



CITY OF HUNTINGTON BEACH

INTERDEPARTMENTAL COMMUNICATION

TO: Honorable Chair and Board Members

SUBMITTED BY: Jennifer Villasenor, Community Development Director

FROM: Charles Kovac, Housing Manager

DATE: September 2, 2025

SUBJECT: **CONTINUED ITEM NO. 19 (25-637) FROM THE AUGUST 19, 2025 CITY COUNCIL/HOUSING AUTHORITY AGENDA – Approve and Authorize Execution of the Third Amendment to the Affordable Housing Agreement and the Second Amendment to the Declaration of Covenants, Conditions and Restrictions to Extend Affordability Covenants by Three Years for the Five Points Senior Villas Project (Revised Request)**

On August 19, 2025, the City Council, acting as the Huntington Beach Housing Authority (“Housing Authority”), continued agenda Item 19 (25-637) to September 2, 2025, in order for City staff to renegotiate the proposed extension of the existing affordability covenants at the Five Point Senior Villas apartment project (“Project”). After extensive discussions over the past two weeks, Five Points Senior, L.P. (“Owner”) has agreed to increase their affordability covenant extension from one year as proposed on August 19 to three years. If approved by the Housing Authority, the three-year extension of the affordability covenants would increase the existing term from July 30, 2026 to July 30, 2029. At this time, the Owner is unwilling to commit beyond a three-year extension but as discussed below is open to a longer affordability covenant term in the future.

In addition to the extension of the affordability covenants, the Housing Authority requested that the Owner provide a plan of action for the long-term operation of the Project. During this extension period, the Owner intends to evaluate its options for the property and continued partnership with the City. The Owner has indicated they are actively evaluating the long-term future of the property and may bring forward a specific proposal that includes an assessment of existing conditions, physical capital improvements, refinancing, securing a rehabilitation loan from the City, and a longer-term affordability extension (beyond the proposed July 30, 2029 date). The proposed three-year extension provides time for those plans to be finalized and reviewed without allowing the existing affordability covenants to expire in the interim. The proposed activities and timeline are as follows:

September 2025 – Housing Authority considers approval of three-year affordability covenants extension for the Project to July 30, 2029.

October 2025 – Owner begins preparation of the Assessment of Existing Conditions Report for the Project (completion by March 2026).

March 2026 – Owner begins preparation of a Capital Improvement Plan for the Project to address findings in the Assessment of Existing Conditions Report (completion by May 2026).

By January 2027 – Owner provides City with refinancing plan for the Project including any proposed housing rehabilitation loan to be provided by City.

May 2027 – City provides Owner with financing gap/feasibility analysis and proposed affordability covenant extension of additional years beyond July 30, 2029.

June 2027 – Housing Authority Council considers rehabilitation loan agreement with Owner and extension of affordability covenants.

August 2027 – Capital rehabilitation improvements commence at Project site and are to be completed by January 2029.

July 2029 – Capital rehabilitation improvements are completed and extension of affordability covenants for additional years per rehabilitation loan agreement commences on July 30, 2029.

Revised Recommended Actions:

A) Approve the Third Amendment to the Affordable Housing Agreement by and between the Huntington Beach Housing Authority and Five Points Seniors, L.P. to extend the affordability covenants by three years until July 30, 2029, and direct the City Attorney to revise said Third Amendment to reflect this three-year extension;

B) Approve the Second Amendment to the Declaration of Covenants, Conditions, and Restrictions by and between the Huntington Beach Housing Authority and Five Points Seniors, L.P. to extend the affordability covenants by three years until July 30, 2029, and direct the City Attorney to revise said Second Amendment to reflect this three-year extension; and,

C) Authorize the Housing Authority Executive Director or their designee to execute the Third Amendment to the Affordable Housing Agreement, the Second Amendment to the Declaration of Covenants, Conditions and Restrictions, and all related documents necessary to implement the three-year extension.

If approved, the minutes for the September 2, 2025 City Council/Housing Authority agenda will indicate that the item was approved as amended by the above revised recommended actions.