

**Recording Requested By, and
When Recorded Mail to:**

City of Redondo Beach
415 Diamond St.
Redondo Beach, CA 90277
Attn: Cameron Harding

With a copy to:

Redondo Senior Partners LP
15301 Ventura Boulevard
Building B, Suite 500
Sherman Oaks, CA 91403
Attn: RJ Miller, President

SPACE ABOVE IS RESERVED FOR RECORDER'S USE

FIRST AMENDMENT
TO AFFORDABILITY AGREEMENTS

This FIRST AMENDMENT TO AFFORDABILITY AGREEMENTS ("First Amendment") is dated as of May 17, 2022, and is entered into by and between REDONDO SENIOR PARTNERS LP, a Delaware limited partnership ("Owner") and the CITY OF REDONDO BEACH, a chartered municipal corporation in its capacity as housing successor to the former Redevelopment Agency of the City of Redondo Beach ("City"). Owner and City are sometimes referred to collectively as the "Parties".

RECITALS

A. Owner is the current owner of the 135-unit senior housing rental project known as Heritage Pointe Senior Apartments project located at 1801 Aviation Way in the City of Redondo Beach, California (the "Project").

B. The Redevelopment Agency of the City of Redondo Beach (the "Former Agency") and Redondo Beach HP Seniors, L.P. (Owner's predecessor in interest) entered into that certain Agreement Containing Covenants (Including Rental Restrictions) dated as of September 1, 2004 and recorded on October 1, 2004 as Instrument No. 04-2536058, which expires on October 1, 2059 (the "Low/Mod Funds Agreement"). The Low/Mod Funds Agreement imposes certain affordability restrictions on a portion of the units in the Project, including a requirement that forty-one (41) units referred to as the "Restricted Units" be available for occupancy to and rented exclusively to "Moderate Income" seniors at an affordable rent that does not exceed 30% of 80% of area median income (adjusted for family size appropriate to the unit) plus a reasonable utility allowance.

C. In accordance with California Health & Safety Code Section 34172, the Former Agency was dissolved as of February 1, 2012. City is the successor to the housing assets (as defined in California Health & Safety Section 34176) of the Former Agency, and as such has undertaken the rights and obligations of the Former Agency pursuant to the Low/Mod Funds Agreement, and also under the Bond Regulatory Agreement described below.

D. Since the Owner's acquisition of the Project in August 2018, Owner and City have been in discussion to reconcile and implement the affordability restrictions set forth in the Low/Mod Funds Agreement and the following additional agreements encumbering the Project: (i) Declaration and Agreement dated May 3, 1988 among Cal-Redondo Inc., the Redondo Beach City School District and City which expires on May 3, 2048 and restricts 28 units referred to as the "Declaration Units" be available for occupancy to households with 80% or less of area median income at an affordable rent that does not exceed 25% of 80% of area median income (the "Density Bonus Agreement"); and (ii) Regulatory Agreement and Declaration of Restrictive Covenants dated September 1, 2004 with the Former Agency in connection with a bond issuance, which expires on September 23, 2038 ("Bond Regulatory Agreement").

E. Owner and City have also been discussing the use of Section 8 vouchers for the Project.

F. Owner and City desire to enter into this First Amendment to amend, clarify and provide certainty with respect to the three sets of affordability restrictions and the use of Section 8 vouchers.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and incorporating the above recitals, Owner and City agree as follows:

1. The term of each of the Low Mod Funds Regulatory Agreement, the Density Bonus Agreement and the Bond Regulatory Agreement is hereby extended to September 30, 2059.

2. The terms of the Bond Regulatory Agreement shall apply with respect to the 41 units described therein which will be deemed to be the same 41 Restricted Units under the Low/Mod Funds Regulatory Agreement. As to those 41 units, the last sentence of Section 1a.(3) of the Low/Mod Regulatory Agreement shall be deleted and shall have no force or effect in determining renter eligibility or calculating rents. The standards for qualified renters and maximum permitted rent that will apply to those 41 units is attached as Exhibit "A" and examples of the rent calculation are attached hereto as Exhibit "A-1".

3. The terms of the Density Bonus Agreement shall apply with respect to the 28 units described therein which will be deemed to be the same 28 Declaration Units under the Low/Mod Funds Regulatory Agreement, and such 28 units shall be different units than the 41 units described in Section 2 above. The standards for qualified renters and maximum permitted rent that will apply to those 28 units is attached hereto as Exhibit "B" and examples of the rent calculation are attached hereto as Exhibit "B-1".

4. During periods in which federal Section 8 vouchers administered by the City are used/accepted by Owner, then the laws relating to Section 8 vouchers and the income and affordability requirements for renters using such vouchers shall apply to the applicable unit for which the vouchers are used, and with respect to any of the 41 units described in Section 1 above and the 28 units described in Section 2 above, the standards for the maximum permitted rent payable by the applicable renter/tenant that will apply to those units is attached hereto as Exhibit "C" and examples of the rent calculation are attached hereto as Exhibit "C-1".

5. If any of the 41 units or the 28 units are currently occupied by tenants as of the date of this First Amendment at a rental rate that is lower than permitted under Exhibit "A" or Exhibit "B", as applicable, then the rent charged for such units may not be increased annually by more than five percent, until the maximum rent permitted to be charged is reached. Leases entered into with new tenants occupying any of the 41 units or the 28 units on or after the date of this First Amendment shall be governed by Exhibit "A" or Exhibit "B", as applicable.

6. Owner acknowledges and agrees that this First Amendment shall have no force or effect unless and until Owner complies with the obligations set forth in Section 1 of that certain Affordable Unit Overcharge Agreement dated of even date herewith and that performance thereunder is a condition

precedent to the effectiveness of this First Amendment. Upon submittal by Owner of documentation evidences performance under the Affordable Unit Overcharge Agreement, City shall cause this First Amendment to be recorded in the official records of the County of Los Angeles and a copy of the recorded First Amendment to be delivered to Owner.

IN WITNESS WHEREOF, the Parties have caused this First Amendment to be executed as of the date first set forth above.

CITY:

CITY OF REDONDO BEACH, a chartered municipal corporation in its capacity as housing successor to the former Redevelopment Agency of the City of Redondo Beach

By: _____

Print Name: William C. Brand

Title: Mayor

OWNER:

REDONDO SENIOR PARTNERS LP,
a Delaware limited partnership

By: FFAH II Heritage Pointe, LLC,
a California limited liability company,
its Managing General Partner

By: Foundation for Affordable Housing II, Inc.,
a California nonprofit public benefit
corporation, its Sole Member

By: _____
Darrin Willard, President

By: Heritage Pointe Investors Manager LLC,
a Delaware limited liability company,
its Administrative General Partner

By: _____
Gregory F. Perlman, Manager

ATTEST:

Eleanor Manzano, City Clerk

APPROVED AS TO FORM:

Michael Webb, City Attorney

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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Signature _____ (Seal)

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upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT "A"

QUALIFIED RENTERS AND MAXIMUM RENT FOR THE 41 UNITS

Renter households may not have gross income in excess of 80% of the Area Median Income as defined in Internal Revenue Code Section 142, based on actual household size and income.

Rent may not exceed 30% of 80% of the Area Median Income, as defined in Internal Revenue Code Section 142, adjusted for household size based on the actual number of bedrooms in the applicable unit plus 1, reduced by a reasonable utility allowance determined by City in accordance with the allowances published by the Los Angeles County Development Authority (LADCA) annually.

EXHIBIT “A-1”

EXAMPLES OF MAXIMUM RENT CALCULATION FOR THE 41 UNITS

	1-Bdrm Units	2-Bdrm Units
Area Median Income (IRC §142 AMI)	\$94,600	\$106,400
Benchmark Household Income as % of IRC §142 AMI	80%	80%
Annual Household Income	\$75,680	\$85,120
Monthly Household Income	\$6,307	\$7,093
% of Income Allotted to Housing Expenses	30%	30%
Gross Affordable Rent	\$1,892	\$2,128
(Less) Utilities Allowance	(51)	(63)
Net Affordable Rent	\$1,841	\$2,065

EXHIBIT "B"

QUALIFIED RENTERS AND MAXIMUM RENT FOR THE 28 UNITS

Renter households may not have gross income in excess of 50% of the Area Median Income, as defined in Internal Revenue Code Section 142, based on actual household size and income.

Rent may not exceed 25% of 80% of the Area Median Income, as defined in California Health and Safety Code Section 50093, adjusted for household size based on the actual number of bedrooms in the applicable unit plus 1. Such rent shall not be reduced by a utility allowance.

EXHIBIT “B-1”

EXAMPLES OF MAXIMUM RENT CALCULATION FOR THE 28 UNITS

	1-Bdrm Units	2-Bdrm Units
Area Median Income (HCD AMI)	\$64,000	\$72,000
Benchmark Household Income as % of HCD AMI	80%	80%
Annual Household Income	\$51,200	\$57,600
Monthly Household Income	\$4,267	\$4,800
% of Income Allotted to Housing Expenses	25%	25%
Affordable Rent	\$1,067	\$1,200

EXHIBIT “C”

MAXIMUM RENT FOR THE 41 UNITS AND THE 28 UNITS WHEN SECTION 8 VOUCHERS ARE
USED

If Section 8 vouchers are used, then rent may be the payment standard as determined by the City based on adjustments to the fair market rent established by the United States Department of Housing and Urban Development (HUD) for Zip Code 90278 in Los Angeles County; however, the rent payable by the applicable renter/tenant may not exceed the maximum rent described in Exhibit “A” for any of the 41 units, or the maximum rent described in Exhibit “B” for any of the 28 units.

EXHIBIT “C-1”

EXAMPLES OF MAXIMUM RENT CALCULATION FOR THE 41 UNITS AND THE 28 UNITS
WHEN SECTION 8 VOUCHERS ARE USED

The current payment standards being applied by the City in 2022 are:

One-bedroom units at \$1,814

Two-bedroom units at \$2,337

New Section 8 vouchers and any existing Section 8 vouchers that are renewed on or after the date of the First Amendment shall be based on the above-stated 2022 payment standard. The payments standards may be increased by the City up to one time per year.