



Administrative Report

H.4., File # 21-1912

Meeting Date: 1/12/2021

To: MAYOR AND CITY COUNCIL
From: ANGELICA ZAVALA, HOUSING SUPERVISOR

TITLE

AUTHORIZE THE MAYOR TO SIGN THE AFFORDABLE HOUSING AGREEMENT TO PRESERVE THE EXISTING HOUSING COVENANTS AND RESTRICTIONS AND APPROVE ALL NECESSARY AND RELATED DOCUMENTS, FOR THE SALE OF A RESIDENTIAL PROPERTY LOCATED AT 2750 ARTESIA BLVD., #244, REDONDO BEACH, CA 90278

EXECUTIVE SUMMARY

On February 17, 2004, the City Council adopted the Senior Housing Ordinance No. 2927-04, amending the zoning ordinance to establish standards for housing for senior citizens. On June 17, 2004, the Planning Commission subsequently approved a 192 unit senior citizen residential condominium project at 2750 Artesia Boulevard, Redondo Beach, CA, also known as "Breakwater". As required by Senior Housing Ordinance 2927-04, a condition of project approval requires that the developer enter into an Affordable Housing Agreement with the City to provide and restrict by deed twelve (12) units as affordable for moderate-income households and eight (8) units for low-income households for a period of not less than 55 years from the date of construction in accordance with all applicable state and local laws.

At the January 5, 2021 Special Housing Authority meeting, Council approved the Affordable Housing Agreement for 2750 Artesia Boulevard, #244. On January 7, 2021 the Housing Authority Office was informed that the seller has relocated out of the country. Due to the difficulty of obtaining the seller's signature, the Grant Deed Addendum has been modified and no longer includes the signature requirement. In accordance with City regulations, this item must be presented for approval to the Housing Authority and then be approved by the City Council.

A Moderate-Income family is defined as a Household where the combined gross incomes of all persons residing in the unit exceeds the adjusted qualifying income limit for low-income but does not exceed a maximum of 120% of the area median income (AMI) adjusted for household size as published annually by the California Department of Housing and Community Development.

A Low-Income family is defined as a Household where the combined gross income of all persons residing in the unit does not exceed a maximum of 80% of the area median income (AMI) adjusted for household size as published annually by the California Department of Housing and Community Development.

This Affordable Housing agreement is necessary due to the current owner's request to sell the Moderate-income unit located at 2750 Artesia Blvd., #244, Redondo Beach, CA 90278. This agreement will preserve the City's rights in the addendum to the Grant Deed which includes the preservation of the applicable low/moderate income Housing Covenants and Restrictions. These Covenants and Restrictions also grant the City an option to purchase the unit in the case of an uncured default or upon the Owner's intent to transfer the residence.

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 contains an inclusionary housing requirement for ten percent (10%) of the senior housing units to be affordable to low and moderate income households in proportion to the housing needs identified in the Housing Element of the General Plan. Such units must be maintained as affordable units for at least 55 years; the agreement was entered into on January 15, 2008.

Pursuant to State and local requirements, the income restricted unit at 2750 Artesia Blvd., #244 can be sold or rented only to qualified Moderate-income individuals. Moderate-income levels are based on a County-wide formula with income levels determined based on household size and in comparison to county wide median income.

The owner of this affordable housing unit made a request to sell their unit and has identified another qualified Moderate-income buyer. The Affordability Agreement is a recorded document to ensure maintenance of affordability levels. Provisions of the agreement will require housing staff to perform verification of buyer/tenant qualification and annual compliance reporting. The maximum sales price for this unit is \$241,372 and is calculated to be consistent with affordability criteria under State Law.

The Affordable Housing Agreement for the specific property being sold and the related documents include: 1) The covenants imposing restrictions on the property pursuant to the original agreement and providing notice of the restrictions to future purchasers and/or lenders, and 2) The Performance Deed of Trust for the developer and purchasers of this unit, securing the developer's and purchaser's obligations under the agreement to ensure the continued affordability of this unit throughout the term of this Agreement. Due to the difficulty of obtaining the signature of the seller, who has relocated out of the country, the Grant Deed Addendum has been modified and no longer includes the signature requirement. In accordance with City regulations, this item must be presented for approval to the Housing Authority and then be approved by the City Council.

COORDINATION

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

FISCAL IMPACT

The Affordable Housing Program activities are processed through the City's Housing Authority office. As part of the adopted FY 2020-21 Budget, the City Council approved a fee for service for the City's Inclusionary Housing Programs. The Housing Authority has received a \$75.00 fee for this transaction.

ATTACHMENTS

- Affordable Housing Agreement