

Council/Agency Meeting Held: _____	<b>RECEIVED</b> 2006 NOV 27 AM 8:31 City Clerk's Signature
Deferred/Continued to: _____	
<input type="checkbox"/> Approved <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied	CITY CLERK CITY OF HUNTINGTON BEACH
Council Meeting Date:            December 4, 2006	Department ID Number: _____

**CITY OF HUNTINGTON BEACH  
REQUEST FOR CITY COUNCIL ACTION**

**SUBMITTED TO:** HONORABLE MAYOR AND CITY COUNCIL MEMBERS

**SUBMITTED BY:** *Penelope Culbreth Graft*  
 PENELOPE CULBRETH-GRAFT, City Administrator

**PREPARED BY:** SCOTT HESS, Acting Director of Planning *SH*

**SUBJECT:** APPROVE AFFORDABLE HOUSING AGREEMENTS (BONANNI PROPERTIES AND D.S. PRODUCTS)

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

**Statement of Issue:** Transmitted for your consideration is a request by Ed Bonanni representing Bonanni Properties and D.S. Products to approve four affordable housing agreements as required as part of the City's approval of a 19 unit townhome project located at 19082 Gothard Street. The agreements will restrict four for-sale units to moderate income households for a period of 60 years. Staff recommends that the City Council review and approve the four affordable housing agreements.

**Funding Source:** Not applicable.

**Recommended Action:**

Motion to:

"Approve the Agreements Containing Covenants Affecting Real Property By and Between the City of Huntington Beach, and Bonanni Properties and D. S. Products, and authorize the Mayor and City Clerk to sign and execute (Attachment Nos. 1, 2, 3 and 4)."

**Alternative Action(s):**

The City Council may make the following alternative motion(s):

"Continue the Agreements Containing Covenants Affecting Real Property By and Between the City of Huntington Beach, and Bonanni Properties and D. S. Products and direct staff accordingly."

# REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: December 4, 2006

DEPARTMENT ID NUMBER: PL06-28

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## Analysis:

### A. PROJECT PROPOSAL:

Applicant: Ed Bonanni, 5622 Research Dr., Huntington Beach, CA 92649

Location: 19082 Gothard Street (East side of Gothard Street, south of Garfield Avenue)

The affordable housing agreements will restrict four on-site units, three of which will be two-bedroom units and one a three-bedroom unit, at moderate income levels for a period of 60 years.

The Bonanni project was approved by the Planning Commission on July 26, 2005. The project consists of 19 townhome units on a 1.25 acre site within the Holly Seacliff Specific Plan (HSSP). The 19 townhome units are comprised of two and three-bedroom units; each has a two car attached garage.

### B. ANALYSIS:

The project is located within the Holly Seacliff Specific Plan (HSSP) area, which requires that the equivalent of 15 percent of a project's units be affordable. The Specific Plan also requires that the units be located within the Specific Plan area. Three of the four units meet the 15 percent affordable requirement pursuant to the HSSP. The fourth affordable unit is a density bonus unit pursuant to Section 230.14 of the Huntington Beach Zoning and Subdivision Ordinance.

The four affordable for-sale units would be restricted to moderate income households for a period of 60 years. The units will be affordable to households earning no more than 120 percent of the Orange County median income. For a three-person household this is the equivalent of \$84,600 in annual gross income. The maximum sales price of these units is expected to be approximately \$310,915 (two-bedroom units) to \$350,271 (three-bedroom unit). Final sales prices will be determined by the City of Huntington Beach.

The City Attorney's Office has prepared a separate agreement for each unit. Each agreement identifies the specific unit number and the number of bedrooms provided in said unit. The restricted units are as follows:

Unit 1 restricts a 2-bedroom unit  
Unit 11 restricts a 2-bedroom unit

Unit 2 restricts a 2-bedroom unit  
Unit 13 restricts a 3-bedroom unit

The proposed agreements are consistent with Holly Seacliff Specific Plan requirements, the proposed city-wide affordable housing ordinance and standard affordable housing agreements prepared by the City Attorney's Office. The agreements include the Redevelopment Agency's signature because the agency will monitor the agreements. Staff recommends the City Council approve the agreements.

# REQUEST FOR CITY COUNCIL ACTION

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## Environmental Status:

The subject request is not subject to the California Environmental Quality Act pursuant to Section 15061 (b) (3).

## Attachment(s):

City Clerk's Page Number	No.	Description
4	1.	Affordable Housing Agreement Unit No. 1
13	2.	Affordable Housing Agreement Unit No. 2
22	3.	Affordable Housing Agreement Unit No. 11
31	4.	Affordable Housing Agreement Unit No. 13

RCA Author: Medel/MBB

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4

E5.4

**ATTACHMENT #1**

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RECORDING REQUESTED BY )  
AND WHEN RECORDED MAIL TO: )  
 )  
City of Huntington Beach )  
2000 Main Street )  
Huntington Beach, CA 92648 )  
Attn: City Clerk )

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(Space above for Recorder's use)  
This document is exempt from recording fees  
pursuant to Government Code Section 27383.

DECLARATION OF CONDITIONS, COVENANTS  
AND RESTRICTIONS FOR PROPERTY  
(RESALE RESTRICTIONS)

This Declaration Of Conditions, Covenants And Restrictions For Property (the "Declaration") is made as of \_\_\_\_\_, 2006, by and between Bonanni Properties and D. S. Products (the "Covenantor"), and THE CITY OF HUNTINGTON BEACH, a California municipal corporation (the "City") and the REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH, a public body corporate and politic (the "Agency"). Collectively, the City and Agency will be referred to as the "Covenantee".

RECITALS

A. Covenantor will be owner of record of that certain real property located in the City of Huntington Beach, County of Orange, State of California legally described in the attached Exhibit "A".

B. On \_\_\_\_\_, the City Council approved Final Tract Map Number 16846. City imposed conditions of approval on the Project, requiring Covenantor to submit an Affordable Housing Agreement Plan (the "Declaration") for review and approval by the Planning Department. The City further required that the plan or declaration shall provide 15% of the total number of units or three (3) units to be affordable housing for households earning less than 120% of the Orange County Median for a period of thirty years. In addition, Covenantor applied to the City for an increase in density under the State Density Bonus law (Density Bonus) which law requires municipalities to grant a twenty-five percent (25%) increase in the maximum allowable residential density when a developer agrees to construct at least twenty percent (20%) of the units in a condominium project for ownership and occupancy by County moderate income persons and families. The increase in density is for one (1) unit bringing the total affordable units to four (4) for Tract Map Number 16846. These four (4) units are to be built without any reduction in the development standards of the City of Huntington Beach. The execution and recordation of this Declaration is intended to fully satisfy the aforementioned conditions.

1. **Affordability Covenants.** Covenantor agrees for itself and its successors and assigns, and every successor to Covenantor's interest in the affordable unit, or any part thereof, that the property listed in the attached Exhibit "A" and located at 19082 Gothard Street, Unit 1, shall be designated as affordable and shall be held subject to this Declaration for sixty years from the date of Notice of Completion of units built in Tract Number 16846 as follows:

(a) Each affordable unit shall only be owned and occupied by Covenantor or by "Moderate Income Households", which shall mean persons or families earning less than one hundred percent (120%) or less of the Orange County median income, adjusted for household size appropriate for the property as determined by the Agency based on statistics published by the United States Department of Housing & Urban Development or established by the State of California, pursuant to Health and Safety Code Section 50093, or a successor statute.

(b) The affordable unit shall only be sold at an "Affordable Housing Cost" to Moderate Income Households. Affordable Housing Cost shall mean the permitted gross sales price of the unit as set forth in the Affordable Housing Price/Income Guidelines or successor guidelines published, from time to time, by the City for such purpose.

(c) The term of this agreement shall commence on the date this document is recorded with the Orange County Recorder's Office and continue for sixty years ("Affordability Period"). The covenant contained in this Section 1 shall run with the affordable unit and shall automatically terminate and be of no further force or effect upon the expiration of the Affordability Period.

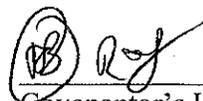
2. **Transfer of affordable unit.** No transfer of the affordable unit shall occur until the City determines (a) that the proposed purchaser intends to occupy the affordable unit as the proposed purchaser's principal residence, (b) that the proposed purchaser is a Moderate Income Household, and (c) that the proposed transfer occurs at an Affordable Housing Cost. In the event that Covenantor (including successors and assigns) desires to sell the affordable unit, Covenantor shall send written notice thereof to the City at the following address:

City of Huntington Beach  
2000 Main Street  
Huntington Beach, CA 92648  
Attention: Director of Economic Development

Within seven (7) days of receiving such notice, the City shall send Covenantor transfer application forms prepared by the City. Such forms shall contain a certification of the proposed purchaser's intent with respect to his/her/its residency of the affordable unit and his/her/its gross income, and an affidavit of the proposed purchaser disclosing and certifying the amount of the proposed purchase price. The City shall not be obligated to approve a transfer unless and until the proposed purchaser has submitted to the City such information and completed such forms. In the interest of expediting the close of escrow for such proposed transactions, the City shall reasonably approve or disapprove such submissions as soon as practicable after submission of such forms, and in no event later than fourteen (14) days after

submission of a completed form. If the City fails to approve or disapprove a submission within such fourteen (14) day period, the City shall be deemed to have approved such transfer in accordance with the foregoing. Prior to conveyance of the affordable unit, each approved purchaser shall also submit to the City an executed disclosure statement which certifies that the purchaser is aware that the purchaser buying the affordable unit may only sell the unit at an Affordable Housing Cost to a Moderate Income Household, that the maximum permitted sales price may be less than fair market value and that the affordable unit must be owner-occupied at all times and cannot be rented or leased. Covenantor shall cooperate with the City in providing such forms to proposed purchasers and in assisting proposed purchasers to prepare such forms and to provide any required information to the City in connection with only the Covenantor's sale of the affordable unit, provided that the Covenantor shall not be obligated to incur any out-of-pocket costs in connection therewith, other than employee time dedicated to providing such assistance.

THE COVENANTOR AND EACH SUCCESSOR, HEIR, OR ASSIGN OF COVENANTOR UNDERSTAND THAT THE DETERMINATION OF THE AFFORDABLE HOUSING COST CAN BE MADE ONLY AT THE TIME OF THE PROPOSED TRANSFER, TAKING INTO CONSIDERATION INTEREST RATES, THE TERMS OF SALE OFFERED TO AND THE ECONOMIC CIRCUMSTANCES OF THE PROPOSED PURCHASER AND OTHER FACTORS THAT CANNOT BE ACCURATELY PREDICTED, AND THAT THE TRANSFER PRICE PERMITTED HEREUNDER MAY BE LESS THAN THE FAIR MARKET VALUE OF THE PROPERTY AND MAY NOT INCREASE OR DECREASE IN THE SAME MANNER AS OTHER SIMILAR REAL PROPERTY WHICH IS NOT ENCUMBERED BY THIS RESTRICTION. COVENANTOR AND EACH SUCCESSOR, HEIR, OR ASSIGN OF COVENANTOR FURTHER ACKNOWLEDGES THAT AT ALL TIMES IN SETTING THE TRANSFER PRICE, THE PRIMARY OBJECTIVE OF THE CITY AND THIS DECLARATION IS TO PROVIDE HOUSING TO MODERATE INCOME HOUSEHOLDS AT AN AFFORDABLE HOUSING COST.

  
Covenantor's Initials

3. Covenantor shall include in the escrow instructions and Purchase and Sale Agreements with buyers a provision which requires each buyer to record a covenant which will run with the land and bind all successors-in-interest or assignees that will ensure that all subsequent buyers and occupants qualify as Moderate Income households. Said covenant shall remain in full force and effect for the Affordability Period as set forth in Section 1.

4. **Non-Discrimination Covenants.** Covenantor covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or martial

status, handicap or disability, in the sale, transfer, use, occupancy, tenure, or enjoyment of the affordable unit, nor shall Covenantor itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, subtenants, or vendees in the affordable unit.

Covenantor and its successors and assigns shall refrain from restricting the sale of the affordable unit on the basis of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or martial status, handicap or disability, of any person. All such deeds or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clause:

(a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or martial status, handicap or disability, in the sale, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In contracts: "There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or martial status, handicap or disability, in the sale, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferor himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use of occupancy of tenants, subtenants or vendee of the premises."

(c) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assignees, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or martial status, handicap or disability in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or

occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

5. **Covenants Do Not Impair Lien.** No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Declaration shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest.

6. **Covenants For Benefit of City.** All covenants without regard to technical classification or designation shall be binding for the benefit of the Covenantee and such covenants shall run in favor of Covenantee for the entire period during which time such covenants shall be in force and effect, without regard to whether the Covenantee is or remains an owner of any land or interest therein to which such covenants relate. The Covenantee, in the event of any breach of any such covenants, shall have the right to exercise all the rights and remedies and to maintain any such action at law or suits in equity or other proper legal proceedings to enforce and to cure such breach to which it or any other beneficiaries of these covenants may be entitled during the term specified for such covenants, except the covenants against discrimination which may be enforced at law or in equity at any time in perpetuity.

7. **Counterparts.** This Agreement may be executed in a number of counterparts, each of which shall be an original, but all of which shall constitute one and the same document.

8. **Applicable Law.**

(a) If any provision of this Agreement or portion thereof, or the application of any provision to any person or circumstances, shall to any extent be held invalid, inoperative, or unenforceable, the remainder of this Agreement, or the application of such provision or portion thereof to any other persons or circumstances, shall not be affected thereby and it shall not be deemed that any such invalid provision affects the consideration for this Agreement; and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(b) This Agreement shall be construed in accordance with the laws of the State of California.

**[Signatures and Acknowledgements to Follow]**

IN WITNESS WHEREOF, the Covenantee and Covenantor have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized as of the date set forth above.

**COVENANTOR:**

BONANNI PROPERTIES and  
D.S. PRODUCTS, a California general  
partnership

By:   
Title: Partner

By:   
Title: Partner

**COVENANTEE:**

CITY OF HUNTINGTON BEACH,  
a California municipal corporation

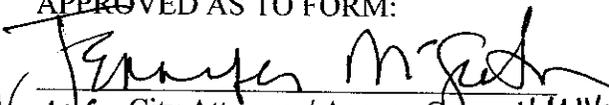
\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

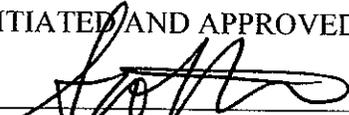
THE REDEVELOPMENT AGENCY OF THE  
CITY OF HUNTINGTON BEACH, a public  
body corporate and politic

By:   
Deputy Executive Director

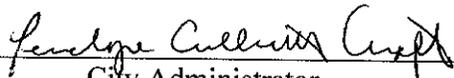
APPROVED AS TO FORM:

  
11/6/06 City Attorney / Agency Counsel LH 11/20/06

INITIATED AND APPROVED:

  
Manning Director

REVIEWED AND APPROVED:

  
City Administrator

STATE OF CALIFORNIA )  
 )  
COUNTY OF ORANGE )      ss.

On Nov. 17, 2006, before me, the undersigned, a Notary Public in and for said State, personally appeared ED Bonanni personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument the persons or the entities upon behalf of which the person acted executed the instrument.

WITNESS my hand and official seal.

  
Signature of Notary Public



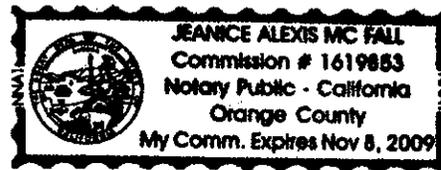
(SEAL)

STATE OF CALIFORNIA )  
 )  
COUNTY OF ORANGE )      ss.

On Nov. 17, 2006, before me, the undersigned, a Notary Public in and for said State, personally appeared R.L. Sfreddo personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument the persons or the entities upon behalf of which the person acted executed the instrument.

WITNESS my hand and official seal.

  
Signature of Notary Public



(SEAL)

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EXHIBIT "A"

Legal Description of the affordable units

19082 Gothard Street, Unit 1

Tr. No. 16846

2 bedroom unit

Full legal to be inserted when map records for Tract No. 16846.

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# ATTACHMENT #2

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RECORDING REQUESTED BY )  
AND WHEN RECORDED MAIL TO: )  
 )  
City of Huntington Beach )  
2000 Main Street )  
Huntington Beach, CA 92648 )  
Attn: City Clerk )

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AND RESTRICTIONS FOR PROPERTY  
(RESALE RESTRICTIONS)

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**THE COVENANTOR AND EACH SUCCESSOR, HEIR, OR ASSIGN OF COVENANTOR UNDERSTAND THAT THE DETERMINATION OF THE AFFORDABLE HOUSING COST CAN BE MADE ONLY AT THE TIME OF THE PROPOSED TRANSFER, TAKING INTO CONSIDERATION INTEREST RATES, THE TERMS OF SALE OFFERED TO AND THE ECONOMIC CIRCUMSTANCES OF THE PROPOSED PURCHASER AND OTHER FACTORS THAT CANNOT BE ACCURATELY PREDICTED, AND THAT THE TRANSFER PRICE PERMITTED HEREUNDER MAY BE LESS THAN THE FAIR MARKET VALUE OF THE PROPERTY AND MAY NOT INCREASE OR DECREASE IN THE SAME MANNER AS OTHER SIMILAR REAL PROPERTY WHICH IS NOT ENCUMBERED BY THIS RESTRICTION. COVENANTOR AND EACH SUCCESSOR, HEIR, OR ASSIGN OF COVENANTOR FURTHER ACKNOWLEDGES THAT AT ALL TIMES IN SETTING THE TRANSFER PRICE, THE PRIMARY OBJECTIVE OF THE CITY AND THIS DECLARATION IS TO PROVIDE HOUSING TO MODERATE INCOME HOUSEHOLDS AT AN AFFORDABLE HOUSING COST.**

  
Covenantor's Initials

3. Covenantor shall include in the escrow instructions and Purchase and Sale Agreements with buyers a provision which requires each buyer to record a covenant which will run with the land and bind all successors-in-interest or assignees that will ensure that all subsequent buyers and occupants qualify as Moderate Income households. Said covenant shall remain in full force and effect for the Affordability Period as set forth in Section 1.

4. **Non-Discrimination Covenants.** Covenantor covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or martial

status, handicap or disability, in the sale, transfer, use, occupancy, tenure, or enjoyment of the affordable unit, nor shall Covenantor itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, subtenants, or vendees in the affordable unit.

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(b) In contracts: “There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or marital status, handicap or disability, in the sale, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferor himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use of occupancy of tenants, subtenants or vendee of the premises.”

(c) In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assignees, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or marital status, handicap or disability in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or

occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

5. **Covenants Do Not Impair Lien.** No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Declaration shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest.

6. **Covenants For Benefit of City.** All covenants without regard to technical classification or designation shall be binding for the benefit of the Covenantee and such covenants shall run in favor of Covenantee for the entire period during which time such covenants shall be in force and effect, without regard to whether the Covenantee is or remains an owner of any land or interest therein to which such covenants relate. The Covenantee, in the event of any breach of any such covenants, shall have the right to exercise all the rights and remedies and to maintain any such action at law or suits in equity or other proper legal proceedings to enforce and to cure such breach to which it or any other beneficiaries of these covenants may be entitled during the term specified for such covenants, except the covenants against discrimination which may be enforced at law or in equity at any time in perpetuity.

7. **Counterparts.** This Agreement may be executed in a number of counterparts, each of which shall be an original, but all of which shall constitute one and the same document.

8. **Applicable Law.**

(a) If any provision of this Agreement or portion thereof, or the application of any provision to any person or circumstances, shall to any extent be held invalid, inoperative, or unenforceable, the remainder of this Agreement, or the application of such provision or portion thereof to any other persons or circumstances, shall not be affected thereby and it shall not be deemed that any such invalid provision affects the consideration for this Agreement; and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(b) This Agreement shall be construed in accordance with the laws of the State of California.

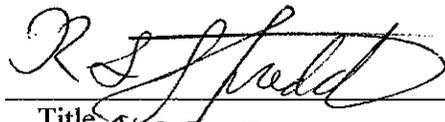
**[Signatures and Acknowledgements to Follow]**

IN WITNESS WHEREOF, the Covenantee and Covenantor have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized as of the date set forth above.

**COVENANTOR:**

BONANNI PROPERTIES and  
D.S. PRODUCTS, a California general  
partnership

By:   
Title: Partner

By:   
Title: Partner

**COVENANTEE:**

CITY OF HUNTINGTON BEACH,  
a California municipal corporation

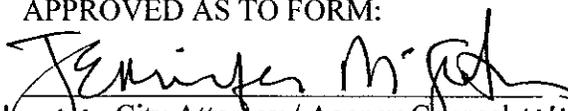
\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

THE REDEVELOPMENT AGENCY OF THE  
CITY OF HUNTINGTON BEACH, a public  
body corporate and politic

By:   
Deputy Executive Director

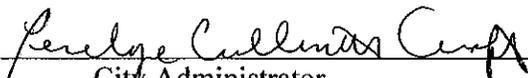
APPROVED AS TO FORM:

  
1/20/16 City Attorney / Agency Counsel 1/16/16

INITIATED AND APPROVED:

  
Planning Director

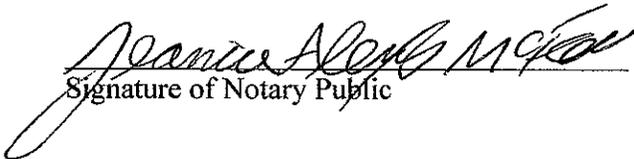
REVIEWED AND APPROVED:

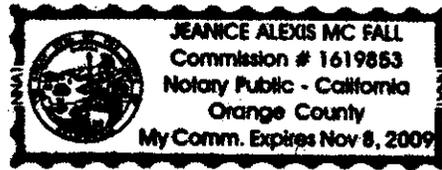
  
City Administrator

STATE OF CALIFORNIA )  
 )  
COUNTY OF ORANGE )      ss.

On NOV. 17, 2006, before me, the undersigned, a Notary Public in and for said State, personally appeared ED Bonanni personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the persons or the entities upon behalf of which the person acted executed the instrument.

WITNESS my hand and official seal.

  
Signature of Notary Public

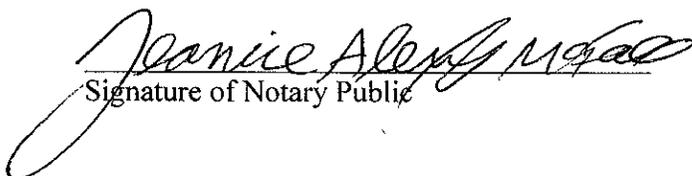


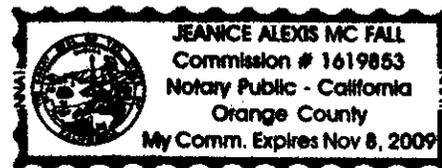
(SEAL)

STATE OF CALIFORNIA )  
 )  
COUNTY OF ORANGE )      ss.

On NOV. 17, 2006, before me, the undersigned, a Notary Public in and for said State, personally appeared R.L. Sfredello personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/~~her~~ authorized capacity, and that by his/her signature on the instrument the persons or the entities upon behalf of which the person acted executed the instrument.

WITNESS my hand and official seal.

  
Signature of Notary Public



(SEAL)

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EXHIBIT "A"

Legal Description of the affordable units

19082 Gothard Street, Unit 2

Tr. No. 16846

2 bedroom unit

Full legal to be inserted when map records for Tract No. 16846.

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**ATTACHMENT #3**

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RECORDING REQUESTED BY )  
 AND WHEN RECORDED MAIL TO: )  
 )  
 City of Huntington Beach )  
 2000 Main Street )  
 Huntington Beach, CA 92648 )  
 Attn: City Clerk )

(Space above for Recorder's use)  
 This document is exempt from recording fees  
 pursuant to Government Code Section 27383.

**DECLARATION OF CONDITIONS, COVENANTS  
 AND RESTRICTIONS FOR PROPERTY  
 (RESALE RESTRICTIONS)**

This Declaration Of Conditions, Covenants And Restrictions For Property (the "Declaration") is made as of \_\_\_\_\_, 2006, by and between Bonanni Properties and D. S. Products (the "Covenantor"), and THE CITY OF HUNTINGTON BEACH, a California municipal corporation (the "City") and the REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH, a public body corporate and politic (the "Agency"). Collectively, the City and Agency will be referred to as the "Covenantee".

**RECITALS**

A. Covenantor will be owner of record of that certain real property located in the City of Huntington Beach, County of Orange, State of California legally described in the attached Exhibit "A".

B. On \_\_\_\_\_, the City Council approved Final Tract Map Number 16846. City imposed conditions of approval on the Project, requiring Covenantor to submit an Affordable Housing Agreement Plan (the "Declaration") for review and approval by the Planning Department. The City further required that the plan or declaration shall provide 15% of the total number of units or three (3) units to be affordable housing for households earning less than 120% of the Orange County Median for a period of thirty years. In addition, Covenantor applied to the City for an increase in density under the State Density Bonus law (Density Bonus) which law requires municipalities to grant a twenty-five percent (25%) increase in the maximum allowable residential density when a developer agrees to construct at least twenty percent (20%) of the units in a condominium project for ownership and occupancy by County moderate income persons and families. The increase in density is for one (1) unit bringing the total affordable units to four (4) for Tract Map Number 16846. These four (4) units are to be built without any reduction in the development standards of the City of Huntington Beach. The execution and recordation of this Declaration is intended to fully satisfy the aforementioned conditions.

1. **Affordability Covenants.** Covenantor agrees for itself and its successors and assigns, and every successor to Covenantor's interest in the affordable unit, or any part thereof, that the property listed in the attached Exhibit "A" and located at 19082 Gothard Street, Unit 11, shall be designated as affordable and shall be held subject to this Declaration for sixty years from the date of Notice of Completion of units built in Tract Number 16846 as follows:

(a) Each affordable unit shall only be owned and occupied by Covenantor or by "Moderate Income Households", which shall mean persons or families earning less than one hundred percent (120%) or less of the Orange County median income, adjusted for household size appropriate for the property as determined by the Agency based on statistics published by the United States Department of Housing & Urban Development or established by the State of California, pursuant to Health and Safety Code Section 50093, or a successor statute.

(b) The affordable unit shall only be sold at an "Affordable Housing Cost" to Moderate Income Households. Affordable Housing Cost shall mean the permitted gross sales price of the unit as set forth in the Affordable Housing Price/Income Guidelines or successor guidelines published, from time to time, by the City for such purpose.

(c) The term of this agreement shall commence on the date this document is recorded with the Orange County Recorder's Office and continue for sixty years ("Affordability Period"). The covenant contained in this Section 1 shall run with the affordable unit and shall automatically terminate and be of no further force or effect upon the expiration of the Affordability Period.

2. **Transfer of affordable unit.** No transfer of the affordable unit shall occur until the City determines (a) that the proposed purchaser intends to occupy the affordable unit as the proposed purchaser's principal residence, (b) that the proposed purchaser is a Moderate Income Household, and (c) that the proposed transfer occurs at an Affordable Housing Cost. In the event that Covenantor (including successors and assigns) desires to sell the affordable unit, Covenantor shall send written notice thereof to the City at the following address:

City of Huntington Beach  
2000 Main Street  
Huntington Beach, CA 92648  
Attention: Director of Economic Development

Within seven (7) days of receiving such notice, the City shall send Covenantor transfer application forms prepared by the City. Such forms shall contain a certification of the proposed purchaser's intent with respect to his/her/its residency of the affordable unit and his/her/its gross income, and an affidavit of the proposed purchaser disclosing and certifying the amount of the proposed purchase price. The City shall not be obligated to approve a transfer unless and until the proposed purchaser has submitted to the City such information and completed such forms. In the interest of expediting the close of escrow for such proposed transactions, the City shall reasonably approve or disapprove such submissions as soon as practicable after submission of such forms, and in no event later than fourteen (14) days after

submission of a completed form. If the City fails to approve or disapprove a submission within such fourteen (14) day period, the City shall be deemed to have approved such transfer in accordance with the foregoing. Prior to conveyance of the affordable unit, each approved purchaser shall also submit to the City an executed disclosure statement which certifies that the purchaser is aware that the purchaser buying the affordable unit may only sell the unit at an Affordable Housing Cost to a Moderate Income Household, that the maximum permitted sales price may be less than fair market value and that the affordable unit must be owner-occupied at all times and cannot be rented or leased. Covenantor shall cooperate with the City in providing such forms to proposed purchasers and in assisting proposed purchasers to prepare such forms and to provide any required information to the City in connection with only the Covenantor's sale of the affordable unit, provided that the Covenantor shall not be obligated to incur any out-of-pocket costs in connection therewith, other than employee time dedicated to providing such assistance.

THE COVENANTOR AND EACH SUCCESSOR, HEIR, OR ASSIGN OF COVENANTOR UNDERSTAND THAT THE DETERMINATION OF THE AFFORDABLE HOUSING COST CAN BE MADE ONLY AT THE TIME OF THE PROPOSED TRANSFER, TAKING INTO CONSIDERATION INTEREST RATES, THE TERMS OF SALE OFFERED TO AND THE ECONOMIC CIRCUMSTANCES OF THE PROPOSED PURCHASER AND OTHER FACTORS THAT CANNOT BE ACCURATELY PREDICTED, AND THAT THE TRANSFER PRICE PERMITTED HEREUNDER MAY BE LESS THAN THE FAIR MARKET VALUE OF THE PROPERTY AND MAY NOT INCREASE OR DECREASE IN THE SAME MANNER AS OTHER SIMILAR REAL PROPERTY WHICH IS NOT ENCUMBERED BY THIS RESTRICTION. COVENANTOR AND EACH SUCCESSOR, HEIR, OR ASSIGN OF COVENANTOR FURTHER ACKNOWLEDGES THAT AT ALL TIMES IN SETTING THE TRANSFER PRICE, THE PRIMARY OBJECTIVE OF THE CITY AND THIS DECLARATION IS TO PROVIDE HOUSING TO MODERATE INCOME HOUSEHOLDS AT AN AFFORDABLE HOUSING COST.

  
Covenantor's Initials

3. Covenantor shall include in the escrow instructions and Purchase and Sale Agreements with buyers a provision which requires each buyer to record a covenant which will run with the land and bind all successors-in-interest or assignees that will ensure that all subsequent buyers and occupants qualify as Moderate Income households. Said covenant shall remain in full force and effect for the Affordability Period as set forth in Section 1.

4. **Non-Discrimination Covenants.** Covenantor covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or marital

status, handicap or disability, in the sale, transfer, use, occupancy, tenure, or enjoyment of the affordable unit, nor shall Covenantor itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, subtenants, or vendees in the affordable unit.

Covenantor and its successors and assigns shall refrain from restricting the sale of the affordable unit on the basis of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or martial status, handicap or disability, of any person. All such deeds or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clause:

(a) In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or martial status, handicap or disability, in the sale, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, or vendees in the land herein conveyed. The foregoing covenants shall run with the land.”

(b) In contracts: “There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or martial status, handicap or disability, in the sale, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferor himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use of occupancy of tenants, subtenants or vendee of the premises.”

(c) In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assignees, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or martial status, handicap or disability in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or

occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

5. **Covenants Do Not Impair Lien.** No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Declaration shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest.

6. **Covenants For Benefit of City.** All covenants without regard to technical classification or designation shall be binding for the benefit of the Covenantee and such covenants shall run in favor of Covenantee for the entire period during which time such covenants shall be in force and effect, without regard to whether the Covenantee is or remains an owner of any land or interest therein to which such covenants relate. The Covenantee, in the event of any breach of any such covenants, shall have the right to exercise all the rights and remedies and to maintain any such action at law or suits in equity or other proper legal proceedings to enforce and to cure such breach to which it or any other beneficiaries of these covenants may be entitled during the term specified for such covenants, except the covenants against discrimination which may be enforced at law or in equity at any time in perpetuity.

7. **Counterparts.** This Agreement may be executed in a number of counterparts, each of which shall be an original, but all of which shall constitute one and the same document.

8. **Applicable Law.**

(a) If any provision of this Agreement or portion thereof, or the application of any provision to any person or circumstances, shall to any extent be held invalid, inoperative, or unenforceable, the remainder of this Agreement, or the application of such provision or portion thereof to any other persons or circumstances, shall not be affected thereby and it shall not be deemed that any such invalid provision affects the consideration for this Agreement; and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(b) This Agreement shall be construed in accordance with the laws of the State of California.

**[Signatures and Acknowledgements to Follow]**

IN WITNESS WHEREOF, the Covenantee and Covenantor have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized as of the date set forth above.

**COVENANTOR:**

BONANNI PROPERTIES and  
D.S. PRODUCTS, a California general  
partnership

By:   
Title: Partner

By:   
Title: partner

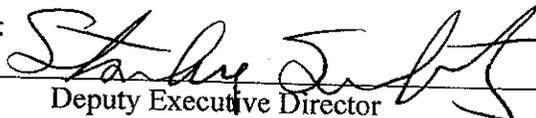
**COVENANTEE:**

CITY OF HUNTINGTON BEACH,  
a California municipal corporation

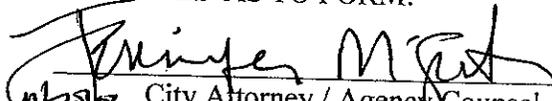
\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

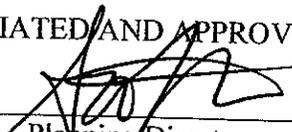
THE REDEVELOPMENT AGENCY OF THE  
CITY OF HUNTINGTON BEACH, a public  
body corporate and politic

By:   
Deputy Executive Director

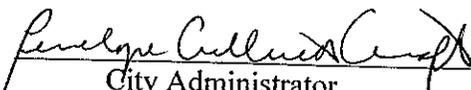
APPROVED AS TO FORM:

  
11/25/06, City Attorney / Agency Counsel millzola

INITIATED AND APPROVED:

  
Planning Director

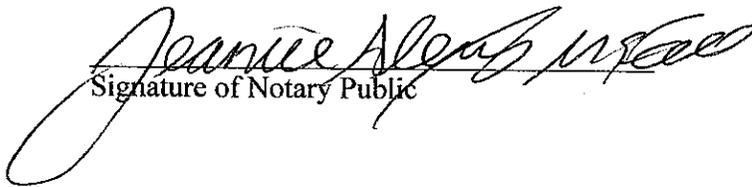
REVIEWED AND APPROVED:

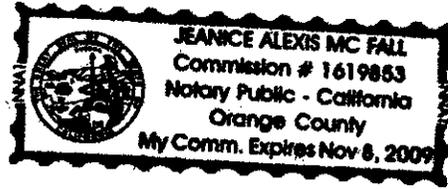
  
City Administrator

STATE OF CALIFORNIA )  
 )  
COUNTY OF ORANGE ) ss.

On 11-17, 2006, before me, the undersigned, a Notary Public in and for said State, personally appeared ED Bonanni personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument the persons or the entities upon behalf of which the person acted executed the instrument.

WITNESS my hand and official seal.

  
Signature of Notary Public

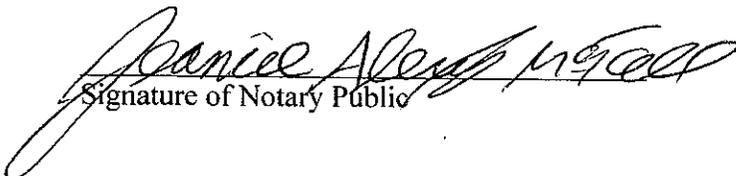


(SEAL)

STATE OF CALIFORNIA )  
 )  
COUNTY OF ORANGE ) ss.

On Nov. 17, 2006 before me, the undersigned, a Notary Public in and for said State, personally appeared R.L. Sredde personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument the persons or the entities upon behalf of which the person acted executed the instrument.

WITNESS my hand and official seal.

  
Signature of Notary Public



(SEAL)

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EXHIBIT "A"

Legal Description of the affordable units

19082 Gothard Street, Unit 11

Tr. No. 16846

2 bedroom unit

Full legal to be inserted when map records for Tract No. 16846.

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**ATTACHMENT #4**

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RECORDING REQUESTED BY )  
 AND WHEN RECORDED MAIL TO: )  
 )  
 City of Huntington Beach )  
 2000 Main Street )  
 Huntington Beach, CA 92648 )  
 Attn: City Clerk )

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(Space above for Recorder's use)  
 This document is exempt from recording fees  
 pursuant to Government Code Section 27383.

**DECLARATION OF CONDITIONS, COVENANTS  
 AND RESTRICTIONS FOR PROPERTY  
 (RESALE RESTRICTIONS)**

This Declaration Of Conditions, Covenants And Restrictions For Property (the "Declaration") is made as of \_\_\_\_\_, 2006, by and between Bonanni Properties and D. S. Products (the "Covenantor"), and THE CITY OF HUNTINGTON BEACH, a California municipal corporation (the "City") and the REDEVELOPMENT AGENCY OF THE CITY OF HUNTINGTON BEACH, a public body corporate and politic (the "Agency"). Collectively, the City and Agency will be referred to as the "Covenantee".

**RECITALS**

A. Covenantor will be owner of record of that certain real property located in the City of Huntington Beach, County of Orange, State of California legally described in the attached Exhibit "A".

B. On \_\_\_\_\_, the City Council approved Final Tract Map Number 16846. City imposed conditions of approval on the Project, requiring Covenantor to submit an Affordable Housing Agreement Plan (the "Declaration") for review and approval by the Planning Department. The City further required that the plan or declaration shall provide 15% of the total number of units or three (3) units to be affordable housing for households earning less than 120% of the Orange County Median for a period of thirty years. In addition, Covenantor applied to the City for an increase in density under the State Density Bonus law (Density Bonus) which law requires municipalities to grant a twenty-five percent (25%) increase in the maximum allowable residential density when a developer agrees to construct at least twenty percent (20%) of the units in a condominium project for ownership and occupancy by County moderate income persons and families. The increase in density is for one (1) unit bringing the total affordable units to four (4) for Tract Map Number 16846. These four (4) units are to be built without any reduction in the development standards of the City of Huntington Beach. The execution and recordation of this Declaration is intended to fully satisfy the aforementioned conditions.

1. **Affordability Covenants.** Covenantor agrees for itself and its successors and assigns, and every successor to Covenantor's interest in the affordable unit, or any part thereof, that the property listed in the attached Exhibit "A" and located at 19082 Gothard Street, Unit 12, shall be designated as affordable and shall be held subject to this Declaration for sixty years from the date of Notice of Completion of units built in Tract Number 16846 as follows:

(a) Each affordable unit shall only be owned and occupied by Covenantor or by "Moderate Income Households", which shall mean persons or families earning less than one hundred percent (120%) or less of the Orange County median income, adjusted for household size appropriate for the property as determined by the Agency based on statistics published by the United States Department of Housing & Urban Development or established by the State of California, pursuant to Health and Safety Code Section 50093, or a successor statute.

(b) The affordable unit shall only be sold at an "Affordable Housing Cost" to Moderate Income Households. Affordable Housing Cost shall mean the permitted gross sales price of the unit as set forth in the Affordable Housing Price/Income Guidelines or successor guidelines published, from time to time, by the City for such purpose.

(c) The term of this agreement shall commence on the date this document is recorded with the Orange County Recorder's Office and continue for sixty years ("Affordability Period"). The covenant contained in this Section 1 shall run with the affordable unit and shall automatically terminate and be of no further force or effect upon the expiration of the Affordability Period.

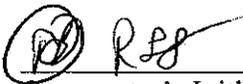
2. **Transfer of affordable unit.** No transfer of the affordable unit shall occur until the City determines (a) that the proposed purchaser intends to occupy the affordable unit as the proposed purchaser's principal residence, (b) that the proposed purchaser is a Moderate Income Household, and (c) that the proposed transfer occurs at an Affordable Housing Cost. In the event that Covenantor (including successors and assigns) desires to sell the affordable unit, Covenantor shall send written notice thereof to the City at the following address:

City of Huntington Beach  
2000 Main Street  
Huntington Beach, CA 92648  
Attention: Director of Economic Development

Within seven (7) days of receiving such notice, the City shall send Covenantor transfer application forms prepared by the City. Such forms shall contain a certification of the proposed purchaser's intent with respect to his/her/its residency of the affordable unit and his/her/its gross income, and an affidavit of the proposed purchaser disclosing and certifying the amount of the proposed purchase price. The City shall not be obligated to approve a transfer unless and until the proposed purchaser has submitted to the City such information and completed such forms. In the interest of expediting the close of escrow for such proposed transactions, the City shall reasonably approve or disapprove such submissions as soon as practicable after submission of such forms, and in no event later than fourteen (14) days after

submission of a completed form. If the City fails to approve or disapprove a submission within such fourteen (14) day period, the City shall be deemed to have approved such transfer in accordance with the foregoing. Prior to conveyance of the affordable unit, each approved purchaser shall also submit to the City an executed disclosure statement which certifies that the purchaser is aware that the purchaser buying the affordable unit may only sell the unit at an Affordable Housing Cost to a Moderate Income Household, that the maximum permitted sales price may be less than fair market value and that the affordable unit must be owner-occupied at all times and cannot be rented or leased. Covenantor shall cooperate with the City in providing such forms to proposed purchasers and in assisting proposed purchasers to prepare such forms and to provide any required information to the City in connection with only the Covenantor's sale of the affordable unit, provided that the Covenantor shall not be obligated to incur any out-of-pocket costs in connection therewith, other than employee time dedicated to providing such assistance.

THE COVENANTOR AND EACH SUCCESSOR, HEIR, OR ASSIGN OF COVENANTOR UNDERSTAND THAT THE DETERMINATION OF THE AFFORDABLE HOUSING COST CAN BE MADE ONLY AT THE TIME OF THE PROPOSED TRANSFER, TAKING INTO CONSIDERATION INTEREST RATES, THE TERMS OF SALE OFFERED TO AND THE ECONOMIC CIRCUMSTANCES OF THE PROPOSED PURCHASER AND OTHER FACTORS THAT CANNOT BE ACCURATELY PREDICTED, AND THAT THE TRANSFER PRICE PERMITTED HEREUNDER MAY BE LESS THAN THE FAIR MARKET VALUE OF THE PROPERTY AND MAY NOT INCREASE OR DECREASE IN THE SAME MANNER AS OTHER SIMILAR REAL PROPERTY WHICH IS NOT ENCUMBERED BY THIS RESTRICTION. COVENANTOR AND EACH SUCCESSOR, HEIR, OR ASSIGN OF COVENANTOR FURTHER ACKNOWLEDGES THAT AT ALL TIMES IN SETTING THE TRANSFER PRICE, THE PRIMARY OBJECTIVE OF THE CITY AND THIS DECLARATION IS TO PROVIDE HOUSING TO MODERATE INCOME HOUSEHOLDS AT AN AFFORDABLE HOUSING COST.

  
Covenantor's Initials

3. Covenantor shall include in the escrow instructions and Purchase and Sale Agreements with buyers a provision which requires each buyer to record a covenant which will run with the land and bind all successors-in-interest or assignees that will ensure that all subsequent buyers and occupants qualify as Moderate Income households. Said covenant shall remain in full force and effect for the Affordability Period as set forth in Section I.

4. **Non-Discrimination Covenants.** Covenantor covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or martial

status, handicap or disability, in the sale, transfer, use, occupancy, tenure, or enjoyment of the affordable unit, nor shall Covenantor itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, subtenants, or vendees in the affordable unit.

Covenantor and its successors and assigns shall refrain from restricting the sale of the affordable unit on the basis of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or marital status, handicap or disability, of any person. All such deeds or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clause:

(a) In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or marital status, handicap or disability, in the sale, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, or vendees in the land herein conveyed. The foregoing covenants shall run with the land.”

(b) In contracts: “There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or marital status, handicap or disability, in the sale, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferor himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use of occupancy of tenants, subtenants or vendee of the premises.”

(c) In leases: “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assignees, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, religion, sex, sexual orientation, creed, ancestry, national or ethnic origin, age, family or marital status, handicap or disability in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or

occupancy of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

5. **Covenants Do Not Impair Lien.** No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Declaration shall defeat or render invalid or in any way impair the lien or charge of any mortgage or deed of trust or security interest.

6. **Covenants For Benefit of City.** All covenants without regard to technical classification or designation shall be binding for the benefit of the Covenantee and such covenants shall run in favor of Covenantee for the entire period during which time such covenants shall be in force and effect, without regard to whether the Covenantee is or remains an owner of any land or interest therein to which such covenants relate. The Covenantee, in the event of any breach of any such covenants, shall have the right to exercise all the rights and remedies and to maintain any such action at law or suits in equity or other proper legal proceedings to enforce and to cure such breach to which it or any other beneficiaries of these covenants may be entitled during the term specified for such covenants, except the covenants against discrimination which may be enforced at law or in equity at any time in perpetuity.

7. **Counterparts.** This Agreement may be executed in a number of counterparts, each of which shall be an original, but all of which shall constitute one and the same document.

8. **Applicable Law.**

(a) If any provision of this Agreement or portion thereof, or the application of any provision to any person or circumstances, shall to any extent be held invalid, inoperative, or unenforceable, the remainder of this Agreement, or the application of such provision or portion thereof to any other persons or circumstances, shall not be affected thereby and it shall not be deemed that any such invalid provision affects the consideration for this Agreement; and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(b) This Agreement shall be construed in accordance with the laws of the State of California.

**[Signatures and Acknowledgements to Follow]**

IN WITNESS WHEREOF, the Covenantee and Covenantor have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized as of the date set forth above.

**COVENANTOR:**

BONANNI PROPERTIES and  
D.S. PRODUCTS, a California general  
partnership

By:   
Title: owner

By:   
Title: owner

**COVENANTEE:**

CITY OF HUNTINGTON BEACH,  
a California municipal corporation

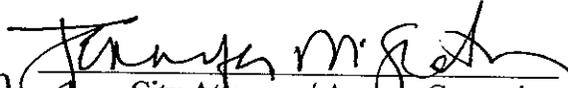
\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

THE REDEVELOPMENT AGENCY OF THE  
CITY OF HUNTINGTON BEACH, a public  
body corporate and politic

By:   
Deputy Executive Director

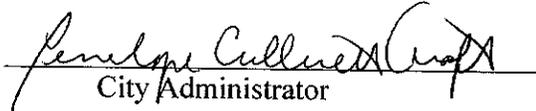
APPROVED AS TO FORM:

  
City Attorney / Agency Counsel 11/11/2016

INITIATED AND APPROVED:

  
Planning Director

REVIEWED AND APPROVED:

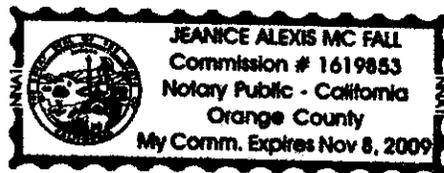
  
City Administrator

STATE OF CALIFORNIA )  
 )  
COUNTY OF ORANGE ) ss.

On Nov. 17, 2006, before me, the undersigned, a Notary Public in and for said State, personally appeared ED Bonanni personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument the persons or the entities upon behalf of which the person acted executed the instrument.

WITNESS my hand and official seal.

  
Signature of Notary Public



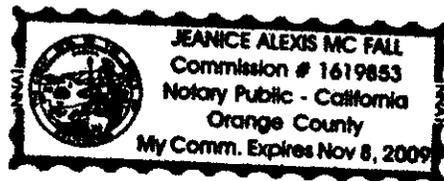
(SEAL)

STATE OF CALIFORNIA )  
 )  
COUNTY OF ORANGE ) ss.

On Nov. 17, 2006, before me, the undersigned, a Notary Public in and for said State, personally appeared R.L. Sreedde personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/~~she~~ executed the same in his/~~her~~ authorized capacity, and that by his/~~her~~ signature on the instrument the persons or the entities upon behalf of which the person acted executed the instrument.

WITNESS my hand and official seal.

  
Signature of Notary Public



(SEAL)

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EXHIBIT "A"

Legal Description of the affordable units

19082 Gothard Street, Unit 13

Tr. No. 16846

3 bedroom unit

Full legal to be inserted when map records for Tract No. 16846.

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