



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

JUL - 1 2002

OFFICE OF THE ASSISTANT SECRETARY  
FOR COMMUNITY PLANNING AND DEVELOPMENT

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

Dear Mr. Taboada:

**SUBJECT: American Market Place/Wrigley Neighborhood Homeownership Zone**  
**Grant Number: HZ97-011**  
**Request for Amendment**

I am writing in response to your letters of May 1, 2002 and May 7, 2002, requesting a major amendment to the city of Long Beach's approved Homeownership Zone (HOZ) proposal.

You propose a significant decrease in the number of new homeownership units from 381 units to 158 units or a reduction of 58%. You propose an additional 47 rental units to address the identified need in the HOZ neighborhood for a mix of housing types. Your letter of May 1, 2002 indicates that 30% of the new homeowner units will be sold to low- and moderate-income families with incomes below 80% AMI, and 21% of the units will be sold to families with incomes between 80% and 120% AMI. The remaining units will be sold to families with incomes above 120% AMI. Your letter of May 7, 2002 revises this request by stating that the city is prepared to meet the HOZ threshold of 51% low- and moderate income families. I note that the city's latest status report indicates that of the 43 HOZ units completed, only 15 or 35% are occupied by low- and moderate-income families.

I am sympathetic to the city's desire to rethink its neighborhood revitalization priorities and strategy for the American Market Place/Wrigley neighborhoods. Nevertheless, the changes you propose are so significant as to require a re-rating and re-ranking of your HOZ proposal by HUD. While no final determination can be made until this process is complete, your current proposal does not appear to be within the competitive range.

In order to undertake a re-rating and re-ranking of your proposal, a detailed amendment must be submitted which addresses each of the competitive rating factors outlined in Section J of the July 7, 1997, Notice of Funding Availability (NOFA). Your

response to these factors will be the basis on which your proposal will be rescored by HUD. The NOFA is enclosed for your information. In addition to the information requested by Subpart J, you should submit a map which identifies the HOZ boundaries, the proposed sites or target areas for the 158 homeownership units, and the vacant, city-owned or otherwise deteriorated lots within the HOZ.

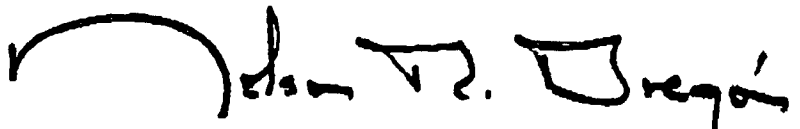
In developing your amended proposal, I urge you to pay particular attention to providing:

- A demonstration of how the proposed activities will cause a visible improvement and economic transformation of the entire HOZ
- A demonstration of how New Urbanist principles will be used to create a sense of neighborhood and community
- Evidence of community involvement in planning the revisions and in support of the amended proposal
- A realistic time-line with benchmarks against which progress can be measured, including specific starting and completion dates for all major milestones
- A revised sources and uses chart clearly indicating the cost for implementing each of the amended plan activities and the specific source(s) of financing
- A demonstration of how any gap between project development cost and sales price will be satisfied
- A demonstration of how any affordability gap between the sales price and the financial capacity of the targeted homebuyers (by income category) will be addressed
- Evidence of fund commitments from the public and private financing sources identified in the sources and uses chart

The revised, complete amendment should be submitted to HUD no later than ninety days from the date on this letter. The city will not be able to make any revisions to this amended proposal once HUD's re-rating process has begun.

HUD's staff in the Office of Affordable Housing Programs is available to assist city staff in addressing the amendment requirements. Ginger Macomber, HUD's Homeownership Zone Coordinator can be reached at (202) 708-2684, extension 4605.

Sincerely,



Nelson R. Bregón  
Deputy Assistant Secretary  
for Grant Programs