



DOWNTOWN
LONG BEACH
ALLIANCE

SPECIAL EXECUTIVE COMMITTEE MEETING MINUTES

Wednesday, September 18, 2019

8 AM

Downtown Long Beach Alliance Conference Room
100 West Broadway, Suite 120
Long Beach, CA 90802

Voting Present: Tony Shooshani, Laurie Gray, Debra Fixen, Toliver Morris, Ryan Altoon

Voting Absent: Alan Pullman, Silvano Merlo, John Keisler, Allison Kripp

DLBA Staff: Kraig Kojian, Austin Metoyer, Cherisse Evans

Guests: Robert Kleinhenz-Beacon Economics, Adam Fowler-Beacon Economics

- I. CALL TO ORDER and INTRODUCTIONS – Tony Shooshani, Chair
Meeting called to order at 8:17 am.

2. CHAIRPERSON'S REPORT- Shooshani

Altoon and Metoyer introduced the subject matter and timelines:

The City, in order to address affordable housing in Long Beach, has brought 28 items for review, including an Inclusionary Housing policy. A consultant was engaged (KMA) to perform studies and provide a report with recommendations for an Inclusionary Housing policy which would include fees on development within the submarket #1 (Downtown and Central Long Beach).

- The initial meeting with city staff was invitation only, where the draft findings from the KMA report were presented.
- Next was an invitation only roundtable discussion with the Mayor, which included 20-25 developers that represented a cross section of representatives from public to private, affordable and work-force housing, as well as industrial properties.
- The Mayor will open a second developers' roundtable in the future. He wants to consider all feedback and does not want to rush into a decision.
- The policy being recommended is mandatory, not optional.

What are next steps:

- This policy will go to Planning Commission in October, to be amended or recommended to City Council in late 2019-early 2020.
- What are the City staff's expectation of the community between now and the Planning Commission meeting in October?
- DLBA met with Beacon Economics in late August. The timeline that they must work with, in order to bring feedback/recommendations to Planning Commission, is very tight and will be a challenge
- A Beacon Economics peer review report will need to offer constructive recommendations. This will be an unbiased, third-party study that does not represent a certain sector, but rather offers alternatives to the Keyser Marston

Associates (KMA) report and asks Planning Commission to reconsider the recommendations that have come from the KMA report.

Beacon Economics Presentation-What the peer view will offer

Robert Kleinhenz:

- KMA took eight months to produce its report. Beacon will have four weeks. As they will not have time to go through the entire report, they will primarily focus on an in-depth review of the KMA's analysis regarding inclusionary housing scenarios which were used to set up in-lieu fees. Will also analyze KMA's data, assumptions, conclusions as well as in lieu fees.
- Inclusionary housing is a way to achieve a mix of affordable housing in an area where it hasn't been forth coming. KMA's study divides Long Beach into two regions: submarket #1=downtown/midtown and submarket #2=the remainder of the city. The assumption made is that there is not enough development in submarket #2 and therefore the returns on such a fee would make it not be worth pursuing in lieu fees.
- There is an assumption in the KMA report that developers will accept a 30% land value reduction and 5.5% reduction of return on investment.
- Need to call into question the KMA in lieu fees and the mix of housing that they recommend. Explain why there is not development in other areas of the city. The burden of development is being placed solely on the Downtown. The KMA report shows a difference in numbers in-lieu fees so this also needs to be addressed.

Adam Fowler:

- Will look at the assumptions made and is there credible data backing those assumptions and well as try to gain an understanding of how they arrived at some of their data. As an example, in viewing the affordability gap, outdated mortgage rates were used. Also, it appears that market rate housing costs were underestimated, while the inclusionary housing alternatives were overestimated, making the affordability gap smaller than would be realized.

Committee Comments/Questions

Shooshani:

- Wants to ensure that the Beacon reports shows the impact that such an Inclusionary Housing policy would have on all sectors: jobs, business, housing, economy, etc. Housing needs effects the economy overall. Beacon will attempt to challenge the key of the KMA report assumptions and then round out the discussions by bring a broader context.

Fixen:

- Asked if the Beacon peer review would be enough to help convince the City to change the proposed policy. Kojian answered that he believes this report will create reasonable doubt in the KMA's assumptions as well as offer alternative recommendations through empirical data. This will offer a balance with the information Planning Commission already has seen in the KMA report.

Kojian:

- Asked the Mayor to consider delaying the Planning Commission to November and also Richard Lewis, Chair of the Planning Commission, for insight on timing. Need to determine the most effective way to communicate the findings i.e. PowerPoint, talking points, etc. so that it resonates with the Planning Commission and subsequently with City Council.

Shooshani:

- Asked what the funding source is for this Beacon agreement. DLBA can divided the proposal into two phases. Phase one would come out of the budget reserves from 2018-19. Second phase would come

from either the advocacy budget and/or deferred revenue in 2019-20. Beacon will determine the timing of the invoice phasing.

Kojian:

- Look at community partners who will benefit from this research to offset costs and have a voice at City Council, so that DLBA is not the only source paying for this research. Will ask the LB Area Chamber of Commerce to contribute. Due to timing, DLBA must begin the effort and look for additional funding later.
- Risks: There is a risk that DLBA will not gain other financial support. DLBA could get pushback from stakeholders.
- Beacon has had a working relationship with the City in the past. This may have a position effect in the outcome, as they have a reputation of being fair and objective.

Kleinhenz:

- Beacons has reviewed the pricing of this proposal to offer the best price possible. They will have to work at a fast pace and possibly hold off work with other clients. Beacons confirms they will have information to present in October to Planning Commission.

Altoon:

- Asked for a further breakdown of the fees in the proposal. Looking for any cost savings. Kleinhenz offered to waive the fee for the first presentation which was already discounted. (\$4,000).

ACTION ITEM: Consider the requested proposal submitted by Beacons Economics to conduct a peer review of Keyser Marston report, commissioned by the City of Long Beach on Inclusionary Housing. Authorize the President & CEO to enter into an agreement not to exceed \$75,000.

MOTION: 1st: Altoon. 2nd: Gray.

VOTE: None opposed, no abstentions. Motion carries.

3. OLD BUSINESS
4. NEW BUSINESS
5. PUBLIC COMMENTS (three minutes on all non-agenda items)
6. ADJOURNMENT

Meeting adjourned at 9:50 AM.

NEXT SCHEDULED EXECUTIVE COMMITTEE MEETING:

Thursday, October 3, 2019

Studio One Eleven - Conference Room
245 E. Third Street

Immediately following the Board of Directors Meeting

Mission: Cultivate, preserve and promote a healthy, safe and prosperous Downtown

All meetings held by the Downtown Long Beach Alliance shall be conducted in compliance with the Brown Act, California Government Code Section 54950 et s, and its requirement that public commissions, boards, councils, and public agencies conduct business openly.

E-Mail correspondence regarding agenda items can be directed to info@dlba.org. Agenda items may also be reviewed as posted in public view at the DLBA offices or at City Hall. If special accommodation is desired pursuant to the Americans with Disabilities Act, please make your request by phone to [\(562\) 436-4259](tel:(562)436-4259), by noon the day prior to the meeting.