



Administrative Report

H.12., File # 22-4585

Meeting Date: 8/2/2022

To: MAYOR AND CITY COUNCIL

From: CAMERON HARDING, COMMUNITY SERVICES DIRECTOR

TITLE

APPROVE AFFORDABLE HOUSING DOCUMENTS FOR THE SALE OF 2750 ARTESIA BOULEVARD, #116, REDONDO BEACH, CA 90278 INCLUDING:

1. AN AGREEMENT CONTAINING COVENANTS, RESTRICTIONS AND OPTION TO PURCHASE [MODERATE INCOME]
2. A SUBSTITUTION OF TRUSTEE AND FULL RECONVEYANCE, AND
3. ESCROW INSTRUCTIONS

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.

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., #116, 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., #116 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 \$190,349 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.

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 FY 2021-22 Budget, the City Council approved a fee for service for the City's Inclusionary Housing Programs. The Housing Authority has received a \$75.00 transaction fee for processing the proposed sale and associated documents.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Affordable Housing Agreement
- Substitution of Trustee and Full Reconveyance
- Escrow Instructions

- Maximum Sales Price Quote