughout the zone.

As you know, the purpose of the Homeownership Zone competition was to identify and fund innovative approaches for using large scale homeownership development to reclaim distressed areas, recreate strong mixed-income communities and promote long-term neighborhood stability. Sixty-seven eligible applicants applied for \$20 million in funding. After a rigorous rating and ranking of each applicant's proposal, only six cities received grants. In addition to the overall plan, among the factors considered in rating applicants were the applicant's capacity and ability to complete its Homeownership Zone in a timely manner. HUD envisioned that the approved Zones, when complete, would serve as national models for the Homeownership Zone approach and the "New Urbanist" principles reflected in the Homeownership Zone concept.

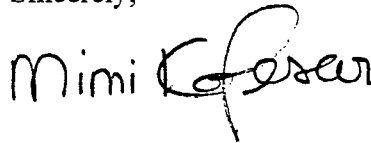
HUD is concerned that the City of Long Beach appears to be unable to implement its approved plan by its contractual completion deadline of December 2002. Although 40 housing units in the Renaissance Walk project have been developed, little progress has been made in completing the remaining 341 new units promised by the City and approved by HUD.

HUD appreciates the City's need to rethink its development strategy and housing action plan for Central Long Beach. However, the City should be mindful that any significant changes to the City's approved Homeownership Zone Plan will require a re-rating and re-ranking of the City's proposal using the criteria set forth in Part J of the July 7, 1997, Notice of Funding Availability (NOFA). Among the changes likely to have the greatest impact are a reduction in the number of new homeownership units produced, a decrease in the leverage and a significant lengthening of the timeline. The City should also be aware that a minimum of 51 percent of the homeownership units must be sold to low-and-moderate income homebuyers.

In response to your request, HUD will authorize an extension until January 18, 2002, or six months from our meeting, for the City to submit a proposed amendment to its approved Homeownership Zone proposal. Any amendment should follow the procedures described in our July 8, 1999, letter (enclosed) and include a specific timeframe with measurable interim and final benchmarks. The timeline should evidence that the City will take substantive, demonstrable actions towards implementing its amended proposal by the original completion deadline of December 31, 2002.

HUD staff in the Los Angeles Field Office, as well as in my Office, remain available to work with you in crafting a proposal that meets the needs of the City of Long Beach and the Homeownership Zone intent. The City also has the option of declining the Homeownership Zone grant if it ultimately determines that it no longer wishes to pursue this redevelopment approach.

Sincerely,



Mary Kolesar  
Director  
Office of Affordable Housing Programs

Enclosure