



Legislation Details (With Text)

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On agenda: 6/15/2020 **Final action:** 6/15/2020

Title: Authorize and direct the Executive Director of the Housing Authority to execute the following agreements by and between the Huntington Beach Housing Authority and Five Points Senior LP: 1) First Amendment to Declaration of Covenants, Conditions and Restrictions, and 2) Second Amendment to Affordable Housing Agreement

Attachments: 1. Att#1 Five Points AHA(1), 2. Att#2 First Amendment AHA Five Points, 3. Att#3 Declaration of CCRs, 4. Att#4 First Amendment CC&Rs, 5. Att#5 Second Amendment to Affordable Housing Agreement(11693156....

Date	Ver.	Action By	Action	Result
6/15/2020	2	City Council/Public Financing Authority	approved	Pass

REQUEST FOR HOUSING AUTHORITY ACTION

SUBMITTED TO: Honorable Chair and Commissioners

SUBMITTED BY: Oliver Chi, Executive Officer

PREPARED BY: Ursula Luna-Reynosa, Director of Community Development

Subject:

Authorize and direct the Executive Director of the Housing Authority to execute the following agreements by and between the Huntington Beach Housing Authority and Five Points Senior LP: 1) First Amendment to Declaration of Covenants, Conditions and Restrictions, and 2) Second Amendment to Affordable Housing Agreement

Statement of Issue:

On November 18, 1991, the Redevelopment Agency of the City of Huntington Beach (the "Agency") and Five Points Seniors, LP, entered into an Affordable Housing Agreement (Attachment #1). The Agreement created affordability set-aside restrictions to provide for and maintain affordable housing to qualifying senior citizens. Section 402(2) states the affordability restrictions will run for 30 years from the date of the City's issuance of the certificate of occupancy for developer improvements and states the Declaration of Covenants, Conditions and Restrictions will set out all the requirements in a recordable form. On April 1, 1999, the parties entered into a First Amendment to the Affordable Housing Agreement (Attachment #2).

On October 23, 1993, the Agency and Five Points Senior, LP, entered into a Declaration of Covenants, Conditions and Restrictions for Five Points Senior Villas (Attachment #3). The Declaration established 164 total units, with 32 units to be set aside for Very Low Income Households and 16 units for Low and Moderate Income Households. This Agreement, in Section 1.B, created affordability restrictions on the Five Point Senior Villas until July 30, 2023. Upon the expiration of the

covenant, the units can be rented at the market rate.

Five Points Senior Villas has provided housing units to very low, low, and moderate-income senior households in Huntington Beach pursuant to the agreements. These agreements have been beneficial to both the City and Five Points Senior Villas. With the dissolution of Redevelopment, the Huntington Beach Housing Authority (the "Housing Authority") is the successor to the Agency. Therefore, based on mutual agreement, the Housing Authority and Five Points Seniors, LP (collectively, the "Parties") would like to extend the term of the affordability restrictions until July 30, 2026. More specifically, the Parties would like to enter into a First Amendment to Declaration of Covenants, Conditions and Restrictions, which amends Section 1.B of the Agreement to extend until July 30, 2026. The Parties would also like to enter into a Second Amendment to Affordable Housing Agreement which amends Section 402(2) to make the affordable units subject to the affordability requirements until July 30, 2026.

Financial Impact:

There is no fiscal impact associated with this action.

Housing Authority Recommended Action:

- A) Authorize and direct the Executive Director of the Housing Authority to execute the "First Amendment to Declaration of Covenants, Conditions and Restrictions," (Attachment #4); and
- B) Authorize and direct the Executive Director of the Housing Authority to execute the "Second Amendment to the Affordable Housing Agreement," (Attachment #5).

Alternative Action(s):

Do not approve the Amendments, and let the affordability restrictions expire on July 30, 2023.

Analysis:

The City of Huntington Beach has had a long-standing commitment to providing affordable units to its residents, particularly to the senior community. The Five Points Senior Villas is a prime example of working with developers to promote and build low-income housing units.

Since 1993, Five Points Senior Villas has provided housing to 32 very low income households and 16 low and moderate income seniors. The need to maintain these units remains just as important, if not more important, today than when the covenants were created. Therefore, by extending the covenants for three years, from July 30, 2023, to July 30, 2026, lower income seniors will be able to retain their affordable rental rates.

Environmental Status:

The proposed actions to extend the affordability terms of existing affordable units are exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3), which exempts activities where it can be seen with certainty that there is no possibility that the activity in question may have a potential significant adverse environmental impact. As such, no further environmental review is necessary.

Strategic Plan Goal:

Strengthen long-term financial and economic sustainability

Attachment(s):

1. Affordable Housing Agreement
2. First Amendment to Affordable Housing Agreement
3. Declaration of Covenants, Conditions and Restrictions
4. First Amendment to Declaration of Covenants, Conditions and Restrictions
5. Second Amendment to Affordable Housing Agreement