



Administrative Report

H.12., File # 25-1337

Meeting Date: 10/21/2025

To: MAYOR AND CITY COUNCIL

From: ELIZABETH HAUSE, COMMUNITY SERVICES DIRECTOR

TITLE

APPROVE AND EXECUTE THE ESCROW INSTRUCTIONS LETTER AND THE AGREEMENT CONTAINING COVENANTS, RESTRICTIONS, AND OPTION TO PURCHASE FOR THE SALE OF THE AFFORDABLE HOUSING UNIT AT 2001 ARTESIA BOULEVARD, UNIT #301, REDONDO BEACH, CALIFORNIA 90278

EXECUTIVE SUMMARY

On February 17, 2004, the City Council adopted Senior Housing Ordinance No. 2927-04, amending the zoning ordinance to establish standards for senior citizen housing. On March 2, 2004, the City Council approved the Montecito Senior Housing development, located at 2001 Artesia Boulevard, consisting of 60 residential condominium units. In compliance with Ordinance No. 2927-04, a condition of project approval required the developer to enter into an Affordable Housing Agreement with the City to provide and restrict by deed five (5) units as affordable for low- and moderate-income households for a minimum of fifty-five (55) years from the date of construction, in accordance with applicable state and local laws.

The current owner of moderate-income unit (#301) within the Montecito development is planning to sell the property. Pursuant to State and local requirements, this income-restricted unit must be sold to a qualified moderate-income household. To preserve affordability and ensure continued compliance with the City's inclusionary housing requirements, City Council approval is required for execution of the Escrow Instructions Letter, the Agreement Containing Covenants, Restrictions, and Option to Purchase, and related documents necessary for the sale and ongoing regulation of the affordable housing unit. The same materials have been presented to the City's Housing Authority for concurrent approval during its special meeting to be held on October 21, 2025. As part of the escrow process staff, working with the City's affordable housing consultant, would verify that the final transaction complies with all applicable restrictions and regulations.

BACKGROUND

The City Council adopted Ordinance No. 2927-04 on February 17, 2004, amending the zoning ordinance to establish standards for housing for senior citizens. The Ordinance includes an inclusionary housing requirement that ten percent (10%) of the senior housing units be affordable to low- and moderate-income households in proportion to the housing needs identified in the City's Housing Element. These units must remain affordable for a period of no less than fifty-five (55) years from the effective date of the Affordable Housing Agreement, which is February 20, 2008.

Pursuant to State and local requirements, the income-restricted unit at 2001 Artesia Boulevard, Unit #301, may be sold only to qualified moderate-income households. Moderate-income levels are based on a Countywide formula, with limits determined by household size in relation to the County's median income.

The current owner of Unit #301 has requested approval to sell the property and has identified a qualified moderate-income buyer. The attached Agreement is a recorded instrument ensuring the long-term maintenance of affordability restrictions. As part of the transaction, Housing staff would verify the buyer's eligibility and income qualification in accordance with State and local guidelines. The maximum allowable sales price for this unit is \$304,400, consistent with affordability standards under State law.

The Affordable Housing Agreement and associated documents for this transaction include:

1. Agreement Containing Covenants, Restrictions, and Option to Purchase - ensuring long-term affordability, providing notice of affordability restrictions to future purchasers and lenders, and reserving the City's purchase rights.
2. Performance Deed of Trust - securing the developer's and purchaser's obligations under the Agreement to ensure continued compliance for the full term of affordability.
3. Escrow Instructions Letter - authorizing the execution and recordation of the necessary affordability documents at the close of escrow.

Approval of these documents would authorize the Mayor to execute the agreements on behalf of the City and to take any actions necessary to complete the sale in compliance with the City's affordable housing requirements.

COORDINATION

The City Attorney's Office has approved the Agreement and all necessary and related documents as to form.

FISCAL IMPACT

The Affordable Housing Program activities are processed through the Housing Authority Division of the Community Services Department. The Housing Authority will receive a \$50.00 fee for this transaction. Funding for affordable housing administration is available in the Community Services Department's annual operating budget.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Agreement Containing Covenants, Restrictions and Option to Purchase (Moderate Income)
- Performance Deed of Trust (Option to Cure and Purchase Agreement)
- Escrow Instructions Letter
- Request for Notice - City Attorney's Office
- Request for Notice - City of Redondo Beach