

A20-01671

RECEIVED

JAN 22 2020

## CONTRACT SUMMARY SHEET

HOUSING DIVISION  
CITY ATTORNEY'S OFFICE

TO: THE OFFICE OF THE CITY CLERK,  
COUNCIL/PUBLIC SERVICES DIVISION  
ROOM 395, CITY HALL

DATE: 01/15/20

(PLEASE DO NOT STAPLE THE CONTRACT FOR THE CLERK'S FILE)

**FORM MUST BE TYPEWRITTEN**

FROM (DEPARTMENT): Los Angeles Housing + Community Investment Department

CONTACT PERSON: Richard Truong PHONE: 213.808.8846

CONTRACT NO.: C-134962 COUNCIL FILE NO.:

ADOPTED BY COUNCIL: \_\_\_\_\_  
DATE

APPROVED BY BPW: \_\_\_\_\_  
DATE

NEW CONTRACT ☒  
AMENDED AND RESTATED \_\_\_\_  
ADDENDUM NO. \_\_\_\_  
SUPPLEMENTAL NO. \_\_\_\_  
CHANGE ORDER NO. \_\_\_\_  
AMENDMENT \_\_\_\_

CONTRACTOR NAME: 17454 Chatsworth, LLC

TERM OF CONTRACT: 55 years from CofO OR THROUGH: Certificate of Completion

TOTAL AMOUNT: \_\_\_\_\_

### PURPOSE OF CONTRACT:

17454 Chatsworth, LLC agrees to provide three (3) Restricted Unit(s) at 17454 West Chatsworth Street for rent to Eligible Households for receiving the following land use incentive(s) and/or discretionary land use approval(s) from the Department of City Planning including a 22.5% Density Bonus and a parking reduction using option 1 in order to construct the Project (a new, two (2) story, 30-foot tall mixed-use building consisting of fifty-four (54) residential units), approved pursuant to Department of City Planning Case No. DIR-2017-5165-DRB-SPP-DB, Department of Building and Safety Application No. 17010-20000- and/or the provisions of California Government Code Section 65651, 65915, Los Angeles Administrative Code Section 5.522, Los Angeles Charter Sections 555, 562, Los Angeles Municipal Code ("LAMC") Sections 11.5.6.B, 11.5.8, 11.5.11, 12.02, 12.04.09.B.11, 12.21.A.4, 12.22.A.25, 12.22.A.29, 12.22.A.31, 12.27, 14.00.A.10, 14.00.A.13, 16.05.D.8, and 17.11

**NOTE: CONTRACTS ARE PUBLIC RECORDS - SCANNED AND UPLOADED TO THE INTERNET**

**OFFICIAL BUSINESS**

Document entitled to free  
Recording per Government Code  
Section 6103

Recorded at the request of and mail to:

Los Angeles Housing and Community

Investment Department

Planning and Land Use Unit

P.O. Box 532729

Los Angeles, California 90053-2729

-----SPACE ABOVE THIS LINE FOR RECORDER'S USE-----

**RENTAL COVENANT AGREEMENT RUNNING WITH THE LAND  
RE: LAND USE INCENTIVES**

**AGREEMENT NUMBER** CITY OF LOS ANGELES  
C-134962 **OF CITY CONTRACTS**

This Agreement is made this 16<sup>th</sup> day of January, 2020, by and between the City of Los Angeles, a municipal corporation ("City"), acting by and through the Los Angeles Housing and Community Investment Department ("HCIDLA" or "Department") and 17454 CHATSWORTH, LLC, a California limited liability company ("Owner").

**RECITALS**

**WHEREAS**, Owner is the record owner of that certain real property located at what will be commonly known as 17454 West Chatsworth Street (currently commonly known as: 17436-17458 West Chatsworth Street) on which presently sits three (3) auto repair structures and a surface parking lot (hereafter collectively referred to as the "Existing Project"), in the City of Los Angeles, County of Los Angeles, State of California (the "Property"), which address is also set forth in Section 1(a) hereof, and whose legal description is set forth in Exhibit "A," which is attached hereto and incorporated herein by this reference; and

**WHEREAS**, the Owner intends to develop, rehabilitate or legalize one or more residential units on the Property, which will call for the demolition of the Existing Project and

for the construction of a new, two (2) story, 30-foot tall mixed-use building consisting of fifty-four (54) residential units (the "Project"); and

**WHEREAS**, in connection with the Project, the Owner has sought and received the following land use incentive(s) and/or discretionary land use approval(s) from the Department of City Planning including a **22.5% Density Bonus** and a parking reduction using option 1 in order to construct the Project (a new, two (2) story, 30-foot tall mixed-use building consisting of fifty-four (54) residential units), approved pursuant to Department of City Planning Case No. DIR-2017-5165-DRB-SPP-DB, Department of Building and Safety Application No. 17010-20000- and/or the provisions of California Government Code Section 65651, 65915, Los Angeles Administrative Code Section 5.522, Los Angeles Charter Sections 555, 562, Los Angeles Municipal Code ("LAMC") Sections 11.5.6.B, 11.5.8, 11.5.11, 12.02, 12.04.09.B.11, 12.21.A.4, 12.22.A.25, 12.22.A.29, 12.22.A.31, 12.27, 14.00.A.10, 14.00.A.13, 16.05.D.8, and 17.11, as applicable; and

**WHEREAS**, as a requirement or condition of and in consideration for one or more of the above referenced land use incentive(s) and/or discretionary land use approval(s) for the Project, the Owner must provide three (3) Restricted Unit(s) at the Project for rent to income eligible households so as to provide affordable housing opportunities to Extremely Low, Very Low, Low and/or Moderate Income Households and possibly Seniors (as set forth below), and to improve housing design standards to meet the housing needs of the City's population; and

**WHEREAS**, it is the desire of the City and the Owner to enter into this Agreement to ensure that such requirement is fully complied with and to provide for the rental of the Restricted Unit(s) at affordable Rents as set forth in Exhibit "B," which is attached hereto and incorporated herein by this reference; and

**WHEREAS**, the Department administers and coordinates various local, state and federal public funding sources to promote the production of affordable housing citywide; and

**WHEREAS**, the Department is authorized to execute and enforce covenants and agreements implementing affordable housing requirements; and

**WHEREAS**, the Owner also expressly acknowledges and agrees that due to its receipt of a density bonus pursuant California Government Code 65915, or incentives pursuant to LAMC Sections 11.5.6.B, 11.5.8, 11.5.11, 12.22.A.25, 12.22.A.31, and/or 14.00.A.13, as applicable for the development of the Project, it must comply with the replacement obligations of California Government Code Section 65915(c)(3), if applicable; and

**WHEREAS**, it is the intent of the parties that the Restricted Unit(s) herein, shall be continuously held as rental units, subject to the limitations, restrictions, covenants and conditions provided for in this Agreement for the benefit of the City, which is the owner of the public streets and areas adjoining the Property; and

**WHEREAS**, these provisions are for the purpose of enabling only Eligible Households to rent the Restricted Unit(s).

**NOW THEREFORE**, in consideration of the mutual covenants and representations herein contained, the parties hereto covenant, represent and agree as follows:

[Remainder of this page left intentionally blank]



1. **Fundamental Provisions.**

- (a) Property Address: 17454 West Chatsworth Street  
Los Angeles (Granada Hills), CA 91344
- (b) City Planning Case No.: DIR-2017-5165-DRB-SPP-DB  
City Planning Referral Form No.: Not applicable
- (c) Tentative Tract No.: Not applicable
- (d) Building Permit Application No.: 17010-20000-01261
- (e) Plan Check No.: B17VN04141FO
- (f) Total Number of Residential Unit(s) at the Project: 54
- (g) Total Number of Restricted Unit(s) at the Project: 3
- (h) Total Number of Senior Unit(s) at the Project: Not applicable
- (i) Initial Allocation and Type of Restricted Unit(s) at the Project: Type: Floating

**VERY LOW INCOME HOUSEHOLDS**  
**(Schedule 6)**

HCD Very Low					
Bedroom Size	Total # of Residential Unit(s) at Project	Total # of Restricted Unit(s) at Project	Unit No.	Square Feet*	Location In Project
One	39	1	#213	602	South side
			#221	608	East side
Two	15	2	#302	887	Central
<b>TOTAL:</b>	54	3			

\*Restricted one (1) bedroom unit(s) must be no less than 564 square feet in size  
Restricted two (2) bedroom unit(s) must be no less than 807 square feet in size

(j) Owner's Contact Information:

(k) Owner's Representative:

17454 Chatsworth, LLC Shlomi Asiss, Manager 12439 Magnolia Boulevard Valley Village, CA 91607 818.941.3976 (Office) shlomiasiss@gmail.com	GA Engineering Armin Gharai 6747 Odessa Avenue Van Nuys, CA 91406 818.758.0018 (Office) gaengineeringinc@gmail.com
--	---

[Remainder of this page left intentionally blank]

## 2. Definitions.

For purposes of this Agreement, the terms listed below shall have the meanings hereinafter specified.

(a) Agreement. "Agreement" means this "Rental Covenant Agreement Running with the Land" between the City and the Owner.

(b) Eligible Household. "Eligible Household" means a household that qualifies as a Very Low Income Household whose eligibility has been certified by the Department. For reference purposes, the eligibility income requirements are enumerated in Exhibit "B," attached hereto and incorporated herein by this reference. However, if a previously approved Eligible Household is later determined to have a Household Income increase of no greater than one hundred and twenty percent (120%) of the area median income, as enumerated in Exhibit "B," the previously approved Eligible Household shall continue to be considered an Eligible Household for purposes of this Agreement.

(c) Existing Project. "Existing Project" refers to the three auto repair structures and a surface parking lot presently situated on the Property, which Owner plans to demolish and replace with the Project.

(d) Fixed: A "Fixed" Restricted Unit(s) means that the designated Restricted Unit(s) identified in Section 1(i) shall remain unchanged throughout the term of this Agreement.

(e) Floating: A "Floating" Restricted Unit(s) means that an initially designated Restricted Unit(s) identified in Section 1(i) and any subsequently designated Restricted Unit(s), may be replaced by another available comparable (i.e. in unit type, size and location) unit(s) at the Project (or if no comparable unit(s) at the Project exist and if not otherwise prohibited by applicable law, regulation or guideline, at the option of the Owner, an available LARGER unit(s) (i.e. more bedrooms and increased square footage)) when and if a once Eligible Household living in a Restricted Unit(s) no longer qualifies as a "Eligible Household" per Section 2(b).

(f) HCD. "HCD" refers to the California Department of Housing and Community Development.

(g) Household Income. "Household Income" means the current gross amount of income of all adult household members that is anticipated to be received during the coming twelve (12)-month period, including the income of temporarily absentee family members, welfare assistance payments, and other such criteria determined in accordance with the definition of Annual Income found in 24 Code of Federal Regulations ("CFR") 5.609, formerly referred to as the Section 8 definition of income.

(h) HUD. "HUD" refers to the U.S. Department of Housing and Urban Development.

(i) Immediate Family. "Immediate Family" includes domestic partner and/or those persons related by blood, marriage and or adoption, such as husband, wife, father, mother, brother, sister, son, daughter, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, his or her significant other, and his or her domestic partner.

(j) Income Adjustment Factor. The "Income Adjustment Factor" is used to establish the maximum monthly Rent to be paid by an Eligible Household per Restricted Unit. The "Income Adjustment Factor" shall be the following figures based upon the corresponding number of persons in the household in a Restricted Unit, as periodically published by HUD:

<u>Persons in Household</u>	<u>Income Adjustment Factor</u>
1	0.7
2	0.8
3	0.9
4	1.00
5	1.08
6	1.16
7	1.24
8	1.32

(k) Median Income. "Median Income" is based on the County of Los Angeles Median Income, as determined by HCD and published periodically, and adjusted by household size.

(l) Net Median Income. "Net Median Income" is defined as Median Income adjusted for expenses and taxes by the Department or its successor to reflect state and federal income tax requirements.

(m) Owner. "Owner" refers to 17454 CHATSWORTH, LLC, a California limited liability company and its authorized representatives, assigns, transferees, or successors-in-interest in ownership of the Property. Owner shall not include persons or entities who/which hold an interest merely as security for the performance of an obligation. Owner shall not include persons or entities after they have ceased to hold a record ownership interest in the Property.

(n) Project. "Project" refers to the new, two (2) story, 30-foot tall mixed-use building consisting of fifty-four (54) residential units, which Owner is going to build on the Property to replace the Existing Project.

(o) Property. "Property" means that certain real property and the Project to be situated thereon, located at what will be commonly known as 17454 West Chatsworth Street (currently commonly known as: 17436-17458 West Chatsworth Street) in the City of Los Angeles (Granada Hills), County of Los Angeles, State of California, which address is set forth in Section 1(a) hereof, and whose legal description is set forth in Exhibit "A."

(p) Rent. "Rent" means the consideration, including any bonus, benefits, or gratuity, demanded by or received by the Owner for, or in connection with: (1) the use or occupancy of a housing unit and land and facilities associated therewith, (2) any separately charged fees or service charges assessed by the Owner which are required of all tenants, other than security deposits, (3) a reasonable Utility Allowance, and (4) possessory interest, taxes, or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than the Owner. (1), (2), (3) and (4) shall be an average of estimated costs for the next twelve (12) months. The maximum monthly Rent to be paid by an Eligible Household per Restricted Unit, may not exceed thirty percent (30%) of fifty percent (50%) of the Net Median Income, as established by the Department from time to time to reflect HCD updates of Median Income estimates, divided by twelve (12), as set

forth in Exhibit "B."

(q) Restricted Unit. "Restricted Unit" shall be a dwelling unit at the Project as set forth in Section 1(i) of the Fundamental Provisions, rented to an Eligible Household, and wherein the maximum monthly Rent to be paid by an Eligible Household per Restricted Unit is as set forth in Exhibit "B." The Restricted Unit(s) at the Project must initially be: **(1)** Unit #213, a one (1) bedroom unit, no less than 602 square feet in size, located on the South side of the Project, **(2)** Unit #221, a one (1) bedroom unit, no less than 608 square feet in size, located on the East side of the Project and **(3)** Unit #302, a two (2) bedroom unit, no less than 887 square feet in size, centrally located within the Project. The Restricted Unit(s) shall be designed to harmonize with other residential structures and units at the Project and shall be reasonably dispersed within the Project.

(r) Utility Allowance. "Utility Allowance" means an amount designated by the Housing Authority for the City of Los Angeles, the California Utility Allowance Calculator method (for California Tax Credit Allocation Committee ("TCAC") funded projects), or CFR Section 92.252(d) (for projects funded by the Home Investment Partnership Program ("HOME")), as applicable, as a reasonable estimate of the cost of utilities for an Eligible Household for purposes of calculating the maximum Rent per Restricted Unit.

(s) Very Low Income Household. A "Very Low Income Household" is defined as a household whose Household Income is at or below the amount designated as "Very Low Income" for Los Angeles County by HCD, adjusted by household size.

### **3. Term.**

The covenants and conditions contained herein shall run with and burden the Property for a period of fifty-five (55) years from the date of the Certificate of Occupancy or Certificate of Completion, if applicable, of the Project in accordance with the provisions hereof. The Owner shall expressly make the conditions and covenants in this Agreement a part of any deed or other instrument conveying any interest in the Property. Note: Full compliance with all applicable state law notice requirements (as set forth in California Government Code Sections 65863.10, 65863.11 and 65863.13) is required in order for this Agreement to be terminated.

### **4. Notice and Opportunity to Cure:**

In the event the Department determines the Owner is out of compliance with the



income and rent restrictions set forth in Section 9 of this Agreement, the Department shall send to Owner via U.S. Mail and/or email at the address set forth in Section 1(j) above, a Notice of Default and Opportunity to Cure ("Notice"). In the event the cure requires the eviction of a tenant(s) who no longer qualifies as an "Eligible Household" per Section 2(b), the cure time shall be one hundred and twenty (120) days from the date contained on the Notice in which for Owner to cure. All other events of default must be cured within sixty (60) days from the date contained on the Notice. In the event the default is not satisfactorily cured within the allotted amount of time, Owner agrees to extend the fifty-five (55) year term of this Agreement by way of written amendment, in accordance with the amount of time, the Owner has been determined by the Department to be out of compliance.

**5. Compliance with Recitals:**

Owner acknowledges and agrees that it has and/or will comply with any and all of its obligations under the Recitals and obey all applicable laws.

**6. Condominium Conversions.**

The Owner shall not convert any Restricted Unit(s) to condominiums or cooperative ownership or sell condominium or cooperative conversion rights to any Restricted Unit(s) during the term of the Agreement unless it first complies with the following requirements: (a) Owner must apply for and receive a Tentative Tract Number for the Project from the Department of City Planning, (b) pay any applicable fees to the Department to amend the Agreement into a Rental or Purchase Covenant Agreement Running with the Land, (c) execute and record the amendment, and (d) obtain any all necessary subordinations so that the amendment retains the same recording position as the original Agreement.

**7. Tenant Qualification.**

Each Restricted Unit within the Project shall be reserved and rented for the purposes set forth in Section 1(i) to Eligible Households, and the maximum monthly Rent to be paid by an Eligible Household per Restricted Unit shall be established as set forth in Exhibit "B."

**8. Conflict of Interest Self-Certification.**

Before approving a tenant for tenancy in any Restricted Unit(s), Owner shall require each prospective tenant to certify under penalty of perjury that they are not: (a) an Owner, developer, or sponsor of the Property, (b) an officer, employee, agent or consultant, or elected or appointed official of an Owner, developer or sponsor of the Property; or (c) a

member of the Immediate Family of any such person described in subsections (a) or (b). Owner shall not rent any Restricted Unit(s) to any said individuals.

**9. Income and Rent Restrictions.**

(a) Each Restricted Unit shall only be rented to Eligible Households. The maximum monthly Rent to be paid by an Eligible Household per Restricted Unit, may not exceed thirty percent (30%) of fifty percent (50%) of the Net Median Income, as established by the Department from time to time to reflect HCD updates of Median Income estimates, divided by twelve (12), as set forth in Exhibit "B." Notwithstanding the formula(s) herein set forth, the City Council reserves the right to change the Rent calculation formula(s) and the constituent factors if so required, based upon applicable law.

(b) The maximum monthly Rent to be paid by an Eligible Household per Restricted Unit may be increased, when Median Income figures are increased, applying the formula(s) set forth above in Section 9(a), but no more than one (1) time per year. **It is the responsibility of the Owner to contact the Department to receive the periodic changes in affordability restrictions.**

(c) The Owner agrees to notify the Department, in writing at the address set forth in Section 21, when the Project is within one hundred and twenty (120) days of issuance of a Certificate of Occupancy or Certificate of Completion, if applicable. In this same notification, if the initial allocation of Restricted Unit(s) in Section 1(i) (whether Fixed or initial Floating) above is no longer accurate, Owner further agrees to notify the Department and immediately execute an amendment to this Agreement so that Section 1(i) and any other provisions of this Agreement thereby affected, may be updated.

(d) The Owner agrees to notify the Department within thirty (30) days, in writing at the address set forth in Section 21, each time any Restricted Unit(s) becomes vacant.

(e) The Owner shall make the selection of any Eligible Household to occupy a Restricted Unit(s), subject to Owner's verification and the Department's certification of eligibility by the Department as required by Section 9(g), (h) and (j) of this Agreement.

(f) Each Restricted Unit provided for under this Agreement shall be administered by the Owner, including tenant selection, lease-up, Rent collection, Property

maintenance, and eviction procedures, among others.

(g) The Owner shall verify the prospective Eligible Households' eligibility using the Eligible Households' income tax records, employment records, paystubs, bank statements and benefit statements or other records deemed appropriate by the Department, and shall require from each Eligible Household, a statement that such Eligible Household's projected future income from all sources does not exceed allowable limits. This statement shall be signed by the Eligible Household under penalty of perjury. In the event that the prospective Eligible Household may be claimed as a dependent for purposes of another party's (such as parents) income taxes, in addition to the items mentioned above for the prospective Eligible Household, the same items must be produced for any party who may claim the prospective Eligible Household as a dependent.

(h) Prior to renting any Restricted Unit(s), the Owner shall request the Department to certify the eligibility of any prospective Eligible Household by submitting required documentation, as determined by the Department. **If the Owner does not request the Department to certify the eligibility of a tenant of a Restricted Unit, the tenant shall not be considered an Eligible Household and may not reside in any Restricted Unit(s) unless and until they are certified by the Department as an Eligible Household.**

**Note:** If the Project is 100% restricted as affordable through programs, including, but not limited to the Low-Income Housing Tax Credit ("LIHTC") program under Section 42 of the Internal Revenue Tax Code or financed in part with HCIDLA Multifamily Housing tax-exempt bonds, the Owner need not obtain certification of income eligibility from the Department prior to allowing a tenant to move into a Restricted Unit. However, the Restricted Unit(s) will be monitored on an annual basis to ensure income and Rent restrictions do not exceed the limits set forth in Exhibit "B."

(i) **Fees and Penalties.** In the event that the Owner fails to reasonably verify the prospective Eligible Household's eligibility (per Section 9(g)) and rent to tenants whose Household Income exceeds the permissible limits, the Owner agrees to pay to the Department, all Rents received for each day of occupancy by such unqualified tenants.

(j) **Tenant Income Certification.** Within ten (10) business days of the complete submission of all required income eligibility documents, the Department will make every effort to furnish the Owner with:

- (1) A determination that the prospective tenant is an Eligible Household; or
- (2) A determination that the prospective tenant is not an Eligible Household; or
- (3) A statement that specified additional information is required to enable the Department to make its determination.

The time frame of ten (10) business days shall begin to run only upon the submission by the Owner of the full and complete required documents as specified by the Department. Failure to hear from the Department within the aforementioned ten (10) business day period **DOES NOT** mean the prospective tenant has been deemed approved. Owner must contact the Department for an update.

(k) **Repayment.** In the event the Owner charges an Eligible Household monthly Rent per Restricted Unit, above the applicable amounts specified in Exhibit "B" (or the then current maximum monthly Rent as updated by the Department to reflect HCD updates of Median Income estimates), the Owner agrees to repay the Eligible Household the difference between the monthly Rent charged and the maximum monthly Rent allowed in this Agreement for the period that the disallowed monthly Rent was being charged within ten (10) days of the Department's written request. Written proof of such repayment shall be provided to the Department within ten (10) days of such repayment.

(l) The Owner shall maintain books and records to the satisfaction of the Department which verify tenant's eligibility, the Rents, and the proper maintenance of each Restricted Unit at the Project. Such books and records shall be made available for inspection by the Department at any time during normal business hours of 9:00 am to 5:00 pm, with two (2) business days' written notice.

(m) On an annual basis, Owner shall provide the Department with a copy of an occupancy summary report (using the Department's approved form(s)) showing the present occupants, Rent and size of each Restricted Unit(s) at the Project, and any other information which the Department requests and which relates to the eligibility of these households. If the household size of a previously approved Eligible Household changes, the Owner is required to provide the Department with additional income documentation, if applicable, to determine eligibility. If a previously Eligible Household is later determined to no longer be an Eligible Household, as defined in Section 2(b):

If Eviction is Not Prohibited by Applicable Law: The Rent charged to the previously Eligible Household may be raised to market rates. At such time, if there is a vacant comparatively sized market rate unit at the Project, Owner shall provide a minimum of thirty (30) days-notice to such previously Eligible Household granting the right of first refusal to rent the market rate unit at market rates, which right shall be effective for the duration of the thirty (30) days-notice. If no such vacant market rate units are available, Owner shall evict the previously Eligible Household pursuant to the terms of its lease agreement (See Section 10(a)(3), "Required Provisions for Rental or Lease Agreements for Restricted Unit(s)") and immediately re-rent the Restricted Unit(s) to an Eligible Household.

If Eviction is Prohibited by Applicable Law. Such Restricted Unit(s) will continue to be treated as a Restricted Unit(s) (i.e. the Rent shall remain in accordance with Exhibit "B") but the next available unit(s) of comparable size (a restricted one (1) bedroom unit must be no less than 564 square feet in size and a restricted two (2) bedroom unit must be no less than 807 square feet in size) and type and comparable location reasonably dispersed within the Project, must be rented to an Eligible Household(s) who qualifies for a Restricted Unit. Upon the rental of any replacement Restricted Unit(s) to an Eligible Household, such unit will be deemed a Restricted Unit(s). If no comparable unit(s) at the Project exist and if not otherwise prohibited by applicable law, regulation or guideline, Owner may opt to rent an available LARGER unit(s) (i.e. more bedrooms and increased square footage) as a replacement unit. If an Owner opts to rent a LARGER replacement unit, the Rent will be adjusted accordingly. The Owner will be considered temporarily non-compliant with the terms of this Agreement until the no-longer Eligible Household voluntarily vacates the Restricted Unit and it is re-rented to an Eligible Household or a replacement Restricted Unit(s) is rented to an Eligible Household.

(n) **Fees.** On a date designated by the Department and annually on that date thereafter, the Owner agrees to reimburse the Department, \$173.00 annually per Restricted Unit to offset the cost of performing the duties and responsibilities of this Agreement.

(o) If at any time, beginning immediately after the date of the notice described in Section 9(d), a Restricted Unit(s) offered for rent remains vacant for a continuous period of two (2) months, the Department may refer to the Owner, Eligible Households interested in renting such Restricted Unit(s). If the Department makes such referrals to the Owner and the Owner declines to rent to such Eligible Households, the



Owner's refusal to rent must be based upon a non-discriminatory basis. Owner agrees to provide the basis for any such refusal to rent to the Department within ten (10) business days of any written request to Owner at the address in Section 1(j) above.

(p) If the Property is transferred in any manner or is acquired at a foreclosure sale under any deed of trust or mortgage encumbering the Property and/or improvements thereon or by deed in lieu of foreclosure prior to the time the Restricted Unit(s) are constructed, title to the Property shall be taken subject to the limitations provided for herein.

(q) If the Restricted Unit(s) are transferred in any manner or are acquired at a foreclosure sale under any deed of trust or mortgage encumbering the Restricted Unit(s) or by a deed in lieu of foreclosure, then the transferee, as Owner, shall be subject to all the conditions, limitations and restrictions provided for in this Agreement.

**10. Required Provisions for Rental or Lease Agreements for Restricted Unit(s).**

For Restricted Unit(s), Owner shall use a form of rental or lease agreement, subject to the review and approval by the Department, which shall:

(a) Provide for termination of the rental or lease agreement and consent by a tenant to immediate eviction: (1) for failure to provide any information required by this Agreement or reasonably requested by the Owner to establish or re-certify the tenant's income qualification or the income qualification of the tenant's household for occupancy of a Restricted Unit in accordance with the standards set forth in this Agreement, or (2) for failure to qualify as an Eligible Household as applicable, as the result of any material misrepresentation made by such tenant(s) with respect to their income computation or certification; or (3) if not prohibited by applicable law, in the event tenant no longer qualifies as an Eligible Household as defined in Section 2(b); and

(b) Prohibit the subleasing of any Restricted Unit (this includes listing any Restricted Unit(s) for vacation/short-term rental on Airbnb or like websites); and

(c) Permit the termination of an existing tenancy or an eviction only upon good cause. Good cause includes the non-payment of Rent, any of the events in Section 10(a) above, repeated violation of the terms or conditions of the rental agreement or lease agreement, or violations of applicable federal, state or local law.

**11. Utilization of Restricted Unit(s).**

(a) Full Utilization. Each Restricted Unit required to be provided by this Agreement shall be leased or rented (i.e., the Restricted Unit(s) shall not be withdrawn from the market) and fully utilized in a manner consistent with the Space and Occupancy Standards set forth in LAMC, Chapter IX, Article 1, and the Uniform Housing Code, Chapter V.

(b) The Owner agrees to: (1) maintain and operate each Restricted Unit so as to provide decent, safe, and sanitary housing; and (2) provide each Restricted Unit with the same level of services (including security), amenities, and maintenance as is provided to the market rate unit(s) on the Property. Such amenities that may be provided to tenants of market rate unit(s) include, but are not limited to access to recreational facilities, parking, cable TV, and interior amenities such as dishwashers and microwave ovens. Optional services provided must also be optional for tenants of both Restricted Unit(s) and market rate unit(s) and available to all under the same terms and conditions. At the commencement of each Eligible Household's respective lease for a Restricted Unit, all non-purchased incentives being offered to tenants of market rate unit(s), such as free parking (if applicable), must be equally offered to each Eligible Household. However, any promotional non-purchased incentives offered to new tenants after commencement of an existing lease need not be offered to existing tenants, but must be equally offered to new tenants of both Restricted Unit(s) and market rate unit(s).

**12. Parking.**

The following definitions **ONLY** apply if the Department of City Planning has provided the Owner with the option to "bundle" or "unbundle" the parking spaces at the Project (note: under such circumstances, 100% of the parking spaces at the Project must be either "bundled" **OR** "unbundled"):

Bundled Parking Space. A "Bundled Parking Space" refers to a parking space at the Project that the Owner has opted to tie with a residential unit. If there are fewer parking spaces at the Project than are residential units, the Owner is required to provide them in the same ratio to both Restricted Unit(s) and market rate unit(s). Bundled Parking Spaces must be distributed on a first come, first serve basis, or by lottery or the method that does not favor or prioritize market rate tenants. Owner must offer parking spaces to tenants of both Restricted Unit(s) and market rate unit(s), at the same cost and under the same terms and conditions. The cost of a Bundled Parking Space (if provided with a Restricted Unit) **IS**

included in the Rent for a Restricted Unit.

Unbundled Parking Space. An "Unbundled Parking Space" refers to a parking space at the Project that the Owner has opted to sell or rent separately from a residential unit(s). If there are fewer parking spaces at the Project than are residential units, the Owner is required to provide them in the same ratio to tenants of both Restricted Unit(s) and market rate unit(s). Unbundled Parking Spaces must be distributed on a first come, first serve basis, or by lottery or the method that does not favor or prioritize market rate tenants. Owner must offer parking spaces to tenants of both Restricted Unit(s) and market rate unit(s), at the same cost and under the same terms and conditions. The cost of an Unbundled Parking Space **IS NOT** included in the Rent for a Restricted Unit. A tenant of a Restricted Unit who is offered an Unbundled Parking Space but opts not to accept it, must decline the offer of an Unbundled Parking Space in writing.

**13. Annual Determinations.**

Upon initial occupancy of each Restricted Unit, and at least annually thereafter, the Owner shall determine and certify the Household Income of each Eligible Household. If a previously Eligible Household is later determined to no longer be an Eligible Household as defined in Section 2(b), Section 9(m) shall apply.

**14. Right to Inspect.**

The Department reserves the right to visit the Property and inspect each Restricted Unit for satisfactory compliance with this Agreement, any conditions of approval for the Project imposed by the Department of City Planning, City ordinances and requirements as applicable, and the City's Guidelines for the Affordable Housing Incentives Program. For routine inspections, seven (7) business days written notice (counted from the date of the notice) will be provided to the Owner via U.S. Mail.

**15. Federal and State Laws.**

Notwithstanding the above provisions, nothing contained herein shall require the Owner or the City to do anything contrary to or refrain from doing anything required by Federal and State laws and regulations promulgated thereunder applicable to the construction, management, maintenance, and rental of the Restricted Unit(s). Owner further expressly agrees to obey all applicable laws as to the Property, including, but not limited to the California Building Code, the Americans with Disabilities Act, and Title VIII of the Civil Rights Act as amended in 1988 by the Fair Housing Amendments Act.

**16. Binding on Successors and Assigns.**

This Agreement shall be an equitable servitude and a covenant running with the land as a burden on the Property, shall be binding upon the Owner and its successors and assigns in ownership of the Property and shall be binding upon and inure to the benefit of the City and its successors and assigns in the ownership or administration of the adjacent public streets. The City reserves the right to designate another public agency to perform the City's obligations or to exercise the City's rights under this Agreement.

**17. Prohibition Against Discrimination.**

The Owner shall not discriminate against any tenant or potential tenant on the basis of race, color, religion, creed, sex, age, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income (which effective January 1, 2020, pursuant to California Government Code Section 12955(p) and LAMC Section 45.67 includes a prospective tenant's use of any lawful source of income, rental assistance, subsidy, or financial aid from any person whether paid directly to tenant or to Owner on behalf of tenant, including but not limited to vouchers issued under the Section 8 program), disability, genetic information or medical condition, including the actual or perceived affliction of AIDS or the HIV virus.

**18. Affirmative Marketing of the Property.**

For purposes of initial rental of each Restricted Unit, and for purposes of re-rental each time any Restricted Unit(s) becomes vacant, the Owner shall make reasonable efforts to advertise to Eligible Households and encourage their participation in applying for and occupying a Restricted Unit by immediately advertising the availability of any Restricted Unit(s) on the internet-based City of Los Angeles Housing Resource Center at <http://housing.lacity.org>.

**19. Enforcement Provisions.**

The parties hereto, or their respective successors, heirs or assigns may enforce any of the terms, covenants or conditions contained in this Agreement through any proceedings allowed at law or in equity. They may commence and maintain actions for damages or to restrain and enjoin any actual or threatened breach of any provision of this Agreement. Any remedy provided for herein shall not be exclusive or preclude the parties hereto or their respective successors, heirs and assigns from exercising any other remedy available under this Agreement, or under provisions of law, nor shall any action taken in the exercise of any remedy be deemed a waiver of any right or remedies available to such parties. It is

understood and agreed that no waiver of a breach of any of the provisions of this Agreement shall be construed as a waiver of any other breach; nor shall failure to enforce any portion of this Agreement be construed as a waiver of any of the conditions of this Agreement.

**20. Administrative.**

The General Manager of the Department or the General Manager's designee shall have the authority to act on behalf of the Department in carrying out the Department's obligations under this Agreement.

**21. Notices.**

All notices required under this Agreement shall be in writing, which includes email, sent to the Owner at the address(es) set forth in Section 1(j), and to the City represented by the:

**LOS ANGELES HOUSING AND COMMUNITY INVESTMENT DEPARTMENT  
1200 W. 7<sup>TH</sup> STREET, 8<sup>TH</sup> FLOOR  
LOS ANGELES, CA 90017  
ATTENTION: OCCUPANCY MONITORING**

Any party may change the address to which notices are to be sent by notifying the other parties of the new address in the manner set forth above.

**22. Authority.**

Each party to this Agreement hereby represents and warrants that each person executing this Agreement on behalf of a party has the right, power, legal capacity and authority to enter into and perform under the Agreement, that no approval or consent of any other persons are necessary and that the Agreement constitutes a valid and binding obligations of such party, enforceable against such party in accordance with its terms.

**23. Amendments.**

This Agreement may be amended only by a written instrument signed by both the City and the Owner. Owner agrees to pay any applicable fees to the Department for any required amendment(s) to this Agreement necessitated by Owner, including but not limited to those caused by Owner non-compliance issues or Owner requested changes to the allocation of Restricted Unit(s) as set forth in Section 1(i) (whether Fixed or initial Floating) that involve substantive changes to the Project (i.e. changes to bedroom type, square



footage and location within the Project). However, there is no need for an amendment under those circumstances wherein the eviction of a formerly Eligible Household living in a Restricted Unit(s) is prohibited by applicable law, no comparable replacement unit(s) at the Project exist, and Owner opts to rent an available LARGER unit(s) (i.e. more bedrooms and increased square footage) as a replacement unit.

**24. Assignment and Assumption.**

For administrative purposes, in the event of any sale or re-sale of the Property prior to the expiration of the Term of this Agreement, the Owner shall require the buyer to execute and record an Assignment, Assumption and Consent Agreement ("Assignment") with the City (on form to be provided by the Department) as condition of close of escrow. The City must be paid any applicable fees associated with the Assignment.

**25. Recording of Agreement.**

The parties hereto shall cause this Agreement to be recorded in the Official Records of the County of Los Angeles.

**26. Third-Party Right of Enforcement.**

Pursuant to Ordinance No. 179681, effective April 15, 2008, which amended applicable provisions of the LAMC to implement a revised Density Bonus program as required by State law, the terms and provisions of this Agreement may be enforced by the City, any tenant of a Restricted Unit or Owner.

**27. Governing Law.**

This Agreement shall be interpreted under and be governed by the laws of the State of California.

**28. Counterparts.**

This Agreement may be executed in counterparts, each of which, when the parties hereto have signed this Agreement, shall be one and the same instrument.

**29. Entire Agreement.**

The provisions herein constitute the entire agreement between the parties hereto. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party or anyone acting on behalf of any party, which are not embodied herein, and that any other agreement, statement, or

promise not contained in this Agreement shall not be valid or binding except more restrictive agreements.

[Remainder of this page left intentionally blank]

IN WITNESS WHEREOF, the City and the Owner have caused this Agreement to be executed by its duly authorized representatives:

APPROVED AS TO FORM:

MICHAEL N. FEUER, City Attorney

Executed this 16<sup>TH</sup> day of JANUARY, 2020

By: Michael Feuer

Deputy City Attorney

Date: 1-23-20

ATTEST:

HOLLY L. WOLCOTT, City Clerk

By: Holly L. Wolcott  
Deputy City Clerk

Date: 1-24-20



(Contractor Corporate Seal)

Council File Number:

Date Council Adopted:

Said Agreement is Number  
C-134962  
of City Contracts

For: **THE CITY OF LOS ANGELES**

**RUSHMORE D. CERVANTES**

General Manager  
Los Angeles Housing and Community  
Investment Department

By: Sean L. Spear  
SEAN L. SPEAR  
Assistant General Manager  
Housing Development Bureau

Executed this 9<sup>th</sup> day of January, 2020

For: **OWNER**

17454 CHATSWORTH, LLC,  
a California limited liability company

By: Shlomi Asiss  
SHLOMI ASSIS  
Its: Sole Member and Sole Manager

**SIGNATURES CONTINUE ON THE  
NEXT PAGE AND MUST BE  
NOTARIZED FOR RECORDING**

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE §1189**

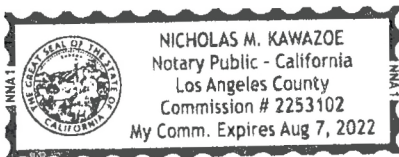
**A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.**

STATE OF CALIFORNIA            )

COUNTY OF LOS ANGELES    )

On January 16, 2020 before me, Nicholas M. Kawazoe, Notary Public, personally appeared SEAN L. SPEAR, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

**I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.**



WITNESS my hand and official seal.

Signature \_\_\_\_\_

*Signature of Notary Public*

*Place Notary Seal Above*

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT****CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

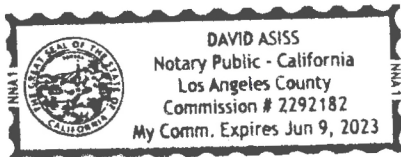
State of California )

County of Los Angeles )On 1/9/20 before me, David Asiss, Notary Public,  
Date Here Insert Name and Title of the Officerpersonally appeared Shlomi Asiss -----  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Signature]  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

☐ Corporate Officer — Title(s): \_\_\_\_\_☐ Partner — ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

☐ Corporate Officer — Title(s): \_\_\_\_\_☐ Partner — ☐ Limited ☐ General☐ Individual ☐ Attorney in Fact☐ Trustee ☐ Guardian or Conservator☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_



**EXHIBIT "A"**  
**LEGAL DESCRIPTION**

(17454 West Chatsworth Street, Los Angeles (Granada Hills), CA 91344)

All that certain real property located in the City of Los Angeles, County of Los Angeles,  
State of California, more particularly described as follows:

PARCEL 1: (APN: 2733-019-012)

LOT 352 AND THE WEST 25 FEET OF LOT 353 OF TRACT NO. 9668, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 135, PAGES 1 TO 4 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2: (APN: 2733-019-013)

THE EAST 25 FEET OF LOT 353 AND THE WEST 25 FEET OF LOT 354 OF TRACT NO. 9668, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 135, PAGES 1 TO 4 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 3: (APN: 2733-019-014)

THE EAST 25 FEET OF LOT 354 AND THE WEST 25 FEET OF LOT 355 OF TRACT NO. 9668, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 135, PAGES 1 TO 4 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 4: (APN: 2733-019-025)

THE EAST 25 FEET OF LOT 355 AND ALL OF LOT 356 OF TRACT NO. 9668, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 135, PAGES 1 TO 4 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 5: (APN: 2733-019-031)

THE NORTHERLY 100 FEET OF LOTS 395, 396 AND 397 OF TRACT NO. 9668, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 135, PAGES 1, 2, 3 AND 4 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

SAID LAND IS SHOWN AS PARCEL C AND A PORTION OF ENCINO AVENUE ON PARCEL MAP L.A. NO. 2638, AS PER MAP FILED IN BOOK 79, PAGES 84 AND 85 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

[Remainder of this page left intentionally blank]

**EXHIBIT "B"**

**2019 AFFORDABILITY SCHEDULE – VERY LOW  
SCHEDULE VI – HCD  
Effective July 1, 2019**

<b>MAXIMUM MONTHLY RENT TO BE PAID BY AN ELIGIBLE HOUSEHOLD PER RESTRICTED UNIT</b>	
<b>30% of 50% of NET AMI</b>	
<b>ONE BEDROOM \$710</b>	<b>TWO BEDROOM \$798</b>

<b>MAXIMUM INCOME LEVELS</b>		
<b>Household Size</b>	<b>50% of AMI at initial move-in</b>	<b>120% of AMI at recertification</b>
1	\$36,550	\$61,400
2	\$41,800	\$70,150
3	\$47,000	\$78,950
4	\$52,200	\$87,700
5	\$56,400	\$94,700
6	\$60,600	\$101,750
7	\$64,750	\$108,750
8	\$68,950	\$115,750

This table is subject to change to reflect HCD updates of Median Income estimates